

# Standard Life UK Smaller Companies Fund



31 March 2022

## Activity

New portfolio additions included FDM, a name we know well. It continued to see good momentum in its post-Covid recovery. FDM's model of recruiting from untapped talent pools for deployment into graduate technology roles seems particularly well placed in the current environment of growing technology spending and talent shortages.

We added Chemring to the portfolio following a positive meeting with management. This is a higher-quality business than the Chemring of old following its transformation. The company has high-quality assets and a strong balance sheet that can be deployed in attractive growth areas.

We sold AB Dynamics. While the medium-term story is intact, the shares have lacked momentum. We cannot rule out further supply chain challenges, which may lead to further downgrades.

We sold Aptitude. It issued a profit warning and suffered large downgrades. Further investment in its products is needed to stay competitive.

## Risk factors you should consider before investing:

- a. The value of an investment can fall as well as rise and is not guaranteed. An investor may get back less than they put in. Past Performance is not a guide to future performance.
- b. A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- c. The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses. The fund does not make extensive use of derivatives.
- d. The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- e. The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.



**Cumulative and Annualised performance as at 31/03/2022**

	3 Months %	1 Year %	3 Years (p.a.) %	5 Years (p.a.) %
Standard Life UK Smaller Companies Fund	-17.4	4.2	12.0	11.1

**Discrete annual performance year to 31/03**

	2022	2021	2020	2019	2018
Standard Life UK Smaller Companies Fund	4.2	44.0	-6.4	3.0	17.1

Fund performance has been calculated net of Annual Management Charge.

Source: abrdn

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. This investment may be affected by changes in currency exchange rates.

**Performance**

The Fund underperformed over the quarter. Seraphine was downgraded following weak demand and the emergence of margin headwinds. Elsewhere, Auction Technology, a high-quality growth name, was hurt by the market rotation. There was no stock-specific news to report. Impax was another key laggard. Market headwinds led to earnings downgrades as its assets under management declined with market moves. While there is little escape in the short term, we do not believe this changes the long-term trend towards sustainable investing and Impax's strong position.

On the positive side, Chemring's annual statement resulted in upgrades and improved sentiment. Hollywood Bowl benefited from improved sentiment towards recovery names following a strong update late last year. Momentum continued at Next Fifteen as strong fourth-quarter trading led to more upgrades with all parts of the business trading well. The company also enjoyed significant contract wins and strong organic growth.

**Investment involves risk. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results. This investment may be affected by changes in currency exchange rates.**

The information contained in this marketing document should not be considered as an offer, investment recommendation or solicitation, 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. No information, opinions or data in this document constitute investment, legal, tax or other advice and are not to be relied upon in making an investment or other decision.

Standard Life UK Smaller Companies Fund is a Unit Linked Insured fund. The fund invests in the Aberdeen Standard Investments UK Smaller Companies Fund.

\*abrdn means the relevant member of Standard Life Aberdeen group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Issued by Aberdeen Standard Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg. No.B120637. Authorised in Luxembourg and regulated by CSSF. Standard Life Investments Global SICAV is an umbrella type investment company with variable capital registered in Luxembourg (no. B78797) at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

www.abrdn.com © 2022 abrdn plc.

