The Global Smaller Companies Trust PLC

Company Number: 28264

Annual Report and Financial Statements for the year ended 30 April 2024

COLUMBIA THREADNEEDLE INVESTMENTS

Contents

Strategic Report

Company Overview	1
Financial Highlights	2
Chairman's Statement	3
Lead Manager's Review	8
Investment Manager's Investment Philosophy and Process	18
Investment Case Studies	20
Responsible Investment	23
Thirty Largest Holdings	27
List of Investments	29
Ten Year Record	32
Purpose, Strategy and Business Model	34
Promoting Success	37
Principal and Emerging Risks	38
Key Performance Indicators	40
Principal Policies	41

Governance Report

Directors	44
Directors' Report	46
Chairman's Statement on Corporate Governance	52
Applying the principles of the AIC Code	54
Report of the Audit and Management Engagement Committee	56
Report of the Nomination Committee	60
Directors' Remuneration Report	62
Statement of Directors' Responsibilities	65

Independent Auditor's Report 66

Financial Report

Income Statement	72
Statement of Changes in Equity	73
Balance Sheet	74
Statement of Cashflows	75
Notes to the Financial Statements	76

Notice of Annual General Meeting 92

Other Information

Management and Advisers	97
Additional Information for Shareholders	98
How to Invest	99
25 Year Historical Information	100
Alternative Performance Measures	102
Glossary of Terms	105
Analysis of Ordinary Shareholders	107

2024-25 Financial year events

Annual General Meeting	13 August 2024
Final dividend payable	20 August 2024
Half-yearly results for 2024 announced	December 2024
Interim dividend payable	January 2025
Final Results for 2025 announced	June 2025

Company Overview

The Global Smaller Companies Trust PLC (the **'Company'**) was founded in 1889 with an initial capital of £1m. The Company's net assets had a value of £870.1m as at 30 April 2024 (2023: £859.4m).

Objective
To invest in smaller companies worldwide in order to secure a high total return.

Investment team
A well resourced and experienced investment management team at Columbia Threadneedle Investments aims to identify the best smaller company opportunities listed on global stock markets.

Investment approach
A focus on quality. We look for high quality, well managed companies delivering strong returns with a track record of profitability.

Price matters. Portfolio holdings should be attractively valued both in absolute terms and compared to peers.

The benefits of diversification. We seek to create a well spread and balanced portfolio avoiding over exposure to any one company, sector or market.

A dividend hero
By investing in a portfolio of growing, high quality listed companies, the Company's own dividend has risen for 54 consecutive years.

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 **globalsmallercompanies.co.uk**

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 2024

9.0%

Net Asset Value ('NAV') total return
NAV with debt at fair value(1) total return(1) of 9.0% (2023: -2.9%) versus 11.3% for the Benchmark (2023: -2.1%).

The NAV with debt at fair value rose to 178.1p from 165.7p.

12.7%

Share price total return
Share price total return(1) of 12.7% (2023: -6.2%).

The share price ended the year at 160.2p (2023: 144.6p).

2.81p

Total Dividend
Total Dividend(3) of 2.81 pence (2023: 2.30p), the 54th consecutive annual increase, up by 22.2% (2023: up by 25.0%).

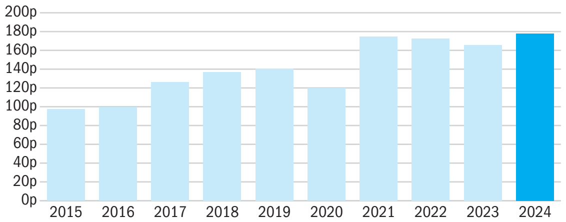
-10.0%

Discount
The Company's shares ended the year at a discount(1) to NAV of 10.0% (2023: 12.7%).

Delivering high total returns over the long term

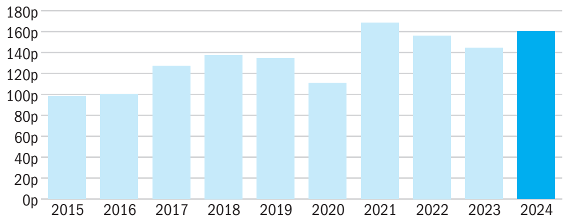
In the last ten years the Company has turned a £1,000 investment, with dividends reinvested, into £2,144, a compound annual total return of 7.9%.

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



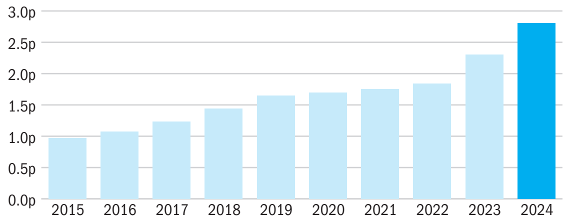
Source: Columbia Threadneedle Investments

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



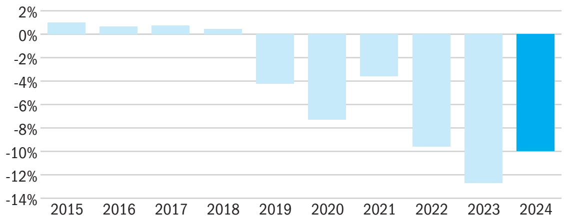
Source: Columbia Threadneedle Investments

Dividends(3),(4) – pence per share



Source: Columbia Threadneedle Investments

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



Source: Columbia Threadneedle Investments

The dividend has increased every year for the past 54 years and over the last ten years is up 13.4% compound per annum, compared with inflation (RPI) of 4.2% 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 from statutory changes and their value will depend on individual circumstances.

(1) See Alternative Performance Measures on pages 102 and 104.
(2) See Glossary of terms on page 105 for explanation of "Benchmark".
(3) Total dividend comprises an interim dividend (paid on 25 January 2024) of 0.68 pence and a final dividend for 2024 of 2.13 pence (payable on 20 August 2024), 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

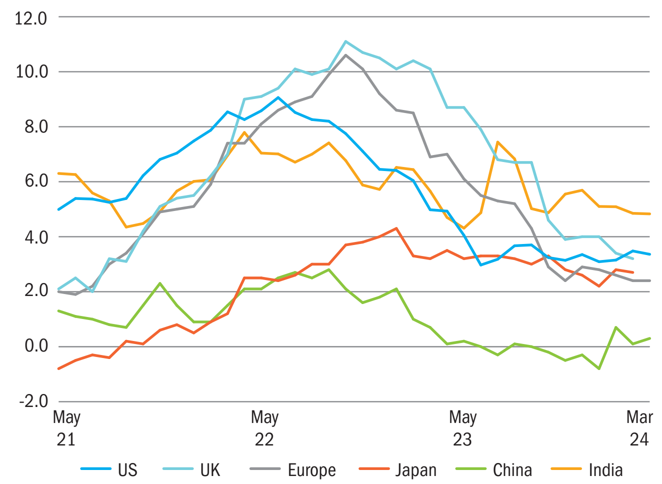
"The Manager has put together a portfolio of investments in high quality businesses that are attractively valued and we look forward with optimism."

Anja Balfour, Chairman

Dear Shareholder,

It was pleasing to see equity markets bounce back during the financial year under review. Foremost in investors' minds was the outlook for inflation and interest rates. While inflation fell significantly in most parts of the world, tight labour markets meant that it remained higher than central bank targets and as a consequence authorities delayed cutting interest rates. As the year progressed it became increasingly evident that within developed economies consumers were operating at two different speeds: spending by higher income earners was supported by rising asset prices and interest income whilst consumption by the lower income cohort was hampered by higher costs of living that were not sufficiently covered by wage increases. Despite this mixed consumer environment, the global economy continued to grow and performed significantly better than had been feared at the start of the year. Sadly, geopolitical tensions continued to rise in the year with conflict breaking out in the Middle East, exacerbating an already tense backdrop with the war in Ukraine showing no sign of ending soon and unease between China and the US growing.

Inflation by country (% change in CPI year on year)

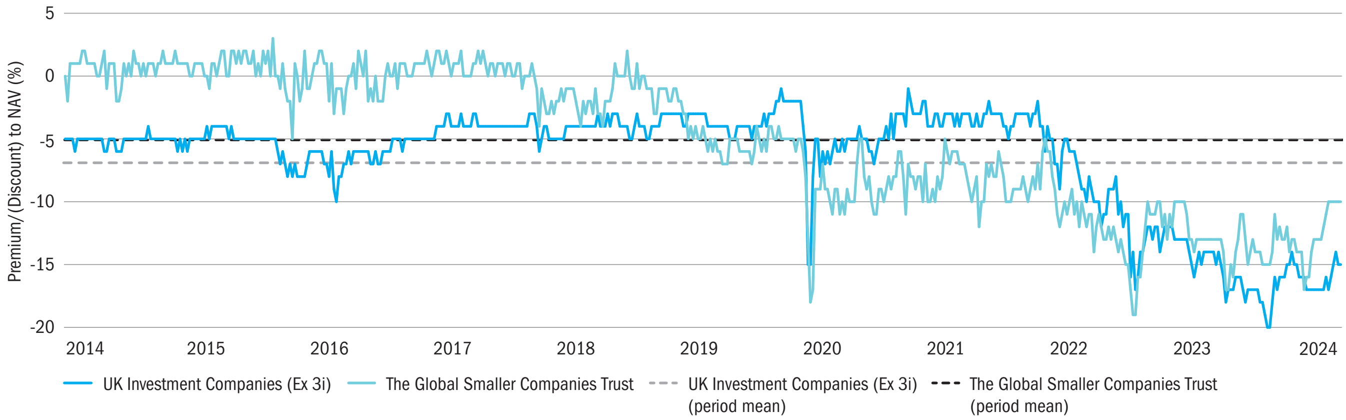


Source: Columbia Threadneedle Investments

Given these uncertainties, it was only natural that investors gravitated towards the safety that larger companies offer and smaller companies lagged as a consequence. In the US, market returns were driven by a handful of larger companies that were in some way exposed to the fast-growing areas of Artificial Intelligence (**'AI'**) and cloud computing. On the whole, developed market equities performed well, particularly in North America and Japan. A sense of optimism returned to Japan with corporations adopting more shareholder-friendly policies and the country moving from deflation to inflation. It was very encouraging to see Japanese smaller companies deliver earnings growth well in excess of other major developed markets in this financial year. China was laden by a slowdown in its domestic economy, which appears to be working through a downturn in its real estate sector. Outside of China, emerging markets showed strength, especially in the case of India.

Four years on from the onset of the COVID 19 pandemic, several industries were still adjusting to a new environment, with some suffering from normalisation in activity levels and others benefitting from recovery. On the bright side, this did create opportunities for your Company to purchase interests in high quality businesses with good long term prospects at attractive valuations. As businesses and investors became more confident that interest rates had peaked, capital markets transactions picked up, resulting in increased takeover activity and it was pleasing that your Company was a beneficiary of this. The Company has several holdings that have been owned for many years, initially bought when they were much smaller businesses. Many of them delivered another year of shareholder value creation. In the Lead Manager's Review you will

(Discount)/premium compared to UK Investment Companies (ex 3i) over 10 years



Source: Columbia Threadneedle Investments

be pleased to learn that we have added to this cohort of long term winners; companies that we think will be instrumental in generating future returns for your Company.

Performance and the Discount

Having fallen by 6.3% in the first half of the financial year, the Company's Net Asset Value ('NAV') total return (with long term borrowings at fair value) recovered well in the second half to end the financial year up 9.0%.

The total return from the Company's Benchmark, a blend of two indices, the MSCI All Country World ex UK Small Cap Index net (80%) and the Deutsche Numis UK Smaller Companies (excluding investment companies) Index (20%) for the year to 30 April 2024 was 11.3%. Longer term total returns from the NAV, Benchmark and share price are shown in the following table, highlighting the strong returns that the asset class has delivered to patient investors.

Performance: Total returns over the long-term

	1 year %	3 years %	5 years %	10 years %	25 years %
Company NAV total return	9.0	5.5	34.6	136.6	859.8
Benchmark total return	11.3	5.6	39.8	135.0	717.6
Company share price total return	12.7	-1.0	27.2	114.4	1,016.9

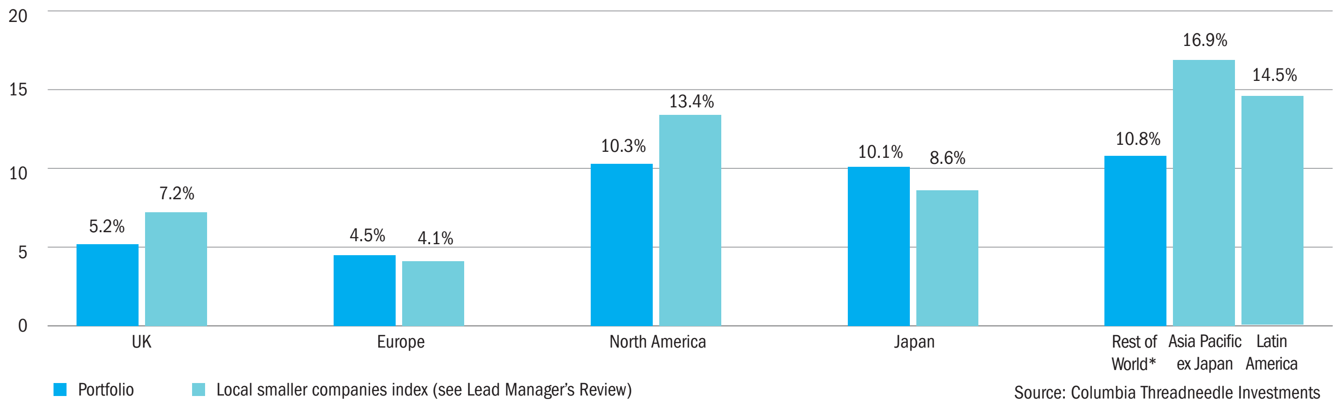
Source: Columbia Threadneedle Investments

Over the last few years UK investment trust company discounts have widened, given increased caution around the economic and geopolitical outlook. There have been outflows from UK based equity funds in general and smaller company funds have been hurt even more than larger company funds by this trend. Starting the financial year at 12.7%, your Company's discount reached 17.7% in July 2023 before closing at 10.0%, still some way from the Board's target of less than 5%. The narrower discount meant that the share price rose by 10.8% over the year, or by 12.7% on a total return basis, ahead of the Benchmark.

The Board continue to believe that a consistently applied share buyback approach is in shareholder's best interests, providing liquidity for those in need of an exit along with NAV accretion to remaining holders. The pace of buybacks stepped up compared to previous years with some 30.2m shares bought back, representing 5.8% of the starting share capital (2023: 24.6m shares) repurchased across some 214 trading days, enhancing the NAV by 0.6% in the process. The chart above illustrates the Company's discount (and premium) over the last 10 years and that of the wider investment trust sector, providing a reminder that discounts/premiums in the investment trust sector tend to be cyclical. Good investment performance, share repurchases and increased interest in the shares from both existing and new investors will be key in helping to address the discount in the medium term.

Given the attractive relative and absolute valuations on offer in equities of smaller companies, marketing activity over a number of channels increased significantly over the course of the year. In order to seek to maximise the effectiveness of our marketing initiatives, the Board engaged a specialist third party marketing agency to sharpen the Company's principal selling points. The Global Smaller Companies Trust offers a simple, lower risk way to access the faster growth potential of the world's most exciting

Geographical performance (total return sterling adjusted) for the year ended 30 April 2024



Source: Columbia Threadneedle Investments

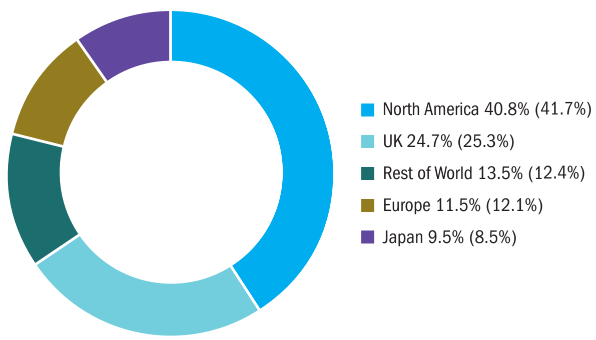
*Performance of the Rest of World portfolio is shown here against both the Asian and Latin American smaller company indices.

smaller companies; it uses a long-term approach to investing in high quality businesses that are undervalued and this has resulted in a track record of delivering strong total returns to shareholders with lower levels of volatility.

Dividends

It was another positive year on the income front. Revenue returns per share rose by a healthy 21.4% (2023: 28.6%) as income from both UK and overseas based holdings grew strongly. Following on from the 7.9% increase in the interim dividend, the Board has decided to recommend the payment of a final dividend of 2.13p, meaning the full year payment will be up by 22.2% to 2.81p. This will be paid to shareholders on 20 August 2024 and will be the 54th consecutive increase in the Company's dividend.

Geographical distribution of the investment portfolio as at 30 April 2024



The percentages in brackets are as at 30 April 2023

Source: Columbia Threadneedle Investments

Costs

Ongoing charges (excluding performance fees from collective holdings) for the year reduced slightly over the year moving from 0.79% to 0.78%. Ongoing charges including performance fees from collective holdings were 0.80% (2023: 0.79%). These remain low compared to many smaller company funds in the market.

Performance by Region

The Lead Manager's Review starting on page 8 covers the year from a market and portfolio view in detail.

The chart above shows how our regional portfolios performed in the year compared to their relevant local smaller company indices. Relative to the local small cap market returns, we were behind in North America and the UK, while in Europe we were ahead. After careful consideration and following extensive discussions with the Board, the Manager insourced approximately half of the Company's exposure to Japanese equities, making further use of the additional resources available at Columbia Threadneedle Investments. This is covered in more detail in the Lead Manager's Review. It was pleasing to see early results from this change with the Japanese portfolio on the whole outperforming its benchmark in the year. The Rest of World portfolio of collectives was behind its benchmark, hurt by widening discounts on the two investment trust companies held.

Asset Allocation

Asset allocation positioning hurt relative performance in the year, largely reflecting the fact that we were overweight the UK and underweight North America. Over the course of the year, there were some movements in absolute geographic weightings. Our exposure to Asian markets increased at the expense of North America, the UK and Europe. The Manager believes that smaller company valuations are more attractive in the UK, Europe and Japan in comparison to North America and this is reflected in our year- end positioning.

The following table shows the weightings of the portfolio versus the Benchmark at the end of the financial year.

Geographical weightings of the portfolio and the Benchmark

	Portfolio weight (%)	Benchmark weight (%)
UK	24.7	20.0
Europe	11.5	9.6
North America	40.8	46.4
Japan	9.5	8.4
Rest of World	13.5	15.6

Source: Columbia Threadneedle Investments

Gearing Policy

The Board remains of the view that making use of our borrowing powers over the long term will serve to enhance shareholder returns as markets rise over time. At the end of the financial year, effective gearing was 4.7% compared to 5.2% a year earlier. Borrowings were made up of £35m 2.26% sterling loan notes maturing in 2039 and £16.5m of drawings in US dollars, Yen and Euros under our revolving credit facility. Reflecting the predominantly fixed rate nature of the debt, our borrowing costs remain low, although they have risen as interest rates have moved up.

Environmental, Social and Governance (‘ESG’)

While your Company is not an ESG labelled fund, the investment management team carefully considers ESG factors in making their stock selections. Analysis in this regard from the Manager’s Responsible Investments team has continued to be useful, with regular input provided to the fund managers on specific topics of interest and new ESG developments. Engagement with the management teams of companies held in the portfolio has continued and some examples of this work are outlined in the Responsible Investment report on pages 23 to 26.

Board Changes

As reported in the Half-Year Report, having followed a formal recruitment process, the Company was pleased to appoint two new non-executive Directors, Bulbul Barrett and Randeep Grewal, with effect from 1 December 2023. On 11 December 2023, David Stileman retired from the Board and Jo Dixon will also retire following the conclusion of the forthcoming Annual General Meeting. Jo is the Chairman of the Audit and Management Engagement Committee and the Senior Independent Director and following her retirement Nick Bannerman and Graham Oldroyd will fulfil these roles respectively.

David and Jo were appointed in 2015, and both have contributed significantly to the Company, bringing their wide-ranging experience to the Board. We record our appreciation and gratitude to David and Jo for their dedicated service to the Company and wish them well for the future.

Retirement of Peter Ewins

Peter Ewins stepped down as joint Lead Manager on 1 May 2024 and will retire from Columbia Threadneedle Investments this summer. Since he became Lead Manager of the portfolio in August 2005 he and his team produced excellent returns for shareholders. In fact, the NAV total return was 517.6%, virtually matched by a share price total return of 517.0% over his tenure. This was achieved with lower volatility than a number of other smaller company investment vehicles over this period. We are extremely grateful for Peter’s dependable contribution and dedicated service and for his mentorship of Nish Patel, our new Lead Manager. We wish Peter a long and happy retirement.

Annual General Meeting

The Annual General Meeting will take place at The Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Tuesday, 13 August 2024 at 12.00 noon. We hope as many shareholders as possible will attend. Nish Patel, the Lead Manager, will give a review of the year together with his view on the outlook. 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. The live stream can be accessed by registering here: https://www.investormeetcompany.com/the-global-smaller-companies-trust-plc/register.

Voting on all resolutions at the AGM will be conducted by way of a poll, the results of which will be announced and posted on the Company’s website following the meeting. You are therefore encouraged to lodge your votes prior to the meeting by completing your form of proxy or form of direction in accordance with the instructions shown. Their completion and return will not preclude you from attending the meeting or from shareholders voting in person. Shareholders who are unable to attend the AGM are requested to submit any questions they may have with regard to the resolutions proposed at the AGM or the performance of the Company in advance of the meeting to gscagm@columbiathreadneedle.com. Following the AGM, the Lead Manager’s presentation will be available on the Company’s website at globalsmallercompanies.co.uk.

Outlook

In the near term investors are likely to continue to pay particular attention to the direction of inflation and labour markets in major economies as well as geopolitical developments more widely. Our Manager will continue to focus on identifying companies that will do well regardless of what happens in the wider economy. The fund management team are still finding such opportunities within our very extensive investment universe and the Board has confidence in the Manager's lengthy experience in investing in this asset class.

Despite the recent underperformance of smaller companies relative to larger companies, it remains an attractive asset class over the long term. Smaller companies have the potential to deliver faster earnings growth as well as valuation expansion as they are more widely recognised. Furthermore, it is an area where active management can genuinely add value. The Manager has constructed a portfolio of investments in high quality businesses that are attractively valued and we look forward with optimism.

Anja Balfour
Chairman
25 June 2024

Lead Manager's Review

"We are optimistic that in time equity market returns will broaden to include the faster growing area of smaller companies and that our shareholders will benefit from this."

Nish Patel, Lead Manager

Having worked with Peter Ewins and the wider team on the management of the Company's assets since 2007, I am honoured to write to you for the first time as the Company's Lead Manager following Peter Ewins retirement and am excited by the opportunity of building on the Company's impressive long-term performance record.

Performance

The Company's NAV total return and share price total return were 9.0% and 12.7% respectively in the financial year. This compared to an 11.3% rise in the Benchmark. Whilst the NAV total return lagged the Benchmark, performance improved as the year progressed: the Company's NAV underperformed in the first half of the financial year but was ahead in the second half. Pleasingly, a narrowing in the discount to NAV meant that the share price total return for the year was ahead of the Benchmark.

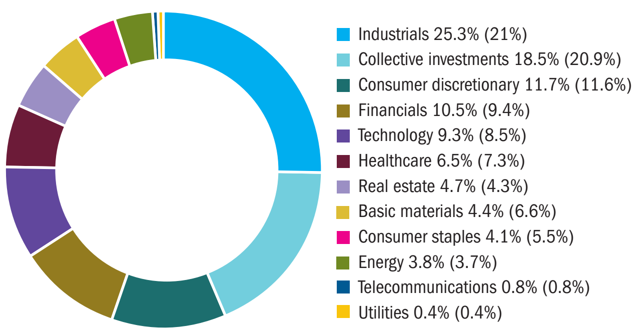
As of the end of the financial year the Company's NAV has outperformed its global smaller company investment trust peers over 3 years. As has been the case in recent financial years our investment income was strong again, allowing the Board to recommend an inflation-beating 22.2% increase in the annual dividend. The Company's dividend per share has grown by 13.4% compounded over the last 10 years, one of the fastest rates of growth across the investment trust market. This reflects the financial success of the companies held in our portfolio.

Economy and Market Backdrop

The 12 months ended 30 April 2024 was another year of surprises in the financial markets. The world economy remained remarkably resilient despite a rapid rise in global interest rates over the last two years. In the developed markets a resolute consumer was helped by a tight labour market, excess savings and an easing of inflation in goods prices. Inflation in services prices has been slower to come down than expected, especially in the US, and as a result central banks delayed the cutting of interest rates.

From an equity market perspective the financial year was a story of two halves. From the beginning of May until the end of October the market struggled, especially smaller companies as stubborn inflation led to interest rate increases from central banks. Furthermore, geopolitical tensions escalated with conflict breaking out in the Middle East. At the start of the second half of the year, lower than expected inflation data created enthusiasm over potential cuts in interest rates. Expectations rose that inflation could be tamed without a meaningful economic downturn and this propelled markets higher. The stock market remained strong at the end of the financial year, even as the probability of multiple interest rate cuts receded. As investor sentiment improved, we saw a return to favour of the more speculative parts of the market such as

Industrial classification of the investment portfolio as at 30 April 2024



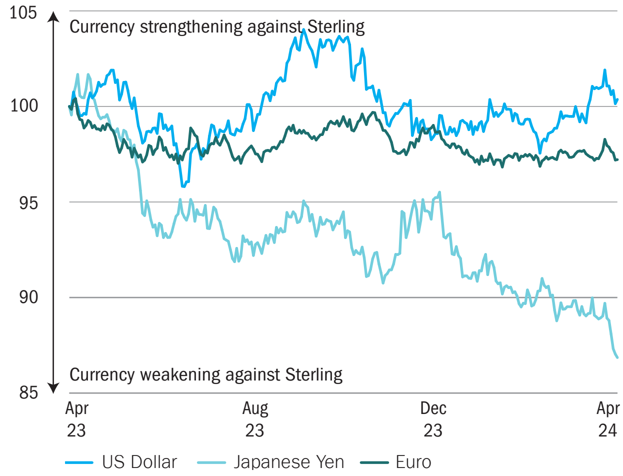
The percentages in brackets are as at 30 April 2023
Source: Columbia Threadneedle Investments

profitless, early stage companies – the sorts of businesses that we avoid.

As an investment theme, AI burst on the scene in 2023. This technology, which allows computers and machines to simulate human intelligence and problem-solving capabilities, partly led to narrow stock market performance in the year with the information technology sector producing the largest gains in many markets, especially the US. Other sectors that did well in most markets were industrials and energy. On the other hand the more defensive parts of the market such as telecommunications, utilities and healthcare lagged.

Over the year, optimism grew that the US economy would enjoy a 'soft landing.' The UK economy remained sluggish and briefly entered a slight technical recession in early 2024 as consumers grappled with a higher cost of living and interest sensitive sectors such as housing slowed. The UK equity market continues to see outflows from retail and institutional investors and the valuation discounts that this has created have not gone unnoticed, as evidenced by a rise in takeover activity, share repurchases and foreign listings. European growth decelerated as the year went on because of a slowdown in Germany, where higher energy costs hampered the country's important industrial sector. On the other hand, Spain and some other southern European countries were helped by a buoyant tourism industry. Thirty four years after Japan's asset bubble burst, the Nikkei 225 index finally surpassed its prior all time high set in 1989. Japan has benefitted from optimism over corporate reform, the lower yen has helped exporters and inflation has returned to and stayed at a level greater than 2%. Consequently, the Bank of Japan recently ended its negative interest rate policy.

Currency movements relative to sterling in the year ended 30 April 2024



Source: Columbia Threadneedle Investments

The expected recovery in economic activity in China after the COVID related reopening did not really materialise. In addition the local property market continued to suffer from oversupply. Strong consumer spending, investment in infrastructure and burgeoning export and manufacturing sectors led to a year of strong growth in India and other parts of Asia such as Vietnam, The Philippines and Indonesia. Latin America managed to shrug off slower demand from China for its commodities. The region's spirits were lifted by political change, lower interest rates and potential growth from the relocation of manufacturing facilities away from China.

Many of our companies that were exposed to spending by governments on infrastructure did well, especially those with a

Table of total returns (sterling)

	1 year		3 years		5 years		10 years		15 years	
	Regional Portfolio	Regional Benchmark	Regional Portfolio	Regional Benchmark	Regional Portfolio	Regional Benchmark	Regional Portfolio	Regional Benchmark	Regional Portfolio	Regional Benchmark
UK	5.2%	7.2%	-4.8%	-3.8%	15.8%	19.8%	104.8%	63.5%	545.0%	333.0%
Europe	4.5%	4.1%	-14.1%	-2.7%	23.6%	36.4%	102.1%	117.3%	451.9%	359.2%
North America	10.3%	13.4%	13.9%	0.1%	49.7%	37.8%	196.2%	170.4%	582.8%	486.5%
Japan	10.1%	8.6%	3.3%	6.3%	20.4%	21.1%	135.2%	144.2%	282.9%	265.0%
Rest of World	10.8%	16.9%	12.8%	13.1%	32.6%	53.9%	82.1%	125.1%	326.6%	298.2%

The regional benchmarks used are Deutsche Numis UK Smaller Companies (excluding investment companies) Index (UK), MSCI Europe Ex UK Small Cap Index net (Europe), MSCI North American Small Cap Index net (North America), MSCI Japan Small Cap Index net (Japan) and MSCI All Country Asia Pacific ex Japan Small Cap Index net (Rest of World).
Source Columbia Threadneedle Investments

North American footprint. Some of our holdings also benefitted from increased defence budgets, the ongoing recovery in the aerospace market and work related to energy transition. These industries seem to be areas of growth for years to come and the Company has good exposure here. It was very pleasing to see further development of several of our longer-term holdings in companies that have strong competitive positions with long runways for growth. These winners in the year were from a wide range of industries including retail, online platforms, insurance and distribution. On a similar note, in emerging markets, through our collective fund holdings, we were beneficiaries of the greater acceptance of consumer brands by a growing middle class, particularly in India. The adoption of AI helped some of our companies in the year, although there were also some perceived losers from this as well. As takeover activity resumed post a potential peak in interest rates, we saw trade and private equity interest in our holdings with seven investments that we held receiving takeover bids in the year.

Despite the passing of the pandemic, businesses still suffered from knock-on effects. Demand normalisation and de-stocking persisted in several sectors such as electronics, chemicals, life sciences, leisure goods and luxury. The valuations of some high-quality businesses in these sectors fell to attractive levels and as a result we initiated some new holdings in these areas. Real estate has been hindered by higher interest rates, with the outlook for office assets deteriorating because of changed working practices after COVID 19. However valuations in the sector are now looking more attractive, especially for companies exposed to more resilient sub-sectors such as industrial, healthcare and leisure assets. Several businesses have highlighted the negative effect that depleted savings and a higher cost of living is having on lower income consumers. After a long period of contraction because of inventory reduction, supply chain issues and rising costs, the industrial sector is showing signs of stabilisation and given the favourable long-term prospects for this sector, along with attractive valuations, we increased our exposure here.

Regional Portfolio Performance

The North American and UK portfolios continue to represent around two thirds of the Company's assets and they have delivered very good performance over the long term. In terms of stock selection, this year was more challenging for both of them. After a very difficult first half, it was encouraging to see performance pick up meaningfully in these markets in the last four months of the financial year. The Rest of World portfolio also lagged in the year, not helped by the widening of discounts seen in the investment trust market. Positively, our European portfolio had a good year and our Japanese holdings outperformed. More detail around what drove relative performance of all the portfolios in the year follows in the next few pages.

Asset Allocation Changes

Asset allocation for the Company is largely the end result of our bottom-up stock selection and reflects where we are finding attractive investment opportunities. Similar to the last financial year, we remain overweight to the UK and Europe, where in recent years we have found many attractive investments that we still think are not fairly valued by the stock market. The Company's exposure to Japan and the Rest of the World rose in the year in absolute terms and relative to the benchmark. There are more appealing investments in these parts of the world than in North America where the region's stronger economic performance is largely reflected in share prices and, consequently, valuations look more demanding.

Our weighting in industrials grew in the year. As mentioned previously, the sector was out of favour but we think the long term prospects are good because of trends such as near-shoring, increased fiscal spending and automation. With a potential peak in interest rates, the prospects for interest rate sensitive companies changed in the year and so our exposure to the financials and real estate sectors was increased. Profits were taken in basic materials and consumer staples.

Gearing

The Company's gearing level 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 4.7%, compared to 5.2% twelve months earlier. The Company benefits from a competitive cost of borrowing through the 20 year private placing undertaken in 2019 at 2.26%. In the future, if the right market conditions and many attractive investment opportunities present themselves, the Company would consider using a small amount of tactical gearing.

Boot Barn's attractively presented stores continue to be rolled out across North America.

In the regional reviews that follow, performance figures in relation to the portfolio and indices are all expressed in sterling total return terms, while individual company performance is shown in local currency terms.

North American Review	One year
Portfolio Performance	10.3%
MSCI North American Small Cap Index (net)	13.4%
S&P 500 Index	23.3%

In the financial year, the North American portfolio underperformed the MSCI North American Small Cap Index. Good stock selection in healthcare and materials was offset by adverse stock selection in information technology, energy and consumer discretionary.

Construction materials companies had another good year and it was good to see **Eagle Materials**, a producer of cement and gypsum wallboard, deliver the largest positive stock contribution in the portfolio for the second year running. Its shares were up 70%. **Martin Marietta Materials**, a business more focused on aggregates, also contributed strongly. Both of these companies reported strong earnings growth because of price increases on their products. The outlook for construction of US infrastructure is bright because of the passage of the 'Infrastructure and Investment and Jobs Act' in 2021. A recovery in housing construction might lead to further earnings growth from these companies.

Kirby is an owner and operator of tank barges that transport commodities along the US inland and coastal waterways. The company delivered very good earnings growth as rising demand led to greater industry capacity utilisation and as a result of higher spot rates; the share price climbed 52% in the year. In addition, the supply of barges appears tight and the company's power generation business is growing rapidly. **Curtiss-Wright** is a manufacturer of niche, mission-critical components for the aerospace, industrial, defence and power verticals. Most of its businesses are progressing well because of supportive, long-term trends such as increased spending on defence and growth in the production of commercial aircraft. **Boot Barn Holdings** operates a retail chain that specialises in western and work wear. The company faces challenging comparatives in the first half of this calendar year. Nevertheless, optimism rose that revenues and earnings would surpass expectations due to improvement in demand – this led to a rerating of the shares. **CDW** is a value-added reseller of technology products. The company's market share is growing in this fragmented industry because of significant scale advantages. It is also benefitting from good demand and growth in its higher margin cloud, cybersecurity and services businesses. **Brown & Brown**, a US insurance broker to small and medium sized businesses, rallied 28%. It delivered solid organic growth as insurance prices climbed in the year, higher interest rates helped investment income and good progress was made on its acquisition strategy. Takeover bids at appropriate valuations are always welcome and **MDC Holdings**, a Denver based housebuilder, received a bid from Japanese housebuilder Sekisui House at a 19% premium.

As ever, there were disappointments in the portfolio. Earnings of **LKQ Corp**, a distributor of car parts, were hurt by a slowdown in organic revenue growth because of fewer insurance funded car repairs, lower scrap metal prices and weakness in the recreational vehicle market. In addition, a labour strike in Germany affected profitability negatively, and the share price fell back 24%. Unfortunately, **SSR Mining**, a precious metals mining company, suffered from a landslide at one of its largest mines in Turkey, leading to a sharp fall in the share price. De-stocking affected many industries in the year: **American Vanguard**, a producer of crop protection chemicals, was not immune to this and an industry inventory reduction led to a decline in sales and earnings. Shares of **GrafTech International**, a vertically integrated producer of graphite electrodes, were affected by the cyclical downturn in the steel industry in Europe, increased competition in North America and a technical overhang caused by the sale of a large shareholding. **QuidelOrtho** develops and manufactures diagnostic tests. Post COVID, the company endured a harsher slowdown than expected in its respiratory business. **PRA Group** purchases and collects charged off credit card receivables. Lower collections from customers and higher expenses disappointed the stock market. Investors shunned **Genpact** (a business process outsourcer) as they worried about potential disruption to some of its businesses because of AI and the shares declined 30%. With customers slower to start projects, the company's expectations for 2024 underwhelmed investors. Like many other real estate businesses, **Healthcare Realty Trust** was affected by the outlook for higher for longer interest rates. Furthermore it took longer than expected to integrate a recent acquisition.

Over the last couple of years the industrial sector has been adversely affected by de-stocking, supply chain related delays and higher costs. We think that the sector is close to bottoming and accordingly we have increased our exposure here. **MSC Industrial Direct**, a distributor of metal working related products to the manufacturing sector in the US, is an example of a company to which we have added. We also initiated a holding in **Standex International**, a manufacturer of niche industrial products such as connectors, sensors and magnets for a diverse range of end markets. The company's strong innovation culture and focus on offering its customer a compelling value proposition has led to market leading positions. Earnings growth can come from continued product development, particularly in higher growth industries such as renewables, automation and space as well as entry into adjacent markets.

We have closely monitored the progress of **Skechers USA** for some time. The company has a very well recognised brand that is based on comfort, design and affordability and it has the opportunity to develop new products and enter into new markets over the coming years. A short term earnings disappointment created an opportunity to buy the shares at an attractive valuation. Over the year, bond yields were volatile and this created opportunities to purchase interest rate sensitive quality cyclical stocks at attractive valuations. **Frontdoor** is a very well managed provider of home warranty plans in the US through its well known 'American Home Shield' brand. Sales have slowed along with housing transactions, however this should reverse as mortgage rates fall and market penetration of home warranty plans in general rises. We took the opportunity to add on weakness to our holdings in the aforementioned Healthcare Realty Trust and PRA Group.

Following a cyclical recovery, diversified agricultural business **The Andersons** reached our estimate of intrinsic value so we sold our position. Profits were taken in Eagle Materials, Martin Marietta Materials and **The Ensign Group** (an operator of nursing and rehabilitative care facilities). We lost our confidence in the management team of **Lundin Mining** (a copper miner) as a poor health and safety culture culminated in a fatality at one of its mines, hence we sold our holding.

UK Review	One year
Portfolio Performance	5.2%
Deutsche Numis UK Smaller Companies (excluding investment companies) Index	7.2%
FTSE All-Share Index	7.3%

UK equities mirrored the pattern seen elsewhere in the world, with smaller company stocks, as measured by the Deutsche Numis index shown above, lagging the FTSE All-Share Index total return. Our portfolio underperformed, although we regained some relative performance in the second half of the year.

A weaker underlying economic backdrop following a period of rising interest rates was bound to impact upon the trading of companies. Consumer spending slowed and video game developer **Team17 Group** saw a slowdown in demand in common with the sector, after a pandemic-driven boom. Shares in **Treatt**, the natural ingredients supplier to the food and beverages market, fell by 26% as customer de-stocking took a toll on sales. Luxury watch and jewellery retailer **Watches of Switzerland** fell in the second half of the year following a slowdown in business levels, especially in the UK. Furthermore, concerns grew that there would be a curtailment of supply of Rolex watches to Watches of Switzerland after Rolex bought watch retailer Burcherer. There will always tend to be individual stock specific issues in any year and, as reported in the half year review, our decision to back the float of payments services company **CAB Payments** back-fired, as the business produced a major profit warning shortly afterwards prompting us to sell.

Hostelworld's position as the leading travel portal in the global hostel market is driving strong growth in revenues and profits.

Some of the more cyclical companies in the portfolio saw an understandable weakness in their results. **XP Power** shares fell as the company reported weaker demand from their large semiconductor customers, necessitating a share placing to address a weaker balance sheet position. We supported this fund raise given the potential we see for a recovery in profitability as the customer de-stocking phase comes to an end. **SIG** shares fell too, as the company faced a challenging backdrop in both commercial and residential construction markets, leading to downgraded profit forecasts. Specialist IT staffing and consultancy business **FDM Group** shares fell by 40% as the company experienced weaker than expected demand, meaning that the utilisation of its consultant team was reduced. In the real estate sector, property valuations came under pressure from the rise in interest rates and bond yields. Worst hit was **CLS Holdings**, the pan European office specialist, with the company seeing higher vacancy rates and with valuers taking a cautious approach to the value of less prime office assets on shorter leases amid the evolution of work practices post the pandemic.

More positively, the portfolio contained a number of strong performers. Top of the list was a company which we highlighted in a case study last year; **Ashtead Technology**, with the shares more than doubling, up 140%. This company, which supplies specialist equipment and services into global offshore energy and renewables markets, benefitted from a strong backdrop in both sectors, while profits were also enhanced by an accretive and sensible acquisition. **Kitwave Group**, the wholesale supplier of confectionery and other food and beverages products into the independent convenience store channel, continued its strong performance from the previous year, with its gradual expansion on an organic basis supported by sensible acquisitions continuing to drive better than expected profits and the shares rose 49%. Promotional products company **4imprint Group**, featured on page 21 in a case study, was another winner in the year, up by 49% as its successful marketing approach continued to deliver excellent results.

While construction markets have been more difficult, **Kier Group** shares rose 77%. The company continued to benefit from its exposure to major infrastructure projects, supporting a strong order book. This provided good forward visibility, with the company's positive cash flow performance over the year leading to further de-leveraging, allowing for a return to dividend payments. Shares in building products supplier **Genuit** were also up, with the new strategy put in place by the recently hired CEO bearing fruit and self-help on efficiencies off-setting some of the volume challenges. The other strong performer in the sector was door and windows hardware supplier **Tyman**. The company announced a recommended offer from a US peer late in the year. On the subject of takeovers, our performance in the second half also benefitted from a bid from private equity for wealth and asset management business **Mattioli Woods**, following on from the first half offer for **The Restaurant Group**. While we are sad to see high quality smaller companies like these leave the UK market, their exit is symptomatic of the valuation attractions within the UK stock market at present.

Other strong performers worthy of mention in the year include **Hollywood Bowl Group**, **Baltic Classifieds Group**, **Luceco** and **Mercia Asset Management**. The former's results gained as trading remained firm and management articulated a longer term growth plan highlighting more clearly the potential in the Canadian market for the business. Baltic Classifieds Group continued to benefit from the growth in demand across its leading advertising portals in the Baltic states. Lighting products supplier Luceco rose 53% as management was able to increase its profit guidance with the de-stocking phase in its sector coming to an end. Finally, Mercia Asset Management shares responded well to news that the company had won significant new regional private equity mandates from the British Business Bank.

Portfolio activity was driven partly by adding to cyclical stock holdings where share prices had fallen too far, including **Crest Nicholson** and **Marshalls** in the building sectors, insurer **Lancashire Holdings**, specialty chemicals supplier **Elementis**, recruiter **PageGroup** and property company **Warehouse REIT**. We always seek new opportunities to keep the portfolio fresh, and this year we started 10 new holdings. Within financials we started holdings in alternatives asset manager **Foresight Group**, where we see attractive medium term potential for growth in assets under management as infrastructure and renewables investment trends continue to look favourable, and **JTC**, the fund administration and services group which continues to execute on building its global footprint. A holding in **NIOX Group** was initiated in the year. This is a very well managed healthcare company that sells FENO (fractional exhaled nitric oxide) testing devices and consumables. The business has limited competition and is highly profitable. It can grow over the long term through further penetration of its products amongst respiratory specialists.

European Review	One year
Portfolio Performance	4.5%
MSCI Europe Ex UK Small Cap Index (net)	4.1%
FTSE All-World Developed Europe ex UK Index	9.5%

The European portfolio had a solid year and outperformed its benchmark due to good stock selection in the technology and consumer discretionary sectors. This was partially offset by adverse stock selection in industrials.

Strong performers within the portfolio included **ASM International** and **BE Semiconductor Industries**, which offer critical products in the manufacturing chain for semiconductors, and their shares soared 83% and 57% respectively. Results have been strong, assuaging fears of these companies being caught up in the industry-wide slowdown in semiconductor demand and both were clear beneficiaries of the growth of AI and cloud computing.

A number of consumer facing companies did well. **CTS Eventim** is the world leader in providing ticketing services for events such as concerts and will be the provider for the Paris Olympics. Results have shown very good growth following the difficult period during the COVID 19 related lockdowns. **Lotus Bakeries** has seen strong growth for its 'Biscoff' related products such as cookies, especially in the US. They also successfully passed on higher costs to their customers through price increases.

In financials, **Storebrand** benefits from a concentrated insurance and asset management market in Scandinavia. This helps client retention (leading to low marketing costs). Higher interest rates and better solvency enabled Storebrand to return more cash to shareholders. Long held **Ringkjoebing Landbobank** also operates in a concentrated market with only a small number of competitors in Danish banking. Results have been very strong and the quality of the loan book is excellent, enabling high returns on tangible equity. Within industrials, **Accelleron**, recently spun out of ABB, rallied 47%. It has a leading market position in the design and production of turbochargers that improve engine fuel efficiency. The OMT acquisition brings them into the fuel injection market, offering the company another exciting growth avenue. Swimming pool supplies company **Fluidra** announced better than expected results despite de-stocking in the sector, with cost savings also supporting profits.

On the negative side, the French cognac producer **Remy Cointreau** faced a perfect storm last year. We purchased our holding in early 2023 knowing that the US business was facing a near-term slowdown but appreciating that China could pick up the slack. Since purchase, the US continued to deteriorate and in China growth failed to materialise, with the company facing the additional headwind of the imposition of tariffs on imports. Whilst disappointing so far, we believe that end markets can recover given the quality of the company's products and brands. The valuation is also depressed and so we have kept our holding. Shares of high-pressure pumps and hydraulic equipment company **Interpump** fell 18%. The company suffered from customer de-stocking and challenging prior year comparisons. Similarly, inventory reduction and weak bicycle markets thwarted **MIPS**, the Swedish producer of helmet safety technology. **Coor**, the Swedish listed integrated facilities manager suffered from two contract losses and margin pressure as they struggled to pass on higher costs to their clients; the stock was down 41%. **SIG Group**, the food and beverage packaging specialist, reported subdued trading conditions in the Americas. Growth elsewhere however, was encouraging, especially in the Asia Pacific region. Switzerland

Surgical Science Sweden equipment is used by clinicians to practice surgical procedures such as a laparoscopy.

based life sciences equipment producer **Tecan Group** was held back by the wider funding pressures seen in the biotechnology industry. **Carel Industries**, which specialises in components and technology for air conditioners and refrigerators, suffered from lower demand in its heat pump and refrigeration businesses. **Schoeller-Bleckmann**, the Austrian-based oil field drilling equipment producer, delivered good results but the market seems a little concerned about the sustainability of these trends given increasing competition.

During the year we purchased a holding in **Elis**, the European leader in textile rental. The company has strong scale and local density advantages. It can grow through acquisitions and continued outsourcing by the industries it serves. In Germany we invested in **Stabilus**, the auto component supplier. It is transforming its end market exposure and now has a meaningful presence in the fast growing industrial automation sector but the improved quality of the business does not yet appear to be recognised by the stock market. A strong brand, good technology and competitive prices is helping **Nordnet** (a share trading platform in Scandinavia) to win new customers. The shares were bought at an attractive valuation. **Surgical Science Sweden**, a market leader in surgical simulation software generates recurring revenues and high margins. It should see continued growth from the increased adoption of robotic assisted surgery.

The aforementioned Lotus Bakeries has been a very successful investment for us. Following good results and positive coverage from the investment community, the valuation became too stretched for our liking and so we exited. We also sold **Alten**, the French IT consulting business, as demand seems to be weakening and results showed worryingly high costs. **Verallia**, the French glass bottle manufacturer which supplies the wine trade, has a strong business model but its market backdrop has become more challenging and we decided to sell. We retained our holding in its peer **Vidrala**, where the valuation looked more attractive. We also recently sold **Merlin Properties**, reflecting our concerns about the outlook for the office sector in Spain, reinvesting the proceeds in **Argan**, an industrial and logistics property developer, where the outlook seems brighter.

Japanese Review	One year
Portfolio Performance	10.1%
MSCI Japan Small Cap Index (net)	8.6%
Topix Index	18.6%

The Japanese portfolio was ahead of the MSCI Japan Small Cap Index. Similar to other markets, small caps underperformed large caps. In the financial year we came to the decision to sell our holdings in the **abrdn SICAV I - Japanese Smaller Companies Sustainable Equity Fund** and the **Baillie Gifford Japanese Smaller Companies Fund**. These funds had not performed well for some time. Following extensive due diligence, we decided to use the proceeds from these sales to invest in a portfolio of around 30 individual Japanese smaller company equities. We have been able to select these stocks directly, drawing on the skills of fund managers focusing on Japanese equities within Columbia Threadneedle Investments, who have a strong record of performance in this market. In addition to being a demonstration of the depth of the investment team within Columbia Threadneedle Investments, this change of approach will lower the cost of the management of the Company's exposure to Japan as the fee payable to Columbia Threadneedle Investments is lower than what was being incurred by holding the two funds which have been sold. We continue to hold our position in the **Eastspring Investments Japan Smaller Companies Fund** which represents just over half of our Japanese exposure now.

The new Japanese portfolio outperformed its benchmark from inception in September 2023 through to the financial year end. Good stock selection in the industrials, consumer discretionary and real estate sectors was partially offset by adverse stock selection in the information technology, materials and health care sectors.

The market warmed to the prospect of a semiconductor industry-led recovery in earnings at **Ebara**, a manufacturer of pneumatic and hydraulic pumps. **Niterra** manufactures spark plugs for the auto industry. Its shares did well as the company continued to win market share. **Sanwa Holdings**, a producer of building products, reported strong domestic profit and order growth. Negative real interest rates in Japan helped the real estate sector and **Tosei** was a beneficiary of this. Diversified trading house **Sojitz** announced an ambitious medium term plan that is more shareholder friendly. It also raised its dividend guidance. Regional banks such as **Gunma Bank** and **Nishi-Nippon Financial Holdings** delivered good results due to benign credit losses and the monetisation of non-core assets.

The slowdown in China made it a difficult period for **Rohto Pharmaceutical**, a manufacturer of pharmaceutical and cosmetics products. There were concerns over the balance sheet of **INFRONEER Holdings**, a provider of infrastructure construction services after the company made a large acquisition. **Daiwabo Holdings** distributes technology products. The company faced challenging comparatives this year and found it difficult to maintain the same level of activity as in the prior year. **QOL Holdings** (a pharmacy chain operator) and **JustSystems** (application software) released disappointing earning figures, with declines in profit margins in both businesses. Contracted medical services **Solasto** found it difficult to pass on higher IT and labour costs to its customers.

Recent purchases included pharmaceutical wholesale distributor **Toho Holdings**. The company has a strong competitive advantage as a consequence of scale and superior technology and this should lead to further market share gains. **Kinden** designs and builds infrastructure. It provides end-to-end services to its customers and has a strong project execution track record. Decarbonisation and rising spending on infrastructure projects can support earnings growth at this company. Both of these companies are becoming more shareholder friendly by increasing distributions. We thought the investment theses no longer applied for Solasto and personal care products business **MTG** so both of those holdings were sold.

Our holding in Eastspring Investments Japan Smaller Companies Fund (which represents just over half of our exposure to Japan) had another good year with value as a style outperforming growth by a wide margin. The fund outperformed its benchmark thanks to good stock selection in the industrials and financials sectors and by avoiding companies in the technology sector that were impacted by inventory rationalisation. Mis-pricings still exist in the Japanese market and the managers have been recently finding good opportunities within the technology sector and some of the more defensive parts of the market.

The Company's combined Japanese portfolio is attractively valued and well positioned to benefit from the trend of improving corporate governance in Japan.

Rest of World Review	One year
Portfolio Performance	10.8%
MSCI All Country Asia Pacific ex Japan Small Cap Index (net)	16.9%
MSCI EM Latin American Small Cap Index	14.5%

The Rest of World portfolio in the context of the Company mainly revolves around Asia, incorporating both developed and emerging markets, although we also have some exposure to Latin America and other regions outside of the main developed markets. In the year, returns from Asian small caps were somewhat better than larger stocks, pleasingly bucking the global trend, although our portfolio lagged.

We use third party managed collectives to gain exposure to these markets. Over the year, the best performer of our four holdings was **The Scottish Oriental Smaller Companies Trust**. This delivered a share price return of 11.2%, which would have been better had the discount not widened quite considerably. Performance was helped by its large exposure to India, where share prices have been supported by strong economic growth and increased investor interest in the stock market. The team have taken selective profits in this market following the run-up in valuations. Stock selection was also good, particularly in the consumer and real estate sectors. However, the company's overweight positions in Indonesia and underweight positions in information technology and Taiwan worked against it in the year. It continues in the main to provide us with a good exposure to fast growing and high quality consumer businesses in Asia, which should compound steadily over the years.

Utilico Emerging Markets Trust's NAV outperformed emerging markets and utilities indices but lagged the MSCI Emerging Markets Small Cap Index in the year. The company has holdings in several port operators that saw good volume growth in their markets. Operational performance from its investments in various electricity, water and telecommunication assets was also encouraging and exposure to data centre assets has been built up. An unlisted investment in an electric vehicle-related business took a write-down and this did impact negatively on performance. This remains a well-managed portfolio of infrastructure assets that should continue to benefit from increased investment in the years to come. This should result in rising dividends for shareholders over the medium term. As with The Scottish Oriental Smaller Companies Trust, a widening in discount held back the share price return for us in the year under review. Positively, both companies are buying back shares.

The **Pinebridge Asia ex Japan Small Cap Fund** delivered good stock selection in the year. However, this was more than offset by the fund's overweight and underweight positions in China and India respectively, which worked against it on a relative to benchmark basis. This positioning reflects the Pinebridge investment team's view that there are many more attractively valued opportunities presently in China compared to India. Performance improved as the year progressed and long term performance remains ahead of benchmark and peers.

The **Schroder ISF Global Emerging Markets Smaller Companies Fund** benefited from solid stock selection in Korea, China and the materials sector in the year. However, the fund was underweight to the outperforming Indian and Taiwanese markets and faced individual stock challenges in the technology sector, leading to portfolio returns that lagged the market.

We continue to keep other funds under review for the Rest of World portfolio but would want to retain only a short list of holdings to avoid over-diversification.

Outlook

With economic growth expected to continue at a solid rate, inflation slowly subsiding towards levels targeted by central banks and potential cuts in interest rates, the environment for stock markets looks constructive. Over the last few years, we have seen global equity market returns driven by the US and larger companies, particularly in the technology sector. This has created better relative opportunities in other regions and sectors and smaller companies in general. We have seen this sort of behaviour in the past and history tells us that leadership of markets tends to trend in cycles. We are optimistic that, in time, equity market returns will broaden to include the faster growing area of smaller companies and that our shareholders will benefit from this.

At the same time, the world economy and markets face several cross-currents and there are many uncertainties. 'Soft landings' have historically been difficult to engineer and we do not yet know if central banks have been successful in this regard. Inflation may prove persistent because of longer term factors such as deglobalisation and the increasing bargaining power of labour and there may still be knock-on effects from a period of higher interest rates. In addition, upcoming elections create uncertainty and geopolitical tensions may be here to stay. Against this backdrop of uncertainty, complacency has crept into pockets of the equity markets and in some cases investors are not being adequately compensated for the risks that they are bearing.

In the past the Company successfully applied the investment philosophy of taking a long term and conservative approach to investing in high quality businesses when they became available at attractive valuations. With the change in Lead Manager, shareholders should take comfort that this approach will not change. In the current environment where there is a wide range of possible outcomes, we are convinced that this investment philosophy is the right one to follow. In the future, following on from the partial in-sourcing of the Japanese portfolio, we will continue to look for opportunities to further leverage the additional investment capabilities available to us within Columbia Threadneedle Investments. In a gradual and pragmatic way, it is also our intention to look to slightly reduce the number of holdings in the portfolio in order to achieve the right balance between conviction and sufficient diversification.

We have confidence that over the coming years our diversified portfolio of businesses is well positioned to successfully navigate the obstacles that will inevitably appear and to create additional value for our shareholders.

Nish Patel
Lead Manager
25 June 2024

Investment Manager's
Investment Philosophy and Process

One of the attractions of the Company's investment mandate is the breadth of opportunities in the listed global smaller companies market, with many thousands of listed companies to choose from. This is a large, diversified universe of exciting opportunities and is not necessarily well researched or understood. This can present anomalies between price and value that we, as disciplined stock pickers, can take advantage of to deliver superior investment performance over the long term. Columbia Threadneedle Investments has significant assets under management and a large and experienced team of smaller company focused fund managers with significant support from globally located research analysts. As a result of this scale, we have excellent corporate access and are well placed to find exceptional investment opportunities.

Our philosophy towards investing is based on a belief that investing in high quality smaller companies, run by strong management teams, where the price we pay for our investment is attractive, will generate respectable risk adjusted returns for our shareholders. The team take a long-term, conservative approach to investing in this faster growth but higher risk asset class.

We look at each potential investment through the same lens. The starting point is an assessment of the core quality of the business franchise. This will usually be ascertained through rigorous analysis of the investee company and face to face meetings or calls with the management team, sometimes involving visits to business operations. We want to fully understand the business's product or service offering and whether it has sustainable competitive advantages over peers. In addition, we seek to understand the industry that potential investments operate in and the bargaining power of the company's customers and suppliers. Evaluation of these factors help us to determine if the company's financial returns are durable and if the business has pricing power; this is particularly important in an environment of higher inflation. We want companies that we invest in to have good cash flow characteristics as this indicates superior accounting quality, reduces the risk of funding difficulties and creates optionality for further growth. This also means that we will generally avoid conceptual and speculative companies without a track record of profitability. We like our holdings to have strong balance sheets as this promotes financial resilience. An appreciation of the Environmental Social and Governance (ESG) risks and opportunities around any potential investment is also a key part of our analytical work.

Assessing the quality of the management teams we partner with is a critical part of the overall investment process. Management teams of smaller companies have a crucial role to play in the evolution of their businesses. How they are motivated, rewarded and allocate capital is key to a company's development, for better or for worse. We want to invest alongside management teams who make good long-term decisions with a track record of operational success and are rewarded for doing so. We also want management teams to be open communicators with the financial markets. There will often be short-term challenges for smaller companies but those management teams which clearly identify the issues that they are facing, and how they are addressing them, will earn greater support over the long term.

While we believe the evolution of a company's profits and cash generation will ultimately be the principal determinant of shareholder returns, the fact is that many high-quality businesses with good management teams may become overvalued in the stock market. We therefore need to carefully assess the price at which it makes sense for us to invest. We do this by looking at a number of different metrics including historic multiples that the company and its peers have traded at in the stock market, the prospective growth rate of the business and recently negotiated transactions of similar businesses in the public or private markets. In addition, looking at projected cash flows and profits informs a view around the price that we should be happy to pay for the investment now.

Maintaining valuation discipline is crucial to long-term returns and often requires patience. Companies that reach our quality hurdle but do not appear attractively valued are placed on our watch list. This allows us to act quickly to buy in when the opportunity presents itself. We have also had many cases in the past where we have sold a stock on valuation grounds and then re-purchased it at a later stage when the shares have de-rated. The depth and

- Trends in metrics important
- Range of valuation measures used
- Repeatability of returns
- Conviction in value appreciation

- Capable operators
- Rational
- Good capital allocators
- Aligned interests
- Prudent
- Transparent with shareholders

- Well articulated model
- Competitive advantages
- Free cash flow generative
- Pricing power/scale
- Favourable industry structure/ conditions
- Financial strength
- Diversified customer/supplier/ product set
- ESG and Sustainability

Source: Columbia Threadneedle Investments

experience of the team in terms of monitoring many potential investments means that we are able to keep refreshing the investment portfolio when existing holdings reach or exceed our assessed valuations.

Ultimately this approach should lead to a portfolio of higher quality smaller companies with the following characteristics:

- Proven business models that have scale advantages, a superior product or offering, valuable brands or intellectual property
- Management teams that have the right balance of entrepreneurial flair, consistent operational delivery and rational capital allocation track records
- Higher growth rates, margins and returns on capital than the market
- Superior cash flow generation and strong balance sheets that provide resilience and opportunity for value added capital deployment

While individual stock decisions are obviously key, we spend a lot of time considering the balance of the investment portfolio both on an overall basis and across the regional portfolios. While, clearly, we want to skew investment towards faster growing areas where returns will be best, we also want the Trust to provide investors with a well-diversified portfolio. Previous periods of time such as around the year 2000 and in recent years have shown us the risks that can arise when investors become too focused on favoured sectors such as technology. Investing in the best opportunities within slower growing or more mature industries can often prove more lucrative.

The Company provides geographic diversification by investing in more than 40 countries in both developed and emerging markets. We monitor the geographic weightings of our portfolio against the Benchmark index, but the location of where a company is listed does not always provide a true indication of where it is exposed. From time to time a particular macro-economic issue or geopolitics may provoke us to change geographic allocations, though individual stock idea flow will tend to be more important in driving exposure changes.

In relation to our approach to investment in Japan and the Rest of World (Asia, Latin America and some other smaller markets outside of the main regions) we have for many years used third party managed collectives to gain exposure to these markets. As mentioned earlier in the report, during the last year and following an extensive period of due diligence, we decided to allocate a part of our Japanese market allocation to a team of portfolio managers focussed on Japanese equities within Columbia Threadneedle Investments. In the year ahead we will continue to keep the approach to investing in collectives under review and at the same time monitor the range of alternative funds that could be used within the portfolio.

Investment Case Study - WEX (North America)

WEX was founded in Maine in 1983, it is a leading provider of niche payment processing services for commercial and government customers in the transportation, health benefits and travel industries. The company's fuel payment cards enable over 600,000 customers with large vehicle fleets to closely monitor and reduce their expenditure on fuel.

WEX has invested heavily in technology and it has a long track record of successfully managing complex payment networks for its customers. Customers find WEX's technology platform easy to use and value the data and analytics that it produces. The trust that WEX has built with its customers over the years means that a high proportion of the company's revenues are recurring in nature. The business's very high profit margins have persisted over time and this is testament to its strong competitive position and the significant barriers that exist for a would-be rival to enter into this industry.

We initially met the company on a research trip in the US in 2010 when WEX was a smaller but highly cash generative business with ambitions to replicate their initial success in fuel payment cards in other verticals with similar characteristics, such as the administration and payment of employee health benefits and corporate travel expenses.

When we invested in WEX almost ten years ago, the quality of the business model was very apparent, however, at the time we believed that the stock market had underappreciated the growth opportunity ahead of the company and that the shares were undervalued as a consequence. The management team had a strong track record and its strategy to bolt new geographies and sectors on to the company's already established technology infrastructure seemed sensible and likely to work. We invested in the company at a 6% free cash flow yield, which we thought was attractive given the durability of the business model and the long term growth prospects on offer.

Since our initial investment, WEX's revenues and EPS have more than tripled. The electronic payments industry is growing at the expense of legacy manual processes and this provides a tailwind for WEX for years to come. Over the long term WEX's mobility business should continue to grow at a mid single digit percentage rate from the addition of new customers and products. Newer areas such as health benefits and travel offer faster organic growth as these areas are more complex and are underpenetrated. WEX also has the opportunity to acquire smaller competitors in the company's current markets.

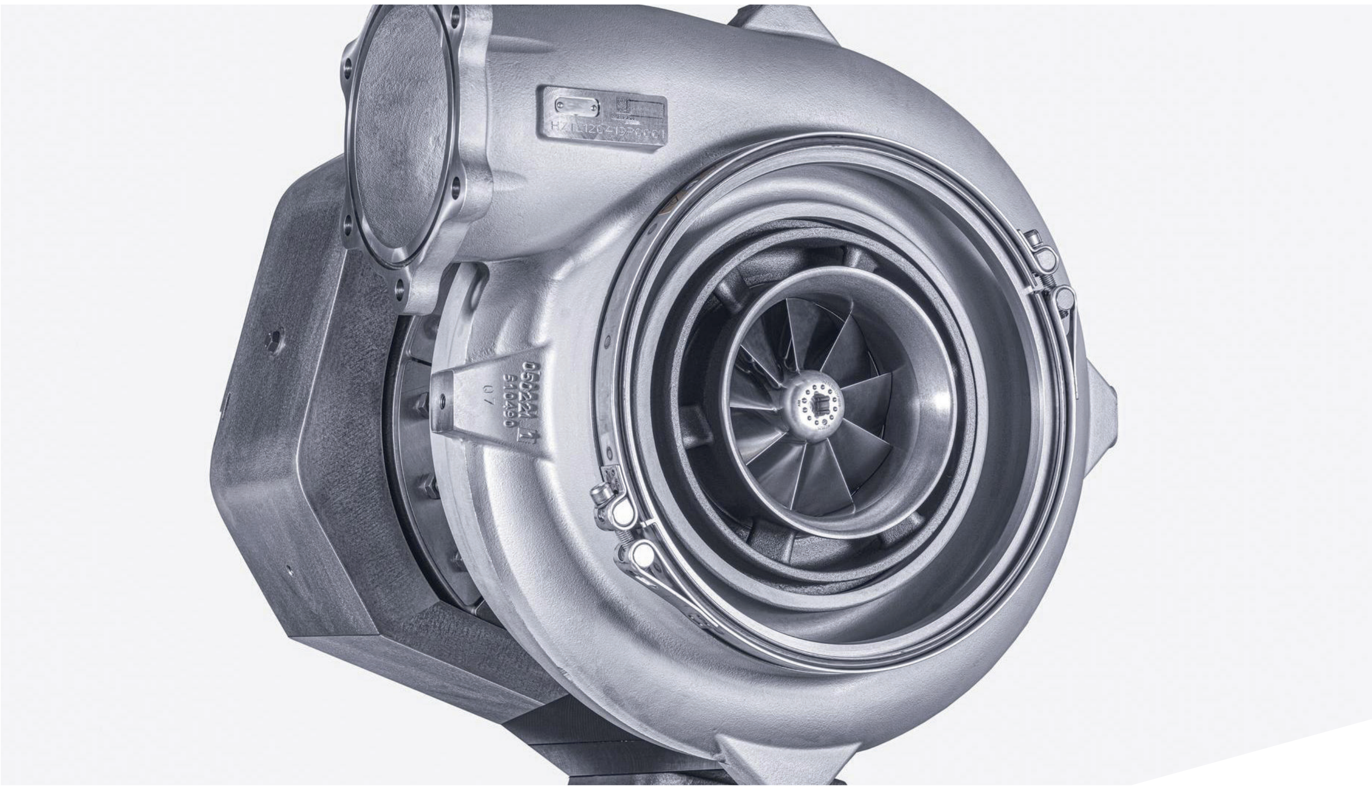
Investment Case Study - 4imprint Group (UK)

4imprint Group is mostly a US business that happens to be listed on the London Stock Exchange; it was founded in 1985 as Nelson Marketing in Indiana. It is a supplier of branded promotional products that are given away by companies to employees and potential or existing customers. These could be flasks, sweatshirts or screwdriver sets branded with their customer's logo. 4imprint Group designs, markets and sells the products, however the products themselves are manufactured, branded and distributed by third party suppliers.

4imprint Group is by far the market leader in selling to SMEs and has consistently grown its market share over time because of the company's very strong competitive advantages that are mostly related to scale. The business offers a wider range of products to its customers than its peers. Additionally, because of the company's significant purchasing power in a fragmented supply chain it can sell these products at very competitive prices. It is also the only business in its industry large enough to advertise on national television. Despite this strong position, the company's market share is only 5% in this very fragmented industry, leaving plenty of runway for further gains. In contrast to many high growth businesses that consume cash, 4imprint Group's capital light model has a history of generating free cash flow growth in excess of sales growth. The long tenured management team have a strong track record of operational execution and capital allocation.

We have owned the shares since 2015. When we initiated our holding in 4imprint Group, we believed that the shares were out of favour and undervalued because based on the company's history there was a misperception that it was a cyclical business with an onerous pension scheme. However, we discovered that the business had largely addressed these concerns. A shift in the marketing mix away from paper catalogues meant that the company could now be much more responsive in cutting costs if it saw a deterioration in demand. In addition, the management team used the company's prodigious cash generation to strengthen its pension position. Since purchase the company's sales have compounded at over 13% pa, well in excess of the industry. With more focussed marketing, profit margins have expanded significantly. Dividends have grown and the company's valuation has rerated to a more appropriate level. 4imprint Group has rewarded us with a total return over 800% over the last 9 years. We think there are plenty of growth opportunities left for the company to pursue in the years ahead.

Investment Case Study - Acceleron Industries (Europe)



Acceleron Industries was originally part of the Swiss industrial company ABB and was spun out through an IPO in October 2022. It develops, produces and services turbochargers and related components for engines in several off-highway sectors including marine, power, oil and gas and rail. The company's products are good for the environment in that they lead to lower usage of fossil fuels and a reduction in engine emissions.

Acceleron Industries pioneered turbocharger technology in 1924 and ever since then has continued to invest in research and development to further improve its offering and lower overall engine running costs for its customers. With approximately 40% to 60% market shares across the range from low to medium speed and high speed gasoline verticals, Acceleron Industries is by far the leader in the off-highway market. This is a lower volume, but more customised segment of the turbocharger industry. The business has highly visible and recurring revenues from its installed base of 180,000 turbocharger units that require regular servicing through the company's global service network. The quality of Acceleron Industries' business model shows up in consistently high profit margins and returns as well as strong cash flow generation.

The shares were undervalued at the time of our purchase because of technical factors as ABB shareholders sold their holdings in Acceleron Industries following the IPO. Given the company serves the fossil fuel powered engines industry, we believe there were also some investor misconceptions about the growth potential of the business and we were able to buy a holding at an attractive multiple of cash flow.

Decarbonisation and regulations related to energy efficiency create reliable growth tailwinds behind the company. In addition, management have an ambitious growth strategy that involves entering into the adjacent high speed diesel market, geographic expansion, development of new products and services and opportunistic acquisitions. As management execute on these exciting growth initiatives we have a high level of confidence that the company will be more valuable in the future.

Responsible Investment

We believe investing responsibly is fundamental to long-term wealth creation. The Company has not set out to be an investment trust with any ESG or sustainability characteristics, however we have a Manager that integrates the consideration of financially material environmental, social, and governance ('ESG') factors into its research and investment process and encourages stronger ESG practices to be adopted by issuers through its engagement and voting activities.

Our approach

We believe that good financial outcomes are more likely to be achieved if we fully understand the risks and opportunities that relate to the markets in which we invest. Integrating material ESG considerations into our investment research and stewardship can help inform our investment decision-making. We need to ensure the companies we invest in have a robust approach to managing financially material environmental and social risks. We also expect good governance practices which we believe better positions issuers to manage risks, identify opportunities, and deliver sustainable growth.

There are two strands to the Board's approach to responsible investment:

- The Company's own responsibilities on matters such as governance; and
- The impact the Company has through the investments that are made on its behalf by its Manager.

The Company's compliance with the AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on pages 52 to 53. In addition, the Principal Policies statement on pages 41 to 43 notes the Company's policies towards board diversity and inclusion, integrity and business ethics and the Modern Slavery Act 2015.

The Board recognises that the most material way in which the Company can have an impact is through responsible ownership of its investments. The Company has not set out to be an investment trust with any ESG or sustainable characteristics, however the Manager engages actively with the management of investee companies to encourage high standards of ESG practice.

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 towards 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 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 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. As a signatory the Manager aims to incorporate the consideration of financially material ESG factors into its investment processes.

ESG and the Investment Process

During 2023, as part of the integration of the Manager's business with Columbia Threadneedle Investments, the Manager undertook an extensive project to join all investment teams together on a single Order Management System (**'OMS'**). This was completed in October 2023 and helped to expand the availability of the Manager's ESG integration tools, through the combined OMS. These tools use data from many sources to enhance and inform the integration of ESG considerations into investment research, portfolio construction and risk monitoring, by giving a clear picture of the ESG considerations that are financially relevant to different investment opportunities. Key tools include:

- ESG materiality ratings;
- Sustainable Development Goals (**'SDG'**) mapping tool;
- Net Zero Framework;
- Good governance model;
- Exclusions framework; and
- Controversy rating.

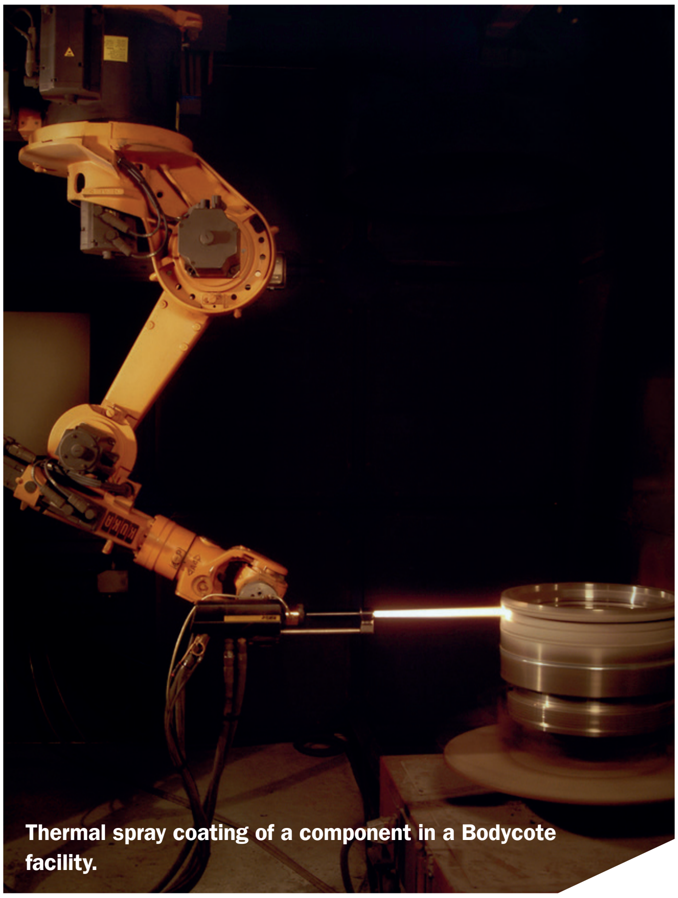
These tools mark a starting point for the Manager's ESG assessment and the Responsible Investment team at the Manager hosted training sessions on them as well as thematic

ESG topics. The Fund Manager works with the Responsible Investment analysts to ensure that those performing the work on individual investment opportunities for the Company 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.

Portfolio case study: Bodycote

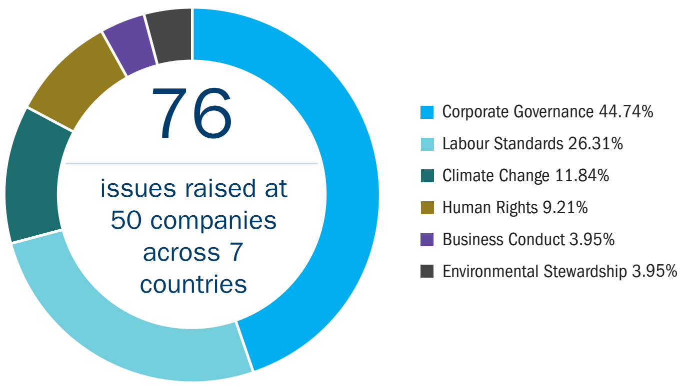
Where numerous industrial companies have now moved into the role of middlemen, in our view better energy management can be a valuable differentiator from competitors. We expect that this will become gradually more noteworthy as customers look to decarbonise their supply chain as GHG (Greenhouse Gases) emissions targets extend to consider Scope 3. In some cases companies will therefore opt to outsource energy inefficient parts of their processes.

Bodycote is a priority company for stewardship on decarbonisation. It has a valuable role to play in the industrial transition story. Bodycote offers third-party heat treatment services for customers in the energy, general industrial and aerospace and defence sectors. Bodycote reports that it can deliver its clients 10-40% reductions in emissions compared to if the customers had performed the process themselves. As regulatory pressures and stakeholder expectations around decarbonisation grow, we expect that companies will increasingly assess their supply chains for chances to reduce emissions. In our view service providers like Bodycote, which can evidence emissions reductions through their offerings, could find themselves well-positioned to capitalize on this.



Thermal spray coating of a component in a Bodycote facility.

Engagement



During the year ended 30 April 2024, the Responsible Investment team engaged with the management of 50 companies in the Company's portfolio, across 7 countries. The most common topics for discussion were corporate governance, labour standards and climate change. Examples of this engagement follow.

Engagement examples in the year:

Engagement
Martin Marietta Materials Martin Marietta Materials is a natural resource-based building materials company that supplies aggregates through its network of quarries and distribution yards and also provides cement and downstream products like mixed concrete and paving services. The Manager spoke to the CEO of Martin Marietta Materials about its climate strategy. The company has recently published its first scope 2 emissions targets, disclosed its Carbon Disclosure Project water and climate statistics for the first time, and set an ambition to be net-zero emissions overall. These are clear steps in the right direction from the management. The Manager also discussed the implications of the sale of the Hunter cement plant to CRH, which now leaves the company with only one cement asset in Texas. The Manager was curious to hear that Martin Marietta Materials say it is a marginal environmental positive to no longer hold the Hunter asset; as it will make the net-zero implementation more straight forward. The Manager encouraged more transparency around how the business is aligning its capital strategy at its last Texas cement plant with its net-zero trajectory. The Manager also suggested setting water targets.
Encompass Health Encompass Health is an owner and operator of inpatient rehabilitation hospitals in the United States. The Manager spoke with Encompass' General Counsel and Chief Investor Relations about a number of ESG topics. The Manager first asked whether the company would consider conducting a double materiality assessment to give more structure to its ESG strategy, to which the company informed us they will not. The company confirmed they will update their sustainability disclosures in the next few months. We reiterated it is normal practice to release an annual sustainability report, rather than ad-hoc updates and the company stated it will take this into consideration. The Manager commended the company's disclosure on DEI, in particular the comparison between its workforce diversity and the communities they serve. Overall, Encompass' staff match the demographics it serves, which the Manager views as positive. The company also shared that they will disclose their first EEO-1 form this year - something the Manager has engaged with the company on in previous conversations and we congratulated them on this step. Finally, the company also shared that its employee engagement results have significantly outperformed the healthcare benchmark, which we view as positive.
Genus Genus is a UK-based animal genetics company – Genus supplies cattle and pig farmers with breeding animals that possess desirable characteristics, enabling them to produce quality meat and milk. The Manager spoke to Genus' CFO and Global Lead Environment and Sustainability Manager on a number of social topics. The Manager encouraged the company to disclose its policy on antimicrobial resistance (AMR) – while the company is very restrictive when it comes to prescribing antibiotics (e.g. they do not use growth antibiotics) the Manager considers it important for them to be more transparent on this point given the significant health threat it represents. The company also shared more information on its employee surveys and efforts on DEI. The Manager encouraged the company to provide stakeholders with more high-level information on employee satisfaction in light of the materiality of human capital management in high-skilled sectors such as Genus'. The Manager also encouraged the company to increase efforts on inclusion and equity as we believe that the company could benefit from additional DEI targets across different levels of the organization beyond its target for women in management. Finally, the Manager discussed the company's human rights due diligence process with regard to modern slavery, which is a high risk area in agriculture. The company hires farm staff directly and not through hiring agencies and in the Manager's view has adequate processes in place to check for modern slavery and human trafficking. The Manager considered this call very constructive with the company receptive of our feedback.

Voting on portfolio investments

As noted previously, the Manager's Corporate Governance Guidelines set out 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 Stewardship Report 2023. This report is available at www.columbiathreadneedle.com. We expect the Company's shares to be voted on all holdings where possible. During the year, the Manager voted at 196 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 45% of all meetings. With respect to all items voted, the Manager supported over 91% of all management resolutions.

One of the most contentious voting issues remained compensation. Either by voting against or abstaining, the Manager did not support approximately 16% 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 fifth 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 of the total portfolio as data sources are limited, especially for smaller companies.

Coverage continues to improve, and this year data was available for 92% of the UK, European and North American portfolios by weight. The weighted average carbon intensity for these regional portfolios was 161.58 vs the combined relevant benchmarks carbon intensity of 117.08.

To remain consistent with previous disclosure we continue to report on carbon intensity at a regional level. For UK, European and North American regions at the end of April 2024, the carbon intensity of the holdings was 27% less, 48% less and 80% more respectively against the relevant benchmark.

The variation across regions 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; Eagle Materials, Martin Marietta Materials and Kirby.

Since the last report, we have intensified our focus on the materials and building supplies industry, given this sector's contribution to the overall carbon intensity of the Company's assets. This included the calls with Martin Marietta Materials as outlined earlier above.

We are pleased to see better coverage of smaller companies in this year's carbon intensity analysis. However, we are mindful that the data does not provide a full picture of climate risks as it does not capture the innovation that companies may be undertaking to find solutions and to enhance their future emissions. Due to the company specific complexities of understanding individual company emissions profiles, engagement is a key pillar of Columbia Threadneedle's approach.

In 2024 the Manager will continue focusing on its priority engagement themes: climate change; environmental stewardship; public health; labour standards; human rights; corporate governance and business conduct. The Manager will identify and prioritise companies for engagement based on a number of financially material factors including: the impact of ESG factors; the investment team's and research analysts' judgement and expertise; previous engagement track record and level of exposure.

(1) Carbon intensity – this is measured in tons of CO_2 equivalent (i.e. including the basket of six Kyoto 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).

Thirty Largest Holdings

30 April 2024	30 April 2023		% of total investments	Value £m
1	1	**Eastspring Investments Japan Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	5.0	45.5
2	2	**Pinebridge Asia ex Japan Small Cap Fund** Rest of World Fund providing exposure to Asian smaller companies.	3.8	34.4
3	4	**Schroder ISF Global Emerging Markets Smaller Companies Fund** Rest of World Fund providing exposure to Emerging Markets smaller companies.	3.7	33.3
4	5	**The Scottish Oriental Smaller Companies Trust** Rest of World Investment company providing exposure to Asian smaller companies.	3.5	32.0
5	6	**Utilico Emerging Markets Trust** Rest of World Investment company focusing on utility and infrastructure companies in Emerging Markets.	2.5	22.8
6	7	**Eagle Materials** United States A US producer of construction materials, including cement, aggregates, concrete, gypsum wallboard and recycled paperboard.	2.1	19.1
7	10	**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.	2.1	18.9
8	9	**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.	1.4	12.8
9	13	**Graphic Packaging** United States A vertically integrated producer of printed paperboard cartons for food and beverage products.	1.4	12.7
10	11	**Wheaton Precious Metals** United States A precious metals company receiving production royalties from mines operated by third parties.	1.4	12.6
11	8	**LKQ Corp** United States A distributor of alternative car parts.	1.3	11.8
12	14	**Brown & Brown** United States Insurance broker, now the fifth largest global independent company in the market.	1.3	11.7
13	25	**Curtiss-Wright** United States Producer of mission critical components, serving the aerospace, defence and power industries.	1.2	11.4
14	26	**Boot Barn Holdings** United States US retailer of western and work wear.	1.2	11.0
15	15	**Martin Marietta Materials** United States Aggregates and cement producer that serves the construction industry.	1.2	10.7

30 April 2024	30 April 2023		% of total investments	Value £m
16	18	**Avnet** United States Distributor of computer products, semiconductors and electronic components.	1.2	10.5
17	19	**WSP Global** Canada Canada based global engineering consultancy business.	1.1	10.1
18	24	**Encompass Health** United States Leading US provider of post acute care in facility and home based settings.	1.1	9.9
19	21	**WEX** United States An operator of payment networks.	1.1	9.8
20	22	**Spectrum Brands** United States A global consumer products company that through its subsidiaries sells personal care items, household appliances, specialty pet supplies and lawn and garden products.	1.0	9.3
21	36	**CDW** United States Information technology products and services provider.	1.0	9.0
22	16	**Amdocs** United States Outsourced IT services provider to telecommunications sector.	0.9	8.4
23	27	**Essential Properties Realty Trust** United States US based real estate company focused on service sector based tenants.	0.9	7.8
24	17	**Molina Healthcare** United States Managed care business providing health insurance in the US under government programs.	0.9	7.8
25	44	**Kitwave Group** United Kingdom Wholesaler and distributor of packaged food products.	0.8	7.7
26	33	**Webster Financial** United States A Connecticut, USA based mid sized bank that focuses on commercial lending.	0.8	7.6
27	35	**Bristow** United States Provider of helicopter services for global energy and air sea rescue markets.	0.8	7.5
28	63	**Ashtead Technology** United Kingdom Oil field services equipment sales and rentals.	0.8	7.0
29	43	**4imprint Group** United Kingdom Supplier of imprinted promotional merchandise.	0.7	6.7
30	47	**Hayward Holdings** United States Producer of residential swimming pool related equipment, systems and components.	0.7	6.6

The value of the thirty largest equity holdings represents 46.9% (30 April 2023: 46.0%) of the Company's total investments.

List of Investments

Quoted investments	Holding	30 April 2024 Value £'000s
UNITED KINGDOM		
4imprint Group	107,345	6,741
accesso Technology Group	355,419	2,346
Ascential	1,512,873	4,732
Ashtead Technology	858,357	7,013
Auction Technology	436,315	2,177
Baltic Classifieds Group	1,869,709	4,347
Begbies Traynor Group	2,479,195	2,678
Bodycote	349,543	2,429
Boku	1,794,329	3,104
Breedon Group	1,053,423	3,813
Bytes Technology	595,610	2,908
Clarkson	57,337	2,225
CLS Holdings	2,079,829	1,724
Crest Nicholson	1,554,833	2,889
Dalata Hotel Group	728,317	2,608
Dominos Pizza Group	925,027	3,014
Dowlais	1,833,225	1,498
Elementis	2,425,670	3,415
Essentra	1,186,292	2,095
FDM Group	504,173	1,739
Foresight Group Holdings Ltd	597,024	2,621
Gateley Holdings	1,311,229	1,573
GB Group	1,071,059	3,080
Genuit	829,448	3,621
Genus	108,368	1,942
Globaldata	1,337,952	2,823
Gooch & Housego	391,341	2,152
Hilton Food Group	232,636	2,131
Hollywood Bowl Group	1,279,552	4,363
Hostelworld Group	1,699,536	2,736
Ithaca Energy	1,678,910	1,988
JTC	288,947	2,468
Just Group	3,916,675	4,058
Keller Group	81,153	896
Kier Group	3,522,837	4,728
Kitwave Group	1,995,966	7,684
Lancashire Holdings	754,371	4,602
Loungers	1,416,587	3,400
Luceco	2,030,173	3,354
Marshalls	755,233	2,028
Mercia Asset Management	13,202,826	4,357
Moneysupermarket.com	827,539	1,779
Morgan Advanced Materials	1,201,969	3,774
Next 15 Group	543,512	4,875
Nexteq	1,561,225	2,342

Quoted investments	Holding	30 April 2024 Value £'000s
NIOX	3,343,470	2,340
On The Beach Group	1,363,764	1,969
OSB Group	1,147,625	4,712
PageGroup	603,167	2,691
Paragon Banking Group	393,204	2,811
Pebble Group	3,830,895	2,184
Pets At Home	646,295	1,888
Qinetiq Group	902,829	3,102
Rathbones Group	142,139	2,328
Redde Northgate	809,593	3,113
Ricardo	712,680	3,236
RWS Holdings	778,861	1,343
Shaftesbury Capital	4,122,816	5,553
SIG	2,919,953	764
Sirius Real Estate	3,686,284	3,585
Spire Healthcare	956,976	2,354
Team17 Group	838,141	2,137
Telecom Plus	201,303	3,495
Treatt	545,102	2,652
Trifast	2,587,636	1,993
TT Electronics	1,434,418	2,560
Tyman	1,118,415	4,216
Vesuvius	722,794	3,473
Victrex	138,337	1,751
Warehouse REIT	2,653,795	2,120
Watches of Switzerland	257,182	871
Workspace Group	835,492	4,157
Xaar	1,376,658	1,611
XP Power	163,561	1,796
YouGov	215,695	1,877
Zotefoams	884,126	3,448
TOTAL UNITED KINGDOM		225,000
EUROPE		
AUSTRIA		
Schoeller-Bleckmann	54,152	2,116
Total Austria		2,116
DENMARK		
Ringkjoebing Landbobank	25,975	3,509
Royal Unibrew	44,968	2,726
Total Denmark		6,235
FRANCE		
Argan	17,537	1,102
Elis	187,412	3,380
Lectra	91,800	2,501
Planisware	82,714	1,447
Remy Cointreau	18,320	1,399

Quoted investments	Holding	30 April 2024 Value £'000s
Total France		9,829
GERMANY		
CTS Eventim	56,408	4,003
Gerresheimer	31,137	2,680
Rational	4,228	2,878
Stabilus	48,972	2,438
Symrise	31,454	2,698
Total Germany		14,697
IRELAND		
Bank of Ireland Group	364,208	3,124
Glanbia	152,435	2,322
Total Ireland		5,446
ITALY		
Azimut	131,695	2,784
Carel Industries	141,031	2,281
Davide Campari	195,807	1,573
Interpump	81,493	2,856
Total Italy		9,494
NETHERLANDS		
ASM International	5,087	2,586
BE Semiconductor Industries	11,706	1,255
IMCD	16,419	1,994
Total Netherlands		5,835
NORWAY		
Atea	216,511	2,205
Nordic Semiconductor	188,946	1,675
Storebrand	409,702	3,159
TGS	146,762	1,346
Tomra Systems	121,265	1,204
Total Norway		9,589
SPAIN		
Fluidra	162,118	2,747
Vidrala	40,737	3,423
Viscofan	38,453	1,960
Total Spain		8,130
SWEDEN		
Avanza	85,094	1,484
Engcon	247,889	1,627
Hexpol	245,260	2,247
Indutrade	105,927	1,985
Karnov	611,685	2,938
MIPS	50,416	1,385
Nordnet	136,095	1,961
Sdiptech	132,369	2,730
Surgical Science Sweden	129,490	1,475
Thule Group	69,231	1,583

Quoted investments	Holding	30 April 2024 Value £'000s
Total Sweden		19,415
SWITZERLAND		
Accelleron	87,901	2,743
Inficon Holding	1,185	1,327
Kardex	11,579	2,460
Siegfried Holding	3,402	2,613
SIG Group	109,855	1,760
Tecan Group	8,465	2,410
Total Switzerland		13,313
TOTAL EUROPE		**104,099**
NORTH AMERICA		
CANADA		
SSR Mining	55,457	236
WSP Global	83,600	10,129
Total Canada		10,365
UNITED STATES		
Amdocs	125,485	8,408
American Vanguard	466,925	4,251
Avnet	268,208	10,459
Boot Barn Holdings	129,259	10,990
Bristow Group	357,401	7,510
Brown & Brown	179,953	11,719
Catalent	74,378	3,316
CDW	46,758	9,032
Cognyte Software	1,014,382	5,509
Curtiss-Wright	56,107	11,361
Dine Brands Global	52,108	1,836
Eagle Materials	95,179	19,057
Encompass Health	149,250	9,940
Essential Properties Realty Trust	372,137	7,828
FB Financial	129,998	3,803
Frontdoor	106,657	2,613
Genpact	201,944	4,956
GrafTech International	1,760,902	2,405
Grand Canyon Education	62,565	6,497
Graphic Packaging	616,525	12,728
GXO Logistics	140,559	5,575
Hayward Holdings	609,143	6,606
Healthcare Realty Trust	568,140	6,452
Jefferies Financial Group	159,689	5,492
Kirby	216,913	18,905
Kosmos Energy	1,401,147	6,345
LKQ Corp	341,545	11,775
Martin Marietta Materials	22,911	10,747
MaxLinear	232,843	3,862
Molina Healthcare	28,553	7,799

Quoted investments	Holding	30 April 2024 Value £'000s
MSC Industrial Direct	69,031	5,030
Nomad Foods	352,800	5,086
Plymounth Industrial REIT	394,962	6,583
PRA Group	302,849	5,752
Prosperity Bancshares	116,118	5,747
QuidelOrtho	66,280	2,146
Skechers USA	94,545	4,987
Spectrum Brands	142,545	9,320
Standex International	41,870	5,778
Stericycle	90,886	3,245
The Ensign Group	135,153	12,775
U.S. Physical Therapy	79,592	6,452
United Bankshares	206,665	5,357
Vail Resorts	22,562	3,414
Viavi Solutions	528,109	3,332
Vitesse Energy	266,058	4,709
Webster Financial	217,002	7,592
WEX	58,340	9,850
Wheaton Precious Metals	302,025	12,574
World Kinect	213,754	4,010
Total United States		361,515
TOTAL NORTH AMERICA		371,880
JAPAN		
Amano	79,000	1,522
Daiwabo Holdings	104,200	1,451
Eastspring Investments Japan Smaller Companies Fund	2,206,160	45,533
Ebara	23,900	1,588
Fujikura	183,700	1,363
Gunma Bank	219,400	1,068
Hosiden	133,200	1,332
INFRONEER Holdings	58,300	413
Justsystems	50,200	705
Kinden	52,400	801
Kokuyo	143,400	1,960
Macnica Holdings	21,700	775
Nichias	35,900	790
Nifco	27,200	527
Nippon Television Holdings	39,400	460
Nishi-Nippon Financial Holdings	199,800	2,021
Niterra	80,000	2,099
Nomura Real Estate Holdings	88,600	1,992
NSD	95,800	1,500
PAL Group Holdings	131,100	1,263

Quoted investments	Holding	30 April 2024 Value £'000s
QOL Holdings	131,200	1,183
Riken Keiki	33,800	667
Rohto Pharmaceutical	53,500	836
Sangetsu	86,100	1,464
Sankyo	155,000	1,350
Sanwa Holdings	71,800	943
SK Electronics	20,700	340
Sojitz	93,200	1,915
Sundrug	57,700	1,344
SWCC	38,200	809
Toho Holdings	40,600	775
Tokyo Steel	146,300	1,241
TOMY	131,200	1,682
Tosei	150,000	1,873
WingArc1st	96,400	1,311
TOTAL JAPAN		86,896
REST OF WORLD		
Pinebridge Asia ex Japan Small Cap Fund	51,345	34,412
Schroder ISF Global Emerging Markets Smaller Companies Fund	221,600	33,335
The Scottish Oriental Smaller Companies Trust	2,418,586	32,046
Utilico Emerging Markets Trust	10,101,596	22,830
TOTAL REST OF WORLD		122,623
TOTAL INVESTMENTS		910,498

The number of investments in the portfolio is 213 (2023:194).

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 Financial Statements or specified third-party data providers.

Assets
at 30 April

£'000s	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net assets (before debt)	441,086	555,092	591,602	767,979	872,704	904,220	761,515	1,051,029	1,000,086	911,462	**921,525**
Debenture and loans	10,000	–	–	–	24,000	34,052	35,000	43,521	54,782	52,027	**51,463**
Convertible Unsecured Loan Stock	–	38,129	38,410	34,697	21,873	15,549	–	–	–	–	**–**
Net assets	431,086	516,963	553,192	733,282	826,831	854,619	726,515	1,007,508	945,304	859,435	**870,062**

NAV with debt at par per share(i)
at 30 April

pence	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
NAV with debt at par per share (i)	84.2	97.3	99.8	128.3	138.4	141.7	120.3	175.0	172.0	163.7	**175.9**
NAV with debt at fair value per share	n/a	n/a	n/a	n/a	n/a	n/a	119.7	174.9	172.8	165.7	**178.1**
NAV (diluted) per share (i)	n/a	97	99.5	126.4	136.9	140.6	n/a	n/a	n/a	n/a	**n/a**
NAV total return % – 5 years											**34.6**
NAV total return % – 10 years											**136.6**

Share Price
at 30 April

pence	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Mid-market price per share (i)	84.0	98.0	100.1	127.3	137.5	134.6	111.0	168.6	156.2	144.6	**160.2**
Share price high (i)	88.0	102.5	102.4	129.9	141.5	149.5	150.0	168.6	177.0	162.2	**160.8**
Share price low (i)	74.5	78.5	85.9	94.7	126.5	122.0	78.8	104.2	142.6	122.4	**129**
Share price total return % – 5 years											**27.2**
Share price total return % – 10 years											**114.4**

Revenue return after tax
for the year ended 30 April

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Available for ordinary shares – £'000s	4,461	5,659	6,452	7,839	9,448	10,623	10,493	7,416	10,241	12,620	**14,560**
Return per share (i)	0.93p	1.09p*	1.18p*	1.38p*	1.59p*	1.76p*	1.73p	1.26p	1.82p	2.34p	**2.84p**
Dividends per share (i)	0.80p	0.97p	1.07p	1.23p	1.44p	1.65p	1.70p	1.75p	1.84p	2.30p	**2.81p(ii)**

* 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 2.13p at the 2024 AGM.

Performance

(rebased to 100 at 30 April 2014)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
NAV per share	100	115.2*	118.2*	150.1*	162.6*	167.0*	142.2**	207.7**	205.2**	196.8**	**211.5****
Mid-market price per share	100	116.7	119.2	151.5	163.7	160.2	132.1	200.7	186.0	172.1	**190.7**
Revenue return per share	100	117.2	126.9	148.4	171.0	189.2	186.0	135.5	195.7	251.6	**305.4**
Dividends per share	100	121.3	133.8	153.8	180.0	206.3	212.5	218.8	230.0	287.5	**351.3**(1)
RPI	100	100.9	102.2	105.8	109.4	112.7	114.4	117.8	130.9	145.8	**150.6**

* diluted
** NAV with debt at fair value
(1) Subject to approval of the final dividend of 2.13p at the 2024 AGM.

Costs of running the Company (ongoing charges/TER)

for the year ended 30 April

Expressed as a percentage of average net assets	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Ongoing charges*											
excluding performance fees	0.76%	0.79%	0.85%	0.84%	0.83%	0.79%	0.75%	0.78%	0.75%	0.79%	**0.78%**
including performance fees	0.78%	1.08%	0.85%	0.86%	0.83%	0.79%	0.75%	0.78%	0.75%	0.79%	**0.80%**
Total expense ratio											
excluding performance fees	0.50%	0.53%	0.51%	0.62%	0.60%	0.59%	0.59%	0.58%	0.58%	0.60%	**0.61%**
including performance fees	0.50%	0.74%	0.76%	0.62%	0.60%	0.59%	0.59%	0.58%	0.58%	0.60%	**0.61%**

Gearing

at 30 April	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Effective gearing	(1.3%)	4.8%	4.7%	3.4%	5.1%	4.6%	(0.6%)	3.8%	4.6%	5.2%	**4.7%**
Fully invested gearing	2.2%	7.4%	6.9%	4.7%	5.6%	5.8%	4.8%	4.3%	5.8%	6.1%	**5.9%**

Note: definitions of Alternative Performance Measures and a Glossary of Terms are provided on pages 102 to 107.

Purpose, Strategy and Business Model

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 invest in smaller companies worldwide in order to secure a high total return.

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 Manager 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 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 (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 54.

Our Manager's focus is on individual company opportunities. 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. Further information regarding the Manager's Investment Philosophy and Process are outlined on pages 18 to 22 and a full list of investments appears on pages 29 to 31.

Furthermore, as a listed closed-end investment company we are not constrained by asset sales to meet redemptions and therefore the Company is particularly well suited to long-term investment in smaller, less liquid companies. 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.

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 re-appointment is in the interests of shareholders. Columbia Threadneedle Investments is an organisation committed to helping establish a more sustainable financial system. It is one of the earliest adopters of the United Nations Principles for Responsible Investment (**'UNPRI'**) and in 2023, across each reporting module, it scored in line or above the investment management median. The Manager 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 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. Consequently, 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.

Overview
Chairman's Statement
Strategic Report
Governance Report
Auditor's Report
Financial Report
Notice of Meeting
Other Information

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 and Emerging Risks on page 38, 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 re-appointment decision was made are set out on page 50. The management fee is based on the value of the Company's net assets, thus aligning the Manager's interests with those of shareholders.

Managing Risks and Opportunities

We seek 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 portfolio; 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 the Company's financial performance from the Key Performance Indicators that are set out on page 40 and, on page 38, see what the Directors consider to be the Principal and Emerging Risks that it faces. 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 use 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 pages 41 to 43, whilst the Lead Manager's Review of activity in the year can be found on page 8. 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 39 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

From the start of August 2005, Peter Ewins was the Lead Manager on behalf of our Manager, 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. Peter will retire this summer and with effect from 1 May 2024 Nish Patel succeeded Peter as the Lead Manager. Nish was appointed joint Lead Manager, alongside Peter with effect from 1 January 2024 and has worked closely with Peter for a long period of time, managing assets for the Company for more than 15 years. 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, European and Japanese 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 on the optimal communication of the Company's investment proposition. This year, we have continued to work with the Manager to enhance the public profile of the Company across different media channels. This has included a PR campaign with an external consultancy firm, greater use of video content on the Company's website, alongside several podcasts and webinars. The use of webinars in particular allows direct interaction with engaged retail investors and the Investor Meets Company platform was again used in the year for this purpose. Columbia Threadneedle Investments has continued to actively market its range of investment trusts during the year and the Manager has also been on a number of regional roadshows to meet wealth managers, both existing and potential new holders.

Key Stakeholders

Whilst we hold our Manager to account for 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 and marketing. The relationships that our Manager has with the companies in which we invest are of key importance and we outline our approach on pages 18 to 22.

Albeit not in the traditional sense, we see our shareholders as clients 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 savings plans and the Child Trust Fund and Junior ISA accounts. The Child Trust Funds have now begun to mature, meaning that, as each child turns 18, they have full control over their holdings. As these accounts reach maturity, our focus is on keeping as many of these young investors with us as possible. The Manager writes to parents ahead of their account maturity dates explaining the options and opportunities available to them. Once 18, the young investor receives communications on options available to them, and then quarterly reminded with their valuation statement. Retention rates are currently in line with expectations.

With regard to our shareholders more generally, we engage by reporting our activities and performance through the publication of our half-year and annual reports. Most shareholders and savings plan investors prefer not to receive such detailed information. To avoid them losing this essential line of communication, we instead make available a short notification summary covering the main highlights of our half-year and annual results. Shareholders and savings plan investors can access the full information on our website as shown on page 1. 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 Company's 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 whom we keep informed through our monthly covenant compliance reporting in the first instance. 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 during the year.

Promoting Success

Section 172 Statement

Section 172(1) of the Companies Act 2006 (**'Section 172'**) requires that a Director must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and, in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long-term; the interests of the Company's shareholders; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Directors have continued to act to promote the success of the Company for the benefit of its shareholders as a whole and in so doing, they have had regard to the matters set out in Section 172. 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 34, we have no employees, premises, assets or operations. Details of our key stakeholders are noted on pages 35 and 36. 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 8 to 17. On pages 23 to 26 we have again reported 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 €6.8m, ¥557.5m and $9.8m (in total, the equivalent of £16.5m) of our £35m multi-currency revolving credit facility. The blended rate on this facility and the £35m private placement notes 2039 is 3.1%, which leaves us well placed to enhance investment returns over the long term and build on our performance record.

One of our Key Performance Indicators is dividend growth. This year has again seen our investment income grow, allowing us to once again increase the dividend significantly. This extends our record to 54 years of consecutive annual increases.

We bought back 30.2m shares in the year with the discount being over 5% throughout this period. We would only re-issue shares from treasury if the share price is at 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 or premium 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 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 and Emerging Risks

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. This includes near-term risks such as those posed by the recent integration of the Manager's business with Columbia Threadneedle Investments and longer-term risks, such as climate change. The consequences for the Company's strategy, business model, liquidity, future prospects and long term 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 57 and in note 23 to the financial statements. 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. Russia's invasion of Ukraine and increased conflict in the Middle East have added to the continuing economic and market uncertainty and political instability, with elections in the UK and US also on the horizon. 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

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 reviews and monitors the services provided and the effectiveness of service providers' processes through the review of internal controls reports and 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 and the war in Ukraine. **Unchanged throughout the year.**	Under our Business Model, a manager is appointed with the capability and resources 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 40.**
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 or the significant rise in inflation could lead to falls and volatility in the Company's NAV. **Unchanged throughout the year but this risk has remained heightened.**	The Board has established share buy-back 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 40.**

and viability were those relating to 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 35.

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 2024, the Board assessed the risks of:

- Sustained high levels of inflation.
- 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, potential effects of regulatory changes and the potential threat from competition. The Board's conclusions are set out under 'Long-Term Viability: Five Year Horizon'.

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 its own 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 and as such, this risk is unchanged.

Columbia Threadneedle Investments 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, private clients and institutions across the country. Detailed reports provided by the Lead Manager have been reviewed by the Board at each of its meetings. Strong operational performance from the investment portfolio over the year has resulted in the dividend for the year increasing by 22.2%. In overall terms, 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 although it did fall during the period. During the course of the year, the Manager has continued to increase marketing activity over a number of channels and has enhanced the messaging around the core investment proposition. This activity aims to stimulate demand for the Company's shares from existing and new investors. Given the continued higher prevailing discount level the risk is considered to have remained heightened during the year.

Long-Term Viability: 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 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.

Key Performance Indicators

The Board uses a number of performance measures to assess its performance in meeting the Company's objective of securing a high total return. This is driven by NAV and share price performance, the Premium/Discount to NAV, Ongoing Charges and Dividend Growth, as well as regional performance against local benchmarks set out on page 9. Detailed commentary on these measures can be found in the Chairman's Statement and Lead Manager's Review. The key performance indicators are set out below.

Performance: Total return[1]

	1 Year %	3 Years %	5 Years %	The Board's policy is to secure a high total return
NAV total return	9.0	5.5	34.6	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	11.3	5.6	39.8	
Share price total return	12.7	(1.0)	27.2	

Source: Columbia Threadneedle Investments 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
2024	(10.0)	This is a measure of the divergence between the share price and the NAV per share. The Company issues shares or sells shares from treasury 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.
2023	(12.7)	
2022	(9.6)	
2021	(3.6)	
2020	(7.3)	

Source: Columbia Threadneedle Investments and Refinitiv Eikon

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

At 30 April	% (excluding performance fees of underlying funds)	% (including performance fees of underlying funds)	The Board's policy is to control the costs of running the Company
2024	0.78	0.80	This measures the running costs of the Company (including the ongoing costs of underlying funds and where applicable their performance fees) as a percentage of the average net assets.
2023	0.79	0.79	
2022	0.75	0.75	
2021	0.78	0.78	
2020	0.75	0.75	

Source: Columbia Threadneedle Investments

Dividend growth

	1 Year %	3 Years %	5 Years %	The Board aims to continue its progressive dividend policy
Dividends	22.2	60.6	70.3	This compares the Company's dividend growth rate to the rate of inflation.
Retail Prices Index	3.3	27.9	33.6	

Source: Columbia Threadneedle Investments and Refinitiv Eikon

(1) See Alternative Performance Measures on pages 102 and 104
(2) See Glossary of terms on page 105 for explanation of Benchmark

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 change to the investment policy of the Company can only be made with the prior approval of shareholders by way of an ordinary resolution at a general meeting.

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.

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 8 to 17 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.

Investment Objective

The Company's investment objective is to invest in smaller companies worldwide in order to secure a high total return.

Investment Policy

The Company pursues this investment objective by investing in a large number of stocks in various industry sectors and geographic locations. There are no specific sector or geographical exposure limits. Whilst the Company has a global orientation, its objective is to find attractively valued investment opportunities wherever they may be and it is therefore not constrained to mandatory weightings per geographic region.

The Company invests mainly in quoted equities, including those quoted on the Alternative Investment Market. It is able to invest in other types of securities or assets, including collective funds. Investments in unquoted securities can be made with the prior approval of the Board. No transaction can be made which would result in a holding of the Company exceeding 10% of the value of the total portfolio. Derivative instruments, such as futures, options, and warrants, can be used for efficient portfolio management up to a maximum of 10% of the NAV at any one time.

The Company can borrow in either sterling or foreign currencies. Effective gearing is limited, in normal circumstances, to a maximum of 20% of shareholders' funds. The Company's portfolio can also be hedged for currency movements.

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%.

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 and Emerging Risks reviews noted on page 38. The consistent application of this policy has enabled the payment of an increased dividend every year for the past 54 years.

Discount/Premium

The Board operates a share buy-back 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 they are trading at a premium to the NAV per share, with a view to moderating the premium and any associated volatility. As with share buy-backs, such issues are only made when accretive to the NAV.

Board Diversity and Inclusion

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 Board is conscious of the diversity targets set out in the FCA Listing Rules and the Board complies with the AIC Code of Corporate Governance in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company. 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, physical ability, educational, professional or socio-economic background. The Board is committed to maintaining the highest levels of corporate governance in terms of independence and would normally expect the Directors to serve for a nine-year term, although this may be adjusted for reasons of flexibility and continuity. As each of the Audit and Management Engagement Committee and Nomination Committee comprise all of the Directors, the diversity policy applied to the Board generally applies equally to each of the Company's Committees.

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.

In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board is required to disclose on a 'comply or explain' basis whether it has met the following targets: (i) at least 40 per cent. of the Board should be women; (ii) at least one of the senior board positions should be held by a woman; and (iii) at least one member of the Board should be from a minority ethnic background. The Board has provided the information set out in the following tables in relation to diversity; the data for which has been obtained through the completion of questionnaires by the individual Directors. As is shown, the Company has met the targets.

Board Gender as at 30 April 2024(1)

	Number of board members	Percentage of board members	Number of senior positions on the Board(3)
Men	3	50%	–
Women	3	50%(2)	2(4)
Not Specified /Prefer not to say	–	–	–

(1) The Company has opted not to disclose against the number of Directors in executive management as this is not applicable for an investment trust which does not have the roles of CEO or CFO.
(2) This meets the Listing Rules target of 40%.
(3) The senior positions on the Board consist of the Chairman and the Senior Independent Director. The position of the Chairman of the Audit and Management Engagement Committee is held by a woman however this is not currently defined as a senior position under the Listing Rules.
(4) This meets the Listing Rules target of at least one of the senior positions on the Board being held by a woman.

Board Ethnic Background as at 30 April 2024[1]

	Number of board members	Percentage of board members	Number of senior positions on the Board[3]
White British or other White (including minority white groups)	4	66.6%	2
Mixed/Multiple Ethnic Groups	1	16.7%[2]	–
Asian/Asian British	1	16.7%[2]	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not Specified/Prefer not to say	–	–	–

(1) The Company has opted not to disclose against the number of Directors in executive management as this is not applicable for an investment trust which does not have the roles of CEO or CFO.
(2) This meets the Listing Rules target that at least one board member should be from a non-white ethnic background.
(3) The senior positions on the Board consist of the Chairman and the Senior Independent Director.

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 we hold, our culture and the rationale for the appointment of our Manager are explained on page 34. The Manager is an organisation committed to respecting human rights and stands against all forms of slavery and human trafficking. In the year under review, 35.5% of engagements with the companies in the Company's portfolio raised social themes, including human rights and labour standards. 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
25 June 2024

Directors

The Board of Directors comprise left to right: Anja Balfour, Graham Oldroyd, Nick Bannerman, Bulbul Barrett, Randeep Grewal 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 and was formerly chair of Schroder Japan Trust plc until December 2022.

Other appointments: Anja is a non-executive director of AVI Global Trust PLC and a non-executive Director of Scottish Friendly Assurance, where she chairs the Investment Committee.

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 MCF Limited and he is a non-executive director of Tunstall Integrated Healthcare Holdings Limited and Videndum plc.

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.

Bulbul Barrett

Appointed to the Board on 1 December 2023.

Experience and contribution: Bulbul was previously Head of the Equities Product Group at DBS Bank Ltd London Branch and has over 30 years' experience with corporates and investment managers, having formerly been Head of Sales, MD Asian Equities at HSBC, Executive Director, Asian Equities at Goldman Sachs, Director of Asian Equities at UBS and Associate Director, Asian Equities at WI Carr.

Other appointments: Bulbul is a Governor of Bradford College.

Randeep Grewal

Appointed to the Board on 1 December 2023.

Experience and contribution: Randeep has extensive experience as a fund manager and analyst, having held the roles of Portfolio Manager at Trium Multi-Strategy Hedge Fund, Senior Portfolio Manager at F&C Asset Management, Analyst at ICAP Equities and Senior Analyst and Portfolio Manager at Tudor Capital. Prior to the above, Randeep was an NHS Doctor, having trained as a vascular surgeon.

Other appointments: Randeep is a non-executive director and chairman of Bellevue Healthcare Trust plc and is a non-executive director of The Monks Investment Trust PLC and Hox Therapeutics Limited.

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 chartered accountant and has a strong accounting and financial background. She also brings leadership skills from her other non-executive director and chairmanship roles. She was formerly chairman of JPMorgan European Growth & Income plc.

Other appointments: Jo is a non-executive director of Alliance Trust PLC and Bellevue Healthcare Trust PLC.

All the Directors are members of the Audit and Management Engagement Committee and the Nomination Committee. With the exception of Jo Dixon and Randeep Grewal who are both non-executive directors of Bellevue Healthcare Trust PLC, no other Director has a shared directorship elsewhere with other Directors.

Directors' Report

The Directors submit the Annual Report and Financial Statements of the Company for the year ended 30 April 2024. Applying the principles of the AIC Code, the Chairman's Statement on corporate governance, the Directors' biographies, the Reports of the Nomination Committee and Audit and Management Engagement Committee and the Directors' Remuneration Report all form part of this Directors' Report.

Statement Regarding the Annual Report and Financial Statements

The Directors consider that, following a detailed review and advice from the Audit and Management Engagement Committee, the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides 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 Annual Report and Financial Statements for the purposes of this assessment. The market outlook for the Company can be found on pages 6, 7 and 17. Principal and emerging risks can be found on page 38 with further information on financial risks in note 23 to the financial statements. 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 financial statements. Subject to shareholder approval at the Annual General Meeting (**'AGM'**) (**Resolution 4**), the recommended final dividend of 2.13 pence per share is payable on 20 August 2024 to shareholders on the register as at the close of business on 12 July 2024. This, together with the interim dividend of 0.68 pence per share, makes a total dividend of 2.81 pence per share and represents an increase of 22.2% over the comparable 2.30 pence per share paid in respect of the previous year. See note 9 to the financial statements.

Company Status

The Company is registered as a public limited company and is 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. The Company's Articles of Association may only be amended by the passing of a special resolution at a general meeting of the Company.

Taxation

As set out on page 43 and in note 7 to the financial statements, 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.

UK Financial Sanctions and Prevention of the Facilitation of Tax Evasion

The Board is fully committed to complying with all legislation, regulation and relevant guidelines including those relating to the UK financial sanctions regime in the context of the Company's business and also the UK's Criminal Finance Act 2017, designed to prevent tax evasion in the jurisdictions in which the Company operates. Professional advice is sought as and when deemed necessary.

Greenhouse Gas Emissions and Taskforce for Climate-Related Financial Disclosures ('TCFD')

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. Further information on the Company's approach to Climate change can be found on page 23.

In accordance with the regulations set by the Financial Conduct Authority, a disclosure specific to the Company's portfolio will be published on the Manager's website. This report will provide data on the portfolio's carbon footprint and the largest individual contributors to it by individual issuer and sector as well as the overall net zero alignment of the portfolio.

Under Listing Rule 15.4.29(R), the Company, as a listed closed-end investment company, is exempt from complying with the TCFD.

Accounting and Going Concern

The financial statements, starting on page 72, 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 financial statements. The unqualified auditor's opinion on the financial statements appears on page 66. Shareholders will be asked to approve the adoption of the Report and Financial Statements 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 Auditor

Each of the Directors confirms that, to the best of their knowledge and belief, there is no information relevant to the preparation of the Annual Report and Financial Statements of which BDO LLP (**'BDO'** or the **'auditor'**) is unaware and they have 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.

Re-appointment of Auditor

BDO has indicated its willingness to continue in office as auditor to the Company and a resolution proposing its re-appointment and authorising the Audit and Management Engagement Committee to determine its remuneration for the ensuing year will be put to shareholders at the AGM (**Resolutions 10 and 11**). Further information in relation to its re-appointment can be found on page 59.

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 2024 there were 620,533,770 ordinary shares of 2.5p each (**'ordinary shares'**) in issue, of which 125,835,954 were held in treasury. As at 20 June 2024 (being the latest practicable date before publication of this report) the number of ordinary shares held in treasury was 133,195,494.

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 financial statements. 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 Buy-back of Shares

At the annual general meeting held on 28 July 2023, shareholders authorised the Board to issue new ordinary shares or to sell shares from treasury up to 10% of the number of shares 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 2024 and 20 June 2024, 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 30,210,332 shares with a nominal value of £755,258 were bought back by the Company during the year, to be held in treasury, at prices between 129.11 pence and 161.12 pence and at an average price of 148.22 pence for a total consideration, including stamp duty and commissions, of £44,777,000. The shares bought back represented 5.76% of the shares in issue (calculated exclusive of any shares held in treasury) at 30 April 2023. The share buybacks in the year enhanced the NAV per share by approximately 0.91 pence. A further 7,359,540 shares have been bought back and placed into treasury since the year end.

Voting Rights and Proportional Voting

As at 20 June 2024 there were 620,533,770 ordinary shares listed, of which 133,195,494 shares were held in treasury. Therefore the total voting rights in the Company as at that date were 487,338,276.

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 668,000 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 2024 and since that date no notifications of significant voting rights have been received under the FCA's Disclosure Guidance and Transparency Rules.

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, €6.8m, ¥557.5m and $9.8m (in total, the equivalent of £16.5m) 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. Further information is provided in notes 12 and 14 to the financial statements.

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 62 to 64 provides detailed information on the remuneration arrangements for Directors of the Company. Shareholders are asked to approve the Remuneration Policy and the Directors' Remuneration Report annually. There have been no changes to the Remuneration Policy since it was last approved by shareholders at the AGM on 28 July 2023. 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 recent 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. It is noted that Randeep Grewal, who was appointed to the Board on 1 December 2023, and Jo Dixon have an overlapping external directorship as both are non-executive directors of Bellevue Healthcare Trust plc, another listed company. Jo Dixon will retire at the conclusion of the Company's forthcoming AGM. The Nomination Committee has assessed this and concluded that neither this, nor any other external directorships held by the Directors, present a conflict or impacts their independence. 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 2024 to consider strategic issues and also met regularly in private sessions, without any representation from the Manager. In addition to its scheduled annual meeting, the Nomination Committee met on several other occasions as part of the process to recruit two new Directors.

Directors' attendance

	Board	Audit and Management Engagement Committee	Nomination Committee
No. of meetings	6	3	1
Anja Balfour[(1)]	5	2	1
Nick Bannerman	6	3	1
Bulbul Barrett[(2)]	3	2	n/a
Jo Dixon	6	3	1
Randeep Grewal[(2)]	3	2	n/a
Graham Oldroyd[(1)]	6	3	1
David Stileman[(3)]	4	2	1

(1) From 8 November 2023 until 18 February 2024, Graham Oldroyd was the interim chairman in place of Anja Balfour
(2) Appointed on 1 December 2023
(3) Retired on 11 December 2023

Election/Re-Election of Directors

The names of the Directors of the Company, along with their biographical details, are set out on page 45 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.

With the exception of Bulbul Barrett and Randeep Grewal, who were both appointed on 1 December 2023 and David Stileman who retired on 11 December 2023, all Directors held office throughout the year under review.

In accordance with the Company's Articles of Association, any Director appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election. Accordingly, Bulbul Barrett and Randeep Grewal will retire at the AGM, being the first such meeting following their appointment and, being eligible, offer themselves for election (**Resolution 7 and 8**).

In accordance with the AIC Code, the Board has agreed that all Directors will retire annually. Jo Dixon is not standing for re-election and will retire at the conclusion of the forthcoming Annual General Meeting. Accordingly, Anja Balfour, Nick Bannerman and Graham Oldroyd will retire at the AGM and, being eligible, offer themselves for re-election. (**Resolutions 5, 6 and 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

With effect from 1 May 2023, a tiered element to the management fee was introduced. The Manager is paid a management fee at the rate of 0.55% per annum of the Company's net asset value up to £750m, excluding any investments made in third party collective funds and at the rate of 0.5% per annum (up to 30 April 2023: 0.55%) of the Company's net asset value in excess of £750m, excluding any investments made in third party collective funds. Any investments made in third party collective funds are subject to a charge of 0.275% per annum of their market value. The management fee is calculated and paid monthly in arrears.

The amount charged in the year under review was £4,198,000, a decrease of 3% from the £4,329,000 charged in the year to 30 April 2023.

Note 4 to the financial statements 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 and its peers, 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 8 to 17.

Manager Re-appointment

The annual evaluation that took place in April 2024 included presentations from the Joint Lead Managers 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 ahead of the Benchmark over the ten years to 30 April 2024.

In light of the long-term investment performance of the Manager and the quality of the overall service provided, the Audit and Management Engagement Committee 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 Viewing

The Company's AGM will be held at The Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA, on Tuesday 13 August 2024 at 12.00 noon. The meeting will also be streamed live on the internet so that those shareholders who cannot attend in person will be able to view the proceedings. The broadcast can be viewed by registering here: https://www.investormeetcompany.com/the-global-smaller-companies-trust-plc/register.

We encourage shareholders who cannot attend 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 £1,218,345.68 (48,733,827 ordinary shares), being equivalent to approximately 10% of the Company's issued share capital (calculated exclusive of the shares held in treasury) as at 20 June 2024, being the latest practicable date before the publication of the Notice of AGM. The authority and power will expire at the conclusion of the annual general meeting to be held in 2025 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 £1,218,345.68 (representing approximately 10% of the issued ordinary share capital of the Company as at 20 June 2024, 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 41 to 43 or should any other favourable opportunities arise to the advantage of shareholders. 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 on 28 July 2023 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 2024 was 52,654,956 shares or 10.64% 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 73,052,007 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 policies set out on pages 41 to 43. Under the Act, the Company is permitted to hold its own shares in treasury following a buy-back, 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) 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 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. This authority will expire at the conclusion of the annual general meeting to be held in 2025 or, if earlier, 15 months from the passing of the resolution. 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 receive a form of proxy for use at the AGM. You will also have the option of lodging your proxy vote electronically at www.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 receive 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 48.

All forms of direction should be submitted as soon as possible in accordance with the instructions thereon and, in any event, not later than 12.00 noon on 6 August 2024, 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
Columbia Threadneedle Investment Business Limited
Company Secretary
25 June 2024

Chairman's Statement
on corporate governance

Dear Shareholder,

On page 45 you will find summary 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 1. 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 62 to 64 and in note 5 to the financial statements.

The Company has appointed the Manager to manage the investment portfolio 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 35 and in the Report of the Audit and Management Engagement Committee in respect of risk management and internal control on page 57. 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 35.

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 Board and Committees

The Board comprises six directors and maintains plans for orderly succession, ensuring that the right balance of skills, experience, knowledge, independence and diversity are in place for the Board to operate effectively, as a whole. The Board currently meets the diversity targets set out in the FCA Listing Rules as shown on page 42.

All Directors are members of the Audit and Management Engagement Committee and the Nomination Committee and this is noted under the Directors' biographies on page 45, 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 57. The Board considers that, given its size, it would be unnecessarily burdensome to establish separate committees which did not include the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise.

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

We have considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the **'UK Code'**), as well as setting out additional provisions on issues that are of specific relevance to the Company. Also, there are two main differences. In the AIC Code, both the nine year limit on chair tenure and the restriction on the chair of the Board being a member of the Audit Committee have been removed.

Anja Balfour, the Chairman, was appointed to the Board on 1 June 2015 and then as Chairman on 30 July 2020 and at the date of this report has now served for more than nine years. As set out in the Report of the Nomination Committee, a succession plan for the Board is in place to ensure continuity of corporate knowledge and culture of the Board. The tenure policy relating to the Directors, which includes the Chairman, is set out on page 60.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders. By reporting against the AIC Code, the Company meets its obligations in relation to the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such does not need to report further on issues contained in the UK Code which are not relevant to it as an externally managed investment company.

The Board considers that the Company has complied with the recommendations of the AIC Code, noting that provisions relating to the role of the Chief Executive, executive directors' remuneration, the need for an internal audit function and workforce engagement are not relevant to 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. As explained in the Report of the Audit and Management Engagement Committee, the Chairman of the Board is also a member of this Committee, as permitted by the AIC code. Therefore, with the exception of the need for an internal audit function, which is addressed on pages 57 and 58, 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
25 June 2024

Applying the principles of the AIC code

Company Purpose

Information relating to the Company's purpose, values and culture can be found on page 34.

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 41 to 43) 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 Manager, 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.

Currently, Jo Dixon is the Senior Independent Director and 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. Jo Dixon will retire following the conclusion of the forthcoming AGM on 13 August 2024 and Graham Oldroyd has agreed to fulfil this role, following her retirement.

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 60 its role and key responsibilities. The composition of the Board and Committee members is set out in the Directors' details on page 45. The Company's diversity policy is set out on page 42.

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 a 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 were functioning effectively. All Directors make an effective contribution to the Board commensurate with their experience and skills.

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 56 to 59. 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 Annual Report and Financial Statements 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 pages 57 and 58.

Relations with Shareholders and Stakeholders

The Company's stakeholders, and the engagement undertaken with them in the year under review, are set out on pages 35 to 36.

Remuneration

The Board's remuneration policy is explained on page 62. 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
Columbia Threadneedle Investment Business Limited
Company Secretary
25 June 2024

Report of the Audit and Management Engagement Committee

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 financial statements, the preparation of the half-yearly financial statements 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 representatives from the Manager, including the trust accountant, Head of Investment Trusts, Operational Risk Management and the Joint Lead Managers 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 financial statements and the unaudited half-yearly report and financial statements, including advice to the Board as to whether the annual report and financial statements 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 'Long-Term Viability: Five Year Horizon' statement;
- 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 Report from the Manager and similar controls reports from the Custodian and the Company's Share Registrar;
- 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.

Following the change of ownership of the Manager in November 2021, the integration with Columbia Threadneedle Investments is now almost complete, but the Audit and Management Engagement Committee has continued to monitor it from a risk management and internal control perspective. A critical milestone was the move to a new order management system (**'OMS'**), Aladdin, which was successfully completed in October 2023. The Audit and Management Engagement Committee has received confirmation from the Manager that the systems of risk management and internal control have operated effectively throughout the year under review and thereafter to the date of this report.

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 65. On broader control policy issues, the Committee has considered, and is satisfied with, the Code of Conduct and the Anti-Bribery and Anti-Corruption Policy to which the Manager and its employees are subject. The Committee has also considered the Manager's Whistleblowing Policy, 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. Jo Dixon will retire following the conclusion of the forthcoming AGM and it is intended that Nick Bannerman, who is also a Chartered Accountant, will then become Chairman of the Committee. The other members of the Committee have a combination of financial, investment and business experience through the senior posts held throughout their careers and all have a wide experience of the investment trust sector. Details of the members can be found on page 45 and the Committee's terms of reference can be found on the Company's website as shown on page 1.

Management of Risk

The Manager's Operational Risk Management team 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 without delay.

A key risk 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 Committee and Board has a robust process for considering the resulting risk matrix at its meetings and dynamically reviews the significance of the risks and the reasons for any changes.

The Company's Principal and Emerging Risks are set out on page 38 with additional information given in note 23 to the financial statements. 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 'Long-Term Viability: Five Year Horizon' Statement on page 39 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 administrator of the Manager's 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 Manager's risk management infrastructure and Report on Internal Controls for the period to 1 October 2023 (the **'ISAE/AAF Report'**). The Committee also received confirmation from the Manager that, subsequent to this date, on 2 October 2023, the move to the Aladdin OMS was completed and there had been no other significant changes to the control environment. The ISAE/AAF Report had been prepared by the Manager for all of its investment trust clients in accordance with ISAE No. 3402 and AAF 01/20. The ISAE/AAF Report from independent service auditor KPMG LLP sets out the Manager'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 Audit and Compliance Committee, which received regular internal audit reports. 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 its 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 and the Registrar and were satisfied that there were no material exceptions.

Through the reviews and reporting arrangements set out 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 financial statements. Likewise, the Committee reviewed the disclosure and description of Alternative Performance Measures provided on page 102 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 2024 to discuss the final draft of the Annual Report and Financial Statements, 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

Significant Judgements and Issues considered by the Committee for the year ended 30 April 2024

Matter	Action
Investment Portfolio Valuation	
Although the Company's portfolio of investments is predominantly invested in listed 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. The Committee reviewed the Manager's ISAE/AAF Report on internal controls which is reported on by an independent external service Auditor. 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 Manager's ISAE/AAF Report, as previously referred to, and the Custodian's semi-annual report on internal controls which are reported on by independent external service Auditors. 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 the Manager's ISAE/AAF Report, as previously referred to, indicated that there were no control failures in the year. The Committee reviewed and approved at the interim and annual accounts reporting meetings, any 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.

an unqualified audit report in respect of the Annual Report and Financial Statements. 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 Annual Report and Financial Statements 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 is expected to evolve further in coming years.

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

The Independent Auditor's 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 66 to 71.

Auditor Assessment, Independence and Re-appointment

The Committee reviews the re-appointment of the auditor every year and has been satisfied with the effectiveness of BDO's performance on its audit of the Company's financial statements. BDO has 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 the Manager, the Committee is satisfied that BDO will continue to provide effective independent challenge in carrying out its responsibilities. Its fee was £47,000, excluding VAT (2023: £42,000).

Following professional guidelines, the Senior statutory auditor rotates at least every five years. Following an audit tender process in 2019, BDO was subsequently appointed as Auditor for the year ended 30 April 2020. Peter Smith, the current senior statutory auditor was engaged for the first time during the year ended 30 April 2020, which was BDO's first year as Auditor. Accordingly, the year ended 30 April 2024 represents Peter Smith's fifth and final year as the Senior Statutory auditor and BDO's fifth year as Auditor.

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.

The Committee confirms that the Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. This order relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of the policy on the provision of non-audit services.

Non-audit Services

The Committee regards the continued independence of the external auditor 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 auditor is 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 auditor.

In particular, the Committee has a policy that the accumulated costs of all non-audit services sought from the auditor 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 2024.

Committee Evaluation

The activities of the Committee were considered as part of the Board evaluation process as noted on page 54. 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
25 June 2024

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. It takes into account the ongoing requirements of the Company and the need to have a balance of knowledge, experience, skill ranges, diversity (including gender, race, ethnicity, religion, sexual orientation, age, physical ability, educational, professional and socio-economic background) and independence and considers 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 election/re-election of those Directors standing for election/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 and it is chaired by Anja Balfour. The terms of reference of the Committee can be found on the Company's website.

Diversity and Tenure

The Board's policy on diversity and inclusion, including the diversity targets set out in the Listing Rules, is set out on page 42. 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. Anja Balfour and Jo Dixon were both appointed to the Board in 2015 and at the date of this report have now served for more than nine years. Two new Directors were appointed during the financial year to 30 April 2024 as part of the Board's succession plan to enable future retirements while ensuring continuity of corporate knowledge and culture of the Board. The Board is committed to maintaining the highest levels of corporate governance in terms of independence and, once the Board's current succession plan is complete, would expect that in future the Chairman and Directors will serve for no more than a nine-year term, but this may be adjusted for reasons of flexibility and continuity.

Appointments and Succession Planning

Appointments of all new non-executive Directors are made on a formal basis, using professional search consultants as appropriate, with the Nomination Committee agreeing the selection criteria and the method of recruitment, selection and appointment.

During the year a search for new non-executive Directors was undertaken. An external search agency, Cornforth Consulting ('Cornforth') which has no connection to the Company or the Directors, was engaged to assist with the process. The search took place with clearly defined candidate criteria produced by the Committee based on merit and objective criteria. The selection process was thorough and took into consideration the applications that came through Cornforth and interviews with the shortlisted candidates. The services provided by Cornforth were for the sole purpose of recruiting the eventual appointees and there were no other business relationships in place with that company. Following the recruitment process, it was agreed to appoint Bulbul Barrett and Randeep Grewal to the Board with effect from 1 December 2023.

David Stileman and Jo Dixon were both appointed to the Board in 2015. David Stileman retired with effect from 11 December 2023 and Jo Dixon will retire at the conclusion of the Company's forthcoming AGM on 13 August 2024. The Board approved a recommendation from the Committee that following the retirement of Jo Dixon, Nick Bannerman will become the Chairman of the Audit and Management Engagement Committee and Graham Oldroyd, the Senior Independent Director.

Committee evaluation

The activities of the Nomination Committee were considered as part of the Board evaluation process as reported on page 54.

Anja Balfour
Nomination Committee Chairman
25 June 2024

Directors' 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 last approved by shareholders at the Company's annual general meeting held on 28 July 2023 when 92.88% of the total votes received were cast in favour of the resolution and 7.12% were against. 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 (**Resolution 2**).

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 2024 to the levels shown in the following table.

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 at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting. The Company also maintains Directors' and officers' liability insurance.

The dates on which each Director was appointed to the Board are set out under their biographies on page 45. 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. With the exception of Bulbul Barrett and Randeep Grewal, who were appointed with effect from 1 December 2023, the Directors were last re-elected at the annual general meeting held on 28 July 2023 and, with the exception of Jo Dixon, will stand for election or re-election at the AGM to be held on 13 August 2024. David Stileman retired as a Director with effect from 11 December 2023.

Annual Statement

As Chairman of the Board, I confirm that effective 1 May 2023, for the year to 30 April 2024, the amounts paid to Directors increased by £1,500 per annum for the Chairman, £1,000 per annum for the Audit and Management Engagement Committee Chairman and £1,000 per annum for each of the other Directors.

Future Policy Table

Following a review of the level of Directors' fees for the year to 30 April 2025, the Board concluded that the amounts paid to Directors would increase by £1,500 per annum for the Chairman and the Audit and Management Engagement Committee Chairman and £1,000 per annum for the other Directors.

Based on this, Directors' fees for specific responsibilities for the financial year to 30 April 2025 are set out in the following table. No additional fees are payable for membership of the Nomination Committee.

Annual fees for Board Responsibilities

Year ended 30 April	2025 £'s	2024 £'s	2023 £'s
Chairman of the Board	50,500	49,000	47,500
Chairman of the Audit and Management Engagement Committee	40,500	39,000	38,000
Director	32,000	31,000	30,000

*The Senior Independent Director is paid an additional £1,500 per annum.

Annual Percentage Change

The following table sets out the annual percentage change in Directors' fees for each Director who served in the financial year under review:

Annual Percentage Change in Directors' Remuneration for the years to 30 April

Directors' Name	2024	2023	2022	2021	2020
Anja Balfour(1)(5)	-7.6	4.4	3.4	47.4	-7.5
Nick Bannerman(2)	3.3	7.1	4.0	70.9	n/a
Bulbul Barrett(3)	n/a	n/a	n/a	n/a	n/a
Jo Dixon	2.5	11.3	7.6	3.5	7.7
Randeep Grewal(3)	n/a	n/a	n/a	n/a	n/a
Graham Oldroyd(2)(5)	20.3	7.1	4.0	70.9	n/a
David Stileman(4)	n/a	7.1	4.0	0.0	0.0

(1) Appointed as Chairman of the Board with effect from 31 July 2020
(2) Appointed to the Board on 1 October 2019
(3) Appointed to the Board on 1 December 2023
(4) Retired from the Board on 11 December 2023
(5) From 8 November 2023 until 18 February 2024, Graham Oldroyd was the interim chairman in place of Anja Balfour.

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	2024	2023
Anja Balfour	51,816	51,696
Nick Bannerman	34,000	30,000
Bulbul Barrett	12,406	n/a
Jo Dixon	20,000	20,000
Randeep Grewal	6,213	n/a
Graham Oldroyd	40,134	27,597
Total	164,569	159,293

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.

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 AGM held on 28 July 2023, shareholders approved the Remuneration Report in respect of the year ended 30 April 2023, with 92.28% of the votes cast in favour of the resolution and 7.72% against.

Relative Importance of Spend on Pay

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	2024 £'000s	2023 £'000s	% Change
Aggregate Directors' Remuneration	196.4	178.0	10.3
Aggregate Dividends paid to shareholders	12,186.0	10,305.0	18.3
Aggregate cost of ordinary shares repurchased	44,777.0	35,804.0	25.1

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:

Fees for services to the Company

	Fees £'000s (audited)		Taxable Benefits[1] £'000s (audited)		Total £'000s (audited)		Anticipated fees[2]
Year ended 30 April	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2025**
Director							
Anja Balfour[3]	43.9	47.5	13.7	3.1	57.6	50.6	50.5
Nick Bannerman	31.0	30.0	7.6	3.9	38.6	33.9	38.1
Bulbul Barrett[4]	13.0	n/a	0.4	n/a	13.4	n/a	32.0
Jo Dixon	40.5	40.5	6.9	0.7	47.4	41.2	12.1
Randeep Grewal[4]	13.0	n/a	0.4	n/a	13.4	n/a	32.0
Graham Oldroyd	36.1	30.0	4.9	1.2	41.0	31.2	33.1
David Stileman[5]	18.9	30.0	5.2	0.9	24.1	30.9	n/a
Total	196.4	178.0	39.1	9.8	235.5	187.8	197.7

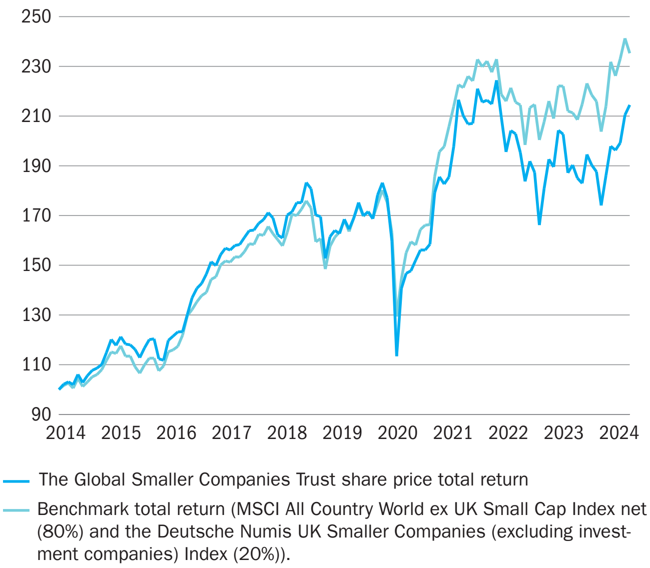
(1) Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.
(2) Fees expected to be paid to the Directors during the year ended 30 April 2025. Taxable benefits are also anticipated but are not currently quantifiable.
(3) Highest paid Director.
(4) Appointed to the Board on 1 December 2023.
(5) Retired from the Board on 11 December 2023.

The information in the table above for the years ended 30 April 2023 and 2024 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. From 1 May 2023, the weighting in the Benchmark calculation has been adjusted, making the new Benchmark: 20% Deutsche Numis UK Smaller Companies (excluding investment companies) Index and 80% MSCI All Country World ex UK Small Cap Index. The calculation of the MSCI index returns is now measured on a net of tax basis.

Shareholder total return vs Benchmark total return over ten years



Source: State Street

On behalf of the Board
Anja Balfour
Chairman
25 June 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements 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 financial statements.

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 Annual Report and Financial Statements is published on the Company's website, as shown on page 1, 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 return 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
25 June 2024

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 2024 and of its profit 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 2024 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the 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 ended 30 April 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ended 30 April 2020 to 30 April 2024. 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 current economic environment of high inflation and interest rates, by reviewing the information used by the Directors in completing their assessment.
- Assessing the liquidity of the investment portfolio, which underpins the ability to meet the future obligations and operating expenses for a period of 12 months from the date of approval of these financial statements.
- Reviewing the loan agreements to identify the covenants and assessing the likelihood of them being in breach based on the Directors' forecast and sensitivity analysis.

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		2024	2023
Key audit matters	Valuation and ownership of quoted investments	✓	✓
	Revenue Recognition	✓	✓
Materiality	**Company financial statements as a whole** £8.7m (2023: £8.5m) based on 1% (2023: 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,

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments (Note 10 on Page 83) The investment portfolio at the year-end comprised of listed equity investments held at fair value through profit or loss. There is a risk that the prices used for the listed investments held by the Company are not reflective of fair value and the risk that errors made in the recording of investment holdings result in the incorrect reflection of investments owned by the Company. Therefore, we considered the valuation and ownership of quoted investments to be the most significant audit area as the quoted investments also represent the most significant balance in the financial statements and underpin the principal activity of the entity. For these reasons and the materiality of the balance in relation to the financial statements as a whole, we considered this to be a key audit matter.	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 was not the most appropriate indication of fair value by considering the realisation period for individual holdings. • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date; and • Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the bid price per share. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of quoted investments was not appropriate.
Revenue Recognition: (Note 3 on Page 80) Revenue is a key indicator of performance of the Company, as such there may be an incentive to recognise income as revenue where it is more appropriately of a capital nature. Judgement may be required by management in determining the allocation of dividend income to revenue or capital for certain corporate actions or special dividends. For this reason, we considered revenue recognition to be a key audit matter.	We assessed the treatment of dividend income from 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. In these instances, we performed a combination of inquiry with management and our own independent research, including inspection of financial statements of investee companies, to ascertain whether the underlying event was indeed of a capital nature. In addition, we formed our own expectation of dividend income for the whole portfolio using the entity's investment holdings and dividend announcements from independent sources. We vouched a sample of dividend receipts to bank. **Key observations:** Based on our procedures performed we found the judgements made by management in determining the allocation of income to revenue or capital to be appropriate.

and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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	2024 (£m)	2023 (£m)
Materiality	8.7	8.5
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	6.5	6.4
Basis for determining performance materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered several factors including the expected total value of known and likely misstatements and the level of transactions in the year.	The level of performance materiality applied was set after having considered several 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 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 £794,000 (2023: £690,000), based on 5% of Revenue return before tax (2023: 5% of Revenue return before tax). We further applied a performance materiality level of 75% (2023: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Management Engagement Committee that we would report to them all individual audit differences in excess of £174,000 (2023: £170,000) for the financial statements as a whole and £40,000 (2023: £34,000) for differences in transactions and balances that impact 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 annual report & financial statements 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 76; 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 39.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 65; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 38; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 57; and • The section describing the work of the audit committee set out on page 56.

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 Directors' responsibilities statement, 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates.
- Discussion with the investment manager and those charged with governance and the Audit and Management Engagement Committee; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be 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 the Company's 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.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation.
- Enquiries of the investment manager and those charged with governance relating to the existence of any non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance throughout the period for instances of non-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. This included a review of other qualitative factors and ensuring compliance with these.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the administrator and those charged with governance regarding any known or suspected instances of fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls and the classification of dividends between revenue and capital.

Our procedures in respect of the above included:

- In addressing the risk of management override of control, we:
  - Performed a review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;
  - Considered the opportunity and incentive to manipulate accounting entries and tested relevant adjustments made in the period end financial reporting process;
  - Performed the procedures covered in the 'key audit matter' section related to the revenue recognition classification;
  - Reviewed for significant transactions outside the normal course of business; and
  - Performed a review of unadjusted audit differences, if any, for indicators of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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: www.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
25 June 2024

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

Income Statement

Notes		For the year ended 30 April 2024			For the year ended 30 April 2023		
		Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
10	Gains/(losses) on investments	–	57,049	57,049	–	(50,067)	(50,067)
21	Foreign exchange (losses)/gains	(10)	335	325	(6)	115	109
3	Income	18,597	–	18,597	16,214	1,656	17,870
4	Management fee	(1,050)	(3,148)	(4,198)	(1,082)	(3,247)	(4,329)
5	Other expenses	(1,267)	(34)	(1,301)	(1,070)	(29)	(1,099)
	Net return before finance costs and taxation	16,270	54,202	70,472	14,056	(51,572)	(37,516)
6	Finance costs	(391)	(1,172)	(1,563)	(269)	(808)	(1,077)
	Net return on ordinary activities before taxation	15,879	53,030	68,909	13,787	(52,380)	(38,593)
7	Taxation on ordinary activities	(1,319)	–	(1,319)	(1,167)	–	(1,167)
	Net return attributable to equity shareholders	14,560	53,030	67,590	12,620	(52,380)	(39,760)
8	**Return per share (basic and diluted) – pence**	2.84	10.33	13.17	2.34	(9.73)	(7.39)

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 76 to 91 form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 April 2024

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 2023	15,513	212,639	16,158	597,354	17,771	859,435
	Movements during the year ended 30 April 2024						
9	Dividends paid	–	–	–	–	(12,186)	(12,186)
15	Shares repurchased by the Company and held in treasury	–	–	–	(44,777)	–	(44,777)
	Net return attributable to equity shareholders	–	–	–	53,030	14,560	67,590
	Balance at 30 April 2024	**15,513**	**212,639**	**16,158**	**605,607**	**20,145**	**870,062**

for the year ended 30 April 2023

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 2022	15,513	212,639	16,158	685,538	15,456	945,304
	Movements during the year ended 30 April 2023						
9	Dividends paid	–	–	–	–	(10,305)	(10,305)
	Shares repurchased by the Company and held in treasury	–	–	–	(35,804)	–	(35,804)
	Net return attributable to equity shareholders	–	–	–	(52,380)	12,620	(39,760)
	Balance at 30 April 2023	**15,513**	**212,639**	**16,158**	**597,354**	**17,771**	**859,435**

The notes on pages 76 to 91 form an integral part of the financial statements.

Balance Sheet

Notes		At 30 April 2024 £'000s	At 30 April 2023 £'000s
	Fixed assets		
10	Investments	**910,498**	902,350
	Current assets		
11	Debtors	**6,446**	10,720
21	Cash at bank and in hand	**11,021**	2,292
	Total current assets	**17,467**	13,012
	Creditors: amounts falling due within one year		
12, 21	Bank loans	**(16,463)**	(17,027)
13	Creditors	**(6,440)**	(3,900)
	Total current liabilities	**(22,903)**	(20,927)
	Net current liabilities	**(5,436)**	(7,915)
	Total assets less current liabilities	**905,062**	894,435
	Creditors: amounts falling due after more than one year		
14, 21	Loan notes	**(35,000)**	(35,000)
	Net assets	**870,062**	859,435
	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	**605,607**	597,354
18	Revenue reserve	**20,145**	17,771
	Total shareholders' funds	**870,062**	859,435
19	**Net asset value per share (debt at par value) – pence**	**175.88**	163.73

The notes on pages 76 to 91 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 25 June 2024 and signed on its behalf by

Anja Balfour, Chairman

Statement of Cashflows

Notes		For the year ended 30 April 2024 £'000s	For the year ended 30 April 2023 £'000s
20	**Cashflows used in operating activities before dividends received and interest paid**	**(6,022)**	(4,787)
	Dividends received	**17,270**	15,308
	Interest paid	**(1,593)**	(1,038)
	Cash inflows from operating activities	**9,655**	9,483
	Investing activities		
	Purchases of investments	**(147,474)**	(191,230)
	Sales of investments	**202,370**	219,670
	Cash inflows from investing activities	**54,896**	28,440
		64,551	37,923
	Financing activities		
	Ordinary dividends paid	**(12,186)**	(10,305)
	Cashflows from share buybacks for treasury shares	**(43,397)**	(36,034)
	Repayment of bank loans	**–**	(10,287)
	Drawdown of bank loans	**–**	7,870
	Cash outflows from financing activities	**(55,583)**	(48,756)
21	Net movement in cash at bank and in hand	**8,968**	(10,833)
	Cash at bank and in hand at the beginning of the year	**2,292**	13,354
21	Effect of movement in foreign exchange	**(239)**	(229)
	Cash at bank and in hand at the end of the year	**11,021**	2,292
	Represented by:		
	Cash at bank	**613**	979
	Short-term deposits less than 3 months	**10,408**	1,313
	Cash at bank and in hand at the end of the year	**11,021**	2,292

The notes on pages 76 to 91 form an integral part of the financial statements.

Notes to the Financial Statements

1. General information

The Global Smaller Companies Trust PLC is a public company limited by shares incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. The Company registration number is 28264 and the registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AG, 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 2024, 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 as the value of its investments, which are readily realisable, exceeds the Company's liabilities by a significant margin.

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 38 and 39.

(b) Basis of accounting

The financial statements 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 July 2022.

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. Following approval at the 2020 AGM, the Company's Articles of Association no longer prohibit the distribution of realised capital profits 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 and short-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 (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. 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 or held 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. Following approval at the 2020 AGM, the Company's Articles of Association no longer prohibit the distribution of realised capital profits by way of dividend.

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 notes 3 and 18 to the financial statements, 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

	2024 £'000s	2023 £'000s
Income from investments		
Dividends from quoted investments	**16,597**	15,072
Special dividends[1]	**1,137**	601
	17,734	15,673
Other Income		
Management fee rebates from collective investment schemes	**335**	271
Interest on cash and short-term deposits	**528**	270
	863	541
Total income recognised as revenue	**18,597**	16,214
Special dividends recognised as capital[2]	**–**	1,656
Total income	**18,597**	17,870

(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	2024 Total £'000s	Revenue £'000s	Capital £'000s	2023 Total £'000s
Management fee	**1,050**	**3,148**	**4,198**	1,082	3,247	4,329

The Manager, Columbia Threadneedle Investment Business Limited, provides investment management, marketing and general administrative services to the Company. With effect from 1 May 2023, net assets, after deduction of third party collective investment schemes, in excess of £750m are charged a management fee at a rate of 0.5% per annum and net assets less than £750m are charged at an amount equal to 0.55% per annum. 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.

Up to 30 April 2023, the management fee was 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 were 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

	2024 £'000s	2023 £'000s
Other revenue expenses		
Auditors' remuneration:		
Audit services(1)	**51**	46
Directors' fees for services to the Company(2)	**196**	178
Marketing	**266**	271
Printing and postage	**110**	86
Custody fees	**46**	45
Depositary fees	**91**	97
Professional fees	**95**	17
Loan commitment and arrangement fees(3)	**100**	95
Sundry expenses	**312**	235
Total other revenue expenses	**1,267**	1,070
Capital expenses	**34**	29
Total other expenses	**1,301**	1,099

All expenses are stated gross of irrecoverable VAT, where applicable.
(1) Auditors' remuneration payable to BDO for the audit of the Company's financial statements, exclusive of VAT, amounts to £47,000 (2023: £42,000). No non-audit services were provided during the year (2023: none).
(2) See the Directors' Remuneration Report on page 64.
(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	2024 Total £'000s	Revenue £'000s	Capital £'000s	2023 Total £'000s
Loan interest	**391**	**1,172**	**1,563**	269	808	1,077
Total finance costs	**391**	**1,172**	**1,563**	269	808	1,077

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	2024 Total £'000s	Revenue £'000s	Capital £'000s	2023 Total £'000s
Corporation tax payable at 25% (2023: 19%)	**–**	**–**	**–**	–	–	–
Overseas taxation	**1,319**	**–**	**1,319**	1,167	–	1,167
Total tax charge for the year (note 7(b)) on ordinary activities	**1,319**	**–**	**1,319**	1,167	–	1,167

The tax assessed is lower than the standard rate of Corporate Tax in the UK (2023: lower).

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

	Revenue £'000s	Capital £'000s	2024 Total £'000s	Revenue £'000s	Capital £'000s	2023 Total £'000s
Net return on ordinary activities before taxation	**15,879**	**53,030**	**68,909**	13,787	(52,380)	(38,593)
Return on ordinary activities multiplied by the standard rate of corporation tax of 25% (2023: 19%)	**3,970**	**13,257**	**17,227**	2,619	(9,952)	(7,333)
Effects of:						
Dividends*	**(4,131)**	**–**	**(4,131)**	(2,877)	–	(2,877)
Expenses not deductible for tax purposes	**33**	**–**	**33**	26	–	26
Overseas tax in excess of double taxation relief	**1,319**	**–**	**1,319**	1,167	–	1,167
Expenses not utilised in the year	**128**	**1,089**	**1,217**	232	776	1,008
Capital returns*	**–**	**(14,346)**	**(14,346)**	–	9,176	9,176
Total tax charge for the year (note 7(a))	**1,319**	**–**	**1,319**	1,167	–	1,167

* The Company is not subject to corporation tax on capital gains or on dividend income. It therefore has unutilised expenses of £76.6m (2023: £71.7m). This results in a deferred tax asset of £19.1m (2023: £17.9m). 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 £19.0m (2023: £18.5m) relates to revenue expenses and £57.6m (2023: £53.2m) to capital expenses.

8. Return per ordinary share

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

	Revenue	Capital	2024 Total	Revenue	Capital	2023 Total
Net return attributable to equity shareholders – £'000s	**14,560**	**53,030**	**67,590**	12,620	(52,380)	(39,760)
Return per share – pence	**2.84**	**10.33**	**13.17**	2.34	(9.73)	(7.39)

Both the revenue and capital returns per share are based on a weighted average of 513,545,620 ordinary shares in issue during the year (2023: 538,327,319).

9. Dividends

Dividends on ordinary shares	Register date	Payment date	2024 £'000s	2023 £'000s
Final for the year ended 30 April 2022 of 1.27 pence	1 July 2022	4 August 2022	**–**	6,936
Interim for the year ended 30 April 2023 of 0.63 pence	30 December 2022	26 January 2023	**–**	3,369
Final for the year ended 30 April 2023 of 1.67 pence	7 July 2023	4 August 2023	**8,714**	–
Interim for the year ended 30 April 2024 of 0.68 pence	29 December 2023	25 January 2024	**3,472**	–
			12,186	10,305

The Directors have proposed a final dividend in respect of the year ended 30 April 2024 of 2.13 pence per share, payable on 20 August 2024 to all shareholders on the register at close of business on 12 July 2024. 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 2024 for the purposes of the income retention test for Section 1159 of the Income and Corporation Tax Act 2010, are set out below:

	2024 £'000s
Revenue attributable to equity shareholders	**14,560**
Interim for the year ended 30 April 2024 of 0.68 pence	**(3,472)**
Proposed final for the year ended 30 April 2024 of 2.13 pence(1)	**(10,380)**
Amount transferred to revenue reserve for Section 1159 purposes(2)	**708**

(1) Based on 487,338,276 shares in issue at 20 June 2024.
(2) Represents 3.8% of total income of £18,597,000 (see note 3)(2023: 2.9%).

10. Investments

	Level 1* £'000s	Level 3* £'000s	2024 Total £'000s	Level 1* £'000s	Level 3* £'000s	2023 Total £'000s
Cost brought forward	**757,263**	**304**	**757,567**	770,920	304	771,224
Gains/(losses) brought forward	**144,994**	**(211)**	**144,783**	216,002	(143)	215,859
Valuation brought forward	**902,257**	**93**	**902,350**	986,922	161	987,083
Movements in the year:						
Purchases at cost	**148,564**	**–**	**148,564**	191,408	–	191,408
Sales proceeds	**(197,691)**	**(54)**	**(197,745)**	(226,576)	–	(226,576)
Gains/(losses) on investments sold in year	**9,132**	**(250)**	**8,882**	21,511	–	21,511
Gains/(losses) on investments held at year end	**48,236**	**211**	**48,447**	(71,008)	(68)	(71,076)
Fair value of investments at 30 April	**910,498**	**–**	**910,498**	902,257	93	902,350
Analysed at 30 April						
Cost at 30 April	**717,268**	**–**	**717,268**	757,263	304	757,567
Gains/(losses) at 30 April	**193,230**	**–**	**193,230**	144,994	(211)	144,783
Fair value of investments at 30 April	**910,498**	**–**	**910,498**	902,257	93	902,350

Investments sold during the year have been revalued over time since their original purchase, and until they were sold any unrealised gains/losses were included in the fair value of the investments.

* The hierarchy of investments is described in note 2(c)(i) and below. No investments held in 2024 or 2023 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 consisted of the holding in The Australian New Horizons Fund. This was fully liquidated in the year to 30 April 2024.

A full list of investments is set out on pages 29 to 31.

Gains/(losses) on investments

	2024 £'000s	2023 £'000s
Gains on investments sold during the year	**8,882**	21,511
Gains/(losses) on investments held at year end	**48,447**	(71,076)
Transaction costs	**(280)**	(502)
Total gains/(losses) on investments	**57,049**	(50,067)

11. Debtors

	2024 £'000s	2023 £'000s
Investment debtors	**3,369**	7,994
Overseas taxation recoverable	**549**	596
Prepayments and accrued income	**2,528**	2,130
	6,446	10,720

12. Creditors: amounts falling due within one year

Bank loans Non-instalment debt payable on demand or within one year	2024 £'000s	2023 £'000s
EUR 6.8 million repayable May 2024	5,807	–
JPY 557.5 million repayable May 2024	2,829	–
USD 9.8 million repayable May 2024	7,827	–
EUR 6.8 million repayable May 2023	–	5,973
JPY 557.5 million repayable May 2023	–	3,257
USD 9.8 million repayable May 2023	–	7,797
	16,463	17,027

In September 2023 the Company renewed its £35m revolving credit facility with The Royal Bank of Scotland International Limited which expires in September 2024. As at 30 April 2024 EUR6.8m, JPY557.5m and USD9.8m were drawn down for the period to 22 May 2024. 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

	2024 £'000s	2023 £'000s
Investment creditors	3,982	2,892
Interest accrued on bank loans	195	225
Share buybacks outstanding	1,639	259
Management fee accrued	355	346
Accruals and deferred income	269	178
	6,440	3,900

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

Loan notes	2024 £'000s	2023 £'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 2024 was £24,145,000 (2023: £24,586,000) 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 2023	95,625,622	524,908,148	620,533,770	15,513
Shares repurchased by the Company and held in treasury	30,210,332	(30,210,332)	–	–
Balance at 30 April 2024	125,835,954	494,697,816	620,533,770	15,513

During the year, 30,210,332 ordinary shares of 2.5p each were repurchased and held in treasury, incurring a cost of £44,777,000. Since the year end, and up to 20 June 2024, a further 7,359,540 ordinary shares have been repurchased and held in treasury.

16. Share premium account

	2024 £'000s	2023 £'000s
Balance brought forward and carried forward	**212,639**	212,639

17. Capital redemption reserve

	2024 £'000s	2023 £'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)	8,882	–	8,882	–
Gains on investments held at year end (see note 10)	–	48,447	48,447	–
Transaction costs	(280)	–	(280)	–
Foreign exchange gains	335	–	335	–
Repurchase of shares	(44,777)	–	(44,777)	–
Management fee charged to capital (see note 4)	(3,148)	–	(3,148)	–
Other expenses charged to capital (see note 5)	(34)	–	(34)	–
Finance costs charged to capital (see note 6)	(1,172)	–	(1,172)	–
Net revenue after tax for the year	–	–	–	14,560
Net return attributable to ordinary shareholders	(40,194)	48,447	8,253	14,560
Dividends paid in the year (see note 9)	–	–	–	(12,186)
	(40,194)	48,447	8,253	2,374
Balance brought forward	452,571	144,783	597,354	17,771
Balance carried forward	412,377	193,230	605,607	20,145

Included within the capital reserve movement for the year are £188,000 (2023: £417,000) of transaction costs on purchases of investments, £92,000 (2023: £85,000) of transaction costs on sales of investments and £nil (2023: £1,656,000) of distributions received recognised as capital.

19. Net asset value per ordinary share

	2024	2023
Basic with debt at par value		
Net assets attributable at the year end – £'000s	**870,062**	859,435
Number of ordinary shares in issue at the year end, excluding shares held in treasury	**494,697,816**	524,908,148
Net asset value per share – pence	**175.88**	163.73

	2024	2023
Basic with debt at fair value		
Net assets attributable at the year end – £'000s	**870,062**	859,435
Add back: Debt at par – £'000s	**51,463**	52,027
Deduct: Debt at fair value (see note 15) – £'000s	**(40,608)**	(41,613)
Net assets with debt at fair value – £'000s	**880,917**	869,849
Number of ordinary shares in issue at the year end, excluding shares held in treasury	**494,697,816**	524,908,148
Net asset value per share – pence	**178.07**	165.71

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

	2024 £'000s	2023 £'000s
Net return on ordinary activities before taxation	68,909	(38,593)
Adjustments for returns from non-operating activities		
(Gains)/losses on investments	(57,049)	50,067
Foreign exchange gains	(325)	(109)
Non-operating expenses of a capital nature	34	29
Return from operating activities	11,569	11,394
Adjustments for non-cashflow items, dividend income and interest expense		
(Increase)/decrease in prepayments and accrued income	(14)	11
Increase/(decrease) in creditors	101	(41)
Dividends receivable	(17,734)	(15,673)
Interest payable	1,563	1,077
Overseas taxation	(1,193)	(1,024)
Transaction costs	(280)	(502)
Other capital charges	(34)	(29)
Cash used in operating activities before dividends received and interest paid	(6,022)	(4,787)

21. Analysis of changes in net debt

	Cash £'000s	Bank loans £'000s	Loan notes £'000s	Total £'000s
Opening net debt at 30 April 2023	2,292	(17,027)	(35,000)	(49,735)
Cash-flows:				
Net movement in cash and cash equivalents	8,968	–	–	8,968
Non-cash:				
Effect of foreign exchange movements	(239)	564	–	325
Closing net debt at 30 April 2024	11,021	(16,463)	(35,000)	(40,442)

22. Transactions with related parties and the Manager

The Board of Directors is defined as a related party. Under the FCA Listing Rules, the Manager is also defined as a related party. However, under the Investment Trust SORP issued by the AIC, in accordance with these financial statements are prepared, the Manager is not considered to be a related party for accounting purposes.

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 64, 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 63. There are no outstanding balances with the Board at the year end. There were no transactions with the Ameriprise Group other than those detailed in note 4 on management fees, note 10, where investments managed by Columbia Threadneedle Investments 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 financial statements. 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:

		2024		2023
	At 30 April 2024	Average for the year	At 30 April 2023	Average for the year
US dollar	1.2522	1.2577	1.2569	1.2083
Euro	1.1711	1.1614	1.1385	1.1553

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%

		2024		2023
	US$ £'000s	€ £'000s	US$ £'000s	€ £'000s
Net revenue return attributable to equity shareholders	519	149	541	129
Net capital return attributable to equity shareholders	47,479	5,755	46,039	5,887
Net total return attributable to equity shareholders	47,998	5,904	46,580	6,016
Net asset value per share (basic) – pence	9.70	1.19	8.87	1.15

Strengthening of sterling by 10%

	2024 US$ £'000s	2024 € £'000s	2023 US$ £'000s	2023 € £'000s
Net revenue return attributable to equity shareholders	(424)	(122)	(443)	(105)
Net capital return attributable to equity shareholders	(38,847)	(4,709)	(37,669)	(4,816)
Net total return attributable to equity shareholders	(39,271)	(4,831)	(38,112)	(4,921)
Net asset value per share (basic) – pence	(7.94)	(0.98)	(7.26)	(0.94)

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:

2024	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	2,527	1,423	(3,170)	(35,000)	–	(34,220)	325,243	291,023
US dollar	–	9,149	(3,270)	–	(7,827)	(1,948)	429,260	427,312
Euro	1,714	176	–	–	(5,807)	(3,917)	55,712	51,795
Other	2,205	273	–	–	(2,829)	(351)	100,283	99,932
Total	6,446	11,021	(6,440)	(35,000)	(16,463)	(40,436)	910,498	870,062

2023	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	2,129	920	(1,397)	(35,000)	–	(33,348)	326,757	293,409
US dollar	6,981	733	–	–	(7,797)	(83)	414,437	414,354
Euro	1,053	639	(2,503)	–	(5,973)	(6,784)	59,764	52,980
Other	557	–	–	–	(3,257)	(2,700)	101,392	98,692
Total	10,720	2,292	(3,900)	(35,000)	(17,027)	(42,915)	902,350	859,435

Interest rate exposure

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

	2024 Within one year £'000s	2024 More than one year £'000s	2024 Net Total £'000s	2023 Within one year £'000s	2023 More than one year £'000s	2023 Net Total £'000s
Exposure to floating rates – cash	11,021	–	11,021	2,292	–	2,292
Exposure to fixed rates – loans	(16,463)	(35,000)	(51,463)	(17,027)	(35,000)	(52,027)
Net exposure	(5,442)	(35,000)	(40,442)	(14,735)	(35,000)	(49,735)

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 loans is set out in notes 12 and 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	2024 Decrease in rate £'000s	Increase in rate £'000s	2023 Decrease in rate £'000s
Revenue return	**220**	**(220)**	46	(46)
Capital return	**–**	**–**	–	–
Total return	**220**	**(220)**	46	(46)
NAV per share – pence	**0.04**	**(0.04)**	0.01	(0.01)

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 (2023: same). The portfolio of investments, valued at £910,498,000 at 30 April 2024 (2023: £902,350,000) 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 8.

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	2024 Decrease in value £'000s	Increase in value £'000s	2023 Decrease in value £'000s
Capital return	**182,100**	**(182,100)**	180,470	(180,470)
NAV per share – pence	**36.81**	**(36.81)**	34.38	(34.38)

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 buy-backs. 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, 213 at 30 April 2024 (2023: 193); 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 2024. In August 2019 the Company issued senior unsecured notes of £35 million which expire 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:

2024	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	6,245	–	–	6,245
Loans	16,463	–	–	16,463
Interest payable on Loans	66	–	–	66
Loan notes	–	–	35,000	35,000
Interest payable on Loan notes	–	791	11,470	12,261
	22,774	791	46,470	70,035
2023				
Current liabilities:				
Creditors	3,675	–	–	3,675
Loans	17,027	–	–	17,027
Interest payable on Loans	66	–	–	66
Loan notes	–	–	35,000	35,000
Interest payable on Loan notes	–	791	12,261	13,052
	20,768	791	47,261	68,820

(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. 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 Manager (including the Lead Manager) and with its Risk Management function. In reaching its conclusions, the Board also reviews the Manager's AAF Report.

The Company had no credit-rated bonds or similar securities or derivatives in its portfolio at the year end (2023: 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 84 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 73.

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 Columbia Threadneedle Investments on request.

The Company's maximum and actual leverage levels at 30 April 2024 and 30 April 2023 are shown below:

	30 April 2024		30 April 2023	
Leverage exposure	**Gross method**	**Commitment method**	**Gross method**	**Commitment method**
Maximum permitted limit	**200%**	**200%**	200%	200%
Actual	**106%**	**106%**	105%	105%

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 98.

25. Securities financing transactions ('SFT')

The Company has not, in the year to 30 April 2024 (2023: 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.

26. Events after the End of the Reporting Period

There were no events after the end of the reporting period.

Notice of Annual General Meeting

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.

Notice is hereby given that the one hundred and thirty fifth Annual General Meeting of the Company will be held at The Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Tuesday, 13 August 2024 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 audited financial statements of the Company for the financial year ended 30 April 2024 and the reports of the directors and the auditor on those financial statements.
2. To approve the Directors' Remuneration Policy, the full text of which appears in the Directors' Remuneration Report for the financial year ended 30 April 2024 on page 62 of the Annual Report and Financial Statements for the financial year ended 30 April 2024.
3. To receive, adopt and approve the Directors' Remuneration Report for the financial year ended 30 April 2024 which appears on pages 62 to 64 of the Annual Report and Financial Statements for the financial year ended 30 April 2024 (other than the Directors' Remuneration Policy which appears on page 62 of the Annual Report and Financial Statements).
4. To declare a final dividend of 2.13 pence per ordinary share in respect of the financial year ended 30 April 2024 payable on 20 August 2024 to holders of ordinary shares on the register of members as at the close of business on 12 July 2024.
5. To re-elect Anja Balfour as a Director.
6. To re-elect Nick Bannerman as a Director.
7. To elect Bulbul Barrett as a Director.
8. To elect Randeep Grewal as a Director.
9. To re-elect Graham Oldroyd as a Director.
10. To re-appoint BDO LLP as auditor of the Company to hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting of the Company.
11. To authorise the Audit and Management Engagement Committee to determine the remuneration of the Company's auditor.

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 passing of this resolution, the directors of the Company (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 ordinary shares of 2.5 pence each in the capital of the Company (**'Shares'**) and to grant rights to subscribe for, or convert any security into, Shares (**'Rights'**), up to an aggregate nominal amount of £1,218,345.68 (representing approximately 10% of the issued share capital of the Company (excluding treasury shares) as at the date of this notice), generally from time to time on such terms as the Directors may determine, such authority to expire at the conclusion of the annual general meeting of the Company in 2025 or on the date which is 15 months after the date on which this resolution is passed (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 Shares to be allotted or Rights to be granted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot Shares or grant Rights 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 set out in the notice of the 2024 annual general meeting (**'Resolution 12'**) and in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the passing of this resolution, the directors of the Company (the **'Directors'**) be and they are hereby generally and unconditionally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the **'Act'**), to allot, or make offers or agreements to allot, equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12, and/or by way of a sale of treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided this power:

(a) shall be limited to the allotment of equity securities and the sale of treasury shares up to an aggregate nominal amount of £1,218,345.68 (representing approximately 10 per cent. of the issued share capital of the Company (excluding treasury shares) as at 20 June 2024); and

(b) shall expire at the conclusion of the next annual general meeting of the Company held after the passing of this resolution or, if earlier, on the date which is 15 months after the date on which this resolution is passed (unless previously renewed, varied or revoked by the Company in general meeting), save that the Company may before such expiry make offers and enter into agreements which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

14. Share buyback authority

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the **'Act'**), to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 2.5 pence each on such terms and in such manner as the directors of the Company may from time to time determine (either for cancellation or for retention as treasury shares for future re-issue, resale, transfer or cancellation) provided that:

a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 73,052,007 or, if less, the number being 14.99% of the issued ordinary share capital of the Company (excluding ordinary shares held in treasury) immediately prior to the passing of this resolution;

b) the minimum price (exclusive of expenses) which may be paid for an ordinary share purchased pursuant to this authority shall be 2.5p;

c) the maximum price (exclusive of expenses) which may be paid for an ordinary share purchased pursuant to this authority 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 of an ordinary share and the highest current independent bid for such a share on the London Stock Exchange at the time the purchase is carried out;

d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company held after the passing of this resolution or on the date which is 15 months after the date on which this resolution is passed (whichever is earlier), unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting; 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
Columbia Threadneedle Investment Business Limited
Company Secretary
25 June 2024

Registered office:
Cannon Place
78 Cannon Street
London EC4N 6AG

Registered number: 28264

Notes:

Shareholders intending to attend the AGM are asked to register their intention as soon as practicable by email to the following dedicated address: gscagm@columbiathreadneedle.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 and access details are set out on the Form of Proxy, Form of Direction and related Email Communications. 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@columbiathreadneedle.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 Disclosure Guidance and Transparency Rules.
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 www.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 Columbia Threadneedle 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 6 August 2024. Alternatively, voting directions can be submitted electronically at www.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 6 August 2024.
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 9 August 2024 (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 & International 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 & International 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 20 June 2024, being the last practicable date prior to the printing of this notice, the Company's issued capital (excluding 133,195,494 ordinary shares held in treasury) consisted of 487,338,276 ordinary shares of 2.5 pence each carrying one vote each. Therefore, the total voting rights in the Company as at 20 June 2024 are 487,338,276.
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 20 June 2024, 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 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 2 July 2024, 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.

Management and Advisers

The Management Company

The Global Smaller Companies Trust PLC is managed by Columbia Threadneedle Investment Business Limited ('**CTIBL**'), a wholly-owned subsidiary of Columbia Threadneedle Asset Management (Holdings) PLC which is ultimately owned by Ameriprise Financial, Inc. CTIBL 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.

Nish Patel, 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 November 2007.

Ian Ridge Represents the Manager as Company Secretary and is responsible for the Company's statutory and regulatory compliance. He joined the management company in May 2005.

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

Columbia Threadneedle Investment Business Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

Telephone: 0207 464 5000
Website: globalsmallercompanies.co.uk
Email: globalsmallerscosec@columbiathreadneedle.com

Independent Auditor

BDO LLP
('**BDO**' or the '**auditor**')
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 LLP
Dashwood House
69 Old Broad Street
London EC2M 1QS

Stockbroker

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

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, Columbia Threadneedle 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, globalsmallercompanies.co.uk. There have not been any material changes to the disclosures contained within the IDD since it was last updated in June 2024.

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 27 and 28;
- none of the Company's assets is subject to special arrangements arising from their illiquid nature;
- the strategic report and note 23 to the Financial Statements 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 1. 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 The Global Smaller Companies Trust PLC is shown in the investment trust section of the stock market page in most leading newspapers.

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.

How to Invest

Financial Promotion

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 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.

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.

*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 Savings Plan, these can be found on the relevant product Presales Cost & Charges disclosure on our website www.ctinvest.co.uk.

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 in, these can be found at www.ctinvest.co.uk/documents.

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

New Customers:
Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: **invest@columbiathreadneedle.com**

Existing Savings 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**

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

Part of COLUMBIA THREADNEEDLE INVESTMENTS

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 financial statements.

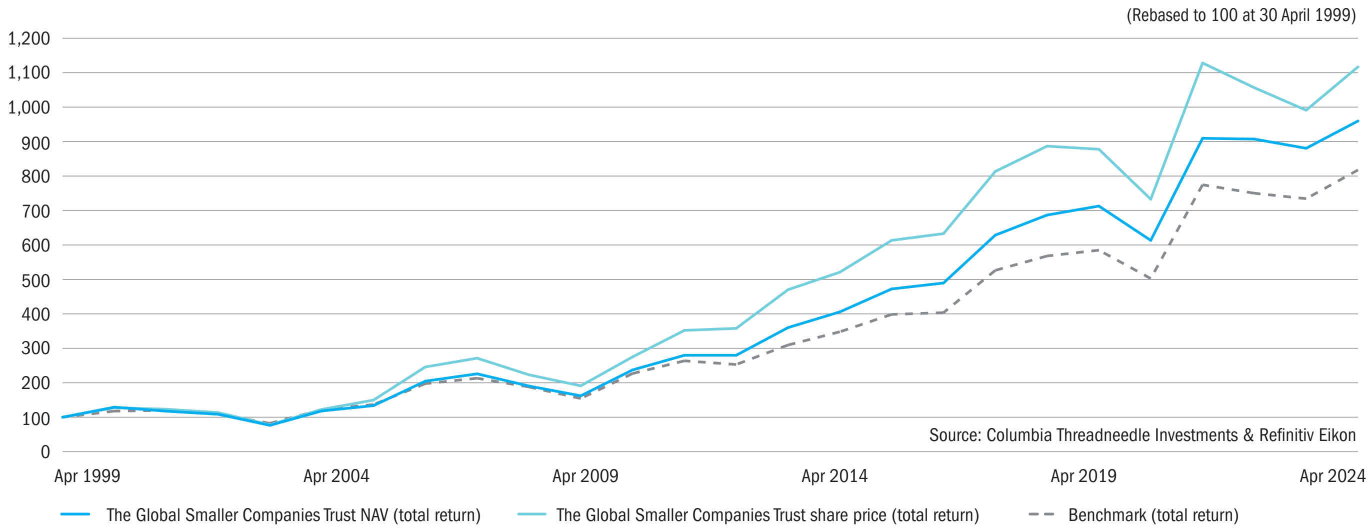
at 30 April	Net assets £'000s	Net asset value per share pence (i)	Closing share price pence (i)	Premium/ (discount) %	Revenue return per share pence (i)	Dividend per share pence (i)	Dividend growth %	Inflation (RPI) %
1999	265,440	25.5	20.4	(20.3)	0.53	0.336	12.0	1.6
2000	313,128	32.5	25.5	(21.5)	0.42	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	5.1	11.1
2023	859,435	165.7	144.6	(12.7)	2.34	2.300	25.0	11.4
2024	870,062	178.1	160.2	(10.0)	2.84	2.81(2)	22.2	3.3

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

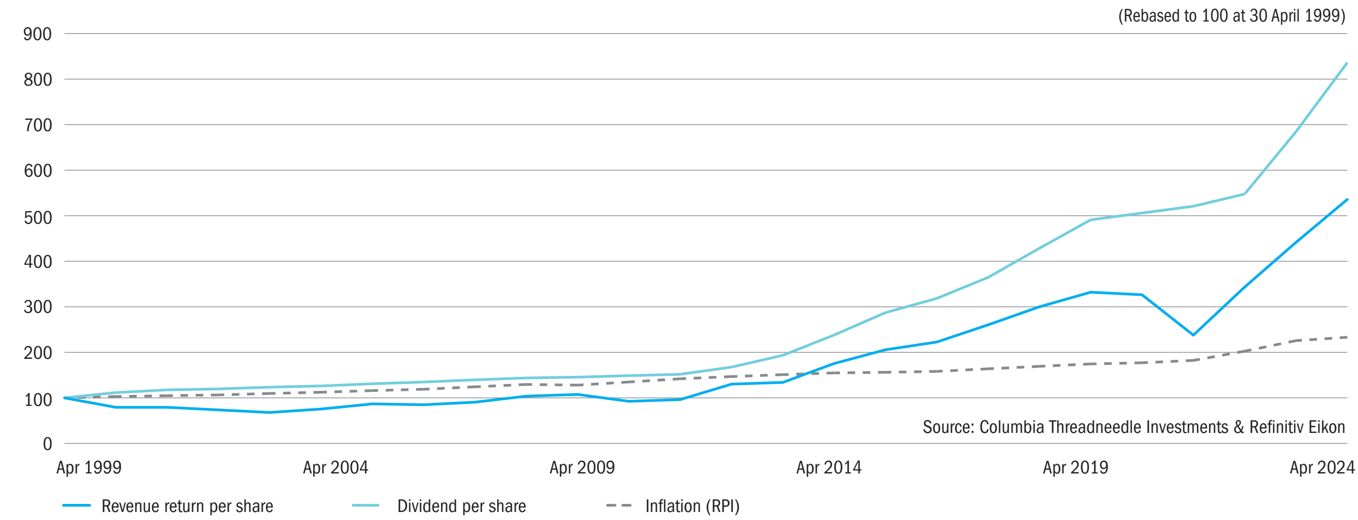
(i) Comparative figures for the years prior to 2020 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

(2) Subject to approval of the final dividend of 2.13p at the 2024 AGM.

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



Revenue return and dividend per share vs inflation over 25 years



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 42.

		30 April 2024 pence	30 April 2023 pence
Net Asset Value per share	(a)	178.07	165.71
Share price per share	(b)	160.20	144.60
(Discount)/Premium (c= (b-a)/a)	(c)	(10.0)%	(12.7)%

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 2024 £'000	30 April 2023 £'000
Loan notes		35,000	35,000
Loans		16,463	17,027
	(a)	51,463	52,027
Less Cash and cash equivalents		(11,021)	(2,292)
Less Investment debtors		(3,369)	(7,994)
Add Investment creditors		3,982	2,892
Total	(b)	41,055	44,633
Net Asset Value	(c)	870,062	859,435
Effective gearing (d= b/c)	(d)	4.7%	5.2%
Fully invested gearing (e= a/c)	(e)	5.9%	6.1%

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 financial statements) and UK Accounting Standards. The net assets correspond to Total Shareholders' Funds, which comprise the share capital account, share premium account, capital redemption reserve and capital and revenue reserves. (See calculation in note 19 to the financial statements.)

Net Asset Value (NAV) with Debt at Fair Value – the Company's debt is valued in the Balance Sheet (on page 74) 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 financial statements.

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 2024 £'000	30 April 2023 £'000
Management fees		4,198	4,329
Other expenses		1,301	1,099
Less loan commitment/arrangement fees and one off costs		(218)	(110)
Underlying costs of collective investments excluding performance fee		1,424	1,680
Underlying costs of collective investments - performance fee	(a)	208	–
Total including performance fee	(b)	6,913	6,998
Total excluding performance fee (b-a)	(c)	6,705	6,998
Average daily net assets	(d)	858,025	888,724
Ongoing Charges including performance fee (e= b/d)	(e)	0.80%	0.79%
Ongoing Charges excluding performance fee (f= c/d)	(f)	0.78%	0.79%

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 80 and 81) to the financial statements), 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 2024 £'000	30 April 2023 £'000
Management fees		4,198	4,329
Other expenses		1,301	1,099
Less loan commitment/arrangement fees and one off costs		(218)	(110)
Total	(a)	5,281	5,318
Average daily net assets	(b)	858,025	888,724
TER (c= a/b)	(c)	0.61%	0.60%

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 assets, respectively, on the date on which the shares were quoted ex-dividend.

	NAV	Share price
NAV/Share Price per share at 30 April 2023 (pence)	165.71	144.60
NAV/Share Price per share at 30 April 2024 (pence)	178.07	160.20
Change in the year	7.5%	10.8%
Impact of dividend reinvestments	1.5%	1.9%
Total return for the year	9.0%	12.7%

	NAV	Share price
NAV/Share Price per share at 30 April 2022 (pence)	172.83	156.20
NAV/Share Price per share at 30 April 2023 (pence)	165.71	144.60
Change in the year	(4.1)%	(7.4)%
Impact of dividend reinvestments	1.2%	1.2%
Total return for the year	(2.9)%	(6.2)%

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 Columbia Threadneedle has outsourced certain functions.

AIFMD – the UK version of 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.

Ameriprise – Ameriprise Financial Inc. which is the parent company of Columbia Threadneedle Asset Management (Holdings) PLC which in turn owns Columbia Threadneedle Investment Business Limited.

APMs – Alternative Performance Measures are financial measures of historical or future financial performance, financial position, or cashflows, 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.

Benchmark – from 1 May 2023, a blend of two Indices, namely the MSCI All Country World ex UK Small Cap Index (80% (net)) and the Deutsche Numis UK Smaller Companies (excluding investment companies) Index (20%). 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. Prior to 1 May 2023 the weighting of the indices in the Benchmark was 70% MSCI All Country World ex UK Small Cap Index and 30% Deutsche Numis UK Smaller Companies (excluding investment companies). The MSCI index was also measured on a gross basis rather than a net basis going forward.

Carbon intensity – this is measured in tons of CO2 equivalent (i.e. 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.

Columbia Threadneedle Investments Savings Plans – these comprise the General Investment Account, Junior Investment Account, ISA, Junior ISA and Child Trust Fund operated by Columbia Threadneedle Investments.

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 JPMorgan 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 financial statements). 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).

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) – Columbia Threadneedle Investment Business Limited, a subsidiary of Columbia Threadneedle Asset Management (Holdings) PLC, which in turn is wholly owned by Ameriprise Financial Inc.. Its responsibilities and fees are set out in the Business Model, Directors' Report and note 4 to the financial statements.

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.

Scope 1, 2 and 3 emissions – Scope 1 emissions are those direct emissions that are owned or controlled by a company, whereas Scope 2 and 3 indirect emissions are a consequence of the activities of the company but occur from sources not owned or controlled by it.

Section 172(1) – Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way he/she 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 Financial Statements 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 Financial Statements.

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 financial statements.

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 2024	Holding % at 30 April 2023
Columbia Threadneedle Investments Savings Plans	54.4	55.1
Institutions	10.3	11.2
Direct Individuals and Nominees	35.3	33.7
	100.0	100.0

Source: Columbia Threadneedle Investments.

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
Annual Report and Financial Statements for the year ended 30 April 2024

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