

F&C Global Smaller Companies PLC



May 2017

Manager Commentary Peter Ewins



The last month of the Company's financial year saw share prices in most markets post further gains. European markets responded positively to the results of the first round of the French presidential elections. Sterling rose as the currency markets viewed the likely outcome to the impending UK general election as being positive in relation to the Brexit negotiations. This served to impact the sterling performance of the overseas portfolios and for the month as a whole therefore, the NAV was only modestly up. This was nevertheless better than a small fall for the benchmark.

Performance of the UK, European, Japanese and Rest of World portfolios were ahead of the local small cap indices. In the UK, there were a number of strong performers with most of our property holdings doing well. A number of industrial companies including Luceco, XP Power and Acal, were also up on the

back of strong updates. SDX Energy jumped after announcing a gas discovery in Egypt. Less positively, sports agency business TLA Worldwide dropped after a disappointing trading statement raised a number of questions around the company's accounting.

In Europe, industrial stocks Indutrade, Inwido and Lectra were up as trading updates pleased the markets. Shares in agronomy business Origin Enterprises were also up as it reported a solid start to the key spring season. Detractors from performance included Gerresheimer and Amer Sports. Results from the former were slightly disappointing, reflecting, we feel in the main, timing issues, while in the latter case margin performance was lower than had been anticipated.

Our Japanese funds were down slightly in sterling terms, but this was better than the MSCI Japan Small Cap index. We also enjoyed a solid month on the Asian focused funds with our largest holding, the Scottish Oriental Smaller Companies trust, benefiting from discount narrowing.

The US portfolio underperformed in April. The failure of golf club operator Clubcorp to find a buyer for itself after a strategic review, weighed on its shares. Carrizo Oil and Gas shares were weak as the oil price fell back, while waste to energy business Covanta dropped on the

back of poor results. On the positive side, travel software company Sabre was up as an index rebalancing drove demand for its shares, while Total System Services rose following strong figures.

Key facts

Trust aims: To secure a high total return by investing in smaller companies worldwide.

Trust highlights: The largest specialist global smaller companies investment trust. Greater inherent growth potential in smaller companies. Strong dedicated small company investment team. The dividend has risen in each of the last 46 years.

Benchmark: 30% Numis UK Smaller Companies (ex investment companies) Index / 70% MSCI All Country World ex UK Small Cap Index

Fund type: Investment Trust

Launch date: 1889

Total assets: £768.0m

Share price: 1273.00p

NAV (diluted): 1263.55p

Discount/Premium(-/+): 0.75%

Dividend payment dates: Aug, Jan

Net dividend yield †: 0.86%

Net gearing/Net cash*: 3.81%/0.00%

Management fee rate:** 0.55%

Ongoing charges:** 0.85%

Year end: 30 April

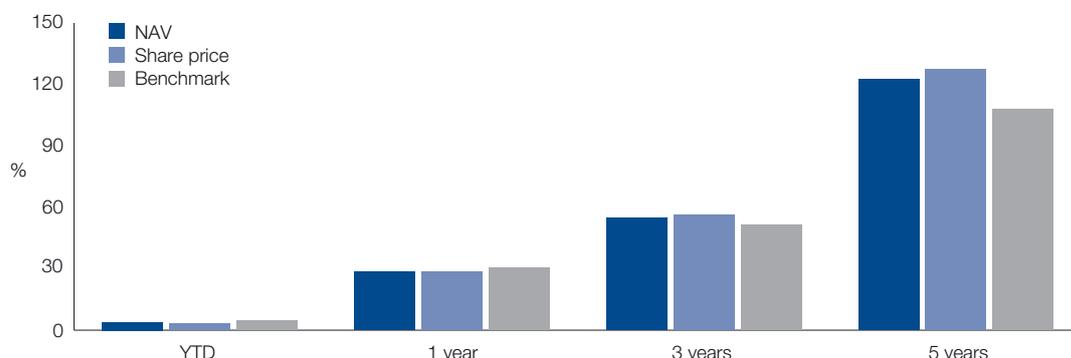
Sector: Global

Currency: Sterling

Website: www.fandcglobalsmallers.com

** Ongoing charges calculated in accordance with AIC recommendations.

Fund performance



Cumulative performance (%) as at 30.04.2017

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (diluted)	0.5	3.9	28.4	54.6	122.4
Share price	-0.5	3.1	28.5	56.1	127.2
Benchmark	-0.3	4.8	30.4	51.3	108.0

Discrete annual performance (%) as at 30.04.2017

	2017/2016	2016/2015	2015/2014	2014/2013	2013/2012
NAV (diluted)	28.4	3.6	16.3	12.3	28.1
Share price	28.5	3.2	17.8	10.8	31.3
Benchmark	30.4	1.3	14.5	12.4	22.4

Source: Lipper and F&C. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. Basis in accordance with the regulations of the Financial Conduct Authority. Past performance is not a guide to future performance. Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate. Income payments may constitute a return of capital in whole or in part. Income may be achieved by foregoing future capital growth. Changes in rates of exchange may have an adverse effect on the value, price or income of investments.

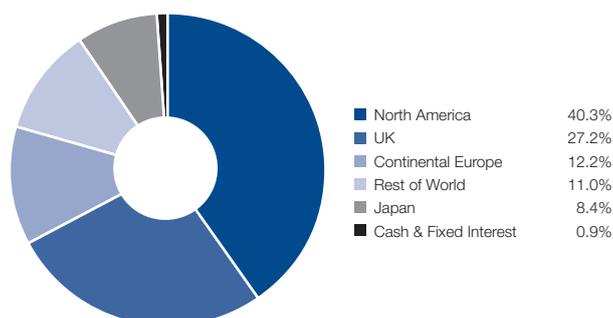
Where investments are made in emerging markets, or smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment. If markets fall, gearing can magnify the negative impact on performance. The discrete annual performance table refers to 12 month periods, ending at the date shown.



Trust codes	
Stock exchange	FCS / FCSC
Sedol	17505 / BNH7RK3
Legal Entity Identifier	2138008RRULYQP8VP386

Top 10 holdings (%)		
	Portfolio Weight	Sector
Eastspring Investments Japan Smaller Companies	4.6	Collective investments
Aberdeen Global Japanese Smaller Companies	3.8	Collective investments
Scottish Oriental Smaller Cos Inv Trust	3.0	Collective investments
Pinebridge Asia ex Japan Small Cap Equity	2.0	Collective investments
Utilico Emerging Markets	1.6	Collective investments
HSBC GIF Asia ex Japan Equity Smaller Companies	1.4	Collective investments
Aberdeen Global Asian Smaller Companies	1.3	Collective investments
Manulife Global Asian Smaller Companies	1.2	Collective investments
Alleghany	1.2	Financials
Franklin Financial Network	1.1	Financials

Geographical breakdown



Net dividend distributions pence per share

	2013	2014	2015	2016	2017
January	2.00	2.50	2.65	2.90	4.00
August	4.50	5.50	7.00	7.80	–
Total	6.50	8.00	9.65	10.70	4.00

Suitability for Retail Distribution

The Company is an investment trust and conducts its affairs so that its shares can be recommended by Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's rules relating to non-mainstream investment products and intends to continue to do so.

The company is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth in capital and income from investment in global markets and who understand and are willing to accept the risks, and rewards, of exposure to equities.

Past performance is not a guide to future performance. Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Smaller companies carry a higher degree of risk and their value can be more sensitive to market movement; their shares may be less liquid and performance may be more volatile. If markets fall, gearing can magnify the negative impact on performance.

All data as at 30.04.2017 unless otherwise stated.

All information is sourced from F&C, unless otherwise stated. Percentages in the top ten holdings table based on gross assets. † The yield is calculated on an historic basis using the actual dividends paid during the company's last financial year and the closing share price as at the end of the relevant month.

* Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Features document for the relevant product. The fact sheet issued and approved by F&C Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. CM11095 (05/17)