

# Montanaro European Income Fund (£)

31 December 2019

Open Ended

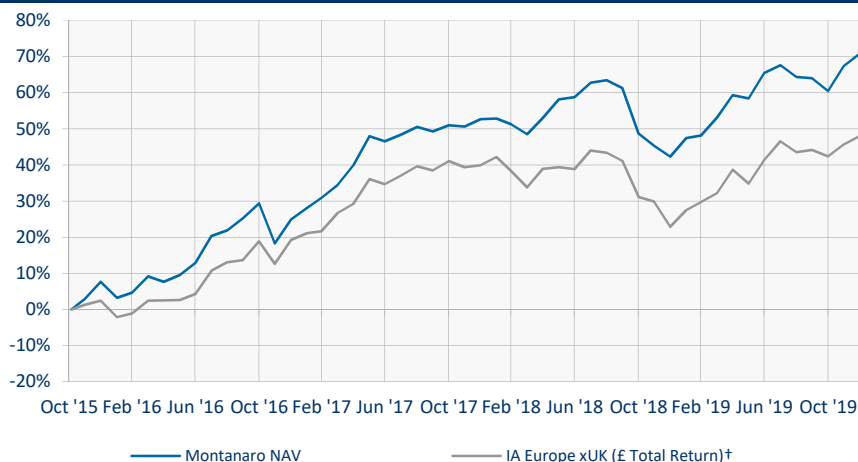
## Fund Objective

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.

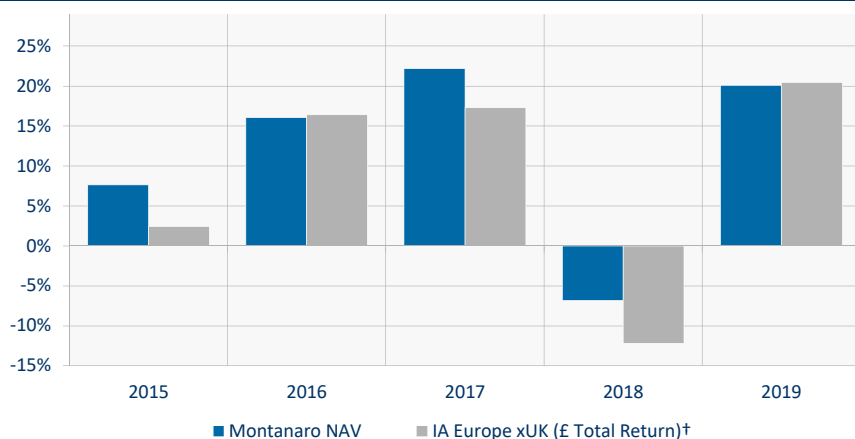
## Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
<b>Fund (TR)</b>	20.1%	2.1%	4.2%	3.2%	20.1%	36.8%		70.9%
<b>IA: Europe xUK Sector (TR)†</b>	20.5%	1.6%	2.6%	4.6%	20.5%	24.1%		48.0%

## 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 £2.7 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>	£288 million
<b>NAV</b>	199.6p
<b>No. of Holdings</b>	54
<b>Median Mkt Cap</b>	£2329 million
<b>Cash</b>	4.6%
<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 20F</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 31/12/19)

## 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**

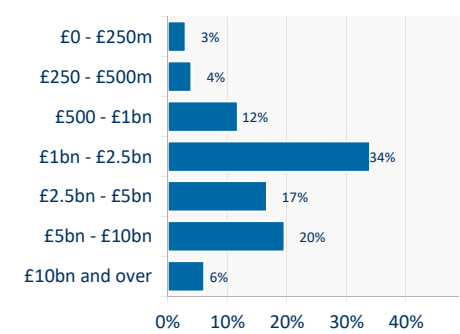
Loomis	3.3%
Edenred	2.8%
Merlin Properties	2.8%
Galenica Santé	2.7%
CTS Eventim	2.6%
Nolato	2.6%
Thule Group	2.6%
Marr	2.5%
Tryg	2.5%
Bureau Veritas	2.5%
<b>Total</b>	<b>27.0%</b>

**Portfolio Analysis**

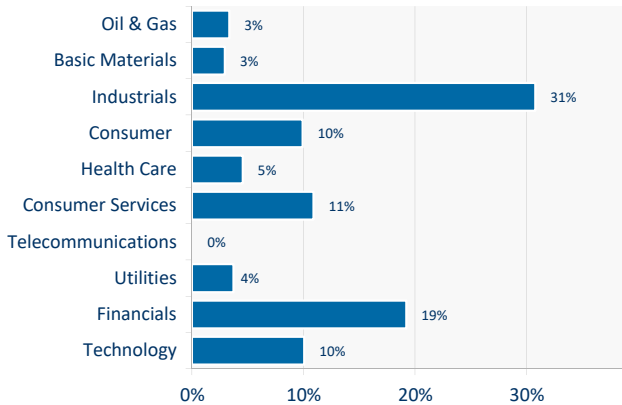
Price / Earnings 20F	19.4
EPS Growth 20F	11.6%
Dividend Yield 20F	3.4%
Dividend Growth 20F	8.8%
Return on Equity 20F	17.1%
EV/EBITDA 20F	15.3
EBIT Margin 20F	26.3%
Net Debt/Equity 20F	25.6%

Source: Factset consensus estimates

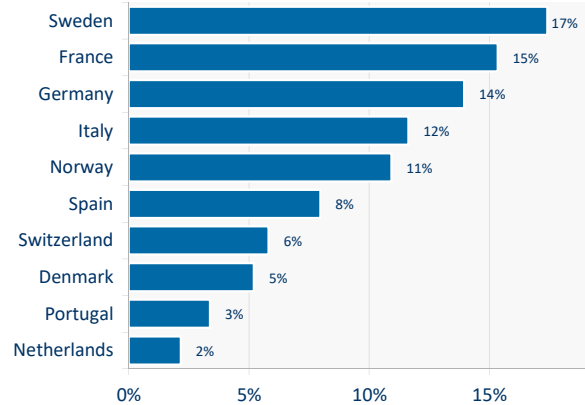
**Market Capitalisation Allocation**



**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

European Small & MidCap equities enjoyed a strong 2019, delivering returns comfortably ahead of their LargeCap counterpart. This marked a good end to the decade for SmallCap, which outperformed LargeCap in eight of the past ten years.

Few investors forecast such a strong year for equity markets after the declines of 2018. Yet markets responded positively to further support from Central Banks and tepid economic data that was neither too hot nor worryingly cold. Meanwhile, the great political risks – namely the Trade War and Brexit – showed tentative signs of progress towards the end of the year.

In this context, the NAV of the share class increased by 2.1% (in GBP) in December. For the year as a whole, the NAV rose by over 20%. During the year, the dividend per share increased by 9%.

The strongest contribution during the month came from **Amadeus FiRe**, the niche staffing business in Germany, which performed strongly after announcing an accretive acquisition. **Fjordkraft Holding**, the Norwegian electric utility operator, experienced good growth from selling mobile services to customers. **Fuchs Petrolub**, the specialist lubricant distributor, rallied amid optimism about a US-China trade deal and signs of improvement in the Auto sector.

The weakest contribution during the month came from **IMA**, the producer of packaging machines for the food and pharmaceutical industries, which weakened after a strong November. **Loomis**, the provider of cash management services, declined after the German competition authorities blocked the acquisition of Ziemann. **MARR**, the Italian food delivery company, saw its shares weaken following a strong rally in November.

Commentators are busy gazing into their crystal balls attempting to predict what the New Year has in store for investors. History suggests that this is a difficult task. Attempting to forecast the direction of global macro forces can be akin to reading the tea leaves – and both economists and tasseographers (those who read tea leaves) have a habit of leaving enough room in their predictions to claim that they were “right” after the event.

We do not spend time trying to make such predictions. Macro events that influence markets, such as those currently taking place in Iran and Iraq, sit outside our sphere of competence and are virtually impossible to predict. Rather, we spend our time meeting and listening to our companies. In our experience, this is where we can begin to understand the true drivers of growth that are so important to the trajectory of long-term investment returns.

**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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