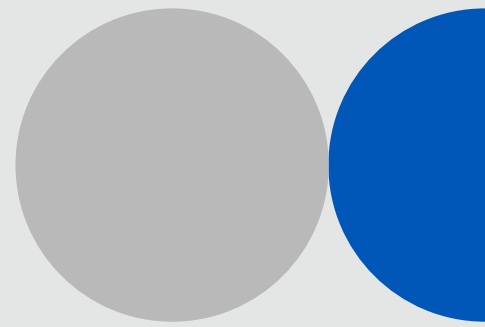




# abrdn UK Smaller Companies Growth Trust plc

Capturing the growth potential of UK smaller companies

Performance Data and Analytics to 31 May 2024



## Investment objective

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

## Benchmark

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

## Cumulative performance (%)

	as at 31/05/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	505.0p	7.8	15.5	25.0	21.7	(21.1)	12.2
NAV	570.5p	7.2	15.0	24.6	17.0	(17.1)	14.6
Reference Index <sup>A</sup>		6.4	11.8	16.8	12.5	(11.7)	20.8

## Discrete performance (%)

	31/05/24	31/05/23	31/05/22	31/05/21	31/05/20
Share Price	21.7	(18.7)	(20.2)	37.4	3.5
NAV	17.0	(15.4)	(16.3)	37.7	0.4
Reference Index <sup>A</sup>	12.5	(11.1)	(11.7)	55.6	(12.1)

Source: Workspace Datastream, total returns. The percentage growth figures above are calculated over periods on a mid to mid basis. NAV total returns are on a cum-income basis.  
Past performance is not a guide to future results.

## Ten largest positions relative to the reference index (%)

Overweight Stocks	Portfolio	Benchmark	Relative
Diploma	3.7	-	3.7
Cranswick	3.4	-	3.4
Ashtead Technology	3.6	0.3	3.3
Hill & Smith	3.8	0.7	3.1
Hilton Food	3.3	0.4	2.9
XPS Pensions	3.0	0.2	2.8
JTC	3.4	0.7	2.7
4Imprint	3.5	0.8	2.7
Morgan Sindall	3.2	0.5	2.7
Paragon Banking	3.2	0.7	2.5

<sup>A</sup> Reference Index is the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.  
<sup>B</sup> © 2024 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 (%)

Hill & Smith	3.8
Diploma	3.7
Ashtead Technology	3.6
4imprint	3.5
JTC	3.4
Cranswick	3.4
Hilton Food	3.3
Morgan Sindall	3.2
Paragon Banking	3.2
XPS Pensions	3.0
Bytes Technology	2.9
Hollywood Bowl	2.6
Gamma	2.6
AJ Bell	2.5
Sirius Real Estate	2.4
Mtge Advice	2.4
Valution	2.3
GlobalData	2.2
Jet2	2.2
Alpha Fin	2.2
<b>Total</b>	<b>58.4</b>

**Total number of investments** 48

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

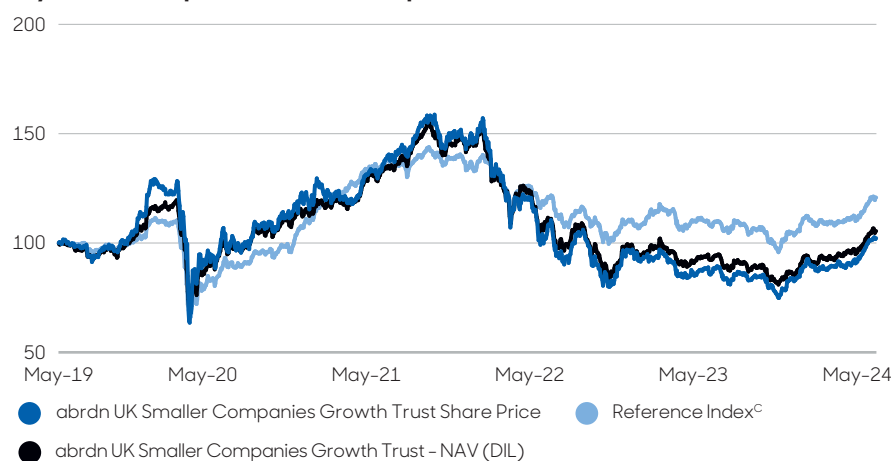


# abrdn UK Smaller Companies Growth Trust plc

## 1 Year Premium/Discount Chart (%)



## 5 year trust performance - price indexed



## Fund managers' report

### Market review

UK equities made further gains in May as inflation fell to its lowest level in almost three years and hopes rose that interest rates would be cut over the summer. The FTSE 100 Index delivered a total return of 2.0% and reached an all-time high during the month, while the more domestically focused FTSE 250 delivered 4.2% on a total return basis and the FTSE Small Cap Index returned 4.5%.

The UK Consumer Prices Index was 2.3% in April, its lowest rate of increase since July 2021. The Bank of England kept interest rates on hold, but officials suggested the base rate could be cut in August. GDP data for the first quarter of 2024 showed that the British economy had exited last year's shallow technical recession, while more up-to-date figures from S&P Global indicated

### Fund managers' report continues overleaf

<sup>c</sup> Reference Index is the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

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

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

<sup>f</sup> 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.

<sup>g</sup> 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	25.7
Consumer Discretionary	19.4
Financials	19.4
Consumer Staples	8.3
Energy	5.5
Technology	4.9
Basic Materials	4.8
Telecommunications	4.1
Real Estate	2.4
Health Care	1.7
Cash	3.9
<b>Total</b>	<b>100.0</b>

## 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	£466.0 million
Borrowing	£40.6 million
Market Capitalisation	£377.2 million
Share Price	505.0p
Net Asset Value <sup>d</sup>	570.5p
(Discount)/Premium	(11.5)%
12 Month High	(9.5)%
12 Month Low	(16.5)%
Net yield	2.3%
Net cash/(gearing) <sup>e</sup>	(5.3)%
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 <sup>f</sup>	0.95%
Active Share percentage <sup>g</sup>	82.2%

### AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

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## Composition by market capitalisation (Ex Cash) (%)

Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index	86.7
FTSE 250 <sup>†</sup>	5.5
FTSE 100	3.9
FTSE AIM <sup>‡</sup>	2.3
Other	1.6
<b>Total</b>	<b>100.0</b>

## Capital structure

Ordinary shares	74,685,712
Treasury shares	29,478,710

## 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, JEFF, JPMS, NUMS, PEEL, SING, SCAP, WINS

## Fund managers' report – continued

a recovery in manufacturing activity in May. The positive economic news was thought to be behind Prime Minister Rishi Sunak's unexpected decision to call a general election in July.

### Performance

The Trust's net asset value total return on an ex-income basis rose during the month and it outperformed its benchmark. The main contributor to relative returns was the holding in Alpha Financial Markets Consulting. Its share price responded well to the news the firm had received a non-binding indicative proposal from Bridgepoint Advisers regarding a possible cash offer. Johnson Service Group added to returns after issuing an update that indicated energy costs had normalised sooner than expected, implying material upgrades to margins. Diploma shares advanced after the firm delivered another strong update that showed sustained momentum as recent diversification drives led to growth and resilience. On the negative side, shares in Jet2 fell on concerns about pricing. Meanwhile, the holdings in both Hollywood Bowl Group and XPS Pensions Group detracted despite a lack of company-specific news.

### Activity

During the month, we topped up the holdings in AJ Bell and Hilton Food Group. Meanwhile, we trimmed the positions in Ashtead Technology, Telecom Plus and Games Workshop Group.

### ESG Engagement

We met with the management team at Premier Foods to discuss some of the company's recent environmental, social and governance initiatives, including the installation of solar panels and air compressors across its manufacturing sites.

### Outlook

The UK market has been buoyant since the start of March and it is hoped that the upcoming general election can act as a clearing event for UK equities, allowing for increased allocations from international investors less worried about external events and the knock-on impact on sterling. Both the foreign-exchange and bond markets have reacted with indifference to news of an early election, raising hopes that the cyclical recovery can continue aided by further declines in inflation. Growth should accelerate as real wages grow and confidence improves. An August rate cut looks likely, but many strategists remain constructive on the outlook for sterling as the improving economy may mean fewer rate cuts are needed. The UK has an excellent opportunity, therefore, to continue its recent outperformance, with ongoing M&A activity highlighting the deep discount the UK market trades on in comparison to its global peers, mainly due to capital flight over the past two decades.

Company reporting has been strong, with the majority of our top holdings delivering earnings upgrades. We have also been pleased to see some of the newer additions to the portfolio enjoying strong share price reactions to recent updates. Quality characteristics have provided protection in an inflationary environment and allowed these firms to thrive and take market share. Our companies have been delivering strong earnings for some time now, but it is only relatively recently that this resilience has started to be rewarded.

<sup>†</sup>FTSE 250 are mid cap holdings that are above market cap to qualify to be included in the Deutsche Numis Smaller Companies Index.

<sup>‡</sup>AIM holdings that are not included in the Deutsche Numis Smaller Companies plus AIM (ex Investment Companies) Index.

## Important information overleaf



### Factsheet

Receive the factsheet by email as soon as it is available by registering at [www.abrdrn.com/trustupdates](http://www.abrdrn.com/trustupdates) [www.abrdrnuksmallercompaniesgrowthtrust.co.uk](http://www.abrdrnuksmallercompaniesgrowthtrust.co.uk)



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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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