

**SHINING A LIGHT ON THE.....  
BlackRock Smaller Companies Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
To achieve long term capital growth for shareholders through investment predominantly in UK Smaller Companies which are listed on the London Stock Exchange or on the Alternative Investment Market (AIM).	

<b>Inception Date</b>	2 <sup>nd</sup> May 1906
<b>Fund Factsheet Link</b>	<a href="http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=EOGBR01ORG]2]0]FCGBR\$\$ALL">http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=EOGBR01ORG]2]0]FCGBR\$\$ALL</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Roland Arnold	1 May 2008

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	0.00%
Large	0.00%
Medium	0.00%
Small	49.74%
Micro	50.26%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	120	
<b>Assets in Top 10 Holdings</b>	19.17%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
4imprint Group PLC	Consumer Cyclical	2.82%
YouGov PLC	Consumer Cyclical	2.08%
Robert Walters PLC	Industrials	2.04%
IntegraFin	-	1.94%
Advanced Medical Solutions Group PLC	Healthcare	1.83%
Central Asia Metals PLC	Basic Materials	1.80%
Big Yellow Group PLC	Real Estate	1.71%
Fuller Smith & Turner	Consumer Cyclical	1.69%
Diversified Gas & Oil PLC	Ebergy	1.65%
Zotefoams PLC	Basic Materials	1.61%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	11.15%
<b>3-Yr Mean Return (average)</b>	11.35%

# LWM Consultants Ltd

---

## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2013 to 30<sup>th</sup> August 2019:

	2013	2014	2015	2016	2017	2018	2019
<b>BlackRock Smaller Companies</b>	70.43%	-14.70%	31.67%	-1.36%	38.32%	-6.22%	19.04%
<b>Lyxor FTSE All Share</b>	20.16%	0.93%	1.08%	15.44%	11.64%	-9.65%	11.56%

Performance over 12 months, 3 years, 5 years, 10 years and since fund manager inception:

	1 year	3 years	5 years	10 years	Since Fund Manager Inception
<b>BlackRock Smaller Companies</b>	-2.94%	67.25%	93.98%	493.31%	2.06%
<b>Lyxor FTSE All Share</b>	0.32%%	20.26%	31.97%	107.04%	1.79%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

We reviewed this fund in early 2018. Since then the long-term fund manager has retired and the co-manager has taken over. Roland Arnold has worked alongside Mike for 13 years. The other change we have seen is that the number of holdings has come down from 166 to 120, which is consistent with the strategy to reduce the holdings to around 100.

In terms of investment style, Roland explained that there has been no change to the style other than what was planned before he took over full management. He is fully behind all the holdings within the fund. The fund fundamentally is looking for high quality businesses which can grow from small cap to large cap through earnings.

The market is more volatile and there is a lack of analysts within this area. Research is therefore key to their success, and when meeting companies there are always two people to avoid bias. The view is that the more companies they see the more colour they get and from this it generates more ideas. They like good quality management teams, strong flow, low levels of debt etc.

These types of businesses can survive the tough times, and often come out of a downturn stronger. They are looking for those businesses that will grow. If a business has been a small cap for a long time, then it is likely to remain so. Once a share moves into the FTSE100 they will sell within 30 days. Since the last review the fund has moved away from any mid-cap to pure small cap. Obviously, they expect companies to grow so we expect the mid-cap to grow again.

The fund does have holdings in AIM Shares, but they believe that although there is negative sentiment towards this part of the market there are good companies to invest in.

## LWM Consultants Ltd

---

In terms of holdings they tend to start at about 0.25% and then grow over time to reduce the potential risk. There are risks to the UK market but there are also opportunities. Currently, global investors are not investing in the UK and there is a wall of money waiting to be invested. Some uncertainty could unlock this money and benefit the strategy.

In terms of the fund the performance has been strong and it has a long management track record. It is certainly a fund to consider for those wanting to invest in smaller companies. But smaller companies do carry some risk and investors need to be prepared to sit and wait. Also, many UK strategies are seeing outflows as investors decide to sit back and wait for an outcome to Brexit before investing.

*The source of information in this note has been provided by BlackRock and is correct as at September 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*