

## Montanaro Select Fund (£)

28 June 2019

Open Ended

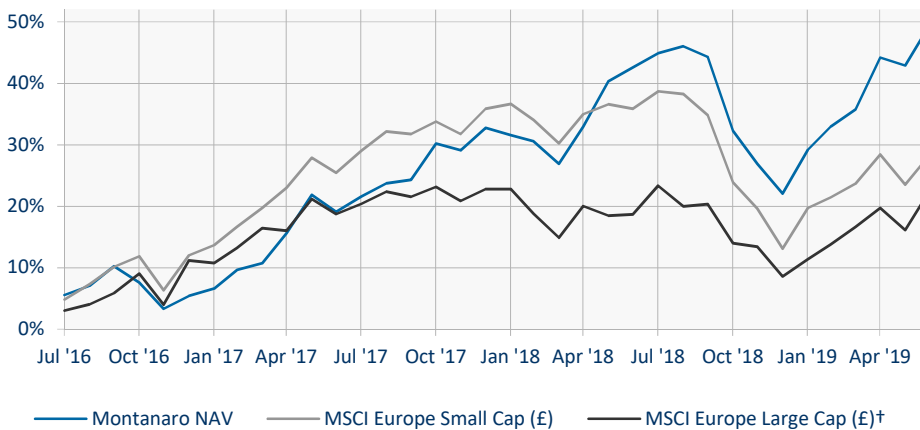
### Fund Objective

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.

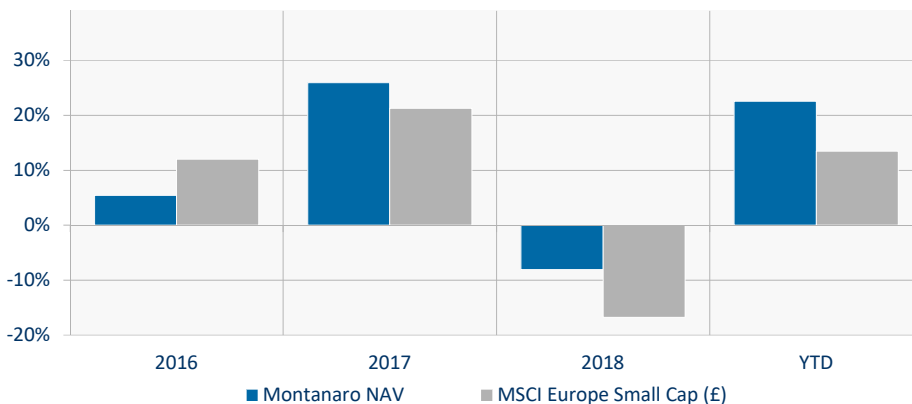
### Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
<b>Fund</b>	22.5%	4.7%	10.2%	22.5%	4.9%			49.6%
<b>Benchmark</b>	13.5%	3.9%	3.8%	13.5%	-5.5%			28.4%
<b>Fund (TR)‡</b>	24.3%	4.7%	10.2%	24.3%	6.4%			54.3%
<b>MSCI Europe Small Cap (TR)†</b>	15.4%	4.2%	5.2%	15.4%	-3.3%			37.0%

### 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 £2.2 billion.

### Fund Facts

<b>Fund Manager</b>	Montanaro Team
<b>Contact</b>	Alex Magni
<b>Fund Launch</b>	July 2016
<b>Year End</b>	December
<b>Currency</b>	GBP
<b>Class</b>	Distribution
<b>Benchmark</b>	MSCI Europe Small Cap (£)
<b>Ticker</b>	MOEMCSD ID
<b>ISIN</b>	IE00BD37Z928
<b>Sedol</b>	BD37Z92
<b>Fund Size</b>	£14 million
<b>NAV</b>	149.6p
<b>No. of Holdings</b>	30
<b>Median Mkt Cap</b>	£2052 million
<b>Cash</b>	5.1%
<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>Reporting Fund Status</b>	Approved
<b>Management Fee</b>	Annual 0.75%
<b>Performance Fee</b>	20% outperformance of Benchmark + 3%, with a hurdle of 133.3p
<b>Authorised for marketing in</b>	Finland, Ireland, Sweden, UK
<b>Fund ESG Score</b>	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.

Custodian, Fund Administrator and Subscriptions – Contact BNY MELLON  
Tel: +353 1 900 6140 Fax: +353 1 900 6141 Email: MontanaroTA@bnymellon.com

Montanaro Asset Management Limited, 53 Threadneedle Street, London, EC2R 8AR

Tel: 020 7448 8600

Fax: 020 7448 8601

www.montanaro.co.uk

enquiries@montanaro.co.uk

**Top 10 Holdings**

4Imprint Group	6.0%
IMCD	4.8%
Ashtead Group	4.5%
First Derivatives	4.5%
MTU Aero Engines	4.2%
AAK	4.0%
Sartorius Stedim Biotech	3.7%
Thule Group	3.6%
Hilton Food Group	3.6%
CTS Eventim	3.5%
	<b>42.2%</b>

**Risk Analysis**

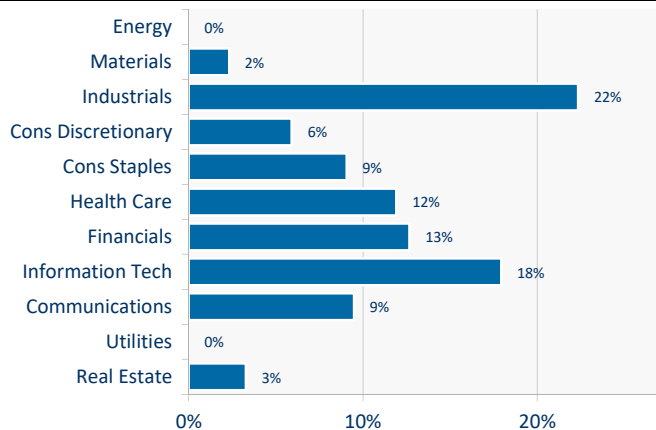
Insufficient data available for Risk Analysis

**Portfolio Analysis**

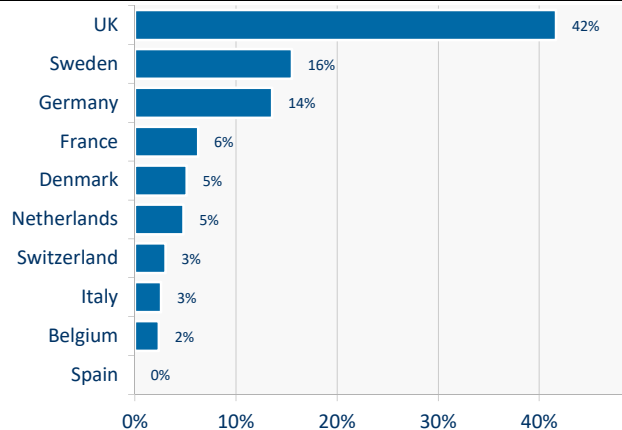
Price / Earnings 19F	25.5
EPS Growth 19F	7.5%
Dividend Yield 19F	1.8%
Dividend Growth 19F	8.0%
Return on Equity 19F	18.4%
EV/EBITDA 19F	20.2
EBIT Margin 19F	22.2%
Net Debt/Equity 19F	14.2%

Source: Factset consensus estimates

**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

The wobble experienced by markets in May was greeted with the balm that has become so familiar during this Bull Market: the soothing words of Central Bankers. This had the “new normal” effect of turning bad economic data into good news for investors. Equities thus resumed their upwards momentum in June, even as safe haven assets – such as gold – also saw decent gains.

At the mid-point of the year, it is worth noting just how strong equity returns have been. All major equity indices are in positive territory, with European and US markets posting double-digit gains. Even the UK, where Brexit has proven such a headwind to sentiment, experienced good returns. Investors who have tried to “time” the end to the Bull Market have again been caught out.

During June, the NAV of the share class increased by 4.7% in GBP terms, 0.8% ahead of the MSCI Europe Small Cap benchmark index. Since the beginning of the year the NAV has risen by 22.5%, an outperformance of 9%.

The strongest contribution during the month came from **Ashtead**, the general equipment rental company in the US, which issued another strong trading update and benefitted from general market improvements. **IMCD**, the specialty chemicals distributor, continued to rise amid easing trade tensions and expectations of improved performance in the US. **Sartorius Stedim**, the developer of equipment used in the manufacture of biologic drugs, continued to benefit from very good Q1 growth numbers.

The weakest contribution came from **Chr Hansen**, the supplier of bioscience based natural ingredients to the food, health and animal feed industries, which suffered due to weak Chinese growth. **Big Yellow Group**, the market leader in the UK self-storage sector, weakened despite a positive performance in the first half of the year from its peer Safestore. **Integratin**, the advisor-led investment platform, drifted amid troubles with Woodford and Hargreaves Lansdown.

Incredibly, two-year sovereign debt for every single country in the Eurozone now trades on negative yields. The probable appointment of Christine Lagarde as President of the ECB, who is seen as even more dovish than the incumbent Mario Draghi, is expected to lead to a continuation of loose monetary policy in Europe. Recent history suggests that this should support equity markets. Integratin, a leading advisor-led investment platform, drifted after a strong recent run and amid troubles with Woodford and Hargreaves Lansdown.

Set against this is the likelihood that the narrative of the second half of 2019 may mirror that of the first: politics and the trade war could dominate the headlines once again. With this in mind, we continue to believe that the environment remains supportive of owning “Quality” companies. Such businesses are in control of their own destiny and have the resilience and strength to weather periods of market turbulence, which any long-term investor should expect to experience from time to time.

**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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