

BMO Global Smaller Companies PLC



April 2019

Manager Commentary Peter Ewins



Equity markets posted further gains in March, with the first quarter of 2019 recouping much of the ground lost in the last three months of 2018. Investor sentiment continued to be supported by hopes of a truce in the trade war between the US and China, while fears of higher US interest rates have lifted. The markets also, at least temporarily, appear to be less preoccupied by Brexit, despite the ongoing uncertainties surrounding this. The net asset value (NAV) outperformed the benchmark over the month, as stock selection in the main markets was positive – but the share price fell, leading to a wider discount against the NAV.

We had a good month in the US, with two recent purchases in the materials sector – Wheaton Precious Metals and Eagle Materials – doing well, along with Martin Marietta Materials.

Fuel distribution businesses Parkland Fuel and World Fuel Services also outpaced the market, as oil prices remained firm. Tyre/repair business Monro, chicken supplier Sanderson Farms and railroad operator Genesee & Wyoming were all well up, the latter on talk of corporate activity. There were some weaker performers, with homewares retailer At Home Group and debt purchase business PRA Group falling back as estimates were cut.

In the UK, we were also ahead of the local small cap market, with a number of recent weaker performers – including Restore, Arrow Global, IMImobile and Victoria – bouncing back. Alternative assets fund management company Gresham House was also strong, as it announced a marketing tie-up and joint venture with Aberdeen Standard Investments, while 4Imprint and Biffa shares rose on positive trading updates. The companies that fell furthest in the month included Ted Baker (which flagged a tough start to its new financial year) and Cairn Energy, which downgraded reserves at one of its North Sea fields.

European stock selection was positive, with some encouraging news emerging from several holdings, despite generally downbeat macroeconomic news on the continent.

CTS Eventim released some good numbers, Lenzing was upgraded by a broker, while Ringjobing Landbobank flagged encouraging progress with synergies from its recent acquisition. Shares in Italian companies Azimut and Cerved were also strong. The former, an asset management company, benefited from a well-received move away from performance fees, as well as positive news on flows. Cerved received a bid approach and while this has gone away for now, market interest in the business has surprisingly not picked-up. Weak guidance for the 2019 outlook by industrial company Norma Group led to a fall in the company's share price, while Komax – a company that makes wire processing machines – dropped, as it flagged a weak period for orders in recent months.

Performance in the collective fund holdings was a little mixed, with the Eastspring Japanese small cap fund continuing to lag the Japanese small cap market. The HSBC Asia ex Japan small cap fund produced the best returns from our holdings in the month. Asian markets and emerging markets as a whole have regained some favour of late, with global investors increasing their allocations to the region.

Key facts as at 29.03.2019

Trust aims: To secure a high total return by investing in smaller companies worldwide.

Trust highlights: One of the largest specialist global smaller companies investment trusts. Greater inherent growth potential in smaller companies. Strong dedicated small company investment team. The dividend has risen in each of the last 48 years.

Benchmark: 30% Numis UK Smaller Companies (ex investment companies) Index / 70% MSCI All Country World ex UK Small Cap Index

Fund type: Investment Trust

Launch date: 1889

Total assets: £874.9m

Share price: 1300.00p

NAV (diluted): 1354.88p

Discount/Premium (-/+): -4.05%

Dividend payment dates: Aug, Jan

Net dividend yield†: 1.15%

Net gearing*: 5.19%

Management fee rate:** 0.55%

Ongoing charges:** 0.83%

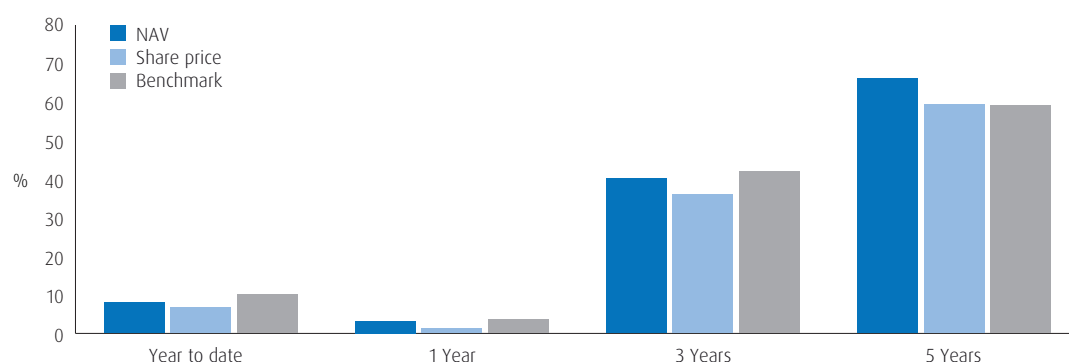
Year end: 30 April

Sector: Global

Currency: Sterling

Website: www.bmoglobalsmallers.com

Fund performance as at 29.03.2019



Cumulative performance (%) as at 29.03.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (diluted)	1.70	8.03	3.13	40.20	65.95
Share price	-0.76	6.56	1.12	35.87	59.34
Benchmark	1.29	10.04	3.53	41.79	59.06

Discrete annual performance (%) as at 29.03.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV (diluted)	3.13	6.65	27.47	3.07	14.83
Share price	1.12	2.61	30.95	-0.32	17.65
Benchmark	3.53	4.01	31.68	0.08	12.09

Key risks

Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Where investments are made in emerging markets, or smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment. If markets fall, gearing can magnify the negative impact on performance.

Past performance is not a guide to future performance.

Source: Lipper and BMO. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling.

The NAV (diluted) is the Net asset value taking into account the impact of the Convertible Unsecured Loan Stock in issue. The discrete annual performance table refers to 12 month periods, ending at the date shown.

** Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.



Lines may be recorded

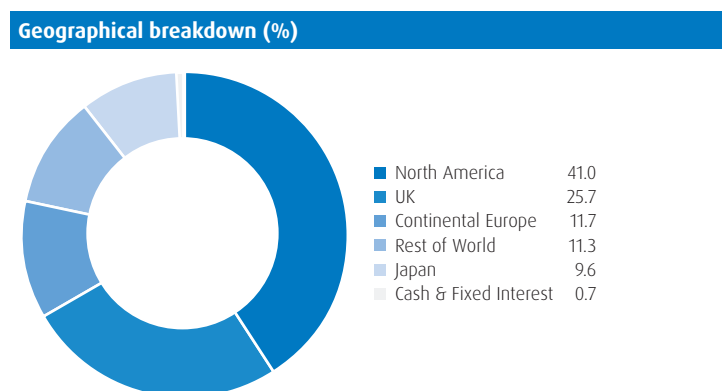
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Trust codes	
Stock exchange	BGSC / FCSC
Sedol	17505 / BNH7RK3
Legal Entity Identifier	2138008RRULYQP8VP386

Top 10 holdings (%)		
	% of net assets	Sector
Eastspring Investments Japan Smaller Companies	4.9	Collective investments
Aberdeen Standard SICAV I Japanese Smaller Companies	4.7	Collective investments
Pinebridge Asia ex Japan Small Cap Equity	3.7	Collective investments
Scottish Oriental Smaller Cos Inv Trust	3.0	Collective investments
Utilico Emerging Markets	2.3	Collective investments
Alleghany	1.3	Financials
STERIS	1.2	Healthcare
HSBC GIF Asia ex Japan Equity Smaller Companies	1.2	Collective investments
Martin Marietta Materials	1.0	Industrials
WEX	1.0	Industrials



Net dividend distributions pence per share						
	2014	2015	2016	2017	2018	2019
January	2.50	2.65	2.90	4.00	4.40	5.00
August	5.50	7.00	7.80	8.25	10.00	-
Total	8.00	9.65	10.70	12.25	14.40	5.00

Glossary	
Bid price	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
Dividend	Income paid to shareholders by the company they invest in.
Net asset value	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

All data as at 29.03.2019 unless otherwise stated.

All information is sourced from BMO, unless otherwise stated. Percentages in the top ten holdings table based on gross assets. † The yield is calculated on an historic basis using the actual dividends paid during the company's last financial year and the closing share price as at the end of the relevant month. * Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO, a trading name of BMO Asset Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. (04/19)