

**SHINING A LIGHT ON THE.....  
Standard Life Smaller Companies Trust**

**AT A GLANCE**

| <b>Investment Objective</b>   |  |
|---|--|
| The Company intends to achieve its investment objective by investing in a diversified portfolio consisting mainly of UK-quoted smaller companies. The portfolio will normally comprise around 50 individual holdings representing the highest conviction investment ideas of the manager. In order to reduce risk in the Company without compromising flexibility, no holding within the portfolio should exceed 5% of TA at the time of acquisition. |  |

|                            |   |
|----------------------------|---|
| <b>Inception Date</b>      | 19 August 1993  |
| <b>Fund Factsheet Link</b> | <a href="http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=E0GBR01NOZ%5D2%5D0%5DFCGBR%24%24ALL">http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=E0GBR01NOZ%5D2%5D0%5DFCGBR%24%24ALL</a> |

| <b>Management</b>   |                   |
|---------------------|-------------------|
| <b>Manager Name</b> | <b>Start Date</b> |
| Harry Nimmo         | 1 September 2003  |

| <b>Investment Style Details</b> |                    |
|---------------------------------|--------------------|
| <b>Equity Style</b>             |                    |
| <b>Market Capitalisation</b>    | <b>% of Equity</b> |
| Giant                           | 0.00%              |
| Large                           | 0.00%              |
| Medium                          | 11.01%             |
| Small                           | 72.76%             |
| Micro                           | 16.23%             |

| <b>Top 10 Holdings</b>           |                        |                    |
|----------------------------------|------------------------|--------------------|
| <b>Total number of holdings</b>  | 53                     |                    |
| <b>Assets in Top 10 Holdings</b> | 32.97%                 |                    |
| <b>Name</b>                      | <b>Sector</b>          | <b>% of Assets</b> |
| Gamma Communications PLC         | Communication Services | 3.73%              |
| Intermediate Capital Group PLC   | Financial Services     | 3.69%              |
| Games Workshop Group PLC         | Consumer Cyclical      | 3.48%              |
| Marshalls PLC                    | Basic Materials        | 3.44%              |
| Kainos Group PLC                 | Technology             | 3.38%              |
| Diploma PLC                      | Industrials            | 3.28%              |
| Future PLC                       | Communication Services | 3.06%              |
| JD Sports Fashion PLC            | Consumer Cyclical      | 3.02%              |
| Hilton Food Group PLC            | Consumer Defensive     | 3.00%              |
| Workspace Group PLC              | Real Estate            | 2.90%              |

| <b>Volatility Measurements</b>    |        |
|-----------------------------------|--------|
| <b>3-Yr Std Dev (volatility)</b>  | 12.05% |
| <b>3-Yr Mean Return (average)</b> | 12.16% |

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## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2014 to 29<sup>th</sup> February 2020:

|   | 2014    | 2015   | 2016   | 2017   | 2018    | 2019   | 2020    |
|---|---------|--------|--------|--------|---------|--------|---------|
| <b>Standard Life UK Smaller Companies</b> | -15.10% | 40.42% | -3.52% | 39.09% | -16.75% | 58.95% | -17.55% |
| <b>FTSE All Share Index</b>               | 1.18%   | 0.98%  | 16.75% | 13.10% | -9.47%  | 19.17% | -11.85% |

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

|   | 1 year | 3 years | 5 years | Since fund manager inception |
|---|--------|---------|---------|------------------------------|
| <b>Standard Life UK Smaller Companies</b> | 22.63% | 38.31%  | 98.25%  | 1,307.38%                    |
| <b>FTSE All Share Index</b>               | -1.43% | 4.66%   | 19.12%  | 219.84%                      |

*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....

**This update has been written at the time of Coronavirus Pandemic in 2020 which has impacted the global financial markets in a way that has never been seen before.**

Harry Nimmo has run the successful Standard Life UK Smaller Companies Investment Trust for several years. Out of this has spun a European and Global Strategy, and shortly a Global Mid-Cap strategy will be launched.

The fund focuses on smaller companies but like the other strategies they are happy to hold onto companies even if they go up the market cap space when the investment case remains strong. An example of this would be JD Sports.

Harry aims to deliver returns from a diversified portfolio of around 50 holdings. He is seeking high-quality businesses which can operate whatever the market environment is and often these are long-term holdings. The average holding period is around 7 years.

As with all the strategies within this group Harry adheres to the 'Focus on Change' philosophy, which assumes that a company's share price will be driven by its fundamentals over the longer term, but that in the shorter term stock markets can be inefficient, leading to opportunities in under-priced shares. Harry uses a proprietary tool known as the Matrix which screens the investible universe based on 13 proven indicators of financial performance.

Those companies coming through these tests then undergo further in-depth analysis, including meeting management. The largest weightings are those with the greatest conviction and positions might be timed where the matrix score deteriorates or if the investment thesis no longer holds.

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Harry believes the six rules for investing in larger companies include looking for sustainable earnings and dividend growth, investing for the long term, concentrating your efforts, focusing on high-quality companies, management longevity and valuation.

Harry has recently announced he is stepping down from heading up the smaller company's unit at Standard Life. However, he remains the lead fund manager of this trust. He remains committed to the fund and its performance. Abby Glennie works with Harry and would likely take on the management of the fund when he retires.

In summary, this is well established smaller companies fund with an excellent track record. There is also a dedicated smaller companies team covering European Smaller Companies, Global Smaller Companies as well as the UK desk who all interlink when it comes to investment ideas. They are soon to be launching a Global Mid Cap Fund. The long-term nature of holdings and matrix system is where this differs from others.

*The source of information in this note has been provided by Standard Life and is correct as at February 2020. 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.*