

Montanaro European Smaller Companies Fund (€)

30 August 2019

Open Ended

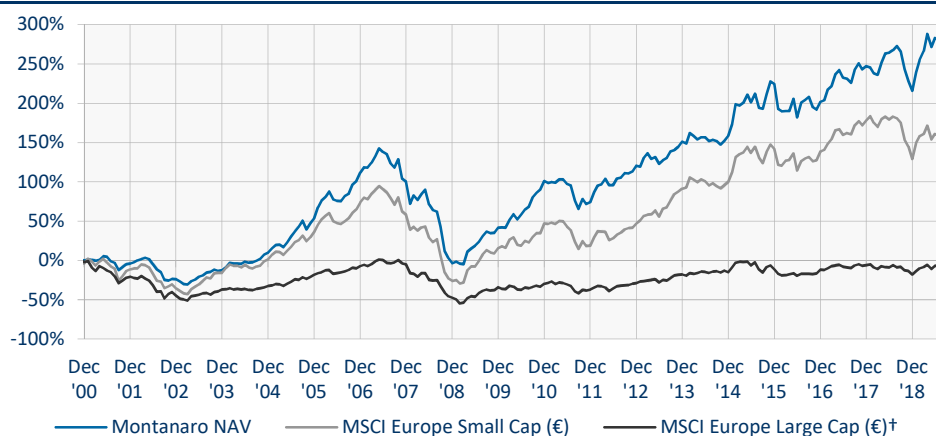
Fund Objective

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

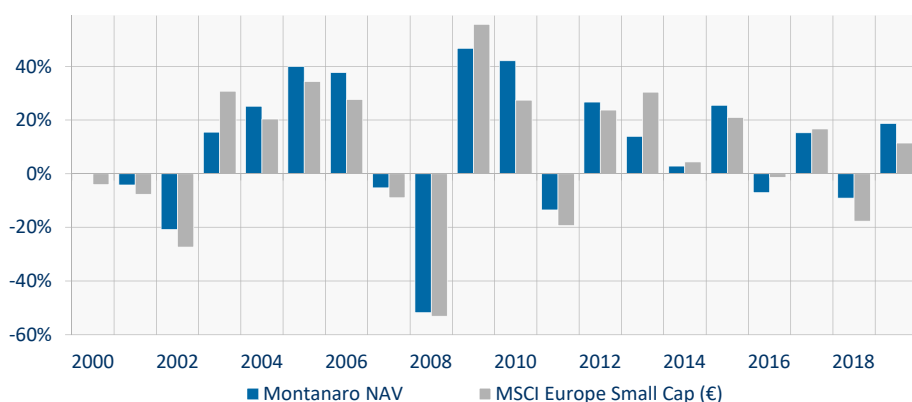
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
Fund	18.7%	-1.9%	0.8%	5.6%	0.6%	23.2%	48.0%	274.8%
Benchmark	11.5%	-1.8%	0.5%	-1.0%	-9.1%	11.3%	29.0%	155.3%
Fund (TR)‡	18.8%	-1.9%	0.8%	5.6%	0.6%	24.1%	51.0%	305.5%
MSCI Europe Small Cap (TR)†	13.6%	-1.7%	1.0%	0.8%	-6.9%	18.8%	43.6%	286.0%

Cumulative Performance Since Inception



Calendar Year Returns



Source: Montanaro, MSCI, Bloomberg. NAV to NAV, unrounded. NAV prior to class listing 30/11/06 based on GBP NAV. NAVs prior to 24/09/07 priced at close of business; between 24/09/07 and 01/10/09 priced at midday; since 2/10/09 priced at 4pm.

† The MSCI Europe SmallCap index (net 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 €2.4 billion.

Fund Facts

Fund Manager	Montanaro Team
Contact	Charles Montanaro
Fund Launch	December 2000
Year End	December
Currency	EUR
Class	Distribution
Benchmark	MSCI Europe Small Cap (€)
Ticker	MONESCE ID
ISIN	IE00B1FZRP01
Sedol	B1FZRP0
Fund Size	€488 million
NAV	€6.133
No. of Holdings	59
Median Mkt Cap	€2730 million
Cash	2.1%
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
Reporting Fund Status	Approved
Management Fee	Annual 1.5%
Performance Fee	20% outperformance of Benchmark + 3%, with a hurdle of €5.304

Authorised for marketing in Ireland, UK, Netherlands, France, Finland, Sweden, Switzerland, Norway, Austria, Germany, Spain, Iceland, Italy

Fund ESG Score 6.5

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 31/08/19)

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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	3.6%
Sartorius Stedim Biotech	3.5%
CTS Eventim	3.3%
Rightmove	3.0%
Marshalls	3.0%
Rational	3.0%
Simcorp	3.0%
Shaftesbury	2.5%
Elekta	2.4%
Belimo Holding	2.4%
Total	29.5%

Risk Analysis

	Fund	Index
Jensen's Alpha (annual)	4.1%	
Beta	0.88	1.00
Standard Deviation	11.4%	11.9%
Sharpe Ratio	0.66	0.33
Tracking Error	4.7%	
Information Ratio	0.82	
Active Share	92.0%	

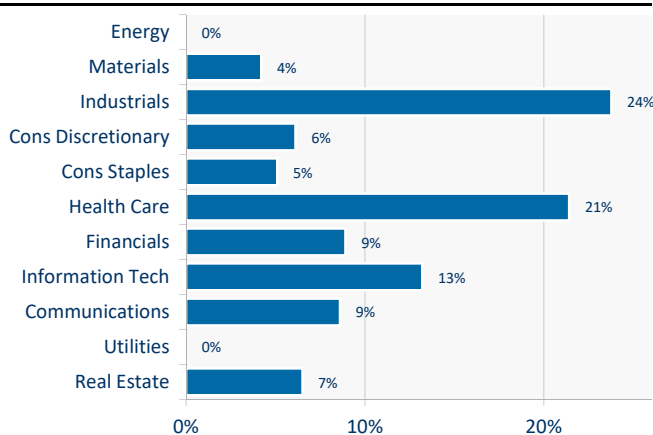
Note: risk statistics over three years

Portfolio Analysis

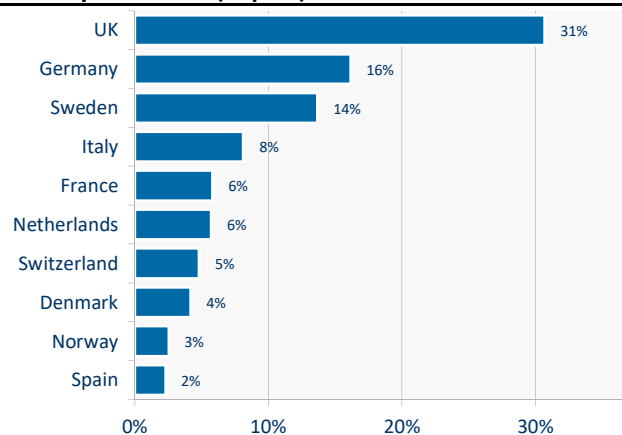
Price / Earnings 19F	25.1
EPS Growth 19F	3.7%
Dividend Yield 19F	2.0%
Dividend Growth 19F	5.0%
Return on Equity 19F	15.0%
EV/EBITDA 19F	20.6
EBIT Margin 19F	25.1%
Net Debt/Equity 19F	21.0%

Source: Factset consensus estimates

Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

August proved a volatile month for equity markets. A rise in the VIX index (a measure of market volatility) and equity market decline were influenced once again by the social media activity of the US President. Donald Trump announced another escalation in the Trade War with China by threatening to impose additional tariffs on over \$300 billion worth of Chinese imports. With trading volumes thin during the European holiday season, demand for “safe haven” assets soared. Global bond yields continued their decline, with the staggering consequence that the total market value of negative yielding debt reached over \$16 trillion. In Europe, the headlines were dominated by weak economic data, especially in Germany, and increasing political uncertainties, notably in Italy and the UK.

During August, the NAV of the share class declined by 1.9% in Euro terms, in line with the MSCI Europe Small Cap benchmark index.

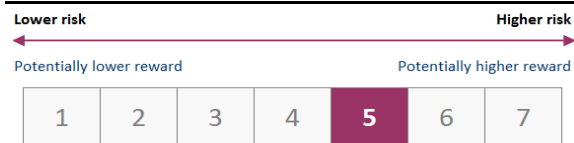
The strongest contribution during the month came from **MTU Aero Engines**, the German aircraft engine manufacturer, which benefited from strong passenger numbers during the busy holiday period. **RaySearch**, the developer of advanced software for radiation therapy, gained following a strong set of results which demonstrated strong sales growth. **CTS Eventim**, a leading provider of ticketing services in Europe, announced the partial acquisition of France Billet, the leading ticketing distributor in France, with an option to acquire the remaining stake at a later date.

The weakest contribution came from **Compugroup**, the German provider of software for the medical sector, following a disappointing set of results. **IMCD**, the speciality chemicals distributor, declined following a set of results which highlighted slight weakness in the Europe, Middle East and Africa division. **Belimo**, the Swiss actuator manufacturer, experienced profit taking after a strong increase in the share price following the stock's inclusion in the STOXX 600 index in June.

We live in a world in which sentiment can be directed by a man living in a white house with a fondness for keying pithy statements into his phone. It is likely that the US President gets ever more volatile in the run-up to next year's election. Investors in Europe are perhaps a little more used to investing against a backdrop of political uncertainty. Italy, after all, is now on its 66th government since 1946.

Yet it is the prospects for growth that most concerns investors, given the weakness in economic data. As ever in this long Bull Market, Central Banks stand at the ready. Borrowing costs in Europe remain low – and the ECB is expected to unveil new stimulus measures in the coming month. Whether this will be enough to offset a general cooling of the world economy remains to be seen. Reason enough for investors to focus on companies with strong balance sheets that may be less exposed to slowing growth than their more leveraged counterparts.

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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