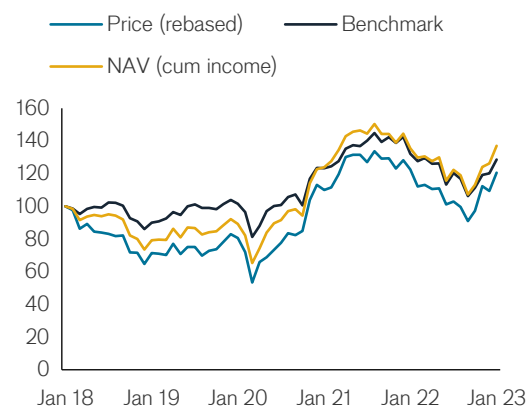


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## Share price performance (total return)



From July 2022, the benchmark changed from the EMIX Smaller European Companies ex UK Index to the MSCI Europe ex UK Small Cap Index.

## Dividend history (pence/share)



Please note that this chart could include dividends that have been declared but not yet paid.

Performance over (%)	6m	1y	3y	5y	10y
Share price (Total return)	17.1	-1.6	49.7	20.6	296.5
NAV (Total return)	12.0	1.2	53.7	37.0	283.4
Benchmark (Total return)	6.8	-2.7	26.6	28.6	179.4
Relative NAV (Total return)	5.2	3.9	27.1	8.4	104.0

Discrete year performance (%)	Share price	NAV
31/12/2021 to 31/12/2022	-14.7	-12.5
31/12/2020 to 31/12/2021	13.4	17.6
31/12/2019 to 31/12/2020	36.4	33.2
31/12/2018 to 31/12/2019	28.2	25.3
31/12/2017 to 31/12/2018	-34.5	-24.5

All performance, cumulative growth and annual growth data is sourced from Morningstar.

Source: at 31/01/23. © 2023 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance does not predict future returns.

## Commentary at a glance

### Performance

The Company outperformed the MSCI Europe ex UK Small Cap Index during the month.

### Contributors/detractors

With styles largely balanced in markets the contributions were very stock driven in January.

### Outlook

Even after the rises recently we believe headline valuations still imply a severe economic downturn, which we believe to be increasingly less likely, and we remain constructive on our asset class and smaller companies specifically.

## See full commentary on page 3.

References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

## Company overview

### Objective

The Company seeks capital growth by investing in smaller and medium sized companies which are quoted, domiciled, listed or have operations in Europe (excluding the UK).

### Highlights

Providing unique access to Europe's growing small- and medium-sized companies with the sole aim of increasing shareholder capital.

## Company information

NAV (cum income)	189.0p
NAV (ex income)	187.9p
Share price	163.0p
Discount(-)/premium(+)	-13.8%
Yield	2.7%
Net gearing	10%
Net cash	-
Total assets	£835m
Net assets	£758m
Market capitalisation	£653m
Total voting rights	400,867,176
Total number of holdings	125
Ongoing charges (year end 30 June 2022)	0.65%
Overall Morningstar Rating™	★★★★
Benchmark	MSCI Europe ex UK Small Cap Index

Source: BNP Paribas for holdings information and Morningstar for all other data. Differences in calculation may occur due to the methodology used.

Please note that the total voting rights in the Company does not include shares held in Treasury.

Please note the ongoing charge excludes the performance fee.

**Please remember that past performance does not predict future returns. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested.**

### How to invest

Go to [www.janushenderson.com/howtoinvest](http://www.janushenderson.com/howtoinvest)

### Find out more

Go to [www.europeansmallercompaniestrust.com](http://www.europeansmallercompaniestrust.com)

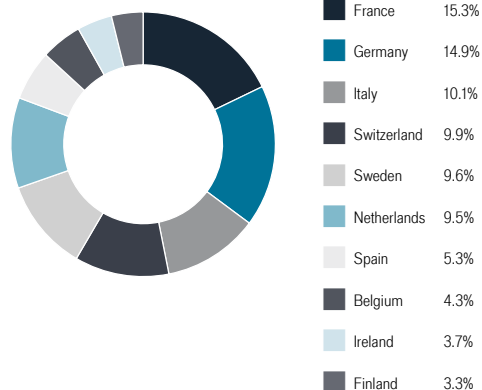
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## Top 10 holdings (%)

TKH Group	3.1
Van Lanschot Kempen	3.1
DFDS	2.3
u-blox	2.0
Mytilineos	1.7
SAES Getters	1.7
BFF Bank	1.7
Verallia	1.6
IPSOS	1.5
Credito Emiliano	1.5

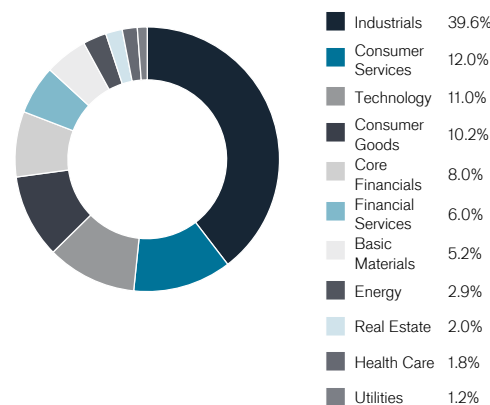
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## Geographical focus (%)

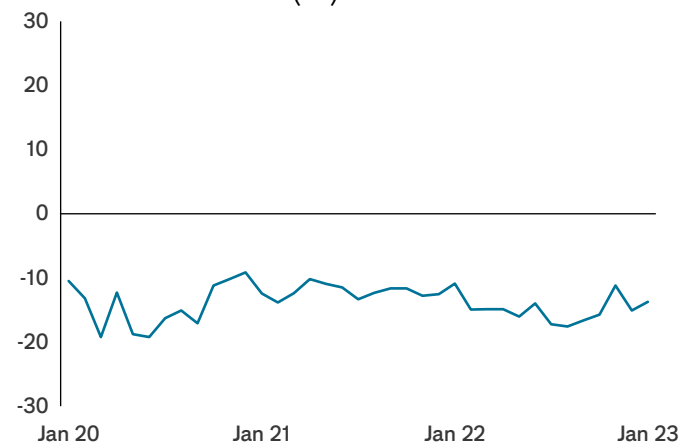


The above geographical breakdown may not add up to 100% as this only shows the top 10.

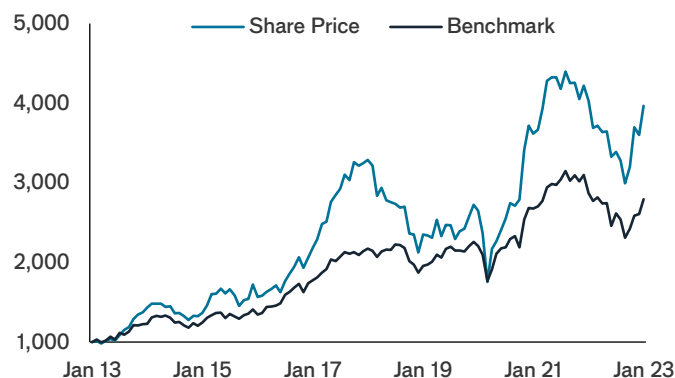
## Sector breakdown (%)



## Premium/(discount) of share price to NAV at fair value (%)



## 10 year total return of £1,000



All performance, cumulative growth and annual growth data is sourced from Morningstar using mid-market closing share price including dividends reinvested.

## Key information

Stock code	ESCT
AIC sector	AIC European Smaller Companies
Benchmark	MSCI Europe ex UK Small Cap Index
Company type	Conventional (Ords)
Launch date	1990
Financial year	30-Jun
Dividend payment	April, November
Risk rating (Source: Numis)	Above average
Management fee	0.55% pa on first £800m of net assets and 0.45% pa in excess thereof.
Performance fee	Yes
(See Annual Report & Key Information Document for more information)	
Regional focus	Pan Europe
Portfolio manager appointment	Ollie Beckett 2011



Ollie Beckett  
Portfolio Manager

Please remember that past performance does not predict future returns. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested.

### How to invest

Go to [www.janushenderson.com/howtoinvest](http://www.janushenderson.com/howtoinvest)

### Customer services

0800 832 832

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## Fund Manager commentary

### Investment environment

Equity markets saw a strong start to the year buoyed by a more benign situation in European gas markets as well as the reopening of the Chinese economy. Those developments alleviated fears of a severe recession for now. Market sentiment has further been supported by increased speculation around central banks nearing the end of the tightening cycle. The latter is likely to remain the key debate driving markets one way or the other in the coming months.

### Portfolio review

The biggest single stock contributions came from SAES Getters and the Company's largest position in Van Lanschot Kempen. SAES Getters announced the sale of its Medical Nitinol Business at levels far higher than was factored in by the market, sending the share price up over 35%. Van Lanschot Kempen has seen sell side researchers warming to the investment case and upgrading their forecasts. In Industrials we had good returns from KSB (pumps and valves) where the order book has grown despite the weakening economy, and truck manufacturer Iveco, which has been showing signs that the truck purchasing cycle may have troughed and announced strong sales from its electric buses.

The detractors were dominated by one holding: Friedrich Vorwerk. We had owned the company for its huge exposure

to the energy transition in Germany but in January the company announced very poor results showing an inability to manage its projects affectively and to a decent margin. The management team now lacks credibility with many elements of the investment case that the company, and the German broker that listed the shares, highlighted to investors counting for little. We have reduced our holding with the remaining position 'under review'. Other detractors included DFDS (due to weak UK freight numbers) and u-blox (given the poor communication from its management on its forward earnings guidance this year). We retain sizeable holdings in both and added to the latter following the share price weakness.

Elsewhere, we bought outdoor advertising company Ströer. Its shares have been sold down due to their perceived dependence on a strong economic backdrop, but we like the firm's regional focus which we think should see less cyclicity, along with its move to digital screens. We also bought food processing company Marel, a high-quality company with strong market share which has suffered share price weakness due to cost inflation in its supply chain, which we think should have less of an impact going forward. We sold Aurelius following a deterioration in its governance structure and Evotec as we saw no immediate catalyst for the shares.

### Manager outlook

The four main issues that saw investors flee European

equities last year were 1) higher energy prices, 2) Chinese lockdowns, 3) the Ukraine conflict and 4) interest rate volatility. The first two are now clearly improving, the latter two less so. However, we wouldn't completely discount better news on both fronts at some point in 2023. Europe has swung back into favour the last few months but this seems to have predominantly been driven by large short positions being covered rather than, as yet, a significantly more bullish view by broader asset allocators. Even after the rises recently we believe headline valuations still imply a severe economic downturn, which we believe to be increasingly less likely, and we remain constructive on our asset class and smaller companies specifically.

## Glossary

### Discount/Premium

The amount by which the price per share of an investment company is either lower (at a discount) or higher (at a premium) than the net asset value per share (cum income), expressed as a percentage of the net asset value per share.

### Gearing

The effect of borrowing money for investment purposes (financial gearing). The amount a company can "gear" is the amount it can borrow in order to invest. Gearing is used in the expectation that the returns on the investments bought will exceed the costs of the borrowings that funded the purchase. This Company can also use synthetic gearing through derivatives and foreign exchange hedging and/or other non-fully funded instruments or techniques.

### Leverage

The Company's leverage is the sum of financial gearing and synthetic gearing. Details of the Company's leverage limits can be found in both the Key Information Document and Annual Report. Where a company utilises leverage, the profits and losses incurred by the company can be greater than those of a company that does not use leverage.

### Market capitalisation

Month end closing mid-market share price multiplied by the number of shares outstanding at month end.

### Net asset value (NAV)

The total value of a fund's assets less its liabilities.

### NAV (Cum Income)

The value of investments and cash, including current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

### NAV (Ex Income)

The value of investments and cash, excluding current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

### NAV total return

The theoretical total return on shareholders' funds per share reflecting the change in Net Asset Value (NAV) assuming that dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts/premiums.

### Net assets

Total assets minus any liabilities such as bank loans or creditors.

### Net cash

A company's net exposure to cash/cash equivalents expressed as a percentage of shareholders' funds, after any offset against its gearing. This is only shown for companies that have gearing in place.

### Net gearing

A company's total assets (less cash/cash equivalents) divided by shareholders' funds expressed as a percentage.

### Ongoing charges

The total expenses for the financial year (excluding performance fee), divided by the average daily net assets, multiplied by 100.

### Risk rating

The key measure used to assess risk is volatility of returns, using historic net asset value (NAV) performance of the company over 1 and 3 years. In this instance volatility measures how much a company's NAV fluctuates over time in relation to the UK Equity market. The higher a volatility figure, the more the NAV has fluctuated (both up and down) over time. Please note that risk categorisations are indicative and based principally on historic data and should not be solely relied upon when making investment decisions.

### Share price

Closing mid-market share price at month end.

### Share price total return

The theoretical total return to the investor assuming that all dividends received were reinvested in the shares of the company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

### Total assets

Cum Income NAV multiplied by the number of shares, plus prior charges at fair value.

### Yield

Calculated by dividing the current financial year's dividends per share (this will include prospective dividends) by the current price per share, then multiplying by 100 to arrive at a percentage figure.

For a full list of terms please visit:

<https://www.janushenderson.com/en-gb/investor/glossary/>

#### Source for fund ratings/awards

Overall Morningstar Rating™ is a measure of a fund's risk-adjusted return, relative to similar funds. Fund share classes are rated from 1 to 5 stars, with the best performers receiving 5 stars and the worst performers receiving a single star. Overall Morningstar Rating™ is shown for Janus Henderson share classes achieving a rating of 4 or 5. Ratings should not be taken as a recommendation. For more detailed information about Morningstar Ratings, including its methodology, please go to [global.morningstar.com/managerdisclosures](https://global.morningstar.com/managerdisclosures).

#### Company specific risks

- This Company is suitable to be used as one component in several in a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested into this Company.
- Active management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.
- The Company could lose money if a counterparty with which it trades becomes unwilling or unable to meet its obligations to the Company.
- Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.
- If a Company's portfolio is concentrated towards a particular country or geographical region, the investment carries greater risk than a portfolio diversified across more countries.
- The return on your investment is directly related to the prevailing market price of the Company's shares, which will trade at a varying discount (or premium) relative to the value of the underlying assets of the Company. As a result losses (or gains) may be higher or lower than those of the Company's assets.
- Most of the investments in this portfolio are in smaller companies shares. They may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- Derivatives use exposes the Company to risks different from, and potentially greater than, the risks associated with investing directly in securities and may therefore result in additional loss, which could be significantly greater than the cost of the derivative.
- Where the Company invests in assets which are denominated in currencies other than the base currency then currency exchange rate movements may cause the value of investments to fall as well as rise.
- If the Company seeks to reduce risks (such as exchange rate movements), the measures designed to do so may be ineffective, unavailable or detrimental.
- The Company may use gearing as part of its investment strategy. If the Company utilises its ability to gear, the profits and losses incurred by the Company can be greater than those of a Company that does not use gearing.

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