

MONTANARO SMALLER COMPANIES PLC

**ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

An open-ended umbrella variable capital investment company with segregated liability between funds authorised by the Central Bank of Ireland under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

Registered Number: 330162

MONTANARO SMALLER COMPANIES PLC

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MONTANARO SMALLER COMPANIES PLC

MANAGEMENT AND OTHER INFORMATION

Directors

Gavin Caldwell (Irish)* (Chairman) †
Cedric Durant des Aulnois (French)
Lisa Martensson (Swedish)*†
Matthew Francis (British)
John Ensor (British)**

Investment Manager

Montanaro Asset Management Limited
53 Threadneedle Street
London EC2R 8AR
United Kingdom

Depositary

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside II
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

Administrator

BNY Mellon Fund Services (Ireland) Designated Activity
Company
One Dockland Central
Guild Street
IFSC
Dublin 1
Ireland

Secretary

Goodbody Secretarial Limited
North Wall Quay
IFSC
Dublin 1
Ireland

Swiss Representative Office

Waystone Fund Services (Switzerland) SA
Avenue Villamont 17
1005 Lausanne
Switzerland

Listing Sponsor

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Manager (appointed on 1 October 2021)

KBA Consulting Management Limited
5 George's Dock
IFSC
Dublin 1
Ireland

Independent Auditor (Appointed 19 August 2021)***

Deloitte Ireland LLP
29 Earlsfort Terrace
Dublin 2, D02 AY28
Ireland

Legal Advisor

As to UK & US Law
Vedder Price LLP
4 Coleman Street
London EC2R 5AR
United Kingdom

Legal Advisor

As to Irish Law
A&L Goodbody LLP
IFSC
North Wall Quay
IFSC
Dublin 1
Ireland

Registered Office

Goodbody Secretarial Limited
North Wall Quay
IFSC
Dublin 1
Ireland

Swiss Paying Agent

NPB New Private Bank Ltd
Limmatquai 1 am Bellevue
Post Box
8024 Zurich
Switzerland

*Independent non-executive Directors.

†Irish Resident.

**Alternate Director for Matthew Francis.

***Ernst & Young were auditors up until 19 August 2021.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors present, herewith, their annual report for the financial year ended 31 December 2021.

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable Irish Law and General Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102: "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

Irish Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that financial year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with FRS 102 and comply with Irish Statute comprising the Companies Act 2014 (the "Companies Act"), the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, (the "Central Bank UCITS Regulations") and the Euronext Dublin Code of Listing Requirements and Procedures for Investment Funds. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published at www.montanaro.co.uk. The Directors together with the Investment Manager are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website as far as it relates to the Company. Legislation in the Republic of Ireland governing the presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Audit Information Statement

The Directors confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in Section 225 of the Companies Act.

The Directors confirm that:

- a compliance policy document has been drawn up that sets out policies, that in their opinion are appropriate to the Company, confirming compliance by the Company with its relevant obligations.
- appropriate arrangements or structures are in place that are, in their opinion, designed to secure material compliance with the Company's relevant obligations, and
- during the financial year, the arrangements or structures referred to above have been reviewed.

MONTANARO SMALLER COMPANIES PLC**DIRECTORS' REPORT (continued)****Background**

Montanaro Smaller Companies Plc (the "Company") was incorporated in Ireland on 14 July 2000 under registered number 330162 as an open-ended, umbrella-type investment Company with variable capital and segregated liability under the Companies Act. On 29 November 2000, it was authorised by the Central Bank of Ireland (the "Central Bank") in accordance with the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) as an undertaking for collective investment in transferable securities ("UCITS").

The Company is constituted as an umbrella fund insofar as the share capital of the Company is divided into different series of Shares with each series of Shares representing a separate portfolio of assets which will comprise a separate sub-fund (a "Fund") of the Company. Shares of any particular Fund may be divided into different Classes of Shares ("Classes") to accommodate differing characteristics attributable to each such different Class of Shares.

A separate portfolio of assets will be maintained for each Fund and will be invested in accordance with the investment objective and strategies applicable to the particular Fund. As the Company has segregated liability since 16 June 2016 between its Funds, any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

The Funds were registered for marketing in the following countries:

Funds/Share Classes	Countries of Registration	
Montanaro European Smaller Companies Fund (All Share Classes)	Ireland	United Kingdom
Additional registration of Share Class:	Italy (Institutional Investors only)	
	Switzerland	
Euro Accumulation Class	Austria	Iceland
	Belgium	Netherlands
	Finland	Norway
	France	Spain
	Germany	Sweden
Euro Class	Austria	Netherlands
	Finland	Norway
	France	Spain
	Germany	Sweden
	Iceland	
Euro Institutional Accumulation Class	Netherlands	
Euro Institutional Distribution Class	Finland	Netherlands
	France	Norway
	Germany	Spain
	Iceland	Sweden
Swedish Krona Accumulation Class	Norway	Sweden
Montanaro UK Income Fund (All Share Classes)	Ireland	United Kingdom
Additional registration of Share Class:		
Euro Class	Iceland	Spain
	France	
Euro Seed Class	France	
Sterling Accumulation Class	Spain	
Sterling Class	France	Spain
Sterling Seed Class	France	
Montanaro European Income Fund (All Share Classes)	Ireland	United Kingdom
Additional registration of share Class:		
Euro Class	Iceland	
Sterling Class	Iceland	

MONTANARO SMALLER COMPANIES PLC**DIRECTORS' REPORT (continued)****Background (continued)**

Montanaro European MidCap Fund (All Share Classes)	Finland	Sweden
	France	Switzerland
	Ireland	United Kingdom
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* (All Share Classes)	Finland	Sweden
	Ireland	United Kingdom
Montanaro Better World Fund Additional registration of Share Class:	Ireland	United Kingdom
Euro Accumulation Class	Denmark France	Spain
Euro Distribution Class	Denmark Finland France Iceland Italy (Institutional Investors only)	Netherlands Norway Spain Sweden
Sterling Distribution Class	Finland	Iceland
	France	Netherlands
	Italy (Institutional Investors only)	Sweden
Swedish Krona Institutional Accumulation Class	Sweden	

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

Right to Publicly Market Shares in Germany

According to Sec. 310 German Capital Investment Code (Kapitalanlagegesetzbuch, KAGB) the Company has notified the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") (Federal Institute for the Supervision of Financial Services) of its intention to publicly distribute Shares in Germany. The Company has the right to publicly distribute Shares in Germany upon completion of the notification process. The following Share Classes of the Montanaro European Smaller Companies Fund may be marketed to investors in Germany:

- Euro Accumulation Class
- Euro Class
- Euro Institutional Distribution Class

No notification has been filed with BaFin for the remaining Classes of the Montanaro European Smaller Companies Fund (Euro Institutional Accumulation Class, Sterling Class, Sterling Institutional Distribution Class, Swedish Krona Accumulation Class and US Dollar Class), Montanaro UK Income Fund, Montanaro European Income Fund, Montanaro European MidCap Fund, Montanaro Global Innovation Fund (formerly Montanaro Select Fund) and Montanaro Better World Fund.

Results for the financial year ended 31 December 2021

The results for the financial year are set out in the Statement of Comprehensive Income on pages 33 and 34 and the Statement of Financial Position of the Company is set out on pages 29 and 30.

As at 31 December 2021, the Net Asset Value ("NAV") of the Company was €3,229,256,955 (31 December 2020: €2,506,185,492).

Business Review and Future Developments

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Performance Summary on pages 11 to 14. In addition, the Investment Manager's Review on pages 15 to 20 sets out the objectives of each Fund.

MONTANARO SMALLER COMPANIES PLC**DIRECTORS' REPORT (continued)****Dividends and Distributions**

The following distributions were paid during the financial years ending 31 December 2021 and 31 December 2020:

Fund	31 December 2021	31 December 2020
Montanaro European Smaller Companies Fund	€Nil	€Nil
Montanaro UK Income Fund	£18,148,289	£12,624,301
Montanaro European Income Fund	€4,515,443	€5,593,965
Montanaro European MidCap Fund	€Nil	€Nil
Montanaro Global Innovation Fund	€Nil	€Nil
Montanaro Better World Fund	€Nil	€778,205

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

For the financial year ended 31 December 2021 all distributions were paid out of income apart from distributions of £458,426 on the Montanaro UK Income Fund and distributions of €521,725 on the Montanaro European Income Fund. For the financial year ended 31 December 2020 all distributions were paid out of income apart from distributions of £148,397 on the Montanaro UK Income Fund.

The following distributions in respect of the financial year ending 31 December 2021 were approved by the Directors in 2022.

Ex-Date of 28 January 2022:**Montanaro UK Income Fund**

Share Class	Rate per Share	Distribution
Euro Class	€0.007105	€19,139
Euro Seed Class	€0.010118	€9,764
Sterling Class	£0.008490	£1,536,374
Sterling Seed Class	£0.014719	£2,142,065

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.007294	€96,964
Sterling Class	£0.011268	£684,711

Directors

The Directors of the Company as at 31 December 2021 are stated on page 1.

Directors' & Secretary's Interests

Cedric Durant des Aulnois, a Director of the Company, held 2,919 (31 December 2020: 2,919) Shares in the Montanaro UK Income Fund as at 31 December 2021.

No other Directors, nor the Secretary, had any interest in the Shares or deferred Shares of the Company as at 31 December 2021 and 31 December 2020.

No other Director of the Company had at any time during the financial year a material interest in any contract of significance, existing during or at the end of the financial year, in relation to the business of the Company.

Directors' Remuneration

Each Director shall be entitled to such remuneration for his or her services as the Directors may determine provided that the aggregate emoluments of all Directors in respect of any twelve month period shall not exceed £120,000 (31 December 2020: £120,000) plus out of pocket expenses, or such higher amount as may be approved by the Company at a general meeting.

Cross Liability Risk

Other Funds may be introduced by the Company from time to time, with the prior approval of the Central Bank. As the Company has segregated liability between its Funds, any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Accounting Records

The Directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act, are kept by the Company. To achieve this, the Directors have delegated the administration of the books and records to BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator"). The Company's accounting records are maintained at the office of the Administrator at One Dockland Central, Guild Street, IFSC, Dublin 1, Ireland.

Risk Management, Objectives and Policies, Uncertainties

The main risks arising from the Company's financial instruments are market price, liquidity, credit/counterparty and foreign currency risk.

A detailed explanation of the risks to which the Company is exposed and the financial instruments utilised is provided in Note 7 to the financial statements.

The investment objectives of the Funds are set out in the Investment Manager's review and Note 7 to the financial statements.

There can be no assurance that the Funds will achieve their investment objectives. The value of Shares may rise or fall as the capital value of the securities in which the Funds invest may fluctuate.

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Funds' financial performance.

Impact of the Coronavirus

Since the start of the COVID-19 pandemic in January 2020, there have been approximately 220 million cases worldwide, as of September 2021. There is still a great amount of uncertainty surrounding the virus, with record number of cases being recorded in numerous regions. Additionally, the emergence of COVID-19 variants have had far reaching consequences, with announcements of further lockdowns and travel restrictions to curb their spread. While the final fiscal ramifications of the pandemic are still unknown, there have been many advances made to curb and control outbreaks, which has meant that many jurisdictions are able to proceed with their "phased returns" to ease lockdowns and reopen their economies. Thanks to vaccination efforts the global economic outlook is much more optimistic than this time last year, with the IMF predicting global growth of 6.0% for 2021 and 4.9% for 2022.

All service providers have enacted their respective business continuity plans and the Board of Directors will continue to monitor this situation closely. There have been no significant operational issues affecting the Company or its service providers since the COVID-19 pandemic began.

Impact of Brexit

The United Kingdom ("UK") officially left the European Union ("EU") on 31 January 2020 but remained subject to EU regulations during an agreed transitional phase until 31 December 2020. Although a free trade agreement was ratified by both the EU and the UK in December 2020 and the transitional phase has ended, there remains a number of uncertainties in connection with the UK's relationship with the EU in regards to potential regulatory alignment or equivalence. Until the terms of the regulations are clearer, it is not possible to determine the full impact that the UK's departure and/or any related matters may have on the Company and its investments. From 1 January 2021, a memorandum of understanding is in place between the UK's Financial Conduct Authority, the European Securities and Markets Authority and the EU which permits the continued delegation of investment management.

Going Concern

The Company has considerable financial resources in the form of highly liquid investments and cash balances. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Events during the Financial Year

Please refer to Note 15 Events during the Financial Year on page 66.

Events since the Financial Year End

Please refer to Note 16 Events since the Financial Year End on page 67.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Independent Auditor

The Independent Auditor, Deloitte Ireland LLP, was appointed by Montanaro Smaller Companies Plc on 19 August 2021 to audit the financial statements for the year ending 31 December 2021.

Audit Committee

The Directors are aware of Section 167 of the Companies Act which require certain companies to establish an audit committee. The Fund is a Public Interest Entity so is exempted by Regulation 115 of the 2016 Audits Regulations from establishing an audit committee.

Connected Persons

Regulation 43 of the Central Bank UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length; and b) in the best interest of the unitholders of the UCITS".

As required under Central Bank UCITS Regulation 82(4), the Directors, as responsible persons, are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 43(1) are applied to all transactions with a connected person; and all transactions with a connected person that were entered into during the financial period to which the report relates complied with the obligations that are prescribed by Regulation 43(1).

Board Diversity

The Board considers that diversity in its membership is beneficial and therefore seeks to ensure that the Board's size, structure and composition, including skills, knowledge, experience and diversity is sufficient for the effective direction and control of the Company.

Corporate Governance Statement

General Principles

The Company is required to comply with the requirements of the Companies Act, the UCITS Regulations and the Central Bank UCITS Regulations.

The European Communities Directive (2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Directors' Report.

In the financial year under review, there was no specific statutory corporate governance code applicable to Irish collective investment schemes whose Shares are admitted to trading on the Irish Stock Exchange Plc trading as 'Euronext Dublin'. However, the Company is subject to corporate governance practices imposed by:

- (i) The Companies Act, which is available for inspection at the registered office of the Company and may also be obtained at: <http://www.irishstatutebook.ie>;
- (ii) The Articles of Association of the Company, which are available for inspection at the registered office of the Company at Goodbody Secretarial Limited, IFSC, North Wall Quay, Dublin 1 and at the Companies Registration Office in Ireland;
- (iii) The Central Bank in their UCITS Regulations, which can be obtained from the Central Bank's website at: <https://www.centralbank.ie/regulation/industry-market-sectors/funds/ucits/legislation> and are available for inspection at the registered office of the Company; and
- (iv) Euronext Dublin, through the Euronext Dublin Code of Listing Requirements and Procedures for Investment Funds, which can be obtained at: <http://www.ise.ie>.

A corporate governance code applicable to Irish domiciled collective investment schemes was issued by the Irish Funds Industry Association on 14 December 2011 (the "Code"). The Board voluntarily adopted the Code on 11 December 2012 with effect from 1 January 2013.

Internal Control and Risk Management Systems in Relation to Financial Reporting

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage, rather than eliminate, the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Corporate Governance Statement (continued)

Internal Control and Risk Management Systems in Relation to Financial Reporting (continued)

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available, including production of annual and half yearly financial statements. The Board has appointed the Administrator to maintain the books and records of the Company. The Administrator is authorised and regulated by the Central Bank and must comply with the rules imposed by the Central Bank. From time to time, the Board of Directors examines and evaluates the Administrator's financial accounting and reporting routines. The annual and half yearly financial statements of the Company are produced by the Administrator, reviewed by the Investment Manager, the Designated Persons, and approved by the Board. The annual financial statements of the Company are required to be filed with the Central Bank, Euronext Dublin and the Companies Registration Office. The half yearly financial statements are required to be filed with the Central Bank.

The Board is responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board monitors and evaluates the independent auditor's qualifications and independence. As part of its review procedures, the Board receives presentations from relevant parties including considerations of Irish accounting standards and their impact on the annual financial statements, and presentations and reports on the audit process. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

Dealings with Shareholders

The convening and conduct of Shareholders' meetings are governed by the Articles of Association of the Company and the Companies Act. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within fifteen months of the date of the previous annual general meeting, provided that an annual general meeting is held once in each year within six months of the end of each accounting period of the Company.

At least twenty-one clear days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and seven days' notice must be given in the case of any other general meeting, unless the auditors of the Company and all the Shareholders of the Company entitled to attend and vote agree to a shorter notice period. Two Shareholders present either in person or by proxy constitutes a quorum at a general meeting. The share capital of the Company is divided into different Classes of Shares and the Companies Act and the Articles of Association provide that the quorum for a general meeting convened to consider any alteration to the rights attached to any Class of Shares, is two or more Shareholders present in person or by proxy, holding or representing by proxy at least one third of the issued Shares of the relevant Class.

Every holder of participating Shares or non-participating Shares present, in person or by proxy, who votes on a show of hands is entitled to one vote. On a poll, every holder of participating Shares present, in person or by proxy, is entitled to one vote in respect of each Share held by him. At any general meeting, a resolution put to the vote of the meeting is decided on a show of hands unless, before or upon the declaration of the result of the show of hands, a poll is demanded by the Chairman of the general meeting, or by at least three members or Shareholders present, in person or by proxy, or any holder or holders of participating Shares present, in person or by proxy, representing at least one tenth of the Shares in issue having the right to vote at such meeting.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a Shareholders' meeting. Alternatively, a resolution in writing signed by all of the Shareholders and holders of non-participating Shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company, will be valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held. An ordinary resolution of the Company (or of the Shareholders of a particular fund or Class of Shares) requires a simple majority of the votes cast by the Shareholders voting, in person or by proxy, at the meeting at which the resolution is proposed. A special resolution of the Company (or of the Shareholders of a particular Fund or Class of Shares) requires a majority of not less than 75% of Shareholders present, in person or by proxy, and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

Board Composition and Activities

In accordance with the Companies Act and the Articles of Association, unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors may not be less than three. Details of the current Directors are set out on page 1, under the heading "Directors".

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Corporate Governance Statement (continued)

Board Composition and Activities (continued)

The business of the Company is managed by the Directors, who exercise all such powers of the Company permitted by the Companies Act, or by the Articles of Association of the Company required to be exercised by the Company at a General Meeting.

The Board is responsible for the Company's overall direction and strategy and to this end it reserves the decision-making power on issues such as the determination of medium and long-term goals, review of managerial performance, organisational structure and capital needs and commitments to achieve the Company's strategic goals. To achieve these responsibilities, a Director may, and the Secretary on the requisition of a Director will, at any time, summon a meeting of the Directors in addition to the four regular Board Meetings which are convened as required.


Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

On behalf of the Board of Directors:

DocuSigned by:

40B988F38CC9456...

Gavin Caldwell
Director
23 March 2022

DocuSigned by:

38359FAAAC0843D...

Lisa Martensson
Director



BNY MELLON

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REPORT FROM THE DEPOSITARY TO THE SHAREHOLDERS

For the period from 1 January 2021 to 31 December 2021 (the “**Period**”)

The Bank of New York Mellon SA/NV, Dublin Branch (the “**Depositary**” “**us**”, “**we**”, or “**our**”) has enquired into the conduct of Montanaro Smaller Companies Plc (the “**Company**”) for the Period in its capacity as Depositary to the Company.

This report, including the opinion, has been prepared for the shareholders in the Company, in accordance with our role as Depositary to the Company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Regulation 34 of the of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended (the “**Regulations**”).

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company’s constitutional documentation and the Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not been so managed, we as Depositary must state in what respects it has not been so managed and the steps which we have taken in respect thereof.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company’s constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documentation and the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional documentation and the Regulations.

Michelle Moroney

For and on behalf of
The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two,
Sir John Rogerson’s Quay,
Grand Canal Dock,
Dublin 2.

Date: 23 March 2022

Registered in Ireland No. 907126, VAT No. IE9578054E

The Bank of New York Mellon SA/NV, trading as The Bank of New York Mellon SA/NV, Dublin Branch is authorised by the National Bank of Belgium regulated by the Central Bank of Ireland for conduct of business rules.

The Bank of New York Mellon SA/NV, 46 Rue Montoyerstraat, B-1000 Brussels, Belgium - Tel. (32) 2 545 81 11, V.A.T. BE 0806.743.159 - RPM-RPR Brussels Company No. 0806.743.159. The Bank of New York Mellon SA/NV is a Belgian limited liability company, authorized and regulated as a significant credit institution by the European Central Bank and the National Bank of Belgium under the Single Supervisory Mechanism and by the Belgian Financial Services and Markets Authority.

MONTANARO SMALLER COMPANIES PLC**PERFORMANCE SUMMARY**

	Montanaro European Smaller Companies Fund							
	EUR	EUR (Acc)	GBP	GBP (Inst)	USD	EUR (Inst)	EUR (Inst, Acc)	SEK (Acc)
31/12/21 NAV per share	10.031	9.632	8.497	8.877	5.420	10.243	10.880	33.317
2021 - 12 month Fund NAV return ⁽²⁾	29.3%	29.1%	21.4%	22.1%	20.2%	30.3%	31.9%	32.5%
2021 - 12 month Benchmark return ⁽¹⁾	21.8%	21.8%	14.2%	14.2%	13.2%	21.8%	21.8%	24.4%
3 year annualised return – Fund ⁽²⁾	24.7%	24.6%	22.0%	22.8%	24.3%	25.1%	27.2%	25.4%
3 year annualised return – Benchmark ⁽¹⁾	17.2%	17.2%	14.6%	14.6%	17.0%	17.2%	17.2%	17.7%

	Montanaro UK Income Fund					Montanaro European Income Fund		
	EUR Seed	GBP Seed	EUR	GBP	GBP Acc	GBP	EUR	GBP Acc
31/12/21 NAV per share	1.718	2.556	1.203	1.440	1.364	2.556	1.612	1.452
2021 - 12 month Fund NAV return ⁽²⁾	33.0%	24.8%	32.4%	24.2%	24.2%	18.9%	26.8%	18.9%
2021 - 12 month Benchmark return ⁽¹⁾	25.9% ⁽³⁾	18.4% ⁽³⁾	25.9% ⁽³⁾	18.4% ⁽³⁾	18.4% ⁽³⁾	15.8% ⁽⁴⁾	23.4% ⁽⁴⁾	15.8% ⁽⁴⁾
3 year annualised return - Fund ⁽²⁾	19.8%	17.2%	19.2%	16.6%	16.6%	16.9%	19.6%	16.9%
3 year annualised return – Benchmark ⁽¹⁾	- ⁽³⁾	- ⁽³⁾	- ⁽³⁾	- ⁽³⁾	- ⁽³⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾

	Montanaro European MidCap Fund		Montanaro Global Innovation Fund ⁽¹⁰⁾			
	EUR	EUR (Inst, Acc)	GBP Acc 'A' ⁽⁹⁾	EUR Acc 'A' ⁽⁹⁾	GBP Acc 'B' ⁽⁸⁾	EUR Acc 'B' ⁽⁸⁾
31/12/21 NAV per share	3.317	3.523	1.106	1.140	2.393	2.397
2021 - 12 month Fund NAV return ⁽²⁾	26.9%	27.2%	-	-	-	-
2021 - 12 month Benchmark return ⁽¹⁾	16.8%	16.8%	-	-	-	-
3 year annualised return - Fund ⁽²⁾	20.9%	21.5%	-	-	-	-
3 year annualised return – Benchmark ⁽¹⁾	12.5%	12.5%	-	-	-	-

MONTANARO SMALLER COMPANIES PLC**PERFORMANCE SUMMARY (continued)**

	Montanaro Better World Fund			
	GBP	EUR	SEK ⁽⁶⁾	EUR Acc ⁽⁷⁾
31/12/21 NAV per share	2.009	2.087	17.283	1.372
2021 - 12 month Fund NAV return ⁽²⁾	20.0%	27.9%	31.5%	28.0%
2021 - 12 month Benchmark return ⁽¹⁾	17.8% ⁽⁵⁾	25.6% ⁽⁵⁾	28.4% ⁽⁵⁾	25.6% ⁽⁵⁾
3 year annualised return - Fund ⁽²⁾	28.1%	31.0%	-	-
3 year annualised return – Benchmark ⁽¹⁾	- ⁽⁵⁾	- ⁽⁵⁾	- ⁽⁵⁾	- ⁽⁵⁾

- ⁽¹⁾ The relevant benchmark information for all Sub Funds and Share Classes can be found on pages 15 to 20. Source for benchmark returns: Bloomberg, MSCI.
- ⁽²⁾ Source: Montanaro. NAV to NAV, unrounded. Montanaro UK Income Fund, Montanaro European Income Fund, Montanaro Global Innovation Fund and Montanaro Better World Fund dividends reinvested at ex-date.
- ⁽³⁾ Please note that as of 01/07/16 the Montanaro UK Income Fund's benchmark was removed. Effective April 2020 the Benchmark became the IA UK All Companies Sector (Total Return).
- ⁽⁴⁾ Please note that as of 29/06/18 the Montanaro European Income Fund's benchmark was removed. Effective April 2020 the Benchmark became the IA Europe (excluding UK) Sector (Total Return).
- ⁽⁵⁾ The MSCI World SMID Cap Index (Total Return) became the official Benchmark for the Montanaro Better World Fund with effect from April 2020.
- ⁽⁶⁾ Launched 28/06/19.
- ⁽⁷⁾ Launched 30/11/20.
- ⁽⁸⁾ Converted 29/06/21.
- ⁽⁹⁾ Launched 30/06/21.
- ⁽¹⁰⁾ There was a change of strategy, benchmark and name change for the sub-fund as reflected in the prospectus dated 29th June 2021. Performance history shown is therefore from this point. Prior to the change, the sub-fund was called the Montanaro Select Fund, which was launched on the 1st July 2016 and had the MSCI Europe SmallCap index as the benchmark.

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

MONTANARO SMALLER COMPANIES PLC

PERFORMANCE SUMMARY (continued)

Review

To some extent, the strength of returns enjoyed by equity investors in 2021 was surprising given the numerous issues that threatened the economic trajectory over the course of the year. An energy crisis, blockages in global supply chains, a slowdown in China and growing inflationary pressures were just some of the things to unsettle investors. Rising energy and commodity prices, increased shipping costs (which rose tenfold in the space of a year) and labour shortages fed through to staple products, with global food prices hitting a ten-year high. Bond yields rose as some Central Bankers switched from dovish to hawkish mode. Meanwhile, the threat of Covid loomed, stoking fears as new variants emerged, threatening the return to normal life.

The year began strongly, however. The impact of “Pfizer Monday” continued to be felt in the first quarter of 2021. This harked back to Monday 9 November 2020, when Pfizer and BioNTech announced the first effective Covid-19 vaccine, a “*great day for science and humanity*”. It was also a good day for investors in those businesses which had suffered most from the economic consequences of Covid-19. It unleashed one of the most dramatic rotations in equity markets in living memory. Value and Low Quality bounced back strongly at the expense of Quality and Growth, a dynamic that continued unabated through the first quarter of 2021.

This sharp rotation cooled in the second quarter of the year, however. Growth began to outperform as equities traded higher, bolstered by accelerating vaccination programmes. As data signalled underlying economic strength and inflationary pressures became more visible, US benchmark bond yields declined. This reflected the Federal Reserve’s immediate focus on supporting employment, rather than taking the heat out of the economy by raising interest rates - a stance that changed as the year progressed.

The final period of the year was marked by a “Santa Rally”. This, despite the threat of the Omicron variant which worried financial markets in the lead-up to Christmas and led to heightened levels of price volatility. Investors across almost all geographic markets enjoyed positive equity returns for the year, with only the New Zealand and Hong Kong indices posting negative returns – New Zealand suffering from its extended covid lockdown and Hong Kong a victim of political instability. In Europe, almost every sector posted healthy returns, the leader being IT while the laggard was retail, the only area of the market to post negative returns for the year.

Performance of Funds (all figures quoted in Euros)

The NAV of the Euro Class of the **Montanaro European Smaller Companies Fund** increased by 29.3% in 2021, an outperformance of over 7% relative to the MSCI Europe Small Cap benchmark index. As in the previous year, the Fund’s strong relative performance was due to a combination of good stock-picking and tailwinds from the Quality and Growth styles. The three main contributors to performance were MIPS, the Swedish maker of helmet inserts; Vitrolife, the Swedish supplier of products used for IVF treatments; and Esker, the French provider of cloud software solutions to make their cash conversion cycle more efficient. Meanwhile, the three largest detractors were SimCorp, the Danish supplier of trading and compliance platforms for asset managers; Invisio, a global market leader in tactical communication and hearing protection systems, and MTU Aero Engines, one of the world’s 5 manufacturers of aircraft engines.

The Euro Seed Class of the **Montanaro UK Income Fund** saw its NAV gain 33% in 2021 (including dividends reinvested), more than 8% ahead of the IA UK All Companies Sector benchmark, led by strong returns from NCAB, a Swedish designer of PCBs; Big Yellow, a leading self-storage company in the UK; and Kainos, the UK provider of digital transformation services primarily to the UK Government. 2021 saw an excellent recovery in dividends, with the Fund’s distributions almost doubling.

The NAV of the Euro Class of the **Montanaro European Income Fund** increased by 26.8% over the year (including dividends reinvested), more than 3% ahead of the IA Europe (excluding UK) Sector benchmark. The European market saw a significant recovery in dividend payments in 2021 following the widespread suspension of dividends from companies in 2020. Several of the companies in the Fund announced special dividends in 2021, either as ‘catch-up’ from 2020, or because of corporate actions which left the businesses with excess capital to distribute. The three strongest contributors to performance over the year were all Swedish, namely NCAB, a designer of PCBs; Thule, the manufacturer of sports and outdoor goods; and Avanza, the leading online fund supermarket and savings platform in Sweden.

MONTANARO SMALLER COMPANIES PLC

PERFORMANCE SUMMARY (continued)

Performance of Funds (all figures quoted in Euros) (continue)

The NAV of the Euro Class of the **Montanaro European MidCap Fund** increased by 26.9% during the year, an outperformance of 10% relative to the Stoxx Europe Mid 200 benchmark index. Like the other sub-funds the MidCap Fund benefited from good stock picking and the tailwind of our Quality Growth investment style. The strongest contributors were Ashtead, an equipment rental company with operations both in the US and the UK; IMCD, the Dutch specialist in the distribution and formulation of speciality chemicals and ingredients; and Straumann, the Swiss maker of dental implants. The largest detractors were Wordline, the French payments company; Edenred, the French company providing prepaid corporate service vouchers; and SimCorp, the Danish supplier of trading and compliance platforms for asset managers.

The NAV of the Euro Class* of the **Montanaro Global Innovation Fund** (formerly the Montanaro Select Fund until the conversion on 29 June 2021) increased by 30.2% during the year. The Portfolio benefited from good stock selection, led by strong contributors from SiTime, a provider of silicon-based timing solutions; NCAB, a Swedish designer of PCBs; and Endor, a German producer of high-end steering wheels and other peripherals for gaming. The three main detractors were Kahoot, an online educational technology specialist; Frontier Developments, a UK video game developer; and Admicom, the Finnish provider of cloud-based ERP software for SMBs.

The NAV of the Euro Class of the **Montanaro Better World Fund** rose by 27.9% during the year, while the benchmark, the MSCI World SMIDCap Index, gained 25.6%. The Portfolio's focus on high quality companies continued to serve the Portfolio well, despite periods during the year in which Value names rallied strongly. The three largest contributors to performance were Sartorius Stedim, the French developer of equipment used in the manufacture of biologic drugs; Nova, the Israeli specialist in measuring instruments; and Icon, the Dublin-based clinical research specialist. The three largest detractors were Siemens Gamesa, the Spanish wind energy specialist; Renova, the Japanese leader in onshore and offshore wind power generation; and Solaredge, the Israel-based provider of invertors and optimizers for domestic solar panels.

Outlook

There is a seasonality effect to markets and 2022 has started as it so often does, with the underperformance of Growth versus Value. The significant re-rating of Growth that took place between mid-2018 and mid-2020 has been all but erased. The predominant reason for this has been an acceleration of inflationary fears – indeed inflation in the US reached a 40-year high in January 2022.

On this point we will only reiterate what we have said before: we are not economists and do not spend too much time worrying about the macro. We focus on the quality and growth opportunities of our companies and manage our Funds on a bottom-up basis. Fortunately, it is business as usual for the companies we are invested in – amidst the market turmoil several have even raised their profits guidance in recent weeks.

Montanaro Asset Management Limited

March 2022

** Note that the Euro Share Class of the Montanaro Global Innovation Fund was renamed the Euro Accumulation B Class on 1 January 2022.*

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW

MONTANARO EUROPEAN SMALLER COMPANIES FUND (the "Fund")

Investment Objective

The investment objective of the Fund is to outperform its benchmark, the MSCI Europe SmallCap (Capital Return) Index.

The MSCI Europe SmallCap (Capital Return) Index is calculated daily by Morgan Stanley Capital International. The index represents the small cap segment in 15 developed countries in Europe: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Investment Policy

The Fund shall invest primarily in SmallCap companies quoted in the European Union, the United Kingdom, Iceland, Norway and Switzerland whose market capitalisation shall not exceed that of the largest constituent of the Benchmark at the time of initial investment. No unquoted investments are permitted.

Until 30 September 2021, the Fund will invest at least 75% of its net assets in securities eligible for the Plan d'Epargne en Actions ("PEA" in France). A PEA is a savings plan which is invested in Shares issued by EEA corporation tax paying entities. Following 30 September 2021, the Fund will no longer be eligible under the PEA.

Performance Review

See Performance Summary on pages 11 to 14.

Montanaro Asset Management Limited
March 2022

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

MONTANARO UK INCOME FUND (the "Fund")

Investment Objective

The investment objective of the Fund is to deliver capital growth and income.

Investment Policy

The Fund shall invest primarily in SmallCap and MidCap companies quoted in the United Kingdom offering an attractive dividend yield or the potential for dividend growth. Up to 20% of net assets may be invested in companies quoted in the European Union, Iceland, Norway and Switzerland. No unquoted investments are permitted.

Until 30 September 2021, the Fund will invest at least 75% of its net assets in securities eligible for the Plan d'Epargne en Actions ("PEA" in France). A PEA is a savings plan which is invested in Shares issued by EEA corporation tax paying entities. Following 30 September 2021, the Fund will no longer be eligible under the PEA.

Performance Review

See Performance Summary on pages 11 to 14.

Montanaro Asset Management Limited
March 2022

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

MONTANARO EUROPEAN INCOME FUND (the "Fund")

Investment Objective

The investment objective of the Fund is to deliver capital growth and income.

Investment Policy

The Fund shall invest primarily in SmallCap and MidCap companies quoted in the European Union, Iceland, Norway and Switzerland offering an attractive dividend yield or the potential for dividend growth. No unquoted investments are permitted.

The Fund will invest at least 75% of its net assets in securities eligible for the Plan d'Epargne en Actions ("PEA" in France). A PEA is a savings plan which is invested in Shares issued by EEA corporation tax paying entities.

Performance Review

See Performance Summary on pages 11 to 14.

Montanaro Asset Management Limited
March 2022

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

MONTANARO EUROPEAN MIDCAP FUND (the "Fund")

Investment Objective

The investment objective of the Fund is to outperform its benchmark, the STOXX Europe Mid 200 (Capital Return) Index.

The STOXX Europe Mid 200 (Capital Return) Index represents the mid cap segment in 18 developed countries in Europe: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Investment Policy

The Fund shall invest primarily in MidCap companies quoted in the European Union, the United Kingdom, Iceland, Norway and Switzerland whose market capitalisation shall not exceed that of the largest constituent of the Benchmark at the time of initial investment. No unquoted investments are permitted.

Until 30 September 2021, the Fund will invest at least 75% of its net assets in securities eligible for the Plan d'Épargne en Actions ("PEA" in France). A PEA is a savings plan which is invested in Shares issued by EEA corporation tax paying entities. Following 30 September 2021, the Fund will no longer be eligible under the PEA.

Performance Review

See Performance Summary on pages 11 to 14.

Montanaro Asset Management Limited
March 2022

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

MONTANARO GLOBAL INNOVATION FUND (formerly Montanaro Select Fund)* (the "Fund")

Investment Objective

The investment objective of the Fund is to outperform its benchmark, the MSCI World SMID Cap (Total Return) Index.

The MSCI World SMID Cap (Total Return) Index is calculated daily by Morgan Stanley Capital International. The index represents the small and midcap segments in 23 developed countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

Investment Policy

The Fund shall invest primarily in small and midcap companies quoted in global markets:

- i) whose market capitalisation does not exceed that of the largest unadjusted market capitalisation of any of the constituents of the Benchmark at the time of initial investment; and
- ii) that are leaders in technological innovation; benefit from new technologies and innovation; develop products, processes or services that will provide or benefit from technological advances and improvements throughout the world. Such companies will be active mainly, but not exclusively, in the following areas: robotics / automation, cloud computing, cyber-security, connectivity, digital transactions and healthcare technology.

In order to achieve this, the Investment Manager will rely on a research-intensive investment process designed to evaluate potential investments based on the use of proprietary databases, financial models, research conducted in-house and direct engagement with companies.

To a limited extent, the Fund may be invested in equity securities of companies which do not meet (i) and/or (ii) above. No unquoted investments are permitted.

Performance Review

See Performance Summary on pages 11 to 14.

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

Montanaro Asset Management Limited
March 2022

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

MONTANARO BETTER WORLD FUND (the "Fund")

Investment Objective

The investment objective of the Fund is to deliver long-term capital growth.

Investment Policy

The Fund shall invest in small and midcap companies primarily quoted in global markets and whose market capitalisation does not exceed that of the largest constituent of the MSCI world SMID Cap index at the time of initial investment.

The MSCI World SMID Cap Index is calculated daily by Morgan Stanley Capital International. The index represents the small and midcap segments in 23 developed countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States of America. The index rebalances semi-annually. Further information in relation to the index is available at www.msci.com.

With the exception of permitted investments in unlisted instruments, the securities in which the Fund invests will be listed or traded on Recognised Markets.

The Fund will seek to invest in high quality companies whose products, services or behaviour are deemed to make a positive impact on society and which emphasise sound environmental, social and governance (ESG) practices. In particular, the Investment Manager will seek to identify profitable and well managed businesses operating in markets that offer attractive structural growth opportunities, i.e. through the investment process outlined below the Investment Manager will seek to identify market sectors it expects to grow faster than GDP of the relevant country or region for a prolonged period of time. In order to achieve this, the Investment Manager will rely on a research-intensive investment process designed to evaluate potential investments based on the use of proprietary databases, financial models and direct engagement with companies.

Through their research and direct engagement with companies, the Investment Manager will seek to identify companies with management they consider to be entrepreneurial, competent, honest and trustworthy.

The Fund may not invest in companies with material revenue exposure to the manufacturing or supply of weapons, tobacco, gambling, pornography, alcohol or any other areas deemed not to meet the Investment Manager's ethical standards.

Performance Review

See Performance Summary on pages 11 to 14.

Montanaro Asset Management Limited
March 2022

Independent auditor's report to the members of Montanaro Smaller Companies Plc

Report on the audit of the financial statements

Opinion on the financial statements of Montanaro Smaller Companies Plc (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities, and financial position of the company as at 31 December 2021 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Financial Position;
- the Statement of Comprehensive Income;
- the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares;
- the Statement of Accounting Policies;
- and the related notes 1 to 18.

The relevant financial reporting framework that has been applied in is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

The applicable regulations that have been applied in their preparation is the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019 ("the applicable Regulations").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: <ul style="list-style-type: none">• Valuation of financial assets and liabilities at fair value through profit or loss• Existence of financial assets and liabilities at fair value through profit or loss
Materiality	The materiality that we used in the current year was 1% of the average net assets for each sub-fund.
Scoping	The entity is incorporated as an open-ended investment company with variable capital and is organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 and engages KBA Consulting Management Limited (the “Manager”) to manage certain duties and responsibilities with regards to the day-to-day management of the entity. Our audit is a risk-based approach taking into account the structure of the entity, types of investments, the involvement of the third parties service providers, the accounting processes and controls in place and the industry in which the entity operates.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- As part of our risk assessment procedures, we obtained an understanding of the relevant controls in place regarding going concern.
- Challenged the reasonableness of the key assumptions applied by the Directors in their assessment.
- Held discussions with management on the Directors’ going concern assessment, the future plans for the entity and the feasibility of those plans.
- Reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions and/or decisions that could impact the entity’s ability to continue as a going concern.
- Reviewed the capital activity and Net Asset Value movements subsequent to the financial year end.
- Assessed the adequacy of the relevant going concern disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Financial Assets and Liabilities at Fair Value Through Profit or Loss

Key audit matter description For the financial year ended, the financial assets and liabilities at fair value through profit or loss of the company is €3,163m representing 97.96% of total net assets €3,229m. The valuation of financial assets and liabilities at fair value through profit or loss is considered a key audit matter as financial assets and liabilities at fair value through profit or loss represents a significant balance on the Balance Sheet.

There is a risk that financial assets and liabilities at fair value through profit or loss are valued incorrectly, inappropriate valuation methodologies are applied, and the use of inappropriate assumptions could result in the valuation being materially misstated.

Refer also to the Statement of Accounting Policies and note 7 in the financial statements.

How the scope of our audit responded to the key audit matter We have performed the following procedures to address the key audit matter:

- We obtained the BNY Mellon Fund Services (Ireland) Designated Activity Company SOC 1 Report in order to gain an understanding and evaluate the design, implementation, and operating effectiveness of key controls over the valuation process for financial assets and liabilities at fair value through profit or loss; and
- We independently valued the financial assets by using independent market feeds. We compared the prices published by independent pricing sources to the investment portfolio.

Existence of Financial Assets and Liabilities at Fair Value Through Profit or Loss

Key audit matter description For the financial year ended, the financial assets and liabilities at fair value through profit or loss of the company is €3,163m representing 97.96% of total net assets €3,229m. The existence of financial assets and liabilities at fair value through profit or loss is considered a key audit matter as financial assets and liabilities at fair value through profit or loss represents a significant balance on the Balance Sheet.

The existence of financial assets and liabilities at fair value through profit or loss is crucial to ensuring the financial statements are free from material

misstatement.

Refer also to the Statement of Accounting Policies and note 7 in the financial statements.

How the scope of our audit responded to the key audit matter

We have performed the following procedures to address the key audit matter:

- We obtained the BNY Mellon Fund Services (Ireland) Designated Activity Company SOC 1 Report in order to gain an understanding and evaluate the design, implementation, and operating effectiveness of key controls over the valuation process for financial assets and liabilities at fair value through profit or loss; and
- We obtained independent confirmations from the depositary and counterparties at the financial year end and agreed the amounts held to the investment portfolio.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be 1% of average net assets. We have considered the average net assets to be the critical component for determining materiality because the main objective of each sub-fund is to provide investors with a total return. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the company, and reliability of control environment.

We agreed with the Board of Directors that we would report to them any audit differences in excess of 5% of materiality, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit is a risk based approach taking into account the structure of the entity, types of investments, the involvement of the third parties service providers, the accounting processes and controls in place and the industry in which the entity operates. The entity is incorporated as an open-ended umbrella company with variable capital and is organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014. The entity is authorised by the Central Bank of Ireland (“the Central Bank”) as a UCITS (Undertakings for Collective Investment in Transferable Securities) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. The entity is organised as an umbrella fund with segregated liability between each Fund. We assess the the risks of each

Fund separately. We have conducted our audit based on the books and records maintained by the administrator BNY Mellon Fund Services (Ireland) Designated Activity Company at One Dockland Central, Guild Street, Dublin 1.

Other information

The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Audited Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland), and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement required by the Companies Act 2014

We report, in relation to information given in the Corporate Governance Statement on pages 7 to 9 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and of section 1373 of the Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014. Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.
- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

The Listing Rules of the Euronext Dublin require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors. We have nothing to report in this regard.

Other matters we are required to address

We were appointed by the Board of Directors on 19 August 2021 to audit the financial statements for the financial year end 31 December 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year, covering the year ending 2021.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Brian Forrester
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 01 April 2022

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF FINANCIAL POSITION***As at 31 December 2021*

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €
Current assets	Note				
Cash and cash equivalents	5	25,417,507	12,378,802	6,633,676	1,221,233
Financial assets at fair value through profit or loss	3				
- Equities		608,443,167	831,668,777	408,134,139	173,857,619
Dividends receivable		400,779	2,049,016	–	–
Receivable for fund Shares sold		103,281	–	17,979	–
Receivable for investments sold		–	–	–	2,361,114
Other receivables		563,210	129,381	782,457	116,326
Total current assets		634,927,944	846,225,976	415,568,251	177,556,292
Current liabilities					
Payable for fund Shares repurchased		(304,308)	–	(3)	(1,233,987)
Payable for investments purchased		–	–	–	(933,814)
Management fees payable	2	(8,747)	(11,846)	(6,031)	(2,552)
Investment management fees payable	2	(1,784,534)	(1,083,956)	(778,655)	(611,089)
Performance fees payable*	2	(5,743,450)	–	–	(3,141,946)
Administration fees payable	2	(140,130)	(177,723)	(92,559)	(25,953)
Depositary fees payable	2	(47,814)	(31,677)	(31,136)	(10,759)
Legal fees payable		(3,137)	(5,190)	(2,718)	(955)
Directors' fees payable		–	–	–	–
Professional fees payable	2	(5,007)	(6,988)	(3,656)	(1,531)
Audit fees payable	2	(11,460)	(15,994)	(8,364)	(3,504)
Other accrued expenses payable	2	(9,283)	(7,316)	(668)	(133)
Total current liabilities		(8,057,870)	(1,340,690)	(923,790)	(5,966,223)
Net asset value attributable to holders of redeemable participating Shares		626,870,074	844,885,286	414,644,461	171,590,069

*Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Please refer to Note 14 for NAV and NAV per Share details.

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF FINANCIAL POSITION***As at 31 December 2021 (continued)*

		Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	Montanaro Better World Fund	Total**
		€	€	€
Current assets	Note			
Cash and cash equivalents	5	625,289	28,168,036	76,809,388
Financial assets at fair value through profit or loss	3			
- Equities		16,752,880	965,716,067	3,163,454,569
Dividends receivable		–	45,959	2,887,197
Receivable for fund Shares sold		–	330,588	451,848
Receivable for investments sold		–	–	2,361,114
Other receivables		11,628	227,436	1,855,155
Total current assets		17,389,797	994,488,086	3,247,819,271
Current liabilities				
Payable for fund Shares repurchased		(10,145)	(2,240)	(1,550,683)
Payable for investments purchased		–	–	(933,814)
Management fees payable	2	(245)	(13,600)	(45,284)
Investment management fees payable	2	(10,544)	(1,712,111)	(6,187,968)
Performance fees payable***	2	–	–	(8,885,396)
Administration fees payable	2	(5,444)	(169,786)	(645,547)
Depositary fees payable	2	(3,717)	(51,261)	(182,416)
Legal fees payable		(102)	(5,514)	(18,607)
Directors' fees payable		–	–	–
Professional fees payable	2	(136)	(7,413)	(26,066)
Audit fees payable	2	(312)	(16,966)	(59,655)
Other accrued expenses payable	2	(50)	(8,032)	(26,880)
Total current liabilities		(30,695)	(1,986,923)	(18,562,316)
Net asset value attributable to holders of redeemable participating Shares		17,359,102	992,501,163	3,229,256,955

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

***Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Please refer to Note 14 for NAV and NAV per Share details.

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors:

DocuSigned by:

Gavin Caldwell

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Gavin Caldwell**Director****23 March 2022**

DocuSigned by:

Lisa Martensson

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Lisa Martensson**Director**

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF FINANCIAL POSITION***As at 31 December 2020*

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €
Current assets	Note				
Cash and cash equivalents	5	13,540,909	10,216,926	15,179,644	8,968,982
Financial assets at fair value through profit or loss	3				
- Equities		413,182,168	724,988,782	396,613,084	162,177,261
Dividends receivable		227,256	2,202,729	–	17,653
Receivable for fund Shares sold		5,323,260	–	16,024	296,530
Receivable for investments sold		–	–	–	–
Other receivables		805,020	109,527	703,767	104,524
Total current assets		433,078,613	737,517,964	412,512,519	171,564,950
Current liabilities					
Payable for fund Shares repurchased		(92,175)	–	(3,389)	(657,750)
Payable for investments purchased		–	–	–	–
Investment management fees payable	2	(1,330,112)	(717,921)	(736,162)	(547,840)
Performance fees payable*	2	(5,925,452)	–	–	(2,240,352)
Administration fees payable	2	(107,359)	(128,947)	(74,972)	(21,136)
Depositary fees payable	2	(37,041)	(25,953)	(30,958)	(9,188)
Legal fees payable		(5,852)	(7,999)	(4,666)	(1,903)
Professional fees payable	2	(4,443)	(6,770)	(3,939)	(1,603)
Audit fees payable	2	(11,986)	(18,089)	(10,642)	(4,327)
Other accrued expenses payable	2	(10,314)	(8,031)	(390)	(50)
Total current liabilities		(7,524,734)	(913,710)	(865,118)	(3,484,149)
Net asset value attributable to holders of redeemable participating Shares		425,553,879	736,604,254	411,647,401	168,080,801

*Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Please refer to Note 14 for NAV and NAV per Share details.

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF FINANCIAL POSITION***As at 31 December 2020 (continued)*

		Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* €	Montanaro Better World Fund €	Total** €
Current assets	Note			
Cash and cash equivalents	5	860,247	15,132,633	65,096,768
Financial assets at fair value through profit or loss	3			
- Equities		8,031,708	655,632,699	2,445,594,639
Dividends receivable		8,790	38,376	2,752,965
Receivable for fund Shares sold		–	207,875	5,843,689
Receivable for investments sold		1,505,823	–	1,505,823
Other receivables		9,287	115,091	1,860,052
Total current assets		10,415,855	671,126,674	2,522,653,936
Current liabilities				
Payable for fund Shares repurchased		–	(11,188)	(764,502)
Payable for investments purchased		(2,220,731)	–	(2,220,731)
Investment management fees payable	2	–	(1,010,133)	(4,426,308)
Performance fees payable***	2	(194,954)	–	(8,360,758)
Administration fees payable	2	(1,589)	(66,518)	(415,634)
Depositary fees payable	2	(2,534)	(25,766)	(134,482)
Legal fees payable		(85)	(1,682)	(23,125)
Professional fees payable	2	(73)	(22,932)	(40,553)
Audit fees payable	2	(197)	(9,639)	(57,000)
Other accrued expenses payable	2	(32)	(5,593)	(25,351)
Total current liabilities		(2,420,195)	(1,153,451)	(16,468,444)
Net asset value attributable to holders of redeemable participating Shares		7,995,660	669,973,223	2,506,185,492

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

***Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Please refer to Note 14 for NAV and NAV per Share details.

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF COMPREHENSIVE INCOME***Financial year ended 31 December 2021*

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €
Income	Note				
Net realised gain on financial assets at fair value through profit or loss and foreign exchange		28,990,283	27,291,390	31,292,176	30,320,635
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		111,962,698	174,285,924	63,563,684	14,893,232
Dividend income		5,599,698	25,708,461	9,297,963	1,774,790
Interest income		–	304	763	–
Investment income		146,552,679	227,286,079	104,154,586	46,988,657
Expenses					
Management fee	2	(8,747)	(12,133)	(6,031)	(2,552)
Investment management fees	2	(6,651,691)	(4,189,073)	(3,119,352)	(2,397,883)
Performance fees*	2	(5,743,450)	–	–	(3,141,946)
Administration fees	2	(172,858)	(322,917)	(168,879)	(45,513)
Depositary fees	2	(92,626)	(104,215)	(83,966)	(29,520)
Legal fees		(22,515)	(36,779)	(18,558)	(7,569)
Directors' fees	2	(11,551)	(17,635)	(9,411)	(3,857)
Professional fees	2	(9,315)	(14,122)	(7,381)	(3,063)
Audit fees		(9,912)	(14,938)	(6,350)	(2,855)
Other expenses	2	(113,748)	(129,113)	(67,944)	(32,149)
Total operating expenses		(12,836,413)	(4,840,925)	(3,487,872)	(5,666,907)
Net income from operations		133,716,266	222,445,154	100,666,714	41,321,750
Withholding taxes		(368,964)	(465,291)	(489,742)	(104,753)
Finance costs					
Interest expense		(65,914)	(2,383)	(47,457)	(20,326)
Income distribution	4	–	(18,148,289)	(4,515,443)	–
Profit for the financial year		133,281,388	203,829,191	95,614,072	41,196,671

*Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF COMPREHENSIVE INCOME***Financial year ended 31 December 2021 (continued)*

		Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	Montanaro Better World Fund	Total**
		€	€	€
Income	Note			
Net realised gain on financial assets at fair value through profit or loss and foreign exchange		2,237,948	38,306,752	162,883,198
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		671,678	167,322,567	561,079,763
Dividend income		48,867	4,352,740	50,968,775
Interest income		–	–	1,117
Investment income		2,958,493	209,982,059	774,932,853
Expenses				
Management fee	2	(245)	(13,600)	(45,284)
Investment management fees	2	(19,416)	(6,092,778)	(23,152,324)
Performance fees***	2	–	–	(8,885,396)
Administration fees	2	(7,085)	(300,991)	(1,070,825)
Depositary fees	2	(5,989)	(139,919)	(473,205)
Legal fees		(562)	(43,363)	(135,335)
Directors' fees	2	(268)	(17,597)	(63,191)
Professional fees	2	(13,542)	(26,383)	(76,105)
Audit fees		(310)	(23,621)	(60,419)
Other expenses	2	(1,618)	(169,987)	(535,583)
Total operating expenses		(49,035)	(6,828,239)	(34,497,667)
Net income from operations		2,909,458	203,153,820	740,435,186
Withholding taxes		(4,643)	(619,942)	(2,129,101)
Finance costs				
Interest expense		(794)	(68,085)	(205,347)
Income distribution	4	–	–	(25,618,922)
Profit for the financial year		2,904,021	202,465,793	712,481,816

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

*** Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF COMPREHENSIVE INCOME***Financial year ended 31 December 2020*

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €
Income	Note				
Net realised gain/(loss) on financial assets at fair value through profit or loss and foreign exchange		95,308,746	(28,106,180)	(1,998,160)	9,891,498
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		(55,636,712)	(52,729,218)	25,928,837	5,910,954
Dividend income		3,721,842	12,457,910	6,284,069	1,341,913
Interest income		298,782	55,132	7,929	2,795
Investment income		43,692,658	(68,322,356)	30,222,675	17,147,160
Expenses					
Investment management fees	2	(5,856,919)	(2,553,385)	(2,701,478)	(1,955,588)
Performance fees*	2	(5,925,452)	–	–	(2,240,352)
Administration fees	2	(136,566)	(268,910)	(144,645)	(37,576)
Depository fees	2	(82,406)	(98,646)	(81,670)	(26,166)
Legal fees		(24,644)	(39,394)	(22,592)	(7,879)
Directors' fees	2	(15,006)	(19,568)	(11,371)	(4,450)
Professional fees	2	(6,634)	(12,583)	(6,735)	(2,498)
Audit fees		(10,749)	(20,277)	(11,234)	(3,748)
Other expenses	2	(143,662)	(144,667)	(75,082)	(35,309)
Total operating expenses		(12,202,038)	(3,157,430)	(3,054,807)	(4,313,566)
Net income/(loss) from operations		31,490,620	(71,479,786)	27,167,868	12,833,594
Withholding taxes		(411,953)	(394,964)	(558,201)	(64,832)
Finance costs					
Interest expense		(60,156)	(1,434)	(45,645)	(28,734)
Income distribution	4	–	(12,624,302)	(5,593,965)	–
Profit/(Loss) for the financial year		31,018,511	(84,500,486)	20,970,057	12,740,028

* Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF COMPREHENSIVE INCOME***Financial year ended 31 December 2020 (continued)*

		Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* €	Montanaro Better World Fund €	Total** €
Income	Note			
Net realised gain on financial assets at fair value through profit or loss and foreign exchange		3,609,981	9,632,841	84,839,162
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		(2,168,975)	92,269,049	7,008,500
Dividend income		68,474	1,905,111	27,330,482
Interest income		189	–	371,691
Investment income		1,509,669	103,807,001	119,549,835
Expenses				
Investment management fees	2	–	(2,509,718)	(15,895,016)
Performance fees***	2	(194,954)	–	(8,360,758)
Administration fees	2	(2,729)	(109,684)	(733,592)
Depositary fees	2	(3,123)	(56,421)	(360,715)
Legal fees		(443)	(17,424)	(117,281)
Directors' fees	2	(212)	(8,490)	(61,533)
Professional fees	2	(154)	(43,910)	(74,081)
Audit fees		(162)	(9,388)	(58,083)
Other expenses	2	(2,268)	(82,695)	(501,696)
Total operating expenses		(204,045)	(2,837,730)	(26,162,755)
Net income from operations		1,305,624	100,969,271	93,387,080
Withholding taxes		(5,961)	(368,169)	(1,853,258)
Finance costs				
Interest expense		(1,478)	(36,089)	(173,715)
Income distribution	4	–	(778,205)	(20,568,352)
Profit for the financial year		1,298,185	99,786,808	70,791,755

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

*** Performance fees are accrued and taken into account in the calculation of the NAV on each dealing day when the performance fee conditions have been met. They crystallise at the financial year end of the Company, i.e. 31 December and daily on redemptions where applicable. Please refer to the Prospectus for further details.

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES***Financial year ended 31 December 2021*

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		425,553,879	736,604,254	411,647,401	168,080,801
Profit for the financial year		133,281,388	203,829,191	95,614,072	41,196,671
Proceeds from issuance of Shares		169,047,808	219,456,463	78,712,848	4,269,144
Payments on redemption of Shares		(101,013,001)	(265,604,264)	(171,329,860)	(41,956,547)
Foreign currency translation adjustment*		–	(49,400,358)	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		626,870,074	844,885,286	414,644,461	171,590,069

*See Statement of Accounting Policies (g).

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES***Financial year ended 31 December 2021 (continued)*

	Note	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* €	Montanaro Better World Fund €	Total** €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		7,995,660	669,973,223	2,506,185,492
Profit for the financial year		2,904,021	202,465,793	712,481,816
Proceeds from issuance of Shares		9,773,530	364,188,286	881,183,438
Payments on redemption of Shares		(3,314,109)	(244,126,139)	(870,593,791)
Foreign currency translation adjustment**		–	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		<u>17,359,102</u>	<u>992,501,163</u>	<u>3,229,256,955</u>

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES***Financial year ended 31 December 2020*

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		534,061,392	654,803,064	339,953,817	147,313,063
Profit/(Loss) for the financial year		31,018,511	(84,500,486)	20,970,057	12,740,028
Proceeds from issuance of Shares		38,434,862	496,261,342	333,503,875	26,929,098
Payments on redemption of Shares		(177,960,886)	(367,163,893)	(282,780,348)	(18,901,388)
Foreign currency translation adjustment*		–	37,204,227	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		<u>425,553,879</u>	<u>736,604,254</u>	<u>411,647,401</u>	<u>168,080,801</u>

*See Statement of Accounting Policies (g).

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

Financial year ended 31 December 2020 (continued)

	Note	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* €	Montanaro Better World Fund €	Total** €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		16,701,745	190,279,537	2,001,094,250
Profit for the financial year		1,298,185	99,786,808	70,791,755
Proceeds from issuance of Shares		1,534,485	436,124,060	1,394,578,351
Payments on redemption of Shares		(11,538,755)	(56,217,182)	(960,278,864)
Foreign currency translation adjustment**		–	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		7,995,660	669,973,223	2,506,185,492

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

The accompanying notes form an integral part of these financial statements.

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Preparation

The financial statements for the financial year ended 31 December 2021 have been prepared on a going concern basis in accordance with the provisions of the Companies Act, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (as amended), the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations"), the Financial Reporting Standard ("FRS") 102 the financial reporting standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council ("FRC") and the listing rules of the Euronext Dublin. The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

The format and certain wordings of the financial statements have been adapted from those contained in the Companies Act, so that, in the opinion of the Directors, they more appropriately reflect the Company's business as an investment fund.

The Company has availed itself of the exemption available to open-ended investment funds under Section 7 "Statement of Cash Flows" of FRS 102, not to prepare a cash flow statement on the basis that substantially all of the Company's investments are highly liquid and carried at fair value and the Company provides a Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

(a) Income

Income received and receivable from investments and deposits is credited to the Statement of Comprehensive Income on an accruals basis. Dividend income is credited to the Statement of Comprehensive Income on an ex-dividend basis. Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

(b) Fees and Charges

The investment manager's fee, manager's fee, depositary's fee, administrator's fee, Directors' fees and other operating expenses are charged to the Statement of Comprehensive Income on an accruals basis.

(c) Subscriber Shares

The authorised share capital of the Company is €38,100 divided into 38,100 Subscriber Shares of €1 each and 1,000,000,000 participating Shares of no par value initially designated as unclassified Shares.

The Subscriber Shares do not participate in the profits of the Company.

(d) Redeemable Participating Shares

All redeemable participating Shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Company's net assets at the redemption date. Such instruments give rise to a financial liability for the present value of the redemption amount. In accordance with the Prospectus, the Company is contractually obliged to redeem Shares at the NAV per Share on the valuation date. Redeemable participating Shares are measured and presented at traded market price.

Receivable and payable amounts for Fund Shares sold and purchased are disclosed in the Statement of Financial Position.

(e) Distributions to Holders of Redeemable Participating Shares

Distributions to holders of redeemable participating Shares are recorded in the Statement of Comprehensive Income as a finance cost when the Fund incurs a legal or constructive obligation to pay such a dividend.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF ACCOUNTING POLICIES (continued)****(f) Financial Instruments****(i) Classification**

The Company classifies its investments as financial assets at fair value through profit or loss. The category of financial assets and liabilities through profit or loss comprises financial instruments held for trading and those designated by the Investment Manager, at inception, as being at fair value through profit or loss. The financial assets at fair value held by the Company are equity securities and are classified as held for trading.

Under FRS 102, in accounting for all of its financial instruments, an entity is required to apply either of the following:

- (a) the full requirements of Section 11 “Basic Financial Instruments” and Section 12 “Other Financial Instruments Issues” of FRS 102; or
- (b) the recognition and measurement provisions of International Accounting Standards (“IAS”) 39 “Financial Instruments: Recognition and Measurement”, (as amended) (“IAS 39”) as adopted for use in the European Union and the disclosure requirements of Sections 11 and 12 of FRS 102; or
- (c) the recognition and measurement provisions of International Financial Reporting Standards (“IFRS”) 9 “Financial Instruments” (“IFRS 9”) and the disclosure requirements of Sections 11 and 12 of FRS 102.

The Company has elected to apply the recognition and measurement provisions of IAS 39 and the disclosure requirements of Sections 11 and 12 of FRS 102. Under IAS 39, financial assets and liabilities are valued at their traded market price, consistent with the Prospectus.

(ii) Initial Measurement

Purchases and sales of financial instruments are recognised on the trade date, which is the date that the Company commits to purchase the asset. Realised gains and losses on disposal of financial instruments are calculated using the Average Cost method.

Financial instruments categorised at fair value through profit or loss are recognised initially at fair value, with transaction costs for such instruments being recognised directly in the Statement of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Please see Note 2 for details.

(iii) Subsequent Measurement

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss, at their fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their traded market prices on a recognised exchange or sourced from a reputable broker/counterparty in the case of non-exchange traded instruments, at the Statement of Financial Position date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their traded market prices.

If a traded market price is not available on a recognised stock exchange or from a broker/counterparty, the fair value of the financial instruments may be estimated by the Directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

(iv) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with FRS 102.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

MONTANARO SMALLER COMPANIES PLC**STATEMENT OF ACCOUNTING POLICIES (continued)****(g) Foreign Currency**

Functional and Presentation Currency

Transactions included in the Company's books and accounting records are measured and presented using the currency of the primary economic environment in which it operates (the "functional currency"). This is the "Euro", which reflects the Company's primary activity of investing in European securities.

Montanaro European Smaller Companies Fund, Montanaro European Income Fund, Montanaro European MidCap Fund, Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* and Montanaro Better World Fund use Euro as the presentation currency, in line with the functional currency.

Montanaro UK Income Fund uses Pound Sterling rather than Euro (the functional currency of the Company) as the presentation currency for financial statement purposes as this is the principal currency for most of their Shareholders. Assets and liabilities of the Funds have been translated using the exchange rate prevailing at the Statement of Financial Position date. Income and expenses have been translated using the average exchange rate during the financial year. The difference between the financial year end and average exchange rates has resulted in a notional foreign currency translation adjustment in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

Foreign currency transaction gains and losses on financial instruments classified as financial assets and liabilities at fair value through profit or loss are included in the Statement of Comprehensive Income as part of gains/(losses) on financial assets and liabilities at fair value through profit or loss.

The Company Total is presented in the functional currency of the Company, Euro. Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro in the accounting records at the closing rates of exchange at each financial year end date. Transactions during the financial year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in the Statement of Comprehensive Income as part of gains/(losses) on financial assets and liabilities at fair value through profit or loss.

The foreign currency translation adjustment for the financial year ended 31 December 2021 for Montanaro UK Income Fund was a loss of (£49,400,358) (31 December 2020: gain of (£37,204,227)).

The following exchange rates were used to convert the presentation currency gain of the Company:

31 December 2021

Average Euro/Pound Sterling 1.1628

Spot Euro/Pound Sterling 1.1910

31 December 2020

Average Euro/Pound Sterling 1.1245

Spot Euro/Pound Sterling 1.1172

(h) Cash Flow Statement

The Company has availed of the exemption available to open-ended investment funds under Section 7 "Statement of Cash Flows" of FRS 102 not to prepare a cash flow statement.

(i) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand and in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

(j) Accrued Expenses

Accrued expenses are measured at carrying cost which approximates their fair values.

(k) Withholding Tax

The Company currently incurs withholding taxes imposed by certain countries on investment income. Such income is recorded gross of withholding taxes in the Statement of Comprehensive Income. Withholding taxes are shown as a separate item in the Statement of Comprehensive Income.

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS*****Financial year ended 31 December 2021*****1. Background**

Montanaro Smaller Companies Plc (the “Company” with registered number: 330162) is an open-ended umbrella variable capital investment Company. The Company was incorporated on 14 July 2000 in Ireland under the laws of Ireland as an investment Company with variable capital under the laws of the Republic of Ireland and was listed on the main market of the Euronext Dublin exchange (formerly the Irish Stock Exchange) on 11 December 2000.

As at 31 December 2021, the Company had six Funds in existence (collectively the “Funds”, each a “Fund”): Montanaro European Smaller Companies Fund, Montanaro UK Income Fund, Montanaro European Income Fund, Montanaro European MidCap Fund, Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* and Montanaro Better World Fund.

Montanaro European Smaller Companies Fund has eight Classes of Shares available: a Euro Accumulation Class, a Euro Class, a Euro Institutional Accumulation Class, a Euro Institutional Distribution Class, a Sterling Class, a Sterling Institutional Distribution Class, a Swedish Krona Accumulation Class and a US Dollar Class.

Montanaro UK Income Fund has five Classes of Shares available: a Euro Class, a Euro Seed Class, a Sterling Accumulation Class, a Sterling Class and a Sterling Seed Class.

Montanaro European Income Fund has three Classes of Shares available: a Euro Class, a Sterling Class and a Sterling Accumulation Class.

Montanaro European MidCap Fund has two Classes of Shares available: a Euro Distribution Class and a Euro Institutional Accumulation Class.

Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* has four Classes of Shares available: a Euro Distribution Class, a Euro Accumulation Class (launched 30 June 2021), a Sterling Distribution Class and a Sterling Accumulation Class (launched 30 June 2021).

Montanaro Better World Fund has four Classes of Shares available: a Euro Distribution Class, a Euro Accumulation Class, a Sterling Distribution Class and Swedish Krona Institutional Accumulation Class.

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund. As at 1 January 2022, the name of the Fund’s Class of Shares changed, details of which are provided in Note 16.

2. Fees***Management Fee***

Effective 1 October 2021, KBA Consulting Management Limited (the “Manager”), as per the agreement signed on 1 October 2021 between the Company and the Manager (the “Management Agreement”), shall be entitled to receive out of the assets of the Funds an annual fee in respect of such Fund or Funds or in respect of each Class of any such Fund, accrued daily, calculated monthly and payable monthly in arrears of up to and not exceeding 0.01% of the Net Asset Value of such Fund or Class as set out in the relevant Supplement. The fee payable to the Manager is subject to a minimum fee of €50,000 per annum based on a single Fund and €10,000 per annum per each additional Fund. The Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket and marketing expenses incurred by it. Each Fund will bear its proportion of the fees and expenses of the Manager.

Investment Management Fee

The following Management fees are paid to the Investment Manager:

	% of Net Assets	Minimum Subscription
Montanaro European Smaller Companies Fund		
Euro Accumulation Class ¹	1.50	N/A
Euro Class ¹	1.50	N/A
Euro Institutional Accumulation Class	0.50	€250,000,000
Euro Institutional Distribution Class	0.75	€50,000,000
Sterling Class ¹	1.50	N/A
Sterling Institutional Distribution Class	0.75	£50,000,000
Swedish Krona Accumulation Class	1.50	SEK10,000
US Dollar Class ¹	1.50	N/A

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

<i>Investment Management Fee (continued)</i>	% of Net Assets	Minimum Subscription
Montanaro UK Income Fund		
2. Fees (continued)		
Euro Class ¹	0.75	N/A
Euro Seed Class ^{1,2}	0.25	N/A
Sterling Accumulation Class ¹	0.75	N/A
Sterling Class ¹	0.75	N/A
Sterling Seed Class ^{1,2}	0.25	N/A
Montanaro European Income Fund		
Euro Class ¹	0.75	N/A
Sterling Accumulation Class ¹	0.75	N/A
Sterling Class ¹	0.75	N/A
Montanaro European MidCap Fund		
Euro Distribution Class ¹	1.50	N/A
Euro Institutional Accumulation Class	0.75	€25,000,000
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)^{5,7}		
Euro Accumulation Class ^{1,6}	0.25	N/A
Euro Distribution Class ^{1,3}	0.25	N/A
Sterling Accumulation Class ^{1,3}	0.25	N/A
Sterling Distribution Class ^{1,6}	0.25	N/A
Montanaro Better World Fund		
Euro Accumulation Class ^{1,4}	0.85	N/A
Euro Distribution Class ¹	0.85	N/A
Sterling Distribution Class ¹	0.85	N/A
Swedish Krona Institutional Accumulation Class ⁴	0.50	€150,000,000

¹ These respective Share Classes have no minimum subscription amount required to subscribe to the Share Class as per the Prospectus.

² These Share Classes of the Fund pay the Investment Manager a basic Management fee of 0.25% per annum. However, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.75% per annum.

³ Effective until 29 June 2021, the Investment Manager agreed to waive its basic Management fee. Effective 29 June 2021, the Fund pays the Investment Manager a basic Management fee of 0.25% per annum. However, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.75%.

⁴ The Swedish Krona Institutional Accumulation Class of the Fund pays the Investment Manager a basic Management fee of 0.50% per annum. However, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.75% in respect of the Swedish Krona Institutional Accumulation Share Class. Effective 18 February 2021, the Management fee on the Euro Accumulation Share Class increased from 0.75% per annum to the maximum allowable 0.85% per annum.

⁵ Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

⁶ The Euro Accumulation Class and Sterling Distribution Class were launched on 30 June 2021, and the Fund pays the Investment Manager a basic Management fee of 0.25% per annum, however, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.75%.

⁷ As at 1 January 2022, the name of the Montanaro Global Innovation Fund's Class of Shares and the Investment Manager fees changed, details of which are provided in Note 16.

The Investment Management fees accrue daily on the basis of the NAV of the Funds on each dealing day and will be payable quarterly in arrears.

Montanaro Asset Management Limited (the "Investment Manager") earned an Investment Management fee of €23,152,324 for the financial year ended 31 December 2021 (31 December 2020: €15,895,016) of which €6,187,968 (31 December 2020: €4,426,308) was payable at the financial year end.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****2. Fees (continued)***Performance Fees*

The Investment Manager (with the exception of the Euro Institutional Accumulation Class of the Montanaro European Smaller Companies Fund, all Classes of the Montanaro UK Income Fund, all Classes of the Montanaro European Income Fund and all Classes of the Montanaro Better World Fund) may be entitled to receive an annual performance-related fee based on the outperformance per Share over the return on the benchmark* in the relevant currency of the Share Class. The Performance fee payable will be 20%* (plus VAT, if any) of the amount by which the increase in the NAV per Share, having adjusted the closing NAV per Share by (i) adding back the impact of any accruing Performance fee, and (ii) adding back and compounding any dividends paid or payable by reference to the financial period in question, exceeds the return on the benchmark plus 3 percentage points over the relevant financial period. It will be calculated based on the time weighted average number of Shares in issue during the relevant period.

*On 29 June 2021, in respect of the Montanaro Global Innovation Fund (formerly Montanaro Select Fund) the benchmark index changed from the MSCI Europe SmallCap (Capital Return) Index to the MSCI World SMID Cap (Total Return) Index and the requirement to exceed the return on the benchmark plus 3 percentage points was removed. Additionally, Effective 1 January 2022, the performance fee payable on the Fund's Euro Accumulation A Class and Sterling Accumulation A Class was changed to 10%.

A Performance fee will only be payable in respect of any financial period if the closing NAV per Share of the relevant Class at the end of the period (adjusted for the matters described above) exceeds the higher of (a) the opening NAV per Share of that Class for the relevant period or the price at which such Shares were issued if the initial issue of the relevant Class of Shares occurred during the period; and (b) the closing NAV per Share of that Class on the last accounting period end when a Performance fee was paid (if any).

For the financial year ended 31 December 2021, the Investment Manager earned Performance fees of €8,885,396 (31 December 2020: €8,360,758), of which €8,885,396 (31 December 2020: €8,360,758) was payable at the financial year end.

Performance Fees table:

The following table outlines the actual amount of performance fee charged and the percentage of the fees based on the unit class NAV during the year ended 31 December 2021:

Sub-Fund	Share Class	Performance fee amount in Base currency of the Fund	Performance fee as % of Unit Class NAV
Montanaro European Smaller Companies Fund	Euro Accumulation Class	€2,171,766	1.30
	Euro Class	€1,724,340	0.98
	Euro Institutional Accumulation Class	€854,221	0.59
	Sterling Class	€352,878	0.89
	Sterling Institutional Distribution Class	€627,270	1.10
	Swedish Krona Accumulation Class	€9,866	0.96
	US Dollar Class	€3,109	0.55
Sub-Fund	Share Class	Performance fee amount in Base currency of the Fund	Performance fee as % of Unit Class NAV
Montanaro European MidCap Fund	Euro Distribution Class	€2,560,332	1.72
	Euro Institutional Accumulation Class	€581,614	2.56

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****2. Fees (continued)***Performance Fees (continued)*

The following table shows the Performance fees for the financial year ended 31 December 2021 and 31 December 2020:

	Performance fee 31 December 2021	Performance fee 31 December 2020
	€	€
Montanaro European Smaller Companies Fund		
Euro Accumulation Class	2,171,766	3,093,280
Euro Class	1,724,340	1,398,461
Euro Institutional Accumulation Class	N/A	N/A
Euro Institutional Distribution Class	854,221	196,778
Sterling Class	352,878	250,791
Sterling Institutional Distribution Class	627,270	976,530
Swedish Krona Accumulation Class	9,866	6,692
US Dollar Class	3,109	2,920
	Performance fee 31 December 2021	Performance fee 31 December 2020
	£	£
Montanaro UK Income Fund		
Fund N/A for Performance Fees	N/A	N/A
	Performance fee 31 December 2021	Performance fee 31 December 2020
	€	€
Montanaro European Income Fund		
Fund N/A for Performance Fees	N/A	N/A
	Performance fee 31 December 2021	Performance fee 31 December 2020
	€	€
Montanaro European MidCap Fund		
Euro Distribution Class	2,560,332	1,784,077
Euro Institutional Accumulation Class	581,614	456,275
	Performance fee 31 December 2021	Performance fee 31 December 2020
	€	€
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)		
Euro Accumulation Class	N/A	N/A
Euro Distribution Class	N/A	86,533
Sterling Accumulation Class	N/A	N/A
Sterling Distribution Class	N/A	108,421
	Performance fee 31 December 2021	Performance fee 31 December 2020
	€	€
Montanaro Better World Fund		
Fund N/A for Performance Fees	N/A	N/A

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****2. Fees (continued)***Administration and Depositary Fees*

The Company has entered into an administration agreement with BNY Mellon Fund Services (Ireland) Designated Activity Company (the “Administrator”) under which the Administrator receives an Administration fee. The Administration fee accrues daily and is paid monthly in arrears. The Administration fee was €1,070,825 for the financial year ended 31 December 2021 (31 December 2020: €733,592) of which €645,547 (31 December 2020: €415,634) was payable at the financial year end.

The Bank of New York Mellon SA/NV, Dublin Branch (the “Depositary”), is paid an annual fee accruing daily and paid monthly in arrears. The Depositary fee was €473,205 for the financial year ended 31 December 2021 (31 December 2020: €360,715) of which €182,416 (31 December 2020: €134,482) was payable at the financial year end.

The aggregate of the Administration and Depositary fee shall not exceed 0.25% of the NAV of each Fund.

Directors’ Fees

Each of the Directors who are not Directors, officers or employees of the Investment Manager and Promoter or any affiliate thereof shall be entitled to such remuneration for his or her services as the Directors may determine provided that the aggregate emoluments of all Directors in respect of any twelve month period shall not exceed £120,000 plus out of pocket expenses, or such higher amount as may be approved by the Company in general meeting. The Directors’ fees were €63,191 for the financial year ended 31 December 2021 (31 December 2020: €61,533).

Professional Fees

For the financial year ended 31 December 2021, Professional Fees, which principally comprised Taxation fees, Directors’ indemnity insurance premiums (D&O) and Investment Committee fees, amounted to €76,105 (31 December 2020: €74,081) of which €26,066 (31 December 2020: €40,553) was payable at the financial year end.

31 December 2021

	Montanaro European Smaller Companies Fund	Montanaro UK Income Fund	Montanaro European Income Fund	Montanaro European MidCap Fund	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	Montanaro Better World Fund	Total**
	€	£	€	€	€	€	€
Taxation fees	(4,499)	(7,179)	(3,524)	(1,488)	(138)	(10,003)	(28,000)
Directors indemnity insurance premiums (D&O)	(4,816)	(6,943)	(3,857)	(1,575)	(109)	(5,718)	(24,148)
Investment Committee fees	–	–	–	–	(13,295)	(10,662)	(23,957)
	<u>(9,315)</u>	<u>(14,122)</u>	<u>(7,381)</u>	<u>(3,063)</u>	<u>(13,542)</u>	<u>(26,383)</u>	<u>(76,105)</u>

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****2. Fees (continued)***Professional Fees (continued)***31 December 2020**

	Montanaro European Smaller Companies Fund	Montanaro UK Income Fund	Montanaro European Income Fund	Montanaro European MidCap Fund	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	Montanaro Better World Fund	Total**
	€	£	€	€	€	€	€
Taxation fees	(1,971)	(6,934)	(3,556)	(1,034)	(37)	(3,267)	(17,663)
Directors indemnity insurance premiums (D&O)	(4,663)	(5,649)	(3,179)	(1,464)	(117)	(2,441)	(18,216)
Investment Committee fees	–	–	–	–	–	(38,202)	(38,202)
	(6,634)	(12,583)	(6,735)	(2,498)	(154)	(43,910)	(74,081)

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

Auditor's Remuneration

Fees charged by the Independent Auditor in respect of the financial year ended 31 December 2021 and 31 December 2020 (exclusive of VAT) were:

	Statutory audit	Other assurance services	Tax advisory services	Other non-audit services
	€	€	€	€
31 December 2021	48,500	–	–	–
31 December 2020	47,740	–	–	–

Other Expenses

Other Expenses are principally comprised of Board Meeting fees, Listing and Publishing fees, VAT costs, Index fees, Printing fees, Electronic payment fees and Rating fees. For the financial year ended 31 December 2021, other expenses totalled €535,583 (31 December 2020: €501,696). Other expenses payable at the financial year end amounted to €26,880 (31 December 2020: €25,351).

Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When financial assets or financial liabilities are initially recognised at fair value through profit or loss, transaction costs for such instruments are recognised directly in profit and loss.

Transaction costs on purchases and sales of equities measured at fair value through profit or loss are included in net gains/(losses) on investments in the Statement of Financial Position for each Fund. Depository transaction costs are included in Depository fees in the Statement of Comprehensive Income for each Fund. These costs are separately identifiable transaction costs and the total costs incurred by each Fund during the financial year are disclosed below.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****2. Fees (continued)***Transaction Costs (continued)*

For the financial years ended 31 December 2021 and 31 December 2020, the Company incurred transaction costs on purchases and sales as below:

Fund	Currency	31 December 2021	31 December 2020
Montanaro European Smaller Companies Fund	€	306,924	277,095
Montanaro UK Income Fund	£	728,251	1,333,012
Montanaro European Income Fund	€	61,051	93,673
Montanaro European MidCap Fund	€	103,623	187,728
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	€	12,719	12,004
Montanaro Better World Fund	€	366,899	610,139

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

3. Financial Assets at Fair Value through Profit or Loss

As at 31 December 2021 and 31 December 2020, the fair value of financial assets held at fair value through profit or loss are based on closing mid prices which are derived from traded market prices in active markets.

4. Distribution Policy

Distributions may be paid out of the net distributable income of the Company, otherwise, all income and gains of the Company will be accumulated within the Company. Montanaro European Smaller Companies Fund (with the exception of the Euro Institutional Accumulation Class and the Swedish Krona Accumulation Class), Montanaro UK Income Fund, Montanaro European Income Fund, Montanaro European MidCap Fund and Montanaro Better World Fund are registered as reporting funds under the UK Reporting Fund Regime.

In the event that the net distributable income generated by the Montanaro UK Income Fund and by the Montanaro European Income Fund during the relevant financial period and attributable to the relevant Class is insufficient to pay a distribution which is declared, the Directors may at their discretion determine such dividends may be paid from the capital of the Fund. For the financial year ended 31 December 2021 all distributions were paid out of income apart from distributions of £458,426 on the Montanaro UK Income Fund and distributions of €521,725 on the Montanaro European Income Fund. For the financial year ended 31 December 2020 all distributions were paid out of income apart from distributions of £148,397 on the Montanaro UK Income Fund.

The Company made the following distributions to redeemable participating Shareholders during the financial year ended 31 December 2021 and 31 December 2020:

	Montanaro European Smaller Companies Fund	Montanaro UK Income Fund	Montanaro European Income Fund	Montanaro European MidCap Fund	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	Montanaro Better World Fund	Total**
	€	£	€	€	€	€	€
31 December 2021	–	18,148,289	4,515,443	–	–	–	25,618,922
31 December 2020	–	12,624,301	5,593,965	–	–	778,205	20,568,352

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**See Statement of Accounting Policies (g).

5. Cash and Cash Equivalents

At the financial year end, the Company had a cash balance totalling €76,809,388 (31 December 2020: €65,096,768) with Bank of New York Mellon SA/NV, Dublin Branch.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****6. Connected Persons and Related Party Transactions**

Parties are considered related if one party has the authority to control the other party or exercise significant influence over the other party in making financial or other reporting decisions, or is a member of the key management personnel of the reporting entity.

A connected person is defined as the Promoter, Manager, Trustee, Investment Adviser and/or associated or group companies of these. The Investment Manager, Administrator and Depositary are deemed to be connected persons to the Company. During the financial year, transactions were entered into with these connected persons of the Company. Details of fees paid to these entities are disclosed in Note 2.

During the financial year, the following Related Party Transactions were entered into:

Each of the Directors who are not Directors, officers or employees of the Investment Manager and Promoter or any affiliate thereof shall be entitled to such remuneration for his or her services as the Directors may determine provided that the aggregate emoluments of all Directors in respect of any twelve month period shall not exceed £120,000 plus out of pocket expenses, or such higher amount as may be approved by the Company in a general meeting. The Directors' fees were €63,191 for the financial year ended 31 December 2021 (31 December 2020: €61,533).

Cedric Durant des Aulnois, a Director of the Company, held 2,919 (31 December 2020: 2,919) Shares in the Montanaro UK Income Fund as at 31 December 2021.

No other Directors, nor the Secretary, had any interest in the Shares or deferred Shares of the Company as at 31 December 2021 and 31 December 2020.

No other Director of the Company had at any time during the financial year a material interest in any contract of significance, existing during or at the end of the financial year, in relation to the business of the Company.

The following entities are related parties, by virtue of the fact that each have the same ultimate parent group, Montanaro Asset Management Limited, which held Shares in the Company as follows:

	31 December 2021	31 December 2020
Montanaro Asset Management Limited	8,502,984	7,726,092
Montanaro Growth & Income Fund Limited Partnership No. 3	12,016,544	11,547,813

The Investment Manager has the discretion to waive some or all of its "Investment Management Fee" on certain Share Classes and information concerning the various waivers in place for the reporting period are disclosed in Note 2. As at 31 December 2021 and 31 December 2020 there were 7 Subscriber Shares of €1 each in issue (being the minimum share capital of the Company) held by the Investment Manager. The Investment Manager agreed to waive its entitlement to any performance fees for the Montanaro Global Innovation Fund for the year ended 31 December 2021.

7. Risks Associated with Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow and price risk), credit risk, liquidity risk and capital risk management. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Further, the Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control economic hedging transactions in a timely and accurate manner.

The Company's assets and liabilities comprise financial instruments which mainly include:

- Investments in equity Shares, preferred stock and collective investment schemes. These are held in accordance with the Company's investment objectives and policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its investment activities.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****7. Risks Associated with Financial Instruments (continued)**

The investment objectives of the Funds are as follows:

Montanaro European Smaller Companies Fund

The investment objective of the Fund is to outperform its Benchmark, the MSCI Europe SmallCap (Capital Return) Index.

Montanaro UK Income Fund

The investment objective of the Fund is to deliver capital growth and income.

Montanaro European Income Fund

The investment objective of the Fund is to deliver capital growth and income.

Montanaro European MidCap Fund

The investment objective of the Fund is to outperform its Benchmark, the STOXX Europe Mid 200 (Capital Return) Index.

*Montanaro Global Innovation Fund (formerly Montanaro Select Fund)**

The investment objective of the Fund is to outperform its Benchmark, the MSCI World SMID Cap (Total Return) Index.

Montanaro Better World Fund

The investment objective of the Fund is to deliver long-term capital growth.

Market Price Risk

The Company trades in financial instruments, taking positions in traded instruments to take advantage of market movements in the equity markets.

All securities investments present a risk of loss of capital. Each of the Funds' overall market positions are monitored on a daily basis by the Company's Investment Manager and are reported on a monthly basis to the Directors and Designated Persons in the monthly Investment Manager's factsheet. The monthly Investment Manager's factsheet includes details of the Company's performance, relative performance, a Fund analysis, a list of the top ten holdings and a sector and country distribution analysis.

The Company's investments are in accordance with UCITS Regulations investment restrictions and also comply with the investment restrictions as disclosed in the Company's Prospectus.

The total value of investments held by the Company at the financial year end is disclosed in the Statement of Financial Position.

The Company's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Company's market price risk is managed through diversification of the investment portfolios. In the case of each of the Funds, all invested assets are in securities traded on recognised European exchanges. At 31 December 2021 and 31 December 2020, the overall market exposures were:

	Currency	31 December 2021		31 December 2020	
		Fair value	% of Net Assets at Mid-Prices	Fair value	% of Net Assets at Mid-Prices
Securities held for trading					
Montanaro European Smaller Companies Fund	€	608,443,167	97.06	413,182,168	97.09
Montanaro UK Income Fund	£	831,668,777	98.44	724,988,782	98.42
Montanaro European Income Fund	€	408,134,139	98.43	396,613,084	96.35
Montanaro European MidCap Fund	€	173,857,619	101.32	162,177,261	96.49
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	€	16,752,880	96.51	8,031,708	100.45
Montanaro Better World Fund	€	965,716,067	97.30	655,632,699	97.86

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****7. Risks Associated with Financial Instruments (continued)****Market Price Risk (continued)**

If the Company's underlying investments at 31 December 2021 had increased or decreased by 5% with all other variables held constant, this would have increased or reduced net assets attributable to holders of redeemable Shares of the Montanaro European Smaller Companies Fund by approximately €30.4m (31 December 2021: €20.7m), Montanaro UK Income Fund by approximately £41.6m (31 December 2021: £36.2m), Montanaro European Income Fund by approximately €20.4m (31 December 2021: €19.8m), Montanaro European MidCap Fund by approximately €8.7m (31 December 2021: €8.1m), Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* by approximately €0.8m (31 December 2020: €0.4m) and Montanaro Better World Fund by approximately €48.3m (31 December 2020: €32.8m).

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

The top ten country distribution of the Company's investments at 31 December 2021 and 31 December 2020 is as follows:

31 December 2021		Montanaro European Smaller Companies Fund	31 December 2021		Montanaro UK Income Fund
Country	Assets at mid prices	% of Net	Country	Assets at mid prices	% of Net
United Kingdom		25.92	United Kingdom		87.01
Sweden		21.27	Sweden		4.72
Italy		9.57	Singapore		2.57
Switzerland		7.86	China		1.36
France		7.84	Norway		1.30
Germany		6.63	Belgium		1.04
Netherlands		3.73	Switzerland		0.44
Denmark		3.37			
Norway		2.68			
Belgium		1.76			

31 December 2021		Montanaro European Income Fund	31 December 2021		Montanaro European MidCap Fund
Country	Assets at mid prices	% of Net	Country	Assets at mid prices	% of Net
Sweden		28.91	United Kingdom		33.89
France		12.72	France		16.56
Norway		12.16	Italy		12.91
Germany		11.48	Switzerland		11.23
Italy		7.45	Netherlands		8.16
Switzerland		6.46	Belgium		6.56
Belgium		5.30	Iceland		3.46
Spain		5.28	Germany		3.42
Denmark		4.72	Sweden		2.61
Portugal		1.70	Denmark		2.52

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****7. Risks Associated with Financial Instruments (continued)***Market Price Risk (continued)*

31 December 2021	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* % of Net Assets at mid prices	31 December 2021	Montanaro Better World Fund % of Net Assets at mid prices
Country		Country	
United States	50.59	United States	44.31
Sweden	10.99	Sweden	7.98
United Kingdom	7.24	Switzerland	6.89
France	5.17	United Kingdom	6.43
Israel	4.56	Australia	4.85
Australia	3.50	Japan	4.39
Netherlands	2.88	Germany	3.95
Norway	2.42	Ireland	3.43
Germany	2.26	Israel	3.31
Finland	2.23	France	3.16

31 December 2020	Montanaro European Smaller Companies Fund % of Net Assets at mid prices	31 December 2020	Montanaro UK Income Fund % of Net Assets at mid prices
Country		Country	
United Kingdom	29.72	United Kingdom	86.40
Sweden	20.51	Singapore	3.19
Italy	9.33	Sweden	2.80
Germany	8.85	United States	1.50
Switzerland	6.57	Belgium	1.31
France	6.21	Norway	1.23
Denmark	4.37	Italy	1.05
Netherlands	3.90	Netherlands	1.01
Norway	2.85		
Belgium	1.97		

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****7. Risks Associated with Financial Instruments (continued)****Market Price Risk (continued)**

31 December 2020	Montanaro European Income Fund % of Net Assets at mid prices	31 December 2020	Montanaro European MidCap Fund % of Net Assets at mid prices
Country		Country	
Sweden	24.93	United Kingdom	31.43
Germany	13.22	France	20.60
France	12.09	Switzerland	10.17
Norway	10.79	Italy	8.52
Italy	8.94	Germany	6.78
Denmark	5.70	Sweden	4.44
Switzerland	5.55	Ireland	4.44
Spain	5.24	Netherlands	4.16
Netherlands	3.21	Denmark	3.26
Belgium	2.95	Belgium	2.69

31 December 2020	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* % of Net Assets at mid prices	31 December 2020	Montanaro Better World Fund % of Net Assets at mid prices
Country		Country	
United Kingdom	29.91	United States	42.65
Sweden	26.63	Japan	9.78
Germany	10.20	United Kingdom	6.08
Switzerland	8.66	Australia	5.47
Denmark	8.35	Switzerland	4.96
Italy	5.36	Sweden	4.44
Netherlands	3.91	Ireland	4.03
France	3.83	Spain	3.83
Norway	3.60	Germany	3.28
		France	3.26

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

Interest Rate Risk

The majority of the Company's financial assets are equity Shares and other instruments which neither pay interest nor have a maturity date. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Cash balances of the Company are not subject to significant interest rate risk.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In accordance with the Company's policy, the Investment Manager monitors the Company's currency position on a daily basis. The Company's currency position is reported to the Designated Persons on a monthly basis in the monthly Administrator's report and Investment Manager's reports and reported to the Directors on a quarterly basis.

The Company holds assets denominated in currencies other than their presentation currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's policy is not to enter into any currency hedging.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

7. Risks Associated with Financial Instruments (continued)

Foreign Currency Risk (continued)

The following table indicates the currencies to which the Company had significant exposure at 31 December 2021 and 31 December 2020 along with the expected movement in value of the currency given a 5% movement relative to the presentation currency:

	Montanaro European Smaller Companies Fund				Montanaro UK Income Fund			
	31 December 2021		31 December 2020		31 December 2021		31 December 2020	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	£	£	£	£
Danish Krone	21,209,783	1,060,489	18,655,028	932,751	–	–	–	–
Norwegian Krone	16,786,505	839,325	12,138,008	606,900	10,984,636	549,232	9,061,184	453,059
Pound Sterling	183,275,224	9,163,761	135,002,701	6,750,135	782,618,541	39,130,927	682,854,633	34,142,732
Swedish Krona	133,425,093	6,671,255	87,357,844	4,367,892	39,919,933	1,995,997	20,587,191	1,029,360
Swiss Franc	49,296,917	2,464,846	27,944,004	1,397,200	3,678,602	183,930	–	–
US Dollar	270,102	13,505	39,906	1,995	–	–	–	–

	Montanaro European Income Fund				Montanaro European MidCap Fund			
	31 December 2021		31 December 2020		31 December 2021		31 December 2020	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	€	€	€	€
Danish Krone	19,703,401	985,170	23,564,618	1,178,231	4,343,911	217,196	5,487,919	274,396
Norwegian Krone	50,456,224	2,522,811	44,466,682	2,223,334	–	–	–	–
Pound Sterling	1,822,109	91,105	3,839,499	191,975	58,510,014	2,925,501	54,089,437	2,704,472
Swedish Krona	119,894,425	5,994,721	102,638,513	5,131,926	4,471,621	223,581	7,461,832	373,092
Swiss Franc	26,776,749	1,338,837	22,831,701	1,141,585	19,268,499	963,425	17,099,598	854,980

	Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*				Montanaro Better World Fund			
	31 December 2021		31 December 2020		31 December 2021		31 December 2020	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	€	€	€	€
Australian Dollar	607,034	30,352	–	–	48,100,883	2,405,044	36,653,601	1,832,680
Danish Krone	236,169	11,808	668,696	33,435	20,989,492	1,049,475	20,850,432	1,042,522
Japanese Yen	–	–	–	–	43,558,621	2,177,931	65,545,234	3,277,262
New Zealand Dollar	–	–	–	–	12,906,417	645,321	16,603,159	830,158
Norwegian Krone	420,934	21,047	288,298	14,415	–	–	–	–
Pound Sterling	2,312,234	115,612	2,400,169	120,008	78,778,674	3,938,934	46,339,518	2,316,976
Swedish Krona	1,907,529	95,376	2,128,985	106,449	80,993,354	4,049,668	30,931,161	1,546,558
Swiss Franc	227,848	11,392	692,349	34,617	68,360,090	3,418,005	33,223,843	1,661,192
US Dollar	8,811,873	440,594	–	–	506,614,761	25,330,738	303,829,492	15,191,475

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

Credit/Counterparty Risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. The Company's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations in relation to each Class of recognised financial assets, is the carrying amount of those assets as indicated in the Statement of Financial Position.

All transactions in traded securities are settled/paid for using approved brokers. The risk of default is considered minimal, as delivery of securities sold and receipt of payment by the broker and payment on a purchase and receipt of securities by the broker are done simultaneously. The trade will fail if either party fails to meet its obligation.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

7. Risks Associated with Financial Instruments (continued)

Credit/Counterparty Risk (continued)

In accordance with the Company's policy, the Investment Manager monitors the Company's credit position on a daily basis and the Administrator reports on it to the Board of Directors quarterly in the Administrator's report. At 31 December 2021, the Company held cash of € 76,809,388 with the Bank of New York Mellon SA/NV, Dublin Branch (31 December 2020: € 65,096,768) who has a credit rating of AA- (31 December 2020: AA-) by Standard & Poor's.

The Company's securities are maintained within the Depository's network in segregated accounts. The Depository is required to ensure that any agent it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depository, the Company's assets should be segregated and protected and this should further reduce counterparty risk. The Company is, however, exposed to the risk that the Depository or certain depositories used by the Depository may fail. In event of the insolvency or bankruptcy of the Depository, the Company will be treated as a general creditor of the Depository in relation to cash holdings of the Company and as such the amount that the Company will recover is dependent on the amount of cash available to the liquidator to distribute.

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must be based on future events and must not be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. As at 31 December 2021 and 31 December 2020, the Company was not subject to master netting arrangements with its counterparties.

Liquidity Risk

The Company is exposed to daily cash redemptions of redeemable Shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Company's traded securities are considered readily realisable as they are traded on recognised stock exchanges. The Company is permitted to borrow in the short term to ensure settlement. As at 31 December 2021, no such borrowings existed (31 December 2020: Nil).

In accordance with the Company's policy, the Investment Manager monitors the Company's liquidity on a daily basis. The Board of Directors receives reports on it on a quarterly basis in the Administrator's report and the Investment Manager's report.

All of the liabilities of the Company are payable in less than three months.

Capital Risk Management

The capital of the Company is represented by the NAV attributable to the holder of redeemable participating Shares. The amount of NAV attributable to the holder of redeemable participating Shares can change significantly on a monthly basis, as the Company is subject to daily subscriptions and redemptions at the discretion of the Shareholder. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the Shareholder and maintain a strong capital base to support the development of the investment activities of the Company.

Investors should note that the smaller companies market in which the Company invests may be less liquid than the market in larger capitalisation stocks and can be more sensitive to economic and other factors. As a result, the Company may experience greater volatility both in the value of its investments and in its NAV per Share than a Company investing in larger capitalisation Shares. This may be particularly relevant where positions need to be liquidated to meet redemption requests or other funding requirements.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

7. Risks Associated with Financial Instruments (continued)

Capital Risk Management (continued)

The Directors' current intention is to make at their discretion a distribution of substantially the whole of the net income (including interest and dividend income less expenditure and liabilities) to Shareholders each calendar quarter. In the event that the net distributable income generated by the Montanaro UK Income Fund and European Income Fund during the relevant period and attributable to the relevant Class is insufficient to pay a distribution which is declared, the Directors may at their discretion determine such dividends may be paid from the capital of the Montanaro UK Income Fund and European Income Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount originally invested or capital gains attributable to, and may result in an immediate decrease in the value of, the Shares of the relevant Class and will reduce any capital appreciation for the Shareholders of such Class.

Fair Value Estimation

Under FRS 102, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 The unadjusted traded price in an active market for identical assets or liabilities that the entity can access the measurement date.
- Level 2 Inputs other than traded prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The best evidence of fair value is a traded price for an identical asset or liability in an active market and is therefore classified within Level 1. These include actively traded equities, exchange traded derivatives and other traded securities. Traded in an active market in this context means traded prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When traded prices are unavailable, the price of a recent transaction for an identical asset or liability provides evidence of fair value and is classified within Level 2, as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. These include money market instruments, certain traded equities and open-ended collective investment schemes. If the Company can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), then that price is adjusted.

If the market for the asset or liability is not active and recent transactions of an identical asset or liability on their own are not a good estimate of fair value, the Company estimates the fair value by using a valuation technique and classifies the asset or liability within Level 3. These include investment-grade government and corporate bonds, over-the-counter derivatives, private equity and corporate debt securities. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Valuation techniques include using recent arm's length market transactions for an identical asset or liability between knowledgeable, willing parties, if available, reference to the current fair value of another asset or liability that is substantially the same as the asset or liability being measured, discounted cash flow analysis and option pricing model. If there is a valuation technique commonly used by market participants to price the asset or liability and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Company uses that technique.

The Company's investments values are based on traded market prices in active markets and therefore all of the Company's investments were classified as Level 1 at 31 December 2021 and 31 December 2020. There were no transfers between levels during the financial year. The Company does not hold any investments classified within Level 2 or Level 3. The fair value levels of the securities held by the Funds are monitored on a monthly basis by the Investment Manager. There were no financial liabilities held at 31 December 2021 and 31 December 2020.

8. Soft Commission Arrangements

No soft commission arrangements were entered into during the financial years ended 31 December 2021 and 31 December 2020.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

9. Efficient Portfolio Management

The Company may, on behalf of a Fund, use techniques and instruments for the purposes of efficient portfolio management (including but not limited to forward foreign currency contracts, futures contracts, options, put and call options on securities, indices and currencies, stock index contracts, swap contracts) subject to the restrictions and limitations laid down by the Central Bank. The Company may engage in such techniques and instruments for the reduction of risk, cost or the generation of additional capital or income for a Fund with an appropriate level of risk, taking into account the risk profile of the Company as described in the Prospectus and the general provisions of the UCITS Regulations.

The Company may employ techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes and techniques and instruments intended to provide protection against exchange rate risk and equity market risk. Where applicable, the entities to which direct and indirect operational costs and/or fees have been paid during the annual period to the relevant accounting year end of a Fund will be disclosed in the annual report for such period.

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward foreign currency contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The use of such techniques and instruments for efficient portfolio management involves certain special risks including: a dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, imperfect correlations between the hedging instruments and the securities or market sectors being hedged, the fact that skills needed to use these instruments are different from those needed to select the Company's securities, the possible absence of a liquid market for any particular instrument at any particular time and possible impediments to effective portfolio management such as the ability to meet redemption requests or other short term obligations because of the percentage of the Company's assets being segregated to cover its obligations.

The Company does not currently use financial derivative instruments and it is not the current intention of the Investment Manager to employ efficient portfolio management techniques. A risk management process will be submitted to the Central Bank in accordance with the Central Bank's requirements prior to the Company engaging in financial derivative transactions on behalf of a Fund.

The Company did not enter into any derivative contracts during the financial years ended 31 December 2021 or 31 December 2020 for efficient portfolio management or any other purpose.

10. Share Capital and Redeemable Participating Shares

The authorised share capital of the Company is 1,000,000,000 redeemable participating Shares of no par value. The redeemable participating Shares issued by the Company are freely transferable and are entitled to participate equally in the profits and dividends of the relevant Fund and its assets upon liquidation. The redeemable participating Shares, which are of no par value and which must be fully paid up on issue, carry no preferential or pre-emptive rights. Holders of redeemable participating Shares are entitled on a poll to one vote at general meetings of the Company in respect of each redeemable participating Share held.

Subscriber Shares

The Company has authorised share capital of €38,100 (divided into 38,100 Subscriber Shares of one Euro each). As at 31 December 2021 and 31 December 2020 there were 7 Subscriber Shares of €1 each in issue (being the minimum share capital of the Company) held by the Investment Manager. Subscriber Shares do not entitle the holders to any dividend and on a winding-up entitle the holder to receive the amount paid thereon but not otherwise to participate in the assets of the Company. The Subscriber Shares do not form part of redeemable participating Shareholders' Funds. They are thus disclosed by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****10. Share Capital and Redeemable Participating Shares (continued)****Redemption of Shares**

Shareholders may redeem their Shares on and with effect from any dealing day at the NAV per Share calculated on or with respect to the relevant dealing day in accordance with the procedures specified in the relevant Supplement (save during any period when the calculation of NAV is suspended). If the redemption of part only of a Shareholder's shareholding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Directors or their delegates may, if they think fit, redeem the whole of that Shareholder's holding.

In the event that the net distributable income generated by the Montanaro UK Income Fund and by the Montanaro European Income Fund during the relevant financial period and attributable to the relevant Class is insufficient to pay a distribution which is declared, the Directors may at their discretion determine such dividends may be paid from the capital of the Fund. Shareholders should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount originally invested or capital gains attributable to and may result in an immediate decrease in the value of the Shares of the relevant Class and will reduce any capital appreciation for the Shareholders of such Class.

Share Classes

Shares will be issued to investors as Shares of a Class in the Funds. The Directors may, whether on the establishment of each Fund or from time to time, with prior notification to, and clearance by the Central Bank, create more than one Class of Shares in each of the Funds. The Directors may, in their absolute discretion, differentiate between Classes of Shares, without limitation, as to currency denomination of a particular Class, dividend policy, hedging strategies if any applied to the designated currency of particular Classes, fees and expenses or the minimum subscription or minimum holding applicable.

Where the amount subscribed for Shares is not equivalent to an exact number of Shares, fractions of Shares may be issued to the nearest one thousandth of a Share. The holder of a fraction of a Share may not exercise any voting right in respect of such Share.

31 December 2021

	Shares in issue at beginning of financial year	Subscriptions	Redemptions	Shares in issue at end of financial year
Montanaro European Smaller Companies Fund				
Euro Accumulation Class	22,563,500	1,499,200	(6,723,920)	17,338,780
Euro Class	18,586,796	721,153	(1,690,802)	17,617,147
Euro Institutional Accumulation Class	3,272,291	911,004	(567,792)	3,615,503
Euro Institutional Distribution Class	3,593,473	11,435,762	(836,527)	14,192,708
Sterling Class	3,748,961	548,858	(360,921)	3,936,898
Sterling Institutional Distribution Class	3,379,783	3,176,921	(1,166,697)	5,390,007
Swedish Krona Accumulation Class	317,630	–	–	317,630
US Dollar Class	83,440	50,100	(15,667)	117,873
Montanaro UK Income Fund				
Euro Class	191,387	2,817,338	(315,659)	2,693,066
Euro Seed Class	1,376,248	61,766	(474,790)	963,224
Sterling Accumulation Class	165,379,710	32,579,040	(42,318,342)	155,640,408
Sterling Class	170,999,977	64,540,042	(53,303,208)	182,236,811
Sterling Seed Class	164,999,658	38,627,136	(60,412,053)	143,214,741
Montanaro European Income Fund				
Euro Class	11,769,354	2,430,137	(1,062,253)	13,137,238
Sterling Accumulation Class	153,550,581	15,123,307	(44,811,958)	123,861,930
Sterling Class	76,040,856	19,711,608	(36,862,426)	58,890,038

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****10. Share Capital and Redeemable Participating Shares (continued)**

	Shares in issue at beginning of financial year	Subscriptions	Redemptions	Shares in issue at end of financial year
Montanaro European MidCap Fund				
Euro Distribution Class	54,083,224	828,402	(10,038,110)	44,873,516
Euro Institutional Accumulation Class	9,650,854	618,145	(3,815,737)	6,453,262
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*				
Euro Accumulation Class**	–	1,769,447	(18,873)	1,750,574
Euro Distribution Class	1,572,874	7,713	(476,872)	1,103,715
Sterling Accumulation Class**	–	2,584,296	(524,743)	2,059,553
Sterling Distribution Class	2,327,849	1,810,833	(628,845)	3,509,837
Montanaro Better World Fund				
Euro Accumulation Class	2,248,901	23,590,746	(13,490,808)	12,348,839
Euro Distribution Class	79,716,117	29,537,411	(47,079,065)	62,174,463
Sterling Distribution Class	173,218,631	101,998,067	(57,793,570)	217,423,128
Swedish Krona Institutional Accumulation Class	163,274,408	41,739,790	(11,066,502)	193,947,696

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund. Effective 1 January 2022, the name of the Fund's Class of Shares changed, details of which are provided in Note 16.

**The Euro Accumulation Class and Sterling Accumulation Class of the Montanaro Global Innovation Fund were seeded on 30 June 2021.

31 December 2020

	Shares in issue at beginning of financial year	Subscriptions	Redemptions	Shares in issue at end of financial year
Montanaro European Smaller Companies Fund				
Euro Accumulation Class	33,162,901	1,271,214	(11,870,615)	22,563,500
Euro Class	20,158,511	187,756	(1,759,471)	18,586,796
Euro Institutional Accumulation Class	4,339,308	895,369	(1,962,386)	3,272,291
Euro Institutional Distribution Class	2,661,141	1,816,524	(884,192)	3,593,473
Sterling Class	3,653,239	185,103	(89,381)	3,748,961
Sterling Institutional Distribution Class	12,233,351	1,062,860	(9,916,428)	3,379,783
Swedish Krona Accumulation Class	317,630	–	–	317,630
US Dollar Class	85,805	–	(2,365)	83,440
Montanaro UK Income Fund				
Euro Class	194,682	8,480	(11,775)	191,387
Euro Seed Class	2,384,870	268,613	(1,277,235)	1,376,248
Sterling Accumulation Class	31,460,930	167,177,363	(33,258,583)	165,379,710
Sterling Class	102,782,637	132,681,203	(64,463,863)	170,999,977
Sterling Seed Class	209,795,101	90,377,824	(135,173,267)	164,999,658

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****10. Share Capital and Redeemable Participating Shares (continued)****Montanaro European Income Fund**

Euro Class	11,446,163	1,797,283	(1,474,092)	11,769,354
Sterling Accumulation Class	8,092,622	150,627,694	(5,169,735)	153,550,581
Sterling Class	133,834,098	60,315,793	(118,109,035)	76,040,856

Montanaro European MidCap Fund

Euro Distribution Class	49,275,318	7,626,261	(2,818,355)	54,083,224
Euro Institutional Accumulation Class	10,819,311	3,630,724	(4,799,181)	9,650,854

Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*

Euro Distribution Class	4,126,287	285,142	(2,838,555)	1,572,874
Sterling Distribution Class	5,349,332	541,075	(3,562,558)	2,327,849

Montanaro Better World Fund

Euro Accumulation Class**	–	2,248,901	–	2,248,901
Euro Distribution Class	13,099,111	75,005,369	(8,388,363)	79,716,117
Sterling Distribution Class	114,657,438	83,783,627	(25,222,434)	173,218,631
Swedish Krona Institutional Accumulation Class	4,729,227	160,789,401	(2,244,220)	163,274,408

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund. Effective 1 January 2022, the name of the Fund's Class of Shares changed, details of which are provided in Note 16.

**The Euro Accumulation Class was launched on 30 November 2020.

11. Exchange Rates

The exchange rates to Euro (€) at the financial years ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Australian Dollar	1.5641	1.5856
Danish Krone	7.4376	7.4435
Israeli New Shekel	3.5394	-
Japanese Yen	130.9543	126.3255
New Zealand Dollar	1.6610	1.6994
Norwegian Krone	10.0282	10.4760
Pound Sterling	0.8340	0.8951
Swedish Krona	10.2960	10.0485
Swiss Franc	1.0362	1.0816
US Dollar	1.1372	1.2236

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****12. Taxation**

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not liable to Irish tax on its income or gains. However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to Shareholders, any encashment, redemption, cancellation or transfer of Shares and the holding of Shares at the end of each eight year period beginning with the acquisition of such Shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- (a) a Shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Fund; and
- (b) certain exempted Irish tax resident Shareholders who have provided the Fund with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Fund or its Shareholders.

13. Comparatives

The comparative financial statements relate to the financial year ended 31 December 2020.

14. Net Asset Value per Redeemable Participating Share at last traded price

The below share classes are unhedged.

31 December 2021

	Net Assets for dealing	Shares in issue	NAV per Share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€167,004,517	17,338,780	€9.632
Euro Class	€176,723,871	17,617,147	€10.031
Euro Institutional Accumulation Class	€39,336,254	3,615,503	€10.880
Euro Institutional Distribution Class	€145,382,096	14,192,708	€10.243
Sterling Class	£33,453,609	3,936,898	£8.497
Sterling Institutional Distribution Class	£47,848,193	5,390,007	£8.877
Swedish Krona Accumulation Class	SEK10,582,375	317,630	SEK33.317
US Dollar Class	\$638,920	117,873	\$5.420
Montanaro UK Income Fund			
Euro Class	€3,241,039	2,693,066	€1.203
Euro Seed Class	€1,654,354	963,224	€1.718
Sterling Accumulation Class	£212,307,674	155,640,408	£1.364
Sterling Class	£262,356,612	182,236,811	£1.440
Sterling Seed Class	£366,110,815	143,214,741	£2.556
Montanaro European Income Fund			
Euro Class	€21,180,388	13,137,238	€1.612
Sterling Accumulation Class	£179,851,490	123,861,930	£1.452
Sterling Class	£150,501,903	58,890,038	£2.556
Montanaro European MidCap Fund			
Euro Distribution Class	€148,856,591	44,873,516	€3.317
Euro Institutional Accumulation Class	€22,733,478	6,453,262	€3.523

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****14. Net Asset Value per Redeemable Participating Share at last traded price (continued)****Montanaro Global Innovation Fund (formerly Montanaro Select Fund)***

Euro Accumulation Class**	€1,995,312	1,750,574	€1.140
Euro Distribution Class	€2,645,591	1,103,715	€2.397
Sterling Accumulation Class**	£2,277,470	2,059,553	£1.106
Sterling Distribution Class	£8,400,761	3,509,837	£2.393

Montanaro Better World Fund

Euro Accumulation Class	€16,938,137	12,348,839	€1.372
Euro Distribution Class	€129,778,735	62,174,463	€2.087
Sterling Distribution Class	£436,782,881	217,423,128	£2.009
Swedish Krona Institutional Accumulation Class	SEK3,351,963,391	193,947,696	SEK17.283

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund. Effective 1 January 2022, the name of the Fund's Class of Shares changed, details of which are provided in Note 16.

**The Euro Accumulation Class and Sterling Accumulation Class of the Montanaro Global Innovation Fund were seeded on 30 June 2021.

31 December 2020

	Net Assets for dealing	Shares in issue	NAV per Share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€168,279,466	22,563,500	€7.458
Euro Class	€144,151,800	18,586,796	€7.756
Euro Institutional Accumulation Class	€27,000,176	3,272,291	€8.251
Euro Institutional Distribution Class	€28,248,835	3,593,473	€7.861
Sterling Class	£26,242,010	3,748,961	£7.000
Sterling Institutional Distribution Class	£24,573,874	3,379,783	£7.271
Swedish Krona Accumulation Class	SEK7,984,736	317,630	SEK25.138
US Dollar Class	\$376,233	83,440	\$4.509
Montanaro UK Income Fund			
Euro Class	€179,426	191,387	€0.938
Euro Seed Class	€1,832,250	1,376,248	€1.331
Sterling Accumulation Class	£181,678,197	165,379,710	£1.099
Sterling Class	£204,473,323	170,999,977	£1.196
Sterling Seed Class	£348,652,543	164,999,658	£2.113
Montanaro European Income Fund			
Euro Class	€15,314,403	11,769,354	€1.301
Sterling Accumulation Class	£187,535,301	153,550,581	£1.221
Sterling Class	£167,220,441	76,040,856	£2.199
Montanaro European MidCap Fund			
Euro Distribution Class	€141,355,961	54,083,224	€2.614
Euro Institutional Accumulation Class	€26,724,840	9,650,854	€2.769
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*			
Euro Distribution Class	€2,895,572	1,572,874	€1.841
Sterling Distribution Class	£4,565,064	2,327,849	£1.961

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund. Effective 1 January 2022, the name of the Fund's Class of Shares changed, details of which are provided in Note 16.

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****14. Net Asset Value per Redeemable Participating Share at last traded price (continued)****Montanaro Better World Fund**

Euro Accumulation Class**	€2,410,386	2,248,901	€1.072
Euro Distribution Class	€130,077,407	79,716,117	€1.632
Sterling Distribution Class	£290,000,908	173,218,631	£1.674
Swedish Krona Institutional Accumulation Class	SEK2,145,314,829	163,274,408	SEK13.139

**The Euro Accumulation Class was launched on 30 November 2020.

31 December 2019

	Net Assets for dealing	Shares in issue	NAV per Share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€225,277,870	33,162,901	€6.793
Euro Class	€142,064,065	20,158,511	€7.047
Euro Institutional Accumulation Class	€31,931,369	4,339,308	€7.359
Euro Institutional Distribution Class	€18,939,470	2,661,141	€7.117
Sterling Class	£22,030,727	3,653,239	£6.030
Sterling Institutional Distribution Class	£75,275,533	12,233,351	£6.153
Swedish Krona Accumulation Class	SEK7,586,711	317,630	SEK23.885
US Dollar Class	\$322,998	85,805	\$3.764
Montanaro UK Income Fund			
Euro Class	€210,140	194,682	€1.079
Euro Seed Class	€3,637,362	2,384,870	€1.525
Sterling Accumulation Class	£36,893,054	31,460,930	£1.173
Sterling Class	£133,946,145	102,782,637	£1.303
Sterling Seed Class	£480,703,333	209,795,101	£2.291
Montanaro European Income Fund			
Euro Class	€14,281,928	11,446,163	€1.248
Sterling Accumulation Class	£8,831,295	8,092,622	£1.091
Sterling Class	£267,119,835	133,834,098	£1.996
Montanaro European MidCap Fund			
Euro Distribution Class	€119,575,388	49,275,318	€2.427
Euro Institutional Accumulation Class	€27,737,675	10,819,311	€2.564
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*			
Euro Distribution Class	€6,566,754	4,126,287	€1.591
Sterling Distribution Class	£8,587,669	5,349,332	£1.605
Montanaro Better World Fund			
Euro Distribution Class	€16,784,276	13,099,111	€1.281
Sterling Distribution Class	£142,914,079	114,657,438	£1.246
Swedish Krona Institutional Accumulation Class**	SEK50,762,917	4,729,227	SEK10.734

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund. Effective 1 January 2022, the name of the Fund's Class of Shares changed, details of which are provided in Note 16.

**The Swedish Krona Institutional Accumulation Class was launched on 1 July 2019.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

15. Events during the Financial Year

An updated Prospectus and Supplements were issued on 18 February 2021 to incorporate amendments required by Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended ("SFDR").

On 26 February 2021, Shareholders in Montanaro European Smaller Companies Fund, Montanaro UK Income Fund, Montanaro European MidCap Fund and Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* were notified that with effect from 30 September 2021 the Funds will no longer comply with the Plan d'Epargne en Actions ("PEA") requirements in France, which the Funds had previously been eligible for as a result of the withdrawal of the United Kingdom from the European Union (the "EU") effective 31 December 2020. In order to maintain eligibility for the PEA, a Fund must invest on a permanent basis at least 75% of its NAV in companies having their registered office in the EU or part of the EEA which has agreed a tax treaty with France.

At the EGM held on 30 April 2021, the Shareholders of Montanaro Select Fund voted to approve the following changes to the Fund as outlined in the circular to Shareholders dated 20 April 2021:

- the change in investment objective and corresponding change in benchmark index from the MSCI Europe SmallCap (Capital Return) Index to the MSCI World SMID Cap (Total Return) Index.
- the change in investment policy.
- the change in performance fees due to the change in benchmark.
- establishment of an advisory committee.
- corresponding change of name of the Fund to Montanaro Global Innovation Fund.

On 29 June 2021, a revised Supplement was issued to reflect the above changes. Further changes were made to allow for the establishment of two new accumulating Share Classes.

Effective 19 May 2021, Ernst & Young resigned as independent auditors as a result of the mandatory 10 year auditor rotation requirement and following the completion of their tenth and final audit of the Company.

Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

On 30 June 2021, the Euro Accumulation Class and Sterling Accumulation Class of the Montanaro Global Innovation Fund were launched.

Effective 19 August 2021, the Company appointed Deloitte Ireland LLP to replace Ernst & Young as independent auditors.

Following the Central Bank review of the implementation of Consultation Paper 86 ("CP86") and the introduction of additional substance requirements for internally managed investment companies such as the Company, the Board of Directors took the decision to appoint an external UCITS management company and to move the Company away from its internally managed status. The Board of Directors conducted a search for an appropriate service provider and decided to appoint KBA Consulting Management Limited as UCITS management company for the Company, subject to regulatory approval. With the necessary legal and regulatory work having been undertaken and Central Bank approval received, the process was completed on 1 October 2021. As part of the transition, KB Associates resigned as provider of designated person services to the Company effective the same date. An updated Prospectus for the Company and Supplements for the Funds were issued on 1 October 2021 to reflect the change.

An updated Prospectus and Supplements were issued on 1 October 2021 to incorporate, the appointment of KBA Consulting Management Limited as its management company, Montanaro European Smaller Companies Fund, Montanaro UK Income Fund, Montanaro European MidCap Fund and Montanaro Global Innovation Fund (formerly Montanaro Select Fund)* will no longer comply with PEA requirements in France and to include a facility to Austrian Investors for the cross-border distribution of collective investment undertakings.

Please refer to page 5 for details of distributions approved during the financial year.

Impact of the Coronavirus

Since the start of the COVID-19 pandemic in January 2020, there have been approximately 220 million cases worldwide, as of September 2021. There is still a great amount of uncertainty surrounding the virus, with record number of cases being recorded in numerous regions. Additionally, the emergence of COVID-19 variants have had far reaching consequences, with announcements of further lockdowns and travel restrictions to curb their spread. While the final fiscal ramifications of the pandemic are still unknown, there have been many advances made to curb and control

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****15. Events during the Financial Year (continued)****Impact of the Coronavirus (continued)**

outbreaks, which has meant that many jurisdictions are able to proceed with their “phased returns” to ease lockdowns and reopen their economies. Thanks to vaccination efforts the global economic outlook is much more optimistic than this time last year, with the IMF predicting global growth of 6.0% for 2021 and 4.9% for 2022.

All service providers have enacted their respective business continuity plans and the Board of Directors will continue to monitor this situation closely. There have been no significant operational issues affecting the Company or its service providers since the COVID-19 pandemic began.

The Directors are actively monitoring the situation and, with the support of the Manager and Investment Manager, continue to manage the Company’s assets and liabilities within the investment and risk parameters that have been established. The Directors have also noted the operational risks that are posed to the Company and its service providers due to global and local movement restrictions that have been enacted by various governments. The Directors will continue to review the situation in order to navigate through this period of heightened uncertainty.

At the annual general meeting held on 22 July 2021, Shareholders voted to approve a resolution to adopt new articles of association of the Company to allow the Directors appoint and replace a management company; accept subscriptions for shares in the Funds for non-cash consideration; may not increase the maximum redemption charge without the prior approval of Shareholders; and that a Fund may replicate a securities index which satisfies the conditions imposed by the Central Bank.

Impact of Brexit

The United Kingdom (“UK”) officially left the European Union (“EU”) on 31 January 2020 but remained subject to EU regulations during an agreed transitional phase until 31 December 2020. Although a free trade agreement was ratified by both the EU and the UK in December 2020 and the transitional phase has ended, there remains a number of uncertainties in connection with the UK’s relationship with the EU in regards to potential regulatory alignment or equivalence. Until the terms of the regulations are clearer, it is not possible to determine the full impact that the UK’s departure and/or any related matters may have on the Company and its investments. From 1 January 2021, a memorandum of understanding is in place between the UK’s Financial Conduct Authority, the European Securities and Markets Authority and the EU which permits the continued delegation of investment management.

16. Events since the Financial Year End

An updated Prospectus and Supplements were issued on 1 January 2022 to incorporate amendments including:

- updates to the sustainable finance investment descriptions in order to add disclosure required by Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation");
- for Funds which pay a performance fee, the methodology has been reviewed for consistency with the Central Bank's requirements and guidelines. The description and operation of each performance fee methodology was updated to make it clear that it is high water mark based. In addition, concrete examples have been added to outline how the performance fee operates in a range of scenarios;
- amending the dividend policy of the Euro Distribution and Sterling Distribution share classes for the Montanaro Global Innovation Fund to note they would cease to pay any dividends and have been reclassified as accumulation shares;
- amending the fee structures of the Montanaro Global Innovation Fund with the intention of reducing fees and to include an overall cap on "Ongoing Charges" as defined in the Supplement by introducing a discretionary arrangement through which the Investment Manager will seek to limit the Ongoing Charges Figure through reducing its own management fee or subsidising the Fund, if necessary;
- other minor and general amendments were made throughout.

As at 1 January 2022, the name of the Montanaro Global Innovation Fund's (formerly Montanaro Select Fund) share classes changed as follows:

Euro Accumulation Class changed to	Euro Accumulation A Class
Euro Distribution Class changed to	Euro Accumulation B Class
Sterling Accumulation Class changed to	Sterling Accumulation A Class
Sterling Distribution Class changed to	Sterling Accumulation B Class

MONTANARO SMALLER COMPANIES PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****16. Events since the Financial Year End (continued)**

On 25 January 2022, KB Associates, the parent to the Manager, announced that, subject to regulatory approval, it will become a member of the Waystone Group.

The following distributions in respect of the financial year ending 31 December 2021 were approved by the Directors in 2022.

Ex-Date of 28 January 2022:**Montanaro UK Income Fund**

Share Class	Rate per Share	Distribution
Euro Class	€0.007105	€19,139
Euro Seed Class	€0.010118	€9,764
Sterling Class	£0.008490	£1,536,374
Sterling Seed Class	£0.014719	£2,142,065

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.007294	€96,964
Sterling Class	£0.011268	£684,711

Impact of Russia-Ukraine Conflict

The Directors, the Manager and the Investment Manager continue to monitor the sanctions activity globally to ensure the portfolios are in adherence. Currently the funds are not exposed to Russian or Ukrainian assets, nor any other sanctioned holdings. We continue to rely on the Administrator to monitor the investor base with respect to sanctions and, if any sanctioned investors are identified, to remediate following their appropriate policies and procedures.

There were no other significant events affecting the Company since the financial year end.

17. Commitments and Contingent Liabilities

As at 31 December 2021 and 31 December 2020 there were no commitments or contingent liabilities.

18. Approval of Financial Statements

These financial statements were approved by the Directors of the Company on 23 March 2022.

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN SMALLER COMPANIES FUND***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Belgium (31 December 2020: 1.97%)			
105,000	Melexis NV	11,004,000	1.76
		11,004,000	1.76
Denmark (31 December 2020: 4.37%)			
115,000	SimCorp A/S	11,052,258	1.76
90,000	Chemometec A/S	10,079,899	1.61
		21,132,157	3.37
Finland (31 December 2020: Nil%)			
80,000	QT Group Oyj	10,688,000	1.70
		10,688,000	1.70
France (31 December 2020: 6.21%)			
50,000	Sartorius Stedim Biotech	24,120,000	3.85
51,000	Esker SA	18,436,500	2.94
75,000	Orpea SA	6,607,500	1.05
		49,164,000	7.84
Germany (31 December 2020: 8.85%)			
13,000	Rational AG	11,705,200	1.87
180,000	CTS Eventim AG & Co KGaA	11,584,800	1.85
45,000	MTU Aero Engines AG	8,073,000	1.29
11,000	Hypoport SE	5,621,000	0.89
210,000	hGears AG	4,578,000	0.73
		41,562,000	6.63
Iceland (31 December 2020: 1.86%)			
1,600,000	Marel HF '144A'	9,504,000	1.52
		9,504,000	1.52
Italy (31 December 2020: 9.33%)			
85,000	Reply SpA	15,189,500	2.42
220,000	Moncler SpA	14,084,400	2.25
1,000,000	Brembo SpA	12,530,000	2.00
200,000	Recordati Industria Chimica e Farmaceutica SpA	11,300,000	1.80
260,000	Carel Industries SpA '144A'	6,916,000	1.10
		60,019,900	9.57
Netherlands (31 December 2020: 3.90%)			
120,000	IMCD NV	23,364,000	3.73
		23,364,000	3.73
Norway (31 December 2020: 2.85%)			
145,000	Bakkafrost P/F	8,438,426	1.35

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
Norway (31 December 2020: 2.85%) (continued)			
500,000	PhotoCure ASA	5,120,573	0.82
675,750	Fjordkraft Holding ASA '144A'	3,211,576	0.51
		16,770,575	2.68
Singapore (31 December 2020: Nil%)			
140,000	XP Power Ltd	8,504,025	1.36
		8,504,025	1.36
Spain (31 December 2020: 0.95%)			
600,000	Merlin Properties Socimi SA (REIT)	5,742,000	0.92
		5,742,000	0.92
Sweden (31 December 2020: 20.51%)			
200,000	MIPS AB	23,057,405	3.68
400,000	Thule Group AB '144A'	21,289,735	3.39
280,000	Vitrolife AB	15,229,154	2.43
225,000	Fortnox AB	12,784,039	2.04
950,000	Nolato AB	9,955,768	1.59
500,000	Sectra AB	9,722,183	1.55
475,000	AAK AB	9,010,016	1.44
325,000	Biotage AB	8,270,168	1.32
300,010	Surgical Science Sweden AB	8,202,455	1.31
200,000	Avanza Bank Holding AB	6,452,965	1.03
300,000	INVISIO AB	4,772,708	0.76
350,000	Hufvudstaden AB	4,595,941	0.73
		133,342,537	21.27
Switzerland (31 December 2020: 6.57%)			
25,000	Belimo Holding AG	13,993,976	2.23
25,000	Tecan Group AG	13,402,851	2.14
140,000	VZ Holding AG	13,214,174	2.11
30,000	Kardex Holding AG	8,685,916	1.38
		49,296,917	7.86
United Kingdom (31 December 2020: 29.72%)			
1,850,000	Marshalls Plc	15,258,710	2.43
210,000	Dechra Pharmaceuticals Plc	13,318,804	2.13
630,000	Big Yellow Group Plc (REIT)	12,808,562	2.04
625,000	St James's Place Plc	12,531,973	2.00
300,000	Diploma Plc	12,055,706	1.92
290,000	Halma Plc	11,052,850	1.76
3,650,000	NCC Group Plc	10,150,935	1.62
300,000	4imprint Group Plc	10,076,198	1.61
220,000	Cranswick Plc	9,700,305	1.55
50,000	Spirax-Sarco Engineering Plc	9,558,095	1.53
1,350,000	IntegraFin Holdings Plc	9,012,301	1.44
2,622,000	Ideagen Plc	8,587,993	1.37

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2020: 29.72%) (continued)			
1,131,724	Shaftesbury Plc (REIT)	8,289,760	1.32
300,000	Kainos Group Plc	6,849,671	1.09
1,500,000	Advanced Medical Solutions Group Plc	6,038,572	0.96
50,000	Games Workshop Group Plc	5,937,334	0.95
290,000	James Fisher & Sons Plc	1,276,259	0.20
		162,504,028	25.92
United States (31 December 2020: Nil%)			
650,000	MaxCyte Inc	5,845,028	0.93
		5,845,028	0.93
Total equities		608,443,167	97.06
Total financial assets at fair value through profit or loss		608,443,167	97.06
Cash and cash equivalents		25,417,507	4.05
Other net liabilities		(6,990,600)	(1.11)
Total net assets attributable to holders of redeemable participating Shares		626,870,074	100.00

	% of Total Assets
Analysis of Total Assets	
Financial assets at fair value through profit or loss	94.33
Cash and cash equivalents	4.00
Other assets	1.67
Total assets	100.00

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND***As at 31 December 2021*

Shares	Description	Fair value £	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Belgium (31 December 2020: 1.31%)			
100,000	Melexis NV	8,799,033	1.04
		8,799,033	1.04
China (31 December 2020: Nil%)			
4,500,000	TI Fluid Systems Plc '144A'	11,475,000	1.36
		11,475,000	1.36
Italy - Nil (31 December 2020: 1.05%)			
Netherlands - Nil (31 December 2020: 1.01%)			
Norway (31 December 2020: 1.23%)			
800,000	Atea ASA	10,984,636	1.30
		10,984,636	1.30
Singapore (31 December 2020: 3.19%)			
425,000	XP Power Ltd	21,675,000	2.57
		21,675,000	2.57
Sweden (31 December 2020: 2.80%)			
3,400,000	NCAB Group AB	24,279,384	2.87
350,000	Thule Group AB '144A'	15,640,549	1.85
		39,919,933	4.72
Switzerland (31 December 2020: Nil%)			
66,226	Galenica AG '144A'	3,678,602	0.44
		3,678,602	0.44
United Kingdom (31 December 2020: 86.40%)			
1,900,000	Big Yellow Group Plc (REIT)	32,433,000	3.84
10,500,000	LondonMetric Property Plc (REIT)	29,757,000	3.52
4,125,000	Marshalls Plc	28,565,625	3.38
16,000,000	Taylor Wimpey Plc	28,080,000	3.32
2,100,000	FDM Group Holdings Plc	26,712,000	3.16
2,600,000	DiscoverIE Group Plc	26,676,000	3.16
2,250,000	Vistry Group Plc	26,640,000	3.15
1,350,000	Kainos Group Plc	25,879,500	3.06
6,800,000	Brewin Dolphin Holdings Plc	25,160,000	2.98
1,200,000	Rathbones Group Plc	23,808,000	2.82
775,000	Severn Trent Plc	22,839,250	2.70
575,000	Clarkson Plc	22,310,000	2.64
1,325,000	St James's Place Plc	22,306,375	2.64
625,000	Diploma Plc	21,087,500	2.50
9,000,000	NCC Group Plc	21,015,000	2.49
700,000	4imprint Group Plc	19,740,000	2.34
625,000	Admiral Group Plc	19,731,250	2.34
2,050,000	Britvic Plc	18,860,000	2.23
1,300,000	Savills Plc	18,304,000	2.17
5,000,000	Biffa Plc '144A'	17,925,000	2.12
11,500,000	Primary Health Properties Plc (REIT)	17,411,000	2.06
6,750,000	Jupiter Fund Management Plc	17,307,000	2.05
325,000	Dechra Pharmaceuticals Plc	17,306,250	2.05
3,000,000	IntegraFin Holdings Plc	16,815,000	1.99

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND (continued)***As at 31 December 2021*

Shares	Description	Fair value £	% of net assets
United Kingdom (31 December 2020: 86.40%) (continued)			
1,425,000	Hilton Food Group Plc	16,245,000	1.92
2,500,000	Genuit Group Plc	14,650,000	1.73
3,925,000	Bloomsbury Publishing Plc	14,130,000	1.67
400,000	Greggs Plc	13,348,000	1.58
600,000	Liontrust Asset Management Plc	13,200,000	1.56
125,000	Games Workshop Group Plc	12,462,500	1.48
1,000,000	United Utilities Group Plc	10,890,000	1.29
7,250,000	XPS Pensions Group Plc	10,150,000	1.20
3,500,000	Reach Plc	9,887,500	1.17
2,000,000	SThree Plc	9,280,000	1.10
3,500,000	Tritax Big Box REIT Plc (REIT)	8,715,000	1.03
1,811,965	Ricardo Plc	8,135,723	0.96
235,000	Derwent London Plc (REIT)	8,025,250	0.95
925,000	Hiscox Ltd	7,962,400	0.94
650,000	Pennon Group Plc	7,585,500	0.90
1,750,000	Headlam Group Plc	7,490,000	0.89
200,000	Cranswick Plc	7,404,000	0.88
1,750,000	Luceco Plc '144A'	6,098,750	0.72
760,000	James Fisher & Sons Plc	2,808,200	0.33
		735,136,573	87.01
United States - Nil (31 December 2020: 1.50%)			
Total equities		831,668,777	98.44
Total financial assets at fair value through profit or loss		831,668,777	98.44
Cash and cash equivalents		12,378,802	1.47
Other net assets		837,707	0.09
Total net assets attributable to holders of redeemable participating Shares		844,885,286	100.00
Analysis of Total Assets			% of Total Assets
Financial assets at fair value through profit or loss			98.28
Cash and cash equivalents			1.46
Other assets			0.26
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN INCOME FUND***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Austria (31 December 2020: 1.06%)			
92,500	Fabasoft AG	3,269,875	0.79
		3,269,875	0.79
Belgium (31 December 2020: 2.95%)			
80,500	Melexis NV	8,436,400	2.03
184,500	Warehouses De Pauw CVA (REIT)	7,782,210	1.88
100,000	Shurgard Self Storage SA	5,750,000	1.39
		21,968,610	5.30
Denmark (31 December 2020: 5.70%)			
380,000	Tryg A/S	8,251,346	1.99
60,000	SimCorp A/S	5,766,396	1.39
80,000	Chr Hansen Holding A/S	5,543,742	1.34
		19,561,484	4.72
France (31 December 2020: 12.09%)			
110,000	Thermador Groupe	11,176,000	2.70
350,000	Bureau Veritas SA	10,213,000	2.46
230,000	Edenred	9,331,100	2.25
222,000	Kaufman & Broad SA	8,202,900	1.98
84,000	Gaztransport Et Technigaz SA	6,909,000	1.67
95,000	Amundi SA '144A'	6,892,250	1.66
		52,724,250	12.72
Germany (31 December 2020: 13.22%)			
70,000	Amadeus Fire AG	12,740,000	3.07
119,000	Mensch und Maschine Software SE	7,913,500	1.91
7,000	Rational AG	6,302,800	1.52
35,000	MTU Aero Engines AG	6,279,000	1.52
80,000	CTS Eventim AG & Co KGaA	5,148,800	1.24
125,000	FUCHS PETROLUB SE - Preference	4,990,000	1.20
71,500	Fielmann AG	4,229,225	1.02
		47,603,325	11.48
Italy (31 December 2020: 8.94%)			
182,500	Recordati Industria Chimica e Farmaceutica SpA	10,311,250	2.49
595,000	Brembo SpA	7,455,350	1.80
250,000	MARR SpA	4,725,000	1.14
130,238	Cembre SpA	4,454,140	1.07
1,000,000	Enav SpA '144A'	3,930,000	0.95
		30,875,740	7.45
Netherlands (31 December 2020: 3.21%)			
66,500	Euronext NV '144A'	6,068,125	1.46
		6,068,125	1.46
Norway (31 December 2020: 10.79%)			
850,000	Atea ASA	13,900,835	3.35
3,757,000	Kitron ASA	8,841,609	2.13
340,000	Borregaard ASA	7,526,794	1.82
170,000	Medistim ASA	6,229,948	1.50
1,188,000	Fjordkraft Holding ASA '144A'	5,646,101	1.36
400,000	Kid ASA '144A'	4,491,346	1.09

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO EUROPEAN INCOME FUND (continued)***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
Norway (31 December 2020: 10.79%) (continued)			
65,000	Bakkafrost P/F	3,782,743	0.91
		50,419,376	12.16
Portugal (31 December 2020: 2.67%)			
626,000	Corticeira Amorim SGPS SA	7,061,280	1.70
		7,061,280	1.70
Spain (31 December 2020: 5.24%)			
800,000	Merlin Properties Socimi SA (REIT)	7,656,000	1.85
133,500	Viscofan SA	7,596,150	1.83
350,000	Red Electrica Corp SA	6,658,750	1.60
		21,910,900	5.28
Sweden (31 December 2020: 24.93%)			
2,500,000	NCAB Group AB	21,263,026	5.13
370,000	Thule Group AB '144A'	19,693,005	4.75
500,000	Avanza Bank Holding AB	16,132,413	3.89
1,500,000	Nolato AB	15,719,633	3.79
410,000	KNOW IT AB	14,952,834	3.60
330,000	Beijer Alma AB	8,798,041	2.12
500,000	Bravida Holding AB '144A'	6,167,419	1.49
250,000	Loomis AB - Class B	5,844,479	1.41
200,000	Biotage AB	5,089,334	1.23
315,000	Hufvudstaden AB	4,136,347	1.00
10,000,000	Bredband2 i Skandinavien AB	2,097,894	0.50
		119,894,425	28.91
Switzerland (31 December 2020: 5.55%)			
200,000	Galenica AG '144A'	13,231,546	3.19
5,000	Partners Group Holding AG	7,298,582	1.76
15,000	Burckhardt Compression Holding AG	6,246,621	1.51
		26,776,749	6.46
Total equities		408,134,139	98.43
Total financial assets at fair value through profit or loss		408,134,139	98.43
Cash and cash equivalents		6,633,676	1.60
Other net liabilities		(123,354)	(0.03)
Total net assets attributable to holders of redeemable participating Shares		414,644,461	100.00
			% of Total
Analysis of Total Assets			Assets
Financial assets at fair value through profit or loss			98.21
Cash and cash equivalents			1.60
Other assets			0.19
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN MIDCAP FUND

As at 31 December 2021

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Belgium (31 December 2020: 2.69%)			
155,000	Warehouses De Pauw CVA (REIT)	6,537,900	3.81
45,000	Melexis NV	4,716,000	2.75
		11,253,900	6.56
Denmark (31 December 2020: 3.26%)			
45,000	SimCorp A/S	4,324,797	2.52
		4,324,797	2.52
France (31 December 2020: 20.60%)			
25,000	Teleperformance	9,800,000	5.71
165,000	Edenred	6,694,050	3.90
135,000	Worldline SA/France '144A'	6,616,350	3.86
11,000	Sartorius Stedim Biotech	5,306,400	3.09
		28,416,800	16.56
Germany (31 December 2020: 6.78%)			
45,000	Symrise AG - Class A	5,863,500	3.42
		5,863,500	3.42
Iceland (31 December 2020: Nil%)			
1,000,000	Marel HF '144A'	5,940,000	3.46
		5,940,000	3.46
Ireland - Nil (31 December 2020: 4.44%)			
Italy (31 December 2020: 8.52%)			
150,000	Recordati Industria Chimica e Farmaceutica SpA	8,475,000	4.94
130,000	Moncler SpA	8,322,600	4.85
30,000	Reply SpA	5,361,000	3.12
		22,158,600	12.91
Netherlands (31 December 2020: 4.16%)			
40,000	IMCD NV	7,788,000	4.54
16,000	ASM International NV	6,219,200	3.62
		14,007,200	8.16
Sweden (31 December 2020: 4.44%)			
400,000	Sinch AB '144A'	4,471,621	2.61
		4,471,621	2.61
Switzerland (31 December 2020: 10.17%)			
13,000	Tecan Group AG	6,969,483	4.06
55,000	Temenos AG	6,690,809	3.90
3,000	Straumann Holding AG	5,608,207	3.27
		19,268,499	11.23
United Kingdom (31 December 2020: 31.43%)			
450,000	St James's Place Plc	9,023,021	5.26
125,000	Ashtead Group Plc	8,846,449	5.16
210,000	Diploma Plc	8,438,994	4.92
950,000	Auto Trader Group Plc '144A'	8,373,010	4.88

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO EUROPEAN MIDCAP FUND (continued)***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2020: 31.43%) (continued)			
130,000	Dechra Pharmaceuticals Plc	8,244,974	4.80
1,100,000	Rentokil Initial Plc	7,651,240	4.46
800,000	Rightmove Plc	7,575,014	4.41
		58,152,702	33.89
Total equities		173,857,619	101.32
Total financial assets at fair value through profit or loss		173,857,619	101.32
Cash and cash equivalents		1,221,233	0.71
Other net liabilities		(3,488,783)	(2.03)
Total net assets attributable to holders of redeemable participating Shares		171,590,069	100.00
			% of Total
Analysis of Total Assets			Assets
Financial assets at fair value through profit or loss			94.57
Cash and cash equivalents			0.69
Other assets			4.74
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO GLOBAL INNOVATION FUND (FORMERLY MONTANARO SELECT FUND)****As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Australia (31 December 2020: Nil%)			
40,000	Technology One Ltd	327,594	1.89
7,000	Pro Medicus Ltd	279,440	1.61
		607,034	3.50
Denmark (31 December 2020: 8.35%)			
2,100	Chemometec A/S	235,198	1.36
		235,198	1.36
Finland (31 December 2020: Nil%)			
2,900	QT Group Oyj	387,440	2.23
		387,440	2.23
France (31 December 2020: 3.83%)			
1,000	Sartorius Stedim Biotech	482,400	2.78
1,150	Esker SA	415,725	2.39
		898,125	5.17
Germany (31 December 2020: 10.20%)			
10,250	hGears AG	223,450	1.29
8,000	Endor AG	168,000	0.97
		391,450	2.26
Israel (31 December 2020: Nil%)			
3,250	Nova Ltd	410,394	2.36
10,000	Maytronics Ltd	216,984	1.25
1,250	Kornit Digital Ltd	164,637	0.95
		792,015	4.56
Italy (31 December 2020: 5.36%)			
1,150	Reply SpA	205,505	1.18
7,500	Intred SpA	141,750	0.82
		347,255	2.00
Netherlands (31 December 2020: 3.91%)			
130	Adyen NV '144A'	300,495	1.73
2,250	Alfen Beheer BV '144A'	198,563	1.15
		499,058	2.88
Norway (31 December 2020: 3.60%)			
4,500	Medistim ASA	164,911	0.95
15,000	PhotoCure ASA	153,617	0.88
50,000	EcoOnline Holding AS	102,187	0.59
		420,715	2.42
Sweden (31 December 2020: 26.63%)			
8,650	Fortnox AB	491,475	2.83
3,000	MIPS AB	345,861	1.99
35,000	NCAB Group AB	297,682	1.71
10,000	Surgical Science Sweden AB	273,406	1.58

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO GLOBAL INNOVATION FUND (FORMERLY MONTANARO SELECT FUND)* (continued)***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
Sweden (31 December 2020: 26.63%) (continued)			
5,000	Plejd AB	196,192	1.13
15,000	Sinch AB '144A'	167,686	0.97
8,500	INVISIO AB	135,227	0.78
		1,907,529	10.99
Switzerland (31 December 2020: 8.66%)			
425	Tecan Group AG	227,848	1.31
		227,848	1.31
United Kingdom (31 December 2020: 29.91%)			
52,500	Oxford Nanopore Technologies Plc	436,457	2.51
75,000	Ideagen Plc	245,652	1.41
10,000	Kainos Group Plc	228,322	1.32
9,250	Frontier Developments Plc	196,105	1.13
37,500	Advanced Medical Solutions Group Plc	150,964	0.87
		1,257,500	7.24
United States (31 December 2020: Nil%)			
2,875	SiTime Corp	735,562	4.24
3,850	Unity Software Inc	490,458	2.82
1,350	ANSYS Inc	479,587	2.76
1,600	Zscaler Inc	457,263	2.63
3,600	Entegris Inc	440,218	2.54
5,500	Cognex Corp	378,596	2.18
4,350	TechTarget Inc	368,442	2.12
950	Paycom Software Inc	347,478	2.00
725	Tyler Technologies Inc	344,789	1.99
5,600	XPEL Inc	341,899	1.97
750	Bio-Techne Corp	339,584	1.96
1,350	SolarEdge Technologies Inc	338,462	1.95
4,500	Bruker Corp	335,976	1.94
6,000	Digital Turbine Inc	329,652	1.90
4,250	Alarm.com Holdings Inc	318,002	1.83
1,650	Ambarella Inc	293,959	1.69
2,450	Avalara Inc	284,146	1.64
145,000	Boku Inc '144A'	284,093	1.64
1,050	Masimo Corp	274,956	1.58
29,000	MaxCyte Inc	260,778	1.50
1,050	Veeva Systems Inc - Class A	239,269	1.38
1,550	Axon Enterprise Inc	212,014	1.22
3,550	Everbridge Inc	211,339	1.22
3,250	Inmode Ltd	203,254	1.17
10,000	Energy Recovery Inc	189,149	1.09
10,500	TransMedics Group Inc	186,049	1.07
1,400	Novocure Ltd	96,739	0.56
		8,781,713	50.59
Total equities		16,752,880	96.51
Total financial assets at fair value through profit or loss		16,752,880	96.51

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO GLOBAL INNOVATION FUND (FORMERLY MONTANARO SELECT FUND)* (continued)***As at 31 December 2021*

	Fair value €	% of net assets
Cash and cash equivalents	625,289	3.60
Other net liabilities	(19,067)	(0.11)
Total net assets attributable to holders of redeemable participating Shares	17,359,102	100.00

	% of Total Assets
Analysis of Total Assets	
Financial assets at fair value through profit or loss	96.34
Cash and cash equivalents	3.60
Other assets	0.06
Total assets	100.00

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND

As at 31 December 2021

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Australia (31 December 2020: 5.47%)			
650,000	Pro Medicus Ltd	25,947,983	2.62
1,000,000	IDP Education Ltd	22,152,900	2.23
		48,100,883	4.85
Belgium (31 December 2020: 2.50%)			
200,000	Melexis NV	20,960,000	2.11
		20,960,000	2.11
Denmark (31 December 2020: 3.11%)			
125,000	Chemometec A/S	13,999,859	1.41
100,000	Chr Hansen Holding A/S	6,929,678	0.70
		20,929,537	2.11
France (31 December 2020: 3.26%)			
65,000	Sartorius Stedim Biotech	31,356,000	3.16
		31,356,000	3.16
Germany (31 December 2020: 3.28%)			
115,000	Carl Zeiss Meditec AG	21,257,750	2.14
20,000	Rational AG	18,008,000	1.81
		39,265,750	3.95
Ireland (31 December 2020: 4.03%)			
125,000	ICON Plc	34,035,339	3.43
		34,035,339	3.43
Israel (31 December 2020: Nil%)			
260,000	Nova Ltd	32,831,505	3.31
		32,831,505	3.31
Japan (31 December 2020: 9.78%)			
425,000	Yaskawa Electric Corp	18,304,094	1.85
175,000	Shionogi & Co Ltd	10,857,795	1.09
500,000	RENOVA Inc	7,949,337	0.80
600,000	Santen Pharmaceutical Co Ltd	6,446,523	0.65
		43,557,749	4.39
Netherlands (31 December 2020: 1.99%)			
7,500	Adyen NV '144A'	17,336,250	1.75
150,000	Alfen Beheer BV '144A'	13,237,500	1.33
		30,573,750	3.08
New Zealand (31 December 2020: 2.48%)			
1,750,000	Ryman Healthcare Ltd	12,906,417	1.30
		12,906,417	1.30
Spain - Nil (31 December 2020: 3.83%)			
Sweden (31 December 2020: 4.44%)			
185,000	MIPS AB	21,328,099	2.15
400,000	Thule Group AB '144A'	21,289,735	2.15
650,000	Surgical Science Sweden AB	17,771,393	1.79
300,000	Sdiptech AB - Class B	13,738,289	1.38

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS****MONTANARO BETTER WORLD FUND (continued)***As at 31 December 2021*

Shares	Description	Fair value €	% of net assets
Sweden (31 December 2020: 4.44%) (continued)			
200,000	Biotage AB	5,089,335	0.51
		79,216,851	7.98
Switzerland (31 December 2020: 4.96%)			
50,000	Tecan Group AG	26,805,702	2.70
37,500	Belimo Holding AG	20,990,964	2.12
11,000	Straumann Holding AG	20,563,424	2.07
		68,360,090	6.89
United Kingdom (31 December 2020: 6.08%)			
150,000	Spirax-Sarco Engineering Plc	28,674,286	2.89
525,000	Halma Plc	20,009,470	2.02
1,400,000	Genuit Group Plc	9,771,291	0.98
1,000,000	Tristel Plc	5,419,232	0.54
		63,874,279	6.43
United States (31 December 2020: 42.65%)			
315,000	Trex Co Inc	36,934,652	3.72
67,500	Bio-Techne Corp	30,562,556	3.08
400,000	Bruker Corp	29,864,570	3.01
100,000	Zscaler Inc	28,578,956	2.88
225,000	Entegris Inc	27,513,621	2.77
75,000	ANSYS Inc	26,643,721	2.68
45,000	IDEXX Laboratories Inc	26,256,454	2.64
125,000	IDEX Corp	25,890,336	2.61
100,000	SolarEdge Technologies Inc	25,071,219	2.53
350,000	Cognex Corp	24,092,500	2.43
50,000	Dexcom Inc	23,794,839	2.40
200,000	Xylem Inc/NY	21,002,455	2.12
75,000	Masimo Corp	19,639,679	1.98
80,000	Veeva Systems Inc - Class A	18,230,033	1.84
140,000	Advanced Drainage Systems Inc	16,593,909	1.67
175,000	Alarm.com Holdings Inc	13,094,218	1.32
650,000	Energy Recovery Inc	12,294,667	1.24
125,000	Badger Meter Inc	11,650,321	1.17
100,000	Middlesex Water Co	10,622,578	1.07
100,000	Ameresco Inc - Class A	7,135,945	0.72
100,000	Simulations Plus Inc	4,280,688	0.43
		439,747,917	44.31
Total equities		965,716,067	97.30
Total financial assets at fair value through profit or loss		965,716,067	97.30
Cash and cash equivalents		28,168,036	2.84
Other net liabilities		(1,382,940)	(0.14)
Total net assets attributable to holders of redeemable participating Shares		992,501,163	100.00

MONTANARO SMALLER COMPANIES PLC**SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND (continued)***As at 31 December 2021*

	% of Total Assets
Analysis of Total Assets	
Financial assets at fair value through profit or loss	97.11
Cash and cash equivalents	2.83
Other assets	0.06
Total assets	<u>100.00</u>

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2021*

Purchases	Nominal	Cost €
Diploma Plc	300,000	10,740,762
XP Power Ltd	140,000	8,772,682
MaxCyte Inc	650,000	7,677,291
Sectra AB	100,000	7,438,128
Games Workshop Group Plc	50,000	7,131,038
QT Group Oyj	80,000	6,798,902
Surgical Science Sweden AB	300,010	6,198,818
Kardex Holding AG	30,000	5,971,168
PhotoCure ASA	500,000	5,707,390
hGears AG	210,000	5,464,024
Kainos Group Plc	300,000	4,981,617
Orpea SA	35,000	4,073,533
Rational AG	5,000	3,901,749
Cranswick Plc	80,000	3,455,403
Recordati Industria Chimica e Farmaceutica SpA	75,000	3,345,312
Moncler SpA	60,000	3,248,550
Marshalls Plc	295,000	2,507,629
IntegraFin Holdings Plc	350,000	2,401,140
Bakkafrost P/F	30,000	2,113,134
Tecan Group AG	5,000	2,109,703
Brembo SpA	150,000	1,769,926
Sartorius Stedim Biotech	5,000	1,652,881
Belimo Holding AG	250	1,635,363
Nolato AB	175,000	1,567,412
VZ Holding AG	17,500	1,460,845
IMCD NV	12,500	1,306,812
AAK AB	75,000	1,275,191

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2021*

Sales	Nominal	Proceeds
		€
Ashtead Group Plc	250,000	15,628,826
Rightmove Plc	1,050,000	6,976,875
Renishaw Plc	100,000	6,779,149
Elekta AB	525,000	6,337,480
MARR SpA	280,000	5,790,561
Intertrust NV '144A'	390,000	5,160,447
CompuGroup Medical SE & Co KgaA	70,000	5,090,434
Temenos AG	32,000	3,776,007
Avanza Bank Holding AB	130,000	3,537,296
FD Technologies Plc	110,000	3,236,174
MIPS AB	50,000	2,779,351
Vitrolife AB	50,000	2,380,942
Hypoport SE	4,000	1,787,100
Thule Group AB '144A'	45,000	1,658,751
INVISIO AB	50,000	924,666
Auction Technology Group PLC	44,014	398,058
Sectra AB	500,000	45,610

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales. There were less than 20 sales during the period therefore all sales are disclosed.

MONTANARO SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2021*

Purchases	Nominal	Cost £
Admiral Group Plc	625,000	19,661,660
Liontrust Asset Management Plc	600,000	11,513,397
Tritax Big Box REIT Plc (REIT)	3,500,000	8,044,993
Vistry Group Plc	750,000	8,024,672
Reach Plc	3,500,000	7,899,231
Luceco Plc '144A'	1,750,000	7,657,843
Taylor Wimpey Plc	4,250,000	7,345,638
Greggs Plc	400,000	7,303,749
Rathbones Group Plc	325,000	5,395,285
LondonMetric Property Plc (REIT)	2,000,000	4,551,018
Jupiter Fund Management Plc	1,500,000	4,314,419
Galenica AG '144A'	85,000	4,272,560
Severn Trent Plc	175,000	4,013,955
Kainos Group Plc	275,000	3,715,042
Diploma Plc	125,000	3,694,610
St James's Place Plc	250,000	3,100,236
NCC Group Plc	1,047,460	2,732,716
Marshalls Plc	370,000	2,468,683
Hilton Food Group Plc	225,000	2,430,051
Big Yellow Group Plc (REIT)	150,000	1,938,690
DiscoverIE Group Plc	175,000	1,833,238
SThree Plc	250,000	1,447,259
XP Power Ltd	25,000	1,343,406
Britvic Plc	150,000	1,309,421

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2021*

Sales	Nominal	Proceeds £
Avast Plc '144A'	4,150,000	24,325,327
Victrex Plc	450,000	10,135,356
Equiniti Group Plc	6,000,000	9,698,211
Ashmore Group Plc	2,250,000	8,531,858
Pennon Group Plc	866,666	8,432,727
Diploma Plc	275,000	6,957,916
Recordati Industria Chimica e Farmaceutica SpA	190,000	6,943,047
RPS Group Plc	6,500,000	6,901,744
Intertrust NV '144A'	600,000	6,827,404
Vistry Group Plc	500,000	6,354,018
DiscoverIE Group Plc	775,000	6,283,117
Kainos Group Plc	375,000	5,969,269
XP Power Ltd	100,000	5,162,503
IntegraFin Holdings Plc	1,000,000	5,065,060
Genuit Group Plc	891,704	4,870,215
Dechra Pharmaceuticals Plc	125,000	4,715,699
Big Yellow Group Plc (REIT)	350,000	4,412,640
LondonMetric Property Plc (REIT)	1,750,000	4,194,017
NCAB Group AB	76,000	3,617,135
Cranswick Plc	100,000	3,451,416
Games Workshop Group Plc	25,000	2,807,706
NCC Group Plc	1,047,460	2,776,153
Melexis NV	35,000	2,762,314
Biffa Plc '144A'	1,000,000	2,738,146
St James's Place Plc	175,000	2,373,546
FDM Group Holdings Plc	200,000	2,331,314
Hilton Food Group Plc	150,000	1,762,046

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN INCOME FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2021*

Purchases	Nominal	Cost €
Kid ASA '144A'	400,000	4,054,366
Shurgard Self Storage SA	100,000	3,918,802
Rational AG	5,450	3,631,163
Kaufman & Broad SA	59,000	2,550,661
Bredband2 i Skandinavien AB	10,000,000	2,201,781
Chr Hansen Holding A/S	24,800	2,002,963
Galenica AG '144A'	27,000	1,578,161

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN INCOME FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2021*

Sales	Nominal	Proceeds
		€
Thule Group AB '144A'	156,000	7,344,689
Intertrust NV '144A'	500,000	6,527,509
Avanza Bank Holding AB	229,000	6,463,999
NCAB Group AB	96,650	6,084,922
Rational AG	6,350	5,748,284
Cerved Group SpA	605,000	5,679,205
CTS Eventim AG & Co KGaA	104,000	5,298,858
Nolato AB	450,000	4,981,727
NOS SGPS SA	1,192,000	4,005,933
Partners Group Holding AG	2,690	3,866,563
Bureau Veritas SA	139,000	3,797,437
Enav SpA '144A'	955,000	3,677,511
MARR SpA	192,300	3,524,086
Bakkafrost P/F	54,000	3,474,527
Bravida Holding AB '144A'	272,000	3,429,150
Loomis AB - Class B	97,000	2,588,310
Biotage AB	88,000	2,244,067
FUCHS PETROLUB SE - Preference	48,000	1,995,299
Tryg A/S (Right)	2,660,000	1,688,538
KNOW IT AB	56,500	1,680,780
Burckhardt Compression Holding AG	4,600	1,637,776
Atea ASA	80,000	1,575,344
Medistim ASA	38,500	1,341,246
Edenred	23,000	1,094,197
Borregaard ASA	54,000	1,069,375

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN MIDCAP FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2021*

Purchases	Nominal	Cost €
Diploma Plc	210,000	7,285,418
Sinch AB '144A'	40,000	5,998,062
Marel HF '144A'	1,000,000	5,372,958
ASM International NV	16,000	4,862,934
Reply SpA	40,000	4,779,141
Melexis NV	45,000	4,614,213
Worldline SA/France '144A'	35,000	1,860,645
Rentokil Initial Plc	310,000	1,755,539
Warehouses De Pauw CVA (REIT)	40,000	1,157,343
Tecan Group AG	3,000	1,148,564
Auto Trader Group Plc '144A'	100,000	763,548

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN MIDCAP FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2021*

Sales	Nominal	Proceeds €
Hexagon AB	100,000	7,855,910
Ashtead Group Plc	150,000	7,360,728
Halma Plc	230,000	7,252,218
Kerry Group Plc	63,000	6,423,580
Amundi SA '144A'	95,000	6,392,571
CTS Eventim AG & Co KGaA	100,000	5,557,787
Straumann Holding AG	3,500	5,548,350
Hargreaves Lansdown Plc	300,000	5,286,093
IMCD NV	27,000	4,987,140
Sartorius Stedim Biotech	7,000	3,333,125
St James's Place Plc	150,000	2,425,341
Warehouses De Pauw CVA (REIT)	45,000	1,815,726
Dechra Pharmaceuticals Plc	35,000	1,728,232
Reply SpA	10,000	1,715,875
Moncler SpA	20,000	1,382,303
Symrise AG - Class A	10,000	1,088,583
Teleperformance	2,500	940,040
Tecan Group AG	1,500	797,461
Rentokil Initial Plc	100,000	717,443
Rightmove Plc	50,000	448,981

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO GLOBAL INNOVATION FUND (FORMERLY MONTANARO SELECT FUND)*****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2021*

Purchases	Nominal	Cost €
Frontier Developments Plc	16,250	528,037
MaxCyte Inc	44,250	477,984
Boku Inc '144A'	225,000	438,176
Everbridge Inc	3,550	419,886
ANSYS Inc	1,350	399,540
Ideagen Plc	125,000	391,164
Cognex Corp	5,500	390,864
XPEL Inc	5,600	378,392
Entegris Inc	3,600	370,874
EcoOnline Holding AS	150,000	370,335
Adyen NV '144A'	200	370,015
Esker SA	1,825	366,986
Unity Software Inc	3,850	359,067
SiTime Corp	2,875	357,558
Digital Turbine Inc	6,000	344,496
Avalara Inc	2,450	339,097
Endor AG	2,700	337,057
QT Group Oyj	3,650	323,069
SolarEdge Technologies Inc	1,350	312,479
Alarm.com Holdings Inc	4,250	308,477
Paycom Software Inc	950	308,058
GB Group Plc	29,500	303,814
Oxford Nanopore Technologies Plc	52,500	302,307
Kahoot! ASA	32,000	300,654
Admicom Oyj	2,250	299,459
TechTarget Inc	4,350	297,232
Zscaler Inc	1,600	293,521
Sumo Group Plc	78,500	290,013
Bio-Techne Corp	750	287,798
TransMedics Group Inc	10,500	287,725
Bruker Corp	4,500	287,277
YouGov Plc	24,500	285,741
Nova Ltd	3,250	280,763
Tyler Technologies Inc	725	280,387
Veeva Systems Inc	1,050	277,730
Atoss Software AG	1,750	272,084
Tristel Plc	45,000	271,620
Melexis NV	3,250	266,499
NCAB Group AB	10,000	265,042
Pro Medicus Ltd	7,000	248,912
Tracsis Plc	35,000	248,040
Intred SpA	25,000	245,998
hGears AG	10,250	244,872
Advanced Medical Solutions Group Plc	90,000	240,511
Axon Enterprise Inc	1,550	236,627
Fabasoft AG	5,000	235,600
Simulations Plus Inc	5,000	233,419
Novocure Ltd	1,400	233,290
Technology One Ltd	40,000	232,213
Masimo Corp	1,050	231,721

MONTANARO SMALLER COMPANIES PLC**MONTANARO GLOBAL INNOVATION FUND (FORMERLY MONTANARO SELECT FUND)*****PORTFOLIO CHANGES – PURCHASES (unaudited) (continued)***For the financial year ended 31 December 2021*

Purchases	Nominal	Cost
		€
Plejd AB	5,000	199,244
Kornit Digital Ltd	1,250	195,205
Energy Recovery Inc	10,000	189,129

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

MONTANARO SMALLER COMPANIES PLC**MONTANARO GLOBAL INNOVATION FUND (FORMERLY MONTANARO SELECT FUND)*****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2021*

Sales	Nominal	Proceeds €
Reply SpA	4,500	450,758
Tracsis Plc	35,000	351,826
YouGov Plc	24,500	336,534
St James's Place Plc	26,000	328,770
Sumo Group Plc	78,500	327,597
Tristel Plc	45,000	323,376
IntegraFin Holdings Plc	52,000	322,097
IMCD NV	3,000	321,448
Atoss Software AG	1,750	313,824
SThree Plc	90,000	297,561
Amadeus Fire AG	2,500	294,532
Thule Group AB '144A'	9,500	290,387
NCAB Group AB	6,500	285,892
Melexis NV	3,250	285,260
GB Group Plc	29,500	283,421
Endor AG	1,700	281,429
Mensch und Maschine Software SE	4,500	276,672
Dechra Pharmaceuticals Plc	7,000	274,293
Temenos AG	2,000	273,347
Intred SpA	17,500	267,750
AAK AB	15,500	256,274
SimCorp A/S	2,000	249,415
4imprint Group Plc	9,000	246,764
VZ Holding AG	3,250	246,350
Big Yellow Group Plc (REIT)	20,000	244,253
Hexagon AB	3,300	242,737
Hilton Food Group Plc	20,000	242,637
CTS Eventim AG & Co KGaA	4,500	240,422
Simulations Plus Inc	5,000	240,229
Fabasoft AG	5,000	228,487
Admicom Oyj	2,250	227,517
Cranswick Plc	5,750	225,297
EcoOnline Holding AS	100,000	217,259
Medistim ASA	8,500	214,072
MIPS AB	3,000	208,419
Frontier Developments Plc	7,000	200,665
Halma Plc	7,000	195,904
Chemometec A/S	1,600	181,967
Chr Hansen Holding A/S	2,000	170,963
Advanced Medical Solutions Group Plc	52,500	169,101
Esker SA	675	165,995
Vitrolife AB	7,500	164,040
Ideagen Plc	50,000	162,544
MaxCyte Inc	15,250	159,415
Boku Inc '144A'	80,000	158,314
Adyen NV '144A'	70	144,704

MONTANARO SMALLER COMPANIES PLC**MONTANARO GLOBAL INNOVATION FUND (FORMERLY MONTANARO SELECT FUND)*****PORTFOLIO CHANGES – SALES (unaudited) (continued)***For the financial year ended 31 December 2021*

Sales	Nominal	Proceeds €
Kahoot! ASA	32,000	142,681
Tecan Group AG	325	136,891

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

MONTANARO SMALLER COMPANIES PLC**MONTANARO BETTER WORLD FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2021*

Purchases	Nominal	Cost €
Bio-Techne Corp	75,000	26,705,129
Entegris Inc	225,000	23,779,365
IDEX Corp	125,000	22,412,609
Nova Ltd	260,000	20,753,812
Zscaler Inc	100,000	19,450,594
Dexcom Inc	55,000	18,186,499
Rational AG	20,000	16,397,148
Advanced Drainage Systems Inc	140,000	14,349,135
Surgical Science Sweden AB	650,000	13,779,676
Sdiptech AB - Class B	300,000	13,227,199
Alfen Beheer BV '144A'	150,000	12,758,302
Chemometec A/S	150,000	12,468,768
Energy Recovery Inc	650,000	11,439,732
Masimo Corp	45,000	10,711,968
MaxCyte Inc	750,000	9,923,045
Spirax-Sarco Engineering Plc	60,000	9,635,761
Tecan Group AG	22,500	9,436,246
Ameresco Inc - Class A	100,000	8,220,572
Bruker Corp	125,000	7,501,634
Kahoot! ASA	700,000	7,297,085
Cognex Corp	100,000	7,148,408
SolarEdge Technologies Inc	25,000	6,250,753
ICON Plc	35,000	5,702,476
RENOVA Inc	150,000	5,334,780
Veeva Systems Inc	20,000	5,130,709
Thule Group AB '144A'	100,000	4,787,854
Straumann Holding AG	3,500	4,362,005
Siemens Gamesa Renewable Energy SA	150,000	4,213,661
MIPS AB	35,000	3,931,501

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO BETTER WORLD FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2021*

Sales	Nominal	Proceeds
		€
Siemens Gamesa Renewable Energy SA	925,000	23,065,182
Cochlear Ltd	85,000	12,606,369
Qualys Inc	150,000	12,382,392
Novocure Ltd	100,000	11,770,477
CyberArk Software Ltd	100,000	11,608,536
Novozymes A/S	175,000	11,093,970
Azbil Corp	300,000	9,708,872
Nemetschek SE	165,000	9,673,056
American Water Works Co Inc	72,500	9,441,998
Kerry Group Plc	75,000	8,576,640
Ormat Technologies Inc	135,000	8,543,998
Biotage AB	325,000	8,442,107
Grand Canyon Education Inc	115,000	8,440,057
Sartorius Stedim Biotech	15,000	7,796,103
MaxCyte Inc	750,000	6,451,962
RENOVA Inc	150,000	5,932,410
ICON Plc	25,000	5,560,745
IDEXX Laboratories Inc	12,500	5,536,497
SolarEdge Technologies Inc	25,000	5,456,151
Simulations Plus Inc	125,000	5,439,784
GoodRx Holdings Inc	200,000	5,283,226
Badger Meter Inc	65,000	5,255,489
MIPS AB	50,000	4,740,141
Trex Co Inc	50,000	4,678,706
Kahoot! ASA	700,000	4,649,705
Masimo Corp	20,000	4,308,482
Thule Group AB '144A'	100,000	4,147,196
Alarm.com Holdings Inc	50,000	4,082,980
Straumann Holding AG	2,500	3,893,241
Cognex Corp	50,000	3,709,739
Chr Hansen Holding A/S	50,000	3,654,453
Spirax-Sarco Engineering Plc	25,000	3,436,210
Yaskawa Electric Corp	75,000	3,214,447
Chemometec A/S	25,000	3,196,484
Bio-Techne Corp	7,500	3,194,337
Pushpay Holdings Ltd	3,000,000	3,003,364
Xylem Inc/NY	35,000	2,995,190
Shionogi & Co Ltd	50,000	2,796,629

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the period, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**TOTAL EXPENSE RATIOS (ANNUALISED) (unaudited)***For the financial year ended 31 December 2021*

The average total expense ratio table shows the annualised actual expenses incurred by each Fund during the financial reporting year, expressed as a percentage of the average NAV of that Fund for the corresponding financial year.

	Total expense ratio %
Montanaro European Smaller Companies Fund	
Euro Accumulation Class	1.58
Euro Class	1.58
Euro Institutional Accumulation Class	0.58
Euro Institutional Distribution Class	0.84
Sterling Class	1.58
Sterling Institutional Distribution Class	0.83
Swedish Krona Accumulation Class	1.58
US Dollar Class	1.58
Montanaro UK Income Fund	
Euro Class	0.83
Euro Seed Class	0.33
Sterling Accumulation Class	0.83
Sterling Class	0.83
Sterling Seed Class	0.33
Montanaro European Income Fund	
Euro Class	0.84
Sterling Accumulation Class	0.84
Sterling Class	0.84
Montanaro European MidCap Fund	
Euro Distribution Class	1.57
Euro Institutional Accumulation Class	0.82
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	
Euro Accumulation Class**	0.57
Euro Distribution Class	0.31
Sterling Accumulation Class**	0.61
Sterling Distribution Class	0.39
Montanaro Better World Fund	
Euro Accumulation Class	0.94
Euro Distribution Class	0.94
Sterling Distribution Class	0.94
Swedish Krona Institutional Accumulation Class	0.59

*Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

**The Euro Accumulation Class and Sterling Accumulation Class of the Montanaro Global Innovation Fund were seeded on 30 June 2021. The launch of these Share Classes has been reflected within these financial statements.

MONTANARO SMALLER COMPANIES PLC**PORTFOLIO TURNOVER RATES (unaudited)***For the financial year ended 31 December 2021*

The portfolio turnover rate shows the turnover* incurred by each Fund, whose redeemable participating Shares are registered for sale in Switzerland during the financial reporting year, expressed as a percentage of the average NAV of that Fund for the corresponding financial year.

	Portfolio Turnover %
Montanaro European Smaller Companies Fund	(13.33)
Montanaro UK Income Fund	(23.11)
Montanaro European Income Fund	(30.09)
Montanaro European MidCap Fund	39.46
Montanaro Global Innovation Fund (formerly Montanaro Select Fund)*	144.16
Montanaro Better World Fund	5.81

*Turnover being a Fund's aggregate value of total cost of securities purchased plus total disposal proceeds of securities sold, less the aggregate value of that Fund's redeemable participating Shares' subscriptions plus redemptions, during the financial reporting period. All values in the turnover calculation are in the functional currency of the respective Fund.

**Effective 29 June 2021, the Montanaro Select Fund changed name to the Montanaro Global Innovation Fund.

Past performance is no indication of current or future performance and the performance data does not take account of commissions and costs incurred on the issue and redemption of Shares.

MONTANARO SMALLER COMPANIES PLC**REMUNERATION DISCLOSURE (unaudited)**

The Manager has designed and implemented a remuneration policy (the “Policy”) in line with the provisions of S.I. 257 of 2013 European Union (Alternative Investment Fund Managers) Regulations 2013 (“AIFM Regulations”), S.I. 230 of 2019 (Central Bank (Supervision and Enforcement) Act 2013 Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (“UCITS Regulations”) and of the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (the “ESMA Guidelines”). The Policy is designed to ensure that the remuneration of key decision makers is aligned with the management of short and long-term risks, including the oversight and where appropriate the management of sustainability risks in line with the Sustainable Finance Disclosures Regulations.

The Manager’s remuneration policy applies to its identified staff whose professional activities might have a material impact on the Company’s risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Company. The Manager’s policy is to pay identified staff a fixed component with the potential for identified staff to receive a variable component. It is intended that the fixed component will represent a sufficiently high proportion of the total remuneration of the individual to allow the Manager to operate a fully flexible policy, with the possibility of not paying any variable component. When the Manager pays a variable component as performance related pay certain criteria, as set out in the Manager’s remuneration policy, must be adhered to. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the relevant staff rank and professional activity as well as best market practice. The Manager’s remuneration policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the funds it manages.

These disclosures are made in respect of the remuneration policies of the Manager. The disclosures are made in accordance with the ESMA Guidelines.

Total remuneration (in EUR) paid to the identified staff of the Manager fully or partly involved in the activities of the Company that have a material impact on the Company’s risk profile during the financial year to 31 December 2021:

Fixed remuneration		EUR
Senior Management	€	1,232,664
Other identified staff	€	-
Variable remuneration		
Senior Management	€	110,724
Other identified staff	€	-
Total remuneration paid	€	1,343,388

Number of identified staff – 16

Details of Directors' fees are included in Note 2 of the financial statements.

As the Manager delegates investment management functions in respect of the Company, it will, in accordance with the requirements of the ESMA Guidelines, ensure that: a) the entities to which investment management activities have been delegated are subject to regulatory requirements on a remuneration that are equally as effective as those applicable under the ESMA Guidelines; or b) appropriate contractual arrangements are put in place to ensure that the delegates apply in a proportionate manner the remuneration rules as detailed in the UCITS Directive such that there is no circumvention of the remuneration rules set out in the ESMA Guidelines. Details of the remuneration policy of the Manager will be made available free of charge upon request.

The Investment Manager (being the entity to which portfolio management activities are delegated by the Manager) is subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines or is subject to appropriate contractual arrangements in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines. No remuneration has been paid to staff of the Investment Manager by the Manager or the Company. Instead, the Company pays the investment manager fees to the Investment Manager as disclosed in Note 2 of the financial statements. The Investment Manager pays remuneration to its staff in accordance with the policies, procedures and processes applicable to it.

MONTANARO SMALLER COMPANIES PLC

Sustainable Finance Disclosure Regulation ("SFDR") Disclosures (Unaudited)

Article 8 Funds

Each of the below Funds promote, among other characteristics, environmental and social characteristics as further described in the Prospectus and qualifies as a financial product subject to Article 8(1) of SFDR:

- Montanaro European Smaller Companies Fund
- Montanaro UK Income Fund
- Montanaro European Income Fund
- Montanaro European MidCap Fund
- Montanaro Global Innovation Fund

(each an "Article 8 Fund" and together, the "Article 8 Funds")

The Sustainability Risks (as defined in the Prospectus) arising from the themes listed in the Prospectus are fully integrated into the Investment Manager's investment decisions. The Investment Manager undertakes initial and ongoing assessments of the likely impact(s) of the Sustainability Risks on the return of each holding in the Article 8 Funds. Where the level of risk is deemed to be unacceptable, the Investment Manager will either not invest or sell the holding. The Investment Manager's Sustainability Committee provides oversight of Sustainability Risks. These decisions are made in line with the Investment Manager's overall approach to sustainability which seeks to manage Sustainability Risks but also promote environmental and social characteristics through the application of ethical exclusions, quantitative and qualitative assessments and engagement with each Article 8 Fund's investee companies, each as further described in the Prospectus.

As described in greater detail in the Prospectus, each Article 8 Fund seeks to promote certain environmental and social characteristics by committing to:

- not investing in companies with more than 10% revenue exposure to the manufacturing or supply of weapons, tobacco, gambling, pornography, alcohol or any other areas deemed not to meet the Investment Manager's ethical standards;
- the Investment Manager ensures that at least 90% of portfolio securities (as a % of Net Assets) are subject to an ESG analysis.

For the reporting period ending 31 December 2021, each Article 8 Fund has successfully promoted the environmental and social characteristics by meeting the commitments described above. Specifically:

- none of the Article 8 Funds held investments in companies with more than 10% revenue exposure to the manufacturing or supply of weapons, tobacco, gambling, pornography, alcohol or any other areas deemed not to meet the Investment Manager's ethical standards;
- the Investment Manager subjected at least 90% of portfolio securities (as a % of Net Assets) to an ESG analysis.

Article 9 Fund

Montanaro Better World Fund (the "Better World Fund") has sustainable investment as a component of its objective and qualifies as a financial product subject to Article 9 of SFDR.

The Better World Fund seeks to invest in high quality companies whose products, services or behaviour are deemed to make a positive impact on society and which emphasise sound environmental, social and governance ("ESG") practices. Through the Better World Fund's investments, the Investment Manager seeks to improve access to, and quality of, basic life essentials, reduce inequality, and mitigate the effects of climate change.

In order to meet the Better World Fund's sustainable investment objective, the Sustainability Risks arising from the themes listed in the Prospectus are fully integrated into the Investment Manager's investment decisions. Investments of the Better World Fund will demonstrate characteristics that align with the Better World Fund's sustainability objective and the Investment Manager believes that investments will not significantly harm the Better World Fund's sustainability investment objective. Where the level of risk is deemed to be unacceptable, the Investment Manager will either not invest or sell the holding. The Investment Manager's Sustainability Committee provides oversight of Sustainability Risks. These decisions are made in line with the Investment Manager's overall approach to sustainability through the application of ethical exclusions, quantitative and qualitative assessments and engagement with the Better World Fund's investee companies, each as further described in the Prospectus.

As described in greater detail in the Prospectus, the Better World Fund is committed to:

MONTANARO SMALLER COMPANIES PLC**Sustainable Finance Disclosure Regulation ("SFDR") Disclosures (Unaudited) (continued)****Article 9 Fund (continued)**

- not investing in companies with more than 10% revenue exposure to the manufacturing or supply of weapons, tobacco, gambling, pornography, alcohol or any other areas deemed not to meet the Investment Manager's ethical standards;
- the Investment Manager seeks to identify and invest in companies where at least 50% of that company's revenue is aligned in the below six themes which have a positive impact on society and which emphasise sound ESG practices:
 - Environmental Protection
 - Green Economy
 - Healthcare
 - Innovative Technologies
 - Nutrition
 - Well-being
- the Investment Manager ensures that at least 90% of portfolio securities (as a % of Net Assets) are subject to an ESG analysis.

For the reporting period ending 31 December 2021, the Better World Fund has successfully met its sustainability objective by meeting the commitments described above. Specifically:

- the Better World Fund did not hold investments in companies with more than 10% revenue exposure to the manufacturing or supply of weapons, tobacco, gambling, pornography, alcohol or any other areas deemed not to meet the Investment Manager's ethical standards;
- the Investment Manager ensured the Better World Fund invested in companies where at least 50% of that company's revenue is aligned in the above six themes which have a positive impact on society and which emphasise sound ESG practices;
- the Investment Manager subjected at least 90% of portfolio securities (as a % of Net Assets) to an ESG analysis.

Impact Cubed have been retained by the Investment Manager to provide an independent impact assessment of the Better World Fund. According to their latest analysis:

- 32.9% of the Better World Fund by value actively promoted environmental solutions, compared to 11.6% for the MSCI World SMID Cap Index (the "Index");
- 34.0% of the Better World Fund actively help alleviate social issues, which compared to 10.8% for the Index;
- 0.0% of the Better World Fund was deemed to align with environmentally destructive or socially aggravating industries;
- the Better World Fund had Carbon Intensity of 23.8 tons of GHG (Scope 1 & 2) per \$1 million of revenue, compared to 216.1 tons for the Index;
- the Better World Fund outperformed the Index across 9 out of 10 ESG factors, including carbon intensity, gender equality, waste and water efficiency.

The analysis conducted by Impact Cubed mapped 100% of the Better World Fund and 98% of the Index.