

Montanaro European MidCap Fund (€)

31 October 2019

Open Ended

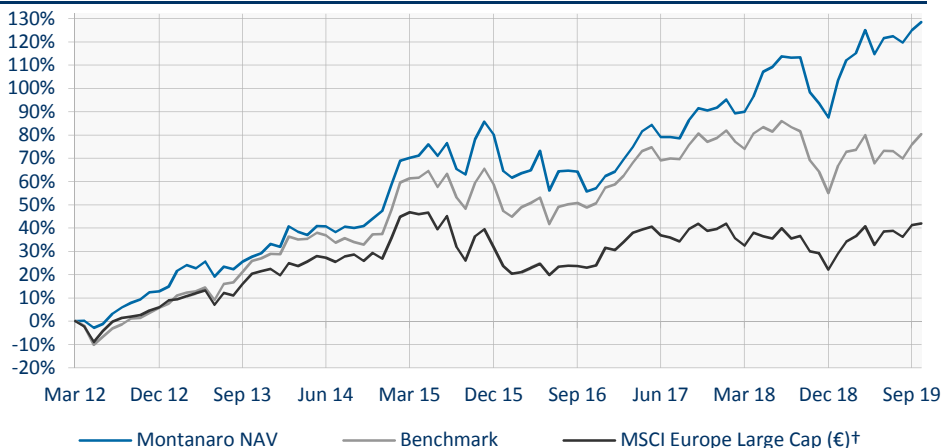
Fund Objective

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.

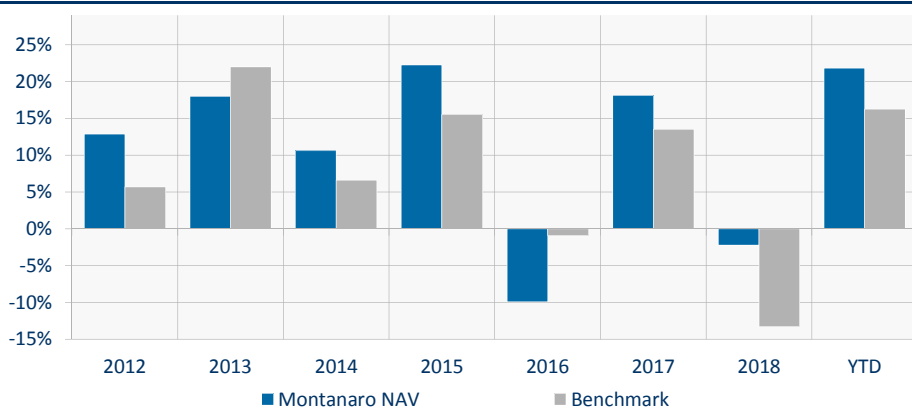
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
Fund	21.9%	1.5%	2.7%	1.5%	15.2%	46.7%	62.1%	128.5%
Benchmark	16.3%	2.5%	4.2%	0.2%	6.6%	21.1%	35.7%	80.3%
Fund (TR)‡	22.3%	1.5%	2.7%	1.5%	15.6%	47.9%	63.4%	131.8%
STOXX Europe Mid 200 (€ TR)†	19.2%	2.6%	4.7%	1.7%	9.5%	30.4%	52.7%	117.6%

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 €2.6 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	€136 million
NAV	€2.285
No. of Holdings	25
Median Mkt Cap	€9263 million
Cash	5.2%
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 €1.917
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 31/10/19)

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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.

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Top 10 Holdings

MTU Aero Engines	4.7%
Recordati	4.7%
Kerry Group	4.6%
Ashtead Group	4.6%
Rightmove	4.6%
St. James Place	4.4%
CTS Eventim	4.4%
Edenred	4.3%
Auto Trader Group	4.3%
Bureau Veritas	4.2%
Total	44.9%

Risk Analysis

	Fund	Index
Jensen's Alpha (annual)	7.8%	
Beta	0.89	1.00
Standard Deviation	10.5%	11.1%
Sharpe Ratio	1.33	0.62
Tracking Error	3.7%	
Information Ratio	2.16	
Active Share	92.5%	

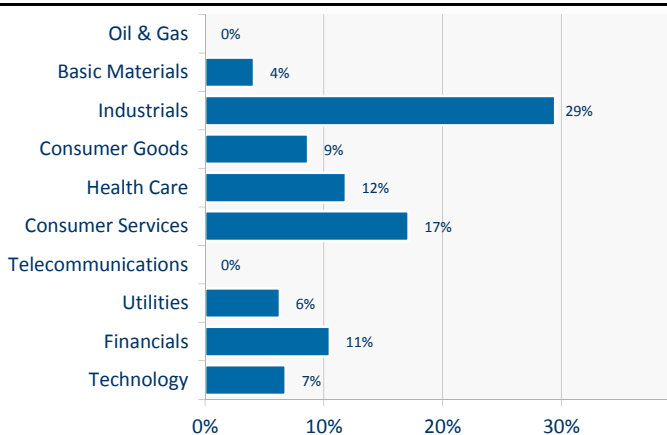
Note: risk statistics over three years

Portfolio Analysis

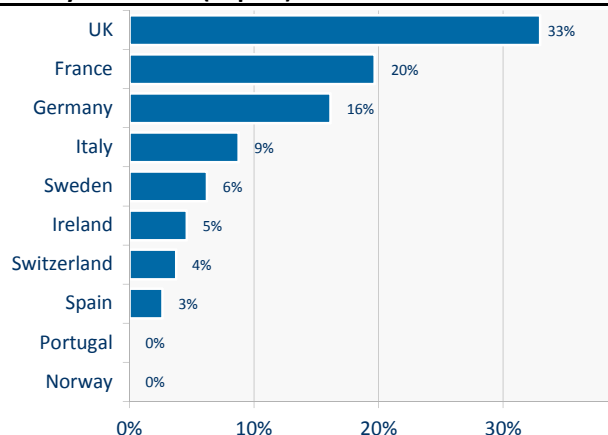
Price / Earnings 20F	21.6
EPS Growth 20F	9.2%
Dividend Yield 20F	2.3%
Dividend Growth 20F	7.7%
Return on Equity 20F	21.2%
EV/EBITDA 20F	16.9
EBIT Margin 20F	28.4%
Net Debt/Equity 20F	33.9%

Source: Factset consensus estimates

Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

Easing political tensions provided support to equity markets in October. A consequence of this was that MidCap had one of its strongest months so far this year relative to European LargeCap. With two months to go until the end of the year, MidCap has outperformed its larger counterpart by over 3% so far this year. As President Trump celebrated a “Phase One Trade Deal” with China, the UK stepped back from the apparent precipice of a “no deal” Brexit. Meanwhile, Central Banks reiterated their dovish stances as Mario Draghi, the architect of Europe’s “whatever it takes” stimulus strategy, stepped aside for Christine Lagarde.

During October, the NAV of the share class increased by 1.5% in Euro terms, 1% behind the Stoxx Europe Mid 200 index.

The strongest contribution during the month came from **Autotrader**, the UK’s largest online second-hand car market place, which gained as fears of a “no deal” Brexit receded. This was also the reason for the good performance of **Rightmove**, the UK’s leading online real estate portal and **St. James’s Place**, the wealth manager, which also benefited from a broker upgrade.

The weakest contribution came from **Temenos**, the provider of banking software to the financial services, which experienced profit taking after a strong run. **Hargreaves Lansdown**, the investment platform in the UK, continued to suffer from the fallout of Woodford Investment Management’s collapse. **Recordati**, the pharmaceutical company, saw some profit taking after a strong run.

It is perhaps a little confusing that European equities have climbed close to a two-year high in recent weeks when signs that the global economy is slowing are so prevalent. While much of this is due to improved political developments, a positive earnings season has also reinvigorated investor appetite for risk assets.

Yet the clouds hovering over the investment landscape have not evaporated completely. Geopolitical risks remain and growth is slowing across the world. While the monetary backdrop remains supportive, Central Banks do not have much left in the toolkit. In our opinion, we remain in a period in which investors will continue to favour companies with strong balances sheets and healthy cash flows.

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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