The Global Smaller Companies Trust PLC

Company Number: 28264

Report and Accounts for the year ended 30 April 2023

COLUMBIA THREADNEEDLE INVESTMENTS

Contents

2023-24 Financial year events

Annual General Meeting	28 July 2023
Final dividend payable	4 August 2023
Half-yearly results for 2023 announced	December 2023
Interim dividend payable	January 2024
Final Results for 2024 announced	June 2024

Company Overview

The Global Smaller Companies Trust PLC (the **'Company'**) was founded in 1889 with an initial capital of £1m. The Company's net assets had a value of more than £859m as at 30 April 2023.

Objective
To invest in smaller companies worldwide in order to secure a high total return.

Investment team
A well resourced and experienced investment management team at Columbia Threadneedle Investments aims to identify the best smaller company opportunities listed on global stock markets.

Investment approach
A focus on quality. We look for high quality, well managed companies delivering strong returns with a track record of profitability.

Price matters. Portfolio holdings should be attractively valued both in absolute terms and compared to peers.

The benefits of diversification. We seek to create a well spread and balanced portfolio avoiding over exposure to any one company, sector or market.

A dividend hero
By investing in a portfolio of growing, high quality listed companies, the Company's own dividend has risen for 53 consecutive years.

The Company 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 **globalsmallercompanies.co.uk**

The Company is registered in England and Wales with company registration number 28264
Legal Entity Identifier: 2138008RRULYQP8VP386

Forward-looking statements

This document 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 document. Nothing should be construed as a profit forecast.

Financial Highlights year to 30 April 2023

-2.9%

Net Asset Value with debt at fair value[1] ('NAV') total return[1] of -2.9% (2022: -0.2%) versus -2.1% from the Benchmark (2022: -3.2%).

The NAV fell to 165.7p from 172.8p.

-6.2%

Share price total return[1] of -6.2% (2022: -6.4%).

The share price ended the year at 144.6p (2022: 156.2p).

2.30p

Dividend[3] of 2.30 pence (2022: 1.84p), the 53rd consecutive annual increase, up by 25.0% (2022: up by 5.1%).

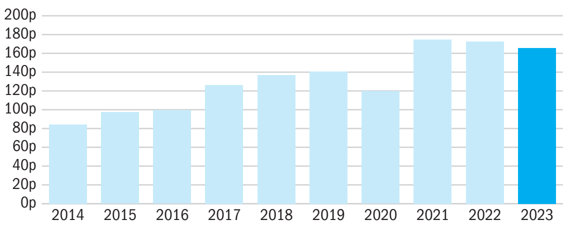
-12.7%

The Company's shares ended the year at a discount[1] to NAV of 12.7% (2022: 9.6%).

Delivering high total returns over the long term

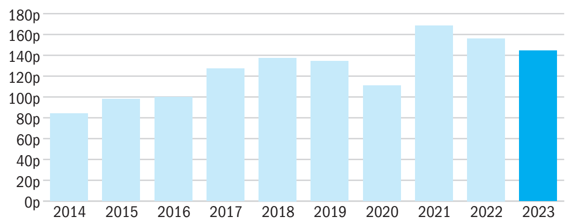
In the last ten years the Company has turned a £1,000 investment, with dividends reinvested, into £2,108, a compound annual total return of 7.7%.

NAV[1],[4] per share at 30 April – pence



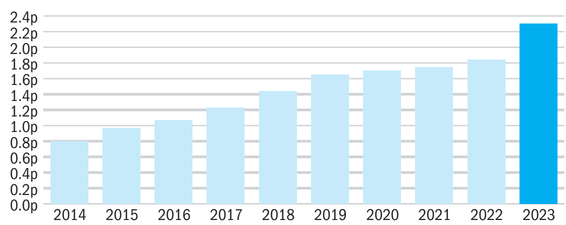
Source: Columbia Threadneedle Investments

Mid-market price[4] per share at 30 April – pence



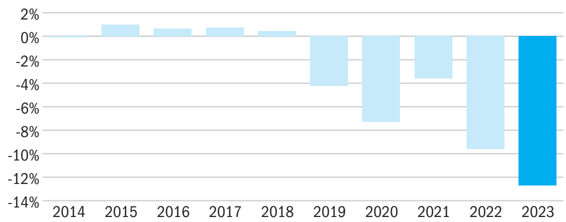
Source: Columbia Threadneedle Investments

Dividends[3],[4] – pence per share



Source: Columbia Threadneedle Investments

Share price premium/(discount)[1] at 30 April – %



Source: Columbia Threadneedle Investments

The dividend has increased every year for the past 53 years and over the last ten years is up 13.5% compound per annum, compared with inflation (RPI) of 4.1% compound per annum.

Potential investors are reminded that the value of investments and the income from dividends may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

(1) See Alternative Performance Measures on pages 95 and 96.
(2) See Glossary of terms on page 97 for explanation of 'Benchmark'.
(3) Total dividend comprises an interim dividend (paid on 6 January 2023) of 0.63 pence and a final dividend for 2023 of 1.67 pence (payable on 4 August 2023), subject to shareholder approval at the forthcoming AGM.
(4) Comparative figures for the years prior to 2020 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.

Chairman's Statement

"The Manager is continuing to find opportunities in the markets, helped by the pullback in valuations and by the increased depth of investment research capabilities within the enlarged Columbia Threadneedle Investments business. Now that the prolonged period of low interest rates and "easy money" has come to an end, your Manager's focus on quality companies with strong balance sheets is starting to pay off. As a result of good operational performance from the portfolio, the Board is pleased to recommend a 25% increase in the annual dividend payment, marking a 53rd consecutive year of progression."

Anja Balfour, Chairman

Dear Shareholder,

For equity investors, the year under review has been challenging. Inflation and the consequent need for monetary policy tightening were dominant influences through the year, with the devastating war in Ukraine continuing to cast a heavy shadow, adding to the already tense geo-political climate.

The World Health Organisation's declaration of the COVID pandemic as "no longer a global public health concern" and the easing of pandemic restrictions in China in early 2023 lifted investor sentiment somewhat, before this was to be shaken once again by the emergence of problems across the banking sector in March.

The interest rate environment has been unhelpful for stock market sentiment and, given their greater economic sensitivity, higher rates are especially bad for smaller companies. Unsurprisingly, small caps struggled relative to larger counterparts in most parts of the world, with the main exception being within Asia, where they held up better.

Performance and the discount

Against a difficult global market backdrop, especially for more growth orientated stocks, the Company's Net Asset Value (**'NAV'**) total return (with long-term borrowings at fair value) over the twelve months was -2.9% ending the year at 165.7p per share. While negative returns are never welcome, the second six months of the year actually delivered a modest recovery, helped by hopes that the period of rising interest rates might be coming to an end.

In the Company's Half Year Report, the Manager highlighted that investment trust discounts had widened out given increased caution around the economic outlook and that smaller company funds in particular had been impacted by this trend. Starting 2022/23 at 9.6%, the Company's discount reached 14.1% at the end of October 2022 and closed the financial year at 12.7%, significantly wider than the Board's sub 5% target. The wider discount meant that the share price fell by 7.4% over the year to 144.6p, or by 6.2% on a total return basis.

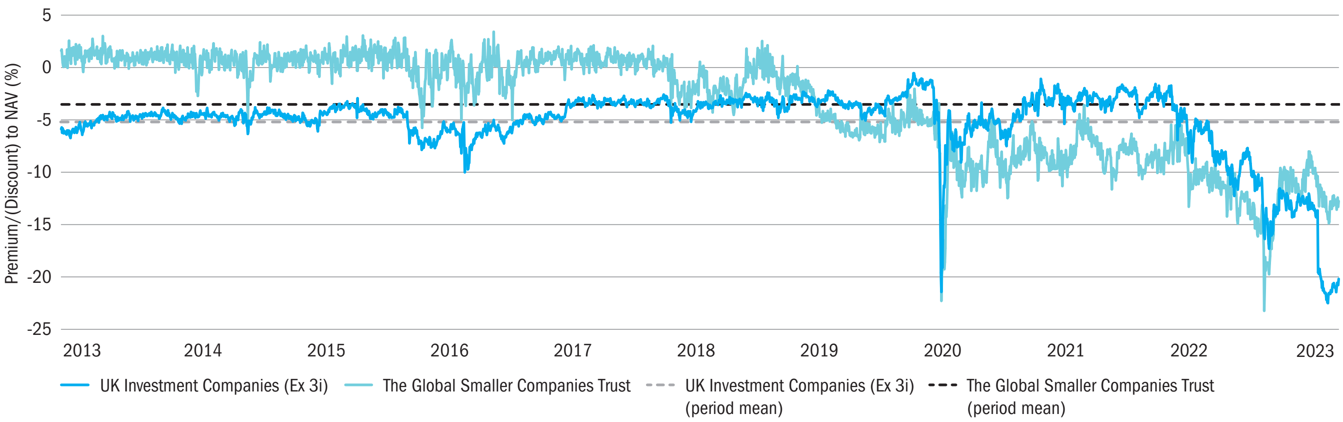
While recognising that share buybacks may not have much impact on our discount in an environment where other investment trust discounts are widening, the Board continues to believe that a consistently applied buyback approach is in shareholders' best interests, providing liquidity for those in need of an exit along with NAV accretion to remaining holders. Over the year, some 24.6m shares which represented 4.5% of the starting share capital (2022: 26.2m), were repurchased across some 196 trading days, enhancing the NAV by 0.4% in the process. The chart on the next page illustrates the Company's discount (and premium) over the last 10 years and that of the wider investment trust sector, providing a reminder that discounts/premiums in the investment trust space are cyclical.

During the course of the year, the Manager has stepped up marketing activity over a number of channels and is working to enhance the messaging around the core investment proposition, highlighting the investment management team's approach to stock selection, which focuses on quality and valuation discipline across a diversified smaller company portfolio. Generating more interest in the Company's shares from both existing and new investors, together of course with good investment performance, will be key in helping to address the discount in the medium term.

The Benchmark

In April the Board announced a change to the Company's Benchmark with effect from 1 May 2023 for the new financial year. The Benchmark return has been calculated from the blended returns from UK and international small cap indices, with the former and latter having a 30% and 70% weighting respectively. Over the years, the share of

(Discount)/premium compared to UK Investment Companies (ex 3i) over 10 years



Source: Columbia Threadneedle Investments

the Company's portfolio invested in domestically listed stocks has been on the decline, reflecting the evolution of the global investment universe. Essentially the UK market has become a smaller part of the total world stock market capitalisation with other markets, particularly in Asia, now offering a wider set of opportunities in the smaller quoted arena than historically. The weighting in the Benchmark calculation therefore has been adjusted, making the new Benchmark: 20% Numis UK Smaller Companies (excluding investment companies) Index/80% MSCI All Country World ex UK Small Cap Index. To take account of the withholding taxes that the Company pays on some overseas dividends, the calculation of the MSCI index returns will now be measured on a net of tax basis (previously gross returns have been used).

The returns from the Benchmark used for 2022/23 were -2.1%. Longer-term cumulative performance total returns from the NAV, Benchmark and share price are shown in the table below. The compound annualised NAV and share price returns over the last 25 years are 9.2% and 9.6% respectively, well ahead of the 3.4% Retail Prices Index annual increase over the same time-frame.

Performance: Total returns over the long-term

	1 year %	3 years %	5 years %	10 years %	25 years %
Company NAV total return	-2.9	43.3	28.2	144.6	811.1
Benchmark total return	-2.1	46.1	29.3	137.2	665.2
Company share price total return	-6.2	35.3	11.8	110.8	897.5

Source: Columbia Threadneedle Investments

Costs and management fee

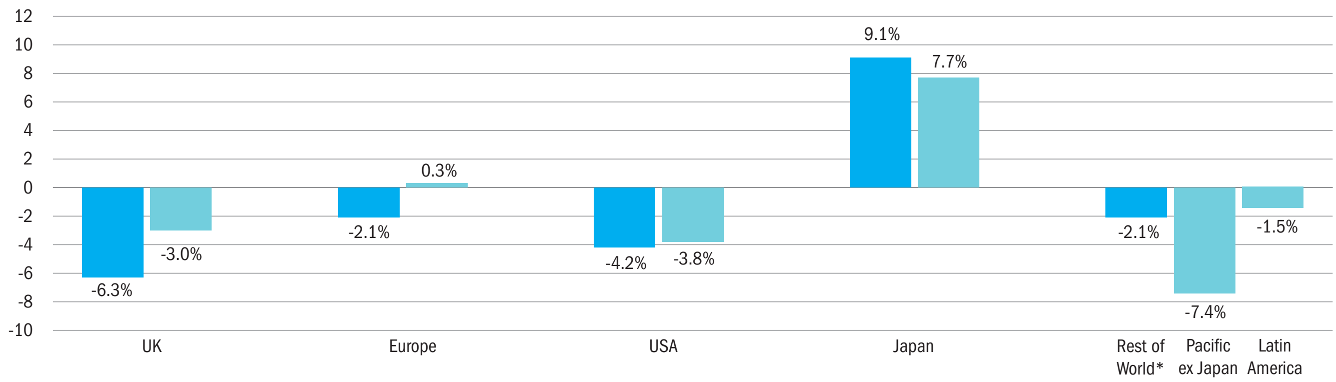
Ongoing charges were up over the year, moving from 0.75% to 0.79%, mainly reflecting the lower average daily net asset level. These remain low compared to many smaller company funds in the market.

The Manager has been paid a management fee of 0.55% per annum of the Company's net asset value, which is reduced to 0.275% in respect of the market value of investments held in third party collective funds. Following constructive discussions with the Manager, the Board has agreed to introduce a tiered element to the management fee. With effect from 1 May 2023, net assets outside of collectives in excess of £750m will be charged at a reduced rate of 0.5% per annum, with any investments made in third party collective investment schemes remaining subject to a charge of 0.275% per annum of the month end market value of those investments.

Dividends

Although capital growth has been harder to come by in more recent times, income returns have been much more positive. Revenue returns per share for the year rose by no less than 28.6% as income from both UK and overseas based holdings grew strongly, helped by a post-pandemic profit bounce-back. Following on from the 10.5% increase in the interim dividend, the Board has decided to recommend the payment of a final dividend of 1.67p, meaning the full year payment will be up by 25.0% to 2.30p. This will be paid to shareholders on 4 August and will be the 53rd consecutive increase in the Company's dividend. At a time when inflation remains elevated, it is pleasing that the payout is well up in real terms and this is also a good sign of the confidence that investee company management teams have in the future of their businesses.

Geographical performance (total return sterling adjusted) for the year ended 30 April 2023



Source: Columbia Threadneedle Investments

*Performance of the Rest of World portfolio is shown here against both the Asian and Latin American smaller company indices.

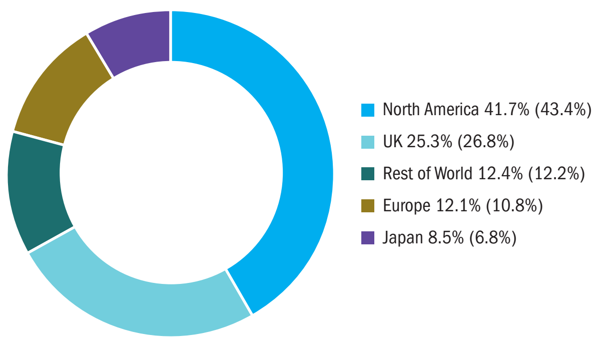
Market and portfolio performance

The Manager's review starting on page 8 covers the year's performance in more detail. This year we have included another section which outlines the core tenets of the Manager's investment philosophy and approach, illustrated with some individual case studies.

It is fair to say that the environment for investing has changed considerably in the last couple of years, with the period of ultra-low interest rates seemingly behind us for a while. Inflationary pressures – initially stemming from higher commodity prices, supply chain problems in relation to the pandemic and the war – have been augmented as a result of tight labour markets in much of the developed world. The process of consequent interest rate normalisation is clearly creating issues at both a sector and company level, as evidenced by the recent collapse of a number of US banks. Highly leveraged businesses have found themselves facing significantly more expensive finance costs and loss-making or more speculative businesses are finding support from both equity and debt markets less forthcoming. In essence, market conditions are increasingly favouring higher quality and lower risk businesses. Merger and takeover activity has slowed in the past year in the face of the higher interest rates, but a number of the Company's holdings were still the subject of approaches this year.

The table above shows how our regional portfolios performed in the year compared with the relevant local smaller company indices. As mentioned above, smaller companies were not immune to the impact of higher interest rates and slower global growth data. Relative to the local small cap market returns, we were a little behind in North America though it should be recalled that this followed a stellar year here in 2021/22 and indeed during the second half of 2022/23, the portfolio outperformed significantly after having had a more difficult period last summer. We were more meaningfully behind in the UK and Europe as stock selection proved challenging. The best returns by far came from our holdings in Japan, where our largest fund holding managed by Eastspring performed very well. In the Rest of World portfolio of collective funds, we were pleasingly ahead of the Asian small cap index return which is where most of our exposure in this part of the portfolio is orientated. The Manager's Review highlights some changes being made to the comparator smaller company indices for North America and Europe with effect from the new financial year.

Geographical distribution of the investment portfolio as at 30 April 2023



The percentages in brackets are as at 30 April 2022

Source: Columbia Threadneedle Investments

Asset Allocation

Regional allocation made a small positive contribution towards the overall relative performance of the Company in the year. Over the course of the year, there were no dramatic changes to the geographic weightings of the portfolio, though the exposure to North American listed stocks fell back in the second half as the Manager became less optimistic on the outlook there, in part due to the possibility for a pull-back in the US dollar.

The table below shows the weightings of the portfolio against the new Benchmark.

Geographical weightings of the portfolio and the revised Benchmark

	Portfolio weight (%)	Benchmark weight (%)
UK	25.3	20.0
Europe	12.1	10.5
North America	41.7	45.5
Japan	8.5	8.7
Rest of World	12.4	15.3

Source: Columbia Threadneedle Investments

Gearing Policy

Although equity market performance has been uninspiring more recently, the Board remains of the view that making use of borrowing powers over the long term will serve to enhance shareholder returns. At the end of the year, effective gearing was 5.2% compared to 4.6% a year earlier. Borrowings were made up of £35m of 2.26% sterling loan notes maturing in 2039 and £17m equivalent drawings in US dollars, yen and euros under our revolving credit facility. The fair value of the loan notes fell by £10.4m in the year, reflecting the rise in market yields, with the 2.26% rate now looking highly attractive compared to prevailing market rates.

Environmental, Social and Governance ('ESG')

While your Company is not an ESG badged fund, the fund management team take close account of ESG factors in making their stock selections. Over the course of the last year input in this regard from the Manager's Responsible Investment team has continued to be helpful, with regular updates provided to the fund managers on specific topics of interest and new ESG developments. Engagement with the management teams of companies held in the portfolio is continuous and once again some practical illustrations of this work are outlined in the Responsible Investment report on pages 22 to 25.

Composition of the board and committees

The Board comprises five directors and maintains plans for orderly succession, ensuring that the right balance of skills, experience, knowledge, independence and diversity are in place for the Board to operate effectively, as a whole. It currently meets the FCA diversity requirements relating to gender diversity and is committed to meeting the target of at least one director being from a minority ethnic background in the course of 2023.

David Stileman will stand down from the Board in October this year. On behalf of the Board I would like to thank him for his contribution since his appointment in 2015 and we wish him well for the future. The process to recruit his successor is underway.

Annual General Meeting

The Annual General Meeting will take place at The Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Friday, 28 July 2023 at 12.00 noon. We hope as many shareholders as possible will attend. The Lead Manager will, as usual, give a review of the year together with his view on the outlook. We will also be streaming the meeting live on the internet so that those shareholders who cannot attend in person will be able to view the proceedings. The live stream can be accessed by registering here: https://www.investormeetcompany.com/the-global-smaller-companies-trust-plc/register-investor

Voting at this year's AGM will be conducted by way of a poll and, therefore, you are requested to lodge your votes ahead of the meeting by completing your Form of Proxy or Form of Direction in accordance with the instructions shown thereon. Their completion and return will not preclude you from attending the meeting and voting in person. Shareholders who are unable to attend the AGM are requested to submit any questions they may have with regard to the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to gscagm@columbiathreadneedle.com. Following the AGM, the Lead Manager's presentation will be available on the Company's website globalsmallercompanies.co.uk.

Outlook

As always it's hard to predict how markets will perform looking ahead, but it seems likely that the path of inflation and interest rates in the next few months will have a large bearing on equity market trends. The lagged impact of previous rate hikes will be a headwind in the coming period for the global economy. Having said this, the Manager is continuing to find opportunities in the markets, helped by the pullback in valuations and by the increased depth of investment research capabilities within the enlarged Columbia Threadneedle Investments business. The Board remains confident in the medium term returns prospects for your Company given the underlying dynamism within the global smaller company sphere. Now that the prolonged period of low interest rates and "easy money" has come to an end, your Manager's focus on quality companies with strong balance sheets is starting to pay off.

Anja Balfour
Chairman
22 June 2023

Lead Manager's Review

"The last couple of years have taught us a lot about the fundamental resilience and quality of individual company's business models, which have been given a proper examination by the pandemic and the re-emergence of meaningful inflation. On the whole, we have been impressed by how the management teams of our holdings have coped."

Peter Ewins, Lead Manager

A year ago I expressed the hope that the conflict in Ukraine could be short-lived, but very sadly this has turned into a protracted war of attrition, so the global economy has had to adjust to this reality. In fact, the speed with which Europe has moved to diversify its supply-chain in relation to gas has been impressive and a fortunately mild winter helped to prevent a more serious economic impact. The progressive ending of restrictions on activity following the lengthy pandemic also served to support the growth outlook. Ultimately, however, the surging cost of food, energy and knock-on impact to labour costs made for a challenging year on a global basis.

The performance of equity markets was somewhat disappointing, with the Benchmark and NAV falling by 2.1% and 2.9% respectively, the second year in a row that both have been in negative territory. After beating the Benchmark last year, it is disappointing to be reporting slight underperformance this time, but we take some comfort from the fact that our performance was better than the average global smaller company investment trust performance and many open ended peers over the year. As was the case last year, our investment income was strong, growing well past pre-pandemic levels and allowing the Board to recommend an inflation beating 25.0% increase in the annual dividend.

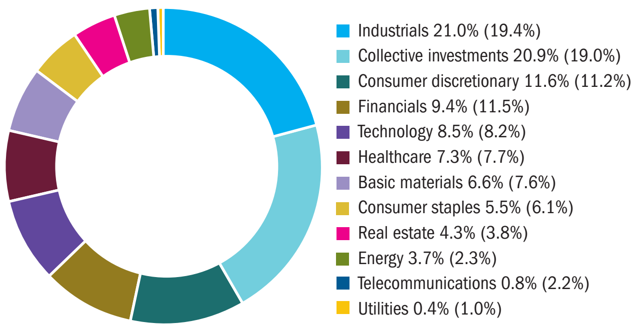
The main debate in financial markets over the year was around the likely longevity of the period of higher inflation and the consequent outlook for interest rates. The speed and extent to which rates have moved up in the US surpassed expectations from a year ago. This normalisation of monetary policy combined with a move to quantitative tightening in the US has squeezed liquidity in financial markets and forced other central banks to react in a similar fashion.

Rising interest rates pressured valuations of more speculative stocks in the markets and companies with high leverage were also out of favour as they faced more expensive debt servicing costs. Takeover activity slowed in comparison to last year as private equity companies faced higher financing costs and we saw less of our holdings acquired in the year with just 6 taken over compared to 17 last year.

At the individual company level, it was a complicated year for management teams to navigate. Uncertainty over consumer behaviour, given cost of living strains, volatile ordering patterns as distortions in relation to the pandemic fed through and rising costs placing pressure on margins were all factors contributing to a more uncertain corporate earnings picture. It is perhaps not surprising therefore that we have seen more profit warnings come through in recent months in the portfolio and across the markets as a whole.

The performance table on page 9 shows that this was a challenging year for us in stock selection terms within the UK, European and North American portfolios. In relation to North America, we did however deliver a much stronger relative performance in the second half of the year after a tough time in summer 2022. More positively, we posted outperformance in Japan and more meaningfully so on the Rest of

Industrial classification of the investment portfolio as at 30 April 2023



The percentages in brackets are as at 30 April 2022
Source: Columbia Threadneedle Investments

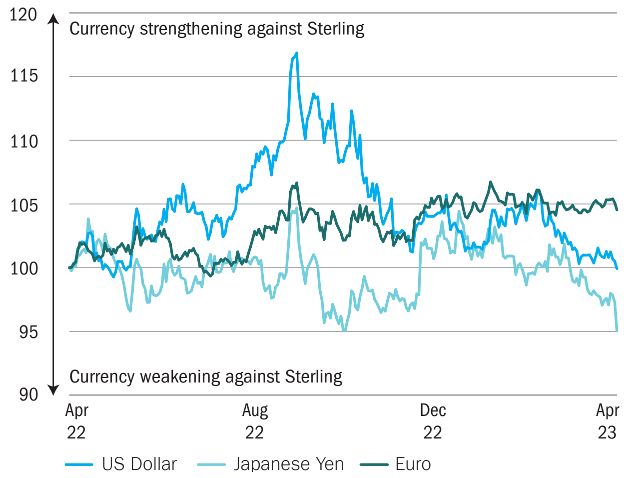
World portfolio when compared to the Asian small cap index, the region to which this portfolio is most exposed. More detail around what drove the relative performance of all the portfolios in the year appears in the coming pages, but taking a longer term view, it is good to see that, over 15 years, all parts of the portfolio are ahead of the local benchmarks.

In relation to benchmarking, the Chairman's statement covers the change announced to the overall Benchmark index for the new financial year. As part of our regular review of comparator indices, we have also decided this year to change the benchmarks we use to compare our North American and European portfolio performance. In both cases we are moving to use MSCI indices, to bring the sub-portfolios into line with the global element of the Company's Benchmark. For North America, we will now compare ourselves against the MSCI North American Small Cap Index, while for Europe it will be the MSCI Europe ex UK Small Cap Index. In all cases for the international markets we will use net returns indices rather than gross returns. Net returns indices incorporate the impact of withholding tax on dividends from companies in the index.

Over the year, our exposure to Europe and Japan increased at the expense of North America. Europe appears to have avoided a deep recession and Japan is not facing the higher interest rates of elsewhere. The US banking sector turmoil has hopefully ended, but we think that it is possible that the protracted period of dollar strength could have run its course while the risks of a US recession in late 2023 have risen.

The sector weightings in the pie chart on page 8 are essentially the result of individual stock selections, but we have felt that valuations of many industrials stocks have become attractive, notwithstanding pressure on near-term earnings forecasts from the global slowdown and de-stocking effects. We have added to energy related investments

Currency movements relative to sterling in the year ended 30 April 2023



Source: Columbia Threadneedle Investments

in the year as we feel that there will be a period of higher investment in that space to take account of the geopolitical situation and past under-investment. We cut exposure to financials and materials stocks in the year. Some of this was profit taking following strong relative performance of a number of holdings.

Gearing was maintained during the year in line with the Board's policy to make use of borrowings through the cycle to enhance shareholder returns. At the year end the effective gearing, taking account of short-term liquidity, was 5.2% compared to 4.6% twelve months earlier. The Company benefits from a competitive cost of borrowing as a result of the 20 year £35m private placing undertaken in 2019 at 2.26%.

In the regional reviews that follow, performance numbers in relation to the portfolio and indices are all expressed in sterling total return terms, while individual company performance is shown in local currency terms.

Table of total returns (sterling)

	1 year		3 years		5 years		10 years		15 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
UK	-6.3%	-3.0%	34.0%	40.0%	8.1%	8.0%	146.6%	87.7%	315.6%	208.3%
Europe	-2.1%	0.3%	29.5%	43.6%	23.0%	28.6%	134.8%	169.8%	252.4%	216.5%
North America	-4.2%	-3.8%	51.0%	40.6%	54.6%	34.3%	199.3%	164.8%	569.3%	378.6%
Japan	9.1%	7.7%	16.8%	15.0%	-1.3%	5.0%	104.2%	103.8%	246.0%	240.2%
Rest of World*	-2.1%	-7.4%	38.3%	52.1%	20.7%	26.1%	50.1%	78.4%	208.5%	135.9%

*Rest of World performance is compared against the MSCI All Countries Asia Pacific ex Japan Small Cap Index
Source Columbia Threadneedle Investments

UK Review	One year
Portfolio Performance	-6.3%
Numis UK Smaller Companies (excluding investment companies) Index	-3.0%
FTSE All-Share Index	6.0%

This was a difficult period for our UK portfolio with domestic smaller company shares falling in value for the second consecutive year and we underperformed against the Numis index for only the second time in the last 13 years. As in the previous year, larger stocks did considerably better, helped by a greater exposure to international markets at a time when the UK economy faced notable headwinds.

While higher inflationary pressures were not just a UK phenomenon, the more material impact from higher energy and food prices and a tight labour market have meant that UK consumers have felt more of a cost of living squeeze. The need to address inflationary pressures required the Bank of England to raise its base rate from 0.75% to 4.25% over the year.

While the year clearly had challenges, we had a lot of strong performers on the portfolio. In support services we were helped by bids at large premiums for consultancy business **RPS Group** and waste management company **Biffa**, with the former being the best overall contributor to performance in the year. A new holding in **Ashtead Technology**, which provides specialist equipment and services into the offshore energy and renewables sectors, did excellently in its first year. This is a strong business in an attractive niche area, with good visibility for the next couple of years as the UK and other countries invest heavily in energy transition and the company is further profiled on page 20. It was also pleasing to see that the purchase in the previous year of a holding in **Ricardo Group** paid off with a 64.8% share price rise. This company is also exposed to the energy transition dynamic, alongside other environmental consultancy areas.

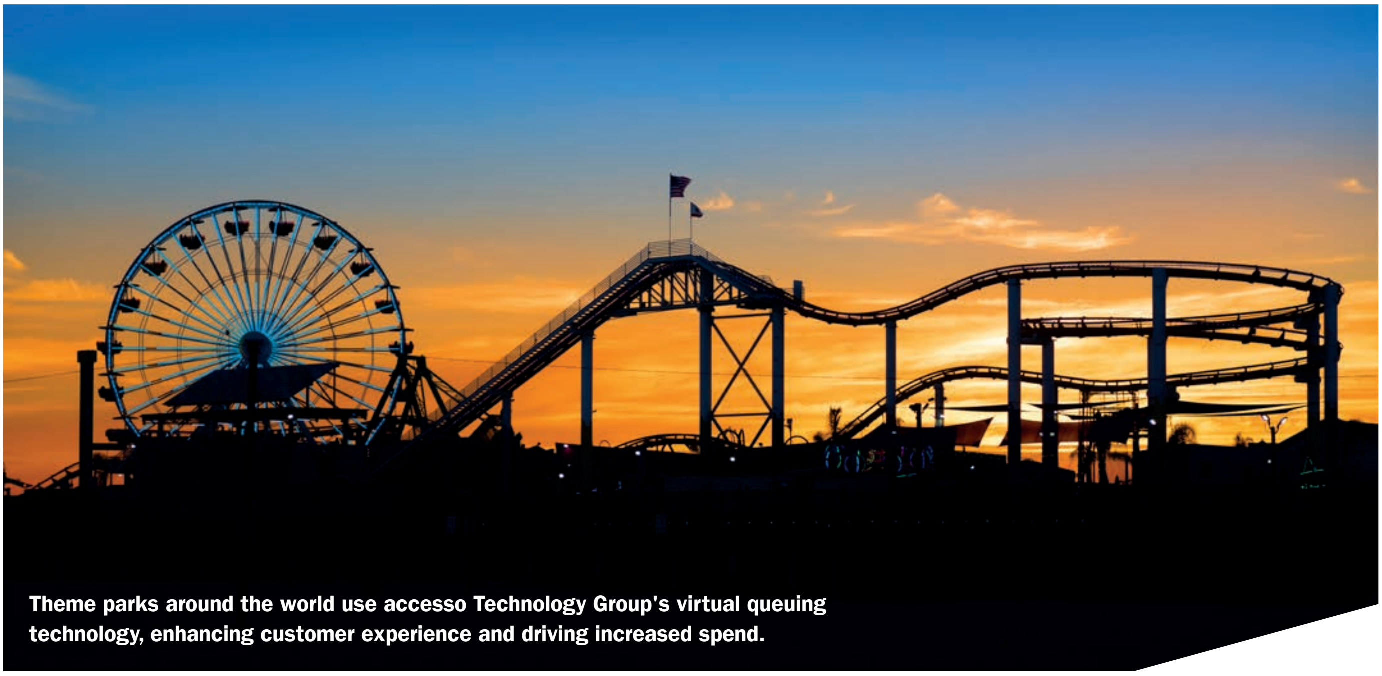
In the media arena, we benefited from **Euromoney Institutional Investor's** takeover by private equity. Shares in promotional products company **4Imprint Group** had an outstanding year, up 65.2% as new marketing initiatives paid off. **Moneysupermarket.com** shares rose 56.6% as consumers' use of the platform increased. Elsewhere, **Kitwave Group**, a wholesale supplier of confectionery and other food and beverages products into the independent convenience store channel, rose 76.0% as it managed to beat expectations and successfully executed a couple of bolt-on acquisitions, gaining more investor attention as a result. In a tough market for industrial companies given de-stocking and margin pressures **Vesuvius**, the materials technology company serving the steel and foundries sectors, delivered a robust profits performance due to its strong management and pricing power.

Stock selection was disappointing in some of the consumer facing sectors. While the cost of living pressures were bound to create issues, a number of holdings produced results much worse than we had expected. **Revolution Beauty**, which targets the mass market beauty and personal care products market, slumped after revealing accounting and trading issues and we exited but not before taking a large loss. We also exited online fashion business **In The Style Group** as its sales and margin performance significantly undershot expectations. **Hotel Chocolat** shares fell steeply as the company decided to pull back from international expansion and focus back on its core UK operations. While this may be the right call, for us it undermined a core part of the original investment case and we decided to sell this holding too.

Within financials, **Molten Ventures** fell by 59.6% as concerns grew around the valuation outlook for the company's portfolio of unlisted technology orientated businesses. Fellow venture capital and asset management company **Mercia Asset Management** dropped 23.9% for the same reason, despite reporting good results, with growth in assets under management and some positive realisations achieved. Our holdings in real estate were inevitably hurt by the impact of higher interest rates on capital values, with **CLS Holdings**, **Sirius Real Estate** and **Warehouse REIT** all falling by more than 20%. We see value in the sector after its period of weakness and added a new holding in **Workspace Group**; this company, which we have held previously, provides flexible leasehold space for small businesses in London and the South East and is presently delivering near double digit underlying rental growth on the back of strong occupancy levels.

In terms of other stocks which struggled in the year, **CMO Group**, the online business serving the building materials sector, was impacted by slower than expected top line growth as building activity moderated. Food and beverages ingredients business **Treatt** saw sales growth slow last summer, hurting its share rating, although more recent trading news has been better. Media consultancy business **Next 15 Group** has been a strong performer for us in recent periods but suffered a de-rating this year, in common with many other growth stocks, despite producing good results. Shares in consumer health products company **Alliance Pharma** dropped 44.1% as historic issues and more recent lacklustre trading undermined sentiment.

The year saw us add quite a lot of new holdings to the portfolio. Our general approach has been to look to increase the quality of the portfolio given the relatively tough economic backdrop. A number of the new holdings we have actually held before, including heat treatment company **Bodycote**, specialist plastics supplier **Victrex**, media business **Ascential**, pet products retailer **Pets at Home** and **Lancashire Holdings** in insurance. Other new holdings offering what we think is attractive medium term growth potential include **accesso**



Theme parks around the world use accesso Technology Group's virtual queuing technology, enhancing customer experience and driving increased spend.

Technology Group which sells specialist ticketing and queueing software services into the global leisure sector and hospital group **Spire Healthcare**, benefiting from the backlog of operations following the pandemic. Shares in optical components supplier **Gooch and Housego** and, within the building materials sector, **Marshalls** and **SIG Group** offer scope for recovery as demand levels recover.

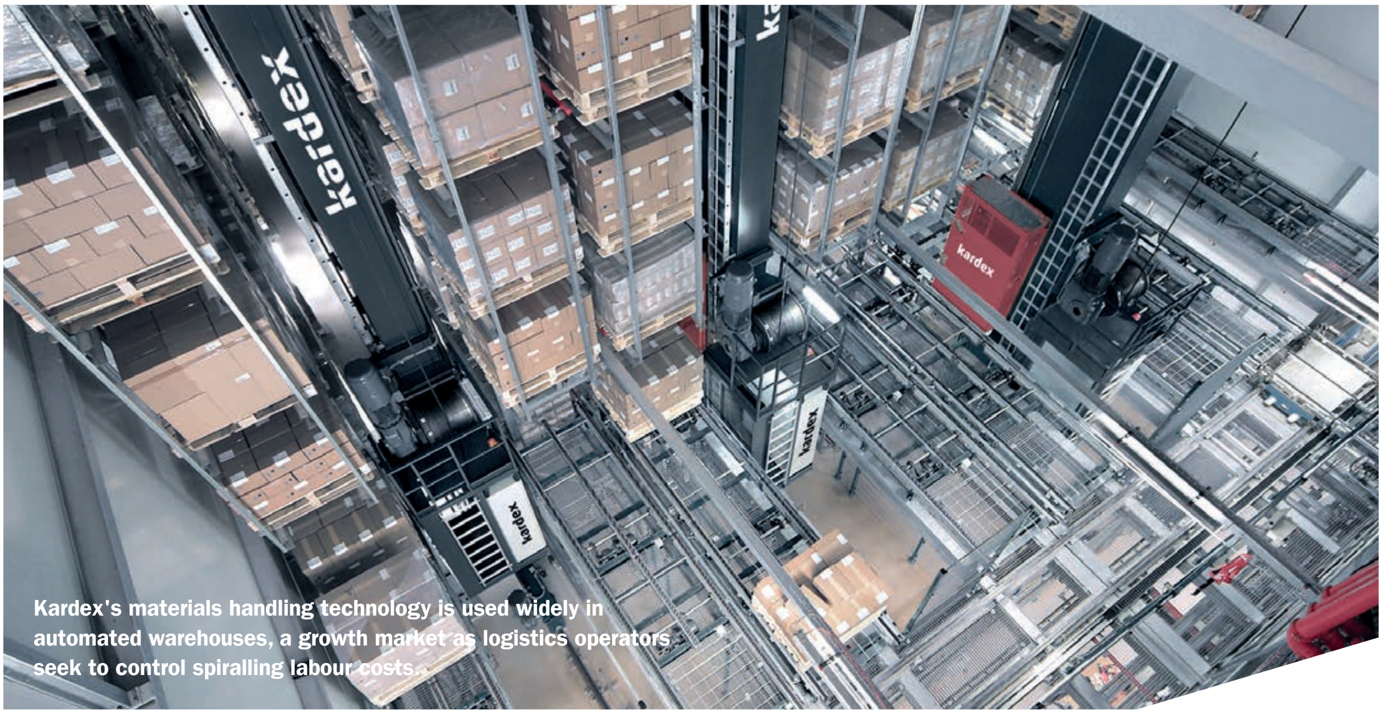
European Review	One year
Portfolio Performance	-2.1%
Euromoney Smaller Europe Ex UK Index	0.3%
FTSE All-World Developed Europe ex UK Index	13.1%

While performance improved later in the year, our European portfolio underperformed the benchmark, principally due to the rotation away from growth stocks. As in the UK, in aggregate terms smaller companies underperformed their larger counterparts by a wide margin as liquidity conditions tightened.

In addition to the style rotation headwind, some of our holdings that had performed well through the COVID pandemic suffered from weak demand. While we had expected a more difficult environment for these companies, the challenging comparables ultimately proved overwhelming. This was particularly the case for our consumer related holdings, with our worst contributors being **Thule Group**, which develops products for active lifestyles and **MIPS**, the helmet technology business, which fell 14.8% and 21.8% respectively. Trading has been disappointing because of high inventories at cycling retailers, the main route to market for both companies. Encouragingly, the first quarter of 2023 reports for both companies pointed towards an improving situation in this regard and sales should therefore recover over time. **Fluidra**, the swimming pool equipment company, faced a similar problem. A booming pool market in recent years, coupled with global supply chain problems, saw both retailers and pool constructors over-order equipment. We are starting to see a stabilisation in the end market and would therefore expect to see better profit momentum from here.

One of our larger positions, **Karnov Group**, the legal information provider also had a difficult year. While operational performance was reasonable, share price weakness can be explained by the market's concern over the company's relatively high financial leverage, given higher interest rates. Other poor performers of note were in industrials. **Norma Group**, the German auto parts supplier, underperformed after another disappointment on profit margins. We no longer believe that they will return to the previous profit levels, so have sold our position. **Sdiptech**, the Swedish industrial consolidator, also had a challenging time falling 31.8% in the year. Operational performance was slightly weaker than expected with one of their recently acquired companies, **Rolec**, an EV charging business, undershooting expectations.

While, in aggregate, our technology and healthcare holdings performed well, we also had some isolated disappointments. Of note was **STRATEC**, the diagnostics equipment supplier, which released very poor results demonstrating a lack of ability to pass on higher



Kardex's materials handling technology is used widely in automated warehouses, a growth market as logistics operators seek to control spiralling labour costs.

costs and as a result we cut our holding. **Nordic Semiconductor**, the leading low power blue tooth chip supplier, fell 39.9%, hurt by a profit warning citing a disappointing consumer electronics outlook. We had expected a softer market to be offset by recently announced customer wins, but this proved too optimistic. We are, however, holding on given that Nordic's technology and market position remains strong.

Turning to positive performers, two of our healthcare holdings, **Gerresheimer**, the pharmaceutical packaging company, and **Tecan Group**, the diagnostics workflow equipment producer, stood out. Gerresheimer has done well as investors have warmed to the strategy to invest into more profitable, faster growing areas and the shares rose 48.6%. Strong results from Tecan and an upgrade to guidance saw the shares re-rate later in the period to end up 31.2% despite weakness earlier on given the general style rotation.

Our technology holdings also delivered well. Within IT services, both **Alten**, the French listed outsourced R&D supplier, and **Atea**, the Scandinavian value-added IT reseller, performed strongly after delivering encouraging operational results; the former on the back of improvements in industrial output in Europe and the latter on the continued corporate investments in digitalisation, a long-term theme we are happy to back. Within semiconductors, both the equipment suppliers, **ASM International** and **BE Semiconductor Industries** (a new holding) did well. Investments in semiconductor equipment are growing due to a combination of demand from a proliferation of connected devices and more localisation of production due to geopolitical concerns.

While our performance in financials was mixed, our banking exposure was a plus point. Long standing holding, and one of our largest positions, **Ringkjoebing Landbobank**, had another good year as it delivered better than expected results. It was also gratifying to see another of our newer positions, **Bank of Ireland Group**, delivering a 61.6% rise, the best performance in the portfolio. A combination of an attractive valuation, a strong position in a consolidated Irish market with an encouraging local economic backdrop, leverage to improving interest rates and strong operational results, saw the shares move up nicely.

Good consumer staples franchises were generally in favour given the macro-economic situation. In our portfolio, **Lotus Bakeries**, the Biscoff brand operator, and two new holdings, **Viscofan**, the global leading producer of synthetic sausage skins, and **Glanbia**, the Irish listed sports nutrition and nutritional ingredients company, all outperformed by a good margin. Within industrials we also saw good performance from our bottle manufacturing companies **Verallia** and **Vidrala**, the Italian hydraulics and high-pressure pump producer, **Interpump Group** and the leading combi-steamer oven brand business **Rational**.

It was a relatively busy year for idea generation. In aggregate, our new holdings performed strongly. We used the market volatility to buy into the industrial businesses **Engcon** and **Kardex** and the drinks companies **Davide Campari** and **Remy Cointreau**. Engcon is the leading tiltrotator producer globally. Tiltrotators sit between an excavators' arm and the bucket, allowing greater productivity for the operator. While highly penetrated in the company's home market of Sweden, the attachment rate elsewhere is limited, leaving the potential for significant long-term growth. Kardex is a leading intra-logistics automation company, providing efficiency solutions to manufacturers through better management and retrieval of stock. Campari and Remy are fantastic long-term brands with unique heritages, which are penetrating deeper into markets outside their home geographies.

North American Review	One year
Portfolio Performance	-4.2%
Russell 2000 Index	-3.8%
S&P 500 Index	2.7%

The Russell 2000 smaller companies index fell 3.8% over the financial year and underperformed the broader market indices, with the environment of rapidly rising interest rates from the Federal Reserve favouring perceived lower risk stocks. Over the year, the best performing sectors within the US market were industrials, healthcare and utilities, whilst the worst performing sectors were real estate, financials and technology. The portfolio slightly underperformed over the year, although it was a year of two halves with weakness in the first six months almost made up in the second half. Good stock selection in financials, industrials and consumer discretionary was offset by adverse selection in consumer staples, telecommunications and healthcare.

The largest individual positive stock contribution came from **Eagle Materials**, a producer of construction materials such as cement and gypsum wallboard, with the shares up 20.2%. The company delivered strong earnings growth as materials price increases exceeded expectations and volumes remained resilient because of strong infrastructure project related demand. Long-term holding **LKQ Corp**, a distributor of automotive parts, demonstrated the resilience of its business in a challenging environment and rose 16.3%. Earnings and cashflow were supported by better than expected demand, strong cost control and astute management of working capital. **The Ensign Group** (an operator of nursing and rehabilitative care facilities) reported better than expected earnings as it maintained high levels of patient occupancy and continued to find underperforming assets to buy to turn around. Our longstanding involvement with this Company is discussed on page 21. A late year rally in the gold price, on hopes that interest rates might be close to peaking and on safe haven grounds, lifted our holding in precious metals streaming company **Wheaton Precious Metals** by 10.1%.

While the level of takeover activity faded somewhat, **Focus Financial Partners**, a consolidator in the wealth management industry, found itself the subject of a bid late in the year from private equity. While the price was underwhelming, we have sold out as the transaction is set to go through. **Graphic Packaging**, a producer of paperboard-based packaging rose 13.1% as a result of strong demand as customers switched to more environmentally friendly packaging substitutes, with price increases also exceeding expectations. Contract logistics provider **GXO Logistics** benefited from wider investor recognition as its technology enabled platform drove new contract wins. **Kirby**, an owner and operator of tank barges, was helped by the much talked about 're-shoring' trend as utilisation and day rates climbed in the company's inland barge business. **Amdocs**, a provider of customer care and billing systems saw an acceleration in growth from 5G telecommunications related activity.

There were inevitably some disappointments. In the consumer area, **Spectrum Brands** shares fell 21.8%, as the company faced a period of destocking, supply chain challenges and regulatory related delays in the closing of the sale of its hardware and home improvement business. While exposed to tailwinds from health and wellness trends, healthier foods company **Real Good Foods** and dieting networks business **Medifast** both underperformed as business levels failed to meet expectations.

Infinera (a manufacturer of optical telecommunications equipment) faced a challenging spending environment for its customers, making it difficult for the company to achieve its margin expansion objectives. **Viavi Solutions**, a provider of communications network testing equipment was similarly hurt by sluggish demand from customers. **MaxLinear**, which produces semiconductors for the broadband communications industry, suffered from an inventory correction in the area of home connectivity products. Technology spend weakness also hurt our holding in security software services company **Cognyte Software**, where revenues booked in 2022 proved weak, though they have improved more recently.

Within healthcare, two holdings suffered in the year. Contract research organisation **Syneos Health** saw a deterioration in sales as the company's commercial strategy failed to gain traction and the funding environment for biotech customers worsened. The company has agreed a takeover from private equity in May. **Catalent**, a provider of drug delivery technology faced some manufacturing challenges, saw the departure of its CFO and reduced earnings guidance in its biologics business, driving the shares down 44.7%. Elsewhere, **GrafTech International**, a producer of graphite electrodes for steel production was forced to temporarily suspend operations at its Monterrey plant for environmental reasons and the company was also adversely affected by a cyclical decline in graphite electrode prices. **SSR Mining** experienced some operational challenges at its


Curtiss-Wright is a critical components supplier to the nuclear power industry with the picture showing the Company's Reactant Coolant Pump Test facility.

Source: Curtiss-Wright

mine in Turkey. **Bristow Group**, a provider of helicopter transportation to offshore locations such as oil rigs suffered from weakness in the UK North Sea sector. Finally, **Webster Financial**, a Connecticut based bank was caught up in the wider sell-off in US regional banks following the collapse of SVB Financial Group.

In the year, several high-quality businesses that offer reliable long-term growth de-rated from elevated valuations as bond yields rose. This presented the team with opportunities to invest into some of these companies at attractive valuations. **Curtiss-Wright** holds sole source positions in mission critical products such as valves, actuation systems and electronics; barriers to entry into these niche businesses are very high. Growth can come from a continuation of the aerospace cycle, increased spending on defence and retrofitting and build out of nuclear power plants. GXO Logistics, mentioned previously, was also added as we see it as well placed to gain more market share and benefit from the ongoing e-commerce trend. Our constructive stance on commodity exposed names is predicated on a long period of limited supply growth, new-found capital discipline from industry incumbents and the prospect of improving demand from long-term demand drivers such as energy transition and the upgrading of infrastructure. We added two energy related companies to the portfolio: **Kosmos Energy** and **Vitesse Energy**. The former owns and operates attractive oil and liquified natural gas assets in the Gulf of Mexico and West Africa with very good production growth prospects and a strengthening balance sheet. Vitesse Energy was spun out of current portfolio holding **Jefferies Financial Group**; management has a good track record of investing in high return projects in the US and returning the resulting cashflow to shareholders.

Sales in the year included **CommVault Systems** (data management software) and **Haynes International** (specialty alloys) with shares in both cases reaching a full valuation. In the logistics industry we switched from **CH Robinson Worldwide** to GXO Logistics as we believed the latter would offer superior growth. We concluded that the investment thesis was broken for Infinera as the company's significant spending on research and development had failed to lead to an acceleration in organic revenue growth.

Japanese Review	One year
Portfolio Performance	9.1%
MSCI Japan Small Cap Index	7.7%
Topix Index	6.2%

The Japanese small cap market led the way this year, delivering a strong showing in comparison both to the other international markets and to the larger company universe within the country's stock market. Pleasingly, our portfolio outperformed.

While Japan has been less in the news than other parts of the world, this has been a year of some significant developments for the country. A cautious approach to the pandemic was eventually eased with the borders re-opened, allowing the resumption of business travel and the important tourist trade. China's belated re-opening too is an important boost to the Japanese economy, which may now grow faster than the US and Europe in 2023. While not reaching the heights of elsewhere, Japan has seen a return to meaningful inflation, something that the authorities have been seeking to create for many years to end the damaging cycle of deflation. Perhaps more interestingly, wage inflation has at last also picked up pace, in the face of persistent labour shortages.

The move into a period of higher inflation has inevitably raised questions about the Bank of Japan's monetary policy approach which has, up to now, involved maintaining interest rates at -0.1% and targeting 10 year Japanese government bond yields at no more than 0.5%. In a world where other central banks have raised interest rates significantly, the yen has unsurprisingly been weak for a long time. However, there are signs that under a recently appointed new Governor of the Bank, there could be some evolution to policy. Our view is not to expect too much change in practice as it is not yet clear how sustained the increases in prices and wages will be in the country, which has lived with deflation for so long.

As a consequence of the lack of movement in local interest rate policy, the stock market was not undermined like others by a rising cost of capital and corporate earnings as a whole have been supported by the weak yen as far as the exporters are concerned. The other interesting equity market related development to highlight in the year was the move by the Tokyo Stock Exchange to encourage reform at companies valued at less than book value. Such companies are encouraged to communicate their specific plans to enhance return on capital, one way of which could be to buy in shares using surplus cash on balance sheets. We are already seeing evidence of a higher level of share buybacks and increased dividend distributions. Around 40% of small cap companies trade at below book value still however, illustrating the value that there is in the small cap end of the market, notwithstanding the fact that some of these companies will be value traps. There is more activity in the market from activist investors looking to force recalcitrant companies to advance shareholder value friendly actions.

Perhaps unsurprisingly, lower valued stocks have therefore been in demand more recently with financials, including the banks, doing well on hopes of some movement at last in interest rates. There have also been tentative signs of more international interest in the market, including from Warren Buffett.

Looking at the performance of our portfolio, we continue to hold three funds managed by Eastspring, abrdn and Baillie Gifford, with different investment approaches from value to quality growth through to high growth. The combination provides a balanced approach to the market. Unsurprisingly given the commentary above, Eastspring's fund, which is our largest holding, performed well in a market environment favouring value names, with a sterling total return of 19.3%. Attribution data highlights stock selection as the main reason for the fund's strong year but there was also a contribution from sector positioning, with a lower exposure to healthcare and technology and higher allocations to some of the more cyclical areas, including the financials and industrials proving helpful. Given the market backdrop we added to our holding in this fund. abrdn in contrast had a difficult year, with disappointing stock selection in particular in healthcare and industrials. The focus on higher valuation holdings also worked against them at a time when such stocks saw a de-rating. Baillie Gifford's performance was perhaps unsurprisingly also negatively affected, with the general global pattern for investors to favour near term earnings more highly compared to profits further into the future, impacting on the value of some of the disruptive technology names held in this fund.

Rest of World Review	One year
Portfolio Performance	-2.1%
MSCI All Country Asia Pacific ex Japan Small Cap Index	-7.4%
MSCI EM Latin American Small Cap Index	-1.5%

The Rest of World in the context of the Company mainly revolves around Asia, incorporating both developed and emerging markets. Over the year, returns were better than this region's small cap index, helped by the fact that we also had some exposure to Latin American markets, which proved more resilient in the year.

Historically, the performance of Asian and broader global emerging markets has tended to be negatively impacted at times of US dollar strength. Recent times have unsurprisingly been difficult therefore and with US interest rates rising, there were concerns about how this and tighter global liquidity conditions would affect these markets. Given the breadth of countries we are talking about, there are bound to be exceptions, but in general terms we have been positively surprised by the relative lack of problems arising in the foreign exchange or stock markets of Asia and Latin America. In part, this was due to the fact that many countries had already moved their interest rates higher before the West's central banks made their moves. It is also fair to say that emerging markets' governments are already far more familiar with dealing with inflationary issues.

Given China's growing power in the regional and global context, what happens here sets the tone for Asian markets as a whole. As a result, the cautious approach by the authorities in China to the pandemic, with repeated local lockdowns and disruption to supply chains, understandably took its toll on the region. Rising geopolitical tension between the US and China in relation to the Ukraine conflict and subsequently around Taiwan, also impacted investor sentiment, as did further regulatory interventions into specific sectors such as education. Presently China is an outlier globally and regionally with local inflation close to zero, which is allowing easier monetary policy moves as the government seeks to stimulate job creation and stabilise the property market.

Outside of China, many of the other Asian economies have been doing better, with India in particular moving forward and benefiting from greater inward investment from multi-national companies seeking to diversify their supply chains away from China. The removal of most pandemic restrictions helped to stimulate better consumer spending across the region, although higher food prices have created significant local cost of living challenges. The best performing markets in the year included Singapore, Indonesia and Thailand, the latter helped by a return to tourist activity.

In Brazil, a messy and hard-fought election ended in victory for the left wing. To date, investors have been relatively relaxed about this and the Brazilian currency, the real, enjoyed a strong year versus the US dollar, supported by interest rates being raised to 13.75%. While there has been unrest in some neighbouring countries and metals commodity prices, which are important to Latin America's economy, have fallen, a reduction in inflationary pressures may allow central banks in Latin America to ease policy, especially if the US is heading in the same direction. Latin America remains a critical supplier of commodities important to the energy transition process and countries like Mexico are benefiting from near-shoring moves by US companies seeking to cut their dependence on China.

In terms of our portfolio of funds, there were two good performers in the year. **The Scottish Oriental Smaller Companies Trust** rose 4.6% on the back of excellent stock selection within China, Taiwan, India and Indonesia. Being overweight to high quality consumer businesses helped as the re-opening process post pandemic led to better trading conditions for these companies and more investor interest. Selection in other sectors, including industrials and technology, was also positive.

Utilico Emerging Markets Trust also made a positive total return. A focus on more defensive infrastructure and utility investments helped at a time of general economic slowdown but stock selection, even taking aside this boost, was encouraging. The Company's portfolio, well managed by an experienced team of specialist investors, continues to benefit from structural trends towards more investment into infrastructure assets in emerging markets, throwing off an increased dividend to its shareholders.

Not all the funds performed well however and we decided to focus the portfolio down onto four core positions, by selling out of funds managed by abrdn and HSBC during the year, both of which had been underperforming.

Outlook

The last couple of years have taught us a lot about the fundamental resilience and quality of individual company's business models, which have been given a proper examination by the pandemic and the re-emergence of meaningful inflation. On the whole, we have been impressed by how the management teams of our holdings have coped. Performance of the portfolio in 2022/23 was respectable particularly in comparison to peer funds, but it's fair to say that we were disappointed by the results from a number of holdings, necessitating the sometimes tough to make decisions to exit these names.

Looking ahead, the impact from higher interest rates will continue to impact upon economic activity, as it percolates through the system. High quality companies with strong balance sheets and cashflow remain best placed in this environment. At some point however, the long-awaited peak in US rates will become evident, and this could well lead to a change in sector leadership. We are looking to add cautiously to cyclically depressed stocks where we have a positive view around the individual business models, managements and market positions.

Over the last year, the integration of the former BMO GAM EMEA investment operations into Columbia Threadneedle Investments has made good progress, with a major step in this process to co-locate in one core location in London imminent. The team involved day to day in the management of The Global Smaller Companies Trust remains the same, but we are now able to interact with a broader pool of equity fund managers and central research analysts, which is helping with idea flow for new investments and in relation to our understanding of key new developments around AI (artificial intelligence) and climate change for example. We have also made progress in understanding the internal capabilities now in-house in relation to Japan, Asia and the emerging markets. We will continue to look to consider the optimal structure for the portfolio in the coming year and remain enthused as a team about the opportunities for the portfolio, notwithstanding the present economic challenges.

Peter Ewins
Lead Manager
22 June 2023

Investment Manager's
Investment Philosophy and Process

The fund management team consists of back row, left to right; Gordon Happell, Bradley Walsh, Patrick Newens, Nish Patel, Sam Cosh and Catherine Stanley, front row; Lucy Morris and Peter Ewins (Lead Manager).

One of the attractions of the Company's investment mandate is the breadth of opportunities in global smaller companies, with many thousands of listed companies to choose from. This is a large, diversified universe of exciting opportunities and is not necessarily well researched or understood properly. This leads to 'market inefficiency' that we, as disciplined stock pickers, can take advantage of to aim to deliver superior investment performance over the long term. By having a large and experienced team of smaller company fund managers within Columbia Threadneedle Investments we are well placed to seek out exceptional investment opportunities.

Our philosophy towards investing is based around our belief that investing in high quality companies, run by strong management teams, where the price we pay for our investment is attractive, will generate above average returns for our shareholders. We want to take a long-term approach towards all our investment decisions and do not look to engage in short-term trading.

We look at each potential investment through the same lens. The starting point is an assessment of the core quality of the business franchise. This will usually be ascertained through face to face meetings or calls with management, sometimes involving visits to business operations. We want to understand the business's product or service offering and where it has competitive advantages over peers. Understanding the industry that potential investments operate in is also important as this will help us to recognise how much pricing power the business has – this is particularly important in the current higher inflationary world. We want companies that we invest in to have positive cashflow characteristics as this indicates good accounting quality, reduces the risk of funding difficulties and creates optionality for further growth. This also means that we will generally avoid conceptual and speculative companies without a track record of profitability. We like our holdings to have strong balance sheets as this promotes financial resilience. An appreciation of the Environmental Social and Governance ('ESG') risks and opportunities around any potential investment is also a key part of our analytical work.

Assessing the quality of the management teams we back is a critical part of the overall investment process. Management teams of smaller companies have a huge role to play in the evolution of their businesses. How they are motivated, rewarded and allocate capital is crucial in a company's development, for better or for worse. We want to invest in management teams who make good long-term decisions with a track record of success and are rewarded for doing so. We also want management teams to be open communicators with the financial markets. There will often be short-term challenges for smaller companies but those management teams which clearly identify the issues that they are facing, and how they are addressing them, will earn greater support over the long term.

While we believe the evolution of a company's profits and cash generation will ultimately be the principal determinant of shareholder returns, the fact is that many high quality businesses with good management teams may become overvalued in the stock market. We

We're clear in what we believe constitutes a quality company and there are key areas we look to assess

- Well articulated model
- Competitive advantages
- Free cashflow generative
- Pricing power/scale
- Favourable industry structure/ conditions
- Financial strength
- Diversified customer/supplier/ product set
- ESG and Sustainability

- Trends in metrics important
- Range of valuation measures used
- Repeatability of returns
- Conviction in value appreciation

- Capable operators
- Rational
- Good capital allocators
- Aligned interests
- Prudent
- Transparent with shareholders

Source: Columbia Threadneedle Investments

therefore need to assess carefully the price at which it makes sense for us to invest. We do this by looking at a number of different metrics including historic multiples that the company and its peers have traded at in the stock market, the prospective growth rate for the business and recently negotiated acquisitions of similar businesses. In addition, looking at projected cashflows and profits informs a view around the price that we should be happy to pay for the investment now.

Maintaining valuation discipline is crucial to long-term returns and often requires patience. Companies that reach our quality hurdle but do not appear attractively valued are placed on our watch list. This allows us to execute quickly when the opportunity presents itself. We have also had many cases in the past where we have sold a stock on valuation grounds and then re-purchased it at a later stage when the shares have derated. The experience of the team in terms of monitoring many potential investments means that we are able to keep refreshing the investment portfolio when existing holdings reach or exceed our assessed valuations.

Ultimately this approach should lead to a portfolio of higher quality smaller companies with the following characteristics:

- Proven business models that have scale advantages, a superior product or offering, valuable brands or intellectual property
- Management teams that have the right balance of entrepreneurial flair, consistent operational delivery and rational capital allocation track records
- Higher growth rates, margins and returns on capital than the market
- Superior cashflow generation and strong balance sheets that provide resilience and opportunity for value added capital deployment

While individual stock decisions are obviously key, we spend a lot of time too considering the balance of the investment portfolio both on an overall basis and across the regional portfolios. While clearly, we want to skew investment towards faster growing areas where returns will be best, we also want the Company to provide investors with a well-diversified portfolio. Previous periods, such as around the year 2000 and in the last year or two, have shown us the risks that can arise when investors become too focused on favoured sectors, such as technology. Investing in the best opportunities within slower growing or more mature industries can often prove more lucrative.

The Company provides geographic diversification by investing in more than 40 countries. We monitor the weightings of our portfolio against the Benchmark index, but the location of where a company is listed does not always provide a true indication of where it is exposed. From time to time a particular macro-economic issue may provoke us to change geographic allocations, though individual stock idea flow will tend to be more important in driving exposure changes. As you will have seen in the Chairman's Statement, the weighting of the UK market within the Benchmark has been reduced, reflecting the evolution of global markets. This is not expected to lead to any short-term changes in the portfolio.

In relation to our approach to investment in Japan and the Rest of World (Asia, Latin America and some other smaller markets outside of the main regions) we have, for many years, used third party managed collective funds to gain exposure to these markets. With a greater degree of investment resource towards these markets within Columbia Threadneedle Investments compared to previously under BMO or F&C, we will keep this approach under review.

Investment Case Study - Glanbia

With its roots in Irish dairy farming, Glanbia is a European holding that we first took a position in during 2010. After the financial crisis, Irish stocks were shunned by investors, which left a pool of attractively valued opportunities for those who were prepared to look. When we first invested, Glanbia was a vertically integrated dairy products business. With a history in Irish milk production, it had evolved the business through acquisition and organic investment into cheese manufacturing and specialist products that had synergies with its dairy heritage. This included being the large scale, low-cost producer of mozzarella cheese for pizzas in Europe and American cheese in the US and, through the acquisition of Optimum Nutrition, the leading brand in whey protein powder. This product formed the base of the Company's Global Performance Nutrition ('GPN') business. The stock was lowly valued and we could see profit recovery in the core business coming from improving dairy prices, which at the time were depressed. Ireland has a competitive advantage in dairy due to its low-cost, year-round production of milk. We could also see structural growth starting to come through in the GPN business from the increasing trend to health and wellness and market share gains in their cheese division. The shares consequently performed very well as profits rose strongly and the shares re-rated. We sold our position at the end of 2017 after making handsome profits.

This was not the end of the story, however. The company remained on our watch list, but the shares started to underperform as profit growth slowed. Arguably, the company had grown too quickly and needed a period of investment in the business structure, whilst the competitive environment had evolved to become more challenging, with a change, for example, in the sales channel mix of the GPN business, away from traditional bricks and mortar speciality retail towards online, driving margins lower in the process.

Eventually, the valuation pull-back prompted us to take a more detailed look again at the prospects for Glanbia. In 2022 we met the management team and it was clear that the company had made significant progress in recent years. They had exited their Irish dairy business, whilst utilising their intellectual property to build-up an impressive specialist ingredients business ('Glanbia Nutritionals'). This sells its products and know-how across a wide spectrum of food and beverages customers and has grown its share of Group profits successfully by way of bolt-on acquisitions. The company has become less capital intensive and the GPN business supply chain has been enhanced through a process of manufacturing footprint rationalisation, while there is now a broader spread of performance and lifestyle nutrition brands and a better go-to-market strategy. Optimum Nutrition is now the established global market leader at the premium end of the whey powder market, with new product formats being developed to build further on this position. Valuation is lower than when we sold out of the stock in 2017 and looks very attractive relative to the broader consumer branded products peer group. Performance has been good since we reinvested in the company last year, but we think there is plenty to go for from here.

Investment Case Study - Ashtead Technology

Every listed company effectively has to start as an Initial Public Offering ('IPO'), but fund managers, ourselves included, tend to be wary of new issues. This is because, often, the businesses being brought to market come to see us when the original owner feels it is the optimal time to sell out. Sometimes the historical information given out is limited and we do not get much time to assess the potential of the business, while often the business will have been starved of investment under a leveraged private equity-backed ownership structure.

We met the management of Ashtead Technology in 2021, ahead of the company's formal IPO and were immediately impressed by what we saw. This is a business which rents equipment and people for subsea environmental, geo-physical and testing work. The company's asset base or fleet is a mix of specialist robotics and mechanical equipment. Essentially, the equipment is used in Inspection Maintenance and Repair ('IMR') services for core offshore energy infrastructure through its lifecycle, in the process enhancing cost and production out-turns. The company operates in more than 80 countries around the world, providing a nice level of diversification in terms of customers.

Ashtead Technology's origin was in the offshore oil and gas industry, but management have been actively developing a renewables business, which is now the fastest growing part of the group. Renewables now represent up to around a third of the group in terms of revenues and a target of over 50% has been set for this over the medium term. This should be achievable looking at current growth rates, which would widen its appeal to ESG investors. Acquisitions may be used to accelerate progress to this goal and it operates in fragmented markets with plenty of potential bolt on targets. The management have executed this strategy well to date and have also made a clear strategic commitment to supporting successful energy transition. On the oil and gas side, the business is focused on IMR and decommissioning more than new field development, though more recently they have seen some new field work restarting. The safety and environmental stability of existing infrastructure is clearly critical and the current focus on energy diversification and security for governments around the world supports the extension of life of existing fields plus an acceleration of investment in offshore wind-farms.

This is a recent small company IPO, so ESG disclosure needs to be developed further, but it does have a published sustainability policy mapped to UN Sustainable Development Goals ('SDGs'). It is benefiting from a structural shift in its sector from energy operators owning their own assets towards renting from specialists like Ashtead. This is something we have seen in other equipment markets, due to a lack of domain knowledge and capital expenditure focus on larger items within the customer base, with low investment in recent years in the industry leading to ageing fleets and challenges in accessing equipment. Management are maintaining discipline, prioritising sustainable service pricing over short-term volume and the business has not yet returned to peak prices, so there is further to go there. Order sizes have been increasing which has helped to optimise fleet use. While it does not have extended visibility, its customers do have strong backlogs at present. Very pleasingly, the company's shares have risen significantly since the IPO on the back of a series of upgrades to profit forecasts and we remain positive on the outlook.

Investment Case Study - The Ensign Group

The Ensign Group is a leading provider of skilled nursing, assisted living and other rehabilitation related services across thirteen US states. The group has excellent relationships with managed care insurers which in the US context play a key role in determining where patients are treated. This enables the creation of strong partnerships across multiple states, delivering superior health outcomes for patients.

Following a local leadership strategy has allowed Ensign to expand beyond the skilled nursing industry to provide a broader range of senior care services. The group, under a strong and experienced senior management team, has also demonstrated an ability to acquire underperforming competitors and make rapid improvements to both occupancy and patients' outcomes by deploying a disciplined and repeatable operating model across their operations. Their long-term success has been built on a culture of local leadership and accountability, with a passion for growth and delivering the best possible care embedded across the organisation. Ensign have taken a prudent and disciplined approach to their geographic growth, focusing on those states with attractive financial terms and market structures in the sector.

Ageing demographics continue to put strain on healthcare systems and the US is no exception, with the number of over-65s expected to double by 2060. In-patient acute care services remain the most expensive setting. Insurers and government customers continue to make efforts to reduce the length of stay in these settings, preferring patients move into lower cost settings for the rehabilitation phase of care. Ensign have consistently increased their scope of services over several years, taking on more complex rehabilitation services, as well as providing innovative services like mobile dialysis and x-rays. Ongoing budget pressures should continue to drive attractive growth for more cost effective healthcare models delivering high quality care.

Acquisition activity often comes with a real estate component and Ensign has created additional value by actively managing its real estate footprint. The group currently owns more than 100 properties but actively seeks to maximise value through sale and leaseback, spin-offs and outright sales to optimise shareholder returns.

We initially invested in Ensign back in 2015. To date the investment has delivered more than a fourfold return, taking into account the spin-off of The Pennant Group in 2019. We have been impressed by how well the Company managed through the COVID pandemic, a period when the sector suffered from falling occupancy, reflecting the risk of becoming infected in a healthcare facility. Ensign have also demonstrated a skill in managing labour in recent years at a time when the availability of skilled nursing staff has been a major issue. This underlines the quality of the overall business within the sector.

Responsible Investment

As stewards of more than £859m of net assets, we support our Manager as a leader in responsible investment and in bringing about positive change.

Our approach

Environmental, Social and Governance (**'ESG'**) issues can present both opportunities and threats to the long-term investment performance we aim to deliver to shareholders. The Board is committed to taking a responsible approach to ESG matters, for which there are two strands.

Firstly, there are the Board's own responsibilities on matters such as governance. The Company's compliance with the AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on page 49.

Secondly, there is the more material impact the Company can have through the investments that are made on its behalf by the Manager, which has long been at the forefront of responsible investment. It has one of the longest established and largest teams within the asset management industry focused on ESG and engages actively with the management of investee companies to encourage the application of the highest standards of ESG practice. The Manager is a signatory of the UK Stewardship Code and its statement of compliance can be found on its website at columbiathreadneedle.com.

2022 has been a year of advancement with the integration of the business formerly known as BMO GAM (EMEA). The acquisition enabled the Manager to combine complementary strengths to create a responsible investment capability based on creating value through research intensity, driving real-world change through active ownership to contribute to sustainable long-term value creation aligned with our shareholders' expectations, and delivering innovative responsible investment solutions.

Responsible ownership

Engaging actively with companies on significant ESG matters, to reduce risk, improve performance, encourage best practice and underpin long-term investor value, forms a fundamental part of the Manager's approach to responsible investment.

The Manager's Corporate Governance Guidelines set out its expectations of the management of investee companies in terms of good corporate governance. This includes the affirmation of responsibility for reviewing internal business ethics policies and ensuring that there is an effective mechanism for the internal reporting of wrongdoing, whether within the investee company itself, or involving other parties, such as suppliers, customers, contractors or business partners.

Climate change presents potentially systemic risks and opportunities to our investment universe. The Manager published a 2022 climate change report, which details how it manages climate-related risks and opportunities, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Critical to its role as an active manager, the Manager actively engages with the companies it invests in to help them manage the transition and deliver for their stakeholders. It also has a commitment to move toward net zero emissions, as a signatory to the Net Zero Asset Managers Initiative.

This report includes some of the metrics recommended by the TCFD. Looking forward, we will publish further data for the Company's assets, in line with the Financial Conduct Authority's guidance on TCFD reporting, in line with regulatory timescales.

ESG and the investment process

The Manager's Responsible Investment team works closely with the investment team managing the Company's assets to ensure that those performing the work on individual investment opportunities are well informed in what to look for in relation to the ESG aspects of their analysis. Specialism within the Responsible Investment team allows the fund managers to talk to those who understand the key ESG issues relating to a particular sector. Where possible, internal research is cross-referenced against external sources, for example MSCI ESG research, though smaller companies may not always be covered well or at all by external ESG ratings services.

The Responsible Investment team once again over the last year hosted internal workshops for the investment teams, covering new developments across a wide range of topics in areas such as its net zero investment methodology, climate change engagement expectations and ESG materiality rating, to ensure that the fund managers are aware of the key issues to cover when they interact with companies.

The investment process used by the fund management team incorporates the assessment of sustainability issues for each stock being reviewed. Scores for the E, S and G performance elements of potential investments are taken into account in the derivation of the fair value of existing and potential new investments. In addition, this analysis forms an important part of the quality scoring of companies and overall risk assessment. The investment team always seek to explore ESG areas of concern as a part of their regular interactions with companies under consideration.

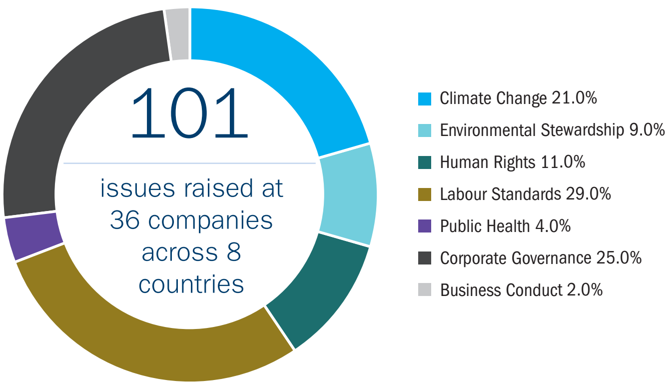
In relation to sustainability, the fund management team will note if individual investments are aligned explicitly with any of the UN Sustainable Development Goals. Details of these goals can be found at un.org/sustainabledevelopment/sustainable-development-goals/. The fund management and Responsible Investment team's research work is used to initiate specific ESG related discussions with companies, clarify understanding of the issues involved, create a dialogue or encourage higher standards where appropriate. In this the Manager may occasionally join with other major investors in order to be a more powerful force to drive change.

Portfolio case study: Genuit Group

Genuit Group is a company which we have held for some time on the UK portfolio. Coming from a heritage of being the leader in plastic plumbing and drainage solutions under the Polypipe name, the company has grown into a number of other end markets central towards a greener policy transition including commercial ventilation, underfloor heating, green roofs, residential plumbing and water management solutions. Sustainability is core to the company's whole commercial strategy. In doing so, Genuit aim to address some of today's key challenges in relation to climate change and biodiversity. The trend towards urbanisation and rising temperatures/rainfall is creating more challenges around flash flooding, and Genuit's products are increasingly used to help to reduce the impact of this. Management are focused on using more recycled plastic within the company's operations, targeting a 62% use of recycled materials by the year 2025. The use of plastic in many of the company's products also serves to reduce full cycle carbon emissions when compared to alternative legacy materials such as cast iron, with transportation costs also being lower.

Genuit's Polysync system installed in green roofing projects stores rainwater below the planted surface, reducing the need for potable water in hot periods and cutting the volume of surface run-off, lowering flood risks at times of heavy rain.

Engagement



During the year ended 30 April 2023, the Responsible Investment team engaged with the management of 36 companies in the Company's portfolio, across 8 countries. The most common topics for discussion were labour standards and corporate governance. Examples of this engagement follow.

Engagement examples in the year:

Topic	Engagement
Plastic Waste	**Tecan Group** One of our holdings Tecan Group, is a leader in automation equipment and liquid handling solutions for the diagnostics and life sciences market. We followed up on last year's engagement on waste reduction and recycling: we expect the company to set at least one measurable target in the next 2 years. The results of Tecan's survey on waste-related issues, including the processing of pipette tips, are pending. We were encouraged to learn that the results will prompt action plans. Furthermore, the company is looking into the possibility of a waste takeback scheme. Finally, we were informed that My Green Lab certification, which is considered the gold standard for laboratory sustainability best practices globally, is underway for the laboratory where Tecan tests its equipment, sending a positive signal to the company's customers.
Climate change and environmental stewardship	**Breedon Group** Breedon Group is a construction materials company headquartered at Breedon on the Hill, Leicestershire, England. The Cement division is responsible for roughly 90% of the company's Scope 1 and 2 emissions and of that a large portion is heating the kilns to produce clinker[(1)]. We have had two conversations with Breedon since August 2022, as well as a site visit to its Kinnegad cement plant in Ireland during November 2022. The Company is focusing on the 'short-term' wins that can be made by investing in alternative fuels, clinker replacement and recycling of materials. It became obvious on the plant visit that the employees have bought into the net-zero strategy. A topic of our core engagement has been to work with Breedon on improving its disclosure, such as reporting to the Carbon Disclosure Project (CDP). Without improved reporting it fails to express to investors the valuable initiatives it is taking to decarbonise its operations. Breedon's broad ESG approach – net zero aside – adds to its competitive advantage. Its customers increasingly include ESG metrics as part of the due diligence process. However, challenges abound for cement decarbonisation, and we will continue to push Breedon to improve on disclosure, targets, and action.
Labour standards	**WEX** WEX is a US based global B2B payment services provider with over 5,500 employees. We reached out to WEX in line with our cross-sector engagement supporting best practice approaches to human capital management including diversity and inclusion. We encouraged targeted programmes to advance ethnic minorities into senior positions, the publishing of an ethnicity and pay gap report, disclosure of employee engagement survey results and participation in the Workforce Disclosure Initiative. We also provided best practice examples on the topics mentioned above. While the company has a good proportion of gender representation, it faces greater challenges of increasing ethnic minorities in senior-level positions (5% of executive management are people of colour), partly due to the location of its offices. WEX has made progress here and appointed a new Chief Diversity Officer to consolidate its approach to D&I. It focuses on employee resource groups to foster greater inclusivity and to increase the exposure of underrepresented minorities. We recommended targeted programmes and skills training to advance these individuals to more senior-level positions.

[(1)] A key material in cement.

Voting on portfolio investments

As noted previously, the Manager's Corporate Governance Guidelines set out your Company's expectations of the boards of investee companies in terms of good corporate governance. The Board expects to be informed by the Manager of any sensitive voting issues involving the Company's investments and receives an annual record of votes against, or abstentions on, management resolutions at investee annual meetings. In the absence of explicit instructions from the Board, the Manager is empowered to exercise discretion in the use of the Company's voting rights and votes on all investee company resolutions. The Manager is a signatory to the UK Stewardship Code 2020 and, as required by the FRC, has reported on how it has applied the Code in its Stewardship Report 2022. This report is available at columbiathreadneedle.com. We expect the Company's shares to be voted on all holdings where possible. During the year, the Manager voted at 156 meetings of investee companies held in the Company's portfolio. The Manager did not support management's recommendations on at least one resolution at approximately 54% of all meetings. With respect to all items voted, the Manager supported over 90% of all management resolutions. One of the most contentious voting issues remained remuneration. Either by voting against or abstaining, the Manager did not support approximately 33% of all management resolutions relating to pay, often due to either poor disclosure or a misalignment of pay with long-term performance.

Climate change

Of all the ESG issues, climate change is one of the most important, both in terms of the scale of potential impact and in how widespread this could be across sectors and regions. It is important that considerations around climate change risks and opportunities are incorporated into the investment management process. For the fourth year, we are disclosing, as best we can, the portfolio weighted carbon intensity[1] of the Company's investments, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (**'TCFD'**). This is based on the greenhouse gas emissions produced by each investee company, per US$1m of revenue, and aggregated for the Company as a whole. We aim to use the information for analysis and for benchmark comparisons, but do not set targets based on it. There are constraints on the analysis of the carbon intensity of the total portfolio as data sources are limited, especially for smaller companies. Coverage is improving however, and this year data was available for 79.8% of the UK, European and North American portfolios by weight. The weighted average carbon intensity for these regional portfolios was 154.2 vs the combined relevant benchmarks carbon intensity of 171.4.

To remain consistent with previous disclosure we continue to report on carbon intensity at a regional level. For UK, European and North American regions at the end of April 2023, the carbon intensity of the holdings was 12% less, 45% less and 59% more respectively against the relevant benchmark. The variation across regions is influenced to a degree by the stocks excluded by the analysis, but also by the nature of the holdings and sector positioning. The pattern of these intensity results is similar to those calculated last year. The Company's UK and European portfolios still have relatively limited exposure to sectors which have a high emissions intensity in comparison to the local small cap indices. However, the North American portfolio's carbon intensity score remains higher than its benchmark mainly due to the high emissions from three particular stocks, that are among its biggest holdings; Eagle Materials, Martin Marietta Materials and Bristow Group.

Since the last report, we have intensified our focus on the materials and building supplies industry, given this sector's contribution to the overall carbon intensity of the Company's assets. This included the site visit to Breedon outlined above, and two calls with the CEO, CFO and sustainability team at US materials firm Martin Marietta. The company was open to engagement, but still has some way to go to catch up with sector leaders in terms of its target setting. We published research on the challenges of net zero cement, and some of the potential solutions, and this will inform our engagement with the sector going forward.

We are pleased to see better coverage of smaller companies in this year's carbon intensity analysis. However, we are mindful that the data does not provide a full picture of climate risks as it does not capture the innovation that companies may be undertaking to find solutions and to enhance their future emissions. Due to the company specific complexities of understanding individual company emissions profiles, engagement is a key pillar of Columbia Threadneedle's approach. We set a clear expectation for companies to align their business strategies with the Paris Agreement.

2023

Last year, the Russian invasion of Ukraine and extreme weather events reinforced the importance of creating a more resilient future. Climate change, biodiversity loss and human rights are all issues that require urgent action. It is these areas that engagement focused on in 2022 and will continue to be of focus in 2023.

[1] Carbon intensity – this is measured in tons of CO2 equivalent (i.e. including the basket of six Kyoto Protocol gases) of Scope 1 and 2 emissions, divided by $1million of sales at a company level. This is aggregated to portfolio level using a weighted average (by holding).

Thirty Largest Holdings

30 April 2023	30 April 2022		% of total investments	Value £m
1	1	**Eastspring Investments Japan Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	4.4	39.6
2	2	**Pinebridge Asia ex Japan Small Cap Fund** Rest of World Fund providing exposure to Asian smaller companies.	3.5	31.5
3	3	**abrdn SICAV I Japanese Sustainable Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	3.3	29.5
4	6	**Schroder ISF Global Emerging Markets Smaller Companies Fund** Rest of World Fund providing exposure to Emerging Markets smaller companies.	3.2	29.2
5	4	**The Scottish Oriental Smaller Companies Trust** Rest of World Investment company providing exposure to Asian smaller companies.	3.2	28.8
6	5	**Utilico Emerging Markets Trust** Rest of World Investment company focusing on utility and infrastructure companies in emerging markets.	2.4	22.1
7	7	**Eagle Materials** United States A US producer of construction materials, including cement, aggregates, concrete, gypsum wallboard and recycled paperboard.	1.8	16.6
8	9	**LKQ Corp** United States A distributor of alternative car parts.	1.7	15.7
9	15	**The Ensign Group** United States Operator of skilled nursing facilities, rehabilitative care facilities, also provides home health and assisted living services mainly for post-acute care.	1.5	13.4
10	13	**Kirby** United States Operator of a fleet of inland barges in the US, also a provider of repair services to marine and other end markets.	1.4	13.0
11	11	**Wheaton Precious Metals** United States A precious metals streaming company.	1.4	12.7
12	8	**The Andersons** United States Diversified US agribusiness that merchandises grain, produces ethanol and distributes fertiliser.	1.4	12.4
13	17	**Graphic Packaging** United States A vertically integrated producer of printed paperboard cartons for food and beverage products.	1.3	12.1
14	19	**Brown & Brown** United States Insurance broker, now the fifth largest global independent company in the market.	1.2	10.8
15	24	**Martin Marietta Materials** United States Aggregates and cement producer that serves the construction industry.	1.0	9.2

30 April 2023	30 April 2022		% of total investments	Value £m
16	31	**Amdocs** United States Outsourced IT services provider to telecommunications sector.	1.0	9.1
17	12	**Molina Healthcare** United States This is a managed care business providing health insurance in the US under government programs.	1.0	9.0
18	16	**Avnet** United States Distributor of computer products, semiconductors and electronic components.	1.0	8.8
19	35	**WSP Global** Canada Canadian based leading global engineering consultancy business.	1.0	8.7
20	20	**Lundin Mining** Canada Diversified base metals mining company with its largest exposure being to copper.	0.9	8.2
21	37	**WEX** United States An operator of a fuel card payment network.	0.9	8.2
22	18	**Spectrum Brands** United States A global consumer products company that through its subsidiaries sells residential locks, personal care items, household appliances, specialty pet supplies and lawn and garden products.	0.9	8.2
23	45	**Baillie Gifford Japanese Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	0.9	7.7
24	30	**Encompass Health** United States Leading US provider of post acute care in facility and home based settings.	0.9	7.6
25	-	**Curtiss-Wright** United States Producer of mission critical components, serving the aerospace, defence and power industries in particular.	0.8	7.6
26	22	**Boot Barn Holdings** United States US retailer of western and work wear.	0.8	7.5
27	42	**Essential Properties Realty Trust** United States US based real estate company focused on service sector based tenants.	0.8	7.3
28	48	**Genpact** United States IT services outsourcing business operating across a number of industries.	0.8	7.2
29	32	**American Vanguard** United States US based agricultural chemicals supplier.	0.8	7.2
30	-	**Kosmos Energy** United States International oil and gas exploration and production company focused on US and West African assets.	0.8	7.1

The value of the thirty largest equity holdings represents 46.0% (30 April 2022: 41.9%) of the Company's total investments.

List of Investments

Quoted investments	Holding	30 April 2023 Value £'000s
UNITED KINGDOM		
4Imprint Group	121,185	5,465
accesso Technology Group	362,073	2,466
Alfa Financial Software	2,006,897	2,820
Alliance Pharma	3,792,141	2,412
Anpario	426,139	1,065
Ascential	1,541,196	3,930
Ashtead Technology	1,153,662	3,911
Auction Technology	308,392	2,162
Baltic Classifieds Group	1,904,712	3,009
Begbies Traynor Group	2,525,609	3,283
Bodycote	300,383	2,073
Boku	1,508,391	2,187
Breedon Group	5,365,722	3,681
Bytes Technology	606,761	2,522
Clarkson	85,259	2,643
CLS Holdings	2,558,766	3,454
CMO Group	2,286,279	457
Crest Nicholson	1,036,395	2,784
Dalata Hotel Group	741,952	2,828
Elementis	1,888,534	2,368
Energean	274,094	3,391
Essentra	1,208,501	2,489
FDM Group	379,630	2,555
Future	220,309	2,483
Gateley Holdings	1,335,777	2,271
Genuit	844,976	2,535
Genus	83,899	2,253
Globaldata	190,833	2,347
Gooch & Housego	398,667	2,049
Hollywood Bowl Group	1,303,507	3,122
Hostelworld Group	1,731,353	2,138
Just Group	3,990,000	3,523
Kier Group	3,588,789	2,749
Kitwave Group	2,033,333	5,409
Lancashire Holdings	505,000	3,091
Loungers	1,443,107	2,857
Luceco	1,745,363	1,948
Marshalls	681,078	2,047
Mattioli Woods	439,688	2,638
Mercia Asset Management	13,450,000	3,362
Molten Ventures	435,887	1,219
Moneysupermarket.com	1,016,099	2,784
Morgan Advanced Materials	1,224,471	3,747
National Express Group	1,924,943	2,337
Next 15 Group	500,955	4,213

Quoted investments	Holding	30 April 2023 Value £'000s
On the Beach Group	1,389,295	1,828
OSB Group	1,169,110	5,806
PageGroup	513,816	2,331
Paragon Banking Group	400,565	2,011
PayPoint	366,411	1,609
Pebble Group	3,902,614	4,098
Pets At Home	776,255	2,993
Qinetiq Group	1,082,207	4,017
Quixant	1,590,453	2,736
Rathbones Group	166,800	3,256
Redde Northgate	1,047,592	3,934
Restaurant Group	6,234,457	2,522
Ricardo	726,022	4,356
RWS Holdings	588,974	1,501
Shaftesbury Capital	4,200,000	4,948
Shanta Gold	19,600,184	2,205
SIG	5,946,457	2,640
Sirius Real Estate	4,418,667	3,542
Spire Healthcare	778,559	1,779
Spirent Communications	882,714	1,588
Team17 Group	853,832	3,074
Telecom Plus	111,427	2,012
TI Fluid Systems	1,331,119	1,406
TP ICAP Group	1,467,466	2,496
Treatt	524,920	3,501
Trifast	2,225,393	1,562
TT Electronics	1,461,272	2,475
Tullow Oil	3,642,395	1,018
Tyman	1,139,353	2,803
Uniphar	804,713	2,044
Vesuvius	736,326	2,984
Victrex	140,927	2,361
Warehouse REIT	2,158,477	2,357
Watches of Switzerland	280,114	2,329
Workspace Group	782,000	3,733
Xaar	1,402,431	2,419
XP Power	91,179	2,006
Zotefoams	900,678	3,414
TOTAL UNITED KINGDOM		228,771
EUROPE		
AUSTRIA		
Schoeller-Bleckmann	43,198	2,159
Total Austria		2,159
BELGIUM		
Lotus Bakeries	538	2,958
Total Belgium		2,958

Quoted investments	Holding	30 April 2023 Value £'000s
DENMARK		
Ringkjoebing Landbobank	29,560	3,306
Royal Unibrew	39,982	2,829
Total Denmark		6,135
FRANCE		
Alten	25,073	3,383
Lectra	91,475	2,370
Remy Cointreau	11,460	1,579
Verallia	80,210	2,594
Total France		9,926
GERMANY		
CTS Eventim	57,228	2,988
Gerresheimer	36,835	3,171
Rational	3,565	2,046
STRATEC	19,352	1,050
Symrise	36,485	3,507
Total Germany		12,762
IRELAND		
Bank of Ireland Group	323,624	2,663
Glanbia	134,265	1,620
Total Ireland		4,283
ITALY		
Azimut	102,448	1,821
Carel Industries	74,266	1,552
Davide Campari	169,907	1,743
Interpump	91,861	4,073
Technoprobe	230,047	1,303
Total Italy		10,492
NETHERLANDS		
ASM International	11,407	3,286
BE Semiconductor Industries	24,257	1,729
IMCD	25,456	3,043
Total Netherlands		8,058
NORWAY		
Atea	368,567	3,977
Carasent	262,214	305
Nordic Semiconductor	173,692	1,487
Sparebank	174,663	1,618
Storebrand	422,487	2,578
TGS	108,931	1,351
Total Norway		11,316
SPAIN		
Fluidra	171,481	2,339
Merlin Properties	200,784	1,412
Vidrala	32,995	2,759
Viscofan	44,450	2,428

Quoted investments	Holding	30 April 2023 Value £'000s
Total Spain		8,938
SWEDEN		
Avanza	82,850	1,401
Coor Service Management	472,630	2,449
Engcon	273,300	1,901
Hexpol	219,633	2,055
Indutrade	92,062	1,753
Karnov	812,322	3,472
MIPS	51,797	2,215
Sdiptech	103,685	1,895
Thule Group	108,921	2,488
Total Sweden		19,629
SWITZERLAND		
Kardex	11,481	2,073
Siegfried Holding	3,628	2,225
SIG Group	179,148	3,818
Tecan Group	11,176	3,874
V Zug	2,291	164
Total Switzerland		12,154
TOTAL EUROPE		108,810
NORTH AMERICA		
CANADA		
Lundin Mining	1,363,400	8,238
SSR Mining	493,273	5,605
WSP Global	83,600	8,740
Total Canada		22,583
UNITED STATES		
Amdocs	125,485	9,106
American Vanguard	466,925	7,151
Avnet	268,208	8,802
Boot Barn Holdings	129,259	7,452
Bristow Group	357,401	6,350
Brown & Brown	210,453	10,780
Catalent	74,378	2,966
CDW	46,758	6,310
Cognyte Software	1,014,382	3,349
Columbia Sportswear	50,104	3,330
Curtiss-Wright	56,107	7,581
Dine Brands Global	52,108	2,692
Eagle Materials	141,137	16,642
Encompass Health	149,250	7,622
Essential Properties Realty Trust	372,137	7,331
FB Financial	103,054	2,410
Genpact	201,944	7,158
GrafTech International	877,634	3,282
Grand Canyon Education	62,565	5,905

		30 April 2023
		Value
Quoted investments	**Holding**	**£'000s**
Graphic Packaging	616,525	12,096
GXO Logistics	140,559	5,942
Hayward Holdings	507,038	4,857
Healthcare Realty Trust	367,457	5,783
Jefferies Financial Group	159,689	4,067
Kirby	227,704	13,013
Kosmos Energy	1,401,147	7,134
LKQ Corp	341,545	15,685
Martin Marietta Materials	31,832	9,198
MaxLinear	232,843	4,466
MDC Holdings	130,649	4,258
Medifast	25,226	1,839
Molina Healthcare	38,105	9,030
MSC Industrial Direct	50,581	3,653
Nomad Foods	352,800	5,280
Plymouth Industrial REIT	394,962	6,360
PRA Group	228,543	6,591
Prosperity Bancshares	116,118	5,781
QuidelOrtho	66,280	4,743
Real Good Foods	587,125	1,775
Spectrum Brands	155,275	8,215
Stericycle	90,886	3,300
Syneos Health	119,635	3,737
The Andersons	348,037	12,380
The Ensign Group	173,282	13,377
U.S. Physical Therapy	79,592	6,728
United Bankshares	182,869	4,825
Vail Resorts	22,562	4,316
Viavi Solutions	528,109	3,761
Vitesse Energy	266,058	3,889
Webster Financial	217,002	6,438
WEX	58,340	8,231
Wheaton Precious Metals	324,652	12,747
World Fuel Services	213,754	4,020
Total United States		353,734
TOTAL NORTH AMERICA		376,317

		30 April 2023
		Value
Quoted investments	**Holding**	**£'000s**
JAPAN		
abrdn SICAV I Japanese Sustainable Smaller Companies Fund	2,801,954	29,483
Baillie Gifford Japanese Smaller Companies Fund	202,817	7,681
Eastspring Investments Japan Smaller Companies Fund	2,206,160	39,625
TOTAL JAPAN		76,789
REST OF WORLD		
Pinebridge Asia ex Japan Small Cap Fund	51,345	31,518
Schroder ISF Global Emerging Markets Smaller Companies Fund	221,600	29,185
The Scottish Oriental Smaller Companies Trust	2,418,586	28,781
Utilico Emerging Markets Trust	10,039,096	22,086
TOTAL REST OF WORLD		111,570
TOTAL QUOTED INVESTMENTS		**902,257**
Unquoted investments		
AUSTRALIA		
Australian New Horizons Fund	2,715,704	93
TOTAL UNQUOTED INVESTMENTS		**93**
TOTAL INVESTMENTS		**902,350**

The number of investments in the portfolio is 194 (2022:190).

Ten Year Record (unaudited)

All Company data are based on assets, liabilities, earnings and expenses as reported in accordance with the Company's accounting policies and are unaudited but derived from the audited Accounts or specified third-party data providers.

Assets
at 30 April

£'000s	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net assets (before debt)	350,090	441,086	555,092	591,602	767,979	872,704	904,220	761,515	1,051,029	1,000,086	**911,462**
Debenture and loans	10,000	10,000	–	–	–	24,000	34,052	35,000	43,521	54,782	**52,027**
Convertible Unsecured Loan Stock	–	–	38,129	38,410	34,697	21,873	15,549	–	–	–	**–**
Net assets	340,090	431,086	516,963	553,192	733,282	826,831	854,619	726,515	1,007,508	945,304	**859,435**

NAV per share
at 30 April

pence	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NAV with debt at par per share (i)	75.6	84.2	97.3	99.8	128.3	138.4	141.7	120.3	175.0	172.0	**163.7**
NAV with debt at fair value per share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	119.7	174.9	172.8	**165.7**
NAV (diluted) per share (i)	n/a	n/a	97.0	99.5	126.4	136.9	140.6	n/a	n/a	n/a	**n/a**
NAV total return % – 5 years											**28.2**
NAV total return % – 10 years											**144.6**

Share Price
at 30 April

pence	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Middle market price per share (i)	76.5	84.0	98.0	100.1	127.3	137.5	134.6	111.0	168.6	156.2	**144.6**
Share price high (i)	77.9	88.0	102.5	102.4	129.9	141.5	149.5	150.0	168.6	177.0	**162.2**
Share price low (i)	55.4	74.5	78.5	85.9	94.7	126.5	122.0	78.8	104.2	142.6	**122.4**
Share price total return % – 5 years											**11.8**
Share price total return % – 10 years											**110.8**

Revenue return after tax
for the year ended 30 April

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Available for ordinary shares – £'000s	3,044	4,461	5,659	6,452	7,839	9,448	10,623	10,493	7,416	10,241	**12,620**
Return per share (i)	0.71p	0.93p	1.09p*	1.18p*	1.38p*	1.59p*	1.76p*	1.73p	1.26p	1.82p	**2.34p**
Dividends per share (i)	0.65p	0.80p	0.97p	1.07p	1.23p	1.44p	1.65p	1.70p	1.75p	1.84p	**2.30p(ii)**

* diluted
(i) Comparative figures for the years prior to 2020 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.
(ii) Subject to approval of the final dividend of 1.67p at the 2023 AGM.

Performance

(rebased to 100 at 30 April 2013)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NAV per share	100	111.4	128.3*	131.6*	167.2*	181.1*	186.0*	158.4**	231.4**	228.6**	**219.2 ****
Middle market price per share	100	109.8	128.1	130.8	166.4	179.7	175.9	145.1	220.4	204.2	**189.0**
Revenue return per share	100	131	153.5	166.2	194.4	223.9	247.9	243.7	177.5	256.3	**329.6**
Dividends per share	100	123.1	148.5	164.6	188.5	221.5	253.8	261.5	269.2	283.1	**353.8**(1)
RPI	100	102.5	103.4	104.8	108.5	112.1	115.5	117.3	120.7	134.1	**149.4**

* diluted
** NAV with debt at fair value
(1) Subject to approval of the final dividend of 1.67p at the 2023 AGM.

Costs of running the Company (ongoing charges/TER)

for the year ended 30 April

Expressed as a percentage of average net assets	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ongoing charges*											
excluding performance fees	0.85%	0.76%	0.79%	0.85%	0.84%	0.83%	0.79%	0.75%	0.78%	0.75%	**0.79%**
including performance fees	1.49%	0.78%	1.08%	0.85%	0.86%	0.83%	0.79%	0.75%	0.78%	0.75%	**0.79%**
Total expense ratio											
excluding performance fees	0.71%	0.50%	0.53%	0.51%	0.62%	0.60%	0.59%	0.59%	0.58%	0.58%	**0.60%**
including performance fees	1.22%	0.50%	0.74%	0.76%	0.62%	0.60%	0.59%	0.59%	0.58%	0.58%	**0.60%**

Gearing

at 30 April	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Effective gearing	(2.3%)	(1.3%)	4.8%	4.7%	3.4%	5.1%	4.6%	(0.6%)	3.8%	4.6%	**5.2%**
Fully invested gearing	2.9%	2.2%	7.4%	6.9%	4.7%	5.6%	5.8%	4.8%	4.3%	5.8%	**6.1%**

Note: definitions of Alternative Performance Measures and a Glossary of Terms are provided on pages 97 to 99.

Purpose, Strategy and Business Model

Purpose, values and culture

Our purpose is to provide an investment vehicle which meets the needs of investors, whether large or small, who seek long-term investment returns from global smaller companies in an accessible, cost effective way. Our investment objective is to invest in smaller companies worldwide in order to secure a high total return.

To ensure that the Company's purpose, values, strategy and culture are aligned, the Board comprises Directors with a breadth of relevant skills and experience acting with professional integrity who contribute in an open boardroom culture that both supports and challenges the investment management company and its other third party suppliers.

Investment and business strategy

Our investment strategy is designed to produce outperformance of the Benchmark and increases in dividends over the longer term. We select well-managed publicly listed smaller companies with growth potential and market capitalisations that fall into the generally accepted local definition of a smaller company.

Business model

The Directors have a duty to promote the success of the Company. As an investment company with no employees, we believe that the best way to do this and to achieve our objective is to have an effective and strong working relationship with our appointed manager, Columbia Threadneedle Investment Business Limited (the **'Manager'**). Within policies set and overseen by the Board of Directors, our Manager has been given overall responsibility for the management of the Company's assets, including asset allocation, gearing, stock and sector selection as well as risk management and engagement on Environmental, Social and Governance matters. The Board remains responsible for the matters listed on page 50.

In most parts of the world, smaller company equities have historically delivered strong longer term returns to investors ahead of overall equity market returns. As an investment trust company, the Company is particularly well suited to long-term investment in these smaller, less liquid companies.

Our Manager's focus is on individual company opportunities. Exposure to the different geographic markets is adjusted within specific ranges in light of the attraction of local valuations and the outlook for currencies, but stock selection is generally the main driver of the Company's overall returns. Further information regarding the Manager's Investment Philosophy and Process are outlined on pages 17 to 21 and a full list of investments appears on pages 28 to 30.

Furthermore, as a closed-end listed investment company we are not constrained by asset sales to meet redemptions. Our share capital structure gives us the flexibility to take a longer term view and stay invested while taking advantage of volatile market conditions. Having the ability to borrow to invest gives us a significant advantage over a number of other investment fund structures.

Alignment of values and culture

It is important that the values, expectations and aspirations of those charged with managing the assets align with those of our own. The Board has reviewed the Manager's culture and values as part of the annual assessment of its performance and in determining whether its reappointment is in the interests of shareholders. Columbia Threadneedle is an organisation committed to helping establish a more sustainable financial system. It is one of the earliest adopters of the United Nations Principles for Responsible Investment (**'UNPRI'**) and has achieved the maximum rating of A+ for key areas of its responsible investment approach, including strategy and governance, and Environmental, Social and Governance (**'ESG'**) incorporation and active ownership in listed equities. The management company has a culture of diversity and inclusion anchored by shared values and industry-leading employee engagement in keeping with the Board's own expectations and beliefs.

Responsible investment and ESG impact

Our Responsible Investment policies are aligned towards the delivery of sustainable investment performance over the longer term. The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or a provider of goods or services, while its shareholders are effectively its customers. Consequently, it does not directly generate any greenhouse gas or other emissions or pollution. The Company's indirect impact occurs through the investments that it makes and this is mitigated by the Manager's Responsible Investment approach as explained on pages 22 to 25.

Manager evaluation

Investment performance and responsible ownership are fundamental to delivering a sustainable high total return for our shareholders over the longer term and, therefore, an important responsibility of the Directors is exercising a robust annual evaluation of our Manager's performance capabilities and resources. This is an essential element in the mitigation of risk, as outlined under Principal and Emerging Risks on page 40, and the strong governance that is carried out by the Board of Directors, all of whom are independent and non-executive.

The process for the evaluation of our Manager for the year under review and the basis on which the reappointment decision was made are set out on page 46. The management fee is based on the value of the Company's net assets, thus aligning the Manager's interests with shareholders'.

Managing risks and opportunities

We look to make good use of our corporate structure and the investment opportunities that produce a high total return for our shareholders over the longer term. Like all businesses, these opportunities do not come without risks and so the performance of our Manager is monitored at each Board meeting on a number of levels. In addition to managing the investments, the ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. It reports on the investment portfolios; the wider portfolio structure; risks; compliance with borrowing covenants; income, dividend and expense forecasts; errors; internal control procedures; marketing; shareholder and other stakeholder issues, including the Company's share price discount or premium to NAV; and accounting and regulatory updates.

Shareholders can assess the Company's financial performance from the Key Performance Indicators that are set out on page 39 and, on page 40, see what the Directors consider to be the Principal and Emerging Risks that it faces. The risk of not achieving the Company's objective of delivering a high total return for our shareholders over the longer term, or of consistently under-performing its Benchmark or competitors, may arise from any or all of poor stock selection, inappropriate asset allocation, weak market conditions, badly timed employment of gearing, poor cost control, loss of assets and service provider governance issues.

In addition to monitoring our Manager's performance, capabilities, available resources and its systems and controls, the Directors also review the services provided by other principal suppliers. These include the Custodian and Depositary in their duties towards the safeguarding of the assets.

The principal policies that support our investment and business strategy are set out on page 37, whilst the Lead Manager's Review of activity in the year can be found on page 8. In the light of the Company's strategy, investment processes and control environment (relating to both the oversight of its service providers and the effectiveness of the risk mitigation activities), we have set out on page 41 our reasonable expectation that the Company will continue in operation for at least the next five years.

Lead Manager and the management of the assets

Peter Ewins, as Lead Manager on behalf of our Manager, is responsible for the allocation of the assets on a regional basis and for the construction of the investment portfolio including the selection of any smaller company investment funds utilised. Our Manager has a team of smaller company investment managers that support the Lead Manager in the selection of stocks for the North American, UK and European stock markets. The Lead Manager is also assisted by other colleagues within the management company in relation to the selection of managed funds used to gain exposure to other global markets.

Marketing

With a large proportion of our shareholders being retail investors and savings or execution-only platforms representing a significant and growing element of our shareholder base, we remain focused with our Manager on the optimal communication of the Company's investment proposition. This year, we have been working with the Manager to enhance the public profile of the Company across different media. This has included a PR campaign with an external consultancy firm, greater use of video content on the Company's website alongside several podcasts and webinars. The use of webinars in particular allows direct interaction with engaged retail investors and the Investor Meets Company platform was again used in the year for this purpose. Columbia Threadneedle Investments have continued to actively market their full range of investment trusts during the year and the Manager has also been on a number of regional roadshows to meet wealth managers, both existing and potential new holders.

Key stakeholders

Whilst we hold our Manager to account in the management of our assets, we also recognise that relationship as being fundamental from a stakeholder perspective and as a working partnership in forming and developing our strategy. Our own engagement with our Manager is continuous, particularly through our regular Board meetings and, not least, the annual meeting that we dedicate to the review of strategic matters. The debate at our strategy meeting in March included a review of the areas critical to the future success of the Company including investment strategy, branding and marketing. The Board also keeps under review the appropriateness of the Company's Benchmark index and, with effect from 1 May 2023, the Benchmark blend has changed. More information about the change can be found on pages 4 to 5. The relationships that our Manager has with the companies in which we invest are of key importance and we outline our approach on pages 17 to 21.

Albeit not in the traditional sense, we see our shareholders as customers who we hope will stay with us and reap the benefits of investing over the longer term. Many of our underlying shareholders are young and hold their shares through their parents in the Manager's Child Trust Fund and Junior ISAs. The Child Trust Funds have now begun to mature, meaning that, as each child turns 18, they have full control over their holdings. Now that many Child Trust Fund accounts have reached maturity, our focus is on keeping as many of these young investors with us as possible. The Manager writes to parents ahead of their account maturity dates explaining the options and opportunities available to them. In due course we will be able to judge how successful this initiative has been, but retention rates are currently in line with expectations.

With regard to our shareholders more generally, we engage by reporting our activities and performance through the publication of our half year and annual reports. Most shareholders and Savings Plan investors prefer not to receive such detailed information. To avoid them losing this essential line of communication, we instead make available a short notification summary covering the main highlights of our half year and annual results. Shareholders and savings plan investors can access the full information on our website as shown on page 2. Through our Manager, we also ensure that savings plan investors are encouraged to participate at shareholder meetings in addition to those members who hold their shares directly on the main shareholder register. Details of the proxy voting results on each resolution are published on the website where there is also a link to the daily publication of our NAV and our monthly factsheet.

The Manager seeks to foster good relations with wealth managers and underlying investors in promoting the Company's investment proposition and over the year a number of meetings, both virtual and in-person, were held with existing and prospective investors. These meetings are reported on regularly to the Board. The Chairman and Senior Independent Director are always available to meet with major shareholders.

Our lenders are important stakeholders whom we keep informed through our monthly covenant compliance reporting in the first instance. None of the financial covenants has been threatened and we had no issues over liquidity or cause to engage with the lenders in this regard during the year.

Promoting Success

Section 172 Statement

The Directors have continued to act to promote the success of the Company for the benefit of its shareholders as a whole. In so doing, they have had regard to the matters set out in section 172(1) of the Companies Act 2006 (the **'Act'**). This includes the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account.

As noted on page 33, we have no employees, premises, assets or operations. Details of our key stakeholders are noted on pages 34 and 35. Our main working relationship is with the Manager. Recognising that sustainability is fundamental to achieving longer term success, we have continued to work closely with our Manager to develop further our investment strategy and underlying policies. This is not simply to achieve the Company's investment objective but to make sure it is done in an effective, responsible and sustainable way in the interests of shareholders, future investors and society at large. The portfolio activities undertaken by our Manager and the impact of decisions taken are set out in the Lead Manager's Review on pages 8 to 16. On pages 22 to 25 we have again reported in greater detail on our approach towards responsible investment. We are very supportive of the Manager's approach, which focuses on engagement with the investee companies on ESG issues and how these link with the United Nations Sustainable Development Goals (**'SDGs'**).

We use gearing to enhance returns, but this will have a negative impact at times of market shocks. We maintained a moderate level of gearing throughout the year. At the end of the year we had drawn down €6.8m, ¥557.5m and $9.8m (in total, the equivalent of £17.0m) of our £35m multi-currency revolving credit facility. The blended rate on this facility and the £35m private placement notes 2039 is 2.8%, which leaves us well placed to enhance investment returns over the long term and build on our performance record.

One of our Key Performance Indicators is dividend growth. This year has seen our investment income grow to a new record level, allowing us to once again increase the dividend significantly. This extends our record to 53 years of consecutive annual increases.

We bought back 24.6m shares in the year with the discount being over 5% throughout the period. We would only re-issue shares from treasury if the share price returns to a premium to NAV. This policy is not only accretive to the NAV per share, it also helps moderate the absolute level and volatility of the discount and provides liquidity in the shares.

As long-term investors we always look to the future and to the success of the Company in that context. We believe that the Company provides a clear investment choice, not only for investors large or small but also for those starting their investment journey. We continue to promote the Company through marketing and work towards the optimal delivery of the Company's investment proposition and to promote the success of the Company for the benefit of all shareholders, stakeholders and, through its valuable role as an investment vehicle, the community at large.

Principal Policies

The Board has overall responsibility for the Company's principal policies, which support its investment and business strategies in securing a high total return for our shareholders.

Investment

Our publicly stated Investment Policy is designed to help shareholders, prospective investors and stakeholders understand the scope of our investment remit and constraints imposed under it. Any material changes to the stated policy can only be made with shareholder approval.

Our remit is global. Risk diversification is achieved through geographic asset allocation and industry sector and stock selection across a wide range of markets. Within the general policy of maintaining a diversified portfolio, there are no specific geographic or industry sector exposure limits for the publicly listed equities.

Investment is made mainly in publicly listed equities, including those on the Alternative Investment Market. Investment can also be made in other types of securities or assets, including collective investment funds. Under the Financial Conduct Authority's Listing Rules, no more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies, unless such investment companies have themselves published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%. Investments in unlisted securities require prior Board approval. No transaction can be made which would increase the value of any holding of the Company to exceed 10% of the value of the total portfolio.

Derivative instruments, such as futures, options, and warrants, may be used for efficient portfolio management up to a maximum of 10% of the NAV at any one time. The Board, with advice from the Manager, considers the foreign exchange outlook, as this can affect both the asset allocation and borrowing strategy, and can hedge the portfolio against currency movements. No such hedging has been undertaken in the year under review.

At every Board meeting, the Lead Manager reports on portfolio activity and investment performance and confirms adherence to the investment restrictions and limitations set by the Board. The Lead Manager's Review on pages 8 to 16 provides an overview of the outcome from the application of the Investment Policy and the underlying policies during the course of the year under review.

Borrowing

The Company has the flexibility to borrow over the longer term and to use short-term borrowings by way of loans. Borrowings, which can be taken out in either sterling or foreign currency, would normally be expected to fall within a range of 0-20% of shareholders' funds. In normal circumstances, the Board believes that structural gearing through the investment cycle is appropriate for the enhancement of shareholder returns. Borrowing levels and covenant headroom are monitored on an ongoing basis and reported on at each Board meeting.

Dividend

Our revenue account is managed with a view to delivering a rising income stream in real terms for shareholders. Prudent use of revenue reserves established over many decades is made whenever necessary to help meet any revenue shortfall.

The Board applies due diligence and determines dividend payments by taking account of income forecasts, brought forward distributable reserves, prevailing inflation rates, the Company's dividend payment record and Corporation Tax rules governing investment trust status. Risks to the Company's dividend policy have been considered as part of the Principal and Emerging Risks reviews noted on page 40. The consistent application of this policy has enabled the payment of an increased dividend every year for the past 53 years.

Discount/Premium

The Board operates a share buyback policy under an authority given by shareholders. Under this policy the Company buys back shares for the benefit of shareholders when it sees value and, importantly, with a view to moderating discount volatility and to keeping the discount at no more than 5%, in normal market conditions. Shares are bought back at a discount to the NAV per share and are either cancelled or held in treasury, the effect of which is an accretion to the NAV per share. The levels within which the policy operates are kept under review.

Shareholders have also authorised the Board to issue shares when trading at a premium to the NAV per share, with a view to moderating the premium and any associated volatility. As with share buybacks, such issues are only made when accretive to the NAV.

Board diversity and inclusion

Our policy towards the appointment of non-executive directors to the Board is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including gender and contributions from an international perspective. The policy is always to appoint the best person for the role and, by way of this policy statement, we confirm that there is no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or disabilities.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people to deliver the Company's objective. We apply the policy for the purpose of appointing individuals that, together as a Board, will continue to achieve that aim as well as ensuring optimal promotion of the Company's investment proposition in the marketplace.

At 30 April 2023, which shall be used as the reference date for the disclosures in accordance with the Listing Rules 9.8.6R (9), the Board comprised two women and three men, therefore, meeting the requirement for at least 40% of directors to be women. Both the Chairman of the Board and the Senior Independent Director are women. As an externally managed investment trust company, the Company does not have the roles of Chief Executive Officer or Chief Financial Officer and considers the role of Chairman of the Audit and Management Engagement Committee to be a senior board position. This role is also currently held by a woman.

The Board does not currently meet the target of at least one Director being from a minority ethnic background, however, the Board has engaged an external search firm to identify a suitable candidate to replace David Stileman and this diversity requirement will be taken into consideration in the recruitment process.

	Number of board members	Percentage of board members	Number of senior positions on the board
Men	3	60%	0
Women	2	40%	2
Not Specified /Prefer not to say	N/A	0%	0

	Number of board members	Percentage of board members	Number of senior positions on the board
White British or other White (including minority white groups)	5	100%	2
Mixed/Multiple Ethnic Groups	N/A	0%	0
Asian/Asian British	N/A	0%	0
Black/African/ Caribbean/Black British	N/A	0%	0
Not Specified/Prefer not to say	N/A	0%	0

Taxation

As an investment trust company, it is essential that the Company retains its tax status by complying at all times with Section 1158 of the Corporation Tax Act 2010 (**'Section 1158'**) such that UK Corporation Tax is not suffered on its capital gains. It also ensures that correct taxation returns are submitted annually and any taxation due is settled promptly. Where possible, all taxes suffered in excess of taxation treaty rates on non-UK dividend receipts are claimed back in a timely manner. The Board's policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. In applying due diligence towards the retention of Section 1158 status and adhering to its tax policies, the Board receives regular reports from the Manager. The Company has received approval from HMRC as an investment trust under Section 1158 and has since continued to comply with the eligibility conditions.

Modern Slavery Act 2015

Our own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. We therefore believe that the potential for acts of modern slavery or human trafficking in our own working environment is extremely low.

The values we hold, our culture and the rationale for the appointment of our Manager are explained on page 33. The management company is an organisation committed to respecting human rights and stands against all forms of slavery and human trafficking. It is recognised as a leading pioneer in responsible investment and works with policymakers worldwide to deliver market-wide improvements in standards and regulations. In the year under review, over 24% of engagements across the companies in which the management company invests for its clients raised social themes, including human rights, public health and labour standards. There was a continued focus on labour standards in the supply chain as well as on inclusion and diversity in the workforce. The Manager is an investor signatory to the Workforce Disclosure Initiative (**'WDI'**), which aims at enhancing relevant and material workforce related disclosure on a wide range of workforce issues, covering companies' direct operations and supply chains. We are very supportive of the Manager's approach and whose formal statement can be found on its website.

Integrity and business ethics

We apply a strict anti-bribery and anti-corruption policy insofar as it applies to the Directors of the Company and employees of any organisation with which we conduct business, including the Manager. The Board ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts and hospitality and similar matters.

On behalf of the Board
Anja Balfour
Chairman
22 June 2023

Key Performance Indicators

The Board assesses its performance in meeting the Company's objective against four key measures: Performance, Premium/Discount, Ongoing Charges and Dividend Growth, as well as regional performance against local benchmarks set out on pages 13 to 15. Detailed commentary on these measures can be found in the Chairman's Statement and Lead Manager's Review. A 25 year historical record of these indicators (excluding Ongoing Charges) is shown on pages 93 and 94.

Performance: Total return[1]

	1 Year %	3 Years %	5 Years %	The Board's policy is to secure a high total return
NAV total return	(2.9)	43.3	28.2	This measures the Company's NAV and share price total returns, which assume dividends paid by the Company have been reinvested, relative to the Company's Benchmark.
Benchmark[2] total return	(2.1)	46.1	29.3	
Share price total return	(6.2)	35.3	11.8	

Source: Columbia Threadneedle Investments and Refinitiv Eikon

Premium/(discount)[1] (including current period income)

At 30 April	%	The Board's premium/discount policies are to moderate the level of share price premium/discount and related volatility
2023	(12.7)	This is a measure of the divergence between the share price and the NAV per share. The Company issues shares whilst the share price is at a premium and buys back shares when it is at a discount, in the latter case with the aim that it does not exceed 5% in normal market conditions.
2022	(9.6)	
2021	(3.6)	
2020	(7.3)	
2019	(4.3)	

Source: Columbia Threadneedle Investments and Refinitiv Eikon

Ongoing charges[1] (as a percentage of average net assets)

At 30 April	% (excluding performance fees)	% (including performance fees)	The Board's policy is to control the costs of running the Company
2023	0.79	0.79	This measures the running costs of the Company (including where applicable the performance fees incurred in underlying funds) as a percentage of the average net assets.
2022	0.75	0.75	
2021	0.78	0.78	
2020	0.75	0.75	
2019	0.79	0.79	

Source: Columbia Threadneedle Investments

Dividend growth

	1 Year %	3 Years %	5 Years %	The Board aims to continue its progressive dividend policy
Dividends	25.0	35.3	59.7	This compares the Company's dividend growth rate to the rate of inflation.
Retail Prices Index	11.4	27.4	33.3	

Source: Columbia Threadneedle Investments and Refinitiv Eikon

(1) See Alternative Performance Measures on pages 95 and 96
(2) See Glossary of terms on page 97 for explanation of Benchmark

Principal and Emerging Risks

The Board has carried out a robust review and assessment of the Company's principal and emerging risks and the uncertainties that could threaten its future success. This includes near-term risks such as those posed by the integration of BMO GAM with Columbia Threadneedle and longer-term risks, such as climate change. The consequences for its strategy, business model, liquidity, future prospects, long term viability and its commitment to transition the portfolio to net zero carbon emissions by 2050, at the latest, form an integral part of this review.

The Board's processes for monitoring the principal risks and identifying emerging risks are set out on page 40 and in note 23 to the Accounts. Any emerging risks that are identified and that are considered to be of significance are included on the Company's risk assessment together with any mitigations. These principal and emerging risks are reviewed regularly by the Audit and Management Engagement Committee and by the Board. There is a risk that the current high levels of inflation will be sustained and of course geo-political risk has been heightened as a result of the war in Ukraine. The principal risks are largely unchanged from those reported in the prior year. Those identified as most relevant to the assessment of the Company's future prospects and viability were those relating to the potential impact from sustained high inflation, inappropriate business strategy, potential investment portfolio under-performance and its effect on the Company's share price discount/premium and dividends, as well as threats to security over the Company's assets. Our risk evaluation forms an inherent part of our strategy determination described on page 34.

Principal Risks	Mitigation by strategy
Service providers and systems security – **Errors, fraud or control failures at service providers or loss of data through business continuity failure or cyber attacks could damage reputation or investors' interests or result in loss. Cyber risks remain heightened.** **Unchanged throughout the year.**	The ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. Custody and depositary services are provided by third party suppliers. **The Board monitors the effectiveness and efficiency of service providers' processes through internal efficiency KPIs.**
Investment performance – **Inappropriate business strategy or policy, or ineffective implementation, could result in poor returns for shareholders. Failure to access the targeted market or meet investor needs or expectations, including Responsible Investment and climate change in particular, leading to significant pressure on the share price. Political risk factors could also impact performance as could market shocks such as those experienced in relation to Covid-19 and the war in Ukraine.** **Unchanged throughout the year.**	Under our Business Model, a manager is appointed with the capability and resource to manage the Company's assets, asset allocation, gearing, stock and sector selection and risk. The individual regional investment portfolios are managed to provide in combination a well-diversified, lower volatility and lower risk overall portfolio structure. The Board holds a separate strategy meeting each year and considers investment policy review reports from the Manager at each Board meeting. **The performance of the Company relative to its Benchmark, its peers and inflation is a KPI measured by the Board on an ongoing basis and is reported on page 39.**
Discount/premium – **A significant share price discount or premium to the Company's NAV per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. Increased uncertainty in markets due to an event such as Covid-19 or the significant rise in inflation could lead to falls and volatility in the Company's NAV.** **Risk has increased during the year.**	The Board has established share buyback and share issue policies, together with a dividend policy, which aim to moderate the level and volatility of the share price discount or premium to the NAV per share and it seeks shareholder approval each year for the necessary powers to implement those policies. **The discount/premium to NAV at which the Company's shares trade is a KPI measured by the Board on an ongoing basis and is reported on page 39.**

Through a series of stress tests ranging from moderate to extreme scenarios, including the impact of market shocks and based on historical information, but forward looking over the five years commencing 1 May 2023, the Board assessed the risks of:

- Sustained high levels of inflation.
- Potential illiquidity of the Company's portfolio.
- Substantial falls in investment values on the ability to meet loan covenant requirements and to repay and re-negotiate funding.
- Significant falls in income on the ability to continue paying steadily-rising dividends and maintaining adequate revenue reserves.

The Board also took into consideration the operational robustness of its principal service providers and the effectiveness of business continuity plans in place, potential effects of regulatory changes and the potential threat from competition. The Board's conclusions are set out under 'Five Year Horizon'.

Resilience

The Board is cognisant of the Brydon Report's proposal for companies to make a resilience statement, which will address resilience to risks over the short, medium and long term. The Department for Business, Energy & Industrial Strategy has taken forward this proposal, amongst others, with a consultation that will result in changes in regulation. Whilst the regulations resulting from the consultation are still awaited, it is likely that the Board will be required to include a resilience statement, encompassing the Company's ability to continue as a going concern, its medium term viability and what it considers to be its key long-term challenges, and how those are being addressed, in future. It is likely that the Company will also be required to adopt and publish an "Audit and Assurance Policy" which will include, amongst other things, an explanation of the independent assurance it proposes to obtain for the resilience statement and the effectiveness of the internal controls framework. It is proposed that the policy should cover a three-year period and be subject to an annual advisory vote by shareholders.

Actions taken on Principal Risks in the year

The Audit and Management Engagement Committee and the Board have regularly reviewed the Company's risk management framework with the assistance of the Manager. Regular control reports are provided by the Manager which cover risk, compliance and oversight of third-party service providers, including IT security and cyber-threats. Reports from the Depositary, which is liable for the loss of any of the Company's securities and cash held in custody unless resulting from an external event beyond its reasonable control, were reviewed. The Board is satisfied that the continuity arrangements of all key suppliers continued to work well and as such, this risk is unchanged.

Columbia Threadneedle has been retained as Manager and continues to deliver on the Company's objective. It operates within a responsible investment culture under a corporate commitment to four key Sustainability Principles: Social Change, Financial Resilience, Community Building and Environmental Impact. Through the Manager, the Company has the flexibility to innovate, adapt and evolve as Responsible Investment necessities and expectations change. Marketing and investor relations campaigns continued throughout the year, including presentations by the Lead Manager to wealth managers across the country. Detailed reports provided by the Lead Manager have been reviewed by the Board at each of its meetings. Strong operational performance from the investment portfolio over the year has resulted in the dividend for the year increasing by 25%. In overall terms, this risk is considered unchanged.

Despite actively buying in shares on a regular, ongoing basis in order to address the imbalance between the supply and demand of the Company's shares, the discount has remained wider than desired. During the course of the year, the Manager has stepped up marketing activity over a number of channels and is working to enhance the messaging around the core investment proposition. This activity aims to stimulate demand for the Company's shares from existing and new investors. Given the higher prevailing discount level the risk is considered to have increased during the year.

Five Year Horizon

Based on its assessment and evaluation of the Company's future prospects, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the coming five years. This period has been chosen because it is consistent with the advice provided by many investment advisers, that investors should invest in equities for a minimum of five years. The Company's business model, strategy and the embedded characteristics listed below have helped define and maintain the stability of the Company over many decades. The Board expects this to continue and will continue to assess viability over subsequent five year rolling periods.

- The Company has a long-term investment strategy under which it invests mainly in readily realisable, publicly listed securities and which restricts the level of borrowings.
- The Company's business model and strategy are not time limited and, as a global investment trust company, are unlikely to be adversely impacted as a direct result of Brexit and other political uncertainties.
- The Company is inherently structured for long-term outperformance, rather than short-term opportunities, with five years considered as a sensible time-frame for measuring and assessing long-term investment performance.
- The Company is able to take advantage of its closed-end investment trust structure, such as having borrowing arrangements in place and the ability to secure additional finance in excess of five years.
- There is rigid monitoring of the headroom under the Company's bank borrowing financial covenants.
- Regular and robust review of revenue and expenditure forecasts is undertaken throughout the year against a backdrop of large revenue and capital reserves.
- The Company retains title to all assets held by the Custodian which are subject to further safeguards imposed on the Depositary.

Directors

The Board of Directors comprise: back row, left to right Anja Balfour, David Stileman and Graham Oldroyd, front row, left to right Nick Bannerman and Jo Dixon.

Anja Balfour
Chairman
Appointed to the Board on 1 June 2015 and as Chairman on 30 July 2020. She is also chairman of the Nomination Committee.
Experience and contribution: Anja brings in-depth investment knowledge, expertise and experience in international investment management as well as leadership skills, most notably from her other non-executive director and chairmanship roles. Previously she spent over 20 years as a fund manager, running Japanese and International Equity portfolios for Stewart Ivory, Baillie Gifford and latterly, Axa Framlington.
Other appointments: Anja is a non-executive director of AVI Global Trust PLC and a non-executive Director of Scottish Friendly Assurance, where she chairs the Investment Committee and is a member of the Finance & Corporate Services Committee of Carnegie UK Trust. She was formerly chair of Schroder Japan Trust plc.

Nick Bannerman
Appointed to the Board on 1 October 2019.
Experience and contribution: Nick brings a combination of investment, operational and management experience as well as a wider business perspective from his current and past business roles across multiple geographies. He is a chartered accountant and was chairman of Baillie Gifford Japan Trust PLC until December 2019.
Other appointments: Nick is an executive director of James Johnston & Co of Elgin Ltd and Johnston GmBH.

Josephine (Jo) Dixon
Senior Independent Director and Chairman of the Audit and Management Engagement Committee.
Appointed to the Board on 11 February 2015 and as Senior Independent Director on 30 July 2020.
Experience and contribution: Jo is a qualified accountant and has a strong accounting and financial background. She also brings leadership skills from her other non-executive director and chairmanship roles. Jo took over as Senior Independent Director following Jane Tozer's retirement on 30 July 2020. She was formerly chairman of JPMorgan European Growth & Income plc.
Other appointments: Jo is a non-executive director of Strategic Equity Capital PLC, Alliance Trust PLC, BB Healthcare Trust PLC and Ventus VCT PLC.

Graham Oldroyd
Appointed to the Board on 1 October 2019.
Experience and contribution: Graham brings to the Board in-depth investment knowledge, expertise and experience in international investment management from his present and past positions as a director of listed and unlisted European businesses across multiple sectors and geographies.
Other appointments: Graham is non-executive chairman of Ideal Standard International NV (Belgium) and of MCF Limited and he is a non-executive director of Tunstall Integrated Healthcare Holdings Limited.

David Stileman
Appointed to the Board on 1 June 2015.
Experience and contribution: David brings a wider business perspective to the Board both from his current and past business and advisory roles as well as his extensive knowledge in international banking and specialty finance.
Other appointments: David is an Advisory Board Member, Emeritus, of Corsair Capital LLP and Honorary Trustee of the Royal Academy of Arts.

All the Directors are members of the Audit and Management Engagement Committee and the Nomination Committee. No Director has a shared directorship elsewhere with other Directors.

Directors' Report

The Directors submit the Report and Accounts of the Company for the year ended 30 April 2023. Applying the principles of the AIC Code, the Chairman's Statement on corporate governance, the Directors' biographies, the Reports of the Nomination and Audit and Management Engagement Committees and the Directors' Remuneration Report all form part of this Directors' Report.

Statement regarding the Annual Report and Accounts

The Directors consider that, following advice from the Audit and Management Engagement Committee, the Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Audit and Management Engagement Committee has reviewed the draft Report and Accounts for the purposes of this assessment. The market outlook for the Company can be found on pages 7 and 16. Principal risks can be found on page 40 with further information on financial risks in note 23 to the Accounts. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R.

Results and dividends

The results for the year are set out in the attached accounts. Subject to shareholder approval at the AGM (Resolution 4), the recommended final dividend of 1.67 pence per share is payable on 4 August 2023 to shareholders on the register as at the close of business on 7 July 2023. This, together with the interim dividend of 0.63 pence per share, makes a total dividend of 2.30 pence per share and represents an increase of 25.0% over the comparable 1.84 pence per share paid in respect of the previous year. See note 9 to the Accounts.

Company status

The Company is registered as a public limited company and is an investment company as defined by Section 833 of the Act. The Company is registered in England and Wales with company registration number 28264 and is subject to the Financial Conduct Authority's (**'FCA'**) Listing Rules, Disclosure Guidance and Transparency Rules (**'DTRs'**) and other applicable legislation and regulations including company law, financial reporting standards, taxation law and its own articles of association.

Taxation

As set out on page 38 and in note 7 to the Accounts, the Company is exempt from UK Corporation Tax on its worldwide dividend income and from UK Corporation Tax on any capital gains arising from the portfolio of investments, provided it complies at all times with Section 1158. Dividends received from investee companies domiciled outside the UK are subject to taxation in those countries in accordance with relevant double taxation treaties.

Prevention of the facilitation of tax evasion

The Board is committed to compliance with the UK's Criminal Finance Act 2017, designed to prevent tax evasion in the jurisdictions in which the Company operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

Greenhouse Gas Emissions

The Company is managed by a third party manager, it has no employees and all of its Directors are non-executive, with the day to day activities being carried out by third parties. The Company has no premises, consumes no electricity, gas or diesel fuel directly and consequently does not have a measurable carbon footprint. Therefore, it qualifies as a low energy user and is exempt from reporting under the Streamlined Energy & Carbon Reporting requirements. Further information on the Company's approach to Climate change can be found on page 22.

Accounting and going concern

The financial statements, starting on page 66, comply with current UK Financial Reporting Standards, supplemented by the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (**'SORP'**). The significant accounting policies of the Company are set out in note 2 to the Accounts. The unqualified auditors' opinion on the Financial Statements appears on page 61. Shareholders will be asked to approve the adoption of the Report and Accounts at the AGM (Resolution 1).

The Directors believe that, in light of the controls and monitoring processes that are in place, the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments and the ability of the Company to meet all of its liabilities and ongoing expenses. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Statement as to disclosure of information to the auditors

Each of the Directors confirms that, to the best of their knowledge and belief, there is no information relevant to the preparation of the Report and Accounts of which BDO LLP (**'BDO'** or the **'auditors'**) is unaware and they have taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that BDO is aware of that information.

Reappointment of auditors

BDO have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their reappointment and authorising the Audit and Management Engagement Committee to determine their remuneration for the ensuing year will be put to shareholders at the AGM (Resolutions 10 and 11). Further information in relation to their reappointment can be found on page 55.

Capital structure

Following a ten for one share split on 31 October 2019, each ordinary share of 25p was replaced with ten new ordinary shares of 2.5p each. As at 30 April 2023 there were 620,533,770 ordinary shares of 2.5p each (**'ordinary shares'**) in issue, of which 95,625,622 were held in treasury. As at 19 June 2023 (being the latest practicable date before publication of this report) the number of ordinary shares held in treasury was 98,062,648.

All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. Details of the capital structure can be found in Note 15 to the Accounts. The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of ordinary shares. Full details are set out in the Company's articles of association.

Issue and buyback of shares

At the annual general meeting held on 28 July 2022, shareholders authorised the Board to issue new ordinary shares or to sell shares from treasury up to 10% of the number of shares then in issue. Shareholders also renewed the Board's authority to purchase up to 14.99% of its own issued ordinary shares (excluding any shares held in treasury) at a discount to NAV per share.

No shares were issued during the year under review or have been issued between 30 April 2023 and 19 June 2023, being the latest practicable date before the publication of this report. In accordance with the policy of aiming to keep the discount at no more than 5% in normal market conditions, a total of 24,565,694 shares with a nominal value of £614,142 were bought back by the Company during the year, to be held in treasury, at prices between 125.46 pence and 172.20 pence and at an average price of 148.83 pence for a total consideration, including stamp duty and commissions, of £35,804,000. The shares bought back represented 4.47% of the shares in issue (calculated exclusive of any shares held in treasury) at 30 April 2022. The share buybacks enhanced the NAV per share by approximately 0.62 pence. A further 2,437,026 shares have been bought back and placed into treasury since the year end.

Voting rights and proportional voting

As at 19 June 2023 there were 620,533,770 ordinary shares in issue, of which 98,062,648 shares were held in treasury. Therefore the total voting rights in the Company as at that date were 522,471,122.

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held.

Approximately 55% of the Company's share capital is held on behalf of non-discretionary clients through the Manager's Savings Plans. For those planholders who do not return their voting directions, the nominee company will vote their shares in proportion to the directions of those who do ('proportional voting'). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in the savings plans being voted. A maximum limit of 718,000 shares that any one individual investor can vote, being approximately 5% of the minimum threshold, also applies. Any shares voted by an investor in excess of the maximum limit remain valid, but do not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Substantial interests in the Company's share capital

As at 30 April 2023 and since that date no notifications of significant voting rights have been received under the FCA's Disclosure Guidance and Transparency Rules.

Borrowings

The Company has a one-year £35 million multi-currency revolving credit facility with The Royal Bank of Scotland International Limited. At the year-end, €6.8m, ¥557.5m and $9.8m (in total, the equivalent of £17.0m) were drawn down. The Company also has in issue £35 million fixed rate 20-year unsecured private placement notes at a coupon of 2.26% which mature in August 2039. An overdraft arrangement is available from the Custodian for settlement of investment trades if necessary. Further information is provided in notes 12 and 14 to the Accounts.

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 57 to 59 provides detailed information on the remuneration arrangements for Directors of the Company. Shareholders are asked to approve the Remuneration Policy and the Directors' Remuneration Report annually. There have been no changes to the Remuneration Policy since it was last approved by shareholders in 2022. Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective (**Resolutions 2 and 3**).

Appointments to the Board

Under the articles of association of the Company, the number of Directors on the Board may be no more than twelve. Directors may be appointed by the Company by ordinary resolution or by the Board. All new appointments require prior Board approval and are subject to election by shareholders at the next annual general meeting. Institutional shareholders are given the opportunity to meet any newly appointed Director if they wish. An induction process is in place for new appointees and all Directors are encouraged to attend relevant training courses and seminars.

Removal of Directors

The Company may by special resolution remove any Director before the expiration of their term of office and may by ordinary resolution appoint another person who is willing to act to be a Director in their place. The provisions under which a Director would automatically cease to be a Director are set out in the Company's articles of association.

Contribution and independence of Directors

The Board is composed solely of independent non-executive Directors. The Nomination Committee has considered each Director and the Board has concurred with its assessment that each Director continues to make a valuable and effective contribution and remains committed in their respective roles. Furthermore, no Director has a past or current connection with the Manager and each remains independent in character and judgement, with no relationships or circumstances relating to the Company that are likely to affect that judgement. The Board has therefore concurred with the Nomination Committee's assessment that all Directors are independent of the Manager and of the Company itself.

The following table sets out the Directors' meeting attendance in the year under review. The Board held a separate meeting in March 2023 to consider strategic issues and also met regularly in private sessions, without any representation from the Manager.

Directors' attendance

	Board	Audit and Management Engagement Committee	Nomination Committee
No. of meetings	6	3	1
Anja Balfour	6	3	1
Nick Bannerman	6	3	1
Jo Dixon	6	3	1
Graham Oldroyd	6	3	1
David Stileman	5	3	1

Re-Election of Directors

The names of the Directors of the Company, along with their biographical details, are set out on page 42 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are also set out. All Directors held office throughout the year under review and all will stand for re-election by shareholders at the AGM in accordance with the requirements of the AIC Code (**Resolutions 5 to 9**).

Directors' interests and indemnification

There were no contracts to which the Company was a party and in which a Director is, or was, materially interested during the year. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company has granted a deed of indemnity to the Directors in respect of liabilities that may attach to them in their capacity as Directors of the Company. This covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. This deed of indemnity is a qualifying third-party provision (as defined by section 234 of the Act) and has been in force throughout the year under review and remains in place as at the date of this report. It is available for inspection at the Company's registered office during normal business hours and at the AGM. The Company also maintains directors' and officers' liability insurance.

Safe custody of assets

The Company's listed investments are held in safe custody by JPMorgan Chase Bank (the **'Custodian'**). Operational matters with the Custodian are carried out on the Company's behalf by the Manager in accordance with the provisions of the investment management agreement. The

Custodian is paid a variable fee dependent on the number of trades transacted and location of the securities held.

Depositary

JPMorgan Europe Limited (the **'Depositary'**) acts as the Company's Depositary in accordance with the Alternative Investment Fund Manager's Directive (**'AIFMD'**). The Depositary's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include: cash monitoring; ensuring the proper segregation and safe keeping of the Company's financial instruments that are held by the Custodian; and monitoring the Company's compliance with investment and leverage limits requirements. The Depositary receives for its services a fee of one basis point per annum, based on the Company's net assets, payable monthly in arrears.

Although the Depositary has delegated the safekeeping of all assets held within the Company's investment portfolio to the Custodian, in the event of loss of those assets that constitute financial instruments under the AIFMD, the Depositary will be obliged to return to the Company financial instruments of an identical type, or the corresponding amount of money, unless it can demonstrate that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Manager's fee

The Manager has been paid a management fee of 0.55% per annum of the Company's net asset value, which is reduced to 0.275% in respect of the market value of investments held in third party collective funds. The fee is calculated and paid monthly in arrears. The amount paid in the year under review was £4,329,000, a decrease of 13.5% from the £5,004,000 paid in the previous year, reflecting the decrease of the Company's average net assets during the year. Following constructive discussions with the Manager, the Board has agreed to introduce a tiered element to the management fee. With effect from 1 May 2023, net assets outside of collectives in excess of £750m will be charged at a reduced rate of 0.5% per annum, with any investments made in third party collective investment schemes remaining subject to a charge of 0.275% per annum of the month end market value of those investments. Note 4 to the Accounts shows the apportionment of the management fee between capital and revenue.

Manager evaluation process

The Manager's performance is considered by the Board at every meeting with a formal evaluation by the Audit and Management Engagement Committee each year. For the purposes of its ongoing monitoring, the Board receives detailed reports and views from the Lead Manager on investment policy, asset allocation, gearing and risk, including formal presentations on the North American, UK, European, Japanese and Rest of World portfolios at least annually. In evaluating the Manager's performance, the Board considers a range of factors including the investment performance of the portfolio as a whole, performance of the various regional sub-portfolios and the skills, experience and depth of the team involved in managing the Company's assets. The Board measures the overall relative success of the Company against the Benchmark, with each regional sub-portfolio being measured against relevant local small capitalisation indices. It also considers the resources and commitment of the Manager in all areas of its responsibility, including the marketing and administrative services provided to the Company. Portfolio performance, which is relevant in monitoring the Manager, is set out on pages 8 to 16.

Manager reappointment

The annual evaluation that took place in April 2023 included presentations from the Lead Manager and the Manager's Head of Investment Trusts. This focused primarily on investment performance and the services provided to the Company more generally. With regard to performance, the Company's NAV total return was ahead of the Benchmark over the ten years to 30 April 2023.

The Audit and Management Engagement Committee met in closed session following the presentation and, in light of the long-term investment performance of the Manager and the quality of the overall service provided, it concluded that in its opinion the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The Board ratified this recommendation.

AGM and online shareholder meeting

The Company's AGM will be held at The Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA, on Friday, 28 July 2023 at 12.00 noon. The meeting will also be streamed live on the internet so that those shareholders who cannot attend in person will be able to view the proceedings. The broadcast can be viewed by registering here: https://www.investormeetcompany.com/theglobal-smaller-companies-trust-plc/register-investor.

We encourage shareholders to lodge their votes to arrive by the deadline stated in the notice of meeting, appointing the chairman of the meeting as your proxy. Voting on all resolutions will be held on a poll, the results of which will be announced via a regulatory announcement and will be shown on the Company's website following the meeting.

Authority to allot shares and sell shares from treasury (Resolutions 12 and 13)

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash or selling shares out of treasury without first offering them to existing shareholders in proportion to their holdings.

Resolution 12 gives the Directors the necessary authority to allot securities up to an aggregate nominal amount of £1,306,177 (52,247,112 ordinary shares), being equivalent to approximately 10% of the Company's issued share capital (calculated exclusive of the shares held in treasury) as at 19 June 2023, being the latest practicable date before the publication of the Notice of AGM. The authority and power will expire at the conclusion of the annual general meeting to be held in 2024 or, if earlier, 15 months from the passing of the resolution.

Resolution 13 empowers the Directors to allot such securities for cash, other than to existing shareholders on a pro-rata basis and also to sell treasury shares without first offering them to existing shareholders in proportion to their holdings up to an aggregate nominal amount of £1,306,177 (representing approximately 10% of the issued ordinary share capital of the Company at 19 June 2023, calculated exclusive of the shares held in treasury).

These authorities provide the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares or the sale of treasury shares, in accordance with the policies set out on pages 37 and 38 or should any other favourable opportunities arise to the advantage of shareholders.

The Directors expect that they will mainly use these authorities to satisfy demand from participants in the Manager's Savings Plans when they believe it is advantageous to the Company's shareholders to do so. Under no circumstances would the Directors issue new shares or sell treasury shares at a price which would result in a dilution of the NAV per ordinary share.

Authority for the Company to purchase its own shares (Resolution 14)

At the annual general meeting held in 2022 the Company was authorised to purchase up to approximately 14.99% of its own shares for cancellation or to be held in treasury. The number of shares remaining under that authority as at 30 April 2023 was 57,426,095 shares or 10.94% of the issued share capital exclusive of the number of shares held in treasury. Resolution 14 will authorise the renewal of such authority enabling the Company to purchase in the market up to a maximum of 78,318,421 ordinary shares (equivalent to approximately 14.99% of the issued share capital exclusive of treasury shares) and sets out the minimum and maximum prices at which they may be bought, exclusive of expenses, reflecting the requirements of the Act and the Listing Rules.

The Directors will continue to use this authority in accordance with the policy set out on pages 37 and 38. Under the Act, the Company is permitted to hold its own shares in treasury following a buyback, instead of cancelling them. This gives the Company the ability to reissue treasury shares quickly and cost-effectively (including pursuant to the authority under Resolution 13, see above) and provides the Company with additional flexibility in the management of its capital base. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends, are suspended whilst they are held in the treasury. If the Board exercises the authority conferred by Resolution 14, the Company will have the option of either holding in treasury or of cancelling any of its shares purchased pursuant to this authority and will decide at the time of purchase which option to pursue. Purchases of ordinary shares under the authority will be financed out of realised revenue and/or capital reserves and funded from the Company's own cash resources or, if appropriate, from short-term borrowings. The authority to purchase ordinary shares will continue until the conclusion of the annual general meeting in 2024 or 27 October 2024, whichever is the earlier. The Board intends to seek the renewal of such authority at subsequent annual general meetings.

Notice period for meetings (Resolution 15)

The Act and the Company's articles of association provide that all general meetings (other than annual general meetings) can be convened on 14 days' notice. However, one of the requirements of the Shareholder Rights Directive is that all general meetings must be held on 21 clear days' notice, unless shareholders agree to a shorter notice period. The Board is of the view that it is in the Company's interests to have a shorter notice period which complies with the provisions of the Act and the Company's articles to allow all general meetings (other than an annual general meeting) to be called on 14 clear days' notice. The passing of resolution 15 would constitute shareholders' agreement for the purposes of the Shareholder Rights Directive (which agreement is required annually) and would therefore preserve the Company's ability to call general meetings (other than an annual general meeting) on 14 clear days' notice. The Board would utilise this authority to provide flexibility when merited and would not use it as a matter of routine. The Board intends to seek the renewal of such authority at subsequent annual general meetings.

Form of proxy for AGM voting

If you are a registered shareholder you will find enclosed a form of proxy for use at the AGM. You will also have the option of lodging your proxy vote electronically at eproxyappointment.com. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Please either complete, sign and return the form of proxy in the envelope provided as soon as possible in accordance with the instructions or, alternatively, lodge your proxy vote via the Internet or the CREST proxy voting system.

All shareholders are strongly encouraged to vote in advance of the AGM and, to do so, all proxy appointments must be returned not later than 48 hours before the time appointed for holding the AGM.

Form of direction and proportional voting

If you are an investor in any of the Manager's Savings Plans you will have received a form of direction for use at the AGM and you will also have the option of lodging your voting directions using the Internet. The Manager operates a proportional voting arrangement, which is explained on page 44.

All forms of direction should be submitted as soon as possible in accordance with the instructions thereon and, in any event, not later than 12.00 noon on 21 July 2023, so that the nominee company can submit a form of proxy before the deadline for registered shareholders.

Voting recommendation

Your Board considers that the resolutions to be proposed at the AGM are in the best interests of the shareholders as a whole. It therefore recommends that shareholders vote in favour of each resolution, as is the intention of the Directors in respect of their own beneficial holdings.

By order of the Board
Columbia Threadneedle Investment Business Limited
Company Secretary
22 June 2023

Chairman's Statement
on corporate governance

Dear Shareholder,
On page 42 you will find brief details of the Directors responsible for the governance of your Company, including mine as your Chairman. Details are also available on the website as shown on page 2. The Company invests in a wide range of companies and, as a Board, we believe that good governance creates value and expect the companies in which we invest to apply high standards. In maintaining the confidence and trust of our own investors, we set out to adhere to the very highest standards of corporate governance, business and ethics transparency. We remain committed to doing so.

Governance overview
The Board has established an Audit and Management Engagement Committee and a Nomination Committee. The role and responsibilities of these committees are set out in their respective reports which follow. As the Board has no executive directors and no employees, and is comprised entirely of independent non-executive directors, it does not have a Remuneration Committee. Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Remuneration Report on pages 50 to 52 and in note 5 to the Accounts.

The Company has appointed the Manager to manage the investment portfolios as well as to carry out the day to day management and administrative functions. An explanation of the reporting arrangements from the Manager is set out in the Strategic Report on page 34 and in the Report of the Audit and Management Engagement Committee in respect of risk management and internal control on page 53. Explanations concerning the Board's appointment of the Manager, including reference to the strength of their resources, measurement of performance and alignment with the values of the Board can be found on page 33.

The Board has direct access to the company secretarial advice and services of the Manager which, through the Company Secretary, is responsible for ensuring that Board and committee procedures are followed and applicable regulations are complied with. The proceedings at all Board and other meetings are fully recorded through a process that allows any Director's concerns to be recorded by the Company Secretary in the minutes. The Board has the power to appoint or remove the Company Secretary in accordance with the terms of the investment management agreement.

Composition of the board and committees
The Board comprises five directors and maintains plans for orderly succession, ensuring that the right balance of skills, experience, knowledge, independence and diversity are in place for the Board to operate effectively, as a whole. The Board currently meets the FCA diversity requirements relating to gender diversity and is committed to meeting the target of at least one director being from a minority ethnic background in the course of 2023. Further information on the Board's plans regarding diversity and inclusion can be found on page 38.

All Directors are members of the Audit and Management Engagement Committee and the Nomination Committee and this is noted under the Directors' biographies on the following page, while the respective terms of reference can be found on the Company's website. Further detail is given in respect of the composition of the Audit and Management Engagement Committee on page 52.

Compliance with the AIC Code of Corporate Governance (the 'AIC Code')
We have considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the **'UK Code'**), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Board considers that the Company has complied with the recommendations of the AIC Code, noting that provisions relating to the role of the Chief Executive, executive directors' remuneration, the need for an internal audit function and workforce engagement are not relevant to the Company, being an externally managed investment trust company. In particular, all of the Company's day to day management and administrative functions have been delegated to the Manager. As a result, the Company has no executive directors, employees or internal operations. Therefore, with the exception of the need for an internal audit function, which is addressed on page 49, we have not reported further in respect of these provisions. Copies of the UK Code and AIC Code can be found on their respective websites: frc.org.uk and theaic.co.uk.

Anja Balfour
Chairman
22 June 2023

Applying the principles of the AIC code

Company purpose

Information relating to the Company's purpose, values and culture can be found on page 33.

Board leadership

The Board is responsible for the effective stewardship of the Company's affairs and has in place a schedule of matters that it has reserved for its decision, which are reviewed periodically. These are categorised and reviewed under strategy, policy, finance, risk, investment restrictions, performance, marketing, appointments, the Board and public documents. It has responsibility for all corporate strategic issues, principal policies (set out on pages 22, 37 and 38) and corporate governance matters which are all reviewed regularly.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting investment and gearing limits within which the Lead Manager has discretion to act, and thus supervises the management of the investment portfolio which is contractually delegated to the Manager. The Board has responsibility for the approval of any unlisted investments.

Division of Board responsibilities

As an externally managed investment trust company, there are no executive Directors; all Directors are non-executive. The Chairman is responsible for the leadership and management of the Board and promotes a culture of openness, challenge and debate. The Chairman sets the agenda for all Board meetings under a regular programme of items in conjunction with the Company Secretary.

The Board has a strong working relationship with the management company, whose personnel, including the Lead Manager, attend and report to the Board at every meeting. Discussions at all levels are held in a constructive and supportive manner with appropriate challenge and strategic guidance and advice from the Board whenever necessary, consistent with the culture and values.

Jo Dixon, as Senior Independent Director, acts as an experienced sounding board for the Chairman and an intermediary for other Directors and shareholders. She leads the annual evaluation of the Chairman.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. Directors are able to seek independent professional advice at the Company's expense in relation to their duties. No such advice was taken during the year under review.

Composition and succession

The Report of the Nomination Committee sets out on page 56 its role and key responsibilities. The composition of the Board and Committee members is set out in the Directors' details on page 42. The Company's diversity policy is set out on page 38.

Board evaluation and effectiveness

Each year the Board undertakes an evaluation of the effectiveness of individual Directors, the Board and its Committees. The Board and Committee evaluation for the year under review was carried out by an independent third party, Lintstock Limited, which has no other connection with the Company or the Directors. The process included confidential unattributable questionnaires between the facilitator and each Director. The performance of the Chairman was covered as part of the process and led separately by the Senior Independent Director. The findings of the external evaluation were discussed with the Chairman and reviewed by the Board.

There were no significant issues arising from the evaluation process and it was agreed that the Board and its Committees were functioning effectively. All Directors make an effective contribution to the Board commensurate with their experience and skills.

Audit, risk management and internal control

The Board has established an Audit and Management Engagement Committee, the report of which is set out on pages 52 to 55. The report includes the rationale for the Company not having established its own internal audit function; how the independence and effectiveness of the external auditor is assessed; and how the Board satisfies itself on the integrity of the Company's financial statements. The report covers the process under which the Board satisfied itself that the Report and Accounts presents a fair, balanced and understandable assessment of the Company's position and prospects. There is an explanation of the procedures under which risk is managed and how the Board oversees the internal control framework and determines the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. Further information on the Company's risk and control framework can be found on page 53.

Relations with shareholders and stakeholders

The Company's stakeholders, and the engagement undertaken with them in the year under review, are set out on pages 34 to 35.

Remuneration

The Board's remuneration policy is explained on page 57. As non-executive Directors, fees are set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the contribution towards the delivery of the investment objective. The Company has no executive Directors or employees. The fees paid to the Manager are charged at a competitive rate on the Company's net assets and are therefore aligned with the Company's purpose, its values, the successful delivery of its long-term strategy and the interests of its shareholders.

By order of the Board
Columbia Threadneedle Investment Business Limited
Company Secretary
22 June 2023

Report of the Audit and Management Engagement Committee

Role of the Committee

The primary responsibilities of the Committee are to ensure the integrity of the financial reporting and statements of the Company; to oversee the preparation and audit of the annual accounts, the preparation of the half-yearly accounts and the internal control and risk management processes; and to assess the performance of the Manager and review the fees charged. The Committee met on three occasions during the year with Columbia Threadneedle's Trust Accountant, Head of Investment Trusts, Risk Managers and the Lead Manager in attendance. A representative of the Company's independent auditor, BDO, attended the year end and half year meetings and met in private session with the Committee.

Specifically, the Committee considered, monitored and reviewed the following matters:

- The audited annual results statement and annual report and accounts and the unaudited half-yearly report and accounts, including advice to the Board as to whether the annual report and accounts taken as a whole are fair, balanced and understandable;
- The accounting policies of the Company;
- The principal and emerging risks faced by the Company and the effectiveness of the Company's risk management and internal control environment, including consideration of the assumptions underlying the Board's 'Five Year Horizon' statement on viability;
- How the Company has applied the principles of and complied with the provisions of the AIC Code;
- The effectiveness of the external audit process and the current independence and objectivity of BDO;
- The appointment, remuneration and terms of engagement of the independent auditor;
- The policy on the engagement of the external auditor to supply non-audit services and approval of any such services;
- Whether to change the Company's current policy by establishing its own Internal Audit function;
- The ISAE/AAF and SSAE16 reports or their equivalent from the Manager, the Custodian, Depositary and a due diligence report from the Company's Share Registrars;
- The performance of the Company's third party service providers and administrators, other than the Manager, and the fees charged in respect of those services;
- The performance of the Manager and their fees; and
- The Committee's terms of reference for approval by the Board.

Comprehensive papers relating to each of these matters were prepared for discussion. These were debated by the Committee and any recommendations were fully considered if there was a judgement to be applied in arriving at conclusions. Recommendations were then made to the Board as appropriate.

The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information as is noted in the Statement of Directors' Responsibilities on page 60. On broader control policy issues, the Committee has reviewed, and is satisfied with, Columbia Threadneedle's Code of Conduct and the Anti-Bribery and Anti-Corruption Operating Directive (the **'Directive'**) to which Columbia Threadneedle and its employees are subject. The Committee has also reviewed Columbia Threadneedle's Whistleblowing Policy that has been put in place under which its directors and staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The necessary arrangements are in place for communication by the Manager to this Committee where matters might impact the Company with appropriate follow-up action. In the year under review there were no such concerns raised with the Committee.

Composition of the Committee

The Board recognises the requirement for the Committee as a whole to have competence relevant to the sector in which the Company operates and for at least one member to have recent and relevant financial experience. All Directors of the Company are members of the Committee, including the Chairman of the Board. In accordance with the AIC Code and given the size of the Board it is considered appropriate for the Chairman of the Board to be a member of the Committee. All Committee members are independent non-executive Directors. Jo Dixon, Chairman of the Committee, is a Chartered

Accountant and she is currently audit committee chairman of other listed companies. The other members of the Committee have a combination of financial, investment and business experience through the senior posts held throughout their careers. The majority have a wide experience of the investment trust sector. Details of the members can be found on page 42 and the Committee's terms of reference can be found on the website as shown on page 2.

Management of risk

The Manager's Business Risk department provides regular control report updates to the Committee covering risk and compliance, while any significant issues of direct relevance to the Company are required to be reported to the Committee and Board immediately.

A key risk 'radar' summary is produced by the Manager in consultation with the Board to identify the risks to which the Company is exposed, the controls in place and the actions being taken to mitigate them. The Board has a robust process for considering the resulting risk matrix at each of its meetings and dynamically reviews the significance of the risks and the reasons for any changes.

The Company's Principal and Emerging Risks are set out on page 40 with additional information given in note 23 to the Accounts. The Committee noted the robustness of the Board's review of principal risks, and the identification of emerging risks, and participated as Board members themselves. The integration of these risks into the analyses underpinning the 'Five Year Horizon' Statement on viability on page 41 was fully considered and the Committee concluded that the Board's statement was soundly based. The period of five years was also agreed as remaining appropriate for the reasons given in the viability statement.

Risk management and internal control

The Board has overall responsibility for the Company's system of risk management and internal control, for reviewing its effectiveness and ensuring that risk management and internal control processes are embedded in the day-to-day operations which are managed by the Manager. The Committee has reviewed and reported to the Board on those controls, which aim to ensure that the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and overall risk management, is exercised by the Committee through regular reports provided by the Manager. The reports cover investment performance, performance attribution, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third-party administrators of the Columbia Threadneedle Savings Plans and other relevant management issues.

The system of risk management and internal control is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement, or loss or fraud. Further to the review by the Committee, the Board has assessed the effectiveness of the Company's system of risk management and internal control. The assessment included a review of the Columbia Threadneedle risk management infrastructure and the report on policies and procedures in operation and tests for the year to 31 October 2022 (the **'ISAE/AAF Report'**) and subsequent confirmation from Columbia Threadneedle that there had been no material changes to the control environment in the period to 19 June 2023. The ISAE/AAF Report had been prepared by Columbia Threadneedle for all of its investment trust clients to the International Standard on Assurance Engagement (ISAE) No. 3402 and to the standards of the Institute of Chartered Accountants in England and Wales Technical Release AAF (01/06). The ISAE/AAF Report from independent reporting accountants PwC sets out Columbia Threadneedle's control policies and procedures with respect to the management of clients' investments and maintenance of their financial records. The effectiveness of those controls is monitored by the Manager's Group Audit and Compliance Committee, which receives regular reports from its Internal Audit department. Procedures are also in place to capture and evaluate any failings and weaknesses within the Manager's control environment and those extending to any outsourced service providers to ensure that action would be taken to remedy any significant issues. Any errors or breaches relating to the Company are reported at each Committee and Board meeting by the Manager, including those relating to the administration of their savings plans and related complaint levels. No failings or weaknesses material to the overall control environment and financial statements were identified in the period under review. The Committee also reviewed the internal control reports of the Custodian, the Depositary and the Share Registrar's due diligence report and were satisfied that there were no material exceptions.

Through the reviews noted above and by direct enquiry of the Manager and other relevant parties, the Committee and the Board have satisfied themselves that there were no material control failures or exceptions affecting the Company's operations during the year under review nor to the date of this Report.

Based on the processes and controls in place within the Manager, the Committee has concluded, and the Board has concurred, that there is no current need for the Company to have a separate internal audit function.

External audit process and significant issues considered by the Committee

In carrying out its responsibilities, the Committee has considered the planning arrangements, scope, materiality levels and conclusions of the external audit for the year under review. The table below describes the significant judgements and issues considered by the Committee in conjunction with BDO in relation to the financial statements for the year and how these issues were addressed. The Committee also included in their review the areas of judgements, estimates and assumptions referred to in note 2(c)(xi) to the Accounts. Likewise, the Committee reviewed the disclosure and description of Alternative Performance Measures provided on page 95 and is satisfied that the disclosure is fair and relevant. Procedures for investment valuation and existence and recognition of income were the main areas of audit focus and testing.

The Committee met in June 2023 to discuss the final draft of the Report and Accounts, with representatives of BDO and the Manager in attendance. BDO submitted their year-end report and confirmed that they had no reason not to issue an unqualified audit report in respect of the Report and Accounts. The Committee established that there were no material issues or findings arising which needed to be brought to the attention of the Board.

The Committee recognises the importance of continually improving non-financial reporting and the increased focus on the Strategic Report by investors and regulators. The Committee has carefully considered the disclosures made in the Report and Accounts particularly in relation to the disclosures under section 172(1) of the Act including how wider stakeholder interests have been taken into account by the Directors while performing their duties and related disclosures with regard to ESG issues. The Committee has also had regard to the non-financial reporting requirements in the Act, which is an area of reporting that will evolve further in coming years.

Consequently, the Committee recommended to the Board that the Report and Accounts were in its view, fair, balanced and understandable in accordance with accounting standards, regulatory requirements and best practice.

Significant Judgements and Issues considered by the Committee for the year ended 30 April 2023

Matter	Action
Investment Portfolio Valuation	
Although the Company's portfolio of investments is predominantly invested in highly liquid securities quoted on recognised stock exchanges, errors in the valuation could have a material impact on the Company's NAV per share.	The Board reviewed the full portfolio valuation twice in the year and the Committee also reviewed the valuation of the unquoted portfolio. The Committee reviewed the annual audited internal control report from Columbia Threadneedle. This report indicated that the relevant systems and controls surrounding daily pricing, cash and holdings reconciliations and security valuation had operated satisfactorily.
Misappropriation of Assets	
Misappropriation of the Company's investments or cash balances could have a material impact on its NAV per share.	The Committee reviewed the annual audited internal control reports of Columbia Threadneedle and the Custodian. Neither of these reports indicated any failures of controls over the existence and safe custody of the Company's investments and cash balances. The Company's Depositary reported quarterly on the safe custody of the Company's investments and the operation of controls over the movement of cash in settlement of investment transactions. Through these reports the Committee is satisfied that the assets remained protected throughout the year.
Income Recognition	
Incomplete controls over, or inaccurate recognition of, income could result in the Company misstating its revenue receipts and associated tax, with consequences for overall performance, payment of dividends to shareholders, and compliance with taxation rules.	The Committee's review of Columbia Threadneedle's annual audited controls report indicated that there were no control failures in the year. The Committee reviewed and approved at the interim and final accounts reporting meetings, all dividend receipts deemed to be capital (special) in nature by virtue of their payment out of investee company restructuring rather than ordinary business operations. In addition, the Committee reviewed that all special dividends had been correctly treated in accordance with the Company's accounting policy.

The Independent Auditors' report, which sets out the unqualified audit opinion, the scope of the audit and the areas of focus, in compliance with applicable auditing standards, can be found on pages 61 to 65.

Auditor assessment, independence and appointment

The Committee reviews the reappointment of the auditor every year and has been satisfied with the effectiveness of BDO's performance on their audit of the Company's accounts. BDO have confirmed that they are independent of the Company and have complied with relevant auditing standards. In evaluating BDO, the Committee has taken into consideration the skills and experience of the firm and of the audit team. From direct observation and indirect enquiry of management, the Committee is satisfied that BDO will continue to provide effective independent challenge in carrying out their responsibilities. Their fee was £42,000, excluding VAT (2022: £36,000).

The Company has a duty to consider carefully the audit for value and effectiveness and, as part of its annual review, considers the need for putting the audit out to tender for reasons of quality, independence or value. The Company is required to carry out a tender every ten years with the next due no later than 2029.

Non-audit services

The Committee regards the continued independence of the external auditors to be a matter of the highest priority. The Company's policy with regard to the provision of non-audit services by the external auditor ensures that no engagement will be permitted if:

- the provision of the services would contravene any regulation or ethical standard;
- the auditors are not considered to be expert providers of the non-audit services;
- the provision of such services by the auditor creates a conflict of interest for either the Board or the Manager; and
- the services are considered to be likely to inhibit the auditor's independence or objectivity as auditors.

In particular, the Committee has a policy that the accumulated costs of all non-audit services sought from the auditors in any one year should not exceed 30% of the likely audit fees for that year and not exceed 70% cumulatively over three years. There were no non-audit services for the year ended 30 April 2023.

Committee Evaluation

The activities of the Committee were considered as part of the Board evaluation process as noted on page 50. The evaluation found that the Committee continued to function well, with an appropriate balance of skills and experience.

Jo Dixon
Chairman
Audit and Management Engagement Committee
22 June 2023

Report of the Nomination Committee

Role of the Committee

The primary role of the Nomination Committee is to review and make recommendations with regard to Board structure, size and composition, the balance of knowledge, experience, skill ranges and diversity and consider succession planning and tenure policy. All of the Committee's responsibilities have been carried out in the year under review and to date. The Committee met once during the year and specifically considered, monitored and reviewed the following matters:

- the structure and size of the Board and its composition particularly in terms of succession planning and the experience and skills of the individual Directors and diversity across the Board as a whole;
- tenure policy;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- the appointment of new Directors and the reappointment of those Directors standing for re-election at annual general meetings;
- the attendance and time commitment of the Directors in fulfilling their duties, including the extent of their other directorships;
- each Director's independence; and
- the authorisation of each Director's situational conflicts of interests in accordance with the provisions of the Act and the policy and procedures established by the Board in relation to these provisions.

Composition of the Committee

As the Board has no executive directors or employees and is comprised entirely of independent non-executive directors, all Directors are members of the Committee, the terms of reference of which can be found on the website as shown on page 2.

Diversity and tenure

The Board's diversity policy, objective and progress in achieving it are set out on page 38. Director searches are undertaken in accordance with this objective and policy with the recruitment process open to a diverse range of candidates.

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company or, indeed, its chairman. This is because continuity and experience can add significantly to the strength of investment trust company boards where the characteristics and relationships tend to differ from those of other companies. Therefore, while the Chairman and Directors are normally expected to serve for no more than a nine-year term, this may be adjusted for reasons of flexibility and continuity. Currently none of the Directors has served beyond nine years.

Succession planning

David Stileman will be retiring in October 2023 and the Committee is currently in the process of recruiting his replacement. It is the current intention that Jo Dixon will stand down from the Board at the conclusion of the 2024 AGM, thus continuing the process of refreshment and achieving a better spread of Directors' tenure whilst ensuring continuity.

Committee evaluation

The activities of the Nomination Committee were considered as part of the Board evaluation process as reported on page 50.

Anja Balfour
Nomination Committee Chairman
22 June 2023

Directors' Remuneration Report

Directors' Remuneration Policy

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. Time committed to the Company's business and the specific responsibilities of the Chairman, Senior Independent Director, Chairman of the Audit and Management Engagement Committee and the Directors and their retention are taken into account. The policy aims to be fair and reasonable in relation to comparable investment trust companies. This includes provision for the Company's reimbursement of all reasonable travel and associated expenses incurred by the Directors in attending Board and committee meetings, including those treated as a benefit in kind subject to tax and national insurance. This policy was approved by shareholders at the Company's annual general meeting in 2022 when 91.64% of the total votes received were cast in favour of the resolution, 8.36% were against and 1.65% were withheld. The Board has not subsequently received any views from shareholders in respect of the level of Directors' remuneration. The Board seeks approval of the policy annually and it will therefore be put to shareholders for approval at the forthcoming AGM.

The Company's articles of association limit the aggregate fees payable to the Board to a total of £300,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Chairman and, in her case, from the Senior Independent Director. The fees are fixed and are payable in cash, quarterly in arrears. Directors are not eligible for bonuses, pension benefits, share options or long-term incentive schemes or other benefits. The Directors' fees are reviewed annually and have been increased with effect from 1 May 2023 to the levels shown in the table opposite.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company, and therefore no remuneration committee has been appointed. Each Director has signed a terms of appointment letter with the Company, in each case including one month's notice of termination by either party. There is no provision for compensation for loss of office. The letters of appointment are available for inspection by emailing the Company Secretary at GlobalSmallersCoSec@columbiathreadneedle.com.

The dates on which each Director was appointed to the Board are set out under their biographies on page 42. Under the terms of their respective letters of appointment, each Director is subject to election at the first annual general meeting following their appointment and thereafter will continue subject to re-election at each subsequent annual general meeting in accordance with the provisions of the AIC Code. All Directors were last re-elected at the annual general meeting held on 28 July 2022 and will stand for re-election at the AGM to be held on 28 July 2023.

The fees for specific responsibilities are set out in the table below. No fees are payable for membership of the Nomination Committee.

Annual fees for Board Responsibilities

Year ended 30 April	2024 £'s	2023 £'s
Chairman of the Board	49,000	47,500
Chairman of the Audit and Management Engagement Committee	39,000	38,000
Director	31,000	30,000

*The Senior Independent Director is paid an additional £1,500 per annum.

The following table sets out the annual percentage change in Directors' fees:

Annual Percentage Change in Directors' Remuneration

Directors' Name	% change for the year to 30 April 2023	% change for the year to 30 April 2022	% change for the year to 30 April 2021
Anja Balfour(1)	4.4	3.4	47.4
Nick Bannerman(2)	7.1	4.0	70.9
Jo Dixon(3)	11.3	7.6	3.5
Graham Oldroyd(2)	7.1	4.0	70.9
David Stileman	7.1	4.0	–
Anthony Townsend(4)	–	–	(75.0)
Jane Tozer(4)	–	–	(75.1)

(1) Appointed Chairman 31 July 2020.
(2) Appointed a Director 1 October 2019
(3) Appointed Senior Independent Director 31 July 2020
(4) Retired 30 July 2020

Directors' interests in the Company

There is no requirement in the Company's Articles of Association for the Directors to hold shares in the Company. The beneficial shareholdings of the Directors who held office at the year end are as follows:

Directors' share interests (audited)

Year ended 30 April	2023	2022
Anja Balfour	51,696	51,602
Nick Bannerman	30,000	26,000
Jo Dixon	20,000	20,000
Graham Oldroyd	27,597	27,465
David Stileman	30,000	30,000
Total	159,293	155,067

On 5 May 2023, Nick Bannerman purchased an additional 4,000 shares. As at the latest practical date before the publication of this report, there have been no other changes to the Directors' shareholdings. The Directors have no other share interests or share options in the Company. As at 19 June 2023 the Lead Manager held 277,202 ordinary shares in the Company.

Policy implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution for its approval will be put to shareholders at the forthcoming AGM. At the 2022 AGM, shareholders approved the Remuneration Report in respect of the year ended 30 April 2022, with 93.02% of the votes received cast in favour of the resolution, 6.98% against and 3% withheld.

Directors' emoluments for the year

The Directors who served during the year received the following amounts for services as non-executive Directors as well as reimbursement for expenses necessarily incurred:

The table below is shown to enable shareholders to assess the relative expenditure on Directors' remuneration, excluding taxable benefits, compared to the shareholder distributions of dividends and share buybacks.

Actual expenditure

Year ended 30 April	2023 £'000s	2022 £'000s	% Change
Aggregate Directors' Remuneration	178.0	163.9	8.6
Aggregate Dividends paid to shareholders	10,305.0	10,032.0	2.7
Aggregate cost of ordinary shares repurchased	35,804.0	42,910.0	(16.6)

Fees for services to the Company

	Fees £'000s (audited)		Taxable Benefits(1) £'000s (audited)		Total £'000s (audited)	
Year ended 30 April	2023	2022	2023	2022	2023	2022
Director						
Anja Balfour (2)	47.5	45.4	3.1	3.3	50.6	48.7
Nick Bannerman	30.0	28.0	3.9	3.1	33.9	31.1
Jo Dixon	40.5	34.5	0.7	2.5	41.2	37.0
Graham Oldroyd	30.0	28.0	1.2	1.0	31.2	29.0
David Stileman	30.0	28.0	0.9	0.8	30.9	28.8
Total	178.0	163.9	9.8	10.7	187.8	174.6

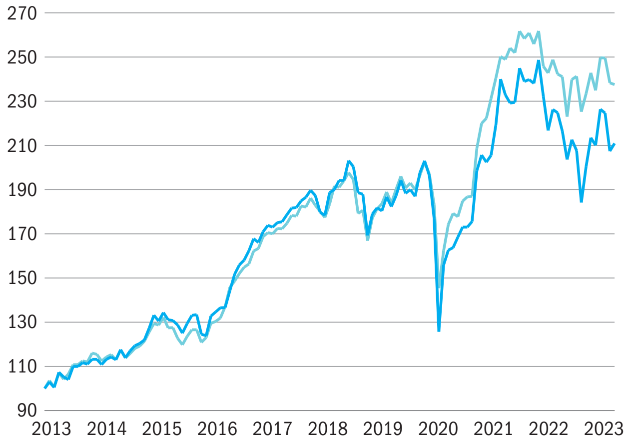
(1) Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.
(2) Highest paid Director.

The information in the table above for the years ended 30 April 2022 and 2023 has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors.

Company performance

A graph showing the Company's share price total return compared with the return on its Benchmark over the required ten year period is set out below. From 1 May 2023, the weighting in the Benchmark calculation has been adjusted, making the new Benchmark: 20% Numis UK Smaller Companies (excluding investment companies) Index and 80% MSCI All Country World ex UK Small Cap Index. The calculation of the MSCI index returns is now measured on a net of tax basis.

Shareholder total return vs Benchmark total return over ten years



The Global Smaller Companies Trust share price total return

Benchmark total return (MSCI All Country World ex UK Small Cap Index (70%) and the Numis UK Smaller Companies (excluding investment companies) Index (30%)).

Source: State Street

On behalf of the Board
Anja Balfour
Chairman
22 June 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. Further details can be found in note 2 to the Accounts.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The Report and Accounts is published on the Company's website, as shown on page 2, which is maintained by the Manager. The Directors are responsible for the maintenance and integrity of the Company's website. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Directors' Report, confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- in the opinion of the Directors the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Anja Balfour
Chairman
22 June 2023

Independent auditor's report to the members of The Global Smaller Companies Trust PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Global Smaller Companies Trust PLC (the **'Company'**) for the year ended 30 April 2023 which comprise the Income statement, Statement of Changes in Equity, the Balance sheet, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 **The Financial Reporting Standard applicable in the UK and Republic of Ireland** (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit and management engagement committee.

Independence

Following the recommendation of the audit and management engagement committee, we were appointed by the Board of Directors on 25 July 2019 to audit the financial statements for the year ending 30 April 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is four years, covering the year ended 30 April 2020 to 30 April 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing going concern in light of market volatility by reviewing the information used by the Directors in completing their assessment;
- Assessing the liquidity of the investment portfolio, which underpins the ability to meet the future obligations and operating expenses for a period of 12 months from the date of approval of these financial statements;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments; and
- Reviewing the loan agreements to identify the covenants and assessing the likelihood of them being breach based on the Directors' forecast and sensitivity analysis.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Overview		2023	2022
Key audit matters	Valuation and ownership of quoted investments	✓	✓
	Revenue Recognition	✓	✓
Materiality	**Company financial statements as a whole** £8.5m (2022: £9.4m) based on 1% (2022: 1%) of Net assets		

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments (Note 10 on Page 76) There is a risk that the prices used for the listed investments held by the Company are not reflective of fair value and the risk that errors made in the recording of investment holdings result in the incorrect reflection of investments owned by the Company. Therefore we considered the valuation and ownership of quoted investments to be the most significant audit area as the quoted investments also represent the most significant balance in the financial statements and underpin the principal activity of the entity. For these reasons and the materiality of the balance in relation to the financial statements as a whole, we considered this to be a key audit matter.	We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures: · Confirmed the year-end bid price was used by agreeing to externally quoted prices: · Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price was not the most appropriate indication of fair value by considering the realisation period for individual holdings; · Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date; and · Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of quoted investments was not appropriate.
Revenue Recognition: (Note 3 on Page 73) Income arises from dividends is a key factor in demonstrating the performance of the portfolio. As such there may be an incentive to recognise income as revenue where it is more appropriately of a capital nature. Additionally, judgement is required by management in determining the allocation of dividend income to revenue or capital for certain corporate actions or special dividends. For this reason, we considered revenue recognition to be a key audit matter.	We performed the following procedures: · For investments, we derived an independent expectation of total expected income based on the investment holding and records of distributions from independent sources and compared to that recognised. We also cross checked the portfolio against corporate actions and special dividends and challenged if these had been appropriately accounted for as income or capital by reviewing the underlying reason for issue of the dividend and whether it could be driven by a capital event. · We analysed the whole population of dividend receipts to identify any unusual items that could indicate a capital distribution, for example where a dividend represented a particularly high yield and investigated the rationale of those distributions. In these instances we performed a combination of inquiry with management and our own independent research, including inspection of financial statements of investee companies, to ascertain whether the underlying event was indeed of a capital nature. **Key observations:** Based on our procedures performed we found the judgements made by management in determining the allocation of income to revenue or capital to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Company financial statements	2023 (£m)	2022 (£m)
Materiality	8.5	9.4
Basis for determining materiality	1% of Net Assets	1% of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
Performance materiality	6.4	7.0
Basis for determining performance materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Specific materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £690,000 (2022: £578,000) based on 5% (2022: 5%) of revenue return before tax. We further applied a performance materiality level of 75% (2022: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Management Engagement Committee that we would report to them all individual audit differences in excess of £170,000 (2022: £188,000) for the financial statements as a whole and £34,000 (2022: £29,000) for differences in transactions and balances that impact revenue return. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 70; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 41.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 60; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 40; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 53; and • The section describing the work of the audit and management engagement committee set out on page 52.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and Disclosure Guidance and Transparency Rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and the Company's qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to any instances of non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period for instances of non-compliance with laws and regulations;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to the Company's Investment Trust compliance to check that the Company was meeting its requirements to retain its Investment Trust Status.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas to be management override of controls and the classification of the dividend income.

Our tests included:

- The procedures set out in the Key Audit Matters section above;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
22 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 30 April

Notes		Revenue £'000s	Capital £'000s	2023 Total £'000s	Revenue £'000s	Capital £'000s	2022 Total £'000s
10	Losses on investments	–	(50,067)	(50,067)	–	(16,127)	(16,127)
21	Foreign exchange (losses)/gains	(6)	115	109	16	517	533
3	Income	16,214	1,656	17,870	13,418	581	13,999
4	Management fee	(1,082)	(3,247)	(4,329)	(1,251)	(3,753)	(5,004)
5	Other expenses	(1,070)	(29)	(1,099)	(955)	(22)	(977)
	Net return before finance costs and taxation	14,056	(51,572)	(37,516)	11,228	(18,804)	(7,576)
6	Finance costs	(269)	(808)	(1,077)	(233)	(699)	(932)
	Net return on ordinary activities before taxation	13,787	(52,380)	(38,593)	10,995	(19,503)	(8,508)
7	Taxation on ordinary activities	(1,167)	–	(1,167)	(754)	–	(754)
	Net return attributable to equity shareholders	12,620	(52,380)	(39,760)	10,241	(19,503)	(9,262)
8	**Return per share (basic and diluted) – pence**	2.34	(9.73)	(7.39)	1.82	(3.46)	(1.64)

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

A statement of total comprehensive income is not required as all income and expenses of the Company have been reflected in the above statement.

The notes on pages 70 to 85 form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 April 2023

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2022	15,513	212,639	16,158	685,538	15,456	945,304
	Movements during the year ended 30 April 2023						
9	Dividends paid	–	–	–	–	(10,305)	(10,305)
15	Shares repurchased by the Company and held in treasury	–	–	–	(35,804)	–	(35,804)
	Net return attributable to equity shareholders	–	–	–	(52,380)	12,620	(39,760)
	Balance at 30 April 2023	15,513	212,639	16,158	597,354	17,771	859,435

for the year ended 30 April 2022

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2021	15,513	212,639	16,158	747,951	15,247	1,007,508
	Movements during the year ended 30 April 2022						
9	Dividends paid	–	–	–	–	(10,032)	(10,032)
	Shares repurchased by the Company and held in treasury	–	–	–	(42,910)	–	(42,910)
	Net return attributable to equity shareholders	–	–	–	(19,503)	10,241	(9,262)
	Balance at 30 April 2022	**15,513**	**212,639**	**16,158**	**685,538**	**15,456**	**945,304**

The notes on pages 70 to 85 form an integral part of the financial statements.

Balance Sheet

at 30 April

Notes		2023 £'000s	2022 £'000s
	Fixed assets		
10	Investments	**902,350**	987,083
	Current assets		
11	Debtors	**10,720**	3,604
23	Cash and cash equivalents	**2,292**	13,354
	Total current assets	**13,012**	16,958
	Creditors: amounts falling due within one year		
12, 21	Bank loans	**(17,027)**	(19,782)
13	Creditors	**(3,900)**	(3,955)
	Total current liabilities	**(20,927)**	(23,737)
	Net current liabilities	**(7,915)**	(6,779)
	Total assets less current liabilities	**894,435**	980,304
	Creditors: amounts falling due after more than one year		
14, 21	Loan notes	**(35,000)**	(35,000)
	Net assets	**859,435**	945,304
	Capital and reserves		
15	Share capital	**15,513**	15,513
16	Share premium account	**212,639**	212,639
17	Capital redemption reserve	**16,158**	16,158
18	Capital reserves	**597,354**	685,538
18	Revenue reserve	**17,771**	15,456
	Total shareholders' funds	**859,435**	945,304
19	**Net asset value per share (debt at par value) – pence**	**163.73**	172.04

The notes on pages 70 to 85 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 22 June 2023 and signed on its behalf by

Anja Balfour, Chairman

Statement of Cashflows

for the year ended 30 April

Notes		2023 £'000s	2022 £'000s
20	**Cashflows from operating activities before dividends received and interest paid**	**(4,787)**	(5,849)
	Dividends received	**15,308**	12,545
	Interest paid	**(1,038)**	(926)
	Cash inflows from operating activities	**9,483**	5,770
	Investing activities		
	Purchases of investments	**(191,230)**	(214,337)
	Sales of investments	**219,670**	256,951
	Transaction costs	**–**	(472)
	Other capital charges	**–**	(22)
	Cash inflows from investing activities	**28,440**	42,120
	Cash inflows before financing activities	**37,923**	47,890
	Financing activities		
	Ordinary dividends paid	**(10,305)**	(10,032)
	Cashflows from share buybacks for treasury shares	**(36,034)**	(43,168)
21	Repayment of bank loans	**(10,287)**	–
21	Drawdown of bank loans	**7,870**	11,297
	Cash outflows from financing activities	**(48,756)**	(41,903)
21	Net movement in cash and cash equivalents	**(10,833)**	5,987
	Cash and cash equivalents at the beginning of the year	**13,354**	6,870
21	Effect of movement in foreign exchange	**(229)**	497
	Cash and cash equivalents at the end of the year	**2,292**	13,354
	Represented by:		
	Cash at bank	**979**	2,179
	Short-term deposits less than 3 months	**1,313**	11,175
	Cash and cash equivalents at the end of the year	**2,292**	13,354

The notes on pages 70 to 85 form an integral part of the financial statements.

Notes to the Accounts

1. General information

The Global Smaller Companies Trust PLC is an investment company incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company registration number is 28264 and the registered office is Exchange House, Primrose Street, London, EC2A 2NY, England.

The Company has conducted its affairs so as to qualify as an investment trust under the provisions of Section 1158 of the Corporation Tax Act 2010. Approval of the Company under Section 1158 has been received. The Company intends to conduct its affairs so as to enable it to continue to comply with the requirements. Such approval exempts the Company from UK Corporation Tax on gains realised in the relevant year on its portfolio of fixed asset investments.

There have been no significant changes to the Company's accounting policies during the year ended 30 April 2023, as set out in note 2 below.

2. Significant accounting policies

(a) 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.

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 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 for the reasons set out above as well as on pages 40 and 41.

(b) Basis of accounting

The accounts of the Company have been prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, Financial Reporting Standard (FRS) 102 applicable in the United Kingdom and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued in July 2022.

The functional and presentation currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

In accordance with the SORP, the Income Statement has been analysed between a revenue account (dealing with items of a revenue nature) and a capital account (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income and operating expenses and tax (insofar as the expenses and tax are not allocated to capital, as described in note 2(c) below). Net revenue returns are allocated via the revenue account to the revenue reserve, out of which interim and final dividend payments are made. Capital returns include, but are not limited to, realised and unrealised profits and losses on fixed asset investments and currency profits and losses on cash and borrowings. The Company's Articles prohibit the distribution of net capital returns by way of dividend. Such returns are allocated via the capital account to the capital reserves. Dividends paid to equity shareholders are shown in the Statement of Changes in Equity.

(c) Principal accounting policies

The policies set out below have been applied consistently throughout the year.

(i) Financial instruments

Financial instruments include fixed asset investments, long-term debt instruments, cash and short-term deposits, debtors and creditors. Accounting standards recognise a hierarchy of fair value measurements for financial instruments measured at fair value on the Balance Sheet which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

(ii) Fixed asset investments

As an investment trust, the Company measures its fixed asset investments at 'fair value through profit or loss' and treats all transactions on the realisation and revaluation of investments as transactions on the capital account. All purchases and sales are accounted for on a trade date basis.

Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted. Investments which are not quoted or which are not frequently traded are stated at Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar investment instruments.

(iii) Debt instruments

Interest-bearing loans and overdrafts are recorded initially at the proceeds received, net of issue costs, irrespective of the duration of the instrument. No debt instruments held during the year required hierarchical classification.

The fair value of the borrowings are set out in notes 12 and 14.

Finance charges, including interest, are accrued using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period. See (vi) on next page for allocation of finance charges within the Income Statement.

(iv) Foreign currency

Monetary assets, monetary liabilities and equity investments denominated in a foreign currency are expressed in sterling at rates of exchange ruling at the balance sheet date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions.

Foreign exchange profits and losses on fixed asset investments are included within the changes in fair value in the capital account. Foreign exchange profits and losses on other currency balances are separately credited or charged to the capital account except where they relate to revenue items when they are credited or charged to the revenue account.

(v) Income

Income from equity shares is brought into the revenue account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the capital account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment.

Dividends are accounted for in accordance with FRS 102 on the basis of income actually receivable, without adjustment for the tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital account.

Underwriting commission is recognised when the Company's right to receive payment is established. Deposit interest is accounted for on an accruals basis.

(vi) Expenses, including finance charges

Expenses are charged to the revenue account of the Income Statement, except as noted below:

- expenses which are incidental to the acquisition or disposal of fixed asset investments are recognised immediately in the capital return of the income statement and are thus charged to capital reserve – arising on investments sold via the capital account;
- 75% of management fees and 75% of finance costs are allocated to capital reserve – arising on investments sold via the capital account, in accordance with the Board's long-term expected split of returns from the investment portfolio of the Company.
- all expenses are accounted for on an accruals basis.

(vii) Taxation

Taxation currently payable is calculated using tax rules and rates in force at the year end, based on taxable profit for the year, which differs from the net return before tax. Note 7(b) sets out those items which are not subject to UK Corporation Tax.

Deferred tax is provided on an undiscounted basis on all timing differences that have originated but not reversed by the balance sheet date, based on the tax rates that have been enacted at the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the 'marginal' basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(viii) Share premium

The surplus of net proceeds received from the issue of new ordinary shares over the nominal value of such shares, less any directly attributable costs in relation to that share issue, is credited to this account which is non-distributable. The nominal value of the shares issued is recognised in share capital.

(ix) Capital redemption reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve, which is a non-distributable reserve, on the trade date.

(x) Capital reserves

These are distributable reserves which may be utilised for the repurchase of share capital.

Capital reserve – arising on investments sold

The following are accounted for in this reserve:

- 75% of management fees and finance costs as set out in note 2(c)(vi);
- gains and losses on the realisation of fixed asset investments and derivative financial instruments;
- foreign exchange differences of a capital nature;
- costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- costs of purchasing ordinary share capital.

Capital reserve – arising on investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of fixed asset investments held at the year end.

(xi) Use of judgements, estimates and assumptions

The presentation of the financial statements in accordance with accounting standards requires the Board to make judgements, estimates and assumptions that affect the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

The areas requiring the most significant judgement in the preparation of the financial statements are recognising and classifying unusual or special dividends received as either revenue or capital in nature.

There are no significant estimates used in preparation of these financial statements.

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, in order to make a judgement to determine their allocation in accordance with the SORP to either the Revenue Account or Capital Reserves. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to Capital Reserves. Investee company dividends which appear to be paid in excess of current year profits will still be considered as revenue in nature unless evidence suggests otherwise. The value of dividends received in the year treated as capital in nature, as disclosed in notes 3 and 18 to the Accounts, was not material in relation to capital reserves or the revenue account. The value of special dividends receivable in any period cannot be foreseen as such dividends are declared and paid by investee companies and funds without prior reference to the Company.

3. Income

	2023 £'000s	2022 £'000s
Income from investments		
Dividends from quoted investments	15,072	12,474
Special dividends[1]	601	579
	15,673	13,053
Other Income		
Management fee rebates from collectives	271	348
Interest on cash and short-term deposits	270	14
Underwriting income	–	3
	541	365
Total income recognised as revenue	16,214	13,418
Special dividends recognised as capital[2]	1,656	581
Total income	17,870	13,999

(1) Special dividends classified as revenue in nature in accordance with note 2(c)(xi).

(2) Special dividends classified as capital in nature in accordance with note 2(c)(xi).

4. Management fees

	Revenue £'000s	Capital £'000s	2023 Total £'000s	Revenue £'000s	Capital £'000s	2022 Total £'000s
Management fee	1,082	3,247	4,329	1,251	3,753	5,004

The Manager, Columbia Threadneedle Investment Business Limited, provides investment management, marketing and general administrative services to the Company. Up to 30 April 2023, the management fee was an amount equal to 0.55% per annum, payable monthly in arrears, of net assets managed by the Manager at the calculation date. Investments made by the Company in third party collective investment schemes are subject to a management fee, payable monthly in arrears to the Manager, of 0.275% per annum of the month end market value of those investments. With effect from 1 May 2023, net assets outside of collectives in excess of £750m will be charged at a reduced rate of 0.5% per annum, with any investments made in third party collective investment schemes remaining subject to a charge of 0.275% per annum of the month end market value of those investments. The management agreement may be terminated upon six months' notice given by either party.

The fees have been allocated 75% to capital reserve in accordance with accounting policies.

5. Other expenses

	2023 £'000s	2022 £'000s
Other revenue expenses		
Auditors' remuneration:		
Audit services[1]	**46**	39
Directors' fees for services to the Company[2]	**178**	164
Marketing	**271**	200
Printing and postage	**86**	91
Custody fees	**45**	53
Depositary fees	**97**	111
Professional fees	**17**	26
Loan commitment and arrangement fees[3]	**95**	101
Sundry expenses	**235**	170
Total other revenue expenses	**1,070**	955
Capital expenses	**29**	22
Total other expenses	**1,099**	977

All expenses are stated gross of irrecoverable VAT, where applicable.
(1) Auditors' remuneration payable to BDO for the audit of the Company financial statements, exclusive of VAT, amounts to £42,000 (2022: £36,000).
(2) See the Directors' Remuneration Report on page 58.
(3) Under loan facility agreements (see note 12) the Company pays commitment fees on any undrawn portions of the facilities.

6. Finance costs

	Revenue £'000s	Capital £'000s	2023 Total £'000s	Revenue £'000s	Capital £'000s	2022 Total £'000s
Loan interest	**269**	**808**	**1,077**	233	699	932
Total finance costs	**269**	**808**	**1,077**	233	699	932

Finance costs have been allocated 75% to capital reserve in accordance with accounting policies.

7. Taxation on ordinary activities

(a) Analysis of tax charge for the year

	Revenue £'000s	Capital £'000s	2023 Total £'000s	Revenue £'000s	Capital £'000s	2022 Total £'000s
Corporation tax payable at 19.0% (2022: 19.0%)	**–**	**–**	**–**	–	–	–
Overseas taxation	**1,167**	**–**	**1,167**	754	–	754
Total tax charge for the year (note 7(b)) on ordinary activities	**1,167**	**–**	**1,167**	754	–	754

The tax assessed is lower than the standard rate of Corporate Tax in the UK (2022: lower).

(b) Factors affecting the current tax charge for the year

	Revenue £'000s	Capital £'000s	2023 Total £'000s	Revenue £'000s	Capital £'000s	2022 Total £'000s
Net return on ordinary activities before taxation	**13,787**	**(52,380)**	**(38,593)**	10,995	(19,503)	(8,508)
Return on ordinary activities multiplied by the standard rate of corporation tax of 19.0% (2022: 19.0%)	**2,619**	**(9,952)**	**(7,333)**	2,089	(3,706)	(1,617)
Effects of:						
Dividends*	**(2,877)**	**–**	**(3,081)**	(2,547)	–	(2,547)
Expenses not deductible for tax purposes	**26**	**–**	**26**	19	–	19
Overseas tax in excess of double taxation relief	**1,167**	**–**	**1,167**	754	–	754
Expenses not utilised in the year	**232**	**776**	**1,212**	439	850	1,289
Capital returns*	**–**	**9,176**	**9,176**	–	2,856	2,856
Total tax charge for the year (note 7(a))	**1,167**	**–**	**1,167**	754	–	754

* The Company is not subject to corporation tax on capital gains or on dividend income. It therefore has unutilised expenses of £71.7m (2022: £66.8m). This results in a deferred tax asset of £17.9m based on the rate of 25% from 1 April 2023 (2022: £12.7m at a rate of 19%). This asset has not been recognised as the Directors believe it is unlikely that the Company will have sufficient taxable profits in future to utilise it. Of this amount £18.5m (2022: £17.9m) relates to revenue expenses and £53.2m (2022: £48.9m) to capital expenses.

8. Return per ordinary share

Earnings for the purpose of basic earnings per share is the profit/loss for the year attributable to ordinary shareholders and based on the following data.

	Revenue	Capital	2023 Total	Revenue	Capital	2022 Total
Net return attributable to equity shareholders – £'000s	**12,620**	**(52,380)**	**(39,760)**	10,241	(19,503)	(9,262)
Return per share – pence	**2.34**	**(9.73)**	**(7.39)**	1.82	(3.46)	(1.64)

Both the revenue and capital returns per share are based on a weighted average of 538,327,319 ordinary shares in issue during the year (2022: 563,637,141).

9. Dividends

Dividends on ordinary shares	Register date	Payment date	2023 £'000s	2022 £'000s
Interim for the year ended 30 April 2023 of 0.63 pence	30 December 2022	26 January 2023	**3,369**	–
Final for the year ended 30 April 2022 of 1.27 pence	01 July 2022	04 August 2022	**6,936**	–
Interim for the year ended 30 April 2022 of 0.57 pence	07 January 2022	28 January 2022	**–**	3,185
Final for the year ended 30 April 2021 of 1.20 pence	16 July 2021	16 August 2021	**–**	6,847
			10,305	10,032

The Directors have proposed a final dividend in respect of the year ended 30 April 2023 of 1.67 pence per share, payable on 4 August 2023 to all shareholders on the register at close of business on 7 July 2023. The recommended final dividend is subject to approval by shareholders at the Annual General Meeting.

The attributable revenue and the dividends paid and proposed in respect of the financial year ended 30 April 2023 for the purposes of the income retention test for Section 1159 of the Income and Corporation Tax Act 2010, are set out below:

	2023 £'000s
Revenue attributable to equity shareholders	12,620
Interim for the year ended 30 April 2023 of 0.63 pence	(3,369)
Proposed final for the year ended 30 April 2023 of 1.67 pence(1)	(8,725)
Amount transferred to revenue reserve for Section 1159 purposes(2)	526

(1) Based on 522,471,122 shares in issue at 19 June 2023.
(2) Represents 2.9% of total income of £17,870,000 (see note 3)(2022: 0.8%).

10. Investments

	Level 1* £'000s	Level 3* £'000s	2023 Total £'000s	Level 1* £'000s	Level 3* £'000s	2022 Total £'000s
Cost brought forward	770,920	304	771,224	730,481	1,774	732,255
Gains/(losses) brought forward	216,002	(143)	215,859	310,943	2,057	313,000
Valuation brought forward	986,922	161	987,083	1,041,424	3,831	1,045,255
Movements in the year:						
Purchases at cost	191,408	–	191,408	210,402	–	210,402
Sales proceeds	(226,576)	–	(226,576)	(251,449)	(1,470)	(252,919)
Gains on investments sold in year	21,511	–	21,511	81,486	–	81,486
Losses on investments held at year end	(71,008)	(68)	(71,076)	(94,941)	(2,200)	(97,141)
Fair value of investments at 30 April	902,257	93	902,350	986,922	161	987,083
Analysed at 30 April						
Cost at 30 April	757,263	304	757,567	770,920	304	771,224
Gains/(losses) at 30 April	144,994	(211)	144,783	216,002	(143)	215,859
Fair value of investments at 30 April	902,257	93	902,350	986,922	161	987,083

* The hierarchy of investments is described in note 2(c)(i) and below. No investments held in 2023 or 2022 were valued in accordance with Level 2.
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 unquoted investments, which are held at Directors' valuation.

The level 3 investment consists of Australian New Horizons Fund. This is valued based on the NAV as calculated at the balance sheet date. No adjustments have been deemed necessary to the NAV as it reflects the fair value of the underlying investments, as such no specific unobservable inputs have been identified.

A full list of investments is set out on pages 28 to 30.

Losses on investments

	2023 £'000s	2022 £'000s
Gains on investments sold during the year	21,511	81,486
Losses on investments held at year end	(71,076)	(97,141)
Transaction costs	(502)	(472)
Total losses on investments	(50,067)	(16,127)

Substantial interests

At 30 April 2023 the Company held more than 3% of the following undertaking held as an investment which, in the opinion of the Directors, did not represent a participating interest:

Investment and share class	Country of registration, incorporation and operation	Number of unit/shares held	Holding*
Australian New Horizons Fund	Australia	2,715,704	39.94%

*The company neither has a controlling interest nor participates in the management of this undertaking. This holding is held as part of the Investment portfolio. The registered office is: Level 5, 30 Collins Street, Melbourne 3000.

11. Debtors

	2023 £'000s	2022 £'000s
Investment debtors	7,994	1,088
Overseas taxation recoverable	596	748
Prepayments and accrued income	2,130	1,768
	10,720	3,604

12. Creditors: amounts falling due within one year

Bank loans Non-instalment debt payable on demand or within one year	2023 £'000s	2022 £'000s
Euro loan EUR 6.8 million repayable May 2023	5,973	–
Yen loan JPY 557.5 million repayable May 2023	3,257	–
Yen loan USD 9.8 million repayable May 2023	7,797	–
Yen loan EUR 18.0 million repayable May 2022	–	15,125
Euro loan JPY 757.5 million repayable May 2022	–	4,657
	17,027	19,782

In September 2022 the Company entered into a new £35m revolving credit facility expiring September 2023, replacing the previous facility. As at 30 April 2023 EUR6.8m, JPY557.5m and USD9.8m were drawn down to 10 May 2023. The interest rate on the amounts drawn down 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. No overdraft was outstanding at the year end.

13. Creditors: amounts falling due within one year

	2023 £'000s	2022 £'000s
Investment creditors	2,892	2,713
Interest accrued on bank loans	225	186
Share buybacks outstanding	259	488
Management fee accrued	346	385
Accruals and deferred income	178	183
	3,900	3,955

14. Creditors: amounts falling due after more than one year

Loan notes	2023 £'000s	2022 £'000s
Loan notes £35 million repayable August 2039	35,000	35,000

In August 2019 the Company issued fixed rate 2.26% senior unsecured notes of £35 million sterling denominated loan notes expiring in August 2039. The fair value of the long-term loan at 30 April 2023 was £24,586,000 (2022: £30,672,000) based on the equivalent reference benchmark gilt.

15. Share capital

Equity share capital	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Issued and fully paid nominal £'000s
Ordinary shares of 2.5p each				
Balance at 30 April 2022	**71,059,928**	**549,473,842**	**620,533,770**	**15,513**
Shares repurchased by the Company and held in treasury	**24,565,694**	**(24,565,694)**	**–**	**–**
Balance carried forward	**95,625,622**	**524,908,148**	**620,533,770**	**15,513**

During the year, 24,565,694 ordinary shares of 2.5p each were repurchased and held in treasury, incurring a cost of £35,804,000. Since the year end, and up to 19 June 2023, a further 2,437,026 ordinary shares have been repurchased and held in treasury.

16. Share premium account

	2023 £'000s	2022 £'000s
Balance brought forward and carried forward	**212,639**	212,639

17. Capital redemption reserve

	2023 £'000s	2022 £'000s
Balance brought forward and carried forward	**16,158**	16,158

18. Other reserves

	Capital reserve arising on investments sold £'000s	Capital reserve arising on investments held £'000s	Capital reserves – total £'000s	Revenue reserve £'000s
Movements in the year				
Gains on investments sold in year (see note 10)	**21,511**	**–**	**21,511**	**–**
Losses on investments held at year end (see note 10)	**–**	**(71,076)**	**(71,076)**	**–**
Transaction costs	**(502)**	**–**	**(502)**	**–**
Dividends charged to capital	**1,656**	**–**	**1,656**	**–**
Foreign exchange gains	**115**	**–**	**115**	**–**
Repurchase of shares	**(35,804)**	**–**	**(35,804)**	**–**
Management fee charged to capital (see note 4)	**(3,247)**	**–**	**(3,247)**	**–**
Other expenses charged to capital (see note 5)	**(29)**	**–**	**(29)**	**–**
Finance costs charged to capital (see note 6)	**(808)**	**–**	**(808)**	**–**
Net revenue after tax for the year	**–**	**–**	**–**	**12,620**
Net return attributable to ordinary shareholders	**(17,108)**	**(71,076)**	**(88,184)**	**12,620**
Dividends paid in the year (see note 9)	**–**	**–**	**–**	**(10,305)**
	(17,108)	**(71,076)**	**(88,184)**	**2,315**
Balance brought forward	**469,679**	**215,859**	**685,538**	**15,456**
Balance carried forward	**452,571**	**144,783**	**597,354**	**17,771**

Included within the capital reserve movement for the year are £417,000 (2022: £362,000) of transaction costs on purchases of investments, £85,000 (2022: £110,000) of transaction costs on sales of investments and £1,656,000 (2022: £581,000) of distributions received recognised as capital.

19. Net asset value per ordinary share

	2023	2022
Basic with debt at par value		
Net assets attributable at the year end – £'000s	859,435	945,304
Number of ordinary shares in issue at the year end, excluding shares held in treasury	524,908,148	549,473,842
Net asset value per share – pence	163.73	172.04

	2023	2022
Basic with debt at fair value		
Net assets attributable at the year end – £'000s	859,435	945,304
Add back: Debt at par – £'000s	52,027	54,782
Deduct: Debt at fair value (see notes 12 and 14) – £'000s	(41,613)	(50,454)
Net assets with debt at fair value – £'000s	869,849	949,632
Number of ordinary shares in issue at the year end, excluding shares held in treasury	524,908,148	549,473,842
Net asset value per share – pence	165.71	172.83

20. Reconciliation of total return before finance costs and taxation to net cashflows from operating activities

	2023 £'000s	2022 £'000s
Net return on ordinary activities before taxation	(38,593)	(8,508)
Adjustments for returns from non-operating activities		
Losses on investments	50,067	16,127
Foreign exchange gains	(109)	(533)
Non-operating expenses of a capital nature	29	22
Return from operating activities	11,394	7,108
Adjustments for non-cashflow items, dividend income and interest expense		
Decrease/(increase) in prepayments and accrued income	11	(27)
(Decrease)/increase in creditors	(41)	26
Dividends receivable	(15,673)	(13,053)
Interest payable	1,077	932
Overseas taxation	(1,024)	(835)
Transaction costs	(502)	–
Other capital charges	(29)	–
Cash used in operating activities before dividends received and interest paid	(4,787)	(5,849)

21. Analysis of changes in net debt

	Cash £'000s	Bank loans £'000s	Loan notes £'000s	Total £'000s
Opening net debt at 30 April 2022	13,354	(19,782)	(35,000)	(41,428)
Cashflows:				
Repayment of bank loans	–	10,287	–	10,287
Drawdown of bank loans	–	(7,870)	–	(7,870)
Net movement in cash and cash equivalents	(10,833)	–	–	(10,833)
Non-cash:				
Effect of foreign exchange movements	(229)	338	–	109
Closing net debt at 30 April 2023	2,292	(17,027)	(35,000)	(49,735)

22. Transactions with related parties and the Manager

The following are considered related parties: the Board of Directors (the 'Board'), the Manager (including fellow members of the management company).

There are no transactions with the Board, who are the key management personnel of the Company, other than: aggregated remuneration for services as Directors as disclosed in the Remuneration Report on page 58, and as set out in note 5; and the beneficial interests of the Directors in the ordinary shares of the Company as disclosed on page 58. There are no outstanding balances with the Board at the year end. There were no transactions with the Ameriprise Group other than those detailed in note 4 on management fees, note 10, where investments managed by Columbia Threadneedle Investments are disclosed and note 13, where accrued management fees are disclosed.

23. Financial Risk Management

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the United Kingdom (UK) as an investment trust under the provisions of Section 1158. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of fixed asset investments.

The Company invests in smaller companies worldwide in order to secure a high total return. In pursuing the objective, the Company is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit. The Board, together with the Manager, is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 2 to the Accounts. The policies are in compliance with UK accounting standards and include the valuation of financial assets and liabilities at fair value, except as noted in (d) below. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Company's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Manager assesses exposure to market risks when making each investment decision and monitors ongoing market risk within the portfolio.

The Company's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Manager and the Board regularly monitor these risks. The Company aims to be fully invested, only holding cash to cater for short-term trading and business requirements. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in exchange rates. Gearing may be short or long-term, in sterling and foreign currencies, and enables the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency Exposure

The principal currencies to which the Company was exposed, and the relevant exchange rates against sterling, are analysed below:

		2023		2022
	At 30 April 2023	**Average for the year**	**At 30 April 2022**	**Average for the year**
US dollar	**1.2569**	**1.2083**	1.2555	1.3543
Euro	**1.1385**	**1.1553**	1.1901	1.1766

Based on the financial assets and liabilities held and the exchange rates applying at the balance sheet date, a weakening or strengthening of sterling against each of the principal currencies by 10% would have the following approximate effect on returns attributable to equity shareholders and on the net asset value ('NAV') per share:

Weakening of sterling by 10%

		2023		2022
	US$ £'000s	€ £'000s	US$ £'000s	€ £'000s
Net revenue return attributable to equity shareholders	541	129	415	101
Net capital return attributable to equity shareholders	46,039	5,887	52,004	5,331
Net total return attributable to equity shareholders	46,580	6,016	52,419	5,432
Net asset value per share (basic) – pence	8.87	1.15	9.54	0.99

Strengthening of sterling by 10%

		2023		2022
	US$ £'000s	€ £'000s	US$ £'000s	€ £'000s
Net revenue return attributable to equity shareholders	(443)	(105)	(339)	(82)
Net capital return attributable to equity shareholders	(37,669)	(4,816)	(42,549)	(4,362)
Net total return attributable to equity shareholders	(38,112)	(4,921)	(42,888)	(4,444)
Net asset value per share (basic) – pence	(7.26)	(0.94)	(7.81)	(0.81)

These analyses are presented in sterling and are representative of the Company's activities although the level of the Company's exposure to currencies fluctuates in accordance with the investment and risk management processes. This level of change is considered to be a reasonable illustration based on observation of current market conditions.

The values of the Company's assets and liabilities at 30 April by currency are shown below:

2023	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	Loan notes £'000s	Unsecured Loans £'000s	Net monetary (liabilities)/ assets £'000s	Investments £'000s	Net exposure £'000s
Sterling	2,129	920	(1,397)	(35,000)	–	(33,348)	326,757	293,409
US dollar	6,981	733	–	–	(7,797)	(83)	414,437	414,354
Euro	1,053	639	(2,503)	–	(5,973)	(6,784)	59,764	52,980
Other	557	–	–	–	(3,257)	(2,700)	101,392	98,692
Total	10,720	2,292	(3,900)	(35,000)	(17,027)	(42,915)	902,350	859,435

2022	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	Loan notes £'000s	Unsecured Loans £'000s	Net monetary (liabilities)/ assets £'000s	Investments £'000s	Net exposure £'000s
Sterling	1,768	6,295	(2,630)	(35,000)	–	(29,567)	361,628	332,061
US dollar	–	5,249	(1,133)	–	–	4,116	463,919	468,035
Euro	1,836	1,810	(192)	–	(15,125)	(11,671)	59,647	47,976
Other	–	–	–	–	(4,657)	(4,657)	101,889	97,232
Total	3,604	13,354	(3,955)	(35,000)	(19,782)	(41,779)	987,083	945,304

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate movements at 30 April were:

	Within one year £'000s	More than one year £'000s	2023 Net Total £'000s	Within one year £'000s	More than one year £'000s	2022 Net Total £'000s
Exposure to floating rates – cash	**2,292**	**–**	**2,292**	13,354	–	13,354
Exposure to fixed rates – loans	**(17,027)**	**(35,000)**	**(52,027)**	(19,782)	(35,000)	(54,782)
Net exposure	**(14,735)**	**(35,000)**	**(49,735)**	(6,428)	(35,000)	(41,428)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Company arising out of the investment and risk management processes.

Interest received on cash balances, or paid on bank overdrafts and borrowings, is at ruling market rates. The interest rate applied on the Loans is set out in notes 12 and 14. There were no holdings in fixed interest investment securities during the year or at the year end.

The Company's total returns and net assets are sensitive to changes in interest rates on cash and borrowings.

Based on the financial assets and liabilities held, and the interest rates ruling, at each balance sheet date, a decrease or increase in interest rates of 2% would have the following approximate effects on the income statement revenue and capital returns after tax and on the NAV:

	Increase in rate £'000s	2023 Decrease in rate £'000s	Increase in rate £'000s	2022 Decrease in rate £'000s
Revenue return	**46**	**(46)**	267	(267)
Capital return	**–**	**–**	–	–
Total return	**46**	**(46)**	267	(267)
NAV per share – pence	**0.01**	**(0.01)**	0.05	(0.05)

The calculations in the table above which are based on the financial assets and liabilities held at each balance sheet date, are not representative of the year as a whole, nor are they reflective of future market conditions.

Other market risk exposures

The Company did not enter into derivative transactions in managing its exposure to other market risks (2022: same). The portfolio of investments, valued at £902,350,000 at 30 April 2023 (2022: £987,083,000 is therefore exposed to market price changes. The Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by geographical region and major industrial sector is set out on pages 6 and 8.

Based on the portfolio of investments held at each balance sheet date, and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the net capital return attributable to equity shareholders and on the NAV:

	Increase in value £'000s	2023 Decrease in value £'000s	Increase in value £'000s	2022 Decrease in value £'000s
Capital return	**180,470**	**(180,470)**	197,417	(197,417)
NAV per share – pence	**34.38**	**(34.38)**	35.93	(35.93)

This level of change is considered to be a reasonable illustration based on observation of current market conditions.

(b) Liquidity risk exposure

The Company is required to raise funds to meet commitments associated with financial instruments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the large number of quoted investments held in the Company's portfolio, 193 at 30 April 2023 (2022: 189); the liquid nature of the portfolio of investments; and the industrial and geographical diversity of the portfolio. Cash balances are held with reputable banks, usually on overnight deposit. The Company does not normally invest in derivative products. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

The Company has a £35 million unsecured revolving floating rate credit facility available until September 2023. In August 2019 the Company issued senior unsecured notes of £35 million which expire in August 2039.

The remaining contractual maturities of the financial liabilities at each balance sheet date, based on the earliest date on which payment can be required, were as follows:

2023	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Current liabilities:				
Creditors	3,675	–	–	3,675
Loans	17,027	–	–	17,027
Interest payable on Loans	66	–	–	66
Loan notes	–	–	35,000	35,000
Interest payable on Loan notes	–	791	12,261	13,052
	20,768	791	47,261	68,820
2022				
Current liabilities:				
Creditors	3,769	–	–	3,769
Loans	19,782	–	–	19,782
Interest payable on Loans	12	–	–	12
Loan notes	–	–	35,000	35,000
Interest payable on Loan notes	–	791	13,052	13,843
	23,563	791	48,052	72,406

(c) Credit risk and counterparty exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. Such transactions must be settled on the basis of delivery against payment (except where local market conditions do not permit).

Responsibility for the approval, limit setting and monitoring of counterparties is delegated to the Manager. Counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Cash and deposits are held with reputable banks.

The Company has an ongoing contract with its Custodian for the provision of custody services. The contract was reviewed and updated in 2017. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Custodian has a lien over the securities in the account, enabling it to sell or otherwise realise the securities in satisfaction of charges due under the agreement. The Depositary has regulatory responsibilities relating to segregation and safekeeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depositary and receives regular reports from it via the Manager.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the management company (including the Lead Manager) and with its Risk Management function. In reaching its conclusions, the Board also reviews the Manager's annual Audit and Assurance Faculty Report.

The Company had no credit-rated bonds or similar securities or derivatives in its portfolio at the year end (2022: none) and does not normally invest in them. None of the Company's financial liabilities are past their due date or impaired.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the Balance Sheet at fair value, or at a reasonable approximation thereof, except for the loan notes which are carried at amortised cost.

The fair value of the loan notes is set out in note 14.

The fair value of investments quoted on active markets is determined directly by reference to published price quotations in those markets. Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar investments.

(e) Capital risk management

The structure of the Company's capital is described in note 15 on page 78 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 67.

The objective of the Company is stated as investing in smaller companies worldwide in order to secure a high total return. In pursuing this long-term objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue reserves and capital reserves.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

There were no breaches by the Company during the year of the financial covenants put in place in respect of the revolving credit facility provided to the Company, or in respect of the loan notes issued by the Company in August 2019.

These requirements are unchanged since last year and the Company has complied with them at all times.

24. AIFMD

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from Columbia Threadneedle Investments on request.

The Company's maximum and actual leverage levels at 30 April 2023 and 30 April 2022 are shown below:

	30 April 2023		30 April 2022	
Leverage exposure	**Gross method**	**Commitment method**	Gross method	Commitment method
Maximum permitted limit	**200%**	**200%**	200%	200%
Actual	**105%**	**105%**	106%	106%

The Leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's articles of association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings. Further information on the AIFMD can be found on page 91.

25. Securities financing transactions ('SFT')

The Company has not, in the year to 30 April 2023 (2022: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the UK regulations on transparency of SFT, issued in November 2015.

26. Events after the End of the Reporting Period

There were no events after the end of the reporting period.

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in the Company please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Notice is hereby given that the one hundred and thirty fourth Annual General Meeting of the Company will be held at The Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA on Friday, 28 July 2023 at 12.00 noon for the following purposes:

Ordinary Resolutions:

To consider and, if thought fit, pass the following resolutions 1 to 12 as ordinary resolutions:

1. To receive and adopt the Directors' report and accounts for the year ended 30 April 2023.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Remuneration Report.
4. To declare a final dividend of 1.67 pence per share.
5. To re-elect Nick Bannerman as a Director.
6. To re-elect Graham Oldroyd as a Director.
7. To re-elect Anja Balfour as a Director.
8. To re-elect Josephine Dixon as a Director.
9. To re-elect David Stileman as a Director.
10. To reappoint BDO LLP as auditors to the Company.
11. To authorise the Audit and Management Engagement Committee to determine the remuneration of the auditors.
12. Authority to allot shares.

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the **'Act'**), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company (together being **'relevant securities'**) up to an aggregate nominal amount of £1,306,177 (representing approximately 10% of the issued share capital of the Company (excluding treasury shares) at the date of this notice), during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2024 or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless previously revoked, varied or extended by the Company in a general meeting (the **'relevant period'**); save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require relevant securities to be allotted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

Special Resolutions:

To consider and, if thought fit, pass the following resolutions as special resolutions:

13. Disapplication of pre-emption rights

THAT, subject to the passing of resolution 12 above and in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authority conferred by resolution 12 for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or transfer, provided this power shall be limited to:

a) the allotment of equity securities in connection with an offer of equity securities:
   (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
   (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

   and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

b) the allotment (otherwise than under paragraph (a) of this Resolution 13) of equity securities up to an aggregate nominal amount of £1,306,177 and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution (whichever is the earlier), unless extended by the Company in a general meeting (**'the relevant period'**) save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require equity securities to be allotted or transferred after the expiry of the relevant period and notwithstanding such expiry the Directors may allot or transfer equity securities in pursuance of such offers or agreements.

14. Share buyback authority

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares on such terms and in such manner as the Directors may from time to time determine, provided that:

a) the maximum number of ordinary shares hereby authorised to be purchased shall be 78,318,421 or, if less, 14.99% of the number of ordinary shares in issue (excluding treasury shares) as at the date of the passing of this resolution;
b) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 2.5p;
c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is the higher of (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased, and (ii) an amount equal to the higher of the price of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;
d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and
e) the Company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase ordinary shares under such authority which will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase ordinary shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

15. General Meeting Notice

THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company.

By Order of the Board	**Registered office:**
Columbia Threadneedle	**Exchange House**
Investment Business Limited	**Primrose Street**
Company Secretary	**London EC2A 2NY**
29 June 2023	
	Registered number: 28264

Notes:

Shareholders intending to attend the AGM are asked to register their intention as soon as practicable by email to the following dedicated address: gscagm@columbiathreadneedle.com.

Shareholders who are not able or do not wish to attend the meeting in person will be able to watch a live webcast of the meeting. This will include the formal business of the meeting, the Manager's presentation and questions and answers. The webcast will not enable shareholders to participate in the meeting or to vote. However, shareholders can submit questions in advance of the meeting by email to gscagm@columbiathreadneedle.com. Questions of a similar nature may be grouped together to ensure the orderly running of the AGM.

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. Any person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such person complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
3. A Form of Proxy is provided with this notice for members. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Computershare Investor Services PLC on 0370 889 4088. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's registrars, Computershare Investor Services

PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time of the holding of the meeting or any adjournment thereof. Completion and return of a Form of Proxy will not preclude members from attending and voting at the meeting should they wish to do so. Amended instructions must also be received by the Company's registrars by the deadline for receipt of Forms of Proxy.

4. Alternatively, members may register the appointment of a proxy for the meeting electronically, by accessing the website eproxyappointment.com where full instructions for the procedure are given. The Control Number, Shareholder Reference and PIN as printed on the Form of Proxy will be required in order to use the electronic proxy appointment system. This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. If you want to appoint more than one proxy electronically please contact Computershare Investor Services PLC on 0370 889 4088.
5. Investors holding shares in the Company through the Columbia Threadneedle ISA, Junior ISA, Child Trust Fund, General Investment Account and/or Junior Investment Account should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 12.00 noon on 21 July 2023. Alternatively, voting directions can be submitted electronically at eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN as printed on the form of direction. Voting directions must be submitted electronically no later than 12.00 noon on 21 July 2023.
6. Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Act (a 'Nominated Person') should note that the provisions in notes 1, 3 and 4 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
7. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps, the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
8. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at 11 p.m. on 26 July 2023 (the 'Specified Time') (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by 11 p.m. on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by the latest time(s) for receipt of proxy appointments specified in notes 3 and 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (euroclear.com/CREST).

12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
14. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or
    b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.
15. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
16. Any member attending the meeting has the right to ask questions. However, members should note that no answer need be given in the following circumstances:
    a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;
    b) if the answer has already been given on a website in the form of an answer to a question; or
    c) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
17. As at 19 June 2023, being the last practicable date prior to the printing of this notice, the Company's issued capital (excluding the shares held in treasury) consisted of 522,471,122 ordinary shares of 2.5 pence each carrying one vote each. Therefore, the total voting rights in the Company as at 19 June 2023 are 522,471,122.
18. This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 19 July 2023, being the latest practicable date prior to the printing of this notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available at globalsmallercompanies.co.uk.
19. Any electronic address provided either in this notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
20. Copies of the letters of appointment between the Company and its Directors; the register of Directors' holdings; and a deed poll relating to Directors' indemnities will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 15 minutes prior to the commencement of the meeting to the conclusion thereof.
21. No Director has a service agreement with the Company.
22. Under sections 338 and 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company:
    a) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
    b) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless:
    a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise),
    b) it is defamatory of any person or
    c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 16 June 2023, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Management and Advisers

The Management Company

The Global Smaller Companies Trust PLC is managed by Columbia Threadneedle Investment Business Limited (**'CTIBL'**), a wholly-owned subsidiary of Columbia Threadneedle Asset Management (Holdings) PLC which is ultimately owned by Ameriprise Financial, Inc. CTIBL is appointed under an investment management agreement with the Company, setting out its responsibilities for investment management, administration and marketing. It is authorised and regulated by the Financial Conduct Authority.

The Manager also acts as the Alternative Investment Fund Manager.

Peter Ewins, Lead Manager. Responsible for the allocation of the assets on a regional basis and for the construction of the investment portfolio. He joined the management company in 1996.

Jonathan Latter Represents the Manager as Company Secretary and is responsible for the Company's statutory and regulatory compliance. He joined the management company in January 2021.

Marrack Tonkin Head of Investment Trusts with responsibility for the management company's relationship with the Company. He joined the management company in 1989.

Company Secretary and Registered Office

Columbia Threadneedle Investment
Business Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone: 020 7628 8000
Website: globalsmallercompanies.co.uk
Email: globalsmallerscosec@columbiathreadneedle.com

Independent Auditors

BDO LLP
(**'BDO'** or the **'auditors'**)
55 Baker Street
London W1U 7EU

Custodian

JPMorgan Chase Bank (the **'Custodian'**)
25 Bank Street
Canary Wharf
London E14 5JP

Depositary

JPMorgan Europe Limited (the **'Depositary'**)
25 Bank Street
Canary Wharf
London E14 5JP

Share Registrars

Computershare Investor Services PLC
(the **'Registrar'**)
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0370 889 4088
Authorised and regulated in the UK by the Financial Conduct Authority.

Solicitors

Dickson Minto WS
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Stockbroker

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

Additional Information for Shareholders

Alternative Investment Fund Managers Directive

The Company is an 'alternative investment fund' ('AIF') for the purposes of the AIFMD and has appointed its Manager, Columbia Threadneedle Investment Business Limited, to act as its Alternative Investment Fund Manager (**'AIFM'**). The Manager is authorised and regulated by the United Kingdom Financial Conduct Authority as a 'full scope UK AIFM'.

The Company is required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within the Investor Disclosure Document (**'IDD'**) which can be found on the Company's website, globalsmallercompanies.co.uk. There have not been any material changes to the disclosures contained within the IDD since it was last updated in September 2022.

The Company and AIFM also wish to make the following disclosures to investors:

- the investment strategy, geographic and sector investment focus and principal stock exposures are included in the strategic report. A list of the thirty largest listed holdings is included on pages 26 and 27;
- none of the Company's assets is subject to special arrangements arising from their illiquid nature;
- the strategic report and note 23 to the Accounts set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the year under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures that it employs;
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code in respect of the AIFM's remuneration. The relevant disclosures required are within the IDD; and
- information in relation to the Company's leverage is contained within the IDD.

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Key Information Document

The Key Information Document relating to the Company's shares can be found on its website as shown on page 2. This document has been produced in accordance with the EU's Packaged Retail and Insurance-based Investment Products Regulations.

Net asset value and share price

The Company's net asset value is released daily, on the working day following the calculation date, to the London Stock Exchange. The current share price of The Global Smaller Companies Trust PLC is shown in the investment trust section of the stock market page in most leading newspapers.

UK capital gains tax ('CGT')

An approved investment trust company does not pay tax on capital gains. UK resident individuals may realise net capital gains of up to £6,000 in the tax year ending 5 April 2024 without incurring any tax liability.

A rate of CGT of 10% will apply where taxable income and gains do not exceed the income tax higher rate threshold (£37,700 in 2023-24 tax year). A higher rate of 20% will apply to those whose income and gains exceed this figure.

Income tax

The final dividend of 1.67 pence per share is payable on 4 August 2023. Since April 2018 the annual tax-free allowance to UK residents on dividend income received in their entire share portfolios is £2,000. From 6 April 2023 this decreased to £1,000, with a further reduction from 6 April 2024 to £500. Dividend income received in excess of this amount will be taxed at rates of 7.5% (basic rate taxpayers), 32.5% (higher rate taxpayers) or 38.1% (additional rate taxpayers).

Unclaimed dividends

The Company has engaged the services of Georgeson (a subsidiary of Computershare) to locate shareholders, or their beneficiaries, who have lost track of or are unaware of their investments. The service is provided at no cost to the Company; Georgeson retain 10% of unclaimed dividends from the shareholder on completion of each successful claim. Alternatively, shareholders are given the option of contacting the Registrar themselves, thereby incurring no charges.

How to Invest

One of the most convenient ways to invest in The Global Smaller Companies Trust PLC is through one of the savings plans run by Columbia Threadneedle Investments.

CT Individual Savings Account (ISA)
You can use your ISA allowance to make an annual tax efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

CT Junior Individual Savings Account (JISA)*
A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs or CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT Lifetime Individual Savings Account (LISA)
For those aged 18-39, a LISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

CT Child Trust Fund (CTF)*
If your child already has a CTF, you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT 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 £100 lump sum or £25 a month.

CT 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 £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

*The CTF and JISA accounts are opened by parents in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

Charges
Annual management charges and other charges apply according to the type of plan.

Annual account charge
ISA/LISA: £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
£12 per fund (reduced to £0 for deals placed through the online Columbia Threadneedle Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.
Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).
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 & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest into.

How to Invest
To open a new Columbia Threadneedle Investments plan, apply online at **ctinvest.co.uk**. Online applications are not available if you are transferring an existing plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new plan in more than one name but paper applications are available at ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New Customers:
Call: **0800 136 420**** (8:30am – 5:30pm, weekdays)
Email: **invest@columbiathreadneedle.com**

Existing Plan Holders:
Call: **0345 600 3030**** (9:00am – 5:00pm, weekdays)
Email: **investor.enquiries@columbiathreadneedle.com**
By post: Columbia Threadneedle Management Limited
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: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**

To find out more, visit **ctinvest.co.uk**

Part of COLUMBIA THREADNEEDLE INVESTMENTS

0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

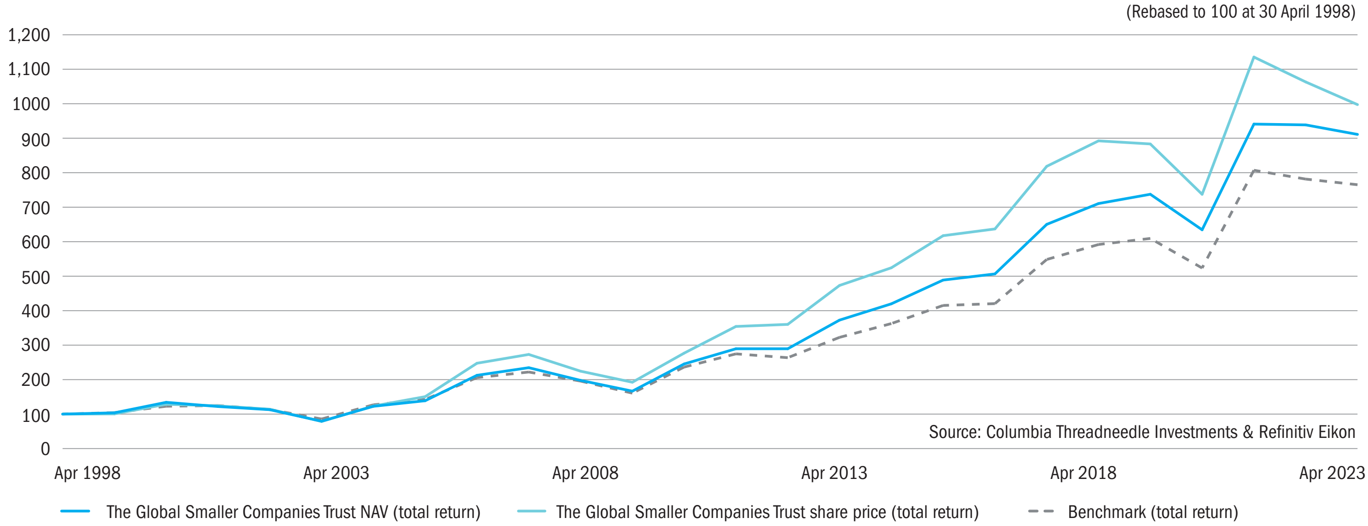
25 Year Historical Information

All data is based on figures as reported in accordance with the Company's accounting policies and is unaudited but derived from the audited Accounts.

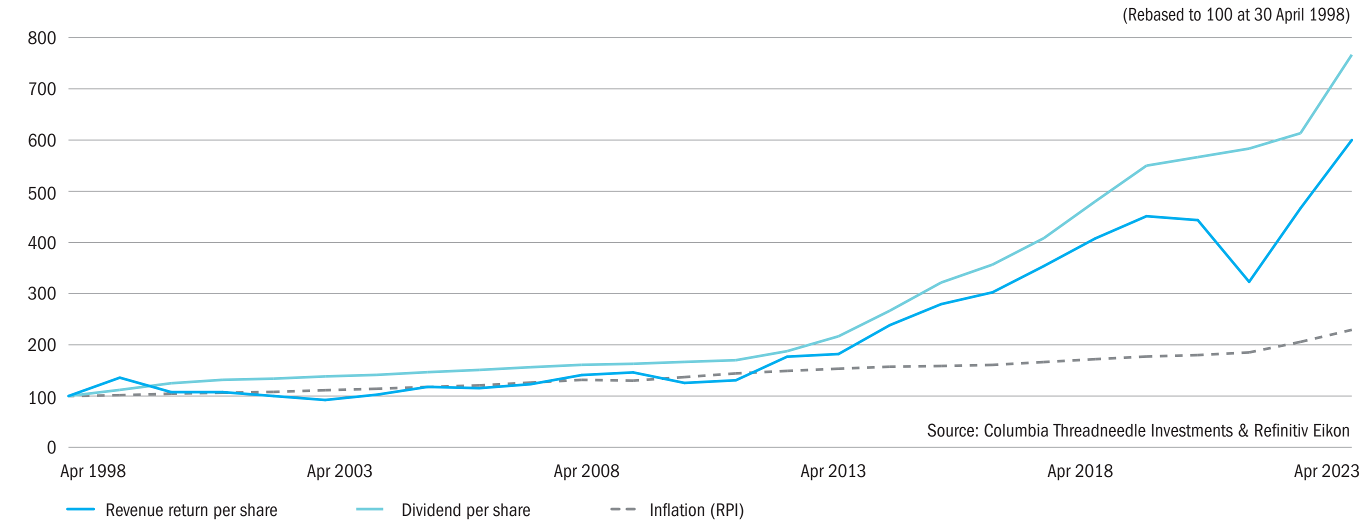
at 30 April	Net assets £'000s	Net asset value per share pence (i)	Closing share price pence (i)	Premium/ (discount) %	Revenue return per share pence (i)	Dividend per share pence (i)	Dividend growth %	Inflation (RPI) %
1998	261,706	25.0	20.6	(17.4)	0.39	0.300	15.4	4.0
1999	265,440	25.5	20.4	(20.3)	0.53	0.336	12.0	1.6
2000	313,128	32.5	25.5	(21.5)	0.42	0.375	11.6	3.0
2001	274,930	29.2	24.3	(16.9)	0.42	0.395	5.3	1.8
2002	246,300	26.6	21.9	(17.5)	0.39	0.402	1.8	1.5
2003	167,945	18.3	14.7	(19.7)	0.36	0.415	3.2	3.1
2004	235,390	27.7	22.4	(19.1)	0.40	0.424	2.2	2.5
2005	264,398	31.1	26.9	(13.7)	0.46	0.440	3.8	3.2
2006	227,652	47.1	43.5	(7.6)	0.45	0.453	3.0	2.6
2007	239,574	51.2	47.3	(7.6)	0.48	0.469*	3.5	4.5
2008	188,100	42.8	38.5	(8.6)	0.55	0.483	3.0	4.2
2009	150,994	36.0	32.5	(7.4)	0.57	0.489	1.2	(1.2)
2010	208,384	51.8	46.1	(9.6)	0.49	0.500	2.2	5.3
2011	241,604	60.3	58.4	(2.1)	0.51	0.510	2.0	5.2
2012	246,776	59.6	58.8	(0.4)	0.69	0.563	10.4	3.5
2013	340,090	75.6	76.5	1.6	0.71	0.650	15.5	2.9
2014	431,086	84.2	84.0	(0.1)	0.93	0.800	23.1	2.5
2015	516,963	97.0	98.0	1.0	1.09	0.965	20.6	0.9
2016	553,192	99.5	100.1	0.7	1.18	1.070	10.9	1.3
2017	733,282	126.4	127.3	0.8	1.38	1.225	14.5	3.5
2018	826,831	136.9	137.5	0.5	1.59	1.440	17.6	3.4
2019	854,619	140.6	134.6	(4.3)	1.76	1.650	14.6	3.0
2020	726,515	119.7	111.0	(7.3)	1.73	1.700	3.0	1.5
2021	1,007,508	174.9	168.6	(3.6)	1.26	1.75	3.0	2.9
2022	945,304	172.8	156.2	(9.6)	1.82	1.840	5.1	11.1
2023	859,435	165.7	144.6	(12.7)	2.34	2.300(2)	25.0	11.4

* Excludes special dividend of 0.1p also paid(i)
(i) Comparative figures for the years prior to 2020 have been restated due to the sub-division of each existing ordinary share of 25p into ten new ordinary shares of 2.5p each on 31 October 2019.
(2) Subject to approval of the final dividend of 1.67p at the 2023 AGM.

Net asset value and share price performance vs Benchmark over 25 years



Revenue return and dividend per share vs inflation over 25 years



Alternative Performance Measures

The Company uses the following Alternative Performance Measures (**'APMs'**) throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative detailed below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to the shareholders in order to assess the Company's performance between reporting periods and against its peer group.

Discount or Premium – the share price of an Investment Trust is derived from buyers and sellers trading their shares on the stock market. This price is not identical to NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading at a price above NAV per share are said to be at a premium. The Board of the Company tries to ensure that the shares trade, in normal market conditions, at around the value of the net assets. This is done by means of buying shares from sellers at the below-NAV price (and placing them in treasury or cancelling them) or selling new shares to shareholders at a premium to NAV. The Board's policy is set out on page 37.

		30 April 2023 pence	30 April 2022 pence
Net Asset Value per share	(a)	165.71	172.83
Share price per share	(b)	144.60	156.20
(Discount)/Premium (c= (b-a)/a)	(c)	(12.7)%	(9.6)%

Gearing – this is the ratio of the borrowings of the Company to its net assets. Borrowings have a 'prior charge' over the assets of a company, ranking before ordinary shareholders in their entitlement to capital and/or income. They may include: preference shares; debentures; overdrafts and short and long-term loans from banks; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a 'net' or 'effective' gearing percentage, or to be used to buy investments, giving a 'gross' or 'fully invested' gearing figure. Where cash assets exceed borrowings, the Company is described as having 'net cash'. The Company's maximum permitted level of gearing is set by the Board and is described within the Strategic Report and Directors' Report.

		30 April 2023 £'000	30 April 2022 £'000
Loan notes		35,000	35,000
Loans		17,027	19,782
	(a)	52,027	54,782
Less Cash and cash equivalents		(2,292)	(13,354)
Less Investment debtors		(7,994)	(1,088)
Add Investment creditors		2,892	2,713
Total	(b)	44,633	43,053
Net Asset Value	(c)	859,435	945,304
Effective gearing (d= b/c)	(d)	5.2%	4.6%
Fully invested gearing (e= a/c)	(e)	6.1%	5.8%

Net Asset Value (NAV) – the assets less liabilities of the Company, as set out in the Balance Sheet, all valued in accordance with the Company's Accounting Policies (see note 2 to the Accounts) and UK Accounting Standards. The net assets correspond to Total Shareholders' Funds, which comprise the share capital account, capital redemption reserve and capital and revenue reserves. (See calculation in note 19 to the Accounts.)

Net Asset Value (NAV) with Debt at Fair Value – the Company's debt is valued in the Balance Sheet (on page 68) at cost, which is equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par'. The current replacement or fair value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Market Value' or 'Debt at Fair Value'. See calculation in note 19 to the Accounts.

Ongoing Charges – all operating costs expected to be regularly incurred and that are payable by the Company or suffered within underlying investee funds, expressed as a proportion of the average net assets of the Company over the reporting year (see Ten Year Record). The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

Ongoing Charges calculation		30 April 2023 £'000	30 April 2022 £'000
Management fees		4,329	5,004
Other expenses		1,099	977
Less loan commitment/arrangement fees and one off costs		(110)	(107)
Underlying costs of collective investments		1,680	1,686
Total	(a)	6,998	7,560
Average daily net assets	(b)	888,724	1,008,882
Ongoing Charges (c= a/b)	(c)	0.79%	0.75%

Total Expense Ratio ('TER') – an alternative measure of expenses to Ongoing Charges. It comprises all operating costs incurred in the reporting period by the Company (see notes 4 and 5 (pages 73 and 74) to the Accounts), calculated as a percentage of the average net assets in that year (see Ten Year Record). Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments and derivatives, interest costs, taxation and the costs of buying back or issuing ordinary shares.

TER calculation		30 April 2023 £'000	30 April 2022 £'000
Management fees		4,329	5,004
Other expenses		1,099	977
Less loan commitment/arrangement fees and one off costs		(110)	(107)
Total	(a)	5,318	5,874
Average daily net assets	(b)	888,724	1,008,882
TER (c= a/b)	(c)	0.60%	0.58%

Total Return – the theoretical 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 NAV in the period. The dividends are assumed to have been re-invested in the form of shares or net asset, respectively, on the date on which the shares were quoted ex-dividend.

	NAV	Share price
NAV/Share Price per share at 30 April 2022 (pence)	172.83	156.20
NAV/Share Price per share at 30 April 2023 (pence)	165.71	144.60
Change in the year	(4.1)%	(7.4)%
Impact of dividend reinvestments	1.2%	1.2%
Total return for the year	(2.9)%	(6.2)%

	NAV	Share price
NAV/Share Price per share at 30 April 2021 (pence)	174.86	168.60
NAV/Share Price per share at 30 April 2022 (pence)	172.83	156.20
Change in the year	(1.2)%	(7.4)%
Impact of dividend reinvestments	1.0%	1.0%
Total return for the year	(0.2)%	(6.4)%

Glossary of Terms

AAF Report – Report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

Administrator – The administrator is State Street Bank and Trust Company to which Columbia Threadneedle has outsourced trade processing, valuation and middle office tasks and systems.

AIFMD – the Alternative Investment Fund Managers Directive that requires investment vehicles in the European Union to appoint a Depositary and an Alternative Investment Fund Manager.

AIFM – the Alternative Investment Manager appointed by the Board of Directors in accordance with the AIFMD is the Company's Manager, as defined below.

Ameriprise – Ameriprise Financial Inc. which is the parent company of Columbia Threadneedle Asset Management (Holdings) PLC which in turn owns Columbia Threadneedle Investment Business Limited.

APMs – Alternative Performance Measures are financial measures of historical or future financial performance, financial position, or cashflows, other than financial measures defined or specified in the applicable accounting framework. Guidelines published by the European Securities and Markets Authority aim to improve comparability, reliability and comprehensibility by way of APMs.

Columbia Threadneedle – Columbia Threadneedle Investment Business Limited, the Manager.

Columbia Threadneedle Savings Plans – previously the BMO savings plans, these comprise the Columbia Threadneedle General Investment Account, Columbia Threadneedle Junior Investment Account, Columbia Threadneedle Investment Trust ISA, Columbia Threadneedle Junior ISA and Columbia Threadneedle Child Trust Fund operated by Columbia Threadneedle Investment Business Limited, a company authorised by the Financial Conduct Authority.

Benchmark – a blend of two Indices, namely the MSCI All Country World ex UK Small Cap Index (70%) and the Numis UK Smaller Companies (excluding investment companies) Index (30%). This Benchmark, against which the increase or decrease in the Company's net asset value is compared, measures the performance of a defined selection of smaller companies listed in stock markets around the world and gives an indication of how those companies have performed in any period. Divergence between the performance of the Company and the Benchmark is to be expected as: the investments within this Index are not identical to those of the Company; the Index does not take account of operating costs; and the Company's strategy does not entail replicating (tracking) this Benchmark. From 1 May 2023 the weighting of the indices in the Benchmark is changing to 80% MSCI All Country World ex UK Small Cap Index and 20% Numis UK Smaller Companies (excluding investment companies). The MSCI index will also be measured on a net basis rather than a gross basis going forward.

Carbon intensity – this is measured in tons of CO2 equivalent (i.e. including the basket of six Kyoto Protocol gases) of Scope 1 and 2 emissions, divided by $1million of sales at a company level. This is aggregated to portfolio level using a weighted average (by holding).

Closed-ended company – a company, including an Investment Company, with a fixed issued ordinary share capital the shares of which are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.

Cum-dividend – shares are classified as cum-dividend when the buyer of a security is entitled to receive a dividend that has been declared, but not paid. Shares which are not cum-dividend are described as ex-dividend.

Custodian – The Custodian is JP Morgan Chase Bank. The Custodian is a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.

Depositary – The Depositary is JPMorgan Europe Limited. Under AIFMD rules, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe–keeping duties. The Depositary's oversight duties will include but are not limited to oversight of share buybacks, dividend payments and adherence to investment limits.

Distributable Reserves – Reserves distributable by way of dividend or for the purpose of buying back ordinary share capital (see notes 2, 16, 17 and 18 to the Accounts). Company Law requires that Share Capital and the Capital Redemption Reserve may not be distributed. The Company's articles of association allow distributions by way of dividend out of Capital Reserves. Dividend payments are currently made out of Revenue Reserve. The cost of all share buybacks is deducted from Capital Reserves.

Dividend Dates – Reference is made in announcements of dividends to three dates. The 'record' date is the date after which buyers of the shares will not be recorded on the register of shareholders as qualifying for the pending dividend payment. The 'payment' date is the date that dividends are credited to shareholders' bank accounts. The 'ex-dividend' date is normally the business day prior to the record date (most ex-dividend dates are on a Thursday).

GAAP – Generally Accepted Accounting Practice. This includes UK Financial Reporting Standards ('FRS') and International GAAP (IFRS or International Financial Reporting Standards applicable in the European Union).

Hampton-Alexander Review – The independent review body which aims to increase the number of women on FTSE 350 Boards.

Investment Company (Section 833) – UK Company Law allows an Investment Company to make dividend distributions out of realised distributable reserves, even in circumstances where it has made Capital losses in any year, provided the Company's assets remaining after payment of the dividend exceed 150% of the liabilities. An Investment Company is defined as investing its funds in shares, land or other assets with the aim of spreading investment risk.

Investment Trust taxation status (Section 1158) – UK Corporation Tax law allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to Section 833 Company law rules but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.

ISAE Report – Report prepared in accordance with the International Standard on Assurance Engagements.

Leverage – as defined under AIFMD rules, leverage is any method by which the exposure of an AIF (being an investment vehicle under the AIFMD) is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Manager (AIFM) – Columbia Threadneedle Investment Business Limited, a subsidiary of Columbia Threadneedle Asset Management (Holdings) PLC, which in turn is wholly owned by Ameriprise Financial Inc.. Its responsibilities and fees are set out in the Business Model, Directors' Report and note 4 to the Accounts.

Non-executive Director – a Director who has a contract for services, rather than a contract of employment, with the Company. The Company does not have any executive Directors.

Open-ended Fund – a collective investment scheme which issues shares or units directly to investors, and redeems directly from investors, at a price that is linked to the net asset value of the fund.

Section 172(1) – Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way he considers, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to matters specified in that section. The directors are required to report on this in the Strategic Report section of the Report and Accounts each year.

SORP – Statement of Recommended Practice. The accounts of the Company are drawn up in accordance with the Investment Trust SORP, issued by the AIC, as described in note 2 to the Accounts.

Special Dividends – dividends received from investee companies which have been paid out of capital reconstructions or reorganisations of the investees are sometimes referred to as Special Dividends and may be allocated to Capital Reserves in accordance with the Company's accounting policies and the SORP. Dividends which are unusually large in terms of the investee companies' annual earnings or normal payment pattern are also sometimes referred to as special but are treated as revenue in nature unless evidenced otherwise.

Treasury shares – ordinary shares previously issued by the Company that have been bought back from shareholders on the open market and kept in the Company's own treasury. Such shares may, at a later date, be re-issued for sale on the open market or cancelled if demand is insufficient. Treasury shares carry no rights to dividends and have no voting rights and hence are not included within calculations of earnings per share or net asset value per share.

UK Code of Corporate Governance (UK Code 2018) – the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their annual report and accounts.

The United Nations Sustainable Development Goals (SDGs) – These goals are the blueprint to achieve a better and more sustainable future for all. They address global challenges including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected and the aim is to achieve them all by 2030.

The United Nations-supported Principles for Responsible Investment (UNPRI) – The six principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. In implementing them, signatories contribute to developing a more sustainable global financial system.

Analysis of Ordinary Shareholders (unaudited)

Category	Holding % at 30 April 2023	Holding % at 30 April 2022
Columbia Threadneedle Savings Plans	**55.1**	54.0
Institutions	**11.2**	13.5
Direct Individuals and Nominees	**33.7**	32.7
	100.0	100.0

Source: Columbia Threadneedle Investments.

Warning to Shareholders – Beware of Share Fraud.

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell to you shares that turn out to be worthless or non-existent, or to buy your shares at an inflated price in return for an upfront payment following which the proceeds are never received.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from **fca.org.uk** to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ('**FCA**') on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at **fca.org.uk/scams**
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at **fca.org.uk/scams** where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

The Global Smaller Companies Trust PLC
Report and Accounts for the year ended 30 April 2023

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