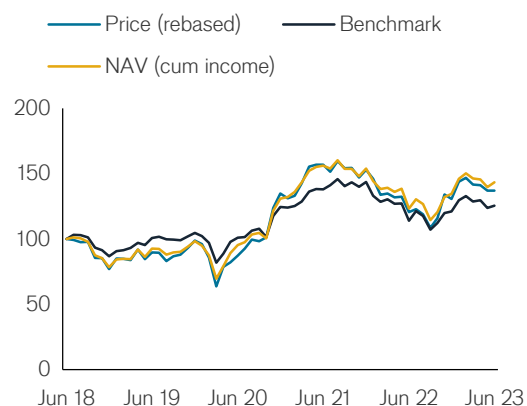


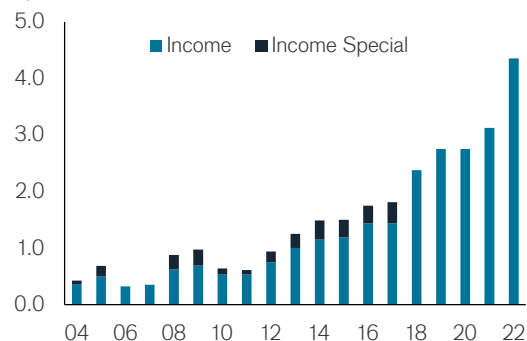
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## Share price performance (total return)



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)	5.0	13.6	56.9	37.1	271.5
NAV (Total return)	6.5	16.4	50.3	43.4	259.9
Benchmark (Total return)	3.7	10.0	24.2	25.5	162.6
Relative NAV (Total return)	2.8	6.4	26.0	18.0	97.3

Discrete year performance (%)	Share price (total return)	NAV (total return)
30/6/2022 to 30/6/2023	13.6	16.4
30/6/2021 to 30/6/2022	-23.1	-21.1
30/6/2020 to 30/6/2021	79.5	63.5
30/6/2019 to 30/6/2020	-2.5	2.9
30/6/2018 to 30/6/2019	-10.4	-7.3

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

Source: at 30/06/23. © 2023 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (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 (for the quarter)

The Company's returns were generally driven by single stock holdings rather than any particular area of the market. Van Lanschot Kempen, Mersen and Grenergy were among the positive contributors while u-blox and Viaplay were among the detractors.

### Outlook

We believe that if we avoid a deep recession, small caps look extremely attractive.

### 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)	184.3p
NAV (ex income)	180.5p
Share price	154.0p
Discount(-)/premium(+)	-16.4%
Yield	3.0%
Net gearing	13%
Net cash	-
Total assets	£833m
Net assets	£739m
Market capitalisation	£617m
Total voting rights	400,867,176
Total number of holdings	126
Ongoing charges (year end 30 Jun 2022)	0.65%
Benchmark	MSCI Europe ex UK Small Cap Index

Overall Morningstar Rating™ ★★★★★  
As of 30/06/2023

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 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)

### Find out more

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

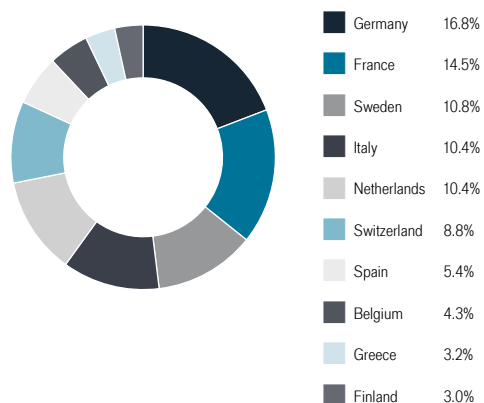
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## Top 10 holdings (%)

Van Lanschot Kempen	3.4
TKH Group	3.2
Mytilineos	2.1
DFDS	2.1
BFF Bank	1.9
u-blox	1.8
SAES Getters	1.8
KSB	1.7
Mersen	1.7
Criteo	1.6

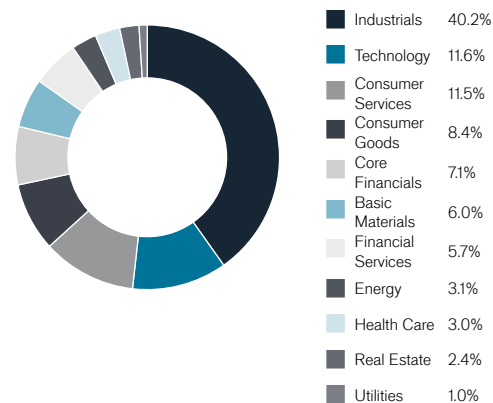
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## Geographical focus (%)



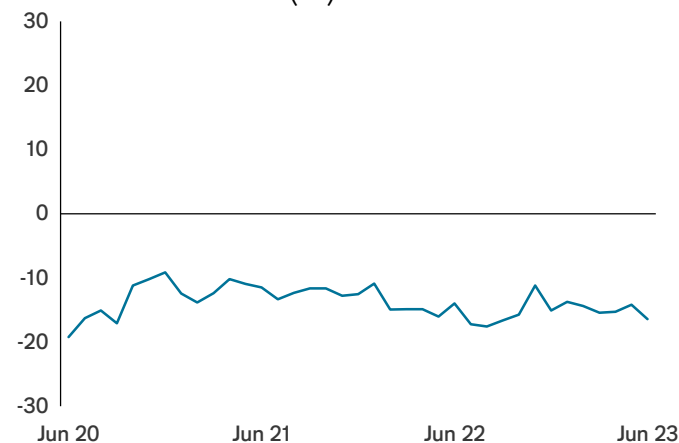
The above geographical breakdown may not add up to 100% as this only shows the top 10.

## Sector breakdown (%)



The above sector breakdown may not add up to 100% due to rounding.

## 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. Share price total return is calculated using mid-market share price with 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
Fund manager appointment	Ollie Beckett 2011



Ollie Beckett  
Fund 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

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### Customer services

0800 832 832

## Fund Manager commentary

### Investment environment

After a first quarter in which financial markets generally saw positive returns, the second quarter (June in particular) was more mixed. Some areas did really well, with technology stocks seeing some strong outperformance thanks to the excitement around artificial intelligence (AI). Volatility also fell as we avoided broader financial contagion after the banking issues in March. That being said, investors remained nervous about the economic cycle with small caps, commodities and cyclical remaining out of favour.

### Portfolio review

The Company's returns were generally driven by single stock holdings rather than any particular area of the market.

Van Lanschot Kempen was the biggest positive contributor. For a while now, we have liked its attractive share price, high dividend and the company's transition to a less capital-intensive part of the sector. These attributes were highlighted in June as a large local broker initiated on the stock with a buy rating. Mersen was another positive contributor as its shares responded well to the completion of its rights issue, where the company seeks to inject capital into its silicon carbide business (a high demand area given the efficiency gains for semiconductors). Spanish and Latin American renewable energy company Grenergy also performed well. The company started to sell some of its renewable energy assets at good prices, not only marking up the value of other

assets it holds, but also improving its balance sheet.

u-blox, which does the modules for geolocation in Internet of Things (IoT) devices, was a poor performer. Here, sell-side analysts have grown incrementally more bearish on the company's Chinese growth and, given a mixed track record in capital markets over the past decade, seem unwilling to give the company the benefit of the doubt. We take comfort in u-blox's current valuation level, along with the growth that we think the sector is likely to see over the medium and long term. We also saw a profit warning from our relatively new position in Viaplay. Its subscriber numbers were disappointing, and contradicted its management's recent communication. It was therefore not surprising to see the CEO leave the company and we have sold the holding.

In terms of other activity, we added two stocks based on their potential for a recovery, both of which we have owned before. Nordex is an onshore wind manufacturer which has been plagued by supply-chain delays and cost pressures. We now believe the company is approaching a trough in its margins. We also bought a small position in Stratec, a diagnostic company which has struggled since the Covid pandemic but which is ultimately in a growing industry. Once again, we think the downgrades process is reaching its end. Disposals included Froy (which was bid for) as well as Commerzbank and Thule (outdoor equipment firm) to take some profits. With Thule, we are also concerned by the degree of senior management turnover initiated by the chairman.

### Manager outlook

European smaller companies were trading at around a 38% price-to-earnings (P/E) discount to the US equity market at the end of June. This represents the biggest discount since data began in 2005, with the average discount over the period being around 5%. European small caps also trade at a valuation discount to European large cap stocks, which is equally unusual. This comes at a time when we think the likelihood of an economic soft landing has increased. In Europe, real wages have turned positive while destocking seems increasingly likely to come to an end in the second half of the year in our view. Given a number of measures of inflation have been falling in the US and Europe, we expect policymakers to move away from their overly restrictive stance. If this proves to be the case, we believe the large valuation discount is unlikely to remain at current extremes.

## 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

Share price multiplied by the number of shares in issue, excluding treasury shares, at month end. Shares typically priced mid-market at month-end closing.

### Net Asset Value (NAV)

The total value of a Company’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 an investment company 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 [www.global.morningstar.com/managerdisclosures](http://www.global.morningstar.com/managerdisclosures).

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## Company specific risks

- This Company is suitable to be used as one component of several within a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested in this Company.
- Active management techniques that have worked well in normal market conditions could prove ineffective or negative for performance 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 that is 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 prices may fluctuate more than those of larger companies.
- Using derivatives exposes the Company to risks different from - and potentially greater than - the risks associated with investing directly in securities. It may therefore result in additional loss, which could be significantly greater than the cost of the derivative.
- Where the Company invests in assets that are denominated in currencies other than the base currency, the currency exchange rate movements may cause the value of investments to fall as well as rise.
- If the Company seeks to minimise risks (such as exchange rate movements), the measures designed to do so may be ineffective, unavailable or negative for performance.
- The Company may use gearing (borrowing to invest) 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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