



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

31 July 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	338
Total market value	£173bn
Largest constituent	£2.1bn
Largest constituent (if rebalanced at Factsheet date)	£1.5bn

### Key Fund information

Total investments	£1,387m
Number of investments	83
Active share	75.7%
Gearing - bank debt in use	£0m
Net gearing/(liquidity)	-1.8%
Total net assets	£1,412m
Ordinary shares in issue	93,926,156
NAV	1,503.45p
Share price	1,307.00p
Discount/(premium)	13.1%
Market value	£1,228m
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 (payable 24 Aug 17)	9.05p
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.

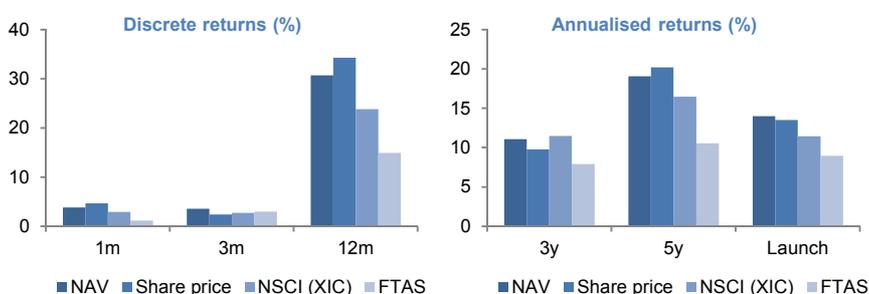
### Investment style: Value

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	3.8	3.5	30.7	11.1	19.1	14.0
Share price	4.6	2.3	34.3	9.8	20.2	13.5
NSCI (XIC)	2.9	2.7	23.8	11.5	16.5	11.4
FTAS	1.2	3.0	14.9	7.9	10.5	9.0

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



### Investment commentary

July was a good month for small companies. In a busy period for results, businesses exposed to the domestic economy have generally surprised positively; this benefited the more domestically oriented NSCI (XIC). Allied to that, lower exposure to the dollar benefited the small and mid cap indices compared to the more internationally exposed FTSE 100. The FTSE All-Share Index generated a total return of 1.2% over the month and the NSCI (XIC) returned 2.9%. The Fund outperformed the benchmark by 0.9% in producing a return of 3.8%. Style factors mattered little over the month.

At stock level notable winners included PR company Huntsworth and software provider Microgen, both of which reported strong interim results. Games Workshop, which manufactures miniature wargames, was another stand-out performer on results. Not owning construction and facilities management business Carillion was a positive driver to relative return as the share price fell sharply in the wake of a significant profits warning. Lloyd's insurer Novae responded positively to the news of a bid from Bermuda-based AXIS Capital. There was a notable revival in M&A in the small company universe over the month, with a total of four new deals announced in July, including Novae.

Performance was hindered by Nostrum Oil & Gas, the share price responding to production and sales being a little below expectations. The Eurocell share price was affected by weak news flow from a competitor in the windows and doors market. Shares in bus and rail company FirstGroup fell after the CMA expressed concerns about reduced competition on certain routes following the South West Trains franchise win.

### Top 10 equity investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.5
FirstGroup	Bus & rail operator	2.8
Bovis Homes Group	Housebuilding	2.8
Brewin Dolphin Holdings	Private client fund manager	2.6
Coats Group	Manufacture of threads	2.5
Nostrum Oil & Gas	Oil & gas exploration and production	2.3
Vitec Group	Photographic & broadcast accessories	2.2
Urban&Civic	Property - investment & development	2.2
TT Electronics	Sensors & other electronic components	2.2
Grainger	Property - residential rentals	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.

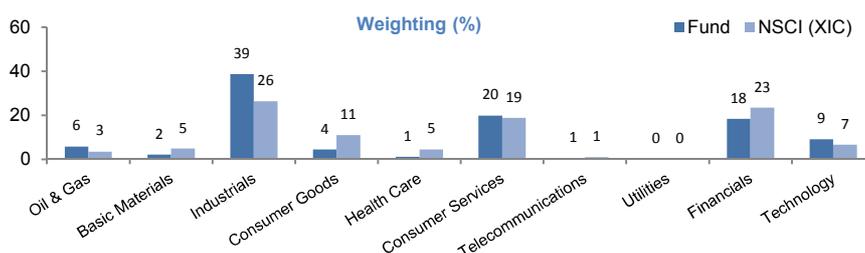
**Aberforth Partners LLP does not provide retail investors with investment advice.**

**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.**

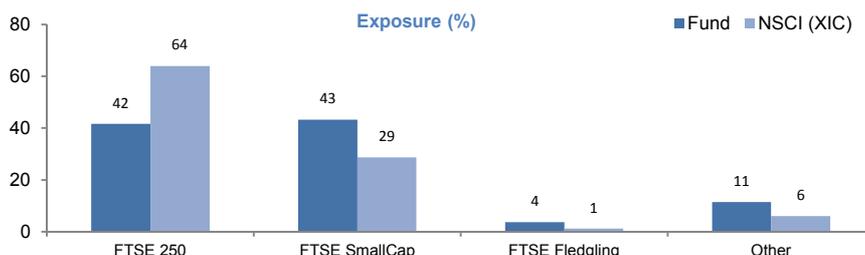
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## Sector exposure



## Size exposure



## Gearing

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

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