



Aberforth Smaller Companies Trust plc

Monthly Factsheet

30 September 2022

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:

Sam Ford	Jeremy Hall
Euan Macdonald	Rob Scott Moncrieff
Peter Shaw	Christopher Watt

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	319
Total market value	£108bn
Largest constituent	£2.4bn
Largest constituent if index rebalanced at Factsheet date	£1.5bn

Key Fund information

Total investments	£1,194m
Number of investments	77
Active share	73.1%
Gearing - bank debt in use	£101m
Net gearing/(liquidity)	8.6%
Total net assets	£1,100m
Ordinary shares in issue	85,640,716
NAV	1,284.39p
Share price	1,090.00p
Discount/(premium)	15.1%
Market value	£933m
Launch date	10 Dec 90
Next year-end	31 Dec 22

Fees & charges

Management fee* (12m to 31 Dec 21)	0.70%
Performance fee	None
Ongoing charges (at 31 Dec 21 & includes Management fee)	0.75%

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

Yield & dividends

Yield	3.3%
Interim dividend (paid 26 Aug 22)	12.05p
Final dividend (paid 8 Mar 22)	24.25p

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.

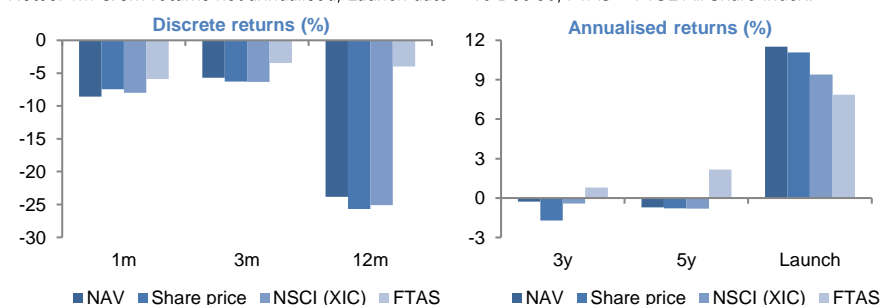
Investment style: Value

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	-8.6	-5.7	-23.8	-0.3	-0.7	11.5
Share price	-7.5	-6.3	-25.7	-1.7	-0.8	11.1
NSCI (XIC)	-8.0	-6.3	-25.1	-0.4	-0.8	9.4
FTAS	-5.9	-3.4	-4.0	0.8	2.2	7.9

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



Monthly investment commentary: September

At the prospect of even tighter US monetary policy, September proved another bruising month for financial assets worldwide. With a 5.4% decline, the FTSE 100 fared relatively well in a global context, at least in sterling terms. The picture changes once the effects of the UK's heightened political uncertainty on the currency are considered. Small companies typically have less overseas exposure and therefore benefit less from sterling's weakness. The NSCI (XIC) was down by 8.0% and, with no discernible style effects, the Fund by 8.6%.

With the intense bond market volatility and liquidity squeeze towards the month end, life insurers were at the centre of attention because of their involvement in LDI products. **Just Group**, which underwrites individual and bulk annuities, was caught up in this, though it has no LDI exposure and has exited its interest rate swaps. Separately, the car retailer **Lookers** fell as the clouds gathered on the outlook for discretionary consumer spending amid higher borrowing and energy costs. Finally, **RM**, the education services provider, was weak as the market fallout continued following its disappointing trading update in August.

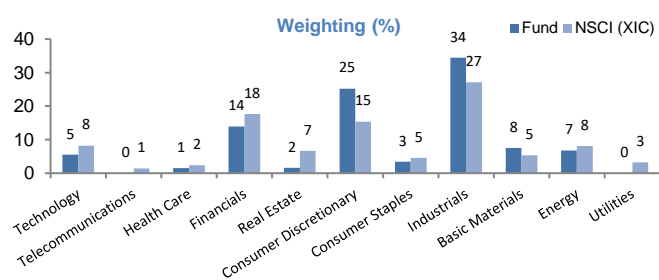
Among holdings that contributed positively was **Bakkavor**, the food producer and distributor. Its interim results indicated robust trading despite inflationary pressures. This compared favourably with peer and non-holding Hilton Food Group, which fell by 45% as its lofty valuation was challenged by a profit warning stemming from inflationary pressures.

Finally, the largest contributor was **RPS**, which was the subject of a counter-offer from US peer Tetra Tech. The original bidder, Canadian-based WSP Global, has yet to signal if it plans to raise its bid. The share price is trading above the board-recommended offer as the market contends that the saga is not yet over.

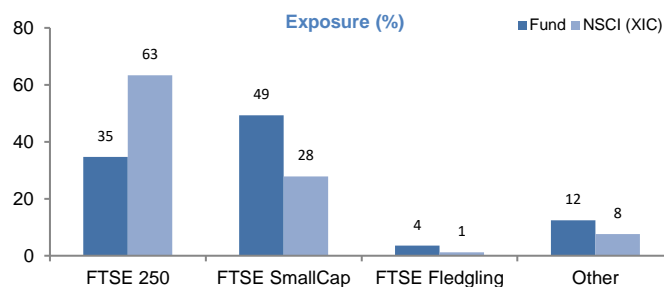
Top 10 equity investments

Name	Activity	%
RPS Group	Energy & environmental consulting	5.3
FirstGroup	Bus & rail operator	3.8
Micro Focus	Legacy software assets	3.7
EnQuest	Oil & gas exploration and production	3.1
Go-Ahead Group	Bus & rail operator	2.9
Videndum	Photographic & broadcast accessories	2.7
Redde Northgate	Van rental	2.5
Wilmington	Business publishing & training	2.5
Wincanton	Logistics	2.4
Centamin	Gold miner	2.4

Sector exposure



Size exposure



Gearing

The Fund has a bank debt facility of £130m 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 2023.

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: GB0000066554	Next year-end: 31 Dec 22
TIDM: ASL	LEI: 213800GZ9WC73A92Q326

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