

# BMO Global Smaller Companies PLC



March 2019

Manager Commentary  
Peter Ewins



Equity markets advanced in February, lifted by an apparent thawing in the relationship between the US and China and by an increased likelihood that there would not be any more rises in US interest rates in the near term. The net asset value (NAV) and share price moved up by similar amounts, but lagged the benchmark over the month.

In the US market, we were behind the Russell 2000 index, with stock selection weak in the health care sector. While Ensign Group's shares were strong following good results (helped by the contribution from acquisitions and higher occupancy data), several of our

other sector holdings pulled back after recent strength. These included WellCare Health and Encompass Health. Shares in Healthcare Services Group fell after news of a problem at one of the company's customers, while data centres business CyrusOne's trading update disappointed the market, as new bookings slowed. On the more positive side, Grand Canyon Education's shares rose, as online course enrolments were higher than expected. Meanwhile, shares in America's Car-Mart did well as performance in the financing book improved.

In the UK, we were also behind the local small-cap index, with several companies releasing disappointing news. Household goods company McBride warned of a margin squeeze from higher costs, while flooring business Victoria also cut guidance in the face of weaker end-market demand. Shares in Scapa Group fell as a customer put out a poor trading update, while our stock selection in real estate was negative over the month. There were some strong performers, however, including conferences business Tarsus Group and consultancy

business RPS Group, which both released encouraging updates. Clinigen's shares were up significantly after the company acquired the US rights to a promising cancer treatment drug.

Performance was more encouraging in Europe, with health care stocks Gerresheimer and Tecan both rising by more than 10%. Gerresheimer's new chief executive's first presentation was well received by the market, as were better-than-expected results. Swedish recreational vehicle parts supplier Dometic also rallied after recent weakness, while Dutch-based Takeway.com was strong. The latter's results showed continued good growth, stabilised margins in the Netherlands and better cashflow from operations. TGS NOPEC's shares fell back, however, as results failed to excite the market.

Our Japanese small-cap holdings had a mixed time, with Aberdeen's fund faring much better than Eastspring's this month. Our Asian-facing funds as a whole did well, helped by strong performance from the large holding in the Pinebridge Asia ex Japan Small Cap fund.

## Key facts as at 28.02.2019

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

**Trust highlights:** One of the largest specialist global smaller companies investment trusts. Greater inherent growth potential in smaller companies. Strong dedicated small company investment team. The dividend has risen in each of the last 48 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:** £860.1m

**Share price:** 1310.00p

**NAV (diluted):** 1332.18p

**Discount/Premium (-/+):** -1.66%

**Dividend payment dates:** Aug, Jan

**Net dividend yield†:** 1.15%

**Net gearing\***: 5.17%

**Management fee rate\*\*:** 0.55%

**Ongoing charges\*\*:** 0.83%

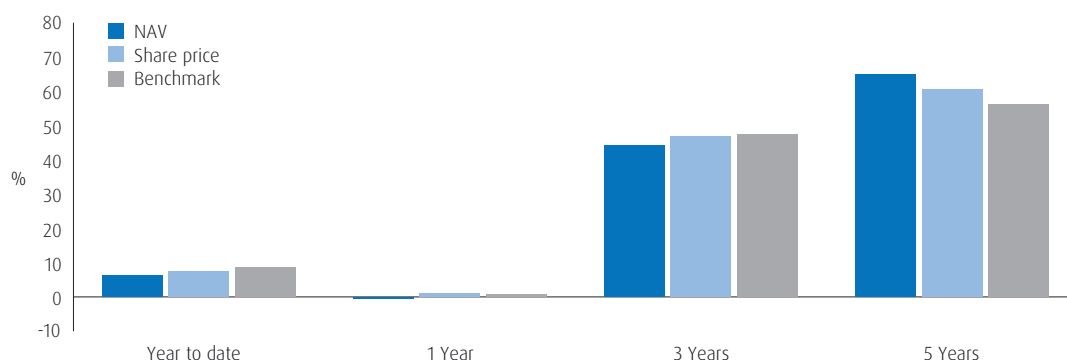
**Year end:** 30 April

**Sector:** Global

**Currency:** Sterling

**Website:** www.bmoglobalsmallers.com

## Fund performance as at 28.02.2019



## Cumulative performance (%) as at 28.02.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV (diluted)	1.69	6.22	-0.46	44.29	64.79
Share price	1.55	7.38	1.12	46.73	60.57
Benchmark	2.30	8.63	0.62	47.32	56.25

## Discrete annual performance (%) as at 28.02.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV (diluted)	-0.46	9.57	32.29	1.69	12.31
Share price	1.12	5.12	38.03	-2.70	12.47
Benchmark	0.62	6.76	37.14	-2.01	8.24

## Key risks

Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate. 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.

## Past performance is not a guide to future performance.

Source: Lipper and BMO. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling.

The NAV (diluted) is the Net asset value taking into account the impact of the Convertible Unsecured Loan Stock in issue. The discrete annual performance table refers to 12 month periods, ending at the date shown.

\*\* Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.



Lines may be recorded

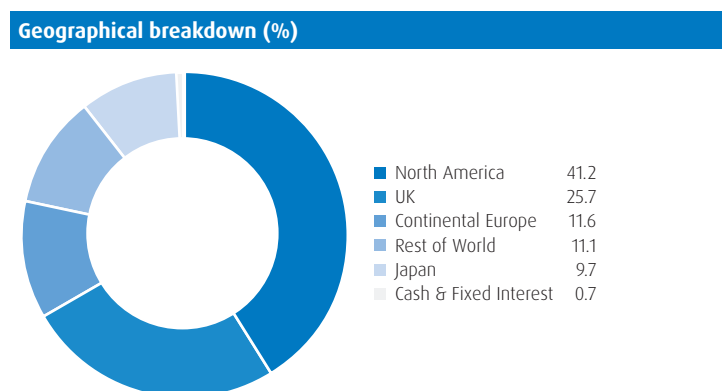
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Trust codes	
Stock exchange	BGSC / FCSC
Sedol	17505 / BNH7RK3
Legal Entity Identifier	2138008RRULYQP8VP386

Top 10 holdings (%)		
	% of net assets	Sector
<b>Eastspring Investments Japan Smaller Companies</b>	5.0	Collective investments
<b>Aberdeen Standard SICAV I Japanese Smaller Companies</b>	4.7	Collective investments
<b>Pinebridge Asia ex Japan Small Cap Equity</b>	3.6	Collective investments
<b>Scottish Oriental Smaller Cos Inv Trust</b>	3.0	Collective investments
<b>Utilico Emerging Markets</b>	2.3	Collective investments
<b>Alleghany</b>	1.4	Financials
<b>HSBC GIF Asia ex Japan Equity Smaller Companies</b>	1.2	Collective investments
<b>STERIS</b>	1.2	Healthcare
<b>ICON</b>	1.0	Healthcare
<b>Martin Marietta Materials</b>	1.0	Industrials



Net dividend distributions pence per share						
	2014	2015	2016	2017	2018	2019
<b>January</b>	2.50	2.65	2.90	4.00	4.40	5.00
<b>August</b>	5.50	7.00	7.80	8.25	10.00	-
<b>Total</b>	8.00	9.65	10.70	12.25	14.40	5.00

Glossary	
<b>Bid price</b>	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
<b>Dividend</b>	Income paid to shareholders by the company they invest in.
<b>Net asset value</b>	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

All data as at 28.02.2019 unless otherwise stated.

All information is sourced from BMO, 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 Investor Document ("KID") for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO, a trading name of BMO Asset 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. (03/19)