Aberforth Partners LLP

Aberforth Smaller Companies Trust plc
(“ASCoT”)

AGM Investor Presentation

March 2022

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ABERFORTH PARTNERS

2021 Financial Highlights

- Net Asset Value Total Return +32.5%
- NSCI (XIC) Total Return +21.9%
- Ordinary Share Price Total Return +20.3%
  - Discount to NAV increased to 12.6% from 3.4% a year ago
- Total dividends of 35.2p (+5.7% year-on-year)
- Tactical gearing remains in place
  - £86.5m debt drawn at 31 December (5.6% geared)

Source: Aberforth Partners LLP; London Business School. Data as at 31 December 2021.

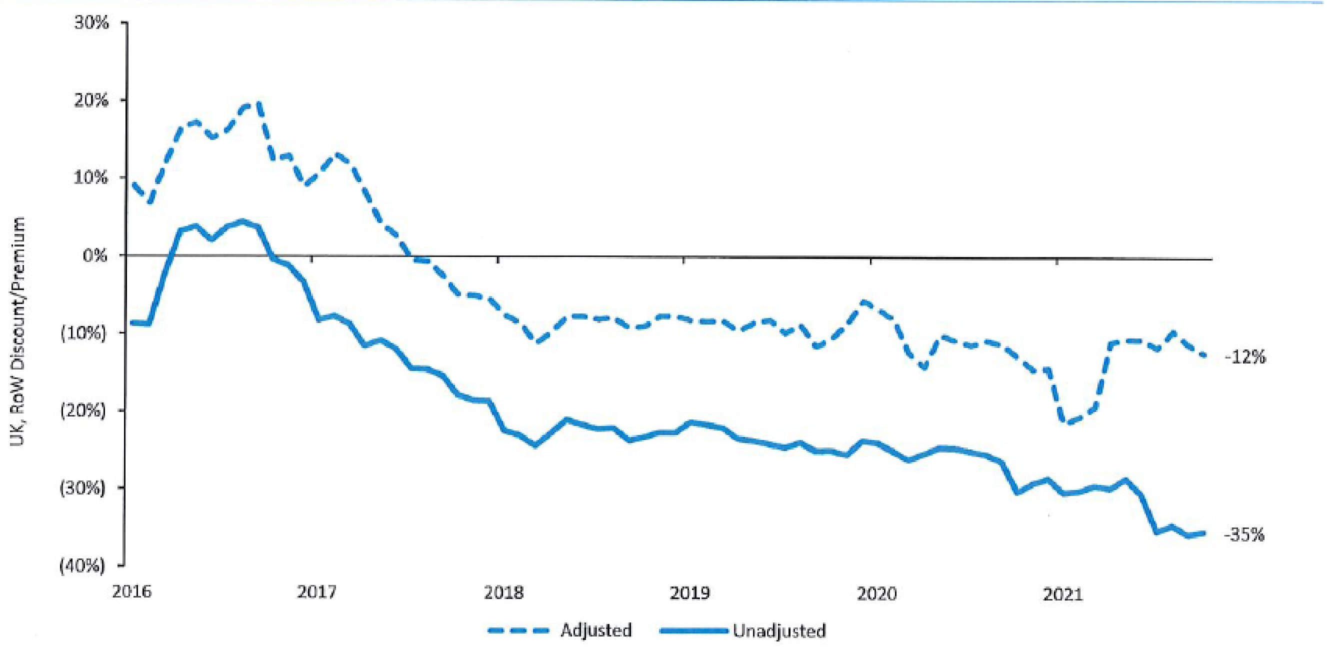
2021 Context

- Economies mounted a recovery from the pandemic
- Growth momentum slowed in the second half
  - Supply chain disruptions, high inflation and fears of a new variant
- The rhetoric of central banks is beginning to shift in response to inflation
- Investor re-engagement with the UK and Value after a challenging post financial crisis period

The UK discount

- Meaningful capital outflows from UK equities since Brexit
  - £21.7bn of net retail outflows from the asset class since 2016
  - The figure compares with £237.6bn of retail capital invested in UK Equity funds as of December 2021 *(Source: Investment Association)*
- Result: valuation discount to Rest of the World has widened
  - c.35% discount or 12% controlling for sector composition *(Source: Panmure Gordon)*

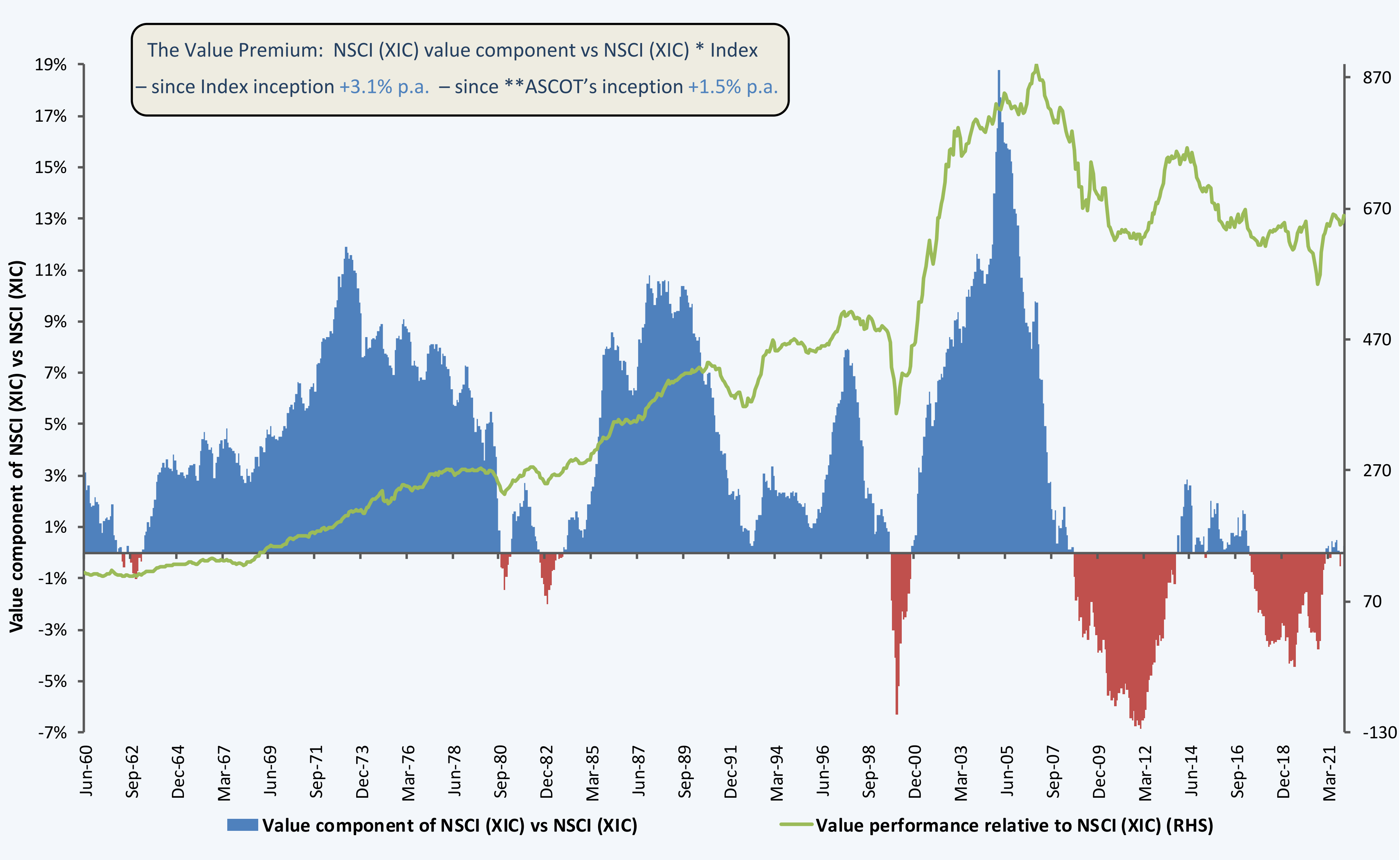
Figure 7: Blended Valuations, Spread between UK & RoW



Source Panmure Gordon, Refinitiv

Source: Aberforth Partners LLP; Investment Association; Panmure Gordon.

A demonstrable value premium in small UK quoted companies



Source: Aberforth Partners LLP; London Business School; FTSE. Data as at 31 December 2021.

ASCOT valuations remain attractive

- EV/EBITA is Aberforth's preferred valuation metric
  - It helps comparison by adjusting for companies' differing capital structures

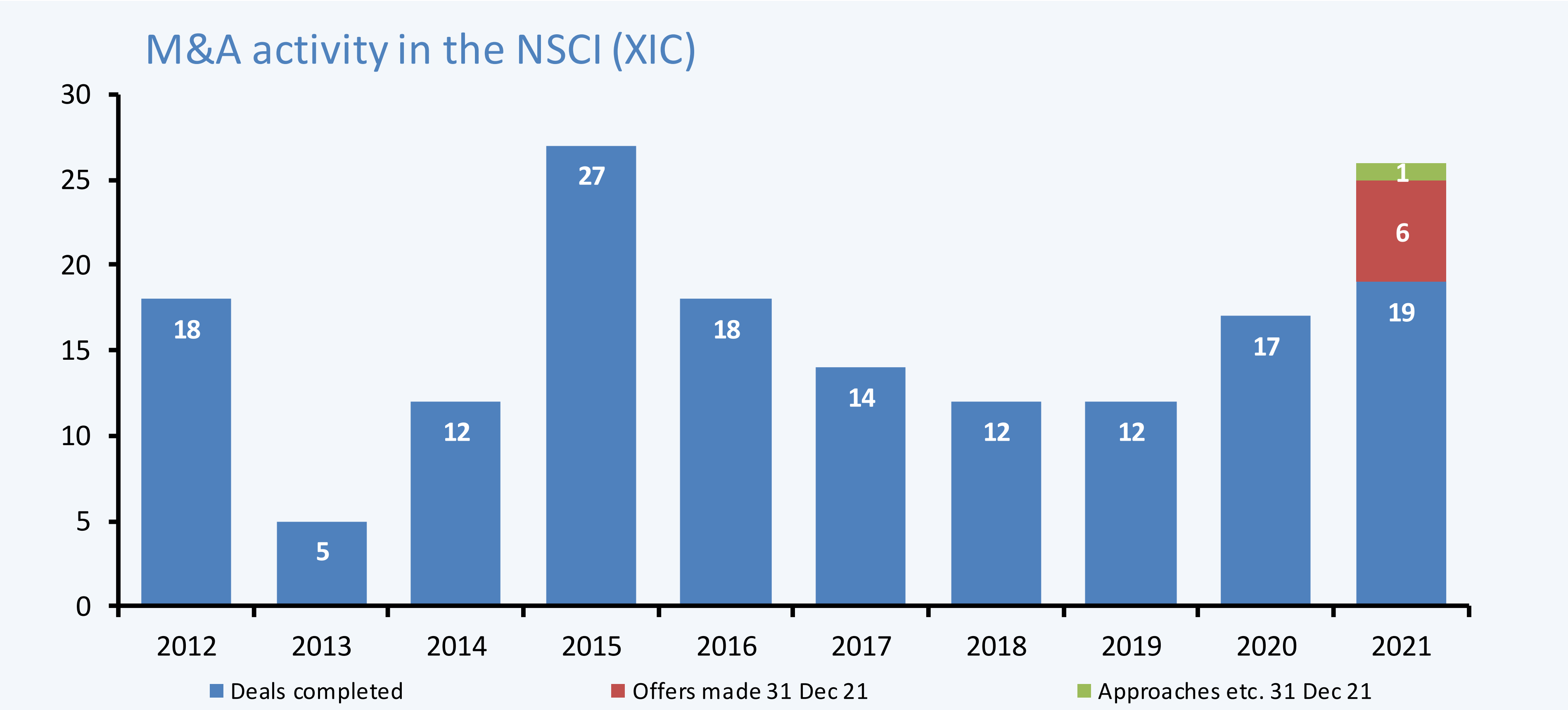
EV/EBITA	Number of stocks	2020	2021	2022	2023
ASCOT	77	12.4x	9.4x	8.1x	7.2x
Tracked Universe	245	15.0x	12.9x	10.9x	9.2x

- Pre pandemic profits expected to be exceeded in 2023

- The portfolio's valuation benefits from Aberforth's value style

Source: Aberforth Partners LLP; London Business School. Data as at 31 December 2021.

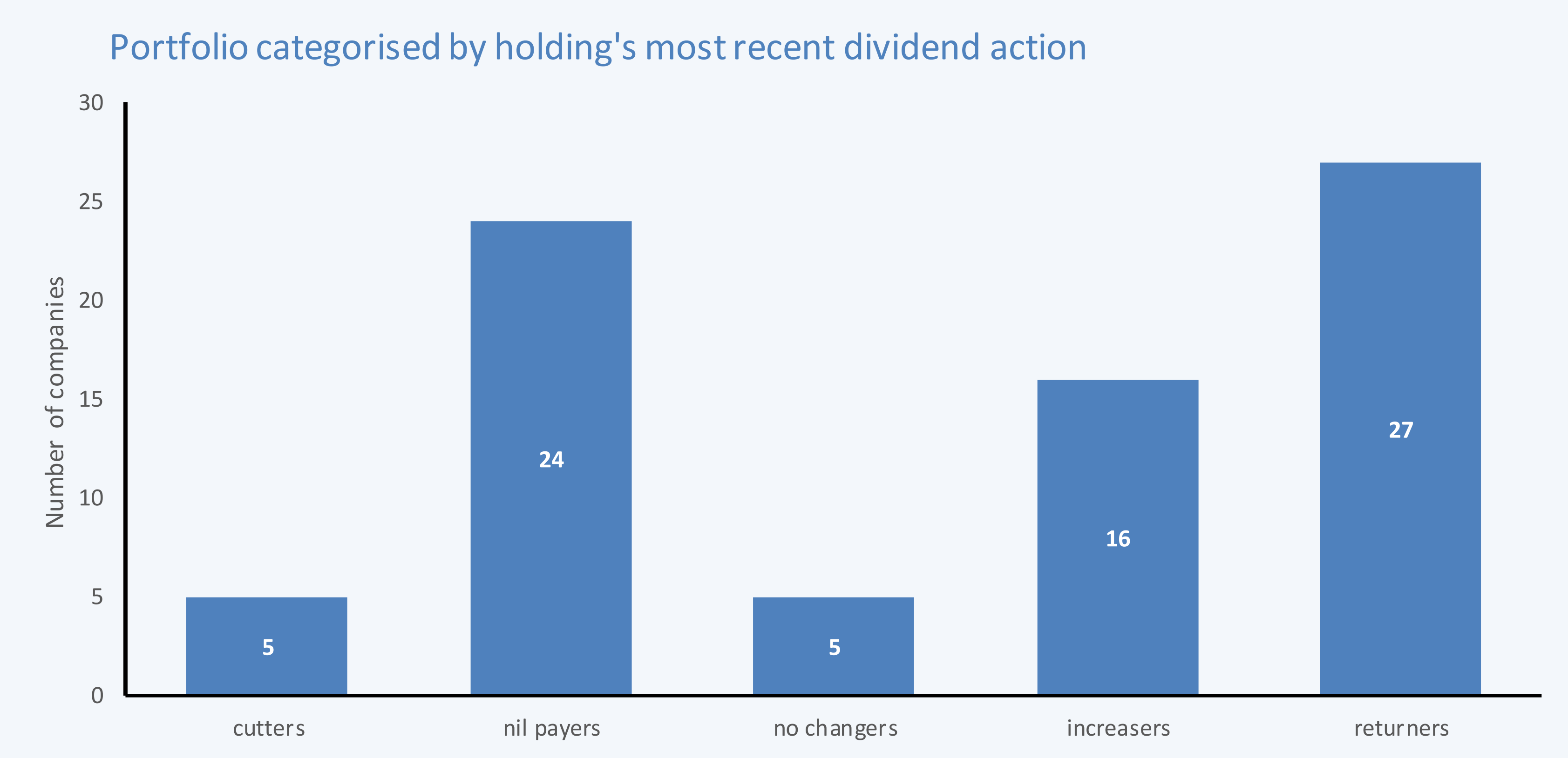
UK valuations are inviting corporate interest



- Holdings in the year affected by M&A
  - U and I, Vectura, Charles Stanley, Stagecoach, Premier Oil, Senior
- Average 2021 EV/EBITA multiple of NSCI (XIC) deals completed and offers: 17x

Source: Aberforth Partners LLP; London Business School. Data as at 31 December 2021.

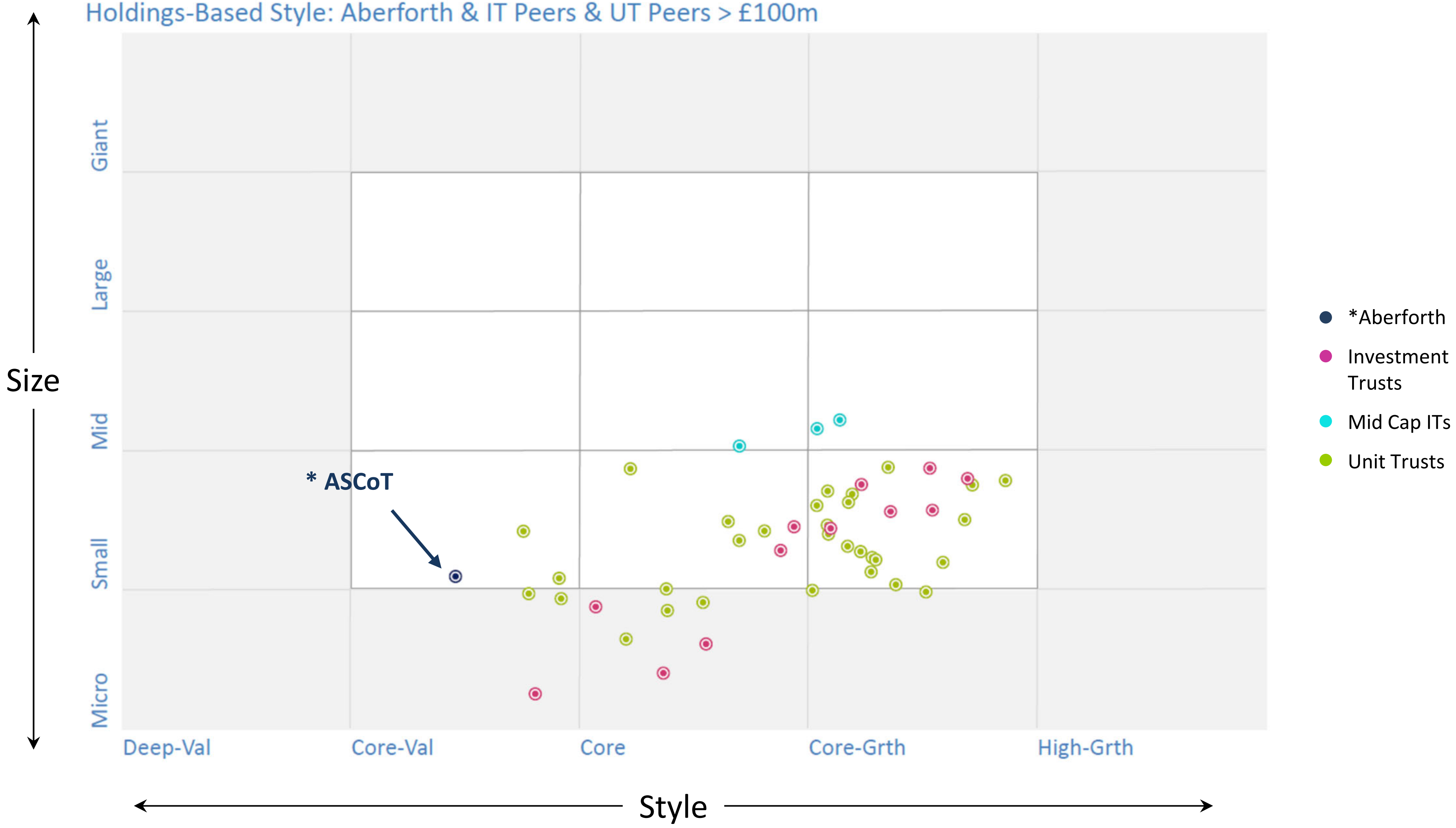
Resilient dividends



- Smaller companies' dividends are recovering more quickly than we had expected a year ago
  - Some companies are still to reinstate, but an encouraging start to the recovery

Source: Aberforth Partners LLP. Data as at 31 December 2021.

ASCoT is differentiated by its value style



*Aberforth "Standard Value" portfolio. Source: Aberforth Partners LLP; Morningstar. Data available as at 10 January 2022.

Outlook

- The demand recovery continues, though is complicated by supply chain volatility and higher energy prices

- Inflation would challenge the *status quo* in markets

- Ukraine
  - Limited direct exposure to Ukraine or Russia
  - Main impact is likely to be higher energy costs
  - Another opportunity for small companies to prove their resilience!

- ASCoT's portfolio holdings have coped well through a series of crises
  - Strong balance sheets and dividends growing again
  - Valuations remain attractive, supported by a broader UK discount

Appendix

Top 20 holdings

Rank	Company	Activity	Total portfolio (%)
1	Reach	UK newspaper publisher	3.4
2	Redde Northgate	Van rental	3.0
3	Provident Financial	Personal credit provider	2.8
4	FirstGroup	Bus & rail operator	2.8
5	Morgan Advanced Materials	Manufacture of carbon & ceramic materials	2.7
6	Robert Walters	Recruitment	2.7
7	Brewin Dolphin Holdings	Private client fund manager	2.5
8	Rathbones Group	Private client fund manager	2.5
9	Vitec Group	Photographic & broadcast accessories	2.4
10	Wincanton	Logistics	2.3
11	SIG	Specialist building products distributor	2.2
12	RPS Group	Energy & environmental consulting	2.1
13	TI Fluid Systems	Automotive parts manufacturer	2.1
14	International Personal Finance	Home credit provider	2.1
15	Keller Group	Ground engineering services	2.0
16	Senior	Aerospace & automotive engineering	2.0
17	Crest Nicholson Holdings	Housebuilding	1.9
18	Just Group	Individually underwritten annuities	1.9
19	Bakkavor Group	Food manufacturer	1.8
20	Eurocell	Manufacture of UPVC building products	1.8
Top 20			46.9
21 - 30			16.7
31 - 77			36.4
Actively managed portfolio with an active share of 76%			100.0

Source: Aberforth Partners LLP. Data as at 31 December 2021.

Aberforth Partners update

1. Over 30 years of small cap value investing

2. Self-imposed ceiling on the business to prioritise existing investors

   – AUM capped at c.1.5% of the NSCI (XIC)'s market cap

3. Consistency: ownership structure, collegiate process, investment focus

   – Rob Scott-Moncrieff joined the firm on 28 February as Investment Manager

4. Refreshed website launched November 2021: www.aberforth.co.uk

5. Furthering ESG integration into our company engagement and valuation process

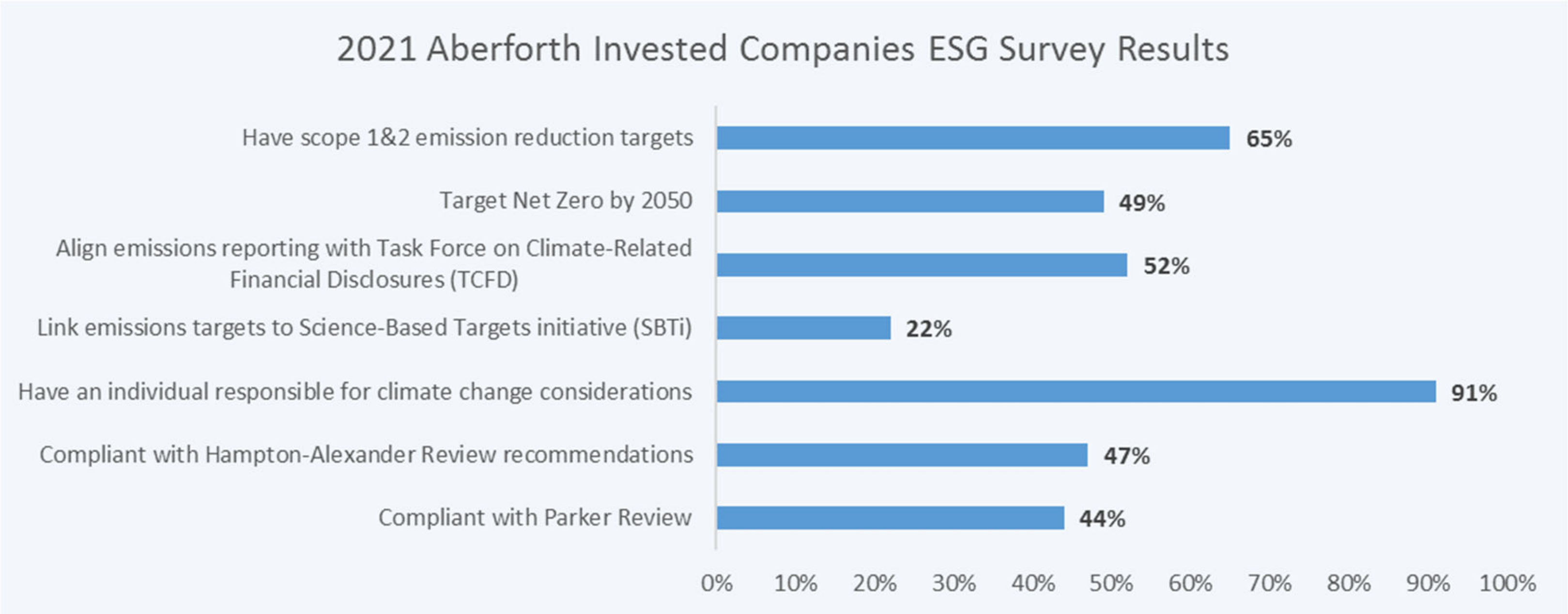
   – Signatory to the UK Stewardship Code 2021

   – Conducted an ESG survey with invested companies to support like-for-like data gathering (98% response rate)

Source: Aberforth Partners LLP.

ESG considerations

- Aberforth will not launch ESG products
- We believe ESG factors have an effect on corporate earnings and valuations
- UK smaller companies are at different stages of their ESG journey but there is a broad recognition of the importance of climate issues
- Key findings of our 2021 ESG survey of portfolio companies:



- Individual responses from companies form a starting point for active engagement on ESG risks and opportunities

Source: Aberforth Partners LLP. Data as at 31 December 2021.

Glossary – Aberforth Funds

- **Aberforth's investment philosophy and putting it into practice is explained further at www.aberforth.co.uk/about-Aberforth/**
- **Aberforth Standard Value** refers to The Aberforth Smaller Companies Trust plc, Aberforth's longest standing client.
- **Accumulation Units:** units not receiving a cash payment representing income; rather, income will be included in the value of the units.
- **Active Share** is calculated by summing the absolute differences between a portfolio's weight in a stock and an index's weight in a stock for all the stocks in the portfolio or index. The total is then divided by two to give a ratio between 0% and 100%.
- **AUM:** Assets Under Management.
- **CAGR:** Compound Annual Growth Rate is the annualised rate of growth over the specified time period.
- **Cancellation** refers to the cancellation of units by the Trustee.
- **Discount** is the amount by which the stockmarket price is lower than the Net Asset Value, or NAV, per Ordinary Share. The discount is normally expressed as a percentage of the NAV per Ordinary Share. The opposite of a discount is a premium.
- **DPS:** Dividend Per Share.
- **ESG:** Environmental, Social and Governance.
- **EV/EBITA:** Enterprise Value divided by Earnings Before Interest, Tax and Amorisation.
- **EV/EBITDA:** Enterprise Value divided by Earnings Before Interest, Tax, Depreciation and Amorisation.
- **Funds: ASCoT** – The Aberforth Smaller Companies Trust plc; **ASLIT** – Aberforth Split Level Income Trust plc; **AFUND** – Aberforth UK Small Companies Fund.
- **Gearing** is the use of debt to increase capital.
- **Issue** refers to the issue of units by the Trustee.
- **Hurdle rate** is the rate of capital growth per annum to return a stated amount per share at the planned winding-up date.
- **Income Units** entitle the holder to a cash distribution representing the net income attributable to that unit at each income allocation date.
- **IPO:** Initial Public Offering.
- **Leverage** is a measurement of the use of debt.
- **M&A:** Mergers and Acquisitions.
- **Net Asset Value (ZDP Share)** is the value of the entitlement to the ZDP Shareholders.
- **NSCI (XIC):** The Numis Smaller Companies Index (excluding Investment Companies).
- **PE:** The price-earnings ratio (P/E ratio).

Source: Aberforth Partners LLP

Glossary – Aberforth Funds

- **Redemption Yield (Ordinary Share)** is the annualised rate at which projected future income and capital cash flows (based on assumed future capital/dividend growth rates) is discounted to produce an amount equal to the share price at the date of calculation.
- **Redemption Yield (ZDP Share)** is the annualised rate at which the total discounted value of the planned future payment of capital equates to its share price at the date of calculation.
- **Retained Revenue:** the accumulated income that has not been distributed.
- **Rump** is the Tracked Universe, adjusted to exclude the growth stocks.
- **Terminal NAV (Ordinary Share)** is the projected NAV per Ordinary Share at the planned winding-up date at a stated rate of capital growth in the company's investment portfolio after taking into account the final capital entitlement of the ZDP Shares, future estimated costs charged to capital and estimated winding-up costs.
- **Tracked Universe** refers to those constituents of the NSCI (XIC) that Aberforth follows closely and whose financial characteristics are aggregated on internal systems.
- **Total return**: capital appreciation plus reinvested dividends.
- **Turnover** is calculated by summing the lesser of purchases and sales and dividing by the average portfolio value**.**
- **Unit:** an equal portion representing part ownership of a unit trust fund.
- **Value style:** the strategy by which all Aberforth's portfolios are invested.
- **Value Premium**: the relative out/(under) performance of the value investment style.
- **ZDP:** Zero Dividend Preference shares are a share class that receive no dividends. Instead, holders receive a fixed capital payment on the redemption date.

Source: Aberforth Partners LLP

Important information

Important information

- Throughout this presentation references to: SMALL COMPANIES mean constituents of the Numis Smaller Companies Index (Excluding Investment Companies) which are referred to as “NSCI (XIC)”; LARGE COMPANIES mean constituents of the FTSE All-Share Index which are referred to as “FTAS”; total return means with dividends reinvested (prior to 2.7.97 with gross dividends reinvested thereafter with net dividends reinvested); and Aberforth clients’ portfolio characteristics use one of Aberforth’s “Standard Value” clients as representative unless otherwise stated.
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- Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested.
- Past performance is not a guide to future performance, nor a reliable indicator of future results or performance.
- Investments in shares of smaller companies are generally considered to carry a higher degree of risk as the market for their shares is often less liquid than that for shares of larger companies, making shares of smaller companies more difficult to buy and sell. Smaller companies can also be expected, in comparison to larger companies, to have less mature businesses, a more restricted depth of management and a higher risk profile.
- The performance of shares of smaller companies may be more volatile than the shares of larger companies over short time periods; therefore investors should regard such investments as long term.
- Unless the performance of an investment meets or exceeds the rate of inflation, the real value of that investment will reduce.
- Changes in economic or political conditions or other factors can substantially and potentially adversely affect the value of investments and, accordingly, the performance and prospects of the funds managed by Aberforth Partners LLP.
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- There can be no guarantee that the investment objective of the fund will be achieved or provide the returns sought by the fund.
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- An investment trust is a closed-ended company and its shareholders will have no right to have their shares redeemed or repurchased by the company at any time. Accordingly, the ability of shareholders to realise any value in respect of their shares will be dependent on the existence of a liquid market in the shares and the market price of the shares. The shares may trade at a discount to their net asset value.

Risk warnings

- An investment trust may only pay dividends to the extent that it has distributable profits available for that purpose. A reduction in the income from an investment trust's portfolio could adversely affect the yield, if any, on its shares.
- Investment trusts may borrow money in order to make further investments. This is known as “gearing”. The effect of gearing can enhance returns to shareholders in rising markets but will have the opposite effect on returns in falling markets.
- Tax legislation and the levels of relief from taxation can change at any time. Any change in the tax status of the fund or in tax legislation could affect the value of the investments held by the fund or affect its ability to provide returns to its investors. The tax treatment of an investment, and any dividends received, will depend on the individual circumstances of the investor and may be subject to change in the future. If investors are in any doubt as to their tax position, they should consult their professional adviser.
- An investment in the fund is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from such an investment (which may be equal to the whole amount invested). Such an investment should be regarded as long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.