

Fund manager
Peter Ewins


Manager Commentary

After weakness during the previous month, markets rallied in July, despite generally downbeat news in relation to the economic growth outlook. While inflation remains elevated and the key US interest rate was pushed up by another 0.75%, there are hopes that the accelerated pace of monetary policy tightening may soon start to show through in a moderation of pricing pressures; this could limit the ultimate extent of tightening required. Some commodity and food prices have begun to ease back on signs of slower demand. Small cap stocks participated in the equities rally, with US small caps particularly strong. The Company's net asset value and share price were also up but failed to keep pace with the Benchmark this month.

Our North American portfolio underperformed the Russell 2000. Mining stocks such as Wheaton Precious Metals, SSR Mining and Lundin Mining lagged as the weaker commodity price impacted sentiment; results from the latter company also disappointed the market. Concerns around a delayed business disposal by Spectrum Brands led to weakness in this company's shares. Pool equipment supplier Hayward Holdings' volume guidance was pulled back as sales were impacted by weaker European demand and stock adjustments. On the upside, our holding in World Fuel Services rebounded after a more favourable demand backdrop helped it to significantly beat expectations. Meanwhile, building products supplier Eagle Materials was another riser as the company benefited from higher product pricing. Our holdings in US Physical Therapy and Molina Healthcare were also strong, with the latter boosted by good results.

In the UK, we were also behind the local market small cap performance in July. This was mainly due to disappointing trading updates from individual stocks. Cost pressures and a weaker consumer backdrop have impacted online business CMO Group, in the building products sector, and In The Style Group, in the fashion market. Shares in Hotel Chocolat also fell sharply as the company flagged that it was reining in international expansion and writing down the value of the investment in its Japanese joint venture. Shares in personal care business Revolution Beauty were also under pressure. Among the better performers were Breedon Group, 4imprint Group and Kitwave Group. All produced encouraging trading updates in the month: Breedon gained from solid demand and strong pricing conditions in its end markets; 4imprint saw strong demand in the promotional products markets; and Kitwave benefited from more recognition from investors as a relatively recent IPO, which has surpassed profit expectations. As a distributor into the convenience store channel, the company has been helped by the positive weather conditions of late.

We outperformed in Europe, with strong results coming through from a number of holdings, including specialist packaging business SIG Group (which reported high single digit organic sales growth), semi-conductor equipment business ASM International and R&D outsourcing business Alten. The Swedish-based industrial consolidator Indutrade announced its highest ever profit margin, lifting its shares in the process. In contrast to SIG Group, within packaging, Gerresheimer shares fell on fears around the potential impact to the company's German operations from the risk to gas supplies from Russia. At the same time, HelloFresh was also weak as full-year guidance was cut by management despite a solid first six months of trading. Shares in Norma Group, highly dependent on the automotive sector, dropped as the company cut margin expectations again.

Performance on the Japanese collectives was positive in the month, with Baillie Gifford's small cap fund regaining some ground as growth stocks bounced. Within the Rest of World portfolio, the Schroder Global Emerging Markets Smaller Companies fund performed well, but the more defensively skewed Utilico Emerging Markets trust lagged the rally this month, having performed well in the first half of 2022.

Key risks

Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Where investments are made in emerging markets, or smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment. If markets fall, gearing can magnify the negative impact on performance.

Key facts as at 29.07.22

Trust aims: To secure a high total return by investing in smaller companies worldwide.

Trust highlights: One of the largest specialist global smaller companies investment trusts. Greater inherent growth potential in smaller companies. Strong dedicated small company investment team. The dividend has risen in each of the last 52 years.

Benchmark: 30% Numis UK Smaller Companies (ex investment companies) Index / 70% MSCI All Country World ex UK Small Cap Index

Fund type: Investment Trust

Launch date: 1889

Total assets: £954.4m

Share price: 146.40p

NAV (debt at market value): 166.74p

Discount/premium(-/+): -12.20%

Dividend payment dates: Aug, Jan

Net dividend yield*: 1.26%

Net gearing/Net cash*: 4.68%

Management fee rate:** 0.55%

Ongoing charges:** 0.75%

Year end: 30 April

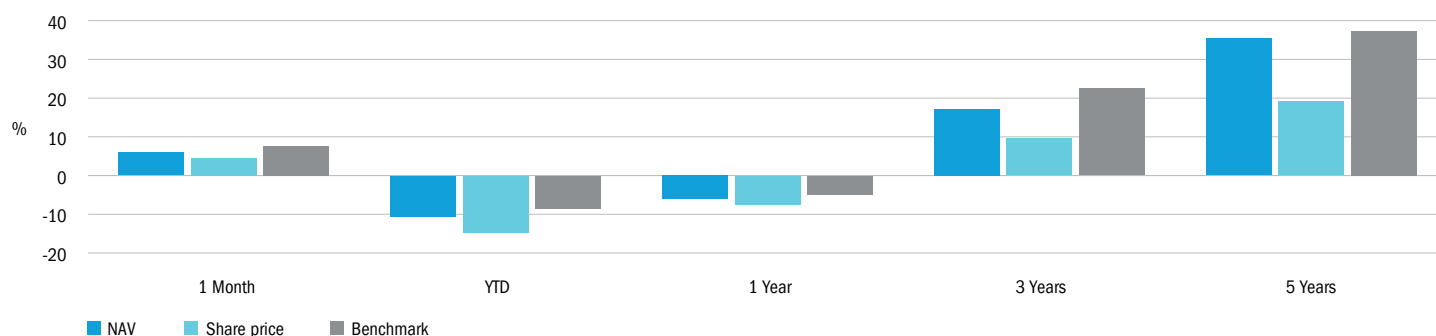
Sector: AIC sector Global Smaller Companies

Currency: Sterling

Website: globalsmallercompanies.co.uk

** Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.

Fund performance as at 29.07.22



Cumulative performance as at 29.07.22 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (debt at market value)	5.90	-10.44	-5.96	17.05	35.27
Share price	4.42	-14.52	-7.37	9.44	19.00
Benchmark	7.54	-8.43	-4.84	22.29	37.20

Discrete annual performance as at 29.07.22 (%)

	2022/21	2021/20	2020/19	2019/18	2018/17
NAV (debt at market value)	-5.96	41.72	-12.17	2.44	12.81
Share price	-7.37	36.18	-13.24	0.04	8.69
Benchmark	-4.84	41.73	-9.33	1.07	11.01

Past performance is not a guide to future performance. Source: Lipper and Columbia Threadneedle Investments. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. The discrete annual performance table refers to 12 month periods, ending at the date shown.

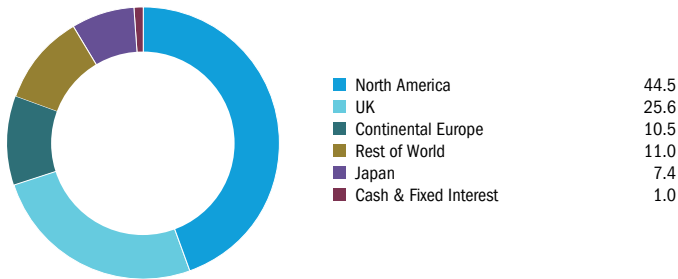
Trust codes

Stock exchange code	GSCT
Sedol	BKLXD97
Legal Entity Identifier	2138008RRULYQP8VP386

Top 10 holdings (%)

	% of net assets	Sector
Eastspring Investments Japan Smaller Companies	3.6	Collective investments
Aberdeen Standard SICAV I Japanese Smaller Companies	3.1	Collective investments
Pinebridge Asia ex Japan Small Cap Equity	2.9	Collective investments
Scottish Oriental Smaller Cos Inv Trust	2.7	Collective investments
Utilico Emerging Markets	2.0	Collective investments
Schroder ISF Global Emerging Markets Smaller Companies	2.0	Collective investments
LKQ	1.6	Consumer Discretionary
Eagle Materials	1.6	Industrials
Molina Healthcare	1.4	Healthcare
Euromoney Institutional Investor	1.3	Industrials

Geographical breakdown (%)



Net dividend distributions pence per share

	2017	2018	2019	2020	2021	2022
January	0.400	0.44	0.500	0.55	0.55	0.57
August	0.825	1.00	1.150	1.15	1.20	1.27
Total	1.225	1.44	1.650	1.70	1.75	1.84

Restated for 10 for 1 share split on 31 October 2019.

Glossary

Bid price	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
Dividend	Income paid to shareholders by the company they invest in.
Net asset value	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.



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All data as at 29.07.2022 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. Percentages in the top ten holdings table based on gross assets. †The yield is calculated on an historic basis using the actual dividends paid during the company's last financial year and the closing share price as at the end of the relevant month. *Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product.

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The Global Smaller Companies Trust PLC is an investment trust and its Ordinary Shares are traded on the main market of the London Stock Exchange.

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