

Montanaro UK Income Fund (£)

31 October 2019

Open Ended

Fund Objective

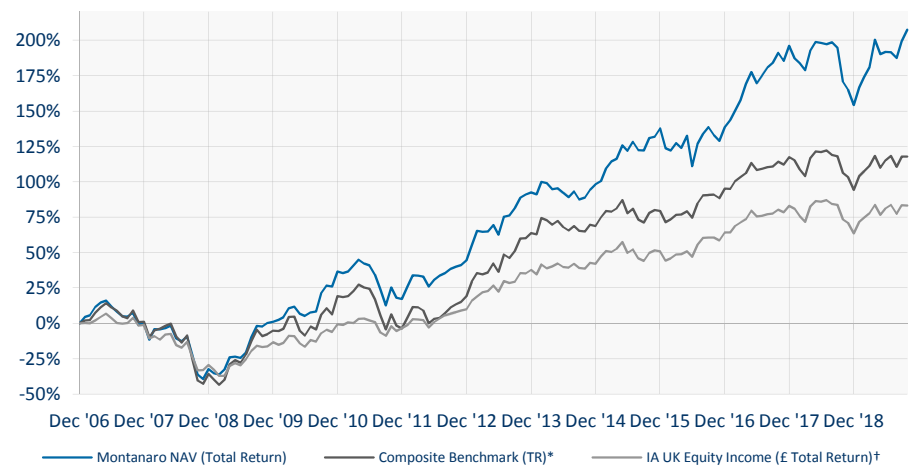
Capital growth and income. The Fund will invest primarily in Small and MidCap companies quoted in the UK that offer an attractive dividend yield or the potential for dividend growth. Up to 20% of the Fund may be invested in companies quoted in the EU (excluding the UK), Iceland, Norway and Switzerland.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

Performance

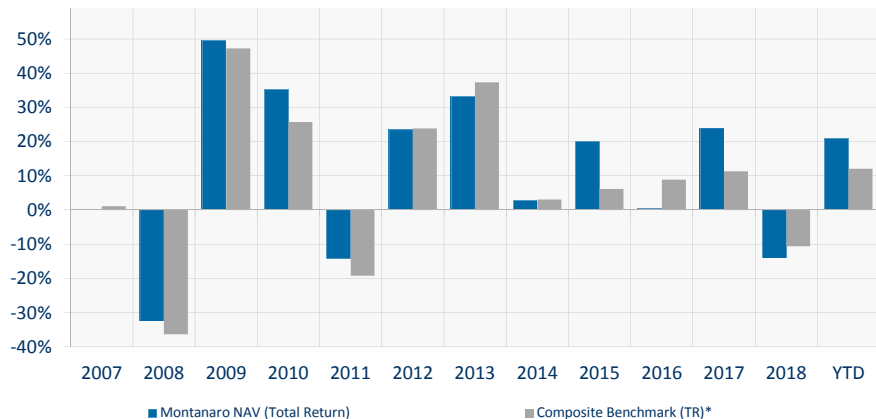
	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
Fund (TR)**	20.9%	2.6%	5.4%	2.3%	13.6%	31.9%	62.8%	207.4%
Benchmark (TR)*	12.1%	0.0%	-0.2%	-0.2%	5.6%	14.1%	32.1%	117.8%
IA: UK Equity Income (TR)†	12.1%	0.0%	-0.2%	-0.2%	5.6%	14.1%	32.1%	83.3%

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 £2.2 billion.

Fund Facts

Fund Manager	Charles Montanaro
Fund Launch*	December 2006
Year End	December
Currency	GBP
Class	Distribution
IA Sector	UK All Companies (formerly IA UK Equity Income TR)†
Ticker	MOUKING ID
ISIN	IE00BYSRYZ31
Sedol	BYSRYZ3
Fund Size	£474 million
NAV	115.6p
No. of Holdings	51
Median Mkt Cap	£1344 million
Cash	1.2%
Legal Status	Irish OEIC
Listing	Irish Stock Exchange
Valuation Time	Daily 4pm Dublin time
Minimum Investment	£1,000
Dealing Time	12pm Dublin time
Dividend Date	Quarterly
Reporting Fund Status	Approved
Management Fee	Annual 0.75%
Performance Fee	Nil
Initial Charge	Nil
Dividend Yield 20F	4% (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 31/10/19)

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

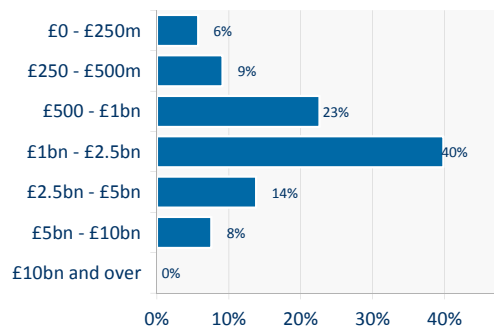
4Imprint Group	4.1%
Big Yellow Group	3.8%
Marshalls	3.8%
Pennon Group	3.3%
Integrafin	3.2%
Polypipe Group	3.2%
Brewin Dolphin Holdings	3.0%
Bovis Homes Group	2.8%
St. James Place	2.7%
Severn Trent	2.7%
	32.6%

Portfolio Analysis

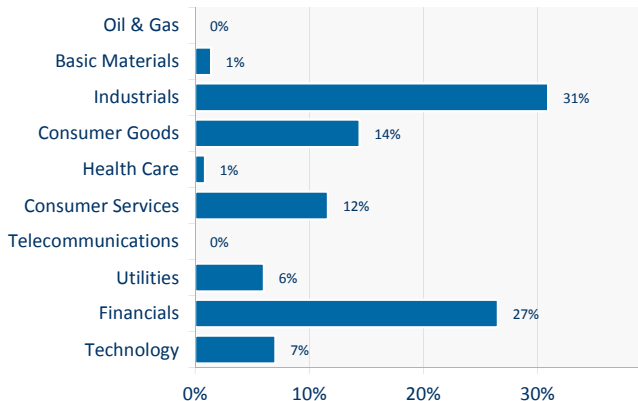
Price / Earnings 20F	15.5
EPS Growth 20F	9.2%
Dividend Yield 20F	4.0%
Dividend Growth 20F	6.7%
Return on Equity 20F	15.5%
EV/EBITDA 20F	12.9
EBIT Margin 20F	24.9%
Net Debt/Equity 20F	10.3%

Source: Factset consensus estimates

Market Capitalisation Allocation

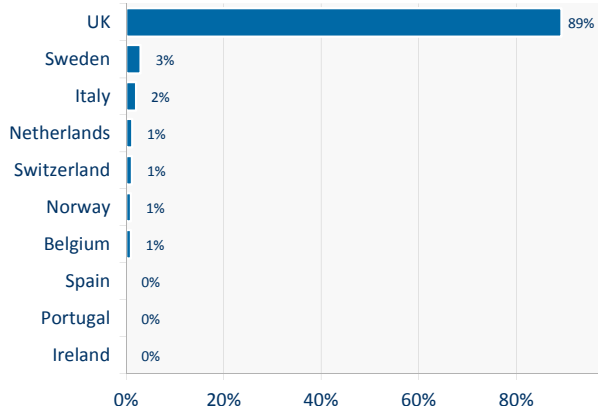


Sector Allocation



Sector breakdown is based on ICB classification.

Country Allocation (Top 10)



Monthly Commentary

Halloween passed and the UK remained in the European Union. The ghoul of Brexit continues to stalk the land. Nevertheless, markets reacted with some positivity to Boris Johnson’s ability to strike a new Brexit deal with the EU, even if he was unable to get it through parliament. That the UK did not pass over the apparent cliff-edge of a “no deal” Brexit was also welcomed by investors. A consequence of this was that SmallCap had one of its strongest months so far this year relative to LargeCap, outperforming by some 2%. Smaller companies in the UK have been such an unloved asset class, but here was a reminder of what can happen when sentiment turns.

In this context, the NAV of the share class increased by 2.6% in October (in GBP). For context, the FTSE All-share declined by 1.4%.

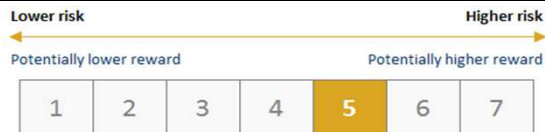
The strongest contribution during the month came from **Big Yellow Group**, the market leader in the self-storage sector, which performed well as fears of a “no deal” Brexit receded. **Polypipe**, the supplier of sustainable water and climate management solutions that are replacing cement alternatives, and **Marshalls**, the hard landscaping manufacturer, also gained on positive Brexit related news.

The weakest contribution during the month came from **IntegraFin**, the IFA platform provider, which experienced profit taking despite posting strong asset inflows. **James Fisher**, the marine services provider declined as Nick Henry stepped down as CEO after 15 years leading the company. **RPS**, the engineering consulting business, experienced volatile trading ahead of its Q3 trading statement, which was in-line with expectations.

It has been 96 years since a pre-Christmas election in the UK. In 1923, the result was a hung parliament. The outcome may be similar this time, although investors hoping for a removal of “Brexit anxiety” must surely wish that some element of certainty emerges from polling stations. But perhaps it won’t. As one wag wrote on Twitter, “the year is 2192. The British Prime Minister visits Brussels to ask for an extension of the Brexit deadline. No one remembers where this tradition originated, but every year it attracts many tourists from all over the world”.

Away from such churlish speculation, October did serve as a warning to those who remain underweight domestic UK equities. Sterling rose by 3% versus the Euro and 5% against the US Dollar during the month. Such appreciation is a headwind for LargeCap companies who source much of their earnings from overseas. A stronger pound, however, aids companies who are more domestically focused, such as those within your Trust.

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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