

## Montanaro European MidCap Fund (€)

30 April 2019

Open Ended

### Fund Objective

To outperform its Benchmark, the STOXX Europe Mid 200 (Capital Return) Index. The Fund will invest primarily in MidCap companies quoted in the EU (including the UK), Iceland, Norway and Switzerland with a market capitalisation smaller than the largest constituent of the STOXX Europe Mid 200 (Capital Return) Index at the time of initial investment. No unquoted investments are permitted.

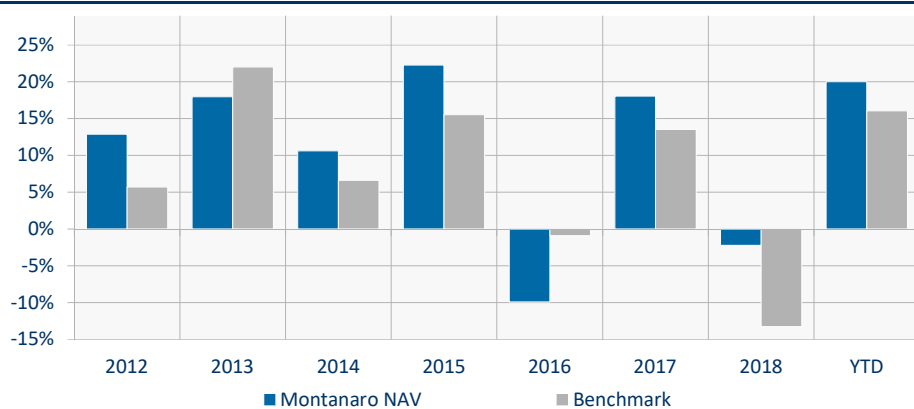
### Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
<b>Fund</b>	20.0%	4.6%	10.7%	13.5%	14.5%	36.5%	64.2%	125.1%
<b>Benchmark</b>	16.0%	3.6%	8.0%	6.4%	-0.4%	19.3%	33.0%	80.0%
<b>Fund (TR)‡</b>	20.5%	4.6%	11.1%	13.9%	14.9%	37.6%	65.5%	128.3%
<b>STOXX Europe Mid 200 (€ TR)†</b>	17.1%	4.1%	8.9%	7.6%	2.1%	28.1%	49.1%	113.9%

### Cumulative Performance Since Inception



### Calendar Year Returns



Source: Montanaro, Bloomberg. NAV to NAV, unrounded.

† The Stoxx Europe Mid 200 index (€ gross TR) and the MSCI LargeCap index are used for comparison purposes only.

‡ Dividends reinvested at ex-date.

### 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 €2.8 billion.

### Fund Facts

<b>Fund Manager</b>	Montanaro Team
<b>Contact</b>	Alex Magni
<b>Fund Launch</b>	March 2012
<b>Year End</b>	December
<b>Currency</b>	EUR
<b>Class</b>	Distribution
<b>Benchmark</b>	STOXX Europe Mid 200 (€)
<b>Ticker</b>	MEUMCED ID
<b>ISIN</b>	IE00B6VJL827
<b>Sedol</b>	B6VJL82
<b>Net Assets</b>	€130 million
<b>NAV</b>	€2.251
<b>No. of Holdings</b>	25
<b>Median Mkt Cap</b>	€7835 million
<b>Cash</b>	3.8%
<b>Legal Status</b>	Irish OEIC
<b>Listing</b>	Irish Stock Exchange
<b>Valuation Time</b>	Daily 4pm Dublin time
<b>Minimum Investment</b>	€1,000
<b>Dealing Time</b>	12pm Dublin time
<b>Dividend Date</b>	Expected Q1
<b>Management Fee</b>	Annual 1.50%
<b>Performance Fee</b>	20% outperformance of Benchmark + 3%, with a hurdle of €1.917
<b>Authorised for marketing in</b>	Ireland, UK, Switzerland, Sweden, Finland, France

**Fund ESG Score** 6.3

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 30/04/19)

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### 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.

Custodian, Fund Administrator and Subscriptions – Contact BNY MELLON  
Tel: +353 1 900 6140 Fax: +353 1 900 6141 Email: MontanaroTA@bnymellon.com

Montanaro Asset Management Limited, 53 Threadneedle Street, London, EC2R 8AR

Tel: 020 7448 8600

Fax: 020 7448 8601

www.montanaro.co.uk

enquiries@montanaro.co.uk

**Top 10 Holdings**

CTS Eventim	4.7%
Temenos	4.6%
St. James Place	4.5%
MTU Aero Engines	4.4%
Ashtead Group	4.4%
Symrise AG	4.3%
Amundi	4.2%
Recordati	4.2%
Auto Trader Group	4.2%
Kerry Group	4.2%
<b>Total</b>	<b>43.6%</b>

**Risk Analysis**

	Fund	Index
Jensen's Alpha (annual)	4.7%	
Beta	1.03	1.00
Standard Deviation	12.7%	11.3%
Sharpe Ratio	0.88	0.56
Tracking Error	4.9%	
Information Ratio	1.11	
Active Share	92.6%	

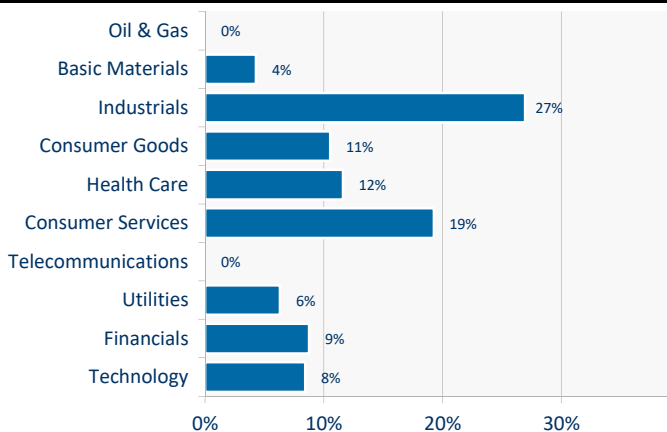
Note: risk statistics over three years

**Portfolio Analysis**

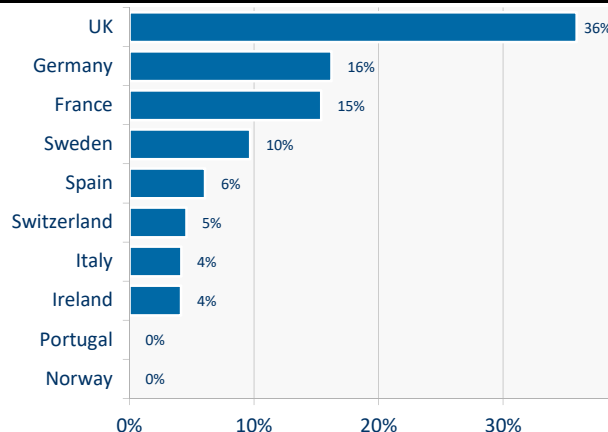
Price / Earnings 19F	20.4
EPS Growth 19F	8.5%
Dividend Yield 19F	2.6%
Dividend Growth 19F	11.0%
Return on Equity 19F	17.8%
EV/EBITDA 19F	16.1
EBIT Margin 19F	24.9%
Net Debt/Equity 19F	51.6%

Source: Factset consensus estimates

**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

The Goldilocks conditions that have been such a feature of this long Bull Market continued to be “just right” in April. Central Banks remained accommodative, particularly in Europe, while growth surprised in China and the US as talk of a Trade War diminished. This sustained the ascent of equity markets, with returns for the year moving firmly into double-digit territory. A further boost was provided by a solid start to the earnings season, although it is worth remembering that expectations had been revised down after the torrid end to 2018.

During April, the NAV of the share class increased by 4.6% in Euro terms, an outperformance of 1% versus the Stoxx Europe Mid 200 index.

The strongest contribution during the month came from **Ashtead**, the equipment rental operator in the US, which continued to recover with evidence of the health of the US economy. **Amundi**, the French asset manager, reported a good return to AUM growth in the first quarter of 2019. **Temenos**, the Swiss based banking software provider continued to recover from the market sell off in Q4 2018.

The weakest contribution came from **Bunzl**, the leading distributor of not-for-resale goods, which announced a small slow-down in growth in Q1 2018. **Elekta**, the developer of clinical solutions for treating cancer and brain disorders, drifted in a rising market as investors waited to see whether the company's execution issues in the last quarter were temporary or not. **Prosegur**, the cash in transit and security operator, weakened due to difficult trading conditions in Latin America.

Given the recent rise in equity markets, investors may be forgiven for wanting to draw breath. Indeed, a pause would be welcome. However, we would caution those preparing to “sell in May and go away”. Economic data is pointing towards a slowing world economy rather than one that is coming off the rails. Becoming bearish too early hurts: those who moved to cash in the fourth quarter of last year have had a painful few months.

It may be more prudent to think about equity exposure strategically. European markets continue to look cheap compared to those on the other side of the Atlantic. Meanwhile, European monetary policy remains among the most accommodative in the world: bank lending conditions are favourable, while it is unlikely that the ECB will raise interest rates in 2019. All of this should continue to support MidCap companies, which are outperforming their LargeCap peers so far this 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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