



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

31 March 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	£165bn
Largest constituent	£1.7bn
Largest constituent (if rebalanced at Factsheet date)	£1.4bn

### Key Fund information

Total investments	£1,322m
Number of investments	83
Active share	76.0%
Gearing - bank debt in use	£41m
Net gearing	0.1%
Total net assets	£1,321m
Ordinary shares in issue	94,294,092
NAV	1,400.63p
Share price	1,187.00p
Discount/premium	15.3%
Market value	£1,119m
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	2.3%
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.

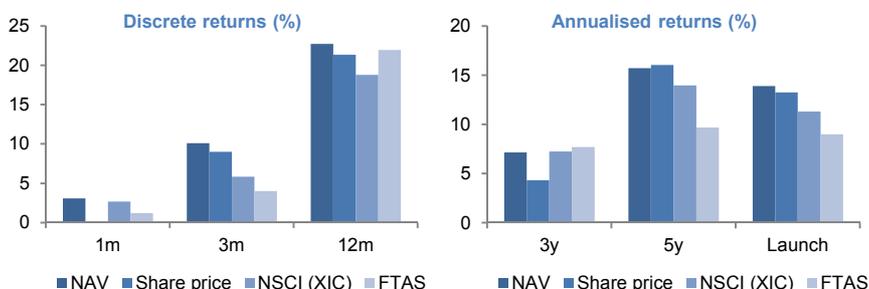
### Investment style: Value

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	3.1	10.1	22.7	7.1	15.7	13.9
Share price	0.0	9.0	21.4	4.3	16.0	13.3
NSCI (XIC)	2.6	5.8	18.8	7.2	14.0	11.3
FTAS	1.2	4.0	22.0	7.7	9.7	9.0

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



### Investment commentary

Equity markets sustained their strong start to the year. While Brexit overhangs the UK, the "reflation" trade that commenced last year has continued. Evidence of stronger activity in both the US and Europe has so far managed to offset both doubts about Trump's ability to deliver his promised reforms and political uncertainty emanating from France. Against this background, the FTSE All-Share's total return was 1.2%. This was bettered by both the NSCI (XIC) and the Fund, whose returns were 2.6% and 3.1% respectively. Though the value style has picked up in recent months, its effects in March were not significant. The Fund's bias to "smaller small" companies helped modestly, but sector effects were unremarkable.

At the stock level, share prices responded to an important month for results. Among the good performers were several manufacturers with significant overseas exposure – TT Electronics, Vesuvius and Vitec stood out. That the market had struggled to quantify the benefit to those companies of sterling's weakness is surprising. The other notable winner was SDL, a translation software company whose strategy and results are being reinvigorated by new management.

The largest detractor from the Fund's return was EnQuest, the North Sea oil company. It has been a strong performer since refinancing in the Autumn but succumbed in March to concerns about US oil inventories and OPEC production cuts. Elsewhere, Flybe's trading update highlighted on-going price competition and the impact of the French air traffic controllers' strike.

### Top 10 investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.5
FirstGroup	Bus & rail operator	3.4
Northgate	Van rental	2.7
Nostrum Oil & Gas	Oil & gas exploration and production	2.6
Brewin Dolphin Holdings	Private client fund manager	2.4
EnQuest	Oil & gas exploration and production	2.4
Paragon Group	Specialist lender	2.3
Bovis Homes Group	Housebuilding	2.2
Vitec Group	Photographic & broadcast accessories	2.1
Wincanton	Logistics	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.

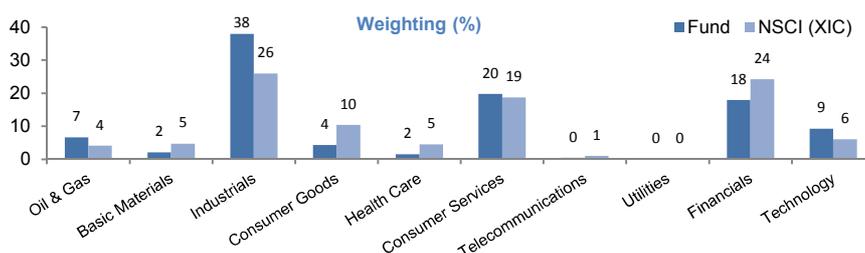
**Aberforth Partners LLP does not provide retail investors with investment advice.**

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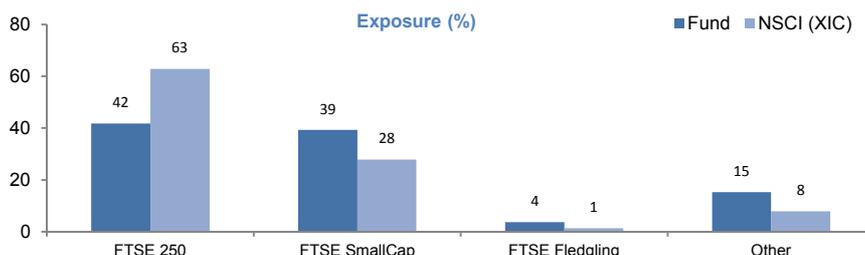
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## Sector exposure



## Size exposure



## Gearing

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