



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 August 2019

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 seven fund managers:

| | |
|----------------|------------------|
| Sam Ford | Jeremy Hall |
| Euan Macdonald | Keith Muir |
| 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 | 344 |
| Total market value | £147bn |
| Largest constituent | £2.1bn |
| Largest constituent if index rebalanced at Factsheet date | £1.5bn |

Key Fund information

| | |
|----------------------------|------------|
| Total investments | £1,213m |
| Number of investments | 78 |
| Active share | 78.2% |
| Gearing - bank debt in use | £17m |
| Net gearing/(liquidity) | 1.2% |
| Total net assets | £1,199m |
| Ordinary shares in issue | 89,879,066 |
| NAV | 1,333.61p |
| Share price | 1,178.00p |
| Discount/(premium) | 11.7% |
| Market value | £1,059m |
| Launch date | 10 Dec 90 |
| Next year-end | 31 Dec 19 |

Fees & charges

| | |
|--|-------|
| Management fee* (12m to 31 Dec 18) | 0.74% |
| Performance fee | None |
| Ongoing charges (at 31 Dec 18 & includes Management fee) | 0.79% |

* Further details of the Management fee are available at www.aberforth.co.uk.

Yield & dividends

| | |
|-----------------------------------|--------|
| Yield | 2.6% |
| Interim dividend (paid 30 Aug 19) | 10.00p |
| Final dividend (paid 7 Mar 19) | 20.75p |
| Special dividend (paid 7 Mar 19) | 7.75p |

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.

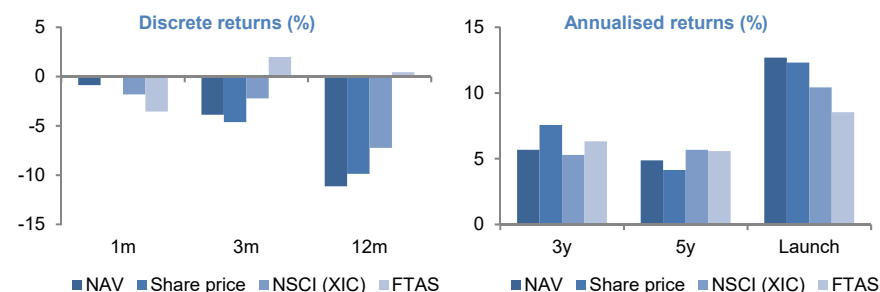
Investment style: Value

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 | -0.9 | -3.9 | -11.2 | 5.7 | 4.9 | 12.7 |
| Share price | -0.1 | -4.6 | -9.9 | 7.6 | 4.1 | 12.3 |
| NSCI (XIC) | -1.8 | -2.2 | -7.2 | 5.3 | 5.7 | 10.4 |
| FTAS | -3.6 | 2.0 | 0.4 | 6.3 | 5.6 | 8.5 |

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



Investment commentary

The effects of the trade war continue to emerge, with Germany's export-oriented economy perhaps the most significant victim to date. The uncertainty of Brexit brings additional uncertainty to UK assets. The FTSE All-Share's return was -3.6%, which compares with -1.8% for the NSCI (XIC). The Fund proved slightly more resilient with a -0.9% return, aided by a better month for the value investment style. Size exposure was, however, unhelpful: the share prices of "smaller small" companies, presently favoured by the Fund, struggled relative to the NSCI (XIC)'s larger constituents.

Turning to stocks, performance was assisted by FirstGroup: the announcement of an experienced new chairman promises a fresh look at the company's structure and strategy. Mitchells & Butlers, the pub operator, was buoyed by further M&A activity in the sector, this time in the form of an overseas bid for Greene King. Also noteworthy was Ultra Electronics, whose interim results confirmed the improvement in trading conditions.

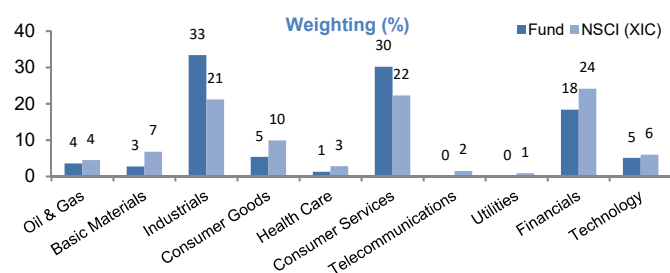
Among the losers, two of the most significant were the oil companies EnQuest and Nostrum Oil & Gas: sentiment towards these was affected by the weakness of the oil price in the month. Meanwhile, the price of Huntsworth, the PR business, fell despite decent interim results at the end of the previous month.

Sam Ford has joined the investment team. He previously managed UK equity portfolios for M&G, prior to which he was an investment manager with Alliance Trust.

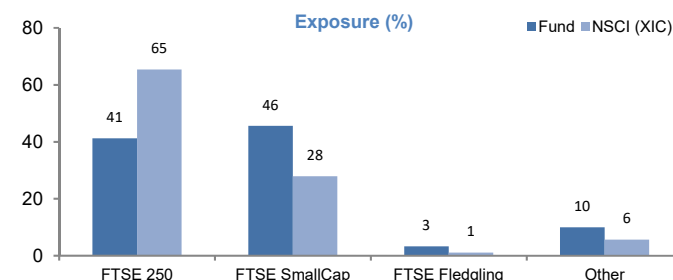
Top 10 equity investments

| Name | Activity | % |
|----------------------------|---|-----|
| FirstGroup | Bus & rail operator | 4.5 |
| Urban&Civic | Property - investment & development | 3.5 |
| Ultra Electronics Holdings | Specialist electronic & software technologies | 3.4 |
| Future | Special interest consumer publisher | 3.3 |
| Mitchells & Butlers | Operator of restaurants, pubs & bars | 3.3 |
| Brewin Dolphin Holdings | Private client fund manager | 2.9 |
| Ei Group | Leased & managed pub operator | 2.8 |
| Grainger | Property - residential rentals | 2.8 |
| Vitec Group | Photographic & broadcast accessories | 2.6 |
| SDL | Software - translation & content management | 2.3 |

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-backs

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-back policy. A list of the buy-back 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 (excluding Specials). 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: GB0000066654 | Next year-end: 31 Dec 19 |
| TIDM: ASL | LEI: 213800GZ9WC73A92Q326 |

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