

# Aberdeen Smaller Companies Income Trust PLC

## Investment Trust

Performance Data and Analytics to 31 March 2019

### Investment objective

To provide a high and growing dividend and capital growth from a portfolio invested principally in the ordinary shares of small companies and UK fixed income securities.

### Benchmark

FTSE SmallCap (ex Investment Companies) Index total return.

### Cumulative performance (%)

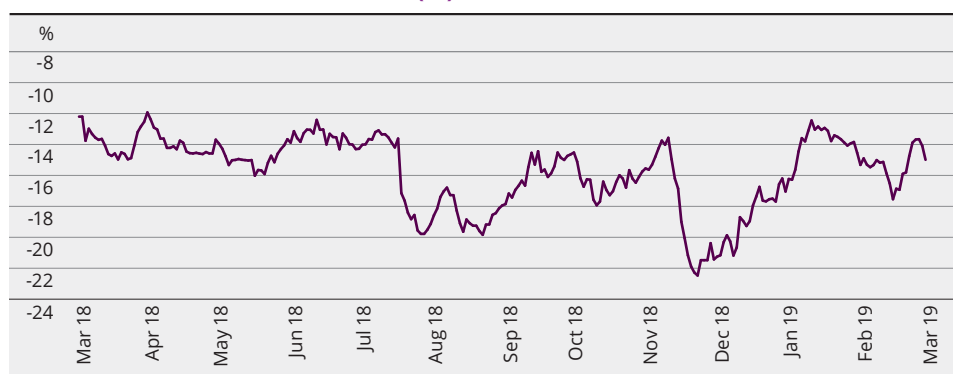
	as at 31/03/19	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	269.0p	2.1	21.1	1.7	(3.1)	53.9	41.2
NAV <sup>A</sup>	316.5p	2.6	12.0	(2.1)	(0.4)	40.7	50.4
FTSE SmallCap ex IC		0.7	5.1	(7.5)	(3.1)	18.6	27.0

### Discrete performance (%)

Year ending	31/03/19	31/03/18	31/03/17	31/03/16	31/03/15
Share Price	(3.1)	37.9	15.2	(1.3)	(7.1)
NAV <sup>A</sup>	(0.4)	20.2	17.5	2.4	4.4
FTSE SmallCap ex IC	(3.1)	2.2	19.7	5.9	1.2

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: Aberdeen Asset Managers Limited, Lipper and Morningstar. Past performance is not a guide to future results.

### 1 Year Premium/Discount Chart (%)



<sup>A</sup> Including current year revenue.

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### Morningstar Rating™



#### <sup>B</sup> 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.

### Ten largest equity holdings (%)

Aveva	4.5
Dechra Pharmaceuticals	3.6
Assura	3.5
Telecom Plus	3.4
DiscoverIE	3.3
Intermediate Capital	3.1
Hollywood Bowl	3.1
XP Power	3.1
Big Yellow	3.0
Burford	2.9
<b>Total</b>	<b>33.5</b>

### Fixed income, Convertibles and Preference share holdings (%)

Aviva 8.75%	1.7
General Accident 8.875%	1.6
Balfour Beatty 10.75%	1.2
Ecclesiastical Insurance 8.625%	1.1
Anglian Water Serv Finance 4.5% 22/02/26	0.7
SSE 3.875%	0.7
<b>Total</b>	<b>7.0</b>

### Sector allocation (%)

Financials	36.1
Industrials	24.5
Consumer Goods	9.3
Consumer Services	8.3
Technology	8.0
Health Care	5.5
Telecommunications	5.2
Basic Materials	3.1
<b>Total</b>	<b>100.0</b>

Figures may not add up due to rounding.

<b>Total number of investments</b>	<b>49</b>
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All sources (unless indicated):  
Aberdeen Asset Managers Limited 31 March 2019.

Private investors 0808 500 0040  
Institutional investors  
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Performance Data and Analytics to 31 March 2019

### Fund managers' report

UK markets showed another positive month, a continuation of the strength already seen this year. The FTSE All-Share Index was +2.7% total return in March, bringing the Index to +9.4% year to date. The FTSE Small-Cap (ex investment companies) continues to lag other UK indices this year, with March a +0.7% move. March was interesting though in that FTSE 100 led the way at +3.3%, with the FTSE Small-Cap trailing that, and FTSE 250 actually losing a bit of ground at -0.1%. Year to date, FTSE Small-Cap (ex investment companies) is now +5.1%, the lowest rise of the indices.

Brexit continued to dominate the headlines, although markets continued their strength in spite of that. The weakness in Mid Caps felt more stock specific driven, rather than specifically around concerns on Brexit. The uncertainty and timing around Brexit remains a key topic, however the continued lack of clarity has perhaps got to a stage those markets and investors are losing interest in the subject a little.

March was a key month for the fund, as it is a busy reporting period across the holdings. Encouragingly we have seen the market focus back on being driven by stock specifics, and we see this through the dominant performance of factors within our Matrix screening tool that are based on earnings growth and quality metrics. Value has not been a positive factor this year. Earnings upgrades from strong reporting have been well rewarded by stock markets, whilst we are seeing slip ups and earnings downgrades being punished, sometimes quite severely.

We exited the holding in Genus, following a disappointing meeting with management. The impact of Asian Swine Flu is likely to have a drag for the near term at the least, and with a low yield and a poor Matrix score, this holding was exited.

We started a new holding in Somero, a leading US based manufacturer of "screed" equipment for laying concrete. This stock has very attractive income dynamics, and screens well on the Matrix. They are highly cash generative, and importantly through their direct sales force they are seeing very resilient confidence from customers about end markets which should continue to drive strong demand for product. Customers generate attractive return on investment from using Somero equipment, and also a better quality end product of concrete flooring.

XP Power was a strong performer, bouncing back from recent weakness post a solid update. The market got comfort growth in their other end markets is resilient and can offset the challenges in semiconductor end markets. Dechra shares were strong with their results providing reassurance about continued sustainable growth across its different geographies. Aveva shares continued their strength with the Schneider Software merger progressing well. Victrex shares have struggled with small downgrades given their more cyclical end market exposures, whilst Abcam fell on concerns about increased investment

### Fund managers' report continues overleaf

The risks outlined overleaf relating to gearing and smaller companies are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

### Important information overleaf

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 December 2018. 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 Ongoing Charges figure can help you compare the annual operating expenses of different Companies.

<sup>d</sup> 0.75% per annum of the value of the Company's net assets.

<sup>e</sup> Calculated using the Company's historic net dividends and month end share price.

<sup>f</sup> The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

<sup>g</sup> Expressed as a percentage of total equities held divided by shareholders' funds.

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

### Key information

#### Calendar

Year end	31 December
Accounts published	March
Annual General Meeting	April
Dividend paid	January, April, July, October
Established	1992
Fund manager	Abby Glennie
Ongoing charges <sup>c</sup>	1.28%
Annual management fee <sup>d</sup>	0.75% of net assets
Premium/(Discount)	(15.0)%
Yield <sup>e</sup>	2.7%
Active share <sup>f</sup>	89.0%

#### Gearing (%)

Equities <sup>g</sup>	(0.6)
Total net <sup>h</sup>	7.2

#### AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt	£'000	%
Equities	69,665	99.4
Convertibles	954	1.4
Fixed Income	4,479	6.4
Total investments	75,098	107.2
Cash	1,940	2.8
Other net assets	-	-
Debt	(6,984)	(10.0)
Net assets	70,054	100.0

#### Capital structure

Ordinary shares	22,109,765
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#### Allocation of management fees and finance costs

Capital	70%
Revenue	30%

#### Trading details

Reuters/Epic/ Bloomberg code	ASCI
ISIN code	GB0008063728
Sedol code	0806372
Stockbrokers	WINS Investment Trusts
Market makers	CANA, CFEP, INV, JPMS, WINS

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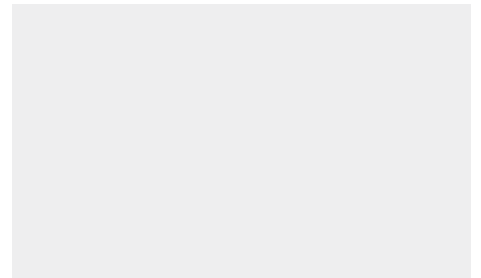
## Investment Trust

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### Fund managers' report – continued

in the business.

Markets in the UK have continued their strength this year, but underlying there remains a degree of caution, particularly with the overhang of Brexit in the UK. The market focus back on rewarding companies for strong earnings growth is encouraging for our investment process, and with further delays in Brexit likely a focus back on company specifics rather than the uncertain macro influences feels likely for some time. Our focus on quality growth business, and a strong reporting season across the portfolios holdings, positions us well in current markets.



### Important information

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

#### Risk factors you should consider prior to investing:

- The value of investments and the income from them can fall 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.
- 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.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- The Company invests in the securities of smaller companies which are likely to carry a higher degree of risk than larger companies.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.
- 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 Company's 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.
- Certain trusts may seek to invest in higher yielding securities such as bonds, which are subject to credit risk, market price risk and interest rate risk. Unlike income from a single bond, the level of income from an investment trust is not fixed and may fluctuate.
- With funds investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of shares is likely to fall, and vice versa. In addition to the interest rate risk, bond investments are also exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the redemption date). The risk of this happening is usually higher with bonds classified as 'sub-investment grade'. These may produce a higher level of income but at a higher risk than investments in 'investment grade' bonds. In turn, this may have an adverse impact on funds that invest in such bonds.
- Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.
- 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.

#### Other important information:

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