

Montanaro European MidCap Fund (€)

28 February 2020

Open Ended

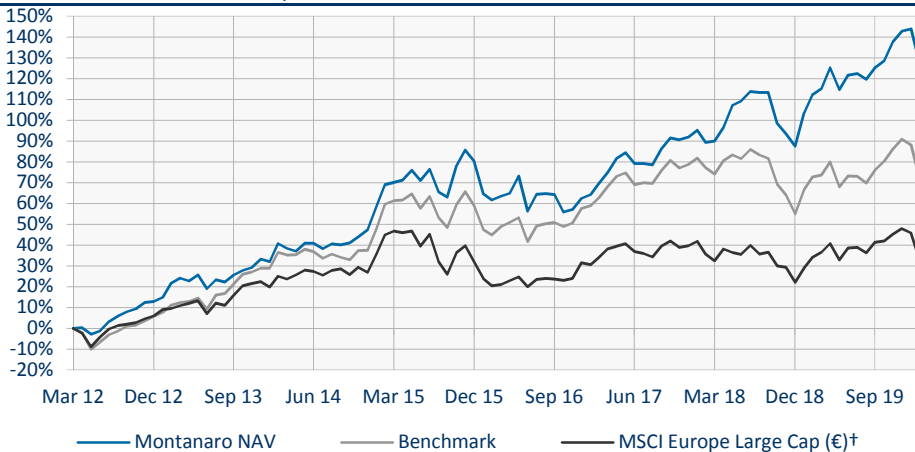
Fund Objective

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.

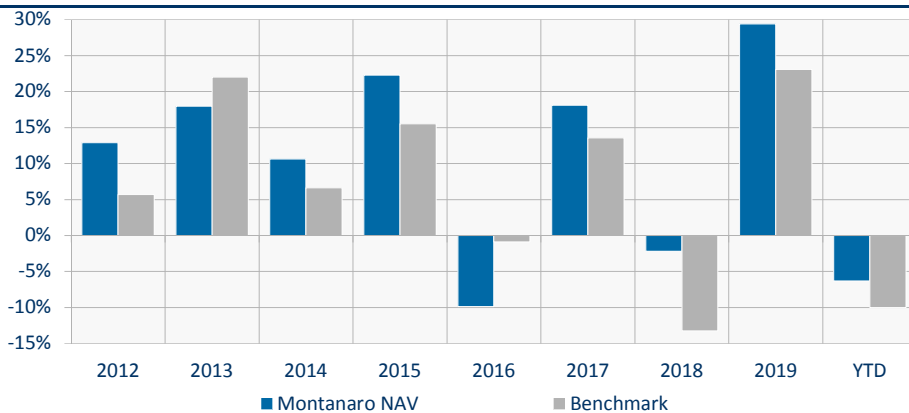
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
Fund	-6.3%	-6.8%	-4.3%	3.5%	7.2%	34.1%	34.6%	127.4%
Benchmark	-10.0%	-8.6%	-7.7%	1.1%	-0.6%	5.7%	7.6%	71.8%
Fund (TR)‡	-6.3%	-6.8%	-4.3%	3.5%	7.6%	35.2%	35.6%	130.6%
STOXX Europe Mid 200 (€ TR)†	-9.9%	-8.6%	-7.6%	1.7%	2.1%	13.8%	21.1%	107.9%

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 €3.1 billion.

Fund Facts

Fund Manager	Montanaro Team
Contact	Alex Magni
Fund Launch	March 2012
Year End	December
Currency	EUR
Class	Distribution
Benchmark	STOXX Europe Mid 200 (€)
Ticker	MEUMCED ID
ISIN	IE00B6VJL827
Sedol	B6VJL82
Net Assets	€135 million
NAV	€2.274
No. of Holdings	25
Median Mkt Cap	€9919 million
Cash	5.8%
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	Expected Q1
Management Fee	Annual 1.50%
Performance Fee	20% outperformance of Benchmark + 3%, with a hurdle of €2.427
Authorised for marketing in	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 29/02/20)

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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.

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Top 10 Holdings

Kerry Group	4.9%
Recordati	4.9%
Severn Trent	4.8%
Edenred	4.7%
Bureau Veritas	4.6%
Teleperformance	4.6%
St. James Place	4.4%
Worldline	4.3%
Temenos	4.3%
Rightmove	4.3%
Total	45.7%

Risk Analysis

	Fund	Index
Jensen's Alpha (annual)	8.7%	
Beta	0.89	1.00
Standard Deviation	11.4%	12.2%
Sharpe Ratio	0.92	0.18
Tracking Error	3.7%	
Information Ratio	2.35	
Active Share	91.6%	

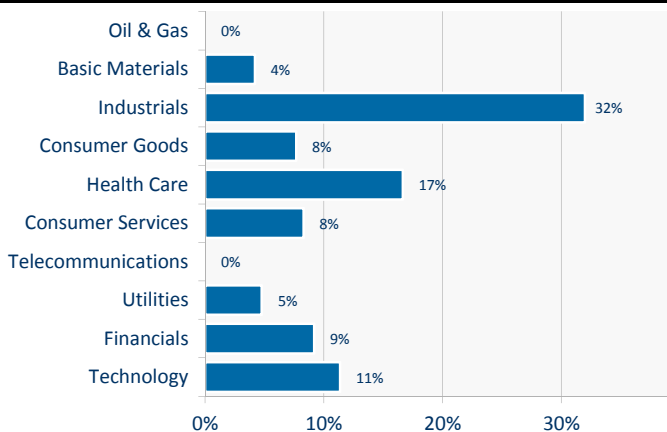
Note: risk statistics over three years

Portfolio Analysis

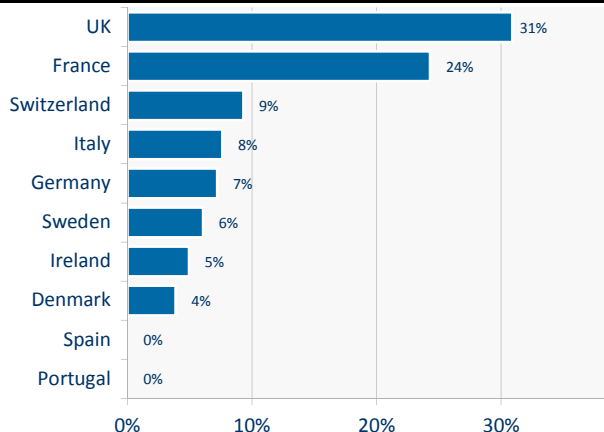
Price / Earnings 20F	23.6
EPS Growth 20F	8.8%
Dividend Yield 20F	1.9%
Dividend Growth 20F	6.9%
Return on Equity 20F	20.8%
EV/EBITDA 20F	18.8
EBIT Margin 20F	27.7%
Net Debt/Equity 20F	62.8%

Source: Factset consensus estimates

Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

It was Klemens von Metternich, a distinguished diplomat during the Napoleonic era, who came up with one of the most famous phrases about the economy. In an era when Europe dominated the world, he stated: "When France sneezes, Europe catches a cold." Once the United States had acquired economic dominance, this was adapted: "When America sneezes, the world catches a cold."

The same is now true of China, in both economic and health terms. The country has grown to 17% of global GDP. As the Coronavirus spread across the world, China – the workshop of the global economy – closed for business. The result was an indiscriminate sell-off in risk assets as fear overtook greed to become the dominant force in financial markets.

During February, the NAV of the share class declined by 6.8% in Euro terms, 1.8% ahead of the Stoxx Europe Mid 200 index.

The strongest contribution during the month came from **Sartorius Stedim**, the developer of equipment used in the manufacture of biologic drugs, which continued to rise after delivering strong results and a confident outlook. **Worldline**, the global leader in merchant acquiring payment services, performed strongly after announcing a synergistic acquisition of a large European competitor. **Recordati**, the pharmaceutical company, outperformed a falling market thanks to solid Q4 results and a defensive business model.

The weakest contributions came from companies that were all impacted by the Coronavirus: **MTU**, the aircraft engine manufacturer, declined as investors anticipated a slowdown in air traffic; **CTS Eventim**, the provider of ticketing services in Europe, weakened as the market anticipated a sharp decline in ticket sales for concerts and public events; and **St James' Place**, the UK wealth manager, suffered from declining stock markets.

Nobody knows what the impact of Covid-19 will be. Despite the uncertainty, it is clear that the regularity of daily life across the northern hemisphere is under threat to an extent rarely seen in peace time. Global growth will be negatively impacted due to the double whammy of supply and demand shocks. Yet it is too early to tell if growth will plummet, or be pushed back towards the warmer months of the year when the virus may become less virulent.

Away from predictions about the virus, it is worth pointing out that from a purely financial market standpoint, the fall in equity prices is to some extent welcome. Markets had again reached record highs and the "froth" of expensive valuations has been skimmed away. While the situation may worsen in coming months, we believe that the impact of Covid-19 will be largely absorbed through 2020 and that the global economy and affected societies will recover fairly quickly. In the meantime, we are likely to be able to purchase some outstanding businesses at very attractive prices. Market falls inevitably provide opportunity to the rational and long-term investor.

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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