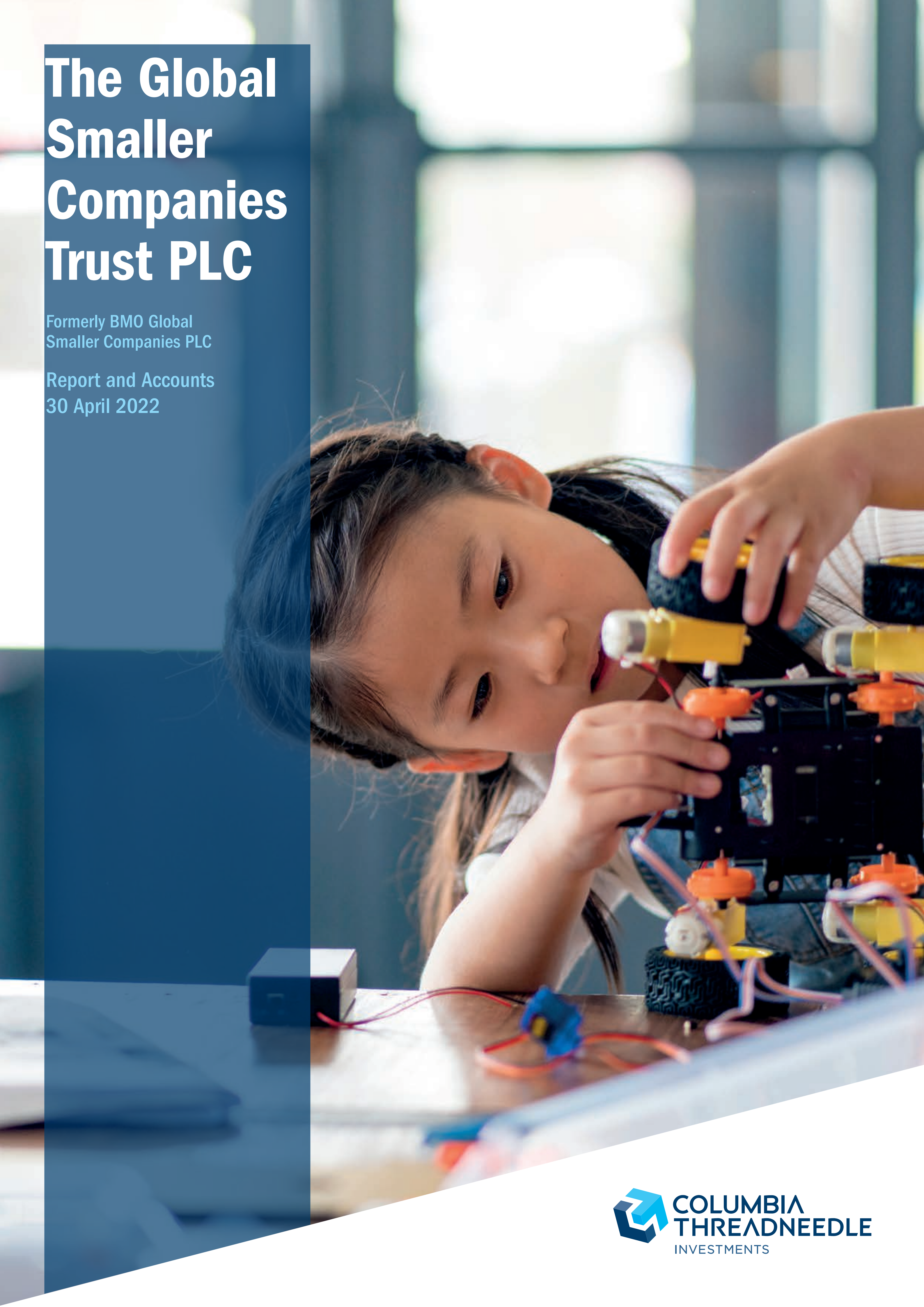
The Global Smaller Companies Trust PLC

Formerly BMO Global Smaller Companies PLC

Report and Accounts
30 April 2022



COLUMBIA THREADNEEDLE INVESTMENTS

Contents

2022-23 Financial year events

Annual General Meeting	28 July 2022
Final dividend payable	4 August 2022
Half-yearly results for 2022 announced	December 2022
Interim dividend payable	January 2023
Final Results for 2023 announced	June 2023

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in the Company please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Company Name and Overview

Company Name

The Company has changed its name to The Global Smaller Companies Trust PLC.

Company Overview

The Global Smaller Companies Trust PLC (formerly BMO Global Smaller Companies PLC, the **'Company'**) was founded in 1889 with an initial capital of £1m. A sister company to the very first investment trust, in time it developed a policy of investing in smaller companies and the Company's net assets had a value of more than £945 million as at 30 April 2022.

Our purpose is to provide an investment vehicle which meets the needs of investors, whether large or small, who seek long-term investment returns from global smaller companies in an accessible, cost effective way.

Our objective is to invest in smaller companies worldwide in order to secure a high total return and we remain one of only a few investment trusts to offer investors access to a broadly spread global smaller companies portfolio.

A recognised "AIC Dividend Hero", this will be the Company's 52nd consecutive year of dividend growth.

While historically returns have been strong for investors in smaller companies, we do recognise the particular risks inherent in selecting stocks from this part of the market. Our approach is to invest in a wide range of high quality smaller quoted companies and funds to offer a globally diversified portfolio, reducing the risk of overexposure to any one company, market, currency or industry.

The Company is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth over the long-term, and who understand and are willing to accept the risks, as well as the rewards, of exposure to smaller companies.

Visit our website at **bmoglobalsmallers.com**
(with effect from early July this will be globalsmallercompanies.co.uk)

MORNINGSTAR Silver

aic DIVIDEND HERO

The Company is registered in England and Wales with company registration number 28264
Legal Entity Identifier: 2138008RRULYQP8VP386

Forward-looking statements

This document may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this document. Nothing should be construed as a profit forecast.

Financial Highlights year to 30 April 2022

-0.2%

Net Asset Value with debt at fair value[1] ("NAV") total return[1] of -0.2% versus -3.2% from the Benchmark.

The NAV fell to 172.8p from 174.9p.

-6.4%

Share price total return[1] of -6.4%.

The share price ended the year at 156.2p.

1.84p

Dividend[3] of 1.84 pence 52nd consecutive annual increase, up by 5.1%.

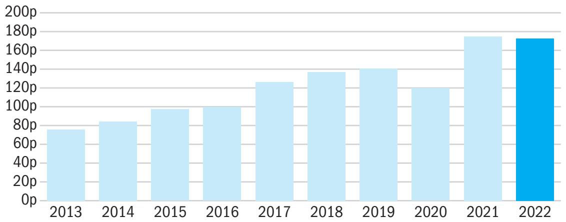
-9.6%

Shares ended the year at a discount[1] to the NAV of 9.6%.

Delivering high total returns over the long term

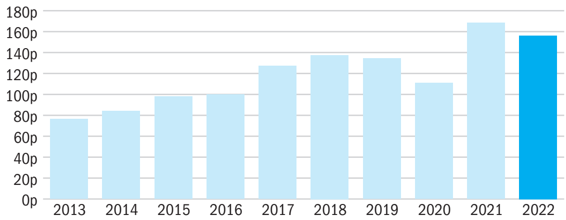
In the last ten years the Company has turned a £1,000 investment, with dividends reinvested, into £2,952, a compound annual total return of 11.4%.

NAV[(1),(4)] per share at 30 April – pence



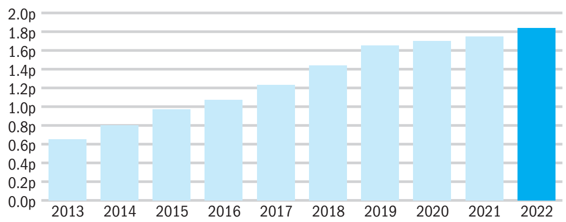
Source: BMO GAM

Mid-market price[(4)] per share at 30 April – pence



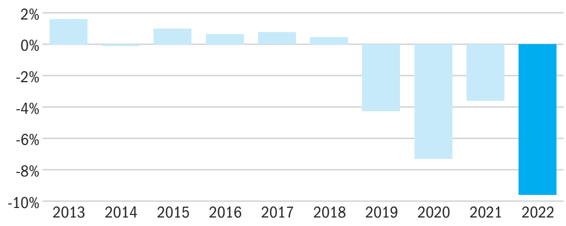
Source: BMO GAM

Dividends[(3),(4)] – pence per share



Source: BMO GAM

Share price premium/(discount)[(1)] at 30 April – %



Source: BMO GAM

The dividend has increased every year for the past 52 years and over the last ten years is up 12.6% compound per annum, compared with inflation of 3.3% compound per annum.

Potential investors are reminded that the value of investments and the income from dividends may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

(1) See Alternative Performance Measures on pages 92 and 93.
(2) See Glossary of terms on page 94 for explanation of "Benchmark".
(3) Total dividend comprises an interim dividend (paid on 28 January 2022) of 0.57 pence and a final dividend for 2022 of 1.27 pence (payable on 4 August 2022), subject to shareholder approval at the AGM.
(4) Comparative figures for the years prior to 2020 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

Chairman's Statement

"Long-term returns of both NAV and share price continue to be favourable, with the compound share price and compound NAV total returns over the last 25 years being 10.7% and 10.2% respectively."

Anja Balfour, Chairman

Dear Shareholder,

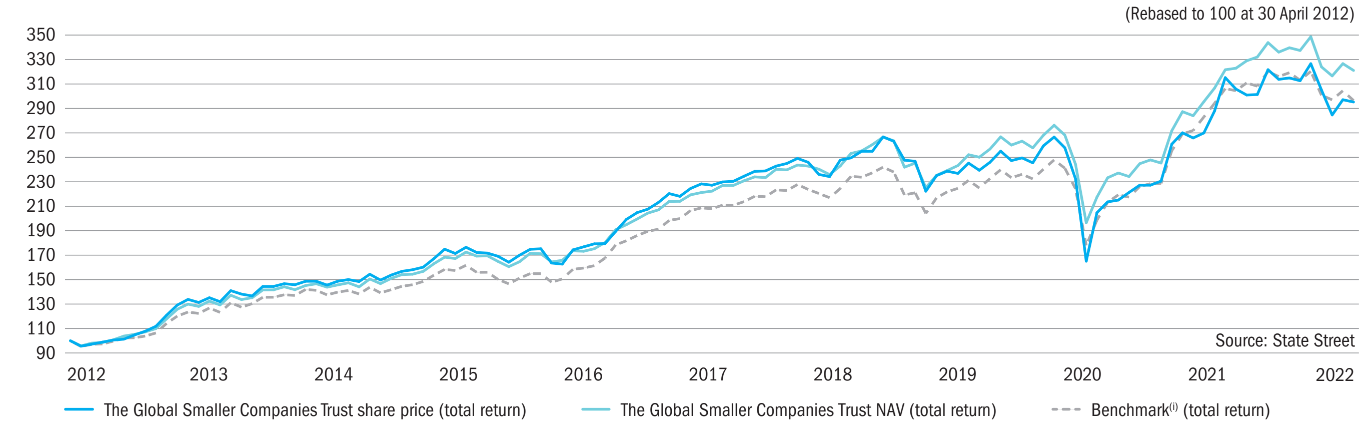
After the strong recovery in markets in the previous financial year and a satisfactory first six months, market conditions deteriorated towards the end of the year under review. The on-off pandemic lock-downs, supply chain challenges, surging inflation and the more recent tragedy of the war in Ukraine were just some of the issues confronting investors.

While a number of global stockmarket indices managed to post gains and hit record highs during the year, smaller company shares underperformed their larger counterparts in most markets, a reversal of the pattern from the prior year. This can happen at times where uncertainties and risks are elevated, so given the myriad of issues emerging in recent months, it is perhaps not surprising that small caps have been under some pressure.

Performance and the discount

Returns from the Company's portfolio were in positive territory for most of the year. However, a late sell-off following the commencement of the conflict in Ukraine and a shift up in expectations for the key US interest rate outlook, meant that the Company's Net Asset Value (**'NAV'**) total return (with long term borrowings at fair value) over the twelve months was -0.2%. The NAV ended the year at 172.83p per share. For context, pleasingly, this compared favourably to the -3.2% total return from the Company's Benchmark index (30% Numis UK Smaller Companies excluding investment companies Index/70% MSCI All Countries World ex UK Small Cap Index). The Manager's conservative approach to stock selection, focusing on established, profitable business franchises, paid off in a period where more speculative and loss making growth stocks have seen a savage de-rating, at least in part due to the increase in longer term interest rate expectations. Performance also benefitted from elevated takeover activity, with no fewer than 17 of our holdings being the subject of bid approaches or mergers during the year.

Net asset value and share price performance vs Benchmark[1] over ten years



[1] See Glossary of terms on page 94 for explanation of 'Benchmark'

With investors becoming more cautious about the global economic outlook, discounts on most smaller company investment trusts have widened considerably. Over the year the discount of our share price to NAV increased from 3.6% to 9.6%. The share price total return was -6.4%, with the share price closing at 156.2p. While share buybacks were unable to prevent the discount from widening in the year, those repurchases, at a discount to the prevailing NAV, added some 0.4% to NAV performance in the year. They also enhanced liquidity for shareholders who wanted, or needed to, sell their holdings. The Board's consistently applied share buyback policy stands in contrast to that of some peers which have allowed their discounts to widen without taking any action. While a more favourable market backdrop may be needed, the Board continues to aim for the discount to be below 5%. In the meantime, further shares have been bought in during the early part of the new financial year with the aim of minimising the absolute level and volatility of the discount.

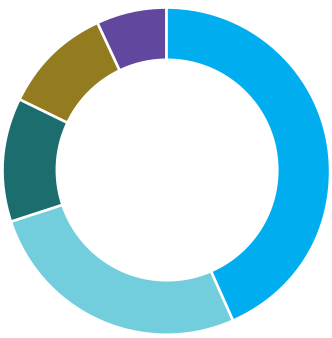
Long term returns of both NAV and share price continue to be favourable as shown below, with the compound share price and compound NAV total returns over the last 25 years being 10.7% and 10.2% respectively. Returns have also been well ahead of the 3.1% Retail Prices Index annual increase over the same timeframe.

Performance[1]: Total returns over the long-term

	1 year %	3 years %	5 years %	10 years %	25 years %
Company NAV total return	-0.2	27.3	44.4	221.1	1,041.7
Benchmark total return	-3.2	28.3	42.5	196.5	827.2
Company share price total return	-6.4	20.4	29.9	195.2	1,181.1

[1] Source: BMO GAM

Geographical distribution of the investment portfolio as at 30 April 2022



The percentages in brackets are as at 30 April 2021

Source: BMO GAM

(i) See Alternative Performance Measures on page 93.

Costs

Ongoing charges(i) for the year were down from 0.78% to 0.75%, with a higher average value of net assets in the calculation the main reason for this.

Dividends

In last year's Annual Report, I highlighted that income from the investment portfolio had suffered badly as a consequence of the Covid-19 pandemic, necessitating the use of the revenue reserve to maintain our record of dividend progression. Over the last twelve months, a faster than expected rebound in corporate earnings has prompted a rapid recovery in dividend receipts from the portfolio.

For the year, revenue returns per share rose by no less than 44.4% to a new high of 1.82p per share. Although the economic outlook has weakened recently, the Board has decided to recommend the payment of a final dividend of 1.27p, making a total for the year of 1.84p, an increase of 5.1% on the year. If approved by shareholders at the AGM, the dividend will be paid on 4 August. This will be the 52nd consecutive year of dividend growth for the Company.

Market and portfolio performance

After the previous year's 47.9% rise in NAV, on the back of investor optimism around the potential for global economic recovery from the coronavirus pandemic, it is perhaps unsurprising that markets found further progress harder to achieve. The emergence of new variants of the virus, necessitating further lockdowns and reigniting supply chain challenges, was clearly unhelpful for share prices, as was the rise in inflation around the globe. Late in the year, the invasion of Ukraine by Russia further darkened the outlook.

With inflation increasingly prevalent, a number of emerging market central banks moved to tighten monetary policy early in the year. Eventually, the US Federal Reserve also signalled a plan to increase interest rates to curb inflation, having abandoned the view that higher prices would be transitory. This prompted a sharp increase in global interest rates and bond yields, feeding into lower equity prices, which were then further undermined by developments in Eastern Europe. With the cost of capital rising, there has been a significant de-rating of more growth orientated equities, especially those with little or no near-term profit to speak of. A number of previously popular technology orientated investments and biotechnology stocks were particularly hard hit. More stable, established and lower rated stocks held up better in an increasingly risk averse market.

The table on the next page shows how our regional portfolios performed in the year, and the Lead Manager's review on pages 12 to 22 covers the background to these figures in detail. After a number of difficult years for emerging markets in a smaller company sense, while there were notable exceptions, these markets did better than developed markets for a change. Some markets, such as Brazil, are beneficiaries of higher commodity prices. Europe's markets were under pressure late in the year, unsurprisingly given their proximity to Ukraine, and the impact of higher European gas prices on consumers and energy intensive companies.

Most important in terms of the relative performance of the Company overall was the strength of the investment team's stock selection in North America. Avoiding speculative investments and most of the more overvalued growth stocks were the main drivers of this performance. Stock selection was also positive in the UK, where we were helped by a succession of takeover bids for our holdings. Elsewhere, returns were close to the local smaller company indices in the Rest of World segment mainly targeting Asia and Latin America. We struggled in Europe in the second half of the year as, with the benefit of hindsight, the portfolio here was too exposed to higher valuation names which suffered a de-rating. The Japanese collectives portfolio also had a weaker second half, having been ahead of the local small cap index in the first half. A fall in the yen further undermined returns in sterling terms.

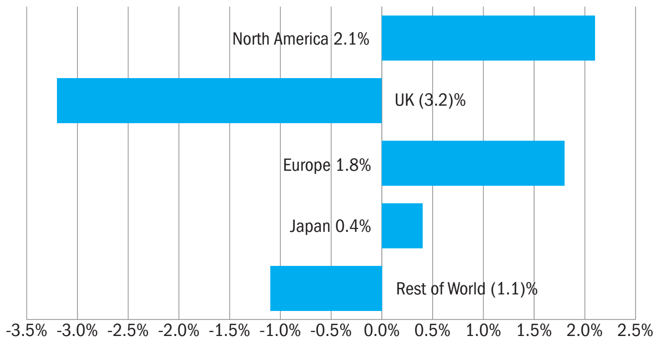
Asset Allocation

Over the course of the year, the main changes in geographic weightings were an increase in North American exposure and a reduction in Europe and the UK. This has principally been performance driven. With all of the main regional small cap indices down by similar amounts, there was no material impact to relative performance as a result of asset allocation during the year.

Gearing Policy

The Board remains of the view that making use of the ability to gear as an investment trust makes sense for long term returns and the Manager consistently maintained some leverage over the year, with effective gearing ending the year at 4.6%, compared with 3.8% a year

Geographical weightings against Benchmark as at 30 April 2022



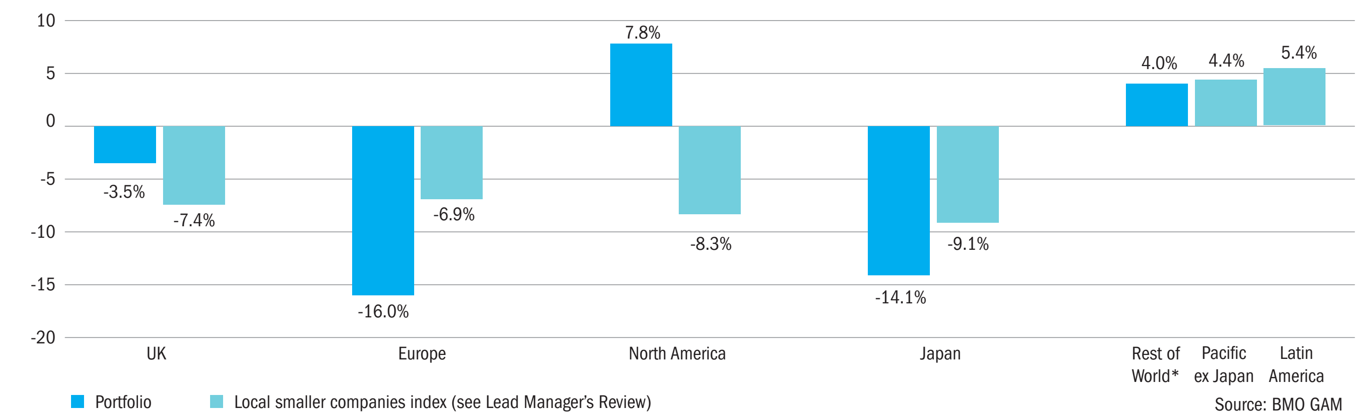
Source: BMO GAM & MSCI

ago. Borrowings were made up of £35m of 2.26% sterling loan notes maturing in 2039 and £19.8m equivalent drawings in yen and euros under our revolving credit facility. The fair value of the loan notes fell by £5.2m in the year, reflecting the rise in market yields.

The Manager and Company Name

Last year we reported that Bank of Montreal (**'BMO'**) had taken the decision to sell its asset management business in Europe, the Middle East and Africa to Ameriprise Financial Inc, the parent of Columbia Threadneedle Investments (**'Columbia Threadneedle'**). The Board has been kept up to date with the integration of the BMO and Columbia Threadneedle businesses and it is pleased that the Company's investment management team remains unchanged and indeed has been augmented by additional research input from the enlarged Columbia Threadneedle investment team. Columbia Threadneedle's commitment

Geographical performance (total return sterling adjusted) for the year ended 30 April 2022



Source: BMO GAM

*Performance of the Rest of World portfolio is shown here against both the Asian and Latin American smaller company indices.

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towards the stable of former BMO managed investment trust companies and the savings scheme operations has also been encouraging.

The sale by BMO necessitates a change in the Company's name from BMO Global Smaller Companies PLC and after due consideration the Board has resolved that the Company be re-named The Global Smaller Companies Trust PLC. This emphasises more clearly the mandate of the Company and removes the potential for confusion with other smaller company products managed by Columbia Threadneedle. The name change is effective immediately and the Columbia Threadneedle team are rolling out a publicity programme to ensure that the news is recognised in the market. Regular investors in the Company through the BMO savings schemes are unaffected and there is no change to the Company's objective or the way in which it will be managed as a result of the new name. With effect from early July 2022, the Company's new website address will be globalsmallercompanies.co.uk. The Manager's name will also change, to Columbia Threadneedle Investment Business Limited.

Environmental, Social and Governance ('ESG')

Incorporating ESG factors into investment decisions is becoming more mainstream but both BMO and Columbia Threadneedle have long had a commitment to ESG integration into their investment processes. The investment management team have continued to work closely with their Responsible Investment team colleagues during the year, which is important given the fast-moving nature of some of the issues around ESG. Some practical illustrations of this work are outlined in the Responsible Investment report on pages 23 to 26.

Annual General Meeting

After two years of being unable to meet shareholders in person thankfully we are able to return to an in-person AGM this year. The meeting will take place at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Thursday, 28 July 2022 at 12.00 noon. We hope as many shareholders as possible will attend. The Lead Manager will, as usual, give a review of the year together with his view on the outlook. This year we will also be streaming the meeting live on the internet so that those shareholders who cannot attend in person will be able to view the proceedings. Details of how to watch the meeting are included in the Form of Proxy/Form of Direction.

Voting at this year's AGM will be conducted by way of a poll and therefore you are requested to lodge your votes ahead of the meeting by completing your Form of Proxy or Form of Direction in accordance with the instructions shown thereon. Their completion and return will not preclude you from attending the meeting and voting in person. Shareholders who are unable to attend the AGM are requested to submit any questions you may have with regard to the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to gscagm@bmogam.com. Following the AGM, the Fund Manager's presentation will be available on the Company's website globalsmallercompanies.co.uk.

Outlook

The start of the new financial year has seen more volatility in equity markets, with 2022 and 2023 economic growth forecasts being scaled back given the ongoing war in Ukraine and the anticipated rise in interest rates globally. While these are clear headwinds for share prices, it is possible that the extent of monetary policy adjustment may be more limited than presently expected if economies continue to slow and inflationary pressures moderate.

Corporate earnings are coming under some pressure now given recent events, however valuations in the markets are beginning to appear more attractive for some of the more beaten down smaller cap growth stocks. The investment management team is hopeful that it can take advantage of this in the coming months. Continuing to monitor individual companies' newsflow and their success in dealing with higher inflationary pressures will remain key.

Anja Balfour
Chairman
17 June 2022

Strategic Report

Our purpose is to provide an investment vehicle which meets the needs of investors, whether large or small, who seek long-term investment returns from global smaller companies in an accessible, cost effective way. Our investment objective is to secure a high total return for our shareholders over the longer term.

Purpose, values and culture

Our purpose is to provide an investment vehicle which meets the needs of investors, whether large or small, who seek long-term investment returns from global smaller companies in an accessible, cost effective way. Our investment objective is to secure a high total return for our shareholders over the longer term.

To ensure that the Company's purpose, values, strategy and culture are aligned, the Board comprises Directors with a breadth of relevant skills and experience acting with professional integrity who contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

Investment and business strategy

Our investment strategy is designed to produce outperformance of the Benchmark and increases in dividends over the longer term. We seek to deliver this by investing in a large number of stocks across sectors globally and by finding attractively valued investments wherever they may be, without constraint to specific sector or geographical exposure limits. We select well-managed publicly listed smaller companies with growth potential and market capitalisations that fall into the generally accepted local definition of a smaller company.

Business model

The Directors have a duty to promote the success of the Company. As an investment company with no employees, we believe that the best way to do this and to achieve our objective is to have an effective and strong working relationship with our appointed manager, Columbia Threadneedle Investment Business Limited (formerly BMO Investment Business Limited, the 'Manager'). Within policies set and overseen by the Board of Directors, our Manager has been given overall responsibility for the management of the Company's assets, including asset allocation, gearing, stock and sector selection as well as risk management and engagement on Environmental, Social and Governance matters. The Board remains responsible for the matters listed on page 41.

In most parts of the world, smaller company equities have historically delivered strong longer term returns to investors ahead of overall equity market returns. As an investment trust company, the Company is particularly well suited to long-term investment in these smaller, less liquid companies.

Our Manager places particular focus on fundamental analysis of the opportunities in the North American, UK and European stock markets. The emphasis is on meeting individual companies and understanding the quality of their management, their position in their targeted market and their strategy for growth. Importantly, assessment is made on each individual company's financial strength and cash flow dynamics. The aim is to invest in high quality companies at attractive prices with the potential to deliver strong returns. We use funds to gain exposure to companies in areas where our Manager has historically lacked dedicated smaller company investment management resource, such as in Japan, Asia, Latin America and Africa. Exposure to the different geographic markets is adjusted within specific ranges in light of the attraction of local valuations and the outlook for currencies, but stock selection is generally the main driver of the Company's overall returns. A full list of investments appears on pages 34 to 36.

Furthermore, as a closed-ended listed investment company we are not constrained by asset sales to meet redemptions. Our share capital structure gives us the flexibility to take a longer term view and stay invested while taking advantage of volatile market conditions. Having the ability to borrow to invest gives us a significant advantage over a number of other investment fund structures.

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Alignment of values and culture

It is important that the values, expectations and aspirations of those charged with managing the assets align with those of our own. The Board has reviewed the Manager's culture and values as part of the annual assessment of its performance and in determining whether its reappointment is in the interests of shareholders. BMO is an organisation committed to helping establish a more sustainable financial system. A founding signatory to the United Nations Principles for Responsible Investment (**'UNPRI'**), it has achieved the maximum rating of A+ for key areas of its responsible investment approach, including strategy and governance, and Environmental, Social and Governance (**'ESG'**) incorporation and active ownership in listed equities. The management company has a culture of diversity and inclusion anchored by shared values and industry-leading employee engagement in keeping with the Board's own expectations and beliefs.

Responsible investment and ESG impact

Our Responsible Investment policies are set out on page 23 and are aligned towards the delivery of sustainable investment performance over the longer term. The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or a provider of goods or services, while its shareholders are effectively its customers. In consequence, it does not directly generate any greenhouse gas or other emissions or pollution. The Company's indirect impact occurs through the investments that it makes and this is mitigated by the Manager's Responsible Investment Approach as explained on pages 23 to 26.

Manager evaluation

Investment performance and responsible ownership are fundamental to delivering a sustainable high total return for our shareholders over the longer term and therefore an important responsibility of the Directors is exercising a robust annual evaluation of our Manager's performance capabilities and resources. This is an essential element in the mitigation of risk, as outlined under Principal Risks on page 30, and the strong governance that is carried out by the Board of Directors, all of whom are independent and non-executive.

The process for the evaluation of our Manager for the year under review and the basis on which the reappointment decision was made are set out on page 46. The management fee is based on the value of the Company's net assets, thus aligning the Manager's interests with shareholders.

Managing risks and opportunities

We look to make good use of our corporate structure and the investment opportunities that produce a high total return for our shareholders over the longer term. Like all businesses, these opportunities do not come without risks and so the performance of our Manager is monitored at each Board meeting on a number of levels. In addition to managing the investments, the ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. It reports on the investment portfolios; the wider portfolio structure; risks; compliance with borrowing covenants; income, dividend and expense forecasts; errors; internal control procedures; marketing; shareholder and other stakeholder issues, including the Company's share price discount or premium to NAV; and accounting and regulatory updates.

Shareholders can assess our financial performance from the Key Performance Indicators that are set out on page 11 and, on page 30, can see what the Directors consider to be the Principal Risks that we face. The risk of not achieving the Company's objective of delivering a high total return for our shareholders over the longer term, or of consistently under-performing its Benchmark or competitors, may arise from any or all of poor stock selection, inappropriate asset allocation, weak market conditions, badly timed employment of gearing, poor cost control, loss of assets and service provider governance issues.

In addition to monitoring our Manager's performance, capabilities, available resources and its systems and controls, the Directors also review the services provided by other principal suppliers. These include the Custodian and Depositary in their duties towards the safeguarding of the assets.

The principal policies that support our investment and business strategy are set out on page 37, whilst the Lead Manager's review of activity in the year can be found on page 12. In the light of the Company's strategy, investment processes and control environment (relating to both the oversight of its service providers and the effectiveness of the risk mitigation activities), we have set out on page 31 our reasonable expectation that the Company will continue in operation for at least the next five years.

Lead Manager and the management of the assets

As Lead Manager on behalf of our Manager, Peter Ewins is responsible for the allocation of the assets on a regional basis and for the construction of the investment portfolio including the selection of any smaller company investment funds utilised. Our Manager has a team of smaller company investment managers that support the Lead Manager in the selection of stocks for the North American, UK and European stock markets. The Lead Manager is also assisted by other colleagues within the management company in relation to the selection of managed funds used to gain exposure to other global markets.

Marketing

With a large proportion of our shareholders being retail investors and savings or execution-only platforms representing a significant and growing element of our shareholder base, we remain focused with our Manager on the optimal communication of the Company's investment proposition. In recent months we have been working with the Manager in order to provide more content on the Company's website, including more regular video updates. An increasing proportion of shareholders hold their investment via third party platforms, as well as the Manager's Savings Plans, which continue to be a cost effective and flexible way to invest. The Manager has also been making use of the "Investor Meet Company" platform to make presentations and target other retail investors using this service to research investment opportunities.

Key stakeholders

Whilst we hold our Manager to account in the management of our assets, we also recognise that relationship as being fundamental from a stakeholder perspective and as a working partnership in forming and developing our strategy. Our own engagement with our Manager is continuous, particularly through our regular Board meetings and not least the annual meeting that we dedicate to the review of strategic matters. The debate at our strategy meeting in February included a review of the areas critical to the future success of the Company including investment strategy, the Company's name, branding and marketing. The Board also keeps under review the appropriateness of the Company's Benchmark index. The relationships that our Manager has with the companies in which we invest are of key importance and we outline our approach on pages 23 to 26.

Albeit not in the traditional sense, we see our shareholders as customers who we hope will stay with us and reap the benefits of investing over the longer term. Many of our underlying shareholders are young and hold their shares through their parents in the Manager's Child Trust Fund and Junior ISAs. The Child Trust Funds have now begun to mature, meaning that, as each child turns 18, they have full control over their holdings. Our hope is that these young investors will remain with us either by switching into the Manager's other savings products or retaining their shares on other platforms. For that purpose, the Manager has been writing to parents ahead of their account maturity dates explaining the options and opportunities available to them for continuing their investment journey with us. Early indications show good retention rates.

With regard to our shareholders more generally, we engage by reporting our activities and performance through the publication of our financial statements. Most shareholders and Savings Plan investors prefer not to receive such detailed information. To avoid then losing this essential line of communication, we instead make available a short notification summary covering the main highlights of our half-yearly and annual results. Shareholders and savings plan investors can access the full information on our website as shown on page 2. Through our Manager, we also ensure that savings plan investors are encouraged to participate at shareholder meetings in addition to those members who hold their shares directly on the main shareholder register. Details of the proxy voting results on each resolution are published on the website where there is also a link to the daily publication of our NAV and our monthly factsheet.

The Manager seeks to foster good relations with wealth managers and underlying investors in promoting the Company's investment proposition and over the year a number of meetings, both virtual and in-person, were held with existing and prospective investors. These meetings are reported on regularly to the Board. The Chairman and Senior Independent Director are always available to meet with major shareholders.

Our lenders are important stakeholders who we keep informed through our monthly covenant compliance reporting in the first instance. Despite the extreme volatility in markets as a result of Covid-19, none of the financial covenants has been threatened and we had no issues over liquidity or cause to engage with the lenders in this regard.

Key Performance Indicators

The Board assesses its performance in meeting the Company's objective against four key measures; Performance, Premium/Discount, Ongoing Charges and Dividend Growth, as well as regional performance against local benchmarks set out on page 13. Detailed commentary on these measures can be found in the Chairman's Statement and Lead Manager's Review. A 25 year historical record of these indicators (excluding Ongoing Charges) is shown on pages 90 and 91.

Performance: Total return(1)

	1 Year %	3 Years %	5 Years %	The Board's policy is to secure a high total return
NAV total return	(0.2)	27.3	44.4	This measures the Company's NAV and share price total returns, which assume dividends paid by the Company have been reinvested, relative to the Company's Benchmark.
Benchmark(2) total return	(3.2)	28.3	42.5	
Share price total return	(6.4)	20.4	29.9	

Source: BMO GAM and Refinitiv Eikon

Premium/(discount)(1) (including current period income)

At 30 April	%	The Board's premium/discount policies are to moderate the level of share price premium/discount and related volatility
2022	(9.6)	This is a measure of the divergence between the share price and the NAV per share. The Company issues shares whilst the share price is at a premium and buys back shares when it is at a discount, in the latter case with the aim that it does not exceed 5% in normal market conditions.
2021	(3.6)	
2020	(7.3)	
2019	(4.3)	
2018	0.5	

Source: BMO GAM and Refinitiv Eikon

Ongoing charges(1) (as a percentage of average net assets)

At 30 April	% (excluding performance fees)	% (including performance fees)	The Board's policy is to control the costs of running the Company
2022	0.75	0.75	This measures the running costs of the Company (including where applicable the performance fees incurred in underlying funds) as a percentage of the average net assets.
2021	0.78	0.78	
2020	0.75	0.75	
2019	0.79	0.79	
2018	0.83	0.83	

Source: BMO GAM

Dividend growth

	1 Year %	3 Years %	5 Years %	The Board aims to continue its progressive dividend policy
Dividends	5.1	11.5	50.2	This compares the Company's dividend growth rate to the rate of inflation.
Retail Prices Index	11.1	16.1	23.7	

Source: BMO GAM and Refinitiv Eikon

(1) See Alternative Performance Measures on pages 92 and 93
(2) See Glossary of terms on page 94 for explanation of Benchmark

Lead Manager's Review

The fund management team consist of back row, left to right; Nish Patel, Gordon Happell, Patrick Newens, Sam Cosh and Bradley Walsh, front row; Catherine Stanley, Peter Ewins (Lead Manager) and Lucy Morris.

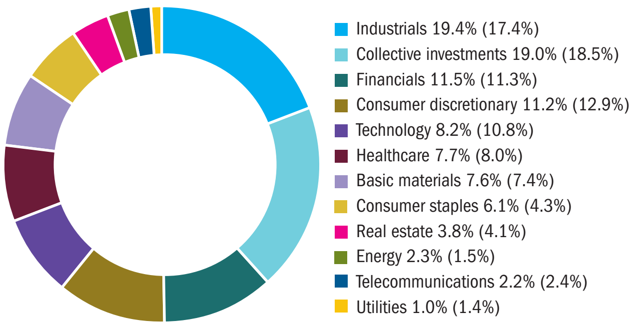
A year is a long time in the financial markets and the last one has definitely proved that, with some seismic shifts on both the equities and fixed income fronts. While life in much of the world has returned to something feeling more normal with pandemic restrictions being relaxed, the repercussions from the virus and the macro policy responses to it continue to reverberate in the markets. Away from these gyrations, our thoughts are focused on the human tragedy unfolding in front of us in Ukraine and we can only hope that a resolution can be found to end this conflict as soon as possible.

When we look at the performance of equity markets and smaller company equities within them for the 2021/22 financial year, the headline numbers do not look that remarkable, certainly not when compared to the moves that we saw in the previous year. Share prices have fallen, but not dramatically so, and in the context of all that has been going on in the world, this is perhaps surprising.

The most market sensitive development over the year has been the emergence of inflation at a higher level than since the 1970s across a broad swathe of the world. While some of this has been caused by the Ukraine situation, prices had been rising strongly well ahead of this. It does appear that governments and central banks have been too aggressive in their stimulus policies in reaction to the pandemic. Supply chain challenges and under-investment in areas like energy and mining are also part of the story. In any case this has prompted a reaction from central banks more recently to raise interest rates, albeit those in Europe and Japan have yet to move.

Overall, the Company performed resiliently with the total return NAV down by just 0.2% on the year, giving back the gains from the first six month period as the mood in markets darkened, in large part due to the emergence of significant inflation and the consequent reaction of central banks. While this performance is not going to set shareholders pulses racing, it is encouraging to note that we bettered the 3.2% drop in the Benchmark in sterling total returns. The Company also did considerably better in the year than some of the other funds targeting global smaller companies. In addition our portfolio delivered an excellent recovery in terms of income, allowing the Board to recommend a higher dividend once again.

Industrial classification of the investment portfolio as at 30 April 2022



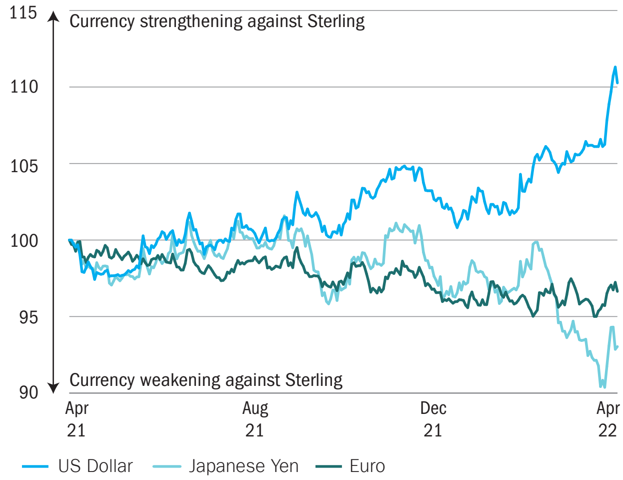
The percentages in brackets are as at 30 April 2021
Source: BMO GAM

Less positively the Company's share price was down by 6.4% in total return terms, with the risk averse tone in the markets leading to smaller company investment trust discount widening.

So, what drove the relative resilience of our NAV performance and the outperformance versus the Benchmark? There are two principal answers to this. Firstly, our returns in the largest segment of the Company, North America, were far better than the local smaller companies index, as shown by the table below, due to our more measured approach to stock selection in this market and what we will pay for stocks. We have always taken the view that valuation is key when making the initial decision to invest. This sounds fairly obvious, but what we have seen in recent years, especially in North America, is investors at large prepared to pay ever higher prices for perceived long term structural winners. Eye watering multiples for these stocks at some time were bound to get tested, and the move by global central banks to increase interest rates in reaction to surging inflation was mainly what triggered this. Investors have also started to run away from speculative stocks promising profits a long way into the future. Some of these more conceptual business models have started to unravel and, even if they have not, the discounted value of the cashflows they purport to offer long in the future have been devalued by higher rate expectations and a rising cost of capital. We have always been cautious about loss making stocks and this benefitted relative performance.

The other major contributor towards outperformance of the Benchmark was takeover activity in the portfolio, with no less than 17 of our holdings agreeing to be taken over or to a merger. Nearly three quarters of these were UK companies while the rest were US based. Takeovers help performance as they are invariably done at premiums to the prevailing share price of the targeted company, and during this year we saw some very elevated premiums paid for a number of these companies. Private equity funds are presently holding significant amounts of liquidity, with their managers being financially incentivised to deploy this capital and some of this money is finding its way into take private deals from the public markets.

Currency movements relative to sterling in the year ended 30 April 2022



Source: BMO GAM

Trade deals with other corporates have also been evident as business confidence improved in the aftermath of the worst of the pandemic.

Performance outside of the two largest parts of the portfolio, North America and the UK, was less positive. In Europe we didn't see any offers for our holdings and our portfolio has more of a growth bias, so some of the share prices suffered as part of the rotation towards lower rated names. From a sector perspective, in Europe we also lacked exposure to the commodity related areas of the market, which were strong. While our returns in the Rest of World segment were close to Asian small cap performance this year, we had a difficult year in Japan, with two of our three collectives holdings lagging badly.

In terms of the overall structure, mainly as a result of the strong performance in the market, our North American weighting rose by 3.7%, while our UK and European weightings dropped. Given the uncertain overall outlook and the likelihood that the dollar was going to be strong with the US Federal Reserve changing tack on monetary

Table of total returns (sterling)

	1 year		3 years		5 years		10 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
UK	-3.5%	-7.4%	17.5%	15.3%	37.0%	19.3%	238.5%	140.6%
Europe	-16.0%	-6.9%	20.8%	30.6%	30.6%	42.9%	213.9%	232.3%
North America	7.8%	-8.3%	41.6%	26.2%	70.8%	46.2%	304.2%	237.8%
Japan	-14.1%	-9.1%	0.2%	3.5%	4.7%	13.4%	146.2%	136.8%
Rest of World*	4.0%	4.4%	22.3%	42.1%	31.3%	50.3%	91.3%	128.1%

*Rest of World performance is compared against the MSCI All Countries Asia Pacific ex Japan Small Cap Index
Source: BMO GAM

policy, we had felt that having more of the assets in dollars made sense in the latter part of the financial year. The war in Ukraine of course, brings particular challenges to Europe and its energy dependence on Russia is now coming at a cost to the growth outlook and of course, to inflation.

When we look at the sector weightings in the pie chart on page 12 and how they have evolved over the last year, the largest increase in exposure was to Industrials and Consumer staples. Ultimately these weightings are just the sum of a lot of individual stock decisions, but we do feel that valuations within the Industrials in general offer value taking a medium term view, although near term trading for some of our holdings here is bearing the scars from the supply chain issues surrounding Covid-19 and China. We have found some new Consumer staples stocks to invest in over the last year, and we have also added a little to our exposure to Energy related companies. The outlook for oil production outside of Russia has improved for the near term, notwithstanding the need to accelerate investment into renewable energy. Our Technology exposure fell in the year as share prices sold off and we cut some holdings.

The Company's gearing was maintained during the year in line with the Board's policy to make use of borrowings through the cycle to enhance shareholder returns. At the year end the effective gearing taking account of short-term liquidity was 4.6% compared to 3.8% twelve months earlier.

I should update shareholders on how the combination of the BMO investment team with Columbia Threadneedle Investments ('Columbia Threadneedle') is proceeding and what impact it is having on the way that the Company is being run. The good news from my perspective is that the philosophy, process and approach that have been used to manage the Company for many years remain the same. We now however have additional input from the enlarged investment team across Columbia Threadneedle and hope to benefit over time as new ideas come through from our new colleagues. The transaction has also strengthened resources in the important area of Environmental, Social and Governance ('ESG') research, with an enlarged Responsible Investment team. Over the last year, the investment team has continued to step up engagement with our investee companies around ESG issues. Our fundamental research seeks to identify for each company what the major issues are and how companies compare to peers. We record these engagements and regularly discuss them with the Responsible Investment team. The report on pages 23 to 26 covers this area in more detail and some of the progress we are seeing on the ESG front across the portfolio.

While the market background is always important, at the end of the year it is how the individual companies we hold do that makes the difference. The regional reports that follow mainly focus on stock specific news and highlight some of the more recent new holdings that we have taken. The portfolio and Index performance data are shown in sterling total returns, although individual share price performances quoted are capital returns only and in local currency terms.

UK Review	One year
Portfolio Performance	-3.5%
Numis UK Smaller Companies (excluding investment companies) Index	-7.4%
FTSE All-Share Index	-3.5%

In overall terms this was a subdued year for UK smaller company shares, coming after the stellar 2020/21. Larger company shares did better than small cap this year, with the relative sector tilts the main reason for this; large caps benefitting from more exposure to recovering energy, mining and banking stocks for example. Pleasingly our portfolio did comfortably better than the Numis UK Smaller Companies (excluding investment companies) Index as shown by the numbers above. Having a low exposure to the most richly valued end of the small cap market and to more speculative names, plus holding a number of stocks taken over, all worked in our favour.

The UK economy continued its recovery from the pandemic driven downturn in the early part of the financial year. Unemployment dropped, supporting wage growth, and, following protracted periods of being locked down, UK consumers proved willing to spend when they got the chance. Nevertheless, the emergence of the fast-spreading omicron Covid-19 variant led to the requirement for the re-introduction of restrictions again late in 2021. Faced with this, a cost of living squeeze as a result of higher electricity, gas and food prices, combined with higher personal taxes, it is perhaps not surprising that consumers have started to tighten their belts. The Bank of England raised its base rate three times in the year, in an attempt to address surging inflation.

At the portfolio level, while total returns were in negative territory, there were a lot of strong performers in the year. At the interim stage, I had reported that there had been five bids across our UK portfolio, and in the second half a further seven holdings agreed deals or were in the process of considering offers at the end of the year. Two of the most significant takeover transactions in terms of performance contribution were both offers from North American based larger peers. **Clipper Logistics'** fine record in developing its role as one of the leading online retail logistics services company attracted a bid from GXO Logistics at an implied share price more than an 8 times multiple of the IPO price from 2014, when we had initially invested. We have also had a holding in wealth management company **Brewin Dolphin** for a long time. Management have enhanced the quality of

RPS Group is a globally focused consulting business serving a number of sectors including the water industry, where it provides technical expertise helping to sustainably manage and conserve water resources.

the business and accelerated fund inflows, doing particularly well in the intermediary channel. This attracted Royal Bank of Canada's attention and they offered a premium of more than 60% to the prevailing share price. This highlights the extent to which some UK smaller companies have been undervalued by the market.

Two real estate and two healthcare companies were among the other bids in the second half of the year. Property developer **U&I Group** had struggled for a number of years, but a refocused strategy and management refresh were followed by a bid from FTSE 100 listed Landsec, which will be better able to accelerate delivery of some of U&I's major schemes. South east office and industrial property company **McKay Securities** agreed to be taken over by flexible lease company Workspace Group, a company we have previously owned on the portfolio. McKay had good assets but was not big enough to gain much attention from investors so the shares had been depressed for a while. In healthcare, pharmaceutical products and services business **Clinigen Group** agreed to be acquired by a private equity buyer, having had a tricky period of trading which had led to the shares de-rating. More recently **CareTech**, the specialist care services business has found itself on the receiving end of rival approaches, one from the existing management team and another from private equity. The other bid in the second half of the financial year was for fuel retailer **Vivo Energy** from the company's majority shareholder Vitol.

Positively, many of our holdings rose in value purely based on executing their business plans and outperforming expectations.

Two of these companies were strong contributors last year too; **Next Fifteen Communications** and **Watches of Switzerland**, up by 51.6% and 39.3% respectively. The former helps clients to enhance their brand, digital profile and improve their customer service levels and engagement. Earnings forecasts were regularly pushed up as the company won incremental new business with both new and existing customers. Watches of Switzerland benefitted from a strong underlying market for luxury watches, with like for like sales excellent in both the UK and US. New space is being rolled out, with the company's long-standing relationship with Rolex helping it to take market share in a supply constrained market.

One of the best contributors in the year was **Energean**, a company whose primary business is offshore gas development in Israel and whose shares rose 42.1%. It was helped by the higher gas and oil prices but also by the fact that its major development project is nearing completion. Shares in waste services company **Biffa** rose 26.1% as the company saw better performance as Covid-19 impacts eased and investors warmed to a positive sustainability narrative well-articulated by management. Challenger bank **OSB Group**, produced good results from its buy to let lending business and a strong capital position is allowing for enhanced dividend payments and capital returns via share buybacks. Consumer healthcare and prescription medicines supplier **Alliance Pharma** also had a positive year, with the core scar treatment product Kelocote delivering growth and its shares received a merited re-rating.

Among the companies that struggled in the last year were several of the industrial holdings. **TI Fluid Systems**, **Trifast** and **Vesuvius**, were all impacted by the widely versed supply chain issues especially related to the automotive sector. A shortage of semiconductors and more recently certain other components such as wiring harnesses due to the war in Ukraine, have impacted the production rates of the industry. Other industrial stocks to suffer this year were a new holding, electrical products supplier **Luceco Group**, and a longer term position **XP Power**. Luceco suffered in the general sector retreat but its fall was compounded by a more recent profit warning caused by de-stocking in its key UK repair and maintenance market. Power solutions supplier XP Power dropped 36.6% over the year, impacted by product shortages and by disruption at some of its Chinese manufacturing operations due to the ongoing pandemic.

While IPOs can go on to become big winners, we took a generally cautious approach to participating in them this year on the grounds of valuation and quality. One that we did back, **Made Tech**, which is an IT services business helping the government in its digitisation strategy, issued a profit warning following delays to contracts and staffing issues. Warnings soon after IPOs never go down well and the shares dropped 69.3%. Another company whose listing we backed last year, online retail business **In The Style**, also had a poor time, with trading results impacted by lower sales growth and a worse product mix.

Other holdings which disappointed during the year included **Go-Ahead Group** (rail franchise problems), **Restaurant Group** (cost pressures) and video games business **Team17 Group**, which faced tough comparisons against a strong prior year's trading, together with higher wage costs. New holding **Essensys**, which supplies IT systems to property companies running flexible office space, was impacted by the bankruptcy of one of its customers, while greetings products supplier **IG Design** suffered a slump in profitability owing to a surge in freight costs which could not be recovered from its retail customers in time.

Pleasingly we identified a number of new holdings to replace some of the stocks taken over or sold for other reasons. We took a position in **Rathbone Group**, the wealth manager, following the bid for Brewin Dolphin. This is a strong franchise in a clearly consolidating sector. Other purchases included annuities business **Just Group**, which has re-built its solvency position in recent years, **Capital and Counties**, the owner of prime west end property, and luxury confectionery brand **Hotel Chocolat**. Retail sales for this company have benefitted from the easing of the pandemic, online sales have grown and the company has had success with a hot chocolate machine which is driving repeat chocolate orders. Inkjet printing technology business **Xaar** was added as a recovery play under improved management, whose strategy and new products are leading to much improved results.

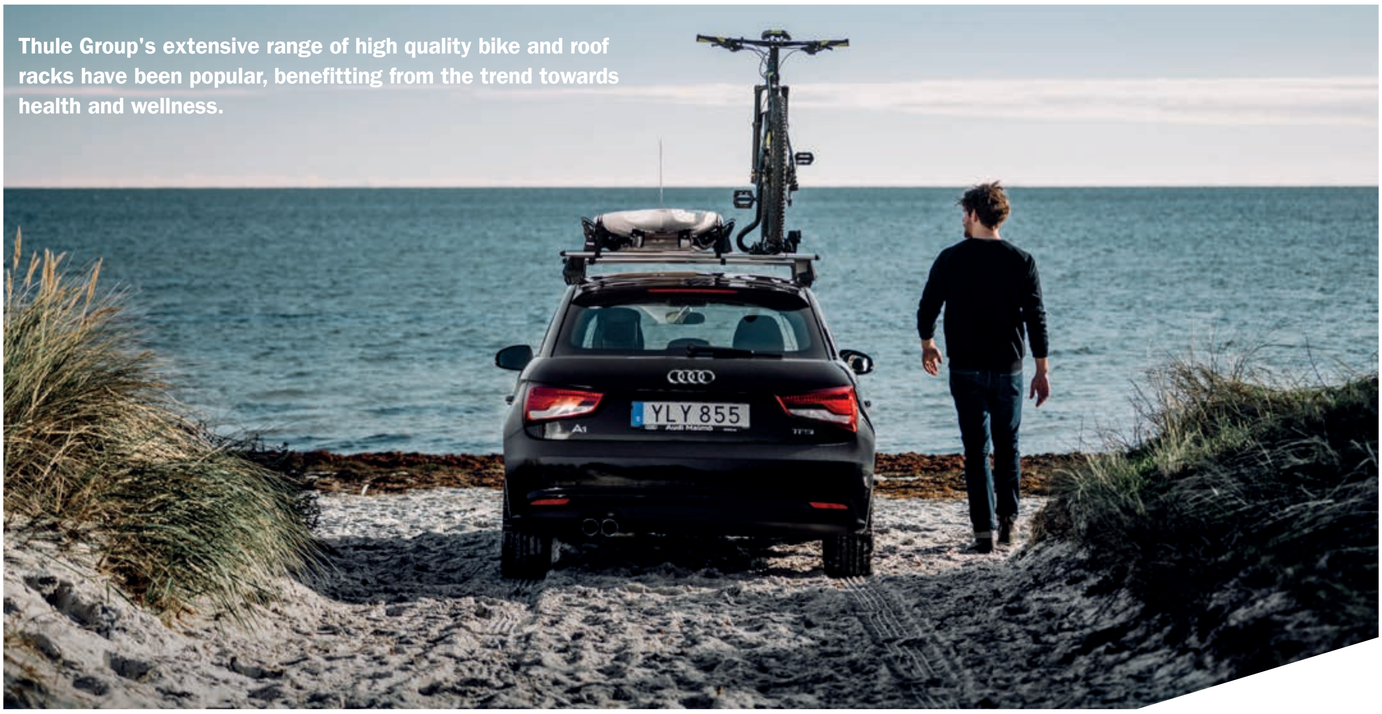
The outlook for the UK economy looks somewhat uninspiring in the near term, given the well-versed cost of living issues and likelihood of further rate rises by the Bank of England. The recently announced government plan to assist with energy bills will help to support the consumer outlook but growth may remain anaemic at best.

European Review	One year
Portfolio Performance	-16.0%
EMIX Smaller European Companies (ex UK) Index	-6.9%
FTSE All-World Developed Europe ex UK Index	0.0%

While the European portfolio was tracking well during the first half of the reporting year, the rotation towards value stocks overwhelmed the quality biased nature of the portfolio, resulting in the delivery of a disappointing performance for the full year. The challenging environment caused by tightening liquidity conditions was of course exacerbated by the Ukrainian war that saw energy and food prices in the region spike, driving inflation and interest rate expectations up further, accelerating the painful shift away from growth stocks.

Looking at the main contributors towards the underperformance, we suffered from some of our holdings that can be classified as 'online' companies. Many of these companies were sold off aggressively as 'Covid-19 winners' or beneficiaries of the pandemic. When interest rate expectations began to climb, the market shifted its attention to more 'value' parts of the market. **Global Fashion Group** was the biggest faller, with the shares plummeting 86.1%. This emerging market fashion retailer and platform was hit particularly hard as its most profitable regional market is dominated by Russia. At this stage it is unclear what will happen to this side of the business, but an eventual withdrawal is likely. **Mister Spex**, the omni-channel glasses retailer, had a very tough debut year following their listing on the German stock market, with results significantly undershooting the projections made at the time of the IPO. Having lost confidence in the management and model, we have sold the position. **HelloFresh**, the global leader in meal kits, also had a tough time in terms of share price performance, though they consistently delivered good results through the year, so we have kept faith with our holding.

In common with other markets, a number of our industrial holdings also had a difficult time. One of the repercussions of both the pandemic and the Ukraine conflict has been massive dislocations in supply chains globally. Industrial businesses are at the sharp end of these challenges both in terms of securing access to supplies or raw materials and trying to pass on much higher costs. While the majority of the industrial holdings performed poorly it was **Norma Group**, the German listed global leader in specialised fluid clamps,



Thule Group's extensive range of high quality bike and roof racks have been popular, benefitting from the trend towards health and wellness.

that fared particularly badly. The shares fell 49.3% as the company struggled with the aforementioned issues, particularly in relation to its automotive sector exposure, leading to it announcing several disappointing trading updates during the year.

Our healthcare holdings also had a tough year with **Tecan Group**, the invitro diagnostics equipment provider, underperforming as they suffered a de-rating from the move away from growth stocks. **Carasent**, classified within the same sector, though more of a technology stock offering cloud software to specialist medical clinics in Scandinavia, also struggled as they announced a marginally lower growth rate. Clinics rightly decided to focus on treating patients during the resurgence of Covid-19 at the expense of installing new software. Finally, the asset management software company **Simcorp** had a difficult year. Their complex software offering struggled to gain much traction due to the combination of the length of the sales cycle and the challenges in having face to face meetings during the pandemic.

Turning to more positive aspects of last year, despite the substantial move away from technology stocks in the second half of the year, this was the most fruitful sector for us. Of note were two French listed stocks that are more economically sensitive than most of the sector. First is **Lectra**, the market leading provider of cutting tools and software sold to the fashion, furniture and automotive sectors. They have benefitted from the post pandemic opening up of economic activity, yet not had any supply chain issues as yet. They are also reaping the benefits of the merger with their largest competitor Gerber, and the shares were up by 31.7%. **Alten** is a French listed provider of outsourced R&D staff. Their client list is mainly industrial and they have significant aerospace exposure. While the early part of the pandemic period had been difficult for them, we bought our position in November 2020 after the positive news on the vaccines and the shares have performed well since. The company's end markets have started to recover particularly in an era where the competition for talent or employees is so high.

Perhaps unsurprisingly, several of our long-held financials had a good year. They had the benefit of being attractively valued at the start of the year and positively impacted by higher interest rates. Tactically they provided balance to our quality biased portfolio as we felt they were not only cheap but offered good earnings recovery potential too. One of our largest holdings **Ringkjoebing Landbobank** was the best performer, up by 38.4%. Based in Denmark and dominating the Jutland region they generated good growth and returns, lifting their guidance through the year. **Sparebank**, the Norwegian bank with a strong position in Rogaland, also had a good year helped by rising interest rate expectations and a local economy that is leveraged to the oil price. Finally, **Storebrand**, the Norwegian life, pensions and asset management business was another good performer. They also benefitted from higher rates, which supported the company's profit generation and capital position, leading to expectations of improved shareholder returns from here on.

Among the other good performers was **IMCD**, the specialist chemical distribution company, which rose 26.3%. Their operational performance continues to be very strong. They benefit from outsourcing and consolidation of the specialist chemical distribution chain but, also, have seen their sales boosted by increasing prices along the distribution channel. **Coor Service Management**, the Swedish listed integrated facilities manager, also had a good year. They have recovered strongly from a contract loss last year to grow organically as the office services market recovers plus they have also won new contracts. Finally, the online ticketing company **CTS Eventim** performed well as social restrictions were abandoned driving an increase in concert attendances.

Portfolio turnover was lower this year following the elevated trading activity in the previous year that was caused by the opportunities provided by the pandemic related sell off. Clearly there has been another bout of weakness in markets, however, thus far we have stayed mainly on the side-lines as we digest the combination of tighter liquidity conditions and a war on Europe's doorstep. We are conscious that the outlook is very different to at any stage, potentially, since the global financial crisis.

While we are clear that we believe a quality orientated portfolio is the right strategy to deliver performance long term, we must also challenge the portfolio's individual holdings relevance in this outlook. For example we are concerned that consumers are facing an extremely tricky outlook so have trimmed our exposure in this area by selling out of recreational vehicle products company **Dometic**, whilst we have increased exposure to energy by adding two services businesses **Schoeller-Bleckmann** and **TGS**. We have exposure to higher interest rates in our portfolio through our financial positions that have performed well for us, but we have augmented this further by adding a holding in **Bank of Ireland**. We are actively looking at a number of other stocks which have suffered in the rotation away from growth. The portfolio will remain exposed to high quality growing businesses, not just because we believe this is the right strategy long term, but because we believe they have the pricing power to protect their profits better than the market in an inflationary environment and we are reaching the stage where you no longer have to pay much of a premium for this exposure.

Looking forward, the macroeconomic outlook is, on the face of it, not that encouraging with the prospect of a regional recession looming. The counter to this is that the European market is now trading on a relative valuation similar to previous recessionary troughs providing an appealing entry point.

North American Review	One year
Portfolio Performance	7.8%
Russell 2000 Index	-8.3%
S&P 500 Index	10.2%

The Russell 2000 smaller companies index fell 8.3% over the financial year and underperformed the larger cap focused S&P 500 index, mirroring the global trend. Our portfolio enjoyed a very strong year in comparison to the Russell 2000, with a more conservative investment approach paying off at a time when the more speculative end of the market suffered.

The US economy grew strongly through 2021 with loose monetary and fiscal policy continuing to boost activity. As elsewhere, the moderation of restrictions relating to the pandemic also led to an uplift in consumer activity. Over the year the best performing sectors within the market were energy, utilities and real estate, whilst the worst performing sectors were healthcare, consumer discretionary and telecommunications. The portfolio's performance was largely driven by individual stock selection as opposed to sector allocation. Our stock-picking in healthcare was the largest contributor to outperformance, with a focus on attractively valued and quality healthcare services stocks and a lack of exposure to riskier biotechnology stocks, benefitting us. Financial services and consumer staples were other areas where our holdings performed well.

At the individual stock level, within healthcare, several of our holdings had successful years. **Molina Healthcare**, a managed care company providing health insurance, delivered faster growth than its competitors and as a result the shares re-rated. Contract research organisation **ICON**, also did well as the company made good progress with the integration of PRA Health Sciences and continued to develop its position in de-centralised trials for the pharmaceutical sector. Performance was also helped by the takeover of hospital equipment supplier **Hill Rom Holdings** by a larger peer Baxter International. We had only bought into Hill Rom in the previous year. The portfolio also gained from bids for three other holdings. Insurance and reinsurance company **Alleghany**, in contrast to Hill Rom, has been held in the portfolio for over 15 years. A long-term track record of solid underwriting and shrewd capital allocation on the investment side eventually enticed Warren Buffett's Berkshire Hathaway to launch a bid at a reasonable premium. Data centres developer and operator **CyrusOne** was taken over by private equity following a period of management change at the company, while **QAD** (a provider of supply chain management software) was acquired by a different private equity entity. A planned combination of **Healthcare Trust of America** with a peer REIT is pending approval by shareholders.

Strong demand for industrial property, warehouses and distribution sites in the US is driving high rental growth for Plymouth Industrial REIT.

The largest individual positive stock contribution in the year came from **The Andersons**, a diversified agribusiness based in the Mid-West, which rose 74.9%. Helped by geopolitical turbulence, markets appear to be recovering for the trade, renewables and plant nutrient operations, and management made progress in shedding the company's non-core businesses. Earnings at **MaxLinear** surged because of strong demand for the company's home connectivity and telecommunications infrastructure products, driving the shares up 33.0%. The portfolio's two precious metals related holdings **SSR Mining** and **Wheaton Precious Metals** both benefitted from a higher gold price as global currency debasement continued over the year and investors sought protection against inflation.

Among other winners, **Boot Barn Holdings**, a retailer of western and work apparel, grew its market share significantly and delivered strong revenue growth. **Graphic Packaging** (a vertically integrated producer of paperboard based packaging) demonstrated the resilience of its business model in the year as revenues were supported by an ongoing shift to sustainable packaging. Margins outperformed expectations as the company successfully passed through higher costs to its customers. **LKQ** a distributor of automotive parts, benefitted from a recovery in miles driven as Covid-19 related restrictions ended, with earnings also enhanced by higher scrap steel and precious metal prices. Higher insurance rates helped to lift earnings at **Brown & Brown**, an insurance broker that focuses on small and medium sized commercial accounts, while the company also made good progress with its acquisition strategy. **Haynes International** is a producer of specialty alloys. End markets such as aerospace, chemical processing and industrial gas turbine all appear to be recovering and this helped the business to deliver better than expected earnings, driving the shares up 33.7%.

As ever not everything worked out as planned. A new position in the year **Cognyte Software**, a provider of security software, was impacted by disruption in the technology hardware supply chain. In addition, spending decisions by government customers were delayed following the outbreak of war in Ukraine. Retailer **Ollie's Bargain Outlet** also suffered from supply chain related delays and could not retain some of the customers that had been won during the worst of the pandemic. Shares in frozen foods supplier **Nomad Foods** fell 36.7% with the company facing challenging comparisons in the year after a strong 2020. Similarly, shares in **Hayward Holdings**, a manufacturer of swimming pool equipment, suffered a de-rating on worries that the pandemic pulled forward future demand.

GrafTech International lagged as end markets such as automotive softened and raw material prices for its electrodes rose. **Stericycle**, a provider of regulated waste management services is making good progress with its turnaround but suffered from cost pressures and challenges in recovering these from its customers. **MDC Holdings**, a Denver based housebuilder, fell along with the sector as the prospect of higher interest rates increased concerns about the affordability of housing. **Cerence**, a provider of voice activated software to the automotive industry, underperformed because of management turnover and as auto production volumes softened; fortunately we had taken significant profits in the previous year on our holding. A new holding in wealth management consolidator **Focus Financial Partners** suffered as financial markets declined, while copper focused **Lundin Mining** also dropped, with the company facing rising political uncertainty in Chile and production challenges at one of its largest mines.

In the year several high-quality businesses that offer reliable long-term growth de-rated from elevated valuations as bond yields rose. This presented the team with opportunities to invest into some of these companies at attractive valuations. **Syneos Health** is a contract research organisation. It offers a broad range of outsourced services to pharmaceutical companies; growth should come from contract wins and margin expansion from various initiatives. **US Physical Therapy** (an owner and operator of outpatient physical therapy clinics) has been owned by the portfolio in the past. It is a beneficiary of an ageing population and concerns over labour shortages seem to be overdone. **Quidel** is a diagnostics healthcare business that offers a wide suite of products to its point of care and laboratory customers. Considering the predictable and highly profitable nature of this business, the shares were available at an appealing valuation. With health and wellness concerns rising up the agenda, we added a holding in **Medifast**, which produces and sells weight management products and services. The company's strong brand based on a history of successful customer outcomes and hiring of coaches should lead to continued subscriber growth.

Another new addition to the portfolio was **Prosperity Bancshares**. This is a conservatively managed bank based in Houston that should see good loan growth because of its exposure to the faster growing Texas and Oklahoma microeconomies; it should also benefit from higher interest rates. **Plymouth Industrial REIT** was added late in the period. This is an owner of light manufacturing and logistics properties mainly in the more industrial areas of the US. Rents are growing strongly for these assets at the moment given supply chain issues and some re-shoring of manufacturing to the US, while the assets are being acquired at attractive yields. The portfolio's energy related holdings **Kirby** (an owner and operator of tank barges) and **Bristow Group** (a provider of helicopter transportation to offshore locations) were added to in the year as the outlook for the oil price improved following years of under-investment by the industry and the news from Ukraine.

Over the year, we trimmed or sold a number of positions, where the company's market capitalisation had risen above the normal smaller company size range and where future valuation upside appeared less compelling. These included **ICON**, **STERIS**, **CDW** and **CH Robinson**. There were instances where shares reached a full valuation at the same time as the risk of a deterioration in future profitability increased, this led us to sell for example **NETGEAR**. We also sold **Ollie's Bargain Outlet** as longer-term growth prospects for the company appear to be fading.

The US economy seems to be losing momentum with headwinds of higher inflation, monetary tightening, withdrawal of fiscal support and geopolitical tensions. Whilst the ISM manufacturing survey currently indicates economic expansion, it has been trending downwards over the last year and jobless claims are at very low levels amidst a tight US labour market that is unlikely to improve much further. Company earnings were very strong in the calendar year 2021 but are now confronted with deteriorating consumer and corporate sentiment and higher costs. On the other hand, equity valuations do look more attractive and sentiment is currently depressed.

Japanese Review	One year
Portfolio Performance	-14.1%
MSCI Japan Small Cap Index	-9.1%
Topix Index	-5.1%

The Japanese small cap market like the other developed markets underperformed the larger cap Topix Index over the year, with returns in sterling terms impacted by the weakness of the Yen. Stripping out the yen movement, the market returns for small caps in local currency terms were actually better than those in the other main markets, with a step-up in share buyback activity across the market being supportive. The return from our portfolio of three collective funds, however, was disappointing, coming after what had been a good year of outperformance in the previous year.

Like elsewhere, this was another year when the pandemic impacted upon economic activity, with restrictions periodically being adjusted to take account of the developing situation and emergence of omicron. Tighter border controls more or less curtailed tourist arrivals. Japan's slow initial roll-out of vaccinations caught up during the year and in relation to other countries, infection and death numbers remained modest. Like the other G7 countries, the Japanese labour market has remained tight with unemployment at sub 3% and companies have been struggling to find employees in some sectors. Despite this and the higher commodity price environment, underlying Japanese consumer prices have remained comparatively under control, and wage inflation has been muted. As a result, the central bank has been under no pressure to raise interest rates or to move up the targeted rate for government bond yields. The lack of movement on official policy at a time when the US interest rate environment has been transformed, led to a sharp drop in the yen during the second half of the period under review.

More recent data on the economy has indicated a small reverse in GDP during the first quarter of the year, with some of the key sectors such as automotive being hurt by ongoing supply chain challenges, while consumer spending was also held back by the pandemic. Higher costs of imports due to the Ukraine crisis and the weak yen are impacting upon both the growth and consumer dynamics for now, with demand for exports also being impacted by a slowdown in the Chinese economy. However, Japan's economy is not going to be facing the monetary and fiscal squeeze that other countries are now going to be dealing with; the new Prime Minister Kishida's administration are still trying to stimulate the economy.

As discussed elsewhere in the review, the last year has seen an extreme rotation from growth to value and while the economic conditions and pandemic situation in the country have been slightly out of synchronisation with the other markets at times, the Japanese equity market was no exception to this. The funds that we hold, managed by **abrdn**, **Baillie Gifford** and **Eastspring**, have different investment approaches. abrdn select stocks with a quality and high return on equity bias, Baillie Gifford look for companies with dynamic medium to long-term growth potential, often focusing on those with some kind of disruptive technological advantage, while Eastspring seek to invest in undervalued, un-loved stocks where they expect a re-rating in time. Given the central market dynamic favouring value stocks, it is no surprise that Eastspring's performance was strong in the year, nor that the other two managers underperformed.

Eastspring benefitted in particular from a high exposure to lower rated cyclical names and limited exposure to some of the previously more popular growth sectors, which have been significant underperformers. It also saw some good performance from its financials holdings including one of its bank holdings which was taken over. Over the year the fund fell in value by a relatively modest 4.3% in sterling terms. While Baillie Gifford's underperformance was unavoidable given their investment style, the extent of it was pretty extreme, with the unit price down 32.3% in the year. There has been a significant de-rating across much of their portfolio, though the manager has kept the faith with nearly all of the holdings on the basis that the growth story remains intact. Perhaps the more disappointing performance came from abrdn's fund, where stock selection in some key sectors was poor. We will be engaging with the managers of the funds in the coming weeks to understand better the outlook for their portfolios and continue to keep a watch on potential alternative options that we could use in the future.

Looking forward, we are relatively optimistic at present in relation to the Japanese small cap market, although I would acknowledge that we were wrong to be slightly overweight in the last year and the Yen could remain weak in the near term. Japan does appear to be in reasonable shape however amid the geopolitical turbulence and would benefit disproportionately if global supply chain challenges ease. Meanwhile there continue to be some signs of progress at the corporate level in terms of governance and activism is driving some further shareholder accretive changes in behaviour by boards of Japanese companies.

Rest of World Review	One year
Portfolio Performance	4.0%
MSCI All Country Asia Pacific ex Japan Small Cap Index	4.4%
MSCI EM Latin American Small Cap Index	5.4%

Asian and Latin American small caps bucked the trend in the other global markets by posting gains in sterling terms, also in the case of Asia, delivering outperformance against their larger company counterparts. Latin American small caps performed very strongly in the latter part of the year, helped by the acceleration in commodity prices. Our portfolio almost kept pace in the year, having been ahead earlier in the year.

The pandemic was a major influence again, with some heavy death tolls in countries where it was not possible for a widespread roll-out of vaccinations. The emergence of the omicron variant later in the year, created further complications. Rising inflationary pressures on a widespread basis necessitated the adoption of tighter monetary policies to support currencies against the backdrop of a strong US dollar in the foreign exchange markets.

In Asia, the Chinese market was especially volatile over the course of the year, partly due to regulatory interventions in some sectors including education and gaming, which impacted some of the major players in these areas. The real estate sector in the country too was in the news, with several over-indebted property development companies running into trouble, creating fears about the risks to the wider financial system. More recently, evidence that the vaccines against the coronavirus used in China and Hong Kong have been less effective than those used in the west, combined with the requirement for a series of strict local lockdowns again, have fed into problems for the economy and hence global companies' supply chains once more. The government has sought to support the economy by reducing capital requirements on the banks, cutting mortgage rates to help the housing market and by moving to invest more into infrastructure projects, especially on the renewable energy front. Other markets not doing so well in the last year included Hong Kong, under the careful watch of China, and the more technology orientated markets of Korea and Taiwan, which had done well in the previous year. Sri Lanka suffered as it ran into a major crisis and defaulted on its debt obligations.

Elsewhere in Asia, performance was better in some of the other more populous countries, notably in India and Indonesia. While the pandemic has been very disruptive, an easing of restrictions has led to improved consumer spending, and these and other South Eastern Asian markets have benefitted from a move away from China by investors. The Australian market was also strong in the year, helped by the rise in commodity prices.

In Latin America, the markets more recently have been doing well, with higher prices for agricultural products as a result of the Ukraine conflict lifting the Brazilian currency and local equities. Other smaller markets such as Mexico, Argentina and Colombia also did well, though Peru and Chile, where there has been some civil unrest relating to the rising cost of living, have not done as well. Political instability and inflation never seem far away in this continent and with a Brazilian election to come later n the year, the markets may remain volatile.

The funds that we hold to gain exposure to these markets produced mixed results in the year. Most of our holdings concentrate on Asia, and after a tough few years, pleasingly **The Scottish Oriental Smaller Companies Trust** performed well, with the shares up 15.9%. Investment performance benefitted from less exposure to China and an overweight stance to India. The board of that investment trust have also been more proactive in buying back shares to protect the share rating and will execute a tender offer at a low discount in the event that the fund underperforms in the medium term. Our other investment trust, **Utilico Emerging Markets Trust**, also served us well, with the focus on relatively more defensive and steady infrastructure assets, including some exposure to renewables, helping in uncertain times. It was also helped by a good exposure to the relatively buoyant Latin American markets later in the period.

The two of our holdings which underperformed most markedly were the **Pinebridge** and **HSBC** Asia ex Japan smaller company funds. The common feature was an overexposure to the Chinese/ Hong Kong markets, but Pinebridge in particular was also too highly weighted to technology holdings and did not have enough stocks in India or Australia. **The Australian New Horizon fund** is in the process of winding up, having failed to gain sufficient scale to make it an economic size – this is a pity as we have held the fund successfully for a long period of time.

As in Japan, we are considering if we should introduce any new funds to the portfolio given weaker relative performance in this part of the portfolio in the last few years. As far as the markets are concerned, we presently feel quite neutral. On the one hand, China could bounce back if the authorities become more pragmatic in relation to Covid-19 ahead of the 2022 party conference in October, but this is not a certainty. Political tensions with the west remain an issue given the country’s stance over Ukraine. Valuations however in Asian markets as a whole still look quite attractive in comparison with other regions and if the impression grows that US rates are not going to go up as much as presently factored in, then we could see investment flowing back into these markets after recent outflows.

Outlook

When we look forward, it is fair to say that the outlook for the coming year is clouded by more uncertainties than usual. The conflict in Ukraine has stoked global inflationary pressures, which were already running hot. It is hard to feel positive about the likelihood of a return to a normal trading relationship with Russia by the west, so strains in energy and food markets may well persist for some time placing pressure on consumers' disposable incomes and risking more civil unrest in poorer countries. China’s approach to Covid-19 remains a problem. At the same time, the rolling-back of the globalisation trend, with countries eager to become more self-sufficient and reduce the risk of geo-political or pandemic driven disruptions, appears likely to gain traction. More local manufacturing sounds appealing but is inherently inflationary, compared to the previous push to source from the lowest cost area. This is especially true in countries where the availability of spare labour is presently scarce such as the US and UK.

Central banks are faced with the unenviable task of trying to address the worst inflationary pressures in some 40 plus years, without triggering a serious downturn or even recession. A scenario of low or no growth combined with high inflation; “stagflation”, is not an ideal one for equity investors. It is always easy to become too bearish however. The recovery from the pandemic has been remarkably smooth and rapid where restrictions have been eased and more jobs than expected have been created in the last year. Capital investment is picking up, notably in areas where it needs to, such as renewable energy. It is also possible that interest rates do not go up as much as the markets are presently assuming.

In conclusion, we are very conscious of the potential risks that lie ahead and expect corporate earnings across the portfolio to weaken in the coming period. Understanding individual companies’ ability to deal with cost pressures remains important. In a period of higher interest rates, we expect that companies with stronger balance sheets will be viewed more favourably. We are heartened by the increased number of smaller companies which look to us to be more attractively valued in the markets.

Peter Ewins
Lead Manager
17 June 2022

Responsible Investment

As stewards of more than £945m of net assets, we support our Manager as a leader in responsible investment and in bringing about positive change.

Our approach

Environmental, Social and Governance (**'ESG'**) issues are the three central factors in measuring sustainability and can present both opportunities and threats to the long-term investment performance we aim to deliver to shareholders. The Board is therefore committed to taking a responsible approach to ESG matters, for which there are two strands. Firstly, there are the Board's own responsibilities on matters such as governance. The Company's compliance with the AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on page 39. Secondly, there is the more material impact the Company can have through the investments that are made on its behalf by the Manager, which has long been at the forefront of responsible investment. It has one of the longest established and largest teams within the asset management industry focused on ESG and engages actively with the management of investee companies to encourage the application of the highest standards of ESG practice. BMO GAM is a signatory of the UK Stewardship Code and its statement of compliance can be found on its website at bmogam.com.

As discussed elsewhere, during 2021, Columbia Threadneedle and BMO GAM (EMEA) combined. Coming together allows us to make use of complementary strengths in the ESG arena and to create a world class responsible investment capability. The aim is to drive real-world change through active ownership and partnering with clients to deliver innovative responsible investing solutions. Creating an aligned, firmwide approach to stewardship is a strategic priority for the enlarged business.

Responsible ownership

Engaging actively with companies on significant ESG matters, to reduce risk, improve performance, encourage best practice and underpin long-term investor value, forms a fundamental part of the Manager's approach to responsible investment. Engagement in the first instance rather than simply divesting or excluding investment opportunities is also part of this approach. The Manager's Corporate Governance Guidelines set out its expectations of the management of investee companies in terms of good corporate governance. This includes the affirmation of responsibility for reviewing internal business ethics policies and ensuring that there is an effective mechanism for the internal reporting of wrongdoing, whether within the investee company itself, or involving other parties, such as suppliers, customers, contractors or business partners. The Manager is also a signatory to the United Nations Principles for Responsible Investment (**'UNPRI'**) under which signatories contribute to the development of a more sustainable global financial system.

In 2020, BMO GAM became a founder signatory to the Net Zero Asset Managers Initiative and set out its ambition to achieve net zero emissions across all assets under management by 2050. During 2021, it developed an implementation methodology, initially for equities and bonds, that emphasises the importance of stewardship in implementing its goals.

ESG and the investment process

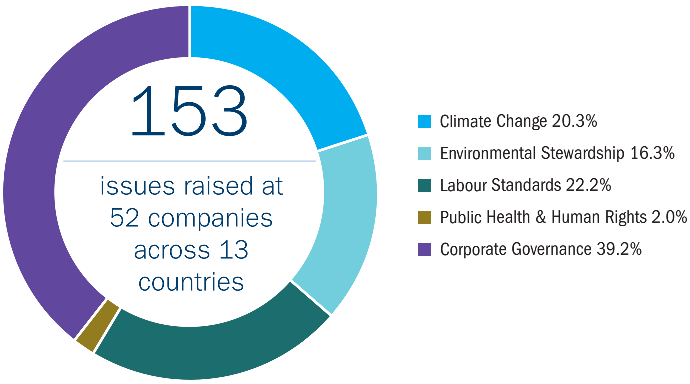
The Manager's Responsible Investment team works closely with the investment team managing the Company's assets to ensure that those performing the work on individual investment opportunities are well informed in what to look for in relation to the ESG aspects of their analysis. Specialism within the Responsible Investment team allows the fund managers to talk to those who understand the key ESG issues relating to a particular sector. Where possible, internal research is cross-referenced against external sources, for example MSCI ESG research, though smaller companies may not always be covered well or at all by external ESG ratings services. The Responsible Investment team once again over the last year hosted internal workshops for the investment teams, covering new developments across a wide range of topics in areas such as governance, voting trends and net zero policies, to ensure that the fund managers are aware of the key issues to cover when they interact with companies. The investment process used by the fund management team incorporates the assessment of sustainability issues for each stock being reviewed. Scores for the E, S and G performance elements of potential investments are taken into account in the derivation of the fair value of existing and potential new investments. In addition, this analysis forms an important part of the quality scoring of companies and overall risk assessment. The investment team always seek to explore ESG areas of concern as a part of their regular interactions with companies under consideration.

In relation to sustainability, the fund management team will note if individual investments are aligned explicitly with any of the UN Sustainable Development Goals. Details of these goals can be found at un.org/sustainabledevelopment/sustainable-development-goals/. The fund management and Responsible Investment team's research work is used to initiate specific ESG related discussions with companies, clarify understanding of the issues involved, create a dialogue or encourage higher standards where appropriate. In this the Manager may occasionally join with other major investors in order to be a more powerful force to drive change.

Portfolio case study: Gerresheimer

Gerresheimer is a manufacturer of primary packaging products and drug delivery devices which are made of special-purpose glass and plastics mainly for the pharmaceutical sector. It has a strong market position which should endure in an industry which is heavily regulated allowing them to earn high margins and returns. The company has started to roll-out hybrid technology to build a glass melting furnace for white glass in 2023 which will save significantly more CO_2 than conventional technology. Their newly established EcoDesign Principles - Rethink, Reduce, Replace, Reuse & Recycle provide the company with a structure to systematically develop more sustainable and recyclable product packaging systems. The aim is to apply these to 100% of new products by 2023. The company also aims to reduce its global water intake by 10% by 2030 compared to a 2019 baseline.

Engagement



During the year ended 30 April 2022, the Responsible Investment team engaged with the management of 52 companies in the Company's portfolio, across 13 countries. The most common topics for discussion were corporate governance and labour and environmental standards. Examples of this engagement follow.

Engagement examples in the year:

Topic	Engagement
Plastic Waste	**Tecan Group** One of our holdings Tecan Group, is a leader in automation equipment and liquid handling solutions for the diagnostics and life sciences market. With the increased personalisation of medical treatment, the diagnostics and life science markets are structurally growing, whilst there is an increased drive to improve the efficiency of these markets through increased automation. Tecan should benefit from these trends and therefore deliver uneconomically sensitive long term growth in sales and profits. In recent years, Tecan has made significant improvements in its disclosure of sustainability issues. We met to discuss the integration of sustainability issues into corporate planning and how the board will oversee process changes where necessary. Whilst comfortable with the progress made being on emissions management, we have asked the company to further improve its disclosure on waste, in relation to plastic. We recognise that sustainable waste management is a complex topic which will require further engagement.
Board Effectiveness	**Next Fifteen Communications** Next Fifteen Communications is a broadly spread media services business helping clients to develop their brands and enhance their customer focus. Organic growth has been accelerating as businesses are increasingly allocating budgets towards digital and measurable marketing solutions, while the business has successfully expanded through acquisitions, adding fast growing businesses which offer new skillsets to the group. We met with the board chair to discuss her current time commitments to various boards. Penny Ladkin-Brand was appointed chair of the company having stood down as CFO at Future plc to take on a less time intensive role as chief strategy officer. However, she was recently reappointed as CFO of Future and this raised concerns over ability to serve as a CFO at an acquisitive company, serve on an additional board and chair Next Fifteen Communications. We welcomed the news that she is standing down from her other non-executive role and explored the internal discussion and time management plan that should allow her to commit to both roles. We asked that the board be strengthened with additional non-executives, particularly with strong financial experience. It was noted that discussion on the appointment of additional directors were already underway which provided comfort that the board was being effectively reviewed.
Emissions Reduction	**Stericycle** Stericycle is a waste management business providing compliance and regulated solutions for secure information and medical waste. These are essential services for longstanding customers. Under new management the business is improving productivity and service through technology and portfolio optimisation. We engaged with the company to discuss its emissions reduction strategy, its appetite for setting science-based targets and key learnings from its recent Carbon Disclosure Project disclosure. The company considers itself to be making progress in terms of its climate efforts, having made several enhancements to its management systems that have allowed it to calculate its emissions accurately. In terms of its operations, it is working with a third party to explore ways to reduce facility emissions; here the main focus is on more use of LED lighting. For their vehicle fleet, they have deployed route optimisation software and are exploring the use of EVs in the UK where route mileage is less of an issue. We also discussed the potential for a net zero ambition in this regard and the establishment of science-based targets. The company is continuing to evaluate these matters and will use the outcomes of recent and ongoing assessments to inform its position. We will continue to encourage Stericycle to improve its practices in this area.

Voting on portfolio investments

As noted previously, the Manager's Corporate Governance Guidelines set out your Company's expectations of the boards of investee companies in terms of good corporate governance. The Board expects to be informed by the Manager of any sensitive voting issues involving the Company's investments and receives an annual record of votes against, or abstentions on, management resolutions at investee annual meetings. In the absence of explicit instructions from the Board, the Manager is empowered to exercise discretion in the use of the Company's voting rights and votes on all investee company resolutions. The Manager is a signatory to the UK Stewardship Code 2020 and, as required by the FRC, has reported on how it has applied the Code in its Responsible Investment Annual Review in 2021. This report is available at bmogam.com. We expect the Company's shares to be voted on all holdings where possible. During the year, the Manager voted at 218 meetings of investee companies held in the Company's portfolio. The Manager did not support management's recommendations on at least one resolution at approximately 53% of all meetings. With respect to all items voted, the Manager supported over 89% of all management resolutions. One of the most contentious voting issues remained remuneration. Either by voting against or abstaining, the Manager did not support approximately 36% of all management resolutions relating to pay, often due to either poor disclosure or a misalignment of pay with long-term performance.

Climate change

Of all the ESG issues, climate change is one of the most important, both in terms of the scale of potential impact and in how widespread this could be across sectors and regions. It is important that considerations around climate change risks and opportunities are incorporated into the investment management process. For the third year, we are disclosing, as best we can, the portfolio weighted carbon intensity[(1)] of the Company's investments, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (**'TCFD'**). This is based on the greenhouse gas emissions produced by each investee company, per US$1m of revenue, and aggregated for the Company as a whole. We aim to use the information for analysis and for benchmark comparisons, but do not set targets based on it.

There are constraints on the analysis of the carbon intensity[(1)] of the total portfolio as data sources are limited, especially for smaller companies. MSCI provide the data for individual companies, but not all the stocks held on the UK, European and North American portfolios are covered or assessed by that source. Neither are many that are held within our collective investment fund holdings and it is hard to get full and timely visibility of the complete list of companies held within these collectives. As such we are still unfortunately not able to provide a single carbon intensity figure that is representative of the total portfolio. Nevertheless, it is possible to look at the UK, European and North American companies that are held and covered by MSCI and compare the overall carbon intensity of these stocks versus the regional small cap benchmark stocks which are also researched by MSCI, with the data used in the analysis measured at the end of April 2022. For these regions, the carbon intensity of the holdings was 12% less, 71% less and 32% more respectively against the relevant benchmark. The variation across region is influenced to a degree by the stocks excluded by the analysis, but also by the nature of the holdings and sector positioning.

The pattern of these intensity results is similar to those calculated last year. The Company's UK and European portfolios still have relatively limited exposure to sectors which have a high emissions intensity in comparison to the local small cap indices. However, the North American portfolio's carbon intensity score remains higher than its benchmark, mainly due to the high emissions from three particular stocks, that are among its biggest holdings; Eagle Materials, Martin Marietta Materials and Bristow Group. Eagle Materials is a leading provider of building materials with products including cement, gypsum wallboard, concrete and aggregates. Given the energy intensity of producing cement, 95% of the company's carbon emissions relate to cement production. The company is mindful of the need to reduce emissions and various initiatives are underway to achieve this with a net zero goal by 2050 having been set. The main contributions to this are likely to be the use of carbon capture related technology and core operational improvements, plus the use of additives and different blends of cement and recycled inputs. Martin Marietta is another company involved in the same markets, which is also endeavouring to improve its emissions profile, having now set a roadmap for achieving stated Scope 1 emission targets for 2030 and initiated carbon footprint reporting relative to its Scope 2 emissions. The holding in this company was reduced over the year following strong performance in recent years but we will continue to engage with it in relation to its environmental initiatives. Bristow Group is the world's leading provider of helicopter transportation to oil and gas customers, search and rescue and aircraft support solutions to government and civil organisations. Given the nature of its services, Bristow also has a significant emissions profile. This is unlikely to change materially until technology for helicopters advances but the company's importance in search and rescue services around the world are market leading, enhancing its overall sustainability profile. Much of the rest of the North American portfolio has low emissions and we are pleased to see a number of companies continuing to progress climate driven initiatives over the last year.

We hope to see better coverage of smaller companies in the future in carbon intensity analysis, so that we can provide a fuller picture of the Company's total portfolio in relation to climate change in future years. Another reason why the data does not provide a full picture of climate risks is that it does not capture the innovation that companies may be undertaking to find solutions and to enhance their future emissions. As an example, most of the significant contributors to portfolio emissions, outside the energy related holdings, come from the Company's investments in the industrials sector. However, many of these companies, whilst high emitters themselves, also offer climate solutions, or are making major investments to reduce their emissions.

Due to the company specific complexities of understanding individual company emissions profiles, engagement is a key pillar of BMO GAM's approach, which sets a clear expectation for companies to align their business strategies with the Paris Agreement. BMO GAM is also actively working on scenario analysis methodologies which would provide an understanding of the alignment of investments with the Paris goals. ESG issues present opportunities as well as risks. The Company has investments in a number of companies which the Manager has identified as being leaders in providing sustainable solutions, through the products and services they provide.

2022

In 2022 the Manager will continue its engagement on climate change and step up its efforts on the role companies have in protecting and restoring the environment.

[(1)] See Glossary of terms for on page 94 for an explanation of carbon intensity.

Ten Year Record (unaudited)

All Company data are based on assets, liabilities, earnings and expenses as reported in accordance with the Company's accounting policies and are unaudited but derived from the audited Accounts or specified third-party data providers.

Assets
at 30 April

£'000s	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net assets (before debt)	256,776	350,090	441,086	555,092	591,602	767,979	872,704	904,220	761,515	1,051,029	1,000,086
Debenture and loans	10,000	10,000	10,000	–	–	–	24,000	34,052	35,000	43,521	54,782
Convertible Unsecured Loan Stock	–	–	–	38,129	38,410	34,697	21,873	15,549	–	–	–
Net assets	246,776	340,090	431,086	516,963	553,192	733,282	826,831	854,619	726,515	1,007,508	945,304

NAV with debt at par per share
at 30 April

pence	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NAV with debt at par per share [i]	59.6	75.6	84.2	97.3	99.8	128.3	138.4	141.7	120.3	175.0	172.0
NAV with debt at fair value per share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	119.7	174.9	172.8
NAV (diluted) per share [i]	n/a	n/a	n/a	97	99.5	126.4	136.9	140.6	n/a	n/a	n/a
NAV total return % – 5 years											44.4
NAV total return % – 10 years											221.1

Share Price
at 30 April

pence	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Middle market price per share [i]	58.8	76.5	84.0	98.0	100.1	127.3	137.5	134.6	111.0	168.6	156.2
Share price high [i]	61.8	77.9	88.0	102.5	102.4	129.9	141.5	149.5	150.0	168.6	177.0
Share price low [i]	48.5	55.4	74.5	78.5	85.9	94.7	126.5	122.0	78.8	104.2	142.6
Share price total return % – 5 years											29.9
Share price total return % – 10 years											195.2

Revenue
for the year ended 30 April

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Available for ordinary shares – £'000s	2,799	3,044	4,461	5,659	6,452	7,839	9,448	10,623	10,493	7,416	10,241
Return per share [i]	0.69p	0.71p	0.93p	1.09p*	1.18p*	1.38p*	1.59p*	1.76p*	1.73p	1.26p	1.82p
Dividends per share [i]	0.56p	0.65p	0.80p	0.97p	1.07p	1.23p	1.44p	1.65p	1.70p	1.75p	1.84p

* diluted
[i] Comparative figures for the years prior to 2020 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.
[ii] Subject to approval of the final dividend of 1.27p at the 2022 AGM.

Performance

(rebased to 100 at 30 April 2012)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NAV per share	100	126.8	141.3	163.3*	166.9*	212.1*	229.7*	235.9*	200.8**	293.5**	**289.9****
Middle market price per share	100	130.1	142.9	166.7	170.2	216.5	233.8	228.9	188.8	286.7	**265.6**
Earnings per share	100	102.9	134.8	158.0	171.0	200.0	230.4	255.1	250.7	182.6	**263.8**
Dividends per share	100	115.5	142.1	171.4	190.1	217.6	255.8	293.1	302.0	310.8	**326.8**(1)
RPI	100	102.9	105.4	106.4	107.8	111.6	115.3	118.8	120.7	124.2	**138.0**

* diluted
** NAV with debt at fair value
(1) Subject to approval of the final dividend of 1.27p at the 2022 AGM.

Costs of running the Company (ongoing charges/TER)

for the year ended 30 April

Expressed as a percentage of average net assets	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ongoing charges											
excluding performance fees	1.08%	0.85%	0.76%	0.79%	0.85%	0.84%	0.83%	0.79%	0.75%	0.78%	**0.75%**
including performance fees	1.56%	1.49%	0.78%	1.08%	0.85%	0.86%	0.83%	0.79%	0.75%	0.78%	**0.75%**
Total expense ratio											
excluding performance fees	0.79%	0.71%	0.50%	0.53%	0.51%	0.62%	0.60%	0.59%	0.59%	0.58%	**0.58%**
including performance fees	1.17%	1.22%	0.50%	0.74%	0.76%	0.62%	0.60%	0.59%	0.59%	0.58%	**0.58%**

Gearing

at 30 April	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Effective gearing	1.7%	(2.3%)	(1.3%)	4.8%	4.7%	3.4%	5.1%	4.6%	(0.6%)	3.8%	**4.6%**
Fully invested gearing	4.1%	2.9%	2.2%	7.4%	6.9%	4.7%	5.6%	5.8%	4.8%	4.3%	**5.8%**

Note: definitions of Alternative Performance Measures and a Glossary of Terms are provided on pages 92 to 93.

Promoting Success

Section 172 Statement

The Directors have continued to act to promote the success of the Company for the benefit of its shareholders as a whole. In so doing, they have had regard to the matters set out in section 172(1) of the Companies Act 2006 (the **'Act'**). This includes the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account.

As noted on page 9, we have no employees, premises, assets or operations. Details of our key stakeholders are noted on page 10. Our main working relationship is with the Manager. Recognising that sustainability is fundamental to achieving longer term success, we have continued to work closely with our Manager to develop further our investment strategy and underlying policies. This is not simply to achieve the Company's investment objective but to make sure it is done in an effective, responsible and sustainable way in the interests of shareholders, future investors and society at large. The portfolio activities undertaken by our Manager and the impact of decisions taken are set out in the Lead Manager's Review on pages 12 to 22. On pages 23 to 26 we have again reported in greater detail on our approach towards responsible investment. We are very supportive of the Manager's approach, which focuses on engagement with the investee companies on ESG issues and how these link with the United Nations Sustainable Development Goals (**'SDGs'**).

We use gearing to enhance returns, but this will have a negative impact at times of market shocks. We maintained a moderate level of gearing throughout the year. At the end of the year we had drawn down €18m and ¥757.5 of our £35m multi-currency revolving credit facility. The blended rate on this facility and the £35m private placement notes 2039 is 1.7%, which leaves us very well placed to continue to enhance investment returns and build on our longer term performance record.

One of our Key Performance Indicators is dividend growth. As a result of the Covid-19 pandemic, many companies cut or cancelled their dividend payments and therefore our revenue fell in the prior year. However, the Company has strong revenue reserves which it was able to draw on to fund the shortfall between the income received from our portfolio and the amount required to fund the dividend for that year. With many companies returning to paying dividends, our revenue increased significantly in the year under review and we are very pleased therefore to pay another increased annual dividend. This extends our record to 52 years of consecutive annual increases.

We bought back shares when the discount to NAV was wider than 5%, with a view to reissuing them from treasury if the share price returns to a premium to NAV. This policy is not only accretive to the NAV per share, it also helps moderate the absolute level and volatility of the discount and provides liquidity in the shares.

As long-term investors we always look to the future and to the success of the Company in that context. We believe that the Company provides a clear investment choice, not only for investors large or small but also for those starting their investment journey. We continue to promote the Company through marketing, including the enhancement of the web-site, and work towards the optimal delivery of the Company's investment proposition and to promote the success of the Company for the benefit of all shareholders, stakeholders and, through its valuable role as an investment vehicle, the community at large.

Principal Risks and Future Prospects

The Board has carried out a robust review and assessment of the Company's principal and emerging risks and the uncertainties that could threaten its future success. The consequences for its strategy, business model, liquidity, future prospects and viability form an integral part of this review.

The Board's processes for monitoring the principal risks and identifying emerging risks are set out on page 54 and in note 23 to the Accounts. Any emerging risks that are identified and that are considered to be of significance are included on the Company's risk assessment together with any mitigations. These principal and emerging risks are reviewed regularly by the Audit and Management Engagement Committee and by the Board. The effects of Covid-19 have eased but its impact will be felt for some time to come. There is a risk that the current high levels of inflation will be sustained and of course geo-political risk has been heightened as a result of the war in Ukraine, but the Board cannot mitigate against such events. The principal risks are largely unchanged from those reported in the prior year. Those identified as most relevant to the assessment of the Company's future prospects and viability were those relating to the potential impact from sustained high inflation, inappropriate business strategy, potential investment portfolio under-performance and its effect on the Company's share price discount/premium and dividends, as well as threats to security over the Company's assets. Our risk evaluation forms an inherent part of our strategy determination described on page 8.

Through a series of stress tests ranging from moderate to extreme scenarios, including the impact of market shocks and based on historical information, but forward looking over the five years commencing 1 May 2022, the Board assessed the risks of:

- Sustained high levels of inflation.

Principal Risks	Mitigation by strategy
Service providers and systems security – **Errors, fraud or control failures at service providers or loss of data through business continuity failure or cyber attacks could damage reputation or investors' interests or result in loss. Cyber risks remain heightened.** **Unchanged throughout the year.**	The ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. Custody and depositary services are provided by third party suppliers. **The Board monitors the effectiveness and efficiency of service providers' processes through internal efficiency KPIs.**
Investment performance – **Inappropriate business strategy or policy, or ineffective implementation, could result in poor returns for shareholders. Failure to access the targeted market or meet investor needs or expectations, including Responsible Investment and climate change in particular, leading to significant pressure on the share price. Political risk factors could also impact performance as could market shocks such as those experienced in relation to Covid-19.** **Unchanged throughout the year.**	Under our Business Model, a manager is appointed with the capability and resource to manage the Company's assets, asset allocation, gearing, stock and sector selection and risk. The individual regional investment portfolios are managed to provide in combination a well-diversified, lower volatility and lower risk overall portfolio structure. The Board holds a separate strategy meeting each year and considers investment policy review reports from the Manager at each Board meeting. **The performance of the Company relative to its Benchmark, its peers and inflation is a KPI measured by the Board on an ongoing basis and is reported on page 11.**
Discount/premium – **A significant share price discount or premium to the Company's NAV per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. Increased uncertainty in markets due to an event such as Covid-19 could lead to falls and volatility in the Company's NAV.** **Risk has increased during the year.**	The Board has established share buyback and share issue policies, together with a dividend policy, which aim to moderate the level and volatility of the share price discount or premium to the NAV per share and it seeks shareholder approval each year for the necessary powers to implement those policies. **The discount/premium to NAV at which the Company's shares trade is a KPI measured by the Board on an ongoing basis and is reported on page 11.**

- Potential illiquidity of the Company's portfolio.
- Substantial falls in investment values on the ability to meet loan covenant requirements and to repay and re-negotiate funding.
- Significant falls in income on the ability to continue paying steadily-rising dividends and maintaining adequate revenue reserves.

The Board also took into consideration the operational robustness of its principal service providers and the effectiveness of business continuity plans in place, in particular given the impact of Covid-19, potential effects of regulatory changes and the potential threat from competition.
The Board's conclusions are set out under 'Five Year Horizon'.

Resilience

The Board is cognisant of the Brydon Report's proposal for companies to make a resilience statement, which will address resilience to risks over the short, medium and long term. The Department for Business, Energy & Industrial Strategy has taken forward this proposal, amongst others, with a consultation that will result in changes in regulation. Whilst the regulations resulting from the consultation are still awaited, it is likely that the Board will be required to include a resilience statement, encompassing the Company's ability to continue as a going concern, its medium term viability and what it considers to be its key long-term challenges, and how those are being addressed, in future. It is likely that the Company will also be required to adopt and publish an "Audit and Assurance Policy" which will include, amongst other things, an explanation of the independent assurance it proposes to obtain for the resilience statement and the effectiveness of the internal controls framework. It is proposed that the policy should cover a three-year period and be subject to an annual advisory vote by shareholders.

Actions taken on Principal Risks in the year

The Audit and Management Engagement Committee and the Board have regularly reviewed the Company's risk management framework with the assistance of the Manager. Regular control reports are provided by the Manager which cover risk, compliance and oversight of third-party service providers, including IT security and cyber-threats. Reports from the Depositary, which is liable for the loss of any of the Company's securities and cash held in custody unless resulting from an external event beyond its reasonable control, were reviewed. The Board is satisfied that the continuity arrangements of all key suppliers continued to work well during the restrictions imposed as a result of Covid-19 and continue to do so under the new "hybrid" working arrangements adopted by most. As such, this risk is unchanged.

Columbia Threadneedle (formerly BMO GAM) has been retained as Manager and continues to deliver on the Company's objective. It operates within a responsible investment culture under a corporate commitment to four key Sustainability Principles: Social Change, Financial Resilience, Community Building and Environmental Impact. Through the Manager, the Company has the flexibility to innovate, adapt and evolve as Responsible Investment necessities and expectations change. Marketing and investor relations campaigns continued throughout the year, including presentations by the Lead Manager to wealth managers across the country. Detailed reports provided by the Lead Manager have been reviewed by the Board at each of its meetings. As reported in the Key Performance Indicators on page 11, long-term performance remains in line with expectations and the dividend for the year, has increased. This risk is considered unchanged.

Despite actively buying in shares on a regular, ongoing basis in order to address the imbalance between the supply and demand of the Company's shares, the discount has remained wider than desired. Therefore the risk is considered to have increased during the year.

Five Year Horizon

Based on its assessment and evaluation of the Company's future prospects, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the coming five years. This period has been chosen because it is consistent with the advice provided by many investment advisers, that investors should invest in equities for a minimum of five years. The Company's business model, strategy and the embedded characteristics listed below have helped define and maintain the stability of the Company over many decades. The Board expects this to continue and will continue to assess viability over subsequent five year rolling periods.

- The Company has a long-term investment strategy under which it invests mainly in readily realisable, publicly listed securities and which restricts the level of borrowings.
- The Company's business model and strategy are not time limited and, as a global investment trust company, are unlikely to be adversely impacted as a direct result of Brexit and other political uncertainties.
- The Company is inherently structured for long-term outperformance, rather than short-term opportunities, with five years considered as a sensible time-frame for measuring and assessing long-term investment performance.
- The Company is able to take advantage of its closed-end investment trust structure, such as having borrowing arrangements in place and the ability to secure additional finance in excess of five years.
- There is rigid monitoring of the headroom under the Company's bank borrowing financial covenants.
- Regular and robust review of revenue and expenditure forecasts is undertaken throughout the year against a backdrop of large revenue and capital reserves.
- The Company retains title to all assets held by the Custodian which are subject to further safeguards imposed on the Depositary.
- The Board expects there to be no change to the way in which the Company's assets are managed, including its commitment to responsible investment, as a result of the merger of BMO GAM's EMEA business with that of Columbia Threadneedle.

Thirty Largest Holdings

30 April 2022	30 April 2021		% of total investments	Value £m
1	3	**Eastspring Investments Japan Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	3.3	32.3
2	2	**Pinebridge Asia ex Japan Small Cap Fund** Rest of World Fund providing exposure to Asian smaller companies.	3.0	29.3
3	1	**Aberdeen Standard SICAV I Japanese Sustainable Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	2.8	27.8
4	4	**The Scottish Oriental Smaller Companies Trust** Rest of World Investment company providing exposure to Asian smaller companies.	2.8	27.7
5	5	**Utilico Emerging Markets Trust** Rest of World Investment company focusing on utility and infrastructure companies in emerging markets.	2.1	20.9
6	6	**Schroder ISF Global Emerging Markets Smaller Companies Fund** Rest of World Fund providing exposure to Emerging Markets smaller companies.	2.0	19.9
7	7	**Eagle Materials** United States A US producer of construction materials, including cement, aggregates, concrete, gypsum wallboard and recycled paperboard.	1.5	14.4
8	37	**The Andersons** United States Diversified US agribusiness that merchandises grain, produces ethanol and distributes fertiliser.	1.4	14.0
9	11	**LKQ Corp** United States A distributor of alternative car parts.	1.4	13.6
10	8	**HSBC GIF Asia ex Japan Equity Smaller Companies Fund** Rest of World Fund providing exposure to Asian smaller companies.	1.3	13.1
11	18	**Wheaton Precious Metals** United States A precious metals company receiving production royalties from mines operated by third parties.	1.3	12.4
12	13	**Molina Healthcare** United States This is a managed care business providing health insurance in the US under government programs.	1.2	12.0
13	27	**Kirby** United States Operator of a fleet of inland barges in the US, also a provider of repair services to marine and other end markets.	1.2	11.9
14	12	**Alleghany** United States Specialist insurance and reinsurance provider also owning and managing a portfolio of non-financial middle market businesses.	1.1	11.2
15	14	**The Ensign Group** United States Operator of skilled nursing facilities, rehabilitative care facilities, also provides home health and assisted living services mainly for post-acute care.	1.1	11.2

30 April 2022	30 April 2021		% of total investments	Value £m
16	17	**Avnet** United States Distributor of computer products, semiconductors and electronic components.	1.1	10.9
17	25	**Graphic Packaging** United States A vertically integrated producer of printed paperboard cartons for food and beverage products.	1.1	10.8
18	16	**Spectrum Brands** United States A global consumer products company that through its subsidiaries sells residential locks, personal care items, household appliances, specialty pet supplies and lawn and garden products.	1.1	10.6
19	29	**Brown & Brown** United States Insurance broker, now the fifth largest global independent company in the market.	1.1	10.5
20	15	**Lundin Mining** Canada Diversified base metals mining company with its largest exposure being to copper.	1.0	10.0
21	116	**Energean** United Kingdom Oil and gas developer with its primary assets offshore Israel.	1.0	9.8
22	43	**Boot Barn Holdings** United States US retailer of western and work wear.	1.0	9.3
23	20	**Aberdeen Standard SICAV I Asian Smaller Companies Fund** Rest of World Fund providing exposure to Asian smaller companies.	0.9	9.1
24	28	**Martin Marietta Materials** United States Aggregates and cement producer that served the construction industry.	0.9	9.0
25	21	**MaxLinear** United States High performance broadband and networking semiconductor supplier.	0.9	8.9
26	56	**SSR Mining** Canada Precious metals miner.	0.9	8.7
27	–	**Webster Financial** United States A Connecticut, USA based mid sized bank that focuses on commercial lending.	0.9	8.7
28	137	**Bristow** United States Provider of helicopter services for global energy and air sea rescue markets.	0.9	8.6
29	94	**Euromoney Institutional Investor** United Kingdom Information services business supplying data, research and news to a number of markets, also managing events and providing marketing services.	0.8	8.3
30	32	**Encompass Health** United States Leading US provider of post acute care in facility and home based settings.	0.8	8.3

The value of the thirty largest equity holdings represents 41.9% (30 April 2021: 38.0%) of the Company's total investments.

List of Investments

	30 April 2022	
Quoted investments	**Holding**	**Value £'000s**
UNITED KINGDOM		
4Imprint Group	130,265	3,556
Alfa Financial Software	2,175,626	3,960
Alliance Pharma	3,792,141	4,323
Anpario	670,373	3,419
Baltic Classifieds Group	1,543,250	2,037
Begbies Traynor Group	2,715,640	3,118
Biffa	1,794,558	6,259
Boku	1,508,391	1,765
Breedon Group	5,365,722	4,250
Bytes Technology	606,761	2,712
C&C Group	1,742,173	3,641
Capital & Counties Properties	2,575,000	4,256
CareTech	557,617	4,104
Clarkson	125,945	4,647
Clipper Logistics	861,903	7,412
CLS Holdings	2,634,741	5,401
CMO Group	2,286,279	2,858
Crest Nicholson	793,262	2,007
Dalata Hotel Group	741,952	2,493
Elementis	4,031,137	4,914
Energean	828,687	9,812
Essensys Group	1,104,071	1,049
Essentra	1,208,501	3,801
Euromoney Institutional Investor	836,597	8,307
FDM Group	311,492	3,171
Gateley Holdings	1,335,777	2,939
Genuit	844,976	3,815
Hollywood Bowl Group	1,303,507	3,363
Hotel Chocolat Group	656,893	2,431
Ibstock	1,110,534	2,103
IG Design Group	934,960	617
In the Style Group	1,941,509	1,747
Just Group	3,300,141	2,805
Keller Group	436,888	3,696
Kier Group	2,537,552	2,012
Kitwave Group	2,033,333	3,050
Loungers	1,535,455	3,839
Luceco	936,408	1,770
Made Tech Group	1,308,491	484
Mattioli Woods	439,688	3,166
Mercia Asset Management	13,450,000	4,439

	30 April 2022	
Quoted investments	**Holding**	**Value £'000s**
Molten Ventures	435,887	3,021
MoneySupermarket	1,227,526	2,146
Morgan Advanced Materials	1,592,042	4,490
Next Fifteen Communications	577,599	7,659
On The Beach Group	843,127	1,927
Orchard Funding Group	888,734	444
OSB Group	1,169,110	6,559
Paragon Banking Group	400,565	1,987
PayPoint	398,299	2,298
Pebble Group	3,902,614	4,488
Qinetiq Group	1,082,207	3,699
Quixant	2,362,383	3,544
Rathbones Group	107,199	2,251
Redde Northgate	1,289,169	5,112
Restaurant Group	4,829,070	2,999
Revolution Beauty Group	3,295,209	3,888
RPS Group	3,784,464	3,917
Sanne Group	450,287	4,084
Shanta Gold	14,017,746	1,402
Sirius Real Estate	1,968,667	2,386
Team17 Group	853,832	3,714
Telecom Plus	343,527	5,668
The Gym Group	1,666,887	3,220
TI Fluid Systems	1,104,146	1,793
TP ICAP Group	1,467,466	1,934
Treatt	603,747	6,376
Trifast	2,225,393	2,337
TT Electronics	1,461,272	2,654
Tyman	1,139,353	3,145
Uniphar	804,713	2,656
Vesuvius	736,326	2,381
Warehouse REIT	2,313,477	3,711
Watches of Switzerland	280,114	2,860
Xaar	1,087,584	2,697
XP Power	91,179	2,936
Zotefoams	900,678	3,053
TOTAL UNITED KINGDOM		264,984
EUROPE		
BELGIUM		
Lotus Bakeries	690	3,131
Total Belgium		3,131

		30 April 2022
		Value
Quoted investments	Holding	£'000s
DENMARK		
Ringkjoebing Landbobank	35,567	3,507
Royal Unibrew	29,623	2,057
Simcorp	34,482	1,944
Total Denmark		7,508
FRANCE		
Alten	27,870	3,028
Lectra	106,551	3,532
Verallia	73,834	1,624
Total France		8,184
GERMANY		
CANCOM	78,248	3,034
CTS Eventim	45,859	2,543
flatexDEGIRO	227,190	3,133
Gerresheimer	50,868	2,849
Global Fashion Group	434,934	664
HelloFresh	50,402	1,718
Mister Spex	85,154	482
Norma Group	71,658	1,411
Rational	2,520	1,237
STRATEC	34,949	3,154
Symrise	22,485	2,146
Total Germany		22,371
IRELAND		
Bank of Ireland Group	254,864	1,242
Total Ireland		1,242
ITALY		
Azimut Holding	100,657	1,724
Interpump Group	86,611	2,816
Marr	206,368	2,688
Total Italy		7,228
NETHERLANDS		
ASM International	10,555	2,571
IMCD Group	25,330	3,250
Marel	653,605	2,730
Sligro Food	179,002	3,362
Total Netherlands		11,913
NORWAY		
Atea	267,912	2,584
Carasent	715,612	1,273
Nordic Semiconductor	149,287	2,443
Sparebank	312,249	3,203

		30 April 2022
		Value
Quoted investments	Holding	£'000s
Storebrand	408,154	2,863
Total Norway		12,366
PORTUGAL		
Corticeira Amorim	326,426	2,704
Total Portugal		2,704
SPAIN		
Fluidra	123,533	2,705
Total Spain		2,705
SWEDEN		
Avanza Bank Holdings	74,093	1,517
Coor Service Management	330,355	2,409
Hexpol	223,830	1,555
Indutrade	111,493	2,136
Karnov Group	605,861	3,287
MIPS	44,323	2,564
Sdiptech	84,045	2,355
The Thule Group	91,506	2,571
Total Sweden		18,394
SWITZERLAND		
Forbo Holdings	2,008	2,360
SIG Combibloc Group	196,849	3,318
Tecan Group	10,304	2,498
V Zug	10,131	906
Total Switzerland		9,082
TOTAL EUROPE		106,828
NORTH AMERICA		
CANADA		
Lundin Mining	1,373,900	9,984
SSR Mining	497,073	8,723
WSP Global	84,200	7,848
Total Canada		26,555
UNITED STATES		
Alleghany	16,806	11,198
Amdocs	126,451	8,023
American Vanguard	470,517	8,016
Avnet	312,462	10,863
Boot Barn Holdings	130,253	9,326
Bristow Group	360,150	8,551
Brown & Brown	212,071	10,473
C.H. Robinson Worldwide	64,187	5,426
Catalent	74,950	5,406

List of Investments (continued)

Quoted investments	Holding	30 April 2022 Value £'000s
CDW	47,118	6,121
Cognyte Software	431,082	2,321
Columbia Sportswear	50,489	3,305
Commvault Systems Inc	144,361	7,014
Dine Brands	52,509	2,997
Eagle Materials	146,927	14,432
Encompass Health	150,398	8,251
Essential Properties Realty Trust	375,000	7,168
FB Financial	103,847	3,190
Focus Financial Partners	193,000	6,064
Genpact	203,497	6,532
GrafTech International	884,385	6,389
Grand Canyon Education	63,046	4,819
Graphic Packaging	621,268	10,787
Haynes International	237,922	7,406
Hayward Holdings	510,938	6,475
Healthcare Trust of America	321,284	7,795
Infinera	1,294,791	7,920
Jefferies Financial	160,917	3,942
Kirby	229,456	11,901
LKQ Corp	344,162	13,610
Martin Marietta Materials	32,077	9,040
MaxLinear	234,634	8,950
MDC Holdings	131,654	3,873
Medifast	25,420	3,602
Molina Healthcare	48,023	11,989
MSC Industrial Direct	50,970	3,363
Nomad Foods	267,700	3,936
Plymouth Industrial REIT	333,000	6,397
PRA	230,301	7,710
Prosperity Bancshares	117,011	6,093
Quidel	52,919	4,241
Spectrum Brands	156,469	10,603
Stericycle	91,585	3,660
Syneos Health	120,556	7,018
The Andersons	350,714	14,031
The Ensign Group	174,615	11,172
The Real Good Food Company	578,490	3,202
U.S. Physical Therapy	80,204	6,629
United Bankshares	184,275	4,883
Vail Resorts	22,736	4,597
Viavi Solutions	695,723	7,941

Quoted investments	Holding	30 April 2022 Value £'000s
Webster Financial	218,671	8,710
WEX	58,788	7,784
Wheaton Precious Metals	346,479	12,372
World Fuel Services	215,398	4,145
Total United States		401,662
TOTAL NORTH AMERICA		428,217
JAPAN		
Aberdeen Standard SICAV I Japanese Sustainable Smaller Companies Fund	2,653,954	27,824
Baillie Gifford Japanese Smaller Companies Fund	183,617	6,801
Eastspring Investments Japan Smaller Companies Fund	2,129,660	32,301
TOTAL JAPAN		66,926
REST OF WORLD		
Aberdeen Standard SICAV I Asian Smaller Companies Fund	223,757	9,093
HSBC GIF Asia ex Japan Equity Smaller Companies Fund	1,170,000	13,086
Pinebridge Asia ex Japan Small Cap Fund	45,745	29,287
Schroder ISF Global Emerging Markets Smaller Companies Fund	145,300	19,879
The Scottish Oriental Smaller Companies Trust	2,418,586	27,693
Utilico Emerging Markets Trust	9,301,596	20,929
TOTAL REST OF WORLD		119,967
TOTAL QUOTED INVESTMENTS		**986,922**
Unquoted investments		
AUSTRALIA		
Australian New Horizons Fund	2,715,704	161
TOTAL UNQUOTED INVESTMENTS		**161**
TOTAL INVESTMENTS		**987,083**

The number of investments in the portfolio is 190 (2021:196).

Principal Policies

The Board has overall responsibility for the Company's principal policies, which support its investment and business strategies in securing a high total return for our shareholders.

Investment

Our publicly stated Investment Policy is designed to help shareholders, prospective investors and stakeholders understand the scope of our investment remit and constraints imposed under it. Any material changes to the stated policy can only be made with shareholder approval.

Our remit is global. Risk diversification is achieved through geographic asset allocation and industry sector and stock selection across a wide range of markets. Within the general policy of maintaining a diversified portfolio, there are no specific geographic or industry sector exposure limits for the publicly listed equities.

Investment is made mainly in publicly listed equities, including those on the Alternative Investment Market. Investment can also be made in other types of securities or assets, including collective investment funds. Under the Financial Conduct Authority's Listing Rules, no more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies, unless such investment companies have themselves published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%. Investments in unlisted securities require prior Board approval. No transaction can be made which would increase the value of any holding of the Company to exceed 10% of the value of the total portfolio.

Derivative instruments, such as futures, options, and warrants, may be used for efficient portfolio management up to a maximum of 10% of the NAV at any one time. The Board, with advice from the Manager, considers the foreign exchange outlook, as this can affect both the asset allocation and borrowing strategy, and can hedge the portfolio against currency movements. No such hedging has been undertaken in the year under review.

At every Board meeting, the Lead Manager reports on portfolio activity and investment performance and confirms adherence to the investment restrictions and limitations set by the Board. The Lead Manager's Review on pages 12 to 22 provides an overview of the outcome from the application of the Investment Policy and the underlying policies during the course of the year under review.

Borrowing

The Company has the flexibility to borrow over the longer term and to use short-term borrowings by way of loans. Borrowings, which can be taken out in either sterling or foreign currency, would normally be expected to fall within a range of 0-20% of shareholders' funds. In normal circumstances, the Board believes that structural gearing through the investment cycle is appropriate for the enhancement of shareholder returns. Borrowing levels and covenant headroom are monitored on an ongoing basis and reported on at each Board meeting.

Dividend

Our revenue account is managed with a view to delivering a rising income stream in real terms for shareholders. Prudent use of revenue reserves established over many decades is made whenever necessary to help meet any revenue shortfall.

The Board applies due diligence and determines dividend payments by taking account of income forecasts, brought forward distributable reserves, prevailing inflation rates, the Company's dividend payment record and Corporation Tax rules governing investment trust status. Risks to the Company's dividend policy have been considered as part of the Principal Risks and Future Prospects reviews noted on page 30. The consistent application of this policy has enabled the payment of an increased dividend every year for the past 52 years.

Discount/Premium

The Board operates a share buyback policy under an authority given by shareholders. Under this policy the Company buys back shares for the benefit of shareholders when it sees value and, importantly, with a view to moderating discount volatility and to keeping the discount at no more than 5%, in normal market conditions. Shares are bought back at a discount to the NAV per share and are either cancelled or held in treasury, the effect of which is an accretion to the NAV per share. The levels within which the policy operates are kept under review.

Shareholders have also authorised the Board to issue shares when trading at a premium to the NAV per share, with a view to moderating the premium and any associated volatility. As with share buybacks, such issues are only made when accretive to the NAV.

Board diversity

Our policy towards the appointment of non-executive directors to the Board is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including gender and contributions from an international perspective. The policy is always to appoint the best person for the role and, by way of this policy statement, we confirm that there is no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or disabilities.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people to deliver the Company's objective. We apply the policy for the purpose of appointing individuals that, together as a Board, will continue to achieve that aim as well as ensuring optimal promotion of the Company's investment proposition in the marketplace. The gender balance of three men and two women Directors exceeds the target of 33% of women on FTSE 350 company boards by 2020 set under The Hampton-Alexander Review(1). Both of the female Directors hold senior positions on the Board. We also aim to meet the FCA's rule on diversity and inclusion, that the Board should have at least one director from an ethnic minority background.

Taxation

As an investment trust company, it is essential that the Company retains its tax status by complying at all times with Section 1158 of the Corporation Tax Act 2010 (**'Section 1158'**) such that UK Corporation Tax is not suffered on its capital gains. It also ensures that correct taxation returns are submitted annually and any taxation due is settled promptly. Where possible, all taxes suffered in excess of taxation treaty rates on non-UK dividend receipts are claimed back in a timely manner. The Board's policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. In applying due diligence towards the retention of Section 1158 status and adhering to its tax policies, the Board receives regular reports from the Manager. The Company has received approval from HMRC as an investment trust under Section 1158 and has since continued to comply with the eligibility conditions.

Modern Slavery Act 2015

Our own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. We therefore believe that the potential for acts of modern slavery or human trafficking in our own working environment is extremely low.

The values that we hold, our culture and the rationale for the appointment of our Manager are explained on page 8. The management company is an organisation committed to respecting human rights and stands against all forms of slavery and human trafficking. It is recognised as a leading pioneer in responsible investment and works with policymakers worldwide to deliver market-wide improvements in standards and regulations. In the year under review, over 24% of engagements across the companies in which the management company invests for its clients raised social themes, including human rights, public health and labour standards. There was a continued focus on labour standards in the supply chain as well as on inclusion and diversity in the workforce. The Manager is an investor signatory to the Workforce Disclosure Initiative (**'WDI'**), which aims at enhancing relevant and material workforce related disclosure on a wide range of workforce issues, covering companies' direct operations and supply chains. We are very supportive of the Manager's approach and whose formal statement can be found on its website.

Integrity and business ethics

We apply a strict anti-bribery and anti-corruption policy insofar as it applies to the Directors of the Company and employees of any organisation with which we conduct business, including the Manager. The Board ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts and hospitality and similar matters.

On behalf of the Board
Anja Balfour
Chairman
17 June 2022

(1) See Glossary on page 95

Chairman's Statement
on corporate governance

Dear Shareholder,
On the next page you will find brief details of the Directors responsible for the governance of your Company, including mine as your Chairman. Details are also available on the website as shown on page 2. The Company invests in a wide range of companies and, as a Board, we believe that good governance creates value and expect the companies in which we invest to apply high standards. In maintaining the confidence and trust of our own investors, we set out to adhere to the very highest standards of corporate governance, business and ethics transparency. We remain committed to doing so.

Governance overview

The Board has established an Audit and Management Engagement Committee and a Nomination Committee. The role and responsibilities of these committees are set out in their respective reports which follow. As the Board has no executive directors and no employees, and is comprised entirely of independent non-executive directors, it does not have a Remuneration Committee. Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Remuneration Report on pages 50 to 52 and in note 5 to the Accounts.

The Company has appointed the Manager to manage the investment portfolios as well as to carry out the day to day management and administrative functions. An explanation of the reporting arrangements from the Manager is set out in the Strategic Report on page 9 and in the Report of the Audit and Management Engagement Committee in respect of risk management and internal control on page 54. Explanations concerning the Board's appointment of the Manager, including reference to the strength of their resources, measurement of performance and alignment with the values of the Board can be found on page 8.

The Board has direct access to the company secretarial advice and services of the Manager which, through the Company Secretary, is responsible for ensuring that Board and committee procedures are followed and applicable regulations are complied with. The proceedings at all Board and other meetings are fully recorded through a process that allows any Director's concerns to be recorded by the Company Secretary in the minutes. The Board has the power to appoint or remove the Company Secretary in accordance with the terms of the investment management agreement.

Composition of the committees

All Directors are members of the Audit and Management Engagement Committee and the Nomination Committee and this is noted under the Directors' biographies on the following page, while the respective terms of reference can be found on the Company's website. Further detail is given in respect of the composition of the Audit and Management Engagement Committee on page 54.

Compliance with the AIC Code of Corporate Governance (the 'AIC Code')

We have considered and support the principles and recommendations of the AIC Code published in 2019. The AIC Code mirrors the UK Corporate Governance Code (the **'UK Code'**) apart from two significant departures, namely the removal of the nine year limit on chair tenure and the chairman of the board may be a member of the audit committee provided he or she was independent on appointment. The tenure policy relating to the Directors, including the Chairmanship, is set out on page 49.

We believe that the Company has complied with the recommendations of the AIC Code during the year under review and up to the date of this report and, except as regards the provisions of the UK Code set out below, has thereby complied with the relevant provisions of that Code:

- the role of the Chief Executive;
- executive directors' remuneration;
- the need for an internal audit function; and
- workforce engagement.

The Board considers these provisions as not relevant to the position of the Company, being an externally managed investment trust company. In particular, all of the Company's day to day management and administrative functions have been delegated to the Manager. As a result, the Company has no executive directors, employees or internal operations. Therefore, with the exception of the need for an internal audit function, which is addressed on pages 54 and 55, we have not reported further in respect of these provisions. Copies of the UK Code and AIC Code can be found on their respective websites: frc.org.uk and theaic.co.uk.

Anja Balfour
Chairman
17 June 2022

Directors

The Board of Directors comprise: back row, left to right David Stileman, Nick Bannerman and Graham Oldroyd, front row, left to right Anja Balfour and Jo Dixon.

Anja Balfour

Chairman

Appointed to the Board on 1 June 2015 and as Chairman on 30 July 2020. She is also chairman of the Nomination Committee.

Experience and contribution: Anja brings in-depth investment knowledge, expertise and experience in international investment management as well as leadership skills, most notably from her other non-executive director and chairmanship roles. Previously she spent over 20 years as a fund manager, running Japanese and International Equity portfolios for Stewart Ivory, Baillie Gifford and latterly, Axa Framlington.

Other appointments: Anja is chairman of Schroder Japan Growth Fund PLC and a non-executive director of AVI Global Trust PLC. She also sits on the board of mutual Scottish Friendly Assurance and is a member of the Finance & Corporate Services Committee of Carnegie UK Trust.

Nick Bannerman

Appointed to the Board on 1 October 2019.

Experience and contribution: Nick brings a combination of investment, operational and management experience as well as a wider business perspective from his current and past business roles across multiple geographies. He is a chartered accountant and was chairman of Baillie Gifford Japan Trust PLC until December 2019.

Other appointments: Nick is an executive director of James Johnston & Co of Elgin Ltd and Johnston GmBH.

Josephine (Jo) Dixon

Senior Independent Director and Chairman of the Audit and Management Engagement Committee.

Appointed to the Board on 11 February 2015 and as Senior Independent Director on 30 July 2020.

Experience and contribution: Jo is a qualified accountant and has a strong accounting and financial background. She also brings leadership skills from her other non-executive director and chairmanship roles. Jo took over as Senior Independent Director following Jane Tozer's retirement on 30 July 2020.

Other appointments: Jo is chairman of JPMorgan European Growth & Income PLC (formerly JPMorgan European Investment Trust PLC) and a non-executive director of Strategic Equity Capital PLC, Alliance Trust PLC, BB Healthcare Trust PLC and Ventus VCT PLC.

Graham Oldroyd

Appointed to the Board on 1 October 2019.

Experience and contribution: Graham brings to the Board in-depth investment knowledge, expertise and experience in international investment management from his present and past positions as a director of listed and unlisted European businesses across multiple sectors and geographies.

Other appointments: Graham is non-executive chairman of Ideal Standard International NV (Belgium) and of MCF Limited and he is a non-executive director of Tunstall Integrated Healthcare Holdings Limited.

David Stileman

Appointed to the Board on 1 June 2015.

Experience and contribution: David brings a wider business perspective to the Board both from his current and past business and advisory roles as well as his extensive knowledge in international banking and specialty finance.

Other appointments: David is an operating partner of Corsair Capital LLP and an executive director of Stileman Consulting Limited and Honorary Trustee of the Royal Academy of Arts.

All the Directors are members of the Audit and Management Engagement Committee and the Nomination Committee. No Director has a shared directorship elsewhere with other Directors.

Applying the principles of the AIC code

Company purpose

Information relating to the Company's purpose, values and culture can be found on page 8.

Board leadership

The Board is responsible for the effective stewardship of the Company's affairs and has in place a schedule of matters that it has reserved for its decision, which are reviewed periodically. These are categorised and reviewed under strategy, policy, finance, risk, investment restrictions, performance, marketing, appointments, the Board and public documents. It has responsibility for all corporate strategic issues, principal policies (set out on pages 23, 37 and 38) and corporate governance matters which are all reviewed regularly.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting investment and gearing limits within which the Lead Manager has discretion to act, and thus supervises the management of the investment portfolio which is contractually delegated to the Manager. The Board has responsibility for the approval of any unlisted investments.

Division of Board responsibilities

As an externally managed investment trust company, there are no executive Directors; all Directors are non-executive. The Chairman is responsible for the leadership and management of the Board and promotes a culture of openness, challenge and debate. The Chairman sets the agenda for all Board meetings under a regular programme of items in conjunction with the Company Secretary.

The Board has a strong working relationship with the management company, whose personnel, including the Lead Manager, attend and report to the Board at every meeting. Discussions at all levels are held in a constructive and supportive manner with appropriate challenge and strategic guidance and advice from the Board whenever necessary, consistent with the culture and values.

Jo Dixon, as Senior Independent Director, acts as an experienced sounding board for the Chairman and an intermediary for other Directors and shareholders. She leads the annual evaluation of the Chairman.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. Directors are able to seek independent professional advice at the Company's expense in relation to their duties. No such advice was taken during the year under review.

Composition and succession

The Report of the Nomination Committee sets out on page 49 its role and key responsibilities. The composition of the Board and Committee members is set out in the Directors' details on page 40. The Company's diversity policy is set out on page 38.

Board evaluation and effectiveness

Each year the Board undertakes an evaluation of the effectiveness of individual Directors, the Board and its Committees. The Board and Committee evaluation for the year under review was carried out using an online questionnaire and was followed by one-to-one discussions between the Chairman and each of the Directors. The performance of the Chairman was included as part of the process and led separately by the Senior Independent Director. The findings of the evaluations were reviewed and discussed by the Board.

There were no significant issues arising from the evaluation process and it was agreed that the Board and its Committees continued to function effectively. All Directors make an effective contribution to the Board commensurate with their experience and skills. The main priorities for the Board over the coming year will be investment performance, especially in light of the acquisition of BMO GAM EMEA by Ameriprise, Inc., the continuing development of the Company's responsible investment/ESG policies and its marketing strategy.

Audit, risk management and internal control

The Board has established an Audit and Management Engagement Committee, the report of which is set out on pages 53 to 56. The report includes the rationale for the Company not having established its own internal audit function; how the independence and effectiveness of the external auditor is assessed; and how the Board satisfies itself on the integrity of the Company's financial statements. The report covers the process under which the Board satisfied itself that the Report and Accounts presents a fair, balanced and understandable assessment of the Company's position and prospects. There is an explanation of the procedures under which risk is managed and how the Board oversees the internal control framework and determines the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. Further information on the Company's risk and control framework can be found on page 54.

Relations with shareholders and stakeholders

The Company's stakeholders, and the engagement undertaken with them in the year under review, are set out on page 10.

Remuneration

The Board's remuneration policy is explained on page 50. As non-executive Directors, fees are set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the contribution towards the delivery of the investment objective. The Company has no executive Directors or employees. The fees paid to the Manager are charged at a competitive rate on the Company's net assets and are therefore aligned with the Company's purpose, its values, the successful delivery of its long-term strategy and the interests of its shareholders.

By order of the Board
BMO Investment Business Limited
Company Secretary
17 June 2022

Directors' Report

The Directors submit the Report and Accounts of the Company for the year ended 30 April 2022. Applying the principles of the AIC Code, the Chairman's Statement on corporate governance, Directors' biographies, the Reports of Nomination and Audit and Management Engagement Committees and the Remuneration Report all form part of this Directors' Report.

Statement regarding the Annual Report and Accounts

The Directors consider that, following advice from the Audit and Management Engagement Committee, the Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Audit and Management Engagement Committee has reviewed the draft Report and Accounts for the purposes of this assessment. The market outlook for the Company can be found on pages 7 and 22. Principal risks can be found on page 30 with further information on financial risks in note 23 to the Accounts. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R.

Results and dividends

The results for the year are set out in the attached accounts. Subject to shareholder approval at the AGM **(Resolution 4)**, the recommended final dividend of 1.27 pence per share is payable on 4 August 2022 to shareholders on the register as at the close of business on 1 July 2022. This, together with the interim dividend of 0.57 pence per share, makes a total dividend of 1.84 pence per share and represents an increase of 5.1% over the comparable 1.75 pence per share paid in respect of the previous year. See note 9 to the Accounts.

Company status

The Company is registered as a public limited company and an investment company as defined by Section 833 of the Act. The Company is registered in England and Wales with company registration number 28264 and is subject to the Financial Conduct Authority's (**'FCA'**) Listing Rules, Disclosure Guidance and Transparency Rules (**'DTRs'**) and other applicable legislation and regulations including company law, financial reporting standards, taxation law and its own articles of association.

Taxation

As set out on page 38 and in note 7 to the Accounts, the Company is exempt from UK Corporation Tax on its worldwide dividend income and from UK Corporation Tax on any capital gains arising from the portfolio of investments, provided it complies at all times with Section 1158. Dividends received from investee companies domiciled outside the UK are subject to taxation in those countries in accordance with relevant double taxation treaties.

Prevention of the facilitation of tax evasion

The Board is committed to compliance with the UK's Criminal Finance Act 2017, designed to prevent tax evasion in the jurisdictions in which the Company operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

Greenhouse Gas Emissions

The Company is managed by a third party manager, it has no employees and all of its Directors are non-executive, with the day to day activities being carried out by third parties. The Company has no premises, consumes no electricity, gas or diesel fuel directly and consequently does not have a measurable carbon footprint. Therefore, it qualifies as a low energy user and is exempt from reporting under the Streamlined Energy & Carbon Reporting requirements.

Accounting and going concern

The financial statements, starting on page 63, comply with current UK Financial Reporting Standards, supplemented by the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (**'SORP'**). The significant accounting policies of the Company are set out in note 2 to the Accounts. The unqualified auditors' opinion on the Financial Statements appears on page 58. Shareholders will be asked to approve the adoption of the Report and Accounts at the AGM **(Resolution 1)**.

The Directors believe that, in light of the controls and monitoring processes that are in place, the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments and the ability of the Company to meet all of its liabilities and ongoing expenses. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Statement as to disclosure of information to the auditors

Each of the Directors confirms that, to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Report and Accounts of which BDO LLP (**'BDO'** or the **'auditors'**) is unaware and he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that BDO is aware of that information.

Reappointment of auditors

BDO have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their reappointment and authorising the Audit and Management Engagement Committee to determine their remuneration for the ensuing year will be put to shareholders at the AGM **(Resolutions 10 and 11)**. Further information in relation to their reappointment can be found on page 56.

Capital structure

Following a ten for one share split on 31 October 2019, each ordinary share of 25p was replaced with ten new ordinary shares of 2.5p each. As at 30 April 2022 there were 620,533,770 ordinary shares of 2.5p each (**'ordinary shares'**) in issue, of which 71,059,928 were held in treasury. As at 15 June 2022 (being the latest practicable date before publication of this report) the number of ordinary shares held in treasury was 73,557,194.

All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. Details of the capital structure can be found in note 15 to the Accounts. The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of ordinary shares. Full details are set out in the Company's articles of association.

Issue and buyback of shares

At the annual general meeting held on 12 August 2021, shareholders authorised the Board to issue further ordinary shares or sell from treasury up to 10% of the number then in issue. Shareholders also renewed the Board's authority to purchase up to 14.99% of its own issued ordinary shares (excluding any shares held in treasury) at a discount to NAV per share.

No shares were issued during the year under review or have been issued between 30 April 2022 and 15 June 2022, being the latest practicable date before the publication of this report. In accordance with the policy of aiming to keep the discount at no more than 5% in normal market conditions, a total of 26,178,734 shares with a nominal value of £654,468 were bought back by the Company during the year, to be held in treasury, at prices between 142.63 pence and 174.44 pence and at an average price of 163.91 pence for a total consideration, including stamp duty and commissions, of £42,910,000. The shares bought back represented 4.5% of the shares in issue (calculated exclusive of any shares held in treasury) at 30 April 2021. The share buybacks enhanced the NAV per share by approximately 0.64 pence. A further 2,497,266 shares have been bought back and placed into treasury since the year end.

Voting rights and proportional voting

As at 15 June 2022 there were 620,533,770 ordinary shares in issue, of which 73,557,194 shares were held in treasury. Therefore the total voting rights in the Company as at that date were 546,976,576.

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held.

Approximately 54% of the Company's share capital is held on behalf of non-discretionary clients through the Manager's Savings Plans. For those planholders who do not return their voting directions, the nominee company will vote their shares in proportion to the directions of those who do (**'proportional voting'**). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in the savings plans being voted. A maximum limit of 738,000 shares that any one individual investor can vote, being approximately 5% of the minimum threshold, also applies. Any shares voted by an investor in excess of the maximum limit remain valid, but do not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Substantial interests in the Company's share capital

As at 30 April 2022 and since that date no notifications of significant voting rights have been received under the FCA's DTRs.

Borrowings

The Company has a one-year £35 million multi-currency revolving credit facility with The Royal Bank of Scotland International Limited. At the year-end, €18 million and ¥757.5m were drawn down. The Company also has in issue £35 million fixed rate 20-year unsecured private placement notes at a coupon of 2.26% which mature in August 2039. An overdraft arrangement is available from the Custodian for settlement of investment trades if necessary. Further information is provided in notes 12 and 14 to the Accounts.

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 50 to 52 provides detailed information on the remuneration arrangements for Directors of the Company. Shareholders are asked to approve the Remuneration Policy and Annual Report on Remuneration annually. There have been no changes to the Remuneration Policy since it was last approved by shareholders in 2020. Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective **(Resolutions 2 and 3)**.

Appointments to the Board

Under the articles of association of the Company, the number of Directors on the Board may be no more than twelve. Directors may be appointed by the Company by ordinary resolution or by the Board. All new appointments require prior Board approval and are subject to election by shareholders at the next annual general meeting. Institutional shareholders are given the opportunity to meet any newly appointed Director if they wish. An induction process is in place for new appointees and all Directors are encouraged to attend relevant training courses and seminars.

Removal of Directors

The Company may by special resolution remove any Director before the expiration of their term of office and may by ordinary resolution appoint another person who is willing to act to be a Director in their place. The provisions under which a Director would automatically cease to be a Director are set out in the Company's articles of association.

Contribution and independence of Directors

The Board is composed solely of independent non-executive Directors. The Nomination Committee has considered each Director and the Board has concurred with its assessment that each Director continues to make a valuable and effective contribution and remains committed in their respective roles. Furthermore, no Director has a past or current connection with the Manager and each remains independent in character and judgement, with no relationships or circumstances relating to the Company that are likely to affect that judgement. The Board has therefore concurred with the Nomination Committee's assessment that all Directors are independent of the Manager and of the Company itself.

The following table sets out the Directors' meeting attendance in the year under review. The Board held a separate meeting in February 2022 to consider strategic issues and also met once in private session during the year under review without any representation from the Manager.

Directors' attendance

	Board	Audit and Management Engagement Committee	Nomination Committee
No. of meetings	6	3	1
Anja Balfour	6	3	1
Nick Bannerman	6	3	1
Jo Dixon	6	3	1
Graham Oldroyd	6	3	1
David Stileman	6	3	1

Re-Election of Directors

The names of the Directors of the Company, along with their biographical details, are set out on page 40 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are also set out. All Directors held office throughout the year under review and all will stand for re-election by shareholders at the AGM in accordance with the requirements of the AIC Code **(Resolutions 5 to 9)**.

Directors' interests and indemnification

There were no contracts to which the Company was a party and in which a Director is, or was, materially interested during the year. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company has granted a deed of indemnity to the Directors in respect of liabilities that may attach to them in their capacity as Directors of the Company. This covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. This deed of indemnity is a qualifying third-party provision (as defined by section 234 of the Act) and has been in force throughout the year under review and remains in place as at the date of this report. It is available for inspection at the Company's registered office during normal business hours and at the AGM. The Company also maintains directors' and officers' liability insurance.

Safe custody of assets

The Company's listed investments are held in safe custody by JPMorgan Chase Bank (the **'Custodian'**). Operational matters with the Custodian are carried out on the Company's behalf by the Manager in accordance with the provisions of the investment management agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and location of the securities held.

Depositary

JPMorgan Europe Limited (the **'Depositary'**) acts as the Company's Depositary in accordance with the Alternative Investment Fund Manager's Directive (**'AIFMD'**). The Depositary's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include: cash monitoring; ensuring the proper segregation and safe keeping of the Company's financial instruments that are held by the Custodian; and monitoring the Company's compliance with investment and leverage limits requirements. The Depositary receives for its services a fee of one basis point per annum, based on the Company's net assets, payable monthly in arrears.

Although the Depositary has delegated the safekeeping of all assets held within the Company's investment portfolio to the Custodian, in the event of loss of those assets that constitute financial instruments under the AIFMD, the Depositary will be obliged to return to the Company financial instruments of an identical type, or the corresponding amount of money, unless it can demonstrate that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Manager's fee

The Manager is paid a management fee of 0.55% per annum of the Company's net asset value, which is reduced to 0.275% in respect of the market value of investments held in third party collective funds. The fee is calculated and paid monthly in arrears. The amount paid in the year under review was £5,004,000, an increase of 18.2% from £4,232,000 in the previous year, reflecting the increase of the Company's average net assets during the year. Note 4 to the Accounts shows the apportionment of the management fee between capital and revenue.

Manager evaluation process

The Manager's performance is considered by the Board at every meeting with a formal evaluation by the Audit and Management Engagement Committee each year. For the purposes of its ongoing monitoring, the Board receives detailed reports and views from the Lead Manager on investment policy, asset allocation, gearing and risk, including formal presentations on the North American, UK, European, Japanese and Rest of World portfolios at least annually. In evaluating the Manager's performance, the Board considers a range of factors including the investment performance of the portfolio as a whole, performance of the various regional sub-portfolios and the skills, experience and depth of the team involved in managing the Company's assets. The Board measures the overall relative success of the Company against the Benchmark, with each regional sub-portfolio being measured against relevant local small capitalisation indices. It also considers the resources and commitment of the Manager in all areas of its responsibility, including the marketing and administrative services provided to the Company. Portfolio performance, which is relevant in monitoring the Manager, is set out on pages 12 to 22.

Manager reappointment

The annual evaluation that took place in April 2022 included presentations from the Lead Manager and the Manager's Head of Investment Trusts. This focused primarily on investment performance and the services provided to the Company more generally. With regard to performance, the Company's NAV total return was comfortably ahead of the Benchmark over the ten years to 30 April 2022.

The Audit and Management Engagement Committee met in closed session following the presentation and, in light of the long-term investment performance of the Manager and the quality of the overall service provided, it concluded that in its opinion the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The Board ratified this recommendation.

AGM and online shareholder meeting

The Company's AGM will be held at The Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA, on Thursday, 28 July 2022 at 12.00 noon. This year we will also be streaming the meeting live on the internet so that those shareholders who cannot attend in person will be able to view the proceedings. Details of how to watch the meeting are included in the Form of Proxy/Form of Direction.

We encourage shareholders to lodge their votes to arrive by the deadline stated in the notice of meeting, appointing the chairman of the meeting as your proxy. Voting on all resolutions will be held on a poll, the results of which will be announced via a regulatory announcement and will be shown on the Company's website following the meeting.

Authority to allot shares and sell shares from treasury (Resolutions 12 and 13)

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash or selling shares out of treasury without first offering them to existing shareholders in proportion to their holdings.

Resolution 12 gives the Directors the necessary authority to allot securities up to an aggregate nominal amount of £1,367,441 (54,697,658 ordinary shares), being equivalent to approximately 10% of the Company's issued share capital (calculated exclusive of the shares held in treasury) as at 15 June 2022, being the latest practicable date before the publication of the Notice of AGM. The authority and power expires at the conclusion of the annual general meeting in 2023 or, if earlier, 15 months from the passing of the resolution.

Resolution 13 empowers the Directors to allot such securities for cash, other than to existing shareholders on a pro-rata basis and also to sell treasury shares without first offering them to existing shareholders in proportion to their holdings up to an aggregate nominal amount of £1,367,441 (representing approximately 10% of the issued ordinary share capital of the Company at 15 June 2022, calculated exclusive of the shares held in treasury).

These authorities provide the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares or the sale of treasury shares, in accordance with the policies set out on pages 37 and 38 or should any other favourable opportunities arise to the advantage of shareholders.

The Directors expect that they will mainly use these authorities to satisfy demand from participants in the Manager's Savings Plans when they believe it is advantageous to the Company's shareholders to do so. Under no circumstances would the Directors issue new shares or sell treasury shares at a price which would result in a dilution of the NAV per ordinary share.

Authority for the Company to purchase its own shares (Resolution 14)

At the annual general meeting held in 2021 the Company was authorised to purchase up to approximately 14.99% of its own shares for cancellation or to be held in treasury. The number of shares remaining under that authority as at 30 April 2022 was 65,937,838 shares or 12.00% of the issued share capital exclusive of the number of shares held in treasury. Resolution 14 will authorise the renewal of such authority enabling the Company to purchase in the market up to a maximum of 81,991,789 ordinary shares (equivalent to approximately 14.99% of the issued share capital exclusive of treasury shares) and sets out the minimum and maximum prices at which they may be bought, exclusive of expenses, reflecting the requirements of the Act and the Listing Rules.

The Directors will continue to use this authority in accordance with the policy set out on pages 37 and 38. Under the Act, the Company is permitted to hold its own shares in treasury following a buyback, instead of cancelling them. This gives the Company the ability to reissue treasury shares quickly and cost-effectively (including pursuant to the authority under Resolution 13, see above) and provides the Company with additional flexibility in the management of its capital base. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends, are suspended whilst they are held in the treasury. If the Board exercises the authority conferred by Resolution 14, the Company will have the option of either holding in treasury or of cancelling any of its shares purchased pursuant to this authority and will decide at the time of purchase which option to pursue. Purchases of ordinary shares under the authority will be financed out of realised revenue and/or capital reserves and funded from the Company's own cash resources or, if appropriate, from short-term borrowings. The authority to purchase ordinary shares will continue until the annual general meeting in 2023 or 27 October 2023, whichever is the earlier. The Board intends to seek the renewal of such authority at subsequent annual general meetings.

Notice period for meetings (Resolution 15)

The Act and the Company's articles of association provide that all general meetings (other than annual general meetings) can be convened on 14 days' notice. However, one of the requirements of the Shareholder Rights Directive is that all general meetings must be held on 21 clear days' notice, unless shareholders agree to a shorter notice period. The Board is of the view that it is in the Company's interests to have a shorter notice period which complies with the provisions of the Act and the Company's articles to allow all general meetings (other than an annual general meeting) to be called on 14 clear days' notice. The passing of resolution 15 would constitute shareholders' agreement for the purposes of the Shareholder Rights Directive (which agreement is required annually) and would therefore preserve the Company's ability to call general meetings (other than an annual general meeting) on 14 clear days' notice. The Board would utilise this authority to provide flexibility when merited and would not use it as a matter of routine. The Board intends to seek the renewal of such authority at subsequent annual general meetings.

Form of proxy for AGM voting

If you are a registered shareholder you will find enclosed a form of proxy for use at the AGM. You will also have the option of lodging your proxy vote electronically at eproxyappointment.com. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Please either complete, sign and return the form of proxy in the envelope provided as soon as possible in accordance with the instructions or, alternatively, lodge your proxy vote via the Internet or the CREST proxy voting system.

All shareholders are strongly encouraged to vote in advance of the AGM and, to do so, all proxy appointments must be returned not later than 48 hours before the time appointed for holding the AGM.

Form of direction and proportional voting

If you are an investor in any of the Manager's Savings Plans you will have received a form of direction for use at the AGM and you will also have the option of lodging your voting directions using the Internet. The Manager operates a proportional voting arrangement, which is explained on page 44.

All voting directions should be submitted as soon as possible in accordance with the instructions on the form of direction and, in any event, not later than 12.00 noon on 21 July 2022, so that the nominee company can submit a form of proxy before the deadline for registered shareholders.

Voting recommendation

Your Board considers that the resolutions to be proposed at the AGM are in the best interests of the shareholders as a whole. It therefore recommends that shareholders vote in favour of each resolution, as is the intention of the Directors in respect of their own beneficial holdings.

By order of the Board
BMO Investment Business Limited
Company Secretary
17 June 2022

Report of the Nomination Committee

Role of the Committee

The primary role of the Nomination Committee is to review and make recommendations with regard to Board structure, size and composition, the balance of knowledge, experience, skill ranges and diversity and consider succession planning and tenure policy. All of the Committee's responsibilities have been carried out in the year under review and to date. The Committee met once during the year and specifically considered, monitored and reviewed the following matters:

- the structure and size of the Board and its composition particularly in terms of succession planning and the experience and skills of the individual Directors and diversity across the Board as a whole;
- tenure policy;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- the appointment of new Directors and the reappointment of those Directors standing for re-election at annual general meetings;
- the attendance and time commitment of the Directors in fulfilling their duties, including the extent of their other directorships;
- each Director's independence; and
- the authorisation of each Director's situational conflicts of interests in accordance with the provisions of the Act and the policy and procedures established by the Board in relation to these provisions.

Composition of the Committee

As the Board has no executive directors or employees and is comprised entirely of independent non-executive directors, all Directors are members of the Committee, the terms of reference of which can be found on the website as shown on page 2.

Diversity and tenure

The Board's diversity policy, objective and progress in achieving it are set out on page 38. Director searches are undertaken in accordance with this objective and policy with the recruitment process open to a diverse range of candidates.

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company or, indeed, its chairman. This is because continuity and experience can add significantly to the strength of investment trust company boards where the characteristics and relationships tend to differ from those of other companies. Therefore, while the Chairman and Directors are normally expected to serve for no more than a nine-year term, this may be adjusted for reasons of flexibility and continuity. Currently none of the Directors has served beyond nine years.

Succession planning

I succeeded Anthony Townsend as Chairman on 30 July 2020. At the same time, Jo Dixon succeeded Jane Tozer as the Board's Senior Independent Director. In advance of their retirement two new Directors, Nick Bannerman and Graham Oldroyd, were appointed, thereby ensuring effective succession planning and continuity. The Committee will recruit a new director in due course, in advance of the next Board retirement, to continue the process of refreshment and to achieve a better spread of tenure amongst the Directors.

Committee evaluation

The activities of the Nomination Committee were considered as part of the Board evaluation process as reported on page 41.

Anja Balfour
Nomination Committee Chairman
17 June 2022

Remuneration Report

Directors' Remuneration Policy

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. Time committed to the Company's business and the specific responsibilities of the Chairman, Senior Independent Director, Chairman of the Audit and Management Engagement Committee and the Directors and their retention are taken into account. The policy aims to be fair and reasonable in relation to comparable investment trust companies. This includes provision for the Company's reimbursement of all reasonable travel and associated expenses incurred by the Directors in attending Board and committee meetings, including those treated as a benefit in kind subject to tax and national insurance. This policy was approved by shareholders at the Company's annual general meeting in 2021 when 93.8% of the total votes received were cast in favour of the resolution, 6.2% were against and less than 0.1% were withheld. The Board has not subsequently received any views from shareholders in respect of the level of Directors' remuneration. The Board seeks approval of the policy annually and it will therefore be put to shareholders for approval at the forthcoming AGM.

The Company's articles of association limit the aggregate fees payable to the Board to a total of £300,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Chairman and, in her case, from the Senior Independent Director. The fees are fixed and are payable in cash, quarterly in arrears. Directors are not eligible for bonuses, pension benefits, share options or long-term incentive schemes or other benefits. The Directors' fees are reviewed annually and have been increased with effect from 1 May 2022 to the levels shown in the table opposite.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company, and therefore no remuneration committee has been appointed. Each Director has signed a terms of appointment letter with the Company, in each case including one month's notice of termination by either party. There is no provision for compensation for loss of office. The letters of appointment are available for inspection by emailing the Company Secretary at GlobalSmallersCoSec@bmogam.com.

The dates on which each Director was appointed to the Board are set out under their biographies on page 40. Under the terms of their respective letters of appointment, each Director is subject to election at the first annual general meeting following their appointment and thereafter will continue subject to re-election at each subsequent annual general meeting in accordance with the provisions of the AIC Code. All Directors were last re-elected at the annual general meeting held on 12 August 2021 and will stand for re-election at the AGM to be held on 28 July 2022.

The fees for specific responsibilities are set out in the table below. No fees are payable for membership of the Nomination Committee.

Annual fees for Board Responsibilities

Year ended 30 April	2023 £'s	2022[1] £'s
Chairman of the Board	47,500	45,500
Chairman of the Audit and Management Engagement Committee	38,000	34,000
Director	30,000	28,000

* The Senior Independent Director is paid an additional £1,500 per annum.
[1] With effect from 1 May 2022, the additional fees previously paid for membership of the Audit and Management Engagement Committee have been incorporated into the Directors' fees. The comparative figures for the year to 30 April 2022 include those fees.

The following table sets out the annual percentage change in Directors' fees:

Annual Percentage Change in Directors' Remuneration

Directors' Name	% change for the year to 30 April 2022
Anja Balfour	3.4
Nick Bannerman	4.0
Jo Dixon	7.6
Graham Oldroyd	4.0
David Stileman	4.0

Directors' interests in the Company

There is no requirement in the Company's Articles of Association for the Directors to hold shares in the Company. The beneficial shareholdings of the Directors who held office at the year end are as follows:

Directors' share interests (audited)

Year ended 30 April	2022	2021
Anja Balfour	51,602	51,524
Nick Bannerman	26,000	26,000
Jo Dixon	20,000	20,000
Graham Oldroyd	27,465	14,670
David Stileman	30,000	30,000
Total	155,067	142,194

As at the latest practical date before the publication of this report, there have been no changes to the Directors' shareholdings. The Directors have no other share interests or share options in the Company. As at 15 June 2022 the Lead Manager held 272,218 ordinary shares in the Company.

Policy implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution for its approval will be put to shareholders at the forthcoming AGM. At the 2021 AGM, shareholders approved the Remuneration Report in respect of the year ended 30 April 2021, with 94.6% of the votes received cast in favour of the resolution, 5.3% against and less than 0.1% withheld.

Directors' emoluments for the year

The Directors who served during the year received the following amounts for services as non-executive Directors as well as reimbursement for expenses necessarily incurred:

The table below is shown to enable shareholders to assess the relative expenditure on Directors' remuneration, excluding taxable benefits, compared to the shareholder distributions of dividends and share buybacks.

Actual expenditure

Year ended 30 April	2022 £'000s	2021 £'000s	% Change
Aggregate Directors' Remuneration	163.9	171.5	(4.4)
Aggregate Dividends paid to shareholders	10,032.0	10,092.0	(0.6)
Aggregate cost of ordinary shares repurchased	42,910.0	37,243.0	15.2

Single Figure Table

	Fees £'000s (audited)			Taxable Benefits(1) £'000s (audited)			Total £'000s (audited)		
Year ended 30 April	2022	2021	% change	2022	2021	% change	2022	2021	% change
Director									
Anthony Townsend (3)	n/a	11.0	n/a	n/a	–	n/a	n/a	11.0	n/a
Anja Balfour (2) (4)	45.4	39.8	14.1	3.3	–	100.0	48.7	39.8	22.4
Nick Bannerman	28.0	27.0	3.7	3.1	–	100.0	31.1	27.0	15.2
Jo Dixon (5)	34.5	32.6	5.8	2.5	–	100.0	37.0	32.6	13.5
Graham Oldroyd	28.0	27.0	3.7	1.0	–	100.0	29.0	27.0	7.4
David Stileman	28.0	27.0	3.7	0.8	–	100.0	28.8	27.0	6.7
Jane Tozer (3)	n/a	7.1	n/a	n/a	–	n/a	n/a	7.1	n/a
Total	163.9	171.5	(4.4)	10.7	–	100.0	174.6	171.5	1.8

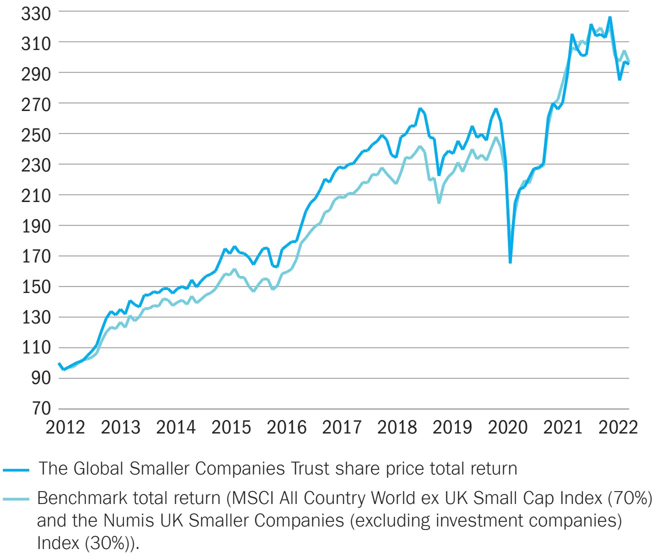
(1) Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.
(2) Highest paid Director.
(3) Retired with effect from 30 July 2020.
(4) Chairman of the Board with effect from 31 July 2020.
(5) Senior Independent Director with effect from 31 July 2020.

The information in the table above for the years ended 30 April 2021 and 2022 has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors.

Company performance

A graph showing the Company's share price total return compared with the return on its Benchmark over the required ten year period is set out below. The Board believes that this benchmark best reflects the investment universe in which the Manager seeks investment opportunities for the Company and is therefore the most appropriate for performance comparison purposes.

Shareholder total return vs Benchmark total return over ten years



Source: BMO GAM & Refinitiv Eikon

On behalf of the Board
Anja Balfour
Chairman
17 June 2022

Report of the Audit and Management Engagement Committee

I am pleased to present to you the report of the Audit and Management Engagement Committee for the year ended 30 April 2022.

Role of the Committee

The primary responsibilities of the Committee are to ensure the integrity of the financial reporting and statements of the Company; to oversee the preparation and audit of the annual accounts, the preparation of the half-yearly accounts and the internal control and risk management processes; and to assess the performance of the Manager and review the fees charged. The Committee met on three occasions during the year with BMO GAM's Trust Accountant, Head of Investment Trusts, Risk Managers and the Lead Manager in attendance. A representative of the Company's independent auditor, BDO, attended the year end and half year meetings and met in private session with the Committee.

Specifically, the Committee considered, monitored and reviewed the following matters:

- The audited annual results statement and annual report and accounts and the unaudited half-yearly report and accounts, including advice to the Board as to whether the annual report and accounts taken as a whole are fair, balanced and understandable;
- The accounting policies of the Company;
- The principal and emerging risks faced by the Company and the effectiveness of the Company's risk management and internal control environment, including consideration of the assumptions underlying the Board's 'Five Year Horizon' statement on viability;
- How the Company has applied the principles of and complied with the provisions of the AIC Code;
- The effectiveness of the external audit process and the current independence and objectivity of BDO;
- The appointment, remuneration and terms of engagement of the independent auditor;
- The policy on the engagement of the external auditor to supply non-audit services and approval of any such services;
- Whether to change the Company's current policy by establishing its own Internal Audit function;
- The ISAE/AAF and SSAE16 reports or their equivalent from the Manager, the Custodian, Depositary and a due diligence report from the Company's Share Registrars;
- The performance of the Company's third party service providers and administrators, other than the Manager, and the fees charged in respect of those services;
- The performance of the Manager and their fees; and
- The Committee's terms of reference for approval by the Board.

Comprehensive papers relating to each of these matters were prepared for discussion. These were debated by the Committee and any recommendations were fully considered if there was a judgement to be applied in arriving at conclusions. Recommendations were then made to the Board as appropriate.

The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information as is noted in the Statement of Directors' Responsibilities on page 57. On broader control policy issues, the Committee has reviewed, and is satisfied with, BMO's Code of Conduct and the Anti-Bribery and Anti-Corruption Operating Directive (the **'Directive'**) to which BMO GAM and its employees are subject. The Committee has also reviewed BMO GAM's Whistleblowing Policy that has been put in place under which its directors and staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The necessary arrangements are in place for communication by the Manager to this Committee where matters might impact the Company with appropriate follow-up action. In the year under review there were no such concerns raised with the Committee.

Composition of the Committee

The Board recognises the requirement for the Committee as a whole to have competence relevant to the sector in which the Company operates and for at least one member to have recent and relevant financial experience. All Directors of the Company are members of the Committee, including the Chairman of the Board. In accordance with the AIC Code and given the size of the Board it is considered appropriate for the Chairman of the Board to be a member of the Committee. All Committee members are independent non-executive Directors. Jo Dixon, Chairman of the Committee, is a Chartered Accountant and she is currently audit committee chairman of other listed companies. The other members of the Committee have a combination of financial, investment and business experience through the senior posts held throughout their careers. The majority have a wide experience of the investment trust sector. Details of the members can be found on page 40 and the Committee's terms of reference can be found on the website as shown on page 2.

Management of risk

The Manager's Business Risk department provides regular control report updates to the Committee covering risk and compliance, while any significant issues of direct relevance to the Company are required to be reported to the Committee and Board immediately.

A key risk 'radar' summary is produced by the Manager in consultation with the Board to identify the risks to which the Company is exposed, the controls in place and the actions being taken to mitigate them. The Board has a robust process for considering the resulting risk matrix at each of its meetings and dynamically reviews the significance of the risks and the reasons for any changes.

The Board carried out a separate exercise to identify any new emerging risks and to take any necessary action to mitigate their potential impact. The implications of the ongoing Covid-19 pandemic were considered, as was the increasing emphasis on ESG issues and climate change in particular. These risks were then reconciled with the risks previously identified within the existing key risk 'radar' and reviewed by the Board as part of the robust assessment of the Company's risk and controls described below.

The Company's Principal Risks and Future Prospects are set out on page 30 with additional information given in note 23 to the Accounts. The Committee noted the robustness of the Board's review of principal risks, and the identification of emerging risks, and participated as Board members themselves. The integration of these risks into the analyses underpinning the 'Five Year Horizon' Statement on viability on page 31 was fully considered and the Committee concluded that the Board's statement was soundly based. The period of five years was also agreed as remaining appropriate for the reasons given in the viability statement.

Risk management and internal control

The Board has overall responsibility for the Company's system of risk management and internal control, for reviewing its effectiveness and ensuring that risk management and internal control processes are embedded in the day-to-day operations which are managed by the Manager. The Committee has reviewed and reported to the Board on those controls, which aim to ensure that the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and overall risk management, is exercised by the Committee through regular reports provided by the Manager. The reports cover investment performance, performance attribution, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third-party administrators of the BMO Savings Plans and other relevant management issues.

The system of risk management and internal control is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement, or loss or fraud. Further to the review by the Committee, the Board has assessed the effectiveness of the Company's system of risk management and internal control. The assessment included a review of the BMO GAM risk management infrastructure and the report on policies and procedures in operation and tests for the year to 31 October 2021 (the **'ISAE/AAF Report'**) and subsequent confirmation from BMO that there had been no material changes to the control environment in the period to 1 June 2022. This had been prepared by BMO GAM for all of its investment trust clients to the International Standard on Assurance Engagement (ISAE) No. 3402 and to the standards of the Institute of Chartered Accountants in England and Wales Technical Release AAF (01/06). The ISAE/AAF Report from independent reporting accountants KPMG sets out BMO GAM's control policies and procedures with respect to the management of clients' investments and maintenance of their financial records. The effectiveness of those controls is monitored by the Manager's Group Audit and Compliance Committee, which receives regular reports from its Internal Audit department. Procedures are also in place to capture and evaluate any failings and weaknesses within the Manager's control environment and those extending to any outsourced service providers to ensure that action would be taken to remedy any significant issues. Any errors or breaches relating to the Company are reported at each Committee and Board meeting by the Manager, including those relating to the administration of their savings plans and related complaint levels. No failings or weaknesses material to the overall control environment and financial statements were identified in the period under review. The Committee also reviewed the internal control reports of the Custodian, the Depositary and the Share Registrar's due diligence report and were satisfied that there were no material exceptions.

Through the reviews noted above and by direct enquiry of the Manager and other relevant parties, the Committee and the Board have satisfied themselves that there were no material control failures or exceptions affecting the Company's operations during the year under review nor to the date of this Report.

Based on the processes and controls in place within the Manager, the Committee has concluded, and the Board has concurred, that there is no current need for the Company to have a separate internal audit function.

External audit process and significant issues considered by the Committee

In carrying out its responsibilities, the Committee has considered the planning arrangements, scope, materiality levels and conclusions of the external audit for the year under review. The table below describes the significant judgements and issues considered by the Committee in conjunction with BDO in relation to the financial statements for the year and how these issues were addressed. The Committee also included in their review the areas of judgements, estimates and assumptions referred to in note 2(c)(xi) to the Accounts. Likewise, the Committee reviewed the disclosure and description of Alternative Performance Measures provided on page 92 and is satisfied that the disclosure is fair and relevant. Procedures for investment valuation and existence and recognition of income were the main areas of audit focus and testing.

The Committee met in June 2022 to discuss the final draft of the Report and Accounts, with representatives of BDO and the Manager in attendance. BDO submitted their year-end report and confirmed that they had no reason not to issue an unqualified audit report in respect of the Report and Accounts. The Committee established that there were no material issues or findings arising which needed to be brought to the attention of the Board.

The Committee recognises the importance of continually improving non-financial reporting and the increased focus on the Strategic Report by investors and regulators. The Committee has carefully considered the disclosures made in the Report and Accounts particularly in relation to the disclosures under section 172(1) of the Act including how wider stakeholder interests have been taken into account by the Directors while performing their duties and related disclosures with regard to ESG issues. The Committee has also had regard to the non-financial reporting requirements in the Act, which is an area of reporting that will evolve further in coming years.

Consequently, the Committee recommended to the Board that the Report and Accounts were in its view, fair, balanced and understandable in accordance with accounting standards, regulatory requirements and best practice.

Significant Judgements and Issues considered by the Committee for the year ended 30 April 2022

Matter	Action
Investment Portfolio Valuation	
Although the Company's portfolio of investments is predominantly invested in highly liquid securities quoted on recognised stock exchanges, errors in the valuation could have a material impact on the Company's NAV per share.	The Board reviewed the full portfolio valuation twice in the year and the Committee also reviewed the valuation of the unquoted portfolio. The Committee reviewed the annual audited internal control report from BMO GAM. This report indicated that the relevant systems and controls surrounding daily pricing, cash and holdings reconciliations and security valuation had operated satisfactorily.
Misappropriation of Assets	
Misappropriation of the Company's investments or cash balances could have a material impact on its NAV per share.	The Committee reviewed the annual audited internal control reports of BMO GAM and the Custodian. Neither of these reports indicated any failures of controls over the existence and safe custody of the Company's investments and cash balances. The Company's Depositary reported quarterly on the safe custody of the Company's investments and the operation of controls over the movement of cash in settlement of investment transactions. Through these reports the Committee is satisfied that the assets remained protected throughout the year.
Income Recognition	
Incomplete controls over, or inaccurate recognition of, income could result in the Company misstating its revenue receipts and associated tax, with consequences for overall performance, payment of dividends to shareholders, and compliance with taxation rules.	The Committee's review of BMO GAM's annual audited controls report indicated that there were no control failures in the year. The Committee reviewed and approved at the interim and final accounts reporting meetings, all dividend receipts deemed to be capital (special) in nature by virtue of their payment out of investee company restructuring rather than ordinary business operations. In addition, the Committee reviewed that all special dividends had been correctly treated in accordance with the Company's accounting policy.

The Independent Auditors' report, which sets out the unqualified audit opinion, the scope of the audit and the areas of focus, in compliance with applicable auditing standards, can be found on pages 58 to 62.

Auditor assessment, independence and appointment

The Committee reviews the reappointment of the auditor every year and has been satisfied with the effectiveness of BDO's performance on their audit of the Company's accounts. BDO have confirmed that they are independent of the Company and have complied with relevant auditing standards. In evaluating BDO, the Committee has taken into consideration the skills and experience of the firm and of the audit team. From direct observation and indirect enquiry of management, the Committee is satisfied that BDO will continue to provide effective independent challenge in carrying out their responsibilities. Their fee was £36,000, excluding VAT (2021: £28,000).

The Company has a duty to consider carefully the audit for value and effectiveness and, as part of its annual review, considers the need for putting the audit out to tender for reasons of quality, independence or value. The Company is required to carry out a tender every ten years with the next due no later than 2029.

Non-audit services

The Committee regards the continued independence of the external auditors to be a matter of the highest priority. The Company's policy with regard to the provision of non-audit services by the external auditor ensures that no engagement will be permitted if:

- the provision of the services would contravene any regulation or ethical standard;
- the auditors are not considered to be expert providers of the non-audit services;
- the provision of such services by the auditor creates a conflict of interest for either the Board or the Manager; and
- the services are considered to be likely to inhibit the auditor's independence or objectivity as auditors.

In particular, the Committee has a policy that the accumulated costs of all non-audit services sought from the auditors in any one year should not exceed 30% of the likely audit fees for that year and not exceed 70% cumulatively over three years. There were no non-audit services for the year ended 30 April 2022.

FRC Review of the 2021 Annual Report

The Supervision Committee of the FRC reviews and investigates the annual accounts, strategic reports and directors' reports of public and large private companies for compliance with relevant requirements. In 2022, it carried out a review of the Company's 2021 annual report and I am pleased to report that, based on the review, there were no questions or queries that the FRC wished to raise. It has requested that we make it clear that the FRC's review provides no assurance that the 2021 annual report and accounts are correct in all material respects; its role is not to verify the information provided but to consider compliance with reporting requirements; and that the review did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into, but that it was conducted by staff who have an understanding of the relevant legal and accounting framework.

Committee Evaluation

The activities of the Committee were considered as part of the Board evaluation process as noted on page 41. The evaluation found that the Committee continued to function well, with an appropriate balance of skills and experience.

Jo Dixon
Chairman
Audit and Management Engagement Committee
17 June 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. Further details can be found in note 2 to the Accounts.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The Report and Accounts is published on the Company's website, as shown on page 2, which is maintained by the Manager. The Directors are responsible for the maintenance and integrity of the Company's website. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Directors' Report, confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- in the opinion of the Directors the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Anja Balfour
Chairman
17 June 2022

Independent auditor's report to the members of The Global Smaller Companies Trust PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Global Smaller Companies Trust PLC (the **'Company'**) for the year ended 30 April 2022 which comprise of the Income Statement, Statement of Changes in Equity, Balance sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 **The Financial Reporting Standard applicable in the UK and Republic of Ireland** (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 25 July 2019 to audit the financial statements for the year ending 30 April 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ending 30 April 2020 to 30 April 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by the ongoing Covid-19 pandemic and geo-political unrest by reviewing the liquidity of the investment portfolio;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments; and
- Reviewing the loan agreements and covenant calculations and assessing the likelihood of covenants being breached based on the Directors forecasts and stress testing.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview		2022	2021
Key audit matters	Valuation and ownership of quoted investments	✓	✓
	Revenue Recognition	✓	✓
Materiality	**Company financial statements as a whole** £9.4m (2021:£10m) based on 1% (2021: 1%) of net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments (Note 2 and Note 10) The investment portfolio at the year end comprised of investments at fair value through profit or loss. The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. Furthermore, there is a risk that Company does not legally own the investments at the year end.	We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures: · Confirmed the year-end bid price was used by agreeing to externally quoted prices; · Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; · Recalculating the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; · Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of investments was not appropriate.
Revenue Recognition: (Note 2 and Note 3) Income arises from dividends and interest and can be volatile but is often a key factor in demonstrating the performance of the portfolio. Additionally, judgement is required by management in determining the allocation of dividend income to revenue or capital.	We responded to this matter by utilising data analytics to test 100% of the portfolio. We derived an independent expectation of income based on the investment holding and distributions per independent sources and compared to that recognised. We also cross checked the portfolio against corporate actions and special dividends and challenged if these had been appropriately accounted for as income or capital by reviewing the underlying reason for issue of the dividend and whether it could be driven by a capital event. We analysed the whole population of dividend receipts to identify items for further discussion that could indicate a capital distribution, for example where a dividend represents a particularly high yield. **Key observations:** Based on our procedures performed we found the revenue recognition to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Company financial statements	2022 (£m)	2021 (£m)
Materiality	9.4	10
Basis for determining materiality	1% of Net Assets	1% of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
Performance materiality	7.0	7.5
Basis for determining performance materiality	75% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	75% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Specific materiality

We also determined that for those items impacting Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined materiality for these items to be £578,000 (2021: £404,000), based on 5% of Revenue return before tax (2021: 5% of Revenue return before tax). We further applied a performance materiality level of 75% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £188,000 (2021:£200,000). We also set a separate reporting threshold of £29,000 (2021: nil) for the testing of transactions and balances that impact on the revenue return. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	· The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 67; and · The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 31.
Other Code provisions	· Directors' statement on fair, balanced and understandable set out on page 57; · Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 30; · The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 54; and · The section describing the work of the audit committee set out on page 53.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: · the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and · the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: · adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or · the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or · certain disclosures of Directors' remuneration specified by law are not made; or · we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas to be management override of controls and revenue recognition.

Our tests included, but were not limited to:

- The procedures set out in the *Revenue Recognition* Key Audit Matter above;
- Obtaining independent evidence to support the ownership of all of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
17 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 30 April

Notes		Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
10	(Losses)/gains on investments	–	(16,127)	(16,127)	–	325,701	325,701
21	Foreign exchange gains/(losses)	16	517	533	(6)	(1,737)	(1,743)
3	Income	13,418	581	13,999	10,216	762	10,978
4	Management fee	(1,251)	(3,753)	(5,004)	(1,058)	(3,174)	(4,232)
5	Other expenses	(955)	(22)	(977)	(872)	(27)	(899)
	Net return before finance costs and taxation	11,228	(18,804)	(7,576)	8,280	321,525	329,805
6	Finance costs	(233)	(699)	(932)	(199)	(598)	(797)
	Net return on ordinary activities before taxation	10,995	(19,503)	(8,508)	8,081	320,927	329,008
7	Taxation on ordinary activities	(754)	–	(754)	(665)	–	(665)
	Net return attributable to equity shareholders	10,241	(19,503)	(9,262)	7,416	320,927	328,343
8	**Return per share (basic and diluted) – pence**	1.82	(3.46)	(1.64)	1.26	54.50	55.76

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

A statement of total comprehensive income is not required as all income and expenses of the Company have been reflected in the above statement.

The notes on pages 67 to 82 form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 April 2022

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2021	**15,513**	**212,639**	**16,158**	**747,951**	**15,247**	**1,007,508**
	Movements during the year ended 30 April 2022						
9	Dividends paid	**–**	**–**	**–**	**–**	**(10,032)**	**(10,032)**
15	Shares repurchased by the Company and held in treasury	**–**	**–**	**–**	**(42,910)**	**–**	**(42,910)**
	Net return attributable to equity shareholders	**–**	**–**	**–**	**(19,503)**	**10,241**	**(9,262)**
	Balance at 30 April 2022	**15,513**	**212,639**	**16,158**	**685,538**	**15,456**	**945,304**

for the year ended 30 April 2021

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2020	15,513	212,639	16,158	464,282	17,923	726,515
	Movements during the year ended 30 April 2021						
9	Dividends paid	–	–	–	–	(10,092)	(10,092)
	Shares repurchased by the Company and held in treasury	–	–	–	(37,243)	–	(37,243)
	Costs relating to broker	–	–	–	(15)	–	(15)
	Net return attributable to equity shareholders	–	–	–	320,927	7,416	328,343
	Balance at 30 April 2021	**15,513**	**212,639**	**16,158**	**747,951**	**15,247**	**1,007,508**

The notes on pages 67 to 82 form an integral part of the financial statements.

Balance Sheet

at 30 April

Notes		2022 £'000s	2021 £'000s
	Fixed assets		
10	Investments	987,083	1,045,255
	Current assets		
11	Debtors	3,604	7,021
21	Cash and cash equivalents	13,354	6,870
	Total current assets	16,958	13,891
	Creditors: amounts falling due within one year		
12, 21	Bank loans	(19,782)	(8,521)
13	Creditors	(3,955)	(8,117)
	Total current liabilities	(23,737)	(16,638)
	Net current liabilities	(6,779)	(2,747)
	Total assets less current liabilities	980,304	1,042,508
	Creditors: amounts falling due after more than one year		
14, 21	Loan notes	(35,000)	(35,000)
	Net assets	945,304	1,007,508
	Capital and reserves		
15	Share capital	15,513	15,513
16	Share premium account	212,639	212,639
17	Capital redemption reserve	16,158	16,158
18	Capital reserves	685,538	747,951
18	Revenue reserve	15,456	15,247
	Total shareholders' funds	945,304	1,007,508
19	**Net asset value per share (debt at par value) – pence**	172.04	175.02

The notes on pages 67 to 82 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 17 June 2022 and signed on its behalf by

Anja Balfour, Chairman

Statement of Cash Flows

for the year ended 30 April

Notes		2022 £'000s	2021 £'000s
20	**Cash flows from operating activities before dividends received and interest paid**	**(5,849)**	(4,437)
	Dividends received	**12,545**	9,005
	Interest paid	**(926)**	(793)
	Cash inflows from operating activities	**5,770**	3,775
	Investing activities		
	Purchases of investments	**(214,337)**	(230,833)
	Sales of investments	**256,951**	233,941
	Transaction costs	**(472)**	(460)
	Other capital charges	**(22)**	(28)
	Cash inflows from investing activities	**42,120**	2,620
	Cash inflows before financing activities	**47,890**	6,395
	Financing activities		
	Ordinary dividends paid	**(10,032)**	(10,092)
	Cash flows from share buybacks for treasury shares	**(43,168)**	(37,254)
21	Drawdown of bank loans	**11,297**	8,370
	Cash outflows from financing activities	**(41,903)**	(38,976)
21	Net movement in cash and cash equivalents	**5,987**	(32,581)
	Cash and cash equivalents at the beginning of the year	**6,870**	41,043
21	Effect of movement in foreign exchange	**497**	(1,592)
	Cash and cash equivalents at the end of the year	**13,354**	6,870
	Represented by:		
	Cash at bank	**2,179**	568
	Short-term deposits	**11,175**	6,302
	Cash and cash equivalents at the end of the year	**13,354**	6,870

The notes on pages 67 to 82 form an integral part of the financial statements.

Notes to the Accounts

1. General information

BMO Global Smaller Companies PLC is an investment company incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company registration number is 28264 and the registered office is Exchange House, Primrose Street, London, EC2A 2NY, England.

The Company has conducted its affairs so as to qualify as an investment trust under the provisions of Section 1158 of the Corporation Tax Act 2010. Approval of the Company under Section 1158 has been received. The Company intends to conduct its affairs so as to enable it to continue to comply with the requirements. Such approval exempts the Company from UK Corporation Tax on gains realised in the relevant year on its portfolio of fixed asset investments.

There have been no significant changes to the Company's accounting policies during the year ended 30 April 2022, as set out in note 2 below.

2. Significant accounting policies

(a) Going concern

The Company's investment objective, strategy and policy are subject to a process of regular Board monitoring and are designed to ensure that the Company is invested mainly in readily realisable, listed securities and that the level of borrowings is restricted. The Company retains title to all assets held by the Custodian and agreements cover its borrowing facilities. Cash is held with banks approved and regularly reviewed by the Manager.

The Company has net current liabilities shown on the Balance Sheet but this has no effect on its ability to continue on a going concern basis.

The Directors believe that: the Company's objective and policy continue to be relevant to investors; the Company operates within a robust regulatory environment; and the Company has sufficient resources to continue operating within its stated policy for the 12 month period commencing from the date of this report. Accordingly, the financial statements have been drawn up on the basis that the Company is a going concern for the reasons set out above as well as on pages 30 and 31.

(b) Basis of accounting

The accounts of the Company have been prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, Financial Reporting Standard (FRS) 102 applicable in the United Kingdom and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued in April 2021.

The functional and presentation currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

In accordance with the SORP, the Income Statement has been analysed between a revenue account (dealing with items of a revenue nature) and a capital account (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income and operating expenses and tax (insofar as the expenses and tax are not allocated to capital, as described in note 2(c) below). Net revenue returns are allocated via the revenue account to the revenue reserve, out of which interim and final dividend payments are made. Capital returns include, but are not limited to, realised and unrealised profits and losses on fixed asset investments and currency profits and losses on cash and borrowings. The Company's Articles prohibit the distribution of net capital returns by way of dividend. Such returns are allocated via the capital account to the capital reserves. Dividends paid to equity shareholders are shown in the Statement of Changes in Equity.

(c) Principal accounting policies

The policies set out below have been applied consistently throughout the year.

(i) Financial instruments

Financial instruments include fixed asset investments, long-term debt instruments, cash and short-term deposits, debtors and creditors. Accounting standards recognise a hierarchy of fair value measurements for financial instruments measured at fair value on the Balance Sheet which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

(ii) Fixed asset investments

As an investment trust, the Company measures its fixed asset investments at 'fair value through profit or loss' and treats all transactions on the realisation and revaluation of investments as transactions on the capital account. All purchases and sales are accounted for on a trade date basis.

Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted. Investments which are not quoted or which are not frequently traded are stated at Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar investment instruments.

(iii) Debt instruments

Interest-bearing loans and overdrafts are recorded initially at the proceeds received, net of issue costs, irrespective of the duration of the instrument. No debt instruments held during the year required hierarchical classification.

The fair value of the borrowings are set out in notes 12 and 14.

Finance charges, including interest, are accrued using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period. See (vi) on next page for allocation of finance charges within the Income Statement.

(iv) Foreign currency

Monetary assets, monetary liabilities and equity investments denominated in a foreign currency are expressed in sterling at rates of exchange ruling at the balance sheet date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions.

Foreign exchange profits and losses on fixed asset investments are included within the changes in fair value in the capital account. Foreign exchange profits and losses on other currency balances are separately credited or charged to the capital account except where they relate to revenue items when they are credited or charged to the revenue account.

(v) Income

Income from equity shares is brought into the revenue account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the capital account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment.

Dividends are accounted for in accordance with FRS 102 on the basis of income actually receivable, without adjustment for the tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital account.

Underwriting commission is recognised when the Company's right to receive payment is established. Deposit interest is accounted for on an accruals basis.

(vi) Expenses, including finance charges

Expenses are charged to the revenue account of the Income Statement, except as noted below:

- expenses which are incidental to the acquisition or disposal of fixed asset investments are recognised immediately in the capital return of the income statement and are thus charged to capital reserve – arising on investments sold via the capital account;
- 75% of management fees and 75% of finance costs are allocated to capital reserve – arising on investments sold via the capital account, in accordance with the Board's long-term expected split of returns from the investment portfolio of the Company.
- all expenses are accounted for on an accruals basis.

(vii) Taxation

Taxation currently payable is calculated using tax rules and rates in force at the year end, based on taxable profit for the year, which differs from the net return before tax. Note 7(b) sets out those items which are not subject to UK Corporation Tax.

Deferred tax is provided on an undiscounted basis on all timing differences that have originated but not reversed by the balance sheet date, based on the tax rates that have been enacted at the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the 'marginal' basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(viii) Share premium

The surplus of net proceeds received from the issue of new ordinary shares over the nominal value of such shares, less any directly attributable costs in relation to that share issue, is credited to this account which is non-distributable. The nominal value of the shares issued is recognised in share capital.

(ix) Capital redemption reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve, which is a non-distributable reserve, on the trade date.

(x) Capital reserves

These are distributable reserves which may be utilised for the repurchase of share capital.

Capital reserve – arising on investments sold

The following are accounted for in this reserve:

- 75% of management fees and finance costs as set out in note 2(c)(vi);
- gains and losses on the realisation of fixed asset investments and derivative financial instruments;
- foreign exchange differences of a capital nature;
- costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- costs of purchasing ordinary share capital.

Capital reserve – arising on investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of fixed asset investments held at the year end.

(xi) Use of judgements, estimates and assumptions

The presentation of the financial statements in accordance with accounting standards requires the Board to make judgements, estimates and assumptions that affect the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

The areas requiring the most significant judgement in the preparation of the financial statements are recognising and classifying unusual or special dividends received as either revenue or capital in nature.

There are no significant estimates used in preparation of these financial statements.

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, in order to make a judgement to determine their allocation in accordance with the SORP to either the Revenue Account or Capital Reserves. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to Capital Reserves. Investee company dividends which appear to be paid in excess of current year profits will still be considered as revenue in nature unless evidence suggests otherwise. The value of dividends received in the year treated as capital in nature, as disclosed in note 18 to the Accounts, was not material in relation to capital reserves or the revenue account. The value of special dividends receivable in any period cannot be foreseen as such dividends are declared and paid by investee companies and funds without prior reference to the Company.

3. Income

	2022 £'000s	2021 £'000s
Income from investments		
Dividends from quoted investments	12,474	9,441
Special dividends[1]	579	407
	13,053	9,848
Other Income		
Management fee rebates from collectives	348	305
Interest on cash and short-term deposits	14	63
Underwriting income	3	–
	365	368
Total income recognised as revenue	13,418	10,216
Special dividends recognised as capital[2]	581	762
Total income	13,999	10,978

(1) Special dividends classified as revenue in nature in accordance with note 2(c)(xi).

(2) Special dividends classified as capital in nature in accordance with note 2(c)(xi).

4. Management fees

	Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
Management fee	1,251	3,753	5,004	1,058	3,174	4,232

The Manager, BMO Investment Business Limited, provides investment management, marketing and general administrative services to the Company. The management fee is an amount equal to 0.55% per annum, payable monthly in arrears, of net assets managed by the Manager at the calculation date. Investments made by the Company in third party collective investment schemes are subject to a management fee, payable monthly in arrears to the Manager, of 0.275% per annum of the month end market value of those investments. The management agreement may be terminated upon six months' notice given by either party.

The fees have been allocated 75% to capital reserve in accordance with accounting policies.

5. Other expenses

	2022 £'000s	2021 £'000s
Other revenue expenses		
Auditors' remuneration:		
Audit services[1]	39	31
Directors' fees for services to the Company[2]	164	172
Marketing	200	136
Printing and postage	91	81
Custody fees	53	44
Depositary fees	111	96
Professional fees	26	16
Loan commitment and arrangement fees[3]	101	132
Sundry expenses	170	164
Total other revenue expenses	955	872
Capital expenses	22	27
Total other expenses	977	899

All expenses are stated gross of irrecoverable VAT, where applicable.
(1) Auditors' remuneration payable to BDO for the audit of the Company financial statements, exclusive of VAT, amounts to £36,000 (2021: £28,000).
(2) See the Directors' Remuneration Report on page 51.
(3) Under loan facility agreements (see note 12) the Company pays commitment fees on any undrawn portions of the facilities.

6. Finance costs

	Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
Loan interest	233	699	932	199	598	797
Total finance costs	233	699	932	199	598	797

Finance costs have been allocated 75% to capital reserve in accordance with accounting policies.

7. Taxation on ordinary activities

(a) Analysis of tax charge for the year

	Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
Corporation tax payable at 19.0% (2021: 19.0%)	–	–	–	–	–	–
Overseas taxation	754	–	754	665	–	665
Total tax charge for the year (note 7(b)) on ordinary activities	754	–	754	665	–	665

The tax assessed is lower than the standard rate of Corporate Tax in the UK (2021: lower).

(b) Factors affecting the current tax charge for the year

	Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
Net return on ordinary activities before taxation	**10,995**	**(19,503)**	**(8,508)**	8,081	320,927	329,008
Return on ordinary activities multiplied by the standard rate of corporation tax of 19% (2021:19%)	**2,089**	**(3,706)**	**(1,617)**	1,535	60,976	62,511
Effects of:						
Dividends*	**(2,547)**	**–**	**(2,547)**	(1,929)	–	(1,929)
Expenses not deductible for tax purposes	**19**	**–**	**19**	13	–	13
Overseas tax in excess of double taxation relief	**754**	**–**	**754**	665	–	665
Expenses not utilised in the year	**439**	**850**	**1,289**	381	722	1,103
Capital returns*	**–**	**2,856**	**2,856**	–	(61,698)	(61,698)
Total tax charge for the year (note 7(a))	**754**	**–**	**754**	665	–	665

* The Company is not subject to corporation tax on capital gains or on dividend income. It therefore has unutilised expenses which have given rise to a deferred tax asset of £12.7m (2021: £11.5m). This asset has not been recognised as the Directors believe it is unlikely that the Company will have sufficient taxable profits in future to utilise it. Of this amount £3.4m (2021: £3.1m) relates to revenue expenses and £9.3m (2021: £8.4m) to capital expenses.

8. Return per ordinary share

Earnings for the purpose of basic earnings per share is the profit for the year attributable to ordinary shareholders and based on the following data.

	Revenue	Capital	2022 Total	Revenue	Capital	2021 Total
Net return attributable to equity shareholders – £'000s	**10,241**	**(19,503)**	**(9,262)**	7,416	320,927	328,343
Return per share – pence	**1.82**	**(3.46)**	**(1.64)**	1.26	54.50	55.76

Both the revenue and capital returns per share are based on a weighted average of 563,637,141 ordinary shares in issue during the year (2021: 588,808,696).

9. Dividends

Dividends on ordinary shares	Register date	Payment date	2022 £'000s	2021 £'000s
Interim for the year ended 30 April 2022 of 0.57 pence	07 January 2022	28 January 2022	**3,185**	–
Final for the year ended 30 April 2021 of 1.20 pence	16 July 2021	16 August 2021	**6,847**	–
Interim for the year ended 30 April 2021 of 0.55 pence	08 January 2021	29 January 2021	**–**	3,215
Final for the year ended 30 April 2020 of 1.15 pence	10 July 2020	03 August 2020	**–**	6,877
			10,032	10,092

The Directors have proposed a final dividend in respect of the year ended 30 April 2022 of 1.27 pence per share, payable on 4 August 2022 to all shareholders on the register at close of business on 1 July 2022. The recommended final dividend is subject to approval by shareholders at the Annual General Meeting.

The attributable revenue and the dividends paid and proposed in respect of the financial year ended 30 April 2022 for the purposes of the income retention test for Section 1159 of the Income and Corporation Tax Act 2010, are set out below:

	2022 £'000s
Revenue attributable to equity shareholders	10,241
Interim for the year ended 30 April 2022 of 0.57 pence	(3,185)
Proposed final for the year ended 30 April 2022 of 1.27 pence(1)	(6,947)
Amount transferred to revenue reserve for Section 1159 purposes(2)	109

(1) Based on 546,976,576 shares in issue at 15 June 2022.
(2) Represents 0.8% of total income of £13,999,000 (see note 3)(2021: -24.4%).

10. Investments

	Level 1* £'000s	Level 3* £'000s	2022 Total £'000s	Level 1* £'000s	Level 3* £'000s	2021 Total £'000s
Cost brought forward	730,481	1,774	732,255	671,680	1,896	673,576
Gains brought forward	310,943	2,057	313,000	48,295	706	49,001
Valuation brought forward	1,041,424	3,831	1,045,255	719,975	2,602	722,577
Movements in the year:						
Purchases at cost	210,402	–	210,402	235,376	6	235,382
Sales proceeds	(251,449)	(1,470)	(252,919)	(238,865)	–	(238,865)
Gains/(losses) on investments sold in year	81,486	–	81,486	62,290	(128)	62,162
(Losses)/gains on investments held at year end	(94,941)	(2,200)	(97,141)	262,648	1,351	263,999
Fair value of investments at 30 April	986,922	161	987,083	1,041,424	3,831	1,045,255
Analysed at 30 April						
Cost at 30 April	770,920	304	771,224	730,481	1,774	732,255
Gains/(losses) at 30 April	216,002	(143)	215,859	310,943	2,057	313,000
Fair value of investments at 30 April	986,922	161	987,083	1,041,424	3,831	1,045,255

* The hierarchy of investments is described in note 2(c)(i) and below. No investments held in 2022 or 2021 were valued in accordance with Level 2.

Level 1 includes investments listed on any recognised stock exchange or quoted on AIM in the UK.

Level 2 includes investments for which the quoted price has been suspended.

Level 3 includes unquoted investments, which are held at Directors' valuation.

The level 3 investment consists of Australian New Horizons Fund. This is valued based on the NAV as calculated at the balance sheet date. No adjustments have been deemed necessary to the NAV as it reflects the fair value of the underlying investments, as such no specific unobservable inputs have been identified.

A full list of investments is set out on pages 34 to 36.

(Losses)/gains on investments

	2022 £'000s	2021 £'000s
Gains on investments sold during the year	81,486	62,162
(Losses)/gains on investments held at year end	(97,141)	263,999
Transaction costs	(472)	(460)
Total (losses)/gains on investments	(16,127)	325,701

Substantial interests

At 30 April 2022 the Company held more than 3% of the following undertaking held as an investment which, in the opinion of the Directors, did not represent a participating interest:

Investment and share class	Country of registration, incorporation and operation	Number of unit/shares held	Holding*
Australian New Horizons Fund	Australia	2,715,704	39.94%

*The company neither has a controlling interest nor participates in the management of this undertaking. This holding is held as part of the Investment portfolio.

11. Debtors

	2022 £'000s	2021 £'000s
Investment debtors	1,088	5,120
Overseas taxation recoverable	748	662
Prepayments and accrued income	1,768	1,239
	3,604	7,021

12. Bank loans: amounts falling due within one year

Non-instalment debt payable on demand or within one year	2022 £'000s	2021 £'000s
Euro loan EUR 18.0 million repayable May 2022	15,125	–
Yen loan JPY 757.5 million repayable May 2022	4,657	–
Euro loan EUR 9.8 million repayable May 2021	–	8,521
	19,782	8,521

In September 2021 the Company entered into a new £35m revolving credit facility expiring September 2022, replacing the previous facility. As at 30 April 2022 EUR18.0m and JPY757.5m were drawn down to 9 May 2022. The interest rate on the amounts drawn down are based on the commercial terms agreed with the bank. Commitment fees are payable on undrawn amounts at commercial rates. The Directors consider that the carrying value of the loan is equivalent to its fair value. No overdraft was outstanding at the year end.

13. Creditors: amounts falling due within one year

	2022 £'000s	2021 £'000s
Investment creditors	2,713	6,648
Interest accrued on bank loans	186	181
Share buybacks outstanding	488	746
Management fee accrued	385	412
Accruals and deferred income	183	130
	3,955	8,117

14. Creditors: amounts falling due after more than one year

Loan notes	2022 £'000s	2021 £'000s
Loan notes £35 million repayable August 2039	35,000	35,000

In August 2019 the Company issued fixed rate 2.26% senior unsecured notes of £35 million sterling denominated loan notes expiring in August 2039. The fair value of the long-term loan at 30 April 2022 was £30,672,000 (2021: £35,896,000) based on the equivalent reference benchmark gilt.

15. Share capital

Equity share capital	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Issued and fully paid nominal £'000s
Ordinary shares of 2.5p each				
Balance at 30 April 2021	44,881,194	575,652,576	620,533,770	15,513
Shares repurchased by the Company and held in treasury	26,178,734	(26,178,734)	–	–
Balance carried forward	71,059,928	549,473,842	620,533,770	15,513

During the year, 26,178,734 ordinary shares of 2.5p each were repurchased and held in treasury, incurring a cost of £42,910,000. Since the year end, and up to 15 June 2022, a further 2,497,266 ordinary shares have been repurchased and held in treasury.

16. Share premium account

	2022 £'000s	2021 £'000s
Balance brought forward and carried forward	212,639	212,639

17. Capital redemption reserve

	2022 £'000s	2021 £'000s
Balance brought forward and carried forward	16,158	16,158

18. Other reserves

	Capital reserve arising on investments sold £'000s	Capital reserve arising on investments held £'000s	Capital reserves – total £'000s	Revenue reserve £'000s
Movements in the year				
Gains on investments sold in year (see note 10)	81,486	–	81,486	–
Losses on investments held at year end (see note 10)	–	(97,141)	(97,141)	–
Transaction costs	(472)	–	(472)	–
Dividends charged to capital	581	–	581	–
Foreign exchange gains	517	–	517	–
Repurchase of shares	(42,910)	–	(42,910)	–
Management fee charged to capital (see note 4)	(3,753)	–	(3,753)	–
Other expenses charged to capital (see note 5)	(22)	–	(22)	–
Finance costs charged to capital (see note 6)	(699)	–	(699)	–
Net revenue after tax for the year	–	–	–	10,241
Net return attributable to ordinary shareholders	34,728	(97,141)	(62,413)	10,241
Dividends paid in the year (see note 9)	–	–	–	(10,032)
	34,728	(97,141)	(62,413)	209
Balance brought forward	434,951	313,000	747,951	15,247
Balance carried forward	469,679	215,859	685,538	15,456

Included within the capital reserve movement for the year are £362,000 (2021: £360,000) of transaction costs on purchases of investments, £110,000 (2021: £100,000) of transaction costs on sales of investments and £581,000 (2021: £762,000) of distributions received recognised as capital.

19. Net asset value per ordinary share

	2022	2021
Basic with debt at par value		
Net assets attributable at the year end – £'000s	945,304	1,007,508
Number of ordinary shares in issue at the year end, excluding shares held in treasury	549,473,842	575,652,576
Net asset value per share – pence	172.04	175.02

	2022	2021
Basic with debt at fair value		
Net assets attributable at the year end – £'000s	945,304	1,007,508
Add back: Debt at par – £'000s	54,782	43,521
Deduct: Debt at fair value (see notes 12 and 14) – £'000s	(50,454)	(44,417)
Net assets with debt at fair value – £'000s	949,632	1,006,612
Number of ordinary shares in issue at the year end, excluding shares held in treasury	549,473,842	575,652,576
Net asset value per share – pence	172.83	174.86

20. Reconciliation of total return before finance costs and taxation to net cash flows from operating activities

	2022 £'000s	2021 £'000s
Net return on ordinary activities before taxation	(8,508)	329,008
Adjustments for returns from non-operating activities		
Losses/(gains) on investments	16,127	(325,701)
Foreign exchange (gains)/losses	(533)	1,743
Non-operating expenses of a capital nature	22	27
Return from operating activities	7,108	5,077
Adjustments for non-cash flow items, dividend income and interest expense		
(Increase)/decrease in prepayments and accrued income	(27)	47
Increase in creditors	26	84
Dividends receivable	(13,053)	(9,848)
Interest payable	932	797
Overseas taxation	(835)	(594)
Cash used in operating activities before dividends received and interest paid	(5,849)	(4,437)

21. Analysis of changes in net debt

	Cash £'000s	Bank loans £'000s	Loan notes £'000s	Total £'000s
Opening net debt at 30 April 2021	6,870	(8,521)	(35,000)	(36,651)
Cash-flows:				
Drawdown of bank loans	–	(11,297)	–	(11,297)
Net movement in cash and cash equivalents	5,987	–	–	5,987
Non-cash:				
Effect of foreign exchange movements	497	36	–	533
Closing net debt at 30 April 2022	13,354	(19,782)	(35,000)	(41,428)

22. Transactions with related parties and the Manager

The following are considered related parties: the Board of Directors (the 'Board'), the Manager (including fellow members of the management company).

There are no transactions with the Board, who are the key management personnel of the Company, other than: aggregated remuneration for services as Directors as disclosed in the Remuneration Report on page 51, and as set out in note 5; and the beneficial interests of the Directors in the ordinary shares of the Company as disclosed on page 50. There are no outstanding balances with the Board at the year end. There were no transactions with the BMO Group other than those detailed in note 4 on management fees, note 10, where investments managed by the Manager are disclosed and note 13, where accrued management fees are disclosed.

23. Financial Risk Management

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the United Kingdom (UK) as an investment trust under the provisions of Section 1158. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of fixed asset investments.

The Company invests in smaller companies worldwide in order to secure a high total return. In pursuing the objective, the Company is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit. The Board, together with the Manager, is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 2 to the Accounts. The policies are in compliance with UK accounting standards and include the valuation of financial assets and liabilities at fair value, except as noted in (d) below. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Company's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Manager assesses exposure to market risks when making each investment decision and monitors ongoing market risk within the portfolio.

The Company's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Manager and the Board regularly monitor these risks. The Company aims to be fully invested, only holding cash to cater for short-term trading and business requirements. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in exchange rates. Gearing may be short or long-term, in sterling and foreign currencies, and enables the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency Exposure

The principal currencies to which the Company was exposed, and the relevant exchange rates against sterling, are analysed below:

		2022		2021
	At 30 April 2022	**Average for the year**	At 30 April 2021	Average for the year
US dollar	**1.2555**	**1.3543**	1.3846	1.3237
Euro	**1.1901**	**1.1766**	1.1502	1.1265

Based on the financial assets and liabilities held and the exchange rates applying at the balance sheet date, a weakening or strengthening of sterling against each of the principal currencies by 10% would have the following approximate effect on returns attributable to equity shareholders and on the net asset value ('NAV') per share:

Weakening of sterling by 10%

	2022		2021	
	US$ £'000s	€ £'000s	US$ £'000s	€ £'000s
Net revenue return attributable to equity shareholders	415	101	349	99
Net capital return attributable to equity shareholders	52,004	5,331	50,667	7,919
Net total return attributable to equity shareholders	52,419	5,432	51,016	8,018
Net asset value per share (basic) – pence	9.54	0.99	8.86	1.39

Strengthening of sterling by 10%

	2022		2021	
	US$ £'000s	€ £'000s	US$ £'000s	€ £'000s
Net revenue return attributable to equity shareholders	(339)	(82)	(285)	(81)
Net capital return attributable to equity shareholders	(42,549)	(4,362)	(41,455)	(6,479)
Net total return attributable to equity shareholders	(42,888)	(4,444)	(41,740)	(6,560)
Net asset value per share (basic) – pence	(7.81)	(0.81)	(7.25)	(1.14)

These analyses are presented in sterling and are representative of the Company's activities although the level of the Company's exposure to currencies fluctuates in accordance with the investment and risk management processes. This level of change is considered to be a reasonable illustration based on observation of current market conditions.

The fair values of the Company's assets and liabilities at 30 April by currency are shown below:

2022	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	Loan notes £'000s	Unsecured Loans £'000s	Net monetary (liabilities)/ assets £'000s	Investments £'000s	Net exposure £'000s
Sterling	1,768	6,295	(2,630)	(35,000)	–	(29,567)	361,628	332,061
US dollar	–	5,249	(1,133)	–	–	4,116	463,919	468,035
Euro	1,836	1,810	(192)	–	(15,125)	(11,671)	59,647	47,976
Other	–	–	–	–	(4,657)	(4,657)	101,889	97,232
Total	3,604	13,354	(3,955)	(35,000)	(19,782)	(41,779)	987,083	945,304

2021	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	Loan notes £'000s	Unsecured Loans £'000s	Net monetary (liabilities)/ assets £'000s	Investments £'000s	Net exposure £'000s
Sterling	1,239	4,202	(2,013)	(35,000)	–	(31,572)	393,293	361,721
US dollar	4,336	2,225	(6,104)	–	–	457	455,544	456,001
Euro	959	443	–	–	(8,521)	(7,119)	78,312	71,193
Other	487	–	–	–	–	487	118,106	118,593
Total	7,021	6,870	(8,117)	(35,000)	(8,521)	(37,747)	1,045,255	1,007,508

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate movements at 30 April were:

	Within one year £'000s	More than one year £'000s	2022 Net Total £'000s	Within one year £'000s	More than one year £'000s	2021 Net Total £'000s
Exposure to floating rates – cash	13,354	–	13,354	6,870	–	6,870
Exposure to fixed rates – Loans	(19,782)	(35,000)	(54,782)	(8,521)	(35,000)	(43,521)
Net exposure	(6,428)	(35,000)	(41,428)	(1,651)	(35,000)	(36,651)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Company arising out of the investment and risk management processes.

Interest received on cash balances, or paid on bank overdrafts and borrowings, is at ruling market rates. The interest rate applied on the Loan is set out in note 14. There were no holdings in fixed interest investment securities during the year or at the year end.

The Company's total returns and net assets are sensitive to changes in interest rates on cash and borrowings.

Based on the financial assets and liabilities held, and the interest rates ruling, at each balance sheet date, a decrease or increase in interest rates of 2% would have the following approximate effects on the income statement revenue and capital returns after tax and on the NAV:

	Increase in rate £'000s	2022 Decrease in rate £'000s	Increase in rate £'000s	2021 Decrease in rate £'000s
Revenue return	267	(267)	137	(137)
Capital return	–	–	–	–
Total return	267	(267)	137	(137)
NAV per share – pence	0.05	(0.05)	0.02	(0.02)

The calculations in the table above which are based on the financial assets and liabilities held at each balance sheet date, are not representative of the year as a whole, nor are they reflective of future market conditions.

Other market risk exposures

The Company did not enter into derivative transactions in managing its exposure to other market risks (2021: same). The portfolio of investments, valued at £987,083,000 at 30 April 2022 (2021: £1,045,255,000) is therefore exposed to market price changes. The Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by geographical region and major industrial sector is set out on pages 5 and 12.

Based on the portfolio of investments held at each balance sheet date, and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the net capital return attributable to equity shareholders and on the NAV:

	Increase in value £'000s	2022 Decrease in value £'000s	Increase in value £'000s	2021 Decrease in value £'000s
Capital return	197,417	(197,417)	209,051	(209,051)
NAV per share – pence	35.93	(35.93)	36.32	(36.32)

This level of change is considered to be a reasonable illustration based on observation of current market conditions.

(b) Liquidity risk exposure

The Company is required to raise funds to meet commitments associated with financial instruments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the large number of quoted investments held in the Company's portfolio, 189 at 30 April 2022 (2021: 195); the liquid nature of the portfolio of investments; and the industrial and geographical diversity of the portfolio. Cash balances are held with reputable banks, usually on overnight deposit. The Company does not normally invest in derivative products. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

The Company has a £35 million unsecured revolving floating rate credit facility available until September 2022. The Company issued unsecured notes of £35 million expiring in August 2039.

The remaining contractual maturities of the financial liabilities at each balance sheet date, based on the earliest date on which payment can be required, were as follows:

2022	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Current liabilities:				
Creditors	3,769	–	–	3,769
Loans	19,782	–	–	19,782
Interest payable on Loans	12	–	–	12
Loan notes	–	–	35,000	35,000
Interest payable on Loan notes	–	791	13,052	13,843
	23,563	791	48,052	72,406
2021				
Current liabilities:				
Creditors	7,935	–	–	7,935
Loans	8,521	–	–	8,521
Interest payable on Loans	5	–	–	5
Loan notes	–	–	35,000	35,000
Interest payable on Loan notes	–	396	14,238	14,634
	16,461	396	49,238	66,095

(c) Credit risk and counterparty exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. Such transactions must be settled on the basis of delivery against payment (except where local market conditions do not permit).

Responsibility for the approval, limit setting and monitoring of counterparties is delegated to the Manager. Counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Cash and deposits are held with reputable banks.

The Company has an ongoing contract with its Custodian for the provision of custody services. The contract was reviewed and updated in 2017. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Custodian has a lien over the securities in the account, enabling it to sell or otherwise realise the securities in satisfaction of charges due under the agreement. The Depositary has regulatory responsibilities relating to segregation and safekeeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depositary and receives regular reports from it via the Manager.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the management company (including the Lead Manager) and with its Risk Management function. In reaching its conclusions, the Board also reviews the Manager's annual Audit and Assurance Faculty Report.

The Company had no credit-rated bonds or similar securities or derivatives in its portfolio at the year end (2021: none) and does not normally invest in them. None of the Company's financial liabilities are past their due date or impaired.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the Balance Sheet at fair value, or at a reasonable approximation thereof, except for the loan notes which are carried at amortised cost.

The fair value of the loan notes is set out in note 14.

The fair value of investments quoted on active markets is determined directly by reference to published price quotations in those markets. Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar investments.

(e) Capital risk management

The structure of the Company's capital is described in note 15 on page 75 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 64.

The objective of the Company is stated as investing in smaller companies worldwide in order to secure a high total return. In pursuing this long-term objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue reserves and capital reserves.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

There were no breaches by the Company during the year of the financial covenants put in place in respect of the revolving credit facility provided to the Company, or in respect of the loan notes issued by the Company in August 2019.

These requirements are unchanged since last year and the Company has complied with them at all times.

24. AIFMD

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from the Manager on request.

The Company's maximum and actual leverage levels at 30 April 2022 and 30 April 2021 are shown below:

	30 April 2022		30 April 2021	
Leverage exposure	**Gross method**	**Commitment method**	Gross method	Commitment method
Maximum permitted limit	**200%**	**200%**	200%	200%
Actual	**106%**	**106%**	104%	104%

The Leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's articles of association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings. Further information on the AIFMD can be found on page 87.

25. Securities financing transactions ('SFT')

The Company has not, in the year to 30 April 2022 (2021: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the UK regulations on transparency of SFT, issued in November 2015.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and thirty third Annual General Meeting of the Company will be held at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Thursday, 28 July 2022 at 12.00 noon. for the following purposes:

Ordinary Resolutions:

To consider and, if thought fit, pass the following resolutions 1 to 12 as ordinary resolutions:

1. To receive and adopt the Directors' report and accounts for the year ended 30 April 2022.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Remuneration Report.
4. To declare a final dividend of 1.27 pence per share.
5. To re-elect Nick Bannerman as a Director.
6. To re-elect Graham Oldroyd as a Director.
7. To re-elect Anja Balfour as a Director.
8. To re-elect Josephine Dixon as a Director.
9. To re-elect David Stileman as a Director.
10. To reappoint BDO LLP as auditors to the Company.
11. To authorise the Audit and Management Engagement Committee to determine the remuneration of the auditors.
12. Authority to allot shares.

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the **'Act'**), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company (together being **'relevant securities'**) up to an aggregate nominal amount of £1,367,441 (representing approximately 10% of the issued share capital of the Company (excluding treasury shares) at the date of this notice), during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2023 or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless previously revoked, varied or extended by the Company in a general meeting (the **'relevant period'**); save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require relevant securities to be allotted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

Special Resolutions:

To consider and, if thought fit, pass the following resolutions as special resolutions:

13. Disapplication of pre-emption rights

THAT, subject to the passing of resolution 12 above and in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authority conferred by resolution 12 for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or transfer, provided this power shall be limited to:

a) the allotment of equity securities in connection with an offer of equity securities:
   (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
   (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

   and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

b) the allotment (otherwise than under paragraph (a) of this Resolution 13) of equity securities up to an aggregate nominal amount of £1,367,441 and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution (whichever is the earlier), unless extended by the Company in a general meeting (**'the relevant period'**) save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require equity securities to be allotted or transferred after the expiry of the relevant period and notwithstanding such expiry the Directors may allot or transfer equity securities in pursuance of such offers or agreements.

14. Share buyback authority

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares on such terms and in such manner as the Directors may from time to time determine, provided that:

a) the maximum number of ordinary shares hereby authorised to be purchased shall be 81,991,789 or, if less, 14.99% of the number of ordinary shares in issue (excluding treasury shares) as at the date of the passing of this resolution;
b) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 2.5p;
c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is the higher of (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased, and (ii) an amount equal to the higher of the price of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;
d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and
e) the Company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase ordinary shares under such authority which will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase ordinary shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

15. General Meeting Notice

THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company.

By Order of the Board
BMO Investment Business Limited
Company Secretary
24 June 2022

Registered office:
Exchange House
Primrose Street
London EC2A 2NY

Registered number: 28264

Notes:

Whilst COVID-19 restrictions have been lifted as at the date of this Notice of AGM and it is currently expected that shareholders will be permitted to attend and vote in person at the meeting, the COVID-19 situation continues to evolve and the UK Government may introduce new restrictions or implement measures relating to the holding of shareholder meetings which may mean this is no longer possible. Therefore, shareholders are encouraged to appoint the Chairman of the meeting as their proxy for the AGM. If any other person is appointed as proxy and COVID-19 restrictions are introduced which affect the holding of the meeting, that proxy may not be permitted to attend the AGM. Any changes to the arrangements for the AGM will be communicated to shareholders prior to the meeting, including through the Company's website, as shown on page 2 and by announcement through a regulatory information service.

Shareholders intending to attend the AGM are asked to register their intention as soon as practicable by email to the following dedicated address: gscagm@bmogam.com.

Shareholders who are not able or do not wish to attend the meeting in person will be able to watch a live webcast of the meeting. This will include the formal business of the meeting, the Manager's presentation and questions and answers. The webcast will not enable shareholders to participate in the meeting or to vote. However, shareholders can submit questions in advance of the meeting by email to gscagm@bmogam.com. Questions of a similar nature may be grouped together to ensure the orderly running of the AGM.

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. Any person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such person complies with their respective disclosure obligations under the DTRs.
3. A Form of Proxy is provided with this notice for members. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Computershare Investor Services PLC on 0370 889 4088. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time of the holding of the meeting or any

adjournment thereof. Completion and return of a Form of Proxy will not preclude members from attending and voting at the meeting should they wish to do so. Amended instructions must also be received by the Company's registrars by the deadline for receipt of Forms of Proxy.

4. Alternatively, members may register the appointment of a proxy for the meeting electronically, by accessing the website eproxyappointment.com where full instructions for the procedure are given. The Control Number, Shareholder Reference and PIN as printed on the Form of Proxy will be required in order to use the electronic proxy appointment system. This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. If you want to appoint more than one proxy electronically please contact Computershare Investor Services PLC on 0370 889 4088.
5. Investors holding shares in the Company through the BMO Investment Trust ISA, Junior ISA, Child Trust Fund, General Investment Account and/or Junior Investment Account should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 12.00 noon on 21 July 2022. Alternatively, voting directions can be submitted electronically at eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN as printed on the form of direction. Voting directions must be submitted electronically no later than 12.00 noon on 21 July 2022.
6. Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Act (a 'Nominated Person') should note that the provisions in notes 1, 3 and 4 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
7. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps, the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
8. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at 11 p.m. on 10 August 2021 (the 'Specified Time') (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by 11 p.m. on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by the latest time(s) for receipt of proxy appointments specified in notes 3 and 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (euroclear.com/CREST).
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
14. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or
    b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.
15. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
16. Any member attending the meeting has the right to ask questions. However, members should note that no answer need be given in the following circumstances:
    a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;
    b) if the answer has already been given on a website in the form of an answer to a question; or
    c) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
17. As at 15 June 2022, being the last practicable date prior to the printing of this notice, the Company's issued capital (excluding the shares held in treasury) consisted of 546,976,576 ordinary shares of 2.5 pence each carrying one vote each. Therefore, the total voting rights in the Company as at 15 June 2022 are 546,976,576.
18. This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 15 June 2022, being the latest practicable date prior to the printing of this notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available at bmoglobalsmallers.com and, from early July 2022, at globalsmallercompanies.co.uk.
19. Any electronic address provided either in this notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
20. Copies of the letters of appointment between the Company and its Directors; the register of Directors' holdings; and a deed poll relating to Directors' indemnities will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 15 minutes prior to the commencement of the meeting to the conclusion thereof.
21. No Director has a service agreement with the Company.
22. Under sections 338 and 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company:
    a) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
    b) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless:
    a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise),
    b) it is defamatory of any person or
    c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 16 June 2022, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Additional Information for Shareholders

Alternative Investment Fund Managers Directive

The Company is an 'alternative investment fund' (**'AIF'**) for the purposes of the AIFMD and has appointed its Manager, BMO Investment Business Limited, to act as its Alternative Investment Fund Manager (**'AIFM'**). The Manager is authorised and regulated by the United Kingdom Financial Conduct Authority as a 'full scope UK AIFM'.

The Company is required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within the Investor Disclosure Document (**'IDD'**) which can be found on the Company's website, bmoglobalsmallers.com (and with effect from early July 2022 at: globalsmallercompanies.co.uk). There have not been any material changes to the disclosures contained within the IDD since it was last updated in February 2022.

The Company and AIFM also wish to make the following disclosures to investors:

- the investment strategy, geographic and sector investment focus and principal stock exposures are included in the strategic report. A list of the thirty largest listed holdings is included on pages 32 and 33;
- none of the Company's assets is subject to special arrangements arising from their illiquid nature;
- the strategic report and note 23 to the Accounts set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the year under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures that it employs;
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code in respect of the AIFM's remuneration. The relevant disclosures required are within the IDD; and
- information in relation to the Company's leverage is contained within the IDD.

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Key Information Document

The Key Information Document relating to the Company's shares can be found on its website as shown on page 2. This document has been produced in accordance with the EU's Packaged Retail and Insurance-based Investment Products Regulations.

Net asset value and share price

The Company's net asset value is released daily, on the working day following the calculation date, to the London Stock Exchange. The current share price of BMO Global Smaller Companies PLC is shown in the investment trust section of the stock market page in most leading newspapers.

UK capital gains tax ('CGT')

An approved investment trust company does not pay tax on capital gains. UK resident individuals may realise net capital gains of up to £12,570 in the tax year ending 5 April 2023 without incurring any tax liability.

A rate of CGT of 10% will apply where taxable income and gains do not exceed the income tax higher rate threshold (£37,700 in 2022-23 tax year). A higher rate of 20% will apply to those whose income and gains exceed this figure.

Income tax

The final dividend of 1.27 pence per share is payable on 4 August 2022. Since April 2018 the annual tax-free allowance to UK residents on dividend income received in their entire share portfolios is £2,000. Dividend income received in excess of this amount will be taxed at rates of 7.5% (basic rate taxpayers), 32.5% (higher rate taxpayers) or 38.1% (additional rate taxpayers).

Unclaimed dividends

The Company has engaged the services of Georgeson (a subsidiary of Computershare) to locate shareholders, or their beneficiaries, who have lost track of or are unaware of their investments. The service is provided at no cost to the Company; Georgeson retain 10% of unclaimed dividends from the shareholder on completion of each successful claim. Alternatively, shareholders are given the option of contacting the Registrar themselves, thereby incurring no charges.

Management and Advisers

The Management Company

The Global Smaller Companies Trust PLC (formerly BMO Global Smaller Companies PLC, the **'Company'**) is managed by BMO Investment Business Limited ('BMOIB'), a wholly-owned subsidiary of BMO Asset Management (Holdings) PLC which is ultimately owned by Ameriprise Financial, Inc.. BMOIB, which will change its name to Columbia Threadneedle Investment Business Limited in July 2022, is appointed under an investment management agreement with the Company, setting out its responsibilities for investment management, administration and marketing. It is authorised and regulated by the Financial Conduct Authority.

The Manager also acts as the Alternative Investment Fund Manager.

Peter Ewins, Lead Manager. Responsible for the allocation of the assets on a regional basis and for the construction of the investment portfolio. He joined the management company in 1996.

Jonathan Latter Represents the Manager as Company Secretary and is responsible for the Company's statutory and regulatory compliance. He joined the management company in January 2021.

Marrack Tonkin Head of Investment Trusts with responsibility for the management company's relationship with the Company. He joined the management company in 1989.

Company Secretary and Registered Office

BMO Investment Business Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone: 020 7628 8000
Facsimile: 020 7628 8188
Website: globalsmallercompanies.co.uk
Email: globalsmallerscosec@bmogam.com

Independent Auditors

BDO LLP
(**'BDO'** or the **'auditors'**)
55 Baker Street
London W1U 7EU

Custodian

JPMorgan Chase Bank (the **'Custodian'**)
25 Bank Street
Canary Wharf
London E14 5JP

Depositary

JPMorgan Europe Limited (the **'Depositary'**)
25 Bank Street
Canary Wharf
London E14 5JP

Share Registrars

Computershare Investor Services PLC
(the **'Registrar'**)
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0370 889 4088
Authorised and regulated in the UK by the Financial Conduct Authority.

Solicitors

Dickson Minto WS
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Stockbroker

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

How to Invest

One of the most convenient ways to invest in The Global Smaller Companies Trust PLC is through one of the savings plans run by Columbia Threadneedle Investments.

CT Individual Savings Account (ISA)
You can use your ISA allowance to make an annual tax efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

CT Junior Individual Savings Account (JISA)*
A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs or CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT Lifetime Individual Savings Account (LISA)
For those aged 18-39, a LISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

CT Child Trust Fund (CTF)*
If your child already has a CTF, you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT General Investment Account (GIA)
This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £100 lump sum or £25 a month.

CT Junior Investment Account (JIA)
This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

*The CTF and JISA accounts are opened by parents in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

Charges
Annual management charges and other charges apply according to the type of plan.

Annual account charge
ISA/LISA: £60+VAT
GIA: £40+VAT
JISA/JIA/CTF: £25+VAT
You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges
£12 per fund (reduced to £0 for deals placed through the online Columbia Threadneedle Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.
Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).
The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales Cost & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest into.

How to Invest
To open a new Columbia Threadneedle Investments plan, apply online at **ctinvest.co.uk**. Online applications are not available if you are transferring an existing plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new plan in more than one name but paper applications are available at ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New Customers:
Call: **0800 136 420**** (8:30am – 5:30pm, weekdays)
Email: **invest@columbiathreadneedle.com**

Existing Plan Holders:
Call: **0345 600 3030**** (9:00am – 5:00pm, weekdays)
Email: **investor.enquiries@columbiathreadneedle.com**
By post: Columbia Threadneedle Management Limited
PO Box 11114
Chelmsford CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**

To find out more, visit **ctinvest.co.uk**

Part of COLUMBIA THREADNEEDLE INVESTMENTS

0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

25 Year Historical Information

All data is based on figures as reported in accordance with the Company's accounting policies and is unaudited but derived from the audited Accounts.

at 30 April	Net assets £'000s	Net asset value per share pence [(i)]	Closing share price pence [(i)]	Premium/ (discount) %	Revenue return per share pence [(i)]	Dividend per share pence [(i)]	Dividend growth %	Inflation (RPI) %
1997	219,388	21.0	17.5	(16.7)	0.34	0.260	11.6	2.4
1998	261,706	25.0	20.6	(17.4)	0.39	0.300	15.4	4.0
1999	265,440	25.5	20.4	(20.3)	0.53	0.336	12.0	1.6
2000	313,128	32.5	25.5	(21.5)	0.42	0.375	11.6	3.0
2001	274,930	29.2	24.3	(16.9)	0.42	0.395	5.3	1.8
2002	246,300	26.6	21.9	(17.5)	0.39	0.402	1.8	1.5
2003	167,945	18.3	14.7	(19.7)	0.36	0.415	3.2	3.1
2004	235,390	27.7	22.4	(19.1)	0.40	0.424	2.2	2.5
2005	264,398	31.1	26.9	(13.7)	0.46	0.440	3.8	3.2
2006	227,652	47.1	43.5	(7.6)	0.45	0.453	3.0	2.6
2007	239,574	51.2	47.3	(7.6)	0.48	0.469*	3.5	4.5
2008	188,100	42.8	38.5	(8.6)	0.55	0.483	3.0	4.2
2009	150,994	36.0	32.5	(7.4)	0.57	0.489	1.2	(1.2)
2010	208,384	51.8	46.1	(9.6)	0.49	0.500	2.2	5.3
2011	241,604	60.3	58.4	(2.1)	0.51	0.510	2.0	5.2
2012	246,776	59.6	58.8	(0.4)	0.69	0.563	10.4	3.5
2013	340,090	75.6	76.5	1.6	0.71	0.650	15.5	2.9
2014	431,086	84.2	84.0	(0.1)	0.93	0.800	23.1	2.5
2015	516,963	97.0	98.0	1.0	1.09	0.965	20.6	0.9
2016	553,192	99.5	100.1	0.7	1.18	1.070	10.9	1.3
2017	733,282	126.4	127.3	0.8	1.38	1.225	14.5	3.5
2018	826,831	136.9	137.5	0.5	1.59	1.440	17.6	3.4
2019	854,619	140.6	134.6	(4.3)	1.76	1.650	14.6	3.0
2020	726,515	119.7	111.0	(7.3)	1.73	1.700	3.0	1.5
2021	1,007,508	174.9	168.6	(3.6)	1.26	1.750	3.0	2.9
2022	945,304	172.8	156.2	(9.6)	1.82	1.840[(2)]	5.1	11.1

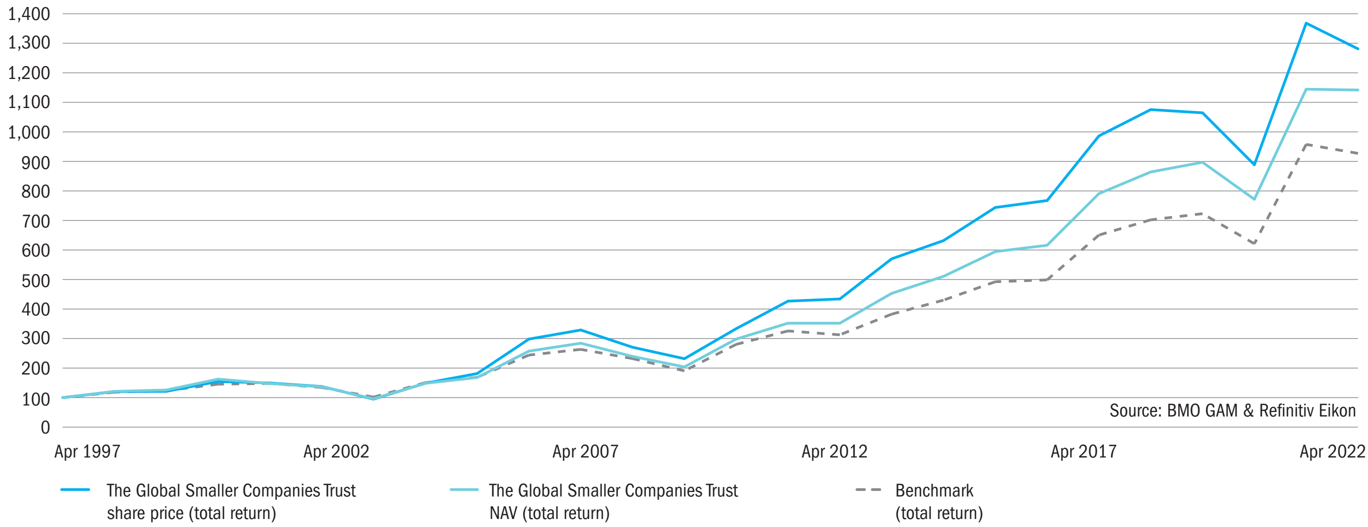
* Excludes special dividend of 0.1p also paid[(i)]

[(i)] Comparative figures for the years prior to 2020 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

[(2)] Subject to approval of the final dividend of 1.27p at the 2022 AGM.

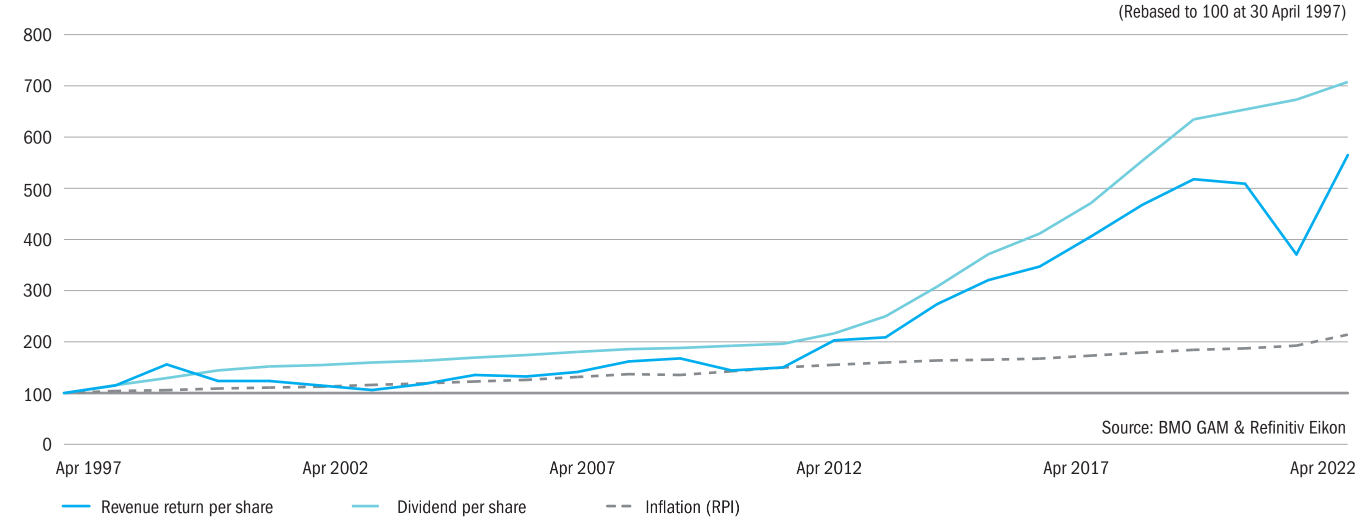
Net asset value and share price performance vs Benchmark over 25 years

(Rebased to 100 at 30 April 1997)



Revenue return and dividend per share vs inflation over 25 years

(Rebased to 100 at 30 April 1997)



Alternative Performance Measures

The Company uses the following Alternative Performance Measures (**'APMs'**) throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative detailed below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to the shareholders in order to assess the Company's performance between reporting periods and against its peer group.

Discount or Premium – the share price of an Investment Trust is derived from buyers and sellers trading their shares on the stock market. This price is not identical to NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading at a price above NAV per share are said to be at a premium. The Board of the Company tries to ensure that the shares trade, in normal market conditions, at around the value of the net assets. This is done by means of buying shares from sellers at the below-NAV price (and placing them in treasury or cancelling them) or selling new shares to shareholders at a premium to NAV. The Board's policy is set out on page 38.

		30 April 2022 pence	30 April 2021 pence
Net Asset Value per share	(a)	172.83	174.86
Share price per share	(b)	156.20	168.60
(Discount)/Premium (c= (b-a)/a)	(c)	(9.6)%	(3.6)%

Gearing – this is the ratio of the borrowings of the Company to its net assets. Borrowings have a 'prior charge' over the assets of a company, ranking before ordinary shareholders in their entitlement to capital and/or income. They may include: preference shares; debentures; overdrafts and short and long-term loans from banks; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a 'net' or 'effective' gearing percentage, or to be used to buy investments, giving a 'gross' or 'fully invested' gearing figure. Where cash assets exceed borrowings, the Company is described as having 'net cash'. The Company's maximum permitted level of gearing is set by the Board and is described within the Strategic Report and Directors' Report.

		30 April 2022 £'000	30 April 2021 £'000
Loan notes		35,000	35,000
Loans		19,782	8,521
	(a)	54,782	43,521
Less Cash and cash equivalents		(13,354)	(6,870)
Less Investment debtors		(1,088)	(5,120)
Add Investment creditors		2,713	6,648
Total	(b)	43,053	38,179
Net Asset Value	(c)	945,304	1,007,508
Effective gearing (d= b/c)	(d)	4.6%	3.8%
Fully invested gearing (e= a/c)	(e)	5.8%	4.3%

Net Asset Value (NAV) – the assets less liabilities of the Company, as set out in the Balance Sheet, all valued in accordance with the Company's Accounting Policies (see note 2 to the Accounts) and UK Accounting Standards. The net assets correspond to Total Shareholders' Funds, which comprise the share capital account, capital redemption reserve and capital and revenue reserves. (See calculation in note 19 to the Accounts.)

Net Asset Value (NAV) with Debt at Fair Value – the Company's debt is valued in the Balance Sheet (on page 65) at cost, which is equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par'. The current replacement or fair value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Market Value' or 'Debt at Fair Value'. See calculation in note 19 to the Accounts.

Ongoing Charges – all operating costs expected to be regularly incurred and that are payable by the Company or suffered within underlying investee funds, expressed as a proportion of the average net assets of the Company over the reporting year (see Ten Year Record). The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

Ongoing Charges calculation		30 April 2022 £'000	30 April 2021 £'000
Management fees		5,004	4,232
Other expenses		977	899
Less loan commitment/arrangement fees and one off costs		(107)	(132)
Underlying costs of collective investments		1,686	1,730
Total	(a)	7,560	6,729
Average daily net assets	(b)	1,008,882	856,186
Ongoing Charges (c= a/b)	(c)	0.75%	0.78%

Total Expense Ratio (TER) – an alternative measure of expenses to Ongoing Charges. It comprises all operating costs incurred in the reporting period by the Company (see notes 4 and 5 (pages 70 and 71) to the Accounts), calculated as a percentage of the average net assets in that year (see Ten Year Record). Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments and derivatives, interest costs, taxation and the costs of buying back or issuing ordinary shares.

TER calculation		30 April 2022 £'000	30 April 2021 £'000
Management fees		5,004	4,232
Other expenses		977	899
Less loan commitment/arrangement fees and one off costs		(107)	(132)
Total	(a)	5,874	4,999
Average daily net assets	(b)	1,008,882	856,186
TER (c= a/b)	(c)	0.58%	0.58%

Total Return – the theoretical return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV in the period. The dividends are assumed to have been re-invested in the form of shares or net asset, respectively, on the date on which the shares were quoted ex-dividend.

	NAV	Share price
NAV/Share Price per share at 30 April 2021 (pence)	174.86	168.60
NAV/Share Price per share at 30 April 2022 (pence)	172.83	156.20
Change in the year	(1.2)%	(7.4)%
Impact of dividend reinvestments	1.0%	1.0%
Total return for the year	(0.2)%	(6.4)%

Glossary of Terms

AAF Report – Report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

Administrator – The administrator is State Street Bank and Trust Company to which BMO GAM has outsourced trade processing, valuation and middle office tasks and systems.

AIFMD – the Alternative Investment Fund Managers Directive that requires investment vehicles in the European Union to appoint a Depositary and an Alternative Investment Fund Manager.

AIFM – the Alternative Investment Manager appointed by the Board of Directors in accordance with the AIFMD is the Company's Manager, as defined below.

APMs – Alternative Performance Measures are financial measures of historical or future financial performance, financial position, or cash flows, other than financial measures defined or specified in the applicable accounting framework. Guidelines published by the European Securities and Markets Authority aim to improve comparability, reliability and comprehensibility by way of APMs.

BMO – Bank of Montreal, which is the parent company of BMO Asset Management (Holdings) PLC which in turn owns BMO GAM.

BMO GAM – Together, the Manager and its sister company, BMO Asset Management Limited, which operate under the trading name BMO Global Asset Management.

BMO Savings Plans – previously the F&C savings plans, these comprise the BMO General Investment Account, BMO Junior Investment Account, BMO Investment Trust ISA, BMO Junior ISA and BMO Child Trust Fund operated by BMO Asset Management Limited, a company authorised by the Financial Conduct Authority.

Benchmark – a blend of two Indices, namely the MSCI All Country World ex UK Small Cap Index (70%) and the Numis UK Smaller Companies (excluding investment companies) Index (30%). This Benchmark, against which the increase or decrease in the Company's net asset value is compared, measures the performance of a defined selection of smaller companies listed in stock markets around the world and gives an indication of how those companies have performed in any period. Divergence between the performance of the Company and the Benchmark is to be expected as: the investments within this Index are not identical to those of the Company; the Index does not take account of operating costs; and the Company's strategy does not entail replicating (tracking) this Benchmark.

Carbon intensity – this is measured in tons of CO_2 equivalent (ie including the basket of six Kyoto Protocol gases) of Scope 1 and 2 emissions, divided by $1million of sales at a company level. This is aggregated to portfolio level using a weighted average (by holding).

Closed-ended company – a company, including an Investment Company, with a fixed issued ordinary share capital the shares of which are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.

Cum-dividend – shares are classified as cum-dividend when the buyer of a security is entitled to receive a dividend that has been declared, but not paid. Shares which are not cum-dividend are described as ex-dividend.

Custodian – The Custodian is JP Morgan Chase Bank. The Custodian is a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.

Depositary – The Depositary is JPMorgan Europe Limited. Under AIFMD rules, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe–keeping duties. The Depositary's oversight duties will include but are not limited to oversight of share buybacks, dividend payments and adherence to investment limits.

Distributable Reserves – Reserves distributable by way of dividend or for the purpose of buying back ordinary share capital (see notes 2, 16, 17 and 18 to the Accounts). Company Law requires that Share Capital and the Capital Redemption Reserve may not be distributed. The Company's articles of association allow distributions by way of dividend out of Capital Reserves. Dividend payments are currently made out of Revenue Reserve. The cost of all share buybacks is deducted from Capital Reserves.

Dividend Dates – Reference is made in announcements of dividends to three dates. The 'record' date is the date after which buyers of the shares will not be recorded on the register of shareholders as qualifying for the pending dividend payment. The 'payment' date is the date that dividends are credited to shareholders' bank accounts. The 'ex-dividend' date is normally the business day prior to the record date (most ex-dividend dates are on a Thursday).

GAAP – Generally Accepted Accounting Practice. This includes UK Financial Reporting Standards (**'FRS'**) and International GAAP (IFRS or International Financial Reporting Standards applicable in the European Union).

Hampton-Alexander Review – The independent review body which aims to increase the number of women on FTSE 350 Boards.

Investment Company (Section 833) – UK Company Law allows an Investment Company to make dividend distributions out of realised distributable reserves, even in circumstances where it has made Capital losses in any year, provided the Company's assets remaining after payment of the dividend exceed 150% of the liabilities. An Investment Company is defined as investing its funds in shares, land or other assets with the aim of spreading investment risk.

Investment Trust taxation status (Section 1158) – UK Corporation Tax law allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to Section 833 Company law rules but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.

ISAE Report – Report prepared in accordance with the International Standard on Assurance Engagements.

Leverage – as defined under AIFMD rules, leverage is any method by which the exposure of an AIF (being an investment vehicle under the AIFMD) is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Manager (AIFM) – BMO Investment Business Limited, a subsidiary of BMO Asset Management (Holdings) PLC, which in turn is wholly owned by the Bank of Montreal (**'BMO'**). Its responsibilities and fees are set out in the Business Model, Directors' Report and note 4 to the Accounts.

Non-executive Director – a Director who has a contract for services, rather than a contract of employment, with the Company. The Company does not have any executive Directors.

Open-ended Fund – a collective investment scheme which issues shares or units directly to investors, and redeems directly from investors, at a price that is linked to the net asset value of the fund.

Section 172(1) – Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way he considers, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to matters specified in that section. The directors are required to report on this in the Strategic Report section of the Report and Accounts each year.

SORP – Statement of Recommended Practice. The accounts of the Company are drawn up in accordance with the Investment Trust SORP, issued by the AIC, as described in note 2 to the Accounts.

Special Dividends – dividends received from investee companies which have been paid out of capital reconstructions or reorganisations of the investees are sometimes referred to as Special Dividends and may be allocated to Capital Reserves in accordance with the Company's accounting policies and the SORP. Dividends which are unusually large in terms of the investee companies' annual earnings or normal payment pattern are also sometimes referred to as special but are treated as revenue in nature unless evidenced otherwise.

Treasury shares – ordinary shares previously issued by the Company that have been bought back from shareholders on the open market and kept in the Company's own treasury. Such shares may, at a later date, be re-issued for sale on the open market or cancelled if demand is insufficient. Treasury shares carry no rights to dividends and have no voting rights and hence are not included within calculations of earnings per share or net asset value per share.

UK Code of Corporate Governance (UK Code 2018) – the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their annual report and accounts.

The United Nations Sustainable Development Goals (SDGs) – These goals are the blueprint to achieve a better and more sustainable future for all. They address global challenges including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected and the aim is to achieve them all by 2030.

The United Nations-supported Principles for Responsible Investment (UNPRI) – The six principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. In implementing them, signatories contribute to developing a more sustainable global financial system.

Analysis of Ordinary Shareholders (unaudited)

Category	Holding % at 30 April 2022	Holding % at 30 April 2021
BMO Savings Plans	54.0	52.5
Institutions	13.5	14.2
Direct Individuals and Nominees	32.7	33.3
	100.0	100.0

Source: BMO GAM.

Warning to Shareholders – Beware of Share Fraud.

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell to you shares that turn out to be worthless or non-existent, or to buy your shares at an inflated price in return for an upfront payment following which the proceeds are never received.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from **fca.org.uk** to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ('**FCA**') on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at **fca.org.uk/scams**
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at **fca.org.uk/scams** where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

The Global Smaller Companies Trust plc

Report and Accounts
30 April 2022

Contact us

Registered office:

Exchange House, Primrose Street, London EC2A 2NY

020 7628 8000 Fax: 020 7628 8188

globalsmallercompanies.co.uk

invest@columbiathreadneedle.com

Registrars:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ

0370 889 4088 Fax: 0870 703 6143

computershare.com

web.queries@computershare.co.uk

To find out more visit **columbiathreadneedle.com**