



Aberforth Smaller Companies Trust plc

Monthly Factsheet

31 May 2021

Fund structure

The Fund is an investment trust – a type of investment company/collective investment fund – with a Premium share listing on the Main Market of the London Stock Exchange.

Manager: Aberforth Partners

The Fund is managed by Aberforth's investment team of seven fund managers:

| | |
|------------------|----------------|
| Sam Ford | Jeremy Hall |
| Sonya Kim | Euan Macdonald |
| Keith Muir | Peter Shaw |
| Christopher Watt | |

Further information on the investment team is available at www.aberforth.co.uk.

Benchmark: NSCI (XIC)

The Fund's benchmark and primary investment universe is the Numis Smaller Companies Index (excluding Investment Companies). This index is rebalanced every January and its profile at the date of this Factsheet was:

| | |
|---|--------|
| Number of companies | 325 |
| Total market value | £166bn |
| Largest constituent | £3.8bn |
| Largest constituent if index rebalanced at Factsheet date | £1.6bn |

Key Fund information

| | |
|----------------------------|------------|
| Total investments | £1,586m |
| Number of investments | 81 |
| Active share | 74.0% |
| Gearing - bank debt in use | £77m |
| Net gearing/(liquidity) | 4.7% |
| Total net assets | £1,515m |
| Ordinary shares in issue | 88,723,066 |
| NAV | 1,707.78p |
| Share price | 1,522.00p |
| Discount/(premium) | 10.9% |
| Market value | £1,350m |
| Launch date | 10 Dec 90 |
| Next year-end | 31 Dec 21 |

Fees & charges

| | |
|--|-------|
| Management fee* (12m to 31 Dec 20) | 0.74% |
| Performance fee | None |
| Ongoing charges (at 31 Dec 20 & includes Management fee) | 0.81% |

* Further details of the Management fee are available at www.aberforth.co.uk.

Yield & dividends

| | |
|-----------------------------------|--------|
| Yield | 2.2% |
| Interim dividend (paid 28 Aug 20) | 10.40p |
| Final dividend (paid 9 Mar 21) | 22.90p |

Objective

The Fund's objective is to achieve a total return greater than that of the NSCI (XIC) over the long term by investing in a diversified portfolio of small UK quoted companies.

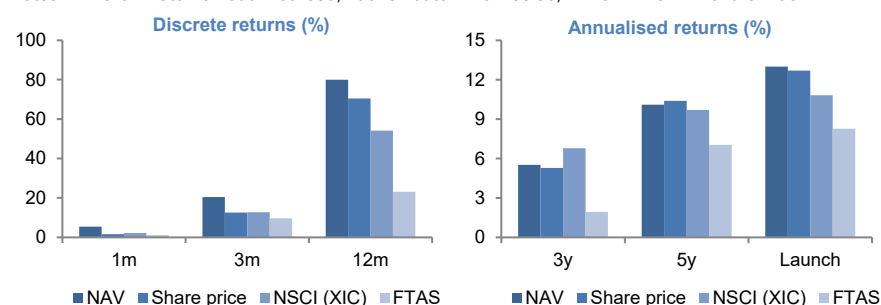
Investment style: Value

Aberforth are value investors who buy shares in companies that they calculate to be selling below their intrinsic value. This is determined through detailed financial and industrial analysis, combined with a valuation approach that focuses on both stockmarket and corporate worth.

Investment performance (annualised total returns)

| Growth (%) | 1m | 3m | 12m | 3y | 5y | Launch |
|-------------|-----|------|------|-----|------|--------|
| NAV | 5.4 | 20.4 | 80.0 | 5.5 | 10.1 | 13.0 |
| Share price | 1.6 | 12.6 | 70.4 | 5.3 | 10.4 | 12.7 |
| NSCI (XIC) | 2.1 | 12.7 | 54.1 | 6.8 | 9.7 | 10.8 |
| FTAS | 1.1 | 9.6 | 23.1 | 1.9 | 7.0 | 8.3 |

Notes: 1m & 3m returns not annualised; Launch date = 10 Dec 90; FTAS = FTSE All-Share Index.



Monthly investment commentary: May

Global equities rose for a fourth straight month in May. Economies continue their recovery as variant virus strains have yet to evade the efficacy of vaccines. The FTSE All-Share gain of 1.1% was eclipsed by the performance of small UK quoted companies as the NSCI (XIC) rose by 2.1%. In addition to the size premium, it was a further month in which the value style led the way. These tailwinds were beneficial for the performance of the Fund, whose return was 5.4%.

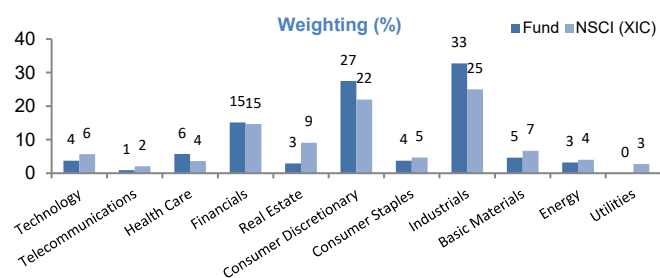
Overseas interest in the UK has continued to build, in response to reduced Brexit uncertainty and to the vaccine roll-out's impetus on economic recovery. Among the best performing holdings in the month were **Spire Healthcare** and **Vectura**. They were subject to respective agreed bids from Australia-based Ramsay Health Care and US private equity firm, Carlyle. Separately, the value of the holding in aerospace engineer **Senior** rose sharply on the revelation of a third approach for the business from Lone Star, another US private equity firm. These examples highlight the risks and opportunities facing small UK quoted companies, as stockmarket investors, corporates and private equity re-engage with British assets that remain lowly valued in the international context. Given these low valuations, it may be the case that standard takeover premiums are insufficient to persuade shareholders to cede control.

In a month of increased corporate activity, however, not all updates were helpful for performance. The share price of **Card Factory**, a holding in the retail sector, fell after the announcement of a 'best efforts' £70 million equity raise as part of a broader refinancing with its lenders. Additional equity promises to help the company in a good position to benefit from re-opening and to invest in its online offering. Elsewhere, the influence of creditors was also evident at **C&C**, a holding in the beverages sector. Its share price weakened in response to the launch of a rights issue to refinance credit facilities and reduce leverage. Notwithstanding these developments, the portfolio has experienced less equity issuance throughout the pandemic than was initially envisaged – small UK quoted companies have, once again, proved their resilience in a challenging environment.

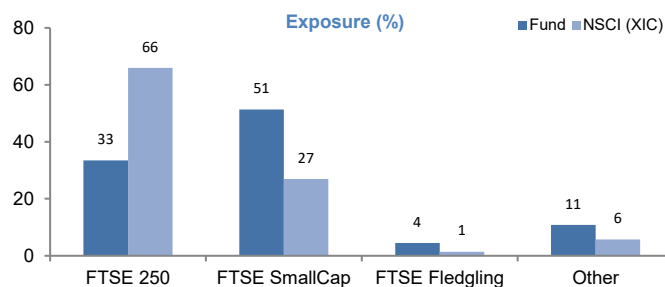
Top 10 equity investments

| Name | Activity | % |
|----------------------------------|--|-----|
| Reach | UK newspaper publisher | 4.0 |
| Wincanton | Logistics | 2.7 |
| SIG | Specialist building products distributor | 2.7 |
| Redde Northgate | Van rental | 2.5 |
| Vitec Group | Photographic & broadcast accessories | 2.4 |
| TI Fluid Systems | Automotive parts manufacturer | 2.4 |
| Morgan Advanced Materials | Manufacture of carbon & ceramic materials | 2.3 |
| Just Group | Individually underwritten annuities | 2.3 |
| Vectura Group | Inhaled pharmaceuticals - respiratory specialism | 2.2 |
| Robert Walters | Recruitment | 2.2 |

Sector exposure



Size exposure



Gearing

The Fund has a bank debt facility of £130m available for use as gearing by the Manager at any time. The net gearing/(liquidity) figure shown in the Key Fund information section indicates the percentage by which the total value of investments exceeds the total net assets.

Continuation vote & share buy-backs

The continuation of the Fund is voted on by shareholders at every 3rd AGM. The next vote will occur at the AGM in March 2023.

The Fund operates a share buy-back policy. A list of the buy-back transactions during the last 5 years is available at www.aberforth.co.uk.

Data sources & calculations

All data supplied by Aberforth, except NSCI (XIC) data (from Numis/Paul Marsh and Elroy Dimson – London Business School) and FTSE data (from FTSE International Limited).

Performance returns are total returns after all expenses and assume reinvestment of dividends. Yield is based on the Fund's trailing 12 months' dividends (excluding Specials). Active share is a measure of how the Fund's portfolio differs from the NSCI (XIC). Small companies are represented by the NSCI (XIC). Large companies are represented by the FTAS.

Risk warnings

COVID-19 virus – in the context of market price risk, please note the exceptional circumstances arising from the COVID-19 pandemic and the responses to it. These have profoundly affected macro-economic activity, the operations of companies around the world and their stockmarket valuations. Aberforth Partners LLP and the Directors of Aberforth Smaller Companies Trust plc are closely monitoring market developments as the impact of the pandemic progresses.

Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested. Past performance is not a guide to future performance, nor a reliable indicator of future results or performance.

Investments in shares of smaller companies are generally considered to carry a higher degree of risk as the market for their shares may be less liquid than that for shares of larger companies, making shares of smaller companies more difficult to buy and sell.

The performance of shares of smaller companies may be more volatile than the shares of larger companies over short time periods; therefore investors should regard such investments as long term.

There can be no guarantee that the investment objective of the Fund will be achieved or provide the returns sought by the Fund.

An investment in the Fund is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from such an investment (which may be equal to the whole amount invested). Such an investment should be regarded as long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.

An investment trust is a public limited company, the shares of which are traded on the main market of the London Stock Exchange. Accordingly, the ability of shareholders to sell their shares will be dependent on the market price of the shares. The shares may trade at a discount or premium to their net asset value.

Investment trusts may borrow money in order to make further investments. This is known as gearing. The effect of gearing can enhance returns to shareholders in rising markets but will have the opposite effect on returns in falling markets.

Aberforth Partners LLP does not provide retail investors with investment advice.

This document has been issued for information purposes only. It does not contain any investment recommendations or an invitation to invest in the Fund. Investors should seek advice from an authorised financial adviser prior to making investment decisions.

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Security codes & other information

| Ordinary shares of 1p | Other information |
|-----------------------|---------------------------|
| SEDOL: 0006655 | Launched: 10 Dec 90 |
| ISIN: GB0000066554 | Next year-end: 31 Dec 21 |
| TIDM: ASL | LEI: 213800GZ9WC73A92Q326 |

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