

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product Name: Montanaro European Smaller Companies Trust PLC
ISIN: GB00BM8H3X05
Manufacturer: Montanaro Asset Management Limited
Website: www.montanaro.co.uk
Contact: Call 0207 448 8600 for more information
Competent Authority: The Manufacturer is authorised and regulated by the Financial Conduct Authority. The Company is not regulated or authorised by the Financial Conduct Authority but is subject to the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Rules as applicable to closed-ended investment companies. The Company is subject to the oversight of the Financial Conduct Authority in relation to the content and preparation of this document.

This key information document is valid as at 03 July 2023.

What is this Product?

Type:
UK Investment Trust Company

This product ("the Company") is a closed-ended investment company whose shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company's shares are therefore available to the general public.

The shares of the Company are bought and sold via markets. At any given time on any given day, the price you pay for a share may be higher than the price at which you could sell it.

Objectives:

The investment objective of the Montanaro European Smaller Companies Trust plc is to achieve capital growth by investing principally in Continental European quoted smaller companies. The Company's benchmark index is the MSCI Europe SmallCap (ex UK) Index (in sterling terms). The Company has borrowed to purchase assets for the Company. This will magnify any gains or losses made by the Company.

Intended Investor:

This product is intended for institutional and retail investors with a basic knowledge of financial products. Prospective investors should be prepared to risk their capital up to the amount invested. This product should be held as part of a diversified portfolio of investments.


There is no fixed maturity date. There is no ability for the Company to terminate shareholdings in the Company unilaterally or automatically.

What are the risks and what could I get in return?

Risk Indicator

1	2	3	4	5	6	7
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← Lower risk Higher risk →



The risk indicator assumes you keep the product for 5 years.

The summary risk indicator ("SRI") is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as class 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact the amount you could get back.

Investment Performance Information

The performance of your investment is likely to be determined by a combination of macroeconomic factors and financial factors. The key macroeconomic factors include the level of economic growth in Europe as well as any changes in inflation and interest rates. The key financial factors include the performance of equity markets in Europe, the news flow affecting the companies held by the Company and the appetite of investors for investment trusts as well as the Investment Manager's Quality Growth investment style.

The most suitable index to compare the performance of your investment in the Company is the MSCI Europe ex-UK Small Cap index. You should expect your investment in the Montanaro European Smaller Companies Trust to display a similar level of volatility to this index.

What could affect my return positively?

Your return could be positively affected by the following factors: i) a significant appreciation in European equity markets and of smaller European companies in particular; ii) a change in investor sentiment in favour of the Quality Growth investment style followed by the Investment Manager; iii) an increase in investor appetite for investment trusts, which may result in a tightening of the discount between the share price and the Net Asset Value of the Company; iv) a significant increase in the share prices of one or several investments held by the Company, for instance following positive news released by the company(ies).

What could affect my return negatively?

Conversely, your return could be negatively affected by the following factors: i) a decline in European equity markets and of smaller European companies in particular; ii) a change in investor sentiment in favour of Value and / or Low Quality investment styles; iii) a decline in investor appetite for investment trusts, which may result in a widening of the discount between the share price and the Net Asset Value of the Company; iv) a significant decline in the share prices of one or several investments held by the Company, for instance following negative news released by the company(ies).

The shares you hold in the Company do not have a maturity date and can therefore be held for as long as the Company remains in existence. If you wish to redeem your investment you can do so by selling the shares you hold in the Company on the secondary market. Please note that under severely adverse market conditions you could lose up to 100% of your investment.

What happens if Montanaro Asset Management Ltd is unable to pay out?

As the shares are not traded directly with the Company or the Manager but are traded on the London Stock Exchange, any default by the Manager will not materially affect the value of your shares. However, a default by the Company or any of the underlying holdings could affect the value of your investment. As a shareholder of a listed company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company becomes insolvent.

What are the Costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the Company itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future.

Costs over Time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment: GBP 10.000	1 Year	3 Years	5 Years
Total Costs	131.88 GBP	457.16 GBP	880.48 GBP
Impact on return (RIY) per year	1.32 %	1.32 %	1.32 %

Composition of Costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact of return per year			
One-off costs	Entry Costs	0.00%	The impact of the costs you pay when entering your investment.
	Exit Costs	0.00%	We do not charge an exit fee.
Ongoing costs	Portfolio transaction costs	0.12%	Portfolio transaction costs
	Ongoing costs	1.10%	The impact of the costs that are incurred each year for managing your investments and running the Company. This includes 0.08% of borrowing costs.
Incidental costs	Performance Fee	0.00%	There is no performance fee for this product.
	Carried Interests	0.00%	The impact of carried interests on your investment.

How long should I hold it and can I take my money out early?

Recommended minimum holding period: 5 Years

The recommended minimum holding period of 5 years has been selected for illustrative purposes only and reflects the long-term nature of the Company's investment objectives, but investors may elect to sell their shares on the market at any time without penalty by the Company. The value of shares and the income derived from them (if any) may go down as well as up, and investors may not get back the full value of their investments. Whilst the shares are traded on the London Stock Exchange's Main Market, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them.

How can I complain?

As a shareholder of the Company, you do not have the right to complain to the Financial Ombudsman Service ("FOS") about the management of the Company. Complaints about the Company or this key information document should be sent to the Company Secretary, Juniper Partners Limited, 28 Walker Street, Edinburgh, EH3 7HR or alternatively by email to cosec@junipartners.com. If you have a complaint about any transaction made through your broker, issues with your plan administrator or advisor, you should contact that person or organisation directly.

Address: 28 Walker Street, Edinburgh, EH3 7HR
Website: www.montanaro.co.uk
E-mail: cosec@junipartners.com

Other Relevant Information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. Other relevant information on the Company can be obtained from the Montanaro Asset Management's web pages: <http://www.montanaro.co.uk/our-trusts/european-smaller-companies-trust/overview>.