

# Aviva Investors UK Smaller Companies Fund

## Quarterly summary for the three months to 31 March 2024



REPRESENTATIVE SHARE CLASS  
GB0004457312

SHARE CLASS INCEPTION DATE  
28/04/1989

FUND SIZE  
GBP 28.29m

### Fund overview

**Objective:** To grow your investment over the long term (5 years or more).  
Fund's performance not available between inception date and 30th September 2001.

### Summary

Fund managers **Trevor Green** since 01/2014  
**Charlotte Meyrick** since 05/2017

Performance benchmark **FTSE Small Cap Ex Invest Trust TR**  
**GBP**

### Quarter in review

The FTSE SmallCap ex Investment Trusts Index fell mildly over the quarter, partly due to profit-taking after a strong rally in small caps in the final months of 2024, while the lack of investor flows into the asset class remained a headwind. The fund produced a mildly negative return but outperformed the benchmark index over the quarter.

### Looking ahead

UK equities continue to offer value. We expect the recession in the UK to be short-lived and forecast some growth in the first quarter of this year.

### Quarter in review

The FTSE SmallCap ex Investment Trusts Index fell mildly over the quarter, partly due to profit-taking after a strong rally in small caps in the final months of 2024, while the lack of investor flows into the asset class remained a headwind. Worries about the still fragile nature of the UK's domestic economy kept small-cap shares – mostly dependent on UK economic trends – subdued. Additionally, interest-rate cuts appear to have been postponed until later in the year.

The fund produced a mildly negative return but outperformed the benchmark index over the quarter. The superior relative returns were driven by sector allocation, notably the overweighting of technology and underweighting of real estate. Stock selection had a negative effect. While it contributed positively in consumer discretionary, it was notably weak in industrials.

At the stock level, Next Fifteen Communications performed strongly owing to a positive management update that included news of two significant client wins in Uber and Asda. Eagle Eye Solutions did well as it announced more international contract wins, validating its software offering. The company launched its 'EagleAI' tool, which is an artificial intelligence-powered data science solution. Shares in PPHE Hotel Group rallied on positive earnings guidance for the full year and as it highlighted the extensive development pipeline coming on stream over the next few years. On the negative side, Alpha Financial Markets Consulting detracted as it reported that the global consulting market remains competitive and utilisation rates are yet to recover. Not owning shares in Wincanton also weighed on returns as the company was subject to a takeover bid.

### Calendar year returns

	2019	2020	2021	2022	2023
Fund gross	29.70%	10.96%	32.57%	-25.47%	-6.02%
Fund net	28.36%	9.81%	31.21%	-26.24%	-6.99%
Benchmark	17.68%	1.65%	31.26%	-17.31%	10.37%
	2014	2015	2016	2017	2018
Fund gross	-1.19%	17.14%	0.07%	24.73%	-10.55%
Fund net	-2.58%	15.49%	-1.30%	23.07%	-11.47%
Benchmark	-2.68%	12.99%	12.54%	15.61%	-13.80%

### Past performance is not a guide to future performance.

Performance shown is for the representative share class, for details of other share classes please refer to the specific factsheet. Performance basis: Mid to mid, in the share class currency, net of tax payable by the Fund with income reinvested. Net figures are net of ongoing charges and fees. Net and Gross performance does not include the effect of any exit or entry charge. The Fund's performance is compared against the FTSE Small Cap ex Investment Trusts Index.

### Looking ahead

UK equities continue to offer value as investors apply a discount to the market owing to relative economic weakness and political instability in the UK. In our view, the valuation of the market is attractive relative to both its history and overseas markets.

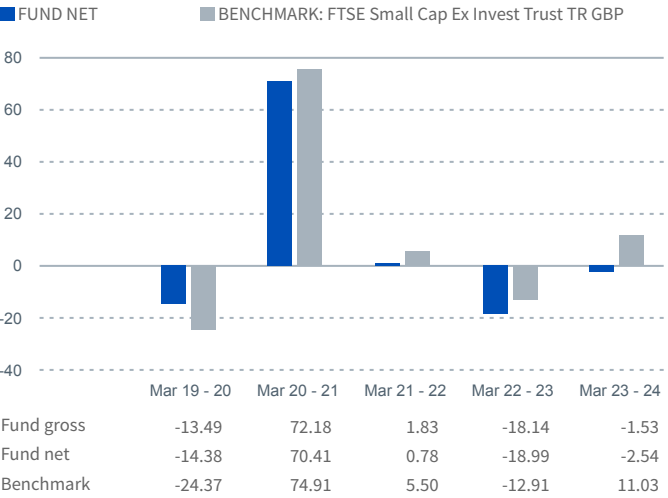
The UK and global markets have been driven by hopes that interest rates have peaked and are heading lower in 2024. Recent statements from the major western central banks suggest that policymakers have become more confident about cutting interest rates from around mid-year. The global economic outlook has brightened a little, although there remains a gulf between the economic performance in the US and elsewhere. While the UK economy fell into a technical recession in the final quarter of 2023, we expect this to be short-lived and forecast some growth in the first quarter of this year.

Geopolitical issues (especially the conflicts in Israel and Ukraine) remain an ongoing and significant risk to equity markets and could easily flare up at any time, causing share prices to fall.

Overall, we believe that small-cap equities offer investors the potential for compelling capital growth, with plentiful opportunities at the stock level.

# Aviva Investors UK Smaller Companies Fund Quarterly summary March 2024

## Rolling annual net performance (%)



## Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	YTD	1Y	5Y	10Y	Since Inception
Fund gross	1.26	-0.23	4.46	-0.23	-1.53	4.10	5.49	-
Fund net	1.17	-0.49	3.92	-0.49	-2.54	3.03	4.27	-
Benchmark	2.70	-0.99	5.44	-0.99	11.03	6.18	5.54	7.08

## Tracking error (%)\*

	Mar 19 - 20	Mar 20 - 21	Mar 21 - 22	Mar 22 - 23	Mar 23 - 24
Fund net	7.95	14.27	7.39	5.61	7.16

## Past performance is not a guide to future performance.

Basis of performance is described on page 1.

\*The Fund is expected to have an average yearly tracking error of between 3% and 8% when compared to the FTSE Small Cap ex Investment Trusts index.

## Fund targets

The Index has been selected as a benchmark for performance and risk measurement because it is representative of the type of companies in which the Fund is likely to invest, and the Fund will not invest in investment trusts. It is therefore an appropriate comparator for the Fund's performance.

## Fund risks

### Investment Risk

The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

### Smaller Companies Risk

Investments in small and mid-sized companies can be volatile and harder to sell than large companies.

### Illiquid Securities Risk

Certain assets held in the Fund could be hard to value or to sell at a desired time or at a price considered to be fair (especially in large quantities), and as a result their prices could be very volatile.

## Important information

### THIS IS A MARKETING COMMUNICATION

The source for all performance, portfolio and fund breakdown data is Morningstar unless indicated otherwise. All data is as at the date of the Factsheet, unless indicated otherwise.

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For further information please read the latest Key Investor Information Document and Supplementary Information Document. The Prospectus and the annual and interim reports are also available on request. Copies in English can be obtained, free of charge from Aviva Investors, PO Box 10410, Chelmsford CM99 2AY. You can also download copies at [www.avivainvestors.com](http://www.avivainvestors.com)

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