F&C Global Smaller Companies PLC

Report and Accounts for the half-year ended 31 October 2016

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F&C Global Smaller Companies PLC

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Introducing F&C Global Smaller Companies PLC

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

We ignore the largest listed companies, focusing instead on smaller quoted stocks which display the potential for superior growth. Many smaller companies are often overlooked by brokers and other investors, providing us the opportunity to identify undervalued opportunities within a wide investment universe.

We recognise the particular risks inherent in smaller company investing. Our portfolio is invested across many individual companies and funds, providing a global exposure to stock markets and sectors reducing the risk of over-exposure to any one company, market, currency or industry.

Our record of increasing the dividend for 46 years in a row is one that we are proud of. By focusing on companies that have the potential to deliver future growth, we hope to receive an increasing stream of investment income in the years ahead.

F&C Global Smaller Companies is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth over the long term, and who understand and are willing to accept the risks, as well as the rewards, of exposure to smaller companies.

Visit our website at www.fandcglobalsmallers.com

Forward-looking statements

This interim 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.

Registered in England and Wales, company registration number 28264

Summary of Unaudited Results for the half-year ended 31 October 2016

18.0%

Diluted Net Asset Value ("NAV") total return up 18.0%

17.4%

Share price total return of 17.4% with share price up to 1,167p

4.0p

Interim dividend up by 37.9% to 4.0p 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

Peter Ewins. Lead Manager

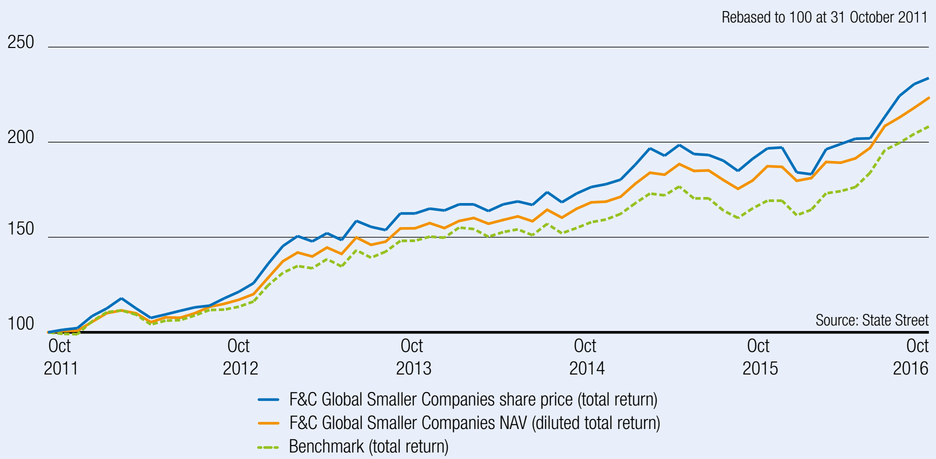
Although your Company is a global investment trust, in the period under review it was events closer to home that probably had the most significance in driving the overall investment out-turn. The UK public's June decision to vote to leave the European Union led to an initial slump in global equities and a more protracted reverse for the value of sterling in the foreign exchange markets. With equity markets rebounding as investors reassessed the global impact of Brexit, the correction in sterling translated into an increase in the value of our overseas investment holdings. As a result, the Company's Net Asset Value ("NAV") and share price ended the period significantly higher.

Performance

Taking the dilution from the Convertible Unsecured Loan Stock into account, the NAV total return over the six months was 18.0%, while on an undiluted basis the NAV was up by 19.2%. The share price rose by 17.4% incorporating the final dividend from 2015/16, paid in August. The Company's Benchmark is calculated from the returns of the MSCI World ex UK Small Cap Index and the Numis UK Smaller Companies (excluding investment companies) Index in a 70%/30% proportion. This was up by 18.8% on a total return basis, close to the NAV and share price moves.

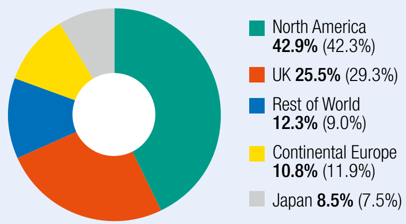
The Trust's share price moved between a modest premium and discount to the NAV over the six months. With lower demand for equity products from UK retail investors, the pace of share issuance slowed, but 472,819 new shares (0.9% of the initial share capital) were issued at times when the share price was at a premium to the prevailing NAV per share. The shares ended the period at a 0.2% premium to the diluted NAV (0.7% at the end of April 2016).

Share price and NAV per share performance vs benchmark over five years



Geographical distribution of the investment portfolio

at 31 October 2016



Source: F&C
The percentages in brackets are as at 30 April 2016

Dividends

For a number of years, we have seen a steady increase in the income received from the investment portfolio. The fall in sterling also has the effect of lifting the value of our foreign currency denominated dividends when translated into pounds, and revenue returns per share were up by 33.0%. Although currency markets remain somewhat choppy and it is always possible that the trend could reverse, it seems likely that the Company will again have a strong year on the income side. Therefore the Board has decided to pay an interim dividend of 4.0p compared to 2.9p last year, partially reducing the disparity between the interim and final dividends. This will be paid to shareholders on 31 January 2017.

Economic and market background

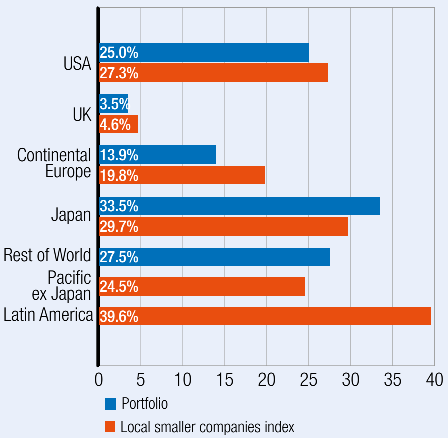
The underlying economic background continued to be one of steady, if relatively unexciting growth in most parts of the world. The US economy continued to add jobs at an encouraging rate and consumer spending rose, but the strength of the dollar served to hamper parts of the manufacturing sector. An absence of meaningful inflationary pressures led the Federal Reserve Bank under Janet Yellen to conclude that no interest rate rise was necessary.

European economies in the main continued on a similar trajectory to the previous year, with Spain recovering strongly despite political uncertainties in the country. France and Italy on the other hand saw sluggish growth in the period, with limited improvement evident on the jobs front and fears surrounding the solvency of some of the Italian banks. In Germany unemployment dropped to a historically low level as export trade continued to be helped by the general weakness of the euro.

The UK economy grew at a steady rate during the six months, confounding fears that a vote to leave the European Union would lead to an immediate move into recession. With the Bank of England cutting its base rate to just 0.25% in August, retail sales growth accelerated and this plus a lift to export sentiment from the fall in sterling helped to support growth in the short term. Uncertainty around the eventual impact of the Brexit vote however, has created difficulties for companies assessing investment plans for the future, while the early signs of rising consumer prices as a result of the fall in the pound are becoming more evident. In the UK equity market, investors sought out companies with overseas earnings, which at least initially tended to favour the larger cap part of the market at the expense of more domestically focused smaller companies.

Geographical performance (total return Sterling adjusted)

for the half-year ended 31 October 2016



Source: F&C

Japan was almost a mirror image of the UK, with a strong currency and persistent consumer price weakness confounding the attempts of the government and Bank of Japan to drive deflation out of the system. The Bank is now effectively buying the equity market through its purchases of equity linked Exchange Traded Funds, alongside a longer term bond buying programme. The equity market has been held back by downgrades to corporate earnings, chiefly as a result of the rise in the yen.

While China continues to become steadily more important as an economic force, this was a relatively quieter period in terms of news-flow from the country. Economic data here is never entirely consistent with the evidence on the ground, but it does appear that the authorities have largely been successful in keeping growth going at a relatively stable pace. However, the overall level of debt in the country remains a concern. Elsewhere in Asia, the news has been a little more encouraging and emerging markets as a whole generated greater interest from investors. Latin American equity markets were strong ahead of, and post, the impeachment of the former Brazilian President Rousseff, but it is early days to see whether the change in administration will lead to a meaningful improvement in terms of governance and overall economic performance.

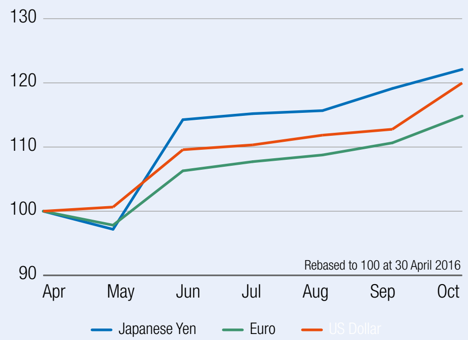
Portfolio performance

With the Brexit news causing volatility, uncertainty around the outlook for oil prices as OPEC attempted to rein in production and mixed signals from different members of the US Federal Reserve's Open Market Committee on the outlook for interest rates, this was a tricky period to manage any investment portfolio. The chart on the left shows that our UK, US and European portfolios all ended up behind the local small cap indices. In all places we were comfortably in positive territory, albeit the bulk of the four overseas portfolio rises were as a consequence of the fall in sterling. The best returns came from our Japanese portfolio which beat the MSCI Japan Small Cap Index, while our Asian centric Rest of World portfolio produced a return that surpassed the MSCI Asia ex Japan Small Cap Index, even if it did lag the returns from Latin American small caps.

Returns, while strong in the US, could have been better here if we had had a higher allocation to technology stocks, which were in favour. Stock selection within both

Currency Movements relative to Sterling

for the half-year ended 31 October 2016



Source: F&C

technology and financials also undermined our relative performance. In the former area **Safeguard Scientific's** shares were weak as the company's portfolio of healthcare and technology investments failed to progress as fast as expected, while travel software business **Sabre Corp** reported disappointing results. In the financials, **Hallmark Financial Services** lagged the market as insurance stocks fell out of favour. In the Real Estate sector, we were hit by a sudden slump in the shares of prison operator **Geo Group** when the Department of Justice announced that it was to gradually phase out the use of private prisons.

Foodservices company **Chefs' Warehouse** was weak as the company delivered poor results following a mis-handled acquisition. Golf and country club operator **Clubcorp** also fell, in part due to a move away from more highly leveraged stocks, a trend that we saw in other markets in the period.

There were a number of good US performers to report on however. Two stocks were taken over by larger peers. These were bank **Cardinal Financial** and luxury home builder **WCI Communities**. There was also interest shown in two of our other holdings, **The Andersons** and **Microsemi**, and both shares performed well. In the consumer sphere America's **Car-mart** rose 53.7% as competition in the market appears to be easing. **Vail Resorts** continued to perform well, helped by the positively received acquisition of **Whistler** in Canada.

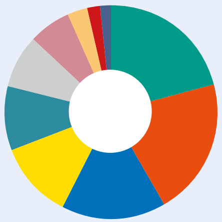
Other winners were from a range of areas. Payments processor **Total System Services** did well as the outlook for North American organic growth brightened, while data protection and information management software company **Commvault Systems** rose as its turnaround gained traction. Advisory and services company **ICF International** benefited from better execution in its commercial business segment. Shares in managed care company **Wellcare** rose as forecasts moved higher on the back of better margins, while communications services business **Zayo** was up as new installations rose.

The UK small cap market initially fell heavily post Brexit, but there was a quick recovery as overseas earners profit expectations were upgraded. From a sector perspective our relative performance was held back by being underweight in mining stocks. We did add to our exposure here during the period, but not before commodity price rises and weak sterling had driven the sector sharply higher.

There were several individual stocks which struggled, most notably **Laird**. This electronics

Industrial classification of the investment portfolio

at 31 October 2016



Source: F&C
The percentages in brackets are as at 30 April 2016

components company reported disappointing sales and margins, as business with its largest customer failed to meet projected levels, a situation compounded by management change and higher than ideal financial leverage. The Brexit news led to weakness in retail shares, with **Topps Tiles** among the largest fallers. **Vertu Motors** also dropped as signs emerged that new car sales were plateauing. Real estate stocks were mainly lower, particularly in the case with companies exposed to London given uncertainty about the outlook for tenant demand in the office market and fears that residential property prices would fall. Our holdings in development companies **U&I Group** and **St Modwen Properties** both fell back but we added on the weakness. Separately, sports agency business **TLA Worldwide** dropped 31.5% after a takeover approach was not consummated.

We did well in the healthcare sector, where several animal related businesses including **Dechra Pharmaceuticals**, **Genus** and **Eco Animal Health** produced encouraging results. Speciality pharmaceuticals and clinical services business **Clinigen**, was another positive contributor in the sector. The outstanding performance of premium tonics supplier **Fevertree Drinks** continued, with the shares up by 57.8%. The company announced a further upgrade to sales and profit expectations and its UK sales now look set to approximately double in 2016 on the back of enhanced distribution. We participated in several new IPOs in the period, with chocolate retailer **Hotel Chocolat** and media business **Ascential**, the pick of these in terms of their early performance.

Elsewhere on the UK portfolio our holding in **John Laing Group**, which originates, invests in and manages infrastructure projects around the world, was another good performer. The company confirmed progress on its new project pipeline and on disposals of completed project investments. The largest overall positive contributor in the period in the UK was **Craneware**. Scottish based, this company serves the US hospitals market-place, supplying software which saves customers money and enables compliance with an ever-stricter cost reimbursement regime. The shares rose by 55% as profits beat expectations, and visibility is good, stemming from a high level of recurring revenues.

We had a tough half year in Europe. One of the main reasons for this was our exposure to a number of Irish listed stocks, which suffered in the aftermath of Brexit given the strong trading links between the two countries. Agronomy services company **Origin Enterprises**, was particularly weak as poor weather conditions in the Spring placed pressure on its key selling season for crop protection advice and products. Performance nutrition and specialist dairy ingredients supplier **Glanbia** was also down although the company produced solid results and held guidance for its full year.

Elsewhere in Spain two of our more cyclical holdings **Mediaset** and **Atresmedia** fell out of favour as advertising growth slowed. We were pleased however that these companies' management teams proactively managed their cost bases to protect profitability. Another Spanish based company **Viscofan**, fell back as sales of its sausage skins stalled, while Italian fund management business **Azimut** was weak as the market fretted about signs of increased pressure on fee structures.

Although **Azimut** was an exception, a number of our better European performers were found in the financial sectors. Shares in Norwegian based life insurance and pensions business **Storebrand** rose 24.7%, as solvency metrics improved, helped by an upturn in bond yields, and dividend payments are to be resumed. In the same country, **Sparebank** jumped as fears over bad loans diminished on the back of the uptick in the oil price. **Aareal Bank** was another strong performer as results impressed the market. While it was generally a tougher time for industrials, truck equipment supplier **Interpump** announced good results with the company's diversification moves paying off. Flooring business **Forbo**, also produced solid figures. Business equipment supplier **Takkt** was another winner, helped by additional interest from brokers as results continued to be good.

The Japanese small cap market performed well as sentiment towards Asian markets as a whole improved and the yen surged. Our holding in the **Eastspring Investments Japan Smaller Companies Fund** handsomely beat the local market. The fund uses a value based approach and during the period benefited from a turn in sentiment away from some of the more highly rated defensive sectors. Some of the fund's holdings also benefited from the indirect buying of the equity market by the Bank of Japan mentioned above.

The Rest of the World fund holdings were all up by more than 20% in sterling terms during the six months. **The Scottish Oriental Smaller Companies Trust** was the best performer, helped by a moderation in its discount. The **Australian New Horizons Fund** also did well as several of its technology and healthcare stock holdings progressed, and the Australian dollar was helpfully strong as commodity prices bounced. During the period we introduced a new holding in the **Pinebridge Asia ex Japan Small Cap Fund**. This is run by an experienced small cap manager backed by a good team of sector analysts and performed well immediately post the purchase of our holding.

Asset allocation and gearing

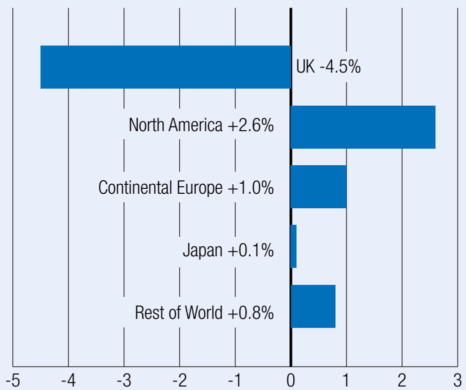
We entered the current year underweight compared to the Benchmark in terms of sterling exposure and this proved to be a positive for relative performance in the period. Over the course of the six months however, we decided to put some more cash into the UK market following its relative underperformance. Given the amount by which the UK lagged the other parts of the world, this is not evident in the period end weighting shown in the pie chart on page 3.

The other main decision we made was to look to add to our Asian exposure after a long period of time when we had been underweight. A number of Asian countries have made progress on the fiscal side, and in some places such as India there has been scope for interest rate reductions. Monetary policy in the US however, is of key importance in driving capital flows in and out of the emerging markets, and a "lower for longer" view in relation to US rates was positive for both Asian and Latin American equities in the period.

In overall terms asset allocation made a small positive contribution in the period, and being geared was also helpful as the markets rose. The Board's policy is to maintain leverage on a strategic basis, and the Company ended the six months with effective gearing of 4.4% (4.7% at the end of April 2016).

Geographical weightings against benchmark

at 31 October 2016



Source: F&C and MSCI

Outlook

Rarely can political developments have been so important for markets, Since the end of the period, we have had the result from the US election, which like the Brexit vote confounded the predictions of most observers. It is too early to tell what eventual impact the new President and administration will have on the markets, not least because definitive policy debate was not the main focus of the election campaign. However, the initial view in the markets has been that a more fiscally aggressive approach through increased infrastructure investment by Mr Trump could lead to faster economic growth in the near term and an earlier and more significant move-up in US rates than might otherwise have been the case. As regards Brexit, it will be some time (even years) before the terms of the UK's exit from the EU are concluded and political developments elsewhere in Europe will need to be monitored.

Changed perceptions around the outlook for growth and interest rates have already led to some sharp swings in sentiment towards individual stock market sectors, with areas like real estate, perceived bond-like areas such as consumer staple or utility companies, and technology shares falling out of favour. Areas of the market that may benefit from rising government spending, such as resources plus selected industrials and construction companies have been more in vogue. Emerging markets dependent on selling into the US have lagged in the aftermath of the election mainly on the premise that the new administration is likely to be protectionist.

We will continue to monitor global economic and political developments however, it is important in small cap investing to remain focused on the micro-level individual company fundamentals. We also intend to retain a broadly spread investment portfolio that can hopefully deliver a solid return to investors in the coming period.

Thirty Largest Holdings

31 Oct 2016	*30 Apr 2016*		% of total investments	Value £m
1	*1*	**Eastspring Investments Japan Smaller Companies Fund** *Japan* Fund providing exposure to Japanese smaller companies.	4.4	30.1
2	*2*	**Aberdeen Global-Japanese Smaller Companies Fund** *Japan* Fund providing exposure to Japanese smaller companies.	4.1	28.3
3	*3*	**Scottish Oriental Smaller Companies Trust** *Rest of World* Investment company providing exposure to Asian smaller companies.	3.2	22.0
4	*4*	**Manulife Global – Asian Smaller Cap Equity Fund** *Rest of World* Fund providing exposure to Asian smaller companies.	2.3	16.2
5	*–*	**Pinebridge Asia ex Japan Small Cap Fund** *Rest of World* Fund providing exposure to Asian smaller companies.	2.0	13.9
6	*5*	**Aberdeen Global-Asian Smaller Companies Fund** *Rest of World* Fund providing exposure to Asian smaller companies.	1.9	12.9
7	*6*	**Utilico Emerging Markets** *Rest of World* Investment company focusing on utility and infrastructure companies in emerging markets.	1.7	11.6
8	*11*	**Martin Marietta Materials** *United States* Aggregates and cement producer that served the construction industry.	1.2	8.3
9	*7*	**Alleghany** *United States* Specialist commercial insurer.	1.2	8.2
10	*8*	**LKQ Corp** *United States* A distributor of alternative car parts.	1.1	7.6
11	*13*	**State Bank Financial** *United States* Atlanta based bank.	1.1	7.3
12	*43*	**WCI Communities** *United States* Develop of housing communities in coastal Florida locations.	1.0	7.1
13	*18*	**Franklin Financial Network** *United States* Tennessee based bank that makes real estate based loans.	1.0	6.8
14	*23*	**Granite Construction** *United States* Civil construction contractor.	1.0	6.7
15	*27*	**ProAssurance** *United States* Insurer that specialises in medical professional liability insurance.	0.9	6.4

31 Oct 2016	*30 Apr 2016*		% of total investments	Value £m
16	*10*	**Cardinal Financial** *United States* Bank based in North Virginia that focuses on commercial lending.	0.9	6.4
17	*–*	**Waste Connections** *United States* North American provider of waste collection and disposal services.	0.9	6.2
18	*33*	**Commvault** *United States* Global provider of backup software solutions.	0.9	6.2
19	*9*	**Sterling Bancorp** *United States* New York based commercial lender.	0.9	6.1
20	*19*	**Atlantic Tele-Network** *United States* Telecommunications holding company.	0.9	5.9
21	*42*	**CDW** *United States* Integrated IT services company serving SME's in the US.	0.9	5.9
22	*15*	**Sabre** *United States* Travel network and technology company serving the airline and hospitality sectors.	0.9	5.9
23	*32*	**ICF International** *United States* Provider of consulting services to government and commercial customers.	0.9	5.9
24	*47*	**Vail Resorts** *United States* Operator of luxury ski resorts in the US and Australia.	0.8	5.8
25	*–*	**Total System Services** *United States* Global payment solutions provider.	0.8	5.8
26	*–*	**Amdocs** *United States* Outsourced IT services provider to telecommunications sector.	0.8	5.8
27	*36*	**Brown & Brown** *United States* Insurance broker to SMEs.	0.8	5.7
28	*17*	**Roper Technologies** *United States* An operator of niche industrial businesses.	0.8	5.6
29	*52*	**CSRA** *United States* IT services provider to US government agencies.	0.8	5.5
30	*31*	**Catchmark Timber Trust** *United States* REIT that owns timberlands in southern states in the US.	0.8	5.5

The value of the thirty largest equity holdings represents 40.9% (30 April 2016: 37.5%) of the Company's total investments.

Unaudited Condensed Income Statement

Notes		Half-year ended 31 October 2016			Half-year ended 31 October 2015			Year ended 30 April 2016		
		Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	Gains/(losses) on investments	–	102,523	102,523	–	(9,666)	(9,666)	–	16,820	16,820
	Foreign exchange gains	48	1,403	1,451	5	59	64	17	217	234
2	Income	5,133	–	5,133	3,876	–	3,876	8,486	–	8,486
3	Management and performance fees	(378)	(1,136)	(1,514)	(246)	(2,044)	(2,290)	(498)	(2,809)	(3,307)
	Other expenses	(372)	(11)	(383)	(362)	(9)	(371)	(618)	(22)	(640)
	Net return before finance costs and taxation	4,431	102,779	107,210	3,273	(11,660)	(8,387)	7,387	14,206	21,593
	Finance costs	(222)	(665)	(887)	(214)	(642)	(856)	(435)	(1,306)	(1,741)
	Net return on ordinary activities before taxation	4,209	102,114	106,323	3,059	(12,302)	(9,243)	6,952	12,900	19,852
	Taxation on ordinary activities	(329)	–	(329)	(241)	–	(241)	(500)	–	(500)
	Net return attributable to shareholders	3,880	102,114	105,994	2,818	(12,302)	(9,484)	6,452	12,900	19,352
4	**Return per share (basic) – pence**	6.97	183.42	190.39	5.24	(22.88)	(17.64)	11.86	23.72	35.58
4	**Return per share (diluted) – pence**	6.86	172.03	178.89	5.24	(22.88)	(17.64)	11.78	23.72	35.58

The total column 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 2016	Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2016	13,853	141,046	16,158	1,307	368,185	12,643	553,192
	Movements during the half-year ended 31 October 2016							
5	Dividends paid	–	–	–	–	–	(4,334)	(4,334)
7	Conversion of Convertible Unsecured Loan stock ("**CULS**")	1	47	–	(1)	–	–	47
8	Shares issued	117	4,955	–	–	–	–	5,072
	Net return attributable to equity shareholders	–	–	–	–	102,114	3,880	105,994
	Balance at 31 October 2016	13,971	146,048	16,158	1,306	470,299	12,189	659,971

Notes	Half-year ended 31 October 2015	Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2015	13,281	119,394	16,158	1,312	355,285	11,533	516,963
	Movements during the half-year ended 31 October 2015							
5	Dividends paid	–	–	–	–	–	(3,748)	(3,748)
7	Conversion of Convertible Unsecured Loan Stock ("**CULS**")	2	82	–	(4)	–	–	80
	Shares issued	330	12,555	–	–	–	–	12,885
	Net return attributable to equity shareholders	–	–	–	–	(12,302)	2,818	(9,484)
	Balance at 31 October 2015	13,613	132,031	16,158	1,308	342,983	10,603	516,696

Notes	Year ended 30 April 2016	Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Equity component of CULS £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2015	13,281	119,394	16,158	1,312	355,285	11,533	516,963
	Movements during the year ended 30 April 2016							
5	Dividends paid	–	–	–	–	–	(5,342)	(5,342)
7	Conversion of Convertible Unsecured Loan stock ("**CULS**")	3	97	–	(5)	–	–	95
	Shares issued	569	21,555	–	–	–	–	22,124
	Net return attributable to equity shareholders	–	–	–	–	12,900	6,452	19,352
	Balance at 30 April 2016	13,853	141,046	16,158	1,307	368,185	12,643	553,192

Unaudited Condensed Balance Sheet

Notes		31 October 2016 £'000s	31 October 2015 £'000s	30 April 2016 £'000s
	Fixed assets			
6	Investments	**688,877**	546,545	581,611
	Current assets			
	Debtors	**3,792**	1,645	2,529
	Cash at bank and short-term deposits	**12,410**	15,368	12,249
		16,202	17,013	14,778
	Creditors: amounts falling due within one year			
	Creditors	**(6,556)**	(8,624)	(4,787)
	Net current assets	**9,646**	8,389	9,991
	Total assets less current liabilities	**698,523**	554,934	591,602
	Creditors: amounts falling due after more than one year			
7	Convertible Unsecured Loan Stock ("CULS")	**(38,552)**	(38,238)	(38,410)
	Net assets	**659,971**	516,696	553,192
	Capital and reserves			
8	Share capital	**13,971**	13,613	13,853
	Share premium account	**146,048**	132,031	141,046
	Capital redemption reserve	**16,158**	16,158	16,158
	Equity component of CULS	**1,306**	1,308	1,307
	Capital reserves	**470,299**	342,983	368,185
	Revenue reserve	**12,189**	10,603	12,643
9	**Total shareholders' funds**	**659,971**	516,696	553,192
9	**Net asset value per share (basic) – pence**	**1,180.96**	948.89	998.34
9	**Net asset value per share (diluted) – pence**	**1,165.08**	948.11	994.50

Unaudited Condensed Statement of Cash Flows

Notes		Half-year ended 31 October 2016 £'000s	Half-year ended 31 October 2015 £'000s	Year ended 30 April 2016 £'000s
10	Cash flows from operating activities	**1,781**	1,135	2,617
	Investing activities			
	Purchases of investments	**(101,464)**	(122,172)	(227,066)
	Sales of investments	**97,666**	113,516	206,005
	Other capital charges	**(11)**	(10)	(21)
	Cash flows from investing activities	**(3,809)**	(8,666)	(21,082)
	Cash flows before financing activities	**(2,028)**	(7,531)	(18,465)
	Financing activities			
	Ordinary dividends paid	**(4,334)**	(3,748)	(5,342)
	Proceeds from issue of shares	**5,072**	13,081	22,320
	Cash flows from financing activities	**738**	9,333	16,978
	Net movement in cash and cash equivalents	**(1,290)**	1,802	(1,487)
	Cash and cash equivalents at the beginning of the period	**12,249**	13,502	13,502
	Effect of movement in foreign exchange	**1,451**	64	234
	Cash and cash equivalents at the end of the period	**12,410**	15,368	12,249
	Represented by:			
	Cash at bank and short term deposits	**12,410**	15,368	12,249

Unaudited Notes on the Condensed Accounts

1 Significant accounting policies

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, FRS102, Interim Financial Reporting (FRS104) 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.

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 2016.

2 Income

Income comprises:	Half-year ended 31 October 2016 £'000s	Half-year ended 31 October 2015 £'000s	Year ended 30 April 2016 £'000s
Income from investments			
Dividends	5,038	3,814	8,277
Scrip dividends	81	50	166
	5,119	3,864	8,443
Other income			
Interest on cash and short-term deposits	14	12	41
Underwriting commission	–	–	2
Total income	5,133	3,876	8,486

3 Management and performance fees

As detailed in the Report and Accounts to 30 April 2016, with effect from 1 May 2016 the Management fee has been increased to 0.55% per annum from 0.40% per annum on net assets excluding collective investment schemes. The Management fee in respect of collective investment schemes has been increased from 0.25% to 0.275% per annum. The fees are payable monthly in arrears to the Manager and are allocated 75% to capital reserve in accordance with accounting policies.

With effect from 1 May 2016, the Manager is no longer entitled to a Performance fee. Performance fees accrued at 31 October 2015 and 30 April 2016 were £1,305,000 and £1,314,000 respectively and were allocated fully to capital reserve in accordance with accounting policies.

4 Return per share

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

	Half-year ended 31 October 2016	Half-year ended 31 October 2015	Year ended 30 April 2016
Revenue return attributable to shareholders – £'000s	3,880	2,818	6,452
Capital return attributable to shareholders – £'000s	102,114	(12,302)	12,900
Total return attributable to shareholders – £'000s	105,994	(9,484)	19,352
Revenue return per share – pence	6.97	5.24	11.86
Capital return per share – pence	183.42	(22.88)	23.72
Total return per share – pence	190.39	(17.64)	35.58
Weighted average number of ordinary shares in issue during the period	55,672,900	53,757,547	54,396,920

Diluted earnings per share

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

	Half-year ended 31 October 2016	Half-year ended 31 October 2015	Year ended 30 April 2016
Revenue return attributable to shareholders – £'000s	4,102	3,032	6,887
Capital return attributable to shareholders – £'000s	102,779	(11,660)	14,206
Total return attributable to shareholders – £'000s	106,881	(8,628)	21,093
Revenue return per share – pence	6.86	5.24	11.78
Capital return per share – pence	172.03	(22.88)	23.72
Total return per share – pence	178.89	(17.64)	35.58
Weighted average number of ordinary shares in issue during the period	59,746,483	55,147,522	58,476,340

There is no dilution of returns in the period 31 October 2015 and no dilution of capital or total return for the year to 30 April 2016.

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

Dividends on ordinary shares	Register date	Payment date	Half-year ended 31 October 2016 £'000s	Half-year ended 31 October 2015 £'000s	Year ended 30 April 2016 £'000s
Final for the year ended 30 April 2016 of 7.80p	15 Jul 2016	12 Aug 2016	4,334	–	–
Interim for the year ended 30 April 2016 of 2.90p	8 Jan 2016	29 Jan 2016	–	–	1,594
Final for the year ended 30 April 2015 of 7.00p	17 Jul 2015	14 Aug 2015	–	3,748	3,748
			4,334	3,748	5,342

The Directors have declared an interim dividend in respect of the year ending 30 April 2017 of 4.00p per share, payable on 31 January 2017 to all shareholders on the register at close of business on 6 January 2017. The amount of this dividend will be £2,240,000 based on 55,989,022 shares in issue at 12 December 2016. This amount has not been accrued in the results for the half-year ended 31 October 2016.

6 Investments

	Level 1* £'000s	Level 2* £'000s	Level 3* £'000s	Total £'000s
Cost at 30 April 2016	470,687	1,393	1,570	473,650
Gains at 30 April 2016	106,607	(199)	1,553	107,961
Valuation at 30 April 2016	577,294	1,194	3,123	581,611
Movements in the period:				
Purchases at cost	104,238	–	14	104,252
Transfer to level 1**	1,194	(1,194)	–	–
Sales proceeds	(99,509)	–	–	(99,509)
Gains on investments sold in period	19,715	–	127	19,842
Gains on investments held at period end	81,807	–	874	82,681
Valuation of investments held at 31 October 2016	684,739	–	4,138	688,877

	Level 1* £'000s	Level 2* £'000s	Level 3* £'000s	Total £'000s
Cost at 31 October 2016	496,524	–	1,711	498,235
Gains at 31 October 2016	188,215	–	2,427	190,642
Valuation at 31 October 2016	684,739	–	4,138	688,877

* Level 1 includes investments listed on any recognised stock exchange or quoted on AIM in the UK.
Level 2 includes investments for which the quoted price has been suspended.
Level 3 includes any unquoted investments which are held at net asset value.
** Transfer due to stock no longer being suspended.

7 Convertible Unsecured Loan Stock ("CULS")

	31 October 2016 £'000s	31 October 2015 £'000s	30 April 2016 £'000s
Balance brought forward	38,410	38,129	38,129
Transfer to share capital and share premium on conversion of CULS	(47)	(80)	(95)
Amortised costs	189	189	376
Balance carried forward	38,552	38,238	38,410

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 throughout the life of the CULS. 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 2016, 39,852,198 units of CULS were in issue.

On 31 July 2016, holders of 49,806 CULS converted their holdings into 5,094 ordinary shares. At 31 October 2016, 39,802,392 units of CULS were in issue.

The market price of the CULS at 31 October 2016 was 118.75p per 100p nominal. The CULS are unsecured and are subordinate to any creditors of the Company.

8 Called up share capital

Equity share capital	Issued and fully paid Number	Issued and fully paid £'000s
Ordinary shares of 25p each		
Balance at 30 April 2016	55,411,203	13,853
Issue of new shares	472,819	118
Balance at 31 October 2016	55,884,022	13,971

During the half-year ended 31 October 2016 467,725 ordinary shares were issued for net proceeds of £5,072,000.

On 9 August 2016, 5,094 ordinary shares were issued on the conversion of 49,806 CULS (see note 7), at no cost.

Since the period end a further 105,000 ordinary shares have been issued, raising additional capital of £1,258,000.

9 Net asset value per ordinary share

	31 October 2016 £'000s	31 October 2015 £'000s	30 April 2016 £'000s
Net assets attributable at the period end – £'000s	659,971	516,696	553,192
Number of ordinary shares in issue at the period end	55,884,022	54,452,619	55,411,203
Net asset value per share – pence	1,180.96	948.89	998.34

Diluted net asset value per ordinary share is based on net assets at the end of the period assuming the conversion of 39,802,392 100p CULS in issue at the rate of 977.6970 pence per £1 nominal of CULS for one ordinary share.

	31 October 2016 £'000s	31 October 2015 £'000s	30 April 2016 £'000s
Net assets attributable at the period end – £'000s	659,971	516,696	553,192
Amount attributable to ordinary shareholders on conversion of CULS	38,552	38,238	38,410
Attributable net assets assuming conversion	698,523	554,934	591,602
	Number	Number	Number
Ordinary shares in issue at the period end	55,884,022	54,452,619	55,411,203
Ordinary shares created on conversion of CULS	4,071,036	4,077,716	4,076,130
Number of ordinary shares for diluted calculation	59,955,058	58,530,335	59,487,333
Diluted net asset value per ordinary share – pence	1,165.08	948.11	994.50

10 Reconciliation of return before finance costs and taxation to net cash inflow from operating activities

	Half-year ended 31 October 2016 £'000s	Half-year ended 31 October 2015 £'000s	Year ended 30 April 2016 £'000s
Profit/(loss) before taxation	106,323	(9,243)	19,852
Adjust for returns from non-operating activities			
(Gains)/losses on investments	(102,523)	9,666	(16,820)
Foreign exchange gains	(1,451)	(64)	(234)
Non-operating expenses of a capital nature	11	9	22
Return from operating activities	2,360	368	2,820
Adjust for non cash flow items			
Decrease/(increase) in prepayments and accrued income	656	703	(114)
(Decrease)/increase in creditors	(940)	222	220
Scrip dividends	(81)	(50)	(166)
Amortised costs	189	189	376
Overseas taxation	(403)	(297)	(519)
Net cash inflow from operating activities	1,781	1,135	2,617

11 Results

The results for the half-year ended 31 October 2016 and 31 October 2015, 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 2016; the report of the auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The condensed financial statements shown above for the year ended 30 April 2016 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

14 December 2016

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. They are described in more detail under the heading "Principal risks and future prospects" within the strategic report in the Company's annual report for the year ended 30 April 2016. They have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

The risks include having an inappropriate strategy in relation to investor needs; failure on the part of the Manager to continue to operate effectively; unfavourable markets or inappropriate asset allocation, sector and stock selection and currency exposure leading to investment underperformance and its effect on share price discount/premium and dividends. Also included are risks in relation to errors, fraud or control failures at service providers, or loss of data through cyber-threats or business continuity failure. The longer-term implications of Brexit are as yet unknown, but as noted in the Manager's Review, the Company has benefited in the short term from the recent weakness in Sterling.

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
14 December 2016

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
You can use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for the 2016/17 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. It's also easy to transfer any existing ISAs to us whilst maintaining all the tax benefits, and you can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk

F&C Junior ISA (JISA)
You can invest up to £4,080 for the tax year 2016/17 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with F&C or another provider) to an F&C JISA. You can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk

F&C Child Trust Fund (CTF)
If you already have a CTF you can invest up to £4,080 for the 2016/17 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. It's also easy to transfer a CTF from another provider to an F&C CTF – you can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk[(1)]

F&C Private Investor Plan (PIP)
This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

F&C Children's Investment Plan (CIP)
This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) 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 per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

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 and they have access to the money at age 18. Money cannot be withdrawn until the child turns 18.

Annual management charges and other charges 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
ISA: 0.2%
PIP/CIP/JISA: postal instructions £12, online instruction £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the PIP, CIP and JISA.

There are no dealing charges 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 the purchase of shares (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 – you can get more details on any of our Savings Plans by going to www.fandc.co.uk. F&C cannot give advice on the suitability of investing in our investment trust or savings plans. If you have any doubt as to the suitability of an investment, please contact a financial adviser.

How to Invest
If you're opening a new plan it's easy to apply online by going to www.fandc.com/apply[(2)]

New Customers
Contact our Team:
Call: **0800 136 420***
Email: **info@fandc.com**

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

Notes
[(1)] Please note that this account is only available for investors who already hold a CTF, and no new accounts can be opened. [(2)] Please note that applying online is not available if you are transferring an existing plan with another provider to F&C, or if you are applying for a new plan in more than one name. * 8:30am-5:30pm, weekdays. ** 9:00am-5:00pm, weekdays. All calls may be recorded or monitored for training and quality purposes.

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Availability of report and accounts

The Company's report and accounts are available on the internet at **www.fandcglobalsmallers.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.**

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 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**
- 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** 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**.

Notes