

# Montanaro European MidCap Fund (€)

31 December 2019

Open Ended

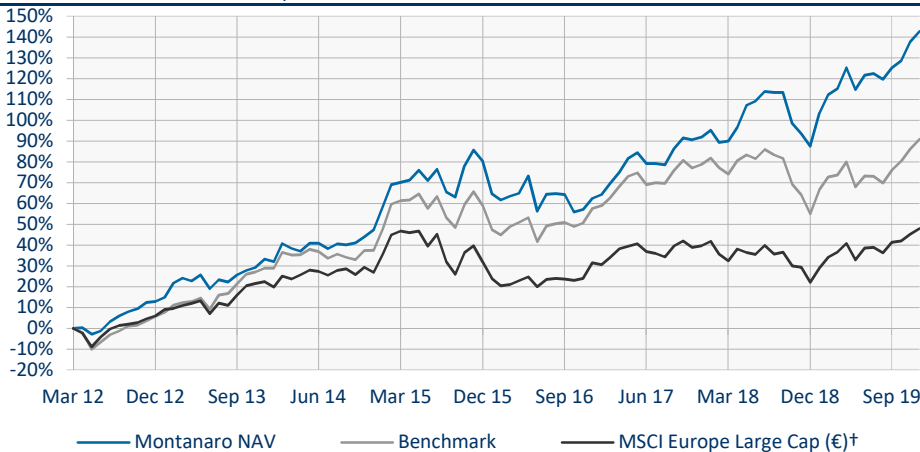
## Fund Objective

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.

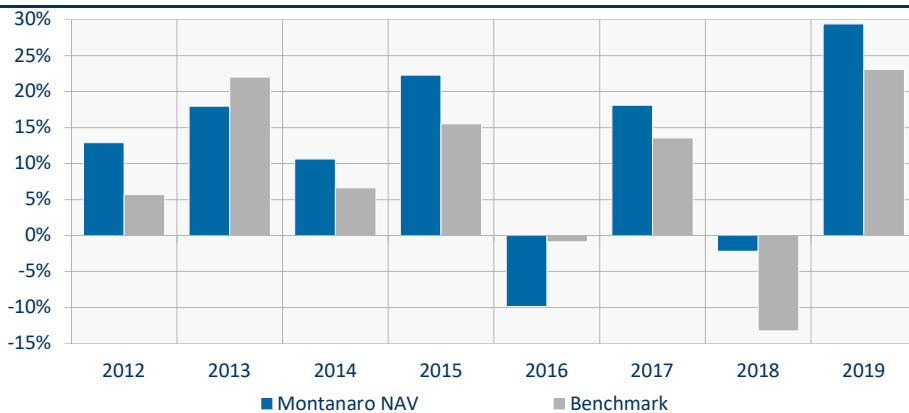
## Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
<b>Fund</b>	29.4%	2.1%	7.8%	9.5%	29.4%	49.4%	64.7%	142.7%
<b>Benchmark</b>	23.1%	2.5%	8.5%	10.2%	23.1%	21.3%	38.8%	90.9%
<b>Fund (TR)‡</b>	29.9%	2.1%	7.8%	9.5%	29.9%	50.6%	66.0%	146.1%
<b>STOXX Europe Mid 200 (€ TR)†</b>	26.4%	2.6%	8.9%	11.1%	26.4%	30.5%	56.2%	130.8%

## 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 €3.2 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>	€149 million
<b>NAV</b>	€2.427
<b>No. of Holdings</b>	25
<b>Median Mkt Cap</b>	€10260 million
<b>Cash</b>	5.8%
<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 €2.427
<b>Authorised for marketing in</b>	Ireland, UK, Switzerland, Sweden, Finland, France

**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 31/12/19)

© 2019 Morningstar, Inc. All Rights Reserved. Morningstar Rating™ Source: Morningstar Essentials. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

## 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**

St. James Place	4.6%
MTU Aero Engines	4.6%
Rightmove	4.5%
Ashtead Group	4.4%
Kerry Group	4.3%
Moncler	4.3%
Recordati	4.3%
Temenos	4.3%
Auto Trader Group	4.3%
Symrise AG	4.1%
<b>Total</b>	<b>43.8%</b>

**Risk Analysis**

	Fund	Index
Jensen's Alpha (annual)	8.4%	
Beta	0.91	1.00
Standard Deviation	10.5%	11.0%
Sharpe Ratio	1.38	0.63
Tracking Error	3.5%	
Information Ratio	2.44	
Active Share	92.4%	

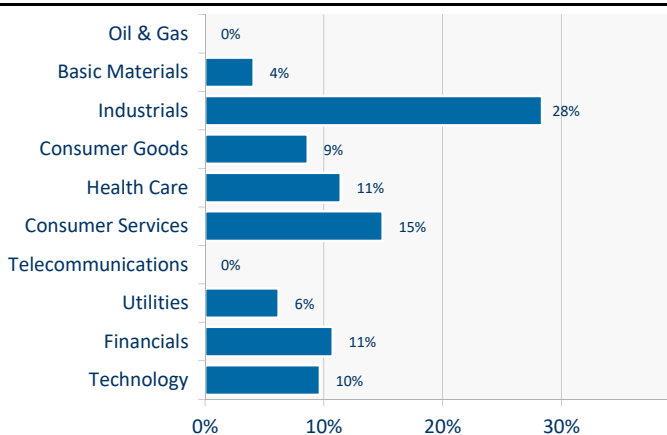
Note: risk statistics over three years

**Portfolio Analysis**

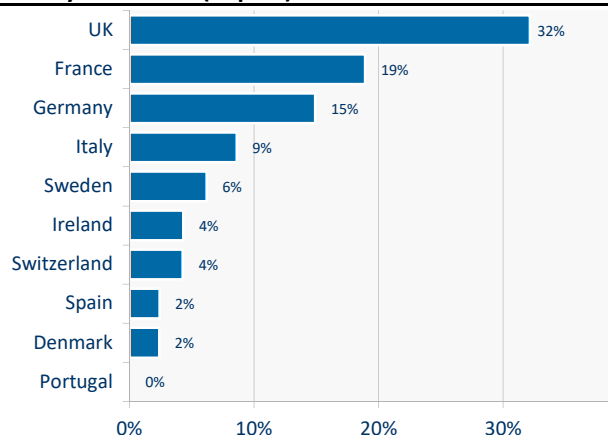
Price / Earnings 20F	23.7
EPS Growth 20F	9.1%
Dividend Yield 20F	2.1%
Dividend Growth 20F	7.2%
Return on Equity 20F	21.7%
EV/EBITDA 20F	18.4
EBIT Margin 20F	28.7%
Net Debt/Equity 20F	34.1%

Source: Factset consensus estimates

**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

MidCap enjoyed a strong 2019, delivering returns comfortably ahead of its LargeCap counterpart. Few investors forecast such a strong year for equity markets after the declines of 2018. Yet markets responded positively to further support from Central Banks and tepid economic data that was neither too hot nor worryingly cold. Meanwhile, the great political risks – namely the Trade War and Brexit – showed tentative signs of progress towards the end of the year.

During December, the NAV of the share class increased by 2.1% in Euro terms, 0.4% behind the Stoxx Europe Mid 200 index. For the year as a whole, the NAV increased by 29.4%, a healthy outperformance of over 6%.

The strongest contribution during the month came from **Severn Trent**, the UK water company, which benefitted from the Conservative Party general election win which removed the threat of nationalisation for utility companies. **St. James's Place**, the British wealth manager, gained due to greater clarity around Brexit following the election. **Symrise**, the German listed flavours and fragrances company, rose after launching an innovation centre at Unilever's facilities in the Netherlands.

The weakest contribution came from **Kerry Group**, the Irish food ingredients company, which weakened after missing out on the acquisition of Dupont's nutrition business. **Recordati**, the pharmaceutical company, underperformed a rising market despite little company specific news. **Bureau Veritas**, the testing and inspection business, remained steady in a rising market.

Commentators are busy gazing into their crystal balls attempting to predict what the New Year has in store for investors. History suggests that this is a difficult task. Attempting to forecast the direction of global macro forces can be akin to reading the tea leaves – and both economists and tasseographers (those who read tea leaves) have a habit of leaving enough room in their predictions to claim that they were “right” after the event.

We do not spend time trying to make such predictions. Macro events that influence markets, such as those currently taking place in Iran and Iraq, sit outside our sphere of competence and are virtually impossible to predict. Rather, we spend our time meeting and listening to our companies. In our experience, this is where we can begin to understand the true drivers of growth that are so important to the trajectory of long-term investment returns.

**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).

**Important Information**

This report is issued monthly by Montanaro Asset Management Limited (MAM), the fund manager, who is Authorised and Regulated in the UK by the Financial Conduct Authority (FCA). It may not be copied or distributed or otherwise made available to any recipient without the express written consent of MAM.

This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (the "Act"). The material included in this report has been prepared by MAM and is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in the Fund. Such investments can only be made by completing the application forms that accompany the Fund's Prospectus. MAM is not authorised to market directly to retail investors. Retail investors should seek independent financial advice before making any investment decisions.

Information and opinions presented in this material have been obtained or derived from sources believed by MAM to be reliable. MAM makes no representation as to their accuracy or completeness.

It is the responsibility of all users of this information to be informed and observe all applicable laws and regulations of any relevant jurisdictions where they reside.