Key Information Document

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.

Montanaro European Smaller Companies Trust plc

ISIN: GB0004543517.

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.

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What is this Product?

The information contained in this document and the methodologies for calculating risks, costs and potential returns are prescribed by EU rules. The document has been prepared by the Alternative Investment Fund Manager, Montanaro Asset Management Limited on behalf of the Company.

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 investment objective of Montanaro European Smaller Companies Trust plc (the 'Company') 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 target investors are institutions and individual retail investors.

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

The Company has borrowed to purchase assets for the Company. This will magnify any gains or losses made by the investment company.

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

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

The summary risk indicator 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.

1	2	3	**4**	5	6	7

Lower risk ← → **Higher risk**

The risk indicator assumes you keep the product for 5 years. If you sell the shares at an earlier stage the actual risk can vary significantly, which may mean you get back less.

We have classified this product as 4, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions could impact the amount you could get back.

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

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past and are not an exact indicator of what your returns will be. Your returns will depend on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

Investment £10,000				
Scenarios		**1 year**	**3 years**	**5 years (Recommended holding period)**
Stress scenario	What you might get back after costs	£3,448	£4,624	£3,579
	Average return each year	-65.52%	-22.67%	-18.58%
Unfavourable scenario	What you might get back after costs	£9,334	£10,573	£12,558
	Average return each year	-6.66%	1.88%	4.66%
Moderate scenario	What you might get back after costs	£11,490	£15,148	£19,969
	Average return each year	14.90%	14.85%	14.83%
Favourable scenario	What you might get back after costs	£14,110	£21,647	£31,676
	Average return each year	41.10%	29.36%	25.93%

The figures shown include all the costs of the product itself, where applicable, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if the Company is unable to pay out?

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 the Company becomes insolvent. A default by the Company or any of the underlying holdings could affect the value of your investment.

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. The figures assume you invest £10,000. The figures are estimates and may change in the future.

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 £10,000			
Scenarios	**If you cash in after 1 year**	**If you cash in after 3 years**	**If you cash in at 5 years**
Total costs	£227	£769	£1,456
Impact on return (RIY) per year	1.98%	1.98%	1.98%

What are the costs? (continued)

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 on 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%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	**Portfolio transaction costs**	0.44%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.54%	The impact of the costs that are incurred each year for managing your investments and running the Company. This includes 0.34% of borrowing costs.
Incidental costs	**Performance fees**	0.00%	The impact of performance fees on your investment.
	Carried interests	0.00%	The impact of carried interests on your investment.

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

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 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 Ombudman Service ("FOS") about the management of the Company. Complaints about the investment manager or this key information document should be sent to Montanaro Asset Management Limited, 53 Threadneedle Street, London EC2R 8AR,Tel: 020 7448 8000 Fax: 020 7448 8601. If you have a complaint about any transaction made through your broker, issues with your plan administrator or adviser, you should contact that person or organisation directly.

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