

Montanaro Select Fund (£)

30 April 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 Stoxx Europe Mid 200 Index at the time of initial investment. No unquoted investments are permitted. Target portfolio of 20-30 quoted companies.

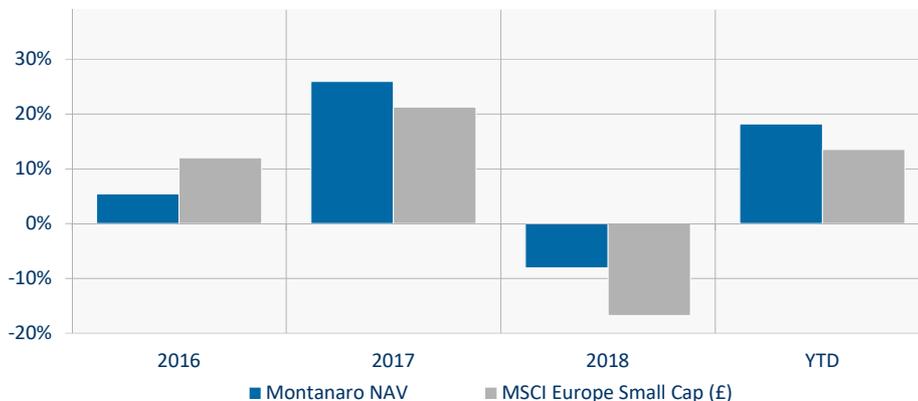
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
Fund	18.2%	6.2%	11.6%	9.0%	8.5%			44.2%
Benchmark	13.5%	3.8%	7.2%	3.6%	-4.9%			28.4%
Fund (TR)‡	19.9%	6.2%	13.3%	10.6%	10.1%			48.8%
MSCI Europe Small Cap (TR)†	14.4%	4.4%	8.0%	4.7%	-2.8%			35.8%

Cumulative Performance Since Inception



Calendar Year Returns



Source: Montanaro, MSCI, Bloomberg. NAV to NAV, unrounded.

† 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	Alex Magni
Fund Launch	July 2016
Year End	December
Currency	GBP
Class	Distribution
Benchmark	MSCI Europe Small Cap (£)
Ticker	MOEMCSD ID
ISIN	IE00BD37Z928
Sedol	BD37Z92
Fund Size	£13 million
NAV	144.2p
No. of Holdings	30
Median Mkt Cap	£2144 million
Cash	5.0%
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 0.75%
Performance Fee	20% outperformance of Benchmark + 3%, with a hurdle of 133.3p
Authorised for marketing in	Finland, Ireland, Sweden, UK
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).

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

4Imprint Group	6.2%
Ashtead Group	4.4%
IMCD	4.3%
MTU Aero Engines	4.2%
First Derivatives	4.2%
CTS Eventim	4.0%
Hilton Food Group	3.9%
St. James Place	3.7%
Big Yellow Group	3.6%
Halma	3.6%
	42.1%

Risk Analysis

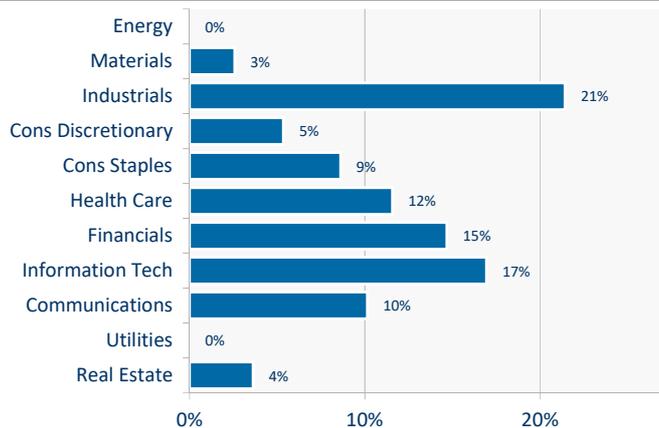
Insufficient data available for Risk Analysis

Portfolio Analysis

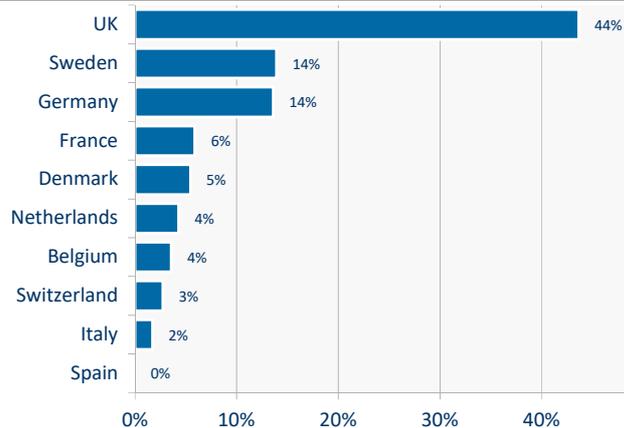
Price / Earnings 19F	24.7
EPS Growth 19F	8.8%
Dividend Yield 19F	2.0%
Dividend Growth 19F	10.5%
Return on Equity 19F	18.3%
EV/EBITDA 19F	20.0
EBIT Margin 19F	22.4%
Net Debt/Equity 19F	12.1%

Source: Factset consensus estimates

Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

The Goldilocks conditions that have been such a feature of this long Bull Market continued to be “just right” in April. Central Banks remained accommodative, particularly in Europe, while growth surprised in China and the US as talk of a Trade War diminished. This sustained the ascent of equity markets, with returns for the year moving firmly into double-digit territory. A further boost was provided by a solid start to the earnings season, although it is worth remembering that expectations had been revised down after the torrid end to 2018.

During April, the NAV of the share class increased by 6.2% in Sterling terms, 2.4% ahead of the MSCI Europe Small Cap benchmark index.

The strongest contribution during the month came from **Melexis**, the supplier of semiconductors for the automotive industry, as the outlook for the sector improved due to better than expected macroeconomic data. **First Derivatives**, the database technology and consulting services provider, continued to recover from the short-attack last year and also benefited from a solid trading update. **Ashtead**, the equipment rental operator in the US, continued to recover with evidence of the health of the US economy.

The weakest contribution came from **Smart Metering Systems**, the owner and operator of smart meters, which announced strong results that also contained near-term accounting-driven EPS downgrades. **VZ Holding**, the Swiss wealth manager, weakened due to increased margin pressures. **Vitrolife**, the leading supplier of products used for IVF treatments, saw profit taking after a strong run.

Given the recent rise in equity markets, investors may be forgiven for wanting to draw breath. Indeed, a pause would be welcome. However, we would caution those preparing to “sell in May and go away”. Economic data is pointing towards a slowing world economy rather than one that is coming off the rails. Becoming bearish too early hurts: those who moved to cash in the fourth quarter of last year have had a painful few months.

It may be more prudent to think about equity exposure strategically. European markets continue to look cheap compared to those on the other side of the Atlantic. Meanwhile, European monetary policy remains among the most accommodative in the world: bank lending conditions are favourable, while it is unlikely that the ECB will raise interest rates in 2019. All of this should continue to support SmallCap companies, which are comfortably outperforming their LargeCap peers so far this year.

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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