



Aberforth Smaller Companies Trust plc

Monthly Factsheet

30 September 2020

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:

Sam Ford	Jeremy Hall
Euan Macdonald	Keith Muir
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 profile at the date of this Factsheet was:

Number of companies	325
Total market value	£119bn
Largest constituent	£2.9bn
Largest constituent if index rebalanced at Factsheet date	£1.3bn

Key Fund information

Total investments	£907m
Number of investments	79
Active share	81.3%
Gearing - bank debt in use	£60m
Net gearing/(liquidity)	6.6%
Total net assets	£851m
Ordinary shares in issue	88,823,066
NAV	957.88p
Share price	837.00p
Discount/(premium)	12.6%
Market value	£743m
Launch date	10 Dec 90
Next year-end	31 Dec 20

Fees & charges

Management fee* (12m to 31 Dec 19)	0.71%
Performance fee	None
Ongoing charges (at 31 Dec 19 & includes Management fee)	0.77%

* Further details of the Management fee are available at www.aberforth.co.uk.

Yield & dividends

Yield	3.9%
Interim dividend (paid 28 Aug 20)	10.40p
Final dividend (paid 6 Mar 20)	22.00p
Special dividend (paid 6 Mar 20)	4.00p

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.

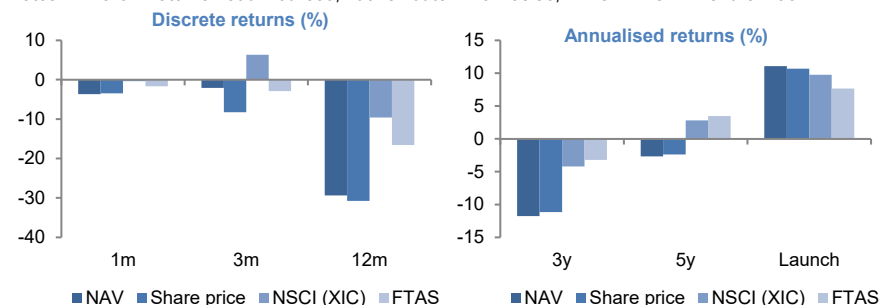
Investment style: Value

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	-3.7	-2.1	-29.4	-11.8	-2.7	11.1
Share price	-3.5	-8.3	-30.8	-11.2	-2.4	10.7
NSCI (XIC)	-0.4	6.3	-9.6	-4.2	2.8	9.7
FTAS	-1.7	-2.9	-16.6	-3.2	3.5	7.7

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



Monthly investment commentary: September

September was a more challenging month for stockmarkets. The FTSE All-Share fell by 1.7% as concerns developed about the economic fall-out from the coronavirus's second wave. Despite their greater exposure to the domestic economy, smaller companies out-performed. The NSCI (XIC) fell by 0.4% and the Fund trailed the index, falling by 3.7%. In keeping with the experience of the year, value under-performed growth.

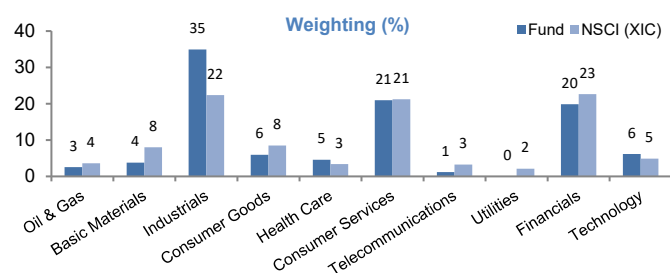
At the stock level, two of the main detractors from performance were non-holdings. First was the reminder that M&A activity has the potential to rebound, with the surprise announcement that William Hill, the largest constituent of the NSCI (XIC) at the start of September, was to be acquired by its US JV partner in online sports betting, Caesars Entertainment. Second, Pets at Home, another winner in the coronavirus period, rose further in response to accelerating demand for its pet supplies. Meanwhile, holdings in domestically exposed cyclicals SIG and Provident Financial under-performed as the market worried about the re-imposition of local lockdowns and consequent demand effects.

Among the better performing holdings, dividend announcements were taken particularly well as the UK stockmarket's income drought continues. Reach (formerly known as Trinity Mirror) demonstrated its relevance in the digital world, with its online revenues building and the announcement that its dividend would be reinstated. Alfa, the software developer for the asset finance industry, rose in response to the announcement of resilient results. Its strong balance sheet allowed the payment of an unexpected special dividend.

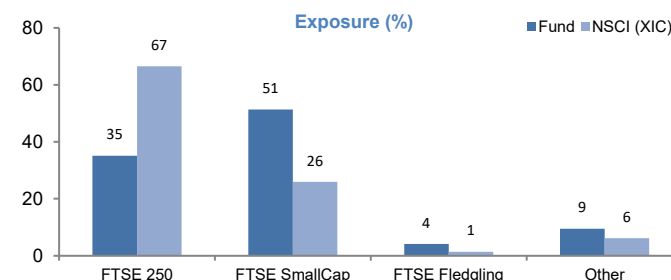
Top 10 equity investments

Name	Activity	%
SDL	Software - translation & content management	3.8
Morgan Advanced Materials	Manufacture of carbon & ceramic materials	2.9
Brewin Dolphin Holdings	Private client fund manager	2.7
Provident Financial	Personal credit provider	2.7
Vesuvius	Metal flow engineering	2.4
Vectura Group	Inhaled pharmaceuticals - respiratory specialism	2.4
Urban&Civic	Property - investment & development	2.4
Wincanton	Logistics	2.4
Reach	UK newspaper publisher	2.3
Vitec Group	Photographic & broadcast accessories	2.3

Sector exposure



Size exposure



Gearing

The Fund has a bank debt facility of £130m 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 3rd AGM. The next vote will occur at the AGM in March 2023.

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.

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 (excluding Specials). 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

COVID-19 virus – in the context of market price risk, please note the exceptional circumstances arising from the COVID-19 pandemic and the responses to it. These have profoundly affected macro-economic activity, the operations of companies around the world and their stockmarket valuations. The universe of UK small quoted companies market invested in by the Fund, has seen a significant fall in its aggregate valuation due to the uncertainties arising from the spread of this virus. Aberforth Partners LLP and the Directors of Aberforth Smaller Companies Trust plc are closely monitoring market developments as the impact of the pandemic progresses.

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.

FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or underlying data contained in this communication. No further distribution of FTSE data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.

Security codes & other information

Ordinary shares of 1p	Other information
SEDOL: 0006655	Launched: 10 Dec 90
ISIN: GB0000066654	Next year-end: 31 Dec 20
TIDM: ASL	LEI: 213800GZ9WC73A92Q326

Subscribe & contact

If you wish to subscribe to this Factsheet, or have any queries regarding its content, please contact Aberforth's Investor Support team:

(T) 0131 220 0733

(E) investors@aberforth.co.uk