

Montanaro European Income Fund (£)

28 June 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.

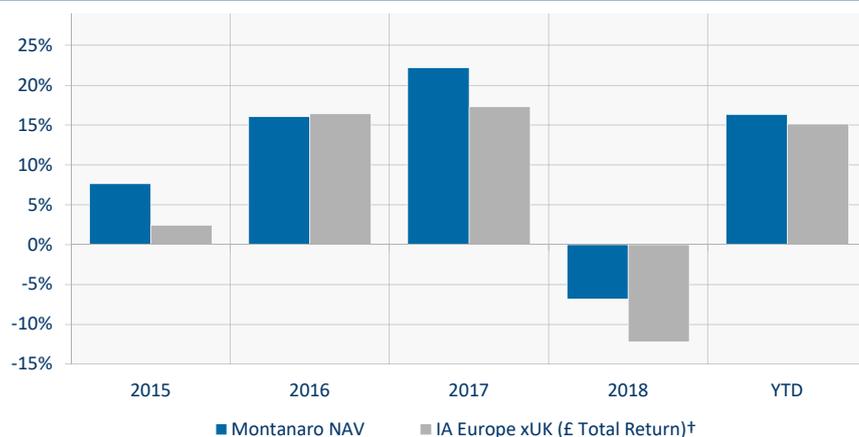
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
Fund (TR)	16.3%	4.4%	8.1%	16.3%	4.2%	46.6%		65.5%
IA: Europe xUK Sector (TR)†	15.1%	4.9%	7.0%	15.1%	1.8%	35.6%		41.4%

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

Fund Manager	George Cooke
Fund Launch*	November 2015
Year End	December
Currency	GBP
Class	Distribution
Sector	Europe xUK
Ticker	MOCESCG ID
ISIN	IE00B3Q8KY24
Sedol	B3Q8KY2
Fund Size	£225 million
NAV	197.5p
No. of Holdings	54
Median Mkt Cap	£2138 million
Cash	5.2%
Legal Status	Irish OEIC
Listing	Irish Stock Exchange
Valuation Time	Daily 4pm Dublin time
Minimum Investment	£1,000
Dealing Time	12pm Dublin time
Dividend Date	Quarterly
Management Fee	Annual 0.75%
Performance Fee	Nil
Dividend Yield 19F	3.5% (Portfolio Yield)
Fund ESG Score	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 30/06/19)

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

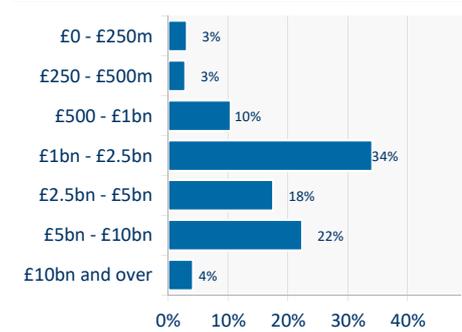
Tryg	3.5%
Merlin Properties	2.9%
Industria Macchine Automatic	2.9%
Thule Group	2.8%
Nolato	2.8%
Loomis	2.6%
Marr	2.6%
Bureau Veritas	2.6%
Intertrust	2.5%
Edenred	2.5%
Total	27.8%

Portfolio Analysis

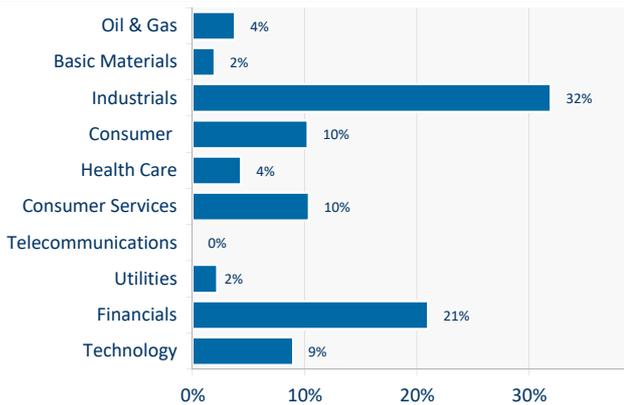
Price / Earnings 19F	19.4
EPS Growth 19F	4.9%
Dividend Yield 19F	3.5%
Dividend Growth 19F	6.2%
Return on Equity 19F	16.8%
EV/EBITDA 19F	15.4
EBIT Margin 19F	26.3%
Net Debt/Equity 19F	27.0%

Source: Factset consensus estimates

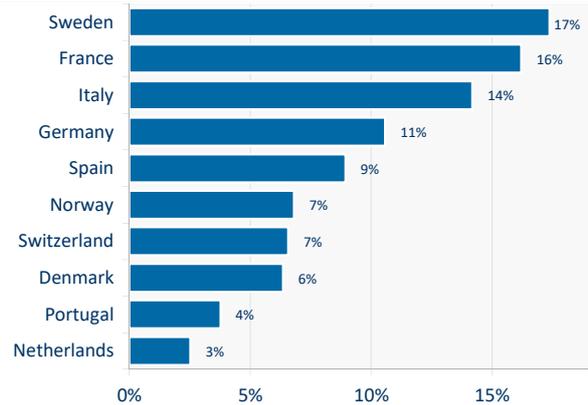
Market Capitalisation Allocation



Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

The wobble experienced by markets in May was greeted with the balm that has become so familiar during this Bull Market: the soothing words of Central Bankers. This had the “new normal” effect of turning bad economic data into good news for investors. Equities thus resumed their upwards momentum in June, even as safe haven assets – such as gold – also saw decent gains.

At the mid-point of the year, it is worth noting just how strong equity returns have been. All major equity indices are in positive territory, with European and US markets posting double-digit gains. Even the UK, where Brexit has proven such a headwind to sentiment, experienced good returns. Investors who have tried to “time” the end to the Bull Market have again been caught out.

In this context, the NAV of the share class increased by 4.4% (in GBP) in June. Since the beginning of the year, the NAV has risen by over 16%.

The strongest contributions during the month came from **Nolato**, the contract manufacturer of silicon and plastic moulded devices and components, which benefited from a positive broker recommendation. **Edenred**, the French meal voucher provider, rallied strongly as investors became more confident about the company’s growth outlook. **Partners Group**, the Swiss private markets asset manager, bounced back in June after a weak May.

The weakest contributions during the month came from **Chr Hansen**, the supplier of bioscience based natural ingredients to the food, health and animal feed industries, which suffered due to weak Chinese growth. **Bolsas y Mercados Espanoles**, the Spanish stock exchange, declined after a fall in equity trading on the exchange in the first half of the year. **Melexis**, the supplier of semiconductors for the automotive industry, weakened due to lower sales volumes and trade tensions.

Incredibly, two-year sovereign debt for every single country in the Eurozone now trades on negative yields. The probable appointment of Christine Lagarde as President of the ECB, who is seen as even more dovish than the incumbent Mario Draghi, is expected to lead to a continuation of loose monetary policy in Europe. Recent history suggests that this should support equity markets.

Set against this is the likelihood that the narrative of the second half of 2019 may mirror that of the first: politics and the trade war could dominate the headlines once again. With this in mind, we continue to believe that the environment remains supportive of owning “Quality” companies. Such businesses are in control of their own destiny and have the resilience and strength to weather periods of market turbulence, which any long-term investor should expect to experience from time to time.

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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