



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 August 2018

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 profile at the date of this Factsheet was:

Number of companies	339
Total market value	£160bn
Largest constituent	£2.0bn
Largest constituent if index rebalanced at Factsheet date	£1.5bn

Key Fund information

Total investments	£1,417m
Number of investments	86
Active share	74.9%
Gearing - bank debt in use	£19m
Net gearing/(liquidity)	0.9%
Total net assets	£1,405m
Ordinary shares in issue	90,918,811
NAV	1,545.15p
Share price	1,350.00p
Discount/(premium)	12.6%
Market value	£1,227m
Launch date	10 Dec 90
Next year-end	31 Dec 18

Fees & charges

Management fee* (12m to 31 Dec 17)	0.71%
Performance fee	None
Ongoing charges (at 31 Dec 17 & includes Management fee)	0.76%

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

Yield & dividends

Yield	2.2%
Interim dividend (paid 31 Aug 18)	9.50p
Final dividend (paid 6 Mar 18)	19.75p
Special dividend (paid 6 Mar 18)	6.70p

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.

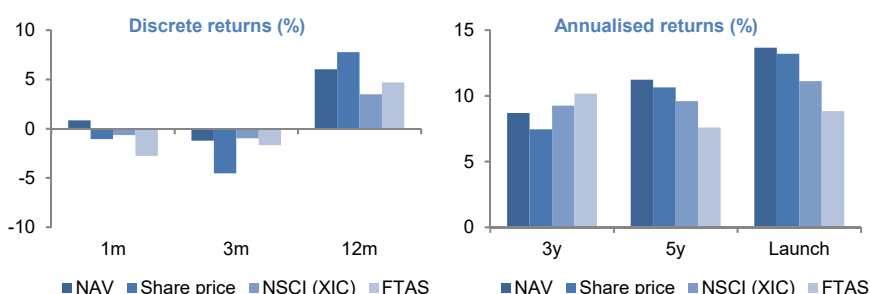
Investment style: Value

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	0.8	-1.2	6.0	8.7	11.2	13.7
Share price	-1.1	-4.5	7.8	7.5	10.6	13.2
NSCI (XIC)	-0.7	-1.0	3.5	9.2	9.6	11.1
FTAS	-2.8	-1.7	4.7	10.2	7.6	8.8

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



Investment commentary

The US aside, most equity markets struggled during the month, responding to the strong dollar, emerging market stress and suggestions of lower Chinese and European growth. The FTSE All-Share fell by 2.8%, not helped by its significant exposure to miners. Less encumbered in this respect, the NSCI (XIC) slipped by 0.7%. The Fund secured a modest but positive return of 0.8%, on which style effects had negligible effect.

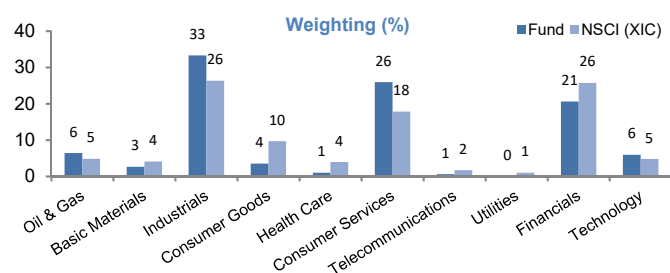
At the stock level, oil exposure was beneficial as the oil price continued to recover: Nostrum Oil & Gas and EnQuest were the biggest winners in the month. Relative performance was boosted by avoiding profit warnings from two non holdings. Engineer Hill & Smith blamed sluggish spending on UK roads, while Spire Healthcare, a hospital operator, pointed to weakness in its NHS business.

The largest loser was again annuity provider Just Group. The PRA's review of the value of investments in equity release mortgages is likely to require the raising of additional equity capital. Meanwhile, Wincanton announced a revised pension deficit recovery plan and was affected by concern about the logistics sector following House of Fraser's problems. Non holding esure was the other notable impact: the motor insurer received a bid from Bain Capital Private Equity. This may be a harbinger of renewed M&A activity after a quiet few months, while IPOs also look set to pick up again.

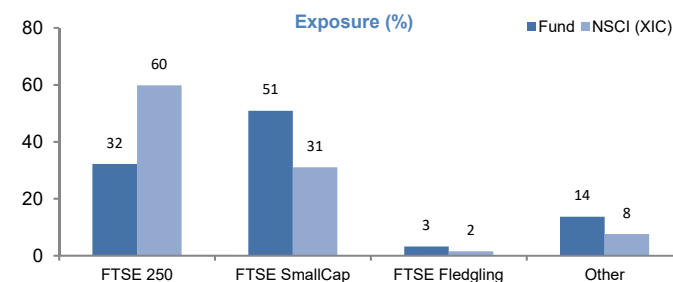
Top 10 equity investments

Name	Activity	%
Urban&Civic	Property - investment & development	2.8
Robert Walters	Recruitment	2.7
Keller Group	Ground engineering services	2.7
Brewin Dolphin Holdings	Private client fund manager	2.7
FirstGroup	Bus & rail operator	2.6
Huntsworth	Public relations	2.5
Grainger	Property - residential rentals	2.5
Vitec Group	Photographic & broadcast accessories	2.4
Future	Special interest consumer publisher	2.4
EnQuest	Oil & gas exploration and production	2.4

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 the NSCI (XIC). Large companies are represented by the FTAS.

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, 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 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 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.

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.

Aberforth Partners LLP does not provide retail investors with investment advice.

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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Security codes & other information

Ordinary shares of 1p	Other information
SEDOL: 0006655	Launched: 10 Dec 90
ISIN: GB0000066554	Next year-end: 31 Dec 18
TIDM: ASL	LEI: 213800GZ9WC73A92Q326

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