

Aberforth Unit Trust Managers Limited

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. The publication date of this disclosure document is aligned with the Fund's annual report and accounts.

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

The Manager outsources the provision of investment management services to the Investment Adviser, Aberforth Partners LLP ("Aberforth"). Aberforth is an investment management firm that provides investors with a high level of resource focused exclusively on small UK quoted companies. The investment management business conducted by Aberforth was established in 1990 and remains wholly owned by full time working partners. The firm's objective is to deliver superior long term investment returns for its clients and, by extension, for the ultimate beneficiaries of its clients' portfolios. Three central aspects of the firm – partnership, a focus on small UK quoted companies and a value investment philosophy – support the pursuit of this purpose. Encouraged by historical evidence, the firm believes that this philosophy plays a central role in the achievement of superior long-term returns. The management of a client portfolio is not assigned to one individual but is undertaken by the team, whose efforts are concentrated on stock selection and the moulding of stocks into a portfolio. The process underlying these activities has been consistently applied over the life of the firm.

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.

Conclusion

We concluded that, in our opinion:

- the Manager is delivering value to Unitholders; and
- charges borne by the Fund are justified in the context of the value delivered to Unitholders.

In reaching this conclusion, we considered the Fund's investment objective, policy and strategy and our assessment of each of the factors below.

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Background

During October 2025, the Financial Conduct Authority amended its Handbook sections COLL 4.5, 8.3, and 15.5 to clarify and simplify the reporting requirements and detailed disclosures for firms under Assessment of Value (AoV). The simplified reporting is included in the Annual Report & Financial Statements of Aberforth UK Small Companies Fund for the year ending 31 December 2025.

As this is a recent regulatory change and the board has already undertaken activities to assess value during 2025, the more detailed disclosure of the board's process, in line with previous years, is set out below. These disclosures will continue to be monitored to assess their usefulness in line with unitholders' market practice.

We have considered information furnished to us throughout the year and otherwise provided to us, as well as information prepared specifically in connection with our formal annual review. We considered the following factors individually, but not in isolation, recognising that these are connected.

1. Quality of service

Unitholders benefit from a variety of services, which are provided by several suppliers. We reviewed the range and quality of these services, conducting our assessment in three parts.

Investment management services

Our review of investment management services, consistent with last year, included an assessment of the Investment Adviser's financial strength and stability; the depth, quality, and consistency of its investment management process; the experience, capability, and integrity of personnel managing the Fund's assets; and the ongoing evolution of the investment management team designed to maintain and strengthen these qualities. We took comfort from the collegiate approach to portfolio management and the strong alignment of interests between investment personnel and Unitholders, evidenced by the fact that the investment personnel involved in managing the Fund's assets are themselves investors in the core strategy underpinning the Fund's investment objective, policy and strategy. We noted the significant resources which continued to be devoted to servicing existing and prospective Unitholders this year by means of written communications and face-to-face meetings. We were mindful of the Investment Adviser's business philosophy under which its principals endeavour to profit with their clients rather than from them. We satisfied ourselves that the Investment Adviser's policies and processes continue to deliver best execution for the Fund and that transaction costs remain appropriate in this context. We noted the Investment Adviser's approach to environmental, social and governance (ESG) matters as detailed in the Annual Report to Unitholders. We acknowledged that regulatory changes have been implemented effectively when required. Finally, we considered the prompt and in-depth reporting provided by the Investment Adviser on matters relating to investment performance and portfolio management.

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[Administrative services provided by the Manager](#)

Within this category, notable services include daily fund accounting/valuation and unit pricing, Unitholder reporting, and client money oversight: all of which the Manager outsources to the Investment Adviser. Unit dealing (including anti money laundering checks) and registration is outsourced to a Third Party Administrator and Registrar.

In assessing the quality of these services, we considered the design and effectiveness of the Investment Adviser's internal controls and the level of satisfaction of the Fund's Unitholders. Our conclusion on this matter also reflected the regular and comprehensive updates and summaries of the compliance monitoring programme run by the Investment Adviser's Risk & Compliance team, as well as reports from the Trustee and the Investment Adviser's Auditors. This monitoring programme covers the activities undertaken by third party service providers as well as the services provided by the Investment Adviser and evidenced a well-managed operation delivering good outcomes on behalf of the Fund and its Unitholders.

[Administrative services provided by third parties](#)

These comprise services provided by the Trustee & Depositary, the Custodian, the Transfer Agent, the Registrar, and the Fund's Auditors. Again, our judgement on the quality of these services reflected the regular and comprehensive updates and summaries of the compliance monitoring programme run by the Investment Adviser's Risk & Compliance team. This monitoring programme evidenced that the third parties' operations were well-managed and delivered satisfactory outcomes on behalf of the Fund and its unitholders.

Based on its review, the Board concluded that the quality of service provided to the Fund by the Manager and others is satisfactory.

2. Performance

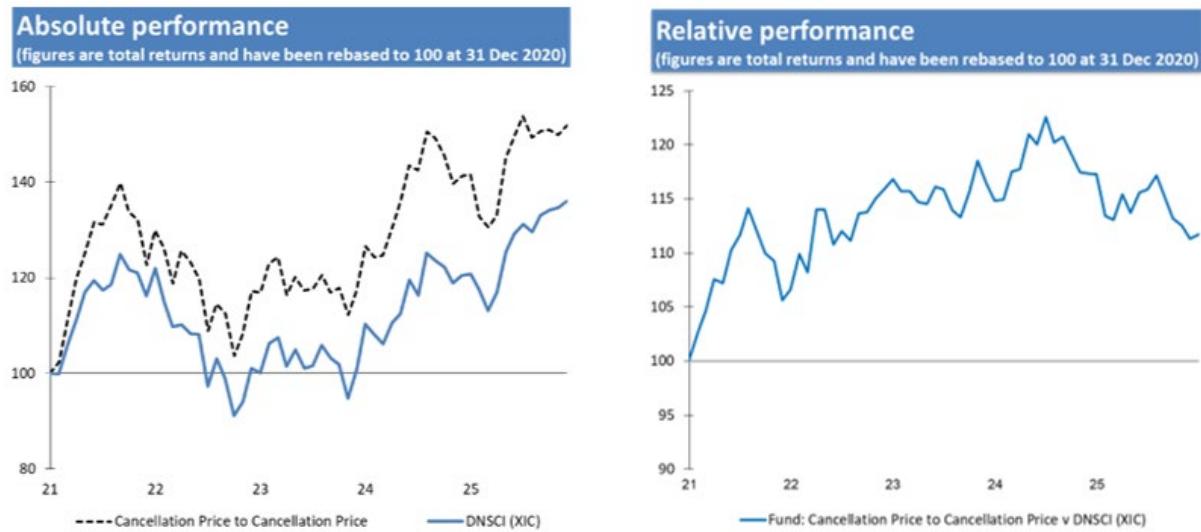
We reviewed the long-term performance of the Fund, in the context of its investment objective, policy and strategy. Performance is assessed formally on a quarterly basis through reports submitted by the Investment Adviser. These detailed reports address the various factors pertinent to performance, including top-down influences and the impact of individual holdings.

Consistent with the investment objective and with the recommended holding period, the Fund's performance was compared with that of the NSCI (XIC), the Fund's relevant benchmark index, over the long term, with the focus on rolling five year periods. An important element of the Board's assessment was the investment strategy, as described in the Fund's Prospectus: since inception, the Fund's portfolio has been managed in accordance with the Investment Adviser's value investment philosophy. The Board reviewed evidence to satisfy itself that the Fund's assets continued to be managed in accordance with the value investment style. The Board noted that, while there is persuasive evidence that a value approach within small UK quoted companies may result in superior returns over the long term, there can be extended periods when the value style is out of favour and could result in periods of under-performance against the benchmark.

The Fund's five-year investment record to 31 December 2025 is shown in the charts below:

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The Fund's historical returns and those of the benchmark index to 31 December 2025 are provided in the table below:

| Historical Returns | Annualised Returns (%) | | Cumulative Returns (%) | |
|---------------------------------|------------------------|-------|------------------------|---------|
| Periods to 31 December 2025 | The Fund | Index | The Fund | Index |
| 12 months to 31 December 2025 | 7.3 | 12.7 | 7.3 | 12.7 |
| 5 years to 31 December 2025 | 8.7 | 6.3 | 51.9 | 36.0 |
| 10 years to 31 December 2025 | 5.9 | 6.2 | 78.1 | 83.1 |
| From inception on 20 March 1991 | 11.1 | 9.3 | 3,752.0 | 2,073.7 |

Global equity markets delivered strong gains in 2025, even as volatility persisted amid ongoing geopolitical uncertainty and concerns over US tariff policy. In the UK, a promising domestically driven recovery faltered through the summer as companies and consumers delayed spending ahead of a challenging and unusually late Budget. However, with inflationary pressures easing and greater clarity on fiscal measures, conditions now appear more supportive for sustained domestic growth.

In the short term, the Fund's return reflects concerns about economic activity both domestically and overseas. Many of the most attractively valued companies within the DNSCI (XIC) are perceived as sensitive to the economic cycle, which weighed on sentiment. The Managers look beyond these near-term concerns, focusing on resilient business models, consistent profit progress through cycles, and strong balance sheets. So too did international corporates, which sought to take advantage of low valuations through elevated levels of corporate activity. A busy year of takeovers and attractive bid premiums highlight the value in the asset class. In any event, the Managers are prepared to take a

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longer-term view. Such bouts of uncertainty are not unusual over Aberforth's history, and experience suggests these periods often lay the groundwork for attractive long-term returns.

In assessing investment performance and the influences on it, the Board recognised that Unitholders have a broad range of investment choices available and have chosen to invest (and remain invested) in the Fund, which differentiates itself from most other funds in the small UK quoted companies sector by its adherence to the value style. The factors affecting performance, including investment style, are regularly highlighted in the Manager's Report to Unitholders. The Board noted that the Unitholder register is dominated by institutional investors and that the Investment Adviser regularly offers face-to-face meetings with a high percentage of these firms. Feedback from these meetings with the professionals responsible for investing their clients' capital in the Fund is shared with the Board and acts as an important barometer of investor sentiment.

The Board is conscious that some of the most attractive opportunities in equity markets require a contrarian approach synonymous with the value style and so continues to look to the future with optimism. We are reassured that longer term performance offers reasonable value over the recommended holding period.

In this context and taking into account discussions on performance with the Investment Adviser throughout the year, the Board concluded that the Fund's long-term performance has been satisfactory.

3. Authorised Fund Manager costs - general

The Board reviewed the costs of providing the services in relation to the charges incurred by the Fund. Every component of the ongoing charges figure was reviewed.

The most material expense borne by the Fund is the Manager's periodic fee, representing 92% of total expenses in the year ended 31 December 2025. The Manager's periodic fee and Ongoing Charges Figure for the year ended 31 December 2025 were 0.75% and 0.81% respectively.

As noted earlier, the Manager outsources most of its activities to the Investment Adviser and operates on a relatively low margin. The management fee incorporates other services supporting investment management, including administration, compliance, and risk. The Investment Adviser is an associate of the Manager and is constituted as a limited liability partnership. Each of its full time working partners is remunerated through a share in the business profits. We reviewed the Investment Adviser's profitability and are satisfied that, adjusted as appropriate, pro forma profitability is not excessive. The Manager reports a fee peer comparison on a quarterly basis to monitor the levels of management fee and ongoing charge.

The Investment Adviser believes that its clients are best served if it remains a focused boutique, investing in a single asset class, wholly devoted to a small number of institutional clients and delivering value to a wide range of underlying investors. The chosen asset class – small UK quoted companies – experiences periods in which it is in and out of favour, and the effect of this can be exacerbated by the value investment style described above. In addition, the Investment Adviser has a focused business strategy that it determines to be in the best interests of its clients but that limits the scope for business

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growth and diversification (this capacity constraint is discussed further below under “Economies of scale”). These factors increase the volatility of, and place limits on, the Investment Adviser’s income stream, which is wholly variable and largely correlated to funds under management. When this is combined with a relatively fixed cost base, business viability is dependent on margins being sufficient.

Component costs of the ongoing charges figure were also considered against external benchmarks and peers. These costs, such as custody, registration and unit dealing offered reasonable value. External audit fees for the Fund were scrutinised against indicative market costs. The Board discussed the comparison with the Fund’s auditors and noted a meaningful saving in the annual audit fee for the year ending 31 December 2025.

In this context, we are satisfied that the Manager’s periodic fee and the costs within the Ongoing Charges Figure are reasonable in the context of the services provided and the costs incurred.

4. Economies of scale

The Board assessed the extent to which savings and benefits from economies of scale could be achieved, relating to the costs of managing the Fund’s property.

We noted that the Investment Adviser’s business strategy is to focus on a single asset class – small UK quoted companies – that can be characterised by periods of relative lower liquidity. The Investment Adviser is not an asset gatherer and seeks to limit its capacity, in terms of funds under management, as it believes this to be in the best interests of its existing clients and investors.

We noted that the Investment Adviser is a sizeable investor in its investment universe and all its clients and investors benefit from this scale. We acknowledge that there is a limit to the level of cost economies available from such a differentiated capacity constrained business beyond those already achieved by it having operated for some time at or close to its self-imposed capacity with scale in the investment universe. The economies of scale shared to date have influenced a decrease over time in the ad valorem rate of management fees incurred by the Fund and by other clients managed by the Investment Adviser.

We concluded that the Investment Adviser’s disciplined adherence to a ceiling on funds under management, whilst limiting the scope for further cost efficiencies, is in the best interests of the Fund’s Unitholders.

5. Comparable Market Rates

The Board reviewed market rates for comparable services, in the context of services provided to the Fund.

We compared fees incurred for similar services by other small UK quoted companies funds and satisfied ourselves that the Manager’s periodic fee remains in the lower quartile, thus fair and reasonable on that basis.

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Whilst significantly less material, we also reviewed other expenses incurred by the Fund and concluded that Ongoing Charges incurred by the Fund compare favourably with market rates.

6. Comparable Services

The Board compared the Manager's periodic fee charged to the Fund with the level of fees charged to other clients of the Investment Adviser with comparable services and strategies; and satisfied itself that the Manager's periodic fee remains fair and reasonable.

7. Classes of units

The Board reviewed the charging structure applied to the Fund's classes of units.

We noted that the Fund has only income units and accumulation units. There is no institutional share class differential. An income unit entitles the holder to a cash distribution representing the net income attributable to that unit at each income allocation date. An accumulation unit does not entitle the holder to payment of the net income attributable to that unit, but that income is reinvested within the Fund and reflected in the accumulation unit price. This difference was created to cater for the income preferences of Unitholders, who are free to move between the classes.

We noted that there is no difference in charging structure applied between the two classes of units and accordingly the conclusions reached on value delivered would apply to both classes equally.

D M Cooper, *Director*

S G Ford, *Director*

J S Richards, *Director*

P R Shaw, *Director*

S L Wallace, *Director*

Aberforth Unit Trust Managers Limited

31 January 2026