

## Key risk factors

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

The Company's investments may be subject to liquidity constraints, which means that shares may trade less frequently and in small volumes, for instance smaller companies. As a result, changes in the value of investments may be more unpredictable. In certain cases, it may not be possible to sell the security at the last market price quoted or at a value considered to be fairest.

Overseas investments will be affected by currency exchange rate fluctuations.

The Company may from time to time utilize gearing. A fuller definition of gearing is given in the glossary.

**NMPI status** The Company currently conducts its affairs so that its securities can be recommended by IFAs (Independent Financial Advisers) to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream pooled investments (NMPI) and intends to continue to do so for the foreseeable future. The securities are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

The latest performance data can be found on the BlackRock Investment Management (UK) Limited website at: [blackrock.com/uk/brsc](https://blackrock.com/uk/brsc).

[blackrock.com/uk/brsc](https://blackrock.com/uk/brsc)

The information contained in this release was correct as at 31 July 2024. Information on the Company's up to date net asset values can be found on the London Stock Exchange Website at: <https://www.londonstockexchange.com/news?tab=news-explorer>

## Company objective

To achieve long term capital growth for shareholders through investment mainly in smaller UK quoted companies.

### Fund information (as at 31/07/24)

Net asset value capital only (debt at par value)	1,645.39p
Net asset value capital only (debt at fair value)	1,696.10p
Net asset value incl. income (debt at par value) <sup>1</sup>	1,668.72p
Net asset value incl. income (debt at fair value) <sup>1</sup>	1,719.43p
Share price	1,600.00p
Discount to NAV incl. income (debt at par value)	4.1%
Discount to NAV incl. income (debt at fair value)	6.9%
Net yield <sup>2</sup>	2.6%
Gross assets <sup>3</sup>	£855.5m
Gearing range as a % of net assets	0-15%
Net gearing including income (debt at par)	10.6%
Ongoing charges ratio <sup>4</sup>	0.7%
Issued capital – ordinary shares (excluding shares in treasury) <sup>5</sup>	47,099,792

**The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.**

<sup>1</sup> Includes net revenue of 23.33p

<sup>2</sup> Yield calculations are based on dividends announced in the last 12 months as at the date of release of this announcement and comprise the Interim dividend of 15.00 pence per share (announced on 26 October 2023, ex-date on 02 November 2023, and paid 04 December 2023) and the final dividend of 27.00 pence per share (announced on 14 May 2024, ex-date on 23 May 2024, and paid 24 June 2024).

<sup>3</sup> Includes current year revenue.

<sup>4</sup> The Company's ongoing charges are calculated as a percentage of average daily net assets and using the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items for year ended 29 February 2024.

<sup>5</sup> Excludes 2,893,731 ordinary shares held in treasury.

## Annual performance to the last quarter end (as at 30 June 2024)

Sterling	30/06/23 30/06/24 %	30/06/22 30/06/23 %	30/06/21 30/06/22 %	30/06/20 30/06/21 %	30/06/19 30/06/20 %
Net asset value	13.4	-3.9	-26.7	55.0	-5.8
Share price	17.8	1.4	-32.4	56.0	-9.5
Benchmark <sup>1</sup>	10.0	-2.8	-19.0	52.3	-10.7

## Cumulative performance (as at 31/07/24)

Sterling	1M%	3M%	1Y%	3Y%	5Y%
Net asset value	6.8	10.5	18.5	-13.8	28.7
Share price	10.2	15.5	27.6	-14.0	29.8
Benchmark <sup>1</sup>	5.9	9.1	13.2	-9.3	24.5

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Source: BlackRock and Datastream, 31 July 2024

<sup>1</sup> The Company's benchmark is the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

The annual Net Asset Value (NAV) performance statistics to the last quarter end in the first table above are based on a NAV including income and with debt at par, with any dividends reinvested on the ex-dividend date, net of ongoing charges and any applicable performance fee. The annual Net Asset Value (NAV) performance statistics in the second table above are based on a NAV including income and with debt at fair value, with any dividends reinvested on the ex-dividend date, net of ongoing charges and any applicable performance fee.

Share price performance calculations also include dividend reinvestment. The debenture stock and long dated notes issued by the Company are valued at par which represents the value due to be paid to holders of the debt at maturity. The debenture and the long dated notes are forms of long term loan. Additional definitions are given in the glossary.

A fuller definition of ongoing charges, which includes the annual management fee, is given in the glossary. Details of the management fee are given in the key company details section overleaf. Share price performance figures are calculated on a mid market basis in sterling terms with income reinvested on the ex-dividend date.

The performance of the Company's portfolio, or NAV performance, is not the same as share price performance and shareholders may not realise returns which are the same as NAV performance. The latest performance data can be found on the BlackRock Investment Management (UK) Limited website at: [blackrock.com/uk/brsc](https://blackrock.com/uk/brsc).

**Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.**

## Comments from the Portfolio Manager, Roland Arnold

Please note that the commentary below includes historic information on the Company's NAV performance and index performance.

### The figures shown relate to past performance. Past performance is not a reliable indicator of future results.

During July the Company's NAV per share rose by 6.8% to 1,719.43p on a total return basis, while our benchmark index returned 5.9%.<sup>1</sup>

The UK equity market rose during July, with the more domestic small and mid-cap market outperforming the large cap FTSE 100 Index on the back of improving economic data and the outcome of the UK General Election. The UK economy experienced further stabilisation of inflationary pressures with the Consumer Price Index (CPI) remaining steady at 2.0% year-on-year.<sup>2</sup> The service sector experienced a slight increase, while the production and construction sectors saw minor contractions. Retail activity across the UK had a slight uptick, with retail footfall increasing by 1%. GDP estimates remained flat, and the labour market continued to soften, with job adverts down 20% compared to the previous year.

The largest positive contributor during the month was Bloomsbury Publishing which reported strong Q2 performance, which was in line with recently upgraded guidance. Notable bestsellers from Sarah J. Maas and J.K. Rowling continued to drive sales within their consumer division. They also acquired Rowman and Littlefield's academic publishing business, enhancing digital resources and positioning Bloomsbury as a leading US academic publisher. Rosebank Industries, founded by ex-Melrose Industries executives, listed on AIM earlier in the month. The company employs a "Buy, Improve, Sell" strategy, acquiring and enhancing industrial businesses to boost performance before selling them. Investors reacted positively to the listing, with shares in high demand. Hill & Smith, Grafton and Breedon, all rose during the month, with resilient trading against a challenging economic backdrop and more importantly the potential to see strong gains as their end markets begin to recover.

Recruiter Robert Walters revealed a 15% decline in group net fee income compared to Q2 2023, reflecting challenging market conditions. The company's performance was impacted across all regions, with notable declines in the Asia Pacific and UK markets. The firm flagged that market confidence may not significantly improve until 2025, however we view this business as a market leader that will continue to focus on cost discipline through the challenging period and positioning itself for long-term growth. Shares in payments business Boku fell despite the company reporting solid trading in the first half of 2024, driven by increased transaction volumes from existing merchants. Another notable detractor, came from not owning Ascential, which received a bid at a large premium from Informa.

In summary, and as we have highlighted for a long period of time now, the current valuation of the UK market, and in particular UK small and mid-cap, is about as attractive as we have ever seen. Meanwhile, the economic backdrop is certainly improving. Unemployment remains low, balance

sheets remain strong, inflation is falling, consumer confidence and PMIs (Purchasing Managers Index) are improving. This backdrop gives confidence that the earnings outlook for our businesses is broadly supportive for an earnings recovery. Meanwhile, Labour's victory in the General Election could now mark the end of the persistent investor aversion from the UK and stem the outflows from UK small and mid-caps. Labour's business friendly policies and some much-needed stability in government should provide a more positive backdrop for businesses to start investing with some level of certainty and for investors to once again look to the UK market for an attractive return. In this scenario, we could see an environment where small and mid-caps, and in particular the holdings in our portfolio, could move a long way on limited liquidity.

As ever, we remain focused on the micro, industry level change and stock specific analysis and the opportunities we are seeing today in our universe are as exciting as ever. Historically, periods of heightened volatility have been followed by strong returns for the strategy and presented excellent investment opportunities.

We thank shareholders for your ongoing support.

<sup>1</sup>Source: BlackRock as at 31 July 2024

<sup>2</sup>Source: Office for National Statistics as at 17 July 2024

Unless otherwise stated all data is sourced from BlackRock as at 31 July 2024.

Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies.

Any opinions, forecasts represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation.

## Ten Largest Equity Investments (as at 31/07/24)

Company	% of portfolio
Hill & Smith	2.8
Gamma Communications	2.6
Workspace Group	2.5
IntegraFin	2.5
Breedon	2.3
Chemring Group	2.2
Bloomsbury Publishing	2.1
Baltic Classifieds Group	2.0
4imprint Group	1.9
Tatton Asset Management	1.9

Sector allocations (as at 31/07/24)	% of portfolio
Industrials	30.0
Financials	19.7
Consumer Discretionary	16.4
Basic Materials	12.9
Technology	6.2
Consumer Staples	3.2
Real Estate	2.9
Health Care	2.7
Telecommunications	2.6
Communication Services	1.9
Energy	1.5
<b>Total</b>	<b>100.0</b>

Allocations are as of date shown and do not necessarily represent current or future portfolio holdings. **Risk:** The specific companies identified and described above do not represent all of the companies purchased or sold, and no assumptions should be made that the companies identified and discussed were or will be profitable. This should not be construed as investment advice or investment recommendation of those companies.

A full disclosure of portfolio investments for the BlackRock Smaller Companies Trust plc as at 30 June 2024 has been made available on the Company's website at the link given below:  
<https://www.blackrock.com/uk/individual/literature/policies/brsct-portfolio-disclosure.pdf>

Country allocations (as at 31/07/24)	% of total assets
United Kingdom	98.6
United States	1.4
<b>Total</b>	<b>100.0</b>

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Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

## Key company details

### Fund characteristics:

Launch date	May 1906
Dealing currency	Sterling
Association of Investment Companies sector (AIC)	UK Smaller Companies
Benchmark	Numis Smaller Companies plus AIM (ex Investment Companies)
Traded	London Stock Exchange

### Management:

Alternative Investment Fund Manager (with effect from 2 July 2014)	BlackRock Fund Managers Limited
Portfolio manager	Roland Arnold

Annual management fee

BlackRock receives an annual fee which is calculated based on 0.60% in respect of the first GBP 750m of the Company's total assets less current liabilities, reducing to 0.50% thereafter. There are no performance fee arrangements in place.

### Financial calendar:

### Fund codes:

Year end	28 February	ISIN	GB0006436108
Results announced	October/ November (half yearly) April/May (final)	Sedol	0643610
Annual General Meeting	June	Bloomberg	BRSC:LN
		Reuters	BRSC.L
Dividends paid	December and June	Ticker	BRSC/LON

## Want to know more?

[blackrock.com/uk/brsc](http://blackrock.com/uk/brsc) | Tel: 0207 743 3000 | [cosec@blackrock.com](mailto:cosec@blackrock.com)

## Glossary of Terms

### AIM

AIM is the London Stock Exchange's international market for smaller growing companies. The AIM market has no restrictions on market capitalisation, and financial reporting is more flexible than for companies listed on the main market of the London Stock Exchange.

### Long Term Note

A long term note is also a form of long term loan. The Company has in issue a £25 million long term note which redeems in 2037 and carries an interest cost of 2.74%, a £20 million long term note which redeems in 2044 and carries an interest cost of 2.41% and a £25 million long term note which redeems in 2046 and carries an interest cost of 2.47%.

### Discount/Premium

Investment trust shares frequently trade at a discount or premium to the NAV. This occurs when the share price is less than (a discount) or more than (a premium) the NAV. The discount or premium is the difference between the share price (based on mid-market share prices) and the NAV, expressed as a percentage of the NAV. Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

### Gearing

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favorable situation or a particularly attractive stock without having to sell existing investments. Gearing works by magnifying the company's performance. If a company 'gears up' and then markets rise and the returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

### Net yield

The net yield is calculated using total dividends declared in the last 12 months (as at date of this factsheet) as a percentage of the month end share price.

### NAV (Net Asset Value) and diluted NAV

A company's undiluted NAV is its available shareholders' funds divided by the number of shares in issue (excluding treasury shares), before making any adjustment for any potentially dilutive securities which the Company may have in issue, such as subscription shares, convertible bonds or treasury shares. A diluted NAV is calculated on the assumption that holders of any convertibles have converted, subscription shares have been exercised and treasury shares are re-issued at the mid-market price, to the extent that the NAV per share is higher than the price of each of these shares or securities and that they are 'in the money'. The aim is to ensure that shareholders have a full understanding of the potential impact on the Company's NAV if these instruments had been exercised on a particular date.

### Ongoing charges ratio

Ongoing charges (%) =

$$\frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management fee.

### Treasury shares

Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a Company's total issued share capital amount for the purpose of calculating percentage ownership. Treasury stock may have come from a repurchase or buyback from shareholders, or it may have never been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

### Large, Mid and Small-Cap Companies

Companies are considered to be large, mid or small-cap based on the market capitalisation of a company, which is its overall value; the greater the value, the larger the cap. Large-caps are generally considered to be those that are listed in the FTSE 100 index. Mid-cap companies are generally considered to be those listed on the FTSE 250, which ranges from a market cap of approximately £4 billion down to £500 million. The FTSE Small Cap index includes stocks worth as little as £150 million.

## Risk Warnings

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

## Trust Specific Risks

**Smaller companies Risk.** Smaller company investments are often associated with greater investment risk than those of larger company shares.

**Gearing Risk.** Investment strategies, such as borrowing, used by the Trust can result in even larger losses suffered when the value of the underlying investments fall.

**Liquidity Risk.** The Company's investments may have low liquidity which often causes the value of these investments to be less predictable. In extreme cases, the Company may not be able to realise the investment at the latest market price or at a price considered fair.

**Counterparty Risk.** The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

**Equity risk.** The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

**Derivative Risk general (derivatives, options, covered calls).** The Company uses derivatives as part of its investment strategy. Compared to a fund which only invests in traditional instruments such as stocks and bonds, derivatives are potentially subject to a higher level of risk.

**Investors should refer to offering documentation for the funds full list of risks.**

## Important Information

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Net Asset Value (NAV) performance is not the same as share price performance, and shareholders may realise returns that are lower or higher than NAV performance.

BlackRock Smaller Companies Trust plc currently conducts its affairs so that their securities can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to nonmainstream investment products and intend to continue to do so for the foreseeable future. The securities are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream investment products because they are securities issued by investment trusts. Investors should understand all characteristics of the funds objective before investing. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in in local language in registered jurisdictions.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether our product is suitable, please read the fund specific risks in the Key Investor Document (KID) which gives more information about the risk profile of the investment. The KID and other documentation are available on the relevant product pages at [www.blackrock.com/uk/its](http://www.blackrock.com/uk/its). We recommend you seek independent professional advice prior to investing.

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