



## **Brown Advisory US Smaller Companies PLC**

Half Yearly Financial Report  
for the six months ended 31 December 2024

The first of these is the fact that the system is not in a steady state. The system is in a state of flux, and the variables are changing. This is a dynamic system, and the variables are interdependent. The second is the fact that the system is not linear. The relationships between the variables are non-linear, and the system is subject to feedback loops. The third is the fact that the system is not deterministic. The system is subject to random fluctuations, and the future is uncertain. The fourth is the fact that the system is not isolated. The system is open to the environment, and the environment can influence the system. The fifth is the fact that the system is not homogeneous. The system is composed of different parts, and the parts are not identical. The sixth is the fact that the system is not static. The system is in a state of constant change, and the variables are always moving. The seventh is the fact that the system is not simple. The system is complex, and the relationships between the variables are difficult to understand. The eighth is the fact that the system is not predictable. The system is subject to uncertainty, and the future is uncertain. The ninth is the fact that the system is not controllable. The system is not under human control, and the variables are not under human control. The tenth is the fact that the system is not measurable. The system is not measurable, and the variables are not measurable.



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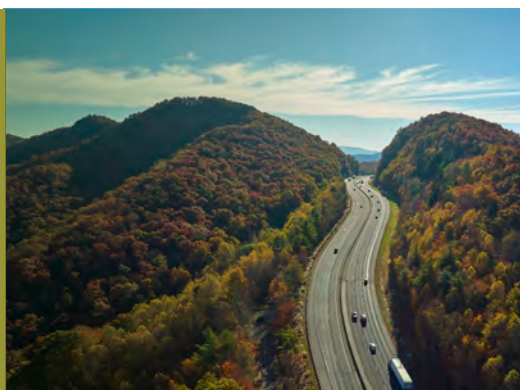
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# Introduction to Brown Advisory US Smaller Companies PLC

## What Does Brown Advisory US Smaller Companies PLC (the “Company”) Do?

The Company aims to achieve long-term capital growth by investing in a diversified portfolio of quoted US smaller and medium-sized companies.

The portfolio management team, Brown Advisory’s Christopher Berrier and George Sakellaris, CFA, takes a rigorous and disciplined approach to investing, emphasising long-term, risk-adjusted returns.

## Why Invest?

The Company offers a cost-effective way to access the large, entrepreneurial group of small-cap companies in the US, the world’s largest economy.

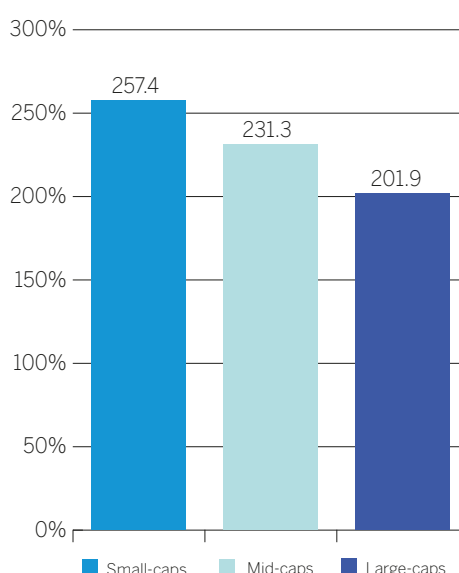
Small-cap companies span a wide range of sectors and industries, unlike the relatively narrow large-cap market that is dominated by a few giants. Investing in these smaller companies offers early access to the successful businesses that have the potential to become large-cap companies in the future.

US small-cap companies are often – and Brown Advisory believes mistakenly – underrepresented in many investors’ portfolios but can provide diversification and deliver positive returns over the long term.

Information on the Portfolio Manager’s 3G approach, which is further described on the following page, is included in the right-hand column on this page.

## On a Rolling 10-Year Basis, the Average Small-Cap Return is Superior

Average Trailing 10-Year Return (1935 - 2024)



Source: FRP, FactSet, Morningstar Annual Periodicity  
 Large-Cap is S&P500® Index.  
 Mid-Cap is CRSP Mid Cap Index where available, otherwise CRSP 3-5 Market Cap Decile Index.  
 Small-Cap is CRSP Small Cap Index where available, otherwise CRSP 6-8 Market Cap Decile Index.

## US Small-Caps: Opportunity and Selection

Brown Advisory sees the US small and mid-sized company sector as diverse and dynamic, offering long-term capital growth opportunities. With many companies to choose from, selection is crucial.

Against this backdrop, the Company has endorsed Christopher and George’s investment style, focusing on high-quality, well-managed small-cap businesses with the potential to grow into mid and large-caps over time. The team also pays close attention to the price they pay, selecting shares at attractive valuations to maximize capital growth potential.

## Our Selection Criteria

### GROWTH



### Opportunity

- Durability
- Large and/or growing market
- Market leader or share gainer
- Differentiated business model

### GOVERNANCE



### Execution

- Trust & transparency
- Capable, shareholder-friendly
- Diverse and appropriate Board structure
- Well-structured, aligned incentives

### GO-TO MARKET



### Economic profit

- Higher Return on Investment Capital (ROIC)
- Highly valuable incremental revenue
- High and/or rising margins and returns
- Capital efficient

## Key Benefits of Active US Small-Cap Investing

Skilled, active small-cap managers can outperform the broader equity markets by using their experience, their deep research and their consistent investment processes across various market environments. Key attractions include:

- **Growth potential** – younger, faster growing companies earlier in their life cycle.
- **Sector/Industry breadth** – wide array of sectors and industries compared to large-caps.
- **Under-researched** – less analyst coverage contributes to mispricing and opportunities.
- **Active management** – market inefficiencies allow skilled stock-pickers to outperform.
- **Expanded opportunity set** – vast universe of around 2,000 US small-caps (more than half of global listed smaller companies).
- **Diversification** – lower correlation to large-caps improves overall portfolio efficiency.
- **Lower risk** – US listings generally have higher governance standards relative to global peers.

## Brown Advisory's Approach

Brown Advisory has been investing in US companies of all sizes for over 25 years. It manages approximately \$10 billion across small-cap strategies for institutional, intermediary, and private clients. Clients benefit from Brown

Advisory's extensive research capabilities with a large team analysing the entire US market. The firm also leverages a broad network of venture capital, private equity and corporate relationships. Understanding the full spectrum of private and public companies is key to grasping the competitive landscape and identifying companies that may float in the future. Brown Advisory's disciplined research, teamwork, and client-first culture help drive long-term outperformance for clients, making it a compelling portfolio manager.

## Investment Philosophy

The portfolio management team's '3G' model focuses on durable growth, sound governance, and scalable go-to-market strategies, seeking positive change at the margin to exploit market inefficiencies. The result is a diversified portfolio spanning sectors, business models, and economic cycles.

## In Summary

Offering diversification, growth potential and a breadth of opportunities, US small-caps deserve serious portfolio consideration, in the Board's view. While individually small, collectively they account for nearly three-quarters of all US listed companies across a diverse mix of sectors. Though sometimes neglected, this niche allows skilled active managers to unlock overlooked value. Despite some higher risks, a modest small-cap allocation can enhance portfolio efficiency for patient, long-term investors aiming to boost their returns.



*US small-caps are often – and we believe mistakenly – overlooked but have the potential to meaningfully enhance long-term returns for patient investors.*



# Investment Objective, Investment Policy and Benchmark Index

## Investment Objective

The Company's objective is to achieve long-term capital growth by investing in a diversified portfolio consisting primarily of quoted US smaller and medium-sized companies.

## Investment Policy

The Portfolio Manager takes a disciplined approach to investment, emphasising long-term risk-adjusted returns. The Portfolio Manager believes that the US smaller and medium-sized company sector is a diverse and dynamic part of the North American market and continues to provide opportunities for capital growth over the long term. The sector is highly diversified with a great many companies from which to choose. Many companies are relatively immature, whether financially or operationally or in terms of management or market position. They tend to be highly geared to growth and are particularly vulnerable to market and other changes.

Against this background, the Company has adopted an investment style that focuses on companies with durable growth, scalable go-to-market strategies and well-aligned management and shareholder interests, and whose shares are considered by the Portfolio Manager to offer above-average capital growth at attractive valuations. The Portfolio Manager believes that this is an excellent approach to long-term investment in this sector.

## Investment Limits

The Board has prescribed limits on the investment policy, including:

- The Portfolio will comprise at all times a minimum of 40 securities (excluding cash);
- No single holding shall constitute more than 5% of total assets at the time of investment;
- No derivative instruments (excluding warrants) may be held without the prior approval of the Board;
- Investments in unlisted securities shall not exceed 5% of total assets at the time of investment and any such investments shall require prior Board approval;
- The Company shall not make any new investments in other UK listed investment companies;
- In any event, not more than 10% in aggregate of the total assets of the Company, and any of its subsidiaries, may be invested in other closed-ended investment funds (including listed investment trusts) whether or not such funds have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds (including listed investment trusts);
- Borrowings, including overdraft facilities, shall not exceed 20% of the Company's total assets and shall require prior Board approval;
- The Company shall not take legal or management control over any investments in its portfolio.

## Benchmark Index

Sterling-adjusted Russell 2000 Total Return Index™ (the 'benchmark').



# Strategic Report



# Financial highlights for the six months ended 31 December 2024

## Ordinary Share Performance

Net asset value (pence)\*

1,550.0

+5.3% (30 June 2024: 1,471.4)

Russell 2000 Total Return Index  
(Sterling-adjusted)

9,633.4

+10.7% (30 June 2024: 8,699.0)

Ongoing charges ratio\*

1.02%

(30 June 2024: 1.05%)

Closing price (pence)

1,400.0

+9.2% (30 June 2024: 1,282.5)

Discount to net asset value\*

(9.7)%

(30 June 2024: (12.8)%)

\* For definitions of the above alternative performance measures please refer to the glossary of terms on page 36.



# Chairman's Statement



Stephen White  
Chairman of the Board

## Dear Fellow Shareholder,

For the six months ended 31 December 2024, your Company's net asset value (NAV) per share rose from 1,471.4p to 1,550.0p, an increase of 5.3%. Over this period, US equity markets performed well, buoyed by the Federal Reserve (Fed) finally cutting interest rates, economic activity holding up and Donald Trump and the Republican party winning an unexpected 'clean sweep' in November's presidential and legislative elections.

Also, after a few years of US small caps lagging their larger peers, it was pleasing to see a renewal of interest in small-cap stocks, as reflected in the performance of our benchmark the Sterling-adjusted Russell 2000 Total Return index. This rose by 10.7% over the period, slightly ahead of the large-cap indices. The NAV's underperformance of the benchmark was at first sight disappointing, but due in large part to our Portfolio Manager's focus on quality and their policy of avoiding the more speculative situations which were the leaders in this small-cap rally. I am pleased to note that relative performance has picked up since the half-year end.

Over the six months, the Company's share price rose from 1,282.5p to 1,400.0p, up 9.2%. This resulted in a small narrowing of the discount from 12.8% to 9.7%.

## Market Review

In the first couple of months of our financial half year, US equity markets made little headway, oscillating within a relatively narrow trading range. The political background was unsettled with, at home in the US, the assassination attempts on former president Trump and President Biden's withdrawal from the presidential race and, abroad, the growing tensions in the Middle East and lack of resolution to the war in Ukraine. Economic news was also less supportive, with softer jobs and unemployment data and the important technology sector,

## Chairman's Statement continued

which had been leading the markets previously, hit a bout of profit taking as half year results proved somewhat mixed. On a more positive note, the softer economic data and lacklustre corporate news, coupled with better-than-expected inflation numbers, boosted expectations that September would finally see the Fed begin its much-awaited programme of interest rate cuts.

In the event, the Fed went further than expected in September, cutting interest rates by 50 basis points, rather than the 25 generally forecast, in its first rate cut since March 2020. This more dovish move, coupled with generally steady economic commentary, left investors feeling relatively comfortable that monetary policy was not too restrictive, and that the Fed would act again to prevent further labour market weakness if necessary. Markets responded positively and pushed steadily ahead through the autumn to reach new all-time highs. They received a further boost towards the end of November as Donald Trump won a resounding victory in the presidential election and the Republican party won control in a 'clean sweep' of both the Senate and the House of Representatives. Investors responded positively to the decisive result given earlier fears of a drawn-out contested outcome and the likely future government pro-business/anti-regulatory policy agenda.

The shift in monetary policy by the Fed over the summer, the start of rate cuts in September and

the expectation of more to come, coupled with the perceived return of a more pro-business administration in November prompted renewed buying of US equities. Domestic and international investors bought asset classes that had lagged. Especially sought after were small and mid-cap stocks given their notable earlier underperformance relative to large and mega-caps and the expectation that they would be the greater beneficiaries of the new administration's domestic policies. As a result, over the period under review small and mid-cap stocks performed better than their larger counterparts. Over the half year, the Russell 2000 in US dollar terms returned a gross 9.6%, compared to 8.4% from the S&P 500 and 9.3% from the Nasdaq. The pound weakened a little against the US dollar over the period, falling from 1.266 to 1.252, which added slightly to the return for Sterling-based investors.

### Portfolio Manager Oversight

A more detailed coverage on the development of the US smaller company sector over the past six months and our activity and performance is included in the Portfolio Manager's Review on pages 12 to 14.

The Board continues to monitor closely investment performance and, in accordance with the Portfolio Management Agreement (PMA), carries out a detailed formal appraisal of the Portfolio Manager annually. An additional detailed review was carried out last year once the Portfolio

### Return over the period to 31 December 2024 in US\$

Russell 2000 (%)

9.6%

S&P 500 (%)

8.4%

NASDAQ (%)

9.3%

Manager had been managing the portfolio for three years. Despite recent underperformance during a difficult period for small cap investors, we continue to have confidence in the Portfolio Manager's philosophy and process to identify successful, quality companies and in their ability to deliver positive results over the long term.

### **Conditional Tender Offer**

As communicated to the market on 11 February 2025 the Board has decided that should long-term performance not be satisfactory for shareholders there should be a mechanism for them to realise up to 100% of the issued share capital in the Company at close to the prevailing NAV of the Company. Accordingly, should the NAV performance of the Company not outperform the Company's benchmark (Sterling-adjusted Russell 2000 Total Return Index) for the period 1 July 2023 to 30 June 2028 (i.e. a total period of five years with three and a half remaining), the Board intends to offer shareholders a one-off opportunity to tender some or all their shares at close to the prevailing NAV, less costs.

It should be noted that the Portfolio Manager outperformed the benchmark in the period from taking over as Portfolio Manager of the Company on 1 April 2021 to 30 June 2023 by 3.3%.

The Board believes that such a Conditional Tender Offer will allow the Company and its Portfolio Manager

appropriate time to outperform against the Company's benchmark and, in the event it does not, to offer shareholders a liquidity event.

This redemption option will sit alongside the existing 3-year continuation vote, see below.

### **Continuation Vote**

In accordance with the three-year cycle prescribed in the Company's Articles of Association, the next continuation vote will be held at our Annual General Meeting (AGM) in November 2026. At the last vote in November 2023 the resolution in favour of continuation was passed with 3,885,193 proxy votes or 90.5 percent in favour.

### **Management Fee**

The Board reviews the total costs of the Company on a regular basis. The aim is to ensure that the costs continue to represent good value to shareholders, that they are competitive with similar investment products and consider the quality and experience of the teams involved.

As also communicated to the market on 11 February 2025, following recent engagement with Brown Advisory, I am pleased to report that they have agreed to a reduced tiered management fee replacing the current fee arrangements, effective from and backdated to 1 January 2025.

Details of the amendments to the management fee arrangements are set out below.



*The Board believes that the changes have the potential to reduce costs for shareholders in both the short and long term, and ensure stronger alignment between the Portfolio Manager and investors.*





# Chairman's Statement continued

## New fee arrangements

- The management fee will be calculated based on the lower of the Company's market capitalisation and net asset value (NAV), rather than NAV as is currently the case; and
- The management fee on the first £200m will be reduced to 0.65%, from 0.7%, and will continue to be calculated on a tiered basis.

From 1 January 2025, the management fee is therefore calculated at an annual rate of:

- 0.65% on the first £200 million;
- 0.6% of the next £300 million; and
- 0.5% thereafter,

in each case of the lower of the Company's market capitalisation and the Company's NAV.

The new fee arrangements do not introduce any performance fee or performance-related elements.

The Board believes that the changes have the potential to reduce costs for shareholders in both the short and long term, and ensure stronger alignment between the Portfolio Manager and investors.

The Portfolio Management Agreement between the Company, FundRock Partners Limited (as the Company's AIFM) and the Portfolio Manager has been amended to reflect the new management fee. No other changes have been made to the agreement.

## Share Price and Discount

The Board also remains committed to using share buybacks with the aim of reducing discount volatility and working to reduce any discount should it become significantly wider than those of similar investment trusts, rather than at a fixed discount level. In accordance with our share buyback policy as revised two years ago we bought in 115,262 shares over the half-year.

On 31 December 2024, the number of shares held in treasury was 6,476,516 and the total number in public hands was 11,746,897.

## Gearing

With interest rates at still high levels and taking into consideration the views of the Portfolio Manager regarding investment opportunities in the smaller company sector the Board held back from gearing the portfolio. However, the situation with regards to gearing remains under regular review.

## Shareholder Communications

The Board encourages shareholders to visit the Company's website ([www.brownadvisory.com/basc](http://www.brownadvisory.com/basc)) for the latest information, podcasts and monthly factsheets.

## Outlook

US equity markets gave another blockbuster showing in 2024 as the economy remained healthy, inflation trended lower, the Fed cut interest rates, and an Artificial Intelligence (AI) rally powered the technology sector. Adding to the positive returns

Closing price (pence)

1,400.0

Net Asset Value (pence)

1,550.0

Discount to net asset value

(9.7)%

of the year before the US markets achieved their best consecutive years' performance since 1997 and 1998 during the lead-up to the bursting of the dot-com bubble.

With the economy holding up, US markets could well produce positive returns again in 2025. That said, there are a few factors which in the short term might limit the extent of any advance. First, interest rates may stay higher for longer than investors expect as the Fed take a more cautious view on the inflation outlook given the underlying strength of the economy, price rises still to come through the supply chain and several of the measures proposed by the new administration, such as widespread import tariffs, which would have inflationary consequences. Indeed, since the Fed has started cutting interest rates yields of longer dated paper have risen markedly, an unhelpful signal. Secondly, the rally of the past couple of years leaves much of the markets looking increasingly expensive. Stocks are trading at well above their long-term averages, even if flattered by the hefty presence of fast-growing tech stocks, with the greater risk therefore of disappointment. Finally, there is the risk that investors fall out of love with the tech sector itself as they become more cautious about AI and its returns on investment. All of this is without considering the very uncertain geopolitical background.

Given these potential headwinds, US markets may see some volatility in the short term. However, assuming

the economy remains in good shape, the Fed continues to cut interest rates, even if less than originally hoped for, and corporate earnings hold up, the longer-term prospects remain favourable. We are hopeful that, coupled with a business-friendly administration in place, this may prove a favourable background for smaller companies with their more domestic bias. It may also persuade many investors to review their exposure to the US smaller company asset class.

**Stephen White**

Chairman

18 February 2025



*Assuming the economy remains in good shape, the Fed continues to cut interest rates, even if less than originally hoped for, and corporate earnings hold up, the longer-term prospects remain favourable.*



# Portfolio Manager's Review



**Chris Berrier**  
Portfolio Manager

Over the six months ended December 2024, the Company's portfolio advanced but did not keep pace with the benchmark. Standard attribution analysis shows we trailed due to: 1) an underweight in the financials sector and 2) stock selection in the industrials and consumer sectors. Since we believe the fundamentals of our portfolio holdings generally remain sound, we attribute the shortfall mostly to our conservative and prudent investment style amid a uniquely ebullient and narrow market, in which a small number of companies increased in value dramatically when compared to the vast majority of the rest of our investment universe.

## Performance Overview

U.S. equities surged leading up to and after the US presidential election. According to analysis by Jefferies, in the small-cap range, the fastest-growing equities—those with lofty price-to-earnings ratios (or no earnings), the worst returns on equity, and the highest betas—drove most of the gains. Beta

is a measure of a stock's volatility relative to the overall market; a higher beta indicates greater volatility. Thematically, sectors related to artificial intelligence (AI), quantum computing, and cryptocurrency skyrocketed. Financials rallied with rising rates and hopes of an economic upturn, while healthcare stocks remained stagnant. Quality compounders, which are companies showing attractive fundamental characteristics and consistent earnings growth, produced solid absolute returns but were not the focus of the majority of investors.

The Russell 2000 index illustrates the wild exuberance in certain niches. For example, Rocket Lab, a money consuming space company, saw its share price increase by 431% in the second half of 2024. Upstart, an AI consumer-lending platform whose share price collapsed over 90% after peaking in 2021, jumped 161% in the period and Rigetti Computing stole the show with an increase of 1,326%. For context, not owning these benchmark securities contributed over one percentage point to the strategy's relative shortfall during the last six months. Meanwhile, some of our long-term portfolio compounders like Waste Connections (-2%) and EastGroup Properties (-4%) posted decent results given the tepid macroeconomy but saw their share prices stall as investors flocked to riskier assets.

We note that the strategy lagged in a similar manner for several weeks after



Donald Trump's surprise victory in late 2016; it subsequently recovered from that painful but brief shortfall in the months that followed. Given the solid fundamental performance of our holdings and recently waning market momentum, we believe a similar dynamic could recur.

### **Sector Performance and Allocation**

The portfolio's philosophy hinges on selecting a diverse array of "3G" companies (those that demonstrate durable Growth, sound Governance & scalable Go-to-market strategies). This focus tends to lead to sector allocations that are consistent, but significantly different than the benchmark.

Relative sector weights played a meaningful role in our performance comparison to the benchmark. First, we have historically maintained a small weight in financials. During the period, our average weight was roughly 5% compared to the Russell 2000 Index weight of nearly 18%. The financials sector rose over 20% during this period, negatively impacting our relative results by approximately one percentage point.

Second, healthcare constitutes a large weight in the portfolio, approximately 6% more than the index when including biotech stocks classified in non-healthcare sectors. We anticipated that small-company earnings would face challenges over the last couple of years, and typically, healthcare performs well in such

environments. That concern proved correct—per-share earnings for the Russell 2000 Index constituents have fallen on average for two consecutive years. Nonetheless, relative healthcare sector performance has been quite lacklustre over the last few years, including the last six months, with sector gains of 2.2% compared to 10.7% total return for the Russell 2000 Index.

Finally, stock selection hindered our results in the industrial sector. However, we believe our portfolio holdings trailed the benchmark primarily due to their low cyclical or growth profiles rather than any significant fundamental issues. For example, investors favoured industrials like Rocket Lab (+431%) and Aurora Innovation, a self-driving vehicle company (+127%). Some of our industrial holdings, such as Applied Industrial Technologies (+24%), nuclear leader Curtis-Wright (+31%), and Mueller Water Products (+26%), posted strong gains due to their cyclical or thematic exposure, but it was insufficient to offset price declines from non-cyclicals such as pest eliminator Rentokil (-14%), bankruptcy consultant FTI (-11%), and safety product maker MSA (-11%).

### **Market Dynamics and Strategy Adjustments**

The equity market is currently characterized by intense concentration, with numerous examples of speculative behaviour in sectors such as artificial

## Portfolio Manager's Review continued

intelligence, quantum computing, and cryptocurrency. Additionally, small-cap stock prices have risen largely due to multiple expansions. This combination has posed a headwind for our relative results during brief but intense periods throughout the strategy's history, as seen in the last six months.

Overall, we remain focused on executing our investment philosophy and process, making the best bottom-up, fundamental, and long-term investment decisions possible. Our inability to keep pace with the benchmark in this narrow equity market has been frustrating, but we have experienced similar periods in the past and are confident in our team's ability to execute well in the upcoming quarters and years.

### Additions and Disposals

During the six months to the end of December 2024, we made several strategic additions and disposals to better position the portfolio for future growth. Notable additions include Insmid Incorporated (INSM), which has a promising lead drug with blockbuster potential, and OpenLane (KAR), a leading wholesale auction marketplace with improved competitive environment. We also added KinderCare Learning (KLC), the largest provider of childcare centres in North America, and Mirion Technologies (MIR), a high recurring revenue business with growth tailwinds in cancer treatment and radiation measurement. Other additions include StandardAero

(SARO), Simpson Manufacturing (SSD), Tandem Diabetes Care (TNDM), and ServiceTitan (TTAN), each offering unique growth opportunities in their respective sectors.

On the disposal side, we eliminated Accolade (ACCD) due to concerns regarding its ability to scale profitably and Ascendis Pharma (ASND) on worries that the management team is making the same pricing mistake on its second marketed drug that hindered the adoption of its first. We also sold Clearwater Analytics (CWAN) after a significant run-up in valuation and Envestnet (ENV) following its acquisition by Bain Capital. Other disposals included Haemonetics (HAE), Immunome (IMNM), and the SPDR S&P Biotech ETF (XBI), as we reallocated capital to higher conviction ideas.

### Conclusion

Investing is a journey, and the lessons learned from a difficult year like 2024 are invaluable. We remain committed to our disciplined, bottom-up investment approach and believe that our focus on quality, valuation discipline, and long-term growth will continue to serve our investors well. As we move into 2025, we are confident that our strategy is well-positioned to navigate the evolving market landscape and capitalize on opportunities for growth.

**Brown Advisory LLC**  
Portfolio Manager  
18 February 2025



*Overall, we remain focused on executing our investment philosophy and process, making the best bottom-up, fundamental, and long-term investment decisions possible.*



# Twenty Largest Equity Holdings as at 31 December 2024

<div>1</div> <div>Waste Connections</div> <div>Market value (£'000)</div> <div>7,623</div> <div>(30 June 2024: 7,724)</div> <div>Percentage of Portfolio</div> <div>4.4</div> <div>(30 June 2024: 4.6)</div>	<div>Industrials</div> <div>Waste Connections, Inc. provides non-hazardous solid waste collection services for commercial, industrial, and residential customers. The company offers collection, landfill disposal, and recycling services for various recyclable materials, including compost, cardboard, office paper, plastic containers, glass bottles, and ferrous and aluminium metals.</div>
<div>2</div> <div>Bright Horizons Family Solutions</div> <div>Market value (£'000)</div> <div>6,229</div> <div>(30 June 2024: 6,125)</div> <div>Percentage of Portfolio</div> <div>3.6</div> <div>(30 June 2024: 3.7)</div>	<div>Consumer Discretionary</div> <div>Bright Horizons Family Solutions Inc. provides childcare and early education services as well as other services designed to help employers and families to better address the challenges of work and life. The company provides services primarily under multi-year contracts with employers who offer childcare and other dependent care solutions as part of their employee benefits packages.</div>
<div>3</div> <div>HealthEquity</div> <div>Market value (£'000)</div> <div>5,709</div> <div>(30 June 2024: 3,638)</div> <div>Percentage of Portfolio</div> <div>3.3</div> <div>(30 June 2024: 2.2)</div>	<div>Healthcare</div> <div>HealthEquity, Inc. provides technology-enabled services platforms that allow consumers to make healthcare saving and spending decisions. The company enables consumers to access their tax advantaged healthcare savings, compare treatment options, pay healthcare bills, receive personalised benefit and clinical information and earn wellness incentives.</div>
<div>4</div> <div>Prosperity Bancshares</div> <div>Market value (£'000)</div> <div>5,296</div> <div>(30 June 2024: 3,961)</div> <div>Percentage of Portfolio</div> <div>3.0</div> <div>(30 June 2024: 2.4)</div>	<div>Financials</div> <div>Prosperity Bancshares, Inc. is the holding company for Prosperity Bank. The Bank attracts deposits from the general public and uses those funds to originate a variety of commercial and consumer loans. Prosperity Bank operates in the greater Houston metropolitan area and neighbouring counties in Texas.</div>



## Twenty Largest Equity Holdings continued

<div> <div>5</div> <div><b>Dynatrace</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>5,290</b></div> <div>(30 June 2024: 3,771)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>3.0</b></div> <div>(30 June 2024: 2.3)</div> </div>	<div><b>Information Technology</b></div> <p>Dynatrace, Inc., through its subsidiaries, develops software intelligence platforms for the enterprise cloud. Its software intelligence platforms allow customers to modernize and automate IT operations, develop and release high quality software faster and improve user experiences for better business outcomes.</p>
<div> <div>6</div> <div><b>CCC Intelligent Solutions</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>4,908</b></div> <div>(30 June 2024: 3,052)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>2.8</b></div> <div>(30 June 2024: 1.8)</div> </div>	<div><b>Industrials</b></div> <p>Provides cloud-based software as a service (SaaS) platform connecting trading partners, facilitating commerce and supporting mission-critical, artificial intelligence-enabled digital workflows.</p>
<div> <div>7</div> <div><b>Valmont Industries</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>4,795</b></div> <div>(30 June 2024: 4,256)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>2.7</b></div> <div>(30 June 2024: 2.6)</div> </div>	<div><b>Industrials</b></div> <p>Valmont Industries, Inc. designs and manufactures poles, towers, and structures for lighting, communication, and utility markets and provides protective coating services for infrastructure. The company also manufactures and distributes industrial and agricultural irrigation products in addition to a wide variety of fabricated products for commercial and industrial applications.</p>
<div> <div>8</div> <div><b>Casey's General Stores</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>4,517</b></div> <div>(30 June 2024: 4,343)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>2.6</b></div> <div>(30 June 2024: 2.6)</div> </div>	<div><b>Consumer Staples</b></div> <p>Casey's General Stores, Inc. operates convenience stores in the Midwest. The company offers food, beverages, tobacco products, health and beauty aids, automotive supplies, and other non-food items, as well as selling gasoline.</p>

## 9 Neurocrine Biosciences

Market value (£'000)

**4,085**

(30 June 2024: 4,081)

Percentage of Portfolio

**2.3**

(30 June 2024: 2.5)

### Healthcare

Neurocrine Biosciences, Inc. is focused on the discovery and development of therapeutics for neuropsychiatric, neuroinflammatory and neurodegenerative diseases and disorders. The company is developing therapeutic interventions for anxiety, depression, Alzheimer's disease, insomnia, stroke, malignant brain tumours, multiple sclerosis, obesity and diabetes.

## 10 Phreesia

Market value (£'000)

**3,975**

(30 June 2024: 3,321)

Percentage of Portfolio

**2.3**

(30 June 2024: 2.0)

### Information Technology

Phreesia Inc. designs and develops healthcare software. The company offers solutions for appointments, registration, clinical support, patient surveys, and analysis and reports. Phreesia serves patients and doctors in the United States.

## 11 Fluor

Market value (£'000)

**3,966**

(30 June 2024: 2,813)

Percentage of Portfolio

**2.3**

(30 June 2024: 1.7)

### Industrials

Fluor Corp serves customers worldwide providing oil and gas infrastructure construction services including engineering, procurement, maintenance, outsourcing, equipment rental and project management.

## 12 Encompass Health

Market value (£'000)

**3,961**

(30 June 2024: 3,646)

Percentage of Portfolio

**2.3**

(30 June 2024: 2.2)

### Healthcare

Encompass Health provides inpatient rehabilitative healthcare services. The company operates inpatient rehabilitation hospitals, outpatient and rehabilitation satellites, and home health agencies. Encompass Health provides treatment on both an inpatient and outpatient basis.

## Twenty Largest Equity Holdings continued

<div> <div>13</div> <div><b>Cogent Communications Holdings</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>3,699</b></div> <div>(30 June 2024: 1,657)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>2.1</b></div> <div>(30 June 2024: 1.0)</div> </div>	<div><b>Communication Services</b></div> <p>Cogent Communications is a next generation optical internet service provider focussing on delivering ultra high speed internet access and transport services.</p>
<div> <div>14</div> <div><b>ChampionX</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>3,606</b></div> <div>(30 June 2024: 4,364)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>2.1</b></div> <div>(30 June 2024: 2.6)</div> </div>	<div><b>Energy</b></div> <p>ChampionX Corporation provides energy solutions. The company focuses on upstream and midstream oilfield technology such as chemistry programs and drilling activities. ChampionX serves customers worldwide.</p>
<div> <div>15</div> <div><b>Casella Waste Systems</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>3,589</b></div> <div>(30 June 2024: 3,332)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>2.1</b></div> <div>(30 June 2024: 2.0)</div> </div>	<div><b>Industrials</b></div> <p>Casella Waste Systems integrated and non-hazardous solid waste services throughout the Eastern United States. The company offers collection, transfer, disposal and recycling services, generates steam, and manufactures finished products utilising recyclable materials</p>
<div> <div>16</div> <div><b>Bruker</b></div> </div> <div> <div>Market value (£'000)</div> <div><b>3,543</b></div> <div>(30 June 2024: 3,190)</div> </div> <div> <div>Percentage of Portfolio</div> <div><b>2.0</b></div> <div>(30 June 2024: 1.9)</div> </div>	<div><b>Healthcare</b></div> <p>Bruker Corporation designs, manufactures, and markets proprietary life science systems based on spectrometry technology platforms. The company also sells a range of field analytical systems for substance detection and pathogen identification. Bruker develops life science and advanced materials research tools based on X-ray technology.</p>



## 17 Curtiss-Wright

Market value (£'000)

**3,432**

(30 June 2024: 2,596)

Percentage of Portfolio

**2.0**

(30 June 2024: 1.6)

### Information Technology

Curtiss-Wright facilitates the designing, manufacturing and overhauling of precision components and systems to various industries such as aerospace, petrochemical and fire and rescue.

## 18 Establishment Labs Holdings

Market value (£'000)

**3,389**

(30 June 2024: 2,790)

Percentage of Portfolio

**1.9**

(30 June 2024: 1.7)

### Healthcare

Establishment Labs Holdings Inc. manufactures medical devices and aesthetics products for silicone-filled breast and body shaping implants.

## 19 SiTime

Market value (£'000)

**3,264**

(30 June 2024: 1,876)

Percentage of Portfolio

**1.9**

(30 June 2024: 1.1)

### Information Technology

SiTime Corp manufactures oscillators, clock generators and embedded resonators used for ethernet switches, computing devices, graphics cards and mobile phones serving customers worldwide.

## 20 NeoGenomics

Market value (£'000)

**3,025**

(30 June 2024: 3,272)

Percentage of Portfolio

**1.7**

(30 June 2024: 2.0)

### Healthcare

Operates a network of clinical laboratories that specialises in cancer genetics diagnostic testing services. The Company's services include cytogenetics, fluorescence in-situ hybridization (FISH), flow cytometry, morphology, anatomic pathology, and molecular genetic testing. NeoGenomics serves pathologists, oncologists, urologists and hospitals.

## Total

Market value (£'000)

**87,901**

Percentage of Portfolio

**50.4**

The value of the twenty largest equity holdings represents £87.9 million (30 June 2024: £79.2 million) and 50.4% (30 June 2024: 47.7%) of the Company's total investments.

As at 30 June 2024 and 31 December 2024, none of the Company's assets were invested in the securities of other listed closed-ended investment companies.

# Interim management report

## Related party transactions

During the first six months of the current financial year no transactions with related parties have taken place which have materially affected the financial position or performance of the Company. Details of related party transactions are contained in the Annual Report & Financial Statements for the year ended 30 June 2024 and on page 29 of this report.

## Principal and emerging risks and uncertainties

The Board, through the Audit and Risk Committee, carries out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also considers emerging risks which might affect the Company. The Board has carried out a robust assessment of the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation.

Details of the principal and emerging risks and uncertainties associated with the Company's business are set out in the Annual Report & Financial Statements for the year ended 30 June 2024. In the view of the Board, these principal and emerging risks and uncertainties continue to apply and they are constantly under

review. Additionally, the Board is mindful that the global trade environment has become more volatile.

## Going concern

The Half Yearly Financial Statements have been prepared on a going concern basis. The Directors consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the Company's investment objective, risk management policies and capital management policies, 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.

In determining the appropriateness of the going concern basis, the Directors gave particular focus to the operational resilience and ongoing viability of the Portfolio Manager, the AIFM and other key third-party suppliers.

## Statement of Directors' responsibilities

Each of the Directors confirms to the best of their knowledge that:

- (a) the condensed set of financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company at, or, as applicable, for the period ended 31 December 2024.
- (b) in their opinion the Chairman's statement, the Portfolio Manager's review and the interim management report include a fair review of the development and performance of the Company, together with a description of the principal risks and uncertainties that the Company faces; and
- (c) the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R on related party transactions.

The Half Yearly Financial Report has not been audited or reviewed by the Company's auditors.

For and on behalf of the Board

**Stephen White**

Chairman

18 February 2025



# Financial Statements





# Income Statement

for the six months ended 31 December 2024 (unaudited)

	Six months to 31 December 2024			Six months to 31 December 2023		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Gains from investments held at fair value through profit or loss (Note 2)	–	9,604	9,604	–	3,715	3,715
Currency exchange loss	–	(32)	(32)	–	(120)	(120)
Investment income	533	–	533	613	–	613
<b>Total income</b>	<b>533</b>	<b>9,572</b>	<b>10,105</b>	<b>613</b>	<b>3,595</b>	<b>4,208</b>
Management fee	(628)	–	(628)	(603)	–	(603)
Other expenses	(283)	(1)	(284)	(263)	(1)	(264)
<b>(Loss)/return before taxation</b>	<b>(378)</b>	<b>9,571</b>	<b>9,193</b>	<b>(253)</b>	<b>3,594</b>	<b>3,341</b>
Taxation	(70)	–	(70)	(80)	–	(80)
<b>Net (loss)/return after taxation</b>	<b>(448)</b>	<b>9,571</b>	<b>9,123</b>	<b>(333)</b>	<b>3,594</b>	<b>3,261</b>
<b>Net (loss)/return per Ordinary share (Note 3)</b>	<b>(3.79)p</b>	<b>80.95p</b>	<b>77.16p</b>	<b>(2.78)p</b>	<b>30.07p</b>	<b>27.29p</b>

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

The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Company has no other comprehensive income, and therefore the net return after taxation is also the total comprehensive income for the year.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The financial information does not constitute 'accounts' as defined in section 434 of the Companies Act 2006.

The Notes **on pages 26 to 29** form part of these Financial Statements.



# Statement of Financial Position

as at 31 December 2024 (unaudited)

	31 December 2024 (unaudited) £'000	30 June 2024 (audited) £'000
<b>Fixed assets</b>		
Investments at fair value through profit or loss	174,943	165,925
<b>Current assets</b>		
Debtors	104	79
Cash at bank and in hand	7,509	9,722
	<b>7,613</b>	<b>9,801</b>
<b>Creditors:</b> amounts falling due within one year	(477)	(1,182)
<b>Net current assets</b>	<b>7,136</b>	<b>8,619</b>
<b>Total assets less current liabilities</b>	<b>182,079</b>	<b>174,544</b>
<b>Capital and reserves</b>		
Called up share capital	4,555	4,555
Share premium account	19,550	19,550
Non-distributable reserve	841	841
Capital redemption reserve	9,628	9,628
Retained earnings – capital reserve	157,956	149,973
Retained earnings – revenue reserve	(10,451)	(10,003)
<b>Total shareholders' funds</b>	<b>182,079</b>	<b>174,544</b>
<b>Net asset value per Ordinary share (Note 6)</b>	<b>1,550.0p</b>	<b>1,471.4p</b>

The Financial Statements **on pages 26 to 29** were approved by the Board of Directors and signed on its behalf on 18 February 2025.

**Stephen White**  
Chairman

Company Registration Number 02781968

The Notes **on pages 26 to 29** form part of these Financial Statements.

# Statement of Changes in Equity

for the six months ended 31 December 2024 (unaudited)

<i>For the six months to 31 December 2024</i>	Called up Share Capital £'000	Share Premium £'000	Non- distributable Reserve £'000	Capital Redemption Reserve £'000	Capital reserve† £'000	Revenue reserve*† £'000	Total £'000
<b>Balance at 1 July 2024</b>	<b>4,555</b>	<b>19,550</b>	<b>841</b>	<b>9,628</b>	<b>149,973</b>	<b>(10,003)</b>	<b>174,544</b>
Net return for the period	–	–	–	–	9,571	(448)	9,123
Repurchase of Ordinary shares to be held in treasury	–	–	–	–	(1,588)	–	(1,588)
<b>Balance at 31 December 2024</b>	<b>4,555</b>	<b>19,550</b>	<b>841</b>	<b>9,628</b>	<b>157,956</b>	<b>(10,451)</b>	<b>182,079</b>

<i>For the six months to 31 December 2023</i>	Called up Share Capital £'000	Share Premium £'000	Non- distributable Reserve £'000	Capital Redemption Reserve £'000	Capital reserve† £'000	Revenue reserve*† £'000	Total £'000
<b>Balance at 1 July 2023</b>	<b>4,555</b>	<b>19,550</b>	<b>841</b>	<b>9,628</b>	<b>146,090</b>	<b>(9,517)</b>	<b>171,147</b>
Net return for the period	–	–	–	–	3,594	(333)	3,261
<b>Balance at 31 December 2023</b>	<b>4,555</b>	<b>19,550</b>	<b>841</b>	<b>9,628</b>	<b>149,684</b>	<b>(9,850)</b>	<b>174,408</b>

<i>For the year ended 30 June 2024 (audited)</i>	Called up Share Capital £'000	Share Premium £'000	Non- distributable Reserve £'000	Capital Redemption Reserve £'000	Capital reserve £'000	Revenue reserve*† £'000	Total £'000
<b>Balance at 1 July 2023</b>	<b>4,555</b>	<b>19,550</b>	<b>841</b>	<b>9,628</b>	<b>145,848</b>	<b>(9,275)</b>	<b>171,147</b>
Repurchase of Ordinary shares to be held in treasury	–	–	–	–	(1,199)	–	(1,199)
Net return for the year	–	–	–	–	5,324	(728)	4,596
<b>Balance at 30 June 2024</b>	<b>4,555</b>	<b>19,550</b>	<b>841</b>	<b>9,628</b>	<b>149,973</b>	<b>(10,003)</b>	<b>174,544</b>

† Retained earnings comprise the total of Capital reserve and Revenue reserve.

\* Under the Company's Articles of Association any dividends may be distributed only from the revenue reserve element of retained earnings and, as at 31 December 2024, there were no available earnings of this type.

The Notes **on pages 26 to 29** form part of these Financial Statements.

# Statement of Cash Flows

for the six months ended 31 December 2024

	Six months ended 31 December 2024 (unaudited) £'000	Six months ended 31 December 2023 (unaudited) £'000
<b>Cash flows from operating activities</b>		
Investment income received (gross)	444	517
Deposit interest received	68	88
Investment management fee paid	(609)	(591)
Other cash expenses	(317)	(291)
<b>Net cash outflow from operating activities before taxation and interest</b>	<b>(414)</b>	<b>(277)</b>
Taxation	(70)	(80)
<b>Net cash outflow from operating activities</b>	<b>(484)</b>	<b>(357)</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(31,399)	(18,975)
Sales of investments	31,290	20,385
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(109)</b>	<b>1,410</b>
<b>Cash flows from financing activities</b>		
Repurchase of ordinary shares into Treasury	(1,588)	–
<b>Net cash outflow from financing activities</b>	<b>(1,588)</b>	<b>–</b>
<b>(Decrease)/increase in cash</b>	<b>(2,181)</b>	<b>1,053</b>
Cash and cash equivalents at the start of the period	9,722	12,444
Realised loss on foreign currency	(32)	(120)
<b>Cash and cash equivalents at end of the period</b>	<b>7,509</b>	<b>13,377</b>

The Notes **on pages 26 to 29** form part of these Financial Statements.

# Notes to the Financial Statements for the six months to 31 December 2024

## 1. Accounting policies

The accounting policies applied for the condensed financial statements are as set out in the Company's Annual Report & Accounts for the year ended 30 June 2024. They have been applied consistently during the period ended 31 December 2024.

FRS 104, 'Interim Financial Reporting', issued by the FRC in March 2015 has been applied in preparing the financial statements included in this half yearly report.

### Basis of accounting

The accounts of the Company are prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments

at fair value through profit or loss and in accordance with the Companies Act 2006, UK GAAP and with the Statement of Recommended Practice ('SORP') for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies ('AIC') in November 2014 and updated in April 2021.

The functional and reporting 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, operating expenses and tax. Net revenue returns are allocated via the revenue account to the retained earnings, out of which dividend payments may be made. Capital returns include, but are not limited to, profits and losses on the disposal and revaluation of fixed asset investments and currency profits and losses on cash and borrowings. Net capital returns may not be distributed by way of dividend and are allocated via the capital account to the retained earnings.

## 2. Gains on investments held at fair value through profit or loss

	Six months to 31 December 2024 £'000	Six months to 31 December 2023 £'000
<b>Investment income</b>		
Net losses realised on sale of investments	(1,209)	(3,382)
Movement in investment holdings gains	10,813	7,097
<b>Gains on investments held at fair value through profit or loss</b>	<b>9,604</b>	<b>3,715</b>



### 3. Return per Ordinary share

	Six months to 31 December 2024 £'000	Six months to 31 December 2023 £'000
Net revenue loss	(448)	(333)
Net capital return	9,571	3,594
<b>Net total return</b>	<b>9,123</b>	<b>3,261</b>
Weighted average number of Ordinary shares in issue during the period	11,823,200	11,952,159
Revenue loss per Ordinary share	(3.8)p	(2.8)p
Capital return per Ordinary share	81.0p	30.1p
<b>Total return per Ordinary share</b>	<b>77.2p</b>	<b>27.3p</b>

### 4. Transaction costs

During the period, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	Six months to 31 December 2024 £'000	Six months to 31 December 2023 £'000
Purchases	24	20
Sales	19	18
<b>Total</b>	<b>43</b>	<b>38</b>

### 5. Comparative information

The financial information contained in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six months to 31 December 2024 and 31 December 2023 has not been audited.

The information for the year ended 30 June 2024 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 30 June 2024 have been filed with Companies House. The report of the auditors on those accounts contained no qualification or statement under section 498(2) or (3) of the Companies Act 2006.

# Notes to the Financial Statements continued

## 6. Net asset value per Ordinary share

The net asset value per Ordinary share as at 31 December 2024, calculated in accordance with the Articles of Association, was as follows:

	31 December 2024		30 June 2024	
	Net asset value per share attributable (p)	Net assets attributable £'000	Net asset value per share attributable (p)	Net assets attributable £'000
Ordinary shares	1,550.0	182,079	1,471.4	174,544

Net asset value per Ordinary share on the balance sheet is based on net assets of £182,079,000 (30 June 2024: £174,544,000) and on 11,746,897 (30 June 2024: 11,862,159) Ordinary shares, being the number of Ordinary shares in issue at the end of the period.

## 7. Fair valuation of investments

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	31 December 2024				30 June 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	174,943	–	–	174,943	165,925	–	–	165,925

Financial instruments include fixed asset investments, derivative assets and liabilities.

Accounting standards recognise a hierarchy of fair value measurements for financial instruments 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** Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange.

**Level 2** Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

**Level 3** External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included within this category are unquoted investments.

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## **8. Related parties and transactions with the manager**

FundRock Partners Limited (FundRock) has been appointed as AIFM to the Company pursuant to an Alternative Investment Fund Management Agreement between FundRock and the Company. FundRock has also been appointed to provide company secretarial services to the Company.

Brown Advisory has been appointed to provide portfolio management services pursuant to a Portfolio Management Agreement between the Company, FundRock and Brown Advisory

The management fee has been calculated at an annual rate of 0.7% on the first £200 million; 0.6% of the next £300 million; and 0.5% thereafter of the Company's adjusted net assets.

The management fee is payable by the Company to FundRock, who shall deduct from the management fee the amounts due to it as AIFM and for company secretarial services and shall pay the balance to Brown Advisory.

The management fee is calculated and payable on a quarterly basis.

The investment management fee payable to FundRock for the period 1 July 2024 to 31 December 2024 was £628,000. For the period 1 July 2023 to 31 December 2023 the fee payable was £603,000.

The appointment of Brown Advisory and FundRock may be terminated by not less than six months' notice.

There are no transactions with the directors other than the remuneration paid to the directors as disclosed in the Directors' Remuneration Report on pages 59 to 62 of the 2024 Annual Report & Accounts and as set out in Note 5 to the Accounts on page 85 and the beneficial interests of the directors in the ordinary shares of the Company as disclosed on page 62 of the 2024 Annual Report & Accounts.

Effective 1 January 2025, new management fee arrangements have been agreed with Brown Advisory as set out in the Chairman's statement on page 7.





# Company Information





## Company Information

<b>Directors</b>	Stephen White, Chairman Ruth Beechey Jasper Judd Jane Routledge	<b>Telephone</b>	0370 889 4089
<b>Registered Office</b>	140 Aldersgate Street, London EC1A 4HY	<b>Website</b>	www.investorcentre.co.uk
<b>Portfolio Manager</b>	Brown Advisory LLC 901 South Bond Street, Suite 400, Baltimore, Maryland 21231 United States	<b>Independent auditors</b>	Haysmacintyre LLP 10 Queen Street Place, London EC4R 1AG
<b>Alternative Investment Fund Manager (AIFM)</b>	FundRock Partners Limited Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  Authorised and regulated by the Financial Conduct Authority	<b>Company Registration Number</b>	02781968 Registered in England & Wales An investment company under s.833 of the Companies Act 2006
<b>Company Secretary</b>	FundRock Partners Limited Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY	<b>Investor Codes</b>	The Ordinary shares of the Company are traded on the London Stock Exchange.
<b>Telephone</b>	+44 (0)20 3994 7129	<b>Sedol Number Ordinary shares</b>	0346340
<b>Website</b>	www.brownadvisory.com/basc	<b>ISIN Number Ordinary shares</b>	GB0003463402
<b>Email</b>	InvestmentTrustEnquiries@ brownadvisory.com	<b>Ticker Ordinary shares</b>	BASC
<b>Custodian</b>	J.P. Morgan Chase Bank N.A 25 Bank Street, Canary Wharf, London E14 5JP		
<b>Depository</b>	J.P.Morgan Europe Limited 25 Bank Street, Canary Wharf, London E15 5JP  Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority		
<b>Registrars</b>	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol BS99 6ZZ		

# Investor Information

## Performance Updates

The Company publishes a monthly factsheet which contains key information about its performance, investment portfolio and pricing. The factsheets, together with electronic copies of the most recent full and interim reports and financial statements, are available for download from [www.brownadvisory.com/basc](http://www.brownadvisory.com/basc). Should you wish to be added to an email distribution list for future editions of the monthly factsheet, please send an email to [InvestmentTrustEnquiries@brownadvisory.com](mailto:InvestmentTrustEnquiries@brownadvisory.com). For investors who do not have access to the internet, these documents are also available on request from Brown Advisory's Client Services Team on +44 (0)20 3301 8130.

Further information about the Company is also available from third party websites such as [www.morningstar.co.uk](http://www.morningstar.co.uk) and [www.theaic.co.uk](http://www.theaic.co.uk)

## Retail distribution of non-mainstream products

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so

for the foreseeable future. The Company's Ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are Ordinary shares in an investment trust.

## ISA Qualification

The Company currently manages its affairs so as to be a qualifying investment trust under the Individual Savings Account ('ISA') rules. As a result, under current UK legislation, the Ordinary shares qualify for investment via the stocks and shares component of an ISA up to the full annual subscription limit, currently £20,000 (2024/25) in each tax year. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA products.

## Dividend Tax Allowance

With effect from 6 April 2016 the dividend tax credit was replaced by an annual tax-free dividend allowance. Dividend income in excess of this allowance will be taxed according to your personal income tax bracket.

The Company's Registrar will continue to provide shareholders with confirmation of dividends paid; shareholders should retain such confirmations to enable them to calculate and report total dividend income received.

Shareholders should note that it is their sole responsibility to report any dividend income in excess of their annual tax-free allowance to HMRC.

Further information on changes to dividend tax allowance can be obtained from the HMRC website at: [www.gov.uk/tax-on-dividends](http://www.gov.uk/tax-on-dividends).

## Changes to our Data Privacy Notice

We have updated our Privacy Notice to align with the new data privacy law in the European Union, known as the General Data Protection Regulation (GDPR) to which we are subject. Data protection and the security of your information has always been, and remains, important to us.

Any information concerning Shareholders and other related natural persons (together the Data Subjects) provided to, or collected by or on behalf of, Brown Advisory LLC and/or FundRock Partners Limited (the Controllers) (directly from Data Subjects or from publicly available sources) may be processed by the Controllers as joint controllers, in compliance with the GDPR.

## Investor Information continued

You are not required to take any action in respect of this notice, but we encourage you to read our Privacy Notice. Our Privacy Notice can be found on our website, [www.brownadvisory.com/basc](http://www.brownadvisory.com/basc). In the event that you hold your shares as a nominee, we request that you promptly pass on the details of where to find our Privacy Notice to the underlying investors and/or the beneficial owners.

### Managing your account online

The Company's registrar, Computershare Investor Services PLC, allows you to manage your shareholding online. If you are a direct investor, you can view your shareholding, change the way the registrar communicates with you and buy and sell shares. If you haven't used this service before, you can enter the name of the Company and register your account at <https://www-uk.computershare.com/investor>.

You'll need your Shareholder Reference Number (SRN) printed on your share certificate in order to register.

Computershare's contact details are as follows:

Computershare Investor Services PLC  
The Pavilions Bridgwater Road  
BRISTOL BS99 6ZZ

Telephone:  
+44 (0)370 889 4089

\* Calls to this number are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 09:00 a.m. – 17:30 p.m. Monday to Friday.

# Important Risk Warnings

## Advice to shareholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- Rejecting unexpected offers – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high-risk investment or a scam.
- Checking the FCA Warning List – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- Getting impartial advice – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it.

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact Action Fraud on **0300 123 2040** or visit [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

For further helpful information about investment scams and how to avoid them please visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



# Glossary of Terms including Alternative Performance Measures

## Alternative performance measures

The European Securities and Markets Authority ('ESMA') published its guidelines on alternative performance measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.'

The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs are used throughout the Half Yearly Financial Report, Financial Statements and Notes to the Financial Statements.

## Benchmark total return index

A total return index is a type of equity performance index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

## Discount

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

At 31 December 2024 the share price was 1,400.0p (30 June 2024: 1,282.5p) and the net asset value per share (cum income) was 1,550.0p (30 June 2024: 1,471.4p), the discount therefore being 9.7% (30 June 2024: 12.8%).

## Discount management

Discount management is the process of the buy-back and issue of Company shares by the Company, to and from its own holding or 'treasury' with the intention of managing any imbalance between supply and demand for the Company's shares and thereby the market price. The aim is to ensure that, in normal market conditions, the market price of the Company's shares will not materially vary from its NAV per share. The authority to repurchase the Company's shares is voted upon by the shareholders at each annual general meeting.

## Gearing

Gearing is the borrowing of cash to buy more assets for the portfolio with the aim of making a gain on those assets larger than the cost of the loan. However, if the portfolio doesn't perform well, the gain might not cover the costs. The more an investment company gears, the higher the risk.

Gearing is defined as the ratio of the Company's debt less cash held, where debt exceeds cash, compared to its net assets, expressed as a percentage.

## NAV per share

The net asset value ('NAV') is the value of the investment company's assets less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium.

At 31 December 2024, the net asset value per share (cum income) was 1,550.0p (30 June 2024: 1,471.4p).

## Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of net assets during the period and is calculated in accordance with guidance issued by the Association of Investment Companies.

	31 December 2024 £'000	30 June 2024 £'000	
Management fee	628	1,222	
Other expenses	284	578	
<b>Total expenses (excluding finance costs)</b>	<b>912</b>	<b>1,800</b>	(a)
Average net assets	179,182	171,122	(b)
Ongoing charges ( $c = ((a/b) \times 2) \times 100$ )	1.02%		(c)
Ongoing charges ( $d = (a/b) \times 100$ )		1.05%	(d)

## Premium

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

## Treasury shares

Treasury shares are the part of the issued share capital that is held by the Company. They do not rank for dividends and do not have voting rights. The Company uses treasury shares for discount management purposes as described above.





## **Brown Advisory US Smaller Companies PLC**

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