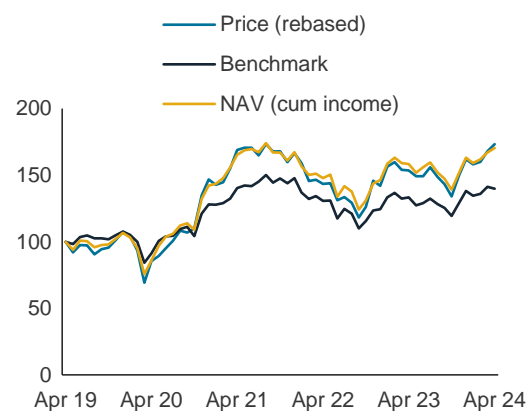
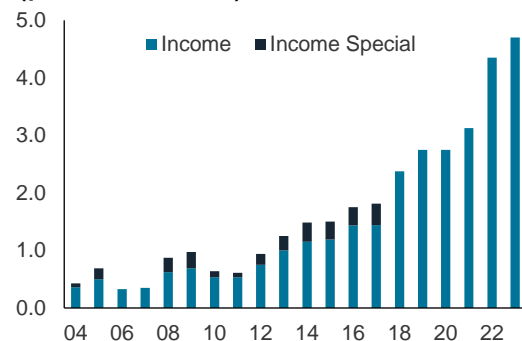


## Share price performance (total return)



From July 2022, the benchmark changed from the EMIX Smaller European Companies ex UK Index to the MSCI Europe ex UK Small Cap Index.

## Dividend history (pence/share)



Please note that this chart could include dividends that have been declared but not yet paid.

Performance over (%)	6m	1y	3y	5y	10y
Share price (Total return)	29.2	12.9	2.6	73.2	196.6
NAV (Total return)	22.5	7.6	3.0	70.3	190.5
Benchmark (Total return)	17.3	4.9	-0.2	39.9	122.9
Relative NAV (Total return)	5.2	2.8	3.2	30.4	67.6

Discrete year performance (%)	Share price (total return)	NAV (total return)
31/3/2023 to 31/3/2024	9.1	5.1
31/3/2022 to 31/3/2023	5.0	5.2
31/3/2021 to 31/3/2022	-5.4	-3.0
31/3/2020 to 31/3/2021	123.9	106.0
31/3/2019 to 31/3/2020	-24.0	-17.7

All performance, cumulative growth and annual growth data is sourced from Morningstar.

Source: at 30/04/24. © 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns.**

## Commentary at a glance

### Performance

In the month under review the Company's NAV total return was 1.9% and the MSCI Europe ex UK Small Cap Index total return was -0.9%.

### Contributors/detractors

Top contributors included Suess Microtec, AlzChem and Van Lanschot Kempen. Top relative detractors were not holding Banco De Sabadell, and holdings in Befesa and Cint Group.

### Outlook

We think attractive valuations and potential earnings upgrades in European small-caps create a favourable environment. We expect some summer volatility in the months ahead.

See full commentary on page 3.

References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

## Company overview

### Objective

The Company seeks capital growth by investing in smaller and medium sized companies which are quoted, domiciled, listed or have operations in Europe (excluding the UK).

### Highlights

Providing unique access to Europe's growing small- and medium-sized companies with the sole aim of increasing shareholder capital.

## Company information

NAV (cum income)	196.0p
NAV (ex income)	194.9p
Share price	173.4p
Discount(-)/premium(+)	-11.5%
Yield	2.7%
Net gearing	14%
Net cash	-
Total assets	£889m
Net assets	£782m
Market capitalisation	£691m
Total voting rights	398,706,048
Total number of holdings	131
Ongoing charges (year end 30 Jun 2023)	0.65%
Benchmark	MSCI Europe ex UK Small Cap Index

Overall Morningstar Rating™ ★★★★★

As of 30/04/2024

Source: BNP Paribas for holdings information and Morningstar for all other data. Differences in calculation may occur due to the methodology used.

Please note that the total voting rights in the Company do not include shares held in Treasury.

Please remember that past performance does not predict future returns. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested. Please refer to the glossary for the definition of share price total return.

### How to invest

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### Find out more

Go to [www.europeansmallercompaniestrust.com](http://www.europeansmallercompaniestrust.com)

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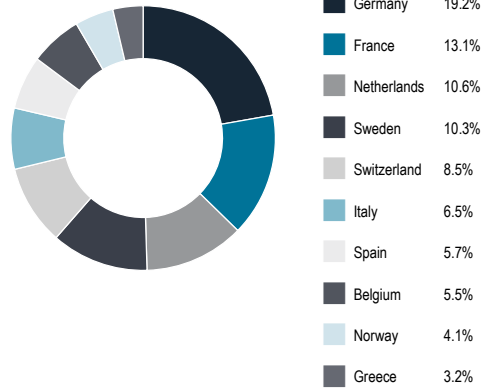
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Top 10 holdings (%)

Van Lanschot Kempen	3.1
TKH Group	3.0
KSB	1.9
SUESS MicroTec	1.8
DFDS	1.7
Stroeer	1.7
Fugro	1.7
IPSOS	1.6
Criteo	1.5
Nordnet AB publ	1.5

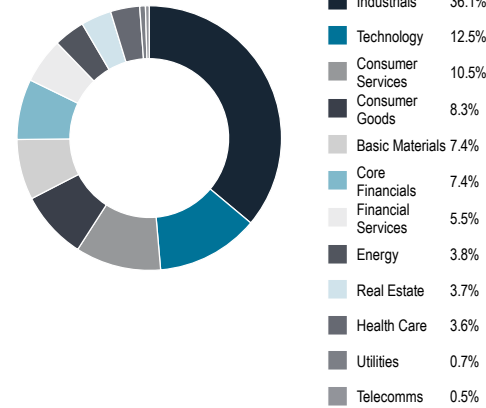
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Geographical focus (%)



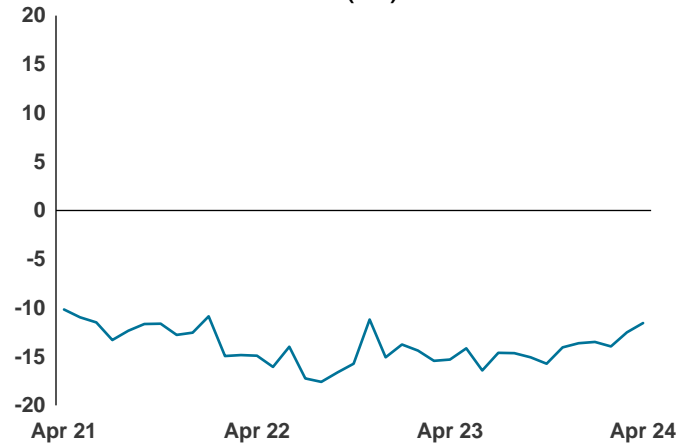
The above geographical breakdown may not add up to 100% as this only shows the top 10.

Sector breakdown (%)

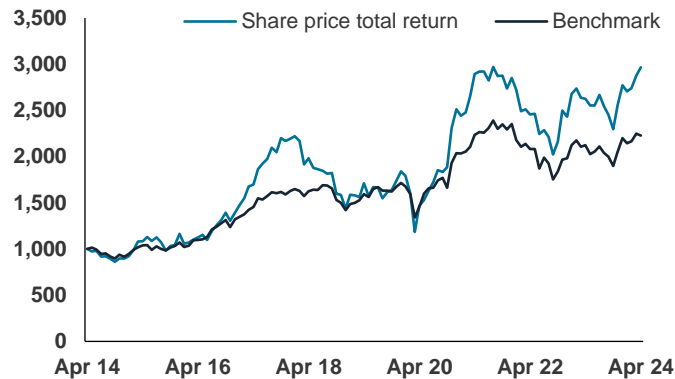


The above sector breakdown may not add up to 100% due to rounding.

Premium/(discount) of share price to NAV at fair value (%)



10 year total return of £1,000



All performance, cumulative growth and annual growth data is sourced from Morningstar. Share price total return is calculated using mid-market share price with dividends reinvested.

Key information

Stock code	ESCT
AIC sector	AIC European Smaller Companies
Benchmark	MSCI Europe ex UK Small Cap Index
Company type	Conventional (Ords)
Launch date	1990
Financial year	30-Jun
Dividend payment	April, November
Risk rating (Source: Numis)	Above average
Management fee	0.55% pa on first £800m of net assets and 0.45% pa in excess thereof.
Performance fee	Yes
<small>(See Annual Report &amp; Key Information Document for more information)</small>	
Regional focus	Europe
Fund manager appointment	Ollie Beckett 2011 Rory Stokes 2014 Julia Scheufler 2024



Ollie Beckett  
Portfolio Manager



Rory Stokes, CFA  
Fund Manager



Julia Scheufler, CFA  
Fund Manager

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## Fund Manager commentary

### Investment environment

Despite inflation proving more resilient than anticipated, it is expected to trend downwards in the second half of the year.

The economy has demonstrated resilience, suggesting an economic 'soft landing' or even a 'no landing' scenario (as opposed to a recession). This bodes well for equity markets, particularly in Europe where stocks have been trading at a significant discount compared to their US counterparts.

We believe small-cap stocks, being more cyclical in nature (meaning they tend to be more dependent on economic growth to do well) and trading at a substantial discount to large-cap stocks, are poised to benefit from this environment.

### Portfolio review

The Company benefited from a favourable environment in which we saw a broader range of stocks doing well. Performance thus far this year had primarily been driven by a few large-cap stocks.

Suess Microtec, a semiconductor equipment company, was the top positive contributor this month. The company delivered better-than-expected margins in the first quarter due to winning orders from TSMC's increased expenditures related to artificial intelligence (AI), with mid-teens margins boding well for the short term.

Analysts upgraded their rating on the stock, further boosting its share price rally.

Another positive contributor was AlzChem, the specialty chemicals company. The firm makes creatine, which is used as a supplement for both chickens and humans looking to gain muscle mass. The company also produces chemicals used in munitions. The recent outperformance of its shares can be attributed to two key factors. First, there is growing interest in the use of GLP-1 agonists, a class of drugs that can help build muscle mass. While this trend may seem a bit extreme, it has brought attention to companies like AlzChem that produce related compounds. Second, AlzChem's exposure to the defence industry through its munitions chemicals business has become more attractive given the current geopolitical environment. While we acknowledge the hype around certain supplements, we remain focused on the company's underlying fundamentals and what we see as attractive valuation. Van Lanschot Kempen, a Dutch wealth manager and the Company's largest holding, continued to perform relatively well, benefiting from improved equity markets. The company's growing assets, relatively low valuation (in our view), and high dividend yield continued to make it attractive.

Having no position in Spanish bank Banco De Sabadell, a company that is part of the index and subject to a bid from BBVA, hurt performance. Banco de Sabadell's shares performed well after the company rejected BBVA's bid. Since we did not own the stock, relative

performance suffered. Befesa, a company that extracts zinc oxide from steel dust (in a prime example of the circular economy), faced challenges despite lower transition charges. The company struggled to ramp up utilisation at its facilities in China, leading to slightly disappointing results. However, we believe this may represent a trough for Befesa, and the company now needs to focus on increasing utilisation rates in the US and China. Befesa's European operations remain healthy, and we are confident in the long-term potential of the company's business model, which is well-aligned with the growing focus on sustainability and resource efficiency. Cint Group, a market research exchange, also detracted. The company reported disappointing first-quarter cash flow figures, although it has been a strong performer year-to-date. Cash flow improvement is expected later this year, but the company's current leverage remains an ongoing concern.

In terms of activity, we sold the holding in Metso, the Finland-based mining equipment company, which we have held in the Company for a long time now (dating back to our initial investment in Outotec prior to its merger with Metso). As Metso's market capitalisation has grown to around €12 billion, it no longer fits our criteria for a small-cap stock. While we believe the company is well-positioned in the mining services sector, we had concerns that the recent appreciation in its share price was more closely linked to the rise in copper prices rather than the company's ability to secure new business. As a result, we felt it was prudent to realise our gains and allocate capital elsewhere.

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We took profits in Unicaja Banco, a Spanish bank that was formed through the merger of Unicaja and Liberbank. The stock performed strongly this month, largely due to speculation about merger and acquisition (M&A) activity in the Spanish banking sector, and the positive impact of rising net interest margins. However, after careful consideration we determined that Unicaja Banco did not meet our criteria for a long-term holding and chose to exit our position.

Elsewhere, we participated in the initial public offering (IPO) of Planisware, a French software company. While our allocation was limited due to strong demand for the offering, we have been pleased with the stock's performance since its market debut. We plan to closely monitor the company's financial results and operational performance over the next few quarters before we decide if we want to grow our position from the current low levels.

Another new addition to was Sweco, a Swedish engineering consultant. We were attracted to the company's involvement in a diverse range of projects across Sweden and the Nordic region, as well as its focus on consulting services, which we believe limits its exposure to project-specific risks. With Sweden's decision to join NATO, we anticipate an increase in demand for engineering projects related to infrastructure development, such as the construction of bridges to support military activities.

**Manager outlook**

We believe that the combination of attractive valuations and potential earnings upgrades in European small-cap stocks, coupled with the fact that many investors are currently underweight this area, creates a favourable environment. We have recently observed a number of bids in the market, particularly in Sweden and the UK. Although the bid results have been somewhat mixed, we think they could highlight the fact that the market is currently undervalued, and that there is a growing confidence in boardrooms. We anticipate increased bids in the coming months. We do expect some volatility in the market as we enter the summer months, with many market participants taking extended holidays. Despite this, we maintain a positive outlook for European small-cap stocks over the next six to nine months.

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## Glossary

### Discount/Premium

The amount by which the price per share of an investment company is either lower (at a discount) or higher (at a premium) than the net asset value per share (cum income), expressed as a percentage of the net asset value per share.

### Gearing

The effect of borrowing money for investment purposes (financial gearing). The amount a company can “gear” is the amount it can borrow in order to invest. Gearing is used in the expectation that the returns on the investments bought will exceed the costs of the borrowings that funded the purchase. This Company can also use synthetic gearing through derivatives and foreign exchange hedging and/or other non-fully funded instruments or techniques.

### Leverage

The Company's leverage is the sum of financial gearing and synthetic gearing. Details of the Company's leverage limits can be found in both the Key Information Document and Annual Report. Where a company utilises leverage, the profits and losses incurred by the company can be greater than those of a company that does not use leverage.

### Market capitalisation

Share price multiplied by the number of shares in issue, excluding treasury shares, at month end. Shares typically priced mid-market at month-end closing.

### Net Asset Value (NAV)

The total value of a Company's assets less its liabilities.

### NAV (Cum Income)

The value of investments and cash, including current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

### NAV (Ex Income)

The value of investments and cash, excluding current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

### NAV total return

The theoretical total return on shareholders' funds per share reflecting the change in Net Asset Value (NAV) assuming that dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts/premiums.

### Net assets

Total assets minus any liabilities such as bank loans or creditors.

### Net cash

A company's net exposure to cash/cash equivalents expressed as a percentage of shareholders' funds, after any offset against its gearing. This is only shown for companies that have gearing in place.

### Net gearing

A company's total assets (less cash/cash equivalents) divided by shareholders' funds expressed as a percentage.

### Ongoing charges

The total expenses for the financial year (excluding performance fee), divided by the average daily net assets, multiplied by 100.

### Risk rating

The key measure used to assess risk is volatility of returns, using historic net asset value (NAV) performance of the Company over 1 and 3 years. In this instance volatility measures how much a company's NAV fluctuates over time in relation to the UK Equity market. The higher a volatility figure, the more the NAV has fluctuated (both up and down) over time. Please note that risk categorisations are indicative and based principally on historic data and should not be solely relied upon when making investment decisions.

### Share price

Closing mid-market share price at month end.

### Share price total return

The theoretical total return to the investor assuming that all dividends received were reinvested in the shares of the company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

### Total assets

Cum Income NAV multiplied by the number of shares, plus prior charges at fair value.

### Yield

Calculated by dividing the current financial year's dividends per share (this will include prospective dividends) by the current price per share, then multiplying by 100 to arrive at a percentage figure.

For a full list of terms please visit:  
<https://www.janushenderson.com/en-gb/investor/glossary/>

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### Source for fund ratings/awards

Overall Morningstar Rating™ is a measure of a fund's risk-adjusted return, relative to similar funds. Fund share classes are rated from 1 to 5 stars, with the best performers receiving 5 stars and the worst performers receiving a single star.

Overall Morningstar Rating™ is shown for an investment company achieving a rating of 4 or 5.

Ratings should not be taken as a recommendation. For more detailed information about Morningstar Ratings, including its methodology, please go to [www.global.morningstar.com/managerdisclosures](http://www.global.morningstar.com/managerdisclosures).

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### Company specific risks

- This Company is suitable to be used as one component of several within a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested in this Company.
- Active management techniques that have worked well in normal market conditions could prove ineffective or negative for performance at other times.
- The Company could lose money if a counterparty with which it trades becomes unwilling or unable to meet its obligations to the Company.
- Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.
- The return on your investment is directly related to the prevailing market price of the Company's shares, which will trade at a varying discount (or premium) relative to the value of the underlying assets of the Company. As a result, losses (or gains) may be higher or lower than those of the Company's assets.
- If a Company's portfolio is concentrated towards a particular country or geographical region, the investment carries greater risk than a portfolio that is diversified across more countries.
- Most of the investments in this portfolio are in smaller companies shares. They may be more difficult to buy and sell, and their share prices may fluctuate more than those of larger companies.
- Using derivatives exposes the Company to risks different from - and potentially greater than - the risks associated with investing directly in securities. It may therefore result in additional loss, which could be significantly greater than the cost of the derivative.
- Where the Company invests in assets that are denominated in currencies other than the base currency, the currency exchange rate movements may cause the value of investments to fall as well as rise.
- If the Company seeks to minimise risks (such as exchange rate movements), the measures designed to do so may be ineffective, unavailable or negative for performance.
- The Company may use gearing (borrowing to invest) as part of its investment strategy. If the Company utilises its ability to gear, the profits and losses incurred by the Company can be greater than those of a Company that does not use gearing.

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