

BMO Global Smaller Companies PLC

Report and Accounts for
the half-year ended 31 October 2019

Registered office:

- 📍 Exchange House, Primrose Street, London EC2A 2NY
- ☎ 020 7628 8000 Fax: 020 7628 8188
- 💻 bmoglobsmallers.com
- ✉ info@bmogam.com

Registrars:

- 📍 Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
- ☎ 0370 889 4088 Fax: 0870 703 6143
- 💻 computershare.com
- ✉ web.queries@computershare.co.uk



© 2019 BMO Global Asset Management. All rights reserved. BMO Global Asset Management is a trading name of BMO Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

BMO Global Smaller Companies PLC

Report and Accounts for
the half-year ended 31 October 2019



Company Overview

Established 130 years ago in 1889 with an initial capital of £1m, the Company's market capitalisation at the end of October 2019 was £829m.

The Company's shares were sub-divided on 31 October 2019 to improve liquidity for new investors and regular savers through savings schemes. Shareholders received 10 new ordinary shares of 2.5p each in place of every ordinary share of 25p held on 30 October 2019.

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

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", the Company has increased its dividend for 49 consecutive years. 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](https://www.bmoglobalsmallers.com)

Directors

Anthony Townsend (Chairman)
Anja Balfour
Nick Bannerman (appointed 1.10.19)
Jo Dixon
Graham Oldroyd (appointed 1.10.19)
David Stileman
Jane Tozer

Manager

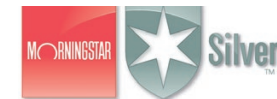
Peter Ewins
BMO Investment Business Limited

Forward-looking statements

This interim report 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 report. Nothing should be construed as a profit forecast.

The Company is registered in England and Wales with
company registration number 28264

Legal Entity Identifier: 2138008RRULYQP8VP386



Financial Highlights for the half-year

2.2%

Net Asset Value with debt at market value⁽¹⁾ (“NAV”) increased to 142.43p*, giving a total return⁽²⁾ of 2.2% compared to the Benchmark total return of 0.5%

0.1%

The share price ended the period at 133.6p*, delivering a total return⁽²⁾ of 0.1%

10.0%

Interim dividend up by 10.0% to 0.55p per ordinary share reflecting strong income received from the portfolio

(1) NAV including debt at market value - This represents the replacement value of debt, assuming repaid and re-negotiated under current market conditions (see note 11 on the accounts).

(2) Total return - the return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the share price or NAV in the period.

See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 30 April 2019.

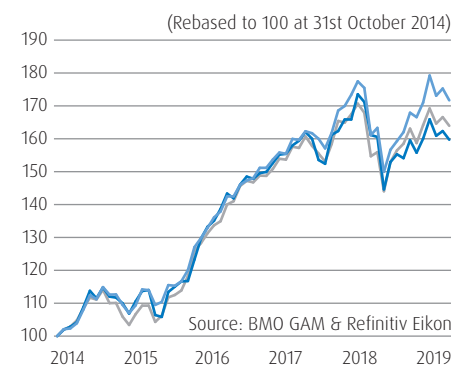
*Shareholders received ten new ordinary shares of 2.5p each in place of every ordinary share of 25p held on 30 October 2019. The NAV per share and share price have been adjusted to reflect the greater number of shares in issue.

Manager's Review

Equity markets made some progress in the first half of the 2019/20 financial year, with a shift back to lower interest rates in the US lifting sentiment. There were headwinds however from the ongoing trade war between the US and China, the extended Brexit process plus a fairly synchronised weakening of global economic momentum. Investors tended to favour safer havens and as a consequence smaller company shares lagged the main indices in most of the key markets, maintaining the pattern from the prior financial year.

As the slowdown in growth impacted across a progressively wider set of stocks, the Company's investment portfolio was not immune to negative trends in corporate earnings data. Nevertheless, over the period the NAV still managed to post a modest gain, up by 2.2% on a total return basis. The Company's Benchmark (30% Numis UK Smaller Companies excluding investment companies Index/70% MSCI All Country World ex UK Small Cap Index) by comparison was up by 0.5%. Our outperformance was mainly due to strong stock selection in North America, where a defensive skew to the portfolio proved to be astute, with geographic asset allocation also making a positive contribution.

Share price and NAV per share performance vs Benchmark over five years



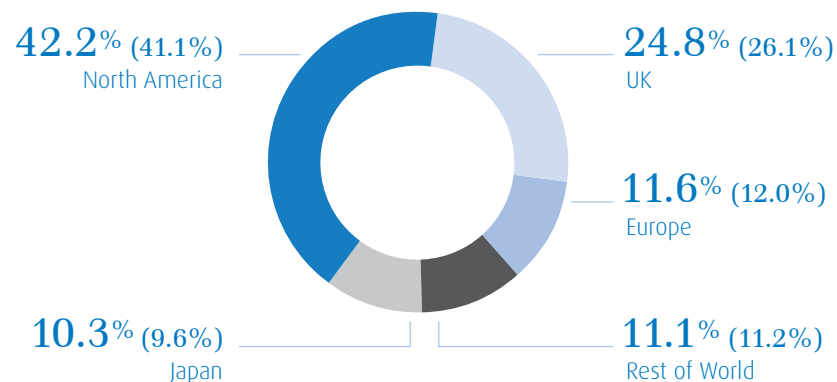
— BMO Global Smaller Companies share price (total return)
— BMO Global Smaller Companies NAV (debt at market value and total return)
— Benchmark (total return)

Just before the end of the accounting period, the Company completed a share split, meaning that shareholders received ten new ordinary shares of 2.5p each in exchange for each ordinary share of 25p held on 30 October 2019. This move is aimed at enhancing liquidity in the shares over the medium-term and to make investment through regular savings schemes easier. Adjusting for this change, the Company's shares delivered a total return of 0.1% over the six months, ending the period at a 6.2% discount versus 4.1% at the start of the period.

The Board continues to aim to keep the discount at below 5% in normal market conditions, with share buybacks the main tool utilised in the short-term. In line with the overall UK retail savings market background, a weaker trend in terms of saving scheme flows was evident for the Company's

Manager's Review (continued)

Geographical distribution of the investment portfolio as at 31 October 2019



The percentages in brackets are as at 30 April 2019

Source: BMO GAM

shares in the first half of the year. During the six-month period therefore, 10.6m shares on the new adjusted share capital basis, were bought back and placed into Treasury. Further buybacks have taken place since the end of October.

Dividends

Although there has been a slowdown in profit growth within stock markets, the majority of our holdings continued to perform satisfactorily and many have announced higher dividends. Revenue returns per share rose 17.2% and consequently the Board have decided to pay a dividend of 0.55p at the interim stage. This represents a 10.0% increase in the interim dividend and will be paid on 31st January 2020 to shareholders on the register on 3rd January 2020.

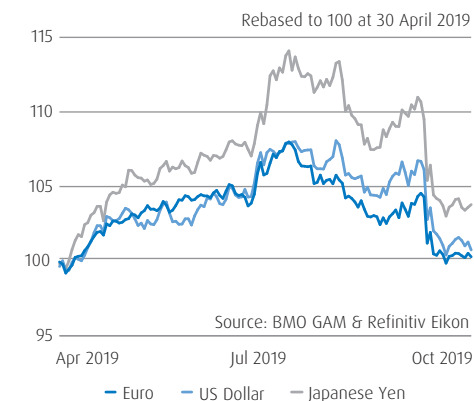
Market background

The period was marked by successive bouts of optimism and pessimism surrounding the state

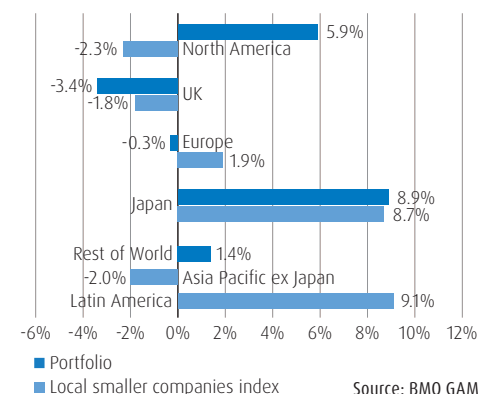
of talks on trade between the US and China. The general slowdown, most notably evidenced in industrial production and purchasing managers indices, fed through into lower bond market yields and growing expectations of policy response from Central Banks.

Over the six months the Federal Reserve Bank cut rates three times by 0.75% in response to the signs of slowdown and an absence of inflationary pressures in the US economy despite unemployment hitting new fifty-year lows. The Bank also signalled that it would again become a net buyer of Treasury bills. With economic data in mainland Europe notably weak, the European Central Bank ("ECB") moved its deposit rate further into negative territory to -0.5% and announced the recommencement of bond purchases from November 2019. Some of the larger Asian economies including India and Indonesia also reduced their interest rates in the period in

Currency movements relative to sterling for the half-year ended 31 October 2019



Geographical performance (total return sterling adjusted) for the half-year ended 31 October 2019



response to a slowdown in growth and restrained inflation. Elsewhere, in China, the authorities announced a series of measures to support the local economy which has been buffeted by the impact of the US tariffs.

Sterling was weak over much of the period under review but rallied late on as the risk of a "no deal" Brexit sharp shock diminished. The UK economy stagnated through the summer with businesses unsurprisingly unwilling to commit to new investment with uncertainty remaining around the future trading relationship with Europe.

The environment of lower interest rates was supportive for the performance of certain rate sensitive sectors on global markets such as REITs and Utilities. Companies more exposed to cyclical markets, or those being impacted by the trade war within the Industrials and Energy sectors for example, tended to lag.

Regional portfolio performance

We report the performance of our regional/country portfolios against the relevant local smaller company indices and a table depicting this is shown above. This clearly demonstrates that our North American portfolio had been well positioned for the market environment. We were also helped by more modest outperformance in Japan, which was the strongest performing market aside from the less significant in terms of scale Latin American small cap index. Our Rest of World portfolio, which mainly focuses on Asian markets, was also well ahead of the MSCI All Countries Asia Pacific ex Japan Small Cap Index. We had a tougher time closer to home in the UK and Europe, where our portfolio sector positioning and some individual stock selection issues worked against us.

North America

We added value through stock selection most notably within the Financial, Energy, Technology

Manager's Review (continued)

and Materials sectors. A relatively low exposure to general industrial cyclical names exposed to the slowdown in manufacturing and global trade also helped relative performance.

Within Financials, we have long held an overweight exposure to insurance stocks, and in this period, this sector did very well, lifted by signs that pricing was on an improving trend across a number of lines. Property and casualty insurer **Hallmark Financial Services** reported much better underwriting results and its shares rose by 55.2%, while our largest individual company holding **Alleghany** also did well, helped by excellent returns on its investment portfolio. Insurance broker **Brown & Brown** was another strong performer, continuing its successful acquisitions programme and benefiting from the better rates. Real estate was strong as in other markets, and our holding in data centre operator **CyrusOne** rose as leasing activity picked up and the industry saw some consolidation.

In Energy, global fuel distributor **World Fuel Services** did well as management initiatives to focus on higher margin segments paid off. The company also benefited from some increased volatility in the oil price and looking forward is well placed to gain from new fuel regulations impacting the marine market to curb emissions. Avoiding any exposure to the hard pressed and generally over-levered North American oil production companies proved wise, as most of these stocks did badly.

In Technology, our holding in distributor **CDW** rose as it beat analysts' expectations and the shares were re-rated. We were helped by the merger of **Total System Services** with a larger payments processing peer, while shares in **Amdocs** bounced as an activist shareholder took a stake and the company reported some contract wins. Amdocs

has some exposure to 5G which is also creating excitement in the shares of **Viavi Solutions**, a new holding in the portfolio. Viavi is a leading test and measurement player which should do well as the telecoms industry embarks upon a multi-year 5G capex cycle.

Within Materials, our decision to increase exposure to gold through holdings in **Wheaton Precious Metals** and **SSR Mining** paid off, as investors saw the merit in gold as a safe haven at a time of political uncertainty. In addition, **Martin Marietta Materials**, the aggregates and cement company outperformed as end markets across infrastructure, residential and non-residential construction markets improved, leading to better margins.

Other strong performers included sterilisation services company **STERIS** and **Genesee & Wyoming**. Investors continued to be attracted to the former's stable market and strong balance sheet which is allowing management to further extend the business's footprint. The latter was taken over by a private equity buyer at an acceptable price given weakening current trading performance as rail shipments have slowed quite markedly.

There were however, some stocks which disappointed on the portfolio. The agricultural sector is presently struggling as a result of weak commodity prices and the impact of the trade war. Our holding in **The Andersons** fell by 43.7%, as the company's ethanol unit was hit by industry overcapacity and the plant nutrient business was impacted by unhelpful weather conditions. Homewares retailer **At Home Group**'s shares slumped after disappointing trading news and fears around leverage levels prompted us to sell our holding at a loss. We also decided to exit **Healthcare Services Group** given the company's continuing loss of business as management

retreated from customers deemed to be too risky to serve. Utility company **UGI**'s shares lagged as warm weather conditions led to lower gas and electricity demand.

We have started to add a few more cyclical names to the US portfolio where the recent downgrades have led to excessive share price reactions. These have been funded by taking profits in some of the higher rated stocks on the portfolio where the scope for positive surprises in the future seems more limited.

UK

The portfolio had a difficult six months, delivering a -3.4% return, with more than the usual number of stock specific issues impacting upon performance. Corporate earnings were under pressure from the global/domestic economic slowdown and as the delay to Brexit clarity weighed on business confidence and investment.

Among the weaker performers were several more cyclically exposed stocks including specialist foams producer **Zotefoams**, medical and industrial materials supplier **Scapa Group** and industrial fastenings distribution business **Trifast**. All three were hit by weaker demand patterns as the period progressed with operating leverage working in the wrong direction. Scapa also lost a material contract in its medical arm to compound its problems.

Shares in **Ted Baker** fell sharply after a weak trading update in June was followed by a very poor set of interim results. Unfortunately, the business has not been able to buck the general sluggish retail environment as it had done for many previous years. We decided to sell our holding in outdoor events equipment supplier **Arena Events Group** over concern on the company's financial position, while we also cut our losses in **De La Rue** after news emerged that the company was

the subject of an SFO investigation. A new holding in gold miner **Resolute Mining** suffered as the company discovered equipment problems at its key mine in Mali, while property developer **U and I Group** slid, as development gains missed expectations and its retail orientated investment portfolio fell in value.

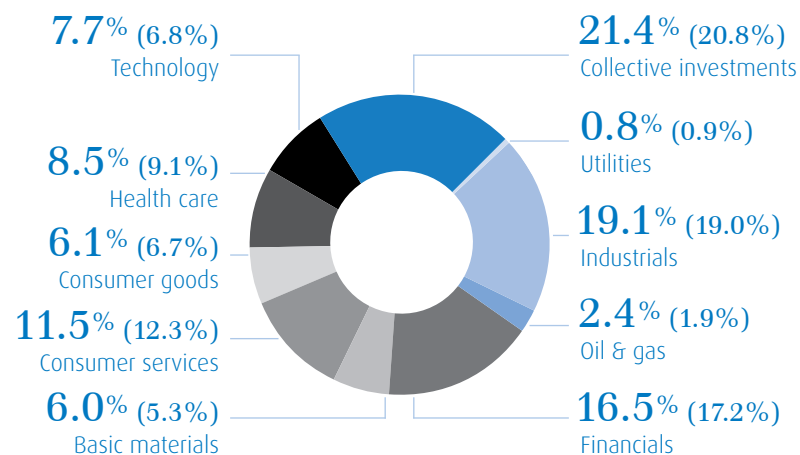
Takeover activity helped our performance in the period however, with four companies receiving bids; **Entertainment One** (Peppa Pig owner and television/film production business) and exhibitions company **Tarsus Group** within Media, plus plastic components business **Synnovia** and most recently Nigerian based **Eland Oil & Gas**. While we had held the first three for some time, we only bought into Eland Oil & Gas early in 2019.

Another good performer was **Sirius Real Estate** which owns mixed-use commercial real estate properties in Germany. The shares continued to be re-rated as it delivered upon its business model of raising occupancy and rents across its asset base targeting smaller local tenants with flexible lease terms. Debt purchase and management business **Arrow Global Group** rebounded from earlier weakness, while IPO from last year, legal business **Knights Group** continued to do well as it further expanded its presence by acquisition. **Spirent Communications** like Viavi Solutions in the US is benefiting from higher investment within the telecoms market and has also expanded its service capabilities for the US market.

We expect trading conditions for many UK small caps to remain tricky in the near term, but we have increased exposure to some domestically focused companies such as aggregates and bricks companies **Breedon Group** and **Ibstock** of late given relatively low valuations and their strong market positions.

Manager's Review (continued)

Industrial classification of the total investment portfolio as at 31 October 2019



The percentages in brackets are as at 30 April 2019

Source: BMO GAM

The implications of the general election result on the portfolio will be assessed in the coming weeks.

Europe

Our portfolio in Europe was marginally down in the period with the slowdown on the Continent and global trade having an impact on a number of holdings. A lack of exposure to stronger performing sectors such as Real Estate also worked against us.

Performance within Financials was disappointing. Shares in Norwegian based life insurance, pensions and asset management business **Storebrand** gave back some of last year's gains. Falling bond market rates served to hit reported solvency levels, leading to less confidence for a step-up in future dividend payments. A fall in the share price of Norwegian bank **Sparebank** however, was offset by a rally in the share price of Danish based **Ringkjøbing Landbobank**; the latter still doing well in growing its customer

numbers and increasing profits despite generally tough conditions for conventional banks due to the interest rate environment.

Some of the weaker performers came from perceived safer areas like food and beverages companies. Distributor **Sligro Foods** profits took a hit as increased systems costs and the integration of a large contract for Heineken proved more difficult than expected. Sausage skin business **Viscofan**'s shares fell as the company guided down expectations, with Asian Swine Flu disrupting the market. Agronomy business **Origin Enterprises**' shares dropped despite generally solid results as wet weather led to a slow start to its new financial year. This company, like ferries business **Irish Continental**, is suffering as a consequence of the general uncertainty around Brexit.

As elsewhere, more cyclical companies were under pressure, with office equipment supplier

Takkt having to take cost cutting measures in order to address weaker demand patterns. Automotive focused supplier **Norma Group** has issued three profit warnings in 2019 to date as margins have compressed and sales weakened, while construction lifts company **Alimak**'s shares fell as optimism around business levels eroded, though pleasingly their aftermarket sales have continued to hold up.

Of the good performers in the period, semiconductor processing equipment supplier **ASM International** led the way, rising by 48.7% as sales and order growth both surpassed expectations. In Health care, diagnostic testing business **DiaSorin** rose as the market warmed to the company's prospects following a positive capital markets day, while packaging focused business **Gerresheimer** did well as margin gains under a new management team came through. Our long-term holding in German based combi-steamer cookers business **Rational** continued to pay off, with revenue growth and margins more than meeting hopes and the business continuing to take share in global markets. Another longer term holding, **CTS Eventim**, rose 18.9% as results beat expectations, with the company well placed to benefit amid a boom in the live entertainment market. Swimming pool consumables business **Fluidra** recovered following weakness at the start of 2019, with synergies from their major deal with a US peer from last year coming through.

Europe remains in a bit of a state of flux politically, with the fractious Brexit process not aiding the near-term outlook. We continue to see value within our portfolio, though it has been necessary to make a few changes to holdings where we have lost conviction in the investment case. Favourable resolution of the US/Chinese and US/European trade situations would be helpful, as would be fiscal stimulus, which is at long last

now being considered in Germany. We expect monetary policy from the ECB to remain ultra-loose as the new head Christine Lagarde seeks to lift anaemic growth across the Continent.

Japan

The Japanese market outperformed the other regions in the six months, albeit after a weak previous year. Pleasingly we more than kept up with the recovery. Early in the period we started a holding in the **Baillie Gifford Japanese Smaller Companies Fund**. This is a growth orientated fund focusing on younger Japanese listed companies. It has a skew towards technology and medical companies and businesses using the internet to disrupt legacy markets. We believe that this complements our original two fund holdings managed by Aberdeen Standard and Eastspring, with a limited overlap of stocks.

Over the period under review, the best performance came from the **Eastspring Investments Japan Smaller Companies Fund**. This had struggled in 2018/19 as its value orientated investment approach had fallen out of favour, but more recently interest has come back for the lower rated part of the market.

Japan's economy like others has slowed and the near-term outlook does not look that exciting for corporate profits with many companies already having revised their expectations lower. We still see the potential for the market to outperform as we head towards 2020, when Japan will host the Olympics, which could drive increased interest from overseas investors.

Rest of World

Uncertainty around the trade outlook kept Asian markets on edge through the period and as the table on page 5 shows, small cap returns were negative. Our funds managed in total to record a

Manager's Review (continued)

modest gain of 1.4%. While the Rest of World for us covers a huge range of individual countries with very different economic and political dynamics, in overall terms Asian economies are continuing to grow, though the extent of their expansion has been slowing driven to varying degrees by the deceleration of the Chinese market. Hong Kong's recent problems are a worry with no end to the demonstrations seemingly yet in sight. Latin America markets were mixed. Brazil was strong, with progress on the political scene and some benefit from increased trade with China on the agricultural and wider resources side evident. On the other hand, Argentina once again saw its currency fall sharply, and more recently there has been unrest in Chile and Bolivia.

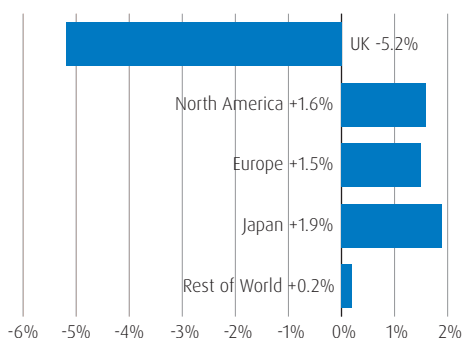
In terms of our portfolio, the best return came from our holding in the **Australian New Horizons Fund**. This has a bias towards growth stocks in Australia in the technology and medical areas, with a number of individual stock holdings driving strong performance in the period. Our long-established holding in the **Utilico Emerging Markets** trust was once again another positive contributor. This was due to good stock selection and its focus on areas less impacted by the trade war, with utility-like investments doing well as interest rates fell. The trust also benefited from a healthy exposure to Brazil.

Since the period end, we have bought into another fund managed by Schroders. This new fund targets emerging markets smaller companies with high returns on a global basis.

Asset allocation

As already reported, asset allocation positioning made a positive contribution to the relative performance of the trust in the period, with the overweight to Japan and underweighting to the UK the main reasons for this.

Geographical weightings against Benchmark as at 31 October 2019



Source: BMO GAM & MSCI

In terms of changes, we had pulled back our US exposure in early 2019 but the strength of our performance in this market meant that we ended the first half overweight once again. Given the better near-term outlook for the US compared to other developed market economies, this seems sensible for now ahead of any definitive resolution to the trade issues. The political uncertainty in the UK and slowdown in Europe led us to become less optimistic in relation to exposure to these markets. We stayed overweight to Japan and retained a broadly neutral stance towards the Rest of the World.

Gearing

Gearing ended the period slightly higher at 5%. During the period, the Convertible Unsecured Loan Stock matured, with residual holdings converting into equity. After considering the various alternatives to replace this borrowing capacity, the Board decided to proceed with the issue of £35m private placing notes. These have a 20-year term and pay a fixed rate of 2.26%. This development, combined with drawings under an extended

multi-currency £35m revolving credit facility (with an option to take on an additional £15m if required), provides the Company with an attractive blend of low cost fixed and floating facilities.

Outlook

As we look forward to the remainder of the year, geo-political issues continue to create uncertainties. We hope that some of these clear as time passes. A pause in trade hostilities would be particularly welcome given the risk of some countries falling back into technical recession in the absence of this. We expect near-term trading conditions to remain quite difficult for some of our companies, but low interest rates should continue to be supportive to equity market performance.

Peter Ewins
Lead Manager
12 December 2019

Thirty Largest Holdings

| 31 Oct 2019 | 30 Apr 2019 | | % of total investments | Value £m |
|-------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------|
| 1 | 1 | Eastspring Investments Japan Smaller Companies Fund Japan Fund providing exposure to Japanese smaller companies. | 4.7 | 42.8 |
| 2 | 2 | Aberdeen Standard SICAV 1 Japanese Smaller Companies Fund Japan Fund providing exposure to Japanese smaller companies. | 4.2 | 37.9 |
| 3 | 3 | Pinebridge Asia ex Japan Small Cap Fund Rest of World Fund providing exposure to Asian smaller companies. | 3.6 | 32.8 |
| 4 | 4 | The Scottish Oriental Smaller Companies Trust Rest of World Investment trust providing exposure to Asian smaller companies. | 2.8 | 25.9 |
| 5 | 5 | Utilico Emerging Markets Rest of World Investment trust focusing on utility and infrastructure companies in emerging markets. | 2.3 | 20.8 |
| 6 | 6 | Alleghany United States Specialist commercial insurer. | 1.6 | 14.7 |
| 7 | - | Baillie Gifford Japanese Smaller Companies Fund Japan Fund providing exposure to Japanese smaller companies. | 1.5 | 13.4 |
| 8 | 9 | Martin Marietta Materials United States Aggregates and cement producer that served the construction industry. | 1.3 | 11.6 |
| 9 | 7 | STERIS United States Global supplier of surgical and sterilisation products and services. | 1.2 | 11.2 |
| 10 | 20 | World Fuel Services United States Aviation and marine fuel distribution and marketing business. | 1.1 | 10.4 |
| 11 | 8 | HSBC GIF Asia ex Japan Equity Smaller Companies Rest of World Fund providing exposure to Asian smaller companies. | 1.1 | 10.0 |
| 12 | 26 | Wheaton Precious Metals United States A precious metals royalty company. | 1.1 | 9.7 |
| 13 | 11 | ICON United States Clinical research provider to the global pharmaceutical industry. | 1.0 | 9.5 |
| 14 | 14 | LKQ Corp United States A distributor of alternative car parts. | 1.0 | 9.2 |
| 15 | 10 | WEX United States An operator of a fuel card payment network. | 1.0 | 8.8 |

| 31 Oct 2019 | 30 Apr 2019 | | % of total investments | Value £m |
|-------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------|
| 16 | 18 | Aberdeen Standard SICAV 1 Asian Smaller Companies Fund Rest of World Fund providing exposure to Asian smaller companies. | 0.9 | 8.0 |
| 17 | 16 | Parkland Fuel Canada Fuel retail/wholesale distribution and infrastructure business. | 0.9 | 7.8 |
| 18 | 28 | Graphic Packaging United States A vertically integrated producer of printed paperboard cartons for food and beverage products. | 0.8 | 7.7 |
| 19 | 31 | Amdocs United States Outsourced IT services provider to telecommunications sector. | 0.8 | 7.6 |
| 20 | 17 | Jefferies Financial United States Diversified financial services business. | 0.8 | 7.6 |
| 21 | - | Viavi Solutions United States Wireless network testing business and optical component supplier. | 0.8 | 7.6 |
| 22 | 25 | CLS Holdings United Kingdom Property investment company mainly operating in the UK, Germany and France. | 0.8 | 7.4 |
| 23 | 15 | Sterling Bancorp United States New York based commercial lender. | 0.8 | 7.3 |
| 24 | 21 | Kirby United States US tank barge operator. | 0.8 | 7.3 |
| 25 | 40 | Healthcare Trust of America United States US medical office buildings Real Estate Investment Trust (REIT). | 0.8 | 7.3 |
| 26 | 13 | UGI United States Natural gas utility and infrastructure company. | 0.8 | 7.1 |
| 27 | 34 | Sabre United States Travel network and technology company serving the airline and hospitality sectors. | 0.8 | 7.1 |
| 28 | 49 | Hallmark Financial Services United States Property and casualty insurance company. | 0.8 | 7.1 |
| 29 | 12 | CDW United States Integrated IT services company serving SME's in the US. | 0.8 | 7.1 |
| 30 | 42 | Brown & Brown United States Insurance broker to SMEs. | 0.8 | 7.0 |

The value of the thirty largest equity holdings represents 41.7% (30 April 2019: 41.2%) of the Company's total investments.

Unaudited Condensed Income Statement

| Notes | Half-year ended 31 October 2019 | | | Half-year ended 31 October 2018 | | | Year ended 30 April 2019 | | | |
|-------|----------------------------------------------------------|-------------------|-----------------|---------------------------------|-------------------|-----------------|--------------------------|-------------------|-----------------|---------------|
| | Revenue £'000s | Capital £'000s | Total £'000s | Revenue £'000s | Capital £'000s | Total £'000s | Revenue £'000s | Capital £'000s | Total £'000s | |
| 6 | Gains/(losses) on investments | - | 15,167 | 15,167 | - | (6,395) | (6,395) | - | 25,676 | 25,676 |
| | Foreign exchange gains/(losses) | 1 | (217) | (216) | 8 | (456) | (448) | 11 | (478) | (467) |
| 2 | Income | 8,064 | - | 8,064 | 6,819 | - | 6,819 | 13,824 | - | 13,824 |
| 3 | Management fees | (539) | (1,616) | (2,155) | (541) | (1,621) | (2,162) | (1,034) | (3,103) | (4,137) |
| | Other expenses | (694) | (10) | (704) | (425) | (14) | (439) | (803) | (22) | (825) |
| | Net return before finance costs and taxation | 6,832 | 13,324 | 20,156 | 5,861 | (8,486) | (2,625) | 11,998 | 22,073 | 34,071 |
| | Finance costs | (201) | (603) | (804) | (201) | (604) | (805) | (423) | (1,269) | (1,692) |
| | Net return on ordinary activities before taxation | 6,631 | 12,721 | 19,352 | 5,660 | (9,090) | (3,430) | 11,575 | 20,804 | 32,379 |
| | Taxation on ordinary activities | (487) | - | (487) | (465) | - | (465) | (952) | - | (952) |
| | Net return attributable to shareholders | 6,144 | 12,721 | 18,865 | 5,195 | (9,090) | (3,895) | 10,623 | 20,804 | 31,427 |
| 4 | Return per share (basic) – pence ⁽ⁱ⁾ | 1.02 | 2.10 | 3.12 | 0.87 | (1.52) | (0.65) | 1.77 | 3.46 | 5.23 |
| 4 | Return per share (diluted) – pence ⁽ⁱ⁾ | n/a | n/a | n/a | 0.86 | (1.52) | (0.65) | 1.76 | 3.46 | 5.23 |

⁽ⁱ⁾ Comparative figures for the half-year ended 31 October 2018 and year ended 30 April 2019 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

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

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

Unaudited Condensed Statement of Changes in Equity

| 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 |
|-------------------------------------------------------------|-------------------------|------------------------------------|--------------------------------------------|------------------------------------------|-------------------------------|------------------------------|-------------------------------------------|
| Half-year ended 31 October 2019 | | | | | | | |
| Balance at 30 April 2019 | 15,119 | 196,856 | 16,158 | 506 | 608,316 | 17,664 | 854,619 |
| Movements during the half-year ended 31 October 2019 | | | | | | | |
| 5 Dividends paid | - | - | - | - | - | (6,894) | (6,894) |
| 10 Shares repurchased by the Company and held in treasury | - | - | - | - | (14,295) | - | (14,295) |
| 8 Conversion of Convertible Unsecured Loan Stock ("CULS") | 394 | 15,829 | - | (506) | - | - | 15,717 |
| Net return attributable to equity shareholders | - | - | - | - | 12,721 | 6,144 | 18,865 |
| Balance at 31 October 2019 | 15,513 | 212,685 | 16,158 | - | 606,742 | 16,914 | 868,012 |
| Half-year ended 31 October 2018 | | | | | | | |
| Balance at 30 April 2018 | 14,933 | 189,476 | 16,158 | 728 | 589,513 | 16,023 | 826,831 |
| Movements during the half-year ended 31 October 2018 | | | | | | | |
| 5 Dividends paid | - | - | - | - | - | (5,973) | (5,973) |
| Shares issued | 5 | 245 | - | - | - | - | 250 |
| 8 Conversion of Convertible Unsecured Loan Stock ("CULS") | 100 | 3,870 | - | (127) | - | - | 3,843 |
| Net return attributable to equity shareholders | - | - | - | - | (9,090) | 5,195 | (3,895) |
| Balance at 31 October 2018 | 15,038 | 193,591 | 16,158 | 601 | 580,423 | 15,245 | 821,056 |
| Year ended 30 April 2019 | | | | | | | |
| 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 | | | | | | | |
| 5 Dividends paid | - | - | - | - | - | (8,982) | (8,982) |
| Shares repurchased by the Company and held in treasury | - | - | - | - | (2,001) | - | (2,001) |
| Shares issued | 13 | 632 | - | - | - | - | 645 |
| 8 Conversion of Convertible Unsecured Loan Stock ("CULS") | 173 | 6,748 | - | (222) | - | - | 6,699 |
| 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 |

Unaudited Balance Sheet

| Notes | 31 October 2019 £'000s | 31 October 2018 £'000s | 30 April 2019 £'000s |
|---------------------------------------------------------------------|---------------------------|---------------------------|-------------------------|
| Fixed assets | | | |
| 6 Investments | 910,915 | 862,244 | 893,548 |
| Current assets | | | |
| Debtors | 1,998 | 3,867 | 1,631 |
| 13 Cash and cash equivalents | 12,790 | 12,709 | 12,135 |
| Total current assets | 14,788 | 16,576 | 13,766 |
| Creditors: amounts falling due within one year | | | |
| 7, 13 Bank loans | (17,726) | (34,745) | (34,052) |
| Creditors | (4,965) | (4,800) | (3,094) |
| 8, 13 Convertible Unsecured Loan Stock ("CULS") | - | - | (15,549) |
| Total current liabilities | (22,691) | (39,545) | (52,695) |
| Net current liabilities | (7,903) | (22,969) | (38,929) |
| Total assets less current liabilities | 903,012 | 839,275 | 854,619 |
| Creditors: amounts falling due after more than one year | | | |
| 8 Convertible Unsecured Loan Stock ("CULS") | - | (18,219) | - |
| 9, 13 Loan notes | (35,000) | - | - |
| Net assets | 868,012 | 821,056 | 854,619 |
| Capital and reserves | | | |
| 10 Share capital | 15,513 | 15,038 | 15,119 |
| Share premium account | 212,685 | 193,591 | 196,856 |
| Capital redemption reserve | 16,158 | 16,158 | 16,158 |
| Equity component of CULS | - | 601 | 506 |
| Capital reserves | 606,742 | 580,423 | 608,316 |
| Revenue reserve | 16,914 | 15,245 | 17,664 |
| 11 Total shareholders' funds | 868,012 | 821,056 | 854,619 |
| 11 Net asset value per share (basic) – pence⁽ⁱ⁾ | 142.65 | 136.50 | 141.67 |
| 11 Net asset value per share (diluted) – pence⁽ⁱ⁾ | n/a | 135.32 | 140.57 |

⁽ⁱ⁾ Comparative figures for the half-year ended 31 October 2018 and year ended 30 April 2019 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

Unaudited Condensed Statement of Cash Flows

| Notes | Half-year ended 31 October 2019 £'000s | Half-year ended 31 October 2018 £'000s | Year ended 30 April 2019 £'000s |
|--------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|------------------------------------------|
| 12 Cash flows from operating activities before dividends received and interest paid | (3,340) | (2,714) | (5,145) |
| Dividends received | 8,616 | 7,335 | 13,172 |
| Interest paid | (773) | (704) | (1,754) |
| Cash flows from operating activities | 4,503 | 3,917 | 6,273 |
| Investing activities | | | |
| Purchases of Investments | (113,498) | (154,292) | (254,389) |
| Sales of Investments | 112,730 | 150,992 | 253,156 |
| Other capital charges | (8) | (13) | (24) |
| Cash flows from investing activities | (776) | (3,313) | (1,257) |
| Cash flows before financing activities | 3,727 | 604 | 5,016 |
| Financing activities | | | |
| Ordinary dividends paid | (6,894) | (5,973) | (8,982) |
| Proceeds from issue of shares | - | 250 | 645 |
| Cash flows from share buybacks for treasury shares | (14,636) | - | (1,660) |
| 13 Movement on loans | 18,611 | 10,483 | 10,155 |
| Cash flows from financing activities | (2,919) | 4,760 | 158 |
| Net movement in cash and cash equivalents | 808 | 5,364 | 5,174 |
| Cash and cash equivalents at the beginning of the period | 12,135 | 7,532 | 7,532 |
| Effect of movement in foreign exchange | (153) | (187) | (571) |
| Cash and cash equivalents at the end of the period | 12,790 | 12,709 | 12,135 |
| Represented by: | | | |
| Cash at bank | 4,207 | 1,348 | 1,670 |
| Short term deposits | 8,583 | 11,361 | 10,465 |
| Cash and cash equivalents at the end of the period | 12,790 | 12,709 | 12,135 |

Unaudited Notes to the Condensed Accounts

1 Accounting policies

These condensed financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006, FRS 102, Interim Financial Reporting (FRS 104) and the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued by the AIC in October 2019.

The accounting policies applied for the condensed set of financial statements are set out in the Company's annual report for the year ended 30 April 2019.

2 Income

| Income comprises: | Half-year ended 31 October 2019 £'000s | Half-year ended 31 October 2018 £'000s | Year ended 30 April 2019 £'000s |
|------------------------------------------|----------------------------------------------|----------------------------------------------|---------------------------------------|
| Income from investments | | | |
| Dividends | 7,975 | 6,768 | 13,654 |
| Other income | | | |
| Interest on cash and short-term deposits | 89 | 45 | 164 |
| Underwriting commission | - | 6 | 6 |
| Total income | 8,064 | 6,819 | 13,824 |

3 Management fees

There has been no change to the terms of the management fee agreement with BMO Investment Business Limited, which are set out in detail in the Report and Accounts to 30 April 2019. The fees are payable monthly in arrears to the Manager and are allocated 75% to capital reserve in accordance with accounting policies.

4 Return per share

Basic returns per share attributable to ordinary shareholders are based on the following data.

| | Half-year ended 31 October 2019 | Half-year ended 31 October 2018 | Year ended 30 April 2019 |
|--------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-----------------------------|
| Revenue return attributable to shareholders – £'000s | 6,144 | 5,195 | 10,623 |
| Capital return attributable to shareholders – £'000s | 12,721 | (9,090) | 20,804 |
| Total return attributable to shareholders – £'000s | 18,865 | (3,895) | 31,427 |
| Revenue return per share – pence ⁽ⁱ⁾ | 1.02 | 0.87 | 1.77 |
| Capital return per share – pence ⁽ⁱ⁾ | 2.10 | (1.52) | 3.46 |
| Total return per share – pence ⁽ⁱ⁾ | 3.12 | (0.65) | 5.23 |
| Weighted average number of ordinary shares in issue during the period ⁽ⁱ⁾ | 604,805,276 | 599,120,800 | 601,031,730 |

Diluted returns per share

Diluted returns per share attributable to ordinary shareholders are based on the following data.

| | Half-year ended 31 October 2019 | Half-year ended 31 October 2018 | Year ended 30 April 2019 |
|--------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-----------------------------|
| Revenue return attributable to shareholders – £'000s | n/a | 5,331 | 10,879 |
| Capital return attributable to shareholders – £'000s | n/a | (8,682) | 21,573 |
| Total return attributable to shareholders – £'000s | n/a | (3,351) | 32,452 |
| Revenue return per share – pence ⁽ⁱ⁾ | n/a | 0.86 | 1.76 |
| Capital return per share – pence ⁽ⁱ⁾ | n/a | (1.52) | 3.46 |
| Total return per share – pence ⁽ⁱ⁾ | n/a | (0.65) | 5.23 |
| Weighted average number of ordinary shares in issue during the period ⁽ⁱ⁾ | n/a | 619,839,630 | 620,047,820 |

The CULS matured on 31 July 2019, and therefore no diluted earnings per share has been calculated at 31 October 2019. Details of the maturity are disclosed in note 8. There is no dilution of capital or total return for the half-year ended 31 October 2018 or the year ended 30 April 2019.

For the purpose of calculating the diluted total, revenue and capital returns per ordinary share in the prior periods, 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.

⁽ⁱ⁾ Comparative figures for the half-year ended 31 October 2018 and year ended 30 April 2019 have been restated due to the subdivision of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

5 Dividends

| Dividends on ordinary shares | Register date | Payment date | Half-year ended 31 October 2019 £'000s | Half-year ended 31 October 2018 £'000s | Year ended 30 April 2019 £'000s |
|------------------------------------------------------------------|----------------|-----------------|----------------------------------------------|----------------------------------------------|---------------------------------------|
| Final for the year ended 30 April 2019 of 1.15p ⁽ⁱ⁾ | 12 July 2019 | 31 July 2019 | 6,894 | - | - |
| Interim for the year ended 30 April 2019 of 0.50p ⁽ⁱ⁾ | 4 January 2019 | 31 January 2019 | - | - | 3,009 |
| Final for the year ended 30 April 2018 of 1.00p ⁽ⁱ⁾ | 13 July 2018 | 8 August 2018 | - | 5,973 | 5,973 |
| | | | 6,894 | 5,973 | 8,982 |

The Directors have declared an interim dividend in respect of the year ending 30 April 2020 of 0.55p per share, payable on 31 January 2020 to all shareholders on the register at close of business on 3 January 2020. The amount of this dividend will be £3,340,000 based on 607,225,402 shares in issue at 10 December 2019. This amount has not been accrued in the results for the half-year ended 31 October 2019.

⁽ⁱ⁾ Comparative figures for the half-year ended 31 October 2018 and year ended 30 April 2019 have been restated due to the subdivision of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

6 Investments

| | Level 1* £'000s | Level 3* £'000s | Total £'000s |
|--------------------------------------------------|--------------------|--------------------|-----------------|
| Cost at 30 April 2019 | 695,524 | 1,769 | 697,293 |
| Gains at 30 April 2019 | 195,250 | 1,005 | 196,255 |
| Fair value of investments at 30 April 2019 | 890,774 | 2,774 | 893,548 |
| Movements in the period: | | | |
| Purchases at cost | 115,640 | - | 115,640 |
| Sales proceeds | (113,440) | - | (113,440) |
| Gains on investments sold in period | 24,809 | - | 24,809 |
| (Losses)/gains on investments held at period end | (10,082) | 440 | (9,642) |
| Fair value of investments at 31 October 2019 | 907,701 | 3,214 | 910,915 |
| | Level 1* £'000s | Level 3* £'000s | Total £'000s |
| Cost at 31 October 2019 | 722,533 | 1,769 | 724,302 |
| Gains at 31 October 2019 | 185,168 | 1,445 | 186,613 |
| Fair value of investments at 31 October 2019 | 907,701 | 3,214 | 910,915 |

* 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 any unquoted investments which are held at Directors' valuation. There were no investments held which are valued in accordance with level 2.

Gains/(losses) on Investments

| | 31 October 2019 £'000s | 31 October 2018 £'000s | 30 April 2019 £'000s |
|---------------------------------------------|---------------------------|---------------------------|-------------------------|
| Gains on investments sold during the period | 24,809 | 37,780 | 51,808 |
| Losses on investments held at period end | (9,642) | (44,175) | (26,132) |
| Total gains/(losses) on investments | 15,167 | (6,395) | 25,676 |

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

7 Creditors: Loans falling due within one year

| | 31 October 2019 £'000s | 31 October 2018 £'000s | 30 April 2019 £'000s |
|---------------------------------------|---------------------------|---------------------------|-------------------------|
| Euro loan falling due within one year | 3,259 | 6,090 | 5,904 |
| USD loan falling due within one year | 11,901 | 23,870 | 23,396 |
| JPY loan falling due within one year | 2,566 | 4,785 | 4,752 |
| Total | 17,726 | 34,745 | 34,052 |

In September 2019 the Company entered into a new £35m revolving credit facility (with an option to take on an additional £15m if required) expiring September 2020, replacing the previous facility. As at 31 October 2019, JPY359m, USD18.3m and EUR3.8m were drawn down to 15 November 2019. The interest rate on the amounts 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 loans are equivalent to their fair value.

8 Convertible Unsecured Loan Stock ("CULS")

| | 31 October 2019 £'000s | 31 October 2018 £'000s | 30 April 2019 £'000s |
|-------------------------------------------------------------------|---------------------------|---------------------------|-------------------------|
| Balance brought forward | 15,549 | 21,873 | 21,873 |
| Transfer to share capital and share premium on conversion of CULS | (15,717) | (3,843) | (6,699) |
| Amortised costs | 168 | 189 | 375 |
| Balance carried forward | - | 18,219 | 15,549 |

The interest rate on the CULS was fixed at 3.5 per cent. per annum, payable semi-annually on 31 January and 31 July each year throughout the life of the CULS. CULS holders were 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. 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 Net Asset Value per Ordinary Share at the time the CULS were issued.

At 30 April 2019, 15,438,852 units of CULS were in issue. Following the maturity of the CULS on 31 July 2019 the Company received conversion requests in respect of 14,650,104 nominal of CULS from CULS holders. The result of this was the issue of 1,498,384 ordinary shares.

In accordance with the Trust deed, and after receiving independent financial advice, the remaining 788,748 nominal of CULS, for which no conversion requests had been received, were converted into 80,618 ordinary shares at a price of 977.6970 pence per share. These shares were sold in the market with the proceeds of the sale, less any applicable expenses, being remitted to those CULS holders who had chosen not to convert, pro-rata to their holding.

9 Creditors: Loans falling due after more than one year

| | 31 October 2019 £'000s | 31 October 2018 £'000s | 30 April 2019 £'000s |
|----------------------------------------------|---------------------------|---------------------------|-------------------------|
| Loan notes £35 million repayable August 2039 | 35,000 | - | |

In August 2019 the Company issued fixed rate 2.26% senior unsecured notes of £35 million sterling denominated loan notes expiring in August 2039.

The market value of the long-term loan at 31 October 2019 was £36,365,000 based on the equivalent reference benchmark gilt.

10 Share capital

| | Shares held in treasury Number | Shares entitled to dividend Number | Total shares in issue Number | Issued and fully paid nominal £'000s |
|---------------------------------------------------------------|--------------------------------------|------------------------------------------|------------------------------------|--------------------------------------------|
| Equity share capital | | | | |
| Ordinary shares of 25p each | | | | |
| Balance at 30 April 2019 | 150,044 | 60,324,331 | 60,474,375 | 15,119 |
| Shares repurchased by the Company and held in treasury | 1,055,000 | (1,055,000) | - | - |
| Shares issued on conversion of CULS | - | 1,579,002 | 1,579,002 | 394 |
| Cancellation of 25p ordinary shares on sub-division of shares | (1,205,044) | (60,848,333) | (62,053,377) | (15,513) |
| Balance at 31 October 2019 | - | - | - | - |

| | Shares held in treasury Number | Shares entitled to dividend Number | Total shares in issue Number | Issued and fully paid nominal £'000s |
|---------------------------------------------------------|--------------------------------------|------------------------------------------|------------------------------------|--------------------------------------------|
| Equity share capital | | | | |
| Ordinary shares of 2.5p each | | | | |
| Balance at 30 April 2019 | - | - | - | - |
| Issue of 2.5p ordinary shares on sub-division of shares | 12,050,440 | 608,483,330 | 620,533,770 | 15,513 |
| Balance at 31 October 2019 | 12,050,440 | 608,483,330 | 620,533,770 | 15,513 |

During the half-year ended 31 October 2019, 1,055,000 ordinary shares were repurchased and held in treasury incurring a cost of £14,295,000. On 12 August 2019, 1,579,002 ordinary shares were issued on the conversion of the remaining 15,438,852 CULS (see note 8), at no cost. On the 31 October 2019 there was a sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each as shown in the note above. Since the period end a further 1,257,928 ordinary shares have been bought back and held in treasury, costing £1,747,000.

11 Net asset value per ordinary share

| | 31 October 2019 | 31 October 2018 | 30 April 2019 |
|-------------------------------------------------------------------------|-----------------|-----------------|---------------|
| Basic with debt at par value | | | |
| Net assets attributable at the period end – £'000s | 868,012 | 821,056 | 854,619 |
| Number of ordinary shares in issue at the period end ⁽ⁱ⁾ | 608,483,330 | 601,504,470 | 603,243,310 |
| Net asset value per share with debt at par value – pence ⁽ⁱ⁾ | 142.65 | 136.50 | 141.67 |

| | 31 October 2019 | 31 October 2018 | 30 April 2019 |
|-------------------------------------------------------------|-----------------|-----------------|---------------|
| Basic with debt at market value | | | |
| Net assets attributable at the period end – £'000s | 868,012 | n/a | n/a |
| Add back: Debt at par – £'000s | 35,000 | n/a | n/a |
| Deduct: Debt at market value (see note 9) – £'000s | (36,365) | n/a | n/a |
| Net assets with debt at market value | 866,647 | n/a | n/a |
| Number of ordinary shares in issue at the period end | 608,483,330 | n/a | n/a |
| Net asset value per share with debt at market value – pence | 142.43 | n/a | n/a |

| | 31 October 2019 | 31 October 2018 | 30 April 2019 |
|--------------------------------------------------------------------|-----------------|-----------------|---------------|
| Diluted | | | |
| Net assets attributable at the period end | n/a | 821,056 | 854,619 |
| Amount attributable to ordinary shareholders on conversion of CULS | n/a | 18,219 | 15,549 |
| Attributable net assets assuming conversion | n/a | 839,275 | 870,168 |
| | Number | Number | Number |
| Ordinary shares in issue at the period end ⁽ⁱ⁾ | n/a | 601,504,470 | 603,243,310 |
| Ordinary shares created on conversion of CULS ⁽ⁱ⁾ | n/a | 18,730,470 | 15,791,040 |
| Number of ordinary shares for diluted calculation ⁽ⁱ⁾ | n/a | 620,234,940 | 619,034,350 |
| Diluted net asset value per ordinary share – pence ⁽ⁱ⁾ | n/a | 135.32 | 140.57 |

The CULS matured on 31 July 2019, and therefore no diluted NAV has been calculated at 31 October 2019. Details of the maturity are disclosed in note 8.

⁽ⁱ⁾ Comparative figures for the half-year ended 31 October 2018 and year ended 30 April 2019 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

12 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

| | Half-year ended 31 October 2019 £'000s | Half-year ended 31 October 2018 £'000s | Year ended 30 April 2019 £'000s |
|-----------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|---------------------------------------|
| Net return on ordinary activities before taxation | 19,352 | (3,430) | 32,379 |
| Adjust for returns from non-operating activities | | | |
| (Gains)/losses on investments | (15,167) | 6,395 | (25,676) |
| Foreign exchange losses | 216 | 448 | 467 |
| Non-operating expenses of a capital nature | 10 | 14 | 22 |
| Return from operating activities | 4,411 | 3,427 | 7,192 |
| Adjust for non cash flow items, dividend income and interest expense | | | |
| (Increase)/decrease in prepayments and accrued income | (67) | (4) | 8 |
| Increase in creditors | 13 | 6 | 26 |
| Dividends receivable | (7,823) | (6,643) | (13,402) |
| Interest payable | 805 | 805 | 1,692 |
| Amortised costs | 168 | 189 | 375 |
| Overseas taxation | (847) | (494) | (1,036) |
| Cash flows from operating activities before dividends received and interest paid | (3,340) | (2,714) | (5,145) |

13 Analysis of changes in net debt

| | Cash £'000s | Bank loans £'000s | Loan notes £'000s | CULS £'000s | Total £'000s |
|--------------------------------------------|----------------|----------------------|----------------------|-----------------|-----------------|
| Opening net debt at 30 April 2019 | 12,135 | (34,052) | - | (15,549) | (37,461) |
| Cash-flows: | | | | | |
| Drawdown of loan notes | - | - | (35,000) | - | (35,000) |
| Repayment of bank loans | - | 16,389 | - | - | 16,389 |
| Net movement in cash and cash equivalents | 808 | - | - | - | 808 |
| Non-cash: | | | | | |
| Effect of foreign exchange movements | (153) | (63) | - | - | (216) |
| Conversion of CULS to ordinary shares | - | - | - | 15,549 | 15,549 |
| Closing net debt at 31 October 2019 | 12,790 | (17,726) | (35,000) | - | (39,936) |

14 Results

The results for the half-year ended 31 October 2019 and 31 October 2018, which are unaudited and which have not been reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information", constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 April 2019; the report of the auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The condensed financial statements shown above for the year ended 30 April 2019 are an extract from those accounts.

15 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 and the Board.

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 and arrangements 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.

By order of the Board
BMO Investment Business Limited, Secretary
Exchange House, Primrose Street, London EC2A 2NY
12 December 2019

Directors' Statement of Principal Risks and Uncertainties

The Company's principal risks and uncertainties are described in detail under the heading "Principal risks and future prospects" within the strategic report in the Company's annual report for the year ended 30 April 2019.

The risks include having an inappropriate strategy in relation to investor needs; failure on the part of the Manager to continue to operate effectively; unfavourable markets or inappropriate asset allocation, sector and stock selection and currency

exposure and use of gearing leading to investment underperformance and its effect on share price discount/premium and dividends. Also included are risks in relation to errors, fraud or control failures at service providers, or loss of data through cyber-threats or business continuity failure.

In the view of the Board, these risks and uncertainties are applicable to the remainder of the financial year, as they were to the six months under review.

Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;

- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board
Anthony Townsend
Chairman
12 December 2019

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.

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 instruction £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: **Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

Notes

*The CTF and JISA accounts are opened in the child's name and they can have access to the account at age 18.

**Calls may be recorded or monitored for training and quality purposes.

Availability of report and accounts

The Company's report and accounts are available on the Internet at bmoglobalsmallers.com. Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0345 600 3030**.

Warning to shareholders – Beware of Share Fraud

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseasbased brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the Financial Conduct Authority before getting involved by visiting

fca.org.uk/firms/systems-reporting/register

- Report the matter to the Financial Conduct Authority by calling 0800 111 6768
- If the calls persist, hang up.

More detailed information on this can be found on its website fca.org.uk/consumers/scams