Key Information Document ("KID")

Aberforth Smaller Companies Trust plc
Ordinary shares

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product:	Aberforth Smaller Companies Trust plc - Ordinary shares
Manufacturer (AIFM):	Aberforth Partners LLP (Aberforth)
Product ISIN:	GB0000066554
Website:	www.aberforth.co.uk
Telephone:	+44 131 220 0733
Regulator:	Financial Conduct Authority
Document valid as at:	23/02/2023 (based on information as at 31/12/2022)

What is this product?

Type: Aberforth Smaller Companies Trust plc (the Company) is an investment trust whose shares are listed on the London Stock Exchange and an Alternative Investment Fund under the Alternative Investment Fund Managers Directive.

Objectives: The Company's objective is to achieve a net asset value total return (with dividends reinvested) greater than that of the Numis Smaller Companies Index (excluding Investment Companies) (NSCI (XIC)) over the long term by investing in a diversified portfolio of securities issued by small UK quoted companies.

The Company may, at any time, borrow money via its debt facility to purchase assets for the Company. This could magnify any gains or losses made by the Company.

The Company's shares are bought and sold via markets. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it.

The Company's shares do not have a fixed duration. However, in accordance with the Company's Articles of Association, shareholders are asked every three years to vote on the continuation of the Company. The next vote will occur at the Annual General Meeting in March 2023. There is no ability for Aberforth Partners LLP to terminate holdings unilaterally.

Intended retail investor: This product is suitable for investors planning to hold an investment for the medium to long-term (at least 5 years) and is designed to be used as one component in an investment portfolio – **potential investors in the Company's Ordinary shares are advised to consult their professional investment advisers in respect of any investment decision in relation to those shares.**

What are the risks and what could I get in return?

1	2	3	4	**5**	6	7

Lower risk ← → Higher risk

The risk indicator assumes you hold your investment for 5 years. The actual risk can vary significantly if you sell your investment within a shorter timeframe and you may get back less. You may not be able to sell your investment easily, or may have to sell at a price that significantly impacts on how much you get back.

Risk indicator

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets.

We have classified this product as class 5 out of 7, which is a medium-high risk class.

This classifies the potential volatility from future performance at a medium-high level, and poor market conditions are likely to impact the capacity for you to receive a positive return on your investment. This classification is based on the volatility of the product's share price returns over 5 years.

Investment Performance Information

Factors likely to affect future returns:

The factor most likely to determine the outcome of the investment and have an impact on performance is the application of the product's value investment philosophy, which targets superior long term returns for its clients. This involves the purchase of shares in companies that are selling below their intrinsic value ("value stocks"). Consistent application of investment process does not guarantee superior returns in each and every year, but, there is evidence that it can produce results that meet the investment objective over the long term.

Benchmark:

The NSCI (XIC) is the Company's chosen benchmark. It is the reference point for defining the investment objective and evaluating the Company's performance. Portfolio stock selection will impact investment performance relative to the benchmark, as the portfolio would typically be over-weight in stocks relative to the benchmark and have no holdings in others.

What could affect my return positively?

Consistent application of a value investment style enhances investment returns: within the NSCI (XIC), this is supported by historical evidence which indicates that value stocks have out-performed growth stocks since the index's inception. The value cohort of the index is populated by cyclical companies which may benefit the portfolio valuation in certain economic conditions. The Company's investment returns will be determined, over a reasonable time frame, by the underlying progress of its diversified portfolio of investee companies. The Company's gearing strategy is tactical – it typically borrows when valuations and share prices are unusually low. Gearing can enhance the performance of the Company's portfolio.

What could affect my return negatively?

While there is persuasive evidence that a value approach within small UK quoted companies may result in superior returns over the long term, there can be extended periods when the value style is out of favour and could result in periods of under-performance against the benchmark. In view of the cyclicality of the value cohort of the index, it is likely that concerns about a recession would disproportionately affect the valuations of a portfolio, such as the Company, selected under a value investment philosophy. Concern about recession may lead to a negative return from the portfolio and from the NSCI (XIC). While gearing can affect investment returns positively, amid any weakness of equities, gearing will hamper the Company's performance.

Adverse market conditions:

The Company has no fixed duration, but has a three yearly continuation vote cycle. If shareholders chose not to vote to pass the continuation resolution, proposals would be made for the unitisation or appropriate reconstruction of the Company. If such proposals were not approved, the Company could be wound up with any surplus assets, after meeting liabilities, paid to shareholders on a pro rata basis. This product does not include any protection from future market performance so you could lose some or all of your investment if encashed under adverse market conditions. Investments in shares of smaller companies are generally considered to carry a higher degree of risk. The performance of shares of smaller companies may be more volatile than the shares of larger companies over short time periods.

What happens if Aberforth Smaller Companies Trust plc is unable to pay out?

As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

What are the costs?

The Reduction in Yield (RIY) illustrates the impact the total costs you pay may have on your investment return. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods, and assume you invest 10,000 GBP. The figures are estimates and may change in the future.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Costs over time

Investment 10,000 GBP	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Total costs	102.68 GBP	311.19 GBP	**523.98 GBP**
Impact on return (RIY) per year	1.03%	1.02%	1.02%

Composition of costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and what the different cost categories mean.

One-off costs	**Entry costs**	0.00%	The impact of the costs you pay when entering your investment.
	Exit costs	0.00%	The impact of the costs of exiting your investment.
Ongoing costs	**Portfolio transaction costs**	0.18%	The impact of the costs of Aberforth buying and selling underlying investments in the product's portfolio.
	Other ongoing costs	0.94%	The impact of the expenses necessarily incurred in the operation of the product. This includes the annual management fee paid to Aberforth and the cost of gearing employed.
Incidental costs	**Performance fee**	0.00%	There is no performance fee.
	Carried interests	0.00%	There are no carried interests.

How long should I hold it and can I take my money out early?

Recommended minimum holding period: 5 years

Any investment in this product should be viewed as a medium to long-term investment and therefore you should be prepared to stay invested for 5 years. You may sell your investment before the end of the recommended holding period without penalty/charge.

How can I complain?

As a shareholder of the Company, you do not have a right to complain to the Financial Ombudsman Service (FOS) about the management of the Company. Complaints about the Company, or this KID, should be sent to:

Address: 14 Melville Street, Edinburgh, EH3 7NS
Website: www.aberforth.co.uk/contact-us
E-mail: enquiries@aberforth.co.uk

We will then handle your request and provide you with a feedback as soon as possible.

Other relevant information

As stated in the section "What are the risks and what could I get in return?" above, the scenarios of estimated future performance are based on evidence from the past on how the value of this product has varied and are not an exact indicator or guarantee of future performance. The cost figures shown in the "What are the costs?" section above may differ materially from the Ongoing Charges Figure published in the Company's Factsheet, Annual Report and on the Aberforth website. This is because the methodology for the calculation of costs mandated under the PRIIPs Regulation includes the costs of any borrowing and estimates of transaction costs of buying and selling investments in the portfolio. Further information on the Company, including its latest Annual Report, is available at www.aberforth.co.uk.

A detailed list of the risks associated with investing in this product, together with risks relevant to the market in which this Company invests, is available from the Risk Warnings section at www.aberforth.co.uk. Aberforth does not provide 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 product. Investors should consider seeking advice from an authorised financial adviser prior to making any investment decisions. Covid-19: in the context of market price risk, please note the circumstances arising from the Covid-19 pandemic and the responses to it. These affect macro-economic activity, the operations of companies around the world and their stock market valuations. The Company's Board and Aberforth continue to monitor market developments.