

# BMO Global Smaller Companies PLC



July 2020

## Manager Commentary Peter Ewins



Most global equity markets continued their recovery in June, as the easing of lockdowns provided further support to sentiment around an economic revival. Most Asian and emerging markets performed well, with Japanese smaller companies being the laggards. The Company's net asset value (NAV) and share price were up, but both lagged the benchmark this month. This was mainly due to relative weakness early on, when some of the areas to which the portfolio has a lower exposure, for example energy stocks, performed very well.

The North American portfolio benefited from a strong rise in the shares of automotive technology supplier Cerence, following more interest from brokers in the company. Smart-speaker business Sonos was up on hopes of better trading and vague takeover speculation. In industrials, Graftech International, which supplies consumable products to the steel market, also rose strongly. And SSR Mining did well as the gold

price was firm, and following the recent announcement of its combination with a peer. A number of stocks lagged, however, including insurer Alleghany, recycled car parts supplier LKQ Corp, and consultancy WSP Global. Some of our health care stocks (which have performed well over recent periods) also lost ground, including Encompass Health and STERIS

In the UK, some of the more cyclical stocks did well, notably specialist foams supplier Zotefoams, electronics business XP Power, and Vesuvius, which like Graftech International mentioned above, supplies the steel market globally. Shares in AFH Financial Group, the IFA and wealth management business, were up after the company announced solid results including details of cost-cutting initiatives. The recovery in financial markets is also helping to support its fee-income outlook. On the downside, a number of the travel and leisure stocks including Go Ahead Group, Gym Group and Dalata Hotels sold off as the impact of COVID-19 continued to take its toll near term. Office real estate stocks lagged, as many people continued working from home; CLS Holdings was weak, for example. Meanwhile, shares in waste company Biffa dropped as the company raised more equity.

Our European portfolio was helped by a further strong rise in the shares of Hellofresh, the meal kits supplier – its new business levels have been stimulated by the greater time

people are spending at home. Nordic Semiconductor's shares were also strong, as increased demand for home technology has continued to support demand levels for the sector. Remy Cointreau's shares continued their rally as the company moved into the champagne market and hopes built that the re-opening of the on-trade in several key markets would lift sales. As elsewhere, relative performance suffered in the month from a low exposure to some of the rallying sectors, but there was little company-specific bad news. Shares in radiation equipment supplier Elekta were weak following news of a sudden change in management, despite the company also announcing a major new contract.

In the collectives, the Japanese funds produced a negative return for the month, despite strong performance from the Baillie Gifford managed holding. In the wider Asian market-facing funds, our holding in the HSBC Asia ex Japan smaller companies fund did well, whereas Utilico Emerging Markets lagged over the month, partly due to its discount remaining wide.

### Key facts as at 30.06.2020

**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 49 years.

**Benchmark:** 30% Numis UK Smaller Companies (ex investment companies) Index / 70% MSCI All Country World ex UK Small Cap Index

**Fund type:** Investment Trust

**Launch date:** 1889

**Total assets:** £819.9m

**Share price:** 116.60p

**NAV (debt at market value):** 130.58p

**Discount/Premium (-/+):** -10.71%

**Dividend payment dates:** Aug, Jan

**Net dividend yield†:** 1.46%

**Net gearing/Net cash\*:** 0.27%

**Management fee rate\*\*:** 0.55%

**Ongoing charges\*\*\*:** 0.75%

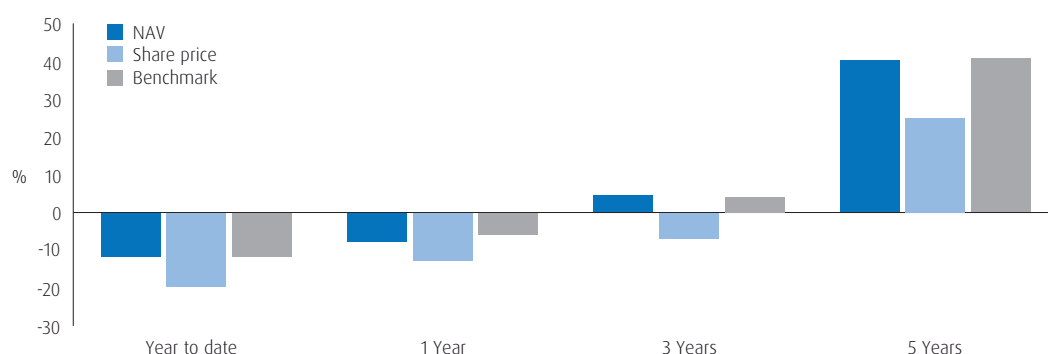
**Year end:** 30 April

**Sector:** Global

**Currency:** Sterling

**Website:** [www.bmoglobalsmallers.com](http://www.bmoglobalsmallers.com)

### Fund performance as at 30.06.2020



### Cumulative performance (%) as at 30.06.2020

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (debt at market value)	1.67	-11.56	-7.63	4.47	40.17
Share price	0.69	-19.35	-12.58	-6.67	24.90
Benchmark	2.85	-11.53	-5.75	4.03	40.61

### Discrete annual performance (%) as at 30.06.2020

	2020/2019	2019/2018	2018/2017	2017/2016	2016/2015
NAV (debt at market value)	-7.63	0.59	12.43	25.91	6.57
Share price	-12.58	-3.52	10.65	28.40	4.23
Benchmark	-5.75	-0.47	10.89	25.76	7.48

### 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.

### Past performance is not a guide to future performance.

Source: Lipper and BMO. 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.



Lines may be recorded

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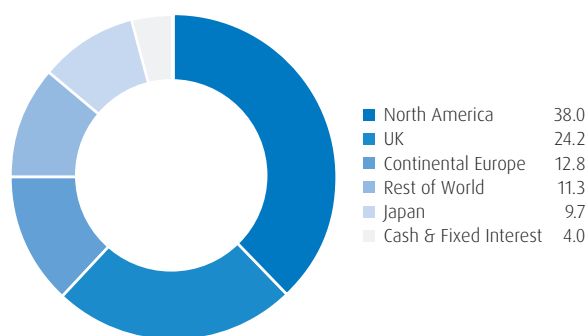
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Trust codes	
Stock exchange	BGSC
Sedol	BKLXD97
Legal Entity Identifier	2138008RRULYQP8VP386

Top 10 holdings (%)		
	% of net assets	Sector
Aberdeen Standard SICAV I Japanese Smaller Companies	4.2	Collective investments
Eastspring Investments Japan Smaller Companies	4.0	Collective investments
Pinebridge Asia ex Japan Small Cap Equity	3.8	Collective investments
Scottish Oriental Smaller Cos Inv Trust	2.6	Collective investments
Utilico Emerging Markets	2.0	Collective investments
Wheaton Precious Metals	1.6	Basic Materials
Baillie Gifford Japanese Smaller Companies	1.5	Collective investments
ICON	1.4	Healthcare
STERIS	1.2	Healthcare
SSR Mining	1.1	Basic Materials

#### Geographical breakdown (%)



#### Net dividend distributions pence per share

	2015	2016	2017	2018	2019	2020
January	0.27	0.29	0.400	0.44	0.50	0.55
August	0.70	0.78	0.825	1.00	1.15	--
Total	0.97	1.07	1.225	1.44	1.65	0.55

Restated for 10 for 1 share split

#### Glossary

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

All data as at 30.06.2020 unless otherwise stated.

All information is sourced from BMO, 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. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO, a trading name of BMO Asset Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. (07/20)