



Brown Advisory US Smaller Companies PLC

Annual Report and Financial Statements
for the year ended 30 June 2024

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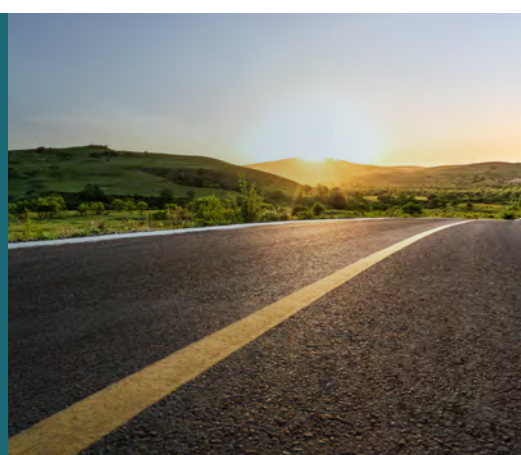
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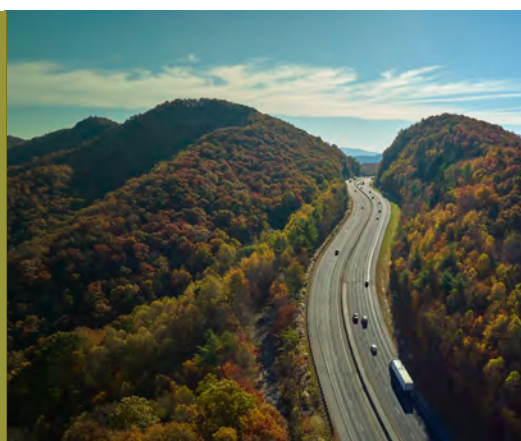
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Introduction to Brown Advisory US Smaller Companies PLC

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?

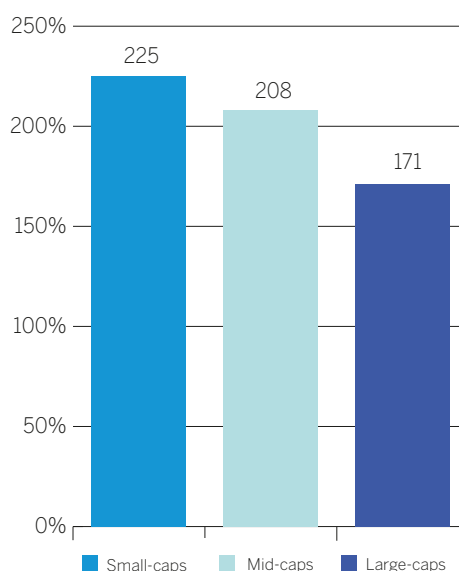
The Company offers a cost-effective way to access the large, entrepreneurial group of small-cap companies in the US, the world’s largest economy.

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.

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

10-year rolling return
31 Dec 1935 to 31 Dec 2023



Source: Furey Research Partners; as of 31/12/2023 and is the most recent data available. Indices used include: Large-Caps – S&P500® Index, Mid-Caps – Russell MidCap® Index, Small-Caps – Russell 2000, Micro-Cap – Russell Microcap® 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.

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 high net worth 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

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 year ended 30 June 2024 Ordinary Share Performance

Net asset value (pence)*

1,471.4

+2.8% (2023: 1,431.9)

Russell 2000 Total Return Index
(sterling adjusted)

8,699.00

+10.7% (2023: 7,860.00)

Closing price (pence)

1,282.50

+5.1% (2023: 1,220.00)

Discount to net asset value (%)*

(12.8)

(2023: (14.8))

Ongoing charges ratio (%)*

1.05

(2023: 1.00)

Year ended 30 June	Net assets £'000	Net asset value per Ordinary share p	Year-on-year change in net asset value per Ordinary share %	Year-on-year change in Benchmark Index %
2015	174,033	724.1	+5.5	+15.8
2016	174,163	787.3	+8.7	+9.7
2017	181,687	911.1	+15.7	+28.2
2018	163,339	1,103.4	+21.1	+15.7
2019	161,520	1,152.7	+4.5	+0.3
2020	145,011	1,116.3	(3.2)	(3.8)
2021	181,426	1,516.3	+35.8	+45.1
2022	155,840	1,303.9	(14.0)	(15.2)
2023	171,147	1,431.9	+9.8	+7.5
2024	174,544	1,471.4	+2.8	+10.7

* For definitions of the above Alternative Performance Measures please refer to the Glossary of Terms on pages 94 and 95.

Chairman's Statement



Stephen White
Chairman of the Board

Dear Fellow Shareholder,

For the twelve months ended 30 June 2024, your Company's net asset value (NAV) per share rose from 1,431.9p to 1,471.4p, an increase of 2.8%. This small gain was somewhat disappointing, not only in absolute terms as smaller companies in the US lagged their larger peers for the third financial year running, but also relative to our benchmark, the sterling adjusted Russell 2000 Total Return index, which rose by 10.7% over the same period. An explanation of specific portfolio factors in relation to performance can be found in this statement as well as in the Portfolio Manager's review on pages 14 to 17. Despite a difficult year, the Board reiterates its confidence in Brown Advisory's approach and its optimism for the US smaller company sector going forward.

Over the twelve-month period, the Company's share price rose from 1,220.00p to 1,282.50p, an increase of 5.1%. This resulted in a small narrowing of the discount to NAV from 14.8% on 30 June 2023 to 12.8% on 30 June 2024. A small number of shares were bought in over the course of the year in accordance with the revised buyback policy we outlined a year ago.

Market Review

For the first four months of our financial year, US equity markets moved within a narrow trading range amidst low volatility, reduced trading volumes and restrained corporate activity. Geopolitical risks remained elevated as in Europe the war between Russia and the Ukraine continued, in the Far East dialogue between China and Taiwan became more strained and in the Middle East Israel responded aggressively to the attacks by terrorist organisation Hamas. Surprisingly, these tensions had only a limited impact on financial markets. At the same time, US domestic news, continued to be mixed, giving little direction to markets as the debate continued as to whether the economy would be hitting a 'hard' or a 'soft' landing in 2024.

What influenced markets above all in this period was the perceived direction of US interest rates. With official rates having reached a 22-year high of between 5.25% and 5.50% at the start of our year, the Federal Reserve (Fed) reiterated its focus on bringing inflation down to its 2.0% target, suggesting that it still had 'a

Chairman's Statement continued

long way to go', even if tight conditions would weigh on economic activity. Given this rhetoric and data that showed the economy and jobs market to be still in good shape, 10-year bond yields moved steadily higher, briefly touching 5.0% in October. This restrained equity markets in this period, and held back in particular the smaller company sector, not helped by investors continuing to favour the mega-caps, particularly those now known as the 'Magnificent Seven', and other technology stocks with any perceived connection to artificial intelligence (AI).

In November, the mood in the markets began to brighten again. Hopes grew that, with improving inflation numbers, mixed retail sales and some softening in the jobs market, the Fed's tightening cycle had come to an end and that a steady programme of interest rate cuts lay in store. Indeed, investors' expectations for rate cuts at this time moved well ahead of those suggested by the Fed in its famous post-meeting 'dot plots', both in terms of timing and of scope. Nonetheless, the Fed held firm throughout the first half of 2024, refusing to cut rates as it argued that, despite some softening, the economy and the jobs market remained resilient, while inflation risks had not gone away. It did acknowledge, however, that the peak in rates had probably been reached, but made no promises as to when the first cut would come. This was despite several other major central banks cutting interest rates towards the end of the period.

Hoping that the Fed would soon concede and cut rates, US equity markets pushed steadily higher from November onwards, without any major setbacks, and closed our financial year around their all-time highs. Although the market leaders were still the 'Magnificent Seven', and other technology stocks linked to AI, where news flow remained upbeat, earnings continued to surprise positively and valuations seemed not unreasonable, other sectors were also pulled higher in their wake. This included small caps which until then had spent much of the year in the shadow of their larger peers, but which met with some renewed buying interest. Within the small cap arena, similar trends were at play as in large cap with the winners being technology stocks, anything seen to be AI related and momentum plays, often driven higher by speculative retail buying despite having poorer fundamentals.

As mentioned at the beginning of my statement, our performance this year was disappointing, both in absolute and in relative terms. Top-down, our portfolio suffered from being underweight financials, a sector our Portfolio Managers tend not to favour, having little exposure to perceived AI plays for valuation reasons, and avoiding the more speculative, indebted, low-quality earnings situations that enjoyed a sudden rally in November/December. Underperformance this year also came from stock selection in two specific areas, namely healthcare and information technology, where

12 month return to 30 June 2024 in US\$

Russell 2000 (%)

10.1%

S&P 500 (%)

24.6%

NASDAQ (%)

29.6%

our portfolio was hit unexpectedly by negative earnings surprises in a clutch of our names, some of which had to be reassessed and have since been sold.

Key positive contributors to return over the year were Casey's General Stores, Pinterest, Waste Connections, Neurocrine Biosciences and Bright Horizons, while the main detractors were Accolade, SI-BONE, agilon health, Rentokil Initial and Workiva.

Over the year, in US dollar terms, the Russell 2000 returned 10.1%, the S&P 500 returned 24.6% and the Nasdaq returned 29.6%. The pound/dollar rate was little changed over the twelve-month period, moving from 1.2714 to 1.2641, because of which sterling-based shareholders made no currency gains this year.

Portfolio Manager and Continuation Vote

A more detailed coverage on the development of the US smaller company sector over the past twelve months and our activity and performance is included in the Portfolio Manager's Review on pages 14 to 17.

With three years having passed since Brown Advisory took over the management of the portfolio in June the Board undertook a detailed review of the Trust's investment performance, its fee structure and its remit to ensure that they remain appropriate and relevant. Between 31 March 2021, the date from which Brown Advisory commenced management, and 31 March 2024 the

Trust's NAV rose by 6.4%, compared to an increase in the benchmark of 8.9%, equivalent to annualised returns over the three years of 2.1% and 2.9% respectively. We had hoped for better, particularly given our Manager, Brown Advisory's, impressive long-term performance record in its US smaller companies strategy, which attracted us to them in the first place and which we have been following since their appointment.

Over the three-year period, sector allocation was the main detractor to performance with an underweight position in the oil sector. Stock selection was more positive, particularly in the more growthy areas of healthcare and information technology. Key positive contributors to performance over the three-year period were Biohaven Pharmaceuticals, EVO Payments, Mimecast Limited, Waste Connections and Curtiss-Wright Corp., while detractors included Angi, Leslie's, Azenta, Oak Street Health and Natera.

The Board noted that, despite the more challenging market environment, the managers maintained their investment approach and their search for long-term compounders that offer durable growth, good governance and a strong 'go-to-market' position, even if this meant missing out on many of the more momentum-driven and speculative stocks which have led the smaller companies markets of late.



Within the smaller company sector, similar trends were at play as in the large cap space, with the winners being technology stocks, anything seen to be AI-related and momentum plays.



Chairman's Statement continued

The Board will continue to monitor closely investment performance, both absolute and relative, on an ongoing basis.

Finally, the Board, as part of its ongoing review process, considered the fees charged by the Manager in relation to peers in the closed-end and open-ended sectors to ensure they remain both appropriate and competitive.

In accordance with the three-year cycle prescribed in the Company's Articles of Association, a continuation vote was held at last year's Annual General Meeting. The resolution in favour of continuation was passed with 3,885,193 proxy votes or 90.5 percent in favour. The next continuation vote will take place at the Annual General Meeting in November 2026. At its Strategy Day in April, the Board also considered again the Company's investment remit, strategy and performance and ongoing viability and believes that the Company's offering remains attractive.

Revenue and Capital Returns

The net gain per Ordinary share was 38.57p, allocated (6.11p) to Revenue and 44.68p to Capital. Dividend income was higher as some companies raised pay-outs as confidence returned and interest income benefited from the higher interest rates. With management expenses broadly unchanged, the net revenue loss was marginally lower than the previous year. The Board still believes it appropriate to allocate all expenses to the Revenue account. No

distributable revenue is available for the payment of dividends.

Share Price and Discount

A year ago, the Board amended the Company's share buyback policy which had been in place for several years. Under the new policy, the Board is committed to using share buybacks with the aim of reducing discount volatility and working to reduce any discount to the extent that it is significantly wider than those of similar investment trusts.

Alongside this share buyback policy, the Board believes that the Company's discount will also be driven by demand for the Company's shares, reflecting its long-term investment performance, its relevance to investors, the appropriate marketing of the Company and general market conditions.

Given that for much of the period the discount was within our tolerated range we only repurchased 90,000 shares. As at 30 June 2024, the number of shares held in Treasury was 6,361,254 (2023: 6,271,254) and the total number in public hands was 11,862,159 (2023: 11,952,159).

Gearing

With the rise in interest rates, a mixed earnings outlook and limited investor interest in the sector, the Board saw no good reason to deploy any gearing over the year, and indeed preferred to hold some cash in hand in case of market setbacks. However, going forward, should prospects for the smaller company sector improve and

Closing price (pence)

1,282.50

Net Asset Value (pence)

1,471.4

Discount to net asset value

12.8%



Against a background of a reasonably healthy economy and falling interest rates, US equity markets should continue nonetheless to perform well. More importantly for us, we see this as a generally favourable background for smaller companies, particularly given their long period of underperformance relative to their larger peers.



investor interest return, the Board will review its decision to gear, mindful that the ability to do so to enhance returns is one of the key advantages of a closed-end structure.

Board Composition

In May, I was pleased to announce the appointment of Ruth Beechey as a non-executive Director, with effect from 1 July 2024. We were helped in our search by an external recruitment agency which put forward a strong, experienced and diverse list of candidates to choose from. Keen to recruit someone with a legal background to replace the skill set that will be lost when Lisa Booth steps down, we chose Ruth. We see her bringing considerable expertise to the Board given her long career as a lawyer in the fund management industry, first at Deutsche Asset Management and then at UBS Asset Management UK. She is also a non-executive director at Legal and General Assurance (Pensions Management) Ltd and the Investor Forum.

As planned, to coincide with Ruth's arrival Clive Parritt, Senior Independent Director (SID), stepped down from the Board on 30 June 2024. I am delighted that his role as SID has been taken on by Jane Routledge. During Clive's time as a Director the Company benefited hugely from his corporate and accounting knowledge and business acumen as a former president of the Institute of Chartered Accountants in England & Wales.

Finally, Lisa Booth will be retiring from the Board at the AGM in November. For several years, she was Chair of the Audit and Risk Committee and her background as a lawyer was of great use to the Company, particularly during the time of our change of Manager. On behalf of the Board and shareholders I would like therefore to thank both Clive and Lisa for their contribution to the success of the Company over the past years and to wish them the very best in the future.

With the full refreshing of the Board since I became Chair in October 2021, four directors will be presenting themselves for re-election/election at the AGM in November, Jasper Judd, Jane Routledge, Ruth Beechey and myself. Although, following the AGM, the Board will only comprise four people, I believe that this is appropriate for the size and complexity of our Company and that all the necessary skill sets are represented, be they investment management, accounting, marketing or legal. If we feel the need for additional skills and expertise, we always have the scope to go back to five.

The Board is aware of the FCA's Diversity and Inclusion Policy and notes and supports their targets. Full disclosure of the Board's composition, balance and diversity is given on pages 52 to 54. The Board's aim above all is to create and maintain a Board that has the appropriate mix of skills, diversity of thought and a collegiate culture drawn from as wide a pool as possible.

Chairman's Statement continued

Annual General Meeting

This year's AGM will be held on Monday, 4 November 2024 at 2.00pm at the offices of Brown Advisory, 18 Hanover Square, London W1S 1JY. It will include a short presentation via video-link by Chris Berrier, Portfolio Manager, covering the performance of the Company over the past year as well as his outlook for the future. The Board and Portfolio Manager would welcome questions which shareholders may submit to: **InvestmentTrustEnquiries@brownadvisory.com** Subject to confidentiality, we will respond to any questions submitted either directly or by publishing our response on the Company website.

Electronic proxy voting is now available, and shareholders are encouraged to submit voting instructions using the web-based voting facility **www.eproxyappointment.com** and **www.proxymity.io** for institutional shareholders. In order to use electronic proxy voting, shareholders will require their shareholder registration number, control number and pin. If you do not have access to these details please contact the Company's Registrar, Computershare, whose details can be found on page 104 of this report.

Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out **on pages 96 and 97** of this report.

Shareholder Communications

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

Outlook

So far in 2024, the US economy has continued to perform well, and the recession forecast by many has again failed to materialise. Consumer spending has been the linchpin of the economy, driven by jobs growth, rising wages and the drawdown of savings accumulated from the pandemic period. At the same time, investment spending has held up well due to government incentives and the move towards reshoring given the rising geopolitical and supply chain risks. The Board sees these trends continuing and the US economy remaining resilient. At the same time, market expectations are for inflation to move back towards the Fed's targeted range, enabling the latter to embark on its much-anticipated programme of interest rate cuts as of the autumn. Certainly, the tone of the US central bank has been softening over the summer, as evidenced by Jerome Powell's speech at the recent Jackson Hole symposium where the chair of the Fed declared that 'the time has come for policy to adjust'.

Against a background of a reasonably healthy economy and falling interest rates, US equity markets will hopefully continue nonetheless to perform well. More importantly for us, we see this as a generally favourable background for smaller companies, particularly given



Despite a difficult year, the Board reiterates its confidence in Brown Advisory's approach and remains optimistic for the US smaller company sector going forward.



their long period of underperformance relative to their larger peers. Smaller companies tend to have higher amounts of debt and at floating rates and thus benefit proportionally more as interest rates fall. They tend to be under-owned by investors, particularly true of late given the massive exposure that many have built up in the 'Magnificent Seven' stocks and the technology sector at the expense of all other areas.

They are likely to benefit more from the reshoring trend given their domestic economy bias and finally they offer greater value trading at multiples well below their larger peers and their own long-term averages. That is not to say that the US smaller company sector won't be affected by bouts of volatility in world markets resulting from the ongoing geopolitical issues, notably tensions in East Asia and Ukraine, not to mention closer to home with the forthcoming presidential election in November in the US.

In conclusion, after a period of dull returns from US small cap, we see a more favourable picture going forward, for all the reasons cited above. At the same time, we also see a return to the fore of our Manager's investment style with its focus on earnings analysis, cash flow generation and balance sheet quality, rather than on speculation and momentum. We believe our portfolio is well placed to take advantage of this situation.

Stephen White

Chairman of the Board

20 September 2024

Portfolio Manager's Review



Chris Berrier
Portfolio Manager

Performance review

For the 12 months ending June 30, 2024, our portfolio unfortunately did not keep up with our benchmark, the Sterling-adjusted Russell 2000 Total Return Index. During the year, the Company's NAV increased by 2.8% compared to the benchmark return of 10.7%¹. Several factors contributed to this underperformance, which we'll explain below.

Market Overview

The market has been through some unusual times in the past few years. The COVID-19 pandemic led to stimulus cheques and very low interest rates, causing markets to soar. However, in 2022 skyrocketing valuations and rampant inflation forced the Federal Reserve to take a stricter approach, causing growth stocks to fall. Traditional growth sectors like technology and healthcare initially struggled. While healthcare remains under pressure, the information technology sector rebounded in late 2023 thanks to innovations like generative artificial intelligence, leading to a historic period of market concentration.

In the small-cap space, Super Micro Computer, Inc. (SMCI) became the first company to be included in both the Russell 2000 Index and the S&P 500 Index simultaneously. MicroStrategy Inc. (MSTR), which holds a large position in bitcoin, also saw staggering gains. The largest 15 names in the Russell 2000 Growth Index produced a weighted average gain of 77.5% in the first half of 2024 – this is extremely unusual.

Our Strategy's Performance

Our strategy has seen both highs and lows over the last few years. Our downside protection helped us endure the challenges of 2022, posting a smaller decline against the benchmark. However, in late 2023, it became increasingly difficult to keep up with our benchmark as market concentration accelerated and individual investors swelled.

¹ Data sourced by Refinitiv. Copyright © Refinitiv, 2023.

Individual investors, also known as retail investors, are non-professional market participants who trade securities for their personal accounts. The surge in their activity can significantly impact market dynamics, leading to increased volatility and price shifts.

These market dynamics led to a small-cap benchmark that had become somewhat distorted, with the largest constituent of the Russell 2000 Index, SMCI, valued at \$46bn by the end of May 2024. The index was rebalanced in late June 2024, removing some of these outliers. Following SMCI's exit from the index, the maximum market capitalisation drops to just under \$11 billion. This results in an index more aligned with our present portfolio weights. We are modestly underweight in healthcare and closely aligned with the benchmark in information technology. Additionally, we are overweight in Industrials, including a 5%+ position in waste management companies, which are likely better mapped as utilities or consumer staples.

Our strategy's monthly tracking error has risen from around 1.5% pre-COVID to nearly 2.4% post-COVID. Tracking error measures the difference between the performance of a portfolio and its benchmark. It is often used to assess how closely a portfolio follows the index to which it is benchmarked. A higher tracking error indicates more significant deviations from the benchmark, while a lower tracking error suggests the portfolio is closely aligned with the benchmark.

Despite this increase, we remain committed to our philosophy and process. While our portfolio's relative swings can be significantly positive or negative over short periods, our portfolio's long-term fortunes will be governed by the fundamental progress of the companies in which we invest. We continue to remain active, adding to our winners, reducing or selling poorer performers, and adding new positions with favourable risk/reward profiles.

Key Factors Impacting Performance

- Most of our fiscal year relative underperformance occurred in the final weeks of 2023. Our strategy was ahead of the Russell 2000 Index and roughly tied with the Russell 2000 Growth Index for the calendar year as we entered the month of November last year. However, people became excited about the possibility that the Federal Reserve might switch to a less strict policy which prompted a classic, lower quality, risk-on rally—where investors flock to higher-risk assets hoping for greater returns—resulting in our higher quality portfolio struggling. This led to us lagging the Russell 2000 Index by about 5% during the November-December rally.
- The absence of Super Micro Computer (SMCI) and MicroStrategy (MSTR) in our portfolio hurt results. Despite examining these stocks over the years, they did not align with our “3G” investment filter.



These market dynamics led to a small-cap benchmark that had become somewhat distorted, with the largest constituent of the Russell 2000 Index, SMCI, valued at \$46bn by the end of May 2024.



Portfolio Manager's Review continued

Russell's decision to retain these high market cap stocks in the benchmark until very recently proved detrimental, negatively impacting our relative returns.

- Subpar results in healthcare dampened returns. Compared to the Russell 2000, we had our largest sector overweight in healthcare during the fiscal year, and our healthcare stocks returned roughly -10.4% vs. the -1.8% return for those in the benchmark². Although a few companies underperformed our expectations, some holdings fell on little negative news.

Additions and Disposals

Over the twelve-month period, we saw a roughly equal number of additions and deletions in the portfolio. Much of the turnover was driven by M&A activity and our decision to exit positions where our investment thesis was no longer valid or where we saw poor risk/reward dynamics.

Over the twelve-month period, we made several strategic exits from our portfolio, driven by mergers and acquisitions (M&A) activity,

invalidation of our investment thesis, or again poor risk/reward dynamics.

Specifically, we sold agilon health, Bentley Systems, Knight-Swift Transportation, XPEL, Inc., Choice Hotels, Genpact, Karuna Therapeutics, Abcam, Denbury Inc, and Angi Inc. These sales were made to ensure our portfolio remained aligned with our investment philosophy and to focus on positions with more favorable risk/reward profiles.

We also exited Definitive Healthcare, Sprout Social, Alignment Healthcare, Azenta, and Leslie's due to disappointing performance or concerns about future profitability. Astera Labs and Loar Holdings Inc. were sold after significant price increases following their IPOs. MakeMyTrip was sold after strong performance, but we remain cautious about future competition.

We were able to redeploy the proceeds from these sales into a diverse collection of businesses that we hope to own for the next several years.



While our relative swings can be significantly positive or negative over short periods, our long-term fortunes will be governed by the fundamental progress of the companies that we invest in.



² Source: Factset as at 30 June 2023.

Notable additions include Applied Industrial Technologies, a leading distributor of industrial machinery with strong market positioning; Haemonetics, which is using its strong cash flow to drive significant earnings growth through acquisitions; Kadant, a high-quality industrial company with a proven management team; and Vaxcyte, a biotechnology firm with a promising pneumococcal vaccine. We believe these companies offer strong long-term growth potential and align well with our investment philosophy.

Focus on Quality Decisions

In challenging times, our commitment is to high quality decision-making, acknowledging that not all choices will be perfect. Nonetheless, our investment team is actively adding new prospects to our portfolio, which we believe will contribute to long-term risk-adjusted performance.

While our investment approach is not constrained by the composition of our benchmark, the continuing rise of passive investing means we have to be more aware than ever of the impact of index inclusion on a company's share price, particularly during periods of market volatility. As such, to avoid future oversights we have enhanced our investment process to ensure we have an informed perspective on all top index names that meet our "3G" criteria but we don't yet own.

We're grateful for your patience with short-term performance fluctuations. Our enduring objective is to outperform small-cap benchmarks with reduced risk, a goal we've achieved as an investment team over the past 18 years. As the investment landscape evolves, so too does our strategy, ensuring we stay ahead in a dynamic market.

Portfolio Manager

Brown Advisory LLC
20 September 2024

Twenty Largest Equity Holdings as at 30 June 2024

1 Waste Connections

Market value (£'000)

7,724

(2023: 6,255)

Percentage of Portfolio

4.6

(2023: 3.9)

Industrials

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.

2 Bright Horizons Family Solutions

Market value (£'000)

6,125

(2023: 5,086)

Percentage of Portfolio

3.7

(2023: 3.2)

Consumer Discretionary

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.

3 ChampionX

Market value (£'000)

4,364

(2023: 3,498)

Percentage of Portfolio

2.6

(2023: 2.2)

Energy

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.

4 Casey's General Stores

Market value (£'000)

4,343

(2023: 4,050)

Percentage of Portfolio

2.6

(2023: 2.6)

Consumer Staples

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.

5 Valmont Industries

Market value (£'000)

4,256

(2023: 2,170)

Percentage of Portfolio

2.6

(2023: 1.4)

Industrials

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.

6 SPDR S&P Biotech ETF

Market value (£'000)

4,168

(2023: 4,003)

Percentage of Portfolio

2.5

(2023: 2.5)

Biotechnology

SPDR S&P Biotech ETF is an exchange-traded fund incorporated in the US. The Fund seeks to replicate the performance of the S&P Biotechnology Select Industry Index, an equal-weighted index. The index tracks all the US common stocks listed on the NYSE, American Stock Exchange, NASDAQ National Market and NASDAQ Small Cap exchanges.

7 Neurocrine Biosciences

Market value (£'000)

4,081

(2023: 2,778)

Percentage of Portfolio

2.5

(2023: 1.8)

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.

8 Prosperity Bancshares

Market value (£'000)

3,961

(2023: 3,633)

Percentage of Portfolio

2.4

(2023: 2.3)

Financials

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.

Twenty Largest Equity Holdings continued

<div> <div>9</div> <div>Dynatrace</div> </div> <div> <div>Market value (£'000)</div> <div>3,771</div> <div>(2023: 3,742)</div> </div> <div> <div>Percentage of Portfolio</div> <div>2.3</div> <div>(2023: 2.4)</div> </div>	<div>Information Technology</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>10</div> <div>Encompass Health</div> </div> <div> <div>Market value (£'000)</div> <div>3,646</div> <div>(2023: 2,620)</div> </div> <div> <div>Percentage of Portfolio</div> <div>2.2</div> <div>(2023: 1.6)</div> </div>	<div>Healthcare</div> <p>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.</p>
<div> <div>11</div> <div>HealthEquity</div> </div> <div> <div>Market value (£'000)</div> <div>3,638</div> <div>(2023: 3,044)</div> </div> <div> <div>Percentage of Portfolio</div> <div>2.2</div> <div>(2023: 1.9)</div> </div>	<div>Healthcare</div> <p>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.</p>
<div> <div>12</div> <div>Entegris</div> </div> <div> <div>Market value (£'000)</div> <div>3,479</div> <div>(2023: 2,831)</div> </div> <div> <div>Percentage of Portfolio</div> <div>2.1</div> <div>(2023: 1.8)</div> </div>	<div>Information Technology</div> <p>Entegris, Inc. provides materials management products and services to the microelectronics industry on a worldwide basis. The company provides products such as wafer shippers, wafer transport and process carriers, pods and work-in-process boxes. Entegris also provides chemical delivery products such as valves, fittings, tubing, pipe and containers.</p>

13 HB Fuller

Market value (£'000)

3,345

(2023: 3,091)

Percentage of Portfolio

2.0

(2023: 1.9)

Materials

H.B. Fuller Company manufactures and markets adhesives, sealants, coatings, paints and other specialty chemical products worldwide. The company's products are sold in countries that include North America, Europe, Latin America, the Asia Pacific region, India, the Middle East, and Africa.

14 Casella Waste Systems

Market value (£'000)

3,332

(2023: 1,208)

Percentage of Portfolio

2.0

(2023: 0.8)

Industrials

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.

15 Phreesia

Market value (£'000)

3,321

(2023: 2,344)

Percentage of Portfolio

2.0

(2023: 1.5)

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.

16 NeoGenomics

Market value (£'000)

3,272

(2023: 2,388)

Percentage of Portfolio

2.0

(2023: 1.5)

Healthcare

NeoGenomics 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.

Twenty Largest Equity Holdings continued

<div>17 Bruker</div> <div>Market value (£'000)</div> <div>3,190</div> <div>(2023: 2,674)</div> <div>Percentage of Portfolio</div> <div>1.9</div> <div>(2023: 1.7)</div>	<div>Healthcare</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>
<div>18 MSA Safety</div> <div>Market value (£'000)</div> <div>3,145</div> <div>(2023: 2,900)</div> <div>Percentage of Portfolio</div> <div>1.9</div> <div>(2023: 1.8)</div>	<div>Industrials</div> <p>MSA Safety Inc. develops, manufactures and supplies safety products that protect people and facility infrastructures. The company's core products include self-contained breathing apparatus, fixed gas and flame detection systems, portable gas detection, head protection and fall protection products.</p>
<div>19 CCC Intelligent Solutions Holdings</div> <div>Market value (£'000)</div> <div>3,052</div> <div>(2023: 301)</div> <div>Percentage of Portfolio</div> <div>1.8</div> <div>(2023: 0.2)</div>	<div>Industrials</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>20 Envestnet</div> <div>Market value (£'000)</div> <div>2,979</div> <div>(2023: 1,814)</div> <div>Percentage of Portfolio</div> <div>1.8</div> <div>(2023: 1.1)</div>	<div>Information Technology</div> <p>Envestnet, Inc. provides intelligent systems to the nation's banks and registered investment advisors. The company's innovative technology and services allows clients to achieve improved financial outcomes and make financial wellness attainable.</p>
<div>Total</div> <div>Market value (£'000)</div> <div>79,192</div> <div>Percentage of Portfolio</div> <div>47.7</div>	<p>The value of the twenty largest holdings represents £79.2 million (2023: £69.6 million) and 47.8% (2023: 43.8%) of the Company's total investments.</p>

List of Investments as at 30 June 2024

Biotechnology* 2.5% (2023: 3.5%)	Total Market value (£'000) 4,168	Total Percentage of Portfolio 2.5
SPDR S&P Biotech ETF Exists as exchange Traded Fund	Total Market value (£'000) 4,168	Total Percentage of Portfolio 2.5
Communication Services* 2.5% (2023: 4.5%)	Total Market value (£'000) 4,201	Total Percentage of Portfolio 2.5
Pinterest Operates a pinboard-style photo-sharing website	Total Market value (£'000) 2,544	Total Percentage of Portfolio 1.5
Cogent Communications Holdings Provides internet access, private network and data center colocation services	Total Market value (£'000) 1,657	Total Percentage of Portfolio 1.0
Consumer Discretionary* 8.8% (2023: 11.7%)	Total Market value (£'000) 14,617	Total Percentage of Portfolio 8.8
Bright Horizons Family Solutions Provides child care and educational services	Total Market value (£'000) 6,125	Total Percentage of Portfolio 3.7
Mister Car Wash Provides car wash services	Total Market value (£'000) 2,633	Total Percentage of Portfolio 1.6
FTI Consulting Provides business advisory services	Total Market value (£'000) 2,429	Total Percentage of Portfolio 1.5
TopBuild Installs and distributes insulation and other building material products	Total Market value (£'000) 1,219	Total Percentage of Portfolio 0.7
Clarus Manufactures outdoor sporting equipment	Total Market value (£'000) 718	Total Percentage of Portfolio 0.4
Churchill Downs Operates as a racing, online wagering and gaming entertainment company	Total Market value (£'000) 648	Total Percentage of Portfolio 0.4

List of Investments continued

Consumer Discretionary* continued		
First Watch Restaurant Group Owns and operates restaurants	Total Market value (£'000) 500	Total Percentage of Portfolio 0.3
Vizio Holding Operates as an entertainment platform	Total Market value (£'000) 345	Total Percentage of Portfolio 0.2
Consumer Staples* 3.1% (2023: 3.7%)	Total Market value (£'000) 5,077	Total Percentage of Portfolio 3.1
Casey's General Stores Operates convenience stores and gasoline stations	Total Market value (£'000) 4,343	Total Percentage of Portfolio 2.6
Simply Good Foods Engages in the development, marketing, and sale of nutritional food and snack products	Total Market value (£'000) 734	Total Percentage of Portfolio 0.5
Energy* 3.9% (2023: 5.0%)	Total Market value (£'000) 6,526	Total Percentage of Portfolio 3.9
ChampionX Produces chemicals and equipment for oil and gas drilling industries	Total Market value (£'000) 4,364	Total Percentage of Portfolio 2.6
Cactus Designs, manufactures, sells and rents wellheads & pressure control equipment for oil & gas industry	Total Market value (£'000) 1,258	Total Percentage of Portfolio 0.8
Oceaneering International Operates as a technology company that provides engineered services and products & robotic solutions to the offshore energy, defence, aerospace and entertainment industries	Total Market value (£'000) 904	Total Percentage of Portfolio 0.5

Financials* 4.8% (2023: 2.8%)	Total Market value (£'000) 7,867	Total Percentage of Portfolio 4.8
Prosperity Bancshares Operates as a bank holding company whose subsidiary provides banking services	Total Market value (£'000) 3,961	Total Percentage of Portfolio 2.4
WEX Provides payment processing and information management services	Total Market value (£'000) 2,467	Total Percentage of Portfolio 1.5
Houlihan Lokey Provides investment banking services	Total Market value (£'000) 1,439	Total Percentage of Portfolio 0.9
Healthcare* 20.8% (2023: 20.2%)	Total Market value (£'000) 34,349	Total Percentage of Portfolio 20.8
Neurocrine Biosciences Manufactures and markets pharmaceuticals for the treatment of neurological, endocrine and psychiatric-based diseases and disorders	Total Market value (£'000) 4,081	Total Percentage of Portfolio 2.5
Encompass Health Engages in the provision of post-acute healthcare services	Total Market value (£'000) 3,646	Total Percentage of Portfolio 2.2
HealthEquity Provides range of solutions for managing health care accounts	Total Market value (£'000) 3,638	Total Percentage of Portfolio 2.2
NeoGenomics Manufactures and markets pharmaceuticals for the treatment of neurological, endocrine and psychiatric-based diseases and disorders	Total Market value (£'000) 3,272	Total Percentage of Portfolio 2.0
Bruker Manufactures analytical and medical instruments	Total Market value (£'000) 3,190	Total Percentage of Portfolio 1.9
Establishment Labs Holdings Designs, develops and manufactures medical products	Total Market value (£'000) 2,790	Total Percentage of Portfolio 1.7

List of Investments continued

Healthcare continued*		
Inari Medical Develops minimally-invasive, catheter-based mechanical thrombectomy devices	Total Market value (£'000) 2,025	Total Percentage of Portfolio 1.2
Bio-Techne Manufactures and sells biological products	Total Market value (£'000) 1,751	Total Percentage of Portfolio 1.0
Blueprint Medicines Develops cancer therapies that harness the growing understanding of the molecular blueprint of cancer	Total Market value (£'000) 1,710	Total Percentage of Portfolio 1.0
Ascendis Pharma, ADR Develops drug candidates	Total Market value (£'000) 1,590	Total Percentage of Portfolio 1.0
SI-BONE Operates as a sacroiliac joint medical device company	Total Market value (£'000) 1,290	Total Percentage of Portfolio 0.8
OrthoPedic Manufactures and distributes orthopedic devices	Total Market value (£'000) 1,098	Total Percentage of Portfolio 0.7
Cytokinetix Operates as a biopharmaceutical company that discovers, develops and commercializes novel drug products	Total Market value (£'000) 942	Total Percentage of Portfolio 0.6
Vaxcyte Develops vaccines for infectious diseases	Total Market value (£'000) 865	Total Percentage of Portfolio 0.5
Haemonetics Designs, manufactures, markets and services blood processing systems	Total Market value (£'000) 788	Total Percentage of Portfolio 0.5
LifeStance Health Group Operates as a holding company with interests in providing outpatient mental health, spanning psychiatric evaluations & treatment, psychological and neuropsychological testing services	Total Market value (£'000) 756	Total Percentage of Portfolio 0.5
Accolade Provides healthcare IT services	Total Market value (£'000) 557	Total Percentage of Portfolio 0.3

Healthcare continued***Immunome**

Operates as a biopharmaceutical company which discovers, develops and commercializes antibody therapeutics

Total Market value (£'000)

193

Total Percentage of Portfolio

0.1**Arvinas**

Engages in discovery, development and commercialization of therapies to degrade disease-causing proteins

Total Market value (£'000)

167

Total Percentage of Portfolio

0.1**Industrials***

27.3% (2023: 19.5%)

Total Market value (£'000)

45,415

Total Percentage of Portfolio

27.3**Waste Connections**

Provides waste collection, landfill, recycling, disposal and treatment services

Total Market value (£'000)

7,724

Total Percentage of Portfolio

4.6**Valmont Industries**

Manufactures and produces fabricated metal products, steel and aluminum pole, tower and other structures

Total Market value (£'000)

4,256

Total Percentage of Portfolio

2.6**Casella Waste Systems**

Provides solid waste collection and waste management services

Total Market value (£'000)

3,332

Total Percentage of Portfolio

2.0**MSA Safety**

Manufactures safety products

Total Market value (£'000)

3,145

Total Percentage of Portfolio

1.9**CCC Intelligent Solutions Holdings**

Provides cloud based technologies and applications for the property and casualty insurance industry

Total Market value (£'000)

3,052

Total Percentage of Portfolio

1.8**Fluor**

Provides engineering, procurement, construction and maintenance services

Total Market value (£'000)

2,813

Total Percentage of Portfolio

1.7**Woodward**

Designs, manufactures and provides energy control and optimization solutions

Total Market value (£'000)

2,632

Total Percentage of Portfolio

1.6

List of Investments continued

Industrials continued

Rentokil Initial, ADR Provides pest control, hygiene and work wear services	Total Market value (£'000) 2,476	Total Percentage of Portfolio 1.5
Zurn Elkay Water Solutions Manufactures professional grade water control and safety products	Total Market value (£'000) 1,983	Total Percentage of Portfolio 1.2
Clear Secure Develops biometric identity verification technology platform	Total Market value (£'000) 1,935	Total Percentage of Portfolio 1.2
Enpro Manufactures and markets engineered industrial products	Total Market value (£'000) 1,754	Total Percentage of Portfolio 1.0
AZEK Manufactures building products	Total Market value (£'000) 1,605	Total Percentage of Portfolio 1.0
IDEX Manufactures and supplies industrial pumps & other engineering equipment	Total Market value (£'000) 1,574	Total Percentage of Portfolio 0.9
Mueller Water Products Manufactures and distributes water infrastructure, flow control and piping component system products for use in water distribution networks and water treatment facilities	Total Market value (£'000) 1,547	Total Percentage of Portfolio 0.9
Kadant Develops, manufactures and markets equipment & products for the papermaking and paper recycling industries	Total Market value (£'000) 1,432	Total Percentage of Portfolio 0.9
SiteOne Landscape Supply Distributes commercial and residential landscape supplies	Total Market value (£'000) 1,393	Total Percentage of Portfolio 0.8
SPX Technologies Manufactures and distributes industrial components	Total Market value (£'000) 1,264	Total Percentage of Portfolio 0.8

Industrials continued***Applied Industrial Technologies**

Distributes bearings, power transmission components and other industrial products

Total Market value (£'000)

1,047

Total Percentage of Portfolio

0.6**John Bean Technologies**

Designs and manufactures food processing and ground support equipment for the aviation industry

Total Market value (£'000)

451

Total Percentage of Portfolio

0.3**Information Technology***

20.8% (2023: 23.3%)

Total Market value (£'000)

34,703

Total Percentage of Portfolio

20.8**Dynatrace**

Develops software for digital and application performance management

Total Market value (£'000)

3,771

Total Percentage of Portfolio

2.3**Entegris**

Manufactures and supplies critical materials for the semiconductor, data storage & pharmaceutical industries

Total Market value (£'000)

3,479

Total Percentage of Portfolio

2.1**Phreesia**

Develops and operates software platform for patient management

Total Market value (£'000)

3,321

Total Percentage of Portfolio

2.0**Investnet**

Provides wealth management software and services to financial advisors and institutions

Total Market value (£'000)

2,979

Total Percentage of Portfolio

1.8**Curtiss-Wright**

Provides high tech, critical function products, systems and services to the commercial, industrial, defense and power markets

Total Market value (£'000)

2,596

Total Percentage of Portfolio

1.6**Infinera**

Provides optical transport networking equipment, software and services to telecommunications carriers

Total Market value (£'000)

2,277

Total Percentage of Portfolio

1.4**Littelfuse**

Manufactures fuses and circuit protection devices

Total Market value (£'000)

2,057

Total Percentage of Portfolio

1.2**PROS Holdings**

Provides pricing and revenue optimization software

Total Market value (£'000)

2,011

Total Percentage of Portfolio

1.2

List of Investments continued

Information Technology* continued*

Guidewire Software Develops software platform for property and casualty insurers	Total Market value (£'000) 2,007	Total Percentage of Portfolio 1.2
Workiva Provides a cloud-based software platform that enables organizations to collect and analyze data for compliance & management reporting	Total Market value (£'000) 1,953	Total Percentage of Portfolio 1.2
SiTime Develops and manufactures analog semiconductors	Total Market value (£'000) 1,876	Total Percentage of Portfolio 1.1
Power Integrations Designs, develops, manufactures and markets proprietary, high-voltage, analog & mixed-signal integrated circuits and high-voltage diodes	Total Market value (£'000) 1,698	Total Percentage of Portfolio 1.0
BlackLine Provides cloud-based solutions for accounting and finance operations	Total Market value (£'000) 1,220	Total Percentage of Portfolio 0.7
Lattice Semiconductor Designs, develops, and markets high-speed programmable logic devices	Total Market value (£'000) 1,210	Total Percentage of Portfolio 0.7
Take-Two Interactive Software Develops, markets and publishes interactive entertainment software	Total Market value (£'000) 952	Total Percentage of Portfolio 0.6
Onto Innovation Develops process control systems	Total Market value (£'000) 738	Total Percentage of Portfolio 0.4
Clearwater Analytics Develops and operates software as a service platform for investment data aggregation, accounting, analytics and reporting services	Total Market value (£'000) 558	Total Percentage of Portfolio 0.3

Materials* 3.5% (2023: 3.7%)	Total Market value (£'000) 5,823	Total Percentage of Portfolio 3.5
HB Fuller Manufactures and markets adhesives, sealants and other chemical products	Total Market value (£'000) 3,345	Total Percentage of Portfolio 2.0
Quaker Houghton Engages in the business of developing, producing and marketing formulated chemical specialty products	Total Market value (£'000) 2,478	Total Percentage of Portfolio 1.5
Real Estate* 2.0% (2023: 2.1%)	Total Market value (£'000) 3,179	Total Percentage of Portfolio 2.0
EastGroup Properties Operates an industrial real estate investment trust	Total Market value (£'000) 2,573	Total Percentage of Portfolio 1.6
DigitalBridge Group Owns, operates and invests in infrastructure projects	Total Market value (£'000) 606	Total Percentage of Portfolio 0.4
Total Investments	Total Market value (£'000) 165,925	Total Percentage of Portfolio 100.0

The number of companies in the portfolio is 78 (2023: 78).

* Sector categories correspond to those used in the Russell 2000 Index.

Strategic Report

The Directors present their Strategic Report for the Company for the financial year ended 30 June 2024.

The Strategic Report seeks to provide shareholders with the relevant information to enable them to assess the performance of the Board during the period under review.

The Strategic Report contains a summary of the Company's business model, a statement of its objectives and investment policy, a review of performance and position and a description of the principal and emerging risks it faces. Please refer to the Chairman's Statement and the Portfolio Manager's Report for an analysis of the Company's performance during the financial year and a summary of its future prospects. Pages 32 to 63 together with the sections of this annual report incorporated by reference, consist of a Strategic Report that has been prepared in accordance with section 414A of the Companies Act 2006 (the Act).

Business and Status

During the year the Company carried on business as an investment trust with its principal activity being portfolio investment. The Company has been approved by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the eligibility conditions of sections 1158

and 1159 of the Corporation Tax Act 2010 (CTA 2010) and the ongoing requirements for approved companies as detailed in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011. In the opinion of the Directors, the Company has conducted its affairs in the appropriate manner to retain its status as an investment trust.

The Company is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company is not a close company within the meaning of the provisions of the CTA 2010 and has no employees.

The Company was incorporated in England & Wales on 15 January 1993.

There has been no significant change in the activities of the Company during the year to 30 June 2024 and the Directors anticipate that the Company will continue to operate in the same manner during the current financial year.

Investment Policy and Objective

The Company's investment policy and objective is set out on page 4.

Gearing

The Company was not geared during the year.

A definition of gearing is included in the glossary of terms including Alternative Performance Measures **on page 94**.

Key Performance Indicators

At Board meetings, the Directors consider a number of performance indicators to assess the extent to which the Company is meeting its objective. The key performance indicators used to measure the performance of the Company over time are as follows:

- Net Asset Value changes;
- The discount or premium of share price to Net Asset Value;
- A comparison of the absolute and relative performance of the Ordinary share price and the Net Asset Value per share relative to the return on the Company's Benchmark Index and of its peers;
- Ordinary share price movement; and
- The Company's ongoing charges ratio.

A history of the Net Asset Value, Ordinary share price and Benchmark Index are shown on the monthly factsheets which can be viewed on the Portfolio Manager website www.browoadvisory.com/basc

Information on performance against Key Performance Indicators can also be found **on page 94** and within the Chairman's Statement **on pages 7 to 13**.

Discount to Net Asset Value

The Directors regularly review the level of the discount or premium between the closing price of the Company's Ordinary shares and the Net Asset Value. The Company will issue shares when there is sufficient demand. Such issues are always at a price which is in excess of the NAV. No shares were issued during the year under review.

The Board will apply its revised policy of buying back shares with the aim of reducing discount volatility and maintaining any discount such that it is not significantly wider than those of similar investment trusts. It believes this to be in shareholders' interests. In determining whether to buy back shares, the Board will consider, amongst other factors, and at its discretion, the size of the Company, general market conditions and sentiment, the liquidity in the shares and discounts in the investment trust sector overall.

The Directors had powers granted to them at the last Annual General Meeting (AGM) held on 6 November 2023 to purchase Ordinary shares and either cancel or hold them

in Treasury as a method of controlling the discount to Net Asset Value and enhancing shareholder value. 90,000 shares were repurchased during the period to 30 June 2024 for holding in Treasury.

Under the FCA Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Ordinary shares is 105% of the average of the middle market quotations for the Ordinary shares for the five business days immediately preceding the date of repurchase. The minimum price will be the nominal value of the Ordinary shares. The Board is proposing that its authority to repurchase up to approximately 14.99% of its issued share capital (excluding Treasury Shares) be renewed at the AGM. The new authority to repurchase will last until the conclusion of the AGM of the Company in 2025 (unless renewed earlier). Any repurchase made will be at the discretion of the Board in light of prevailing market conditions and within guidelines set from time to time by the Board, the Companies Act, the FCA Listing Rules and the Market Abuse Regulation.

Treasury Shares

In accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the Regulations), which came

into force on 1 December 2003, any Ordinary shares repurchased, pursuant to the above authority, may be held in Treasury. These Ordinary shares may subsequently be cancelled or sold for cash. This gives the Company the ability to reissue shares quickly and cost effectively and provides the Company with additional flexibility in the management of its capital.

At 30 June 2024 there were 6,361,254 Ordinary shares held in Treasury (2023: 6,271,254).

Management

The Company has no employees and most of its day-to-day responsibilities are delegated to Brown Advisory LLC, which acts as the Company's Portfolio Manager, and FundRock Partners Limited which acts as the Company's Alternative Investment Fund Manager (AIFM) and Company Secretary. J.P. Morgan Europe Limited (JPMEL) acts as the Company's Depositary. The Company has also entered into an outsourcing arrangement with J.P. Morgan Chase Bank N.A. (JPMCB) as custodian and for the provision of accounting services.

Further details of the Company's arrangement with Brown Advisory LLC and the AIFM can be found in Note 15 to the Financial Statements **on page 92**.

Strategic Report continued

Viability Statement

In accordance with Provision 36 of the Code of Corporate Governance as issued by the Association of Investment Companies in February 2019 (the 'AIC Code'), the Board has assessed the prospects of the Company over a longer period than the twelve months required by the 'Going Concern' provision, by reviewing the next three years.

The Board has considered the Company's business model, including its investment objective and investment policy, the principal and emerging risks and uncertainties that may affect the Company, as detailed on pages 35 to 37, the size threshold below which the Company would be considered uneconomic or unviable, and the Company's performance and attractiveness to investors in the current environment. The Board has noted that:

- the Company holds a liquid portfolio invested predominantly in US listed equities;
- the Company is not geared;
- the Company has maintained a reasonable performance and share price discount to NAV;
- the portfolio management fee is the most significant expense of the Company. It is charged as a percentage of the Company's net asset value and so would reduce if the market value of the portfolio

were to fall. The remaining expenses are modest in value and predictable in nature;

- no significant increase to ongoing charges or operational expenses is anticipated; and
- it is satisfied that Brown Advisory LLC and the Company's other key third-party suppliers maintain suitable processes and controls to ensure that they can continue to provide their services to the Company.

The Board recognises that a continuation vote is scheduled for 2026 but has no current reason to believe that shareholders will vote against the continuation of the Company.

The Board has also considered the market outlook, both for US smaller company equities and for investment trusts, and has concluded that these remain an attractive opportunity for investors.

The Board has therefore concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

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.

In addition to those principal risks and uncertainties, the Board considers that the development of artificial intelligence (AI) presents potential risks to businesses in almost every sector. The extent of the risk presented by AI is extremely hard to assess at this point but the Board considers that it is an emerging risk and, together with the Manager, will monitor developments in this area.

During the year, the continued conflict in Ukraine and tensions between China and the US have created geopolitical uncertainties which have increased market risk and volatility.

There are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. 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.

The principal risks and uncertainties facing the Company at the current time, together with a description of the mitigating actions the Board has taken, are set out in the table on the next page.

Risk	Mitigating Action
<p>Investment objective: the Company's objective becomes unattractive to investors which could result in a lack of demand for the Company's shares.</p>	<p>Board review: the Board formally reviews the Company's objective and related strategies on an annual basis, or more regularly if appropriate.</p> <p>Shareholder communication: the Board is cognisant of the importance of regular communication with shareholders. The Chairman offers meetings with the Company's largest shareholders, and the Board meets with shareholders at the Annual General Meeting. Additionally a shareholder presentation with questions and answers is available at the AGM. The Board reviews shareholder correspondence and investor relations reports and also receives feedback from the Company's broker.</p>
<p>Investment strategies: the Company adopts inappropriate investment strategies in pursuit of its objective which could result in decreased demand for the Company's shares, leading to a widening of the discount and poor investment performance.</p>	<p>Adherence to investment guidelines: the Board sets investment guidelines and restrictions which the Portfolio Manager follows, covering matters such as asset allocation, diversification, gearing and currency exposure. These guidelines are reviewed regularly and reports on compliance with them are reviewed at Board meetings.</p> <p>In order to ensure adequate diversification, the Board has set absolute limits on minimum holdings and maximum exposures in the portfolio at the time of investment, which are set out on page 4.</p>
<p>Share price trading at a discount to NAV: A protracted discount to NAV could reduce the attractiveness of the Company's shares.</p>	<p>Discount monitoring: the Board, through the Portfolio Manager and AIFM, keeps the level of discount under constant review. The Board is responsible for the Company's share buyback policy and is prepared to authorise the use of share buybacks to provide liquidity to the market and to try to limit any widening of the discount, to the extent that it is wider than those of similar investment trusts.</p>
<p>Investment performance: the appointment or continuing appointment of a portfolio manager with inadequate resources, skills or expertise, or which makes poor investment decisions. This could result in poor investment performance, a loss of value for shareholders and a widening discount.</p>	<p>Monitoring of performance: the Board keeps performance under continual review. It meets the Portfolio Manager on a regular basis and keeps under close review (inter alia) its resources and adherence to investment guidelines. The Board discusses with the Portfolio Manager reasons for over or under-performance at every Board meeting.</p> <p>A detailed formal appraisal of the Portfolio Manager is carried out annually by the Board. The Board also keeps under review the adequacy of risk controls.</p>

Strategic Report continued

Risk	Mitigating Action
<p>Financial/market: insufficient oversight or controls over financial risks, including foreign currency risk, market price risk, interest rate risk, liquidity risk, credit and counterparty risk, and insufficient revenue forecasting and monitoring, could result in losses to the Company.</p>	<p>Management controls: the Portfolio Manager has a range of procedures and controls relating to the Company's financial instruments and maintains a closed 'approved broker' list.</p> <p>Board review: as stated above, the Board sets investment guidelines and restrictions which are reviewed regularly and the Portfolio Manager reports on compliance with them at Board meetings.</p> <p>Revenue forecasting and monitoring: the AIFM presents detailed forecasts of income and expenditure covering both the current and subsequent financial years at Board meetings.</p> <p>Further details of the Company's financial instruments and associated risk management are included in Note 12 to the Financial Statements.</p>
<p>Regulatory: changes to, or failure to comply with, relevant regulations (including the Companies Act, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, accounting standards, investment trust regulations, the FCA Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) could result in fines, loss of reputation, reduced demand for the Company's shares and potentially the loss of an advantageous tax regime.</p>	<p>Board awareness: the Directors have an awareness of the more important regulations and are provided with information on changes by the Association of Investment Companies. In terms of day to day compliance with regulations, the Board is reliant on the knowledge and expertise of the AIFM and Company Secretary. However, where necessary, the Board engages the services of external advisers.</p> <p>Management controls: the Company Secretary and accounting teams use checklists to aid compliance and these are supported by the AIFM's compliance monitoring programme and risk-based internal audit investigations.</p>

Risk	Mitigating Action
<p>Operational (including cybercrime) the Company is reliant on services provided by third parties (in particular those of the Portfolio Manager, AIFM, custodian and depositary) and any control gaps and failures in their operations could expose the Company to loss or damage.</p>	<p>Agreements: written agreements are in place defining the roles and responsibilities of all third-party service providers.</p> <p>Internal control systems of the AIFM and Portfolio Manager: the Board receives reports on the operation and efficacy of IT and control systems, including those relating to cyber-crime and internal audit and compliance functions.</p> <p>Safekeeping of assets: the Depositary is ultimately responsible for the safekeeping of the Company's assets and holds cash and securities in segregated accounts with J.P. Morgan Chase Bank N.A. The Depositary reconciles these accounts daily against the records of the Portfolio Manager.</p> <p>Monitoring of other third-party service providers: the AIFM closely monitors the control environments and quality of services provided by third parties, including those of the depositary. This includes controls relating to cyber-crime and is conducted through service level agreements, regular meetings and key performance indicators. The Directors review reports on the AIFM's monitoring of third-party service providers on a periodic basis.</p> <p>There are coded limits within the Portfolio Manager's dealing systems.</p> <p>A detailed formal appraisal of the AIFM, Portfolio Manager and other key third party providers is carried out annually by the Board.</p>
<p>Geopolitical (including a pandemic, climate change and the conflict in Ukraine): the impact of geopolitical events could result in losses to the Company.</p>	<p>Board and Portfolio Manager awareness: geopolitical events over which the Company has no control are always a risk. The Board and Portfolio Manager regularly horizon scan and consider what they can do to address these risks.</p>

Strategic Report continued

Employees, Environmental, Social and Human Rights Issues

The Company has no employees and therefore no disclosures need to be made in respect of employees. The Board has delegated the day-to-day management and administration functions to the Portfolio Manager, the AIFM, JPMEL, JPMCB and other third-party service providers.

Modern Slavery Act

The Modern Slavery Act 2015 requires certain companies to prepare a slavery and human trafficking statement. As the Company has no employees and does not supply goods and services, no statement is required.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations as its day-to-day management and administration functions have been outsourced to third parties and it neither owns physical assets or property nor has employees of its own. It therefore does not have responsibility for any emissions-producing sources under the Companies Act 2006 (Strategic Report on Directors' Reports) Regulations 2013.

Under FCA Listing Rule 15.4.29 (R) the Company, as a closed

ended investment company, is exempt from complying with the Task Force on climate-related Financial Disclosures.

Section 172 Statement

Under Section 172 (S172) of the Companies Act 2006, the Directors have a duty to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. This includes taking into consideration the likely consequences of their decisions in the long-term and in respect of the Company's stakeholders such as its shareholders, employees, if any, and suppliers, while acting fairly as between shareholders.

The Directors must also consider the impact of the Company's decisions on the environment, the community and its reputation for maintaining high standards of business conduct.

The Company ensures that the Directors are able to discharge this duty by providing them with relevant information and training on their duties. The Company also ensures that information pertaining to its stakeholders is provided, as required, to the Directors as part of the information presented in regular Board meetings in order that stakeholder considerations can be factored into the Board's decision-making. The Directors'

responsibilities are also set out in the schedule of matters reserved for the Board and the terms of reference of its Audit and Risk Committee, both of which are reviewed regularly by the Board. At all times the Directors can access, either collectively or individually, advice from its professional advisers including the Company Secretary and independent external advisers.

The Company's investment objective, to achieve long-term capital growth by investing in a diversified portfolio primarily of quoted US smaller and medium-sized companies, supports the Directors' statutory obligations to consider the long-term consequences of the Company's decisions.

The Company is aware of its own potential impact on the environment and has practical policies in place to reduce that impact. Examples include the use and sharing of electronic Board materials and the provision of electronic copies of the annual report and financial statements to shareholders and via the Company's website. Where physical copies of the annual and half yearly financial reports are made, materials and processes are used which are designed to both minimise the environmental impact and to maximise the recycling potential as described in more detail on

the inside back cover of this document.

Engagement With Suppliers, Customers And Others And The Effect On Principal Decisions

The Shareholders – The shareholders of the Company are both institutional and retail and details of those with substantial shareholdings are provided on page 45.

The Board believes that shareholders have a vital role in encouraging a higher level of corporate performance and is committed to listening to the views of its shareholders and giving useful and timely information. The Board provides open and accessible channels of communication including those listed below.

The AGM – The Company encourages participation from shareholders at its AGMs, where they can communicate directly with the Directors and Portfolio Manager. The upcoming AGM will include a short presentation by the Portfolio Manager on the performance of the Company over the past year, as well as an outlook for the future. The Board and Portfolio Manager welcome questions which shareholders may submit to ***InvestmentTrustEnquiries@brownadvisory.com*** Subject to confidentiality, the Board will respond to any questions

submitted either directly or by publishing our response on the Company website. All views of the shareholders will be taken into consideration and action taken where appropriate.

Online Information – The Company's website contains the annual and half yearly financial report along with monthly factsheets and commentaries from the Portfolio Manager. The daily NAV per share, monthly top ten portfolio listings and other regulatory announcements can be found on the regulatory news service of the London Stock Exchange.

Shareholder Communications

Shareholders can raise issues or concerns at any time by writing to the Chairman or the Senior Independent Director at the Registered Office.

Further details about how the Board incorporates the views of the Company's shareholders can be found in the UK Stewardship Code and the Exercise of Voting Powers section on page 48. Further information about how the Board ensures that each Director develops an understanding of the views of the Company's shareholders can be found in the section entitled Shareholder Relations on page 49 of this report.

The AIFM and the Portfolio Manager

Brown Advisory LLC acts as the Company's Portfolio Manager and FundRock Partners Limited has been appointed as the Company's AIFM.

The portfolio management function is critical to the long-term success of the Company. The Board and the Portfolio Manager maintain an open and constructive relationship, with meetings taking place a minimum of four times per annum, with monthly updates and additional meetings as required.

The 'Management' section **on page 33** in this report details the Board's consideration of the Portfolio Manager's performance, its terms of appointment and the Board's annual assessment of the Portfolio Manager's continued stewardship of the portfolio and its oversight of the administrative functions.

The Audit and Risk Committee meets at least twice a year and as part of its role considers the reports on the internal control objectives and procedures of the Portfolio Manager, the AIFM, and other third party service providers together with independent, external reviews where appropriate.

Strategic Report continued

The AIFM also supplies company secretarial services to the Company. The AIFM oversees the activities of the Company's other third-party suppliers on behalf of the Company and maintains open and collaborative relationships to maintain quality, efficiency and cost control through regular communication with operational teams. The Board regularly reviews reports from the Portfolio Manager, the AIFM and Company Secretary, the Depositary, the Company's broker, the investor relations research provider and its independent Auditor. These provide vital information concerning changes in market practice or regulation which affect the Company and assist the Board in its decision-making process. Representatives from these providers attend Company Board meetings and give presentations on a regular basis enabling in depth discussions concerning their findings and performance.

Other Third-Party Service Providers

As an externally managed investment company with no employees or physical assets, the principal stakeholders of the Company are its shareholders, Portfolio Manager, AIFM, Depositary, custodian, administrator and registrar.

The continuance, or otherwise, of engagement of key third-party service providers are principal decisions taken by the Board every year.

In Summary

The governance structure and decision-making process are underpinned by the duties of the Directors under S172 on all matters. The Board firmly believes that the sustainable long-term success of the Company is dependent upon taking account of the interests of all its key stakeholders.

For and on behalf of the Board

Stephen White

Chairman

20 September 2024

Governance report



Directors



Stephen White[†]
Chairman of the Board

Appointed to the Board in October 2020 and subsequently appointed as Chairman of the Board in October 2021. Mr White is a non-executive director and chairman of the audit committee of BlackRock Frontiers Investment Trust plc and a non-executive director of Polar Capital Technology Trust plc. He qualified as a Chartered Accountant at PwC before starting a career in investment management. He has more than 35 years' investment experience, most notably as head of European equities at F&C Asset Management, where he was manager of F&C Eurotrust plc and deputy manager of the F&C Investment Trust plc, and as head of European and US equities at British Steel Pension Fund.



Ruth Beechey[†]

Appointed to the Board in July 2024, Ms Beechey has extensive experience as a lawyer in the fund management industry, including as Associate Counsel at Deutsche Asset Management, Head of Legal at UBS Asset Management UK, and Chief of Staff at UBS Asset Management UK. Ms Beechey is also a non-executive director at Legal and General Assurance (Pensions Management Ltd) and at Investor Forum.

[†] Member of the Audit and Risk Committee.



Lisa Booth†

Appointed to the Board in September 2015. Ms Booth is a solicitor with many years' experience in private practice. She co-founded a law firm in the City of London in 2003 and developed and managed a practice focusing on private equity and investment fund transactions during the subsequent ten years. She currently works as the General Counsel of a Berlin-based company which provides online travel search and ticket booking services.



Jasper Judd†

Chairman of the Audit and Risk Committee

Appointed to the Board in October 2022. Mr Judd is a chartered accountant and non-executive director and chairman of the audit committee of Dunedin Income Growth Investment Trust plc and a non-executive director and chairman of the audit and risk committees of JPMorgan Indian Investment Trust plc and Schroder Asian Total Return Investment Company plc. Previously, he had a long career in finance and strategy.



Jane Routledge†

Senior Independent Director

Appointed to the Board in April 2023, Ms Routledge is a non-executive director of M&G Credit Income Investment Trust plc (MGCI) and abrdn Asian Income Fund Limited. Previously, Ms Routledge had a long career in the investment management sector and has held a number of senior marketing positions including at Schroders, Invesco, Hermes and Seven Investment Management.

† Member of the Audit and Risk Committee.

Report of the Directors

The Directors present the Annual Report and Financial Statements of the Company for the year ended 30 June 2024.

Directors

The Directors of the Company and their biographies can be found **on pages 42 and 43**.

Mr White, Ms Booth, Mr Judd, Mr Parritt and Ms Routledge held office throughout the year under review. Ms Beechey was appointed to the Board on 1 July 2024. Mr Judd is Chairman of the Audit and Risk Committee and Ms Routledge serves as the SID. Mr Parritt retired from the Board on 30 June 2024.

The SID serves as a sounding board for the Chairman and acts as an intermediary for other directors and shareholders. The SID is responsible for:

- leading the annual assessment of the performance of the Chairman;
- holding meetings with the other Directors without the Chairman being present, when required;
- carrying out succession planning for the Chairman's role;
- working with the Chairman, other Directors and shareholders to resolve major issues; and

- being available to shareholders and other Directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (through the Chairman).

Directors' Remuneration and Interests

The Directors' Remuneration Report and Policy **on pages 59 to 62** provides information on the remuneration and shareholdings of the Directors.

Results and Dividends

The Company's Net Asset Value per Ordinary share and the Ordinary share price increased by 2.8% and 5.1% respectively in the year ended 30 June 2024, compared to an increase of 10.7% in the sterling adjusted Russell 2000 Total Return Index.

Results and reserve movements for the year are set out in the Statement of Comprehensive Income **on page 76** and the Notes to the Financial Statements **on pages 81 to 92**.

The Net Assets of the Company at 30 June 2024 were £174.5 million (2023: £171.1 million). No distributable revenue is available for payment of dividends.

Capital Structure

As at 30 June 2024 the

Company's issued share capital consisted of 18,223,413 Ordinary shares of 25p each, of which 6,361,254 were held in Treasury. As a result, the voting shares on 30 June 2024 totalled 11,862,159. All Ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements known to the Company between holders of securities regarding their transfer and no agreement to which the Company is party that affects its control following a takeover bid.

Details of the capital structure can be found **in Note 13 to the Financial Statements on page 91**.

Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of Ordinary shares.

Notifiable Interests in the Company's Voting Rights

In accordance with the Disclosure and Transparency Rules as issued by the Financial Conduct Authority (FCA), the Company is required to be notified of any new or changes to previously disclosed substantial interests in its Ordinary shares.

Substantial shareholders

At 30 June 2024, the following shareholders had declared a notifiable interest in the Company's voting rights:

Shareholder	Ordinary shares held	% of total voting rights*	Date of notification
Rathbones Investment Management Limited	728,149	6.09	22 September 2023
Brewin Dolphin Limited	757,661	6.34	29 November 2023
1607 Capital Partners, LLC	594,885	4.98	5 January 2024
Saba Capital Management, L.P.	596,719	5.03	26 April 2024

* Based on number of voting rights as at the date of notification.

Since the year end no changes to these interests have been notified to the Company.

Repurchase of Shares

Authority to Repurchase Shares

At the AGM held on 6 November 2023 shareholders renewed the authority to buy back the Company's Ordinary shares for cancellation or holding in Treasury. The Board is seeking to renew the Company's buyback powers at the forthcoming AGM. It is believed that these provisions provide a valuable tool in the management of the Company's share value against Net Asset Value. The current authority allows the Company to purchase up to 14.99 per cent of the issued Ordinary shares (excluding Treasury shares).

Purchases would be made at the discretion of the Board and within guidelines as set from time to time. Under the FCA Listing Rules and the buyback and stabilisation regulation, the maximum price for such buybacks cannot exceed the higher of (i) 105 per cent of the

average middle market price for the five days immediately preceding the date of repurchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid.

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where they have or may have a direct or indirect interest which conflicts or might conflict with the interests of the Company, unless the relevant conflict or potential conflict has been authorised by the Board in accordance with the Company's Articles of Association. The Directors have declared all potential conflicts of interest with the Company. The register of potential conflicts of interests is kept at the registered office of the Company. It is reviewed regularly by the Board and all Directors advise the Company Secretary as soon as they become aware of any potential conflicts of interest. Directors who have potential conflicts of interest do not participate in any discussions which relate to any of their potential conflicts.

Directors' and Officers' Liability Insurance and Indemnification

During the year under review the Company purchased and maintained liability insurance for its Directors and Officers as permitted by Section 233 of the Companies Act 2006.

Directors' Indemnification

The Company has indemnified its Directors in respect of their duties as Directors and Officers of the Company, against certain civil claims brought by third parties and associated legal costs to the extent that they are permitted by the Companies Act 2006.

AIFMD Disclosures

Brown Advisory LLC is appointed as the Company's Portfolio Manager and FundRock Partners Limited is appointed as the Company's AIFM.

A summary of the terms of the appointment including the notice of termination period and annual fee is set out in Note 15 to the Financial Statements **on page 92**.

Report of the Directors continued

The Directors believe that it is in the best interests of all shareholders for the Company to continue the appointment of the AIFM and the Portfolio Manager on the existing terms of appointment having reviewed the services provided by the AIFM and the Portfolio Manager during the year.

Remuneration of the AIFM

Under the Alternative Investment Fund Managers Directive (AIFMD), FundRock Partners Limited acting as the AIFM of the Company is required to disclose the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the Company.

FundRock Partners Limited has established an AIFM remuneration policy designed to ensure that the AIFM Remuneration Code in the UK Financial Authority Handbook is met proportionately for all AIFM Remuneration Code staff. Further details of the FundRock Partners Limited remuneration policy can be found at <https://www.fundrock.com/policies-and-compliance/remuneration-policy-uk/>

In its role as an AIFM, FundRock Partners Limited deems itself as lower risk due to the nature of the activities it conducts. Therefore, FundRock Partners Limited has provided a basic overview of how staff whose actions have a material impact on the Company are remunerated.

Due to the size and structure of FundRock Partners Limited, it is determined that employees of the AIFM who have a material impact on the risk profile of the Company include the Board and Head of Compliance.

The Portfolio Manager is subject to regulatory requirements on remuneration that FundRock Partners Limited deem to be equally as effective as those detailed in the AIFMD, which would include the Capital Requirements Directive or Markets in Financial Instruments Directive.

	Number of beneficiaries ¹	Total remuneration paid ² £	Fixed remuneration (everything else that is not discretionary) £	Variable remuneration paid (discretionary) £	Carried interest paid by the Company
Total remuneration paid by FundRock Partners Limited during the financial year	22	2,158,843	2,043,732	115,111	0
Remuneration paid to employees of the AIFM who have a material impact on the risk profile of the Company	5	724,313	677,086	47,227	0

¹ Number of beneficiaries represents employees of the AIFM who are fully or partially involved in the activities of the Company as at 30 June 2024.

² Total remuneration paid represents total compensation of those employees of the AIFM who are fully or partially involved in the activities of the Company, based on their time in the role during the reporting period. Due to the AIFM's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable.

Leverage

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, as at 30 June 2024, which gives the following figures:

	Maximum limit	Gross exposure average leverage employed during the year	Commitment exposure average leverage employed during the year
30 June 2022	2.10	1.01	1.01
30 June 2023	2.10	1.03	1.03

For the purposes of the Alternative Investment Fund Managers Directive (the AIFMD), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with the AIFMD regulations. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

Going Concern

The 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.

Bribery Prevention Policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board takes very seriously its responsibility to prevent, through Brown Advisory LLC and the AIFM on its behalf, any bribery. To aid the prevention of bribery, Brown Advisory LLC and the AIFM have adopted a Bribery Prevention Policy.

Risk Management and Internal Controls

In accordance with the AIC Code, the Board is responsible for monitoring the Company's risk management and internal control systems and reviewing their effectiveness, at least annually, and to report on its review in the Company's Annual Report. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. The Board, through the Audit and Risk Committee, has reviewed the effectiveness of the Company's internal control systems including the financial, operational and compliance controls and risk management. These systems have been in place for the period under review and to the date of signing the financial statements.

The Company receives services from the Portfolio Manager and the AIFM relating to the management of the Company, and from JPMEL for

Report of the Directors continued

depository services and JPMCB for custodian services and accounting services in respect of the Company. Documented contractual arrangements are in place with these service providers which define the areas where the Company has delegated authority to them. The Audit and Risk Committee has considered the reports on the internal control objectives and procedures of the Portfolio Manager, the AIFM, JPMEI and JPMCB, together with the opinion of the service auditors for these reports, which detail the measures and the testing of the measures which are in place to ensure the proper recording, valuation, physical security and protection from theft of the Company's investments and assets and the controls which have been established to ensure compliance with all regulatory, statutory and fiscal obligations of the Company.

The Directors have also had regard to the procedures for safeguarding the integrity of the computer systems operated by the Portfolio Manager, the AIFM, JPMEI and JPMCB and the key business continuity plans. The Board reviews the procedures described above for the management of risk on an annual basis.

UK Stewardship Code and the Exercise of Voting Powers

The Portfolio Manager is responsible for voting the shares it holds on the Company's behalf. The Portfolio Manager's Proxy Voting Policy can be found at <https://www.brownadvisory.com/us/sustainable-investing>

The Board and the Portfolio Manager believe that shareholders have an important role in encouraging a higher level of corporate performance and therefore adopt a positive approach to corporate governance. The Portfolio Manager aims to act in the best interests of all its stakeholders by engaging with companies in which the Company invests, and by exercising its voting rights with care. Not only is this commensurate with good market practice, but it also goes hand in hand with ensuring the responsible investment of its clients' funds. Equally, research is undertaken to determine their plans for maintaining social and environmental sustainability within their business.

In order to assist in the assessment of corporate governance and sustainability issues and contribute to a balanced view, the Portfolio Manager subscribes to external corporate governance and sustainability research providers but does not necessarily follow their voting recommendations.

Contentious issues are identified and, where necessary (and where timescales permit), are discussed with corporate governance and/or sustainability analysts and portfolio managers, and companies. The Portfolio Manager ensures that resolutions are voted in accordance with this practice and timely voting decisions are made.

From time to time, resolutions will be brought to annual general meetings of investee companies by third parties encouraging companies to address specific environmental and/or social concerns. In such instances the Portfolio Manager's corporate governance and sustainability analysts will discuss their views with the investment team and the Company if appropriate. The Portfolio Manager will then vote for what it considers to be in the best financial interests of shareholders of the Company, whilst having regard for any specific sustainability concerns unless otherwise directed.

Common Reporting Standards

The Regulations for Automatic Exchange of Financial Account Information (the Common Reporting Standard, CRS) issued by OECD have been enacted in the UK through The

International Tax Compliance Regulations 2015.

These Regulations require all financial institutions (including investment trust companies) to share with HMRC certain information about overseas shareholders under the UK FATCA regulations.

Accordingly, the Company is required to provide information to HMRC on the tax residencies of a number of non-UK based certificated shareholders and corporate entities on an annual basis. HMRC in turn exchanges this information with tax authorities in the country in which the shareholder may be resident for taxation purposes. HMRC has advised that the Company will not be required to provide such information on uncertified holdings held through CREST. The Company has engaged Computershare to provide such information on certificated holdings to HMRC on an ongoing basis.

Shareholder Relations

All shareholders have the opportunity to attend and vote at the AGM, during which the Directors and Portfolio Manager will be available to answer questions regarding the Company. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Report of the Directors or notes accompanying the Notice.

Separate resolutions are proposed for each substantive issue. Information about proxy votes is available to

shareholders attending the AGM and published thereafter on the Company website.

The Company reports to shareholders twice a year by way of the half yearly financial report and Annual Report and Financial Statements. In addition, Net Asset Values are published on a daily basis and monthly factsheets are published on the Company website www.brownadvisory.com/basc

The Board has developed the following procedure for ensuring that each Director develops an understanding of the views of shareholders. Regular contact with major shareholders is undertaken by the Company's corporate brokers and the investor relations team of the Portfolio Manager. Any issues raised by major shareholders are then reported to the Board. The Board also receives details of all material correspondence with shareholders and the Chairman and individual Directors are willing to meet shareholders to discuss any particular items of concern regarding the performance of the Company. The Chairman, Directors and representatives of the Portfolio Manager are also available to answer any questions which may be raised by shareholders.

Engagement with Stakeholders

More information about how the Board fosters the relationships with its shareholders and other stakeholders, and how the Board considers the impact that any material decision will have on relevant stakeholders, can be found in the Section 172 statement in the Strategic Report **on pages 38 and 39**.

Statement in Respect of the Annual Report and Financial Statements

Having taken all available information into consideration, the Board has concluded that the Annual Report and Financial Statements for the year ended 30 June 2024, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities **on page 63**.

There were no instances where the Company was required to make disclosures in respect of FCA Listing Rule 9.8.4 during the financial period under review.

The Directors are not aware of any relevant audit information of which the Company's Auditor is unaware. The Directors also confirm that they have taken all the steps required of a director to make themselves aware of

Report of the Directors continued

any relevant audit information and to establish that the Company's Auditor is aware of that information.

Significant Votes Against At The 2023 Annual General Meeting

There were no votes against representing 20% or more of votes cast on any of the resolutions put forward for shareholder approval at the 2023 Annual General Meeting.

Annual General Meeting

This year's AGM will be held on Monday, 4 November 2024 at 2:00 p.m. at the offices of Brown Advisory LLC, 18 Hanover Square, London W1S 1JY.

Please refer to the Notes for the AGM **on pages 98 to 100** for full details on how to vote and to the Chairman's Statement **on page 12** for guidance on how to communicate any questions that you would like to be raised at the meeting.

In addition to the ordinary business to be conducted at the meeting, the following resolutions in respect of special business will be proposed.

Resolution 9: Authority to allot shares (ordinary resolution)

Resolution 9 seeks authority for the Directors to allot Ordinary shares up to an aggregate nominal amount of

approximately £296,553. This authority represents 10% of the Company's issued share capital (excluding Treasury shares) as at the date of this document. This authority will expire at the conclusion of the Company's upcoming AGM in 2024 (unless renewed earlier) and it is the intention of the Directors to seek renewal of this authority at that AGM. The Board will only use this authority where it believes that it is in the best interests of the Company to issue shares for cash.

Resolution 10: Disapplication of Pre-emption rights (special resolution)

The Directors may only allot Ordinary shares for cash (other than by way of an offer to all existing shareholders pro rata to their shareholdings) if they are authorised to do so by shareholders at a general meeting. The Companies Act 2006 requires that, unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new Ordinary shares must be offered first to existing Ordinary shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new Ordinary shares (or to grant rights over shares) for cash without first offering them to existing Ordinary shareholders

in proportion to their holdings.

Accordingly, the Directors are seeking authority to issue up to 10% of the issued Ordinary shares on this basis.

The authority will expire at the conclusion of the upcoming AGM of the Company in 2024 (unless renewed earlier) and it is the intention of the Directors to seek renewal of this authority at that AGM. Any allotment of new Ordinary shares pursuant to the authority conferred by this Resolution will dilute the voting power of shareholdings of existing shareholders, but will not have a dilutive impact on NAV.

Resolution 11: Authority to buy back shares (special resolution)

The Company is seeking shareholder approval to repurchase up to 14.99% of the shares in issue (excluding Treasury shares) at a price that is not less than the nominal value of each share. The authority being sought will last until the date of the next AGM.

The decision as to whether or not to repurchase any shares will be at the discretion of the Board and any shares repurchased under the authority will be cancelled or held in Treasury. The Company will only fund any purchases by utilising existing cash resources or out of distributable profits as defined by the Companies Act 2006.



The Board, left to right: Ruth Beechey, Jasper Judd, Stephen White, Lisa Booth and Jane Routledge.

Any purchase of shares by the Company will be made in accordance with the Articles of Association and the FCA Listing Rules in force at the time. No purchase of shares will be made at a price in excess of the estimated NAV.

Resolution 12: Notice of General Meetings (special resolution)

Resolution 12 is required to reflect the Shareholders' Rights Directive (the 'Directive'). The Directive has increased the notice period for General Meetings of the Company to 21 days. If Resolution 12 is passed the Company will be able to call all General Meetings (other than Annual General Meetings) on

14 clear days' notice. In order to be able to do so shareholders must have approved the calling of meetings on 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a General Meeting on 14 clear days' notice. This shorter notice period will only be used where, in the opinion of the Directors, it is merited by the purpose of the meeting.

Recommendation

The Board considers that the passing of the resolutions being put to the Company's AGM would be in the best interests of the Company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of Resolutions 1 to 12, as set out in the Notice of Annual General Meeting.

By order of the Board

FundRock Partners Limited
Company Secretary
20 September 2024

Corporate Governance

Corporate Governance Compliance Statement

This statement, together with the Statement of Directors' Responsibilities **on page 63** and the statement of Risk Management and Internal Controls **on pages 47 and 48**, indicates how the Company has complied with the recommendations of the AIC Code as issued in February 2019.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code) as issued in July 2018 by the Financial Reporting Council (the FRC), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The Company has complied with the provisions of the AIC Code (which incorporates the UK Code), except as set out below. The UK Code include provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

The Board considers these provisions not relevant to the position of the Company being an externally managed investment company with no employees. The Company has not therefore reported further in respect of these provisions.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

A description of the main features of the Company's internal control and risk management functions can be found **on pages 47 and 48** of this report.

The Board

Role of the Board

The Board receives monthly reports and meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review. At these meetings, the Board monitors the investment performance of the Company. The Directors also review the Company's activities every quarter to ensure that it adheres to its investment policy or, if appropriate, to make any changes to that policy.

Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board has adopted a schedule of items specifically reserved for its decision.

A procedure has been adopted by which Directors may obtain independent professional advice at the expense of the Company in the furtherance of their duties.

Composition

As at 30 June 2024, following the resignation of Clive Parritt and appointment of Ruth Beechey (on 1 July 2024), the Board comprised five non-executive directors, comprising three females and two males, all of whom are independent of the Portfolio Manager.

The Board does not have a Director with a minority ethnic background.

Mr White is Chairman of the Board and has no conflicts between his interests and those of shareholders. The Chairman is also a shareholder. Potential conflicts are reported to the rest of the Board who consider such conflicts and where appropriate approve them. The Chairman is not, and has never been, an employee of the Portfolio

Manager nor a professional adviser to the Portfolio Manager or the Company. The Chairman does not serve as a director of any other investment companies managed by Brown Advisory LLC.

Tenure

The Board is mindful of the AIC and UK Corporate Governance Codes in relation to the tenure of directors (including the Chairman) and undertakes an annual evaluation of its composition, and that of its committee, taking into account the requirements of the AIC Code. If appropriate, recommendations are made to refresh the composition of the Board and its committee.

Succession Planning

The Directors undertook a review of the composition of the Board in 2023 and appointed an external search consultancy earlier in 2024 to recruit a non-executive director as part of the refreshment of the Board and ahead of the planned retirement of Mr Parritt. Nurole was appointed to undertake a non-executive search and after a short list was prepared and

interviewed the decision was made to appoint Ruth Beechey as a Director, with effect from 1 July 2024. Nurole has no other connection with the Company. Ms Beechey will stand for election at the forthcoming AGM.

Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable them to contribute to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's policy to give careful consideration to overall Board balance and diversity when making new appointments to the Board.

According to new requirements of the FCA Listing Rules (Listing Rule 9.8.7 R), companies are required to include a statement in their annual report and financial statements setting out whether it has met the following targets on board diversity as at a

chosen reference date within its accounting period:

- 1) At least 40% of individuals on its board are women;
- 2) At least one of the senior board positions (Chairman, chief executive officer (CEO), senior independent director or chief financial officer (CFO)) is held by a woman; and
- 3) At least one individual on its board is from a minority ethnic background, defined to include those from an ethnic group, other than a white ethnic group, as specified in categories recommended by the Office for National Statistics.

As an externally-managed investment company, the Company does not have a CFO or CEO. The Board considers that the senior positions in the Company are the positions of Chairman, Chairman of the Audit and Risk Committee and Senior Independent Director.

As at 30 June 2024* the Company makes the following disclosures:

Shareholder	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	60%	100%
Women	2	40%	40%
Not specified/ prefer not to say			

* (including Clive Parritt, excluding Ruth Beechey).

Corporate Governance continued

Shareholder	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	5	100%	100%
Mixed Multiple Ethnic Groups	–	–	–
Asian/AsianBritish	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say			

Re-election of Directors

It was noted by the Board that, as at 30 June 2024 and at the time of signing of these Financial Statements, it did not meet the third target on ethnic diversity.

The Board is committed to meeting the FCA Listing Rule targets set out above and has considered gender and ethnic diversity when making the appointment of Mrs Beechey.

Further information on how the Board's composition is evolving is included in the Chairman's Statement **on pages 7 to 13**.

Training

The Directors are kept up to date on corporate governance issues through materials provided from time to time by the Company Secretary.

The Board may obtain training on aspects of corporate governance on an individual basis.

Performance Evaluation

The Board formally reviews its performance and the performance of its committee on an annual basis and in 2023 arranged an externally facilitated Board effectiveness review.

The Board has not arranged such an evaluation in 2024 but anticipates doing so again as the recent changes in the Board and committee composition have settled in.

An informal review took place for 2024 following the end of the financial year and each Director was asked his or her views on the Board's effectiveness and to make recommendations about how that might be improved. The performance of the Chairman was reviewed by the other Directors and led by Jane Routledge.

The results of the review were discussed amongst the Directors and it was agreed that the composition of the Board and its committee reflected

a suitable mix of skills and experience and that the Board, as a whole, and its committee was functioning effectively.

Board Committees

Audit and Risk Committee

The Board has established an Audit and Risk Committee and its report can be found **on pages 56 to 58**.

The Terms of Reference of the Committee are published on the Company website www.browoadvisory.com/basc.

Other Committees

The Board has not established Remuneration or Nomination Committees as the functions of these committees are performed by the Board as all Directors are non-executive. Directors' fees are considered by the Board as a whole within the limits as set out in the Articles of Association and in accordance with the remuneration policy approved by shareholders.

The appointment of Directors is considered by the entire Board on an ad-hoc basis with consideration given inter alia to candidates' expertise and maintaining an appropriate Board balance and composition.

The Board has not established a Management Engagement Committee as the functions of this committee, including the appointment of the Portfolio Manager, are performed by the Board.

Directors' Attendance at Meetings

	Board	Audit and Risk Committee
Stephen White	5/5	3/3
Ruth Beechey*	–	–
Lisa Booth	5/5	3/3
Jasper Judd	5/5	3/3
Clive Parritt**	5/5	3/3
Jane Routledge	5/5	3/3

* Ruth Beechey was appointed on 1 July 2024.

** Clive Parritt retired on 30 June 2024.

For and on behalf of the Board

Stephen White

Chairman

20 September 2024

Report of the Audit and Risk Committee



Jasper Judd
Chairman of the Audit and Risk Committee

Composition

As Chairman of the Company's Audit and Risk Committee, I am pleased to present the Committee's report for the year ended 30 June 2024.

The Audit and Risk Committee consists of all Directors. I am chairman of the Audit and Risk Committee and a chartered accountant. All committee members are independent non-executive directors.

Mr White continues to be a member of the Audit and Risk Committee. The AIC Code permits the Chairman to be a member of the Audit and Risk Committee if they were independent on appointment, but not to chair it. The Chairman was independent on appointment and continues to be so. In view of the size of the Board, the Directors feel it is appropriate for him to continue as a member so that the Audit and Risk Committee can continue to benefit from his experience and knowledge.

Role of the Audit and Risk Committee

The Audit and Risk Committee meets at least twice annually to consider the principal and emerging risks of the Company, financial reporting by the Company, the internal controls and relations with the Company's external Auditor. In addition, it reviews the independence and objectivity of the Auditor and the effectiveness of the audit process, the quality of the audit engagement partner and the audit team, making a recommendation to the Board with respect to the reappointment of the Auditor. It also provides an opinion as to whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Company does not have an internal audit function as most of its day-to-day operations are delegated to professional third parties.

The Committee also reviews the Company's compliance with the Code and the AIC Code.

The Audit and Risk Committee has direct access to the Auditor, the Heads of Internal Audit, and the Risk and Compliance function of the Portfolio Manager, and of the AIFM and reports its findings to the Board. The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information.

Independent Auditor and Audit Tenure

As part of its review of the continuing appointment of the Auditor, the Audit and Risk Committee considers the length of tenure of the audit firm, its fees and independence from the AIFM and the Portfolio Manager along with any matters raised during each audit. Haysmacintyre LLP (Haysmacintyre) is the appointed Auditor of the Company.

This year's audit was the fifth undertaken by Haysmacintyre, and the second led by Laura Mott as engagement partner, since Haysmacintyre was appointed in 2019.

The fees paid to Haysmacintyre in respect of audit services are disclosed in Note 5 to the Financial Statements **on page 85.**

Auditor Effectiveness and Independence

Auditor effectiveness is assessed by means of the Auditor's direct engagement with the Committee at Audit and Risk Committee meetings and also by reference to feedback from the AIFM, Portfolio Manager and their employees who have direct dealings with the Auditor during the annual audit of the Company.

Disclosure of Information to the Auditor

The Directors are not aware of any relevant audit information of which the Company's Auditor is unaware. The Directors also confirm that they have each taken all the steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Non-audit Services

The Committee ensures that the Auditor's objectivity and independence are safeguarded by requiring pre-approval by the Committee for all non-audit services provided to the Company, which takes into consideration:

- confirmation from the Auditor that it has adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject;
- the non-audit fees to be incurred, relative to the audit fees;
- the nature of the non-audit services; and
- whether the Auditor's skills and experience make it the most suitable supplier of such services and whether they are in a position to provide them.

The Committee has adopted a policy that all non-audit services are subject to its approval. No fee for such services was payable to the Auditor for the year under review and no services were undertaken (2023: £nil).

Significant Accounting Matters

During its review of the Company's Annual Report and Financial Statements for the year ended 30 June 2024, the Audit and Risk Committee considered the following significant issues, including a robust assessment of principal and emerging risks and uncertainties in light of the Company's activities and issues communicated by the Auditor during its review, all of which were satisfactorily addressed:

Report of the Audit and Risk Committee

continued

Issue considered	How the issue was addressed
Valuation of the investment portfolio and existence	■ Review of reports from the Portfolio Manager and custodian
Compliance with section 1158 of the Corporation Tax Act 2010	■ Review of portfolio holdings reports and revenue forecasts to ensure compliance criteria are met
Calculation of management fee	■ Consideration of methodology used to calculate management fee, matched against the criteria set out in the Portfolio Management Agreements
Statement of going concern	■ Review of the investment portfolio, risks and uncertainties and forecast revenue

Statement In Respect Of The Annual Report And Financial Statements

Having taken all available information into consideration, and having discussed the content of the Annual Report and Financial Statements with the AIFM, Portfolio Manager, Company Secretary and other third-party service providers, the Audit and Risk Committee has concluded that the Annual Report and Financial Statements for the year ended 30 June 2024, taken as a whole, are

fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s position and performance, business model and strategy, and has reported on these findings to the Board.

For and on behalf of the
Audit and Risk Committee

Jasper Judd
Chairman of the
Audit and Risk Committee
20 September 2024

Directors' Remuneration Report and Policy

The Board is pleased to present the Company's annual remuneration report for the year ended 30 June 2024, together with its remuneration policy, in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

The Auditor's opinion is included in their report on **pages 64 to 73**.

Statement by the Chairman

The Board's policy on remuneration is set out below.

The Directors of the Company are non-executive and by way of remuneration receive an annual fee, payable quarterly in arrears.

Details of the total emoluments paid to Directors for the years ended 30 June 2023 and 30 June 2024 are provided in the Annual Report on Remuneration **on page 61**.

The Company does not award any other remuneration or benefits to the Chairman or Directors. There are no bonus schemes, pension schemes, share option or long-term incentive schemes in place for the Directors.

Directors' Remuneration Policy

The remuneration policy of the Company was approved by shareholders at the 2023 AGM for a maximum of three years.

The Company's current remuneration policy is that fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre and possessing suitable knowledge and experience to be recruited. The Company's Articles of Association state the maximum aggregate amount of fees that can be paid to Directors in any one year. This is currently set at £185,000 per annum and shareholder approval is required for any changes to this.

Directors' fees are normally reviewed and updated with effect from 1 January each year. Until 31 December 2023, Directors' annual fees were: Chairman, £37,000; Chairman of the Audit and Risk Committee, £33,500; and non-executive Directors, £28,000. With effect from 1 January 2024 Directors' annual fees were revised to the following annual rates and are the rates currently payable:

Role	Amount payable per annum
Chairman of the Board	£39,200
Chairman of the Audit and Risk Committee	£35,500
Non-Executive Director	£29,700

The Board plans to revise Director fees next year in line with the Company's peer group, with effect from 1 January 2025.

Each Director is entitled to a base fee. The Chairman of the Board is paid a higher fee than other Directors to

Directors’ Remuneration Report and Policy

continued

reflect the additional work entailed by the role. The Chairman of the Audit and Risk Committee also receives a higher fee on the same basis.

The Board is authorised to obtain, at the Company’s expense, outside legal or other professional advice on any matters within its Terms of Reference. The Board did not seek external advice during the year under review.

The Board has not established a Remuneration Committee and any review of the Directors’ fees is undertaken by the Board as a whole and has regard to the level of fees paid to non-executive directors of other investment companies of equivalent size.

Directors’ Service Contracts

No Director has a contract of service with the Company. Accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees.

It is the Company’s policy for all Directors to stand for re-election annually. Any new Director appointed is subject to election by shareholders at the next AGM following their appointment. The terms and conditions of Directors’ appointments are set out in formal letters of appointment. The dates of appointment are set out below:

Director	Date of Appointment
Stephen White	1 October 2020
Ruth Beechey	1 July 2024
Lisa Booth	29 September 2015
Jasper Judd	1 October 2022
Jane Routledge	1 April 2023

Annual Report on Remuneration

A single figure for the total remuneration of each Director is set out in the table below for the years ended 30 June 2024 and 30 June 2023, respectively.

Directors' emoluments for the period (audited)

	30 June 2024			30 June 2023		
	Fees £	Expenses £	Total remuneration for the year ended £	Fees £	Expenses £	Total remuneration for the year ended £
Stephen White	38,100	–	38,100	35,825	–	35,825
Lisa Booth*	28,850	997	29,847	30,300	562	30,862
Jasper Judd†**	34,500	–	34,500	22,763	–	22,763
Clive Parritt††	28,850	–	28,850	27,125	–	27,125
Jane Routledge†††	28,850	–	28,850	7,000	–	7,000
Tina Soderlund-Boley††††	–	–	–	27,125	–	27,125
Total	159,150	997	160,147	150,138	562	150,700

* Chairman of the Audit and Risk Committee until 6 February 2023.

** Chairman of the Audit and Risk Committee from 6 February 2023.

† Covers the period 1 October 2022 to 30 June 2024.

†† Clive Parritt resigned on 30 June 2024.

††† Covers the period 1 April 2023 to 30 June 2024.

†††† Tina Soderlund-Boley resigned on 30 June 2023.

Expenditure By The Company On Directors' Remuneration Compared With Distributions To Shareholders

The table below compares the remuneration payable to Directors to distributions made to shareholders during the financial year under review and the prior year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth. In the year ended 30 June 2024, the Company's capital return was a net gain of £5.3 million (2023: net gain of £16.0 million).

Director	30 June 2024 £'000	30 June 2023 £'000
Remuneration paid to Directors	159	151
Distributions to shareholders – dividends	–	–
Total value of shares repurchased	1,199	–

Statement Of Voting At The Last AGM

An ordinary resolution for the approval of the Directors' Remuneration Report will be put to shareholders annually at the Company's Annual General Meeting. This vote is advisory and not binding on the Company, nor does it affect the remuneration payable to any individual Director. However, it does give shareholders the opportunity to inform the Board of their views on the Directors' remuneration. The Directors' remuneration policy sets out the Company's policy on Directors' remuneration.

The following sets out the votes received at the last AGM of the shareholders of the Company, held on 6 November 2023, in respect of the approval of the Directors' Remuneration Report and the Directors' Remuneration Policy.

Directors' Remuneration Report and Policy

continued

Director	Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
	Number	%	Number	%		
Directors' Remuneration Report	4,082,643	99.70	12,432	0.30	4,095,075	163,718
Directors' Remuneration Policy	4,082,187	99.70	12,432	0.30	4,094,619	164,174

Directors' Interests

The Directors who held office at the end of the financial year covered by this report and their beneficial interests in the Ordinary shares of the Company are detailed in the table above. There is no requirement for a Director to hold shares in the Company.

The Directors' interests in contractual arrangements with the Company are as detailed in Note 14 to the Financial Statements. Subject to these exceptions, no Director was a party to or had any interest in any contract or arrangement with the Company at any time during the year or subsequently.

Directors' Interests In Ordinary shares (audited)

	30 June 2024	30 June 2023
Lisa Booth	463	463
Jasper Judd	2,768	2,000
Clive Parritt	10,000	10,000
Jane Routledge	1,500	–
Stephen White	20,000	20,000

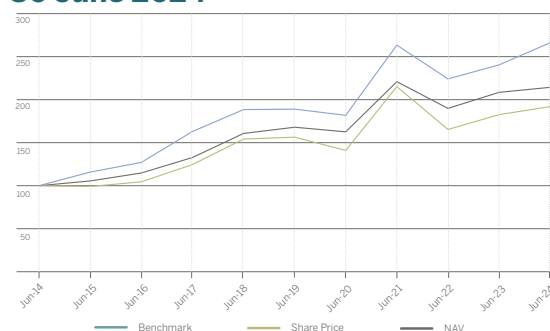
There have been no further changes to the Directors' shareholdings since the year end.

As at 16 September 2024, the latest practicable date prior to publication of this document, no further changes had been notified.

Performance to 30 June 2024

The graph below provides details of the Company's Ordinary share price performance compared against the Russell 2000 Total Return Index, expressed in sterling.

Performance from 30 June 2015 to 30 June 2024



Source: Datastream

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the Directors' Remuneration Report and policy summarises, for the year ended 30 June 2024, the review undertaken and the decisions made regarding the fees paid to the Board, as well as the future remuneration policy of the Company.

By order of the Board

Stephen White
Chairman

20 September 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and the Republic of Ireland.

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

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and accounting estimates that are reasonable and prudent;
- (c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is

inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website www.brownadvisory.com/basc which is a website maintained by Brown Advisory LLP. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Each of the Directors, who are listed on pages 42 and 43 of this report, confirms to the best of their knowledge that:

1. the 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; and
2. the Strategic Report includes 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
3. in their opinion the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy.

So far as each Director is aware at the time the report is approved:

1. there is no relevant audit information of which the Company's Auditor is unaware; and
2. the Directors have taken all steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's Auditor has been made aware of that information.

By order of the Board

Stephen White
Chairman
20 September 2024

Independent Auditor's Report

To the Members of Brown Advisory US Smaller Companies PLC

Our opinion on the financial statements

We have audited the financial statements of Brown Advisory US Smaller Companies plc ('the Company') for the year ended 30 June 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the return for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance

with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

We planned the scope of our audit to ensure that we sufficient audit evidence to give an audit opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting has been outsourced to J.P. Morgan Chase Bank N.A, who

are responsible for maintaining the Company's accounting records. Accordingly, we review their involvement as a service organisation, use reports and data provided to us by them, and consider the operation of controls and procedures operated by J. P. Morgan Chase Bank N.A. that are relevant to our audit.

We obtained our audit evidence from substantive tests and as part of our risk assessment, we understood and assessed the internal controls in place at the Portfolio Managers, and the accounting service provider to the extent relevant to our audit. This assessment of the operating and accounting structure in place at these organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of these entities in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Key audit matters: Our assessment of risks of material misstatement

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

Key audit matter	The risk	Our response to the risk:
<p>Risk of fraud in revenue recognition</p> <p>Revenue for the year is £1,198,000 (2023: £984,000) and is disclosed in note 3 to the financial statements.</p> <p>The accounting policy for revenue is described in note 2b(iv).</p>	<p>Under ISA 240 there is a presumed significant risk (that may be rebutted) that revenue may be materially misstated due to improper revenue recognition. We have not rebutted this risk and therefore are required to consider the risk of fraud in revenue recognition as a significant risk and accordingly respond to the risks of improper revenue recognition.</p> <p>As per our assessment, there is a significant risk over the occurrence of income. Due to the entity being listed there is incentive to overstate income to improve reported performance.</p> <p>This risk may also arise if income is recognised in the incorrect accounting period through the application of inappropriate accounting treatment. For example inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment.</p> <p>In addition to the above, the Directors are required to exercise their judgement in determining whether income receivable in the form of special dividends should be classified as “revenue” or “capital”.</p>	<p>We have undertaken the following procedures to verify the appropriateness of revenue recognition:</p> <ul style="list-style-type: none"> ■ To test the occurrence of revenue, we traced dividend income from the accounting records to dividend declarations and recalculated the expected dividend recognised. This was performed on a sample basis; ■ To assess the occurrence of revenue, we agreed the receipt of dividends to bank statements on a sample basis; ■ For a sample of accrued dividends, we assessed the date of the dividend declaration date and whether the Company had proper legal title to recognise those dividends; ■ We reviewed a sample of dividend income transactions occurring around the year-end date (either side of the reporting period end) to test the appropriate recognition of dividend income around the year end;

Independent Auditor’s Report continued

Key audit matter	The risk	Our response to the risk:
		<ul style="list-style-type: none">■ We reviewed the classification of dividends and agreed no special dividends were received during the year; and■ We obtained and reviewed the SOC1 report of the fund administrator and portfolio manager to obtain an understanding of the relevant controls over revenue recognition.
Key observations communicated to the Audit Committee	Based on the procedures performed, we gained satisfactory assurance over the appropriateness of the revenue recognition and did not identify any matters or other observations to report to the audit committee.	

Key audit matter	The risk	Our response to the risk:
<p>Valuation of investments</p> <p>Investment valuations at the year-end were £165,925,000 (2023: £159,134,000) which were all listed investments.</p> <p>Disclosure of these investments is included in note 8 to the financial statements.</p> <p>The accounting policy for the valuation of investments is described in note 2b(i) and (ii) of the financial statements.</p>	<p>Investments represent the most significant item in the statement of financial position and an error within the valuation of the Company's investment portfolio could have a material impact on the financial position and performance of the Company.</p> <p>We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, we do note the significant risk of fraud in this area due to the possible incentives for the Portfolio Manager to manipulate the Net Asset Value to increase management fees.</p> <p>Due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which has the greatest impact on our overall audit strategy and allocation of resources in planning and completing our audit so therefore was considered a key audit matter.</p>	<p>We have undertaken the following procedures to gain assurance over the valuation of the investments:</p> <ul style="list-style-type: none"> ■ We agreed the value of investments to an independent source. This was performed on a sample basis; ■ We agreed the exchange rates applied to US stocks to an independent source. This was performed on a sample basis; ■ We agreed the year-end investment holdings to custodian confirmation; ■ We assessed the accuracy of the calculation of gains and losses on investments at fair value through profit and loss; ■ We assessed the appropriateness and presentation of the gains and losses on investments at fair value through profit and loss within the financial statements disclosures; and ■ We obtained and reviewed the SOC1 report of the fund administrator and portfolio manager to obtain an understanding of the relevant controls over the valuation of investments
<p>Key observations communicated to the Audit Committee</p>	<p>Based on the procedures performed we gained satisfactory assurance over the valuation of the Company's investment portfolio and did not identify any matters or other observations to report to the Audit Committee.</p>	

Independent Auditor's Report continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of a reasonably knowledgeable person, relying on the financial statements.

Materiality

Materiality provides a basis for determining the nature and extent of our audit procedures. We determined materiality for the Company to be £1,750,000 which is approximately 1% of the Company's net asset value at 30 June 2024. Net asset value has been used as the benchmark for materiality as this is considered to be the critical performance measure used by investors to assess the performance of the Company and is a key driver of shareholder value.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate materiality level of £34,000 for the revenue column of the Statement of

Comprehensive Income. We set this level at approximately 2% of total expenditure.

Performance materiality

On the basis of our risk assessments, together with our assessment of the Company's overall control environment our assessment was that performance materiality should be set at 70% of our overall materiality level, namely £1,220,000. We have set performance materiality at this percentage due to the absence of significant errors noted in the current year audit and based on our assessment of the control framework at the Company.

We also applied a separate performance materiality level of £23,800 for the revenue column of the Statement of Comprehensive Income. We set this at 70% of the separate revenue account materiality level.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial. We determined based on our calculations that we would report to the Committee all audit differences in excess of £87,300 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that

we identified when assessing the overall presentation of the financial statements. The reporting threshold for the Revenue Return column of the Statement of Comprehensive Income was set at £1,700.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The Directors assessment on going concern is summarised in the Directors' report and we are of the opinion that this assessment is reasonable.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern position in light of market volatility and the present uncertainties by reviewing the information used by the Directors in comprising their assessment;
- Considering the liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due;

- Considering the continuation vote at the 2026 AGM;
- Considering the current cash position;
- Reviewing any litigation and claims against the Company;
- Considering the composition of the Company's future cash flows and establishing they are matched against revenue income; and
- Considering the ability of the key service organisations to continue providing services to the Company.

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

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

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

We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report on that fact.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the

financial year is consistent with the financial statements; and

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging principal risks, going concern and viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks, going concern and the viability statement, and the financial statements and our audit knowledge.

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation set out on page 34 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and the disclosures in the annual report set out on pages 34 to 37 that describe the principal

Independent Auditor's Report continued

risks and explain how they are being managed or mitigated;

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and
- The Directors' viability statement on page 34 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 34 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our

audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate Governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude

that those items meet the following conditions:

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The Directors' statement on page 34 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate;
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.
- The Directors' confirmation set out on page 34 in the annual report that they have carried out a robust assessment of the principal risks facing the Company,

including those that would threaten its business model, future performance, solvency or liquidity and the disclosures in the annual report set out on pages 34 to 37 that describe the principal risks and explain how they are being managed or mitigated;

- The Directors' statement on fair, balanced and understandable set out on page 49 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; or
- the Audit Committee report set out on pages 56 to 58 including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- The Directors' statement of compliance with the UK Corporate Governance Code set out on page 52 – the parts of the Directors' statement required under the Listing Rules relating to

the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in;

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting

records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going

Independent Auditor's Report continued

concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level assurance, but not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to irregularities including fraud are:

- To identify and assess the risks of material misstatement of the financial statements due to fraud;
- To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- To respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and the entities delegated with the day-to-day responsibilities and the outsourced service providers.

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

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud;
- We considered the significant laws and regulations to the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework and the Company's qualification as an investment trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax; and
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and key service providers in combination with a review of the Company's documented policies and procedures.

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

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Review of minutes of board meetings throughout the period to identify and instance of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain its Investment Trust status.

We evaluated the Directors and key service providers incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the occurrence of fraud is low given the activities and operations of the Company. If fraud were to occur it would likely be collusive in nature and probably occur through posting inappropriate manual journal entries to revenue and investments. Audit procedures performed by the engagement team included:

- Discussions with Audit Committee and key service providers including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

- Evaluating controls designed to prevent and detect irregularities; and
- Identifying and testing journals, in particular manual journal entries posted through revenue and investments, postings containing unusual phrases or with unusual descriptions.

Other matters we are required to address

Following recommendation of the Audit Committee, we were appointed by the Shareholders to audit the financial statements for the year ending 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement is therefore five years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Laura Mott

Senior Statutory Auditor
for and on behalf of
Haysmacintyre LLP Statutory
Auditor, Chartered Accountants
London

20 September 2024

Financial Statements



Statement of Comprehensive Income

for the year ended 30 June 2024

		2024			2023		
	Note	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	8	–	5,391	5,391	–	16,474	16,474
Foreign exchange loss		–	(65)	(65)	–	(746)	(746)
Investment income	3	1,018	–	1,018	873	–	873
Other Income	3	180	–	180	111	–	111
Total income		1,198	5,326	6,524	984	15,728	16,712
Management fee	4	(1,222)	–	(1,222)	(1,172)	–	(1,172)
Other expenses	5	(578)	(2)	(580)	(521)	(2)	(523)
Total expenses		(1,800)	(2)	(1,802)	(1,693)	(2)	(1,695)
Return before taxation		(602)	5,324	4,722	(709)	15,726	15,017
Taxation	6	(126)	–	(126)	(106)	396	290
Net return after taxation		(728)	5,324	4,596	(815)	16,122	15,307
Net return per Ordinary share	7	(6.11)p	44.68p	38.57p	(6.82)p	134.89p	128.07p

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 revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The Notes **on pages 81 to 92** form part of these Financial Statements.

Statement of Financial Position

as at 30 June 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Investments at fair value through profit or loss	8	165,925	159,134
Current assets			
Debtors	10	79	67
Cash at bank and in hand		9,722	12,444
		9,801	12,511
Creditors: amounts falling due within one year	11	(1,182)	(498)
Net current assets		8,619	12,013
Total assets less current liabilities		174,544	171,147
Capital and reserves			
Called up share capital	13	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		149,973	145,848
Retained earnings – revenue reserve		(10,003)	(9,275)
Total shareholders' funds		174,544	171,147
Net asset value per Ordinary share (pence)	14	1,471.4p	1,431.9p

The Financial Statements **on pages 76 to 92** were approved by the Board of Directors and signed on its behalf on 20 September 2024.

Stephen White

Chairman

Company Registration Number 02781968

The Notes **on pages 81 to 92** form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 30 June 2024

for the year ended 30 June 2024	Note	Called up Share Capital £'000	Share Premium £'000	Non- distributable Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve† £'000	Revenue Reserve*† £'000	Total £'000
1 July 2023		4,555	19,550	841	9,628	145,848	(9,275)	171,147
Repurchase of Ordinary shares to be held in treasury	13	–	–	–	–	(1,199)	–	(1,199)
Net return for the year		–	–	–	–	5,324	(728)	4,596
Balance at 30 June 2024		4,555	19,550	841	9,628	149,973	(10,003)	174,544

for the year ended 30 June 2023	Note	Called up Share Capital £'000	Share Premium £'000	Non- distributable Reserve £'000	Capital Redemption Reserve £'000	Capital reserve £'000	Revenue reserve* £'000	Total £'000
1 July 2022		4,555	19,550	841	9,628	129,726	(8,460)	155,840
Net return for the year		–	–	–	–	16,122	(815)	15,307
Balance at 30 June 2023		4,555	19,550	841	9,628	145,848	(9,275)	171,147

* Dividends are only payable from the revenue reserve element of retained earnings.

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

The Notes **on pages 81 to 92** form part of these Financial Statements.

Statement of Cash Flows

for the year ended 30 June 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Investment income received (gross)		1,018	869
Deposit interest received		180	111
Investment management fee paid		(1,217)	(1,149)
Other cash expenses		(568)	(652)
Net cash outflow from operating activities before taxation and interest		(587)	(821)
Taxation	6	(126)	533
Net cash outflow from operating activities		(713)	(288)
Cash flows from investing activities			
Purchases of investments		(42,125)	(42,203)
Sales of investments		41,380	47,463
Net cash (outflow)/inflow from investing activities		(745)	5,260
Cash flows from financing activities			
Repurchase of ordinary shares into Treasury		(1,199)	–
Net cash outflow from financing activities		(1,199)	–
(Decrease)/increase in cash		(2,657)	4,972
Cash and cash equivalents at the start of the year		12,444	8,218
Realised loss on foreign currency		(65)	(746)
Cash and cash equivalents at end of the year		9,722	12,444

The Notes **on pages 81 to 92** form part of these Financial Statements.

Statement of Cash flows continued

Reconciliation of net cash outflow from operating activities

	Note	2024 £'000	2023 £'000
Net return before finance costs and taxation		4,722	15,017
Gain on investments		(5,391)	(16,474)
Realised loss on foreign currency		65	746
(Increase) in debtors	10	(12)	(6)
Increase/(decrease) in other creditors and accruals	11	29	(104)
Net cash outflow from operating activities before interest and taxation		(587)	(821)

Analysis of changes in net debt

	At 30 June 2023 £'000	Cash Flow £'000	Non-cash movements	At 30 June 2024 £'000
Cash at bank	12,444	(2,657)	(65)	9,722
	12,444	(2,657)	(65)	9,722

The Notes **on pages 81 to 92** form part of these Financial Statements.

Notes to the Financial Statements for the year ended 30 June 2024

1. General information

Brown Advisory US Smaller Companies PLC (a public company limited by shares) is an investment company incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company registration number is 02781968 and the registered office is 6th floor, 125 London Wall, London, EC2Y 5AS.

The Company conducts its affairs so as to qualify as an investment trust under the provisions of section 1158 of the Corporation Tax Act 2010. The Company has qualified as an investment trust in respect of all relevant years up to and including the year ended 30 June 2024. Section 1158 was amended to allow the Company to seek approval of compliance in advance and for all subsequent financial years. The Company received such advance approval subject to it continuing to meet the relevant eligible conditions and ongoing requirements. The Company intends to conduct its affairs so as to enable it to comply with the requirements. Such approval exempts the Company from UK corporation tax on gains realised in the relevant year on its portfolio of fixed asset investments.

A summary of the accounting policies, all of which have been applied consistently throughout the period is set out below.

2. Accounting policies

(a) Basis of preparation

The Financial Statements for the year ended 30 June 2024 have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102), the financial reporting standard applicable in the UK and Republic of Ireland 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 July 2022.

The Company continues to adopt the going concern basis in the preparation of the Financial Statements. The Financial Statements have been prepared in accordance with the Company's accounting policies as set out below. They are presented in accordance with the Companies Act 2006 (the 'Act') and the requirements of the SORP 'Financial Statements of Investment Trust Companies and

Venture Capital Trusts' issued in July 2022.

In accordance with FRS 102, the Company is required to identify its functional reporting currency in which the Company predominantly operates. Having regard to the Company's share capital and the predominant currency in which its shareholders operate, pounds sterling, is the identified functional and presentation reporting currency of the Company.

The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business.

Consequently, no business segmental reporting is required.

Statement of Compliance

The Financial Statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102 and the Companies Act 2006.

(b) Principal accounting policies

(i) Financial instruments
Financial instruments include fixed asset investments and derivative assets and liabilities.

Notes to the Financial Statements continued

2. Accounting policies (continued)

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.

Fair 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.

(ii) Fixed asset investments

As an investment trust, the Company measures its fixed asset investments at "fair value through profit or loss" and treats all transactions on the realisation and revaluation of investments as transactions on the capital account. Purchases are recognised on the relevant trade date, inclusive of expenses which are incidental to their acquisition. Sales are also recognised on the trade date, after deducting expenses incidental to the sales.

Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted.

(iii) Foreign currency

Monetary assets, monetary liabilities and equity investments denominated in a foreign currency are expressed in sterling at rates of exchange ruling at the Statement of Financial Position date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated

at the rates of exchange prevailing at the respective dates of such transactions.

Foreign exchange profits and losses on fixed asset investments are included within the changes in fair value in the capital account.

Foreign exchange profits and losses on other currency balances are separately credited or charged to the capital account except where they relate to revenue items when they are credited or charged to the revenue account.

(iv) Income

Income from equity shares is brought into the revenue account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the capital account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

Dividends from overseas companies are shown gross of withholding tax.

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

over the amount of the cash dividend foregone is recognised in the capital account.

(v) Expenses, including finance charges

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

- expenses incidental to the acquisition or disposal of fixed asset investments are included within the cost of the investments or deducted from the disposal proceeds of investments and are thus charged to the capital element of retained earnings – arising on investments sold via the capital account; and
- all expenses are accounted for on an accruals basis. Finance charges are accrued using the effective interest rate method.

(vi) Taxation

Withholding tax deducted at source from income received is treated as part of the taxation charge in the income account, in instances where it cannot be recovered.

Deferred tax is provided in accordance with FRS 102, on an undiscounted basis, on all timing differences that have originated but not reversed by the Statement of Financial Position date, based on the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted.

In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the “marginal” basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(vii) Capital redemption reserve

The nominal value of Ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve.

Capital redemption reserve is not available for the payment of dividends.

(viii) Retained earnings

This consists of the following:

Capital return

The following are accounted for in this reserve:

- gains and losses on the realisation of fixed asset investments;
- increases and decreases in the valuation of fixed asset investments held at the year end;

- realised and unrealised foreign exchange differences of a capital nature;
- tax charges associated with transactions of a capital nature;
- costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- the costs of purchasing Ordinary share capital.

Revenue return

- the income return or loss for the year is taken to the income element of this reserve.

This element of the retained earnings reserve may be used to fund the distribution of profits to investors via dividend payments only when this is in a surplus position. Currently there is an accumulated loss and therefore no distributions can be paid.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Company's Financial Statements on occasion requires management to make judgements, estimates and assumptions that affect

Notes to the Financial Statements continued

2. Accounting policies (continued)

the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes

that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

Management do not believe that any significant

accounting judgements or estimates have been applied to these Financial Statements other than the allocations between capital and revenue shown in Notes 4 and 5.

3. Income

	2024 £'000	2023 £'000
Investment income		
Dividends from United Kingdom companies	45	24
Dividends from overseas companies	973	849
	1,018	873
Other income		
Deposit interest	180	111
	180	111
Total income	1,198	984

4. Management fee

	2024			2023		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Management fee	1,222	–	1,222	1,172	–	1,172
	1,222	–	1,222	1,172	–	1,172

Details of the calculation of the management fee are given in Note 15.

5. Other expenses

	2024			2023		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Directors' remuneration	169	–	169	151	–	151
Auditor's remuneration – audit of the Company Financial Statements	63	–	63	52	–	52
Other expenses	346	2	348	318	2	320
	578	2	580	521	2	523

6. Taxation

(a) Analysis of tax charge/(credit) in the year

	2024			2023		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Overseas tax charge relating to the current year	126	–	126	106	–	106
Overseas tax (credit) relating to the prior year	–	–	–	–	(396)	(396)
Total tax (see Note 7b)	126	–	126	106	(396)	(290)

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

The tax assessed for the year is lower than (2023: lower) the Company's applicable rate of corporation tax of 25.00% (2023: 20.50%). The differences are explained below:

	2024			2023		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Net return before taxation	(602)	5,324	4,722	(709)	15,726	15,017
Corporation tax at 25.00% (2023: 20.50%)	(151)	1,331	1,180	(146)	3,224	3,078
Effects of:						
Tax free loss on investments	–	(1,332)	(1,332)	–	(3,224)	(3,224)
Non-taxable income received	(234)	–	(234)	(162)	–	(162)
Capital expenses deductible for tax purposes	–	1	1	–	–	–
Overseas tax relating to the current year	126	–	126	106	–	106
Overseas tax relating to the prior year	–	–	–	–	(396)	(396)
Unutilised management expenses for the year	385	–	385	308	–	308
Total tax charge/(credit) for the year	126	–	126	106	(396)	(290)

Notes to the Financial Statements continued

6. Taxation (continued)

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

There is an unrecognised deferred tax asset of £5,841,000 (2023: £5,461,000) which relates to unutilised excess expenses. The deferred tax asset would only be recovered if the Company were to generate sufficient profits to utilise these expenses. It is considered too uncertain that this will occur and therefore, no deferred tax asset has been recognised.

7. Net return/(loss) per Ordinary share

The return per Ordinary share figure is based on the net profit for the year of £4,596,536 (2023: Profit £15,307,432), and on 11,918,279 (2023: 11,952,159) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The return per Ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	2024 £'000	2023 £'000
Net revenue loss	(728)	(815)
Net capital return	5,324	16,122
Net total return	4,596	15,307
Weighted average number of Ordinary shares in issue during the year	11,918,279	11,952,159
Revenue loss per Ordinary share	(6.11)p	(6.82p)
Capital return per Ordinary share	44.68p	134.89p
Total return per Ordinary share	38.57p	128.07p

8. Investments held as at fair value through profit or loss

(a) Portfolio investments

	2024 £'000	2023 £'000
Valuation at beginning of year	159,134	147,856
Investment holding losses at beginning of year	2,809	17,962
Cost at beginning of year	161,943	165,818
Purchases at cost	42,780	42,267
Sales at cost	(44,781)	(46,142)
Cost at end of year	159,942	161,943
Investment holding gains/(losses) at end of year	5,983	(2,809)
Valuation at end of year	165,925	159,134
Investments listed overseas included above	165,925	159,134

(b) Gains on investments

	2024 £'000	2023 £'000
Net (loss)/gain on sale of investments	(3,401)	1,321
Movement in investment holding gains	8,792	15,153
Gains on investments	5,391	16,474

9. Transaction costs

During the year 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 (2023: gains) on investments in the Income Statement. The total costs were as follows:

	2024 £'000	2023 £'000
Purchases	32	44
Sales	34	29
Total	66	73

Notes to the Financial Statements continued

10. Debtors

	2024 £'000	2023 £'000
Prepayments and accrued income	22	10
Dividends receivable	57	57
	79	67

11. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Management fee	303	298
Other creditors and accruals	123	98
Purchases awaiting settlement	756	102
	1,182	498

12. Financial instruments

Background

The Company's financial instruments comprise securities and other investments, cash balances and term loans, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases of investments awaiting settlement and debtors for accrued income. The numerical disclosures below exclude short-term debtors and creditors which are denominated in sterling and do not incur interest and therefore are not subject to foreign currency risk or interest rate risk.

The principal risks the Company faces in its portfolio management activities are:

- foreign currency risk
- market price risk
- interest rate risk
- liquidity risk
- credit and counterparty risk

The Portfolio Manager's policies for managing these risks are summarised below and have been applied throughout the year.

(a) Foreign currency risk

A substantial portion of the financial assets of the Company are denominated in US Dollars with the result that the Statement of Financial Position and Income Statement can be significantly affected by currency movements.

The Company normally takes account of this risk when making investment decisions although it could hedge against foreign currency movements affecting the value of the investment portfolio where adverse movements are anticipated.

12. Financial instruments (continued)

Foreign currency sensitivity

The principal currency to which the Company was exposed during the year was the US Dollar as all investments are quoted in that currency. The exchange rates applying against sterling at 30 June and the average rates during the year ended 30 June were as follows:

	2024		2023	
	At 30 June	Average for the year	At 30 June	Average for the year
US Dollar	1.2641	1.2594	1.2714	1.2041
	1.2641	1.2594	1.2714	1.2041

The following tables illustrate the sensitivity of the profit after tax for the year and net assets to exchange rates for sterling against the US Dollar. It assumes the following changes in exchange rates:

£/US Dollar +/- 5% (2023: +/- 10%)

These percentages have been determined based on market volatility in exchange rates over the previous twelve months. The sensitivity analysis is based on the company's foreign currency financial instruments held at the date of each Statement of Financial Position.

If sterling had weakened by 5% (2023: 10%) against the currencies this would have had the following effect on revenue, capital, total return and, accordingly, net assets:

	2024			2023		
	Impact on revenue return £'000	Impact on capital return £'000	Total £'000	Impact on revenue return £'000	Impact on capital return £'000	Total £'000
US Dollar	(58)	8,296	8,238	(111)	15,913	15,802
	(58)	8,296	8,238	(111)	15,913	15,802

If sterling had strengthened by 5% (2023: 10%) against the currencies below this would have had the following effect:

	2024			2023		
	Impact on revenue return £'000	Impact on capital return £'000	Total £'000	Impact on revenue return £'000	Impact on capital return £'000	Total £'000
US Dollar	58	(8,296)	(8,238)	111	(15,913)	(15,802)
	58	(8,296)	(8,238)	111	(15,913)	(15,802)

(b) Market price risk

By the very nature of its activities, the Company's investments are exposed to market price fluctuations.

The board reviews and agrees policies for managing this risk. The investment adviser assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market price risk on the whole of the investment portfolio on an ongoing basis. Further information on the investment portfolio and investment policy is set out in the Portfolio Manager's Review on page 4.

Other price risk sensitivity

The following illustrates the sensitivity of the profit after taxation for the year and the total equity to an increase or decrease of 20% (2023: 20%) in the fair value of the Company's equities. This level of change is considered to be reasonably possible based on observation of market conditions during the

Notes to the Financial Statements continued

12. Financial instruments (continued)

year. The sensitivity analysis is based on the Company's equities at each reporting date, with all other variables held constant.

The impact of a 20% increase in the value of investments on the revenue loss for the year to 30 June 2024 is a decrease of £232,000 (2023: £223,000) and on the capital return is an increase of £33,185,000 (2023: £31,827,000).

The impact of a 20% fall in the value of investments on the revenue loss for the year to 30 June 2024 is an increase of £232,000 (2023: £223,000) and on the capital return is a decrease of £33,185,000 (2023: £31,827,000).

(c) Interest rate risk

Interest rate movements may affect:

- the fair value of investments of fixed interest securities,
- the level of income receivable from any floating interest-bearing securities and cash at bank and on deposit, and
- the interest payable on floating interest term loans.
- The financial assets (excluding short-term debtors) consist of:

	2024			2023		
	Cash flow interest rate risk £'000	No interest rate risk £'000	Total £'000	Cash flow interest rate risk £'000	No interest rate risk £'000	Total £'000
GBP	2,853	–	2,853	–	–	–
US Dollar	6,869	–	6,869	12,444	–	12,444
	9,722	–	9,722	12,444	–	12,444

The floating interest rate risk assets consist of cash deposits at call.

The financial liabilities consist of:

	2024			2023		
	Fixed rate £'000	Non-interest bearing £'000	Total £'000	Fixed rate £'000	Non-interest bearing £'000	Total £'000
US Dollar	–	426	426	–	102	102
GBP	–	756	756	–	396	396
	–	1,182	1,182	–	498	498

(d) Liquidity risk

Liquidity risk is not considered significant. All liabilities are payable within three months. The Company's assets comprise mainly readily realisable securities which can be sold to meet funding requirements if necessary.

(e) Credit and counterparty risk

Credit risk is the exposure to loss from the failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company manages credit risk by using brokers from a database of approved brokers who have undergone due diligence tests by the Portfolio Manager's Best Execution Committee and by dealing through JPMCB with banks authorised by

12. Financial instruments (continued)

the Financial Conduct Authority. Any derivative positions are marked to market and exposure to counterparties is monitored on a daily basis by the Portfolio Manager; the Board reviews it on a quarterly basis. The maximum exposure to credit risk at 30 June 2024 was £9,801,000 (2023: £12,511,000).

The calculation is based on the Company's credit exposure as at 30 June 2024 and may not be representative of the year as a whole.

(f) Fair value of financial assets and financial liabilities

The financial assets and financial liabilities are carried in the Statement of Financial Position at their fair value or the statement amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals and cash at bank).

Fair Value hierarchy

FRS102 – section 34.22 on Financial Instruments requires an entity to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the instrument and not based on available observable market data. The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows

	2024				2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	165,925	–	–	165,925	159,134	–	–	159,134

(g) Use of derivatives

In order to enhance returns, the Company may take short positions (using contracts for difference) in respect of a small number of larger capital securities. There were no derivative positions held at the year end (2023: nil).

13. Paid-up share capital

	2024		2023	
	Number	£'000	Number	£'000
Ordinary shares of 25p each				
Balance brought forward	11,952,159	2,987	11,952,159	2,987
Ordinary shares repurchased into Treasury	(90,000)	(23)	–	–
Closing balance of Ordinary shares	11,862,159	2,964	11,952,159	2,987
Treasury shares				
Balance brought forward	6,271,254	1,568	6,271,254	1,568
Repurchase of Ordinary shares into Treasury	90,000	23	–	–
Closing balance of Ordinary shares held in Treasury	6,361,254	1,591	6,271,254	1,568
Total		4,555		4,555

Notes to the Financial Statements continued

14. Net asset value per Ordinary share

The net asset value per Ordinary share is based on the net assets attributable to the equity shareholders of £174,544,000 (2023: £171,147,000) and on 11,862,159 (2023: 11,952,159) Ordinary shares, being the number of Ordinary shares in issue at the year end.

15. Related parties and transactions with the Portfolio Manager and the AIFM

Directors

There are no transactions with the Directors other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on page 61 and as set out in Note 5 to the Financial Statements on page 85 and the beneficial interests of the Directors in the Ordinary shares of the Company as disclosed on page 62.

Transactions with the Portfolio Manager and the AIFM

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

Brown Advisory is appointed to provide portfolio management services pursuant to a Portfolio Management Agreement between the Company, FundRock Partners Limited and Brown Advisory.

The management fee is 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 Partners Limited, 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 management fee payable to FundRock Partners Limited for the period from 1 July 2023 to 30 June 2024 was £1,222,000 (payable to FundRock Partners Limited for the period from 1 July 2022 to 30 June 2023: £1,172,000) with £303,000 outstanding as at 30 June 2024 (2023: £298,000).

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

16. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments outstanding at 30 June 2024 (2023: nil).

Company Information



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 Annual 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 30 June 2024 the share price was 1,282.50p and the net asset value per share (cum income) was 1,471.4p, the discount therefore being 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 a company's shares will not materially vary from its NAV per share. The authority to repurchase a company's shares is voted upon by the shareholders of a company 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 does not 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 a company's debt less cash held, where debt exceeds cash, compared to its net assets, expressed as a percentage.

Mid-market price

The mid-market price is the mid-point between the buy and the sell prices.

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.

As at 30 June 2024, the net asset value per share was 1,471.4p.

* Alternative performance measure.

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 financial year. The calculation of the ongoing charges is provided below.

	2024 £'000	2023 £'000
Management fee	1,222	1,172
Other expenses	578	521
Total expenses (excluding finance costs)	1,800	1,693
Average net assets	171,122	168,902
Ongoing charges %	1.05	1.00

Premium*

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

PRIIPS Key Information Documents

Since 1 January 2018 there has been a requirement of the Packaged Retail and Insurance – based Investment Products (PRIIPs) to provide investors with a Key Information Document (KID) which includes performance projections which are the product of prescribed calculations based on the Company's past performance. The content and format of the KID cannot be amended under the applicable EU regulations. The AIC has stated that these documents are potentially misleading for shareholders

and since 1 January 2023, preparers of the PRIIPs and KIDs have been required to publish a KID in accordance with updated rules. These were introduced by the FCA as set out in PS22/2: PRIIPs – Final scope rules and amendments and changes made to the Regulatory Technical Standards (RTS). The Board is strongly of the view that these projections are not an appropriate or helpful way to assess the Company's future prospects. Accordingly, the Board urges shareholders to consider the more complete information set out in both the Company's half yearly financial report and Annual Report and Financial Statements, together with the monthly factsheets, and daily NAV announcements, when considering an investment in the Company's shares. These documents are available on the

Company website at:

www.brownadvisory.com/basc

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 and in more detail in the Strategic Report **on page 33** and in the Report of the Directors 'Repurchase of Shares' **on page 45**.

* Alternative performance measure.

Notice of Annual General Meeting

This Notice of Meeting is an important document. If you are in any doubt as to what action to take, you should consult an appropriate independent adviser.

Notice is hereby given that the Annual General Meeting of Brown Advisory US Smaller Companies PLC will be held at the offices of Brown Advisory LLC, 18 Hanover Square, London W1S 1JY on Monday, 4 November 2024 at 2:00 p.m. for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Report of the Directors and the audited Financial Statements of the Company for the year ended 30 June 2024 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 30 June 2024 be approved.
3. That Ms R Beechey be elected as a Director of the Company.
4. That Mr J Judd be re-elected as a Director of the Company.
5. That Ms J Routledge be re-elected as a Director of the Company.

6. That Mr S White be re-elected as a Director of the Company.
7. That Haysmacintyre be re-appointed as Auditor of the Company.
8. That the Directors be authorised to agree the remuneration of the Auditor.

Special Business

To consider, and if thought fit, to pass Resolution 9 as an Ordinary Resolution and Resolutions 10 to 12 as Special Resolutions:

Ordinary Resolutions:

9. That the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 ('the Act'), in substitution for and to the exclusion of any outstanding authority previously conferred on the Directors under Section 551 of the Act, to allot shares in the capital of the Company ('shares') up to a maximum aggregate nominal amount of approximately £296,553 (being 10% of the Company's issued share capital (excluding Treasury shares)) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2025 save that the Company may, before such expiry,

make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.

Special Resolutions:

10. That the Directors of the Company be and are hereby granted power pursuant to Section 570 and/or Section 573 of the Companies Act 2006 ('the Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash either pursuant to the authority conferred by Resolution 9 or by way of a sale of Treasury shares, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities up to an aggregate nominal amount of £296,553 (being 10% of the Company's issued share capital (excluding Treasury shares)); and

- (b) in addition to the authority referred to in (a) above, in connection with an offer of equity securities by way of a rights issue or open offer to Ordinary shareholders in proportion as nearly as may be practicable to their existing holdings subject to such limits or restrictions or other arrangements as the Directors may deem necessary or expedient to deal with any Treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws or requirements of, any territory or the requirements of any regulatory body or stock exchange or any other matter, and provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2025 save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.
11. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of Section 693 of the Act) of Ordinary shares provided that:
- (a) the maximum number of shares that may be purchased is 1,778,137 Ordinary shares, being 14.99% of the issued number of shares (excluding Treasury shares) at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of shares (excluding Treasury shares) at the date of passing the resolution;
 - (b) the minimum price which may be paid shall be each of their respective nominal values;
 - (c) the maximum price (excluding the expenses of such purchase) which may be paid for each Ordinary share is the higher of:
 - (i) 105% of the average middle market quotations for such Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation EC 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No. 2273/2003); and
 - (d) unless renewed, this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2025 save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.
12. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By Order of the Board
FundRock Partners Limited
Company Secretary

3 October 2024

Notes for the Annual General Meeting

1. A Member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than forty-eight hours before the meeting. Alternatively you can appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy or contained within the email sent to you. To appoint more than one proxy you may photocopy this form.

You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the shareholders AGM (and for the purpose of the determination by the Company of the number of votes they may cast), Members must be entered on the Company's Register of Members at 2:00 p.m. on 31 October 2024. If the meeting is adjourned then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
3. As at 16 September 2024 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital was 18,223,413 Ordinary shares and the total voting rights were 11,862,159.
4. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. The completion and return of this form will not preclude a Member from attending the meeting and voting in person.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 4 November 2024 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message

by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST

Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 2:00 p.m. on 31 October 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

8. If you have disposed of your holding in the Company this document should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
9. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. A copy of the Notices of Meetings and other information required by section 311A of the Companies Act 2006, can be found at www.brownadvisory.com/basc.

Notes for the Annual General Meeting continued

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| <p>11. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a Member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.</p> | <p>hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.</p> | <p>cover any costs incurred in complying with Section 527 or 528 and is required to forward any statement placed on a website to the Company's auditor not later than the time when it makes the statement on the website.</p> <p>The business which may be dealt with at the meeting includes any statements that the Company has been required under Section 527 of the Act to publish on a website.</p> |
| <p>12. Under Sections 338 and 338A of the 2006 Act, Members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to Members of the Company entitled to receive notice of the Meeting, notice of a resolution which those Members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in</p> | <p>13. Under Section 527 of the Act, shareholders meeting the threshold requirement set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:</p> <p>(i) The audit of the Company's Financial Statements (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with the auditor of the Company ceasing to hold office since the previous AGM at which the annual financial statements and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to</p> | <p>14. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Meeting, Form of Proxy, or Annual Report should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the Company's AGM).</p> |

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. 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)20 3301 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.

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

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**. 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 Investor code (IVC) 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**

For further helpful information about investment scams and how to avoid them please visit www.fca.org.uk/scamsmart

Company Information

Directors	Stephen White, Chairman Ruth Beechey (from 1 July 2024) Lisa Booth Jasper Judd Clive Parritt (until 30 June 2024) Jane Routledge
Registered Office	6th Floor, 125 London Wall, London EC2Y 5AS
Portfolio Manager	Brown Advisory LLC 901 South Bond Street, Suite 400, Baltimore, Maryland 21231 United States
Alternative Investment Fund Manager (AIFM)	FundRock Partners Limited Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY Authorised and regulated by the Financial Conduct Authority
Company Secretary	FundRock Partners Limited Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Registered Auditor	Haysmacintyre LLP 10 Queen Street Place, London, EC4R 1AG
Telephone	+44 (0)20 3994 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
Depository	J.P.Morgan Europe Limited 25 Bank Street, Canary Wharf, London E15 5JP

Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Telephone	0370 889 4089
Website	www.investorcentre.co.uk
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 Number Ordinary shares	GB0003463402
Ticker Ordinary shares	BASC

The Company
is a member of:





Brown Advisory US Smaller Companies PLC

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