

# Montanaro UK Income Fund (£)

29 November 2019

Open Ended

## Fund Objective

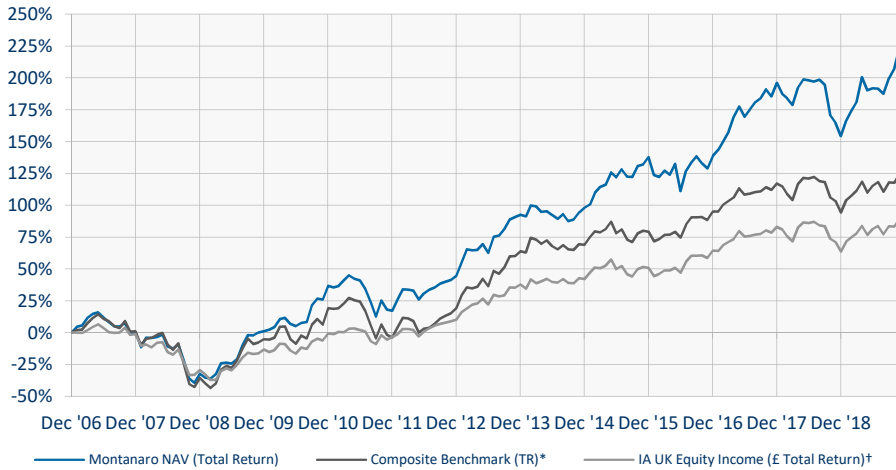
Capital growth and income. The Fund will invest primarily in Small and MidCap companies quoted in the UK that offer an attractive dividend yield or the potential for dividend growth. Up to 20% of the Fund may be invested in companies quoted in the EU (excluding the UK), Iceland, Norway and Switzerland. No unquoted investments are permitted.

## Performance

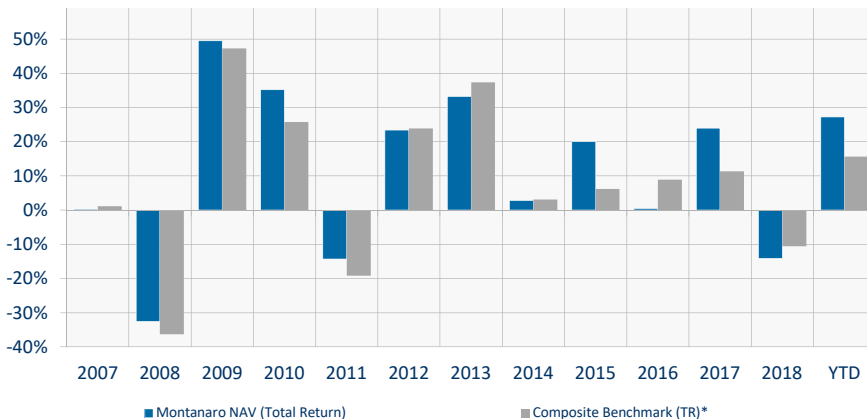
	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
<b>Fund (TR)**</b>	27.2%	5.3%	12.6%	11.5%	22.1%	41.3%	66.6%	223.5%
<b>Benchmark (TR)*</b>	15.6%	3.2%	6.7%	7.0%	10.6%	19.2%	32.5%	124.7%
<b>IA: UK Equity Income (TR)†</b>	15.6%	3.2%	6.7%	7.0%	10.6%	19.2%	32.5%	89.1%

The IA UK Equity Income (Total Return) Sector returns are shown for comparison purposes only.

## Cumulative Performance Since Inception\*



## Calendar Year Returns



Source: Montanaro, Bloomberg, FE Analytics. NAV to NAV, unrounded, dividends reinvested at ex date. NAVs prior to 24/09/07 priced at close of business; between 24/09/07 and 01/10/09 priced at midday; since 2/10/09 priced at 4pm. Prior to June 2013 the UK Income Fund had a UK weighting of below 50%. \* Share class introduced November 2015. \*\* Performance prior to November 2015 based on GBP seed class. \*Please note the benchmark from launch to 08/07/14 was the MSCI Europe SmallCap (Gross TR) Index and from 08/07/14 to 01/07/16 the benchmark was the IA UK Equity Income (Gross TR) Sector. In the composite benchmarks we have continued to use the IA UK Equity Income (Gross TR) Sector from this date for comparison. †The IA UK Equity Income (Gross TR) Sector is shown for the whole period for comparison purposes only.

## About Montanaro

Montanaro, an independent specialist asset manager, was established in 1991 to research and invest in quoted Small & MidCap companies. Funds under management are currently £2.4 billion.

## Fund Facts

<b>Fund Manager</b>	Charles Montanaro
<b>Fund Launch*</b>	December 2006
<b>Year End</b>	December
<b>Currency</b>	GBP
<b>Class</b>	Distribution
<b>IA Sector</b>	UK All Companies (formerly IA UK Equity Income TR)†
<b>Ticker</b>	MOUKING ID
<b>ISIN</b>	IE00BYSRYZ31
<b>Sedol</b>	BYSRYZ3
<b>Fund Size</b>	£524 million
<b>NAV</b>	121.7p
<b>No. of Holdings</b>	50
<b>Median Mkt Cap</b>	£1436 million
<b>Cash</b>	1.5%
<b>Legal Status</b>	Irish OEIC
<b>Listing</b>	Irish Stock Exchange
<b>Valuation Time</b>	Daily 4pm Dublin time
<b>Minimum Investment</b>	£1,000
<b>Dealing Time</b>	12pm Dublin time
<b>Dividend Date</b>	Quarterly
<b>Reporting Fund Status</b>	Approved
<b>Management Fee</b>	Annual 0.75%
<b>Performance Fee</b>	Nil
<b>Initial Charge</b>	Nil
<b>Dividend Yield 20F</b>	3.7% (Portfolio Yield)

## Fund ESG Score

6.3  
The Fund ESG Score is the weighted average of Montanaro's proprietary company ESG Checklist scores (0-10; 10 is best).

## Platforms

The fund is available to purchase on the following:

Cofunds	Nucleus	MFEX
Novia	Ascentric	SEB
Raymond James	Amber Financial	AllFunds
Transact	Old Mutual	Skandia
Hargreaves Lansdown	FNZ Wealth	Aviva
Alliance Trust Savings	Interactive Investor	James Hay
Pershing Nexus	Fidelity Fundsnetwork	AJ Bell

## Ratings and Awards

★★★★ – Morningstar Rating™  
(as at 30/11/19)

## Important Information

All investments are subject to risk and the value of shares and the income from them can fall as well as rise due to stock market and currency movements. You may not get back as much as you originally invested.

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**Top 10 Holdings**

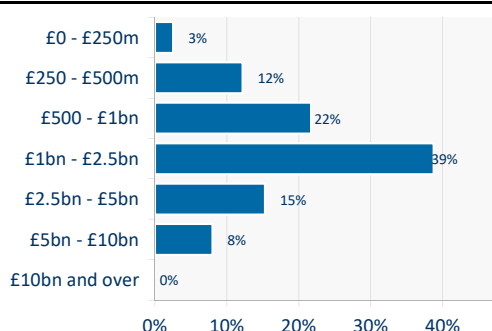
4Imprint Group	3.8%
Marshalls	3.7%
Integrafin	3.2%
Big Yellow Group	3.2%
Polypipe Group	3.1%
Pennon Group	3.0%
Brewin Dolphin Holdings	3.0%
Britvic	3.0%
Bovis Homes Group	2.9%
Severn Trent	2.9%
<b>Total</b>	<b>31.9%</b>

**Portfolio Analysis**

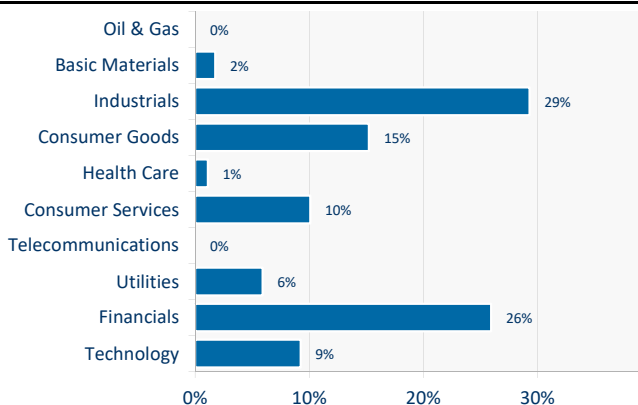
Price / Earnings 20F	16.3
EPS Growth 20F	10.9%
Dividend Yield 20F	3.7%
Dividend Growth 20F	6.7%
Return on Equity 20F	15.7%
EV/EBITDA 20F	13.7
EBIT Margin 20F	25.6%
Net Debt/Equity 20F	29.7%

Source: Factset consensus estimates

**Market Capitalisation Allocation**

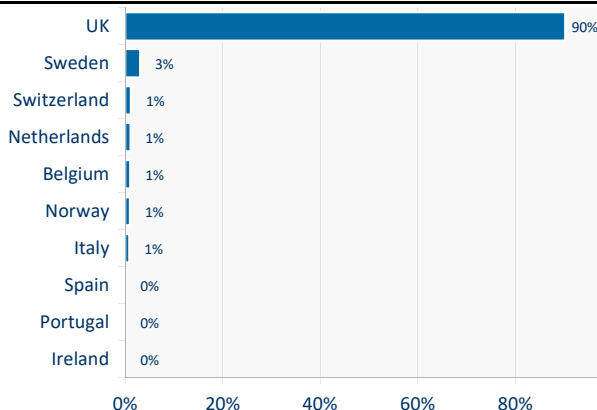


**Sector Allocation**



Sector breakdown is based on ICB classification.

**Country Allocation (Top 10)**



**Monthly Commentary**

Boris Johnson’s election victory has sent an earthquake rippling across the political landscape. His 80 seat majority may well prove as seismic as Tony Blair’s in 1997 and Margaret Thatcher’s in 1983. Time will tell. For now, the fog of uncertainty that has hung over the UK has lifted. The vista is clearing. The UK will leave the European Union by the end of January, providing some clarity – at least in the short-term – to businesses and investors. Little wonder that SmallCap has reacted with such positivity.

To some extent the market had anticipated the result of the election. In this context, the NAV of the share class increased by 5.3% in November (in GBP).

The strongest contribution during the month came from **FDM**, the provider of IT professionals, which recovered following a weak period of performance. **DiscoverIE**, the designer and manufacturer of components for electronic applications, gained following a strong Q2 trading update and a well-received acquisition. **RPS**, the global engineering consultancy, rallied on expectations of a Conservative victory in the upcoming election.

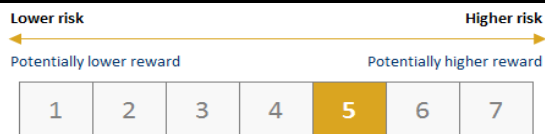
The weakest contribution during the month came from **Cineworld**, the leading cinema operator in the UK and US, which suffered from weak box office takings. **Equiniti**, the share registry platform, issued a disappointing trading statement citing weak corporate action activity. **Big Yellow Group**, the market leader in the UK self-storage sector, declined after the company reported lower occupancy growth than initially expected.

With a majority government in place, it would be little surprise if a “Santa Rally” strengthened markets in the weeks ahead. SmallCap would be a likely beneficiary. A degree of seasonality is a characteristic of the asset class and Santa’s Rally may turn into the “January Effect” in the New Year, a month in which the asset class typically does well.

“Que Sera, Sera” (Whatever Will Be, Will Be), sang Doris Day. We hope that we are moving into a period in which investors can worry a little less about the machinations of politicians. It is better – and more fun – to spend time understanding what it is that is making our investee companies tick. We all need a break from politics. Thankfully, Christmas is around the corner.

We wish you a very Merry Christmas and a Happy New Year!

**Risk and Reward Profile**



These numbers rate how the Fund may perform and the risk of losing some or all of your investment. In general the potential for higher returns also implies a higher level of risk. However, the lowest category (1) does not mean a risk free investment.

This risk rating is based on historical data which may not be a reliable indication of the future risks and rewards of the fund. The risk rating of the fund may change over time.

Past performance is not a reliable indicator of future results. All investments are subject to risk and the value of shares and the income from them can fall as well as rise due to stock market and currency movements. You may not get back as much as you originally invested.

For further information please see the Risk and Reward section of the Key Investor Information Document (KIID).

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