

# Montanaro European MidCap Fund (€)

31 January 2020

Open Ended

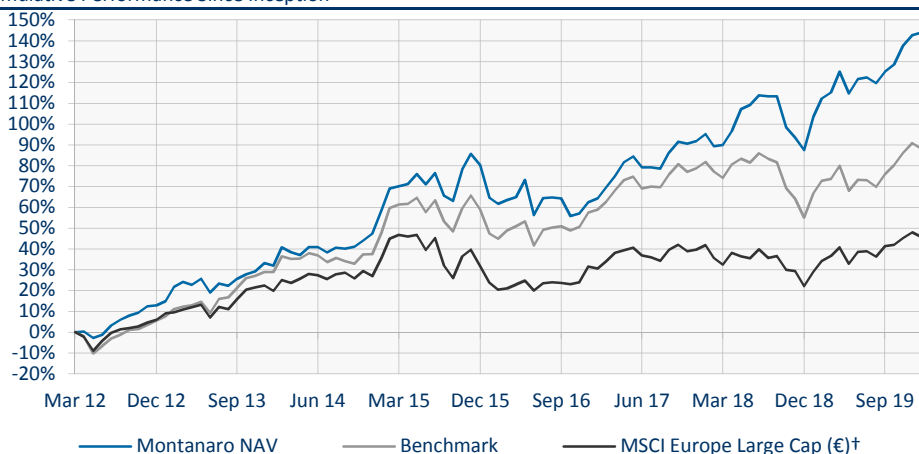
## Fund Objective

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.

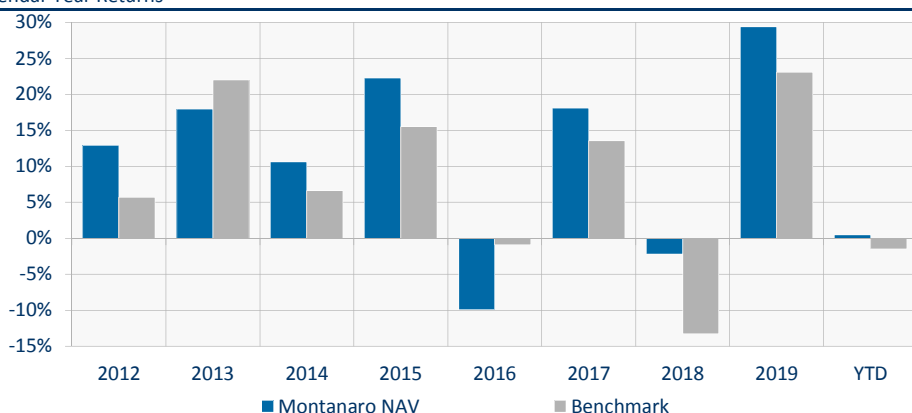
## Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
<b>Fund</b>	0.5%	0.5%	6.7%	9.6%	19.9%	48.5%	53.6%	143.9%
<b>Benchmark</b>	-1.5%	-1.5%	4.3%	8.7%	12.8%	18.4%	27.1%	88.1%
<b>Fund (TR)‡</b>	0.5%	0.5%	6.7%	9.6%	20.3%	49.7%	54.9%	147.4%
<b>STOXX Europe Mid 200 (€ TR)†</b>	-1.4%	-1.4%	4.5%	9.4%	15.8%	27.4%	43.0%	127.5%

## 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>	€143 million
<b>NAV</b>	€2.439
<b>No. of Holdings</b>	25
<b>Median Mkt Cap</b>	€10823 million
<b>Cash</b>	3.3%
<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 31/01/20)

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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**

St. James Place	4.8%
Ashtead Group	4.7%
Kerry Group	4.7%
Edenred	4.6%
Temenos	4.6%
Recordati	4.6%
Teleperformance	4.4%
Rightmove	4.4%
Bureau Veritas	4.3%
Auto Trader Group	4.2%
	<b>45.2%</b>

**Risk Analysis**

	Fund	Index
Jensen's Alpha (annual)	8.9%	
Beta	0.90	1.00
Standard Deviation	10.5%	11.1%
Sharpe Ratio	1.36	0.55
Tracking Error	3.6%	
Information Ratio	2.53	
Active Share	91.6%	

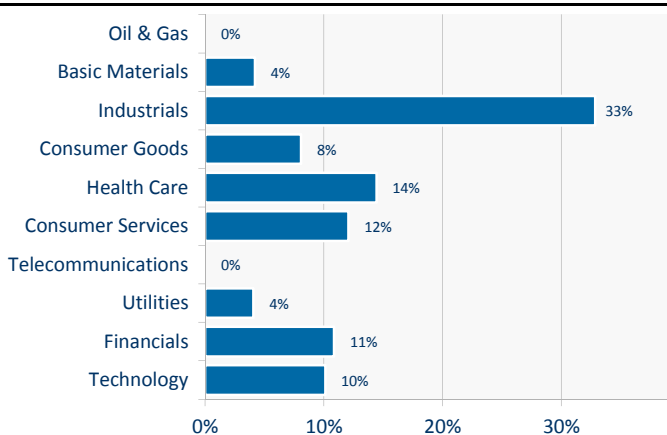
Note: risk statistics over three years

**Portfolio Analysis**

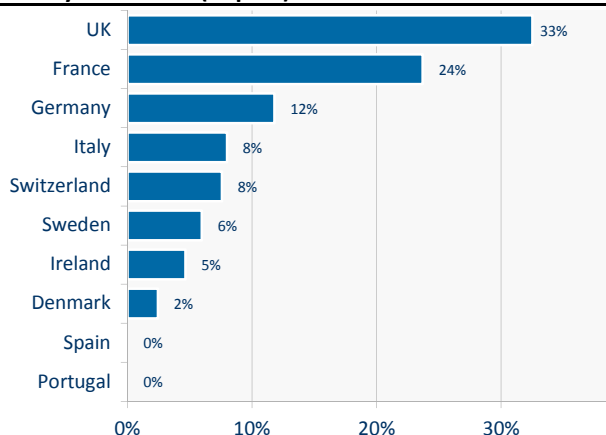
Price / Earnings 20F	24.7
EPS Growth 20F	11.0%
Dividend Yield 20F	1.8%
Dividend Growth 20F	9.2%
Return on Equity 20F	21.2%
EV/EBITDA 20F	19.1
EBIT Margin 20F	28.3%
Net Debt/Equity 20F	51.5%

Source: Factset consensus estimates

**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

Equity markets began the year in high spirits before volatility increased towards the end of the month. This was largely due to the coronavirus outbreak, although another notable geopolitical event – namely the flare up between the US and Iran – was a further reason for the strong performance of safe haven assets in January. Against this backdrop, it was little surprise that MidCap delivered negative returns. Markets cannot always go up and after such a strong fourth quarter, a pullback was somewhat welcome.

During January, the NAV of the share class increased by 0.5% in Euro terms, 2% 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 rose as the company announced strong Q4 results and a confident outlook for 2020. **MTU Aero Engines**, the aircraft engine maker, continued to benefit from expectations that the Airbus 320 could take share from the 737 Max. **Bureau Veritas**, the global testing and inspection business, benefitted from stronger than expected economic data.

The weakest contribution came from **Elekta**, the developer of clinical solutions for treating cancer and brain disorders, traded lower ahead of its quarterly results which are due next month. **Hargreaves Lansdown**, the UK's largest consumer savings platform, reported lacklustre asset subscriptions following the Woodford fallout. **Autotrader**, the UK's largest online second-hand car market place, saw profit taking after a strong run in the last quarter of 2019.

The US yield curve inverted once again in January as investors fretted over the unknown consequences of the viral outbreak in Wuhan, China. Although at the time of writing this has not yet developed into a full blown pandemic, this is the type of "unknown" that can easily spook markets.

For now, omens of recession are few and far between. Economic data remains steady and Central Banks supportive. A concerted policy response in China seems likely if the coronavirus does have a meaningful impact on growth (for context, growth in China rebounded quickly following the SARS outbreak of 2003). In uncertain times, investors tend to favour the reliability of quality companies and this was in evidence in January. We would not be surprised if this persists in the months ahead. Quality is our investment style and one that we never waver from.

**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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