Annual Report 2022

The European Smaller Companies Trust PLC

(formerly TR European Growth Trust PLC)

MANAGED BY
Janus Henderson
INVESTORS

Our purpose is to deliver a long-term sustainable return to shareholders from investing in smaller and medium sized European companies.

Front cover:

Boskalis oceangoing tug Manta transporting floating wind turbine from the port of Rotterdam to Scotland.

Boskalis Westminster
Percentage of portfolio: 0.9%
Geographical area: Netherlands
Global dredging and offshore contractor and maritime services provider.

Strategic Report

Governance

Financial Statements

Additional information

Performance highlights at 30 June

NAV per share at year end[1, 4, 8]

2022	2021
162.76p	209.71p

Share price at year end[8]

2022	2021
140.00p	185.63p

Dividend for year[2, 8]

2022	2021
4.35p	3.13p

Net assets

2022	2021
£652m	£841m

Ongoing charge excluding the performance fee[3, 4]

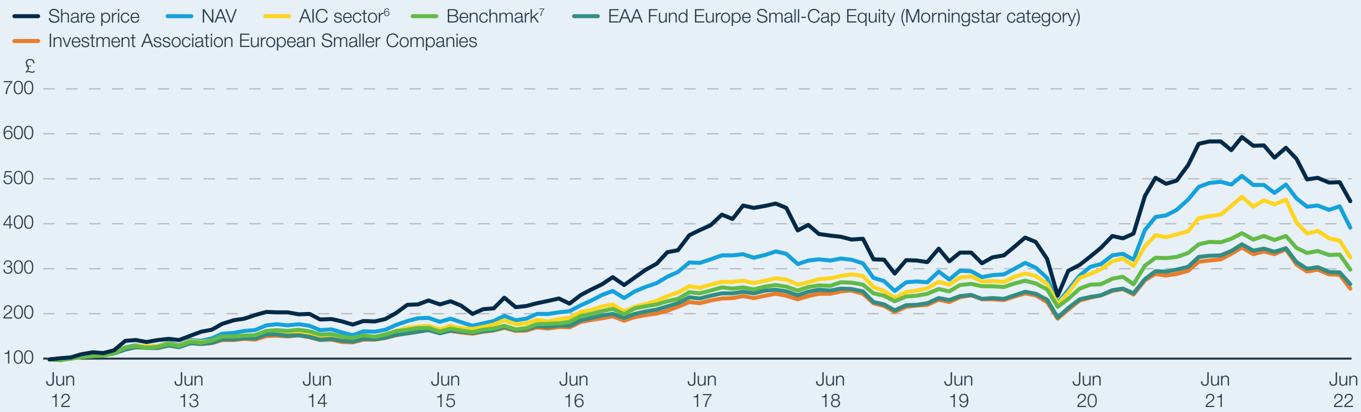
2022	2021
0.65%	0.71%

Ongoing charge including performance fee[3, 4]

2022	2021
1.37%	1.37%

Dividends paid[8]

Total return performance for the 10 years to 30 June 2022 (rebased to 100)[5]



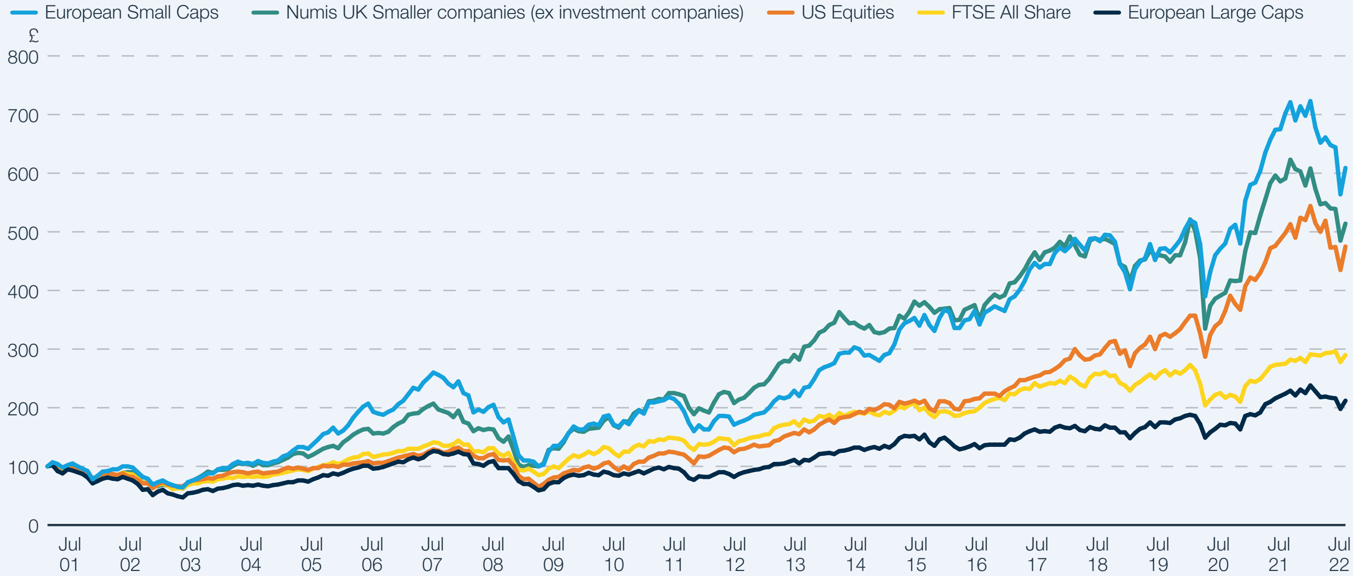
1 Net asset value per ordinary share
2 Includes the interim dividend paid on 29 April 2022 and final dividend recommended to shareholders for approval
3 Calculated using the methodology prescribed by the Association of Investment Companies ('AIC')
4 The NAV per share and ongoing charge are regarded as Alternative Performance Measures, more information on these can be found on pages 78 and 79
5 NAV total return performance per ordinary share with income reinvested
6 The sector is the AIC European Smaller Companies sector
7 The Euromoney Smaller European Companies (ex UK) Index
8 Comparative figures have been restated due to the sub-division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p on 13 December 2021

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

A glossary of terms can be found on page 80

Why invest in small and medium sized European companies?

Long term record of outperformance (index total return %, rebased to 100)

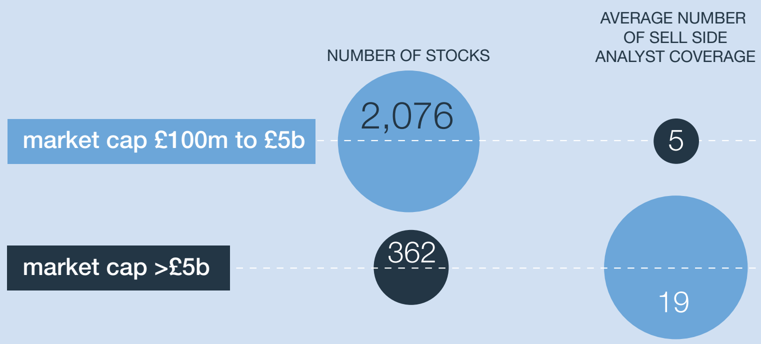


European small caps have outperformed large caps in 16 of the last 21 years (calendar year total returns)

%	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 YTD
MSCI Europe ex UK Small Cap	-8.0	-23.1	37.9	23.5	41.3	31.4	-1.0	-50.1	54.5	22.4	-21.9	22.6	36.1	7.6	23.9	6.3	23.2	-15.3	29.3	11.6	24.6	-22.0
MSCI Europe ex UK Large Cap	-18.7	-33.1	20.1	11.1	27.6	20.6	7.7	-41.9	28.0	3.3	-10.8	20.6	23.6	7.5	7.5	2.6	13.1	-10.0	26.9	0.4	25.6	-16.7
Relative	10.7	10.0	17.8	12.4	13.7	10.8	-8.7	-8.2	26.5	19.1	-11.1	2.0	12.5	0.1	16.4	3.7	10.1	-5.3	2.4	11.2	-1.0	-5.3

Larger universe of stocks to choose from, less well covered by analysts, more mispriced securities

Europe ex UK



The smaller companies sector is an imperfect market which is ideal for active fund management. It offers exposure to high growth niches such as:

- Fintech
- Computer gaming
- e-commerce
- green energy[1]

Going forward growth will be aided by recovery/green fund

The EU has announced:

'Next Generation EU'; amounting to €750bn[2]

€390bn grants
+
€360bn loans

The spending will be focused on digital and green infrastructure. This marks the first-ever mutually financed stimulus programme and lays the framework for a period of greater political stability on the Continent.

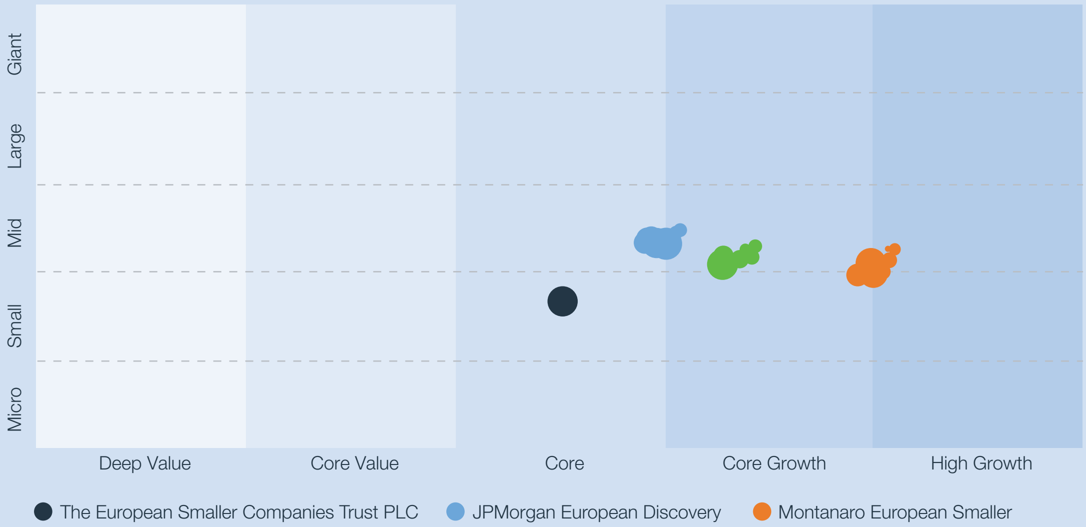
1 without legacy brown energy
Source: Morningstar Direct

2 Based on 2018 prices

Why invest in this Company?

We are a true small cap Company[1]

- c.50% of the portfolio in stocks with a market cap <€1b (measured by free float)
- Lower average market cap than peers



Valuation remains relevant

- Purchase growth only at reasonable price
- Balance between growth and value
- Willing to look at neglected areas of the market

Highly exposed to ESG beneficiaries

Why this Trust?[2]

Investing in businesses that have a positive impact on the development of a sustainable global economy

2 Zero hunger: Alzchem, ams OSRAM, Andritz Group, Antares Vision, GCO, Nedap, Origin Enterprises, u-blox

3 Good health and well-being: ams OSRAM, Antares Vision, Barco, Caverion, Sam Health, Daetwyler, Dermapharm, Detection Tech, Elekta, Evotec, GCO, Glanbia, Granges, Greencore, Inficon, Ipsos, Lisi, Manz, Metall Zug, Nedap, SAES Getters, Safilo, Somfy, TKH, u-blox, VLK

4 Quality education: Academedia, Mondadori, Prisa, Sanoma

6 Clean water and sanitation: Andritz, Aurelius, KSB, Metso Outotec, Nedap, Norma, VLK

7 Affordable and clean energy: AIB, AMG, AMS, Barco Bekaert, Boskalis, Caverion, Concentric, Emiliano, Daetwyler, Elmera, Energiekonto, Vorwerk, Fugro, Granges, Grenergy, Konecranes, KSB, Manz, Mersen, Meyer Burger, Mytilineos, Nedap, Nexans, NHOA, Recticel, Renewi, SAES Getters, u-blox, Unicaja

8 Decent work and economic growth: Aareal Bank, AIB, Barco N.V., Basware, BFF Bank, Credito Emiliano, Finecobank, Granges, Quadient, Smartcraft, Unicaja, VLK

9 Industry, innovation and infrastructure – Infrastructure focus: ADVA, AMG, ams OSRAM, Andritz, Befesa, Bekaert, BOBST, GCO, Granges, Grenergy, Renovables, Inficon, Jost Werke, Klingelnberg, KSB, Manz, Mersen, Metso Outotec, Mytilineos, Nexans, NHOA, NOS, TKH, u-blox

9 Industry, innovation and infrastructure – Innovation focus: Evotec, Inficon, Mersen, Metall Zug, SAES Getters, Suess Microtec

11 Sustainable cities and communities: AIB, AMG, ams OSRAM, Bonava, CAF, Caverion, Concentric, Emiliano, Elmera, Finecobank, Inficon, Kaufman & Broad, KSB, Manz, Mersen, Metall Zug, Meyer Burger, Norma, Plastic Omnium, Recticel, SAES Getters, u-blox, Unicaja, VGP, Zumtobel

12 Responsible consumption and production: Acerinox, AMG, Andritz, Anima Holding, Befesa, Bystronic, Amorim, Detection Tech, Granges, HelloFresh, Indel, Konecranes, Krones, Mayr-Melnhof, Metso Outotec, Mytilineos, Renewi, SAES Getters, Verallia

13 Climate action: GCO, Norma, Fugro

14 Life below water: Fugro

15 Life on land: Fugro, Origin Enterprises

1 Source: Morningstar, Janus Henderson most recent data available as at 30 June 2022

2 Source: Berenberg, Janus Henderson as at 30 June 2022. Refers to the United Nations Sustainable Development Goals. More information can be found on the website https://sdgs.un.org/goals. Stocks listed above are held in the portfolio at 30 June 2022

Chairman's statement

"As rising interest rates drive an increase in the cost of capital, the fund management team anticipate the positive attributes of cash generative businesses will be better recognised by the market."

The Chairman of the Board, **Christopher Casey** reports on the year to 30 June 2022

hGears, 0.5% of the portfolio
Developer, manufacturer and supplier of precision components and systems

Chairman's statement

European equity markets have faced several rapidly evolving challenges this year including the resurgence of inflation to multi-decade highs that has driven a tightening monetary policy after the fiscal and monetary excess experienced over the course of the pandemic. The Russian invasion of Ukraine, which has resulted in dislocated energy supplies, has greatly compounded an underlying trend of upward pressure on prices. While the disruption caused by Covid-19 may seem to have abated in Europe, the 'Zero Covid' policy in China has continued to disrupt global supply chains and cause shortages of key components.

Performance

NAV total return performance for the year to 30 June 2022 has been disappointing at negative 21.0%, lagging the benchmark performance of negative 17.3%. Share price total return for the year was negative 23.1%.

The Company's performance suffered in the first half of the financial year as 'growth at any price' stocks saw a huge multiple expansion that unwound in the latter half of the financial year, a period during which your Company benefited from owning a balanced portfolio. This, combined with maintaining valuation discipline, has enabled the Company to deliver an impressive NAV total return performance over the ten year period to 30 June 2022 of 317.7%, compared with the benchmark of 216.5% and a share price total return of 381.5%.

Dividend

A final dividend of 3.10p per ordinary share will be put to shareholders at the annual general meeting to be held on 28 November 2022. Together with the interim dividend of 1.25p per ordinary share, this brings the total dividend for the year ended 30 June 2022 to 4.35p per ordinary share. This is an increase of 39% compared to last year.

If approved by shareholders, the dividend will be paid on 2 December 2022 to shareholders on the register at 21 October 2022.

Performance fee

A performance fee of £5.5m has been earned by the investment manager for the year ended 30 June 2022. While the Company has not outperformed the benchmark this year, I would highlight that the performance fee is based on a three year rolling period and so includes the strong performances from the 2020 and 2021 financial years.

The Board regularly revisits the merit of having a lower base fee alongside the performance fee as part of the arrangements with the investment manager and considers that this approach is beneficial to shareholders over time. This mechanism permits the investment manager to earn a higher fee where excellent performance has been achieved over periods longer than one year, but reduces when performance is poor, keeping costs low for shareholders.

Succession planning

The Board has continued with the implementation of its succession planning. Alexander Mettenheimer will be retiring as a director at the conclusion of the annual general meeting to be held later this year. I would like to take the opportunity to thank Alexander for his many years of service and wise counsel regarding the Company's affairs.

Early next year, we will formally review the Board's composition, taking account of the recommendations on diversity and ethnicity, and agree a plan for future appointments to the Board.

Annual General Meeting

The Company's 32nd Annual General Meeting is due to be held at 12.30pm on Monday, 28 November 2022 at the offices of our investment manager at 201 Bishopsgate, London, EC2M 3AE. As is our usual practice, voting will take place on a show of hands for those physically present at the meeting. A copy of the Notice of Meeting has been posted to shareholders with this annual report.

Shareholders will have the opportunity to vote on the continuation of the Company at the forthcoming meeting. The Board believes the Company continues to offer shareholders unique exposure to European smaller companies and fully supports the continuation of the Company.

Outlook

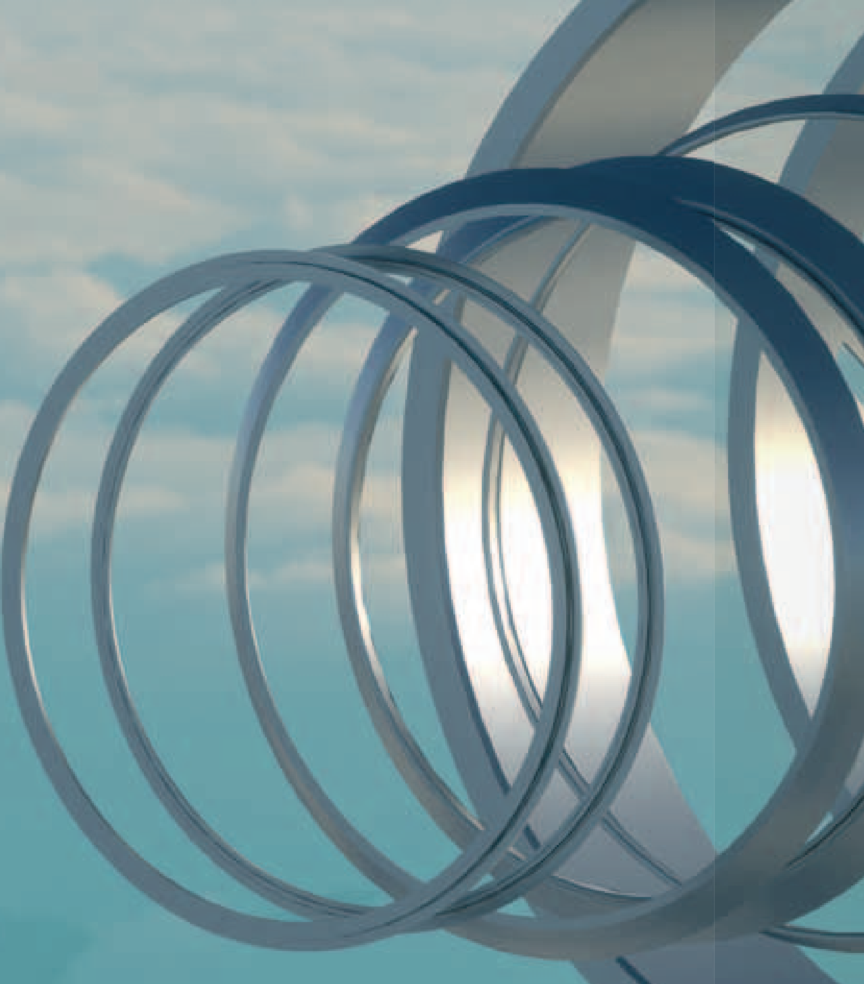
We warned of the risk of revived inflation in last year's annual report and the Fund Manager was rightly sceptical of the market consensus that any inflation would be 'transitory'. Markets failed to anticipate the return of war in Europe which has acted as a catalyst to inflationary pressure and badly dented markets.

The global energy crisis is a reminder that an enormous capital expenditure cycle is required, both for the creation of a renewable energy green future, but also for the construction of nuclear power stations and improved gas provision that is not dependent upon authoritarian regimes. Much of the inflationary dynamic is due to bottlenecks in supply chains that often look brittle due to their concentrated exposure to China and its 'Zero Covid' policies. It seems likely that European companies will aim to diversify their supply chain risk by investing in Eastern Europe and North Africa to build resilience into their system. All of this should be good for the European smaller companies market which is heavily exposed to the capex required to deliver these agendas.

The environment appears ripe for bottom-up fundamental stock picking, with the spread between the most expensive and the cheapest stocks remaining wide. As rising interest rates drive an increase in the cost of capital, the fund management team anticipate the positive attributes of cash generative businesses will be better recognised by the market. We are confident that your Fund Manager's core valuation disciplines will bear fruit in such an environment.

Christopher Casey
Chairman
4 October 2022

Fund Manager's Report



Ollie Beckett
Fund Manager

Rory Stokes
Deputy Fund Manager

Julia Scheufler
Analyst

Montana Aerospace, 0.6% of the portfolio
Manufacturer of aircraft parts and auxiliary equipment specialising in critical structural parts and assembles with a focus on lightweight solutions

Fund Manager's report

Introduction

After a strong year to June 2021, the financial year ending June 2022 was relatively disappointing for the Company. The portfolio generated a NAV total return of negative 21.0% compared to the benchmark with negative 17.3% offering a relative underperformance of 3.7%. Rising inflation caused by the enormous monetary and fiscal stimulus throughout the pandemic was exacerbated by supply chain shortages and the energy shock caused by the Russian invasion of Ukraine. The portfolio's cyclical exposure negatively impacted performance as markets became increasingly concerned about a decline in economic growth post-invasion.

The second half of the 2021 calendar year saw the market enter a period of extreme multiple expansion, where already very expensive stocks became extraordinarily expensive. Given the 'valuation aware' nature of our investment approach – blending sensibly priced structural growth stocks, undervalued cash generative mature names and self-help turnaround stocks – we struggled to maintain pace with the market. However, our valuation discipline supported performance relative to peers when the market rotated into more value stocks once the prospect of interest rate hikes appeared at the start of 2022.

The benefits of the successful vaccine campaign have been partially undermined by the emergence of new variants of Covid, with China's pursuit of 'Zero Covid' causing significant disruption to global supply chains. There is some hope that a policy shift might occur after President Xi Jinping secures a third term later this year. However, Europe's dependency upon Chinese production has uncovered its fragile supply chains which will likely result in a near-shoring drive by European companies.

Elsewhere, the Russian invasion of Ukraine exposed the flaws in European energy dependence upon Russian oil and gas. Energy prices have soared since the invasion and there is considerable anxiety about security of supply over the winter. Higher energy prices drive inflation, squeeze margins, and are a direct drag on the consumer – none of which are typically good for stock markets. This has resulted in the sharp underperformance of European markets versus the US and Europe now trades at a significant discount to the US compared to historical levels.

We warned last year that the prospect of inflation was not adequately reflected in market prices, though we had not anticipated a war of aggression in Eastern Europe to exacerbate these matters. It is clear now that rates in Europe need to go up, but the market is worried that this may well cause a recession.

The portfolio

The portfolio strategy is to blend a mix of early-stage growth stocks, with sensibly priced high return structural growth stocks, undervalued cash generative mature names and self-help turnaround stocks. We are careful to explicitly state that we are not a 'value fund' but instead are valuation aware. As a result of this discipline and our expectation that interest rates needed to rise, we have not added much in the way of early-stage growth names in the period. An exception was made for French-listed **NHOA**, a fast-growing business in energy storage which is using its positive cash flow profile to expand in e-mobility/electric vehicle charging including a joint venture with Stellantis for the roll out of electric vehicle charging in Italy. We opened a position in Swiss-listed solar panel manufacturer **Meyer Burger** which we believe shows strong promise of being the European champion in providing the equipment for solar energy to bring about the European green energy transition and reduce the dependency on Chinese suppliers.

We added some sensibly priced high return structural growth stories including the Italian initial public offering of **Technoprobe**, German-listed **Dermapharm** and French-listed **Ipsos**. **Technoprobe** is the global leader in making probe cards that are used to test the integrity of semiconductors. The ever-decreasing size and ever-increasing complexities of semiconductors makes this a very well positioned company. **Dermapharm** is a name that we owned in the past but sold on anxieties around valuation when the stocks valuation multiples became very full after the company supplied a key molecule lipid coating to Pfizer/BioNtech for the Covid vaccine. However, the stock has seen a big derating as the market has sold off 'Covid winners' and the shares are back to attractive levels. **Ipsos** is a global leader in market research and has struggled with perceptions of poor governance in the past, but has a new CEO and appears to be on a pathway to addressing these issues and unlocking the significant valuation discount that it trades on.

Within the mature names in the portfolio, we added Swiss-listed **ams OSRAM** which manufactures sensors and light solutions for the consumer, automotive, healthcare, and industrial sectors. It is a contrarian value play. Momentum in 2022 has been predictably poor due to consumer electronics and automotive exposure. The company is divesting non-core assets and continues to invest in new capacity for future growth drivers such as micro-LED. We invested in Austrian industrial conglomerate **Andritz**, where we are seeing a good recovery in its hydro business from turbine sales and a strong increase in after sales from its paper and pulp processing business. We reinvested in German-listed automotive parts and fluid handling product business **Norma** where we see good potential for automotive recovery and greater need for storm water management and irrigation systems in a heating world.

Turnaround names included Belgian-listed cinema operator **Kinepolis**. The company has had a tough couple of years during the pandemic, but unlike many of its competitors, it is well invested and has a strong slate of films to show in the next 18 months. We also invested in Swiss-listed manufacturer of packaging machines, **BOBST**, which is benefiting from the shift away from plastic packaging, and opened a position in Swiss listed **u-blox** that manufactures 'Internet of Things' wireless communication modules for the automotive, industrial and consumer markets. Their modules

Fund Manager's report (continued)

go into a wide variety of connected merchandise from autonomous vehicles to sports trackers for professional footballers.

Performance attribution

The portfolio is well positioned for the green energy transition and has benefited from exposure to both renewable energy and Liquified Natural Gas (LNG), which we have long viewed as the only sensible way to balance the European electricity grid without being caught in the jaws of the Russian Bear. Our biggest contributing name in the period was LNG carrier vessel owner-operator **FLEX LNG**. The company's share price rose dramatically after the Russian invasion of Ukraine caused a surge in demand for its ships. We further benefited from our position in French-listed **Gaztransport et Technigaz**, a company which holds a dominant position in licensing the membranes for the LNG container vessels.

Elsewhere, German-listed wind farm developer **Energiekontor** performed well as did Dutch-listed **Fugro**, a company that performs seismic surveys of the seabed for laying offshore wind turbine foundations and for the search for oil and gas. The portfolio benefited from its holdings in financials with German lender **Aareal Bank** being bid for and Irish lender **AIB Group** performing well.

Detractors from performance include German online interior goods and furniture retailer **Westwing** that has suffered post-Covid when there was a degree of overspend on home furnishings. Danish-listed channel ferry operator **DFDS** suffered on the back of higher fuel costs and concerns of UK-EU relations, the entry of Irish Continental into the channel ferry market and the consumer's willingness to travel. Subsequently, these concerns have proven to be largely unfounded. Meanwhile, Swiss-listed **Montana Aerospace** suffered as it faced a profitability squeeze caused by higher energy costs which the company had failed to hedge. Other 'Covid winners' that have hurt the portfolio as they have fallen out of favour this year include meal kit supplier **HelloFresh**, Swedish mobile gaming company Stillfront and German bike and bike accessory retailer **Bike24**.

Geographical and sector distribution

The investment process is fundamentally one of bottom-up stock picking, rather than allocating capital to specific sectors or geographies, although we carefully monitor the overall structure of the portfolio to ensure we avoid risky concentrations. We do not use the benchmark as a guide to structure and are content to run the portfolio with substantial divergence from the benchmark.

At a geographical level we remain overweight in Germany, and whilst it is our biggest relative geographic overweight it is now far less extreme than a year ago. This is partly due to reigning in risk surrounding energy costs, but also due to the position in **Aareal** being largely sold down into the bid. We are overweight in the Netherlands, where we have added to the portfolio's position in customer experience management firm **Majorel** (which is still listed in Amsterdam). This is a growing area and we believe the company is well placed to benefit from a structural growth tailwind for many years.

We are overweight in Ireland where we have added nutritional product manufacturer **Glanbia** to the portfolio. We believe the company has a strong ingredients business that is not recognised in its valuation and should benefit from the repricing of whey protein powder that is now underway. The portfolio remains notably underweight in Switzerland and Sweden where we have struggled to find sensibly price shares in recent years. We are underweight in Norway where the market got rather frothy in 2021.

At a sector level, we are overweight in the industrials, financial and consumer discretionary sectors. We are underweight in the health care, real estate and utilities sectors. The consumer discretionary overweight includes housebuilders that partially offset the real estate underweight. The industrials overweight reflects our belief that the supply chain shortages seen in the world over the last two years reflect a chronic lack of investment. This is coupled with a need for a huge investment required to meet the decarbonisation agenda and energy security requirements in Europe in the coming years and decades. It is a sector that we believe is significantly undervalued.

Disposals

We exited our position in Swiss bottle maker **Vetropack** as we had growing concerns about whether the business was run as a public company or for the family. Subsequently it became apparent that there were big efforts to focus upon being a proper public company, however the significant earnings contributions of their Ukrainian plant swamped that effect. We exited our position in Irish-listed pharmaceutical, me-tech distributor **Uniphar** and Swiss-listed online trading platform **Swissquote** on valuation grounds.

Currency

The Company is denominated in Sterling, while investing in largely Euro-denominated assets. We do not hedge this currency exposure.

Outlook

Interest rates have been at extreme lows for a while and we believe that removing negative rates in Europe will be beneficial to the health of the banking sector and credit creation. However, we are anxious that central banks, having lost control of inflation, may overreact by pushing rates too fast into an energy shock. Much of the inflation we are experiencing now is likely to lapse on its own. We do not believe that moderate inflation will remain for the foreseeable future. Therefore, we believe in the coming years that it will remain important to be valuation aware when seeking and evaluating the small cap winners of tomorrow.

Ollie Beckett, Rory Stokes and Julia Scheufler
4 October 2022

Portfolio Information

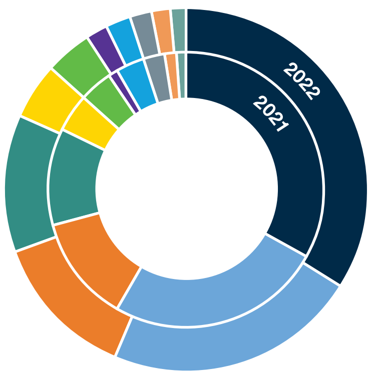
Ten largest investments at 30 June 2022

Ranking 2022	Ranking 2021	Company	Principal activities	Geographical area	Valuation 2022 £'000	Percentage of portfolio
1	1	Van Lanschot Kempen	Specialist independent wealth manager that provides private banking, asset management and merchant banking to wealthy individuals and institutions. www.vanlanschot.nl	Netherlands	21,084	2.9
2	3	TKH	Technology company specialising in the development and delivery of systems and networks for the provision of information, telecommunication, electrotechnical engineering and industrial production. www.tkhgroup.com	Netherlands	16,455	2.3
3	4	DFDS	Northern Europe's largest integrated shipping and logistics company. www.dfds.com	Denmark	14,286	2.0
4	20	FLEX LNG	Owner and commercial operator of fuel efficient, fifth generation liquefied natural gas carriers. www.flexlng.com	Norway	13,168	1.8
5	8	BFF Bank	Credit management and specialised financial services for health care providers and public administration. www.bffgroup.com	Italy	11,428	1.6
6	–	u-blox	Developer of embedded positioning and wireless communication components and software. www.u-blox.com	Switzerland	10,358	1.4
7	40	Karnov	Provider of legal, tax and accounting information to businesses and professionals in Denmark. www.karnovgroup.dk	Sweden	10,090	1.4
8	7	Manz	Multinational engineering company active in the fields of automation, laser processing, metrology, wet chemistry and roll-to-roll processing. www.manz.com	Germany	9,843	1.4
9	5	eDreams ODIGEO	Europe's largest online travel group and distributor of flights. www.edreamsodigeo.com	Spain	9,647	1.3
10	30	Grenergy Renovables	Project developer and independent power producer generating energy through renewable sources. www.grenergy.eu	Spain	9,511	1.3
					125,870	**17.4**

Geographic exposure

	2022 %	2021 %
Austria	2.9	0.9
Belgium	4.8	4.9
Denmark	2.4	2.5
Finland	4.6	3.7
France	14.1	12.1
Germany	17.1	24.3
Greece	2.0	1.5
Ireland	4.9	4.4
Italy	8.5	8.1
Malta	1.0	1.5
Netherlands	10.6	7.6
Norway	3.8	3.8
Portugal	1.9	1.5
Spain	6.0	4.2
Sweden	8.8	11.9
Switzerland	6.6	7.1

Sector exposure



	2022 %	2021 %
Industrials	34.1	33.3
Consumer Discretionary	22.5	25.1
Financials	13.1	12.5
Technology	12.0	11.4
Utilities	5.1	4.4
Consumer Staples	4.1	4.0
Basic Materials	2.1	1.1
Health Care	2.1	3.4
Energy	2.0	2.4
Telecommunications	1.7	1.3
Real Estate	1.2	1.1

Historical Information

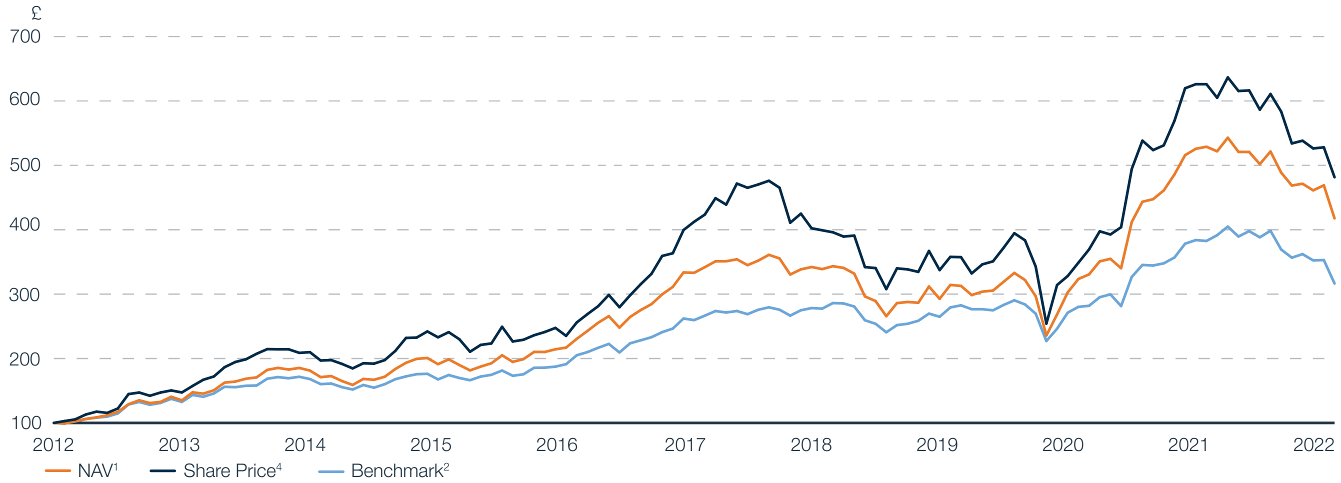
Total return performance to 30 June 2022

(including dividends reinvested and excluding transaction costs)

	1 year %	3 years %	5 years %	10 years %
NAV[1]	-21.0	32.9	25.4	317.7
Benchmark[2]	-17.3	13.3	21.9	216.5
Average sector[3] NAV	-23.0	16.5	27.5	245.9
Share price[4]	-23.1	34.6	16.8	381.5
Average sector[5] share price	-25.5	13.8	19.8	277.5

Total return performance compared to the benchmark

(assumes the investment of £100 and reinvestment of all dividends)



Financial information[6]

At 30 June	Net assets £'000	NAV per ordinary share p	Mid-market price per ordinary share p	Discount %	Profit/(loss) for year £'000	Revenue return p	Capital return p	Total return p	Total dividend p	Ongoing charge (AIC formula) %
2013	246,124	61.56	51.16	16.9	64,115	1.16	14.88	16.04	1.00	0.74
2014	325,676	81.46	71.72	12.0	83,548	1.39	19.50	20.89	1.15	0.69
2015	337,645	84.45	78.00	7.6	16,565	1.42	2.72	4.14	1.19	0.78
2016	377,683	94.46	77.50	18.0	44,782	1.69	9.51	11.20	1.44	0.79
2017	569,459	143.19	133.88	6.5	199,540	2.14	47.96	50.10	1.81	0.75
2018	574,591	143.34	127.50	11.0	9,936	2.76	(0.27)	2.49	2.38	0.71
2019	521,023	129.98	111.50	14.2	(42,795)	3.01	(13.69)	(10.68)	2.75	0.72
2020	523,374	130.56	105.50	19.2	13,525	1.49	1.88	3.37	2.76	0.73
2021	840,667	209.71	185.63	11.5	328,517	2.59	79.36	81.95	3.13	0.71
2022	**652,464**	**162.76**	**140.00**	**14.0**	**(174,712)**	**5.16**	**(48.75)**	**(43.59)**	**4.35**	**0.65**

1 Net asset value total return per ordinary share
2 Euromoney Smaller European Companies (ex UK) Index total return and expressed in Sterling
3 The sector is the AIC European Smaller Companies sector
4 Share price total return using mid-market closing price
5 Average share price for the AIC European Smaller Companies sector
6 Comparative figures have been restated due to the sub-division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p on 13 December 2021
Sources: Janus Henderson, Morningstar Direct, Refinitiv Datastream

Business model

Purpose

Our purpose is to deliver a long-term sustainable return to shareholders from investing in smaller and medium sized European companies.

Strategy

Our strategy is to offer investors a cost effective investment proposition which provides access to a professionally and actively managed portfolio of investments.

The Company operates as an approved investment trust which allows it to take advantage of the capital gains treatment afforded under section 1158 of the Corporation Tax Act 2010 ('s.1158'). All services are delivered by reputable third-party service providers whose performance is overseen by a Board of Directors (the 'Board'). The Board is comprised entirely of non-executive directors accountable to shareholders, who can remove a director from office where they deem it to be in the interests of the Company. The non-executive directors are independent of the investment manager.

The significant advantage of our business model are its closed end nature, which enables the Fund Manager to remain fully invested, and to use leverage to increase returns for shareholders.

Values and culture

We aim to be viewed by our shareholders as a sound long-term investment. Alongside delivering attractive returns, we believe our shareholders would expect us to act professionally and with integrity, and to treat their investment with the same care we would our own. Accordingly, we bring these values to our deliberations as a Board and seek to build long-term relationships with like-minded and reputable service providers. In particular, we apply this approach to our investment manager as we regard them as our primary partner in fulfilling our purpose.

Promoting the Company's success

We seek to create long-term sustainable value by following four simple steps:

Buy the right assets: The Fund Manager and his team maintain a diversified portfolio with strong valuation disciplines. The portfolio comprises investee companies from across the corporate lifecycle, with a mix of early stage growth businesses, sensibly priced quality growth stocks, companies with mature revenue streams and self-help turnaround stories.

Using the right team: The Company outsources its operations to third-party service providers. The Board engages high-calibre, reputable service providers with established track records to deliver the day-to-day operations. Their level of service is monitored on an ongoing basis and their continued appointment formally evaluated at least once a year.

Investment objective

The Company seeks capital growth by investing in smaller and medium sized companies which are quoted, domiciled, listed or have operations in Europe (ex UK).

Investment policy

The following investment ranges apply:

Equities:	80% -100%
Fixed Income and Cash:	0% – 20%

Smaller and medium sized companies are defined as those whose market capitalisation is equal to or below the largest member of the Euromoney Smaller European Companies ex-UK Index[1] at the time of investing.

Investments may include shares, securities and related financial instruments, including derivatives. Unquoted investments are permitted with prior Board approval.

The Company maintains a diversified portfolio. The Company will not invest more than 7% of its total assets, calculated as at the time of investment, in any one holding.

The Company can, but normally does not, invest up to 15% of its gross assets in investment companies (including listed investment trusts). The Company will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management while maintaining a level of risk consistent with the risk profile of the Company.

Gearing

Net gearing (defined as all borrowings less cash balances and investments in cash funds) is limited by the Board to a maximum of 30% of net asset value at the time of investment.

With appropriate Board approval, the Company may, but currently does not, hedge against currency movements.

1 With effect from 1 July 2022 this is the MSCI Europe Small Cap ex UK Index

With the right approach: The Company is a closed end investment vehicle, approved as an investment trust under the Corporation Tax Act 2010. By adopting a closed end structure, we allow the Fund Manager and his team to take a long-term view when making investments, they can remain fully invested as there are no redemptions to meet and they have the ability to use leverage to increase returns for shareholders. This approach provides a cost-effective mechanism for delivering operations whilst allowing the

Business model (continued)

Company to take advantage of the capital gains treatment afforded to approved investment trusts.

Overseen with the right governance: The Company's operations are overseen by a Board of Directors. The Board is accountable to the Company's shareholders and are re-elected by them annually. The directors are independent of the investment manager and are selected based on their business experience and personal attributes in order to bring a balance of skills to the oversight of the Company's operations and to ensure that the investment manager is appropriately challenged on their decisions.

Engaging with stakeholders (s.172)

We, as directors, have the success of the Company foremost in our minds when making decisions. Decisions are taken with the aim of achieving our purpose and are based on information provided by a range of sources. The impact on stakeholders is assessed as part of our deliberations, although stakeholders may be affected differently.

The table below sets out the primary ways in which we, as your Board, engage with the Company's key stakeholders.

Stakeholder	Engagement
Shareholders and potential investors	Purpose: • Keep investors updated on the Company's performance. • Promote the Company to new shareholders. How we engage: • Daily NAVs and monthly factsheets are published to keep shareholders up to date with the value of the portfolio. • Meetings with the Fund Manager, members of his team and Board members are offered to shareholders and potential shareholders to provide insight into the portfolio. • Information on the Company and video updates from the Fund Manager are made available on the website and via social media channels with a view to keeping shareholders informed on the positioning of the portfolio. • The half-year report and annual report are published to keep shareholders informed on the Company's financial performance, its governance framework and any current issues. • The Fund Manager provides a presentation to shareholders and analysts following publication of the annual report with a view to providing insight on the Company's performance. • The investment manager and corporate broker run a programme of engagement with wealth managers and other professional investors. Outcome: • Shareholders are informed and there is regular demand for the Company's shares.
Investment manager	Purpose: • Maintain a close working relationship with the investment manager as this is key to achieving the Company's investment objective and promoting the Company to investors. How we engage: • The Fund Manager and members of his team are invited to each Board meeting to provide an update on the performance of the portfolio and to keep the directors in touch with the Fund Manager's view on the markets and positioning of the portfolio. • The investment manager provides data on the key performance indicators at each meeting enabling the directors to measure performance. • The investment manager demonstrates compliance with the parameters of the investment mandate at each meeting and provides access to senior managers in the Operational Risk and Internal Audit teams enabling the directors to assess the effectiveness of internal controls in operation. • The heads of the investment trusts Sales and Marketing teams are invited to provide regular presentations to the Board on how the Company is promoted to professional and retail investors. Outcome: • The Board is confident that the Company's assets are well managed and managed in line with the investment objective, and within the parameters established by the Board. • The Board has a good understanding of how the Company is perceived in the market and whether the investment objective remains relevant in the prevailing market conditions.

Business model (continued)

Stakeholder	Engagement
Service providers • Corporate broker • Custodian • Depositary • Fund administrator • Registrar	Purpose: • The Company's day-to-day operations run smoothly. • The directors are aware of any issues which may arise and can ensure that suitable action is taken to address them. How we engage: • The Board receives regular reporting and presentations from its key third-party service providers throughout the year. • Designated staff at the investment manager engage regularly with all third-party service providers through meetings and written reporting, and keep the Board updated with any areas of concern. • The Management Engagement Committee annually reviews the level of services delivered by each service provider and the terms on which they are engaged to ensure that these remain in line with market practice. Outcome: • The Board is confident in its selection of third-party service providers and maintains good oversight of the Company's operations.
Investee companies and the environment	Purpose: • The Board has an understanding of the Fund Manager's approach to incorporating environmental, social and governance matters in stock selection. How we engage: • The fund management team has regular engagement with the management teams of investee companies enabling them to assess performance and governance arrangements. • The shares held in the Company's portfolio are voted at general meetings and appropriate engagement undertaken with investee companies where management proposals are not supported. Outcome: • The Company is a responsible investor.

Board diversity

The Board values diversity of opinion and encourages different perspectives to bring constructive challenge to its discussions. Our approach to the appointment of non-executive directors is to always appoint the best person for the role. In doing so, we are mindful of diversity – gender, social and ethnic backgrounds, cognitive and personal strengths, as well as experience – and seek to maintain the balance required to bring effective oversight to the operations of the Company.

Three of our directors are European-based enabling the Board to remain in touch with sentiment on the Continent and our two female directors have extensive European asset management experience. We are cognisant of the recommendations of the Parker Review on ethnic diversity and have incorporated appropriate measures into our ongoing succession planning.

All appointments to the Board are based on objective criteria and merit and are made following a formal, rigorous and transparent process.

Fee arrangements

The Company is an Alternative Investment Fund and has appointed Janus Henderson Fund Management UK Limited ('JHFMUKL') to act as its Alternative Investment Fund Manager ('AIFM'). JHFMUKL delegates investment management services to Janus Henderson Investors UK Limited. Both entities are authorised and regulated by the Financial Conduct Authority ('FCA') and are part of the Janus Henderson group of companies. References to 'Janus Henderson' refer to the services provided to the Company by the investment manager's group.

The investment manager is engaged under the terms of an agreement effective from 22 July 2014. The agreement is terminable on six months' notice. The fund management team is led by Ollie Beckett, who has been in place since 1 July 2011.

The base management fee is 0.55% of net assets up to £800m and 0.45% thereafter. Fees are charged quarterly in arrears. The investment manager may also be eligible to receive a performance related fee. Performance is measured against, and expressed relative to, the benchmark, the Euromoney Smaller European Companies (ex UK) Index

Business model (continued)

expressed in Sterling. With effect from 1 July 2022, the benchmark became the MSCI Europe Small Cap (ex UK) Index. For the purposes of calculating the performance fee, the new benchmark will be introduced on a rolling basis. Performance of the Company and the benchmark is measured on a NAV total return (with gross income reinvested) basis and is measured over a rolling three-year period. In any given year in which a performance fee is payable, the rate is 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark. The upper limit on the total fee, including the base fee and any performance fee, for any given accounting year is 2.0% of the NAV of the Company as at the last day of the relevant calculation period. A performance hurdle over the benchmark of 1.0% must be reached before any performance fee can be earned and is excluded from the performance fee itself should one be payable. Performance is measured solely on the basis of NAV total return relative to the total return of the benchmark index. No account is taken of whether the NAV grows or shrinks in absolute terms.

The investment manager, and its subsidiaries, provide accounting, company secretarial, sales, marketing and general administrative services to the Company. Some of the administrative and accounting services are carried out, on behalf of the investment manager, by BNP Paribas Securities Services.

The Corporate Secretary, Janus Henderson Secretarial Services UK Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities, particularly when dealing with any conflicts or issues between the Company and Janus Henderson. Correspondence from shareholders addressed to the Chairman or the Board received at the investment manager's offices is forwarded to the Chairman, or addressee, in line with the established procedures in place.

Liquidity and discount management

The Board considers the issuance and buy-back of the Company's shares where prudent, subject always to the overall impact on the portfolio, the pricing of other comparable investment companies and overall market conditions.

We believe that flexibility is important and that it is not in shareholders' interests to set specific levels of premium and discount for managing share issuance or share buy-backs.

Responsible investment

As stewards of over £667.7m of assets (at 30 September 2022), we take a responsible approach to investment, which encapsulates environmental, social and governance ('ESG') matters. The closed end nature of the Company makes it ideal for long-term investing and provides our fund management team with the opportunity to meaningfully engage investee companies as they grow and develop their strategies. We recognise that there is a lack of consistency in ESG implementation and articulation across the industry. The purpose of this report is therefore to provide shareholders with a clear understanding of our approach.

As an investment company, we are not required to report against the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). Many of these recommendations are relevant to 'trading' companies, but we recognise that we have a look-through responsibility in assessing how our investee companies approach ESG matters.

The Financial Conduct Authority ('FCA') has now published regulations that require the Company's investment manager to report against TCFD both at the AIFM and product level by 2024 so more information in this respect should be available to shareholders in the future.

Stewardship

Our approach to responsible investment is twofold comprising:

- the actions we, as a Board, take in terms of our composition and diversity, as well as the values we set for ourselves and the service providers we choose to appoint; and
- the actions our appointed investment manager takes as part of their approach for responsibly and sustainably managing the Company's portfolio in line the investment objective set by our shareholders.

As a Board, we are aware of the expectations placed on companies in terms of their governance responsibilities, and we are even more keenly aware that applying such expectations as a matter of rote may cause more harm than good, especially taking account of the nature and stage of corporate development that many of our small-cap investee companies may find themselves at. We therefore take a pragmatic approach and believe in engaging with companies in the first instance rather than simply divesting or excluding investment opportunities.

Our investment manager takes a similar approach: active because active matters meaning they believe their ability to have the greatest impact as active managers is through engagement with the companies in which they invest on our behalf. The exception to this, which we fully support, is our investment manager's firm wide ban on investing in the manufacture of cluster munitions, anti-personnel mines, chemical weapons and biological weapons.

Our investment manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2019, Janus Henderson committed to reducing its carbon footprint by 15% per full-time employee over three years based on 2018 consumption. In 2021, they reached this target and set new five-year targets in 2022 in line with guidance from the Science-Based Target Initiative to reduce Scope 1 (fuel) and Scope 2 (electricity) emissions by 29.4%, as well as Scope 3 (business travel, hotel stays, freight, paper consumption, water, waste) operational emissions by 17.5%.

In addition to this, they have maintained a CarbonNeutral® certification since 2007 and offset all its operational Scope 1, Scope 2 and Scope 3 emissions each year.

Investment approach

Our Fund Manager and his team employ a bottom-up stock selection approach in constructing the portfolio and continuously monitor the performance of and risks associated with each holding. The approach is designed to deliver the capital growth set out in the investment objective and outperformance against a passive portfolio or the benchmark.

The process involves screening potential investment opportunities, meeting with management teams to understand their businesses and supplementing this with internal and external research.

Understanding the business, the threats to its success, its competitive position and quality of the management team in the context of the valuation of the company are key to determining whether an investment is made and also the size of the investment.

Responsible investment (continued)

For businesses in each phase of the company life cycle, the fund management team has clear attributes and valuation metrics for measuring success and seeking out mispriced securities. This is coupled with a sell discipline to ensure underperforming companies are removed from the portfolio.

	Early cycle	Quality growth	Mature	Turnaround
Attributes looking for	• Growth • Clear strategy • Operating leverage	• High ROIC • Top line growth • Margin sustainability • 'Moat' barrier to entry	• Steady ROIC • Cash generation • Equity cheap relative to assets	• Management cost cutting • Margins • Asset disposal
Valuation metrics	• EV/Sales	• PE • EV/EBIT • EV/IC	• EV/IC • EV/EBIT • FCF yield	• EV/IC • EV/EBIT • FCF yield
Sell discipline	• Disappointing growth • Narrative drift • Management sales • No operating leverage	• Margin progression • Incoherent M&A • Deteriorating accounting quality	• Valuation • Competitive environment • Technology shift	• No margin progression • Rapid sales deterioration
	ESG assessment			

EV = Enterprise value, IC = Invested capital, EBIT = Earnings before interest and tax, FCF = Free cash flow, ROIC = Return on invested capital, PE = Price to earnings

ESG considerations

ESG is an integral part of our fund management team's investment philosophy. It is integrated into the investment theses on all bottom-up stock decisions when material to the investment case. Their core belief is that companies scoring well on ESG and sustainability will warrant a valuation premium over time. The fund management team seeks to determine what a fair premium for those assets should be and invests when stock can be bought at an attractive valuation. Negative screening is not employed, but instead the fund management team looks to find companies that can improve.

An assessment of ESG considerations is made for each stock during the research process when deemed material. The focus on the analysis is based on the rate of change rather than existing scores. It is therefore crucial to understand what procedures and initiatives a company is putting in place to improve ESG practices.

Headline ratings from extremal providers may be a useful starting point, but do not offer a complete picture on a standalone basis. They are often backward looking with data integrity issues for smaller companies. External providers face significant difficulties in aligning subjective topics contained within the ESG arena with attempts at an objective scoring system used to compare stocks. As a result, there is often a high level of dispersion in ratings depending on the agency. Furthermore, certain issues within ESG can be in conflict, for instance many European smaller companies have excellent environmental and social benefits, which are balanced by governance concerns through issues such as high levels of family ownership. These, along with other factors, drive the fund management team's focus upon improvements in ESG practices and disclosures, in addition to the existing status.

ESG integration

Good governance behaviour is a necessary but not sufficient input in investment decisions. On the remaining issues the fund management team takes a pragmatic approach focusing on the areas that are most material. The fund management team specifically looks into the track record and execution ability of management, as well as their attitudes towards public market investors and the allocation of capital. The governance and incentive structures which management operate are key elements in corporate value creation. This can be a particularly important when looking at turnaround situations where management teams are often new to the business and their actions are integral to the investment thesis.

Constructive and respectful attitudes to public market shareholders and the protection of minority interests are also very important. The responsiveness of an investee company towards shareholder concerns is a crucial signal about the ability to unlock value and distribute it to all of a company's owners.

Beyond researching a company's governance arrangements, our fund management team's research looks at several other sources of quantitative and qualitative information. Environmental and social factors are an important part of that in combination with fundamental research into the cash generative potential of a business. Increasingly environmental and social factors are proving to be pivotal to the emergence of structural themes, such as electromobility or renewable energy, making them too important to ignore.

Responsible investment (continued)

Engagement

Company engagement forms a key part of the fund management team's assessment of an investment. As custodians of our shareholders' capital, it is important to hold management, as well as non-executive directors, to account for decisions that impact the value of that capital. ESG issues are a key driver in this respect, along with other fundamental value drivers.

Our fund management team make a point of meeting or calling the senior management of the Company's investee companies at least once a year and usually more often. Topics discussed include business strategy, the competitive environment, compensation, capital allocation, risks, management succession, environmental and social issues. When meeting companies, the fund management team are well prepared, know what information they wish to acquire and submit meeting notes to a central database afterwards. Meetings seldom involve simply going through management's pre-prepared presentation. When appropriate, the fund management team will participate in governance focused meetings jointly with the investment manager's Governance and Responsible Investment team. Company engagement around general meetings is used to inform voting decisions.

The fund management team are particularly sensitive to how the company treats the opinions and concerns of its owners and will consider escalating engagement if they feel the rights of our shareholders are being disregarded. If concerns are not addressed in engagement, the team will be prepared to dispose of portfolio holdings.

The fund management team makes a point of encouraging investee companies to interact with the ESG rating bodies to understand disclosure best practice with a view to improving the market understanding of their ESG strengths.

Voting

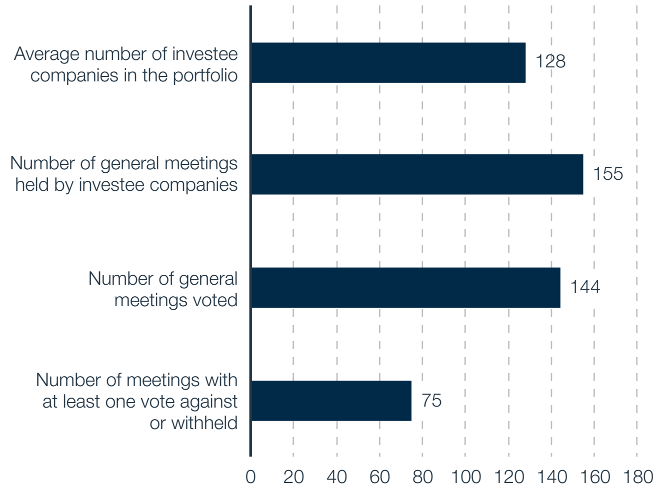
We believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. We have tasked our investment manager with considering how best to vote the rights attached to the shares in the Company's portfolio. This enables us to utilise the expertise of their Governance and Responsible Investment team in assessing engagement by investee companies and the appropriateness of any resolutions which shareholders may be asked to approve.

The Board retains oversight of the process by receiving reporting at each meeting indicating how the Company's shares have been voted and where support for management recommendations has not been warranted, and by reviewing our investment manager's ESG Investment Policy and Stewardship Policy at least annually.

Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Manager, who has an in-depth understanding of the respective company's operations.

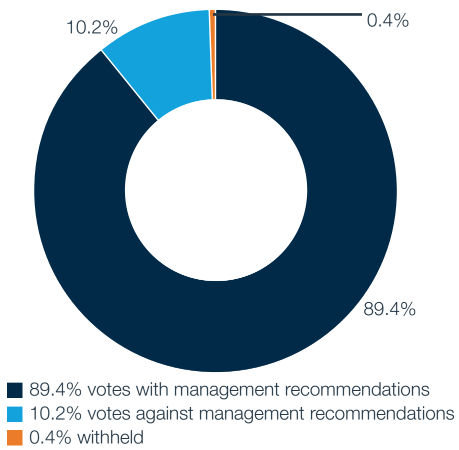
In the period under review, we voted at 92.9% of the general meetings held by investee companies.

Voting at general meetings held by investee companies (1 July 2021 to 30 June 2022)



The level of governance in the developed markets in Europe is generally of a high standard in terms of best practice which meant support in favour of many of the resolutions proposed by management was warranted. However, in respect of 10.2% of the resolutions proposed, support was not warranted and, following discussion between the Fund Manager and the Governance and Responsible Investment team, the shares were voted against the passing of the resolution. For the most part, these resolutions related to the remuneration and independence of directors, undue dilution of shareholders' interests or the issue of shares on a pre-emptive basis.

Voting at general meetings



Managing risks

Principal risks

Investing, by its nature, carries inherent risk. The Board, with the assistance of the investment manager, carries out a robust assessment of the principal and emerging risks and uncertainties facing the Company which could threaten the business model and future performance, solvency and liquidity of the portfolio. A matrix of these risks, along with the steps taken to mitigate them, is maintained and is kept under regular review. The mitigating measures include a schedule of investment limits and restrictions within which the Fund Manager must operate.

Our assessment includes consideration of the possibility of severe market disruption, which this year, focused on the war in Ukraine, following Russia's invasion in February 2022, and the likely impact on global grain and energy supplies, as well as the rate of inflation in Europe, which is at its highest rate since 1983/4. The principal risks which have been identified and the steps we have taken to mitigate these are set out in the table below. We do not consider these risks to have changed during the period, although the underlying causes driving external factors having an influence on the portfolio have moved on since the height of the Covid-19 pandemic.

Principal risk	Mitigating measures
Investment strategy and objective The investment objective or policy is not appropriate in the prevailing market or sought by investors, leading to a wide discount and hostile shareholders. Poor investment performance over an extended period of time, driven by either external (political, financial shock, pandemic, climate change) or internal factors (poor stock selection), leading to shareholders voting to wind up the Company.	The investment manager periodically reviews the Investment Objective and Policy in line with best practice and taking account of investor appetites. The Board receives regular updates on professional and retail investor activity from the investment manager, and reports from the corporate broker, to inform themselves of investor sentiment and how the Company is perceived in the market. From time to time, research may be undertaken by a third-party consultant to specifically ascertain the views of retail investors. The Board considers the Key Performance Indicators ('KPIs') at each meeting and reviews the investment manager's approach to environmental, social and governance matters, as well as its annual impact report. The Fund Manager incorporates environmental, social and governance considerations in investment selection and maintains a diversified portfolio with a view to spreading risk.
Operational Failure of, disruption to or inadequate service levels provided by principal third-party service providers leading to a loss of shareholder value or reputational damage.	The Board engages reputable third-party service providers and formally evaluates their performance, and terms of appointment, at least annually. The Audit Committee assesses the effectiveness of internal controls in place at the Company's key third-party service providers through review of their ISAE 3402 reports, quarterly internal control reports from the investment manager and monthly reporting on compliance with the investment limits and restrictions established by the Board.
Legal and regulatory Loss of investment trust status, breach of the Companies Act 2006, Listing Rules, Prospectus and/or Disclosure Guidance and Transparency Rules or the Alternative Fund Managers Directive and/or legal action brought against the Company and/or directors and/or the investment manager leading to decrease in shareholder value and reputational damage.	The Board engages reputable third-party service providers and formally evaluates their performance, and terms of appointment, at least annually. The Audit Committee assesses the effectiveness of internal controls in place at the Company's key third-party service providers through review of their ISAE 3402 reports and, in respect of the investment manager's investment trust operations, reporting from the investment manager's internal audit function. The investment manager's Compliance function has reporting obligations under AIFMD, with any non-compliance being captured in the investment manager's quarterly internal control reporting to the Board.

Managing risks (continued)

Principal risk	Mitigating measures
Financial Market, liquidity and/or credit risk, inappropriate valuation of assets or poor capital management leading to a loss of shareholder value.	The Board determines the investment parameters and monitors compliance with these at each meeting. The directors review the portfolio liquidity at each meeting and periodically consider the appropriateness of hedging the portfolio against currency risk. The Board reviews the portfolio valuation at each meeting. Investment transactions are carried out by a large number of approved brokers whose credit standard is periodically reviewed and limits are set on the amount that may be due from any one broker, cash is only held with the depositary/custodian or reputable banks. The Board monitors the broad structure of the Company's capital including the need to buy back or allot ordinary shares and the extent to which revenue in excess of that which is required to be distributed, should be retained.

Assessing our viability

In keeping with provisions of the Code of Corporate Governance issued by the Association of Investment Companies (the 'AIC Code'), the Board has assessed the prospects of the Company over a period longer than the 12 months required by the going concern provision.

We consider the Company's viability over a three-year period as we believe this is a reasonable timeframe reflecting the long-term investment horizon for the portfolio, but acknowledges the inherent shorter term uncertainties in equity markets.

As part of the assessment, we have considered the Company's financial position, as well as its ability to liquidate the portfolio and meet expenses as they fall due. The following aspects formed part of our assessment:

- the closed end nature of the Company which continued to be focused on long-term returns and does not need to account for redemptions;
- a robust assessment of the principal risks and uncertainties facing the Company which concluded that no materially adverse issues had been identified;
- the nature of the portfolio remained diverse and comprised a wide range of stocks which are traded on major international exchanges meaning that, in normal market conditions, three quarters of the portfolio could be liquidated in ten days;
- the level of the Company's revenue reserves and banking facility;
- the expenses incurred by the Company, which are predictable and modest in comparison with the assets and the fact that there are no capital commitments currently foreseen which would alter that position; and
- the next continuation vote for the Company which will take place at the annual general meeting on 28 November 2022 and its performance against objectives leading up to this.

As a matter of routine business, shareholders have the opportunity to wind up the Company every three years. A resolution to this effect will be put to shareholders at the forthcoming annual general meeting. In the past, this resolution has readily passed with the support of the majority of shareholders. The Board supports the continuation of the Company as it offers investors a unique exposure to small and medium sized European companies and has a reasonable expectation that similar resolutions will attract shareholder support in future. However, if such a resolution was not passed, the directors would follow the provisions in the Company's articles relating to the winding up of the assets.

Based on the results of the viability assessment, we have a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for our assessment period of three years. We will revisit this assessment annually and provide shareholders with an update on our view in the annual report.

For and on behalf of the Board

Daniel Burgess
Chairman of the Audit Committee
4 October 2022

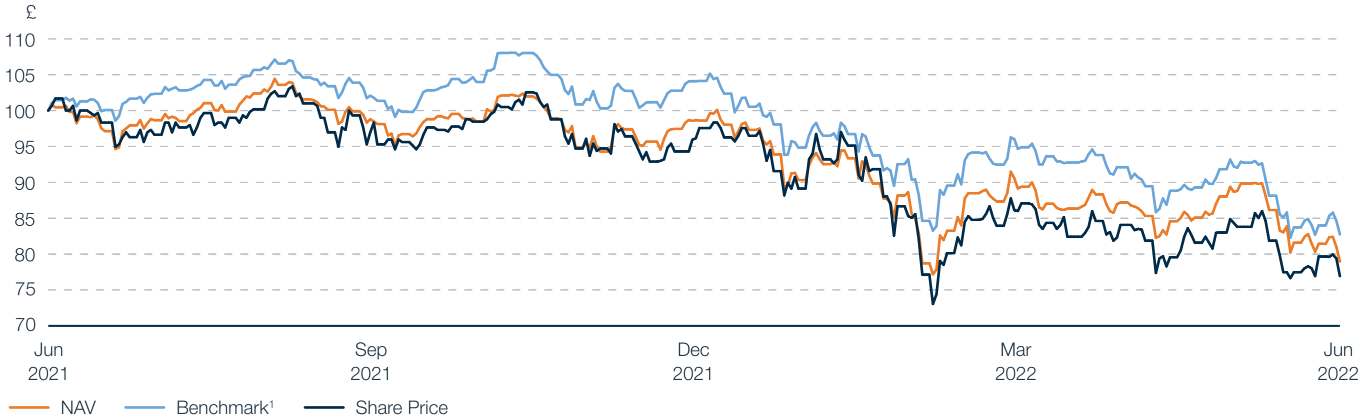
Key Performance Indicators

Measuring our performance

In order to measure the success of the Company in meeting its investment objective and to evaluate the performance of the Fund Manager, the directors take into account a number of Key Performance Indicators ('KPIs').

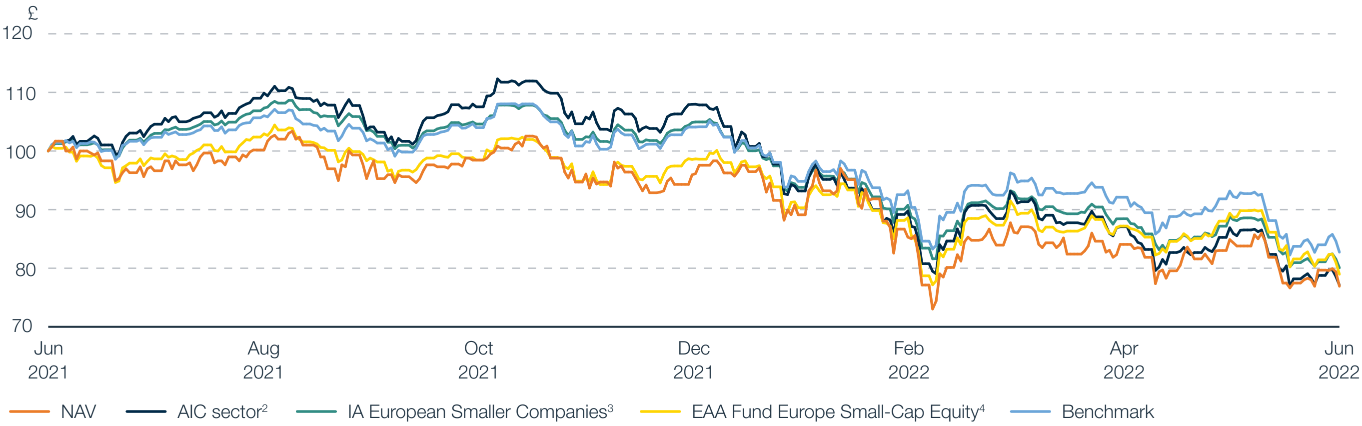
NAV and share price total return compared to the benchmark[1] (rebased to 100)

1 year



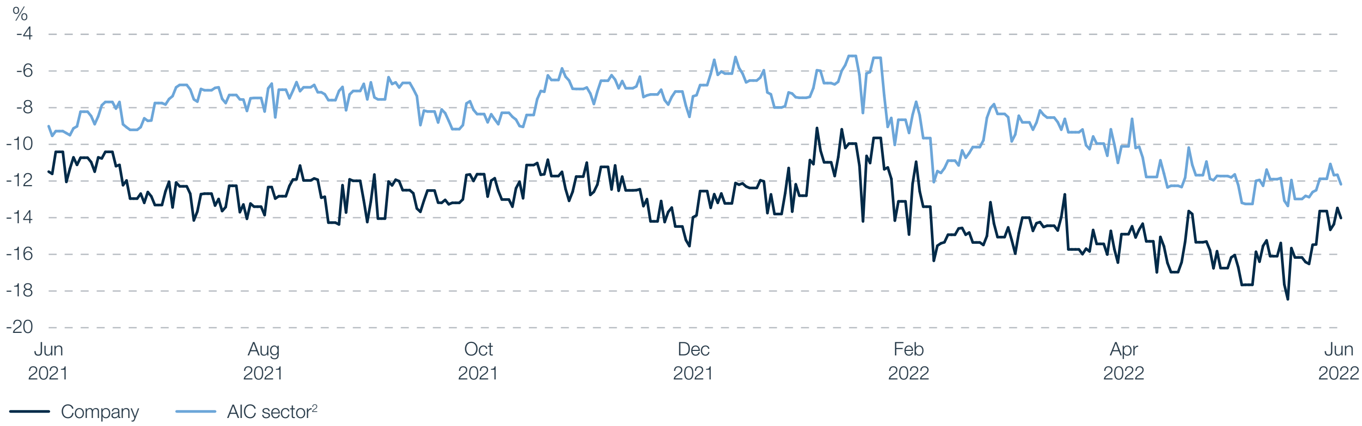
NAV total return performance compared to the AIC[2] and open end sectors (rebased to 100)

1 year



Premium/discount compared to the AIC sector average

1 year

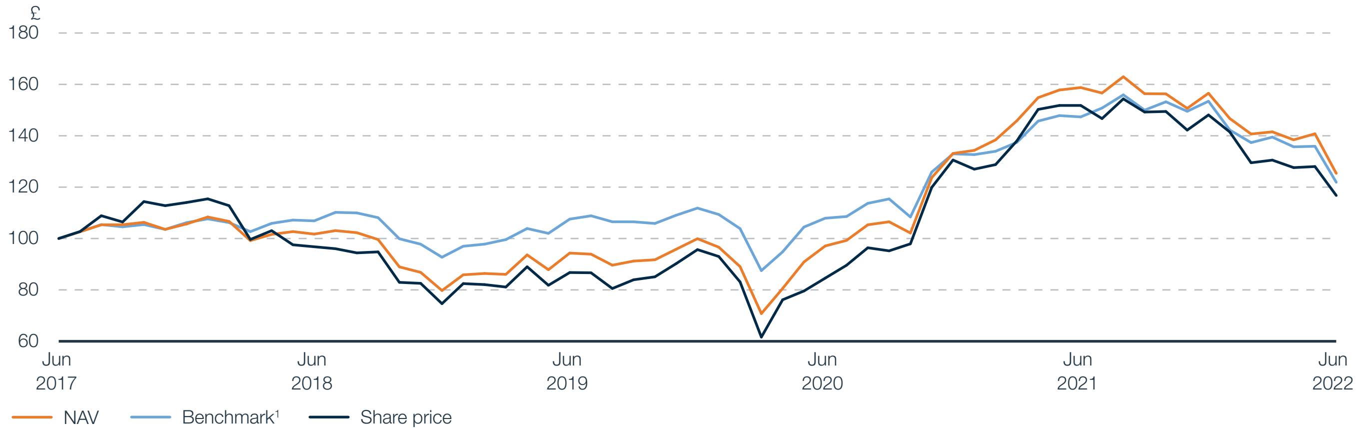


1 Euromoney Smaller European Companies (ex UK) Index
2 AIC European Smaller Companies sector
3 Investment Association
4 Morningstar category

Key Performance Indicators (continued)

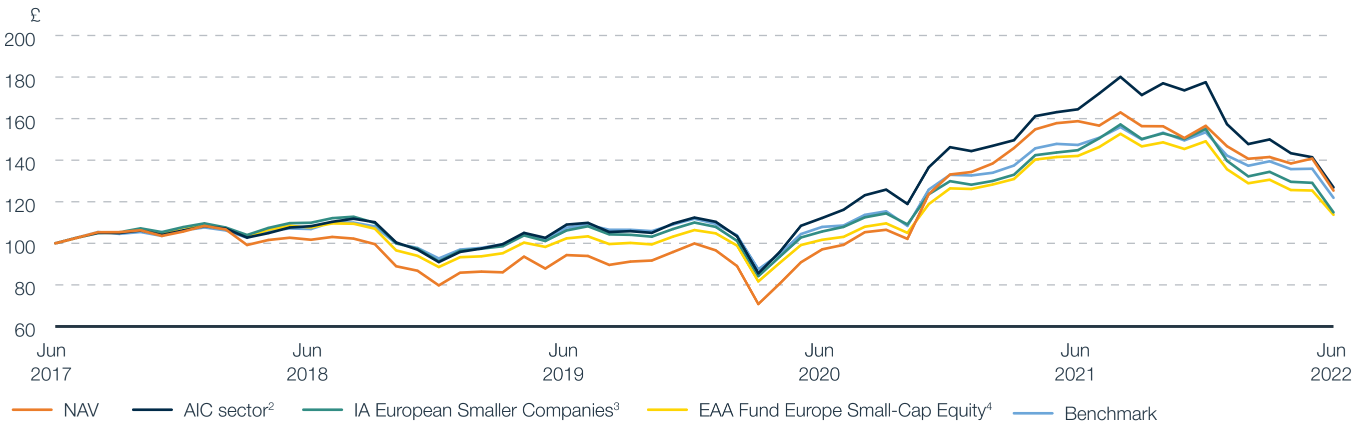
NAV and share price total return compared to the benchmark[1] (rebased to 100)

5 year



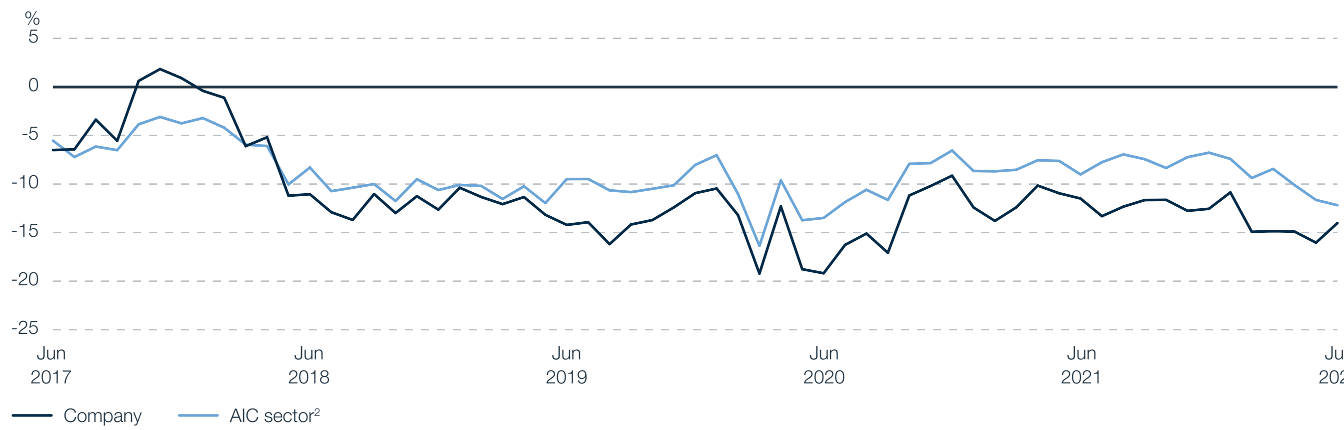
NAV total return performance compared to the AIC[2] sector average and open end sectors (rebased to 100)

5 year



Premium/discount compared to the AIC sector average

5 year



1 Euromoney Smaller European Companies (ex UK) Index
2 AIC European Smaller Companies sector
3 Investment Association
4 Morningstar category

Governance

C&C Group, 0.9% of the portfolio
Manufacturer, marketer and distributor of premium branded cider, beer, wine & soft drinks

Board of Directors
The right balance of skills and experience

Christopher Casey

Position:
Chairman of the Board (from 25 November 2019); formerly the Chairman of the Audit Committee (1 March 2010 – 25 November 2019)

Date of appointment:
1 March 2010

Career and background
Christopher was a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick & Mitchell in 1977. He was an audit partner responsible for large and listed companies but latterly specialised in mergers and acquisitions advisory assistance. He retired from KPMG LLP in February 2010 and has been a non-executive director of a number of companies since that time.

Skills and expertise
Christopher has extensive accounting, auditing, corporate governance and listed companies experience.

External appointments
He is the Chairman of the Audit Committee of BlackRock Sustainable American Income Trust plc, Mobius Investment Trust plc, Life Settlement Assets and CQS Natural Resources High Yield Trust plc.

Daniel (Dan) Burgess

Position:
Chairman of the Audit Committee

Date of appointment:
25 November 2019

Career and background
Dan was a partner at KPMG LLP for twenty-three years. He initially led the statutory audits of a number of large public limited companies and public interest entities before specialising in due diligence and regulatory services on mergers and acquisitions and capital market transactions.

Skills and experience
He has significant accounting, auditing, corporate governance and listed companies experience.

External appointments
Dan is the Chairman of the Audit Committee of JPMorgan Russian Securities plc.

Ann Grevelius

Position:
Independent non-executive director

Date of appointment:
23 September 2019

Career and background
Ann has more than twenty-six years´ experience in the asset management sector and has been active in the venture capital industry for the last several years, as partner and senior advisor at GP Bullhound, a technology advisory and investment firm. She has held positions as Chief Investment Officer and Global Head of Investment Strategy at SEB Wealth Management and prior to that, Ann was head of Swedish and Nordic Equities at SEB Investment Management and Handelsbanken Asset Management.

Skills and experience
Ann has extensive asset management experience and her input gives greater insight on market sentiment and conditions in continental Europe.

External appointments
She is Chairman and co-founder of Optise AB, a fintech start-up within digital asset management and holds a number of non-executive directorships including Alecta, the fifth largest occupational pension provider in Europe and OX2 AB, a renewable energy company. She is Chairman of the Investment Committee at the Swedish Foundation for Strategic Research.

Christopher Casey

Daniel (Dan) Burgess

Ann Grevelius

Board of Directors (continued)

Simona Heidempergher

Position:
Senior Independent Director (from 29 July 2021) and Chairman of the Nomination and Remuneration Committee (from 27 July 2022)

Date of appointment:
1 September 2014

Career and background

Simona is a Managing Director of Merifin Capital, a privately owned European investment company with offices in Europe, Asia and the USA, which has successfully invested in traditional and alternative asset classes for more than 25 years.

Skills and experience

Simona has a wealth of asset management experience and her experience of European markets provides useful context to the investment background.

External appointments

She is chair of the board of directors of the Stramongate Group, a Luxembourg public company, and the lead independent non-executive director of Aquafil SpA where she is Chair of the Audit and Risk Committee. Alongside this, Simona is a director of Hansa Investment Company Limited, listed on the London Stock Exchange and director of Industrie Saleri Italo S.p.A. an Italian private company in the automotive supplier sector. Simona sits on the advisory boards of various limited partnerships and is a former director of BIM Banca Intermobiliare SpA, Europa Investimenti SGR, Invitalia Ventures SGR and Fondazione Bruno Kessler.

Alexander Mettenheimer

Position:
Independent non-executive director

Date of appointment:
1 July 2011

Career and background

Alexander was spokesman of the executive directors of ODDO BHF Bank AG (formerly BHF Bank) until March 2016 and Deputy Chairman of the Board of Administration for Bayerische Landesbank, the leading Bavarian commercial bank for large and middle-market corporate customers in Germany and Europe, from 2010 to 2013. His previous roles include Chief Executive Officer of Merck Finck & Co Privatbankiers and Confia SA as well as various positions with Citibank.

Skills and experience

Alexander has a strong background in European financial services and banking. He also enables the Board to stay in touch with sentiment on the Continent.

External appointments

He is Chairman of the Small and MidCap InvestmentBank AG and holds various other board positions in Germany and Switzerland.

Simona Heidempergher

Alexander Mettenheimer

Corporate Governance Report

Governance codes

The Board is pleased to report to shareholders on how the Company has applied the principles of the Code of Corporate Governance published by the Association of Investment Companies.

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the UK Corporate Governance Code (the 'UK Code') have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. Consequently, the Board considers the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies (the 'AIC Code'). The AIC Code addresses the principles set out in the UK Code as well as additional recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council ('FRC') has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should meet their obligations in relation to the Listing Rules and Disclosure Guidance and Transparency Rules.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code published in January 2019 includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of compliance

The Board has considered the principles of the AIC Code and confirms that it has complied with these throughout the reporting period.

The Company has no executive directors so does not consider executive remuneration. As a fully managed investment company, the Company has no internal operations so does not maintain an internal audit function, although the Audit Committee regularly considers the need for it.

Overview

The Board is comprised entirely of non-executive directors and has constituted three principal committees: the Audit Committee, the Management Engagement Committee and the Nomination and Remuneration Committee. The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations.

The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website **www.europeansmallercompaniestrust.com**.

The Board engages third-party service providers to deliver the operations of the Company. Janus Henderson has been appointed to manage the investment portfolio and is the Company's Alternative Investment Fund Manager. The investment manager also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a depositary, which in turn appoints the custodian, who are responsible for the safe custody of the Company's assets. The Company has appointed a registrar to maintain the Register of Members and assist shareholders with queries in respect of their holdings. The Company entered into each of these principal contracts after full and proper consideration of the quality and cost of the services offered, including the operation of their internal control environments. The Board and its committees maintain oversight of third-party service providers through regular and ad hoc reporting, as well as ongoing monitoring by the investment manager.

Board leadership and purpose

The Board is responsible for providing leadership and setting the tone from the top in terms of the Company's culture and values. The Board appoints all third-party service providers and monitors their performance throughout the year. The directors formally evaluate the quality of the service provided by each third-party service provider and consider the appropriateness of the terms of their engagement at least annually. The Board aligns the Company's risk appetite with the investment objective set by shareholders and establishes investment restrictions accordingly. The Board keeps under regular review the risks faced by the Company and assesses the effectiveness of internal controls put in place to mitigate these.

As well as making the strategic decisions regarding the Company's objectives and establishing the risk management framework, the Board's purpose is to provide independent oversight of the operations delivered by the Company's third-party service providers and to challenge the decisions and recommendations made by them, particularly the investment manager.

The Board does this by meeting formally at least five times a year, with additional Board or committee meetings arranged when required. The directors have regular contact with the Fund Manager and other employees of the investment manager in connection with the delivery of company secretarial, sales, marketing and other administrative services.

The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing oversight of performance against agreed measures. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves communications with shareholders, the appointment of new directors and oversees corporate governance matters.

Corporate Governance Report (continued)

Each meeting follows an agenda agreed with the Chairman and includes a review of the Company's investment performance, financial position, compliance with the investment parameters and a review of notable changes to the share register, along with any sales and marketing activities undertaken. This reporting enables the Board to ensure that control is maintained over the Company's affairs.

The investment manager ensures that the directors receive relevant management, regulatory and financial information. Employees of the investment manager attend each Board meeting enabling the directors to probe further on matters of concern.

The Chairman is able to attend meetings of all the chairmen of the investment companies managed by Janus Henderson which provides a forum to discuss industry matters.

The directors have access to the advice and services of the Corporate Secretary through its designated representative who is responsible for ensuring that Board and committee procedures are followed. The proceedings of all Board and committee meetings are minuted, with any particular concerns raised by the directors appropriately recorded. The Board and the investment manager operate in a supportive, co-operative and open environment.

The Company has a procedure for directors to take independent professional advice at the expense of the Company in the furtherance of their duties. In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information.

Division of responsibilities

Role	Primary responsibilities
Shareholders/ investors	The Company's shareholders are responsible for: • approving the Company's investment objective and policy; • making decisions regarding changes to the Company's constitution; • electing and re-electing directors to the Board, or removing them from office if deemed appropriate; and • determining the overall limit for directors' remuneration.
Chairman	The Chairman of the Board is responsible for: • leading and managing Board business and ensuring the timely flow of information from service providers to the Board. He facilitates open, honest and constructive debate among directors; • leading the Board in developing succession planning; • leading the Board in determining its governance framework, culture and values; • representing the Company, alongside the Fund Manager, externally at business, and community level; and • managing the relationship with the investment manager.
Senior Independent Director	The senior independent director: • acts as a sounding board to the Chairman; • serves as an intermediary for the other directors and shareholders; • is responsible for leading the performance evaluation of the Chairman.
Independent non-executive directors	The independent non-executive directors are responsible for: • providing constructive and effective challenge, especially to the decisions of the investment manager; • scrutinising and holding to account the performance of the – Fund Manager in meeting the investment objective; – Investment manager in the promotion of the Company and day-to-day smooth operations of the Company's business; and • providing strategic guidance and offering specialist advice.

Corporate Governance Report (continued)

Role	Primary responsibilities
Committee chairs	The Committee chairs are responsible for: • the leadership and governance of their committee; • maintaining the relationships with specialist service providers delivering services within the remit of their committees; • reporting on the activities of their committee to the Board; and • seeking approval from the Board for the responsibilities set out in their respective terms of reference.
Investment manager	The investment manager is the Company's appointed Alternative Investment Fund Manager and is responsible for: • promoting the Company's investment proposition to professional and retail investors; • making the necessary reporting to the FCA regarding the Company's status as an Alternative Investment Fund; • providing accounting, company secretarial and other administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions; and • coordinating the delivery of services provided by the Company's other third-party service providers.
Fund Manager	The Fund Manager and his team are responsible for: • selecting the stocks held within the portfolio; • diversification and risk management through stock selection and size of investment; • determining the volume and timing of acquisitions and disposals; and • determining the frequency and level of gearing within the overall limits set by the Board.

Board composition

At the date of this report, the Board comprises five non-executive directors. Their background and business experience is set out on pages 23 and 24.

Appointment, tenure and retirement of directors

The Board may appoint directors at any time during the year. Any director so appointed stands for election by shareholders at the next annual general meeting. Directors are generally expected to serve two terms of three years, which may be extended to a third term, and occasionally beyond, at the discretion of the Board and subject to satisfactory performance evaluation and annual re-election by shareholders.

All directors stand for re-election by shareholders annually in keeping with the provisions of the AIC Code. The articles permit shareholders to remove a director before the end of his or her term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Chairman's tenure

Given the entirely non-executive nature of the Board and the fact that the Chairman may not be appointed as such at the time of their initial appointment as a director, the Chairman's tenure may be longer where this is considered by the Board to be in the best interests of the Company. As with all directors, the continuing appointment of the Chairman is subject to satisfactory performance evaluation, annual re-election by shareholders and may be further subject to the particular circumstances of the Company at the time he intends to retire from the Board. The directors are cognisant of the benefits of regularly refreshing Board membership and seek to do so while retaining a balance of knowledge of the Company and the relationship with the investment manager.

Directors' independence

The independence of the directors is determined with reference to the AIC Code and is reviewed by the Nomination and Remuneration Committee at least annually. The Committee considers each of the director's other commitments, as well as their tenure and any connections they may have with the investment manager or other key service providers. Following completion of the evaluation in July 2022 the Committee concluded that all directors continued to be independent in character and judgement.

Two directors have been on the Board for over nine years; Christopher Casey and Alexander Mettenheimer. Alexander Mettenheimer is due to retire from the Board at the conclusion of the 2022 Annual General Meeting. The other directors consider that both directors are, and have been, independent since their appointment. Independence stems from the ability to make decisions that conflict with the interest of the investment manager and this is a function of confidence, integrity and judgement. The Board is firmly of the view that length of service does not impair a director's ability to act independently, but that the longer perspective adds value to the deliberations of the Board, especially in light of the Company's business model and the entirely non-executive nature of the Board.

Corporate Governance Report (continued)

Directors' conflicts of interest

The articles permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('situational conflicts'). The Board has a formal system in place for directors to declare situational conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company. The directors may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any situational conflicts which are considered, and authorised, are recorded in the minutes. These are reviewed by the Nomination and Remuneration Committee at least annually.

Directors' induction and ongoing training

Newly appointed directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the investment manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services.

Directors are provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the directors' responsibilities as they arise.

Directors are encouraged to attend external training and industry seminars, and may do so at the expense of the Company.

Directors' time commitment

The Board expects directors to be able to devote sufficient time to meet the demands of the business. Directors should attend all scheduled meetings except when unforeseen and serious circumstances arise at short notice, such as sudden illness or death in the close family. The Board expects directors to be able to make themselves available at reasonably short notice to consider any ad hoc matters that may arise.

Directors' other commitments are considered as part of the candidate selection process for new appointments and annually as part of the overall performance evaluation of each director.

The table below sets out individual directors' meeting attendance for the period under review. All directors attended the 2021 Annual General Meeting.

	Board	Audit Committee	Nomination and Remuneration Committee	Management Engagement Committee
Number of meetings	5	2	1	1
Christopher Casey	5/5	2/2	1/1	1/1
Daniel Burgess	5/5	2/2	1/1	1/1
Ann Grevelius	5/5	2/2	1/1	1/1
Simona Heidempergher	5/5	2/2	1/1	1/1
Alexander Mettenheimer	5/5	2/2	1/1	1/1
Andrew Martin Smith[1]	3/3	1/1	1/1	1/1

1 Retired as a director on 29 November 2021

Succession planning

To be effective the Board must maintain a balance of skills and experience, and seek to refresh these on a regular basis to ensure that the Board's oversight of the investment manager's activities remains robust.

As the Board is comprised entirely of non-executive directors and all operations are outsourced, ensuring a suitable balance of skill and experience includes retaining a detailed knowledge of the Board's deliberations and decisions over the long term, which may mean some directors remain on the Board for longer than nine years. The Board considers its membership annually following individual performance evaluation and when recommending directors to shareholders for re-election. The Board maintains a succession plan which remains subject to the challenges facing the Company at the time these plans are implemented and the skills the Board believes it requires to ensure the safeguarding of shareholders' assets.

As part of the Board's succession planning, Alexander Mettenheimer will be retiring as a director with effect from the conclusion of the forthcoming annual general meeting.

Performance evaluation

The Board has established a three year cycle for evaluating its performance, with questionnaires used for years one and two, followed by individual discussions with directors led by the Chairman in year three. The process allows the Board to consider its performance, that of its committees and individual directors not only on an annual basis, but in achieving strategic aims.

Corporate Governance Report (continued)

The evaluation concluded that the Board continued to operate effectively and that the presence of European based directors on the Board remained beneficial. The evaluation specifically assessed the time which individual directors were able to commit to Board business and, based on meeting attendance including to address ad hoc matters, concluded that all directors were able to devote the time required to fulfil their duties. The number of directors remained appropriate given the size and nature of the Company's business.

Risk management and internal control

Framework of control

The Board has responsibility for determining the Company's overall risk appetite, establishing internal controls to ensure operation within that appetite and for reviewing the effectiveness of the internal controls in place.

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The principal and emerging risks faced by the Company and mitigating measures in place, are documented in the Risk Profile and Register which is kept under regular review by the Audit Committee. The diagram on page 30 illustrates the Company's framework.

The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its third-party service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria, specifying levels of authority and exposure limits. The Board reviews reports on investment performance against and in compliance with the criteria at each meeting;
- regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- contractual agreements with the investment manager and all other third-party service providers. The Board reviews performance levels and adherence to relevant provisions in the agreements on a regular basis through reporting to the Board and conducts a formal evaluation of the overall level of service provided at least annually;
- the review of internal controls at the investment manager and other third-party service providers. The Board receives quarterly reporting from the investment manager and depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
  - the investment manager's Operational Risk team on the control environment in operation at the investment manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the investment manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 June 2022 and is satisfied that it has not identified or been advised of any failings or weaknesses that have been determined as significant.

Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and ensure that financial information used within the business, or published, is reliable.

The Company is an investment company, has no employees or premises and delegates all executive activities to third-party service providers, principally among them, the investment manager. The Board places reliance on the Company's framework of internal control and the Audit Committee's view on reporting received from specific second and third line of defence teams at the investment manager.

The investment manager's Operational Risk team support the Audit Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The investment manager's Internal Audit department provides regular reporting to the Board on the operations of the investment manager and presents at least annually to the Audit Committee.

Given the level of independent review attached to reporting on the effectiveness of internal controls at third-party service providers and the access the Audit Committee has to the investment manager's Internal Audit department, the Board, on the recommendation of the Audit Committee, has concluded that it is not necessary at the present time for the Company to have its own internal audit function.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
4 October 2022

Corporate Governance Report (continued)

Framework of Internal Controls

How the system of internal control operates

The Board appoints third-party service providers to undertake the Company's operational activities. It maintains oversight of these providers throughout the year by receiving regular reporting on their activities.

The Company's principal third-party service providers are the investment manager (Janus Henderson); the depositary/custodian (HSBC) and the accountants (BNP Paribas Securities Services).

In respect of its principal providers, the Board receives quarterly reporting on compliance with the control environment and assesses the effectiveness of the control environment through review of the assurance reports from each organisation. This reporting is supplemented by the view of the investment manager's Operational Risk team regarding the control environments in operation at the service providers.

The Company's secondary providers report regularly to the Board. A failing in their services is deemed to have a minimal impact on the Company's value and therefore less stringent reporting is required.

The Management Engagement Committee formally evaluates the performance and service delivery of all third-party service providers at least annually.

The Audit Committee evaluates the performance of the statutory auditor on completion of each audit cycle.

Board of Directors
(comprised entirely of non-executive Directors)

Ernst & Young LLP
(Statutory Auditor)

Principal third-party service providers

The directors

- receive regular reporting at meetings;
- review the assurance report produced by each organisation;
- receive additional reporting on the control environment from the investment manager's Operational Risk team;
- receive reporting from the investment manager's Internal Audit team on areas relevant to investment trusts; and
- formally evaluate their performance on an annual basis

Janus Henderson
(Investment management, company secretarial, sales, marketing, PR and administration)

Reporting
- Investment performance update at each meeting
- Investment Limits and Restrictions (monthly)
- Internal Control Report (quarterly)
- Effectiveness of control environment (annually)

HSBC
(Depositary/custodian)

Reporting
- Depositary's Report (quarterly)
- Presentation from the depositary and custodian (annually)
- Effectiveness of control environment (semi-annually)

BNP Paribas Security Services
(Fund administration and accounting services engaged by the investment manager)

Reporting
- Balance sheet
- Liquidity and gearing
- Income forecasts
- Portfolio valuation
- Portfolio transactions
- Portfolio attribution
- Cross holdings
- Effectiveness of control environment (annually)

Secondary third-party service providers

The directors

- receive regular reporting on their activities at meetings; and
- formally evaluate their performance on an annual basis

Equiniti
(Registrar)

KPMG
(EU withholding tax)

Winterflood
(Corporate broker)

Edison
(Market research)

Audit Committee Report

Role

The Audit Committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external auditor.

Membership

All directors with the exception of the Chairman of the Board are members of the Committee.

The Board is satisfied that at least one member has recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

Meetings

The Committee meets at least twice a year. The Company's auditors, the Fund Manager and the investment manager's Financial Reporting Manager are invited to attend meetings of the Committee on a regular basis. Other representatives of the investment manager and BNP Paribas Securities Services may also be invited to attend if deemed necessary by the Committee.

Responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the Company's annual report and half-year financial statements, the appropriateness of the accounting policies applied and the use of the going concern basis for their preparation;
- the assessment of the principal and emerging risks facing the Company and the long-term viability statement in light of these risks;
- the areas of judgement in the financial statements and the performance fee calculation;
- the overall approach to paying dividends and the appropriate level of dividend to be paid in respect of the year ended 30 June 2022;
- the appointment and evaluation of the effectiveness and objectivity of the auditor, and determining their remuneration;
- agreeing the nature and scope of the statutory audit and reviewing the auditor's findings;
- monitoring and evaluating the effectiveness of the Company's system of internal control and assessing the need for a separate internal audit function;
- the policy on the provision of non-audit services by the auditor and the auditor's independence; and
- the whistleblowing arrangements in place at the investment manager enabling staff to raise concerns about possible improprieties in confidence.

Effectiveness of the external audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components; consideration is given to the findings of the FRC's Audit Quality Inspection Report and a post-audit assessment is carried out, led by the Committee Chairman.

The auditor is able to present and discuss the findings of the latest Audit Quality Inspection Report and report on the progress made by the firm in terms of addressing the areas identified for improvement in the prior year's report. In assessing the effectiveness of the audit process, the Committee Chairman invites views from the directors, the Fund Manager and other members of the investment manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee.

Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by Ernst & Young LLP ('EY') and therefore recommended their continuing appointment to the Board. The auditor has indicated their willingness to continue in office. Accordingly, resolutions reappointing EY as the auditor to the Company and authorising the directors to determine their remuneration will be proposed at the forthcoming annual general meeting.

Appointment and tenure of the auditor

Regulations currently in force require the Company to tender the statutory audit every ten years and rotate audit firms every 20 years. EY was appointed as the auditor in 2017 following a formal tender process and presented their first report in respect of the year ended 30 June 2018. This is the fifth year they have acted as the auditor and the final year which the current audit partner, Matthew Price, will be in place. Subject to the audit remaining effective and the continuing agreement from shareholders on the appointment of the auditor, the Committee envisages carrying out an audit tender process towards the end of the next audit partner's tenure.

Auditor's independence

The Committee monitors the auditor's independence through three aspects of its work; the approval of a policy regulating the non-audit services that may be provided by the auditor to the Company, assessing the appropriateness of the fees paid to the auditors and by reviewing the information and assurances provided by the auditors on their compliance with the relevant ethical standards. EY has confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards.

Audit Committee Report (continued)

Significant issues

In relation to the annual report for the year ended 30 June 2022 the following significant issues were considered by the Committee:

Significant issue	How the Committee addressed the issue
Valuation and ownership of investments	The directors have appointed the investment manager, who outsources some of the administration and accounting services to BNP Paribas Securities Services, to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, the investment manager has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Ownership of listed investments is verified by reconciliation to the custodian's records and the directors have received quarterly reports from the depositary, who has responsibility for overseeing the Company's operations, including verification of ownership and valuation.
Recognition of income	Income received is accounted for in line with the Company's accounting policies. The Committee considers whether the capital/income allocation remains appropriate and considers the treatment of any special dividends received during the course of the year.
Investment Trust status	The Committee reviews the investment manager's procedures for complying with relevant regulations so as to ensure that the Company maintains its investment trust status and regularly seeks confirmation of compliance with the relevant regulations.
Calculation of performance fee	The Committee reviews the calculation of the performance fee to ensure consistency with the investment management agreement and the application of the methodology.

Policy on the provision of non-audit services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditor. The policy sets out that the Company's auditor will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence and objectivity. In addition, the provision of any non-audit services by the auditor is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services.

Since the appointment of EY in 2017, the auditor has not provided any non-audit services to the Company.

Daniel Burgess
Chairman of the Audit Committee
4 October 2022

Management Engagement Committee Report

Role

The Management Engagement Committee is responsible for formally evaluating the overall performance of the investment manager and other third-party service providers engaged by the Company.

Membership

The Committee is chaired by the Chairman of the Board. All of the independent non-executive directors are members of the Committee.

Meetings

The Committee meets at least once a year.

Responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the closed end and open ended sectors, the share price, level of discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company’s business;
- the fee structures of its closed end competitors and other, similar sized investment companies;
- the key clauses of the investment management agreement, how the investment manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company’s other third-party service providers, including the brokers, depositary, registrar, research providers and legal counsel.

Re-appointment of the investment manager

Following completion of its reviews, the Committee concluded that the continued appointment of the incumbent investment manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board the re-appointment of Janus Henderson for a further year.

Christopher Casey
Chairman
4 October 2022

Nomination and Remuneration Committee Report

Role

The Nomination and Remuneration Committee is responsible for ensuring Board composition remains balanced, a transparent approach is used in the appointment of directors, that appropriate plans are in place for succession planning and that the level of directors remuneration is suitable given the size and nature of the Company.

Membership

The Committee is chaired by the Chairman of the Board, and with effect from 27 July 2022, has been chaired by the Senior Independent Director. All of the independent non-executive directors are members of the Committee.

Meetings

The Committee meets at least once a year to consider the composition of the Board, succession planning, to review the outcome of the Board evaluation and to consider the remuneration of individual directors. The Committee meets more frequently when the recruitment process for new directors is underway.

Responsibilities

In discharging its duties over the course of the year, the Committee considered:

Nomination

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- the outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of directors or knowledge and skills represented on the Board;
- the tenure of each of the directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the directors taking account of the guidelines established by the AIC Code as well as the directors' other commitments;
- the time commitment of the directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board taking account of the provisions of the articles regarding the retirement and rotation of directors, the tenure of the current directors and recommendations of the AIC Code; and
- the performance and contribution of the directors standing for re-election at the 2022 Annual General Meeting.

Remuneration

- the Company's remuneration policy with a view to ensuring this continued to reflect market practice and enable the Company to attract and retain an appropriate calibre of director; and
- the individual remuneration of the Chairman, Chairman of the Audit Committee and other directors, making appropriate recommendations to the Board based on their findings.

Directors for re-election

Taking account of the performance of individual directors as part of the overall effectiveness evaluation of the Board, the Committee considered whether the Board's support of directors standing for re-election at the upcoming annual general meeting was warranted.

Following conclusion of the evaluation this year, the Committee recommended that all directors standing for re-election should be supported. The evaluation demonstrated that the directors continued to bring their knowledge and experience to bear in making decisions regarding the Company and could commit additional time at short notice when required.

Directors' remuneration

The Committee gave consideration to the individual level of directors' remuneration taking account of the increasing responsibilities borne by directors, the fees paid to directors of other similar sized investment companies and the current economic conditions.

Having considered the matters outlined above, and so as to ensure the Company was able to attract and retain an appropriate calibre of individual on the Board, the Committee made a recommendation to the Board regarding changes to directors fees. The outcome is set out in the Directors' Remuneration Report on page 35.

Board diversity

At the date of this report, 40% of the Board membership was female, with the role of Senior Independent Director being held by a woman.

Board membership comprises two British directors, one German director, one Italian director and one Swedish director. This approach is relevant to the Company's investment objective and enables the Board to stay in touch with sentiment in Continental markets. The Board does not presently meet the ethnic diversity targets set out in Listing Rule 9.8.6(9) and remains committed to appointing the most appropriate candidate for any given role.

Simona Heidempergher
Chair of the Nomination and Remuneration Committee
4 October 2022

Directors' Remuneration Report

Remuneration Policy

The Remuneration Policy (the 'Policy') sets out the principles applied in the remuneration of the Company's directors. The Policy has been in place since 1 July 2013 and was last approved by shareholders at the annual general meeting on 23 November 2020.

The Board's approach is that fees payable to the directors should:

- reflect the time spent by them on the Company's affairs;
- reflect the responsibilities borne by them as directors;
- be sufficient to promote the long-term success of the Company; and
- not exceed the aggregate limit set out in the articles of association (currently £250,000).

Directors are remunerated in the form of fees which are payable quarterly in arrears. No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. The level of remuneration paid to each director is reviewed annually, although such review will not necessarily result in a change to the fee.

The Policy, irrespective of changes, is put to shareholders at intervals of not more than three years.

Shareholders' views

Any feedback from shareholders on the fees paid to directors is taken into account by the Board when reviewing remuneration levels.

Letters of Appointment

All directors are non-executive and are appointed under a Letter of Appointment, which is an engagement for services and not a contract for employment. The appointment may be terminated at any time by written notice with no compensation payable.

Recruitment principles

All directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board and Chairman of the Audit Committee are paid a higher fee in recognition of their additional responsibilities.

Annual Report on Remuneration

The Directors' Remuneration Report (the 'Report') is prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the 'Regulations'). A resolution to approve this Report will be put to shareholders at the annual general meeting to be held on 28 November 2022.

The Company's auditor is required to report on certain information contained within this report. Where information set out below has been audited it is indicated as such.

All of the directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for an illustrative representation of the level of remuneration that could be received by each individual director. All relevant information is disclosed within this Report in an appropriate format.

Table of directors' annual fees

The current fees for specific responsibilities are set out in the table below. Other than the Chairman of the Audit Committee, no fees are payable for membership of the Board's committees.

Role	From 1 July 2022	**At 30 June 2022**	At 30 June 2021
Chairman	£48,136	£44,000	£38,000
Chairman of the Audit Committee	£38,497	£35,190	£34,000
Director	£33,968	£31,050	£30,000

The Senior Independent Director does not receive an additional fee

Directors' interests in shares (audited)

The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial year under review are set out in the table below.

Director	**30 June 2022**	1 July 2021[1]
Christopher Casey	48,000	48,000
Daniel Burgess	16,000	16,000
Ann Grevelius	–	–
Simona Heidempergher	12,800	12,800
Alexander Mettenheimer	16,000	16,000
Andrew Martin Smith[2]	–	80,000

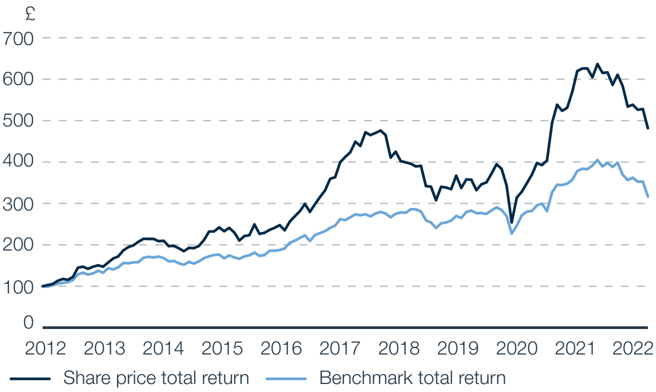
1 Comparative figures for the year ended 30 June 2021 have been restated due to the sub-division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021

2 Retired as a director on 29 November 2021

Directors' Remuneration Report (continued)

Total return performance over ten years

The graph illustrates the Company's share price total return performance compared with that of the benchmark over a ten-year period. The analysis assumes £100 invested on 30 June 2012 with all dividends reinvested.



Annual percentage change in directors' remuneration

The table below sets out the annual percentage change in directors fees for the three years to 30 June 2022.

Director	**Year to 30 June 2022 %**	Year to 30 June 2021 %	Year to 30 June 2020 %
Christopher Casey[1]	15.8	4.4	21.3
Daniel Burgess[2]	3.5	0.0	n/a
Ann Grevelius[3]	3.5	0.0	n/a
Simon Heidempergher	3.5	0.0	15.4
Alexander Mettenheimer	3.5	0.0	15.4
Andrew Martin Smith[4]	n/a	0.0	15.4

1 Appointed as Chairman on 25 November 2019, formerly the Chairman of the Audit Committee
2 Appointed as Chairman of the Audit Committee on 25 November 2019
3 Appointed as a director on 23 September 2019
4 Retired as a director on 29 November 2021

Relative importance of spend on pay

The table below sets out the total level of directors' remuneration compared to the distributions paid to shareholders by way of dividends. There were no other significant distributions or uses of the Company's profit which would assist in the understanding of relative importance of spend on pay.

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000	**Year ended 30 June 2022 % change**	Year ended 30 June 2021 % change
Total remuneration paid to directors[1]	191,692	192,518	-0.4	-2.9
Dividends paid on ordinary shares	13,429,050	11,224,281	19.6	0.4

1 Changes will fluctuate due to the number of directors in any one year

Directors' remuneration (audited)

The remuneration paid to the directors serving during the years ended 30 June 2022 and 2021 is set out in the table below.

Director	**Year ended 30 June 2022 Total salary and fees £**	**Year ended 30 June 2022 Total expenses and taxable benefits £**	**Year ended 30 June 2022 Total £**	Year ended 30 June 2021 Total salary and fees £	Year ended 30 June 2021 Total expenses and taxable benefits £	Year ended 30 June 2021 Total £
Christopher Casey[1]	44,000	–	44,000	38,000	–	38,000
Simona Heidempergher	31,050	368	31,418	30,000	–	30,000
Andrew Martin Smith[2]	12,825	–	12,825	30,000	–	30,000
Alexander Mettenheimer	31,050	1,372	32,422	30,000	518	30,518
Daniel Burgess[3]	35,190	–	35,190	34,000	–	34,000
Ann Grevelius	31,050	896	31,946	30,000	–	30,000
Total	185,165	2,636	187,801	192,000	518	192,518

Notes:
The table above omits other columns set out in the relevant Regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.
1 Chairman. Highest paid director
2 Retired as a director on 29 November 2021
3 Chairman of the Audit Committee

Directors' Remuneration Report (continued)

Statement of voting at annual general meeting

Shareholders have a binding vote on the Company's remuneration policy every three years and vote to receive the Remuneration Report each year. The table below sets out the votes received in respect of the last time each such resolution was proposed.

Resolution	For (incl discretionary)	% of votes[1]	Against	% of votes	Withheld
Remuneration Policy (last voted on 23 November 2020)	10,729,929	99.4	58,796	0.6	13,274
Remuneration Report (last voted on 29 November 2021)	11,190,717	99.1	98,511	0.9	26,562

1 The percentage of votes excludes votes withheld

Daniel Burgess
Chairman of the Audit Committee
4 October 2022

Directors' Report

The directors present their report and the Company's audited financial statements for the year ended 30 June 2022.

The Corporate Governance Report, committee reports and Additional Information on pages 23 to 34 and 73 to 82, form part of the Directors' Report.

Share capital

The Company has a single class of shares being the ordinary shares of 1.5625p each. At 30 June 2022, the Company's paid up share capital consisted of 400,867,176 ordinary shares of 1.5625p each, with voting rights totaling the same. This follows shareholder approval of an 8:1 share split which became effective on 13 December 2021. Each share carries the right to one vote on a poll.

At the annual general meeting held on 29 November 2021, shareholders authorised the directors to allot up to 20,043,359[1] new ordinary shares (5% of the issued share capital at the date of the resolution) and to repurchase up to 60,089,990[1] (14.99% of the issued share capital at the date of the resolution). Neither authority has been used in the year ended 30 June 2022. The authorities to allot and repurchase shares will expire at the earlier of 15 months from the date of the passing of the resolution or the next annual general meeting. Directors will be seeking to renew the authority to allot and repurchase shares at the upcoming annual general meeting.

There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no restrictions on voting, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company at 30 June 2022 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Allspring Global Investments Holdings LLC	14.0

No other notifications have been received up to the date of this report.

Borrowings

The Company has a secured multicurrency overdraft arrangement with HSBC Bank plc that allows it to borrow up to the lesser of £160 million and 25% of custody assets as and when required. At 30 June 2022, £68.8m (2021: £89.1m) of the facility was drawn down.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the directors against certain liabilities arising from carrying out their duties. The Company's articles and the provisions of English law permit a qualifying third party provision indemnity to be provided to directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising from their positions as directors, in which they are acquitted or judgement is given in their favour by the Court. The Company has granted such an indemnity to each director to the extent permitted by law in respect of the liabilities that may attach to them in their capacity as directors of the Company.

Related party transactions

The Company's transactions with related parties in the year were with the directors and the investment manager.

There have been no material transactions between the Company and its directors during the year. The only amounts paid to them were in respect of remuneration and expenses for which there were no outstanding amounts payable at the year end.

As a matter of operational efficiency, the Company has replaced its benchmark, the Euromoney Smaller European Companies (ex UK) Index with the MSCI Europe Small Cap ex UK Index. The change became effective on 1 July 2022. This change in the benchmark index has an indirect impact on the Company's investment policy, which is managed by reference to the benchmark, and performance fees payable by the Company to the investment manager, as such fees are determined based on performance relative to the benchmark.

The Company and the investment manager have entered into an agreement to reflect the change in the benchmark in connection with the calculation of the performance fee with effect from 1 July 2022. The performance relative to the benchmark for years prior to 1 July 2022 for the purposes of the calculation of any performance fees (which is calculated on a three-year rolling basis), remains unchanged and will continue to be calculated relative to the Euromoney Smaller European Companies (ex UK) Index.

In relation to the provision of services by the investment manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing

1 Comparative figures for the year ended 30 June 2021 have been restated due to the sub-division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p on 13 December 2021

Directors' Report (continued)

activities, there have been no material transactions affecting the financial position of the Company during the year under review. More details on transactions with the investment manager, including amounts outstanding at the year end, are given in note 20 on page 72.

Annual General Meeting

The Company's annual general meeting will be held at 12.30 pm on Monday 28 November 2022 at 201 Bishopsgate, London EC2M 3AE. For those unable to travel, the event will be streamed live on the internet: **www.janushenderson.com/trustslive**.

No live voting will be available via this medium so members not attending the physical Meeting are encouraged to submit their votes via proxy, or through their share dealing platform, ahead of the respective deadlines. Any changes to the format of the meeting will be notified to shareholders via a Regulatory Information Service announcement.

Instructions on attending the meeting and details of resolutions to be put to shareholders are included in the Notice of Meeting enclosed with this annual report. If shareholders would like to submit any questions in advance, they are welcome to send these to the corporate secretary at itsecretariat@janushenderson.com.

Continuation of the Company

The Company's articles of association require that at every third annual general meeting an ordinary resolution be put to shareholders requesting them to approve the continuation of the Company. This vote was last put to shareholders in 2019 and passed with a resounding majority. Another resolution will be proposed at the forthcoming annual general meeting.

Voting recommendation

The Board considers that the resolutions to be proposed at the meeting are in the best interests of the shareholders as a whole and therefore recommends that shareholders vote in favour of each resolution, as the directors intend to do in respect of their own beneficial holdings.

Directors' statement as to disclosure of information to the auditor

Each of the directors who were members of the Board at the date of approval of this report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditor is unaware and he or she has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Single identifiable table

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. There are no further disclosures to be made in this regard.

Environmental impact

As an investment company where all operational activities are outsourced, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019. Investee companies held in the portfolio report directly on their own emissions.

Modern slavery, bribery and tax evasion

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Company's structure

The Company is an investment company as defined in section 833 of the Companies Act 2006 ('the Act') and operates as an investment trust in accordance with s.1158 of the Corporation Tax Act 2010 as amended. The directors are of the opinion that the Company has conducted its affairs in compliance with s.1158 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority. The Company is a member of the Association of Investment Companies.

The Company, and the Board, is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
4 October 2022

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance with UK adopted International Accounting Standards.

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 and of the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 and the Directors' Remuneration Report 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.

The directors consider that 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.

Directors' responsibility statements

Each of the directors, listed on pages 23 and 24, confirm that, to the best of his or her knowledge:

- the financial statements prepared in accordance with UK adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit and loss of the issuer and the undertakings included in the financial statements as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Daniel Burgess
Chairman of the Audit Committee
4 October 2022

Financial statements

HelloFresh, 1.1% of the portfolio
Meal-kit provider with operations in the US, Australia, Canada, New Zealand, Europe and Japan

Independent auditor's report to the members of The European Smaller Companies Trust PLC

Opinion

We have audited the financial statements of The European Smaller Companies Trust PLC ('the Company') for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet and Cash Flow Statement and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 the audit.

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

- We confirmed our understanding of the Company's going concern assessment process and engaged with the directors and the Corporate Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- We inspected the directors' assessment of going concern, including the revenue forecast, for the period at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the factors and assumptions as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment of the Company.
- We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to repay borrowings or to cover working capital requirements should revenue decline significantly.
- We assessed the impact of the continuation vote scheduled for November 2022 AGM on the going concern, by considering the current and historical performance of the Company, reviewing the results of historic continuation votes and assessing the directors' analysis of their expected outcome of the vote.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Independent auditor's report to the members of The European Smaller Companies Trust PLC

(continued)

Based on the work we have 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 twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have 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 have 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• The risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital in the Statement of Comprehensive Income. • The risk of incorrect valuation or defective title of the investment portfolio. • The risk of incorrect calculation of the performance fees.
Materiality	• Overall materiality of £6.5m which represents 1% of Net Assets as at 30 June 2022.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company's investments and their valuations and potentially shareholder returns. This is explained on page 18 in the principal and emerging risks section, which forms part of the 'Other information', rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1(p) and we have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by UK adopted International Accounting Standards. We also challenged the directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of The European Smaller Companies Trust PLC

(continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income *(as described on page 32 in the Audit Committee Report and as per the accounting policy set out on page 55).* Income in the year totalled £25.2m (2021: £13.5m). The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. The revenue column of the Statement of Comprehensive Income is the main driver of the minimum dividend calculation. There is therefore a risk that an incorrect classification could potentially result in an under distribution of income and put the Company's investment trust status at risk. There is also a risk that the revenue column is overstated to increase the dividend paid to shareholders. In addition to the above, the directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. This manual and judgemental element in allocating special dividends between revenue and capital can lead to the risk of incorrect allocation.	**We have performed the following procedures:** • Obtained an understanding of BNP Paribas Securities, (the 'Administrator') and the investment manager's processes and controls surrounding revenue recognition and allocation of special dividends and performed a walkthrough to evaluate the design effectiveness of controls. • Reviewed the income and capital reports to identify special dividends, above our testing threshold, that have been received and accrued during the period. • The Company received 5 special dividends, all classed as revenue, during the year and there were no dividends that were individually above our testing threshold. We tested all 5 special dividends (£0.80m) and confirmed that the classification was consistent with the underlying nature of the payment. • Agreed a sample of dividends (including all of the special dividends) received from the income report to an independent pricing source, recalculated the dividend amount receivable and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. • For dividends accrued, we reviewed the investee company announcements and assessed whether the dividend obligations arose prior to 30 June 2022. • Selected a sample of investments from the Company's valuation report, checked to an independent source for any dividends (including special dividends) declared by those securities and agreed the recognition of such dividends to the income report. • To test for the risk of management override, we tested a sample of journal entries and other adjustments made in the preparation of the financial statements relating to special dividends.	**The results of our procedures are:** We have no matters to communicate with respect to the risk of incorrect or inaccurate income recognition.

Independent auditor's report to the members of The European Smaller Companies Trust PLC
(continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The risk of incorrect valuation or defective title of the investment portfolio *(as described on page 32 in the Audit Committee Report and as per the accounting policy set our on page 55).* The valuation of the portfolio at 30 June 2022 was £725.4m (2021: £933.4m) consisting solely of listed equities. In accordance with UK adopted international accounting standards, the Company's listed investments have been designated as 'fair value through profit and loss'. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date.	**We performed the following procedures:** • Obtained an understanding of the Administrator's process surrounding the investment pricing process by reviewing their internal control reports and by performing walkthrough procedures. • For all investments in the portfolio, compared the market prices applied to an independent pricing vendor and recalculated the investment valuation as at the year end. • Compared the Company's investment holdings at 30 June 2022 to independent confirmations received directly from the Company's custodian. • Reviewed any price exception and stale pricing reports to identify any prices that have not changed and tested whether the listed price is a valid fair value.	**The results of our procedures are:** We have no matters to communicate with respect to the procedures that we performed in response to the risk of incorrect valuation or defective title of the investment portfolio.

Independent auditor's report to the members of The European Smaller Companies Trust PLC

(continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect calculation of the performance fees *(as described on page 32 in the Audit Committee Report and as per the accounting policy set out on page 55).* The Company pays performance fees to the investment manager and £5.53m of performance fees were payable in the year to 30 June 2022 (2021: £4.55m). The performance fee is calculated at 15% of the outperformance above the Company's benchmark (Euromoney European Smaller Companies ex UK Index). This is calculated as the average annual total Net Asset Value ('NAV') return against the average annual total return of the benchmark (in percentage terms, not absolute terms). The performance fee calculation includes a hurdle rate of 1.0% before any performance fee can be earned. The upper limit for the total fee (including management fee) is 2.0% of NAV of the Company as at last day of the relevant calculation period. There is a risk that the performance fee is not calculated correctly as per the investment management agreement or that the methodology is open to misinterpretation.	**We have performed the following procedures:** • Obtained an understanding of the Administrator's processes and controls surrounding performance fee calculation and performed a walkthrough to evaluate the design effectiveness of controls. • Reviewed the investment management agreement to assess the conditions that result in a performance fee payable. • Reviewed the Administrator's calculation of performance fees for the year ended 30 June 2022 and recalculated the performance fees payable. • Validated applicable external inputs used in the calculations to third party source data, being the share price used as a basis to calculate market capitalisation and the benchmark index. • Agreed the performance fees paid to invoice and subsequent bank payment, confirming the accuracy of the year end liabilities. • Validated that the performance fee has only been earned once the hurdle of 1.0% has been met and that the cap of 2.0% has not been exceeded.	**The results of our procedures are:** We have no matters to communicate with respect to the procedures that we performed in response to the risk of incorrect calculation of performance fees.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £6.5 million (2021: £8.4 million), which is 1% (2021: 1%) of Net Assets. We believe that Net Assets provides us with the most important metric on which shareholders would judge the performance of the Company.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation at year end.

Independent auditor's report to the members of The European Smaller Companies Trust PLC

(continued)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £4.9m (2021: £6.3m).

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold of £0.3m (2021: £0.6m) for the revenue column of the Statement of Comprehensive Income being 5% of revenue profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3m (2021 £0.4m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1-43, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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 directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent auditor's report to the members of The European Smaller Companies Trust PLC

(continued)

Corporate Governance Statement

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.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate, set out on page 19;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities, set out on page 55;
- Directors' statement on fair, balanced and understandable set out on page 40;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 18;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 29; and
- The section describing the work of the Audit Committee set out on pages 31 and 32.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 40, 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 the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but 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 of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK adopted International Accounting Standards, The Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Associate of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and the Companies (Miscellaneous Reporting) Regulations 2018.

Independent auditor's report to the members of The European Smaller Companies Trust PLC

(continued)

- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and the Corporate Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We have identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through the incorrect classification of special dividends in the Statement of Comprehensive income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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.

Other matters we are required to address

Following the recommendation from the Audit Committee, we were appointed by the Company in 2017 to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods. We were engaged by the Audit Committee and signed an engagement letter on 28 September 2022. The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 30 June 2018 to 30 June 2022.

- The 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.

Matthew Price (senior statutory auditor)
For and on behalf of Ernst & Young LLP
London
4 October 2022

Statement of Comprehensive Income

Note		Year ended 30 June 2022 Revenue return £'000	Year ended 30 June 2022 Capital return £'000	Year ended 30 June 2022 Total return £'000	Year ended 30 June 2021 Revenue return £'000	Year ended 30 June 2021 Capital return £'000	Year ended 30 June 2021 Total return £'000
2	Investment income	25,231	–	25,231	13,475	–	13,475
9	(Losses)/gains on investments held at fair value through profit or loss	–	(185,662)	(185,662)	–	326,600	326,600
	Total income	**25,231**	**(185,662)**	**(160,431)**	**13,475**	**326,600**	**340,075**
	Expenses						
3	Management and performance fee	(844)	(8,906)	(9,750)	(826)	(7,853)	(8,679)
4	Other operating expenses	(830)	–	(830)	(720)	–	(720)
	Profit/(loss) before finance costs and taxation	**23,557**	**(194,568)**	**(171,011)**	**11,929**	**318,747**	**330,676**
5	Finance costs	(194)	(775)	(969)	(155)	(620)	(775)
	Profit/(loss) before taxation	**23,363**	**(195,343)**	**(171,980)**	**11,774**	**318,127**	**329,901**
6	Taxation	(2,660)	(72)	(2,732)	(1,384)	–	(1,384)
	Profit/(loss) for the year and total comprehensive income	**20,703**	**(195,415)**	**(174,712)**	**10,390**	**318,127**	**328,517**
7	**Return per ordinary share – basic and diluted**[1]	**5.16p**	**(48.75p)**	**(43.59p)**	**2.59p**	**79.36p**	**81.95p**

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with UK adopted International Accounting Standards.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in this statement derive from continuing operations.

1 Comparative figures for the year ended 30 June 2021 have been restated due to the sub division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021

The notes on pages 54 to 72 form part of these financial statements

Statement of Changes in Equity

Note		Year ended 30 June 2022 Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2021	6,264	120,364	13,964	676,886	23,189	840,667
	Total comprehensive income:						
	(Loss)/profit for the year	–	–	–	(195,415)	20,703	(174,712)
	Costs relating to sub division of shares	–	–	–	(62)	–	(62)
8	Ordinary dividends paid	–	–	–	–	(13,429)	(13,429)
	Total equity at 30 June 2022	**6,264**	**120,364**	**13,964**	**481,409**	**30,463**	**652,464**

Note		Year ended 30 June 2021 Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2020	6,264	120,364	13,964	358,759	24,023	523,374
	Total comprehensive income:						
	Profit for the year	–	–	–	318,127	10,390	328,517
8	Ordinary dividends paid	–	–	–	–	(11,224)	(11,224)
	Total equity at 30 June 2021	**6,264**	**120,364**	**13,964**	**676,886**	**23,189**	**840,667**

The notes on pages 54 to 72 form part of these financial statements

Balance Sheet

Note		At 30 June 2022 £'000	At 30 June 2021 £'000
	Non current assets		
9	Investments held at fair value through profit or loss	725,441	933,499
	Current assets		
11	Receivables	6,986	3,412
	Cash and cash equivalents	11	–
		6,997	**3,412**
	Total assets	**732,438**	**936,911**
	Current liabilities		
12	Payables	(11,155)	(7,145)
	Bank overdrafts	(68,819)	(89,099)
		(79,974)	**(96,244)**
	Net assets	**652,464**	**840,667**
	Equity attributable to equity shareholders		
14	Called up share capital	6,264	6,264
15	Share premium account	120,364	120,364
16	Capital redemption reserve	13,964	13,964
	Retained earnings:		
16	Other capital reserves	481,409	676,886
17	Revenue reserve	30,463	23,189
18	**Total equity**	**652,464**	**840,667**
19	**Net asset value per ordinary share – basic and diluted**[1]	**162.76p**	**209.71p**

1 Comparative figures relating to NAV per share for the year ended 30 June 2021 have been restated due to the sub division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021.

The financial statements on pages 50 to 72 were approved and authorised for issue by the Board on 4 October 2022 and signed on its behalf by:

Daniel Burgess
Chairman of the Audit Committee

The notes on pages 54 to 72 form part of these financial statements

Cash Flow Statement

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Operating activities		
(Loss)/profit before taxation	(171,980)	329,901
Add back: interest payable	969	775
Add back/(less): Losses/(gains) on investments held at fair value through profit or loss	185,662	(326,600)
Sales of investments held at fair value through profit or loss	317,888	458,813
Purchases of investments held at fair value through profit or loss	(295,427)	(495,971)
Withholding tax on dividends deducted at source	(3,691)	(2,116)
(Increase)/decrease in prepayments and accrued income	(320)	295
(Increase)/decrease in amounts due from brokers	(2,462)	1,287
Increase in accruals and deferred income	2,910	5,415
Increase/(decrease) in amounts due to brokers	1,100	(4,211)
Net cash inflow/(outflow) from operating activities before interest and taxation[1]	**34,649**	**(32,412)**
Interest paid	(969)	(775)
Taxation recovered	167	144
Net cash inflow/(outflow) from operating activities	**33,847**	**(33,043)**
Financing activities		
Equity dividends paid (net of refund of unclaimed dividends – see note 8)	(13,429)	(11,224)
Costs relating to sub-division of shares	(62)	–
Net (repayment)/drawdown of bank overdraft	(20,345)	44,210
Net cash (used in)/raised from financing activities	**(33,836)**	**32,939**
Increase/(decrease) in cash and cash equivalents	**11**	**(57)**
Cash and cash equivalents at the start of the year	–	57
Cash and cash equivalents at the end of the year	**11**	**–**
Comprising:		
Cash at bank	11	–
	11	**–**

1 In accordance with IAS7.31 cash inflow from dividends was £24,892,000 (2021: £11,699,000) and cash inflow from interest was £nil (2021: £nil)

The notes on pages 54 to 72 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The European Smaller Companies Trust PLC is a Company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company undertook an 8:1 share split which became effective on 13 December 2021 and changed its name from TR European Growth Trust PLC on 17 January 2022. The Company financial statements for the year ended 30 June 2022 have been prepared in accordance with UK adopted International Accounting Standards. These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the IFRS Interpretations Committee ('IFRS IC') that remain in effect, to the extent that IFRSs have been adopted by the UK Endorsement Board.

The financial statements have been prepared on a going concern basis. They have also been prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value through profit and loss. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment companies issued by the Association of Investment Companies ('AIC') in April 2021, is consistent with the requirements of UK adopted International Accounting Standards, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

The assets of the Company consist mainly of securities that are listed and readily realisable and, accordingly, the directors believe that the Company has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement (see page 19), the directors have decided that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial position of the Company is described in the Strategic Report on pages 1 to 21. Note 13 to the financial statements includes the Company's policies and process for managing its capital; its financial risk management objectives; and details of financial instruments and exposure to credit risk and liquidity risk.

Accounting standards

i) The following new and amended standards are relevant and applicable to the Company and have been adopted although they have no impact on the financial statements:

Standard		Effective for annual periods beginning on or after
IAS 39, IFRS 4, 7, 9 and 16 Amendments	Interest Rate Benchmark Reform (Phase 2)	1 January 2021

ii) Relevant new standards, amendments and interpretations issued but not effective for the current financial year and not early adopted by the Company:

Standard		Effective for annual periods beginning on or after
IAS 1 Amendments	Classification of Liabilities as current or non-current	1 January 2023
IAS 1 Amendments	Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendments	Definition of Accounting Estimates	1 January 2023
IAS 16 Amendments	Proceeds before intended use	1 January 2022
IAS 37 Amendments	Onerous Contracts – Cost of fulfilling a contract	1 January 2022
IAS 41, IFRS 1, 9 and 16 Amendments	Annual Improvements 2018-20 Cycle	1 January 2022
IFRS 3 Amendments	Reference to the Conceptual Framework	1 January 2022

The directors expect the standards issued not yet effective will have either no impact or that any impact will not be material on the financial statements of the Company in future periods.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

b) Going concern

The Company's shareholders are asked every three years to vote for the continuation of the Company. An ordinary resolution to this effect was put to the annual general meeting held on 25 November 2019 and passed by the substantial majority of the shareholders. The next such resolution will be put to the shareholders at the annual general meeting in 2022.

The directors have considered the likely ongoing impact of Covid-19, the war in Ukraine and prevailing rates of inflation, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that they are able to meet their financial obligations, including the repayment of the bank overdraft, as they fall due for a period of at least twelve months from the date of approval of these financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

c) Investments held at fair value through profit or loss

All investments are held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the Balance Sheet is based on their quoted bid price at the Balance Sheet date, without deduction of the estimated future selling costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

d) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Company's compliance with certain requirements set out in s.1158 of the Corporation Tax Act 2010.

e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Bank deposit interest is accounted for on an accruals basis.

f) Expenses

All expenses and interest payable are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue returns of 80% and 20%, respectively, the Company charges 80% of its finance costs and management fees to capital. Any performance fees payable are allocated wholly to capital, reflecting the fact that although they are calculated on a total return basis they are expected to be attributable largely, if not wholly, to capital performance. Expenses which are incidental to the purchase or sale of an investment are charged to the capital return column of the Statement of Comprehensive Income and allocated to the other capital reserves. All other operating expenses are charged to the revenue return column of the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under s.1158 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

h) Dividends

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Statement of Changes in Equity. Following the change to the Company's articles of association with effect from 21 November 2016 dividends may be paid from the revenue reserve or realised capital profits.

i) Foreign currency

For the purposes of the financial statements, the results and financial position are expressed in pounds Sterling, which is the functional and the presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into Sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss that are denominated in overseas currencies at the Balance Sheet Date are translated into Sterling at the exchange rates ruling at that date. Exchange gains and losses on investments held at fair value through profit or loss are included within '(Losses)/gains on investments held at fair value though profit or loss'.

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. In the Cash Flow Statement, cash and cash equivalents includes cash in hand and deposits held at call with banks. In the Balance Sheet, bank overdrafts are not included in cash and cash equivalents, but are disclosed within current liabilities.

k) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

l) Receivables

Receivables are amounts due from securities sold for future settlement, withholding tax recoverable, prepayments and accrued income in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost.

m) Payables

Payables are obligations to pay for securities purchased for future settlement, accruals and deferred income that have been acquired/incurred in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost.

n) Repurchase of ordinary shares

The costs of repurchasing ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

o) Capital reserves

Other Capital reserves
Capital reserve arising on investments sold
The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

Revenue reserve
The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

Capital redemption reserve
The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled.

Share capital
Share capital represents the nominal value of ordinary shares issued.

Share premium
The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

p) Key estimates and assumptions

The key estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity are those relating to the valuation of unquoted investments and disclosed in notes 9 and 14.5. As the value of unquoted investments represented nil% of net assets (2021: 0.01%), these are not considered material. Consequently there are no areas of significant estimate or judgment. In preparing these financial statements the directors have considered the impact of climate change risk and concluded that there was no impact as the investments are valued based on quoted market prices.

q) Operating segments

Under IFRS 8, operating segments are considered to be components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The directors meet regularly to consider investment strategy and monitor the Company's performance. The Fund Manager, who has been designated by the investment manager to manage the Company's investments, attends all Board meetings at which investment strategy and performance are discussed. The directors consider that the Company has one operating segment, being the activity of investing in shares and securities primarily for capital appreciation in accordance with the Company's published investment objective.

The business is not managed on a geographical basis. However, an analysis of investments by country is provided on page 9.

2 Investment income

	2022 £'000	2021 £'000
Overseas dividend income from listed investments	**25,231**	**13,475**

All overseas dividend income is derived from investments in Continental Europe.

3 Management and performance fees

	2022			2021		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	844	3,375	4,219	826	3,304	4,130
Performance fee	–	5,531	5,531	–	4,549	4,549
Total	**844**	**8,906**	**9,750**	**826**	**7,853**	**8,679**

A summary of the terms of the management agreement is given on page 13.

Notes to the Financial Statements (continued)

4 Other operating expenses

	2022 £'000	2021 £'000
Auditor's remuneration[1]	45	40
Directors' fees and expenses[2]	188	193
Other expense payable to the management company[3]	151	70
Custody fees	174	180
Depositary charges	47	46
Printing	19	29
Advisory and consultancy fees	75	52
Irrecoverable VAT	–	2
Other expenses	131	108
	830	**720**

Expenses are net of VAT

1 The auditor has not undertaken any non-audit services in either period
2 Directors fees and expenses are related party transactions, more detail can be found in note 20. A breakdown of directors fees and expenses can be found in the Directors' Remuneration Report
3 Other expenses comprise fees payable to the investment manager which relate to marketing activities. More detail can be found in note 20

5 Finance costs

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total return £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total return £'000
Bank overdraft interest	194	775	969	155	620	775

6 Taxation

a) Analysis of charge in year

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total return £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total return £'000
Foreign withholding taxes	3,691	72	3,763	2,116	–	2,116
Overseas tax reclaimable	(1,031)	–	(1,031)	(732)	–	(732)
Total current tax for the year (see note 6 b)	**2,660**	**72**	**2,732**	**1,384**	**–**	**1,384**

Notes to the Financial Statements (continued)

6 Taxation (continued)

b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK is 19% with effect from 1 April 2017.

The tax assessed for the year ended 30 June 2022 is lower than the effective rate of corporation tax of 19% (2021: 19%).

	2022 Revenue return £'000	**2022** Capital return £'000	**2022** Total return £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total return £'000
Net profit/(loss) on ordinary activities before taxation	**23,363**	**(195,343)**	**(171,980)**	11,774	318,127	329,901
Corporation tax at 19% (2021: 19.00%)	4,439	(37,115)	(32,676)	2,237	60,444	62,681
Effects of:						
Losses/(gains) on investments held not taxable	–	35,276	35,276	–	(62,054)	(62,054)
Expenses unutilised for tax purposes	243	1,839	2,082	129	1,610	1,739
Non-taxable dividends	(4,682)	–	(4,682)	(2,366)	–	(2,366)
Overseas tax	2,660	72	2,732	1,384	–	1,384
Tax charge	**2,660**	**72**	**2,732**	**1,384**	–	**1,384**

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current year or in the prior year. Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to maintain approval of such status in the foreseeable future, the Company has not provided deferred tax on any capital gains arising on the revaluation or disposal of investments.

d) Factors that may affect future tax charges

The Company can offset management fees, performance fees and other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees, performance fees and other administrative expenses) and non-trade loan relationship deficits (interest costs and these are captured together under the heading 'Expenses unutilised for tax purposes' in the table above). Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts.

Consequently, the Company has not recognised a deferred tax asset totalling £16,284,000 (2021: £13,521,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits, and based on a prospective tax rate of 25% (2021: 25%). On 23 September 2022 the Chancellor of the Exchequer announced that the UK corporation tax rate will remain at 19% from 1 April 2023 – reversing a previously enacted measure to increase the main headline rate to 25%. The announcement of the reversal in the tax rate from 1 April 2023 was not enacted or substantively enacted at the Balance Sheet date and accordingly has no impact on the tax balances at 30 June 2022. These expenses will only be utilised, to any material extent, if changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.

Notes to the Financial Statements (continued)

7 Return per ordinary share

The return per ordinary share figure is based on the net loss for the year of £174,712,000 (2021: gain £328,517,000) and on the weighted average number of ordinary shares in issue during the year of 400,867,176 (2021: 400,867,176[1]).

The return per ordinary share figure detailed above can be further analysed between revenue and capital, as below. The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted return per ordinary share are the same.

	2022 £'000	2021 £'000
Net revenue profit	20,703	10,390
Net capital (loss)/profit	(195,415)	318,127
Net (loss)/profit	**(174,712)**	**328,517**
Weighted average number of ordinary shares in issue during the year	400,867,176	400,867,176[1]

	2022 Pence	2021 Pence
Revenue return per ordinary share	5.16	2.59[1]
Capital return per ordinary share	(48.75)	79.36[1]
Total return per ordinary share	**(43.59)**	**81.95**[1]

1 Comparative figures for the year ended 30 June 2021 have been restated due to the sub division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021

8 Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend of 2.10p for the year ended 30 June 2021 (2020: 1.78p[1])	8,418	7,115
Interim dividend of 1.25p per ordinary share for the year ended 30 June 2022 (2021: 1.03p[1])	5,011	4,109
	13,429	**11,224**

The final dividend of 2.10p[1] per ordinary share in respect of the year ended 30 June 2021 was paid on 3 December 2021 to shareholders on the Register of Members at the close of business on 22 October 2021. The total dividend paid amounted to £7,115,000.

Subject to approval at the annual general meeting in November 2022, the proposed final dividend of 3.10p per ordinary share will be paid on 2 December 2022 to shareholders on the Register of Members at the close of business on 21 October 2022. The shares will be quoted ex-dividend on 20 October 2022.

The proposed final dividend for the year ended 30 June 2022 has not been included as a liability in these financial statements. Under UK adopted International Accounting Standards, these dividends are not recognised until approved by shareholders.

The total dividends payable in respect of the financial year which form the basis of the test under s.1158 are set out below:

	2022 £'000	2021 £'000
Revenue available for distribution by way of dividends for the year	20,703	10,390
Interim dividend of 1.25p per ordinary share for the year ended 30 June 2022 (2021: 1.03p[1])	(5,011)	(4,109)
Proposed final dividend for the year ended 30 June 2022 – 3.10p (2021: 2.10p[1]) (based on 400,867,176 shares in issue at 4 October 2022)	(12,427)	(8,418)
Transfer to/(from) revenue reserves	**3,265**	**(2,137)**

The Company's undistributed revenue represents 12.9% (2021: no undistributed income) of total income.

1 Comparative figures for the year ended 30 June 2021 have been restated due to the sub division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021

Notes to the Financial Statements (continued)

9 Investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Valuation at 1 July	933,499	573,086
Investment holding gains at 1 July	(189,287)	(9,060)
Cost at 1 July	**744,212**	**564,026**
Purchases at cost	295,427	495,971
Sales at cost	(282,589)	(315,785)
Cost at 30 June	**757,050**	**744,212**
Investment holding (losses)/gains at 30 June	(31,609)	189,287
Valuation of investments at 30 June	**725,441**	**933,499**

The Company received £317,888,000 (2021: £458,813,000) from investments sold in the year. The book cost of these investments when they were purchased were £282,589,000 (2021: £315,785,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Included in the total investments are investments shown at the directors' fair valuation of £nil and classified as Level 3 investments (2021: £72,000). Further detail is provided in note 13 on page 68.

Total capital gains/(losses) from investments

	2022 £'000	2021 £'000
Realised gains based on historical cost	35,299	143,028
Less revaluation gains recognised in previous years	(13,518)	(37,079)
Gains/(losses) on investments sold in year on carrying value at the previous Balance Sheet date	**21,781**	**105,949**
Revaluation of investments held at 30 June	(207,378)	217,306
Exchange (losses)/gains	(65)	3,345
Total	**(185,662)**	**326,600**

10 Substantial interests

The Group has interests of 3% or more of any class of capital in three investee companies. These investments are not considered by the directors to be significant in the context of these financial statements.

Company	Valuation £'000	% of issued share capital owned
Manz	9,843	3.3
Indel	4,421	3.7
Delticom	1,098	4.5

11 Receivables

	2022 £'000	2021 £'000
Securities sold for future settlement	3,238	776
Withholding tax recoverable	3,217	2,425
Prepayments and accrued income	531	211
	6,986	**3,412**

Notes to the Financial Statements (continued)

12 Payables

	2022 £'000	2021 £'000
Securities purchased for future settlement	1,100	–
Accruals and deferred income	10,055	7,145
	11,155	**7,145**

13 Risk management policies and procedures

As an investment trust the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated in the Strategic Report. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in either a reduction in net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below. The Board and the investment manager co-ordinate the Company's risk management and there are various risk management systems in place.

The Board determines the objectives, policies and processes for managing risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed from the previous accounting period.

13.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises market price risk (see note 13.1.1), currency risk (see note 13.1.2) and interest rate risk (see note 13.1.3). The investment manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

13.1.1 Market price risk

Market price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of the investments.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the investment manager. Investment performance is reviewed at each Board meeting. The Board monitors investment manager's compliance with the Company's objectives.

The Company's exposure to changes in market prices on equity investments was £725,441,000 (2021: £933,499,000).

Concentration of exposure to market price risk

A geographical analysis of the Company's investment portfolio is shown on page 9.

Market price risk sensitivity

The sensitivity of (a) the return after taxation for the year and (b) the Company's net assets to an increase or decrease of 20% in the fair values of the Company's investments at each Balance Sheet date is given overleaf. This level of change is considered to be reasonably possible, based on observation of current market conditions.

The impact of a 20% increase in the value of the investments on the revenue return as at 30 June 2022 is a decrease of £145,000 (2021: £187,000) and on the capital return is an increase of £144,508,000 (2021: £185,953,000). Accordingly, the total impact on shareholders' funds is an increase of £144,363,000 (2021: £185,766,000).

The impact of a 20% decrease in the value of the investments on the revenue return as at 30 June 2022 is an increase of £145,000 (2021: £187,000) and on the capital return is a decrease of £144,508,000 (2021: £185,953,000). Accordingly, the total impact on shareholders' funds is a decrease of £144,363,000 (2021: £185,766,000).

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk

A proportion of the Company's assets, liabilities, income and expenses are denominated in currencies other than Sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the Sterling value of those items.

Management of the risk
The investment manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. The investment manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's NAV and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed. The Company does not hedge its foreign currency exposure.

Foreign currency borrowing and financial instruments may be used to limit the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Borrowings are limited to 30% of NAV.

Investment income denominated in foreign currencies is converted into Sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure
The fair values of the Company's monetary items that have foreign currency exposure at the year end are shown below. Where the Company's equity investments (which are not monetary items) are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2022	**Euro £'000**	**Swedish Krone £'000**	**Swiss Franc £'000**	**Other £'000**
Receivables (securities sold for future settlement, dividends and other income receivable)	5,451	39	1,088	356
Payables (securities purchased for future settlement, accruals and other payables)	(628)	–	(98)	(463)
Bank overdrafts	(68,819)	–	–	–
Total foreign currency exposure on net monetary items	**(63,996)**	**39**	**990**	**(107)**
Investments	525,903	70,991	56,320	72,227
Total net foreign currency exposure	**461,907**	**71,030**	**57,310**	**72,120**

2021	Euro £'000	Swedish Krone £'000	Swiss Franc £'000	Other £'000
Receivables (securities sold for future settlement, dividends and other income receivable)	1,823	41	1,250	272
Payables (securities purchased for future settlement, accruals and other payables)	(89)	–	–	–
Bank overdrafts	(89,099)	–	–	–
Total foreign currency exposure on net monetary items	**(87,365)**	**41**	**1,250**	**272**
Investments	653,627	125,449	66,381	88,042
Total net foreign currency exposure	**566,262**	**125,490**	**67,631**	**88,314**

The above amounts are not representative of the exposure to risk during each year, as levels of monetary foreign currency exposure change significantly throughout the year.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk (continued)

Foreign currency sensitivity

The following tables illustrate the sensitivity of the total profit after tax for the year and the net assets in regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates for the Euro/Sterling, Swedish Krone/Sterling, Swiss Franc/Sterling and other/Sterling.

It assumes the following changes in exchange rates:

Euro/Sterling +/- 10% (2021: 10%). Swedish Krone/Sterling +/- 10% (2021: 10%).

Swiss Franc/Sterling +/- 10% (2021: 10%). Other/Sterling +/- 10% (2021: 10%).

These percentages are deemed reasonable based on the average market volatility in exchange rates. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at each Balance Sheet date.

The impact on the total profit after tax and the year end net assets of a depreciation in the year end exchange rate for Sterling against the currencies shown would have been as follows:

	2022				2021			
	Euro £'000	Swedish Krone £'000	Swiss Franc £'000	Other £'000	Euro £'000	Swedish Krone £'000	Swiss Franc £'000	Other £'000
Profit after tax								
Revenue return	1,760	172	95	274	743	169	113	127
Capital return	58,193	7,856	6,233	7,992	72,331	13,882	7,346	7,839
Change to profit after tax for the year	**59,953**	**8,028**	**6,328**	**8,266**	**73,074**	**14,051**	**7,459**	**7,966**
Impact on net assets	**59,953**	**8,028**	**6,328**	**8,266**	**73,074**	**14,051**	**7,459**	**7,966**

The impact on the total profit after tax and the year end net assets of an appreciation in the year end exchange rate for Sterling against the currencies shown would have been as follows:

	2022				2021			
	Euro £'000	Swedish Krone £'000	Swiss Franc £'000	Other £'000	Euro £'000	Swedish Krone £'000	Swiss Franc £'000	Other £'000
Profit after tax								
Revenue return	(1,440)	(141)	(77)	(223)	(608)	(138)	(92)	(104)
Capital return	(47,612)	(6,427)	(5,099)	(6,539)	(59,181)	(11,358)	(6,010)	(6,414)
Change to profit after tax for the year	**(49,052)**	**(6,568)**	**(5,176)**	**(6,762)**	**(59,789)**	**(11,496)**	**(6,102)**	**(6,518)**
Impact on net assets	**(49,052)**	**(6,568)**	**(5,176)**	**(6,762)**	**(59,789)**	**(11,496)**	**(6,102)**	**(6,518)**

The above amounts are representative of the exposure to risk during the year, although levels of monetary foreign currency exposure in each currency will change as investments are bought and sold in the portfolio during the year.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash and cash equivalents and the interest payable on the Company's short term borrowings. Interest rate changes may also have an impact on the market value of the Company's equity investments. In particular, the effect of interest rate changes on the earnings of companies held within the portfolio may have a significant impact on the valuations of those companies.

Management of the risk
The Company finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure
The exposure of financial assets and liabilities to floating interest rate risk can be found on the Balance Sheet under the headings 'Cash and cash equivalents' and 'Bank overdrafts'. These amounts are not necessarily representative of the exposure to interest rates during the year as the level of exposure changes as investments are made, borrowings are drawn down and repaid. The Company does not have any fixed interest rate exposure.

Interest received on cash balances or paid on the bank overdraft is at a margin over the applicable base rate (2021: same).

Interest rate sensitivity
The impact on the total profit after tax and the year end net assets of an increase or decrease of 100 basis points (2021: 100 basis points) in interest rates would have been as follows:

Statement of Comprehensive Income	**Increase in rates 2022 £'000**	**Decrease in rates 2022 £'000**	Increase in rates 2021 £'000	Decrease in rates 2021 £'000
Profit after tax				
Revenue return	(138)	138	(178)	178
Capital return	(551)	551	(713)	713
Change to net profit and net assets	**(688)**	**688**	**(891)**	**891**

This level of change is considered to be reasonable based on current market conditions.

In the opinion of the directors, these sensitivity analyses are not representative of the year as a whole since exposure changes as investments are made and borrowings are drawn down or repaid throughout the year.

13.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk
Liquidity risk is not significant as the majority of the Company's assets are investments in listed securities that are readily realisable. During the year the Company had a secured multi-currency overdraft facility equal to the lesser of £160,000,000 (2021: £160,000,000) and 25% (2021: 25%) of custody assets with HSBC Bank plc, the Company's depositary and custodian.

The amount drawn down at 30 June 2022 was £68,819,000 (2021: £89,099,000) in Euros (2021: Euros).

The Board gives guidance to the investment manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short term borrowings be used to manage short term cash requirements.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.2 Liquidity risk (continued)

Liquidity risk exposure
The remaining contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, was as follows:

	2022		2021	
	3 months or less £'000	Total £'000	3 months or less £'000	Total £'000
Current liabilities:				
Borrowings under the overdraft facility	68,819	68,819	89,099	89,099
Amounts due in relation to securities purchased for future settlement and accruals	11,155	11,155	7,145	7,145
	79,974	**79,974**	**96,244**	**96,244**

The Company's cash balances are offset against its borrowings under the overdraft facility for the purposes of monitoring the level of borrowing within the overdraft limit.

13.3 Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk
Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker; and
- cash is held only with the custodian/depositary or reputable banks. The entity with which cash is held is subject to continual review.

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements.

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the Company through its decision to transact with counterparties of high credit quality. The Company only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default during settlement. The credit ratings of brokers are reviewed periodically by the investment manager and limits are set on the amount that may be due from any one broker.

The Company is also exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the Company's rights with respect to cash held by banks to be delayed or limited. The Company's cash balances are held by the custodian, HSBC Bank plc. The directors believe this counterparty is of high credit quality; therefore the Company has minimal exposure to credit risk.

Credit risk exposure
The table below summarises the maximum credit risk exposure of the Company as at the year end:

	2022 £'000	2021 £'000
Receivables:		
Securities sold for future settlement	3,238	776
Accrued income	479	185
Cash and cash equivalents	11	–
	3,728	**961**

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or their carrying amount is a reasonable approximation of fair value due to their short term to maturity (amounts due from securities sold for future settlement, dividends and interest receivable, amounts related to securities purchased for future settlement, accruals, cash and cash equivalents and bank overdrafts).

13.5 Fair value hierarchy disclosures

The table below sets out the fair value measurements using the IFRS 13 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies note on page 55.

Fair value hierarchy	2022 £'000
Equity Investments	
Level 1	725,441
Level 2	–
Level 3	–
Total	**725,441**

Level 3 represents the Company's unquoted investments. A reconciliation of fair value movements within Level 3 is set out below:

Level 3 investments at fair value through profit or loss	2022 £'000
Opening balance	72
Acquisitions	–
Disposal proceeds	(224)
Transfers into level	–
	(152)
Total gains included in the Statement of Comprehensive Income	**152**
Closing balance	**–**

Fair value hierarchy	2021 £'000
Equity Investments	
Level 1	933,427
Level 2	–
Level 3	72
Total	**933,499**

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.5 Fair value hierarchy disclosures (continued)

Level 3 investments at fair value through profit or loss	2021 £'000
Opening balance	77
Acquisitions	–
Disposal proceeds	–
Transfers into level	–
	77
Total gains included in the Statement of Comprehensive Income	
On assets sold	–
On assets held at the year end	(5)
	(5)
Closing balance	**72**

In 2021, the key inputs to unquoted investments (i.e. the holdings in 21 Centrale Partners III) included within Level 3 are net asset value statements provided by investee entities, which represent fair value.

The total value of unquoted investments as at 30 June 2022 was £nil (2021: £72,000).

13.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which total nil% of the total portfolio (2021: 0.01%). These unquoted investments included limited liability partnerships (where the valuations are based on accounts produced by those companies).

The Company's capital at 30 June 2022 comprised its equity share capital, reserves and debt that are shown in the Company Balance Sheet at a total of £721,283,000 (2021: £929,766,000).

The Board, with assistance of the investment manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need to buy back equity shares for cancellation, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium);
- the need for new issues of equity shares;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's policies and processes for managing capital are unchanged from the preceding accounting period. The Company is subject to the following externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by law.

These requirements are unchanged since last year, and the Company has complied with them.

Notes to the Financial Statements (continued)

14 Called up share capital

	2022 number of shares	2022 £'000	2021 number of shares	2021 £'000
Allotted, issued and fully paid				
Ordinary shares of 1.5625p	**400,867,176**	**6,264**	400,867,176	6,264

During the year no ordinary shares were issued (2021: no share issue) for proceeds of £nil (2021: £nil). In the current and prior financial year to date, the Company has not repurchased any shares for cancellation.

During the year, the Company completed an 8 for 1 share split to enable the Company to attract retail shareholders to the register. The 2021 amounts have been restated.

15 Share premium account

	2022 £'000	2021 £'000
At 1 July and 30 June	120,364	120,364

16 Capital redemption reserve and other capital reserves

2022	**Capital redemption reserve £'000**	**Capital reserve arising on revaluation of investments held £'000**	**Capital reserve arising on investments sold £'000**	**Other capital reserves £'000**
At 1 July 2021	13,964	189,287	487,599	676,886
Transfer on disposal of investments (see note 9)	–	(13,518)	13,518	–
Capital (losses)/gains for the year	–	(207,378)	21,781	(185,597)
Expenses, finance costs and taxation charged to capital	–	–	(9,753)	(9,753)
Net loss on foreign exchange	–	–	(65)	(65)
Costs relating to sub-division of shares	–	–	(62)	(62)
At 30 June 2022	**13,964**	**(31,609)**	**513,018**	**481,409**

The capital reserve arising on revaluation of investments held at 30 June 2022 includes a gain of £nil in respect of the revaluation of unquoted investments (2021: loss of £5,751,000).

2021	Capital redemption reserve £'000	Other capital reserve arising on revaluation of investments held £'000	Other capital reserve arising on investments sold £'000	Total other capital reserves £'000
At 1 July 2020	13,964	9,060	349,699	358,759
Transfer on disposal of investments (see note 9)	–	(37,079)	37,079	–
Capital gains for the year	–	217,306	105,949	323,255
Expenses, finance costs and taxation charged to capital	–	–	(8,473)	(8,473)
Net gains on foreign exchange	–	–	3,345	3,345
At 30 June 2021	**13,964**	**189,287**	**487,599**	**676,886**

Notes to the Financial Statements (continued)

17 Retained earnings – revenue reserve

	2022 £'000	2021 £'000
At 1 July	23,189	24,023
Ordinary dividends paid	(13,429)	(11,224)
Revenue return for the year	20,703	10,390
At 30 June	**30,463**	**23,189**

18 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £652,464,000 (2021: £840,667,000) and on the 400,867,176 ordinary shares in issue at 30 June 2022 (2021: 400,867,176[1]).

The Company has no securities in issue that could dilute the NAV per ordinary share (2021: same). The NAV per ordinary share at 30 June 2022 was 162.76p (2021: 209.71p[1]).

The movements during the year in assets attributable to the ordinary shares were as follows:

	2022 £'000	2021 £'000
Net assets attributable to ordinary shares at start of year	840,667	523,374
(Loss)/profit for the year	(174,712)	328,517
Dividends paid in the year	(13,429)	(11,224)
Costs relating to sub-division of shares	(62)	–
Net assets at 30 June	**652,464**	**840,667**

1 The comparative figure for the year ended 30 June 2021 has been restated due to the sub-division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021

19 Capital commitments and contingent liabilities

Capital commitments

At 30 June 2022 there were capital commitments of £nil (2021: £nil) in respect of the Company's holdings in limited partnerships.

Contingent liabilities

At 30 June 2022 there were no contingent liabilities in respect of sub underwriting participations (2021: no contingent liabilities).

Notes to the Financial Statements (continued)

20 Transactions with the investment manager and related parties

Under the terms of an agreement effective from 22 July 2014, the Company has appointed the wholly owned subsidiaries of Janus Henderson Group plc to provide investment management, accounting, administration and company secretarial services. Janus Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services.

Details of the arrangements are given on page 13 in the section titled 'Fee arrangements'. The total of the management fee paid or payable to the investment manager under the management agreement in respect of the year ended 30 June 2022 was £4,219,000 (2021: £4,130,000), of which £4,219,000 was outstanding at 30 June 2022 (2021: £2,276,000). A performance fee of £5,531,000 (2021: £4,549,000) in respect of the year ended 30 June 2022 is payable to the investment manager. Further context on the performance fee can be found in the Chairman's statement on page 5.

In addition to the above services, the investment manager facilitates marketing activities with third-parties which are recharged to the Company. The total fees paid or payable for these services for the year ended 30 June 2022 amounted to £151,000 excluding VAT (2021: £70,000), of which £41,000 was outstanding at 30 June 2022 (2021: £35,000).

The compensation payable to key management personnel in respect of short term employment benefits was £192,000. This disclosure relates wholly to the fees of £185,000 payable to the directors in respect of the year (2021: £192,000); the directors are all non-executive and receive no other compensation. The Directors' Remuneration Report on page 36 provides more detail. The Company has no employees.

As a matter of operational efficiency, the Company replaced its benchmark, the Euromoney Smaller European Companies (ex UK) Index with the MSCI Europe ex UK Small Cap Index with effect from 1 July 2022. The change will improve the quality of the benchmark data available to the fund management team on a day-to-day basis and aligns the benchmark with a number of the Company's peers. This change in the benchmark index will have an indirect impact on the Company's investment policy, which is managed by reference to the benchmark, and performance fees payable by the Company to the investment manager, as such fees are determined based on performance relative to the benchmark.

The Company and the investment manager have entered into an agreement to reflect the change in the benchmark in connection with the calculation of the performance fee with effect from 1 July 2022. The performance relative to the benchmark for years prior to 1 July 2022 for the purposes of the calculation of any performance fees (which is calculated on a three-year rolling basis), remains unchanged and will continue to be calculated relative to the Euromoney Smaller European (ex UK) Index.

21 Change in financial liabilities

	At 1 July 2021 £'000	Cashflows £'000	Non-cash changes foreign exchange movement £'000	At 30 June 2022 £'000
Bank overdrafts	(89,099)	20,345	(65)	(68,819)
Total	**(89,099)**	**20,345**	**(65)**	**(68,819)**

	At 1 July 2020 £'000	Cashflows £'000	Non-cash changes foreign exchange movement £'000	At 30 June 2021 £'000
Bank overdrafts	(48,281)	(44,210)	3,392	(89,099)
Total	**(48,281)**	**(44,210)**	**3,392**	**(89,099)**

Additional information

Granges, 0.6% of the portfolio
Aluminium technology company developing lighter, smarter and more sustainable aluminium products

Investment portfolio at 30 June 2022 (unaudited)

Ranking 2022	Ranking 2021	Company	Principal activities	Industry Groups	Geographical area	Valuation 2022 £'000	Percentage of portfolio
1	1	Van Lanschot Kempen	Banks	Financials	Netherlands	21,084	2.9
2	3	TKH	Electronic and Electrical Equipment	Industrials	Netherlands	16,455	2.3
3	4	DFDS	Industrial Transportation	Industrials	Denmark	14,286	2.0
4	20	FLEX LNG	Industrial Transportation	Industrials	Norway	13,168	1.8
5	8	BFF Bank	Investment Banking and Brokerage Services	Financials	Italy	11,428	1.6
6	–	u-blox	Technology Hardware and Equipment	Technology	Switzerland	10,358	1.4
7	40	Karnov	Consumer Services	Consumer Discretionary	Sweden	10,090	1.4
8	7	Manz	Technology Hardware and Equipment	Technology	Germany	9,843	1.4
9	5	eDreams ODIGEO	Travel and Leisure	Consumer Discretionary	Spain	9,647	1.3
10	30	Grenergy Renovables	Electricity	Utilities	Spain	9,511	1.3
		10 Largest				**125,870**	**17.4%**
11	56	Barco	Technology Hardware and Equipment	Technology	Belgium	9,271	1.3
12	22	Quadient	Technology Hardware and Equipment	Technology	France	9,262	1.3
13	–	Ipsos	Media	Consumer Discretionary	France	8,904	1.2
14	46	EnergieKontor	Electricity	Utilities	Germany	8,757	1.2
15	13	Criteo	Software and Computer Services	Technology	France	8,757	1.2
16	11	Nexans	Electronic and Electrical Equipment	Industrials	France	8,648	1.2
17	35	Mytilineos	General Industrials	Industrials	Greece	8,539	1.2
18	29	Corticeira Amorim	General Industrials	Industrials	Portugal	8,530	1.2
19	39	Grupo Catalana Occidente	Non-life Insurance	Financials	Spain	8,439	1.1
20	31	Credito Emiliano	Banks	Financials	Italy	8,300	1.1
		20 Largest				**213,277**	**29.4%**
21	–	ams OSRAM	Technology Hardware and Equipment	Technology	Austria	8,280	1.1
22	–	Mersen	Electronic and Electrical Equipment	Industrials	France	8,202	1.1
23	70	Renewi	Waste and Disposal Services	Utilities	Netherlands	8,144	1.1
24	50	Fugro	Construction and Materials	Industrials	Netherlands	7,757	1.1
25	59	HelloFresh	Personal Care, Drug and Grocery Stores	Consumer Staples	Germany	7,689	1.1
26	49	Adva Optical Networking	Telecommunications Equipment	Telecommunications	Germany	7,613	1.1
27	2	Recticel	General Industrials	Industrials	Belgium	7,427	1.1
28	34	FNAC Darty	Retailers	Consumer Discretionary	France	7,413	1.0
29	16	Befesa	Waste and Disposal Services	Utilities	Germany	7,406	1.0
30	98	Metall Zug	Household Goods and Home Construction	Consumer Discretionary	Switzerland	7,373	1.0
		30 Largest				**290,581**	**40.1%**
31	47	Piaggio	Leisure Goods	Consumer Discretionary	Italy	7,366	1.0
32	27	AIB	Banks	Financials	Ireland	7,326	1.0
33	57	KSB	Industrial Engineering	Industrials	Germany	7,276	1.0
34	21	Kaufman & Broad	Household Goods and Home Construction	Consumer Discretionary	France	7,222	1.0
35	10	Kindred	Travel and Leisure	Consumer Discretionary	Malta	7,204	1.0
36	6	Aareal Bank	Banks	Financials	Germany	7,165	1.0
37	86	Verallia	General Industrials	Industrials	France	6,913	1.0
38	–	Metso Outotec	Industrial Engineering	Industrials	Finland	6,906	0.9
39	52	Boskalis Westminster	Construction and Materials	Industrials	Netherlands	6,891	0.9
40	79	Origin Enterprises	Food Producers	Consumer Staples	Ireland	6,729	0.9
		40 Largest				**361,579**	**49.8%**

Investment portfolio at 30 June 2022 (unaudited) (continued)

Ranking 2022	Ranking 2021	Company	Principal activities	Industry Groups	Geographical area	Valuation 2022 £'000	Percentage of portfolio
41	71	AMG Advanced Metallurgical	Industrial Engineering	Industrials	Netherlands	6,433	0.9
42	66	Motor Oil	Oil, Gas and Coal	Energy	Greece	6,312	0.9
43	43	SAES Getters	Electronic and Electrical Equipment	Industrials	Italy	6,275	0.9
44	58	C&C Group	Beverages	Consumer Staples	Ireland	6,270	0.9
45	–	Andritz Group	Industrial Engineering	Industrials	Austria	6,129	0.8
46	–	NORMA Group	Industrial Engineering	Industrials	Germany	5,938	0.8
47	84	Dalata Hotel	Travel and Leisure	Consumer Discretionary	Ireland	5,882	0.8
48	63	Nordnet	Investment Banking and Brokerage Services	Financials	Sweden	5,813	0.8
49	89	Arnoldo Mondadori Editore	Media	Consumer Discretionary	Italy	5,778	0.8
50	37	Krones	Industrial Engineering	Industrials	Germany	5,775	0.8
		50 Largest				**422,184**	**58.2%**
51	28	Modern Times	Media	Consumer Discretionary	Sweden	5,726	0.8
52	74	Sanoma	Media	Consumer Discretionary	Finland	5,708	0.8
53	41	Plastic Omnium	Automobiles and Parts	Consumer Discretionary	France	5,687	0.8
54	–	Majorel	Software and Computer Services	Technology	Netherlands	5,683	0.8
55	60	Bekaert	Industrial Metals and Mining	Basic Materials	Belgium	5,462	0.8
56	62	Rothschild & Co	Investment Banking and Brokerage Services	Financials	France	5,402	0.8
57	44	Daetwyler	General Industrials	Industrials	Switzerland	5,352	0.7
58	–	Acerinox	Industrial Metals and Mining	Basic Materials	Spain	5,337	0.7
59	127	Safilo	Personal Goods	Consumer Discretionary	Italy	5,318	0.7
60	68	VGP	Real Estate Investment and Services	Real Estate	Belgium	5,247	0.7
		60 Largest				**477,106**	**65.8%**
61	–	Glanbia	Food Producers	Consumer Staples	Ireland	5,219	0.7
62	102	Nedap	Electronic and Electrical Equipment	Industrials	Netherlands	5,199	0.7
63	75	Dometic	Leisure Goods	Consumer Discretionary	Sweden	5,035	0.7
64	119	Elekta	Medical Equipment and Services	Health Care	Sweden	5,002	0.7
65	88	Trigano	Leisure Goods	Consumer Discretionary	France	4,982	0.7
66	–	Dermapharm	Pharmaceuticals and Biotechnology	Health Care	Germany	4,968	0.7
67	125	Concentric	Industrial Engineering	Industrials	Sweden	4,950	0.7
68	96	NOS SGPS	Telecommunications Service Providers	Telecommunications	Portugal	4,935	0.7
69	108	Alma Media	Media	Consumer Discretionary	Finland	4,853	0.7
70	48	Gaztransport et Technigaz	Oil, Gas and Coal	Energy	France	4,783	0.7
		70 Largest				**527,032**	**72.8%**
71	24	Friedrich Vorwerk	Construction and Materials	Industrials	Germany	4,723	0.7
72	123	Edag Engineering	Industrial Support Services	Industrials	Germany	4,685	0.6
73	12	Montana Aerospace	Aerospace and Defence	Industrials	Switzerland	4,573	0.6
74	53	Lisi	Aerospace and Defence	Industrials	France	4,523	0.6
75	–	Unicaja Banco	Banks	Financials	Spain	4,512	0.6
76	–	CAF	Industrial Transportation	Industrials	Spain	4,504	0.6
77	90	Froy	Industrial Transportation	Industrials	Norway	4,476	0.6
78	73	Granges	Automobiles and Parts	Consumer Discretionary	Sweden	4,454	0.6
79	–	Detection Technology	Electronic and Electrical Equipment	Industrials	Finland	4,441	0.6
80	101	Indel	Electronic and Electrical Equipment	Industrials	Italy	4,421	0.6
		80 Largest				**572,344**	**78.9%**

Investment portfolio at 30 June 2022 (unaudited) (continued)

Ranking 2022	Ranking 2021	Company	Principal activities	Industry Groups	Geographical area	Valuation 2022 £'000	Percentage of portfolio
81	45	ALSO	Technology Hardware and Equipment	Technology	Switzerland	4,407	0.6
82	95	Smartcraft	Software and Computer Services	Technology	Norway	4,369	0.6
83	118	Alzchem	Chemicals	Basic Materials	Germany	4,306	0.6
84	33	Basware	Software and Computer Services	Technology	Finland	4,290	0.6
85	–	Inficon	Electronic and Electrical Equipment	Industrials	Switzerland	4,254	0.6
86	–	Kinepolis	Media	Consumer Discretionary	Belgium	4,233	0.6
87	107	Somfy	Electronic and Electrical Equipment	Industrials	France	4,228	0.6
88	15	Media & Games Invest	Media	Consumer Discretionary	Sweden	4,186	0.6
89	32	Bonava	Household Goods and Home Construction	Consumer Discretionary	Sweden	4,146	0.6
90	14	Deutz	Industrial Engineering	Industrials	Germany	4,135	0.6
		90 Largest				**614,898**	**84.9%**
91	124	JOST Werke	Automobiles and Parts	Consumer Discretionary	Germany	3,996	0.5
92	85	Tikehau	Investment Banking and Brokerage Services	Financials	France	3,992	0.5
93	–	BOBST	Industrial Engineering	Industrials	Switzerland	3,939	0.5
94	105	Greencore	Food Producers	Consumer Staples	Ireland	3,786	0.5
95	–	Konecranes	Industrial Transportation	Industrials	Finland	3,749	0.5
96	55	Cherry	Technology Hardware and Equipment	Technology	Germany	3,697	0.5
97	42	Bystronic	Industrial Engineering	Industrials	Switzerland	3,664	0.5
98	97	Antares Vision	Open End and Miscellaneous Investment Vehicles	Financials	Italy	3,661	0.5
99	61	HusCompagniet	Household Goods and Home Construction	Consumer Discretionary	Denmark	3,467	0.5
100	–	Aurelius	Investment Banking and Brokerage Services	Financials	Germany	3,408	0.5
		100 Largest				**652,257**	**89.9%**
101	114	Cewe Shiftung	Consumer Services	Consumer Discretionary	Germany	3,393	0.5
102	81	Academedia	Consumer Services	Consumer Discretionary	Sweden	3,391	0.5
103	80	HGears	Automobiles and Parts	Consumer Discretionary	Germany	3,356	0.5
104	83	Caverion	Industrial Support Services	Industrials	Finland	3,324	0.5
105	104	Zumtobel	Construction and Materials	Industrials	Austria	3,318	0.5
106	54	Finecobank	Banks	Financials	Italy	3,299	0.5
107	78	Amadeus Fire	Industrial Support Services	Industrials	Germany	3,276	0.4
108	–	NHOA	Alternative Energy	Energy	France	3,258	0.4
109	65	Suess MicroTec	Technology Hardware and Equipment	Technology	Germany	3,220	0.4
110	120	Immobel	Real Estate Investment and Services	Real Estate	Belgium	3,196	0.4
		110 Largest				**685,288**	**94.5%**
111	–	Technoprobe	Technology Hardware and Equipment	Technology	Italy	3,047	0.4
112	–	Mayr-Melnhof Karton	General Industrials	Industrials	Austria	3,003	0.4
113	55	Elmera (previously Fjordkraft)	Electricity	Utilities	Norway	2,969	0.4
114	–	Evotec	Pharmaceuticals and Biotechnology	Health Care	Germany	2,849	0.4
115	–	Thule	Leisure Goods	Consumer Discretionary	Sweden	2,831	0.4
116	26	Nobia	Household Goods and Home Construction	Consumer Discretionary	Sweden	2,633	0.4
117	121	Sam Health Group	Health Care Providers	Health Care	Norway	2,534	0.4
118	91	Anima	Investment Banking and Brokerage Services	Financials	Italy	2,505	0.3
119	–	Meyer Burger	Industrial Engineering	Industrials	Switzerland	2,385	0.3
120	109	Resurs Holding	Finance and Credit Services	Financials	Sweden	2,257	0.3
		120 Largest				**712,301**	**98.2%**

Investment portfolio at 30 June 2022 (unaudited) (continued)

Ranking 2022	Ranking 2021	Company	Principal activities	Industry Groups	Geographical area	**Valuation 2022 £'000**	Percentage of portfolio
121	9	Westwing	Retailers	Consumer Discretionary	Germany	2,235	0.3
122	82	SNP Schneider-Neureither	Software and Computer Services	Technology	Germany	2,221	0.3
123	129	Promotora De Informaciones	Media	Consumer Discretionary	Spain	1,806	0.3
124	28	Modern Times 'B' shares	Media	Consumer Discretionary	Sweden	1,735	0.2
125	131	Klingelnberg	Industrial Engineering	Industrials	Switzerland	1,735	0.2
126	116	Boozt	Retailers	Consumer Discretionary	Sweden	1,539	0.2
127	94	Delticom	Automobiles and Parts	Consumer Discretionary	Germany	1,098	0.2
128	36	Bike24	Retailers	Consumer Discretionary	Germany	771	0.1
		Total investments				**725,441**	**100.0%**

Alternative performance measures (unaudited)

The Company uses the following Alternative Performance Measures ('APMs') throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Discount or premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per ordinary share, expressed as a percentage of the NAV per ordinary share.

	NAV pence	Share price pence	Discount to NAV %
At 30 June 2022	162.76	140.00	14.0
At 30 June 2021	209.71[1]	185.63[1]	11.5

1 The comparative figure for the year ended 30 June 2021 has been restated due to the sub-division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021

Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and no gearing.

		2022	2021
Investments held at fair value through profit or loss (page 52) (£'000)	(A)	725,441	933,499
Net assets (page 52) (£'000)	(B)	652,464	840,667
Gearing (C = (A / B) -1)	(C)	11.2%	11.0%

Net asset value ('NAV') per ordinary share

The value of the Company's assets (i.e. investments (see note 9) and cash held (see Balance Sheet) less any liabilities (i.e. bank loans (see note 11)) for which the Company is responsible divided by the number of shares in issue (see note 14). The aggregate NAV is also referred to as total equity in the Balance Sheet. The NAV per share is published daily and the year end NAV can be found on page 52 and further information is available on page 71 in note 18 within the notes to the financial statements.

Ongoing charges

The ongoing charges ratio has been calculated in accordance with the guidance issued by the AIC as the total investment management fees and administrative expenses and expressed as a percentage of the net asset values throughout the year.

	2022 £'000	2021 £'000
Management fees	4,219	4,130
Other administrative expenses (note 4)	830	720
Less: non-recurring expenses	–	–
Ongoing charges	**5,049**	**4,850**
Average net assets[1]	**773,655**	**686,291**
Ongoing charges ratio	**0.65%**	**0.71%**

1 Calculated using the average daily net asset value

The ongoing costs provided in the Company's Key Investor Document ('KID') is calculated in line with the PRIIPs regulations. The ongoing costs in the KID includes finance costs and look through to costs incurred by other investment trusts and funds that the Company invests in.

Alternative performance measures (unaudited) (continued)

Total return

The total return on the share price or NAV takes into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 8 on page 61.

	NAV per share	Share price
NAV/Share price per share at 30 June 2021 (pence[1])	209.71	185.63
NAV/Share price per share at 30 June 2022 (pence)	162.76	140.00
Change in the year (%)	(22.4)	(24.6)
Impact of dividends reinvested (%)	1.7	2.0
Total return for the year (%)	**(21.0)**	**(23.1)**

Dividend yield

The yield is the annual dividend expressed as a percentage of the year end share price.

		30 June 2022	30 June 2021
Annual dividend (pence)	(A)	4.35	3.13[1]
Share price (pence)	(B)	140.00	185.63[1]
Yield (C=A/B) (%)	(C)	3.1	1.7

1 The comparative figure for the year ended 30 June 2021 has been restated due to the sub-division of each ordinary share of 12.5p into 8 ordinary shares of 1.5625p each on 13 December 2021

Glossary

Alternative Investment Fund Managers Directive ('AIFMD')

Agreed by the European Parliament and the Council of the European Union and transposed into English Law, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFs') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and depositary to manage and oversee the operations of the investment vehicle. The Board of Directors retains responsibility for strategy, operations and compliance and the directors retain a fiduciary duty to shareholders.

Alternative Performance Measures

A glossary of alternative performance measures can be found on pages 78 and 79.

Association of Investment Companies ('AIC')

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

An index against which performance is compared. For the year ended 30 June 2022, this is the Euromoney Smaller European Companies ex UK Index. With effect from 1 July 2022, this is the MSCI Europe Small Cap ex UK Index.

Custodian

The custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

As an AIF the Company is required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value per ordinary share will be disclosed ex-dividend.

Investment trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buyback powers to assist the market liquidity in their shares.

Market capitalisation ('market cap')

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

General Shareholder Information

AIFMD disclosures

In accordance with the Alternative Investment Fund Managers Directive, information in relation to the Company's leverage and remuneration of Janus Henderson Fund Management UK Limited, as the Company's Alternative Investment Fund Manager are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in an AIFMD Disclosure document which can be found on the Company's website.

BACS

Dividends and interest can be paid to shareholders and stockholders by means of BACS ('Bankers Automated Clearing Services'); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

Tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced with effect from 1 January 2016. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

Copies of this report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

You can contact the registrar, Equiniti, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0870 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

Foreign Account Tax Compliance ('FATCA')

FATCA is a United States federal law enacted in 2010 with the purpose of enforcing the requirement for United States persons (including those living outside the USA) to file yearly reports on their non-USA financial accounts. Investment trusts monitor the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company makes an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, identify and report USA reportable accounts to HMRC, as required.

General Data Protection Regulation ('GDPR')

GDPR came into force on 25 May 2019. It aims to protect and empower individual data privacy and reshape the way organisations approach data privacy. A privacy statement can be found on the website **www.janushenderson.com**.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Non-Mainstream Pooled Investments Status

The Company currently conducts its affairs so that its ordinary shares of 1.5625p each can be recommended by IFAs to ordinary retail investors in accordance with the FCA rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Packaged Retail and Insurance-based Investment Products Regulation ('PRIIPS')/ Key Information Document ('KID')

Investors should be aware that the PRIIPs Regulation requires the investment manager, as the PRIIP manufacturer, to prepare a key information document in respect of the Company. This KID must be made available by the investment manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed as it is based on historical data only.

Share price information

The Company's NAV is published daily and the market price of the Company's shares can be found in the London Stock Exchange Daily Official List.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Equiniti via **www.shareview.co.uk**. Please note that to gain access to your details on the Equiniti site you will need the holder reference number shown on your share certificate.

Taxonomy regulation

Regulation (EU) 2020/852 establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company confirms that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Service providers

Registered office

201 Bishopsgate
London EC2M 3AE

Service providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Corporate broker

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone: 0371 384 2472
(or +44 121 415 7047 if calling from overseas)
Lines are open 8.30 am to 5.30 pm, Monday to Friday

There is a range of shareholder information online

You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk**.

Statutory Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial calendar

Annual results announced	October 2022
Ex dividend date	20 October 2022
Dividend record date	21 October 2022
Annual General Meeting	28 November 2022
Dividend payment date	2 December 2022
Half year results announced	February 2023

Information sources

For more information about the Company, visit the website at **www.europeansmallercompaniestrust.com**

To receive regular insights on investment trusts from the investment manager, visit: **www.janushenderson.com/en-gb/investor/subscriptions/**

Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

Warning to shareholders

Many companies are aware that their shareholders may received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based ‘brokers’ who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. Please note that it is very unlikely that either the Company or the Company’s registrar, Equiniti, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment ‘advice’.

The European Smaller Companies Trust PLC
Registered as an investment company in England and Wales
Registration Number 2520734
Registered office: 201 Bishopsgate, London EC2M 3AE

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Global Intermediary Identification Number (GIIN): JX9KYH.99999.SL.826
Legal Entity Identifier (LEI): 213800N1B1HCQG2W4V90

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Email: support@janushenderson.com

www.europeansmallercompaniestrust.com

MANAGED BY
Janus Henderson
INVESTORS

The Association of Investment Companies

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