

Montanaro European Income Fund (£)

31 May 2019

Open Ended

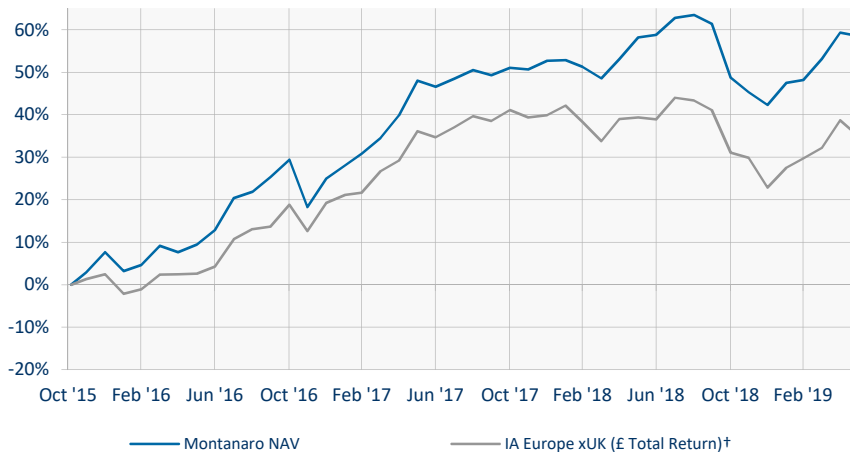
Fund Objective

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.

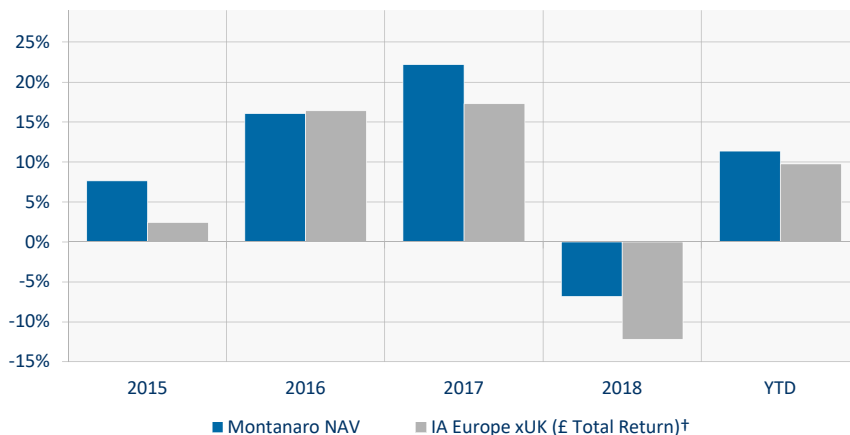
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
Fund (TR)	11.4%	-0.5%	7.0%	9.0%	0.2%	44.7%		58.5%
IA: Europe xUK Sector (TR)†	9.8%	-2.7%	4.0%	3.8%	-3.2%	31.5%		34.9%

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 £2.1 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	£212 million
NAV	189.1p
No. of Holdings	54
Median Mkt Cap	£2070 million
Cash	5.0%
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	3.6% (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 31/05/19)

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

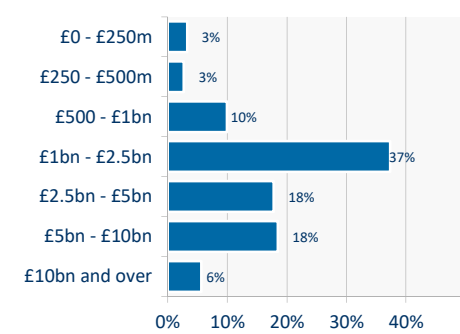
Tryg	3.6%
Industria Macchine Automatic	2.9%
Merlin Properties	2.8%
Marr	2.8%
Thule Group	2.8%
Loomis	2.7%
Bureau Veritas	2.6%
Galenica Santé	2.5%
Intertrust	2.5%
ENAV S.p.A	2.4%
Total	27.6%

Portfolio Analysis

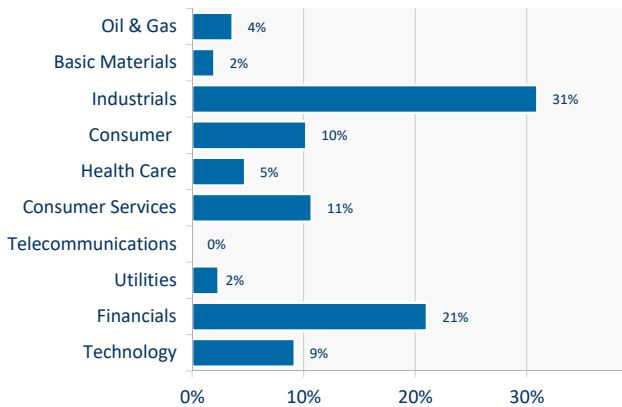
Price / Earnings 19F	18.9
EPS Growth 19F	4.6%
Dividend Yield 19F	3.6%
Dividend Growth 19F	6.8%
Return on Equity 19F	16.8%
EV/EBITDA 19F	14.9
EBIT Margin 19F	26.3%
Net Debt/Equity 19F	26.4%

Source: Factset consensus estimates

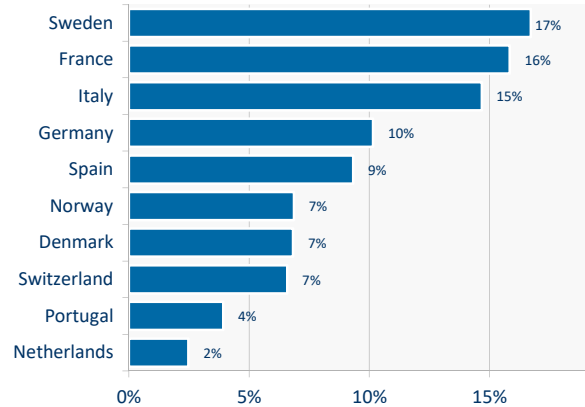
Market Capitalisation Allocation



Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

Politics reared its head once again in May, unsettling the market tranquillity that had prevailed in the earlier months of the year. The breakdown in trade negotiations between the US and China led to fears of a deterioration in economic conditions: lower growth; job losses; and falling consumer confidence. Meanwhile, European Parliament elections provided further evidence that Europe's political scene is fragmenting. Certainly, the UK remains as split as ever in relation to Brexit. Given this backdrop, it was little surprise that High Quality companies continued to outperform their Low Quality counterparts.

In this context, the NAV of the share class declined by 0.5% (in GBP) in May.

The strongest contribution during the month came from **Euronext**, the European stock exchange, which posted Q1 results ahead of consensus expectations. **Tryg**, the Nordic insurance company, continued to be rewarded for its strong return profile. **Borregaard**, the specialty lignin and cellulose manufacturer, also rose after a solid set of results.

The weakest contribution during the month came from **De Longhi**, the small home appliance maker, which suffered after management reduced the outlook for 2019. **Loomis**, the provider of cash management services, declined after press reports of money laundering in one of the company's Danish operations. **CTS Eventim**, the leading provider of ticketing services in Europe, weakened after a broker reduced its recommendation.

One month, talks between the US and China are progressing well; the next, they are off. This encapsulates the unpredictability of politics – and the corresponding madness of making investment decisions based on such events (or President Trump's tweets).

What has driven markets higher this year has largely been a re-rating following the correction that occurred at the end of 2018. It is unlikely that valuation expansion will play such a major role in the second half of the year. Rather, the trajectory of markets is likely to be driven by the outlook for growth and earnings. We believe that such an environment supports the case for owning Quality companies that are cash generative, with strong competitive advantages and managed by good management teams.

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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