

UK Smaller Companies Investment Trust PLC (“MUSCIT”) 2022 - 2023 Annual Review Webinar

13 June 2023

“No one knows Smaller Companies like we do”



Montanaro Asset Management Ltd

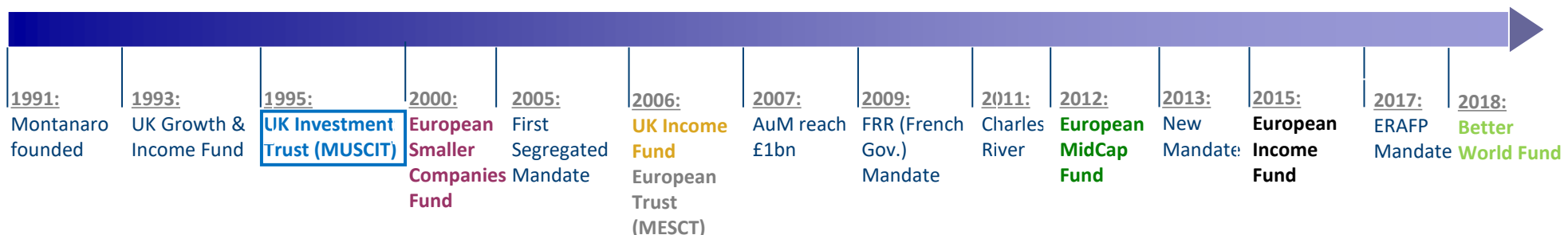
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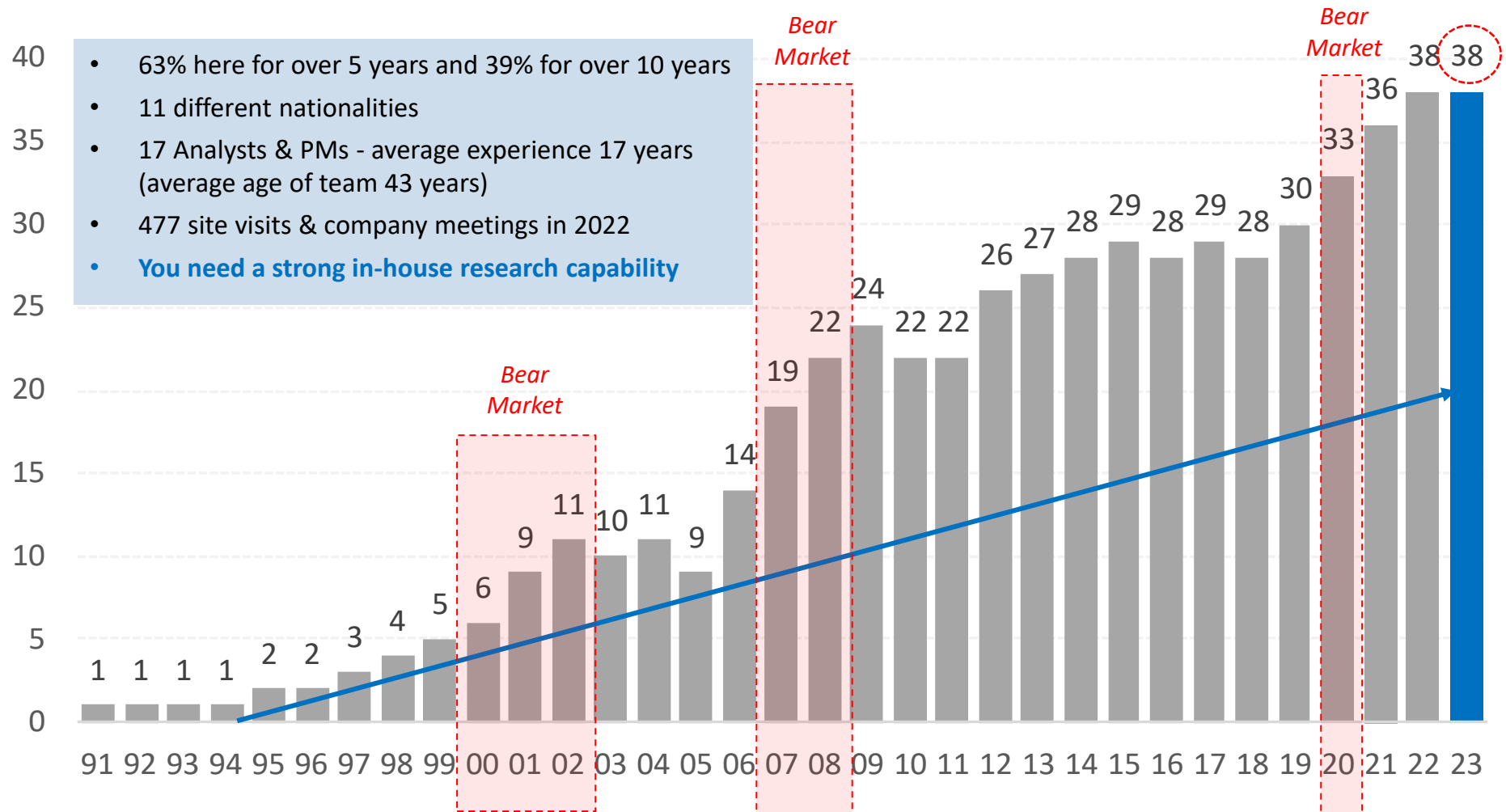
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History of Montanaro

- Established in **1991**
- Specialists in **quoted, global Small & MidCap equities**
- **“Quality Growth”** investors
- AUM of around **£4 billion**
- **“Best Small & MidCap Sustainable Investment Boutique”** * - both Trusts MSCI “AA” rated
- One of the **Largest Small & MidCap Teams in Europe**



The team has grown to 38 including 17 Analysts



What is a “Montanaro” company?

1. Established, focused business we can understand
2. Delivering “must have” goods or services in a structural growth market
3. Strong market position - high barriers to entry / pricing power
4. High returns on capital and margins - strong balance sheet / cashflow
5. Good management with sound corporate governance
6. One we can hold for the long-term



We are “Quality Growth” Investors

MUSCIT

1	Objective:	To achieve <u>capital growth</u> in excess of the benchmark, the Numis Smaller Companies (ex-IC) index
2	Strategy:	Quoted UK SmallCap (AIM: maximum 40%)
3	Fund Manager:	Charles Montanaro / Guido Dacie-Lombardo (Back-up)
4	Exclusions:	Tobacco; Alcohol; Weapons; Adult Entertainment; Gambling; High-interest Rate Lending; Fossil Fuels E&P, Animal Testing*
5	Style:	“Quality Growth”
6	Holdings:	Target 30 - 40
7	Size:	£200 million
8	Charges:	FY22 Ongoing Charge: 0.8% (Management Fee: 0.5% p.a.**)
9	Dividends:	1% of NAV each quarter (March, June, September, December)

Source: Internal.

* Animal Testing is permitted only where required by law for human healthcare purposes.

** Based on Gross Assets.

Top 20 holdings

Company	Country	%
4Imprint	UK	7.2%
Games Workshop	UK	4.8%
Greggs	UK	4.5%
Diploma	UK	3.8%
Clarkson	UK	3.8%
discoverIE	UK	3.8%
Kainos	UK	3.8%
Big Yellow	UK	3.6%
Tracsis	UK	3.6%
Marshalls	UK	3.5%
Top 10		42.5%

Company	Country	%
Ergomed	UK	3.0%
Watches of Switzerland	UK	3.0%
Porvair	UK	3.0%
Boku	UK	2.9%
Judges Scientific	UK	2.9%
Liontrust Asset Management	UK	2.8%
Dechra Pharmaceuticals	UK	2.6%
Cerillion	UK	2.6%
Cranswick	UK	2.6%
YouGov	UK	2.3%
Top 11 - 20		27.7%

Our companies continue to trade well and are generally positive

4Imprint:

- Four upgrades during 2022, with sales +45% and EBIT +236% - strong recovery, taking share
- 2023 off to solid start - order intake +23% vs 2022 in first four months

Diploma:

- Strong H1 (sales +30%, of which 10% organic; EBIT +33%); upgrading guidance for FY Sep-23
- Equity placing in Mar 2023 to provide firepower for large M&A pipeline

Judges Scientific:

- 2022 sales +24% of which organic +8%; EBIT +60% - margin expansion (Geotek acquisition)
- 2023 begins with record order book & solid organic order intake growth in first two months

DiscoverIE:

- 2022 sales +18% (10% organic), EBIT +25% and eps +20%; free cashflow +51%
- Two earnings accretive deals Magnasphere and CDT; strong order book more deals to come

Also: Dechra (bid), Boku and Games Workshop (Amazon deals), more share buybacks etc

4Imprint (promotional products)



- 4imprint is the **leading direct marketer of promotional products**, primarily in **North America**, as well as the UK & Ireland
- Promotional products are used for marketing & employee loyalty
- **Tens of thousands of products** available – from pens, bags and drinkware to embroidered apparel
- **Highly fragmented market** – market leader with c. 4% share
- **Track record of taking share through the cycle** – due to continued, targeted investment in marketing (combination of brand, search and catalogue)
- **Asset-lite** ('drop-ship' model): results in high returns, strong cash generation and a **net cash** position
- 5 Year **EPS & DPS CAGR of 23% and 22%** respectively



Kainos (IT Services)



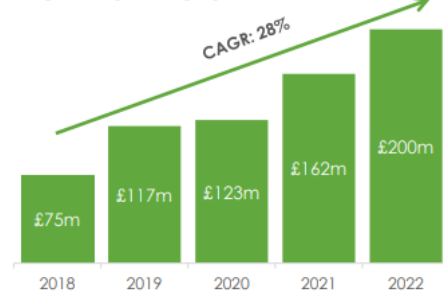
- Established provider of **digital services** to the UK Government
- >300 citizen-government interactions to be digitised
- Kainos developed systems for **passport renewal**, **Register to Vote**, viewing **driver records online** etc.
- Also, Kainos is one of largest implementation partners for **Workday Inc** – major US software player
- Long-term customer relationships; **high repeat revenue**
- 5 Year **EPS** Growth of c. 32% p.a.; c. 60% payout ratio



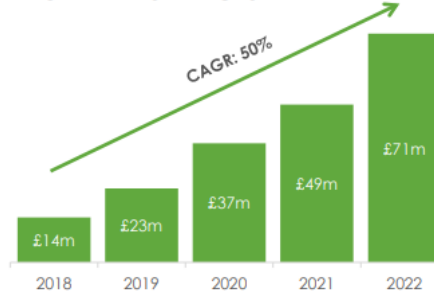
WARNER MUSIC GROUP



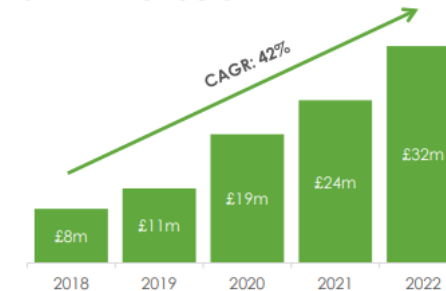
DIGITAL SERVICES



WORKDAY SERVICES



SMART PRODUCTS



Key Buys & Sells: 12 months to 31 March 2023

BUYS		(£m)	SELLS		(£m)
Dechra Pharmaceuticals		5.3	Ideagen	Taken over	- 11.2
Marshalls		4.1	Treatt		- 4.6
Games Workshop		3.9	Biffa	Taken over	- 4.3
Spirent		3.9	Alliance Pharma		- 2.5
Diploma		3.7	AJ Bell		- 2.1
Genuit		2.8	Craneware		- 2.0
Greggs		2.6	Focusrite		- 2.0
LondonMetric Property		1.9	SDI		- 2.0
Big Technologies		1.3	Judges Scientific		- 1.7
Watches of Switzerland		1.2	Avon Rubber		- 1.4

New Buys (Total: 2)

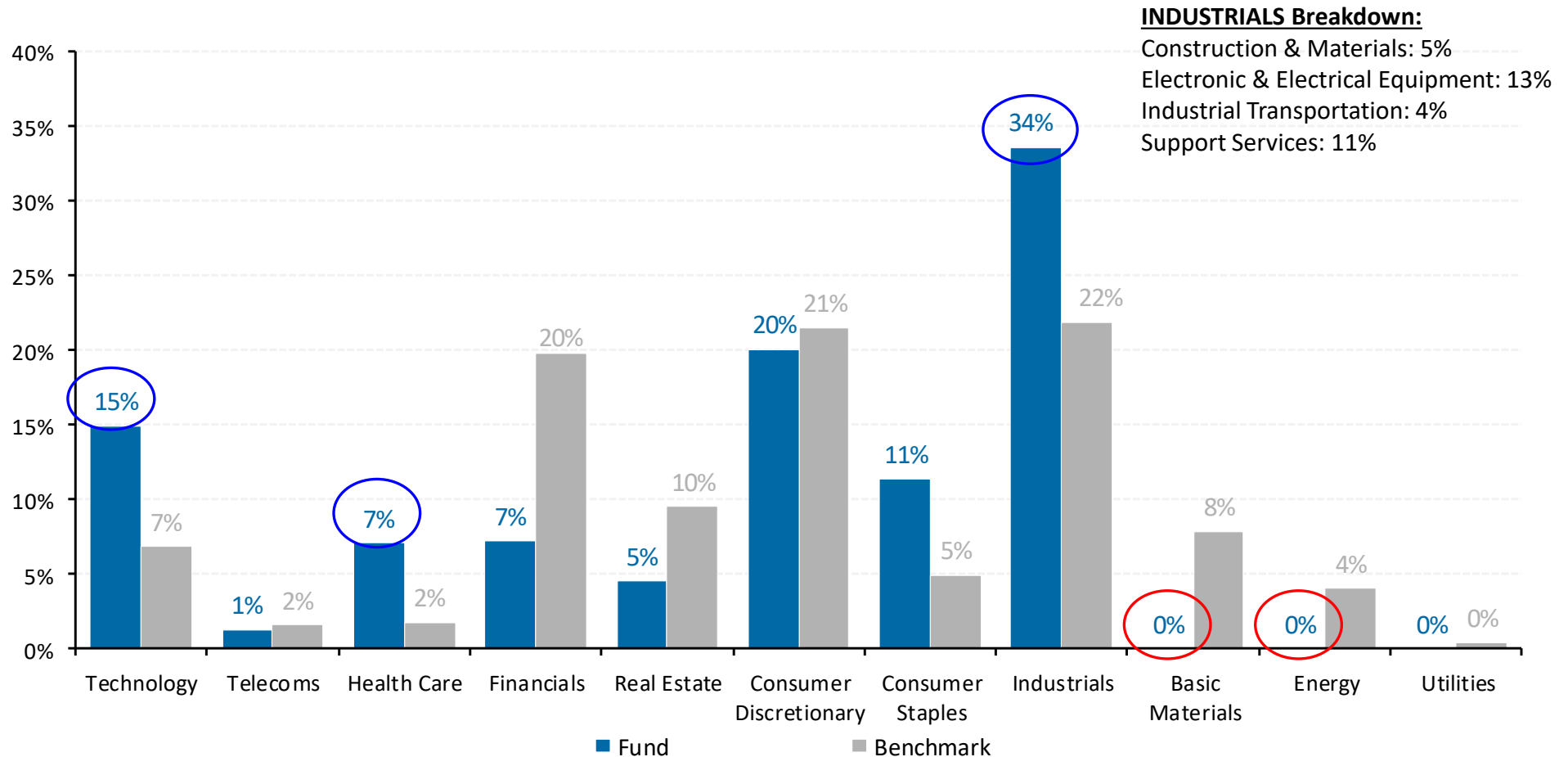
Full Sales (Total: 12)

What worked and what didn't: (12 months to 31 March 2023)

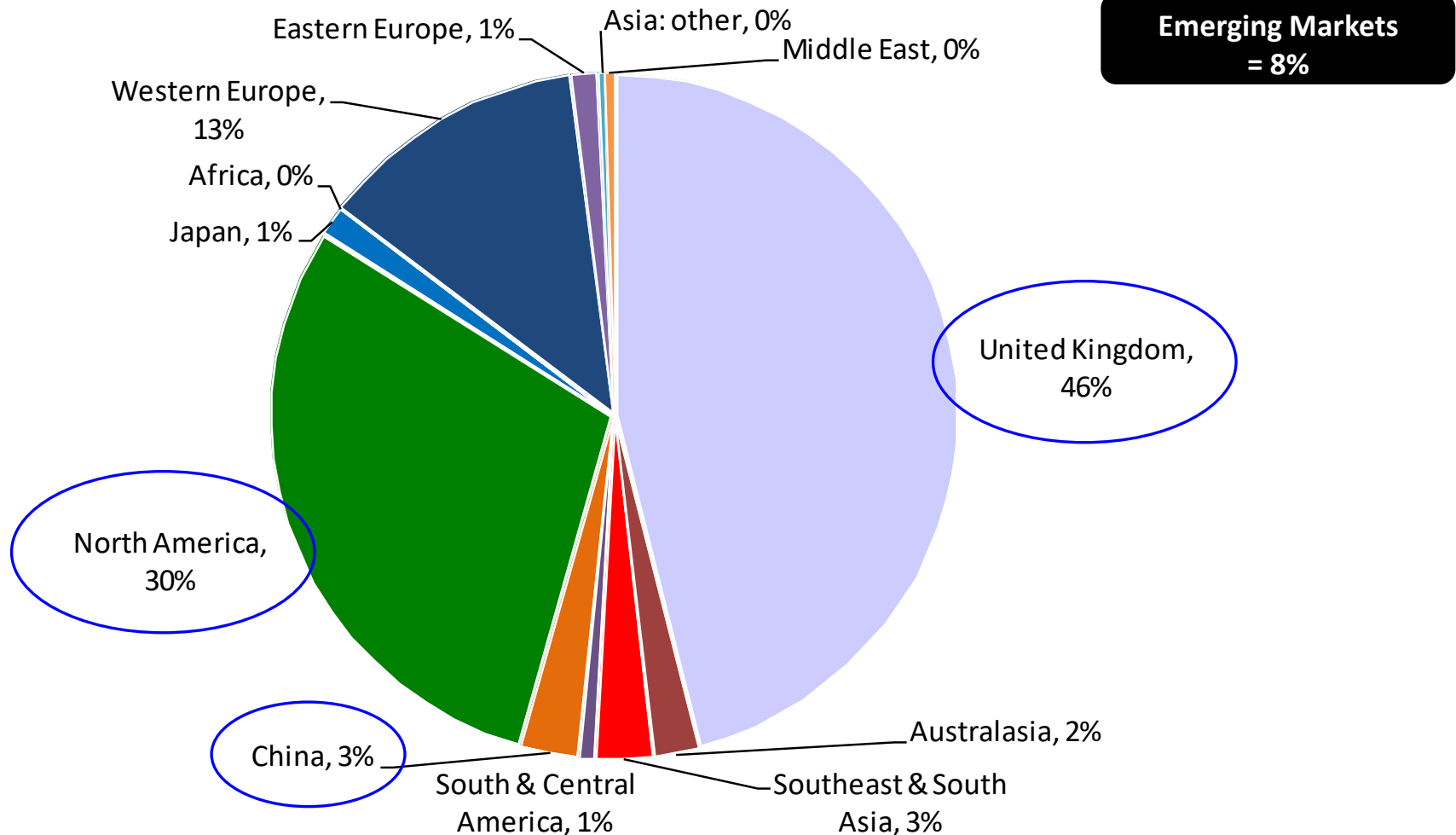
POSITIVE		Top 5	NEGATIVE		Bottom 5
4imprint		2.5%	Marshalls		-1.5%
Ideagen	Taken over	1.9%	Treatt		-1.3%
Games Workshop		1.3%	NCC		-0.9%
Cerillion		1.0%	Frontier Developments		-0.8%
Greggs		0.9%	Hilton Food		-0.8%
TOTAL		7.6%	TOTAL		-5.3%

■ Traded on AIM

Sectors: overweight Industrials, IT & Health Care



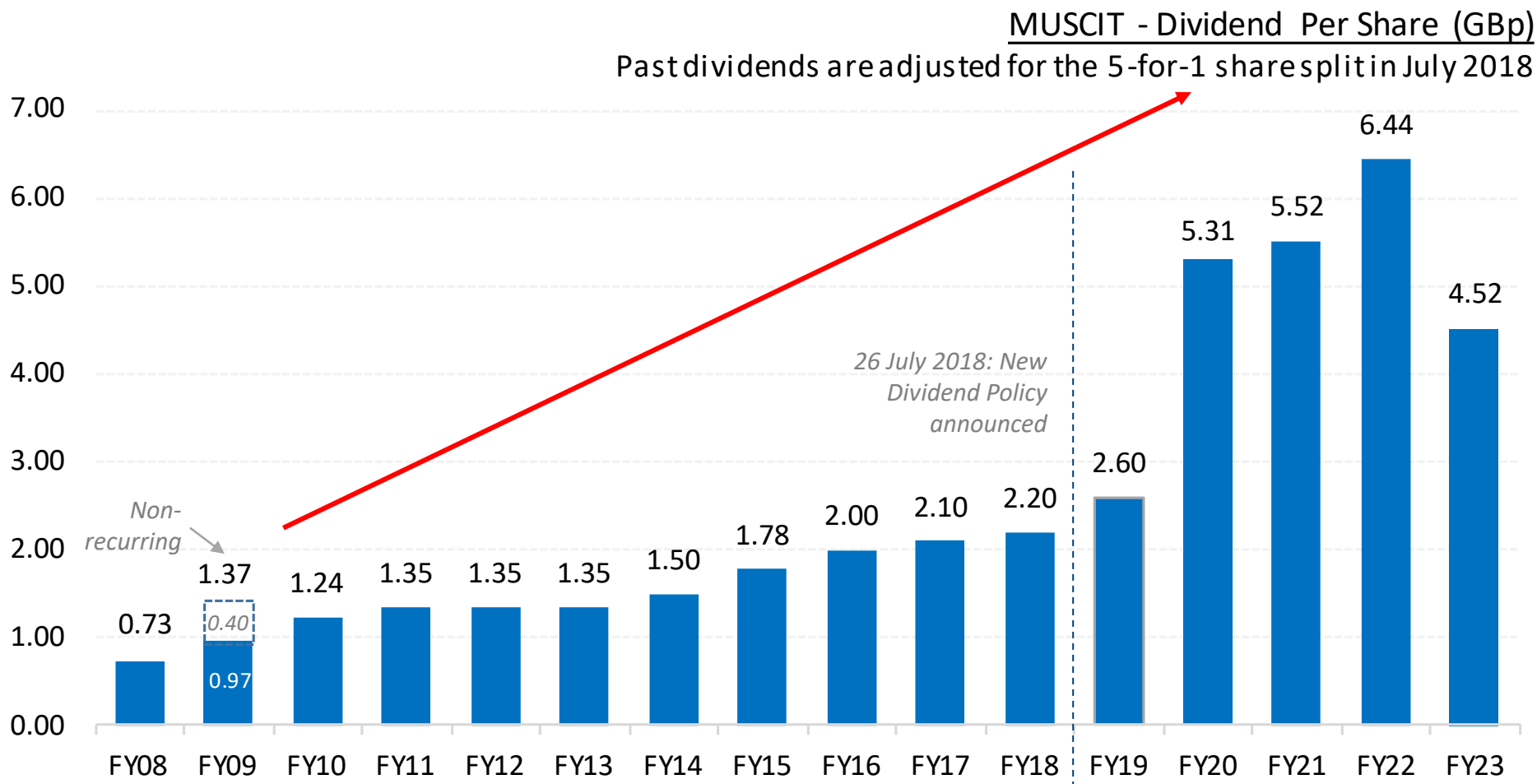
Sales by Country



Source: Internal, Bloomberg.

Note: The Country weightings may not add up to 100% due to the presence of Cash.

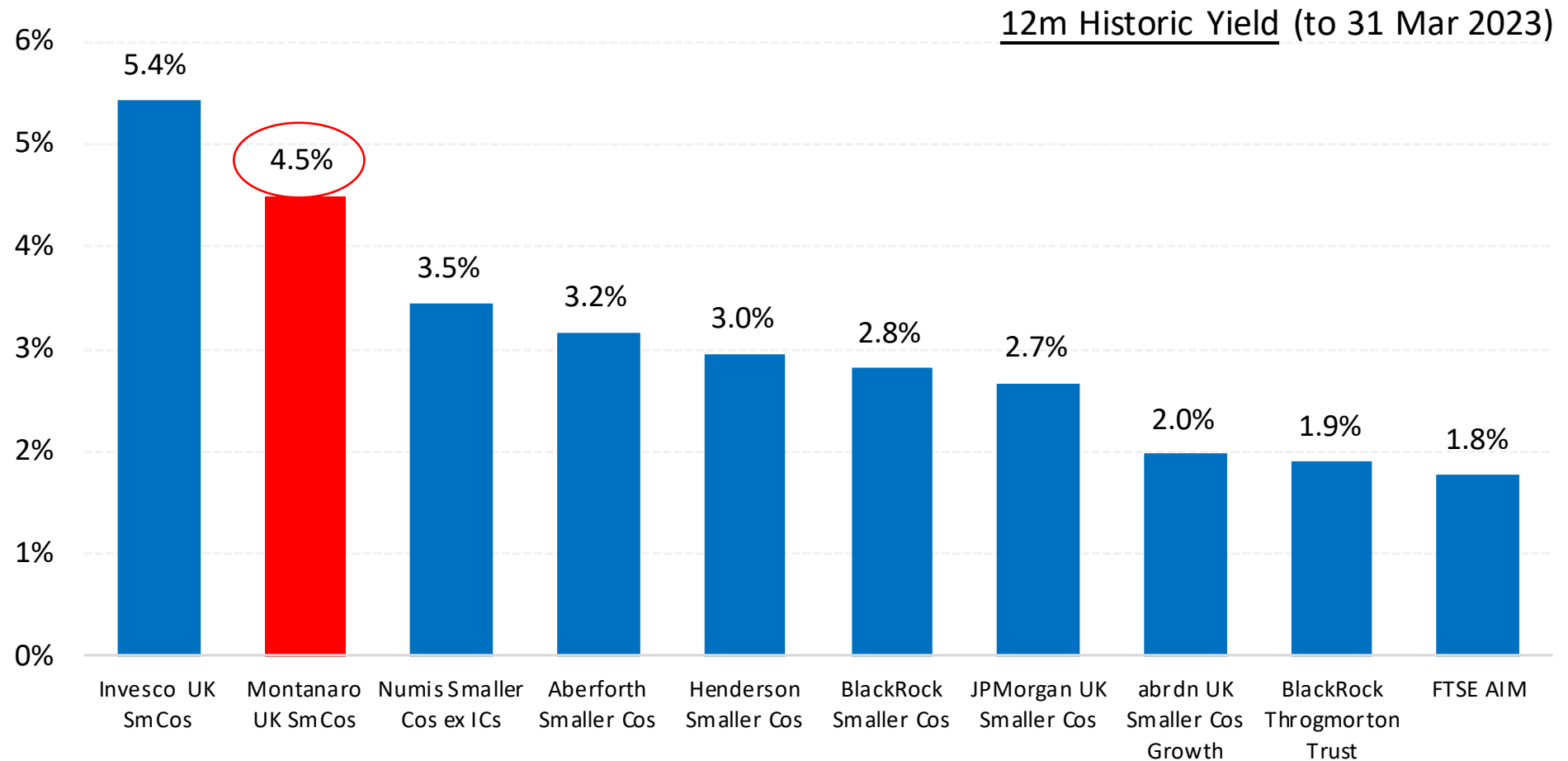
Our Dividend Policy: 1% of NAV paid out each quarter



Source: Internal. Financial Year end is 31 March.

Note: On 26 July 2018 the Board announced a change of Dividend Policy. With effect from 30 September 2018, MUSCIT began paying quarterly dividends equivalent to 1% of the NAV (or roughly 4% per annum). The first quarterly dividend was paid on 23 November 2018.

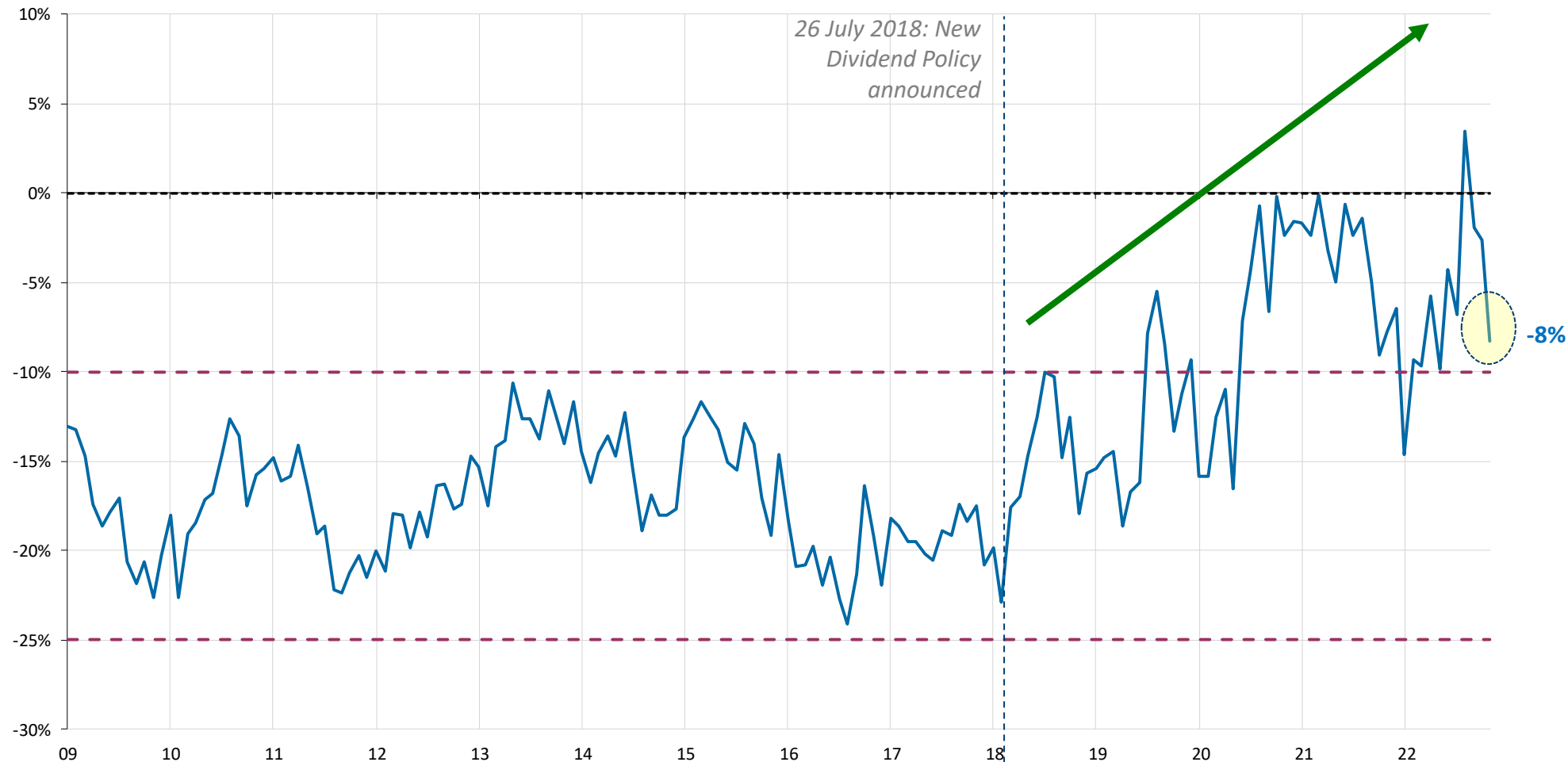
MUSCIT has one of the highest yields within its peer group



Source: Numis, Internal.

The Peer group is composed of all comparable UK SmallCap investment Trusts. MicroCap trusts are excluded.

Our dividend policy has helped keep the discount under control



Performance & Outlook

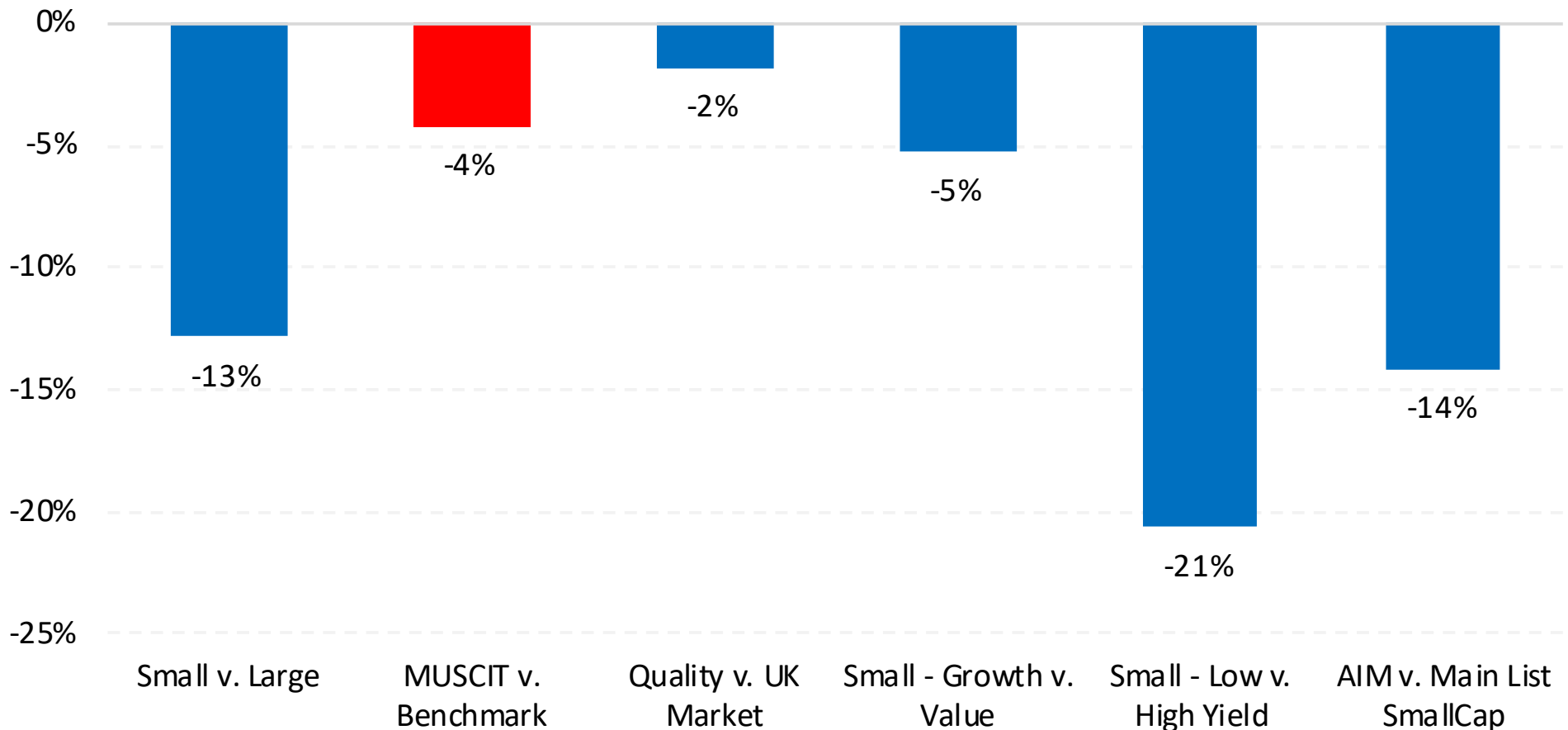
Returns

<i>(Total Returns, GBP)</i>	MUSCIT (NAV)	MUSCIT (Share Price)	Benchmark (Composite, TR)	Relative	
				NAV	Share Price
1 Year	-12.1%	-12.4%	-7.9%	-4.2%	-4.5%
5 Years p.a.	0.5%	3.1%	2.0%	-1.5%	1.1%
10 Years p.a.	3.6%	5.0%	6.1%	-2.5%	-1.0%
20 Years p.a.	10.4%	11.7%	8.2%	2.2%	3.4%
Launch p.a. (March 1995)	8.2%	8.3%	6.6%	1.6%	1.7%

Source: Internal, Numis. All returns in Sterling. Note: Dividends reinvested with effect from 1 April 2018 both for the Trust and the Benchmark. Prior to this date both were capital return. The benchmark for the UK Trust changed from the FTSE SmallCap Index (ex-IC) to the Numis Smaller Companies Index (ex-IC) effective 1 April 2013. The benchmark shown here is a composite of the two.

Everything worked against MUSCIT during the Financial Year

Total Returns - 12 months to 31 March 2023 (GBP)

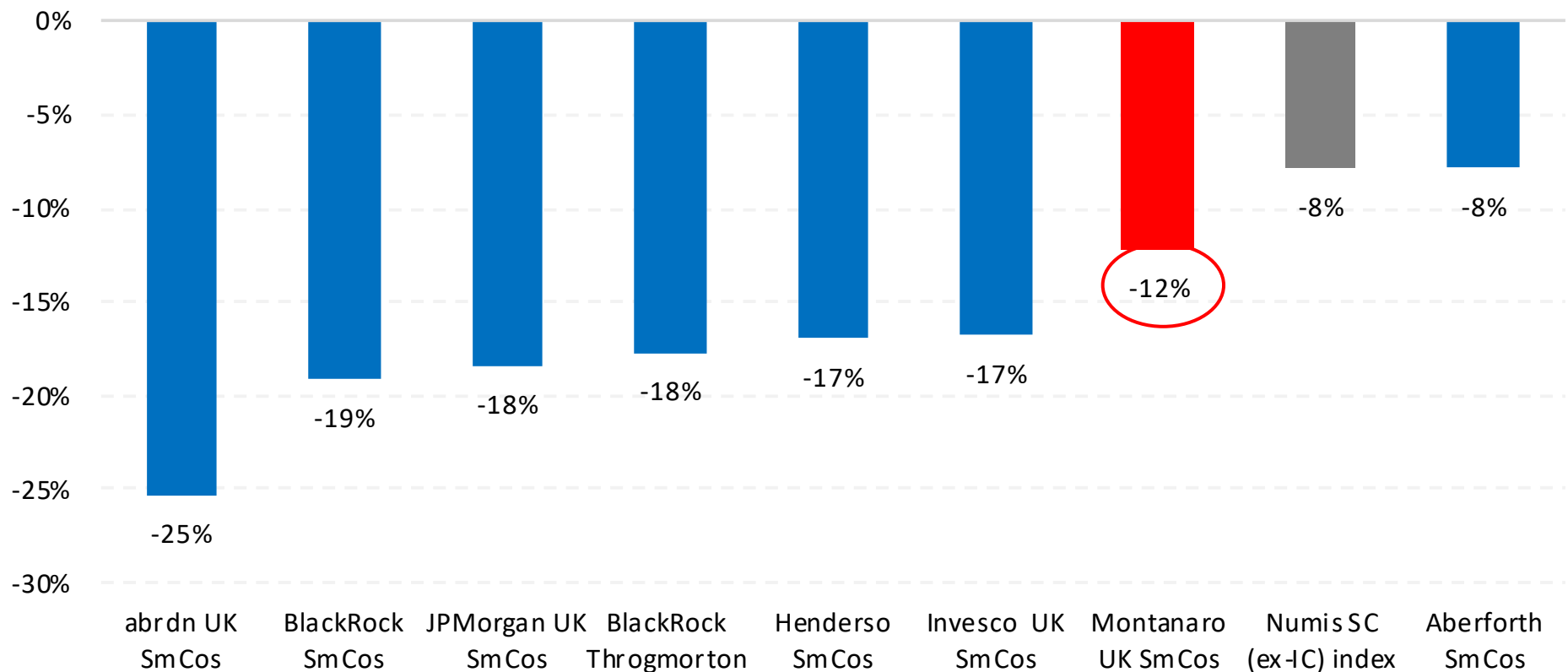


Source: Internal, Numis.

Notes: Quality v. UK Market = MSCI UK Quality v. MSCI UK Index; Small v. Large = Numis Smaller Companies (ex-IC) v. Numis Large Cap index; Small - Growth v. Value = Numis Small Cap Growth v. Value indices; Yield = Numis Small High v. Low Yield indices; AIM v. Main List = Numis Alt Markets v. Numis Smaller Companies (ex-IC) index.

MUSCIT was still the second best performer in the peer group

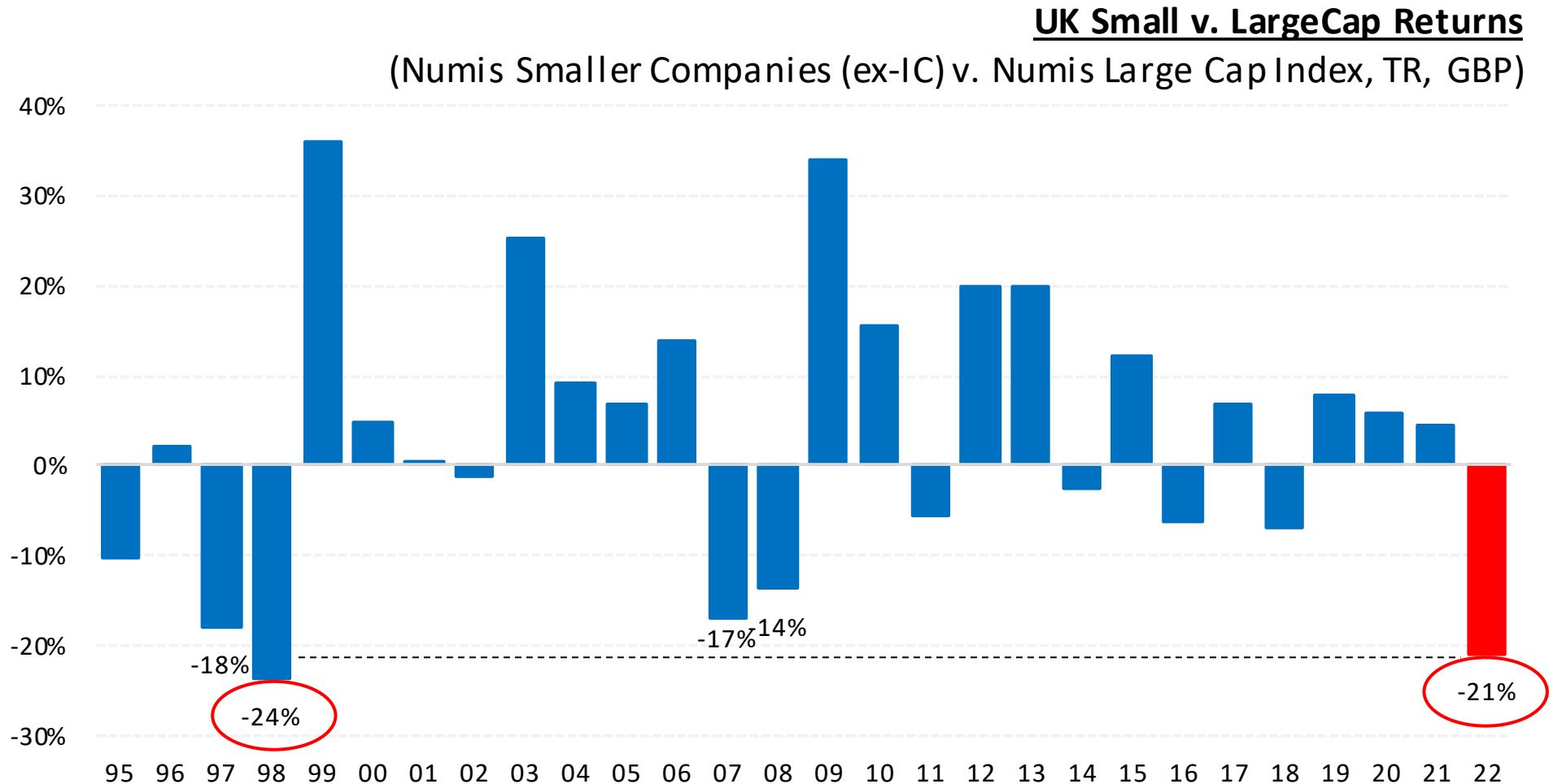
NAV Total Returns - 12 months to 31 March 2023



Source: Internal, Numis.

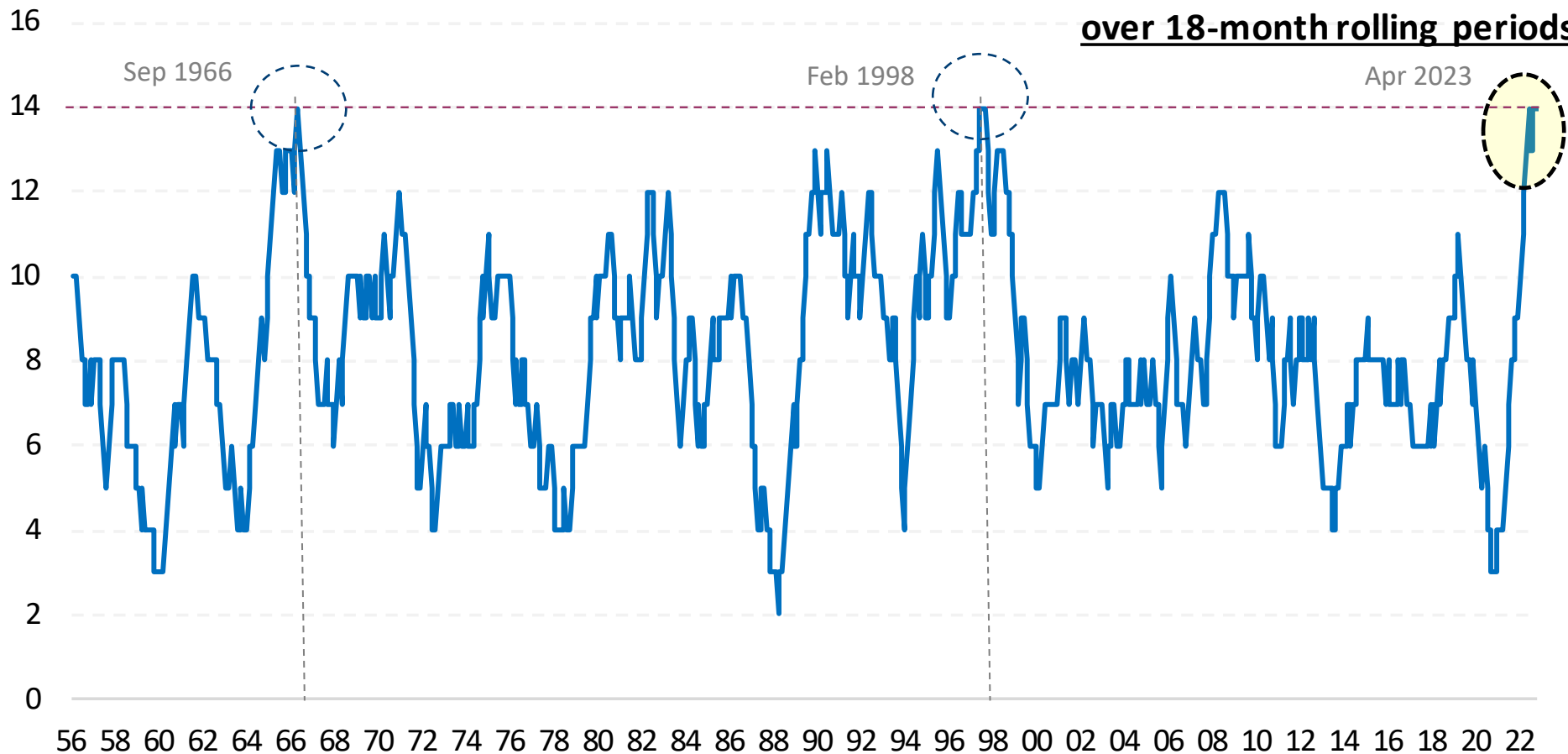
The Peer group is composed of all comparable UK SmallCap investment Trusts. MicroCap trusts are excluded.

Last year SmallCap underperformed LargeCap the most since 1998

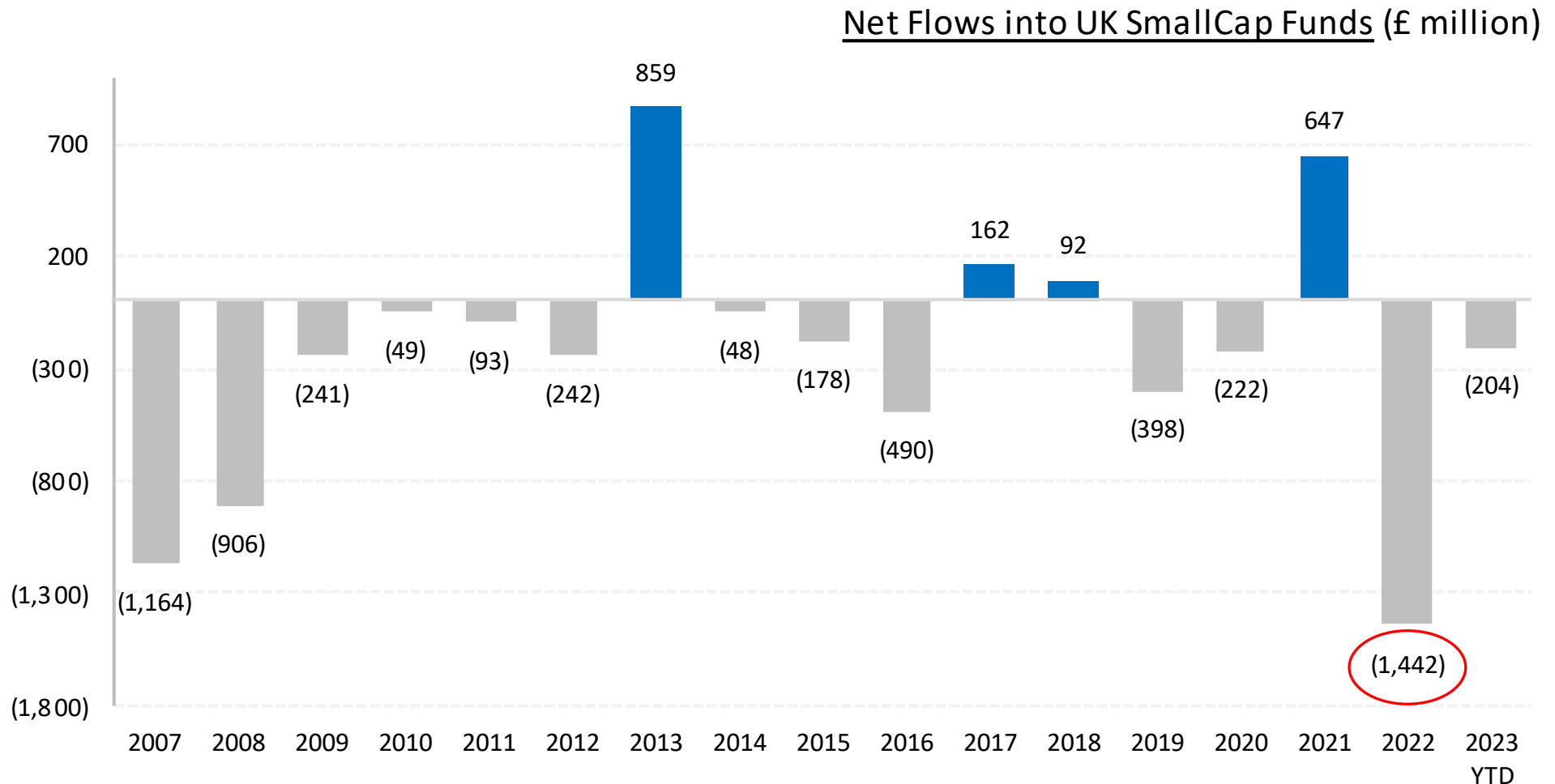


... and it has underperformed in 14 of the past 18 months – a record

Number of months of SmallCap underperformance over 18-month rolling periods

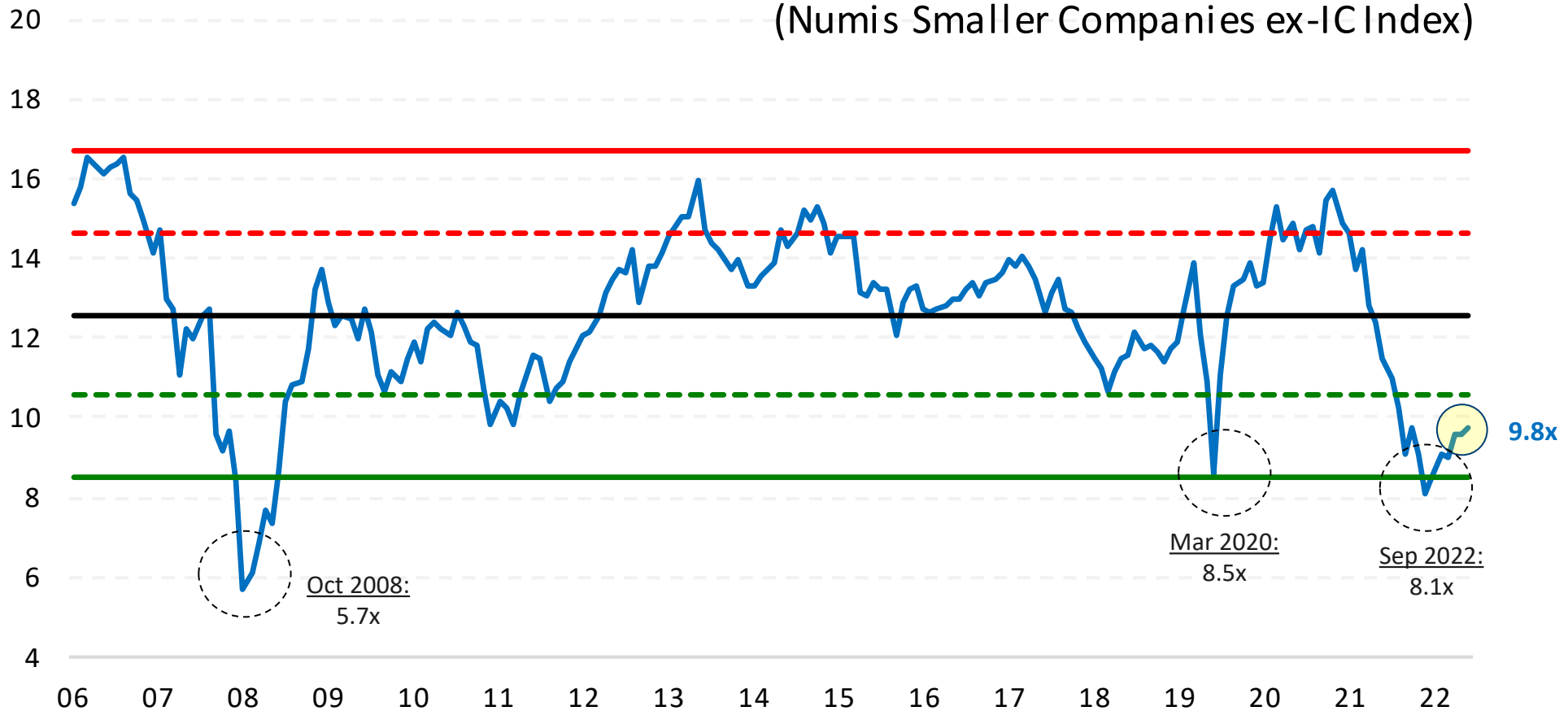


Outflows from UK SmallCap reached record levels in 2022



UK SmallCap is now near the bottom of its historical P/E range

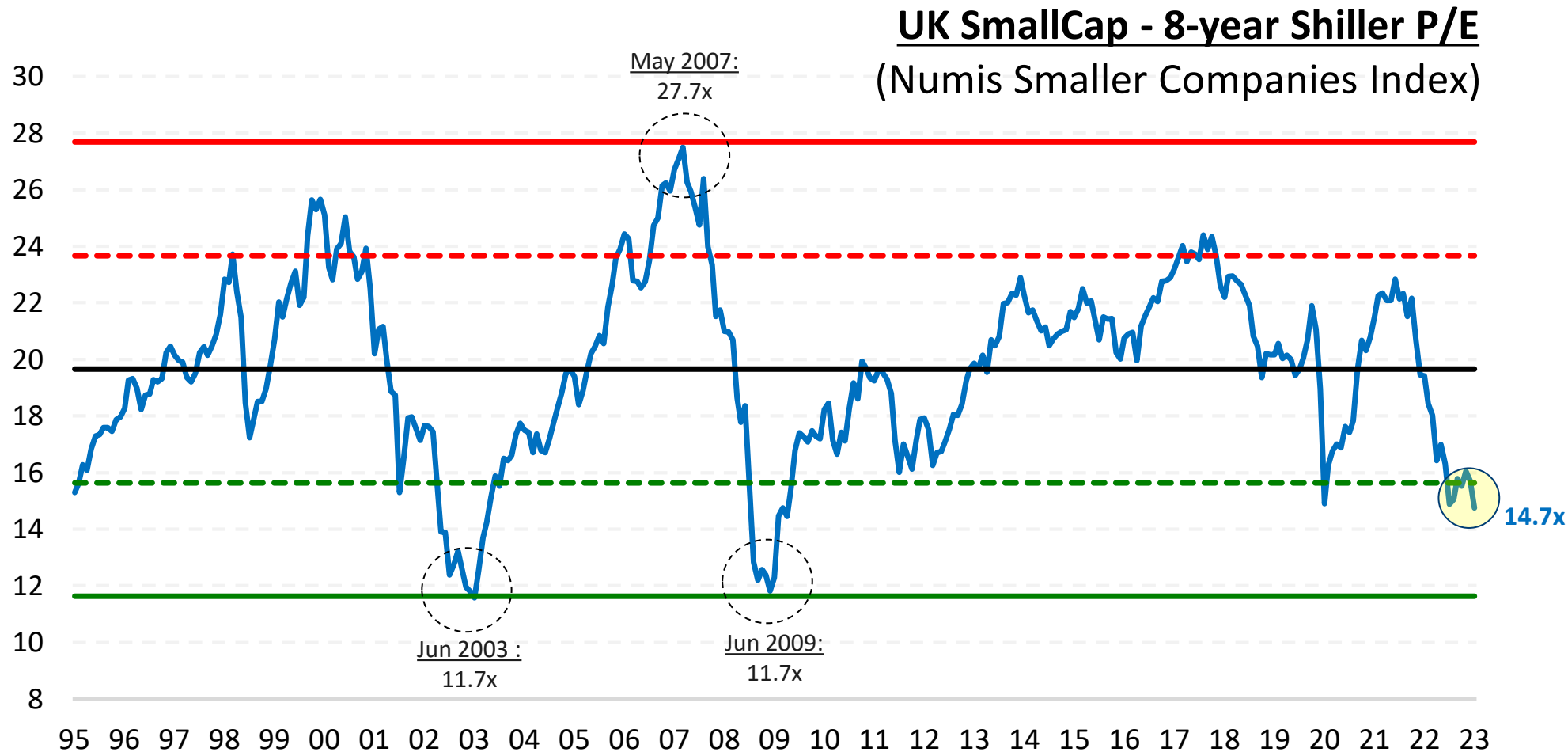
UK SmallCap - 12-month Forward P/E (Numis Smaller Companies ex-IC Index)



Source: Internal, MSCI, Bloomberg.

Note: Black line = Average. Dotted red line = Average + 1 Standard Deviation (Thick red line = Ave + 2 SD). Dotted green line = Average - 1 Standard Deviation (Thick Green line = Ave - 2 SD).

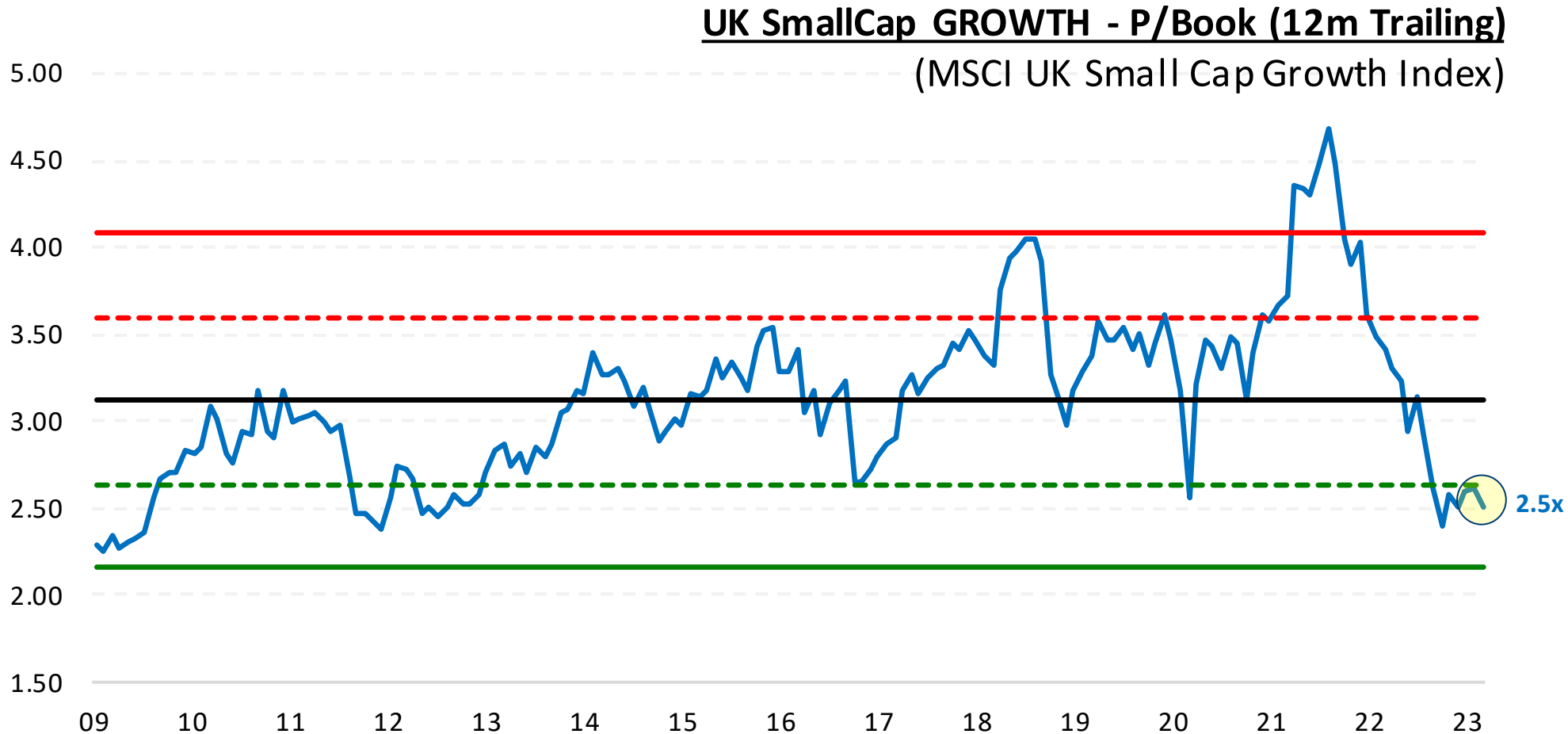
... and at a 13-year low on an 8-year Shiller P/E



Source: Internal, MSCI, Bloomberg.

Note: Black line = Average. Dotted red line = Average + 1 Standard Deviation (Thick red line = Ave + 2 SD). Dotted green line = Average - 1 Standard Deviation (Thick Green line = Ave - 2 SD).

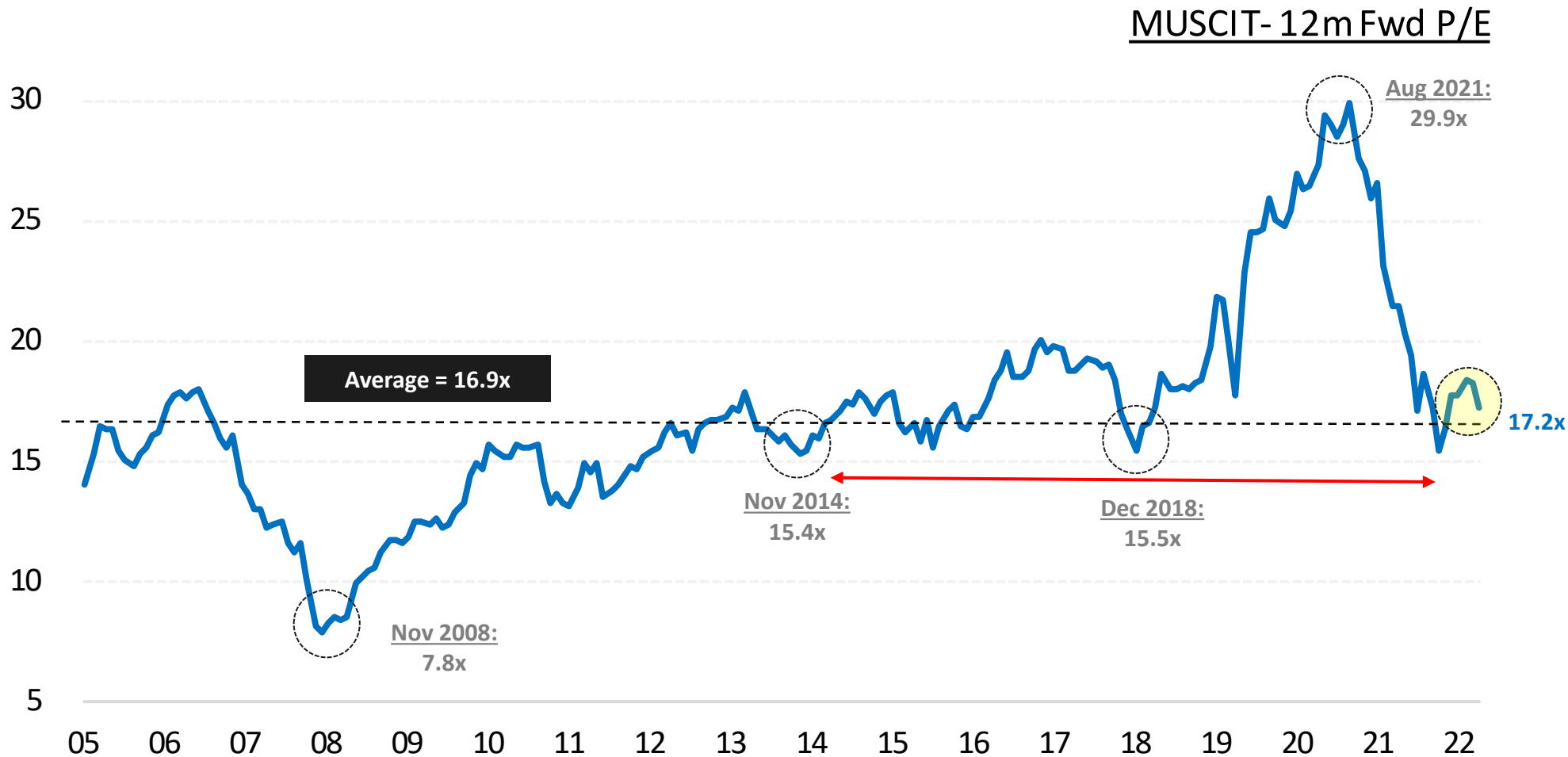
Meanwhile, SmallCap Growth is trading at a 10-year low



Source: Internal, MSCI, Bloomberg.

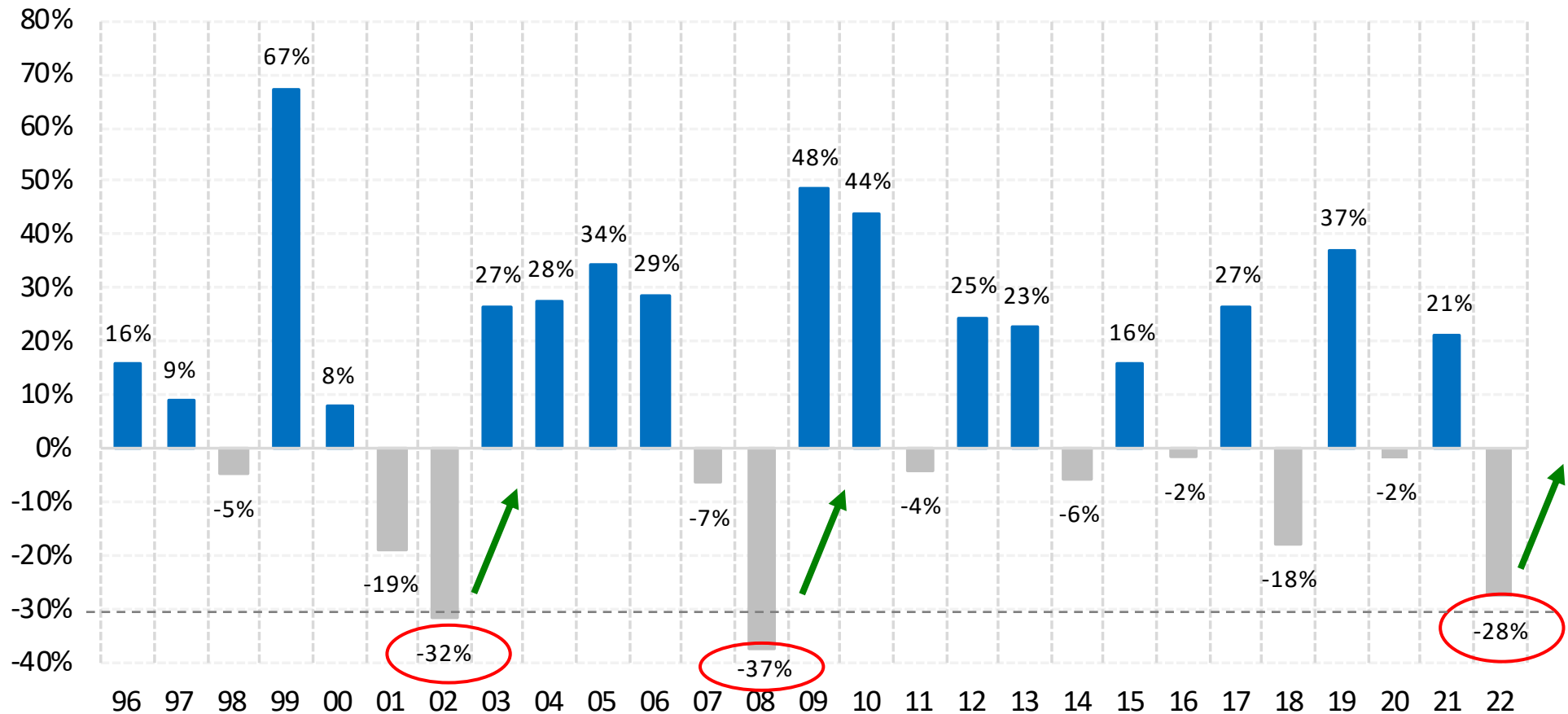
Note: Dotted black line = Average. Dotted red line = Average + 1 Standard Deviation (Thick red line = Ave + 2 SD). Dotted green line = Average - 1 Standard Deviation (Thick Green line = Ave - 2 SD).

MUSCIT is trading close to its long-term average P/E



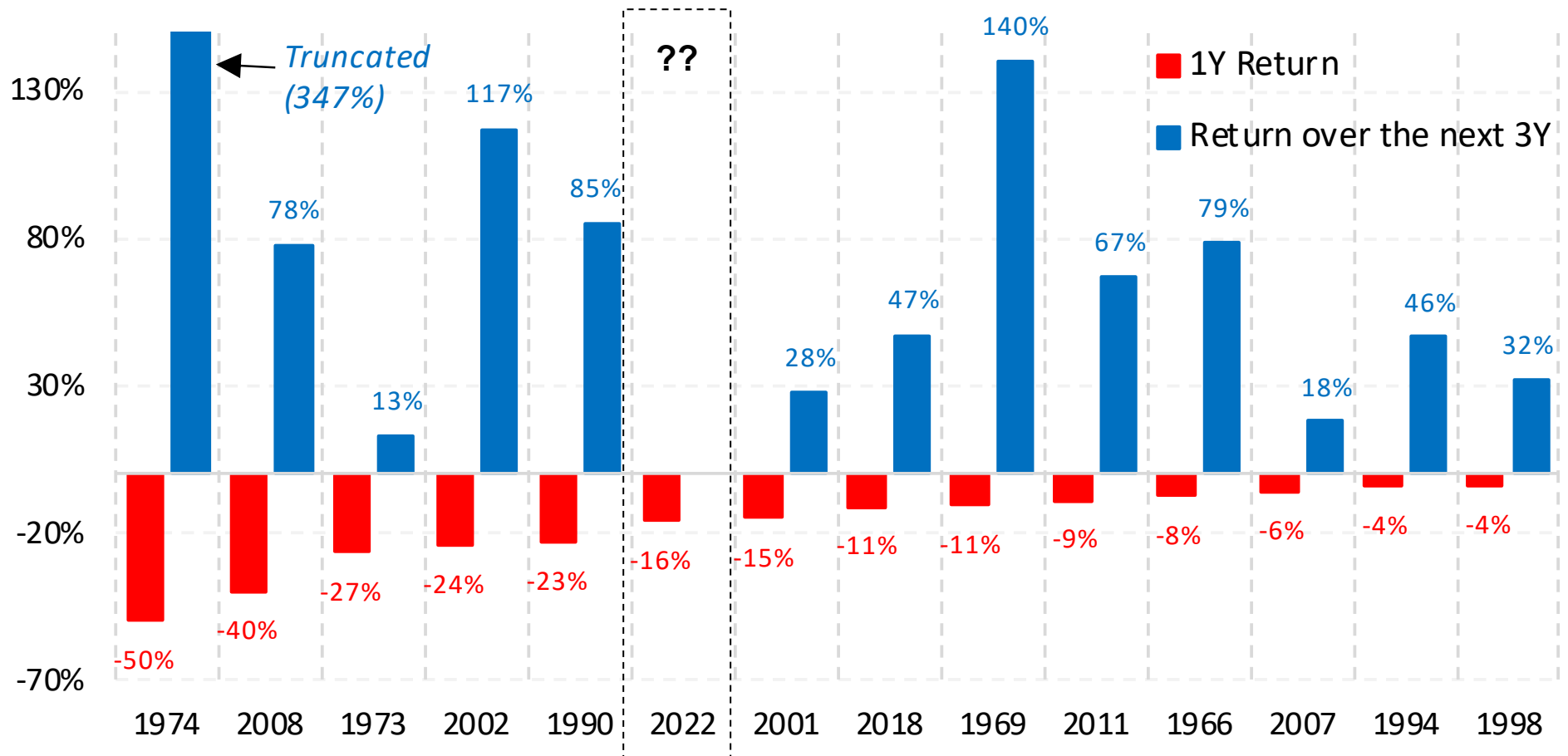
2022 was the 3rd worst year ever for MUSCIT

MUSCIT - Calendar Year Returns (TR, GBP)



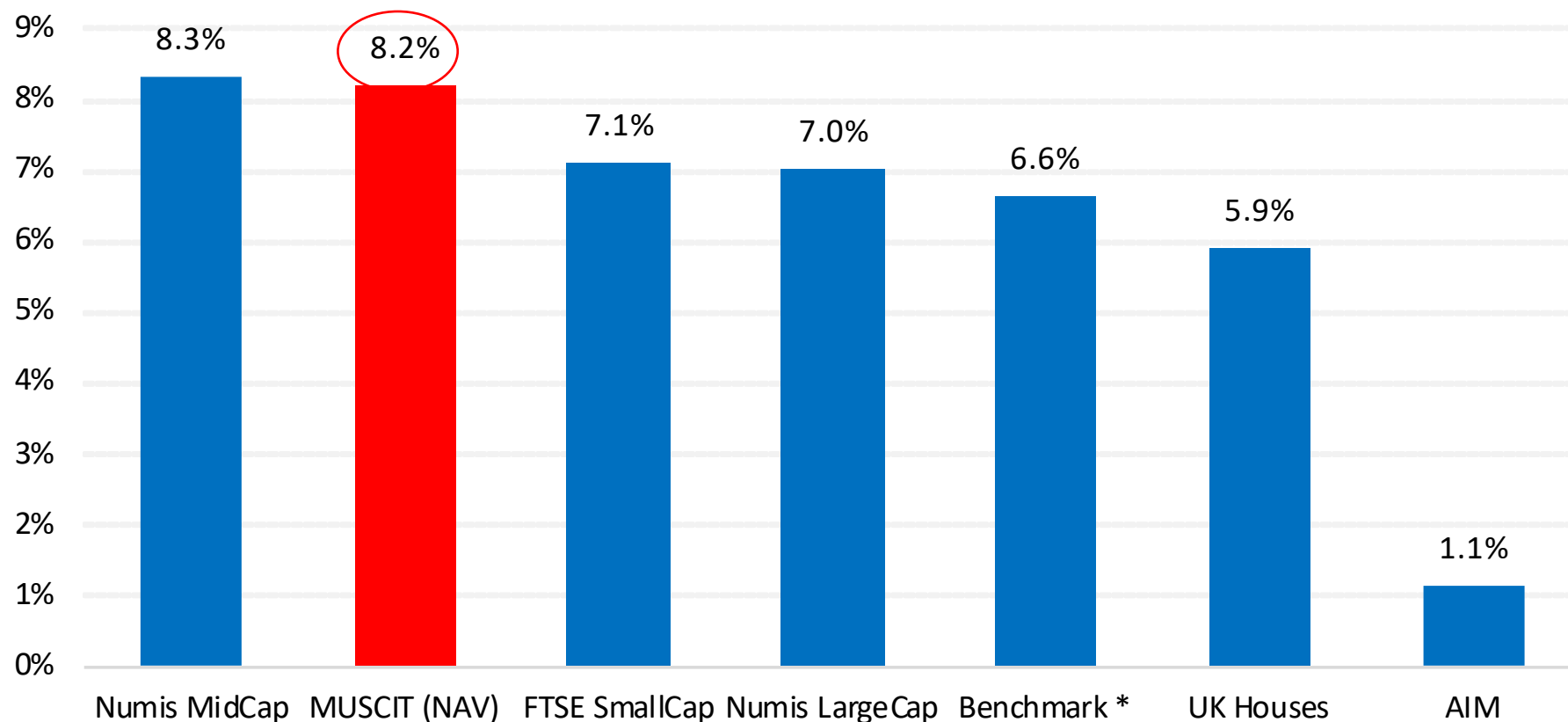
Fortunately, good years typically follow bad years for UK SmallCap

Numis Smaller Companies Index - Worst Returns since 1955 (GBP, TR)



MUSCIT has grown its NAV at 8.2% p.a. since launch (after fees)

Annualised Return since MUSCIT Launch
(31 March 1995, all Total Returns in GBP)

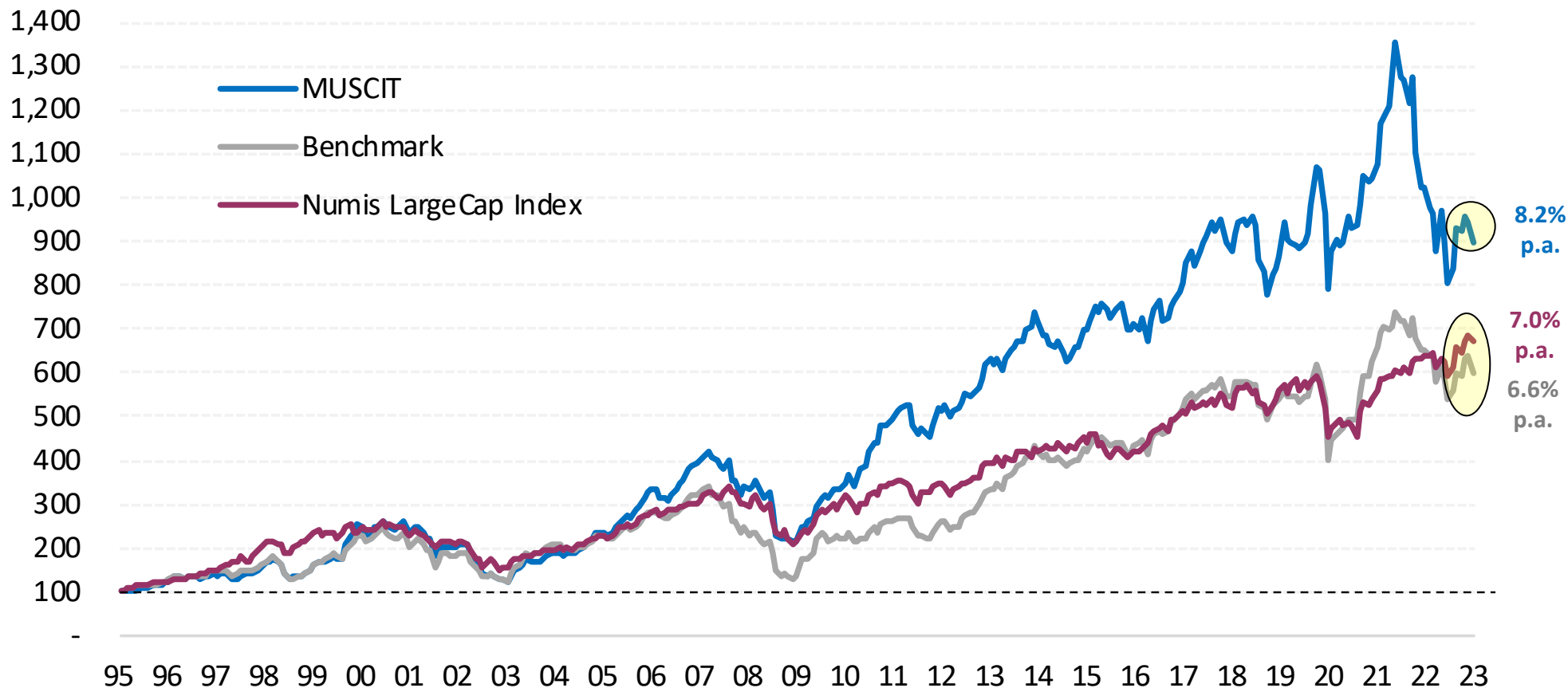


Source: Internal, Bloomberg, Nationwide (house prices). Note: All returns include dividends reinvested except House Prices.

* The benchmark for MUSCIT changed from the FTSE SmallCap Index (ex-IC) to the Numis Smaller Companies Index (ex-IC) effective 1 April 2013. The benchmark shown here is a composite of the two.

MUSCIT has performed well since launch over 27 years ago

Cumulative NAV Total Returns since MUSCIT launch (31 Mar 1995 - 31 Mar 2023)



Source: Internal, Bloomberg.

Benchmark: Composite of the FTSE Small Cap (ex-ICs) until 1 April 2013 and the Numis Smaller Companies (ex-ICs) since then.

Note that the Numis LargeCap Index is shown for illustration purposes only.

Conclusions

1. **A tough financial year** (ending March 2023):
 - SmallCap, Growth, Quality and AIM all underperformed
2. **Style headwinds may be ending**
3. **Expect few changes to the portfolio**
4. **UK SmallCap valuations are increasingly attractive - more M&A likely:**
 - takeover announced in April 2023 of Dechra (47% premium)
5. **MUSCIT is trading on an 8% discount** 🖱️ **potential for re-rating**

Appendix

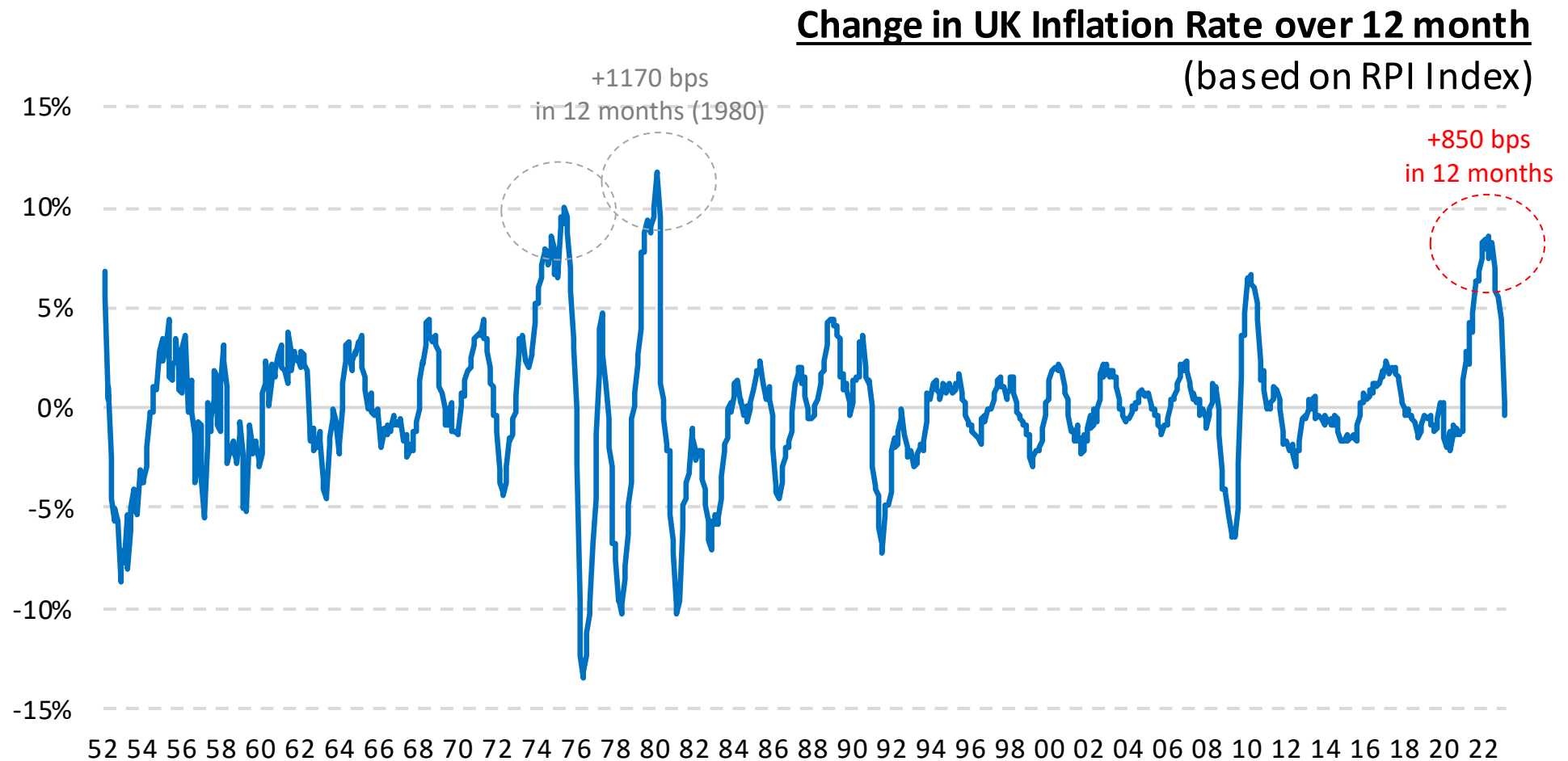
- 1) What happens next?
- 2) MUSCIT
- 3) Montanaro
- 4) Philosophy & Process
- 5) Why Invest in UK SmallCap?

What happens next?

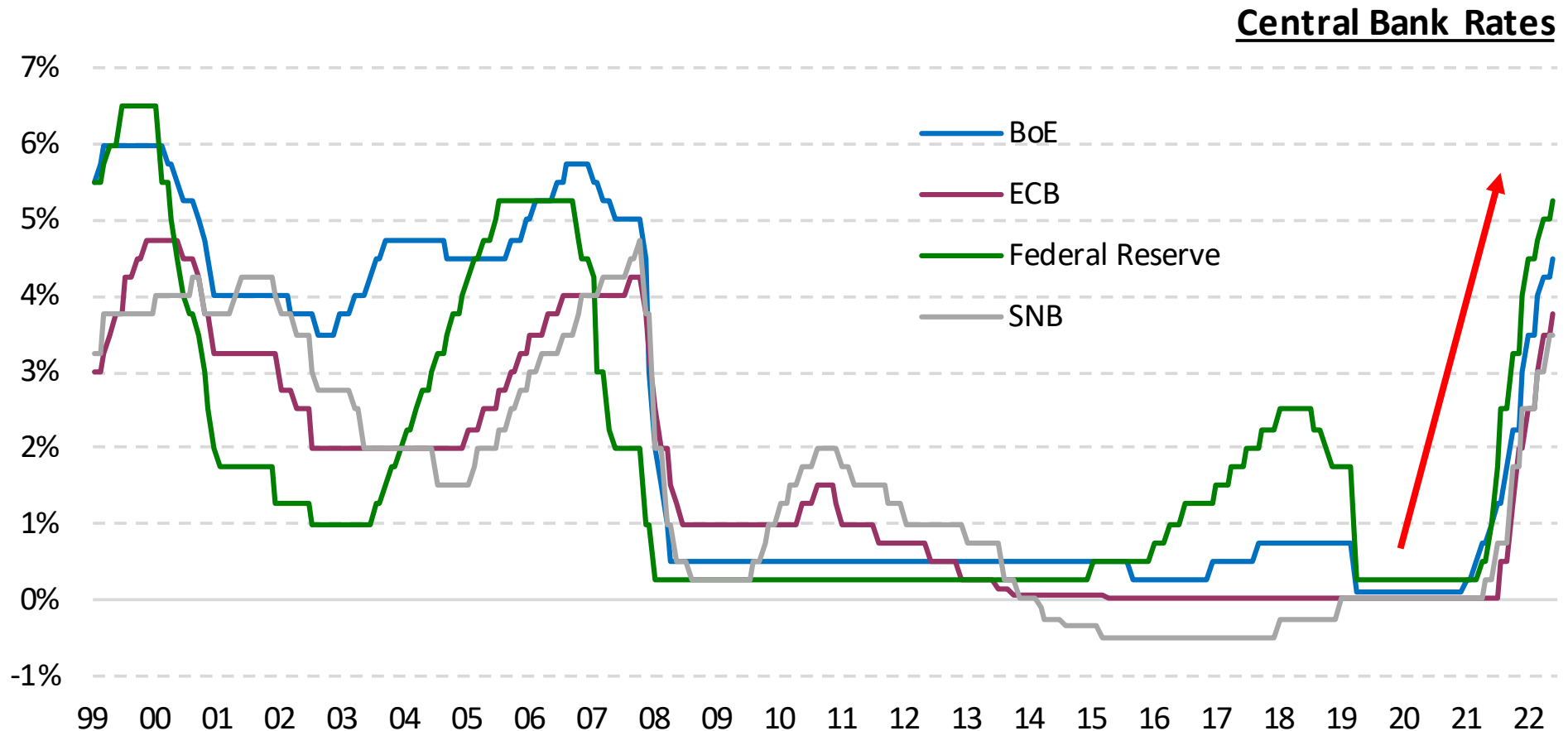
We are emerging from an extremely turbulent period



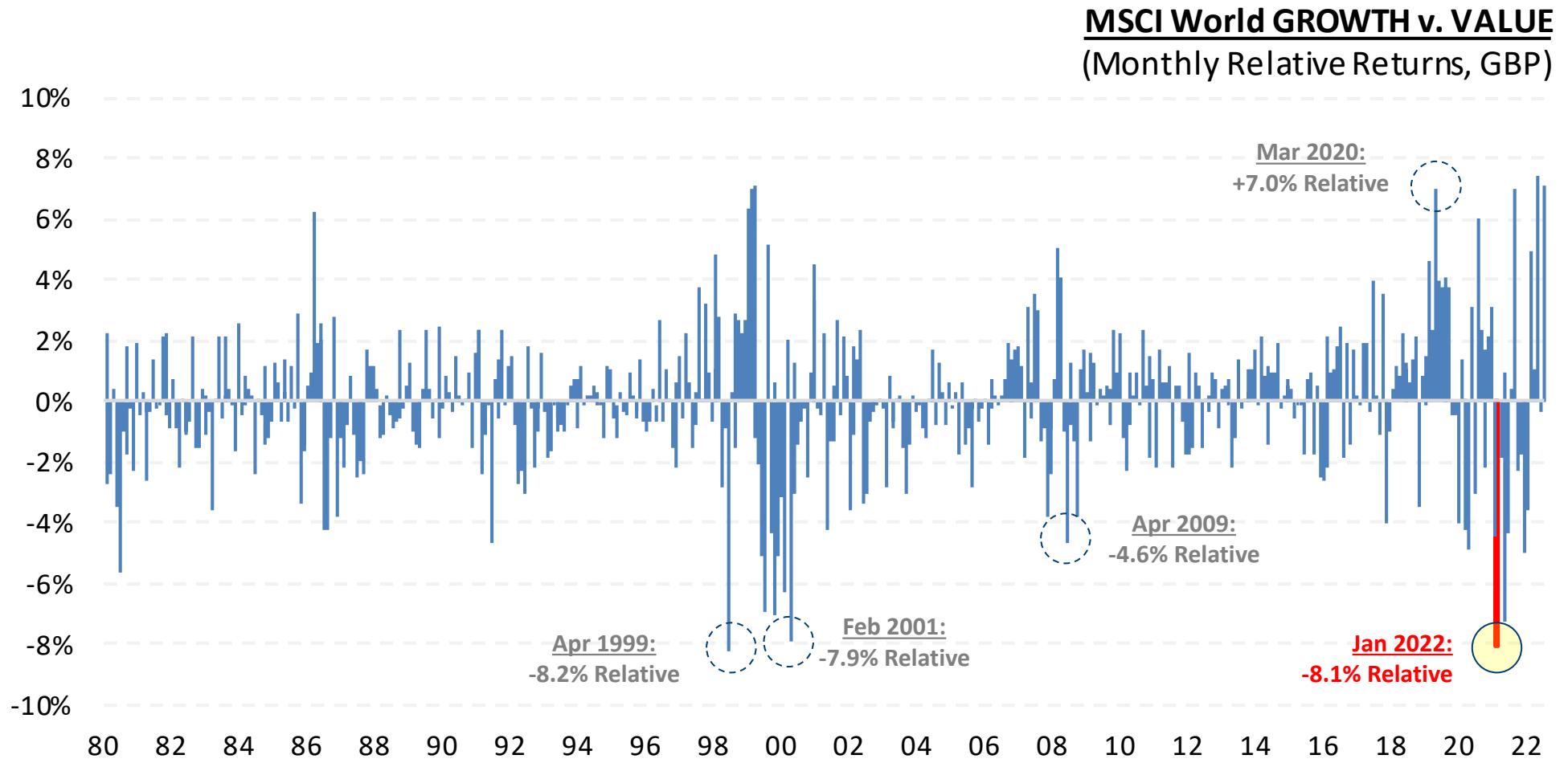
Inflation has climbed at the fastest pace in more than 40 years



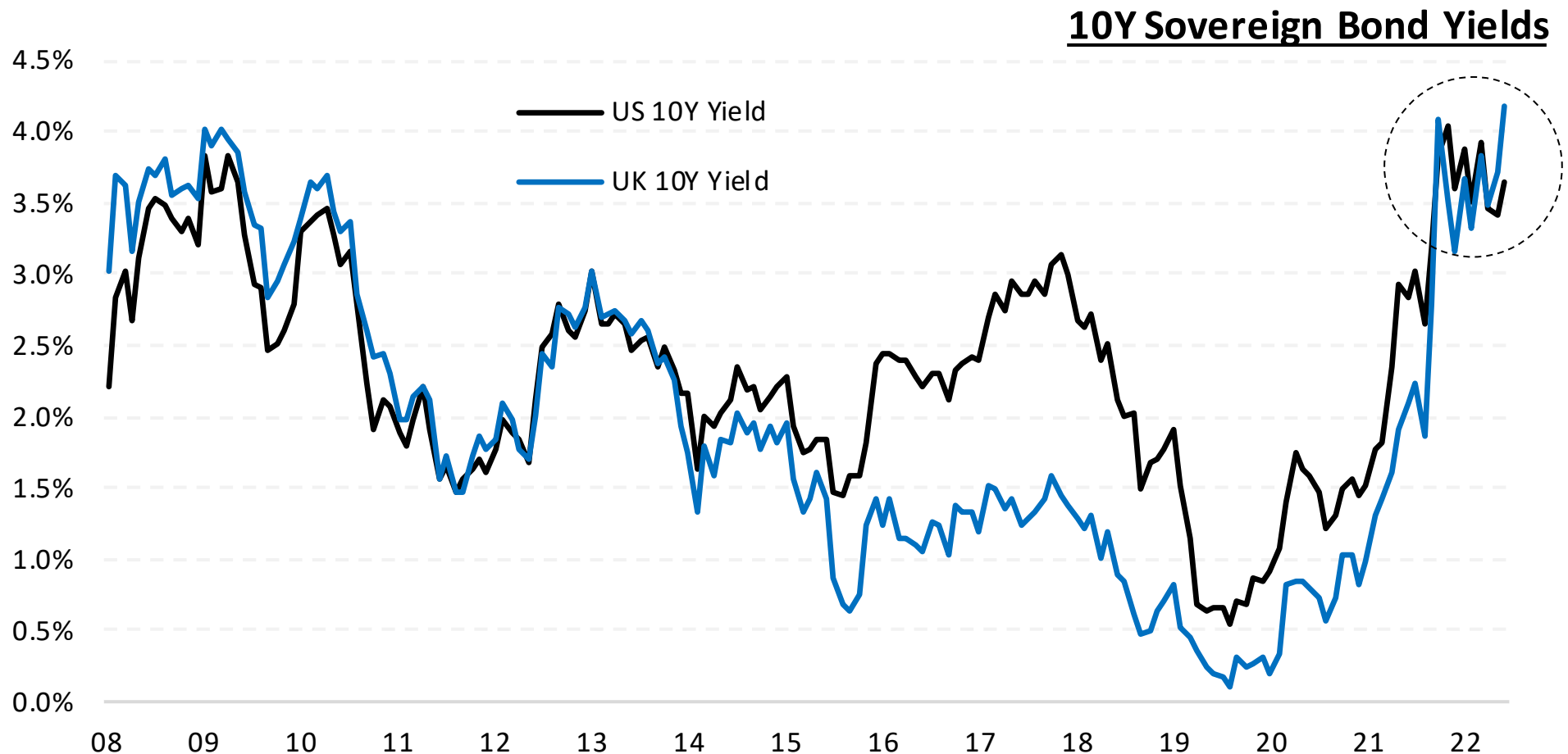
Central banks have been raising interest rates at a very rapid pace



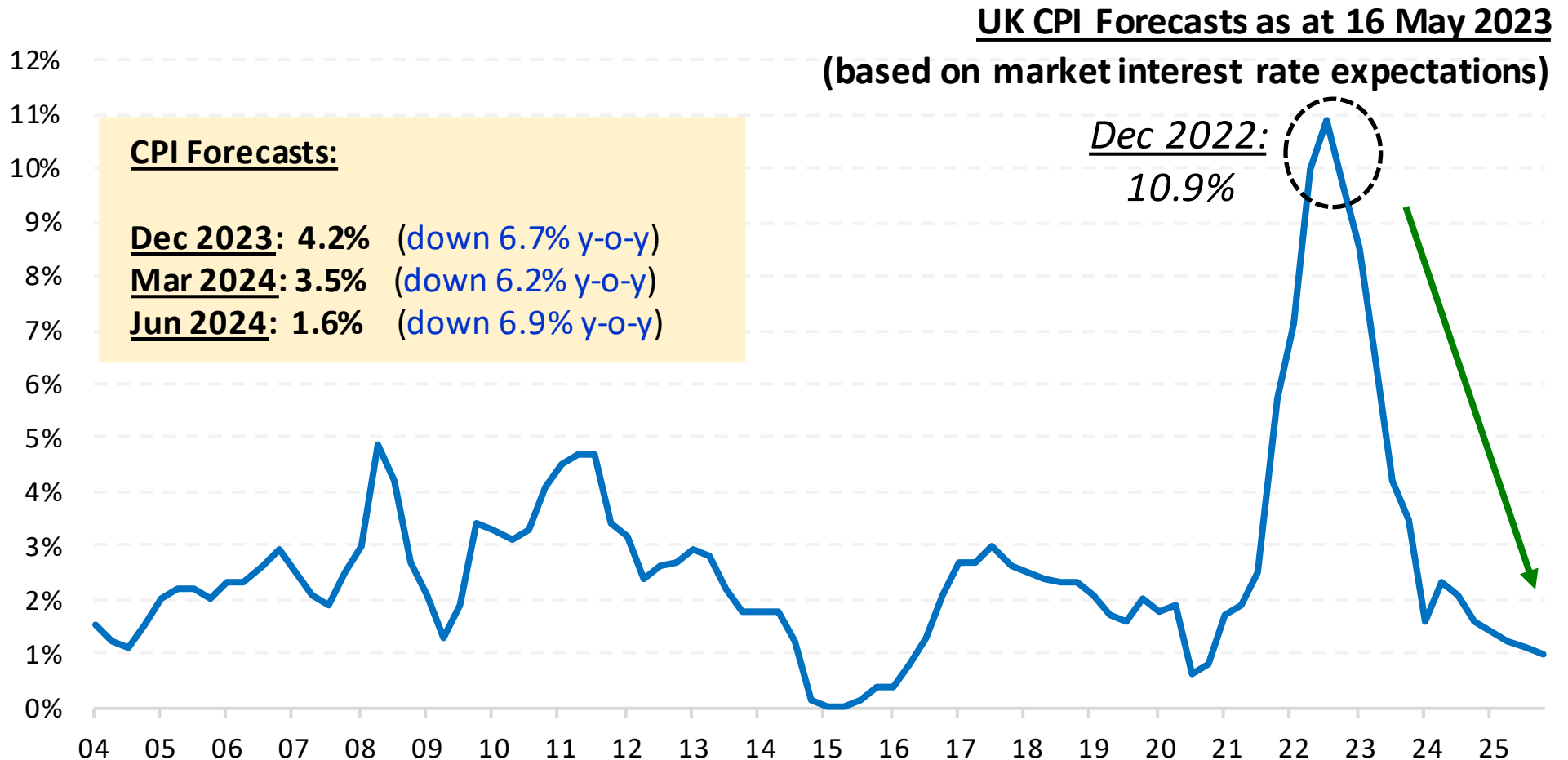
Jan 2022 saw the 2nd biggest rotation globally into Value in 50 Yrs



BUT: bond yields have stabilised over the past 9 months



... and inflation could move from headwind to tailwind

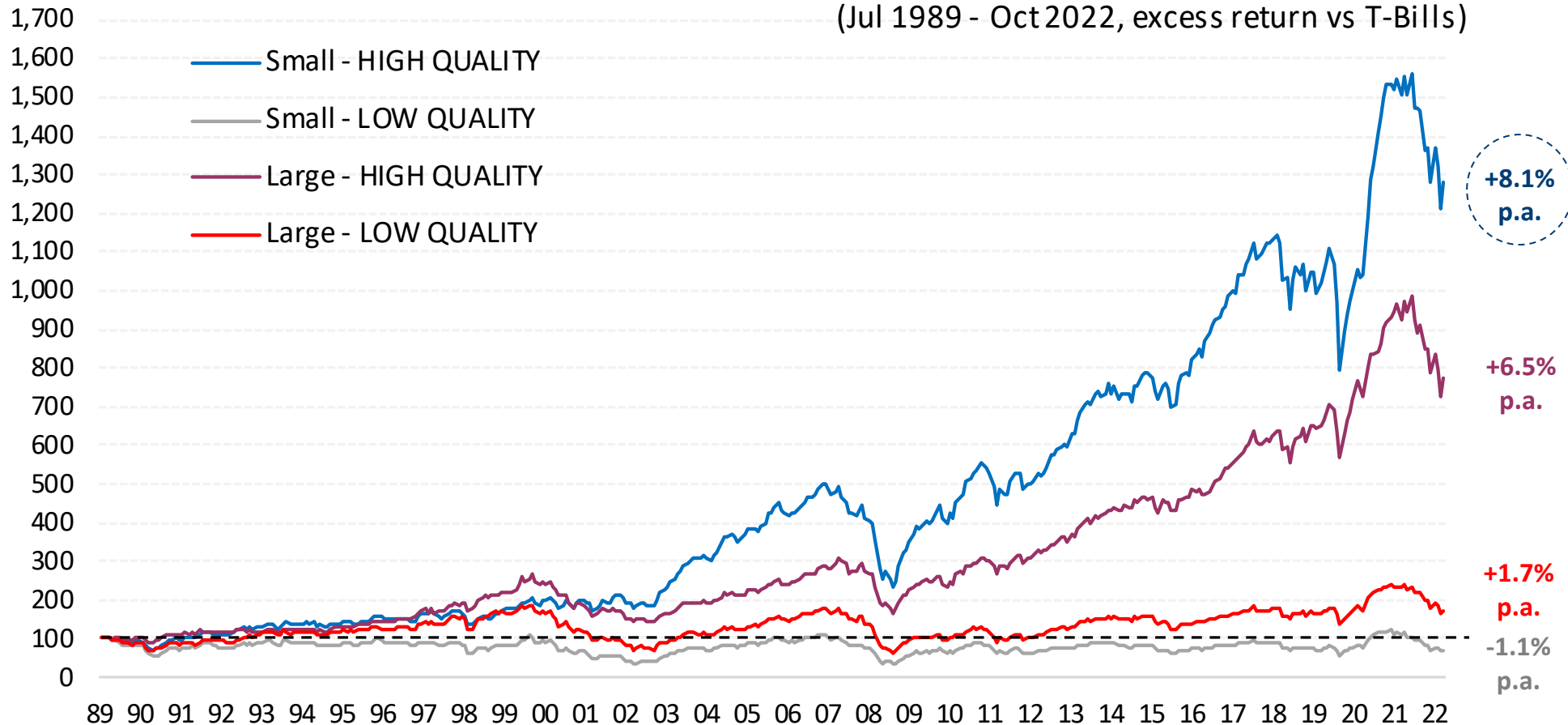


Source: Internal, MSCI, Bloomberg.

Note: Black line = Average. Dotted red line = Average + 1 Standard Deviation (Thick red line = Ave + 2 SD). Dotted green line = Average - 1 Standard Deviation (Thick Green line = Ave - 2 SD).

“Quality Growth” has delivered the best returns historically

Global Excess Returns by Size & Quality
(Jul 1989 - Oct 2022, excess return vs T-Bills)

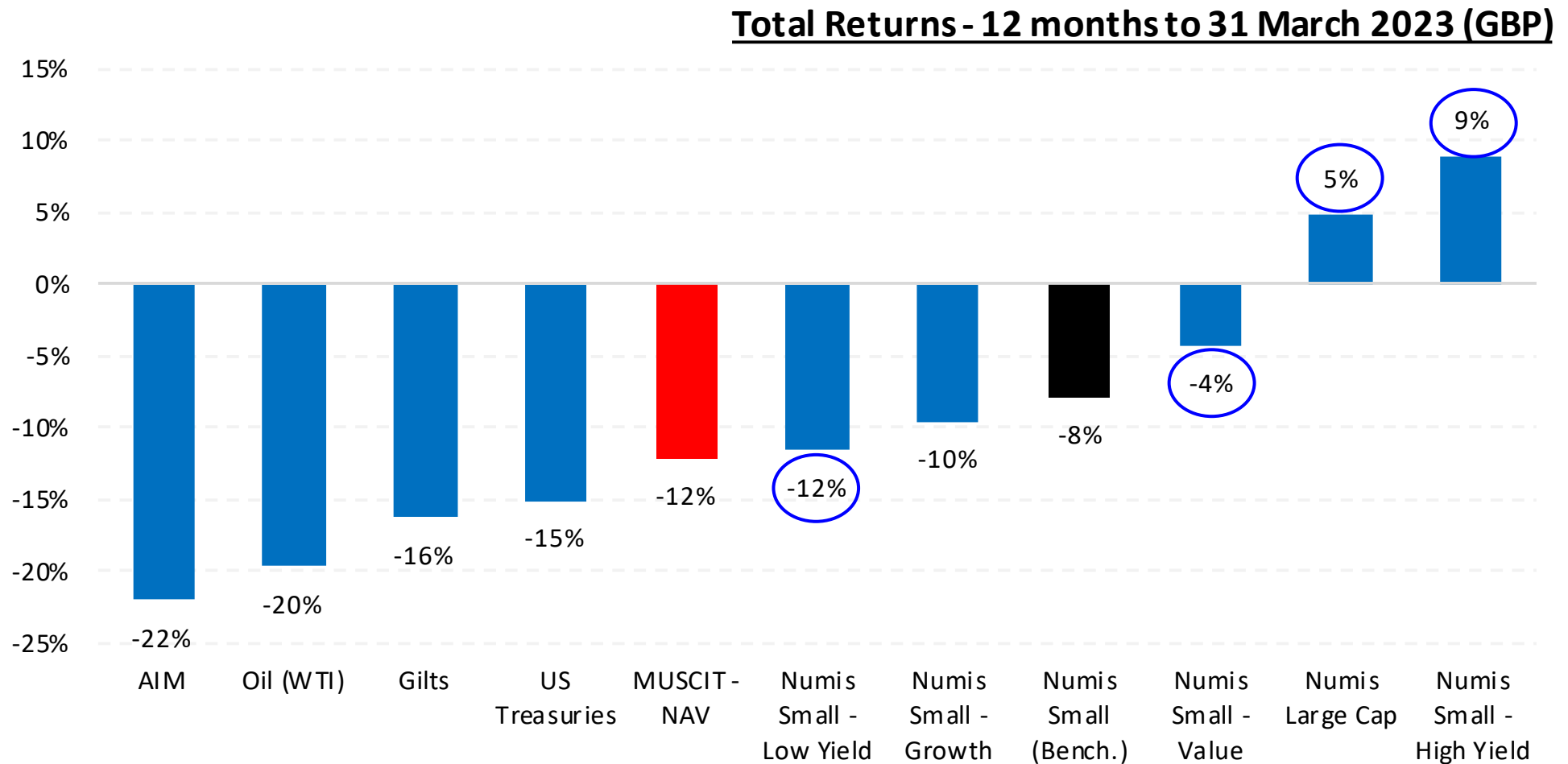


Source: AQR, Internal. “Quality” is defined by AQR based on **Profitability**, (RoE, RoA, Gross Margin, CF/Assets, Gross Profit/Assets, % cash earnings), **Growth** (over 5 years), **Safety** (low beta, low leverage, low volatility, low RoE volatility, low bankruptcy risk) and **Payout** (equity & debt issuance, dividend payout).

“Size”: the cut-off is defined as the 80th percentile by country.

MUSCIT

MUSCIT matched the Numis SmallCap Low Yield index



Source: Internal, Numis. All returns in Sterling. Please note the Numis Small Cap is the benchmark.

A portfolio of High Growth companies with strong balance sheets

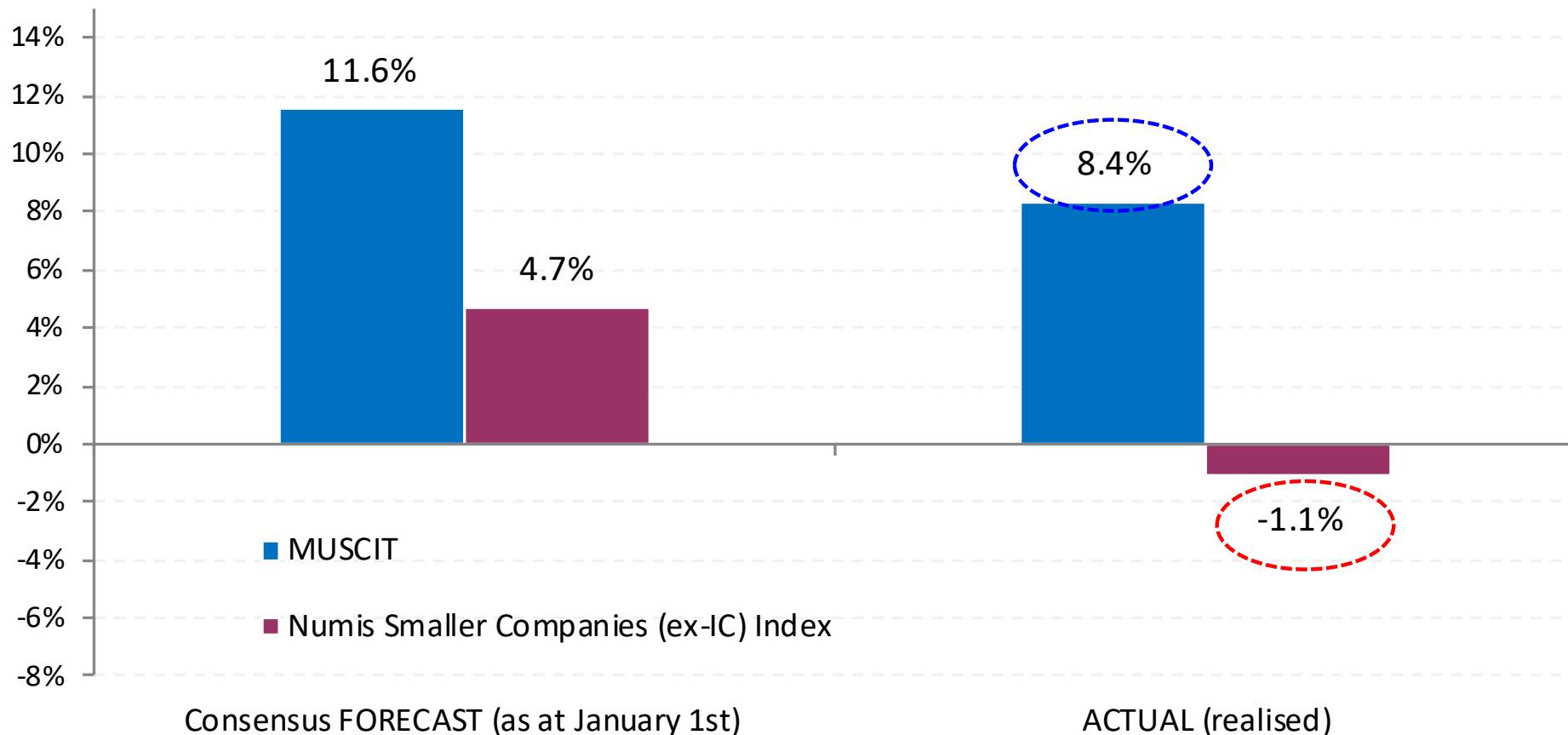
Portfolio Characteristics		
	MUSCIT	Numis SmallCap (ex-IC) Index
# Stocks	40	345
Weighted Market Cap (£bn)	1.2	1.0
EBIT Margin (23F)	22%	18%
RoE (23F)	16%	11%
% Companies with Net Cash (23F)	53%	23%

Valuation		
	MUSCIT	Numis SmallCap (ex-IC) Index
P/E (2023F)	17.6	10.0
Dividend Yield (2023F)	2.7%	3.5%

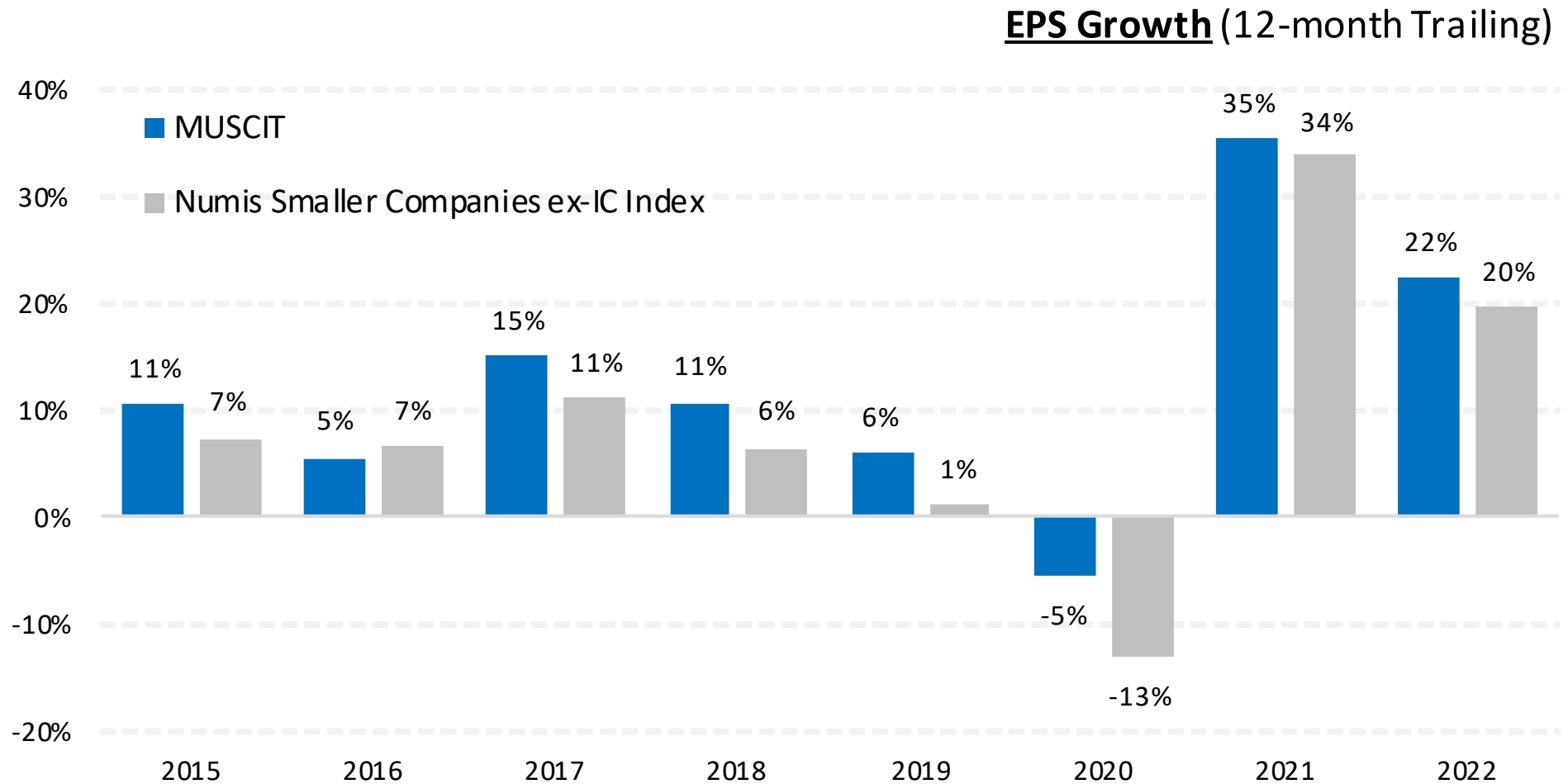
Growth		
	MUSCIT	Numis SmallCap (ex-IC) Index
Sales Growth (2023F)	8.4%	5.2%
EPS Growth (2023F)	6.5%	6.7%

Our companies typically tend to deliver – unlike the benchmark

Consensus vs Realised EPS Growth (2009-22 Average)



MUSCIT has produced higher EPS growth in 7 of the past 8 years



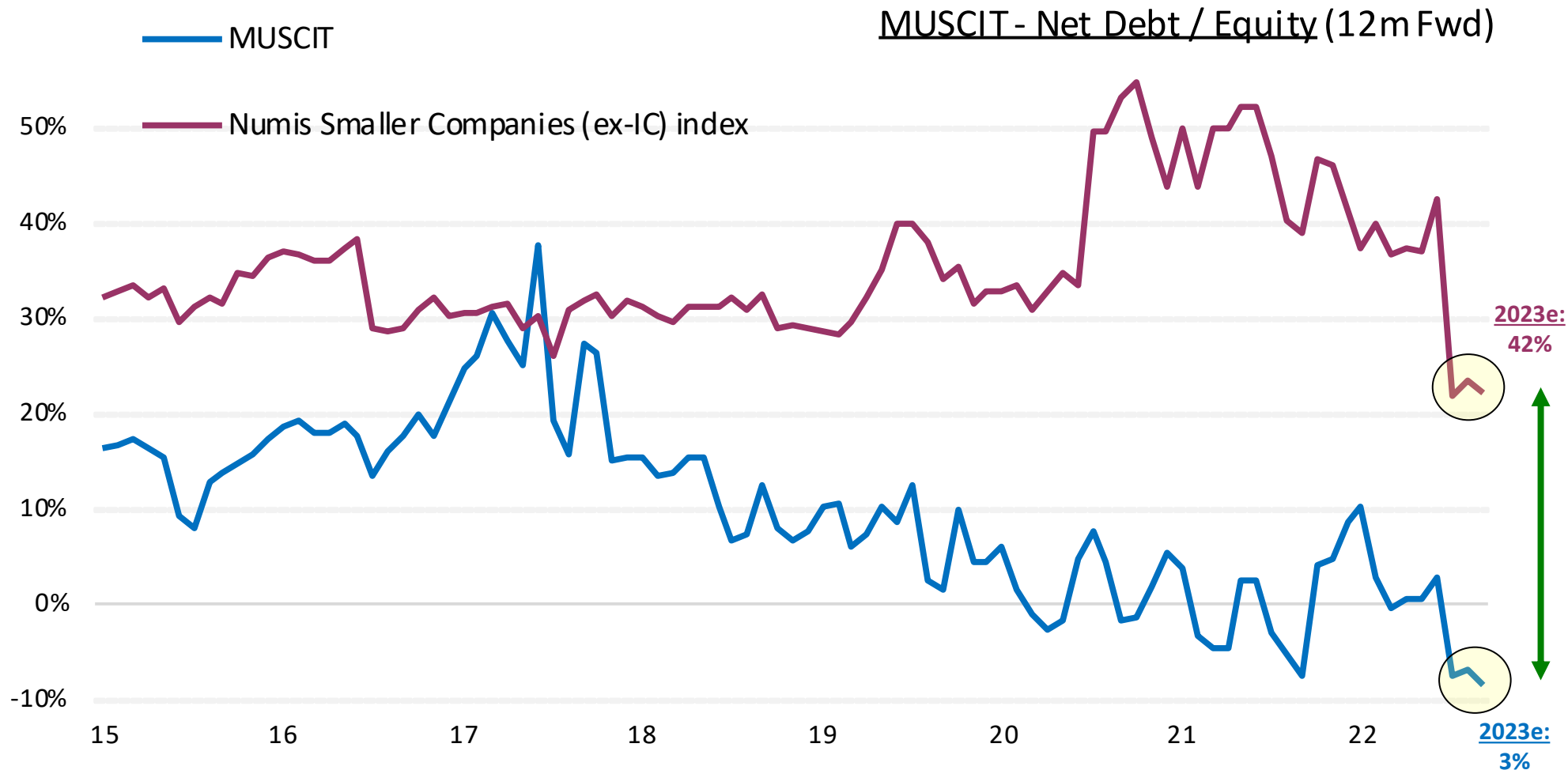
Source: Internal, Factset.

Note: The Numis Smaller Companies (ex-IC) index became the official benchmark on 1 April 2013.

A portfolio of *consistently* High Quality companies

	2015	2016	2017	2018	2019	2020	2021	2022	Ave 2015 - 22
Revenue Growth	11%	11%	14%	11%	9%	4%	21%	16%	12%
10Y EPS Growth (Trail.)	n/a	11%	11%	11%	11%	12%	12%	13%	12%
EBIT Margin	20%	19%	16%	16%	16%	17%	18%	20%	18%
RoE	17%	18%	18%	16%	17%	15%	20%	17%	17%
Net Gearing	n/a	9%	17%	38%	10%	-1%	-2%	-8%	9%
% Companies with Net Cash	36%	46%	47%	43%	42%	49%	51%	49%	45%

... with strong balance sheets (over half have net cash)



Source: Internal, Bloomberg.

ESG is an integral part of our investment process

1. We are a certified B Corp
2. ESG has been **part of our investment process for almost two decades:**
 - we have our own Sustainability Committee and ESG Checklists
 - we vote at every AGM (where possible)
3. Our large team enables us to **engage with our companies** (Quality over Quantity)
4. We are active **in the sustainability debate:**
 - member of M. Carney's GFANZ real economy transition taskforce (the only UK asset manager)
 - we Co-Chair the B Corp Finance & Investment Working Group
5. We have won **several ESG & Impact awards:** *
 - *"Best Small & MidCap Sustainable Investment Boutique"* (2022)

ESG Dashboard: a Portfolio with low Carbon Intensity

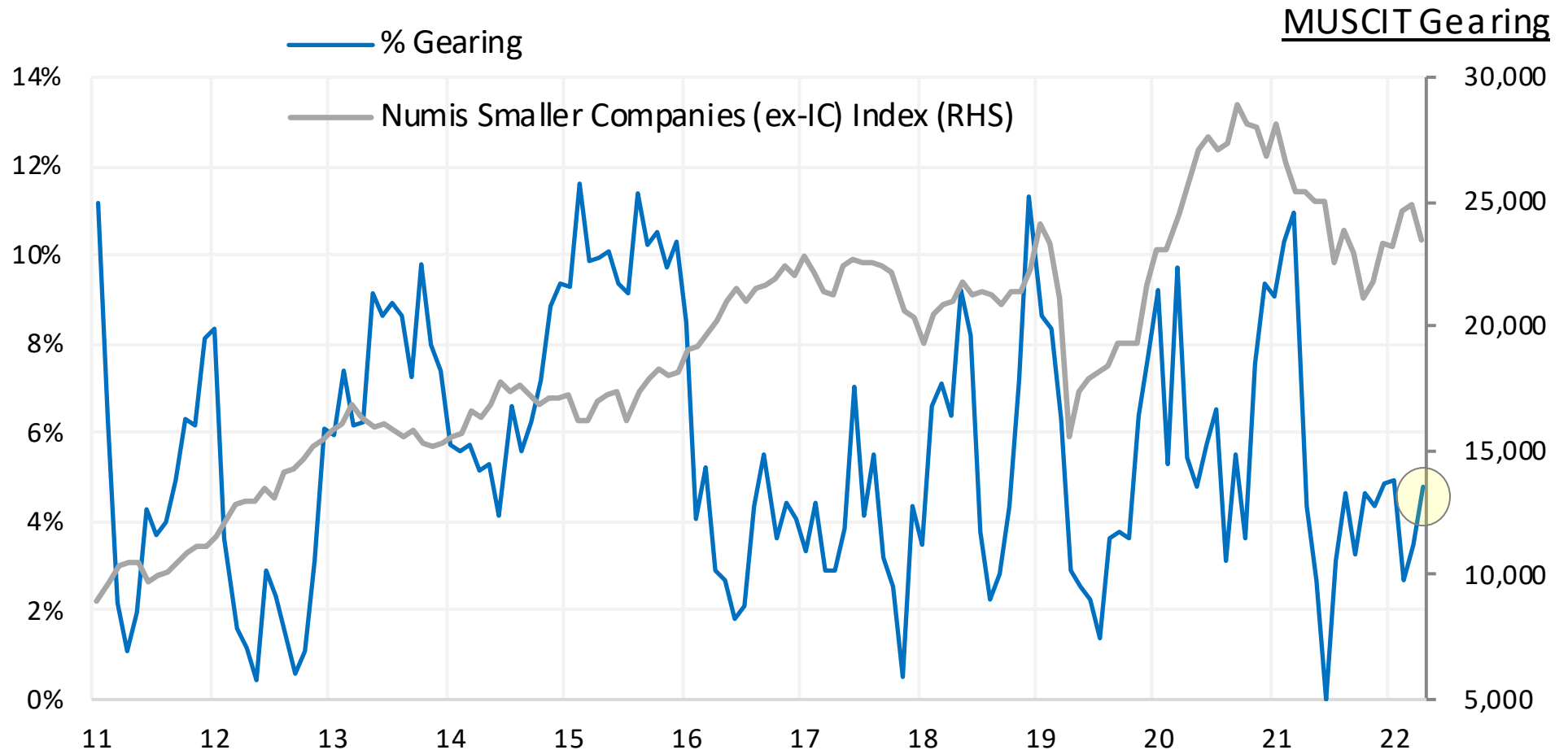
CLIMATE			
	Source	MUSCIT	Numis SC Indx
Carbon Intensity (Scope 1 & 2 / Sales)	MSCI	78.4	118.2
% Scope 3 Emissions available	MSCI	43%	44%
MSCI Low Carbon Transition Score (1 to 10)	MSCI	6.2	6.0

SOCIAL			
	Source	MUSCIT	Numis SC Indx
MSCI Social Score (1 to 10)	MSCI	4.7	4.7
% Employee Turnover	Bloomberg	-	20%
% Women in Workforce	Bloomberg	43%	38%

ENVIRONMENT			
	Source	Fund	Numis SC Indx
MSCI Environmental Score (1 to 10)	MSCI	5.5	5.6
Polution & Waste Score (1 to 10)	MSCI	3.5	3.1
Biodiversity & Land Use Exposure Score	MSCI	1.7	2.1

GOVERNANCE			
	Source	Fund	Numis SC Indx
MSCI Governance Score (1 to 10)	MSCI	7.3	7.4
% Non-Executive Directors	Bloomberg	71%	73%
% Women on Boards	Bloomberg	35%	35%

Gearing of c.5% at the end of March - keeping some powder dry



Key Messages for last financial year (to March 2022)

1. **NAV declined 5% last year** (-3.9% vs benchmark)*:
 - largely due to the final quarter
2. **A year of two halves:**
 - 1H: +9% outperformance; 2H: -10% underperformance
3. **Big macro-economic uncertainties:**
 - Ukraine War; COVID; inflation; rising rates etc.
4. **Almost unprecedented rotation from Growth to Value**
5. **Companies trading well and positive**
6. **MUSCIT on an attractive discount currently (-11%):**
 - and a 6% dividend yield
7. **Over 99% voted for Continuation at the 2021 AGM: **THANK YOU!****

Montanaro

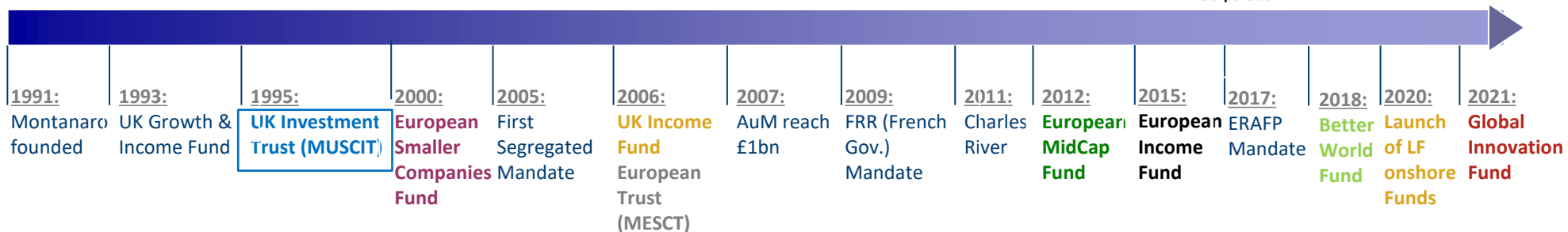
Update on Montanaro

1. **AUM of c.£4 billion**
2. New member joining as **ESG & Impact Specialist** in April 2023 (Harriet Evans)
3. **MAM renewed its B Corp for 3 years:**
 - with an improved score of 105.5 (v. 81.8 in 2019)
4. In March 2023, MAM announced it will **offset 100% of its historical emissions by 2030:**
 - ... with the objective of being Carbon Negative by 2030
 - new partnership with Klimate (Denmark)
5. First **MAM Investor Conference** held in February 2023 – next one on 6 March 2024 *

Montanaro - history



- Established by Charles Montanaro in **1991**
- Specialists in **quoted, Global Small & MidCap**
- AUM of **£3.7 billion**
- One of the **largest Small & MidCap Teams in Europe**
- **“Quality Growth”** investors
- **“Best Small & MidCap Sustainable Investment Boutique”** (2022) *
- A certified **B Corporation** **

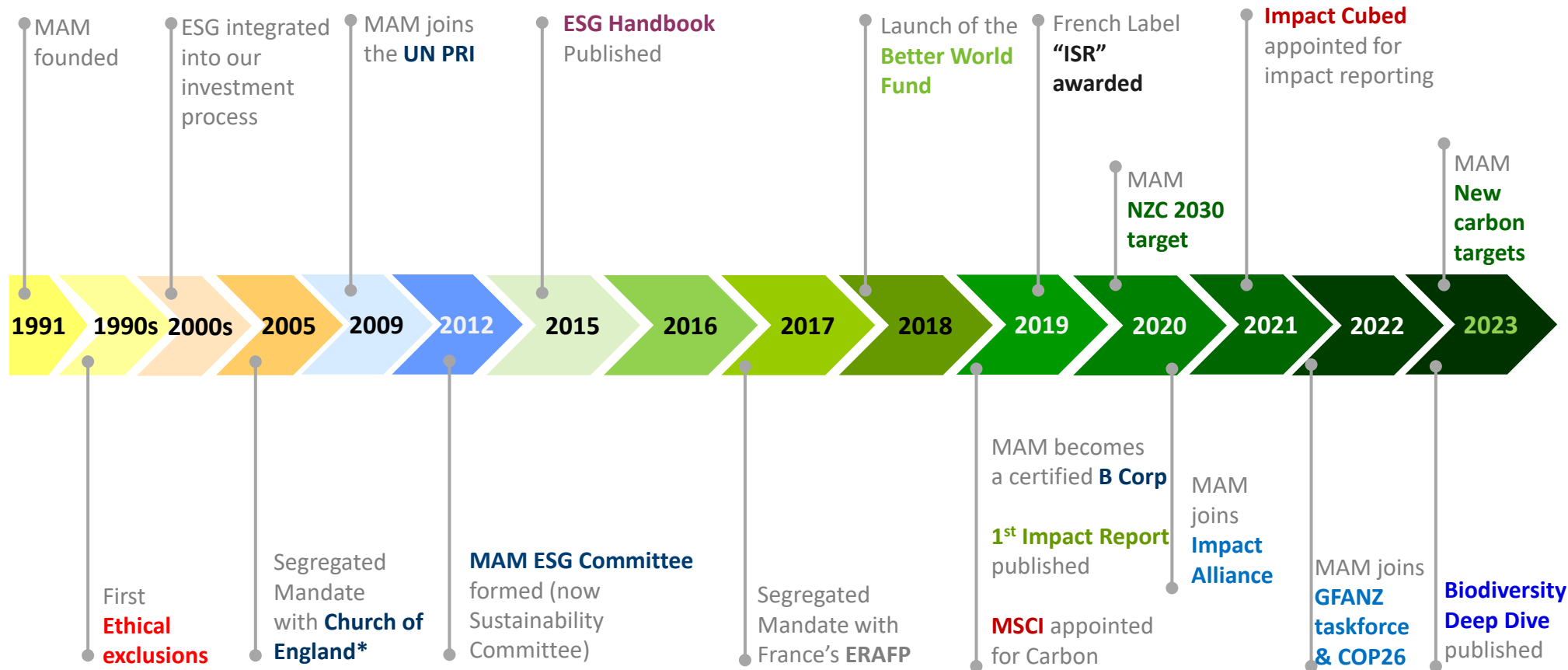


Source: Internal.

* Ethical Finance Awards 2022.

** Since June 2019.

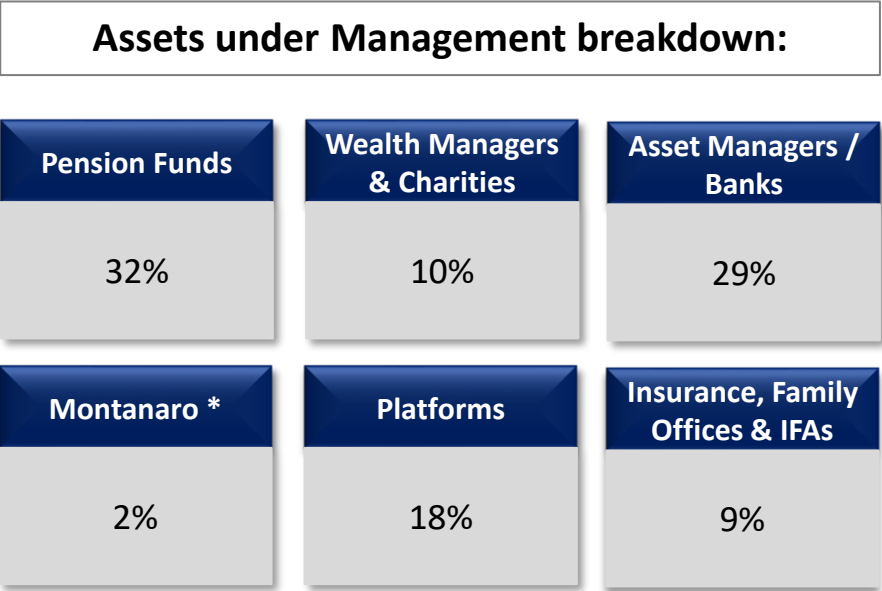
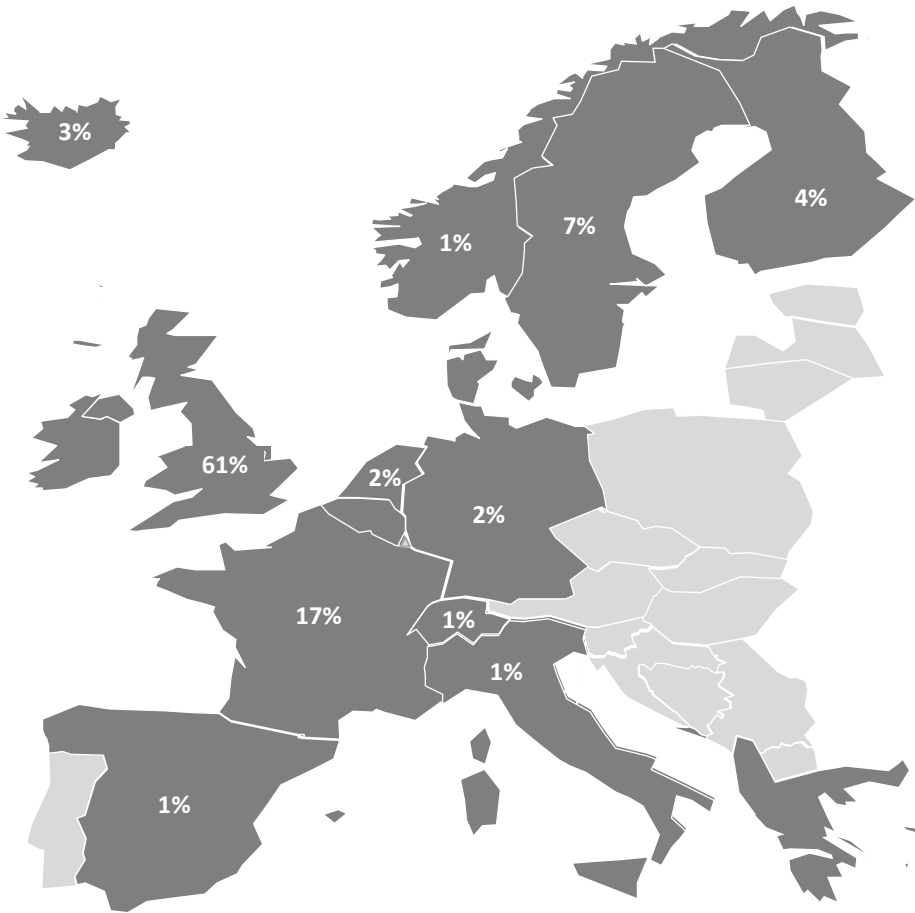
A long history of sustainable investing



Source: Internal.

* The mandate ran for 10 years from 2005 to 2015.

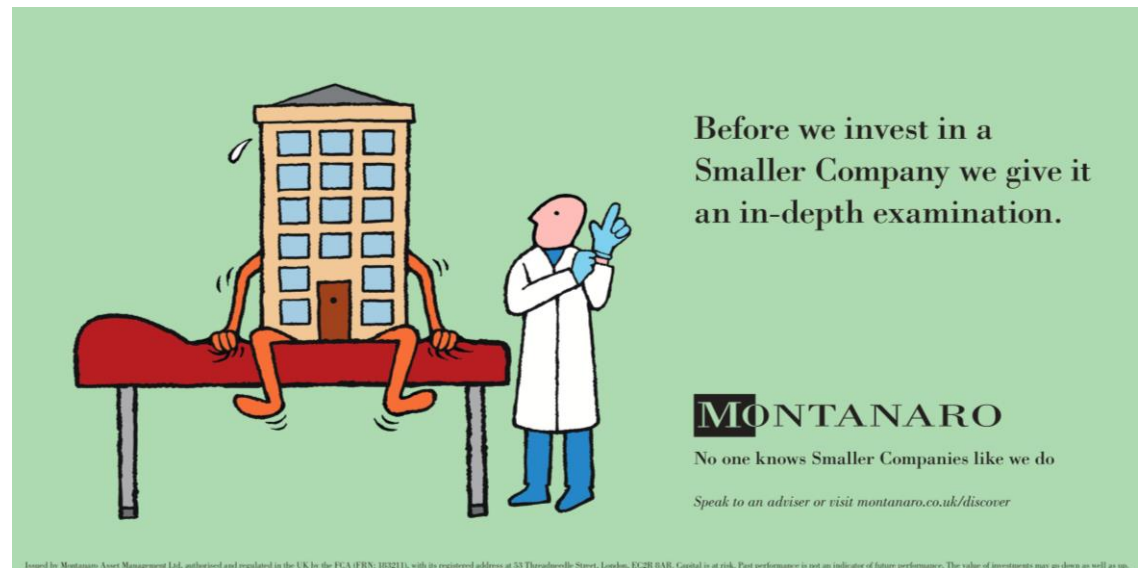
Our clients







































Source: Internal.
Note: MAM has investors in all the countries shown in dark grey. Only countries which account for over 0.5% of AuM are shown with a % figure.
* Includes holdings by Montanaro Asset Management and staff.

We are different – “an Oasis in the City”

1. Our Business
2. Exclusive Focus
3. Team approach
4. **Conservative** (no loss-makers, no unquoteds, no derivatives, no stock lending)
5. We invest in our own Funds
6. Long-term investors
7. All research in-house



You need a big team to engage with all the companies

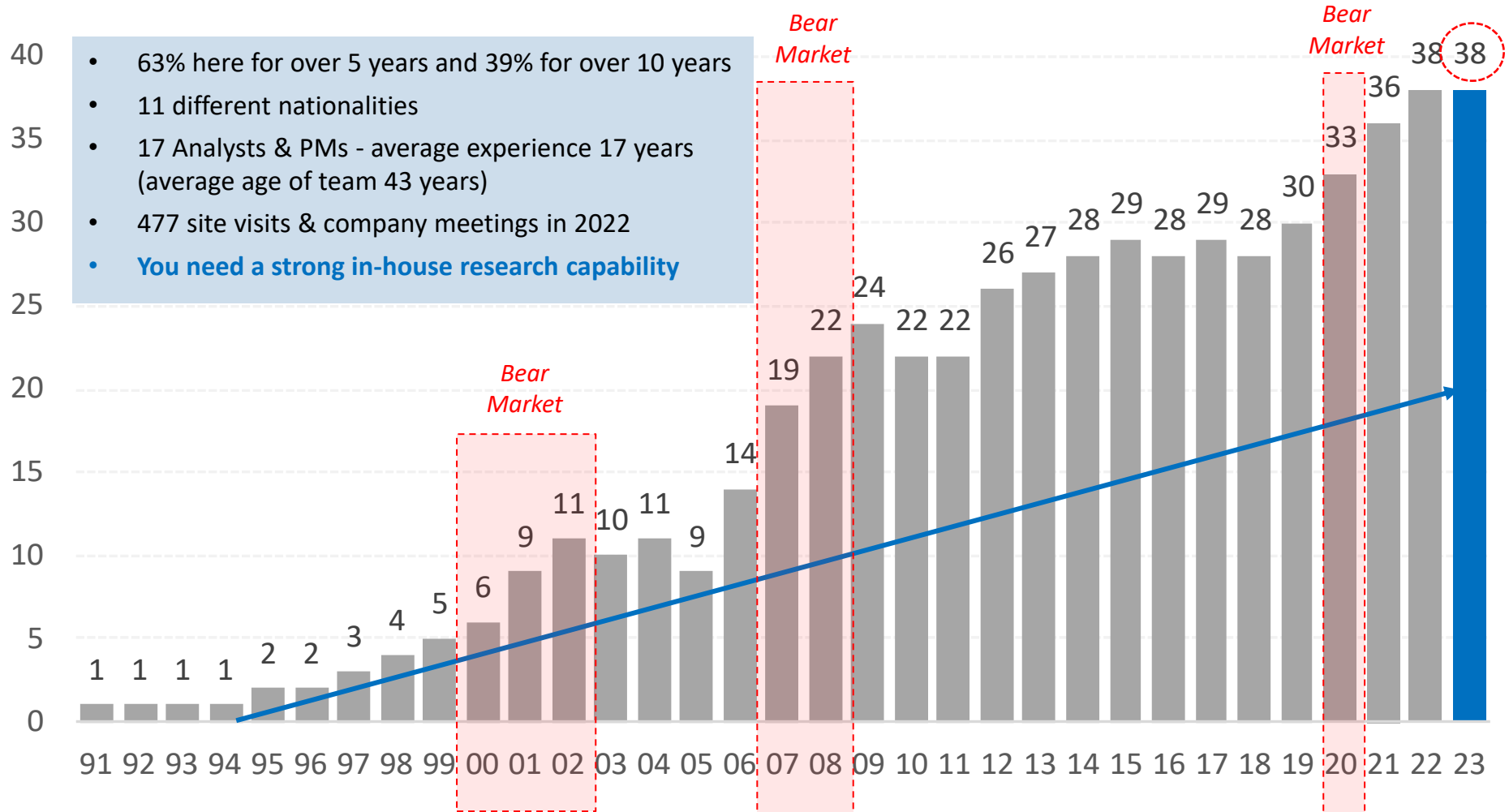
INVESTMENT Committee Charles Montanaro (Chairman) Mark Rogers George Cooke Alex Magni + PMs		 Charles Montanaro <i>Chairman of the Board / PM</i>	SUSTAINABILITY Committee Ed Heaven (Chairman) Cedric Durant des Aulnois Mark Rogers Nere Asumendi <div> Kate Hewitt Sarah Bridges Rachel Herry </div>	
INVESTMENTS  Mark Rogers <i>Head of Investments / PM</i>		CLIENT RELATIONS  Tom Norman-Butler <i>Head of Business Development</i>		ADMINISTRATION, COMPLIANCE & RISK  Matthew Francis <i>Head of Compliance, Risk & Administration / Compliance Officer</i>
 Ed Heaven <i>Head of Sustainable Investment</i>	 George Cooke <i>Head of Fund Management / PM</i>	 Chris Crier <i>Head of UK Advisory Sales</i>	 Christian Albuissou <i>France, Benelux, Spain, Scotland</i>	 Sarah Bridges <i>Compliance Manager</i>
 Andrea Shen <i>Analyst / PM</i>	 Alex Magni <i>Analyst / PM</i>	 Dan Powner <i>UK IFAs (South West)</i>		 Laura Denny <i>Compliance Executive</i>
 Guido Dacie-Lombardo <i>Analyst / PM</i>	 Stefan Fischerfeier <i>Analyst / PM</i>	 Harry Fitzgerald <i>UK Wealth Managers</i>	 Henrik Schmidt <i>Nordics</i>	OPERATIONS  John Ensor <i>Head of Operations</i>
 Nere Asumendi <i>Senior Analyst</i>	 Henrik Schmidt <i>Senior Analyst</i>	IT & SYSTEMS  Mark Petar <i>Head of Systems</i>		 Gareth Bateman <i>Trade Execution / Fund Administrator</i>
 Gaspar Arino <i>Senior Analyst</i>	 Hal Miller <i>Analyst</i>	 Sean Bennett <i>Systems Administrator</i>	 Rachel Herry <i>Trade Execution / Client Reporting</i>	
 Yannis Gidopoulos <i>Analyst</i>	 Kate Hewitt <i>ESG & Impact Specialist</i>	FINANCE  David Price <i>Senior Finance Manager</i>		 Aaron Gomez <i>Trade Execution / Fund Administrator</i>
 Manroop Bal <i>Analyst</i>	 Harriet Evans * <i>ESG & Impact Specialist</i>	RISK  Jeremy Law <i>Risk Analyst</i>		 Dimitris Giakis <i>Fund Administrator</i>
		OFFICE SUPPORT  Lowri Brown <i>Office Manager / PA to the Chairman</i>		 Karis Rose <i>Assistant to the Office Manager</i>

Source: Internal.

Other internal Committees include: Executive Committee, Broker Review Committee, Compliance & Risk Committee, Operations Committee.

* Start date = 24 April 2023.

The team has grown to 38 - all research is completed in-house



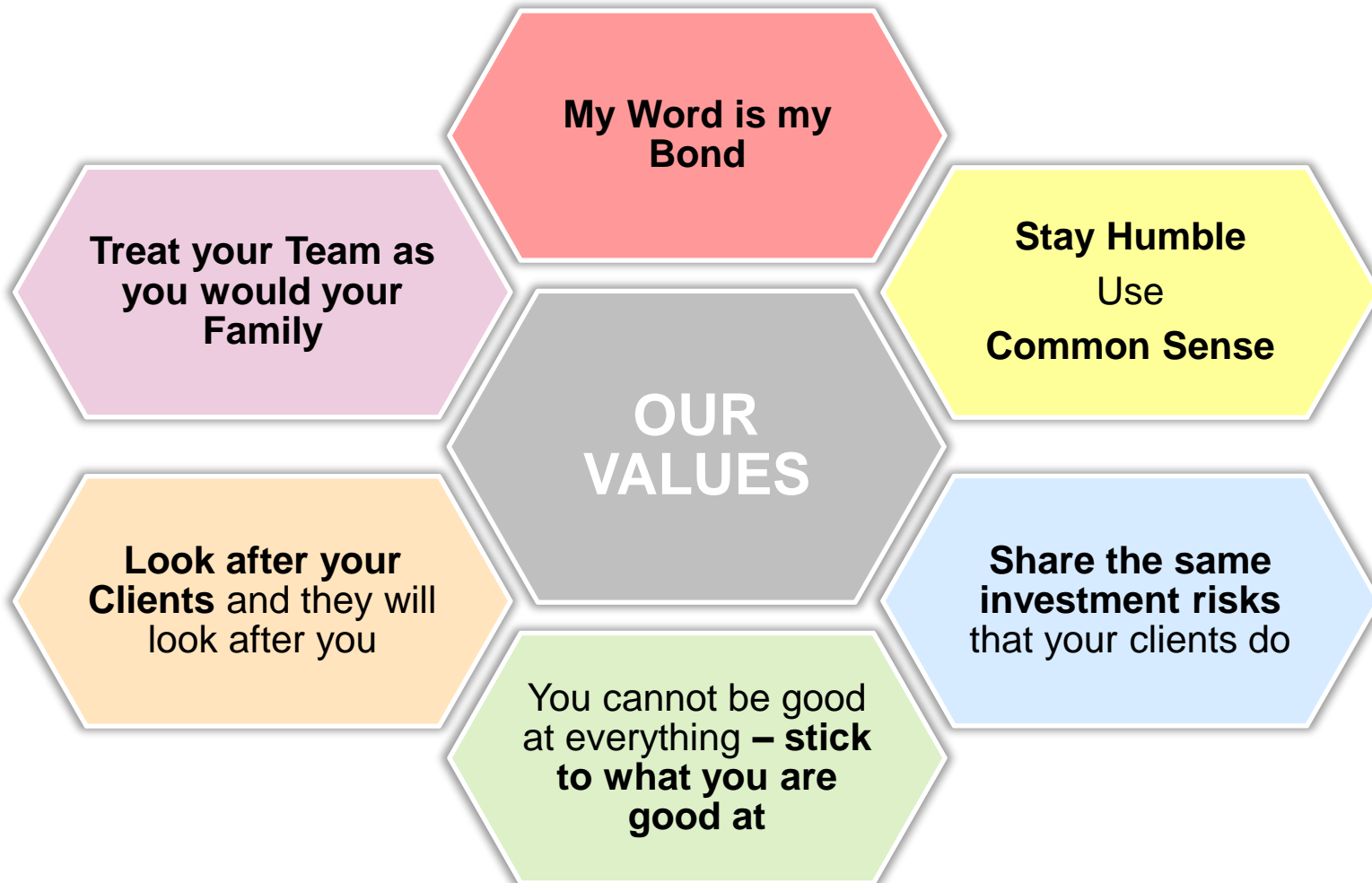
17 Analysts and Portfolio Managers with eleven nationalities

		Role / Sector(s)	Experience	Montanaro	Qualifications
	Charles Montanaro	PM	41 Years	32 Years	BA (Hons) Anthropology, Durham University
	Cedric Durant des Aulnois	PM	23 Years	16 Years	MSc from Dauphine Uni, MSc from LSE, MBA
	Stefan Fischerfeier	PM/ Capital Goods & Industrials	24 Years	16 Years	MBA from University of Mainz, CFA
	George Cooke	PM	17 Years	13 Years	BA & MA from Nottingham University, CFA
	Nere Asumendi	Technology & Healthcare	17 Years	12 Years	MBA from London Business School
	Andrea Shen	PM/ Consumer & Finance	25 Years	11 Years	MA from Columbia University
	Henrik Schmidt	Scandinavia	23 Years	11 Years	MSc from Linköping University
	Mark Rogers	PM/ Consumer & Finance	37 Years	9 Years	BA from Bangor University
	Ed Heaven	ESG & Impact	16 Years	9 Years	B.A. (Hons) Theology, Durham University
	Gaspar Arino	Capital Goods & Industrials	16 Years	8 Years	MBA from IESE, CFA
	Alex Magni	PM/ Capital Goods & Industrials	23 Years	8 Years	MEng & PhD from Imperial College
	Guido Dacie-Lombardo	PM/ Technology & Healthcare	14 Years	7 Years	MSc from Cambridge University, CFA
	Yannis Gidopoulos	Technology & Healthcare	4 Years	4 Years	BA from Durham University
	Hal Miller	Technology & Healthcare	6 Years	3 Years	BA from Cambridge University, CFA Level 1
	Kate Hewitt	ESG & Impact	7 Years	2 Years	MA in Environment, Development and Peace
	Manroop Bal	Consumer & Finance	7 Years	< 1 Year	BSc from University College London, ACA
	Harriet Evans	ESG & Impact	4 years	Apr. 2023	BA from Durham University

Our Team celebrating 50 years of Glastonbury



Our Values



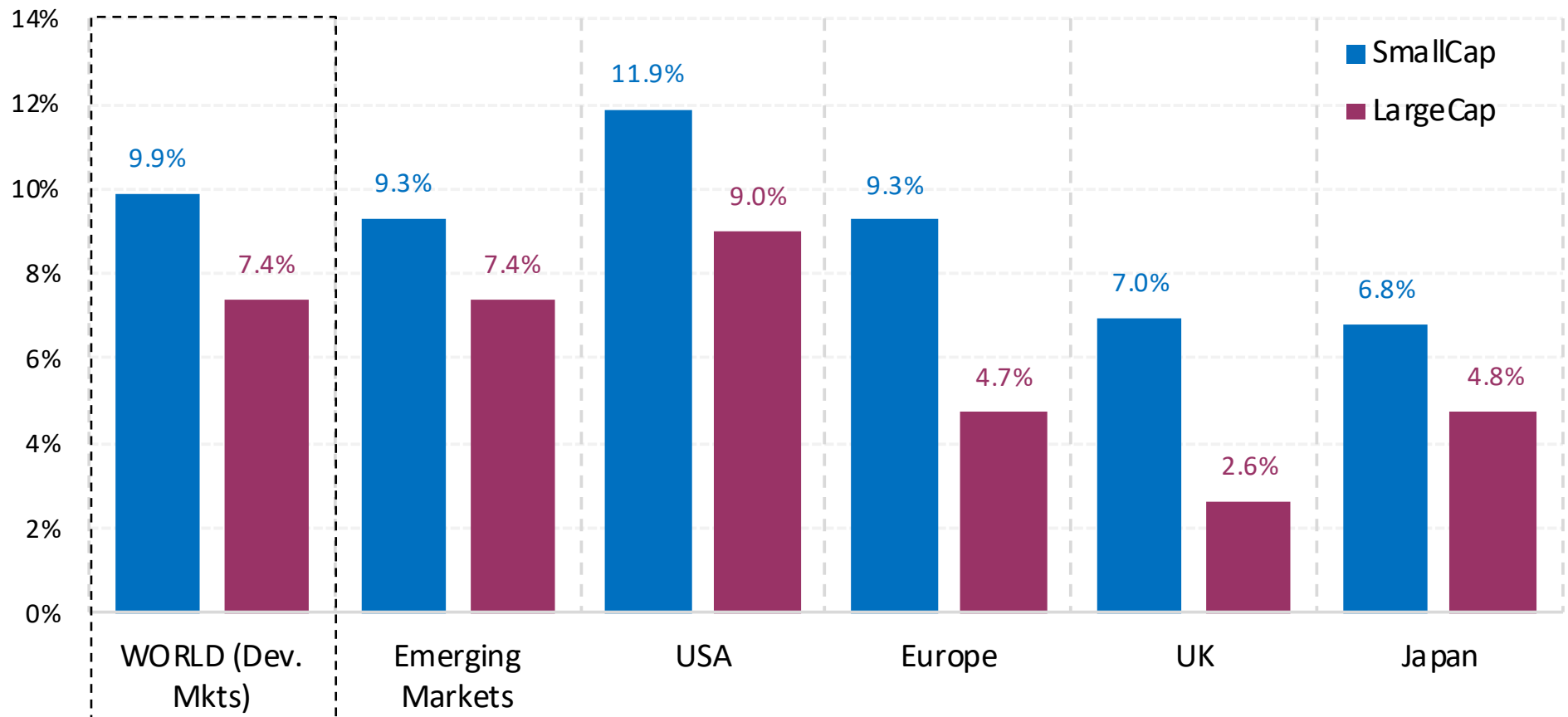
Investment Philosophy & Process

Our investment philosophy

1. SMidCap is an **attractive asset class**
2. Stick to companies you **understand** (use common sense)
3. Back the **best management** teams
4. Invest in **structural growth**
5. **Don't overpay**
6. Engage with companies - **ESG matters**
7. **Humility goes a long way**
8. **Clients are our “partners” - be open & transparent**

The “SmallCap Effect” is a global phenomenon

Net Total Returns over the past 20 Years (p.a.)
(GBP, Dec 2002 - Dec 2022, based on Regional MSCI Indices)



What is a “Montanaro” company?

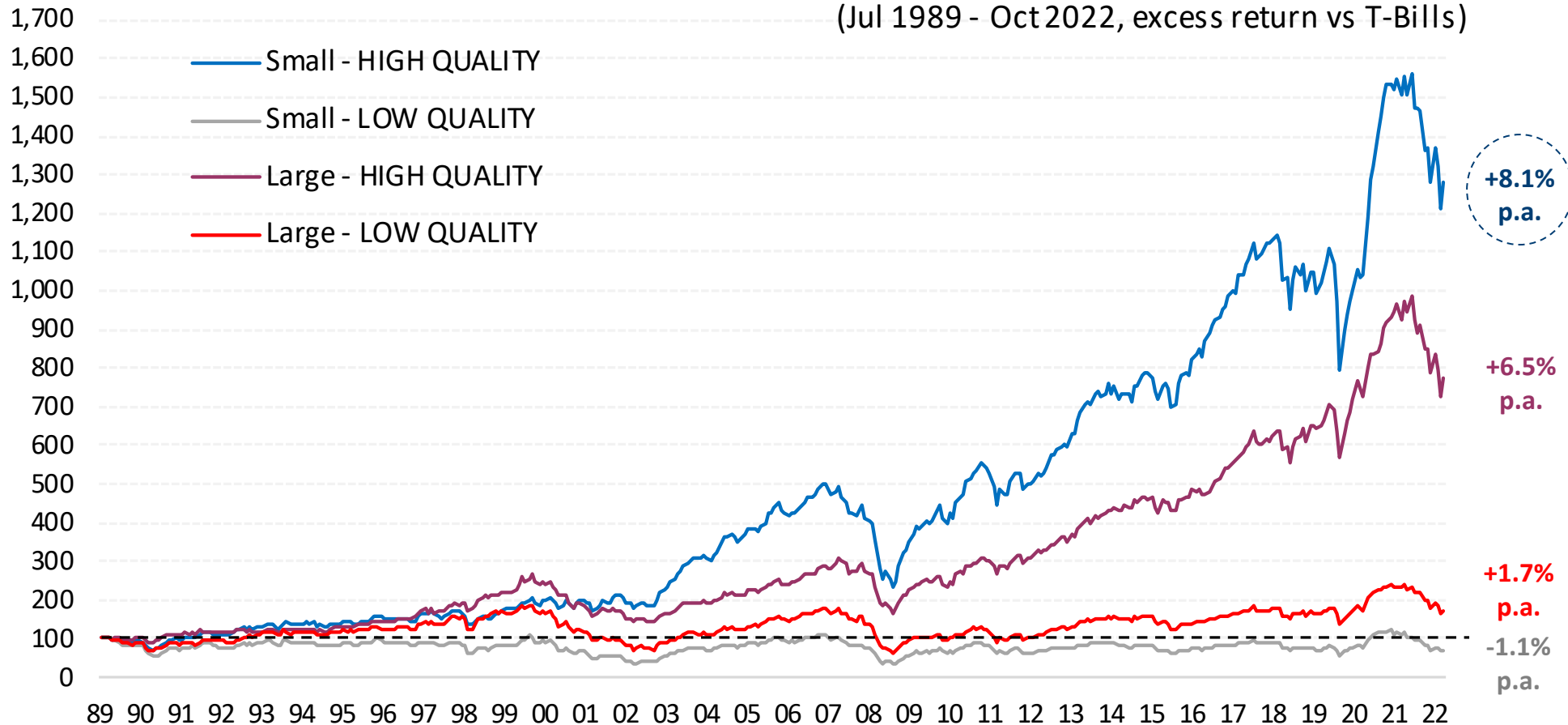
1. **Well-established** with a business model **we can Understand**
2. **Focused** business in a **Structural Growth** market
3. **Market Leader**
4. **High Margins** and **Returns on Capital**; strong **Balance Sheet** and **Cashflow**
5. **Good Management** with a **Strong ESG Culture**
6. One we can hold for the **Long-Term**



We are “Quality Growth” Investors

“Quality Growth” has delivered the best returns historically

Global Excess Returns by Size & Quality
(Jul 1989 - Oct 2022, excess return vs T-Bills)



Source: AQR, Internal. “Quality” is defined by AQR based on **Profitability**, (RoE, RoA, Gross Margin, CF/Assets, Gross Profit/Assets, % cash earnings), **Growth** (over 5 years), **Safety** (low beta, low leverage, low volatility, low RoE volatility, low bankruptcy risk) and **Payout** (equity & debt issuance, dividend payout).

“Size”: the cut-off is defined as the 80th percentile by country.

Our Investment Process is all about identifying Quality

Stage 1: Is it a good Business?

NEW IDEAS:

- Sector reviews
- Proprietary screens
- Growth themes
- Referrals

QUALITY ANALYSIS:

- Quality Checklist
- ESG Checklist
- Financial Profile
- Management

GROWTH ANALYSIS:

- Growth Checklist
- Company Drivers
- Industry Analysis
- Cyclicalities

**INVESTMENT
COMMITTEE**
Approval
Decision

**APPROVED
LIST**
*~250
Companies*

Stage 2: Is it a good Investment?

VALUATION:

- Intrinsic Value
- Target & BUY Price
- Peer Comparison
- Reverse DCF

RISK / REWARD:

- Liquidity
- Scenario Analysis
- Downside Risk
- Catalysts

RECOMMENDATION:

- Strong Buy
- Buy
- Under
- Sell

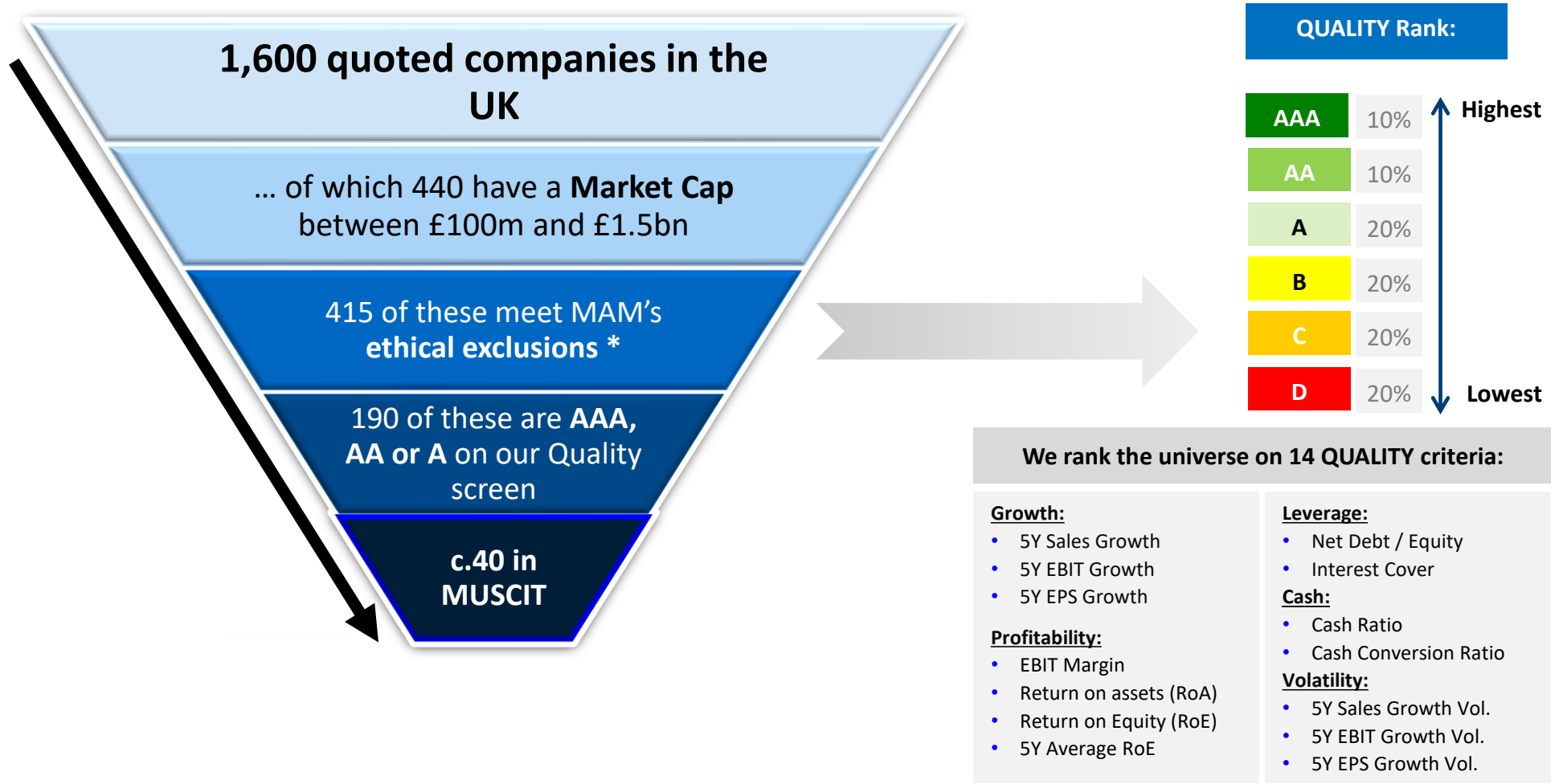
**INVESTMENT
COMMITTEE**
Valuation
Review

**Potential
Inclusion in
Portfolios**

Screens: We have a proprietary quantitative screening tool

MONTANARO										QUALITY													
Universe Screen: Europe		Total: 2,415	12-Jan-2023	[16bn, 115bn]	AAA: 10%, AA: 10%, A: 20%, B: 20%, C: 20%					Industry Classification Standard													
ID	Company	Ticker	Country	Size	Quality	ESG	Value	Sector (GICS - 1)	Sales Growth (5Y av)	EBIT Growth (5Y av)	EPS Growth (5Y av)	EBIT Margin	ROA	ROE	ROE (5Y av)	Net Debt / Equity	Interest Coverage	Cash / Total Debt	CFO / EBITDA (5Y av)	Sales Growth (5Y s.de)	EBIT Growth (5Y s.de)		
3	1&1 AG	1U1 GR	Germany	SmallCap	A	D	AA	Communication Services	10%	9%	13%	14%	5%	7%	8%	19%	67.1	4%	61%	12%	43%		
4	1000MERCIS	ALMIL FP	France	SmallCap	B	D	C	Communication Services	6%	-28%	-19%	1%		7%	7%	-20%	13.1	151%	49%	7%	27%		
8	2G ENERGY AG	2GB GR	Germany	SmallCap	AAA	D	D	Industrials	9%	29%	30%	7%	8%	15%	14%	-3%	67.8	128%	45%	3%	38%		
10	3I GROUP PLC	III LN	United Kingdom	MidCap	B	AAA	AAA	Financials	0%	5%	6%	97%	33%	37%	20%	8%	76.4	3%	18%	44%	80%		
11	3U HOLDING AG	UUU GR	Germany	SmallCap	A	D	A	Industrials	5%	22%	30%	12%	3%	5%	6%	-81%	19.7	1009%	22%	10%	53%		
14	4IMPRINT GROUP PLC	FOUR LN	United Kingdom	SmallCap	AA	AAA	D	Communication Services	9%	9%	10%	4%	15%	30%	37%	-53%	72.6	578%	56%	28%	68%		
16	888 HOLDINGS PLC	888 LN	United Kingdom	SmallCap	AA	D	AA	Consumer Discretionary	10%	-7%	12%	9%	13%	43%	27%	-90%	25.4	1576%	86%	21%	82%		
17	A.G. BARR PLC	BAG LN	United Kingdom	SmallCap	AA	D	B	Consumer Staples	1%	2%	-3%	16%	9%	12%	14%	-22%	269.5	1533%	84%	12%	34%		
18	A2A SPA	A2A IM	Italy	SmallCap	A	A	AAA	Utilities	13%	10%	10%	6%	3%	14%	12%	108%	20.1	35%	79%	21%	33%		
19	AAK AB	AAK SS	Sweden	SmallCap	A	AA	C	Consumer Staples	10%	5%	10%	6%	6%	13%	15%	41%	34.9	19%	47%	12%	6%		
20	AALBERTS NV	AALB NA	Netherlands	SmallCap	A	A	A	Industrials	4%	5%	4%	17%	10%	18%	13%	30%	33.1	28%	73%	8%	52%		
21	AAREAL BANK AG	ARL GR	Germany	SmallCap	D	AA	A	Financials	-2%	-7%	0%	18%	0%	2%	3%	732%	2.1	26%	65%	10%	71%		
22	AB DYNAMICS PLC	ABDP LN	United Kingdom	SmallCap	AA	A	D	Consumer Discretionary	17%	15%	20%	16%	7%	9%	10%	-12%	139.4	177%	79%	22%	64%		
23	AB SCIENCE SA	AB FP	France	SmallCap	C	C	C	Health Care	2%	13%	16%	-859%	-57%				-99999	24%		8%	16%		
24	AB TRACTION -B SHS	TRACB SS	Sweden	SmallCap	A	D	B	Financials	-25%	-5%	-5%	102%	38%	38%	12%	-99%	99999	99999%	24%		101%		
26	ABC ARBITRAGE	ABCA FP	France	SmallCap	A	D	AA	Financials	-2%	2%	-2%	55%	16%	18%	16%	-7%		318%	91%	29%	51%		
27	ABEO SA	ABEO FP	France	SmallCap	C	B	A	Consumer Discretionary	6%	-7%	0%	7%	2%	7%	5%	86%	5.7	28%	71%	19%	58%		
28	ABG SUNDAL COLLIER HOLDING	ABG NO	Norway	SmallCap	AAA	C	B	Financials	12%	27%	25%	36%	20%	72%	36%	-103%	23.4	2075%	69%	26%	44%		
32	ABL GROUP ASA	ABL NO	Norway	SmallCap	B	C	A	Energy	21%	10%	25%	5%	3%	5%	4%	-9%	3.5	127%	3%	18%	99%		
33	ABO GROUP ENVIRONMENT	ABO BB	Belgium	SmallCap	B	C	C	Industrials	11%	10%	16%	5%	3%	11%	10%	70%	20.6	43%	73%	12%	64%		
34	ABO WIND AG	AB9 GR	Germany	SmallCap	B	A	D	Utilities	2%	0%	-6%	18%	5%	10%	14%	56%	10.1	20%	-20%	17%	12%		
35	ABOUT YOU HOLDING SE	YOU GR	Germany	SmallCap	B	A	D	Consumer Discretionary	25%	3%	35%	-7%	-15%	-39%	-46%	-56%	-99999	295%		1%	75%		
36	ABRDN EUROPEAN LOGISTICS INC	ASLI LN	United Kingdom	SmallCap	A	A	A	Real Estate	20%	35%	-15%	215%	7%	11%	11%	0%	5.3	102%	29%	24%	45%		
37	ABRDN PLC	ABDN LN	United Kingdom	SmallCap	D	AAA	A	Financials	-3%	-25%	-1%	9%	14%	10%	10%	11%	12.5	66%	43%	41%	114%		
38	ABRDN PROPERTY INCOME TRUST	API LN	United Kingdom	SmallCap	B	A	A	Real Estate	-3%	-3%	-5%	337%	17%	23%	9%	25%	10.1	7%	56%	7%	90%		
39	ABSOLVENT AIR CARE GROUP AB	ABSO SS	Sweden	SmallCap	A	C	D	Industrials	14%	8%	14%	13%	7%	21%	21%	51%	20.4	49%	76%	23%	58%		
40	ACADEMEDIA AB	ACAD SS	Sweden	SmallCap	A	AAA	AAA	Consumer Discretionary	9%	16%	8%	9%	3%	11%	11%	178%	7.1	8%	84%	3%	22%		
42	ACAST AB	ACAST SS	Sweden	SmallCap	C	C	D	Communication Services	25%	-40%	50%	-22%	-24%	-33%	-44%	-63%	-99999	2644%			15%		
46	ACCESO TECHNOLOGY GROUP PLC	ACSO LN	United Kingdom	SmallCap	C	C	D	Information Technology	3%	-2%	-14%	11%	10%	13%	-6%	-32%	27.0	5809%	86%	39%	78%		
47	ACCIONA SA	ANA SM	Spain	MidCap	B	AAA	B	Utilities	7%	-2%	2%	10%	2%	9%	9%	82%		37%	51%	15%	22%		
49	ACCOR SA	AC FP	France	MidCap	D	A	C	Consumer Discretionary	13%	6%	10%	15%	1%	2%	3%	41%	0.0	40%	53%	39%	96%		
50	ACCROL GROUP HOLDINGS PLC	ACRL LN	United Kingdom	SmallCap	D	C	B	Consumer Staples	4%	7%		0%	-1%	-2%	-15%	74%		0%	68%	12%	98%		
52	ACEA SPA	ACE IM	Italy	SmallCap	A	AAA	AAA	Utilities	7%	5%	7%	15%	3%	15%	14%	169%	14.9	20%	68%	7%	24%		
53	ACERINOX SA	ACX SM	Spain	SmallCap	A	D	AAA	Materials	9%	20%	10%	12%	11%	31%	11%	22%	21.8	71%	77%	19%	87%		
55	ACINQUE SPA	AC5 IM	Italy	SmallCap	B	B	A	Utilities	12%	8%	2%	7%	5%	9%	5%	29%	88.9	17%	72%	27%	48%		
56	ACKERMANS & VAN HAAREN	ACKB BB	Belgium	MidCap	A	D	A	Industrials	3%	4%	13%	8%	2%	11%	10%	13%	33.6	75%	81%	9%	39%		
57	ACOMO NV	ACOMO NA	Netherlands	SmallCap	B	AA	AA	Consumer Staples	6%	6%	4%	6%	7%	17%	16%	93%	12.5	1%	54%	22%	48%		
60	ACS ACTIVIDADES CONSUMO Y SERV	ACS SM	Spain	MidCap	B	AAA	A	Industrials	-2%	-12%	-14%	0%	8%	62%	26%	-8%		104%	73%	14%	48%		

Our investable universe



Source: Internal, Bloomberg.

* See MAM's ESG Handbook at www.Montanaro.co.uk. Exclusions include tobacco, alcohol, fossil fuels, gambling etc.

We rank companies to identify the highest quality (AAA - D)

We assess the QUALITY of the Universe
using 14 criteria:

Growth:

- 5Y Sales Growth
- 5Y EBIT Growth
- 5Y EPS Growth

Profitability:

- EBIT Margin
- Return on assets (RoA)
- Return on Equity (RoE)
- 5Y Average RoE

Leverage:

- Net Debt / Equity
- Interest Cover

Cash:

- Cash Ratio
- Cash Conversion Ratio

Volatility:

- 5Y Sales Growth Vol.
- 5Y EBIT Growth Vol.
- 5Y EPS Growth Vol.

Universe of 30,000 -> 1,000 are AAA - A

QUALITY Rank:

AAA	10%	Highest ↑ ↓ Lowest
AA	10%	
A	20%	
B	20%	
C	20%	
D	20%	Lowest

Candidates for
fundamental
research

The Quality Checklist is at the heart of our investment process

BIG YELLOW (BYG LN)

KEY CRITERIA	
Attractive Growth Potential	YES
Comprehensible Business Model	YES
Existing Competitive Strength	YES
Good Management	YES
Good ESG	YES
KEY CRITERIA: (Full Pass)	PASS

GROWTH OUTLOOK

Market Opportunity (2 points)	Yes	4
Predictability of Growth	Yes	3
Inorganic Opportunity	No	2
Low Cyclicalit	Yes	4
Good Entry Point in Cycle	Yes	3
TOTAL:	83%	3.3
	Weighting	30%

BUSINESS PROFILE

Product focus	Yes	5
High Product Differentiation	No	2
Customer Captivity (2 points)	Yes	3
Pricing Power (2 points)	No	2
Diversified Customers (2 points)	Yes	5
Good Order Visibility/Recurring Revenue	Yes	3
Supply Side Advantages (access to resources, prod. tech.)	Yes	4
Cost Advantages	Yes	3
High Quality of Assets (R&D, Brand, PPE)	Yes	3
TOTAL:	75%	3.3
	Weighting	20%

COMPETITIVE PROFILE

Concentration of Industry	Yes	4
Market Leader	Yes	4
Low Competitive Rivalry (2 points)	Yes	3
High Barriers to Entry (2 points)	Yes	4
Low Threat from Substitutes	Yes	4
Low Power of Buyers	Yes	3
Low Power of Suppliers	Yes	3
TOTAL:	100%	3.6
	Weighting	20%

FINANCIAL PROFILE

Historic value creation - ROCE exceeded WACC (2 points)?	Yes	4
High Margins (10% EBIT margins)	Yes	5
Stability & Sustainability of ROIC	Yes	4
Strong Cash Generation (generation of free cash flow)	Yes	4
Good cash conversion (conversion of EBIT to cash)	Yes	4
Low balance sheet gearing	Yes	4
High Interest cover	Yes	4
Clean Accounts (no exceptionals)	Yes	4
TOTAL:	100%	4.1
	Weighting	20%

MANAGEMENT PROFILE

Competent Management - background, experience, CV's	Yes	5
Corporate Governance	Yes	5
Social & Environmental	Yes	5
High insider ownership	Yes	5
Good Reporting Transparency	Yes	4
TOTAL:	100%	4.8
	Weighting	10%
CHECKLIST TOTAL SCORE:	90%	74
		(+55 to pass)

Big Yellow
scores 74
(out of 100)

We complete an ESG Checklist for every company

MONTANARO ETHICS & ESG CHECKLISTS				Social Checklist			Score:	6.1		
SUMMARY										
	Score	% Weight	General Comment / Key Issues	(Data from column AD)						
ETHICS	Pass	/	Terna Energy is a pure-play renewables company with minimal exposure to biomass. It is the largest player in the Greek market, in terms of installed capacity and thus plays a vital role in contributing to the progress of the country's climate goals. It scores well in the ESG checklist due to a good level of disclosure throughout.	% Employee Turnover	27%	Reasonable tax gap which is explained by various tax adjustments in the company's annual report. Part of Terna's revenues are converted into social benefit, either directly in contributions or indirectly in discounts in electricity bills and construction of infrastructure projects that meet local community needs and improve everyday life. Specifically, 3% of the gross annual revenues from the operation of each RES project is rendered to the local communities.				
ENVIRONMENTAL (1 to 10)	7.4	30%		% Women in Workforce	22%					
SOCIAL (1 to 10)	6.1	30%		% Women in Management	0%					
CORPORATE GOVERNANCE (1 to 10)	6.7	40%		Gender Pay Gap Breakout	No					
ESG Score (1 to 10)	6.7	100%		Human Rights Policy	Yes					
ESG Rating	PASS			Anti-Bribery Ethics Policy	Yes					
Engagement Required?	NO			Equal Opportunity Policy	Yes					
ETHICS CHECKLIST				Does the Co. meet MAM's minimum standards?				Pass		
Business Exposure		Pass / Fail	(fail any company with >10% of revenue exposed to restricted areas)							
Exploration & production fossil fuels		Pass	Terna has no direct exposure to any of these areas.							
Tobacco producers & distributors		Pass								
Alcohol producers & distributors		Pass								
Controversial weapons		Pass								
Gambling		Pass								
Pornography		Pass								
High Interest rate lending		Pass								
Animal testing (ex-healthcare related)		Pass								
Other areas of concern		No								
Environmental Checklist				Score:	7.4	Corporate Governance Checklist			Score:	6.7
Environmental Data			(Data from column AD)							
Carbon Intensity Scope 1 (tonnes/USD million sales)		1.5	Terna has not currently established an SBTi target, although it has submitted plans to SBTi in line with its ambitions to achieve a reduction in CO2 emissions and to limit the average increase in global temperature to below 2 °C compared with pre-industrial levels. It plans to reduce scope 1 and 2 emissions by 25% by 2030 (from a 2020 base year).							
Carbon Intensity Scope 2 (tonnes/USD million sales)		14.3								
Carbon Intensity Scope 3 (tonnes/USD million sales)		0.0								
Carbon Intensity Scope 1+2+3 (tonnes/USD million sales)		0.0	In 2022, Terna will join the CDP climate change initiative and will start reporting under the TCFD framework.							
Water Intensity (vs. sales) (m3 water/million sales)		16,833.0								
Waste Intensity (tonnes/USD million sales)		0.0								
Low Carbon Transition Management (1 to 10)		3.7								
Low Carbon Transition Score (1 to 10)		9.7								
Area of concern?		Yes/No	Rating	In 2021, the BoD of TERNA ENERGY committed to use 100% electrical energy from renewable sources in all company's facilities in Greece						
Environmental management		No	7							
Climate change target		No	7							
Supply Chain Management		No	5							
Environmt. value add of product /service		No	10							
Quality of reporting		Good	8							
Remuneration of Executive Board				Score: 6						
Measurement metric		Base Salary	Annual Bonus	LTIP	Remuneration of the Board including executives amounted to EUR 1.1bn in FY21 (EUR 1.3bn in FY20) which accounts for c. 0.3% of sales. Pointer to discuss components of variable pay in more detail in next company meeting.					
Strategic KPIs			Yes							
Profit Share										
EVA/ROCE										
Relative TSR										
EPS/Net Profit Growth										
ESG linked targets										
Overall level of pay		Normal								

New ideas are presented to our Investment Committee



Charles
MONTANARO (Chair)



Mark
ROGERS



George
COOKE



Alex
MAGNI

The Investment Committee has **two distinct roles**:

Gatekeeper to the “Approved List” (Primary):

- Approving new ideas
- Removing companies from the App. List
- Ensuring that all FMs have enough choice
- Meeting frequency: ad hoc (the IC reviews 100-150 companies per year)

Oversight of all portfolios (Secondary):

- Acts as a sounding board for FMs
- Ensures consistency between portfolios
- Has the power to overrule FMs in the event of material disagreement
- Meeting frequency: Quarterly

We visit our companies wherever they are located



Why invest in UK SmallCap?

Why invest in UK SmallCap?

1 Higher Returns historically – the “SmallCap Effect”:

- SmallCap v. LargeCap: +3.1% p.a. (Jan 1955 - Dec 2022) *
- excess returns remain even after adjusting for risk

2 Huge Choice – 1,600 quoted companies in the UK

3 An Under-Researched asset class → inefficient market allowing alpha generation

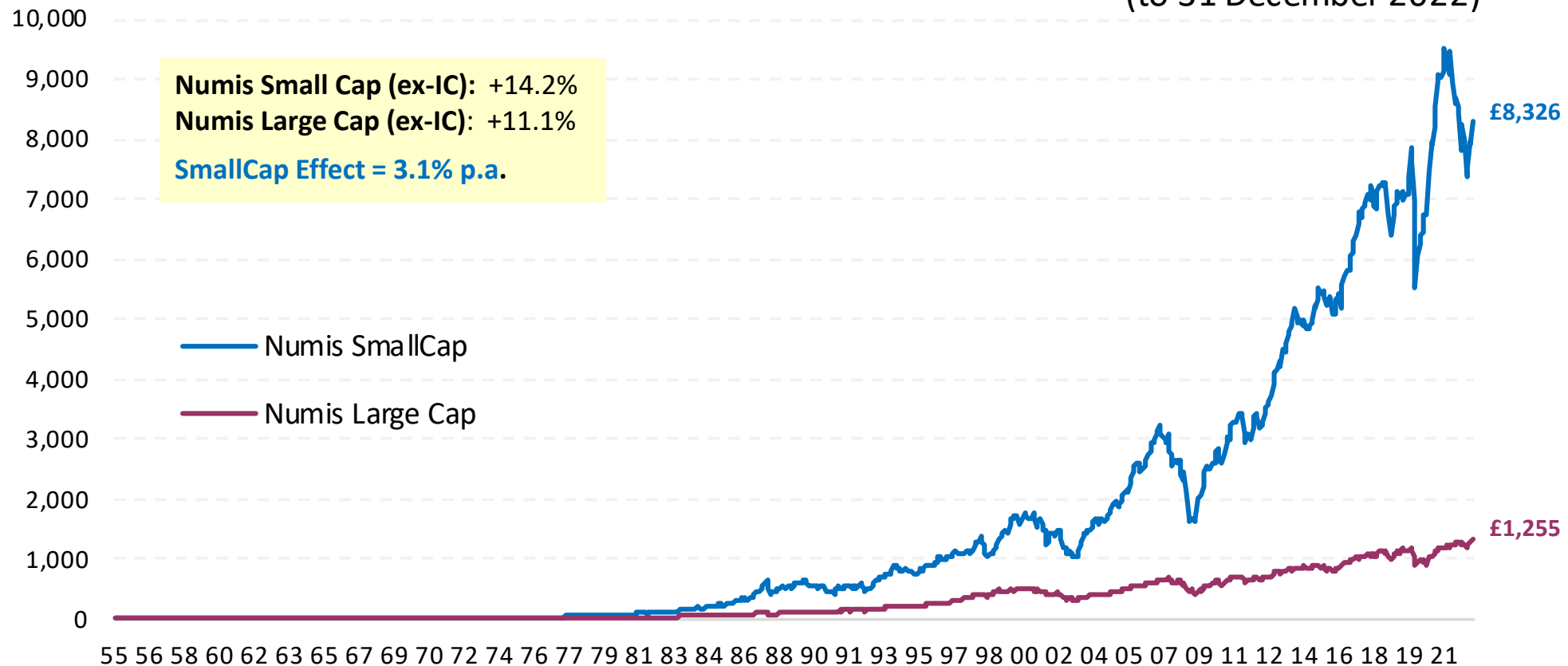
4 Diversification 📍 helps reduce portfolio risk

5 Good hedge against inflation

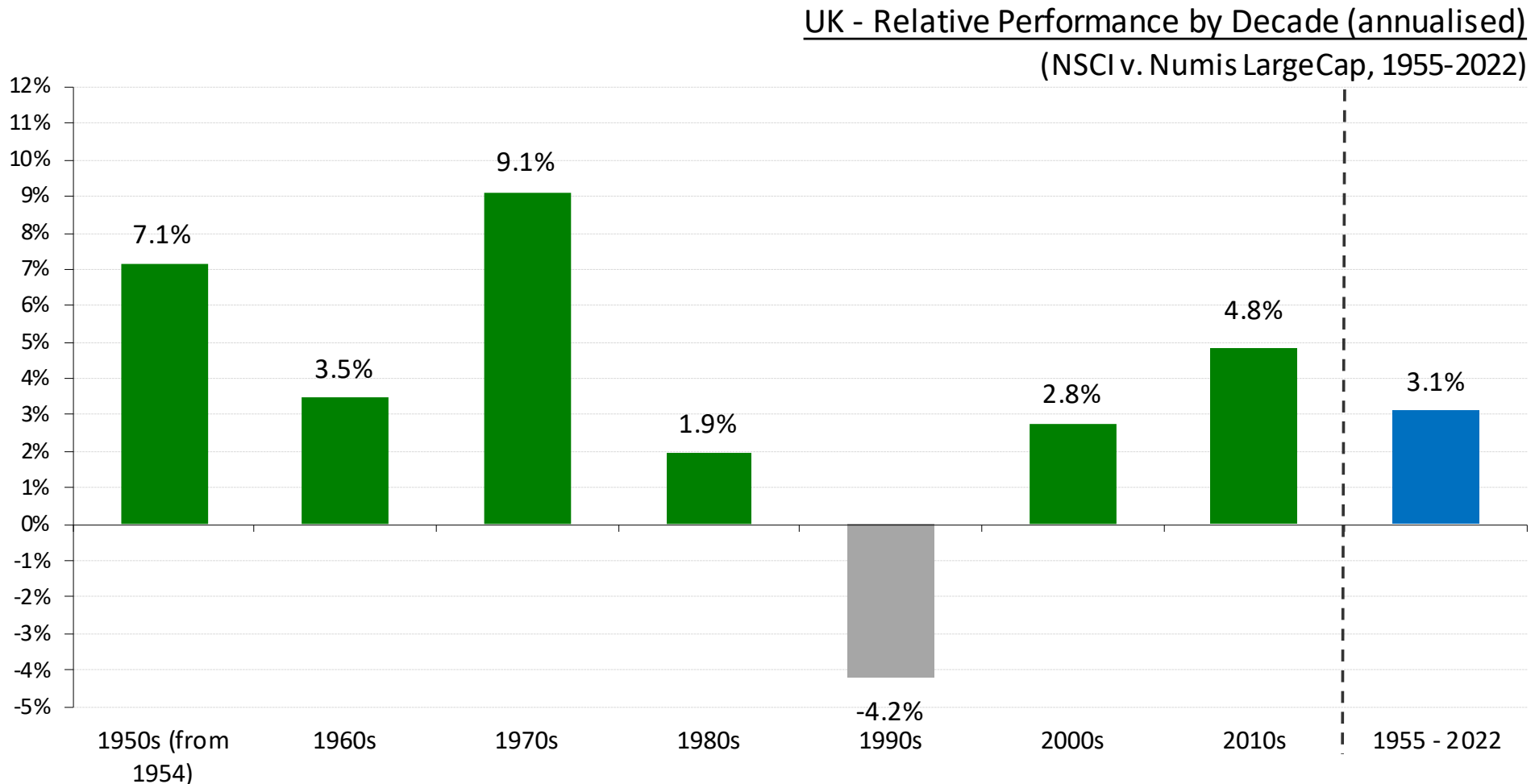
**We believe that all medium and long-term investors
should have a strategic asset allocation to UK SmallCap**

#1: Returns – almost Seven Times Higher since 1955

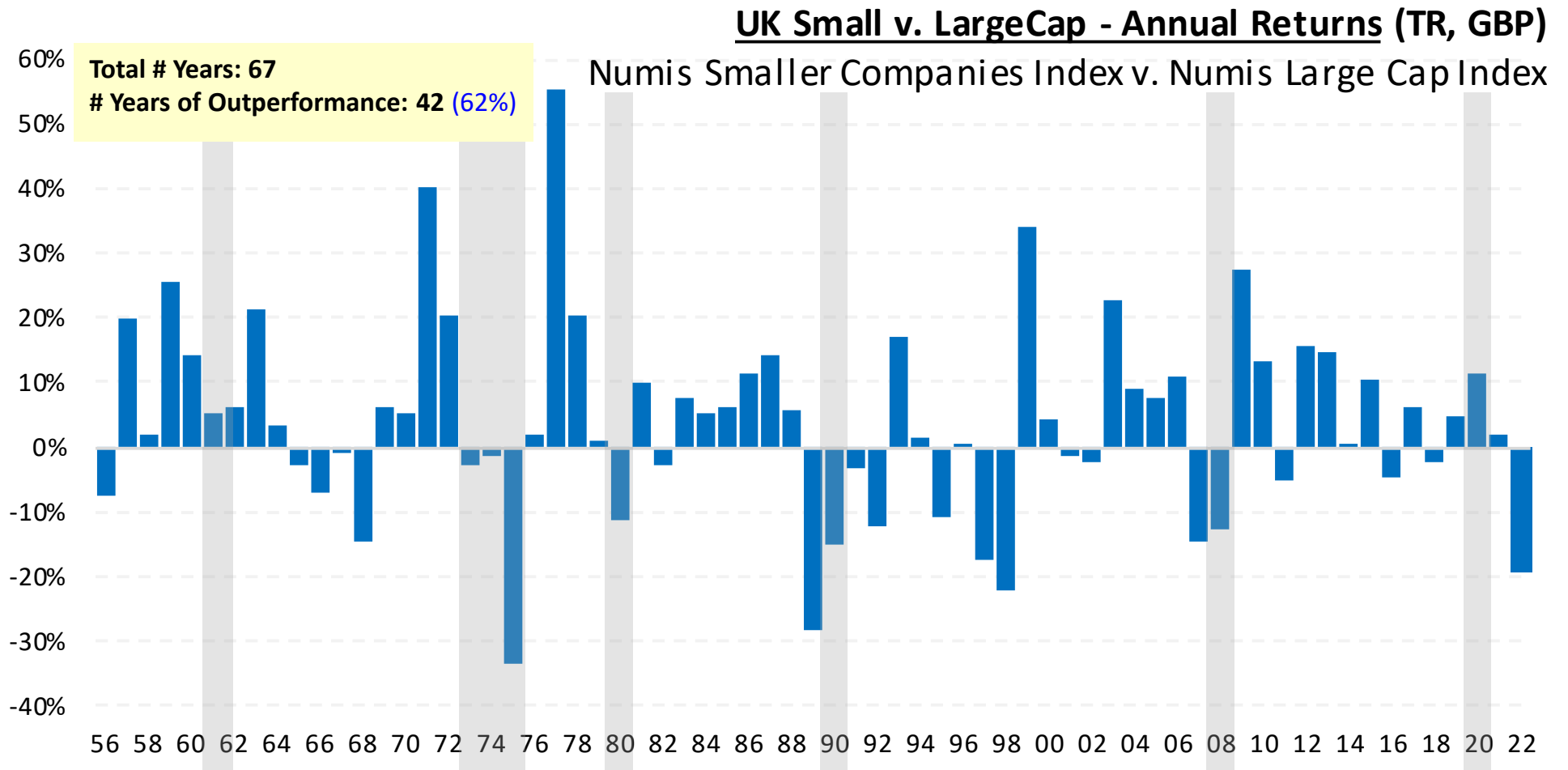
Cumulative Nominal Return of £1 invested on 1 January 1955 (to 31 December 2022)



UK SmallCap has outperformed LargeCap in every decade bar the 1990s



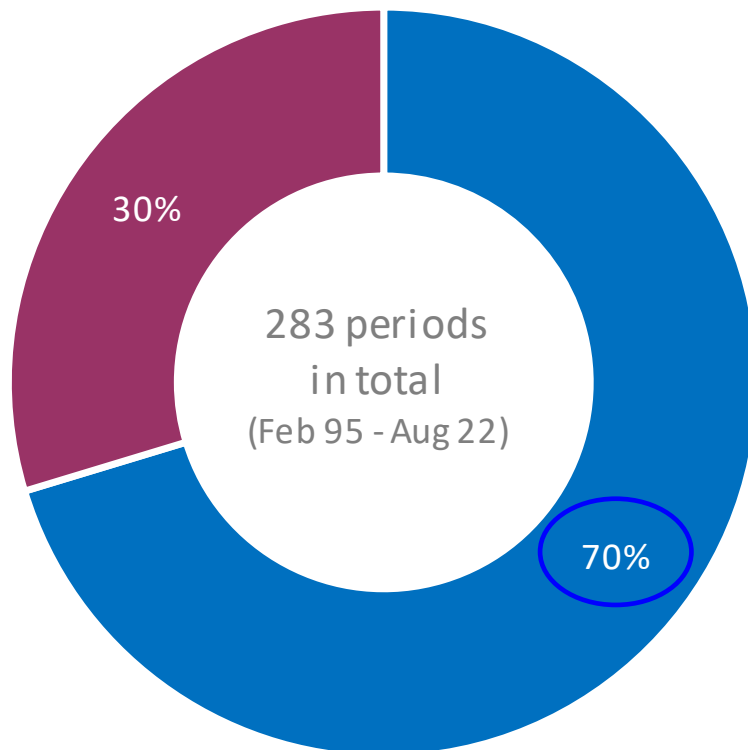
... and it has outperformed 62% of the time since 1955



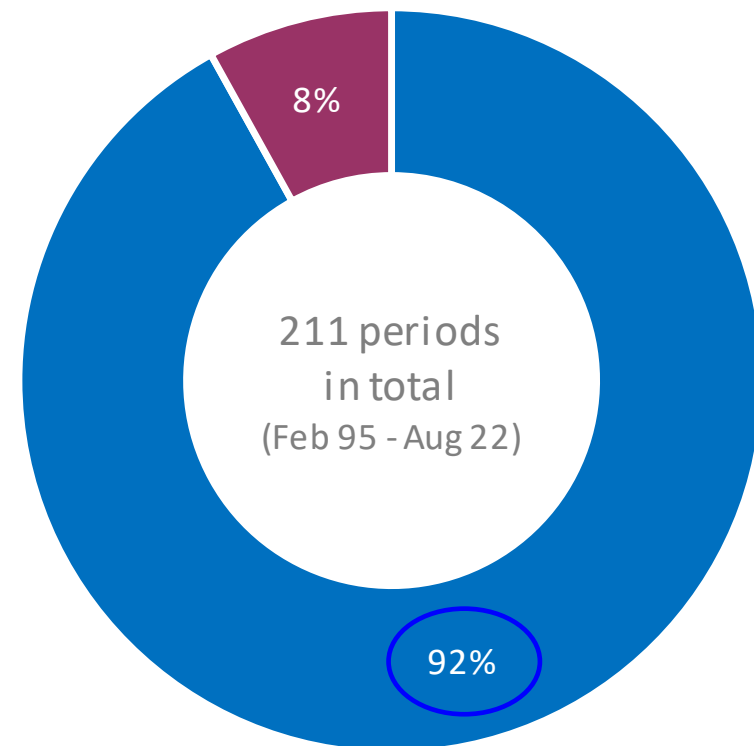
Source: Internal, Numis.
The grey shaded areas show UK recessions.

Global SmallCap has outperformed LargeCap 92% of the time over 10Y

% of Periods of Outperformance
5 YEARS of monthly rolling returns



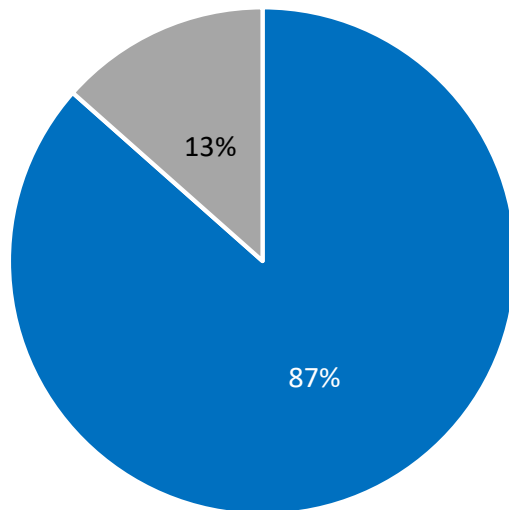
% of Periods of Outperformance
10 YEARS of monthly rolling returns



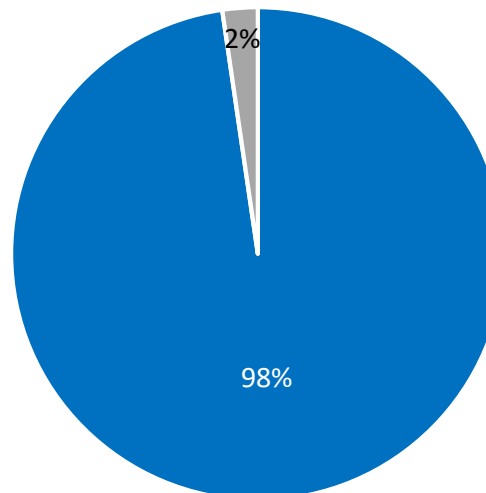
Long-term investors have typically made money investing in UK SmallCap

Rolling monthly Returns (Jan 1955 – Dec 2022)

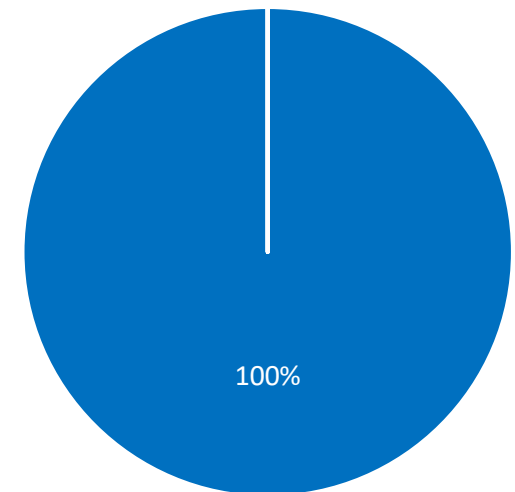
3 Years



5 Years

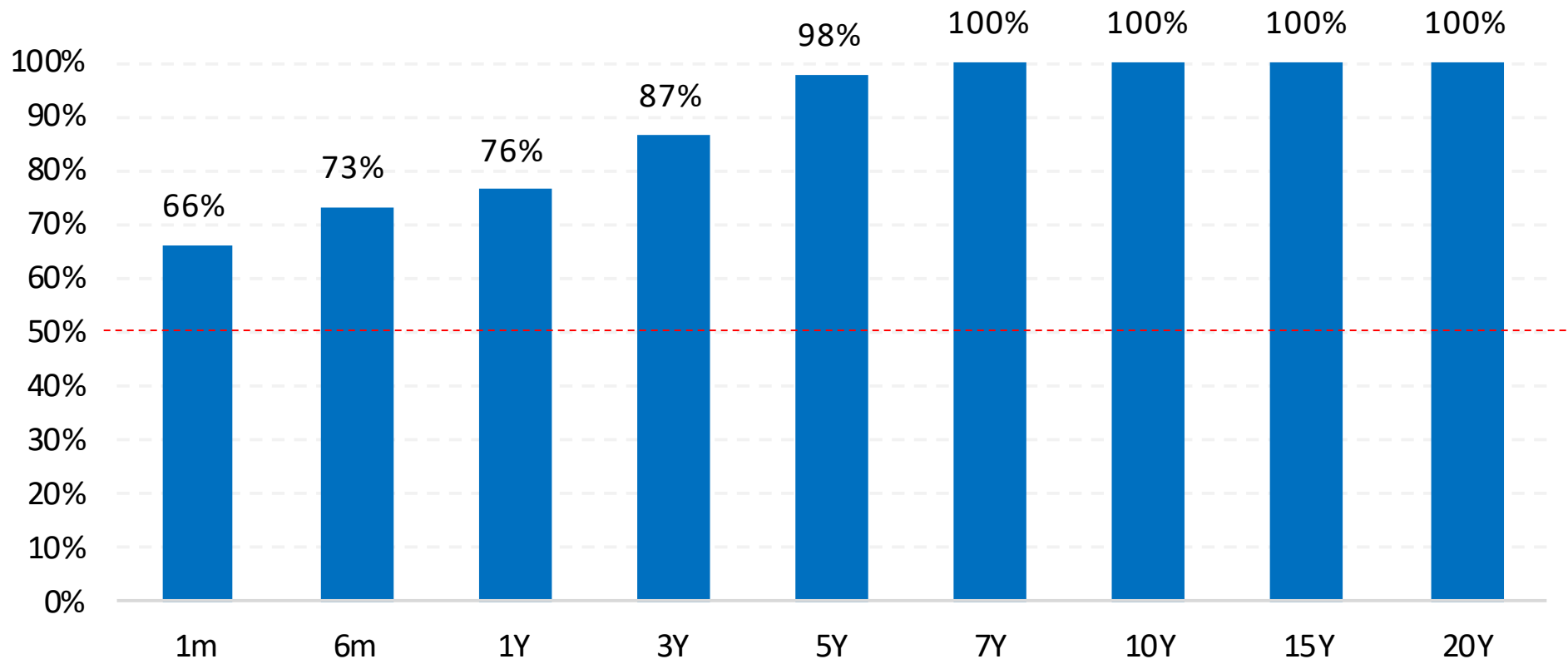


10 Years



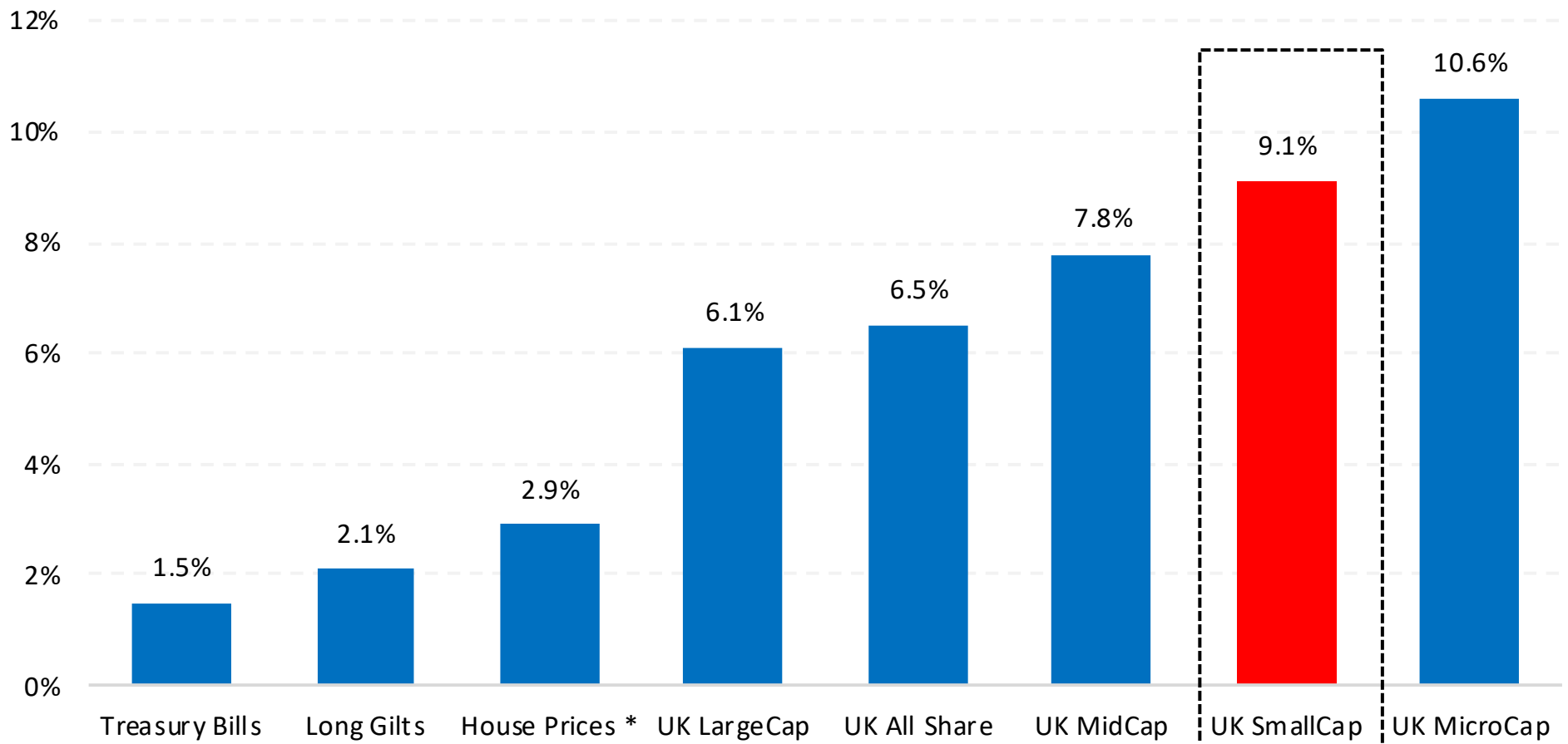
SmallCap has been a great asset class for long-term investors

% of POSITIVE Returns - Numis Smaller Companies Index
(based on rolling monthly returns, Jan 1955 - Apr 2023, GBP)



SmallCap has outperformed all other major UK asset classes bar MicroCap

Annualised Real Returns (1955 - 2022, GBP)



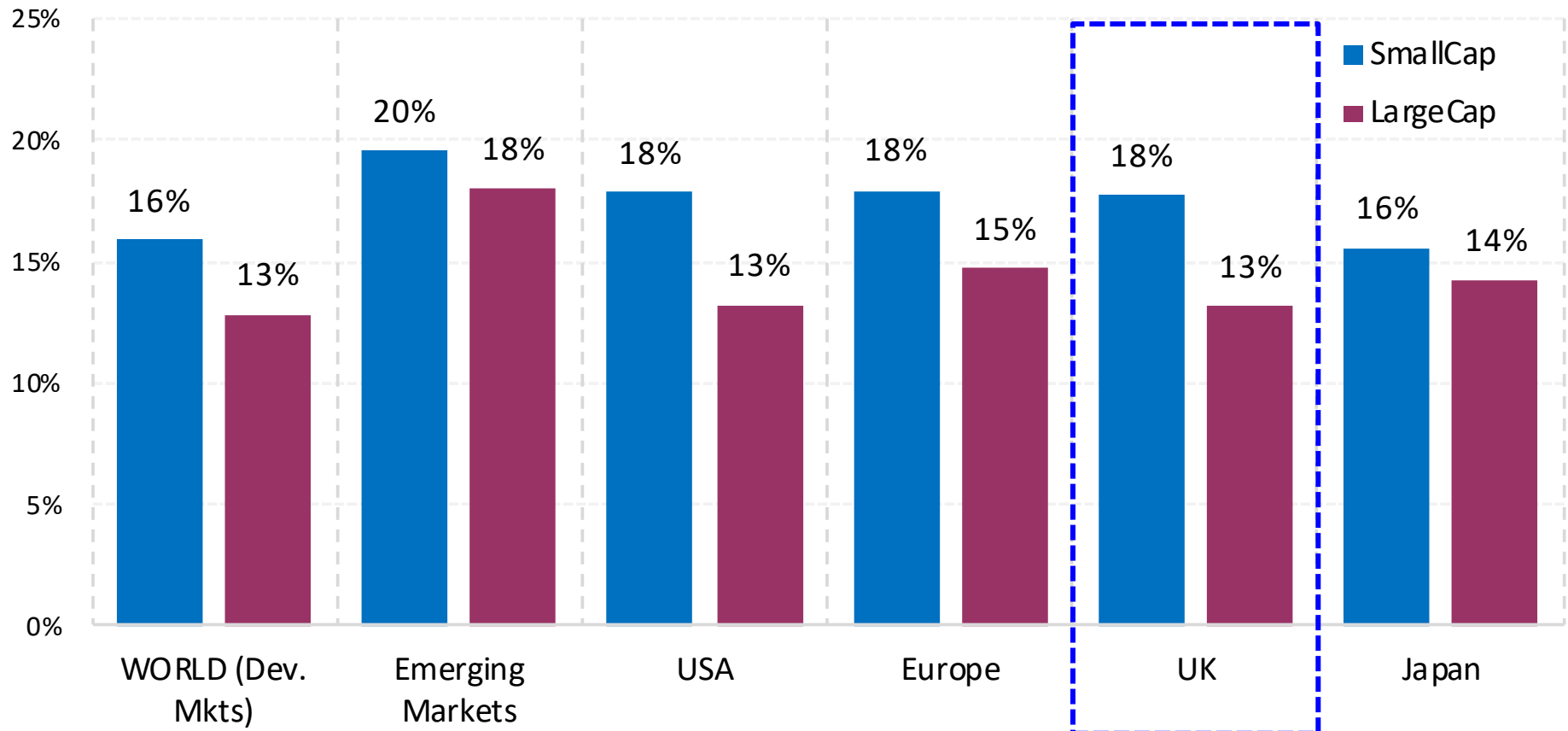
Source: Internal, Numis.

All data sourced from Numis. All equity indices are shown on an ex-Investment Companies basis.

* Excludes rental income.

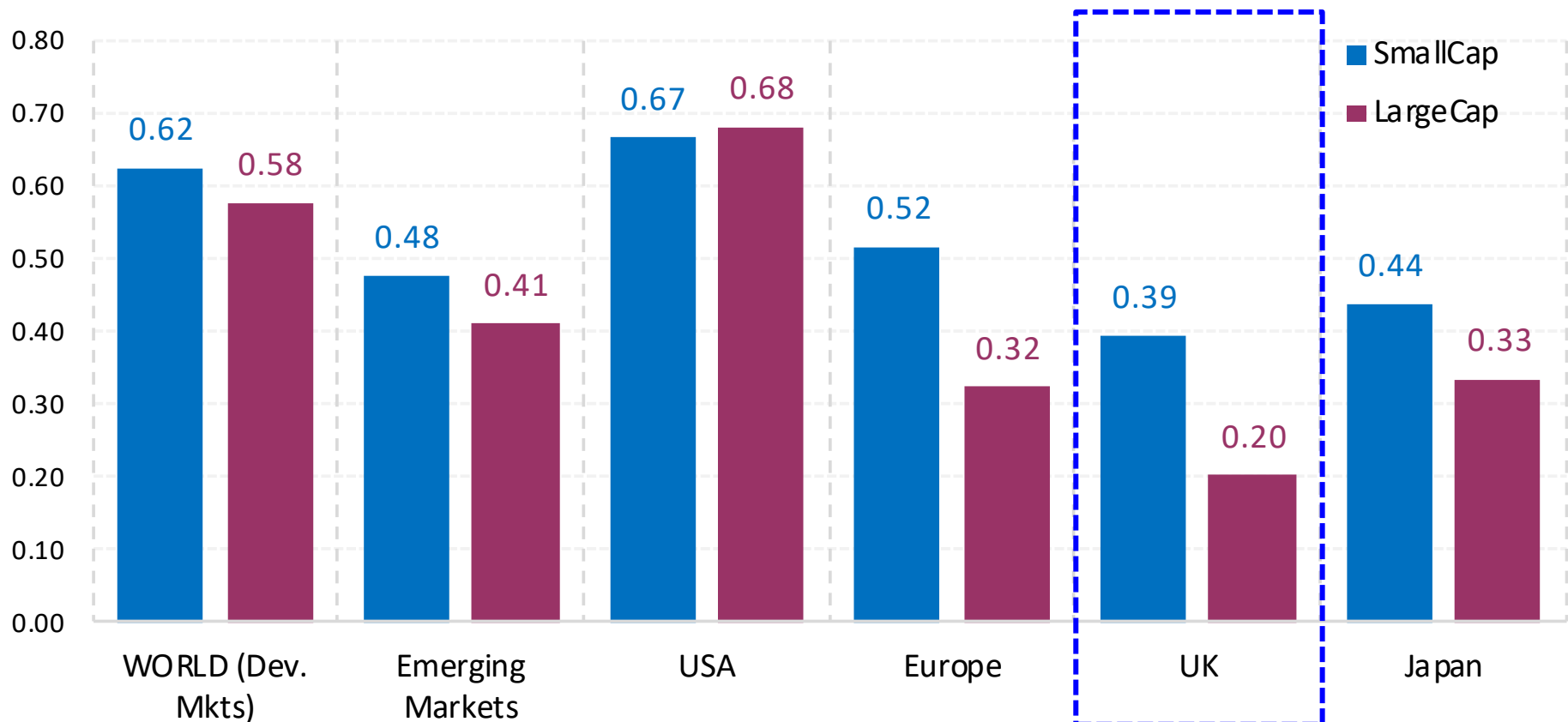
SmallCap is slightly more volatile than LargeCap

Volatility of Returns over the past 20 Years (annual.)
(GBP, Dec 2002 - Dec 2022, based on Regional MSCI Indices)



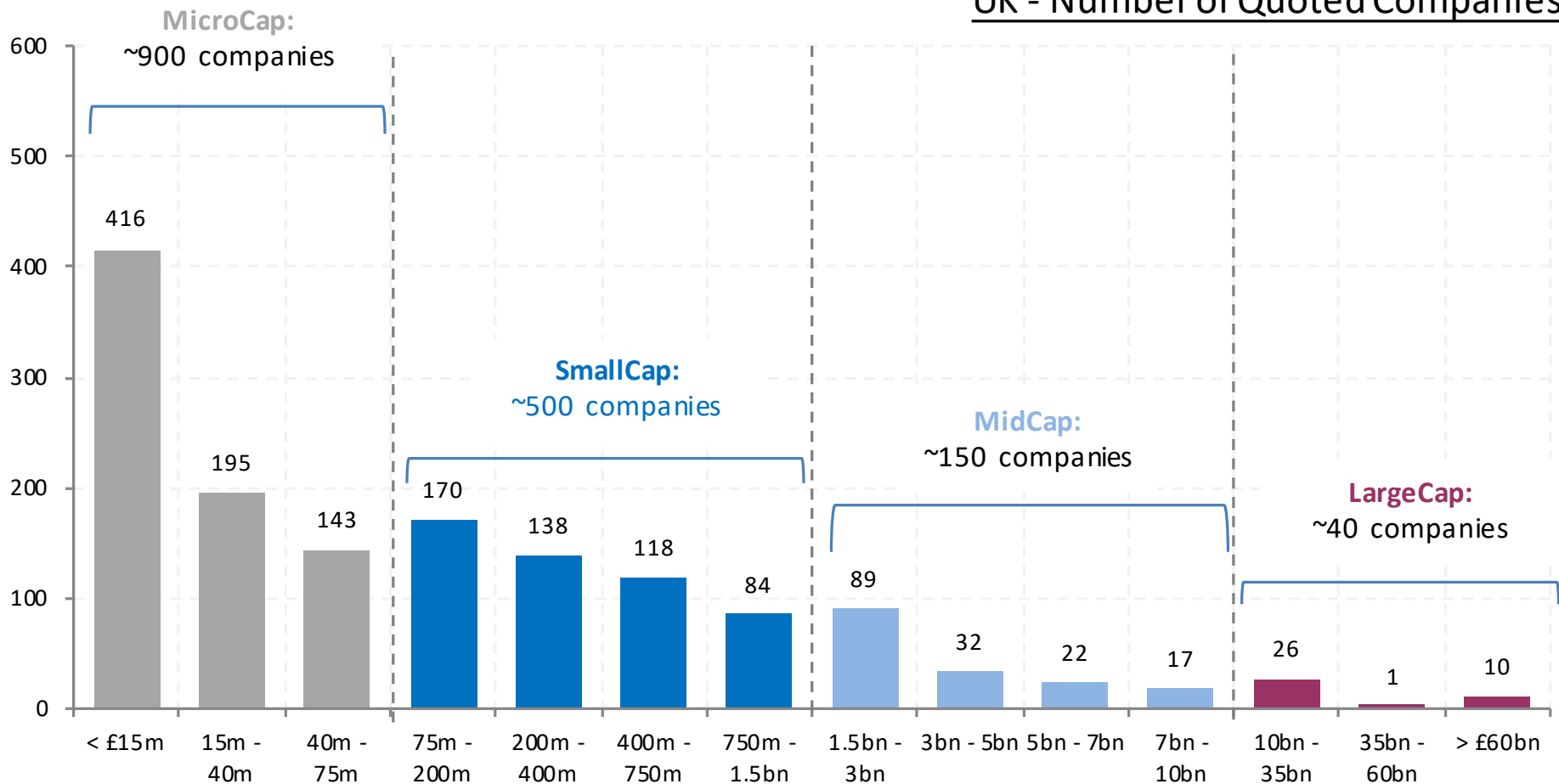
... but SmallCap has given higher risk-adjusted returns

Risk-adjusted Returns over the past 20 Years (Return / St Dev)
(GBP, Aug 2002 - Aug 2022, based on Regional MSCI Indices)



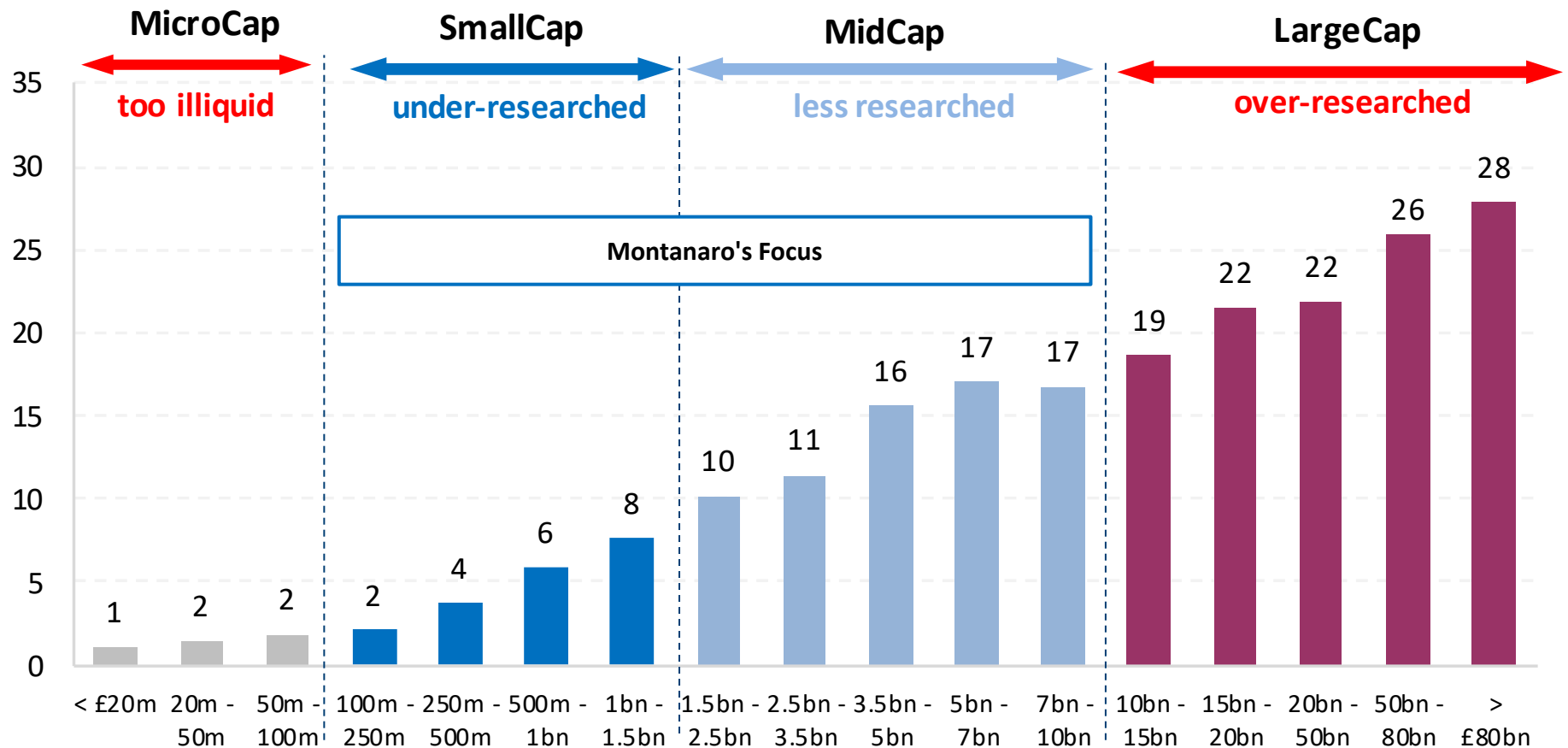
#2: A Large Universe – we are spoiled for choice

UK - Number of Quoted Companies



#3: SmallCap is Under-researched

UK - Average # of Sell-side Analysts by Market Cap Range (£)

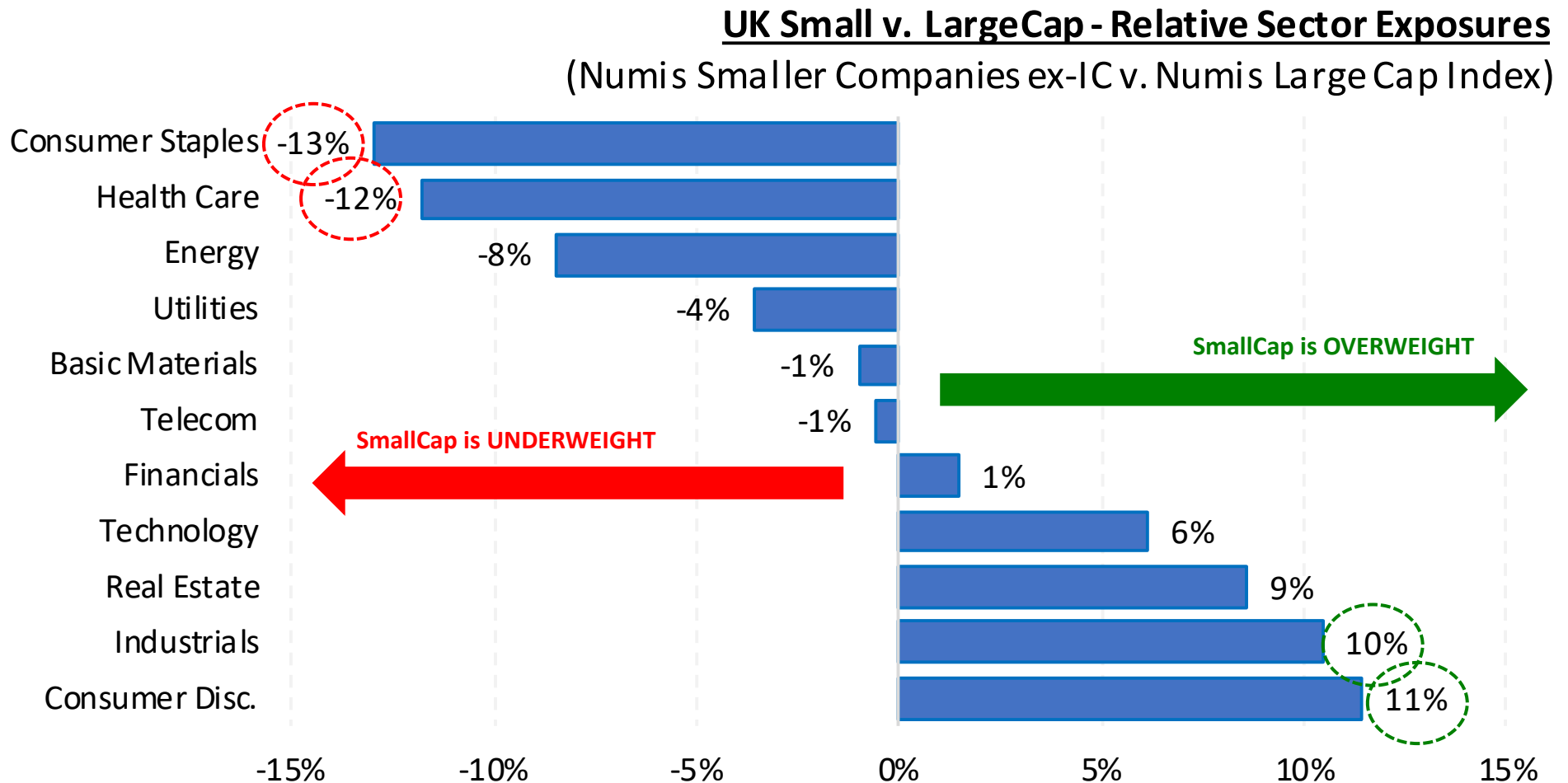


And there is less SmallCap research coverage today than in 2015

Average Number of Sell-side Analysts per company
(Numis Smaller Companies (ex-IC) Index)



#4: Diversification – Small and LargeCap are exposed to different sectors

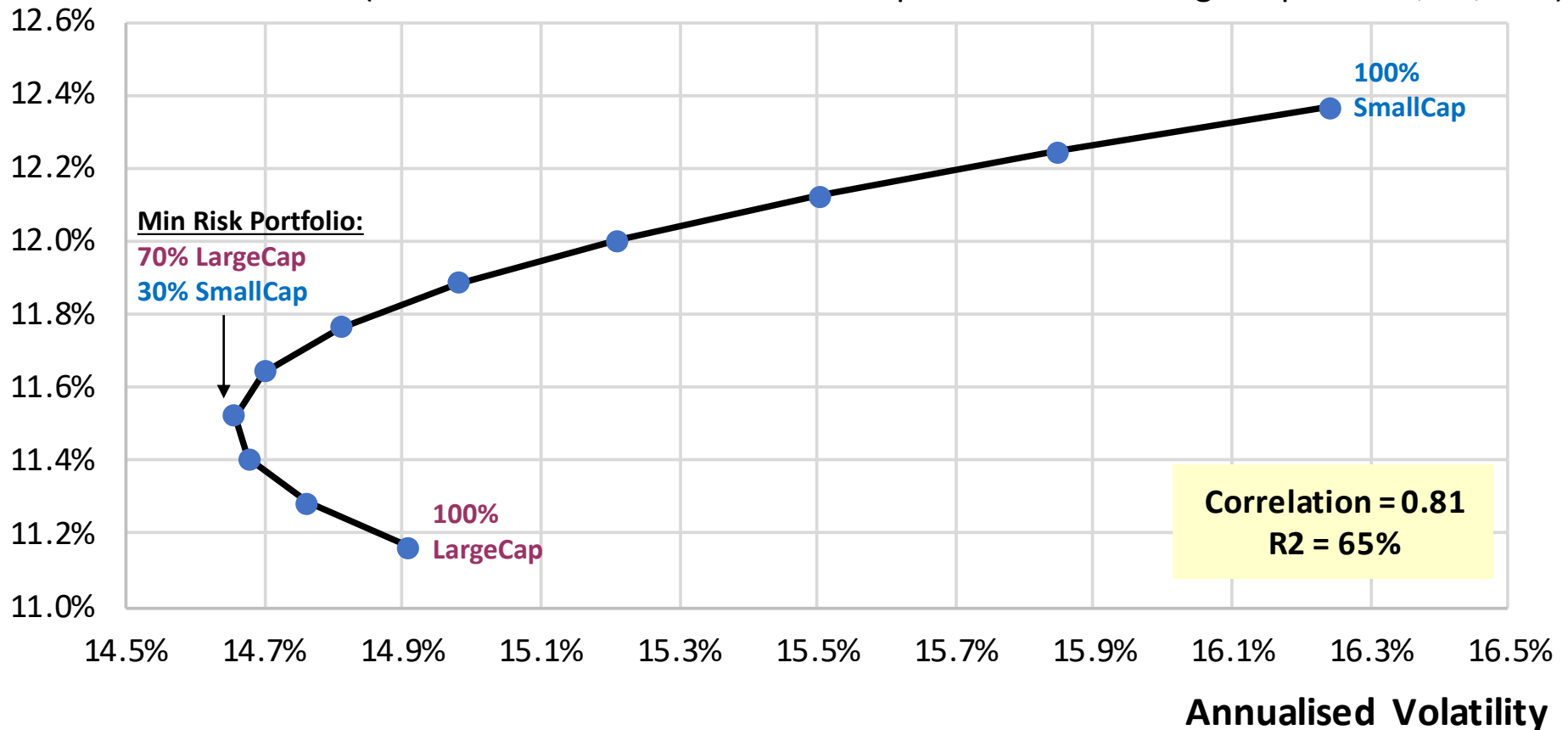


An efficient frontier analysis suggests a 30% weighting in SmallCap

UK Efficient Frontier (Apr 1983 - Apr 2023)

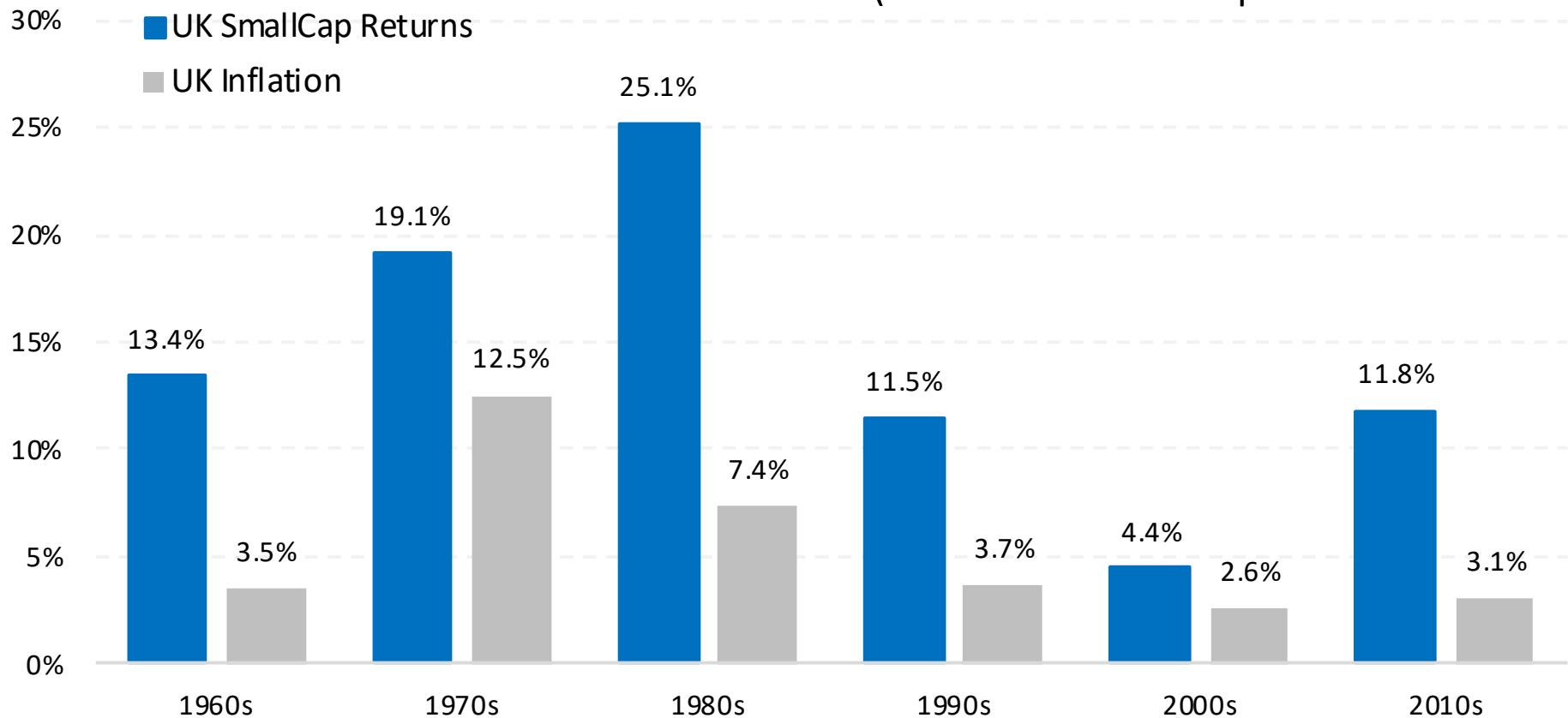
Annualised Return

(based on the Numis Smaller Companies & Numis Large Cap indices, TR, GBP)



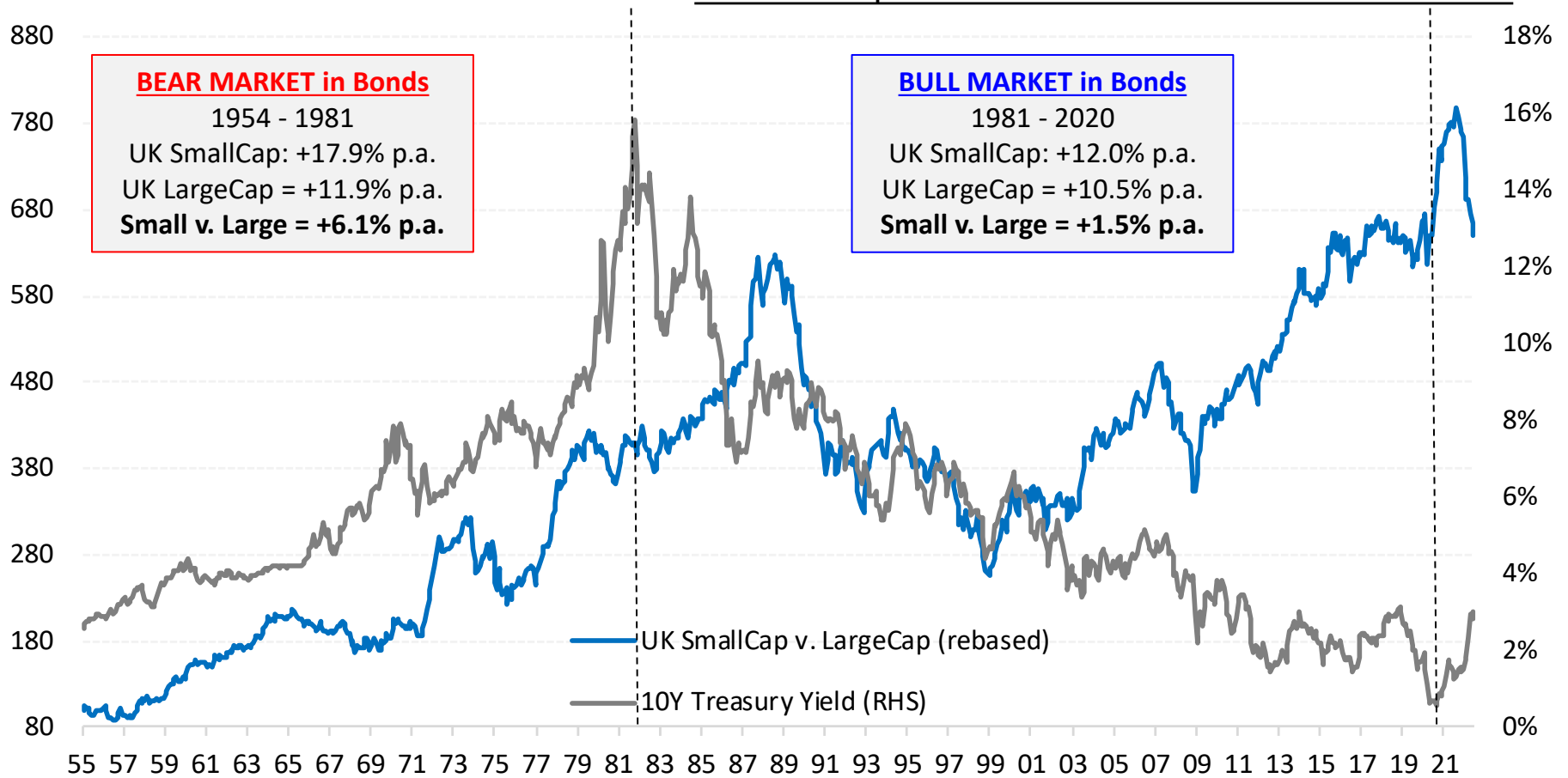
#5 - SmallCap has outperformed inflation in every decade since the 1960s

Annual Returns per decade - UK SmallCap v. Inflation (Numis Smaller Companies Index v. RPI)



SmallCap outperformed by 6% p.a. when bond yields rose from 2% to 15%

UK SmallCap Relative Performance v. US Bond Yields



Source: Montanaro, Bloomberg, Numis.

UK indices used: Numis Smaller Companies Index and Numis Large Cap index (both TR, in GBP).

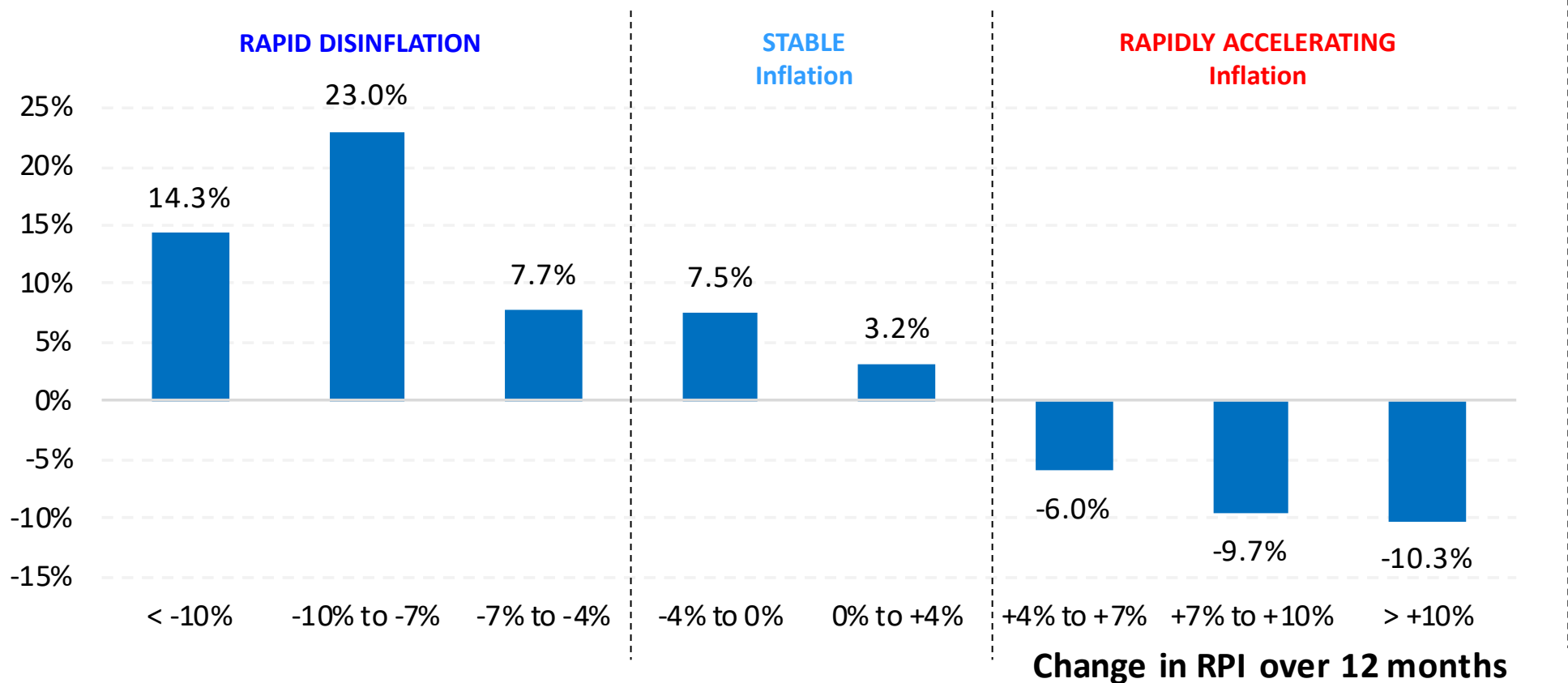
Inflation has had an impact on the performance of Small v. LargeCap

Periods of RISING INFLATION				Periods of FALLING INFLATION			
Change in RPI over 12 months	# Occurences	AVERAGE return of Small v. Large (over 12m)	MEDIAN return of Small v. Large (over 12m)	Change in RPI over 12 months	# Occurences	AVERAGE return of Small v. Large (over 12m)	MEDIAN return of Small v. Large (over 12m)
0% - 1%	124	1.9%	3.8%	-1% to 0%	148	3.8%	1.8%
1% to 2%	115	3.3%	5.3%	-2% to -1%	112	6.1%	4.8%
2% to 3%	59	7.9%	8.9%	-3% to -2%	55	6.8%	5.0%
3% to 4%	39	-0.2%	2.9%	-4% to -3%	21	13.4%	7.1%
4% to 5%	16	-0.1%	-1.3%	-5% to -4%	25	6.1%	5.1%
5% to 6%	7	-13.4%	-12.1%	-6% to -5%	16	5.1%	2.3%
6% to 7%	16	-4.6%	-2.1%	-7% to -6%	13	12.0%	5.8%
7% to 8%	12	-6.4%	-7.3%	-8% to -7%	5	12.6%	0.0%
8% to 9%	10	-10.7%	-10.3%	-9% to -8%	1	38.1%	38.1%
9% to 10%	9	-11.9%	-10.3%	-10% to -9%	7	18.3%	11.9%
> 10%	4	-10.3%	-0.6%	< -10%	8	14.3%	11.6%

SmallCap tends to perform strongly when inflation comes down

Average Return of Small v. LargeCap relative to change in RPI

(Numis Smaller Companies v. Numis Large Cap indices, over 12 months)



When inflation slows, SmallCap does better than other asset classes

				(Total REAL Returns, p.a.)			
	<i>Inflation @ Start</i>	<i>Inflation @ Finish</i>	<i>Change</i>	GILTS	UK LARGE CAP	UK SMALL CAP	UK CASH
Disinflation							
1975 - 78	+24.9%	+8.4%	-17%	5%	6%	26%	-2%
1979 - 86	+17.2%	+3.7%	-14%	8%	18%	22%	4%
1990 - 93	+9.3%	+1.9%	-7%	18%	19%	20%	5%
1954 - 59	+5.8%	+0.0%	-6%	-1%	17%	26%	3%
2011 - 16	+4.8%	+1.2%	-4%	2%	6%	14%	-2%
Accelerating Inflation							
2001 - 06	+0.7%	+4.4%	+4%	2%	5%	13%	1%
2008 - 10	+0.9%	+4.8%	+4%	0%	17%	37%	-3%
1986 - 90	+3.7%	+9.3%	+6%	-1%	3%	-8%	3%
1967 - 71	+2.5%	+9.0%	+7%	0%	9%	17%	2%
2020 - 22	+1.2%	+13.4%	+12%	-23%	1%	-8%	-7%
1972 - 75	+7.7%	+24.9%	+17%	-14%	-18%	-25%	-6%

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