

Montanaro European Income Fund (£)

31 October 2019

Open Ended

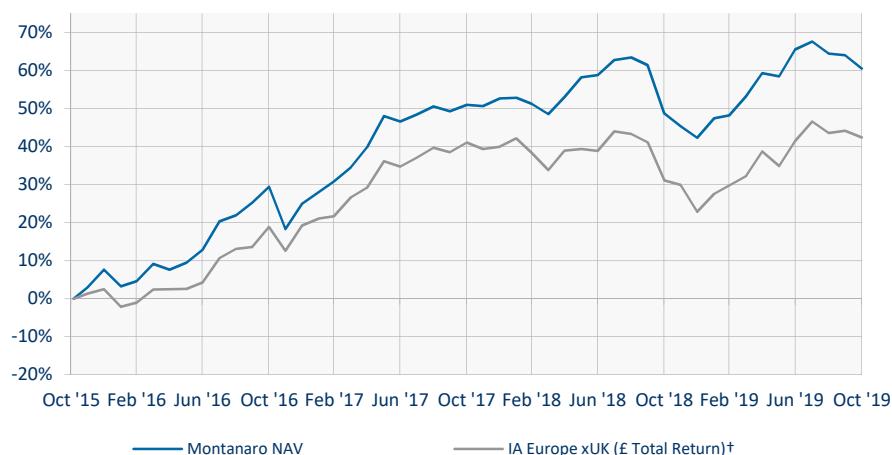
Fund Objective

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.

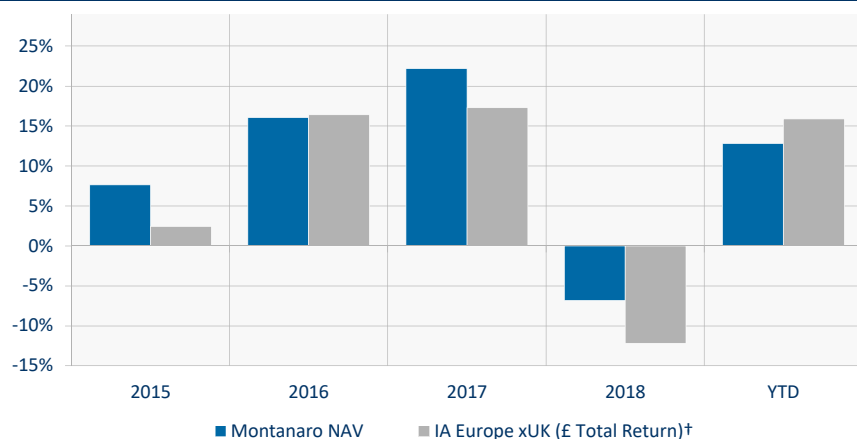
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
Fund (TR)	12.8%	-2.2%	-4.2%	0.7%	8.0%	24.0%		60.5%
IA: Europe xUK Sector (TR)†	15.9%	-1.2%	-2.9%	2.7%	8.6%	19.8%		42.4%

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	£236 million
NAV	187.5p
No. of Holdings	54
Median Mkt Cap	£2197 million
Cash	3.9%
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	3.7% (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 31/10/19)

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

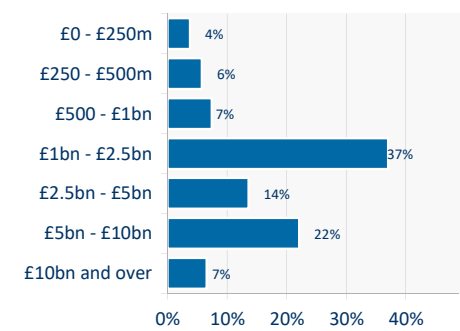
Loomis	3.5%
Merlin Properties	3.4%
Edenred	3.2%
Galenica Santé	3.1%
CTS Eventim	3.0%
Tryg	2.8%
Marr	2.7%
Bureau Veritas	2.7%
MTU Aero Engines	2.6%
Nolato	2.6%
Total	29.6%

Portfolio Analysis

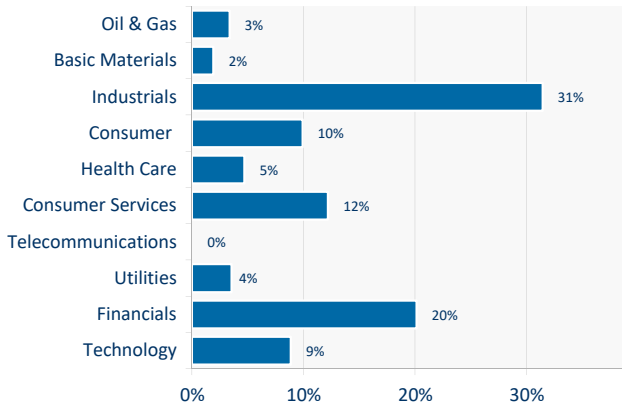
Price / Earnings 20F	18.0
EPS Growth 20F	10.9%
Dividend Yield 20F	3.7%
Dividend Growth 20F	8.4%
Return on Equity 20F	17.0%
EV/EBITDA 20F	14.2
EBIT Margin 20F	26.4%
Net Debt/Equity 20F	22.6%

Source: Factset consensus estimates

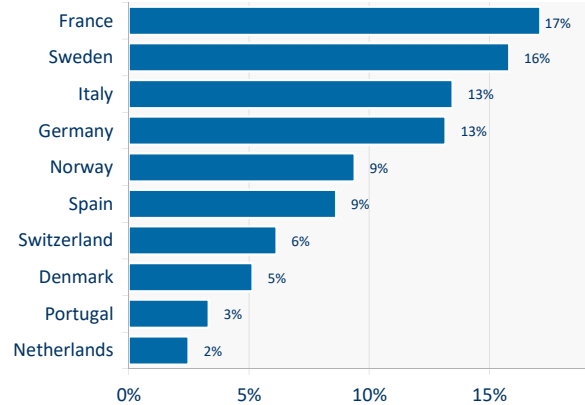
Market Capitalisation Allocation



Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

Easing political tensions provided support to equity markets in October. A consequence of this was that SmallCap had one of its strongest months so far this year relative to European LargeCap, outperforming by some 2%. With two months to go until the end of the year, SmallCap is now on track to outperform LargeCap in 2019. As President Trump celebrated a “Phase One Trade Deal” with China, the UK stepped back from the apparent precipice of a “no deal” Brexit. Meanwhile, Central Banks reiterated their dovish stances as Mario Draghi, the architect of Europe’s “whatever it takes” stimulus strategy, stepped aside for Christine Lagarde.

In this context, the NAV of the share class declined by 2.2% (in GBP) in October.

The strongest contribution during the month came from **Loomis**, the provider of cash management services, which rose in anticipation of a strong Q3. **Edenred**, the global voucher and payment system company, gained after reporting a strong set of Q3 results. **Mensch und Maschine**, the German provider of computer aided manufacturing, also benefited from an excellent set of results.

The weakest contribution during the month came from **GTT**, the engineering expert focused on containment systems used to transport and store Liquefied Natural Gas, which experienced profit taking. **MARR**, the Italian food delivery company, weakened due to a softer period of trading. **Chr Hansen**, the supplier of bioscience based natural ingredients to the food, health and animal feed industries, declined after the company lowered 2019/20 guidance beyond their long-term targets.

It is perhaps a little confusing that European equities have climbed close to a two-year high in recent weeks when signs that the global economy is slowing are so prevalent. While much of this is due to improved political developments, a positive earnings season has also reinvigorated investor appetite for risk assets.

Yet the clouds hovering over the investment landscape have not evaporated completely. Geopolitical risks remain and growth is slowing across the world. While the monetary backdrop remains supportive, Central Banks do not have much left in the toolkit. In our opinion, we remain in a period in which investors will continue to favour companies with strong balances sheets and healthy cash flows.

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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