

# Standard Life UK Smaller Companies Trust plc

Capturing the growth potential of UK smaller companies

## Investment Trust

### Performance Data and Analytics to 30 April 2020

#### Investment objective

To achieve long term capital growth by investment in UK quoted smaller companies.

#### Benchmark

The Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

#### Features of the Trust

The Company invests in an actively-managed portfolio of smaller and mid-sized companies in the UK equity market and is designed to produce long term capital growth. The portfolio will normally comprise around 50 individual holdings representing the Investment Manager's highest conviction investment ideas.

#### Cumulative performance (%)

	as at 30/04/20	1 Month	3 months	6 months	1 year	3 years	5 years
Share Price	466.0p	7.1	(22.8)	(5.3)	(5.3)	10.3	61.8
NAV	496.2p	12.5	(20.5)	(7.9)	(7.5)	9.2	54.5
Reference Index <sup>A</sup>		12.9	(22.5)	(15.6)	(18.6)	(21.3)	(7.5)

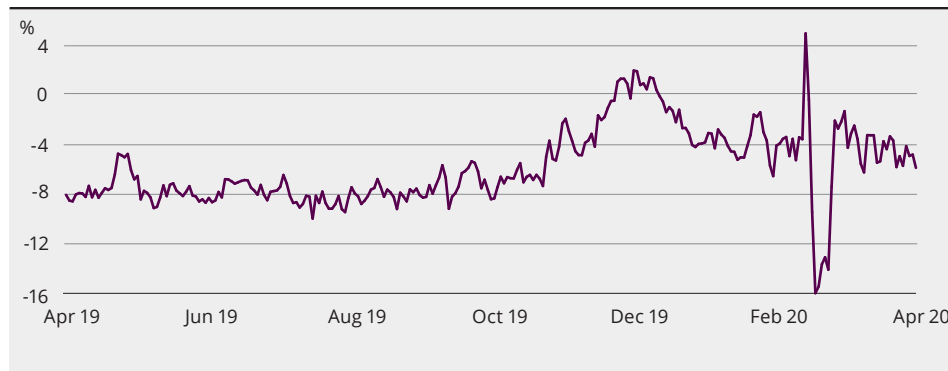
#### Discrete performance (%)

Year ending	30/04/20	30/04/19	30/04/18	30/04/17	30/04/16
Share Price	(5.3)	0.8	15.5	22.3	20.0
NAV	(7.5)	3.4	14.1	27.5	11.0
Reference Index	(18.6)	(7.6)	4.5	18.5	(0.8)

Source: Thomson Reuters Datastream, capital returns. The percentage growth figures above are calculated over periods on a mid to mid basis.

Past performance is not a guide to future results.

#### 1 Year Premium/Discount Chart (%)



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#### Morningstar Rating™



<sup>B</sup> Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

#### Twenty largest equity holdings (%)

Gamma Communications	5.0
Hilton Food	3.9
Kainos	3.8
Cranswick	3.7
Games Workshop	3.7
Marshall's	3.6
Diploma	3.6
Future	3.2
XP Power	3.1
RWS	3.0
Safestore	3.0
Greggs	2.8
GB Group	2.8
Team17	2.6
Globaldata	2.4
First Derivatives	2.3
Trainline	2.2
Hill & Smith	2.2
Workspace	2.1
Midwich	2.0
<b>Total</b>	<b>61.0</b>

#### Sector allocation (%)

Industrials	29.2
Consumer Goods	17.4
Financials	14.3
Consumer Services	13.9
Technology	10.4
Telecoms	6.6
Healthcare	2.4
Cash & Other	5.8
<b>Total</b>	<b>100.0</b>

All sources (unless indicated):  
Aberdeen Standard Investments; 30 April 2020.

Private investors 0808 500 0040  
Institutional investors  
InvestmentTrustInvestorRelations-UK  
[@aberdienstandard.com](mailto:@aberdienstandard.com)  
+44 (0)20 7463 5971 | +44 (0)13 1222 1863

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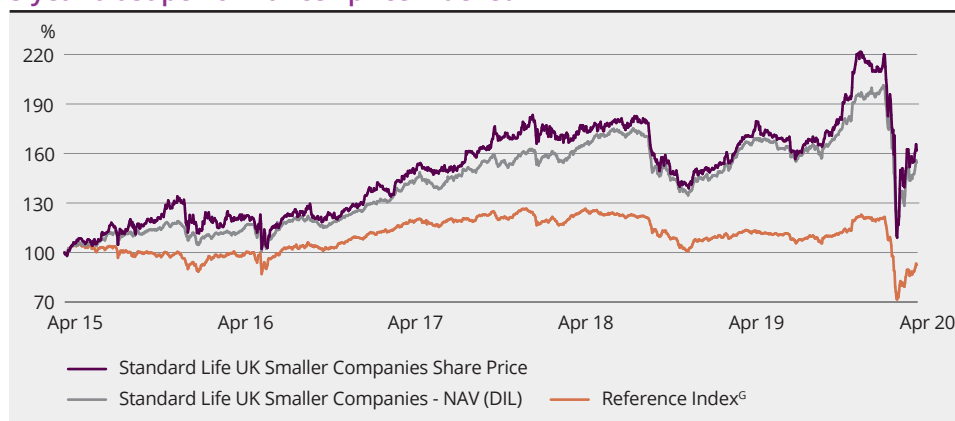
## Investment Trust

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### Ten largest positions relative to the reference index (%)

Overweight Stocks	Portfolio	Benchmark	Relative
Gamma Communications	5.0	0.7	4.3
Games Workshop	3.7	-	3.7
Cranswick	3.7	-	3.7
Diploma	3.6	-	3.6
Marshalls	3.6	-	3.6
Hilton Food Group	3.9	0.5	3.4
Kainos	3.8	0.5	3.3
Safestore	3.0	-	3.0
RWS Holdings	3.0	-	3.0
Greggs	2.8	-	2.8

### 5 year trust performance - price indexed



Source: Thomson Reuters Datastream.

### Fund managers' report

#### Market review

Following the collapse of equity markets in March, UK shares rebounded in April. However, energy stocks continued to lag as the price of crude oil dropped into negative territory for the first time in history. While extreme volatility characterised the month, it abated as the weeks passed. Equity prices rose as some countries showed signs of getting on top of the spread of Covid-19. Decisive action by governments and central banks to limit economic damage supported investor sentiment. That said, sentiment soured towards the end of the month as US-China tension flared once again.

#### Performance

The Trust rebounded strongly following a challenging March.

Games Workshop performed well. Its direct online sales and trade mean its profits are fairly resilient. Furthermore, the lockdown should continue to drive consumers to look for at-home activities, with Games Workshop a beneficiary. A position in Gamma Communications boosted the Trust's returns. The company confirmed that its Gamma

### Fund managers' report continues overleaf

### Key information

#### Calendar

Accounts Published	August
Annual General Meeting	October
Launch Date	1993
Dividends Paid	April/October

#### Trust information

Fund Manager	Harry Nimmo
Gross Assets	£525.5 million
Borrowing	£25.0 million
Market Capitalisation	£465.0 million
Share Price	464.5p
Net Asset Value <sup>c</sup>	497.6p
(Discount)/Premium	(6.6)%
12 Month High	5.0%
12 Month Low	(16.0)%
Net yield	1.9%
Current Equity Net Gearing The levels of gearing and yield change on a daily basis.	(0.6)%
Trust Annual Management Fee	0.85% on Net Assets up to £250m, 0.65% on Net Assets between £250m and £550m and 0.55% on Net Assets over £550m
Ongoing Charges	0.90%
Active Share percentage <sup>d</sup>	87.4%

#### Composition by market capitalisation (Ex Cash) (%)

Numis Smaller Companies plus AIM (ex investment companies)	60.0
FTSE 250 <sup>e</sup>	30.5
FTSE AIM <sup>f</sup>	4.9
FTSE 100	4.7
Other	-
<b>Total</b>	<b>100.0</b>

<sup>c</sup> Net Asset Value including income.

<sup>d</sup> The 'Active Share' percentage is a measure used to describe what portion of the portfolio's holdings differ from the reference index holdings.

<sup>e</sup> FTSE 250 are mid cap holdings that are above the threshold for Numis Smaller Companies holdings.

<sup>f</sup> AIM holdings that are not included in the Numis Smaller Companies plus AIM index.

<sup>g</sup> Reference Index is the Numis Smaller Companies (ex Investment Companies) Index up to 31 December 2017, and the Numis Smaller Companies plus AIM (excluding Investment Companies) Index thereafter.

Receive the factsheet by email as soon as it is available by registering at [www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)  
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### Fund managers' report – continued

Ethernet and SIP Trunk products are growing strongly during lockdown. Meanwhile, Alpha FMC found its shares in demand after it issued a positive trading update, confirming a minimal impact of Covid-19 on its revenues.

The three major negatives – Hilton Foods, Cranswick and Team17 – were all victims of previous successes, with investors locking in profits following strong runs by each. Hilton and Cranswick are food producers, while Team17 is a video games developer. The last of these was also boosted by a private equity placing.

#### Activity

There were no major buys or sells over the period.

#### Outlook

We believe there will be many twists and turns ahead for markets. There is huge uncertainty about how we come out of lockdown, the path of economic growth, unemployment, consumer confidence and the potential structural changes to the way we live. For many businesses, the road to full operational recovery is unclear. This includes issues around efficiency, productivity, and cost base. How the government unwinds its emergency programmes such as the furlough scheme will also be critical to the outlook.

We think we could be facing an elongated period of weak economic growth, and a slow recovery back to pre-Covid-19 levels.

Through our investment process, we focus on quality, growth and momentum. This means selecting companies with robust balance sheets, good liquidity and strong management teams. Those that are nimble, have many avenues to growth and are not fully reliant on macroeconomic drivers are also favoured. These factors will be critical if businesses are to succeed and also for the market to have confidence in individual firms. That said, we may see periods of investor optimism, where value stocks recover. However, we believe these will be short-lived in a world of low growth and high volatility.

#### AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

#### Capital structure

Ordinary shares	100,099,771
Treasury shares	4,064,651

#### Allocation of management fees and finance costs

Capital	75%
Revenue	25%

#### Trading details

Reuters/Epic/:	SLS.L
Bloomberg code:	SLS:LN
ISIN code	GB0002959582
Sedol code	0295958
Stockbrokers	WINS Investment Trusts
Market makers	CANT, JPMS, NUMS, PEEL, WINS

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Standard Life UK Smaller Companies Trust plc ('the Company') currently conducts its affairs so that securities issued by it can be recommended by financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are securities in a UK listed investment trust.

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Investors should review the relevant Key Information Document (KID) prior to making an investment decision. These can be obtained free of charge from [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com) or by writing to Aberdeen Standard Investments, 1 George Street, Edinburgh EH2 2LL.

Past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

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Standard Life Investments Limited acts as Investment Manager for Standard Life Assurance Limited and Standard Life Pension Funds Limited.

Standard Life Assurance Limited is registered in Scotland (SC286833) at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.

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