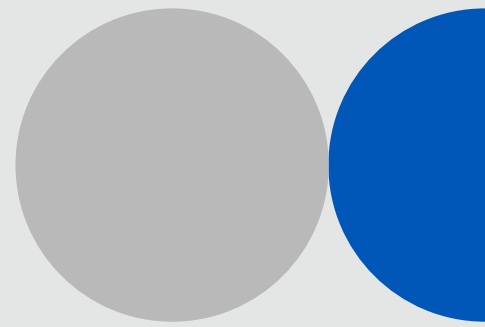


# abrdn UK Smaller Companies Growth Trust plc

Capturing the growth potential of UK smaller companies

Performance Data and Analytics to 31 May 2022



## 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 31/05/22	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	536.0p	(5.8)	(11.4)	(25.2)	(20.2)	13.4	30.8
NAV	600.7p	(4.8)	(9.7)	(22.1)	(16.6)	15.7	34.8
Reference Index <sup>A</sup>		(1.7)	(2.6)	(9.4)	(11.7)	20.8	18.8

## Discrete performance (%)

	31/05/22	31/05/21	31/05/20	31/05/19	31/05/18
Share Price	(20.2)	37.4	3.5	0.4	14.8
NAV	(16.6)	38.0	0.7	2.1	14.1
Reference Index <sup>A</sup>	(11.7)	55.6	(12.1)	(7.0)	5.7

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
Kainos	4.0	-	4.0
Safestore	3.8	-	3.8
Alpha Financial Markets	3.4	0.2	3.2
Hilton Food Group	3.3	0.4	2.9
Watches of Switzerland	2.8	-	2.8
Diploma	2.5	-	2.5
Sirius Real Estate	2.5	-	2.5
Future	2.5	-	2.5
Mortgage Advice Bureau	2.7	0.2	2.5
Telecom Plus	2.9	0.6	2.3

<sup>A</sup> 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.  
<sup>B</sup> © 2022 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf> The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>.

## Morningstar Analyst Rating™



<sup>B</sup> 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™



<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.

## Twenty largest equity holdings (%)

Kainos	4.0
Safestore	3.8
Alpha Financial Markets	3.4
Hilton Food Group	3.3
Telecom Plus	2.9
Watches of Switzerland	2.8
Mortgage Advice Bureau	2.7
Next Fifteen Communications	2.6
Sirius Real Estate	2.5
Future	2.5
JTC Group	2.5
Diploma	2.5
Marshalls	2.5
XP Power	2.5
Ergomed	2.4
Bytes Technology	2.4
Cranswick	2.3
DiscoverIE Group	2.3
Focusrite	2.2
Hill & Smith	2.1
<b>Total</b>	<b>54.2</b>

**Total number of investments** 54

All sources (unless indicated): abrdn: 31 May 2022.



# abrdrn UK Smaller Companies Growth Trust plc

(formerly Standard Life UK Smaller Companies Trust)



## 1 Year Premium/Discount Chart (%)



## Sector allocation (%)

Consumer Discretionary	25.4
Industrials	17.0
Technology	14.8
Financial Services	12.6
Real Estate	9.2
Consumer Staples	6.7
Telecommunications	5.0
Basic Materials	3.8
Health Care	2.4
Cash	3.1
<b>Total</b>	<b>100.0</b>

## 5 year trust performance - price indexed



## Key information

### Calendar

Accounts Published	September
Annual General Meeting	October
Launch Date	1993
Dividends Paid	April/October

### Trust information

Fund Manager	Harry Nimmo / Abby Glennie
Gross Assets	£607.2 million
Borrowing	£40 million
Market Capitalisation	£506.1 million
Share Price	536.0p
Net Asset Value <sup>p</sup>	600.7p
(Discount)/Premium	(12.1)%
12 Month High	(3.9)%
12 Month Low	(14.5)%
Net yield	1.4%
Current Equity Net Gearing	3.7%
The levels of gearing and yield change on a daily basis.	
Trust Annual Management Fee	0.85% on Net Assets up to £250m, 0.65% on Net Assets between £250m and £550m and 0.55% on Net Assets over £550m
Ongoing Charges <sup>e</sup>	0.88%
Active Share percentage <sup>f</sup>	91.2%

## Fund managers' report

### Market Review

UK stocks fell sharply in the first week of May, following the Bank of England's (BoE) warning on the risk of recession in 2023, with BoE Governor Andrew Bailey stating that the central bank expects a "very sharp slowdown in activity". High inflation prints, ongoing supply-chain issues amid China's strict 'zero-Covid' policy and a second interest-rate hike from the US Federal Reserve pressured equities more generally, with investors fearful that central bank action could push the US and other economies into recession. However, UK stocks rallied towards the end of the month to post a marginal gain, as investors reacted positively to strong earnings from the retail sector. Chancellor Rishi Sunak also announced a £15 billion support package to help households alleviate the cost-of-living crisis. All UK households will receive a £400 energy grant, while low-income households will receive a £650 payment.

The FTSE All-Share Index generated a total return of 0.7%, but the picture is more mixed below this headline figure. Most of the positive performance came from the FTSE 100 Index, which returned 1.1%, as energy and commodity-related companies

### Fund managers' report continues overleaf

<sup>c</sup> 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.

<sup>p</sup> Net Asset Value including income.

<sup>e</sup> Expressed as a percentage of average daily net assets for the year ended 30 June 2021. 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.

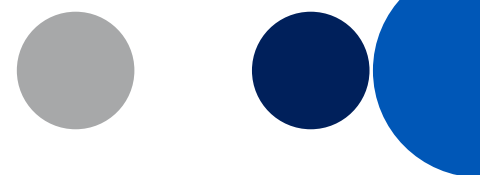
<sup>f</sup> The 'Active Share' percentage is a measure used to describe what portion of the portfolio's holdings differ from the reference index holdings.

### AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

# abrdrn UK Smaller Companies Growth Trust plc

(formerly Standard Life UK Smaller Companies Trust)



## Fund managers' report – continued

continued to outperform, whereas the FTSE 250 and FTSE Small-Cap indices fell by 1.1% and -2.1%, respectively.

The BoE hiked interest rates from 0.75% to 1% in May, its highest level for over a decade. The UK's consumer price index surged to 9% in April, a 40-year high, driven by rising electricity and fuel costs. Meanwhile, according to a leading indicator, consumer confidence fell to its lowest level since 2008. Employment data was strong with Britain's jobless rate hitting a 48-year low in the first quarter of 2022.

### Performance

The Trust delivered a net asset value total return of -4.8% compared with a -1.7% total return for the Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

Advertiser Next Fifteen delivered a good result that led to further earnings upgrades, but its shares sold off on concerns related to its proposed acquisition of M&C Saatchi. Investors are not fully comfortable with the deal as M&C Saatchi has had its issues in the past. Mortgage Advice Bureau and self-storage provider Safestore also dragged on performance despite a lack of stock-specific news and delivering a positive message in their most recent market updates.

On a more positive note, Auction Technology delivered strong first-half results. Its earnings beat expectations and resulted in mid-single-digit upgrades to consensus estimates. The company raised its full-year revenue guidance to low double digits, but its margin guidance was left unchanged as it plans to invest more in the business. Provider of digital-technology solutions Kainos delivered a strong set of results and provided a confident update on the outlook for the firm. It continues to see healthy demand and is proving adept at diversifying its sources of growth, at the same time as scaling the business and protecting margins. Big Technologies provided a pleasing trading update at its annual general meeting. The firm expects to be able to meet its sales forecast, even without winning new contracts.

### Activity

We reduced the Trust's exposure to consumer-facing stocks Hilton, Cranswick, Games Workshop and Watches of Switzerland and lowered our weightings to XP Power, Team 17 and Next Fifteen. We topped up our holdings of Telecom Plus and 4imprint.

### Outlook

Recent months have continued to be tricky for equities, especially for growth stocks. However, the most pleasing aspect for us is seeing the continued earnings resilience from the companies in which we are invested. Indeed, we have seen a healthy level of earnings upgrades across our holdings. While this is perhaps not currently being rewarded in the way we think it should be, we believe this will normalise. We are seeing a sharp turn in net upgrades versus downgrades across the market and are pleased to report that the portfolio's holdings are on the right side of this metric.

We are heading towards a tougher economic environment and continued geopolitical instability. In a slower economic environment, or a recession, investors tend to look to quality as a safe haven. This has not been the case so far this year, with investors dismissing quality as a factor. But we have started to see that turn in the last month. With interest rates rising, balance-sheet strength will become increasingly important, and investors will look to well-managed companies, with visible and resilient revenue streams, that can continue to invest in their businesses through tougher periods. With inflationary pressures continuing, having a strong market position which facilitates pricing power is going to be key. Equally important is a strong culture, given the challenges in attracting good employees.

Timing the market, especially in the small and mid-cap space, can be difficult. While many data points show we are at extremes in terms of market moves, both in large versus small caps as well as in growth versus value, there is still a risk that markets will overshoot to the downside. There may need to be a turn in macroeconomic indicators, such as inflation levels or the direction of interest rates, before we see greater levels of risk tolerance. In our view, these are not likely to be near-term developments. Therefore, it is important to remain focused on the long term.

<sup>9</sup> FTSE 250 are mid cap holdings that are above the threshold for Numis Smaller Companies holdings.

<sup>10</sup> AIM 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)	64.9
FTSE 250 <sup>9</sup>	25.7
FTSE AIM <sup>10</sup>	7.9
FTSE 100	1.5
<b>Total</b>	<b>100.0</b>

## Capital structure

Ordinary shares	94,423,173
Treasury shares	9,741,249

## 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

Receive the factsheet by email as soon as it is available by registering at [www.investments.co.uk/#signup](http://www.investments.co.uk/#signup) [www.abrdnuksmallercompaniesgrowthtrust.co.uk](http://www.abrdnuksmallercompaniesgrowthtrust.co.uk)



## Contact

### Private investors

0808 500 4000

### Institutional investors

InvestmentTrustInvestorRelations-UK@abrdrn.com

+44 (0)20 7463 5971

+44 (0)131 222 1863

## 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:

An investment trust should be considered only as part of a balanced portfolio. The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Key Information Document (KID). These can be obtained free of charge from Aberdeen Asset Managers Limited, PO Box 11020, Chelmsford, Essex, CM99 2DB or available on [www.invtrusts.co.uk](http://www.invtrusts.co.uk). Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdrn\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdrn\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates. \* abrdrn means the relevant member of abrdrn group, being abrdrn PLC together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Issued by Aberdeen Asset Managers Limited, registered in Scotland (No. 108419), 10 Queen's Terrace, Aberdeen AB10 1XL. Authorised and regulated by the Financial Conduct Authority in the UK.

FTSE International Limited ('FTSE') © FTSE 2022. 'FTSE®' is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. RAFI® is a registered trademark of Research Affiliates, LLC. 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.

For more information visit [invtrusts.co.uk](http://invtrusts.co.uk)