

Montanaro European Income Fund (£)

29 November 2019

Open Ended

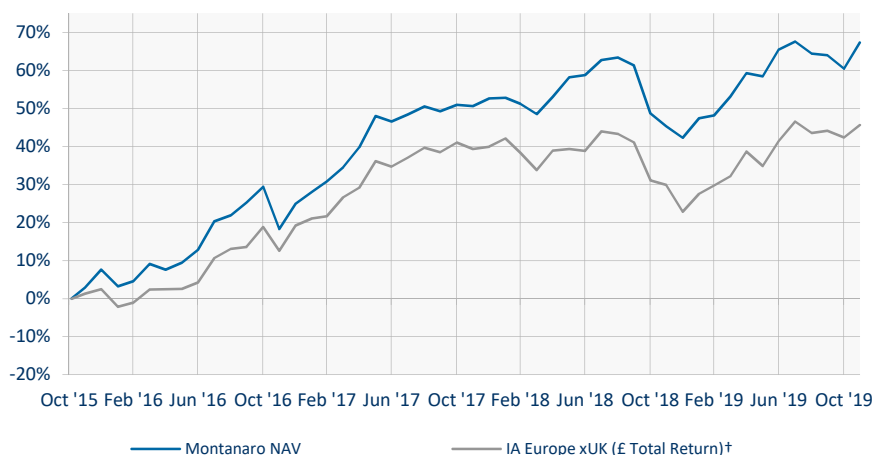
Fund Objective

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.

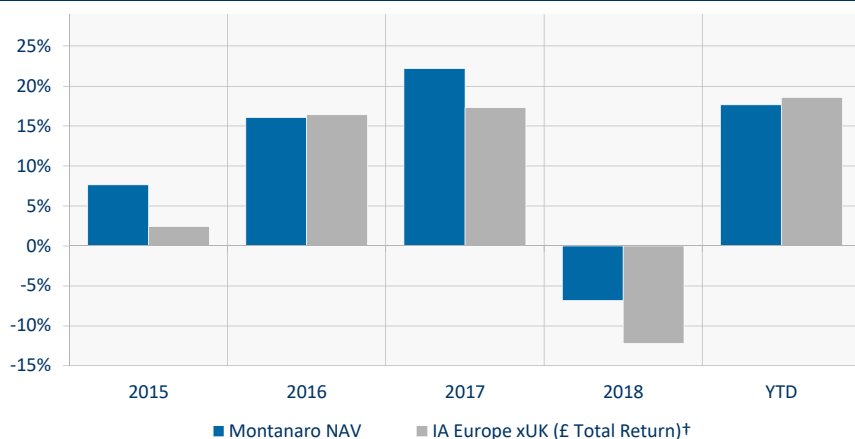
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
Fund (TR)	17.7%	4.3%	1.8%	5.6%	15.2%	41.5%		67.4%
IA: Europe xUK Sector (TR)†	18.6%	2.3%	1.5%	8.0%	12.2%	29.4%		45.7%

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

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	£251 million
NAV	195.6p
No. of Holdings	54
Median Mkt Cap	£2309 million
Cash	3.8%
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 20F	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 30/11/19)

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

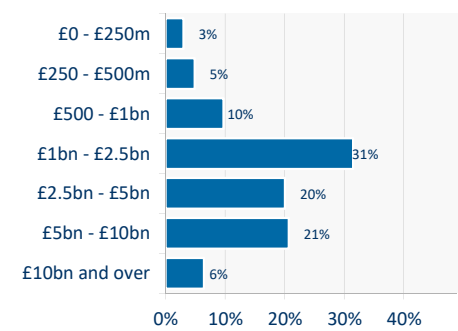
Loomis	3.5%
Merlin Properties	3.1%
Galenica Santé	3.0%
Marr	2.8%
Edenred	2.8%
CTS Eventim	2.8%
Tryg	2.7%
I.M.A.	2.6%
Bureau Veritas	2.6%
Nolato	2.6%
Total	28.6%

Portfolio Analysis

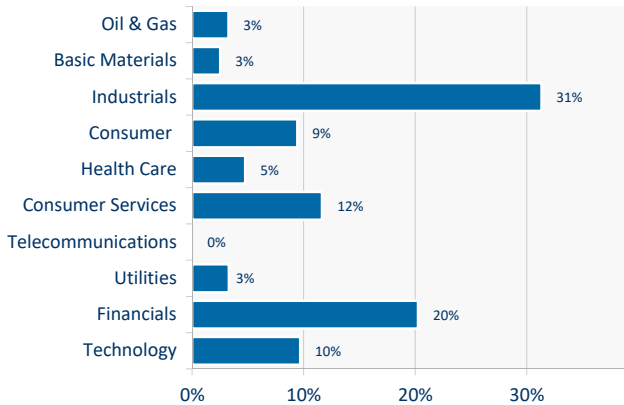
Price / Earnings 20F	19.1
EPS Growth 20F	10.5%
Dividend Yield 20F	3.5%
Dividend Growth 20F	8.5%
Return on Equity 20F	17.1%
EV/EBITDA 20F	14.9
EBIT Margin 20F	26.4%
Net Debt/Equity 20F	21.4%

Source: Factset consensus estimates

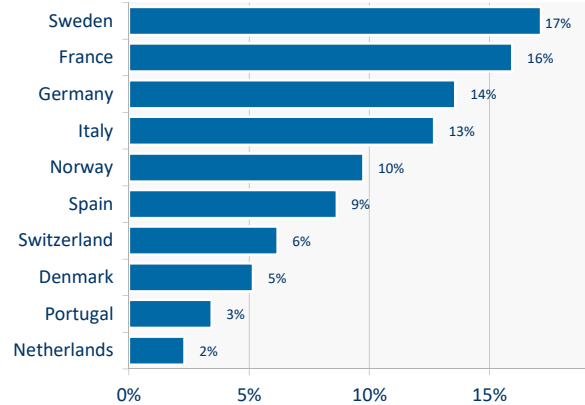
Market Capitalisation Allocation



Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

Equity markets enjoyed another positive month in November. European SmallCap is therefore on track to end the decade doing what it has done with such regularity: outperforming its LargeCap counterpart over a calendar year. Within this context, growth remains in vogue. In part, this is thanks to the continued support of Central Banks. Despite occasional worries about rising bond yields, which typically hurt growth stocks, the world of ultra-low interest rates seems set to stay. A sign of the times is that Denmark's third largest bank, Jyske Bank, now offers a 10-year fixed-rate mortgage at -0.5% per year. "Borrow more than you pay back". Oh, Brave New World!

In this context, the NAV of the share class increased by 4.3% (in GBP) in November.

The strongest contribution during the month came from **Bolsas**, the Spanish stock exchange, which rose after receiving a takeover offer from SIX Group. **IMA**, the producer of packaging machines for the food and pharmaceutical industries, gained after the Italian government approved the relaunching of PIR investment plans. **NCAB**, the full-service supplier of circuit boards, traded higher following a good set of results.

The weakest contribution during the month came from **Edenred**, the payments and voucher company, which declined due to worries about Latin America. **NOS**, the Portuguese integrated telecom operator, came under pressure as a new player entered the mature three-player telecom market. **Euronext**, the European stock exchange, declined as rival SIX Group made a takeover approach for BME.

Investors will be hoping for a quieter end to the year than was experienced in 2018. Last year, equity markets fell across the board on Christmas Eve, before swiftly rebounding. So extreme were the moves that the Dow Jones recorded its biggest ever daily points gain on December 26th. If ever there was an example of why selling heavily before the holidays was a bad idea, this was it.

With returns having been so strong this year, investors could be forgiven for hoping that markets merely trade sideways in the weeks ahead. This may be wishful thinking given the notable political events still ahead of us, such as the UK General Election. It is also unlikely that President Trump takes time off Twitter during the holiday season. Nevertheless, this has historically been a period in which SmallCap has enjoyed seasonal support. Let us hope that a Santa Rally visits us once again.

We wish you a very Merry Christmas and a Happy New 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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