

## Montanaro Select Fund (£)

30 September 2019

Open Ended

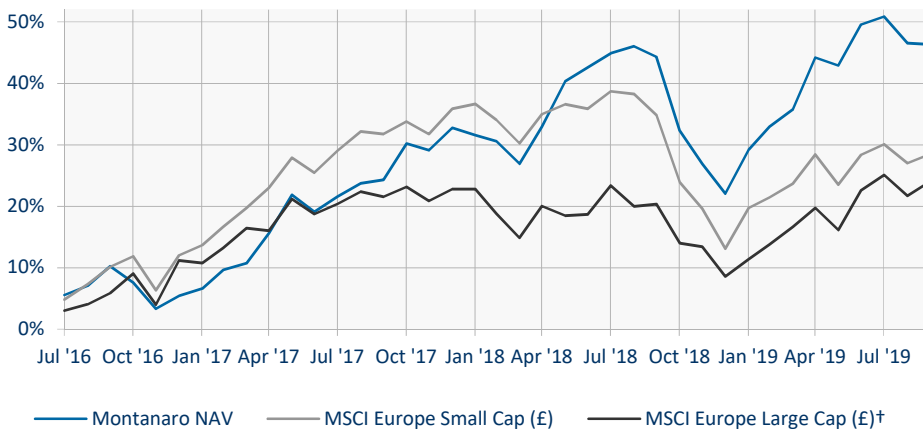
### Fund Objective

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

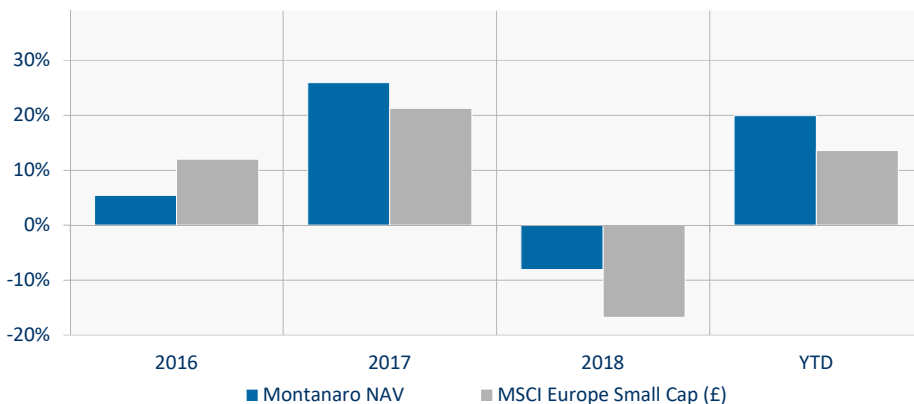
### Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
<b>Fund</b>	19.9%	-0.1%	-2.1%	7.8%	1.4%	32.7%		46.4%
<b>Benchmark</b>	13.6%	1.2%	0.1%	3.9%	-4.7%	16.7%		28.5%
<b>Fund (TR)‡</b>	21.7%	-0.1%	-2.1%	7.8%	2.9%	36.9%		51.0%
<b>MSCI Europe Small Cap (TR)†</b>	15.9%	1.3%	0.5%	5.7%	-2.4%	24.5%		37.6%

### 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>	MOEMCSID
<b>ISIN</b>	IE00BD37Z928
<b>Sedol</b>	BD37Z92
<b>Fund Size</b>	£13 million
<b>NAV</b>	146.4p
<b>No. of Holdings</b>	29
<b>Median Mkt Cap</b>	£2310 million
<b>Cash</b>	7.1%
<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>	6.5

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)

© 2019 Morningstar, Inc. All Rights Reserved. Morningstar Rating™ Source: Morningstar Essentials. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

### 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	5.7%
MTU Aero Engines	4.9%
Ashtead Group	4.6%
CTS Eventim	4.5%
IMCD	4.1%
Hilton Food Group	3.8%
Integrafin	3.8%
Reply	3.6%
Restore	3.6%
Big Yellow Group	3.5%
	<b>42.1%</b>

**Risk Analysis**

	Fund	Index
Jensen's Alpha (annual)	5.1%	
Beta	0.91	1.00
Standard Deviation	11.6%	11.1%
Sharpe Ratio	0.88	0.50
Tracking Error	5.8%	
Information Ratio	0.88	
Active Share	96.5%	

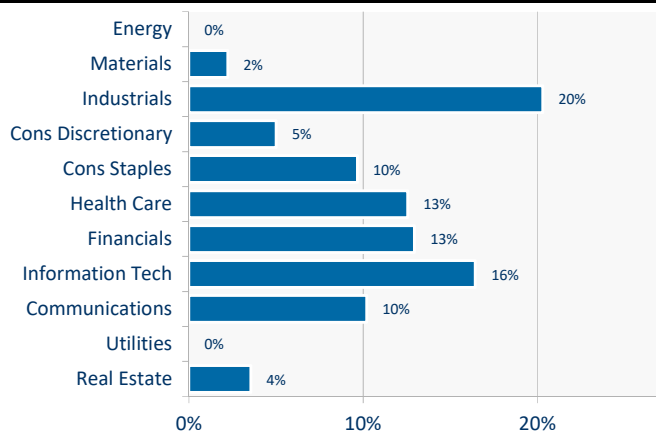
Note: risk statistics over three years

**Portfolio Analysis**

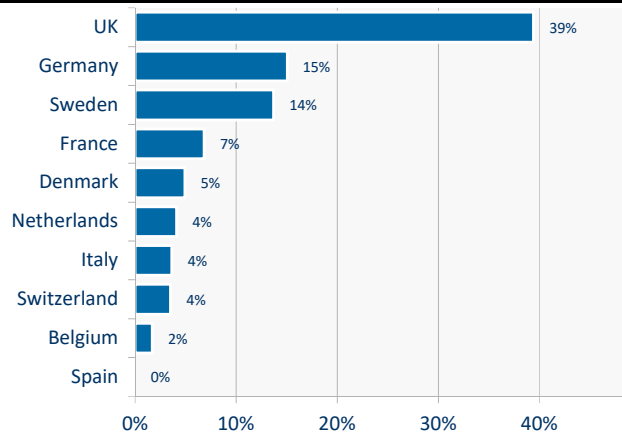
Price / Earnings 20F	22.3
EPS Growth 20F	13.9%
Dividend Yield 20F	2.0%
Dividend Growth 20F	11.4%
Return on Equity 20F	17.9%
EV/EBITDA 20F	18.4
EBIT Margin 20F	23.5%
Net Debt/Equity 20F	6.5%

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 unperformed LargeCap.

During September, the NAV of the share class decreased by 0.1% in Sterling terms, 1.3% behind the MSCI Europe Small Cap benchmark index.

The strongest contribution during the month came from **4imprint**, the supplier of promotional merchandise, which increased after a broker upgrade. **Melexis**, the supplier of semiconductors for the automotive industry, performed strongly as the company benefited from improved sentiment. **St. James's Place**, the wealth manager, rebounded along with equity markets.

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. **MTU**, the aircraft engine maker, saw its shares trade down after its inclusion in the DAX index. **AAK**, the producer of high-value added vegetable oils and fats, softened due to profit taking.

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).

**Important Information**

This report is issued monthly by Montanaro Asset Management Limited (MAM), the fund manager, who is Authorised and Regulated in the UK by the Financial Conduct Authority (FCA). It may not be copied or distributed or otherwise made available to any recipient without the express written consent of MAM.

This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (the "Act"). The material included in this report has been prepared by MAM and is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in the Fund. Such investments can only be made by completing the application forms that accompany the Fund's Prospectus. MAM is not authorised to market directly to retail investors. Retail investors should seek independent financial advice before making any investment decisions.

Information and opinions presented in this material have been obtained or derived from sources believed by MAM to be reliable. MAM makes no representation as to their accuracy or completeness.

It is the responsibility of all users of this information to be informed and observe all applicable laws and regulations of any relevant jurisdictions where they reside.

