



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 August 2017

Fund structure

The Fund is an investment trust – a type of investment company/collective investment fund – with a Premium share listing on the Main Market of the London Stock Exchange.

Manager: Aberforth Partners

The Fund is managed by Aberforth's investment team of six fund managers:

Euan Macdonald	Keith Muir
Richard Newbery	Peter Shaw
Christopher Watt	Alistair Whyte

Further information on the investment team is available at www.aberforth.co.uk.

Benchmark: NSCI (XIC)

The Fund's benchmark and primary investment universe is the Numis Smaller Companies Index (excluding Investment Companies). This index is rebalanced every January and its current profile is:

Number of companies	337
Total market value	£174bn
Largest constituent	£2.3bn
Largest constituent (if rebalanced at Factsheet date)	£1.5bn

Key Fund information

Total investments	£1,392m
Number of investments	82
Active share	75.6%
Gearing - bank debt in use	£0m
Net gearing/(liquidity)	-0.7%
Total net assets	£1,402m
Ordinary shares in issue	93,868,156
NAV	1,493.70p
Share price	1,288.00p
Discount/(premium)	13.8%
Market value	£1,209m
Launch date	10 Dec 90
Next year-end	31 Dec 17

Fees & charges

Management fee* (12m to 31 Dec 16)	0.74%
Performance fee	None
Ongoing charges (at 31 Dec 16 & includes Management fee)	0.80%

* Details of the Management fee structure are available at www.aberforth.co.uk.

Yield & dividends

Yield	2.2%
Interim dividend (paid 24 Aug 17)	9.05p
Final dividend (paid 3 Mar 17)	18.75p
Special dividend (paid 3 Mar 17)	2.75p

Objective

The Fund's objective is to achieve a total return greater than that of the NSCI (XIC) over the long term by investing in a diversified portfolio of small UK quoted companies.

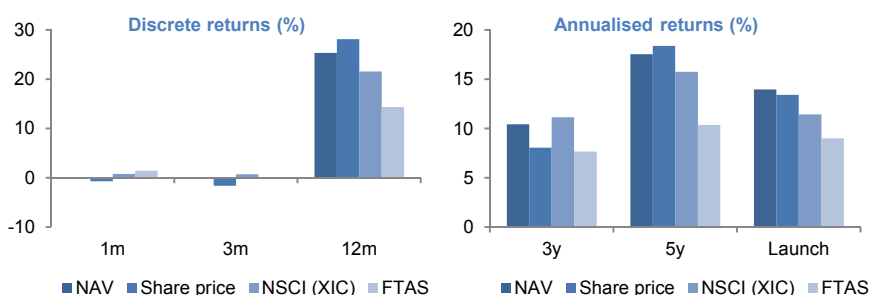
Investment style: Value

Aberforth are value investors who buy shares in companies that they calculate to be selling below their intrinsic value. This is determined through detailed financial and industrial analysis, combined with a valuation approach that focuses on both stockmarket and corporate worth.

Investment performance (annualised total returns)

Growth (%)	1m	3m	12m	3y	5y	Launch
NAV	0.0	0.1	25.3	10.4	17.5	14.0
Share price	-0.8	-1.7	28.1	8.0	18.4	13.4
NSCI (XIC)	0.8	0.7	21.6	11.1	15.8	11.4
FTAS	1.4	0.0	14.3	7.7	10.4	9.0

Notes: 1m & 3m returns not annualised; Launch date = 10 Dec 90; FTAS = FTSE All-Share Index.



Investment commentary

The NSCI (XIC) generated a total return of 0.8% in August, which lagged the FTSE All-Share's return of 1.4%. The Fund was flat and thus under-performed the benchmark. Style influences were balanced. Dollar weakness, positive economic output from Europe and strong Chinese demand were in the value style's favour, but these factors were offset by risk aversion stemming from terror attacks, North Korean missile tests and the continued soap opera of the US administration. Meanwhile, the incidence of profit warnings across the market rose: the disappointments came from a variety of sectors but revealed a skew to domestic UK businesses, perhaps a delayed effect of last year's referendum.

At the stock level, Anglo Pacific, the mining royalty company, and McColl's, the convenience store operator, were the top performers, both reporting strong results. McColl's also announced a new supply chain partnership with Morrisons, which should improve their product offering. Vesuvius, the metal flow engineer, continues to benefit from sterling weakness and improving global economic growth. Meanwhile, Computacenter was buoyed by a positive trading update and the promise of a sizeable special dividend.

EnQuest, SDL and Gulf Marine Services were the main detractors from relative performance: all warned that profits would be lower than expectations. EnQuest, the North Sea oil producer, delivered its floating production vessel on time and budget. This is an important achievement, but commissioning is taking longer than expected. SDL, the translation software company, disappointed as margins were squeezed by an unexpected increase in the use of freelance translators. Gulf Marine, which rents support vessels to oil producers, was affected by contract delays.

Top 10 equity investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.7
FirstGroup	Bus & rail operator	2.9
Bovis Homes Group	Housebuilding	2.9
Brewin Dolphin Holdings	Private client fund manager	2.6
Coats Group	Manufacture of threads	2.5
TT Electronics	Sensors & other electronic components	2.3
Vitec Group	Photographic & broadcast accessories	2.2
Nostrum Oil & Gas	Oil & gas exploration and production	2.2
RPS Group	Energy & environmental consulting	2.1
Computacenter	IT services	2.1

Risk warnings

- 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, or 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 may be less liquid than that for shares of larger companies, making shares of smaller companies more difficult to buy and sell.
- 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.
- There can be no guarantee that the investment objective of the Fund will be achieved or provide the returns sought by the Fund.
- An investment trust is a public limited company, the shares of which are traded on the main market of the London Stock Exchange. Accordingly, the ability of shareholders to sell their shares will be dependent on the market price of the shares. The shares may trade at a discount or premium to their net asset value.
- 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.

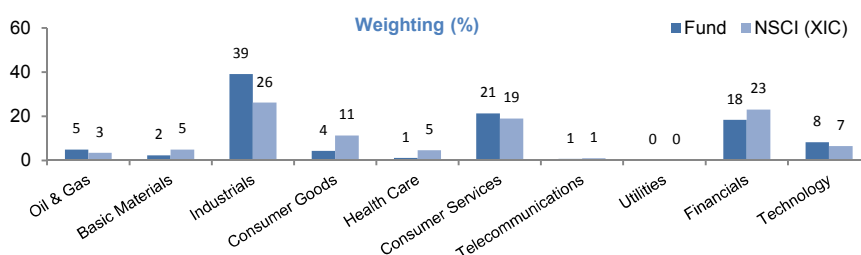
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This document has been issued for information purposes only. It does not contain any investment recommendations or an invitation to invest in the Fund. Investors should seek advice from an authorised financial adviser prior to making investment decisions.

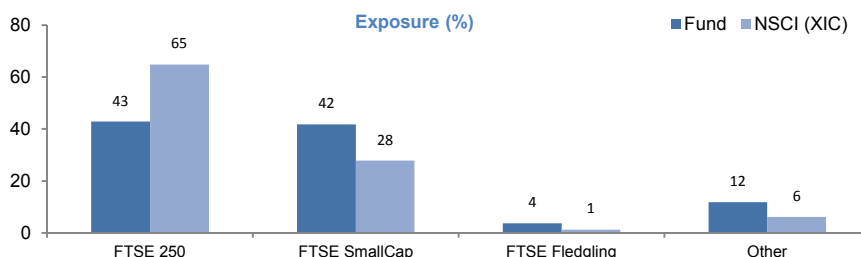
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Sector exposure



Size exposure



Gearing

The Fund has a bank debt facility of £125m available for use as gearing by the Manager at any time. The net gearing/(liquidity) figure shown in the Key Fund information section indicates the percentage by which the total value of investments exceeds the total net assets.

Continuation vote & share buy-ins

The continuation of the Fund is voted on by shareholders at every 3rd AGM. The next vote will occur at the AGM in March 2020.

The Fund operates a share buy-in policy. A list of the buy-in transactions during the last 5 years is available at www.aberforth.co.uk.

Data sources & calculations

All data supplied by Aberforth, except NSCI (XIC) data (from Numis/Paul Marsh and Elroy Dimson – London Business School) and FTSE data (from FTSE International Limited).

Performance returns are total returns after all expenses and assume reinvestment of dividends. Yield is based on the Fund's trailing 12 months dividends. Active share is a measure of how the Fund's portfolio differs from the NSCI (XIC). Small companies are represented by NSCI (XIC). Large companies are represented by FTAS.

Security codes

Ordinary shares of 1p:

SEDOL: 0006655

ISIN: GB0000066554

TIDM: ASL

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