



# Aberforth Smaller Companies Trust plc

## Monthly Factsheet

**28 February 2015**

### 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 6 fund managers:

Andy Bamford	Euan Macdonald
Keith Muir	Richard Newbery
Alistair Whyte	Mark Williamson

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	367
Total market value	£168bn
Largest constituent	£1.5bn
Largest constituent (if rebalanced at Factsheet date)	£1.4bn

### Key Fund information

Total investments	£1,187m
Number of investments	87
Active share	76.1%
Gearing - bank loan	£0m
Net gearing	1.2%
Total net assets	£1,172m
Ordinary shares in issue	95,284,792
NAV	1,230.19p
Share price	1,095.00p
Discount/(premium)	11.0%
Market value	£1,043m
Launch date	10 Dec 90
Next year-end	31 Dec 15

### Fees & charges

Management fee* (12m to 31 Dec 14)	0.76%
Performance fee	None
Ongoing charges (at 31 Dec 14 & includes Management fee)	0.82%

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

### Yield & dividends

Yield	2.3%
1 <sup>st</sup> interim dividend (paid 28 Aug 14)	7.75p
Final dividend (payable 5 Mar 15)	17.00p

### 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.

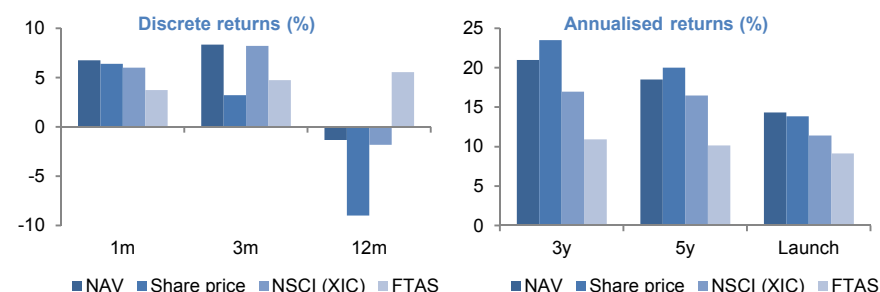
### Investment style: Value

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	6.8	8.3	-1.3	21.0	18.5	14.3
Share price	6.4	3.2	-9.0	23.5	20.0	13.8
NSCI (XIC)	6.0	8.2	-1.8	17.0	16.5	11.4
FTAS	3.7	4.7	5.6	10.9	10.1	9.2

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



### Investment commentary

February was a strong month for global equities. The FTSE All-Share participated in the global trend but its return was eclipsed by the benchmark. The portfolio outperformed the benchmark reflecting a better month for the value style reversing the experience of recent months.

In terms of individual holdings, the two largest contributors to returns were Optos and RPS. The board of Optos recommended a takeover offer from Nikon at a 30% premium; M&A activity has been a helpful feature of portfolio returns for over a year. RPS suggested in their results statement that they may be able to mitigate the impact of declining energy prices on their consultancy business, a concern which had been weighing on the share price. Surprisingly, there were no negative contributors of note.

Active share is assuming greater prominence in the funds industry. It is a measure of the difference between the construction of the portfolio and that of the benchmark: the higher the ratio, the higher the probability that the portfolio will perform out of line with the benchmark. As active managers, we believe that the potential to outperform that is reflected in high active share is crucial. However, we do not believe that a high ratio in itself is an indicator of superior performance, merely of different performance, for better or worse. Our target is to keep the ratio above 70%, with minimal assistance from holding companies outside the benchmark. Henceforth, the portfolio's active share ratio is included in the Key Fund information panel on the left.

### Top 10 investments

Name	Activity	%
JD Sports Fashion	Retailing - sports goods & clothing	3.9
Vesuvius	Metal flow engineering	3.0
e2v technologies	Electronic components & subsystems	2.9
RPC Group	Plastic packaging	2.7
Bovis Homes Group	Housebuilding	2.6
Shanks Group	Waste services	2.5
QinetiQ Group	R&D and consulting services	2.4
Optos	Medical technology - retinal imaging	2.4
Go-Ahead Group	Bus & rail operator	2.3
Tullett Prebon	Interdealer broker	2.1

## Risk warnings

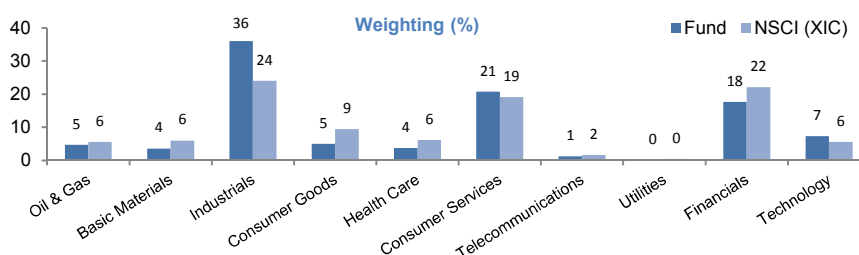
- Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested. Past performance is not a guide to future performance, nor a reliable indicator of future results or performance.
- Investments in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

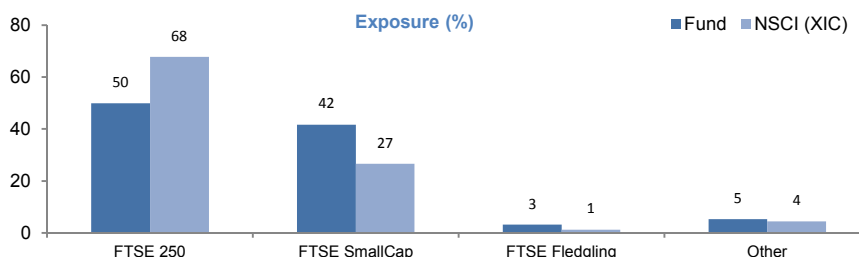
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## Sector exposure



## 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. A list of the buy-in transactions during the last 3 years 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. Active Share is a measure of how the Fund's portfolio differs from the NSCI (XIC). 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

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