

BMO Global Smaller Companies

Annual General Meeting

Peter Ewins – Lead Manager

Investment risks

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

The value of your investment is dependent on the supply and demand for the shares of the Investment Trust rather than its underlying assets. The value of your investment will not be the same as the value of the Investment Trust's underlying assets.

Changes in rates of exchange may also reduce the value of your investment.

Investments in smaller companies carry a higher degree of risk as their shares may be less liquid and investment values can be volatile.

Agenda

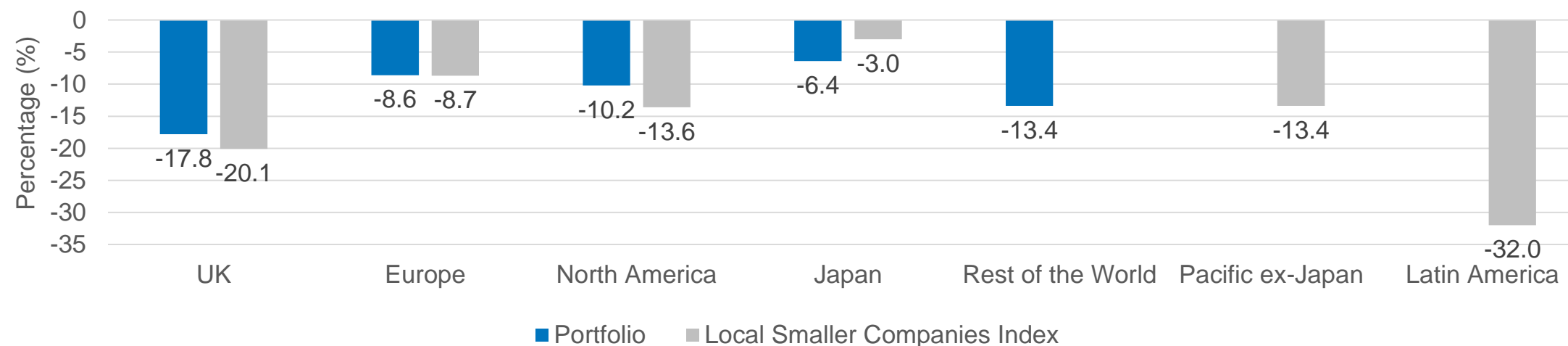
- **Review of the 2019/20 financial year**
- **Portfolio strategy in the light of COVID-19**
- **Performance in the new financial year to date**

Financial highlights

For year ended 30 April 2020

NAV (debt at market value)	-13.8%
Benchmark	-14.1%
Share price	-16.5%
Dividend per share	+3.0%
Ongoing charges	0.75%

Geographical performance (total return sterling adjusted)



Past performance should not be seen as an indication of future performance.

Source: BMO Global Asset Management as at 30-Apr-20.

Performance

Discrete performance %, 12 month rolling (GBP, net of fees, total returns)

Percentage growth, %	Apr-19/ Apr-20	Apr-18/ Apr-19	Apr-17/ Apr-18	Apr-16/ Apr-17	Apr-15/ Apr-16
NAV	-13.8	3.8	9.3	28.4	3.6
Share Price	-16.5	-1.0	9.0	28.5	3.2
Benchmark	-14.1	3.0	7.9	30.4	1.3

Past performance should not be seen as an indication of future performance.

Source: BMO Global Asset Management as at 30-Apr-20. Benchmark: 30% Numis UK Smaller Companies (ex investment companies) Index / 70% MSCI All Country World ex UK Small Cap Index The discrete annual performance table refers to 12 month periods, ending at the 30 April. Figures subject to rounding.

North American portfolio: Attribution for the 12 months ended 30 April 2020

Top 10 stocks	Portfolio average weight %	Total return	Total Effect
Wheaton Precious Metals	2.6	82.6	2.2
SSR Mining	1.7	50.0	1.0
ICON	2.7	21.4	1.0
Catalent	1.4	59.5	1.0
STERIS	3.2	13.5	0.9
Molina Healthcare	1.7	30.7	0.8
CyrusOne	1.6	34.3	0.8
Nuance Communications	1.5	42.6	0.8
Amdocs	2.0	23.2	0.7
Brown & Brown	1.9	17.9	0.6

Bottom 10 stocks	Portfolio average weight %	Total return	Total Effect
Core Laboratories	0.7	-77.3	-1.3
Performance Food Group	1.6	-69.4	-0.8
Sabre	1.5	-48	-0.7
Hallmark Financial Services	1.6	-61.1	-0.6
UGI	1.7	-41.1	-0.6
Sterling Bancorp	1.9	-39.7	-0.6
WEX	2.4	-35	-0.6
Teladoc Health	--	189.4	-0.5
At Home Group	0.1	-65.1	-0.5
The Andersons	1.2	-44.7	-0.5

Source: BMO Global Asset Management 12 months end to 30-Apr-20. Figures in USD. Figures subject to rounding. This does not constitute a recommendation to buy or sell the mentioned security.

UK portfolio: Attribution for 12 months ended 30 April 2020

Top 10 stocks	Portfolio average weight %	Total return	Total Effect
Team17 Group	1.6	114.3	1.8
Breedon Group	1.7	22.2	0.9
Knights Group	1.9	27.2	0.9
Huntsworth	1.6	22.6	0.8
Finabl	--	-93.6	0.7
Countryside Properties	1.3	24.7	0.6
Sirius Real Estate	2.1	15.6	0.6
Treatt	1.7	14.4	0.5
SIG	--	-83.7	0.5
Computacenter	1.9	23.7	0.5

Bottom 10 stocks	Portfolio average weight %	Total return	Total Effect
Plus500	--	48.7	-0.7
Domino's Pizza Group	--	30.9	-0.6
IntegraFin Holdings	--	27.8	-0.6
Petropavlovsk	--	208.8	-0.6
Trifast	1.4	-50	-0.6
Zotefoams	1.1	-56.6	-0.6
The City Pub Group	1.3	-59	-0.6
Victoria	0.9	-63.5	-0.5
Daejan Holdings	--	41.6	-0.5
Loungers	0.9	-57.2	-0.5

Source: BMO Global Asset Management 12 months to 30-Apr-20. Figures in GBP. Figures subject to rounding. This does not constitute a recommendation to buy or sell the mentioned security.

European portfolio: Attribution for 12 months ended 30 April 2020

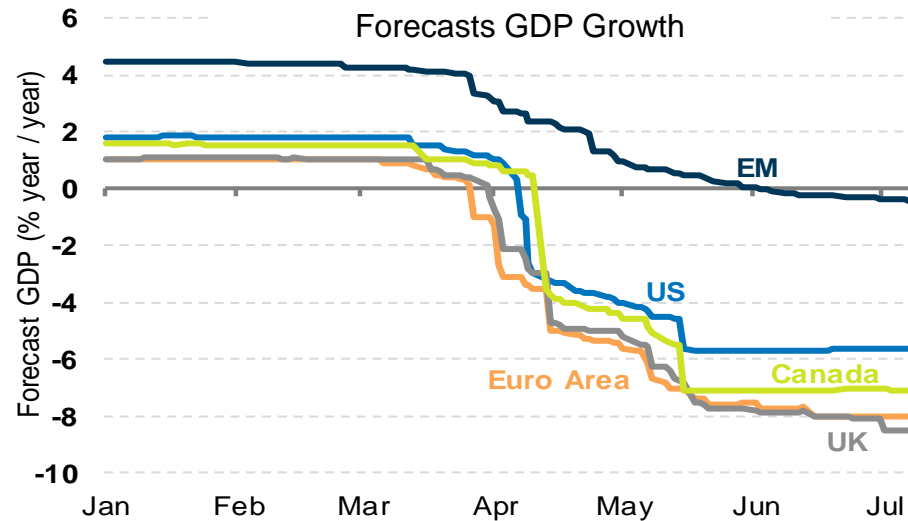
Top 10 stocks	Portfolio average weight %	Total return	Total Effect
Diasorin	3.6	81.8	2.7
Tecan Group	3.8	49.1	1.9
ASM International	2.3	72.3	1.6
Gerresheimer	3.9	11.8	1.0
Just Eat Takeaway	2.4	22.5	1.0
Vidrala	4.3	4.0	0.9
IMCD Group	3.5	14.5	0.9
Symrise	3.0	10.0	0.7
Tomra Systems	2.3	16.6	0.7
Technicolor	--	-77.7	0.6

Bottom 10 stocks	Portfolio average weight %	Total return	Total Effect
Lenzing	2.5	-47.3	-1.3
Origin Enterprises	1.5	-43.4	-1.0
Sligro Food Group	1.8	-27	-1.0
Storebrand	2.6	-38.3	-1.0
TGS NOPEC	2	-50.9	-0.9
MARR	2.3	-42.1	-0.9
Norma Group	1.8	-43.3	-0.8
SpareBank	2.5	-42.8	-0.7
Aareal Bank	2.1	-47.7	-0.7
Viscofan	1.1	13.3	-0.6

Source: BMO Global Asset Management 12 months to 30-Apr-20. Figures in EUR. Figures subject to rounding. This does not constitute a recommendation to buy or sell the mentioned security. Figures subject to rounding.

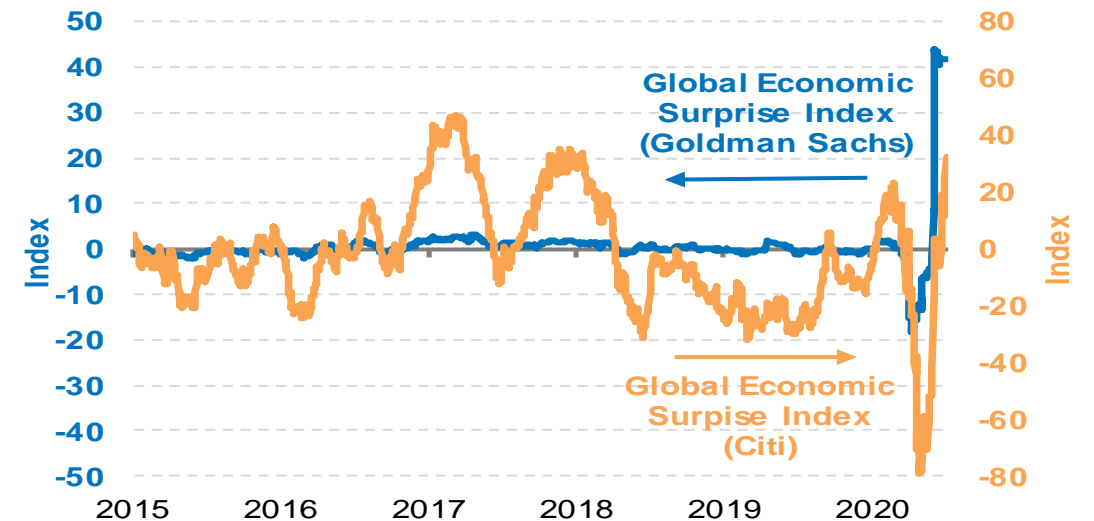
A global recession

Growth forecast revisions flattened...next move up?



Source: Bloomberg, as at July 2020

...as data surprises are massively positive

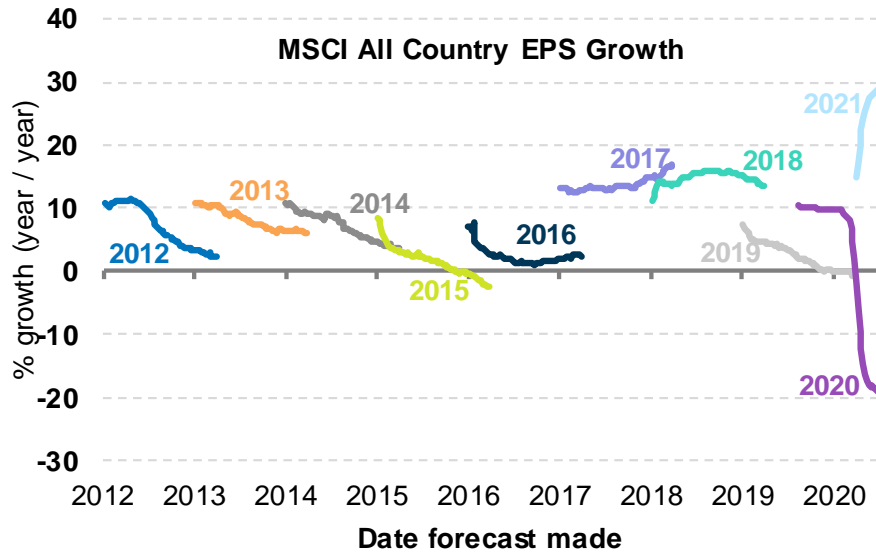


Source: Bloomberg, as at July 2020

- Forecasters were slow to cut estimates as the virus plunged the world into recession. But downward revisions have flattened and, given the strength of data surprises, they seem to be equally slow on the way up.
- The world's output is now well above its March/April lows, led by China, and in the coming months many economic indicators will continue to improve, as if a light has been switched back on.
- Headwinds remain as the private sector restrains spending to restore battered finances and, bankruptcies soar. Experts fear a second wave of infections in the Northern Hemisphere in the autumn/winter.

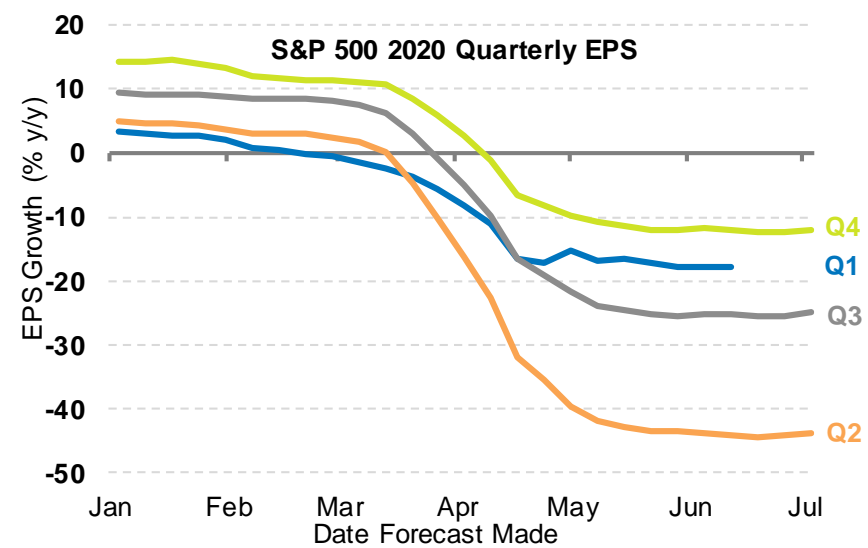
Earnings forecasts stabilising...

2020 EPS heavily revised down...



Source: BMO Global Asset Management and Datastream, as at July 2020

...mainly coming from Q2



Source: BMO Global Asset Management, Bloomberg and Datastream, as at July 2020

- The Earnings Per Share (EPS) forecasts for 2020 have been slashed (purple line on chart 1) and many companies have cancelled or cut dividend payments to shareholders
- EPS forecasts for 2021 (light blue line on chart 1) are indicating that analysts expect a strong recovery in company profits in 2021
- With economic news-flow showing some signs of improvement more recently, estimates for EPS in the second half of 2020 may start to improve but the forecast recovery in earnings for 2021 would be unprecedented

COVID-19 – The early stage winners and losers

Outperformers

- Technology stocks
- Health care stocks
- Defensives
- Precious metals
- Low/no gearing stocks



Underperformers

- Travel/Leisure and retail companies
- Financials including real estate
- Cyclicals
- Energy
- Leveraged companies



COVID-19 – Longer term impacts?



- **More working from home** with wide ranging implications across sectors starting with real estate, transport
- **Less business travel** – impacts for airlines, oil demand and hotels/foodservice
- More rapid transition to **online retail**
- **Interest rates** to stay **lower for longer**
- Fiscal/monetary policy experiment to eventually lead to **inflation?**

Our reaction to COVID-19



- **Removed gearing** in early March
- **Re-assessment of entire portfolio** company by company
- Looking particularly closely at **financial risk** given impact on EBITDA
- A **small number of holdings sold** on increased risk profile
- Added to **more defensive names** and where sell-offs presented valuation opportunities
- Have participated in **several fund raisings** to support existing UK holdings where there is good recovery potential

Recent Purchases/adds

North America



Nomad Foods

The Ensign Group

GrafTech International

Dolby Laboratories

Healthcare Trust of America

Nuance Communications

UK



Stock Spirits

Vesuvius

Ascential

Go Ahead Group

Euromoney Instl Investor

Energiean Oil and Gas

On The Beach Group

Elementis

Europe



Cancom

SIG Combibloc

Fjordkraft Holdings

Remy Cointreau

Hellofresh

Avanza

Nordic Semiconductor

Interpump

Patrizia

MIPS

Marr

Recent Sales/reductions

North America



UGI

Waste Connections

Wheaton Precious Metals

Americas Car-Mart

Performance Food Group

Parkland Fuels

Sabre Corp

STERIS

Core Laboratories

Vail Resorts

SSR Mining

UK



Huntsworth

Vistry Group

Kin and Carta

Anglo Pacific Group

Victoria

Premier Oil

Alliance Pharma

Europe



Diasorin

Tecan

Fluidra

Lenzing

Gerresheimer

TGS NOPEC

Aareal Bank

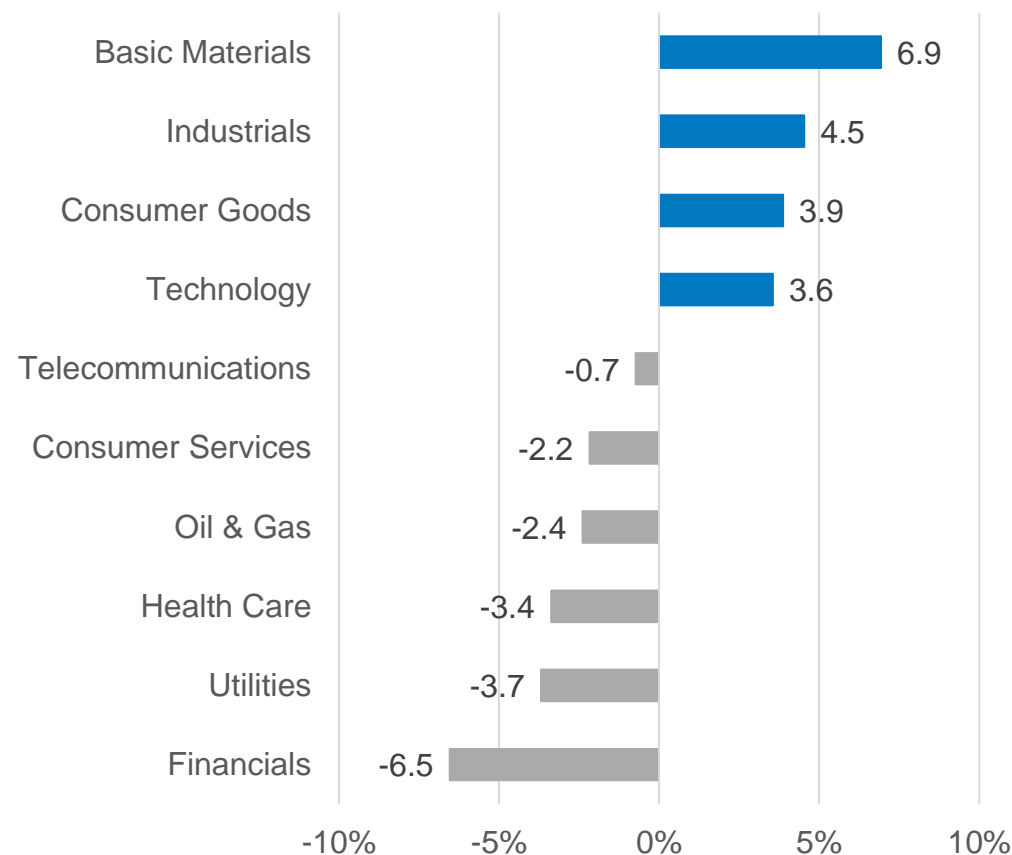
Vidrala

North American portfolio: Key stock positions

Top 10 absolute holdings

	Portfolio weight %
Wheaton Precious Metals	4.1
ICON	3.6
STERIS	3.2
SSR Mining	3.0
Martin Marietta Materials	2.9
Molina Healthcare	2.7
Alleghany Corp	2.7
WEX	2.5
Brown & Brown	2.5
LKQ Corp	2.3
Total	29.6

Sector allocation (relative to Benchmark* %)



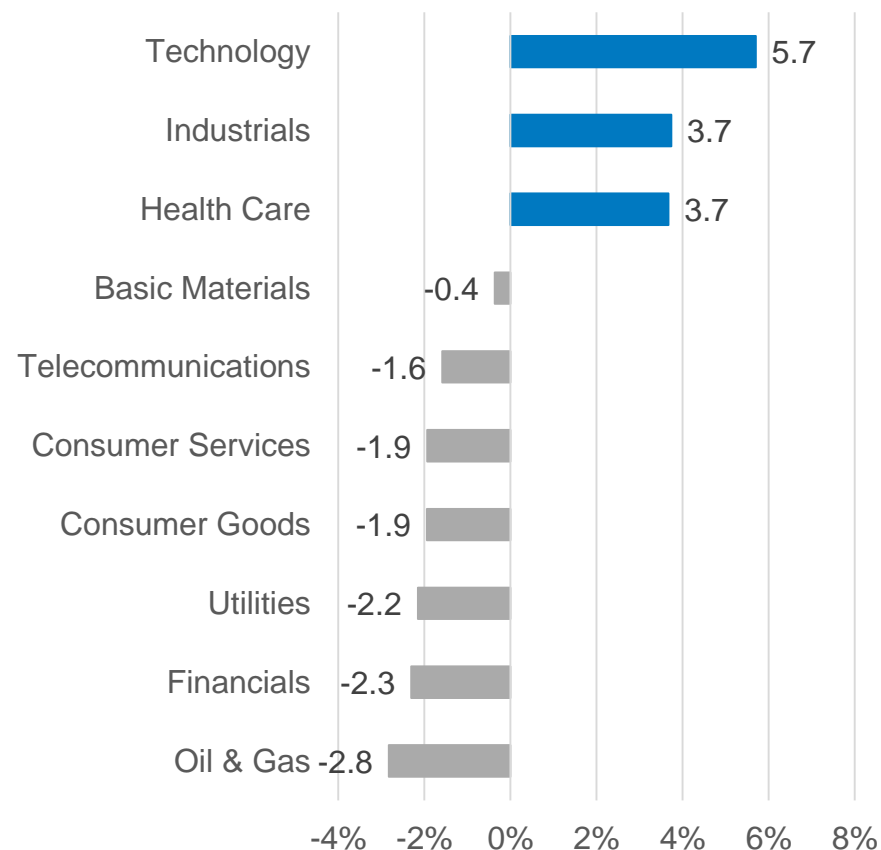
Source: BMO Global Asset Management as at 30-Jun-20. Portfolio weights for holdings shown are percentages of the North American portfolio. This does not constitute a recommendation to buy or sell the mentioned security. Figures subject to rounding. Benchmark: Russell 2000.

UK portfolio: Key stock positions

Top 10 absolute holdings

	Portfolio weight %
Team17 Group	2.7
Knights Group	2.7
CLS Holdings	2.4
AFH Financial Group	2.3
Computacenter	2.2
Breedon Group	2.2
Clinigen Group	2.1
Treatt	2.1
XS Power	2.1
Sirius Real Estate	2.1
Total	22.9

Sector allocation (relative to Benchmark* %)



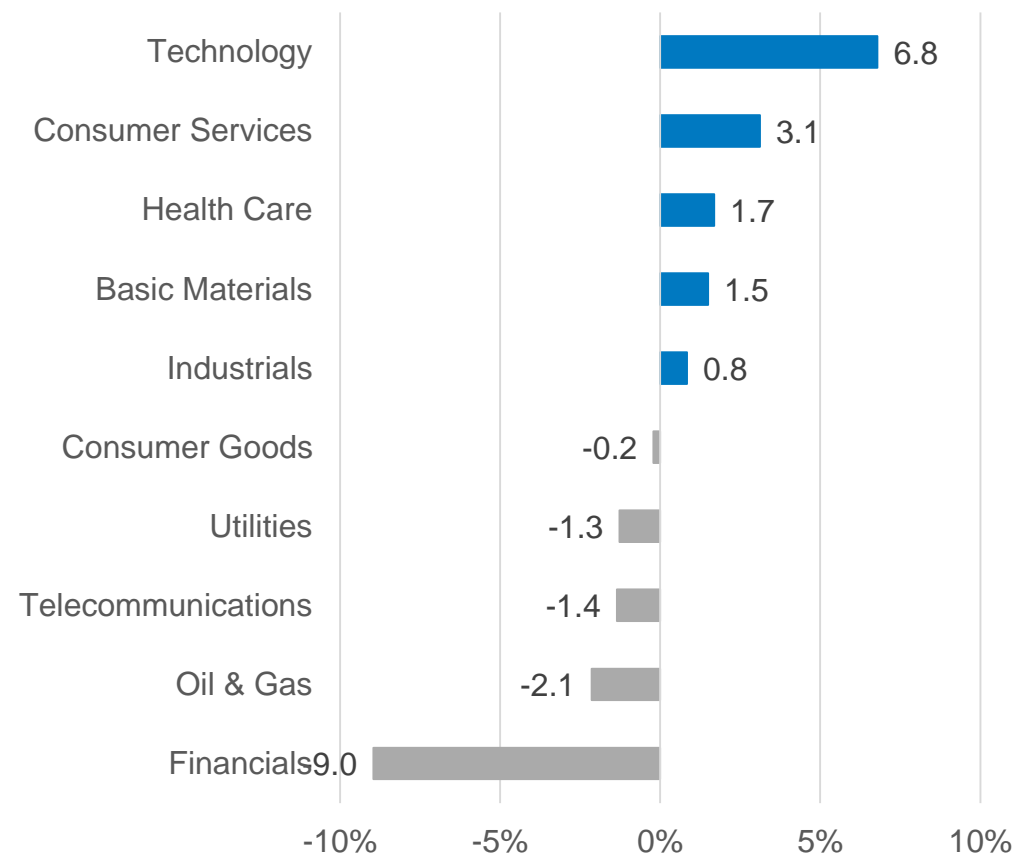
Source: BMO Global Asset Management as at 30-Jun-20. This does not constitute a recommendation to buy or sell the mentioned security. Portfolio weights shown for holdings are percentages of the UK portfolio. Figures subject to rounding. *Benchmark: Numis UK Smaller Companies (excluding investment companies) Index

European portfolio: Key stock positions

Top 10 absolute holdings

	Portfolio weight %
Gerresheimer	3.8
Vidrala	3.7
SimCorp	3.4
Symrise	3.4
Scout24	3.3
Ringkjoebing Landbobank	3.2
IMCD Group	3.2
Marel	2.9
Forbo Holding	2.9
Just Eat Takeaway	2.9
Total	32.6

Sector allocation (relative to Benchmark* %)



Source: BMO Global Asset Management as at 30-Jun-20. This does not constitute a recommendation to buy or sell the mentioned security. Portfolio weights for holdings are shown as percentages of the total European portfolio. Figures subject to rounding..* Benchmark: Euromoney Smaller Europe EX UK Index.

Collectives for Japan and Rest of World

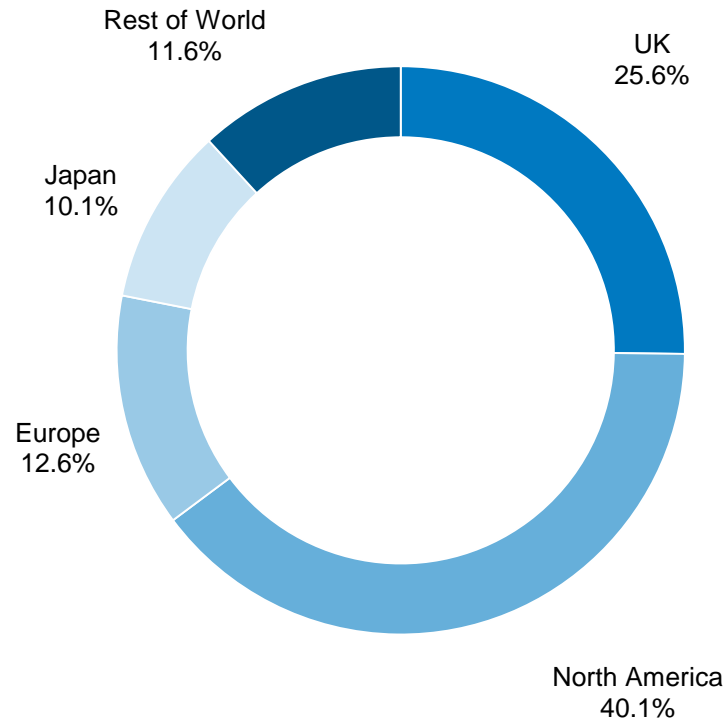
Holdings	Portfolio weight %*
Aberdeen Standard SICAV 1 Japan Smaller Companies	4.3%
Eastspring Investments Japan Smaller Companies Fund	4.0%
Pinebridge Asia ex Japan Small Cap Fund	3.9%
The Scottish Oriental Smaller Companies Trust	2.6%
Utilico Emerging Markets	2.0%
Baillie Gifford Japanese Smaller Companies Fund	1.5%
Aberdeen Standard SICAV 1 Asian Smaller Companies	0.9%
HSBC GIF Asia ex Japan Equity Smaller Companies	0.9%
Schroder ISF Global Emerging Smaller Companies Fund	0.8%
Australian New Horizons Fund	0.4%

- **Two new funds added in last year managed by Baillie Gifford and Schroders**

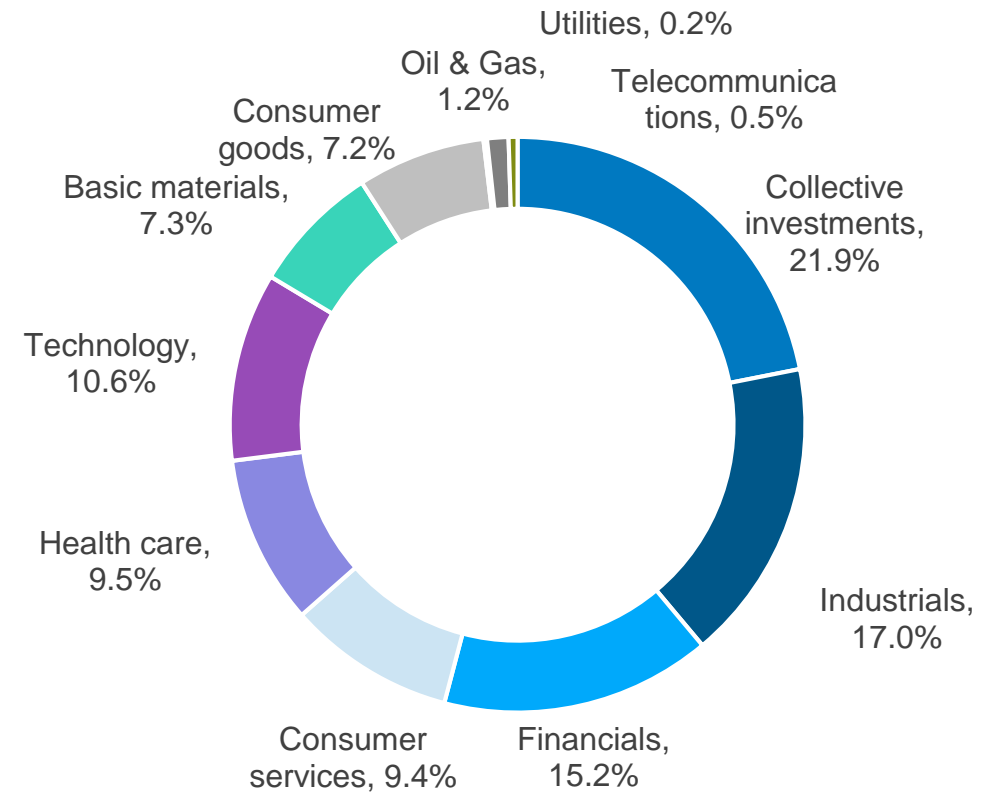
Source: BMO Global Asset Management as at 30-Jun-20. *Percentage of investment portfolio including cash. This does not constitute a recommendation to buy or sell the mentioned security. Figures subject to rounding.

Where the portfolio is invested

Geographic analysis



Sector analysis



Source: BMO Global Asset Management as at 30-Jun-20. Geographic weights are shown as a percentage of equity assets. Sector weights on the percentage of invested portfolio. Figures subject to rounding. Benchmark: 30% Numis UK Smaller Companies (ex investment companies) Index / 70% MSCI All Country World ex UK Small Cap Index.

Performance in the new financial year up to 24 July 2020

- Net Asset Value (debt at market value) 10.3%
- Benchmark total return 11.3%
- Share price total return 6.1%

Past performance should not be seen as an indication of future performance.

Source: BMO Global Asset Management as at 24-Jul-20. The NAV total return shown is inclusive of all costs.

Outlook



- Expecting **infrastructure exposed stocks** to benefit, companies also set to examine how robustly their IT infrastructure has been performing
- “**Stay at Home**” winners from COVID likely to see more modest benefits year on year from here
- Consumers and corporates both likely to try to moderate more discretionary elements of spending
- Also scope for recovery from **beaten up sectors** but leveraged names likely to remain out of favour
- **US election** could potentially lead to change in sector leadership
- Different pace of recovery in geographic terms could prompt asset allocation adjustment – currently most overweight to Europe and underweight to the UK

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BMO Global Smaller Companies PLC is an investment trust and its Ordinary Shares are traded on the main market of the London Stock Exchange.

English language copies of the key information document (KID) can be obtained from BMO Global Asset Management, Exchange House, Primrose Street, London EC2A 2NY, telephone: Client Services on 0044 (0)20 7011 4444, email: client.service@bmogam.com or electronically at www.bmogam.com. Please read before taking any investment decision.

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