



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

31 January 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 seven fund managers:

|                  |                |
|------------------|----------------|
| Euan Macdonald   | Keith Muir     |
| Richard Newbery  | Peter Shaw     |
| Christopher Watt | Alistair Whyte |
| Mark Williamson  |                |

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                                   | 348    |
| Total market value                                    | £159bn |
| Largest constituent                                   | £1.5bn |
| Largest constituent (if rebalanced at Factsheet date) | £1.4bn |

### Key Fund information

|                          |            |
|--------------------------|------------|
| Total investments        | £1,284m    |
| Number of investments    | 85         |
| Active share             | 75.9%      |
| Gearing - bank debt      | £35m       |
| Net gearing              | 2.3%       |
| Total net assets         | £1,255m    |
| Ordinary shares in issue | 94,378,292 |
| NAV                      | 1,330.07p  |
| Share price              | 1,143.00p  |
| Discount/premium         | 14.1%      |
| Market value             | £1,079m    |
| 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                               | 2.4%   |
| Interim dividend (paid 25 Aug 16)   | 8.60p  |
| Final dividend (payable 3 Mar 17)   | 18.75p |
| Special dividend (payable 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.

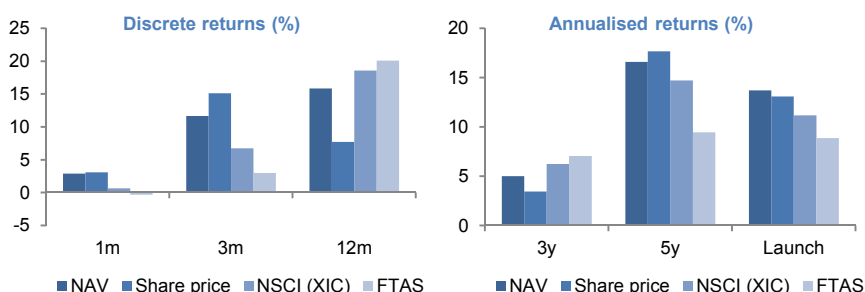
### Investment style: Value

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         | 2.9  | 11.7 | 15.9 | 5.0 | 16.6 | 13.7   |
| Share price | 3.1  | 15.1 | 7.7  | 3.4 | 17.7 | 13.1   |
| NSCI (XIC)  | 0.7  | 6.7  | 18.6 | 6.2 | 14.7 | 11.2   |
| FTAS        | -0.3 | 3.0  | 20.1 | 7.0 | 9.4  | 8.9    |

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



### Investment commentary

Increased expectations for growth and inflation, emanating from the US, continued to dominate market sentiment in January. Closer to home Theresa May's Brexit speech provided some clarity on the likely tone of negotiations with the EU. The UK economy continued to outperform expectations, encouraging a rally in sterling and renewing interest in domestically focused UK small companies. This was evidenced by a strong performance from the NSCI (XIC), which rose by 0.7% against a 0.3% decline for the more internationally oriented FTSE All-Share Index. The Fund out-performed both, delivering a 2.9% return.

Consistent with the outlook for higher growth and inflation, the Industrials and Oil & Gas sectors performed strongly in January. This was echoed in terms of stock performance by Vesuvius, a provider of products and engineering services to the steel and foundry industries, which is benefiting from increased US steel volumes. Furthermore, oil exposed Nostrum and Gulf Marine Services contributed positively. Elsewhere, Games Workshop was helped by upbeat results, followed shortly thereafter by a trading statement and confirmation of a dividend payment.

Synthomer and Zoopla, both non-holdings, were two of the largest detractors from relative performance. Synthomer benefited from a trading statement that soothed concerns over the outlook for margins in its Asian nitrile latex business. Meanwhile Zoopla was buoyed by a positive reception to its acquisition of Hometrack. Elsewhere, TT Electronics ran into profit taking after a strong performance in recent months.

### Top 10 investments

| Name                    | Activity                             | %   |
|-------------------------|--------------------------------------|-----|
| Vesuvius                | Metal flow engineering               | 3.3 |
| e2v technologies        | Electronic components & subsystems   | 2.8 |
| FirstGroup              | Bus & rail operator                  | 2.8 |
| EnQuest                 | Oil & gas exploration and production | 2.6 |
| Nostrum Oil & Gas       | Oil & gas exploration and production | 2.6 |
| Northgate               | Van rental                           | 2.5 |
| Paragon Group           | Specialist lender                    | 2.5 |
| Brewin Dolphin Holdings | Private client fund manager          | 2.5 |
| Wincanton               | Logistics                            | 2.0 |
| Grainger                | Property - residential rentals       | 2.0 |

## 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.

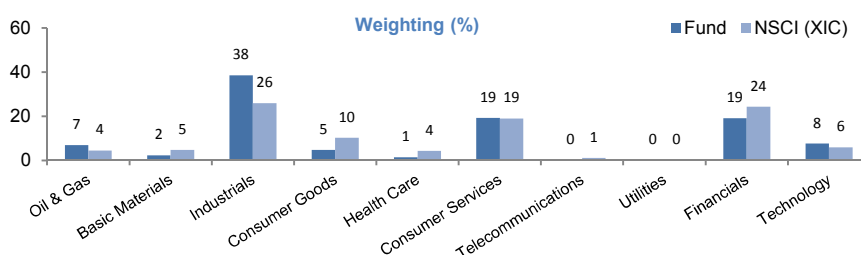
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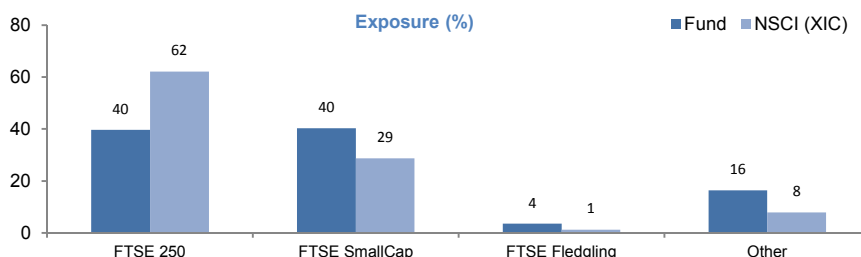
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## Sector exposure



## Size exposure



## Gearing

The Fund has a bank debt facility of £125m available for use as gearing by the Manager at any time. The 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 2017.

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

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