

# Dunedin Smaller Companies Investment Trust PLC



## Investment objective

The achievement of long term growth from a portfolio of smaller companies in the United Kingdom.

## Benchmark

FTSE SmallCap (ex Investment Companies) Index.

## Cumulative performance (%)

	as at 31/01/10	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	101.3p	7.2	3.7	23.4	49.9	(24.7)	34.9
NAV <sup>A</sup>	118.5p	4.3	5.8	22.3	51.0	(21.0)	21.1
Subscription Share Price 2012	2.0p	0.0	0.0	6.4	60.0	(92.5)	–
FTSE SmallCap ex IC		3.1	(1.3)	19.6	70.4	(31.7)	(3.7)

## Discrete performance (%)

Year ending:	31/01/10	31/01/09	31/01/08	31/01/07	31/01/06
Share Price	49.9	(29.4)	(28.8)	31.0	36.9
NAV <sup>A</sup>	51.0	(33.9)	(20.8)	21.0	26.6
Subscription Share Price 2012	60.0	(83.9)	(71.0)	–	–
FTSE SmallCap ex IC	70.4	(45.9)	(26.0)	17.2	20.4

Total return; NAV to NAV, net income reinvested, GBP. NAV returns based on NAVs with debt valued at par. Source: Aberdeen Asset Managers Limited, Factset and Morningstar.

<sup>A</sup> Excluding current year revenue.

Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.

## Fund managers' report

Although equity markets started the year positively, January turned out to be a poor month with the FTSE All-Share Index declining by 3.6%. A number of factors weighed on investor sentiment and hence appetite for risk. Amongst these was the Q4 09 UK GDP reading, which whilst positive and indicating that we are exiting the recession was a disappointing 0.1%. Additionally there was the announcement from the US that President Obama intended to implement substantial changes to banking regulation, the news that the Chinese were seeking to restrict bank lending, poor US employment data and rising concerns about the deteriorating financial position of Greece and to a lesser extent Portugal, Spain and Italy. The banking and commodity sectors were particularly weak as a result of their low exposure to these sectors, small companies outperformed their larger counterparts returning 2.8%.

A number of holdings were top-sliced during the month following a period of strong performance. These included: Mothercare, Robert Walters, Weir, Dechra Pharmaceuticals and Chemring. The proceeds were re-invested into holdings that had performed less strongly including: Huntsworth, Holidaybreak, Chaucer, Interserve, Forth Ports and Greggs.

Whilst the news that the UK has exited recession is clearly positive, there remain a number of risks to the outlook for 2010. These include the impending requirement for monetary and fiscal tightening, a lack of leadership from the Government in the run up to the general election, the *Fund managers' report continues overleaf*

The risks outlined overleaf relating to gearing, single country market exposure, small companies and specialist sectors are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

## Ten largest equity holdings

	%
McBride	3.3
Fuller Smith & Turner	2.7
XP Power	2.7
BSS	2.6
Mothercare	2.6
Morgan Sindall	2.5
Ultra Electronics	2.5
Chemring	2.4
Fenner	2.4
Holidaybreak	2.4
<b>Total</b>	<b>26.1</b>
<b>Total number of investments</b>	<b>54</b>

## Market capitalisation (%)

£m	Invested portfolio
>50	2.7
50-100	10.5
100-150	13.6
150-200	16.3
200-250	5.0
250-300	6.1
300-400	16.0
400-500	12.6
500+	17.2
<b>Total</b>	<b>100.0</b>

## Sector allocation

	%
Industrials	45.0
Consumer Services	19.4
Financials	10.7
Consumer Goods	8.0
Health Care	4.0
Technology	3.9
Basic Materials	2.8
Cash	6.2
<b>Total</b>	<b>100.0</b>

Figures may not add up to 100 due to rounding.

## Further information

Private investors 0500 00 00 40

Institutional investors Ian Massie

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Website [www.dunedin-smaller.co.uk](http://www.dunedin-smaller.co.uk)

Receive the factsheet of your choice by email as soon as they are available by registering at [www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)

All sources (unless indicated): Aberdeen Asset Managers Limited 31 January 2010.

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## Fund managers' report – continued

potential for the problems facing the less well-off members of the EU to have a much greater secondary impact on other financial markets and an ongoing lack of clarity as to whether we face an inflationary or deflationary environment. In such an environment equity markets are likely to continue to be volatile.

## Key information

<b>Calendar</b>	
Year end	31 October
Accounts published	January
Dividend paid	February, July
AGM	February
Established	1927
<b>Fund manager</b>	
	Ed Beal
<b>Total expense ratio</b>	
	1.4%
<b>Annual management fee</b>	
	0.4%
<b>Premium/(Discount)</b>	
	(14.5)%
<b>Yield</b>	
	4.4%
<b>Actual gearing<sup>B</sup></b>	
	1.4%
<b>Assets</b>	
	£m
Cash	3.8
Investments	57.5
Gross Assets	61.3
Net assets	56.7
<sup>B</sup> Actual gearing is expressed as a percentage of investments divided by net assets.	
<b>Capital structure</b>	
Ordinary shares	47,852,573
Subscription shares	8,529,027
<b>Allocation of expenses and interest</b>	
Capital	75%
Revenue	25%
<b>Trading details</b>	
Bloomberg/Epic/Reuters code	DNDL
Stockbroker	Canaccord Adams
Market makers	SETSmm

## Important information

### Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts 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 a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.
- The Trust invests in small companies, and / or companies investing in technology or venture and development capital stocks where the potential volatility may increase the risk to the value of your investment. Above average price movements may be expected.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- Exposure to a single country market increases potential volatility.
- There is no guarantee that the market price of shares in the Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments, the value of investment trust share purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

### Other Important Information:

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