Aberforth UK Small Companies Fund

Annual Report and Financial Statements

31 December 2025

Investment Objective*

The investment objective of the Fund is to seek to achieve a total return, calculated on an income reinvested basis, greater than the Deutsche Numis Smaller Companies Index (excluding Investment Companies) (DNSCI (XIC)) over the long term, with the focus on rolling five year periods.

Contents

* These items comprise the Authorised Fund Manager's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ("COLL").

Sources of Further Information

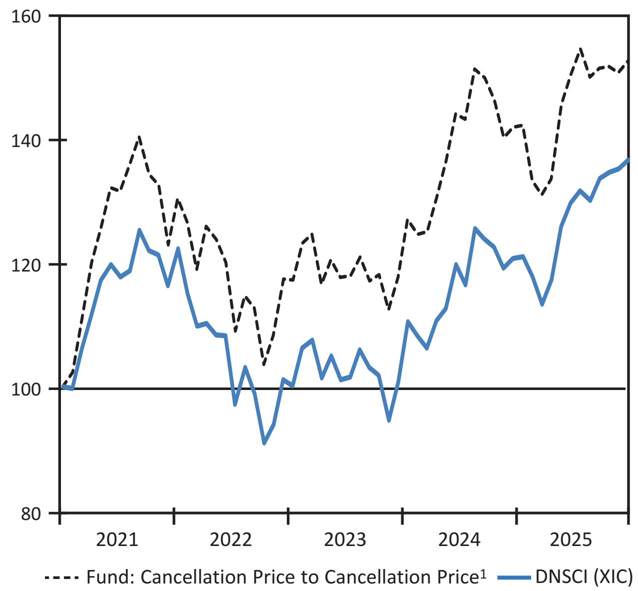
Unitholders can find up-to-date information on the Manager's website at www.aberforth.co.uk. This includes items such as the latest prices, fund statistics including yield, dealing spread and size, as well as information relating to the portfolio, management fee and dividend history. For further information relating to buying and selling units, please see page 32.

Scan the QR code to visit www.aberforth.co.uk.

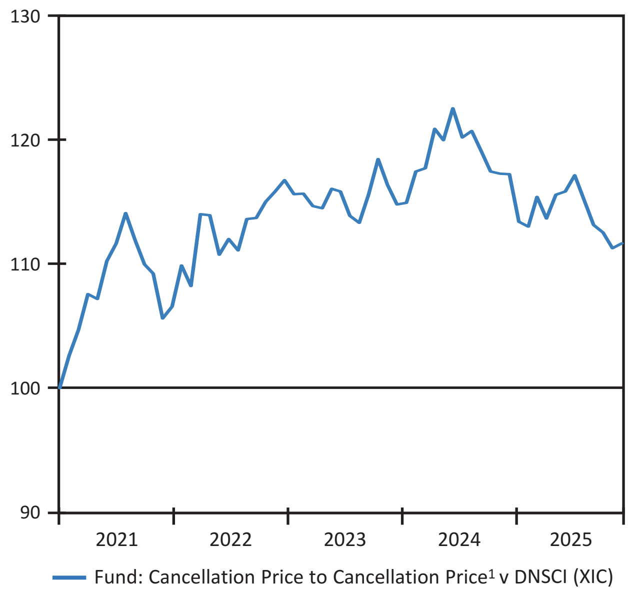
Investment Record

Five Year Investment Record

Absolute Performance
(figures are total returns and have been rebased to 100 at 31 December 2020)



Relative Performance
(figures are total returns and have been rebased to 100 at 31 December 2020)



5 year rolling performance

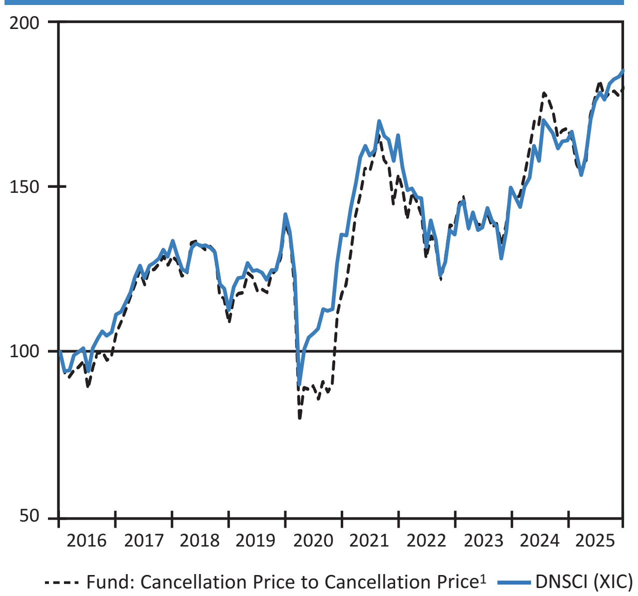
Period	Annualised Returns (%) The Fund[1]	Annualised Returns (%) Index[2]	Cumulative Returns (%) The Fund[1]	Cumulative Returns (%) Index[2]
5 years to 31 Dec 2025	8.7	6.3	51.9	36.0
5 years to 31 Dec 2024	3.8	2.9	20.3	15.6
5 years to 31 Dec 2023	6.4	5.7	36.5	32.1
5 years to 31 Dec 2022	1.3	0.3	6.8	1.5
5 years to 31 Dec 2021	7.6	8.1	44.2	47.8

[1] Represents cancellation price to cancellation price (accumulation units).

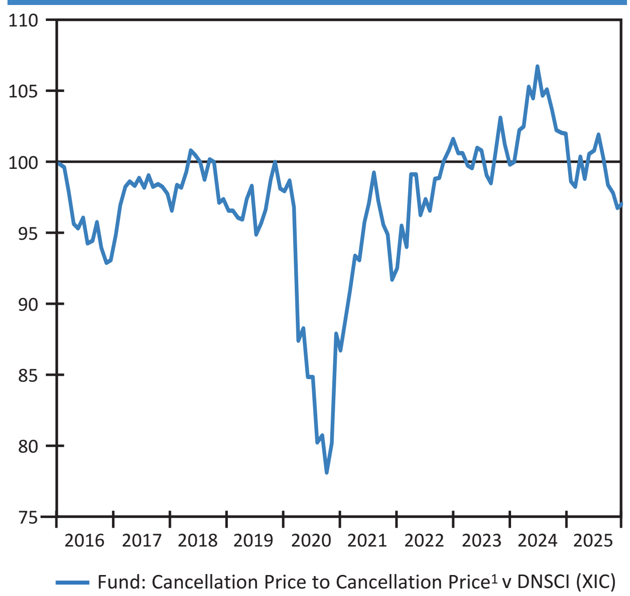
[2] Represents capital appreciation on the Deutsche Numis Smaller Companies Index (excluding Investment Companies) (DNSCI (XIC)) with net dividends reinvested. This index comprises the bottom 10% of the main UK equity market by market value which at 1 January 2026 included 352 companies, the largest market capitalisation of which was £2.5 billion and the aggregate market capitalisation of which was £180 billion.

Ten Year Investment Record

Absolute Performance
(figures are total returns and have been rebased to 100 at 31 December 2015)



Relative Performance
(figures are total returns and have been rebased to 100 at 31 December 2015)



Investment Record

Performance for the year to 31 December 2025	%
The Fund[1]	**7.3**
Benchmark Index[2]	**12.7**

Prices & Yield		2 January 2026[3]	2 January 2025[3]
Accumulation Units	Issue Price	**£369.91**	£345.93
	Cancellation Price	**£364.36**	£339.93
Income Units (xd)	Issue Price	**£223.91**	£216.92
	Cancellation Price	**£220.55**	£213.16
	Yield[4]	**3.6%**	3.3%
Dealing Spread		**1.5%**	1.7%

Size & Charges	31 December 2025	31 December 2024
Total Net Assets	**£164.4m**	£145.2m
Ongoing Charges[5]	**0.81%**	0.81%
Initial Charge	**Nil**	Nil
Exit Charge	**Nil**	Nil

Historical Returns	Discrete Annual Returns (%) The Fund[1,6]	Index[2]
1 year to 31 December 2025	7.3	12.7
1 year to 31 December 2024	11.8	9.5
1 year to 31 December 2023	8.3	10.1
1 year to 31 December 2022	-10.0	-17.9
1 year to 31 December 2021	30.0	21.9

Historical Returns	Annualised Returns (%)		Cumulative Returns (%)	
Periods to 31 December 2025	The Fund[1]	Index[2]	The Fund[1]	Index[2]
2 years from 31 December 2023	9.5	11.1	20.0	23.3
3 years from 31 December 2022	9.1	10.8	29.9	35.9
4 years from 31 December 2021	4.0	2.8	16.9	11.6
5 years from 31 December 2020	8.7	6.3	51.9	36.0
10 years from 31 December 2015	5.9	6.2	78.1	83.1
15 years from 31 December 2010	8.3	8.1	231.9	221.4
From inception on 20 March 1991	11.1	9.3	3,752.0	2,073.7

1 Represents cancellation price to cancellation price (accumulation units).

2 Represents capital appreciation on the Deutsche Numis Smaller Companies Index (excluding Investment Companies) (DNSCI (XIC)) with net dividends reinvested.

3 Prices stated are for the first valuation point after the period end, being the distribution xd date.

4 The Yield reflects distributions declared over the past twelve months as a percentage of the mid-market unit price as at the date shown. Investors may be subject to tax on their distributions.

5 This is based on actual expenses for the year. It covers all aspects of operating the Fund during the year including fees paid for investment management, administration, safeguarding the Fund's assets, audit and to the regulator. It does not include payments to your financial advisor or any other firm through which you may invest. You may pay for their services, if any, directly.

6 This table is in accordance with the Financial Conduct Authority's regulations.

Past performance is not a guide to future performance. Stockmarket movements may cause the capital value of an investment and the income derived from it to go down as well as up and investors may get back less than they originally invested.

Investment Policy and Strategy

Investment Policy

The Fund aims to achieve its objective by investing in small UK quoted companies. These are companies with a market capitalisation, at time of purchase, equal to or lower than the largest company in the bottom 10% of the main UK equity market or companies in the Deutsche Numis Smaller Companies Index (excluding Investment Companies). At 1 January 2026 (the date of the last annual index rebalancing), the index included 352 companies, with an aggregate market capitalisation of £180 billion. Its upper market capitalisation limit was £2.5 billion, although this limit changes owing to movements in the stockmarket. If any holding no longer falls within this definition of a small company, its securities become candidates for sale.

Portfolio risk is spread by diversification of holdings in individual companies: the portfolio will usually have holdings in around 80 small UK quoted companies.

The Fund's policy towards companies quoted on the Alternative Investment Market (AIM) generally precludes investment, except either where an investee company moves from the "Main Market" to AIM (so as to avoid being a forced seller) or where a company quoted on AIM has committed to move from AIM to the "Main Market" (so as to enable investment before a full listing is obtained). The Fund does not invest in any unquoted companies.

The Manager aims to keep the Fund near fully invested in equities at all times and there is normally no attempt to engage in market timing by holding high levels of liquidity.

The Manager believes that small UK quoted companies continue to provide opportunities for positive total returns over the long term. Any material changes to the Fund's investment objective and policy will be subject to Unitholder approval.

Investment Strategy

The Manager adheres to a value investment philosophy. In practice, this approach utilises several valuation metrics, recognising that flexibility is required when assessing businesses in different industries and that buyers of these businesses may include other corporates as well as stockmarket investors. As a result of this philosophy, the Fund's holdings are usually on more attractive valuations than the average for the DNSCI (XIC). While there is good evidence that a value approach within small UK quoted companies results in superior returns over the long term, there can be extended periods when the value style is out of favour.

The Manager selects companies for the portfolio on the basis of fundamental or "bottom-up" analysis. Analysis involves scrutiny of businesses' financial statements and assessment of their market positions. An important part of the process is regular engagement with board members of prospective and existing investments. Holdings are sold typically when their valuations reach targets determined by the Manager.

The DNSCI (XIC) is the Fund's chosen benchmark. It is the reference point for defining the investment objective ("Target benchmark") and evaluating the Fund's performance ("Comparator benchmark"). Although the Fund's portfolio is constructed with reference to UK small companies and the DNSCI (XIC), it can be differentiated from the index. The use of the DNSCI (XIC) as a benchmark reflects the emphasis within the portfolio on small UK quoted companies and the desire to achieve the investment objective by investing in companies whose shares represent relatively attractive value within a given stockmarket environment. If the index is not available, the Manager will use another index which it considers is comparable to the DNSCI (XIC).

In order to facilitate the achievement of the investment objective, the Manager believes that the portfolio must be adequately differentiated from the benchmark index. Therefore, within the diversification parameters described in Investment Policy, the Manager regularly reviews the level of differentiation, with the aim of maximising the active share of the portfolio.

The Fund's eligible markets, as defined in Collective Investment Schemes Sourcebook ("COLL"), are the Official List of the London Stock Exchange plc ("LSE") and the Alternative Investment Market ("AIM") of the LSE. The Fund's base currency is Pounds Sterling.

The capital property of the Fund will consist of transferable securities, as defined in COLL. The Fund will not invest in any immovable property or tangible movable property.

Manager's Report

This report has been prepared in accordance with the requirements of COLL as issued and amended by the Financial Conduct Authority.

Status

Aberforth UK Small Companies Fund (the "Fund") was constituted by a Trust Deed dated 17 December 1990 and is an authorised unit trust scheme under the Financial Services & Markets Act 2000 (the "Act"). The Fund is a UCITS scheme as defined by COLL.

Information on Aberforth Unit Trust Managers Limited (the "Manager")

The Manager is wholly owned by Aberforth Partners LLP (the "firm" or "Investment Adviser"). The business was established in 1990 to provide institutional and wholesale investors with a high level of resources focused exclusively on small UK quoted companies. Since then funds under management have grown to £2.1 billion (as at 31 December 2025).

The firm is wholly owned by six partners – five Investment Partners and an Operations Partner, who is responsible for the firm's administration. The investment team comprises the five Investment Partners and one Investment Manager and together they manage the Fund's portfolio on a collegiate basis.

Further information on Aberforth Partners LLP and its clients is available on its website – www.aberforth.co.uk.

Changes to Prospectus

During the year, the Prospectus was updated:-

1. to update the Fund's auditor from PricewaterhouseCoopers LLP to Johnston Carmichael LLP, including updating the auditor's address to reflect that of Johnston Carmichael LLP;
2. to update the status of the Index as at 1 January 2025; and
3. to update historical performance figures.

Remuneration Policy

The Manager has delegated all investment management activities for the Fund to Aberforth Partners LLP, the investment adviser. The Manager has two independent non-executive directors who are remunerated by way of directors' fees. Partners and staff working on the Fund are remunerated by the investment adviser, not the Manager. As investment adviser, Aberforth Partners LLP is subject to regulatory requirements on remuneration in accordance with FCA Rules. Details of its remuneration policy are available on request and on its website www.aberforth.co.uk.

Introduction

Since inception in 1991, the Fund's purpose has been to achieve a net asset value total return greater than that of the DNSCI (XIC) over the long term. To achieve this objective, the Manager has applied a consistent and differentiated investment strategy, which has three notable aspects.

- The basis of the investment process is understanding companies within the DNSCI (XIC). The Manager considers factors such as financial performance, competitive dynamics and capital allocation priorities, as well as relevant environmental and social matters. Company analysis is conducted by individual investment managers, but decisions about which stocks merit a place in the portfolio are taken by the full investment team. The team is experienced and well-resourced. It is often the case that it has known investee companies for longer than the directors running the companies.
- Stock selection is guided by a value investment philosophy. The reason for this is that there is strong historical evidence that a value premium can be harvested within equity markets over time. In practice, the Manager seeks companies whose share prices are trading at wide discounts to their true values. As the gap between the two narrows, positions are reduced, with the proceeds recycled into other companies with greater upside, a process that the Manager terms the "value roll".
- Consideration of governance issues and engagement with company directors, especially chairs, is an important element of Aberforth's investment process. Throughout the Fund's history, the Manager has aimed to engage in a purposeful, discreet and constructive fashion, both as part of its research and to effect change if necessary. They engage on any topic that affects a company's valuation and are willing to be taken inside for extended periods. In return for this commitment to responsible stewardship of its clients' capital, the Manager expects that consultation will be timely and that they will not be presented with faits accomplis by the boards of investee companies.

The consistent application of these features does not guarantee strong returns in each year. However, it does ensure that the Fund benefits from a differentiated and relevant investment strategy, which has contributed to a good outcome for investors since the Fund's inception in March 1991.

Manager’s Report

Performance

The Fund’s superior total returns since its inception are shown in the table below. The table also shows performance data for 2025. The three indices provide context and include the DNSCI (XIC), which is the Fund’s benchmark of small UK quoted companies.

Total returns	2025	CAGR since inception
The Fund	+7.3%	+11.1%
DNSCI (XIC)	+12.7%	+9.3%
FTSE All-Share	+24.0%	+8.1%
MSCI World (£ terms)	+13.2%	+9.9%

- Equity returns in 2025 were positive. The Fund’s total return lagged that of the benchmark. The performance analysis commentary later in this report focuses on the reasons for this.
- The performance of the MSCI World index in 2025 was driven by the incredibly strong returns of the US stockmarket's very large technology companies, which are seen to be leading the AI race.
- Perhaps the most notable number in the table is the resurgence of the UK in 2025, with large company share prices rising by even more than world equities.
- The FTSE All-Share's return in 2025 was well ahead of the DNSCI (XIC)'s. This large cap out-performance is considered in greater detail below.

Over recent years, the valuations of small UK quoted companies experienced two challenges, one more relevant to those companies that earn their profits within the UK economy, and the other to those companies reliant on overseas markets.

- The former group, the domestics, comprises consumer-oriented companies, such as retailers, leisure businesses and media companies. It accounts for around 53% of the revenues of DNSCI (XIC) constituents. These companies were most severely affected by Brexit and by lockdown during the pandemic. They operated resiliently in the face of these challenges but were confronted in 2025 by intensifying concerns about the UK government’s fiscal situation. The Chancellor has struggled to achieve convincing fiscal headroom as she contends with her own fiscal rules, manifesto commitments and the internal politics of the Labour Party. The predicament was encapsulated by the gyrations in gilt yields through 2025 and by the rising cost of government debt here in comparison with the rest of the world: ten year gilt yields started 2025 in line with those in the US but ended the year 31 basis points higher. The UK private sector, wary after the 2024 Budget, was naturally cautious ahead of the 2025 Budget. It is likely that economic activity suffered as, in a classic Ricardian fashion, households and businesses held back on spending and investment. This was to the disadvantage of the domestically oriented companies.
- The overseas facing companies tend to be industrial businesses and account for the other 47% of the DNSCI (XIC)’s total revenues. They were less affected by the pandemic and their profitability even benefited from the EU referendum as sterling weakened in its aftermath. The disruption of supply chains in the wake of the pandemic, along with the conflicts in Ukraine and Gaza, were unhelpful, but these companies tended to enjoy good trading. That changed in April 2025 with Donald Trump’s tariff announcements. Their longer lasting effects on global trade and broad economic activity are as yet uncertain, but it is clear that businesses have incurred near term headwinds in the form of higher costs and working capital requirements. Consequently, the valuations of overseas facing companies within the DNSCI (XIC) also came under pressure in 2025.

These twin pressures have hampered the valuation of smaller companies, particularly those whose profits are perceived to be more sensitive to broader economic activity. This has affected the Fund’s performance since many of the most attractively valued smaller companies today are in the more economically sensitive sectors of the stockmarket. Indeed, the market's near term fears of cyclicality can often be what presents the Manager with investment opportunity as they take a longer term view of a business's underlying qualities and profit potential.

In recent years, gloom about the UK's politics and economics affected sentiment towards the UK stockmarket in general, with the valuations of both small and large companies below their long term averages. That started to change in 2025. The very strong total returns from large companies took their valuations above the long term average, even as smaller companies continued to languish. A common explanation for this performance divergence rests in the different sector profiles of the large and small company universes. Among the stronger performers in the FTSE All-Share in 2025 were the banks, defence, mining, telecoms and life assurance, which are all sectors with a lower representation in the DNSCI (XIC). However, this explanation struggles when the banks are considered further. Most of the banks are heavily reliant on the domestic UK economy. They are literally geared into the health of British businesses and households, the same sort of exposure that many smaller companies have.

Manager's Report

Smaller companies are being penalised for their very size and relative illiquidity, rather than for fundamental reasons. This suspicion is backed up by analysis of the dividend characteristics of the DNSCI (XIC) and the FTSE All Share. For the first time since the global financial crisis, the dividend yield of the DNSCI (XIC) is higher than the FTSE All-Share's. This is despite small companies' average dividend cover being above that of large companies and despite small companies' balance sheets being stronger than those of large companies. Moreover, dividend growth of the DNSCI (XIC) has remained superior to that of the FTSE All-Share. Since 2015 – the year before the EU referendum and therefore a fair starting point – small company dividend growth has been 63%, whereas large company dividend growth has been 29%. Since 2019 – the year before the pandemic – small companies have grown their dividends by 23%, whereas large companies have seen their aggregate dividends decline by 6%.

The superior dividend growth from smaller companies is evident in almost all time periods and has contributed to the Fund's total returns over its history. These dividends also benefit from how the Manager invests the Fund's capital. An important facet of the process is the "value roll", in which capital is rotated from companies with low upside to the Manager's target prices into companies with high upsides. This rotation implies that capital is moved from companies with low dividend yields into those with high dividend yields, a dynamic that enhances the income earned by the portfolio over time.

Influences on performance in 2025

In 2025, the Fund's total return was 7.3%, which was behind the DNSCI (XIC)'s 12.7%. The table below sets out the contribution of certain factors to the Fund's relative return. As usual, the most important influence was the investment portfolio. The paragraphs that follow provide context and explanation for the portfolio's performance in 2025.

For the twelve months ended 31 December 2025	Basis points
Attributable to the portfolio of investments, based on mid prices	
(after transaction costs of 25 basis points)	**(453)**
Movement in mid to bid price spread	12
Cash/other	(14)
Management fee	(75)
Other expenses	(6)
Total attribution based on bid prices	**(536)**

Note: 100 basis points = 1%. Total Attribution is the difference between the Fund's total return and the Benchmark Index's (i.e. the Fund = 7.31%; Benchmark Index = 12.67%; difference is -5.36% being -536 basis points).

Economic cyclicality

As described above, the Fund's returns in 2025 were influenced by concerns about economic activity both domestically and overseas. Many of the most attractively valued companies within the DNSCI (XIC) at present are perceived as sensitive to the economic cycle. The Manager is prepared to look beyond these near term concerns, putting more store in the resilience of business models, records of profit progress from cycle to cycle and strength of balance sheets. Such bouts of concern are not unusual in the Fund's almost 35 year history. Economic cyclicality hampered the Fund's performance in 2025, but it is the Manager's experience that the stockmarket tends to under-estimate the resilience of smaller companies and thus creates the conditions for a strong recovery in due course.

Value style

The Manager follows a value investment philosophy. They calculate target valuations for existing and potential investments. These are influenced by fundamental analysis of the companies, judgement informed by experience, and reference to other relevant valuations in equity markets or corporate activity. Growth of profits is an important component of target valuations, but the Manager finds that stockmarket valuations are often too generous in their assumptions of the sustainability and pace of growth.

To gauge the style effect on the Fund's performance, the Manager uses analysis by the London Business School (LBS). This defines value narrowly in terms of low price to book ratios, rather than in the broader fashion undertaken by the Manager. Therefore, while useful, the LBS approach is an imperfect measure of style effects, particularly over short periods. Despite AI leading the way among global equity markets, the LBS analysis suggests that value stocks within the DNSCI (XIC) out-performed the index as a whole in 2025. On this basis, style would have benefited the Fund's returns in 2025.

Size, within the DNSCI (XIC)

The DNSCI (XIC) includes all main listed stocks in the UK with market capitalisations below c.£2.5bn. It therefore has an extensive overlap with the FTSE 250 and includes many mid caps, which the Manager refers to as "larger small" companies. However, the Fund has a relatively high exposure to the DNSCI (XIC)'s "smaller small" companies and has had for much of the period since the global financial crisis in 2008. This positioning reflects the more attractive valuations available down the market capitalisation scale, which are demonstrated in the Valuations section later in this report. Analysis by LBS shows that the return from "smaller small" companies was slightly ahead of that from "larger small" companies in 2025. Accordingly, the Fund had a modest benefit from its size positioning over the past twelve months.

Corporate activity

The pattern is a familiar one of recent years – a lot of takeovers targeting small UK quoted companies, a lot of buy-backs and few IPOs.

On M&A, the takeovers of eleven companies in the DNSCI (XIC) were completed in 2025. On top of those, there were offers outstanding for another ten companies at the year end. Of these 21 deals, the bidders were most often trade buyers, with private equity houses less active than in 2024. The bidders were overwhelmingly from overseas, attracted by the presently low stockmarket valuations of small UK quoted companies. The average premium of the bid price to the undisturbed share price before announcement of the deal was 44%, which is above the longer term average premium for control of 25-30%. The Fund had investments in eleven of the 21 takeover targets. Four of the eleven deals were announced in 2024, with the deals completing in 2025. The takeover premiums therefore benefited 2024. Nevertheless, M&A helped the Fund's returns in 2025.

Takeovers can be an effective means by which the value in the Fund's portfolio is realised. However, there is an important caveat. The low valuations of smaller companies mean that takeovers may be proposed on unattractive terms and that investors' interests might be better served by rejecting the takeover approach. The risk is exacerbated by boards and some shareholders yielding too quickly to takeover interest, no doubt succumbing to the gloomy sentiment towards the UK. The Manager attempts to mitigate the risk by engaging with boards to support their independence if the terms of a bid are unattractive or to improve the terms. This engagement is helped by the often significant stakes that the Fund and Aberforth's other clients hold in investee companies. At 31 December 2025, 15% of the Fund's portfolio was invested in companies that had attracted takeover interest over the previous 18 months, but where the approaches had not developed into formal bids. In several of these situations, the Manager was consulted by the boards of the target companies and, if the standalone option promised superior returns, supported their independence.

The depressed valuations of small UK quoted companies mean that the IPO market remains subdued. There were just two IPOs of a reasonable size and eligible for the DNSCI (XIC) in 2025. The Manager views this dearth of activity as a temporary phenomenon and a function of prevailing valuations. Recent regulatory change, to the listing rules and prospectus regime, are likely to encourage IPOs once the valuation basis of the small UK quoted companies recovers.

While the DNSCI (XIC) has not been refreshed by IPOs, it is experiencing an influx of companies that are choosing to move from AIM to the Main Market. The Fund does not invest in AIM quoted companies except in limited circumstances. These include when an AIM company makes a public announcement of its intention to move to the Main List. Over the past 18 months, 15 AIM quoted companies have announced an intention to relist. Of these, six completed the process in 2025 and were included in the DNSCI (XIC) on its annual rebalancing on 1 January 2026. Of the 15 companies, the Fund has invested in four. These businesses were subject to the Manager's usual investment process of research and engagement. Their valuations were attractive and consistent with the existing portfolio's.

Income

The UK's economic and political uncertainties contributed to a lacklustre capital performance in 2025, but the dividend performance from small UK quoted companies remained resilient. The Fund's income experience is shown in the following table, which splits the portfolio's 78 holdings into categories determined by the most recent dividend action.

Nil Payer	Cutter	Unchanged Payer	Increased Payer	New/Returner
14	9	23	28	4

The drag on the Fund's income from the nine cutters was out-weighed by the 28 companies that increased their dividends and by the four companies that either resumed dividends or paid for the first time. The historical dividend yield of the Fund's holdings at 31 December 2025 was 4.3%, which was 31% higher than the average over the Fund's history. Dividend cover was 2.2x, which is less than the long term average of 2.8x. The lower dividend cover was due to the effect of macro economic uncertainty on profits, together with the higher dividends as companies looked through the near term uncertainty and took confidence from strong balance sheets. The Manager's forecasts suggest that dividend cover will rise in 2026 and 2027.

Manager's Report

Significant stakes

Engagement with the boards of investee companies has always been a crucial component of the Manager's investment process. It is particularly relevant at present in view of the high rate of takeover activity among smaller companies and of the recent regulatory changes to the listing rules and prospectus regime. The latter are intended to make the UK stockmarket a more attractive place to list, but they come at a cost by undermining governance protections for investors in UK listed companies.

The Manager's scope to engage effectively is supported by its ability to take significant stakes of up to 25% in issued share capital across its client base. At 31 December 2025, the Fund had six holdings in which Aberforth's clients had a stake of more than 20% and 28 holdings in which the stake exceeded 10%. The 28 holdings had a combined portfolio weight of 32%.

Significant stakes bring increased influence but come with a downside in the form of illiquidity – reducing these positions by selling into the stockmarket can be difficult. However, there are compensating factors. First, the increased influence, coupled with patience and support, has contributed to improved investment outcomes – significant stakes have enhanced the Fund's performance over time. Second, illiquidity has been manageable. Exiting significant stakes has been facilitated by M&A or by renewed investor appetite as prospects for the business improve. The Manager is confident that its approach to engagement and ability to take significant stakes have enhanced the Fund's returns over time and will continue to do so.

Portfolio characteristics

The next table presents a selection of important characteristics for both the portfolio and the DNSCI (XIC). The subsequent paragraphs expand on some of these characteristics.

	31 December 2025		31 December 2024	
Portfolio characteristics	**The Fund**	**DNSCI (XIC)**	The Fund	DNSCI (XIC)
Number of companies	**78**	**352**	79	350
Weighted average market capitalisation	**£580m**	**£1,225m**	£645m	£1,019m
Weighting in "smaller small" companies*	**49%**	**17%**	56%	21%
Weighting in companies with net cash**	**39%**	**26%**	30%	30%
Portfolio turnover	**47%**	**–**	25%	–
Active share	**80%**	**–**	78%	–
Price earnings (PE) ratio (historical)	**10.5x**	**13.8x**	9.6x	13.0x
Dividend yield (historical)	**4.3%**	**3.4%**	4.0%	3.4%
Dividend cover (historical)	**2.2x**	**2.1x**	2.6x	2.2x

*"Smaller small" companies are members of the DNSCI (XIC) that are not also members of the FTSE 250; **Tracked Universe

Balance sheets

The following table sets out the balance sheet profile of the Fund's portfolio and of the Manager's Tracked Universe. This subset of the DNSCI (XIC) represents 99% by value of the index as a whole and is made up of the 246 companies that the Manager follows closely.

Weight in companies with:	Net cash	Net debt/EBITDA < 2x	Net debt/EBITDA > 2x	Other*
Portfolio: 2025	39%	46%	14%	1%
Tracked universe: 2025	26%	43%	24%	7%

*Includes loss-makers and lenders.

Balance sheets remain robust both within the portfolio and among small caps in general. Compared with a year ago, the portfolio's exposure to companies with stronger balance sheets has risen: the weighting in companies with net cash and leverage below two times was 75% at the end of 2024 and 85% at the end of 2025. This shift reflects both the cash generation of the investee companies and portfolio activity. The stockmarket's lack of interest in smaller companies means that stronger balance sheets are not being reflected in higher valuations. This lack of discernment has brought more companies into the Manager's valuation range and has contributed to the higher exposure to companies with strong balance sheets.

Manager's Report

The strength of balance sheets raises the question of how capital should be deployed. This is a frequent topic of engagement for the Manager with the boards of the Fund's investee companies. The highest priority should be organic investment to maintain the viability of a business and allow it to grow. This is especially pertinent at present since it seems that the economic and political uncertainty has discouraged companies from larger capital expenditure projects. After organic investment, a coherent and appropriate dividend policy is essential, optimally one that allows ordinary dividends to grow in real terms through economic cycles. After that, acquisitions may be considered, but these should be assessed against the benchmark of lower risk special dividends or share buy-backs. Many small companies again bought back shares in 2025, including 29 companies within the Fund's portfolio of 78 stocks.

Active share

Active share is a measure of how different a portfolio is from an index. The ratio is calculated as half of the sum of the absolute differences between each stock's weighting in the index and its weighting in the portfolio. The higher a portfolio's active share, the higher its chance of performing differently from the index, for better or worse. The Manager targets an active share ratio of at least 70% for the Fund's portfolio compared with the DNSCI (XIC). At 31 December 2025, it stood at 80%.

Value roll and portfolio turnover

The main influence on the Fund's portfolio turnover in any period is usually the stockmarket's appetite for small UK quoted companies. If prices and valuations are rising, the upsides to the Manager's target prices are likely to be narrowing. All else being equal, this would encourage the rotation of the Fund's capital from companies with lower upsides to those with higher.

Portfolio turnover is defined as the lower of purchases and sales divided by the average portfolio value. In 2025, turnover was 47%, up from 25% in the previous year. This higher rate of turnover was influenced by the year's significant takeover activity.

Environmental, social and governance (ESG)

In its analysis and assessment of companies, the Manager considers any issue that affects valuation. This includes matters that come under the umbrella term of ESG. If the Manager determines that a company's valuation can be enhanced by addressing such an issue, they engage with the board in question. Most engagements remain concerned with governance, which reflects the Manager's firm belief that good governance is a pre-requisite for a good performance in environmental and social terms. Examples are provided in the Stewardship & ESG section of the Manager's website at www.aberforth.co.uk. Further details of the Manager's approach to ESG are set out on page 12 of this annual report.

Valuations

Recent Manager's Reports have described how the Fund benefits from a triple valuation discount. This referred to the Fund's portfolio being on lower valuations than small UK quoted companies, which were on lower valuations than UK large companies, which were on lower valuations than world equities. The table below updates the analysis.

Price earnings (PE) ratio:	35 year average	31 December 2023	31 December 2024	31 December 2025
World equities*	16.0x	16.0x	17.0x	18.1x
FTSE All-Share	15.3x	10.3x	14.6x	17.6x
Smaller companies**	13.5x	10.3x	11.9x	12.2x
Portfolio	12.0x	7.9x	9.6x	10.5x

* Source: Bloomberg; Panmure Liberum, ** DNSCI (XIC) to 2013 then Tracked Universe

Twelve months on, the triple discount remains in place, and yet there has been movement. The historical PEs of all four groups have risen, but the most significant move over the past twelve months has been among large UK companies. The PE of the FTSE All-Share has jumped from 14.6x to 17.6x and now sits above its long term average of 15.3x. Meanwhile, the PE of smaller companies, and of the Fund's portfolio in particular, remain below their long term averages. As noted in the opening section of this report, it is unclear at the fundamental level why the valuation gap between small and large companies should have opened up to this degree. In view of the fundamental qualities of smaller companies – stronger balance sheets and higher growth – their lower valuations offer the opportunity of stronger future share price returns.

Manager's Report

The following table turns to forward looking valuations. It uses the Manager's favoured valuation metric, EV/EBITA (enterprise value to earnings before interest, tax and amortisation). Ratios are set out for the portfolio, the Tracked Universe and certain subdivisions of the Tracked Universe. The profits underlying the ratios are based on the Manager's forecasts for each company that they track. The bullet points following the table summarise its main messages.

EV/EBITA	2024	2025	2026
The Fund's portfolio	7.8x	8.0x	7.1x
Tracked Universe (246 stocks)	11.2x	11.1x	9.7x
- 34 growth stocks	19.8x	17.5x	15.5x
- 212 other stocks	10.5x	10.5x	9.1x
- 113 stocks >60% revenue within UK	11.5x	11.2x	10.1x
- 113 stocks >60% revenue overseas	10.8x	10.7x	9.2x
- 110 stocks > £600m market cap	12.0x	11.8x	10.4x
- 136 stocks < £600m market cap	9.0x	9.0x	7.8x

- The Fund's EV/EBITA ratio is higher for 2025 than for 2024, which implies that profits earned by portfolio companies fell slightly in 2025. This is consistent with the slowdown in activity through the second half of the year as concern about the Budget grew. The decline in the ratio in 2026 compared with 2025 suggests that, based on the Manager's bottom-up estimates, profits will increase again in 2026.
- The average EV/EBITA multiples of the portfolio are lower than those of the Tracked Universe. This has been a consistent feature over the Fund's history and is consistent with the Manager's value investment style.
- The portfolio's 8.0x EV/EBITA ratio for 2025 is considerably lower than the average multiple of 14.7x at which takeover offers for DNSCI (XIC) constituents have been made in the past four years.
- Each year, the Manager identifies a cohort of growth stocks within the DNSCI (XIC). The 34 growth stocks for 2026 are on much higher multiples than both the portfolio and the rest of the Tracked Universe.
- The "smaller small" companies within the DNSCI (XIC) remain more attractively valued than the "larger smalls". This explains why the Fund's portfolio has a relatively high exposure to the "smaller smalls".
- For more of the period since the EU referendum, overseas facing companies have enjoyed higher valuations than have their peers that are more reliant on the UK's domestic economy. The gap between the two narrowed in 2025 as sentiment towards the overseas cohort was affected by the tariffs.

Outlook and conclusion

The "Liberation Day" tariff announcements convulsed stockmarkets in 2025. The full effects on global trade and economic activity are still unclear, particularly when the status of some of the tariffs remains subject to legal challenge. What is clear is that companies, both in the Fund's portfolio and more widely, are incurring extra cost when exporting to the US. This is another factor in the broad theme of deglobalisation, which has developed since the pandemic as geopolitical tensions have intensified. The implication for the Fund is a more uncertain outlook for its cohort of investee companies that generate their revenues outside the UK.

Despite the tariff shock, equity valuations have recovered well from the Liberation Day nadir. Returns have been particularly good for the group of companies seen to be benefiting from AI. As 2025 ended, the hopes and valuations for the AI leaders were very high, but some caution is merited. The business models of the US technology giants are no longer capital light since AI development necessitates significant investment in computing power and infrastructure. More broadly, the US economy is becoming increasingly reliant on AI, with growth driven by the investment boom and with buoyant equity prices supporting the wealth effect. Furthermore, it is not clear what the returns on the investment will prove to be or who will emerge the eventual winners of the AI arms race, as the US technology giants compete with each other and with Chinese rivals. In the meantime, the effects of AI on companies more broadly are as yet unclear. Some business models will be challenged and it is important for the Manager to consider where these threats lie. On the other hand, it is also important to consider the productivity gains that AI promises. Despite what the relative valuations might suggest, the upside from AI investment is unlikely to be confined to the companies currently deploying the capital – it is plausible that the Fund's portfolio holdings can also benefit.

Manager's Report

The more significant near term influence on the fortunes of small UK quoted companies is likely to be the direction of the UK economy. The immediate challenges are the government's fiscal position and a set of policies that are likely to increase costs and the regulatory burden on the private sector. These problems are well known and have contributed to the gloom surrounding the valuations of small UK quoted companies. However, there are other more positive dynamics at work, which tend to be overlooked at present and which suggest that the often hysterical talk about the UK is overdone.

- The private sector in the UK has deleveraged meaningfully over two decades – the ratio of private non financial debt to GDP is back to the levels last seen in 2000. Financial risk today is therefore reduced and there is the potential to re-leverage in the future. While many companies are choosing to deploy surplus capital on share buy-backs at present, a pick-up in investment would be good for growth of profits and the economy in general.
- The recent Budget, while unhelpfully late in the year, was not as threatening to economic activity as feared. The Chancellor tested her fiscal rules by deferring most tax increases until later in the parliament. This pragmatism gives the economy breathing space, especially as government spending does increase in the near term. One can debate the merits of such policies, but at the margin they bode well for economic activity.
- Inflation in the UK remains stickier than elsewhere but does seem to be on a downward path. This has given the Bank of England scope to reduce interest rates, which again should be supportive of near term economic activity.

So there is good reason to believe that the UK economy may turn out to be better, or at least less bad, than commonly perceived. This would be significant for the valuations of small UK quoted companies, especially the more economically sensitive businesses since so little is expected of them. The revaluation of larger companies in 2025 – particularly the banks – shows what is possible when sentiment turns. The opportunity is encapsulated by small companies' low valuations and high resilience. Self-help, strong balance sheets and free cash generation are supporting dividend growth and share buy-backs as we await improved trading conditions.

The attractiveness of this combination is being recognised by more than the Manager. The elevated rate of M&A activity shows that other companies and private equity, particularly from overseas, understand the value on offer among the constituents of the DNSCI (XIC). At the same time, traditional holders of UK equities, such as insurance companies and larger asset managers, are being replaced on share registers by other sorts of investor. These are typically smaller institutions or individuals, often again from overseas, who share the Manager's contrarian approach to investment and, amid a broad opportunity set, have identified the value on offer among small UK quoted companies.

Over the Fund's history, the Manager's consistent investment approach has achieved superior returns for unitholders. Its value investment philosophy, understanding of the companies and active engagement are particularly well suited to the current opportunity in small UK quoted companies and bode well for future returns.

S G Ford, Director
P R Shaw, Director
Aberforth Unit Trust Managers Limited

30 January 2026

Stewardship and Environmental, Social and Governance (ESG)

Philosophy, policies and practices

Aberforth's approach to Stewardship and ESG is available at www.aberforth.co.uk in the "About Aberforth" section. The ESG policy framework is set out in the following documents.

- *About Aberforth:* the background and founding principles of the firm, its core strategic philosophy and nature of the business.
- *Investment Philosophy:* Aberforth's approach to investing as adopted for the Fund, relevant extracts of which are included in the narrative that follows.
- *Stewardship Policy:* the approach to stewardship of clients' capital, set out in the format of the Financial Reporting Council's (FRC) UK Stewardship Code.
- *ESG Integration Framework:* how Aberforth's integrated ESG framework operates in practice.
- *Engagement and Voting Framework:* how Aberforth engages and votes, along with what is expected from investee companies.
- *Examples of Engagement and Voting:* examples of how the Engagement and Voting framework is put into action.
- *Governance and Corporate Responsibility:* Aberforth Partners LLP's approach to Stewardship, which is reported annually.

The Manager's approach to Stewardship and ESG is overseen by a Stewardship Committee, which is a sub-committee of the Aberforth Partners LLP partnership committee, Aberforth's ultimate governance body.

The investment cases for many of the Fund's holdings are influenced by ESG matters, particularly as the increased profile of such issues affects the stockmarket's valuations of companies. Investments are not excluded from the portfolio based on ESG considerations alone. Rather, analysis of ESG matters is integrated into the investment process and is considered alongside other factors in forming an investment case.

Where ESG or other matters impinge upon the investment case, the Manager engages with the investee company's board, which is responsible for the design and implementation of the company's environmental, social and governance policies. They are well placed to undertake this activity, since engagement has always been a fully integrated element of their investment process and feeds through to the target valuations for companies. The Manager believes that their willingness to engage in a purposeful, discreet and constructive way with the boards of investee companies has benefited investment performance over time and is therefore important to the long term success of the Fund.

To support the investment process, Aberforth continues to enhance its proprietary investment database with a module recording the analysis and tracking of important ESG issues. The module captures relevant metrics, such as greenhouse gas emissions, Task Force for Climate-related Financial Disclosures (TCFD) and the setting of net zero and science-based targets.

Voting Policy and Activity

Aberforth exercise voting rights on behalf of the Fund. The Manager considers and votes on every resolution that is put to shareholders of the companies in which the Fund is invested. In 2025 this included voting in more than 94 Shareholder meetings on more than 1,419 resolutions. The Manager votes against resolutions that they believe may damage shareholders' rights or economic interests, which specifically includes consideration of environmental and social matters.

Voting is often the conclusion of engagement, which is undertaken directly and over time with the boards of investee companies. Under normal circumstances, concerns would have been raised and discussed with an investee company's directors before the vote. Such engagement improves understanding of issues underlying controversial resolutions and can result in change that allows the Manager to vote in favour of the relevant resolutions. Among small UK quoted companies, there are still few general meeting resolutions directly relevant to environmental and social issues, so much of the voting is focused on governance.

UK Stewardship Code

The UK Stewardship Code, issued by the FRC, sets out the principles of effective stewardship by institutional investors. Aberforth are committed to effective stewardship and were early adopters of the UK Stewardship Code. They were again recognised as an approved signatory of the code in August 2025. The submission is published on the Aberforth website, along with supporting documentation.

UN Principles For Responsible Investment ('UNPRI')

Aberforth are a signatory to, and participate in, the annual UNPRI assessment. The results are available within the "About Aberforth" section of the website.

Aberforth Partners LLP's governance and corporate responsibility

The Investment Adviser's approach for their own business to stewardship and ESG matters is set out in their Governance & Corporate Responsibility statement. This includes policies and practices covering their approach to governance, risk and control, company cultural, human resources and environmental matters. The document also sets out Aberforth's approach to emissions disclosures. It reports on scope 1, 2 & 3 emission disclosures for the firm. These voluntary disclosures are reported under the Streamlined Energy & Carbon Reporting Statement ('SECR').

Assessment of Value delivered to Unitholders of the Aberforth UK Small Companies Fund for the period ended 31 December 2025

The Aberforth Unit Trust Manager's Assessment of Value is an annual process which is aligned with the Aberforth UK Small Companies Fund's 31 December period end.

We, the Board of Aberforth Unit Trust Managers Limited ("the Manager"), remain committed to serving the interests of our investors. We continue to monitor the extent to which the Manager delivers value to Unitholders of the Fund. The Board comprises suitably qualified members of senior management and independent non-executive directors who provide effective challenge and oversight of the affairs of the Manager and the Fund, including the value assessment process.

Over the past year, there were no significant changes in the investment management services or administration services provided by the Manager and its third-party service providers.

In accordance with the requirements of COLL 6.6.20 R of the Collective Investment Schemes Sourcebook as issued by the Financial Conduct Authority, we have undertaken an exercise to assess whether the payments out of scheme property as set out in the Fund's Prospectus are justified in the context of the overall value delivered to Unitholders, evaluating these against the seven stipulated criteria.

Conclusion

We concluded that, in our opinion:

- The Manager is delivering value to each class of Unitholders;
- No remedial actions are necessary; and
- Charges borne by the Fund are justified in the context of the value delivered to Unitholders.

A more detailed description of the assessment is available on the Aberforth website at www.aberforth.co.uk.

D M Cooper, *Director*
S G Ford, *Director*
J S Richards, *Director*
P R Shaw, *Director*
S L Wallace, *Director*

30 January 2026

Summary of Material Portfolio Changes

For the year ended 31 December 2025

Purchases	Cost £'000
Pets at Home Group	2,273
Ashmore Group	2,269
Domino's Pizza Group	2,205
Brooks Macdonald Group	2,138
Gamma Communications	2,115
Workspace Group	1,770
Hollywood Bowl	1,768
Greggs	1,659
Savills	1,626
MONY Group	1,495
Hilton Food Group	1,398
Breedon Group	1,298
MJ Gleeson	1,257
CMC Markets	1,239
Crest Nicholson	1,222
Serica Energy	1,203
Ashtead Technology Holdings	1,200
Wetherspoon (JD)	1,091
Forterra	1,070
EnQuest	968
Other Purchases	28,162
Total Cost of Purchases*	**59,426**

Sales	Proceeds £'000
Bakkavor Group	5,490
Just Group	5,457
Zegona Communications	5,139
International Personal Finance	4,117
Quilter	3,275
Dowlais Group	2,957
Avon Technologies	2,911
Ricardo	2,710
De La Rue[1]	2,637
TI Fluid Systems	1,934
Galliford Try Holdings	1,265
Rank Group	1,130
National World[1]	1,079
Close Brothers Group	903
FirstGroup	801
Empiric Student Property	677
Jupiter Fund Management	528
McBride	523
On The Beach Group	455
TT Electronics	388
Other Sales	4,257
Total Proceeds of Sales*	**48,633**

*Excludes transaction costs.

[1]Includes corporate actions

Portfolio Statement

As at 31 December 2025

Holding	Security	31 December 2025 Value £'000	31 December 2025 % of Total Net Assets	31 December 2025 % of Index[1]	31 December 2024 % of Total Net Assets	31 December 2024 % of Index
Software and Computer Services		**6,881**	**4.2**	**4.1**	3.6	5.3
1,902,092	MONY Group	3,496	2.1			
2,432,016	NCC Group	3,385	2.1			
Technology Hardware and Equipment		**1,378**	**0.8**	**0.4**	0.7	1.4
1,204,710	TT Electronics	1,378	0.8			
Telecommunications Equipment		**–**	**–**	**–**	–	0.7
Telecommunications Service Providers		**1,925**	**1.2**	**1.4**	2.2	0.6
208,300	Gamma Communications	1,925	1.2			
Health Care Providers		**–**	**–**	**0.4**	–	0.6
Medical Equipment and Services		**–**	**–**	**0.2**	–	0.1
Pharmaceuticals and Biotechnology		**–**	**–**	**2.3**	–	2.8
Banks		**1,411**	**0.9**	**3.2**	0.8	1.8
270,114	Close Brothers Group	1,411	0.9			
Finance and Credit Services		**–**	**–**	**2.2**	1.7	2.7
Investment Banking and Brokerage Services		**20,946**	**12.6**	**12.1**	9.8	10.0
2,098,548	Ashmore Group	3,693	2.2			
137,700	Brooks Macdonald Group	2,183	1.3			
409,314	City of London Investment Group	1,543	0.9			
1,613,720	CMC Markets	4,817	2.9			
2,974,806	Jupiter Fund Management	4,712	2.9			
207,391	Rathbones Group	3,998	2.4			
Life Insurance		**468**	**0.3**	**1.7**	3.4	1.4
1,017,117	Hansard Global	468	0.3			
Non-life Insurance		**4,997**	**3.0**	**1.5**	3.1	1.8
639,311	Conduit Holdings	2,509	1.5			
1,914,207	Sabre Insurance Group	2,488	1.5			
Real Estate Investment and Services		**4,315**	**2.6**	**3.8**	1.7	4.1
4,415,606	Foxtons Group	2,628	1.6			
169,400	Savills	1,687	1.0			
Real Estate Investment Trusts		**5,240**	**3.2**	**8.2**	2.8	6.6
1,081,334	Helical	2,033	1.2			
805,917	Workspace Group	3,207	2.0			
Automobiles and Parts		**–**	**–**	**1.0**	3.2	1.8
Consumer Services		**1,553**	**0.9**	**0.1**	0.8	0.1
1,362,294	RM	1,553	0.9			
Household Goods and Home Construction		**5,040**	**3.1**	**1.5**	3.1	1.8
1,951,136	Crest Nicholson	2,800	1.7			
534,529	MJ Gleeson	2,240	1.4			
Leisure Goods		**123**	**0.1**	**0.3**	1.0	0.6
1,115,099	Videndum	123	0.1			
Personal Goods		**898**	**0.5**	**1.0**	–	1.3
189,700	Watches of Switzerland Group	898	0.5			

Portfolio Statement

As at 31 December 2025

Holding	Security	31 December 2025 Value £'000	31 December 2025 % of Total Net Assets	31 December 2025 % of Index[1]	31 December 2024 % of Total Net Assets	31 December 2024 % of Index
Media		**7,725**	**4.7**	**1.5**	6.6	2.6
1,729,750	Centaur Media	744	0.5			
3,364,437	Reach	1,854	1.1			
3,364,800	S4 Capital	686	0.4			
277,546	STV Group	293	0.2			
1,401,279	Wilmington Group	4,148	2.5			
Retailers		**10,214**	**6.3**	**5.8**	4.4	4.5
3,044,551	Card Factory	2,061	1.3			
1,290,916	DFS Furniture	2,246	1.4			
1,701,874	Halfords Group	2,393	1.5			
1,176,643	Headlam Group	538	0.3			
991,400	Pets at Home Group	1,962	1.2			
2,535,301	Topps Tiles	1,014	0.6			
Travel and Leisure		**17,982**	**10.9**	**6.5**	7.8	6.6
1,180,000	Domino's Pizza Group	2,045	1.2			
709,850	Hollywood Bowl	1,952	1.2			
1,376,561	Hostelworld Group	1,707	1.0			
7,198,251	Marstons	4,254	2.6			
1,171,386	Mitchells & Butlers	3,057	1.9			
3,542,562	Mobico Group	817	0.5			
2,970,431	Rank Group	2,944	1.8			
163,481	Wetherspoon (JD)	1,206	0.7			
Beverages		**3,284**	**2.0**	**0.7**	1.9	0.8
2,432,404	C&C Group	3,284	2.0			
Food Producers		**2,253**	**1.4**	**4.7**	3.8	3.2
447,946	Hilton Food Group	2,253	1.4			
Personal Care, Drug and Grocery Stores		**1,807**	**1.1**	**3.0**	0.3	0.8
99,900	Greggs	1,672	1.0			
92,027	McBride	135	0.1			
Construction and Materials		**9,378**	**5.7**	**6.0**	6.3	6.7
374,100	Breedon Group	1,232	0.7			
1,343,398	Eurocell	1,726	1.0			
1,044,395	Forterra	1,922	1.2			
780,787	Galliford Try Holdings	4,060	2.5			
1,564,550	Severfield	438	0.3			
Aerospace and Defense		**4,284**	**2.6**	**2.8**	3.8	1.3
13,493	Avon Technologies	244	0.1			
2,073,740	Senior	4,040	2.5			
Electronic and Electrical Equipment		**4,798**	**2.9**	**1.9**	5.0	2.4
626,692	Dialight	2,131	1.3			
296,343	XP Power	2,667	1.6			
General Industrials		**1,259**	**0.8**	**1.9**	0.6	1.5
1,753,979	Macfarlane Group	1,259	0.8			
Industrial Engineering		**13,048**	**8.0**	**1.3**	4.8	1.6
394,220	Bodycote	2,752	1.7			
598,487	Castings	1,628	1.0			
1,725,609	Morgan Advanced Materials	3,762	2.3			
996,068	Vesuvius	3,952	2.4			
926,400	XAAR	954	0.6			

Portfolio Statement

As at 31 December 2025

Holding	Security	31 December 2025 Value £'000	% of Total Net Assets	% of Index[1]	31 December 2024 % of Total Net Assets	% of Index
Industrial Support Services		**8,959**	**5.4**	**6.2**	8.0	8.2
823,773	PageGroup	1,938	1.2			
265,960	PayPoint	1,258	0.8			
686,999	Robert Walters	934	0.6			
8,172,431	SIG	821	0.4			
3,696,280	Smiths News	2,794	1.7			
4,854,503	Speedy Hire	1,214	0.7			
Industrial Transportation		**8,971**	**5.5**	**2.2**	4.7	2.6
1,265,107	FirstGroup	2,410	1.5			
360,715	Fisher (James) & Sons	1,327	0.8			
171,754	VP	911	0.6			
1,128,775	ZIGUP	4,323	2.6			
Industrial Materials		**–**	**–**	**–**	–	0.1
Industrial Metals and Mining		**6,960**	**4.3**	**3.2**	2.5	2.4
2,573,394	Capital	2,934	1.8			
2,399,741	Ecora Resources	2,755	1.7			
515,736	Kenmare Resources	1,271	0.8			
Precious Metals and Mining		**–**	**–**	**0.6**	0.1	0.8
Chemicals		**–**	**–**	**1.8**	–	2.5
Oil, Gas and Coal		**5,683**	**3.4**	**2.2**	1.8	3.3
343,200	Ashtead Technology Holdings	1,064	0.6			
21,358,852	EnQuest	2,255	1.4			
5,389,961	Pharos Energy	1,132	0.7			
705,787	Serica Energy	1,232	0.7			
Alternative Energy		**–**	**–**	**0.3**	–	0.2
Electricity		**–**	**–**	**0.6**	–	0.9
Gas, Water and Multi-utilites		**–**	**–**	**1.4**	–	1.1
Waste and Disposal Services		**–**	**–**	**–**	–	0.4
Investments as shown in the Balance Sheet		**161,780**	**98.4**	**100.0**	100.3	100.0
Net Current Assets/(Liabilities)		**2,646**	**1.6**	**–**	(0.3)	–
Total Net Assets		**164,426**	**100.0**	**100.0**	100.0	100.0

All investments are in ordinary shares listed on the London Stock Exchange unless otherwise stated.

[1] Reflects the rebalanced index as at 1 January 2026.

Comparative Tables

Income Unit	31 December 2025 £/unit	31 December 2024 £/unit	31 December 2023 £/unit
Change in net assets per unit			
Opening net asset value per unit	**213.53**	197.23	189.32
Return before operating charges*	**17.40**	25.21	17.07
Operating charges	**(1.75)**	(1.74)	(1.57)
Return after operating charges	**15.65**	23.47	15.50
Distributions on income units	**(8.00)**	(7.17)	(7.59)
Closing net asset value per unit	**221.18**	213.53	197.23
*after direct portfolio transaction costs of:	**(0.60)**	(0.38)	(0.35)

Income Unit			
Performance			
Total return after charges[1]	**7.3%**	11.8%	8.2%
Other information			
Closing net asset value (£'000)	**52,274**	48,928	50,771
Closing number of units	**236,340.232**	229,135.000	257,415.727
Operating charges	**0.81%**	0.81%	0.82%
Direct portfolio transaction costs	**0.28%**	0.18%	0.18%
Prices			
Highest issue price (£)	**231.40**	234.25	206.95
Lowest cancellation price (£)	**180.51**	189.86	173.98

[1] Does not assume reinvestment of the interim distribution.

Accumulation Unit	31 December 2025 £/unit	31 December 2024 £/unit	31 December 2023 £/unit
Change in net assets per unit			
Opening net asset value per unit	**340.53**	304.49	281.25
Return before operating charges*	**27.70**	38.75	25.59
Operating charges	**(2.83)**	(2.71)	(2.35)
Return after operating charges	**24.87**	36.04	23.24
Distributions	**(12.87)**	(11.16)	(11.38)
Retained distributions on accumulation units	**12.87**	11.16	11.38
Closing net asset value per unit	**365.40**	340.53	304.49
* after direct portfolio transaction costs of:	**(0.97)**	(0.59)	(0.52)

Accumulation Unit			
Performance			
Total return after charges	**7.3%**	11.8%	8.3%
Other information			
Closing net asset value (£'000)	**112,152**	96,311	85,349
Closing number of units	**306,927.611**	282,828.351	280,295.055
Operating charges	**0.81%**	0.81%	0.82%
Direct portfolio transaction costs	**0.28%**	0.18%	0.18%
Prices			
Highest issue price (£)	**375.72**	367.46	310.43
Lowest cancellation price (£)	**287.87**	293.11	263.45

STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RELATION TO THE REPORT AND ACCOUNTS OF ABERFORTH UK SMALL COMPANIES FUND ("THE SCHEME")

The Financial Conduct Authority's Collective Investment Schemes Sourcebook, as amended, ("the Regulations") requires the Manager to prepare accounts for each annual accounting period which give a true and fair view of the financial position of the scheme and of its net revenue and capital gains for the period. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Association ("IA");
- follow United Kingdom accounting standards;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent;
- take reasonable steps for the prevention and detection of fraud and non-compliance with laws and regulations; and
- prepare the financial statements on a going concern basis unless it is considered inappropriate.

The Manager is responsible for the management of the scheme in accordance with its trust deed, prospectus and the Regulations.

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

S G Ford, *Director*
P R Shaw, *Director*
Aberforth Unit Trust Managers Limited

30 January 2026

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF ABERFORTH UK SMALL COMPANIES FUND ("THE SCHEME") FOR THE PERIOD ENDED 31 DECEMBER 2025

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together “the Regulations”), the Trust Deed and Prospectus (together “the Scheme documents”) as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Scheme’s cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme’s assets is remitted to the Scheme within the usual time limits;
- the Scheme’s income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (“the AFM”) are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme’s units and the application of the Schemes income in accordance with the Regulations and the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee & Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ

30 January 2026

Independent Auditor's Report to the Unitholders of Aberforth UK Small Companies Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aberforth UK Small Companies Fund ("the Fund") for the year ended 31 December 2025, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Cash Flow Statement and the related notes to the financial statements, including significant accounting policies and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Fund as at 31 December 2025 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook (COLL Rules) of the Financial Conduct Authority and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the COLL Rules

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Fund have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the report of the Manager for the year is consistent with the financial statements.

Responsibilities of the Manager

As explained more fully in the statement of the Manager's responsibilities, set out on page 19, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice including the Investment Association Statement of Recommended Practice for Authorised Funds;
- The Financial Conduct Authority's COLL Rules; and
- The Fund's Prospectus.

We gained an understanding of how the Fund is complying with these laws and regulations by making enquiries of the Manager. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Fund's breaches register.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Manager was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Manager oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls; and
- The allocation of special dividends as revenue or capital returns.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the Fund's procurement of professional services;
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and assessing judgements made by the Manager in its calculation of accounting estimates for potential management bias;
- Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments;
- Completion of appropriate checklists and use of our experience to assess the Fund's compliance with the Investment Association Statement of Recommended Practice for Authorised Funds; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of this report

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Edinburgh, United Kingdom

30 January 2026

Financial Statements

For the year ended 31 December 2025

Statement of Total Return

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Income:					
Net capital gains	4		**4,973**		11,107
Revenue	5	**5,888**		5,563	
Expenses	6	**(1,190)**		(1,209)	
Interest payable and similar charges		**(14)**		(52)	
Net revenue before taxation		**4,684**		4,302	
Taxation	7	**–**		–	
Net revenue after taxation			**4,684**		4,302
Total return before distributions			**9,657**		15,409
Distributions	8		**(5,379)**		(5,007)
Change in net assets attributable to Unitholders from investment activities			**4,278**		10,402

Statement of Change in Net Assets Attributable to Unitholders

	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Opening net assets		**145,239**		136,120
Amounts receivable on issue of units	**41,802**		26,851	
Amounts payable on cancellation of units	**(30,807)**		(31,261)	
		10,995		(4,410)
Change in net assets attributable to unitholders from investment activities		**4,278**		10,402
Retained distribution on accumulation units		**3,914**		3,127
Closing net assets attributable to unitholders		**164,426**		145,239

Financial Statements

As at 31 December 2025

Balance Sheet

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
ASSETS					
Fixed assets:					
Investments assets	16		**161,780**		145,680
Current assets:					
Debtors	9	**679**		321	
Cash and bank balances		**3,058**		402	
Total other assets			**3,737**		723
Total assets			**165,517**		146,403
LIABILITIES					
Creditors:					
Other creditors	10	**(164)**		(338)	
Distribution payable on income units		**(927)**		(826)	
Total liabilities			**(1,091)**		(1,164)
Net assets attributable to unitholders			**164,426**		145,239

Cash Flow Statement

For the year ended 31 December 2025

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Net cash inflow from operating activities	11		**4,617**		4,349
Investing activities					
Purchases of investments	12	**(59,782)**		(36,995)	
Sales of investments	12	**48,578**		39,296	
Cash (outflow)/inflow from investing activities			**(11,204)**		2,301
Financing activities					
Amounts received from issue of units		**41,968**		27,053	
Amounts paid on cancellation of units		**(31,162)**		(31,406)	
Distributions paid		**(1,546)**		(1,990)	
Interest paid		**(17)**		(49)	
Cash inflow/(outflow) from financing activities			**9,243**		(6,392)
Increase in cash and cash equivalents			**2,656**		258
Cash and cash equivalents at the start of the year			**402**		144
Cash and cash equivalents at the end of the year			**3,058**		402

Notes to the Financial Statements

1 Significant Accounting Policies

(a) The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued in 2014 and amended in 2017 ("the SORP"), the Financial Reporting Standard 102 ("FRS102"), the Financial Conduct Authority's COLL and the Trust Deed. The financial statements have been prepared on a going concern basis, with the going concern assessment covering a period of 12 months from the date of approval of the annual report. The Investment Association issued a revised SORP in October 2025, applicable to accounting periods beginning on or after 1 January 2026. The revised SORP has not been applied in preparing these financial statements. It will be adopted in the preparation of the Fund's 2026 financial statements.

(b) In accordance with the SORP, the investments of the Fund have been valued at a fair value which is represented by the bid price as at close of business on the balance sheet date. Suspended securities are initially valued at the suspension price but are subject to constant review by the Fair Value Pricing Committee.

(c) Dividends on equities are recognised when the security is quoted ex-dividend. Overseas dividends are grossed up at the appropriate rate of withholding tax and the tax consequences are shown within the tax charge. Interest receivable is accounted for on an accruals basis and treated as revenue.

(d) The ordinary element of scrip dividends is treated as revenue and forms part of the distribution. Special dividends are treated as income or capital depending on the facts of each particular case.

(e) All material expenses are recognised on an accruals basis and are charged to revenue with the exception of the Manager's periodic charge, of which 5/8ths is allocated to capital and the remaining 3/8ths charged to revenue, and a proportion of the safe custody fees taken to capital which relate to purchases and sales transactions.

(f) The charge for tax is based on the results for the year. The rate of corporate tax for the Fund is 20%, although certain revenue is exempt from tax. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the Manager considers that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted.

2 Distribution Policies

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. 3/8ths of the Manager's periodic charge is deducted from revenue for the purpose of calculating the distribution, the balance being borne by capital. In the event expenses and taxation exceed revenue, there will be no distribution and a transfer from capital will be made to cover the shortfall.

As the Fund offers both income and accumulation units, any revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Where distributions are unclaimed for a period of six years these are brought back into the Fund as capital.

The Fund is not more than 60% invested in qualifying investments (as defined in Section 468L, Income and Corporation Taxes Act 1988) and will pay a dividend distribution.

3 Risk Management Policies

In pursuing its investment objective, certain risks arise for the Fund in relation to the investment portfolio and cash balances held. All assets and liabilities are denominated in sterling. Therefore no direct currency risk arises.

The main risks arising are market, liquidity and credit. The Manager has policies for managing each of these risks. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

The risk and reward profile of the Fund can be illustrated by reference to a standard Risk/Reward category scale, where 1 is lower potential risk/reward and 7 is higher potential risk/reward. The category is chosen based on the volatility of returns over the past 5 years. The current synthetic risk and reward indicator is 6 and was unchanged during the year. Further information can be found in the Key Investor Information Document available on the Manager's website.

Market Risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager does not seek to hedge this exposure as it does not consider this to be beneficial to the Fund in the long term.

Liquidity Risk

The Fund's assets comprise mainly securities that are considered to be readily realisable in accordance with the market practices of the London Stock Exchange. Liquidity may, however, be affected by market events.

The risk of low market liquidity through reduced trading volumes may affect the Fund's ability to trade investments at values previously indicated by brokers.

The main liability of the Fund is the redemption of units that investors wish to sell. In general the cash levels of the Fund are managed to ensure liabilities can be met. Where investments cannot be realised to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement. The Fund has an overdraft facility in place with the Custodian, Northern Trust, up to £25m. In addition, in certain circumstances and at the discretion of the Manager, redemptions may be settled by an in-specie transfer of assets or deferred redemption in accordance with the Prospectus terms.

Credit Risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.

The investment transactions of the Fund are generally undertaken on a delivery versus payment basis. In addition, the Manager only buys and sells investments through brokers who are authorised and regulated by the Financial Conduct Authority, who have formally agreed terms of business with the Manager, and who are considered to have execution arrangements that enable the Manager to comply with its obligation to obtain the best possible result for the Fund. The Manager closely monitors market developments that may impact a broker's creditworthiness, market reputation and expectations of future financial performance. A range of brokers is utilised by the Manager.

Cash balances are placed with a selection of banking institutions. The Manager reviews the banking partners and the deposit levels on a periodic basis. The Manager aims to have the Fund fully invested.

Interest Rate Risk

The majority of the Fund's financial assets are equity shares, which typically do not pay interest or have a maturity date. The Fund's exposure to interest rate risk is therefore insignificant.

4 Net Capital Gains

	2025 £'000	2024 £'000
The net capital gains on investments during the year comprise:		
Equity investments	**4,973**	11,107

5 Revenue

	2025 £'000	2024 £'000
UK dividends	**5,312**	4,763
Overseas dividends	**428**	608
Property income distributions	**132**	165
Bank interest	**16**	27
Total income	**5,888**	5,563

Overseas dividends relate to investments in companies that are UK quoted and registered overseas.

6 Expenses

	2025 £'000	2024 £'000
Payable to the Manager or associate of the Manager:		
Manager's periodic fee	**1,100**	1,119
Payable to the Trustee or associate of the Trustee:		
Trustee's fees	**41**	41
Other expenses:		
Audit fee	**18**	24
Safe custody fees	**13**	12
Printing fees	**9**	9
Registration fees	**3**	3
Taxation services	**6**	1
	49	49
Total expenses	**1,190**	1,209

The Manager's periodic fee is 0.75% per annum of the valuation of the Fund's property which accrues and is paid monthly in arrears. Included within this fee is £688,000 borne by the capital of the Fund (2024: £699,000). Further details of the management fees, trustee's fees and other expenses of the Fund are available in the Fund's Prospectus.

Notes to the Financial Statements

7 Taxation

	2025 £'000	2024 £'000
(a) Analysis of charge in the year:		
Irrecoverable overseas tax	–	–
Total current tax charge for the year (note 7(b))	–	–

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended fund. The differences are explained below.

	2025 £'000	2024 £'000
Net revenue before taxation	**4,684**	4,302
Corporation tax at 20% (2024: 20%)	**937**	860
Effects of:		
Non-taxable UK dividends	**(1,062)**	(952)
Non-taxable overseas dividends	**(86)**	(122)
Unutilised management expenses	**211**	214
Irrecoverable overseas tax	–	–
	(937)	(860)
Current tax charge (Note 7(a))	–	–

At the balance sheet date, the Fund had excess management expenses of £54,616,000 (2024: £53,560,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore, no deferred tax asset has been recognised. The deferred tax amount, being 20% of the excess management expenses, equates to £10,923,000 (2024: £10,712,000).

8 Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2025 £'000	2024 £'000
Interim	**2,680**	2,507
Final	**2,881**	2,425
	5,561	4,932
Add: Income deducted on cancellation of units	**189**	315
Less: Income received on creation of units	**(371)**	(240)
Total distributions	**5,379**	5,007

The difference between the net revenue after taxation and the distributions for the year are as follows:

	2025 £'000	2024 £'000
Net revenue after taxation	**4,684**	4,302
Add: Manager's periodic fee taken to capital	**688**	699
Add: Safe custody fee taken to capital	**7**	6
Distributions	**5,379**	5,007

Details of the distribution per unit are shown on page 31.

Notes to the Financial Statements

9 Debtors

	2025 £'000	2024 £'000
Accrued income	**432**	276
Amounts receivable for creation of units	**245**	40
Other debtors	**2**	5
Total debtors	**679**	321

10 Other Creditors

	2025 £'000	2024 £'000
Amounts payable for cancellation of units	**40**	206
Accrued management fee	**103**	93
Other accrued expenses	**21**	39
Total creditors	**164**	338

11 Reconciliation of net revenue before taxation to net cash flow from operating activities

	2025 £'000	2024 £'000
Net revenue before taxation	**4,684**	4,302
Adjusted for:		
Interest payable and similar charges	**17**	49
Debtors:		
Increase in accrued income	**(156)**	(13)
Decrease/(increase) in other debtors	**3**	(1)
Creditors:		
Increase in accrued management fee	**10**	11
(Decrease)/increase in accrued other expenses	**(18)**	1
Special dividend taken to capital (see note 1 (d))	**77**	–
Net cash flow from operating activities	**4,617**	4,349

Notes to the Financial Statements

12 Portfolio Transaction Costs

	2025 £'000	**2025** % of purchases	**2025** % Average Net Asset Value	2024 £'000	2024 % of purchases	2024 % Average Net Asset Value
Equity purchases in period before transaction costs	**59,426**			29,552		
Commissions	**81**	**0.14**	**0.06**	50	0.14	0.03
Taxes	**275**	**0.46**	**0.19**	175	0.48	0.12
Total equity purchases costs	**356**	**0.60**	**0.25**	225	0.62	0.15
Corporate actions during the period	**–**			7,218		
Total purchase consideration after direct transaction costs	**59,782**			36,995		

	2025 £'000	**2025** % of sales	**2025** % Average Net Asset Value	2024 £'000	2024 % of sales	2024 % Average Net Asset Value
Equity sales in period before transaction costs	**44,916**			39,333		
Commissions	**(54)**	**(0.11)**	**(0.04)**	(37)	(0.09)	(0.03)
Taxes	**(1)**	**–**	**–**	–	–	–
Total equity sales costs	**(55)**	**(0.11)**	**(0.04)**	(37)	(0.09)	(0.03)
Corporate actions during the period	**3,717**			–		
Total sales after transaction costs	**48,578**			39,296		

The Fund incurs commissions and taxes on buying and selling investment securities in pursuance of the investment objective. Over the last three financial years, commissions have averaged 0.08% per annum (2024: 0.09% per annum) of the Fund's average net asset value and taxes have averaged 0.13% per annum (2024: 0.10% per annum) over the same period.

Share dealing generally incurs broker commissions and stamp duty and these are paid by the Fund on each transaction where appropriate. In addition there is a dealing spread between the buying and selling prices of the underlying investments. As at 31 December 2025, the average dealing spread for the underlying Fund investments is 0.64% (2024: 0.84%).

Comparing portfolio transaction costs for a range of funds may give a misleading impression of the relative costs of investing in those funds for the following reasons:

- Historical transaction costs are not an effective indicator of the future impact on performance.
- Transactions costs for buying and selling investments due to other investors joining or leaving the fund are recovered from those investors.
- Transaction costs vary depending on the types of investment in which a fund invests.

Notes to the Financial Statements

13 Units in issue

The Fund has income and accumulation units. The net asset value per unit, the number of units and the accumulation/distribution per unit are shown on pages 18 and 31. All units, adjusted for the current accumulation factor, have the same rights on winding-up.

Number of units	Opening 1 Jan 2025	Issued	Redeemed	Converted	Closing 31 Dec 2025
Accumulation	282,828.351	80,086.111	(55,986.851)	–	306,927.611
Income	229,135.000	81,049.666	(73,844.434)	–	236,340.232

14 Related Party Transactions

Management fees paid to Aberforth Unit Trust Managers Limited are shown in note 6 and details of units created and cancelled are shown in the Statement of Change in Net Assets Attributable to Unitholders. The balance due from Aberforth Unit Trust Managers Limited at the year end in respect of these transactions was £102,000 (31 December 2024: (£260,000)). Trustee fees paid are shown in note 6. The balance due to NatWest Trustee & Depositary Services Limited at the year end in respect of these fees was £3,700 (31 December 2024: £3,500).

15 Contingencies and financial commitments

The Fund had no financial commitments, contingent assets or liabilities as at 31 December 2025 (2024: nil).

16 Fair value disclosure

Fair value hierarchy is intended to prioritise the inputs used to measure the fair value of assets and liabilities as prescribed by FRS102. The hierarchy is split into the following 3 levels:

Level 1 - Using unadjusted quoted price in an active market for an identical instrument;

Level 2 - Using inputs, other than quoted prices included in level 1 that are directly or indirectly observable based on market data.

Level 3 - Using unobservable inputs due to market data being unavailable.

	2025		2024	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Level 1	**161,780**	**–**	145,680	–
Level 2	**–**	**–**	–	–
Level 3	**–**	**–**	–	–
Total	**161,780**	**–**	145,680	–

Market price risk

The Fund's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective. It is not the Fund's policy to use derivatives or hedging instruments to manage market price risk.

At the year end date, 100% (2024: 100%) of the portfolio was invested in ordinary shares or stock units admitted to an official stock exchange. If the investment portfolio valuation fell by 10% at 31 December 2025, the impact on Unitholders' funds would have been negative £16.2m (2024: negative £14.6m). If the investment portfolio valuation rose by 10% at 31 December 2025, the impact on Unitholders' funds would have been positive £16.2m (2024: positive £14.6m). The calculations are based on the portfolio valuation as at the respective balance sheet dates and are not representative of the year as a whole. All other variables are assumed to remain constant.

As at 31 December 2025, all of the Fund's financial instruments were included in the balance sheet at fair value. The investment portfolio consisted of investments valued at bid prices which represent fair value.

Distributions

Distribution Table

For the six months to 31 December 2025

	Net Income Dec 2025	Equalisation† Dec 2025	Distribution/ Accumulation Dec 2025	Distribution/ Accumulation Dec 2024
Income units (payable 28 February 2026)				
Group 1: Units purchased prior to 1 July 2025	**392.1249p**	–	**392.1249p**	360.3761p
Group 2: Units purchased on or after 1 July 2025	**111.0632p**	**281.0617p**	**392.1249p**	360.3761p
Accumulation units				
Group 1: Units purchased prior to 1 July 2025	**636.6814p**	–	**636.6814p**	565.3169p
Group 2: Units purchased on or after 1 July 2025	**180.3299p**	**456.3515p**	**636.6814p**	565.3169p

For the six months to 30 June 2025

	Net Income Jun 2025	Equalisation† Jun 2025	Distribution/ Accumulation Jun 2025	Distribution/ Accumulation Jun 2024
Income units (paid on 31 August 2025)				
Group 1: Units purchased prior to 1 January 2025	**407.5709p**	–	**407.5709p**	356.8716p
Group 2: Units purchased on or after 1 January 2025	**303.8546p**	**103.7163p**	**407.5709p**	356.8716p
Accumulation units				
Group 1: Units purchases prior to 1 January 2025	**649.9700p**	–	**649.9700p**	550.9452p
Group 2: Units purchased on or after 1 January 2025	**484.5694p**	**165.4006p**	**649.9700p**	550.9452p

† When buyers purchase units, the purchase price includes the value of securities and revenue up to the date of purchase. All unitholders receive the same distribution, in pence per unit, however equalisation applies only to units purchased during the distribution period (Group 2 units). Equalisation is the average amount of income included in the purchase of all Group 2 units and is refunded to holders of these units as a return of capital.

Distribution Record

Year to	Accumulation Units Net income per Unit (p)	Income Units Net income per Unit (p)
31 December 2021	645.9855	458.1303
31 December 2022	1,011.0584	699.4933
31 December 2023	1,138.1571	758.5636
31 December 2024	1,116.2621	717.2477
31 December 2025	**1,286.6514**	**799.6958**

Management and Administration

Manager

Aberforth Unit Trust Managers Limited*
14 Melville Street
Edinburgh EH3 7NS
Telephone – Dealing: 0345 608 0940
– Enquiries: 0131 220 0733
Dealing: ordergroup@waystone.com
Email: enquiries@aberforth.co.uk
Website: www.aberforth.co.uk

Registrar

Waystone Financial Investments Limited* (formerly
Waystone Transfer Agency Solutions (UK) Limited)
PO Box 388
Unit 1, Roundhouse Road
Darlington DL1 9UE
Telephone: 0345 608 0940

Trustee & Depositary

NatWest Trustee & Depositary Services Limited*
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ

Custodian

The Northern Trust Company*
50 Bank Street
Canary Wharf
London E14 5NT

Investment Adviser

Aberforth Partners LLP*
14 Melville Street
Edinburgh EH3 7NS

Independent Auditor

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh EH3 7PE

**Authorised and regulated by the Financial Conduct Authority*

Buying and Selling

The terms on which units can be bought and sold are set out in the Prospectus, Key Investor Information Document, Supplementary Information Document and Application Pack, all of which are available on the Manager's website www.aberforth.co.uk. These documents provide up to date terms on which Units are issued and redeemed, how and when money is held in a client money account and related risks.

Units may be bought and sold by telephone using the dealing number shown above. Alternatively, please contact Waystone, the Registrar, using the address above or by email (ordergroup@waystone.com). In addition, orders can be placed electronically via various transaction networks including EMX and Calastone. Valuation of the Fund normally takes place each business day at 4.30 pm (or such other time as the market closes) on a forward pricing basis. Copies of the Prospectus are available, free of charge, from the Manager or online at www.aberforth.co.uk.

Tax Compliance Requirements

Due to regulatory requirements to gather more information about investments being made by overseas investors, the Manager is required to submit a report to HMRC on an annual basis to provide details of all investments held and distributions received by overseas investors. Further information is available on the Manager's website.

Beware of Investor Fraud

Investment scams are designed to look like genuine investment opportunities. Unitholders may receive unsolicited phone calls or correspondence concerning investment matters which imply a connection to the Fund. These are typically from overseas based 'brokers' who target UK investors offering to sell them what often turn out to be worthless or high risk investments. Unitholders may also be advised that there is an imminent offer for the Fund, and the caller may offer to buy units at significantly above the market price if an administration fee is paid. Unitholders should treat all such approaches with caution.

You can find more information about investment scams at the Financial Conduct Authority ("FCA") website www.fca.org.uk/consumers/protect-yourself-scams. You can also call the FCA Consumer Helpline on 0800 111 6768.