

Montanaro European Smaller Companies Fund (€)

30 September 2019

Open Ended

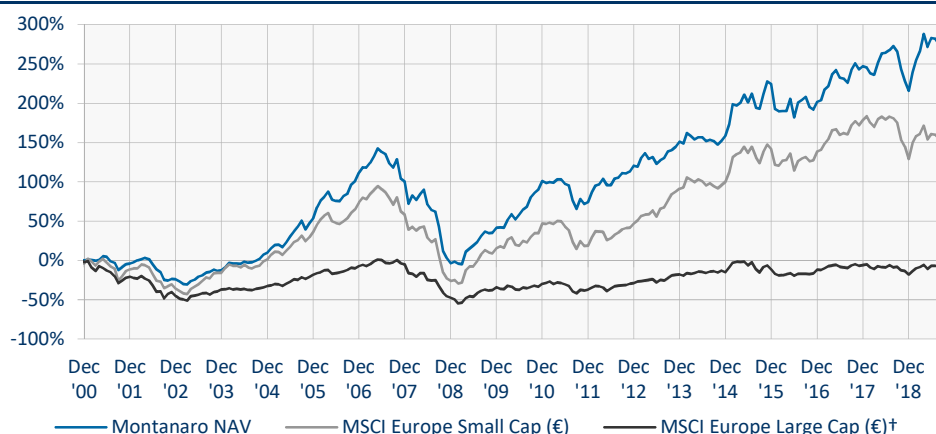
Fund Objective

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.

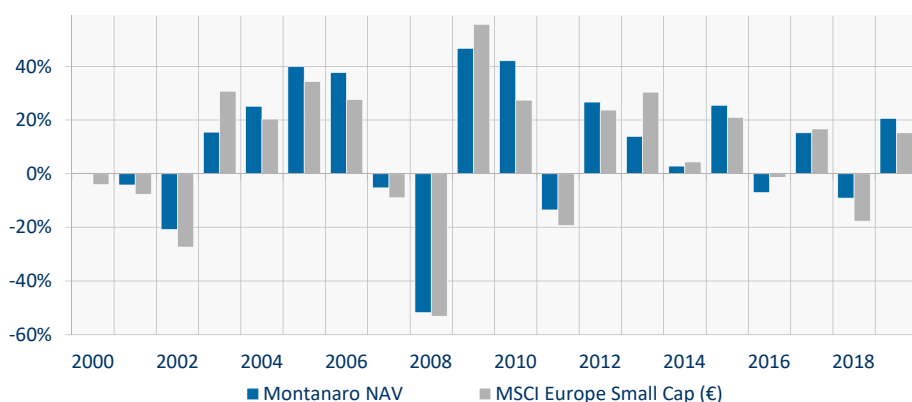
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
Fund	20.6%	1.6%	-0.5%	3.9%	4.1%	23.6%	51.3%	280.8%
Benchmark	15.2%	3.4%	1.2%	1.2%	-4.1%	14.1%	35.7%	163.9%
Fund (TR)‡	20.7%	1.6%	-0.5%	3.9%	4.2%	24.5%	54.4%	312.0%
MSCI Europe Small Cap (TR)†	17.6%	3.5%	1.6%	3.0%	-1.8%	21.8%	51.2%	299.7%

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 €2.5 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	€6.231
No. of Holdings	58
Median Mkt Cap	€2968 million
Cash	4.1%
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 30/09/19)

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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

CTS Eventim	3.3%
Sartorius Stedim Biotech	3.0%
Rightmove	3.0%
Marshalls	2.9%
Rational	2.9%
MTU Aero Engines	2.9%
Simcorp	2.6%
Shaftesbury	2.6%
Belimo Holding	2.6%
Elekta	2.3%
Total	28.2%

Risk Analysis

	Fund	Index
Jensen's Alpha (annual)	3.5%	
Beta	0.87	1.00
Standard Deviation	11.4%	12.1%
Sharpe Ratio	0.66	0.40
Tracking Error	4.8%	
Information Ratio	0.64	
Active Share	92.2%	

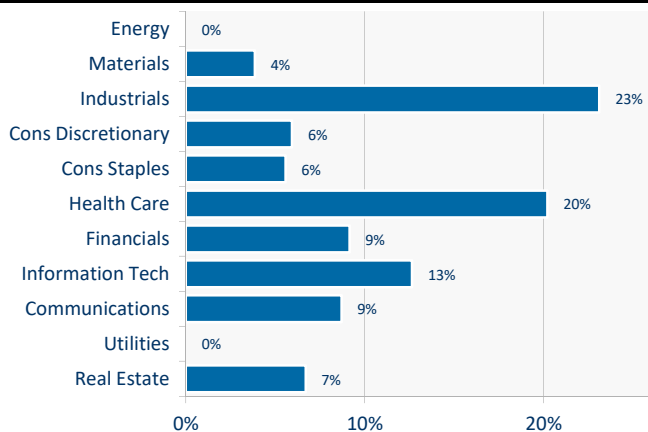
Note: risk statistics over three years

Portfolio Analysis

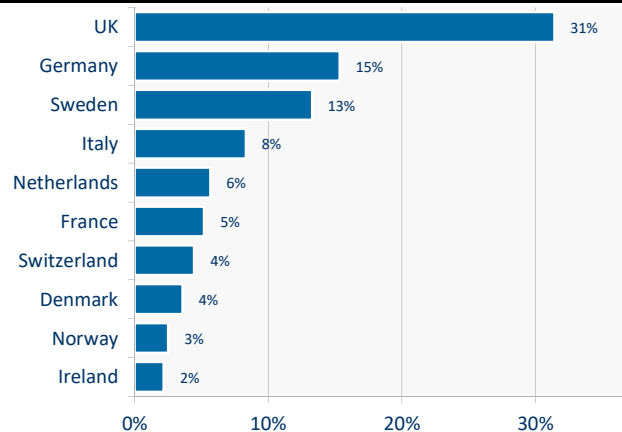
Price / Earnings 20F	22.6
EPS Growth 20F	12.6%
Dividend Yield 20F	2.2%
Dividend Growth 20F	9.1%
Return on Equity 20F	15.6%
EV/EBITDA 20F	18.3
EBIT Margin 20F	26.6%
Net Debt/Equity 20F	10.5%

Source: Factset consensus estimates

Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

September was a strange month. Investors returned from their summer holidays in a sprightly mood, pushing markets higher as weak economic data, a feature of the third quarter, was briefly ignored. Yet the month was not without its dramas. At one point, oil prices spiked by over 20% after an attack on Saudi Arabia's oil infrastructure, the largest move in the price of Brent crude since Saddam Hussein invaded Kuwait in 1990. Meanwhile, the European Central Bank joined the Federal Reserve in cutting interest rates, while also resuming quantitative easing. Europe was one of the standout performers on a regional basis, although SmallCap underperformed LargeCap.

During September, the NAV of the share class increased by 1.6% in Euro terms, an underperformance of 1.8% versus the MSCI Europe Small Cap benchmark index. This follows a strong period of relative outperformance.

The strongest contribution during the month came from **Belimo**, the manufacturer of actuators, whose shares rose after positive broker comments. **St. James's Place**, the wealth manager, rebounded along with equity markets. **Melexis**, the supplier of semiconductors for the automotive industry, performed strongly as the company benefited from improved sentiment.

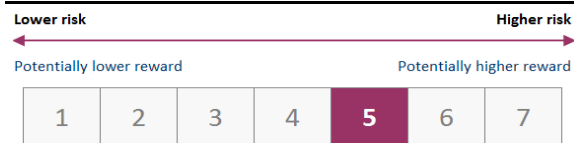
The weakest contribution came from **Sartorius Stedim**, the developer of equipment used in the manufacture of biologic drugs, which experienced some profit taking after a strong run in the share price. **SimCorp**, the leading system provider for asset managers, slightly underperformed the market with little in the way of news flow. **Advanced Medical Solutions**, the manufacturer of wound care products, sutures and sealants, declined as group profitability was impacted by lower sales of its main surgical wound-closure product, LiquiBand, in the US.

Perhaps the drama of the summer months (oil price spikes; interest rate cuts; trade war worries; Brexit, et al.) didn't feel so bad while the sun shone. Amid the autumnal gloom and heavy rain that has descended across Europe in recent weeks, investors have turned less positive as we head into winter.

The global economy faces several unpredictable risks. How will the trade war develop? Is a "no-deal" Brexit now the most likely outcome in the UK? Will tensions in the Middle East escalate? Perhaps most importantly for bottom-up stock pickers, will companies respond to slowing growth and profits by scaling back investment plans and cutting jobs?

There is no clear answer to such questions. These uncertainties mean that the case for owning Quality companies remains as strong as ever. Yet amid the darkening skies, it is worth remembering that the final quarter of the year (unlike last year) has usually been a strong one for smaller companies in Europe.

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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