

## Montanaro Select Fund (£)

29 November 2019

Open Ended

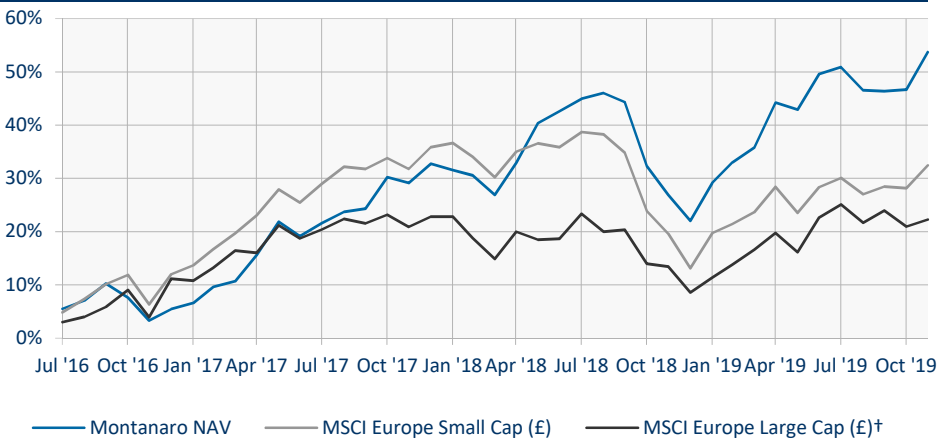
### Fund Objective

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.

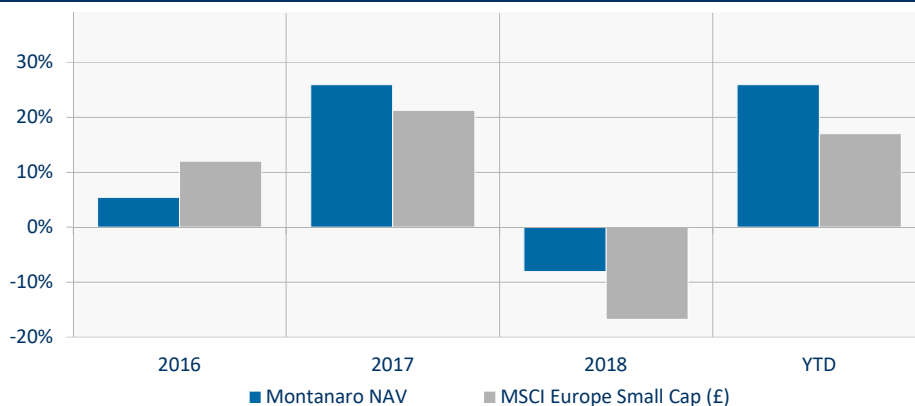
### Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
<b>Fund</b>	26.0%	4.8%	4.9%	7.6%	21.1%	48.8%		53.7%
<b>Benchmark</b>	17.1%	3.3%	4.2%	7.2%	10.7%	24.5%		32.4%
<b>Fund (TR)‡</b>	27.8%	4.8%	4.9%	7.6%	22.9%	53.5%		58.6%
<b>MSCI Europe Small Cap (TR)†</b>	19.7%	3.4%	4.6%	8.1%	13.3%	33.0%		42.1%

### 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

<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>	MOEMCSID
<b>ISIN</b>	IE00BD37Z928
<b>Sedol</b>	BD37Z92
<b>Fund Size</b>	£14 million
<b>NAV</b>	153.7p
<b>No. of Holdings</b>	29
<b>Median Mkt Cap</b>	£2291 million
<b>Cash</b>	7.4%
<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>	6.5

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 30/11/19)

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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**

Ashtead Group	4.6%
MTU Aero Engines	4.6%
Reply	4.4%
IMCD	4.2%
St. James Place	4.0%
Smart Metering Systems	4.0%
CTS Eventim	3.9%
Thule Group	3.7%
Integrafin	3.6%
Hilton Food Group	3.6%
<b>Total</b>	<b>40.6%</b>

**Risk Analysis**

	Fund	Index
Jensen's Alpha (annual)	7.1%	
Beta	0.94	1.00
Standard Deviation	11.3%	10.7%
Sharpe Ratio	1.28	0.74
Tracking Error	5.2%	
Information Ratio	1.45	
Active Share	96.5%	

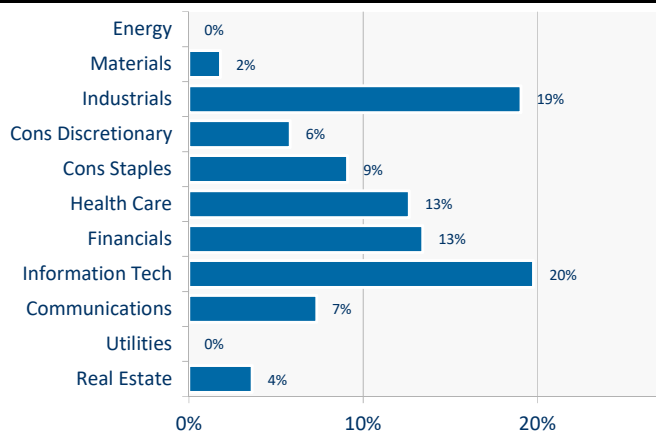
Note: risk statistics over three years

**Portfolio Analysis**

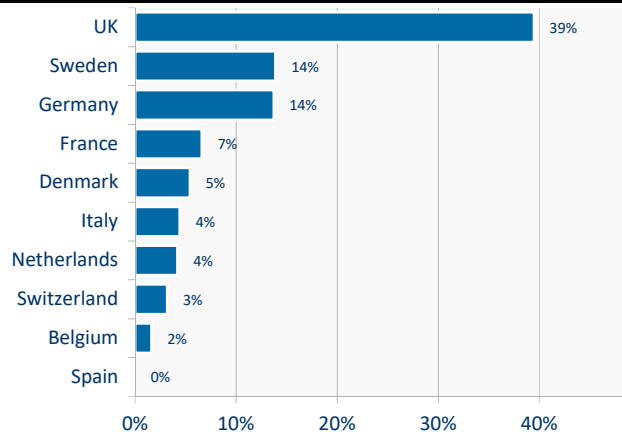
Price / Earnings 20F	24.2
EPS Growth 20F	14.3%
Dividend Yield 20F	1.9%
Dividend Growth 20F	9.5%
Return on Equity 20F	17.5%
EV/EBITDA 20F	20.1
EBIT Margin 20F	23.6%
Net Debt/Equity 20F	10.6%

Source: Factset consensus estimates

**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

Equity markets enjoyed another positive month in November. European SmallCap is therefore on track to end the decade doing what it has done with such regularity: outperforming its LargeCap counterpart over a calendar year. Within this context, growth remains in vogue. In part, this is thanks to the continued support of Central Banks. Despite occasional worries about rising bond yields, which typically hurt growth stocks, the world of ultra-low interest rates seems set to stay. A sign of the times is that Denmark's third largest bank, Jyske Bank, now offers a 10-year fixed-rate mortgage at -0.5% per year. "Borrow more than you pay back". Oh, Brave New World!

During November, the NAV of the share class increased by 4.8% in Sterling terms, 1.5% ahead of the MSCI Europe Small Cap benchmark index.

The strongest contribution during the month came from **Reply**, the network of specialised IT service companies, which rose on the back of strong Q3 results. **SimCorp**, the system provider for asset managers, gained on the back of strong Q3 results. **Smart Metering**, the independent owner and operator of utility smart meters, continued to recover in anticipation that meter installation rates will improve in the second half of the year.

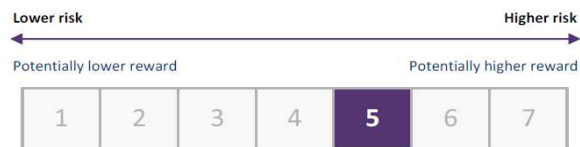
The weakest contribution came from **Elekta**, the developer of clinical solutions for treating cancer and brain disorders, which issued a profit warning after a short-term delay in the installation of high margin Gamma Knife units. **Big Yellow Group**, the market leader in the UK self-storage sector, declined after the company reported lower occupancy growth than initially expected. **Equiniti**, the share registry platform, issued a disappointing trading statement citing weak corporate action activity.

Investors will be hoping for a quieter end to the year than was experienced in 2018. Last year, equity markets fell across the board on Christmas Eve, before swiftly rebounding. So extreme were the moves that the Dow Jones recorded its biggest ever daily points gain on December 26<sup>th</sup>. If ever there was an example of why selling heavily before the holidays was a bad idea, this was it.

With returns having been so strong this year, investors could be forgiven for hoping that markets merely trade sideways in the weeks ahead. This may be wishful thinking given the notable political events still ahead of us, such as the UK General Election. It is also unlikely that President Trump takes time off Twitter during the holiday season. Nevertheless, this has historically been a period in which SmallCap has enjoyed seasonal support. Let us hope that a Santa Rally visits us once again.

We wish you a very Merry Christmas and a Happy New 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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