



BROWN ADVISORY US SMALLER COMPANIES PLC

HALF YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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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 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').

THE COMPANY IS A MEMBER OF THE



The Association of
Investment Companies

Financial highlights for the six months ended 31 December 2022

Ordinary share performance			
	31 December 2022	30 June 2022	% change
Net asset value (pence)*	1,379.75	1,303.87	+5.8
Closing price (pence)	1,185.00	1,105.00	+7.2
Russell 2000 Total Return Index (sterling adjusted)	7,643.50	7,308.48	+4.6
Discount to net asset value (%)*	(14.1)	(15.3)	–
Ongoing charges ratio (%)*	0.96	0.97	–

* For definitions of the above alternative performance measures please refer to the glossary of terms on page 24.

Chairman's statement

Dear Fellow Shareholder

I am pleased to report that for the six months ended 31 December 2022, your Company's net asset value (NAV) per share rose from 1303.87p to 1379.75p, an increase of 5.8%. This absolute gain is a welcome achievement after the setback in markets during the Company's prior financial year. It also compares favourably with the 4.6% gain in the Company's benchmark, the sterling adjusted Russell 2000 Total Return index, over the same period. Furthermore, it was encouraging to see US smaller companies, after a lengthy period of relative underperformance, once again holding their own against their larger US peers, notably the S&P 500 and the Nasdaq.

Over the six months, the Company's share price rose from 1105.00p to 1185.00p. This resulted in a small narrowing of the discount from 15.3% to 14.1%. No shares were bought back during the period under review.

Market Review

Equity markets worldwide began the period under review on an unsettled note, having fallen sharply in the six months before, and the US smaller company segment was no exception.

During the first half of 2022, Russia's unexpected invasion of Ukraine, an ensuing surge in inflation as energy and other commodity prices soared, and an abrupt change in monetary policy by the Federal Reserve as it pushed up interest rates aggressively to combat inflation and regain credibility, had all weighed on markets, with major declines seen in both equity and bond prices.

Having reached their low point in the early summer, US equity markets started to pick up again as news on the domestic economy and the corporate sector proved generally supportive and hopes grew that the Federal Reserve might soon pivot its stance if it was to prevent a major fall in business activity. However, such hopes were well and truly quashed at the end of the summer as the chairman of the Federal Reserve, Mr Jerome Powell, stressed at the Jackson Hole symposium that the need to get back to price stability would require maintaining a restrictive policy for some time. Share prices fell in response,

returning to their summer lows. Thereafter, the US equity markets traded on lower volumes within a relatively narrow trading range, only edging a little higher towards the period end. The dollar was modestly stronger versus the pound over the half year and thus UK investors received small additional gains in Sterling.

Within the US markets, as interest rates rose, the rotation continued away from the highly rated growth stocks, notably in technology, that had led the earlier bull market, to the more perceived value plays in areas such as energy and financials. Investors became less tolerant of earnings misses and of companies with no earnings, while merger and acquisition activity declined markedly. Smaller companies saw the same trends, but managed to do somewhat better than their larger peers as they benefited from some rotational return of interest away from the mega caps. Over the period, in US dollar terms the Russell 2000 achieved a total return of 3.9%, compared to 2.3% from the S&P 500 and -4.7% from the Nasdaq.

Portfolio Manager

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 8 and 9.

In October, the Board was pleased to make its first visit to Brown Advisory's offices in Baltimore to meet with Chris Berrier and his team in order to develop our understanding of their investment process and gain deeper knowledge of the portfolio. The visit was a success and gave us a much better insight into the investment operations in Baltimore. Between 31 March 2021, the date on which Brown Advisory took over the management of the portfolio, and 31 December 2022, which was a difficult period for markets, the decline in the Company's NAV was held at 5.2%, outperforming the benchmark, which fell by 7.0%.

Share Price and Discount

As mentioned in previous reports, it is the Board's policy to use share buybacks with the intention that over a period and in normal market

Chairman's statement *(continued)*

conditions the market price of its shares is limited to around 10% discount to NAV per share.

Over the period under review, the Company's share price rose 7.2% from 1105.00p to 1185.00p. This helped to narrow the discount to NAV from 15.3% on 30 June 2022 to 14.1% on 31 December 2022. Given the continuing volatility in markets during the period under review and the fact that for much of the period the shares' discount traded within our tolerated range we decided not to buy back any shares.

As at 31 December 2022, the number of shares held in treasury was unchanged at 6,271,254 and the total number outside treasury at 11,952,159.

Gearing

Given the still troubled political and economic background and continuing market volatility, the Board was reluctant to take on gearing during the period. However, should conditions improve and the outlook brighten, the Board will review its decision, mindful that the ability to gear to enhance returns is one of the advantages of a closed-end vehicle.

Environment, Social and Governance ('ESG')

The Board has continued to engage with the Portfolio Manager on ESG matters. Governance has been a key focus within the Portfolio Manager's investment process for many years and they use their regular meetings with companies to discuss and challenge investee management teams on their adherence to best practice. Further information on the Portfolio Manager's approach to ESG matters is set out in the ESG report on pages 10 and 11.

Board Composition

As part of our succession planning, I mentioned in my statement in last year's annual report that we had begun the search for a new director as audit chair designate to take over eventually from Lisa Booth. I was therefore very pleased to announce in September the appointment of Jasper Judd to the Board as a non-executive director. Jasper is a Chartered Accountant and currently a non-executive director and audit chair of JPMorgan

Indian Investment Trust PLC and of Dunedin Income Growth Investment Trust PLC, as well as a non-executive director of Schroders Asian Total Return Investment Company. Previously, he had a long career in industry.

After a period of induction, Jasper has now taken on the role of audit chair from Lisa. I should like therefore to take this opportunity to thank Lisa for all her hard work and commitment as previous audit chair and for organising a very smooth handover.

Lastly and sadly, Tina Soderlund-Boley let us know in January that she had accepted a position at Slättö Förvaltning AB which had arisen unexpectedly. The Board considered the time commitments required by this role and agreed that Tina would stand down once a replacement non-executive director had been appointed. On behalf of the Board, I would like to thank Tina for all her contribution to the Company over the past three years, particularly in marketing matters, and wish her every success in her new appointment.

Shareholder Communications

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

Outlook

Although it is good to see equity markets regaining some ground this year after a very dismal 2022, they still face many headwinds. The Russia/Ukraine war continues to drag on with no signs of resolution, but ever-present risks of escalation. Growth is slowing in most developed economies with a possibility that some of them will fall into recession at some stage this year. Inflation in goods and services remains high and this, coupled with tight labour markets, puts corporate margins at risk. Finally, and most importantly, the era of low interest rates and low bond yields and an accommodative Federal Reserve has come to an end. The US central bank is determined not only to bring inflation back towards its sustained 2.0% target, but to be seen to be back in control. Interest rates seem likely to stay high for as long as need be. While these

Chairman's statement *(continued)*

factors remain in place, markets might find it difficult to make much headway.

Looking further out, however, we have cause to be more optimistic. There are grounds for believing that the peak in inflation in the US has now been seen. The latest monthly figures have been trending lower, the prices of energy and many commodities are back to near their pre-war levels, supplies are less scarce and falling demand is eroding many companies' pricing power. Should this be the case, and eventually acknowledged by the monetary authorities, the path towards lower interest rates should become evident. Such a scenario would favour US equities again, and most likely US smaller companies given their sensitivity to the domestic economy, their attractive valuations and their underperformance relative to their larger peers over the past few years. With cash on hand and the ability to gear, our Portfolio Manager has the skills and firepower to take advantage of any market opportunities in the meantime.

Stephen White

Chairman

15 February 2023

Portfolio Manager's review

During the six-month period ended 31 December 2022, the NAV per share of the Company rose by 5.8%. This compares to an increase of 4.6% in the Company's benchmark, the sterling adjusted Russell 2000 Total Return Index. The favourable relative results were driven by stock selection. Our team continues to assess our opportunity set regularly as we operate during a time of heightened volatility in both the macroeconomic and the equity market backdrops. We know that we have limited ability to predict the future, but we certainly attempt to prepare for it.

As a reminder to our Shareholders, even though our stated benchmark is the sterling adjusted Russell 2000 Total Return Index, our strategy, in composition, tends to be a bit more growth-oriented. This stems from our philosophy to harness the power of compounding. We generally seek out businesses that possess the ability to scale into much larger organizations over a multi-year time frame. Our "3G" (durable Growth, sound Governance and scalable Go-to-market strategies) investment framework is utilized to centre our analytical team's attention on these unique, long-term investments. Based on the company characteristics we desire, the average company in our portfolio is typically of above average "quality" when compared to the average small-cap business. When we pair this aspect of the strategy with an attempt to drive adequate diversification and maintain a valuation discipline, we have historically been able to mitigate some of the downside risk of investing in the small-cap asset class. To summarize – in American football terms – we play offense with our security selection and defense with our portfolio architecture.

Looking back at the trailing six-month period, it was a nice reprieve from the very challenging equity market experienced in the first half of 2022. Although small-caps finished nicely above their 52-week lows, it was still a punishing year. However, there is a silver lining. Small-cap stocks are now trading below their historical average valuation level and look particularly compelling when compared to their large-cap peers. In addition, it is no secret that many of the mega-cap companies have been experiencing difficult

times – a factor that typically helps the return prospects of smaller companies. Furthermore, at the portfolio level, we are very encouraged that after multiple years of abnormal lower-quality company outperformance, we are seeing a regime shift to higher-quality entities. Per our comments above, this would be a welcome macro-economic change, turning a strategy headwind into a potential tailwind.

Our optimism regarding the potential for perhaps some enduring leadership for smaller caps is not without acknowledging the volatile and uncertain world we inhabit. While valuations are lower, a slowing macroeconomic environment is likely to pressure future earnings, making close scrutiny of company fundamentals essential. At present, we are constantly sifting through top-down and bottom-up information to attempt to better understand the prospects for our holdings in 2023 and beyond. We are also looking back at our mistakes of the past six months in the hope of improving ourselves as investors as we strive to improve both our relative and absolute results in the years to come.

In order to shed some light on recent results, let's first examine our high-level attribution. Stock selection was, by far, the largest positive contributor to returns. At the sector level, we witnessed an outsized gain coming from the information technology sector, while consumer discretionary weighed on results. Over the long-term, we expect our idiosyncratic bets to drive most of our outperformance and we certainly hope to achieve a balanced contribution across sectors.

Since our strategy is driven from the bottom-up, let's highlight a few of the major contributors and detractors for the period. Please keep in mind that, at times, the small-cap space can be volatile. Thus, when we examine the quarterly, semi-annual or annual performance of our holdings, we are mostly concerned with how their fundamental results are tracking against our original investment thesis. We strive to prudently let our winners run and consistently cull our losers from the portfolio.

Portfolio Manager's review *(continued)*

During the period, our top three contributors came from multiple sectors. EVO Payments (EVOP), a merchant acquirer and our largest holding, rose nearly 44% on its proposed acquisition by Global Payments. ChampionX Corporation (CHX), a specialty chemical company operating in the oil and gas space and a recent addition to the portfolio, gained nearly 47% as an improved outlook for growth and margins catalysed the stock off of a relatively low valuation. Finally, Casey's General Store, a long-term holding operating in the convenience store industry, continued its march higher, rising nearly 22% on solid in-store performance and highly resilient fuel margins.

On the negative side of the ledger, our bottom three stocks were down about 30% on average. In healthcare, agilon health inc. (AGL) is a newly public company focused on value-based care, predominantly aimed at the Medicare Advantage population. While we believe the company is tracking well against our thesis, some of its peers have struggled, making investors question the steep projected improvement in cash flow for the next few years. Angi Inc. (ANGI), the leading online marketplace for residential services, was negatively impacted by the sharp rise in interest rates, prompting a slowdown in certain of its home services categories. We believe that under a new CEO the company should improve its profitability in 2023, enabling a bounce in the share price off depressed levels. Finally, and most surprisingly, Bright Horizons Family Solutions Inc. (BFAM), a position we have held for a long time in the child and educational services space, failed to show its historical resilience and predictability due to labour shortages that slowed the trajectory of financial improvement coming out of COVID-19. While we believe underlying demand remains strong, it certainly has taken longer than originally anticipated for the company to return and eclipse prior highs in earnings and free cash flow.

Clearly, as you can see from the above, we were not perfect over the trailing six months. However, overall stock selection was strong and enabled a more growth-oriented portfolio to outperform its core benchmark. While we are pleased with this result and encouraged that the set-up for

small-cap equities has improved, our outlook is for continued volatility as we move into a highly uncertain environment in 2023 across a number of dimensions. Against this backdrop, we will strive to leverage our knowledge of the small-cap universe to take advantage of the wild mood swings of Mr. Market with the goal of driving sound, risk-adjusted returns for our shareholders in the years to come.

Brown Advisory LLC

Portfolio Manager

15 February 2023

Environmental, Social and Governance (ESG) Report

Overview of Brown Advisory's commitment to sustainable investing

Brown Advisory has a long history of serving clients focused on sustainable investing and we are deeply committed to this space.

We believe that sustainable investing is smart investing – it's a potential path to investment performance, a way to reflect your values, an opportunity to make an impact on the world. We clarify the principles, philosophy and processes that guide our sustainable investing work in our Institutional Sustainable Investing Policy.

We think differently about how ESG factors can drive investment results in that we believe ESG factors are an important element in identifying investment opportunities that can outperform over the long term. For many of our strategies, we conduct proprietary ESG research across both equity and fixed income sectors, while also leveraging available quantitative tools and third party ESG research, as appropriate. There is still a shortage of meaningful ESG data in the market. Therefore, for those 'sustainable' strategies on our platform, it is crucial to do our own fundamental research in an effort to understand the impact of our investments, both financially and sustainably.

Brown Advisory's portfolio managers use this research to various degrees, with those strategies on our sustainable investing platform, fully integrating this research into their investment decision-making process.

"At Brown Advisory, we believe that ESG research adds value to individual security analysis and leads to improved investment decisions and better performance over the long term."

We believe our approach to sustainable investing is comprehensive, rigorous and based on our ability to evaluate a broad range of sectors. Importantly, our deep ESG experience stems from a decade-plus track record coupled with a granular methodology of analysing individual companies and other issuers. Together, we

believe these foundations enable well-informed assessments of ESG-related risks and sustainable opportunities. We aim to deliver a wide range of equity and fixed income solutions to our clients, with many solutions focusing on integrating fundamental and ESG research in a manner that we believe improves our investment decisions and leads to better performance over time.

Team

Brown Advisory has a team of colleagues who are wholly or largely dedicated to our sustainable investing practice. Several of these colleagues form part of our ESG Research Team, which consists predominantly of ESG equity research analysts and ESG fixed income research analysts. Our ESG research analysts are a core component of the firm's broader equity and fixed income investment research team. They work together across asset classes to develop overarching ESG research tools, and to provide research coverage of overlapping portfolio names that are held or are being considered for both equity and fixed income portfolios. At the same time, the equity and fixed income ESG analysts are fully integrated members of the research teams for their respective asset classes, working closely with fundamental analysts and portfolio managers to guide portfolio decisions for strategies making use of the firm's ESG research tools. We believe this approach helps us to maintain consistent standards across asset classes while also seeking to embed ESG research deeply within the decision-making process for sustainable investments.

Brown Advisory also has a Sustainable Investing Advisory Board. This board was developed to help us focus on our business strategy as we build out our sustainable investing capabilities beyond our ESG focused strategies. Among the strategic guidance that this board provides, they advise our investment teams as to how they might consider incorporating ESG factors into investment decisions in ways that have clear fundamental benefits. The board includes members from Brown Advisory, as well as external sustainable investing experts. Please see [here](#) for board members.

Environmental, Social and Governance (ESG) Report *(continued)*

ESG research integration into the investment process

Brown Advisory's investment philosophy is rooted in the belief that bottom-up fundamental research can drive long-term outperformance, and this belief supports the Brown Advisory US Smaller Companies portfolio's commitment to ESG research as well. We believe that there are elements of ESG research that are inherent to fundamental analysis and, whenever relevant, consider these in investment decisions.

The "3G" investment filter that the portfolio managers employ within the Brown Advisory US Smaller Companies portfolio seeks the following factors when evaluating new investments: growth, governance, and go-to-market strategy. The governance factors that companies should possess include a capable and shareholder-friendly management team, a diverse and appropriate Board structure, well-structured and aligned incentives, and more. The portfolio managers invest in companies where management teams take all risks to fundamental performance seriously, including any material environmental or social risks. Furthermore, the portfolio managers are provided access to Brown Advisory's ESG research, tools and third-party ESG research. The portfolio managers utilise these tools to varying degrees to assist with investment decision-making. For example, the portfolio managers may request that our ESG research analysts conduct an ESG assessment of a company or assist with engagement and proxy voting related to ESG topics. In particular, ESG research analysts provide guidance to the Portfolio Manager on how to vote on shareholder proposals. The portfolio managers are also provided with a summary of their portfolio from an ESG perspective on a quarterly basis, including identifying any significant ESG risks or controversies. These reports ensure the portfolio managers maintain awareness of how the strategy is positioned from an ESG perspective. The portfolio's output has often met ESG

standards for our clients. The Company does not, however, manage its portfolio to a specific ESG policy.

Brown Advisory LLC

Portfolio Manager

15 February 2023

Twenty largest holdings as at 31 December 2022

Company	Sector	31 December 2022		30 June 2022	
		Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Waste Connections Waste management services company.	Industrials	6,134	4.0	5,611	3.8
Genpact Business process management services.	Information Technology	5,725	3.7	5,943	4.0
Prosperity Bancshares Provision of financial products and solutions.	Financials	4,839	3.2	4,446	3.0
SPDR S&P Biotech ETF ETF which seeks to track the performance of S&P Biotechnology Select Industry Index. This Index is composed of U.S.-listed equities in the biotechnology sector.	Biotechnology	4,674	3.1	–	–
Casey's General Stores Convenience store chain.	Consumer Staples	3,936	2.6	3,581	2.4
Evo Payments A Payment technology and services provider.	Industrials	3,744	2.4	5,835	3.9
Neurocrine Bioscience Biopharmaceutical company that focuses on therapeutics for neuropsychiatric, neuroinflammatory and neurodegenerative diseases and disorders.	Healthcare	3,717	2.4	2,970	2.0
Bright Horizons Family Solutions Childcare and early education services.	Consumer Discretionary	3,642	2.4	4,054	2.7
Workiva Cloud-based enterprise software.	Information Technology	3,410	2.2	2,585	1.8
ChampionX Provider of chemistry programs and services for global upstream oil and natural gas industry.	Energy	3,353	2.2	968	0.6
HB Fuller Adhesives, sealants, coatings, paints, and other specialty chemical products.	Materials	3,271	2.1	2,562	1.8
HealthEquity Service platforms that allow consumers to make healthcare saving and spending decisions.	Healthcare	2,957	1.9	2,633	1.8
Dynatrace Software intelligence platform based on artificial intelligence.	Information Technology	2,944	1.9	2,521	1.7

Company	Sector	31 December 2022		30 June 2022	
		Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Churchill Downs Gaming entertainment company.	Consumer Discretionary	2,924	1.9	2,808	1.9
Denbury Oil and natural gas company which acquires, develops, operates, and explores oil and gas properties.	Energy	2,740	1.8	–	–
Blackline Cloud-based enterprise software.	Information Technology	2,669	1.7	2,585	1.8
Bruker Scientific instruments for molecular and materials research.	Healthcare	2,612	1.7	2,346	1.6
Quaker Chemical Custom-formulated chemical specialty products.	Materials	2,559	1.7	2,246	1.5
Phreesia Healthcare software.	Healthcare	2,550	1.7	1,405	0.9
Pinterest A Online product and idea discovery platform that helps users gather ideas on everything.	Communication Services	2,544	1.7	–	–
Total		70,944	46.3		

The value of the twenty largest equity holdings represents £70.9 million (30 June 2022: £70.2 million) and 46.3% (30 June 2022: 47.5%) of the Company's total investments.

As at 30 June 2022 and 31 December 2022, 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 & Accounts for the year ended 30 June 2022 and on page 20 of this report.

Principal and emerging risks and uncertainties

The Company is exposed to the effect of variations in the price of its investments. A fall in the value of its portfolio will have an adverse effect on shareholders' funds. It is not the aim of the Board to eliminate entirely the risk of capital loss; rather it aims to seek capital growth. The Board reviews the Company's investment strategy and the risk of adverse share price movements at its quarterly board meetings considering the economic climate, market conditions and other factors that may have an effect on the sectors in which the Company invests. Other key risks faced by the Company relate to liquidity risk, the discount to net asset value, regulatory risk, credit and counterparty risk, loss of key personnel, and operational and financial risks.

Further details of the principal and emerging risks and uncertainties associated with the Company's business are set out in the Annual Report & Accounts for the year ended 30 June 2022. In the view of the Board, these principal and emerging risks and uncertainties continue to apply and they are constantly under review.

Going concern

The Half Yearly Financial Report has 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.

Directors' responsibility statement

The Directors confirm to the best of their knowledge that:

- (a) the condensed set of financial statements, prepared in accordance with the applicable set of accounting standards, gives 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 2022.
- (b) the Chairman's statement, the Portfolio Manager's review and the interim management report include a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R; 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

15 February 2023

Income statement

for the six months ended 31 December 2022 (unaudited)

	Six months to 31 December 2022			Six months to 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains from investments held at fair value through profit or loss (Note 2)	–	9,184	9,184	–	1,996	1,996
Currency exchange (loss)/gain	–	(40)	(40)	–	259	259
Investment income	452	–	452	350	–	350
Total income	452	9,144	9,596	350	2,255	2,605
Management fee	(583)	–	(583)	(627)	–	(627)
Other expenses	(234)	(1)	(235)	(249)	–	(249)
(Loss)/return before taxation	(365)	9,143	8,778	(526)	2,255	1,729
Taxation	292	–	292	(58)	–	(58)
Net (loss)/return after taxation	(73)	9,143	9,070	(584)	2,255	1,671
Net (loss)/return per Ordinary share (Note 3)	(0.62)p	76.50p	75.88p	(4.88)p	18.85p	13.97p

The total column of this statement is the profit and loss account of the Company prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP').

The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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 18 to 20 form part of these Accounts.

Statement of financial position

as at 31 December 2022 (unaudited)

	31 December 2022 (unaudited) £'000	30 June 2022 (audited) £'000
Fixed assets		
Investments at fair value through profit or loss	153,015	147,856
Current assets		
Debtors	453	304
Cash at bank and in hand	11,867	8,218
	12,320	8,522
Creditors: amounts falling due within one year	(425)	(538)
Net current assets	11,895	7,984
Total assets less current liabilities	164,910	155,840
Capital and reserves		
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* (Note 8)	130,336	121,266
Total shareholders' funds	164,910	155,840
Net asset value per Ordinary share (Note 6)	1,379.75p	1,303.87p

* Under the Company's Articles of Association any dividends may be distributed only from the revenue element of retained earnings and, as at 31 December 2022, there were no available earnings of this type.

The financial statements on pages 15 to 17 were approved by the Board of Directors and signed on its behalf on 15 February 2023.

Stephen White

Chairman

Company Registration Number 02781968

The Notes on pages 18 to 20 form part of these Accounts.

Statement of changes in equity

for the six months ended 31 December 2022 (unaudited)

For the six months to 31 December 2022	Called up share capital £'000	Share premium £'000	Non- distributable reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2022	4,555	19,550	841	9,628	121,266	155,840
Net return for the period	–	–	–	–	9,070	9,070
Balance at 31 December 2022	4,555	19,550	841	9,628	130,336	164,910

For the six months to 31 December 2021	Called up share capital £'000	Share premium £'000	Non- distributable reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2021	4,555	19,550	841	9,628	146,852	181,426
Repurchase of Ordinary shares to be held in treasury	–	–	–	–	(173)	(173)
Net return for the period	–	–	–	–	1,671	1,671
Balance at 31 December 2021	4,555	19,550	841	9,628	148,350	182,924

For the year ended 30 June 2022 (audited)	Called up share capital £'000	Share premium £'000	Non- distributable reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2021	4,555	19,550	841	9,628	146,852	181,426
Repurchase of Ordinary shares to be held in treasury	–	–	–	–	(174)	(174)
Net return for the year	–	–	–	–	(25,412)	(25,412)
Balance at 30 June 2022	4,555	19,550	841	9,628	121,266	155,840

The Notes on pages 18 to 20 form part of these Accounts.

Notes to the accounts

for the six months to 31 December 2022

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 2022. They have been applied consistently during the period ended 31 December 2022.

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 2022 £'000	Six months to 31 December 2021 £'000
Net gains realised on sale of investments	1,901	2,467
Movement in investment holdings gains/(losses)	7,283	(471)
Gains on investments held at fair value through profit or loss	9,184	1,996

3. Return per Ordinary share

	Six months to 31 December 2022 £'000	Six months to 31 December 2021 £'000
Net revenue loss	(73)	(584)
Net capital return	9,143	2,255
Net total return	9,070	1,671
Weighted average number of Ordinary shares in issue during the period	11,952,159	11,958,858
Net loss per Ordinary share	(0.62)p	(4.88)p
Net capital return per Ordinary share	76.50p	18.85p
Net return per Ordinary share	75.88p	13.97p

Notes to the accounts *(continued)*

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 2022 £'000	Six months to 31 December 2021 £'000
Purchases	27	18
Sales	19	11
Total	46	29

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 2022 and 31 December 2021 has not been audited.

The information for the year ended 30 June 2022 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 30 June 2022 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.

6. Net asset value per Ordinary share

The net asset value per Ordinary share as at 31 December 2022, calculated in accordance with the Articles of Association, was as follows:

	31 December 2022		30 June 2022	
	Net asset value per share attributable (p)	Net assets attributable £'000	Net asset value per share attributable (p)	Net assets attributable £'000
Ordinary shares	1,379.75	164,910	1,303.87	155,840

Net asset value per Ordinary share on the balance sheet is based on net assets of £164,910,000 (30 June 2022: £155,840,000) and on 11,952,159 (30 June 2022: 11,952,159) 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 2022				30 June 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	153,015	–	–	153,015	147,856	–	–	147,856

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:

Notes to the accounts *(continued)*

7. Fair valuation of investments *(continued)*

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.

8 Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items:

	Revenue return £'000	Capital return £'000	Total £'000
Balance at 1 July 2022	(8,230)	129,496	121,266
Net (loss)/return for the period	(73)	9,143	9,070
Balance at 31 December 2022	(8,303)	138,639	130,336

9. Related parties and transactions with the manager

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 2022 to 31 December 2022 was £583,000. For the period 1 July 2021 to 31 December 2021 the fee payable was £627,000.

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 45 to 48 of the 2022 Annual Report & Accounts and as set out in Note 5 to the Accounts on page 65 and the beneficial interests of the directors in the ordinary shares of the Company as disclosed on page 47 of the 2022 Annual Report & Accounts.

Company information

Directors	Stephen White (Chairman) Lisa Booth Jasper Judd Clive Parritt Tina Soderlund-Boley
Registered Office	6th Floor, Bastion House, 140 London Wall, London EC2Y 5DN
Portfolio Manager	Brown Advisory LLC 901 South Bond Street, Suite 400, Baltimore, Maryland 21231 United States
Alternative Investment Fund Manager	FundRock Partners Limited 6th Floor, Bastion House, 140 London Wall, London EC2Y 5DN
Company Secretary	FundRock Partners Limited 6th Floor, Bastion House, 140 London Wall, London EC2Y 5DN
Telephone	+44 (0)203 994 7129
Website	www.brownadvisory.com/basc
Email	InvestmentTrustEnquiries@brownadvisory.com
Custodian	J.P. Morgan Chase Bank N.A 25 Bank Street, Canary Wharf, London E14 5JP Authorised and regulated by the Financial Conduct Authority
Depository	J.P. Morgan Europe Limited 25 Bank Street, Canary Wharf, London E14 5JP Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Telephone	0370 889 4089
Website	www.investorcentre.co.uk
Independent auditors	Haysmacintyre LLP 10 Queen Street Place, London EC4R 1AG
Company registration number	02781968 Registered in England & Wales An investment company under s.833 of the Companies Act 2006
Investor codes	The Ordinary shares of the Company are traded on the London Stock Exchange.
Sedol Number	
Ordinary shares	0346340
ISIN	
Ordinary shares	GB0003463402
Ticker	
Ordinary shares	BASC

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 accounts, are available for download from 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. 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)203 301 8130.

Further information about the Company is also available from third party websites such as www.morningstar.co.uk and 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.

Data privacy

The Company has issued a privacy notice which can be found on its website www.brownadvisory.com/us/privacy.

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 – 17:30 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**

For further helpful information about investment scams and how to avoid them please visit **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 APMs detailed below have been used in the Half Yearly Financial Report.

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 2022 the share price was 1,185.00p (30 June 2022: 1,105.00p) and the net asset value per share (cum income) was 1,379.75p (30 June 2022: 1,303.87p), the discount therefore being 14.1% (30 June 2022: 15.3%).

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.

* Alternative performance measure.

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 the ratio of the Company's net borrowings (£nil) to its net assets (£164,910,000).

As at 9 February 2023, the latest practicable date prior to publication of this document, the Company is not geared.

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 2022, the net asset value per share (cum income) was 1,379.75p (30 June 2022: 1,303.87p).

Ongoing charges*

Ongoing charges are the total expenses including both the portfolio management fee and other costs, but excluding finance costs (if applicable), as a percentage of the average NAV over the preceding twelve months.

At 31 December 2022 the ongoing charges were 0.96% (30 June 2022: 0.97%).

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.

