

Montanaro European Income Fund (£)

30 September 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.

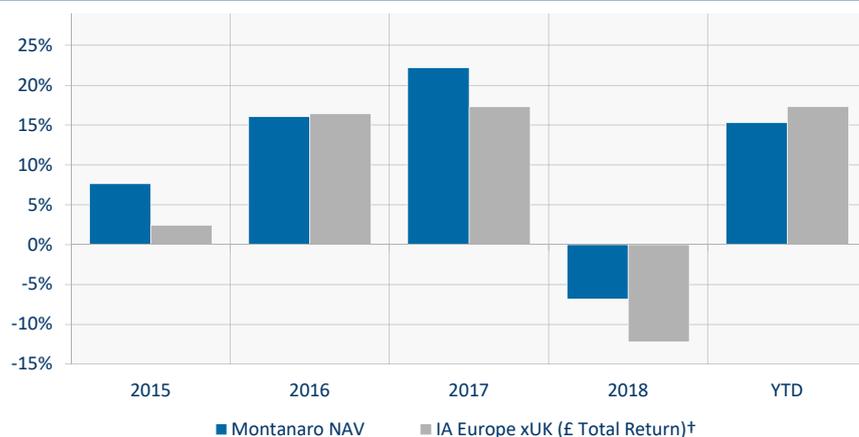
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
Fund (TR)	15.3%	-0.2%	-0.9%	7.1%	1.6%	30.9%		64.0%
IA: Europe xUK Sector (TR)†	17.3%	0.4%	1.9%	9.1%	2.2%	26.9%		44.2%

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	£228 million
NAV	192.1p
No. of Holdings	55
Median Mkt Cap	£2203 million
Cash	4.1%
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	3.8% (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 30/09/19)

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

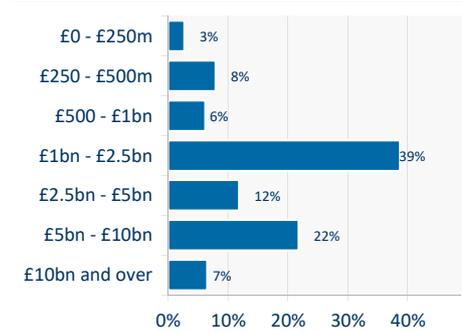
Tryg	3.2%
Loomis	3.1%
Marr	3.1%
Galenica Santé	3.1%
Merlin Properties	3.0%
Euronext	2.6%
Bureau Veritas	2.6%
Edenred	2.6%
I.M.A.	2.5%
Nolato	2.5%
Total	28.1%

Portfolio Analysis

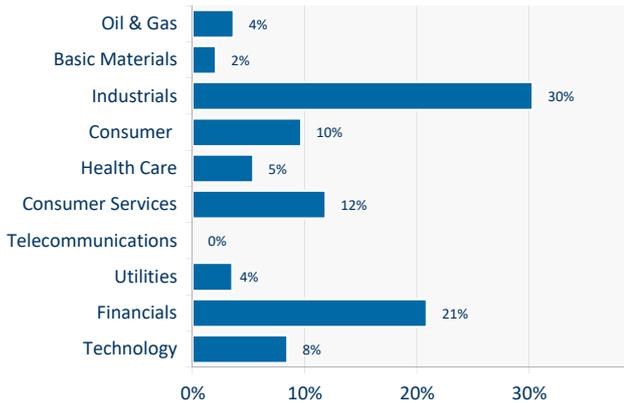
Price / Earnings 20F	17.8
EPS Growth 20F	10.7%
Dividend Yield 20F	3.8%
Dividend Growth 20F	9.7%
Return on Equity 20F	17.3%
EV/EBITDA 20F	14.0
EBIT Margin 20F	27.1%
Net Debt/Equity 20F	22.0%

Source: Factset consensus estimates

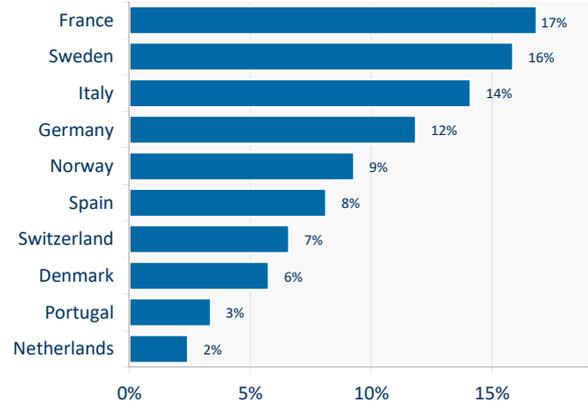
Market Capitalisation Allocation



Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

September was a strange month. Investors returned from their summer holidays in a sprightly mood, pushing markets higher as weak economic data, a feature of the third quarter, was briefly ignored. Yet the month was not without its dramas. At one point, oil prices spiked by over 20% after an attack on Saudi Arabia's oil infrastructure, the largest move in the price of Brent crude since Saddam Hussein invaded Kuwait in 1990. Meanwhile, the European Central Bank joined the Federal Reserve in cutting interest rates, while also resuming quantitative easing. Europe was one of the standout performers on a regional basis, although SmallCap unperformed LargeCap.

In this context, the NAV of the share class declined by 0.2% (in GBP) in September.

The strongest contribution during the month came from **Amundi**, the European asset manager, which announced good interim results figures. **GTT**, the engineering expert in containment systems, rose on the back of a strong order intake. **Loomis**, the provider of cash management services, traded higher following its capital markets days.

The weakest contribution during the month came from **Intertrust**, the trust administrator, which saw profit taking on limited news flow. **NOS**, the Portuguese integrated telecom operator, declined on no news. **Tryg**, the Nordic insurance company, saw profit taking after a very strong run in the first half of the year.

Perhaps the drama of the summer months (oil price spikes; interest rate cuts; trade war worries; Brexit, et al.) didn't feel so bad while the sun shone. Amid the autumnal gloom and heavy rain that has descended across Europe in recent weeks, investors have turned less positive as we head into winter.

The global economy faces several unpredictable risks. How will the trade war develop? Is a "no-deal" Brexit now the most likely outcome in the UK? Will tensions in the Middle East escalate? Perhaps most importantly for bottom-up stock pickers, will companies respond to slowing growth and profits by scaling back investment plans and cutting jobs?

There is no clear answer to such questions. These uncertainties mean that the case for owning Quality companies remains as strong as ever. Yet amid the darkening skies, it is worth remembering that the final quarter of the year (unlike last year) has usually been a strong one for smaller companies in Europe.

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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