

Montanaro UK Income Fund (£)

28 June 2019

Open Ended

Fund Objective

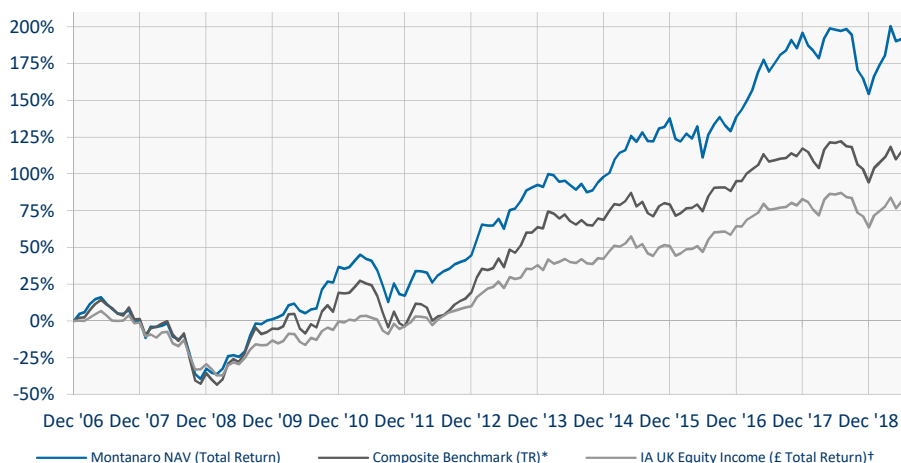
Capital growth and income. The Fund will invest primarily in Small and MidCap companies quoted in the UK that offer an attractive dividend yield or the potential for dividend growth. Up to 20% of the Fund may be invested in companies quoted in the EU (excluding the UK), Iceland, Norway and Switzerland.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

Performance

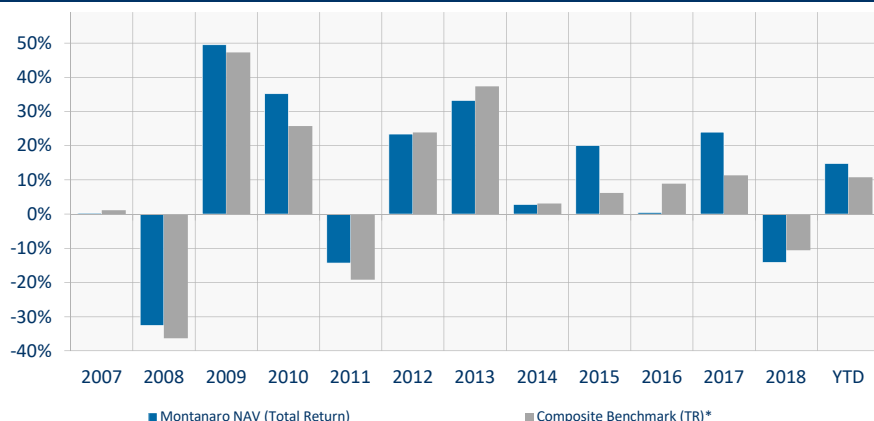
	YTD	1M	3M	6M	12M	3Y	5Y	Launch*
Fund (TR)**	14.7%	0.5%	3.8%	14.7%	-2.1%	38.2%	51.7%	191.7%
Benchmark (TR)*	10.7%	2.5%	1.8%	10.7%	-2.6%	23.2%	28.1%	115.1%
IA: UK Equity Income (TR)†	10.7%	2.5%	1.8%	10.7%	-2.6%	23.2%	29.5%	81.1%

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

Cumulative Performance Since Inception*



Calendar Year Returns



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

About Montanaro

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

Fund Facts

Fund Manager	Charles Montanaro
Fund Launch*	December 2006
Year End	December
Currency	GBP
Class	Distribution
IA Sector	UK All Companies (formerly IA UK Equity Income TR)†
Ticker	MOUKING ID
ISIN	IE00BYSRYZ31
Sedol	BYSRYZ3
Fund Size	£409 million
NAV	112.7p
No. of Holdings	50
Median Mkt Cap	£1300 million
Cash	2.0%
Legal Status	Irish OEIC
Listing	Irish Stock Exchange
Valuation Time	Daily 4pm Dublin time
Minimum Investment	£1,000
Dealing Time	12pm Dublin time
Dividend Date	Quarterly
Reporting Fund Status	Approved
Management Fee	Annual 0.75%
Performance Fee	Nil
Initial Charge	Nil
Dividend Yield 19F	4% (Portfolio Yield)

Fund ESG Score

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

Platforms

The fund is available to purchase on the following:

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

Ratings and Awards

★★★★ – Morningstar Rating™
(as at 30/06/19)

Important Information

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

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Top 10 Holdings

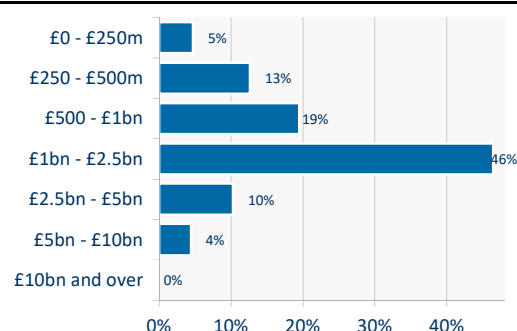
4Imprint Group	4.3%
Marshalls	4.2%
Big Yellow Group	3.8%
Polypipe Group	3.4%
Integrafin	3.2%
Cineworld Group	3.1%
FDM Group	3.1%
Brewin Dolphin Holdings	3.0%
BCA Marketplace	3.0%
Jupiter Fund Management	2.8%
	33.8%

Portfolio Analysis

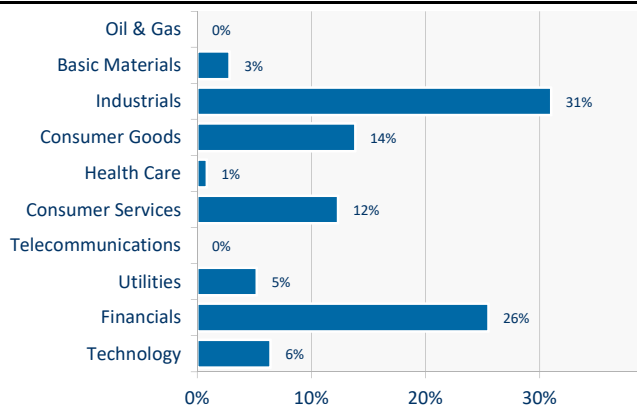
Price / Earnings 19F	16.1
EPS Growth 19F	5.3%
Dividend Yield 19F	4.0%
Dividend Growth 19F	17.0%
Return on Equity 19F	14.6%
EV/EBITDA 19F	13.2
EBIT Margin 19F	22.4%
Net Debt/Equity 19F	12.7%

Source: Factset consensus estimates

Market Capitalisation Allocation

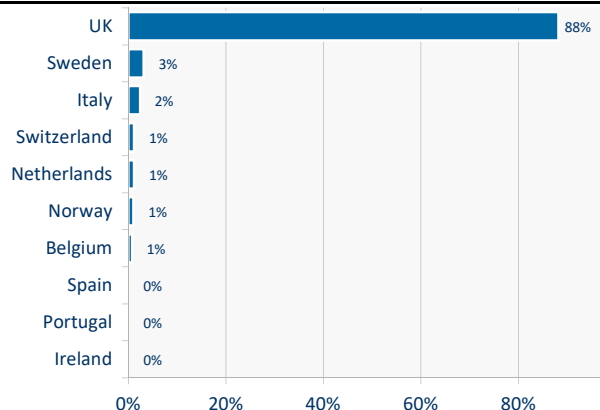


Sector Allocation



Sector breakdown is based on ICB classification.

Country Allocation (Top 10)



Monthly Commentary

June was dominated by the race for the keys to Number 10. Whatever the outcome (and Boris is clearly the favourite), the new incumbent faces a huge challenge to solve the riddle that lies at the heart of domestic politics: the proximity of the 31 October Brexit deadline and the gridlocked arithmetic of parliament. Despite this headwind, UK equities posted decent returns for the first half of 2019, although SmallCap underperformed LargeCap as investors continued to favour companies with international exposure.

In this context, the NAV of the share class increased by 0.5% in June (in GBP).

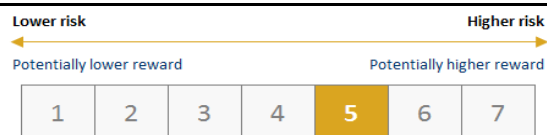
The strongest contributions during the month came from **BCA Marketplace**, the leading B2B used car marketplace, which received a takeover bid from private equity firm TDR Capital. **Jupiter**, the asset manager, saw growing investor confidence as a new CFO was appointed. **Marshalls**, the leading hard landscaping manufacturer, rose following a very well attended capital markets day in which management introduced its 2025 strategy and confirmed that trading activity has been strong in H1.

The weakest contributions during the month came from **RPS**, the global engineering consultancy, which issued a substantial profits warning, blaming the impact of recent elections in Australia which may impact public sector infrastructure spend. **XPS Pensions**, a pension consultant, fell sharply after announcing a slower than expected growth outlook in their main division. We believe the market reaction was extreme. **Cineworld**, the leading cinema operator in the UK and US, suffered from a weak film season in the US, which we believe will recover in H2 2019.

UK equities have been unloved on a global basis ever since Brexit. Yet recent fund flow data may point to a change in the wind. For the first time in two years, UK funds experienced net inflows in May and were the best-selling region according to data from the Investment Association. UK SmallCap looks attractively valued relative to other markets and it is therefore no surprise to see investors dipping their toe back into domestic waters.

Set against this is the likelihood that the narrative of the second half of 2019 may mirror that of the first: Brexit and the trade war could dominate the headlines once again. With this in mind, we continue to believe that the environment remains supportive of owning "Quality" companies. Such businesses typically are more in control of their own destiny and have the resilience and strength to weather periods of market turbulence, which any long-term investor should expect to experience from time to time.

Risk and Reward Profile



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

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

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

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

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