

European Smaller Companies Fund (€ Accumulation)

MONTANARO



★★★★ – Morningstar Rating™
(EUR Class, as at 30/11/11)

Monthly Fact Sheet: November 2011

Montanaro, an independent specialist fund manager, was established in 1991 to research and invest in European, including UK quoted SmallCap companies. Funds under management are currently €1.3 billion. The European Smaller Companies Fund invests principally in quoted European (including UK) companies below €3 billion in size with a focus on companies below €1 billion. It is authorised for distribution and regulated in Ireland, the UK, the Netherlands, France, Finland, Sweden, Switzerland and Norway; German Tax Reporting available. A Euro Accumulation share class was launched in 2009.

Monthly Review

November was another volatile month. Greece and Italy have new Prime Ministers whilst the Greeks almost derailed the bailout process by considering (and then rejecting) a referendum. The end of the month saw a sharp recovery in stock markets as Central Banks around the world took concerted action and China cut interest rates. The portfolio outperformed its benchmark by a further 1% during the month.

In a difficult month there were still some positive trading statements. **Schoeller Bleckmann**, the Austrian oil services business, announced a strong set of Q3 results with a particularly strong order intake. All the lead indicators for this business remain positive. **Elekta**, a leading Swedish manufacturer of equipment for treating cancer and brain disorders, also rose strongly. **NCC**, a UK provider of Escrow Solutions and Assurance Testing Solutions, continues to benefit from good demand for its anti-hacking and website testing business.

On the downside **Frigoglass**, the Greek manufacture of Ice Cool Merchandisers, fell in sympathy with the Greek stock market despite trading well. **Euler Hermes**, the French credit insurance company, remains one of the more cyclical holdings in the portfolio. With some increased concerns over lower economic growth for 2012, the shares drifted back. Finally **Chemring**, (UK) which is a world leading specialist in the manufacture of decoy countermeasures, saw some order delays and cancellations which led to a reduction in earnings forecasts.

Montanaro have been an investor in **Nokian Tyres** for many years and recently met its CEO Kim Gran after the company's third quarter results. Nokian specialises in winter tyres and dominates the Scandinavian and Russian markets. Growth has been strong since 2005 when the company

expanded with the opening of a second factory in Russia. This year, operating margins are set to exceed 25% due to its low cost plant, superior brand, focus on studded winter tyres, and lucrative niches such as tyres for SUVs.

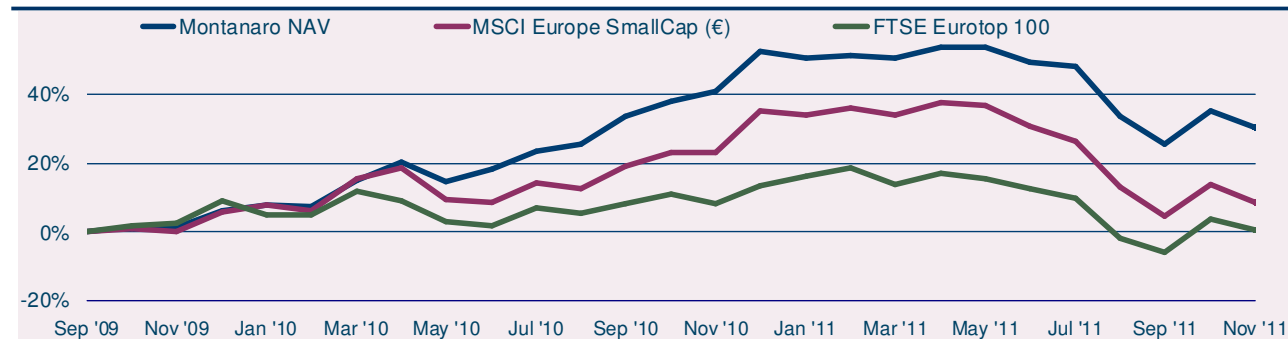
Under Kim Gran over the past ten years, sales have tripled and operating profit increased six-fold. The first nine months of 2011 saw production up 51%, prices and mix improved and the company won additional market share in Russia (sales up 95% in 2011) and the Nordics. The company is installing its 11th and 12th production lines in Russia and we expect the company to eventually expand further with a third plant in Central Europe.

Growth is not without some risk as we expect margins to gradually fall as the company captures more of the Russian and Central European markets by manufacturing cheaper tyres. Russia's WTO ascension could impact margins if competitors lower their Russian prices to Nordic levels. However, we expect import duties that protect Nokian in Russia will only be reduced gradually. Moreover, its efficient manufacturing facilities should enable it to weather these headwinds.

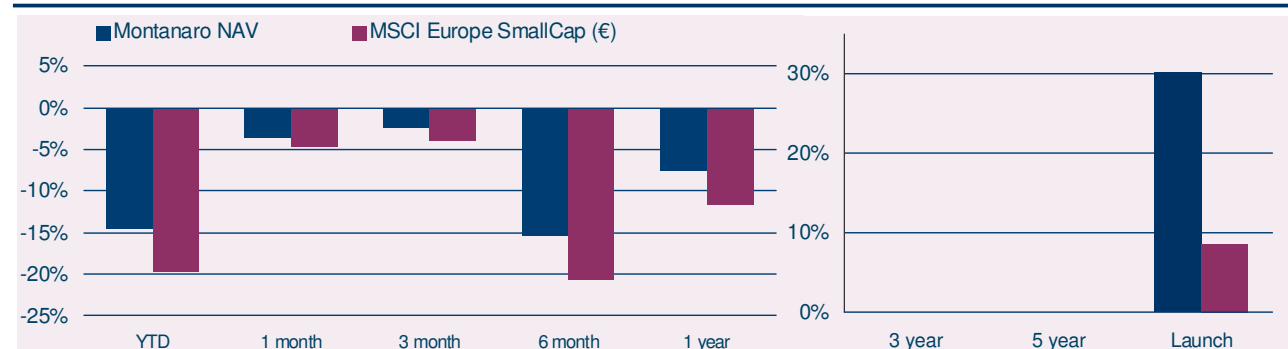
Current market valuations of European SmallCap suggest that the Stock Market is assuming a decline in earnings of 15% - 25% in 2012. Although a recession is possible – indeed we may already be in one – we do not expect a major economic downturn provided that the Euro survives. With important developing economies such as China once again promoting pro-growth policies and the risk of inflation falling, we expect economic expectations to become more positive as next year progresses.

We would like to thank you for your support and to wish you a merry Christmas and a healthy, happy and prosperous New Year.

Fund Performance in Euros



Relative Performance in Euros



Source: Montanaro, Bloomberg. NAV to NAV, unrounded. Class launch 02/10/09. October '11 NAV and Index as at 28/10/11, due to Irish Bank Holiday on 31/10/11 (no NAV produced).

Fund Performance in Euros

Y/E: December	YTD	1 month	3 month	6 month	1 year	3 year	5 year	Launch
Montanaro NAV	-14.6%	-3.6%	-2.5%	-15.4%	-7.5%			30.1%
MSCI Europe SmallCap (€)	-19.6%	-4.6%	-3.9%	-20.7%	-11.7%			8.5%

Source: Montanaro, Bloomberg. NAV to NAV, unrounded. Class launch 02/10/09. October '11 NAV and Index as at 28/10/11, due to Irish Bank Holiday on 31/10/11 (no NAV produced).

Fund Analysis

	Fund	Index
Latest NAV (Price)	€2.60	155.3
Alpha (annual) *	6.1%	na
Beta *	0.74	1.00
Standard Deviation *	16.7%	21.1%
Sharpe Ratio *	1.05	0.68
Tracking error *	7.9%	na
P/E 12F _†	12.9	10.4
EPS Growth 12F _†	10.5%	11.7%
Dividend Yield 12F _†	3.3%	3.6%

* risk statistics over three years, EUR Class † Source: Factset consensus estimates

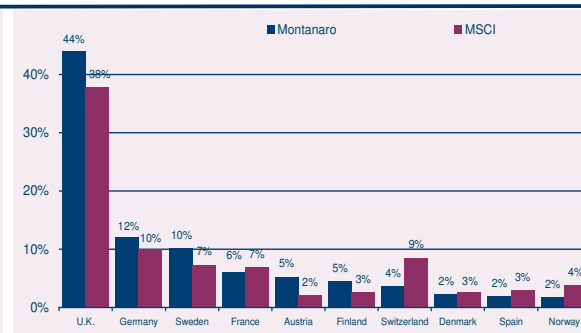
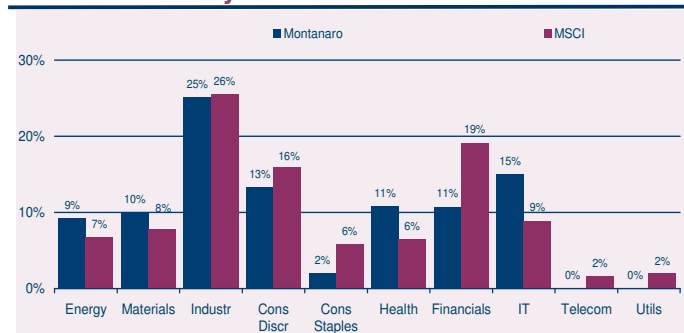
Fund Details

Launch Date	December 2000
Fund Size	€630 million
No. of holdings	65
Median Mkt Cap	€1040 million
Mgmt Fee	Annual 1.5%
Perf Fee	See below*
Legal Status	Irish OEIC
Listing	Irish Stock Exchange
Valuation	Daily

Top Ten Holdings

Name	Country	Sector	% of portfolio
1 Victrex	UK	Chemicals	2.9%
2 Elekta	Sweden	Health Care Equipment & Supplies	2.8%
3 Domino Printing	UK	Electronic Equipment & Instruments	2.8%
4 Rational	Germany	Machinery	2.7%
5 Virbac	France	Pharmaceuticals	2.7%
6 GfK AG	Germany	Media	2.5%
7 Domino's Pizza	UK	Hotels, Restaurants & Leisure	2.5%
8 Christian Hansen	Denmark	Chemicals	2.3%
9 Croda	UK	Chemicals	2.2%
10 NCC Group	UK	IT Services	2.1%
CASH	3.8%	TOTAL	25.4%

Sector & Country Distribution



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Ticker: MONESCE ID Equity – Euros
 MONESEA ID Equity – Euros (Accumulation)
 MONESCF ID Equity – Sterling
 MONESCU ID Equity – US Dollar

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* Performance fee is calculated at 20% outperformance of MSCI European SmallCap Index (€) plus 3%, with a hurdle of €3.05.

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