

Annual Report 2025

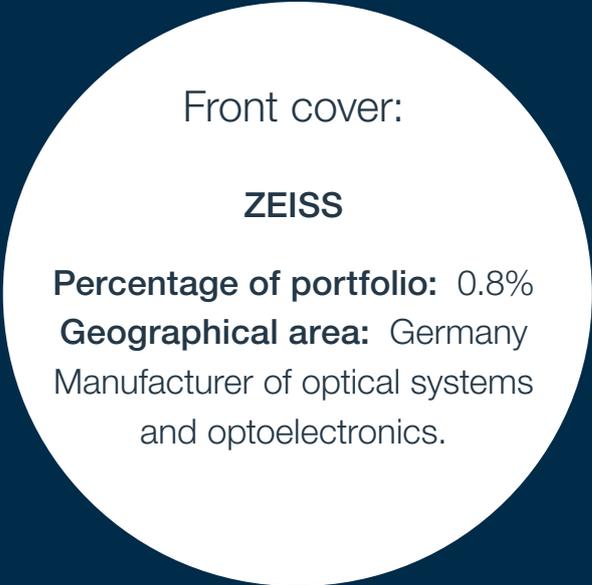
# The European Smaller Companies Trust PLC



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.



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# Performance at 30 June

## NAV per share at year end<sup>1,2</sup>

2025	2024
<b>224.45p</b>	<b>201.01p</b>

## Share price at year end

2025	2024
<b>211.50p</b>	<b>178.40p</b>

## Dividend for year<sup>3</sup>

2025	2024
<b>4.90p</b>	<b>4.80p</b>

## Net assets<sup>4</sup>

2025	2024
<b>£511m</b>	<b>£799m</b>

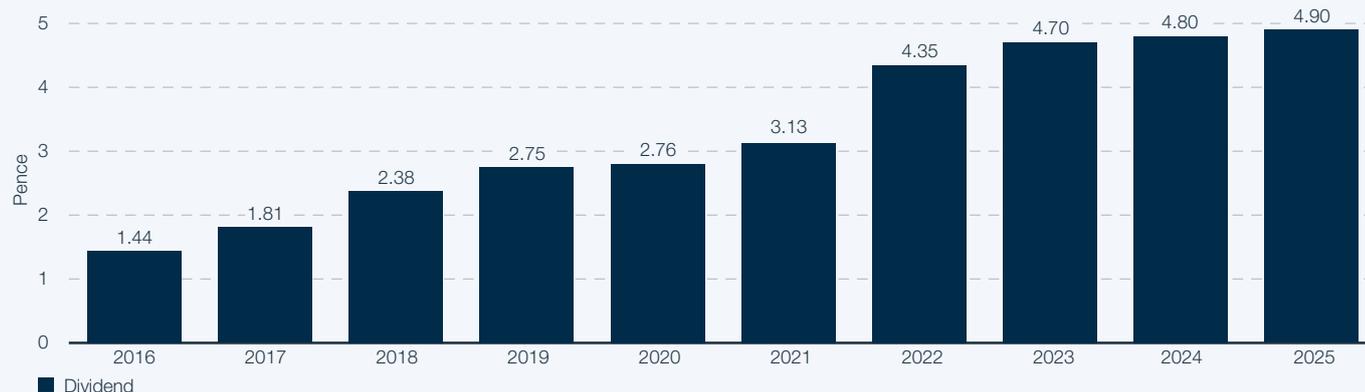
## Ongoing charge excluding the performance fee<sup>5,2</sup>

2025	2024
<b>0.68%</b>	<b>0.67%</b>

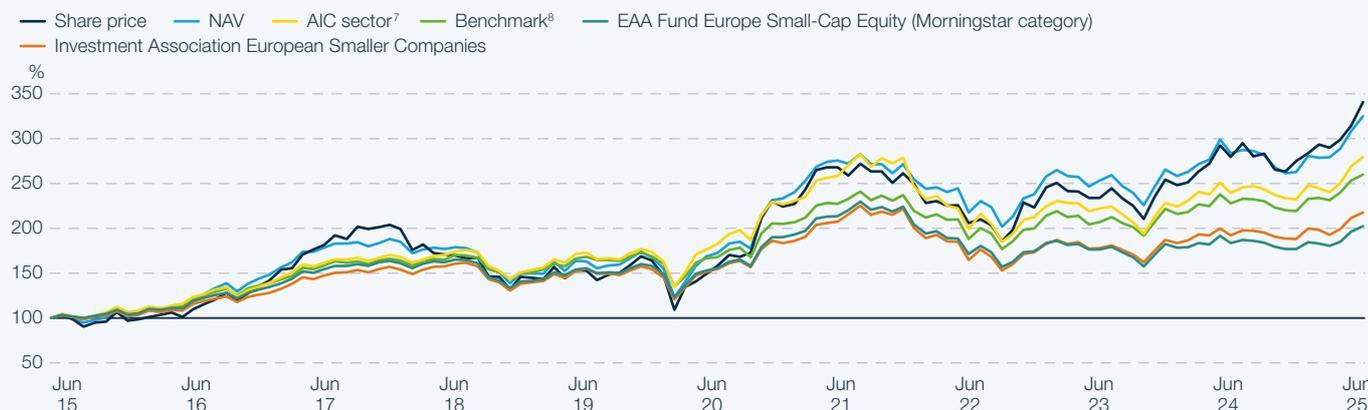
## Ongoing charge including performance fee<sup>5,2</sup>

2025	2024
<b>0.93%</b>	<b>0.75%</b>

## Dividends paid



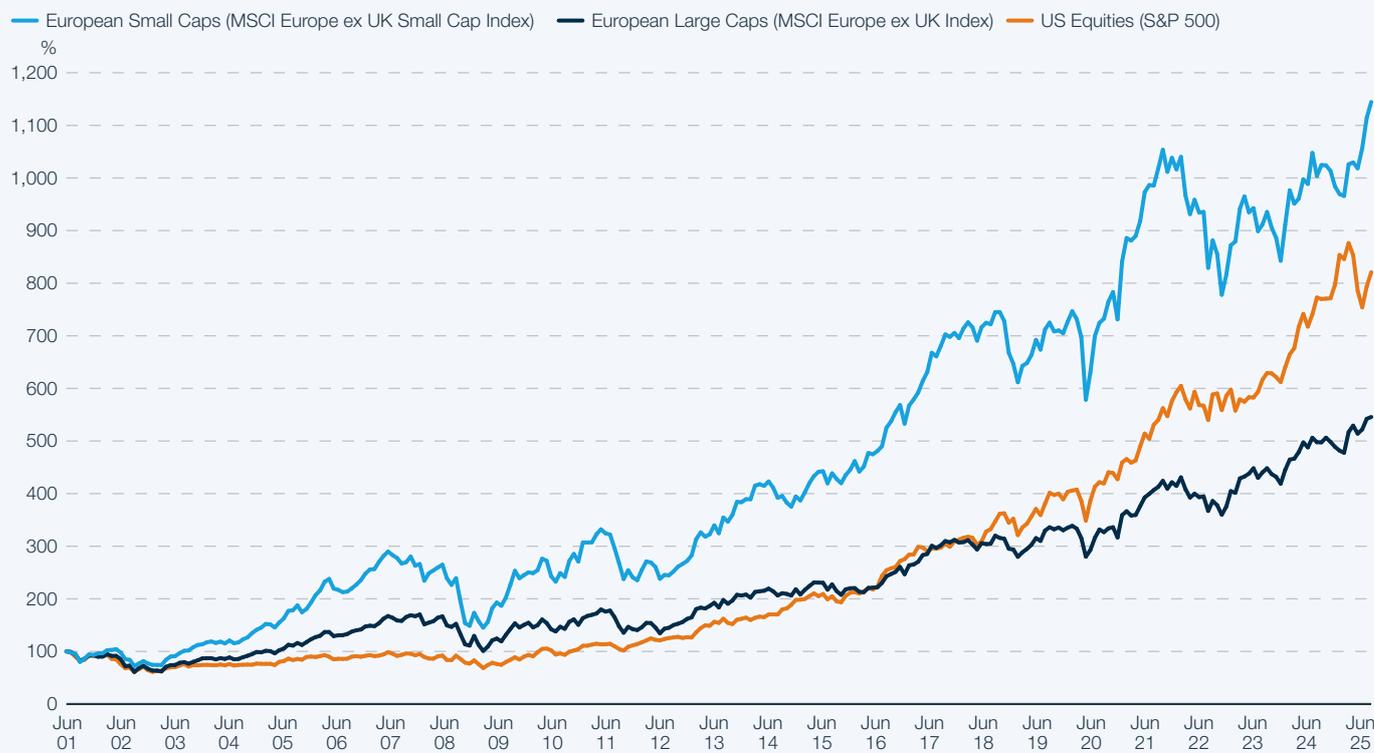
## Total return performance for the 10 years to 30 June 2025 (rebased to 100)<sup>6,2</sup>



1 Net Asset Value ('NAV') per ordinary share  
 2 The NAV per share, NAV total return, share price total return and ongoing charge are Alternative Performance Measures. More information on these can be found on pages 81 and 82  
 3 Includes the first and second interim dividends in respect of the year ended 30 June 2025  
 4 Following the 42.5% tender offer which closed on 27 June 2025  
 5 Calculated using the methodology prescribed by the Association of Investment Companies ('AIC')  
 6 NAV total return assumes all dividends are re-invested  
 7 European Smaller Companies sector  
 8 MSCI Europe ex UK Small Cap Index  
 Sources: Morningstar Direct, Janus Henderson Investors  
 A glossary of terms can be found on page 83

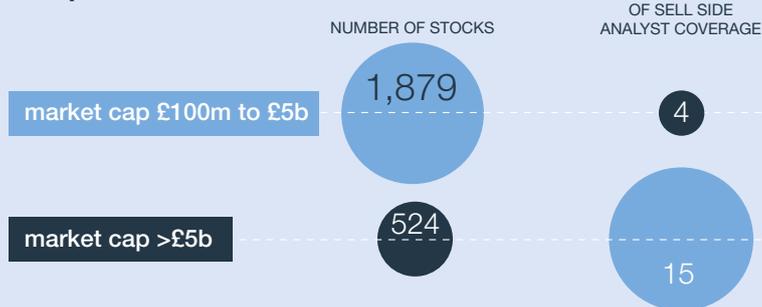
# Why invest in small and medium sized European companies?

Small caps have a long term record of outperforming large caps (index total return %, rebased to 100)



Small cap has a larger universe to choose from, stocks are less well covered by analysts meaning a greater opportunity to find 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
- Warehouse automation
- e-commerce
- Circular economy

Going forward growth will be aided by recovery/green fund

The EU has announced:

**‘Next Generation EU’; amounting to €750bn<sup>1</sup>**

€390b grants  
+  
€360b loans

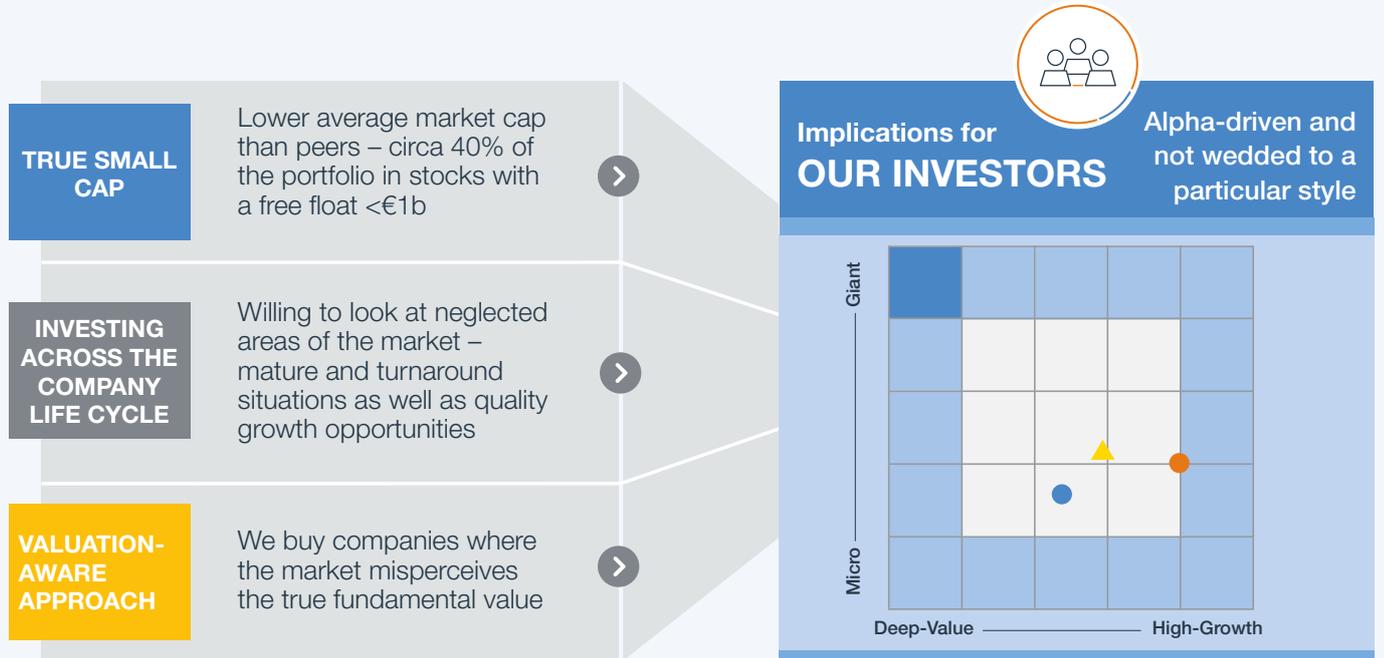
The spending will be focused on digital and green infrastructure. This marks the first-ever mutually financed stimulus programme and lays the framework for a period of greater political stability on the Continent.

Source: Morningstar Direct

<sup>1</sup> Based on 2018 prices

# Why invest in this Company?

Balanced portfolio seeking attractive valuations and high growth opportunities

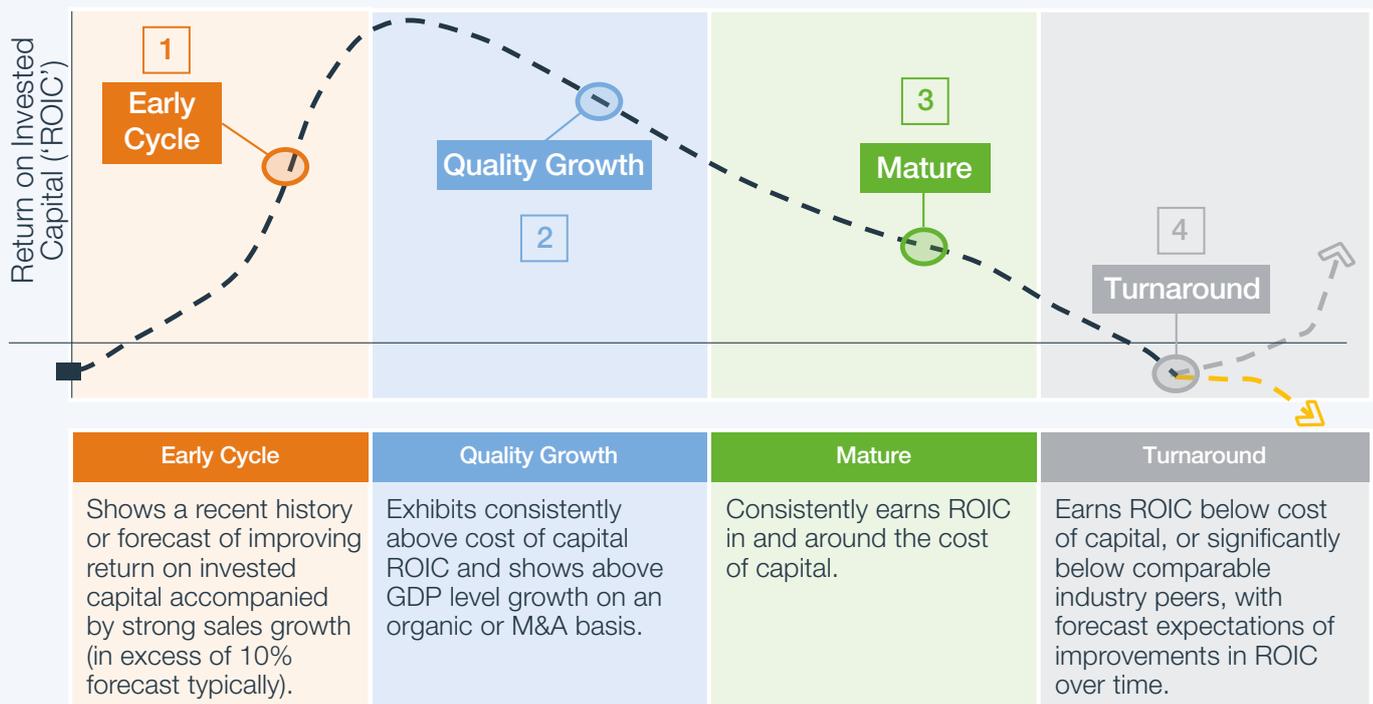


Source: Morningstar at 30 June 2025

● The European Smaller Companies Trust ▲ JPMorgan European Discovery  
● Montanaro European Smaller

## Investing across the corporate lifecycle

➤ We take exposure across the four phases of the corporate lifecycle



Source: Janus Henderson Investors

# Chairman's statement



“ Many things have happened since I took on the Chairmanship last year and I would like to thank our shareholders for their support throughout this transformational year ”

The Chairman of the Board,  
**James Williams** reports  
on the year to 30 June 2025

NTG Nordic Transport, 0.4% of the portfolio  
Provider of customizable transportation services

# Chairman's statement

When I wrote to you in February, I certainly did not anticipate that the second half of this financial year would be equally as eventful as the first. In this instance though, I was very pleased to be proved wrong when we announced the combination with European Assets Trust PLC ('EAT') on 23 June 2025.

This transaction completed on 15 October 2025 and I would like to take this opportunity to extend a warm welcome to these new shareholders.

Following completion, the Company has net assets of £811.9m, once again making it the largest constituent of the AIC European Smaller Companies sector. With size comes the benefit of improved liquidity in the secondary market and we have further negotiated a reduction in the management fee meaning all shareholders should benefit from a reduced ongoing charge in the fullness of time. Our investment manager is also making a cost contribution to the combination so that our shareholders are largely insulated from the costs associated with the transaction.

## CT Savings Plans participants

A number of former EAT shareholders hold their new ESCT shares in a saving scheme managed by Columbia Threadneedle, known as the CT Savings Plans. CT Savings Plans participants will have until 14 January 2026 to transfer their new ESCT shares to their own platform otherwise the shares will automatically be sold by the scheme administrator.

I encourage all CT Savings Plans participants to transfer their new ESCT shares well before the deadline of 14 January 2026.

## Performance

The net asset value total return for the year ended 30 June 2025 was 14.5%, marginally ahead of the benchmark at 14.0%. The net asset value total return for the three years to this date was 49.4% against the benchmark of 38.0% and over five years, 92.8% compared to the benchmark of 56.0%. This once again demonstrates the long-term strength of our fund management team's balanced and valuation aware approach. The Fund Manager and his team provide a more detailed review of their stock selections in their report.

The share price total return for the year to 30 June 2025 was 21.9%.

## Discount management

The Company maintains a mid-single digit discount target and the discount at the year end was 5.8%. This was comfortably within the 12-month daily average discount for the sector of 8.3%.

## Succession planning

At the forthcoming annual general meeting, Simona Heidempergher will be retiring as a director. My Board colleagues and I thank her very much for her contribution to our discussions throughout her tenure. Her background in

private equity and presence on the Continent has provided valuable insight to our deliberations.

As part of our ongoing succession planning, we appointed Nadia Meier-Kirner as a director on 28 April 2025. Nadia is based in Germany and has extensive experience in the European mid-to-small cap investment area.

The combination with EAT also means that we are welcoming two directors from that trust to our Board. Stuart Paterson and Kate Cornish-Bowden joined the Board following completion of the combination. Details on their experience and background can be found in the directors' biography section of this annual report.

Shareholders will have the opportunity to meet Nadia, Stuart and Kate when they stand for election at the annual general meeting later this year.

## New dividend policy

Following completion of the combination with EAT, we introduced our new dividend policy of paying quarterly dividends in respect of each financial year, targeting a total of at least 5.0% of the net asset value per share at the end of the preceding financial year. The Company's investment focus will remain capital growth, with the dividend paid from income, capital returns and reserves.

We anticipate paying three interim dividends for the year ending 30 June 2026, with the first being paid in February 2026, followed by payments in May and August.

Under the new approach, a resolution to approve the dividend policy will be put to a shareholder vote at the forthcoming annual general meeting, and each subsequent annual general meeting, providing shareholders with the opportunity to formally indicate to the Board their views on the dividend policy.

## Second interim dividend

To ensure our existing shareholders received their second dividend in respect of the financial year just ended, the Board declared a further interim dividend in the amount of 3.45p per ordinary share which was paid to shareholders on 8 October 2025.

This brought the total dividend for the year ended 30 June 2025 to 4.90p per share, representing a 2.1% increase on the prior year.

## Tender offer

In my communication to shareholders in February I referred to our ongoing discussions with Saba Capital Management, L.P. ('Saba') following the two requisitions which they lodged with the Company. The first requisition was very disruptive and resulted in a financial cost to the Company, and we believed that convening a general meeting in response to the second requisition would not be in the best interests of all shareholders.

In order to protect the interests of those shareholders wishing to continue their investment in the Company, the Board

# Chairman's statement (continued)

concluded that it would find a solution that would allow shareholders who wished to exit their position in the Company the opportunity to do so. This resulted in the 42.5% tender offer which concluded on 26 June 2025.

I am pleased to report that Saba's holding in the Company's shares was successfully reduced to an insignificant level following the tender offer and we now look forward to being able to focus on our primary objective of delivering returns to shareholders.

## Annual General Meeting

The 35th Annual General Meeting of the Company will be held at 12.30 pm on Monday, 24 November 2025 at the offices of our investment manager at 201 Bishopsgate, London, EC2M 3AE.

This event provides shareholders with the opportunity to meet their directors and the fund management team in person, as well as to raise any questions or concerns they may have regarding the running of the Company.

The Fund Manager will give his usual presentation on the year under review and the outlook for the year ahead.

We encourage all shareholders to attend if they can or join us online if they are unable to be with us in person.

## Continuation vote

Every third year, shareholders have the opportunity to vote on whether they wish to continue the life of the Company. Such a resolution will be proposed at the forthcoming annual general meeting.

The Company's performance track record speaks for itself and we believe the strategy of investing in European smaller companies continues to represent an attractive opportunity for both long-term capital growth and dividend income. This objective is particularly well suited to benefit from the investment trust structure.

The Board encourages all shareholders to support the resolution by voting in favour, as we intend to do in respect of our own holdings.

## Outlook

The 2020s have been an eventful decade so far and it has resulted in a number of challenges for Europe, many of which still remain. War in Ukraine and combative Trumpian foreign and economic policy are the most pressing, with poor policy choices in the UK and France also creating challenges. However, inflation has been tamed and interest rates have begun to come down and may have further to go. German fiscal policy will soon be expansionary for the first time since the Eurozone crisis and despite better performance in 2025, the European smaller companies asset class remains attractively valued. There are a number of small companies for your managers to take advantage of that are quietly driving progress in important areas such as defence and technology. There is much to be optimistic about.

Many things have happened since I took on the Chairmanship last year and I would like to thank our shareholders for their support throughout this transformational year. It is satisfying to see how well the Company has managed the numerous challenges while maintaining excellent performance, and emerging in good shape to continue generating market-leading shareholder returns.

James Williams  
Chairman  
20 October 2025

# Fund Manager's Report



Ollie Beckett  
Fund Manager



Rory Stokes  
Deputy Fund Manager



Julia Scheufler  
Deputy Fund Manager

**Bilfinger**, 0.6% of the portfolio  
Multinational company specialising in civil and industrial construction and engineering

# Fund Manager's report

Equity markets were buoyant in the second half of our financial year, during which we delivered a strong relative performance. This enabled us to close the year with a NAV increase of 14.5%, slightly ahead of the benchmark, following a disappointing first half.

The year unfolded in two distinct halves: the first weighed down by political discord that dampened economic momentum, and the second marked by a resurgence of optimism across the European economy. Unexpected early elections in the UK, snap legislative elections in France following the poor showing of President Macron's party in the European elections, mounting uncertainty around the US presidential race, and the eventual collapse of Germany's traffic-light coalition (SPD, FDP and Greens) all contributed to a climate of hesitation. Globally, companies delayed key decisions, awaiting greater political clarity.

In the UK, a decisive Labour landslide brought stability, in contrast to France, where no party emerged with a clear mandate – though a fragile, and unsustainable, equilibrium has since taken hold, with none of the major blocs eager to trigger another election. The pivotal moment came from Germany, where Chancellor Merz forged a new Grand Coalition between the CDU/CSU and SPD. In a bold move, he scrapped the long-standing 'Debt Brake' unlocking long-overdue investment in infrastructure. Spurred by pressure from US Vice-President Vance and the enduring criticism from President Trump over Europe's defence spending, Merz recognised the need for Europe to bolster its own security in an increasingly volatile world. This shift has ignited a renaissance in European equity markets, further fuelled by erratic economic policymaking from the new US administration. A weakening US dollar and growing scepticism around American exceptionalism have prompted investors to re-evaluate the compelling opportunities within European markets.

After the stock market's recent obsession with 'The Magnificent Seven' (Alphabet (Google), Amazon, Apple, Microsoft, Meta (Facebook), Nvidia and Tesla) it was welcome to see interest in Europe. The concentration in global equity markets in the US and, in particular, the 'Mega Cap Tech stocks' remains a feature; the volatility of these companies has led to a miserable period for investors and there is enormous scope for the market to broaden from here, benefiting our area of European smaller companies. As we sit here today, there is good economic growth in Southern Europe, a nascent recovery in Northern Europe and the prospect of fiscal stimulus in core Europe to help drive growth across the continent. Inflation has been tame; interest rates are coming down and energy costs have normalised somewhat. Many of the headwinds for the continent are becoming tailwinds.

Zooming in on the contributors to performance in the portfolio adds detail to that macro picture with our positions in Germany, infrastructure, defence and financials being the

principal boosters. German listed speciality chemical producer **Alzchem** was the largest contributor. The company has some superb niches that it dominates in chemicals such as creatine and nitroguanidine. Creatine is a chemical compound, naturally produced in the body, that supplies energy to muscles. Synthetic creatine is a dietary supplement of which **Alzchem** is the only western producer. Historically it was taken by bodybuilders to aid training in the gym, but it is increasingly being taken by those at risk of suffering from sarcopenia and osteoporosis, as well as being recommended for those taking GLP-1 weight loss drugs who often suffer muscle wastage during treatment. Nitroguanidine is a propellant that goes into car air bags and is a key ingredient in NATO ammunition. The labels 'Germany' and 'defence' whilst combined with the company pushing through the €1 billion market cap threshold that is a minimum cut off for many investors, has given the stock a big multiple rerating, and there is plenty more to go for.

Infrastructure has also been a key theme. Swiss listed producer of power transformers, **R&S Group**, has been another big contributor to performance. Transformers are used to shift electricity between alternating current ('AC') and direct current ('DC'). The electricity grid is run on AC as it is easier to transmit over long distance, but most electronic devices require DC to work. Transformers switch the current from AC to DC and manage the voltage. The electricity grids in Europe were largely built in the two decades after the Second World War and are now in need of replacing and upgrading to cope with the demands imposed on them by the Green Transition. **R&S Group** is wonderfully placed to take advantage of this multi-year upgrade requirement.

Sentiment towards financials has seen a huge shift over the last few years. The sector was wildly out of fashion following the Global Financial and Eurozone crises. However, since the inflation shock following excessive fiscal and monetary stimulus during the pandemic, we have seen an interest rate cycle and a sector characterised by low return on equity, has seen a revival. The portfolio has benefited from positions in southern European banks such as Greek listed **Alpha Bank** and **Optima Bank**; Portuguese listed **Banco Comercial Portugues**; and Italian listed **Credito Emiliano**. The biggest contributor from the sector has been Dutch listed **Van Lanschot Kempen** which has done an excellent job of transforming itself from a poorly run restructuring case, to the pre-eminent wealth manager in the BENELUX.

## The Portfolio

Amid volatile markets and fraught geo-politics, we endeavour to remain true to our investment strategy of investing across the corporate lifecycle with a balance of early-stage growth stocks, high return on capital growth compounders at sensible prices, undervalued cash generative mature companies and self-help turnaround stocks. We are philosophically committed to reconciling the price we pay for

# Fund Manager's report (continued)

shares to the underlying fundamental cash generative capacity of the company we use your capital to invest in. Our intention is that the portfolio should be balanced, and whilst we have valuation discipline and are 'valuation aware', we are most certainly not running a value fund. We endeavour to ensure that stock selection, rather than macro-economic factors, is what drives performance, and we believe that company management matters. The fund management team spend a great deal of time meeting and assessing management teams to evaluate if they understand where their companies fit in the corporate lifecycle and how to add value to the businesses they are responsible for running. When we deploy your capital, we want management teams to be thinking about the capital allocation and distribution strategies of the company in the context of the price the stockmarket puts upon their equity. One such company management team is at **IG Group**, where the management team has used the ferocious cash generation of the company to pursue substantial share buybacks that have helped the stock be one of the Company's top contributors. We don't normally invest in UK listed companies, but used the flexibility offered by the Board to take advantage of this outstanding management team.

## Performance Attribution

Contributions from French listed **Exosens**, a producer of vision technology solutions primarily for the defence industry, plus German pump manufacturer **KSB**, benefited performance in the period.

Under normal circumstances, we shy away from stocks exposed to drug discovery, however, we have made an exception for German listed **Eckert & Ziegler**, a rare manufacturer of radioactive components and isotope products for medical, scientific and measurement purposes. Radiopharmaceuticals is a rapidly growing market that, due to regulatory barriers, has a limited number of suppliers.

**Eckert & Ziegler** are uniquely positioned as a vertically integrated supplier to the pharmaceutical industry that wants to deliver drugs that target specific cancerous areas of the body, rather than radiate an entire person as part of cancer treatment. As a result, the company has been winning an increasing number of supply agreements for specific isotopes and the shares have done well.

Nuclear exposure in the portfolio is not limited to the pharmaceutical industry. Another strong contributor to performance has been German listed pump manufacturer, **KSB**, that supplies pumps to a variety of industries with demand for high performance equipment, with the nuclear industry being a big part of that demand. Not many people will have heard of **KSB**, but their reactor coolant pumps are helping supply zero carbon energy to much of the world and this is yet another example of a hidden European champion.

The portfolio has been burdened by some poor active and passive decision making in the year as well. Among the big detractors have been Danish listed ferry operator, **DFDS**, that

has tarnished its reputation as a savvy allocator of capital with a misguided expansion into Turkey that has seen good money follow bad as they have had to buy out a customer or risk losing volume to an aggressive new entrant. We are advocating for value realisation from hidden assets on the balance sheet. US listed, but French domiciled, advertising platform company **Criteo** has had a weak year, with a couple of large contract losses, the retirement of an admired CEO and worries about the structural shift from internet search to Artificial Intelligence ('AI') apps weighing on the share price. We maintain faith that the company is well placed to thrive in the AI era and are persevering with the shares. German listed semiconductor equipment manufacturer, **SUESS MicroTec**, was a star performer last year but has been punished this year as concerns about the duration of the AI capex cycle have unsettled markets. We see **SUESS MicroTec** as a multi-year margin expansion story that the market has yet to fully understand and continue to hold our position. Another 2024 winner that has fallen on harder times is Dutch listed geological data provider, **Fugro**, that has seen its business hurt by the new US administration's hostility to offshore wind. Among the passive decisions that detracted from performance has been the strength of: Austrian lender BAWAG, Swiss heating, ventilation and air conditioning equipment provider Belimo, German defence equipment producer Hendsoldt and Italian bank Banca Monte del Paschi de Siena. We were not invested in any of these stocks, and they had such barnstorming performance that they collectively accounted for a headwind compared to the benchmark in excess of 2.0%. It is rare that our failures are so heavily weighted to investments that we didn't take, but reflect some of the relative decisions we took, especially with regards to investing in banks and defence names.

## Geographical and sector distribution

Stock selection rather than geographical and sector exposure is the fundamental core of our investment process, though we are careful to monitor how we are positioned as part of our risk management approach. We have never viewed the benchmark as an input to our process and we are content to diverge widely from it. Our valuation discipline typically leads us away from the more expensive markets and sectors in Europe and as a result we find ourselves underweight to Switzerland and Sweden. Conversely, we are overweight to Germany and the Netherlands where multiples are lower.

Similarly, we are underweight to the sectors where we struggle to find value such as health care, utilities and real estate. We are overweight to the industrials sector, as valuations are very cheap and have scope for strong performance as economies begin to grow again, as well as being overweight to technology where we continue to see strong structural growth trends.

# Fund Manager's report (continued)

## Other purchases

Over the course of the year, we opened a number of new positions in Spain, one of the bright spots in the European economy in recent times. New investments include travel technology company, **HBX Group**, that matches travellers with hotel beds. The breadth of the hotel and travel agency partners for the company is a network that is almost impossible to economically replicate and after a shaky market debut caused by a poorly executed Initial Public Offering ('IPO'), the stock has begun to perform. We also opened positions in information technology company **Indra Sistemas** which has substantial debt exposure, leading eye surgery provider **Clinica Baviera**, sausage casing producer **Viscofan** and leading Spanish housebuilder **Neinor Homes**.

The IPO market showed tentative signs of life and we participated in two further new issues in the period that were better handled than **HBX Group**. Swedish near prime lender, **Enity**, got off to a strong start, as did German electric power grid connector producer **Pfisterer**.

Other German names that we opened positions in included semiconductor equipment manufacturer **Aixtron**; ophthalmology equipment producer **Carl Zeiss Meditec**; engineering services provider **Bilfinger**; and **HomeToGo** the DACH region's answer to AirBNB.

## Other disposals

We exited our position in UK listed, but Dutch domiciled, waste management service provider Renewi which was the subject of a successful bid. We closed our position in French listed glass bottler, Verallia, that was the subject of a tender offer which risked impacting liquidity negatively. We took profit from our positions in German defence gear-box manufacturer, Renk, and Dutch listed manufacturer of military vision goggles, Theon. We sold our positions in German listed automotive supplier, Stabilus, upon concerns of negative operating momentum and a stretched balance sheet and Italian motorbike and moped producer, Piaggio, on concerns around operating momentum, a risk to the dividend and management refusal to unlock value in the business. We also disposed of our positions in underperforming French semiconductor material business, SOITEC, and UK listed/Irish domiciled distributor to the hospitality industry and owner of Magners Cider, C&C Group.

## Currency

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

## Outlook

The surge of optimism that has manifested around European equity markets since the start of 2025 has been welcome, as has the mild narrowing of the extraordinarily large discount at which European small cap was trading compared to European large cap and US equity. A number of the headwinds of recent years such as the supply chain shock, the energy price shock, the resurrection of the inflation zombie and an interest rate cycle have either abated or have become positive tailwinds. The release of the German 'Debt Brake' can provide a fiscal stimulus that can help sustain the European economy for a few years, as might any simplification of regulation which the EU can muster. These notes of optimism need to be balanced with the risk of stagnating trade as the tariff policies of President Trump bite and the seeming failure for a resolution of the war in Ukraine, to lower tensions. In many respects, the resilience of the global and European economies in the face of all that has happened is quite remarkable. After the initial bounce in our markets, we are now at a point where operational improvement and earnings momentum are required to drive the rerating of the market. Hopefully politicians and regulators can get out of the way of the market and allow some growth to thrive.

Notwithstanding the requirement for some momentum, our market remains good value compared to other equity markets and there are a wide variety of exciting investment opportunities available to us. The European small cap market has a broad range of undiscovered champions that are on the forefront of much new technology, provide key cogs in the wheels of the global economy and offer structural growth. There are a large number of companies with enormous potential to become great again under the right management. We continue to hunt for mispriced opportunities across the corporate lifecycle, whilst remaining 'valuation aware'. We are confident that we can find lucrative investment opportunities for our shareholders.

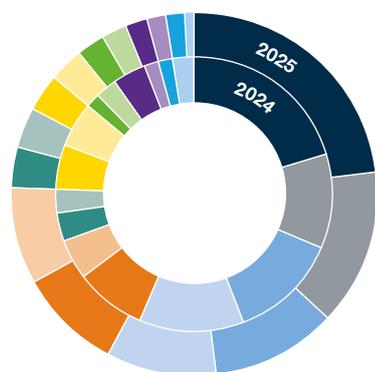
Ollie Beckett, Rory Stokes and Julia Scheufler  
20 October 2025

# Portfolio Information

## Ten largest investments at 30 June 2025

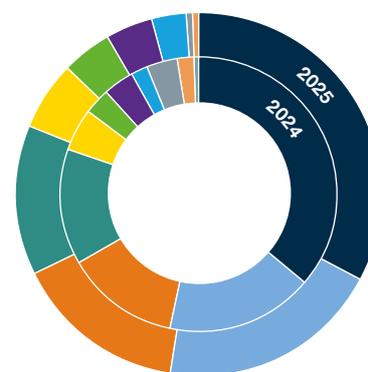
Ranking 2025	Ranking 2024	Company	Principal activities	Geographical area	Valuation 2025 £'000	Percentage of portfolio
1	1	Van Lanschot Kempen	Specialist independent wealth manager that provides private banking, asset management and merchant banking to wealthy individuals and institutions. www.vanlanschot.nl	Netherlands	15,450	3.0
2	2	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	13,324	2.6
3	14	Alzchem	Developer and manufacturer of speciality chemicals. www.alzchem.com	Germany	11,080	2.1
4	4	KSB	Manufacturer of specialised pumps and valves. www.ksb.com	Germany	10,947	2.1
5	5	IG Group	Global fintech company that delivers online trading platforms. www.ig.com	United Kingdom	10,605	2.1
6	32	R&S Group	Manufacturer and supplier of electrical infrastructure equipment. the-rsgroup.com	Switzerland	10,573	2.0
7	3	SUESS MicroTec	Leading supplier of equipment and process solutions for the semiconductor industry. www.suss.com	Germany	9,427	1.8
8	16	Gaztransport et Technigaz	Engineering company specialising in the cryogenic membrane containment systems used for the transport and storage of liquefied gas, particularly Liquefied Natural Gas. www.gtt.fr	France	8,428	1.6
9	6	Stroeer	Provider of out-of-home advertising, online advertising, billboards and street furniture. www.stroeer.de	Germany	7,598	1.5
10	77	Elmos Semiconductor	Developer and manufacturer of microelectronic components and system components. www.elmos.com	Germany	6,984	1.4
					<b>104,416</b>	<b>20.2</b>

## Geographic exposure



	2025 %	2024 %		2025 %	2024 %
Germany	23.2	20.2	Belgium	3.4	5.0
Sweden	13.9	10.9	Italy	3.2	5.3
France	11.2	12.7	United Kingdom	2.4	1.7
Netherlands	9.7	11.9	Portugal	2.1	2.4
Switzerland	9.1	8.2	Denmark	2.0	4.0
Spain	8.7	4.9	Austria	1.8	1.6
Greece	3.7	3.1	Finland	1.5	1.7
Norway	3.4	2.9	Ireland	0.7	2.2

## Sector exposure



	2025 %	2024 %
Industrials	32.8	36.3
Consumer Discretionary	19.9	17.1
Technology	15.1	13.3
Financials	13.4	13.6
Basic Materials	6.1	5.0
Health Care	4.6	3.1
Real Estate	4.2	3.7
Energy	2.9	2.0
Consumer Staples	0.6	3.4
Utilities	0.4	2.0
Telecommunications	-	0.5

# Historical Information

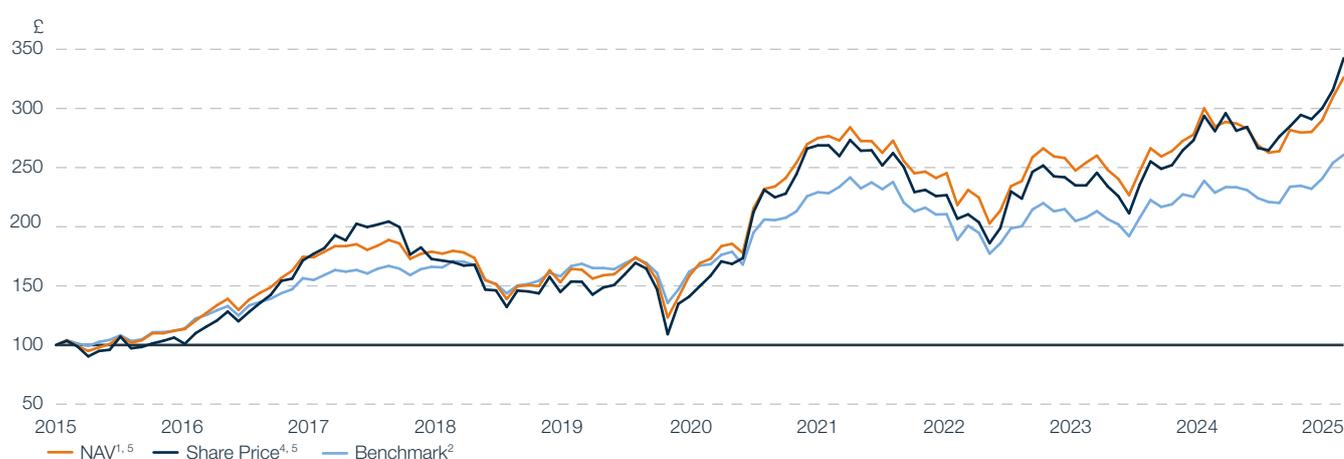
## Total return performance to 30 June 2025

(including dividends reinvested and excluding transaction costs)

	1 year %	3 years %	5 years %	10 years %
NAV <sup>1, 5</sup>	14.5	49.4	92.8	226.2
Benchmark <sup>2</sup>	14.0	38.0	56.0	160.8
Average sector NAV <sup>3</sup>	16.8	40.0	59.0	187.4
Share price <sup>4, 5</sup>	21.9	65.6	128.7	242.4
Average sector share price <sup>3, 6</sup>	22.7	50.1	75.0	189.5

## Total return performance compared to the benchmark

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



## Financial information

At 30 June	Net assets £'000	NAV per ordinary share <sup>9</sup> p	Closing price per ordinary share <sup>9</sup> p	Discount <sup>5</sup> %	Profit/(loss) for year £'000	Revenue return <sup>9</sup> p	Capital return <sup>9</sup> p	Total return <sup>9</sup> p	Total dividend <sup>8</sup> p	Ongoing charge <sup>5, 7</sup> (AIC formula) %
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
2023	738,642	184.26	154.00	16.4	104,381	5.22	20.82	26.04	4.70	0.65
2024	798,594	201.01	178.40	11.2	84,898	5.41	15.81	21.22	4.80	0.67
<b>2025<sup>9</sup></b>	<b>510,677</b>	<b>224.45</b>	<b>211.50</b>	<b>5.8</b>	<b>90,057</b>	<b>4.24</b>	<b>19.78</b>	<b>24.02</b>	<b>4.90</b>	<b>0.68</b>

1 NAV total return per ordinary share

2 MSCI Europe ex UK Small Cap Index

3 AIC European Smaller Companies sector

4 Share price total return using closing price

5 The NAV per share, NAV total return, share price total return, discount and ongoing charge are Alternative Performance Measures. More information on these can be found on pages 81 and 82

6 Average share price for the AIC European Smaller Companies sector

7 Excludes the performance fee where payable

8 Figures for 2016 to 2021 are restated to take account of the 8:1 share split completed on 13 December 2021

9 Net assets post completion of the 42.5% tender offer which concluded on 27 June 2025

Sources: Morningstar Direct, Janus Henderson Investors

# 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 is an investment trust which is a pooled investment vehicle, allowing exposure to a diversified range of assets through a single investment, thus spreading the investment risk. 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 advantages of our business model are its closed-end nature, which enables the Fund Manager to remain fully invested, and the ability 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 returns by following four simple steps:

**Buy the right assets:** The fund management 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 MSCI Europe ex UK Small Cap Index 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.

**With the right approach:** The Company is a closed-end investment vehicle, approved by HMRC as an investment trust under the Corporation Tax Act 2010. By adopting a closed-end structure, we allow the fund management 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 Company to take advantage of the capital gains treatment afforded to approved investment trusts.

# Business model (continued)

**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 recommendations.

## 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
<b>Shareholders and potential investors</b>	<p>Purpose:</p> <ul style="list-style-type: none"> <li>Keep investors updated on the Company's performance.</li> <li>Promote the Company to new shareholders.</li> </ul> <p>How we engage:</p> <ul style="list-style-type: none"> <li>Daily NAVs and monthly factsheets are published to keep shareholders up to date with the value of the portfolio.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>Shareholders are encouraged to attend the annual general meeting where they have the opportunity to meet Board members and the fund management team.</li> <li>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.</li> <li>The investment manager and corporate broker run a programme of engagement with wealth managers and other professional investors.</li> <li>The Board makes additional spend available to promote the Company's investment proposition to retail investors in the UK and holds an in-person annual general meeting enabling shareholders to attend and speak to directors and the fund management team.</li> </ul> <p>Outcome:</p> <ul style="list-style-type: none"> <li>Shareholders are informed and there is regular demand for the Company's shares.</li> </ul>
<b>Investment manager</b>	<p>Purpose:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>How we engage:</p> <ul style="list-style-type: none"> <li>The fund management 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 their view on the markets and positioning of the portfolio.</li> <li>The investment manager provides data on the key performance indicators at each meeting enabling the directors to measure performance.</li> <li>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.</li> <li>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.</li> </ul> <p>Outcome:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>

## Business model (continued)

Stakeholder	Engagement
<b>Service providers</b> <ul style="list-style-type: none"> <li>• Corporate broker</li> <li>• Custodian</li> <li>• Depositary</li> <li>• Fund administrator</li> <li>• Registrar</li> </ul>	Purpose: <ul style="list-style-type: none"> <li>• The Company's day-to-day operations run smoothly.</li> <li>• The directors are aware of any issues which may arise and can ensure that suitable action is taken to address them.</li> </ul> How we engage: <ul style="list-style-type: none"> <li>• The Board receives regular reporting and presentations from its key third-party service providers throughout the year.</li> <li>• 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.</li> <li>• 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.</li> </ul> Outcome: <ul style="list-style-type: none"> <li>• The Board is confident in its selection of third-party service providers and maintains good oversight of the Company's operations.</li> </ul>
<b>Investee companies and the environment</b>	Purpose: <ul style="list-style-type: none"> <li>• The Board has an understanding of the Fund Manager's approach to incorporating environmental, social and governance matters in stock selection.</li> </ul> How we engage: <ul style="list-style-type: none"> <li>• The fund management team has regular engagement with the management teams of investee companies enabling them to assess performance and governance arrangements.</li> <li>• 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.</li> </ul> Outcome: <ul style="list-style-type: none"> <li>• The Company is a responsible investor.</li> </ul>

### Board decision making

The Board is mindful of acting in the best interests of shareholders as a whole and has regard to other stakeholders in making its decisions. The Board takes into consideration the Company's purpose, investment objective and policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. In addition to regular, detailed discussions about the Company's investment portfolio, strategy and performance, the following are examples of discussions held and decisions made by the Board during the financial year ended 30 June 2025.

#### Response to requisition

One of the Company's shareholders, Saba Capital Management, L.P. ('Saba') requisitioned a general meeting on 18 December 2024 proposing that the incumbent directors be replaced with nominees of their choosing. The Board, with its advisers, spent a significant amount of time formulating a response to the requisition and ensuring that all shareholders were aware of the impact that the proposed changes were likely to have on their investment. This was an intensive process during which the directors made decisions regarding a suitable response to Saba, engaging with the UK regulator and share dealing platforms as well as the press to ensure all

shareholders could be reached. This activity was delivered over a seven-week period and resulted in the resounding defeat of all resolutions proposed by Saba.

#### Tender offer

Having received a very clear mandate from shareholders at the requisitioned general meeting regarding the continuation of the Company in its current form, the Board considered several possible options which would facilitate an exit for those shareholders no longer wishing to hold the Company's shares. With input from shareholders, the Board determined that a 42.5% tender offer would allow those wishing to sell their shares the opportunity to do so, while permitting those wanting to maintain their exposure to European smaller companies the ability to continue their investment. The tender offer was a notable achievement, offering in specie and cash exit options. The tender successfully closed on 27 June 2025, with the ongoing pool of assets free to continue delivering the Company's investment objective.

#### Combination with European Assets Trust PLC

When EAT invited proposals from other investment managers, the Board played a role in formulating and agreeing the Company's final submission and the Chairman joined the fund management team in presenting their investment opportunity

## Business model (continued)

to the EAT Board. The directors contributed to decision making on the structure of the combination, approved the documentation necessary to effect the transaction and agreed the communications to be sent to shareholders.

### Fee arrangements

The Company is an Alternative Investment Fund and has appointed Janus Henderson Fund Management UK Limited ('JHFM') to act as its Alternative Investment Fund Manager ('AIFM'). JHFM 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 Investors' or 'JHI' 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 initially concluded in 2014 and most recently updated in 2024. 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% per annum of net assets up to £800m and 0.45% per annum thereafter. Following successful completion of the combination with EAT, the fee for the first tier reduced to 0.50% per annum on net assets up to £800m. As part of the combination, JHFM will make a contribution to the costs in the amount equal to nine months of the new management fee that would otherwise be payable on the value of the rollover pool at the calculation date. This amount will be reduced with a prescribed formula in light of any shares repurchased from the CT Savings Plans. JHFM may elect to settle this contribution by way of offset against the management fees payable under the management agreement. 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, being the MSCI Europe ex UK Small Cap Index.

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.

### Corporate Secretary

The Corporate Secretary, Janus Henderson Secretarial Services UK Limited, is a subsidiary of Janus Henderson Investors 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 Corporate Secretary and JHI, particularly when dealing with any conflicts or issues between the Company and JHI. 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.

# Managing risks and our viability

## Principal and emerging 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 kept under regular review. The mitigating measures include a schedule of investment limits and restrictions within which the fund management team must operate.

Alongside the principal risks, the Board considers emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be classified as a principal risk. During the year under review, the Board did not identify any emerging risks which were not already encompassed within the existing principal risks. The assessment included consideration of the possibility of severe market disruption.

The principal risks which have been identified and the steps taken to mitigate these are set out below. The Board does not believe these principal risks to have changed over the course of the year.

Principal risk	Mitigating measures
<p><b>Investment strategy and objective</b></p> <p>The investment objective or policy is not appropriate in the prevailing market or sought by investors, leading to a wide discount and hostile shareholders.</p> <p>Investment mandate limits established by the Board are inappropriate leading to out-of-scope investments which may negatively impact shareholder value.</p> <p>Poor investment performance over an extended period leading to shareholders voting to wind up the Company. This may be the result of:</p> <ul style="list-style-type: none"> <li>external factors such as geopolitical instability, including financial shock, pandemic, climate change, changes in the regulatory environment, etc.</li> <li>internal factors such as poor stock selection, poor management of gearing, loss of key members of the fund management team, etc.</li> </ul>	<p>The investment manager periodically reviews the investment objective and policy in line with best practice and taking account of investor appetites.</p> <p>The Board receives regular updates on professional and retail investor activity from the investment manager, and reports from the corporate broker, both of whom remain in contact with professional investors throughout the year, 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 level of discount and the share register are reviewed by the Board at each meeting.</p> <p>The Board reviews compliance with the investment limits at each meeting.</p> <p>The Fund Manager maintains a diverse portfolio (sector, country, corporate lifecycle) with buy/sell disciplines and employs suitable quantitative and qualitative metrics, which incorporates environmental, social and governance ('ESG') considerations, for assessing stocks for inclusion in the portfolio. The Board reviews the Key Performance Indicators ('KPI's), portfolio composition and levels of gearing at each meeting. The Board furthermore maintains an understanding of the fund management team's investment process and considers the potential for climate change to impact the value of the portfolio, alongside other factors which may have a similar effect.</p>
<p><b>Operational</b></p> <p>Failure of, disruption to or inadequate service levels provided by principal third-party service providers leading to loss of shareholder value or reputational damage.</p> <p>Inadequate cyber security arrangements at the Company's third-party service providers leading to data being compromised or lost, and shareholder value impacted.</p>	<p>The Board engages reputable third-party service providers and formally evaluates their performance, and terms of engagement, at least annually.</p> <p>The Audit Committee receives annual reporting from the Chief Information Security Officer at the investment manager and assesses the internal controls over information technology at the Company's third-party service providers as part of their ongoing assurance reporting.</p>
<p><b>Legal and regulatory</b></p> <p>Loss of investment trust status, breach of the Companies Act 2006, Listing Rules, Prospectus Regulation 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 a decrease in shareholder value and reputational damage.</p>	<p>The Board reviews the investment limits at each meeting which include compliance with provisions set out in the Corporation Tax Act 2010.</p> <p>The investment manager provides investment, company secretarial, administration and accounting services through qualified professionals to ensure the Company's legal and regulatory obligations are fulfilled.</p> <p>The Audit Committee assesses the effectiveness of internal controls in place at the Company's third-party service providers through review of their ISAE 3402 reports.</p>

# Managing risks and our viability (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 limits 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 revenue statement, balance sheet and portfolio valuation at each meeting. Holdings in the portfolio are valued in line with accounting policies.

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 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.

## Going concern and 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 for a period of at least twelve months from the date of this report, being 20 October 2026 (our assessment of going concern) and also over the longer period of three years (our assessment of viability).

We consider the Company's viability over a three-year period as we believe this is a reasonable timeframe reflecting the longer 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 does not need to account for redemptions;
- an assessment of the principal and emerging risks, as well as the uncertainties facing the Company, including the potential impact of climate change on the value of investee companies;
- the diverse nature of the portfolio and its anticipated liquidity in normal and stressed market conditions;
- the level of the Company's revenue reserves and the size of the bank overdraft facility; and
- 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.

Also of relevance in contemplating the duration of the Company, is the three-year cycle for its continuation vote. Shareholders were last asked at the annual general meeting

in 2022 if they wished the Company to continue in operation. The resolution was passed with the overwhelming support of 84.4% shareholders who voted. The next continuation vote will be put to shareholders at the forthcoming annual general meeting on 24 November 2025. Based on the voting record since 2000 for such resolutions and the recent tender offer which facilitated an exit for all shareholders not wishing to continue their investment in the Company, the Board is confident that shareholders will continue to support the Company. In the event this is not the case, the directors are required under the articles to put forward proposals for the liquidation or reconstruction of the Company.

As well as considering the principal risks and financial position of the Company, along with the continuation vote, the Board has made the following assumptions:

- investors will continue to wish to have exposure to investing in European small cap companies;
- investors will continue to invest in closed-end funds;
- the Company's performance will continue to be satisfactory; and
- the Company will continue to have access to adequate capital when required.

Based on the results of the assessment, we have concluded that:

- the Company has adequate resources to meet its liabilities for a period of at least twelve months from the date of this report, being 20 October 2026, meaning it is therefore appropriate to prepare these financial statements on a going concern basis; and
- we have a reasonable expectation that the Company will be able to continue operations over the coming three-year period, as well as meeting its expenses and liabilities for that period.

# Responsible investment

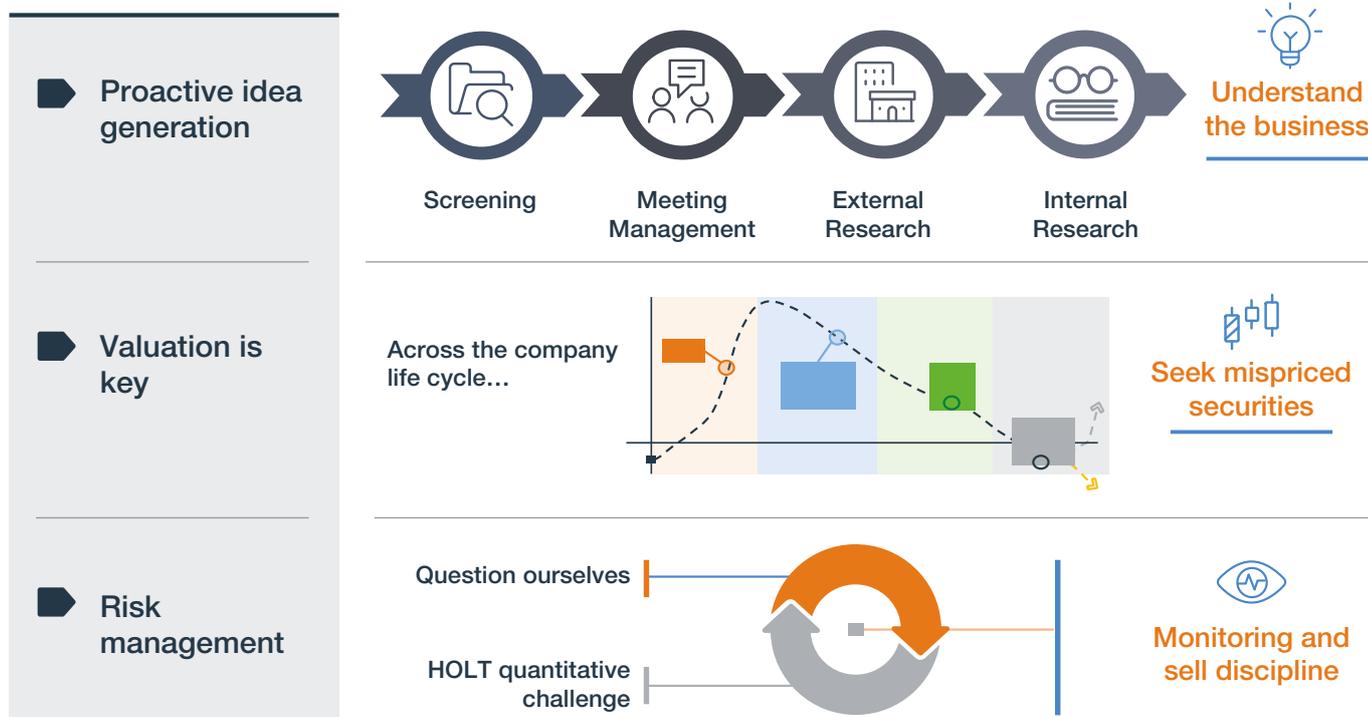
We aim to make well-informed investment decisions which deliver the returns that our shareholders expect, but not at the expense of the environment or wellbeing of society. We believe that investing in well-managed, sustainable businesses is the foundation for achieving good returns. The closed-end nature of the Company makes it ideal for long-term investing and our focus on small, developing companies provides our fund management team with the opportunity to meaningfully engage with investee companies as they grow and develop their strategies.

## Investment process

The fund management 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.

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.

### Overview of the investment process



Source: Janus Henderson Investors

The Company does not pursue an environmental, social or governance ('ESG') strategy, but the fund management team integrates ESG elements into the investment process on all bottom-up stock decisions when material to the investment case. ESG metrics are applied in a non-binding manner. The fund management team's view is that companies scoring well on ESG and sustainability will warrant a valuation premium over time and they seek to determine what a fair premium for those assets should be and invest when stock can be bought at an attractive price. Negative screening is not employed, but instead the fund management team looks to find companies that can improve.

### Defining ESG:

- Environmental factors include climate change, energy efficiency, resource depletion, water and waste management.
- Social factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.
- Governance factors include mitigating risks such as bribery and corruption, questioning board diversity, executive pay, accounting standards and shareholder rights, and positively influencing corporate behaviour.

# Responsible investment (continued)

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.

In terms of governance, the fund management team specifically considers 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 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 a 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 the 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.

## ESG investment process



Source: Janus Henderson Investors

Headline ratings from external 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.

# Responsible investment (continued)

## Engagement with investee company

**Reason for engagement:** The fund management team met with the management of this investee company following a new MSCI ESG rating of CCC.

**What did we do?** The fund management team spoke to management regarding their plans to increase the number of independent directors and improve board diversity. Currently only one of five directors is considered by MSCI to be independent and only one is female. Although no changes to the composition of the Board are anticipated at the next annual general meeting, the fund management team provided feedback that they expected to see greater independence and diversity over time.

Remuneration disclosures remained limited with no targets or weightings included, although some financial information was disclosed. The company’s management indicated that disclosures in the next annual report would be improved.

Environmental and social disclosures were also minimal. The company’s management indicated that enhanced non-financial reporting would be included in the report in 2026 following the introduction of metrics and targets. They further confirmed additional data regarding employees would be disclosed in due course.

**Outcome and next steps:** The fund management team provided feedback throughout the meeting that they would like to see improvements in the areas discussed. Given that the company had only recently begun reporting publicly, it was acknowledged that this would take time to achieve. The fund management team were assured that appropriate steps were being taken to improve the company’s environmental and social policies and disclosures. The investment manager’s Responsible Investment and Governance team and the fund management team would continue to monitor the company’s corporate governance practices as they developed over time.

## 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.

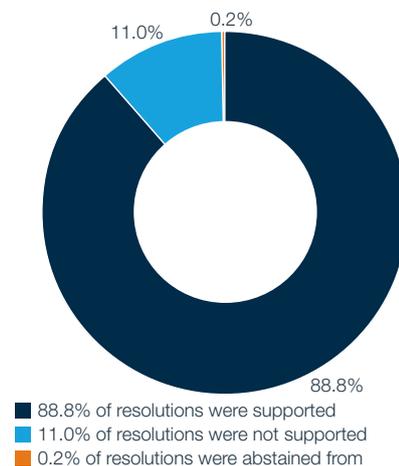
The Board retains oversight of the process by receiving reporting at each meeting indicating how the Company’s shares have been voted and where support for management recommendations has not been warranted, and by reviewing our investment manager’s Responsible Investment Policy and Proxy Voting Policy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

Voting decisions are guided by the best interests of the investee companies’ shareholders and made in consultation with the fund management team, who have an in-depth understanding of the respective company’s operations. The fund management team believe in engaging with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. This approach is more likely to be effective in influencing company behaviour.

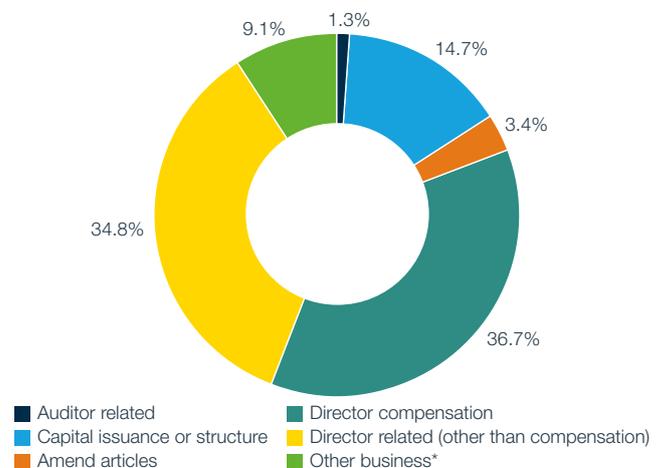
In the period under review, we voted at 98.7% of the general meetings held by investee companies. The only proposals not voted on are those which would have resulted in share-blocking. This is where voting would have restricted the ability to trade the shares in advance of the meeting.

At 60.3% of the meetings at which we voted, at least one vote was cast against management recommendations.

## Voting record



## Breakdown of resolutions not supported



Source: Janus Henderson Investors using Institutional Shareholder Services (ISS) categories

\* We routinely vote against proposals labelled ‘other business’. Although this request allows the board and shareholders to raise other issues and discuss them at the meeting, it may lead to subsequent approval of items without prior disclosure to minority shareholders

# Responsible investment (continued)

## The environment

As an investment trust, 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. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ('SECR') regulations and therefore is not required to disclose energy and carbon information.

The investment manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2021 Janus Henderson Investors reached its three-year target to reduce its carbon footprint by 15% per full-time employee ('FTE') from 2018 levels. In 2022, using guidance from the Science-Based Target Initiative, Janus Henderson Investors set ambitious new five-year reduction targets versus a 2019 baseline and per FTE:

- reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste) emissions; and
- reduction target of 17.5% on water and waste consumption by FTEs.

JHI discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR, the Carbon Disclosure Project.

## Responsibility Report

JHI produces product-level Task Force on Climate-Related Financial Disclosures ('TCFD') reports for funds in scope as well as an entity-level TCFD report. These reports include an overview of the climate-related governance, strategy, risk management, and metrics and targets of JHI and its portfolios. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis (Climate Value at Risk).

JHI's TCFD Report specific to the Company is available at [www.europeansmallercompaniestrust.com](http://www.europeansmallercompaniestrust.com).

This Strategic Report, set out on pages 1 to 24, has been approved by the Board.

On behalf of the Board

Daniel Burgess  
Chairman of the Audit Committee  
20 October 2025

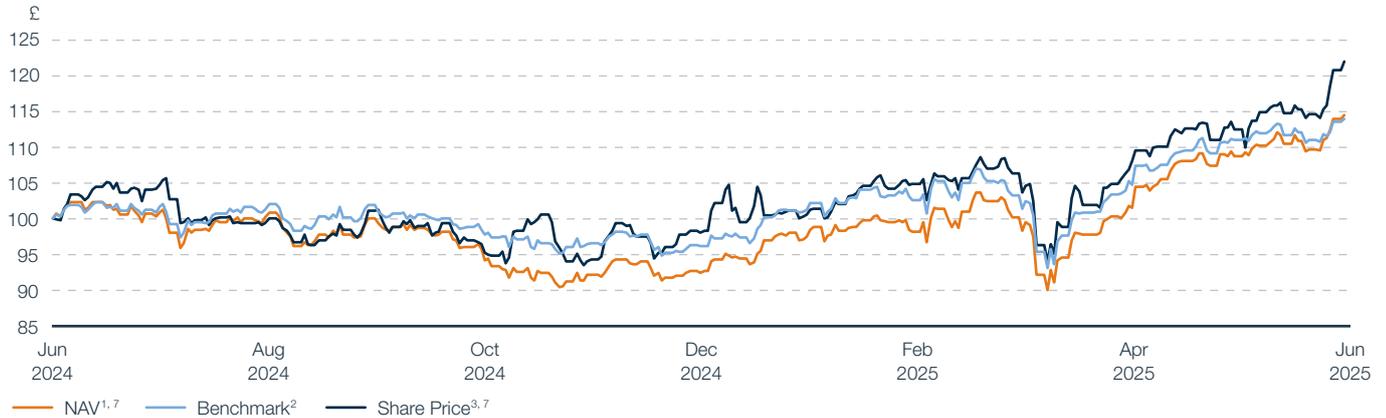
# Key Performance Indicators

## 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').

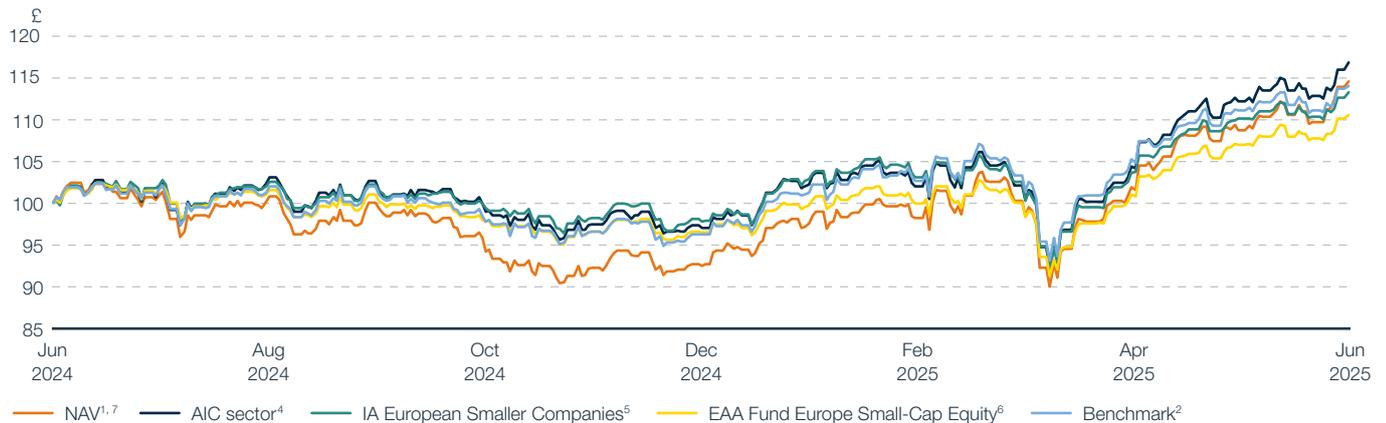
### NAV and share price total return compared to the benchmark (rebased to 100)

1 year



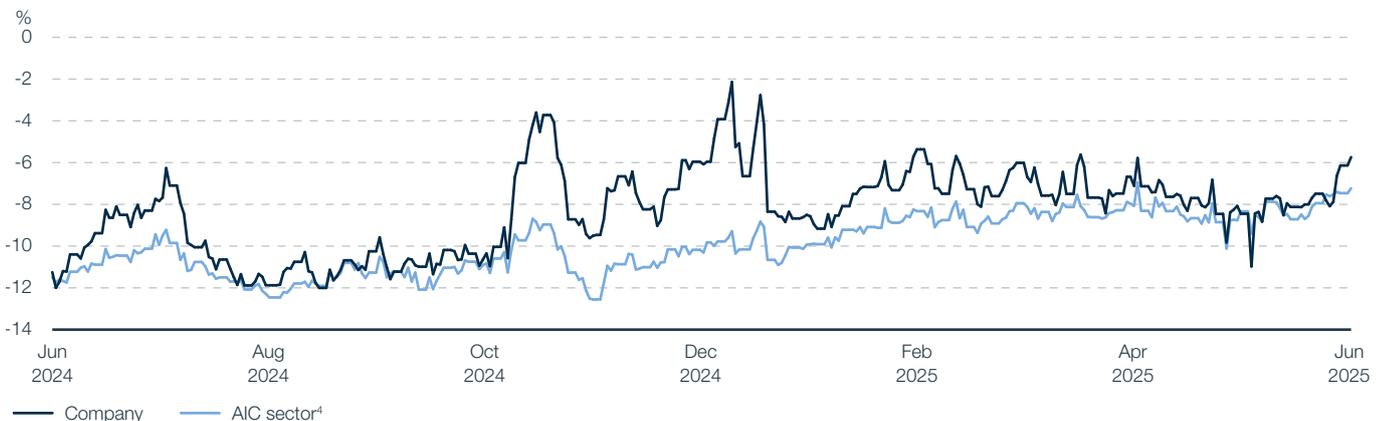
### NAV total return performance compared to the AIC and open end sectors (rebased to 100)

1 year



### Discount<sup>7</sup> compared to the AIC sector average

1 year



1 NAV total return assumes all dividends are reinvested  
 2 MSCI Europe ex UK Small Cap Index  
 3 Share price total return using closing price  
 4 European Smaller Companies sector

5 Investment Association ('IA') sector  
 6 Morningstar category  
 7 NAV total return, share price total return and the discount are Alternative Performance Measures. More information on these can be found on pages 81 and 82

# Key Performance Indicators (continued)

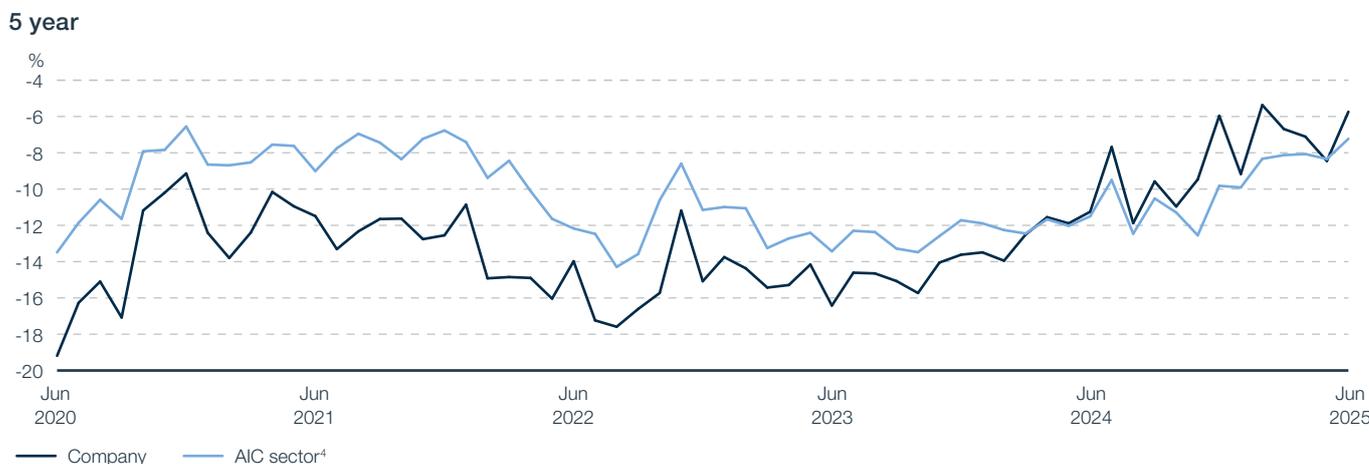
## NAV and share price total return compared to the benchmark (rebased to 100)



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



## Discount<sup>7</sup> compared to the AIC sector average



1 NAV total return assumes all dividends are reinvested  
 2 MSCI Europe ex UK Small Cap Index  
 3 Share price total return using closing price  
 4 European Smaller Companies sector

5 Investment Association ('IA') sector  
 6 Morningstar category  
 7 NAV total return, share price total return and the discount are Alternative Performance Measures. More information on these can be found on pages 81 and 82

# Governance



**Wienerberger**, 0.6% of the portfolio  
Manufacturer of wall, roofing and landscaping materials

# Board of Directors

## The right balance of skills and experience

### James Williams

**Position:**

Chairman of the Board and Management Engagement Committee

**Date of appointment:**

1 November 2023

(as Chairman from 25 November 2024)

#### Career and background

James has over 30 years' international business experience, including nearly 20 years in the investment banking industry, having held senior roles in Asia and Europe at ING Barings, ABN AMRO and Commerzbank. Following his departure from Commerzbank, he became a partner at Saginaw Capital LLP until 2008.

#### Skills and expertise

James has many years' international business experience in Asia and Europe, and a strong knowledge of the investment trust sector and financial markets.

#### External appointments

James is the non-executive Chairman of Schroder AsiaPacific Fund plc, and a non-executive director of Net Zero One Limited and NT Asian Discovery Fund.

### Daniel 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 Emerging Europe, Middle East and Africa Securities plc.

### Ann Grevelius

**Position:**

Independent non-executive director

**Date of appointment:**

23 September 2019

#### Career and background

Ann has more than thirty years' experience in the asset management sector and has been active in the venture capital industry 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 OX2 AB, a renewable energy company and Aktia Bank PLC, the Finnish asset manager, bank and life insurer. She is Chairman of the Investment Committee at the Swedish Foundation for Strategic Research.



James Williams



Daniel 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 30 years.

#### Skills and experience

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

#### External appointments

She is a Managing Director of Merifin Capital, chair of the board of directors of the Stramongate Group, a Luxembourg public company, and a director of Hansa Investment Company Limited which is listed on the London Stock Exchange.



Simona Heidempergher

### Nadia Meier-Kirner

**Position:**

Independent non-executive director

**Date of appointment:**

28 April 2025

#### Career and background

Nadia has 20 years' experience in European mid-market private equity with Triton Partners in Germany. At Triton she currently serves as the Head of Strategic Investments and prior to that held Sector Co-Head roles in Business Services and Healthcare. Nadia has considerable private board expertise across the DACH region (Germany, Austria and Switzerland), and in Belgium and Sweden.

#### Skills and experience

Nadia has extensive investment experience in European mid-market private equity.

#### External appointments

Nadia is a non-executive director of Franz Haniel & Cie GMBH, Swiss IT Security Group AG and Siegwerk Group Holding AK & Co KG.



Nadia Meier-Kirner

## Welcome to our new directors

Stuart and Kate joined the Board following completion of the combination with European Assets Trust PLC.

### Stuart Paterson

**Position:**

Independent non-executive director

**Date of appointment:**

15 October 2025

#### Career and background

Stuart is a co-founder and partner of Scottish Equity Partners, one of Europe's leading technology growth equity investors.

#### Skills and experience

Stuart has over 25 years of equity investing experience in European private companies. He trained as an accountant with EY before moving into equity investment.

#### External appointments

Since July 2019 Stuart has been a board member of European Assets Trust PLC, initially as Chair of Audit and from May 2024 as Chair, he is a Governor of The Glasgow Academical War Memorial Trust and is a Special Advisor to the growth equity firm he co-founded, Scottish Equity Partners LLP.

### Kate Cornish-Bowden

**Position:**

Independent non-executive director

**Date of appointment:**

15 October 2025

#### Career and background

Kate is an experienced non-executive director and a former fund manager for Morgan Stanley.

#### Skills and experience

Kate worked as a fund manager for 12 years at Morgan Stanley Investment Management, where she was managing director and head of the global equity team. Prior to Morgan Stanley she worked as a research analyst at M&G.

#### External appointments

Kate is the Chair of International Biotechnology Trust plc, a non-executive director of Finsbury Growth & Income Trust plc and a non-executive director and Chair of the Audit Committee of CC Japan Income & Growth Trust plc.

# 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.

By virtue of the Company's listing on the London Stock Exchange, the Board is 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 Company has reported against provisions of the AIC Code published in 2019, which the Financial Reporting Council has endorsed. A new UK Code was published in January 2024, with an updated AIC Code published in August 2024. The new Codes will be applicable to financial years beginning on or after 1 January 2025.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: [www.theaic.co.uk](http://www.theaic.co.uk) and [www.frc.org.uk](http://www.frc.org.uk).

## 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](http://www.europeansmallercompaniestrust.com).

The Board engages third-party service providers to deliver the operations of the Company. Janus Henderson Investors

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 and is 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 engagements 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 and monitoring 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 JHI 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
<b>Shareholders/ investors</b>	<p>The Company's shareholders are responsible for:</p> <ul style="list-style-type: none"> <li>• approving the Company's investment objective and policy;</li> <li>• making decisions regarding changes to the Company's constitution;</li> <li>• electing and re-electing directors to the Board, or removing them from office if deemed appropriate; and</li> <li>• determining the overall limit for directors' remuneration.</li> </ul>
<b>Chairman</b>	<p>The Chairman of the Board is responsible for:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• leading the Board in developing succession planning;</li> <li>• leading the Board in determining its governance framework, culture and values;</li> <li>• representing the Company, alongside the Fund Manager, externally at business, and community level; and</li> <li>• managing the relationship with the investment manager.</li> </ul>
<b>Senior Independent Director</b>	<p>The senior independent director:</p> <ul style="list-style-type: none"> <li>• acts as a sounding board to the Chairman;</li> <li>• serves as an intermediary for the other directors and shareholders; and</li> <li>• is responsible for leading the performance evaluation of the Chairman.</li> </ul>
<b>Independent non-executive directors</b>	<p>The independent non-executive directors are responsible for:</p> <ul style="list-style-type: none"> <li>• providing constructive and effective challenge, especially to the decisions of the investment manager;</li> <li>• scrutinising and holding to account the performance of the <ul style="list-style-type: none"> <li>– fund management team in meeting the investment objective;</li> <li>– investment manager in the promotion of the Company and day-to-day smooth operations of the Company's business; and</li> </ul> </li> <li>• providing strategic guidance and offering specialist advice.</li> </ul>

# Corporate Governance Report (continued)

Role	Primary responsibilities
<b>Committee chairs</b>	<p>The Committee chairs are responsible for:</p> <ul style="list-style-type: none"> <li>the leadership and governance of their committee;</li> <li>maintaining the relationships with specialist service providers delivering services within the remit of their committees;</li> <li>reporting on the activities of their committee to the Board; and</li> <li>seeking approval from the Board for the responsibilities set out in their respective terms of reference.</li> </ul>
<b>Investment manager</b>	<p>The investment manager is the Company's appointed Alternative Investment Fund Manager and is responsible for:</p> <ul style="list-style-type: none"> <li>promoting the Company's investment proposition to professional and retail investors;</li> <li>making the necessary reporting to the FCA regarding the Company's status as an Alternative Investment Fund;</li> <li>providing accounting, company secretarial and other administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions; and</li> <li>coordinating the delivery of services provided by the Company's other third-party service providers.</li> </ul>
<b>Fund Manager</b>	<p>The Fund Manager and his team are responsible for:</p> <ul style="list-style-type: none"> <li>selecting the stocks held within the portfolio;</li> <li>diversification and risk management through stock selection and size of investment;</li> <li>determining the volume and timing of acquisitions and disposals; and</li> <li>determining the frequency and level of gearing within the overall limits set by the Board.</li> </ul>

## Board composition

At the date of this report, the Board comprises seven directors. Their biographies are on pages 26 and 27.

### 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 their 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 they intend 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 which is of particular importance given the entirely non-executive nature of the Board, 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 2025 the Committee concluded that all directors continued to be independent in character and judgement.

Simona Heidempergher has been a director for 11 years and will retire from the Board at the forthcoming annual general meeting on 24 November 2025. The other directors consider that she is, and has been, independent since her 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)

Ann Grevelius and Daniel Burgess have been directors for six years. Following completion of the annual evaluation, the Board has determined that it is in the interests of the Company to extend their appointment for a further three years.

## Diversity

The Board supports the principle of boardroom diversity, of which gender and ethnicity are two aspects. A third, important aspect given the Company's objective, is the presence of Europe-based directors on the Board. Their input at meetings allows the Board to stay in touch with sentiment on the Continent.

The Company's policy is that the Board should comprise directors with a diverse range of skills, knowledge and experience and that all appointments should be made on merit, against objective criteria. Diversity of perspectives and backgrounds is therefore a key consideration in any director search process. Alongside this, the Board will not discriminate on the grounds of age, gender, personal background, sexual orientation, disability or socio-economic background in considering the appointment of directors.

The FCA's Listing Rules require companies to report against the following three diversity targets:

- at least 40% of individuals on the board should be women;
- at least one senior board position should be held by a woman;
- at least one individual on the board should be from a minority ethnic background.

At the date of this report, the Board complies with the FCA's diversity targets.

	Number of Board members	% of the Board	Number of senior positions on the Board <sup>1</sup>
<b>Gender diversity</b>			
Men	3	43	1
Women	4	57	1
<b>Ethnic diversity</b>			
White British or other White (including minority white groups)	6	86	2
Other	1	14	–

<sup>1</sup> As a fully managed investment trust, the Company has only two of the roles specified by the UK Listing Rules, being the position of the Chairman and Senior Independent Director

## 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. 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' attendance for scheduled meetings. All directors in office at the time of the annual general meeting held on 24 November 2024, attended the meeting.

As a result of the requisition, tender offer and combination with EAT, a further 14 Board and committee meetings were held and three general meetings convened.

	Board	Audit Committee	Nomination and Remuneration Committee	Management Engagement Committee
James Williams	5/5	5/5	3/3	1/1
Daniel Burgess	5/5	5/5	3/3	1/1
Ann Grevelius	5/5	5/5	3/3	1/1
Simona Heidempergher	5/5	5/5	3/3	1/1
James Williams	5/5	5/5	3/3	1/1
Nadia Meier-Kirner <sup>1</sup>	2/2	2/2	1/1	1/1

<sup>1</sup> Appointed as a director on 28 April 2025

# Corporate Governance Report (continued)

## 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 the following page 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 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 Audit Committee's usual review of the reports on the effectiveness of internal controls in operation at its key service providers identified that two reports had received qualified opinions from the service auditor. The Audit Committee considered the particular controls giving rise to the respective qualifications, whether these had impacted the Company directly and what corrective actions were being taken by management. Following these discussions, the Audit Committee was satisfied that the Company's internal controls had operated as intended and that the qualifications had no direct impact on the Company.

The Board, assisted by the Audit Committee conducted a review of the Company's system of internal controls for the year ended 30 June 2025 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 operational 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 function provides regular reporting to the Board on the operations of the investment manager and presents at least annually to the Audit Committee.

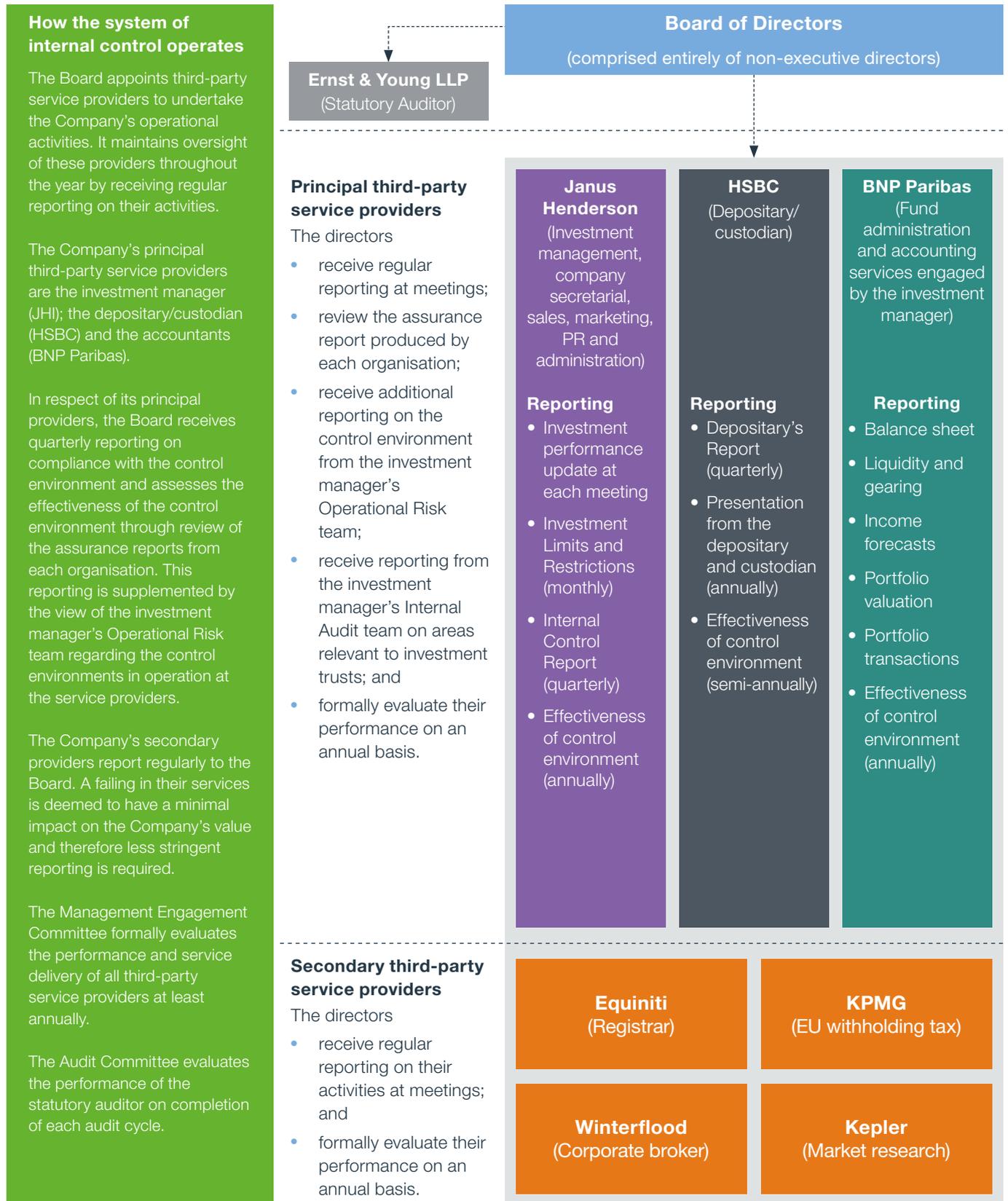
Given the level of independent review attached to reporting on the effectiveness of internal controls at third-party service providers and the access the Audit Committee has to the investment manager's Internal Audit department, the Board, on the recommendation of the Audit Committee, has concluded that 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  
20 October 2025

# Corporate Governance Report (continued)

## Framework of Internal Controls



# 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 are members except the Chairman of the Board. The Chairman is invited to meetings and usually attends as permitted.

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 usually meets five times a year. The Company's auditors, the Fund Manager and the investment manager's Financial Reporting Senior Manager are invited to attend meetings of the Committee on a regular basis. Other representatives of the investment manager and BNP Paribas may also be invited to attend if requested by the Committee.

The Audit Committee Chairman meets with the audit partner and audit manager without the presence of staff from the investment manager at least twice each year.

## 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 2025;
- 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 management team 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 re-appointing 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. Mike Gaylor is the audit partner and has been in place for three years. 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 current 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 auditor and by reviewing the information and assurances provided by the auditor 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 2025 the following significant issues were considered by the Committee:

Significant issue	How the Committee addressed the issue
<b>Valuation and ownership of investments</b>	The directors have appointed the investment manager, who outsources some of the administration and accounting services to BNP Paribas, 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. The Board monitors controls and significant movements in the portfolio by reviewing reports regularly at Board meetings.
<b>Recognition of income</b>	Income received has been accounted for in line with the Company's accounting policies. The Board reviews revenue forecasts in support of the Company's future dividends at each meeting, as well as the allocation between revenue and capital for special dividends.
<b>Investment Trust status</b>	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.
<b>Calculation of performance fee</b>	The Committee reviews the calculation of the performance fee to ensure consistency with 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  
20 October 2025

# 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, as well as open ended alternatives;
- 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 JHI for a further year.

James Williams  
Chairman  
20 October 2025

# 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 and that appropriate plans are in place for succession planning. The Committee further considers the overall policy and approach to the remuneration of the non-executive directors and makes recommendations to the Board on the level of remuneration for individual roles.

## Membership

The Committee is 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 annual 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 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 Annual General Meeting 2025.

### 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.

## Annual performance evaluation

Following external evaluation last year, the Board undertook an internal evaluation of its own effectiveness, that of its committees and individual directors. This was done using a questionnaire probing views on how well oversight was brought to the Company's investment matters, overall strategy and corporate issues, management of costs, understanding of the various shareholders' viewpoints and how well the Company's governance framework fared throughout requisitioned general meeting and two corporate actions dealt with by the Board.

The Committee considered the outcomes of the review and concluded that the Board understood the investment objective and its application by the fund management team and brought suitable challenge to the recommendations of the investment manager. This was reflected in the mandate parameters established by the Board and their regular monitoring of these. The directors furthermore maintained suitable oversight of gearing and the costs incurred in the Company's day-to-day operations.

The governance framework and decision-making processes used by the Board were robustly tested by the requisitioned general meeting, 42.5% tender offer and proposal for the combination with EAT. The Committee discussed the formal and informal lines of communication and authorisation between the Board and investment manager and amongst individual directors, concluding that these had worked well and all directors were able to devote sufficient additional time for these decisions to be carefully considered and approved within the required timescales. The Committee therefore concluded that the Board, its principal committees and directors had operated effectively throughout the year.

The Committee considered the performance of the Chairman, reviewing his ability to manage the regular Board business, as well as his leadership over the course of the requisitioned general meeting and two corporate actions, whether he sought advice from a broad enough range of advisers and his management of the group dynamics of the Board.

The Committee concluded that the Chairman had displayed strong, independent leadership with the ability to draw views from all directors into the decision-making process, while sharing responsibilities for particular aspects across all directors.

## Succession planning

To be effective a succession plan for Board membership must maintain a balance of skills, experience and diversity, while seeking to refresh these on a regular basis to ensure that the Board's oversight of its third-party service providers is robustly challenged.

As part of this exercise, the Committee considered the retirement of the Chair of the Remuneration and Nomination Committee. Simona Heidempergher would be retiring at the forthcoming annual general meeting and, taking account of the Board's succession plan, the Committee agreed that the Chairman of the Board should take over this role on her

# Nomination and Remuneration Committee Report

## (continued)

retirement, to lead on future succession planning. Bearing in mind provisions in the AIC Code relating to directors' remuneration, the Committee concluded that the Board as a whole should therefore consider directors' remuneration, with the Senior Independent Director leading this session. A recommendation to this effect was made to the Board and, following discussion, the Board agreed the change which would become effective from Simona's retirement date. The Nomination and Remuneration Committee would become the Nomination Committee at this point. The Board further agreed with the Committee's recommendation that Ann Grevelius succeed Simona as the Senior Independent Director and become Chair of the Management Engagement Committee.

The Committee further considered the two new directors appointed following the successful completion of the combination with EAT and adapted the succession plan accordingly.

### Director recruitment

As part of the Committee's ongoing succession planning, the recruitment for a further director was initiated during the course of the year. Following consideration of the services offered by several recruiters, the Committee appointed Longwater Partners Limited ('Longwater') to assist with the search. No other services are provided to the Company by Longwater.

Longwater prepared a long list of suitable candidates who were discussed in depth with the Committee. Following discussion, a short list was drawn up and candidates invited for interview. All directors had the opportunity to meet with candidates.

At the conclusion of the process, the Committee recommended the appointment of Ms Meier-Kirner to the Board. She had excellent investment experience in European small-mid cap companies and brought substantial private equity experience to the Board. Ms Meier-Kirner was based in Germany and was therefore well positioned to keep the Board in touch with sentiment in Europe's largest economy.

Following consideration of the Committee's recommendation, the Board approved the appointment of Ms Meier-Kirner as a director with effect from 28 April 2025.

As part of the considerations for the proposal put to the Board of EAT and so as to ensure that the shareholder interests of that trust continued to be represented at Board-level, two directors from EAT were invited to join the Board, conditional on the successful completion of the combination.

The Committee considered the experience of all EAT directors in the context of the usual skills matrix and took feedback from the team presenting to that board. Where the Committee considered that EAT directors had complementary skills or experience, and would fit with the existing dynamic of the Board, further meetings were arranged enabling other directors to have input to the selection process.

Following conclusion of the process, the Committee recommended to the Board that Stuart Paterson and Kate Cornish-Bowden be invited to join the Board on the successful completion of the combination.

### Directors for re-election

The Committee considered the directors standing for re-election at the forthcoming annual general meeting. These included Ann Grevelius, Daniel Burgess and James Williams. Taking account of the individual performance evaluation of each director, the Committee recommended to the Board that it should support the re-election of each director.

Nadia Meier-Kirner would stand for election by shareholders for the first time and, based on the recruitment process, the Committee recommended that her nomination be supported.

Following conclusion of the process around EAT directors in the context of the proposed combination, the Committee recommended to the Board that the nomination of Stuart Paterson and Kate Cornish-Bowden as directors be supported at the forthcoming annual general meeting.

### Directors' remuneration

The Company's Remuneration Policy was considered by the Committee.

The demand on directors' time over the course of the last ten months had been significant as a result of the requisitioned general meeting and two corporate actions over that period and the Committee concluded that the policy should be expanded to enable additional payments to be made to directors where they had undertaken duties beyond those normally expected of a non-executive director. The Committee concluded that this was likely to be a rare occurrence and that any discretionary fees paid should be clearly disclosed in the annual report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

The Committee recommended to the Board that an updated Remuneration Policy be put to shareholders at the forthcoming annual general meeting. The proposed changes are set out in the Directors' Remuneration Report and shareholders will be asked to adopt a new Remuneration Policy at the forthcoming annual general meeting.

Simona Heidempergher  
Chair of the Nomination and Remuneration Committee  
20 October 2025

# Directors' Remuneration Report

## Remuneration Policy

The Remuneration Policy (the 'Policy') sets out the principles applied in the remuneration of the Company's directors. The current Policy has been in place since 1 July 2013 and was last approved by shareholders at the annual general meeting on 27 November 2023. A resolution to adopt a new Policy will be put to shareholders at the forthcoming annual general meeting. The new Policy is set out below.

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 (£500,000 per annum following approval by shareholders at the general meeting held on 3 October 2025).

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.

In a proposed change to the current Policy (subject to shareholder approval) which is explained in the column alongside under 'Background to the proposed change to the Policy', the directors may further be eligible to receive additional remuneration, in exceptional circumstances, for duties beyond those normally expected as part of a non-executive director's appointment.

The level of remuneration paid to each director is reviewed annually, although such review will not necessarily result in a change to the fee. Feedback from shareholders on the fees paid to directors is taken into account by the Board when reviewing remuneration levels.

All directors are non-executive and appointed under a letter of appointment, which is an engagement for services and not a contract of employment. The appointment may be terminated at any time by written notice with no compensation payable. All directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board, Senior Independent Director and Chairman of the Audit Committee are paid a higher fee in recognition of their additional responsibilities.

If approved by shareholders, the new Policy will take effect from the date of the forthcoming annual general meeting. The Policy, irrespective of changes, is put to shareholders at intervals of not more than three years.

## Background to the proposed change to the Policy

At the forthcoming annual general meeting, shareholders will be asked to approve a new Policy, with the change to the current Policy being that the directors may further be eligible to receive additional remuneration, in exceptional circumstances, for duties beyond those normally expected as part of a non-executive director's appointment. This is expected to be a rare occurrence and any discretionary fees paid to the directors will be clearly disclosed in the Directors' Remuneration Report for the year accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

Although the Board will retain discretion to make further payments in the event exceptional circumstances arise, if the new Policy is approved by shareholders, the Board's intention is to make two additional payments to directors shortly following shareholder approval. The first, in respect of the additional work undertaken for the requisitioned general meeting held on 5 February 2025 and subsequent tender offer, and the second, in respect of the combination with EAT.

## Requisitioned general meeting and tender offer

Ten additional Board and committee meetings were held to consider these matters and approve documentation and announcements for release to shareholders and the market. In addition, the directors attended numerous update and briefing calls, and the Chairman undertook a number of meetings with journalists and the chairs of the other requisitioned trusts. A breakdown of the proposed payments is set out in the table below.

Director	Amount £
James Williams (Chairman)	40,000
Daniel Burgess	20,000
Ann Grevelius	20,000
Simona Heidempergher	20,000
<b>Total</b>	<b>100,000</b>

## Combination with EAT

It is also intended that further payments totalling £60,000 will be made to directors in respect of the additional work undertaken on the combination with EAT. Four further Board and committee meetings were held to approve the scheme documentation, alongside numerous ad hoc discussions. The directors were involved in formulating the structure of the proposal and in presenting to the EAT Board.

Director	Amount £
James Williams (Chairman)	20,000
Daniel Burgess	10,000
Ann Grevelius	10,000
Simona Heidempergher	10,000
Nadia Meier-Kirner	10,000
<b>Total</b>	<b>60,000</b>

# Directors' Remuneration Report (continued)

## Statement from the Chairman

As the Company has no employees and all directors are non-executive, the Board has not established a separate Remuneration Committee. The Nomination and Remuneration Committee, led by the Senior Independent Director, has considered the proposed changes to the Remuneration Policy and the fees paid to individual directors. From the end of the forthcoming annual general meeting, the Board as a whole, led by the Senior Independent Director, will consider remuneration matters and the Nomination and Remuneration Committee will become the Nomination Committee.

The Nomination and Remuneration Committee reviewed the fees paid to directors of similar sized trusts, the AIC peer group and other trusts managed by the investment manager. Alongside this, the Committee considered the rate of inflation and the responsibilities borne by directors. Following completion of this review, increases in directors remuneration were recommended to and approved by the Board. The rates are set out in the table titled 'Directors' fees' in the next column. The increases were to ensure that the directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new directors.

The Board is satisfied that the changes to directors' remuneration are compliant with the Company's Remuneration Policy which was approved by shareholders at the annual general meeting held in 2023. Shareholders are being asked to consider amending the Remuneration Policy to allow additional payments to be made to directors in exceptional circumstances for duties beyond those normally expected as part of a non-executive director's appointment.

## Annual Report on Implementation

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 24 November 2025.

The Company's auditor is required to report on certain information contained within this report. Where information 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.

## Directors' fees

The current fees for specific roles are set out in the table below.

Role	From 1 July 2025	At 30 June 2025	At 30 June 2024
Chairman of the Board	53,200	51,100	49,600
Chairman of the Audit Committee	42,500	40,850	39,650
Senior Independent Director <sup>1</sup>	40,500	n/a	n/a
Director	37,500	36,050	35,000

With effect from 1 July 2025, the Senior Independent Director receives an additional £3,000 per annum (prior years no additional fee has been paid).

## 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 2025	30 June 2024
James Williams	18,000	18,000
Daniel Burgess	32,000	32,000
Ann Grevelius	15,000	15,000
Simona Heidempergher	12,800	12,800
Nadia Meier-Kirner <sup>1</sup>	–	n/a

<sup>1</sup> Appointed as a director on 28 April 2025

Kate Cornish-Bowden and Stuart Paterson were appointed as non-executive directors on 16 October 2025 following completion of the combination with EAT. Kate holds 38,559 shares in the Company, and Stuart holds 51,413 shares in the Company.

## 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 2015 with all dividends reinvested.



# Directors' Remuneration Report (continued)

## Annual percentage change

The table below sets out the annual percentage change in directors fees for the five years to 30 June 2025.

Director	30 June 2025 %	30 June 2024 %	30 June 2023 %	30 June 2022 %	30 June 2021 %
James Williams <sup>1</sup>	3.0	n/a	n/a	n/a	n/a
Daniel Burgess	3.0	3.0	9.4	3.5	0.0
Ann Grevelius	3.0	3.0	9.4	3.5	0.0
Simona Heidempergher	3.0	3.0	9.4	3.5	0.0
Nadia Meier-Kirner <sup>2</sup>	n/a	n/a	n/a	n/a	n/a
Christopher Casey <sup>3</sup>	3.0	3.0	9.4	15.8	4.4

1 Appointed as Chairman on 25 November 2024

2 Appointed as a director on 28 April 2025

3 Retired as a director on 25 November 2024

## 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. During the year, the Company repurchased and cancelled 2,655,272 (2024: 3,579,578) ordinary shares at a cost of £4,720,000 (2024: £6,140,000), and repurchased 1,011,095 ordinary shares for treasury (2024: nil), at a cost of £1,848,000 (2024: nil). On 15 April 2025, the Company announced a tender offer to buy back up to 42.5% of the ordinary share capital which resulted in the repurchase of a total of 166,097,075 ordinary shares, of which 115,386,122 ordinary shares were cancelled and 50,710,953 ordinary shares were deposited in treasury. For further information see note 22. 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 2025 £	Year ended 30 June 2024 £	Year ended 30 June 2025 % change	Year ended 30 June 2024 % change
Total remuneration paid to directors <sup>1</sup>	200,084	184,888	8.2	2.1
Dividends paid on ordinary shares	18,903,134	18,806,180	0.5	3.1

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 2025 and 2024 is set out in the table below.

Director	Year ended 30 June 2025 Fees £	Year ended 30 June 2025 Total expenses and taxable benefits £	Year ended 30 June 2025 Total £	Year ended 30 June 2024 Fees £	Year ended 30 June 2024 Total expenses and taxable benefits £	Year ended 30 June 2024 Total £
James Williams <sup>1</sup>	45,048	1,593	46,641	23,302	–	23,302
Daniel Burgess <sup>2</sup>	40,850	1,271	42,121	39,650	–	39,650
Ann Grevelius	36,050	6,343	42,393	35,000	1,587	36,587
Simona Heidempergher	36,050	1,264	37,314	35,000	749	35,749
Nadia Meier-Kirner <sup>3</sup>	6,338	–	6,338	–	–	–
Christopher Casey <sup>4</sup>	20,551	4,726	25,277	49,600	–	49,600
Total	184,887	15,197	200,084	182,552	2,336	184,888

### 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 Appointed as Chairman of the board on 25 November 2024. Highest paid director

2 Chairman of the Audit Committee

3 Appointed as a director on 28 April 2025, fees paid on 25 September 2025 in respect of the period 28 April to 30 June 2025

4 Retired as director on 25 November 2024

# 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 <sup>1</sup>	Against	% of votes	Withheld
Remuneration Policy (last voted on 27 November 2023)	172,317,881	99.6	648,741	0.4	850,198
Remuneration Report (last voted on 24 November 2024)	85,801,515	99.5	455,444	0.5	320,823

<sup>1</sup> The percentage of votes excludes votes withheld

Simona Heidempergher  
Chair of the Nomination and Remuneration Committee  
20 October 2025

# Directors' Report

The directors present their report and the Company's audited financial statements for the year ended 30 June 2025.

The Corporate Governance Report, committee reports and Additional Information on pages 28 to 38 and 78 to 85 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 2025, the Company's paid up share capital consisted of 279,246,204 ordinary shares of 1.5625p each. This follows the cancellation of 115,386,122 ordinary shares repurchased by the Company as part of the tender offer. A total of 51,722,048 ordinary shares are held in treasury resulting in a total voting rights figure of 227,524,156 ordinary shares.

At the annual general meeting held on 24 November 2024, shareholders authorised the directors to allot up to 39,381,530 ordinary shares (10% of the issued share capital at the date of the resolution) and to repurchase up to 59,032,913 (14.99% of the issued share capital at the date of the resolution). On 7 May 2025, shareholders further approved the repurchase of up to 167,372,000 ordinary shares under the terms of the 42.5% tender offer. The total number of shares repurchased under these authorities amounted to 166,291,142 ordinary shares (194,067 shares under authority granted at the annual general meeting and 166,097,075 shares under authority for the tender offer). A further 11,628 shares have been repurchased since the year end to the date of this report.

At the general meeting held on 3 October 2025, shareholders authorised the allotment of ordinary shares up to an aggregate nominal value of £3,125,000 in connection with the combination with EAT. On completion of the combination on 15 October 2025, a total of 131,128,841 ordinary shares were issued to EAT shareholders rolling their investment over to the Company.

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 forthcoming 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

At 30 June 2025, Janus Henderson Group notified a holding of 8.5% in accordance with the Disclosure Guidance and Transparency Rules. Subsequent to the year end, further notifications have been received confirming that this holding has been reduced to nil. On 16 September, City of London Investment Management Company Limited notified the Company that their holding had reached 5.3%. No further notifications have been received up to the date of this report.

## Borrowings

The Company has a secured multi-currency 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 2025, £8.2m (2024: £90.2m) 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 judgment 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.

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 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 75.

During the year, Saba Capital Management, L.P. ('Saba') held 29.0% of the Company's issued share capital. Saba participated in the tender offer, entering into agreements with the Company regarding the tender of their shares and a standstill agreement. The entire in specie transaction detailed in note 22 on page 76 related to their holding.

# Directors' Report (continued)

## Annual General Meeting

The Company's annual general meeting will be held at 12.30 pm on Monday 24 November 2025 at 201 Bishopsgate, London EC2M 3AE. For those unable to travel, the event will be streamed live on the internet: [www.janushenderson.com/esct-agm](http://www.janushenderson.com/esct-agm).

Voting will be on a show of hands. Shareholders unable to attend, are encouraged to submit their vote using the proxy form provided or through the share dealing platform where their shares are held.

Instructions on attending the meeting and details of resolutions to be put to shareholders are set out in the Notice of Meeting on page 86 of this annual report.

## Voting recommendation

The Board considers that the resolutions to be proposed at the meeting including the continuation vote, 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 director at the date of approval of this report confirms that to the best of their knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditor is unaware and they have 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

UK Listing Rule 6.6.4R 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 disclosures to be made in this regard.

## 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 and operates as an investment trust in accordance with section 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 section 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 Regulation 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  
20 October 2025

# 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 in office at the date of this report, confirms that, to the best of their 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  
20 October 2025

# Financial statements

A young man wearing a white hard hat with "PATRICK CSUKOVITS" written on it and a blue t-shirt is seen from the side, looking at several computer monitors. The monitors display various industrial scenes, including machinery and conveyor belts. The background is a large, brightly lit industrial facility with a complex metal structure.

**Andritz**, 1.3% of the portfolio  
Supplier of plants, equipment, automation solutions and services  
for the hydropower, paper and pulp and steel industries

# 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 2025 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23, including material accounting policy information. 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 2025 and of its profit 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 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 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 the following procedures:

- Confirming our understanding of the Company's going concern assessment process by engaging with the directors and the Company Secretary to determine if all key factors were considered in their assessment.
- Inspecting the directors' assessment of going concern, including the revenue forecast, for the period to 20 October 2026 which is at least 12 months from the date these financial statements are 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.
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, 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 for the Company.
- Considering the mitigating factors included in the revenue forecast that are within the control 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 to cover the working capital requirements should revenue decline significantly.
- Assessing the risk of breaching the covenants applicable to the overdraft facility as a result of a reduction in the value of the Company's investment portfolio. We calculated the Company's compliance with these covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching those covenants.
- Reviewing the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.
- For the continuation vote to be held at the AGM in 2025, reviewing analysis of the shareholder base; reviewing results of previous AGMs to establish voting patterns; and obtaining feedback from the Company's shareholders and brokers on their assessment of expected voting intentions, to ascertain the likely outcome of the vote.

# 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 to 20 October 2026 which is at least 12 months from the date these 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 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	<ul style="list-style-type: none"> <li>• Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.</li> <li>• Risk of incorrect valuation or ownership of the investment portfolio.</li> <li>• Risk of incorrect calculation of the performance fees.</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall materiality of £5.11m which represents 1% of net assets.</li> </ul>

## 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, the potential impact of climate change 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. This is explained in the principal and emerging risks and uncertainties section on page 17, 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(a) and conclusion 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 risks in their assessment of going concern and viability and associated disclosures.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, 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
<p><b>Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income</b> <i>(as described on page 35 in the Audit Committee Report and as per the accounting policy set out on page 60).</i></p> <p>The total revenue for the year to 30 June 2025 was £20.70m (2024: £25.48m), consisting primarily of dividend income from listed equity investments.</p> <p>The Company received seven special dividends amounting to £3.37m (2024: £4.88m), of which £0.74m (2024: £1.91m) was classified as revenue and £2.63m (2024: £2.97m) was classified as capital.</p> <p>There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>The directors may be required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.</p>	<p><b>We have performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends by performing walkthrough procedures.</li> <li>• For 100% of dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an independent data vendor and agreed a sample of dividend receipts to bank statements.</li> <li>• For 100% of dividends accrued, we reviewed the investee company announcement to assess whether the dividend entitlements arose prior to 30 June 2025.</li> <li>• To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor.</li> <li>• For all investments held during the year, we inspected the type of dividends paid with reference to an external data vendor to identify those which were special dividends. For three special dividends classified as capital and one classified as revenue, we assessed the appropriateness of management's classification by reviewing the underlying rationale for the distributions.</li> </ul>	<p>The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.</p>

# 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
<p><b>Incorrect valuation or ownership of the investment portfolio</b> (as described on page 35 in the Audit Committee Report and as per the accounting policy set out on page 60).</p> <p>The valuation of the investment portfolio at 30 June 2025 was £517.34m (2024: £883.84m) consisting of listed investments.</p> <p>The valuation of the investments held by the Company 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 assets held by the Company could have a significant impact on the net asset value and the return generated for shareholders.</p> <p>The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date.</p>	<p><b>We have performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the processes and controls surrounding investment valuation and legal title of listed investments by performing walkthrough procedures.</li> <li>• For 100% of investments in the portfolio, we compared the market prices and exchange rates to an independent pricing vendor and recalculated the investment valuations as at the year end.</li> <li>• For all investments in the portfolio, we obtained the market prices from an independent pricing vendor for five business days pre and post the year end date and calculated the day-on-day movements to identify any stale prices. We verified that the listed prices are valid fair values through review of trading activity.</li> <li>• We compared the Company's investment holdings at 30 June 2025 to an independent confirmation received directly from the Company's custodian.</li> </ul>	<p>The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.</p>

# 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
<p><b>Risk of incorrect calculation of the performance fees</b> (as described on page 35 in the Audit Committee Report and as per the accounting policy set out on page 60).</p> <p>The investment manager is eligible to receive a performance related fee when certain criteria are met, as prescribed in the management agreement. The performance fee for the year to 30 June 2025 was £1.78m (2024: £0.57m).</p> <p>The performance fee is calculated as 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark, measured over a three-year rolling period. The upper limit on the total fee (management and performance fee) is 2% of the year end net asset value. A performance hurdle over the benchmark of 1% must be reached before any performance fee can be earned and is excluded from the performance fee itself, should one be payable.</p> <p>There is a risk that the performance fee is not calculated correctly, in accordance with the management agreement or that the methodology is open to misinterpretation.</p>	<p><b>We performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the processes and controls surrounding the performance fee calculation by performing walkthrough procedures.</li> <li>• We reviewed the investment management agreement to assess the conditions that result in a performance fee being payable.</li> <li>• We performed a recalculation of the performance fee payable based on the calculation methodology set out in the investment management agreement.</li> <li>• We agreed the key inputs of the calculation to underlying financial records, the IMA and external vendor data.</li> <li>• We verified that the performance hurdle was reached and excluded from the performance fee itself. We also verified that the upper limit on the total fee (management and performance fees) of 2% of year end net asset value was not breached.</li> </ul>	<p>The results of our procedures identified no material misstatement in relation to the risk of incorrect calculation of the performance fees.</p>

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

## 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 £5.11m (2024:£7.99m), which is 1% (2024: 1%) of net assets. We believe that net assets provide us with a materiality aligned to the key measure of the Company's performance.

During the course of our audit, we reassessed initial materiality and found no reason to later 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% (2024: 75%) of our planning materiality, namely £3.83m (2024: £5.99m).

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.87m (2024: £1.13m) being 5% (2024: 5%) of the revenue profit before taxation.

## 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 £0.26m (2024: £0.40m), 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 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' reports 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 UK 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 59;
- 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 18;
- 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 18;
- Directors' statement on fair, balanced and understandable set out on page 45;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 17 and 18;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 32; and;
- The section describing the work of the Audit Committee set out on pages 34 and 35.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 45, 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 UK Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, 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 Company Secretary, review of Board and committee minutes and review of papers provided to the Audit Committee.
- 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 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 <https://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.
- The period of total uninterrupted engagement including previous renewals and reappointments is 8 years, covering the years ending 30 June 2018 to 30 June 2025.
- 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.

Mike Gaylor (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
London  
20 October 2025

# Statement of Comprehensive Income

Note		Year ended 30 June 2025			Year ended 30 June 2024		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
2	Investment income	20,623	–	20,623	25,453	–	25,453
2	Other income	79	–	79	22	–	22
9	Gains on investments held at fair value through profit or loss	–	82,027	82,027	–	72,040	72,040
	<b>Total income</b>	<b>20,702</b>	<b>82,027</b>	<b>102,729</b>	<b>25,475</b>	<b>72,040</b>	<b>97,515</b>
	<b>Expenses</b>						
3	Management and performance fee	(813)	(5,030)	(5,843)	(833)	(3,902)	(4,735)
4	Other operating expenses	(1,789)	–	(1,789)	(875)	–	(875)
	<b>Profit before finance costs and taxation</b>	<b>18,100</b>	<b>76,997</b>	<b>95,097</b>	<b>23,767</b>	<b>68,138</b>	<b>91,905</b>
5	Finance costs	(698)	(2,791)	(3,489)	(1,128)	(4,512)	(5,640)
	<b>Profit before taxation</b>	<b>17,402</b>	<b>74,206</b>	<b>91,608</b>	<b>22,639</b>	<b>63,626</b>	<b>86,265</b>
6	Taxation	(1,505)	(46)	(1,551)	(977)	(390)	(1,367)
	<b>Profit for the year and total comprehensive income</b>	<b>15,897</b>	<b>74,160</b>	<b>90,057</b>	<b>21,662</b>	<b>63,236</b>	<b>84,898</b>
7	<b>Return per ordinary share – basic and diluted</b>	<b>4.24p</b>	<b>19.78p</b>	<b>24.02p</b>	<b>5.41p</b>	<b>15.81p</b>	<b>21.22p</b>

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.

The Company has no recognised gains or losses other than those recognised in the Statement of Comprehensive Income.

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

# Statement of Changes in Equity

Note	Year ended 30 June 2025					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	6,208	120,364	14,020	621,976	36,026	798,594
	Total equity at 1 July 2024					
	Total comprehensive income:					
				74,160	15,897	90,057
	Profit for the year					
14,16	(42)	–	42	(4,720)	–	(4,720)
	Buyback of shares for cancellation					
14,16	–	–	–	(1,848)	–	(1,848)
	Buyback of shares for treasury					
22	(1,803)	–	–	(349,391)	–	(351,194)
	Tender offer – payments to shareholders					
22	–	–	–	1,861	–	1,861
	Net movement in cash realisation pool					
22	–	–	–	(3,261)	–	(3,261)
	Tender offer – costs					
	–	–	–	86	–	86
	Capital costs recoverable					
8	–	–	–	–	(18,898)	(18,898)
	Ordinary dividends paid					
	<b>4,363</b>	<b>120,364</b>	<b>14,062</b>	<b>338,863</b>	<b>33,025</b>	<b>510,677</b>
	<b>Total equity at 30 June 2025</b>					

Note	Year ended 30 June 2024					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	6,264	120,364	13,964	564,880	33,170	738,642
	Total equity at 1 July 2023					
	Total comprehensive income:					
				63,236	21,662	84,898
	Profit for the year					
14,16	(56)	–	56	(6,140)	–	(6,140)
	Buyback of shares for cancellation					
8	–	–	–	–	(18,806)	(18,806)
	Ordinary dividends paid					
	<b>6,208</b>	<b>120,364</b>	<b>14,020</b>	<b>621,976</b>	<b>36,026</b>	<b>798,594</b>
	<b>Total equity at 30 June 2024</b>					

The notes on pages 59 to 76 form part of these financial statements

# Balance Sheet

Note		At 30 June 2025 £'000	At 30 June 2024 £'000
	<b>Non current assets</b>		
9	Investments held at fair value through profit or loss	517,339	883,842
	<b>Current assets</b>		
11	Receivables	5,306	7,587
	Cash and cash equivalents	1,396	232
		<b>6,702</b>	<b>7,819</b>
	<b>Total assets</b>	<b>524,041</b>	<b>891,661</b>
	<b>Current liabilities</b>		
12	Payables	(5,182)	(2,848)
	Bank overdrafts	(8,182)	(90,219)
		<b>(13,364)</b>	<b>(93,067)</b>
	<b>Net assets</b>	<b>510,677</b>	<b>798,594</b>
	<b>Equity attributable to equity shareholders</b>		
14	Called up share capital	4,363	6,208
15	Share premium account	120,364	120,364
16	Capital redemption reserve	14,062	14,020
	Retained earnings:		
16	Other capital reserves	338,863	621,976
17	Revenue reserve	33,025	36,026
18	<b>Total equity</b>	<b>510,677</b>	<b>798,594</b>
18	<b>Net asset value per ordinary share - basic and diluted</b>	<b>224.45p</b>	<b>201.01p</b>

The financial statements on pages 55 to 76 were approved and authorised for issue by the Board on 20 October 2025 and signed on its behalf by:

Daniel Burgess  
Chairman of the Audit Committee

# Cash Flow Statement

	Year ended 30 June 2025 £'000	Year ended 30 June 2024 £'000
<b>Operating activities</b>		
Profit before taxation	91,608	86,265
Add back: interest payable	3,489	5,640
Less: Gains on investments held at fair value through profit or loss	(82,027)	(72,040)
Sales of investments held at fair value through profit or loss	409,662	362,971
Purchases of investments held at fair value through profit or loss	(312,211)	(340,283)
Decrease/(increase) in prepayments and accrued income	1,010	(195)
Decrease in amounts due from brokers	1,459	291
Increase/(decrease) in accruals and deferred income	1,953	(7,622)
Net movement in cash realisation pool	1,861	–
Increase in amounts due to brokers	622	81
Transfer of assets in respect of the tender offer – Cash exit	107,486	–
Capital cost recoverable	86	–
Accrued costs on tender offer	(950)	–
Debtor for shareholder tender cancelled	34	–
<b>Net cash inflow from operating activities before interest and taxation<sup>1</sup></b>	<b>224,082</b>	<b>35,108</b>
Interest paid	(3,893)	(5,663)
Taxation on investment income	(1,739)	(1,726)
<b>Net cash inflow from operating activities</b>	<b>218,450</b>	<b>27,719</b>
<b>Financing activities</b>		
Equity dividends paid (net of refund of unclaimed dividends – see note 8)	(18,898)	(18,806)
Buyback of shares for cancellation	(4,720)	(6,140)
Buyback of shares for treasury	(1,685)	–
Net repayment of bank overdraft	(81,214)	(2,543)
Tender offer – cash exit	(108,455)	–
Tender offer – in specie exit	(3)	–
Tender offer – costs	(2,311)	–
<b>Net cash used in financing activities</b>	<b>(217,286)</b>	<b>(27,489)</b>
<b>Increase in cash and cash equivalents</b>	<b>1,164</b>	<b>230</b>
Cash and cash equivalents at the start of the year	232	2
<b>Cash and cash equivalents at the end of the year</b>	<b>1,396</b>	<b>232</b>
Comprising:		
Cash at bank	1,396	232
	<b>1,396</b>	<b>232</b>

1 In accordance with IAS7.31 cash inflow from dividends was £21,779,000 (2024: £25,158,000) and cash inflow from interest was £11,000 (2024: £11,000)

# Notes to the Financial Statements

## 1 Accounting policies

### a) Basis of preparation

The European Smaller Companies Trust PLC is a Company incorporated in England and Wales and subject to the provisions of the Companies Act 2006. The Company is domiciled in the United Kingdom. The financial statements for the year ended 30 June 2025 have been prepared in accordance with UK adopted International Accounting Standards. These comprise standards and interpretations approved by the International Accounting Board, together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the IFRS Interpretations Committee 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. 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 AIC in July 2022, 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 financial position of the Company is described in the Strategic Report on pages 1 to 24. 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. In preparing these financial statements the directors have considered the impact of climate change risk and concluded there was no impact as the investments are valued based on closing bid prices in active markets and thereby reflect participants' views of climate change 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 1 Amendments	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1 Amendments	Non-current Liabilities with Covenants	1 January 2024

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
Annual Improvements 2023-24	Minor amendments to IFRS 1, 7, 9, 10, and IAS 7	1 January 2026
IFRS 18 Amendments	Presentation and Disclosure in Financial Statements	1 January 2027

The directors expect the standards issued but not yet effective will have no material impact on the financial statements of the Company in future periods.

### b) Going concern

The directors have determined that it is appropriate to prepare the financial statements on a going concern basis and have concluded that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

In coming to this conclusion, the directors have considered the nature of the portfolio, being that the securities held are readily realisable, the size and covenants of the Company's bank overdraft and the strength of its distributable reserves. As part of their usual assessment of risks facing the Company, the directors considered the macro-economic and geopolitical environment, as well as the possible impact of climate change risk on the value of the portfolio. The directors have concluded that the Company is able to meet its 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 this report, being 20 October 2026.

# Notes to the Financial Statements (continued)

## 1 Accounting policies (continued)

### 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 closing 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.

### 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, for further information please refer to note 6 on page 64.

### 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.

### 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.

# Notes to the Financial Statements (continued)

## 1 Accounting policies (continued)

### 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 ('the capital reserve arising on investments sold').

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

### j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. 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. All cash at the year end was held at banks and there were no cash equivalents (2024: same).

### 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.

### 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 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. 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.

# Notes to the Financial Statements (continued)

## 1 Accounting policies (continued)

### 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.

### p) Distributable reserves

The Company's capital reserve arising on investments sold of £236,305,000 (2024: £519,340,000) and revenue reserve of £33,025,000 (2024: £36,026,000) may be distributed by way of a dividend.

### q) 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. There are no estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities. The decision to allocate special dividends as income or capital is a judgement, but is not considered a significant judgement on a materiality basis.

### r) 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.

# Notes to the Financial Statements (continued)

## 2 a) Investment income

	2025 £'000	2024 £'000
UK dividend income from listed investments	850	75
Overseas dividend income from listed investments	19,773	25,249
Stock dividends from listed investments	–	129
	<b>20,623</b>	<b>25,453</b>

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

## b) Other income

	2025 £'000	2024 £'000
Bank interest	57	12
Interest received on withholding tax refund	22	10
	<b>79</b>	<b>22</b>

## 3 Management and performance fees

	2025			2024		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	813	3,252	4,065	833	3,333	4,166
Performance fee	–	1,778	1,778	–	569	569
<b>Total</b>	<b>813</b>	<b>5,030</b>	<b>5,843</b>	<b>833</b>	<b>3,902</b>	<b>4,735</b>

A summary of the terms of the management agreement is given on page 16 and in note 20 on page 75.

## 4 Other operating expenses

	2025 £'000	2024 £'000
Auditor's remuneration <sup>1</sup>	61	55
Directors' fees and expenses <sup>2</sup>	200	185
Other expenses payable to the management company <sup>3</sup>	167	70
Custody fees	217	239
Depositary charges	46	48
Printing	9	24
Advisory and consultancy fees	99	101
Requisitioned general meeting costs	799	–
Other expenses	191	153
	<b>1,789</b>	<b>875</b>

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

# Notes to the Financial Statements (continued)

## 5 Finance costs

	2025			2024		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Bank overdraft interest	698	2,791	3,489	1,128	4,512	5,640

## 6 Taxation

### a) Analysis of charge in year

	2025			2024		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Foreign withholding taxes	2,405	46	2,451	3,207	390	3,597
Overseas tax reclaimable	(900)	–	(900)	(2,230)	–	(2,230)
<b>Total current tax for the year (see note 6b)</b>	<b>1,505</b>	<b>46</b>	<b>1,551</b>	<b>977</b>	<b>390</b>	<b>1,367</b>

### b) Factors affecting tax charge for the year

The tax assessed for the year ended 30 June 2025 is lower than the standard rate of corporation tax of 25% (2024: 25%).

	2025			2024		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
<b>Net profit on ordinary activities before taxation</b>	<b>17,402</b>	<b>74,206</b>	<b>91,608</b>	22,639	63,626	86,265
Corporation tax at standard rate of 25% (2024: standard rate of 25%)	4,351	18,552	22,903	5,660	15,906	21,566
Effects of:						
Gains on investments held not taxable	–	(20,507)	(20,507)	–	(18,010)	(18,010)
Expenses not deductible for tax purposes	–	–	–	1	–	1
Corporate Interest Restriction	72	286	358	181	726	907
Expenses unutilised for tax purposes	610	1,669	2,279	219	1,378	1,597
Non-taxable dividends	(5,033)	–	(5,033)	(6,061)	–	(6,061)
Overseas tax	1,505	46	1,551	977	390	1,367
<b>Tax charge</b>	<b>1,505</b>	<b>46</b>	<b>1,551</b>	<b>977</b>	<b>390</b>	<b>1,367</b>

### 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.

# Notes to the Financial Statements (continued)

## 6 Taxation (continued)

### d) Factors that may affect future tax charges (continued)

Consequently, the Company has not recognised a deferred tax asset totalling £23,625,000 (2024: £21,330,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £94,561,000 (2024: £85,321,000), and based on a prospective tax rate of 25% (2024: 25%). 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.

## 7 Return per ordinary share

The return per ordinary share figure is based on the net profit for the year of £90,057,000 (2024: profit £84,898,000) and on the weighted average number of ordinary shares in issue during the year of 374,911,120 (2024: 400,039,178).

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 (2024: same).

	2025 £'000	2024 £'000
Net revenue profit	15,897	21,662
Net capital profit	74,160	63,236
<b>Net profit</b>	<b>90,057</b>	<b>84,898</b>
Weighted average number of ordinary shares in issue during the year	<b>374,911,120</b>	<b>400,039,178</b>

	2025 Pence	2024 Pence
Revenue return per ordinary share	4.24	5.41
Capital return per ordinary share	19.78	15.81
<b>Total return per ordinary share</b>	<b>24.02</b>	<b>21.22</b>

## 8 Dividends

	2025 £'000	2024 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend of 3.35p for the year ended 30 June 2024 (2023: 3.25p)	13,193	13,010
Interim dividend of 1.45p per ordinary share for the year ended 30 June 2025 (2024: 1.45p)	5,710	5,796
Unclaimed dividends from prior years	(5)	–
	<b>18,898</b>	<b>18,806</b>

The final dividend of 3.35p per ordinary share in respect of the year ended 30 June 2024 was paid on 29 November 2024 to shareholders on the Register of Members at the close of business on 1 November 2024. The total dividend paid amounted to £13,193,000.

The second interim dividend in the amount of 3.45p per share for the year ended 30 June 2025, which was declared on 9 September 2025, has not been included as a liability in these financial statements. Under UK adopted International Accounting Standards, interim dividends are not recognised until paid. In previous years, under the same standards, final dividends are not recognised until approved by shareholders.

# Notes to the Financial Statements (continued)

## 8 Dividends (continued)

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

	2025 £'000	2024 £'000
Revenue available for distribution by way of dividends for the year	15,897	21,662
Interim dividend of 1.45p per ordinary share for the year ended 30 June 2025 (2024: 1.45p)	(5,710)	(5,796)
Second interim dividend for the year ended 30 June 2025 – 3.45p (based on 227,524,156 shares in issue at 9 September 2025)	(7,850)	–
Final dividend for the year ended 30 June 2024 – 3.35p (2023: 3.25p) (based on 394,459,292 shares in issue at 9 October 2024)	–	(13,214)
<b>Transfer to Revenue reserve</b>	<b>2,337</b>	<b>2,652</b>

The Company's undistributed revenue represents 11.3% (2024: 10.4%) of total income.

## 9 Investments held at fair value through profit or loss

	2025 £'000	2024 £'000
Valuation at 1 July	883,842	835,744
Investment holding gains at 1 July	(102,636)	(68,291)
<b>Cost at 1 July</b>	<b>781,206</b>	<b>767,453</b>
Purchases at cost	312,211	340,283
Sales at cost	(384,971)	(326,530)
Sales of investments at cost in respect of the tender offer – In specie	(203,545)	–
Sales of investments at cost in respect of the tender offer – Cash exit	(90,120)	–
<b>Cost at 30 June</b>	<b>414,781</b>	<b>781,206</b>
Investment holding gains at 30 June	102,558	102,636
<b>Valuation of investments at 30 June</b>	<b>517,339</b>	<b>883,842</b>

The Company received £409,662,000 (2024: £362,971,000) from investments sold in the year. The book cost of these investments when they were purchased were £384,971,000 (2024: £326,530,000). 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.

Following the calculation date in respect of the tender offer on 19 May 2025, investments valued at £242,770,000, with a book cost when purchased of £203,545,000, were transferred to shareholders who elected for the in specie option. Additionally, £107,486,000, with a book cost when purchased of £90,120,000, were allocated to shareholders who opted for the cash exit option, and these shares were ultimately sold. For further details see note 22.

Total capital gains/(losses) from investments

	2025 £'000	2024 £'000
Realised gains based on historical cost	81,282	36,441
Less revaluation losses recognised in previous years	59,372	21,660
<b>Gains on investments sold in year on carrying value at the previous Balance Sheet date</b>	<b>140,654</b>	<b>58,101</b>
Revaluation of investments held at 30 June	(59,450)	12,685
Exchange gains	823	1,254
<b>Total</b>	<b>82,027</b>	<b>72,040</b>

# Notes to the Financial Statements (continued)

## 10 Substantial interests

The Company holds an interest of 3.2% in Bike24, with a market valuation of £2,991,000.

## 11 Receivables

	2025 £'000	2024 £'000
Securities sold for future settlement	273	1,732
Withholding tax recoverable	4,437	4,330
Prepayments and accrued income	596	1,525
	<b>5,306</b>	<b>7,587</b>

## 12 Payables

	2025 £'000	2024 £'000
Securities purchased for future settlement	1,167	545
Buyback of shares into treasury for future settlement	162	–
Accruals and deferred income	3,853	2,303
	<b>5,182</b>	<b>2,848</b>

## 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 the investment manager's compliance with the Company's mandate.

The Company's exposure to changes in market prices on equity investments was £517,339,000 (2024: £883,842,000).

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.1.1 Market price risk (continued)

#### Concentration of exposure to market price risk

A geographical analysis of the Company's investment portfolio is shown on page 11.

#### 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 below. 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 2025 is a decrease of £103,000 (2024: £177,000) and on the capital return is an increase of £103,054,000 (2024: £176,061,000). Accordingly, the impact on total profit after tax and the year end net assets is an increase of £102,950,000 (2024: £175,885,000).

The impact of a 20% decrease in the value of the investments on the revenue return as at 30 June 2025 is an increase of £103,000 (2024: £177,000) and on the capital return is a decrease of £103,054,000 (2024: £176,061,000). Accordingly, the impact on total profit after tax and the year end net assets is a decrease of £102,950,000 (2024: £175,885,000).

### 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 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.

	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
2025				
Receivables (securities sold for future settlement, dividends and other income receivable)	3,549	17	1,243	261
Payables (securities purchased for future settlement, accruals and other payables)	(530)	(523)	–	(114)
Bank overdrafts	(8,182)	–	–	–
<b>Total foreign currency exposure on net monetary items</b>	<b>(5,163)</b>	<b>(506)</b>	<b>1,243</b>	<b>147</b>
Investments	354,553	70,887	45,379	35,915
<b>Total net foreign currency exposure</b>	<b>349,390</b>	<b>70,381</b>	<b>46,622</b>	<b>36,062</b>

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.1.2 Currency risk (continued)

2024	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
Receivables (securities sold for future settlement, dividends and other income receivable)	5,764	17	1,286	346
Payables (securities purchased for future settlement, accruals and other payables)	(545)	–	–	–
Bank overdrafts	(90,219)	–	–	–
<b>Total foreign currency exposure on net monetary items</b>	<b>(85,000)</b>	<b>17</b>	<b>1,286</b>	<b>346</b>
Investments	601,533	96,818	72,624	80,992
<b>Total net foreign currency exposure</b>	<b>516,533</b>	<b>96,835</b>	<b>73,910</b>	<b>81,338</b>

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.

#### 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 krona/sterling, Swiss franc/sterling and other/sterling.

A 10% (2024: 10%) movement is assumed for all currencies.

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:

	2025				2024			
	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
<b>Profit after tax</b>								
Revenue return	1,314	117	144	106	1,926	112	93	124
Capital return	40,405	7,844	5,021	3,975	65,752	10,714	9,336	8,473
<b>Change to profit after tax for the year</b>	<b>41,719</b>	<b>7,961</b>	<b>5,165</b>	<b>4,081</b>	<b>67,678</b>	<b>10,826</b>	<b>9,429</b>	<b>8,597</b>
<b>Impact on net assets</b>	<b>41,719</b>	<b>7,961</b>	<b>5,165</b>	<b>4,081</b>	<b>67,678</b>	<b>10,826</b>	<b>9,429</b>	<b>8,597</b>

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:

	2025				2024			
	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
<b>Profit after tax</b>								
Revenue return	(1,191)	(97)	(118)	(86)	(1,614)	(94)	(75)	(101)
Capital return	(33,058)	(6,418)	(4,108)	(3,252)	(53,187)	(7,971)	(7,638)	(6,933)
<b>Change to profit after tax for the year</b>	<b>(34,249)</b>	<b>(6,515)</b>	<b>(4,226)</b>	<b>(3,338)</b>	<b>(54,801)</b>	<b>(8,065)</b>	<b>(7,713)</b>	<b>(7,034)</b>
<b>Impact on net assets</b>	<b>(34,249)</b>	<b>(6,515)</b>	<b>(4,226)</b>	<b>(3,338)</b>	<b>(54,801)</b>	<b>(8,065)</b>	<b>(7,713)</b>	<b>(7,034)</b>

The above amounts are not 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 (2024: 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 (2024: 100 basis points) in interest rates would have been as follows:

	Increase in rates 2025 £'000	Decrease in rates 2025 £'000	Increase in rates 2024 £'000	Decrease in rates 2024 £'000
Statement of Comprehensive Income				
<b>Profit after tax</b>				
Revenue return	(2)	2	(178)	178
Capital return	(66)	66	(722)	722
<b>Change to net profit and net assets</b>	<b>(68)</b>	<b>68</b>	<b>(900)</b>	<b>900</b>

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 (2024: £160,000,000) and 25% (2024: 25%) of custody assets with HSBC Bank plc, the Company's depositary and custodian. Interest on the overdraft is charged at the aggregate of 1.25% and the base rate.

The amount drawn down at 30 June 2025 was £8,182,000 (2024: £90,219,000) in Euros (2024: 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 currently short term borrowings are being used for gearing and financing, but it may also 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:

	2025		2024	
	3 months or less £'000	Total £'000	3 months or less £'000	Total £'000
Current liabilities:				
Borrowings under the overdraft facility	8,182	8,182	90,219	90,219
Amounts due in relation to securities purchased for future settlement and accruals	5,182	5,182	2,848	2,848
	<b>13,364</b>	<b>13,364</b>	<b>93,067</b>	<b>93,067</b>

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:

	2025 £'000	2024 £'000
Receivables:		
Securities sold for future settlement	273	1,732
Accrued income	386	1,461
Cash and cash equivalents	1,396	232
	<b>2,055</b>	<b>3,425</b>

# 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 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.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Equity Investments</b>				
2025	517,339	–	–	517,339
2024	883,842	–	–	883,842

### 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 Company's capital at 30 June 2025 comprised its equity share capital, reserves and debt that are shown in the Company Balance Sheet at a total of £518,859,000 (2024: £888,813,000).

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 or to hold in treasury, 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;
- 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; and
- borrowings under the overdraft facility are not to exceed the lower of £160,000,000 or 25% of the custody assets.

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

	Shares entitled to dividend	Shares held in Treasury	Total shares in issue	Nominal value of shares in issue £'000
Allotted, issued and fully paid				
Issued ordinary shares of 1.5625p each				
At 1 July 2024	397,287,598	–	397,287,598	6,208
Buyback of shares for cancellation	(2,655,272)	–	(2,655,272)	(42)
Buyback of shares for treasury	(1,011,095)	1,011,095	–	–
Tender offer	(166,097,075)	50,710,953	(115,386,122)	(1,803)
<b>At 30 June 2025</b>	<b>227,524,156</b>	<b>51,722,048</b>	<b>279,246,204</b>	<b>4,363</b>
Allotted, issued and fully paid				
Issued ordinary shares of 1.5625p each				
At 1 July 2023	400,867,176	–	400,867,176	6,264
Buyback of shares for cancellation	(3,579,578)	–	(3,579,578)	(56)
<b>At 30 June 2024</b>	<b>397,287,598</b>	<b>–</b>	<b>397,287,598</b>	<b>6,208</b>

During the year the Company repurchased 2,655,272 of its own issued ordinary shares for cancellation (2024: 3,579,578) at a cost of £4,720,000 (2024: £6,140,000) and repurchased 1,011,095 ordinary shares for treasury (2024: nil), at a cost of £1,848,000 (2024: nil). Since the year end and as at 17 October 2025, being the latest practicable date before publication, the Company had bought back 11,628 ordinary shares for holding in treasury, at a cost of £24,000 (gross of commission).

On 15 April 2025, the Company announced a tender offer to buy back up to 42.5% of the ordinary share capital and eligible shareholders were given the option to continue investing or exit the Company, selecting either a cash exit option or in specie consideration option.

A total of 166,097,075 ordinary shares were tendered, which represented 42.2% of ordinary shares in issue. Shareholders holding 50,710,953 ordinary shares elected for the cash exit option and shareholders holding 115,386,122 ordinary shares elected for the in specie consideration option. See note 22 for further detail.

## 15 Share premium account

	2025 £'000	2024 £'000
<b>At 1 July and 30 June</b>	<b>120,364</b>	<b>120,364</b>

# Notes to the Financial Statements (continued)

## 16 Capital redemption reserve and other capital reserves

2025	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Total other capital reserves £'000
At 1 July 2024	14,020	102,636	519,340	621,976
Transfer on disposal of investments (see note 9)	–	59,372	(59,372)	–
Capital (losses)/gains for the year	–	(59,450)	140,654	81,204
Expenses, finance costs and taxation charged to capital	–	–	(7,867)	(7,867)
Net gain on foreign exchange	–	–	823	823
Buyback of shares for cancellation	42	–	(4,720)	(4,720)
Buyback of shares for treasury	–	–	(1,848)	(1,848)
Tender offer	–	–	(350,791)	(350,791)
Capital costs recoverable	–	–	86	86
<b>At 30 June 2025</b>	<b>14,062</b>	<b>102,558</b>	<b>236,305</b>	<b>338,863</b>

2024	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 2023	13,964	68,291	496,589	564,880
Transfer on disposal of investments (see note 9)	–	21,660	(21,660)	–
Capital gains for the year	–	12,685	58,101	70,786
Expenses, finance costs and taxation charged to capital	–	–	(8,804)	(8,804)
Net gain on foreign exchange	–	–	1,254	1,254
Buyback of shares for cancellation	56	–	(6,140)	(6,140)
<b>At 30 June 2024</b>	<b>14,020</b>	<b>102,636</b>	<b>519,340</b>	<b>621,976</b>

## 17 Retained earnings – revenue reserve

	2025 £'000	2024 £'000
At 1 July	36,026	33,170
Ordinary dividends paid	(18,898)	(18,806)
Revenue return for the year	15,897	21,662
<b>At 30 June</b>	<b>33,025</b>	<b>36,026</b>

# Notes to the Financial Statements (continued)

## 18 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £510,677,000 (2024: £798,594,000) and on the 227,524,156 ordinary shares in issue at 30 June 2025 (2024: 397,287,598).

The Company has no securities in issue that could dilute the NAV per ordinary share (2024: same). The NAV per ordinary share at 30 June 2025 was 224.45p (2024: 201.01p).

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

	2025 £'000	2024 £'000
Net assets attributable to ordinary shares at start of year	798,594	738,642
Profit for the year	90,057	84,898
Dividends paid in the year	(18,898)	(18,806)
Buyback of shares for cancellation	(4,720)	(6,140)
Buyback of shares for treasury	(1,848)	–
Tender offer – reduction in nominal value of share capital	(1,803)	–
Tender offer – balance of payment to shareholders	(350,791)	–
Capital costs recoverable	86	–
<b>Net assets at 30 June</b>	<b>510,677</b>	<b>798,594</b>

## 19 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 June 2025 (2024: same).

## 20 Transactions with the investment manager and related parties

Under the terms of an agreement effective from 22 July 2014 and most recently updated in 2024, the Company has appointed Janus Henderson Investors to provide investment management, accounting, administration and company secretarial services. JHI has contracted with BNP Paribas to provide accounting and administration services.

The base management fee is 0.55% per annum of net assets up to £800m and 0.45% per annum thereafter. On completion of the combination with EAT, the first tier of the management fee reduced to 0.50% p.a. of net assets up to £800m. A performance fee of 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark may be payable. 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. The management fee and performance fee are capped at 2.0% of the NAV at the last day of the relevant period and a hurdle of 1.0% must be reached before any performance fee can be earned. 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 2025 was £4,065,000 (2024: £4,166,000), of which £938,000 was outstanding at 30 June 2025 (2024: £1,098,000). A performance fee of £1,778,000 (2024: £569,000) in respect of the year ended 30 June 2025 is payable to the investment manager.

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 2025 amounted to £167,000 excluding VAT (2024: £70,000), of which £nil was outstanding at 30 June 2025 (2024: £30,000).

The compensation payable to key management personnel in respect of short term employment benefits was £185,000. This disclosure relates wholly to the fees of £185,000 payable to the directors in respect of the year (2024: £183,000); the directors are all non-executive and receive no other compensation. The Directors' Remuneration Report on page 41 provides more detail. The Company has no employees.

During the year, Saba Capital Management, L.P. ('Saba') held 29.0% of the Company's issued share capital. Saba participated in the tender offer, entering into agreements with the Company regarding the tender of their shares and a standstill agreement. The entire in specie transaction detailed in note 22 related to their holding.

# Notes to the Financial Statements (continued)

## 21 Change in financial liabilities

	At 1 July 2024 £'000	Cashflows £'000	Non-cash changes in foreign exchange movement £'000	At 30 June 2025 £'000
Bank overdrafts	(90,219)	81,214	823	(8,182)
<b>Total</b>	<b>(90,219)</b>	<b>81,214</b>	<b>823</b>	<b>(8,182)</b>

	At 1 July 2023 £'000	Cashflows £'000	Non-cash changes in foreign exchange movement £'000	At 30 June 2024 £'000
Bank overdrafts	(94,016)	2,543	1,254	(90,219)
<b>Total</b>	<b>(94,016)</b>	<b>2,543</b>	<b>1,254</b>	<b>(90,219)</b>

## 22 Tender offer

On 15 April 2025, the Company announced a tender offer to buy back up to 42.5% of the ordinary share capital and eligible shareholders were given the option to continue investing or exit the Company, selecting either a cash exit option or in specie consideration option.

A total of 166,097,075 ordinary shares were tendered, which represented 42.2% of ordinary shares in issue. Shareholders holding 50,710,953 ordinary shares elected for the cash exit option and shareholders holding 115,386,122 ordinary shares elected for the in specie consideration option. Accordingly, the Company's assets were allocated into three pools representing those shareholders wishing to continue investing (the ongoing pool), those shareholders wishing to sell their shares back to the Company and receive cash (cash exit pool) and those shareholders wishing to sell their shares back to the Company and receive the in specie transfer (in specie consideration option pool).

A pro-rata portion of the Company's portfolio was realised, with the proceeds returned to those shareholders electing for the cash exit option. Shareholders electing for the in specie consideration option, received a pro-rata portion of the Company's portfolio.

The net movement in the cash realisation pool shown below is the movement in fair value of the pool between the calculation date of 19 May 2025 and the payment date of 26 June 2025:

	Tender Pools		
	In specie £'000	Cash exit £'000	Total £'000
Investments allocated to tender pools	242,770	107,486	350,256
Cash	3	3	6
Cash to cover expenses at pool allocation date	2,171	195	2,366
	<b>244,944</b>	<b>107,684</b>	<b>352,628</b>
Net movement in cash realisation pool	–	1,861	1,861
Costs of tender	(2,171)	(1,090)	(3,261)
<b>Tender calculations</b>	<b>242,773</b>	<b>108,455</b>	<b>351,228</b>
Less shareholder tender withdrawn	–	(34)	(34)
<b>Tender payments to shareholders</b>	<b>242,773</b>	<b>108,421</b>	<b>351,194</b>

## 23 Post balance sheet events

On 23 June 2025, the Company announced that the Board had agreed a combination with EAT by way of a scheme of reconstruction under s.110 of the Insolvency Act 1986 and subsequent liquidation of EAT. The combination completed on 15 October 2025 and the Company issued 131,128,841 new shares at a price of 231.7347p per share to EAT shareholders in consideration of £304.1m of net assets acquired from EAT. Following the issue of the new shares, the total number of shares in issue with voting rights was 358,641,369 ordinary shares, with each ordinary share holding one voting right. A total of 51,733,676 ordinary shares are held in treasury.

# Additional information



**Westwing**, 0.5% of the portfolio  
Company specialising in the home and living e-commerce sector

# Investment portfolio at 30 June 2025 (unaudited)

Ranking 2025	Ranking 2024	Company	Principal activities	Industry Groups	Geographical area	Valuation 2025 £'000	Percentage of portfolio
1	1	Van Lanschot Kempen	Banks	Financials	Netherlands	15,450	3.0
2	2	TKH	Electronic and Electrical Equipment	Industrials	Netherlands	13,324	2.6
3	14	Alzchem	Chemicals	Basic Materials	Germany	11,080	2.1
4	4	KSB	Industrial Engineering	Industrials	Germany	10,947	2.1
5	5	IG Group	Investment Banking and Brokerage Services	Financials	United Kingdom	10,605	2.1
6	32	R&S Group	Electronic and Electrical Equipment	Industrials	Switzerland	10,573	2.0
7	3	SUESS MicroTec	Technology Hardware and Equipment	Technology	Germany	9,427	1.8
8	16	Gaztransport et Technigaz	Oil, Gas and Coal	Energy	France	8,428	1.6
9	6	Stroeer	Media	Consumer Discretionary	Germany	7,598	1.5
10	77	Elmos Semiconductor	Technology Hardware and Equipment	Technology	Germany	6,984	1.4
<b>10 Largest</b>						<b>104,416</b>	<b>20.2</b>
11	24	Avolta	Retailers	Consumer Discretionary	Switzerland	6,972	1.4
12	61	Banco Comercial Portugues	Banks	Financials	Portugal	6,885	1.3
13	34	Karnov	Consumer Services	Consumer Discretionary	Sweden	6,796	1.3
14	17	Andritz	Industrial Engineering	Industrials	Austria	6,769	1.3
15	25	Acerinox	Industrial Metals and Mining	Basic Materials	Spain	6,700	1.3
16	10	u-blox	Technology Hardware and Equipment	Technology	Switzerland	6,601	1.3
17	–	HBX Group	Travel and Leisure	Consumer Discretionary	Spain	6,295	1.2
18	15	Recticel	General Industrials	Industrials	Belgium	5,910	1.2
19	30	Grupo Catalana Occidente	Non-life Insurance	Financials	Spain	5,892	1.1
20	54	Merlin Properties	Real Estate Investment Trusts	Real Estate	Spain	5,822	1.1
<b>20 Largest</b>						<b>169,058</b>	<b>32.7</b>
21	52	Bonava	Household Goods and Home Construction	Consumer Discretionary	Sweden	5,761	1.1
22	19	eDreams ODIGEO	Travel and Leisure	Consumer Discretionary	Spain	5,715	1.1
23	28	Exosens	Aerospace and Defense	Industrials	France	5,611	1.1
24	–	Mycronic	Technology Hardware and Equipment	Technology	Sweden	5,486	1.1
25	47	Jungheinrich	Industrial Engineering	Industrials	Germany	5,370	1.0
26	45	Optima Bank	Banks	Financials	Greece	5,273	1.0
27	56	Ionos	Software and Computer Services	Technology	Germany	5,183	1.0
28	13	Deme	Construction and Materials	Industrials	Belgium	5,154	1.0
29	74	Koninklijke BAM Group	Construction and Materials	Industrials	Netherlands	5,129	1.0
30	33	Eckert & Ziegler	Chemicals	Basic Materials	Germany	5,105	1.0
<b>30 Largest</b>						<b>222,845</b>	<b>43.1</b>
31	31	Quadient	Technology Hardware and Equipment	Technology	France	5,075	1.0
32	12	Nordnet	Investment Banking and Brokerage Services	Financials	Sweden	4,948	1.0
33	63	Alpha Bank	Banks	Financials	Greece	4,946	0.9
34	87	Trigano	Leisure Goods	Consumer Discretionary	France	4,938	0.9
35	51	Nexans	Electronic and Electrical Equipment	Industrials	France	4,891	0.9
36	50	Munters	Construction and Materials	Industrials	Sweden	4,681	0.9
37	–	Indra Sistemas	Software and Computer Services	Technology	Spain	4,659	0.9
38	29	Metlen	General Industrials	Industrials	Greece	4,637	0.9
39	41	Kaufman & Broad	Household Goods and Home Construction	Consumer Discretionary	France	4,620	0.9
40	11	Ipsos	Media	Consumer Discretionary	France	4,586	0.9
<b>40 Largest</b>						<b>270,826</b>	<b>52.3</b>

# Investment portfolio at 30 June 2025 (unaudited) (continued)

Ranking 2025	Ranking 2024	Company	Principal activities	Industry Groups	Geographical area	Valuation	Percentage of portfolio
						2025 £'000	
41	9	Criteo	Software and Computer Services	Technology	France	4,543	0.9
42	88	Inficon	Electronic and Electrical Equipment	Industrials	Switzerland	4,530	0.9
43	–	Pfisterer	Electronic and Electrical Equipment	Industrials	Germany	4,498	0.9
44	8	DFDS	Industrial Transportation	Industrials	Denmark	4,427	0.9
45	85	Duerr	Industrial Engineering	Industrials	Germany	4,409	0.9
46	93	JOST Werke	Automobiles and Parts	Consumer Discretionary	Germany	4,370	0.8
47	–	Aixtron	Technology Hardware and Equipment	Technology	Germany	4,350	0.8
48	18	Mersen	Electronic and Electrical Equipment	Industrials	France	4,286	0.8
49	–	Flatexdegiro	Investment Banking and Brokerage Services	Financials	Germany	4,282	0.8
50	20	Credito Emiliano	Banks	Financials	Italy	4,243	0.8
<b>50 Largest</b>						<b>314,764</b>	<b>60.8</b>
51	60	CTP	Real Estate Investment and Services	Real Estate	Netherlands	4,196	0.8
52	–	Carl Zeiss Meditec	Medical Equipment and Services	Health Care	Germany	4,128	0.8
53	–	GVS	General Industrials	Industrials	Italy	4,047	0.8
54	–	Enity	Banks	Financials	Sweden	4,032	0.8
55	–	BHG Group	Retailers	Consumer Discretionary	Sweden	3,896	0.8
56	76	Borregaard	Chemicals	Basic Materials	Norway	3,895	0.8
57	–	JCDecaux	Media	Consumer Discretionary	France	3,863	0.8
58	123	Envipco	Electronic and Electrical Equipment	Industrials	Netherlands	3,809	0.7
59	68	VGP	Real Estate Investment and Services	Real Estate	Belgium	3,788	0.7
60	100	Dormakaba	Electronic and Electrical Equipment	Industrials	Switzerland	3,748	0.7
<b>60 Largest</b>						<b>354,166</b>	<b>68.5</b>
61	–	Clinica Baviera	Health Care Providers	Health Care	Spain	3,675	0.7
62	43	Dalata Hotel	Travel and Leisure	Consumer Discretionary	Ireland	3,594	0.7
63	73	PVA TePla	Technology Hardware and Equipment	Technology	Germany	3,584	0.7
64	44	Stratec	Medical Equipment and Services	Health Care	Germany	3,557	0.7
65	57	Modern Times	Media	Consumer Discretionary	Sweden	3,553	0.7
66	23	Smartcraft	Software and Computer Services	Technology	Norway	3,523	0.7
67	–	SFC Energy	Alternative Energy	Energy	Germany	3,520	0.7
68	78	NCAB Group	Technology Hardware and Equipment	Technology	Sweden	3,441	0.7
69	53	Acast	Software and Computer Services	Technology	Sweden	3,423	0.6
70	–	Viscofan	Food Producers	Consumer Staples	Spain	3,382	0.6
<b>70 Largest</b>						<b>389,418</b>	<b>75.3</b>
71	96	Montana Aerospace	Aerospace and Defence	Industrials	Switzerland	3,306	0.6
72	82	NED Apparaten	Electronic and Electrical Equipment	Industrials	Netherlands	3,265	0.6
73	91	NSI	Real Estate Investment Trusts	Real Estate	Netherlands	3,185	0.6
74	38	ALSO	Technology Hardware and Equipment	Technology	Switzerland	3,169	0.6
75	72	Hellenic Exchanges	Investment Banking and Brokerage Services	Financials	Greece	3,165	0.6
76	119	Cint Group	Software and Computer Services	Technology	Sweden	3,165	0.6
77	64	Nordex	Alternative Energy	Energy	Germany	3,095	0.6
78	–	Wienerberger	Construction and Materials	Industrials	Austria	3,089	0.6
79	66	FLEX LNG	Industrial Transportation	Industrials	Norway	3,036	0.6
80	65	Granges	Automobiles and Parts	Consumer Discretionary	Sweden	3,029	0.6
<b>80 Largest</b>						<b>420,922</b>	<b>81.3</b>

# Investment portfolio at 30 June 2025 (unaudited) (continued)

Ranking 2025	Ranking 2024	Company	Principal activities	Industry Groups	Geographical area	Valuation 2025 £'000	Percentage of portfolio
81	90	CIE Automotive	Automobiles and Parts	Consumer Discretionary	Spain	3,028	0.6
82	125	Bike24	Retailers	Consumer Discretionary	Germany	2,991	0.6
83	–	Bilfinger	Industrial Support Services	Industrials	Germany	2,927	0.6
84	83	Elekta	Medical Equipment and Services	Health Care	Sweden	2,902	0.6
85	39	Dermapharm	Pharmaceuticals and Biotechnology	Health Care	Germany	2,888	0.6
86	81	Smartoptics	Software and Computer Services	Technology	Norway	2,832	0.6
87	106	Alma Media	Media	Consumer Discretionary	Finland	2,782	0.5
88	–	Teleperformance	Industrial Support Services	Industrials	France	2,728	0.5
89	122	Westwing	Retailers	Consumer Discretionary	Germany	2,728	0.5
90	48	Cewe Shiftung	Consumer Services	Consumer Discretionary	Germany	2,720	0.5
<b>90 Largest</b>						<b>449,448</b>	<b>86.9</b>
91	–	Fislmith & Co	Construction and Materials	Industrials	Denmark	2,711	0.5
92	97	Montea	Real Estate Investment Trusts	Real Estate	Belgium	2,709	0.5
93	108	FNAC Darty	Retailers	Consumer Discretionary	France	2,697	0.5
94	–	Elopak	General Industrials	Industrials	Norway	2,581	0.5
95	58	Detection Technology	Electronic and Electrical Equipment	Industrials	Finland	2,555	0.5
96	59	Daetwyler	General Industrials	Industrials	Switzerland	2,550	0.5
97	–	Kalmar	Industrial Engineering	Industrials	Finland	2,547	0.5
98	–	Mildef	Aerospace and Defense	Industrials	Sweden	2,512	0.5
99	–	Lindab International	Construction and Materials	Industrials	Sweden	2,503	0.5
100	–	Porr	Construction and Materials	Industrials	Austria	2,493	0.5
<b>100 Largest</b>						<b>475,306</b>	<b>91.9</b>
101	–	Stolt-Nielsen	Industrial Transportation	Industrials	Norway	2,491	0.5
102	–	Biogaia	Pharmaceuticals and Biotechnology	Health Care	Sweden	2,488	0.5
103	–	Neinor Homes	Real Estate Investment and Services	Real Estate	Spain	2,390	0.5
104	109	Safilo	Personal Goods	Consumer Discretionary	Italy	2,349	0.5
105	–	Billerud	Industrial Materials	Basic Materials	Sweden	2,346	0.5
106	–	HomeToGo	Travel and Leisure	Consumer Discretionary	Germany	2,292	0.4
107	55	Arnoldo Mondadori Editore	Media	Consumer Discretionary	Italy	2,274	0.4
108	36	Befesa	Waste and Disposal Services	Utilities	Germany	2,225	0.4
109	84	Boozt	Retailers	Consumer Discretionary	Sweden	2,212	0.4
110	102	Burckhardt Compression	Industrial Engineering	Industrials	Switzerland	2,144	0.4
<b>110 Largest</b>						<b>498,517</b>	<b>96.4</b>
111	111	Bonesupport	Pharmaceuticals and Biotechnology	Health Care	Sweden	2,141	0.4
112	114	Planisware	Software and Computer Services	Technology	France	2,096	0.4
113	7	Fugro	Construction and Materials	Industrials	Netherlands	2,077	0.4
114	118	NTG Nordic Transport	Industrial Transportation	Industrials	Denmark	2,068	0.4
115	67	Eurogroup Laminations	Industrial Support Services	Industrials	Italy	1,980	0.4
116	–	Navigator	Industrial Materials	Basic Materials	Portugal	1,885	0.4
117	70	Arbonia	Construction and Materials	Industrials	Switzerland	1,786	0.3
118	62	Corticeira Amorim	General Industrials	Industrials	Portugal	1,665	0.3
119	98	Vimian Group	Health Care Providers	Health Care	Sweden	1,573	0.3
120	107	Dexelance	Household Goods and Home Construction	Consumer Discretionary	Italy	1,551	0.3
<b>Total investments</b>						<b>517,339</b>	<b>100.0</b>

## 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 2025	224.45	211.50	5.8
At 30 June 2024	201.01	178.40	11.2

### 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.

		2025	2024
Investments held at fair value through profit or loss (page 57) (£'000)	(A)	517,339	883,842
Net assets (page 57) (£'000)	(B)	510,677	798,594
Gearing (C = (A / B) -1)	(C)	1.3%	10.7%

### 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 overdraft (see page 57 and note 12)) 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 57 and further information is available on page 75 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.

	2025 £'000	2024 £'000
Management fees	4,065	4,166
Other administrative expenses (note 4)	1,789	875
Less: non-recurring expenses <sup>1</sup>	(822)	(51)
<b>Ongoing charges</b>	<b>5,032</b>	<b>4,990</b>
<b>Average net assets<sup>2</sup></b>	<b>735,806</b>	<b>741,815</b>
<b>Ongoing charges ratio</b>	<b>0.68%</b>	<b>0.67%</b>

1 The non-recurring fees primarily consist of costs in relation to the requisitioned general meeting

2 Calculated using the average daily net asset value

## 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. Each component of the total return needs to be compounded as a geometric return to arrive at the total return. 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 65.

	2025		2024	
	NAV per share	Share price	NAV per share	Share price
Opening NAV/Share price per share (pence)	201.01	178.40	184.26	154.00
Closing NAV/Share price per share (pence)	224.45	211.50	201.01	178.40
Change in the year (%)	11.7	18.6	9.1	15.8
Impact of dividends reinvested (%)	2.6	2.9	2.7	3.2
<b>Total return for the year (%)</b>	<b>14.5</b>	<b>21.9</b>	<b>12.0</b>	<b>19.5</b>

### Dividend yield

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

		30 June 2025	30 June 2024
Annual dividend (pence)	(A)	4.90	4.80
Share price (pence)	(B)	211.50	178.40
Yield (C=A/B) (%)	(C)	2.3	2.7

# 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 page 83.

## 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 was the Euromoney Smaller European Companies ex UK Index. With effect from 1 July 2022, this is the MSCI Europe (ex UK) Small Cap 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

## Investing

The European Smaller Companies Trust PLC is listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank.

Janus Henderson also offers a range of other options so that you can invest in the way that is best for you. Details on how to invest and the latest Key Information Documents can be found on the Company's website:

[www.europeansmallercompaniestrust.com](http://www.europeansmallercompaniestrust.com)

The website also includes factsheets, interviews, current information on the Company and up-to-date share price and net asset value details.

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs please visit this page: [www.janushenderson.com/en-gb/investor/subscriptions](http://www.janushenderson.com/en-gb/investor/subscriptions)

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



## Share identifiers

ISIN: GB00BMCF8689  
Sedol: BMCF868  
Ticker: ESCT

The ordinary shares of the Company are listed on the Main Market of the London Stock Exchange.

## Share register enquiries

Contact the Company's registrar Equiniti at: 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](http://www.shareview.co.uk).

## Financial calendar

Interim results published	February 2026
2nd interim dividend paid	February 2026
3rd interim dividend paid	May 2026
4th interim dividend paid	August 2026
Annual results published	October 2026
Annual General Meeting	November 2026

## AIFMD disclosures and remuneration

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.

## 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](http://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 can be recommended by Independent Financial Advisers 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.

## 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

## Service providers

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

Depository and custodian  
HSBC Bank plc  
8 Canada Square  
London E14 5HQ

Corporate broker  
Winterflood Investment Trusts  
Riverbank House  
2 Swan Lane  
London  
EC4R 3GA

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: +44 (0) 371 384 371  
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](http://www.shareview.co.uk).

## Registered office

201 Bishopsgate  
London EC2M 3AE

## Statutory Auditor

Ernst & Young LLP  
25 Churchill Place  
London E14 5EY

## Warning to shareholders

Many companies are aware that their shareholders may receive 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'.

# Notice of Annual General Meeting

Vimian Group, 0.3% of the portfolio  
Global animal health company



# Notice of Annual General Meeting

## The European Smaller Companies Trust PLC

*(an investment company within the meaning of section 833 of the Companies Act 2006, incorporated in England and Wales with registered number 2520734)*

Notice is hereby given that the 35th Annual General Meeting of The European Smaller Companies Trust PLC (the 'Company') will be held at 201 Bishopsgate, London, EC2M 3AE on **Monday 24 November 2025 at 12.30 pm** for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 14 will be proposed as ordinary resolutions and resolutions 15 to 17 will be proposed as special resolutions:

### Ordinary resolutions

- 1 To receive the annual report and audited financial statements for the year ended 30 June 2025.
- 2 To approve the Directors' Remuneration Policy.
- 3 To approve the Directors' Remuneration Report for the year ended 30 June 2025.
- 4 To elect Nadia Meier-Kirner as a director.
- 5 To elect Kate Cornish-Bowden as a director.
- 6 To elect Stuart Paterson as a director.
- 7 To re-elect James Williams as a director.
- 8 To re-elect Daniel Burgess as a director.
- 9 To re-elect Ann Grevelius as a director.
- 10 To re-appoint Ernst & Young LLP as auditor to the Company.
- 11 To authorise the Audit Committee to determine the auditor's remuneration.
- 12 To approve the continuation of the Company.
- 13 To approve the Company's dividend policy of paying four interim dividends per year.
- 14 THAT in substitution for all existing authorities the directors be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ('Act') to exercise all the powers of the Company to allot relevant shares (within the meaning of section 540 of the Act) up to an aggregate nominal amount of £641,211 (or such other amount representing 10% of the issued ordinary share capital at the date of passing of this resolution) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting, after the passing of this resolution, provided that the Company may make an offer or agreement which would or might require relevant shares to be allotted after expiry of this authority and the Board may allot relevant shares in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

### Special resolutions

- 15 THAT in substitution for all existing authorities and subject to the passing of resolution 11 the directors be and hereby are empowered pursuant to section 570 and 573 of the Companies Act 2006 (the 'Act') to allot shares or make offers or agreements to allot shares (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 12 and to sell ordinary shares from treasury for cash (by virtue of section 560(3) of the Act) in each case, as if section 561 of the Act did not apply to the allotment or sale. This power is limited to:
  - (a) the allotment or issue from treasury of shares whether by way of a rights issue, open offer or otherwise to ordinary members and/or holders of any other shares in accordance with the rights of those shares where the shares respectively attributable to the interests of all ordinary members and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such shares held by them (or are otherwise allotted in accordance with the rights attaching to such shares) subject in either case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever; and
  - (b) the allotment or issue from treasury (otherwise than pursuant to subparagraph (a) above) of shares up to a maximum aggregate nominal value of £641,211 (or such other amount representing 10% of the Company's issued ordinary share capital at the date of passing of this resolution); and
  - (c) the allotment or issue from treasury of shares at a price not less than the net asset value per share as at the latest practicable date before such allotment of shares as determined by the directors in their reasonable discretion;

and shall expire at the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting of the Company, after the date of the passing of this resolution, save that the directors may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the directors may allot shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

# Notice of Annual General Meeting

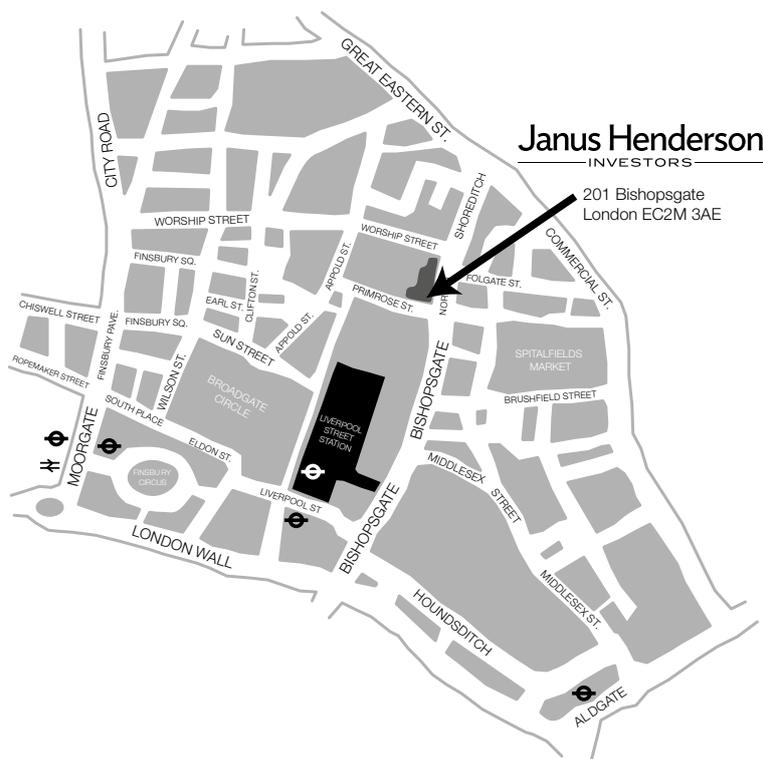
- 16 THAT in substitution for all existing authorities the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1.5625p each in the capital of the Company, on such terms and in such manner as the directors may from time to time determine, provided that:
- (a) (the maximum aggregate number of ordinary shares hereby authorised to be purchased is 61,515,219 (representing approximately 14.99% of the issued ordinary share capital of the Company as at 17 October 2025, being the latest practicable date prior to the publication of this Notice) or, if changed, the number representing 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
  - (b) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed the higher of:
    - (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and
    - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange when the purchase is carried out;
  - (c) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be the nominal value of that share;
  - (d) the authority hereby conferred shall expire at the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting of the Company, after the passing of this resolution, unless such authority is renewed before that expiry; and
  - (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.
- 17 THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company following the passing of this resolution.

By order of the Board

Janus Henderson Secretarial Services UK Limited  
Corporate Secretary  
20 October 2025

Registered Office:  
201 Bishopsgate, London EC2M 3AE

## Annual General Meeting venue



# Notice of Annual General Meeting

## Explanations of the Resolutions

The information set out below is an explanation of the business to be considered at the Meeting.

Resolutions 1 to 14 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed more than half of the votes cast must be in favour of the resolution. Resolutions 15 to 17 are proposed as special resolutions. This means that for each of those resolutions to be passed at least three-quarters of the votes cast must be in favour of the resolution.

### Resolution 1: Company's annual report and audited financial statements

Shareholders will be given an opportunity at the meeting to ask questions on the annual report. At the end of the discussion, members will be invited to receive the annual report and audited financial statements.

### Resolution 2: Directors' Remuneration Policy

Members are ordinarily requested to approve the Directors' Remuneration Policy ('Policy') once every three years. This was last approved at the annual general meeting held on 27 November 2023. Shareholders are asked to approve a new Policy at the meeting, ahead of the normal date for approaching shareholders, to approve a policy to permit additional payments to directors in exceptional circumstances for duties beyond those normally expected as part of a non-executive director's appointment. This is expected to be a rare occurrence and any discretionary fees paid to the directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration. The vote on the Policy is binding.

### Resolution 3: Approve the Directors' Remuneration Report

Members are requested to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 30 June 2025. This is set out on pages 39 to 42 of the annual report. The vote is advisory and does not affect the remuneration payable to any individual director. The Board will take feedback from members regarding remuneration and incorporate this into any future remuneration discussions.

### Resolutions 4 to 9: Election and re-election of directors

Resolution 4 relates to the election of Nadia Meier Kirner who joined the Board as a director on 28 April 2025. Nadia has 18 years' experience in European mid-market private equity with Triton Partners in Germany. Being based in Germany, she provides insight to sentiment on the Continent.

Resolution 5 relates to the election of Kate Cornish-Bowden who joined the Board on 16 October 2025 following the successful combination with EAT. Kate is a former global equities fund manager and has extensive knowledge of the investment trust sector.

Resolution 6 relates to the election of Stuart Paterson who joined the Board on 16 October 2025 following the successful combination with European Assets Trust PLC. Stuart has more than 25 years' experience of equity investing in European private companies.

As a matter of course, all existing directors retire at each annual general meeting.

Resolution 7 relates to the re-election of James Williams who joined the Board as a director on 1 November 2023. He has over 30 years' international business experience in Europe and Asia, including nearly 20 years in the investment banking industry. He is the Chairman of the Board.

Resolution 8 seeks the re-election of Daniel Burgess, who joined the Board on 25 November 2019. Daniel has significant auditing and accounting experience having been a partner at KPMG LLP for twenty-three years. He is Chairman of the Audit Committee.

Resolution 9 relates to the re-election of Ann Grevelius, who joined the Board on 23 September 2019. Ann has over 30 years' experience in the asset management sector and has been active in the venture capital industry for the last several years. Her experience of European markets provides useful context to the investment background.

Simona Heidempergher will be retiring from the Board at the conclusion of the meeting so does not offer herself for re-election.

The Board has reviewed the performance and commitment of the directors standing for election and re-election and considers that each of the directors should continue in office as they bring wide-ranging, current and relevant business experience that allows them to contribute effectively to the leadership of the Company. Furthermore, the Board is satisfied that, having considered each directors' experience and the nature of, and anticipated demands on their time by their other business commitments, that each director is able to commit the time required to fulfil their responsibilities as a director of the Company.

All the directors are considered independent for the purposes of the AIC Corporate Governance Code. The background and experience of the directors is set out on pages 26 and 27 of the annual report.

### Resolutions 10 and 11: Appointment and remuneration of the auditor

Members are required to approve the appointment of the Company's auditor each year and to give authority to the Audit Committee to determine their remuneration. Ernst & Young LLP were appointed as the auditor at the annual general meeting on 27 November 2017 and reappointed by members at subsequent meetings. Following satisfactory performance, the Company is recommending their re-appointment in respect of the year ending 30 June 2026 and seeking authority for the Audit Committee to determine their remuneration.

# Notice of Annual General Meeting

## Resolution 12: Continuation of the Company

In accordance with the Company's articles of association, the directors are required to put a resolution to members every three years to approve the continuation of the Company. Members last approved the continuation of the Company in 2022 and this resolution continues the cycle. The Board is recommending that members vote in favour of the resolution.

## Resolution 13: Dividend policy

As set out in the scheme documents for the combination with EAT, the Company will move to paying quarterly dividends with the first interim dividend expected to be paid in February 2026. As shareholders will no longer be able to vote on the final dividend and to ensure shareholders can continue to have a say on this important matter, a resolution seeking approval of the Company's approach to paying four interim dividends in each year will be put to shareholders at each annual general meeting.

## Resolution 14: Authority to allot shares

At the annual general meeting held on 25 November 2025, the directors were granted authority to issue up to 10% of the Company's issued share capital at the date of the passing of the resolution. No shares have been issued under this authority, which is due to expire at the Meeting. This resolution will renew the authority and allow the directors to issue up to 41,037,504 ordinary shares (with a nominal value of £641,211) (or such other amount being 10% of the issued share capital as at the date of this resolution). The resolution is set out in full in the Notice. If renewed, the authority will expire at the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting, after the passing of this resolution.

## Resolution 15: Power to disapply pre-emption rights

This resolution will give the directors power to disapply pre-emption rights in respect of any new shares issued under the authority provided by resolution 14 or sold from treasury. If renewed, the power will expire at the earlier of the date falling 15 months after, or from the conclusion of the next annual general meeting following the passing of this resolution.

The directors will only allot shares pursuant to resolutions 14 and 15 to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing members to do so and when it would not result in any dilution of net asset value per share (i.e. shares will only be issued at a premium to net asset value).

## Resolution 16: Repurchase of the Company's shares

At the annual general meeting held on 25 November 2025, the directors were granted authority to repurchase up to 14.99% of the Company's issued share capital at the date of the passing of the resolution. Excluding the tender offer, 205,695 ordinary shares have been repurchased since the last annual general meeting. This resolution seeks to renew the Company's authority to repurchase its own shares and cancel

or hold them in treasury. If this resolution is passed, the maximum aggregate number of ordinary shares which may be purchased is 61,515,219 (representing approximately 14.99% of the issued ordinary share capital of the Company as at 17 October 2025, being the latest practicable date prior to the publication of the Notice of Meeting) or, if changed, the number representing 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution. The authority will expire at the earlier of the date falling 15 months, or the conclusion of the next annual general meeting, after the passing of this resolution. It is the present intention of the directors to seek a similar authority annually.

The directors believe that, from time to time and subject to market conditions, it will continue to be in the members' interests to buy back the Company's shares when they are trading at a discount to the underlying net asset value per share. Repurchases of the Company's shares provide a modest uplift in the net asset value for existing members and often results in the share price more closely reflecting the underlying value of the portfolio. Repurchasing an overhang of stock in the market further ensures that the discount does not widen unduly.

The Company may utilise the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to members. This proposal does not indicate that the Company will purchase shares at any particular time or price, nor imply any opinion on the part of the directors as to the market or other value of the Company's shares.

## Resolution 17: Notice of general meetings

The Companies Act 2006 stipulates that the notice period for general meetings (other than the annual general meeting) is 21 days unless member approval to reduce the period to 14 days has been given. In order to maintain maximum flexibility, the Board is seeking approval to allow general meetings (other than the annual general meeting) to be called on 14 days' notice. This authority will only be used if it is in the best interests of members to do so and where members are given the opportunity to vote at such meetings by electronic means. The authority will expire at the conclusion of the annual general meeting in 2026. Directors will seek to renew this authority annually.

## Notes to the Meeting

### 1. Rights to attend and vote

Subject to Note 2, all of the Company's members are entitled to attend, speak and vote at the forthcoming annual general meeting or at any adjournment(s) thereof. On a poll each member has one vote per share.

### 2. Voting record date

Only members registered in the Register of Members of the Company at 6.30 pm on Thursday 20 November 2025 (the 'specified time') shall be entitled to attend, speak and vote at

# Notice of Annual General Meeting

the annual general meeting in respect of the number of voting rights registered in their name at that time. Changes to entries on the Register of Members after the specified time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

If the annual general meeting is adjourned for no more than 48 hours after the original meeting time, the same specified time will also apply for the purpose of determining the entitlement of members to attend, speak and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting.

If the annual general meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's Register of Members at 6.30 pm on the day which is two days (excluding non-working days) before the day of the adjourned meeting or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

In the case of joint holders of a voting right, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

### 3. Right to appoint proxies

Pursuant to section 324 of the Act a member entitled to attend and vote at the Meeting may appoint one or more proxies, provided that each proxy is appointed to exercise the rights attached to different shares held by him. A proxy need not be a member of the Company.

If the total number of voting rights that the Chairman will be able to vote (taking into account any proxy appointments from members over which he is given discretion and any voting rights in respect of his own shares) is such that he will have a notifiable obligation under the Disclosure Guidance and Transparency Rules ('DTRs') of the Financial Conduct Authority ('FCA'), the Chairman will make the necessary notifications to the Company and to the FCA. Therefore, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs, need not make a separate notification to the Company and to the FCA. However, any member holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as proxy will need to ensure that both the member and the proxy comply with their respective disclosure obligations under the DTRs.

Section 324 of the Act does not apply to persons nominated to receive information rights pursuant to section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act have been sent this Notice and are

hereby informed, in accordance with section 149(2) of the Act, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed, or to have someone else appointed, as a proxy for this Meeting. If they do not wish to exercise their right or do not have such right, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Nominated persons should contact the registered member by whom they were nominated (not the Company) in respect of their arrangements. The rights of members relating to the appointment of proxies do not apply to nominated persons.

### 4. Proxies' rights to vote at the Meeting

On a vote by a show of hands, each proxy has one vote. If a proxy is appointed by more than one member and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled on a show of hands to vote 'for' or 'against' as applicable. If a proxy is appointed by more than one member, but such members have given different voting instructions, the proxy may on a show of hands vote both 'for' and 'against' in order to reflect the different voting instructions.

On a poll, all or any of the voting rights of the member may be exercised by one or more duly appointed proxies. However, where a member appoints more than one proxy, section 285(4) of the Act does not permit the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person.

### 5. Voting by corporate representatives

Corporate representatives are entitled to attend, speak and vote on behalf of the corporate member in accordance with section 323 of the Act provided they do not do so in relation to the same shares.

### 6. Receipt and termination of proxies

To be valid the enclosed Form of Proxy must be lodged with the Company's registrar (Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA) before 12.30 pm on Thursday 20 November 2025.

A member may terminate a proxy's authority at any time before the commencement of the Meeting. Termination must be provided in writing and submitted to the Company's registrar.

In accordance with the Company's articles of association, in determining the deadline for receipt of proxies, no account shall be taken of any part of a day that is not a working day.

### 7. Communication with the Company

Members may not use any electronic address provided either in the Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

# Notice of Annual General Meeting

## 8. Electronic receipt of proxies

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company's agent (ID number RA19) no later than the deadline specified in note 6. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Instructions on how to vote through CREST can be found on the website [www.euroclear.com](http://www.euroclear.com).

If you are an institutional investor you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the registrar. For further information regarding Proximity, please go to [www.proximity.io](http://www.proximity.io). Your proxy must be lodged by 12.30 pm on 20 November 2025 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

## 9. Questions at the Meeting

Any member attending the Meeting has the right to ask questions. Section 319A of the Act requires the directors to answer any question raised at the annual general meeting which relates to the business of the Meeting, although no answer need be given:

- (a) if to do so would interfere unduly with the proceedings of the Meeting or involve disclosure of confidential information;
- (b) if the answer has already been given on the Company's website; or
- (c) if it is undesirable in the best interests of the Company or the good order of the Meeting that the question be answered.

By attending the Meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the Meeting.

## 10. Documents available for inspection

Copies of the directors' letters of appointment may be inspected at the registered office of the Company during normal business hours on any day (with the exception of Saturdays, Sundays and public holidays) and will be available at the annual general meeting from 15 minutes prior to the commencement of the Meeting until its conclusion. No director has a contract of service with the Company.

## 11. Member's right to include a resolution at the AGM

Under sections 338 and 338A of the Act, members who satisfy the threshold requirements in those sections have the right to require the Company: i) to give, to members entitled to receive the Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting; and/or ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless: a) it would, if passed be ineffective (whether by reason of inconsistency with an enactment of the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious.

Such a request may be in hardcopy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must have been received by the Company no later than the date on which this Notice is given and must be accompanied by a statement setting out the grounds for the request.

## 12. Members' statement of audit concerns

Section 527 of the Act allows members who meet the threshold requirements of that section to require the Company to publish a statement on its website setting out any matter relating to: i) the audit of the accounts to be laid at the meeting (including the auditor's report and the conduct of audit); or ii) any circumstances connected with the auditor ceasing to hold office since the last meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

This is known as a 'members' statement of audit concerns'. If such a request is received the Company cannot require those members requesting publication of the statement to meet its costs of complying with that request. The Company must also forward a copy of the statement to the auditor at the same time that it makes it available on the website. Where a members' statement of audit concerns is received it will be included in the business of the meeting at which the accounts are laid.

## 13. Website

A copy of this Notice, including the information required by section 311A of the Act, is available from the website, [www.europeansmallercompaniestrust.com](http://www.europeansmallercompaniestrust.com).

## 14. Total voting rights

At 17 October 2025 (being the last practicable date prior to the publication of this Notice) the total number of shares in the Company was 410,375,045 excluding 51,733,676 ordinary shares held in treasury. The voting rights are therefore 358,641,369.

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

SEDOL/ISIN number: Ordinary Shares: BMCF868/GB00BMCF8689  
London Stock Exchange (TIDM) Code: ESCT  
Global Intermediary Identification Number (GIIN): JX9KYH.99999.SL.826  
Legal Entity Identifier (LEI): 213800N1B1HCQG2W4V90

Telephone: 020 7818 1818  
Email: [ITSecretariat@janushenderson.com](mailto:ITSecretariat@janushenderson.com)

[www.europeansmallercompaniestrust.com](http://www.europeansmallercompaniestrust.com)

MANAGED BY  
**Janus Henderson**  
INVESTORS

**aic**  
The Association of  
Investment Companies



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