



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

31 May 2014

### Fund structure

The Fund is an investment trust – a type of investment company, or 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 5 fund managers:

Andy Bamford	Euan Macdonald
Keith Muir	Richard Newbery
Alistair Whyte	

Further information on the investment team is available at [www.aberforth.co.uk](http://www.aberforth.co.uk).

### Benchmark: NSCI (XIC)

The Fund's benchmark is the Numis Smaller Companies Index (excluding Investment Companies). This is rebalanced every January and the current profile is:

Number of companies	360
Total market value	£163bn
Largest constituent	£1.7bn
Largest constituent (if rebalanced at Factsheet date)	£1.4bn

### Key Fund information

Total investments	£1,176m
Number of investments	98
Gearing - bank loan	£35m
Net gearing	2.5%
Total net assets	£1,147m
Ordinary shares in issue	95,382,792
NAV	1,202.32p
Share price	1,129.00p
Discount/(premium)	6.1%
Market value	£1,077m
Launch date	10 Dec 90
Next year-end	31 Dec 14

### Fees & charges

Management fee* (12m to 31 Dec 13)	0.74%
Performance fee	None
Ongoing charges (at 31 Dec 13 & includes Management fee)	0.79%

\* Details of the Management fee structure are available at [www.aberforth.co.uk](http://www.aberforth.co.uk).

### Yield & dividends

Yield	2.1%
1 <sup>st</sup> interim dividend (paid 22 Aug 13)	7.35p
Final dividend (paid 6 Mar 14)	16.15p

### Objective

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

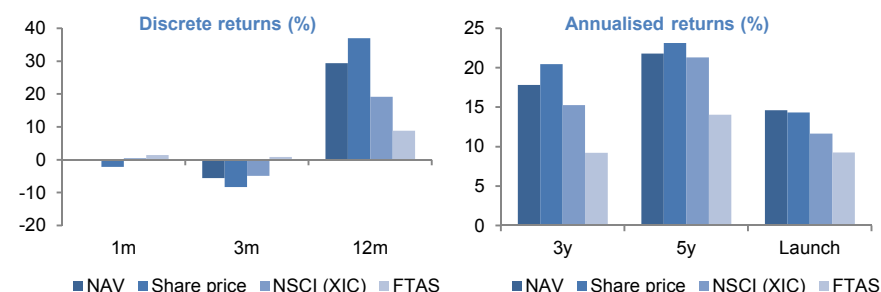
### Investment style: Value

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	-0.1	-5.6	29.4	17.8	21.8	14.6
Share price	-2.2	-8.4	37.0	20.5	23.1	14.3
NSCI (XIC)	0.5	-4.9	19.1	15.3	21.3	11.6
FTAS	1.4	0.9	8.9	9.2	14.0	9.2

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



### Investment commentary

The FTSE All-Share made further modest progress over the month and its return exceeded that of the benchmark – so continuing the recent trend of large companies outperforming small. This outcome obscures significant intra-month volatility, particularly in the FTSE 250, representative of mid cap companies, which declined sharply before rallying towards the end of the month.

The Fund underperformed the benchmark with its value style and overexposure to the smaller index constituents proving, in the short term, to be out of step with the market. In terms of individual companies, Go-Ahead and Vesuvius were helpful, with the former winning a significant rail franchise and the latter reversing recent underperformance. In terms of the losers, two of the previously strong contributors, JD Sports Fashion and Mecom slipped back.

May has seen a quieter period for takeover activity. However, the IPO boom has continued but lower pricing and some abandoned deals would suggest that buyers are gaining the upper hand. As has always been the case, new listings will be considered as long as they improve the overall value characteristics of the Fund and allow for the risk of buying from informed sellers.

### Top 10 investments

Name	Activity	%
JD Sports Fashion	Retailing - sports goods & clothing	3.4
QinetiQ Group	R&D and consulting services	2.8
FirstGroup	Bus & rail operator	2.6
RPC Group	Plastic packaging	2.6
Vesuvius	Metal flow engineering	2.6
Flybe Group	Airline	2.5
St. Modwen Properties	Property - investment & development	2.4
Spirit Pub Company	Managed pub operator	2.3
e2v technologies	Electronic components & subsystems	2.3
Shanks Group	Waste services	2.3

## Risk warnings

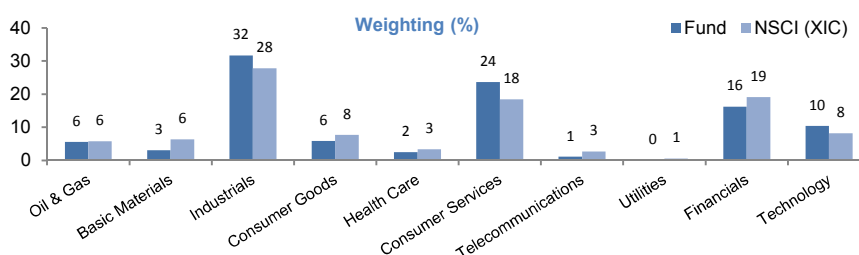
- Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested. Past performance is not a guide to future performance, nor a reliable indicator of future results or performance.
- Investments in 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 a Fund will be achieved or provide the returns sought by the Fund.
- 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.**

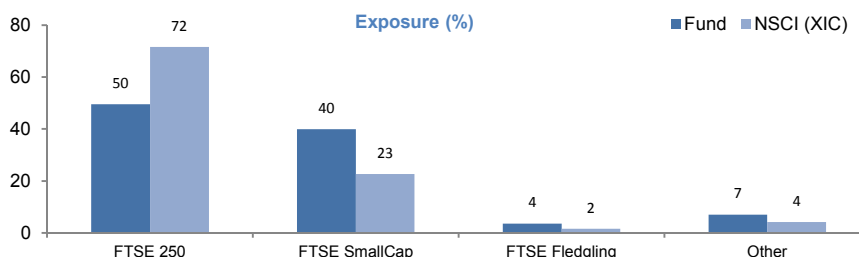
## FTSE disclosure

FTSE is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.

## Sector exposure



## Size exposure



## Gearing

The Fund has a bank debt facility of £125m available for use as gearing by the Manager at any time. The net gearing figure shown in the [Key Fund information](#) section is the percentage by which the total value of investments exceeds the total net assets.

## Continuation vote & share buy-ins

The continuation of the Fund is voted on by shareholders at every 3<sup>rd</sup> AGM. The next vote will occur at the AGM in February 2017.

The Fund operates a share buy-in policy. The total number of shares bought-in and cancelled is 3,426,996 (total cost of £20,588,589). A full history of the buy-in transactions is available at [www.aberforth.co.uk](http://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 and assume reinvestment of dividends. Yield is based on the Fund's trailing 12 months dividends. Small companies are represented by NSCI (XIC). Large companies are represented by FTAS.

## Security codes

Ordinary shares of 1p:

SEDOL: 0006655

ISIN: GB0000066554

EPIC: ASL

## Subscribe & contact

If you wish to subscribe to this Factsheet, or have any queries regarding its content, please contact Aberforth's Investor Support team:

(T) +44 131 220 0733

(F) +44 131 220 0735

(E) [investors@aberforth.co.uk](mailto:investors@aberforth.co.uk)