

Montanaro Select Fund (£)

31 October 2019

Open Ended

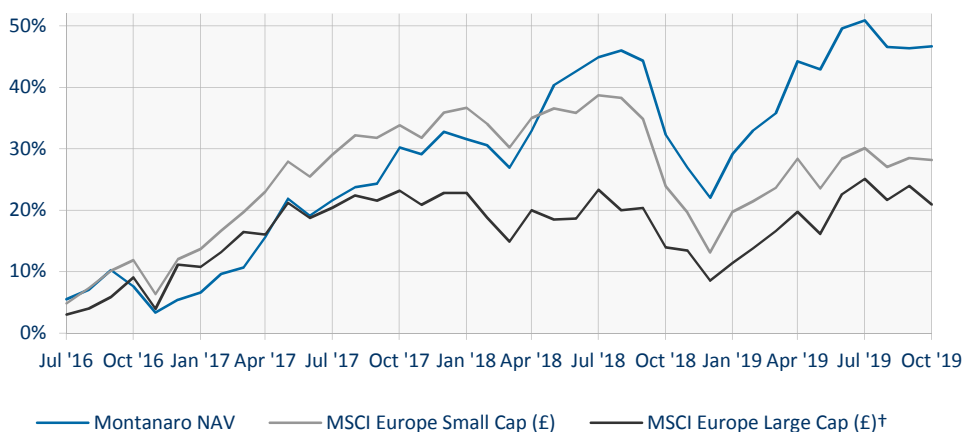
Fund Objective

To outperform its Benchmark, the MSCI Europe SmallCap (Capital Return) Index. The Fund will invest primarily in SmallCap companies quoted in the EU (including UK), Iceland, Norway and Switzerland with a market capitalisation smaller than the largest constituent of the Stoxx Europe Mid 200 Index at the time of initial investment. No unquoted investments are permitted. Target portfolio of 20-30 quoted companies.

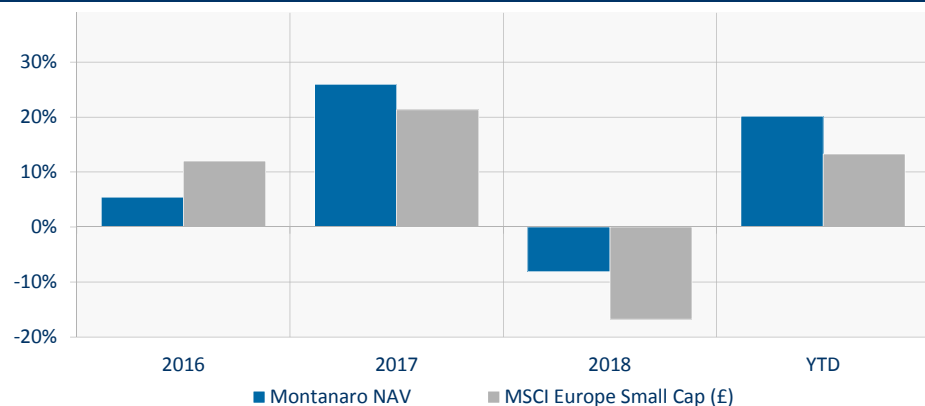
Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
Fund	20.2%	0.2%	-2.8%	1.7%	10.9%	36.3%		46.6%
Benchmark	13.3%	-0.2%	-1.5%	-0.2%	3.4%	14.6%		28.2%
Fund (TR)‡	21.9%	0.2%	-2.8%	1.7%	12.5%	40.6%		51.3%
MSCI Europe Small Cap (TR)†	15.8%	-0.1%	-1.1%	1.2%	5.9%	23.0%		37.4%

Cumulative Performance Since Inception



Calendar Year Returns



Source: Montanaro, MSCI, Bloomberg. NAV to NAV, unrounded.

† The MSCI Europe SmallCap index (net TR) and the MSCI LargeCap index are used for comparison purposes only.

‡ Dividends reinvested at ex-date.

About Montanaro

Montanaro, an independent specialist asset manager, was established in 1991 to research and invest in quoted Small & MidCap companies. Funds under management are currently £2.2 billion.

Fund Facts

Fund Manager	Montanaro Team
Contact	Alex Magni
Fund Launch	July 2016
Year End	December
Currency	GBP
Class	Distribution
Benchmark	MSCI Europe Small Cap (£)
Ticker	MOEMCSD ID
ISIN	IE00BD37Z928
Sedol	BD37Z92
Fund Size	£13 million
NAV	146.6p
No. of Holdings	29
Median Mkt Cap	£2258 million
Cash	7.8%
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	Expected Q1
Reporting Fund Status	Approved
Management Fee	Annual 0.75%
Performance Fee	20% outperformance of Benchmark + 3%, with a hurdle of 133.3p

Authorised for marketing in Finland, Ireland, Sweden, UK

Fund ESG Score 6.5

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

Ratings and Awards

★★★★★ – Morningstar Rating™
 (as at 31/10/19)

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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

Ashtead Group	4.9%
MTU Aero Engines	4.8%
IMCD	4.2%
CTS Eventim	4.1%
St. James Place	4.0%
Big Yellow Group	3.9%
Hilton Food Group	3.9%
Reply	3.9%
Smart Metering Systems	3.6%
Thule Group	3.6%
	40.9%

Risk Analysis

	Fund	Index
Jensen's Alpha (annual)	6.6%	
Beta	0.93	1.00
Standard Deviation	11.4%	11.0%
Sharpe Ratio	0.97	0.45
Tracking Error	5.2%	
Information Ratio	1.31	
Active Share	96.5%	

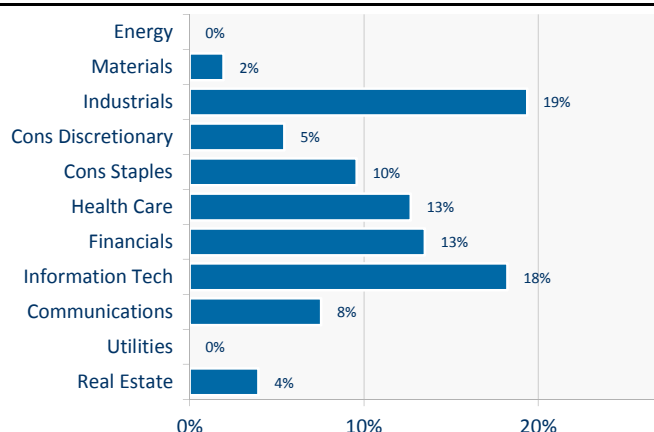
Note: risk statistics over three years

Portfolio Analysis

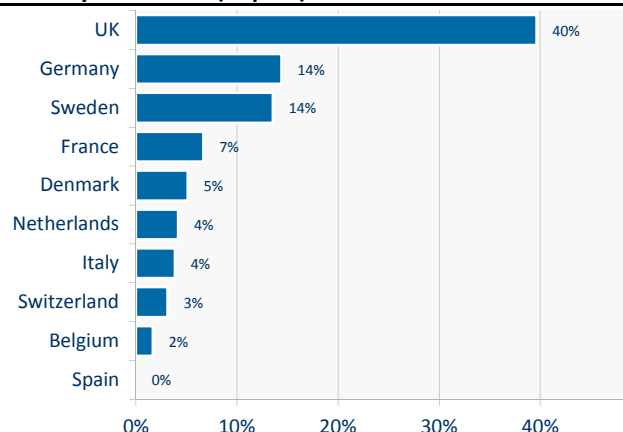
Price / Earnings 20F	22.6
EPS Growth 20F	14.6%
Dividend Yield 20F	2.0%
Dividend Growth 20F	9.7%
Return on Equity 20F	17.5%
EV/EBITDA 20F	18.8
EBIT Margin 20F	23.6%
Net Debt/Equity 20F	11.9%

Source: Factset consensus estimates

Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

Easing political tensions provided support to equity markets in October. A consequence of this was that SmallCap had one of its strongest months so far this year relative to European LargeCap, outperforming by some 2%. With two months to go until the end of the year, SmallCap is now on track to outperform LargeCap in 2019. As President Trump celebrated a "Phase One Trade Deal" with China, the UK stepped back from the apparent precipice of a "no deal" Brexit. Meanwhile, Central Banks reiterated their dovish stances as Mario Draghi, the architect of Europe's "whatever it takes" stimulus strategy, stepped aside for Christine Lagarde.

During October, the NAV of the share class increased by 0.2% in Euro terms, 0.4% ahead of the MSCI Europe Small Cap benchmark index.

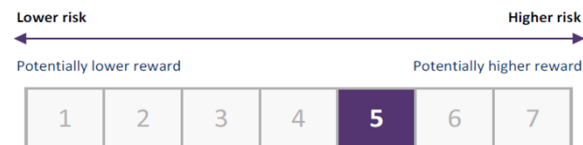
The strongest contribution during the month came from **Smart Metering Systems**, the leading independent owner-operator of smart meters, which recovered after a sharp over-reaction to its interim results. **Big Yellow Group**, the market leader in the UK self-storage sector, performed well as fears of a "no deal" Brexit receded. **St. James's Place**, the wealth manager, benefited from a broker upgrade.

The weakest contribution came from **VZ Holding**, the Swiss wealth manager, which experienced profit taking after a strong third quarter. **Chr Hansen**, the supplier of bioscience based natural ingredients to the food, health and animal feed industries, weakened after the company lowered 2019/20 guidance beyond their long-term targets. **AAK**, the producer of high-value added vegetable oils and fats, declined on profit taking after a slightly weaker than expected set of results.

It is perhaps a little confusing that European equities have climbed close to a two-year high in recent weeks when signs that the global economy is slowing are so prevalent. While much of this is due to improved political developments, a positive earnings season has also reinvigorated investor appetite for risk assets.

Yet the clouds hovering over the investment landscape have not evaporated completely. Geopolitical risks remain and growth is slowing across the world. While the monetary backdrop remains supportive, Central Banks do not have much left in the toolkit. In our opinion, we remain in a period in which investors will continue to favour companies with strong balances sheets and healthy cash flows.

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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