

## Montanaro European Income Fund (£)

30 April 2019

Open Ended

### Fund Objective

Capital growth and income. The Fund will invest primarily in Small and MidCap companies quoted in the EU (excluding the UK), Iceland, Norway and Switzerland that offer an attractive dividend yield or the potential for dividend growth. No unquoted investments are permitted.

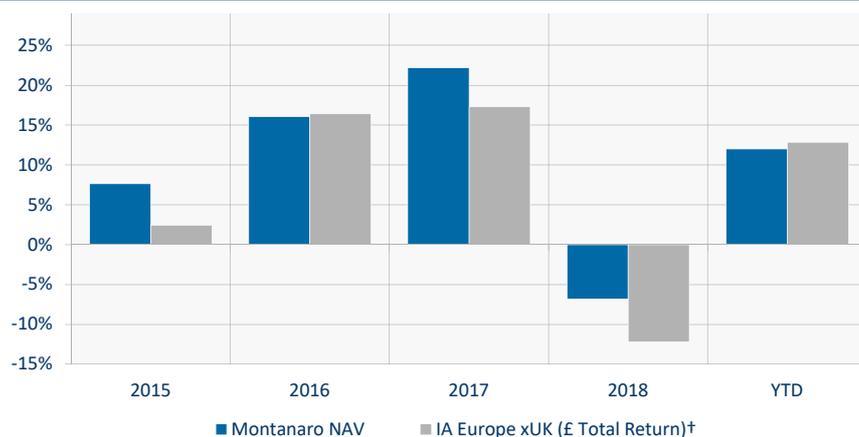
### Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
<b>Fund (TR)</b>	12.0%	4.0%	8.1%	7.2%	4.1%	48.0%		59.3%
<b>IA: Europe xUK Sector (TR)†</b>	12.9%	4.9%	8.7%	5.8%	-0.2%	35.3%		38.6%

### Cumulative Performance Since Inception\*



### Calendar Year Returns



Source: Montanaro, Bloomberg. NAV to NAV, unrounded.

\*There was a change of strategy and name change for the European Income Fund as reflected in the addendum to the prospectus dated 5 November 2015. Performance history shown is therefore from this point.

† The IA Europe xUK Sector returns are shown for comparison purposes only. Please note that from 29/06/18 the Montanaro European Income Fund does not have a benchmark. The benchmark up to this date was the MSCI Europe xUK SmallCap Index.

### About Montanaro

Montanaro, an independent specialist asset manager, was established in 1991 to research and invest in quoted Small & MidCap companies. Funds under management are currently £2.4 billion.

### Fund Facts

<b>Fund Manager</b>	George Cooke
<b>Fund Launch*</b>	November 2015
<b>Year End</b>	December
<b>Currency</b>	GBP
<b>Class</b>	Distribution
<b>Sector</b>	Europe xUK
<b>Ticker</b>	MOCESCG ID
<b>ISIN</b>	IE00B3Q8KY24
<b>Sedol</b>	B3Q8KY2
<b>Fund Size</b>	£206 million
<b>NAV</b>	190.2p
<b>No. of Holdings</b>	53
<b>Median Mkt Cap</b>	£2158 million
<b>Cash</b>	5.0%
<b>Legal Status</b>	Irish OEIC
<b>Listing</b>	Irish Stock Exchange
<b>Valuation Time</b>	Daily 4pm Dublin time
<b>Minimum Investment</b>	£1,000
<b>Dealing Time</b>	12pm Dublin time
<b>Dividend Date</b>	Quarterly
<b>Management Fee</b>	Annual 0.75%
<b>Performance Fee</b>	Nil
<b>Dividend Yield 19F</b>	3.4% (Portfolio Yield)
<b>Fund ESG Score</b>	6.4

The Fund ESG Score is the weighted average of Montanaro's proprietary company ESG Checklist scores (0-10; 10 is best).

### Ratings and Awards

★★★★ – Morningstar Rating™  
(as at 30/04/19)

### Platforms

The fund is available to purchase on the following:

Novia	Nucleus
Transact	Ascentric
Amber	Hargreaves Lansdown
Aviva	Pershing Nexus
Cofunds	Standard Life
All Funds	James Hay
AJ Bell	Alliance Trust
FNZ Wealth	Fidelity Fundnetwork
Interactive Investor	Old Mutual
Raymond James	

### Important Information

All investments are subject to risk and the value of shares and the income from them can fall as well as rise due to stock market and currency movements. You may not get back as much as you originally invested.

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**Top 10 Holdings**

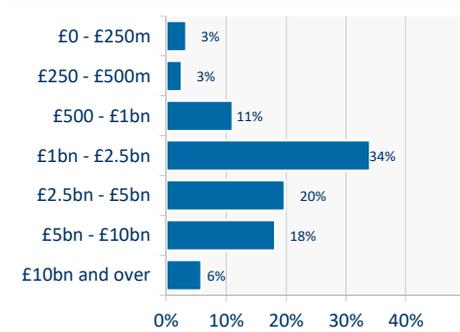
Tryg	3.5%
Industria Macchine Automatic	2.9%
Marr	2.9%
Merlin Properties	2.9%
Thule Group	2.8%
Loomis	2.7%
Intertrust	2.5%
Galenica Santé	2.5%
Edenred	2.5%
Bureau Veritas	2.4%
<b>Total</b>	<b>27.5%</b>

**Portfolio Analysis**

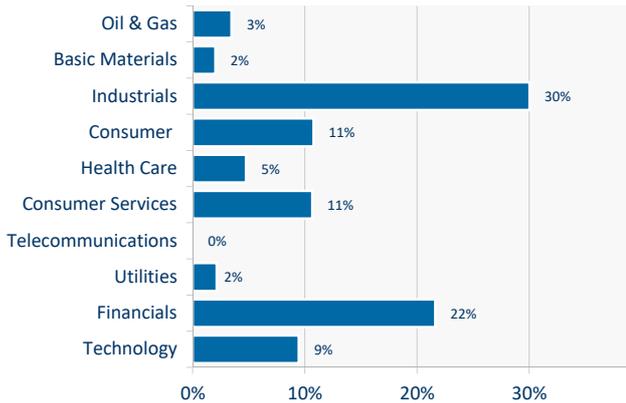
Price / Earnings 19F	19.7
EPS Growth 19F	4.7%
Dividend Yield 19F	3.4%
Dividend Growth 19F	7.0%
Return on Equity 19F	16.7%
EV/EBITDA 19F	15.5
EBIT Margin 19F	26.6%
Net Debt/Equity 19F	23.0%

Source: Factset consensus estimates

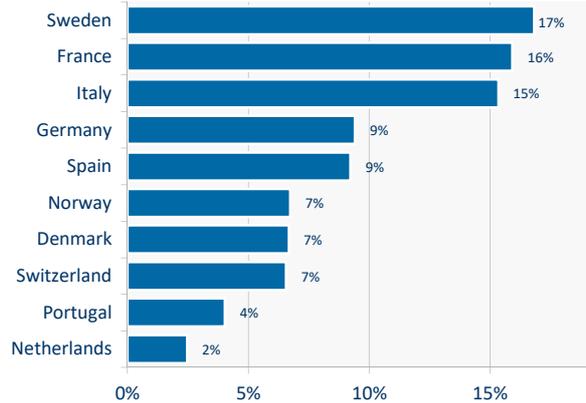
**Market Capitalisation Allocation**



**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

The Goldilocks conditions that have been such a feature of this long Bull Market continued to be “just right” in April. Central Banks remained accommodative, particularly in Europe, while growth surprised in China and the US as talk of a Trade War diminished. This sustained the ascent of equity markets, with returns for the year moving firmly into double-digit territory. A further boost was provided by a solid start to the earnings season, although it is worth remembering that expectations had been revised down after the torrid end to 2018.

In this context, the NAV of the share class increased by 4.0% (in GBP) in April.

The strongest contribution during the month came from **Melexis**, the supplier of sensors for the automotive industry, as the outlook for the sector improved due to better than expected macroeconomic data. **Tryg**, the Scandinavian insurer, performed well after releasing a good set of results. **Mensch und Maschine**, the provider of computer-aided manufacturing software, rose following a strong Q1 2019 report

The weakest contribution during the month came from **Avanza**, Sweden's leading online broker and pension provider, which declined after announcing a weak report with lowered earnings estimates. **De Longhi**, the Italian small domestic appliance maker best known for its coffee machines, drifted lower following rumours of acquisition activity in the in coffee machine market. **Hufvudstaden**, the Swedish property company, experienced profit taking after a strong run.

Given the recent rise in equity markets, investors may be forgiven for wanting to draw breath. Indeed, a pause would be welcome. However, we would caution those preparing to “sell in May and go away”. Economic data is pointing towards a slowing world economy rather than one that is coming off the rails. Becoming bearish too early hurts: those who moved to cash in the fourth quarter of last year have had a painful few months.

It may be more prudent to think about equity exposure strategically. European markets continue to look cheap compared to those on the other side of the Atlantic. Meanwhile, European monetary policy remains among the most accommodative in the world: bank lending conditions are favourable, while it is unlikely that the ECB will raise interest rates in 2019. All of this should continue to support SmallCap companies, which are comfortably outperforming their LargeCap peers so far this year.

**Risk and Reward Profile**



These numbers rate how the Fund may perform and the risk of losing some or all of your investment. In general the potential for higher returns also implies a higher level of risk. However, the lowest category (1) does not mean a risk free investment.

This risk rating is based on historical data which may not be a reliable indication of the future risks and rewards of the fund. The risk rating of the fund may change over time.

Past performance is not a reliable indicator of future results. All investments are subject to risk and the value of shares and the income from them can fall as well as rise due to stock market and currency movements. You may not get back as much as you originally invested.

For further information please see the Risk and Reward section of the Key Investor Information Document (KIID).

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