

Key risk factors

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

The Company's investments may be subject to liquidity constraints, which means that shares may trade less frequently and in small volumes, for instance smaller companies. As a result, changes in the value of investments may be more unpredictable. In certain cases, it may not be possible to sell the security at the last market price quoted or at a value considered to be fairest.

Overseas investments will be affected by currency exchange rate fluctuations.

The Company may from time to time utilize gearing. A fuller definition of gearing is given in the glossary.

NMPI status The Company currently conducts its affairs so that its securities can be recommended by IFAs (Independent Financial Advisers) to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream pooled investments (NMPI) and intends to continue to do so for the foreseeable future. The securities are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

The latest performance data can be found on the BlackRock Investment Management (UK) Limited website at: blackrock.com/uk/brsc.

The information contained in this release was correct as at 30 April 2021. Information on the Company's up to date net asset values can be found on the London Stock Exchange Website at: <https://www.londonstockexchange.com/news?tab=news-explorer>

Company objective

To achieve long term capital growth for shareholders through investment mainly in smaller UK quoted companies.

Fund information (as at 30/04/21)

Net asset value capital only (debt at par value)	2,021.83p
Net asset value capital only (debt at fair value)	2,012.62p
Net asset value incl. income (debt at par value ¹)	2,035.96p
Net asset value incl. income (debt at fair value ¹)	2,026.76p
Share price	1,914.00p
Discount to NAV incl. income (debt at par value)	6.0%
Discount to NAV incl. income (debt at fair value)	5.6%
Net yield ²	1.7%
Gross assets ³	£1,083.8m
Gearing range as a % of net assets	0-15%
Net gearing including income (debt at par)	7.7%
Ongoing charges ratio ⁴	0.8%
Issued capital – ordinary shares (excluding shares in treasury) ⁵	48,829,792

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

¹ includes net revenue of 14.13p.

² Yield calculations are based on dividends announced in the last 12 months as at the date of release of this announcement, and comprise the interim dividend of 12.8 pence per share (announced on 5 November 2020, ex-dividend on 12 November 2020, paid on 26 November 2020) and the final dividend of 20.50 pence per share declared on 7 May 2021 and payable on 18 June 2021 to shareholders on the register on 21 May 2021.

³ includes current year revenue.

⁴ As reported in the Annual Financial Report for the year ended 28 February 2021 the Ongoing Charges Ratio (OCR) was 0.8%. The OCR is calculated as a percentage of net assets and using operating expenses, excluding performance fees, finance costs and taxation.

⁵ excludes 1,163,731 shares held in treasury.

Annual performance to the last quarter end (as at 31 March 2021)

	31/03/20 31/03/21 %	31/03/19 31/03/20 %	31/03/18 31/03/19 %	31/03/17 31/03/18 %	31/03/16 31/03/17 %
Net asset value	63.1	-17.4	-1.0	18.1	27.4
Share price	63.3	-16.2	3.5	31.1	22.8
Benchmark ¹	71.3	-23.2	-4.1	7.0	21.4

Cumulative performance (as at 30/04/21)

Sterling	1M%	3M%	1Y%	3Y%	5Y%
Net asset value	9.0	16.9	55.8	30.9	99.2
Share price	7.2	16.6	46.1	34.1	112.7
Benchmark ¹	5.6	15.1	57.9	18.8	51.8

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Source: BlackRock and Datastream, 30 April 2021

¹ The Company's benchmark is the Numis Smaller Companies plus AIM (ex Investment Companies).

The annual Net Asset Value (NAV) performance statistics to the last quarter end (in the first table) are based on a NAV including income and with debt at par, with any dividends reinvested on the ex-dividend date, net of ongoing charges and any applicable performance fee.

Performance calculations in the second table are based on a capital only Net Asset Value (NAV) with debt at par, without income reinvested and net of ongoing charges and any performance fee. Share price performance calculations also exclude income reinvestment. The debenture stock and long dated note issued by the Company are valued at par which represents the value due to be paid to holders of the debt at maturity. The debenture and the long dated note are both forms of long term loan. Additional definitions are given in the glossary.

A fuller definition of ongoing charges, which includes the annual management fee, is given in the glossary. Details of the management fee are given in the key company details section overleaf. Share price performance figures are calculated on a mid market basis in sterling terms with income reinvested on the ex-dividend date.

The performance of the Company's portfolio, or NAV performance, is not the same as share price performance and shareholders may not realise returns which are the same as NAV performance. The latest performance data can be found on the BlackRock Investment Management (UK) Limited website at: blackrock.com/uk/brsc.



Money Observer's Rated Funds recognise open-ended funds and closed-ended investment companies that have demonstrated consistent outperformance or that have been chosen as ideal routes into specific markets and sectors in the current investment environment.
Effective date: 7 February 2020



Highly commended (runner up) in the Moneywise Investment Trust Awards 2020.
Effective date: 29 March 2020

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Comments from the Portfolio Manager, Roland Arnold

Please note that the commentary below includes historic information on the Company's NAV performance and index performance.

The figures shown relate to past performance. Past performance is not a reliable indicator of future results.

During April the Company's NAV per share rose by 9.0%¹ to 2,021.83p on a capital only basis, outperforming our benchmark index which returned 5.6%¹; for comparison the FTSE 100 Index rose by 3.8%¹ on a capital only basis.

Equity markets continued to rise during April, buoyed by the continued positive signs from the COVID-19 vaccine deployment and a strong corporate earnings season. The 12th of April brought the re-opening of outdoor hospitality and non-essential retail in the UK as COVID-19 cases and death numbers fell. The ONS weekly indicators of the COVID-19 impact on the UK economy suggested that the return to normal had accelerated; compared to pre-pandemic levels, overall credit and debit card payments recovered to 98%, road traffic climbed to 103% and the proportion of the workforce on furlough declined to 13%. The style rotation from growth into value, which was such a dominant driver of markets in the first quarter, seemingly paused during April as bottom-up fundamentals were the driving force behind market movements.

Positive earnings result were the key driver of the Company's NAV outperformance during the month, with a number of our holdings beating expectations and raising guidance. Shares in the sustainable-focused fund manager Impax Asset Management rallied after the company reported another strong quarter of AUM growth, with a 19% increase in the first 3 months of 2021. Treatt, the manufacturer of flavour and fragrance ingredients, rose in response to another positive update which confirmed that the company has continued to trade in line with the board's recently increased guidance (as revised from January 2021). Construction group Morgan Sindall provided an impressive trading update showing strong growth across the business since the start of the year, with upgrades to full year guidance. The backdrop of rising demand for affordable housing, urban regeneration and infrastructure investment continues to propel the group's secured order book, whilst operational delivery is expected to drive margin improvement throughout the year.

The positive earnings news across the market meant the largest detractors to performance were outperforming shares in the benchmark which were not owned in the portfolio. Amongst stocks that we did own, our holdings Stock Spirits, 4imprint and Team17 underperformed despite no stock-specific newsflow.

In the UK the vaccine rollout and the pace of re-opening continues to look positive and remains a key focus for investors. Like everyone we are monitoring the situation closely, and whilst there is always a risk a "variant of concern" may cause the re-opening plan to stutter, at this time we still believe the vaccine will ultimately see us return to a more normal way of life. The strength of trading shown in the recent reporting season provides us with confidence in our current positioning and the outlook for many businesses across the portfolio continues to improve. We also continue to see evidence of those companies that went into the Covid crisis in a strong position, both financially and operationally, are now emerging in even stronger positions. The ability of well-financed, market-leading businesses to improve their relative positions in times of stress has always been one of our core beliefs, and this crisis has only reinforced that belief.

We continue to focus on bottom-up company fundamentals, with a bias towards high quality market leading global businesses, which are operating in attractive end markets and run by strong management teams. The road ahead remains uncertain, and there is potential for sharp spikes in volatility. However, as always, we believe that focusing on the micro will triumph over the macro headwinds, and historically volatility has always created opportunity for this strategy. We thank shareholders for their continued support.

Unless otherwise stated all data is sourced from BlackRock as at 30 April 2021.

¹ Source: Datastream as at 30 April 2021

Any opinions, forecasts represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation.

Risk: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

Ten Largest Equity Investments (as at 30/04/21)

Company	% of portfolio
Treatt	2.4
Watches of Switzerland	2.4
CVS Group	2.0
Impax Asset Management	2.0
Ergomed	2.0
Breedon	1.8
YouGov	1.8
IntegraFin	1.8
Stock Spirits Group	1.7
Pets At Home	1.6

Sector allocations (as at 30/04/21)	% of portfolio
Industrials	28.5
Consumer Services	21.2
Financials	16.4
Consumer Goods	12.0
Technology	7.5
Basic Materials	5.5
Health Care	4.0
Oil & Gas	3.3
Telecommunications	1.5
Real Estate	0.1
Total	100.0

Allocations are as of date shown and do not necessarily represent current or future portfolio holdings. **Risk:** The specific companies identified and described above do not represent all of the companies purchased or sold, and no assumptions should be made that the companies identified and discussed were or will be profitable. This should not be construed as investment advice or investment recommendation of those companies.

A full disclosure of portfolio investments for the BlackRock Smaller Companies Trust plc as at 31 March 2021 has been made available on the Company's website at the link given below:

<https://www.blackrock.com/uk/individual/literature/policies/brsct-portfolio-disclosure.pdf>

Country allocations (as at 30/04/21)	% of total assets
United Kingdom	98.4
United States	1.2
Guernsey	0.4
Total	100.0

Allocations are as of date shown and do not necessarily represent current or future portfolio holdings.

Key company details

Fund characteristics:

Launch date	May 1906
Dealing currency	Sterling
Association of Investment Companies sector (AIC)	UK Smaller Companies
Benchmark	Numis Smaller Companies plus AIM (ex Investment Companies)
Traded	London Stock Exchange

Management:

Alternative Investment Fund Manager (with effect from 2 July 2014)	BlackRock Fund Managers Limited
Portfolio manager	Roland Arnold

Annual management fee

BlackRock receives an annual fee which is calculated based on 0.60% in respect of the first GBP 750m of the Company's total assets less current liabilities, reducing to 0.50% thereafter. There are no performance fee arrangements in place.

Financial calendar:

Fund codes:

Year end	28 February	ISIN	GB0006436108
Results announced	October/ November (half yearly) April/May (final)	Sedol	0643610
Annual General Meeting	June	Bloomberg	BRSC:LN
		Reuters	BRSC.L
Dividends paid	December and June	Ticker	BRSC/LON

Want to know more?

blackrock.com/uk/brsc | Tel: 0207 743 3000 | cosec@blackrock.com

Glossary of Terms

AIM

AIM is the London Stock Exchange's international market for smaller growing companies. The AIM market has no restrictions on market capitalisation, and financial reporting is more flexible than for companies listed on the main market of the London Stock Exchange.

Debenture and Long Term Note

Debentures are a common form of long-term loan that can be taken out by a company. These loans are normally repayable on a fixed date and pay a fixed rate of interest. The Company has in issue a £15 million debenture that will be redeemed in 2022, and carries an interest cost of 7.75%.

A long term note is also a form of long term loan. The Company has in issue a £25 million long term note which redeems in 2037 and carries an interest cost of 2.74%, and a £20 million long term note which redeems in 2044 and carries an interest cost of 2.41%.

Discount/Premium

Investment trust shares frequently trade at a discount or premium to the NAV. This occurs when the share price is less than (a discount) or more than (a premium) the NAV. The discount or premium is the difference between the share price (based on mid-market share prices) and the NAV, expressed as a percentage of the NAV. Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

Gearing

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favorable situation or a particularly attractive stock without having to sell existing investments. Gearing works by magnifying the company's performance. If a company 'gears up' and then markets rise and the returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

Net yield

The net yield is calculated using total dividends declared in the last 12 months (as at date of this factsheet) as a percentage of the month end share price.

NAV (Net Asset Value) and diluted NAV

A company's undiluted NAV is its available shareholders' funds divided by the number of shares in issue (excluding treasury shares), before making any adjustment for any potentially dilutive securities which the Company may have in issue, such as subscription shares, convertible bonds or treasury shares. A diluted NAV is calculated on the assumption that holders of any convertibles have converted, subscription shares have been exercised and treasury shares are re-issued at the mid-market price, to the extent that the NAV per share is higher than the price of each of these shares or securities and that they are 'in the money'. The aim is to ensure that shareholders have a full understanding of the potential impact on the Company's NAV if these instruments had been exercised on a particular date.

Ongoing charges ratio

Ongoing charges (%) =

$$\frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management fee.

Treasury shares

Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a Company's total issued share capital amount for the purpose of calculating percentage ownership. Treasury stock may have come from a repurchase or buyback from shareholders, or it may have never been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

Risk Warnings

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

Trust Specific Risks

Smaller companies Risk. Smaller company investments are often associated with greater investment risk than those of larger company shares.

Gearing Risk. Investment strategies, such as borrowing, used by the Trust can result in even larger losses suffered when the value of the underlying investments fall

Liquidity Risk. The Trust's investments may have low liquidity which often causes the value of these investments to be less predictable. In extreme cases, the Company may not be able to realise the investment at the latest market price or at a price considered fair.

Important Information

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The Company is managed by BlackRock Fund Managers Limited (BFM) as the AIFM. BFM has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited. The Company's shares are traded on the London Stock Exchange and dealing may only be through a member of the Exchange. The Company will not invest more than 15% of its gross assets in other listed investment trusts. SEDOL™ is a trademark of the London Stock Exchange plc and is used under licence.

Net Asset Value (NAV) performance is not the same as share price performance, and shareholders may realise returns that are lower or higher than NAV performance.

BlackRock Smaller Companies Trust plc currently conduct their affairs so that their securities can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to nonmainstream investment products and intend to continue to do so for the foreseeable future. The securities are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream investment products because they are securities issued by investment trusts.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether our product is suitable, please read the fund specific risks in the Key Investor Document (KID) which gives more information about the risk profile of the investment. The KID and other documentation are available on the relevant product pages at www.blackrock.com/uk/its. We recommend you seek independent professional advice prior to investing.

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