



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 January 2019

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.

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 | 357 |
| Total market value | £149bn |
| Largest constituent | £1.6bn |
| Largest constituent if index rebalanced at Factsheet date | £1.4bn |

Key Fund information

| | |
|----------------------------|------------|
| Total investments | £1,230m |
| Number of investments | 82 |
| Active share | 76.9% |
| Gearing - bank debt in use | £11m |
| Net gearing/(liquidity) | 0.5% |
| Total net assets | £1,224m |
| Ordinary shares in issue | 90,580,311 |
| NAV | 1,351.10p |
| Share price | 1,224.00p |
| Discount/(premium) | 9.4% |
| Market value | £1,109m |
| Launch date | 10 Dec 90 |
| Next year-end | 31 Dec 19 |

Fees & charges

| | |
|--|-------|
| Management fee* (12m to 31 Dec 18) | 0.74% |
| Performance fee | None |
| Ongoing charges (at 31 Dec 18 & includes Management fee) | 0.79% |

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

Yield & dividends

| | |
|-------------------------------------|--------|
| Yield | 2.5% |
| Interim dividend (paid 31 Aug 18) | 9.50p |
| Final dividend (payable 7 Mar 19) | 20.75p |
| Special dividend (payable 7 Mar 19) | 7.75p |

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.

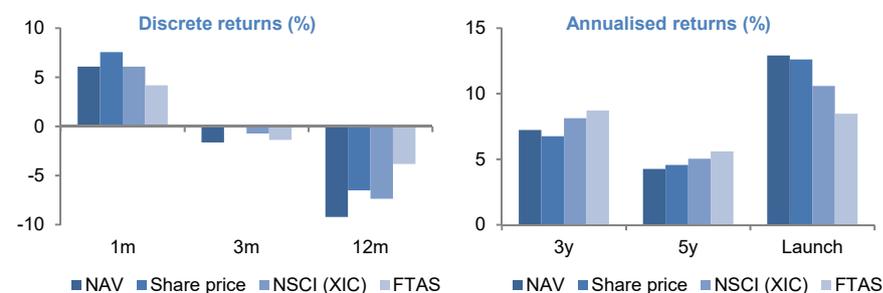
Investment style: Value

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 | 6.1 | -1.6 | -9.2 | 7.2 | 4.3 | 12.9 |
| Share price | 7.6 | 0.0 | -6.5 | 6.7 | 4.6 | 12.6 |
| NSCI (XIC) | 6.1 | -0.7 | -7.4 | 8.1 | 5.0 | 10.6 |
| FTAS | 4.2 | -1.4 | -3.8 | 8.7 | 5.6 | 8.5 |

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



Investment commentary

After a weak fourth quarter, equities rallied as the US Federal Reserve signalled a more dovish stance on interest rate policy. The FTSE All-Share rose by 4.2%. Despite continuing Brexit uncertainty, the more domestically orientated NSCI (XIC) gained 6.1%. Size hindered performance since the NSCI (XIC)'s "smaller small" companies, in which the fund retains its over-weight, trailed the larger constituents. These size dynamics offset the favourable style impact of value outperforming growth. With a return of 6.1%, the Fund performed in-line with the benchmark.

The oil price remains volatile: after falling sharply in the fourth quarter, it recovered in January. This allowed Nostrum Oil & Gas and Gulf Marine Services to reverse some of their recent weak performance. Gulf Marine was also boosted by competitor Seafox acquiring a stake in the company. However, EnQuest continues to languish.

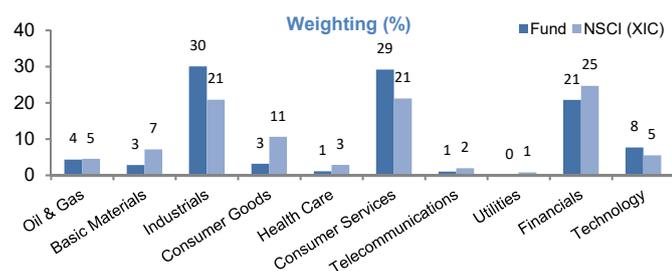
Other hits to performance came from Brewin Dolphin and consumer lender Non-Standard Finance, which both succumbed to profit-taking. Technical plastics supplier Carclo warned of programme delays in its LED technologies division and of higher net debt, this coming at a time when corporate leverage is facing greater scrutiny in general.

More positively, two notable winners were domestic companies. Home furnishings retailer Dunelm and DFS Furniture stood out for their robust trading updates – a reminder that it is not all doom and gloom in the domestic economy! Elsewhere, telecoms test company Spirent responded well to news that profits and cash flow will exceed market expectations.

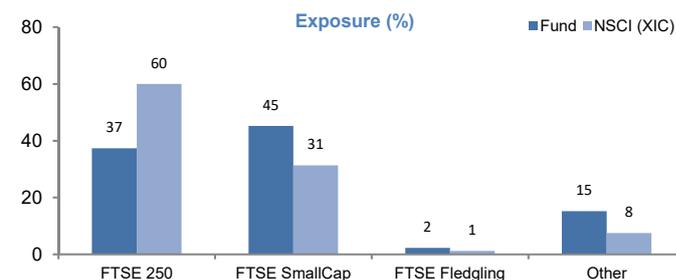
Top 10 equity investments

| Name | Activity | % |
|-------------------------|--------------------------------------|-----|
| FirstGroup | Bus & rail operator | 3.1 |
| Urban&Civic | Property - investment & development | 3.1 |
| Future | Special interest consumer publisher | 2.9 |
| Spirent Communications | Telecoms test equipment | 2.9 |
| Dunelm Group | Homewares retailer | 2.8 |
| Mitchells & Butlers | Operator of restaurants, pubs & bars | 2.6 |
| Huntsworth | Public relations | 2.6 |
| Vitec Group | Photographic & broadcast accessories | 2.6 |
| Brewin Dolphin Holdings | Private client fund manager | 2.5 |
| Grainger | Property - residential rentals | 2.5 |

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-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 2020.

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. 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 19 |
| TIDM: ASL | LEI: 213800GZ9WC73A92Q326 |

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