



**Registered office:**

Exchange House, Primrose Street  
London EC2A 2NY  
Tel: 020 7628 8000 Fax: 020 7628 8188  
[www.fandcglobalsmallers.com](http://www.fandcglobalsmallers.com)  
[info@fandc.com](mailto:info@fandc.com)

**Registrars:**

Computershare Investor Services PLC  
PO Box 82, The Pavilions  
Bridgwater Road, Bristol BS99 6ZZ  
Tel: 0370 889 4088 Fax: 0370 703 6142  
[www.computershare.com](http://www.computershare.com)  
[web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)



**F&C Global Smaller Companies PLC**  
Report and accounts  
for the half-year ended **31 October 2015**

## Company Summary

### Objective

The investment objective of the Company is to invest in smaller companies worldwide in order to secure a high total return.

### Suitable for retail distribution

F&C Global Smaller Companies PLC 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.

### Directors

Anthony Townsend (Chairman)

Andrew Adcock

Anja Balfour

Jo Dixon

David Stileman

Jane Tozer

### Manager

Peter Ewins

F&C Investment Business Limited

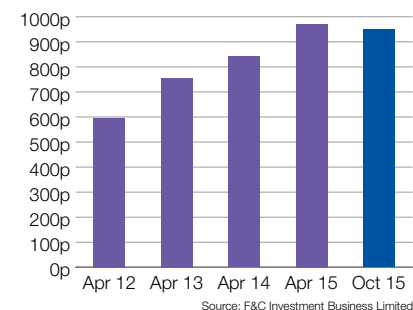
This report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this report. Nothing should be construed as a profit forecast.

Visit the website at [www.fandcglobalsmallers.com](http://www.fandcglobalsmallers.com)

Registered in England and Wales, company registration number 28264

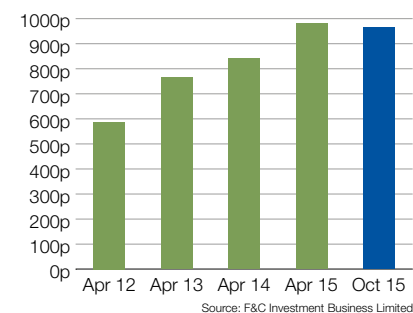
## Financial Highlights

### Net asset value (diluted) per share with debt at nominal value – pence



Net Asset Value per share down to **948.89p** and a Total Return of **-1.5%**

### Mid-market price per share – pence



Share price down **1.5%** to **965.00p** and a Total Return of **-0.8%**

### Interim dividend increased by 9.4% to 2.90p per ordinary share

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

## Manager's Review

Equity markets were under pressure in the first half of the financial year, undermined by predominantly weak news on the macro-economic front. The three largest global economies, the US, China and Japan, all appeared to slow down over the course of the Summer, and while Europe as a whole showed some signs of improvement, the overall level of global growth in 2015 looks set to undershoot that recorded in 2014.

### Performance

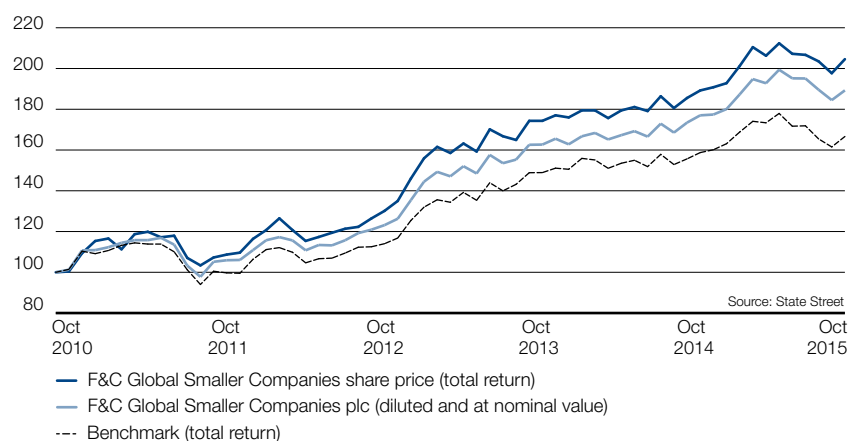
After the previous year, when smaller company shares tended to lag larger stocks, in the period under review there was better relative performance at the lower market cap end of the spectrum in

the UK, European and Japanese markets. However, with most markets moving lower, the Net Asset Value ("NAV") total return for the six months on a diluted basis was -1.5%, while the share price was down by 1.5% or 0.8% in total return terms. The Company's Benchmark is calculated from the returns of the MSCI World ex UK Small Cap Index and Numis UK Smaller Companies (excluding investment companies) Index in a 70%/30% proportion, broadly reflecting the geographic skew of the portfolio between international and domestic stocks. This showed a -4.0% total return in sterling terms for the six months.

A total of 1.3m new shares (2.5% of the initial share capital) were issued by

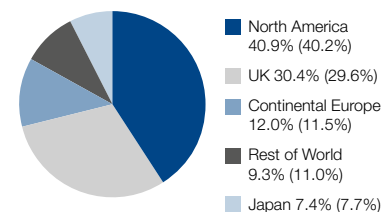
### Share price and net asset value per share performance

Five years from 31 October 2010 to 31 October 2015  
Rebased to 100 at 31 October 2010



### Geographical distribution of the investment portfolio

at 31 October 2015



Source: F&C Investment Business Limited  
The percentages in brackets are as at 30 April 2015

the Company in the six months at a small premium to the prevailing NAV per share. The shares ended the period at a 1.7% premium to the diluted NAV (1.0% at the end of April 2015).

### Dividends

Although the markets have been lacklustre and there have been some dividend cuts from a number of well-known large cap stocks, many companies held in the portfolio are still managing to deliver earnings growth, providing scope for them to increase their dividends. Revenue returns per share rose by 7.4% and reflecting this, plus a favourable outlook for income in the remainder of the year, the Board has decided to pay a 2.90p dividend, a rise of 9.4% on last year's interim distribution. This will be paid to shareholders on 29 January 2016.

### Economic and market background

At the start of the period, our expectation was that the global economy would benefit from the impact of lower oil and other commodity prices on consumer spending power. While retail sales have risen in many countries, in practice the impact of this across the broader economic scene has been more muted than anticipated, particularly in relation to the US and Asia.

Throughout the period, there was speculation around the potential timing of the long-awaited rise in US rates, with the unemployment rate in the US dropping to a multi-year low. This served to put upward pressure on the US dollar, while at the same time creating protracted weakness in a number of emerging market currencies. Those countries with fiscal deficits and a dependence on commodities within their trade, such as Brazil, were in the eye of the storm. Mounting evidence of a slowdown in China led the government in August to engineer a depreciation of their own currency, leading to further market volatility. Perhaps unsurprisingly, sentiment towards emerging markets shares remained depressed.

While growth remains far from stellar in Europe, the economies of previously hard-hit countries like Ireland, Spain and more recently Italy, are now back on a better trajectory. The Continent's largest economy Germany is also delivering respectable growth numbers mainly

## Manager's Review (continued)

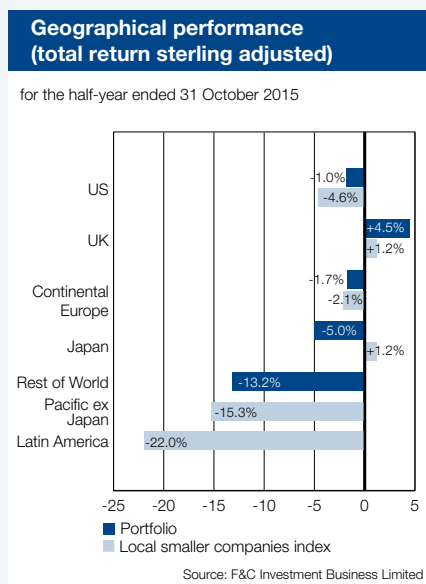
driven by the consumer side, though industrial production data has slowed of late. The ongoing refugee crisis in Europe is creating major logistical and political issues in a number of countries at a local level, but the overall economic impact on the Continent as a whole at this stage has been relatively modest.

Elsewhere, Japan's economy contracted in the second quarter of 2015, with the US and wider Asian slowdowns hampering export business. Despite this set-back Japanese companies on the whole have been producing better than expected profits, helped by the more competitive level of the Yen.

On the domestic front, the UK economy has continued to grow faster than the other major developed countries' economies. With inflation negligible and unemployment down to 5.5%, the rising number of people in employment now have a higher level of real disposable income and consumer spending has been strong. Less positively, the manufacturing side of the economy came under pressure during the period as sterling's strength versus the euro hit exports to the Continent.

### Portfolio performance

We look at the performance of the fund across five sub-portfolios. In four of the five; the US, UK, Europe and Rest of World, we did better than the local small cap indices as shown in the following table.



The best performance came from the UK portfolio. Helped by the general economic environment, a number of our consumer based stocks led the way. **JD Sports Fashion's** core sports business is still taking market share in the UK, and the company is now moving to open stores in Continental Europe. **Vertu Motors** once again benefited from the strong UK car market and the management team's skill in enhancing returns from acquired dealerships. **Topps Tiles** shares rose as sales benefited from more spending on home improvements.

After more than doubling in the second half of the previous financial year, the

share price of tonics and mixers supplier **Fevertree Drinks** surged again. The company upgraded profits guidance with first half sales up by 62%. Shares in **Rank**, rose by almost 50%. A new management team has moved to augment the online side of the bingo and casino business, taking advantage of the company's strong cash-flow characteristics. Elsewhere, online logistics services company **Clipper Logistics** was in favour, as it won a number of new contracts, most notably to serve John Lewis's "Click and Collect" service.

The other positive feature of the period for our UK portfolio was a high level of takeover activity following on from a busy period in the previous year. **Anite**, **Innovation Group** and **Phoenix IT** in the software and services sector, together with business process outsourcer **Xchanging**, media services company **Chime Communications** and electronics company **HellermannTyton**, all fell prey to bids.

Of the weaker performers in the UK, companies exposed to the oil price again stood out, with **Hunting**, **James Fisher** and **Pressure Technologies** all forced to downgrade guidance. **Faroe Petroleum** dropped after announcing disappointing exploration results in the North Sea. Other companies to flag poor results included collectables business **Stanley Gibbons**, equipment supplier **Speedy Hire** and specialist care business **Cambian**.

The US portfolio performed well relative to the local market. The global insurance sector has seen a bout of consolidation in response to weaker insurance rates, and one of our largest holdings **HCC Insurance** received an attractive offer from a larger Japanese based peer. Our other sector holdings, notably **ProAssurance**, also posted strong share price performance. In addition within financials, bank shares performed well as the market looked ahead to the potential for rising interest rates to lift margins. We increased our weighting to regional banks by buying two new holdings, and **Sterling Bancorp** performed particularly well as its earnings benefited from a combination of solid loan growth and cost-cutting.

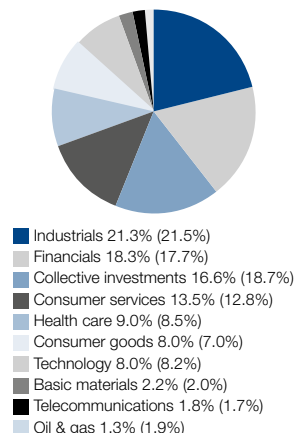
A number of services businesses did well over the period, processing servicing business **Total System Services** was a positive contributor as it added Bank of America as a new customer, while a new holding in **CDW Corp** paid off as the company's IT distribution business serving the US mid-market performed better than expected.

Long standing holding **Atlantic TeleNetwork** rose as the market applauded good progress made by the company in deploying surplus capital. We decided to sell the holding in retailer **Conn's** after a run-up in the company's shares with results showing signs of improvement, a decision subsequently vindicated by weaker trading news later in the period.

## Manager's Review (continued)

### Industrial classification of the investment portfolio

at 31 October 2015



Source: F&C Investment Business Limited  
The percentages in brackets are as at 30 April 2015

Relative performance in the US was also helped by an underweight stance towards energy stocks, with only one oil producer **Carrizo Oil and Gas**, being held in the period. **Genesee & Wyoming** the railroad operator did however, suffer from lower oil sector related activity, while **Summit Materials** shares fell on concern about the oil-dependent Texas economy. Payment processor **WEX** directly exposed to fuel prices was also hit, serving to illustrate how the impact of the collapse in oil prices resonates across more than just the oil producers or service stocks. Other stocks which performed poorly in the US were **HMS Holdings**, which lost a contract in New Jersey, **Pernix**

**Therapeutics**, where a product launch was delayed, and **America's Car-Mart**, where credit performance deteriorated.

We were ahead of the small cap benchmark in Europe, with the largest positive contribution coming from **Gerresheimer**. This company sold a capital intensive glass tube manufacturing business and reinvested in a high quality US packaging business, moves which were well received by the market. Economic recovery in Ireland lifted the results of ferry operator **Irish Continental Group**, and the company acquired some container vessels at an attractive price.

**Christian Hansen**, the ingredients business, which we have held for a number of years, again delivered good results with margins better than expected. Structured financial products company **Leonteq** announced new partnerships which should deliver further good growth in the future, and the company is now looking to exploit its technological lead by way of licensing deals. Online betting company **Betsson** is operating in a consolidating market-place, and the company completed a well-received deal of its own in the period in Georgia. Other companies to produce pleasing results included sports equipment and clothing company **Amer Sports** and recycling/sorting machine supplier **Tomra**.

A number of the weaker European performers were found in the financial

sectors. **EFG International** in private banking, disappointed with its cost/income ratio and weak new business figures in its first half. Shares in **Sparebank** were hit by rising loss provisioning as the oil price started to impact across the Norwegian economy, while in asset management Italian based company **Azimut** suffered as the country's regulators moved to investigate performance fee structures across the industry. Shares in **Bolsas Y Mercados**, the Spanish stock market operator, pulled back as volumes fell at a time of regulatory change.

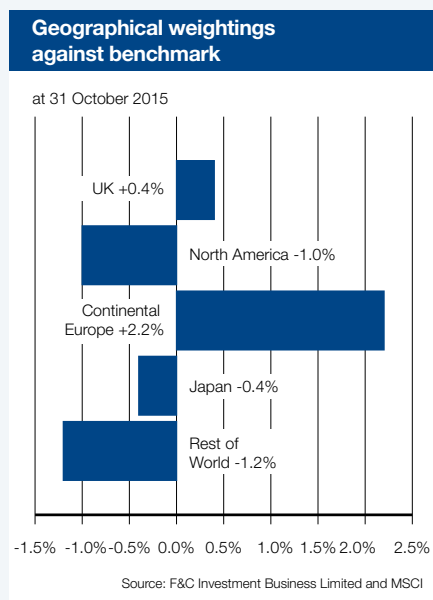
Some of the more cyclical industrial stocks held on the portfolio, such as semi-conductor equipment supplier **ASM International**, underperformed as peers signalled a slowdown. Automotive component suppliers **SHW** and **Elringklinger** were hit in the main by stock specific issues and we sold the holdings. **Origin Enterprises**, the agronomy and agricultural supplies business flagged a squeeze on its profits as a result of seasonal issues and pressure on farm incomes. We added to our holding as we feel positive in relation to the potential further geographic expansion opportunity for the company, notwithstanding the near term challenge to earnings.

We obtain exposure to Japanese and Rest of World small caps by holding a limited number of specialist small cap orientated funds. After an excellent

performance in the previous year, our Japanese performance was worse than the MSCI Japan Small Cap Index. Aberdeen's Japanese small cap fund was a weak performer in the six months, with some of the fund's holdings suffering from their exposure to emerging markets, and weak stock selection in consumer sectors. We switched our holding in M&G's Japanese smaller companies fund for a position in the Eastspring Japanese smaller companies fund. Eastspring's fund managers had been managing M&G's fund but this arrangement ceased during the period, and we wished to retain exposure to the same core team who have done well in recent years.

On the Rest of World side, we are investing in funds that invest in smaller company stocks in Asian, Latin American, Middle Eastern and African markets. Over this period, these markets were generally on the back-foot. The Chinese stock market set the tone for wider Asia, with a collapse in early summer prompting some naive policy moves from the authorities. A large proportion of Chinese small cap shares were suspended for a number of days during the worst of the turmoil. While our underlying fund holdings collectively have an underweight exposure to China, other local markets were not immune, and with regional currencies falling versus sterling, the overall return was worse than in all other parts of the fund. Having

## Manager's Review (continued)



said this, we benefited from discount narrowing on our holdings in the **Scottish Oriental Smaller Companies** and **Utilico Emerging Markets** trusts, and so in overall terms our Rest of World portfolio held up better than both the Asian and Latin American small cap indices.

### Asset allocation and gearing

The pie chart on page 3 shows the weighting of the portfolio by region and the table above highlights the positioning versus the overall Benchmark. We aim to adjust geographic weightings at the right time to benefit overall performance and over the first half of this year,

asset allocation made a small positive contribution to relative performance.

As a consequence of the better performance of the UK portfolio and the acquisition of some new holdings, our domestic weighting rose to over 30% during the first half of the year. We are still finding some interesting companies to invest in on the UK market and participated in a number of IPOs in the period. We also added to the US weighting later in the period after identifying a number of new opportunities in this market. We retained an overweight position in Europe but new ideas were harder to find on the continent.

After very strong performance in the Japanese small cap market in 2014/15, we moved to trim our exposure here. Japanese small caps no longer look compellingly cheap compared to those in other markets and the technical boost to the market from pension fund buying of equities may largely have played out. We remained underweight to the Rest of the World markets as we monitored developments in China and the other key emerging markets. Our overall impression is that margins are under pressure for a lot of Asian based businesses, and valuations for the better quality franchises look reasonably full in the region. Latin America as a whole is a loser from commodity price weakness and we are not looking to have significant exposure to this region in the near term.

We invested the in-coming monies from share issues broadly as they were received, and gearing therefore ended the period little

changed at 4.4% (4.8% at 30 April 2015). The Board's policy is to be geared at all times, barring extreme circumstances, to enhance shareholder returns over the long term.

### Outlook

The near term outlook for markets is uncertain given the potential headwind from higher US interest rates, and we are conscious of this in terms of our sector allocation strategy. There are signs that industrial production is slowing around the world, but consumer spending remains generally encouraging.

As ever, our focus is more on the individual stock level, and we still see good potential growth from the investment portfolio in the future.

Peter Ewins  
9 December 2015



## Thirty Largest Holdings at 31 October 2015

31 Oct 2015	30 Apr 2015			% of total investments	Value £'000s
1	-	<b>Eastspring Investments Japan Smaller Companies Fund</b>	<i>Japan</i>	3.8	20.5
		Fund providing exposure to Japanese smaller companies.			
2	1	<b>Aberdeen Global-Japanese Smaller Companies Fund</b>	<i>Japan</i>	3.6	19.7
		Fund providing exposure to Japanese smaller companies.			
3	3	<b>Scottish Oriental Smaller Companies Trust</b>	<i>Rest of World</i>	2.7	15.0
		Investment company providing exposure to Asian smaller companies.			
4	4	<b>Manulife Global Fund – Asian Smaller Cap Equity Fund</b>	<i>Rest of World</i>	2.3	12.6
		Fund providing exposure to Asian smaller companies.			
5	5	<b>Aberdeen Global-Asian Smaller Companies Fund</b>	<i>Rest of World</i>	1.8	9.9
		Fund providing exposure to Asian smaller companies.			
6	6	<b>Utilico Emerging Markets</b>	<i>Rest of World</i>	1.5	7.9
		Investment company focusing on utility and infrastructure companies in emerging markets.			
7	8	<b>CLS Holdings</b>	<i>United Kingdom</i>	1.1	6.2
		Property investment company mainly operating in the UK, France, Germany and Sweden.			
8	14	<b>Cardinal Financial</b>	<i>United States</i>	1.0	5.6
		Bank based in North Virginia that focuses on commercial lending.			
9	11	<b>Alleghany</b>	<i>United States</i>	1.0	5.6
		Specialist commercial insurer.			
10	18	<b>Roper Technologies</b>	<i>United States</i>	1.0	5.4
		An operator of niche industrial business.			
11	53	<b>Sterling Bancorp</b>	<i>United States</i>	1.0	5.4
		New York based commercial lender.			
12	24	<b>ProAssurance</b>	<i>United States</i>	1.0	5.3
		Insurer that specialises in medical professional liability insurance.			
13	19	<b>LKQ Corp</b>	<i>United States</i>	1.0	5.3
		A recycler and distributor of alternative car parts.			
14	22	<b>Vail Resorts</b>	<i>United States</i>	1.0	5.3
		Operator of luxury ski resorts in the US.			
15	-	<b>Sabre</b>	<i>United States</i>	0.9	5.1
		Travel network and technology company serving the airline and hospitality sectors.			

31 Oct 2015	30 Apr 2015			% of total investments	Value £'000s
16	48	<b>State Bank Financial</b>	<i>United States</i>	0.9	5.0
		Atlanta based bank.			
17	29	<b>Wellcare Health Plans</b>	<i>United States</i>	0.9	5.0
		Provides managed care health plans exclusively to government sponsored programs in the US.			
18	15	<b>Granite Construction</b>	<i>United States</i>	0.9	4.8
		Civil construction contractor.			
19	21	<b>Atlantic Tele-Network</b>	<i>United States</i>	0.9	4.7
		Telecommunications holding company.			
20	50	<b>WCI Communities</b>	<i>United States</i>	0.8	4.6
		Developer of housing communities in coastal Florida locations.			
21	-	<b>CDW</b>	<i>United States</i>	0.8	4.6
		Integrated IT services company serving SMEs in the US.			
22	36	<b>ClubCorp Holdings</b>	<i>United States</i>	0.8	4.5
		Owner and operator of golf and country clubs.			
23	37	<b>VWR</b>	<i>United States</i>	0.8	4.5
		Global distributor of laboratory products to pharmaceutical, industrial and academic markets.			
24	74	<b>JD Sports Fashion</b>	<i>United Kingdom</i>	0.8	4.3
		UK's leading sports fashion retailer, with an expanding continental European presence.			
25	10	<b>WEX</b>	<i>United States</i>	0.8	4.2
		An operator of a fuel card payment network.			
26	13	<b>PharMerica</b>	<i>United States</i>	0.8	4.2
		Provider of prescription drugs to the long term care sector.			
27	25	<b>Covanta Holding</b>	<i>United States</i>	0.8	4.2
		A waste energy company.			
28	41	<b>CommScope Holding</b>	<i>United States</i>	0.8	4.1
		Global provider of IT hardware for wireless connectivity and broadband infrastructure.			
29	47	<b>Catchmark Timber Trust</b>	<i>United States</i>	0.7	4.1
		REIT that owns timberlands in southern states in the US.			
30	-	<b>Summit Materials</b>	<i>United States</i>	0.7	4.0
		Producer of aggregates, cement and asphalt.			

The value of the thirty largest equity holdings represents 36.9% (30 April 2015: 38.5%) of the Company's total investments.

## Unaudited Condensed Income Statement

Notes	Half-year ended 31 October 2015			Half-year ended 31 October 2014			Year ended 30 April 2015		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	–	(9,666)	(9,666)	–	19,753	19,753	–	69,146	69,146
	5	59	64	(2)	273	271	8	483	491
2	3,876	–	3,876	3,503	–	3,503	7,786	–	7,786
3	(246)	(2,044)	(2,290)	(208)	(1,577)	(1,785)	(436)	(2,290)	(2,726)
	(362)	(9)	(371)	(362)	(14)	(376)	(777)	(24)	(801)
	<b>3,273</b>	<b>(11,660)</b>	<b>(8,387)</b>	<b>2,931</b>	<b>18,435</b>	<b>21,366</b>	<b>6,581</b>	<b>67,315</b>	<b>73,896</b>
	(214)	(642)	(856)	(255)	(765)	(1,020)	(533)	(1,598)	(2,131)
	<b>3,059</b>	<b>(12,302)</b>	<b>(9,243)</b>	<b>2,676</b>	<b>17,670</b>	<b>20,346</b>	<b>6,048</b>	<b>65,717</b>	<b>71,765</b>
	(241)	–	(241)	(157)	–	(157)	(389)	–	(389)
	<b>2,818</b>	<b>(12,302)</b>	<b>(9,484)</b>	<b>2,519</b>	<b>17,670</b>	<b>20,189</b>	<b>5,659</b>	<b>65,717</b>	<b>71,376</b>
4	<b>5.24</b>	<b>(22.88)</b>	<b>(17.64)</b>	<b>4.88</b>	<b>34.21</b>	<b>39.09</b>	<b>10.87</b>	<b>126.22</b>	<b>137.09</b>
4	<b>5.24</b>	<b>(22.88)</b>	<b>(17.64)</b>	<b>4.88</b>	<b>33.50</b>	<b>38.39</b>	<b>10.87</b>	<b>121.02</b>	<b>131.90</b>

The total column of this statement is the profit and loss account of the Company.

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



## Unaudited Condensed Statement of Changes in Equity

Notes	Half-year ended 31 October 2015		Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Called up share capital £'000s	Share premium account £'000s					
	13,281	119,394	16,158	1,312	355,285	11,533	516,963
	<b>Movements during the half-year ended 31 October 2015</b>						
5	–	–	–	–	–	(3,748)	(3,748)
8	332	12,637	–	(4)	–	–	12,965
	–	–	–	–	(12,302)	2,818	(9,484)
	<b>13,613</b>	<b>132,031</b>	<b>16,158</b>	<b>1,308</b>	<b>342,983</b>	<b>10,603</b>	<b>516,696</b>
	<b>Half-year ended 31 October 2014</b>		Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	12,803	102,460	16,158	–	289,568	10,097	431,086
	<b>Movements during the half-year ended 31 October 2014</b>						
5	–	–	–	–	–	(2,839)	(2,839)
	–	–	–	1,339	–	–	1,339
	–	–	–	(27)	–	–	(27)
	176	5,891	–	–	–	–	6,067
	–	–	–	–	17,670	2,519	20,189
	12,979	108,351	16,158	1,312	307,238	9,777	455,815
	<b>Year ended 30 April 2015</b>		Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	12,803	102,460	16,158	–	289,568	10,097	431,086
	<b>Movements during the year ended 30 April 2015</b>						
5	–	–	–	–	–	(4,223)	(4,223)
	–	–	–	1,339	–	–	1,339
	–	–	–	(27)	–	–	(27)
	478	16,934	–	–	–	–	17,412
	–	–	–	–	65,717	5,659	71,376
	13,281	119,394	16,158	1,312	355,285	11,533	516,963

## Unaudited Condensed Balance Sheet

Notes	<b>31 October</b> <b>2015</b> <b>£'000s</b>	31 October 2014 £'000s	30 April 2015 £'000s
<b>Fixed assets</b>			
Investments	<b>546,545</b>	496,343	548,639
<b>Current assets</b>			
Debtors	<b>1,645</b>	418	4,086
Cash at bank and short-term deposits	<b>15,368</b>	9,722	13,502
	<b>17,013</b>	10,140	17,588
<b>Creditors: amounts falling due within one year</b>			
Creditors	<b>(8,624)</b>	(2,679)	(11,135)
Debenture	<b>–</b>	(10,000)	–
	<b>(8,624)</b>	(12,679)	(11,135)
<b>Net current assets/(liabilities)</b>	<b>8,389</b>	(2,539)	6,453
<b>Total assets less current liabilities</b>	<b>554,934</b>	493,804	555,092
<b>Creditors: amounts falling due after more than one year</b>			
7 Convertible Unsecured Loan Stock ("CULS")	<b>(38,238)</b>	(37,989)	(38,129)
<b>Net assets</b>	<b>516,696</b>	455,815	516,963
<b>Capital and reserves</b>			
8 Called up share capital	<b>13,613</b>	12,979	13,281
Share premium account	<b>132,031</b>	108,351	119,394
Capital redemption reserve	<b>16,158</b>	16,158	16,158
Equity component of CULS	<b>1,308</b>	1,312	1,312
Capital reserves	<b>342,983</b>	307,238	355,285
Revenue reserve	<b>10,603</b>	9,777	11,533
9 <b>Total shareholders' funds</b>	<b>516,696</b>	455,815	516,963
9 <b>Net asset value per share (basic) – pence</b>	<b>948.89</b>	877.98	973.11
<b>Net asset value per share (diluted) – pence</b>	<b>948.11</b>	877.98	970.25

## Unaudited Condensed Statement of Cash Flows

Notes	<b>Half-year ended</b> <b>31 October</b> <b>2015</b> <b>£'000s</b>	Half-year ended 31 October 2014 (Restated*) £'000s	Year ended 30 April 2015 (Restated*) £'000s
10 Net cash flows from operating activities	<b>1,135</b>	1,916	2,609
<b>Investing activities</b>			
Purchases of investments	<b>(122,172)</b>	(118,091)	(223,013)
Sales of investments	<b>113,516</b>	65,660	173,737
Other capital charges	<b>(10)</b>	(18)	(25)
<b>Cash flows from investing activities</b>	<b>(8,666)</b>	(52,449)	(49,301)
<b>Cash flows before financing activities</b>	<b>(7,531)</b>	(50,533)	(46,692)
<b>Financing activities</b>			
Ordinary dividends paid	<b>(3,748)</b>	(2,839)	(4,223)
CULS issued	<b>–</b>	40,000	40,000
Issue costs of CULS	<b>–</b>	(795)	(795)
Debenture repaid	<b>–</b>	–	(10,000)
Proceeds from issue of shares	<b>13,081</b>	6,913	18,016
<b>Cash flows from financing activities</b>	<b>9,333</b>	43,279	42,998
Net movement in cash and cash equivalents	<b>1,802</b>	(7,254)	(3,694)
Cash and cash equivalents at the beginning of the period	<b>13,502</b>	16,705	16,705
Effect of movement in foreign exchange	<b>64</b>	271	491
<b>Cash and cash equivalents at the end of the period</b>	<b>15,368</b>	9,722	13,502
<b>Represented by:</b>			
Cash at bank and short-term deposits	<b>15,368</b>	9,722	13,502

\*Restated to comply with FRS 102 on Statements of Cash Flows (see note 1)

## Unaudited Notes on the Condensed Accounts

### 1. Significant accounting policies

For the period ended 31 October 2015 (and the year ending 30 April 2016), the Company is applying, for the first time, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, which forms part of the revised Generally Accepted Accounting Practice (New UK GAAP) issued by the Financial Reporting Council (FRC) in 2012 and 2013.

These condensed financial statements have been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, FRS 102, FRS 104 Interim Financial Reporting issued by the FRC in March 2015 and the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts"(SORP) issued by the AIC in November 2014.

As a result of the first time adoption of New UK GAAP and the revised SORP, comparative amounts and presentation formats have been amended where required. The net return attributable to ordinary shareholders and total shareholders' funds remain unchanged from under old UK GAAP basis, as reported in the preceding annual and interim reports. The Statement of Cash Flows has been restated to reflect presentational changes required under FRS 102 and does not include any other material changes.

The accounting policies applied for the condensed set of financial statements are set out in the Company's annual report for the year ended 30 April 2015. However, the references to prior individual FRSs should now be taken to reference FRS 102.

### 2. Income

	Half-year ended 31 October 2015 £'000s	Half-year ended 31 October 2014 £'000s	Year ended 30 April 2015 £'000s
<b>Income from investments</b>			
Dividends	3,814	3,448	7,591
Scrip dividends	50	44	169
	<b>3,864</b>	3,492	7,760
<b>Other income</b>			
Interest on cash and short-term deposits	12	11	21
Underwriting commission	–	–	5
<b>Total income</b>	<b>3,876</b>	3,503	7,786

### 3. Management and performance fees

There have been no changes to the terms of the management and performance fee agreements with F&C Investment Business Limited, which are set out in detail in the Report and Accounts to 30 April 2015. Management fees have been allocated 75% to capital reserves in accordance with accounting policies. A performance fee of £1,305,000, allocated 100% to capital reserves in accordance with accounting policies, has been accrued in the period to 31 October 2015 as the Company's net asset value per share outperformed the Benchmark in the period (half-year ended 31 October 2014: £952,000 and year ended 30 April 2015: £983,000).

### 4. Return per share

Earnings for the purpose of basic earnings per share is the profit for the year attributable to ordinary shareholders and based on the following data.

	Half-year ended 31 October 2015	Half-year ended 31 October 2014	Year ended 30 April 2015
Revenue return attributable to shareholders – £'000s	2,818	2,519	5,659
Capital return attributable to shareholders – £'000s	(12,302)	17,670	65,717
Total return attributable to shareholders – £'000s	(9,484)	20,189	71,376
Revenue return per share – pence	5.24	4.88	10.87
Capital return per share – pence	(22.88)	34.21	126.22
Total return per share – pence	(17.64)	39.09	137.09
Weighted average number of ordinary shares in issue during the period	53,757,547	51,654,331	52,066,072

## Unaudited Notes on the Condensed Accounts (continued)

### 4. Return per share (continued)

#### Diluted earnings per share

Earnings for the purpose of diluted earnings per share is the adjusted profit for the year attributable to ordinary shareholders and based on the following data.

	<b>Half-year ended 31 October 2015</b>	Half-year ended 31 October 2014	Year ended 30 April 2015
Revenue return attributable to shareholders – £'000s	<b>3,032</b>	2,630	6,000
Capital return attributable to shareholders – £'000s	<b>(11,660)</b>	18,004	66,739
Total return attributable to shareholders – £'000s	<b>(8,628)</b>	20,634	72,739
Revenue return per share – pence	<b>5.24</b>	4.88	10.87
Capital return per share – pence	<b>(22.88)</b>	33.50	121.02
Total return per share – pence	<b>(17.64)</b>	38.39	131.90
Weighted average number of ordinary shares in issue during the period	<b>55,147,522</b>	53,744,425	55,147,522

There is no dilution of returns in the period (31 October 2014 and 30 April 2015: no dilution of revenue returns).

For the purpose of calculating diluted total, revenue and capital returns per ordinary share, the number of ordinary shares used is the weighted average number used in the basic calculation plus the number of ordinary shares deemed to be issued for no consideration on exercise of all CULS. Total returns attributable to shareholders, adjusted for CULS finance costs accounted for in the period, are divided by the resulting weighted average shares in issue to arrive at diluted total returns per share. Once dilution has been determined, individual revenue and capital returns are calculated.

### 5. Dividends

	Register date	Payment date	<b>Half-year ended 31 October 2015 £'000s</b>	Half-year ended 31 October 2014 £'000s	Year ended 30 April 2015 £'000s
Dividends on ordinary shares					
Final for the year ended 30 April 2015 of 7.00p	17 Jul 2015	14 Aug 2015	<b>3,748</b>	–	–
Interim for the year ended 30 April 2015 of 2.65p	5 Jan 2015	30 Jan 2015	–	–	1,384
Final for the year ended 30 April 2014 of 5.50p	18 Jul 2014	15 Aug 2014	–	2,839	2,839
			<b>3,748</b>	2,839	4,223

The Directors have declared an interim dividend in respect of the year ending 30 April 2016 of 2.90p per share, payable on 29 January 2016 to all shareholders on the register at close of business on 8 January 2016. The amount of this dividend will be £1,587,000 based on 54,715,619 shares in issue at 7 December 2015. This amount has not been accrued in the results for the half-year ended 31 October 2015.

## Unaudited Notes on the Condensed Accounts (continued)

### 6. Investments

	Level A* £'000s	Level C(i)* £'000s	Total £'000s
Cost at 30 April 2015	412,061	1,570	413,631
Gains at 30 April 2015	133,648	1,360	135,008
Valuation at 30 April 2015	545,709	2,930	548,639
Movements in the period:			
Purchases at cost	119,439	–	119,439
Sales proceeds	(111,867)	–	(111,867)
Gains on investments sold in period	30,831	–	30,831
Losses on investments held at period end	(40,245)	(252)	(40,497)
<b>Valuation of investments held at 31 October 2015</b>	<b>543,867</b>	<b>2,678</b>	<b>546,545</b>

	Level A* £'000s	Level C(i)* £'000s	Total £'000s
Cost at 31 October 2015	450,464	1,570	452,034
Gains at 31 October 2015	93,403	1,108	94,511
<b>Valuation at 31 October 2015</b>	<b>543,867</b>	<b>2,678</b>	<b>546,545</b>

#### \*Fair value hierarchy

The Company's Investments as disclosed in the balance sheet are valued at fair value. The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (A) – Quoted prices for identical instruments in active markets

Level (B) – Prices of a recent transaction for identical instruments

Level (C) – Valuation techniques that use:

- (i) Observable market data; or
- (ii) Non-observable data.

### 7. Convertible Unsecured Loan Stock

	31 October 2015 £'000s	31 October 2014 £'000s	30 April 2015 £'000s
Balance brought forward	38,129	–	–
Issue of 3.5% CULS	–	40,000	40,000
Issue costs of CULS	–	(768)	(768)
Transfer to equity component of Convertible Unsecured Loan Stock	–	(1,339)	(1,339)
Transfer to share capital and share premium on conversion of CULS	(80)	–	(46)
Amortised costs	189	96	282
<b>Balance carried forward</b>	<b>38,238</b>	<b>37,989</b>	<b>38,129</b>

The interest rate on the CULS is fixed at 3.5 per cent. per annum, payable semi-annually on 31 January and 31 July each year until 31 July 2018. CULS holders will be able to convert their CULS into Ordinary Shares at no cost on 31 January and 31 July of each year throughout the life of the CULS. All outstanding CULS will be repayable at par on 31 July 2019 together with outstanding interest due. The rate of conversion of 977.6970 pence per £1 nominal of CULS for one Ordinary Share was set at a premium of 15% to the unaudited Net Asset Value per Ordinary Share at the time the CULS were issued.

At 30 April 2015, 39,951,303 units of CULS were in issue. On 31 July 2015, holders of 83,597 CULS converted their holdings into 8,542 ordinary shares. At 31 October 2015, 39,867,706 units of CULS were in issue.

The market price of the CULS at 31 October 2015 was 111.50p per 100p nominal. The CULS are unsecured and are subordinate to any creditors of the Company.

## Unaudited Notes on the Condensed Accounts (continued)

### 8. Called up share capital

Equity share capital	Issued and fully paid	
	Number	£'000s
Ordinary shares of 25p each		
Balance at 30 April 2015	53,125,077	13,281
Issue of new shares	1,327,542	332
<b>Balance at 31 October 2015</b>	<b>54,452,619</b>	<b>13,613</b>

During the half-year ended 31 October 2015 1,319,000 ordinary shares were issued for net proceeds of £12,892,000.

A further 8,542 ordinary shares were issued on 11 August 2015 at no cost, on conversion of 83,597 CULS.

Since the period end a further 263,000 ordinary shares have been issued, raising additional capital of £2,599,000.

### 9. Net asset value per ordinary share (basic and diluted)

	31 Oct 2015	31 Oct 2014	30 Apr 2015
Net assets attributable at the period end – £'000s	<b>516,696</b>	455,815	516,963
Number of ordinary shares in issue at the period end	<b>54,452,619</b>	51,916,102	53,125,077
Net asset value per share (31 October 2014: debenture at nominal value) – pence	<b>948.89</b>	877.98	973.11

Diluted net asset value per ordinary share is based on net assets at the end of the year assuming the conversion of 39,867,706 100p CULS in issue at the rate of 977.6970 pence per £1 nominal of CULS for one ordinary share.

	31 Oct 2015 £'000s	31 Oct 2014 £'000s	30 Apr 2015 £'000s
Net assets attributable at the period end	<b>516,696</b>	455,815	516,963
Amount attributable to ordinary shareholders on conversion of CULS	<b>38,238</b>	37,989	38,129
Attributable net assets assuming conversion	<b>554,934</b>	493,804	555,092
	<b>Number</b>	Number	Number
Ordinary shares in issue at the period end	<b>54,452,619</b>	51,916,102	53,125,077
Ordinary shares created on conversion of CULS	<b>4,077,716</b>	4,091,247	4,086,266
Number of ordinary shares for diluted calculation	<b>58,530,335</b>	56,007,349	57,211,343
Diluted net asset value per ordinary share – pence	<b>948.11</b>	877.98	970.25

There was no dilution of net asset value per ordinary share at 31 October 2014.

## Unaudited Notes on the Condensed Accounts (continued)

### 10. Reconciliation of net return before finance costs and taxation to net cash flows from operating activities

	<b>Half-year ended 31 Oct 2015 £'000s</b>	Half-year ended 31 Oct 2014 £'000s	Year ended 30 Apr 2015 £'000s
(Loss)/ profit before taxation	<b>(9,243)</b>	20,346	71,765
Adjust for returns from non-operating activities			
Losses/(gains) on investments	<b>9,666</b>	(19,753)	(69,146)
Foreign exchange gains	<b>(64)</b>	(271)	(491)
Non-operating expenses of a capital nature	<b>9</b>	14	24
<b>Return from operating activities</b>	<b>368</b>	336	2,152
Adjust for non-cash flow items			
Decrease/(increase) in prepayments and accrued income	<b>703</b>	474	(260)
Increase in creditors	<b>222</b>	1,255	1,020
Scrip dividends	<b>(50)</b>	(44)	(169)
Amortised costs	<b>189</b>	96	282
Overseas taxation	<b>(297)</b>	(201)	(416)
<b>Net cash inflows from operating activities</b>	<b>1,135</b>	1,916	2,609

### 11. Results

The results for the half-year ended 31 October 2015 and 31 October 2014, which are unaudited and which have not been reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information", constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 April 2015; the report of the auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 30 April 2015 are an extract from those accounts.

### 12. Going concern

The Company's investment objective, strategy and policy are subject to a process of regular Board monitoring and are designed to ensure that the Company is invested mainly in readily realisable, listed securities and that the level of borrowings is restricted. The Company retains title to all assets held by the Custodian and agreements cover its borrowing facilities. Cash is held with banks approved and regularly reviewed by the Manager and the Board.

The Directors believe that: the Company's objective and policy continue to be relevant to investors; the Company operates within a robust regulatory environment; and the Company has sufficient resources and arrangements to continue operating within its stated policy for the 12 month period commencing from the date of this report. Accordingly, the financial statements have been drawn up on the basis that the Company is a going concern.

By order of the Board  
F&C Investment Business Limited, Secretary  
Exchange House  
Primrose Street  
London EC2A 2NY  
9 December 2015



## Directors' Statement of Principal Risks and Uncertainties

Most of the Company's principal risks and uncertainties are market related and no different from those of other investment trusts investing primarily in listed equities. The Board analyses these under three main categories: the security of assets; investment performance; and the deviation of the share price from the underlying net asset value per share. These risks are described in more

detail under the heading "Principal risks and changes in the year" within the strategic report in the Company's annual report for the year ended 30 April 2015. They have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

## Statement of Directors' Responsibilities in Respect of the Half-Yearly Financial Report

In accordance with Chapter 4 of the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
  - the half-yearly report includes a fair review of the development and performance of the Company and important events that have occurred during the first six months of the financial year and their impact on the financial statements;
  - the Directors' Statement of Principal Risks and Uncertainties shown above
- is a fair review of the principal risks and uncertainties for the remainder of the financial year;
- the half-yearly report includes details on related party transactions that have taken place in the first six months of the financial year;

On behalf of the Board  
Anthony Townsend  
Chairman  
9 December 2015

## How to Invest

One of the most convenient ways to invest in F&C Global Smaller Companies PLC is through one of the savings plans run by F&C Investments.

### F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for 2015/16 tax year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

### Junior ISA ("JISA")

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £4,080 for 2015/16 tax year with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both. Since 6 April 2015, CTF holders can choose to transfer an existing CTF to a Junior ISA.

### F&C Child Trust Fund ("CTF")

CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. Since 6 April 2015, the Registered Contact on a CTF can choose to transfer an existing CTF to a Junior ISA. Additional contributions can be made to the shares account version of the CTF from as little as £25 per month or £100 lump sum – up to a maximum of £4,080 for 2015/16 tax year.

### F&C Private Investor Plan

A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

### F&C Children's Investment Plan ("CIP")

A flexible way to save for a child. With no maximum contributions, the plan can easily be set-up under bare trust (where the child is noted as the beneficial owner) to help reduce inheritance tax liability or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual. The CTF and JISA accounts are opened in the child's name. Money cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

### Annual account charge

ISA: £60+VAT

PIP: £40+VAT

JISA/CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

### Dealing charge per holding

ISA: 0.2%

PIP/CIP/JISA: postal instructions £12, online instruction £8.

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends for the PIP/CIP/JISA or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

### How to Invest

You can invest in all our savings plans online.

### New Customers:

Contact our Investor Services Team  
Call: **0800 136 420\***  
Email: **info@fandc.com**  
Investing online: **www.fandc.com/apply**

\*8:30 am – 5:30 pm, weekdays

Calls may be recorded for training and quality purposes

### Existing Plan Holders:

Contact our Investor Services Team  
Call: **0345 600 3030\*\***  
Email: **investor.enquiries@fandc.com**  
By post: **F&C Plan Administration Centre  
PO Box 11114  
Chelmsford  
CM99 2DG**

\*\*9:00 am – 5:30 pm, weekdays.

Calls may be recorded for training and quality purposes

### Availability of report and accounts

The Company's report and accounts are available on the internet at [www.fandcglobalssmallers.com](http://www.fandcglobalssmallers.com). Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape.

Please call 0345 600 3030.\*\*



**BMO**  A part of BMO Financial Group

F&C Management Limited is authorised and regulated by the Financial Conduct Authority FRN: 119230 and is a member of the F&C Group. The ultimate parent company of the F&C Group is the Bank of Montreal.

### The management company

The Company is managed by F&C Investment Business Limited (“**F&C**” or the “**Manager**”), a wholly-owned subsidiary of the Bank of Montreal. The Manager is authorised and regulated in the UK by the Financial Conduct Authority. F&C is appointed under a management agreement with the Company setting out its responsibilities for investment management, administration and marketing.

### Alternative Investment Fund

The Company is an Alternative Investment Fund (“AIF”) under the European Union's Alternative Investment Fund Managers' Directive (“AIFMD”). Its Alternative Investment Fund Manager (“AIFM”) is F&C Investment Business Limited. Further disclosures required under the AIFMD can be found on the Company's website [www.fandcglobalssmallers.com](http://www.fandcglobalssmallers.com)

**Peter Ewins Lead Manager:** Responsible for the UK equity portfolio, selection of collective funds for Japan, Asia and Emerging Markets and overall asset allocation. He joined F&C in 1996.

**Nish Patel:** Responsible for the US portfolio. He joined F&C in 2007.

**Sam Cosh:** Responsible for the Continental European portfolio. He joined F&C in 2010.

**Jan Baker:** Represents the Manager as Company Secretary and is responsible for the Company's statutory compliance. She joined F&C in 2005.

**Marrack Tonkin:** Head of Investment Trusts of F&C. He has responsibility for F&C's relationship with the Company. He joined F&C in 1989.

### Secretary and registered office

F&C Investment Business Limited, 80 George Street, Edinburgh EH2 3BU  
Telephone: 020 7628 8000  
Facsimile: 020 7628 8188  
Website: [www.fandcglobalssmallers.com](http://www.fandcglobalssmallers.com)  
Email: [info@fandc.com](mailto:info@fandc.com)  
Registered in England and Wales

### Solicitors

Dickson Minto WS, Broadgate Tower, 20 Primrose Street, London EC2A 2EW

### Independent auditors

PricewaterhouseCoopers LLP (“**PwC**” or the “**auditors**”), 7 More London Riverside London SE1 2RT

### Bankers

JPMorgan Chase Bank, 25 Bank Street, Canary Wharf, London E14 5JP

### Custodian

JPMorgan Chase Bank (the “**Custodian**”), 25 Bank Street, Canary Wharf, London E14 5JP

### Depository

JPMorgan Europe Limited (the “**Depository**”), 25 Bank Street, Canary Wharf, London E14 5JP

### Registrars

Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ  
Telephone: 0370 889 4088

Authorised and regulated in the UK by the Financial Conduct Authority.

### Stockbrokers

Stifel Nicolaus Europe Limited, 150 Cheapside, London EC2V 6ET

### Trustee for CULS holders

The Law Debenture Trust Corporation plc  
Fifth Floor, 100 Wood Street, London EC2V 7EX

### Warning to shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from [www.fca.org.uk](http://www.fca.org.uk) to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ('FCA') on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at [www.fca.org.uk/scams](http://www.fca.org.uk/scams)
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams) where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.