

**MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO
EUROPEAN SMALLER COMPANIES PLC)**

**CONDENSED INTERIM REPORT
AND
FINANCIAL STATEMENTS
(UNAUDITED)**

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2018

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 (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MANAGEMENT AND OTHER INFORMATION

Directors

Gavin Caldwell (Irish)* (Chairman)
Eimear Cowhey (Irish)*
Rodney Barton (British)*
Charles Montanaro (British)

* Independent non-executive directors

Investment Manager

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

Administrator

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

Secretary

Goodbody Secretarial Limited
IFSC
North Wall Quay
Dublin 1
Ireland

Swiss Representative Office

First Independent Fund Services Ltd*
Klausstrasse 33
CH-8008 Zurich
Switzerland

Oligo Swiss Fund Services, SA*
AV. Villamont 17
1005 Lausanne
Switzerland

Swiss Paying Agent

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

Governance Support**

KB Associates
5 George's Dock
IFSC
Dublin 1

Listing Sponsor

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Depository

BNY Mellon Trust Company (Ireland) Limited
One Dockland Central
Guild Street
IFSC
Dublin 1
Ireland

Independent Auditors

Ernst & Young
Chartered Accountants
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Legal Advisors

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

Legal Advisors

As to Irish Law
A&L Goodbody
IFSC
25/28 North Wall Quay
Dublin 1
Ireland

Registered Office

Goodbody Secretarial Limited
IFSC
North Wall Quay
Dublin 1
Ireland

*With effect from 15 August 2018, Oligo Swiss Fund Services, SA were appointed as the Company's Swiss Representative Office replacing First Independent Fund Services Ltd.

**On 1 July 2018, KB Associates were appointed to provide Designated Persons and consulting services to the Company.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

INVESTMENT MANAGER'S REVIEW

Review

To paraphrase a much loved footballing cliché, it's been a year of two quarters.

The first quarter began with a feeling of irrational exuberance. Gone were the concerns about the longevity of the Bull Market. Investors flooded into equity markets, convinced that the global growth story would propel markets to further highs. Risk assets led the charge, as is often the case in January. It was therefore little surprise that "Low Quality" was the main driver of returns in the opening weeks of the year.

Yet a blast of reality soon blew through markets, much like the Beast from the East which brought sleet and snow to parts of Europe. In February, strong wage growth in the US was taken as a sign of rising inflation, rattling investors. In an increasingly fickle environment, companies that reported strong earnings were rewarded, while those that missed consensus expectations were heavily punished. Global markets ended largely lower in the first quarter. The central protagonists were the falling FANG stocks (Facebook, Amazon, Netflix and Google), an emerging trade war between the US and China, and the overhang of Brexit. After a promising start to the New Year, investors faced negative returns by the end of the quarter.

If that was the tale of the first quarter, the second proved more positive. Investors responded warmly to a solid earnings season against a backdrop of positive economic news. Unemployment across Europe continued to decline, helped by significant improvements in Italy, France and Spain.

Overall, returns for the half-year eked into the black. Pleasingly, European SmallCap outperformed LargeCap by over 3% over the six months to the end of June. Much of this was due to the resilience of the European economy, which dispelled concerns relating to political turbulence in Italy, the Catalan independence "referendum" and noise about trade wars.

This backdrop proved favourable to our house style, with High Quality outperforming Low Quality over the period. All of our sub-funds performed well in both absolute and relative terms, including our Better World Fund which launched on 10 April.

Outlook

With a lingering heat wave hanging over Europe and the fast approaching seasonal holidays, markets may well be headed for a quiet period. The key macroeconomic trends identified at the start of the year – positive economic momentum, rising inflation, tightening of monetary policies – remain largely unchanged.

At the time of writing, the main unknown relates to the outlook for global trade in light of the protectionist policies coming out of the White House. We do not claim to have any edge when it comes to international politics and will happily leave others to speculate about developments. For now, we remain firmly focused on finding the best managed, high quality, growth companies with strong balance sheets that can demonstrate control over their own destiny irrespective of the vagaries of politics.

Charles Montanaro
Montanaro Asset Management Limited
July 2018

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £	Montanaro European Income Fund €
Current assets	Note				
Cash and cash equivalents	3	8,427,025	4,621,631	105,933	6,128,212
Financial assets at fair value through profit or loss					
- Equities		531,006,052	301,686,406	573,330	199,930,118
Dividends receivable		527,383	1,015,198	10,622	156,889
Receivable for fund shares sold		190,251	–	–	14,338
Receivable for investments sold		6,016,400	1,657,709	–	435,580
Other receivables		2,666,206	78,788	1,711	820,293
Total current assets		548,833,317	309,059,732	691,596	207,485,430
Current liabilities					
Payable for fund shares repurchased		(117,020)	(6,984)	–	–
Payable for investments purchased		–	(1,476,977)	–	(429,795)
Investment management fees payable		(1,651,276)	(197,691)	(31,866)	(378,948)
Performance fees payable		(3,355,935)	–	(93,644)	–
Administration fees payable		(209,166)	(80,119)	(11,096)	(48,392)
Depositary fees payable		(64,510)	(16,367)	(1,806)	(23,849)
Legal fees payable		(16,590)	(3,539)	(678)	(2,562)
Directors' fees payable		(924)	–	(378)	–
Professional fees payable		(9,804)	(5,349)	(941)	(4,020)
Audit fees payable		(12,742)	(2,296)	(536)	(2,491)
Other accrued expenses payable		(18,692)	(4,960)	(814)	(3,449)
Total current liabilities		(5,456,659)	(1,794,282)	(141,759)	(893,506)
Net asset value attributable to holders of redeemable participating shares		543,376,658	307,265,450	549,837	206,591,924

Please refer to Note 11 for Net Asset value (“NAV”) and NAV per share details.

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 (continued)

		Montanaro European MidCap Fund €	Montanaro Select Fund €	Montanaro Better World Fund* €	Total €
Current assets	Note				
Cash and cash equivalents	3	4,002,758	206,130	1,574,303	25,684,298
Financial assets at fair value through profit or loss					
- Equities		112,092,003	13,672,849	133,746,928	1,332,239,453
Dividends receivable		589,305	13,938	34,576	2,482,075
Receivable for fund shares sold		113	–	48,420	253,122
Receivable for investments sold		2,005,467	669,073	3,364,684	14,365,721
Other receivables		398,584	10,534	46,817	4,033,461
Total current assets		119,088,230	14,572,524	138,815,728	1,379,058,130
Current liabilities					
Payable for fund shares repurchased		–	–	–	(124,917)
Payable for investments purchased		–	(418,742)	(2,090,109)	(4,608,793)
Investment management fees payable		(407,747)	–	(141,549)	(2,839,101)
Performance fees payable		(1,631,918)	(192,211)	–	(5,285,956)
Administration fees payable		(27,857)	(2,894)	(8,625)	(400,079)
Depositary fees payable		(11,793)	(3,040)	(4,426)	(128,167)
Legal fees payable		(2,999)	(175)	(243)	(27,338)
Directors' fees payable		(111)	–	–	(1,462)
Professional fees payable		(2,650)	–	(6,174)	(29,760)
Audit fees payable		(2,430)	(174)	(646)	(21,685)
Other accrued expenses payable		(3,153)	(277)	(341)	(32,215)
Total current liabilities		(2,090,658)	(617,513)	(2,252,113)	(13,499,473)
Net asset value attributable to holders of redeemable participating shares		116,997,572	13,955,011	136,563,615	1,365,558,657

* On 10 April 2018, the Montanaro Better World Fund was launched.

Please refer to Note 11 for Net Asset value (“NAV”) and NAV per share details.

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MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £
Current assets	Note			
Cash and cash equivalents	3	14,936,204	686,834	517,522
Financial assets at fair value through profit or loss				
- Equities		617,617,717	250,733,843	47,769,532
Dividends receivable		314,310	553,682	77,970
Receivable for fund shares sold		63,284	101,131	–
Other receivables		2,709,620	116,352	12,056
Total current assets		<u>635,641,135</u>	<u>252,191,842</u>	<u>48,377,080</u>
Current liabilities				
Payable for fund shares repurchased		(176,715)	(2,244)	–
Investment management fees payable		(1,832,532)	(155,021)	(87,071)
Performance fees payable		–	–	(551,193)
Administration fees payable		(239,772)	(75,821)	(13,147)
Depositary fees payable		(45,366)	(8,379)	(1,567)
Legal fees payable		(18,007)	(4,634)	(887)
Professional fees payable		(9,175)	(3,382)	(639)
Audit fees payable		(24,874)	(9,054)	(1,725)
Other accrued expenses payable		(28,184)	(3,831)	(597)
Total current liabilities		<u>(2,374,625)</u>	<u>(262,366)</u>	<u>(656,826)</u>
Net asset value attributable to holders of redeemable participating shares		<u>633,266,510</u>	<u>251,929,476</u>	<u>47,720,254</u>

Please refer to Note 11 for Net Asset value (“NAV”) and NAV per share details.

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MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 (continued)

		Montanaro European Income Fund €	Montanaro European MidCap Fund €	Montanaro Select Fund €	Total €
Current assets	Note				
Cash and cash equivalents	3	7,350,345	2,282,797	105,579	26,031,680
Financial assets at fair value through profit or loss					
- Equities		188,364,861	104,025,019	12,705,668	1,258,989,365
Dividends receivable		–	48,475	13,943	1,088,309
Receivable for fund shares sold		320,140	–	–	497,353
Other receivables		625,343	326,101	6,638	3,812,359
Total current assets		196,660,689	106,682,392	12,831,828	1,290,419,066
Current liabilities					
Payable for fund shares repurchased		–	–	–	(179,243)
Investment management fees payable		(341,098)	(440,231)	–	(2,886,587)
Performance fees payable		–	(670,349)	–	(1,291,290)
Administration fees payable		(48,332)	(30,337)	(2,764)	(421,431)
Depositary fees payable		(17,081)	(8,547)	(2,289)	(84,487)
Legal fees payable		(3,479)	(3,330)	(230)	(31,266)
Professional fees payable		(2,493)	(1,721)	–	(17,919)
Audit fees payable		(6,750)	(4,651)	(460)	(48,879)
Other accrued expenses payable		(2,319)	(2,795)	(158)	(38,418)
Total current liabilities		(421,552)	(1,161,961)	(5,901)	(4,999,520)
Net asset value attributable to holders of redeemable participating shares		196,239,137	105,520,431	12,825,927	1,285,419,546

Please refer to Note 11 for Net Asset value (“NAV”) and NAV per share details.

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF COMPREHENSIVE INCOME

Financial period ended 30 June 2018

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £	Montanaro European Income Fund €
Income	Note				
Net realised gain on financial assets at fair value through profit or loss and foreign exchange		48,263,893	4,687,206	11,250,543	5,946,853
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		(20,283,152)	(5,153,826)	(11,966,691)	(204,397)
Dividend income		7,080,213	5,603,733	240,776	4,586,944
Interest income		193	–	4	68
Investment income		35,061,147	5,137,113	(475,368)	10,329,468
Expenses					
Investment management fee	1	(3,429,426)	(359,542)	(116,212)	(719,205)
Performance fee	1	(3,355,935)	–	(93,145)	–
Administration fee	1	(128,847)	(61,164)	(6,640)	(35,719)
Depositary fee	1	(65,485)	(23,939)	(3,140)	(22,281)
Legal fees		(26,445)	(9,523)	(1,504)	(6,704)
Directors' fees	1	(18,393)	(7,895)	(1,277)	(5,569)
Professional fees	1	(8,135)	(3,203)	(524)	(2,431)
Audit fees		(11,393)	(5,316)	(809)	(3,684)
Other expenses	1	(81,882)	(19,176)	(2,960)	(14,028)
Total operating expenses		(7,125,941)	(489,758)	(226,211)	(809,621)
Net income/(loss) from operations		27,935,206	4,647,355	(701,579)	9,519,847
Withholding taxes		(403,792)	(74,142)	(4,644)	(444,096)
Finance costs					
Interest expense		(20,228)	(4,433)	–	(9,264)
Profit/(Loss) for the financial period		27,511,186	4,568,780	(706,223)	9,066,487

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF COMPREHENSIVE INCOME

Financial period ended 30 June 2018 (continued)

		Montanaro European MidCap Fund €	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		7,446,782	674,600	591,945	81,042,887
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		3,220,525	533,680	9,734,996	(26,461,791)
Dividend income		1,680,990	126,575	542,244	20,661,290
Interest income		–	–	–	266
Investment income		12,348,297	1,334,855	10,869,185	75,242,652
Expenses					
Investment management fee	1	(780,385)	–	(141,549)	(5,611,425)
Performance fee	1	(1,631,918)	(192,211)	–	(5,285,956)
Administration fee	1	(19,485)	(2,192)	(8,625)	(271,950)
Depositary fee	1	(12,266)	(1,996)	(4,427)	(137,240)
Legal fees		(5,122)	(464)	(1,194)	(52,464)
Directors' fees	1	(3,531)	(376)	(1,014)	(39,311)
Professional fees	1	(1,513)	(36)	(6,174)	(22,526)
Audit fees		(2,266)	(250)	(646)	(25,203)
Other expenses	1	(11,959)	1,075	(2,631)	(134,591)
Total operating expenses		(2,468,445)	(196,450)	(166,260)	(11,580,666)
Net income from operations		9,879,852	1,138,405	10,702,925	63,661,986
Withholding taxes		(31,963)	(8,631)	(56,189)	(1,034,239)
Finance costs					
Interest expense		(14,524)	(991)	(7,043)	(57,090)
Profit for the financial period		9,833,365	1,128,783	10,639,693	62,570,657

* On 10 April 2018, the Montanaro Better World Fund was launched.

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF COMPREHENSIVE INCOME

Financial period ended 30 June 2017

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £
Income	Note			
Net realised gain on financial assets at fair value through profit or loss and foreign exchange		115,962,113	906,756	926,224
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		(27,221,436)	11,604,826	1,977,479
Dividend income		12,085,338	3,991,503	502,354
Investment income		100,826,015	16,503,085	3,406,057
Expenses				
Investment management fee	1	(4,455,459)	(230,513)	(155,451)
Performance fee	1	(581,936)	–	(106,230)
Administration fee	1	(149,994)	(47,028)	(8,762)
Depositary fee	1	(93,453)	(15,152)	(3,174)
Legal fees		(38,905)	(4,522)	(1,189)
Directors' fees	1	(30,271)	(3,337)	(880)
Professional fees	1	(13,606)	(1,042)	(75)
Audit fees		(28,253)	(2,273)	(596)
Other expenses	1	(90,521)	(8,744)	(770)
Total operating expenses		(5,482,398)	(312,611)	(277,127)
Net income from operations		95,343,617	16,190,474	3,128,930
Withholding taxes		(100,012)	(76,074)	(5,285)
Finance costs				
Interest expense		(34,402)	(1,600)	–
Profit for the financial period		95,209,203	16,112,800	3,123,645

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF COMPREHENSIVE INCOME

Financial period ended 30 June 2017 (continued)

		Montanaro European Income Fund €	Montanaro European MidCap Fund €	Montanaro Select Fund €	Total €
Income	Note				
Net realised gain on financial assets at fair value through profit or loss and foreign exchange		783,133	4,119,363	11,611	123,007,145
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		18,324,054	6,687,152	889,486	14,469,316
Dividend income		3,945,281	1,789,331	115,760	23,160,028
Investment income		23,052,468	12,595,846	1,016,857	160,636,489
Expenses					
Investment management fee	1	(635,646)	(809,889)	–	(6,349,695)
Performance fee	1	–	(53,005)	–	(758,438)
Administration fee	1	(30,037)	(22,569)	(1,555)	(269,013)
Depositary fee	1	(19,151)	(11,682)	(1,457)	(147,048)
Legal fees		(4,908)	(3,770)	(284)	(54,506)
Directors' fees	1	(3,681)	(2,345)	(222)	(41,421)
Professional fees	1	(252)	(165)	(41)	(15,363)
Audit fees		(2,456)	(1,590)	(129)	(35,763)
Other expenses	1	(8,970)	(4,136)	(471)	(115,159)
Total operating expenses		(705,101)	(909,151)	(4,159)	(7,786,406)
Net income from operations		22,347,367	11,686,695	1,012,698	152,850,083
Withholding taxes		(432,984)	(179,623)	(11,451)	(818,653)
Finance costs					
Interest expense		(2,000)	(2,793)	(249)	(41,304)
Profit for the financial period		21,912,383	11,504,279	1,000,998	151,990,126

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

Financial period ended 30 June 2018

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £	Montanaro European Income Fund €
Net assets value attributable to holders of redeemable participating shares at the start of the financial period		633,266,510	251,929,476	47,720,254	196,239,137
Profit/(Loss) for the financial period		27,511,186	4,568,780	(706,223)	9,066,487
Proceeds from issuance of shares		15,478,127	61,039,851	59,842	26,416,590
Payments on redemption of shares		(130,970,684)	(6,111,401)	(46,094,258)	(23,641,713)
Income distribution	2	(1,908,481)	(3,514,963)	–	(1,488,577)
Foreign currency translation adjustment		–	(646,293)	(429,778)	–
Net asset value attributable to holders of redeemable participating shares at the end of the financial period		543,376,658	307,265,450	549,837	206,591,924

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

Financial period ended 30 June 2018 (continued)

	Note	Montanaro European MidCap Fund €	Montanaro Select Fund €	Montanaro Better World Fund* €	Total €
Net assets value attributable to holders of redeemable participating shares at the start of the financial period		105,520,431	12,825,927	–	1,285,419,546
Profit for the financial period		9,833,365	1,128,783	10,639,693	62,570,657
Proceeds from issuance of shares		1,723,601	164,308	125,923,922	239,167,672
Payments on redemption of shares		(75,098)	–	–	(214,037,444)
Income distribution	2	(4,727)	(164,007)	–	(7,561,774)
Foreign currency translation adjustment		–	–	–	–
Net asset value attributable to holders of redeemable participating shares at the end of the financial period		116,997,572	13,955,011	136,563,615	1,365,558,657

* On 10 April 2018, the Montanaro Better World Fund was launched.

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

Financial period ended 30 June 2017

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £
Net assets value attributable to holders of redeemable participating shares at the start of the financial period		1,028,200,333	151,059,536	39,543,400
Profit for the financial period		95,209,203	16,112,800	3,123,645
Proceeds from issuance of shares		80,586,663	47,644,851	329,761
Payments on redemption of shares		(377,390,005)	(14,103,980)	(1,091,865)
Income distribution	2	(2,851,029)	(1,484,570)	(557,782)
Foreign currency translation adjustment		–	5,328,932	1,170,428
Net asset value attributable to holders of redeemable participating shares at the end of the financial period		823,755,165	204,557,569	42,517,587

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

Financial period ended 30 June 2017 (continued)

	Note	Montanaro European Income Fund €	Montanaro European MidCap Fund €	Montanaro Select Fund €	Total €
Net assets value attributable to holders of redeemable participating shares at the start of the financial period		156,191,413	111,455,368	8,277,327	1,527,417,611
Profit for the financial period		21,912,383	11,504,279	1,000,998	151,990,126
Proceeds from issuance of shares		6,271,267	414,340	2,341,603	145,386,589
Payments on redemption of shares		(4,258,164)	(8,682,706)	–	(407,996,752)
Income distribution	2	(1,359,450)	(417,640)	(31,420)	(7,033,869)
Foreign currency translation adjustment		–	–	–	–
Net asset value attributable to holders of redeemable participating shares at the end of the financial period		178,757,449	114,273,641	11,588,508	1,409,763,705

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

STATEMENT OF ACCOUNTING POLICIES

Financial period ended 30 June 2018

Principal Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the financial year ended 31 December 2017 as described in those financial statements.

Basis of Preparation

These condensed interim financial statements for the financial period ended 30 June 2018 have been prepared on a going concern basis in accordance with the provisions of 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) (Amendment) Regulations 2015 (as amended) (the “Central Bank UCITS Regulations 2015”) and the Financial Reporting Standard (“FRS”) 104 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council (“FRC”) and which is the statute comprising the Companies Act 2014 and the Central Bank UCITS Regulations 2015. The condensed interim 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 condensed interim financial statements should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2017 and the condensed interim financial statements for the financial period ended 30 June 2017.

The format and certain wordings of the financial statements have been adapted from those contained in the Companies Act 2014, so that, in the opinion of the Directors, they more appropriately reflect the Company's business as an investment fund.

The Company has adopted the “Amendment to FRS 102 – Fair value hierarchy disclosure”, which was issued in March 2016 and is applicable for accounting periods beginning on or after 1 January 2017.

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. Under FRS 104, as the Company, in accordance with this FRS 102 exemption, has not presented a cash flow statement for its annual audited financial statements, there is a conditional exemption from the preparation of a cash flow statement for the condensed interim financial statements.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial period ended 30 June 2018

1. 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	1.50	€1,000
Euro Class	1.50	€1,000
Euro Institutional Accumulation Class ¹	0.50	€250,000,000
Euro Institutional Distribution Class	0.75	€50,000,000
Sterling Class	1.50	£1,000
Sterling Institutional Distribution Class	0.75	£50,000,000
Swedish Krona Accumulation Class	1.50	kr10,000
US Dollar Class	1.50	\$1,000
Montanaro UK Income Fund		
Euro Class	0.75	€1,000
Euro Seed Class ²	0.25	€1,000
Sterling Class	0.75	£1,000
Sterling Seed Class ²	0.25	£1,000
Montanaro UK Smaller Companies Fund		
Sterling Distribution Class	0.75	£1,000
Montanaro European Income Fund		
Euro Class	0.75	€1,000
Sterling Class	0.75	£1,000
Montanaro European MidCap Fund		
Euro Distribution Class	1.50	€1,000
Euro Institutional Accumulation Class	0.75	€25,000,000
Montanaro Select Fund		
Euro Distribution Class ³	Waived	€1,000
Sterling Distribution Class ³	Waived	£1,000
Montanaro Better World Fund*		
Euro Distribution Class ⁴	0.50	€1,000
Sterling Distribution Class ⁴	0.50	£1,000

* On 10 April 2018, the Montanaro Better World Fund was launched.

¹ Up to 31 December 2017, the Investment Manager had been charging a basic Management fee of 0.45% per annum. From 1 January 2018, however, the Investment Manager decided, as per the Prospectus, to charge a fee of 0.50% per annum on this share class.

² These Share Classes of the fund will 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.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

1. Fees (continued)

Investment Management Fee (continued)

⁴ These Share Classes of the Fund will pay 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 0.85% per annum.

The Investment Management fees accrue daily on the basis of the Net Asset Value of the Funds on each dealing day and are payable quarterly in arrears.

Montanaro Asset Management Limited (the “Investment Manager”), earned an Investment Manager fee of €5,611,425 for the financial period ended 30 June 2018 (30 June 2017: €6,349,695).

Performance Fee

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 net asset value per share, having adjusted the closing net asset value 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 net asset value 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 net asset value 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 net asset value per share of that class on the last accounting period end when a Performance fee was paid (if any).

Performance fees of €5,285,956 were charged to the Statement of Comprehensive Income for the financial period ended 30 June 2018 (30 June 2017: €758,438).

Administration and Depositary Fee

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 €271,950 for the financial period ended 30 June 2018 (30 June 2017: €269,013).

BNY Mellon Trust Company (Ireland) Limited (the “Depositary”) will be paid an annual fee accruing daily and paid monthly in arrears. The Depositary fee was €137,240 for the financial period ended 30 June 2018 (30 June 2017: €147,048).

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 €39,311 for the financial period ended 30 June 2018 (30 June 2017: €41,421).

Professional Fees

Professional fees are principally comprised of Taxation fees, Directors indemnity insurance premium (D&O) and Investment Committee fees. For the financial period ended 30 June 2018, Professional fees totalled €22,526 (30 June 2017: €15,363).

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

1. Fees (continued)

Professional Fees (continued)

30 June 2018

	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €
Taxation fees	(5,153)	(1,969)	(302)	(1,527)	(929)
Directors indemnity insurance premiums (D&O)	(2,982)	(1,234)	(222)	(904)	(584)
Investment Committee fees	–	–	–	–	–
	<u>(8,135)</u>	<u>(3,203)</u>	<u>(524)</u>	<u>(2,431)</u>	<u>(1,513)</u>

30 June 2018

	Montanaro Select Fund €	Montanaro Better World Fund* €	Combined Total €
Taxation fees	25	(166)	(10,332)
Directors indemnity insurance premiums (D&O)	(61)	(168)	(6,354)
Investment Committee fees	–	(5,840)	(5,840)
	<u>(36)</u>	<u>(6,174)</u>	<u>(22,526)</u>

* On 10 April 2018, the Montanaro Better World Fund was launched.

30 June 2017

	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €	Montanaro Select Fund €	Combined Total €
Taxation fees	(8,183)	(296)	(195)	(826)	(520)	–	(10,100)
Directors indemnity insurance premiums (D&O)	(5,423)	(746)	120	574	355	(41)	(5,263)
	<u>(13,606)</u>	<u>(1,042)</u>	<u>(75)</u>	<u>(252)</u>	<u>(165)</u>	<u>(41)</u>	<u>(15,363)</u>

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 Ratings fees. For the financial period ended 30 June 2018, other expenses totalled €134,591 (30 June 2017: €115,159).

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

2. 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 UK Smaller Companies 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 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.

The Company made the following distributions to redeemable participating shareholders during the financial period ended 30 June 2018 and 30 June 2017:

	Montanaro European Smaller Companies Fund	Montanaro UK Income Fund	Montanaro UK Smaller Companies Fund	Montanaro European Income Fund	Montanaro European MidCap Fund
	€	£	£	€	€
30 June 2018	1,908,481	3,514,963	–	1,488,577	4,727
30 June 2017	2,851,029	1,484,570	557,782	1,359,450	417,640

	Montanaro Select Fund	Montanaro Better World Fund*	Combined Total
	€	€	€
30 June 2018	164,007	–	7,561,774
30 June 2017	31,420	–	7,033,869

* On 10 April 2018, the Montanaro Better World Fund was launched.

3. Cash and Cash Equivalents

At the financial period end, the Company had a cash balance totalling €25,684,298 (31 December 2017: €26,031,680) with BNY Mellon Trust Company (Ireland) Limited.

4. 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.

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 period, transactions were entered into with these connected persons of the Company, in the ordinary course of business and on normal commercial terms. Details of fees paid to these entities are disclosed in Note 1.

During the financial period, the following related party transactions were entered into:

Charles Montanaro, Director of the Company, and his family members bought/sold shares in the Montanaro Smaller Companies plc (formerly Montanaro European Smaller Companies plc) during the financial period ended 30 June 2018.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

4. Connected Persons and Related Party Transactions (continued)

Rodney Barton, a Director of the Company, is employed by the West Yorkshire Pension Fund, which sold shares in the Montanaro Smaller Companies plc (formerly Montanaro European Smaller Companies plc) during the financial period ended 30 June 2018.

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:

	30 June 2018	31 December 2017	30 June 2017
Montanaro Asset Management Limited	20,822,699	9,983,322	12,847,548
Montanaro Growth & Income Fund Limited Partnership No. 3	8,353,516	8,298,459	8,245,717

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 1.

Regulation 41 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 78.4, 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 41(1) are applied to all transactions with a connected person and all transactions with a connected person that were entered into during the period to which the report relates complied with the obligations that are prescribed by Regulation 41(1).

5. Risk Associated with Financial Instruments

Fair Value Estimation

These condensed interim financial statements have been prepared in accordance with the amendments to FRS 102 fair value hierarchy disclosures as issued by the FRC in March 2016. The fair value measurement is categorised based on Level 1, 2 and 3 classification.

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 at 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 active traded equities, exchange traded derivatives and other quoted 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.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

5. Risk Associated with Financial Instruments (continued)

Fair Value Estimation (continued)

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 are classified as Level 1 at 30 June 2018 and 31 December 2017. There were no transfers between levels during the financial period. 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 at 30 June 2018 and 31 December 2017.

6. Soft Commission Arrangements

No soft commission arrangements were entered into during the financial period ended 30 June 2018, the financial year ended 31 December 2017 or the financial period ended 30 June 2017.

7. Efficient Portfolio Management

The Company may enter into derivative contracts, such as forward currency, futures and options, for the purpose of efficient portfolio management. The use of such techniques and instruments for efficient portfolio management involve certain special risks as outlined in the Prospectus.

The Company did not enter into any derivative contracts during the financial period ended 30 June 2018, the financial year ended 31 December 2017 or the financial period ended 30 June 2017 for efficient portfolio management or any other purpose.

When required, the Company will use the commitment approach to calculate its global exposure.

8. 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). At 30 June 2018 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 (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

8. 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 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 Sub-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.

30 June 2018

	Shares in issue at beginning of financial period	Subscriptions	Redemptions	Shares in issue at end of financial period
Montanaro European Smaller Companies Fund				
Euro Accumulation Class	43,219,842	758,214	(5,338,139)	38,639,917
Euro Class	28,416,699	317,095	(9,947,685)	18,786,109
Euro Institutional Accumulation Class	16,529,734	547,247	(3,553,700)	13,523,281
Euro Institutional Distribution Class	3,201,319	533,494	(917,864)	2,816,949
Sterling Class	7,422,517	33,300	(2,727,269)	4,728,548
Sterling Institutional Distribution Class	12,910,428	511,618	(348,572)	13,073,474
Swedish Krona Accumulation Class	1,267,520	2,209	(799,032)	470,697
US Dollar Class	271,326	3,667	(118,083)	156,910
Montanaro UK Income Fund				
Euro Class	10,814	51,610	–	62,424
Euro Seed Class	3,288,662	116,252	(106,249)	3,298,665
Sterling Class	2,670,090	6,808,341	(1,872,518)	7,605,913
Sterling Seed Class	117,248,007	26,064,827	(1,829,326)	141,483,508
Montanaro UK Smaller Companies Fund				
Sterling Distribution Class	27,278,239	34,936	(27,015,690)	297,485

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

8. Share Capital and Redeemable Participating Shares (continued)

30 June 2018 (continued)

	Shares in issue at beginning of financial period	Subscriptions	Redemptions	Shares in issue at end of financial period
Montanaro European Income Fund				
Euro Class	4,787,428	2,417,218	(120,287)	7,084,359
Sterling Class	89,861,665	11,192,214	(10,850,623)	90,203,256
Montanaro European MidCap Fund				
Euro Distribution Class	50,420,565	116,013	(2,569)	50,534,009
Euro Institutional Accumulation Class	4,434,717	761,195	(34,415)	5,161,497
Montanaro Select Fund				
Euro Distribution Class	4,014,545	53,647	–	4,068,192
Sterling Distribution Class	5,172,457	68,024	–	5,240,481
Montanaro Better World Fund*				
Euro Distribution Class	–	5,772,633	–	5,772,633
Sterling Distribution Class	–	104,228,538	–	104,228,538

* On 10 April 2018, the Montanaro Better World Fund was launched.

31 December 2017

	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	67,226,627	4,588,251	(28,595,036)	43,219,842
Euro Class	20,150,301	11,780,594	(3,514,196)	28,416,699
Euro Institutional Accumulation Class	80,103,876	7,659,792	(71,233,934)	16,529,734
Euro Institutional Distribution Class	5,205,273	2,113,462	(4,117,416)	3,201,319
Sterling Class	9,223,632	88,918	(1,890,033)	7,422,517
Sterling Institutional Distribution Class	26,179,429	1,878,222	(15,147,223)	12,910,428
Swedish Krona Accumulation Class	1,229,845	37,675	–	1,267,520
US Dollar Class	3,575,548	6,000	(3,310,222)	271,326
Montanaro UK Income Fund				
Euro Class	10,411	403	–	10,814
Euro Seed Class	3,282,143	90,850	(84,331)	3,288,662
Sterling Class	173,372	2,886,980	(390,262)	2,670,090
Sterling Seed Class	85,407,612	42,726,888	(10,886,493)	117,248,007
Montanaro UK Smaller Companies Fund				
Sterling Distribution Class	27,826,127	284,038	(831,926)	27,278,239

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

8. Share Capital and Redeemable Participating Shares (continued)

31 December 2017 (continued)

	Shares in issue at beginning of financial year	Subscriptions	Redemptions	Shares in issue at end of financial year
Montanaro European Income Fund				
Euro Class	878,601	3,982,270	(73,443)	4,787,428
Sterling Class	83,718,531	10,297,495	(4,154,361)	89,861,665
Montanaro European MidCap Fund				
Euro Distribution Class	58,588,629	2,750,805	(10,918,869)	50,420,565
Euro Institutional Accumulation Class	9,753,033	8,708	(5,327,024)	4,434,717
Montanaro Select Fund				
Euro Distribution Class	4,000,000	14,545	–	4,014,545
Sterling Distribution Class	3,345,200	1,827,257	–	5,172,457

30 June 2017

	Shares in issue at beginning of financial period	Subscriptions	Redemptions	Shares in issue at end of financial period
Montanaro European Smaller Companies Fund				
Euro Accumulation Class	67,226,627	1,222,328	(25,410,025)	43,038,930
Euro Class	20,150,301	5,197,893	(1,710,624)	23,637,570
Euro Institutional Accumulation Class	80,103,876	5,951,226	(29,635,753)	56,419,349
Euro Institutional Distribution Class	5,205,273	1,035,506	(2,435,328)	3,805,451
Sterling Class	9,223,632	63,997	(91,959)	9,195,670
Sterling Institutional Distribution Class	26,179,429	1,590,189	(14,000,867)	13,768,751
Swedish Krona Accumulation Class	1,229,845	21,587	–	1,251,432
US Dollar Class	3,575,548	–	(2,365)	3,573,183
Montanaro UK Income Fund				
Euro Class	10,411	125	–	10,536
Euro Seed Class	3,282,143	39,762	(68,769)	3,253,136
Sterling Class	173,372	494,090	(133,195)	534,267
Sterling Seed Class	85,407,612	25,038,678	(7,173,262)	103,273,028
Montanaro UK Smaller Companies Fund				
Sterling Distribution Class	27,826,127	215,512	(727,267)	27,314,372
Montanaro European Income Fund				
Euro Class	878,601	1,483,108	(28,056)	2,333,653
Sterling Class	83,718,531	2,263,789	(2,051,065)	83,931,255

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

8. Share Capital and Redeemable Participating Shares (continued)

30 June 2017 (continued)

	Shares in issue at beginning of financial period	Subscriptions	Redemptions	Shares in issue at end of financial period
Montanaro European MidCap Fund				
Euro Distribution Class	58,588,629	225,617	(3,473)	58,810,773
Euro Institutional Accumulation Class	9,753,033	2,108	(4,941,466)	4,813,675
Montanaro Select Fund				
Euro Distribution Class	4,000,000	14,545	–	4,014,545
Sterling Distribution Class	3,345,200	1,827,257	–	5,172,457

9. Exchange Rates

The exchange rates to Euro (€) at the financial period ended 30 June 2018, financial year ended 31 December 2017 and financial period ended 30 June 2017 are as follows:

	30 June 2018	31 December 2017	30 June 2017
Australian Dollar	1.5802	N/A	N/A
Danish Krone	7.4507	7.4454	7.4350
Hong Kong Dollar	9.1600	N/A	N/A
Japanese Yen	129.3237	N/A	N/A
New Zealand Dollar	1.7245	N/A	N/A
Norwegian Krone	9.5160	9.8218	9.5540
Pound Sterling	0.8843	0.8877	0.8781
Swedish Krona	10.4449	9.8316	9.6200
Swiss Franc	1.1593	1.1702	1.0922
US Dollar	1.1676	1.2008	1.1406

10. Taxation

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

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

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

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

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

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

30 June 2018

	Net assets for dealing	Shares in issue	NAV per share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€221,960,993	38,639,917	€5.744
Euro Class	€111,932,261	18,786,109	€5.958
Euro Institutional Accumulation Class	€82,663,395	13,523,281	€6.113
Euro Institutional Distribution Class	€16,952,498	2,816,949	€6.018
Sterling Class	£25,115,358	4,728,548	£5.311
Sterling Institutional Distribution Class	£70,857,639	13,073,474	£5.420
Swedish Krona Accumulation Class	kr9,365,909	470,697	kr19.898
US Dollar Class	\$520,363	156,910	\$3.316
Montanaro UK Income Fund			
Euro Class	€59,030	62,424	€0.946
Euro Seed Class	€4,376,263	3,298,665	€1.327
Sterling Class	£9,058,997	7,605,913	£1.191
Sterling Seed Class	£294,284,149	141,483,508	£2.080
Montanaro UK Smaller Companies Fund			
Sterling Distribution Class	£549,837	297,485	£1.848
Montanaro European Income Fund			
Euro Class	€8,250,054	7,084,359	€1.165
Sterling Class	£175,401,440	90,203,256	£1.945
Montanaro European MidCap Fund			
Euro Distribution Class	€105,722,230	50,534,009	€2.092
Euro Institutional Accumulation Class	€11,275,342	5,161,497	€2.185
Montanaro Select Fund			
Euro Distribution Class	€5,505,104	4,068,192	€1.353
Sterling Distribution Class	£7,472,582	5,240,481	£1.426
Montanaro Better World Fund*			
Euro Distribution Class	€6,286,738	5,772,633	€1.089
Sterling Distribution Class	£115,208,916	104,228,538	£1.105

* On 10 April 2018, the Montanaro Better World Fund was launched.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

11. Net Asset Value per Redeemable Participating Share at last traded price (continued)

31 December 2017

	Net assets for dealing	Shares in issue	NAV per share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€236,173,061	43,219,842	€5.464
Euro Class	€161,465,940	28,416,699	€5.682
Euro Institutional Accumulation Class	€94,995,149	16,529,734	€5.747
Euro Institutional Distribution Class	€18,569,048	3,201,319	€5.800
Sterling Class	£37,946,209	7,422,517	£5.112
Sterling Institutional Distribution Class	£67,644,048	12,910,428	£5.239
Swedish Krona Accumulation Class	kr22,781,480	1,267,520	kr17.973
US Dollar Class	\$953,963	271,326	\$3.516
Montanaro UK Income Fund			
Euro Class	€10,218	10,814	€0.945
Euro Seed Class	€4,364,906	3,288,662	€1.327
Sterling Class	£3,196,348	2,670,090	£1.197
Sterling Seed Class	£244,849,446	117,248,007	£2.088
Montanaro UK Smaller Companies Fund			
Sterling Distribution Class	£47,720,254	27,278,239	£1.749
Montanaro European Income Fund			
Euro Class	€5,379,111	4,787,428	€1.124
Sterling Class	£169,421,370	89,861,665	£1.885
Montanaro European MidCap Fund			
Euro Distribution Class	€96,678,792	50,420,565	€1.917
Euro Institutional Accumulation Class	€8,841,639	4,434,717	€1.994
Montanaro Select Fund			
Euro Distribution Class	€5,059,598	4,014,545	€1.260
Sterling Distribution Class	£6,893,964	5,172,457	£1.333

30 June 2017

	Net assets for dealing	Shares in issue	NAV per share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€225,064,296	43,038,930	€5.229
Euro Class	€128,555,291	23,637,570	€5.439
Euro Institutional Accumulation Class	€308,916,050	56,419,349	€5.475
Euro Institutional Distribution Class	€21,021,900	3,805,451	€5.524
Sterling Class	£44,501,042	9,195,670	£4.839
Sterling Institutional Distribution Class	£67,887,725	13,768,751	£4.931
Swedish Krona Accumulation Class	kr21,061,646	1,251,432	kr16.830
US Dollar Class	\$11,418,017	3,573,183	\$3.195

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

11. Net Asset Value per Redeemable Participating Share at last traded price (continued)

30 June 2017 (continued)

	Net assets for dealing	Shares in issue	NAV per share
Montanaro UK Income Fund			
Euro Class	€9,376	10,536	€0.890
Euro Seed Class	€4,056,052	3,253,136	€1.247
Sterling Class	£595,607	534,267	£1.115
Sterling Seed Class	£200,392,292	103,273,028	£1.940
Montanaro UK Smaller Companies Fund			
Sterling Distribution Class	£42,517,587	27,314,372	£1.557
Montanaro European Income Fund			
Euro Class	€2,590,931	2,333,653	€1.110
Sterling Class	£154,684,012	83,931,255	£1.843
Montanaro European MidCap Fund			
Euro Distribution Class	€105,368,876	58,810,773	€1.792
Euro Institutional Accumulation Class	€8,904,765	4,813,675	€1.850
Montanaro Select Fund			
Euro Distribution Class	€4,571,442	4,014,545	€1.139
Sterling Distribution Class	£6,161,375	5,172,457	£1.191

12. Comparatives

The comparative financial statements relate to the financial year ended 31 December 2017 and the six months financial period ended 30 June 2017.

13. Foreign Currency Translation Adjustment

The difference between the financial period 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.

The foreign currency translation adjustment for the financial period ended 30 June 2018 for Montanaro UK Income Fund was a loss of £646,293 (30 June 2017: gain of £5,328,932) and for Montanaro UK Smaller Companies Fund was a loss of £429,778 (30 June 2017: gain of £1,170,428).

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

30 June 2018

Average Euro/Sterling 1.1368

Spot Euro/Sterling 1.1308

30 June 2017

Average Euro/Sterling 1.1625

Spot Euro/Sterling 1.1389

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

14. 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

15. Valuation date

The financial statements have been prepared on the last Net Asset Value of the period which has been calculated on 29 June 2018 with a price of that date.

16. Events during the Financial Period

The following distributions were approved by the Directors during the financial period ending 30 June 2018.

Ex-Date of 15 February 2018:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.001900	€55
Euro Seed Class	€0.007055	€23,638
Sterling Class	£0.004676	£16,599
Sterling Seed Class	£0.010662	£1,327,621

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.004441	€24,445
Sterling Class	£0.009524	£775,830

Ex-Date of 21 March 2018

Montanaro European Smaller Companies Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.014076	€267,166
Euro Institutional Distribution Class	€0.092664	€240,638
Sterling Class	£0.032680	£153,773
Sterling Institutional Distribution Class	£0.077914	£1,025,995
US Dollar Class	\$0.265493	\$58,938

Montanaro European MidCap Fund

Share Class	Rate per Share	Distribution
Euro Distribution Class	€0.000093	€4,727

Montanaro Select Fund

Share Class	Rate per Share	Distribution
Euro Distribution Class	€0.016303	€65,451
Sterling Distribution Class	£0.016619	£85,961

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

16. Events during the Financial Period (continued)

Ex-Date of 3 April 2018

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.007001	€204
Euro Seed Class	€0.009820	€32,903
Sterling Class	£0.008669	£39,089
Sterling Seed Class	£0.015255	£2,080,074

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.003530	€22,967
Sterling Class	£0.005910	£495,681

An Addendum to the Prospectus was issued on 21 March 2018 providing details relating to the launch of the Montanaro Better World Fund.

The Montanaro Better World Fund was launched on 10 April 2018 and two classes of shares were made available for subscriptions i.e. the Euro Distribution Class and Sterling Distribution Class. These share classes were registered for marketing in the United Kingdom and Iceland on 19 April 2018.

At the EGM held on 6 June 2018, shareholders approved the removal of the benchmark for the Montanaro European Income Fund, the "MSCI Europe (ex-UK) SmallCap (Total Return) Index", with an effective date of 29 June 2018.

At the AGM held on 6 June 2018, shareholders resolved to update the Company name to Montanaro European Smaller Companies plc with an effective date of 2 July 2018. The resolution was put forward by the Board of Directors in order to better reflect the global focus of a number of the Company's sub-funds.

An updated Prospectus providing details of the Sterling Accumulation Class on both the Montanaro UK Income Fund and Montanaro European Income Fund and reflecting the Company name as Montanaro Smaller Companies plc along with other regulatory updates including GDPR and benchmark regulations was issued on 29 June 2018.

There were no other significant events affecting the Company during the financial period.

17. Events since the Financial Period End

On 1 July 2018, KB Associates were appointed to provide Designated Persons and consulting services to the Company.

The Sterling Accumulation Classes on both the Montanaro UK Income Fund and Montanaro European Income Fund were made available for subscription on 2 July 2018. These share classes were registered for marketing in the United Kingdom from launch date 2 July 2018.

On 15 August 2018, Oligo Swiss Fund Services, SA were appointed as the Companies Swiss Representative Office replacing First Independent Fund Services Ltd.

On 20 August 2018, the Board of Directors approved the termination of the Montanaro UK Smaller Companies Fund.

The following distributions in respect of the financial period ending 30 June 2018 were approved by the Directors:

Ex-date of 2 July 2018:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.010691	€956
Euro Seed Class	€0.015767	€52,013
Sterling Class	£0.014132	£108,064
Sterling Seed Class	£0.024690	£3,496,904

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2018

17. Events since the Financial Period End (continued)

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.020243	€143,412
Sterling Class	£0.033738	£3,043,234

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

18. Approval of Financial Statements

These financial statements were approved by the Directors of the Company on 20 August 2018.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

As at 30 June 2018

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 2017: 3.44%)			
150,000	Melexis NV	12,112,500	2.23
		12,112,500	2.23
Denmark (31 December 2017: 5.41%)			
225,000	SimCorp A/S	15,612,578	2.87
135,000	Chr Hansen Holding A/S	10,679,365	1.97
		26,291,943	4.84
France (31 December 2017: 5.34%)			
200,000	Sartorius Stedim Biotech	17,880,000	3.29
100,000	Orpea	11,450,000	2.11
		29,330,000	5.40
Germany (31 December 2017: 14.44%)			
100,000	MTU Aero Engines AG	16,580,000	3.05
25,000	Rational AG	13,987,500	2.57
325,000	CTS Eventim AG & Co KGaA	13,702,000	2.52
100,000	GRENKE AG	9,800,000	1.80
175,000	CompuGroup Medical SE	7,710,500	1.42
55,000	Krones AG	6,116,000	1.13
100,000	Carl Zeiss Meditec AG	5,850,000	1.08
70,000	STRATEC Biomedical AG	4,704,000	0.87
55,000	Bertrandt AG	4,482,500	0.82
16,100	Hypoport AG	2,572,780	0.47
		85,505,280	15.73
Ireland (31 December 2017: 1.87%)			
300,000	Kingspan Group Plc	12,912,000	2.38
		12,912,000	2.38
Italy (31 December 2017: 11.56%)			
1,100,000	Brembo SpA	12,771,000	2.35
1,250,000	Cerved Group SpA	11,543,750	2.12
125,000	IMA Industria Macchine Automatiche SpA	9,356,250	1.72
250,000	De' Longhi SpA	6,065,000	1.12
175,000	Recordati SpA	5,967,500	1.10
225,000	MARR SpA	5,089,500	0.94
		50,793,000	9.35
Netherlands (31 December 2017: 2.78%)			
175,000	IMCD NV	10,080,000	1.85
525,000	Intertrust NV	8,027,250	1.48
		18,107,250	3.33

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
Norway (31 December 2017: 1.12%)			
150,000	Bakkafrost P/F	7,127,992	1.31
		7,127,992	1.31
Spain (31 December 2017: 3.23%)			
900,000	Merlin Properties Socimi SA	11,205,000	2.06
3,000,000	Prosegur Cash SA	6,945,000	1.28
		18,150,000	3.34
Sweden (31 December 2017: 12.82%)			
450,000	Loomis AB - B	13,424,725	2.47
600,000	Thule Group AB	12,752,627	2.35
1,125,000	Elekta AB - B	12,698,773	2.34
675,000	AAK AB	9,168,966	1.69
150,000	Avanza Bank Holding AB	6,611,835	1.21
550,000	RaySearch Laboratories AB	5,544,808	1.02
365,000	Vitrolife AB	4,561,056	0.84
300,000	Biotage AB	3,291,556	0.60
		68,054,346	12.52
Switzerland (31 December 2017: 6.02%)			
3,250	Belimo Holding AG	12,082,521	2.22
45,000	u-blox Holding AG	7,658,374	1.41
27,500	VZ Holding AG	7,424,616	1.37
5,750	LEM Holding SA	7,350,434	1.35
		34,515,945	6.35
United Kingdom (31 December 2017: 29.50%)			
300,000	Rightmove Plc	17,979,520	3.31
1,250,000	Big Yellow Group Plc	13,371,561	2.46
1,000,000	St James's Place Plc	12,992,747	2.39
4,750,000	NCC Group Plc	10,946,587	2.02
700,000	Halma Plc	10,891,744	2.00
775,000	Consort Medical Plc	10,831,813	1.99
1,000,000	Shaftesbury Plc	10,561,554	1.94
3,500,000	Cineworld Group Plc	10,511,800	1.93
500,000	James Fisher & Sons Plc	9,786,965	1.80
300,000	Dechra Pharmaceuticals Plc	9,430,767	1.74
1,900,000	Marshalls Plc	8,795,943	1.62
2,000,000	Domino's Pizza Group Plc	7,858,972	1.45
130,000	Renishaw Plc	7,761,725	1.43
675,000	Dignity Plc	7,693,878	1.42
1,750,000	IntegraFin Holdings Plc	7,044,806	1.30
1,700,000	RPS Group Plc	4,911,575	0.90
550,000	MP Evans Group Plc	4,695,595	0.86

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2017: 29.50%) (continued)			
350,000	Restore Plc	2,038,244	0.38
		<u>168,105,796</u>	<u>30.94</u>
Total equities		531,006,052	97.72
Total financial assets at fair value through profit or loss		531,006,052	97.72
Cash and cash equivalents		8,427,025	1.55
Other net assets		3,943,581	0.73
Total net assets attributable to holders of redeemable participating shares		543,376,658	100.00
Analysis of Total Assets			% of Total Assets
Financial assets at fair value through profit or loss			96.75
Cash and cash equivalents			1.54
Other assets			1.71
Total assets			<u><u>100.00</u></u>

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND**

As at 30 June 2018

Shares	Description	Fair value £	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Italy (31 December 2017: 2.17%)			
150,000	MARR SpA	3,000,564	0.98
275,000	Cerved Group SpA	2,245,891	0.73
50,000	Recordati SpA	1,507,799	0.49
		6,754,254	2.20
Netherlands (31 December 2017: Nil%)			
175,000	Intertrust NV	2,366,271	0.77
		2,366,271	0.77
Norway - Nil (31 December 2017: 0.94%)			
Portugal - Nil (31 December 2017: 0.91%)			
Sweden (31 December 2017: 2.21%)			
150,000	Thule Group AB	2,819,413	0.91
100,000	Loomis AB - B	2,638,226	0.86
		5,457,639	1.77
Switzerland (31 December 2017: 1.51%)			
120,000	Galenica AG	4,828,583	1.57
		4,828,583	1.57
United Kingdom (31 December 2017: 91.79%)			
375,000	Victrex Plc	10,965,000	3.57
1,100,000	Big Yellow Group Plc	10,406,000	3.39
1,000,000	Hilton Food Group Plc	9,740,000	3.17
2,500,000	Polypipe Group plc	9,585,000	3.12
3,500,000	Cineworld Group Plc	9,296,000	3.03
2,100,000	Marshalls Plc	8,597,400	2.80
650,000	Diploma Plc	8,495,500	2.76
2,250,000	Brewin Dolphin Holdings Plc	8,014,500	2.61
1,750,000	DiscoverIE Group Plc	7,770,000	2.53
215,000	XP Power Ltd	7,718,500	2.51
425,000	James Fisher & Sons Plc	7,356,750	2.39
415,000	4imprint Group Plc	7,241,750	2.36
1,700,000	Clipper Logistics Plc	7,174,000	2.33
2,750,000	RPS Group Plc	7,026,250	2.29
200,000	Cranswick Plc	6,768,000	2.20
1,500,000	Jupiter Fund Management Plc	6,720,000	2.19
675,000	FDM Group Holdings Plc	6,635,250	2.16
425,000	Hiscox Ltd	6,472,750	2.11
2,625,000	Equiniti Group Plc	6,431,250	2.09
550,000	Bovis Homes Group Plc	6,333,250	2.06
1,775,000	IntegraFin Holdings Plc	6,319,000	2.06
2,000,000	Charles Taylor Plc	6,212,666	2.02
500,000	Consort Medical Plc	6,180,000	2.01
775,000	Pennon Group Plc	6,158,150	2.00
1,250,000	Headlam Group Plc	6,131,250	2.00
600,000	Dignity Plc	6,048,000	1.97
525,000	St James's Place Plc	6,032,250	1.96
5,000,000	Primary Health Properties Plc	5,822,500	1.90
2,850,000	NCC Group Plc	5,808,300	1.89

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

As at 30 June 2018

Shares	Description	Fair value £	% of net assets
United Kingdom (31 December 2017: 91.79%) (continued)			
150,000	Fidessa Group Plc	5,783,700	1.88
650,000	Savills Plc	5,668,000	1.84
1,500,000	Ashmore Group Plc	5,604,000	1.82
2,500,000	BCA Marketplace Plc	5,562,500	1.81
1,600,000	Domino's Pizza Group Plc	5,560,000	1.81
600,000	Galliford Try Plc	5,244,818	1.71
200,000	Rathbone Brothers Plc	5,220,000	1.70
900,000	Mucklow A & J Group Plc	4,990,500	1.62
215,000	Clarkson Plc	4,966,500	1.62
250,000	Severn Trent Plc	4,956,250	1.61
1,300,000	Mears Group Plc	4,524,000	1.47
450,000	Ricardo Plc	4,365,000	1.42
2,250,000	ITV Plc	3,925,125	1.28
1,000,000	Arrow Global Group Plc	2,450,000	0.80
		282,279,659	91.87
Total equities		301,686,406	98.18
Total financial assets at fair value through profit or loss		301,686,406	98.18
Cash and cash equivalents		4,621,631	1.50
Other net assets		957,413	0.32
Total net assets attributable to holders of redeemable participating shares		307,265,450	100.00
			% of Total Assets
Analysis of Total Assets			
Financial assets at fair value through profit or loss			97.61
Cash and cash equivalents			1.50
Other assets			0.89
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

As at 30 June 2018

Shares	Description	Fair value £	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
United Kingdom (31 December 2017: 100.10%)			
3,500	Diploma Plc	45,745	8.32
10,000	Entertainment One Ltd	36,995	6.73
6,000	GB Group Plc	35,971	6.54
10,000	IntegraFin Holdings Plc	35,600	6.47
2,000	4imprint Group Plc	34,900	6.35
3,000	Dignity Plc	30,240	5.50
3,000	Shaftesbury Plc	28,020	5.10
5,000	Restore Plc	25,750	4.68
5,000	Porvair Plc	24,900	4.53
6,000	Marshalls Plc	24,564	4.47
1,000	Ted Baker Plc	21,620	3.93
6,000	Domino's Pizza Group Plc	20,850	3.79
2,000	Hilton Food Group Plc	19,480	3.54
700	Dechra Pharmaceuticals Plc	19,460	3.54
1,500	Consort Medical Plc	18,540	3.37
5,000	Mears Group Plc	17,400	3.16
1,000	James Fisher & Sons Plc	17,310	3.15
1,500	Bovis Homes Group Plc	17,272	3.14
500	Cranswick Plc	16,920	3.08
5,000	Advanced Medical Solutions Group Plc	16,450	2.99
5,000	Tristel Plc	15,698	2.86
1,500	FDM Group Holdings Plc	14,745	2.68
5,000	Equiniti Group Plc	12,250	2.23
2,000	Tracsis Plc	12,100	2.20
2,500	Clipper Logistics Plc	10,550	1.92
		573,330	104.27
Total equities		573,330	104.27
Total financial assets at fair value through profit or loss		573,330	104.27
Cash and cash equivalents		105,933	19.27
Other net liabilities		(129,426)	(23.54)
Total net assets attributable to holders of redeemable participating shares		549,837	100.00
Analysis of Total Assets			% of Total
Financial assets at fair value through profit or loss			82.90
Cash and cash equivalents			15.32
Other assets			1.78
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN INCOME FUND**

As at 30 June 2018

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 2017: 3.71%)			
55,000	Melexis NV	4,441,250	2.15
		4,441,250	2.15
Denmark (31 December 2017: 7.25%)			
70,000	Coloplast A/S - B	5,992,170	2.90
270,000	Tryg A/S	5,428,466	2.63
40,000	Chr Hansen Holding A/S	3,164,256	1.53
45,000	SimCorp A/S	3,122,516	1.51
		17,707,408	8.57
France (31 December 2017: 9.38%)			
90,000	Euronext NV	4,891,500	2.37
180,000	Bureau Veritas SA	4,140,000	2.00
60,000	Amundi SA	3,567,600	1.73
250,000	Getlink	2,950,000	1.43
50,000	Thermador Groupe	2,880,000	1.39
50,000	Gaztransport Et Technigaz SA	2,627,500	1.27
155,000	Mercialys SA	2,306,400	1.12
		23,363,000	11.31
Germany (31 December 2017: 13.24%)			
30,000	MTU Aero Engines AG	4,974,000	2.41
6,500	Rational AG	3,636,750	1.76
39,700	Bertrandt AG	3,235,550	1.56
55,000	FUCHS PETROLUB SE - Pref	2,338,600	1.13
15,000	Pfeiffer Vacuum Technology AG	2,121,000	1.03
90,000	Mensch und Maschine Software SE	2,106,000	1.02
47,000	CTS Eventim AG & Co KGaA	1,981,520	0.96
85,000	ProSiebenSat.1 Media SE	1,838,550	0.89
30,000	Fielmann AG	1,794,000	0.87
		24,025,970	11.63
Italy (31 December 2017: 14.71%)			
200,000	Recordati SpA	6,820,000	3.30
260,000	MARR SpA	5,881,200	2.85
600,000	Cerved Group SpA	5,541,000	2.68
60,000	IMA Industria Macchine Automatiche SpA	4,491,000	2.17
1,000,000	Enav SpA	4,316,000	2.09
170,000	De' Longhi SpA	4,124,200	2.00
150,000	Brembo SpA	1,741,500	0.84
		32,914,900	15.93
Netherlands (31 December 2017: 2.15%)			
300,000	Intertrust NV	4,587,000	2.22
		4,587,000	2.22
Norway (31 December 2017: 4.22%)			
125,000	TGS NOPEC Geophysical Co ASA	3,940,730	1.91
80,000	Bakkafrost P/F	3,801,596	1.84
300,000	Borregaard ASA	2,774,274	1.34

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

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

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
Norway (31 December 2017: 4.22%) (continued)			
2,000,000	Kitron ASA	2,061,790	1.00
		12,578,390	6.09
Portugal (31 December 2017: 3.88%)			
800,000	NOS SGPS SA	3,758,400	1.82
300,000	Corticeira Amorim SGPS SA	3,366,000	1.63
		7,124,400	3.45
Spain (31 December 2017: 11.39%)			
500,000	Merlin Properties Socimi SA	6,225,000	3.01
80,000	Viscofan SA	4,672,000	2.26
250,000	Red Electrica Corp SA	4,372,500	2.12
135,000	Bolsas y Mercados Espanoles SHMSF SA	3,815,100	1.85
1,500,000	Prosegur Cash SA	3,472,500	1.68
		22,557,100	10.92
Sweden (31 December 2017: 17.04%)			
250,000	Thule Group AB	5,313,595	2.57
120,000	Avanza Bank Holding AB	5,289,468	2.56
175,000	Loomis AB - B	5,220,726	2.53
65,000	Nolato AB - B	4,511,768	2.19
220,000	AF AB - B	4,313,681	2.09
280,000	Hufvudstaden AB - A	3,431,338	1.66
300,000	Biotage AB	3,291,556	1.59
300,000	Nilorngruppen AB - B	2,315,004	1.12
		33,687,136	16.31
Switzerland (31 December 2017: 9.02%)			
9,000	Partners Group Holding AG	5,674,882	2.75
100,000	Galenica AG	4,550,084	2.20
2,000	LEM Holding SA	2,556,673	1.24
7,500	Burckhardt Compression Holding AG	2,303,076	1.11
500	Belimo Holding AG	1,858,849	0.90
		16,943,564	8.20
Total equities		199,930,118	96.78
Total financial assets at fair value through profit or loss		199,930,118	96.78
Cash and cash equivalents		6,128,212	2.97
Other net assets		533,594	0.25
Total net assets attributable to holders of redeemable participating shares		206,591,924	100.00
			% of Total
Analysis of Total Assets			Assets
Financial assets at fair value through profit or loss			96.36
Cash and cash equivalents			2.95
Other assets			0.69
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN MIDCAP FUND**

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Denmark (31 December 2017: 8.53%)			
57,000	Coloplast A/S - B	4,879,338	4.17
30,000	Chr Hansen Holding A/S	2,373,193	2.03
		7,252,531	6.20
France (31 December 2017: 11.98%)			
57,000	Sartorius Stedim Biotech	5,095,800	4.36
400,000	Getlink	4,720,000	4.03
73,000	Amundi SA	4,340,580	3.71
		14,156,380	12.10
Germany (31 December 2017: 17.42%)			
67,500	Symrise AG	5,090,850	4.35
29,500	MTU Aero Engines AG	4,891,100	4.18
115,000	CTS Eventim AG & Co KGaA	4,848,400	4.15
57,500	Fielmann AG	3,438,500	2.94
		18,268,850	15.62
Ireland (31 December 2017: 4.43%)			
50,000	Kerry Group Plc - A	4,507,500	3.85
		4,507,500	3.85
Italy (31 December 2017: 6.88%)			
140,000	Recordati SpA	4,774,000	4.08
		4,774,000	4.08
Spain (31 December 2017: 8.02%)			
255,000	Red Electrica Corp SA	4,459,950	3.81
650,000	Prosegur Cia de Seguridad SA	3,640,000	3.11
		8,099,950	6.92
Sweden (31 December 2017: 10.37%)			
100,000	Hexagon AB - B	4,922,974	4.21
410,000	Elekta AB - B	4,627,997	3.96
37,500	Autoliv Inc	3,313,098	2.83
37,500	Veoneer Inc	1,137,037	0.97
		14,001,106	11.97
Switzerland (31 December 2017: 4.06%)			
37,000	Temenos AG	4,787,292	4.09
		4,787,292	4.09
United Kingdom (31 December 2017: 26.89%)			
200,000	Bunzl Plc	5,201,622	4.45
218,000	Severn Trent Plc	4,887,094	4.18
1,000,000	Auto Trader Group Plc	4,810,370	4.11
300,000	Halma Plc	4,667,890	3.99
175,000	Ashtead Group Plc	4,531,631	3.87
70,000	Rightmove Plc	4,195,221	3.59
2,000,000	Taylor Wimpey Plc	4,052,742	3.46

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN MIDCAP FUND (continued)**

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2017: 26.89%) (continued)			
300,000	St James's Place Plc	3,897,824	3.33
		<u>36,244,394</u>	<u>30.98</u>
Total equities		112,092,003	95.81
Total financial assets at fair value through profit or loss		112,092,003	95.81
Cash and cash equivalents		4,002,758	3.42
Other net assets		<u>902,811</u>	<u>0.77</u>
Total net assets attributable to holders of redeemable participating shares		116,997,572	100.00
Analysis of Total Assets			% of Total Assets
Financial assets at fair value through profit or loss			94.13
Cash and cash equivalents			3.36
Other assets			2.51
Total assets			<u>100.00</u>

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO SELECT FUND**

As at 30 June 2018

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 2017: 3.95%)			
6,000	Melexis NV	484,500	3.47
		484,500	3.47
Denmark (31 December 2017: 7.48%)			
7,000	SimCorp A/S	485,725	3.48
4,250	Chr Hansen Holding A/S	336,202	2.41
		821,927	5.89
France (31 December 2017: 7.21%)			
6,500	Sartorius Stedim Biotech	581,100	4.16
3,700	Orpea	423,650	3.04
		1,004,750	7.20
Germany (31 December 2017: 9.98%)			
3,700	MTU Aero Engines AG	613,460	4.40
13,000	CTS Eventim AG & Co KGaA	548,080	3.93
3,000	GRENKE AG	294,000	2.11
450	Rational AG	251,775	1.80
		1,707,315	12.24
Italy (31 December 2017: 4.79%)			
45,000	Cerved Group SpA	415,575	2.98
33,000	Brembo SpA	383,130	2.74
		798,705	5.72
Netherlands (31 December 2017: 3.67%)			
9,000	IMCD NV	518,400	3.72
		518,400	3.72
Sweden (31 December 2017: 11.90%)			
25,000	Thule Group AB	531,359	3.81
30,000	AAK AB	407,510	2.92
32,000	Biotage AB	351,099	2.51
25,000	Elekta AB - B	282,195	2.02
17,500	Vitrolife AB	218,681	1.57
		1,790,844	12.83
Switzerland (31 December 2017: 5.99%)			
1,195	VZ Holding AG	322,633	2.31
		322,633	2.31
United Kingdom (31 December 2017: 44.09%)			
26,000	Ashtead Group Plc	673,271	4.82
70,310	Smart Metering Systems Plc	619,349	4.44
55,000	Hilton Food Group Plc	605,763	4.34
95,000	Restore Plc	553,238	3.96
28,000	4imprint Group Plc	552,503	3.96
42,500	St James's Place Plc	552,192	3.96

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO SELECT FUND (continued)**

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2017: 44.09%) (continued)			
9,000	Rightmove Plc	539,386	3.87
13,000	Cranswick Plc	497,456	3.57
45,000	Big Yellow Group Plc	481,376	3.45
110,000	IntegraFin Holdings Plc	442,816	3.17
27,000	Halma Plc	420,110	3.01
60,000	Clipper Logistics Plc	286,315	2.05
		6,223,775	44.60
Total equities		13,672,849	97.98
Total financial assets at fair value through profit or loss		13,672,849	97.98
Cash and cash equivalents		206,130	1.48
Other net assets		76,032	0.54
Total net assets attributable to holders of redeemable participating shares		13,955,011	100.00
Analysis of Total Assets			% of Total Assets
Financial assets at fair value through profit or loss			93.83
Cash and cash equivalents			1.41
Other assets			4.76
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND***

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Australia			
500,000	IDP Education Ltd	3,325,474	2.44
15,000	Cochlear Ltd	1,900,076	1.39
		5,225,550	3.83
Belgium			
40,000	Melexis NV	3,230,000	2.36
		3,230,000	2.36
Denmark			
40,000	Chr Hansen Holding A/S	3,164,256	2.32
60,000	Novozymes A/S - B	2,606,727	1.91
		5,770,983	4.23
France			
45,000	Sartorius Stedim Biotech	4,023,000	2.94
25,000	Orpea	2,862,500	2.10
		6,885,500	5.04
Germany			
47,500	Symrise AG	3,582,450	2.62
30,000	Nemetschek SE	3,087,000	2.26
4,750	Rational AG	2,657,625	1.95
35,000	Carl Zeiss Meditec AG	2,047,500	1.50
		11,374,575	8.33
Hong Kong			
1,500,000	China Everbright International Ltd	1,660,488	1.22
200,000	Vitasoy International Holdings Ltd	548,037	0.40
		2,208,525	1.62
Ireland			
85,000	Kingspan Group Plc	3,658,400	2.68
		3,658,400	2.68
Italy			
125,000	Amplifon SpA	2,223,750	1.63
		2,223,750	1.63
Japan			
150,000	Santen Pharmaceutical Co Ltd	2,239,728	1.64
30,000	TOTO Ltd	1,192,357	0.87
20,000	Pigeon Corp	833,567	0.61
		4,265,652	3.12
Netherlands			
7,500	Adyen NV	3,547,125	2.60
		3,547,125	2.60

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND* (continued)**

As at 30 June 2018

Shares	Description	Fair value €	% of net assets
New Zealand			
500,000	Ryman Healthcare Ltd	3,470,638	2.54
		3,470,638	2.54
Sweden			
130,000	Thule Group AB	2,763,069	2.02
225,000	Biotage AB	2,468,667	1.81
		5,231,736	3.83
Switzerland			
20,000	Tecan Group AG	4,154,162	3.04
750	Belimo Holding AG	2,788,274	2.04
		6,942,436	5.08
United Kingdom			
250,000	Halma Plc	3,889,909	2.85
70,000	Croda International Plc	3,821,609	2.80
775,000	Polypipe Group plc	3,359,965	2.46
85,000	Victrex Plc	2,810,459	2.06
37,500	Spirax-Sarco Engineering Plc	2,760,535	2.02
35,000	Renishaw Plc	2,089,695	1.53
350,000	Restore Plc	2,038,244	1.49
35,000	First Derivatives Plc	1,832,441	1.34
143,789	Smart Metering Systems Plc	1,266,614	0.93
		23,869,471	17.48
United States			
22,500	IDEXX Laboratories Inc	4,211,702	3.09
27,500	ANSYS Inc	4,093,378	3.00
55,000	Qualys Inc	4,067,704	2.98
22,500	Waters Corp	3,759,024	2.75
19,000	IPG Photonics Corp	3,581,610	2.62
50,000	Neogen Corp	3,474,796	2.55
45,000	Medidata Solutions Inc	3,076,055	2.25
57,500	AO Smith Corp	2,938,652	2.15
75,000	Cognex Corp	2,908,654	2.13
42,500	US Ecology Inc	2,349,684	1.72
17,500	Autoliv Inc	2,171,855	1.59
50,000	SolarEdge Technologies Inc	2,094,128	1.53
57,500	Middlesex Water Co	2,085,177	1.53
70,000	LeMaitre Vascular Inc	2,038,456	1.49
22,500	Blackbaud Inc	1,967,003	1.44
30,000	Alarm.com Holdings Inc	1,024,709	0.75
		45,842,587	33.57
Total equities		133,746,928	97.94
Total financial assets at fair value through profit or loss		133,746,928	97.94
Cash and cash equivalents		1,574,303	1.15
Other net assets		1,242,384	0.91
Total net assets attributable to holders of redeemable participating shares		136,563,615	100.00

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

**SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND* (continued)**

As at 30 June 2018

	% of Total
Analysis of Total Assets	Assets
Financial assets at fair value through profit or loss	96.35
Cash and cash equivalents	1.13
Other assets	2.52
Total assets	<u>100.00</u>

* On 10 April 2018, the Montanaro Better World Fund was launched.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO EUROPEAN SMALLER COMPANIES FUND

PORTFOLIO CHANGES – TOP 1% PURCHASES

For the financial period ended 30 June 2018

Purchases	Nominal	Cost €
Cineworld Group Plc	3,700,000	10,541,512
IntegraFin Holdings Plc	1,750,000	4,676,842
Biotage AB	300,000	2,750,379
GRENKE AG	25,000	2,525,955
Restore Plc	350,000	2,073,584
Recordati SpA	25,000	772,583
Dignity Plc	50,000	682,411
Brembo SpA	25,000	300,337
Vitrolife AB	15,000	202,537
Hypoport AG	1,100	183,401

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial period 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 period. All purchases pertaining to the Fund for the financial period have been listed above.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO EUROPEAN SMALLER COMPANIES FUND

PORTFOLIO CHANGES – TOP 1% SALES

For the financial period ended 30 June 2018

Sales	Nominal	Proceeds €
Moncler SpA	450,000	16,880,183
Hufvudstaden AB - A	700,000	9,339,906
Chr Hansen Holding A/S	115,000	8,824,765
Ontex Group NV	330,000	8,067,966
Sartorius Stedim Biotech	100,000	7,216,209
Orpea	60,000	6,248,431
Elekta AB - B	650,000	5,905,365
SimCorp A/S	85,000	5,000,455
Cerved Group SpA	450,000	4,846,345
NCC Group Plc	1,975,000	4,724,694
Auto Trader Group Plc	1,150,000	4,538,510
Loomis AB - B	125,000	3,761,699
James Fisher & Sons Plc	200,000	3,536,624
MTU Aero Engines AG	25,000	3,511,764
Cineworld Group Plc	1,125,000	3,062,632
Brembo SpA	225,000	2,907,847
CompuGroup Medical SE	60,000	2,868,977
Big Yellow Group Plc	275,000	2,763,541
Renishaw Plc	45,000	2,567,930
Rightmove Plc	50,000	2,497,785
Dechra Pharmaceuticals Plc	75,000	2,382,155
Merlin Properties Socimi SA	200,000	2,365,167
Partners Group Holding AG	4,000	2,343,000
Bakkafrost P/F	50,000	2,196,782
CTS Eventim AG & Co KGaA	50,000	1,996,197
Shaftesbury Plc	175,000	1,984,581
MARR SpA	75,000	1,672,326
Halma Plc	100,000	1,463,387
St James's Place Plc	100,000	1,371,616
Rational AG	2,500	1,346,501

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial period 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 period.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO UK INCOME FUND

PORTFOLIO CHANGES – TOP 1% PURCHASES

For the financial period ended 30 June 2018

Purchases	Nominal	Cost £
Cineworld Group Plc	3,700,000	8,208,971
Charles Taylor Plc	2,000,000	5,861,990
Domino's Pizza Group Plc	1,600,000	5,459,886
Dignity Plc	600,000	5,413,336
DiscoverIE Group Plc	1,200,000	4,851,564
IntegraFin Holdings Plc	1,775,000	4,611,448
Clipper Logistics Plc	1,000,000	4,568,929
Diploma Plc	400,000	4,480,517
James Fisher & Sons Plc	200,000	3,197,257
Polypipe Group plc	750,000	2,897,339
Intertrust NV	175,000	2,669,276
4imprint Group Plc	140,000	2,519,425
Ricardo Plc	250,000	2,472,282
Mucklow A & J Group Plc	410,000	2,286,727
XP Power Ltd	65,000	2,254,902
Hiscox Ltd	150,000	2,217,450
St James's Place Plc	175,000	1,995,638
Primary Health Properties Plc	1,750,000	1,944,291
Victrex Plc	75,000	1,923,702
Marshalls Plc	425,000	1,800,339
Equiniti Group Plc	625,000	1,766,586
NCC Group Plc	850,000	1,761,918
FDM Group Holdings Plc	175,000	1,757,219
Savills Plc	150,000	1,517,073
Recordati SpA	50,000	1,469,102
Ashmore Group Plc	350,000	1,432,773
Galliford Try Plc	200,000	1,415,556
Pennon Group Plc	140,000	992,572
Severn Trent Plc	50,000	974,210
RPS Group Plc	350,000	967,756
Arrow Global Group Plc	225,000	904,722

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial period 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 period.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO UK INCOME FUND

PORTFOLIO CHANGES – TOP 1% SALES

For the financial period ended 30 June 2018

Sales	Nominal	Proceeds £
Tesco Plc	3,444,000	7,133,605
Fidessa Group Plc	150,000	6,076,257
Ashtead Group Plc	225,000	4,972,231
Cineworld Group Plc	1,300,000	3,855,422
Taylor Wimpey Plc	1,900,000	3,506,049
Restaurant Group Plc/The Bakkafrost P/F	1,000,000 75,000	2,625,460 2,572,765
Corticeira Amorim SGPS SA	250,000	2,305,814
Bovis Homes Group Plc	100,000	1,111,484
Arrow Global Group Plc	350,000	870,914
Thule Group AB	35,000	586,924
BCA Marketplace Plc	250,000	537,481
Marshalls Plc	75,000	327,714
NCC Group Plc	100,000	200,352

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial period 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 period. All sales pertaining to the Fund for the financial period have been listed above.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO UK SMALLER COMPANIES FUND

PORTFOLIO CHANGES – TOP 1% PURCHASES

For the financial period ended 30 June 2018

Purchases	Nominal	Cost £
IntegraFin Holdings Plc	144,693	325,200
First Derivatives Plc	5,000	192,220
Ideagen Plc	150,000	173,149

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial period 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 period. All purchases pertaining to the Fund for the financial period have been listed above.

PORTFOLIO CHANGES – TOP 1% SALES

For the financial period ended 30 June 2018

Sales	Nominal	Proceeds £
Dechra Pharmaceuticals Plc	99,300	2,756,862
Hilton Food Group Plc	298,000	2,563,348
FDM Group Holdings Plc	248,500	2,561,022
Diploma Plc	191,500	2,264,721
GB Group Plc	494,000	2,183,946
Entertainment One Ltd	725,222	2,127,591
Consort Medical Plc	181,500	2,104,308
Cranswick Plc	69,500	2,060,428
Marshalls Plc	469,000	1,973,895
Bovis Homes Group Plc	160,500	1,917,492
James Fisher & Sons Plc	108,000	1,826,180
Big Yellow Group Plc	200,000	1,820,953
Advanced Medical Solutions Group Plc	545,000	1,710,880
Sanne Group Plc	270,000	1,651,221
Rathbone Brothers Plc	69,000	1,642,953
Domino's Pizza Group Plc	419,000	1,472,444
NCC Group Plc	650,000	1,324,685
Mears Group Plc	372,000	1,238,204
Restore Plc	195,000	1,060,571
accesso Technology Group Plc	46,894	1,007,507
Ted Baker Plc	39,000	977,965
Cineworld Group plc (Rights 21/02/2018)	1,140,000	869,815
Shaftesbury Plc	87,000	845,151
Clipper Logistics Plc	197,500	815,584
Cineworld Group Plc	285,000	731,259
Tristel Plc	195,000	630,045
Smart Metering Systems Plc	75,000	574,838
Tracsis Plc	98,000	551,433
Equiniti Group Plc	195,000	506,827
IntegraFin Holdings Plc	134,693	469,974

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial period 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 period.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO EUROPEAN INCOME FUND

PORTFOLIO CHANGES – TOP 1% PURCHASES

For the financial period ended 30 June 2018

Purchases	Nominal	Cost €
Enav SpA	1,000,000	4,479,017
Prosegur Cash SA	1,336,873	3,553,007
Thermador Groupe	25,000	2,838,558
Gaztransport Et Technigaz SA	50,000	2,675,473
Kitron ASA	2,000,000	1,921,257
Recordati SpA	60,000	1,784,756
Amundi SA	20,000	1,319,963
Tryg A/S	60,000	1,164,691
De' Longhi SpA	40,000	992,773
NOS SGPS SA	200,000	961,109
Coloplast A/S - B	10,000	706,263
MTU Aero Engines AG	5,000	672,030
Euronext NV	10,000	600,396
Bertrandt AG	5,000	470,516
Thule Group AB	25,000	464,837
Galenica AG	10,000	443,023
Intertrust NV	25,000	437,066
Melexis NV	5,000	413,319
Mensch und Maschine Software SE	15,000	319,754
Merlin Properties Socimi SA	25,000	312,953
AF AB - B	15,000	274,708

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial period 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 period.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO EUROPEAN INCOME FUND

PORTFOLIO CHANGES – TOP 1% SALES

For the financial period ended 30 June 2018

Sales	Nominal	Proceeds €
Prosegur Cia de Seguridad SA	500,000	3,210,415
Ontex Group NV	80,000	1,839,434
VZ Holding AG	4,705	1,322,663
Corticeira Amorim SGPS SA	120,000	1,249,525
Pfeiffer Vacuum Technology AG	7,000	1,118,977
MARR SpA	50,000	1,115,417
Euronext NV	20,000	1,074,801
Melexis NV	10,000	913,158
Nolato AB - B	15,000	853,961
MTU Aero Engines AG	5,000	759,830
Brembo SpA	50,000	661,398
Biotage AB	70,000	635,893
Partners Group Holding AG	1,000	615,103
Viscofan SA	10,000	562,308
Cerved Group SpA	50,000	547,316
TGS NOPEC Geophysical Co ASA	25,000	545,389
Loomis AB - B	15,000	507,808
Bureau Veritas SA	20,000	479,700
Thule Group AB	25,000	466,363
Avanza Bank Holding AB	10,000	453,272
Bertrandt AG	5,300	435,580
Recordati SpA	10,000	376,858
Chr Hansen Holding A/S	5,000	353,406
Getlink	30,000	331,368
Merlin Properties Socimi SA	25,000	287,940

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial period 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 period.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO EUROPEAN MIDCAP FUND

PORTFOLIO CHANGES – TOP 1% PURCHASES

For the financial period ended 30 June 2018

Purchases	Nominal	Cost €
Severn Trent Plc	218,000	4,821,482
Temenos AG	41,000	3,790,230
Recordati SpA	40,000	1,193,358
Auto Trader Group Plc	200,000	813,205
Red Electrica Corp SA	30,000	520,526
Amundi SA	8,000	511,192
Elekta AB - B	56,000	403,841

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial period 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 period. All purchases pertaining to the Fund for the financial period have been listed above.

PORTFOLIO CHANGES – TOP 1% SALES

For the financial period ended 30 June 2018

Sales	Nominal	Proceeds €
Moncler SpA	135,000	4,890,550
Partners Group Holding AG	7,500	4,690,148
Chr Hansen Holding A/S	30,000	2,400,689
Coloplast A/S - B	8,000	678,492
Elekta AB - B	46,000	508,810
Temenos AG	4,000	506,087
Sartorius Stedim Biotech	5,500	473,097
MTU Aero Engines AG	3,000	457,043

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial period 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 period. All sales pertaining to the Fund for the financial period have been listed above.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO SELECT FUND

PORTFOLIO CHANGES – TOP 1% PURCHASES

For the financial period ended 30 June 2018

Purchases	Nominal	Cost €
4imprint Group Plc	28,000	575,454
IntegraFin Holdings Plc	110,000	332,710
Clipper Logistics Plc	60,000	302,071
GRENKE AG	3,000	298,590
Cerved Group SpA	20,000	188,591
AAK AB	1,000	72,120
St James's Place Plc	5,000	65,606
Brembo SpA	5,500	64,464
VZ Holding AG	195	51,964
Ashtead Group Plc	2,000	44,013
Restore Plc	5,000	29,732
CTS Eventim AG & Co KGaA	500	19,866

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial period 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 period. All purchases pertaining to the Fund for the financial period have been listed above.

PORTFOLIO CHANGES – TOP 1% SALES

For the financial period ended 30 June 2018

Sales	Nominal	Proceeds €
Partners Group Holding AG	850	531,550
accesso Technology Group Plc	12,500	311,576
Marshalls Plc	55,000	265,978
Shaftesbury Plc	20,000	229,570
Chr Hansen Holding A/S	2,250	180,483
SimCorp A/S	2,500	168,825
Sartorius Stedim Biotech	1,500	132,938
Halma Plc	8,000	124,111
Big Yellow Group Plc	10,000	106,257
Orpea	800	91,984
Biotage AB	8,000	84,292
Elekta AB - B	5,000	55,381

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial period 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 period. All sales pertaining to the Fund for the financial period have been listed above.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO BETTER WORLD FUND*

PORTFOLIO CHANGES – TOP 1% PURCHASES

For the financial period ended 30 June 2018

Purchases	Nominal	Cost €
ANSYS Inc	30,000	3,919,277
Halma Plc	275,000	3,841,645
Qualys Inc	60,000	3,818,730
Croda International Plc	70,000	3,750,798
Waters Corp	22,500	3,734,326
Sartorius Stedim Biotech	47,500	3,648,121
Tecan Group AG	20,000	3,637,963
Chr Hansen Holding A/S	50,000	3,625,593
IPG Photonics Corp	19,000	3,605,699
Melexis NV	40,000	3,572,571
LeMaitre Vascular Inc	112,500	3,569,478
IDEXX Laboratories Inc	22,500	3,543,557
Polypipe Group plc	775,000	3,450,744
Ryman Healthcare Ltd	500,000	3,294,679
Adyen NV	7,500	3,189,354
Symrise AG	47,500	3,098,898
Neogen Corp	55,000	3,081,925
Victrex Plc	100,000	3,071,113
Cognex Corp	75,000	3,048,129
Kingspan Group Plc	85,000	3,007,647
Thule Group AB	165,000	3,001,870
AO Smith Corp	57,500	2,991,593
Spirax-Sarco Engineering Plc	45,000	2,979,677
Nemetschek SE	30,000	2,909,185
Carl Zeiss Meditec AG	55,000	2,887,083
Medidata Solutions Inc	50,000	2,833,915
IDP Education Ltd	500,000	2,697,409
Orpea	25,000	2,612,963
Belimo Holding AG	750	2,527,204
Rational AG	4,750	2,520,212
Novozymes A/S - B	60,000	2,508,941
Renishaw Plc	45,000	2,502,029
Amplifon SpA	150,000	2,426,428
MTU Aero Engines AG	17,500	2,419,005
Santen Pharmaceutical Co Ltd	175,000	2,341,045
SolarEdge Technologies Inc	50,000	2,292,954
Restore Plc	350,000	2,140,446
Autoliv Inc	17,500	2,040,297
Blackbaud Inc	22,500	1,936,366
US Ecology Inc	42,500	1,920,239
Cochlear Ltd	15,000	1,882,811

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

MONTANARO BETTER WORLD FUND* (continued)

PORTFOLIO CHANGES – TOP 1% PURCHASES (continued)

For the financial period ended 30 June 2018

Purchases	Nominal	Cost €
Middlesex Water Co	57,500	1,852,868
First Derivatives Plc	35,000	1,820,416
Biotage AB	225,000	1,796,390
China Everbright International Ltd	1,500,000	1,708,567

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% purchases during the financial period 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 period.

PORTFOLIO CHANGES – TOP 1% SALES

For the financial period ended 30 June 2018

Sales	Nominal	Proceeds €
MTU Aero Engines AG	17,500	2,785,098
LeMaitre Vascular Inc	42,500	1,376,033
Carl Zeiss Meditec AG	20,000	1,145,175
Chr Hansen Holding A/S	10,000	802,148
Thule Group AB	35,000	750,881
Renishaw Plc	10,000	588,779
Spirax-Sarco Engineering Plc	7,500	549,539
Victrex Plc	15,000	490,339
Amplifon SpA	25,000	421,473
Halma Plc	25,000	408,483
Santen Pharmaceutical Co Ltd	25,000	385,720
Qualys Inc	5,000	378,498
ANSYS Inc	2,500	372,616
Neogen Corp	5,000	345,753
Medidata Solutions Inc	5,000	340,937
Sartorius Stedim Biotech	2,500	221,563

* On 10 April 2018, the Montanaro Better World Fund was launched.

In accordance with UCITS Regulations, the above details the Fund's Portfolio Changes - top 1% sales during the financial period 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 period. All sales pertaining to the Fund for the financial period have been listed above.

MONTANARO SMALLER COMPANIES PLC (formerly MONTANARO EUROPEAN SMALLER COMPANIES PLC)

TOTAL EXPENSE RATIOS (ANNUALISED)

For the financial period ended 30 June 2018

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

	Total expense ratio
	%
Montanaro European Smaller Companies Fund	
Euro Accumulation Class	1.61
Euro Class	1.61
Euro Institutional Accumulation Class	0.61
Euro Institutional Distribution Class	0.86
Sterling Class	1.60
Sterling Institutional Distribution Class	0.86
Swedish Krona Accumulation Class	1.61
US Dollar Class	1.61
Montanaro UK Income Fund	
Euro Class	0.85
Euro Seed Class	0.35
Sterling Class	0.85
Sterling Seed Class	0.35
Montanaro UK Smaller Companies Fund	
Sterling Distribution Class	0.86
Montanaro European Income Fund	
Euro Class	0.85
Sterling Class	0.84
Montanaro European MidCap Fund	
Euro Distribution Class	1.60
Euro Institutional Accumulation Class	0.85
Montanaro Select Fund	
Euro Distribution Class	0.10
Sterling Distribution Class	0.10
Montanaro Better World Fund*	
Euro Distribution Class	0.59
Sterling Distribution Class	0.59

* On 10 April 2018, the Montanaro Better World Fund was launched.