

Investment objective

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

Benchmark

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

Cumulative total returns (%)

	as at 31/08/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	516.0p	(3.0)	2.2	18.0	27.4	(29.1)	19.5
NAV	589.5p	(1.6)	3.3	18.9	25.3	(24.8)	24.8
Reference Index ^A		(1.2)	1.3	13.2	14.6	(14.1)	26.4

Discrete performance (%)

	31/08/24	31/08/23	31/08/22	31/08/21	31/08/20
Share Price	27.4	(11.8)	(36.9)	47.4	14.3
NAV	25.3	(8.1)	(34.8)	46.3	13.4
Reference Index ^A	14.6	(3.2)	(22.6)	47.6	(0.2)

Source: Workspace Datastream, total returns. The percentage growth figures above are calculated over periods on a mid to mid basis. NAV total returns are on a cum-income basis.

Past performance is not a guide to future results.

Ten largest positions relative to the reference index (%)

Overweight Stocks	Portfolio	Benchmark	Relative
Diploma	4.0	-	4.0
Cranswick	3.6	-	3.6
XPS Pensions	3.5	0.3	3.2
JTC	4.0	0.8	3.2
Hill & Smith	3.9	0.8	3.1
Hilton Food	3.5	0.4	3.1
Ashtead Technology	3.2	0.3	2.9
Morgan Sindall	3.4	0.6	2.8
Volution	3.1	0.5	2.6
Paragon Banking	3.3	0.8	2.5

^A Reference Index has been the Deutsche Numis Smaller Companies plus AIM ex Investment Companies Index since 31st December 2017 and the Deutsche Numis Smaller Companies ex Investment Companies Index prior to that date.
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Morningstar Analyst Rating™



^B Morningstar Analyst Rating™
 Morningstar analysts assign the ratings globally on a five-tier scale with three positive ratings of Gold, Silver and Bronze.

Morningstar Sustainability Rating™



Morningstar Rating™



^B 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 (%)

JTC	4.0
Diploma	4.0
Hill & Smith	3.9
Cranswick	3.6
Hilton Food	3.5
XPS Pensions	3.5
Morgan Sindall	3.4
Paragon Banking	3.3
Ashtead Technology	3.2
Volution	3.1
AJ Bell	2.9
Gamma	2.6
Hunting	2.6
Hollywood Bowl	2.6
Coats	2.6
Jet2	2.4
Sirius Real Estate	2.4
4imprint	2.3
Mortgage Advice Bureau	2.3
Alpha	2.2
Total	60.5

Total number of investments 49

All sources (unless indicated): abrdrn: 31 August 2024.

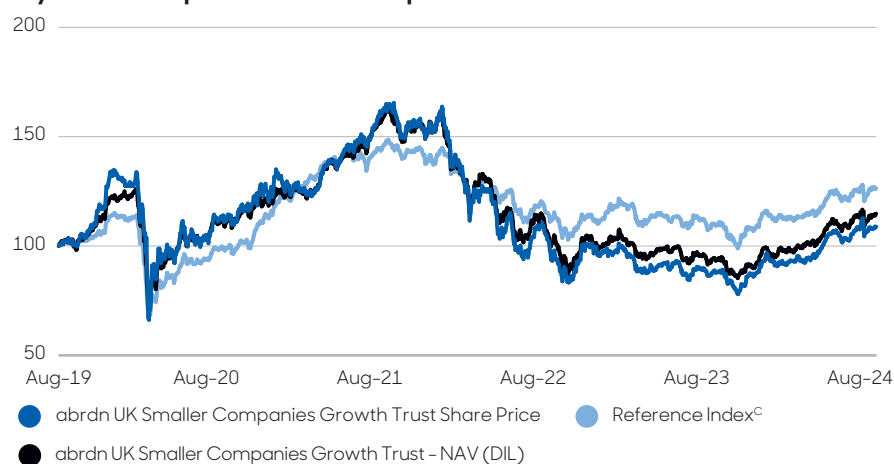


abrdrn UK Smaller Companies Growth Trust plc

1 Year Premium/Discount Chart (%)



5 year trust performance - price indexed



Fund managers' report

Market review

UK equities had a mixed month in August and largely underperformed other major markets. Global share prices fell sharply at the start of the month after disappointing economic data in the US raised recession fears and drove a decline in bond yields. However, markets quickly recovered most of these early losses. In the UK, falls in oil prices over the month led to weakness in the energy sector, while the prospect of interest rate cuts in the US caused sterling to strengthen against the dollar, putting London-listed stocks under further pressure. The FTSE 100 returned 0.8%, but the more domestically focused FTSE 250 fell 2.0% as expectations of multiple UK rate cuts before the end of 2024 receded. The FTSE Small Cap Index, meanwhile, declined 0.1%.

In economic news, the Bank of England cut the base rate by 0.25% at the start of August, its first reduction since the start of the Covid-19 pandemic in 2020. The UK Consumer Prices Index came in at 2.2% in July, the first rise in

Fund managers' report continues overleaf

^c Reference Index is the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

^d Net Asset Value including income.

^e Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

^f Expressed as a percentage of average daily net assets for the year ended 30 June 2024. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

^g The 'Active Share' percentage is a measure used to describe what portion of the portfolio's holdings differ from the reference index holdings.

Sector allocation (%)

Industrials	23.6
Financials	21.4
Consumer Discretionary	18.4
Consumer Staples	9.2
Energy	5.9
Basic Materials	4.8
Technology	4.3
Telecommunications	4.1
Real Estate	3.4
Health Care	1.5
Cash	3.5
Total	100.0

Key information

Calendar

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

Trust information

Fund Manager	Abby Glennie / Amanda Yeaman
Gross Assets	£475.7 million
Borrowing	£40.0 million
Market Capitalisation	£381.4 million
Share Price	516.0p
Net Asset Value ^d	589.4p
(Discount)/Premium	(12.5)%
12 Month High	(9.5)%
12 Month Low	(16.5)%
Net yield	2.3%
Net cash/(gearing) ^e	(5.3)%
Trust Annual Management Fee	0.75% on Net Assets up to £175m, 0.65% on Net Assets between £175m and £550m and 0.55% on Net Assets over £550m
Ongoing Charges ^f	0.92%
Active Share percentage ^g	81.2%

AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

abrdn UK Smaller Companies Growth Trust plc

Fund managers' report – continued

the rate of inflation in 2024 but a smaller increase than analysts had expected given strong recent economic growth. Official data indicated UK GDP had expanded in the second quarter of the year as a result of strong performance in the services sector. More up-to-date figures showed a further expansion of private-sector activity in August, with hiring rates at their highest level in more than a year. The new Labour government warned of challenges in the UK's public finances, and a number of tax increases are expected to be announced in the autumn Budget.

Performance

The Trust's net asset value total return on an ex-income basis declined during the month and it narrowly underperformed its benchmark. The holding in Ashtead Technology was the main detractor from returns, with the shares falling despite a lack of company-specific news. However, the underlying growth in customer backlogs remains supportive and there is the potential for earnings upgrades later in the year. Mortgage Advice Bureau shares declined but we believe the firm's outlook is strong, with the potential to build market share. Hill & Smith detracted despite publishing solid earnings figures for the first half of the year. This remains a key conviction position for the Trust, particularly in light of the supportive US infrastructure spending environment.

On the positive side, the holding in Hilton Food Group advanced after some of the firm's larger customers reported positive trading as inflation eases. Morgan Sindall Group gained after the company issued strong results led by success in the fit out division. The news drove further upgrades and supported an increase in the dividend. Coats Group shares rose after the company published reassuring results. Investors appear increasingly comfortable that Coats has come through the destocking cycle in its end markets, and continues to build market share, especially through product innovation in the sustainable threads category.

Activity

The Trust exited the position in Big Technologies during the month. The company's earnings momentum has slowed and there has been disappointment at its failure to win major contracts. We reduced the holdings in GlobalData, JTC and Hill & Smith in order to control the position sizes following recent gains. We also topped up the Trust's holdings in Paragon Banking Group, AJ Bell, Trustpilot Group, Alpha Group International, Coats Group and Clarkson. All are trading well and producing positive scores on our Matrix screening tool.

Outlook

August was a more unsettled market for equities globally, though share prices recovered well following the initial sharp sell-off. Economic and political challenges remain the key sources of uncertainty, with investors fearing that a slowdown in growth in the US as well as the forthcoming presidential election could lead to heightened volatility. Domestically, while economic and employment data looks solid and sterling remains strong, there are concerns relating to potential tax increases in the October Budget.

We continue to see a strong earnings growth outlook in the UK small- and mid-cap space, with healthy double-digit projections across the FTSE 250 far exceeding the forecasts for limited growth in the FTSE 100. Investor appetite for UK stocks remains healthy, though flows to the sector have eased off after a small recovery from historic lows earlier in the year. We hope inflows will gather momentum as markets gain more confidence. Valuations remain attractive, especially in the face of the earnings growth forecast, and bid activity continues to play an important role in the UK market. Lastly, we reiterate our belief that the start of the rate-cutting cycle should be a further positive catalyst for smaller companies.

^HFTSE 250 are mid cap holdings that are above market cap to qualify to be included in the Deutsche Numis Smaller Companies Index.

^IAIM holdings that are not included in the Deutsche Numis Smaller Companies plus AIM (ex Investment Companies) Index.

Important information overleaf

Composition by market capitalisation (Ex Cash) (%)

Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index	84.9
FTSE 250 ^H	5.7
FTSE 100	4.1
FTSE AIM ^I	2.5
Other	2.9
Total	100.0

Capital structure

Ordinary shares	73,920,872
Treasury shares	30,243,550

Allocation of management fees and finance costs

Capital	75%
Revenue	25%

Trading details

Reuters/Epic/Bloomberg code	AUSC
ISIN code	GB0002959582
Sedol code	0295958
Stockbrokers	WINS Investment Trusts
Market makers	INV, JEFF, JPMS, NUMS, PEEL, SING, SCAP, WINS



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.abrdn.com/trustupdates or www.abrdn.com/AUSC



Contact

Private investors
trusts@abrdn.com

Institutional Investors
InvestmentTrustInvestorRelations-UK@abrdn.com

Ben Heatley
Head of Closed End Fund Sales
Ben.Heatley@abrdn.com

Important information

Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- The Alternative Investment Market (AIM) is a flexible, international market that offers small and growing companies the benefits of trading on a world-class public market within a regulatory environment designed specifically for them. AIM is owned and operated by the London Stock Exchange. Companies that trade on AIM may be harder to buy and sell than larger companies and their share prices may move up and down very sharply because they have lower trading volumes and also because of the nature of the companies themselves. In times of economic difficulty, companies listed on AIM could fail altogether and you could lose all your money.
- The Company invests in smaller companies which are likely to carry a higher degree of risk than larger companies.
- Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.

Other important information:

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