



Aberforth UK Small Companies Fund

Monthly Factsheet

31 August 2022

Fund structure

The Fund is an authorised unit trust scheme under the Financial Services & Markets Act 2000 and also a UCITS scheme as defined by the Collective Investment Schemes Sourcebook. The Fund is open-ended and issues Accumulation (Acc) and Income (Inc) units.

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). More information on the use of this benchmark can be found in the Investment Strategy section of the Fund's Prospectus. This index is rebalanced every January and its profile at the date of this Factsheet was:

Number of companies	320
Total market value	£119bn
Largest constituent	£2.3bn
Largest constituent if index rebalanced at Factsheet date	£1.6bn

Key Fund information

Total investments	£132m
Number of investments	75
Active share	73.8%
Total net assets	£133m
Issue price (Acc)	£275.80
Cancellation price (Acc)	£269.86
Issue price (Inc)	£188.89
Cancellation price (Inc)	£184.82
Launch date	20 Mar 91
Next year-end	31 Dec 22

Fees & charges

Ongoing charges (at 30 June 22 & includes Management fee)	0.83%
Management fee	0.75%
Performance fee	None
Initial/exit charges	0%
Dealing spread	2.18%

Yield & distributions (Inc units)

Yield	3.2%
Interim distribution (paid 31 Aug 22)	362.3341p
Final distribution (paid 28 Feb 22)	237.1483p

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.

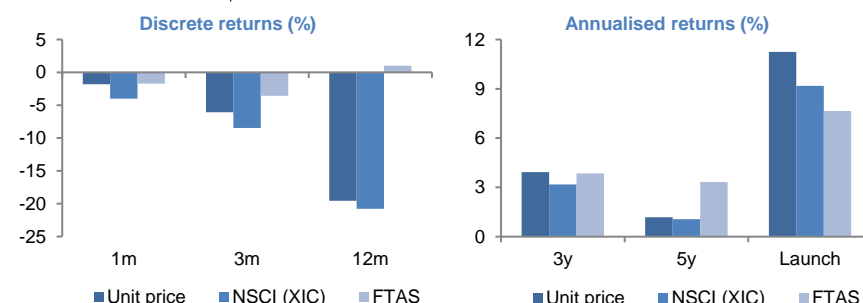
Investment style: Value

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
Unit price	-1.8	-6.1	-19.5	3.9	1.2	11.2
NSCI (XIC)	-4.0	-8.5	-20.8	3.2	1.1	9.2
FTAS	-1.7	-3.6	1.0	3.9	3.3	7.7

Notes: 1m & 3m returns not annualised; Launch date = 20 Mar 91; Unit price = Cancellation price of the Fund's Accumulation units; FTAS = FTSE All-Share Index.



Monthly investment commentary: August

August brought a sharp reversal in risk assets, following the strong performance in the previous month. Against a backdrop of concern about recession and inflation, the Fed's gathering at Jackson Hole brought no relief in terms of the outlook for interest rates. Closer to home, the likely impact of inflation on disposable income saw equity prices fall. The FTSE 100's decline was 1.9%, while that of the NSCI (XIC), with its greater exposure to domestically oriented businesses, was 4.0%. With a 1.8% fall, the fund fared better thanks to continued bid activity.

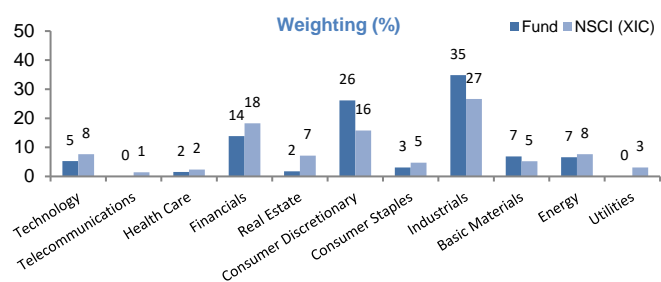
Notwithstanding the macro economic uncertainty, both **RPS Group** and **Micro Focus** received all cash bids at share price premiums approaching 100%. The bids in both cases were recommended and came from North American strategic acquirers. They highlight, once again, the low valuations that the stockmarket continues to ascribe to many small UK quoted companies. These risk seeing good companies being taken over too cheaply. Boards and shareholders need to be prepared to resist takeover approaches at inappropriate valuations. In this context, **FirstGroup** deserves credit for resisting an approach not long after two other bus companies had succumbed to opportunistic bids. This affected the fund's short term performance – FirstGroup was one of the largest losers in August – but from a longer term perspective offers greater upside since the company's fair value is comfortably above the level of the indicative offer.

Moving on from M&A, the main loser was **RM**, a provider of educational products and services. The costs of implementing a new IT system and consolidating warehouses are proving greater than expected, which necessitated a pause to dividends.

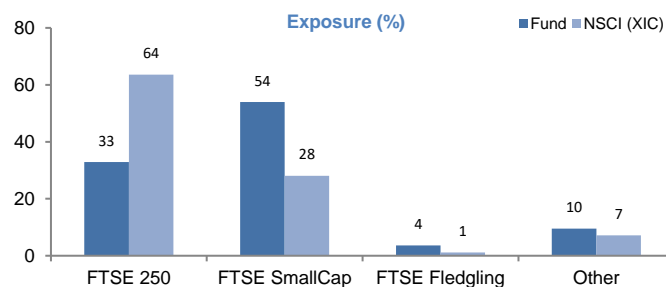
Top 10 equity investments

Name	Activity	%
RPS Group	Energy & environmental consulting	5.1
FirstGroup	Bus & rail operator	3.9
Micro Focus	Legacy software assets	3.5
EnQuest	Oil & gas exploration and production	3.1
Videndum	Photographic & broadcast accessories	2.9
Redde Northgate	Van rental	2.6
Go-Ahead Group	Bus & rail operator	2.6
Wincanton	Logistics	2.5
Wilmington	Business publishing & training	2.5
Morgan Advanced Materials	Manufacture of carbon & ceramic materials	2.3

Sector exposure



Size exposure



Dealing & pricing information

Dealings in the Fund normally take place every business day between 9.00am and the Valuation Point that day - usually 4.30pm. Orders may be placed by calling the Fund's Dealing Line on 0345 608 0940 or contacting Aberforth using the details in the Subscribe & contact section.

The dealing spread shown in the Fees & charges section is the difference between the Issue and Cancellation prices and reflects the underlying spread on the Fund's portfolio.

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.

Standardised past performance

Discrete total return performance over 12 month periods to 30 June:

Growth (%)	2022	2021	2020	2019	2018
Unit price	-16.9	70.8	-23.8	-10.1	9.6
NSCI (XIC)	-17.2	49.8	-15.0	-5.4	7.6

Notes: the table above is updated on a calendar quarter basis in accordance with the Financial Conduct Authority's regulations; Unit price = Cancellation price of the Fund's Accumulation units.

Security codes & other information

Acc units	Inc units	Other information
SEDOL: 0007272	SEDOL: B2N9GS7	Launched: 20 Mar 91
ISIN: GB0000072727	ISIN: GB00B2N9GS70	Next year-end: 31 Dec 22
MEXID: HIUKSC	MEXID: HIUKSI	LEI: 2138000NHC5DGL7RPF30

Subscribe & contact

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(T) 0131 220 0733

(E) investors@aberforth.co.uk

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.

The dealing spread of the Fund, which represents the difference between the buying and selling prices, will have an impact on the realisable value of any investment made in the Fund, particularly in the short term. To mitigate the impact of capital erosion, investors should regard investments in the Fund as long term.

Neither Aberforth Partners LLP or Aberforth Unit Trust Managers Limited 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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