

## Montanaro European Income Fund (£)

31 July 2019

Open Ended

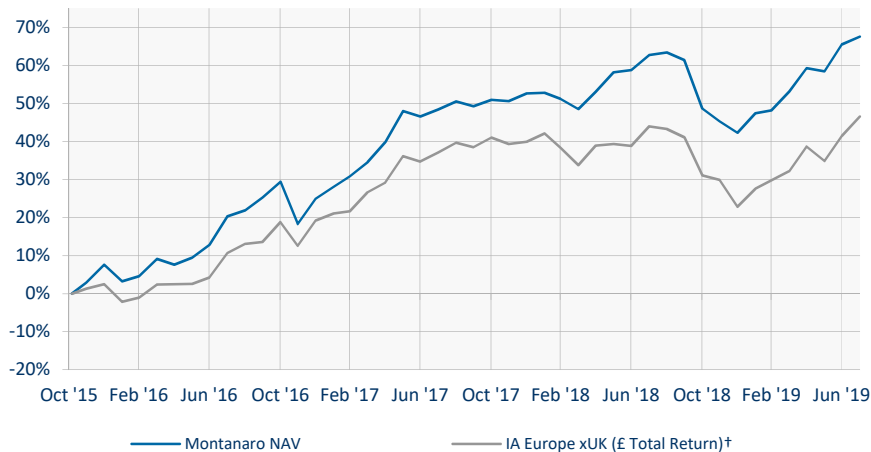
### Fund Objective

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.

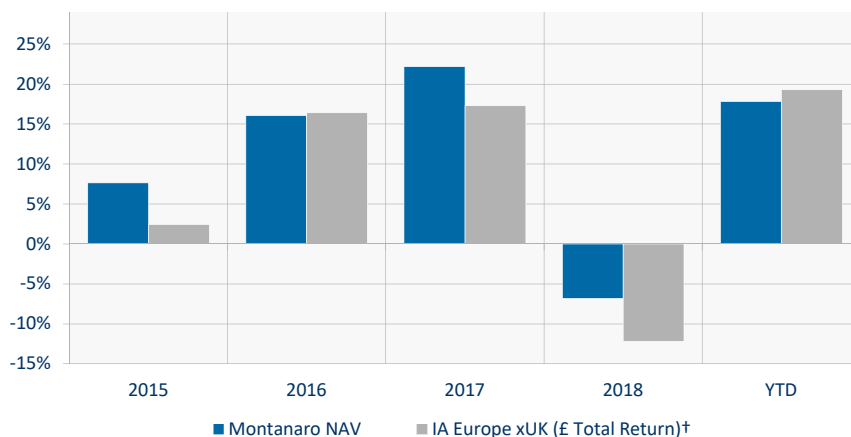
### Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
<b>Fund (TR)</b>	17.8%	1.3%	5.2%	13.7%	3.0%	39.3%		67.6%
<b>IA: Europe xUK Sector (TR)†</b>	19.3%	3.6%	5.7%	14.9%	1.8%	32.5%		46.6%

### 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 £2.2 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>	£223 million
<b>NAV</b>	196.3p
<b>No. of Holdings</b>	54
<b>Median Mkt Cap</b>	£2217 million
<b>Cash</b>	3.6%
<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 19F</b>	3.5% (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 31/07/19)

### 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

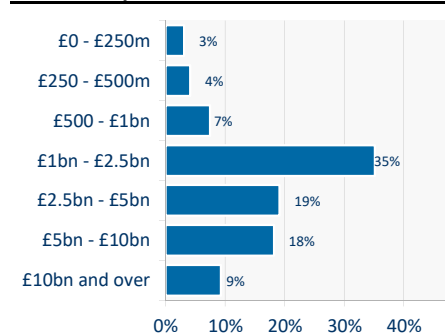
Tryg	3.5%
Merlin Properties	3.0%
I.M.A.	2.9%
Loomis	2.8%
Bureau Veritas	2.8%
Nolato	2.7%
Galenica Santé	2.7%
Thule Group	2.6%
Marr	2.6%
Edenred	2.6%
	<b>28.2%</b>

### Portfolio Analysis

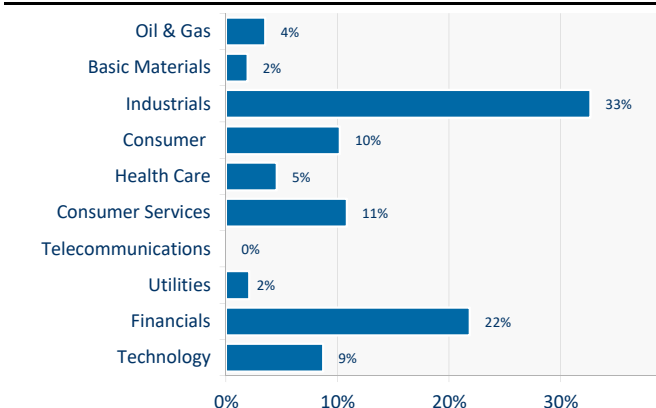
Price / Earnings 19F	19.5
EPS Growth 19F	3.9%
Dividend Yield 19F	3.5%
Dividend Growth 19F	6.3%
Return on Equity 19F	16.7%
EV/EBITDA 19F	15.6
EBIT Margin 19F	26.2%
Net Debt/Equity 19F	30.6%

Source: Factset consensus estimates

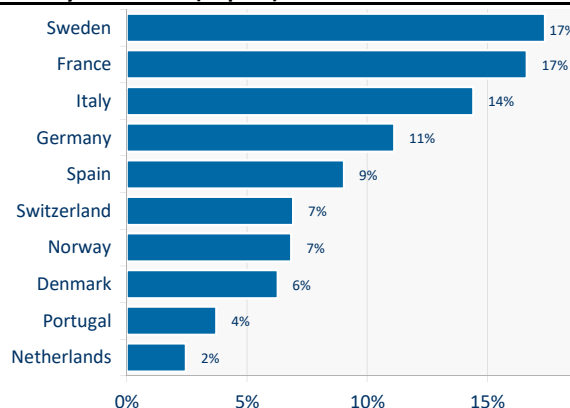
### Market Capitalisation Allocation



### Sector Allocation



### Country Allocation (Top 10)



### Monthly Commentary

A summer lull fell upon equity markets in July. Amid typically thin trading volumes for this time of year, European SmallCap posted modest declines. This was no bad thing after such a strong opening half to the year. The month was not without its headlines, however. In the US, the Federal Reserve lowered interest rates for the first time in eleven years, while the European Central Bank indicated that further easing measures remained in the monetary pipeline. Thus far, the reporting season indicates a weakening in quarterly earnings and sales growth, although many companies have continued to beat market expectations. This is a true stock picker's market.

In this context, the NAV of the share class increased by 1.3% (in GBP) in July.

The strongest contributions during the month came from **AAK**, the producer of high-value added vegetable oils and fats, which reported a good set of results following the launch of a new plant-based ingredients portfolio. **Recordati**, the pharmaceutical company, rose as the company reported solid first half results. **CTS Eventim**, the provider of ticketing services in Europe, announced a strategic partnership with the leading ticketing company in France.

The weakest contributions during the month came from **Thule**, the Swedish consumer goods maker best known for its roof boxes and racks, which declined as investors fretted about an inventory correction in the recreational vehicles end market. **Knowit**, the Swedish IT and management consultant, softened after announcing softer than expected growth in the Q2 results. **TGS Nopec**, the Norwegian multi-client seismic company, weakened in line with the oil price.

A re-escalation of the US/China trade war should come as little surprise to observers of this dispute. The rhetoric between the two countries ebbs and flows between economic resolution and tariff-related conflict. A sceptical analysis suggests that this will be a consistent feature of the investment backdrop in the run-up to 3 November 2020, the date of the next US presidential election. A well-timed "breakthrough" in negotiations could boost the economy – and the prospects of the White House incumbent.

In the meantime, it would be little surprise if investors retained a degree of caution during the remainder of the summer. Certainly, it would be unwise to extrapolate the returns of the last six months. Brexit will dominate headlines over the coming months which may add to uncertainty. Nevertheless, with monetary policy supportive and economic data suggesting a stable backdrop, there remains life in this Bull Market yet. In such an environment, companies that perform well will be rewarded and those that disappoint punished. This is as it should and always will be. We continue to focus on identifying high quality companies that have the potential to generate strong absolute and relative performance for our clients over the long-term.

### 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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