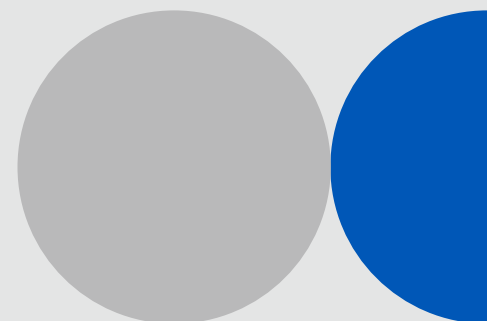


abrdn UK Smaller Companies Growth Trust plc

Capturing the growth potential of UK smaller companies

Performance Data and Analytics to 29 February 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 29/02/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	441.0p	1.2	8.2	8.0	(0.4)	(21.2)	10.5
NAV	499.5p	(2.4)	7.7	6.3	(2.3)	(18.5)	12.9
Reference Index ^A		(2.2)	4.5	1.2	(5.8)	(11.6)	11.9

Discrete performance (%)

	29/02/24	28/02/23	28/02/22	28/02/21	29/02/20
Share Price	(0.4)	(23.8)	3.9	14.3	22.6
NAV	(2.3)	(21.4)	6.0	14.7	20.7
Reference Index ^A	(5.8)	(7.5)	1.5	24.9	1.4

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	3.6	-	3.6
Ashtead Technology	3.8	0.3	3.5
Hill & Smith	4.1	0.7	3.4
4imprint	3.7	0.8	2.9
Morgan Sindall	3.4	0.5	2.9
JTC	3.4	0.6	2.8
Hilton Food	3.1	0.3	2.8
Bytes Technology	3.3	0.7	2.6
Hollywood Bowl	2.9	0.3	2.6

^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
Ashtead Technology	3.8
4imprint	3.7
Cranswick	3.7
Diploma	3.6
Morgan Sindall	3.4
JTC	3.4
Bytes Technology	3.3
Hilton Food	3.1
Paragon Banking	3.1
Hollywood Bowl	2.9
XPS Pensions	2.8
Games Workshop	2.6
Gamma	2.5
Sirius Real Estate	2.4
Volusion	2.4
CVS	2.3
discoverIE	2.3
Alpha FMC	2.1
GlobalData	2.1
Total	59.6

Total number of investments 52

All sources (unless indicated): abrdn: 29 February 2024.



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Sector allocation (%)

Industrials	24.1
Consumer Discretionary	18.9
Financials	18.3
Consumer Staples	7.9
Energy	6.7
Technology	5.8
Basic Materials	5.4
Telecommunications	4.5
Real Estate	2.4
Health Care	1.7
Cash	4.3
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	£408.7 million
Borrowing	£25.0 million
Market Capitalisation	£338.8 million
Share Price	441.0p
Net Asset Value ^d	499.5p
(Discount)/Premium	(11.7)%
12 Month High	(9.5)%
12 Month Low	(16.5)%
Net yield	2.7%
Net cash/(gearing) ^e	(2.0)%
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	0.95%
Active Share percentage ^g	82.7%

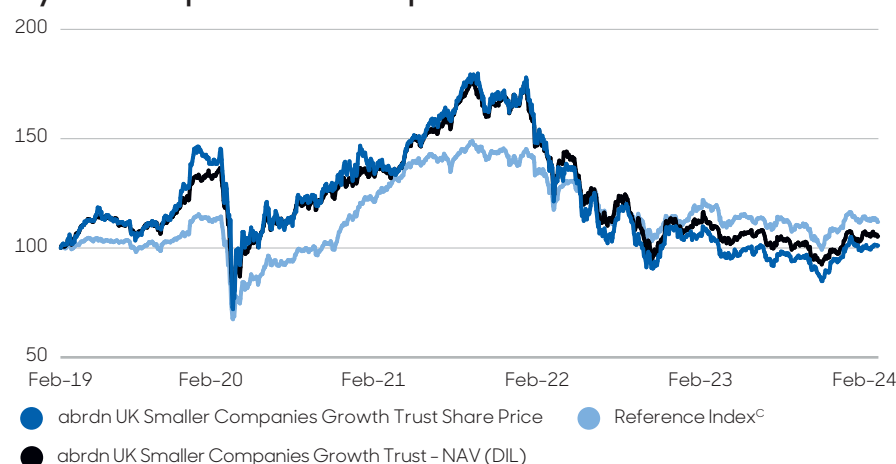
AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

1 Year Premium/Discount Chart (%)



5 year trust performance - price indexed



Fund managers' report

Market review

UK equities rose in February but lagged the strong gains seen elsewhere in Europe, North America and Asia. While advances on global markets during the month were driven to a large extent by optimism around artificial intelligence, the UK's lack of major technology firms meant it was unable to participate meaningfully in the rally. The FTSE 100 Index returned 0.5% while concerns about the weakness of the British economy resulted in the more domestically focused FTSE 250 falling 1.3%. The FTSE Small Cap Index declined 0.3%.

Data published in February showed the UK Consumer Prices Index had remained at 4.0% in January, although analysts had expected the rate to increase slightly. The Bank of England once again kept the base rate on hold at the start of February, with Governor Andrew Bailey indicating the next move would be downwards. Bailey also said UK inflation was on course to fall to its 2% target in the first half of 2024, before rising again later in the year. Figures published by S&P Global indicated that private sector output continued to increase during February, supported by expansion in services, while

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 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 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.

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

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Fund managers' report – continued

business confidence rose on hopes of interest-rate cuts and resilient customer demand. However, official data showed the UK economy had shrunk by 0.3% in the final three months of 2023 taking it into a technical recession, and shares in British housebuilders were hit by the news that the competition regulator was launching a probe into pricing practices in the sector.

Performance

The Trust's net asset value total return declined during the month but it narrowly outperformed its benchmark. The holding in Hollywood Bowl Group was the main contributor to returns. Its shares increased in value despite a lack of stock-specific news. Diploma's shares advanced after an impressive January update, while Ashtead Technology stock rose as investors viewed the company as well positioned to prosper in 2024.

Conversely, the holding in Bytes Technology Group was the biggest detractor from returns. Its shares declined on the news that CEO Neil Murphy had resigned after making undisclosed trades in the company's stock, contrary to market regulations. DiscoverIE Group shares weakened despite a lack of company-specific news, and the holding in CVS Group fell as investors awaited the conclusion of the Competition and Markets Authority probe of the UK veterinary services market.

Activity

We introduced several businesses to the Trust in February, including airline Jet2 and shipping company Clarkson. Jet2, which has been held in the past, is poised to benefit from robust demand for holidays while Clarkson is a global leader that is seeing demand rise as international trade recovers fully from the pandemic. We also took new positions in property business Cairn Homes and Renew, an engineering services firm. Meanwhile, we topped up Mortgage Advice Bureau and trimmed the position in DiscoverIE Group. Finally, we exited the Trust's holdings in Henry Boot, where growth is not expected until 2025, and Kainos Group, which has been negatively affected by recent delays in decision-making. We also sold out of Impax Asset Management Group and Safestore.

ESG Engagement

We met with the management team at Ashtead Technology to discuss board composition following the departure of the private equity representative in the wake of the company's IPO. At present, the business has only a five-person board with three independent directors, and our talks focused on potential candidates for addition.

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 we expect 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 general elections 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.

^HFTSE 250 are mid cap holdings that are above market cap for Numis Smaller Companies holdings.

^IAIM holdings that are not included in the Numis Smaller Companies plus AIM index.

Important information overleaf

Composition by market capitalisation (Ex Cash) (%)

Numis Smaller Companies plus AIM (ex investment companies)	88.6
FTSE 250 ^H	6.5
FTSE 100	3.7
FTSE AIM ^I	1.1
Total	100.0

Capital structure

Ordinary shares	76,832,720
Treasury shares	27,331,702

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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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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