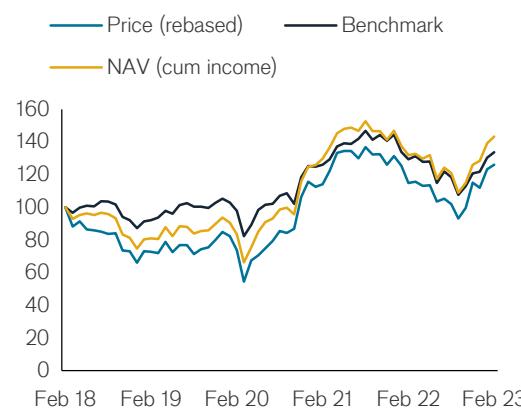
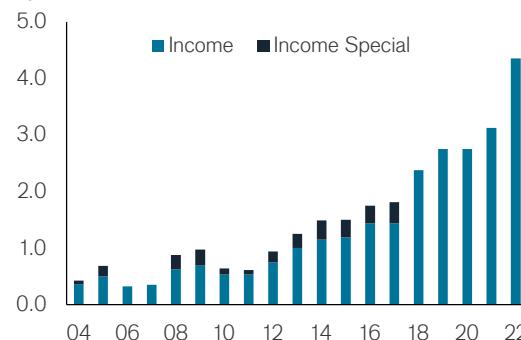


## Share price performance (total return)



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.

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. Please refer to glossary for definition of share price total return.

## How to invest

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

## Performance over (%)

	6m	1y	3y	5y	10y
Share price (Total return)	23.5	9.8	71.1	26.0	298.3
NAV (Total return)	18.5	8.6	71.6	43.2	276.6
Benchmark (Total return)	12.8	3.3	36.6	33.6	177.9
Relative NAV (Total return)	5.6	5.3	34.9	9.6	98.7

## Commentary at a glance

## Performance

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

## Contributors/detractors

Companies that have strong balance sheets generally performed well, including DFDS (passenger and freight ferries), JD Sports (retail stores) and Verallia (glass manufacturing). Detractors over the period included a semiconductor and a gaming company as they faced increased competition and weaker organic growth, respectively.

## Discrete year performance (%) Share price (total return) NAV (total return)

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

## Outlook

As we saw through our companies' earnings and results, valuations matter and as always we remained disciplined to the fundamentals. Indeed, with the confluence of these factors, we believe Europe remains a buying opportunity.

## 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.

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

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## 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)	194.5p
NAV (ex income)	193.0p
Share price	166.5p
Discount(-)/premium(+)	-14.4%
Yield	2.6%
Net gearing	12%
Net cash	-
Total assets	£870m
Net assets	£780m
Market capitalisation	£667m
Total voting rights	400,867,176
Total number of holdings	127
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 do not include shares held in Treasury.

Please note the ongoing charge excludes the performance fee.

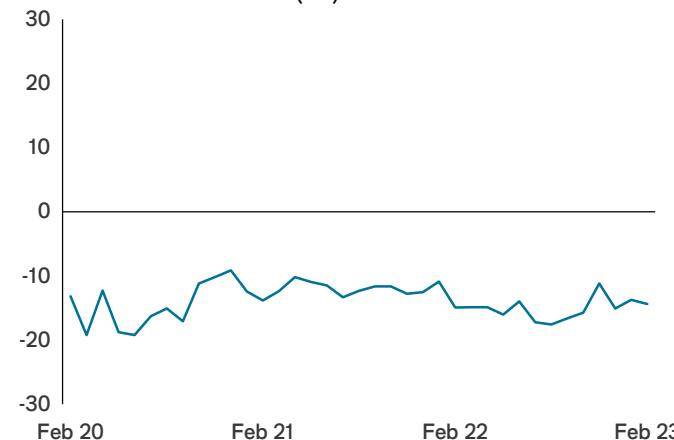
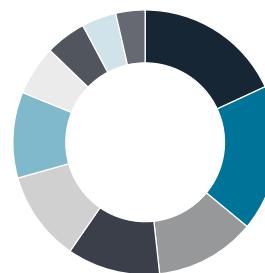
## Find out more

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

Top 10 holdings (%)

TKH Group	3.1
Van Lanschot Kempen	3.0
DFDS	2.4
Mytilineos	1.8
u-blox	1.7
BFF Bank	1.7
Verallia	1.7
SAES Getters	1.6
Mersen	1.5
Criteo	1.5

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

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

Sector breakdown (%)

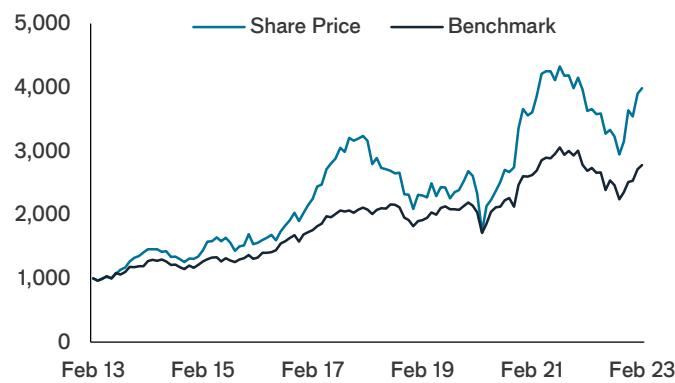
Industrials	39.9%
Consumer Services	11.6%
Technology	11.3%
Consumer Goods	9.5%
Core Financials	7.9%
Financial Services	6.2%
Basic Materials	5.9%
Energy	2.6%
Real Estate	2.1%
Health Care	1.8%
Utilities	1.0%

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
Fund manager appointment	Ollie Beckett 2011



Ollie Beckett  
Fund Manager

10 year total return of £1,000

All performance, cumulative growth and annual growth data is sourced from Morningstar. Share price total return is calculated using mid-market share price with dividends reinvested.

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

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## Customer services

0800 832 832

## Fund Manager commentary

### Investment environment

Recent global economic data has been mixed, reflecting improved conditions but persisting risks. The main concerns centre around inflation and geopolitical uncertainty. Energy prices have begun to come down, but inflation readings have remained high and central banks are sustaining a course of continued monetary policy tightening.

### Portfolio review

Due to the warmer winter in Europe this season, gas storage levels have exceeded expectations and gas prices have fallen dramatically. This dynamic has played its part in a better-than-expected company earnings season for the market and the portfolio. The biggest single stock contribution came from DFDS (passenger and freight ferries). The company has a strong balance sheet and operational updates were as we expected, with the strength over the month largely due to a reversal of a weaker January rather than any new information. With its valuation at current levels we remain bullish on the stock. We also saw good results from JD Sports (retail stores) as the company has forecast strong revenue growth, and this potential has been endorsed by major brands. This is crucial as about 50% of the major brands' products are exclusive to JD Sports, and are a differentiator for the company and sets it apart from many other retailers. The Company also benefited

from the holding in Verallia (glass manufacturing), which saw improved margins from product price increases and personnel cost inflation (as this has also started to ease).

Detractors over the period included Greenergy (power producer), u-blox (semiconductor devices) and Modern Times Group (gaming). Greenergy detracted from results as the company missed its earnings expectations. However, this reported miss was largely the result of the timing of its divestment from solar assets in Chile. We believe the core business remains in good shape. Another detractor, u-blox has been facing intense competition in the internet-of-things (IoT) space, but we remained comforted by record high order backlogs. For Modern Times Group sector weakness has resulted in weaker-than-expected organic growth. Still, the company has cash on the balance sheet which we expect to use on acquisitions. We remain positive on the stock.

Activity over the period included initiating new positions in Ionos, Eurogroup Laminations, and Banco Comercial. Ionos provides web hosting and cloud services solutions and is the market leader in Europe. Its services are sold at a trading discount compared to its US peer, the current internet domain market leader. We also bought Eurogroup Laminations which produces stators and rotors powering a variety of electronic applications. The company has a well-established market share with about half the install base of all electric cars, and currently has a large order backlog. Its balance sheet looks relatively healthy, but the company will

need to focus on delivering the order backlog and getting orders to clients. We also initiated a position in Portuguese bank, Banco Comercial. As a whole, Portugal has seen some solid growth following the pandemic as many have sought to work in warmer weather, and it has a visa scheme that has been friendly to businesses. There is a risk to the company from a Polish subsidiary that is facing headwinds over loans issued to Polish residents in Swiss francs. This has detracted from the bank's net income, and we will be monitoring this issue.

Sales in the fund over the month included Duerr (engineering and woodworking) and Friedrich Vorwerk (energy transportation and infrastructure). Duerr had seen strong growth since the pandemic as consumers were remodelling homes but this growth has since tapered. We took profits with the sale of the stock. Regular readers will be aware that we also had the remaining position of Friedrich Vorwerk under review from the prior month. The German energy company has shown a continued inability to manage projects effectively and keep them within budget, including most recently two liquefied natural gas projects. We remain positive on the "re-power EU" theme of the continents' ongoing energy transition but the management team of this company seem unlikely to translate that structural tail wind to higher earnings in our view.

**Manager outlook**

After a succession of forecast downgrades, the global economy has seemed to finally turned a corner since the end of last year. Gas prices in Europe have more than halved over the last couple of months, and we no longer expect an imminent recession. Indeed, we are finding areas in the market where we think valuations are attractive. This brighter outlook is supported by growing evidence that inflation may have peaked (but still remains sticky), and central banks are closer to turning more dovish. We remain cautious here. As we saw through our companies' earnings and results, valuations matter and as always we remained disciplined to the fundamentals. Indeed, with the confluence of these factors, we think Europe remains a buying opportunity.

## 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](http://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.
- 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.
- 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.
- 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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