

MONTANARO SMALLER COMPANIES PLC

**ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)
Charles Montanaro (British) (Resigned 30 April 2020)
Cedric Durant des Aulnois (French)
Lisa Martensson (Swedish)*†
Matthew Francis (British) (Appointed 30 April 2020)
John Ensor (British)** (Appointed 30 April 2020)

Investment Manager

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

Depository

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
AV. Villamont 17
1005 Lausanne
Switzerland

Listing Sponsor

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Independent Auditor

Ernst & Young
Chartered Accountants
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2
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
25/28 North Wall Quay
IFSC
Dublin 1
Ireland

Registered Office

Goodbody Secretarial Limited
North Wall Quay
IFSC
Dublin 1
Ireland

Governance Support

KB Associates
5 George's Dock
IFSC
Dublin 1
Ireland

Swiss Paying Agent

NPB New Private Bank Ltd
Limmatquai 1
P.O. Box
CH – 8022
Switzerland

*Independent non-executive Directors.

†Irish Resident.

**Alternate Director for Matthew Francis.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors present, herewith, their annual report for the financial year ended 31 December 2020.

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

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 Select Fund and Montanaro Better World Fund.

Results for the financial year ended 31 December 2020

The results for the financial year are set out in the Statement of Comprehensive Income on pages 30 and 31 and the Statement of Financial Position of the Company is set out on pages 26 and 27.

As at 31 December 2020, the Net Asset Value ("NAV") of the Company was €2,506,185,492 (31 December 2019: €2,001,094,250).

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 2020 and 31 December 2019:

Fund	31 December 2020	31 December 2019
Montanaro European Smaller Companies Fund	€Nil	€863,620
Montanaro UK Income Fund	£12,624,301	£16,186,935
Montanaro European Income Fund	€5,593,965	€6,713,285
Montanaro European MidCap Fund	€Nil	€431,345
Montanaro Select Fund	€Nil	€199,732
Montanaro Better World Fund	€778,205	€326,441

For the financial year ended 31 December 2020, all distributions were paid out of income apart from distributions of €148,397 on the Montanaro European Income Fund which were paid from capital. For the financial year ended 31 December 2019, all distributions were paid out of income.

The following distributions in respect of the financial year ending 31 December 2020 were approved by the Directors in 2021.

Ex-Date of 29 January 2021:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.005080	€972
Euro Seed Class	€0.007180	€9,929
Sterling Class	£0.006421	£1,093,239
Sterling Seed Class	£0.011445	£1,862,959

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.005637	€67,134
Sterling Class	£0.009607	£713,996

Directors

The Directors of the Company as at 31 December 2020 are stated on page 1.

Directors' & Secretary's Interests

Charles Montanaro, a Director of the Company, until his resignation effective 30 April 2020, held Shares in Montanaro Smaller Companies Plc. As at 30 April 2020 Charles Montanaro held 231,992 (31 December 2019: 230,267) Shares in the Sterling Class, 53,985 (31 December 2019: 53,985) Shares in the Sterling Institutional Distribution Class of the Montanaro European Smaller Companies Fund, 1,338,947 (31 December 2019: 1,327,161) Shares in the Sterling Seed Class and 97,509 (31 December 2019: 97,509) Shares in the Sterling Class of the Montanaro UK Income Fund, 3,714 (31 December 2019: 3,714) Shares in the Sterling Class of the Montanaro European Income Fund and 78,644 (31 December 2019: 78,644) Shares in the Euro Distribution Class of the Montanaro European MidCap Fund, 17,409 (31 December 2019: 17,409) Shares in the Sterling Distribution Class of the Montanaro Select Fund and 199,274 (31 December 2019: 199,274) Shares in the Sterling Distribution Class of the Montanaro Better World Fund.

Cedric Durant des Aulnois, a Director of the Company appointed 1 April 2019, held 2,919 (31 December 2019: 2,919) Shares in the Montanaro UK Income Fund as at 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.

No other Directors, nor the Secretary, had any interest in the Shares or deferred Shares of the Company as at 31 December 2020 and 31 December 2019.

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 2019: £120,000) plus out of pocket expenses, or such higher amount as may be approved by the Company at a general meeting.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

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.

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

In December 2019, an outbreak of a contagious respiratory virus now known as Covid-19 (Coronavirus) occurred and it has since spread globally. The virus has resulted in government authorities in many countries (including the People's Republic of China and Hong Kong, the United States and Europe) taking extreme measures to arrest or delay the spread of the virus including the declaration of states of emergency, restrictions on movement, border controls, travel bans and the closure of offices, schools and other public amenities such as bars, restaurants and sports facilities. This has resulted in a major disruption to businesses both regionally and globally. It is anticipated that these events will have a material effect on general economic conditions and market liquidity, which may in turn adversely affect the financial performance of the Company and its Funds. The full impact of the Covid-19 pandemic, or other future epidemics/pandemics, is currently unknown.

The Directors are actively monitoring the situation and, with the support of the 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.

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 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 to Montanaro Asset Management Limited.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

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 60.

Events since the Financial Year End

Please refer to Note 16 Events since the Financial Year End on page 61.

Independent Auditor

The Independent Auditor, Ernst & Young, was appointed by Montanaro Smaller Companies Plc on 12 December 2011 to audit the financial statements for the year ending 31 December 2011 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 10 years. The Independent Auditor, Ernst & Young, will be required by mandatory audit firm rotation to rotate off Montanaro Smaller Companies Plc after the completion of the reporting cycle for the year ended 31 December 2020 in accordance with SI 312 of the EU Regulations.

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;

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Corporate Governance Statement (continued)

General Principles (continued)

- (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.

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 fourteen 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.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Corporate Governance Statement (continued)

Dealings with Shareholders (continued)

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".

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:



Gavin Caldwell
Director
23 March 2021



Lisa Martensson
Director

REPORT FROM THE DEPOSITARY TO THE SHAREHOLDERS DATED 31 DECEMBER 2020

For the period from 1 January 2020 to 31 December 2020 (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 and solely 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.

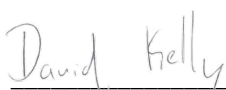
Basis of Depositary Opinion

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.



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

Date: 23 March 2021

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)
31/12/20 NAV per Share	7.756	7.458	7.000	7.271	4.509	7.861	8.251	25.138
2020 - 12 month Fund NAV return ⁽³⁾	10.0%	9.8%	16.1%	18.2%	19.8%	10.5%	12.1%	5.2%
2020 - 12 month Benchmark return ⁽¹⁾	3.0%	3.0%	8.8%	8.8%	12.3%	3.0%	3.0%	-1.3%
3 year annualised return – Fund ⁽³⁾	10.9%	10.9%	11.0%	11.6%	8.6%	10.7%	12.8%	11.8%
3 year annualised return – Benchmark ⁽¹⁾	2.9%	2.9%	3.2%	3.2%	3.5%	2.9%	2.9%	3.7%

	Montanaro UK Income Fund					Montanaro European Income Fund		
	EUR Seed	GBP Seed	EUR	GBP	GBP Acc ⁽⁴⁾	GBP	EUR	GBP Acc ⁽⁴⁾
31/12/20 NAV per Share	1.331	2.113	0.938	1.196	1.099	2.199	1.301	1.221
2020 - 12 month Fund NAV return ⁽³⁾	-10.8%	-5.8%	-11.3%	-6.3%	-6.3%	12.0%	6.0%	11.9%
2020 - 12 month Benchmark return ⁽¹⁾	_(2)	_(2)	_(2)	_(2)	_(2)	_(6)	_(6)	_(6)
3 year annualised return - Fund ⁽³⁾	3.4%	3.7%	2.8%	3.1%	-	7.8%	7.5%	-
3 year annualised return – Benchmark ⁽¹⁾	_(2)	_(2)	_(2)	_(2)	_(2)	_(6)	_(6)	_(6)

MONTANARO SMALLER COMPANIES PLC

PERFORMANCE SUMMARY (continued)

	Montanaro European MidCap Fund		Montanaro Select Fund		Montanaro Better World Fund			
	EUR	EUR (Inst, Acc)	GBP	EUR	GBP ⁽⁵⁾	EUR ⁽⁵⁾	SEK ⁽⁸⁾	EUR Acc ⁽⁹⁾
31/12/20 NAV per Share	2.614	2.769	1.961	1.841	1.674	1.632	13.139	1.072
2020 - 12 month Fund NAV return ⁽³⁾	7.7%	8.0%	22.2%	15.7%	35.0%	27.8%	22.4%	-
2020 - 12 month Benchmark return ⁽¹⁾	-1.1%	-1.1%	8.8%	3.0%	- ⁽⁷⁾	- ⁽⁷⁾	- ⁽⁷⁾	- ⁽⁷⁾
3 year annualised return - Fund ⁽³⁾	10.9%	11.6%	13.9%	13.6%	-	-	-	-
3 year annualised return – Benchmark ⁽¹⁾	1.8%	1.8%	3.2%	2.9%	- ⁽⁷⁾	- ⁽⁷⁾	- ⁽⁷⁾	- ⁽⁷⁾

⁽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⁾ 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).

⁽³⁾ Source: Montanaro. NAV to NAV, unrounded. Montanaro UK Income Fund, Montanaro European Income Fund and Montanaro Better World Fund dividends reinvested at ex-date.

⁽⁴⁾ Introduced 02/07/18.

⁽⁵⁾ Launched 10/04/18.

⁽⁶⁾ 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).

⁽⁷⁾ The MSCI World SMID Cap Index (Total Return) became the official Benchmark for the Montanaro Better World Fund with effect from April 2020. Launched 28/06/19.

⁽⁸⁾ Launched 30/11/20.

MONTANARO SMALLER COMPANIES PLC

PERFORMANCE SUMMARY (continued)

Review

When news of a viral outbreak in China's Hubei Province began to circulate at the beginning of the 2020, few could have imagined the global consequences. In the 21st Century, a virus swept across the world, locked down populations, brought economies to a halt and resulted in over 1.8 million deaths.

As Covid-19 spread across borders and achieved pandemic status, it became clear that little could be done to contain the disease. Initially, fear gripped financial markets. Falls in equity prices were so dramatic that it even led to speculation that some indices might be closed to "calm the herd". Ultimately, investors' fears were soothed by a tidal wave of liquidity unleashed by Central Banks and governments: some \$15 trillion across the G10 countries plus China. As interest rates declined, investors moved into riskier assets and equities staged a swift and strong recovery.

There were some grounds for optimism. Certain Governments were able to relax lockdown restrictions during the summer and unlocked economies raised hopes of a "V" shaped return to normality. At Halloween, however, Covid cases spiked again and social-distancing restrictions were re-introduced. Yet financial markets did not panic, for November heralded the arrival of three Covid-19 vaccines with high efficacy rates. The "risk-on" accelerator was pressed once again and much maligned "Value" stocks enjoyed a rare moment in the sun as they led markets higher. Even the US Presidential Election – and Donald Trump's unwillingness to admit defeat – did little to perturb the buoyant mood.

What then, did the score card reveal at the end of 2020? UK LargeCap stocks suffered their worst annual performance since 2008, falling by some 14% (in GBP). Of the UK's equity markets, only the smaller company focused AIM Index posted a positive return in 2020 (a healthy 21%). By contrast, Asian equities had a strong year, helped by China's apparent success in containing the virus, which allowed life to return to something approaching normality with surprising speed.

For SmallCap investors, it was another year in which the asset class outperformed its LargeCap counterpart, ever so slightly on a global basis – and significantly in Europe and the UK.

Performance of Funds (all figures quoted in Euros)

The NAV of the Euro Class of the **Better World Fund** rose by 28% during the year, significantly ahead of the MSCI World SMidCap Index, which gained 6%. The Fund benefited from the strong performance of a number of stocks which were at the forefront of the battle against Covid-19, while the Portfolio had little exposure to those sectors most impacted by locked-down societies and economies, such as airlines, travel and leisure and oil & gas companies.

The NAV of the Euro Class of the **European Smaller Companies Fund** increased by 11% in 2020, an outperformance of 7% relative to the MSCI Europe Small Cap benchmark index. The Fund's strong relative performance was due to a combination of good stock-picking and tailwinds from our Quality style which was in favour for much of the year.

The Euro NAV of the **Select Fund** increased by 16% during the year, an outperformance of over 13% versus the MSCI Europe Small Cap benchmark index. The portfolio benefited from good stock selection in its concentrated portfolio, with little exposure to areas of the economy most negatively impacted by Covid-19.

The NAV of the Euro Class of the **European MidCap Fund** increased by 7% during the year, an outperformance of 9% relative to the Stoxx Europe Mid 200 benchmark index. The Fund, which is also concentrated, benefited from good stock picking and the tailwind of our Quality investment style.

The Euro Seed Class of the **UK Income Fund** saw its NAV decline by 11%. The Fund was impacted by the severity of dividend cuts in the wake of Covid-19 and the lack of enthusiasm towards the UK equity market due to the overhang of Brexit.

The Euro NAV of the **European Income Fund** increased by 6% over the year, ahead of the IA Europe ex-UK sector, its peer group. Despite the impact of dividend cuts, good stock picking and our Quality investment style combined to deliver a positive return that was well ahead of European LargeCap.

MONTANARO SMALLER COMPANIES PLC

PERFORMANCE SUMMARY (continued)

Outlook

Many are glad that 2020 is over, a year in which life for billions of people was turned upside down. Yet things may not be much different in 2021, at least for a few months. Further lockdown restrictions have been announced due to the emergence of more virulent strains of the Covid-19 virus. For now, the virus is calling the shots, continuing to threaten our health, economies and freedom.

However, the rollout of vaccines should allow a return to greater normality, hopefully by the summer. What world will we face then? There will be a monumentally large debt burden as Government support during the crisis has been unprecedented. Therefore, this era of extraordinary monetary policy is likely to continue. Sustained low interest rates would allow the economy to recover, perhaps quite strongly, once the battle against the virus is perceived to be won.

From an equity perspective, this may mean that heavily stressed companies that have suffered the most lead an initial rally in markets. This would benefit “Value” companies as we saw last November. We would, however, urge a note of caution to those who believe that 2021 will be the year that low quality companies outperform. Once Covid-19 is behind us, consumers may shift uneasily between exuberance that their freedoms have been restored and nervousness about the future, particularly for those working in industries that have been structurally changed by the last few months. It may not be time to throw caution to the wind.

We will continue to invest in the highest quality companies that we can find, for, in our view, these will be the long-term winners. Many of our companies can look forward to exciting futures: healthcare businesses responding to the need for better preventative solutions and greater demand for new forms of treatment; technology companies creating a more connected, digital and safer on-line world; companies with strong management teams who have looked after their employees during this crisis and have emerged stronger; and those doing their bit to tackle important global issues such as climate change.

Charles Montanaro
March 2021

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 (including 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.

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.

Charles Montanaro

Montanaro Asset Management Limited
March 2021

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 (excluding for this purpose the United Kingdom), Iceland, Norway and Switzerland. 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.

Charles Montanaro
Montanaro Asset Management Limited
March 2021

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 (excluding the United Kingdom), 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.

Charles Montanaro

Montanaro Asset Management Limited
March 2021

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 (including 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.

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.

Charles Montanaro
Montanaro Asset Management Limited
March 2021

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

MONTANARO SELECT 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 and MidCap companies quoted in the European Union (including the United Kingdom), Iceland, Norway and Switzerland whose market capitalisation shall not exceed that of the largest constituent of the STOXX Europe Mid 200 Index at the time of initial investment. No unquoted investments are permitted.

When fully invested, the Investment Manager's current intention is that the Fund shall consist of a portfolio of a target 20 - 30 quoted companies.

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.

Charles Montanaro

Montanaro Asset Management Limited

March 2021

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.

Charles Montanaro

Montanaro Asset Management Limited
March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Montanaro Smaller Companies Plc ('the Company') for the year ended 31 December 2020, which comprise the Statement of Financial Position, Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, Statement of Accounting Policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

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 further described 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Conclusions relating to going concern

In auditing the financial statements, we considered whether the Company's 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:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also considered whether all relevant key factors were considered in their assessment;
- We obtained management's going concern assessment, including Liquidity Stress Testing. The Company has modelled a number of adverse scenarios in their Liquidity Stress Testing in order to incorporate unexpected changes to the forecasted liquidity of the Company.
- We have considered the nature of assets held by the Company, including considerations of liquidity of the portfolio investments, and assessed this against the daily redemption period offered to investors by the Company to identify any liquidity mismatches.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC
(CONTINUED)**

Conclusion

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 Company’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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern.

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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that 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.

Risk	Our response to the risk	Key observations communicated to the Board of Directors
<p>Valuation of investments:</p> <p>We considered valuation of financial assets at fair value through profit or loss as one of the Key Audit Matters for the 2020 financial year. The value of these was €2,445,594,639 (2019: €1,949,558,371).</p> <p>This is one of the key areas on which our audit is concentrated as the valuation of investments is a key driver of performance and net asset value.</p> <p>Refer to note (f), Financial Instruments, in the Statement of Accounting Policies and Note 3, Financial Assets at Fair Value through Profit or Loss, in the Financial Statements.</p>	<p>We obtained a listing of financial assets at fair value through profit or loss at December 31, 2020.</p> <p>We performed procedures to independently test 100% of the valuation of financial assets at fair value through profit or loss to pricing information obtained from independent pricing sources.</p>	<p>Based on the procedures performed, no significant valuation differences were noted.</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC (CONTINUED)

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for Montanaro Smaller Companies Plc to be €12,530,927 million, which is 0.5% of Net Asset Value ("NAV") (2019: €10,005,471, 0.5% of NAV)

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality. We have set performance materiality at this percentage due to the perspectives and expectations of users of the financial statements in the context of our knowledge of the investment fund and the environment in which it operates, and the type of entity (i.e. listed and regulated Fund).

Reporting threshold

The reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC
(CONTINUED)**

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report is consistent with the financial statements; and
- the directors' report is have been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are 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 and the financial statements are in agreement with the accounting records.

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 directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they 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 parent Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has 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.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019.

We understood how the Company is complying with those frameworks by updating our understanding of the system of internal control in place. We also considered the existence of independence service providers, proper segregation of duties and the regulated environment in which the Company operates, which may reduce opportunities for fraud to take place.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by management override of controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of those charged with governance into possible instances of non-compliance with laws and regulations, review of board meeting minutes during the year and obtaining representation from the Board of Directors.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Directors of Montanaro Smaller Companies to audit the financial statements for the year ending 31 December 2011 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 10 years.

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

Our audit opinion is consistent with the additional report to the Board of Directors.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.



Vincent Bergin
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin
Date: 25 March 2021

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

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 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

*See Statement of Accounting Policies (g).

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:



Gavin Caldwell
Director
23 March 2021



Lisa Martensson
Director

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		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	10,082,462	15,927,309	15,464,910	8,570,341
Financial assets at fair value through profit or loss	3				
- Equities		529,015,411	637,561,340	324,309,995	139,963,090
Dividends receivable		232,801	2,077,137	–	147,758
Receivable for fund Shares sold		52,756	51,886	8,687	112,809
Other receivables		1,565,046	150,315	778,848	187,596
Total current assets		540,948,476	655,767,987	340,562,440	148,981,594
Current liabilities					
Payable for fund Shares repurchased		(39,785)	–	–	(3,855)
Payable for investments purchased		–	(395,779)	–	–
Investment management fees payable	2	(1,584,607)	(461,885)	(546,351)	(480,045)
Performance fees payable	2	(5,096,462)	–	–	(1,156,805)
Administration fees payable	2	(85,143)	(53,482)	(31,698)	(11,170)
Depositary fees payable	2	(30,921)	(15,532)	(12,656)	(5,440)
Legal fees payable		(557)	(25)	(87)	(304)
Professional fees payable	2	(8,175)	(6,739)	(4,027)	(2,146)
Audit fees payable	2	(16,478)	(16,348)	(9,146)	(4,793)
Other accrued expenses payable	2	(24,956)	(15,133)	(4,658)	(3,973)
Total current liabilities		(6,887,084)	(964,923)	(608,623)	(1,668,531)
Net asset value attributable to holders of redeemable participating Shares		534,061,392	654,803,064	339,953,817	147,313,063

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 2019 (continued)

		Montanaro Select Fund €	Montanaro Better World Fund €	Total* €
Current assets	Note			
Cash and cash equivalents	5	1,176,827	2,403,351	56,494,963
Financial assets at fair value through profit or loss	3			
- Equities		15,799,116	188,034,380	1,949,558,371
Dividends receivable		13,312	19,296	2,864,560
Receivable for fund Shares sold		–	7,316	242,803
Other receivables		16,434	91,590	2,816,913
Total current assets		17,005,689	190,555,933	2,011,977,610
Current liabilities				
Payable for fund Shares repurchased		–	–	(43,640)
Payable for investments purchased		–	–	(467,090)
Investment management fees payable	2	–	(223,123)	(3,379,233)
Performance fees payable	2	(299,389)	–	(6,552,656)
Administration fees payable	2	(1,282)	(13,190)	(205,601)
Depositary fees payable	2	(2,220)	(7,221)	(76,789)
Legal fees payable		(16)	(154)	(1,148)
Professional fees payable	2	(214)	(20,453)	(42,968)
Audit fees payable	2	(511)	(5,706)	(55,927)
Other accrued expenses payable	2	(312)	(6,549)	(58,308)
Total current liabilities		(303,944)	(276,396)	(10,883,360)
Net asset value attributable to holders of redeemable participating Shares		16,701,745	190,279,537	2,001,094,250

*See Statement of Accounting Policies (g).

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 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)
Depositary 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	2	(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

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 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	2	(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

*See Statement of Accounting Policies (g).

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 2019

		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		31,145,901	1,389,253	(189,712)	(60,435)
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		123,518,302	148,267,603	54,564,019	33,875,998
Dividend income		9,871,196	16,841,099	7,280,568	3,137,217
Interest income		1,417	–	65	–
Investment income		164,536,816	166,497,955	61,654,940	36,952,780
Expenses					
Investment management fees	2	(6,217,770)	(1,361,521)	(1,858,241)	(1,816,831)
Performance fees	2	(5,096,462)	–	–	(1,156,805)
Administration fees	2	(180,020)	(186,634)	(105,406)	(39,298)
Depositary fees	2	(93,924)	(66,389)	(54,733)	(24,385)
Legal fees		(60,110)	(46,149)	(27,686)	(16,140)
Directors' fees	2	(23,924)	(20,087)	(11,885)	(6,473)
Professional fees	2	(10,217)	(10,949)	(5,869)	(3,419)
Audit fees	2	(18,283)	(17,088)	(9,046)	(5,113)
Other expenses	2	(166,149)	(100,873)	(56,398)	(37,438)
Total operating expenses		(11,866,859)	(1,809,690)	(2,129,264)	(3,105,902)
Net income from operations		152,669,957	164,688,265	59,525,676	33,846,878
Withholding taxes		(762,786)	(222,514)	(605,377)	(60,328)
Finance costs					
Interest expense		(28,359)	(711)	(21,595)	(28,279)
Income distribution	4	(863,620)	(16,186,935)	(6,713,285)	(431,345)
Profit for the financial year		151,015,192	148,278,105	52,185,419	33,326,926

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 2019 (continued)

		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		270,209	3,379,190	36,129,136
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		4,723,163	44,916,526	430,648,092
Dividend income		233,263	1,974,088	41,698,027
Interest income		–	228	1,710
Investment income		5,226,635	50,270,032	508,476,965
Expenses				
Investment management fees	2	–	(814,196)	(12,259,402)
Performance fees	2	(299,389)	–	(6,552,656)
Administration fees	2	(4,928)	(53,569)	(596,015)
Depositary fees	2	(7,225)	(27,801)	(283,763)
Legal fees		(1,652)	(21,691)	(179,897)
Directors' fees	2	(701)	(5,729)	(71,615)
Professional fees	2	(552)	(40,561)	(73,101)
Audit fees	2	(561)	(7,404)	(59,890)
Other expenses	2	(3,546)	(63,491)	(442,033)
Total operating expenses		(318,554)	(1,034,442)	(20,518,372)
Net income from operations		4,908,081	49,235,590	487,958,593
Withholding taxes		(14,276)	(151,073)	(1,847,543)
Finance costs				
Interest expense		(2,070)	(17,669)	(98,783)
Income distribution	4	(199,732)	(326,441)	(26,990,260)
Profit for the financial year		4,692,003	48,740,407	459,022,007

*See Statement of Accounting Policies (g).

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 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 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		<u>7,995,660</u>	<u>669,973,223</u>	<u>2,506,185,492</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 2019

	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		443,358,566	313,345,391	193,737,179	112,524,953
Profit for the financial year		151,015,192	148,278,105	52,185,419	33,326,926
Proceeds from issuance of Shares		40,577,300	268,964,759	115,346,935	14,917,833
Payments on redemption of Shares		(100,889,666)	(45,646,972)	(21,315,716)	(13,456,649)
Foreign currency translation adjustment*		–	(30,138,219)	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		534,061,392	654,803,064	339,953,817	147,313,063

*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 2019 (continued)

	Note	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		11,831,804	128,513,635	1,239,068,817
Profit for the financial year		4,692,003	48,740,407	459,022,007
Proceeds from issuance of Shares		335,242	23,047,601	500,890,118
Payments on redemption of Shares		(157,304)	(10,022,106)	(197,886,692)
Foreign currency translation adjustment*		–	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		16,701,745	190,279,537	2,001,094,250

*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 2020 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, 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 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 2020 for Montanaro UK Income Fund was a gain of £37,204,227 (31 December 2019: loss of (£30,138,219)).

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

31 December 2020

Average Euro/Pound Sterling 1.1245

Spot Euro/Pound Sterling 1.1172

31 December 2019

Average Euro/Pound Sterling 1.1402

Spot Euro/Pound Sterling 1.1802

(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.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial year ended 31 December 2020

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 2020, 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 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 Select Fund has two Classes of Shares available: a Euro Distribution Class and a Sterling Distribution Class. Montanaro Better World Fund has four Classes of Shares available: a Euro Distribution Class, a Euro Accumulation Class (launched 30 November 2020), a Sterling Distribution Class and Swedish Krona Institutional Accumulation Class.

2. Fees

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 UK Income Fund		
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 Select Fund		
Euro Distribution Class ^{1,3}	Waived	N/A
Sterling Distribution Class ^{1,3}	Waived	N/A
Montanaro Better World Fund		
Euro Accumulation Class ⁵	0.75	N/A
Euro Distribution Class ^{1,4}	0.85	N/A
Sterling Distribution Class ^{1,4}	0.85	N/A
Swedish Krona Institutional Accumulation Class ⁴	0.50	€150,000,000

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

2. Fees (continued)

Investment Management Fee (continued)

¹ These respective Share Classes have removed the minimum subscription amount required to subscribe to the Share Class as per the updated Prospectus dated 6 May 2020.

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 The Investment Manager has agreed to waive its basic Management fee. However, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.75% per annum.

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 1 January 2020, the Management fee on the Euro Distribution and Sterling Distribution Share Classes increased from 0.50% per annum to the maximum allowable 0.85% per annum.

⁵ The Euro Accumulation Class was launched on 30 November 2020.

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 €15,895,016 for the financial year ended 31 December 2020 (31 December 2019: €12,259,402) of which €4,426,308 (31 December 2019: €3,379,233) was payable at the financial year end.

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.

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 2020, the Investment Manager earned Performance fees of €8,360,758 (31 December 2019: €6,552,656), of which €8,360,758 (31 December 2019: €6,552,656) was payable at the financial year end.

The following table shows the Performance fees for the financial year ended 31 December 2020 and 31 December 2019:

	Performance fee 31 December 2020	Performance fee 31 December 2019
	€	€
Montanaro European Smaller Companies Fund		
Euro Accumulation Class	3,093,280	2,423,888
Euro Class	1,398,461	1,207,766
Euro Institutional Accumulation Class	N/A	N/A
Euro Institutional Distribution Class	196,778	231,358
Sterling Class	250,791	239,084
Sterling Institutional Distribution Class	976,530	979,999
Swedish Krona Accumulation Class	6,692	8,173
US Dollar Class	2,920	6,194

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

2. Fees (continued)

Performance Fees (continued)

	Performance fee 31 December 2020	Performance fee 31 December 2019
	£	£
Montanaro UK Income Fund		
Fund N/A for Performance Fees	N/A	N/A
	Performance fee 31 December 2020	Performance fee 31 December 2019
	€	€
Montanaro European Income Fund		
Fund N/A for Performance Fees	N/A	N/A
	Performance fee 31 December 2020	Performance fee 31 December 2019
	€	€
Montanaro European MidCap Fund		
Euro Distribution Class	1,784,077	1,004,048
Euro Institutional Accumulation Class	456,275	152,757
	Performance fee 31 December 2020	Performance fee 31 December 2019
	€	€
Montanaro Select Fund		
Euro Distribution Class	86,533	115,380
Sterling Distribution Class	108,421	184,009
	Performance fee 31 December 2020	Performance fee 31 December 2019
	€	€
Montanaro Better World Fund		
Fund N/A for Performance Fees	N/A	N/A

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 €733,592 for the financial year ended 31 December 2020 (31 December 2019: €596,015) of which €415,634 (31 December 2019: €205,601) 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 €360,715 for the financial year ended 31 December 2020 (31 December 2019: €283,763) of which €134,482 (31 December 2019: €76,789) 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 €61,533 for the financial year ended 31 December 2020 (31 December 2019: €71,615).

Professional Fees

For the financial year ended 31 December 2020, Professional Fees, which principally comprised Taxation fees, Directors’ indemnity insurance premiums (D&O) and Investment Committee fees, amounted to €74,081 (31 December 2019: €73,101) of which €40,553 (31 December 2019: €42,968) was payable at the financial year end.

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 Select Fund €	Montanaro Better World Fund €	Combined 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)
	<u>(6,634)</u>	<u>(12,583)</u>	<u>(6,735)</u>	<u>(2,498)</u>	<u>(154)</u>	<u>(43,910)</u>	<u>(74,081)</u>

*See Statement of Accounting Policies (g).

31 December 2019

	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €	Montanaro Select Fund €	Montanaro Better World Fund €	Combined Total* €
Taxation fees	(5,236)	(7,843)	(3,707)	(2,242)	(419)	(2,112)	(22,658)
Directors indemnity insurance premiums (D&O)	(4,981)	(3,105)	(2,162)	(1,177)	(133)	(905)	(12,899)
Investment Committee fees	–	–	–	–	–	(37,544)	(37,544)
	<u>(10,217)</u>	<u>(10,948)</u>	<u>(5,869)</u>	<u>(3,419)</u>	<u>(552)</u>	<u>(40,561)</u>	<u>(73,101)</u>

*See Statement of Accounting Policies (g).

Auditor's Remuneration

Fees charged by the Independent Auditor in respect of the financial year ended 31 December 2020 and 31 December 2019 (exclusive of VAT) were:

	Statutory audit €	Other assurance services €	Tax advisory services €	Other non-audit services €
31 December 2020	47,740	–	–	–
31 December 2019	46,350	–	–	–

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 2020, other expenses totalled €501,696 (31 December 2019: €442,033). Other expenses payable at the financial year end amounted to €25,351 (31 December 2019: €58,308).

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.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

2. Fees (continued)

Transaction Costs (continued)

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.

For the financial years ended 31 December 2020 and 31 December 2019, the Company incurred transaction costs on purchases and sales as below:

Fund	Currency	31 December 2020	31 December 2019
Montanaro European Smaller Companies Fund	€	277,095	106,619
Montanaro UK Income Fund	£	1,333,012	1,434,589
Montanaro European Income Fund	€	93,673	100,257
Montanaro European MidCap Fund	€	187,728	138,383
Montanaro Select Fund	€	12,004	5,342
Montanaro Better World Fund	€	610,139	73,328

3. Financial Assets at Fair Value through Profit or Loss

As at 31 December 2020 and 31 December 2019, 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 2020, distributions paid out of capital amounted to €148,397 on the Montanaro European Income Fund. There were no distributions paid from the capital of the Montanaro UK Income Fund during the financial year ended 31 December 2020 or from the capital of the Montanaro UK Income Fund or the Montanaro European Income Fund for the financial year ended 31 December 2019.

The Company made the following distributions to redeemable participating Shareholders during the financial year ended 31 December 2020 and 31 December 2019:

	Montanaro European Smaller Companies Fund	Montanaro UK Income Fund	Montanaro European Income Fund	Montanaro European MidCap Fund	Montanaro Select Fund	Montanaro Better World Fund	Combined Total*
	€	£	€	€	€	€	€
31 December 2020	–	12,624,301	5,593,965	–	–	778,205	20,568,352
31 December 2019	863,620	16,186,935	6,713,285	431,345	199,732	326,441	26,990,260

*See Statement of Accounting Policies (g).

5. Cash and Cash Equivalents

At the financial year end, the Company had a cash balance totalling €65,096,768 (31 December 2019: €56,494,963) 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 €61,533 for the financial year ended 31 December 2020 (31 December 2019: €71,615).

Charles Montanaro, a Director of the Company, until his resignation effective 30 April 2020, held Shares in Montanaro Smaller Companies Plc. As at 30 April 2020 Charles Montanaro held 231,992 (31 December 2019: 230,267) Shares in the Sterling Class, 53,985 (31 December 2019: 53,985) Shares in the Sterling Institutional Distribution Class of the Montanaro European Smaller Companies Fund, 1,338,947 (31 December 2019: 1,327,161) Shares in the Sterling Seed Class and 97,509 (31 December 2019: 97,509) Shares in the Sterling Class of the Montanaro UK Income Fund, 3,714 (31 December 2019: 3,714) Shares in the Sterling Class of the Montanaro European Income Fund and 78,644 (31 December 2019: 78,644) Shares in the Euro Distribution Class of the Montanaro European MidCap Fund, 17,409 (31 December 2019: 17,409) Shares in the Sterling Distribution Class of the Montanaro Select Fund and 199,274 (31 December 2019: 199,274) Shares in the Sterling Distribution Class of the Montanaro Better World Fund.

Cedric Durant des Aulnois, a Director of the Company appointed 1 April 2019, held 2,919 (31 December 2019: 2,919) Shares in the Montanaro UK Income Fund as at 31 December 2020.

Other than the Shares and transactions listed above, there were no other transactions, interests in Shares or deferred Shares of the Company held by any of the Directors of the Company or the Secretary during the financial years ending 31 December 2020 and 31 December 2019.

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 2020	31 December 2019
Montanaro Asset Management Limited	7,726,092	22,693,189
Montanaro Growth & Income Fund Limited Partnership No. 3	11,547,813	8,533,464

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 2020 and 31 December 2019 there were 7 Subscriber Shares of €1 each in issue (being the minimum share capital of the Company) held by the Investment Manager.

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 Select Fund

The investment objective of the Fund is to outperform its Benchmark, the MSCI Europe SmallCap (Capital 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 2020 and 31 December 2019, the overall market exposures were:

	Currency	31 December 2020		31 December 2019	
		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	€	413,182,168	97.09	529,015,411	99.06
Montanaro UK Income Fund	£	724,988,782	98.49	637,561,340	97.37
Montanaro European Income Fund	€	396,613,084	96.35	324,309,995	95.40
Montanaro European MidCap Fund	€	162,177,261	96.49	139,963,090	95.01
Montanaro Select Fund	€	8,031,708	100.45	15,799,116	94.60
Montanaro Better World Fund	€	655,632,699	97.86	188,034,380	98.82

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 2020 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 €20.7m (31 December 2019: €26.5m), Montanaro UK Income Fund by approximately £36.2m (31 December 2019: £31.9m), Montanaro European Income Fund by approximately €19.8m (31 December 2019: €16.2m), Montanaro European MidCap Fund by approximately €8.1m (31 December 2019: €7.0m), Montanaro Select Fund by approximately €0.4m (31 December 2019: €0.8m) and Montanaro Better World Fund by approximately €32.8m (31 December 2019: €9.4m).

The top ten country distribution of the Company's investments at 31 December 2020 and 31 December 2019 is as follows:

31 December 2020		31 December 2020	
Country	Montanaro European Smaller Companies Fund % of Net Assets at mid prices	Country	Montanaro UK Income Fund % of Net Assets at mid prices
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		

31 December 2020		31 December 2020	
Country	Montanaro European Income Fund % of Net Assets at mid prices	Country	Montanaro European MidCap Fund % of Net Assets at mid prices
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

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 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

31 December 2019	Montanaro European Smaller Companies Fund % of Net Assets at mid prices	31 December 2019	Montanaro UK Income Fund % of Net Assets at mid prices
Country		Country	
United Kingdom	33.85	United Kingdom	89.61
Germany	16.31	Sweden	2.80
Sweden	13.35	Belgium	1.08
Italy	8.20	Switzerland	1.07
France	5.21	Norway	0.98
Switzerland	4.68	Italy	0.93
Netherlands	3.81	Netherlands	0.90
Denmark	3.04		
Norway	2.81		
Ireland	2.42		

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 2019	Montanaro European Income Fund % of Net Assets at mid prices	31 December 2019	Montanaro European MidCap Fund % of Net Assets at mid prices
Country		Country	
Sweden	17.40	United Kingdom	32.44
France	15.36	France	19.09
Germany	13.96	Germany	15.04
Italy	11.65	Italy	8.69
Norway	10.91	Sweden	6.24
Spain	7.98	Ireland	4.37
Switzerland	5.81	Switzerland	4.30
Denmark	5.21	Spain	2.43
Portugal	3.38	Denmark	2.41
Netherlands	2.16		

31 December 2019	Montanaro Select Fund % of Net Assets at mid prices	31 December 2019	Montanaro Better World Fund % of Net Assets at mid prices
Country		Country	
United Kingdom	41.49	United States	31.50
Sweden	15.49	United Kingdom	13.21
Germany	13.22	Australia	7.17
France	6.52	Japan	7.03
Denmark	5.45	Germany	6.75
Italy	4.16	France	5.75
Switzerland	3.78	Ireland	4.70
Netherlands	3.49	Switzerland	3.96
Belgium	1.00	Sweden	3.17
		New Zealand	3.09

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.

The following table indicates the currencies to which the Company had significant exposure at 31 December 2020 and 31 December 2019 along with the expected movement in value of the currency given a 5% movement relative to the presentation currency:

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

7. Risks Associated with Financial Instruments (continued)

Foreign Currency Risk (continued)

	Montanaro European Smaller Companies Fund				Montanaro UK Income Fund			
	31 December 2020		31 December 2019		31 December 2020		31 December 2019	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	£	£	£	£
Danish Krone	18,655,028	932,751	16,515,805	825,790	–	–	–	–
Norwegian Krone	12,138,008	606,900	15,028,537	751,427	9,061,184	453,059	6,421,275	321,064
Pound Sterling	135,002,701	6,750,135	184,265,492	9,213,275	682,854,633	34,142,732	604,407,876	30,220,394
Swedish Krona	87,357,844	4,367,892	71,346,618	3,567,331	20,587,191	1,029,360	18,329,674	916,484
Swiss Franc	27,944,004	1,397,200	25,005,207	1,250,260	–	–	6,998,236	349,912
US Dollar	39,906	1,995	50,415	2,521	–	–	–	–

	Montanaro European Income Fund				Montanaro European MidCap Fund			
	31 December 2020		31 December 2019		31 December 2020		31 December 2019	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	€	€	€	€
Danish Krone	23,564,618	1,178,231	17,907,956	895,398	5,487,919	274,396	3,605,276	180,264
Norwegian Krone	44,466,682	2,223,334	37,077,186	1,853,859	–	–	–	–
Pound Sterling	3,839,499	191,975	9,279,439	463,972	54,089,437	2,704,472	53,117,526	2,655,876
Swedish Krona	102,638,513	5,131,926	59,167,794	2,958,390	7,461,832	373,092	9,192,232	459,612
Swiss Franc	22,831,701	1,141,585	19,760,783	988,039	17,099,598	854,980	6,342,380	317,119

	Montanaro Select Fund				Montanaro Better World Fund			
	31 December 2020		31 December 2019		31 December 2020		31 December 2019	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	€	€	€	€
Australian Dollar	–	–	–	–	36,653,601	1,832,680	13,642,520	682,126
Danish Krone	668,696	33,435	915,162	45,758	20,850,432	1,042,522	5,314,320	265,716
Hong Kong Dollar	–	–	–	–	–	–	4,923,510	246,175
Japanese Yen	–	–	–	–	65,545,234	3,277,262	13,367,169	668,358
New Zealand Dollar	–	–	–	–	16,603,159	830,158	5,888,836	294,442
Norwegian Krone	288,298	14,415	–	–	–	–	–	–
Pound Sterling	2,400,169	120,008	7,881,241	394,062	46,339,518	2,316,976	26,309,508	1,315,475
Swedish Krona	2,128,985	106,449	2,586,606	129,330	30,931,161	1,546,558	6,114,514	305,726
Swiss Franc	692,349	34,617	631,616	31,581	33,223,843	1,661,192	7,532,382	376,619
US Dollar	–	–	–	–	303,829,492	15,191,475	64,530,736	3,226,537

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.

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 2020, the Company held cash of €65,096,768 with the Bank of New York Mellon SA/NV, Dublin Branch (31 December 2019: €56,494,963) who has a credit rating of AA- (31 December 2019: AA-) by Standard & Poor's.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

7. Risks Associated with Financial Instruments (continued)

Credit/Counterparty Risk (continued)

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 2020 and 31 December 2019, 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 2020, no such borrowings existed (31 December 2019: 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.

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 models. 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 2020 and 31 December 2019. 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 2020 and 31 December 2019.

8. Soft Commission Arrangements

No soft commission arrangements were entered into during the financial years ended 31 December 2020 and 31 December 2019.

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 2020 or 31 December 2019 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 2020 and 31 December 2019 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 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 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 SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

10. Share Capital and Redeemable Participating Shares (continued)

31 December 2020 (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	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 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

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

31 December 2019

	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	38,115,539	2,350,720	(7,303,358)	33,162,901
Euro Class	18,139,034	2,758,062	(738,585)	20,158,511
Euro Institutional Accumulation Class	10,195,783	279,387	(6,135,862)	4,339,308
Euro Institutional Distribution Class	3,079,635	801,456	(1,219,950)	2,661,141
Sterling Class	3,652,979	43,341	(43,081)	3,653,239
Sterling Institutional Distribution Class	13,028,475	196,797	(991,921)	12,233,351
Swedish Krona Accumulation Class	473,161	4,469	(160,000)	317,630
US Dollar Class	156,910	–	(71,105)	85,805
Montanaro UK Income Fund				
Euro Class	292,375	70,252	(167,945)	194,682
Euro Seed Class	3,165,872	49,773	(830,775)	2,384,870
Sterling Accumulation Class	940,138	31,213,632	(692,840)	31,460,930
Sterling Class	21,415,154	89,949,268	(8,581,785)	102,782,637
Sterling Seed Class	164,986,839	61,375,996	(16,567,734)	209,795,101
Montanaro European Income Fund				
Euro Class	9,043,142	3,536,669	(1,133,648)	11,446,163
Sterling Accumulation Class	139,911	8,080,243	(127,532)	8,092,622
Sterling Class	96,895,854	46,307,086	(9,368,842)	133,834,098
Montanaro European MidCap Fund				
Euro Distribution Class	53,726,151	1,224,618	(5,675,451)	49,275,318
Euro Institutional Accumulation Class	5,996,143	5,127,999	(304,831)	10,819,311

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

10. Share Capital and Redeemable Participating Shares (continued)

31 December 2019 (continued)

	Shares in issue at beginning of financial year	Subscriptions	Redemptions	Shares in issue at end of financial year
Montanaro Select Fund				
Euro Distribution Class	4,068,192	58,095	–	4,126,287
Sterling Distribution Class	5,286,215	160,400	(97,283)	5,349,332
Montanaro Better World Fund				
Euro Distribution Class	5,786,980	7,315,252	(3,121)	13,099,111
Sterling Distribution Class	114,821,663	7,214,357	(7,378,582)	114,657,438
Swedish Krona Institutional Accumulation Class*	–	4,729,227	–	4,729,227

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

11. Exchange Rates

The exchange rates to Euro (€) at the financial years ended 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Australian Dollar	1.5856	1.5968
Danish Krone	7.4435	7.4725
Hong Kong Dollar	–	8.7463
Japanese Yen	126.3255	121.9878
New Zealand Dollar	1.6994	1.6638
Norwegian Krone	10.4760	9.8638
Pound Sterling	0.8951	0.8473
Swedish Krona	10.0485	10.5078
Swiss Franc	1.0816	1.0870
US Dollar	1.2236	1.1225

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 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
- 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 2019.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

**14. Net Asset Value per Redeemable Participating Share at last traded price
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 Select Fund			
Euro Distribution Class	€2,895,572	1,572,874	€1.841
Sterling Distribution Class	£4,565,064	2,327,849	£1.961
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.

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)

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 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

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

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)

31 December 2018

	Net Assets for dealing	Shares in issue	NAV per Share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€189,883,377	38,115,539	€4.982
Euro Class	€93,732,894	18,139,034	€5.167
Euro Institutional Accumulation Class	€53,866,503	10,195,783	€5.283
Euro Institutional Distribution Class	€16,124,385	3,079,635	€5.236
Sterling Class	£17,093,597	3,652,979	£4.679
Sterling Institutional Distribution Class	£62,408,991	13,028,475	£4.790
Swedish Krona Accumulation Class	SEK8,000,175	473,161	SEK16.908
US Dollar Class	\$442,450	156,910	\$2.820
Montanaro UK Income Fund			
Euro Class	€228,095	292,375	€0.780
Euro Seed Class	€3,471,393	3,165,872	€1.097
Sterling Accumulation Class**	£809,000	940,138	£0.861
Sterling Class	£21,339,962	21,415,154	£0.996
Sterling Seed Class	£287,875,846	164,986,839	£1.745
Montanaro European Income Fund			
Euro Class	€9,118,219	9,043,142	€1.008
Sterling Accumulation Class**	£127,181	139,911	£0.909
Sterling Class	£165,581,934	96,895,854	£1.709
Montanaro European MidCap Fund			
Euro Distribution Class	€100,757,267	53,726,151	€1.875
Euro Institutional Accumulation Class	€11,767,686	5,996,143	€1.963
Montanaro Select Fund			
Euro Distribution Class	€4,644,230	4,068,192	€1.142
Sterling Distribution Class	£6,451,377	5,286,215	£1.220
Montanaro Better World Fund***			
Euro Distribution Class	€5,406,202	5,786,980	€0.934
Sterling Distribution Class	£110,497,990	114,821,663	£0.962

**The Sterling Accumulation Class was launched on 2 July 2018.

***The Montanaro Better World Fund was launched on 10 April 2018.

15. Events during the Financial Year

Effective 30 April 2020, Charles Montanaro resigned as a Director of the Company.

Effective 30 April 2020, Matthew Francis was appointed as a Director of the Company and John Ensor was appointed as an alternate Director to Matthew Francis.

An updated Prospectus and Supplements were issued on 6 May 2020 to reflect the following changes: Matthew Francis' appointment as a Director of the Company, John Ensor's appointment as an alternate Director to Matthew Francis, the change in the legal entity of the Depositary, the addition of Brexit Risk as a risk factor and the change in minimum subscriptions and minimum holdings on a number of Share Classes.

Following cessation, approval of the Montanaro UK Smaller Companies Fund was withdrawn by the Central Bank on 11 August 2020.

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

15. Events during the Financial Year (continued)

An updated Supplement for Montanaro Better World Fund was issued on 24 November 2020 to include details of the new Euro Accumulation Class Shares.

On 30 November 2020, the Euro Accumulation Class of the Montanaro Better World Fund was launched.

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

Impact of the Coronavirus

In December 2019, an outbreak of a contagious respiratory virus now known as Covid-19 (Coronavirus) occurred and it has since spread globally. The virus has resulted in government authorities in many countries (including the People's Republic of China and Hong Kong, the United States and Europe) taking extreme measures to arrest or delay the spread of the virus including the declaration of states of emergency, restrictions on movement, border controls, travel bans and the closure of offices, schools and other public amenities such as bars, restaurants and sports facilities. This has resulted in a major disruption to businesses both regionally and globally. It is anticipated that these events will have a material effect on general economic conditions and market liquidity, which may in turn adversely affect the financial performance of the Company and its Funds. The full impact of the Covid-19 pandemic, or other future epidemics/pandemics, is currently unknown.

The Directors are actively monitoring the situation and, with the support of the 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.

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 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 to Montanaro Asset Management Limited.

16. Events since the Financial Year End

The following distributions in respect of the financial year ending 31 December 2020 were approved by the Directors in 2021.

Ex-Date of 29 January 2021:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.005080	€972
Euro Seed Class	€0.007180	€9,929
Sterling Class	£0.006421	£1,093,239
Sterling Seed Class	£0.011445	£1,862,959

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.005637	€67,134
Sterling Class	£0.009607	£713,966

MONTANARO SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

16. Events since the Financial Year End (continued)

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").

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

17. Commitments and Contingent Liabilities

As at 31 December 2020 and 31 December 2019 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 2021.

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN SMALLER COMPANIES FUND**

As at 31 December 2020

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 2019: 1.76%)			
105,000	Melexis NV	8,389,500	1.97
		8,389,500	1.97
Denmark (31 December 2019: 3.04%)			
105,000	SimCorp A/S	12,773,276	3.00
75,000	Chemometec A/S	5,823,896	1.37
		18,597,172	4.37
France (31 December 2019: 5.21%)			
45,000	Sartorius Stedim Biotech	13,104,000	3.08
51,000	Esker SA	9,006,600	2.12
40,000	Orpea SA	4,302,000	1.01
		26,412,600	6.21
Germany (31 December 2019: 16.31%)			
180,000	CTS Eventim AG & Co KGaA	9,792,000	2.30
40,000	MTU Aero Engines AG	8,536,000	2.01
15,000	Hypoport SE	7,725,000	1.82
8,000	Rational AG	6,092,000	1.43
70,000	CompuGroup Medical SE & Co KgaA	5,502,000	1.29
		37,647,000	8.85
Iceland (31 December 2019: 1.70%)			
1,580,000	Marel HF '144A'	7,931,600	1.86
		7,931,600	1.86
Ireland - Nil (31 December 2019: 2.42%)			
Italy (31 December 2019: 8.20%)			
850,000	Freni Brembo SpA	9,180,000	2.16
160,000	Moncler SpA	8,022,400	1.88
75,000	Reply SpA	7,147,500	1.68
125,000	Recordati Industria Chimica e Farmaceutica SpA	5,666,250	1.33
260,000	Carel Industries SpA '144A'	4,986,800	1.17
280,000	MARR SpA	4,720,800	1.11
		39,723,750	9.33
Netherlands (31 December 2019: 3.81%)			
107,500	IMCD NV	11,206,875	2.63
390,000	Intertrust NV '144A'	5,413,200	1.27
		16,620,075	3.90
Norway (31 December 2019: 2.81%)			
115,000	Bakkafrost P/F	6,723,715	1.58

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 31 December 2020

Shares	Description	Fair value €	% of net assets
Norway (31 December 2019: 2.81%) (continued)			
675,750	Fjordkraft Holding ASA '144A'	5,399,044	1.27
		12,122,759	2.85
Spain (31 December 2019: 1.92%)			
520,000	Merlin Properties Socimi SA (REIT)	4,045,600	0.95
		4,045,600	0.95
Sweden (31 December 2019: 13.35%)			
445,000	Thule Group AB '144A'	13,622,172	3.20
250,000	MIPS AB	12,812,895	3.01
225,000	Fortnox AB	10,356,053	2.43
350,000	INVISIO AB	8,707,793	2.05
330,000	Avanza Bank Holding AB	7,651,910	1.80
315,000	Vitrolife AB	6,764,910	1.59
400,000	AAK AB	6,607,971	1.55
77,500	Nolato AB	6,416,897	1.51
525,000	Elekta AB	5,770,654	1.36
325,000	Biotage AB	4,495,709	1.06
300,000	Hufvudstaden AB	4,066,290	0.95
		87,273,254	20.51
Switzerland (31 December 2019: 4.68%)			
122,500	VZ Holding AG	9,162,942	2.15
20,000	Tecan Group AG	8,021,764	1.89
1,000	Belimo Holding AG	7,100,870	1.67
32,000	Temenos AG	3,658,428	0.86
		27,944,004	6.57
United Kingdom (31 December 2019: 33.85%)			
1,555,000	Marshalls Plc	12,985,918	3.05
3,360,000	NCC Group Plc	9,459,559	2.22
240,000	Ashtead Group Plc	9,218,243	2.17
300,000	4imprint Group Plc	8,596,857	2.02
2,622,000	Ideagen Plc	8,202,038	1.93
210,000	Dechra Pharmaceuticals Plc	8,094,116	1.90
280,000	Halma Plc	7,660,866	1.80
1,050,000	Rightmove Plc	7,634,277	1.79
600,000	Big Yellow Group Plc (REIT)	7,353,413	1.73
1,131,724	Shaftesbury Plc (REIT)	7,194,222	1.69
535,000	St James's Place Plc	6,774,954	1.59
1,000,000	IntegraFin Holdings Plc	6,211,634	1.46
46,000	Spirax-Sarco Engineering Plc	5,804,638	1.37
90,000	Renishaw Plc	5,791,567	1.36
140,000	Cranswick Plc	5,505,563	1.29
110,000	First Derivatives Plc	3,932,545	0.93
290,000	James Fisher & Sons Plc	3,068,167	0.72

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 31 December 2020

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2019: 33.85%) (continued)			
1,100,000	Advanced Medical Solutions Group Plc	2,986,277	0.70
		<u>126,474,854</u>	<u>29.72</u>
Total equities		413,182,168	97.09
Total financial assets at fair value through profit or loss		413,182,168	97.09
Cash and cash equivalents		13,540,909	3.18
Other net liabilities		<u>(1,169,198)</u>	<u>(0.27)</u>
Total net assets attributable to holders of redeemable participating Shares		425,553,879	100.00

	% of Total Assets
Analysis of Total Assets	
Financial assets at fair value through profit or loss	95.41
Cash and cash equivalents	3.13
Other assets	1.46
Total assets	<u><u>100.00</u></u>

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND**

As at 31 December 2020

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 2019: 1.08%)			
135,000	Melexis NV	9,654,938	1.31
		9,654,938	1.31
Italy (31 December 2019: 0.93%)			
190,000	Recordati Industria Chimica e Farmaceutica SpA	7,709,181	1.05
		7,709,181	1.05
Netherlands (31 December 2019: 0.90%)			
600,000	Intertrust NV '144A'	7,454,348	1.01
		7,454,348	1.01
Norway (31 December 2019: 0.98%)			
875,000	Atea ASA	9,061,184	1.23
		9,061,184	1.23
Singapore (31 December 2019: Nil%)			
500,000	XP Power Ltd	23,450,000	3.19
		23,450,000	3.19
Sweden (31 December 2019: 2.80%)			
400,000	Thule Group AB '144A'	10,960,119	1.49
412,500	NCAB Group AB	9,627,072	1.31
		20,587,191	2.80
Switzerland - Nil (31 December 2019: 1.07%)			
United Kingdom (31 December 2019: 89.61%)			
3,900,000	Marshalls Plc	29,152,500	3.96
2,300,000	FDM Group Holdings Plc	25,852,000	3.51
10,250,000	LondonMetric Property Plc (REIT)	23,472,500	3.19
2,100,000	Big Yellow Group Plc (REIT)	23,037,000	3.13
9,000,000	NCC Group Plc	22,680,000	3.08
4,150,000	Avast Plc '144A'	22,306,250	3.03
4,000,000	IntegraFin Holdings Plc	22,240,000	3.02
3,200,000	DiscoverIE Group Plc	21,568,000	2.93
7,000,000	Brewin Dolphin Holdings Plc	21,350,000	2.90
11,750,000	Taylor Wimpey Plc	19,481,500	2.65
3,250,000	Polypipe Group plc	19,402,500	2.63
750,000	4imprint Group Plc	19,237,500	2.61
2,000,000	Vistry Group Plc	18,790,000	2.55
1,450,000	Kainos Group Plc	17,661,000	2.40
1,850,000	Pennon Group Plc	17,575,000	2.39
11,500,000	Primary Health Properties Plc (REIT)	17,572,000	2.39
775,000	Diploma Plc	16,988,000	2.31
150,000	Games Workshop Group Plc	16,800,000	2.28
2,000,000	Britvic Plc	16,240,000	2.21
575,000	Clarkson Plc	15,525,000	2.11
450,000	Dechra Pharmaceuticals Plc	15,525,000	2.11
1,350,000	Hilton Food Group Plc	15,039,000	2.04
5,250,000	Jupiter Fund Management Plc	14,826,000	2.01
1,250,000	St James's Place Plc	14,168,750	1.92
6,000,000	Biffa Plc '144A'	13,770,000	1.87
600,000	Severn Trent Plc	13,734,000	1.86

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND (continued)**

As at 31 December 2020

Shares	Description	Fair value £	% of net assets
United Kingdom (31 December 2019: 89.61%) (continued)			
1,425,000	Savills Plc	13,601,625	1.85
875,000	Rathbone Brothers Plc	13,475,000	1.83
4,127,121	Bloomsbury Publishing Plc	12,133,736	1.65
300,000	Cranswick Plc	10,560,000	1.43
450,000	Victrex Plc	10,557,000	1.43
7,500,000	XPS Pensions Group Plc	9,712,500	1.32
2,250,000	Ashmore Group Plc	9,702,000	1.32
925,000	Hiscox Ltd	9,194,500	1.25
1,000,000	United Utilities Group Plc	8,950,000	1.22
235,000	Derwent London Plc (REIT)	7,275,600	0.99
760,000	James Fisher & Sons Plc	7,197,200	0.98
6,000,000	Equiniti Group Plc '144A'	6,624,000	0.90
1,750,000	Headlam Group Plc	6,300,000	0.86
1,811,965	Ricardo Plc	6,251,279	0.85
2,000,000	SThree Plc	5,960,000	0.81
6,500,000	RPS Group Plc	4,550,000	0.62
		636,037,940	86.40
United States (31 December 2019: Nil%)			
4,500,000	TI Fluid Systems Plc '144A'	11,034,000	1.50
		11,034,000	1.50
Total equities		724,988,782	98.42
Total financial assets at fair value through profit or loss		724,988,782	98.42
Cash and cash equivalents		10,216,926	1.39
Other net assets		1,398,546	0.19
Total net assets attributable to holders of redeemable participating Shares		736,604,254	100.00
Analysis of Total Assets			% of Total Assets
Financial assets at fair value through profit or loss			98.30
Cash and cash equivalents			1.39
Other assets			0.31
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN INCOME FUND**

As at 31 December 2020

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 2019: Nil%)			
92,866	Fabasoft AG	4,364,702	1.06
		4,364,702	1.06
Belgium (31 December 2019: 1.58%)			
84,000	Melexis NV	6,711,600	1.63
192,250	Warehouses De Pauw CVA (REIT)	5,432,985	1.32
		12,144,585	2.95
Denmark (31 December 2019: 5.21%)			
397,250	Tryg A/S	10,252,170	2.49
69,500	SimCorp A/S	8,454,692	2.05
56,700	Chr Hansen Holding A/S	4,771,549	1.16
		23,478,411	5.70
France (31 December 2019: 15.36%)			
253,000	Edenred	11,741,730	2.85
489,000	Bureau Veritas SA	10,640,640	2.59
117,065	Thermador Groupe	7,492,160	1.82
87,350	Gaztransport Et Technigaz SA	6,918,120	1.68
99,300	Amundi SA '144A'	6,633,240	1.61
173,500	Kaufman & Broad SA	6,350,100	1.54
		49,775,990	12.09
Germany (31 December 2019: 13.96%)			
184,000	CTS Eventim AG & Co KGaA	10,009,600	2.43
72,300	Amadeus Fire AG	8,704,920	2.12
181,000	FUCHS PETROLUB SE - Preference	8,405,640	2.04
38,750	MTU Aero Engines AG	8,269,250	2.01
134,500	Mensch und Maschine Software SE	8,070,000	1.96
7,900	Rational AG	6,015,850	1.46
74,450	Fielmann AG	4,947,202	1.20
		54,422,462	13.22
Italy (31 December 2019: 11.65%)			
190,500	Recordati Industria Chimica e Farmaceutica SpA	8,635,365	2.10
442,300	MARR SpA	7,457,178	1.81
1,955,000	Enav SpA '144A'	7,034,090	1.71
620,000	Freni Brembo SpA	6,696,000	1.63
605,000	Cerved Group SpA	4,507,250	1.09
130,238	Cembre SpA	2,454,986	0.60
		36,784,869	8.94
Netherlands (31 December 2019: 2.16%)			
500,000	Intertrust NV '144A'	6,940,000	1.69
69,500	Euronext NV '144A'	6,265,425	1.52
		13,205,425	3.21
Norway (31 December 2019: 10.91%)			
930,000	Atea ASA	10,759,471	2.61
1,240,000	Fjordkraft Holding ASA '144A'	9,907,236	2.41
119,000	Bakkafrost P/F	6,957,583	1.69
3,757,000	Kitron ASA	6,498,375	1.58
394,000	Borregaard ASA	5,333,077	1.29

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN INCOME FUND (continued)

As at 31 December 2020

Shares	Description	Fair value €	% of net assets
Norway (31 December 2019: 10.91%) (continued)			
208,500	Medistim ASA	4,975,668	1.21
		44,431,410	10.79
Portugal (31 December 2019: 3.38%)			
653,000	Corticeira Amorim SGPS SA	7,574,800	1.84
1,192,000	NOS SGPS SA	3,406,736	0.83
		10,981,536	2.67
Spain (31 December 2019: 7.98%)			
139,500	Viscofan SA	8,097,975	1.97
873,500	Merlin Properties Socimi SA (REIT)	6,795,830	1.65
397,000	Red Electrica Corp SA	6,659,675	1.62
		21,553,480	5.24
Sweden (31 December 2019: 17.40%)			
729,000	Avanza Bank Holding AB	16,903,766	4.11
203,000	Nolato AB	16,808,130	4.08
526,000	Thule Group AB '144A'	16,101,714	3.91
466,500	KNOW IT AB	14,461,379	3.51
346,650	NCAB Group AB	9,038,420	2.20
772,000	Bravida Holding AB '144A'	8,412,623	2.04
347,000	Loomis AB - Class B	7,811,278	1.90
357,500	Beijer Alma AB	4,660,659	1.13
328,800	Hufvudstaden AB	4,456,654	1.08
288,000	Biotage AB	3,983,890	0.97
		102,638,513	24.93
Switzerland (31 December 2019: 5.81%)			
181,000	Galenica AG '144A'	9,873,723	2.40
7,690	Partners Group Holding AG	7,394,520	1.80
19,600	Burckhardt Compression Holding AG	5,563,458	1.35
		22,831,701	5.55
Total equities		396,613,084	96.35
Total financial assets at fair value through profit or loss		396,613,084	96.35
Cash and cash equivalents		15,179,644	3.69
Other net liabilities		(145,327)	(0.04)
Total net assets attributable to holders of redeemable participating Shares		411,647,401	100.00
			% of Total
Analysis of Total Assets			Assets
Financial assets at fair value through profit or loss			96.15
Cash and cash equivalents			3.68
Other assets			0.17
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN MIDCAP FUND**

As at 31 December 2020

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 2019: Nil%)			
160,000	Warehouses De Pauw CVA (REIT)	4,521,600	2.69
		4,521,600	2.69
Denmark (31 December 2019: 2.41%)			
45,000	SimCorp A/S	5,474,261	3.26
		5,474,261	3.26
France (31 December 2019: 19.09%)			
100,000	Worldline SA/France '144A'	7,910,000	4.71
165,000	Edenred	7,657,650	4.56
27,500	Teleperformance	7,460,750	4.44
95,000	Amundi SA '144A'	6,346,000	3.77
18,000	Sartorius Stedim Biotech	5,241,600	3.12
		34,616,000	20.60
Germany (31 December 2019: 15.04%)			
55,000	Symrise AG - Class A	5,962,000	3.55
100,000	CTS Eventim AG & Co KGaA	5,440,000	3.23
		11,402,000	6.78
Ireland (31 December 2019: 4.37%)			
63,000	Kerry Group Plc	7,465,500	4.44
		7,465,500	4.44
Italy (31 December 2019: 8.69%)			
150,000	Moncler SpA	7,521,000	4.47
150,000	Recordati Industria Chimica e Farmaceutica SpA	6,799,500	4.05
		14,320,500	8.52
Netherlands (31 December 2019: Nil%)			
67,000	IMCD NV	6,984,750	4.16
		6,984,750	4.16
Spain - Nil (31 December 2019: 2.43%)			
Sweden (31 December 2019: 6.24%)			
100,000	Hexagon AB	7,461,832	4.44
		7,461,832	4.44
Switzerland (31 December 2019: 4.30%)			
55,000	Temenos AG	6,287,922	3.74
6,500	Straumann Holding AG	6,199,161	3.69
11,500	Tecan Group AG	4,612,515	2.74
		17,099,598	10.17
United Kingdom (31 December 2019: 32.44%)			
275,000	Ashtead Group Plc	10,562,571	6.28
600,000	St James's Place Plc	7,598,079	4.52
165,000	Dechra Pharmaceuticals Plc	6,359,663	3.78
230,000	Halma Plc	6,292,854	3.74
850,000	Rightmove Plc	6,180,129	3.68

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN MIDCAP FUND (continued)

As at 31 December 2020

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2019: 32.44%) (continued)			
850,000	Auto Trader Group Plc '144A'	5,659,737	3.37
300,000	Hargreaves Lansdown Plc	5,111,192	3.04
890,000	Rentokil Initial Plc	5,066,995	3.02
		52,831,220	31.43
Total equities		162,177,261	96.49
Total financial assets at fair value through profit or loss		162,177,261	96.49
Cash and cash equivalents		8,968,982	5.34
Other net liabilities		(3,065,442)	(1.83)
Total net assets attributable to holders of redeemable participating Shares		168,080,801	100.00
			% of Total
Analysis of Total Assets			Assets
Financial assets at fair value through profit or loss			94.53
Cash and cash equivalents			5.23
Other assets			0.24
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO SELECT FUND**

As at 31 December 2020

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Belgium - Nil (31 December 2019: 1.00%)			
Denmark (31 December 2019: 5.45%)			
3,300	Chemometec A/S	256,251	3.20
2,000	SimCorp A/S	243,300	3.04
2,000	Chr Hansen Holding A/S	168,309	2.11
		667,860	8.35
France (31 December 2019: 6.52%)			
1,050	Sartorius Stedim Biotech	305,760	3.83
		305,760	3.83
Germany (31 December 2019: 13.22%)			
2,500	Amadeus Fire AG	301,000	3.76
4,500	Mensch und Maschine Software SE	270,000	3.38
4,500	CTS Eventim AG & Co KGaA	244,800	3.06
		815,800	10.20
Italy (31 December 2019: 4.16%)			
4,500	Reply SpA	428,850	5.36
		428,850	5.36
Netherlands (31 December 2019: 3.49%)			
3,000	IMCD NV	312,750	3.91
		312,750	3.91
Norway (31 December 2019: Nil%)			
12,072	Medistim ASA	288,088	3.60
		288,088	3.60
Sweden (31 December 2019: 15.49%)			
8,200	Fortnox AB	377,421	4.72
9,500	Thule Group AB '144A'	290,810	3.64
5,500	MIPS AB	281,884	3.53
2,000	Sinch AB '144A'	266,707	3.34
15,500	AAK AB	256,059	3.20
10,000	INVISIO AB	248,794	3.11
3,300	Hexagon AB	246,240	3.08
7,500	Vitrolife AB	161,069	2.01
		2,128,984	26.63
Switzerland (31 December 2019: 3.78%)			
3,250	VZ Holding AG	243,098	3.04
2,000	Temenos AG	228,652	2.86
550	Tecan Group AG	220,599	2.76
		692,349	8.66
United Kingdom (31 December 2019: 41.49%)			
26,000	St James's Place Plc	329,250	4.12
52,000	IntegraFin Holdings Plc	323,005	4.04

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO SELECT FUND (continued)

As at 31 December 2020

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2019: 41.49%) (continued)			
90,000	SThree Plc	299,633	3.75
7,000	Dechra Pharmaceuticals Plc	269,804	3.37
9,000	4imprint Group Plc	257,906	3.23
20,000	Hilton Food Group Plc	248,912	3.11
20,000	Big Yellow Group Plc (REIT)	245,114	3.07
5,750	Cranswick Plc	226,121	2.83
7,000	Halma Plc	191,522	2.39
		<hr/> 2,391,267	29.91
Total equities		8,031,708	100.45
Total financial assets at fair value through profit or loss		8,031,708	100.45
Cash and cash equivalents		860,247	10.76
Other net liabilities		(896,295)	(11.21)
		<hr/>	
Total net assets attributable to holders of redeemable participating Shares		7,995,660	100.00
			% of Total
Analysis of Total Assets			Assets
Financial assets at fair value through profit or loss			77.11
Cash and cash equivalents			8.26
Other assets			14.63
Total assets			<hr/> 100.00 <hr/>

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND**

As at 31 December 2020

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 2019: 7.17%)			
650,000	Pro Medicus Ltd	14,003,279	2.09
1,000,000	IDP Education Ltd	12,518,694	1.87
85,000	Cochlear Ltd	10,131,628	1.51
		36,653,601	5.47
Belgium (31 December 2019: 1.94%)			
210,000	Melexis NV	16,779,000	2.50
		16,779,000	2.50
China - Nil (31 December 2019: 1.31%)			
Denmark (31 December 2019: 2.78%)			
150,000	Chr Hansen Holding A/S	12,623,144	1.88
175,000	Novozymes A/S	8,216,933	1.23
		20,840,077	3.11
France (31 December 2019: 5.75%)			
75,000	Sartorius Stedim Biotech	21,840,000	3.26
		21,840,000	3.26
Germany (31 December 2019: 6.75%)			
110,000	Carl Zeiss Meditec AG	11,979,000	1.79
165,000	Nemetschek SE	9,966,000	1.49
		21,945,000	3.28
Hong Kong - Nil (31 December 2019: 1.27%)			
Ireland (31 December 2019: 4.70%)			
115,000	ICON Plc	18,090,015	2.70
75,000	Kerry Group Plc	8,887,500	1.33
		26,977,515	4.03
Italy - Nil (31 December 2019: 2.69%)			
Japan (31 December 2019: 7.03%)			
450,000	Yaskawa Electric Corp	18,274,222	2.73
500,000	RENOVA Inc	15,673,797	2.34
300,000	Azbil Corp	13,393,972	2.00
700,000	Santen Pharmaceutical Co Ltd	9,281,579	1.38
200,000	Shionogi & Co Ltd	8,921,398	1.33
		65,544,968	9.78
Netherlands (31 December 2019: 2.50%)			
7,000	Adyen NV '144A'	13,335,000	1.99
		13,335,000	1.99
New Zealand (31 December 2019: 3.09%)			
1,500,000	Ryman Healthcare Ltd	13,407,867	2.00
3,000,000	Pushpay Holdings Ltd	3,195,292	0.48
		16,603,159	2.48

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND (continued)

As at 31 December 2020

Shares	Description	Fair value €	% of net assets
Spain (31 December 2019: Nil%)			
775,000	Siemens Gamesa Renewable Energy SA	25,644,750	3.83
		25,644,750	3.83
Sweden (31 December 2019: 3.17%)			
400,000	Thule Group AB '144A'	12,244,649	1.83
200,000	MIPS AB	10,250,316	1.53
525,000	Biotage AB	7,262,299	1.08
		29,757,264	4.44
Switzerland (31 December 2019: 3.96%)			
32,500	Tecan Group AG	13,035,367	1.95
1,500	Belimo Holding AG	10,651,305	1.59
10,000	Straumann Holding AG	9,537,171	1.42
		33,223,843	4.96
United Kingdom (31 December 2019: 13.21%)			
115,000	Spirax-Sarco Engineering Plc	14,511,595	2.17
500,000	Halma Plc	13,680,118	2.04
1,000,000	Polypipe Group plc	6,669,686	0.99
1,000,000	Tristel Plc	5,887,646	0.88
		40,749,045	6.08
United States (31 December 2019: 31.50%)			
100,000	SolarEdge Technologies Inc	26,258,823	3.92
350,000	Trex Co Inc	24,177,176	3.61
75,000	ANSYS Inc	22,367,893	3.34
52,500	IDEXX Laboratories Inc	21,214,957	3.17
300,000	Cognex Corp	19,708,216	2.94
200,000	Alarm.com Holdings Inc	17,084,703	2.55
200,000	Xylem Inc/NY	16,550,193	2.47
150,000	Qualys Inc	14,809,358	2.21
100,000	Novocure Ltd	14,330,424	2.14
60,000	Veeva Systems Inc - Class A	13,359,807	1.99
300,000	Bruker Corp	13,056,264	1.95
165,000	Badger Meter Inc	12,610,144	1.88
200,000	Simulations Plus Inc	11,845,852	1.77
90,000	CyberArk Software Ltd	11,816,838	1.76
50,000	Masimo Corp	10,906,373	1.63
65,000	American Water Works Co Inc	8,021,205	1.20
100,000	Grand Canyon Education Inc	7,586,118	1.13
100,000	Ormat Technologies Inc	7,437,371	1.11
200,000	GoodRx Holdings Inc	6,755,748	1.01
100,000	Middlesex Water Co	5,842,014	0.87
		285,739,477	42.65
Total equities		655,632,699	97.86
Total financial assets at fair value through profit or loss		655,632,699	97.86
Cash and cash equivalents		15,132,633	2.26
Other net liabilities		(792,109)	(0.12)
Total net assets attributable to holders of redeemable participating Shares		669,973,223	100.00

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND (continued)

As at 31 December 2020

	% of Total
Analysis of Total Assets	Assets
Financial assets at fair value through profit or loss	97.69
Cash and cash equivalents	2.25
Other assets	0.06
Total assets	<u>100.00</u>

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES (unaudited)***For the financial year ended 31 December 2020*

Purchases	Nominal	Cost €
Tecan Group AG	35,000	9,101,334
MIPS AB	250,000	8,748,798
Reply SpA	100,000	7,738,093
Esker SA	70,000	7,307,749
Moncler SpA	160,000	6,843,046
Ashtead Group Plc	250,000	5,680,470
Spirax-Sarco Engineering Plc	50,000	5,357,660
Fjordkraft Holding ASA '144A'	693,750	5,347,081
INVISIO AB	350,000	4,792,671
Nolato AB	85,000	4,711,357
Temenos AG	40,000	4,551,414
Orpea SA	40,000	4,077,929
Hufvudstaden AB	300,000	4,001,262
Chemometec A/S	75,000	3,741,476
4imprint Group Plc	100,000	2,161,066
AAK AB	100,000	1,790,132
Thule Group AB '144A'	100,000	1,626,916
Elekta AB	150,000	1,491,023
Renishaw Plc	35,000	1,482,303
Nemetschek SE	25,000	1,081,479
Fortnox AB	55,268	963,686

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial year listed in descending order. A change is defined as aggregate purchases of a security exceeding 1% of the total value of the purchases during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – TOP 1% SALES (unaudited)***For the financial year ended 31 December 2020*

Sales	Nominal	Proceeds
		€
Sartorius Stedim Biotech	70,000	17,292,745
Kingspan Group Plc	237,500	13,192,836
Nemetschek SE	175,000	10,433,812
IMA Industria Macchine Automatiche SpA	150,000	10,100,185
Belimo Holding AG	1,500	9,679,093
Consort Medical Plc	775,000	9,314,412
Avanza Bank Holding AB	620,000	9,281,817
Orpea SA	95,000	9,271,408
Rightmove Plc	1,325,000	8,284,412
Domino's Pizza Group Plc	2,000,000	7,048,408
Carl Zeiss Meditec AG	70,000	6,966,688
Loomis AB - Class B	300,000	6,835,593
Tecan Group AG	15,000	6,253,532
Elekta AB	575,000	6,245,298
SimCorp A/S	55,000	5,902,302
TOMRA Systems ASA	170,000	5,813,552
CTS Eventim AG & Co KGaA	132,500	5,709,482
Thule Group AB '144A'	205,000	5,464,356
IntegraFin Holdings Plc	950,000	5,213,591
Rational AG	7,000	4,603,272
Renishaw Plc	75,000	4,211,995
FUCHS PETROLUB SE - Preference	125,000	4,091,370
St James's Place Plc	415,000	4,066,021
Amplifon SpA	200,000	3,986,782
MTU Aero Engines AG	19,000	3,777,247
Halma Plc	145,000	3,720,171
IMCD NV	37,500	3,553,446
RaySearch Laboratories AB	550,000	3,402,900
GRENKE AG	100,000	3,330,023
James Fisher & Sons Plc	160,000	2,703,947
Big Yellow Group Plc (REIT)	225,000	2,703,237
Esker SA	19,000	2,686,565
Marshalls Plc	345,000	2,610,171

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial year listed in descending order. A change is defined as aggregate disposals of a security exceeding 1% of the total value of sales during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES (unaudited)***For the financial year ended 31 December 2020*

Purchases	Nominal	Cost £
Dechra Pharmaceuticals Plc	450,000	13,263,408
Kainos Group Plc	1,450,000	13,225,306
Games Workshop Group Plc	150,000	12,817,331
LondonMetric Property Plc (REIT)	5,250,000	11,044,600
United Utilities Group Plc	1,150,000	9,428,833
Vistry Group Plc	1,040,440	8,804,664
SThree Plc	2,250,000	8,563,945
Jupiter Fund Management Plc	3,250,000	8,437,858
Hiscox Ltd	925,000	8,315,910
CRITERIA IS BLANK	1,950,000	8,298,115
Avast Plc '144A'	4,500,000	7,816,873
TI Fluid Systems Plc '144A'	800,000	7,562,454
FDM Group Holdings Plc	190,000	7,548,669
Recordati Industria Chimica e Farmaceutica SpA	4,500,000	7,370,502
Taylor Wimpey Plc	725,000	6,768,725
Savills Plc	900,000	4,943,951
Marshalls Plc	375,000	4,843,679
Rathbone Brothers Plc	600,000	4,717,890
Big Yellow Group Plc (REIT)	875,000	4,699,525
Atea ASA	2,800,000	4,404,812
NCC Group Plc	3,750,000	4,346,195
Primary Health Properties Plc (REIT)	1,150,000	3,780,603
Ashmore Group Plc	2,250,000	3,654,058
Brewin Dolphin Holdings Plc	2,000,000	3,575,229
Biffa Plc '144A'	185,000	3,501,771
Severn Trent Plc	135,000	3,490,040
Cranswick Plc	600,000	3,199,335
Britvic Plc	250,000	3,072,381
Diploma Plc	135,000	2,914,327
Derwent London Plc (REIT)	200,000	2,906,260
Clarkson Plc	500,000	2,708,043
St James's Place Plc	175,000	2,622,859
Victrex Plc	350,000	2,430,559
Pennon Group Plc	300,000	2,345,085
Hilton Food Group Plc	100,000	2,329,421
4imprint Group Plc	175,000	2,183,138
Thule Group AB '144A'	50,000	2,155,374

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial year listed in descending order. A change is defined as aggregate purchases of a security exceeding 1% of the total value of the purchases during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – TOP 1% SALES (unaudited)***For the financial year ended 31 December 2020*

Sales	Nominal	Proceeds
		£
Charles Taylor Plc	2,915,000	10,433,408
Galenica AG '144A'	175,000	9,152,529
St James's Place Plc	950,000	7,549,860
Victrex Plc	450,000	6,750,357
Avast Plc '144A'	1,650,000	6,288,365
Bakkafrost P/F	165,000	5,883,711
IntegraFin Holdings Plc	1,350,000	5,829,105
Domino's Pizza Group Plc	2,250,000	5,583,069
Severn Trent Plc	285,000	5,099,066
Consort Medical Plc	550,000	4,894,488
Enav SpA '144A'	1,750,000	4,777,467
Derwent London Plc (REIT)	200,000	3,883,517
Loomis AB - Class B	275,000	3,098,895
Cineworld Group Plc	9,000,000	2,611,406
Pennon Group Plc	500,000	2,280,934
Vistry Group Plc	375,000	2,016,685
Jupiter Fund Management Plc	2,000,000	1,869,898
Ashmore Group Plc	1,000,000	1,181,611
Mears Group Plc	2,475,000	3,949,492
Thule Group AB '144A'	175,000	3,540,947
Britvic Plc	400,000	3,169,711
XP Power Ltd	62,500	2,691,683
Taylor Wimpey Plc	1,250,000	2,655,770
Polypipe Group Plc	500,000	2,118,481
Diploma Plc	100,000	1,901,354

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial year listed in descending order. A change is defined as aggregate disposals of a security exceeding 1% of the total value of sales during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN INCOME FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES (unaudited)***For the financial year ended 31 December 2020*

Purchases	Nominal	Cost €
Bravida Holding AB '144A'	801,000	7,194,479
Warehouses De Pauw CVA (REIT)	200,000	5,102,484
Fabasoft AG	92,866	4,449,214
Enav SpA '144A'	815,000	3,825,311
Atea ASA	367,000	3,472,788
Bureau Veritas SA	147,000	3,295,703
Thermador Groupe	51,800	2,667,089
KNOW IT AB	210,500	2,636,399
Edenred	54,000	2,464,523
Thule Group AB '144A'	123,000	2,462,555
Nolato AB	41,500	2,325,344
Tryg A/S	88,000	2,311,926
Amadeus Fire AG	25,200	2,173,749
Recordati Industria Chimica e Farmaceutica SpA	47,500	2,109,974
MTU Aero Engines AG	8,300	1,843,510
Fjordkraft Holding ASA '144A'	291,000	1,830,089
Cerved Group SpA	302,000	1,775,187
Loomis AB - Class B	50,000	1,767,767
Gaztransport Et Technigaz SA	20,850	1,763,681
SimCorp A/S	17,300	1,731,428
Merlin Properties Socimi SA (REIT)	158,500	1,690,384
Cembre SpA	103,238	1,687,248
Kaufman & Broad SA	45,500	1,616,551
CTS Eventim AG & Co KGaA	30,800	1,610,171
Avanza Bank Holding AB	154,399	1,603,300
FUCHS PETROLUB SE - Preference	38,300	1,586,489
Biotage AB	100,000	1,571,465
Intertrust NV '144A'	96,500	1,553,479
IMA Industria Macchine Automatiche SpA	24,500	1,487,707
Freni Brembo SpA	146,000	1,448,334
Galenica AG '144A'	23,300	1,435,067
Beijer Alma AB	120,610	1,400,989
Corticeira Amorim SGPS SA	129,000	1,378,821
Bakkafrost P/F	21,000	1,298,243
Viscofan SA	24,500	1,267,968
TGS NOPEC Geophysical Co ASA	47,500	1,041,460
Euronext NV '144A'	13,200	1,036,786
Amundi SA '144A'	13,300	916,367

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial year listed in descending order. A change is defined as aggregate purchases of a security exceeding 1% of the total value of the purchases during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN INCOME FUND****PORTFOLIO CHANGES – TOP 1% SALES (unaudited)***For the financial year ended 31 December 2020*

Sales	Nominal	Proceeds €
IMA Industria Macchine Automatiche SpA	144,500	9,729,845
Bolsas y Mercados Espanoles SHMSF SA	150,000	4,947,000
Euronext NV '144A'	33,700	2,803,835
Avanza Bank Holding AB	200,399	2,715,198
Getlink SE	250,000	2,680,514
TGS NOPEC Geophysical Co ASA	247,500	2,041,231
Mercialys SA (REIT)	225,000	1,611,716
Cerved Group SpA	247,000	1,511,744
Ponsse OYJ	34,311	967,282
Nilorngruppen AB	300,000	873,499
Atea ASA	37,000	843,668
Nolato AB	8,500	662,926
Thule Group AB '144A'	22,000	613,279
Galenica AG '144A'	7,300	562,311
Edenred	11,000	484,220
KNOW IT AB	19,000	464,168
Fjordkraft Holding ASA '144A'	51,000	407,734
Tryg A/S	15,750	399,835
Enav SpA '144A'	110,000	380,468
Bureau Veritas SA	18,000	374,634

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial year listed in descending order. A change is defined as aggregate disposals of a security exceeding 1% of the total value of sales during the financial year. The aggregate sales exceeding 1% of the total value of sales for the financial year did not amount to 20 sales and therefore the top 20 sales have been included.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN MIDCAP FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES (unaudited)***For the financial year ended 31 December 2020*

Purchases	Nominal	Cost €
Straumann Holding AG	8,000	6,410,197
Worldline SA/France '144A'	100,000	6,306,616
IMCD NV	67,000	6,072,486
Dechra Pharmaceuticals Plc	165,000	5,805,182
Rentokil Initial Plc	890,000	5,297,477
Warehouses De Pauw CVA (REIT)	160,000	4,647,049
Tecan Group AG	17,000	4,291,083
CTS Eventim AG & Co KGaA	100,000	3,917,585
Amundi SA '144A'	50,000	3,249,271
Hargreaves Lansdown Plc	130,000	2,382,406
SimCorp A/S	25,000	2,312,358
Ashtead Group Plc	85,000	1,920,442
Severn Trent Plc	55,000	1,708,797
Edenred	40,000	1,668,369
Moncler SpA	45,000	1,406,177
Teleperformance	5,500	1,089,227
Temenos AG	10,000	1,038,821
Auto Trader Group Plc '144A'	150,000	944,030
St James's Place Plc	100,000	938,670
MTU Aero Engines AG	6,500	739,533
Bureau Veritas SA	30,000	715,225
Recordati Industria Chimica e Farmaceutica SpA	15,000	701,967

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial year listed in descending order. A change is defined as aggregate purchases of a security exceeding 1% of the total value of the purchases during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN MIDCAP FUND****PORTFOLIO CHANGES – TOP 1% SALES (unaudited)***For the financial year ended 31 December 2020*

Sales	Nominal	Proceeds
		€
Severn Trent Plc	245,000	6,561,280
MTU Aero Engines AG	33,500	6,115,884
Bureau Veritas SA	280,000	5,324,278
Sartorius Stedim Biotech	22,000	4,588,176
CTS Eventim AG & Co KGaA	90,000	4,552,636
Bunzl Plc	245,000	4,298,431
Fielmann AG	57,500	4,138,458
Elekta AB	400,000	3,796,949
Red Electrica Corp SA	200,000	3,575,525
Moncler SpA	55,000	2,087,695
Tecan Group AG	5,500	2,014,973
SimCorp A/S	15,000	1,682,056
Amundi SA '144A'	20,000	1,430,278
Recordati Industria Chimica e Farmaceutica SpA	35,000	1,375,470
Teleperformance	6,000	1,352,473
Straumann Holding AG	1,500	1,348,814
Auto Trader Group Plc '144A'	200,000	1,238,311
Ashtead Group Plc	40,000	1,158,949
Symrise AG - Class A	10,000	1,141,634
Rightmove Plc	100,000	782,373
Hargreaves Lansdown Plc	30,000	597,451

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial year listed in descending order. A change is defined as aggregate disposals of a security exceeding 1% of the total value of sales during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO SELECT FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES (unaudited)***For the financial year ended 31 December 2020*

Purchases	Nominal	Cost €
SThree Plc	90,000	324,594
Amadeus Fire AG	2,500	307,280
Medistim ASA	12,072	263,362
Calisen Plc	130,000	262,334
Sinch AB '144A'	2,000	261,049
Hexagon AB	3,300	248,505
Dechra Pharmaceuticals Plc	7,000	246,832
Temenos AG	2,000	227,877
Mensch und Maschine Software SE	4,500	216,269
Chemometec A/S	3,300	214,825
GRENKE AG	3,100	202,415
Tecan Group AG	700	178,922
CTS Eventim AG & Co KGaA	4,500	177,327
Fortnox AB	8,200	140,792
INVISIO AB	10,000	136,933
4imprint Group Plc	4,700	98,864
Sartorius Stedim Biotech	300	88,943
SimCorp A/S	750	69,373
Keystone Law Group Plc	12,493	65,285
St James's Place Plc	6,000	57,428
AAK AB	3,500	53,870
Restore Plc	10,000	50,000
Ashtead Group Plc	2,000	46,500
Thule Group AB '144A'	2,500	42,235

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial year listed in descending order. A change is defined as aggregate purchases of a security exceeding 1% of the total value of the purchases during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO SELECT FUND****PORTFOLIO CHANGES – TOP 1% SALES (unaudited)***For the financial year ended 31 December 2020*

Sales	Nominal	Proceeds
		€
Ashtead Group Plc	29,000	945,917
MTU Aero Engines AG	3,000	749,535
CTS Eventim AG & Co KGaA	11,500	655,102
First Derivatives Plc	20,000	632,001
Smart Metering Systems Plc	100,000	630,743
Orpea	5,000	535,472
Restore Plc	100,000	510,946
SimCorp A/S	4,750	501,424
Thule Group AB '144A'	23,000	499,084
Sartorius Stedim Biotech	2,750	473,899
Reply SpA	6,000	454,800
GRENKE AG	7,100	453,011
VZ Holding AG	1,500	436,968
4imprint Group Plc	10,700	424,027
Cranswick Plc	10,000	408,844
Rational AG	600	407,851
IntegraFin Holdings Plc	75,000	398,651
Elekta AB	40,000	391,535
St James's Place Plc	30,000	391,431
IMCD NV	4,900	384,287
Big Yellow Group Plc (REIT)	27,000	369,210
Calisen Plc	130,000	365,945
Hilton Food Group Plc	30,000	359,844
Biotage AB	25,000	344,652
MIPS AB	14,500	331,071
AAK AB	18,000	315,050
Halma Plc	10,000	249,180
Vitrolife AB	11,000	220,199
Chr Hansen Holding A/S	2,750	193,984
Melexis NV	2,500	170,380

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial year listed in descending order. A change is defined as aggregate disposals of a security exceeding 1% of the total value of sales during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO BETTER WORLD FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES (unaudited)***For the financial year ended 31 December 2020*

Purchases	Nominal	Cost €
Trex Co Inc	285,000	20,073,461
Siemens Gamesa Renewable Energy SA	775,000	19,000,607
ICON Plc	105,000	16,817,674
Yaskawa Electric Corp	450,000	15,714,623
IDEXX Laboratories Inc	42,500	15,340,199
Xylem Inc/NY	200,000	15,039,770
Sartorius Stedim Biotech	50,000	14,550,016
Cognex Corp	240,000	14,176,232
Spirax-Sarco Engineering Plc	115,000	14,054,438
ANSYS Inc	47,500	12,756,018
Bruker Corp	300,000	11,606,355
Novocure Ltd	120,000	11,595,603
Veeva Systems Inc - Class A	47,500	11,016,711
Melexis NV	155,000	10,550,916
Badger Meter Inc	165,000	10,118,234
Chr Hansen Holding A/S	112,500	10,008,916
Simulations Plus Inc	200,000	9,897,957
Straumann Holding AG	10,000	9,656,085
Alarm.com Holdings Inc	172,500	9,354,976
IDP Education Ltd	820,000	9,272,804
SolarEdge Technologies Inc	60,000	9,122,385
Kingspan Group Plc	135,000	8,997,422
Azbil Corp	300,000	8,937,462
GoodRx Holdings Inc	200,000	8,923,755
Nemetschek SE	150,000	8,907,012
Carl Zeiss Meditec AG	85,000	8,708,608
Tecan Group AG	26,000	8,698,440
Masimo Corp	42,500	8,684,569
Kerry Group Plc	75,000	8,679,725
Qualys Inc	97,500	8,545,144
Adyen NV '144A'	5,500	8,460,153
Thule Group AB '144A'	300,000	8,182,600
American Water Works Co Inc	65,000	8,107,530
MIPS AB	200,000	7,869,944
Pro Medicus Ltd	475,000	7,775,092
Santen Pharmaceutical Co Ltd	520,000	7,593,123
Cochlear Ltd	53,000	6,899,599
Ryman Healthcare Ltd	900,000	6,791,871
Novozymes A/S	135,000	6,601,835
Halma Plc	250,000	6,522,836
Belimo Holding AG	844	5,885,728
Shionogi & Co Ltd	125,000	5,615,866

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial year listed in descending order. A change is defined as aggregate purchases of a security exceeding 1% of the total value of the purchases during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO BETTER WORLD FUND****PORTFOLIO CHANGES – TOP 1% SALES (unaudited)***For the financial year ended 31 December 2020*

Sales	Nominal	Proceeds €
Kingspan Group Plc	215,000	14,649,495
Adyen NV '144A'	5,000	8,073,678
Waters Corp	30,000	6,149,358
Veeva Systems Inc - Class A	27,500	5,346,463
Amplifon SpA	220,000	5,295,944
Nemetschek SE	85,000	5,169,666
Masimo Corp	25,000	5,080,730
IPG Photonics Corp	30,000	4,546,135
Mani Inc	195,000	4,406,014
Sartorius Stedim Biotech	20,000	4,181,831
Orpea	37,500	3,883,318
First Derivatives Plc	100,000	3,433,292
Rational AG	7,000	3,265,694
Renishaw Plc	75,000	3,210,055
ICON Plc	20,000	2,812,181
Sonic Healthcare Ltd	150,000	2,639,056
Vitasoy International Holdings Ltd	750,000	2,589,139
US Ecology Inc	85,000	2,544,556
Smart Metering Systems Plc	350,000	2,216,212
Victrex Plc	100,000	2,214,786
Qualys Inc	27,500	2,177,801
Novocure Ltd	20,000	2,037,907
China Everbright International Ltd	4,000,000	1,884,733
IDP Education Ltd	170,000	1,816,293
Restore Plc	500,000	1,809,555
Cochlear Ltd	12,500	1,588,260
Alarm.com Holdings Inc	30,000	1,542,917
Thule Group AB '144A'	50,000	1,364,405
IDEXX Laboratories Inc	5,000	1,174,538

In accordance with the Central Bank UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial year listed in descending order. A change is defined as aggregate disposals of a security exceeding 1% of the total value of sales during the financial year.

MONTANARO SMALLER COMPANIES PLC

TOTAL EXPENSE RATIOS (ANNUALISED) (unaudited)

For the financial year ended 31 December 2020

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	1.59
Euro Class	1.59
Euro Institutional Accumulation Class	0.59
Euro Institutional Distribution Class	0.84
Sterling Class	1.59
Sterling Institutional Distribution Class	0.84
Swedish Krona Accumulation Class	1.59
US Dollar Class	1.59
Montanaro UK Income Fund	
Euro Class	0.84
Euro Seed Class	0.34
Sterling Accumulation Class	0.84
Sterling Class	0.84
Sterling Seed Class	0.34
Montanaro European Income Fund	
Euro Class	0.85
Sterling Accumulation Class	0.84
Sterling Class	0.85
Montanaro European MidCap Fund	
Euro Distribution Class	1.58
Euro Institutional Accumulation Class	0.83
Montanaro Select Fund	
Euro Distribution Class	0.13
Sterling Distribution Class	0.13
Montanaro Better World Fund	
Euro Accumulation Class*	0.95
Euro Distribution Class	0.96
Sterling Distribution Class	0.96
Swedish Krona Institutional Accumulation Class	0.63

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

MONTANARO SMALLER COMPANIES PLC

PORTFOLIO TURNOVER RATES (unaudited)

For the financial year ended 31 December 2020

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	57.5
Montanaro UK Income Fund	(45.6)
Montanaro European Income Fund	(84.3)
Montanaro European MidCap Fund	62.0
Montanaro Select Fund	(38.7)
Montanaro Better World Fund	(95.9)

*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.

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 POLICY (unaudited)

In line with the requirements of the UCITS Regulations, Montanaro Asset Management Limited is subject to a remuneration policy which is consistent with the principles outlined in SYSC19E of the FCA Handbook (UCITS Remuneration Code).

The Manager's remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its staff is in line with the risk policies and objectives of the UCITS funds it manages. The remuneration policy is renewed on an annual basis, or more frequently where required, and approved by Montanaro Asset Management Limited's Remuneration Committee. Details of the up-to-date remuneration policy are available at www.montanaro.co.uk.

Regulation 89(3A) of the UCITS Regulations requires that the annual financial report of the Company contain certain disclosures on remuneration paid by the Company to its staff during the financial year and details of any material changes to the Company's remuneration policy made during the financial period. The Company has no employees or staff that it employs and pays directly. The Company has a Board of Directors, three of which are employees of Montanaro Asset Management Limited and receive no remuneration from the Company. The remaining two Directors, each of whom is independent, receive a fixed fee only (which for the year ended 31 December 2020 is subject to a limit of £120,000 in total as noted in the Prospectus) and do not receive variable remuneration. The Directors' fees were €61,533 for the financial year ended 31 December 2020 (31 December 2019: €71,615). These fees are considered to be consistent with the powers, tasks, expertise and responsibility of each Director.

The services of two designated persons are provided to the Company pursuant to a management services agreement between the Company and Clifton Fund Consulting Limited trading as KB Associates, in respect of which a fixed fee only is paid and such designated persons do not receive any variable remuneration. The fee for the year ended 31 December 2020 was €45,725 in aggregate (31 December 2019: €40,898).

The Company has prepared a remuneration policy outlining how it adheres to the remuneration requirements set out in the UCITS Regulations. The remuneration policy was adopted with effect from 7 March 2016.

Details of the Company's up-to-date remuneration policy are available at www.montanaro.co.uk.

No material changes have been made to the remuneration policy during the financial year.