

MONTANARO EUROPEAN SMALLER COMPANIES PLC

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

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017

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 EUROPEAN SMALLER COMPANIES PLC

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MONTANARO EUROPEAN SMALLER COMPANIES PLC

MANAGEMENT AND OTHER INFORMATION

Directors

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

All Directors are independent non-executive directors, with the exception of Charles Montanaro who is a Director and Shareholder in the Investment Manager.

Investment Manager

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

Administrator

BNY Mellon Fund Services (Ireland) Designated Activity Company
Guild House
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

Swiss Paying Agent

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

Listing Sponsor

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Depository

BNY Mellon Trust Company (Ireland) Limited
Guild House
Guild Street
IFSC
Dublin 1
Ireland

Independent Auditors

Ernst & Young
Chartered Accountants
Ernst & Young Building
Harcourt Centre
Harcourt Street
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Legal Advisors

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Vedder Price LLP
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MONTANARO EUROPEAN SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW

Review

The financial world was characterised by a rare calmness as Developed equity markets recorded the most tranquil start to a year since 1966. This included a period in which the S&P 500 & Dow Jones Indices experienced a synchronised run of 109 days without a move of more than 1% on either index, the longest such run since 1995. Extremely low levels of volatility prevailed as markets digested a combination of largely positive economic news flow and the ongoing appeasement of loose monetary conditions. The result was that markets on both sides of the Atlantic climbed to a succession of highs.

While some questioned the logic of the herd as markets shifted ever higher, there was at least a fundamental reason for investor optimism: the earnings season was largely positive and companies that demonstrated sound earnings growth were appropriately rewarded. A consequence of this was that, after a difficult 2016, "Growth" outperformed "Value" and "High Quality" bettered the performance of "Low Quality". Meanwhile SmallCap – with its faster growing companies – outperformed LargeCap in both Europe and the UK. This was helpful to our investment style. In the first half of 2017, the NAV of the Euro Institutional Distribution Share Class of the European Smaller Companies Fund increased by 9.6% in Euro terms, 0.8% ahead of the benchmark.

If this was the steady state of markets, the political realm was a land littered with surprises. Following the cacophony of Brexit, the death of the European Project was indefinitely postponed as nationalistic politics were rejected, most emphatically in France. Indeed, President Macron swept to power with the kind of ease that Theresa May could only dream of, following the UK Prime Minister's sorry election campaign. The result was the emergence of a Franco-German relationship that unified the European Union. Across the Channel, a minority government was left to consider the state of the nation in the UK.

As investors digested these developments, a positive turn in the flow of money was evident. After a torrid 2016 in which investors withdrew \$100 billion from European equities, net inflows were seen once again. As the wily Mario Draghi noted: *"political winds are becoming tailwinds"*, at least on the Continent. Reassuringly, net inflows were also seen in the UK, proof perhaps that investors give more credence to company fundamentals than the whirl of politics.

If there was a bump in the road, it came towards the end of June with Central Bankers indicating that the ride of loose money might be coming to an end. Bond yields spiked and equity markets wobbled. It was not, however, enough to upset what has been a strong six months for European equity investors.

Outlook

As we look ahead into the second half of the year, an obvious point needs stating: it would be unwise to extrapolate the returns of the last six months. Logic dictates that at some point markets will pause for breath.

What might be the catalyst?

In certain Developed markets, ongoing economic recoveries, historically low unemployment and suggestions in some quarters that lending has become too loose, indicate that interest rate rises may be on the cards. While the direction of monetary policy will be led by the Federal Reserve in the US, it is possible that the European Central Bank will at some point follow their lead.

Reassuringly, the likelihood is that any change in the direction of monetary policy will be done gradually. No Central Bank will want to risk spooking markets. The patient must be weaned slowly off the drug of cheap money.

If this is achieved, then the mid-term outlook for European equities appears encouraging. Corporate earnings should remain positive as long as there is no sudden or sharp increase in borrowing costs. European unemployment is trending lower towards pre-crisis levels and consumer confidence is at its highest since 2001. Meanwhile, according to one report, manufacturing businesses on the Continent have only been more positive about life 6% of the time since 2000. Europe also continues to be supported by a competitive currency, which has fallen some 17% relative to the US Dollar over the last three years. Signs are emerging that the 10-year period of US outperformance versus Europe may be about to reverse. All of this is good news especially for European SmallCap, given the domestic focus of the asset class.

None of this dismisses the fact that investors are searching for any indication of a market correction. This is understandable, given that the longevity of the current Bull Market is almost without precedent. Yet timing any market pullback will be nigh on impossible. Those investors with a long-term investment horizon must focus on the fundamentals. These are that the economic improvements evident at the heart of Europe will be most visibly reflected in the performance of Europe's domestic – and SmallCap – companies.

Charles Montanaro

Montanaro Asset Management Limited

July 2017

MONTANARO EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £
Current assets				
Cash and cash equivalents	3	35,817,715	2,502,160	2,070,623
Financial assets at fair value through profit or loss				
- Equities		788,935,014	201,059,074	40,545,178
Dividends receivable		406,979	1,086,800	94,602
Receivable for fund shares sold		747,133	19,925	–
Receivable for investments sold		–	1,995,827	–
Other receivables		2,548,584	90,731	14,048
Total current assets		828,455,425	206,754,517	42,724,451
Current liabilities				
Payable for investments purchased		–	(1,973,482)	–
Payable for fund shares repurchased		(1,519,935)	–	–
Investment management fees payable		(2,038,205)	(128,865)	(81,631)
Performance fees payable		(527,923)	–	(104,791)
Administration fees payable		(345,954)	(71,775)	(12,475)
Depositary fees payable		(106,682)	(12,515)	(2,611)
Legal fees payable		(35,205)	(2,799)	(671)
Directors' fees payable		(2,938)	–	–
Professional fees payable		(22,018)	(5,713)	(659)
Audit fees payable		(16,343)	–	–
Other accrued expenses payable		(85,057)	(1,799)	(4,026)
Total current liabilities		(4,700,260)	(2,196,948)	(206,864)
Net asset value attributable to holders of redeemable participating shares		823,755,165	204,557,569	42,517,587

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 EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017 (continued)

		Montanaro European Income Fund €	Montanaro European MidCap Fund €	Montanaro Select Fund €	Total €
Current assets	Note				
Cash and cash equivalents	3	3,822,155	1,251,477	48,253	46,147,453
Financial assets at fair value through profit or loss					
- Equities		174,767,205	112,933,620	11,520,854	1,363,315,087
Dividends receivable		99,900	363,371	19,757	2,235,483
Receivable for fund shares sold		–	5,196	–	775,021
Receivable for investments sold		–	–	–	2,273,009
Other receivables		480,054	239,191	4,228	3,391,388
Total current assets		179,169,314	114,792,855	11,593,092	1,418,137,441
Current liabilities					
Payable for investments purchased		–	–	–	(2,247,560)
Payable for fund shares repurchased		–	–	–	(1,519,935)
Investment management fees payable		(331,874)	(417,864)	–	(3,027,673)
Performance fees payable		–	(49,826)	–	(697,093)
Administration fees payable		(47,010)	(30,492)	(2,241)	(521,647)
Depositary fees payable		(24,802)	(12,664)	(2,066)	(163,441)
Legal fees payable		(3,448)	(2,636)	–	(45,241)
Directors' fees payable		–	–	(143)	(3,081)
Professional fees payable		(2,592)	(1,718)	(51)	(33,636)
Audit fees payable		–	–	–	(16,343)
Other accrued expenses payable		(2,139)	(4,014)	(83)	(98,086)
Total current liabilities		(411,865)	(519,214)	(4,584)	(8,373,736)
Net asset value attributable to holders of redeemable participating shares		178,757,449	114,273,641	11,588,508	1,409,763,705

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 EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £
Current assets				
Cash and cash equivalents	3	11,733,686	803,279	1,571,544
Financial assets at fair value through profit or loss				
- Equities		1,017,898,787	150,100,184	37,978,201
Dividends receivable		394,360	210,600	66,355
Receivable for fund shares sold		562,209	-	-
Other receivables		2,471,174	96,128	12,384
Total current assets		1,033,060,216	151,210,191	39,628,484
Current liabilities				
Payable for fund shares repurchased		(1,915,862)	-	-
Investment management fees payable		(2,456,052)	(90,266)	(71,794)
Administration fees payable		(268,100)	(35,674)	(7,655)
Depositary fees payable		(105,842)	(10,706)	(2,970)
Legal fees payable		(37,820)	(4,829)	(1,127)
Directors' fees payable		-	-	-
Professional fees payable		(12,935)	(4,522)	(447)
Audit fees payable		(19,777)	(2,673)	(718)
Other accrued expenses payable		(43,495)	(1,985)	(373)
Total current liabilities		(4,859,883)	(150,655)	(85,084)
Net asset value attributable to holders of redeemable participating shares		1,028,200,333	151,059,536	39,543,400

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 EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016 (continued)

		Montanaro European Income Fund €	Montanaro European MidCap Fund €	Montanaro Select Fund €	Total €
Current assets	Note				
Cash and cash equivalents	3	3,498,345	2,063,942	25,594	20,103,696
Financial assets at fair value through profit or loss					
- Equities		152,727,048	109,614,973	8,246,389	1,508,822,946
Dividends receivable		–	24,664	7,470	750,949
Receivable for fund shares sold		–	5,018	–	567,227
Other receivables		301,562	143,859	905	3,044,624
Total current assets		<u>156,526,955</u>	<u>111,852,456</u>	<u>8,280,358</u>	<u>1,533,289,442</u>
Current liabilities					
Payable for fund shares repurchased		–	–	–	(1,915,862)
Investment management fees payable		(277,710)	(360,786)	–	(3,284,404)
Administration fees payable		(25,889)	(16,773)	(1,187)	(362,710)
Depositary fees payable		(19,517)	(10,813)	(1,365)	(153,558)
Legal fees payable		(5,110)	(3,587)	(53)	(53,547)
Directors' fees payable		(633)	–	(202)	(835)
Professional fees payable		(1,882)	(1,211)	(48)	(21,897)
Audit fees payable		(2,980)	(1,913)	(129)	(28,771)
Other accrued expenses payable		(1,821)	(2,005)	(47)	(50,247)
Total current liabilities		<u>(335,542)</u>	<u>(397,088)</u>	<u>(3,031)</u>	<u>(5,871,831)</u>
Net asset value attributable to holders of redeemable participating shares		<u>156,191,413</u>	<u>111,455,368</u>	<u>8,277,327</u>	<u>1,527,417,611</u>

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 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 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 EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF COMPREHENSIVE INCOME

Financial period ended 30 June 2016

		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		20,192,853	274,646	419,059
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		(188,914,350)	(33,250,378)	(8,786,296)
Dividend income		16,116,283	3,020,271	537,303
Interest income		–	–	179
Investment income		(152,605,214)	(29,955,461)	(7,829,755)
Expenses				
Investment management fee	1	(5,675,611)	(160,341)	(139,048)
Administration fee	1	(222,910)	(28,964)	(6,217)
Depositary fee	1	(96,978)	(10,531)	(3,161)
Legal fees		(34,068)	(3,479)	(1,060)
Directors' fees	1	(37,113)	(4,018)	(1,292)
Professional fees	1	(18,054)	(1,324)	(538)
Audit fees		(16,855)	(1,983)	(598)
Other expenses	1	(118,257)	(8,935)	(2,696)
Total operating expenses		(6,219,846)	(219,575)	(154,610)
Net loss from operations		(158,825,060)	(30,175,036)	(7,984,365)
Withholding taxes		(953,834)	(49,806)	(12,623)
Finance costs				
Interest expense		(16,938)	(126)	–
Loss for the financial period		(159,795,832)	(30,224,968)	(7,996,988)

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

MONTANARO EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF COMPREHENSIVE INCOME

Financial period ended 30 June 2016 (continued)

		Montanaro European Income Fund €	Montanaro European MidCap Fund €	Total €
Income	Note			
Net realised gain on financial assets at fair value through profit or loss and foreign exchange		328,567	691,064	22,102,893
Net change in fair value of financial assets at fair value through profit or loss and foreign exchange		(10,457,003)	(16,719,110)	(270,046,886)
Dividend income		2,734,958	1,826,829	25,244,415
Interest income		–	–	230
Investment income		(7,393,478)	(14,201,217)	(222,699,348)
Expenses				
Investment management fee	1	(444,837)	(762,550)	(7,267,281)
Administration fee	1	(18,544)	(18,020)	(304,631)
Depositary fee	1	(11,931)	(10,083)	(136,566)
Legal fees		(2,710)	(3,441)	(46,044)
Directors' fees	1	(2,959)	(3,396)	(50,284)
Professional fees	1	(1,352)	(24,928)	(46,724)
Audit fees		(1,697)	(1,735)	(23,600)
Other expenses	1	(60,160)	(9,490)	(148,829)
Total operating expenses		(490,190)	(833,643)	(8,023,959)
Net loss from operations		(7,883,668)	(15,034,860)	(230,723,307)
Withholding taxes		(221,521)	(147,298)	(1,402,784)
Finance costs				
Interest expense		(4,197)	(11,599)	(32,896)
Loss for the financial period		(8,109,386)	(15,193,757)	(232,158,987)

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

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 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 EUROPEAN SMALLER COMPANIES PLC

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

Financial period ended 30 June 2016

	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		1,287,152,518	128,865,161	39,480,166
Loss for the financial period		(159,795,832)	(30,224,968)	(7,996,988)
Proceeds from issuance of shares		79,622,756	24,958,122	149,651
Payments on redemption of shares		(169,184,231)	(11,857,671)	(80,241)
Income distribution	2	(1,942,643)	(1,401,952)	(48,212)
Foreign currency translation adjustment		–	15,204,369	4,504,730
Net asset value attributable to holders of redeemable participating shares at the end of the financial period		<u>1,035,852,568</u>	<u>125,543,061</u>	<u>36,009,106</u>

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

MONTANARO EUROPEAN SMALLER COMPANIES PLC

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

Financial period ended 30 June 2016 (continued)

	Note	Montanaro European Income Fund €	Montanaro European MidCap Fund €	Total €
Net assets value attributable to holders of redeemable participating shares at the start of the financial period		118,001,021	114,551,510	1,748,117,152
Loss for the financial period		(8,109,386)	(15,193,757)	(232,158,987)
Proceeds from issuance of shares		24,195,133	19,123,503	155,168,624
Payments on redemption of shares		(98,825)	(13,082,727)	(197,688,761)
Income distribution	2	(451,278)	–	(4,255,288)
Foreign currency translation adjustment		–	–	–
Net asset value attributable to holders of redeemable participating shares at the end of the financial period		133,536,665	105,398,529	1,469,182,740

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

MONTANARO EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF ACCOUNTING POLICIES

Financial period ended 30 June 2017

Principal Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the financial year ended 31 December 2016 as described in those financial statements.

Basis of Preparation

These condensed interim financial statements for the financial period ended 30 June 2017 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 2016 (the “Central Bank UCITS Regulations”) 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 promulgated by the Institute of Chartered Accountants in Ireland (the “Institute”) which is the statute comprising the Companies Act 2014, as amended and the Central Bank UCITS Regulations. 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 2016 and the condensed interim financial statements for the financial period ended 30 June 2016.

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 EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial period ended 30 June 2017

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	0.45	€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

¹ From 1 February 2017 to 30 June 2017, the Investment Manager effectively waived 0.05% of the Investment Management fee, however, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.50% per annum.

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.

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 €6,349,695 for the financial period ended 30 June 2017 (financial period ended 30 June 2016: €7,267,281).

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

Financial period ended 30 June 2017

1. Fees (continued)

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 and all classes of the Montanaro European Income 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 period in question, exceeds the return on the Benchmark plus 3 percentage points over the relevant accounting 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 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 were charged to the Statement of Comprehensive Income for the financial period ended 30 June 2017 (30 June 2016: Nil). Please see pages 7 and 8 for details. The annual Performance fees are finalised each year on 31 December.

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 €269,013 for the financial period ended 30 June 2017 (financial period ended 30 June 2016: €304,631).

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 €147,048 for the financial period ended 30 June 2017 (financial period ended 30 June 2016: €136,566).

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 €41,421 for the financial period ended 30 June 2017 (financial period ended 30 June 2016: €50,284).

Professional Fees

Professional fees are principally comprised of Taxation fees and Directors indemnity insurance premium (D&O). For the financial period ended 30 June 2017, Professional fees totalled €15,363 (financial period ended 30 June 2016: €46,724 of which included Investment Committee fees of €23,419).

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2017

1. Fees (continued)

Professional Fees (continued)

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>

30 June 2016

	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro UK Smaller Companies Fund £	Montanaro European Income Fund €	Montanaro European MidCap Fund €	Combined Total €
Taxation fees	(12,396)	(715)	(337)	(901)	(958)	(15,605)
Directors indemnity insurance premiums (D&O)	(5,658)	(609)	(201)	(451)	(551)	(7,700)
Investment Committee fees	–	–	–	–	(23,419)	(23,419)
	<u>(18,054)</u>	<u>(1,324)</u>	<u>(538)</u>	<u>(1,352)</u>	<u>(24,928)</u>	<u>(46,724)</u>

Other Expenses

Other Expenses are principally comprised of Board Meeting fees, Listing and Publishing fees, VAT costs, Index fees and Printing fees. For the financial period ended 30 June 2017, other expenses totalled €115,159 (financial period ended 30 June 2016: €148,829).

2. Distribution Policy

Distributions may be paid out of the net investment 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 and Montanaro European MidCap Fund are registered as reporting funds under the UK Reporting Fund Regime.

The Company made the following distributions to redeemable participating shareholders during the financial period ended 30 June 2017 and financial period ended 30 June 2016:

	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 €
30 June 2017	2,851,029	1,484,570	557,782	1,359,450	417,640	31,420	7,033,869
30 June 2016	1,942,643	1,401,952	48,212	451,278	–	–	4,255,288

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

Financial period ended 30 June 2017

3. Cash and Cash Equivalents

At the financial period end, the Company had a cash balance totalling €46,147,453 (31 December 2016: €20,103,696) 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. Details of fees paid to these entities are disclosed in Note 1.

During the financial period, the following transactions were entered into with connected persons and related parties of the Company, in the ordinary course of business and on normal commercial terms:

The Investment Manager earned an Investment Management fee of €6,349,695 for the financial period ended 30 June 2017 (financial period ended 30 June 2016: €7,267,281). Please refer to note 1 for fee rates earned by the Investment Manager along with any fees waived during the financial period.

Performance fees were charged to the Statement of Comprehensive Income for the financial period ended 30 June 2017 (30 June 2016: Nil). Please see pages 7 and 8 for details. The annual Performance fees are finalised each financial year on 31 December.

Charles Montanaro, Director of the Company, and his family members bought/sold shares in the Montanaro European Smaller Companies Plc during the financial period ended 30 June 2017.

Rodney Barton, a Director of the Company, is employed by the West Yorkshire Pension Fund, which held shares in the Sterling Class of Montanaro European Smaller Companies Fund at 30 June 2017. West Yorkshire Pension Fund did not transact in the Montanaro European Smaller Companies Plc during the financial period ended 30 June 2017.

The following entities are related parties, by virtue of being the Investment Manager or having the same Investment Manager as the Montanaro European Smaller Companies plc, which held shares in the Company as follows:

	30 June 2017	31 December 2016	30 June 2016
Montanaro Asset Management Limited	12,847,548	13,135,769	7,222,712
Montanaro Growth & Income Fund Limited Partnership No. 3	8,245,717	6,410,952	6,353,506

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 party and all transactions with a connected party 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 quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted 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.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2017

5. Risk Associated with Financial Instruments (continued)

Fair Value Estimation (continued)

The best evidence of fair value is a quoted price for an identical asset or liability in an active market, and is therefore classified within Level 1. These include active listed equities, exchange traded derivatives and other quoted securities. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When quoted 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 listed 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.

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 quoted market prices in active markets and therefore all of the Company's investments are classified as Level 1. 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 2017 and 31 December 2016.

6. Soft Commission Arrangements

No soft commission arrangements were entered into by the Company during the financial period ended 30 June 2017, the financial year ended 31 December 2016 or the financial period ended 30 June 2016.

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 2017, the financial year ended 31 December 2016 or the financial period ended 30 June 2016 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.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2017

8. Share Capital and Redeemable Participating Shares (continued)

Subscriber Shares

The Company has authorised Share Capital of €38,100 (divided into 38,100 Subscriber Shares of one Euro each). At 30 June 2017 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.

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.

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 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 SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2017

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 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 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

31 December 2016

	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	78,944,251	2,836,082	(14,553,706)	67,226,627
Euro Class	25,889,583	6,719,645	(12,458,927)	20,150,301
Euro Institutional Accumulation Class	87,610,052	12,250,789	(19,756,965)	80,103,876
Euro Institutional Distribution Class	4,529,117	1,922,796	(1,246,640)	5,205,273
Sterling Class	13,162,315	63,927	(4,002,610)	9,223,632
Sterling Institutional Distribution Class	33,214,858	1,862,994	(8,898,423)	26,179,429
Swedish Krona Accumulation Class	1,225,335	4,510	–	1,229,845
US Dollar Class	4,695,643	22,640	(1,142,735)	3,575,548
Montanaro UK Income Fund				
Euro Class	10,000	411	–	10,411
Euro Seed Class	5,423,006	212,321	(2,353,184)	3,282,143
Sterling Class	10,000	1,019,261	(855,889)	173,372
Sterling Seed Class	69,473,770	30,047,980	(14,114,138)	85,407,612
Montanaro UK Smaller Companies Fund				
Sterling Distribution Class	27,742,785	157,202	(73,860)	27,826,127
Montanaro European Income Fund				
Euro Class	10,000	876,726	(8,125)	878,601
Sterling Class	62,441,132	22,328,096	(1,050,697)	83,718,531

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2017

8. Share Capital and Redeemable Participating Shares (continued)

31 December 2016 (continued)

	Shares in issue at beginning of financial year	Subscriptions	Redemptions	Shares in issue at end of financial year
Montanaro European MidCap Fund				
Euro Distribution Class	56,353,243	10,058,343	(7,822,957)	58,588,629
Euro Institutional Accumulation Class	7,055,311	6,473,117	(3,775,395)	9,753,033
Montanaro Select Fund				
Euro Distribution Class	–	4,000,000	–	4,000,000
Sterling Distribution Class	–	3,345,200	–	3,345,200

30 June 2016

	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	78,944,251	2,350,270	(6,717,166)	74,577,355
Euro Class	25,889,583	6,244,407	(9,403,109)	22,730,881
Euro Institutional Accumulation Class	87,610,052	4,858,533	(13,550,064)	78,918,521
Euro Institutional Distribution Class	4,529,117	1,647,764	(725,333)	5,451,548
Sterling Class	13,162,315	29,887	(1,587,181)	11,605,021
Sterling Institutional Distribution Class	33,214,858	1,751,364	(3,600,356)	31,365,866
Swedish Krona Accumulation Class	1,225,335	2,329	–	1,227,664
US Dollar Class	4,695,643	22,640	(990,010)	3,728,273
Montanaro UK Income Fund				
Euro Class	10,000	108	–	10,108
Euro Seed Class	5,423,006	209,374	(2,262,862)	3,369,518
Sterling Class	10,000	98,727	(1,139)	107,588
Sterling Seed Class	69,473,770	14,768,250	(5,954,885)	78,287,135
Montanaro UK Smaller Companies Fund				
Sterling Distribution Class	27,742,785	111,517	(59,717)	27,794,585
Montanaro European Income Fund				
Euro Class	10,000	291,601	–	301,601
Sterling Class	62,441,132	13,460,497	(56,002)	75,845,627
Montanaro European MidCap Fund				
Euro Distribution Class	56,353,243	5,226,489	(5,934,950)	55,644,782
Euro Institutional Accumulation Class	7,055,311	6,390,838	(1,920,857)	11,525,292

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

Financial period ended 30 June 2017

9. Exchange Rates

The exchange rates to Euro (€) at the financial period ended 30 June 2017, financial year ended 31 December 2016 and financial period ended 30 June 2016 are as follows:

	30 June 2017	31 December 2016	30 June 2016
Sterling	0.8781	0.8536	0.8311
Danish Krone	7.4350	7.4355	7.4398
Norwegian Krone	9.5540	9.0790	9.2964
Swedish Krona	9.6200	9.5820	9.4127
Swiss Franc	1.0922	1.0720	1.0823
US Dollar	1.1406	1.0548	1.1110

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 Company or its shareholders.

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

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 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 EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2017

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 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

31 December 2016

	Net assets for dealing	Shares in issue	NAV per share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€317,478,939	67,226,627	€4.723
Euro Class	€99,380,153	20,150,301	€4.932
Euro Institutional Accumulation Class	€393,751,439	80,103,876	€4.916
Euro Institutional Distribution Class	€26,232,923	5,205,273	€5.040
Sterling Class	£39,378,109	9,223,632	£4.269
Sterling Institutional Distribution Class	£114,556,042	26,179,429	£4.376
Swedish Krona Accumulation Class	kr18,619,350	1,229,845	kr15.140
US Dollar Class	\$9,575,435	3,575,548	\$2.678
Montanaro UK Income Fund			
Euro Class	€8,513	10,411	€0.818
Euro Seed Class	€3,750,944	3,282,143	€1.143
Sterling Class	£172,514	173,372	£0.995
Sterling Seed Class	£147,677,953	85,407,612	£1.729
Montanaro UK Smaller Companies Fund			
Sterling Distribution Class	£39,543,400	27,826,127	£1.421
Montanaro European Income Fund			
Euro Class	€861,776	878,601	€0.981
Sterling Class	£132,589,299	83,718,531	£1.584

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

Financial period ended 30 June 2017

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

31 December 2016 (continued)

	Net assets for dealing	Shares in issue	NAV per share
Montanaro European MidCap Fund			
Euro Distribution Class	€95,137,633	58,588,629	€1.624
Euro Institutional Accumulation Class	€16,317,735	9,753,033	€1.673
Montanaro Select Fund			
Euro Distribution Class	€4,145,960	4,000,000	€1.036
Sterling Distribution Class	£3,526,533	3,345,200	£1.054

30 June 2016

	Net assets for dealing	Shares in issue	NAV per share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€329,466,607	74,577,355	€4.418
Euro Class	€104,874,054	22,730,881	€4.614
Euro Institutional Accumulation Class	€361,084,696	78,918,521	€4.575
Euro Institutional Distribution Class	€25,605,122	5,451,548	€4.697
Sterling Class	£45,123,482	11,605,021	£3.888
Sterling Institutional Distribution Class	£124,537,387	31,365,866	£3.970
Swedish Krona Accumulation Class	kr17,079,976	1,227,664	kr13.913
US Dollar Class	\$9,837,883	3,728,273	\$2.639
Montanaro UK Income Fund			
Euro Class	€7,702	10,108	€0.762
Euro Seed Class	€3,579,159	3,369,518	€1.062
Sterling Class	£97,067	107,588	£0.902
Sterling Seed Class	£122,465,116	78,287,135	£1.564
Montanaro UK Smaller Companies Fund			
Sterling Distribution Class	£36,009,106	27,794,585	£1.296
Montanaro European Income Fund			
Euro Class	€279,954	301,601	€0.928
Sterling Class	£110,743,133	75,845,627	£1.460
Montanaro European MidCap Fund			
Euro Distribution Class	€86,918,974	55,644,782	€1.562
Euro Institutional Accumulation Class	€18,479,555	11,525,292	€1.603

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

Financial period ended 30 June 2017

12. Comparatives

The comparative financial statements relate to the financial year ended 31 December 2016 and the six months financial period ended 30 June 2016.

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 2017 for Montanaro UK Income Fund was a gain of £5,328,932 (30 June 2016: gain of £15,204,369) and for Montanaro UK Smaller Companies Fund was a gain of £1,170,428 (30 June 2016: gain of £4,504,730).

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

30 June 2017

Average Euro/Sterling 1.1625

Spot Euro/Sterling 1.1389

30 June 2016

Average Euro/Sterling 1.2836

Spot Euro/Sterling 1.2033

14. Right to Publicly Market Shares in Germany

According to Sec. 310 German Capital Investment Code (Kapitalanlagegesetzbuch, KAGB) the Company has notified 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. Events during the Financial Period

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. Effective 1 February 2017, the Investment Manager started waiving 0.05% of the Investment Management fee on the Euro Institutional Accumulation Class of the Montanaro European Smaller Companies Fund, whereas, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.50% per annum on this share class.

The following distributions were approved by the Directors during the financial period ending 30 June 2017. For distributions disclosed below which are not in the base currency of the Fund, the exchange rate is based on the rate as at the record date of the distribution.

Ex-date of 13 February 2017:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.004392	€46
Euro Seed Class	€0.006106	€20,163
Sterling Class	£0.004294	£925
Sterling Seed Class	£0.009218	£792,016

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.004139	€4,233
Sterling Class	£0.007774	£650,626

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

Financial period ended 30 June 2017

15. Events during the Financial Period (continued)

Ex-date of 20 March 2017:

Montanaro European Smaller Companies Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.021543	€446,406
Euro Institutional Distribution Class	€0.068467	€302,796
Sterling Class	£0.021689	£199,762
Sterling Institutional Distribution Class	£0.060259	£1,599,694
US Dollar Class	\$0.009886	\$35,349

Montanaro UK Smaller Companies Fund

Share Class	Rate per Share	Distribution
Sterling Distribution Class	£0.020743	£563,982

Montanaro European MidCap Fund

Share Class	Rate per Share	Distribution
Euro Distribution Class	€0.007126	€417,640

Montanaro Select Fund

Share Class	Rate per Share	Distribution
Euro Distribution Class	€0.003938	€15,753
Sterling Distribution Class	£0.004073	£13,626

Ex-date of 3 April 2017:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.003077	€32
Euro Seed Class	€0.004303	€14,137
Sterling Class	£0.003734	£877
Sterling Seed Class	£0.006486	£645,125

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.003645	€3,910
Sterling Class	£0.005904	£498,808

16. Events since the Financial Period End

The following distributions in respect of the financial period ending 30 June 2017 were approved by the Directors for Ex-date of 3 July 2017:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.014821	€156
Euro Seed Class	€0.020769	€67,567
Sterling Class	£0.018460	£9,945
Sterling Seed Class	£0.032306	£3,362,635

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.018214	€42,708
Sterling Class	£0.030351	£2,547,403

There have been no other significant events since the financial period end.

17. Approval of Financial Statements

These financial statements were approved by the Directors of the Company on 21 August 2017.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

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

As at 30 June 2017

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 2016: 2.28%)			
450,000	Ontex Group NV	13,972,500	1.70
100,000	Melexis NV	7,206,000	0.87
		21,178,500	2.57
Denmark (31 December 2016: 4.10%)			
375,000	Chr Hansen Holding A/S	23,881,908	2.90
375,000	SimCorp A/S	19,892,344	2.41
		43,774,252	5.31
France (31 December 2016: 5.81%)			
325,000	Sartorius Stedim Biotech	22,093,500	2.68
200,000	Orpea	19,498,000	2.37
		41,591,500	5.05
Germany (31 December 2016: 10.10%)			
175,000	MTU Aero Engines AG	21,673,750	2.63
45,000	Rational AG	20,947,500	2.54
500,000	CTS Eventim AG & Co KGaA	19,427,500	2.36
165,000	STRATEC Biomedical AG	9,586,500	1.16
100,000	Bertrandt AG	8,712,000	1.06
172,966	CompuGroup Medical SE	8,492,631	1.03
150,000	Carl Zeiss Meditec AG	6,807,750	0.83
50,000	Krones AG	5,065,000	0.62
		100,712,631	12.23
Ireland (31 December 2016: 0.50%)			
225,000	Kingspan Group Plc	6,753,375	0.82
		6,753,375	0.82
Italy (31 December 2016: 8.51%)			
1,500,000	Brembo SpA	19,215,000	2.33
2,000,000	Cerved Information Solutions SpA	18,880,000	2.29
175,000	Industria Macchine Automatiche SpA	14,122,500	1.71
275,000	Recordati SpA	9,710,250	1.18
300,000	De' Longhi SpA	8,277,000	1.01
350,000	Moncler SpA	7,178,500	0.87
250,000	MARR SpA	5,240,000	0.64
		82,623,250	10.03
Netherlands (31 December 2016: 1.46%)			
550,000	Intertrust NV	9,726,750	1.18
125,000	IMCD Group NV	5,946,250	0.72
		15,673,000	1.90

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 30 June 2017

Shares	Description	Fair value €	% of net assets
Norway (31 December 2016: 1.67%)			
200,000	Bakkafrost P/F	6,581,541	0.80
		6,581,541	0.80
Spain (31 December 2016: 4.46%)			
1,250,000	Merlin Properties Socimi SA	13,781,250	1.67
2,750,000	Prosegur Cash SA	6,261,750	0.76
		20,043,000	2.43
Sweden (31 December 2016: 15.11%)			
725,000	Loomis AB - B	22,722,120	2.76
2,625,000	Elekta AB - B	21,924,955	2.66
525,000	JM AB	16,262,941	1.97
600,000	RaySearch Laboratories AB	14,594,547	1.77
1,000,000	Hufvudstaden AB - A	14,500,992	1.76
225,000	Avanza Bank Holding AB	8,607,041	1.05
125,000	AAK AB	7,984,641	0.97
400,000	Thule Group AB	6,573,783	0.80
		113,171,020	13.74
Switzerland (31 December 2016: 8.87%)			
37,500	Partners Group Holding AG	20,496,713	2.49
4,200	Belimo Holding AG	15,831,016	1.92
85,000	u-blox Holding AG	14,054,496	1.70
30,000	VZ Holding AG	8,384,082	1.02
6,878	LEM Holding SA	7,764,328	0.94
25,000	Ypsomed Holding AG	4,433,516	0.54
		70,964,151	8.61
United Kingdom (31 December 2016: 36.13%)			
450,000	Rightmove Plc	21,775,966	2.64
755,000	Dignity Plc	21,418,984	2.60
11,000,000	NCC Group Plc	20,428,021	2.48
450,000	Renishaw Plc	18,577,990	2.26
1,000,000	Ashtead Group Plc	18,157,449	2.20
950,000	James Fisher & Sons Plc	17,549,011	2.13
1,250,000	St James's Place Plc	16,883,905	2.05
1,750,000	Big Yellow Group Plc	15,715,129	1.91
1,400,000	Shaftesbury Plc	15,521,804	1.88
1,250,000	Consort Medical Plc	14,776,976	1.79
1,010,000	Halma Plc	12,652,963	1.54
1,500,000	MP Evans Group Plc	12,385,326	1.50
2,500,000	Auto Trader Group Plc	10,856,379	1.32
2,500,000	Domino's Pizza Group Plc	8,399,244	1.02
2,800,000	RPS Group Plc	8,394,689	1.02
1,900,000	Marshalls Plc	8,125,344	0.99
1,000,000	Cineworld Group Plc	7,977,858	0.97
325,000	Dechra Pharmaceuticals Plc	6,284,912	0.76
3,000,000	McCarthy & Stone Plc	5,647,709	0.69

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 30 June 2017

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2016: 36.13%) (continued)			
150,000	Clarkson Plc	4,339,135	0.53
		<u>265,868,794</u>	<u>32.28</u>
Total equities		788,935,014	95.77
Total financial assets at fair value through profit or loss		788,935,014	95.77
Cash at bank		35,817,715	4.35
Other net liabilities		<u>(997,564)</u>	<u>(0.12)</u>
Total net assets attributable to holders of redeemable participating shares		823,755,165	100.00
Analysis of Total Assets			% of Total Assets
Transferable securities admitted to official stock exchange listing			95.23
Cash and cash equivalents			4.32
Other assets			0.45
Total assets			<u>100.00</u>

MONTANARO EUROPEAN SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND**

As at 30 June 2017

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 2016: 0.87%)			
35,000	Melexis NV	2,214,543	1.08
		2,214,543	1.08
Germany (31 December 2016: 0.96%)			
27,500	Bertrandt AG	2,103,645	1.03
		2,103,645	1.03
Italy (31 December 2016: 3.95%)			
375,000	Cerved Information Solutions SpA	3,108,315	1.52
150,000	MARR SpA	2,760,606	1.35
75,000	Recordati SpA	2,325,310	1.14
		8,194,231	4.01
Norway (31 December 2016: 1.07%)			
100,000	Bakkafrost P/F	2,889,478	1.41
		2,889,478	1.41
Portugal (31 December 2016: 1.68%)			
400,000	Corticeira Amorim SGPS SA	4,520,228	2.21
		4,520,228	2.21
Spain (31 December 2016: 2.57%)			
350,000	Merlin Properties Socimi SA	3,388,195	1.65
1,000,000	Prosegur Cash SA	1,999,332	0.98
		5,387,527	2.63
Sweden (31 December 2016: 4.54%)			
100,000	Loomis AB - B	2,751,900	1.35
500,000	Biotage AB	2,646,935	1.29
75,000	JM AB	2,039,966	1.00
200,000	Nilorngruppen AB - B	1,971,510	0.96
		9,410,311	4.60
Switzerland (31 December 2016: 2.63%)			
100,000	Galenica AG	3,629,595	1.78
		3,629,595	1.78
United Kingdom (31 December 2016: 81.09%)			
1,050,000	Cineworld Group Plc	7,355,250	3.60
925,000	Big Yellow Group Plc	7,293,625	3.57
600,000	St James's Place Plc	7,116,000	3.48
500,000	Hiscox Ltd	6,345,000	3.10
1,250,000	Jupiter Fund Management Plc	6,312,500	3.09
3,500,000	Taylor Wimpey Plc	6,170,500	3.02
1,450,000	Arrow Global Group Plc	5,879,750	2.87
1,500,000	Marshalls Plc	5,632,500	2.75
3,000,000	Booker Group Plc	5,610,000	2.74
1,375,000	Polypipe Group Plc	5,256,625	2.57
225,000	Fidessa Group Plc	5,199,750	2.54
700,000	Hilton Food Group Plc	5,131,000	2.51
1,500,000	Brewin Dolphin Holdings Plc	5,112,000	2.50
200,000	Clarkson Plc	5,080,000	2.48
200,000	Rathbone Brothers Plc	5,066,000	2.48

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND (continued)

As at 30 June 2017

Shares	Description	Fair value £	% of net assets
United Kingdom (31 December 2016: 81.09%) (continued)			
125,000	Croda International Plc	4,866,250	2.38
575,000	Pennon Group Plc	4,761,000	2.33
1,000,000	Mears Group Plc	4,755,000	2.32
160,000	Cranswick Plc	4,480,000	2.19
500,000	Savills Plc	4,387,500	2.15
2,250,000	BCA Marketplace Plc	4,376,250	2.14
250,000	4imprint Group Plc	4,202,500	2.05
350,000	Galliford Try Plc	4,063,500	1.99
1,500,000	RPS Group Plc	3,948,750	1.93
175,000	Severn Trent Plc	3,832,500	1.87
400,000	Bovis Homes Group Plc	3,832,000	1.87
200,000	Victrex Plc	3,765,000	1.84
1,750,000	ITV Plc	3,176,250	1.55
300,000	Consort Medical Plc	3,114,000	1.52
700,000	Howden Joinery Group Plc	2,848,300	1.39
750,000	Restaurant Group Plc	2,463,000	1.20
150,000	James Fisher & Sons Plc	2,433,000	1.19
150,000	Ashtead Group Plc	2,391,486	1.17
300,000	Ricardo Plc	2,323,980	1.14
300,000	FDM Group Holdings Plc	2,265,000	1.11
750,000	Equiniti Group Plc	1,863,750	0.91
		162,709,516	79.54
Total equities		201,059,074	98.29
Total financial assets at fair value through profit or loss		201,059,074	98.29
Cash at bank		2,502,160	1.22
Other net assets		996,335	0.49
Total net assets attributable to holders of redeemable participating shares		204,557,569	100.00
Analysis of Total Assets			% of Total Assets
Transferable securities admitted to official stock exchange listing			97.25
Cash and cash equivalents			1.21
Other assets			1.54
Total assets			100.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC

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

As at 30 June 2017

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 2016: 96.04%)			
341,000	Hilton Food Group Plc	2,499,530	5.88
195,000	Diploma Plc	2,145,000	5.04
285,000	Cineworld Group Plc	1,996,425	4.70
70,000	Cranswick Plc	1,960,000	4.61
183,000	Consort Medical Plc	1,899,540	4.47
250,000	FDM Group Holdings Plc	1,887,500	4.44
377,000	Mears Group Plc	1,792,635	4.22
475,000	Marshalls Plc	1,783,625	4.19
109,000	James Fisher & Sons Plc	1,767,980	4.16
69,000	Rathbone Brothers Plc	1,747,770	4.11
500,000	GB Group Plc	1,735,000	4.08
270,000	Sanne Group Plc	1,733,400	4.08
600,000	Advanced Medical Solutions Group Plc	1,726,500	4.06
100,000	Dechra Pharmaceuticals Plc	1,698,000	3.99
735,222	Entertainment One Ltd	1,618,959	3.81
165,000	Shaftesbury Plc	1,606,275	3.78
200,000	Big Yellow Group Plc	1,577,000	3.71
162,000	Bovis Homes Group Plc	1,551,960	3.65
60,000	Dignity Plc	1,494,600	3.51
59,000	Ted Baker Plc	1,405,970	3.31
425,000	Domino's Pizza Group Plc	1,253,750	2.95
60,000	AVEVA Group Plc	1,165,200	2.74
650,000	NCC Group Plc	1,059,909	2.49
550,000	McCarthy & Stone Plc	909,150	2.14
30,000	accesso Technology Group Plc	529,500	1.24
		40,545,178	95.36
Total equities		40,545,178	95.36
Total financial assets at fair value through profit or loss		40,545,178	95.36
Cash at bank		2,070,623	4.87
Other net liabilities		(98,214)	(0.23)
Total net assets attributable to holders of redeemable participating shares		42,517,587	100.00
Analysis of Total Assets			% of Total Assets
Transferable securities admitted to official stock exchange listing			94.90
Cash and cash equivalents			4.85
Other assets			0.25
Total assets			100.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN INCOME FUND**

As at 30 June 2017

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 2016: 3.28%)			
45,000	Melexis NV	3,242,700	1.81
80,000	Ontex Group NV	2,484,000	1.39
		5,726,700	3.20
Denmark (31 December 2016: 6.63%)			
195,000	Tryg A/S	3,734,757	2.09
40,000	Coloplast A/S - B	2,926,690	1.64
45,000	Chr Hansen Holding A/S	2,865,829	1.60
45,000	SimCorp A/S	2,387,081	1.34
		11,914,357	6.67
Finland (31 December 2016: Nil%)			
50,000	Huhtamaki OYJ	1,723,000	0.97
		1,723,000	0.97
France (31 December 2016: 9.17%)			
95,000	Euronext NV	4,322,500	2.42
150,000	Bureau Veritas SA	2,910,000	1.63
290,000	Havas SA	2,669,160	1.49
155,000	Mercialys SA	2,661,350	1.49
280,000	Groupe Eurotunnel SE	2,629,200	1.47
30,000	Amundi SA	1,899,300	1.06
		17,091,510	9.56
Germany (31 December 2016: 16.18%)			
40,000	MTU Aero Engines AG	4,954,000	2.77
37,000	Bertrandt AG	3,223,440	1.80
85,000	ProSiebenSat.1 Media SE	3,141,175	1.76
6,500	Rational AG	3,025,750	1.69
22,000	Pfeiffer Vacuum Technology AG	2,822,600	1.58
55,000	FUCHS PETROLUB SE - Pref	2,636,975	1.48
20,000	Duerr AG	2,078,000	1.16
30,000	Fielmann AG	2,027,700	1.14
47,000	CTS Eventim AG & Co KGaA	1,826,185	1.02
35,000	Brenntag AG	1,788,500	1.00
		27,524,325	15.40
Italy (31 December 2016: 17.30%)			
600,000	Cerved Information Solutions SpA	5,664,000	3.17
70,000	Industria Macchine Automatiche SpA	5,649,000	3.16
150,000	Recordati SpA	5,296,500	2.96
240,000	MARR SpA	5,030,400	2.82
125,000	De' Longhi SpA	3,448,750	1.93
175,000	Brembo SpA	2,241,750	1.25
		27,330,400	15.29
Netherlands (31 December 2016: 2.12%)			
250,000	Intertrust NV	4,421,250	2.47
		4,421,250	2.47

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN INCOME FUND (continued)

As at 30 June 2017

Shares	Description	Fair value €	% of net assets
Norway (31 December 2016: 5.24%)			
275,000	Borregaard ASA	2,964,729	1.66
150,000	TGS NOPEC Geophysical Co ASA	2,686,311	1.50
65,000	Bakkafrost P/F	2,139,001	1.20
		7,790,041	4.36
Portugal (31 December 2016: 2.53%)			
400,000	Corticeira Amorim SGPS SA	5,148,000	2.88
		5,148,000	2.88
Spain (31 December 2016: 11.60%)			
450,000	Merlin Properties Socimi SA	4,961,250	2.78
135,000	Bolsas y Mercados Espanoles SHMSF SA	4,240,350	2.37
200,000	Red Electrica Corp SA	3,663,000	2.05
67,000	Viscofan SA	3,473,280	1.94
500,000	Prosegur Cia de Seguridad SA	2,815,000	1.57
163,127	Prosegur Cash SA	371,440	0.21
		19,524,320	10.92
Sweden (31 December 2016: 16.48%)			
175,000	Loomis AB - B	5,484,649	3.07
115,000	Avanza Bank Holding AB	4,399,154	2.46
290,000	Hufvudstaden AB - A	4,205,288	2.35
120,000	JM AB	3,717,244	2.08
205,000	AF AB - B	3,705,757	2.07
200,000	Nilorngruppen AB - B	2,245,315	1.26
370,000	Biotage AB	2,230,762	1.25
18,000	Autoliv Inc	1,723,279	0.96
100,000	Thule Group AB	1,643,446	0.92
		29,354,894	16.42
Switzerland (31 December 2016: 7.25%)			
10,000	Partners Group Holding AG	5,465,790	3.06
93,000	Galenica AG	3,844,318	2.15
2,500	LEM Holding SA	2,822,161	1.58
7,500	Burckhardt Compression Holding AG	1,886,590	1.05
500	Belimo Holding AG	1,884,645	1.05
4,705	VZ Holding AG	1,314,904	0.74
		17,218,408	9.63
Total equities		174,767,205	97.77
Total financial assets at fair value through profit or loss		174,767,205	97.77
Cash at bank		3,822,155	2.14
Other net assets		168,089	0.09
Total net assets attributable to holders of redeemable participating shares		178,757,449	100.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN INCOME FUND (continued)

As at 30 June 2017

	% of Total
Analysis of Total Assets	Assets
Transferable securities admitted to official stock exchange listing	97.54
Cash and cash equivalents	2.13
Other assets	0.33
Total assets	<u>100.00</u>

MONTANARO EUROPEAN SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN MIDCAP FUND**

As at 30 June 2017

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 2016: 7.15%)			
76,000	Chr Hansen Holding A/S	4,840,067	4.24
63,000	Coloplast A/S - B	4,609,536	4.03
		9,449,603	8.27
France (31 December 2016: 12.29%)			
71,000	Sartorius Stedim Biotech	4,826,580	4.22
488,000	Groupe Eurotunnel SE	4,582,320	4.01
		9,408,900	8.23
Germany (31 December 2016: 13.43%)			
84,000	Symrise AG	5,243,280	4.59
41,000	MTU Aero Engines AG	5,077,850	4.44
125,000	CTS Eventim AG & Co KGaA	4,856,875	4.25
64,000	Fielmann AG	4,325,760	3.79
		19,503,765	17.07
Ireland (31 December 2016: 3.96%)			
63,000	Kerry Group Plc - A	4,753,350	4.16
		4,753,350	4.16
Italy (31 December 2016: 3.71%)			
216,000	Moncler SpA	4,430,160	3.87
120,000	Recordati SpA	4,237,200	3.71
		8,667,360	7.58
Spain (31 December 2016: 8.20%)			
256,000	Red Electrica Corp SA	4,688,640	4.10
731,000	Prosegur Cia de Seguridad SA	4,115,530	3.60
237,893	Prosegur Cash SA	541,682	0.48
		9,345,852	8.18
Sweden (31 December 2016: 12.43%)			
110,000	Hexagon AB - B	4,597,802	4.02
44,000	Autoliv Inc	4,212,460	3.69
440,000	Elektro AB - B	3,675,040	3.22
		12,485,302	10.93
Switzerland (31 December 2016: 11.20%)			
890	Sika AG	5,023,446	4.40
9,000	Partners Group Holding AG	4,919,211	4.30
		9,942,657	8.70
United Kingdom (31 December 2016: 25.98%)			
385,000	Halma Plc	4,823,159	4.22
356,000	St James's Place Plc	4,808,536	4.21
2,240,000	Taylor Wimpey Plc	4,497,576	3.94
225,000	Ashtead Group Plc	4,085,426	3.57
913,000	Auto Trader Group Plc	3,964,750	3.47
80,000	Rightmove Plc	3,871,283	3.39

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN MIDCAP FUND (continued)

As at 30 June 2017

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2016: 25.98%) (continued)			
300,000	Shaftesbury Plc	3,326,101	2.91
		29,376,831	25.71
Total equities		112,933,620	98.83
Total financial assets at fair value through profit or loss		112,933,620	98.83
Cash at bank		1,251,477	1.10
Other net assets		88,544	0.07
Total net assets attributable to holders of redeemable participating shares		114,273,641	100.00
Analysis of Total Assets			% of Total Assets
Transferable securities admitted to official stock exchange listing			98.38
Cash and cash equivalents			1.09
Other assets			0.53
Total assets			100.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO SELECT FUND**

As at 30 June 2017

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 2016: 6.61%)			
8,000	Chr Hansen Holding A/S	509,480	4.40
7,500	SimCorp A/S	397,847	3.43
		907,327	7.83
France (31 December 2016: 8.18%)			
6,500	Sartorius Stedim Biotech	441,870	3.81
4,500	Orpea	438,705	3.79
		880,575	7.60
Germany (31 December 2016: 5.22%)			
4,000	MTU Aero Engines AG	495,400	4.28
750	Rational AG	349,125	3.01
6,000	CTS Eventim AG & Co KGaA	233,130	2.01
		1,077,655	9.30
Italy (31 December 2016: 3.83%)			
27,500	Brembo SpA	352,275	3.04
		352,275	3.04
Sweden (31 December 2016: 9.36%)			
50,000	Elektro AB - B	417,618	3.61
15,000	RaySearch Laboratories AB	364,864	3.15
50,000	Biotage AB	301,454	2.60
3,500	Vitrolife AB	189,189	1.63
		1,273,125	10.99
Switzerland (31 December 2016: 16.21%)			
950	Partners Group Holding AG	519,250	4.48
1,450	VZ Holding AG	405,231	3.50
1,500	u-blox Holding AG	248,020	2.14
		1,172,501	10.12
United Kingdom (31 December 2016: 50.22%)			
55,000	Big Yellow Group Plc	493,904	4.26
90,000	Restore Plc	461,759	3.98
55,000	Hilton Food Group Plc	459,140	3.96
40,000	Shaftesbury Plc	443,480	3.83
35,000	Halma Plc	438,469	3.78
9,000	Rightmove Plc	435,519	3.76
100,000	Marshalls Plc	427,650	3.69
15,000	Dignity Plc	425,543	3.67
13,000	Cranswick Plc	414,552	3.58
30,000	St James's Place Plc	405,214	3.50
95,000	GB Group Plc	375,432	3.24
17,500	accesso Technology Group Plc	351,772	3.04
37,500	Eco Animal Health Group Plc	265,857	2.29
125,000	NCC Group Plc	232,137	2.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO SELECT FUND (continued)

As at 30 June 2017

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2016: 50.22%) (continued)			
12,500	Ashtead Group Plc	226,968	1.96
		5,857,396	50.54
Total equities		11,520,854	99.42
Total financial assets at fair value through profit or loss		11,520,854	99.42
Cash at bank		48,253	0.42
Other net assets		19,401	0.16
Total net assets attributable to holders of redeemable participating shares		11,588,508	100.00

	% of Total Assets
Analysis of Total Assets	
Transferable securities admitted to official stock exchange listing	99.38
Cash and cash equivalents	0.42
Other assets	0.20
Total assets	100.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES***For the financial period ended 30 June 2017*

Purchases	Nominal	Cost €
Moncler SpA	350,000	6,908,299
Prosegur Cash SA	2,750,000	6,492,468
Krones AG	50,000	4,917,233
Ashtead Group Plc	200,000	3,934,351
Thule Group AB	225,000	3,611,805
St James's Place Plc	250,000	3,330,236
Cineworld Group Plc	325,000	2,517,031
Rightmove Plc	50,000	2,480,709
Halma Plc	200,000	2,458,007
CompuGroup Medical SE	47,966	2,247,649
Rational AG	5,000	2,214,480
Cerved Information Solutions SpA	250,000	2,018,502
Melexis NV	20,000	1,544,239
Recordati SpA	50,000	1,488,531
Bakkafrost P/F	25,000	833,383
Kingspan Group Plc	25,000	758,638

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 EUROPEAN SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – TOP 1% SALES***For the financial period ended 30 June 2017*

Sales	Nominal	Proceeds
		€
RaySearch Laboratories AB	1,000,000	22,715,359
Brembo SpA	250,000	16,620,607
Havas SA	1,800,000	16,582,321
Domino's Pizza Group Plc	3,500,000	14,301,179
Renishaw Plc	350,000	11,684,821
Bolsas y Mercados Espanoles SHMSF SA	400,000	11,424,545
TGS Nopec Geophysical Co ASA	500,000	10,190,670
Ashtead Group Plc	550,000	10,145,338
Prosegur Cia de Seguridad SA	1,650,000	9,666,816
Viscofan SA	200,000	9,609,805
Galliford Try Plc	550,000	9,190,324
Loomis AB - B	275,000	8,486,279
Victrex Plc	375,000	8,414,285
CTS Eventim AG & Co KGaA	250,000	7,904,386
LEM Holding SA	8,122	7,227,416
Jupiter Fund Management Plc	1,500,000	7,050,989
Virbac SA	40,000	6,720,868
STRATEC Biomedical AG	135,000	6,606,269
Booker Group Plc	3,000,000	6,598,185
Restaurant Group Plc	1,500,000	6,204,259
St James's Place Plc	500,000	6,080,530
Howden Joinery Group Plc	1,250,000	6,028,577
Industria Macchine Automatiche SpA	75,000	6,004,933
AF AB - B	350,000	5,962,796
Avanza Bank Holding AB	150,000	5,829,279
Auto Trader Group Plc	1,250,000	5,728,051
Entertainment One Ltd	2,000,000	5,684,166
Belimo Holding AG	1,800	5,662,077
Ontex Group NV	200,000	5,646,023
AVEVA Group Plc	250,000	5,611,176
JM AB	200,000	5,414,512
Halma Plc	440,000	4,945,582
Cerved Information Solutions SpA	500,000	4,781,801
Bertrandt AG	50,000	4,780,468
James Fisher & Sons Plc	250,000	4,753,242
De' Longhi SpA	200,000	4,672,928
Rightmove Plc	100,000	4,649,929
Chr Hansen Holding A/S	75,000	4,641,218
Orpea	50,000	4,454,953
Tecan Group AG	30,000	4,446,372
Dignity Plc	145,000	4,165,447
McCarthy & Stone Plc	2,000,000	4,112,948
Rational AG	10,000	4,082,935
VZ Holding AG	15,000	3,971,170
Vitrolife AB	80,000	3,798,814

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 EUROPEAN SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES***For the financial period ended 30 June 2017*

Purchases	Nominal	Cost £
Brewin Dolphin Holdings Plc	1,500,000	5,091,357
Pennon Group Plc	575,000	5,030,364
Bovis Homes Group Plc	400,000	3,800,255
Galenica AG	100,000	3,339,456
Fidessa Group Plc	100,000	2,541,894
FDM Group Holdings Plc	300,000	2,063,050
Recordati SpA	75,000	1,940,103
BCA Marketplace Plc	1,000,000	1,924,202
Nilorngruppen AB - B	200,000	1,919,242
Merlin Properties Socimi SA	200,000	1,866,251
Equiniti Group Plc	750,000	1,835,109
Savills Plc	200,000	1,789,572
Prosegur Cash SA	1,000,000	1,781,726
Croda International Plc	40,000	1,514,211
Victrex Plc	75,000	1,465,013
Bakkafrost P/F	50,000	1,434,341
Polypipe Group Plc	375,000	1,375,008
Restaurant Group Plc	400,000	1,307,852
Mears Group Plc	250,000	1,279,016
Jupiter Fund Management Plc	250,000	1,229,775
Biotage AB	300,000	1,216,531
Rathbone Brothers Plc	50,000	1,163,367
St James's Place Plc	100,000	1,127,361
Hiscox Ltd	100,000	1,096,410
Big Yellow Group Plc	125,000	948,146
Taylor Wimpey Plc	500,000	912,751
4imprint Group Plc	50,000	895,513
Arrow Global Group Plc	200,000	826,195
James Fisher & Sons Plc	50,000	799,534
Domino's Pizza Group Plc	200,000	784,527
Intertrust NV	50,000	753,282
Melexis NV	10,750	736,491
Bertrandt AG	10,000	736,018
Berkeley Group Holdings Plc	25,000	734,281
Ricardo Plc	75,000	724,960
Cineworld Group Plc	100,000	685,586
RPS Group Plc	250,000	672,950
Galliford Try Plc	50,000	671,953

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 EUROPEAN SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – TOP 1% SALES***For the financial period ended 30 June 2017*

Sales	Nominal	Proceeds £
Berkeley Group Holdings Plc	175,000	5,771,765
Domino's Pizza Group Plc	1,200,000	3,615,800
Brembo SpA	35,000	2,204,059
Partners Group Holding AG	5,500	2,188,727
NCC Group Plc	1,250,000	1,976,031
LEM Holding SA	2,500	1,860,493
Cranswick Plc	65,000	1,696,761
Bolsas y Mercados Espanoles SHMSF SA	65,000	1,649,507
Restaurant Group Plc	400,000	1,501,173
Hufvudstaden AB - A	110,000	1,363,897
Taylor Wimpey Plc	750,000	1,355,024
Jupiter Fund Management Plc	250,000	991,114
Prosegur Cia de Seguridad SA	200,000	941,744
Hilton Food Group Plc	100,000	762,676
Intertrust NV	50,000	716,897
St James's Place Plc	50,000	530,154
Loomis AB - B	15,000	346,406
JM AB	15,000	346,170
Arrow Global Group Plc	50,000	195,078
Corticeira Amorim SGPS SA	26,500	194,700

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 EUROPEAN SMALLER COMPANIES PLC**MONTANARO UK SMALLER COMPANIES FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES**

For the financial period ended 30 June 2017

Purchases	Nominal	Cost £
GB Group Plc	50,000	173,876

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 2017

Sales	Nominal	Proceeds £
Dechra Pharmaceuticals Plc	58,000	1,013,602
Cranswick Plc	25,000	693,903

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 EUROPEAN SMALLER COMPANIES PLC**MONTANARO EUROPEAN INCOME FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES***For the financial period ended 30 June 2017*

Purchases	Nominal	Cost €
Galenica AG	93,000	3,593,917
Nilorngruppen AB - B	200,000	2,184,691
Huhtamaki OYJ	50,000	1,621,215
Amundi SA	30,000	1,590,140
Intertrust NV	50,000	876,210
Prosegur Cash SA	163,127	326,254

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 2017*

Sales	Nominal	Proceeds €
Azimut Holding SpA	190,000	3,019,725
Brembo SpA	20,000	1,356,752
Corticeira Amorim SGPS SA	66,500	829,702
Industria Macchine Automatiche SpA	10,000	757,527
Fielmann AG	10,000	716,743
De' Longhi SpA	20,000	578,640

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 EUROPEAN SMALLER COMPANIES PLC**MONTANARO EUROPEAN MIDCAP FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES***For the financial period ended 30 June 2017*

Purchases	Nominal	Cost €
Coloplast A/S - B	63,000	4,640,668
CTS Eventim AG & Co KGaA	125,000	4,513,528
Recordati SpA	135,000	3,961,347
Taylor Wimpey Plc	250,000	520,493
Prosegur Cash SA	237,893	475,786

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 2017*

Sales	Nominal	Proceeds €
Bureau Veritas SA	240,000	4,754,939
Novozymes A/S - B	109,996	4,022,850
Chocoladefabriken Lindt & Spruengli AG	60	3,681,589
Elekta AB - B	133,000	1,182,927
MTU Aero Engines AG	10,000	1,151,111
Taylor Wimpey Plc	530,000	1,146,042
Sika AG	160	887,151
Moncler SpA	34,000	693,882
Sartorius Stedim Biotech	9,000	615,070
Recordati SpA	15,000	536,301
Hexagon AB - B	12,000	468,158
St James's Place Plc	36,000	457,344
Fielmann AG	6,000	424,045
Chr Hansen Holding A/S	7,000	422,279
Partners Group Holding AG	400	194,403
Kerry Group Plc - A	2,000	133,208
Ashtead Group Plc	6,000	115,739
Symrise AG	2,000	114,778
Halma Plc	10,000	112,144
Auto Trader Group Plc	23,000	110,075

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. As there are fewer than 20 sales that meet the change definition, the top 20 sales are listed above.

MONTANARO EUROPEAN SMALLER COMPANIES PLC**MONTANARO SELECT FUND****PORTFOLIO CHANGES – TOP 1% PURCHASES***For the financial period ended 30 June 2017*

Purchases	Nominal	Cost €
MTU Aero Engines AG	2,000	246,812
Halma Plc	20,000	245,516
CTS Eventim AG & Co KGaA	6,000	238,689
Ashtead Group Plc	12,500	226,805
Hilton Food Group Plc	25,000	211,145
Vitrolife AB	3,500	206,047
Cranswick Plc	6,500	202,486
Big Yellow Group Plc	20,000	186,812
Elekta AB - B	20,000	185,614
GB Group Plc	45,000	173,286
Restore Plc	37,500	163,992
SimCorp A/S	2,500	139,499
Sartorius Stedim Biotech	2,000	122,130
Chr Hansen Holding A/S	2,000	118,327
Dignity Plc	4,000	112,886
Marshalls Plc	25,000	112,440
Shaftesbury Plc	10,000	112,375
Rational AG	250	109,008
Orpea	750	66,663
St James's Place Plc	5,000	62,086
Rightmove Plc	1,000	46,603

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 2017*

Sales	Nominal	Proceeds €
Domino's Pizza Group Plc	80,000	279,495
Ypsomed Holding AG	1,500	266,761
Auto Trader Group Plc	50,000	221,188
Sartorius Stedim Biotech	2,000	142,643

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 EUROPEAN SMALLER COMPANIES PLC

TOTAL EXPENSE RATIOS (ANNUALISED)

For the financial period ended 30 June 2017

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	1.60
Euro Class	1.60
Euro Institutional Accumulation Class	0.56
Euro Institutional Distribution Class	0.85
Sterling Class	1.60
Sterling Institutional Distribution Class	0.85
Swedish Krona Accumulation Class	1.60
US Dollar Class	1.60
Montanaro UK Income Fund	
Euro Class	0.84
Euro Seed Class	0.34
Sterling Class	0.84
Sterling Seed Class	0.34
Montanaro UK Smaller Companies Fund	
Sterling Distribution Class	0.82
Montanaro European Income Fund	
Euro Class	0.84
Sterling Class	0.83
Montanaro European MidCap Fund	
Euro Distribution Class	1.58
Euro Institutional Accumulation Class	0.83
Montanaro Select Fund	
Euro Distribution Class	0.08
Sterling Distribution Class	0.08