



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

30 April 2017

### 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](http://www.aberforth.co.uk).

### Benchmark: NSCI (XIC)

The Fund's benchmark and investment universe is the Numis Smaller Companies Index (excluding Investment Companies). This is rebalanced every January and the current profile is:

Number of companies	344
Total market value	£171bn
Largest constituent	£1.8bn
Largest constituent (if rebalanced at Factsheet date)	£1.4bn

### Key Fund information

Total investments	£1,366m
Number of investments	84
Active share	76.0%
Gearing - bank debt in use	£6m
Net gearing	-0.2%
Total net assets	£1,368m
Ordinary shares in issue	94,242,492
NAV	1,452.01p
Share price	1,277.00p
Discount/premium	12.1%
Market value	£1,203m
Launch date	10 Dec 90
Next year-end	31 Dec 17

### Fees & charges

Management fee* (12m to 31 Dec 16)	0.74%
Performance fee	None
Ongoing charges (at 31 Dec 16 & includes Management fee)	0.80%

\* Details of the Management fee structure are available at [www.aberforth.co.uk](http://www.aberforth.co.uk).

### Yield & dividends

Yield	2.1%
Interim dividend (paid 25 Aug 16)	8.60p
Final dividend (paid 3 Mar 17)	18.75p
Special dividend (paid 3 Mar 17)	2.75p

### 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.

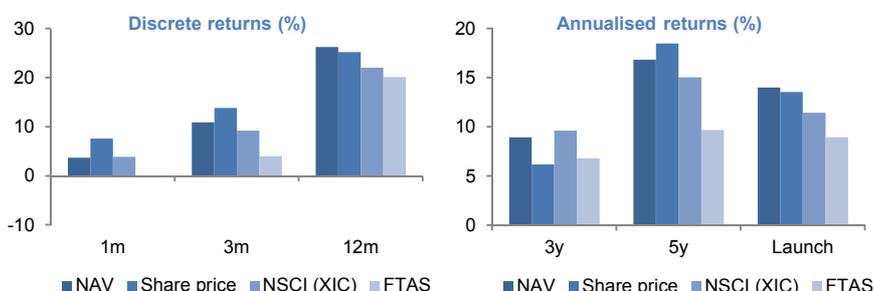
### Investment style: Value

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	3.7	10.9	26.2	8.9	16.8	14.0
Share price	7.6	13.8	25.2	6.2	18.5	13.5
NSCI (XIC)	3.9	9.2	22.0	9.6	15.0	11.4
FTAS	-0.4	4.0	20.1	6.8	9.7	8.9

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



### Investment commentary

Equity markets remain supported by evidence of global economic recovery and the belief that the eventual normalisation of monetary policy will not prove overly restrictive. The decision by Prime Minister May to call a general election has brought Brexit back into focus and was followed by a significant upward movement in sterling. This strengthening has, in turn, affected market performance, with the more internationally exposed FTSE All-Share Index generating a total return of -0.4% compared with 3.9% from the more domestically focussed NSCI (XIC). The Fund trailed the benchmark marginally in producing a return of 3.7%. Size and Style factors mattered little over the month.

At the stock level, the two most influential drivers to relative return came from not owning two hitherto popular growth stocks whose prices fell sharply. Imagination Technologies suffered heavily as Apple, its largest customer, informed the company that it would not be using Imagination's graphic processing IP on future products and therefore royalties would no longer be payable. Allied Minds seeks to commercialise life science research originating in academia. The decision by the company to discontinue funding a number of projects led to a write off which unsettled investors.

The two most significant detractors from returns were the holdings in EnQuest and Nostrum Oil & Gas. Here price weakness reflected a broader pull-back in interest in commodity sectors, which have been the centre of the so-called reflation trade.

The travails of Imagination and Allied reflect company specific issues. More generally, this year has so far been notable for the absence of profit warnings caused by demand weakness or cost pressures. The environment will not always be so benign.

### Top 10 investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.4
FirstGroup	Bus & rail operator	3.4
Northgate	Van rental	2.5
Bovis Homes Group	Housebuilding	2.5
Paragon Group	Specialist lender	2.5
Brewin Dolphin Holdings	Private client fund manager	2.4
Nostrum Oil & Gas	Oil & gas exploration and production	2.3
Urban&Civic	Property - investment & development	2.2
Wincanton	Logistics	2.1
Coats Group	Manufacture of threads	2.1

## 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 a 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.

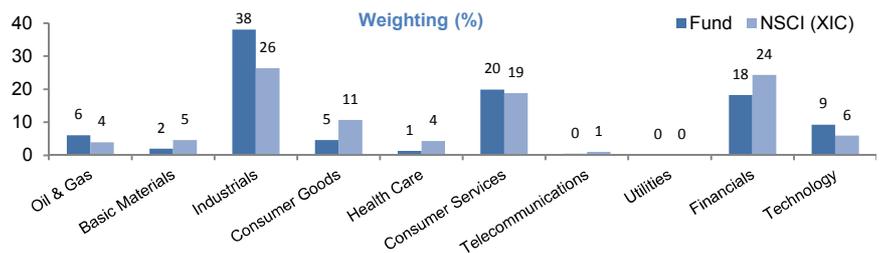
**Aberforth Partners LLP does not provide retail investors with investment advice.**

**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.**

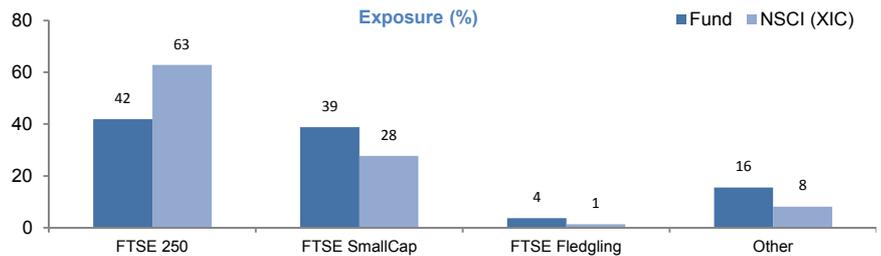
## FTSE disclosure

FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or underlying data contained in this communication. No further distribution of FTSE data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.

## 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 figure shown in the Key Fund information section is 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 NSCI (XIC). Large companies are represented by FTAS.

## Security codes

Ordinary shares of 1p:

SEDOL: 0006655

ISIN: GB0000066554

TIDM: ASL

## Subscribe & contact

If you wish to subscribe to this Factsheet, or have any queries regarding its content, please contact Aberforth's Investor Support team:

(T) 0131 220 0733

(F) 0131 220 0735

(E) [investors@aberforth.co.uk](mailto:investors@aberforth.co.uk)