

Fund Manager
Nish Patel



Manager Commentary

In sterling terms, smaller companies markets in North America, the UK and Europe fell slightly in September. On the positive side, Japan and the emerging markets rallied. Economic data was better than expected in the US and the emerging markets and below expectations in the UK, Europe and Japan. Concerns over economic growth mounted in the month as employment data softened in the US, and China and Germany remained in the doldrums. Gold rallied 5% and oil fell 9% over the month. Sector performance was mixed, with basic materials, consumer discretionary and utilities outperforming and energy, healthcare and consumer staples underperforming. In the US, the Federal Reserve decided to cut interest rates by 0.50% as it became more confident in achieving its inflation goal and sought to protect the labour market. The European Central Bank cut interest rates by 0.25%, while the Bank of England and the Bank of Japan left rates unchanged. Towards the end of the month, China tried to lift sentiment by announcing several stimulus measures, targeting the property sector and equity markets. Politics continued to influence proceedings, with inflation hawk Shigeru Ishiba winning the vote for leadership of Japan's ruling party. Sadly, the conflict in the Middle East escalated.

The Company's Net Asset Value (NAV) fell 1.5% in September. The discount narrowed during the period. The movement in the Company's NAV underperformed the Benchmark; however, the share price outperformed.

In North America, our portfolio slightly lagged the local small cap market. Western and workwear retailer Boot Barn Holdings preannounced good same store sales growth. Construction materials company Eagle Materials benefitted from industry wide wallboard price increases. Producer of graphite electrodes for the steel industry GrafTech International bounced after a period of weakness. On the negative side, energy related companies suffered as the oil price fell, this included aviation transport provider Bristow Group and oil and gas exploration and production company Kosmos Energy. An index rebalancing created selling pressure on the shares of The Ensign Group, an operator of healthcare facilities.

We had a disappointing month in the UK, with the portfolio falling more than the Benchmark. Advertising consultancy Next 15 Group suffered from a major contract loss. Producer of electronic components TT Electronics faced operational issues in its US business, leading to a profit warning. Ashtead Technology, a rental company to the oilfield services industry, delivered good results but fell because of a lower oil price. On the positive side, confectionary and food distributor Kitwave Group announced an attractive acquisition that expands the company's geographic footprint. Positive broker commentary lifted the shares of online classifieds platform Baltic Classifieds Group. Flexible office space provider Workspace Group benefited from lower bond yields.

The European portfolio was behind its Benchmark in the month. Gerresheimer, a producer of speciality packaging, continued to be challenged by the ongoing reduction in inventories in the sector. In the commercial services industry, there were some concerns about Elis's attempted entry through acquisition into the US market. The timing of recovery in earnings at semiconductor producer Nordic Semiconductor was pushed out by the company's new CEO. On the positive side, ticketing business CTS Eventim reported good results and made progress with integrating recent acquisitions. End markets appear to be bottoming for heating, ventilation, and air conditioning controls business Carel Industries, and the shares responded favourably to this. Fluidra outperformed the swimming pool equipment industry and reported better-than-expected results.

Returns in Japan were behind the MSCI Japan Small Cap index in the month. New products and releases from toy and game manufacturer Tomy appear to be making traction, and this led to higher earnings forecasts. Building products specialist Sanwa Holdings delivered better-than-expected profits in its Americas business because of a resilient pricing environment and cost cutting. IT services provider WingArc1st rose with the artificial-intelligence sector. Nomura Real Estate Holdings, a diversified property business, was the subject of profit taking after strong performance in the prior month. Job application portal Timee reported weaker-than-expected transaction values per user. Automotive component producer Niterra was caught up in the negative sentiment that is currently engulfing the auto sector. The Eastspring-managed smaller companies fund lagged the regional Benchmark.

In totality, the Rest of World fund holdings underperformed in the month. The more Asian focused funds performed better, with the Scottish Oriental Smaller Companies investment trust and the Pinebridge Asia ex Japan small cap fund outperforming. On the other hand, weaker Latin American markets meant that the Utilico Emerging Markets investment trust and the Schroders Global Emerging Markets Smaller Companies fund lagged.

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 30.09.24

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: £905.0m

Share price: 166.80p

NAV (debt at market value): 182.33p

Discount/premium(-/+): -8.52%

Dividend payment dates: Aug, Jan

Net dividend yield[†]: 1.68%

Net gearing/Net cash[†]: 5.13%

Management fee rate^{}:** 0.55%

Ongoing charges^{}:** 0.80%

Year end: 30 April

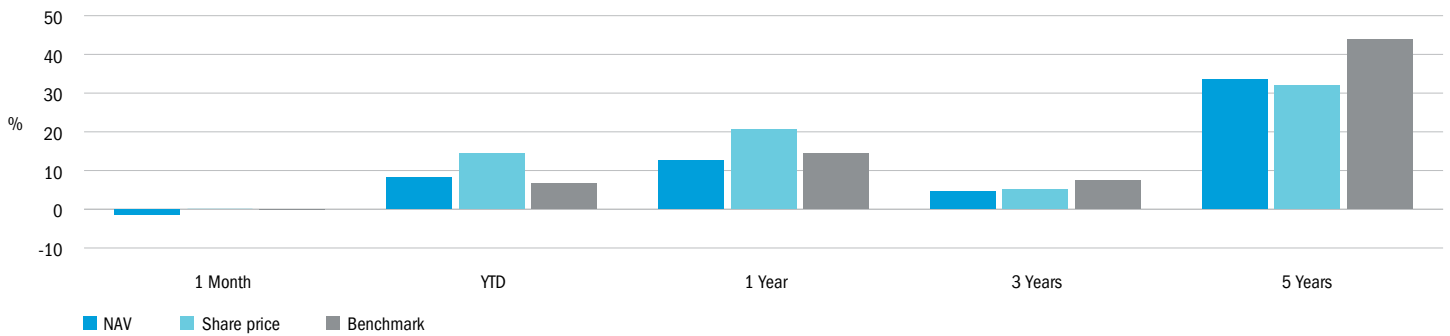
Sector: AIC sector Global Smaller Companies

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 30.09.24



Cumulative performance as at 30.09.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (debt at market value)	-1.54	8.03	12.58	4.59	33.53
Share price	0.00	14.33	20.57	4.91	31.91
Benchmark	-0.16	6.60	14.46	7.34	43.70

Discrete annual performance as at 30.09.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV (debt at market value)	12.58	7.65	-13.70	35.56	-5.82
Share price	20.57	12.92	-22.95	38.08	-8.94
Benchmark	14.46	7.64	-12.87	38.35	-3.24

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
Eagle Materials	Industrials	2.2
Kirby	Industrials	1.7
Brown & Brown	Financials	1.5
Curtiss Wright	Industrials	1.5
Graphic Packaging	Industrials	1.5
The Ensign Group	Healthcare	1.5
Wheaton Precious Metals	Basic Materials	1.4
Boot Barn Holdings	Consumer Discretionary	1.4
WSP Global	Industrials	1.2
Avnet	Technology	1.2

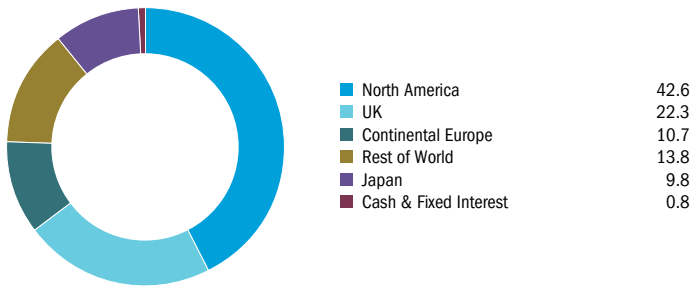
Collective fund holdings

Holdings	Sector	% of net assets
Eastspring Investments Japan Smaller Companies Fund	Collective investments	5.0
The Scottish Oriental Smaller Companies Trust	Collective investments	4.1
Schroder ISF Global Emerging Markets Smaller Companies Fund	Collective investments	3.7
Pinebridge Asia ex Japan Small Cap Fund	Collective investments	3.6
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	2.13
Total	1.65	1.70	1.75	1.84	2.30	2.81

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 30.09.2024 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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