

BMO Global Smaller Companies PLC



May 2019

Manager Commentary
Peter Ewins



April was a good month for most equity markets, with investors seemingly taking an upbeat view of the potential for a US-China trade rapprochement. While the slowdown in global growth is impacting corporate earnings as a whole, many companies are still producing sound results, and the threat of higher US interest rates in the near term appears to have abated. The Trust's net asset value (NAV) outperformed the benchmark over the month, with stock selection positive in the UK and Japan in particular.

UK performance was helped by strong performance from a number of stocks. Shares in mining royalties business Anglo Pacific were up by more than 25%, as the company reported a strong first quarter of its new financial year at a key mine, while specialist materials supplier Scapa Group and fasteners business Trifast also rose on solid trading updates. Recent laggards Arena Events and floorings business Victoria bounced as confidence started to be rebuilt. We also benefited versus the index from not holding several companies in the market that released poor news, including Saga Group, Indivior and Funding Circle.

The North American and European portfolios broadly matched their local small-cap indices. In the US, we were helped by a bounce in Sterling Bancorp and homewares retailer At Home Group after prior weakness. Meanwhile, chicken processor Sanderson Farms continued to gain from hopes that the outlook for pricing and margins in the market was improving.

Weaker performances included Wheaton Precious Metals, which had done well in recent months; CommVault Systems, which highlighted increased costs; and helicopter transportation business Era Group, which was undermined by weaker results from peers. In Europe, there were positive updates in relation to several stocks, including semiconductor business ASM International, recreational vehicle parts supplier Dometic, Scandinavian construction equipment supplier Alimak and Italian fund manager Azimut.

Our Japanese outperformance was driven by the holding in Aberdeen's Japanese small-cap fund, which has had a good start to 2019. Elsewhere on the collectives side, our Asian-facing funds on the whole did better than the local small-cap market, with the Utilico Emerging Markets Trust doing well after lagging the rally over recent months.

Key facts as at 30.04.2019

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: £903.3m

Share price: 1346.00p

NAV (diluted): 1404.12p

Discount/Premium (-/+): -4.14%

Dividend payment dates: Aug, Jan

Net dividend yield†: 1.11%

Net gearing*: 4.57%

Management fee rate:** 0.55%

Ongoing charges:** 0.83%

Year end: 30 April

Sector: Global

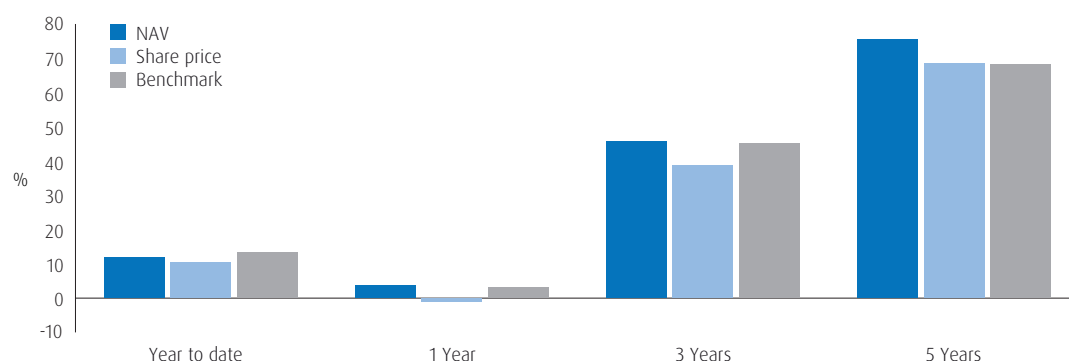
Currency: Sterling

Website: www.bmoglobalsmallers.com

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



Fund performance as at 30.04.2019



Cumulative performance (%) as at 30.04.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (diluted)	3.63	11.96	3.77	45.58	75.31
Share price	3.54	10.33	-1.01	38.71	68.51
Benchmark	2.90	13.22	2.97	44.96	68.09

Discrete annual performance (%) as at 30.04.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV (diluted)	3.77	9.27	28.39	3.55	16.29
Share price	-1.01	9.04	28.51	3.16	17.76
Benchmark	2.97	7.93	30.44	1.27	14.50

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.

Lines may be recorded

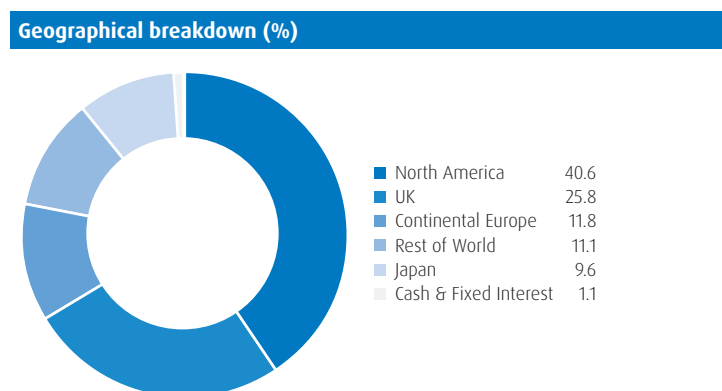
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Trust codes	
Stock exchange	BGSC / FCSC
Sedol	17505 / BNH7RK3
Legal Entity Identifier	2138008RRULYQP8VP386

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	3.6	Collective investments
Scottish Oriental Smaller Cos Inv Trust	2.9	Collective investments
Utilico Emerging Markets	2.2	Collective investments
Alleghany	1.4	Financials
STERIS	1.2	Healthcare
HSBC GIF Asia ex Japan Equity Smaller Companies	1.2	Collective investments
Martin Marietta Materials	1.1	Industrials
WEX	1.1	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 30.04.2019 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. (05/19)