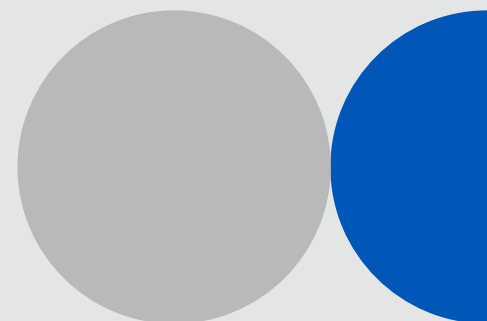




abrdn UK Smaller Companies Growth Trust plc

Capturing the growth potential of UK smaller companies

Performance Data and Analytics to 31 January 2024



Investment objective

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

Benchmark

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

Cumulative performance (%)

	as at 31/01/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	436.0p	(4.8)	18.2	3.9	(2.6)	(21.0)	10.2
NAV	509.7p	(0.0)	18.3	6.2	(1.7)	(15.6)	17.1
Reference Index ^A		(1.6)	13.1	1.0	(3.3)	(5.5)	15.7

Discrete performance (%)

	31/01/24	31/01/23	31/01/22	31/01/21	31/01/20
Share Price	(2.6)	(28.6)	13.6	(1.8)	42.1
NAV	(1.7)	(24.7)	14.1	2.5	35.3
Reference Index ^A	(3.3)	(12.4)	11.6	7.9	13.5

Source: Thomson Reuters Datastream, total returns. The percentage growth figures above are calculated over periods on a mid to mid basis.

Past performance is not a guide to future results.

Ten largest positions relative to the reference index (%)

Overweight Stocks	Portfolio	Benchmark	Relative
Cranswick	3.7	-	3.7
Diploma	3.5	-	3.5
Hill & Smith	4.1	0.7	3.4
Ashtead Technology Holdings	3.5	0.3	3.2
4imprint	3.9	0.7	3.2
Morgan Sindall	3.6	0.5	3.1
Bytes Technology	3.7	0.8	2.9
Games Workshop	2.7	-	2.7
Hilton Food Group	3.0	0.3	2.7
JTC	3.3	0.6	2.7

^A Reference Index is the Numis Smaller Companies (ex Investment Companies) Index up to 31 December 2017, and the Numis Smaller Companies plus AIM (excluding Investment Companies) Index thereafter.

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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 (%)

Hill & Smith	4.1
4imprint	3.9
Bytes Technology	3.7
Cranswick	3.7
Morgan Sindall	3.6
Ashtead Technology	3.5
Diploma	3.5
JTC	3.3
Paragon Banking	3.2
Hilton Food	3.0
Games Workshop	2.7
Hollywood Bowl	2.6
discoverIE	2.6
CVS	2.5
Volusion	2.5
Sirius Real Estate	2.5
XPS Pensions	2.4
Gamma	2.3
Coats	2.3
GlobalData	2.2
Total	60.1

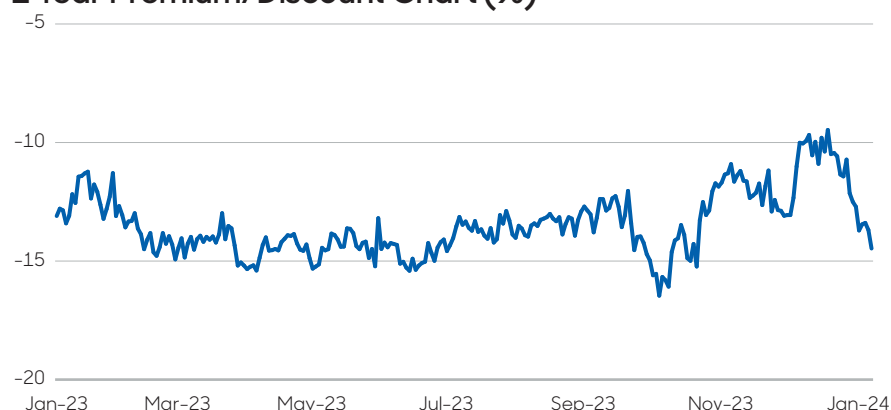
Total number of investments 51

All sources (unless indicated): abrdn: 31 January 2024.

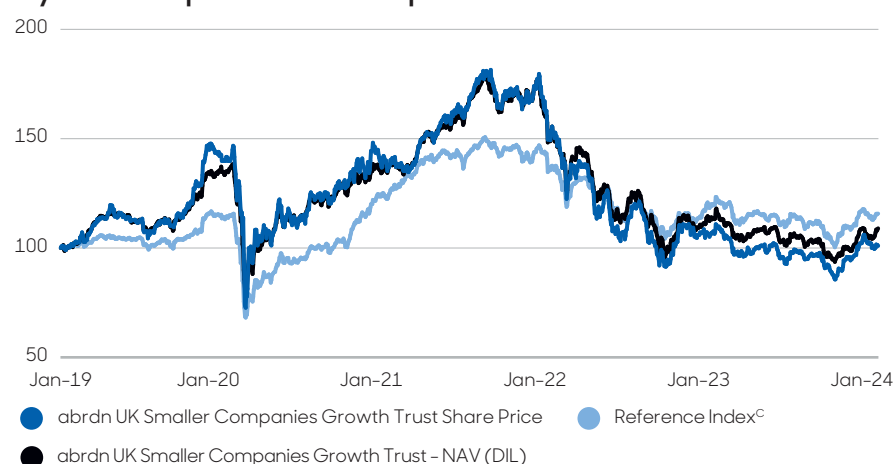


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1 Year Premium/Discount Chart (%)



5 year trust performance - price indexed



Fund managers' report

Market review

UK markets fell in January after an unexpected rise in inflation led to speculation that the Bank of England may not start to ease monetary policy until well into 2024. Conflict in the Middle East, in particular attacks on commercial shipping in the vital Red Sea route, also negatively affected sentiment. The FTSE 100 Index returned -1.3% and narrowly outperformed the more domestically focused FTSE 250, which fell 1.6%. Meanwhile, the FTSE Small Cap Index lost 1.8%.

The UK Consumer Prices Index edged up to 4.0% in December, contrary to analysts' forecasts. However, signs of weakness in Britain's employment market could lead to a reduction in inflationary pressures in the months ahead. Economic data was again mixed. Figures published by S&P Global indicated that private sector output continued to increase during January, although manufacturing firms were affected by ongoing disruption to global supply chains. Meanwhile, the number of company insolvencies in England and Wales was reported to have risen to its highest level since 1993 last year, and the International Monetary Fund downgraded its 2024 growth forecast for the UK.

Fund managers' report continues overleaf

^c Reference Index is the Numis Smaller Companies (ex Investment Companies) Index up to 31 December 2017, and the Numis Smaller Companies plus AIM (excluding Investment Companies) Index thereafter.

^d Net Asset Value including income.

^e Expressed as a percentage of average daily net assets for the year ended 30 June 2023. 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.

^f 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	24.5
Consumer Discretionary	17.9
Financials	17.5
Consumer Staples	7.6
Technology	7.2
Energy	6.5
Basic Materials	5.3
Real Estate	4.7
Telecommunications	4.3
Health Care	1.6
Cash	2.9
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	£425.0 million
Borrowing	£25.0 million
Market Capitalisation	£341.9 million
Share Price	436.0p
Net Asset Value ^d	509.7p
(Discount)/Premium	(14.5)%
12 Month High	(9.5)%
12 Month Low	(16.5)%
Net yield	2.5%
Current Equity Net Gearing	3.3%
The levels of gearing and yield change on a daily basis.	
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 ^e	0.95%
Active Share percentage ^f	82.0%

AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

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Fund managers' report – continued

Performance

The Trust's net asset value total return was flat during the month, outperforming the benchmark. The holding in 4imprint Group was the largest contributor to returns. Its shares advanced after the company raised guidance following a report of solid revenue growth and strong cash performance. Craneware shares rose after the firm issued a trading statement that indicated a rise in momentum in its key markets, while Bytes Technology Group benefited from positive read-across from peers in the US.

Conversely, the holding in Big Technologies detracted from returns. The company's stock fell following the loss of a major contract. Shares in both XPS Pensions Group and Diploma fell back over the month following strong performance in late 2023.

Activity

We exited the Trust's holding in Smart Metering Systems following the takeover offer from private-equity company KKR. We also added to our positions in a number of firms, including XPS Pensions, Premier Foods, Volex, Johnson Service Group, Mortgage Advice Bureau and Liontrust Asset Management.

ESG Engagement

We met management at Paragon Banking Group to discuss environmental, social and governance issues. The company supports professional landlords, helping to create a vital supply of rental homes. Demand for such properties continues to be strong given the challenges currently associated with home purchases, such as elevated mortgage rates and the cost-of-living crisis in general. Paragon is diligent in ensuring its customers' properties are maintained to high standards, incentivising high energy performance certificate ratings to help lower energy bills, and taking steps to make sure tenants are treated fairly.

Outlook

The prospect of interest rate cuts in the near future and the relatively low valuation of UK equities should offer the prospect for sustained gains for markets. Cheap valuations have not proved sufficient in their own right to drive sustainable moves in UK markets or encourage significant inflows but, combined with looser monetary policy, the outlook could improve.

A key driver for 2024 is that the downwards leg of the interest rate cycle is about to start, with growth now the focus rather than inflation. While the timing is hard to predict, economists believe there is a strong likelihood that rate cuts will commence at the end of the first quarter in the US and UK, followed by similar moves in Europe. But while equity indices have historically risen once interest rates start falling, the economic environment will remain difficult for companies for a period after the initial cuts, which is likely to be reflected in challenging trading conditions. This is the time in the cycle to stick to quality companies: they are more likely to be successful in navigating more difficult macroeconomic conditions, and should therefore be well placed to defend their earnings.

Almost half the world's population is expected to be asked to vote in a general election in 2024. For UK-based investors, polls in Britain and the US are particularly relevant. A lot can change in a year but, as we move through the summer, expect increasing deliberations over what differing scenarios may mean for financial markets. The importance of the American presidential election has been further increased now that the US is the chief driver of global growth in light of waning Chinese influence. Meanwhile, if we do get a change of government in the UK, it will be vital that the new administration acts to retain the confidence of investors, especially those who are based overseas and who represent ownership of around 53% of UK equities.

Composition by market capitalisation (Ex Cash) (%)

Numis Smaller Companies plus AIM (ex investment companies)	88.6
FTSE 250 ⁹	7.9
FTSE 100	3.6
Total	100.0

Capital structure

Ordinary shares	78,426,557
Treasury shares	25,737,865

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, JPMS, NUMS, PEEL, WINS



Factsheet

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Head of Closed End Fund Sales
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⁹FTSE 250 are mid cap holdings that are above market cap for Numis Smaller Companies holdings.

Important information overleaf

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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