



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 May 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	346
Total market value	£166bn
Largest constituent	£2.1bn
Largest constituent (if rebalanced at Factsheet date)	£1.5bn

Key Fund information

Total investments	£1,450m
Number of investments	88
Active share	75.5%
Gearing - bank debt in use	£20m
Net gearing/(liquidity)	0.9%
Total net assets	£1,438m
Ordinary shares in issue	91,360,251
NAV	1,573.90p
Share price	1,424.00p
Discount/(premium)	9.5%
Market value	£1,301m
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	2.0%
Interim dividend (paid 24 Aug 17)	9.05p
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.

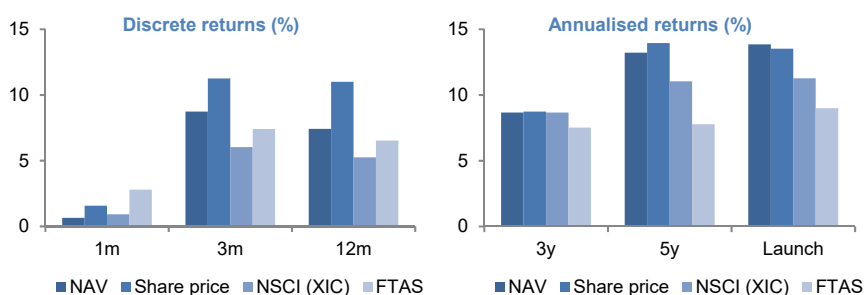
Investment style: Value

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	0.6	8.7	7.4	8.7	13.2	13.8
Share price	1.6	11.3	11.0	8.7	13.9	13.5
NSCI (XIC)	0.9	6.0	5.2	8.7	11.0	11.3
FTAS	2.8	7.4	6.5	7.5	7.8	9.0

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



Investment commentary

UK equities performed well in a global context in May as markets digested the vagaries of Italian politics and renewed strength of the US dollar. Large companies, represented by the FTSE All-Share, rose by 2.8% as resources companies performed especially well; this exceeded the NSCI (XIC)'s 0.9% gain. The Fund trailed the benchmark in producing a return of 0.6%. Size factors mattered little over the month, but, after a couple of better months, style data showed value trailing growth.

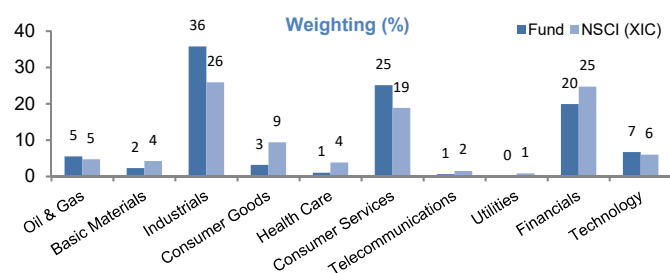
At the stock level share prices responded to results and notable winners included logistics provider Wincanton and media company Future. Property development company U and I Group also reported good results and benefited additionally from a larger than expected gain on a property disposal. Shares in TT Electronics, a global manufacturer of electronic components, rose following the acquisition of Stadium Group. Elsewhere, Gulf Marine Services, a provider of support vessels serving the oil and gas markets, responded well to placings of stock by pre-IPO shareholders Gulf Capital, which reduced concerns about a perceived overhang.

Performance was hindered by two holdings in the bus and rail sector. A trading update from Go-Ahead highlighted weak volumes in its regional bus operation. More significantly, FirstGroup suffered the departure of its chief executive and weak results, which included provisions for future losses in its rail operations. Elsewhere, the share price of Nostrum Oil & Gas fell after production guidance for 2018 and 2019 was reduced, although longer term guidance is unchanged. Finally, the revival in corporate activity among small companies continued, but not owning shares in property platform ZPG detracted from the relative return following a cash offer by Silver Lake.

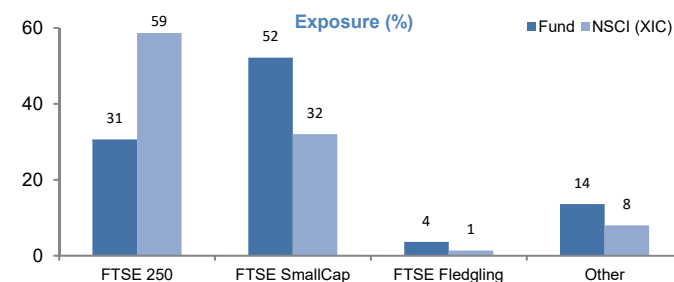
Top 10 equity investments

Name	Activity	%
Huntsworth	Public relations	2.7
Vitec Group	Photographic & broadcast accessories	2.6
Brewin Dolphin Holdings	Private client fund manager	2.6
Urban&Civic	Property - investment & development	2.6
Keller Group	Ground engineering services	2.6
FirstGroup	Bus & rail operator	2.5
Robert Walters	Recruitment	2.4
Grainger	Property - residential rentals	2.3
Coats Group	Manufacture of threads	2.3
Senior	Aerospace & automotive engineering	2.2

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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