



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 May 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.

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	343
Total market value	£175bn
Largest constituent	£2.1bn
Largest constituent (if rebalanced at Factsheet date)	£1.5bn

Key Fund information

Total investments	£1,416m
Number of investments	85
Active share	75.8%
Gearing - bank debt in use	£8m
Net gearing	0.1%
Total net assets	£1,414m
Ordinary shares in issue	94,176,492
NAV	1,501.47p
Share price	1,319.00p
Discount/premium	12.2%
Market value	£1,242m
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.

Yield & dividends

Yield	2.1%
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.

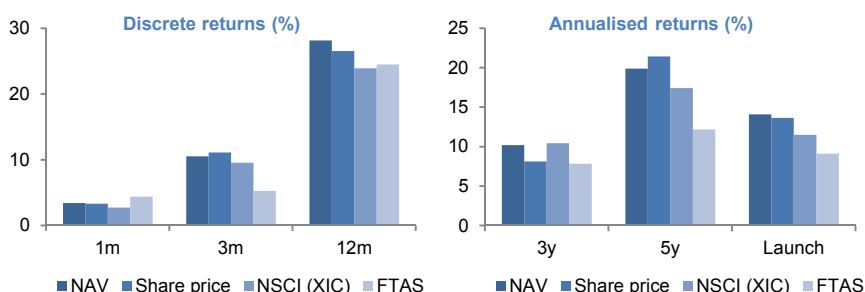
Investment style: Value

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	3.4	10.5	28.2	10.2	19.9	14.1
Share price	3.3	11.1	26.5	8.1	21.4	13.6
NSCI (XIC)	2.7	9.6	23.9	10.4	17.4	11.5
FTAS	4.4	5.3	24.5	7.8	12.2	9.1

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



Investment commentary

"Sell in May" proved to be premature in 2017. Despite political uncertainty in the run up to the election, the FTSE All-Share Index generated a total return of 4.4% over the month. This uncertainty has become more evident in the exchange rate and this can be seen in the outperformance of the more internationally exposed FTSE 100 (up 4.4%), compared to the more domestically oriented NSCI (XIC) (up 2.7%). The Fund outperformed the NSCI (XIC) benchmark by 0.7% in producing a return of 3.4%, despite style data for May showing growth outperforming value.

At the stock level notable winners included Nostrum Oil & Gas; after reporting a strong production performance the share price moved some way to closing the discount to NAV. Media company Future reported results showing revenues and profits up strongly year on year. Coats, the leading industrial thread manufacturer, reported a good start to the year in their AGM statement.

Relative performance was hindered by not owning security software company Sophos and low cost airline Wizz Air. In both cases, the market took comfort from rising earnings expectations. Shares in pharmaceutical company Vectura fell after US regulators withheld approval for generic Advair, delaying sales royalties from the medicine. A broader pull-back in interest in commodity sectors impacted North Sea oil producer EnQuest. More generally, May has been another month notable for the absence of profit warnings; the backdrop will not always be so agreeable!

Top 10 equity investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.6
FirstGroup	Bus & rail operator	3.6
Nostrum Oil & Gas	Oil & gas exploration and production	2.7
Bovis Homes Group	Housebuilding	2.4
Brewin Dolphin Holdings	Private client fund manager	2.4
Northgate	Van rental	2.4
Coats Group	Manufacture of threads	2.4
Paragon Group	Specialist lender	2.3
Wincanton	Logistics	2.3
Urban&Civic	Property - investment & development	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.

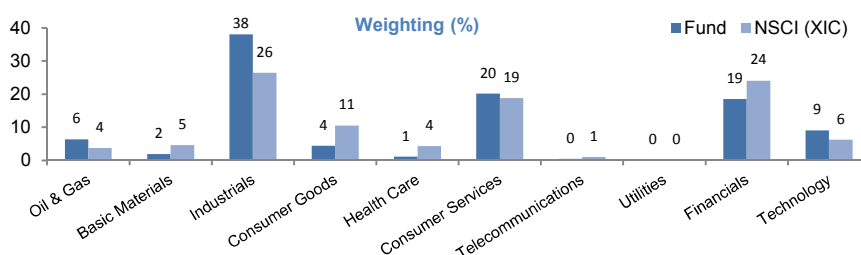
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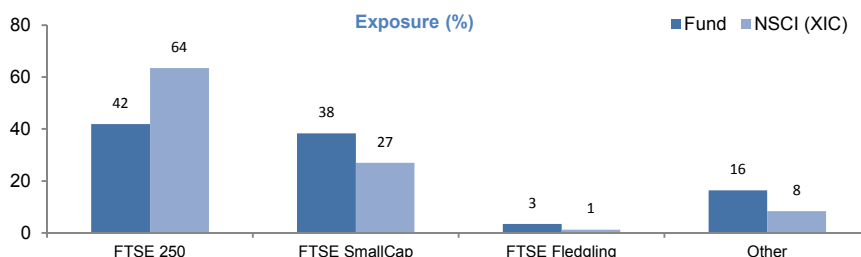
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Sector exposure



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 3rd 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.

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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