

Portfolio Update

The information contained in this release was correct as at **31 August 2025**. Information on the Company's up to date net asset values can be found on the London Stock Exchange Website at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

BLACKROCK SMALLER COMPANIES TRUST PLC (LEI:549300MS535KC2WH4082)

All information is at **31 August 2025** and unaudited.

Performance at month end is calculated on a Total Return basis based on NAV per share with debt at fair value

	One month	Three months	One year	Three years	Five years
	%	%	%	%	%
Net asset value	-2.6	-0.7	-9.7	2.0	17.3
Share price	-1.8	0.6	-11.6	6.5	21.3
Benchmark*	-0.7	3.3	3.0	14.4	30.6

Sources: BlackRock and Deutsche Numis

*With effect from 15 January 2024 the Numis Smaller Companies plus AIM (excluding Investment Companies) Index changed to Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies).

At month end

Net asset value Capital only (debt at par value):	1,383.93p
Net asset value Capital only (debt at fair value):	1,450.73p
Net asset value incl. Income (debt at par value) ¹ :	1,410.36p
Net asset value incl. Income (debt at fair value) ¹ :	1,477.17p
Share price:	1,304.00p
Discount to Cum Income NAV (debt at par value):	7.5%
Discount to Cum Income NAV (debt at fair value):	11.7%
Net yield ² :	3.4%
Gross assets ³ :	£657.2m
Gearing range as a % of net assets:	0-15%
Net gearing including income (debt at par):	5.5%
Ongoing charges ratio (actual) ⁴ :	0.8%
	41,665,792

Ordinary shares in issue⁵:

1. Includes net revenue of 26.43p
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 15.50 pence per share (announced on 25 October 2024, ex-date on 31 October 2024, and paid on 04 December 2024) and final dividend of 28.50 pence per share (announced on 07 May 2025, ex-date on 15 May 2025, and paid on 26 June 2025).
3. Includes current year revenue.
4. The Company's ongoing charges are calculated as a percentage of average daily net assets and using the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items for year ended 28 February 2025.
5. Excludes 8,327,731 ordinary shares held in treasury.

Sector Weightings

	<u>% of portfolio</u>
Industrials	30.0
Financials	29.0
Consumer Discretionary	9.6

Consumer Staples	8.6
Basic Materials	7.4
Real Estate	4.9
Health Care	4.2
Energy	2.3
Technology	2.0
Utilities	1.1
Communication Services	0.9

Total	100.0
	=====

<u>Country Weightings</u>	<u>% of portfolio</u>
United Kingdom	97.1
United States	2.9

Total	100.0
	=====

Ten Largest Equity Investments

<u>Company</u>	<u>% of portfolio</u>
Boku	2.9
XPS Pensions	2.8
Tatton Asset Management	2.7
IntegraFin	2.6
Great Portland Estates	2.5
Greencore Group Plc	2.4
Morgan Sindall	2.3
Ithaca Energy	2.3
Serco Group	2.2
Rosebank	2.2

Commenting on the markets, Roland Arnold, representing the Investment Manager noted:

During August the Company's NAV per share fell -2.6% to 1,477.17p on a total return basis, while our benchmark index, the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index, returned -0.7%.¹

August delivered another strong month for global equities. However, the UK underperformed global indices, and UK small & mid-caps underperformed large-caps, with domestic conditions remaining challenging. The Bank of England cut the base rate to 4% – its fifth cut this year – as inflation hovered around 3.8%. The decision was narrowly split (5-4), suggesting a more cautious outlook for the rest of the year as expectations for a November rate cut are cast in doubt. Unemployment edged up to 4.7%, while CPI (Consumer Price Index) remained elevated. Stagflation concerns grew later in the month, as long-term UK borrowing costs surged. The 30-year gilt yield hit 5.64%, its highest since 1998, before easing to 5.6%. This rise, driven by global bond pressures alongside domestic fiscal uncertainty, has increased scrutiny on Chancellor Rachel Reeves ahead of the Autumn Budget. Domestic and rate-sensitive shares continue to struggle as interest rate expectations shift to higher-for-longer. Consumer shares in general have struggled in the face of months of budget related uncertainty. Finally, property has struggled from both a shift in yield potentially reducing net asset values, coupled with economic uncertainty potentially impacting demand.

The top detractor last month was Great Portland Estates (GPE), which sits squarely in the cross hairs of yield and demand. Recent share price weakness has GPE now back to a c.50% discount to NAV, which seems absurd for a portfolio of assets that remain near fully occupied, with positive development activities and a business that is unlikely to be impacted by the upcoming budget. Costain reported its H1'25 results which saw revenues fall nearly 18%, spooking investors. The decline was attributable to a reduction in transportation as a result of expected road project completions and delays in some major infrastructure contracts, including a rephased schedule from HS2. However, pretax profit rose 7.1% in the first half, and the company more than doubled its

interim dividend. We believe the sell-off in the shares was an overreaction, given the Government's infrastructure commitments and regulation in water and energy driving investment, which should underpin the group's future growth prospects. WH Smith sold off following the announcement that the company has identified an 'overstatement' in trading EBIT (earnings before interest and tax) of c.£30m in its North American division. The shares were down c.40% on the day, and we have exited the position.

Oxford Biomedica announced a proposed placing to raise capital for strategic investments, with plans including the expansion of its U.S. business, and strengthening its CDMO (Contract Development and Manufacturing Organization) network. The company announced the equity placement together with new mid-term targets implying revenue upside, which saw the shares rally. Ithaca Energy released strong first half 2025 results, upgrading their full-year production guidance alongside lower cost guidance. The company also declared an interim dividend, and an expected acceleration of a second interim dividend to December 2025. FRP Advisory Group released FY 25 results midway through the month, with revenue +19% year-on-year, driven by strong trading across all service pillars.

For the last few months, we have been more constructive on the outlook for the UK market. Rates have been falling, unemployment whilst rising is still at historically low levels, real wage growth continues, and the government has made inroads into reducing regulatory over burden which has the potential to start to lift the country out of the productivity malaise of the last few years. However, we have to acknowledge more recent developments have not been supportive of this stance, with Labour backtracking on a number of initiatives, and the bond market's reaction to Rachel Reeves' emotional appearance at Prime Minister's Questions highlights the fragile nature of government finances. Once again, the predictability of the government is being called into question, once again this will lead to company management pausing on decisions, and once again it will raise the spectre of tax increases at the next budget.

All is not lost however, and whilst Trump's tariffs will no doubt have significant and far-reaching consequences, the recent signing of several trade deals has settled both bond and equity markets. Once the rules of engagement are known, companies can then begin to plan for the medium to long term. The release of the fiscal break in Germany has the potential to reinvigorate European investment, something that many UK companies will benefit from, and perhaps reminds investors there are profitable opportunities outside of the US equity market.

The pace of M&A (mergers and acquisitions) shows little signs of slowing, with more than 40 bids year to date, highlighting the valuation anomaly that sits within the UK. This is the deepest and longest period of underperformance of UK SMID vs large we have seen in over 40 years. Whilst the outlook may still be difficult for many companies, we feel this is more than captured in valuations. With all the uncertainty in the US equity market and investors looking for other places to allocate money, a stabilising and cheap UK market could be a valid and attractive alternative.

We thank shareholders for your ongoing support.

¹Source: BlackRock as at 31 August 2025

23 September 2025

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