

Fund Manager Nish Patel



Manager Commentary

Smaller companies bounced back in May, led by the UK and Europe. North American smaller companies also delivered a good return. In contrast, Japan and the emerging markets lagged. Economic data on the whole surpassed expectations in the UK, but disappointed in the US, Japan and the emerging markets. In general, company earnings reports have been better than expected, leading to upgrades of profit forecasts. Takeover and capital markets activity picked up in May. During the month, we saw some signs of speculation returning to the stock market, with 'meme' stocks and heavily shorted companies rallying.

The Company's Net Asset Value (NAV) rose during the month. After a period of narrowing, the discount widened a little in May. The movement in the Company's NAV was in line with the Benchmark; however, the share price underperformed.

In North America, our portfolio underperformed the local small-cap market return. Shares in construction materials producer Eagle Materials lagged after adverse weather affected the company's sales volumes at the start of the year. Payments processor WEX fell after a customer downsized its contract with the company. Crop protection chemicals producer American Vanguard lowered its earnings forecast for the year after it suspended the sale of one of its products. On the positive side, helicopter transportation services provider Bristow Group released long-term earnings forecasts that exceeded market expectations. Shares in Kirby rose as enthusiasm grew over prospects for the company's power generation business. Western and workwear retailer Boot Barn Holdings reported good results, with improving demand and solid new store growth.

We were slightly behind the benchmark in the UK during May. On the upside, speciality foam manufacturer Zotefoams reported strong sales growth and revealed two new commercial agreements. Defence services company QinetiQ Group also did well, helped by strong growth in its European business. Better sentiment in the UK housing market lifted homebuilder Crest Nicholson. On the negative side, wet weather affected food service demand at food distributor Kitwave Group. Investors took profits in alternative asset manager Mercia Asset Management, and speciality electronics producer TT Electronics continued to see end market weakness for its products.

The European portion of the portfolio outperformed during the month. Karnov Group, the Swedish provider of information services, received a takeover bid from private equity at a 28% premium to the previous share price. Sdipotech, the Swedish infrastructure technology business, and Planisware, the French provider of project software, both reported impressive organic revenue growth at the start of the year. Less positively, Schoeller-Bleckmann, the Austrian-based provider of drilling equipment to the oil and gas industry, underperformed as the oil price fell and competition in the US intensified. Carel Industries, the specialist in controls for heating and air conditioning systems, reported disappointing results because of challenging end markets. Profits were taken in events ticketing business CTS Eventim leading to a sell-off in the company's shares.

Performance in Japan was ahead of the MSCI Japan Small Cap Index during the month. Toymaker Tomy saw strong domestic sales growth and revealed ambitious long-term financial targets. The end of the Bank of Japan's negative interest-rate policy continued to lift the regional bank sector, and this included Nishi-Nippon Financial Holdings. The demand outlook for wire and cable manufacturer SWCC's products continued to strengthen because of increased investment in Japan's power infrastructure. Detractors included pharmacy store operator QOL Holdings, which suffered from government-led revisions to drug prices. Higher bond yields hurt property-related businesses Nomura Real Estate Holdings and Tosei. The Eastspring managed smaller companies fund holding had a good month, with value stocks remaining in favour.

The Rest of World fund holdings fell slightly during the month. The Scottish Oriental Smaller Companies Trust and the Pinebridge Asia ex Japan Smaller Companies and Schroders Global Emerging Market Smaller Companies funds lagged. On the other hand, the Utilico Emerging Markets Trust outperformed.

Key risks

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

Key facts as at 31.05.24

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

Trust highlights: One of the largest specialist global smaller companies investment trusts. Greater inherent growth potential in smaller companies. Strong dedicated small company investment team. The dividend has risen in each of the last 53 years.

Benchmark: 20% Numis UK Smaller Companies (ex investment companies) Index / 80% MSCI All Country World ex UK Small Cap Index net

Fund type: Investment Trust

Launch date: 1889

Total assets: £939.6m

Share price: 163.00p

NAV (debt at market value): 183.35p

Discount/premium(-/+): -11.10%

Dividend payment dates: Aug, Jan

Net dividend yield[†]: 1.44%

Net gearing/Net cash[†]: 4.59%

Management fee rate^{}:** 0.55%

Ongoing charges^{}:** 0.79%

Year end: 30 April

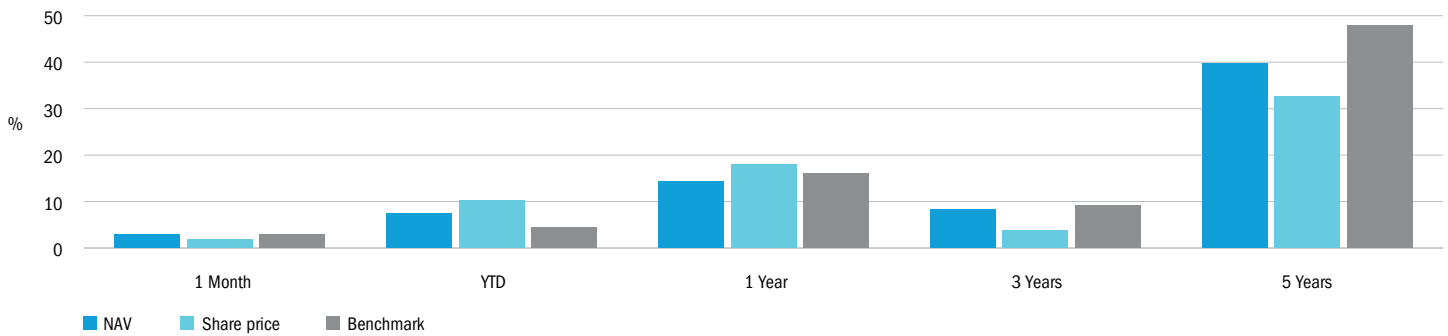
Sector: AIC sector Global Smaller Companies

Currency: Sterling

Website: globalsmallercompanies.co.uk

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

Fund performance as at 31.05.24



Cumulative performance as at 31.05.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (debt at market value)	2.91	7.42	14.24	8.24	39.73
Share price	1.75	10.28	17.93	3.82	32.62
Benchmark	2.92	4.45	16.13	9.15	47.80

Discrete annual performance as at 31.05.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV (debt at market value)	14.24	-2.73	-2.60	38.41	-6.73
Share price	17.93	-5.26	-7.08	43.21	-10.80
Benchmark	16.13	-2.92	-3.18	42.85	-5.21

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

Top ten equity holdings (excluding collective funds)

Holdings	Sector	% of net assets
Kirby	Industrials	1.9
Eagle Materials	Industrials	1.8
Graphic Packaging	Industrials	1.5
The Ensign Group	Healthcare	1.4
Brown & Brown	Financials	1.3
Curtiss Wright	Industrials	1.3
Wheaton Precious Metals	Basic Materials	1.3
Boot Barn Holdings	Consumer Discretionary	1.3
LKQ	Consumer Discretionary	1.2
Avnet	Technology	1.2

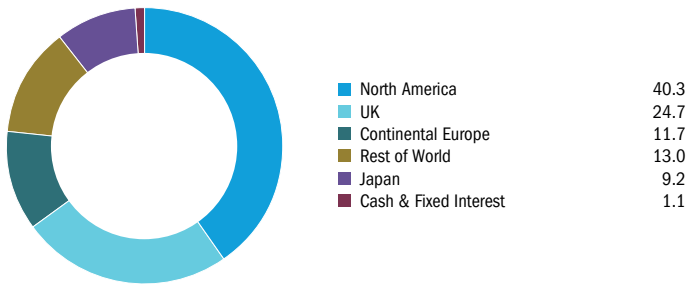
Collective fund holdings

Holdings	Sector	% of net assets
Eastspring Investments Japan Smaller Companies Fund	Collective investments	4.9
Pinebridge Asia ex Japan Small Cap Fund	Collective investments	3.6
Schroder ISF Global Emerging Markets Smaller Companies Fund	Collective investments	3.5
The Scottish Oriental Smaller Companies Trust	Collective investments	3.4
Utilico Emerging Markets Trust	Collective investments	2.4

Trust codes

Stock exchange code	GSCT
Sedol	BKLD97
Legal Entity Identifier	2138008RRULYQP8VP386

Geographical breakdown (%)



Net dividend distributions pence per share

	2019	2020	2021	2022	2023	2024
January	0.50	0.55	0.55	0.57	0.63	0.68
August	1.15	1.15	1.20	1.27	1.67	-
Total	1.65	1.70	1.75	1.84	2.30	0.68

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

Glossary

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



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All data as at 31.05.2024 unless otherwise stated.

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

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

English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6A. Email: inv.trusts@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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