BMO Global Smaller Companies PLC

Report and Accounts 2019

Formerly F&C Global Smaller Companies PLC

Contents

Financial Calendar	
Annual General Meeting	25 July 2019
Final dividend payable(1)	31 July 2019
Final payment of CULS interest(2)	31 July 2019
Final CULS conversion date	31 July 2019
Half-yearly results for 2020 announced	December 2019
Interim dividend payable	January 2020
Final Results for 2020 announced	June 2020

(1) To shareholders on the share register at the close of business on 12 July 2019
(2) To CULS holders on the CULS register at the close of business on 12 July 2019

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 or Convertible Unsecured Loan Stock in BMO Global Smaller Companies PLC please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Company Overview

Established 130 years ago with an initial capital of £1m, the Company's shares now have a market capitalisation of £814m.

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

Our name changed from F&C Global Smaller Companies PLC on 9 November 2018.

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

A recognised "AIC Dividend Hero", this will be the Company's 49th year of consecutive dividend growth. By focusing on companies with the potential for future growth, we hope to receive an increasing stream of investment income in the years ahead.

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

Visit our website at **bmoglobalsmallers.com**

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

MORNINGSTAR Silver

aic DIVIDEND HERO

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

3.8%

Diluted Net Asset Value[1] ("NAV") total return[1] of 3.8% beat the Benchmark return of 3.0%.
The diluted NAV rose to 1,405.69p from 1,368.80p

-1.0%

Share price total return[1] of -1.0%.
The share price ended the year at 1,346p.

16.50p

Dividend[2] of 16.50 pence 49th consecutive annual increase, up by 14.6%.

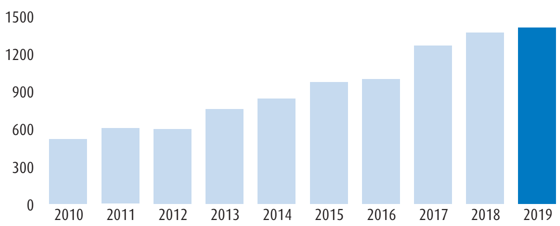
-4.3%

Shares ended the year at a discount[1] to the diluted NAV of 4.3%.

Delivering long-term growth in capital

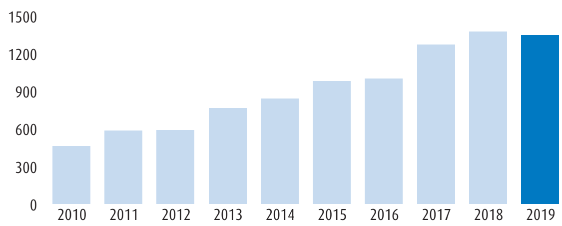
In the last ten years BMO Global Smaller Companies has turned a £1,000 investment, with dividends reinvested, into £4,593 compared with £3,790 from the Company's Benchmark.

Diluted NAV[1] per share at 30 April – pence



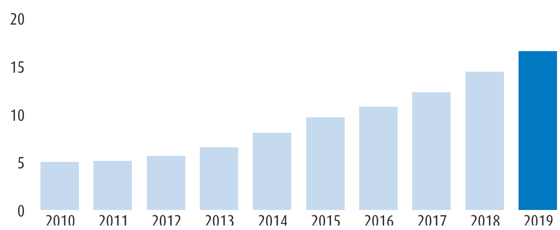
Source: BMO GAM

Mid-market price per share at 30 April – pence



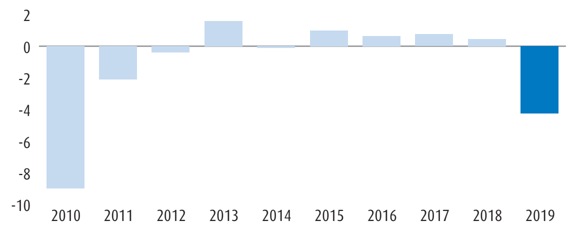
Source: BMO GAM

Dividends[2] – pence per share



Source: BMO GAM

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



Source: BMO GAM

The dividend has increased every year for the past 49 years and over the last ten years is up 12.9% compound per annum, compared with inflation of 3.1% compound per annum.

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

(1) See Alternative Performance Measures on pages 90 and 91
(2) The final dividend for 2019 is subject to shareholder approval at the AGM

Chairman's Statement

"This will be the 49th consecutive year of dividend growth and the eighth year in a row of double-digit percentage increases."

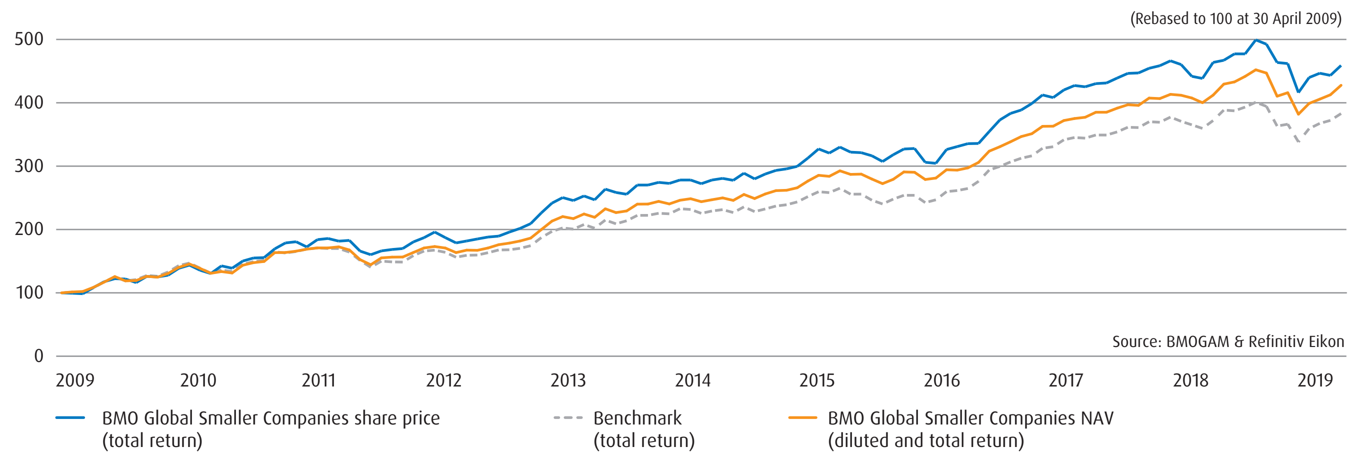
Anthony Townsend, Chairman

This was a tricky year for investors at large and our Manager to navigate. Interest rates rose in the US and the pace of global economic growth moderated. There were bouts of volatility in financial markets as the risks of a full-blown trade war between the US and China ebbed and flowed. More locally, the ongoing political saga of Brexit served to undermine visibility around the future prospects for companies operating in the UK. It was perhaps not surprising therefore that returns from equity markets were modest in the twelve months nor that smaller company shares tended to lag their larger peers over the period.

The Company's Benchmark is a blended index of the returns from the MSCI All Country World ex UK Small Cap Index and the Numis UK Smaller Companies (excluding investment companies) Index in a 70/30% proportion. This delivered a total return of 3.0% in the year, while the Net Asset Value (**"NAV"**) total return on a diluted basis was up 3.8%. Outperformance came largely as a result of positive stock selection on the investment portfolio and pleasingly this is the seventh consecutive year of growth in the NAV.

With Brexit in particular creating uncertainty for domestic-based investors, a slowdown in flows into retail investment funds, both open and closed ended, has been evident more recently. This led to some pressure on the rating of the Company's shares which stood at 1,346p at the end of the year, down 1.0% on a total return basis and at a 4.3% discount to the diluted NAV compared to a 0.5% premium a year earlier.

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



While there is no guarantee that returns in the future will match those of the past, longer term performance of the Company's NAV and share price has been good as highlighted by the chart on the previous page and the table below. Shareholders who have held the Company's shares for the last 25 years have received a compound annual total return in share price terms of 10.0%.

Performance: Total return over the long-term

	1 year %	3 years %	5 years %	10 years %	25 years %
NAV (diluted) total return	3.8	45.6	75.6	342.3	1,025.3
Benchmark total return	3.0	45.0	68.1	279.0	844.0
Share price total return	(1.0)	38.7	68.5	359.3	973.3

Source: BMO GAM

Share issues and buybacks

A total of 741,583 new shares were issued in the year primarily to satisfy conversion requests from Convertible Unsecured Loan Stock (**"CULS"**) holders. However, late in the period, the Board used its share buyback powers as the share price moved below the NAV, buying in 150,044 shares. These shares will be held in Treasury in the short-term and may be reissued at a later stage. This activity illustrates the importance that the Board attaches towards maintaining a balance between demand and supply of the Company's shares in the market. The aim remains to keep any discount to NAV at less than 5% in normal market conditions. The Board will therefore be seeking renewal at the AGM of the buyback and issuance powers for further deployment in the coming period should this be necessary.

Costs

Ongoing charges for the year were down to 0.79% (2018: 0.83%). There were no performance fees payable to managers of the collective fund holdings during the year.

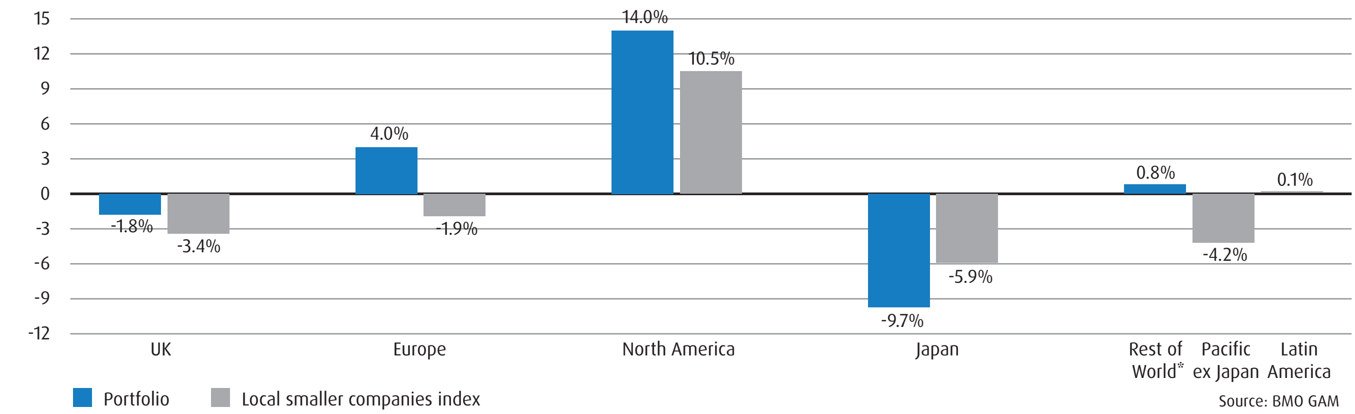
Dividends

Although some companies have been impacted by the more sluggish overall economic environment, investment income in the form of dividends received was again comfortably up, helped at the margin by foreign exchange movements, with sterling lower against the US dollar. Revenue returns per share rose by 10.2% and the Board has decided to recommend a final dividend payment of 11.50p per share, up 15.0% on last year's payment, making a total dividend for the year of 16.50p per share, up 14.6%. This will be the 49th consecutive year of dividend growth and the eighth year in a row of double-digit percentage increases. The final dividend will be paid on 31 July 2019 to shareholders on the register on 12 July 2019.

Market and portfolio performance

The US economy entered the period with good momentum, helped by the impact of the previously implemented personal and corporate tax cuts. The Federal Reserve Bank increased interest rates three times in response to signs of a pick-up in inflationary pressures, but as we entered 2019 and the impact of the trade spat with China and slower growth elsewhere began to take their toll, the Central Bank indicated that it would take a pause on further monetary policy tightening. Despite the rate rises, US small cap shares performed considerably better over the year than those in other markets with the boost to company earnings from lower taxes on profits helping to contribute towards this.

Geographical performance (total return sterling adjusted) for the year ended 30 April 2019



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

Returns from smaller company indices outside of the US were generally disappointing. Japan's performance was particularly weak as international investors pulled money out of the market on the basis that a slowdown in global trade would particularly impact the country. Other Asian markets also came under pressure in the year as exports into China started to be hampered by weaker demand, partly due to the imposition of tariffs by the US.

The stalling of the impetus in the European economic recovery from mid-2018 took investors by surprise. While there were some short-term factors at work such as new automotive industry regulations putting the brake on growth in the key German economy, it is nevertheless concerning to see how fragile some of the larger continental economies seem to still be. From a political perspective too, there have been challenges with the Italian government in dispute with the European Commission in relation to fiscal policy, the French street protests and the rise of populist parties in some other European countries. UK small cap shares were also out of favour as the Brexit deadlock persisted, but the domestic economy performed resiliently despite weaker investment spending by the corporate sector.

The bar chart on page 5 shows how the five country/regional sub portfolios performed versus the relevant local smaller company indices. In four out of five of these portfolios we beat the local market returns, but returns were only meaningfully positive in North America. A good relative showing in both the European and Rest of World portfolios was welcome after underperformance in the prior year. The Managers Review on pages 18 to 26 explains the contributors to performance in each area. While the overall NAV return was low compared to recent years, there were still plenty of individual smaller companies doing very well.

Asset allocation

With the US market performing so much better than other parts of the world, it is not surprising that the weighting to North America rose. However, given the outperformance of the market, we have recently moved to a modest underweighting in North America versus the Benchmark. A reduction in exposure to Asian markets via the Rest of World portfolio in the first half of the year was partially rebuilt later in the year as hopes grew for a trade rapprochement between the US and China.

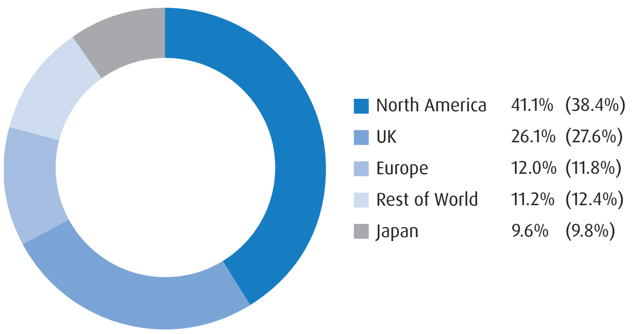
As in the prior year, we adopted a cautious stance towards the UK. We stayed overweight in Europe and in Japan where valuations continued to look more attractive. Importantly balance sheets tend to be stronger in these markets than in North America. The overall impact of the geographic market positioning versus the Benchmark was broadly neutral in performance terms over the year, with the positive from being underweight in the UK offset by the weak performance of Japan.

Gearing and Convertible Unsecured Loan Stock

The effective level of gearing was maintained through the year at close to 5%, ending at 4.6%. Borrowings in respect of loans at the end of the year totalled £34.1m, drawn down in US dollars, yen and euros under the enlarged £50m revolving credit facility. At the end of the year, there was also £15.4 million nominal of 3.5 per cent CULS remaining in issue.

The last opportunity for the holders of CULS to convert their investment into Ordinary Shares will be on 31 July 2019, at a fixed price per Ordinary Share of 977.6970p. In the event that any remaining stock holders do not elect to convert their holdings into Ordinary Shares prior to 31 July 2019, the Trustee, appointed at the time of issue, has sole discretion to exercise the rights to convert the remaining CULS and sell the Ordinary Shares allotted on each conversion. In such an event, the proceeds, net of any administration costs, would be distributed to those holders. Should the Trustee decide not to exercise the conversion rights, the nominal value of any CULS not previously redeemed, purchased or converted will be repaid by the Company on 31 July 2019 at its nominal

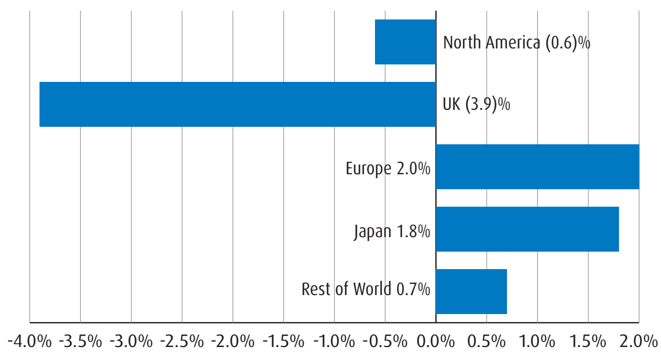
Geographical distribution of the investment portfolio as at 30 April 2019



The percentages in brackets are as at 30 April 2018

Source: BMO GAM

Geographical weightings against Benchmark as at 30 April 2019



Source: BMO GAM & MSCI

amount together with interest accrued up to but excluding the date of redemption.

Ahead of the maturity of the CULS, the Board has been giving active consideration to potential replacement borrowing options and further announcements in relation to this will be made in due course.

Proposed share split

The Board is proposing a sub-division, or share split, whereby shareholders will receive ten shares with a par value of 2.5 pence in place of every ordinary share of 25 pence par value at the time of the share split. While the share price, net asset value per share and dividend per share can be expected to become one tenth of their respective values immediately preceding the share split, the total value of the holding will not change as the lower values will be offset by the increased number of shares.

Marketability of the Company's shares should improve as a result of the share split with the resultant lower price becoming more appealing to new investors and to regular investors through savings schemes. The proposal is subject to shareholder approval at the AGM and details can be found on page 35.

Name change

On 9 November 2018, we announced that we had decided to change the name of the Company to BMO Global Smaller Companies PLC. BMO, which is a very large North American bank and global asset manager, bought F&C in 2014 and since then has been integrating the business into its wider asset management operations. As part of its development plans, and no doubt with the aim of becoming better known as a brand in the UK market, BMO decided to rebrand F&C's savings plans with the BMO prefix. The Board carefully considered the appropriate course of action and decided that it would be confusing for shareholders if the savings plans had one brand while we as a Company had another. If we had stuck with the status quo, we would also lose the benefits of any promotional spend which BMO has committed to the savings plans and to its brand more generally. The Lead Manager, investment policy and process remain unchanged.

At the same time as our name change, BMO Financial Group changed the name of our management company from F&C Investment Business Limited to BMO Investment Business Limited.

The Board and succession planning

It was with great sadness that we announced on 29 January 2019 the death of our much liked and admired colleague Andrew Adcock, after a long and valiant fight against cancer. There is a tribute to him set out on page 33; we miss him greatly.

As reported last year our process of Board refreshment was already under way, but the loss of Andrew has obviously added impetus to it. Jane Tozer, our Senior Independent Director, and I have both served on the Board for over 9 years so we intend to retire immediately following the Company's 2020 annual general meeting; it is intended that Anja Balfour should then succeed me as Chairman. The Board considers that Anja's in-depth investment knowledge, expertise and experience in international investment management and her directorship and chairmanship skills make her very well suited to leading the Company forward in the years ahead.

We have retained search consultants to help us find two new non-executive directors to add to our number and hope to make appointments in the next few months; this will give our new colleagues time to play their hands in before Jane and I depart. We will announce further details in due course.

Change of auditor

For the reasons set out in the Report of the Audit and Management Engagement Committee, PricewaterhouseCoopers LLP (**"PwC"**) will not seek reappointment as external auditor at the AGM. This is by mutual agreement between the Board and PwC, reflecting the modern auditor rotation provisions. PwC have provided excellent service to the Company since its foundation in 1889. Following the audit tender process, a resolution to approve the appointment of BDO LLP (**"BDO"**) as the Company's auditors for the financial year ending 30 April 2020 is being put to shareholders at the forthcoming AGM.

AGM

The AGM of the Company will take place at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Thursday 25 July 2019 at 12 noon. We hope as many shareholders as possible will attend. The Manager will, as usual, give a review of the year together with his outlook.

Outlook

Since the end of the financial year, the US and China trade war has stepped up a gear, with additional tariffs being imposed in both directions. This is not helpful for investor sentiment or for the global economy even though the impact of these measures may be limited for most of our holdings. The UK political scene remains in a state of flux after the resignation of the Prime Minister. More positively from a market perspective, it is possible that fiscal and monetary policies may be eased in some parts of the world to take account of the slowdown and still low inflation.

While a more cautious overall approach to the management of the portfolio seems merited for now, the Board remains of the view that the long term outlook for the global smaller companies' market remains attractive.

Anthony Townsend
Chairman
18 June 2019

Strategic Report

Our purpose is to secure a high total return for our shareholders over the longer term. We do this by selecting well-managed publicly listed smaller companies with growth potential and market capitalisations that fall into the generally accepted local definition of a smaller company.

Investment and business strategy

By investing in a large number of stocks in various industry sectors globally and seeking attractively valued investments wherever they may be, without constraint to specific sector or geographical exposure limits, our strategy has produced investment out-performance and increased dividends over the longer term as reported on page 15.

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 optimum basis for doing this and achieving our objective is a strong working relationship with our appointed Manager, BMO Investment Business Limited. 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, asset allocation, gearing, stock and sector selection and risk. Engagement on environmental, social and governance matters are undertaken by the Manager's sister company, BMO Asset Management Limited (together **"BMO GAM"**). The companies that form BMO GAM are ultimately owned by Bank of Montreal (**"BMO"**).

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

Our appointed Manager places particular focus on fundamental analysis of the opportunities in the North American, UK and European stock markets. The emphasis is on meeting individual companies and understanding the quality of their management, their position in their targeted market and their strategy for growth. Importantly, assessment is made on each individual company's financial strength and cash flow dynamics. The aim is to invest in high quality companies at attractive prices with the potential to deliver strong returns. We use funds to gain exposure to companies in areas where our Manager lacks dedicated smaller company investment management resource, such as in Japan, Asia, Latin America and Africa. Exposure to the different geographic markets is adjusted within specific ranges in light of the attraction of local valuations and the outlook for currencies, but stock selection is the main driver of the Company's overall returns. A full list of investments appears on pages 29 to 31.

The Board remains responsible for decisions over corporate strategy; corporate governance; risk and control assessment; setting policies detailed on pages 12 and 13; setting limits on gearing and asset allocation; monitoring investment performance; and setting and monitoring marketing budgets.

Environmental, Social and Governance ("ESG") impact

Our ESG policies are set out on page 10 and are aligned towards the delivery of sustainable investment performance over the longer term. The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or provider of goods or services. Neither does it have customers. Its indirect impact occurs through the investments that it makes and this is mitigated by BMO GAM's Responsible Ownership policy as explained on pages 10 and 11.

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 BMO GAM's performance. This is an essential part of the strong governance that is carried out by the Board of Directors, all of whom are independent and non-executive.

"In most parts of the world, smaller company equities have historically delivered strong longer term returns to investors ahead of overall equity market returns."

The process for the evaluation of BMO GAM for the year under review and the basis on which the decision to reappoint it for another year are set out on page 38. The management fee is based on the net assets of the Company.

Lead Manager and the management of the assets

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

Shareholder communication and marketing

We foster good working relationships with our key stakeholders; our Manager, as described above, and our shareholders. With a significant proportion of our shareholders being retail investors and savings or execution-only platforms representing an increasingly significant and growing element of the shareholder base, we remain focused with our Manager on the optimal delivery of the Company's investment proposition. All available channels are used including the internet and social media as well as the BMO savings plans, which remain a cost effective and flexible way to invest in the Company.

Managing risks and opportunities

We look to make good use of our corporate structure and the investment opportunities that lead to a high total return for our shareholders over the longer term. Like all businesses, these opportunities do not come without risks and uncertainties 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, secretarial, accounting and marketing services are all carried out by our Manager. It provides reports on the investment portfolios; the wider portfolio structure; risks; compliance with borrowing covenants; income, dividend and expense forecasts; errors; internal control procedures; marketing; shareholder and other stakeholder issues, including the Company's share price premium or discount to diluted NAV; and accounting and regulatory updates.

Shareholders can assess our financial performance from the Key Performance Indicators that are set out on page 15 and, on page 16, can see what the Directors consider to be the Principal Risks that we face. The risk of not achieving the Company's objective, 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; ineffective or expensive gearing; poor cost control; loss of assets and service provider governance issues. In addition to monitoring our Manager's performance, commitment, available resources and its systems and controls, the Directors also review the services provided by other principal suppliers. These include the Custodian and Depositary in their duties towards the safeguarding of the assets.

The principal policies that support our investment and business strategy are set out on page 12, whilst the Lead Manager's review of activity in the year can be found on page 18. In light of the Company's strategy, investment processes and control environment (relating to both the oversight of the Company's service providers and the effectiveness of its risk mitigation activities), we have set out on page 17 our reasonable expectation that the Company will continue in operation for the next five years.

Sustainability and our ESG policies

As stewards of over £854 million of shareholder assets, and a voice as a shareholder in many companies, we have a duty through our Manager to influence and support positive change.

Our approach

Environmental, social and governance issues can present both opportunities and threats to the long-term investment performance we aim to deliver to our shareholders. We are therefore committed to taking a responsible approach to ESG matters in ensuring that we have appointed a manager that applies the highest standards of ESG practice in managing the Company's investments on behalf of shareholders. Our approach covers our own responsibilities on matters such as the composition of the Board, and also the impacts we have via the investments made on our behalf by our Manager which we recognise as the most material way in which we have an impact.

In setting and reporting on our policies, we have considered the impacts of our activities and followed the relevant regulatory guidance including the requirements of section 172(1) of the Companies Act 2006 (the **"Act"**). We have also reported under the AIC Code of Corporate Governance (the **"AIC Code"**) published in 2016 and have had regard to the latest version published in February 2019, fully applicable for financial years beginning on or after 1 January 2019, as well as a number of the key aspects of the revised UK Corporate Governance Code (the **"UK Code"**) issued in 2018 and also fully applicable from 1 January 2019.

Responsible ownership

We support BMO GAM in its belief that good governance and sustainability practices create value. BMO GAM 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 such it aims to systematically incorporate ESG factors into its investment processes. This is based on the view that companies with strong management focus on these areas have the potential to reduce risks facing their business and deliver sustainable performance over the longer term. Investee company boards are expected to disclose to shareholders that they are applying appropriate oversight, on material issues such as labour standards, environmental management and tax policies.

We believe that engaging with companies is best in the first instance rather than simply divesting or excluding investment opportunities. Engagement with companies, including the managers of potential collective investment fund holdings, on significant ESG matters, so as to reduce risk, improve performance, encourage best practice and underpin long-term investor value forms an important part of BMO GAM's approach towards responsible investment.

Voting on portfolio investments

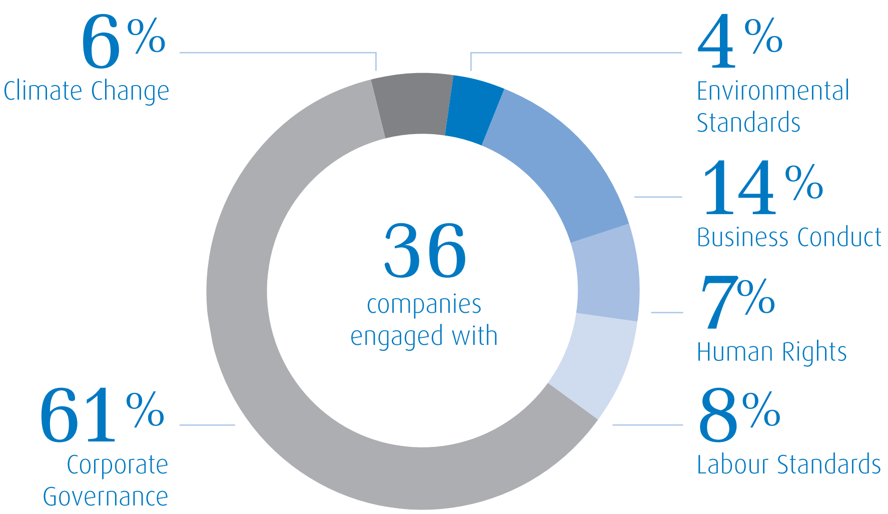
BMO GAM's Corporate Governance Guidelines set out expectations of the boards of investee companies in terms of good corporate governance. We expect to be informed by our Manager of any sensitive voting issues involving the Company's investments. In the absence of explicit instructions from the Board, our managers are empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted at all listed company meetings worldwide where practicable in accordance with BMO GAM's own corporate governance policies. In the year under review BMO GAM voted in favour of 90% of resolutions at 195 shareholder meetings.

BMO GAM's statement of compliance with the UK Stewardship Code has been reviewed and endorsed by the Board, which encourages and supports BMO GAM on its voting policy and its stance towards ESG issues. The statement has been awarded Tier 1 status by the Financial Reporting Council (the **"FRC"**) for its Stewardship Code Compliance Statement, the highest possible ranking. It is available on BMO GAM's website.

"We are therefore committed to taking a responsible approach to ESG matters in ensuring that we have appointed a manager that applies the highest standards of ESG practice in managing the Company's investments on behalf of shareholders."

Engagement

Our fund management team regularly meet with management teams of the companies we invest in. In addition, in the year under review, members of the Responsible Investment Team at BMO GAM engaged with 36 investee companies held by the Company on a range of ESG topics as illustrated below:



Examples of engagement in practice		
Company	**Topic**	**Engagement**
Martin Marietta Materials	**Climate change – Emissions & Water Management**	BMO GAM are supporters of both the Carbon Disclosure Project and the recommendations of the Taskforce on Climate-Related Financial Disclosures and expect to see companies report climate risks and strategy against these frameworks. In this context, BMO GAM engaged with the company to discuss its carbon and water management strategy, as well as its management of environmental and social risks of large-scale extraction projects. We welcomed additional information around these topics in the company's subsequent sustainability reporting.
John Laing Group	**Labour Standards and Corporate Governance – Gender Diversity**	BMO GAM believe that the promotion of gender diversity is important as part of enhancing long-term board effectiveness and have been raising this topic as part of their engagement with issuers. We welcomed the company's improved information on diversity efforts in its annual report, as well as the appointment of an additional female board member bringing the overall level of female representation on the board to 38 percent, in line with good market practice.
Clinigen Group	**Corporate Governance – Executive Remuneration**	While AIM companies are not required to provide a vote on executive pay, BMO GAM believe that those voluntarily proposing a "say on pay" resolution for shareholder approval contribute to the good governance credentials of the index and allow investors the opportunity to publicly show support for the work of the remuneration committee. In a positive development, the health care company submitted its executive remuneration report for shareholder approval on a voluntary basis for the first time in 2018. BMO GAM had previously encouraged the company to prepare and put forward a remuneration report for shareholders to assess alignment between executive pay and performance.

Principal Policies

The Company's principal policies support the Company's investment and business strategies in securing a high total return for our shareholders.

Investment

The Company is required to have a publicly stated Investment Policy from which shareholders, prospective investors and stakeholders can understand the scope of its investment remit and constraints imposed under it. Any material changes to the stated policy can only be made with shareholder approval.

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

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

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

The Board carries out due diligence with regard to the Investment Policy at each of its Board meetings and receives regular reports from the Lead Manager throughout the year. Confirmation of adherence to the investment restrictions and limitations set by the Board are required at each meeting.

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. The Board believes that structural gearing throughout the investment cycle is appropriate for the enhancement of future shareholder returns. The Board monitors borrowing levels at each Board meeting.

Dividend

The Company's revenue account is managed with a view to continuing its record of delivering a rising income stream in real terms for shareholders. Prudent use of revenue reserves established over many years is made whenever necessary to help meet any revenue shortfall.

The Board applies due diligence and determines payments by taking account of timely income forecasts, brought forward distributable reserves, prevailing inflation rates, the dividend payment record and Corporation Tax rules governing investment trust status.

Risks to the dividend policy have been considered as part of the Principal Risks and Future Prospects reviews noted on page 16. They include: worldwide financial and political instability leading to significant deterioration in the level of income received by the Company; and unforeseen and significant changes to the Company's regulatory environment. Liquidity is not considered an issue as the Company has sufficient liquid resources to fund any envisaged level of dividend payment. The consistent application of the dividend policy has enabled the Company to pay an increased dividend every year for the past 49 years.

Premium/Discount

The Board issues shares at a premium to the diluted NAV per share helping to prevent an excessive build-up of demand for the shares and to reduce premium volatility. Such issues are only made when the Company's shares are trading at a premium and they are therefore accretive to the NAV.

The Board also applies a discount control, or "buyback", policy. Under this policy the Board aims to keep the discount (with the diluted NAV per share including current period income) at no more than 5% in normal market conditions.

In either scenario, this strategy has the benefit of enhancing NAV per share for continuing shareholders.

The Board reviews the premium and discount levels at each meeting. Towards the end of the period under review it became necessary to buy back shares. Shares bought back can either be cancelled or held in treasury. Shares held in treasury can be sold, or new shares issued to satisfy demand, if the share price is at a narrower discount than the weighted average discount at which the shares were bought back. Such shares will be sold at no more than a 5% discount to the prevailing diluted NAV per share. This does not preclude the Company selling shares from treasury at a premium.

"The consistent application of the dividend policy has enabled the Company to pay an increased dividend every year for the past 49 years."

Taxation

As an investment trust, 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 it does not suffer UK Corporation Tax on capital gains; ensures that it submits correct taxation returns annually to HMRC and settles promptly any taxation due; and ensures that it claims back in a timely manner, where possible, all taxes suffered in excess of taxation treaty rates on non-UK dividend receipts. 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.

Board diversity

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

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for securing a high total return for shareholders. The policy is applied 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 terms of progress in achieving diversity, the gender balance of two men and three women Directors exceeds the target of 33% of women on FTSE 350 company boards by 2020 set under The Hampton-Alexander Review. This is the independent review body which aims to increase the number of women on FTSE 350 boards. The Board notes the recommendations of the Parker Review Committee for each FTSE 250 company to have at least one director from an ethnic minority background by 2024 as part of the drive to improve the ethnic and cultural diversity of UK company boards.


"Shareholders who have held the Company's shares for the last 25 years **have received a compound annual total return in share price terms of 10.0%.**"

Key Performance Indicators

The Board assesses its performance in meeting the Company's objective against the following four key measures (Performance, Premium/Discount, Ongoing Charges and Dividend Growth), including regional performance against local benchmarks set out on page 18. Detailed commentary on these measures can be found in the Chairman's Statement and Manager's Review. A 25-year historical record of these indicators (excluding ongoing charges) is shown on pages 88 and 89.

Performance: Total return(1)

	1 Year %	3 Years %	5 Years %	The Board's policy is to secure a high total return
NAV (diluted) total return	3.8	45.6	75.6	This measures the Company's share price and NAV total returns, which assume dividends paid by the Company have been reinvested, relative to the Company's Benchmark.
Benchmark(2) total return	3.0	45.0	68.1	
Share price total return	(1.0)	38.7	68.5	

Source: BMO GAM and Refinitiv Eikon

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

At 30 April	%	The Board's premium/discount policies are to moderate the level of share price premium/discount and related volatility
2019	(4.3)	This is a measure of the divergence between the share price and the diluted NAV per share. The Company issues shares whilst the share price is at a premium and buys back shares when it is at a discount.
2018	0.5	
2017	0.8	
2016	0.7	
2015	1.0	

Source: BMO GAM and Refinitiv Eikon

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

At 30 April	% (excluding performance fees)	% (including performance fees)	The Board's policy is to control the costs of running the Company
2019	0.79	0.79	This measures the running costs of the Company (including where applicable the performance fees suffered in underlying funds) as a percentage of the average net assets.
2018	0.83	0.83	
2017	0.84	0.86	
2016	0.85	0.85	
2015	0.79	1.08	

Source: BMO GAM

Dividend growth

	1 Year %	3 Years %	5 Years %	The Board aims to continue its progressive dividend policy
Dividends	14.6	54.2	106.3	This compares the Company's dividend growth rate to the rate of inflation.
Retail Prices Index	3.0	10.2	12.7	

Source: BMO GAM and Refinitiv Eikon

(1) See Alternative Performance Measures on pages 90 and 91
(2) See Glossary of terms on page 92 for explanation of Benchmark

Principal Risks and Future Prospects

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

The principal risks, both perceived and observed, together with their mitigations are set out in the table below. The Board's processes for monitoring them and identifying emerging risks are set out on pages 47 and 48 and in note 24 on the accounts. The risks are unchanged from those reported in the prior year.

The principal risks identified as most relevant to the assessment of the Company's future prospects and viability were those relating to inappropriate business strategy, potential investment portfolio under-performance and its effect on share price discount/premium and

Principal Risks	Mitigation
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 under review**	**The Board receives regular control reports from BMO GAM covering risk and compliance, including oversight of third party service providers. The Board has access to BMO GAM 's Head of Business Risk and their Group Information Security Officer, International and requires any significant issues directly relevant to the Company to be reported immediately. The Depositary is specifically liable for loss of any of the Company's securities and cash held in custody unless resulting from an external event beyond its reasonable control.** **The Board also monitors efficiency of service providers' processes through efficiency KPIs.**
An inappropriate business strategy or policy, or ineffective implementation, could result in poor returns for shareholders. **Unchanged throughout the year under review**	**The Board holds a separate strategy meeting each year and considers investment policy review reports from the Manager at each Board meeting. The Board assesses investor needs through targeted research and marketing, the effectiveness of which is kept under continuous review.** **Performance KPIs are monitored by the Board.**
A significant share price discount or premium to the Company's diluted NAV per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. **Increased during the year under review**	**The Board has established share buyback and share issue policies, together with a dividend policy, in order to moderate the level of share price discount or premium to the diluted NAV per share and related volatility and seeks shareholder approval each year for the necessary powers to implement these policies.** **The Company's premium/discount is a KPI measured by the Board on an ongoing basis.**

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 9.

Through a series of connected stress tests ranging from moderate to extreme scenarios and based on historical information, but forward looking over the five years commencing 1 May 2019, the Board assessed the risks of:

- potential illiquidity of the Company's portfolio;
- the effects of any substantial future falls in investment values and income receipts on the ability to repay the CULS and potential breach of CULS covenants; and
- significant falls in income on the ability to continue paying steadily-rising dividends and maintaining adequate reserves and the retention of investors.

The Board also took into consideration the perceived viability of its principal service providers, potential effects of anticipated regulatory changes and the potential threat from competition. The Board's conclusions on the Company's viability are set out under the Five Year Horizon.

On behalf of the Board
Anthony Townsend
Chairman
18 June 2019

Actions taken on Principal Risks in the year

The Audit and Management Engagement Committee regularly reviews the Company's risk management framework with the assistance of the Manager. Supervision of third party service providers has been maintained by BMO GAM and includes assurances regarding IT security and increasing cyber threats. The Depositary maintained oversight of custody of investments and cash and its regular reports to the Board indicated no matters of concern. The Board engaged with the Manager and other data processors to implement, comply and embed the necessary safeguards under the General Data Protection Regulations introduced in May 2018. As such, this risk is unchanged.

The Board continually measures the Manager's investment performance against the Key Performance Indicators set out on page 15 and is satisfied that the Manager's long-term performance remains in line with expectations. Marketing campaigns continued throughout the year, including promotion across financial and other relevant websites and publications. As such, this risk is unchanged.

The Company issued 50,000 shares to satisfy demand from investors and help contain the premium. A further 691,583 shares were also issued as a result of the CULS conversions. The Company's share price moved below the diluted NAV later in the year and a total of 150,044 shares were bought back in accordance with the Company's buy back policy. As such, this risk is categorised as increased.

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 is consistent with 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 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, are unlikely to be adversely impacted as a direct result of Brexit and other political uncertainties.
- The Company is inherently structured for long-term outperformance, rather than short-term opportunities, with five years considered as a sensible time-frame for measuring and assessing long-term investment performance.
- The Company is able to take advantage of its closed-end investment trust structure.
- The Company has put in place borrowing arrangements and has the potential to secure additional finance in excess of five years.
- 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.

Manager's Review

We were able to slightly outperform as a result of positive stock selection by the team at a time when geo-political developments made investing astutely all the more difficult.

Peter Ewins, Lead Manager

While the headline NAV and Benchmark total return numbers of 3.8% and 3.0% may suggest that this was a quiet year in the markets, it was anything but that in practice. Smaller company shares lagged the larger stock indices in all of the main countries this year, with an overall trend towards more defensive investments evident in the markets.

During the first half of the year, equities were negatively impacted by a wide range of issues but perhaps the most globally significant development was the commencement of the trade war between the US and China. This started with the imposition of tariffs on $34bn of imports from China by the US in June. While such a move had long been threatened, retaliatory measures by China eventually led to a step-up in tensions in September when a more substantial list of products became subject to duties in both directions. With strong job creation in the US driving the unemployment rate down to below 4% and oil prices surging, there was a rise in longer term US government bond yields, with the closely watched ten-year treasury rate moving to a high of more than 3.2%. This was relevant and of concern to equity investors, as a "risk free" yield this high was likely to attract some money away from shares.

In the second half of the year, bond market yields fell-back. Purchasing Managers indices indicated a slowdown in the outlook for growth, while inflation data stabilised. Although negative revisions to corporate earnings expectations became more regular, global equity markets rallied at the start of 2019 on relief that there might not need to be further tightening of monetary policy in the US. The Federal Reserve also reined back expectations for the amount by which it would seek to reduce its holdings of Treasury stock, the so called process of "quantitative tightening". Investors increasingly started to discount a benign outcome to renewed trade discussions between the US and China with Asian and emerging market equity markets as a whole rallying.

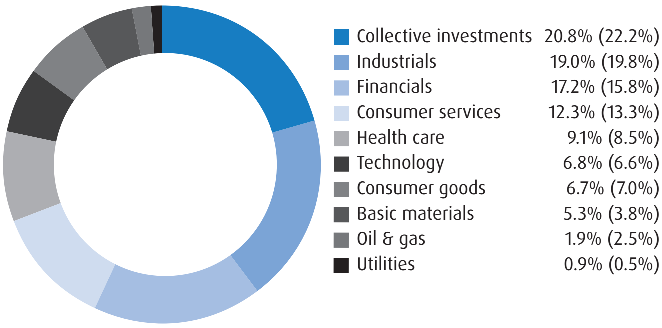
Table of total returns (sterling)

	1 year		3 years		5 years	
	Fund	**Benchmark**	**Fund**	**Benchmark**	**Fund**	**Benchmark**
UK	-1.8%	-3.4%	44.9%	26.2%	76.9%	36.5%
Europe	4.0%	-1.9%	39.4%	45.1%	63.5%	59.3%
North America	14.0%	10.5%	59.3%	64.7%	97.9%	96.2%
Japan	-9.7%	-5.9%	39.2%	41.5%	95.3%	101.7%
Rest of World*	0.8%	-4.2%	37.2%	34.3%	37.1%	46.2%

Source BMO GAM

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

Industrial classification of the investment portfolio as at 30 April 2019



The percentages in brackets are as at 30 April 2018
Source: BMO GAM

Against this turbulent background, the table on the previous page shows how our various portfolios performed last year, and how they have done over longer time periods, in all cases in sterling total return terms. It is good to see that, even though our returns were only slightly positive, we were able to outperform strongly in both Europe and the Rest of World this year, after a difficult 2017/18. Returns in North America trounced those from elsewhere, only a small part of which was due to the fact that the dollar was strong. Outperforming in the US is always important for us given how big the market is and we benefited from strong stock picking, notably Health care. We also continued to beat the market in the UK, with only the Japanese portfolio ending behind the local small cap market this year.

While the main focus is always on looking at individual company fundamentals, our general approach in the year was to reduce risk across the portfolio. Although a higher level of employment in most of the leading economies is clearly good news for the outlook for consumer spending, an increasing number of companies that we have met have been suggesting that it is becoming harder to find staff. This has already started to feed through into higher wages and pressure on profit margins for labour intensive businesses. One of the other things that has concerned us for quite a long time is the amount of debt in the world. Combined government, corporate and personal debt is higher than before the global financial crisis, raising question marks around what could happen to defaults were interest rates to move up by any meaningful amount.

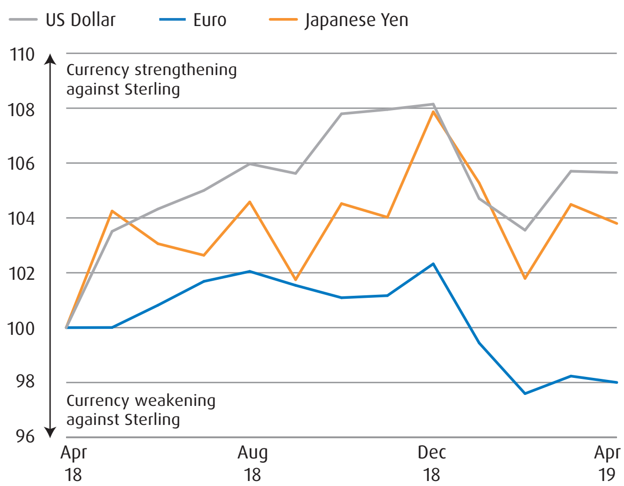
We sold holdings in several more cyclical companies in areas such as the automotive supply chain and capital equipment suppliers in general where trading conditions looked set to weaken. Our weighting to Financial stocks rose as we identified a number of relatively defensive new stocks, while good performance from holdings in the Health care sector increased the portfolio's exposure in this area too. Within Consumer sectors we tried to identify situations where the market had become too cautious on individual company's prospects, or where a sub-sector had been impacted by a shorter-term negative, creating valuation upside.

Overall, moving to a more defensive portfolio structure worked well in the first half of the financial year, but the more recent change in outlook for US interest rates led to a recovery in some of the more levered and riskier areas in early 2019. While the shape of our portfolio is constantly evolving, we continue to feel that we need to be relatively cautious for now, not least because the end game in the US/China situation remains hard to call, and we will not chase stocks just because they have positive momentum.

In terms of asset allocation by market, US share prices have looked expensive for some time compared to other markets. However, as the year progressed and growth deteriorated in other markets, we felt that the strength of the US economy was likely to be supportive for US small cap stocks, and we remained overweight until late in the period. We maintained overweight stances to Japan and Europe on a valuation basis, though the slowdown on the Continent and political challenges in some of the larger countries have made us less positive around prospects for the latter.

At the time of writing, the end game in relation to Brexit remains as unclear as a year ago. Needless to say, this has not helped inspire investor confidence in relation to UK exposure. Sterling ebbed and flowed in the markets as the various alternative scenarios became

Currency movements relative to sterling in the year ended 30 April 2019



Source: BMO GAM

more or less likely. We are very conscious of the political risk as we look ahead following the resignation of the Prime Minister and in the near term are likely to remain underweight.

Gearing was held at a consistent level of around 5% during the year, with the Board remaining keen to take a structural approach to the use of borrowings. As the Chairman's Statement outlines, work is currently ongoing in relation to arrange replacement of the CULS which mature at the end of this July. Terms for debt facilities for the Company as for other borrowers remain attractive for now compared to historically and a further announcement will be made when the Board has concluded its deliberations.

In the following pages, the regional reviews will focus on the individual companies which impacted performance the most in 2018/19. In all cases, stock market index performances are shown as sterling total returns, whereas individual share price performances highlighted are expressed in capital only local currency terms.

UK Review	One year
Portfolio Performance	-1.8%
Numis UK Smaller Companies (excluding investment companies) Index	-3.4%
FTSE All-Share Index	+2.6%

The UK small cap market fell in the year and failed to keep up with the FTSE All-Share which managed to eke out a modest gain. More domestically exposed companies tended to be out of favour, which played against smaller stocks. Our portfolio did better than the small cap benchmark for the ninth year in a row, but it was nevertheless a tough time.

With political deadlock in relation to Brexit creating a lack of clarity around the future, not surprisingly there has been a cutback in business investment, but consumer spending held up well. This was aided by a fall in unemployment to the lowest level since 1974 and in August the Bank of England announced a 0.25% rise in base rates. The economy continued to grow at the start of 2019, supported by stock-building ahead of the planned departure date from the EU at the end of March.

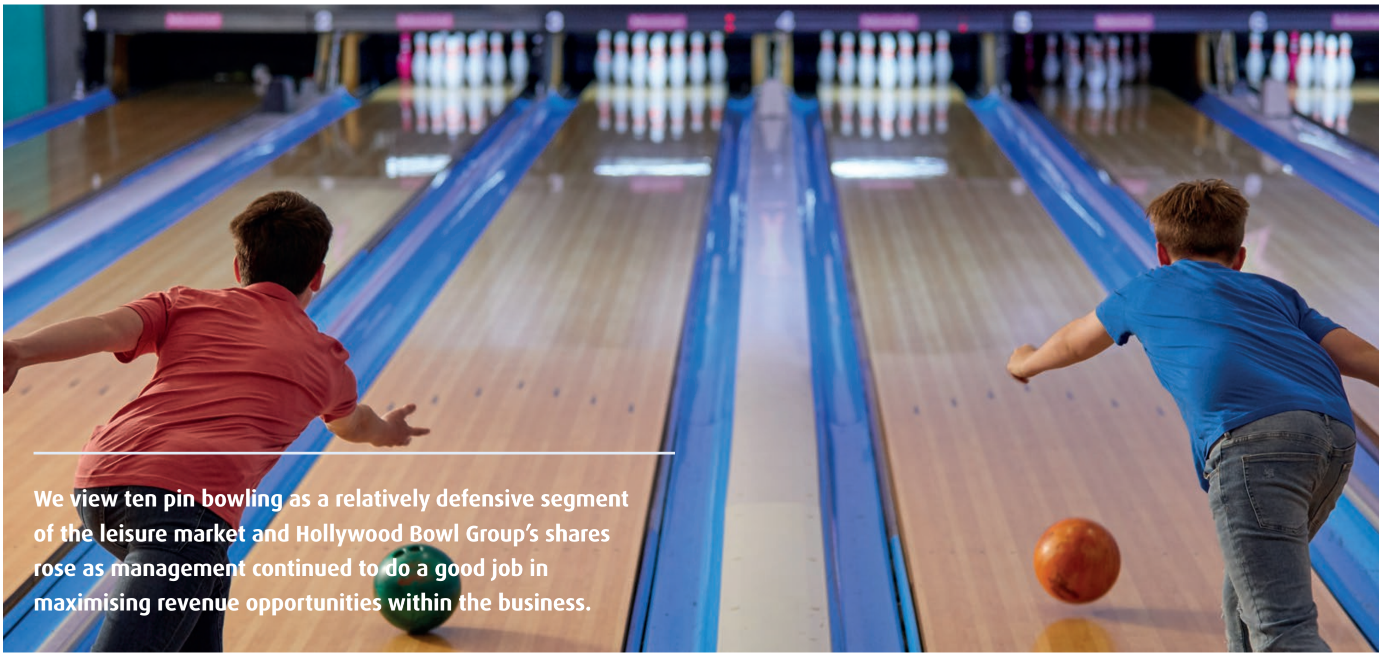
Looking at portfolio performance, we enjoyed a strong year in technology stocks with a company that we have mentioned on several previous occasions, **Craneware**, leading the way. This supplier of software into the US hospitals market has gathered a growing fan club of investors and the shares rose by 45.5%. We sold a large proportion of the holding in the year as the valuation became less compelling. Two other good performers in the same sector were translation services and software company **SDL Group** and telecoms testing services business **Spirent Communications**. Both appear to now be better placed within their markets under new management teams.

We also did well within Financials. Here, the best contribution came from infrastructure investment business **John Laing Group**. Key project execution remained mainly on-track, value was realised from sales of operational infrastructure assets and the company raised more capital in the year via a rights issue. We started a new holding in pensions administration business **XPS Pensions Group**. The company has high recurring revenues fitting with the plan to move towards less cyclical investments. Another new name added was **Gresham House**. This asset management company focuses on alternative asset classes such as renewables, timber, housing and infrastructure. There seems to be less fee pressure in these niches than in mainstream fund management. We sold our holding in **Premier Asset Management**, where growth appears to have stalled of late.

Media has long been a favoured sector for us. Promotional products company **4imprint Group** shares rose by 55.2% as results showed continuing excellent growth. The company is taking share in what remains a fragmented promotional products market place. Best known for its Peppa Pig franchise, television and film productions business **Entertainment One** did well as results impressed, and the newer PJ Masks children's programme gained traction. Digital communications agency business **Next Fifteen Communications** outperformed as accretive acquisitions were bolted on.

Although there was less in the way of takeover activity across the market in the period, performance benefited from a bid for North Sea exploration and development company **Faroe Petroleum**. This had been our largest holding in the oil and gas sector. We had liked the company's lower risk, balanced business model and so we were sad to exit. Two other stocks which enjoyed good years were mining royalties company **Anglo Pacific Group** and marine services company **James Fisher and Sons**. The former is benefiting from higher production at a key mine and has continued to diversify its portfolio of royalties. Fisher had success winning more work on the development and maintenance of offshore UK wind farms, while it also won a contract to supply South Korea with a new submarine rescue vessel.

Consumer holdings produced mixed results in the year. One of last year's weaker performers, convenience foods supplier **Greencore**, bounced back as the company announced the sale of its US arm and repaid capital to shareholders. Holding on had proved sensible, but we decided to sell out following the bounce. **City Pub Company** produced strong results and we supported a placing to give the team more capital to acquire further public houses. We've long been cautious on retail exposure given the increasing threat to legacy operators from online competition, but we were disappointed by fast fashion business **Quiz** which produced very poor results, so we decided to cut our losses. While



We view ten pin bowling as a relatively defensive segment of the leisure market and Hollywood Bowl Group's shares rose as management continued to do a good job in maximising revenue opportunities within the business.

travel agency business **On The Beach** is continuing to build its brand and take share from legacy competitors, its shares sold off as peers warned on profits and the impact of Brexit on bookings.

Initial Public Offerings (**"IPOs"**) were relatively thin on the ground this year, with the weak stock market and subdued flows into funds resulting in a number of proposed issues being pulled. Buying into the IPO of legal services company **Knights Group** proved to be a good call however, as the shares shot up when the market became more confident in the model and a significantly earnings enhancing acquisition was announced. We also bought a holding in **Team17 Group**, the video games business, attracted to the company's strategy of working with external games developers and by the breadth of games it owned including the well-known "Worms" franchise. Results to date have surpassed conservatively set expectations at the time of the IPO. Just before the end of the year, we participated in the float of **Loungers**, an all-day café/bar concept, whose model delivers attractive economics and has strong roll-out potential.

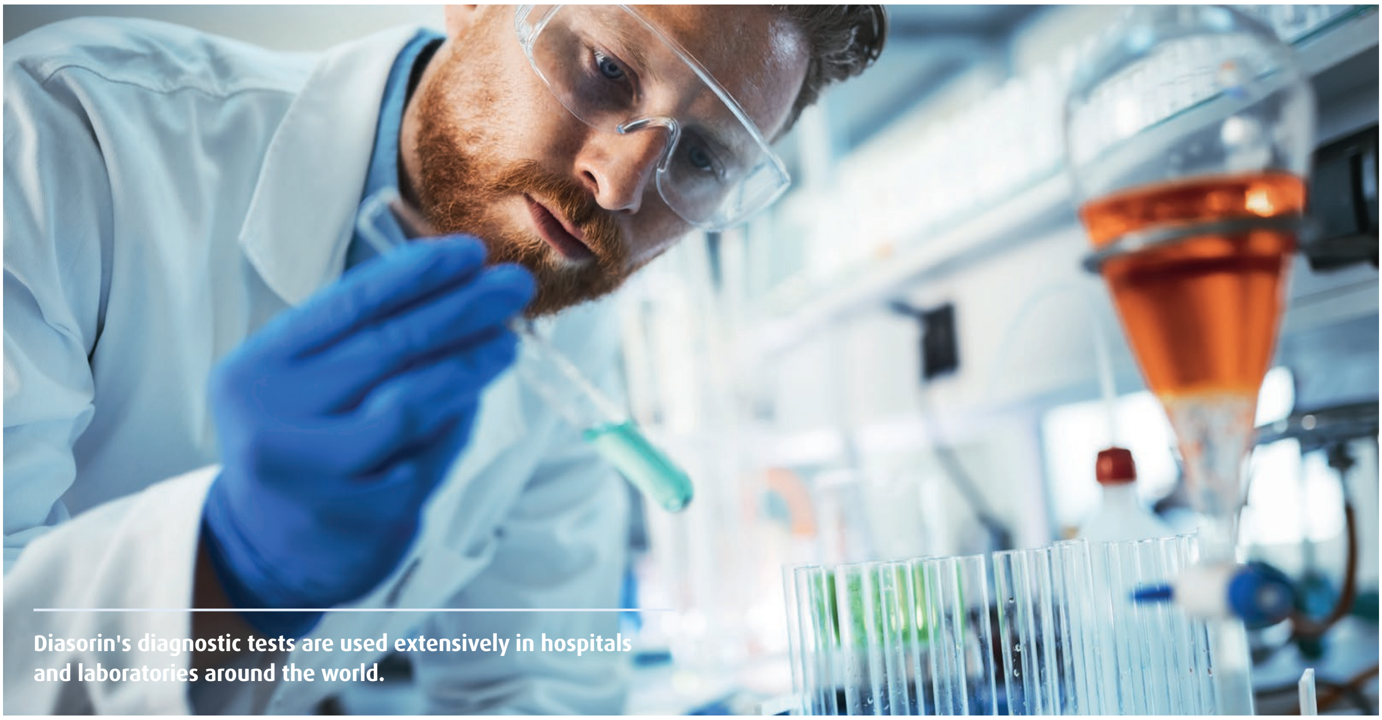
Two companies which had struggled last year, specialist materials company **Carclo** and household goods supplier **McBride**, suffered again, with the problems partly self-inflicted. We lost confidence in the quality of the business franchises and decided to sell both. Shares in **Arena Events Group**, which provides seating and other equipment to sporting and entertainment functions, fell after a profit warning was announced relating to the company's UK operations. Contract cost over-runs rather than a lack of business were the problem. Our holdings in chemicals company **Elementis** and flooring supplier **Victoria** suffered from weaker end market demand.

As there is still no clarity around the end-game for Brexit, we are likely to continue to stick with a defensive bias to the portfolio for now. The fact that we were able to identify a good number of new holdings last year illustrates the breadth of the UK small cap market, and we hope to see good contributions from these stocks in the coming periods.

European Review	One year
Portfolio Performance	+4.0%
Euromoney Smaller Europe Ex UK Index	-1.9%
FTSE All-World Developed Europe ex UK Index	-0.2%

In Europe, the pattern of stock market performance mirrored that elsewhere with larger stocks doing better than the small caps, but this was a good year for us, with strong outperformance against the small cap index recorded.

Europe had begun to enjoy a more robust period of economic growth before international trade tensions and political challenges derailed this recovery, with both leading indicators and economic statistics noticeably weakening through the year. The industrial supply chain disruption caused by trade conflict was most keenly felt by the European exporting countries, with Germany, which had been the main engine of any growth in Europe leading the region lower. In fact, out of the major Eurozone nations, Spain was most resilient, benefitting from both the painful restructuring of the economy during the crisis years and its greater domestic focus as employment continued to recover. This workforce recovery is widespread throughout Europe and should provide more resilience to the outlook for the economy.



Diasorin's diagnostic tests are used extensively in hospitals and laboratories around the world.

Politics of course adds another level of uncertainty, with a popular rebellion achieving traction in France and uncertainties surrounding the longevity of the Italian coalition government. Unfortunately, this pushes the agenda of reform in both countries further back. While political unrest isn't unusual within Europe, when combined with economic deterioration, it caused the European Central Bank to again adopt a more accommodative monetary policy. More recently, a better year end 2018 earnings season and expectations of a resolution to the US and Chinese trade war helped the 2019 calendar year start strongly.

Stock selection will always be the principle driver of our returns and this year was no exception, with our holdings in the Chemicals and Industrial Engineering sectors contributing particularly well, perhaps surprisingly given the tendency for more cyclical areas to struggle. Of note was one of our largest holdings, the Dutch listed specialist chemical distribution company, **IMCD**. The company has the broadest range of distribution in terms of both products and geographic reach within Europe and the shares rose 41.0%. In the same sector but with much less cyclicality, ingredients business **Symrise** was up 27.7% as it gained additional business in the pet and cosmetics areas and upgraded its margin outlook.

Our best performer in the year was the Norwegian industrial **Tomra Systems**. Tomra makes reverse vending bottle machines, which process empty plastic and glass bottles. Whilst the company delivered well operationally, the shares were re-rated as more countries announced the implementation of deposit systems for these machines. **Alimak Group**, best known for its hoists and lifts supplied into the construction market, was strong as conditions in its markets improved and results responded.

Coor Services Management performed well after delivering stronger growth than expected. Coor operates in a Scandinavian oligopoly for integrated facilities management and benefits from a trend towards more outsourcing. We were also helped by the performance of several other Scandinavian stocks, with equipment and components business **Indutrade** being lifted by better demand in energy and marine markets and the impact of acquisitions. It was generally a difficult year for banks but Norwegian based **Sparebank** produced strong results, helped by lower impairments and Danish based **Ringkjoebing Landbobank** shares did well after the company made a well-received takeover of a regional peer.

It was also pleasing to see one of our new holdings, online food delivery company **Takeaway.com** performing strongly. We invested in the company mid-way through the year taking advantage of a period of weakness. We could justify the company's valuation solely through their Dutch business which had a long-established track record of strong growth, implying that the value of the nascent German and Polish operations were being ignored. This changed rapidly when Takeaway.com announced that they had acquired peer Delivery Hero's German operation, giving them a market leading position in a country with massive potential. Several other stocks that we have held for longer periods rewarded us in the year, including ticketing business **CTS Eventim**, flooring business **Forbo**, and semiconductor equipment provider **ASM International**.

Turning to our more disappointing contributors it is no surprise that our auto-related stocks suffered, given that the sector is most exposed to the ramifications from the trade upheavals of last year. Both our component suppliers, **Plastic Omnium** and **Norma Group**, performed badly as they delivered worse than expected operating results as a direct result of the industry woes. We sold Plastic Omnium following a rally in the share price at the start of 2019. While the stock had performed well since we initiated the position, the investment case has changed sufficiently with particular challenges facing the business as the sector transitions away from diesel engines. We are however maintaining our holding in Norma as we believe that the current weakness, while painful, is temporary and that at some point the industry will recover.

The two other significantly negative contributors were the Spanish swimming pool supplier **Fluidra** and **Aareal Bank**, the German pan-European lender. Nothing particularly went wrong for Fluidra, though the shares suffered following a profit warning from a US peer. The recent first quarter results indicated a business that was operating satisfactorily. Aareal Bank's weakness was due to pressure on lending margins and a smaller than expected dividend being paid to shareholders. Falling interest rate expectations over the second half of the reporting year also didn't help. While the dividend reduction was indeed disappointing, we think the market is misinterpreting the margin fall as we believe this is a result of a greater mix of lower risk lending rather than any particular new competitive pressure.

The near-term outlook for Europe looks uncertain as economic indicators are relatively weak. A reasonable proportion of this weakness is however due to outside forces that could cease were there to be a resolution to the trade talks between US and China. Europe has more scope to deliver an improvement in employment given greater spare capacity at present, which if delivered upon would support consumer spending power. Debt levels at the corporate level are much lower than in the US and many equity valuations are also less stretched than in North America. We will again focus on our stock picking and remain disciplined as far as the characteristics of the businesses we hold, giving us the best chance of prospering irrespective of the outlook.

North American Review	One year
Portfolio Performance	+14.0%
Russell 2000 Index	+10.5%
S&P 500 Index	+19.8%

The Russell 2000 Index of smaller companies delivered double digit growth in the financial year, a much better performance than the other global small cap benchmarks, but it lagged the larger cap S&P 500 Index. Our portfolio beat the Russell 2000 by a healthy margin.

After a long period of calm, volatility returned to the stock market. The first four months of the period saw shares rise strongly but from the beginning of September investor sentiment soured. Concerns grew about a softening in interest rate sensitive parts of the economy such as housing and as evidence of fallout from the trade dispute between the US and China started to accumulate. After Christmas, the Federal Reserve indicated a shift towards less restrictive monetary policy, trade negotiations showed signs of progress and as a result the market posted a very strong recovery that lasted until the end of April.

Through the course of the year, earnings growth decelerated because of slower revenue growth, higher costs and more difficult year on year comparisons. The Federal Reserve raised interest rates three times and started the process of scaling back the size of its balance sheet. Over the year the best performing sectors within the market were Technology (continuing the recent trend), Utilities and Consumer Discretionary, while the laggards were Energy, Health care, Materials and Processing.

The portfolio outperformance was aided by positive stock selection in Health care, Energy and Consumer stocks. In the former, **The Ensign Group**, an operator of nursing facilities executed well on its acquisition strategy and benefited from increased occupancy and rising profitability; the shares nearly doubled as a result. **STERIS** provides infection prevention products, sterilisation services and surgical equipment to the Health care industry. The industry backdrop was favourable for the company and it reported solid earnings. The new management team at **Molina Healthcare**, a provider of government health insurance programs, made progress on turning this business around by cutting costs.

In Energy, our strategy was to focus on companies with oil price exposure and solid track records and balance sheets, as opposed to more risky and levered exploration/production stocks. Two new holdings involved in energy infrastructure and fuel distribution, Canadian based **Parkland Fuel** and **World Fuel Services** in the US rose strongly, as demand remained satisfactory and accretive corporate activity was announced. Equipment distributor **NOW** shares also did well before we decided to take profits. In Consumer Staples, two stocks shone; **Sanderson Farms**, the chicken processor and food distributor **Performance Foods**. The former rose as hopes for margin recovery in the industry were boosted by signs of a better demand versus supply situation, while Performance Foods' management continued to execute well, increasing market share in the independent restaurant industry.

Thankfully there were a number of other stocks delivering positive news. **America's Car-Mart** sells and provides financing for used cars. The company's shares rose 85.8% as it delivered improved financial results, revenue growth accelerated as the competitive environment

Monro continued its successful strategy of consolidating a fragmented car repair sector.

eased and management kept credit losses under control. Tyre and repairs business **Monro** jumped as like for like sales rose and the company entered California by acquisition. **CDW**, a value added reseller of IT products continued to use its scale advantages to take market share in the year and saw profitability improve because of a better product mix.

As ever not everything worked out as planned. **American Vanguard** suffered from sluggish agricultural end markets and concerns about the trade dispute between the US and China. **MEDNAX**, was challenged by a lower birth rate impacting its paediatric business and an adverse shift towards lower profitability customers in its anaesthesiology division. Revenue growth at **Amdocs**, a provider of outsourced services to telecommunications customers, was hindered by consolidation amongst the customer base. **Astec Industries**, a manufacturer of construction equipment, suffered from a loss on a large wood pellet plant contract plus lower orders as a result of weakening demand and we decided to sell out. We also took a loss on our holding in arts and crafts retailer **The Michaels Cos**, which struggled to grow sales and saw the sudden departure of its Chief Executive.

We were able to identify a number of new stocks to add to the portfolio. **Grand Canyon Education** is a provider of outsourced, campus based and online post-secondary education services. The company's high quality, low cost course line up can be further expanded and there is potential for additional outsourcing contracts to be won. **Wheaton Precious Metals** owns a diversified portfolio of precious metal royalty streams and cash flows should increase as the headwinds facing precious metal prices abate. **Eagle Materials** is a low-cost producer of construction materials and earnings should grow if the US infrastructure and housing markets continue to recover. We reduced our underweight to real estate assets by adding two new holdings; **CyrusOne** and **Healthcare Trust of America**. The former owns data centres in the US and Europe and it should benefit from growth in data generation and the construction of new facilities, while the latter owns medical services buildings in close proximity to large hospitals, generating steady cashflows.

Most of the sales for the year were of stocks which had performed well, limiting further upside. **Cinemark Holdings**, an owner and operator of cinemas, power generation equipment supplier **Generac Holdings** plus the aforementioned NOW were examples of this. In addition, three companies received takeover bids in the year. In the cases of **State Bank Financial** and medical devices company **NxStage Medical**, we decided to sell out on the news, while the takeover of **Wellcare Health Plans** has some way to run and the stock is still held in the portfolio for now.

Stocks we lost confidence in and decided to sell included **Magellan Health** in managed care and discount retailer **Big Lots**. Elsewhere we switched out of **Covanta Holding** (an operator of energy from waste facilities) and **Carriage Services** (a provider of funeral services) into companies with lower balance sheet leverage.

The near-term outlook for the US economy seems to be one of moderate growth in a somewhat late cycle environment.

Manufacturing has been softening because of decelerating economic growth, particularly outside of the US. Consumer spending has become more volatile and investment has been restricted by slower global growth and trade policy uncertainty but on the plus side lower mortgage rates have recently created some stability in the housing market. Despite this, several risks are on the horizon: valuations look rich, profit margins look full, corporate leverage is high and geopolitical risk is still very prevalent, particularly in regard to the trade dispute. The tariffs on imports could lead to upward pressure on inflation. Accordingly, a cautious approach seems sensible in the current environment.

Japanese Review	One year
Portfolio Performance	-9.7%
MSCI Japan Small Cap Index	-5.9%
Topix Index	-3.2%

Japanese equities as a whole endured a difficult year and within this, smaller companies were out of favour. Our returns in this year were disappointing in comparison to the market.

The Japanese economy is more driven by global trade-flows than many others, with export business to the US and China being particularly important. As the year progressed, the trade war overhang and a slowdown in Chinese demand undermined sentiment towards the market. GDP growth in 2018 fell to just 0.6%. On the domestic side of the equation though, it was not all doom and gloom, with job creation and demographic trends cutting unemployment to just 2.5%. At this point, the economy is essentially operating at full employment although a rising number of females opting to work is helping to ease labour shortages to a degree. Household spending has been rising but the Bank of Japan's 2% target for inflation is still not yet close to being met.

At the corporate level, there have been further advances in terms of governance in the quoted sector, and pressure from activist investors on companies is leading to some progress in board structures and capital allocation. The amount of share buybacks and dividends being paid out is continuing to increase, assisted by the fact that at an aggregated level, Japan's companies are significantly better placed in terms of financial strength than their peers elsewhere in the developed world. Payout ratios for dividends remain low by international standards however.

Foreign based investors chose to be net sellers in the market last year, driving share prices lower. The perception that Japan's high exposure to sectors such as automotive and more cyclical capital spending linked areas like factory automation, would lead to underperformance, had some validity. Stocks seen as having defensive and high quality earnings found favour, while more risky or cyclical stocks were under pressure.

We obtain our exposure to the market through third party managed collectives, and for a number of years now have used Eastspring and Aberdeen Standard Investment's open-ended funds. This year Eastspring's portfolio materially underperformed, with its value approach leading to a portfolio too skewed towards some of the more cyclical parts of the market. It also suffered from not having enough in the more defensive parts of the market which didn't screen attractively to the manager in terms of value. Aberdeen Standard's fund on the other hand outperformed the market as an overweight stance to Health care and good selection within Industrials paid off.

Just after the end of the financial year, we decided to introduce a third fund holding to the portfolio, managed by Baillie Gifford. This manager has a strong record in stock selection in the Japanese small cap market, focusing on companies with significant medium-term growth potential. This fund tends to be overweight in areas like Health care, outsourcing and online businesses. The purchase has been funded by reductions to the other two fund holdings, with the end result hopefully giving us more exposure to some of the best growth stocks in the long-term, while still leaving us with above Benchmark exposure to the out of favour end of the market with the potential to rally in coming months.

Looking forward, the market is likely to be at least in part hostage to the US/China trade news. There is scope for a large recovery if this were to end in a better than expected manner, but equally the market would not do well if the situation disintegrated into a full blooded trade war. The government is still planning to introduce an increase in sales tax of 2% in October to address the fiscal situation (Japan has one of the highest government debt levels in the world), but this could still be put off if the economic situation necessitates. While last year has been tough, we still feel that an overweight stance is merited for Japan, and hope for better returns in 2019/20, years which will see more international interest due to the Rugby World Cup and Olympics/Paralympics being hosted in Japan.

Rest of World Review	One year
Portfolio Performance	+0.8%
MSCI All Countries Asia Pacific ex Japan Small Cap Index	-4.2%
MSCI EM Latin American Small Cap Index	+0.1%

In this part of the portfolio, we hold third party managed funds focused in the main on developed and emerging markets in Asia, but also with some exposure to Latin America. As the numbers above show, while it was far from a vintage year, the portfolio performed comfortably better than the small cap indices in these parts of the world.

The first half of the year saw these markets generally under pressure as a result of the Trump led trade war, while higher oil prices and a stronger dollar were negatives for some of the energy importing countries in Asia. After a torrid end to 2018, the markets rallied at the start of 2019 as hopes grew that some kind of a compromise deal between the US and China could be reached.

While it's hard to have confidence in economic data coming out of China, there have been clear indications that the economy has slowed. The ratcheting up of the stakes more recently by the US, by raising tariffs to 25% on a significant proportion of imports from China, will only serve to do more damage. That said, the Chinese authorities have a few levers to pull to support local businesses; reducing constraints on bank lending, boosting infrastructure spending and cutting personal and corporate taxes are just some of the tactics that can be deployed. During the year nevertheless, stocks exposed heavily to China tended to struggle.

The slowdown in the growth environment prompted interest rate cuts in several Asian markets including Indonesia, Malaysia, Thailand and the Philippines. Indian shares were volatile ahead of the general election, with some concern that the market friendly reform agenda of Prime Minister Modi was likely to be watered down either way.

Latin American markets, as is often the way, were also volatile. The election of a right-wing populist in Brazil was initially taken well, but his policy of pensions reform to ease the fiscal shortfall will not be easy to achieve. Argentina remains under pressure post last year's IMF bail-out, with inflation at more than 50% and the government potentially set to be ousted in October.

After a weak 2017/18, we needed to do better last year, and two of the fund holdings, the **Pinebridge Asia ex Japan Small Cap Fund** and the **Utilico Emerging Markets** trust delivered material outperformance. Pinebridge's fund has done well over both the short and long-term, and once again stock selection was the reason for the good performance last year. Technology, Health care and Materials were the areas where most value was added in terms of sectors, and a high exposure to the weak Chinese market did not prove problematic given astute choice in this market. We added to our holding in the fund during the year, partly using the proceeds of the sale of the Manulife managed fund which we sold following the departure of the lead manager last Summer. The Utilico Emerging Markets trust focuses on utility and infrastructure related investments, and these areas tended to be in favour given their defensiveness and high dividend yields. Our worst performing fund was managed by HSBC. This underperformed due to poor selection in Consumer stocks and Technology, while unlike Pinebridge, an overweight to China/Hong Kong also worked against it given weaker stock selection.

Although we ended the year with less exposure than we started, we did put some money back in during the second half of the year. We have spent a lot of time reviewing potential new funds to add to the portfolio and this process is ongoing. We need to be confident that the management teams of any funds that we choose are experienced, and well-resourced. Stock selection in these markets can be more challenging given higher volatility and less information available to investors to analyse.

We continue to monitor geo-political developments as well, with Mexico and India in recent weeks also attracting the ire of President Trump.

Outlook

A weaker global growth prognosis plus the potential for bilateral trade wars between the US and other countries to escalate, could create headwinds for equities in the new year. Political uncertainty in the UK is unlikely to dissipate in the near term. There could however be some help for global share prices if interest rates in the US were to be cut, as is now looking more likely. In addition, the recent fall in bond market yields provides some additional support for equity market valuations.

Like other investors, we will continue to monitor the macro-economic, trade and political newsflow, which will have some role to play in relation to the appropriate geographic focus of the portfolio. We will however spend most of our time once again on analysing the fundamentals of our existing holdings and potential new investments. We remain confident in the quality of the management teams behind our investments and we will endeavour to continue to identify some more under-appreciated new stock ideas in the year ahead from the attractive global small cap equity universe.

Peter Ewins
18 June 2019

Thirty Largest Holdings

30 April 2019	30 April 2018		% of total investments	Value £m
1	1	**Eastspring Investments Japan Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	4.9	43.8
2	2	**Aberdeen Standard SICAV I Japanese Smaller Companies** Japan Fund providing exposure to Japanese smaller companies.	4.8	42.6
3	3	**Pinebridge Asia ex Japan Small Cap Fund** Rest of World Fund providing exposure to Asian smaller companies.	3.6	32.6
4	4	**The Scottish Oriental Smaller Companies Trust** Rest of World Investment company providing exposure to Asian smaller companies.	2.9	26.1
5	5	**Utilico Emerging Markets** Rest of World Investment company focusing on utility and infrastructure companies in emerging markets.	2.2	20.1
6	8	**Alleghany** United States Specialist commercial insurer.	1.4	12.6
7	10	**STERIS** United States Global supplier of surgical and sterilisation products and services.	1.2	11.1
8	7	**HSBC GIF Asia ex Japan Equity Smaller Companies** Rest of World Fund providing exposure to Asian smaller companies.	1.2	10.5
9	17	**Martin Marietta Materials** United States Aggregates and cement producer that serve the construction industry.	1.1	10.0
10	16	**WEX** United States An operator of a fuel card payment network.	1.1	9.6
11	22	**ICON** United States Clinical research provider to the global pharmaceutical industry.	1.0	8.7
12	25	**CDW** United States Integrated IT services company serving SME's in the US.	0.9	8.1
13	58	**UGI** United States Natural gas utility and infrastructure company.	0.9	8.1
14	20	**LKQ Corp** United States A distributor of alternative car parts.	0.9	8.1
15	18	**Sterling Bancorp** United States New York based commercial lender.	0.9	7.9

Thirty Largest Holdings (continued)

30 April 2019	30 April 2018		% of total investments	Value £m
16	-	**Parkland Fuel** Canada Fuel retail/wholesale distribution and infrastructure business.	0.9	7.9
17	23	**Jefferies Financial Group** United States Diversified financial services business incorporating capital markets, formerly called Leucadia National.	0.9	7.9
18	24	**Aberdeen Standard SICAV I Asian Smaller Companies** Rest of World Fund providing exposure to Asian smaller companies.	0.9	7.8
19	-	**Sanderson Farms** United States Integrated chicken processing business.	0.9	7.8
20	-	**World Fuel Services** United States Aviation and marine fuel distribution and marketing business.	0.9	7.6
21	19	**Kirby** United States US tank barge operator.	0.8	7.4
22	48	**Genesee & Wyoming** United States Operator of short line railways.	0.8	7.4
23	66	**America's Car-Mart** United States A used car retailer and financing business in the South and Central United States	0.8	7.0
24	11	**Waste Connections** Canada North American provider of waste collection and disposal services.	0.8	7.0
25	15	**CLS Holdings** United Kingdom Property investment company mainly operating in the UK, Germany and France.	0.8	7.0
26	-	**Wheaton Precious Metals** United States A precious metals royalty company.	0.8	6.9
27	43	**Performance Foods** United States A distributor of food and confectionary to restaurants, retailers and vending locations.	0.8	6.8
28	44	**Graphic Packaging** United States A vertically integrated producer of printed paperboard cartons for food and beverage products.	0.7	6.7
29	28	**Wellcare Health Plans** United States Provides managed care health plans exclusively to government sponsored programs in the US.	0.7	6.7
30	31	**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.	0.7	6.4

The value of the thirty largest holdings represents 41.2% (30 April 2018: 40.6%) of the Company's total investments.

List of Investments

Quoted investments	Holding	30 April 2019 Value £'000s
UNITED KINGDOM		
4imprint Group	134,343	3,560
AFH Financial Group	1,477,371	4,609
Alliance Pharma	4,092,034	3,216
Anglo Pacific Group	1,782,495	3,779
Anpario	644,144	2,512
Arena Events Group	5,013,304	1,930
Arrow Global Group	1,178,097	2,267
Avation	976,014	2,860
Biffa	1,484,094	3,488
Bovis Homes Group	228,713	2,536
Breedon Group	3,479,857	2,429
Brewin Dolphin	1,218,427	3,982
Cairn Energy Plc	1,987,541	3,403
Centamin	2,035,688	1,802
City Pub Group	1,778,379	3,912
Clinigen Group	487,987	4,858
Clipper Logistics	758,722	2,170
CLS Holdings	2,894,173	6,975
Computacenter	311,563	3,761
Countryside Properties	770,712	2,604
Craneware	83,131	2,228
Dalata Hotel Group	574,533	2,798
De La Rue	559,408	2,464
Dechra Pharmaceuticals	68,396	1,818
Draper Esprit	691,004	3,365
Eland Oil & Gas	1,416,374	1,765
Elementis	1,601,792	2,603
Entertainment One	747,647	3,563
Essentra	588,289	2,486
Euromoney Instl Investor	173,361	2,125
FDM Group	216,691	2,119
Genus	102,433	2,471
Go Ahead Group	168,693	3,259
Gresham House	439,874	2,265
Hollywood Bowl Group	1,421,722	3,398
Huntsworth	5,313,223	4,729
Imimobile	792,435	2,417
Iomart	776,373	2,706
James Fisher and Sons	204,251	4,024
John Laing Group	850,670	3,267
Keller Group	311,037	2,174

Quoted investments	Holding	30 April 2019 Value £'000s
Kin and Carta	2,416,670	2,622
Knights Group	1,268,661	3,552
Loungers	800,000	1,600
McKay Securities	1,188,105	2,792
Morses Club	1,405,311	2,473
Next Fifteen Communications	738,829	4,285
On The Beach	662,753	3,035
Onesavings Bank	1,025,285	4,458
Orchard Funding Group	1,777,151	1,511
Palace Capital	869,595	2,435
Polypipe Group	950,641	4,175
Restore	683,272	2,487
RPS Group	1,268,400	2,448
Sanne Group	668,715	4,186
Scapa Group	675,777	2,669
SDL Group	723,373	3,762
SDX Energy	4,897,651	1,420
Senior	1,303,097	3,013
Sirius Real Estate	7,800,009	4,945
Spirent Communications	2,459,299	3,901
Synnovia	735,043	632
Tarsus Group	1,010,703	3,143
Team17 Group	943,995	2,454
Ted Baker	115,234	1,853
The Gym Group	1,291,382	2,944
TI Fluid Systems	968,058	2,047
Tracsis	303,045	1,940
Treatt	937,155	3,908
Trifast	1,677,919	3,943
Tyman	1,316,576	3,344
U And I Group	2,007,506	3,581
Ultra Electronics Holdings	122,794	1,955
Vertu Motors	2,053,953	662
Victoria	555,508	2,778
Warehouse REIT	1,650,000	1,716
XP Power	126,442	3,376
XPS Pensions Group	1,870,224	2,974
Zotefoams	586,607	3,461
TOTAL UNITED KINGDOM		233,177
EUROPE		
AUSTRIA		
Lenzing	43,103	3,702

List of Investments (continued)

Quoted investments	Holding	30 April 2019 Value £'000s
DENMARK		
Ringkjoebing Landbobank	83,535	4,136
FRANCE		
Lectra	137,797	2,517
GERMANY		
Aareal Bank	105,548	2,815
CTS Eventim	124,485	4,871
Gerresheimer	66,846	3,850
Norma Group	61,948	2,245
Rational	3,670	1,902
Rocket Internet	113,035	2,282
Symrise	38,575	2,837
Takkt	133,121	1,602
Total Germany		22,404
IRELAND		
Irish Continental	576,604	2,488
Origin Enterprises	484,430	2,295
Total Ireland		4,783
ITALY		
Azimut Holding	116,850	1,806
Cerved Group	574,034	4,288
Diasorin	44,581	3,334
Marr	133,076	2,471
Total Italy		11,899
NETHERLANDS		
ASM International	55,766	2,902
IMCD	69,630	4,298
Sligro Food	125,947	3,513
Takeaway.com	37,521	2,471
Total Netherlands		13,184
NORWAY		
Sparebank	381,438	3,372
Storebrand	560,140	3,608
TGS Nopec Geophysical	111,578	2,231
Tomra Systems	89,478	2,062
Total Norway		11,273
SPAIN		
Fluidra	290,308	2,433
Vidrala	59,973	4,310
Viscofan	69,415	3,196
Total Spain		9,939

Quoted investments	Holding	30 April 2019 Value £'000s
SWEDEN		
Alimak	158,970	2,034
Coor Service Management	687,477	4,565
Dometic Group	257,882	1,811
Indutrade	97,021	2,259
Inwido	383,028	1,935
Total Sweden		12,604
SWITZERLAND		
Forbo	3,194	3,936
Komax Holding	8,063	1,418
Metall	911	1,845
Tecan	19,668	3,396
Total Switzerland		10,595
TOTAL EUROPE		107,036
NORTH AMERICA		
CANADA		
Parkland Fuel	334,000	7,855
Waste Connections	98,740	6,995
WSP Global	95,000	3,916
Total Canada		18,766
UNITED STATES		
Alleghany	25,007	12,587
Amdocs	150,293	6,349
America's Car-Mart	92,659	7,039
American Outdoor Brands	723,009	5,463
American Vanguard	482,439	5,825
At Home Group	189,465	3,415
Avnet	142,773	5,323
Brown & Brown	237,316	5,780
C.H. Robinson Worldwide	99,024	6,150
Catalent	121,523	4,174
Catchmark Timber Trust	594,832	4,563
CDW	100,477	8,135
Commvault Systems Inc	104,609	4,218
CyrusOne	133,792	5,713
Dolby Laboratories	126,714	6,285
Eagle Materials	88,891	6,199
Encompass Health	126,242	6,242
Era Goup	283,188	2,105
FireEye	379,270	4,661
Franklin Financial Network	202,414	4,292

Quoted investments	Holding	30 April 2019 Value £'000s
Genesee & Wyoming	108,426	7,373
Grand Canyon Education	50,517	4,491
Graphic Packaging	629,880	6,706
Hallmark Financial Services	606,712	5,306
Haynes International	196,564	4,857
Healthcare Services Group	109,779	2,850
Healthcare Trust of America	277,228	5,867
ICON	83,417	8,739
Jefferies Financial Group	497,962	7,853
Kirby	118,238	7,409
LKQ Corp	348,933	8,054
Martin Marietta Materials	59,005	10,045
MEDNAX	165,447	3,551
Molina Healthcare	59,981	5,965
Monro	71,629	4,604
Nuance Communications	427,232	5,516
Performance Foods	215,006	6,752
PRA Group	211,141	4,554
ProAssurance	163,924	4,719
Sabre	389,584	6,204
Safeguard Scientifics	514,920	4,511
Sanderson Farms	67,144	7,810
Six Flags Entertainment	93,127	3,791
Spectrum Brands	119,726	5,653
STERIS	110,519	11,095
Sterling Bancorp	478,838	7,864
The Andersons	221,631	5,559
The Ensign Group	162,836	6,422
Total System Services	58,550	4,591
UGI	194,153	8,121
United Bankshares	199,186	5,993
Vail Resorts	35,174	6,173
Viavi Solutions	386,528	3,940
Wellcare Health Plans	33,775	6,693
WEX	59,603	9,608
Wheaton Precious Metals	418,374	6,948
World Fuel Services	319,684	7,560
TOTAL UNITED STATES		348,265
TOTAL NORTH AMERICA		367,031

Quoted investments	Holding	30 April 2019 Value £'000s
JAPAN		
Aberdeen Standard SICAV I Japanese Smaller Companies	3,916,715	42,615
Eastspring Investments Japan Smaller Companies Fund	3,194,297	43,813
TOTAL JAPAN		86,428
REST OF WORLD		
Aberdeen Standard SICAV I Asian Smaller Companies	224,457	7,817
HSBC GIF Asia ex Japan Equity Smaller Companies	1,247,000	10,490
Pinebridge Asia ex Japan Small Cap Fund	62,260	32,637
The Scottish Oriental Smaller Companies Trust	2,635,185	26,088
Utilico Emerging Markets	9,081,596	20,070
TOTAL REST OF WORLD		97,102
TOTAL QUOTED INVESTMENTS		**890,774**

Unquoted investments		
AUSTRALIA		
Australian New Horizons Fund	2,650,017	2,774
TOTAL UNQUOTED INVESTMENTS		**2,774**
TOTAL INVESTMENTS		**893,548**

The number of investments in the portfolio is 184 (2018: 185).

By order of the Board
Anthony Townsend
Chairman
18 June 2019

Directors

Anthony Townsend, **Chairman** was appointed to the Board on 24 September 2004, and as Chairman on 30 July 2007. He is also chairman of the Nomination Committee. He has spent over 45 years working in the City of London and was chairman of the Association of Investment Companies from 2001 to 2003. He is chairman of Finsbury Growth & Income Trust PLC and Gresham House PLC and a non-executive director of Baronsmead Second Venture Trust PLC.

Anja Balfour was appointed to the Board on 1 June 2015. She is chairman of Schroder Japan Growth Fund PLC and a non-executive director of Martin Currie Asia Unconstrained Trust and AVI Global Trust PLC. She also sits on the board of mutual Scottish Friendly Assurance. Previously Anja spent over 20 years as a fund manager, running Japanese and International Equity portfolios for Stewart Ivory, Baillie Gifford and latterly, Axa Framlington.

Josephine (Jo) Dixon, **Chairman of the Audit and Management Engagement Committee.** Jo was appointed to the Board on 11 February 2015. She is chairman of JPMorgan European Investment Trust PLC and a non-executive director of Strategic Equity Capital PLC, Aberdeen Standard Equity Income Trust PLC, BB Healthcare Trust PLC and Ventus VCT PLC.

David Stileman David was appointed to the Board on 1 June 2015. He is an operating partner of Corsair Capital LLP and a member of the Advisory Board of BizEquity LLC. He is chairman of The Garden Bridge Trading Company Ltd and Chichester Art Trust Limited and National Open Art. He is an executive director of Stileman Consulting Limited and an Honorary Trustee of the Royal Academy of Arts.

Jane Tozer **Senior Independent Director** was appointed to the Board on 13 June 2005. She is a non-executive director and senior independent director of StatPro PLC and Nominet UK, as well as a non-executive director of Citizens Advice in Three Rivers Ltd and Galapagos Conservation Trust. She previously worked at IBM and then as CEO of a software development company.

All Directors are members of the Audit and Management Engagement Committee and the Nomination Committee.

No Director has a shared directorship with other Directors.

In memoriam

Andrew Adcock

10 September 1953 to 26 January 2019

It was with great regret that the Board of BMO Global Smaller Companies PLC had to announce earlier this year the death of our colleague Andrew Adcock on 26 January 2019 after a valiant fight against cancer.

Andrew joined the Board of the Company on 30 July 2007 and was from the outset a highly valued colleague. His huge experience in capital markets and wise judgement were great assets in our deliberations. He had a rare ability to see straight to the essence of any issue and to analyse it in a calm, measured way.

Andrew was very enthusiastic about BMO Global Smaller Companies and took great pleasure in the investment success it has enjoyed. He was ever supportive and encouraging.

His fellow Directors, Peter Ewins, our investment manager and the senior management of BMO Global Asset Management all feel that they have lost a much admired and respected colleague, who was a good friend to them all. He was the consummate professional and a charming, courteous colleague to work with; we shall all miss him greatly.

Anthony Townsend
Chairman

Overview
Chairman's Statement
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Directors' Report

The Directors submit the Report and Accounts of the Company for the year ended 30 April 2019. The Directors' biographies, Corporate Governance Statement, the Remuneration Report and the Report of the Audit and Management Engagement Committee all form part of this Directors' Report.

Statement regarding Report and Accounts

The Directors consider that, following advice from the Audit and Management Engagement Committee, the Report and Accounts, 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 Report and Accounts for the purposes of this assessment. The market outlook for the Company can be found on pages 7 and 26. Principal risks can be found on page 16 with further information on financial risks in note 24 on the accounts. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R, other than in respect of Listing Rule 9.8.4(7)R concerning the allotment of shares which is on page 36.

Results and dividends (Resolutions 1 and 4)

The results for the year are set out in the attached Report and Accounts which shareholders will be asked to approve the adoption of at the AGM. The recommended final dividend of 11.50 pence per share is payable on 31 July 2019 to shareholders registered on 12 July 2019 subject to approval at the AGM. This, together with the interim dividend of 5.00 pence per share, makes a total dividend of 16.50 pence per share and represents an increase of 14.6% over the comparable 14.40 pence per share paid in respect of the previous year.

Company status

The Company is registered as a public limited company in terms of the Act and is an investment company as defined by Section 833. The Company is registered in England and Wales with company registration number 28264 and is subject to the UK Listing Authority's Listing Rules, UK and European legislation and regulations including company law, financial reporting standards, taxation law and its own articles of association.

Change of Name

On 9 November 2018, the Company announced that it had resolved to change its name to BMO Global Smaller Companies PLC in accordance with the Company's articles of association. The Company's London Stock Exchange TIDM code (**"ticker"**) for the ordinary shares changed from FCS to BGSC. There was no change to the ticker for the CULS.

Taxation

As set out on page 13 and in note 7 on the accounts, the Company is exempt from UK Corporation Tax on its worldwide dividend income and from UK Corporation Tax on any capital gains arising from the portfolio of investments, provided it complies at all times with Section 1158. Dividends received from investee companies domiciled outside the UK are subject to taxation in those countries in accordance with relevant double taxation treaties.

Prevention of the facilitation of tax evasion

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

Accounting and going concern

The financial statements, starting on page 58, 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 on the accounts. The unqualified independent auditors' opinion on the financial statements appears on page 51.

As discussed in note 23 on the accounts, 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. Accordingly, it is reasonable for the financial statements to continue to be prepared on a going concern basis. The Company's longer term viability is considered in the "Five Year Horizon" statement on page 17.

Statement as to disclosure of information to the auditors

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

Appointment of auditor and auditor's remuneration (Resolutions 10 and 11)

The auditor of a company has to be appointed at each annual general meeting at which accounts are laid before shareholders. By mutual agreement between PwC and the Board, PwC will not seek reappointment when their term of office expires at the end of the forthcoming AGM for the reasons set out in the Report of the Audit and Management Engagement Committee on page 49 and in PwC's Statement set out on page 95. Shareholders will be asked to approve the appointment of BDO as the Company's auditors for the ensuing year and for the Audit and Management Engagement Committee to determine their remuneration.

Capital structure

As at 30 April 2019 there were 60,474,375 ordinary shares of 25p each (**"ordinary shares"**) in issue of which 150,044 were held in treasury and £15.4 million nominal of CULS. The CULS are listed on the London Stock Exchange and are tradeable assets. As at 13 June 2019 (being the latest practicable date before publication of this report) the number of ordinary shares in issue remained at 60,474,375 while the number held in treasury was 400,044.

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 on the accounts. The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of ordinary shares. Full details are set out in the Company's articles of association.

On 10 August 2018, 3,888,026 units of CULS were converted into 397,655 ordinary shares and on 12 February 2019, 2,873,877 units of CULS were converted into 293,928 ordinary shares.

Sub-Division of Ordinary Shares of 25p nominal value ("Share Split") (Resolution 12)

The closing mid-market price of the Company's Ordinary Shares of 25 pence each on 13 June 2019 (being the latest practicable date prior to publication of this document) was 1,334 pence. In order to assist existing shareholders and potential new investors, and in particular those investing regularly in smaller amounts, and thereby to improve the liquidity of the Company's shares, the Directors believe that it is appropriate to propose the sub-division of each of the existing shares into 10 new shares of 2.5 pence each (the **"New Shares"**) pursuant to Resolution 12 at the AGM (the **"Share Split"**). As explained on pages 6 and 7, the final opportunity for the conversion of the CULS is 31 July 2019. The Board is therefore proposing to carry out the Share Split following that date and, in any event, no later than 31 October 2019. Following the Share Split, each shareholder will hold 10 New Shares for each existing Ordinary Share they held immediately prior to the Share Split. The Share Split will increase the number of shares the Company has in issue, but it is expected that there will be a corresponding reduction in the net asset value and market price of the New Shares, reflecting the fact that shareholders will own 10 times as many New Shares.

The Share Split requires the approval of the shareholders and, accordingly, Resolution 12 seeks such approval. The Share Split is conditional on the New Shares being admitted to the Official List of the UKLA and to trading on the London Stock Exchange's market for listed securities. The New Shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the existing Ordinary Shares.

The Company's issued share capital as at 13 June 2019 was £15,118,593.75 divided into 60,474,375 existing shares of 25 pence each. If the Share Split is applied to the existing share capital, the total value of the share capital will remain at £15,118,593.75 but will be divided into 604,743,750 New Shares of 2.5 pence each. A holding of New Shares following the Share Split will represent the same proportion of the issued share capital of the Company as the corresponding holding of existing shares immediately prior to the Share Split.

The New Shares may be held in certificated or uncertificated form. Following the Share Split becoming effective, share certificates in respect of the existing shares will cease to be valid and will be cancelled. New certificates in respect of the New Shares will be issued to those shareholders who hold their existing ordinary shares in certificated form, and are expected to be despatched as soon as possible following the Share Split becoming effective. No temporary documents of title will be issued. Applications will be made for admission of the New Shares to the Official List and to trading on the London Stock Exchange's market for listed securities.

The Share Split will not itself give rise to any liability to UK income tax (or corporation tax on income) for shareholders. For the purposes of UK capital gains tax and corporation tax on chargeable gains, the receipt of the New Shares from the Share Split will be a reorganisation of the share capital of the Company. Accordingly, the shareholder's holding of New Shares will be treated as the same asset as the shareholder's holding of existing shares and as having been acquired at the same time, and for the same consideration, as that holding of existing shares.

If Resolution 12 is passed, the Company will provide shareholders with further details of the Share Split and its timetable in due course.

Convertible Unsecured Loan Stock

The Company issued £40 million nominal of CULS on 30 July 2014. The CULS offers a coupon of 3.5% per annum payable semi-annually on 31 January and 31 July in each year. Holders are entitled to convert their CULS, in whole or in part, into ordinary shares on 31 January and 31 July each year up to 31 July 2019 at a fixed price per Ordinary Share of 977.6970p. Further information on the final opportunity for conversion on 31 July 2019 may be found in the announcement made by the Company on 14 June 2019, a copy of which may be downloaded from the website bmoglobalsmallers.com.

In the event that any remaining holders do not elect to convert their CULS into Ordinary Shares, the Trustee, appointed when the CULS were issued, has the ability, at its sole discretion, to exercise the rights to convert the remaining CULS and sell the Ordinary Shares allotted on each conversion. In such an event, the proceeds, net of any administration costs, would be distributed to the former holders of the CULS. If this discretion is not exercised by the Trustee, the nominal value of any CULS not previously redeemed, purchased or converted will be repaid by the Company on 31 July 2019 at its nominal amount together with interest accrued up to but excluding the date of redemption.

Issue and buyback of shares

At the annual general meeting held on 26 July 2018, shareholders renewed the Board's authority to issue further ordinary shares up to 10% of the number then in issue. On two occasions during the year under review, to satisfy demand, the Company issued a total of 50,000 ordinary shares with a nominal value of £12,500 to Stifel Nicolaus Europe at prices of 1,369.75 pence and 1,380.00 pence and at an average price of 1,374.00 pence for a total consideration of £687,000 before the deduction of issue costs. A further 691,583 ordinary shares were also issued as a result of the CULS conversions during the year. No further shares have been allotted since the year end and up to 13 June 2019.

Subject to annual shareholder approval, the Company may also purchase up to 14.99% of its own issued ordinary shares (excluding any shares held in treasury). The shares can either be cancelled or held in treasury. Shareholders renewed the Board's authority to make such purchases at the annual general meeting held on 26 July 2018. In accordance with the policy of keeping the discount at no more than 5%, the Company bought back shares on four separate occasions in the period under review. A total of 150,044 shares with a nominal value of £37,511 were bought back from Stifel Nicolaus Europe and placed into treasury in a range between 1,308.00 pence and 1,339.00 pence and at an average price of 1,326.94 pence for a total consideration, including stamp duty and commissions, of £2,001,000. The shares bought back represented 0.25% of the shares in issue (calculated exclusive of any shares held in treasury) at 30 April 2019. The share buybacks enhanced the NAV per share by 0.18 pence. A further 250,000 were bought back and placed into treasury since the year end and up to 13 June 2019.

Voting rights and proportional voting

At 13 June 2019 the Company's 60,474,375 ordinary shares in issue less the 400,044 shares held in treasury represented a total of 60,074,331 voting rights.

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. CULS holders have the right to receive notice of, but not to attend, annual general meetings of the Company.

CULS holders have the power by Extraordinary Resolution to sanction any modification, abrogation or compromise of or arrangement in respect of their rights against the Company and to assent to any modification of the provisions of the Trust Deed.

Approximately 52% of the Company's share capital is held on behalf of non-discretionary clients through the BMO savings plans. For those planholders who do not return their voting directions, the nominee company will vote these 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 77,000 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.

Interests in the Company's share capital

The Company has received no declarations of notifiable interests in the Company's share capital.

Borrowings

At the year end, £15.4 million nominal of CULS remained in issue. The Company increased its two-year £30 million multi-currency revolving credit facility with The Royal Bank of Scotland plc to £50 million in July 2018. An overdraft arrangement is available to the Company by the Custodian for settlement of investment trades if necessary. Further reference is made on page 6 and in note 12 on the accounts.

Remuneration Report (Resolutions 2 and 3)

Shareholders are asked to approve the Remuneration Policy and Annual Report on Remuneration annually and they will therefore be asked to approve these at the forthcoming AGM. The policy can be found on page 44. The Remuneration Report, which can be found on pages 44 and 45, provides detailed information on the remuneration arrangements for the Directors.

Directors' re-elections (Resolutions 5 to 9)

The names of the Directors of the Company, along with their biographical details, are set out on page 32 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 set out below. All the Directors held office throughout the year under review and will stand for re-election by shareholders at the meeting in accordance with the requirements of the UK Code as defined on page 41. Anthony Townsend (the Chairman) and Jane Tozer have each served as a Director for more than nine years.

Resolution 5 relates to the re-election of Anja Balfour who was appointed on 1 June 2015. She 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.

Resolution 6 relates to the re-election of Jo Dixon who was appointed on 11 February 2005. She is a qualified accountant and has a strong accounting and financial background. She also brings leadership skills from her other non-executive director and chairmanship roles.

Resolution 7 relates to the re-election of David Stileman who was appointed on 1 June 2015. He brings a wider business perspective to the Board both from his current and past business and advisory roles as well as his extensive knowledge in international banking and specialty finance.

Resolution 8 relates to the re-election of Anthony Townsend who was appointed on 24 September 2004, and as Chairman on 30 July 2007. He has therefore served for more than nine years. He brings extensive experience from his time working in the city and much in-depth knowledge, expertise and experience in the investment trust sector as well as leadership skills. He was chairman of the AIC from 2001 to 2003. Mr Townsend has stated his intention to retire from the Board following the annual general meeting in 2020.

Resolution 9 relates to the re-election of Jane Tozer who was appointed on 13 June 2005 and has therefore served for more than nine years. She has a wealth of experience in business management, marketing, finance, risk, strategy, cyber security and information technology as CEO of a software company. She also has wide-ranging board experience having been a non-executive director in the technology, finance, retail and public sectors. She is currently the senior independent director of both a quoted and a private technology company. Ms Tozer has stated her intention to retire from the Board following next year's annual general meeting.

The Nomination Committee has considered each Director and the Board has concurred with the Nomination Committee's assessment that each Director is independent, continues to make a valuable and effective contribution and remains committed in the role.

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 period 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 via BMO GAM 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. The investment in Australian New Horizons Fund is not held by the Custodian but the Board has satisfied itself that adequate custodial arrangements exist.

Depositary

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

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

The Manager's fee

The Manager earns a management fee of 0.55% per annum of the Company's net asset value, which is reduced to 0.275% in respect of the market value of investments held in third party collective funds. The fee is calculated and paid monthly. The amount payable was £4,137,000, an increase of 6% from £3,885,000 last year reflecting the increase of the Company's average net assets during the year. Note 4 on the accounts provides detailed information in relation to the management fee.

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 Manager on investment policy, asset allocation, gearing and risk including presentations on the North American, UK, European, Japanese and Rest of World portfolios at least annually. In evaluating the Manager's performance, the Board considers a range of factors including the investment performance of the portfolio as a whole, performance of the various regional sub-portfolios and the skills, experience and depth of the team involved in managing the Company's assets. The Board measures the overall relative success of the Company against the Benchmark, with each regional sub-portfolio being measured against relevant local small capitalisation indices. It also considers the resources and commitment of the Manager in all areas of its responsibility, including the marketing and administrative services provided to the Company.

Manager reappointment

The annual evaluation of the Manager by the Audit and Management Engagement Committee took place in June 2019 with a presentation from the Lead Manager and BMO GAM'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 shareholder return remained comfortably ahead of the Benchmark over the last decade.

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

AGM

The AGM will be held on Thursday 25 July 2019 at 12 noon at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA. The Notice of Meeting appears on pages 81 to 84, including a map of the venue. The Lead Manager will give a presentation and there will be an opportunity to ask questions during the meeting. Shareholders will be able to meet the Directors and the Lead Manager informally over refreshments afterwards.

Authority to allot shares and sell shares from treasury (Resolutions 13, 14 and 16)

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.

Resolutions 13, 14 and 16 are similar in content to the authorities and power given to the Directors at previous annual general meetings.

Resolution 13 gives the Directors the necessary authority to allot securities up to an aggregate nominal amount of £1,501,850 (6,007,400 ordinary shares or 60,074,000 New Shares following the Share Split becoming effective), being equivalent to approximately 10% of the Company's issued share capital (calculated exclusive of any treasury shares being held by the Company) as at 13 June 2019, being the latest practicable date before the publication of the Notice of AGM. The authority and power expires at the conclusion of the annual general meeting in 2020 or, if earlier, 15 months from the passing of the resolution.

Resolution 14 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 also of £1,501,850 (representing approximately 10% of the issued ordinary share capital of the Company at 13 June 2019, calculated exclusive of any treasury shares being held by the Company). **Resolution 16** specifically authorises the Directors to sell treasury shares if the price is at a narrower discount than the weighted average discount at which the shares had been bought back and in any event at no more than a 5% discount to the prevailing NAV per share. Resolution 16 does not preclude the Directors selling treasury shares at a premium. As at 13 June 2019 400,044 shares were held by the Company in treasury.

These authorities and powers 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 page 12 or should any other favourable opportunities arise to the advantage of shareholders.

The Directors anticipate that they will mainly use them to satisfy demand from participants in the BMO savings plans when they believe it is advantageous to such participants and the Company's shareholders to do so. Under no circumstances would the Directors use them to issue new shares unless the shares were trading at a premium to NAV.

Authority for the Company to purchase its own shares (Resolution 15)

At the annual general meeting held in 2018 the Company was authorised to purchase 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 2019 was 8,802,956 shares or 14.59% of the issued share capital exclusive of the number of shares held in treasury. Resolution 15 will authorise the renewal of such authority enabling the Company to purchase in the market up to a maximum of 9,005,100 ordinary shares or 90,051,000 New Shares following the Share Split becoming effective (equivalent to approximately 14.99% of the issued share capital exclusive of treasury shares) and the minimum and maximum prices at which they may be bought exclusive of expenses, reflecting requirements of the Act and the Listing Rules.

The Directors will continue to use this authority in accordance with the policy set out on page 13. Under the Act, the Company is allowed to hold its own shares in treasury following a buyback, instead of having to cancel them. This gives the Company the ability to reissue treasury shares quickly and cost-effectively (including pursuant to the authority under Resolution 14, see above) and provides the Company with additional flexibility in the management of its capital base. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends are suspended whilst they are in the treasury. If the Board exercises the authority conferred by Resolution 15, the Company will have the option of either holding in treasury or of cancelling any of its shares purchased pursuant to this authority and will decide at the time of purchase which option to pursue. Purchases of ordinary shares under the authority will be financed out of realised revenue and/or capital reserves and funded from the Company's own cash resources or, if appropriate, from short-term borrowings. The authority to purchase ordinary shares will continue until the expiry of 15 months from the date of the passing of the resolution unless it is varied, revoked or renewed prior to that by the Company in general meeting by special resolution. The Board intends to seek a renewal of such authority at subsequent annual general meetings.

Notice period for meetings (Resolution 17)

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 allow all general meetings (other than an annual general meeting) to be called on 14 clear days' notice. The passing of resolution 17 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 a renewal of such authority at subsequent annual general meetings.

Form of proxy for AGM voting

If you are a registered shareholder you will find enclosed a form of proxy for use at the AGM. You will also have the option of lodging your proxy vote using the internet. 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, whether or not you intend to be present at the AGM. This will not preclude you from attending and voting in person if you wish to do so.

All proxy appointments should in any event be returned or lodged so as to be received 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 BMO savings plans you will have received a form of direction for use at the AGM and you will also have the option of lodging your voting directions using the Internet. BMO operates a proportional voting arrangement, which is explained on pages 36 and 37.

All voting directions should be submitted as soon as possible in accordance with the instructions on the form of direction and, in any event, not later than 12 noon on 18 July 2019, so that the nominee company can submit a form of proxy before the 48 hour period begins.

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. The Board therefore recommends that shareholders vote in favour of each resolution, as is the intention of the Directors in respect of their own beneficial holdings.

By order of the Board
BMO Investment Business Limited, Secretary
18 June 2019

Corporate Governance Statement

Introduction

The Company is committed to high standards of corporate governance. The Board is adhering to the principles and recommendations of the AIC Code published in 2016 and has had regard to the latest version published in February 2019. The latest version of the AIC Code includes two significant departures from that of the revised UK Code published in 2018, namely the removal of the nine year limit on chair tenure and the restriction on the chairman of the board being a member of the audit committee. As noted in the Chairman's Statement and on page 37, Anthony Townsend has served over nine years since his appointment to the Board in September 2004, and as Chairman since July 2007. He has stated his intention to retire immediately following the Company's 2020 annual general meeting and it is intended that Anja Balfour should then succeed him as Chairman. The tenure policy relating to the Directors, including the Chairman, is set out on page 42.

The Board has also considered and supports the principles and recommendations of the UK Code published in 2016 and has also adopted key aspects of the revised version published in 2018. As confirmed by the FRC, following the AIC Code enables investment trust company boards to meet their obligations under the UK Code.

The Board believes that the Company has complied with the current recommendations of the AIC Code and thereby the relevant provisions of the UK Code during the year under review and up to the date of this report, except in relation to the UK Code's provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, the Board considers these provisions as not being relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions have been delegated to the Manager. As a result, the Company has no executive directors, employees or internal operations. Therefore, with the exception of the need for an internal audit function which is addressed on pages 47 and 48, the Company has not reported further in respect of these provisions.

Copies of the AIC Code and the UK Code can be found on the respective websites: theaic.co.uk and frc.org.uk.

AIFMD

The Company is defined as an Alternative Investment Fund (**"AIF"**) under the AIMFD issued by the European Parliament, which requires that all AIFs must appoint a Depositary and an Alternative Investment Fund Manager (**"AIFM"**). The Board remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations. The Manager is the Company's AIFM.

Articles of association

The Company's articles of association may only be amended by special resolution at a general meeting of shareholders.

The Board

The Board's responsibilities are outlined on page 50. More specifically, the Board is responsible for the effective stewardship of the Company's affairs and reviews the schedule of matters reserved for its decision. These are categorised under strategy, policy, finance, risk, investment restrictions, performance, marketing, appointments, the Board and public documents. It has responsibility for all corporate strategic issues, policies (set out on pages 12 and 13) and corporate governance matters which are all reviewed regularly.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. 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.

The table on the next page sets out the Directors' meeting attendance in the year under review. The Board held a separate meeting in February 2019 to consider strategic issues and also met in private session on one occasion during the year, without any representation from the Manager.

Directors' attendance

	Board	Audit and Management Engagement Committee	Nomination Committee
No. of meetings	**6**	**2**	**2**
Anthony Townsend	6	2	2
Andrew Adcock (deceased)	2	1	1
Anja Balfour	6	2	2
Jo Dixon	6	2	2
David Stileman	5	1	1
Jane Tozer	6	2	2

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. These are available for inspection at the Company's registered office during normal business hours and are also available at annual general meetings.

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. The Board has direct access to 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 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. The powers of the Board relating to the issuance or buying back of the Company's shares are explained on pages 12, 38 and 39.

Appointments, diversity and succession planning

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 by the Board are subject to election by shareholders at the next annual general meeting and institutional shareholders are given the opportunity to meet any newly appointed Director if they wish. An induction process is in place for new appointees. All other Directors stand for re-election by shareholders annually.

The Board keeps under review its structure, size, composition, experience, diversity and skill ranges. Appointments of all new Directors are made on a formal basis, normally using professional search consultants, with the Board agreeing the selection criteria and the method of recruitment, selection and appointment. No new appointments have been made during the year but this has been under active consideration.

As stated in the Chairman's Statement, the Chairman and Jane Tozer, the Senior Independent Director, intend to retire immediately following the Company's annual general meeting in 2020. It is intended that Anja Balfour should then succeed Anthony Townsend.

The search for two new non-executive directors has also begun using an independent search platform, Cornforth Consulting Group, the services of which are for the sole purpose of recruiting the eventual appointees; no other business relationship exists with that platform.

Board effectiveness

The annual appraisal of the Board, the committees and the individual Directors has been carried out by the Chairman. The process included confidential unattributable one-to-one interviews between the Chairman and each Director. The appraisal of the Chairman was covered as part of the process and led separately by the Senior Independent Director. The Board considers the appraisal process to be a constructive means of evaluating the contribution of individual Directors and identifying ways to improve the functioning and performance of the Board and its committees and building on and improving collective strengths, including assessing any training needs. The appraisal determined that the Board continues to be effective, with appropriate skills and experience contributed by the Directors, as is the Chairman's leadership of the Board. The appraisal for the year ending 30 April 2020 will be carried out using an external consultant.

The Directors are encouraged to attend relevant training courses and seminars and receive regular updates on the industry and changes to regulations from the Secretary and other parties, including the AIC.

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 articles of association.

Board independence and tenure

The Board, which is composed solely of independent non-executive Directors, regularly reviews the independence of the individual Directors. All the Directors have been assessed by the Board as remaining independent of BMO GAM and of the Company itself; none has a past or current connection with BMO GAM and each remains independent in character and judgement with no relationships or circumstances relating to the Company that are likely to affect that judgement.

In line with the AIC Code, the Board believes that length of service does not necessarily compromise the independence or contribution of directors of investment trust companies or, indeed, it's chairman. This is because continuity and experience can add significantly to the strength of the board and where the characteristics and relationships tend to differ from those of other companies.

For the reasons set out above, Anthony Townsend and Jane Tozer's tenures of over nine years are not considered to compromise their independence.

The Board has a policy that only a minority of the Directors, including the Chairman, should generally have served for more than nine years.

Conflicts of interest

A company director has a statutory obligation to avoid a situation in which he or she has, or potentially could have, a direct or indirect interest that conflicts with the interests of the company (a **"situational conflict"**). The Board therefore has procedures in place for the authorisation and review of situational conflicts relating to the Directors. Limits can be imposed as appropriate. The Chairman is a non-executive chairman of Gresham House plc, a company in which the Company acquired a holding during the year. The Directors noted the Chairman's position at this company and he was not involved in any discussions or decisions in making the investment. Any further discussions in relation to this investment will also take place in the absence of the Chairman.

Other than the formal authorisation above and the other Directors' directorships as situational conflicts, no authorisations have been sought. These authorisations were reviewed throughout the year at the commencement of each Board meeting and at the Nomination Committee meeting in June 2019, when each Director abstained from voting in respect of their own directorships. Aside from situational conflicts, the Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Audit and Management Engagement Committee

The Board has established an Audit and Management Engagement Committee, the role and responsibilities of which are set out in its report on pages 46 to 49.

Nomination Committee

The role of the Nomination Committee is to review and make recommendations to the Board with regard to:

i. 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;
ii. tenure policy;
iii. the criteria for future Board appointments and the methods of recruitment, selection and appointment;
iv. the appointment of new Directors and the reappointment of those Directors standing for re-election at annual general meetings;
v. the attendance and time commitment of the Directors in fulfilling their duties, including the extent of their other directorships;
vi. the question of each Director's independence prior to publication of the Report and Accounts; and
vii. 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;

All of the Nomination Committee's responsibilities have been carried out during the period under review and to the date of this report.

The Nomination Committee's terms of reference are available on request and can also be found on the Company's website at bmoglobalsmallers.com. The Nomination Committee is composed of the full Board and is chaired by Anthony Townsend. Attendance at meetings is listed on page 42.

The Board's diversity policy, objective and progress in achieving it are set out on page 13.

Remuneration Committee

As the Board has no executive Directors and no employees, and is composed solely of non-executives, 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 44 and 45 and in note 5 on the accounts.

Relations with shareholders

Shareholder communication is given a high priority. In addition to the annual and half-yearly reports that are available to shareholders, monthly fact sheets and general information are available on the Company's website at bmoglobalsmallers.com.

At Shareholder meetings, all investors have the opportunity to question and meet the Chairman, the Board and the Fund Manager.

A regular dialogue is maintained with the Company's institutional shareholders and with private client asset managers. The Chairman and the Senior Independent Director are available to meet with major shareholders, although no meetings were held in the year under review.

Shareholders and any stakeholder wishing to communicate with the Chairman, the Senior Independent Director or other members of the Board may do so by writing to the Secretary at the registered office address as detailed on page 86. All correspondence with shareholders on matters of investment policy, responsible investment and governance are submitted to the following Board meeting for consideration.

By order of the Board
BMO Investment Business Limited
Secretary
18 June 2019

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 trusts and other similar sized financial 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. At the Company's last annual general meeting, shareholders approved the Directors' Remuneration Policy. 92.48% of votes were cast in favour of the resolution, 7.43% against and 0.09% withheld. The Board seeks approval of this policy annually and therefore an ordinary resolution for its approval will be put to shareholders at the forthcoming AGM. The Board will consider, where raised, shareholders' views on Directors' remuneration. No comments have been received on this subject in the past year.

The Company's articles of association limit the aggregate Directors' fees payable to £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 his 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 Board considers the level of Directors' fees annually and the Chairman carried out a review of fee rates in accordance with this policy towards the end of the year under review. The fees were last increased on 1 May 2018 and the Board agreed with the Chairman's recommendation that no increases be made for the year commencing 1 May 2019.

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 new Director is provided with a letter of appointment. There is no provision for compensation upon early termination of appointment. The letters of appointment are available for inspection at the Company's registered office during business hours and will be available for 15 minutes before and throughout the forthcoming AGM.

The dates on which each Director was appointed to the Board are set out under their biographies on page 32. The appointment can be terminated on one month's notice. All the Directors were last re-elected at the annual general meeting held on 26 July 2018 and will stand for re-election at the AGM on 25 July 2019.

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

Annual fees for Board Responsibilities

	2020 £'s	2019* £'s
Board		
Chairman**	44,000	44,000
Senior Independent Director	26,500	26,500
Director	25,000	25,000
Audit & Management Engagement Committee		
Chairman	6,500	6,500
Members	2,000	2,000

* Actual
** Includes membership of the Audit and Management Engagement Committee

Directors' interests in the Company

The interests of the Directors at the beginning and end of the financial year are shown below:

Directors' share interests (audited)

Year ended 30 April	2019		2018	
	Ordinary shares	CULS	Ordinary shares	CULS
Anthony Townsend	18,000	–	18,000	–
Anja Balfour	4,000	–	4,000	–
Jo Dixon	2,000	–	2,000	–
David Stileman	1,000	–	1,000	–
Jane Tozer	3,722	6,389	3,722	6,389

The Company's register of Directors' interests contains full details of Directors' shareholdings.

Since the year end, David Stileman has acquired a further 2,000 ordinary shares. There have been no changes in any of the other Directors' interests detailed above. No Director held any interests in the Company's ordinary shares or CULS other than stated above. There is no requirement for the Directors to hold shares in the Company.

As at 13 June 2019 the Lead Manager held 23,732 ordinary shares and 20,208 CULS 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 last meeting, shareholders approved the Remuneration Report in respect of the year ended 30 April 2018. 92.54% of votes were cast in favour of the resolution, 7.37% against and 0.09% withheld.

Directors' emoluments for the year

The Directors who served during the year received the following amounts for services as non-executive Directors and can expect to receive the fees indicated for 2020 as well as reimbursement for expenses necessarily incurred:

Fees for services to the Company (audited)

	Fees £'000s (audited)		Taxable Benefits[1] £'000s (audited)		Total £'000s (audited)		Anticipated Fees[2] £'000s
Director	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2020**
Anthony Townsend[3]	44.0	42.0	0.3	–	44.3	42.0	44.0
Andrew Adcock (deceased)	20.0	26.0	0.2	0.4	20.2	26.4	–
Anja Balfour[4]	29.2	26.0	2.9	3.1	32.1	29.1	27.0
Jo Dixon[4]	29.2	30.0	3.9	2.5	33.1	32.5	31.5
David Stileman	27.0	26.0	0.3	–	27.3	26.0	27.0
Jane Tozer	28.5	27.5	0.7	0.1	29.2	27.6	28.5
Total	177.9	177.5	8.3	6.1	186.2	183.6	158.0

(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 payable to the Directors during the course of the year ending 30 April 2020. Taxable benefits are also anticipated but are not currently quantifiable
(3) Highest paid Director
(4) Audit and Management Engagement Committee Chairman's additional fee for 2019 was split between Anja Balfour and Jo Dixon.

The information in the table above for the years ended 30 April 2019 and 2018 has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors.

The following table shows the actual expenditure during the year in relation to Directors' remuneration (excluding taxable benefits) and shareholder distributions.

Relative importance of pay

Year ended 30 April	2019 £'000s	2018 £'000s	% Change
Aggregate Directors' Remuneration	177.9	177.5	0.2
Management and other operating expenses [1]	4,962.0	4,752.0	4.4
Dividends paid to shareholders in the year	8,982.0	7,330.0	22.5

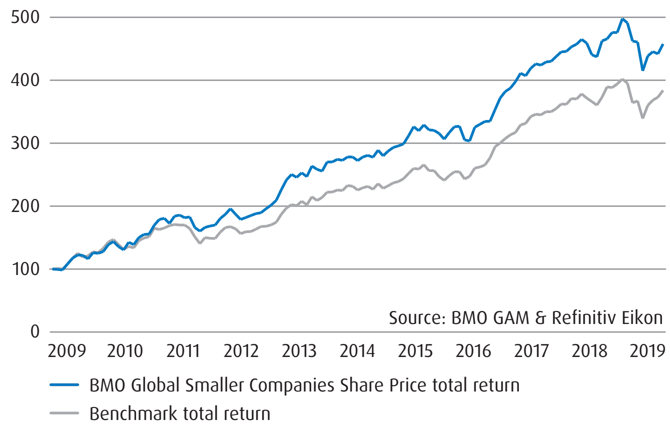
(1) Includes Directors' remuneration

Company performance

The Board is responsible for the Company's investment strategy and performance, whilst the management of the investment portfolio is delegated to the Manager. An explanation of the performance of the Company for the year ended 30 April 2019 is given in the Chairman's Statement and Manager's Review.

A comparison of the Company's performance over the required ten year period is set out in the following graph. This shows the total return (assuming all dividends are reinvested) to ordinary shareholders against the Company's Benchmark.

Shareholder total return vs Benchmark total return over ten years



On behalf of the Board
Anthony Townsend
Chairman
18 June 2019

Report of the Audit and Management Engagement Committee

The Report and Accounts have been reviewed particularly in respect of the further requirements relating to the Strategic Report and to the UK Code of Corporate Governance. The Committee has also reviewed the Manager's preparations for new regulations including GDPR and related disclosures. Our focus on cyber-security measures has been maintained.

Role of the Committee

The primary responsibilities of the Committee are to ensure the integrity of the financial reporting and statements of the Company; to oversee the preparation and audit of the annual accounts, preparation of the half-yearly accounts and the internal control and risk management processes; and to assess the performance of the Manager and review the fees charged. The Committee met twice during the year with BMO GAM's Trust Accountant, Head of Investment Trusts, Risk Manager of BMO GAM and the Lead Manager in attendance. PwC attended the meeting at which the financial statements for the year ended 30 April 2019 were reviewed and met in private session with the Committee.

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

- The audited annual results statement and annual report and accounts and the unaudited half-yearly report and accounts, including advice to the Board as to whether the annual report and accounts taken as a whole are fair, balanced and understandable;
- The accounting policies of the Company;
- The Principal Risks faced by the Company and the effectiveness of the Company's internal control and risk management environment, including consideration of the assumptions underlying the Board's Future Prospects statement on viability;
- The effectiveness of the external audit process and the current independence and objectivity of PwC;
- Audit tender process including the appointment process of BDO;
- The policy on the engagement of the external auditor to supply non-audit services and approval of any such services;
- The need for the Company to have its own internal audit function;
- The ISAE/AAF and SSAE16 reports or their equivalent from BMO GAM, the Custodian and a due diligence report from the Company's Share Registrars;
- The performance of the Company's third party service providers and administrators, other than BMO GAM, and the fees charged in respect of those services;
- The performance of the Manager and their fees; and
- The Committee's terms of reference for approval by the Board.

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

The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information as is noted in the Statement of Directors' Responsibilities on page 50. On broader control policy issues, the Committee has reviewed, and is satisfied with BMO's Code of Conduct and their Criminal Risk Corporate Standard (the **"Standard"**) to which BMO GAM and its employees are subject. The Standard is supported by BMO's Anti-Bribery and Anti-Corruption Operating Directive. The Committee has also reviewed BMO GAM's Whistleblowing Policy that has been put in place under which its directors and staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The necessary arrangements are in place for communication by BMO GAM to this Committee where matters might impact the Company with appropriate follow-up action. There were no such concerns raised with the Committee in the year under review. The Committee has also considered and agreed the processes relating to new regulations particularly GDPR.

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 at least one member with recent and relevant experience. The Committee is currently composed of the full Board. The Board believes this to be appropriate given the nature of an investment trust company. All the Committee members are independent non-executive Directors. Jo Dixon, Chairman of the Committee, is a Chartered Accountant and she is currently audit committee chairman of other listed companies. The other members of the Committee have a combination of financial, investment and business experience through the senior posts held throughout their careers. The majority have a wide experience of the investment trust sector. Details of the members can be found on page 32 and the Committee's terms of reference can be found on the website at bmoglobalsmallers.com.

Management of risk

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

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

A sub-Committee of the Committee carried out a separate exercise in April 2019 to identify any new emerging risks and to take any necessary action to mitigate their potential impact. These were then reconciled with the risks previously identified within the existing key risk "radar" and reviewed by the Board as part of the robust assessment of the Company's risk and controls described below.

The Company's Principal Risks are set out on page 16 with additional information given in note 24 on the accounts. The Committee noted the robustness of the Board's review of Principal Risks and participated as Board members themselves. The integration of these risks into the analyses underpinning the "Five Year Horizon" statement on viability on page 17 was fully considered and the Committee concluded that the Board's statement was soundly based. The period of five years was also agreed as appropriate for the reasons given in the Statement.

Internal controls

The Board has overall responsibility for the Company's systems of internal controls, for reviewing their effectiveness and ensuring that risk management and control processes are embedded in the day-to-day operations, which are managed by BMO GAM. The Committee has reviewed and reported to the Board on these 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 BMO GAM. The reports cover investment performance, performance attribution, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third party administrators of the BMO savings plans and other relevant management issues.

The systems of internal controls are 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 internal controls. The assessment included a review of the BMO GAM risk management infrastructure and the report on policies and procedures in operation and tests for the year to 31 October 2018 (the **"ISAE/AAF Report"**) and subsequent confirmation from BMO GAM that there had been no material changes to the control environment in the period to 31 May 2019. This has been prepared by BMO GAM for all its investment trust clients to the International Standard on Assurance Engagement (ISAE) No. 3402 and to the standards of the Institute of Chartered Accountants in England and Wales Technical Release AAF (01/06). The ISAE/AAF Report from independent reporting accountants KPMG sets out BMO GAM's control policies and procedures with respect to the management of clients' investments and maintenance of their financial records. The effectiveness of these controls is monitored by BMO GAM's Group Audit and Compliance Committee, which receives regular reports from its Internal Audit department. Procedures are also in place to capture and evaluate any failings and weaknesses within BMO GAM'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 BMO GAM. No failings or weaknesses material to the overall control environment and financial statements were identified in the year. The Committee also reviewed the control reports of the Custodian, the Depositary and the Share Registrar's due diligence report and were satisfied that there were no material exceptions.

Through the reviews noted above and by direct enquiry of BMO GAM 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 or to the date of this Report.

Based on the processes and controls in place within BMO GAM, 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 PwC 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(b)(xi) on the accounts. Likewise, the Committee reviewed the disclosure and description of Alternative Performance Measures provided on pages 90 and 91 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 2019 to discuss the final draft of the Report and Accounts, with representatives of PwC and BMO GAM in attendance.

PwC submitted their Year-End Report and confirmed that they had no reason not to issue an unqualified audit report in respect of the Report and Accounts. The Committee established that there were no material issues or findings arising which needed to be brought to the attention of the Board.

The Committee has carefully considered the disclosures made in the Report and Accounts particularly in relation to the disclosures under section 172(1) of the Act including how wider stakeholder interests have been taken into account by the Directors while performing their duties and related disclosures with regard to ESG issues. It is aware that this area of Non-Financial Reporting matters will evolve further in coming years.

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

The Independent Auditors' report, which sets out the unqualified audit opinion, the scope of the audit and the areas of focus, in compliance with applicable auditing standards, can be found on pages 51 to 56.

Significant Judgements and Issues considered by the Committee for the year ended 30 April 2019

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

Auditor assessment, independence and appointment

The Committee reviews the reappointment of the auditor every year and has been satisfied with the effectiveness of PwC's performance on this, their final audit of the Company's accounts. PwC have confirmed that they are independent of the Company and have complied with relevant auditing standards. In evaluating PwC, the Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The level of the audit fee, which amounted to £32,850 excluding VAT (2018: £32,200), was carefully considered for value and effectiveness.

As mentioned last year, PwC will not be seeking reappointment when their term of office expires at the end of the forthcoming AGM and further information on this is included in the Chairman's Statement on page 7 and below. As required, PwC have written a letter to the Company setting out the reasons, a copy of which can be found on page 95.

Non-audit services

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

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

In particular, the Committee has a policy that the accumulated costs of all non-audit services sought from the auditors in any one year should not exceed 30% of the likely audit fees for that year and not exceed 70% cumulatively over three years.

PwC have not provided or charged for any non-audit services for the year ended 30 April 2019.

Change of Auditors

PwC have acted as auditors to the Company since its inception in 1889. Recent EU audit legislation required the rotation of long-serving auditors, in the Company's case, this is required to take place by 2020. As noted last year, the current partner, Jeremy Jensen, has completed five years on the Company's audit for the year ended 30 April 2019, and so it was agreed to tender the audit for the new financial year. Following the audit tender process, it is proposed that BDO be appointed as the Company's external auditors for the year ending 30 April 2020. A resolution to approve the appointment is being put to shareholders at the AGM.

On behalf of the Company, I would like to thank Jeremy Jensen and his team at PwC for their diligent and professional conduct of the audit process in this and previous years.

Committee evaluation

The activities of the Committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as summarised on page 42.

Jo Dixon
Chairman
Audit and Management Engagement Committee
18 June 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and Accounts, the Directors' Remuneration Report and the 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 notes 2 and 24 on the accounts.

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

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

The Report and Accounts is published on the bmoglobalsmallers.com website, which is maintained by BMO GAM. The Directors are responsible for the maintenance and integrity of the Company's website. The work undertaken by the auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditors accept 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 listed on page 32 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 profit 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.
- 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
Anthony Townsend
Chairman
18 June 2019

Independent Auditors’ Report

Opinion

In our opinion, BMO Global Smaller Companies PLC’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 30 April 2019 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Accounts (the “Annual Report”), which comprise: the balance sheet as at 30 April 2019; the income statement, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Management Engagement Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ 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.

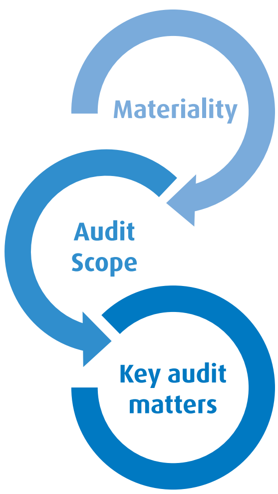
Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 May 2018 to 30 April 2019.

Our audit approach



Overview

- Overall materiality: £8.5 million (2018: £8.2 million), based on 1% of Net Assets.

- The company is an Investment Trust Company and engages BMO Investment Business Limited (the “Manager”) to manage its assets.
- We conducted our audit of the financial statements from information provided by State Street Bank and Trust Company (the “Administrator”) to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

- Income from investments.
- Valuation and existence of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Section 1158 of the Corporation Tax Act 2010 (see page 13 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Audit and Management Engagement Committee;
- testing the Company's compliance with Section 1158 of the Corporation Tax Act 2010 in the current year;
- identifying and testing journal entries, in particular manual journal entries posted by the Administrator during the preparation of the financial statements;
- understanding and evaluating the Administrator's and Manager's internal controls designed to detect and prevent irregularities; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our audit procedures.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 64 (Significant Accounting Policies) and page 66 (Notes to the Financial Statements). Income from investments comprised dividend income amounting to £13.7 million. We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate income could have a material impact on the company's net asset value and dividend cover.	We assessed the accounting policy for the income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with the stated accounting policy. We found that the accounting policies implemented were in accordance with the accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. To test occurrence, we tested a sample of dividends received to bank statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of revenue and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP. No material misstatements were identified by our testing which required reporting to those charged with governance.
Valuation and existence of investments Refer to page 62 (Significant accounting policies) and page 69 (Notes to the financial statements). The investment portfolio at the year-end principally comprised of listed equity investments valued at £893.5m. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of the investment portfolio by agreeing the holdings for listed equity investments to an independent custodian confirmation. No material misstatements were identified by our testing which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Manager delegates certain accounting and administrative functions to the Administrator on which they report to the Manager.

We obtained our audit evidence from substantive testing. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall materiality	£8.5 million (2018: £8.2 million).
How we determined it	1% of Net Assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit and Management Engagement Committee that we would report to them misstatements identified during our audit above £427,000 (2018: £410,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 Directors' Report for the year ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 16 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 17 of the Annual Report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the company and statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 34, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on page 46 describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

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. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 50, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

Based on publicly available records we were the appointed auditor prior to 1986 and audited the financial statements for the year ended 30 April 1986, and have been annually reappointed by the members at the Annual General Meeting for subsequent financial periods. The period of total uninterrupted engagement is therefore at least 34 years, covering the years ended 30 April 1986 to 30 April 2019.

Jeremy Jensen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2019

"In the last ten years BMO Global Smaller Companies has turned a £1,000 investment, **with dividends reinvested, into £4,593 compared with £3,790 from the Company's Benchmark."**

Income Statement

for the year ended 30 April

Notes		Revenue £'000s	Capital £'000s	2019 Total £'000s	Revenue £'000s	Capital £'000s	2018 Total £'000s
10	Gains on investments	–	25,676	25,676	–	66,345	66,345
	Foreign exchange gains/(losses)	11	(478)	(467)	(13)	(277)	(290)
3	Income	13,824	–	13,824	12,344	–	12,344
4	Management fee	(1,034)	(3,103)	(4,137)	(971)	(2,914)	(3,885)
5	Other expenses	(803)	(22)	(825)	(848)	(19)	(867)
	Net return before finance costs and taxation	11,998	22,073	34,071	10,512	63,135	73,647
6	Finance costs	(423)	(1,269)	(1,692)	(382)	(1,145)	(1,527)
	Net return on ordinary activities before taxation	11,575	20,804	32,379	10,130	61,990	72,120
7	Taxation on ordinary activities	(952)	–	(952)	(682)	–	(682)
	Net return attributable to equity shareholders	10,623	20,804	31,427	9,448	61,990	71,438
8	**Return per share (basic) – pence**	17.67	34.61	52.28	16.17	106.13	122.30
8	**Return per share (diluted) – pence**	17.55	34.61	52.28	15.92	102.40	118.32

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.

The net return attributable to equity shareholders is also the total comprehensive income.

The notes on pages 62 to 78 form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 April 2019

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2018	14,933	189,476	16,158	728	589,513	16,023	826,831
	Movements during the year ended 30 April 2019							
9	Dividends paid	–	–	–	–	–	(8,982)	(8,982)
15	Shares repurchased by the Company and held in treasury	–	–	–	–	(2,001)	–	(2,001)
15	Shares issued	13	632	–	–	–	–	645
14	Conversion of Convertible Unsecured Loan Stock ("CULS")	173	6,748	–	(222)	–	–	6,699
	Net return attributable to equity shareholders	–	–	–	–	20,804	10,623	31,427
	Balance at 30 April 2019	**15,119**	**196,856**	**16,158**	**506**	**608,316**	**17,664**	**854,619**

for the year ended 30 April 2018

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2017	14,284	160,243	16,158	1,169	527,523	13,905	733,282
	Movements during the year ended 30 April 2018							
9	Dividends paid	–	–	–	–	–	(7,330)	(7,330)
	Shares issued	305	15,937	–	–	–	–	16,242
14	Conversion of Convertible Unsecured Loan Stock ("CULS")	344	13,296	–	(441)	–	–	13,199
	Net return attributable to equity shareholders	–	–	–	–	61,990	9,448	71,438
	Balance at 30 April 2018	**14,933**	**189,476**	**16,158**	**728**	**589,513**	**16,023**	**826,831**

The notes on pages 62 to 78 form an integral part of the financial statements.

Balance Sheet

Notes	at 30 April	£'000s	2019 £'000s	£'000s	2018 £'000s
	Fixed assets				
10	Investments		893,548		868,469
	Current assets				
11	Debtors	1,631		4,343	
	Cash and cash equivalents	12,135		7,532	
	Total current assets	13,766		11,875	
	Creditors: amounts falling due within one year				
12	Bank loans	(34,052)		(24,000)	
13	Creditors	(3,094)		(7,640)	
14	Convertible Unsecured Loan Stock ("CULS")	(15,549)		–	
	Total current liabilities	(52,695)		(31,640)	
	Net current liabilities		(38,929)		(19,765)
	Total assets less current liabilities		854,619		848,704
	Creditors: amounts falling due after more than one year				
14	Convertible Unsecured Loan Stock ("CULS")		–		(21,873)
	Net assets		854,619		826,831
	Capital and reserves				
15	Share capital		15,119		14,933
16	Share premium account	196,856		189,476	
17	Capital redemption reserve	16,158		16,158	
18	Equity component of CULS	506		728	
19	Capital reserves	608,316		589,513	
19	Revenue reserve	17,664		16,023	
			839,500		811,898
	Total shareholders' funds		854,619		826,831
20	**Net asset value per share (basic) – pence**		1,416.71		1,384.22
20	**Net asset value per share (diluted) – pence**		1,405.69		1,368.80

The notes on pages 62 to 78 form an integral part of the financial statements.

The financial statements on pages 58 to 78 were approved by the Board of Directors on 18 June 2019 and signed on its behalf by

Anthony Townsend, Chairman

Statement of Cash Flows

Notes	for the year ended 30 April	2019 £'000s	2018 £'000s
21	**Cash flows from operating activities before dividends received and interest paid**	**(5,145)**	(4,919)
	Dividends received	**13,172**	11,903
	Interest paid	**(1,754)**	(1,647)
	Cash inflows from operating activities	**6,273**	5,337
	Investing activities		
	Purchases of investments	**(254,389)**	(263,773)
	Sales of investments	**253,156**	223,308
	Other capital charges	**(24)**	(23)
	Cash outflows from investing activities	**(1,257)**	(40,488)
	Cash inflows/(outflows) before financing activities	**5,016**	(35,151)
	Financing activities		
	Ordinary dividends paid	**(8,982)**	(7,330)
	Proceeds from issue of shares	**645**	16,242
	Cash flows from share buybacks for treasury shares	**(1,660)**	–
	Movement in loans	**10,155**	24,000
	Cash inflows from financing activities	**158**	32,912
	Net movement in cash and cash equivalents	**5,174**	(2,239)
	Cash and cash equivalents at the beginning of the year	**7,532**	10,061
	Effect of movement in foreign exchange	**(571)**	(290)
	Cash and cash equivalents at the end of the year	**12,135**	7,532
	Represented by:		
	Cash at bank	**12,135**	7,532

The notes on pages 62 to 78 form an integral part of the financial statements.

Notes on the Accounts

1. General information

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

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

There have been no significant changes to the Company's accounting policies during the year ended 30 April 2019, as set out in note 2 below.

2. Significant accounting policies

(a) Basis of accounting

The accounts of the Company have been prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, Financial Reporting Standard (FRS) 102 applicable in the United Kingdom and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued in November 2014 and updated in February 2018. There has been no impact on the basis of accounting as a result of this update.

The functional and presentational 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(b) below). Net revenue returns are allocated via the revenue account to the revenue reserve, out of which interim and final dividend payments are made. Capital returns include, but are not limited to, realised and unrealised profits and losses on fixed asset investments and currency profits and losses on cash and borrowings. The Company's Articles prohibit the distribution of net capital returns by way of dividend. Such returns are allocated via the capital account to the capital reserves. Dividends paid to equity shareholders are shown in the Statement of Changes in Equity.

(b) Principal accounting policies

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

(i) Financial instruments

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

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

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

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

(ii) Fixed asset investments and derivative financial instruments

As an investment trust, the Company measures its fixed asset investments and derivative financial instruments at "fair value through profit or loss" and treats all transactions on the realisation and revaluation of investments and derivative financial instruments as transactions on the capital account. Purchases are recognised on the relevant trade date, inclusive of expenses which are incidental to their acquisition. Sales are also recognised on the trade date, after deducting expenses incidental to the sales.

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.

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.

In July 2014 the Company issued CULS, the accounting policies for which are set out below.

a) The CULS are regarded as a compound instrument comprising a liability and an equity component. The fair value of the liability component, assessed at the date of issue of the CULS, was estimated based on an equivalent non-convertible security. The fair value of the equity component was derived by deducting the CULS issue proceeds from the fair value of the liability component.

b) The liability component is subsequently measured at amortised cost using the effective interest rate. The equity component value remains unchanged over the life of the CULS.

c) Costs incurred directly as a result of the CULS issue are allocated between the liability and equity components in proportion to the split of the proceeds. Expenses allocated to the liability component are amortised over the life of the CULS using the effective interest rate.

d) Finance costs on the CULS, comprising interest payable and amortised costs, are calculated based on an effective interest rate of 4.7%. Amortised costs are allocated against the CULS liability.

e) On conversion of the CULS, equity is issued and the relevant liability component is de-recognised.

Further details on the CULS can be found in note 14.

(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, derivative financial instruments, 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 and derivative financial instruments 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 incidental to the acquisition or disposal of fixed asset investments and derivative financial instruments are included within the cost of the investments and derivative financial instruments or deducted from the disposal proceeds of investments and derivative financial instruments and are thus charged to capital reserve – arising on investments sold via the capital account;
- 75% of management fees and 75% of finance costs (including finance costs on CULS) 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 is credited to this account which is non-distributable. The nominal value of the shares issued is recognised in share capital.

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

(x) Capital reserves
These are distributable reserves which may be utilised for the repurchase of share capital.

Capital reserve – arising on investments sold
The following are accounted for in this reserve:

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

Capital reserve – arising on investments held
The following are accounted for in this reserve:

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

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

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

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

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, in order to make a judgement to determine their allocation in accordance with the SORP to either the Revenue Account or Capital Reserves. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to Capital Reserves. Investee company dividends which appear to be paid in excess of current year profits will still be considered as revenue in nature unless evidence suggests otherwise. The value of dividends received in the year treated as capital in nature, as disclosed in note 19 on the accounts, was not material in relation to capital reserves or the revenue account.

The value of special dividends receivable in any period cannot be foreseen as such dividends are declared and paid by investee companies and funds without prior reference to the Company.

3. Income

	2019 £'000s	2018 £'000s
Income from investments		
Dividends	**13,654**	12,287
Scrip dividends	**-**	4
	13,654	12,291
Other Income		
Interest on cash and cash equivalents	**164**	46
Underwriting commission	**6**	7
Total income	**13,824**	12,344

Total income comprises:		
Dividends	**13,654**	12,291
Other income	**170**	53
	13,824	12,344
Income from investments comprises:		
Quoted	**13,654**	12,287
Unquoted	**-**	4
	13,654	12,291

Included within income from investments is £597,000 (2018: £704,000) of special dividends classified as revenue in nature in accordance with note 2(b)(xi).

4. Management fee

	Revenue £'000s	Capital £'000s	2019 Total £'000s	Revenue £'000s	Capital £'000s	2018 Total £'000s
Management fee	**1,034**	**3,103**	**4,137**	971	2,914	3,885

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

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

5. Other expenses

	2019 £'000s	2018 £'000s
Other revenue expenses		
Auditors' remuneration:		
Audit services[1]	**36**	36
Directors' fees for services to the Company[2]	**178**	178
Marketing	**154**	159
Printing and postage	**85**	80
Custody fees	**42**	39
Depositary fees	**95**	91
Loan commitment and arrangement fees[3]	**33**	85
Sundry expenses	**180**	180
Total other revenue expenses	**803**	848
Capital expenses	**22**	19
Total other expenses	**825**	867

All expenses are stated gross of irrecoverable VAT, where applicable.
[1] Auditors' remuneration for the audit of the Company financial statements, exclusive of VAT, amounts to £32,850 (2018: £32,200).
[2] See the Directors' Remuneration Report on page 45.
[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	2019 Total £'000s	Revenue £'000s	Capital £'000s	2018 Total £'000s
CULS interest payable and amortised costs	**256**	**769**	**1,025**	355	1,065	1,420
Loan interest	**167**	**500**	**667**	27	80	107
Total finance costs	**423**	**1,269**	**1,692**	382	1,145	1,527

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	2019 Total £'000s	Revenue £'000s	Capital £'000s	2018 Total £'000s
Corporation tax payable at 19.0% (2018: 19.0%)	**–**	**–**	**–**	–	–	–
Overseas taxation	**952**	**–**	**952**	682	–	682
Total tax charge for the year (note 7(b)) on ordinary activities	**952**	**–**	**952**	682	–	682

The tax assessed is lower than the standard rate of Corporate Tax in the UK (2018: lower).

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

	Revenue £'000s	Capital £'000s	2019 Total £'000s	Revenue £'000s	Capital £'000s	2018 Total £'000s
Net return on ordinary activities before taxation	**11,575**	**20,804**	**32,379**	10,130	61,990	72,120
Return on ordinary activities multiplied by the standard rate of corporation tax of 19.0% (2018: 19.0%)	**2,199**	**3,953**	**6,152**	1,925	11,778	13,703
Effects of:						
Dividends*	**(2,594)**	**–**	**(2,594)**	(2,335)	–	(2,335)
Expenses not deductible for tax purposes	**15**	**–**	**15**	15	–	15
Overseas tax in excess of double taxation relief	**952**	**–**	**952**	682	–	682
Expenses not utilised in the year	**380**	**835**	**1,215**	395	775	1,170
Capital returns*	**–**	**(4,788)**	**(4,788)**	–	(12,553)	(12,553)
Total tax charge for the year (note 7(a))	**952**	**–**	**952**	682	–	682

*The Company is not subject to corporation tax on capital gains or on dividend income. It therefore has unutilised expenses which have given rise to a deferred tax asset of £9.3m (2018: £8.1m). 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 £2.4m (2018: £2.0m) relates to revenue expenses and £6.9m (2018: £6.1m) to capital expenses.

8. Return per ordinary share

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

	Revenue £'000s	Capital £'000s	2019 Total £'000s	Revenue £'000s	Capital £'000s	2018 Total £'000s
Net return attributable to equity shareholders – £'000s	**10,623**	**20,804**	**31,427**	9,448	61,990	71,438
Return per share – pence	**17.67**	**34.61**	**52.28**	16.17	106.13	122.30

Both the revenue and capital returns per share are based on a weighted average of 60,103,173 ordinary shares in issue during the year (2018: 58,411,805).

Diluted earnings per share

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

	Revenue £'000s	Capital £'000s	2019 Total £'000s	Revenue £'000s	Capital £'000s	2018 Total £'000s
Adjusted net return attributable to equity shareholders – £'000s	**10,879**	**21,573**	**32,452**	9,803	63,055	72,858
Return per share – pence	**17.55**	**34.61**	**52.28**	15.92	102.40	118.32

Both the revenue and capital returns per share are based on a weighted average of 62,004,782 ordinary shares in issue during the year (2018: 61,579,392).

There is no dilution of capital or total return for the year ended 30 April 2019.

For the purpose of calculating diluted total, revenue and capital returns per ordinary share, the number of ordinary shares used is the weighted average number used in the basic calculation plus the number of ordinary shares deemed to be issued for no consideration on exercise of all CULS. Total returns attributable to shareholders, adjusted for CULS finance costs accounted for in the period, are divided by the resulting weighted average shares in issue to arrive at diluted total returns per share. Once dilution has been determined, individual revenue and capital returns are calculated.

9. Dividends

Dividends on ordinary shares	Register date	Payment date	2019 £'000s	2018 £'000s
Interim for the year ended 30 April 2019 of 5.00 pence	4 January 2019	31 January 2019	**3,009**	-
Final for the year ended 30 April 2018 of 10.00 pence	13 July 2018	8 August 2018	**5,973**	-
Interim for the year ended 30 April 2018 of 4.40 pence	5 January 2018	31 January 2018	**-**	2,579
Final for the year ended 30 April 2017 of 8.25 pence	14 July 2017	11 August 2017	**-**	4,751
			8,982	7,330

The Directors have proposed a final dividend in respect of the year ended 30 April 2019 of 11.50 pence per share, payable on 31 July 2019 to all shareholders on the register at close of business on 12 July 2019. 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 2019 for the purposes of the income retention test for Section 1159 of the Income and Corporation Tax Act 2010, are set out below:

	2019 £'000s
Revenue attributable to equity shareholders	**10,623**
Interim for the year ended 30 April 2019 of 5.00 pence	**(3,009)**
Proposed final for the year ended 30 April 2019 of 11.50 pence[(1)]	**(6,909)**
Amount transferred to revenue reserve for Section 1159 purposes[(2)]	**705**

[(1)] Based on 60,074,331 shares in issue at 13 June 2019.

[(2)] Undistributed revenue for the year equated to 5.1% of total income of £13,824,000 (see note 3)(2018: 7.3%).

10. Investments

	Level 1[(1)] £'000s	Level 3[(1)] £'000s	2019 Total £'000s	Level 1[(1)] £'000s	Level 3[(1)] £'000s	2018 Total £'000s
Cost brought forward	**644,313**	**1,769**	**646,082**	544,447	1,711	546,158
Gains brought forward	**221,186**	**1,201**	**222,387**	213,136	1,975	215,111
Valuation brought forward	**865,499**	**2,970**	**868,469**	757,583	3,686	761,269
Movements in the year:						
Purchases at cost	**249,565**	**-**	**249,565**	263,733	4	263,737
Sales proceeds	**(250,162)**	**-**	**(250,162)**	(222,864)	(18)	(222,882)
Gains on investments sold in year	**51,808**	**-**	**51,808**	58,997	72	59,069
(Losses)/gains on investments held at year end	**(25,936)**	**(196)**	**(26,132)**	8,050	(774)	7,276
Valuation of investments held at 30 April	**890,774**	**2,774**	**893,548**	865,499	2,970	868,469
Analysed at 30 April						
Cost at 30 April	**695,524**	**1,769**	**697,293**	644,313	1,769	646,082
Gains at 30 April	**195,250**	**1,005**	**196,255**	221,186	1,201	222,387
Valuation of investments at 30 April	**890,774**	**2,774**	**893,548**	865,499	2,970	868,469

[(1)] The hierarchy of investments is described in note 2(b)(i) and below. No investments held in 2019 or 2018 were valued in accordance with Level 2.
Level 1 includes investments listed on any recognised stock exchange or quoted on AIM in the UK.
Level 2 includes investments for which the quoted price has been suspended.
Level 3 includes unquoted investments, which are held at Directors' valuation.

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

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

Gains on investments

	2019 £'000s	2018 £'000s
Gains on investments sold during the year	**51,808**	59,069
(Losses)/gains on investments held at year end	**(26,132)**	7,276
Total gains on investments	**25,676**	66,345

Substantial interests

At 30 April 2019 the Company held more than 3% of the following undertaking held as an investment which, in the opinion of the Directors, did not represent a participating interest:

Company	Country of registration, incorporation and operation	Number of unit/shares held	Holding* %"
Australian New Horizons Fund	Australia	2,650,017	34.46

*The Company neither has a controlling interest nor participates in the management of this undertaking.

11. Debtors

	2019 £'000s	2018 £'000s
Investment debtors	**18**	3,012
Overseas taxation recoverable	**384**	297
Prepayments and accrued income	**1,229**	1,034
	1,631	4,343

12. Creditors: amounts falling due within one year

Bank loans Non-instalment debt payable on demand or within one year	2019 £'000s	2018 £'000s
Sterling loan £18 million repayable July 2018	**-**	18,000
Sterling loan £6 million repayable August 2018	**-**	6,000
Euro loan EUR 6.9 million repayable May 2019	**5,904**	-
USD loan USD 30.5 million repayable May 2019	**23,396**	-
JPY loan JPY 690 million repayable May 2019	**4,752**	-
	34,052	24,000

In September 2017 the Company entered into a £30m revolving credit facility expiring September 2019. This was increased to £50m in July 2018. As at 30 April 2019, JPY450m and USD18.3m were drawn down to 8 May 2019 and JPY240m, USD12.2m and EUR6.9m were drawn down to 29 May 2019. 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 is outstanding at the year end.

13. Creditors: amounts falling due within one year

Creditors	2019 £'000s	2018 £'000s
Investment creditors	**2,128**	6,952
Interest accrued on CULS and bank loans	**165**	228
Share buybacks outstanding	**341**	-
Management fee accrued	**344**	330
Accruals and deferred income	**116**	130
	3,094	7,640

14. Convertible Unsecured Loan Stock ("CULS")

	2019 £'000s	2018 £'000s
Balance brought forward	**21,873**	34,697
Transfer to share capital and share premium on conversion of CULS	**(6,699)**	(13,199)
Amortised costs	**375**	375
Balance carried forward	**15,549**	21,873

The Company issued 40 million CULS at £1 each which were admitted to the Official List and to trading on the London Stock Exchange on 30 July 2014.

The interest rate on the CULS is fixed at 3.5 per cent. per annum, payable semi-annually with the first interest period ending on 31 January 2015. CULS holders are able to convert their CULS into ordinary shares at no cost on 31 January and 31 July of each year throughout the life of the CULS. All outstanding CULS will be repayable at par on 31 July 2019 together with outstanding interest due. The rate of conversion of 977.6970 pence per £1 nominal of CULS for one ordinary share was set at a premium of 15% to the unaudited NAV per ordinary share at the time the CULS were issued.

At 30 April 2018, 22,200,755 units of CULS were in issue. On 31 July 2018, holders of 3,888,026 CULS converted their holdings into 397,655 ordinary shares and on 31 January 2019, holders of 2,873,877 CULS converted their holdings into 293,928 ordinary shares. At 30 April 2019, 15,438,852 units of CULS were in issue.

The market price of the CULS at 30 April 2019 was 136.5p per 100p nominal. The CULS are unsecured and are subordinate to any creditors of the Company.

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 25p each				
Balance brought forward	**-**	**59,732,792**	**59,732,792**	**14,933**
Shares repurchased by the Company and held in treasury	**150,044**	**(150,044)**	-	-
Shares issued	-	**50,000**	**50,000**	**13**
Shares issued on conversion of CULS	**-**	**691,583**	**691,583**	**173**
Balance carried forward	**150,044**	**60,324,331**	**60,474,375**	**15,119**

During the year 50,000 ordinary shares were issued, raising net proceeds after issue costs of £645,000. 150,044 shares were repurchased and held in treasury incurring a cost of £2,001,000. Since the year end, and up to 13 June 2019, 250,000 ordinary shares have been repurchased and held in treasury.

On 10 August 2018, 397,655 ordinary shares were issued on the conversion of 3,888,026 CULS, at no cost to the CULS holders. On 12 February 2019, 293,928 ordinary shares were issued on the conversion of 2,873,877 CULS, at no cost to the CULS holders (see note 14).

The Directors are proposing a ten for one Share Split to be voted on at the AGM on 25 July in accordance with the terms set out on pages 35 and 36.

16. Share premium account

	2019 £'000s	2018 £'000s
Balance brought forward	**189,476**	160,243
Premium on issue of shares	**632**	15,937
Transfer from CULS liability on conversion of CULS	**6,526**	12,855
Transfer from equity component of CULS on conversion of CULS	**222**	441
Balance carried forward	**196,856**	189,476

17. Capital redemption reserve

	2019 £'000s	2018 £'000s
Balance brought forward and carried forward	**16,158**	16,158

18. Equity component of CULS

	2019 £'000s	2018 £'000s
Balance brought forward	**728**	1,169
Transfer to share premium on conversion of CULS	**(222)**	(441)
Balance carried forward	**506**	728

19. 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)	**51,808**	**-**	**51,808**	**-**
Losses on investments held at year end (see note 10)	**-**	**(26,132)**	**(26,132)**	**-**
Foreign exchange losses	**(478)**	**-**	**(478)**	**-**
Repurchase of shares	**(2,001)**	**-**	**(2,001)**	**-**
Management fee (see note 4)	**(3,103)**	**-**	**(3,103)**	**-**
Other expenses (see note 5)	**(22)**	**-**	**(22)**	**-**
Finance costs (see note 6)	**(1,269)**	**-**	**(1,269)**	**-**
Revenue return	**-**	**-**	**-**	**10,623**
Net return attributable to ordinary shareholders	**44,935**	**(26,132)**	**18,803**	**10,623**
Dividends paid in the year (see note 9)	**-**	**-**	**-**	**(8,982)**
	44,935	**(26,132)**	**18,803**	**1,641**
Balance brought forward	**367,126**	**222,387**	**589,513**	**16,023**
Balance carried forward	**412,061**	**196,255**	**608,316**	**17,664**

Included within the capital reserve movement for the year are £335,000 (2018: £354,000) of transaction costs on purchases of investments, £105,000 (2018: £155,000) of transaction costs on sales of investments and £777,000 (2018: £758,000) of distributions received recognised as capital.

20. Net asset value per ordinary share

	2019	2018
Net assets attributable at the year end – £'000s	**854,619**	826,831
Number of ordinary shares in issue at the year end	**60,324,331**	59,732,792
Net asset value per share – pence	**1,416.71**	1,384.22

Diluted net asset value per ordinary share is based on net assets at the end of the year assuming the conversion of 15,438,852 (2018: 22,200,755) 100p CULS in issue at the rate of 977.6970 pence per £1 nominal of CULS for one ordinary share.

	2019 £'000s	2018 £'000s
Net assets attributable at the year end	854,619	826,831
Amount attributable to ordinary shareholders on conversion of CULS	15,549	21,873
Attributable net assets assuming conversion	870,168	848,704
	Number	Number
Ordinary shares in issue at the year end	60,324,331	59,732,792
Ordinary shares created on conversion of CULS	1,579,104	2,270,719
Number of ordinary shares for diluted calculation	61,903,435	62,003,511
Diluted net asset value per ordinary share – pence	1,405.69	1,368.80

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

	2019 £'000s	2018 £'000s
Net return on ordinary activities before taxation	32,379	72,120
Adjustments for returns from non-operating activities		
Gains on investments	(25,676)	(66,345)
Foreign exchange losses	467	290
Non-operating expenses of a capital nature	22	19
Return from operating activities	7,192	6,084
Adjustments for non-cash flow items, dividend income and interest expense		
Decrease/(increase) in prepayments and accrued income	8	(15)
Increase/(decrease) in creditors	26	(9)
Dividends receivable	(13,402)	(12,031)
Interest payable	1,692	1,527
Scrip dividends	–	(4)
Amortised costs	375	375
Overseas taxation	(1,036)	(846)
Cash used in operating activities (before dividends received and interest paid)	(5,145)	(4,919)

22. Transactions with related parties and Manager

The following are considered related parties: the Board of Directors (the "Board"), the Manager and fellow members of BMO.

There are no transactions with the Board other than: aggregated remuneration for services as Directors as disclosed in the Remuneration Report on page 45, and as set out in note 5; and the beneficial interests of the Directors in the ordinary shares and CULS of the Company as disclosed on page 44. There are no outstanding balances with the Board at the year end. Transactions between the Company and the Manager are detailed in note 4 on management fees and note 13, where accrued management fees are disclosed.

23. Going Concern

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

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

The Directors believe that: the Company's objective and policy continue to be relevant to investors; the Company operates within a robust regulatory environment; and the Company has sufficient resources to continue operating within its stated policy for the 12 month period commencing from the date of this report. Accordingly, the financial statements have been drawn up on the basis that the Company is a going concern for the reasons set out on pages 34 and 35.

24. 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 on the accounts. The policies are in compliance with UK accounting standards and include the valuation of financial assets and liabilities at fair value, except as noted in (d) below. The Company does not make use of hedge accounting rules.

(a) Market risks

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

The Company's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Manager and the Board regularly monitor these risks. The Company aims to be fully invested, only holding cash to cater for short-term trading and business requirements. Borrowings, including CULS, 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:

	At 30 April 2019	2019 Average for the year	At 30 April 2018	2018 Average for the year
US dollar	**1.3037**	**1.3095**	1.3774	1.3421
Euro	**1.1633**	**1.1368**	1.1400	1.1358

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%

	2019 US$ £'000s	2019 € £'000s	2018 US$ £'000s	2018 € £'000s
Net revenue return attributable to equity shareholders	**393**	**171**	324	188
Net capital return attributable to equity shareholders	**41,667**	**7,022**	42,264	7,388
Net total return attributable to equity shareholders	**42,060**	**7,193**	42,588	7,576
Net asset value per share (basic) – pence	**69.72**	**11.92**	71.30	12.68

Financial Risk Management (continued)

Strengthening of sterling by 10%

	US$ £'000s	2019 € £'000s	US$ £'000s	2018 € £'000s
Net revenue return attributable to equity shareholders	**(321)**	**(140)**	(265)	(154)
Net capital return attributable to equity shareholders	**(34,091)**	**(5,746)**	(34,580)	(6,044)
Net total return attributable to equity shareholders	**(34,412)**	**(5,886)**	(34,845)	(6,198)
Net asset value per share (basic) – pence	**(57.04)**	**(9.76)**	(58.33)	(10.38)

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:

2019	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	CULS (at amortised cost) £'000s	Unsecured Loans £'000s	Net monetary assets/ (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	**1,229**	**4,283**	**(2,542)**	**(15,549)**	**-**	**(12,579)**	**330,966**	**318,387**
US dollar	**-**	**7,008**	**-**	**-**	**(23,396)**	**(16,388)**	**391,391**	**375,003**
Euro	**384**	**844**	**(552)**	**-**	**(5,904)**	**(5,228)**	**68,429**	**63,201**
Other	**18**	**-**	**-**	**-**	**(4,752)**	**(4,734)**	**102,762**	**98,028**
Total	**1,631**	**12,135**	**(3,094)**	**(15,549)**	**(34,052)**	**(38,929)**	**893,548**	**854,619**

2018	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	CULS (at amortised cost) £'000s	Unsecured Loans £'000s	Net monetary assets/ (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	1,033	4,020	(4,082)	(21,873)	(24,000)	(44,902)	337,321	292,419
US Dollar	1,048	2,965	(2,802)	–	–	1,211	379,164	380,375
Euro	645	547	(249)	–	–	943	65,545	66,488
Other	1,617	–	(507)	–	–	1,110	86,439	87,549
Total	4,343	7,532	(7,640)	(21,873)	(24,000)	(41,638)	868,469	826,831

Interest rate exposure

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

	Within one year £'000s	More than one year £'000s	2019 Net total £'000s	Within one year £'000s	More than one year £'000s	2018 Net total £'000s
Exposure to floating rates – cash	**12,135**	**–**	**12,135**	7,532	–	7,532
Exposure to fixed rates – CULS	**(15,439)**	**–**	**(15,439)**	–	(22,201)	(22,201)
Exposure to fixed rates – Loans	**(34,052)**	**–**	**(34,052)**	(24,000)	–	(24,000)
Net exposure	**(37,356)**	**–**	**(37,356)**	(16,468)	(22,201)	(38,669)
Minimum net exposure during the year	**(42,624)**	**–**	**(42,624)**	3,267	(44,872)	(41,605)
Maximum net exposure during the year	**(25,372)**	**–**	**(25,372)**	11,180	(32,872)	(21,692)

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 applying on the CULS is set out in note 14. There were no material 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, and to the ability of CULS holders to convert their holdings into ordinary shares.

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:

		2019		2018
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Revenue return	**243**	**(243)**	151	(151)
Capital return	**–**	**–**	–	–
Total return	**243**	**(243)**	151	(151)
NAV per share – pence	**0.40**	**(0.40)**	0.25	(0.25)

The calculations in the table above which are based on the financial assets and liabilities held at each balance sheet date and assume outstanding CULS are unconverted, 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 (2018: same). The portfolio of investments, valued at £893,548,000 at 30 April 2019 (2018: £868,469,000) 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 6 and 19.

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:

		2019		2018
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Capital return	**178,710**	**(178,710)**	173,694	(173,694)
NAV per share – pence	**296.25**	**(296.25)**	290.79	(290.79)

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

(b) Liquidity risk exposure

The Company is required to raise funds to meet commitments associated with financial instruments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the large number of quoted investments held in the Company's portfolio, 183 at 30 April 2019 (2018: 184); 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 £50million unsecured revolving floating rate credit facility available until September 2019.

The CULS is governed by a trust deed and is convertible in January and July each year at the behest of the holders, with outstanding CULS being redeemed in 2019. The Board does not consider the repayment of the CULS as a likely short-term liquidity issue.

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:

2019	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	2,929	–	–	2,929
Bank loans	34,052	–	–	34,052
Interest payable on loans	66	–	–	66
CULS	15,549	–	–	15,549
Interest payable on CULS	270	–	–	270
	52,866	–	–	52,866
2018				
Current liabilities:				
Creditors	7,412	–	–	7,412
Bank loans	18,000	6,000	–	24,000
Interest payable on loans	60	38	–	98
CULS	–	–	22,201	22,201
Interest payable on CULS	389	389	389	1,167
	25,861	6,427	22,590	54,878

(c) Credit risk and counterparty exposure

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

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

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

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

The Company had no credit-rated bonds or similar securities or derivatives in its portfolio at the year end (2018: 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 CULS, the liability component of which is measured at amortised cost using the effective interest rate. The fair value of the CULS was £21,074,000 (2018: £29,472,000).

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 71 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 59.

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.

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.

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

25. Alternative Investment Fund Managers Directive ("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 BMO GAM on request.

The Company's maximum and actual leverage levels at 30 April 2019 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	200%	200%
Actual	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.

26. Securities financing transactions ("SFT")

The Company has not, in the year to 30 April 2019 (2018: 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 EU regulations on transparency of SFT, issued in November 2015.

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 is unaudited but derived from the audited Accounts or specified third party data providers.

Assets
at 30 April

£'000s	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total assets	160,994	218,384	251,604	256,776	350,090	441,086	555,092	591,602	767,979	872,704	904,220
Debenture and loans	10,000	10,000	10,000	10,000	10,000	10,000	–	–	–	24,000	34,052
CULS	–	–	–	–	–	–	38,129	38,410	34,697	21,873	15,549
Net assets	150,994	208,384	241,604	246,776	340,090	431,086	516,963	553,192	733,282	826,831	854,619

Net asset value ("NAV")
at 30 April

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NAV (basic) per share	360.2	518.1	602.5	596.4	756.2	841.8	973.1	998.3	1283.4	1384.2	1416.7
NAV (diluted) per share	n/a	n/a	n/a	n/a	n/a	n/a	970.3	994.5	1263.5	1368.8	1405.7
NAV total return % – 5 years (per AIC)											75.6
NAV total return % – 10 years (per AIC)											342.3

Share Price
at 30 April

pence	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Middle market price per share	325.0	461.0	583.5	588.0	764.5	840.0	980.0	1001.0	1273.0	1375.0	1346.0
Share price high	405.0	461.0	587.0	618.0	779.0	879.5	1025.0	1024.0	1299.0	1415.0	1495.0
Share price low	221.0	310.5	405.0	485.0	554.0	745.3	784.5	859.0	947.0	1265.0	1220.0
Share price total return % – 5 years (per AIC)											68.5
Share price total return % – 10 years (per AIC)											359.3

Revenue
for the year ended 30 April

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Available for ordinary shares – £'000s	2,430	2,016	2,039	2,799	3,044	4,461	5,659	6,452	7,839	9,448	10,623
Return per share	5.66p	4.88p	5.08p	6.87p	7.10p	9.31p	10.87p*	11.78p*	13.80p*	15.92p*	17.55p*
Dividends per share	4.89p	5.00p	5.10p	5.63p	6.50p	8.00p	9.65p	10.70p	12.25p	14.40p	16.50p

* diluted

Performance

(rebased to 100 at 30 April 2009)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NAV per share	100	143.8	167.3	165.6	209.9	233.7	270.2*	277.2*	356.3*	384.3*	**393.3***
Middle market price per share	100	141.8	179.5	180.9	235.2	258.5	301.5	308	391.7	423.1	**414.2**
Earnings per share	100	86.2	89.8	121.4	125.4	164.5	192.0	208.1	243.8	281.3	**310.4**
Dividends per share	100	102.2	104.3	115.1	132.9	163.6	197.3	218.8	250.5	294.5	**337.4**
RPI	100	105.3	110.8	114.6	117.9	120.8	121.9	123.5	127.8	132.1	**136.1**

* diluted

Costs of running the Company (ongoing charges/TER)

for the year ended 30 April	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expressed as a percentage of average net assets Ongoing charges*											
excluding performance fees	–	–	1.00%	1.08%	0.85%	0.76%	0.79%	0.85%	0.84%	0.83%	**0.79%**
including performance fees	–	–	1.02%	1.56%	1.49%	0.78%	1.08%	0.85%	0.86%	0.83%	**0.79%**
Total expense ratio											
excluding performance fees	0.93%	0.78%	0.76%	0.79%	0.71%	0.50%	0.53%	0.51%	0.62%	0.60%	**0.59%**
including performance fees	0.93%	0.78%	0.76%	1.17%	1.22%	0.50%	0.74%	0.76%	0.62%	0.60%	**0.59%**

* Not calculated for years prior to 2011

Gearing

at 30 April	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Effective gearing	4.1%	(3.3%)	2.7%	1.7%	(2.3%)	(1.3%)	4.8%	4.7%	3.4%	5.1%	**4.6%**
Fully invested gearing	6.6%	4.8%	4.1%	4.1%	2.9%	2.2%	7.4%	6.9%	4.7%	5.6%	**5.8%**

Analysis of Ordinary Shareholders (unaudited)

Category	Holding % at 30 April 2019	Holding % at 30 April 2018
BMO Savings Plans	**51.6**	51.8
Nominees	**35.2**	34.7
Institutions	**8.8**	8.6
Direct Individuals	**4.4**	4.9
	100.0	100.0

Source: BMO GAM.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and thirtieth Annual General Meeting of the Company will be held at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Thursday 25 July 2019 at 12 noon for the following purposes:

To consider and, if thought fit, pass the following resolutions 1 to 13 as ordinary resolutions:

1. To receive and adopt the Directors' report and accounts for the year ended 30 April 2019.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Remuneration Report.
4. To declare a final dividend of 11.50 pence per share.
5. To re-elect Anja Balfour as a Director.
6. To re-elect Josephine Dixon as a Director.
7. To re-elect David Stileman as a Director.
8. To re-elect Anthony Townsend as a Director.
9. To re-elect Jane Tozer as a Director.
10. To appoint BDO LLP as auditors to the Company.
11. To authorise the Audit and Management Engagement Committee to determine the remuneration of the auditors.
12. Sub-division of shares
    THAT each of the ordinary shares of 25 pence each in the capital of the Company be sub-divided into 10 ordinary shares of 2.5 pence each (the **"New Shares"**), the New Shares having the rights and being subject to the restrictions set out in the articles of association of the Company, provided that such sub-division is conditional on, and shall take effect on, admission of the New Shares to the Official List of the FCA and to trading on the Main Market of the London Stock Exchange by 8.00 a.m. on 31 October 2019 (or such other time and/or date as the Directors of the Company may in their absolute discretion determine.

13. Authority to allot shares
    THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the **"Act"**), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company (together being **"relevant securities"**) up to an aggregate nominal amount of £1,501,850 (representing approximately 10% of the issued share capital of the Company (excluding treasury shares) at the date of this notice), during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2020 or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless previously revoked, varied or extended by the Company in a general meeting (the **"relevant period"**); save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require relevant securities to be allotted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

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

14. Disapplication of pre-emption rights
    THAT, subject to the passing of resolution 13 above and in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authority conferred by resolution 13 for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or transfer, provided this power shall be limited to:

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

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

b) the allotment (otherwise than under paragraph (a) of this Resolution 14) of equity securities up to an aggregate nominal amount of £1,501,850, and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution (whichever is the earlier), unless extended by the Company in a general meeting (**"the relevant period"**) save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require equity securities to be allotted or transferred after the expiry of the relevant period and notwithstanding such expiry the Directors may allot or transfer equity securities in pursuance of such offers or agreements.

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

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

a) the maximum number of ordinary shares hereby authorised to be purchased shall be 9,005,100 (or 90,051,000 following the Share Split set out in Resolution 12 on page 81 becoming effective) or, if less, 14.99% of the number of ordinary shares in issue (excluding treasury shares) as at the date of the passing of this resolution;

b) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 25p (or 2.5p following the Share Split set out in Resolution 12 becoming effective);

c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is the higher of (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased, and (ii) an amount equal to the higher of the price of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;

d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and

e) the Company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase ordinary shares under such authority which will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase ordinary shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

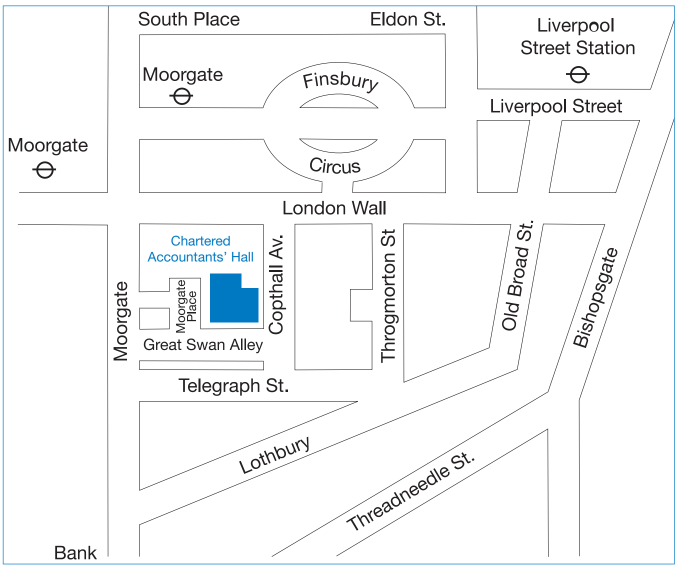
To consider and, if thought fit, pass the following resolution as an ordinary resolution:

16. Treasury shares
THAT, subject to the passing of resolution 14 set out above, the Directors be and they are hereby authorised, for the purposes of paragraph 15.4.11 of the Listing Rules of the United Kingdom Listing Authority, to sell or transfer out of treasury equity securities for cash at a price below the net asset value per share of the existing ordinary shares in issue (excluding treasury shares) pursuant to the authority conferred by resolution 14, provided that the discount at which such equity securities are sold or transferred out of treasury is: (i) always less than the weighted average discount at which the equity securities held in treasury have been purchased; and (ii) no more than 5% of the prevailing net asset value per share.

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

17. General Meeting Notice
THAT the Company be and is hereby generally and unconditionally

Meeting Location



authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next Annual General Meeting of the Company.

By Order of the Board
BMO Investment Business Limited
Secretary
18 June 2019

Registered office:
Exchange House
Primrose Street
London EC2A 2NY

Registered number: 28264

NOTES:

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 BMO Investment 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 noon on 18 July 2019. 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 noon on 18 July 2019.
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. 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 23 July 2019 (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.
8. 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.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.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 4 and 5 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.
10. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).

11. 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).

12. 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.

13. 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:

    f) 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

    g) 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.

14. 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.

15. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. 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.

16. As at 13 June 2019, being the last practicable date prior to the printing of this notice, the Company's issued capital (less the shares held in Treasury) consisted of 60,074,331 ordinary shares of 25 pence each carrying one vote each. Therefore, the total voting rights in the Company as at 13 June 2019 are 60,074,331.

17. 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 13 June 2019 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 www.fandcglobalsmallers.com.

18. Copies of the letters of appointment between the Company and its Directors; a copy of the articles of association of the Company; 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.

19. No Director has a service agreement with the Company.

20. 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 12 June 2019, 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.

Information for Shareholders

Performance information

Information on the Company's performance is provided in the half-yearly and final reports which are sent to shareholders in December and June respectively. More up-to-date performance information is available on the Internet at bmoglobalsmallers.com. The website also provides a monthly update on the Company's geographic spread and largest holdings, along with comments from the Lead Manager.

Key information documents

The Key Information Documents relating to the Company's ordinary shares and CULS can be found on its website at bmoglobalsmallers.com. These documents have been produced in accordance with the EU's Packaged Retail and Insurance-based Investment Products Regulations.

Net asset value and share price

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

UK Capital Gains Tax ("CGT")

An approved investment trust does not pay tax on capital gains. UK resident individuals may realise net capital gains of up to £12,000 in the tax year ending 5 April 2020 without incurring any tax liability. A rate of CGT of 10% will apply where taxable income and gains do not exceed the income tax higher rate threshold (£37,500 in 2019-20 tax year). A higher rate of 20% will apply to those whose income and gains exceed this figure.

Income tax

The final dividend of 11.50 pence per share is payable on 31 July 2019. From April 2019 the annual tax-free allowance to UK residents on dividend income received in their entire share portfolios is £2,000. Dividend income received in excess of this amount will be taxed at rates of 7.5% (basic rate taxpayers), 32.5% (higher rate taxpayers) or 38.1% (additional rate taxpayers).

Association of Investment Companies ("AIC")

BMO Global Smaller Companies PLC is a member of the AIC, which publishes a monthly statistical information service in respect of member companies. The publication also has details of ISA and other investment plans available. For further details, please contact the AIC on 020 7282 5555, or visit the website: theaic.co.uk.

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.

Common reporting standards

Tax legislation requires investment trust companies to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities who have purchased shares in investment trusts. All new shareholders, excluding those whose shares are held in CREST, are sent a certification form for the purposes of collecting this information. For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders gov.uk/government/publications/exchange-of-information-account-holders.

Electronic communications

Computershare provides a service to enable shareholders to receive shareholder correspondence electronically (including annual and half yearly financial reports) if they wish. If a shareholder opts to receive documents in this way, paper documents will only be available on request. Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the Company's website where the documents can be viewed or printed. For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at investorcentre.co.uk (you will need your shareholder reference number which can be found on your share certificate or dividend confirmation).

Registered in England and Wales with Company Registration No. 28264

Management and Advisers

The Management Company

BMO Global Smaller Companies PLC (the **"Company"**) is managed by BMO Investment Business Limited, a wholly-owned subsidiary of BMO Asset Management (Holdings) PLC which is ultimately owned by Bank of Montreal. BMO Investment Business Limited is appointed under an investment management agreement with the Company, setting out its responsibilities for investment management, administration and marketing. The Manager undertakes ESG matters through BMO Asset Management Limited, which together are defined as BMO Global Asset Management (**"BMO GAM"**). They are both authorised and regulated by the Financial Conduct Authority.

The Manager also acts as the Alternative Investment Fund Manager.

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

Jan Baker Represents the Manager as Company Secretary and is responsible for the Company's statutory compliance. She joined BMO GAM in 2005.

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

Secretary and Company's Registered Office

BMO Investment Business Limited
Exchange House
Primrose Street
London EC2A 2NY
Telephone: 020 7628 8000
Facsimile: 020 7628 8188
Website: bmoglobalsmallercompanies.com
Email: info@bmogam.com

Independent Auditors *

PricewaterhouseCoopers LLP
(**"PwC"** or the **"auditors"**)
7 More London Riverside
London SE1 2RT

* PwC will not seek reappointment at the Annual General Meeting, when shareholders will be asked to appoint BDO LLP

Custodian

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

Depositary

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

Share Registrars

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

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

Solicitors

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

Stockbrokers

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

Trustee for CULS holders

The Law Debenture Trust Corporation plc
Fifth Floor
100 Wood Street
London EC2V 7EX

How to invest

One of the most convenient ways to invest in BMO Global Smaller Companies PLC is through one of the savings plans run by BMO.

BMO Investment Trust ISA
You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2019/20 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*
You can invest up to £4,368 for the tax year 2019/20 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*
If your child has a CTF you can invest up to £4,368 for the 2019/20 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO 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 £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO 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 £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

* The CTF and JISA accounts are opened 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.

BMO®

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

Annual account charge
ISA: £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
ISA: 0.2%
GIA/JIA/JISA: postal instructions £12, online instructions £8 per Trust.
Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.
There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.
Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).
There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.
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 disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

HOW TO INVEST
To open a new BMO plan, apply online at bmogam.com/apply

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

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

Existing Plan Holders:
Call: 0345 600 3030**
(9:00am – 5:00pm, weekdays)
Email: investor.enquiries@bmogam.com
By post: BMO Administration Centre
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: **Alliance Trust Savings, Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, LLoyds Bank, Selftrade, The Share Centre.**

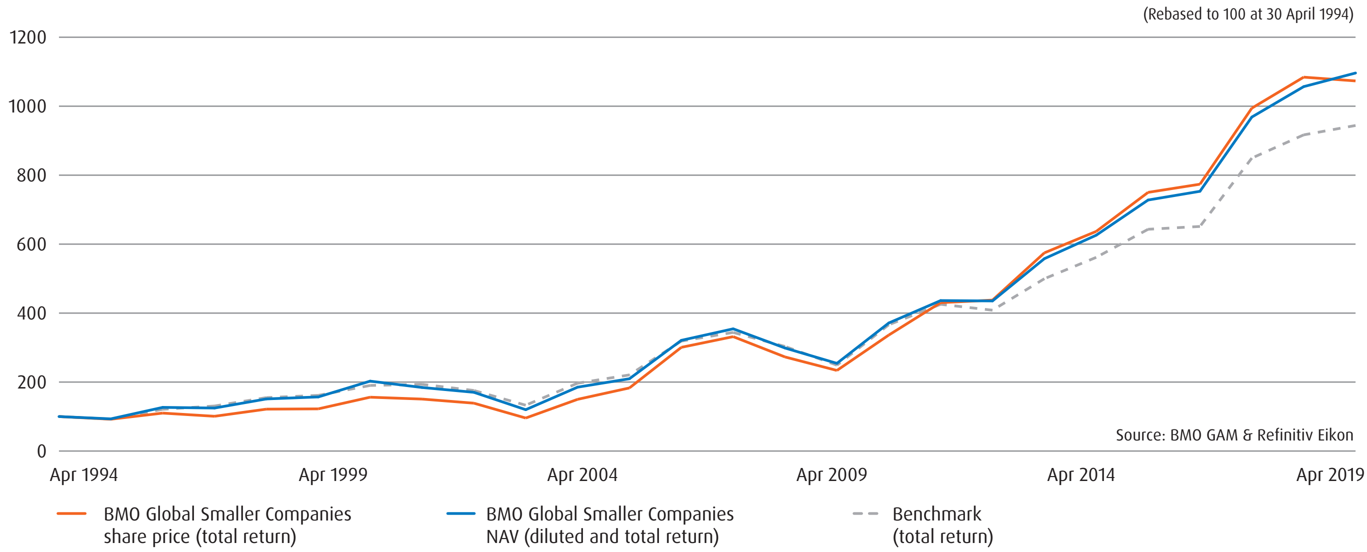
25 Year Historical Information

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

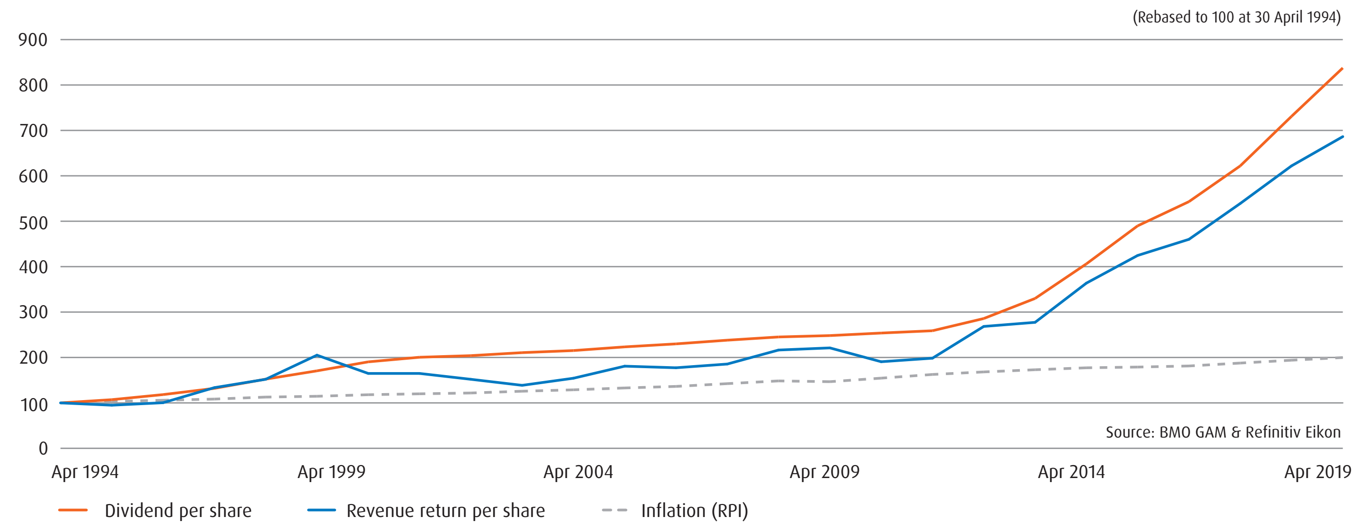
at 30 April	Net assets £'000s	Net asset value per share pence	Closing share price pence	Premium/ (discount) %	Revenue return per share pence	Dividend per share pence	Dividend growth %	Inflation (RPI) %
1994	184,067	175.8	181.5	3.2	2.56	1.97	7.1	2.6
1995	169,274	161.6	164.5	1.8	2.43	2.11	7.1	3.3
1996	226,938	216.7	193.5	(10.7)	2.57	2.33	10.4	2.4
1997	219,388	209.5	174.5	(16.7)	3.42	2.60	11.6	2.4
1998	261,706	249.9	206.3	(17.4)	3.89	3.00	15.4	4.0
1999	265,440	255.3	203.5	(20.3)	5.25	3.36	12.0	1.6
2000	313,128	325.4	255.3	(21.5)	4.22	3.75	11.6	3.0
2001	274,930	291.9	242.5	(16.9)	4.22	3.95	5.3	1.8
2002	246,300	265.5	219.0	(17.5)	3.89	4.02	1.8	1.5
2003	167,945	183.1	147.0	(19.7)	3.55	4.15	3.2	3.1
2004	235,390	276.8	224.0	(19.1)	3.95	4.24	2.2	2.5
2005	264,398	311.3	268.5	(13.7)	4.63	4.40	3.8	3.2
2006	227,652	470.8	435.0	(7.6)	4.54	4.53	3.0	2.6
2007	239,574	512.2	473.3	(7.6)	4.75	4.69 *	3.5	4.5
2008	188,100	428.2	385.0	(8.6)	5.54	4.83	3.0	4.2
2009	150,994	360.2	325.0	(7.4)	5.66	4.89	1.2	(1.2)
2010	208,384	518.1	461.0	(9.6)	4.88	5.00	2.2	5.3
2011	241,604	602.5	583.5	(2.1)	5.08	5.10	2.0	5.2
2012	246,776	596.4	588.0	(0.4)	6.87	5.63	10.4	3.5
2013	340,090	756.2	764.5	1.6	7.10	6.50	15.5	2.9
2014	431,086	841.8	840.0	(0.1)	9.31	8.00	23.1	2.5
2015	516,963	970.3	980.0	1.0	10.87	9.65	20.6	0.9
2016	553,192	994.5	1,001.0	0.7	11.78	10.70	10.9	1.3
2017	733,282	1,263.5	1,273.0	0.8	13.80	12.25	14.5	3.5
2018	826,831	1,368.8	1,375.0	0.5	15.92	14.40	17.6	3.4
2019	854,619	1,405.7	1,346.0	(4.3)	17.55	16.50	14.6	3.0

* Excludes special dividend of 1p also paid

Net asset value and share price information 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.

Diluted Net Asset Value – assumes that the CULS are converted into ordinary shares at the rate of 977.6970 pence per £1 nominal CULS value (see "Net Asset Value" and note 20 on the accounts).

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 12 and 13.

		30 April 2019 pence	30 April 2018 pence
Net Asset Value per share	(a)	**1,405.69**	1,368.80
Share price per share	(b)	**1,346.00**	1,375.00
Discount or Premium (c= (b-a)/b)	(c)	**(4.3%)**	0.5%

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 2019 £'000	30 April 2018 £'000
Loan		**34,052**	24,000
CULS		**15,549**	21,873
	(a)	**49,601**	45,873
Less Cash and cash equivalents		**(12,135)**	(7,532)
Less Investment debtors		**(18)**	(3,012)
Add Investment creditors		**2,128**	6,952
Total	(b)	**39,576**	42,281
Net Asset Value	(c)	**854,619**	826,831
Effective gearing (d= b/c)	(d)	**4.6%**	5.1%
Fully invested gearing (e= a/c)	(e)	**5.8%**	5.6%

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 on the accounts) and UK Accounting Standards. The net assets correspond to Total Shareholders' Funds, which comprise the share capital account, capital redemption reserve, CULS reserve and capital and revenue reserves (see calculation in note 20 on the accounts).

Ongoing Charges – all operating costs expected to be regularly incurred and that are payable by the Company or suffered within underlying investee fund, 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 2019 £'000	30 April 2018 £'000
Management fees		**4,137**	3,885
Other expenses		**825**	867
Less loan commitment/arrangement fees		**(33)**	(85)
Underlying costs of collective investments		**1,677**	1,818
Total	(a)	**6,606**	6,485
Average daily net assets	(b)	**833,912**	778,658
Ongoing charges (c= a/b)	(c)	**0.79%**	0.83%

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 on the accounts), calculated as a percentage of the average net assets in that year (see Ten Year Record). Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments and derivatives, interest costs, taxation and the costs of buying back or issuing ordinary shares.

TER calculation		30 April 2019 £'000	30 April 2018 £'000
Management fees		**4,137**	3,885
Other expenses		**825**	867
Less loan commitment/arrangement fees		**(33)**	(85)
Total	(a)	**4,929**	4,667
Average daily net assets	(b)	**833,912**	778,658
TER (c= a/b)	(c)	**0.59%**	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 Diluted NAV in the period. The dividends are assummed to have been re-invested in the form of shares or net asset, respectively, on the date on which the shares were quoted ex-dividend.

	Diluted NAV	Share price
Diluted NAV/Share Price per share at 30 April 2018 (pence)	1,368.80	1,375.00
Diluted NAV/Share Price per share at 30 April 2019 (pence)	1,405.69	1,346.00
Change in the year	2.7%	(2.1%)
Impact of dividend reinvestments	1.1%	1.1%
Total return for the year	3.8%	(1.0%)

Glossary of Terms

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

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

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

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

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

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

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

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

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

Prior to May 2010 the Company's Benchmark was a blended index of the returns from the MSCI All Country World ex UK Small Cap Index (60%) and the Hoare Govett UK Smaller Companies (including investment companies) Index (40%). In April 2012 the Hoare Govett UK Smaller Companies Index changed its name to the Numis UK Smaller Companies Index. The method of calculation remained unchanged.

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.

CULS – 3.5% Convertible Unsecured Loan Stock 2019 – issued in July 2014 and listed on the London Stock Exchange. The CULS can be bought and sold on the LSE and can be converted at specified dates into the Company's ordinary shares. See note 14 on the accounts.

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

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

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

Distributable Reserves – Reserves distributable by way of dividend or for the purpose of buying back ordinary share capital (see notes 2, 16, 17 and 19 on the accounts). Company Law requires that Share Capital and the Capital Redemption Reserve may not be distributed. The Company's articles of association allow distributions by way of dividend out of Capital Reserves. Dividend payments are currently made out of Revenue Reserve. The cost of all share buybacks is deducted from Capital Reserves.

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

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

General Data Protection Regulation (GDPR) – GDPR is a regulation that requires businesses to protect the personal data and privacy of EU citizens for transactions that occur within EU member states.

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

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

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

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

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

Non-executive Director – a Director who has a contract for services, rather than a contract of employment, with the Company. The Company does not have any executive Directors. Non-executive Directors' remuneration is described in detail in the Remuneration Report. The duties of the Directors, who govern the Company through the auspices of a Board and Committees of the Board, are set out in the Corporate Governance Statement.

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

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

Sustainable Development Goals (SDGs) – The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 goals, which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all the while tackling climate change and working to preserve our oceans and forests.

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 on the accounts.

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

Trust Deed – the trust deed between the Company and the Trustee constituting the CULS.

Trustee – The Law Debenture Trust Corporation plc.

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

The United Nations-supported Principles for Responsible Investment (UNPRI) – An international network of investors working together with the goal of understanding the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system. The Principles offer a menu of possible actions for incorporating environmental, social and corporate governance issues into investment practices across asset classes.

The Directors
BMO Global Smaller Companies PLC
Exchange House
Primrose Street
London EC2A 2NY

18 June 2019

Dear Sirs,

Statement of Reasons connected with ceasing to hold office as Auditors

In accordance with Section 519 of the Companies Act 2006 (the "Act"), we set out below the reasons connected with PricewaterhouseCoopers LLP, registered auditor number C001004062, ceasing to hold office as auditors of BMO Global Smaller Companies PLC, registered no: 00028264 (the "Company") effective from 25 July 2019.

The reason we are ceasing to hold office is that the Company undertook a competitive tender process for the position of statutory auditor and we mutually agreed with the Audit and Management Engagement Committee not to participate due to the time of our tenure.

There are no reasons for and no other matters connected with our ceasing to hold office as auditors of the Company that we consider need to be brought to the attention of the Company's members or creditors.

Yours faithfully,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
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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**.

BMO Global Smaller Companies PLC
Report and Accounts 2019

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