



BROWN ADVISORY US SMALLER COMPANIES PLC

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2021

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Investment Objective, Investment Policy and Benchmark Index

Investment Objective

The Company's objective is to achieve long-term capital growth by investing in a diversified portfolio primarily of quoted US smaller and medium-sized companies.

Investment Policy

The Portfolio Manager takes a disciplined approach to investment, emphasising long-term risk-adjusted returns. The Portfolio Manager believes that the US smaller and medium-sized company sector is a diverse and dynamic part of the North American market and continues to provide opportunities for capital growth over the long-term. The sector is highly diversified with a great many companies from which to choose. Many companies are relatively immature, whether financially or operationally or in terms of management or market position. They tend to be highly geared to growth and are particularly vulnerable to market and other changes.

Against this background, the Company has adopted an investment style that focuses on companies with durable growth, scalable go-to-market strategies and well-aligned management and shareholder interests, and whose shares are considered by the Portfolio Manager to offer above-average capital growth at attractive valuations. The Portfolio Manager believes that this is an excellent approach to long-term investment in this sector.

Investment Limits

The Board has prescribed limits on the investment policy, including:

- The Portfolio will comprise at all times a minimum of 40 securities (excluding cash);
- No single holding shall constitute more than 5% of total assets at the time of investment;
- No derivative instruments (excluding warrants) may be held without the prior approval of the Board;
- Investments in unlisted securities shall not exceed 5% of total assets at the time of investment and any such investments shall require prior Board approval;
- The Company shall not make any new investments in other UK listed investment companies;
- In any event, not more than 10% in aggregate of the total assets of the Company, and any of its subsidiaries, may be invested in other closed-ended investment funds (including listed investment trusts) whether or not such funds have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds (including listed investment trusts);
- Borrowings, including overdraft facilities, shall not exceed 20% of the Company's total assets and shall require prior Board approval;
- The Company shall not take legal or management control over any investments in its portfolio.

Benchmark Index

Sterling adjusted Russell 2000 Total Return Index (the 'benchmark').

THE COMPANY IS A MEMBER OF THE

aic

The Association of
Investment Companies

Strategic Report

Financial Highlights for the year ended 30 June 2021

Ordinary Share Performance

	30 June 2021	30 June 2020	% change
Net asset value (pence) ¹	1,516.34	1,116.35	+35.8
Closing price (pence)	1,437.50	942.00	+52.6
Russell 2000 Index (sterling adjusted)	8,621.29	5,942.78	+45.1
Discount to net asset value (%) ¹	(5.2)	(15.6)	-
Ongoing charges ratio (%) ¹	0.96	0.98	-

Ten year record

Year ended 30 June	Net assets £'000	Net asset value per Ordinary share p	Year- on-year change in net asset value per Ordinary share %	Year- on-year change in benchmark index %
2012	99,248	468.3	+0.8	+0.2
2013	147,688	618.4	+32.1	+28.4
2014	164,957	686.3	+11.0	+9.8
2015	174,033	724.1	+5.5	+15.8
2016	174,163	787.3	+8.7	+9.7
2017	181,687	911.1	+15.7	+28.2
2018	163,339	1,103.4	+21.1	+15.7
2019	161,520	1,152.7	+4.5	+0.3
2020	145,011	1,116.3	-3.2	-3.8
2021	181,426	1,516.3	+35.8	+45.1

¹ For definitions of the above Alternative Performance Measures please refer to the Glossary of Terms on pages 78 and 79.

Chairman's Statement

Dear Fellow Shareholder

The US market was generally strong over the last year and in turn the Company produced strong absolute returns for shareholders. In the twelve months to 30 June 2021, the net asset value ('NAV') per share rose 35.8% to 1,516.34 pence from 1,116.35 pence.

As a result of narrowing the discount from 15.6% to 5.2% the share price improved by 52.6% from 942 pence to 1,437.50 pence.

These improvements compare to a rise of 45.1% in the Company's benchmark, the sterling adjusted Russell 2000 Total Return Index.

During the year the Company bought back 1,025,101 shares at an average discount of 12.7% which enhanced the asset value by £1,575,328, equivalent to 13.2 pence per share based on the shares in issue (excluding treasury shares) at the year end.

You can find a review of the Company's recent performance in the Portfolio Manager Review on page 7 of this document.

Change of Portfolio Manager

Following the retirement of Jupiter fund manager Robert Siddles, the Board appointed Brown Advisory LLC as Portfolio Manager with effect from 1 April 2021. During a comprehensive manager selection process, Brown Advisory stood out in a competitive field for its strong track record of investing successfully in small-cap US companies for more than two decades. Christopher Berrier, as manager of the Brown Advisory US Small-Cap Growth strategy, has built an admirable track record and has a well-established philosophy and rigorous process, supported by the significant experience of Brown Advisory's investment team.

While maintaining the existing objective of investing primarily in the shares of quoted US smaller and medium-sized companies possessing above-average growth potential, Brown Advisory quickly aligned the Company's portfolio with Christopher Berrier's long-standing US Small-Cap Growth Strategy.

Christopher Berrier, who has more than 20 years of investment experience, 15 of which have been spent with Brown Advisory, is based in the firm's Baltimore office. He is supported by associate portfolio manager George Sakellaris, who has worked closely with Christopher since joining Brown Advisory in 2014, and an experienced team of equity research analysts.

The Company has been renamed Brown Advisory US Smaller Companies PLC to reflect the identity of its new Portfolio Manager and to assist in marketing the Company under its new management.

Performance

Although the Company generated a strong absolute return over the year, it lagged the benchmark in relative terms as the previous portfolio manager's conservative value style remained out of favour for much of the period. Following the change in manager at the beginning of April 2021, the Company has outperformed its benchmark, predominantly as a result of positive stock selection.

Market Review

Recent record market returns conceal important changes in the composition of the US small-cap universe. The profitability of US small-cap indices has deteriorated dramatically since the onset of the COVID-19 pandemic and companies with no earnings and the smallest of the small (penny) stocks have posted strong returns. Junk rallies occur from time to time and can have an outsized impact on relative returns in the short run. If history and common sense are any guide, the case for small-cap investing remains as valid as ever, and maybe even more so in light of the dislocations caused by this junk rally, which has created an attractively priced cohort of high-quality stocks. Christopher Berrier's approach focuses on high-quality companies and mitigating downside risks which results in a portfolio notably different from the benchmark which should enable investors to capitalize on the long-term potential found in US small-cap stocks.

Chairman's Statement *(continued)*

Discount Management

The Board remains committed to its policy of using share buybacks with the intention that over a period and in normal market conditions the market price of its shares is limited to around 10% discount to NAV per share.

Board Composition

We believe that independence of directors and the mix of skills on the Board is critical but tenure alone is not a valid criterion for determining independence.

Peter Barton who was appointed to the Board in February 1998 will be retiring at the AGM. During his time as a Director the Company has benefited hugely from his knowledge as both a lawyer and an investment banker, and from his innate wisdom. He was also a very able Chairman of the Audit Committee for several years. We wish him the very best in the future.

In October, I succeeded Gordon Grender as Chairman. Mr Grender has been a Director of the Company since 1993 and Chairman since 1998. Mr Grender will retire at the AGM and on behalf of the Board and of shareholders I thank him for his invaluable contribution to the long-term success of the Company.

Annual General Meeting

This year's AGM will be held on Monday, 29 November 2021 at 2:00 p.m. at the offices of ICAEW, Chartered Accountants' Hall, Moorgate Place, London EC2R 6EA and will include a short presentation via video-link by Christopher Berrier, Portfolio Manager covering performance of the Company over recent months, as well as an outlook for the future. The Board and Portfolio Manager would welcome questions which shareholders may submit to: InvestmentTrustEnquiries@brownadvisory.com

Subject to confidentiality, we will respond to any questions submitted either directly or by publishing our response on the Company website.

Electronic proxy voting is now available and shareholders are encouraged to submit voting instructions using the web-based voting facility at www.eproxyappointment.com and www.proximity.io for institutional shareholders. In order to use electronic proxy voting, shareholders will require their shareholder registration number, control number and pin. If you do not have access to these details please contact the Company's Registrar, Computershare, whose contact details can be found on page 74 of this report.

Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out on pages 80 and 81 of this report.

COVID-19

The COVID-19 outbreak had little effect on the running of the Company. The managers were able to work from home with access to the usual systems and the Board met remotely when necessary.

Outlook

We are pleased with the improved performance following Brown Advisory's appointment and look forward to Christopher's approach playing out over the long term. His focus on quality is an ever more important consideration alongside his rigorous approach to stock selection which results in a portfolio that is markedly different to the benchmark. The case for a dedicated allocation to an active US small-cap portfolio is rooted in fundamental financial principles and, if anything, the recent dislocations we have witnessed in the market only enhance potential opportunities for thoughtful, long-term investors.

Finally, I feel very honoured to have taken on the role of Chairman. I believe that our Company is at a new and exciting stage of its development and I look forward to working with the Board, our new Portfolio Manager and our shareholders in order to promote its success.

Stephen White

27 October 2021

Portfolio Manager's Review

The Company produced strong absolute returns for shareholders over the 12 months to 30 June 2021. The Net Asset Value (NAV) per share rose 35.8% to 1,516.34 pence from 1,116.35 pence. This review will focus in detail on the period following the change in Portfolio Manager: 1 April to 30 June 2021.

Brown Advisory's Investment Approach

The Company's objective is to achieve long-term capital growth by investing in a diversified portfolio, primarily of quoted US smaller and medium-sized companies.

Brown Advisory is pleased to have been appointed to manage the Company and we look forward to the opportunity to deliver attractive returns to shareholders over time. Our investment philosophy is disciplined and grounded in a careful analysis of the fundamentals of each business relative to its share price. Underpinning this philosophy are our three core tenets:

- To think and act differently;
- To exploit market inefficiencies; and
- To focus on businesses that possess what we describe as "3G" qualities.
 - Durable **growth**;
 - Sound **governance**; and
 - Scalable **go-to-market** strategies

We seek to mitigate risk within the strategy through diversification across sectors, business models and economic sensitivities. Christopher Berrier has managed this strategy at Brown Advisory for more than 15 years and historically his approach has yielded a portfolio which is markedly different to the benchmark. While our attention to valuation and portfolio diversification certainly aids in producing these characteristics, the lion's share is likely due to the higher-than-average quality of our individual portfolio holdings. Business attributes such as a strong and diverse board of directors, capable and shareholder-friendly management teams, above-average gross margins, strong prospective returns on investor capital, low capital intensity and responsibly constructed balance sheets are all things we seek out. This positively skews the "quality" of our portfolio compared to the average small-cap

company and it shows up in our relative short-term performance.

Performance Review

We believe the investment environment we currently inhabit is absolutely extraordinary. The unprecedented economic uncertainty of the past 18 months has had an enormous impact on public equity markets. We are fascinated by the "risk-on, risk-off" dynamics, "meme" stocks (whereby stocks have gained viral exposure online, drawing the attention of retail investors), the explosion of the US Federal Reserve's balance sheet, the erratic movement of the 10-year Treasury yield, and the eye-popping headline (and underlying) inflation data being witnessed. However, we strive to remain wholly focused on our core objective—that is finding, evaluating and owning attractive businesses at the right price. These are businesses that we believe over a multi-year time frame can make the difficult journey from small- to mid- to large-cap status.

The Company posted positive absolute and relative returns for the first three months under our new management. These gains were driven predominantly by stock selection. Stylistically, the portfolio netted strong results for the first half of the period when "quality" mattered, but it faced a late-June headwind as low-quality market leadership re-emerged.

We believe there is no better indicator as to what is happening in the small-cap market of late than the sizeable waves of retail investment in stocks such as AMC Entertainment and others. Their surge corresponded almost perfectly with the broad change in market leadership from high-quality to low-quality in the middle of May. We have seen, or better yet endured, these manic swings over the better part of the last twelve months. Whilst it is less-than-smooth sailing, we still believe economist, professor and investor Benjamin Graham – widely known as the "father of value investing" – was correct. He noted that "in the short term, the market is a voting machine," underscoring the success of firms that are popular versus unpopular. However, in the long term it is a weighing machine, meaning that it assesses the value, substance and worth of a company.

Portfolio Manager's Review *(continued)*

Two of our largest contributors for the quarter also represent two of our largest holdings in the portfolio. Charles River Laboratories International continues to execute at a very high level as the leading pre-clinical contract research organization (CRO), supporting hundreds of well-funded biotech assets. Strategic mergers and acquisitions (M&A) in the high-growth and exciting areas of cell and gene therapy persisted during the quarter and investors continued to gain confidence in this next phase of growth. Meanwhile, Workiva reported accelerating bookings on broad-based demand. The company also announced an ESG-specific reporting product that markedly expands the company's addressable market opportunity. Based on our research, numerous growth drivers appear intact over the next few years, which provides us with comfort in this position despite meaningful multiple expansion since we invested in Workiva. Agilon Health, a recent IPO, possesses a highly scalable, value-based care model that partners and enables leading primary care groups to assume full financial risk for their Medicare patients, enhancing both quality of care and practice economics. Our allocation on the deal was sizeable as we built a relationship with the company's management team and sponsors whilst it was private.

Establishment Labs Holdings continues to garner more investor attention following several new and novel product announcements that dramatically expand its total addressable market. The management team executed well during the pandemic, and the business appears well positioned to benefit as global economies reopen.

As ever, there were some disappointments during the period. Bright Horizons Family Solutions shares pulled back following strong share price appreciation earlier in the year as investors began to focus on the number of centres that remain closed due to the lingering effects of the pandemic. CMC Materials was a detractor to performance during the period as the company reported a somewhat disappointing quarter in early May. Despite the near-term expectations miss, management still raised guidance for the full year as the company's core electronic materials segment is seeing accelerating trends looking

into the back half of the year. We think Iovance's tumour-infiltrating lymphocyte (TIL) therapy technology and its efficacy remain impressive, but we have increased concerns around the pathway for approval, competitive dynamics, and patent protection. Our concerns became acute after the CEO's recent unexplained departure, which prompted us to exit the holding. Hain Celestial Group's stock stalled in 2Q21 as the company faces difficult comparisons from its COVID-induced demand surge last year. We continue to believe that the management team's restructuring and growth initiatives still stand to have a positive impact over the intermediate term, although our position size has been reduced recently.

Portfolio Review

At the beginning of the quarter we initially implemented a restructuring of the portfolio from the previous Portfolio Manager, which resulted in a complete reshaping of the Trust in line with Brown Advisory's US Small-Cap Growth strategy.

Following the initial restructuring we found more exciting opportunities for new investments during the quarter:

- **Agilon Health** partners with primary care groups to have immediate impact on downstream costs and share in created savings, while enabling them to practice more complete, tailored primary care. The company went public in mid-April 2021 to meaningful investor interest.
- **DigitalBridge Group** owns and operates a wide variety of digital infrastructure (towers, data centres, and fibre etc.) and should be a durable grower through the 5G build and beyond. The company is in a turnaround as new CEO Marc Ganzi, whom we have known as a private CEO for a number of years, has mostly shed the legacy assets and is focused on growing the digital infrastructure asset base.
- **H.B. Fuller Company** is an adhesives manufacturer with underappreciated revenue growth and margin improvement levers. Management's revenue growth and margin targets are attainable as they gain share through innovation and continue to improve their operational efficiency. The company

trades at low valuation relative to such growth and margin expansion opportunity.

- **Leslie's, Inc.** is the leading direct-to-consumer pool supply company in the U.S. The company has a strong history of 57 consecutive years of positive sales growth, industry-leading unit economics and multiple growth drivers across their omni-channel platform.
- **Lifestance Health Group** is the only scaled, national provider of mental health services. They are uniquely positioned with over 3,200 employed mental health care providers and national evergreen contracts with 200+ commercial insurers. The company went public in early June 2021 to notable investor interest. We received a meaningful allocation and have continued to prudently size the positions.
- **Vimeo** spun out of IAC during the quarter. Vimeo is a leading provider of video production, delivery and storage tools with significant revenue from both self-serve customers and enterprises. We expect durable self-serve growth from a combination of subscriber growth and pricing optimization as Vimeo expands the product offering and invests in go-to-market resources.

We eliminated some positions in the quarter, such as:

- **Aspen Technology**, a provider of software and services to manufacturers, was eliminated due to our longer-term concerns around the health of the end markets Aspen serves.
- We lost faith in **FibroGen** after it emerged they had been unknowingly presenting false cardiovascular safety data for its lead asset, Roxadustat, for a couple of years now. Not only does the updated 'true' data look worse than what we had previously been shown, making Roxadustat's road to approvability in the U.S. a little harder and lowering our peak market share estimates, but it also leaves us wondering how the company could have been oblivious to this in the first place and for so long.
- We still like **lovance's** tumour-infiltrating lymphocyte (TIL) therapy and the efficacy is impressive. However, we have increased concerns around the pathway for approval,

competitive dynamics and patent protection for TIL therapy. Our concerns became more acute after the CEO's recent unexplained departure.

Outlook

Focusing on high-quality companies is an ever more important consideration amid the deterioration in the overall quality of the small-cap universe. Market dislocations, such as the ones experienced over the past year, can generate an environment that is typically favourable to our style of investing. We believe that there are three key pillars to capitalizing on the broad opportunity set offered by US small-caps over the long term:

1. **High active share.** We believe that low-turnover, relatively concentrated portfolios that reflect our best thinking create the best opportunities for outperformance over a full market cycle. Only by being different from the broader market can we achieve attractive returns and avoid ebbs and flows of the benchmark, which can be hazardous in absolute terms.
2. **Consistent high-quality bias.** As long-term investors, we harness the power of compounding and therefore seek small-cap companies with the ability to scale into much larger business franchises in the future. Our philosophy naturally embeds a quality bias. For each investment, we seek out durable growth, sound governance and scalable go-to-market strategies. With our thinking anchored as long-term business owners as opposed to renters of stocks, we establish a high hurdle to enter the portfolio. For this reason, we tilt more towards companies with quality characteristics than our most often quoted benchmark.

Portfolio Manager's Review *(continued)*

3. **Mitigate downside.** Our portfolio construction is built on a holistic diversification that considers many different variables, including sector, subsector, cyclicity, profitability, valuation and balance sheet strength. This is intended to damp down the top-down (or beta) effects of the portfolio, enabling our excess return to be driven by our bottom-up security selection. In addition, we follow a strict valuation discipline, which requires us to understand risk/return trade-off in every investment, and size positions accordingly. Investment, fundamentally, is about the price you pay for the value you get.

Fortunately, it does appear that "quality" may be due for a rebound and we have started to see this trend play out early in the third quarter of 2021. Whether it is sustainable or a temporary direction in our yo-yo market is an open question. It would appear that only time, and possibly inflation, will tell. As Warren Buffett stated in his 1981 'Berkshire Hathaway Letter to Shareholders': "Punishment is inflicted by an inflationary environment upon the owners of the 'bad' businesses". This is one of the many reasons why we believe rigorously following our long-term oriented philosophy and process remain the best route to generating solid risk-adjusted returns over time.

Portfolio Manager

Brown Advisory LLC

27 October 2021

Twenty Largest Equity Holdings as at 30 June 2021

Company	Sector	30 June 2021		30 June 2020	
		Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Charles River Laboratories International Charles River Laboratories International, Inc. provides research tools and support services for drug discovery and development. The company offers animal research models in research and development of drugs, devices, and therapies.	Healthcare	6,288	3.5	–	–
Zynga 'A' Zynga Inc. designs and develops video game software. The company offers wide range of online social games. Zynga serves customers worldwide.	Communication Services	5,762	3.2	–	–
Genpact Genpact Limited designs and manages business operations to manage risk and compliance. The Company focuses on the areas of finance and procurement, financial services account servicing, claims management, regulatory affairs, and industrial asset optimization. Genpact operates worldwide.	Information Technology	5,629	3.2	–	–
Workiva Workiva Inc. provides cloud-based and mobile-enabled platforms for enterprises. The Company offers software to collect, manage, report, and analyse business data in real time.	Information Technology	5,498	3.1	–	–
Waste Connections Waste Connections, Inc. provides non-hazardous solid waste collection services for commercial, industrial, residential customers. The Company offers collection, landfill disposal, and recycling services for various recyclable materials, including compost, cardboard, office paper, plastic containers, glass bottles, and ferrous and aluminium metals.	Industrials	4,752	2.7	–	–
IAA IAA Inc. retails automobiles. The Company offers buying and selling of trucks, passenger cars, and motorcycles, as well as providing insurance and car rental services. IAA serves customers worldwide.	Consumer Discretionary	4,517	2.6	–	–

Twenty Largest Equity Holdings as at 30 June 2021 (continued)

Company	Sector	30 June 2021		30 June 2020	
		Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Catalent Catalent, Inc. provides delivery technologies and development solutions for drugs, biologics, and consumer health products. The company's oral, injectable, and respiratory delivery technologies address the diversity of the pharmaceutical industry including small molecules, large molecule biologics, and consumer health products.	Healthcare	3,607	2.0	–	–
Bright Horizons Family Solutions Bright Horizons Family Solutions Inc. provides childcare and early education services as well as other services designed to help employers and families to better address the challenges of work and life. The Company provides services primarily under multi-year contracts with employers who offer childcare and other dependent care solutions as part of their employee benefits packages.	Consumer Discretionary	3,584	2.0	–	–
NeoGenomics NeoGenomics, Inc. operates a network of clinical laboratories that specialises in cancer genetics diagnostic testing services. The Company's services include cytogenetics, fluorescence insituhybridization (FISH), flow cytometry, morphology, anatomic pathology, and molecular genetic testing.	Healthcare	3,550	2.0	–	–
Evo Payments 'A' Evo Payments, Inc. operates as a payment technology and services provider. The Company offers payment solutions to merchants ranging from micro-enterprises to multinational companies and organizations. Evo payments serves customers in North America and Europe.	Industrials	3,370	1.9	–	–
Establishment Labs Holdings Establishment Labs Holdings, Inc. operates as a holding company. The Company, through its subsidiaries, manufactures medical devices and aesthetics products for silicone-filled breast and body shaping implants. Establishment Labs Holdings serve customers worldwide.	Healthcare	3,359	1.9	–	–

Company	Sector	30 June 2021		30 June 2020	
		Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
Prosperity Bancshares Prosperity Bancshares, Inc. is the holding company for Prosperity Bank. The Bank attracts deposits from the general public and uses those funds to originate a variety of commercial and consumer loans. Prosperity Bank operates in the greater Houston metropolitan area and neighbouring countries in Texas.	Financials	3,342	1.9	–	–
Casey's General Stores Casey's General Stores, Inc. operates convenience stores in the Midwest. The Company offers food, beverages, tobacco products, health and beauty aids, automotive supplies, and other non-food items, as well as selling gasoline.	Consumer Staples	3,310	1.9	–	–
National Vision Holdings National Vision Holdings, Inc. operates as an optical retailer throughout the United States. The Company provides eye exams, eyeglasses, and contact lenses. National Vision Holdings also offers their products online.	Consumer Discretionary	3,232	1.8	–	–
EastGroup Properties, REIT EastGroup Properties, Inc. is an equity real estate investment trust. The Trust acquires and develops industrial properties in major sunbelt markets throughout the United States with a special emphasis in the states of California, Florida, Texas, and Arizona.	Real Estate	3,052	1.7	–	–
Entegris Entegris, Inc. provides materials management products and services to the micro-electronics industry on a worldwide basis. The Company provides products such as wafer shippers, wafer transport and process carriers, pods, and work-in-process boxes. Entegris also provides chemical delivery products such as valves, fittings, tubing, pipe, and containers.	Information Technology	3,048	1.7	–	–
Agilon Health Agilon Health, Inc. provides a healthcare platform. The Company empowers physician leaders, thriving practices, healthier communities, and practising physicians to connect with the right patients who get the right treatments. Agilon Health serves customers worldwide.	Healthcare	3,017	1.7	–	–

Twenty Largest Equity Holdings as at 30 June 2021 (continued)

Company	Sector	30 June 2021		30 June 2020	
		Market value £'000	Percentage of Portfolio	Market value £'000	Percentage of Portfolio
CMC Materials CMC Materials, Inc. supplies slurries used in chemical mechanical planarization, a polishing process used in the manufacture of integrated circuit devices. The Company provides slurries liquids containing abrasives and chemicals that enhance the polishing process. CMC Materials serves customers worldwide.	Information Technology	2,903	1.6	–	–
Cogent Communications Holdings Cogent Communications Holdings, Inc. operates as a next generation optical internet service provider focused on delivering ultra-high speed internet access and transport services. The Company serves businesses in the multi-tenant marketplace and service providers located in major metropolitan areas across the United States.	Communication Services	2,844	1.6	–	–
Angi Angi Inc. operates an online portal for home improvement. The Company offers a digital platform that connects homeowners with service professionals for home services. Angi serves customers worldwide.	Communication Services	2,777	1.6	–	–
Total		77,441	43.8		

The value of the twenty largest holdings at £77.4 million (2020: £95.7 million) represents 43.8% (2020: 66.6%) of the Company's total investments.

List of Investments

as at 30 June 2021

Company	Industry	Market value £'000	Percentage of Portfolio
Communication Services* 7.0% (2020: 0.0%)			
Zynga A	Video game software	5,761	3.2
Cogent Communications Holdings	Internet service provider	2,844	1.6
Angi	Digital market place for home services	2,777	1.6
Vimeo	Developer of video software	994	0.6
		12,376	7.0
Consumer Discretionary* 15.7% (2020: 12.3%)			
IAA	Buying and selling of trucks, passenger cars, and motorcycles	4,517	2.6
Bright Horizons Family Solutions	Childcare and early education services	3,584	2.0
National Vision Holdings	Optical retail company	3,232	1.8
TopBuild	Insulation and other building products	2,299	1.3
MakeMyTrip	Travel services provider over the internet	2,240	1.3
Clarus	Industrials	2,115	1.2
Terminix Global Holdings	Pest control products	1,877	1.1
Chegg	Education technology company	1,772	1.0
Choice Hotels International	Hotel franchisor	1,749	1.0
Churchill Downs	Horse racing company	1,658	0.9
Vroom	E-commerce company that enables consumers to buy, sell and finance cars online	1,487	0.8
Leslie's	Swimming pool supplies and related products	1,163	0.7
		27,693	15.7
Consumer Staples* 3.9% (2020: 1.7%)			
Casey's General Stores	Convenience store chain	3,310	1.9
Simply Good Foods	Nutritional foods and snacking products	1,829	1.0
Hain Celestial Group	Organic and natural products	1,676	1.0
		6,815	3.9
Energy* 0.7% (2020: 1.3%)			
Cactus A	Manufacturer of control equipment	1,143	0.7
		1,143	0.7
Financials* 1.9% (2020: 0.0%)			
Prosperity Bancshares	Provision of financial products and solutions	3,341	1.9
		3,341	1.9
Financial Services* 0.0% (2020: 23.9%)			

List of Investments *(continued)*

Company	Industry	Market value £'000	Percentage of Portfolio
Healthcare* 27.0% (2020: 19.0%)			
Charles River Laboratories International	Pharmaceutical company specialising in preclinical and clinical laboratory	6,288	3.5
Catalent	Delivery technologies and development solutions for drugs, biologics and consumer health products	3,607	2.0
NeoGenomics	Cancer diagnostics and pharma services company	3,550	2.0
Establishment Labs Holdings	Devices for aesthetic and reconstructive plastic surgery	3,359	1.9
Agilon Health	Provider of health care platform	3,017	1.7
HealthEquity	Service platforms that allow consumers to make healthcare saving and spending decisions	2,694	1.5
Neurocrine Biosciences	Biopharmaceutical company that focuses on therapeutics for neuropsychiatric, neuroinflammatory and neurodegenerative diseases and disorders	2,604	1.5
Bruker	Scientific instruments for molecular and materials research	2,521	1.4
Biohaven Pharmaceutical Holding	Solutions to manage the patient intake process	2,223	1.3
Progyny	Fertility benefits management company	1,936	1.1
Encompass Health	Inpatient rehabilitative healthcare services	1,822	1.0
OrthoPediatics	Orthopedic implants and instruments for pediatric orthopedic surgeons	1,754	1.0
Oak Street Health	Network of value-based primary care centers for adults on Medicare	1,651	0.9
Accolade	Software solutions that help people better understand, navigate, and utilize the healthcare system	1,561	0.9
Blueprint Medicines	Biomedical treatments	1,519	0.9
Acceleron Pharma	Biopharmaceutical company dedicated to the discovery, development, and commercialization of therapeutics to treat serious and rare diseases	1,375	0.8
Nevro	Products for patients suffering from chronic pain	1,252	0.7
LifeStance Health Group	Virtual and in-person outpatient mental health care	1,219	0.7
Ascendis Pharma, ADR	Pharmaceutical products for the treatments of growth hormone deficiency, endocrinology, central nervous system disorders, infectious diseases, and diabetes	1,065	0.6

Company	Industry	Market value £'000	Percentage of Portfolio
Inari Medical	Innovative catheter-based technologies for the treatment of venous thromboembolism	721	0.4
Abcam	Biotechnology company that offers diagnosis, research, and therapeutic solutions	671	0.4
SI-BONE	Implantable devices used in the surgical treatment of the sacropelvic anatomy	603	0.3
Alignment Healthcare	Consumer-centric platform delivering customized health care	465	0.3
Olink Holding	Protein biomarker discovery based on a flexible and scalable technology platform	312	0.2
		47,789	27.0
Industrials* 13.3% (2020: 0.0%)			
Waste Connections	Waste management services company	4,752	2.7
Evo Payments A	Payment technology and services provider	3,370	1.9
FTI Consulting	Business advisory firm	2,651	1.5
SiteOne Landscape Supply	Wholesale distributor of landscape supplies	2,389	1.3
John Bean Technologies	Technology solutions for industrial food processing	2,160	1.2
AZEK	Outdoor living products manufacturer	2,073	1.2
MSA Safety	Manufacturer of safety products	1,924	1.1
Woodward	Control systems and components for aircraft engines	1,225	0.7
Knight-Swift Transportation Holdings	Transportation and logistics services	1,142	0.6
Valmont Industries	Poles, towers, and structures for lighting, communication, and utility markets	1,005	0.6
IDEX	Engineered industrial products & technology	892	0.5
		23,583	13.3
Information Technology* 25.7% (2020: 15.5%)			
Genpact	Business process management services	5,629	3.2
Workiva	Cloud-based enterprise software	5,498	3.1
Entegris	Materials management products and services to the microelectronics industry	3,048	1.7
CMC Materials	Products and solutions for the semiconductor industry	2,903	1.6
Dynatrace	Software intelligence platform based on artificial intelligence	2,747	1.6

List of Investments *(continued)*

Company	Industry	Market value £'000	Percentage of Portfolio
Lattice Semiconductor	Developer of programmable logic devices	2,660	1.5
Phreesia	Healthcare software	2,324	1.3
Mimecast	Email management solutions	2,298	1.3
ManTech International A	Technical services to US federal government	2,210	1.2
Nuance Communications	Computer software technology	2,175	1.2
Zuora A	Enterprise software	2,135	1.2
Infinera	Digital optical telecommunications equipment	1,901	1.1
Envestnet	Wealth management technology and products	1,895	1.1
Blackline	Cloud-based enterprise software	1,790	1.0
WEX	Payment processing and information management services	1,769	1.0
Littelfuse	Circuit protection products for the electronics, automotive and electrical industries	1,680	1.0
PROS Holdings	Price optimisation, sales improvement, opportunity detection and revenue management software	1,610	0.9
Sumo Logic	Cloud-based log management and analytics services	649	0.4
ON24	Cloud-based webcasting and virtual communication solutions	550	0.3
		45,471	25.7
Materials* 2.5% (2020: 0.0%)			
Quaker Chemical	Custom-formulated chemical specialty products	2,715	1.5
HB Fuller	Adhesives, sealants, coatings, paints, and other specialty chemical products	1,834	1.0
		4,549	2.5
Materials & Processing* 0.0% (2020: 14.2%)			
Producer Durables* 0.0% (2020: 10.0%)			
Real Estate* 2.3% (2020: 0.0%)			
EastGroup Properties, REIT	Industrial properties, with a particular emphasis on Florida, Texas, Arizona, and California	3,052	1.7
DigitalBridge Group, REIT	Infrastructure solutions focused on mobile and internet connectivity	1,042	0.6
		4,094	2.3
Utilities* 0.0% (2020: 2.1%)			
Total Investments		176,854	100.0

The number of companies in the portfolio is 79 (2020: 39).

* Sector categories correspond to those used in the Russell Indices.

Environmental, Social and Governance (ESG) Report

Overview of Brown Advisory's commitment to Sustainability

Brown Advisory has a long history of serving clients focused on sustainable investing and we are deeply committed to this space.

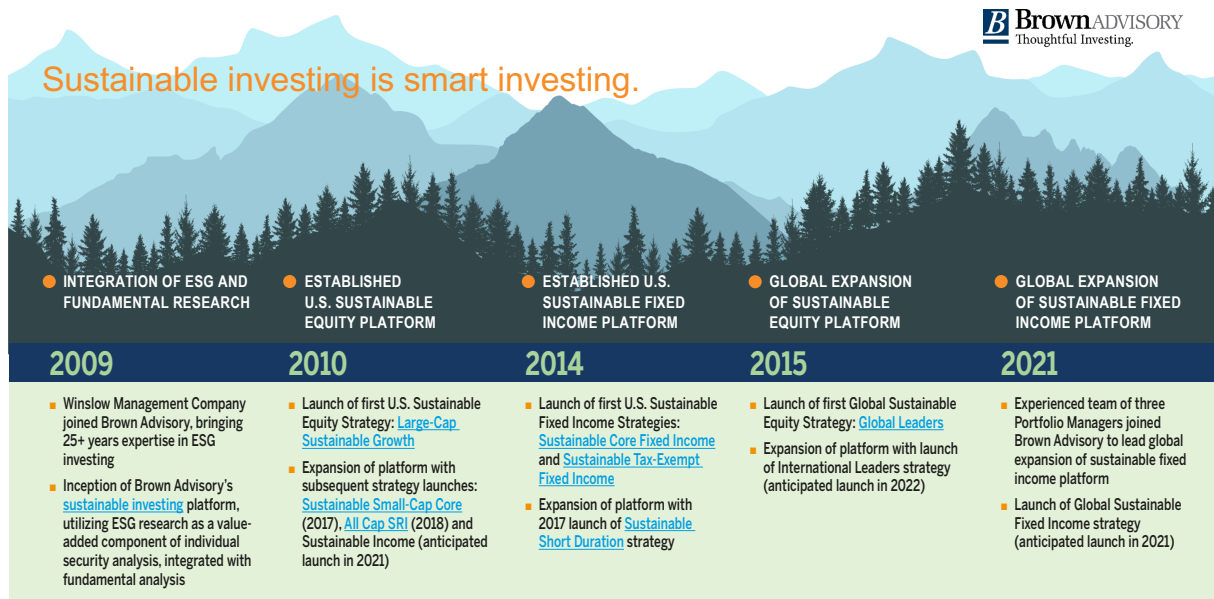
We believe that sustainable investing is smart investing – it's a potential path to investment performance, a way to reflect your values, an opportunity to make an impact on the world. We clarify the principles, philosophy and processes that guide our sustainable investing work in our *Sustainable Investing Policy*.

We think differently about how sustainability can drive investment results in that we believe sustainability is an important element in identifying investment opportunities that can outperform over the long term. We conduct proprietary, bottom-up ESG research across both equity and fixed income sectors, while also leveraging available quantitative tools. There is still a shortage of meaningful ESG data in the market, so it is crucial to do our own fundamental research in an effort to understand the impact of our investments, both financially and sustainably.

Brown Advisory's portfolio managers use this research to various degrees, with those strategies on our sustainable investing platform fully integrating this research into their investment decision-making process.

We believe our approach to sustainable investing is comprehensive, rigorous and, based on our ability to evaluate a broad range of sectors. Importantly, our deep ESG experience stems from a decade-plus track record coupled with a granular methodology of analysing individual companies and other issuers. Together, we believe these foundations enable well-informed assessments of ESG-related risks and sustainable opportunities. We aim to deliver a wide range of equity and fixed income solutions to our clients, with many solutions focusing on integrating fundamental and ESG research in a manner that we believe improves our investment decisions and leads to better performance over time.

As of 30 June 2021, Brown Advisory managed over \$34bn in ESG-related assets.



Environmental, Social and Governance (ESG) Report *(continued)*

Brown Advisory is a member, signatory and/or supporter of many industry bodies/initiatives, including:

Signatory of:



Note: Brown Advisory entities included are: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Ltd., and Brown Advisory Trust Company of Delaware, LLC. This is a sampling of organizations that we support.

This year, Brown Advisory published its second Sustainability Report, in which we express our commitment to our clients, colleagues, communities and society, and we report our progress on initiatives that aim to contribute to a more just, healthy and prosperous future for all. The Report can be found on our *website*.

Furthermore, Brown Advisory has published other reports on engagement and proxy voting which can also be found on our *website*.

Team

Brown Advisory has a *team* of colleagues who are wholly or largely dedicated to our sustainable investing practice. Several of these colleagues form part of our ESG Research Team, which consists predominantly of ESG equity research analysts and ESG fixed income research analysts. Our ESG research analysts are a core component of the firm's broader equity and fixed income

investment research team. They work together across asset classes to develop overarching ESG research tools, and to provide research coverage of overlapping portfolio names that are held or are being considered for both equity and fixed income portfolios. At the same time, the equity and fixed income ESG analysts are fully integrated members of the research teams for their respective asset classes, working closely with fundamental analysts and portfolio managers to guide portfolio decisions for strategies making use of the firm's ESG research tools. We believe this approach helps us to maintain consistent standards across asset classes while also seeking to embed ESG research deeply within the decision-making process for sustainable investments.

Brown Advisory has also established a Sustainable Investing Advisory Board. This board was developed to help us focus on our business

strategy as we build out our sustainable investing capabilities beyond our ESG focused strategies. Among the strategic guidance that this board provides, they advise our investment teams as to how they might consider incorporating ESG factors into investment decisions in ways that have clear fundamental benefits. The board includes members from Brown Advisory, as well as external sustainable investing experts. Please see *here* for board members

ESG research integration into the investment process

Brown Advisory's investment philosophy is rooted in the belief that bottom-up fundamental research can drive long-term outperformance, and this belief supports the US Smaller Companies portfolio's commitment to ESG research as well. We believe that there are elements of ESG research that are inherent to fundamental analysis and, whenever relevant, consider these in investment decisions. The "3G" investment filter that the portfolio managers employ within the US Smaller Companies portfolio seeks the following factors when evaluating new investments: growth, governance, and go-to-market strategy. The governance factors that companies should possess include a capable and shareholder-friendly management team, a diverse and appropriate Board structure, well-structured and aligned incentives, and more. The portfolio managers invest in companies where management teams take all risks to fundamental performance seriously, including any material environmental or social risks. Furthermore, the portfolio managers are provided access to Brown Advisory's ESG research. From time to time, they may utilize some of these tools to assist with investment decision-making. For example, the portfolio managers may request that our ESG research analysts conduct an ESG assessment of a company or assist with engagement and proxy voting related to ESG topics. In particular, ESG research analysts provide guidance on how they advise the Portfolio Manager vote on shareholder proposals. Our ESG research analysts also periodically meet with the portfolio managers to review a summary of their portfolio

from an ESG perspective, including identifying any significant ESG risks or controversies. These meetings ensure the portfolio managers maintain awareness of how the strategy is positioned from an ESG perspective. The portfolio's output has often met ESG standards for our clients, that being said, the Company does not manage to a specific ESG policy.

Portfolio Manager

Brown Advisory LLC

27 October 2021

Strategic Review

The Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Strategic Report seeks to provide shareholders with the relevant information to enable them to assess the performance of the Board during the period under review.

Business and Status

During the year the Company carried on business as an investment trust with its principal activity being portfolio investment. The Company has been approved by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the eligibility conditions of sections 1158 and 1159 of the Corporation Tax Act 2010 ('CTA 2010') and the ongoing requirements for approved companies as detailed in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011. In the opinion of the Directors, the Company has conducted its affairs in the appropriate manner to retain its status as an investment trust.

The Company is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company is not a close company within the meaning of the provisions of the CTA 2010 and has no employees.

The Company was incorporated in England & Wales on 15 January 1993.

Reviews of the Company's activities are included in the Chairman's Statement and Portfolio Manager's Review on pages 5 to 10.

The Company's investment objective and investment policy are described on page 3.

Except as detailed in this report, there has been no significant change in the activities of the Company during the year to 30 June 2021 and the Directors anticipate that the Company will continue to operate in the same manner during the current financial year.

Gearing

Gearing is defined as the ratio of a company's debt less cash held, compared to its equity capital, expressed as a percentage. The effect of gearing is that, in rising markets, the Company will benefit to the extent that the growth of the Company's investment portfolio exceeds the cost of paying interest and charges to lenders and other creditors. Conversely, in falling markets the Company suffers more if the Company's investment portfolio underperforms the cost of such interest and charges.

During the year, the Company ceased to be geared upon the termination on 15 September 2020 of the loan facility with Scotiabank.

Key Performance Indicators

At quarterly Board meetings, the Directors consider a number of performance indicators to assess the extent to which the Company is meeting its objective. The key performance indicators used to measure the performance of the Company over time are as follows:

- Net Asset Value changes;
- The discount or premium of share price to Net Asset Value;
- A comparison of the absolute and relative performance of the Ordinary share price and the Net Asset Value per share relative to the return on the Company's Benchmark Index and of its peers;
- Ordinary share price movement; and
- The Company's ongoing charges ratio.

Information on performance against Key Performance Indicators can be found on page 4 and within the Chairman's Statement.

In addition, a history of the Net Asset Value, Ordinary share price and Benchmark Index are shown on the monthly factsheets which can be viewed on the Portfolio Manager's website www.browncadvisory.com/basc

Discount to Net Asset Value

The Directors regularly review the level of the discount or premium between the closing price of the Company's Ordinary shares and the Net Asset Value. The Company will issue shares when there is sufficient demand. Such issues are always at a price which is in excess of the NAV. No shares were issued during the year under review.

The Board will continue to apply its policy of buying back shares at appropriate times with a view to limiting any discount in the longer term to around 10%. The Directors had powers granted to them at the last Annual General Meeting ('AGM') held on 22 December 2020 to purchase Ordinary shares and either cancel or hold them in treasury as a method of controlling the discount to Net Asset Value and enhancing shareholder value.

The Company repurchased 1,025,101 Ordinary shares during the year under review at an average discount of 12.7%.

Under the Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Ordinary shares is 105% of the average of the middle market quotations for the Ordinary shares for the five business days immediately preceding the date of repurchase. The minimum price will be the nominal value of the Ordinary shares. The Board is proposing that its authority to repurchase up to approximately 14.99% of its issued share capital (excluding treasury shares) be renewed at the AGM. The new authority to repurchase will last until the conclusion of the AGM of the Company in 2022 (unless renewed earlier). Any repurchase made will be at the discretion of the Board in light of prevailing market conditions and within guidelines set from time to time by the Board, the Companies Act, the Listing Rules and the Market Abuse Regulation.

Treasury Shares

In accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the 'Regulations') which came into force on 1 December 2003 any Ordinary shares repurchased, pursuant to the above authority, may be held in treasury. These Ordinary shares may subsequently be cancelled or sold for cash.

This gives the Company the ability to reissue shares quickly and cost effectively and provides the Company with additional flexibility in the management of its capital.

At 30 June 2021 there were 6,258,715 Ordinary shares held in Treasury.

Management

The Company has no employees and most of its day-to-day responsibilities are delegated to Brown Advisory LLC which acts as the Company's Portfolio Manager and FundRock Partners Limited which acts as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretary. Further details of the Company's arrangement with Brown Advisory LLC and the AIFM can be found in Note 21 to the Accounts on page 73.

J.P. Morgan Europe Limited ('JP MEL') acts as the Company's Depositary. The Company has also entered into an outsourcing arrangement with J.P. Morgan Chase Bank N.A. ('JPMCB') as Custodian and for the provision of accounting services.

Viability Statement

In accordance with Provision 36 of the Code of Corporate Governance as issued by the Association of Investment Companies in February 2019 (the 'AIC Code'), the Board has assessed the prospects of the Company over a longer period than the twelve months required by the 'Going Concern' provision, reviewing the next three years until the next required vote on the continuation of the Company at the 2023 AGM. The Company's investment objective is to achieve long-term capital growth by investing in a diversified portfolio primarily of quoted US smaller and medium-sized companies. The Board regards the Company's shares as a long-term investment.

The Board has considered the Company's business model including its investment objective and investment policy, the principal and emerging risks and uncertainties that may affect the Company as detailed on pages 24 and 25, the size threshold below which the Company would be considered uneconomic or unviable, and the Company performance and attractiveness to

Strategic Review (continued)

investors in the current environment. The Board has noted that:

- the Company holds a liquid portfolio invested predominantly in US listed equities;
- the Company is not geared;
- the Company has maintained a reasonable performance and share price discount to NAV;
- the portfolio management fee is the most significant expense of the Company. It is charged as a percentage of the Company's net asset value and so would reduce if the market value of the portfolio were to fall. The remaining expenses are modest in value and predictable in nature;
- no significant increase to ongoing charges or operational expenses is anticipated; and
- the Board is satisfied that Brown Advisory LLC and the Company's other key third-party suppliers maintain suitable processes and controls to ensure that they can continue to provide their services to the Company.

The Board has also considered the market outlook, both for US smaller company equities and for investment trusts, and has concluded that these remain an attractive opportunity for investors.

The Board has therefore concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Principal and Emerging Risks and Uncertainties

The principal and emerging risks and uncertainties that may affect the Company are described below:

Investment policy and process – Inappropriate investment policies and processes may result in under performance against the prescribed Benchmark Index and the Company's peer group. The Board manages these risks by ensuring a diversification of investments and regularly reviewing the portfolio asset allocation and investment process.

Investment Strategy and Share Price

Movement – The Company is exposed to the effect of variations in the price of its investments. A fall in the value of its portfolio will have an adverse effect on shareholders' funds. It is not the aim of the Board to eliminate entirely the risk of capital loss, rather it aims to seek capital growth. The Board reviews the Company's investment strategy and the risk of adverse share price movements at its quarterly board meetings considering the economic climate, market conditions and other factors that may have an effect on the sectors in which the Company invests.

Liquidity Risk – The Company may invest in securities that have a very limited market which will affect the ability of the Portfolio Manager to dispose of securities when it is no longer felt that they offer the potential for future returns. However, investments in unlisted securities must not exceed 5% of total assets at the time of investment and any such investments require prior Board approval.

Also, the Company's shares may experience liquidity problems when shareholders are unable to realise their investment in the Company because there is a lack of demand for the Company's shares.

At its quarterly meetings, the Board considers the current liquidity in the Company's investments when setting restrictions on the Company's exposure. The Board also reviews, on a quarterly basis, the Company's buy-back programme and in doing so is mindful of the liquidity in the Company's shares.

Discount to Net Asset Value – If the price at which the Company's shares trade is at a discount to Net Asset Value shareholders will be unable to realise the true underlying value of their investment. The Directors had powers granted to them at the last Annual General Meeting to purchase Ordinary shares as a method of controlling the discount to Net Asset Value and enhancing shareholder value.

Regulatory Risk – The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of section

1158 of the CTA 2010 could result in the Company being subject to capital gains tax on portfolio movements. Breaches of other regulations such as the Listing Rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers such as the Portfolio Manager could also lead to reputational damage or loss. The Board relies on the services of its Portfolio Manager, Company Secretary, AIFM and professional advisers to ensure compliance with, amongst other regulations, the Companies Act 2006, the FCA Listing Rules and Disclosure Guidance and Transparency Rules, and the Alternative Investment Fund Managers Directive. The Portfolio Manager is contractually obliged to ensure that its conduct of business conforms to applicable laws and regulations.

Credit and Counterparty Risk – The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. Further details of the management of this risk can be found in Note 14 to the Accounts on page 70.

Loss of Key Personnel – The day-to-day investment management of the Company has been delegated to the Portfolio Manager. Loss of the Portfolio Manager's key personnel could affect investment return. The Board is aware that the Portfolio Manager has implemented competitive remuneration practices and succession planning for the purposes of operational resiliency. The Portfolio Manager has a substantial team of investment professionals and the Board believes that this should provide adequate cover in the event of an emergency.

Operational – Failure of the core accounting systems, or a disastrous disruption to the Portfolio Manager's business, that of the AIFM, or that of JPMCB, could lead to an inability to provide accurate reporting and monitoring.

Financial – Inadequate financial controls could result in misappropriation of assets, loss of income and debtor receipts and inaccurate reporting of Net Asset Value per share. The Board annually reviews the AIFM's and Portfolio Manager's reports on their internal controls and procedures.

Details of how the Board monitors the operational services and financial controls of Brown Advisory LLC, FundRock Partners Limited and J.P. Morgan are included within the Internal Control section of the Report of the Directors on page 33.

Enterprise risk is reviewed biannually by the Board, taking into its remit emerging risks as they become immediate, while maintaining a long-term perspective where they are evolving.

COVID-19 – The outbreak of the COVID-19 pandemic poses additional risks to the Company beyond the risks described under market risks above. They include liquidity risks to markets and business continuity risks for the AIFM and the Portfolio Manager. Each of these risks is being assessed on a regular basis by the AIFM and the Portfolio Manager.

Directors

Details of the Directors of the Company and their biographies are set out on page 29.

The Company's policy on Board diversity is included in the Corporate Governance section of the Report of the Directors on page 39.

At 30 June 2021 the Board comprised two female and four male directors.

Employees, Environmental, Social and Human Rights issues

The Company has no employees and, therefore no disclosures need to be made in respect of employees. The Board has delegated the day-to-day management and administration functions to the Portfolio Manager, the AIFM, J.P. Morgan and other third-party service providers.

Integration of Environmental, Social and Governance ('ESG') considerations into the Portfolio Manager's Investment Process

A report from the Portfolio Manager has been included on page 19.

Strategic Review *(continued)*

Modern Slavery Act

The Modern Slavery Act 2015 requires certain companies to prepare a slavery and human trafficking statement. As the Company has no employees and does not supply goods and services, no statement is required.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations as its day-to-day management and administration functions have been outsourced to third parties and it neither owns physical assets or property nor has employees of its own. It therefore does not have responsibility for any emissions-producing sources under the Companies Act 2006 (Strategic Report on Directors' Reports) Regulations 2013.

Section 172 Statement

Under Section 172 ('S172') of the Companies Act 2006, the Directors have a duty to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. This includes taking into consideration the likely consequences of their decisions in the long-term and in respect of the Company's stakeholders such as its shareholders, employees and suppliers, while acting fairly as between shareholders.

The Directors must also consider the impact of the Company's decisions on the environment, the community and its reputation for maintaining high standards of business conduct.

The Company ensures that the Directors are able to discharge this duty by providing them with relevant information and training on their duties. The Company also ensures that information pertaining to its stakeholders is provided, as required, to the Directors as part of the information presented in regular Board meetings in order that stakeholder considerations can be factored into the Board's decision-making. The Directors' responsibilities are also set out in the schedule of matters reserved for the Board and the terms of reference of its audit committee, both of which are reviewed regularly by the Board. At all times the Directors can access, either collectively

or individually, advice from its professional advisers including the Company Secretary and independent external advisers.

The Company's investment objective, to achieve long-term capital growth by investing in a diversified portfolio primarily of quoted US smaller and medium-sized companies, supports the Directors' statutory obligations to consider the long-term consequences of the Company's decisions. How the long-term focus of the Company is achieved, is set out in more detail on page 28 and in the above section on the Portfolio Manager's approach to ESG considerations. This approach is fundamental to the Company achieving long-term success for the benefit of all stakeholders.

The Company is aware of its own potential impact on the environment and has practical policies in place to reduce that impact. Examples include the use and sharing of electronic Board materials and the provision of electronic copies of the annual report and accounts to shareholders and via the Company website. Where physical copies of the annual and half yearly financial reports are made, materials and processes are used which are designed to both minimise the environmental impact and to maximise the recycling potential as described in more detail on the inside back cover of this document.

Engagement with suppliers, customers and others and the effect on principal decisions

The Shareholders – The shareholders of the Company are both institutional and retail and details of those with substantial shareholdings are provided on page 30.

The Board believes that shareholders have a vital role in encouraging a higher level of corporate performance and is committed to listening to the views of its shareholders and giving useful and timely information. The Board provides open and accessible channels of communication including those listed below.

The AGM – The Company encourages participation from shareholders at its AGMs where they can communicate directly with the Directors and Portfolio Manager, subject to any applicable legislation implemented in response to the COVID-19 pandemic. The AGM will include a short presentation via video-link by the Portfolio Manager on the performance of the Company over the past year, as well as an outlook for the future. The Board and Portfolio Manager welcome questions which shareholders may submit to InvestmentTrustEnquiries@brownadvisory.com. Subject to confidentiality, we will respond to any questions submitted either directly or by publishing our response on the Company website. All views of the shareholders will be taken into consideration and action taken where appropriate.

Online Information – The Company website contains the Annual and Half Yearly Financial Report along with monthly factsheets and commentaries from the Portfolio Manager. The daily NAV per share, monthly top ten portfolio listings and other regulatory announcements can be found on the regulatory news service of the London Stock Exchange.

Shareholder Communications

Shareholders can raise issues or concerns at any time by writing to the Chairman or the Senior Independent Director at the Registered Office.

Further details about how the Board incorporates the views of the Company's shareholders can be found in the UK Stewardship Code and the Exercise of Voting Powers section on pages 33 and 34. Further information about how the Board ensures that each Director develops an understanding of the views of the Company's shareholders and can be found in the section entitled Shareholder Relations on page 35 of this report.

The AIFM and the Portfolio Manager

Prior to 1 April 2021, Jupiter Asset Management was appointed as the Company's AIFM and portfolio manager. With effect from 1 April 2021, Brown Advisory LLC has been appointed as the Company's Portfolio Manager and FundRock

Partners Limited has been appointed as the Company's AIFM.

The portfolio management function is critical to the long-term success of the Company. The Board and the Portfolio Manager maintain an open and constructive relationship, with meetings taking place a minimum of four times per annum, with monthly updates and additional meetings as required.

The 'Management of the Company' section on page 32 in this report details the Board's consideration of the Portfolio Manager's performance, its terms of appointment and their annual assessment of its continued stewardship of the portfolio and its oversight of the administrative functions.

The Audit Committee meets at least twice a year and as part of its role considers the internal controls put in place by the Portfolio Manager.

The AIFM also supplies company secretarial services to the Company. The AIFM oversees the activities of the Company's other third-party suppliers on behalf of the Company and maintains open and collaborative relationships to maintain quality, efficiency and cost control through regular communication with operational teams. The Board regularly reviews reports from the Portfolio Manager, the AIFM and Company Secretary, the depositary, the Company's broker, the investor relations research provider and the Independent Auditors.

These provide vital information concerning changes in market practice or regulation which affect the Company and assist the Board in its decision-making process. Representatives from these providers attend Company Board meetings and give presentations on a regular basis enabling in depth discussions concerning their findings and performance.

Other Third-Party Service Providers

As an externally managed investment company with no employees or physical assets, the principal stakeholders of the Company are its shareholders, Portfolio Manager, AIFM, depositary, custodian, administrator and registrar.

Strategic Review *(continued)*

The continuance, or otherwise, of engagement of key third-party service providers are principal decisions taken by the Board every year.

Principal Decisions

The Directors address the S172 considerations when making all material decisions of the Company. Examples of this can be seen as follows.

Appointment of New Portfolio Manager, AIFM and Company Secretary

In December 2020, following a competitive search the Board announced the appointment of Brown Advisory LLC as the Company's new Portfolio Manager and of FundRock Partners Limited as the Company's AIFM and Company Secretary. The appointments followed the announcement of the retirement of Robert Siddles of Jupiter Asset Management.

COVID-19

With the rise in status of COVID-19 to a pandemic, the Board requested that the Portfolio Manager and the AIFM increase the frequency of its monitoring of key suppliers to ensure the safety of working conditions and continuity of operational functions.

Attendance at AGMs

The Board sought shareholder approval at the previous AGM to take advantage of the provisions of the Companies Act 2006 to allow future general meetings to be held either as a physical meeting or an electronic meeting, or a combination of both. This will provide shareholders with the ability to attend future AGM's remotely if the Company is unable to hold a physical meeting.

In Summary

The governance structure and decision-making process are underpinned by the duties of the Directors under S172 on all matters. The Board firmly believes that the sustainable long-term success of the Company is dependent upon taking account of the interests of all its key stakeholders.

For and on behalf of the Board

Stephen White

Chairman

27 October 2021

Report of the Directors & Governance

Directors

Stephen White^{†*}

(Chairman of the Board)

Appointed to the Board in October 2020. He is a non-executive director and chairman of the audit committees of BlackRock Frontiers Investment Trust plc and Aberdeen New India Investment Trust plc and a non-executive director of JPMorgan European Discovery Trust plc and Polar Capital Technology Trust plc. He qualified as a Chartered Accountant at PwC before starting a career in investment management. He has more than 35 years' investment experience, most notably as head of European equities at F&C Asset Management, where he was manager of F&C Eurotrust plc and deputy manager of the F&C Investment Trust plc, and as head of European and US equities at British Steel Pension Fund.

Peter Barton

Appointed to the Board in February 1998. He is a solicitor and investment banker. Following a career of over 20 years as a corporate lawyer, he acquired extensive financial services experience as an investment banker with Lehman Brothers for nine years, followed by four years with Robert Fleming & Co and nine years as a director of Alliance & Leicester plc, serving as deputy chairman. He is also a director of easyGroup Holdings Ltd and has previously chaired or served as a director at several other financial services, real estate and other businesses.

Lisa Booth[†]

(Chair of the Audit Committee)

Chair of the Audit Committee and appointed to the Board in September 2015. Ms Booth is a solicitor with many years' experience in private practice. She co-founded a law firm in the City of London in 2003 and developed and managed a practice focusing on private equity and investment fund transactions during the subsequent ten years. She currently works as the General Counsel of a Berlin-based company with operations throughout Europe.

Gordon Grender

A Director of the Company since its inception in 1993, and served as Chairman from 1998 until 21 October 2021. He has been actively involved in investing in North American stock markets since 1971. He has been the investment adviser to a number of GAM AG Funds and its predecessor companies from 1983 to November 2000.

Clive Parritt[†]

(Senior Independent Director)

Appointed to the Board in January 2007. He is a chartered accountant with over 40 years' experience providing strategic, financial and commercial advice to medium sized and growing businesses. He is senior independent director of London and Associated Properties PLC. He was president of the Institute of Chartered Accountants in England & Wales in 2011 to 2012. Until April 2016 he was Group Finance Director of Audiotonix Limited (an international manufacturer of audio mixing consoles) and, until 2001, he was chairman of Baker Tilly (now RSM), having been its national managing partner for ten years until June 1996. He has previously chaired or been a director of a number of investment trusts, VCTs and media businesses.

Tina Soderlund-Boley[†]

Appointed to the Board in January 2020. She has a Swedish law degree and spent 18 years as Head of Sales Institutional and Intermediaries Northern Europe for GAM. Since then, she has continued to focus on cross-territory investment in smaller companies and is working for Fiera Capital as an Investment Strategist specialising in sales, marketing and ESG. She is also a non-executive director of Ress Capital Investments.

[†] *Member of the Audit Committee.*

^{*} *Appointed as a Director of the Company with effect from 1 October 2020 and subsequently appointed as Chairman of the Board on 21 October 2021.*

Report of the Directors

The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2021.

Change of Name

The Company's previous name was Jupiter US Smaller Companies PLC. Following the appointment of Brown Advisory LLC as Portfolio Manager, the Board decided that it would be in the best interests of shareholders that the Company be renamed Brown Advisory US Smaller Companies PLC, both to reflect the identity of its new Portfolio Manager and to assist in marketing the Company. The name change was subsequently approved by shareholders and registered with the Registrar of Companies during May 2021.

Results and Dividends

The Company's Net Asset Value per Ordinary share and the ordinary share price increased by 35.8% and 52.6% respectively in the year ended 30 June 2021, compared to an increase of 45.1% in the sterling adjusted Russell 2000 Total Return Index. Results and reserve movements for the year are set out in the Income Statement on page 57 and the Notes to the Accounts on pages 60 to 73.

The Net Assets of the Company at 30 June 2021 were £181.4 million (2020: £145.0 million). No distributable revenue is available for payment of dividends.

Capital Structure

As at 30 June 2021 the Company's issued share capital consisted of 18,223,413 Ordinary shares of 25p each of which 6,258,715 were held in Treasury. As a result, the voting shares on 30 June 2021 totalled 11,964,698. All Ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements known to the Company between holders of securities regarding their transfer and no agreement to which the Company is party that affects its control following a takeover bid.

Details of the capital structure can be found in Note 15 to the Accounts on page 71. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of Ordinary shares.

Notifiable Interests in the Company's Voting Rights

In accordance with the Disclosure and Transparency Rules as issued by the Financial Conduct Authority ('FCA'), the Company is required to be notified of any new or changes to previously disclosed substantial interests in its Ordinary shares.

Substantial shareholders

At 30 June 2021, the following shareholders had declared a notifiable interest in the Company's voting rights:

Shareholder	Ordinary Shares held	% of total voting rights*	Date of notification
Tilney Smith & Williamson Limited	641,195	5.18	10 December 2020
Rathbone Investment Management Ltd	609,400	5.09	1 June 2021
Investec Wealth & Investment Limited	602,956	4.97	8 February 2021
1607 Capital Partners, LLC	524,124	4.38	12 May 2021

* Based on number of voting rights as at the date of notification

Directors

The Directors of the Company and their biographies can be found on page 29.

Mr Grender, Mr Barton, Ms Booth, Mr Parritt and Ms Soderlund-Boley held office throughout the year under review.

Mr White was appointed as a Director of the Company on 1 October 2020 and subsequently appointed as Chairman of the Board on 21 October 2021.

Mr Parritt serves as the Senior Independent Director ('SID'). The SID serves as a sounding board for the Chairman and acts as an intermediary for other directors and shareholders. The SID is responsible for:

- working closely with and supporting the Chairman;
- leading the annual assessment of the performance of the Chairman;
- holding meetings with the other directors without the Chairman being present, when required;
- carrying out succession planning for the Chairman's role;
- working with the Chairman, other directors and shareholders to resolve major issues; and
- being available to shareholders and other directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (i.e. through the Chairman).

Repurchase of Shares

Authority to Repurchase Shares

At the AGM held on 22 December 2020 shareholders renewed the authority to buy back the Company's Ordinary shares for cancellation or holding in Treasury. The Board are seeking to renew the Company's buy-back powers at the forthcoming AGM. It is believed that these provisions provide a valuable tool in the management of the Company's share value against Net Asset Value. The current authority allows the Company to purchase up to 14.99 per cent. of the issued Ordinary shares (excluding treasury shares).

Purchases would be made at the discretion of the Board and within guidelines as set from time to time. Under the Listing Rules and the buy-back and stabilisation regulation the maximum price for such buy-backs cannot exceed the higher of (i) 105 per cent. of the average middle market price for the five days immediately preceding the date of repurchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid.

Directors' Remuneration and Interests

The Directors' Remuneration Report and Policy on pages 44 to 46 provides information on the remuneration and shareholdings of the Directors.

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where they have or may have a direct or indirect interest which conflicts or might conflict with the interests of the Company, unless the relevant conflict or potential conflict has been authorised by the Board in accordance with the Company's Articles of Association. The Directors have declared all potential conflicts of interest with the Company. The Register of potential conflicts of interests is kept at the Registered Office of the Company. It is reviewed regularly by the Board and all Directors advise the Company Secretary as soon as they become aware of any potential conflicts of interest. Directors who have potential conflicts of interest do not participate in any discussions which relate to any of their potential conflicts.

Directors' and Officers' Liability Insurance and Indemnification

During the year under review the Company purchased and maintained liability insurance for its Directors and Officers as permitted by Section 233 of the Companies Act 2006.

Report of the Directors *(continued)*

Directors' Indemnification

The Company has indemnified its Directors in respect of their duties as Directors and Officers of the Company, certain civil claims brought by third parties and associated legal costs to the extent that they are permitted by the Companies Act 2006.

Management of the Company

Prior to 1 April 2021, Jupiter Asset Management was appointed as the Company's AIFM and portfolio manager. With effect from 1 April 2021, following a competitive tender process, Brown Advisory LLC has been appointed as the Company's Portfolio Manager and FundRock Partners Limited has been appointed as the Company's AIFM.

A summary of the terms of the appointment including the notice of termination period and annual fee is set out in Note 21 to the Accounts on page 73.

The Directors believe that it is in the best interests of all shareholders for the Company to continue the appointment of the AIFM and the Portfolio Manager on the existing terms of appointment having reviewed the services provided by the AIFM and the Portfolio Manager at their recent appointment.

Leverage

In accordance with the requirements under the Alternative Investments Fund Managers Directive ('AIFMD'), the leverage employed by the Company on 30 June 2021 was 1.01 as determined using the Gross method, and 1.00 as determined using the Commitment method.

Average leverage on a gross exposure basis is calculated by taking the sum of the notional values of the derivatives used by the Company, without netting, and is expressed as a ratio of the Company's net asset value. Average leverage on a commitment basis is calculated by netting the sum of the notional values of the derivatives and expressing it as a ratio of the Company's net asset value.

Disclosed in the table below is the level of leverage employed by the Company.

Maximum limit	Gross exposure Average leverage employed during the year to 30 June 2021	Maximum limit	Commitment exposure Average leverage employed during the year to 30 June 2021
2.10	1.01	2.10	1.00

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the Company's investment objective, risk management policies and capital management policies, the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments and the ability of the Company to meet all of its liabilities and ongoing expenses.

In determining the appropriateness of the going concern basis, the Directors gave particular focus this year to the operational resilience and ongoing viability of the Portfolio Manager, the AIFM and other key third-party suppliers.

In assessing the viability of the Company, the Directors focused on: whether the Company's strategic and investment objectives continue to be achievable in the current economic climate; the size threshold below which the fund would be considered uneconomic or unviable; and the company performance and attractiveness to investors in the current environment.

ISA Qualification

The Company currently manages its affairs so as to be a qualifying investment trust under the Individual Savings Account ('ISA') rules. As a result, under current UK legislation, the Ordinary shares qualify for investment via the stocks and

shares component of an ISA up to the full annual subscription limit, currently £20,000 (2021/22) in each tax year. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA products.

Bribery Prevention Policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board takes very seriously its responsibility to prevent, through Brown Advisory LLC and the AIFM on its behalf, any bribery. To aid the prevention of bribery Brown Advisory LLC and the AIFM have adopted a Bribery Prevention Policy.

Risk Management and Internal Controls

In accordance with the AIC Code, the Board is responsible for monitoring the Company's risk management and internal control systems and reviewing their effectiveness, at least annually, and to report on its review in the Company's annual report. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. The Board has reviewed the effectiveness of the Company's internal control systems including the financial, operational and compliance controls and risk management. These systems have been in place for the period under review and to the date of signing the accounts.

The Company receives services from the Portfolio Manager and the AIFM relating to the management of the Company and from J.P. Morgan as Depositary and Administrator to the Company. Documented contractual arrangements are in place with these service providers which define the areas where the Company has delegated authority to them. The Directors have considered the reports on the internal control objectives and procedures of the Portfolio Manager, the AIFM and J.P. Morgan together with the opinion of the service auditors for these reports which detail the measures

and the testing of the measures which are in place to ensure the proper recording, valuation, physical security and protection from theft of the Company's investments and assets and the controls which have been established to ensure compliance with all regulatory, statutory and fiscal obligations of the Company.

The Directors have also had regard to the procedures for safeguarding the integrity of the computer systems operated by the Portfolio Manager, the AIFM and J.P. Morgan and the key business continuity plans. The Board reviews the procedures described above for the management of risk on an annual basis.

The Company does not have an internal audit function. The Audit Committee considers whether there is a need for an internal audit function on an annual basis. As most of the Company's functions are delegated to third-party service providers the Board does not consider it necessary for the Company to establish its own internal audit function.

UK Stewardship Code and the Exercise of Voting Powers

The Portfolio Manager is responsible for voting the shares it holds on the Company's behalf. The Portfolio Manager's Corporate Governance & Voting Policy can be found at <https://www.brownadvisory.com/intl/disclosures>.

The Board and the Portfolio Manager believe that shareholders have an important role in encouraging a higher level of corporate performance and therefore adopt a positive approach to corporate governance. The Portfolio Manager aims to act in the best interests of all its stakeholders by engaging with companies in which the Company invests, and by exercising its voting rights with care. Not only is this commensurate with good market practice, but it also goes hand in hand with ensuring the responsible investment of its clients' funds. Equally, companies are asked to present their plans for maintaining social and environmental sustainability within their business.

In order to assist in the assessment of corporate governance and sustainability issues and

Report of the Directors *(continued)*

contribute to a balanced view, the Portfolio Manager subscribes to external corporate governance and sustainability research providers but does not necessarily follow their voting recommendations. Contentious issues are identified and, where necessary (and where timescales permit) are discussed with corporate governance and/or sustainability analysts and portfolio managers, and companies. The Portfolio Manager ensures that resolutions are voted in accordance with this practice and timely voting decisions are made.

From time-to-time resolutions will be brought to annual general meetings of investee companies by third parties encouraging companies to address specific environmental and/or social concerns. In such instances the Portfolio Manager's corporate governance and sustainability analysts will discuss their views with the Portfolio Manager and the Company if appropriate. The Portfolio Manager will then vote for what it considers to be in the best financial interests of shareholders of the Company, whilst having regard for any specific sustainability concerns unless otherwise directed.

Common Reporting Standards

With effect from 1 January 2016 the Organisation for Economic Co-operation and Development introduced new Regulations for Automatic Exchange of Financial Account Information (the Common Reporting Standard, 'CRS'). HMRC enacted the CRS in the UK through The International Tax Compliance Regulations 2015.

These Regulations require all Financial Institutions to share certain information on overseas shareholders with HMRC; this scope includes an obligation for Investment Trust Companies which previously had no such reportable accounts under the UK FATCA regulations. Accordingly, the

Company will be required to provide information to HMRC on the tax residencies of a number of non-UK based certificated shareholders and corporate entities on an annual basis. HMRC will in turn exchange this information with tax authorities in the country in which the shareholder may be resident for taxation purposes. HMRC has advised that the Company will not be required to provide such information on uncertificated holdings held through CREST. The Company has engaged Computershare to provide such information on certificated holdings to HMRC on an ongoing basis.

Remuneration of the AIFM

Under the Alternative Investment Fund Managers Directive ("AIFMD"), FundRock Partners Limited acting as the AIFM of the Company is required to disclose the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the Company.

FundRock Partners Limited has established an AIFM Remuneration Policy designed to ensure that the AIFM Remuneration Code in the UK Financial Authority Handbook is met proportionately for all AIFM Remuneration Code Staff. Further details of the FundRock Partners Limited Remuneration Policy can be found at <https://www.fundrock.com/uk-remuneration-policy/>.

In its role as an AIFM, FundRock Partners Limited deems itself as lower risk due to the nature of the activities it conducts. Therefore, FundRock Partners Limited has provided a basic overview of how staff whose actions have a material impact on the Company are remunerated.

	Number of Beneficiaries ¹	Total remuneration paid ²	Fixed remuneration (everything else that is not discretionary) £	Variable remuneration paid (discretionary) £	Carried interest paid by the Company
Total remuneration paid by FundRock Partners Limited during the financial year	24	1,805,223	1,709,638	95,585	0
Remuneration paid to employees of the AIFM who have a material impact on the risk profile of the Company	5	418,491	367,406	51,085	0

¹ Number of beneficiaries represents employees of the AIFM who are fully or partially involved in the activities of the Company as at 31 May 2021.

² Total remuneration paid represents total compensation of those employees of the AIFM who are fully or partially involved in the activities of the Company, based on their time in the role during the reporting period. Due to the AIFM's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable.

Due to the size and structure of FundRock Partners Limited, it is determined that employees of the AIFM who have a material impact on the risk profile of the Company include the Board and Head of Compliance.

The Portfolio Manager is subject to regulatory requirements on remuneration that FundRock Partners Limited deem to be equally as effective as those detailed in the AIFMD, which would include the Capital Requirements Directive or Markets in Financial Instruments Directive.

Shareholder Relations

All shareholders have the opportunity to attend and vote at the AGM during which the Directors and Portfolio Manager will be available to answer questions regarding the Company. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Report of the Directors or Notes accompanying the Notice.

Separate resolutions are proposed for each substantive issue. Information about proxy votes is available to shareholders attending the AGM and published thereafter on the Company's website.

The Company reports to shareholders twice a year by way of the Half Yearly Financial Report and Annual Report & Accounts. In addition, Net Asset

Values are published on a daily basis and monthly factsheets are published on the Company's website www.brownadvisory.com/basc.

The Board has developed the following procedure for ensuring that each Director develops an understanding of the views of shareholders. Regular contact with major shareholders is undertaken by the Company's corporate brokers and the corporate finance executive of the Portfolio Manager. Any issues raised by major shareholders are then reported to the Board. The Board also receives details of all material correspondence with shareholders and the Chairman and individual Directors are willing to meet shareholders to discuss any particular items of concern regarding the performance of the Company. The Chairman, Directors and representatives of the Portfolio Manager are also available to answer any questions which may be raised by a shareholder.

Engagement with Stakeholders

More information about how the Board fosters the relationships with its shareholders and other stakeholders, and how the Board considers the impact that any material decision will have on relevant stakeholders, can be found in the Section 172 statement in the Strategic Report on pages 22 to 28.

Report of the Directors *(continued)*

Statement in Respect of the Annual Report & Accounts

Having taken all available information into consideration, the Board has concluded that the Annual Report & Accounts for the year ended 30 June 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 48.

There were no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4 during the financial period under review.

The Directors are not aware of any relevant audit information of which the Company's Auditors are unaware. The Directors also confirm that they have taken all the steps required of a director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Significant votes against at the 2020 Annual General Meeting

There were no votes against representing 20% or more of votes cast on any of the resolutions put forward for shareholder approval at the 2020 Annual General Meeting.

Annual General Meeting

This year's AGM will be held on Monday, 29 November 2021 at 2:00 p.m. at the offices of ICAEW, Chartered Accountants' Hall, Moorgate Place, London EC2R 6EA.

Please refer to the Notes for the AGM on pages 82 and 83 for full details on how to vote and to the Chairman's Statement on page 6 for guidance on how to communicate any questions that you would like to be raised at the meeting.

In addition to the ordinary business to be conducted at the meeting, the following resolutions in respect of special business will be proposed.

Resolution 9: Authority to allot shares (ordinary resolution)

Resolution 9 seeks authority for the Directors to allot Ordinary shares up to an aggregate nominal amount of approximately £298,953. This authority represents 10% of the Company's issued share capital (excluding treasury shares) as at the date of this document. This authority will expire at the conclusion of the Company's AGM in 2022 (unless renewed earlier) and it is the intention of the Directors to seek renewal of this authority at that AGM. The Board will only use this authority where it believes that it is in the best interests of the Company to issue shares for cash.

Resolution 10: Disapplication of Pre-emption rights (special resolution)

The Directors may only allot Ordinary shares for cash (other than by way of an offer to all existing shareholders pro rata to their shareholdings) if they are authorised to do so by shareholders at a general meeting. The Companies Act 2006 requires that, unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new Ordinary shares must be offered first to existing Ordinary shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new Ordinary shares (or to grant rights over shares) for cash without first offering them to existing Ordinary shareholders in proportion to their holdings. Accordingly, the Directors are seeking authority to issue up to 10% of the issued Ordinary shares on this basis.

The authority will expire at the conclusion of the AGM of the Company in 2022 (unless renewed earlier) and it is the intention of the Directors to seek renewal of this authority at that AGM. Any allotment of new Ordinary shares pursuant to the authority conferred by this Resolution will dilute the voting power of shareholdings of existing shareholders, but will not have a dilutive impact on NAV.

Resolution 11: Authority to buy back shares (special resolution)

The Company is seeking shareholder approval to repurchase up to 14.99% of the shares in issue (excluding treasury shares) at a price that is not less than the nominal value of each share. The authority being sought will last until the date of the next AGM.

The decision as to whether or not to repurchase any shares will be at the discretion of the Board and any shares repurchased under the authority will be cancelled or held in Treasury. The Company will only fund any purchases by utilising existing cash resources or out of distributable profits as defined by the Companies Act 2006.

Any purchase of shares by the Company will be made in accordance with the Articles of Association and the Listing Rules in force at the time. No purchase of shares will be made at a price in excess of the estimated NAV.

Resolution 12: Notice of General Meetings (special resolution)

Resolution 12 is required to reflect the Shareholders' Rights Directive (the 'Directive'). The Directive has increased the notice period for General Meetings of the Company to 21 days. If Resolution 12 is passed the Company will be able to call all General Meetings (other than Annual General Meetings) on 14 clear days' notice. In order to be able to do so shareholders must have approved the calling of meetings on 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a General Meeting on 14 clear days' notice. This shorter notice period will only be used where, in the opinion of the Directors, it is merited by the purpose of the meeting.

Recommendation

The Board considers that the passing of the resolutions being put to the Company's AGM would be in the best interests of the Company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of Resolutions 1 to 12, as set out in the Notice of Annual General Meeting.

By order of the Board

FundRock Partners Limited
Company Secretary

27 October 2021

Corporate Governance

Corporate Governance Compliance Statement

This statement, together with the Statement of Directors' Responsibilities on page 48 and the statement of Risk Management and Internal Controls on page 33, indicates how the Company has complied with the recommendations of the AIC Code as issued in February 2019.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the 'UK Code') as issued in July 2018 by the Financial Reporting Council (the 'FRC'), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The Company has complied with the provisions of the AIC Code (which incorporates the UK Code), except as set out below. The UK Code include provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

The Board considers these provisions not relevant to the position of the Company being an externally managed investment company with no employees. The Company has not therefore reported further in respect of these provisions.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

A description of the main features of the Company's internal control and risk management functions can be found on page 33 of this report.

The Board

Role of the board

The Board receives monthly reports and meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review. At these meetings, the Board monitors the investment performance of the Company. The Directors also review the Company's activities every quarter to ensure that it adheres to its investment policy or, if appropriate, to make any changes to that policy.

Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board has adopted a schedule of items specifically reserved for its decision.

A procedure has been adopted by which Directors may obtain independent professional advice at the expense of the Company in the furtherance of their duties.

Composition

As at 30 June 2021 the Board comprised six non-executive Directors, comprising four males and two females, all of whom are independent of the Portfolio Manager. At the conclusion of this year's Annual General Meeting, the Board will comprise four non-executive Directors, comprising two females and two males.

Mr White is Chairman of the Board. The Chairman has no conflicts of interest between his interests and those of shareholders. The Chairman is also a shareholder. Potential conflicts are reported to the rest of the board who consider such conflicts and where appropriate approve them. The Chairman is not, and has never been, an employee of the Portfolio Manager nor a professional adviser to the Portfolio Manager or the Company. The Chairman does not serve as a director of any other investment companies managed by Brown Advisory LLC.

Tenure

The Board is mindful of the AIC and UK Corporate Governance Codes in relation to the tenure of directors (including the Chairman). The Board does not consider it appropriate that directors should be appointed for a specific term. Rather the Board believes all directors should stand for re-election annually.

The Board undertakes an annual evaluation of its composition and that of its committee taking into account the requirements of the AIC Code. If appropriate, recommendations are made to refresh the composition of the Board and its committee.

Succession Planning

The Directors recently undertook a review of the composition of the Board.

During the year, the Board appointed Nurole Limited to undertake the search for an additional non-executive director. After interviewing a number of exceptional candidates, the Board appointed Mr Stephen White as a non-executive director and member of the Audit Committee of the Company with effect from 1 October 2020. Mr White was subsequently appointed as Chairman of the Board on 21 October 2021.

Mr White is a non-executive director and chairman of the audit committees of BlackRock Frontiers Investment Trust plc and Aberdeen New India Investment Trust plc and a non-executive director of JPMorgan European Discovery Trust plc and Polar Capital Technology Trust plc.

He qualified as a Chartered Accountant at PwC before starting a career in investment management.

He has more than 35 years investment experience, most notably as head of European equities at F&C Asset Management, where he was manager of F&C Eurotrust plc and deputy manager of the F&C Investment Trust plc, and as head of European and US equities at British Steel Pension Fund.

Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable them to contribute to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's policy to give careful consideration to overall Board balance and diversity when making new appointments to the Board.

Re-election of Directors

It is the Company's policy that all Directors stand for re-election on an annual basis. As previously reported, Mr Grender and Mr Barton will not be standing for re-election at the AGM.

Training

The Directors are kept up to date on Corporate Governance issues through materials provided from time to time by the Company Secretary. The Board may obtain training on Corporate Governance on an individual basis.

Performance Evaluation

The Board has not arranged an externally facilitated evaluation during this period, although this is considered by the Board on a regular basis. The Directors undertake on an annual basis an appraisal in relation to their oversight and monitoring of the performance of the Portfolio Manager and other key service providers. In addition, the Directors undertake, on an annual basis, a written assessment of the effectiveness of the Board as a whole by completion of a formal evaluation questionnaire. The SID also leads a formal evaluation of the performance of the Chairman.

Board Committees

Audit Committee

The Board has established an Audit Committee. The report of the Audit Committee can be found on pages 41 to 43.

The Terms of Reference of the Committee are published on the Company's website www.browoadvisory.com/basc.

Corporate Governance *(continued)*

Other Committees

The Board has not established Remuneration or Nomination Committees as the functions of these committees are performed by the Board as all Directors are non-executive. Directors' fees are considered by the Board as a whole within the limits as set out in the Articles of Association and in accordance with the Remuneration Policy approved by shareholders. The appointment

of directors is considered by the entire Board on an ad-hoc basis with consideration given to candidates' expertise and maintaining an appropriate Board balance and composition. The Board has not established a Management Engagement Committee as the functions of this committee, including the appointment of the Portfolio Manager, are performed by the Board.

Directors' Attendance at Meetings

	Board	Audit Committee
Stephen White	4/4	2/2
Peter Barton	4/4	n/a
Lisa Booth	4/4	2/2
Gordon Grender	4/4	n/a
Clive Parritt	4/4	2/2
Tina Soderlund-Boley	4/4	2/2

n/a denotes not applicable.

For and on behalf of the Board

Stephen White

Chairman

27 October 2021

Report of the Audit Committee

Role of the Audit Committee

The Audit Committee meets at least twice annually to consider the financial reporting by the Company, the internal controls and relations with the Company's external Auditors. In addition, it reviews the independence and objectivity of the Auditors and the effectiveness of the audit process, the quality of the audit engagement partner and the audit team, making a recommendation to the Board with respect to the reappointment of the Auditors. It also provides an opinion as to whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Company does not have an internal audit function as most of its day-to-day operations are delegated to professional third parties.

The Committee also reviews the Company's compliance with the Code and the AIC Code.

Composition

The Audit Committee consists of Ms Booth, Mr Parritt, Ms Soderlund-Boley and Mr White. Ms Booth is chair of the Audit Committee. All committee members are independent Non-Executive Directors. Mr Parritt is a past president of the ICAEW (Institute of Chartered Accountants in England and Wales).

As previously noted on page 39 of this report, Mr White was appointed as a member of the Audit Committee with effect from 1 October 2020. The AIC Code permits the Chairman to be a member of, but not chair, the Audit Committee if they were independent on appointment – which the Chairman was and continues to be. In view of the size of the Board the Directors feel it is appropriate for him to continue as a member, so that the Audit Committee can continue to benefit from his experience and knowledge.

The Audit Committee has direct access to the auditors, the Heads of Internal Audit, and Risk and Compliance of the Portfolio Manager, and of the AIFM and reports its findings to the Board. The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information.

Independent Auditors and Audit Tenure

As part of its review of the continuing appointment of the auditors, the Audit Committee considers the length of tenure of the audit firm, its fees and independence from the AIFM and the Portfolio Manager along with any matters raised during each audit. Haysmacintyre LLP ('Haysmacintyre') are the appointed auditors of the Company. This year's audit was the second performed by Haysmacintyre, and by George Crowther as engagement partner, since Haysmacintyre was appointed following an audit tender process in 2019. The fees paid to Haysmacintyre in respect of audit services are disclosed in Note 5 to the Accounts on page 64.

Report of the Audit Committee *(continued)*

Significant Accounting Matters

During its review of the Company's Accounts for the year ended 30 June 2021 the Audit Committee considered the following significant issues, including a robust assessment of principal and emerging risks and uncertainties in light of the Company's activities and issues communicated by the Auditors during its review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
<ul style="list-style-type: none"> Valuation of the investment portfolio and existence 	<ul style="list-style-type: none"> Review of reports from the Portfolio Manager and Custodian
<ul style="list-style-type: none"> Compliance with section 1158 of the Corporation Tax Act 2010 	<ul style="list-style-type: none"> Review of portfolio holdings reports and revenue forecasts to ensure compliance criteria are met
<ul style="list-style-type: none"> Calculation of management fees 	<ul style="list-style-type: none"> Consideration of methodology used to calculate management fees, matched against the criteria set out in the Portfolio Management Agreements
<ul style="list-style-type: none"> Statement of going concern 	<ul style="list-style-type: none"> Review of the investment portfolio, risks and uncertainties and forecast revenue

Auditor Effectiveness & Independence

Auditor effectiveness is assessed by means of the auditors' direct engagement with the Committee at Audit Committee meetings and also by reference to feedback from the AIFM, Portfolio Manager and its employees who have direct dealings with the Auditor during the annual audit of the Company.

Disclosure of Information to the Auditors

The Directors are not aware of any relevant audit information of which the Company's auditors are unaware. The Directors also confirm that they have each taken all the steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Non-Audit Services

The Committee ensures that the auditors' objectivity and independence are safeguarded by requiring pre-approval by the Committee for all non-audit services provided to the Company, which takes into consideration:

- confirmation from the auditors that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject;
- the non-audit fees to be incurred, relative to the audit fees;
- the nature of the non-audit services; and
- whether the auditors' skills and experience make them the most suitable supplier of such services and whether they are in a position to provide them.

The Committee has adopted a policy that all non-audit services are subject to its approval. No fee for such services was payable to the auditors for the year under review and no services were undertaken (2020: £nil).

Statement in Respect of the Annual Report & Accounts

Having taken all available information into consideration, and having discussed the content of the Annual Report & Accounts with the AIFM, Portfolio Manager, Company Secretary and other third-party service providers, the Audit Committee

has concluded that the Annual Report & Accounts for the year ended 30 June 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board.

For and on behalf of the Audit Committee

Lisa Booth

Chair of the Audit Committee
27 October 2021

Directors' Remuneration Report and Policy

Introduction

The Board is pleased to present the Company's annual remuneration report for the year ended 30 June 2021 in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 50 to 56.

Statement by the Chairman

The Board's policy on remuneration is set out below.

The Directors of the Company are non-executive and by way of remuneration receive an annual fee, payable quarterly in arrears.

Directors' fees currently payable are as follows:

Role	Amount payable per annum
Chairman of the Board	£33,000
Chair of the Audit Committee	£30,000
Director	£25,000

Details of the total emoluments paid to Directors for the years ended 30 June 2020 and to 30 June 2021 are provided in the Annual Report on Remuneration on page 45.

The Company does not award any other remuneration or benefits to the Chairman or Directors. There are no bonus schemes, pension schemes, share option or long-term incentive schemes in place for the Directors.

Directors' Remuneration Policy

The Remuneration Policy of the Company was approved by shareholders at the 2020 AGM for a maximum of three years.

The Company's current remuneration policy is that fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre and possessing suitable knowledge and experience to be recruited. The Company's Articles of Association state the maximum aggregate amount of fees that can be paid to Directors in any one year. This is currently set at £185,000 per annum and shareholder approval is required for any changes to this.

Each Director is entitled to a base fee. The Chairman of the Board is paid a higher fee than other Directors to reflect the additional work entailed by the role. The Chair of the Audit Committee also receives a higher fee on the same basis.

The Board is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference. The Board did not seek external advice during the year under review.

The Board has not established a Remuneration Committee and any review of the Directors' fees is undertaken by the Board as a whole and has regard to the level of fees paid to non-executive directors of other investment companies of equivalent size.

Directors' Service Contracts

No Director has a contract of service with the Company. Accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees.

It is the Company's policy for all Directors to stand for re-election annually. Any new Director appointed is subject to election by shareholders at the next AGM following their appointment.

The terms and conditions of Directors' appointments are set out in formal letters of appointment.

Director	Date of Appointment	Due date for Re-election
Stephen White	1 October 2020	Annually
Peter Barton	18 February 1998	Annually
Lisa Booth	29 September 2015	Annually
Gordon Grender	28 January 1993	Annually
Clive Parritt	2 January 2007	Annually
Tina Soderlund-Boley	1 January 2020	Annually

Annual Report on Remuneration

A single figure for the total remuneration of each Director is set out in the table below for the years ended 30 June 2021 and 30 June 2020 respectively. Directors' fees were last increased on 1 January 2021.

Directors' emoluments for the period (audited)

Director	30 June 2021			30 June 2020		
	Fees £	Expenses £	Total remuneration for the year ended £	Fees £	Expenses £	Total remuneration for the year ended £
Stephen White ^{†††}	18,000	–	18,000	–	–	–
Norman Bachop [†]	–	–	–	8,908	–	8,908
Peter Barton	23,500	–	23,500	22,000	–	22,000
Lisa Booth ^{**}	28,500	–	28,500	27,000	1,009	28,009
Gordon Grender [*]	31,500	–	31,500	30,000	–	30,000
Clive Parritt	23,500	–	23,500	22,000	–	22,000
Tina Soderlund-Boley ^{††}	23,500	–	23,500	11,000	–	11,000
Total	148,500	–	148,500	120,908	1,009	121,917

* Chairman of the Board until 21 October 2021.

** Chair of the Audit Committee.

† Covers the period 1 July 2019 to 26 November 2019.

†† Covers the period 1 January 2020 to 30 June 2021.

††† Covers the period 1 October 2020 to 30 June 2021.

Directors' Remuneration Report and Policy (continued)

Expenditure by the Company on Directors' Remuneration compared with Distributions to Shareholders

The table below compares the remuneration payable to Directors to distributions made to shareholders during the financial year under review and the prior year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth. In the year ended 30 June 2021, the Company's capital return was a net gain of £48 million (2020: net loss of £5 million).

	30 June 2021 £'000	30 June 2020 £'000
Remuneration paid to Directors	149	122
Distributions to shareholders – dividends	–	–
Total value of shares repurchased	10,966	10,798

Statement of voting at the last AGM

The following sets out the votes received at the last AGM of the shareholders of the Company, held on 22 December 2020, in respect of the approval of the Directors' Remuneration Policy and Directors' Remuneration Report.

	Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
	Number	%	Number	%		
Directors' Remuneration Policy	5,659,269	99.49	22,548	0.40	5,688,217	20,186
Directors' Remuneration Report	5,668,061	99.58	17,356	0.30	5,691,817	16,586

Directors' Interests

The Directors who held office at the end of the financial year covered by this report and their beneficial interests in the Ordinary shares of the Company are detailed in the table below.

The Directors' interests in contractual arrangements with the Company are as detailed in Note 21 to the Accounts. Subject to these exceptions, no Director was a party to or had any interest in any contract or arrangement with the Company at any time during the year or subsequently.

Directors' interest in Ordinary shares (audited)

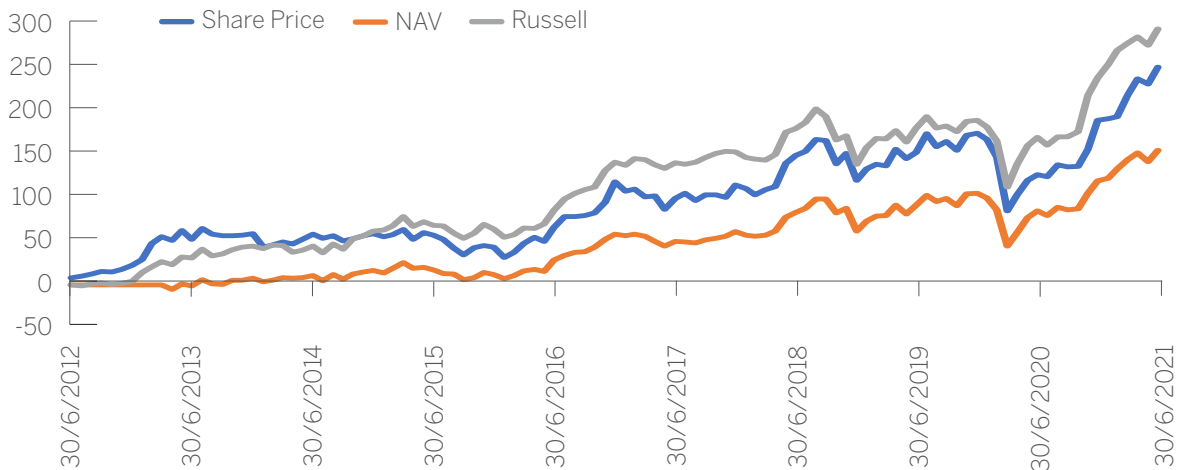
	30 June 2021	30 June 2020
Gordon Grender	34,850	34,850
Peter Barton	10,500	10,500
Lisa Booth	463	463
Clive Parritt	10,000	10,000
Tina Soderlund-Boley	1,011	1,011
Stephen White	20,000	–

As at 27 October 2021, the latest practicable date prior to publication of this document, no further changes had been notified.

Performance to 30 June 2021

The graph below provides details of the Company's Ordinary share price performance compared against the Russell 2000 Total Return Index, expressed in sterling.

Performance from 30 June 2012 to 30 June 2021



Source: Datastream.

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the Directors' Remuneration Report and Policy summarises, for the year ended 30 June 2021, the review undertaken and the decisions made regarding the fees paid to the Board, as well as the future remuneration policy of the Company.

By order of the Board

Stephen White

Chairman

27 October 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and the Republic of Ireland.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and accounting estimates that are reasonable and prudent;
- (c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Report of the Directors, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website www.browndescriptive.com/basc, which is a website maintained by Brown Advisory LLP. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, who are listed on page 29 of this report, confirms to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) the Strategic Report and Report of the Directors include a fair review of the development and performance of the Company, together with a description of the principal risks and uncertainties that the Company faces; and
- (c) in their opinion the Annual Report & Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy.

So far as each Director is aware at the time the report is approved:

- (a) there is no relevant audit information of which the Company's auditors are unaware; and
- (b) the Directors have taken all steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

By order of the Board

Stephen White

Chairman
27 October 2021

Independent Auditors' Report

To the Members of Brown Advisory US Smaller Companies PLC

Our opinion on the financial statements

We have audited the financial statements of Brown Advisory US Smaller Companies plc ('the Company') for the year ended 30 June 2021 which comprise of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

- We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting has been outsourced to JPMCB who are responsible for maintaining the Company's accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at the Portfolio Manager and the accounting service provider to the extent relevant to our audit. This assessment of the operating and accounting structure in place at these organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of these entities in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Key audit matters: Our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These

matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

	The risk	Our response to the risk:
<p>Incomplete or inaccurate revenue recognition, including classification as revenue or capital</p> <p>Revenue for the year is £1,285,000 (2020: £1,857,000) and is disclosed in note 3 to the financial statements.</p> <p>The accounting policy for revenue is described in note 2b(iv).</p>	<p>There is a risk of incomplete or inaccurate recognition income through the failure to recognise proper income entitlements or applying appropriate accounting treatment.</p> <p>In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.</p>	<p>We have undertaken the following procedures to verify the appropriateness of revenue recognition:</p> <ul style="list-style-type: none"> ■ To assess the completeness of dividends for investments held during the year we reviewed the dividend announcements made by the investee Companies and ensured that the Company had correctly recognised any dividends in respect of those dividends. This was performed on a sample basis; ■ We agreed the receipt of dividends to bank statements on a sample basis; ■ For a sample of accrued dividends, we assessed the date of the dividend declaration date and whether the Company had proper legal title to those dividends; ■ We have carried out a review of the Company's investment portfolio and based on that review we have identified special dividends as having been paid out during the year and considered whether the classification of these dividends was appropriate; ■ We reviewed and considered the appropriateness of the disclosures contained within the Company's financial statements.
	<p>Key observations communicated to the Audit Committee</p> <p>We noted that during the year special dividends were recognised as revenue items. From our review of the dividend announcements and consideration of the terms, dates and details of the dividends we are satisfied with the appropriateness of this judgement.</p> <p>Our audit procedures did not identify any matters or other observations to report to the Audit Committee.</p>	

Independent Auditors' Report (continued)

	The risk	Our response to the risk:
<p>Valuation of investments</p> <p>Investment valuations at the year-end were £176,854,000 (2020: £143,420,000) which were all listed investments.</p> <p>Disclosure of these investments is included in note 10 to the financial statements.</p> <p>The accounting policy for the valuation of investments is described in note 2b(i) of the financial statements.</p>	<p>Investments represent the most significant item in the statement of financial position and an error within the valuation of the Company's investment portfolio could have a material impact on the financial position and performance of the Company.</p>	<p>We have undertaken the following procedures to gain assurance over the valuation of all investments:</p> <ul style="list-style-type: none"> ■ We agreed the bid price to an independent source; ■ We agreed the exchange rates applied to US stocks to an independent source; ■ We agreed the year-end investment holdings to custodian confirmation; ■ We re-performed our own calculation of the expected investment valuation and compared this to the actual investment valuation; ■ We assessed the accuracy of the calculation of unrealised gains and losses; and ■ We assessed the appropriateness and presentation of the unrealised gains and losses within the financial statements disclosures
	<p>Key observations communicated to the Audit Committee</p> <p>Based on the procedures performed we gained satisfactory assurance over the valuation of the Company's investment portfolio and did not identify any matters or other observations to report to the Audit Committee.</p>	

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of a reasonably knowledgeable person, relying on the financial statements.

Materiality

Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £1,820,000 which is approximately 1% of

the Company's gross assets. Gross assets have been used as the benchmark for materiality as this is considered to be the critical performance measure used by investors to assess the performance of the Company.

Performance materiality

On the basis of our risk assessments, together with our assessment of the Company's overall control environment our assessment was that performance materiality should be set at 75% of our overall materiality level, namely £1,365,000. We have set performance materiality at this percentage due to the absence of significant errors noted in the current year audit and based on our assessment of the control framework at the Company.

Given the importance of the distinction between revenue and capital for the Company we also

applied a separate performance materiality level of £26,000 for the revenue column of the Statement of Comprehensive Income. We set this level at approximately 2% of gross revenue.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We determined based on our calculations that we would report to the Committee all audit differences in excess of £91,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The Directors' assessment on going concern is summarised in the Directors' Report and we are of the opinion that this assessment is reasonable. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We considered the liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due;
- We considered the current cash position; and
- We considered the controls reports of the key service organisations.

We have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going

concern basis of accounting. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report as set out on pages 3 to 49, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report on that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent Auditors' Report *(continued)*

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in:

the Strategic Report or the Directors' Report; or

the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The Directors' statement on page 23 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate;
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.
- The Directors' confirmation set out on page 23 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and the disclosures in the annual report set out on pages 24 and 25 that describe the principal risks and explain how they are being managed or mitigated;
- The Directors' statement on fair, balanced and understandable set out on page 36 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems on page 33; or
- Audit Committee reporting set out on pages 41 to 43 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; and

- The Directors' statement of compliance with the UK Corporate Governance Code set out on page 38 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level assurance, but not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to irregularities including fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and the entities delegated with the day to day responsibilities and the outsourced service providers.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, Financial Conduct Authority regulations, the Listing Rules and the AIC Code.

We understood how the Company is complying with those frameworks through discussions with the Audit Committee and key service providers in combination with a review of the Company's documented policies and procedures.

We evaluated the Directors' and key service providers' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the occurrence of fraud is low given the activities and operations of the Company. If fraud were to occur it would likely

Independent Auditors' Report *(continued)*

be collusive in nature and probably occur through posting inappropriate manual journal entries to revenue and investments. Audit procedures performed by the engagement team included:

- Discussions with Audit Committee and key service providers including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating controls designed to prevent and detect irregularities; and
- Identifying and testing journals, in particular manual journal entries posted through revenue and investments, postings containing unusual phrases or with unusual descriptions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

Following recommendation of the Audit Committee, we were appointed by the Shareholders to audit the financial statements for the year ending 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement is therefore 2 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

George Crowther

Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP
Statutory Auditor, Chartered Accountants
London

27 October 2021

Income Statement

for the year ended 30 June 2021

	Note	Revenue Return £'000	2021 Capital Return £'000	Total £'000	Revenue Return £'000	2020 Capital Return £'000	Total £'000
Gain/(loss) on investments at fair value through profit or loss	10	-	48,186	48,186	-	(5,185)	(5,185)
Foreign exchange gain/(loss)		-	(264)	(264)	-	(338)	(338)
Investment income	3	1,285	-	1,285	1,857	-	1,857
Other income	3	1	-	1	12	-	12
Total income/(loss)		1,286	47,922	49,208	1,869	(5,523)	(3,654)
Investment management fee	4	(905)	-	(905)	(1,108)	-	(1,108)
Other expenses	5	(636)	(1)	(637)	(369)	(2)	(371)
Total expenses		(1,541)	(1)	(1,542)	(1,477)	(2)	(1,479)
(Loss)/return before finance costs and taxation		(255)	47,921	47,666	392	(5,525)	(5,133)
Finance costs	7	(20)	-	(20)	(305)	-	(305)
(Loss)/return before taxation		(275)	47,921	47,646	87	(5,525)	(5,438)
Taxation	8	(187)	-	(187)	(218)	-	(218)
Net (loss)/return after taxation		(462)	47,921	47,459	(131)	(5,525)	(5,656)
Net (loss)/return per Ordinary share	9	(3.76p)	389.55p	385.79p	(0.97p)	(41.22p)	(42.19p)

The total column of this statement is the profit and loss account of the Company.

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

The Notes on pages 60 to 73 form part of these accounts.

Statement of Financial Position

as at 30 June 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	176,854	143,420
Current assets			
Debtors	12	68	29
Cash at bank and in hand		4,994	6,129
		5,062	6,158
Creditors: amounts falling due within one year	13	(490)	(4,567)
Net current assets		4,572	1,591
Total assets less current liabilities		181,426	145,011
Capital and reserves			
Called up share capital	15	4,555	4,555
Share premium account	16	19,550	19,550
Non-distributable reserve	17	841	841
Capital redemption reserve	18	9,628	9,628
Retained earnings	19	146,852	110,437
Total shareholders' funds		181,426	145,011
Net asset value per Ordinary share	20	1,516.34p	1,116.35p

The financial statements on pages 57 to 59 were approved by the Board of Directors and signed on its behalf on 27 October 2021.

Stephen White

Chairman

Company Registration Number 02781968

The Notes on pages 60 to 73 form part of these accounts.

Statement of Changes in Equity

for the year ended 30 June 2021

For the year ended 30 June 2021	Note	Called up Share Capital £'000	Share Premium £'000	Non-distributable Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings* £'000	Total £'000
1 July 2020		4,555	19,550	841	9,628	110,437	145,011
Repurchase of Ordinary shares to be held in treasury	15	-	-	-	-	(11,044)	(11,044)
Net return for the year		-	-	-	-	47,459	47,459
Balance at 30 June 2021		4,555	19,550	841	9,628	146,852	181,426

For the year ended 30 June 2020	Note	Called up Share Capital £'000	Share Premium £'000	Non-distributable Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings* £'000	Total £'000
1 July 2019		4,555	19,550	841	9,628	126,946	161,520
Repurchase of Ordinary shares to be held in treasury		-	-	-	-	(10,853)	(10,853)
Net loss for the year		-	-	-	-	(5,656)	(5,656)
Balance at 30 June 2020		4,555	19,550	841	9,628	110,437	145,011

* Dividends are only payable from the Revenue Return element of Retained Earnings (see Note 19 for further details).

The Notes on pages 60 to 73 form part of these accounts.

Notes to the Accounts

for the year ended 30 June 2021

1. General information

Brown Advisory US Smaller Companies PLC is an investment Company incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company registration number is 02781968 and the registered office is 6th floor, Bastion House, 140 London Wall, London, EC2Y 5DN.

The Company conducts its affairs so as to qualify as an investment trust under the provisions of section 1158 of the Corporation Tax Act 2010. The Company has qualified as an investment trust in respect of all relevant years up to and including the year ended 30 June 2021. Section 1158 was amended to allow the Company to seek approval of compliance in advance and for all subsequent financial years. The Company received such advance approval subject to it continuing to meet the relevant eligible conditions and ongoing requirements. The Company intends to conduct its affairs so as to enable it to comply with the requirements. Such approval exempts the Company from UK corporation tax on gains realised in the relevant year on its portfolio of fixed asset investments.

A summary of the accounting policies, all of which have been applied consistently throughout the period is set out below.

2. Accounting policies

(a) Basis of preparation

The financial statements for the year ended 30 June 2021 have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') including Financial Reporting Standard 102 ('FRS 102'), the financial reporting standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice ('SORP') for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies ('AIC') in October 2019.

The Company continues to adopt the going concern basis in the preparation

of the financial statements. The financial statements have been prepared in accordance with the Company's accounting policies as set out below. They are presented in accordance with the Companies Act 2006 (the 'Act') and the requirements of the SORP 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019.

The Company has taken advantage of the exemption from preparing a Cash Flow Statement under FRS 102, as it is an investment fund and the investments are substantially all highly liquid and carried at fair (market) value.

In accordance with FRS 102, the Company is required to nominate a functional reporting currency in which the Company predominantly operates. Having regard to the Company's share capital and the predominant currency in which its shareholders operate, pounds sterling is the nominated functional reporting currency of the Company.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102 and the Companies Act 2006.

(b) Principal accounting policies

(i) Financial instruments

Financial instruments include fixed asset investments and derivative assets and liabilities.

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included within this category are unquoted investments.

(ii) Fixed asset investments

As an investment trust, the Company measures its fixed asset investments at "fair value through profit or loss" and treats all transactions on the realisation and revaluation of investments as transactions on the capital account. Purchases are recognised on the relevant trade date, inclusive of expenses which are incidental to their acquisition. Sales are also recognised on the trade date, after deducting expenses incidental to the sales.

Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted.

(iii) Foreign currency

Monetary assets, monetary liabilities and equity investments denominated in a foreign currency are expressed in sterling at rates of exchange ruling at the Statement of Financial Position date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions.

Foreign exchange profits and losses on fixed asset investments are included within the changes in fair value in the capital account. Foreign exchange profits and losses on other currency balances are separately credited or charged to the capital account except where they relate to revenue items when they are credited or charged to the revenue account.

(iv) Income

Income from equity shares is brought into the revenue account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the capital account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

Dividends from overseas companies are shown gross of withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital account.

(v) Expenses, including finance charges

Expenses are charged to the revenue account of the Income Statement, except as noted below:

- expenses incidental to the acquisition or disposal of fixed asset investments are included within the cost of the investments or deducted from the disposal proceeds of investments and are thus charged to the capital element of retained earnings – arising on investments sold via the capital account; and
- all expenses are accounted for on an accruals basis. Finance charges are accrued using the effective interest rate method.

Notes to the Accounts *(continued)*

2. Accounting policies *(continued)*

(vi) Taxation

Withholding tax deducted at source from income received is treated as part of the taxation charge in the income account, in instances where it cannot be recovered.

Deferred tax is provided in accordance with FRS 102, on an undiscounted basis, on all timing differences that have originated but not reversed by the Statement of Financial Position date, based on the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(vii) Capital redemption reserve

The nominal value of Ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve.

Capital redemption reserve is not available for the payment of dividends.

(viii) Retained earnings

This consists of the following:

(a) Capital Reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of fixed asset investments;
- increases and decreases in the valuation of fixed asset investments held at the year end;
- realised foreign exchange differences of a capital nature;
- unrealised foreign exchange differences of a capital nature;
- costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- the costs of purchasing Ordinary share capital.

(b) Revenue Return

- the income return or loss for the year is taken to the income element of this reserve.

This element of the retained earnings reserve may be used to fund the distribution of profits to investors via dividend payments only when this is in a surplus position. Currently there is an accumulated loss and therefore no distributions can be paid.

(ix) Borrowing and finance costs

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance costs are recognised in the Income Statement in the period in which they are incurred. All finance costs are directly charged to the revenue column of the Income Account.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires management to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment

to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

Management do not believe that any significant accounting judgements have been applied to these financial statements other than the allocations between capital and revenue shown in Notes 4 and 5.

3. Income

	2021 £'000	2020 £'000
Income from investments		
Dividends from overseas companies	1,285	1,857
	1,285	1,857
Other income		
Deposit interest	1	12
	1	12
Total income	1,286	1,869
Total income comprises		
Dividends	1,285	1,857
Interest	1	12
	1,286	1,869
Income from investments		
Listed overseas	1,285	1,857
	1,285	1,857

4. Investment management fees

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	905	–	905	1,108	–	1,108
	905	–	905	1,108	–	1,108

The disclosed management fees are for the period to 31 March 2021 only, as fees for the last quarter were waived as explained in Note 21 where details of the investment management contracts and fee waiver are given.

Notes to the Accounts *(continued)*

5. Other expenses

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	149	–	149	122	–	122
Auditors' remuneration – audit of the company	33	–	33	35	–	35
Directors' and Officers' liability insurance	3	–	3	9	–	9
Change of AIFM and Portfolio Manager expenses	273	–	273	–	–	–
Other expenses	178	1	179	203	2	205
	636	1	637	369	2	371

6. Ongoing charges

	2021 £'000	2020 £'000
Investment management fees	905	1,108
Other expenses	636	369
Total expenses (excluding finance costs)	1,541	1,477
Average net assets	160,065	151,492
Ongoing charges %	0.96	0.98

7. Finance costs

	2021 £'000	2020 £'000
Short-term loan	8	281
Non-utilisation fee	12	24
	20	305

8. Taxation

(a) Analysis of charge in year:

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Overseas tax	187	–	187	218	–	218
Total tax (see Note 8b)	187	–	187	218	–	218

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax for a company (19.00%) (2020: 19.00%). The differences are explained below:

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Net (loss)/return before taxation	(275)	47,921	47,646	87	(5,525)	(5,438)
Corporation tax at 19.00% (2020: 19.00%)	(52)	9,105	9,053	17	(1,050)	(1,033)
Effects of:						
Tax free capital (gains)/loss on investments	–	(9,105)	(9,105)	–	1,050	1,050
Non taxable income received	(247)	–	(247)	(353)	–	(353)
Overseas tax	187	–	187	218	–	218
Income taxed in different years	(3)	–	(3)	–	–	–
Unutilised management expenses for the year	302	–	302	336	–	336
Total tax charge for the year	187	–	187	218	–	218

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

There is an unrecognised deferred tax asset of £3,560,000 (2020: £3,259,000) which relates to unutilised excess management expenses. The deferred tax asset would only be recovered if the Company were to generate sufficient taxable profits to utilise these expenses. It is considered too uncertain that this will occur and therefore, no deferred tax asset has been recognised.

Notes to the Accounts *(continued)*

9. Net (loss)/return per Ordinary share

	2021 £'000	2020 £'000
Net revenue loss	(462)	(131)
Net capital return/(loss)	47,921	(5,525)
Net return/(loss)	47,459	(5,656)
Weighted average number of Ordinary shares in issue during the year	12,301,647	13,403,374
Revenue loss per Ordinary share	(3.76p)	(0.97p)
Capital return/(loss) per Ordinary share	389.55p	(41.22p)
Total return/(loss) per Ordinary share	385.79p	(42.19p)

10. Investments held as at fair value through profit or loss

(a) Portfolio investments

	2021 £'000	2020 £'000
Valuation at beginning of year	143,420	163,712
Investment holding gains at beginning of year	(31,478)	(35,868)
Cost at beginning of year	111,942	127,844
Purchases at cost	199,063	57,932
Sales at cost	(142,166)	(73,834)
Cost at end of year	168,839	111,942
Investment holding gains at end of year	8,015	31,478
Valuation at end of year	176,854	143,420
Investments listed overseas	176,854	143,420
	176,854	143,420

(b) Gains on investments

	2021 £'000	2020 £'000
Net gain/(loss) realised on sale of investments	71,649	(795)
Movement in investment holding gains	(23,463)	(4,390)
Gain/(loss) on investments	48,186	(5,185)

11. Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	2021 £'000	2020 £'000
Purchases	47	36
Sales	63	45
	110	81

Transaction fees relating to the portfolio re-organisation of £53,000 were incurred but were offset against investment management fees – see Note 11.

12. Debtors

	2021 £'000	2020 £'000
Prepayments and accrued income	12	12
Dividends receivable	50	10
Taxation	6	7
	68	29

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Short-term bank loans	–	4,047
Investment management fee	328	266
Other creditors and accruals	162	254
	490	4,567

Bank loan

At 30 June 2020 the company had a revolving bank loan with Scotiabank Europe Plc, with a loan facility available up to a maximum of £30 million. On 15 September 2020 the loan was repaid with the facility being terminated.

During the year the company used the loan facility as follows:

Date	Amount Borrowed	Date Renewed
26 June 2020	\$5.0 million	N/A

Notes to the Accounts *(continued)*

14. Financial instruments

Background

The Company's financial instruments comprise securities and other investments, cash balances and term loans, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income. The numerical disclosures below exclude short-term debtors and creditors which are denominated in sterling and do not incur interest and therefore are not subject to foreign currency risk or interest rate risk.

The principal risks the Company faces in its portfolio management activities are:

- foreign currency risk
- market price risk
- interest rate risk
- liquidity risk
- credit and counterparty risk

The Portfolio Manager's policies for managing these risks are summarised below and have been applied throughout the year.

(a) Foreign Currency Risk

A substantial portion of the financial assets of the Company are denominated in US Dollars with the result that the Statement of Financial Position and Income Statement can be significantly affected by currency movements.

The Company normally takes account of this risk when making investment decisions although it could hedge against foreign currency movements affecting the value of the investment portfolio where adverse movements are anticipated.

Foreign currency sensitivity

The principal currency to which the Company was exposed during the year was the US Dollar as all investments are quoted in that currency. The exchange rates applying against sterling at 30 June and the average rates during the year ended 30 June were as follows:

	2021		2020	
	At 30 June	Average for the year	At 30 June	Average for the year
US Dollar	1.3814	1.3467	1.2356	1.2607
	1.3814	1.3467	1.2356	1.2607

The following tables illustrate the sensitivity of the profit after tax for the year and net assets to exchange rates for sterling against the US Dollar. It assumes the following changes in exchange rates:

£/US Dollar +/- 5% (2020: +/- 10%)

These percentages have been determined based on market volatility in exchange rates over the previous twelve months. The sensitivity analysis is based on the company's foreign currency financial instruments held at the date of each Statement of Financial Position.

If sterling had weakened by 5% (2020: 10%) against the currencies below this would have had the following effect on revenue, capital, total return and, accordingly, net assets:

	Impact on revenue return £'000	2021 Impact on capital return £'000	Total £'000	Impact on revenue return £'000	2020 Impact on capital return £'000	Total £'000
US Dollar	(62)	8,843	8,781	(108)	14,342	14,234
	(62)	8,843	8,781	(108)	14,342	14,234

If sterling had strengthened by 5% (2020: 10%) against the currencies below this would have had the following effect:

	Impact on revenue return £'000	2021 Impact on capital return £'000	Total £'000	Impact on revenue return £'000	2020 Impact on capital return £'000	Total £'000
US Dollar	62	(8,843)	(8,781)	108	(14,342)	(14,234)
	62	(8,843)	(8,781)	108	(14,342)	(14,234)

(b) Market Price Risk

By the very nature of its activities, the Company's investments are exposed to market price fluctuations. The board reviews and agrees policies for managing this risk. The investment adviser assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market price risk on the whole of the investment portfolio on an ongoing basis. Further information on the investment portfolio and investment policy is set out in the Portfolio Manager's Review on page 7.

Other price risk sensitivity

The following illustrates the sensitivity of the profit after taxation for the year and the total equity to an increase or decrease of 20% (2020: 20%) in the fair value of the Company's equities. This level of change is considered to be reasonably possible based on observation of market conditions during the year. The sensitivity analysis is based on the Company's equities at each reporting date, with all other variables held constant.

The impact of a 20% increase in the value of investments on the revenue loss for the year to 30 June 2021 is a decrease of £231,000 (2020: £215,000) and on the capital return is an increase of £35,371,000 (2020: £28,684,000).

The impact of a 20% fall in the value of investments on the revenue loss for the year to 30 June 2021 is an increase of £248,000 (2021: £191,000) and on the capital return is a decrease of £35,371,000 (2021: £28,684,000).

Notes to the Accounts (continued)

14. Financial instruments (continued)

(c) Interest rate risk

Interest rate movements may affect:

- the fair value of investments of fixed interest securities,
- the level of income receivable from any floating interest-bearing securities and cash at bank and on deposit, and
- the interest payable on floating interest term loans.

The financial assets (excluding short-term debtors) consist of:

	Cashflow interest rate risk £'000	2021 No interest rate risk £'000	Total £'000	Cashflow interest rate risk £'000	2020 No interest rate risk £'000	Total £'000
US Dollar	4,834	–	4,834	5,829	–	5,829
GBP	160	–	160	300	–	300
	4,994	–	4,994	6,129	–	6,129

The floating interest rate risk assets consist of cash deposits at call.

The financial liabilities consist of:

	Fixed rate £'000	2021 Non-interest bearing £'000	Total £'000	Fixed rate £'000	2020 Non-interest bearing £'000	Total £'000
US Dollar	–	–	–	4,047	7	4,054
GBP	–	490	490	–	513	513
	–	490	490	4,047	520	4,567

The fixed rate liabilities consist of a short-term bank loan with Scotiabank.

(d) Liquidity risk

Liquidity risk is not considered significant. All liabilities are payable within three months. The Company's assets comprise mainly readily realisable securities which can be sold to meet funding requirements if necessary.

(e) Credit and Counterparty Risk

Credit risk is the exposure to loss from the failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company manages credit risk by using brokers from a database of approved brokers who have undergone rigorous due diligence tests by the Investment Adviser's Risk Management Team and by dealing through JAM with banks authorised by the Financial Conduct Authority. Any derivative positions are marked to market and exposure to counterparties is monitored on a daily basis by the investment adviser; the board reviews it on a quarterly basis. The maximum exposure to credit risk at 30 June 2021 was £5,062,000 (2020: £6,158,000). The calculation is based on the Company's credit exposure as at 30 June 2021 and may not be representative of the year as a whole.

(f) Fair value of financial assets and financial liabilities

The financial assets and financial liabilities are carried in the Statement of Financial Position at their fair value or the statement amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals and cash at bank).

Fair Value hierarchy

IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the instrument and not based on available observable market data. The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows:

	2021				2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	176,854	–	–	176,854	143,420	–	–	143,420

(g) Use of derivatives

In order to enhance returns, the Company may take short positions (using contracts for difference) in respect of a small number of larger capital securities. There were no derivative positions held at the year end (2020: nil).

15. Called-up share capital

	2021		2020	
	Number	£'000	Number	£'000
Ordinary shares of 25p each				
Balance brought forward	12,989,799	3,246	14,012,801	3,502
Ordinary shares repurchased into treasury	(1,025,101)	(256)	(1,023,002)	(256)
Closing balance of Ordinary shares	11,964,698	2,990	12,989,799	3,246
Treasury shares				
Balance brought forward	5,233,614	1,309	4,210,612	1,053
Repurchase of Ordinary shares into treasury	1,025,101	256	1,023,002	256
Closing balance of Ordinary shares held in treasury	6,258,715	1,565	5,233,614	1,309
Total		4,555		4,555

Notes to the Accounts *(continued)*

16. Share Premium

	2021 £'000	2020 £'000
	19,550	19,550
As at 30 June	19,550	19,550

17. Non-distributable reserve

	2021 £'000	2020 £'000
	841	841
As at 30 June	841	841

18. Capital redemption reserve

	2021 £'000	2020 £'000
	9,628	9,628
As at 30 June	9,628	9,628

19. Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items.

	Revenue return £'000	Capital return £'000	Total £'000
At 1 July 2020	(6,979)	117,416	110,437
Net (loss)/gain for the year	(462)	47,921	47,459
Ordinary shares repurchased into Treasury	–	(11,044)	(11,044)
At 30 June 2021	(7,441)	154,293	146,852

The capital return includes £8,015,000 of investment holding gains (2021: £31,478,000).

20. Net asset value per Ordinary share

The net asset value per Ordinary share is based on the net assets attributable to the equity shareholders of £181,426,000 (2020: £145,011,000) and on 11,964,698 (2020: 12,989,799) Ordinary shares, being the number of Ordinary shares in issue at the year end.

21. Related parties and transactions with the manager

Directors

There are no transactions with the Directors other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on page 45 and as set out in Note 5 to the accounts on page 64 and the beneficial interests of the Directors in the Ordinary shares of the company as disclosed on page 46.

Transactions with the manager

On 1 April 2021 the board announced the appointment of Brown Advisory LLC ("Brown Advisory") as the Company's portfolio manager ("Portfolio Manager") and FundRock Partners Limited ("FundRock") as the Company's alternative investment fund manager ("AIFM"), replacing Jupiter Unit Trust Managers Limited ("JUTM") as AIFM and Jupiter Asset Management ("JAM") as portfolio manager. The changes became effective on 1 April 2021.

FundRock has been appointed as AIFM to the Company pursuant to an Alternative Investment Fund Management Agreement between FundRock and the Company. FundRock has also been appointed to provide company secretarial services to the Company.

Brown Advisory has been appointed to provide portfolio management services pursuant to a Portfolio Management Agreement between the Company, FundRock and Brown Advisory.

Prior to 1 April 2021, the investment management fee was calculated at an annual rate of 0.75% of net assets up to £150 million; plus 0.65% of net assets in excess of £150 million but less than or equal to £200 million; plus 0.55% of net assets in excess of £200 million.

Under the new management arrangements, with effect from 1 April 2021, the management fee has been calculated at an annual rate of 0.7% on the first £200 million; 0.6% of the next £300 million; and 0.5% thereafter of the Company's adjusted net assets.

The management fee is payable by the Company to FundRock, who shall deduct from the management fee the amounts due to it as AIFM and for company secretarial services and shall pay the balance to Brown Advisory.

The management fee is calculated and payable on a quarterly basis.

The investment management fee payable to JUTM for the period from 1 July 2020 to 31 March 2021 was £905,000 (year to 30 June 2020: £1,108,000) with £328,000 outstanding as at 30 June 2021 (2020: £266,000).

The investment management fee for the period 1 April 2021 to 30 June 2021 was £326,000 with £nil outstanding as at 30 June 2021 but these fees were waived to offset the costs incurred in transitioning to Brown Advisory.

Costs associated with the transition of the AIFM and Portfolio Manager comprised £273,000 of legal and other expenses (see Note 5) and £53,000 of portfolio transaction costs. These costs were defrayed by the waiver of £326,000 of investment management fees.

The appointment of Brown Advisory and FundRock may be terminated by not less than six months' notice, such notice not to be served earlier than 1 April 2022.

22. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments outstanding at 30 June 2021 (2020: nil).

Company Information

Directors	Stephen White (<i>appointed to the Board on 1 October 2020</i>), Chairman Peter Barton Lisa Booth Gordon Grender Clive Parritt Tina Soderlund-Boley
Registered Office	6th Floor, Bastion House, 140 London Wall, London EC2Y 5DN
Portfolio Manager	Brown Advisory LLC 901 South Bond Street, Suite 400, Baltimore, Maryland 21231 United States
Alternative Investment Fund Manager	FundRock Partners Limited 52-54 Gracechurch Street, London EC3V 0EH Authorised and regulated by the Financial Conduct Authority
Company Secretary	FundRock Partners Limited 52-54 Gracechurch Street, London EC3V 0EH
Telephone	+44 (0)203 994 7129
Website	www.brownadvisory.com/basc
Email	InvestmentTrustEnquiries@brownadvisory.com
Custodian	J.P. Morgan Chase Bank N.A 25 Bank Street, Canary Wharf, London E14 5JP
Depository	J.P. Morgan Europe Limited 25 Bank Street, Canary Wharf, London E14 5JP Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Telephone	0370 889 4089
Website	www.investorcentre.co.uk
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place, London EC4R 1AG
Company Registration Number	02781968 Registered in England & Wales An investment company under s.833 of the Companies Act 2006
Investor Codes	The Ordinary shares of the Company are traded on the London Stock Exchange.
Sedol Number	Ordinary shares 0346340
ISIN	Ordinary shares GB0003463402
Ticker	Ordinary shares BASC

The company is a member of



Investor Information

Performance Updates

The Company publishes a monthly factsheet which contains key information about its performance, investment portfolio and pricing. The factsheets, together with electronic copies of the most recent full and interim reports and accounts, are available for download from www.brownadvisory.com/basc. Should you wish to be added to an email distribution list for future editions of the monthly factsheet, please send an email to InvestmentTrustEnquiries@brownadvisory.com. For investors who do not have access to the internet, these documents are also available on request from Brown Advisory's Client Services Team on +44 (0)203 301 8130.

Further information about the Company is also available from third party websites such as www.morningstar.co.uk and www.theaic.co.uk.

Retail distribution of non-mainstream products

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's Ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are Ordinary shares in an investment trust.

Dividend Tax Allowance

With effect from 6 April 2016 the dividend tax credit was replaced by an annual tax-free dividend allowance. Dividend income in excess of this allowance will be taxed according to your personal income tax bracket. The Company's Registrar will continue to provide shareholders with confirmation of dividends paid; shareholders should retain such confirmations to enable them to calculate and report total dividend income received. Shareholders should note that it is their sole responsibility to report any dividend income in excess of their annual tax-free allowance to HMRC.

Further information on changes to dividend tax allowance can be obtained from the HMRC website at: <https://www.gov.uk/tax-on-dividends>.

Changes to our Data Privacy Notice

We have updated our Privacy Notice to align with the new data privacy law in the European Union, known as the General Data Protection Regulation (GDPR) to which we are subject. Data protection and the security of your information has always been, and remains, important to us.

Any information concerning Shareholders and other related natural persons (together the Data Subjects) provided to, or collected by or on behalf of, Brown Advisory LLC and/or FundRock Partners Limited (the Controllers) (directly from Data Subjects or from publicly available sources) may be processed by the Controllers as joint controllers, in compliance with the GDPR.

You are not required to take any action in respect of this notice, but we encourage you to read our Privacy Notice. Our Privacy Notice can be found on our website, www.brownadvisory.com/basc. In the event that you hold your shares as a nominee, we request that you promptly pass on the details of where to find our Privacy Notice to the underlying investors and/or the beneficial owners.

Investor Information *(continued)*

Managing your account online

The Company's registrar, Computershare Investor Services PLC, allows you to manage your shareholding online. If you are a direct investor, you can view your shareholding, change the way the registrar communicates with you and buy and sell shares. If you haven't used this service before, you can enter the name of the Company and register your account at <https://www-uk.computershare.com/investor>. You'll need your Investor code (IVC) printed on your share certificate in order to register.

Computershare's contact details are as follows:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road BRISTOL BS99 6ZZ
Telephone: +44 (0)370 889 4089

** Calls to this number are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 09:00 a.m. – 17:30 p.m. Monday to Friday.*

Important Risk Warnings

Advice to shareholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high-risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact Action Fraud on **0300 123 2040** or visit **www.actionfraud.police.uk**

For further helpful information about investment scams and how to avoid them please visit **www.fca.org.uk/scamsmart**.

Glossary of Terms including Alternative Performance Measures

Alternative performance measures

The European Securities and Markets Authority ('ESMA') published its guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.'

The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs are used throughout the annual report, financial statements and notes to the financial statements.

Benchmark total return index

A total return index is a type of equity performance index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

Discount*

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

At 30 June 2021 the share price was 1,437.50p and the net asset value per share (cum income) was 1,516.34p, the discount therefore being 5.2%.

Discount management

Discount management is the process of the buy-back and issue of company shares by the company, to and from its own holding or 'treasury' with the intention of managing any imbalance between supply and demand for the company's shares and thereby the market price. The aim is to ensure that, in normal market conditions, the market price of the company's shares will not materially vary from its NAV per share. The authority to repurchase the company's shares is voted upon by the shareholders at each annual general meeting.

Gearing*

Gearing is the borrowing of cash to buy more assets for the portfolio with the aim of making a gain on those assets larger than the cost of the loan. However, if the portfolio doesn't perform well the gain might not cover the costs. The more an investment company gears, the higher the risk.

Gearing is the ratio of the Company's net borrowings (£nil) being gross borrowings (£nil) less cash (£nil) to its net assets (£181,426,000) expressed as a percentage (0.0%).

Middle-market price

The middle-market price is the mid-point between the buy and the sell prices.

NAV per share

The net asset value ('NAV') is the value of the investment company's assets less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium.

As at 30 June 2021, the net asset value per share was 1,516.34p.

Ongoing charges*

Ongoing charges are the total expenses including both the portfolio management fee and other costs, but excluding finance costs (if applicable), as a percentage of the average NAV over the financial year.

The calculation of the ongoing charges is provided in Note 6 to the Accounts on page 64.

Premium*

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

PRIIPS Key Information Documents

We are required by EU regulations to provide investors with a Key Information Document (“KID”) which includes performance projections which are the product of prescribed calculations based on the Company’s past performance. The content and format of the KID cannot be amended under the applicable EU regulations. The AIC has stated that these documents are potentially misleading for shareholders. The Board is strongly of the view that these projections are not an appropriate or helpful way to assess the Company’s future prospects. Accordingly, the Board urges shareholders to consider the more complete information set out in both the Company’s Half Yearly Financial Report and Annual Report & Accounts, together with the monthly factsheets, and daily NAV announcements, when considering an investment in the Company’s shares. These documents are available on the Company’s website at: www.brownadvisory.com/basc.

Treasury shares

Treasury shares are the part of the issued share capital that is held by the Company. They do not rank for dividends and do not have voting rights. The Company uses treasury shares for discount management purposes as described above and in more detail in the Strategic Review on page 23 and in the Report of the Directors ‘Repurchase of Shares’ on page 31.

* *Alternative performance measure.*

Notice of Annual General Meeting

This Notice of Meeting is an important document. If you are in any doubt as to what action to take, you should consult an appropriate independent adviser.

Notice is hereby given that the Annual General Meeting of Brown Advisory US Smaller Companies PLC will be held at the offices of ICAEW, Chartered Accountants' Hall, Moorgate Place, London EC2R 6EA on Monday, 29 November 2021 at 2:00 p.m. for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Report of the Directors and the audited Accounts of the Company for the year ended 30 June 2021 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 30 June 2021 be approved.
3. That Ms L Booth be re-elected as a Director of the Company.
4. That Mr C Parritt be re-elected as a Director of the Company.
5. That Ms T Soderlund-Boley be re-elected as a Director of the Company.
6. That Mr S White be re-elected as a Director of the Company.
7. That Haysmacintyre be re-appointed as Auditors of the Company.
8. That the Directors be authorised to agree the remuneration of the Auditors.

Special Business

To consider, and if thought fit, to pass Resolution 9 as an Ordinary Resolution and Resolutions 10, 11 and 12 as Special Resolutions:

Ordinary Resolutions:

9. That the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 ('the Act'), in substitution for and to the exclusion of any

outstanding authority previously conferred on the Directors under Section 551 of the Act, to allot shares in the capital of the Company ('shares') up to a maximum aggregate nominal amount of £298,804 (being 10% of the Company's issued share capital (excluding treasury shares)) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.

Special Resolutions:

10. That the Directors of the Company be and are hereby granted power pursuant to Section 570 and/or Section 573 of the Companies Act 2006 ('the Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash either pursuant to the authority conferred by Resolution 9 or by way of a sale of treasury shares, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities up to an aggregate nominal amount of £298,804 (being 10% of the Company's issued share capital (excluding treasury shares)); and
 - (b) in addition to the authority referred to in (a) above, in connection with an offer of equity securities by way of a rights issue or open offer to Ordinary shareholders in proportion as nearly as may be practicable to their existing holdings subject to such limits or restrictions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws or requirements of, any territory or the requirements of any regulatory body or stock exchange or

any other matter, and provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority hereby conferred had not expired.

11. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of Section 693 of the Act) of Ordinary shares provided that:

- (a) the maximum number of shares that may be purchased is 1,791,629 Ordinary shares, being 14.99% of the issued number of shares (excluding treasury shares) at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of shares (excluding treasury shares) at the date of passing the resolution;
- (b) the minimum price which may be paid shall be each of their respective nominal values;
- (c) the maximum price (excluding the expenses of such purchase) which may be paid for each Ordinary share is the higher of:
 - (i) 105% of the average middle market quotations for such Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated

by Article 5(1) of Commission Regulation EC 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No. 2273/2003); and

- (d) unless renewed, this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022 save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

12. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By Order of the Board

FundRock Partners Limited
Company Secretary
27 October 2021

Notes for the Annual General Meeting

1. A Member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than forty-eight hours before the Meeting. Alternatively you can appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy or contained within the email sent to you. To appoint more than one proxy you may photocopy this form. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the shareholders AGM (and for the purpose of the determination by the Company of the number of votes they may cast), Members must be entered on the Company's Register of Members at 2:00 p.m. on 25 November 2021. If the meeting is adjourned then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
3. As at 27 October 2021 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital was 18,223,413 Ordinary shares and the total voting rights were 11,952,159.
4. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. The completion and return of this form will not preclude a Member from attending the meeting and voting in person.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 29 November 2021 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 2:00 p.m. on 25 November 2021 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

8. If you have disposed of your holding in the Company this document should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
9. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. A copy of the Notices of Meetings and other information required by section 311A of the Companies Act 2006, can be found at www.brownadvisory.com/basc.
11. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a Member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
12. Under Sections 338 and 338A of the 2006 Act, Members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to Members of the Company entitled to receive notice of the Meeting, notice of a resolution which those Members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
13. Under Section 527 of the Act, shareholders meeting the threshold requirement set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
- (i) The audit of the Company's Accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with the auditors of the Company ceasing to hold office since the previous AGM at which the annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to cover any costs incurred in complying with Section 527 or 528 and is required to forward any statement placed on a website to the Company's auditors not later than the time when it makes the statement on the website. The business which may be dealt with at the meeting includes any statements that the Company has been required under Section 527 of the Act to publish on a website.
14. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Meeting, Form of Proxy, or Annual Report should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the Company's AGM).

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