



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

**31 October 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 seven fund managers:

Jeremy Hall	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](http://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	337
Total market value	£144bn
Largest constituent	£1.9bn
Largest constituent if index rebalanced at Factsheet date	£1.4bn

### Key Fund information

Total investments	£1,259m
Number of investments	82
Active share	76.2%
Gearing - bank debt in use	£21m
Net gearing/(liquidity)	1.2%
Total net assets	£1,244m
Ordinary shares in issue	90,580,311
NAV	1,373.54p
Share price	1,224.00p
Discount/(premium)	10.9%
Market value	£1,109m
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](http://www.aberforth.co.uk).

### Yield & dividends

Yield	2.4%
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.

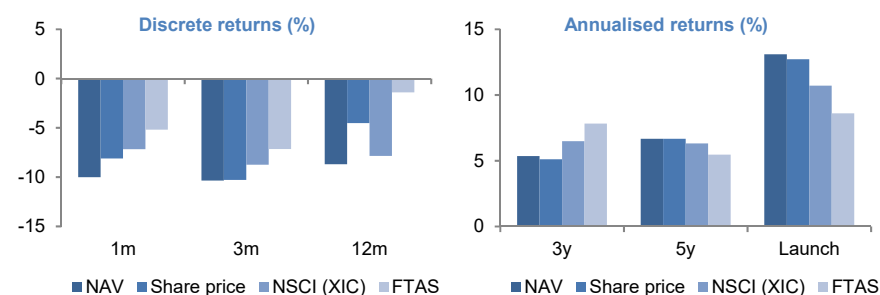
### Investment style: Value

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	-10.0	-10.4	-8.7	5.4	6.7	13.1
Share price	-8.1	-10.3	-4.5	5.1	6.7	12.7
NSCI (XIC)	-7.2	-8.8	-7.9	6.5	6.3	10.7
FTAS	-5.2	-7.2	-1.4	7.8	5.5	8.6

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



### Investment commentary

Global equity markets sold off sharply, responding to the prospect of rising interest rates, suggestions of lower growth, trade wars and political drama. The month's bout of heightened risk aversion saw the FTSE All-Share drop by 5.2% and small companies underperform large. The NSCI (XIC) declined by 7.2% and the Fund by 10.0%. Against a backdrop of prolonged Brexit uncertainty, the rotation towards value seen elsewhere has so far been less apparent within the UK.

Small companies experienced a pick-up in profit warnings. Within the portfolio, Keller, Flybe and RPS warned, though for quite different reasons. Global ground engineering business Keller described deteriorating market conditions in its Asia Pacific division. Flybe announced weaker bookings and higher fuel costs. RPS, an international consultancy firm, was affected by higher costs and investment spend.

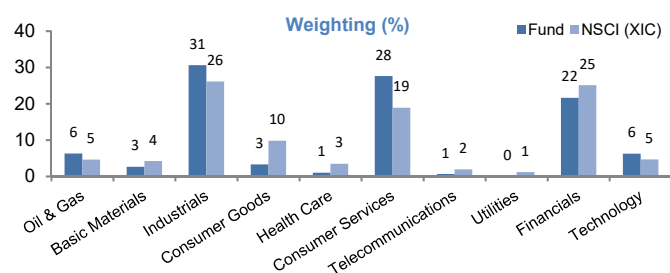
The two notable winners were domestic companies: consumer lender Non-Standard Finance and home furnishings retailer Dunelm. Indeed, domestically facing sectors outperformed in the recent market sell off. This is a reminder that the relatively expensive overseas-facing companies are not free from macro-economic risks and perhaps suggests that Brexit uncertainty is priced into the domestics.

Jeremy Hall has joined the investment team. Fund management roles with Abbey National and SVM Asset Management were followed by ten years with Cartesian Capital Partners, where he was a partner and managed UK equity portfolios.

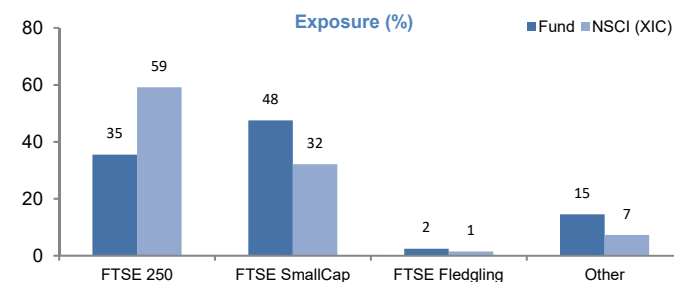
### Top 10 equity investments

Name	Activity	%
Urban&Civic	Property - investment & development	3.2
FirstGroup	Bus & rail operator	2.8
Future	Special interest consumer publisher	2.7
Brewin Dolphin Holdings	Private client fund manager	2.7
Vitec Group	Photographic & broadcast accessories	2.7
Huntsworth	Public relations	2.6
Grainger	Property - residential rentals	2.4
EnQuest	Oil & gas exploration and production	2.4
Mitchells & Butlers	Operator of restaurants, pubs & bars	2.3
Spirant Communications	Telecoms test equipment	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 3<sup>rd</sup> 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](http://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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