



Aberforth Smaller Companies Trust plc

Monthly Factsheet

30 September 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 primary investment universe is the Numis Smaller Companies Index (excluding Investment Companies). This index is rebalanced every January and its current profile is:

Number of companies	335
Total market value	£174bn
Largest constituent	£2.5bn
Largest constituent (if rebalanced at Factsheet date)	£1.5bn

Key Fund information

Total investments	£1,398m
Number of investments	81
Active share	76.1%
Gearing - bank debt in use	£0m
Net gearing/(liquidity)	-1.1%
Total net assets	£1,414m
Ordinary shares in issue	93,544,841
NAV	1,512.09p
Share price	1,306.00p
Discount/(premium)	13.6%
Market value	£1,222m
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 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.

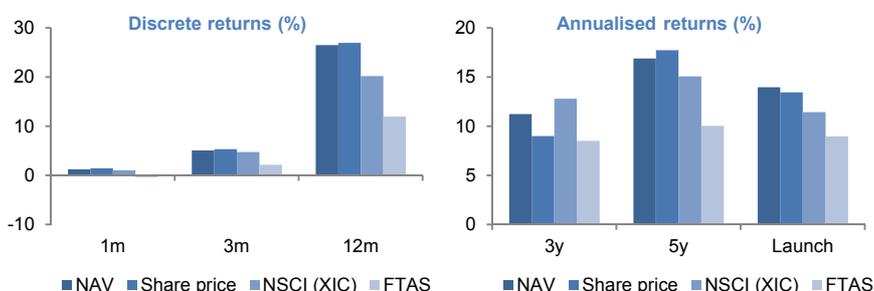
Investment style: Value

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	1.2	5.0	26.5	11.2	16.9	14.0
Share price	1.4	5.3	27.0	9.0	17.7	13.4
NSCI (XIC)	1.0	4.7	20.2	12.8	15.1	11.4
FTAS	-0.4	2.1	11.9	8.5	10.0	8.9

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



Investment commentary

The Fund returned 1.2%, against 1.0% for the NSCI (XIC) and -0.4% for the FTSE All-Share. Style influences were immaterial. Politics remained a source of uncertainty, with Brexit negotiations showing little progress and the German election highlighting that the populist tide has not yet turned. On the other hand, evidence continued to build of synchronised global economic recovery, which benefited commodity prices and presumably brings forward tighter monetary policy.

Against this background, the tailwind behind internationally oriented businesses persisted. Robert Walters, the recruitment company, was a beneficiary, as was Vitec, the provider of broadcast and photographic products, which also announced two acquisitions. Meanwhile, Dunelm, the homewares retailer, helped performance after reporting better than feared results. Regarding stocks not held, Spire Healthcare and Hochschild Mining revealed tough trading conditions: their falling share prices boosted relative returns.

Although Dunelm suggests that all is not doom and gloom domestically, three UK domestic businesses were the main negative contributors. Restaurant Group's recent results were positive, but the share price fell in response to negative news from peers: sales across the casual dining arena are suffering from over-supply and pressure on consumer spending. McKay Securities, the commercial property company, and Trinity Mirror, the newspaper group, also lagged but did not significantly detract from relative returns. Among the non holdings, global growth stocks tended to perform well, in particular Aveva and Sophos, the former receiving a merger proposal from Schneider.

Top 10 equity investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.8
Bovis Homes Group	Housebuilding	3.0
FirstGroup	Bus & rail operator	2.9
Brewin Dolphin Holdings	Private client fund manager	2.5
Coats Group	Manufacture of threads	2.5
Vitec Group	Photographic & broadcast accessories	2.4
TT Electronics	Sensors & other electronic components	2.3
Nostrum Oil & Gas	Oil & gas exploration and production	2.3
Robert Walters	Recruitment	2.3
RPS Group	Energy & environmental consulting	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 the 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.

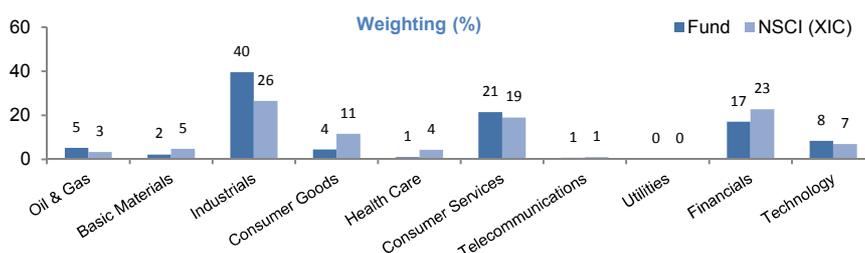
Aberforth Partners LLP does not provide retail investors with investment advice.

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.

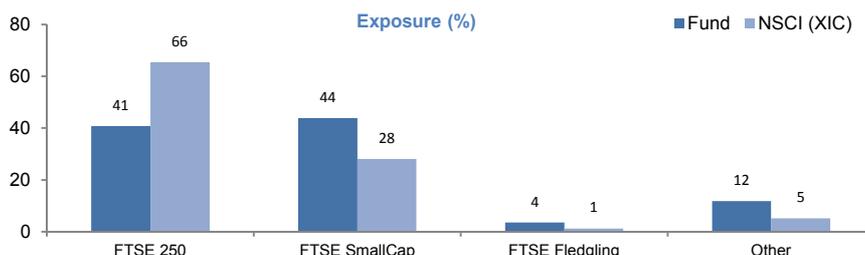
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Sector exposure



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/(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-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 the NSCI (XIC). Large companies are represented by the FTAS.

Security codes

Ordinary shares of 1p:

SEDOL: 0006655

ISIN: GB0000066554

TIDM: ASL

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