

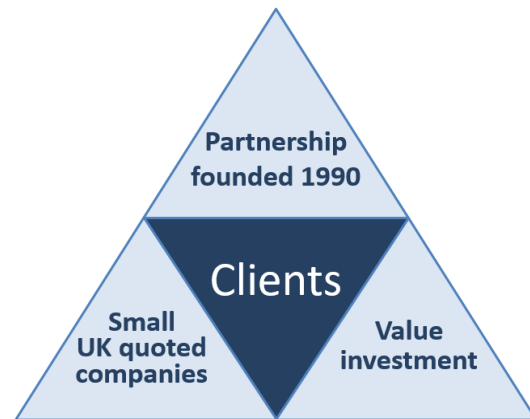


## ABERFORTH PARTNERS

### About Aberforth

Aberforth was established in 1990 and remains wholly owned by partners working at the firm. Since then, its purpose is unchanged and is encapsulated by the accompanying diagram. Specifically, the purpose is to deliver superior, long-term investment returns for its clients and, by extension, for the ultimate beneficiaries of its clients' portfolios.

The target client base is institutional or wholesale investors that have chosen to give their clients exposure to small UK quoted companies.



Three central aspects of the firm – partnership, a focus on small UK quoted companies and a value investment philosophy – support the pursuit of this purpose.

- Aberforth was designed by its founders to be a simple business in the belief that this would improve the investment outcomes for its clients. Aberforth has remained focused on one asset class and, aided by a self-imposed cap on its assets under management, avoids the complexity and proliferation of strategies that are associated with the asset-gathering model pursued by much of the fund management industry. Aberforth believes that its chosen asset class – small UK quoted companies – is relatively inefficient and, through fundamental analysis, lends itself to the active management of a diversified portfolio of stocks. Aberforth's investment universe is the Deutsche Numis Smaller Companies Index (excluding Investment Companies) [DNSCI (XIC)], which is the bottom 10% of the main UK equity market by market capitalisation.
- The strategy by which all Aberforth's portfolios are invested follows a value investment philosophy. Encouraged by historical evidence, the firm believes that this philosophy plays a central role in the achievement of superior long-term returns. Given this unwavering adherence to value investment, Aberforth's primary consideration in any investment decision is a company's valuation. Aberforth also believes that discreet engagement with the boards of investee companies on matters such as their governance, capital allocation, and environmental and social policies can improve the chances of value realisation, to the benefit of clients.
- Aberforth's success in remaining true to its value investment philosophy and in keeping its business simple has been facilitated by the ownership structure: it is a limited partnership, wholly owned by six partners who all work full-time in the firm. The interests of Aberforth and its clients are reinforced by the partners each investing a significant portion of their personal savings in the collective funds managed by the firm. The partners' intention is to ensure the perpetuation of the partnership through transition to the next generations. The partners see themselves as guardians of a business at the centre of which are its clients: investment expertise, exceptional service and integrity combine to nurture strong client relationships and thus extend the longevity of the business beyond the tenure of any individual.

Aberforth is a small and relatively simple fund management business. It was designed as such by its founders, who were motivated to maximise the time spent by its fund managers on investment, rather than on marketing or administration. Aberforth invests only in equities, or equity related instruments, and only in one geography, though the geographical exposures of investee companies are many and varied. It currently manages just four funds, comprising two investment trusts, a unit trust and one segregated fund for a large UK charity. There is no proliferation of investment strategies – all funds are managed in accordance with the value investment philosophy.

Contributing to the business’s simplicity is the low number of personnel, with employees and partners totalling 19, and a relatively flat hierarchical structure. This is possible because of the focus on one asset class and on looking after existing clients’ capital, which obviates the need for an asset-gathering function. Also important is Aberforth’s philosophy behind recruitment. This is to prioritise experience and expertise, seeking people who are motivated by performing roles to a very high standard and improving the performance of those roles. The firm encourages continuing development and, through its approach to remuneration, strives to align the interests of employees and partners with the success of the firm and its clients as a whole.

Aberforth’s emphasis on the collegiate effort is also inherent in the investment process, which is described in detail within our Investment Philosophy, which can be found [HERE](#). This document also includes further information regarding the incorporation of ESG considerations within the investment process. Investment decisions about which companies merit a place in clients’ portfolios and at what weight, are taken collectively when the fund managers gather to discuss and debate investment ideas. The management of a client portfolio is not assigned to one individual but is undertaken by the team.

At 31 December 2024, Aberforth’s client base comprised the four funds set out in the table below. The portfolios are managed in common as far as possible, with deviations arising as a result of income considerations and client requirements. The portfolios of Aberforth Smaller Companies Trust plc and Aberforth UK Small Companies Fund are virtually identical; the other two portfolios are effectively subsets of these two. The inception dates underline the firm’s nurturing of long-term relationships. An important element in this is regular and detailed reporting to clients and to investors in the underlying funds. To this end, the fund managers have always conducted a biannual series of update presentations, which in May and November 2024 amounted to 361 meetings around the UK.

Client	Assets	Inception	Type
Aberforth Smaller Companies Trust plc	£1,503m	1990	Investment trust
Aberforth Geared Value & Income Trust plc	£145m	2024	Split capital investment trust
Aberforth UK Small Companies Fund	£147m	1991	Authorised unit trust
UK Charity A	£313m	2002	Segregated fund

Careful stewardship of clients' capital has been central to how Aberforth has approached investment and the running of its own business since foundation in 1990. This is evidenced by long term commitments to voting, a record of which can be found [HERE](#), and to engagement. As described in greater detail [HERE](#), engagement is conducted discreetly by the fund managers and is fully integrated into the investment process. Aberforth actively engages with the executives and non-executives of investee companies on an on-going basis. The intensity of engagement increases whenever issues arise that seem likely to affect the companies' value. These issues include operational matters, capital allocation, environmental impact, social considerations and governance. It can extend to efforts to effect change if Aberforth determines that such change is likely to lead to an enhancement of the value of its clients' capital.

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