

BMO Global Smaller Companies PLC

(Formerly F&C Global Smaller Companies PLC)

REPORT AND ACCOUNTS FOR
THE HALF-YEAR ENDED 31 OCTOBER 2018

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Company Overview

We have operated as an investment trust since 1889 and will mark our 130th anniversary in 2019.

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

Our 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 investors a globally diversified portfolio, reducing the risk of overexposure to any one company, market, currency or industry.

We have increased our dividend for 48 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

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

Summary of Unaudited Results

for the half-year ended 31 October 2018

-0.4%

Diluted Net Asset Value⁽¹⁾ ("NAV") decreased to 1,353.16p, giving a total return⁽²⁾ of -0.4% compared to the Benchmark total return of -2.3%

0.9%

The share price ended the period at 1,365p, a 0.9% premium to the Diluted NAV⁽¹⁾, delivering a total return⁽²⁾ of 0.0%

5.0p

Interim dividend up by 13.6% to 5.0p per ordinary share

(1) Diluted NAV – assumes that the Convertible Unsecured Loan Stock ("CULS") are converted into ordinary shares at the rate of 977.697 pence per £1 nominal CULS value (see note 10 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 Diluted 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 2018.

Manager's Review

Although the global economy is still expanding at a good pace, this was a more challenging period for equities, with returns being negative from many of the leading indices over the six months after a particularly weak October.

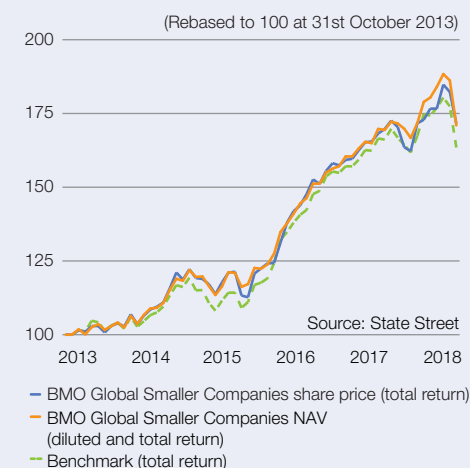
The markets were not helped by the fact that geo-political risk remained elevated, whether stemming from the US administrations' trade battle with China, Brexit, revived political uncertainty across parts of Europe, or the conflict and regional tensions in the Middle East. Alongside this, the move from central banks led by the US Federal Reserve to start to normalise monetary policy by

increasing interest rates, placed pressure on government bond prices. For many years share prices have been supported by the limited returns available from other sources, so it should not be a surprise to see something of a reverse effect when future returns from holding cash or bonds become more attractive.

Smaller company shares lagged larger stocks across most markets but the Company's portfolio performed resiliently and it was comfortably in positive territory before the reverse towards the end of the period. For the full six months the diluted Net Asset Value ("NAV") total return was -0.4%. The Company's Benchmark (30% Numis UK Smaller Companies excluding investment companies Index/70% MSCI All Country World ex UK Small Cap Index) returned – 2.3%, with positive overall stock selection leading to our outperformance.

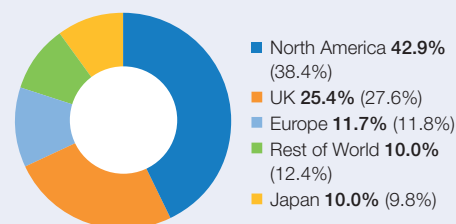
Although the Company's share price spent the majority of the period trading at a modest discount to the diluted NAV, it closed at 1,365p, a 0.9% premium. Taking account of the 10.0p dividend paid to shareholders in August, the total shareholder return for the period was therefore 0.0%. Some 417,655 new shares were issued, mainly due to conversions from the Convertible Unsecured Loan Stock ("CULS") elections.

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



Manager's Review

Geographical distribution of the investment portfolio as at 31 October 2018



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

Dividends

Investment income from the portfolio remained on a positive trajectory and revenue returns per share were up 13.5%. The Board has decided to increase the interim dividend by 13.6% to 5.0p. This will be paid to shareholders on 31st January 2019.

Market background

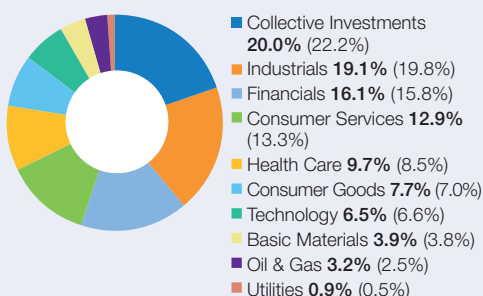
While not unexpected, the two further interest rate rises in the US and the prospect of more to come, negatively impacted upon global equity market sentiment. The Federal Reserve has been reacting to indications that the US labour market has tightened after a long period of net job creation. Markets have also had to get used to a greater volume of government bond issuance in the US, partly as a consequence of the tax cuts announced in late 2017. The tariffs imposed on Chinese imports by the US and vice versa, combined with higher oil prices following

OPEC's moves to curb output also impacted upon financial markets and the outlook for inflation globally.

Increasing US interest rates placed particular pressure on emerging market countries with a large current account or fiscal deficit. Argentina, Turkey and a number of Asian countries including India and Indonesia were forced to respond by raising their own interest rates. Japanese stocks were relatively weak as trade war fears and indications of an industrial slowdown in China affected sentiment towards the market.

Closer to home, the problems for the UK government in moving the Brexit process forward continued to sap investor confidence around domestic focused companies and caused delay to business investment decisions. European markets were also

Industrial classification of the investment portfolio as at 31 October 2018



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

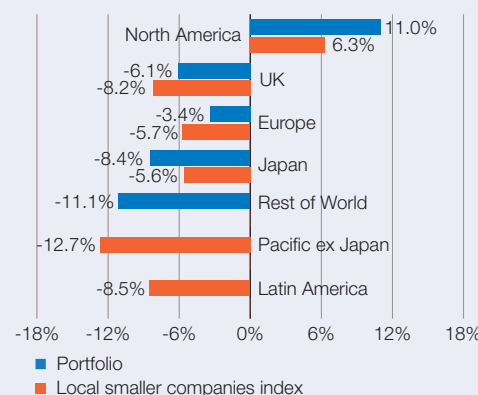
Manager's Review

impacted by political developments with the populist Italian government's move to introduce a stimulatory budget facing determined opposition from the European Commission. The more recent decision of Angela Merkel to hand over leadership of the CDU party in Germany has created further uncertainty around the future evolution of European policy. Economic growth in both the UK and much of Europe has slowed somewhat in 2018, though trends in employment markets have remained pleasing, with unemployment reaching close to record lows in a number of countries.

Regional portfolio performance

As the table below shows, only the North American portfolio ended in positive territory.

Geographical performance (total return sterling adjusted) for the half-year ended 31 October 2018



Source: BMO

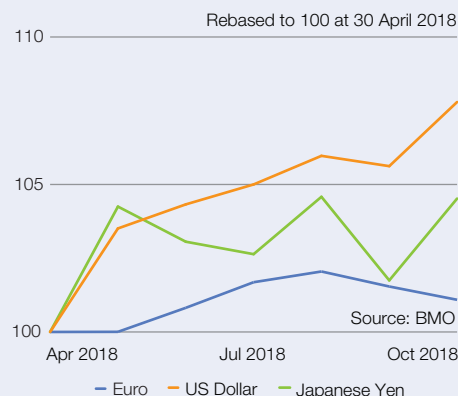
The lower corporate tax rate introduced in the US has been a big influence in giving company earnings a step-change, providing a lift to share prices in the market, with returns in sterling also helped along by a stronger dollar. Pleasingly the numbers show that our returns in North America, the UK and Europe were comfortably ahead of the local small cap indices.

It was a difficult period for emerging markets as a whole, but our Rest of World portfolio which mainly provides exposure to Asian based companies, was ahead of the Asian small cap index. Returns in Japan were disappointing in both absolute and relative terms.

In general, this was a time when investors started to become more cautious in relation to companies with high balance sheet leverage reflecting the trend towards higher interest rates. This is something that we have been anticipating for a while. Later in the period, there was also a move towards more cheaply valued stocks, and out of some more cyclical parts of the market such as automotive, semiconductor and general industrial stocks. The US/Chinese trade war started to have an impact across some sectors, and cost pressures have also forced a variety of companies to reduce profit guidance in the last few months.

Manager's Review

Currency movements relative to sterling for the half-year ended 31 October 2018



North America

There was a good performance from the portfolio with stock selection in technology and health care particularly pleasing. Our focus in the former area on profitable and relatively more stable business franchises paid off at a time when there have been a few casualties in the sector. **CDW**, the integrated IT services provider posted good results on the back of market share gains, while shares in software business **Sabre** recovered as performance improved in its travel network business. New management and a better overall governance structure is leading to better financial performance at voice recognition system supplier **Nuance Communications**. Intellectual property business **Dolby Laboratories**' shares also rose as results gained from a richer mix of revenues.

In the health care sector, managed care businesses **Wellcare Health Plans** and **Molina Health** were both up; the former due to a well-controlled series of acquisitions, and the latter due to better margins as a consequence of a change in leadership. **The Ensign Group** was helped by improved occupancy in its nursing care premises, while sterilisation services supplier **STERIS** once again delivered good results. Contract clinical research business **ICON** also did well as its bookings continued to build. Finally, **Encompass Health** was another winner as its home health business did well and rehabilitation facilities reported strong utilisation numbers.

While the performance of consumer facing stocks was mixed across the market as interest rates rose, we benefited from our holding in car dealer **Americas Car-Mart**, where competition seems to be lessening and performance on the credit book improved. Automotive repair business **Monro** was another strong performer with a return to positive like for like outlet revenue growth being well-received.

Our decision to invest in fuel distribution and service suppliers Canadian based **Parkland Fuels** and **World Fuel Services** in the US proved timely, with both reporting solid numbers supported by cost savings. Parkland's refining business is also being helped by a more favourable operating environment.

Manager's Review

Not all went our way, and shares in road equipment supplier **Astec Industries** fell back as demand disappointed and negative operating leverage fed through. Bank stocks were generally underperformers and **Sterling Bancorp** shares fell as a flatter bond yield curve fed through into margin pressure and loan growth slowed. Venture capital business **Safeguard Scientific** was weak as the likelihood of making portfolio disposals was undermined by some weakness in the quoted arena for biotech stocks. Elsewhere agricultural products supplier **American Vanguard** suffered as the US/China trade dispute placed pressure on US farmers. **Catchmark Timber Trust** shares fell late in the period as lumber prices dropped and the company pulled out from a surprise bid for a UK listed fund.

The US economy remains in better shape than most of the other large markets with good momentum heading into 2019. We are presently looking to focus the portfolio mainly around companies which have pricing power and where there is some margin upside. On the other hand, we are reducing exposure to stocks where margins are at peak levels or where financial leverage is high.

UK

The portfolio outperformed, with a good spread of companies bucking the downward trend of the overall market. By far the largest positive impact came from software supplier **Craneware**, which sells billing and revenue management software solutions into the US hospitals market. The shares rose by 68.9%

as the company's contracted revenue base continued to build and earnings benefited from the cut in US corporate tax rates.

There were three major outperformers in the financials area. **Draper Esprit**, the venture capital investor posted better than expected book value appreciation as its team continued to make astute investments in digitally focused private businesses, with their capital resources augmented by a placing. **AFH Financial**, the IFA consolidator, also released good figures as management deployed additional equity capital into new acquisitions, and funds under management continued to grow dynamically. **John Laing Group**'s shares advanced as the company made further progress in developing its international portfolio of infrastructure projects and realised further value by selling down its secondary UK investment portfolio.

While property shares were generally out of favour, developer **U and I Group**'s shares did well, as the company delivered strong full year results and paid out a large special dividend. Management are focusing more time now on larger mixed-use developments where the team has specialist expertise and good relationships with key local authority partners. With the oil price rising there was more interest in the energy sector, and shares in **Faroe Petroleum** rose as management maintained its good record, with exploration drilling and bid speculation providing additional support. Since the period end, the Company has indeed received a takeover approach.

Manager's Review

In media, **Huntsworth's** shares continued last year's good run with the company announcing an earnings accretive deal in the health care marketing sphere, while the public relations business delivered improved margins. **Entertainment One** was also strong as its family orientated characters Peppa Pig and the newer PJ Masks showed promise and the television and films business performed satisfactorily. **Gym Group's** shares bounced as the company's position at the low end of the price spectrum in the fitness market continued to pay dividends. Shares in chilled/convenience foods supplier **Greencore** also rebounded from early 2018 weakness, as trading performance stabilised and the company revealed it was exiting the US market at an attractive price.

As with the strong performers, disappointments were scattered across a number of sectors. The market lost confidence in debt purchaser and collections company **Arrow Global**, following a period of management change. Several industrial stocks were hit by the general trend of de-rating of perceived cyclical, with fastenings business **Trifast** and electronics components supplier **XP Power** the most impacted despite trading remaining solid to date. **RPS Group's** shares fell as the company flagged the need to increase investment under a new Chief Executive.

Of the other main fallers, consumer orientated companies were predominant. Retail remains a very difficult area and while we had limited exposure, our investment in **Quiz** slumped

after a profit warning in September. We have subsequently sold this holding. Carpets and flooring supplier **Victoria** was also weak as guidance was pulled back shortly after a placing to finance another acquisition. Retail logistics business **Clipper Logistics'** shares fell as results emerged short of hopes and management guided to a slower conversion of the bidding pipeline, while online travel business **On The Beach** gave back some of the previous year's gains. A number of the company's peers have flagged a slowdown in trade given the better UK summer weather and higher oil prices were also unhelpful for sentiment.

With political risk remaining elevated, for now a more defensive positioning in the UK seems appropriate.

Europe

In spite of the political challenges, we remain relatively comfortable with the European economic outlook in the near term, though leading indicators which provide an early guide to the future are suggesting that the outlook is softening.

As elsewhere, winners came from a number of different market sectors. The largest positive contributor was **Tomra**. Increasing public concern about plastic waste has led to more interest in recycling and as the leading supplier in reverse vending machines, the company's shares continued their strong performance from the prior year. Helpfully the company's sorting solutions business is also now seeing better margins. We had

Manager's Review

benefited from our holdings in Scandinavian financial stocks in 2017/18 and shares in Norwegian based bank **Sparebank** and insurance/pensions business **Storebrand** continued to do well. To an extent this was helped by the recovery in the oil price which lifted sentiment across the local market but, fundamentally these businesses are well placed and are beneficiaries from rising interest rate expectations.

Food businesses received some more attention given the market back-drop and our investment from the last financial year in Dutch based **Sligro Foods**, the wholesaler, held up well in the recent market weakness. Agronomy business **Origin Enterprises** also outperformed as it delivered solid results despite variable weather conditions in the UK. The company has made acquisitions in Europe and Brazil which will reduce the historic reliance on the UK. Speciality ingredients solutions business **Symrise** also did well as it increased its guidance and grew its business particularly in the cosmetics area.

While industrial and more cyclical stocks tended to lose favour, there are always exceptions, and Swedish based **Indutrade**, the valves, hydraulics and measurement systems supplier, benefited from an uplift in the energy and marine markets. **Alimak**, the provider of construction lift systems did well after early year weakness, as the most recent quarterly results reassured the market, with the outlook in specialist areas like the energy and renewables sectors

improving. Chemicals distributor **IMCD** was another stock that pleased the market with its results, and management concluded a couple of sensible deals to enhance the company's presence in the US.

One of our larger holdings, floorings business **Forbo** did well as the market welcomed indications that cost pressures were being managed and first half results surpassed expectations. Facilities management business **Coor Management Services'** shares were also resilient as the company won new accounts. There are limited upcoming contract renewals which hopefully means the outlook is underpinned for the coming period.

As elsewhere we were not immune to disappointments, with Italian holdings not helped by the market taking a negative view around the new government's approach. Both credit information business **Cerved** and fund management business **Azimut** suffered a pull-back, with the former producing a weak set of results in the third quarter, and the latter impacted by slower fund flows. A weaker automotive market in Europe and China plus the ongoing trade war fears, drove down shares in component suppliers **Plastics Omnium** and **Norma**. Specialist materials supplier **Lenzing** was also weak as the company decided to mothball a planned expansion of speciality fibre capacity in the US due to rising cost pressures and fears around labour availability.

Manager's Review

We have focused over the period on looking to slightly reduce the cyclical nature of the portfolio by adding within health care for example, and by looking more closely at individual company's balance sheets given the tick-up in medium term market rate expectations. The European Central Bank is about to curtail its bond buying but near term interest rate rises are not presently expected.

Japan

This was a difficult period for our Japanese performance, and the market as a whole was not helped by the US/China trade spat given the importance of global trade to many Japanese companies. We own two funds managed by Eastspring and Aberdeen. Eastspring focus on out of favour stocks but while this approach has worked well in the long term it has lagged of late with expensive defensives and highly rated technology stocks outperforming. Aberdeen's fund did better, more in line with the local small cap index, helped by positive performance from a number of consumer facing holdings.

Rest of World

Asian markets endured a tough six months as the trade war fears undermined sentiment, and the strength of the US dollar following the interest rate rises, drove extensive currency weakness in the region. While China is the main target of the US tariffs, their potential imposition on nearly all Chinese imports into the US resonated widely across the region given the nature of supply chains nowadays. Latin American markets were also generally lower as Argentina was forced

to seek additional support from the IMF, but the election of a controversial right-wing President in Brazil, provided the grounds for a rally late in the period.

While the overall returns were disappointing, the best performance came from the **Utilico Emerging Markets** fund, where the focus on more stable underlying investments helped as the period proceeded. The **Pinebridge Asia ex Japan Small Cap Fund** also performed well and this is now our largest Asian-facing fund holding. Our weakest holding in the six months was the HSBC managed Asian small cap fund, where poor stock selection in the consumer sphere took its toll. We sold our holding in the Manulife Asian Smaller Companies Fund following news that the lead portfolio manager had left.

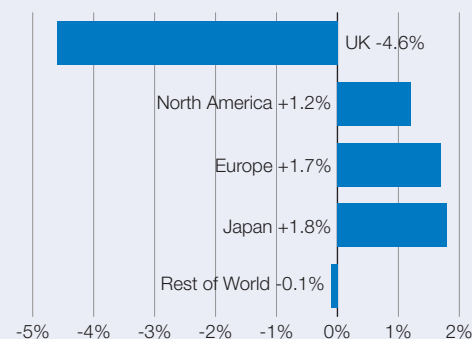
While sentiment could be supported in the coming period by fiscal actions in China, all eyes including our own will be focused on the trade developments. We will also continue to look for potential new fund investments for the portfolio.

Asset allocation

We ended the period with a higher exposure to North America than we started, mainly due to the strong relative performance here. We remained underweight in the UK given the ongoing Brexit uncertainties, and overweight to Europe, which remains earlier in the recovery cycle. The worsening trade situation between the US and China prompted us to reduce our exposure to the Rest of World

Manager's Review

Geographical weightings against Benchmark as at 31 October 2018



Source: BMO & MSCI

segment during the six months. By contrast, a more settled political backdrop in Japan and positive underlying earnings momentum within the market led us to increase our Japanese weighting to its highest level for some years. In overall terms the contribution from asset allocation to relative performance was neutral with the benefit from being underweight to the UK offset elsewhere.

Gearing

The Board has adopted a structural approach to leverage, whereby they look to the Manager to remain geared on an ongoing basis. At the end of October, effective leverage was 5.0% taking account of drawings under the Company's revolving credit facility and the outstanding CULS in issue netted off versus cash holdings. Borrowings are now spread across the main currencies broadly in proportion to the equity

market exposures, having been all sterling denominated at 30th April 2018.

Looking forward, the Board is assessing options for replacing the CULS which mature in July 2019. During the period, the revolving credit facility which runs to September 2019 was enlarged by £20m to replenish the borrowing capacity given up as a result of CULS conversions.

Outlook

Recent market developments and signs that corporate profitability may be coming under pressure have tested confidence in the outlook for equities on a global basis. In the UK, there remains a risk that Parliament fails to approve a Brexit deal, which could lead to further volatility and downside for Pan-European markets. The end-game on the US and Chinese trade war also remains hard to call. Against this backdrop, we have taken a slightly more cautious approach across the portfolio for now. More positively the set-back in markets is likely to present us with chances to acquire holdings in good quality companies at more attractive valuation points and we will continue to seek out such opportunities in the second half of the year.

Thirty Largest Holdings

31 Oct 2018	30 Apr 2018		% of total investments	Value £m
1	(1)	Eastspring Investments Japan Smaller Companies Fund Japan Fund providing exposure to Japanese smaller companies.	5.4	46.2
2	(2)	Aberdeen Global-Japanese Smaller Companies Fund Japan Fund providing exposure to Japanese smaller companies.	4.6	40.1
3	(3)	Pinebridge Asia ex Japan Small Cap Fund Rest of World Fund providing exposure to Asian smaller companies.	3.1	26.4
4	(4)	The Scottish Oriental Smaller Companies Trust Rest of World Investment trust providing exposure to Asian smaller companies.	2.7	23.4
5	(5)	Utilico Emerging Markets Rest of World Investment trust focusing on utility and infrastructure companies in emerging markets.	2.1	17.8
6	(8)	Alleghany United States Specialist commercial insurer.	1.3	11.6
7	(11)	Waste Connections Canada North American provider of waste collection and disposal services.	1.2	10.5
8	(7)	HSBC GIF Asia ex Japan Equity Smaller Companies Rest of World Fund providing exposure to Asian smaller companies.	1.1	9.7
9	(10)	STERIS United States Global supplier of surgical and sterilisation products and services.	1.1	9.3
10	(28)	Wellcare Health Plans United States Provides managed care health plans exclusively to government sponsored programs in the US.	1.0	8.9
11	(22)	ICON United States Clinical research provider to the global pharmaceutical industry.	1.0	8.9
12	(-)	Parkland Fuel Canada Fuel retail/wholesale distribution and infrastructure business.	1.0	8.7
13	(12)	Franklin Financial Network United States Tennessee based bank that makes real estate based loans.	0.9	8.2
14	(13)	Vail Resorts United States Operator of luxury ski resorts in the US and Australia.	0.9	8.1
15	(16)	WEX United States An operator of a fuel card payment network.	0.9	8.1

31 Oct 2018	30 Apr 2018		% of total investments	Value £m
16	(25)	CDW United States Integrated IT services company serving SME's in the US.	0.9	8.0
17	(-)	World Fuel Services United States Aviation and marine fuel distribution and marketing business.	0.9	7.9
18	(17)	Martin Marietta Materials United States Aggregates and cement producer that served the construction industry.	0.9	7.8
19	(23)	Jefferies Financial United States Diversified financial services business incorporating capital markets, formerly called Leucadia National.	0.9	7.6
20	(48)	Genesee & Wyoming United States Operator of short line railways.	0.9	7.6
21	(53)	American Outdoor Brands United States Outdoor sporting goods supplier.	0.9	7.6
22	(41)	Sabre United States Travel network and technology company serving the airline and hospitality sectors.	0.9	7.4
23	(58)	UGI United States Natural gas utility and infrastructure company.	0.9	7.3
24	(20)	LKQ Corp United States A distributor of alternative car parts.	0.9	7.3
25	(14)	Amdocs United States Outsourced IT services provider to telecommunications sector.	0.9	7.3
26	(50)	Monro United States Automotive and tyre repair business.	0.8	7.2
27	(15)	CLS Holdings United Kingdom Property investment company mainly operating in the UK, Germany and France.	0.8	7.0
28	(26)	C.H. Robinson Worldwide United States Third party logistics and supply chain management provider.	0.8	6.8
29	(39)	John Laing Group United Kingdom International originator, investor and manager of infrastructure projects.	0.8	6.8
30	(55)	Dolby Laboratories United States Audio technology licencing company.	0.8	6.7

The value of the thirty largest equity holdings represents 41.3% (30 April 2018: 40.6%) of the Company's total investments.

Unaudited Condensed Income Statement

Notes	Half-year ended 31 October 2018		
	Revenue £'000s	Capital £'000s	Total £'000s
(Losses)/gains on investments	–	(6,395)	(6,395)
Foreign exchange gains/(losses)	8	(456)	(448)
2 Income	6,819	–	6,819
3 Management fees	(541)	(1,621)	(2,162)
Other expenses	(425)	(14)	(439)
Net return before finance costs and taxation	5,861	(8,486)	(2,625)
Finance costs	(201)	(604)	(805)
Net return on ordinary activities before taxation	5,660	(9,090)	(3,430)
Taxation on ordinary activities	(465)	–	(465)
Net return attributable to shareholders	5,195	(9,090)	(3,895)
4 Return per share (basic) – pence	8.67	(15.17)	(6.50)
4 Return per share (diluted) – pence	8.60	(15.17)	(6.50)

Half-year ended 31 October 2017			Year ended 30 April 2018		
Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
–	59,417	59,417	–	66,345	66,345
(4)	(5)	(9)	(13)	(277)	(290)
5,953	–	5,953	12,344	–	12,344
(480)	(1,439)	(1,919)	(971)	(2,914)	(3,885)
(467)	(7)	(474)	(848)	(19)	(867)
5,002	57,966	62,968	10,512	63,135	73,647
(190)	(571)	(761)	(382)	(1,145)	(1,527)
4,812	57,395	62,207	10,130	61,990	72,120
(400)	–	(400)	(682)	–	(682)
4,412	57,395	61,807	9,448	61,990	71,438
7.64	99.34	106.98	16.17	106.13	122.30
7.51	94.58	102.09	15.92	102.40	118.32

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

	Called-up 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 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)
⁸ Conversion of Convertible Unsecured Loan stock ("CULS")	100	3,870	–	(127)	–	–	3,843
⁹ Shares issued	5	245	–	–	–	–	250
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
Half-year ended 31 October 2017							
Balance at 30 April 2017	14,284	160,243	16,158	1,169	527,523	13,905	733,282
Movements during the half-year ended 31 October 2017							
⁵ Dividends paid	–	–	–	–	–	(4,751)	(4,751)
⁸ Conversion of Convertible Unsecured Loan Stock ("CULS")	71	2,731	–	(91)	–	–	2,711
Shares issued	232	12,017	–	–	–	–	12,249
Net return attributable to equity shareholders	–	–	–	–	57,395	4,412	61,807
Balance at 31 October 2017	14,587	174,991	16,158	1,078	584,918	13,566	805,298
Year ended 30 April 2018							
Balance at 30 April 2017	14,284	160,243	16,158	1,169	527,523	13,905	733,282
Movements during the year ended 30 April 2018							
⁵ Dividends paid	–	–	–	–	–	(7,330)	(7,330)
⁸ Conversion of Convertible Unsecured Loan Stock ("CULS")	344	13,296	–	(441)	–	–	13,199
Shares issued	305	15,937	–	–	–	–	16,242
Return attributable to equity shareholders	–	–	–	–	61,990	9,448	71,438
Balance at 30 April 2018	14,933	189,476	16,158	728	589,513	16,023	826,831

Unaudited Balance Sheet

Notes	31 October 2018 £'000s	31 October 2017 £'000s	30 April 2018 £'000s
Fixed assets			
⁶ Investments	862,244	844,926	868,469
Current assets			
Debtors	3,867	1,150	4,343
Cash at bank and short-term deposits	12,709	10,779	7,532
	16,576	11,929	11,875
Creditors: amounts falling due within one year			
⁷ Loans	(34,745)	(12,000)	(24,000)
Creditors	(4,800)	(7,382)	(7,640)
	(39,545)	(19,382)	(31,640)
Net current liabilities	(22,969)	(7,453)	(19,765)
Total assets less current liabilities	839,275	837,473	848,704
Creditors: amounts falling due after more than one year			
⁸ Convertible Unsecured Loan Stock ("CULS")	(18,219)	(32,175)	(21,873)
Net assets	821,056	805,298	826,831
Capital and reserves			
⁹ Called-up share capital	15,038	14,587	14,933
Share premium account	193,591	174,991	189,476
Capital redemption reserve	16,158	16,158	16,158
Equity component of CULS	601	1,078	728
Capital reserves	580,423	584,918	589,513
Revenue reserve	15,245	13,566	16,023
¹⁰ Total shareholders' funds	821,056	805,298	826,831
¹⁰ Net asset value per share (basic) – pence	1,365.00	1,380.16	1,384.22
¹⁰ Net asset value per share (diluted) – pence	1,353.16	1,357.10	1,368.80

Unaudited Condensed Statement of Cash Flows

Notes	Half-year ended 31 October 2018 £'000s	Half-year ended 31 October 2017 £'000s	Year ended 30 April 2018 £'000s
¹¹ Cash flows from operating activities before dividends received and interest paid	(2,714)	(2,630)	(4,919)
Dividends received	7,335	6,196	11,903
Interest paid	(704)	(813)	(1,647)
Cash flows from operating activities	3,917	2,753	5,337
Investing activities			
Purchases of Investments	(154,292)	(112,245)	(263,773)
Sales of Investments	150,992	90,733	223,308
Other capital charges	(13)	(12)	(23)
Cash flows from investing activities	(3,313)	(21,524)	(40,488)
Cash flows before financing activities	604	(18,771)	(35,151)
Financing activities			
Ordinary dividends paid	(5,973)	(4,751)	(7,330)
Proceeds from issue of shares	250	12,249	16,242
Movement on loans	10,483	12,000	24,000
Cash flows from financing activities	4,760	19,498	32,912
Net movement in cash and cash equivalents	5,364	727	(2,239)
Cash and cash equivalents at the beginning of the period	7,532	10,061	10,061
Effect of movement in foreign exchange	(187)	(9)	(290)
Cash and cash equivalents at the end of the period	12,709	10,779	7,532
Represented by:			
Cash at bank and short term deposits	12,709	10,779	7,532

Unaudited Notes on 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 November 2014 and updated in February 2018.

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 2018.

2 Income

	Half-year ended 31 October 2018 £'000s	Half-year ended 31 October 2017 £'000s	Year ended 30 April 2018 £'000s
Income comprises:			
Income from investments			
Dividends	6,768	5,926	12,287
Scrip dividends	-	8	4
	6,768	5,934	12,291
Other income			
Interest on cash and short-term deposits	45	19	46
Underwriting commission	6	-	7
Total income	6,819	5,953	12,344

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 2018. 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 2018 £'000s	Half-year ended 31 October 2017 £'000s	Year ended 30 April 2018 £'000s
Revenue return attributable to shareholders – £'000s	5,195	4,412	9,448
Capital return attributable to shareholders – £'000s	(9,090)	57,395	61,990
Total return attributable to shareholders – £'000s	(3,895)	61,807	71,438
Revenue return per share – pence	8.67	7.64	16.17
Capital return per share – pence	(15.17)	99.34	106.13
Total return per share – pence	(6.50)	106.98	122.30
Weighted average number of ordinary shares in issue during the period	59,912,080	57,776,354	58,411,805

Diluted earnings per share

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

	Half-year ended 31 October 2018 £'000s	Half-year ended 31 October 2017 £'000s	Year ended 30 April 2018 £'000s
Revenue return attributable to shareholders – £'000s	5,331	4,600	9,803
Capital return attributable to shareholders – £'000s	(8,682)	57,959	63,055
Total return attributable to shareholders – £'000s	(3,351)	62,559	72,858
Revenue return per share – pence	8.60	7.51	15.92
Capital return per share – pence	(15.17)	94.58	102.40
Total return per share – pence	(6.50)	102.09	118.32
Weighted average number of ordinary shares in issue during the period	61,983,963	61,280,443	61,579,392

There is no dilution of capital or total return for the 6 months to 31 October 2018.

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

Unaudited Notes on the Condensed Accounts

5 Dividends

	Register date	Payment date	Half-year ended 31 October 2018 £'000s	Half-year ended 31 October 2017 £'000s	Year ended 30 April 2018 £'000s
Dividends on ordinary shares					
Final for the year ended 30 April 2018 of 10.00p	13 July 2018	8 August 2018	5,973	–	–
Interim for the year ended 30 April 2018 of 4.40p	5 January 2018	31 January 2018	–	–	2,579
Final for the year ended 30 April 2017 of 8.25p	14 July 2017	11 August 2017	–	4,751	4,751
			5,973	4,751	7,330

The Directors have declared an interim dividend in respect of the year ending 30 April 2019 of 5.0p per share, payable on 31 January 2019 to all shareholders on the register at close of business on 4 January 2019. The amount of this dividend will be £3,009,000 based on 60,180,447 shares in issue at 10 December 2018. This amount has not been accrued in the results for the half-year ended 31 October 2018.

6 Investments

	Level 1* £'000s	Level 3* £'000s	Total £'000s
Cost at 30 April 2018	644,313	1,769	646,082
Gains at 30 April 2018	221,186	1,201	222,387
Valuation at 30 April 2018	865,499	2,970	868,469
Movements in the period:			
Purchases at cost	151,345	–	151,345
Sales proceeds	(151,175)	–	(151,175)
Gains on investments sold in period	37,780	–	37,780
Losses on investments held at period end	(43,813)	(362)	(44,175)
Valuation of investments held at 31 October 2018	859,636	2,608	862,244
	Level 1* £'000s	Level 3* £'000s	Total £'000s
Cost at 31 October 2018	682,263	1,769	684,032
Gains at 31 October 2018	177,373	839	178,212
Valuation at 31 October 2018	859,636	2,608	862,244

* 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.

7 Creditors: Loans

	31 October 2018 £'000s	31 October 2017 £'000s	30 April 2018 £'000s
Sterling loan falling due within one year	–	12,000	24,000
Euro loan falling due within one year	6,090	–	–
USD loan falling due within one year	23,870	–	–
JPY loan falling due within one year	4,785	–	–
Total	34,745	12,000	24,000

In September 2017 the Company entered into a £30m revolving credit facility expiring September 2019. This was increased to £50m in July 2018. As at 31 October 2018, JPY450m and USD18.3m was drawn down to 5 November 2018, JPY155m and USD6.5m was drawn down to 16 November 2018 and JPY85m, USD5.7m and EUR6.9m was drawn down to 28 November 2018. 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 loan is equivalent to its fair value.

8 Convertible Unsecured Loan Stock ("CULS")

	31 October 2018 £'000s	31 October 2017 £'000s	30 April 2018 £'000s
Balance brought forward	21,873	34,697	34,697
Transfer to share capital and share premium on conversion of CULS	(3,843)	(2,711)	(13,199)
Amortised costs	189	189	375
Balance carried forward	18,219	32,175	21,873

The interest rate on the CULS is 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 will be able to convert their CULS into Ordinary Shares at no cost on 31 January and 31 July of each year throughout the life of the CULS. All outstanding CULS will be repayable at par on 31 July 2019 together with outstanding interest due. The rate of conversion of 977.6970 pence per £1 nominal of CULS for one Ordinary Share was set at a premium of 15% to the unaudited Net Asset Value per Ordinary Share at the time the CULS were issued.

At 30 April 2018, 22,200,755 units of CULS were in issue.

On 31 July 2018, holders of 3,888,026 CULS converted their holdings into 397,655 ordinary shares. At 31 October 2018, 18,312,729 units of CULS were in issue.

The market price of the CULS at 31 October 2018 was 137p per 100p nominal. The CULS are unsecured and are subordinate to any creditors of the Company.

Unaudited Notes on the Condensed Accounts

9 Called-up share capital

Equity share capital	Issued and fully paid	
	Number	£'000s
Ordinary shares of 25p each		
Balance at 30 April 2018	59,732,792	14,933
Shares issued	20,000	5
Shares issued on conversion of CULS	397,655	100
Balance at 31 October 2018	60,150,447	15,038

During the half-year ended 31 October 2018 20,000 ordinary shares were issued for net proceeds of £250,000. On 10 August 2018, 397,655 ordinary shares were issued on the conversion of 3,888,026 CULS (see note 8), at no cost. Since the period end a further 30,000 ordinary shares have been issued, raising additional capital of £410,000.

10 Net asset value per ordinary share

	31 October 2018 £'000s	31 October 2017 £'000s	30 April 2018 £'000s
Net assets attributable at the period end – £'000s	821,056	805,298	826,831
Number of ordinary shares in issue at the period end	60,150,447	58,348,326	59,732,792
Net asset value per share – pence	1,365.00	1,380.16	1,384.22

Diluted net asset value per ordinary share is based on net assets at the end of the period assuming the conversion of 18,312,719 100p CULS in issue at the rate of 977.6970 pence per £1 nominal of CULS for one ordinary share.

	31 October 2018 £'000s	31 October 2017 £'000s	30 April 2018 £'000s
Net assets attributable at the period end – £'000s	821,056	805,298	826,831
Amount attributable to ordinary shareholders on conversion of CULS	18,219	32,175	21,873
Attributable net assets assuming conversion	839,275	837,473	848,704
	Number	Number	Number
Ordinary shares in issue at the period end	60,150,447	58,348,326	59,732,792
Ordinary shares created on conversion of CULS	1,873,047	3,362,206	2,270,719
Number of ordinary shares for diluted calculation	62,023,494	61,710,532	62,003,511
Diluted net asset value per ordinary share – pence	1,353.16	1,357.10	1,368.80

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

	Half-year ended 31 October 2018 £'000s	Half-year ended 31 October 2017 £'000s	Year ended 30 April 2018 £'000s
Net return on ordinary activities before taxation	(3,430)	62,207	72,120
Adjust for returns from non-operating activities			
Losses/(gains) on investments	6,395	(59,417)	(66,345)
Foreign exchange losses	448	9	290
Non-operating expenses of a capital nature	14	7	19
Return from operating activities	3,427	2,806	6,084
Adjust for non cash flow items, dividend income and interest expense			
Increase in prepayments and accrued income	(4)	(46)	(15)
Increase/(decrease) in creditors	6	(8)	(9)
Dividends receivable	(6,643)	(5,809)	(12,031)
Interest payable	805	761	1,527
Scrip dividends	-	(8)	(4)
Amortised costs	189	189	375
Overseas taxation	(494)	(515)	(846)
Cash flows from operating activities (before dividends received and interest paid)	(2,714)	(2,630)	(4,919)

12 Results

The results for the half-year ended 31 October 2018 and 31 October 2017, 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 2018; 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 2018 are an extract from those accounts.

Unaudited Notes on the Condensed Accounts

13 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 2018

Directors' Statement of Principal Risks and Uncertainties

Most of the Company's principal risks and uncertainties are market related and no different from those of other investment trusts investing primarily in listed equities. They are described in more 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 2018. They have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

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 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. The Company has put in place the necessary steps to comply with the General Data Protection Regulation ("GDPR").

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 development and performance of the Company and 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;
- the half-yearly report includes details on 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 2018

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 2018/19 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 £4,260 for the tax year 2018/19 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 £4,260 for the 2018/19 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)

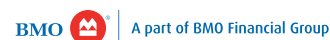
Email: investor.enquiries@bmogam.com
By post: BMO Administration Centre
PO Box 11114
Chelmsford CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Alliance Trust Savings, 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.



BMO Asset Management Limited

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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