

# Dunedin Smaller Companies

DNDL

## Morningstar Peer Group Classification

UK Smaller Companies

### Investment Objective

To achieve long-term growth from a portfolio of smaller companies in the UK.

### Valuation statistics (NAVs estimated<sup>1</sup>) GBX

	02 Feb 2012	12 m High	Low
Price	128.75	157.75	119.50
Fair Cum NAV	148.46		
Fair Ex NAV	147.74		
Par Cum NAV	148.46		
Par Ex NAV	147.72	167.31	130.17
Fair Cum Discount	-13.27		
Fair Ex Discount	-12.85		
Par Cum Discount	-13.27		
Par Ex Discount	-12.84	5.41	-17.31
Peer Group Discount	-17.68		
Z-Statistic <sup>2</sup>	-0.82		

### Last Actual NAVs (GBX) as at 01 Feb 2012

Fair Cum NAV	147.31
Fair Ex NAV	146.59
Par Cum NAV	147.31
Par Ex NAV	146.59

### Key Data

Domicile	UK
Launch Date	12 Feb 1959
Financial Year-end	31 Oct
Exchange	London (LSE)
Next AGM	Feb 2013
NAV Frequency	Daily
Dividend Frequency	Semi-annual
Total Assets (GBP)	75.7m
Net Assets (GBP)	70.7m
Shares Outstanding	47,855,443
Gross Gearing <sup>3</sup>	107
Net Gearing <sup>4</sup>	101
Average Daily Shares Traded (1yr)	0.032m
Average Daily Value Traded (1yr)	0.073m
Total Expense Ratio <sup>5</sup> (2011)	0.96%
Market Capitalisation (GBP)	61.6m
Net Dividend Yield <sup>6</sup>	3.77%

### Dividend Policy

The fund intends to pay semi-annual dividends

### Year-on-Year Dividend Growth % (financial year 31 Oct)

	2012	2011	2010	2009	2008
	-	5.43	2.22	0.00	5.88

### Dividend Growth % (annualised on current financial year)<sup>7</sup>

	1 year	2 years	3 years	4 years	5 years
	0.00	2.68	2.53	1.89	2.68

### Directors

The Earl of Dalhousie (Chairman), James Barnes, Ray Entwistle, Norman Yarrow

**Fund Manager:** Ed Beal (17 Jan 2006)

### Aberdeen Asset Managers Ltd

40 Princes Street, Edinburgh, UK, EH2 2BY

**Telephone:** +44 (0)131 528 4000

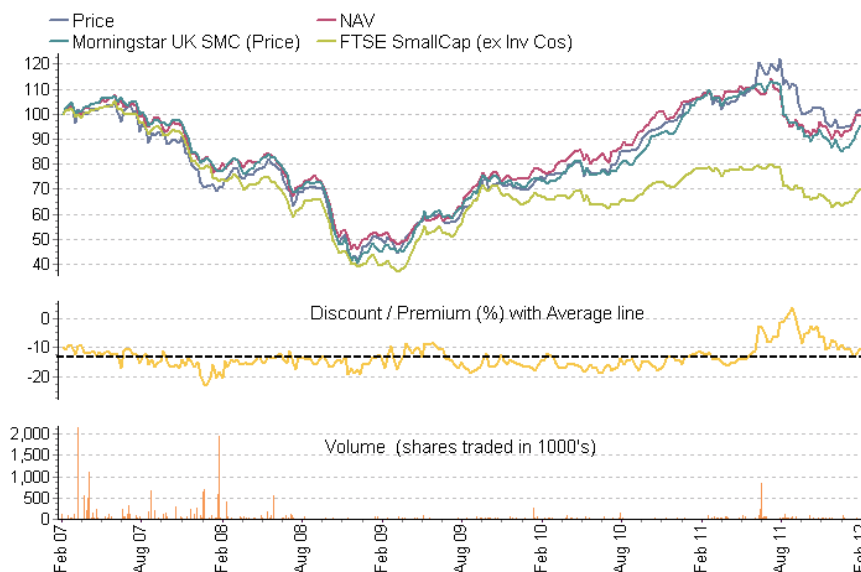
**Website:** www.dunedinsmaller.co.uk

**Stockbroker:** Canaccord Genuity Ltd

### Management Fee Summary

Management fee 0.40% p.a. of Net Assets. Performance fee 0.1% p.a. (up to a maximum of 0.5%) of adjusted gross assets for every 1% by which the Company's NAV performance outperforms the capital performance of the FTSE SmallCap Index (ex investment companies). Contract terminable on 3 months notice.

## Total Return Performance (GBP) over 5 years (or since inception)



## Performance (Total Return %)<sup>8</sup> GBP

	1 month	3 months	6 months	1 year	YTD	3 years	5 years
Price	+8.60	-0.14	-16.04	-4.97	+8.60	+108.09	+2.85
NAV	+10.69	+9.41	-3.60	-4.39	+10.69	+105.28	+3.24
Peer Group (Price)	+13.37	+8.58	-11.04	-8.17	+13.37	+121.40	-1.74
Peer Group (NAV)	+12.30	+9.58	-3.10	-3.43	+12.30	+112.28	+3.95
Benchmark	+10.49	+6.11	-7.49	-8.28	+10.49	+81.54	-28.38

Peer Group: Morningstar IT UK SMC P

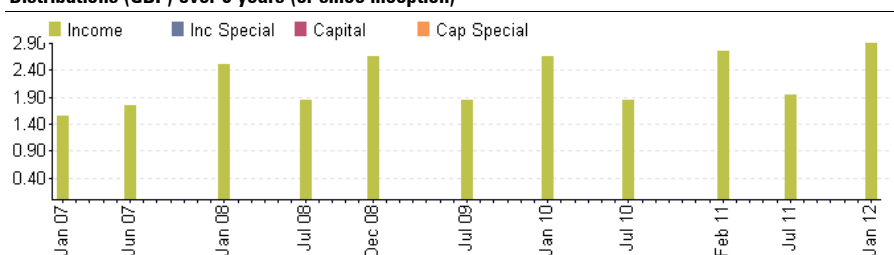
Morningstar Benchmark: FTSE SmallCap (ex Inv Cos)

Fund distributions reinvested on ex-dividend date<sup>8</sup>

## Dividend Yields over 5 years (or since inception)



## Distributions (GBP) over 5 years (or since inception)



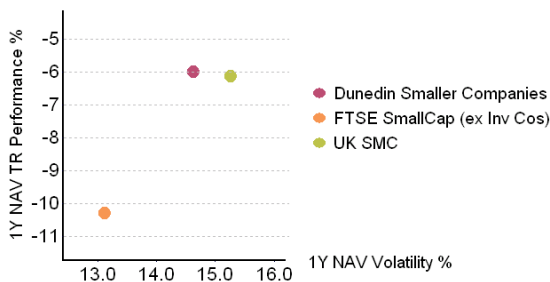
## Latest Dividend History (GBP)

Type	Dividend	Declared Date	Ex Div Date	Record Date	Payment Date	Financial Year
Income	2.900	15 Dec 11	11 Jan 12	13 Jan 12	09 Feb 12	2011
Income	1.950	20 Jun 11	06 Jul 11	08 Jul 11	29 Jul 11	2011
Income	2.750	20 Dec 10	02 Feb 11	04 Feb 11	28 Feb 11	2010
Income	1.850	21 Jun 10	07 Jul 10	09 Jul 10	23 Jul 10	2010
Income	2.650	14 Dec 09	13 Jan 10	15 Jan 10	09 Feb 10	2009
Income	1.850	24 Jun 09	08 Jul 09	10 Jul 09	24 Jul 09	2009

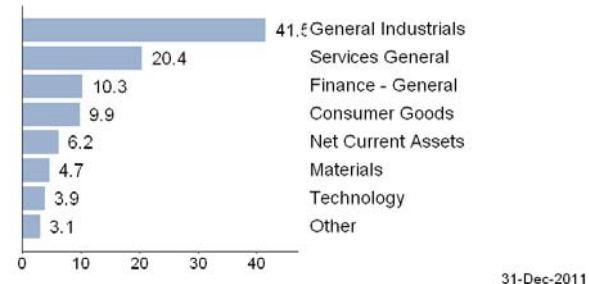
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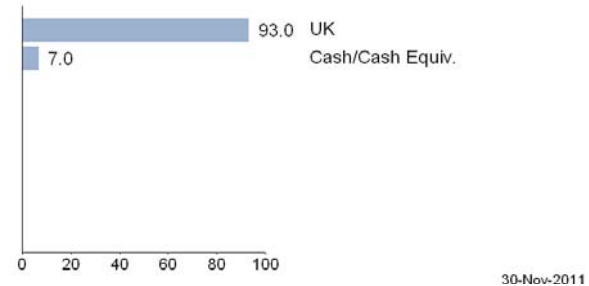
Risk & Return<sup>9</sup>



## Sector Breakdown (%)



## Geographic Breakdown (%)



## Largest Holdings (% Portfolio<sup>10</sup>) as at 31 Dec 2011

Fenner Plc	4.4%
RPC Group	4.2%
Oxford Instruments	3.6%
Fuller Smith & Turner	3.4%
Morgan Sindall PLC	3.4%
Dechra Pharmaceuticals	3.3%
Bellway Plc	3.3%
XP Power	3.0%
Helical Bar	2.9%
Restaurant Group	2.8%
<b>Total</b>	<b>34.2%</b>

## Capital Structure

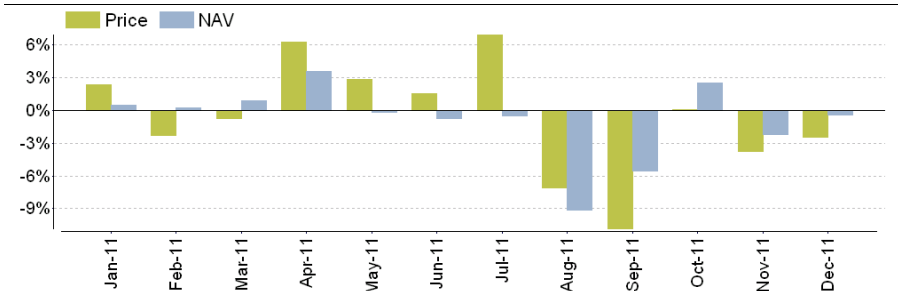
Number of Shares	Share Type
47,855,443	Ord 5p
8,526,157	Subscr. Share 2012

## Warrant / Sub Share Terms

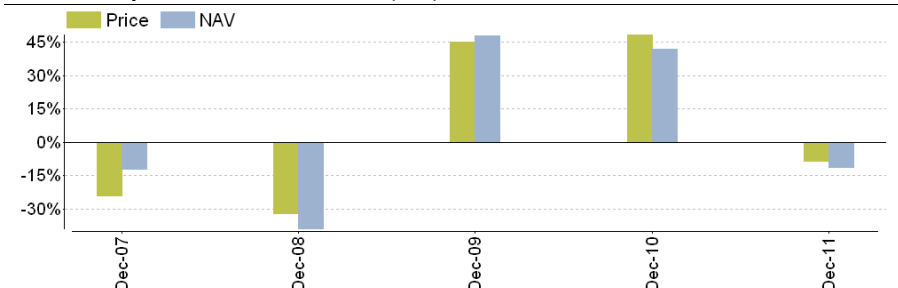
1.0 share @ 170.00p from 28 Feb 2007 - 29 Feb 2012. Next exercise 29 Feb 2012.

Loan CCY	£m	Redemption	Coupon
GBP	5.0		2.048%

## Discrete Monthly Price & NAV Total Return % (GBP)



## Discrete Yearly Price & NAV Total Return % (GBP)



## Risk & Correlation

	3 months	6 months	1 year	3 years	5 years
Alpha (NAV) <sup>11</sup>	0.03	0.03	0.24	0.88	0.42
Beta (NAV) <sup>12</sup>	0.87	0.98	0.93	0.63	0.76
R-squared (NAV) <sup>13</sup>	0.47	0.75	0.86	0.81	0.86
Sharpe (NAV) <sup>14</sup>	1.34	-0.78	-1.03	1.21	-0.05
Price Volatility <sup>15</sup>	16	22	19	16	20
NAV Volatility <sup>15</sup>	13	18	15	14	16
Benchmark Volatility <sup>15</sup>	11	15	13	15	16
Peer Group Price Volatility <sup>15</sup>	12	21	16	15	17
Peer Group NAV Volatility <sup>15</sup>	12	19	15	14	15

## Additional Performance (Total Return<sup>8</sup>) GBX

Period	Price	NAV	Peer Price	Peer NAV	Benchmark
2012	+8.60	+10.69	+13.37	+12.30	+10.49
2011	-8.84	-11.59	-13.94	-10.60	-15.16
2010	+48.20	+41.68	+38.86	+35.37	+16.90
2009	+44.91	+47.68	+61.53	+51.84	+57.67
2008	-32.40	-39.37	-45.45	-43.10	-48.32
2007	-24.52	-12.54	-14.30	-8.63	-17.92
Since FTSE 2009 Low (13 Mar 09)	+126.71	+112.43	+120.90	+119.50	+91.85
Since Sub-Prime (20 Nov 07)	+23.43	+20.72	+11.45	+14.84	-14.13
Since FTSE 2007 Peak (13 Oct 07)	+14.25	+6.27	+0.62	+3.42	-23.72
Since FTSE 2003 Low (12 Mar 03)	+295.04	+209.18	+240.29	+224.39	+88.58
Since NASDAQ Recovery (30 Sep 02)	+268.36	+186.34	+213.73	+197.54	+73.90

## Wind-up Provisions/Buy Back Policy

Fund has an unlimited life. Authority to repurchase up to 14.99% of shares is being renewed at every AGM. The Directors will continue to monitor the Company's discount with that of its peer group and will use the Company's share buyback powers, subject to market conditions, when it feels it to be appropriate.

1 **NAV Estimation** - Fair value of debt refers to the market price of the debt if it is traded or, if it is not traded, an estimation of its value calculated using points over gilt methodology.  
 2 **Z-Statistic 1y** - Shows whether the fund's current discount is significantly higher or lower than the average over the past year, calculated as (Current Discount - Mean) / Std Dev  
 3 **Gross Gearing** - The ratio of estimated gross Assets to the Net Assets, expressed as a percentage  
 4 **Net Gearing** - The ratio of estimated Gross Assets minus cash and fixed interest to the Net Assets, expressed as a percentage. Cash and fixed interest represents not-equity exposure.  
 5 **Total Expense Ratio** - (Total Expenses - Performance Fees - Cost of Leverage - Tax - Restructuring Costs) / Average Net Assets

6 **Net Dividend Yield** - This is calculated by dividing the current financial years dividends (this will include prospective dividends) by the current price.  
 7 **Dividend Growth** - The annualised percentage growth in dividends. Based upon the current financial year, including any future estimates or forecasts.  
 8 **Performance** - Calculated using start and end period Share Prices or NAV Dividends are reinvested on the ex-dividend date at the prevailing Share Price or NAV.  
 9 **Risk & Return** - 1 Year ex income par NAV total return performance against 1 Year NAV volatility. Please see notes 8 and 15 for performance and volatility definitions respectively.  
 10 **Portfolio** - In order to calculate the portfolio value we deduct any holdings in cash only (Note that Fixed Interest is not included).  
 11 **Alpha** - The difference between the fund's average excess total return and the benchmark's average excess total return.  
 12 **Beta** - The sensitivity of the fund to broad market movements. A Beta of 0.5 would imply the fund will move by half as much as the index.  
 13 **R-squared** - A measure of correlation between the fund and index. A value of 0.8 means that 80% of the fund's NAV changes can be explained by changes in the index.  
 14 **Sharpe** - A risk-adjusted return measure, calculated by dividing the fund's average monthly excess total return over the risk-free rate by the standard deviation of those returns. The figure shown is the annualized Sharpe Ratio.  
 15 **Volatility** - The annualized standard deviation of the logged daily returns, adjusting for distributions from capital.