



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 January 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	348
Total market value	£165bn
Largest constituent	£1.8bn
Largest constituent (if rebalanced at Factsheet date)	£1.5bn

Key Fund information

Total investments	£1,416m
Number of investments	86
Active share	76.2%
Gearing - bank debt in use	£4m
Net gearing/(liquidity)	-0.1%
Total net assets	£1,418m
Ordinary shares in issue	92,932,137
NAV	1,525.46p
Share price	1,346.00p
Discount/(premium)	11.8%
Market value	£1,251m
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	2.1%
Interim dividend (paid 24 Aug 17)	9.05p
Final dividend (payable 6 Mar 18)	19.75p
Special dividend (payable 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.

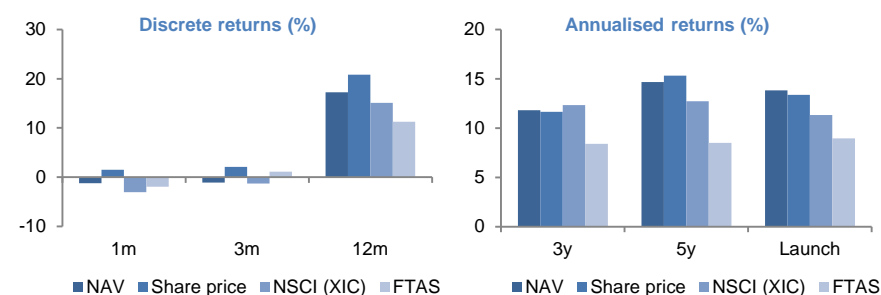
Investment style: Value

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	-1.2	-1.1	17.2	11.8	14.7	13.8
Share price	1.5	2.1	20.8	11.6	15.3	13.4
NSCI (XIC)	-3.1	-1.3	15.1	12.3	12.7	11.3
FTAS	-1.9	1.1	11.3	8.4	8.5	8.9

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



Investment commentary

January was far from a quiet month for smaller companies, with the share prices of almost 30% of the NSCI (XIC)'s constituents moving up or down by at least 10%. The high incidence of profit warnings noted in recent commentaries continued, with several overseas companies now citing the effects of the weaker dollar. The NSCI (XIC) trailed the FTSE All-Share index by 1.2% in generating a total return of -3.1%. The Fund outperformed the benchmark by 1.9% in producing a return of -1.2%. Style factors counted for little, which might be considered surprising given the rise in bond yields over the month. However, the size factor was more influential: the NSCI (XIC)'s "smaller small" companies, in which the Fund has an over-weight position, performed more strongly than the larger constituents.

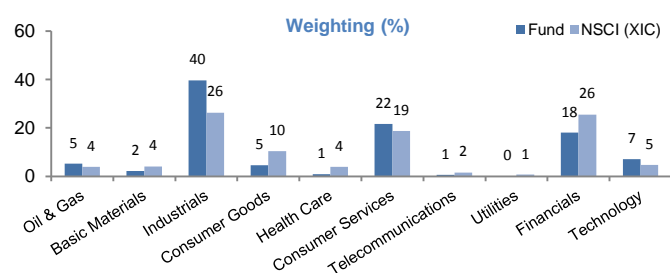
At stock level there were several notable winners. These included property development company Urban&Civic and North Sea oil producer EnQuest. The share price of the latter rose on expectation of success with the Kraken field, one of the cornerstones of the company's production portfolio. Specialist recruitment consultant Robert Walters' shares responded favourably to a trading update and engineered ceramics company Vesuvius outperformed the falling market. Not owning funeral services business Dignity helped the relative return as its share price fell sharply in the wake of a significant profits warning.

Performance was hindered by floor coverings retailer Carpetright, with the share price falling in response to a warning of weak trading since the turn of the year. Specialist distributor Connect Group also issued a profit warning, reporting delays to contracts and weaker margins in its freight business; allied to that, the planned disposal of their Books division failed to complete. Annuity provider Just Group's price fell after placings of stock by private equity shareholders.

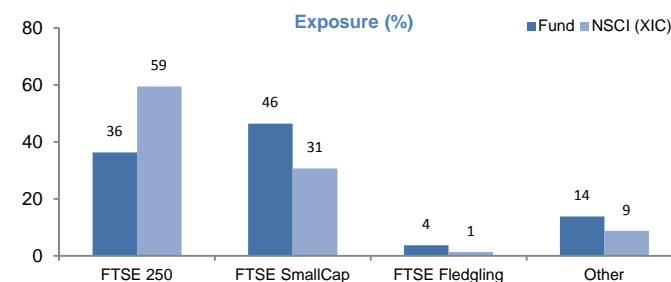
Top 10 equity investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.6
Brewin Dolphin Holdings	Private client fund manager	2.7
FirstGroup	Bus & rail operator	2.6
Urban&Civic	Property - investment & development	2.5
Bovis Homes Group	Housebuilding	2.5
Robert Walters	Recruitment	2.4
Vitec Group	Photographic & broadcast accessories	2.4
Coats Group	Manufacture of threads	2.4
Keller Group	Ground engineering services	2.3
Huntsworth	Public relations	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-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, 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.

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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