



## ABERFORTH PARTNERS

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### [COVID-19 \(Coronavirus\) update at 16 April 2020](#)

Aberforth Partners continues to operate throughout this period of response to Covid-19. We recognise that the evolution of the policy response to the Covid-19 pandemic has resulted in changes to work practices and life in general that may be here for some time. Our team has adapted swiftly and well to the new way of working, with critical activities for our clients still being delivered.

#### [Our people](#)

Thankfully, our team and their families remain healthy and well. We are pleased, though unsurprised, at the professional, dedicated and positive response from our staff. They are meeting the challenges of the new working conditions and investment environment, remaining focused on the responsibility of looking after our clients' capital.

#### [Client update](#)

We have engaged with many clients and investors during this recent period to provide information updates and answer questions. Further engagement is planned for the coming months, though meetings are unlikely to be in-person for the time being.

#### [Investment update](#)

There are encouraging indications that the world might be getting to grips with the first wave of Covid-19. However, the economic effects of the measures taken to achieve this control continue to unfold. The immense support programmes deployed by governments and central banks around the world have mitigated some of the damage, but recession is under way. Equity markets, including small UK quoted companies, remain volatile and, despite a tentative recovery, prices remain well below the levels at which they started the year. Dividend cancellations and cuts continue – these actions are understandable, though it is not clear that they are in all cases necessary. Equity issues have started, but the timescales involved in producing prospectuses mean that larger rights issues will not come until June.

Our investment team continues to manage our clients' capital with minimal change. The value investment philosophy is an invaluable compass in these uncertain conditions. The collegiate approach to decision-making remains in place, with frequent calls taking the place of face-to-face debate. Perhaps the most significant change has been the even greater frequency of contact with board members of investee companies, as we seek to quantify the effects of Covid-19 and the liquidity implications for individual businesses. With such significant moves in share prices over recent months, the number of companies with attractive valuations has increased – it is essential that the prioritisation of investment opportunities and the circulation of capital continues.



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Uncertainties remain – the risk of further waves of the virus, the term of the lockdown and the unintended consequences of remedial measures deployed by government – but discussions with companies since our last update highlight that they are by and large adapting and are taking the necessary steps to be able to benefit from an eventual normalisation of trading conditions. In this, the stockmarket will play its part through supporting equity issues, as it did – profitably – in the global financial crisis.

#### **Operational update**

As noted in our statement on 23 March, our operations team is working from home. Our technology, processes, procedures and controls continue to be effective in our day-to-day activities.

Recognising that this way of working may be prolonged, we implemented a series of additional actions, to ensure that we support and guide our team in their activities for clients.

#### **Actions implemented:**

- Our Operations Governance Committee provides leadership and oversight, meeting weekly or more frequently as required. These meetings focus on the effectiveness of our business continuity activities.
- We have developed new working communication patterns through calls and use of video technology. Regular updates are provided to all staff via email and other technology collaboration tools.
- We have supported challenges in combining home priorities with work commitments through collaborative team support and flexible working patterns.
- Recognising the likely longer duration of these working arrangements we procured additional technology and equipment to support our teams at home.
- We are actively participating in industry wide initiatives. This includes engagement with the Bank of England, Association of Investment Companies, the Investment Association, and other relevant policy makers and trade associations.
- We have adapted our working patterns and processes to 'electronic' process flows, information sharing, approvals and document retention. In this context, we continue to be mindful not to compromise our strong internal control framework. Internal and external controls assurance is continuing, with no material controls issues reported to date.



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- We have put in place a change freeze on all non-essential systems development to avoid unnecessary risk.
- We continue to monitor our suppliers' ability to continue to operate critical activities to ensure core tasks are completed. Where they are undertaking material process or control changes we are consulted.

We appreciate your confidence and flexibility during this challenging time. We will make further updates should circumstances or the advice received change. If you have additional questions, or we can be of assistance, please contact us on 0131 220 0733.

#### **Aberforth Partners LLP**

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**16 April 2020**