



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

31 March 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](http://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	355
Total market value	£152bn
Largest constituent	£1.9bn
Largest constituent if index rebalanced at Factsheet date	£1.4bn

### Key Fund information

Total investments	£1,238m
Number of investments	80
Active share	77.9%
Gearing - bank debt in use	£21m
Net gearing/(liquidity)	1.6%
Total net assets	£1,218m
Ordinary shares in issue	90,566,351
NAV	1,344.68p
Share price	1,252.00p
Discount/(premium)	6.9%
Market value	£1,134m
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](http://www.aberforth.co.uk).

### Yield & dividends

Yield	2.4%
Interim dividend (paid 31 Aug 18)	9.50p
Final dividend (paid 7 Mar 19)	20.75p
Special dividend (paid 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.

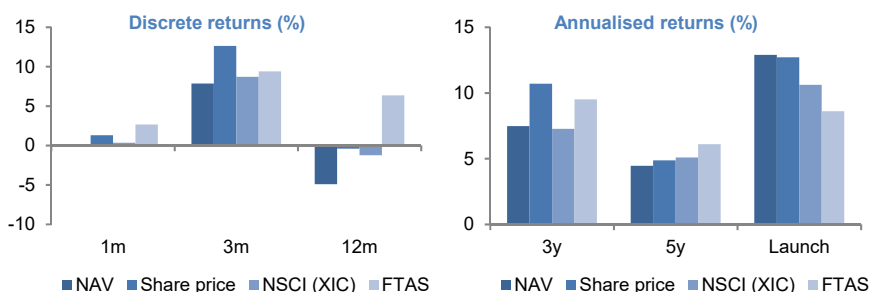
### Investment style: Value

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	0.1	7.9	-4.9	7.5	4.5	12.9
Share price	1.3	12.6	-0.4	10.7	4.9	12.7
NSCI (XIC)	0.3	8.7	-1.2	7.3	5.1	10.6
FTAS	2.7	9.4	6.4	9.5	6.1	8.6

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



### Investment commentary

As central banks turned dovish, the first quarter of 2019 delivered strong equity returns, in contrast to the pain of the fourth quarter. The NSCI (XIC) generated a total return of 0.3% in March, which lagged the FTSE All-Share's return of 2.7%: the outperformance of traditional defensive sectors and US dollar sensitive companies was more helpful for larger companies. The Fund generated a return of 0.1%, influenced by another poor month for value investing.

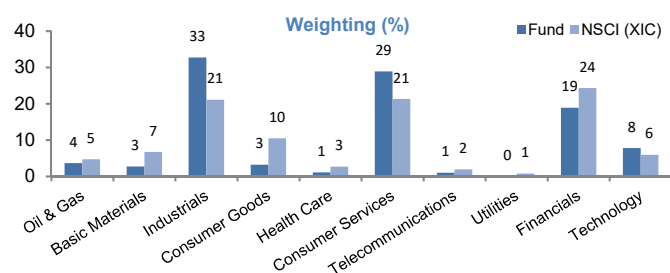
The largest loser was annuity provider Just Group. The company announced the raising of additional equity capital and no final dividend in respect of 2018. Although results were acceptable, the tension between maximising growth and achieving capital self-sufficiency remains. Software translation company SDL delivered strong results but succumbed to profit taking, reversing some of the previous month's strong performance. PR company Huntsworth reported higher sales and profits but the share price was affected by concerns regarding poor cash conversion.

Among the winners were holdings that reported strong results. These included electronic components manufacturer TT Electronics, recruiter Robert Walters, global ground engineering business Keller and Ultra Electronics, a specialist electrical and electronics engineering company. More broadly, with the results season nearly concluded, it would appear that 2018 was good in terms of sales and profit progress for small companies, in sharp contrast to the year's lower share prices.

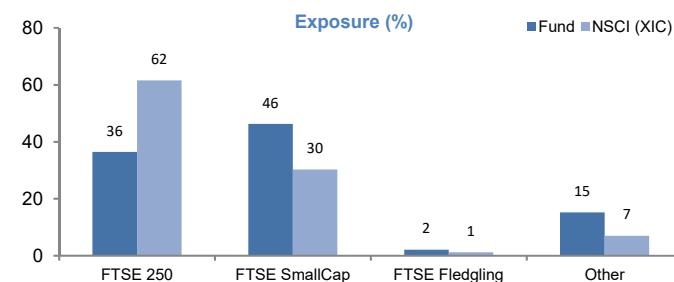
### Top 10 equity investments

Name	Activity	%
Dunelm Group	Homewares retailer	3.1
FirstGroup	Bus & rail operator	3.1
Urban&Civic	Property - investment & development	3.0
Spirent Communications	Telecoms test equipment	2.8
Brewin Dolphin Holdings	Private client fund manager	2.6
Grainger	Property - residential rentals	2.6
Future	Special interest consumer publisher	2.6
Vitec Group	Photographic & broadcast accessories	2.5
Ultra Electronics Holdings	Specialist electronic & software technologies	2.5
Mitchells & Butlers	Operator of restaurants, pubs & bars	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 3<sup>rd</sup> 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](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 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: GB0000066654	Next year-end: 31 Dec 19
TIDM: ASL	LEI: 213800GZ9WC73A92Q326

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