

Montanaro European Smaller Companies Trust plc
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Unaudited Half-Yearly Report for the Six Months Ended 30 September 2024

The Board of Montanaro European Smaller Companies Trust plc (the 'Company' or 'MESCT') announces the unaudited half-yearly results of the Company for the six months ended 30 September 2024.

Highlights

Performance

	6 months	1 year	3 year	5 year	10 year	MAM*
Capital Returns^{1/2}						
Share price	1.8	21.4	(27.5)	41.8	206.0	354.2
Net Asset Value ('NAV') per Ordinary share**	0.1	19.3	(16.8)	51.0	216.0	383.4
Benchmark (Composite)***	(0.9)	10.8	(8.8)	25.1	105.6	185.0
Total Returns^{1/2}						
Share price	2.4	22.4	(25.9)	46.7	235.4	460.5
NAV per Ordinary share**	0.7	20.2	(15.2)	55.8	243.4	483.3
Benchmark (Composite)***	1.0	13.4	(2.1)	38.1	148.8	304.9

Sources: Morningstar Direct, Association of Investment Companies ('AIC'), Montanaro Asset Management Limited ('MAM').

	As at 30 September 2024	As at 30 September 2023	12 month % change	As at 31 March 2024 (Audited)	6 month % change
Ordinary share price	145.0p	119.4p	21.4%	142.5p	1.8%
NAV per Ordinary share**	165.2p	138.5p	19.3%	165.1p	0.1%
(Discount)/Premium to NAV ²	(12.2%)	(13.8%)		(13.7%)	
Net assets** (£'000s)	313,020	262,360	19.3%	312,720	0.1%
Market capitalisation** (£'000s)	274,670	226,177	21.4%	269,934	1.8%
Net gearing employed ²	1.7%	2.2%		2.9%	

	6 months ended 30 September 2024	6 months ended 30 September 2023	% change	12 months ended 31 March 2024 (Audited)
Revenue return per Ordinary share	1.56p	1.37p	13.9%	1.42p
Dividend per Ordinary share	0.3p	0.225p		1.125p
Ongoing charges (annualised) ²	1.0%	1.1%	-	1.0%
Portfolio turnover (annualised)**	10.0%	12.0%		16.0%

*From 5 September 2006, when MAM was appointed as Investment Manager.

**Details provided in the Glossary below.

¹From 5 September 2006, the benchmark was the MSCI Europe SmallCap Index. The benchmark was changed on 1 June 2009 to the MSCI Europe SmallCap (ex-UK) Index (in sterling terms).

²Refer to Alternative Performance Measures below.

Chairman's Statement

Performance

In the first six months of the financial year the Net Asset Value of your Company rose by 0.1% to 165.2p per share. The Benchmark (MSCI Europe SmallCap (ex-UK) Index) fell by 0.9%.

During the period, the discount narrowed from 13.7% to 12.2%. The share price increased by 1.8%, leading to a share price total return of 2.4%. The Board continues to monitor the level of the discount closely and stands ready to act should it be deemed to be in the best interest of shareholders.

Montanaro take a long-term approach to investing and over 5 and 10 years your Company has delivered NAV per share total returns of 55.8% and 243.4% respectively, outperforming the Benchmark by 17.7% and 94.6% respectively. It is encouraging that performance has returned to form over the past year after a hiatus for a couple of years. Since Montanaro were appointed in September 2006, the annualised NAV total return has been 10.2%, 2.2% p.a. ahead of the Benchmark.

Earnings and Dividends

Revenue earnings per share rose to 1.56p in the period (2023: 1.37p). The Board has declared an interim dividend of 0.3p per share (2023: 0.225p per share) payable on 22 January 2025 to shareholders on the register on 20 December 2024. This increase is being proposed both to reflect the timing of when revenues are received and to provide a better balance between the interim and final dividends.

Borrowings

At the end of the period, the Company had gearing, net of cash, of 1.7% compared to 2.9% at 31 March 2024. The Company's borrowing facilities are due to mature on 13 September 2026.

The Board

We are very pleased to welcome Hillary Williams as a non-executive Director of the Company. Her appointment was with effect from 6 September 2024 and she has also been appointed as a member of the Audit, Remuneration and Nomination Committees from this date. Ms Williams brings extensive experience as a senior financial services marketing leader to the Board.

Outlook

We have previously commented on the outperformance of large companies versus their smaller counterparts in the last few years. This contrasts with the longer-term historical trend - termed the "SmallCap Effect" by academics - whereby smaller companies delivered higher returns than large ones (the excess return averaged 4.2% per annum in Continental Europe since December 2000). It is too early to say whether the recent underperformance of smaller companies has ended, but the headwind has certainly abated: in the six-month period to 30 September 2024, smaller companies in Europe outperformed their larger counterparts by 2%.

Perhaps we should not be surprised. Confirmation that inflation is back to a "normal" level has allowed the European Central Bank to start cutting interest rates once again, which is typically positive for smaller companies. In addition, as we have highlighted before, the valuation of smaller companies on the Continent looks cheap compared to its own history: at 12.3x, the forward P/E ratio is more than one standard deviation below its long-term average and at a record discount (13%) to the forward P/E of the broad European market. The backdrop of disinflation coupled with attractive valuations is in turn boosting M&A activity in the smaller companies space.

Not everything is rosy, however. The economies within Europe remain shaky and it is clear from speaking to companies that Germany in particular is grappling with a significant cyclical downturn, partly fuelled by the challenges faced by China, one of its key export markets. In these circumstances we get comfort from the high quality and structural growth focus of the companies in your portfolio. We also note that while the three largest holdings in the portfolio at the quarter end are listed in Germany, they have extremely strong positions in structurally growing end markets. Their financial performance continues to reflect this.

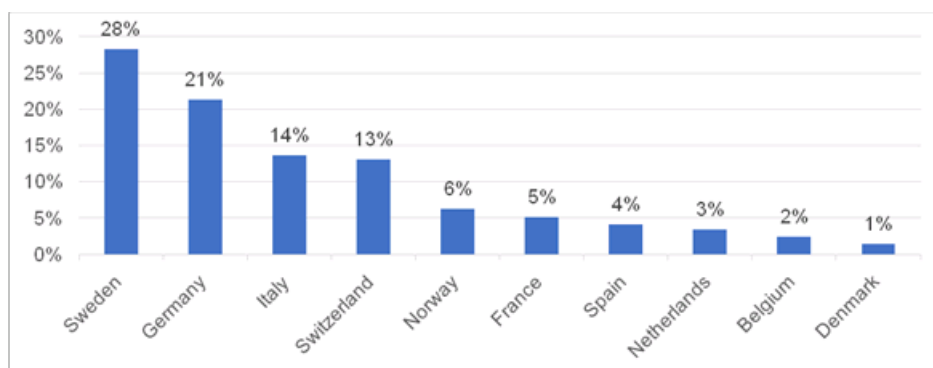
If SmallCap is entering a new, multi-year cycle of outperformance, MESCT stands to benefit. The companies in your portfolio continue to deliver high returns on equity, far in excess of their cost of capital, and they have strong balance sheets. Moreover, consensus expectations suggest they will grow their earnings at double digit rates in 2025. Their continued progress and the constant oversight by Montanaro mean we look forward to the future with confidence.

Portfolio Summary **Twenty Largest Holdings** As at 30 September 2024

Holding	Country	Description	Value £'000	% of Net Assets
MTU Aero Engines	Germany	Aircraft engine components	16,335	5.22
CTS Eventim	Germany	Event ticketing solutions	14,391	4.60
ATOSS Software	Germany	Workforce management software	12,892	4.12
NCAB	Sweden	Printed circuit boards	12,314	3.93
VZ Holding	Switzerland	Independent wealth management	11,978	3.83
Fortnox	Sweden	Cloud accounting solutions	11,603	3.71
IMCD	Netherlands	Specialty chemical distribution	11,033	3.52
Belimo Holding	Switzerland	Actuators, sensors and valves	9,869	3.15
Reply	Italy	IT consulting services	9,008	2.88
AAK	Sweden	Specialty vegetable oils	8,568	2.74
Brunello Cucinelli	Italy	Luxury goods	8,461	2.70
Rational	Germany	Professional cooking equipment	8,438	2.70
Kitron	Norway	Electronic manufacturing services	8,115	2.59
Melexis	Belgium	Automotive sensors	8,028	2.56
Esker	France	Document process automation	7,707	2.46
Sectra	Sweden	Medical imaging software	7,280	2.33
Brembo	Italy	Automotive braking systems	6,961	2.22
Bachem	Switzerland	Peptide manufacturing	6,924	2.21
Thule Group	Sweden	Outdoor lifestyle products	6,818	2.18
Amadeus FiRe	Germany	Staffing and training	6,183	1.98
Twenty Largest Holdings			192,906	61.63

Geographical Analysis

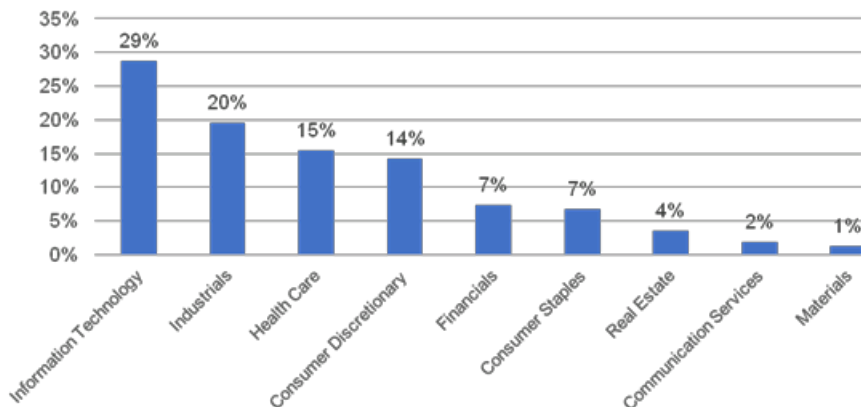
As at 30 September 2024



Source: Juniper Partners Limited

Sector Analysis

As at 30 September 2024



Source: Juniper Partners Limited

Interim Management Report

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Statement above.

Statement of Principal Risks and Uncertainties:

Most of the principal risks that could threaten the Company's objective, strategy, future returns and solvency are market related and comparable to those of other investment trusts investing primarily in quoted securities. The principal risks faced by the Company are investment and strategic, gearing, financial, discount volatility, regulatory, operational, cyber security, ESG and manager risks. These risks and the way in which they are mitigated are described in more detail under the heading 'Principal and Emerging Risks and Uncertainties and Risk Mitigation' within the Business Model and Strategy section on pages 16 to 19 of the Company's Annual Report for the year ended 31 March 2024. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

Related Party Transactions:

Related party transactions are disclosed in note 13 below. There have been no material changes to the related party transactions described in the last Annual Report.

Going Concern:

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future and for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Directors' Responsibility Statement in respect of the Half-Yearly Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rule ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the Chairman's Statement, together with the condensed set of financial statements, include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

The Half-Yearly Report and Accounts were approved by the Board and the above responsibility statement was signed on its behalf by:

R M CURLING
Chairman
11 December 2024

Condensed Income Statement (unaudited)

for the six months to 30 September 2024

Note	Six months to 30 September 2024 £'000			Six months to 30 September 2023 £'000			Re
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
(Losses)/gains on investments at fair value through profit or loss	-	(50)	(50)	-	(37,997)	(37,997)	
Exchange gains	-	61	61	-	115	115	
Revenue							
Investment income	3	4,386	-	4,386	3,745	-	3,745
Total income		4,386	11	4,397	3,745	(37,882)	(34,137)
Expenditure							
Management expenses	4	(431)	(800)	(1,231)	(413)	(766)	(1,179)
Other expenses		(370)	-	(370)	(362)	-	(362)
Total expenditure		(801)	(800)	(1,601)	(775)	(766)	(1,541)
Return before finance costs and taxation		3,585	(789)	2,796	2,970	(38,648)	(35,678)
Finance costs		(85)	(159)	(244)	(41)	(97)	(138)
Return before taxation		3,500	(948)	2,552	2,929	(38,745)	(35,816)
Taxation		(547)	-	(547)	(340)	-	(340)
Return after taxation		2,953	(948)	2,005	2,589	(38,745)	(36,156)
Return per share	5	1.56p	(0.50p)	1.06p	1.37p	(20.45p)	(19.08p)

The total column of this statement represents the Company's Income Statement and Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards in conformity with the Companies Act 2006.

The supplementary revenue return and capital return columns are both prepared under guidance published by the AIC.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

Condensed Balance Sheet (unaudited) as at 30 September 2024

	Note	As at 30 September 2024 £'000	As at 30 September 2023 £'000	As at 31 March 2024 £'000 (audited)
Non-current assets				
Investments held at fair value through profit and loss	7	318,654	268,485	321,676
Current assets				
Trade and other receivables		812	748	885
Cash and cash equivalents		2,804	2,808	242
		3,616	3,556	1,127
Total assets		322,270	272,041	322,803
Current liabilities				
Trade and other payables		(983)	(1,099)	(754)
Revolving credit facility	8	-	-	(856)
		(983)	(1,099)	(1,610)
Non-current liabilities				
Interest-bearing bank loans	8	(8,267)	(8,582)	(8,473)
Total liabilities		(9,250)	(9,681)	(10,083)
Net assets		313,020	262,360	312,720
Capital and reserves				
Called-up share capital	9	9,471	9,471	9,471
Share premium account		44,057	44,057	44,057
Capital redemption reserve		2,212	2,212	2,212
Capital reserve		251,573	201,836	252,521
Revenue reserve		5,707	4,784	4,459
Total shareholders' funds		313,020	262,360	312,720
Net asset value per share	10	165.2p	138.5p	165.1p

Condensed Statement of Changes in Equity (unaudited)**for the six months ended 30 September 2024**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 April 2024	9,471	44,057	2,212	252,521	4,459	312,720
Return after taxation	-	-	-	(948)	2,953	2,005
Dividends paid	-	-	-	-	(1,705)	(1,705)
Balance at 30 September 2024	9,471	44,057	2,212	251,573	5,707	313,020

for the six months ended 30 September 2023

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 April 2023	9,471	44,057	2,212	240,581	3,654	299,975
Return after taxation	-	-	-	(38,745)	2,589	(36,156)
Dividends paid	-	-	-	-	(1,459)	(1,459)
Balance at 30 September 2023	9,471	44,057	2,212	201,836	4,784	262,360

for the year ended 31 March 2024 (audited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital Reserve £'000	Revenue reserve £'000	Total £'000
As at 1 April 2023	9,471	44,057	2,212	240,581	3,654	299,975
Return after taxation	-	-	-	11,940	2,690	14,630
Dividends paid	-	-	-	-	(1,885)	(1,885)
Balance at 31 March 2024	9,471	44,057	2,212	252,521	4,459	312,720

Condensed Statement of Cash Flows (unaudited)**for the six months ended 30 September 2024**

	Six months to 30 September 2024 £'000	Six months to 30 September 2023 £'000	Year to 31 March 2024 (audited) £'000
Net cash inflow from operating activities	5,515	5,376	2,991

Net cash outflow from financing activities	(2,792)	(5,968)	(5,804)
	2,723	(592)	(2,813)
Exchange (losses)/gains	(161)	64	(170)
Increase/(decrease) in cash and cash equivalents	2,562	(528)	(2,983)
Reconciliation of profit before finance costs and taxation to net cash inflow from operating activities			
Return before taxation	2,552	(35,678)	15,006
Losses/(gains) on investments held at fair value	50	37,997	(13,543)
Exchange gains	(61)	(115)	(135)
Finance costs	244	226	381
Withholding tax	(567)	(340)	(374)
Purchases of investments	(12,113)	(14,403)	(33,701)
Sales of investments	15,308	17,805	35,136
Changes in working capital and other non-cash items	102	(116)	221
Net cash inflow from operating activities	5,515	5,376	2,991

Notes to the Accounts (unaudited)

- The condensed unaudited financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting' and the accounting policies set out in the statutory accounts of the Company for the year ended 31 March 2024. The condensed financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 March 2024, which were prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards.
- Earnings for the first six months should not be taken as a guide to the results for the full year.
- Income for the period is derived from:

Six months to	Six months to	Year to
30 September	30 September	31 March
2024	2023	2024
		£'000

	2024	2023	2022
	£'000	£'000	(audited)
Overseas dividend income	4,353	3,661	4,582
Exchange/(losses)	(6)	(4)	(6)
Other income	39	88	116
Total	<u>4,386</u>	<u>3,745</u>	<u>4,692</u>

4. Management fee

As set out in the Company's Annual Report, the management fee is linked to the size of the Company, as follows:

- 0.90% p.a. of the amount of the Company's market capitalisation up to £500 million;
- 0.75% p.a. of the amount of the Company's market capitalisation between £500 million and £750 million; and
- 0.65% p.a. of the amount of the Company's market capitalisation above £750 million.

The management fee is payable monthly in arrears.

MAM is also paid a fee of £25,000 per annum for acting as the Company's Alternative Investment Fund Manager ('AIFM').

5. Return per Share

Earnings per Ordinary Share is based on a weighted average of 189,427,600 Ordinary Shares in issue during the period (year ended 31 March 2024: 189,427,600 and six months ended 30 September 2023: 189,427,600), excluding those shares bought back and held in treasury (nil at 30 September 2024).

6. Dividends

The interim dividend relating to the year ended 31 March 2025 of 0.3p per Ordinary Share will be paid on 22 January 2025 to shareholders on the register on 20 December 2024. In accordance with IFRS, this dividend has not been recognised in these financial statements. The ex-dividend date for this payment is 19 December 2024.

A final dividend relating to the year ended 31 March 2024 of 0.9p per Ordinary Share was paid during the six months to 30 September 2024 and amounted to £1,705,000.

7. Investments at fair value through profit or loss

	30 September 2024 £'000	30 September 2023 £'000	31 March 2024 £'000 (audited)
Opening book cost	193,353	193,796	193,796
Holding gains	128,323	116,512	116,512
Opening fair value	321,676	310,308	310,308
Purchases at cost	12,333	13,991	43,002
Sales - proceeds	(15,305)	(17,817)	(45,177)
Gains on sales	5,562	5,450	1,732
Holding (losses)/gains	(5,612)	(43,447)	11,811
Closing fair value	318,654	268,485	321,676
Closing book cost	195,943	195,420	193,353
Holding gains	122,711	73,065	128,323
Closing valuation	<u>318,654</u>	<u>268,485</u>	<u>321,676</u>

8. Borrowings

Revolving credit facility

	Six months to 30 September 2024	Six months to 30 September 2023	Year to 31 March 2024 £'000
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	2024 £'000	2023 £'000	2022 £'000 (audited)
Opening balance	856	4,391	4,391
Repaid loan	(859)	(4,327)	(4,327)
Draw down loan	-	-	856
Foreign currency exchange loss/(gain)	3	(64)	(64)
Closing balance	-	-	856

The Company has a three-year secured revolving credit facility with ING Bank N.V. ('ING') which will mature on 13 September 2026.

As at 30 September 2024, no amounts were drawn down under this facility.

Interest bearing bank loans

	Six months to 30 September 2024 £'000	Six months to 30 September 2023 £'000	Year to 31 March 2024 (audited) £'000
Opening balance	8,473	8,787	8,787
Set up costs	-	(99)	(98)
Amortisation of set-up costs	16	6	22
Non-cash foreign currency movements	(222)	(112)	(238)
Closing balance	8,267	8,582	8,473

The Company has a €10 million three year secured loan at a fixed rate of 5.105% per annum (previously 1.33%) with ING Bank N.V. ('ING'). This loan will mature on 13 September 2026.

The carrying value of the balances above approximates to fair value.

9. Share Capital

	30 September 2024		31 March 2024 (audited)	
	Number of shares	£'000	Number of shares	£'000
Allotted, called-up and fully paid:				
Ordinary shares of 2p each (31 March 2024: 2p each)				
Balance at beginning of period	189,427,600	9,471	189,427,600	9,471
Balance at end of period	189,427,600	9,471	189,427,600	9,471

10. Net Assets Value per Ordinary Share

The NAV per Ordinary Share was based on 189,427,600 Ordinary Shares in issue at the end of the period (31 March 2024: 189,427,600 and 30 September 2023: 189,427,600), excluding those shares bought back and held in treasury. As at 30 September 2024, there were no Ordinary Shares held in treasury (31 March 2024: nil and 30 September 2023: nil).

11. Fair Value Hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1 - valued using quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 - valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.
- Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables below set out fair value measurements of financial instruments as at the period end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 September 2024				
Investments	318,654	-	-	318,654
Loan	-	(8,327)	-	(8,327)
30 September 2023				
Investments	268,485	-	-	268,485
Loan	-	(8,582)	-	(8,582)
31 March 2024 (audited)				
Investments	321,676	-	-	321,676
Loan	-	(9,405)	-	(9,405)

There were no transfers between levels during the period ended 30 September 2024 (year ended 31 March 2024 and period ended 30 September 2023: None).

Other aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements, as at and for the year ended, 31 March 2024.

12. Rates of Exchange (to Sterling)

	30 September 2024 £'000	30 September 2023 £'000	31 March 2024 £'000 (audited)
Danish Krone	8.95	8.60	8.72
Euro	1.20	1.15	1.17
Norwegian Krone	14.10	13.03	13.65
Swedish Krona	13.58	13.32	13.44
Swiss Franc	1.13	1.12	1.14

13. Related Parties

The following are considered related parties: the Board of Directors. The Directors of the Company received fees for their services and dividends from their shareholdings in the Company as outlined below.

The amount charged by the Manager during the period was £1,231,000 (six months to 30 September 2023: £1,179,000; year to 31 March 2024: £2,293,000). At 30 September 2024, the amount due to the Manager, included in creditors, was £631,000. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies.

Directors' Emoluments

At 30 September 2024, the Board consisted of four non-executive Directors. All Directors are considered to be independent of the Manager. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £43,000, the Chair of the Audit Committee receives an annual fee of £37,500 and non-executive Directors receive £31,000 per annum.

At 30 September 2024, the amount outstanding in respect of Directors' fees was £nil (31 March 2024: £nil).

At 30 September 2024, the interests of the Directors in the Ordinary Shares of the Company were as follows:

	30 September 2024 No. of shares	31 March 2024 No. of shares
R M Curling	150,000	150,000
C A Roxburgh	62,833	62,833
G Neilly	62,604	62,293
Hillary Williams	-	-

The following changes in the Directors' interests occurred between 30 September 2024 and the

The following changes in the Directors' interests occurred between 30 September 2024 and the date of this report:

C A Roxburgh acquired 369 shares on 14 October 2024 and 6,855 shares on 22 October 2024.

14. Statutory Accounts

These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and have not been audited or reviewed by the Company's Auditor. The information for the year ended 31 March 2024 has been extracted from the latest published financial statements and which have been filed with the Registrar of Companies. The Auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006. No statutory accounts in respect of any period after 31 March 2024 have been reported on by the Company's Auditor or delivered to the Registrar of Companies.

Alternative Performance Measures ("APMs")

The Company uses the following APMs:

Share Price and NAV Returns

Capital Return measures the effect of any rise or fall in the share price or NAV, excluding any dividends paid.

Total Return measures the effect of any rise or fall in the share price or NAV, plus dividends paid which are reinvested at the prevailing NAV or share price on the ex-dividend date.

Share Price Return calculations as at 30 September 2024

Share price as at 30 September 2024	145.00 (a)
Share price as at 31 March 2024	142.50 (b)
Share price Capital Return	1.8% ((a-b)/b)
Impact of dividends reinvested	0.6% (Note 1)
Share Price Total Return	2.4%

Note 1 - Share Price impact of dividends reinvested

Dividend	PPS	Dividend X date	Share price at dividend X date	Impact of dividend reinvested
	(a)		(b)	(a)/(b)
Final dividend	0.90	16 August 2024	145.00	0.6%

NAV Return calculations as at 30 September 2024

NAV per share as at 30 September 2024	165.24 (a)
NAV per share as at 31 March 2024	165.10 (b)
NAV Capital Return	0.1% ((a-b)/b)
Impact of dividends reinvested	0.6% (Note 1)
NAV Total Return	0.7%

Note 1 - NAV impact of dividends reinvested

Dividend	PPS	Dividend X date	NAV at dividend X date	Impact of dividend reinvested
	(a)		(b)	(a)/(b)
Final dividend	0.90	16 August 2024	165.20	0.6%

Discount or Premium to NAV

If the share is less than its NAV per share, the shares are trading at a discount. If the share price is greater than the NAV per share, the shares are trading at a premium.

As at 30 September 2024, the NAV per share was 165.24p and the share price was 145.00p. The discount is therefore calculated at 12.24%.

Net gearing employed

Unlike open-ended investment companies, investment trusts have the ability to borrow to invest. This term is used to describe the level of borrowings that an investment trust has undertaken and is stated as a percentage of shareholders' funds. The higher the level of borrowings, the higher the gearing ratio.

Net gearing is calculated as total debt, net of cash and cash equivalents, as a percentage of the total shareholders' funds.

As at 30 September 2024, interest bearing bank loans were (£8,267,000), cash and cash equivalents were £2,804,000 and net assets were £313,020,000. As at 30 September 2024, net gearing employed was therefore equal to 1.7%.

Ongoing charges (expressed as a percentage)

Ongoing charges are the Company's revenue and capital expenses (excluding finance costs and certain non-recurring items) expressed as a percentage of the average daily net assets of the Company during the period.

Ongoing charges calculation

		Six months to 30 September 2024 £'000	Six months to 30 September 2023 £'000	Year to 31 March 2024 £'000 (audited)
Total expenditure	(a)	1,601	1,541	2,982
Average daily net assets	(b)	307,401	291,230	286,505
Ongoing charges (c = a/b)*	(c)	1.0%	1.1%	1.0%

* 30 September 2024 and 30 September 2023 figures annualised for comparison (c = (a/b) x 2).

Glossary of terms

AIFMD

Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles in the European Union, including investment trusts, must, with effect from 22 July 2014, appoint a Depositary and an AIFM. The board of directors of an investment trust, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

AIC

The Association of Investment Companies is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

Benchmark

This is a measure against which an investment trust's performance is compared. The benchmark of the Company is the MSCI Europe SmallCap (ex-UK) Index (in sterling terms). The index averages the performance of a defined selection of companies listed in European smaller company stock markets and gives an indication of how those markets have performed in any period.

Closed-end Investment Company

A company, including an investment trust, with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the NAV of the company and where shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended investment company, which has units not traded on an exchange but issued or bought back from investors at a price directly related to the NAV.

Custodian

A specialised financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services. The Company's Custodian is Bank of New York Mellon SA/NV (London branch).

Depositary

Under the AIFMD, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. The Depositary has strict liability for loss of any investments or other assets where it has safekeeping duties. The Depositary's oversight duties include, but are not limited to, oversight of share buybacks, dividend payments and adherence to investment limits. The Company's Depositary is The Bank of New York Mellon (International) Limited.

Dividend

The income from an investment. Some investment trusts pay dividends on a quarterly or monthly basis. The Company currently pays dividends twice a year.

Gearing

Gearing is calculated as total liabilities less current assets divided by net assets.

International Accounting Standards

UK- adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Investment Manager

The Company's Investment Manager is Montanaro Asset Management Limited.

Investment Trust

A closed-end investment company which satisfies the requirements of Section 1158 of the Corporation Tax Act 2010. Companies which meet these criteria are exempt from having to pay tax on the capital gains they realise from sales of the investments within their portfolios.

Leverage

As defined under the AIFMD rules, Leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to Gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash and cash equivalents, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash and cash equivalents and after certain hedging and netting positions are offset against each other.

Marked to Market

Accounting for the fair value of an asset or liability that can change over time and reflects its current market value rather than its book cost.

Market Capitalisation

The stock market value of a company as determined by multiplying the number of shares in issue, excluding those shares held in treasury, by the market price of the shares.

Net Asset Value ("NAV") per Ordinary Share

This is calculated as the net assets of an investment trust divided by the number of shares in issue, excluding those shares held in treasury.

Net Assets (or Shareholders' Funds)

This is calculated as the value of the investments and other assets of an investment trust, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an investment trust at a point in time.

Net Gearing

Net Gearing is calculated as total debt, net of cash and cash equivalents, as a percentage of the total shareholders' funds.

Ordinary Shares

The main type of equity capital issued by conventional investment trusts. Shareholders are entitled to their share of both income, in the form of dividends paid by the investment trust, and any capital growth. The Company has only Ordinary Shares in issue.

Portfolio Turnover

Calculated using total sales proceeds as a percentage of the average monthly net assets during the period, annualised.

Related Party Transactions

Under the UK Listing Rules, the Manager is regarded as a related party of the Company.

Share Price

The value of a share at a point in time as quoted on a stock exchange. The shares of the Company are quoted on the Main Market of the London Stock Exchange.

SORP

Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC.

Total Assets

This is calculated as the value of the investment and other assets of an investment trust, plus cash and debtors.

Montanaro European Smaller Companies Trust PLC

Registered in Scotland No. SC074677

An investment company as defined under section 833 of the Companies Act 2006

Directors

R M Curling (Chairman)
G Neilly
C A Roxburgh
H Williams

Registered Office

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Principal Advisers**AIFM and Investment Manager**

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Company Secretary and Administrator

Juniper Partners Limited
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Custodian

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Sources of Further Information

Information on the Company, including this Half-Yearly Report is available on the Company's website:
<https://montanaro.co.uk/trust/montanaro-european-smaller-companies-trust/>

Neither the contents of the Company's website nor the contents of any website accessible from
hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this
announcement.



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