

MONTANARO SMALLER COMPANIES PLC

**ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2019 (as amended).

Registered Number: 330162

MONTANARO SMALLER COMPANIES PLC

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MONTANARO SMALLER COMPANIES PLC

MANAGEMENT AND OTHER INFORMATION

Directors

Gavin Caldwell (Irish)* (Chairman) †
Cedric Durant des Aulnois (French)
Lisa Martensson (Swedish)*†
Matthew Francis (British)
John Ensor (British)**

Investment Manager

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

Depository

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside II
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

Administrator

BNY Mellon Fund Services (Ireland) Designated Activity
Company
One Dockland Central
Guild Street
IFSC
Dublin 1
Ireland

Secretary

Goodbody Secretarial Limited
3 Dublin Landings
North Wall Quay
IFSC
Dublin 1
Ireland

Swiss Representative Office

Waystone Fund Services (Switzerland) SA
Avenue Villamont 17
1005 Lausanne
Switzerland

Listing Sponsor

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Manager

KBA Consulting Management Limited (Until 29
September 2023)
35 Shelbourne Road
4th Floor, Ballsbridge
Dublin, D04 A4E
Ireland

Waystone Management Company (IE) Limited
("WMC") (From 29 September 2023)
35 Shelbourne Road
4th Floor, Ballsbridge
Dublin, D04 A4E
Ireland

Independent Auditor

Deloitte Ireland LLP
29 Earlsfort Terrace
Dublin 2, D02 AY28
Ireland

Legal Advisor

As to UK & US Law
Vedder Price LLP
4 Coleman Street
London EC2R 5AR
United Kingdom

Legal Advisor

As to Irish Law
A&L Goodbody LLP
3 Dublin Landings
North Wall Quay
IFSC
Dublin 1
D01 C4E0
Ireland

Registered Office

Goodbody Secretarial Limited
3 Dublin Landings
North Wall Quay
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Dublin 1
D01 C4E0
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Swiss Paying Agent

NPB New Private Bank Ltd
Limmatquai 1 am Bellevue
Post Box
8024 Zurich
Switzerland

*Independent non-executive Directors.

†Irish Resident.

**Alternate Director for Matthew Francis.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors present, herewith, their annual report for the financial year ended 31 December 2023.

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable Irish Law and General Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102: "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

Irish Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of Montanaro Smaller Companies Plc (the "Company") and the profit or loss of the Company for that financial year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with FRS 102 and comply with Irish Statute comprising the Companies Act 2014 (the "Companies Act"), the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, (the "Central Bank UCITS Regulations") and the Euronext Dublin Code of Listing Requirements and Procedures for Investment Funds. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published at www.montanaro.co.uk. The Directors together with the Investment Manager are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website as far as it relates to the Company. Legislation in the Republic of Ireland governing the presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Audit Information Statement

The Directors confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in Section 225 of the Companies Act.

The Directors confirm that:

- a compliance policy document has been drawn up that sets out policies, that in their opinion are appropriate to the Company, confirming compliance by the Company with its relevant obligations.
- appropriate arrangements or structures are in place that are, in their opinion, designed to secure material compliance with the Company's relevant obligations, and
- during the financial year, the arrangements or structures referred to above have been reviewed.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Background

The Company was incorporated in Ireland on 14 July 2000 under registered number 330162 as an open-ended, umbrella-type investment Company with variable capital and segregated liability under the Companies Act. On 29 November 2000, it was authorised by the Central Bank of Ireland (the "Central Bank") in accordance with the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) as an undertaking for collective investment in transferable securities ("UCITS").

The Company is constituted as an umbrella fund insofar as the share capital of the Company is divided into different series of Shares with each series of Shares representing a separate portfolio of assets which will comprise a separate sub-fund (a "Fund") of the Company. Shares of any particular Fund may be divided into different Classes of Shares ("Classes") to accommodate differing characteristics attributable to each such different Class of Shares.

A separate portfolio of assets will be maintained for each Fund and will be invested in accordance with the investment objective and strategies applicable to the particular Fund. As the Company has segregated liability since 16 June 2016 between its Funds, any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

The Funds are registered for marketing in the following countries:

Funds/Share Classes	Countries of Registration	
Montanaro European Smaller Companies Fund (All Share Classes)	Ireland	United Kingdom
Additional registration of Share Class:	Italy (Institutional Investors only)	
	Switzerland	
Euro Accumulation Class	Austria	Iceland
	Belgium	Netherlands
	Finland	Norway
	France	Spain
	Germany	Sweden
Euro Class	Austria	Netherlands
	Finland	Norway
	France	Spain
	Germany	Sweden
	Iceland	
Euro Institutional Accumulation Class	Netherlands	
Euro Institutional Distribution Class	Finland	Netherlands
	France	Norway
	Germany	Spain
	Iceland	Sweden
Swedish Krona Accumulation Class	Norway	Sweden
Montanaro UK Income Fund (All Share Classes)	Ireland	United Kingdom
Additional registration of Share Class:		
Euro Class	Iceland	Spain
	France	
Euro Seed Class	France	
Sterling Accumulation Class	Spain	
Sterling Class	France	Spain
Sterling Seed Class	France	
Montanaro European Income Fund (All Share Classes)	Ireland	United Kingdom
Additional registration of share Class:		
Euro Class	Iceland	
Sterling Class	Iceland	

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Background (continued)

Montanaro European Focus Fund (All Share Classes)	Finland	Sweden
	France	Switzerland
	Ireland	United Kingdom
Montanaro Global Innovation Fund (All Share Classes)	Finland	Sweden
	Ireland	United Kingdom
Montanaro Better World Fund Additional registration of Share Class:	Ireland	United Kingdom
Euro Accumulation Class	Denmark France	Spain
Euro Distribution Class	Denmark Finland France Iceland Italy (Institutional Investors only)	Netherlands Norway Spain Sweden
Sterling Distribution Class	Finland	Iceland
	France	Netherlands
	Italy (Institutional Investors only)	Sweden
Swedish Krona Institutional Accumulation Class	Sweden	
Montanaro Global Select Fund (All Share Classes)	Ireland	

Right to Publicly Market Shares in Germany

According to Sec. 310 German Capital Investment Code (Kapitalanlagegesetzbuch, KAGB) the Company has notified the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") (Federal Institute for the Supervision of Financial Services) of 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

No notification has been filed with BaFin for the remaining Classes of the Montanaro European Smaller Companies Fund (Euro Institutional Accumulation Class, Sterling Class, Sterling Institutional Distribution Class, Swedish Krona Accumulation Class and US Dollar Class), Montanaro UK Income Fund, Montanaro European Income Fund, Montanaro European Focus Fund, Montanaro Global Innovation Fund, Montanaro Better World Fund and Montanaro Global Select Fund.

Results for the financial year ended 31 December 2023

The results for the financial year are set out in the Statement of Comprehensive Income on pages 28 and 29 and the Statement of Financial Position of the Company is set out on pages 24 and 25.

As at 31 December 2023, the Net Asset Value ("NAV") of the Company was €1,622,117,532 (31 December 2022: €2,125,206,818).

Business Review and Future Developments

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Performance Summary on pages 11 to 12. In addition, the Investment Manager's Review on pages 13 to 15 sets out the objectives of each Fund.

Environmental, Social and Governance Considerations

The sub-funds of Montanaro Smaller Companies Plc promote environmental and/or social characteristics and are therefore subject to the sustainability-related disclosure rules set out in Article 8 of the EU Sustainable Finance

Disclosure Regulation ("SFDR"), while Montanaro Better World Fund is subject to the sustainability-related disclosure rules set out in Article 9 of the EU SFDR.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Environmental, Social and Governance Considerations (continued)

Further information about the environmental and/or social characteristics of the sub-funds are set out in the SFDR unaudited appendix to the financial statements on page 97.

Dividends and Distributions

The following distributions were paid during the financial years ending 31 December 2023 and 31 December 2022:

Fund	31 December 2023	31 December 2022
Montanaro European Smaller Companies Fund	€827,372	€Nil
Montanaro UK Income Fund	£17,211,674	£18,698,974
Montanaro European Income Fund	€3,581,741	€5,545,967
Montanaro European Focus Fund*	€219,406	€Nil
Montanaro Global Innovation Fund	€Nil	€Nil
Montanaro Better World Fund	€Nil	€Nil
Montanaro Global Select Fund**	€Nil	€Nil

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

The following distributions in respect of the financial year ending 31 December 2023 were approved by the Directors.

Ex-Date of 02 January 2024:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.005167	€1,065
Euro Seed Class	€0.007435	€7,543
Sterling Class	£0.006377	£1,102,620
Sterling Seed Class	£0.011415	£1,283,043

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.006908	€88,279
Sterling Class	£0.011282	£402,800

Directors

The Directors of the Company as at 31 December 2023 are stated on page 1.

Directors' & Secretary's Interests

Cedric Durant des Aulnois, a Director of the Company, held 2,919 (31 December 2022: 2,919) Shares in the Montanaro UK Income Fund as at 31 December 2023.

No other Directors, nor the Secretary, had any interest in the Shares or deferred Shares of the Company as at 31 December 2023 and 31 December 2022.

No other Director of the Company had at any time during the financial year a material interest in any contract of significance, existing during or at the end of the financial year, in relation to the business of the Company.

Directors' Remuneration

Each Director 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 (31 December 2022: £120,000) plus out of pocket expenses, or such higher amount as may be approved by the Company at a general meeting.

Cross Liability Risk

Other Funds may be introduced by the Company from time to time, with the prior approval of the Central Bank. As the Company has segregated liability between its Funds, any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Accounting Records

The Directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act, are kept by the Company. To achieve this, the Directors have delegated the administration of the books and records to BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator"). The Company's accounting records are maintained at the office of the Administrator at One Dockland Central, Guild Street, IFSC, Dublin 1, Ireland.

Risk Management, Objectives and Policies, Uncertainties

The main risks arising from the Company's financial instruments are market price, liquidity, credit/counterparty and foreign currency risk.

A detailed explanation of the risks to which the Company is exposed and the financial instruments utilised is provided in Note 8 to the financial statements.

The investment objectives of the Funds are set out in the Investment Manager's review and Note 8 to the financial statements.

There can be no assurance that the Funds will achieve their investment objectives. The value of Shares may rise or fall as the capital value of the securities in which the Funds invest may fluctuate.

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Funds' financial performance.

Impact of Russia Ukraine Conflict

The invasion of Ukraine by Russia on 24 February 2022 has created extensive uncertainty on the political and economic front with sanctions being imposed on Russia and allies such as Belarus. The Directors, the Manager and the Investment Manager continue to monitor the sanctions activity globally to ensure the portfolios are in adherence. Currently the Funds are not exposed to Russian or Ukrainian assets, nor any other sanctioned holdings. The Directors, the Manager and the Investment Manager, in conjunction with the Administrator, monitor the investor base with respect to sanctions and, if any sanctioned investors are identified, will ensure timely remediation in line with appropriate policies and procedures in place.

Going Concern

The Company has considerable financial resources in the form of highly liquid investments and cash balances. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Events during the Financial Year

Please refer to Note 16 Events during the Financial Year on page 60.

Events since the Financial Year End

Please refer to Note 17 Events since the Financial Year End on page 61.

Independent Auditor

The Independent Auditor, Deloitte Ireland LLP have indicated their willingness to continue in office in accordance with Section 383 (2) of the Companies Act.

Audit Committee

The Directors are aware of Section 167 of the Companies Act which require certain companies to establish an audit committee. The Company as a Public Interest Entity and a UCITS is exempted by Regulation 115 of the European Union (Statutory Audits) Regulations 2016 from establishing an audit committee.

Connected Persons

Regulation 43 of the Central Bank UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length; and b) in the best interest of the unitholders of the UCITS". As required under Central Bank UCITS Regulation 82(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 43(1) are applied to all transactions

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DIRECTORS' REPORT (continued)

Connected Persons (continued)

with a connected person; and all transactions with a connected person that were entered into during the financial period to which the report relates complied with the obligations that are prescribed by Regulation 43(1).

Board Diversity

The Board considers that diversity in its membership is beneficial and therefore seeks to ensure that the Board's size, structure and composition, including skills, knowledge, experience and diversity is sufficient for the effective direction and control of the Company.

Corporate Governance Statement

General Principles

The Company is required to comply with the requirements of the Companies Act, the UCITS Regulations and the Central Bank UCITS Regulations.

The European Communities Directive (2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Directors' Report.

In the financial year under review, there was no specific statutory corporate governance code applicable to Irish collective investment schemes whose Shares are admitted to trading on the Irish Stock Exchange Plc trading as 'Euronext Dublin'. However, the Company is subject to corporate governance practices imposed by:

- (i) The Companies Act, which is available for inspection at the registered office of the Company and may also be obtained at: <http://www.irishstatutebook.ie>;
- (ii) The Articles of Association of the Company, which are available for inspection at the registered office of the Company at Goodbody Secretarial Limited, 3 Dublin Landings, North Wall Quay, IFSC Dublin 1 and at the Companies Registration Office in Ireland;
- (iii) The Central Bank in their UCITS Regulations, which can be obtained from the Central Bank's website at: <https://www.centralbank.ie/regulation/industry-market-sectors/funds/ucits/legislation> and are available for inspection at the registered office of the Company; and
- (iv) Euronext Dublin, through the Euronext Dublin Code of Listing Requirements and Procedures for Investment Funds, which can be obtained at: <http://www.ise.ie>.

A corporate governance code applicable to Irish domiciled collective investment schemes was issued by the Irish Funds Industry Association on 14 December 2011 (the "Code"). The Board voluntarily adopted the Code on 11 December 2012 with effect from 1 January 2013.

Internal Control and Risk Management Systems in Relation to Financial Reporting

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage, rather than eliminate, the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available, including production of annual and half yearly financial statements. The Board has appointed the Administrator to maintain the books and records of the Company. The Administrator is authorised and regulated by the Central Bank and must comply with the rules imposed by the Central Bank. From time to time, the Board of Directors examines and evaluates the Administrator's financial accounting and reporting routines. The annual and half yearly financial statements of the Company are produced by the Administrator, reviewed by the Investment Manager, the Designated Persons, and approved by the Board. The annual financial statements of the Company are required to be filed with the Central Bank, Euronext Dublin and the Companies Registration Office. The half yearly financial statements are required to be filed with the Central Bank.

The Board is responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board monitors and evaluates the independent auditor's qualifications and independence. As part of its review procedures, the Board receives presentations from relevant parties including considerations of Irish accounting standards and their impact on the annual financial statements, and presentations and reports on the audit process. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

Corporate Governance Statement (continued)

Dealings with Shareholders

The convening and conduct of Shareholders' meetings are governed by the Articles of Association of the Company and the Companies Act. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within fifteen months of the date of the previous annual general meeting, provided that an annual general meeting is held once in each year within six months of the end of each accounting period of the Company.

At least twenty-one clear days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and seven days' notice must be given in the case of any other general meeting, unless the auditors of the Company and all the Shareholders of the Company entitled to attend and vote agree to a shorter notice period. Two Shareholders present either in person or by proxy constitutes a quorum at a general meeting. The share capital of the Company is divided into different Classes of Shares and the Companies Act and the Articles of Association provide that the quorum for a general meeting convened to consider any alteration to the rights attached to any Class of Shares, is two or more Shareholders present in person or by proxy, holding or representing by proxy at least one third of the issued Shares of the relevant Class.

Every holder of participating Shares or non-participating Shares present, in person or by proxy, who votes on a show of hands is entitled to one vote. On a poll, every holder of participating Shares present, in person or by proxy, is entitled to one vote in respect of each Share held by him. At any general meeting, a resolution put to the vote of the meeting is decided on a show of hands unless, before or upon the declaration of the result of the show of hands, a poll is demanded by the Chairman of the general meeting, or by at least three members or Shareholders present, in person or by proxy, or any holder or holders of participating Shares present, in person or by proxy, representing at least one tenth of the Shares in issue having the right to vote at such meeting.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a Shareholders' meeting. Alternatively, a resolution in writing signed by all of the Shareholders and holders of non-participating Shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company, will be valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held. An ordinary resolution of the Company (or of the Shareholders of a particular fund or Class of Shares) requires a simple majority of the votes cast by the Shareholders voting, in person or by proxy, at the meeting at which the resolution is proposed. A special resolution of the Company (or of the Shareholders of a particular Fund or Class of Shares) requires a majority of not less than 75% of Shareholders present, in person or by proxy, and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

Board Composition and Activities

In accordance with the Companies Act and the Articles of Association, unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors may not be less than three. Details of the current Directors are set out on page 1, under the heading "Directors".

The business of the Company is managed by the Directors, who exercise all such powers of the Company permitted by the Companies Act, or by the Articles of Association of the Company required to be exercised by the Company at a General Meeting.

The Board is responsible for the Company's overall direction and strategy and to this end it reserves the decision-making power on issues such as the determination of medium and long-term goals, review of managerial performance, organisational structure and capital needs and commitments to achieve the Company's strategic goals. To achieve these responsibilities, a Director may, and the Secretary on the requisition of a Director will, at any time, summon a meeting of the Directors in addition to the four regular Board Meetings which are convened as required.

Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

MONTANARO SMALLER COMPANIES PLC

DIRECTORS' REPORT (continued)

On behalf of the Board of Directors:



Gavin Caldwell
Director
21 March 2024



Lisa Martensson
Director

REPORT FROM THE DEPOSITARY TO THE SHAREHOLDERS

For the period from 1 January 2023 to 31 December 2023 (the “**Period**”)

The Bank of New York Mellon SA/NV, Dublin Branch (the “**Depositary**” “**us**”, “**we**”, or “**our**”) has enquired into the conduct of Montanaro Smaller Companies Plc (the “**Company**”) for the Period in its capacity as Depositary to the Company.

This report, including the opinion, has been prepared for the shareholders in the Company, in accordance with our role as Depositary to the Company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Regulation 34 of the of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended (the “**Regulations**”).

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company’s constitutional documentation and the Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not been so managed, we as Depositary must state in what respects it has not been so managed and the steps which we have taken in respect thereof.


Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company’s constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documentation and the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional documentation and the Regulations.


For and on behalf of
The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two,
Sir John Rogerson’s Quay,
Grand Canal Dock,
Dublin 2.

Date: 21 March 2024

Registered in Ireland No. 907126, VAT No. IE9578054E

The Bank of New York Mellon SA/NV, trading as The Bank of New York Mellon SA/NV, Dublin Branch is authorised by the National Bank of Belgium regulated by the Central Bank of Ireland for conduct of business rules.

The Bank of New York Mellon SA/NV, Boulevard Anspachlaan 1, B-1000 Brussels, Belgium - Tel. (32) 2 545 81 11, V.A.T. BE 0806.743.159 - RPM-RPR Brussels Company No. 0806.743.159. The Bank of New York Mellon SA/NV is a Belgian limited liability company, authorized and regulated as a significant credit institution by the European Central Bank and the National Bank of Belgium under the Single Supervisory Mechanism and by the Belgian Financial Services and Markets Authority.

MONTANARO SMALLER COMPANIES PLC

PERFORMANCE SUMMARY

	Montanaro European Smaller Companies Fund							
	EUR	EUR (Acc)	GBP	GBP (Inst)	USD	EUR (Inst)	EUR (Inst, Acc)	SEK (Acc)
31/12/23 NAV per share	7.096	6.814	6.204	6.530	3.725	7.305	7.852	25.484
2023 - 12 month Fund NAV return ⁽¹⁾	6.2%	6.2%	3.7%	3.7%	9.9%	6.3%	7.3%	6.3%
2023 - 12 month Benchmark return ⁽²⁾	9.8%	9.8%	7.2%	7.2%	13.6%	9.8%	9.8%	9.5%
3 year annualised return – Fund ⁽¹⁾	-2.9%	-3.0%	-3.9%	-3.5%	-6.2%	-2.4%	-1.6%	0.5%
3 year annualised return – Benchmark ⁽²⁾	0.4%	0.4%	-0.7%	-0.7%	-3.0%	0.4%	0.4%	3.7%

	Montanaro UK Income Fund					Montanaro European Income Fund		
	EUR Seed	GBP Seed	EUR	GBP	GBP Acc	GBP	EUR	GBP Acc
31/12/23 NAV per share	1.264	1.942	0.879	1.084	1.114	2.168	1.328	1.318
2023 - 12 month Fund NAV return ⁽¹⁾	10.8%	8.3%	10.4%	7.8%	7.8%	10.6%	13.3%	10.6%
2023 - 12 month Benchmark return ⁽²⁾	9.7% ⁽³⁾	7.4% ⁽³⁾	9.7% ⁽³⁾	7.4% ⁽³⁾	7.4% ⁽³⁾	13.9% ⁽⁴⁾	16.6% ⁽⁴⁾	13.9% ⁽⁴⁾
3 year annualised return - Fund ⁽¹⁾	2.0%	0.9%	1.6%	0.5%	0.5%	2.6%	3.7%	2.6%
3 year annualised return – Benchmark ⁽²⁾	5.7% ⁽³⁾	4.6% ⁽³⁾	5.7% ⁽³⁾	4.6% ⁽³⁾	4.6% ⁽³⁾	6.3% ⁽⁴⁾	7.4% ⁽⁴⁾	6.3% ⁽⁴⁾

	Montanaro European Focus Fund ⁽¹⁰⁾		Montanaro Global Innovation Fund ⁽⁵⁾			
	EUR	EUR (Inst, Acc)	GBP Acc 'A' ⁽⁶⁾	EUR Acc 'A' ⁽⁶⁾	GBP Acc 'B' ⁽⁷⁾	EUR Acc 'B' ⁽⁷⁾
31/12/23 NAV per share	2.439	2.635	0.753	0.752	1.626	1.577
2023 - 12 month Fund NAV return ⁽¹⁾	2.6%	3.6%	-1.8%	0.5%	-2.0%	0.3%
2023 - 12 month Benchmark return ⁽²⁾	12.4%	12.4%	9.1%	11.7%	9.1%	11.7%
3 year annualised return - Fund ⁽¹⁾	-2.3%	-1.6%	-	-	-	-
3 year annualised return – Benchmark ⁽²⁾	1.0%	1.0%	-	-	-	-

MONTANARO SMALLER COMPANIES PLC

PERFORMANCE SUMMARY (continued)

	Montanaro Better World Fund				Montanaro Global Select Fund***	
	GBP	EUR	SEK	EUR Acc	EUR Acc 'A' ⁽⁹⁾	EUR Acc 'B' ⁽⁹⁾
31/12/23 NAV per share	1.518	1.528	13.770	1.004	1.077	1.077
2023 - 12 month Fund NAV return ⁽¹⁾	7.2%	9.8%	10.3%	9.8%	-	-
2023 - 12 month Benchmark return ⁽²⁾	9.1% ⁽⁸⁾	11.7% ⁽⁸⁾	11.4% ⁽⁸⁾	11.7% ⁽⁸⁾	-	-
3 year annualised return - Fund ⁽¹⁾	-3.2%	-2.2%	1.6%	-2.2%	-	-
3 year annualised return – Benchmark ⁽²⁾	5.5% ⁽⁸⁾	6.6% ⁽⁸⁾	10.2% ⁽⁸⁾	6.6% ⁽⁸⁾	-	-

*** Montanaro Global Select Fund was launched on 30 November 2023.

- ⁽¹⁾ Source: Montanaro. NAV to NAV, unrounded. Montanaro UK Income Fund, Montanaro European Income Fund, Montanaro Global Innovation Fund and Montanaro Better World Fund dividends reinvested at EX date.
- ⁽²⁾ The relevant benchmark information for all Sub Funds and Share Classes can be found on pages 11 to 12. Source for benchmark returns: Bloomberg, MSCI.
- ⁽³⁾ Please note that as of 01/07/16 the Montanaro UK Income Fund's benchmark was removed. Effective April 2020 the Benchmark became the IA UK All Companies Sector (Total Return).
- ⁽⁴⁾ Please note that as of 29/06/18 the Montanaro European Income Fund's benchmark was removed. Effective April 2020 the Benchmark became the IA Europe (excluding UK) Sector (Total Return).
- ⁽⁵⁾ Please note there was a change of strategy, benchmark and name change for the sub-fund as reflected in the prospectus dated 29th June 2021. Performance history shown is therefore from this point. Prior to the change, the sub-fund was called the Montanaro Select Fund, which was launched on the 01/07/16 and had the MSCI Europe SmallCap index as the benchmark.
- ⁽⁶⁾ Introduced 30/06/21.
- ⁽⁷⁾ Converted 29/06/21.
- ⁽⁸⁾ The MSCI World SMID Cap Index (Total Return) became the official Benchmark for the Montanaro Better World Fund with effect from April 2020. Prior to this the Fund did not have a benchmark.
- ⁽⁹⁾ Launched 30/11/23
- ⁽¹⁰⁾ Please note there was a name change for the sub-fund as reflected in the prospectus dated 17/05/23. Prior to the change, the sub-fund was called the Montanaro European MidCap Fund.

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW

Review

Global SmallCap underperformed LargeCap in 2023 for the third year in succession. Such a poor run has not occurred before this millennium. The asset class now trails its LargeCap peer across the key benchmark periods of 1, 3 and 5 years. This is almost unprecedented.

SmallCap remained unloved due to an unsettled economic backdrop dominated by high inflation, rising interest rates and talk of a recession. This heady mix had quite an impact on the trajectory of share prices over the year.

In the first quarter, Warren Buffett's axiom about interest rates and gravity hit home as weak assets in the banking sector were pulled down to earth. A crisis that began in the US, with the rapid failure of Silicon Valley Bank, soon spread to Europe. After years of mismanagement and scandal, Credit Suisse was acquired by UBS in a government-backed deal, ending 167 years of independence. There is a reason we do not invest in banks. Away from this drama, inflationary pressures began to normalise towards the end of March and growth rates remained positive in many of the world's major economies.

As a result, at the midway point in the year, equities had delivered positive returns across most major developed markets. Yet headline figures created something of an illusion. Not since the "Nifty Fifty" propelled the Bull Market of the early 1970s had US stock market performance been as reliant on so few names. Returns were driven by the Magnificent Seven technology behemoths: Apple; Microsoft; Alphabet; Amazon; Nvidia; Tesla; and Meta. Returns from SmallCap, while positive, lagged those of the technology dominated indices.

Although Central Banks continued raising rates during the summer, expectations rose that the tightening cycle was coming to an end. Yet this proved a false dawn: a strong US labour market pointed to rates remaining "higher for longer". Halloween brought with it a return of the style headwinds experienced in 2022: rising bond yields; Growth underperforming Value; LargeCap outperforming SmallCap.

The year ended with a welcome Christmas present for investors, however. Falling inflation across almost every major economy in the world (China being the exception, which continued to experience deflation) benefited even the famous toymaker at the North Pole. A "Santa-Rally" was boosted by expectations that interest rates would decline earlier than initially expected in 2024. Hallelujah! Here at last was the outperformance of SmallCap and our "Quality Growth" investment style. It was a reminder of how quickly market sentiment can change.

Montanaro Better World Fund

From 1 January 2023 to 31 December 2023, the NAV of the EUR Distribution Share Class of the Fund increased by 9.8%, an underperformance of 1.9% versus the MSCI World SMID Cap Index.

For the first half of the year the Portfolio performed well, but in Q3, the Portfolio's focus on Quality Growth companies detracted from performance in a market dominated by worries over inflation. We enjoyed a strong rally towards the end of the year as conditions improved for our style of investing. The Portfolio remained overweight in Healthcare, Technology and Industrials as we believe these sectors have the most attractive fundamental outlook and greatest impact.

During the year, we added to names such as Bentley Systems, a US infrastructure engineering software company. We believe the US construction sector is set for strong growth as it is digitally under-penetrated and the company can support the building of sustainable environments. Exponent, the US science and engineering consultancy which specialises in analysing accidents and failures, was also added to the Portfolio. The importance of health and safety is an ever-growing facet of commerce as the world embraces governance and social responsibility and we expect good growth into the future. We also initiated a position in Technogym, an Italian company engaged in the manufacturing of a wide range of gym-based fitness equipment.

Sales during the year included Idexx, a US company that develops, manufactures, and distributes pharmaceutical products and services for the animal markets. We decided to sell out of the stock after it had done well from COVID and the valuation was no longer attractive. We also sold Thule, a Swedish company engaged in the development and manufacture of sports and outdoor products. Thule had proven to be more cyclical than we anticipated. Finally, we exited Adyen, a fintech company providing payment services for merchants globally. We were concerned by the valuation and high exposure to the economic cycle, which proved fortuitous timing given a subsequent share price fall.

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

Montanaro European Smaller Companies Fund

From 1 January 2023 to 31 December 2023, the NAV of the EUR Institutional Distribution Share Class of the Fund increased by 6.3%, an underperformance of 3.5% relative to the MSCI Europe Small Cap Index.

During the year, the Fund received three takeovers that represented the largest sales: Christian Hansen, a global provider of life science natural ingredients, merged with Novozymes, a provider of industrial enzymes, microorganisms, and biopharmaceutical ingredients; Dechra Pharmaceuticals, a UK veterinary products company, was acquired by EQT; SimCorp, a leading system provider for asset managers, was taken over by Deutsche Börse.

At the same time, we established two new positions and added to existing holdings taking advantage of any share price weakness. In particular, we made initial purchases in NCAB, a Swedish value-added distributor of printed circuit boards to small-medium-sized customers, and Schott Pharma, a producer of vial and syringe containers for (bio)pharmaceuticals which floated in September 2023. We also increased our position in Kainos, an IT consultant to the UK government and implementation partner for Workday Solutions.

Montanaro UK Income Fund

From 1 January 2023 to 31 December 2023, the NAV of the EUR Seed Share Class of the Fund increased by 10.8%, an outperformance of 1.2% compared to the Benchmark.

During the year, we continued to increase the quality of the Portfolio. To this end, we purchased positions in companies including: Howden Joinery, the UK's market-leading trade kitchen supplier; IMI, the global specialist engineering company that has established strong positions in fluid and motion control markets; and Bytes Technology, one of the UK's leading software resellers that is well placed to continue to take share in the market.

At the same time, we sold out of companies where we felt the growth outlook and/or competitive environment was deteriorating, including: Liontrust, the UK asset manager; Headlam, the UK's leading floor coverings distributor; and St James's Place, the UK wealth manager. Furthermore, Dechra Pharmaceuticals received a takeover offer during the year and was sold.

The Fund's overall distributions were down 6% in 2023 but were higher than had been anticipated at the start of the year. While the majority of companies delivered ordinary dividend growth, the level of special dividends was lower than last year, and there were also a small number of one-off factors which impacted the overall level of distributions.

Montanaro European Income Fund

From 1 January 2023 to 31 December 2023, the NAV of the EUR Share Class of the Fund increased by 13.3%, an underperformance of 3.4% relative to the IA Europe (excluding UK) sector. Relative performance suffered from the Fund's Small & MidCap bias, whilst the benchmark is composed primarily of LargeCap and AllCap funds.

During the year we purchased a number of new holdings in the Portfolio including: Reply, a leading European software consultant developer; Technogym, a premium-branded wellness equipment manufacturer; Azelis, a global specialty chemicals distributor; and SOL, a manufacturer of industrial gases as well as a provider of specialist domiciliary nursing services.

Conversely, we sold out of companies which we felt had underperformed our expectations post-Covid, or simply ones which offered less appealing prospects relative to the companies acquired. These included: Knowit, an underperforming Nordic IT consultancy; MARR, an underperforming food distributor in Italy; Galenica, a Swiss pharmacy and medical products wholesaler; and Bravida, a Nordic buildings maintenance and installation business.

The Fund's overall distributions declined by 8% in 2023, although this is comparing against an unusual 2022 which enjoyed significant special dividends. On an underlying basis, excluding this effect, dividend distributions were broadly flat.

Montanaro European Focus Fund

From 1 January 2023 to 31 December 2023, the NAV of the EUR Share Class of the Fund increased by 2.6%, an underperformance of 9.8% relative to the Stoxx Europe 200 Mid Index.

MONTANARO SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW (continued)

Montanaro European Focus Fund (continued)

2023 was a challenging year for the Fund which saw significant portfolio churn. In all, we made 8 replacements to the portfolio, for one of three reasons. First, the fundamental quality of certain business models came into question, notably St James's Place and Worldline, which we believe face permanently impaired businesses.

Second, a number of companies faced significant trading uncertainty, mostly on account of aggravated inventory cycles and concerns about weak underlying demand. These included RS Group, Melexis and Sartorius Stedim. Finally, we sold a small group of otherwise good quality businesses but which we felt were fully priced and/or had unattractive growth potential relative to other stocks. These were IMCD, Galenica Santé and Bureau Veritas.

We replaced these names with stocks that represented either compelling valuation opportunities (SThree, Loomis, Borregaard and Azelis) and/or promising long-term growth opportunities, specifically Biogaia, Sage Group, Dottikon and Games Workshop.

Montanaro Global Innovation Fund

From 1 January 2023 to 31 December 2023, the NAV of the EUR 'B' Accumulation Share Class of the Fund increased by 0.4%, an underperformance of 11.4% relative to the MSCI World SMID Cap Index.

During the year, we continued to increase the quality of the Portfolio. To this end, we purchased positions in companies including: Mensch und Maschine, the German provider of software to improve the efficiency of 5-axis milling machines; Kinaxis, the Canadian provider of supply chain planning software; and E Ink, the dominant global leading provider of ePaper used in eReaders and electronic shelf labels for retail.

At the same time, we sold out of companies where we felt the growth outlook and/or competitive environment was deteriorating, including: MIPS, the provider of protective inserts for helmets; XPEL, the leading US provider of paint protection film, after Tesla announced they would offer their own film; and TechTarget, the US provider of a software platform for marketing automation and purchase intent insights.

Montanaro Global Select Fund**

The Fund launched on 30 November 2023 and returned 7.7% in its first month, an outperformance of 0.8% relative to the MSCI World SMID Cap Index (based on the EUR Accumulation Share Class).

Outlook

A question we (and many of our clients) are pondering is: "when will the SmallCap Effect return?" We believe that the outperformance of smaller companies has been in hibernation. The conditions are ripe for a thaw in 2024.

With the seven technology giants now accounting for a combined 30% of the S&P 500 by market capitalisation, market concentration is at levels in the US not seen since 2000. Narrow market leadership increases the risk of what the late, great Charlie Munger called the "lollapalooza effect": the tendency for emotions and cognitive biases to reinforce each other and drive herd mentality.

SmallCap offers an attractive way to diversify equity exposure and avoid such mistakes. Valuations are at historically attractive levels across Global, European and UK markets. Indeed, current discounts to LargeCap are wider than those reached even during the heights of the Global Financial Crisis. It is worth recalling that the remarkable discount achieved during the GFC unleashed a huge bull run for SmallCap in the following decade.

Extreme valuations rarely remain at extreme levels – as always with financial markets, mean-reversion kicks in. This is the reason we feel positive if not outright excited about the prospects for SmallCap in 2024.

Montanaro Asset Management Limited March 2024

** Montanaro Global Select Fund was launched on 30 November 2023.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC

Report on the audit of the financial statements

Opinion on the financial statements of Montanaro Smaller Companies Plc (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Financial Position;
- the Statement of Comprehensive Income;
- the Statement of Changes in Net Assets attributable to Holders of Redeemable Participating Shares; and
- the related notes 1 to 20, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("the relevant financial reporting framework").



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Valuation of financial assets at fair value through profit or loss • Existence of financial assets at fair value through profit or loss <p>Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .</p>
Materiality	The materiality that we used in the current year was €18,504k which was determined on the basis of 1% of Average Net Assets.
Scoping	Our audit is a risk-based approach taking into account the structure of the company, types of investments, the involvement of the third-party service providers, the accounting processes and controls in place and the industry in which the company operates.
Significant changes in our approach	There are no significant changes to our approach which we feel require disclosure.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:



- As part of our risk assessment procedures, we obtained an understanding of the relevant controls in place regarding going concern as part of our audit risk assessment procedures.
- Held discussions with management on the directors' going concern assessment, the future plans for the company and the feasibility of those plans.
- Challenged the reasonableness of the key assumptions applied by the directors in their assessment.
- Reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions and/or decisions that could impact the company's ability to continue as a going concern.
- Reviewed the capital activity and NAV movements, subsequent to the financial year end.
- Assessed the adequacy of the relevant going concern disclosures made in the annual accounts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

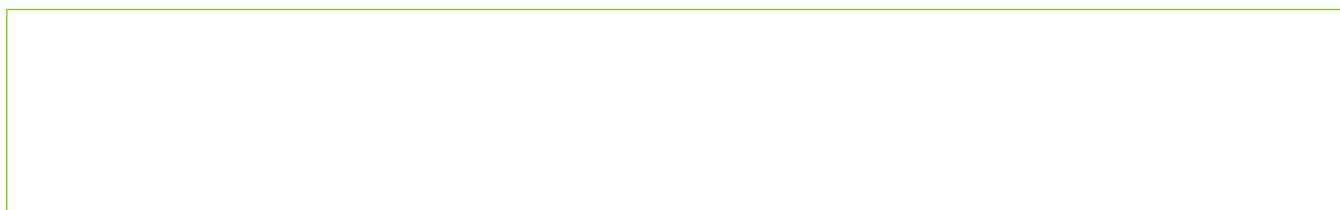
Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial assets at fair value through profit or loss ➤	
<p>Key audit matter description</p> 	<p>For the financial year ended, the financial assets at fair value through profit or loss of the Company are €1.608 billion representing 99.17% of the net assets of €1.622 billion. The valuation of financial assets at fair value through profit or loss is considered a key audit matter as financial assets at fair value through profit or loss represents a significant balance on the Statement of Financial Position. There is a risk that financial assets at fair value through profit or loss are valued incorrectly, inappropriate valuation methodologies are applied, and the use of inappropriate assumptions could result in the valuation being materially misstated. Refer also to note 1 and note 8 in the financial statements.</p>
<p>How the scope of our audit responded to the key audit matter</p> 	<p>We have performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"> • We obtained the BNY Mellon Fund Services (Ireland) Designated Activity Company SOC 1 Report in order to gain an understanding and evaluate the design, implementation, and operating effectiveness of key controls over the valuation process for financial assets and liabilities at fair value through profit or loss; and • We independently valued the financial assets by using independent market feeds. We compared the prices published by independent pricing sources to the investment portfolio.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC



Existence of financial assets at fair value through profit or loss



Key audit matter description



For the financial year ended, the financial assets at fair value through profit or loss of the Company are €1.608 billion representing 99.17% of the net assets of €1.622 billion. The existence of financial assets and liabilities at fair value through profit or loss is considered a key audit matter as financial assets and liabilities at fair value through profit or loss represents a significant balance on the Statement of Financial Position.

The existence of financial assets and liabilities at fair value through profit or loss is crucial to ensuring the financial statements are free from material misstatement.

Refer also to note 1 and note 8 in the financial statements.

How the scope of our audit responded to the key audit matter



We have performed the following procedures to address the key audit matter:

- We obtained the BNY Mellon Fund Services (Ireland) Designated Activity Company SOC 1 Report in order to gain an understanding and evaluate the design, implementation, and operating effectiveness of key controls over the existence process for financial assets and liabilities at fair value through profit or loss; and
- We obtained independent confirmations from the depositary and counterparties at the financial year end and agreed the amounts held to the investment portfolio.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

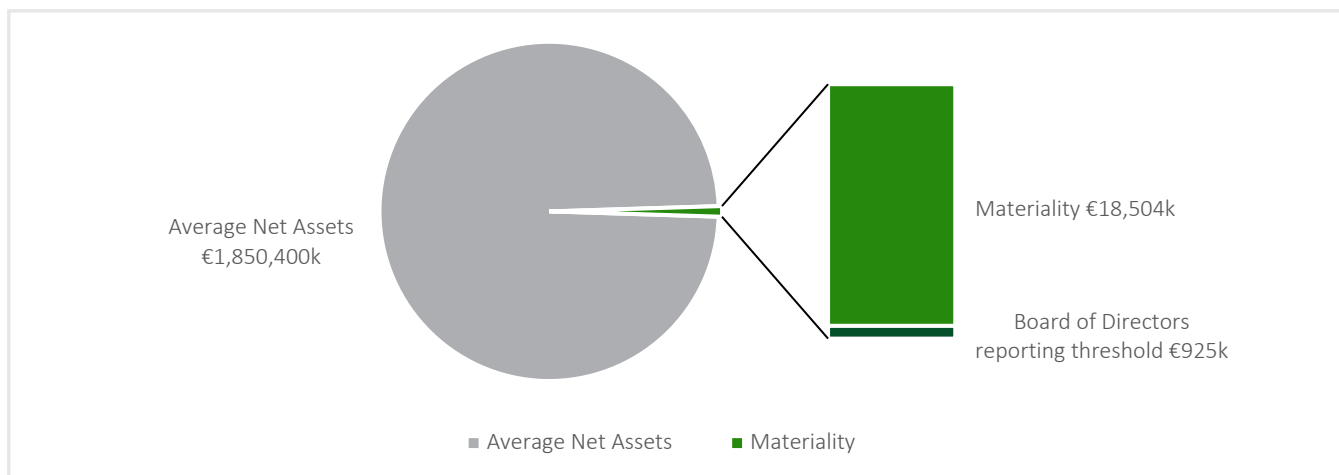
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	€18,504k (2022 : €24,921k)
Basis for determining materiality	1% of Average Net Assets
Rationale for the benchmark applied	The Net Asset Value of the company is the primary indicator of the size and performance of the company and is considered the key area of interest for the shareholders, who are the primary users of the annual accounts. The use of the Average Net Asset Value is considered the industry practice benchmark for Investment Funds.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC



We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Performance materiality was set at 80% of materiality for the 2023 audit (2022: 80%). In determining performance materiality, we considered the following factors:

- our understanding of the company;
- the quality of the control environment;
- the nature and extent of misstatements identified in previous audits; and
- our expectations in relation to misstatements in the current period.

We agreed with the Board of Directors that we would report to them all audit differences in excess of €925k (2022 : €1,246k) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit is a risk-based approach taking into account the structure of the company, types of investments, the involvement of the third-party service providers, the accounting processes and controls in place and the industry in which the company operates.

Other information

The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Audited Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements>. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team and relevant internal specialists, including IT and valuations regarding how and where fraud might occur in the annual accounts and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

Valuation of financial assets at fair value through profit or loss and Revenue Recognition.

In common with all audits under ISAs (Ireland), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC

statements. The key laws and regulations we considered in this context included the Companies Act 2014, Listing Rules and the Applicable Regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included matters regulated by the Central Bank of Ireland.

Audit response to risks identified

As a result of performing the above, we identified 'Valuation of Financial Assets at fair value through profit or loss' as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the annual accounts;
- enquiring of management and the Board of Directors concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Central Bank of Ireland;
- In addressing the risk of fraud in Revenue Recognition, independently valuing all securities using our own market feeds and completing an unrealised gain/loss reconciliation; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

The Listing Rules of the Euronext Dublin require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANARO SMALLER COMPANIES PLC

Other matters which we are required to address

We were appointed by Board of Directors on 19 August 2021 to audit the financial statements for the financial year ended 31 December 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years, covering the years ending 31 December 2021 to 31 December 2023.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Brian Forrester
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

03 April 2024

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €
Current assets	Note				
Cash and cash equivalents	6	3,566,117	5,112,805	1,824,095	230,123
Financial assets at fair value through profit or loss	4				
- Equities		361,397,990	582,130,578	239,440,446	8,898,888
Dividends receivable		230,339	1,312,815	-	-
Receivable for fund Shares sold		232,634	-	10,046	15
Other receivables		624,908	521,927	806,255	173,960
Total current assets		366,051,988	589,078,125	242,080,842	9,302,986
Current liabilities					
Payable for fund Shares repurchased		(1,392,662)	-	(350)	-
Management fees payable	3	(3,705)	(5,707)	(2,356)	(395)
Investment management fees payable	3	(1,042,273)	(818,092)	(435,217)	(34,288)
Administration fees payable	3	(204,508)	(333,265)	(138,092)	(16,962)
Depository fees payable	3	(61,177)	(57,282)	(39,989)	(6,753)
Legal fees payable		(3,871)	(6,105)	(3,004)	(101)
Professional fees payable	3	(5,949)	(9,151)	(4,128)	(321)
Audit fees payable	3	(14,971)	(23,026)	(10,371)	(640)
Other accrued expenses payable	3	(5,091)	(14,078)	(2,698)	(138)
Total current liabilities		(2,734,207)	(1,266,706)	(636,205)	(59,598)
Net asset value attributable to holders of redeemable participating Shares		363,317,781	587,811,419	241,444,637	9,243,388

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

Please refer to Note 15 for NAV and NAV per Share details.

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

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 (continued)

		Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Montanaro Global Select Fund** €	Total*** €
Current assets	Note				
Cash and cash equivalents	6	163,453	3,168,389	19,311	14,871,827
Financial assets at fair value through profit or loss	4				
- Equities		10,436,804	310,788,495	5,904,560	1,608,664,316
Dividends receivable		1,887	60,691	–	1,807,947
Receivable for fund Shares sold		–	141,438	–	384,133
Other receivables		3,926	402,557	302	2,614,229
Total current assets		10,606,070	314,561,570	5,924,173	1,628,342,452
Current liabilities					
Payable for fund Shares repurchased		(6,696)	(326,141)	–	(1,725,849)
Management fees payable	3	(102)	(3,698)	(30)	(16,872)
Investment management fees payable	3	33,236	(657,212)	–	(3,079,858)
Administration fees payable	3	(6,802)	(234,997)	(270)	(986,229)
Depositary fees payable	3	(3,405)	(61,734)	(248)	(239,411)
Legal fees payable		(112)	(2,040)	(38)	(16,211)
Professional fees payable	3	(24,991)	(11,788)	(7)	(57,745)
Audit fees payable	3	(413)	(13,274)	(20)	(66,262)
Other accrued expenses payable	3	(131)	(12,148)	(30)	(36,483)
Total current liabilities		(9,416)	(1,323,032)	(643)	(6,224,920)
Net asset value attributable to holders of redeemable participating Shares		10,596,654	313,238,538	5,923,530	1,622,117,532

** Montanaro Global Select Fund was launched on 30 November 2023.

*** See Note 1 Statement of Accounting Policies (h).

Please refer to Note 15 for NAV and NAV per Share details.

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

On behalf of the Board of Directors:



Gavin Caldwell
Director
21 March 2024



Lisa Martensson
Director

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €
Current assets	Note				
Cash and cash equivalents	6	6,844,192	12,898,626	6,152,571	3,712,866
Financial assets at fair value through profit or loss	4				
- Equities		395,876,138	619,198,810	281,957,439	98,323,034
Dividends receivable		277,222	1,846,995	–	37,419
Receivable for fund Shares sold		101,557	–	–	14
Other receivables		582,896	337,298	897,137	146,092
Total current assets		403,682,005	634,281,729	289,007,147	102,219,425
Current liabilities					
Payable for fund Shares repurchased		(280,281)	–	(59,053)	(923)
Management fees payable	3	(2,121)	(3,348)	(1,504)	(540)
Investment management fees payable	3	(1,177,118)	(876,211)	(542,064)	(373,684)
Administration fees payable	3	(147,979)	(238,241)	(104,260)	(26,374)
Depository fees payable	3	(43,805)	(36,099)	(32,326)	(9,812)
Legal fees payable		(2,289)	(3,238)	(1,972)	(730)
Professional fees payable	3	(6,140)	(9,386)	(4,563)	(1,662)
Audit fees payable	3	(10,472)	(16,066)	(7,830)	(2,833)
Other accrued expenses payable	3	(9,165)	(17,589)	(3,658)	(1,390)
Total current liabilities		(1,679,370)	(1,200,178)	(757,230)	(417,948)
Net asset value attributable to holders of redeemable participating Shares		402,002,635	633,081,551	288,249,917	101,801,477

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

Please refer to Note 15 for NAV and NAV per Share details.

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

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 (continued)

		Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Total*** €
Current assets	Note			
Cash and cash equivalents	6	136,502	9,117,092	40,501,291
Financial assets at fair value through profit or loss	4			
- Equities		10,968,641	599,915,022	2,084,940,534
Dividends receivable		494	99,722	2,496,609
Receivable for fund Shares sold		–	783,428	884,999
Other receivables		3,830	280,585	2,290,709
Total current assets		11,109,467	610,195,849	2,131,114,142
Current liabilities				
Payable for fund Shares repurchased		–	(36,475)	(376,732)
Management fees payable	3	838	(3,268)	(10,369)
Investment management fees payable	3	(7,084)	(1,293,453)	(4,380,982)
Administration fees payable	3	(4,897)	(229,297)	(781,329)
Depository fees payable	3	(2,417)	(60,786)	(189,833)
Legal fees payable		(69)	(6,782)	(15,491)
Professional fees payable	3	(4,382)	(11,572)	(38,898)
Audit fees payable	3	(299)	(19,950)	(59,492)
Other accrued expenses payable	3	(197)	(19,963)	(54,198)
Total current liabilities		(18,507)	(1,681,546)	(5,907,324)
Net asset value attributable to holders of redeemable participating Shares		11,090,960	608,514,303	2,125,206,818

*** See Note 1 Statement of Accounting Policies (h).

Please refer to Note 15 for NAV and NAV per Share details.

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

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF COMPREHENSIVE INCOME

Financial year ended 31 December 2023

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €
Income	Note				
Net realised gain/(loss) on financial assets at fair value through profit or loss and foreign exchange	1(g)	3,394,009	(26,836,513)	18,069,126	9,938,380
Net change in unrealised gain/(loss) of financial assets at fair value through profit or loss and foreign exchange	1(g)	13,207,434	68,631,898	7,652,428	(5,278,117)
Dividend income		8,013,655	23,884,840	8,469,948	1,632,662
Interest income		394,122	290,200	114,817	65,822
Investment income		25,009,220	65,970,425	34,306,319	6,358,747
Expenses					
Management fee	3	(25,515)	(37,990)	(16,624)	(3,608)
Investment management fees	3	(4,979,920)	(3,607,364)	(1,977,055)	(812,588)
Administration fees	3	(167,584)	(336,989)	(136,649)	(15,322)
Depository fees	3	(74,144)	(87,413)	(55,634)	(11,312)
Legal fees		(27,410)	(41,729)	(18,029)	(2,011)
Directors' fees	3	(13,069)	(19,336)	(8,685)	(1,824)
Professional fees	3	(9,267)	(12,650)	(5,774)	(1,098)
Audit fees		(18,240)	(27,423)	(11,479)	(980)
Other expenses	3	(144,187)	(138,494)	(66,581)	(20,528)
Total operating expenses		(5,459,336)	(4,309,388)	(2,296,510)	(869,271)
Net income from operations		19,549,884	61,661,037	32,009,809	5,489,476
Withholding taxes		(478,251)	(425,578)	(427,379)	(65,370)
Finance costs					
Interest expense		(21)	–	(9)	–
Income distribution	5	(827,372)	(17,211,674)	(3,581,741)	(219,406)
Profit for the financial year		18,244,240	44,023,785	28,000,680	5,204,700

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF COMPREHENSIVE INCOME

Financial year ended 31 December 2023 (continued)

		Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Montanaro Global Select Fund** €	Total*** €
Income	Note				
Net realised (loss)/gain on financial assets at fair value through profit or loss and foreign exchange	1(g)	(1,038,481)	(17,014,709)	3,865	(17,501,020)
Net change in unrealised gain/(loss) of financial assets at fair value through profit or loss and foreign exchange	1(g)	1,136,154	44,192,543	420,426	140,235,096
Dividend income		43,096	4,518,342	–	50,137,455
Interest income		5,879	269,117	–	1,183,392
Investment income		146,648	31,965,293	424,291	174,054,923
Expenses					
Management fee	3	(687)	(31,522)	(30)	(121,662)
Investment management fees	3	(25,781)	(3,785,828)	–	(15,728,461)
Administration fees	3	(7,386)	(227,046)	(270)	(941,684)
Depository fees	3	(3,522)	(101,285)	(248)	(346,641)
Legal fees		(743)	(26,162)	(38)	(122,368)
Directors' fees	3	(358)	(16,034)	(18)	(62,218)
Professional fees	3	(61,696)	(21,804)	(7)	(114,189)
Audit fees		(472)	(10,871)	(20)	(73,590)
Other expenses	3	(2,408)	(151,758)	(130)	(544,815)
Total operating expenses		(103,053)	(4,372,310)	(761)	(18,055,628)
Net income from operations		43,595	27,592,983	423,530	155,999,295
Withholding taxes		(4,261)	(672,768)	–	(2,137,304)
Finance costs					
Interest expense		–	(13)	–	(43)
Income distribution	5	–	–	–	(24,416,313)
Profit for the financial year		39,334	26,920,202	423,530	129,445,635

** Montanaro Global Select Fund was launched on 30 November 2023.

*** See Note 1 Statement of Accounting Policies (h).

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF COMPREHENSIVE INCOME

Financial year ended 31 December 2022

		Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €
Income	Note				
Net realised gain on financial assets at fair value through profit or loss and foreign exchange	1(g)	8,248,268	12,205,292	13,529,179	5,749,313
Net change in unrealised gain/(loss) of financial assets at fair value through profit or loss and foreign exchange	1(g)	(214,066,525)	(276,058,043)	(114,850,656)	(54,078,671)
Dividend income		7,133,353	25,600,910	10,707,949	2,340,967
Interest income		22,587	51,321	8,203	7,124
Investment income		(198,662,317)	(238,200,520)	(90,605,325)	(45,981,267)
Expenses					
Management fee	3	(26,646)	(41,063)	(20,138)	(7,415)
Investment management fees	3	(5,309,902)	(3,814,960)	(2,517,023)	(1,767,105)
Administration fees	3	(153,351)	(318,599)	(141,593)	(35,820)
Depository fees	3	(75,225)	(92,514)	(65,768)	(21,432)
Legal fees		(19,649)	(28,030)	(13,720)	(5,407)
Directors' fees	3	(11,213)	(17,194)	(8,439)	(3,190)
Professional fees	3	(10,941)	(14,445)	(7,030)	(2,660)
Audit fees		(10,589)	(15,057)	(7,112)	(2,496)
Other expenses	3	(110,780)	(117,440)	(54,992)	(25,613)
Total operating expenses		(5,728,296)	(4,459,302)	(2,835,815)	(1,871,138)
Net loss from operations		(204,390,613)	(242,659,822)	(93,441,140)	(47,852,405)
Withholding taxes		(447,761)	(267,875)	(478,394)	(132,681)
Finance costs					
Interest expense		(50,004)	(195)	(38,951)	(10,391)
Income distribution	5	–	(18,698,974)	(5,545,967)	–
Loss for the financial year		(204,888,378)	(261,626,866)	(99,504,452)	(47,995,477)

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

MONTANARO SMALLER COMPANIES PLC

STATEMENT OF COMPREHENSIVE INCOME

Financial year ended 31 December 2022 (continued)

		Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Total*** €
Income	Note			
Net realised (loss)/gain on financial assets at fair value through profit or loss and foreign exchange	1(g)	(762,650)	14,638,200	55,716,375
Net change in unrealised gain/(loss) of financial assets at fair value through profit or loss and foreign exchange	1(g)	(5,086,765)	(350,137,014)	(1,061,973,676)
Dividend income		29,512	5,765,524	56,001,419
Interest income		403	27,344	125,849
Investment income		(5,819,500)	(329,705,946)	(950,130,033)
Expenses				
Management fee	3	152	(46,375)	(148,580)
Investment management fees	3	(31,057)	(5,661,460)	(19,760,638)
Administration fees	3	(8,019)	(317,329)	(1,029,757)
Depository fees	3	(3,062)	(132,550)	(406,535)
Legal fees		(539)	(34,247)	(106,435)
Directors' fees	3	(313)	(19,796)	(63,116)
Professional fees	3	(52,825)	(27,008)	(117,405)
Audit fees		(308)	(21,328)	(59,491)
Other expenses	3	(3,820)	(170,649)	(503,584)
Total operating expenses		(99,791)	(6,430,742)	(22,195,541)
Net loss from operations		(5,919,291)	(336,136,688)	(972,325,574)
Withholding taxes		(3,334)	(842,595)	(2,218,922)
Finance costs				
Interest expense		(801)	(70,928)	(171,304)
Income distribution	5	–	–	(27,475,662)
Loss for the financial year		(5,923,426)	(337,050,211)	(1,002,191,462)

** See Note 1 Statement of Accounting Policies (h).

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

MONTANARO SMALLER COMPANIES PLC

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

Financial year ended 31 December 2023

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		402,002,635	633,081,551	288,249,917	101,801,477
Profit for the financial year		18,244,240	44,023,785	28,000,680	5,204,700
Proceeds from issuance of Shares		67,295,405	158,106,607	83,774,588	417,415
Payments on redemption of Shares		(124,224,499)	(232,743,033)	(158,580,548)	(98,180,204)
Foreign currency translation adjustment***		–	(14,657,491)	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		363,317,781	587,811,419	241,444,637	9,243,388

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

*** See Note 1 Statement of Accounting Policies (h).

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

MONTANARO SMALLER COMPANIES PLC

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

Financial year ended 31 December 2023 (continued)

	Note	Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Montanaro Global Select Fund** €	Total*** €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		11,090,960	608,514,303	–	2,125,206,818
Profit for the financial year		39,334	26,920,202	423,530	129,445,635
Proceeds from issuance of Shares		103,352	58,736,800	5,500,000	397,598,429
Payments on redemption of Shares		(636,992)	(380,932,767)	–	(1,030,133,350)
Foreign currency translation adjustment***		–	–	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		10,596,654	313,238,538	5,923,530	1,622,117,532

** Montanaro Global Select Fund was launched on 30 November 2023.

*** See Note 1 Statement of Accounting Policies (h).

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

MONTANARO SMALLER COMPANIES PLC

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

Financial year ended 31 December 2022

	Note	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		626,870,074	844,885,286	414,644,461	171,590,069
Loss for the financial year		(204,888,378)	(261,626,866)	(99,504,452)	(47,995,477)
Proceeds from issuance of Shares		92,942,042	179,345,466	47,941,658	9,169,272
Payments on redemption of Shares		(112,921,103)	(167,335,528)	(74,831,750)	(30,962,387)
Foreign currency translation adjustment**		–	37,813,193	–	–
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		<u>402,002,635</u>	<u>633,081,551</u>	<u>288,249,917</u>	<u>101,801,477</u>

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** See Note 1 Statement of Accounting Policies (h).

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

MONTANARO SMALLER COMPANIES PLC

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

Financial year ended 31 December 2022 (continued)

	Note	Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Total** €
Net assets value attributable to holders of redeemable participating Shares at the start of the financial year		17,359,102	992,501,163	3,229,256,955
Loss for the financial year		(5,923,426)	(337,050,211)	(1,002,191,462)
Proceeds from issuance of Shares		1,576,920	220,747,853	582,709,672
Payments on redemption of Shares		(1,921,636)	(267,684,502)	(684,568,347)
Foreign currency translation adjustment**		-	-	-
Net asset value attributable to holders of redeemable participating Shares at the end of the financial year		<u>11,090,960</u>	<u>608,514,303</u>	<u>2,125,206,818</u>

** See Note 1 Statement of Accounting Policies (h).

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

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of Preparation

The financial statements for the financial year ended 31 December 2023 have been prepared on a going concern basis in accordance with the provisions of the Companies Act, 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) Regulations 2019 (the "Central Bank UCITS Regulations"), the Financial Reporting Standard ("FRS") 102 the financial reporting standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council ("FRC") and the listing rules of the Euronext Dublin. The 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 format and certain wordings of the financial statements have been adapted from those contained in the Companies Act, so that, in the opinion of the Directors, they more appropriately reflect the Company's business as an investment fund.

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.

(b) Income

Income received and receivable from investments and deposits is credited to the Statement of Comprehensive Income on an accruals basis. Dividend income is credited to the Statement of Comprehensive Income on an ex-dividend basis. Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

(c) Fees and Charges

The investment manager's fee, manager's fee, depositary's fee, administrator's fee, Directors' fees and other operating expenses are charged to the Statement of Comprehensive Income on an accruals basis.

(d) Subscriber Shares

The authorised share capital of the Company is €38,100 divided into 38,100 Subscriber Shares of €1 each and 1,000,000,000 participating Shares of no par value initially designated as unclassified Shares.

The Subscriber Shares do not participate in the profits of the Company.

(e) Redeemable Participating Shares

All redeemable participating Shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Company's net assets at the redemption date. Such instruments give rise to a financial liability for the present value of the redemption amount. In accordance with the Prospectus, the Company is contractually obliged to redeem Shares at the NAV per Share on the valuation date. Redeemable participating Shares are measured and presented at traded market price.

Receivable and payable amounts for Fund Shares sold and purchased are disclosed in the Statement of Financial Position.

(f) Distributions to Holders of Redeemable Participating Shares

Distributions to holders of redeemable participating Shares are recorded in the Statement of Comprehensive Income as a finance cost when the Fund incurs a legal or constructive obligation to pay such a dividend.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Statement of Accounting Policies (continued)

(g) Financial Instruments

(i) Classification

The Company classifies its investments as financial assets at fair value through profit or loss. The category of financial assets and liabilities through profit or loss comprises financial instruments held for trading and those designated by the Investment Manager, at inception, as being at fair value through profit or loss. The financial assets at fair value held by the Company are equity securities and are classified as held for trading.

Under FRS 102, in accounting for all of its financial instruments, an entity is required to apply either of the following:

- (a) the full requirements of Section 11 “Basic Financial Instruments” and Section 12 “Other Financial Instruments Issues” of FRS 102; or
- (b) the recognition and measurement provisions of International Accounting Standards (“IAS”) 39 “Financial Instruments: Recognition and Measurement”, (as amended) (“IAS 39”) as adopted for use in the European Union and the disclosure requirements of Sections 11 and 12 of FRS 102; or
- (c) the recognition and measurement provisions of International Financial Reporting Standards (“IFRS”) 9 “Financial Instruments” (“IFRS 9”) and the disclosure requirements of Sections 11 and 12 of FRS 102.

The Company has elected to apply the recognition and measurement provisions of IAS 39 and the disclosure requirements of Sections 11 and 12 of FRS 102. Under IAS 39, financial assets and liabilities are valued at their traded market price, consistent with the Prospectus.

(ii) Initial Measurement

Purchases and sales of financial instruments are recognised on the trade date, which is the date that the Company commits to purchase the asset. Realised gains and losses on disposal of financial instruments are calculated using the Average Cost method.

Financial instruments categorised at fair value through profit or loss are recognised initially at fair value, with transaction costs for such instruments being recognised directly in the Statement of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Please see Note 3 for details.

(iii) Subsequent Measurement

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss, at their fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their traded market prices on a recognised exchange or sourced from a reputable broker/counterparty in the case of non-exchange traded instruments, at the Statement of Financial Position date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their traded market prices.

If a traded market price is not available on a recognised stock exchange or from a broker/counterparty, the fair value of the financial instruments may be estimated by the Directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

(iv) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with FRS 102.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Statement of Accounting Policies (continued)

(h) Foreign Currency

Functional and Presentation Currency

Transactions included in the Company's books and accounting records are measured and presented using the currency of the primary economic environment in which it operates (the "functional currency"). This is the "Euro", which reflects the Company's primary activity of investing in European securities.

Montanaro European Smaller Companies Fund, Montanaro European Income Fund, Montanaro European Focus Fund, Montanaro Global Innovation Fund, Montanaro Better World Fund and Montanaro Global Select Fund use Euro as the presentation currency, in line with the functional currency.

Montanaro UK Income Fund uses Pound Sterling rather than Euro (the functional currency of the Company and the sub-fund) as the presentation currency for financial statement purposes as this is the principal currency for most of their Shareholders. The difference between the financial year 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 year ended 31 December 2023 for Montanaro UK Income Fund was a loss of £(14,657,491) (31 December 2022: gain of £37,813,193).

Assets and liabilities of the Funds have been translated using the exchange rate prevailing at the Statement of Financial Position date. Income and expenses have been translated using the average exchange rate during the financial year. Foreign currency transaction gains and losses on financial instruments classified as financial assets and liabilities at fair value through profit or loss are included in the Statement of Comprehensive Income as part of gains/(losses) on financial assets and liabilities at fair value through profit or loss.

The Company Total is presented in the functional currency of the Company, Euro. Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro in the accounting records at the closing rates of exchange at each financial year end date. Transactions during the financial year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in the Statement of Comprehensive Income as part of gains/(losses) on financial assets and liabilities at fair value through profit or loss.

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

31 December 2023

Average Euro/Pound Sterling 1.1497

Spot Euro/Pound Sterling 1.1540

31 December 2022

Average Euro/Pound Sterling 1.1728

Spot Euro/Pound Sterling 1.1271

(i) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand and in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

(j) Accrued Expenses

Accrued expenses are measured at carrying cost which approximates their fair values.

(k) Withholding Tax

The Company currently incurs withholding taxes imposed by certain countries on investment income. Such income is recorded gross of withholding taxes in the Statement of Comprehensive Income. Withholding taxes are shown as a separate item in the Statement of Comprehensive Income.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Background

Montanaro Smaller Companies Plc (the “Company” with registered number: 330162) is an open-ended umbrella variable capital investment company. The Company was incorporated on 14 July 2000 in Ireland under the laws of Ireland as an investment Company with variable capital under the laws of the Republic of Ireland and was listed on the main market of the Euronext Dublin exchange (formerly the Irish Stock Exchange) on 11 December 2000.

As at 31 December 2023, the Company had seven Funds in existence (collectively the “Funds”, each a “Fund”): Montanaro European Smaller Companies Fund, Montanaro UK Income Fund, Montanaro European Income Fund, Montanaro European Focus Fund, Montanaro Global Innovation Fund, Montanaro Better World Fund and Montanaro Global Select Fund.

Montanaro European Smaller Companies Fund has eight Classes of Shares available: a Euro Accumulation Class, a Euro Class, a Euro Institutional Accumulation Class, a Euro Institutional Distribution Class, a Sterling Class, a Sterling Institutional Distribution Class, a Swedish Krona Accumulation Class and a US Dollar Class.

Montanaro UK Income Fund has five Classes of Shares available: a Euro Class, a Euro Seed Class, a Sterling Accumulation Class, a Sterling Class and a Sterling Seed Class.

Montanaro European Income Fund has three Classes of Shares available: a Euro Class, a Sterling Class and a Sterling Accumulation Class.

Montanaro European Focus Fund has two Classes of Shares available: a Euro Distribution Class and a Euro Institutional Accumulation Class.

Montanaro Global Innovation Fund has four Classes of Shares available: a Euro Accumulation A Class, a Euro Accumulation B Class, a Sterling Accumulation A Class and a Sterling Accumulation B Class.

Montanaro Better World Fund has four Classes of Shares available: a Euro Distribution Class, a Euro Accumulation Class, a Sterling Distribution Class and Swedish Krona Institutional Accumulation Class.

Montanaro Global Select Fund has two Classes of Shares available: the Euro Accumulation A Class and the Euro Accumulation B Class.

3. Fees

Management Fee

Waystone Management Company (IE) Limited (the “Manager”), as per the agreement signed on 1 October 2021 between the Company and the Manager (the “Management Agreement”), shall be entitled to receive out of the assets of the Funds an annual fee in respect of such Fund or Funds or in respect of each Class of any such Fund, accrued daily, calculated monthly and payable monthly in arrears of up to and not exceeding 0.01% of the Net Asset Value of such Fund or Class as set out in the relevant Supplement. The fee payable to the Manager is subject to a minimum fee of €50,000 per annum based on a single Fund and €10,000 per annum per each additional Fund. The Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket and marketing expenses incurred by it. Each Fund will bear its proportion of the fees and expenses of the Manager. Management fees charged during the financial year ended 31 December 2023 were €121,662 (31 December 2022: €148,580) of which €16,872 was payable at year end (31 December 2022: €(10,369)).

Investment Management Fee

The following Investment Management fees are paid to Montanaro Asset Management Limited (the “Investment Manager”):

	% of Net Assets	Minimum Subscription
Montanaro European Smaller Companies Fund		
Euro Accumulation Class ¹	1.50	N/A
Euro Class ¹	1.50	N/A
Euro Institutional Accumulation Class	0.50	€250,000,000
Euro Institutional Distribution Class	0.75	€50,000,000
Sterling Class ¹	1.50	N/A
Sterling Institutional Distribution Class	0.75	£50,000,000
Swedish Krona Accumulation Class	1.50	SEK10,000
US Dollar Class ¹	1.50	N/A

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Fees (continued)

<i>Investment Management Fee (continued)</i>	% of Net Assets	Minimum Subscription
Montanaro UK Income Fund		
Euro Class ¹	0.75	N/A
Euro Seed Class ^{1,2}	0.35	N/A
Sterling Accumulation Class ¹	0.75	N/A
Sterling Class ¹	0.75	N/A
Sterling Seed Class ^{1,2}	0.35	N/A
Montanaro European Income Fund		
Euro Class ¹	0.75	N/A
Sterling Accumulation Class ¹	0.75	N/A
Sterling Class ¹	0.75	N/A
Montanaro European Focus Fund*		
Euro Distribution Class ¹	1.50	N/A
Euro Institutional Accumulation Class	0.75	€25,000,000
Montanaro Global Innovation Fund		
Euro Accumulation A Class ^{1,3}	0.55	N/A
Euro Accumulation B Class ^{1,3}	0.75	N/A
Sterling Accumulation A Class ^{1,3}	0.55	N/A
Sterling Accumulation B Class ^{1,3}	0.75	N/A
Montanaro Better World Fund		
Euro Accumulation Class ^{1,4}	0.85	N/A
Euro Distribution Class ¹	0.85	N/A
Sterling Distribution Class ¹	0.85	N/A
Swedish Krona Institutional Accumulation Class ⁴	0.50	€150,000,000
Montanaro Global Select Fund**		
Euro Accumulation A Class ¹	0.75	N/A
Euro Accumulation B Class	0.55	€75,000,000

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023. The Investment Manager agreed to waive its fee from launch date until 31 December 2024.

¹ These respective Share Classes have no minimum subscription amount required to subscribe to the Share Class as per the Prospectus.

² Effective 1 January 2023, the Management fee rate charged to Euro Seed Class and Sterling Seed Class of Montanaro UK Income fund increased from 0.30% per annum to 0.35% per annum. However, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.75% per annum.

³ Effective 1 January 2023, the Investment Management fee rate charged to Euro Accumulation A Class and Sterling Accumulation A Class of the Montanaro Global Innovation Fund increased from 0.25% per annum to 0.55% per annum, while the Investment Management fee rate charged to Euro Accumulation B Class and Sterling Accumulation B Class increased from 0.25% per annum to 0.75% per annum.

⁴ The Swedish Krona Institutional Accumulation Class of the Fund pays the Investment Manager a basic Management fee of 0.50% per annum. However, as per the Prospectus, the Investment Manager is entitled to charge a fee of up to 0.75% in respect of the Swedish Krona Institutional Accumulation Share Class.

The Investment Management fees accrue daily on the basis of the NAV of the Funds on each dealing day and will be payable quarterly in arrears.

The Investment Manager earned an Investment Management fee of €15,778,516 for the financial year ended 31 December 2023 (31 December 2022: €19,760,638) of which €3,129,914 (31 December 2022: €4,380,982) was payable at the financial year end.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Fees (continued)

Performance Fees

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, all Classes of the Montanaro European Income Fund, the Euro Accumulation B Class and Sterling Accumulation B Class of the Montanaro Global Innovation Fund, all Classes of the Montanaro Better World Fund and all Classes of the Montanaro Global Select 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 NAV per Share, having adjusted the closing NAV per Share by (i) adding back the impact of any accruing Performance fee, and (ii) adding back and compounding at the rate of return of the NAV of the Share Class any dividends paid or payable by reference to the financial period in question, exceeds the higher of High Water Mark or the return on the benchmark plus 3 percentage points (plus 3 percentage points not applicable for the Montanaro Global Innovation Fund) over the relevant financial period. It will be calculated based on the time weighted average number of Shares in issue during the relevant period.

* Effective 1 January 2023, the Performance fee charged to Euro Accumulation A Class and Sterling Accumulation A Class of the Montanaro Global Innovation Fund is 10% of outperformance. Prior to this date, Performance fees were waived.

A Performance fee will only be payable in respect of any financial period if the closing NAV 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 NAV 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 Performance Fee Period; and (b) the closing NAV per Share of that Class on the last Performance Fee Period end when a Performance fee was paid (if any).

For the financial year ended 31 December 2023, the Investment Manager earned Performance fees of €Nil (31 December 2022: €Nil), of which €Nil (31 December 2022: €Nil) was payable at the financial year end.

Performance Fees table:

The following table outlines the actual amount of Performance fee charged and the percentage of the fees based on the unit class NAV during the years ended 31 December 2023 and 31 December 2022:

There were no Performance fees charged during the financial year ended 31 December 2023 and 31 December 2022.

Administration and Depositary Fees

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 €941,684 for the financial year ended 31 December 2023 (31 December 2022: €1,029,757) of which €986,229 (31 December 2022: €781,329) was payable at the financial year end.

The Bank of New York Mellon SA/NV, Dublin Branch (the “Depositary”), is paid an annual fee accruing daily and paid monthly in arrears. The Depositary fee was €346,641 for the financial year ended 31 December 2023 (31 December 2022: €406,535) of which €239,411 (31 December 2022: €189,833) was payable at the financial year end.

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 €62,218 for the financial year ended 31 December 2023 (31 December 2022: €63,116).

Professional Fees

For the financial year ended 31 December 2023, Professional Fees, which principally comprised Taxation fees, Directors’ indemnity insurance premiums (D&O) and Investment Committee fees, amounted to €114,189 (31 December 2022: €117,405) of which €57,745 (31 December 2022: €38,898) was payable at the financial year end.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Fees (continued)

Professional Fees (continued)

31 December 2023

	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €	Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Montanaro Global Select Fund** €	Montanaro Total*** €
Taxation fees	(7,334)	(9,848)	(4,195)	(337)	(2,896)	(16,553)	–	(42,637)
Directors' indemnity insurance premiums (D&O)	(1,933)	(2,802)	(1,579)	(761)	(64)	(5,251)	(7)	(12,816)
Investment Committee fees	–	–	–	–	(58,736)	–	–	(58,736)
	<u>(9,267)</u>	<u>(12,650)</u>	<u>(5,774)</u>	<u>(1,098)</u>	<u>(61,696)</u>	<u>(21,804)</u>	<u>(7)</u>	<u>(114,189)</u>

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

*** See Note 1 Statement of Accounting Policies (h).

31 December 2022

	Montanaro European Smaller Companies Fund €	Montanaro UK Income Fund £	Montanaro European Income Fund €	Montanaro European Focus Fund* €	Montanaro Global Innovation Fund €	Montanaro Better World Fund €	Montanaro Total** €
Taxation fees	(6,769)	(8,363)	(3,990)	(1,437)	(168)	(20,261)	(42,433)
Directors' indemnity insurance premiums (D&O)	(4,172)	(6,082)	(3,040)	(1,223)	(113)	(6,747)	(22,428)
Investment Committee fees	–	–	–	–	(52,544)	–	(52,544)
	<u>(10,941)</u>	<u>(14,445)</u>	<u>(7,030)</u>	<u>(2,660)</u>	<u>(52,825)</u>	<u>(27,008)</u>	<u>(117,405)</u>

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** See Foreign Currency Translation Adjustment Note 14.

Auditor's Remuneration

Fees charged by the Independent Auditor in respect of the financial year ended 31 December 2023 and 31 December 2022 (exclusive of VAT) were:

	Statutory audit €	Other assurance services €	Tax advisory services €	Other non-audit services €
31 December 2023	58,500	–	–	–
31 December 2022	48,500	–	–	4,500*

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Fees (continued)

Auditor's Remuneration (continued)

*Other non-audit services comprise of SFDR fees of €750 charged per sub-fund.

Other Expenses

Other Expenses are principally comprised of Board Meeting fees, Listing and Publishing fees, VAT costs, Index fees, Printing fees, Electronic payment fees and Rating fees. For the financial year ended 31 December 2023, other expenses totalled €522,954 (31 December 2022: €503,584). Other expenses payable at the financial year end amounted to €36,483 (year ended: €54,198).

Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When financial assets or financial liabilities are initially recognised at fair value through profit or loss, transaction costs for such instruments are recognised directly in profit and loss.

Transaction costs on purchases and sales of equities measured at fair value through profit or loss are included in net gains/(losses) on investments in the Statement of Financial Position for each Fund. Depository transaction costs are included in Depository fees in the Statement of Comprehensive Income for each Fund. These costs are separately identifiable transaction costs and the total costs incurred by each Fund during the financial year are disclosed overleaf.

For the financial years ended 31 December 2023 and 31 December 2022, the Company incurred transaction costs on purchases and sales as below:

Fund	Currency	31 December 2023	31 December 2022
Montanaro European Smaller Companies Fund	€	115,860	224,819
Montanaro UK Income Fund	£	571,299	763,498
Montanaro European Income Fund	€	97,177	141,794
Montanaro European Focus Fund*	€	37,794	111,664
Montanaro Global Innovation Fund	€	2,054	3,659
Montanaro Better World Fund	€	178,426	303,946
Montanaro Global Select Fund**	€	5,279	–

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

4. Financial Assets at Fair Value through Profit or Loss

As at 31 December 2023 and 31 December 2022, the fair value of financial assets held at fair value through profit or loss are based on closing last prices which are derived from traded market prices in active markets.

5. Distribution Policy

Distributions may be paid out of the net distributable 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 European Income Fund, Montanaro European Focus Fund, Montanaro Better World Fund and Montanaro Global Select Fund are registered as reporting funds under the UK Reporting Fund Regime.

In the event that the net distributable income generated by the Montanaro UK Income Fund and by the Montanaro European Income Fund during the relevant financial period and attributable to the relevant Class is insufficient to pay a distribution which is declared, the Directors may at their discretion determine such dividends may be paid from the capital of the Fund. For the financial year ended 31 December 2023 all distributions were paid out of income apart from distributions of £Nil on the Montanaro UK Income Fund and distributions of €211,468 on the Montanaro European Income Fund. For the financial year ended 31 December 2022 all distributions were paid out of income apart from distributions of £267,424 on the Montanaro UK Income Fund and distributions of €405,345 on the Montanaro European Income Fund.

The Company made the following distributions to redeemable participating Shareholders during the financial year ended 31 December 2023 and 31 December 2022:

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Distribution Policy (continued)

	Montanaro European Smaller Companies Fund	Montanaro UK Income Fund	Montanaro European Income Fund	Montanaro European Focus Fund*	Montanaro Global Innovation Fund	Montanaro Better World Fund	Montanaro Global Select Fund**	Total***
	€	£	€	€	€	€	€	€
31 December 2023	827,372	17,211,674	3,581,741	219,406	–	–	–	24,416,313
31 December 2022	–	18,698,974	5,545,967	–	–	–	–	27,475,662

*Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

***See Note 1 Statement of Accounting Policies (h).

6. Cash and Cash Equivalents

At the financial year end, the Company had a cash balance totalling €14,871,827 (31 December 2022: €40,501,291) with Bank of New York Mellon SA/NV, Dublin Branch.

7. 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, or is a member of the key management personnel of the reporting entity.

During the financial year, the following Related Party Transactions were entered into:

Please refer to Note 3 Fees for the Director Fee details.

Cedric Durant des Aulnois, a Director of the Company, held 2,919 (31 December 2022: 2,919) Shares in the Montanaro UK Income Fund as at 31 December 2023.

No other Directors, nor the Secretary, had any interest in the Shares or deferred Shares of the Company as at 31 December 2023 and 31 December 2022.

No other Director of the Company had at any time during the financial year a material interest in any contract of significance, existing during or at the end of the financial year, in relation to the business of the Company.

The following entities are related parties, by virtue of the fact that each have the same ultimate parent group, Montanaro Asset Management Limited, which held Shares in the Company as follows:

	31 December 2023	31 December 2022
Montanaro Asset Management Limited	14,015,294	8,508,637
Montanaro Growth & Income Fund Limited Partnership No. 3	12,016,544	12,016,544

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 3. As at 31 December 2023 and 31 December 2022 there were 7 Subscriber Shares of €1 each in issue (being the minimum share capital of the Company) held by the Investment Manager.

The Investment Manager agreed to waive its entitlement to any Performance fees for the Montanaro Global Innovation Fund for the years ended 31 December 2023 and 31 December 2022.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow and price risk), credit risk, liquidity risk and capital risk management. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Further, the Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control economic hedging transactions in a timely and accurate manner.

The Company's assets and liabilities comprise financial instruments which mainly include:

- Investments in equity Shares, preferred stock and collective investment schemes. These are held in accordance with the Company's investment objectives and policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its investment activities.

The investment objectives of the Funds are as follows:

Montanaro European Smaller Companies Fund

The investment objective of the Fund is to outperform its Benchmark, the MSCI Europe SmallCap (Capital Return) Index.

Montanaro UK Income Fund

The investment objective of the Fund is to deliver capital growth and income.

Montanaro European Income Fund

The investment objective of the Fund is to deliver capital growth and income.

*Montanaro European Focus Fund**

The investment objective of the Fund is to outperform its Benchmark, the STOXX Europe Mid 200 (Capital Return) Index.

Montanaro Global Innovation Fund

The investment objective of the Fund is to outperform its Benchmark, the MSCI World SMID Cap (Total Return) Index.

Montanaro Better World Fund

The investment objective of the Fund is to deliver long-term capital growth.

*Montanaro Global Select Fund***

The investment objective of the Fund is to outperform the Benchmark.

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

Market Price Risk

The Company trades in financial instruments, taking positions in traded instruments to take advantage of market movements in the equity markets.

All securities investments present a risk of loss of capital. Each of the Funds' overall market positions are monitored on a daily basis by the Company's Investment Manager and are reported on a monthly basis to the Directors and Designated Persons in the monthly Investment Manager's factsheet. The monthly Investment Manager's factsheet includes details of the Company's performance, relative performance, a Fund analysis, a list of the top ten holdings and a sector and country distribution analysis.

The Company's investments are in accordance with UCITS Regulations investment restrictions and also comply with the investment restrictions as disclosed in the Company's Prospectus.

The total value of investments held by the Company at the financial year end is disclosed in the Statement of Financial Position.

The Company's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Company's market price risk is managed through diversification of the investment portfolios. In the case of each of the Funds, all invested assets are in securities traded on recognised European exchanges. At 31 December 2023 and 31 December 2022, the overall market exposures were:

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Market Price Risk (continued)

	Currency	31 December 2023		31 December 2022	
		Fair value	% of Net Assets at Mid-Prices	Fair value	% of Net Assets at Mid-Prices
Securities held for trading					
Montanaro European Smaller Companies Fund	€	361,397,990	99.47	395,876,138	98.48
Montanaro UK Income Fund	£	582,130,578	99.03	619,198,810	97.81
Montanaro European Income Fund	€	239,440,446	99.17	281,957,439	97.82
Montanaro European Focus Fund*	€	8,898,888	96.27	98,323,034	96.58
Montanaro Global Innovation Fund	€	10,436,804	98.49	10,968,641	98.90
Montanaro Better World Fund	€	310,788,495	99.22	599,915,022	98.59
Montanaro Global Select Fund**	€	5,904,560	99.68	–	–

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

If the Company's underlying investments at 31 December 2023 had increased or decreased by 5% with all other variables held constant, this would have increased or reduced net assets attributable to holders of redeemable Shares of the Montanaro European Smaller Companies Fund by approximately €18.1m (31 December 2023: €19.8m), Montanaro UK Income Fund by approximately £29.1m (503,584: £31.0m), Montanaro European Income Fund by approximately €12.0m (31 December 2023: €14.1m), Montanaro European Focus Fund by approximately €0.4m (31 December 2023: €4.9m), Montanaro Global Innovation Fund by approximately €0.5m (31 December 2023: €0.5m), Montanaro Better World Fund by approximately €15.5m (31 December 2022: €30.0m) and Montanaro Global Select Fund by approximately €0.3m.

The top ten country distribution of the Company's investments at 31 December 2023 and 31 December 2022 is as follows:

31 December 2023		31 December 2022	
Country	Montanaro European Smaller Companies Fund % of Net Assets at mid prices	Country	Montanaro UK Income Fund % of Net Assets at mid prices
United Kingdom	30.23	United Kingdom	94.01
Sweden	17.82	Sweden	2.98
Italy	12.41	Vietnam	1.50
Switzerland	12.11	Belgium	0.54
Germany	10.07		
France	5.27		
Netherlands	3.90		
Belgium	2.59		
Denmark	1.43		
Spain	1.39		

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Market Price Risk (continued)

31 December 2023	Montanaro European Income Fund % of Net Assets at mid prices	31 December 2023	Montanaro European Focus Fund* % of Net Assets at mid prices
Country		Country	
Italy	24.87	United Kingdom	29.39
Sweden	13.91	Italy	19.30
France	13.42	France	13.33
Germany	11.90	Belgium	9.09
Norway	11.18	Switzerland	7.95
Belgium	6.59	Sweden	5.64
Denmark	4.83	Denmark	4.52
Spain	4.25	Germany	4.01
Switzerland	3.79	Norway	2.02
Netherlands	2.53	Netherlands	1.02

31 December 2023	Montanaro Global Innovation Fund % of Net Assets at mid prices	31 December 2023	Montanaro Better World Fund % of Net Assets at mid prices
Country		Country	
United States	47.30	United States	50.36
Sweden	9.44	Japan	8.48
United Kingdom	7.83	United Kingdom	8.42
Australia	5.62	Switzerland	5.77
France	5.46	Sweden	4.15
Switzerland	4.48	Denmark	3.65
Italy	4.16	Australia	2.91
Germany	3.92	Israel	2.72
Israel	2.72	France	2.60
Netherlands	2.48	Germany	2.23

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Market Price Risk (continued)

31 December 2023	Montanaro Global Select Fund** % of Net Assets at mid prices
Country	
United States	46.18
United Kingdom	11.76
Germany	10.57
Switzerland	8.06
France	7.81
Sweden	7.60
Netherlands	3.65
Australia	2.20
Israel	1.04
Norway	0.81

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

31 December 2022	Montanaro European Smaller Companies Fund % of Net Assets at mid prices	31 December 2022	Montanaro UK Income Fund % of Net Assets at mid prices
Country		Country	
United Kingdom	29.85	United Kingdom	91.52
Sweden	14.91	Sweden	3.71
Switzerland	10.99	Singapore	1.61
Italy	10.61	Belgium	0.97
Germany	8.93		
France	5.40		
Denmark	5.25		
Netherlands	4.01		
Belgium	2.53		
Iceland	1.63		

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Market Price Risk (continued)

31 December 2022	Montanaro European Income Fund % of Net Assets at mid prices	31 December 2022	Montanaro European Focus Fund* % of Net Assets at mid prices
Country		Country	
Italy	17.01	United Kingdom	25.98
France	16.60	France	23.38
Sweden	15.63	Italy	15.92
Norway	12.50	Switzerland	9.63
Germany	11.68	Netherlands	7.12
Switzerland	7.02	Belgium	6.88
Spain	5.03	Germany	4.37
Denmark	4.60	Denmark	3.30
Belgium	4.03		
Portugal	1.91		

31 December 2022	Montanaro Global Innovation Fund % of Net Assets at mid prices	31 December 2022	Montanaro Better World Fund % of Net Assets at mid prices
Country		Country	
United States	51.80	United States	49.53
Sweden	9.73	United Kingdom	6.13
United Kingdom	8.95	Japan	6.05
France	5.37	Sweden	6.03
Australia	4.65	Australia	5.44
Switzerland	4.19	Denmark	4.83
Israel	2.82	Switzerland	4.61
Netherlands	2.64	Netherlands	3.31
Italy	2.51	Greece	2.85
Norway	2.26	France	2.62

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

Interest Rate Risk

The majority of the Company's financial assets are equity shares and other instruments which neither pay interest nor have a maturity date. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Cash balances of the Company are not subject to significant interest rate risk.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In accordance with the Company's policy, the Investment Manager monitors the Company's currency position on a daily basis. The Company's currency position is reported to the Designated Persons on a monthly basis in the monthly Administrator's report and Investment Manager's reports and reported to the Directors on a quarterly basis.

The Company holds assets denominated in currencies other than their functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's policy is not to enter into any currency hedging.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Foreign Currency Risk (continued)

The following table indicates the currencies to which the Company had significant exposure at 31 December 2023 and 31 December 2022 along with the expected movement in value of the currency given a 5% movement relative to the presentation currency:

	Montanaro European Smaller Companies Fund				Montanaro UK Income Fund			
	31 December 2023		31 December 2022		31 December 2023		31 December 2022	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	£	£	£	£
Danish Krone	5,320,160	266,008	21,226,277	1,061,314	–	–	–	–
Norwegian Krone	–	–	5,079,191	253,960	–	–	–	–
Pound Sterling	115,215,917	5,760,796	129,992,285	6,499,614	566,869,440	28,343,472	604,397,211	30,219,861
Swedish Krona	64,810,679	3,240,534	60,030,446	3,001,522	17,532,343	876,617	23,477,852	1,173,893
Swiss Franc	44,006,382	2,200,319	44,161,538	2,208,077	–	–	–	–
US Dollar	100,070	5,004	155,621	7,781	–	–	–	–

	Montanaro European Income Fund				Montanaro European Focus Fund*			
	31 December 2023		31 December 2022		31 December 2023		31 December 2022	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	€	€	€	€
Danish Krone	11,844,514	592,226	13,471,826	673,591	442,951	22,148	3,391,259	169,563
Norwegian Krone	32,081,031	1,604,052	36,073,789	1,803,689	186,396	9,320	–	–
Pound Sterling	(730,388)	(36,519)	1,296,577	64,829	2,916,586	145,829	26,851,328	1,342,566
Swedish Krona	28,567,936	1,428,397	45,071,777	2,253,589	521,123	26,056	–	–
Swiss Franc	9,151,110	457,555	20,225,430	1,011,271	735,127	36,756	9,807,475	490,374

	Montanaro Global Innovation Fund				Montanaro Better World Fund			
	31 December 2023		31 December 2022		31 December 2023		31 December 2022	
	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement	Net Exposure	5% movement
	€	€	€	€	€	€	€	€
Australian Dollar	595,040	29,752	515,821	25,791	9,109,210	455,460	33,100,192	1,655,010
Danish Krone	256	13	246,849	12,342	11,557,156	577,858	29,477,585	1,473,879
Israeli Shekel	103,149	5,157	92,942	4,647	–	–	–	–
Japanese Yen	–	–	–	–	26,564,107	1,328,205	36,827,346	1,841,367
New Zealand Dollar	–	–	–	–	3,432,416	171,621	7,120,061	356,003
Norwegian Krone	86,036	4,302	251,458	12,573	–	–	–	–
Pound Sterling	1,154,110	57,706	1,444,520	72,226	26,894,931	1,344,747	40,089,151	2,004,458
Swedish Krona	1,000,068	50,003	1,079,189	53,959	13,066,477	653,324	37,909,178	1,895,459
Swiss Franc	475,160	23,758	464,716	23,236	18,059,030	902,951	28,037,705	1,401,885
US Dollar	4,917,449	245,872	5,554,614	277,731	166,292,459	8,314,623	316,736,134	15,836,807

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Foreign Currency Risk (continued)

	31 December 2023	
	Net Exposure	5% movement
	€	€
Australian Dollar	130,229	6,511
Israeli Shekel	61,890	3,094
Norwegian Krone	47,689	2,384
Pound Sterling	702,064	35,103
Swedish Krona	450,411	22,521
Swiss Franc	477,451	23,873
US Dollar	2,735,677	136,784

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

Credit/Counterparty Risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. The Company's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations in relation to each Class of recognised financial assets, is the carrying amount of those assets as indicated in the Statement of Financial Position.

All transactions in traded securities are settled/paid for using approved brokers. The risk of default is considered minimal, as delivery of securities sold and receipt of payment by the broker and payment on a purchase and receipt of securities by the broker are done simultaneously. The trade will fail if either party fails to meet its obligation.

In accordance with the Company's policy, the Investment Manager monitors the Company's credit position on a daily basis and the Administrator reports on it to the Board of Directors quarterly in the Administrator's report. At 31 December 2023, the Company held cash of €14,871,827 with the Bank of New York Mellon SA/NV, Dublin Branch (31 December 2022: €40,501,291) who has a credit rating of AA- (31 December 2022: AA-) by Standard & Poor's.

The Company's securities are maintained within the Depositary's network in segregated accounts. The Depositary is required to ensure that any agent it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depositary, the Company's assets should be segregated and protected and this should further reduce counterparty risk. The Company is, however, exposed to the risk that the Depositary or certain depositories used by the Depositary may fail. In event of the insolvency or bankruptcy of the Depositary, the Company will be treated as a general creditor of the Depositary in relation to cash holdings of the Company and as such the amount that the Company will recover is dependent on the amount of cash available to the liquidator to distribute.

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must be based on future events and must not be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. As at 31 December 2023 and 31 December 2022, the Company was not subject to master netting arrangements with its counterparties.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Liquidity Risk

The Company is exposed to daily cash redemptions of redeemable Shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Company's traded securities are considered readily realisable as they are traded on recognised stock exchanges. The Company is permitted to borrow in the short term to ensure settlement. As at 31 December 2023, no such borrowings existed (31 December 2022: Nil).

In accordance with the Company's policy, the Investment Manager monitors the Company's liquidity on a daily basis. The Board of Directors receives reports on it on a quarterly basis in the Administrator's report and the Investment Manager's report.

All of the liabilities of the Company are payable in less than three months.

Capital Risk Management

The capital of the Company is represented by the NAV attributable to the holder of redeemable participating Shares. The amount of NAV attributable to the holder of redeemable participating Shares can change significantly on a monthly basis, as the Company is subject to daily subscriptions and redemptions at the discretion of the Shareholder. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the Shareholder and maintain a strong capital base to support the development of the investment activities of the Company.

Investors should note that the smaller companies market in which the Company invests may be less liquid than the market in larger capitalisation stocks and can be more sensitive to economic and other factors. As a result, the Company may experience greater volatility both in the value of its investments and in its NAV per Share than a Company investing in larger capitalisation Shares. This may be particularly relevant where positions need to be liquidated to meet redemption requests or other funding requirements.

The Directors' current intention is to make at their discretion a distribution of substantially the whole of the net income (including interest and dividend income less expenditure and liabilities) to Shareholders each calendar quarter. In the event that the net distributable income generated by the Montanaro UK Income Fund and European Income Fund during the relevant period and attributable to the relevant Class is insufficient to pay a distribution which is declared, the Directors may at their discretion determine such dividends may be paid from the capital of the Montanaro UK Income Fund and European Income Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount originally invested or capital gains attributable to, and may result in an immediate decrease in the value of, the Shares of the relevant Class and will reduce any capital appreciation for the Shareholders of such Class.

Fair Value Estimation

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 traded price in an active market for identical assets or liabilities that the entity can access the measurement date.
- Level 2 Inputs other than traded 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.

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

When traded 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 traded 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risks Associated with Financial Instruments (continued)

Fair Value Estimation (continued)

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 model. 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 traded market prices in active markets and therefore all of the Company's investments were classified as Level 1 at 31 December 2023 and 31 December 2022. There were no transfers between levels during the financial year. 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 held at 31 December 2023 and 31 December 2022.

9. Soft Commission Arrangements

No soft commission arrangements were entered into during the financial years ended 31 December 2023 and 31 December 2022.

10. Efficient Portfolio Management

The Company may, on behalf of a Fund, use techniques and instruments for the purposes of efficient portfolio management (including but not limited to forward foreign currency contracts, futures contracts, options, put and call options on securities, indices and currencies, stock index contracts, swap contracts) subject to the restrictions and limitations laid down by the Central Bank. The Company may engage in such techniques and instruments for the reduction of risk, cost or the generation of additional capital or income for a Fund with an appropriate level of risk, taking into account the risk profile of the Company as described in the Prospectus and the general provisions of the UCITS Regulations.

The Company may employ techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes and techniques and instruments intended to provide protection against exchange rate risk and equity market risk. Where applicable, the entities to which direct and indirect operational costs and/or fees have been paid during the annual period to the relevant accounting year end of a Fund will be disclosed in the annual report for such period.

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward foreign currency contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The use of such techniques and instruments for efficient portfolio management involves certain special risks including: a dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, imperfect correlations between the hedging instruments and the securities or market sectors being hedged, the fact that skills needed to use these instruments are different from those needed to select the Company's securities, the possible absence of a liquid market for any particular instrument at any particular time and possible impediments to effective portfolio management such as the ability to meet redemption requests or other short term obligations because of the percentage of the Company's assets being segregated to cover its obligations.

The Company does not currently use financial derivative instruments and it is not the current intention of the Investment Manager to employ efficient portfolio management techniques. A risk management process will be submitted to the Central Bank in accordance with the Central Bank's requirements prior to the Company engaging in financial derivative transactions on behalf of a Fund.

The Company did not enter into any derivative contracts during the financial year ended 31 December 2023 or the financial year ended 31 December 2022 for efficient portfolio management or any other purpose.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. 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.

Subscriber Shares

The Company has authorised share capital of €38,100 (divided into 38,100 Subscriber Shares of one Euro each). As at 31 December 2023 and 31 December 2022 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.

In the event that the net distributable income generated by the Montanaro UK Income Fund and by the Montanaro European Income Fund during the relevant financial period and attributable to the relevant Class is insufficient to pay a distribution which is declared, the Directors may at their discretion determine such dividends may be paid from the capital of the Fund. Shareholders should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount originally invested or capital gains attributable to and may result in an immediate decrease in the value of the Shares of the relevant Class and will reduce any capital appreciation for the Shareholders of such Class.

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.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Share Capital and Redeemable Participating Shares (continued)

31 December 2023

	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	18,398,137	3,803,505	(4,982,010)	17,219,632
Euro Class	16,988,667	110,925	(792,122)	16,307,470
Euro Institutional Accumulation Class	4,238,215	851,484	(454,506)	4,635,193
Euro Institutional Distribution Class	12,655,471	876,065	(7,941,160)	5,590,376
Sterling Class	3,894,309	616,186	(2,967,407)	1,543,088
Sterling Institutional Distribution Class	3,564,114	3,395,800	(1,510,390)	5,449,524
Swedish Krona Accumulation Class	317,630	–	–	317,630
US Dollar Class	72,973	18,174	(34,474)	56,673
Montanaro UK Income Fund				
Euro Class	1,635,534	53,701	(1,483,135)	206,100
Euro Seed Class	823,374	396,026	(204,823)	1,014,577
Sterling Accumulation Class	173,079,256	57,091,728	(68,420,904)	161,750,080
Sterling Class	186,565,994	57,158,520	(70,799,363)	172,925,151
Sterling Seed Class	137,097,674	19,889,772	(44,316,224)	112,671,222
Montanaro European Income Fund				
Euro Class	13,485,857	1,490,907	(2,197,451)	12,779,313
Sterling Accumulation Class	102,873,478	33,718,287	(47,754,707)	88,837,058
Sterling Class	58,502,321	14,413,883	(37,210,898)	35,705,306
Montanaro European Focus Fund*				
Euro Distribution Class	39,576,883	162,040	(39,233,482)	505,441
Euro Institutional Accumulation Class	3,043,112	3,969	(7,358)	3,039,723
Montanaro Global Innovation Fund				
Euro Accumulation A Class	1,253,095	–	(52,717)	1,200,378
Euro Accumulation B Class	1,109,635	–	(4,268)	1,105,367
Sterling Accumulation A Class	2,384,863	93,987	(347,800)	2,131,050
Sterling Accumulation B Class	3,395,875	9,384	(154,297)	3,250,962
Montanaro Better World Fund				
Euro Accumulation Class	21,405,246	7,206,573	(9,248,444)	19,363,375
Euro Distribution Class	92,911,489	7,550,409	(22,918,411)	77,543,487
Sterling Distribution Class	188,604,426	17,280,050	(109,577,774)	96,306,702
Swedish Krona Institutional Accumulation Class	141,392,445	10,540,402	(146,557,057)	5,375,790
Montanaro Global Select Fund**				
Euro Accumulation A Class	–	2,750,000	–	2,750,000
Euro Accumulation B Class	–	2,750,000	–	2,750,000

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Share Capital and Redeemable Participating Shares (continued)

31 December 2022

	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	17,338,780	4,070,310	(3,010,953)	18,398,137
Euro Class	17,617,147	906,438	(1,534,918)	16,988,667
Euro Institutional Accumulation Class	3,615,503	1,982,109	(1,359,397)	4,238,215
Euro Institutional Distribution Class	14,192,708	4,989,523	(6,526,760)	12,655,471
Sterling Class	3,936,898	140,542	(183,131)	3,894,309
Sterling Institutional Distribution Class	5,390,007	507,753	(2,333,646)	3,564,114
Swedish Krona Accumulation Class	317,630	–	–	317,630
US Dollar Class	117,873	4,130	(49,030)	72,973
Montanaro UK Income Fund				
Euro Class	2,693,066	30,291	(1,087,823)	1,635,534
Euro Seed Class	963,224	54,901	(194,751)	823,374
Sterling Accumulation Class	155,640,408	37,493,758	(20,054,910)	173,079,256
Sterling Class	182,236,811	59,632,483	(55,303,300)	186,565,994
Sterling Seed Class	143,214,741	34,673,001	(40,790,068)	137,097,674
Montanaro European Income Fund				
Euro Class	13,137,238	1,867,917	(1,519,298)	13,485,857
Sterling Accumulation Class	123,861,930	4,464,677	(25,453,129)	102,873,478
Sterling Class	58,890,038	15,588,258	(15,975,975)	58,502,321
Montanaro European Focus Fund*				
Euro Distribution Class	44,873,516	3,383,592	(8,680,225)	39,576,883
Euro Institutional Accumulation Class	6,453,262	1,653	(3,411,803)	3,043,112
Montanaro Global Innovation Fund				
Euro Accumulation A Class	1,750,574	22,789	(520,268)	1,253,095
Euro Accumulation B Class	1,103,715	5,920	–	1,109,635
Sterling Accumulation A Class	2,059,553	1,145,434	(820,124)	2,384,863
Sterling Accumulation B Class	3,509,837	162,175	(276,137)	3,395,875
Montanaro Better World Fund				
Euro Accumulation Class	12,348,839	13,364,311	(4,307,904)	21,405,246
Euro Distribution Class	62,174,463	38,006,799	(7,269,773)	92,911,489
Sterling Distribution Class	217,423,128	48,766,476	(77,585,178)	188,604,426
Swedish Krona Institutional Accumulation Class	193,947,696	41,952,749	(94,508,000)	141,392,445

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Exchange Rates

The exchange rates to Euro (€) at the financial years ended 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Australian Dollar	1.6189	1.5738
Canadian Dollar	1.4566	-
Danish Krone	7.4546	7.4364
Israeli New Shekel	3.9777	3.7658
Japanese Yen	155.7336	140.8184
New Taiwan Dollar	33.9023	-
New Zealand Dollar	1.7447	1.6875
Norwegian Krone	11.2185	10.5135
Pound Sterling	0.8665	0.8872
Swedish Krona	11.1325	11.1202
Swiss Franc	0.9297	0.9874
US Dollar	1.1047	1.0673

13. 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 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
- 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 Fund or its Shareholders.

14. Comparatives

The comparative financial statements relate to the financial year ended 31 December 2022.

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

The below share classes are unhedged.

31 December 2023

	Net Assets for dealing	Shares in issue	NAV per Share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€117,329,321	17,219,632	€6.814
Euro Class	€115,724,161	16,307,470	€7.096
Euro Institutional Accumulation Class	€36,396,255	4,635,193	€7.852
Euro Institutional Distribution Class	€40,837,368	5,590,376	€7.305
Sterling Class	£9,573,465	1,543,089	£6.204
Sterling Institutional Distribution Class	£35,583,436	5,449,524	£6.530
Swedish Krona Accumulation Class	SEK8,094,410	317,630	SEK25.484
US Dollar Class	\$211,081	56,673	\$3.725

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Montanaro UK Income Fund

Euro Class	€181,069	206,100	€0.879
Euro Seed Class	€1,282,789	1,014,577	€1.264
Sterling Accumulation Class	£180,235,408	161,750,080	£1.114
Sterling Class	£187,528,179	172,925,151	£1.084
Sterling Seed Class	£218,779,360	112,671,222	£1.942

Montanaro European Income Fund

Euro Class	€16,965,193	12,779,313	€1.328
Sterling Accumulation Class	£117,108,478	88,837,058	£1.318
Sterling Class	£77,409,096	35,705,306	£2.168

Montanaro European Focus Fund*

Euro Distribution Class	€1,232,867	505,441	€2.439
Euro Institutional Accumulation Class	€8,010,521	3,039,723	€2.635

Montanaro Global Innovation Fund

Euro Accumulation A Class	€902,479	1,200,378	€0.752
Euro Accumulation B Class	€1,743,704	1,105,367	€1.577
Sterling Accumulation A Class	£1,604,240	2,131,050	£0.753
Sterling Accumulation B Class	£5,285,061	3,250,962	£1.626

Montanaro Better World Fund

Euro Accumulation Class	€19,442,919	19,363,375	€1.004
Euro Distribution Class	€118,475,446	77,543,487	€1.528
Sterling Distribution Class	£146,157,916	96,306,702	£1.518
Swedish Krona Institutional Accumulation Class	SEK74,023,384	5,375,790	SEK13.770

Montanaro Global Select Fund**

Euro Accumulation A Class	€2,961,765	2,750,000	€1.077
Euro Accumulation B Class	€2,961,765	2,750,000	€1.077

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

31 December 2022

	Net Assets for dealing	Shares in issue	NAV per Share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€118,027,059	18,398,137	€6.415
Euro Class	€113,506,114	16,988,667	€6.681
Euro Institutional Accumulation Class	€31,021,290	4,238,215	€7.319
Euro Institutional Distribution Class	€86,992,758	12,655,471	€6.874
Sterling Class	£23,290,718	3,894,309	£5.981
Sterling Institutional Distribution Class	£22,436,455	3,564,114	£6.295
Swedish Krona Accumulation Class	SEK7,612,505	317,630	SEK23.967
US Dollar Class	\$247,237	72,973	\$3.388
Montanaro UK Income Fund			
Euro Class	€1,356,913	1,635,534	€0.830
Euro Seed Class	€979,363	823,374	€1.189
Sterling Accumulation Class	£178,835,152	173,079,256	£1.033
Sterling Class	£195,665,060	186,565,994	£1.049
Sterling Seed Class	£256,508,522	137,097,674	£1.871

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Montanaro European Income Fund

Euro Class	€16,325,271	13,485,857	€1.211
Sterling Accumulation Class	£122,608,600	102,873,478	£1.192
Sterling Class	£118,651,401	58,502,321	£2.028

Montanaro European Focus Fund*

Euro Distribution Class	€94,062,595	39,576,883	€2.377
Euro Institutional Accumulation Class	€7,738,882	3,043,112	€2.543

Montanaro Global Innovation Fund

Euro Accumulation A Class	€936,997	1,253,095	€0.748
Euro Accumulation B Class	€1,744,397	1,109,635	€1.572
Sterling Accumulation A Class	£1,828,161	2,384,863	£0.767
Sterling Accumulation B Class	£5,633,068	3,395,875	£1.659

Montanaro Better World Fund

Euro Accumulation Class	€19,575,390	21,405,246	€0.915
Euro Distribution Class	€129,292,889	92,911,489	€1.392
Sterling Distribution Class	£266,931,001	188,604,426	£1.415
Swedish Krona Institutional Accumulation Class	SEK1,765,752,114	141,392,445	SEK12.488

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

31 December 2021

	Net Assets for dealing	Shares in issue	NAV per Share
Montanaro European Smaller Companies Fund			
Euro Accumulation Class	€167,004,517	17,338,780	€9.632
Euro Class	€176,723,871	17,617,147	€10.031
Euro Institutional Accumulation Class	€39,336,254	3,615,503	€10.880
Euro Institutional Distribution Class	€145,382,096	14,192,708	€10.243
Sterling Class	£33,453,609	3,936,898	£8.497
Sterling Institutional Distribution Class	£47,848,193	5,390,007	£8.877
Swedish Krona Accumulation Class	SEK10,582,375	317,630	SEK33.317
US Dollar Class	\$638,920	117,873	\$5.420
Montanaro UK Income Fund			
Euro Class	€3,241,039	2,693,066	€1.203
Euro Seed Class	€1,654,354	963,224	€1.718
Sterling Accumulation Class	£212,307,674	155,640,408	£1.364
Sterling Class	£262,356,612	182,236,811	£1.440
Sterling Seed Class	£366,110,815	143,214,741	£2.556
Montanaro European Income Fund			
Euro Class	€21,180,388	13,137,238	€1.612
Sterling Accumulation Class	£179,851,490	123,861,930	£1.452
Sterling Class	£150,501,903	58,890,038	£2.556
Montanaro European Focus Fund*			
Euro Distribution Class	€148,856,591	44,873,516	€3.317
Euro Institutional Accumulation Class	€22,733,478	6,453,262	€3.523

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Montanaro Global Innovation Fund

Euro Accumulation A Class	€1,995,312	1,750,574	€1.140
Euro Accumulation B Class	€2,645,591	1,103,715	€2.397
Sterling Accumulation A Class	£2,277,470	2,059,553	£1.106
Sterling Accumulation B Class	£8,400,761	3,509,837	£2.393

Montanaro Better World Fund

Euro Accumulation Class	€16,938,137	12,348,839	€1.372
Euro Distribution Class	€129,778,735	62,174,463	€2.087
Sterling Distribution Class	£436,782,881	217,423,128	£2.009
Swedish Krona Institutional Accumulation Class	SEK3,351,963,391	193,947,696	SEK17.283

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

16. Events during the Financial Year

Effective 1 January 2023, the Investment Management fee rate charged to Euro Seed Class and Sterling Seed Class of Montanaro UK Income Fund increased from 0.30% per annum to 0.35% per annum.

Effective 1 January 2023, the Investment Management fee rate charged to Euro Accumulation A Class and Sterling Accumulation A Class of the Montanaro Global Innovation Fund increased from 0.25% per annum to 0.55% per annum, while the Investment Management fee rate charged to Euro Accumulation B Class and Sterling Accumulation B Class increased from 0.25% per annum to 0.75% per annum.

Effective 1 January 2023, the Performance fee charged to Euro Accumulation A Class and Sterling Accumulation A Class of the Montanaro Global Innovation Fund is 10% of outperformance. Prior to this date, Performance fees were waived.

Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

On 17 May 2023, updated versions of the prospectus and supplements were filed with the Central Bank for updates made to SFDR level 2 disclosures to incorporate additional disclosures related to fossil gas/nuclear in accordance with the Commission Delegated Regulation (EU) 2023/363.

The significant decline in the net assets of the Montanaro European Focus Found resulted from a redemption by a large investor in the Fund.

On 29 September 2023, KBA Consulting Management Limited, the Management Company of the Company, completed its merger with Waystone Management Company (IE) Limited (“WMC”). WMC is the surviving entity post-merger and as such, the Company’s Management Company is WMC from this date.

In early October 2023 the outbreak of war between Israel and Hamas resulted in increased economic and political uncertainty and caused volatility in global financial markets (particularly crude oil). As this is an evolving situation the Directors will continue to monitor any potential impact on the Company.

On 29 November 2023, a supplement of the prospectus was filed with the Central Bank in relation to the launch of the Montanaro Global Select Fund.

On 30 November 2023, the Montanaro Global Select Fund was launched.

The following distributions were approved by the Directors during the financial year ended 31 December 2022 and paid during the financial year ending 31 December 2023:

Ex-Date of 30 January 2023:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.007093	€11,601
Euro Seed Class	€0.010671	€8,367
Sterling Class	£0.009422	£1,654,392
Sterling Seed Class	£0.017412	£2,167,261

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Events during the Financial Year (continued)

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.007327	€98,617
Sterling Class	£0.016281	£675,109

Ex-Date of 15 March 2023:

Montanaro European Smaller Companies Fund

Share Class	Rate per Share	Distribution
Euro Institutional Distribution Class	€0.048040	€593,695
Sterling Institutional Distribution Class	£0.047299	£204,611

Montanaro European Focus Fund*

Share Class	Rate per Share	Distribution
Euro Institutional Distribution Class	€0.005892	€249,406

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

Ex-Date of 03 April 2023:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.004725	€7,728
Euro Seed Class	€0.006776	€7,423
Sterling Class	£0.005914	£1,039,378
Sterling Seed Class	£0.010555	£1,302,205

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.001056	€14,168
Sterling Class	£0.001702	£62,740

Ex-Date of 03 July 2023:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.014581	€13,549
Euro Seed Class	€0.020931	€22,711
Sterling Class	£0.017822	£3,117,201
Sterling Seed Class	£0.031833	£3,857,499

Montanaro European Income FundShare Class

Share Class	Rate per Share	Distribution
Euro Class	€0.030741	€414,203
Sterling Class	£0.049718	£1,729,226

Ex-Date of 02 October 2023:

Montanaro UK Income FundShare Class

Share Class	Rate per Share	Distribution
Euro Class	€0.008575	€1,767
Euro Seed Class	€0.012323	€13,450
Sterling Class	£0.010596	£1,708,106
Sterling Seed Class	£0.018946	£2,247,511

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.002312	€32,235
Sterling Class	£0.003779	£147,436

There were no other significant events affecting the Company since the financial year end.

MONTANARO SMALLER COMPANIES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Events since the Financial Year End

The following distributions were approved by the Directors during the financial period ending 31 December 2023:

Ex-Date of 30 January 2024:

Montanaro UK Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.005167	€1,065
Euro Seed Class	€0.007435	€7,543
Sterling Class	£0.006377	£1,102,620
Sterling Seed Class	£0.011415	£1,283,043

Montanaro European Income Fund

Share Class	Rate per Share	Distribution
Euro Class	€0.006908	€88,279
Sterling Class	£0.011282	£402,800

There were no other significant events affecting the Company since the financial year end.

18. Commitments and Contingent Liabilities

As at 31 December 2023 and 31 December 2022 there were no commitments or contingent liabilities.

19. Valuation Date

The financial statements have been prepared on the last Net Asset Value of the financial year which has been calculated on 29 December 2022 with a price of that date.

20. Approval of Financial Statements

These financial statements were approved by the Directors of the Company on XX XXXX 2024.

MONTANARO SMALLER COMPANIES PLC

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

As at 31 December 2023

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 2022: 2.53%)			
103,000	Melexis NV	9,409,050	2.59
		9,409,050	2.59
Denmark (31 December 2022: 5.25%)			
100,000	Chemometec A/S	5,204,864	1.43
		5,204,864	1.43
France (31 December 2022: 5.40%)			
40,000	Sartorius Stedim Biotech	9,572,000	2.64
60,000	Esker SA	9,564,000	2.63
		19,136,000	5.27
Germany (31 December 2022: 8.93%)			
65,000	MTU Aero Engines AG	12,691,250	3.49
160,000	CTS Eventim AG & Co KGaA	10,016,000	2.76
13,000	Rational AG	9,093,500	2.50
85,000	Schott Pharma AG & Co KGaA	2,856,000	0.79
11,000	Hypoport SE	1,944,800	0.53
		36,601,550	10.07
Iceland (31 December 2022: 1.63%)			
1,500,000	Marel HF '144A'	4,635,000	1.28
		4,635,000	1.28
Italy (31 December 2022: 10.61%)			
90,000	Reply SpA	10,764,000	2.96
850,000	Brembo SpA	9,443,500	2.60
160,000	Moncler SpA	8,950,400	2.46
1,000,000	Technoprobe SpA	8,660,000	2.39
292,500	Carel Industries SpA '144A'	7,254,000	2.00
		45,071,900	12.41
Netherlands (31 December 2022: 4.01%)			
90,000	IMCD NV	14,179,500	3.90
		14,179,500	3.90
Norway - Nil (31 December 2022: 1.26%)			
Singapore - Nil (31 December 2022: 1.00%)			
Spain (31 December 2022: 1.31%)			
500,000	Merlin Properties Socimi SA (REIT)	5,050,000	1.39
		5,050,000	1.39

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 31 December 2023

Shares	Description	Fair value €	% of net assets
Sweden (31 December 2022: 14.91%)			
2,000,000	Fortnox AB	10,894,230	3.00
500,000	AAK AB	10,096,565	2.78
350,000	Thule Group AB '144A'	8,661,578	2.38
425,000	Sectra AB	6,881,699	1.89
275,000	Surgical Science Sweden AB	4,523,019	1.25
350,000	Hufvudstaden AB	4,467,550	1.23
200,000	Avanza Bank Holding AB	4,212,891	1.16
125,000	MIPS AB	4,115,204	1.13
325,000	Biotage AB	3,932,406	1.08
545,454	NCAB Group AB	3,618,395	1.00
225,000	Plejd AB	3,330,789	0.92
		64,734,326	17.82
Switzerland (31 December 2022: 10.99%)			
105,000	VZ Holding AG	11,033,863	3.04
19,000	Belimo Holding AG	9,461,899	2.60
25,000	Tecan Group AG	9,233,876	2.54
110,000	Bachem Holding AG	7,696,330	2.12
28,000	Kardex Holding AG	6,580,414	1.81
		44,006,382	12.11
United Kingdom (31 December 2022: 29.85%)			
450,000	Halma Plc	11,861,138	3.26
250,000	Cranswick Plc	10,986,382	3.02
265,000	Diploma Plc	10,954,415	3.02
85,000	Spirax-Sarco Engineering Plc	10,304,637	2.84
195,000	4imprint Group Plc	10,284,153	2.83
90,000	Games Workshop Group Plc	10,251,264	2.82
760,000	Kainos Group Plc	9,814,347	2.70
2,500,000	Marshalls Plc	8,060,911	2.22
1,500,000	IntegraFin Holdings Plc	5,248,536	1.44
2,000,000	Advanced Medical Solutions Group Plc	4,789,232	1.32
3,000,000	Shaftesbury Capital Plc (REIT)	4,781,153	1.32
125,000	Clarkson Plc	4,565,638	1.26
300,000	Big Yellow Group Plc (REIT)	4,230,680	1.16
2,500,000	NCC Group Plc	3,715,982	1.02
		109,848,468	30.23
United States - Nil (31 December 2022: 0.80%)			
Vietnam (31 December 2022: Nil%)			
225,000	XP Power Ltd	3,520,950	0.97
		3,520,950	0.97
Total equities		361,397,990	99.47

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (continued)

As at 31 December 2023

Shares	Description	Fair value €	% of net assets
Vietnam (31 December 2022: Nil%) (continued)			
Total financial assets at fair value through profit or loss		361,397,990	99.47
Cash and cash equivalents		3,566,117	0.98
Other net liabilities		(1,646,326)	(0.45)
Net assets attributable to holders of redeemable participating Shares		363,317,781	100.00

Analysis of Total Assets	% of Total Assets
Financial assets at fair value through profit or loss	97.46
Cash and cash equivalents	0.97
Other assets	1.57
Total assets	100.00

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND**

As at 31 December 2023

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 2022: 0.97%)			
40,000	Melexis NV	3,166,291	0.54
		3,166,291	0.54
Singapore - Nil (31 December 2022: 1.61%)			
Sweden (31 December 2022: 3.71%)			
3,050,000	NCAB Group AB	17,532,343	2.98
		17,532,343	2.98
United Kingdom (31 December 2022: 91.52%)			
267,500	Games Workshop Group Plc	26,402,250	4.49
2,025,000	Sage Group Plc/The	23,743,125	4.04
600,000	Diploma Plc	21,492,000	3.66
1,713,637	Big Yellow Group Plc (REIT)	20,940,644	3.56
2,500,000	DiscoverIE Group Plc	19,750,000	3.36
1,700,000	Kainos Group Plc	19,023,000	3.24
387,500	4imprint Group Plc	17,708,750	3.01
1,900,000	Vistry Group Plc	17,432,500	2.97
550,000	Clarkson Plc	17,407,500	2.96
3,550,000	Bloomsbury Publishing Plc	16,685,000	2.84
8,150,000	LondonMetric Property Plc (REIT)	15,607,250	2.65
10,500,000	Taylor Wimpey Plc	15,440,250	2.63
585,000	Greggs Plc	15,221,700	2.59
6,350,000	XPS Pensions Group Plc	14,795,500	2.52
525,000	Severn Trent Plc	13,539,750	2.30
3,200,000	SThree Plc	13,376,000	2.28
1,625,000	Hilton Food Group Plc	13,000,000	2.21
4,500,000	Marshalls Plc	12,573,000	2.14
1,400,000	Britvic Plc	11,767,000	2.00
675,000	Rathbones Group Plc	11,758,500	2.00
1,850,000	Bytes Technology Group Plc	11,322,000	1.93
6,250,000	Tritax Big Box REIT Plc (REIT)	10,556,250	1.80
370,000	Admiral Group Plc	9,930,800	1.69
9,500,000	Primary Health Properties Plc (REIT)	9,861,000	1.68
1,000,000	Savills Plc	9,690,000	1.65
575,000	IMI Plc	9,683,000	1.65
215,000	Intertek Group Plc	9,128,900	1.55
850,000	Hiscox Ltd	8,959,000	1.52
1,950,000	FDM Group Holdings Plc	8,940,750	1.52
500,000	Smiths Group Plc	8,817,500	1.50
312,500	Computacenter Plc	8,725,000	1.48
1,050,000	Howden Joinery Group Plc	8,542,800	1.45
800,000	United Utilities Group Plc	8,476,000	1.44
2,100,000	Genuit Group Plc	8,473,500	1.44
525,000	Telecom Plus Plc	8,463,000	1.44
3,625,000	Man Group Plc/Jersey	8,431,750	1.43
6,000,000	NCC Group Plc	7,728,000	1.31
1,500,000	Ricardo Plc	7,350,000	1.25
2,250,000	Pets at Home Group Plc	7,159,500	1.22
180,000	Cranswick Plc	6,854,400	1.17
850,000	Pennon Group Plc	6,387,750	1.09
6,500,000	Jupiter Fund Management Plc	6,071,000	1.03

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO UK INCOME FUND (continued)

As at 31 December 2023

2,000,000	IntegraFin Holdings Plc	6,064,000	1.03
Shares	Description	Fair value	% of net assets
		£	
United Kingdom (31 December 2022: 91.52%) (continued)			
700,000	RS GROUP Plc	5,737,200	0.98
52,500	Spirax-Sarco Engineering Plc	5,515,125	0.94
185,000	Derwent London Plc (REIT)	4,366,000	0.74
3,000,000	Luceco Plc '144A'	3,720,000	0.63
		552,617,944	94.01
Vietnam (31 December 2022: Nil%)			
650,000	XP Power Ltd	8,814,000	1.50
		8,814,000	1.50
Total equities		582,130,578	99.03
Total financial assets at fair value through profit or loss		582,130,578	99.03
Cash and cash equivalents		5,112,805	0.87
Other net assets		568,036	0.10
Net assets attributable to holders of redeemable participating Shares		587,811,419	100.00
Analysis of Total Assets			% of Total Assets
Financial assets at fair value through profit or loss			98.82
Cash and cash equivalents			0.87
Other assets			0.31
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS MONTANARO EUROPEAN INCOME FUND

As at 31 December 2023

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 2022: 4.03%)			
315,000	Azelis Group NV	6,993,000	2.90
184,500	Warehouses De Pauw CVA (REIT)	5,261,940	2.18
40,000	Melexis NV	3,654,000	1.51
		15,908,940	6.59
Denmark (31 December 2022: 4.60%)			
360,000	Tryg A/S	7,094,176	2.94
60,000	Chr Hansen Holding A/S	4,557,207	1.89
		11,651,383	4.83
France (31 December 2022: 16.60%)			
115,000	Amundi SA '144A'	7,095,500	2.94
118,000	Edenred SE	6,395,600	2.65
46,500	Gaztransport Et Technigaz SA	5,580,000	2.31
180,000	Kaufman & Broad SA	5,436,000	2.25
53,000	Thermador Groupe	4,467,900	1.85
150,000	Bureau Veritas SA	3,430,500	1.42
		32,405,500	13.42
Germany (31 December 2022: 11.68%)			
59,000	Amadeus Fire AG	7,257,000	3.00
34,500	MTU Aero Engines AG	6,736,125	2.79
65,000	Brenntag SE	5,409,300	2.24
93,500	Mensch und Maschine Software SE	5,142,500	2.13
6,000	Rational AG	4,197,000	1.74
		28,741,925	11.90
Italy (31 December 2022: 17.01%)			
170,000	Recordati Industria Chimica e Farmaceutica SpA	8,302,800	3.44
820,000	Technogym SpA '144A'	7,437,400	3.08
925,000	Terna - Rete Elettrica Nazionale	6,985,600	2.89
165,000	Cembre SpA	6,138,000	2.54
50,200	Reply SpA	6,003,920	2.49
103,000	Moncler SpA	5,761,820	2.38
210,937	Carel Industries SpA '144A'	5,231,237	2.17
250,000	Zignago Vetro SpA	3,590,000	1.49
1,040,000	Enav SpA '144A'	3,569,280	1.48
320,000	Brembo SpA	3,555,200	1.47
125,000	SOL SpA	3,468,750	1.44
		60,044,007	24.87
Netherlands (31 December 2022: 1.81%)			
77,650	Euronext NV '144A'	6,118,820	2.53
		6,118,820	2.53
Norway (31 December 2022: 12.50%)			
1,250,000	Bouvet ASA	6,785,669	2.81
2,220,000	Elmera Group ASA '144A'	5,976,203	2.48
1,700,000	Kitron ASA	5,076,438	2.10
326,000	Borregaard ASA	4,980,739	2.06

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN INCOME FUND (continued)

As at 31 December 2023

400,000	Kid ASA '144A'	4,178,814	1.73
		26,997,863	11.18
		Fair value	% of net
Shares	Description	€	assets
Portugal (31 December 2022: 1.91%)			
500,000	Corticeira Amorim SGPS SA	4,590,000	1.90
		4,590,000	1.90
Spain (31 December 2022: 5.03%)			
580,000	Merlin Properties Socimi SA (REIT)	5,858,000	2.43
82,000	Viscofan SA	4,395,200	1.82
		10,253,200	4.25
Sweden (31 December 2022: 15.63%)			
280,000	Loomis AB - Class B	6,760,747	2.80
435,000	Atea ASA	5,009,763	2.08
202,000	Thule Group AB '144A'	4,998,968	2.07
720,000	NCAB Group AB	4,776,286	1.98
460,000	BioGaia AB - Class B	4,177,499	1.73
195,000	Avanza Bank Holding AB	4,107,568	1.70
220,000	Beijer Alma AB	3,746,868	1.55
		33,577,699	13.91
Switzerland (31 December 2022: 7.02%)			
4,250	Partners Group Holding AG	5,544,896	2.30
6,600	Burckhardt Compression Holding AG	3,606,213	1.49
		9,151,109	3.79
Total equities		239,440,446	99.17
Total financial assets at fair value through profit or loss		239,440,446	99.17
Cash and cash equivalents		1,824,095	0.76
Other net assets		180,096	0.07
Net assets attributable to holders of redeemable participating Shares		241,444,637	100.00
Analysis of Total Assets			% of Total
Financial assets at fair value through profit or loss			98.91
Cash and cash equivalents			0.75
Other assets			0.34
Total assets			100.00

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN FOCUS FUND***

As at 31 December 2023

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 2022: 6.88%)			
21,000	Azelis Group NV	466,200	5.05
13,100	Warehouses De Pauw CVA (REIT)	373,612	4.04
		839,812	9.09
Denmark (31 December 2022: 3.30%)			
5,500	Chr Hansen Holding A/S	417,744	4.52
		417,744	4.52
France (31 December 2022: 23.38%)			
6,900	Amundi SA '144A'	425,730	4.61
7,700	Edenred SE	417,340	4.51
2,950	Teleperformance SE	389,400	4.21
		1,232,470	13.33
Germany (31 December 2022: 4.37%)			
1,900	MTU Aero Engines AG	370,975	4.01
		370,975	4.01
Italy (31 December 2022: 15.92%)			
10,550	Recordati Industria Chimica e Farmaceutica SpA	515,262	5.57
58,700	Terna - Rete Elettrica Nazionale	443,302	4.80
7,700	Moncler SpA	430,738	4.66
3,300	Reply SpA	394,680	4.27
		1,783,982	19.30
Netherlands (31 December 2022: 7.12%)			
200	ASM International NV	94,220	1.02
		94,220	1.02
Norway (31 December 2022: Nil%)			
12,200	Borregaard ASA	186,396	2.02
		186,396	2.02
Sweden (31 December 2022: Nil%)			
29,200	BioGaia AB - Class B	265,180	2.87
10,600	Loomis AB - Class B	255,943	2.77
		521,123	5.64
Switzerland (31 December 2022: 9.63%)			
840	Tecan Group AG	310,258	3.36
3,250	Bachem Holding AG	227,392	2.46
800	Dottikon Es Holding AG	197,477	2.13
		735,127	7.95
United Kingdom (31 December 2022: 25.98%)			
12,300	Diploma Plc	508,450	5.50
8,000	Ashtead Group Plc	504,265	5.45
9,000	Dechra Pharmaceuticals Plc	400,703	4.33
71,000	Rentokil Initial Plc	361,175	3.91
2,850	Games Workshop Group Plc	324,623	3.51
23,200	Sage Group Plc/The	313,920	3.40

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN FOCUS FUND* (continued)**

As at 31 December 2023

Shares	Description	Fair value €	% of net assets
United Kingdom (31 December 2022: 25.98%) (continued)			
63,000	SThree Plc	303,903	3.29
		<u>2,717,039</u>	<u>29.39</u>
Total equities		8,898,888	96.27
Total financial assets at fair value through profit or loss		8,898,888	96.27
Cash and cash equivalents		230,123	2.49
Other net assets		114,377	1.24
Net assets attributable to holders of redeemable participating Shares		9,243,388	100.00
			% of Total
Analysis of Total Assets			Assets
Financial assets at fair value through profit or loss			95.66
Cash and cash equivalents			2.47
Other assets			1.87
Total assets			<u>100.00</u>

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO GLOBAL INNOVATION FUND**

As at 31 December 2023

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Australia (31 December 2022: 4.65%)			
31,500	Technology One Ltd	299,066	2.82
5,000	Pro Medicus Ltd	295,974	2.80
		595,040	5.62
Canada (31 December 2022: Nil%)			
1,500	Kinaxis Inc	152,050	1.43
		152,050	1.43
Denmark - Nil (31 December 2022: 2.22%)			
France (31 December 2022: 5.37%)			
1,450	Sartorius Stedim Biotech	346,985	3.28
1,450	Esker SA	231,130	2.18
		578,115	5.46
Germany (31 December 2022: 1.76%)			
4,000	Mensch und Maschine Software SE	220,000	2.08
1,000	MTU Aero Engines AG	195,250	1.84
		415,250	3.92
Greece (31 December 2022: Nil%)			
20,000	Epsilon Net SA	191,200	1.80
		191,200	1.80
Israel (31 December 2022: 2.82%)			
1,500	Nova Ltd	185,502	1.75
10,000	Maytronics Ltd	103,149	0.97
		288,651	2.72
Italy (31 December 2022: 2.51%)			
2,200	Reply SpA	263,120	2.48
8,750	Brembo SpA	97,213	0.92
7,500	Intred SpA	80,625	0.76
		440,958	4.16
Netherlands (31 December 2022: 2.64%)			
225	Adyen NV '144A'	263,160	2.48
		263,160	2.48
Norway (31 December 2022: 2.26%)			
4,500	Medistim ASA	85,840	0.81
		85,840	0.81
Sweden (31 December 2022: 9.73%)			
62,500	Fortnox AB	340,445	3.21
31,000	NCAB Group AB	205,646	1.94
10,500	INVISIO AB	185,053	1.75
11,500	Plejd AB	170,240	1.61

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO GLOBAL INNOVATION FUND (continued)

As at 31 December 2023

6,000	Surgical Science Sweden AB	98,684	0.93
		1,000,068	9.44
Switzerland (31 December 2022: 4.19%)			
775	Tecan Group AG	286,250	2.70
2,700	Bachem Holding AG	188,910	1.78
		475,160	4.48
Taiwan (31 December 2022: Nil%)			
19,000	E Ink Holdings Inc	110,406	1.04
		110,406	1.04
United Kingdom (31 December 2022: 8.95%)			
12,000	Cerillion Plc	222,267	2.10
16,500	Kainos Group Plc	213,075	2.01
15,000	Focusrite Plc	102,132	0.97
42,500	Oxford Nanopore Technologies Plc	102,114	0.96
37,500	Advanced Medical Solutions Group Plc	89,798	0.85
85,000	SDI Group Plc	85,831	0.81
9,250	Frontier Developments Plc	14,005	0.13
		829,222	7.83
United States (31 December 2022: 51.80%)			
7,150	TransMedics Group Inc	517,293	4.88
1,475	ANSYS Inc	483,900	4.57
1,000	Tyler Technologies Inc	379,776	3.59
4,800	Bruker Corp	319,421	3.02
2,550	SiTime Corp	283,290	2.67
5,875	Bentley Systems Inc - Class B	278,898	2.63
1,550	Veeva Systems Inc - Class A	272,732	2.57
1,150	Axon Enterprise Inc	268,227	2.53
3,000	Bio-Techne Corp	211,044	1.99
1,100	Paycom Software Inc	206,139	1.95
2,750	Power Integrations Inc	205,506	1.94
1,000	Zscaler Inc	201,358	1.90
4,500	FormFactor Inc	168,854	1.59
105,000	Boku Inc '144A'	161,766	1.53
4,000	Cognex Corp	152,265	1.44
850	Shockwave Medical Inc	145,181	1.37
1,150	Masimo Corp	121,980	1.15
2,200	Ambarella Inc	121,925	1.15
7,000	Energy Recovery Inc	120,020	1.13
29,000	MaxCyte Inc	117,971	1.11
3,000	Unity Software Inc	110,207	1.04
5,250	Inmode Ltd	106,174	1.00
675	SolarEdge Technologies Inc	57,757	0.55
		5,011,684	47.30
Total equities		10,436,804	98.49
Total financial assets at fair value through profit or loss		10,436,804	98.49

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO GLOBAL INNOVATION FUND (continued)

As at 31 December 2023

Cash and cash equivalents	163,453	1.54
Other net liabilities	<u>(3,603)</u>	<u>(0.03)</u>

Net assets attributable to holders of redeemable participating Shares **10,596,654** **100.00**

Analysis of Total Assets	% of Total
	Assets
Financial assets at fair value through profit or loss	98.40
Cash and cash equivalents	1.54
Other assets	<u>0.06</u>
Total assets	<u>100.00</u>

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND**

As at 31 December 2023

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Australia (31 December 2022: 5.44%)			
87,000	Pro Medicus Ltd	5,149,954	1.65
320,000	IDP Education Ltd	3,959,256	1.26
		9,109,210	2.91
Belgium (31 December 2022: 2.14%)			
56,000	Melexis NV	5,115,600	1.63
		5,115,600	1.63
Denmark (31 December 2022: 4.83%)			
100,000	Chr Hansen Holding A/S	7,595,345	2.42
74,000	Chemometec A/S	3,851,599	1.23
		11,446,944	3.65
France (31 December 2022: 2.62%)			
34,000	Sartorius Stedim Biotech	8,136,200	2.60
		8,136,200	2.60
Germany (31 December 2022: 1.37%)			
10,000	Rational AG	6,995,000	2.23
		6,995,000	2.23
Greece (31 December 2022: 2.85%)			
341,000	Terna Energy SA	5,421,900	1.73
		5,421,900	1.73
Israel (31 December 2022: 2.51%)			
69,000	Nova Ltd	8,533,100	2.72
		8,533,100	2.72
Italy (31 December 2022: Nil%)			
534,000	Technogym SpA '144A'	4,843,380	1.55
		4,843,380	1.55
Japan (31 December 2022: 6.05%)			
165,000	Yaskawa Electric Corp	6,240,466	1.99
191,000	Azbil Corp	5,722,632	1.83
413,000	Mani Inc	5,659,293	1.80
111,000	Shionogi & Co Ltd	4,845,314	1.55
820,000	Nihon M&A Center Holdings Inc	4,094,904	1.31
		26,562,609	8.48
Netherlands (31 December 2022: 3.31%)			
100,000	Alfen N.V. '144A'	6,026,000	1.92
		6,026,000	1.92
New Zealand (31 December 2022: 1.17%)			
1,015,000	Ryman Healthcare Ltd	3,432,416	1.10
		3,432,416	1.10
Sweden (31 December 2022: 6.03%)			
217,000	Sdiptech AB - Class B	5,274,665	1.68
245,000	Surgical Science Sweden AB	4,029,598	1.29

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND (continued)**

As at 31 December 2023

Shares	Description	Fair value €	% of net assets
Sweden (31 December 2022: 6.03%) (continued)			
112,000	MIPS AB	3,687,223	1.18
		12,991,486	4.15
Switzerland (31 December 2022: 4.61%)			
20,000	Tecan Group AG	7,387,101	2.36
13,000	Belimo Holding AG	6,473,931	2.07
60,000	Bachem Holding AG	4,197,998	1.34
		18,059,030	5.77
United Kingdom (31 December 2022: 6.13%)			
81,000	Spirax-Sarco Engineering Plc	9,819,714	3.13
321,000	Halma Plc	8,460,945	2.70
770,000	Tristel Plc	4,087,580	1.31
1,246,000	Marshalls Plc	4,017,558	1.28
		26,385,797	8.42
United States (31 December 2022: 49.53%)			
32,000	ANSYS Inc	10,498,166	3.35
148,000	Bruker Corp	9,848,802	3.15
139,000	Bio-Techne Corp	9,778,381	3.12
38,000	ICON Plc	9,708,721	3.10
18,000	MSCI Inc - Class A	9,300,719	2.97
73,000	American Water Works Co Inc	8,774,009	2.80
59,000	Balchem Corp	7,997,700	2.55
44,000	Veeva Systems Inc - Class A	7,742,071	2.47
66,000	Entegris Inc	7,201,954	2.30
65,000	Xylem Inc/NY	6,725,070	2.15
62,000	Masimo Corp	6,576,327	2.10
50,000	Advanced Drainage Systems Inc	6,411,080	2.05
83,000	Power Integrations Inc	6,202,552	1.98
16,000	Tyler Technologies Inc	6,076,422	1.94
30,000	IDEX Corp	5,917,982	1.89
150,000	Cognex Corp	5,709,953	1.82
37,000	Badger Meter Inc	5,211,786	1.66
66,000	Trex Co Inc	4,963,218	1.59
283,000	Energy Recovery Inc	4,852,233	1.55
100,000	Bentley Systems Inc - Class B	4,747,204	1.52
55,000	SolarEdge Technologies Inc	4,706,105	1.50
78,000	Alarm.com Holdings Inc	4,680,070	1.49
51,000	Exponent Inc	4,099,298	1.31
		157,729,823	50.36
Total equities		310,788,495	99.22
Total financial assets at fair value through profit or loss		310,788,495	99.22
Cash and cash equivalents		3,168,389	1.01
Other net liabilities		(718,346)	(0.23)
Net assets attributable to holders of redeemable participating Shares		313,238,538	100.00

MONTANARO SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS
MONTANARO BETTER WORLD FUND (continued)

As at 31 December 2023

	% of Total
Analysis of Total Assets	Assets
Financial assets at fair value through profit or loss	98.80
Cash and cash equivalents	1.01
Other assets	0.19
Total assets	<u>100.00</u>

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO GLOBAL SELECT FUND****

As at 31 December 2023

Shares	Description	Fair value €	% of net assets
Transferable securities admitted to a stock exchange listing or dealt in on another regulated market			
Australia (31 December 2022: Nil%)			
2,200	Pro Medicus Ltd	130,229	2.20
		130,229	2.20
France (31 December 2022: Nil%)			
1,100	Sartorius Stedim Biotech	263,230	4.45
1,250	Esker SA	199,250	3.36
		462,480	7.81
Germany (31 December 2022: Nil%)			
1,200	MTU Aero Engines AG	234,300	3.96
3,750	Mensch und Maschine Software SE	206,250	3.48
265	Rational AG	185,367	3.13
		625,917	10.57
Israel (31 December 2022: Nil%)			
6,000	Maytronics Ltd	61,889	1.04
		61,889	1.04
Netherlands (31 December 2022: Nil%)			
185	Adyen NV '144A'	216,376	3.65
		216,376	3.65
Norway (31 December 2022: Nil%)			
2,500	Medistim ASA	47,689	0.81
		47,689	0.81
Sweden (31 December 2022: Nil%)			
35,000	Fortnox AB	190,649	3.22
28,000	NCAB Group AB	185,744	3.13
5,000	Plejd AB	74,018	1.25
		450,411	7.60
Switzerland (31 December 2022: Nil%)			
225	Partners Group Holding AG	293,553	4.96
1,750	VZ Holding AG	183,898	3.10
		477,451	8.06
United Kingdom (31 December 2022: Nil%)			
2,400	Games Workshop Group Plc	273,367	4.62
1,800	Spirax-Sarco Engineering Plc	218,216	3.68
3,250	Ashtead Group Plc	204,858	3.46
		696,441	11.76
United States (31 December 2022: Nil%)			
900	ANSYS Inc	295,261	4.99
700	Tyler Technologies Inc	265,844	4.49
3,500	Trex Co Inc	263,201	4.44
5,500	Bentley Systems Inc - Class B	261,096	4.41
6,500	Rollins Inc	257,905	4.35

MONTANARO SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO GLOBAL SELECT FUND** (continued)**

As at 31 December 2023

2,250	Houlihan Lokey Inc - Class A	245,338	4.14
Shares	Description	Fair value	% of net assets
		€	
United States (31 December 2022: Nil%) (continued)			
3,500	Bruker Corp	232,911	3.93
900	ICON Plc	229,943	3.88
2,800	Bio-Techne Corp	196,975	3.33
375	MSCI Inc - Class A	193,765	3.27
1,350	American Water Works Co Inc	162,259	2.74
700	Paycom Software Inc	131,179	2.21
		2,735,677	46.18
Total equities		5,904,560	99.68
Total financial assets at fair value through profit or loss		5,904,560	99.68
Cash and cash equivalents		19,311	0.33
Other net liabilities		(341)	(0.01)
Net assets attributable to holders of redeemable participating Shares		5,923,530	100.00

Analysis of Total Assets			% of Total Assets
Financial assets at fair value through profit or loss			99.67
Cash and cash equivalents			0.33
Other assets			—
Total assets			100.00

** Montanaro Global Select Fund was launched on 30 November 2023.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2023*

Purchases	Nominal	Cost €
Kainos Group Plc	200,000	3,147,064
NCAB Group AB	545,454	2,628,823
Schott Pharma AG & Co KGaA	85,000	2,605,329
Halma Plc	100,000	2,587,451
Diploma Plc	75,000	2,240,829
Fortnox AB	350,000	2,089,526
Games Workshop Group Plc	20,000	2,051,725
Plejd AB	75,000	1,334,003
Technoprobe SpA	200,000	1,256,846
Marshalls Plc	250,000	809,990
Chemometec A/S	15,283	787,721
Advanced Medical Solutions Group Plc	250,000	711,495
XP Power Ltd	50,000	675,537
Spirax-Sarco Engineering Plc	5,000	634,580
Big Yellow Group Plc (REIT)	50,000	631,985
Carel Industries SpA '144A'	32,500	520,000
Shaftesbury Capital Plc (REIT)	315,200	457,588

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales. Due to trading volumes, the above details all purchases transactions during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN SMALLER COMPANIES FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2023*

Sales	Nominal	Proceeds €
Chr Hansen Holding A/S	135,000	8,373,875
Dechra Pharmaceuticals Plc	160,000	7,129,572
SimCorp A/S	65,000	6,316,997
4imprint Group Plc	105,000	5,804,130
Diploma Plc	135,000	4,917,355
St James's Place Plc	600,000	4,521,357
IMCD NV	30,000	3,792,072
MIPS AB	75,000	3,772,228
VZ Holding AG	35,000	3,396,655
Moncler SpA	60,000	3,170,192
RS GROUP Plc	350,000	3,025,523
CTS Eventim AG & Co KGaA	40,000	2,474,686
MaxCyte Inc	650,000	2,462,182
PhotoCure ASA	500,000	2,249,931
Fortnox AB	350,000	1,693,896
Melexis NV	22,000	1,640,394
NCC Group Plc	1,150,000	1,616,860
Brembo SpA	150,000	1,547,861
Marel HF '144A'	500,000	1,399,469
Belimo Holding AG	3,000	1,343,078
Sectra AB	75,000	1,032,281
MTU Aero Engines AG	5,000	943,111
Merlin Properties Socimi SA (REIT)	100,000	762,224

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2023*

Purchases	Nominal	Cost £
Man Group Plc/Jersey	6,375,000	14,082,860
Bytes Technology Group Plc	1,850,000	9,530,366
IMI Plc	575,000	8,952,320
Pets at Home Group Plc	2,250,000	8,476,561
Telecom Plus Plc	525,000	8,060,908
Howden Joinery Group Plc	1,150,000	7,920,821
Spirax-Sarco Engineering Plc	52,500	4,898,950
SThree Plc	1,200,000	4,574,896
Kainos Group Plc	275,000	3,648,842
Sage Group Plc/The	350,000	2,972,589
Spirent Communications Plc	1,500,000	2,595,284
LondonMetric Property Plc (REIT)	1,400,000	2,563,568
Greggs Plc	85,000	2,275,801
Diploma Plc	84,932	2,127,126
NCAB Group AB	448,739	1,914,543
XP Power Ltd	150,000	1,902,653
Games Workshop Group Plc	20,000	1,848,112
Computacenter Plc	77,500	1,843,298
Tritax Big Box REIT Plc (REIT)	1,250,000	1,825,406
Primary Health Properties Plc (REIT)	1,500,000	1,687,185
Pennon Group Plc	225,000	1,616,811
Severn Trent Plc	50,000	1,395,281
Jupiter Fund Management Plc	1,150,000	1,246,008
Smiths Group Plc	75,000	1,238,895
IntegraFin Holdings Plc	430,832	1,156,746
Savills Plc	125,000	1,114,010
Big Yellow Group Plc (REIT)	113,637	1,082,483

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO UK INCOME FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2023*

Sales	Nominal	Proceeds £
Dechra Pharmaceuticals Plc	400,000	15,124,435
St James's Place Plc	1,675,000	12,158,939
Biffa Plc '144A'	2,250,000	9,142,856
Liontrust Asset Management Plc	1,200,000	8,665,646
Thule Group AB '144A'	350,000	7,780,331
Admiral Group Plc	330,000	7,530,213
4imprint Group Plc	145,000	6,749,914
Man Group Plc/Jersey	2,750,000	6,093,768
Diploma Plc	184,932	5,610,548
Taylor Wimpey Plc	4,500,000	5,233,107
Severn Trent Plc	200,000	5,003,822
Spirent Communications Plc	5,500,000	4,986,635
RS GROUP Plc	650,000	4,605,304
Britvic Plc	500,000	4,403,161
Rathbones Group Plc	250,000	4,389,854
Headlam Group Plc	1,750,000	4,276,996
NCAB Group AB	723,739	4,002,002
Greggs Plc	150,000	3,969,581
IntegraFin Holdings Plc	1,430,832	3,708,144
United Utilities Group Plc	350,000	3,624,284
Melexis NV	45,000	3,605,995
Sage Group Plc/The	325,000	3,545,120
NCC Group Plc	2,500,000	3,092,992
Games Workshop Group Plc	27,347	2,807,487
Primary Health Properties Plc (REIT)	2,500,000	2,552,799
Intertek Group Plc	60,000	2,508,479
Genuit Group Plc	750,000	2,449,667
Marshalls Plc	1,201,727	2,406,827
Vistry Group Plc	250,000	2,002,963
Jupiter Fund Management Plc	1,400,000	1,941,325

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN INCOME FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2023*

Purchases	Nominal	Cost £
Technogym SpA '144A'	820,000	6,675,990
Reply SpA	61,600	6,503,883
Azelis Group NV	315,000	5,784,693
SOL SpA	125,000	3,432,400
Partners Group Holding AG	2,900	2,571,531
Brembo SpA	175,000	2,435,371
Carel Industries SpA '144A'	85,937	1,985,105
Brenntag SE	26,200	1,867,401
Melexis NV	19,000	1,691,338
Euronext NV '144A'	16,650	1,155,193
BioGaia AB - Class B	110,000	998,107
Amadeus Fire AG	8,650	904,596
MTU Aero Engines AG	3,700	785,094
Kaufman & Broad SA	28,000	700,469
Kitron ASA	200,000	666,868
Tryg A/S	35,000	643,600
Beijer Alma AB	33,000	542,188
Borregaard ASA	36,000	534,629
Loomis AB - Class B	20,000	531,217
Elmera Group ASA '144A'	277,484	522,299
Avanza Bank Holding AB	25,000	513,257

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN INCOME FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2023*

Sales	Nominal	Proceeds
		€
Galenica AG '144A'	100,000	7,480,532
Brenntag SE	106,200	7,467,338
Kitron ASA	2,257,000	7,018,110
Melexis NV	61,000	5,598,148
MARR SpA	450,000	5,430,521
Bureau Veritas SA	200,000	4,738,374
Burckhardt Compression Holding AG	8,400	4,531,279
Amundi SA '144A'	81,400	4,523,668
Knowit AB	300,000	4,480,591
Loomis AB - Class B	140,000	4,069,514
Gaztransport Et Technigaz SA	37,500	4,037,659
Bravida Holding AB '144A'	500,000	3,978,925
Partners Group Holding AG	3,650	3,726,112
Moncler SpA	57,000	3,410,532
Atea ASA	270,000	3,131,332
Viscofan SA	51,500	3,055,745
MTU Aero Engines AG	14,200	3,026,402
NCAB Group AB	430,000	2,909,023
Edenred SE	52,000	2,729,207
Beijer Alma AB	143,000	2,529,767
Recordati Industria Chimica e Farmaceutica SpA	55,000	2,247,814
Brembo SpA	205,000	2,122,643
Chr Hansen Holding A/S	30,000	2,076,032
Kaufman & Broad SA	70,000	1,893,817
Bredband2 i Skandinavien AB	15,000,000	1,782,677
Amadeus Fire AG	13,650	1,563,932
Thermador Groupe	15,000	1,390,355
Terna - Rete Elettrica Nazionale	175,000	1,284,301
Merlin Properties Socimi SA (REIT)	150,000	1,190,918
Reply SpA	11,400	1,154,612
Corticeira Amorim SGPS SA	126,000	1,138,941

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN FOCUS FUND*****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2023*

Purchases	Nominal	Cost €
Fortnox AB	300,000	1,765,297
Dottikon Es Holding AG	4,060	1,057,925
Sage Group Plc/The	80,000	873,113
Terna - Rete Elettrica Nazionale	95,000	719,457
Azelis Group NV	35,000	686,051
Loomis AB - Class B	25,153	647,845
Games Workshop Group Plc	4,500	556,354
Diploma Plc	16,986	489,088
BioGaia AB - Class B	50,000	465,931
SThree Plc	100,000	433,213
IMCD NV	3,000	383,110
Borregaard ASA	20,000	263,683
Moncler SpA	4,200	223,163
Tecan Group AG	500	167,092
Teleperformance SE	1,130	139,382
Rentokil Initial Plc	19,500	131,589
Chr Hansen Holding A/S	2,000	121,715
Bachem Holding AG	1,400	94,952
Edenred SE	1,500	77,195
Reply SpA	400	42,061

* Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales. Due to trading volumes, the above details all purchases transactions during the financial year.

MONTANARO SMALLER COMPANIES PLC**MONTANARO EUROPEAN FOCUS FUND*****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2023*

Sales	Nominal	Proceeds
		€
Moncler SpA	101,500	6,397,826
Rentokil Initial Plc	878,500	6,208,351
Edenred SE	103,800	6,188,568
Diploma Plc	159,686	5,741,776
Ashtead Group Plc	82,000	5,113,722
IMCD NV	35,000	4,643,898
MTU Aero Engines AG	20,100	4,471,961
Recordati Industria Chimica e Farmaceutica SpA	99,450	4,409,854
St James's Place Plc	350,000	4,274,841
ASM International NV	12,300	4,264,351
RS GROUP Plc	461,103	4,194,139
Amundi SA '144A'	73,100	3,925,082
Reply SpA	36,100	3,740,591
Warehouses De Pauw CVA (REIT)	141,900	3,668,505
Worldline SA/France '144A'	125,000	3,651,455
Galenica AG '144A'	50,000	3,634,367
Tecan Group AG	9,060	3,276,824
Dechra Pharmaceuticals Plc	76,000	3,261,360
Melexis NV	35,000	3,085,523
Chr Hansen Holding A/S	46,500	3,071,097
Terna - Rete Elettrica Nazionale	396,300	3,036,816
Bureau Veritas SA	100,000	2,417,691
Teleperformance SE	16,680	2,314,164
Sartorius Stedim Biotech	9,000	2,161,620
Bachem Holding AG	23,150	1,897,709
Fortnox AB	300,000	1,633,787

* Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO GLOBAL INNOVATION FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2023*

Purchases	Nominal	Cost €
Mensch und Maschine Software SE	4,000	222,893
Epsilon Net SA	20,000	189,678
Kinaxis Inc	1,500	179,412
Power Integrations Inc	1,925	137,938
E Ink Holdings Inc	19,000	121,444
Plejd AB	5,000	90,118
Brembo SpA	8,750	89,936
MTU Aero Engines AG	400	82,758
Cerillion Plc	5,250	77,911
Reply SpA	600	65,135
Bachem Holding AG	850	58,244
Tecan Group AG	175	55,285
Sartorius Stedim Biotech	250	51,851
Bentley Systems Inc - Class B	1,250	48,277
Veeva Systems Inc - Class A	200	32,676
SDI Group Plc	20,000	30,028
Focusrite Plc	3,000	27,673

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO GLOBAL INNOVATION FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2023*

Sales	Nominal	Proceeds
		€
XPEL Inc	6,250	392,147
TransMedics Group Inc	2,850	193,907
MIPS AB	4,125	162,777
SolarEdge Technologies Inc	475	128,247
Chemometec A/S	2,650	116,718
Pro Medicus Ltd	2,200	103,287
Boku Inc '144A'	65,000	101,092
TechTarget Inc	3,150	84,930
Surgical Science Sweden AB	4,000	79,960
Zscaler Inc	600	77,584
Nova Ltd	725	76,059
PhotoCure ASA	15,000	67,498
Energy Recovery Inc	3,000	64,838
Oxford Nanopore Technologies Plc	22,500	58,872
Tecan Group AG	150	56,782
Shockwave Medical Inc	225	54,789
Digital Turbine Inc	6,000	49,284
Cognex Corp	1,000	47,401
Unity Software Inc	1,250	43,266
Kornit Digital Ltd	2,400	40,324
FormFactor Inc	1,000	32,403
NCAB Group AB	4,000	27,804
INVISIO AB	1,250	25,364
ANSYS Inc	75	22,977
Bruker Corp	350	22,223
hGears AG	10,250	21,973

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO BETTER WORLD FUND****PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2023*

Purchases	Nominal	Cost €
Exponent Inc	85,000	7,185,473
Bachem Holding AG	75,000	6,405,508
Technogym SpA '144A'	600,000	4,938,921
Power Integrations Inc	60,000	4,880,098
Bentley Systems Inc - Class B	100,000	4,702,839
SolarEdge Technologies Inc	20,000	3,644,984
IDEXX Laboratories Inc	7,500	3,380,820
MSCI Inc - Class A	7,500	3,221,826
ANSYS Inc	10,000	3,042,350
Nihon M&A Center Holdings Inc	470,000	3,006,256
Azbil Corp	100,000	2,761,309
Masimo Corp	15,000	2,388,175
Ryman Healthcare Ltd	800,712	2,343,323
Advanced Drainage Systems Inc	25,000	2,173,295
Veeva Systems Inc - Class A	12,500	1,970,197
Mani Inc	149,000	1,761,941
Rational AG	2,500	1,619,694
Bruker Corp	25,000	1,552,255
Badger Meter Inc	10,000	1,374,555
Cognex Corp	25,000	1,294,999
Halma Plc	50,000	1,288,071
Balchem Corp	10,000	1,247,117
Bio-Techne Corp	15,000	1,169,505

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO BETTER WORLD FUND****PORTFOLIO CHANGES – SALES (unaudited)***For the financial year ended 31 December 2023*

Sales	Nominal	Proceeds
		€
ANSYS Inc	68,000	18,952,805
Trex Co Inc	334,000	18,749,508
Pro Medicus Ltd	413,000	18,000,542
IDEXX Laboratories Inc	40,000	17,685,621
Adyen NV '144A'	9,000	13,900,285
Entegris Inc	159,000	13,845,036
Veeva Systems Inc - Class A	68,500	12,629,637
Thule Group AB '144A'	500,000	12,463,913
Nova Ltd	131,000	12,343,699
Bruker Corp	187,000	12,162,373
ICON Plc	52,000	11,322,501
Chr Hansen Holding A/S	175,000	11,286,517
IDEX Corp	55,000	10,898,008
MSCI Inc - Class A	24,500	10,853,407
Zscaler Inc	95,000	10,178,402
Melexis NV	104,000	8,772,499
Yaskawa Electric Corp	235,000	8,262,527
Terna Energy SA	534,000	8,172,329
Halma Plc	329,000	7,993,851
Advanced Drainage Systems Inc	75,000	7,916,526
Tecan Group AG	20,000	7,832,144
Ameresco Inc - Class A	150,000	7,769,571
IDP Education Ltd	580,000	7,601,435
Badger Meter Inc	58,000	7,193,876
Ryman Healthcare Ltd	2,035,712	7,154,179
Cognex Corp	150,000	6,972,454
Surgical Science Sweden AB	355,000	6,740,229
Balchem Corp	51,000	5,899,136
Azbil Corp	209,000	5,882,849
Alarm.com Holdings Inc	122,000	5,809,499
Xylem Inc/NY	60,000	5,486,808
Bio-Techne Corp	86,000	5,484,394
Sdiptech AB - Class B	233,000	4,989,982
Belimo Holding AG	12,000	4,980,368
MIPS AB	113,000	4,624,933
Energy Recovery Inc	217,000	4,499,736
Spirax-Sarco Engineering Plc	44,000	4,349,827
Rational AG	7,500	4,269,644

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC**MONTANARO GLOBAL SELECT FUND******PORTFOLIO CHANGES – PURCHASES (unaudited)***For the financial year ended 31 December 2023*

Purchases	Nominal	Cost €
Games Workshop Group Plc	2,400	301,265
Partners Group Holding AG	225	274,876
Bentley Systems Inc - Class B	5,500	267,487
Tyler Technologies Inc	700	265,743
Rollins Inc	6,500	244,912
ANSYS Inc	900	244,557
Trex Co Inc	3,500	231,500
MTU Aero Engines AG	1,200	228,450
Houlihan Lokey Inc - Class A	2,250	227,628
Sartorius Stedim Biotech	1,100	223,479
ICON Plc	900	222,382
Bruker Corp	3,500	211,533
Adyen NV '144A'	185	200,437
Mensch und Maschine Software SE	3,750	199,633
Spirax-Sarco Engineering Plc	1,800	195,150
Ashtead Group Plc	3,250	185,780
MSCI Inc - Class A	375	181,760
Esker SA	1,250	178,342
VZ Holding AG	1,750	174,113
Fortnox AB	35,000	173,930
Bio-Techne Corp	2,800	165,635
American Water Works Co Inc	1,350	165,262
NCAB Group AB	28,000	163,137
Rational AG	265	160,952
Paycom Software Inc	700	119,104
Pro Medicus Ltd	2,200	118,728
Plejd AB	5,000	60,583

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

** Montanaro Global Select Fund was launched on 30 November 2023.

MONTANARO SMALLER COMPANIES PLC

MONTANARO GLOBAL SELECT FUND**

PORTFOLIO CHANGES – SALES (unaudited)

For the financial year ended 31 December 2023

Sales	Nominal	Proceeds
		€

There were no sales in the period.

** Montanaro Global Select Fund was launched on 30 November 2023.

In accordance with Central Bank UCITS Regulations, this statement presents the aggregate purchases and aggregate sales of an investment exceeding 1% of total value of purchases or sales, respectively, for the financial year, or at a minimum the top 20 purchases and sales.

MONTANARO SMALLER COMPANIES PLC

TOTAL EXPENSE RATIOS (ANNUALISED) (unaudited)

For the financial year ended 31 December 2023

The average total expense ratio table shows the annualised actual expenses incurred by each Fund during the financial reporting year, expressed as a percentage of the average NAV of that Fund for the corresponding financial year.

	Total expense ratio %
Montanaro European Smaller Companies Fund	
Euro Accumulation Class	1.62
Euro Class	1.62
Euro Institutional Accumulation Class	0.62
Euro Institutional Distribution Class	0.86
Sterling Class	1.61
Sterling Institutional Distribution Class	0.87
Swedish Krona Accumulation Class	1.62
US Dollar Class	1.62
Montanaro UK Income Fund	
Euro Class	0.86
Euro Seed Class	0.47
Sterling Accumulation Class	0.87
Sterling Class	0.87
Sterling Seed Class	0.47
Montanaro European Income Fund	
Euro Class	0.87
Sterling Accumulation Class	0.87
Sterling Class	0.87
Montanaro European Focus Fund*	
Euro Distribution Class	1.60
Euro Institutional Accumulation Class	0.84
Montanaro Global Innovation Fund	
Euro Accumulation A Class	0.80
Euro Accumulation B Class	1.00
Sterling Accumulation A Class	0.80
Sterling Accumulation B Class	1.00
Montanaro Better World Fund	
Euro Accumulation Class	0.96
Euro Distribution Class	0.96
Sterling Distribution Class	0.96
Swedish Krona Institutional Accumulation Class	0.62
Montanaro Global Select Fund**	
Euro Accumulation A Class	0.17
Euro Accumulation B Class	0.17

*Effective 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

** Montanaro Global Select Fund was launched on 30 November 2023.

MONTANARO SMALLER COMPANIES PLC

PORTFOLIO TURNOVER RATES (unaudited)

For the financial year ended 31 December 2023

The portfolio turnover rate shows the turnover* incurred by each Fund, whose redeemable participating Shares are registered for sale in Switzerland during the financial year, expressed as a percentage of the average NAV of that Fund for the corresponding financial year.

	Portfolio Turnover %
Montanaro European Smaller Companies Fund	(26.26%)
Montanaro UK Income Fund	(21.12%)
Montanaro European Income Fund	(32.57%)
Montanaro European Focus Fund*	13.00%
Montanaro Global Innovation Fund	30.09%
Montanaro Better World Fund	2.44%
Montanaro Global Select Fund**	(96.20%)

* Turnover being a Fund's aggregate value of total cost of securities purchased plus total disposal proceeds of securities sold, less the aggregate value of that Fund's redeemable participating Shares' subscriptions plus redemptions, during the financial reporting period. All values in the turnover calculation are in the functional currency of the respective Fund.

** Effective from 17 May 2023, Montanaro European MidCap Fund changed its name to Montanaro European Focus Fund.

*** Montanaro Global Select Fund was launched on 30 November 2023.

Past performance is no indication of current or future performance and the performance data does not take account of commissions and costs incurred on the issue and redemption of Shares.

MONTANARO SMALLER COMPANIES PLC

REMUNERATION DISCLOSURE (unaudited)

The Manager has designed and implemented a remuneration policy (the “Policy”) in line with the provisions of S.I. 257 of 2013 European Union (Alternative Investment Fund Managers) Regulations 2013 (the “AIFM Regulations”), S.I. 352 of 2011 European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the “UCITS Regulations”) and of the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (the “ESMA Guidelines”). The Policy is designed to ensure that the remuneration of key decision makers is aligned with the management of short and long-term risks, including the oversight and where appropriate the management of sustainability risks in line with the Sustainable Finance Disclosure Regulations.

The Manager’s remuneration policy applies to its identified staff whose professional activities might have a material impact on the Company’s risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Company. The Manager’s policy is to pay identified staff a fixed component with the potential for identified staff to receive a variable component. It is intended that the fixed component will represent a sufficiently high proportion of the total remuneration of the individual to allow the Manager to operate a fully flexible policy, with the possibility of not paying any variable component. When the AIFM pays a variable component as performance related pay certain criteria, as set out in the Manager’s remuneration policy, must be adhered to. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the relevant staff rank and professional activity as well as best market practice. The Manager’s remuneration policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the funds it manages.

These disclosures are made in respect of the remuneration policies of the Manager. The disclosures are made in accordance with the ESMA Guidelines.

Total remuneration (in EUR) paid to the identified staff of the Manager fully or partly involved in the activities of the Company that have a material impact on the Company’s risk profile during the financial year to 31 December 2023 (the Manager’s financial year):

		EUR
Fixed remuneration		
Senior Management	€	1,578,804
Other identified staff	€	–
Variable remuneration		
Senior Management	€	28,006
Other identified staff	€	–
Total remuneration paid	€	1,606,810

Number of identified staff – 17

Neither the Manager nor the ICAV pays any fixed or variable remuneration to identified staff of the Investment Manager.

On 29 September 2023, KBA Consulting Management Limited, the Manager of the Company, completed its merger with Waystone Management Company (IE) Limited (“WMC”). WMC is the surviving entity post-merger and as such, the Company’s Manager is WMC from this date and the above remuneration figures are the total remuneration for WMC.

There have been no material changes made to the Remuneration Policy or the Manager’s remuneration practices and procedures during the financial year.

Securities Financing Transactions Regulation (Unaudited)

During the year to which this Report relates, the Company did not engaged in transactions which are the subject of EU Regulation No. 2015/2365 on the transparency of securities financing transactions and of reuse. Accordingly, no global, concentration or transactions data, or information on the reuse or safekeeping of collateral is required to be reported.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Montanaro European Smaller Companies Fund

Legal entity identifier: 635400TW8AKLKNTQLF58

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 11.1% of sustainable investments <ul style="list-style-type: none"> <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund seeks to promote environmental characteristics including:

- the prevention of climate change
- the reduction of greenhouse gas emissions
- the prevention of resource depletion
- the reduction of waste and pollution

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Fund seeks to promote social characteristics including:

- improving working conditions
- improving health and safety
- improving employee relations
- achieving better diversity

● ***How did the sustainability indicators perform?***

The Investment Manager uses the following indicators to measure the environmental or social characteristics promoted by the Fund:

- (i) Carbon intensity of the Fund (Scope 1 + 2) both absolute and relative to its Benchmark;
- (ii) Percentage of investee companies which have credible Net Zero Carbon strategies;
- (iii) Percentage of women on boards of investee companies;
- (iv) Percentage of independent directors on boards of investee companies;
- (v) Percentage of companies which have an anti-bribery policy.

During 2023, the quarterly average for these indicators for the Fund were as follows (unless otherwise stated):

- (i) Carbon intensity (Scope 1 + 2):
 - a) Fund: 19.7 tons of CO₂e / \$1m of Sales
 - b) Benchmark: 117.3 tons of CO₂e / \$1m of Sales
- (ii) Percentage of investee companies with credible Net Zero Carbon strategies: 36% (as at 31 December 2023)
- (iii) Percentage of women on boards of investee companies: 35%
- (iv) Percentage of independent directors on boards of investee companies: 72%
- (v) Percentage of companies which have an anti-bribery policy: 98%

Note: The benchmark is the Fund's official benchmark, i.e. the MSCI Europe Small Cap (Capital Return) Index.

The data above is sourced from MSCI and / or Bloomberg and updated on a quarterly basis. Where the indicators differ from expectations, the indicator will be investigated.

● ***...and compared to previous periods?***

All of the metrics improved on a quarterly average basis in 2023, compared with 2022, with the exception of the Percentage of women on boards of investee companies which remained stable.



Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

N/A. The Fund does not have an objective of making sustainable investments.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

N/A. The Fund does not have an objective of making sustainable investments.

— — *How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A. The Fund does not have an objective of making sustainable investments.

— — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A. The Fund does not have an objective of making sustainable investments.

Impact Cubed made an assessment of the Fund and, based on their findings, it was determined that there were no violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

How did this financial product consider principal adverse impacts on sustainability factors?

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers 10 of the 14 PAIs at Portfolio level:

- Scope 1 GHG emissions;
- Scope 2 GHG emissions;
- Scope 3 GHG emissions;
- Total GHG emissions;
- Carbon footprint;
- GHG intensity of investee companies;
- Share of investments in companies active in the fossil fuel sector;
- Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average;
- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons.

These Portfolio-level PAIs are reported at the end of this document.

In addition to the Portfolio-level PAIs, the Investment Manager reviews the internal ESG Checklists of each of the Fund's holdings on an ongoing basis (i.e. quarterly at a minimum). These Checklists have three sections (Environmental, Social and Governance) scored separately which are incorporated into a total score out of 10. Any significant change in a company's score – whether per section or in aggregate – will result in further investigation and possible engagement with the company.

During the year, the Investment Manager engaged with 22 companies held in the Fund in respect of the following:

- Climate: 4
- Environment: 4
- Social: 1
- Governance: 13

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>

Asset allocation describes the share of investments in specific assets.

The list includes the investments constituting the **greatest proportion of investments** of the financial product

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



What were the top investments of this financial product?

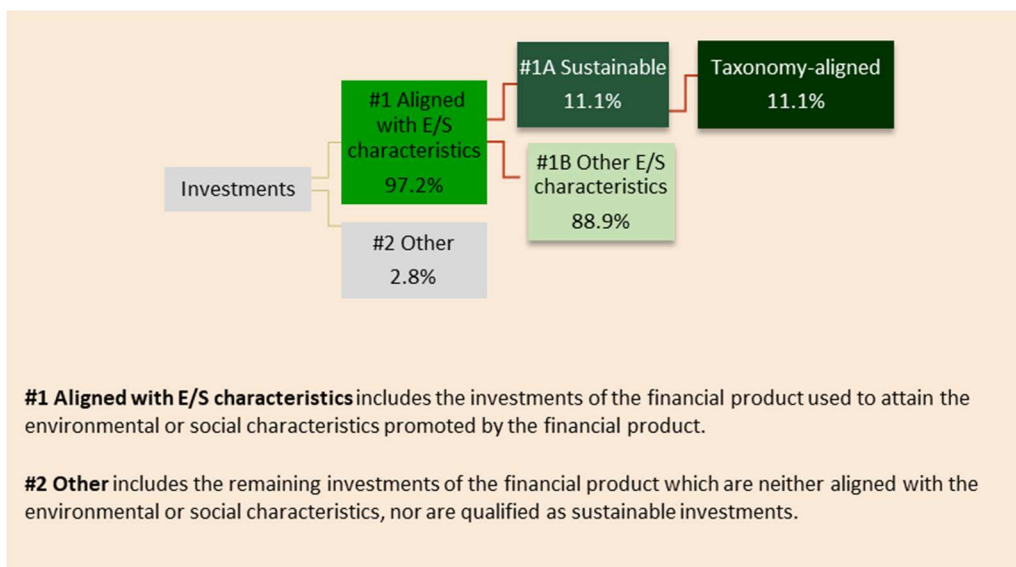
Largest investments	Sector	% Assets	Country
IMCD NV	Industrials	3.9%	Netherlands
MTU AERO ENGINES AG	Industrials	3.5%	Germany
HALMA PLC	Information Technology	3.3%	UK
VZ HOLDING AG	Financials	3.1%	Switzerland
CRANSWICK PLC	Consumer Staples	3.0%	UK
DIPLOMA PLC	Industrials	3.0%	UK
FORTNOX AB	Information Technology	3.0%	Sweden
REPLY SPA	Information Technology	3.0%	Italy
SPIRAX-SARCO ENGINEERING	Industrials	2.8%	UK
4IMPRINT GROUP PLC	Communication Services	2.8%	UK



What was the proportion of sustainability-related investments?

● *What was the asset allocation?*

Please see chart below, which outlines the average quarterly asset allocation within the Fund during 2023:



● **In which economic sectors were the investments made?**

On a quarterly average basis, the breakdown of investments by economic sector during 2023 was as follows:

Energy	0.0%
Materials	3.2%
Industrials	25.7%
Consumer Discretionary	12.5%
Consumer Staples	4.7%
Health Care	14.1%
Financials	6.8%
Information Technology	19.5%
Communication Services	6.4%
Utilities	0.0%
Real Estate	4.1%
CASH	2.8%

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of

Asset allocation describes the share of investments in specific assets.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund did not make sustainable investments aligned with the EU Taxonomy.

On a quarterly average basis, the Fund had the following alignment with the EU Taxonomy in 2023:

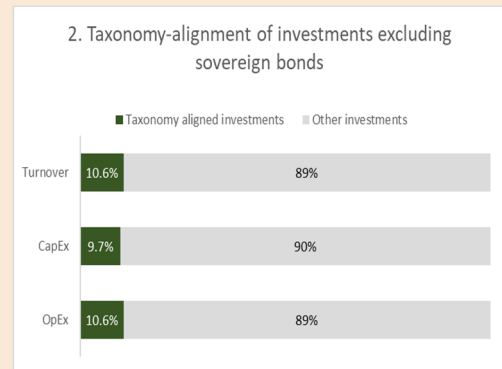
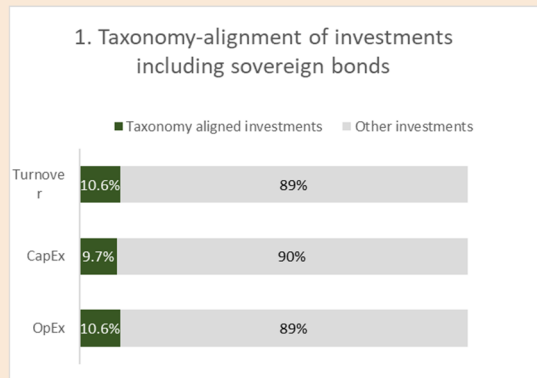
- 11.1% by Turnover
- 10.3% by CapEx
- 11.3% by OpEx

- **Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes:
 - In fossil gas
 - In nuclear energy
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



**For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures*

As of February, the Fund’s alignment (by Turnover) with the EU Taxonomy by economic activity was as follows (data sourced from Impact Cubed):

		% Turnovers Eligible
Portfolio Summary		14.18%
Climate Change Mitigation (totals)		13.51%
Sector	Activity	
Manufacturing		
	Manufacture of other low carbon technologies	8.99%
Construction and real estate activities		
	Construction of new buildings	0.78%
	Acquisition and ownership of buildings	3.73%
Finance and Insurance		
Climate Change Adaptation (totals)		0.67%
Sector	Activity	
Manufacturing		
Construction and real estate activities		
Finance and Insurance		
	Non-life insurance: underwriting of climate-related	0.67%

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are

activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What was the share of investments made in transitional and enabling activities?**

Although the Fund has no target exposure to transitional and enabling activities, on a quarterly average basis 7.5% of the Fund's investments were aligned with primary transitional and enabling activities in 2023.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Alignment with the taxonomy remained consistent at 11%.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A. The Fund does not have sustainable investments.



What was the share of socially sustainable investments?

N/A. The Fund does not have sustainable investments.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Only Cash was included under "Other".



What actions have been taken to meet the environmental and/or social characteristics during the reference period?


During the year, the Investment Manager engaged with 22 companies held in the Fund in respect of the following:

- Climate: 4
- Environment: 4
- Social: 1
- Governance: 13

As responsible shareholders we believe that it is our duty to engage with our investee companies where necessary. Active engagement can help to foster positive long-term change and improved societal and environmental outcomes. We will engage with companies where we become aware of any weakness or incident relating to our ESG policies or international norms. We also conduct thematic "Deep Dive" engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. An ongoing area of focus is climate change and achieving net zero emissions.

How did this financial product perform compared to the reference benchmark?



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

N/A. No sustainable reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

● **How does the reference benchmark differ from a broad market index?**

N/A

● **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

N/A

● **How did this financial product perform compared with the reference benchmark?**

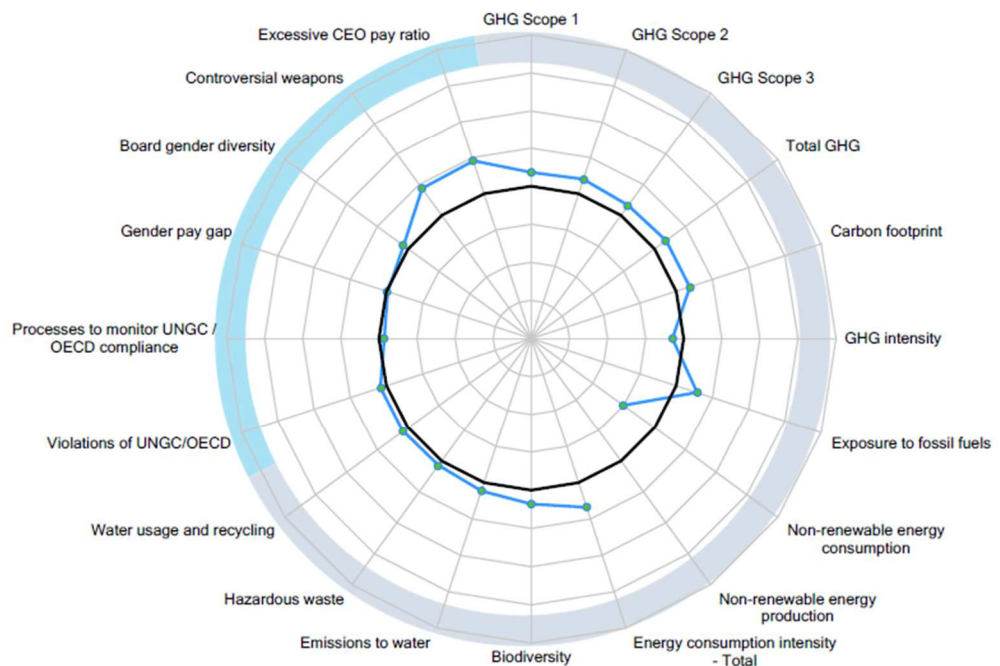
N/A

● **How did this financial product perform compared with the broad market index?**

The reference benchmark for the Fund is the MSCI Europe Small Cap (Capital Return) index.

In the chart below (dated 31 December 2023), Impact Cubed compare the Fund (blue line) to the benchmark (black line) across 20 Principal Adverse Impact indicators. When the blue line sits above the black line it indicates that the Fund fares better than the benchmark on the particular indicator (and vice versa).

CLIMATE AND ENVIRONMENT
SOCIAL AND EMPLOYEE



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The table below highlights the PAI indicators of the Fund relative to its benchmark, the MSCI Europe Small Cap (Capital Return) index, as at 31 December 2023:

	Based on company reported	Fund	% fund disclosed	Benchmark	% benchmark disclosed
GHG Scope 1	scope 1 GHG emissions	2,220	12%	32,010	14%
GHG Scope 2	scope 2 GHG emissions	2,620	12%	13,540	13%
GHG Scope 3	scope 3 GHG emissions	155,150	27%	394,830	43%
Total GHG	total GHG emissions	159,990	6%	440,390	9%
Carbon footprint	carbon footprint	423.80	6%	1,166.54	9%
GHG intensity	GHG intensity of investee companies	1,536.27	6%	1,168.63	9%
Exposure to fossil fuels	share of investments in companies active in the fossil fuel sector	0.00%	100%	3.46%	100%
Non-renewable energy consumption	share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	65.66%	15%	60.55%	12%
Non-renewable energy production	share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	38.72%	100%
Energy consumption intensity - Total	energy consumption in GWh per million EUR of revenue of investee companies - Total	0.15	32%	0.44	28%
Energy consumption intensity - NACE Sector A	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A (Agriculture, forestry and fishing)	N/A	N/A	0.14	0%
Energy consumption intensity - NACE Sector B	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)	N/A	N/A	1.65	7%
Energy consumption intensity - NACE Sector C	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)	0.19	36%	0.46	31%
Energy consumption intensity - NACE Sector D	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)	N/A	N/A	2.91	26%
Energy consumption intensity - NACE Sector E	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)	N/A	N/A	0.43	0%
Energy consumption intensity - NACE Sector F	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector F (Construction)	0.08	100%	0.09	26%
Energy consumption intensity - NACE Sector G	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	0.01	100%	1.23	33%
Energy consumption intensity - NACE Sector H	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)	3.24	0%	1.49	18%

Energy consumption intensity - NACE Sector L	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)	0.18	27%	0.31	49%
Biodiversity	share of investments in investee companies with sites/operations located in or near to biodiversity -sensitive areas where activities of those investee companies negatively affect those areas	0.00%	100%	2.12%	100%
Emissions to water	tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	24.50	20%	434.98	13%
Hazardous waste	tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	1.21	21%	23.32	12%
Water usage and recycling	average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	347.79	20%	3,184.99	13%
Violations of UNGC/OECD	share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	100%	0.16%	100%
Processes to monitor UNGC / OECD compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	51.83%	100%	49.76%	100%
Gender pay gap	average unadjusted gender pay gap of investee companies	12.70%	0%	12.67%	0%
Board gender diversity	average ratio of female to male board members in investee companies	34.21%	86%	33.64%	92%
Controversial weapons	share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	100%	1.23%	100%
Excessive CEO pay ratio	average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	28.52	69%	39.15	75%

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Montanaro UK Income Fund

Legal entity identifier: 635400QDCQQQGXYS5U77

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

Yes

No

It made **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** ___%

It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 25.4% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund seeks to promote environmental characteristics including:

- the prevention of climate change
- the reduction of greenhouse gas emissions
- the prevention of resource depletion
- the reduction of waste and pollution

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Fund seeks to promote social characteristics including:

- improving working conditions
- improving health and safety
- improving employee relations
- achieving better diversity

● ***How did the sustainability indicators perform?***

The Investment Manager uses the following indicators to measure the environmental or social characteristics promoted by the Fund:

- (i) Carbon intensity of the Fund (Scope 1 + 2) both absolute and relative to its Benchmark;
- (ii) Percentage of investee companies which have credible Net Zero Carbon strategies;
- (iii) Percentage of women on boards of investee companies;
- (iv) Percentage of independent directors on boards of investee companies;
- (v) Percentage of companies which have an anti-bribery policy.

During 2023, the quarterly average for these indicators for the Fund were as follows (unless otherwise stated):

- (i) Carbon intensity (Scope 1 + 2):
 - a. Fund: 19.3 tons of CO₂e / \$1m of Sales
 - b. Benchmark: 104.9 tons of CO₂e / \$1m of Sales
- (ii) Percentage of investee companies with credible Net Zero Carbon strategies: 64.7% (as at 31 December 2023)
- (iii) Percentage of women on boards of investee companies: 39%
- (iv) Percentage of independent directors on boards of investee companies: 67%
- (v) Percentage of companies which have an anti-bribery policy: 100%

Note: The benchmark is the Fund's official benchmark, i.e. the IA UK All Companies Sector (Total Return).

The data above is sourced from MSCI and / or Bloomberg and updated on a quarterly basis. Where the indicators differ from expectations, the indicator will be investigated.

● ***...and compared to previous periods?***

The Fund saw an improvement across all metrics in 2023, versus the 2022 reporting period.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

N/A. The Fund does not have an objective of making sustainable investments.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

N/A. The Fund does not have an objective of making sustainable investments.

- — *How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A. The Fund does not have an objective of making sustainable investments.

- — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A. The Fund does not have an objective of making sustainable investments.

Impact Cubed made an assessment of the Fund and, based on their findings, it was determined that there were no violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

How did this financial product consider principal adverse impacts on sustainability factors?

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers 10 of the 14 PAIs at Portfolio level:

- Scope 1 GHG emissions;
- Scope 2 GHG emissions;
- Scope 3 GHG emissions;
- Total GHG emissions;
- Carbon footprint;
- GHG intensity of investee companies;
- Share of investments in companies active in the fossil fuel sector;
- Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average;
- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons.

These Portfolio-level PAIs are reported at the end of this document.

In addition to the Portfolio-level PAIs, the Investment Manager reviews the internal ESG Checklists of each of the Fund's holdings on an ongoing basis (i.e. quarterly at a minimum). These Checklists have three sections (Environmental, Social and Governance) scored separately which are incorporated into a total score out of 10. Any significant change in a company's score – whether per section or in aggregate – will result in further investigation

and possible engagement with the company.

During the year, the Investment Manager engaged with 17 companies held in the Fund in respect of the following:

- Climate: 2
- Environment: 4
- Social: 3
- Governance: 8

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:



transition to a green economy.

- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



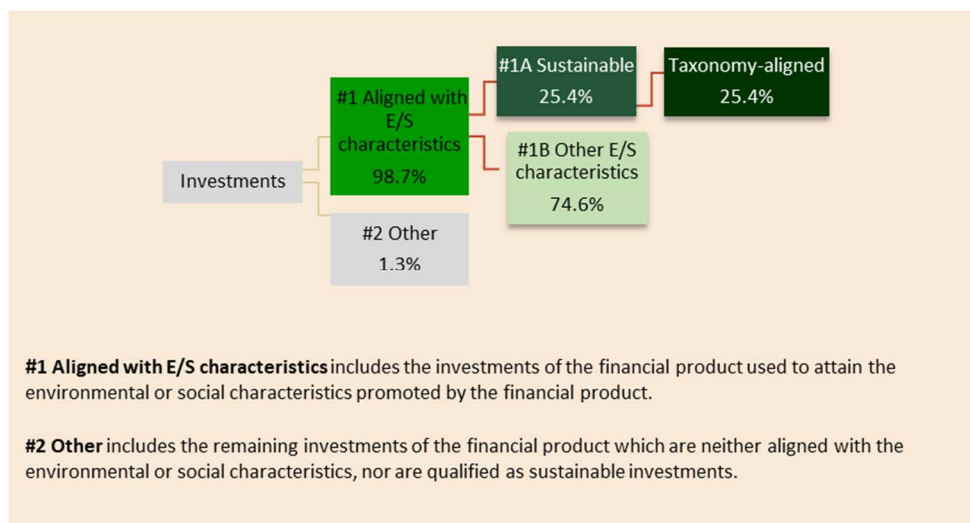
What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
GAMES WORKSHOP GROUP PLC	Consumer Discretionary	4.5%	UK
SAGE GROUP PLC/THE	Information Technology	4.1%	UK
DIPLOMA PLC	Industrials	3.7%	UK
BIG YELLOW GROUP PLC	Real Estate	3.6%	UK
DISCOVERIE GROUP PLC	Industrials	3.4%	UK
KAINOS GROUP PLC	Information Technology	3.2%	UK
4IMPRINT GROUP PLC	Communication Services	3.0%	UK
VISTRY GROUP PLC	Consumer Discretionary	3.0%	UK
CLARKSON PLC	Industrials	3.0%	UK
NCAB GROUP AB	Information Technology	3.0%	Sweden

What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please see chart below, which outlines the average quarterly asset allocation within the Fund during 2023:



Asset allocation describes the share of investments in specific assets.

● **In which economic sectors were the investments made?**

On a quarterly average basis, the breakdown of investments by economic sector during 2023 was as follows:

Energy	0.0%
Materials	2.4%
Industrials	23.1%
Consumer Discretionary	13.8%
Consumer Staples	5.3%
Health Care	1.0%
Financials	13.2%
Information Technology	16.6%
Communication Services	6.6%
Utilities	5.6%
Real Estate	11.1%
CASH	1.3%



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund did not make sustainable investments aligned with the EU Taxonomy.

On a quarterly average basis, the Fund had the following alignment with the EU Taxonomy in 2023:

- 25.4% by Turnover
- 25.3% by CapEx
- 25.4% by OpEx

● **Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes:
- In fossil gas In nuclear energy
- No

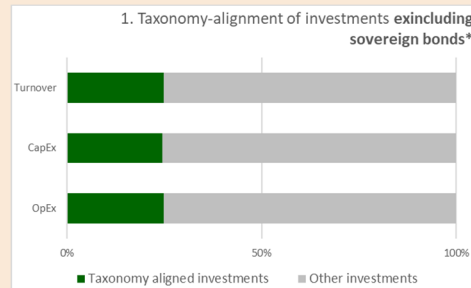
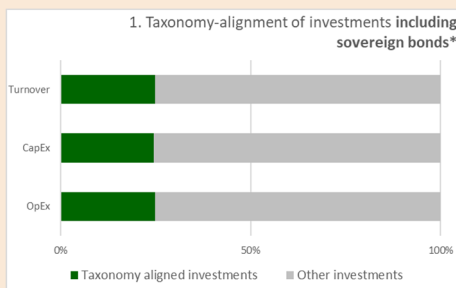
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

As of February 2024, the Fund's alignment (by Turnover) with the EU Taxonomy by economic activity was as follows (data sourced from Impact Cubed):

		% Turnovers Eligible
Portfolio Summary		27.43%
Climate Change Mitigation (totals)		24.05%
Sector	Activity	
Construction and real estate activities		
	Acquisition and ownership of buildings	10.50%
	Construction of new buildings	5.72%
Manufacturing		
	Manufacture of other low carbon technologies	2.47%
Water, sewerage, waste and remediation		
	Water collection, treatment and supply	5.36%
Finance and Insurance		
Climate Change Adaptation (totals)		3.38%
Sector	Activity	
Construction and real estate activities		
Manufacturing		
Water, sewerage, waste and remediation		
Finance and Insurance		
	Non-life insurance: underwriting of climate-related	3.38%

● **What was the share of investments made in transitional and enabling activities?**

Although the Fund has no target exposure to transitional and enabling activities, on a quarterly average basis 4.9% of the Fund's investments were aligned with primary transitional and enabling activities in 2023.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Alignment with the taxonomy remained consistent at 25%.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A. The Fund does not have sustainable investments.



What was the share of socially sustainable investments?

N/A. The Fund does not have sustainable investments.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Only Cash was included under “Other”.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the year, the Investment Manager engaged with 17 companies held in the Fund in respect of the following:

- Climate: 2
- Environment: 4
- Social: 3
- Governance: 8
-



As responsible shareholders we believe that it is our duty to engage with our investee companies where necessary. Active engagement can help to foster positive long-term change and improved societal and environmental outcomes. We will engage with companies where we become aware of any weakness or incident relating to our ESG policies or international norms. We also conduct thematic “Deep Dive” engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. An ongoing area of focus is climate change and achieving net zero emissions.

How did this financial product perform compared to the reference benchmark?

N/A. No sustainable reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

- ***How does the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

N/A

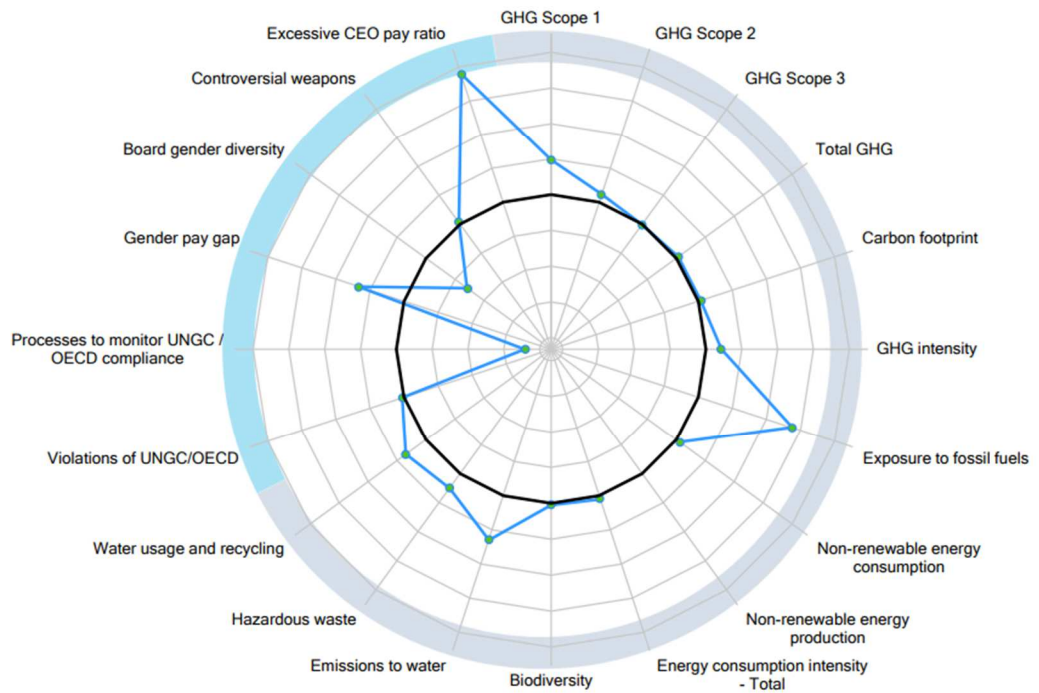
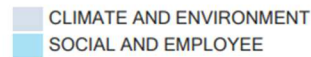
- **How did this financial product perform compared with the reference benchmark?**

N/A

- **How did this financial product perform compared with the broad market index?**

The benchmark of the Fund is the IA UK All Companies Sector.

In the chart below (dated 31 December 2023), Impact Cubed compare the Fund (blue line) to the benchmark (black line) across 20 Principal Adverse Impact indicators. When the blue line sits above the black line it indicates that the Fund fares better than the benchmark on the particular indicator (and vice versa).



The table below highlights the PAI indicators of the Fund relative to its benchmark, the IA UK All Companies Sector, as at 31 December 2023:

	Based on company reported	Fund	% fund disclosed	Benchmark	% benchmark disclosed
GHG Scope 1	scope 1 GHG emissions	3,700	12%	35,120	49%
GHG Scope 2	scope 2 GHG emissions	7,570	12%	11,820	49%
GHG Scope 3	scope 3 GHG emissions	662,560	44%	658,310	74%
Total GHG	total GHG emissions	673,840	9%	705,250	44%
Carbon footprint	carbon footprint	1,008.53	9%	1,055.55	44%
GHG intensity	GHG intensity of investee companies	1,037.19	9%	1,306.31	44%
Exposure to fossil fuels	share of investments in companies active in the fossil fuel sector	0.00%	100%	15.90%	100%
Non-renewable energy consumption	share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	60.71%	9%	61.19%	50%
Non-renewable energy production	share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	59.74%	100%
Energy consumption intensity - Total	energy consumption in GWh per million EUR of revenue of investee companies - Total	0.26	29%	0.30	78%
Energy consumption intensity - NACE Sector A	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A (Agriculture, forestry and fishing)	N/A	N/A	0.14	0%
Energy consumption intensity - NACE Sector B	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)	N/A	N/A	1.32	65%
Energy consumption intensity - NACE Sector C	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)	0.38	61%	0.24	88%
Energy consumption intensity - NACE Sector D	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)	1.42	0%	0.99	83%
Energy consumption intensity - NACE Sector E	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)	0.53	28%	0.52	45%
Energy consumption intensity - NACE Sector F	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector F (Construction)	0.10	12%	0.09	39%
Energy consumption intensity - NACE Sector G	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	0.06	38%	0.48	60%
Energy consumption intensity - NACE Sector H	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)	3.24	0%	1.25	34%

Energy consumption intensity - NACE Sector L	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)	0.06	41%	0.31	63%
Biodiversity	share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.00%	100%	0.16%	100%
Emissions to water	tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	22.57	11%	321.82	54%
Hazardous waste	tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	1.64	1%	129.24	38%
Water usage and recycling	average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	1,556.91	11%	4,128.62	54%
Violations of UNGC/OECD	share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	100%	0.09%	100%
Processes to monitor UNGC / OECD compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	82.94%	100%	33.45%	100%
Gender pay gap	average unadjusted gender pay gap of investee companies	15.03%	0%	15.54%	0%
Board gender diversity	average ratio of female to male board members in investee companies	35.44%	95%	39.77%	98%
Controversial weapons	share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	100%	0.11%	100%
Excessive CEO pay ratio	average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	31.23	82%	79.43	69%

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1g, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Montanaro European Income Fund

Legal entity identifier: 635400NIKW6KIUJQQG41

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

Yes

No

It made **sustainable investments with an environmental objective:** ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** ___%

It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 17.3% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund seeks to promote environmental characteristics including:

- the prevention of climate change
- the reduction of greenhouse gas emissions
- the prevention of resource depletion

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- the reduction of waste and pollution

The Fund seeks to promote social characteristics including:

- improving working conditions
- improving health and safety
- improving employee relations
- achieving better diversity

● ***How did the sustainability indicators perform?***

The Investment Manager uses the following indicators to measure the environmental or social characteristics promoted by the Fund:

- (i) Carbon intensity of the Fund (Scope 1 + 2) both absolute and relative to its Benchmark;
- (ii) Percentage of investee companies which have credible Net Zero Carbon strategies;
- (iii) Percentage of women on boards of investee companies;
- (iv) Percentage of independent directors on boards of investee companies;
- (v) Percentage of companies which have an anti-bribery policy.

During 2023, the quarterly average for these indicators for the Fund were as follows (unless otherwise stated):

- (i) Carbon intensity (Scope 1 + 2):
 - a. Fund: 74.3 tons of CO₂e / \$1m of Sales
 - b. Benchmark: 133.3 tons of CO₂e / \$1m of Sales
- (ii) Percentage of investee companies with credible Net Zero Carbon strategies: 36% (as at 31 December 2023)
- (iii) Percentage of women on boards of investee companies: 39%
- (iv) Percentage of independent directors on boards of investee companies: 64%
- (v) Percentage of companies which have an anti-bribery policy: 94%

Note: The benchmark is the Fund's official benchmark, i.e. the IA Europe (excluding UK) Sector (Total Return).

The data above is sourced from MSCI and / or Bloomberg and updated on a quarterly basis. Where the indicators differ from expectations, the indicator will be investigated.

● ***...and compared to previous periods?***

There has been an increase in the Fund's carbon intensity over the reporting period due to changes in the underlying holdings of the Fund. There has been an increase in the Percentage of investee companies with credible Net Zero Carbon strategies, signifying that our companies are working to address their climate impacts. There has been a slight decline in the Percentage of independent directors on boards of investee companies, due to underlying changes in the Portfolio. All other metrics have improved or remained stable.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

N/A. The Fund does not have an objective of making sustainable investments.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

N/A. The Fund does not have an objective of making sustainable investments.

- — *How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A. The Fund does not have an objective of making sustainable investments.

- — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A. The Fund does not have an objective of making sustainable investments.

Impact Cubed made an assessment of the Fund and, based on their findings, it was determined that there were no violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

How did this financial product consider principal adverse impacts on sustainability factors?

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers 10 of the 14 PAIs at Portfolio level:

- Scope 1 GHG emissions;
- Scope 2 GHG emissions;
- Scope 3 GHG emissions;
- Total GHG emissions;
- Carbon footprint;
- GHG intensity of investee companies;
- Share of investments in companies active in the fossil fuel sector;
- Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average;
- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons.

These Portfolio-level PAIs are reported at the end of this document.

In addition to the Portfolio-level PAIs, the Investment Manager reviews the internal ESG Checklists of each of the Fund's holdings on an ongoing basis (i.e. quarterly at a minimum). These Checklists have three sections (Environmental, Social and Governance) scored separately which are incorporated into a total score out of 10. Any significant change in a company's score – whether per section or in aggregate – will result in further investigation and possible engagement with the company.

During the year, the Investment Manager engaged with 9 companies held in the Fund in respect of the following:

- Climate: 2
- Environment: 1
- Social: 2
- Governance: 4

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is:



What were the top investments of this financial product?

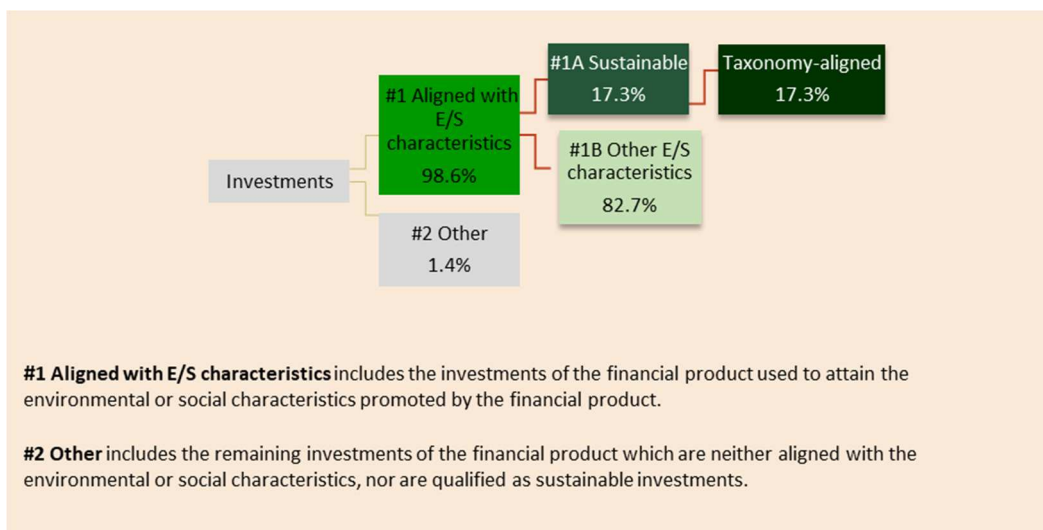
Largest investments	Sector	% Assets	Country
RECORDATI INDUSTRIA CHIMICA	Health Care	3.5%	Italy
TECHNOGYM SPA	Consumer Discretionary	3.1%	Italy
AMADEUS FIRE AG	Industrials	3.0%	Germany
TRYG A/S	Financials	3.0%	Denmark
AMUNDI SA	Financials	2.9%	France
TERNA-RETE ELETTRICA NAZIONALE	Utilities	2.9%	Italy
AZELIS GROUP NV	Industrials	2.9%	Belgium
BOUVET ASA	Information Technology	2.8%	Norway
MTU AERO ENGINES AG	Industrials	2.8%	Germany
LOOMIS AB	Industrials	2.8%	Sweden



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please see chart below, which outlines the average quarterly asset allocation within the Fund during 2023:



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

● **In which economic sectors were the investments made?**

On a quarterly average basis, the breakdown of investments by economic sector during 2023 was as follows:

Energy	2.7%
Materials	7.3%
Industrials	27.9%
Consumer Discretionary	11.8%
Consumer Staples	3.6%
Health Care	5.7%
Financials	13.6%
Information Technology	17.1%
Communication Services	0.0%
Utilities	4.7%
Real Estate	4.0%
CASH	1.4%



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund did not make sustainable investments aligned with the EU Taxonomy.

On a quarterly average basis, the Fund had the following alignment with the EU Taxonomy in 2023:

- 17.3% by Turnover
- 17.4% by CapEx
- 17.4% by OpEx

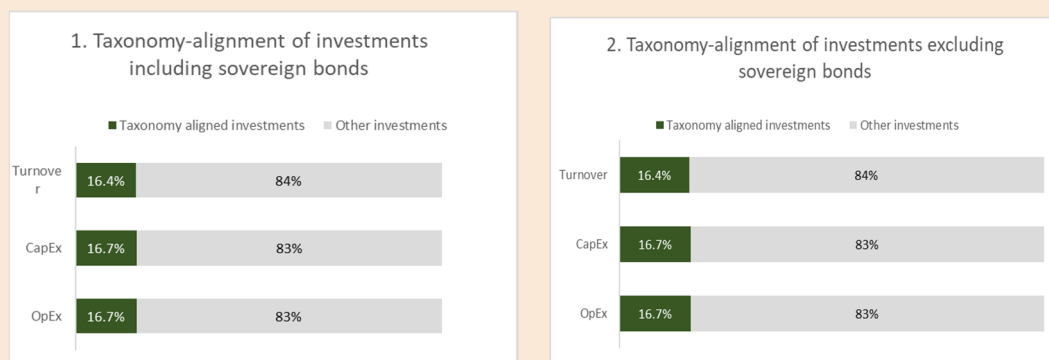
Asset allocation describes the share of investments in specific assets.

● **Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes:
- In fossil gas In nuclear energy
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



**For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures*

As of February 2024, the Fund’s alignment (by Turnover) with the EU Taxonomy by economic activity was as follows (data sourced from Impact Cubed):

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

		% Turnovers Eligible
Portfolio Summary		16.28%
Climate Change Mitigation (totals)		13.25%
Sector	Activity	
Electricity, gas, steam and air conditioning supply		
	Transmission and Distribution of Electricity	1.27%
Manufacturing		
	Manufacture of other low carbon technologies	4.91%
	Manufacture of other inorganic basic chemicals	0.04%
Construction and real estate activities		
	Construction of new buildings	2.55%
	Acquisition and ownership of buildings	4.48%
Finance and Insurance		
Climate Change Adaptation (totals)		3.03%
Sector	Activity	
Electricity, gas, steam and air conditioning supply		
Manufacturing		
Construction and real estate activities		
Finance and Insurance		
	Non-life insurance: underwriting of climate-related	3.03%

● **What was the share of investments made in transitional and enabling activities?**

Although the Fund has no target exposure to transitional and enabling activities, on a quarterly average basis 11.2% of the Fund’s investments were aligned with primary transitional and enabling activities in 2023

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Total alignment with the Taxonomy declined slightly over the period due to changes in the underlying holdings within the Portfolio. The average for the year was above 17%.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A. The Fund does not have sustainable investments.



What was the share of socially sustainable investments?

N/A. The Fund does not have sustainable investments.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Only Cash was included under “Other”.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the year, the Investment Manager engaged with 9 companies held in the Fund in respect of the following:

- Climate: 2

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

- Environment: 1
- Social: 2
- Governance: 4

As responsible shareholders we believe that it is our duty to engage with our investee companies where necessary. Active engagement can help to foster positive long-term change and improved societal and environmental outcomes. We will engage with companies where we become aware of any weakness or incident relating to our ESG policies or international norms. We also conduct thematic “Deep Dive” engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. An ongoing area of focus is climate change and achieving net zero emissions.



How did this financial product perform compared to the reference benchmark?

N/A. No sustainable reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

- ***How does the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

N/A

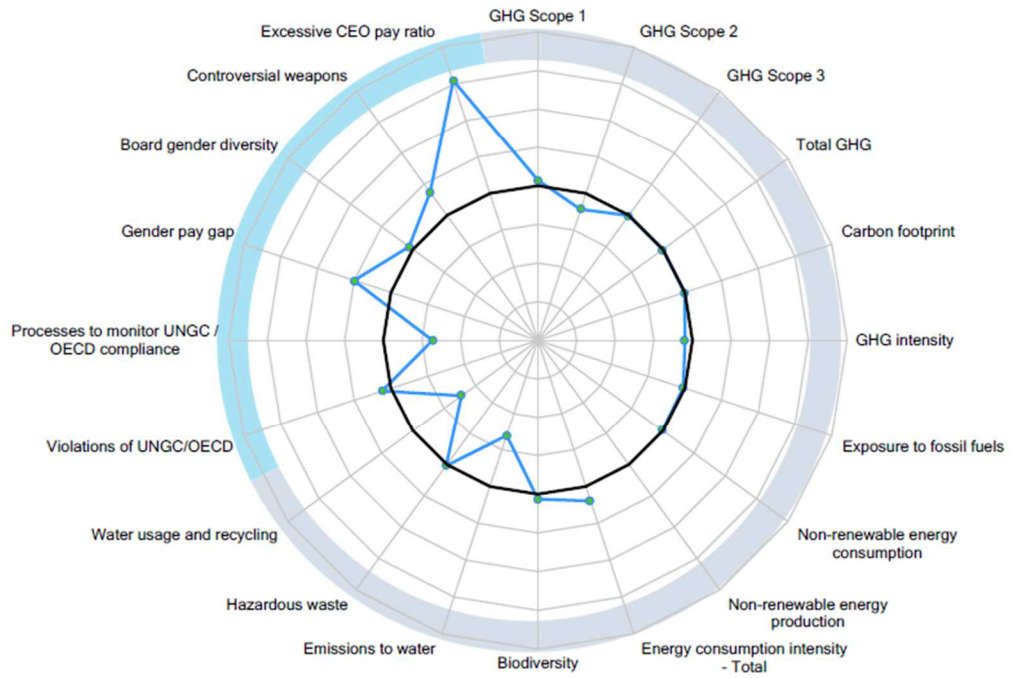
- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

In the chart below (dated 31 December 2023), Impact Cubed compare the Fund (blue line) to the MSCI Europe ex-UK Small Cap index (black line) across 20 Principal Adverse Impact indicators. When the blue line sits above the black line it indicates that the Fund fares better than the benchmark on the particular indicator (and vice versa).

CLIMATE AND ENVIRONMENT
 SOCIAL AND EMPLOYEE



The table below highlights the PAI indicators of the Fund relative to the MSCI Europe ex-UK Small Cap index, as at 31 December 2023:

	Based on company reported	Fund	% fund disclosed	Benchmark	% benchmark disclosed
GHG Scope 1	scope 1 GHG emissions	11,180	6%	18,970	42%
GHG Scope 2	scope 2 GHG emissions	11,210	6%	4,150	40%
GHG Scope 3	scope 3 GHG emissions	152,760	20%	149,620	75%
Total GHG	total GHG emissions	175,160	5%	172,740	37%
Carbon footprint	carbon footprint	735.42	5%	725.29	37%
GHG intensity	GHG intensity of investee companies	1,333.96	5%	1,113.98	37%
Exposure to fossil fuels	share of investments in companies active in the fossil fuel sector	5.25%	100%	4.95%	100%
Non-renewable energy consumption	share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	60.03%	12%	59.91%	52%
Non-renewable energy production	share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	36.71%	100%
Energy consumption intensity - Total	energy consumption in GWh per million EUR of revenue of investee companies - Total	0.38	32%	0.58	75%
Energy consumption intensity - NACE Sector A	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A (Agriculture, forestry and fishing)	N/A	N/A	0.14	0%
Energy consumption intensity - NACE Sector B	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)	2.73	0%	2.13	28%
Energy consumption intensity - NACE Sector C	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)	0.23	37%	0.48	81%
Energy consumption intensity - NACE Sector D	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)	1.07	40%	7.45	79%
Energy consumption intensity - NACE Sector E	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)	N/A	N/A	2.20	95%
Energy consumption intensity - NACE Sector F	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector F (Construction)	0.11	0%	0.15	81%
Energy consumption intensity - NACE Sector G	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	0.03	39%	0.30	61%
Energy consumption intensity - NACE Sector H	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)	0.21	0%	0.73	54%

Energy consumption intensity - NACE Sector L	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)	0.38	100%	0.39	66%
Biodiversity	share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.00%	100%	0.76%	100%
Emissions to water	tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	2.808.29	23%	307.90	43%
Hazardous waste	tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	1.01	19%	3.26	50%
Water usage and recycling	average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	29.983.39	23%	2.816.41	43%
Violations of UNGC/OECD	share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	100%	0.33%	100%
Processes to monitor UNGC / OECD compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	43.24%	100%	24.33%	100%
Gender pay gap	average unadjusted gender pay gap of investee companies	11.74%	0%	12.83%	0%
Board gender diversity	average ratio of female to male board members in investee companies	37.26%	84%	36.82%	99%
Controversial weapons	share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	100%	1.43%	100%
Excessive CEO pay ratio	average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	23.98	74%	65.72	83%

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Montanaro European Focus Fund

Legal entity identifier: 6354001PHJU2IW4SCG72

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 8.4% of sustainable investments <ul style="list-style-type: none"> <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund seeks to promote environmental characteristics including:

- the prevention of climate change
- the reduction of greenhouse gas emissions

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- the prevention of resource depletion
- the reduction of waste and pollution

The Fund seeks to promote social characteristics including:

- improving working conditions
- improving health and safety
- improving employee relations
- achieving better diversity

● ***How did the sustainability indicators perform?***

The Investment Manager uses the following indicators to measure the environmental or social characteristics promoted by the Fund:

- (i) Carbon intensity of the Fund (Scope 1 + 2) both absolute and relative to its Benchmark;
- (ii) Percentage of investee companies which have credible Net Zero Carbon strategies;
- (iii) Percentage of women on boards of investee companies;
- (iv) Percentage of independent directors on boards of investee companies;
- (v) Percentage of companies which have an anti-bribery policy.

During 2023, the quarterly average for these indicators for the Fund were as follows (unless otherwise stated):

- (i) Carbon intensity (Scope 1 + 2):
 - a) 46.2 tons of CO₂e / \$1m of Sales
 - b) Benchmark: 141.1 tons of CO₂e / \$1m of Sales
- (ii) Percentage of investee companies with credible Net Zero Carbon strategies: 55.1%(as at 31 December 2023)
- (iii) Percentage of women on boards of investee companies: 39%
- (iv) Percentage of independent directors on boards of investee companies: 64%
- (v) Percentage of companies which have an anti-bribery policy: 98%

Note: The benchmark is the Fund's official benchmark, i.e. the STOXX Europe Mid 200 (Capital Return) Index.

The data above is sourced from MSCI and / or Bloomberg and updated on a quarterly basis. Where the indicators differ from expectations, the indicator will be investigated.

● ***...and compared to previous periods?***

There has been an increase in the Fund's carbon intensity over the reporting period due to changes in the underlying holdings of the Fund. There has been an increase in the Percentage of investee companies with credible Net Zero Carbon strategies, signifying that our companies are working to address their climate impacts. All other metrics have improved or remained stable.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

N/A. The Fund does not have an objective of making sustainable investments.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

N/A. The Fund does not have an objective of making sustainable investments.

- — *How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A. The Fund does not have an objective of making sustainable investments.

- — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A. The Fund does not have an objective of making sustainable investments.

Impact Cubed made an assessment of the Fund and, based on their findings, it was determined that there were no violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

How did this financial product consider principal adverse impacts on sustainability factors?

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers 10 of the 14 PAIs at Portfolio level:

- Scope 1 GHG emissions;
- Scope 2 GHG emissions;
- Scope 3 GHG emissions;
- Total GHG emissions;
- Carbon footprint;
- GHG intensity of investee companies;
- Share of investments in companies active in the fossil fuel sector;
- Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average;
- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons.

These Portfolio-level PAIs are reported at the end of this document.

In addition to the Portfolio-level PAIs, the Investment Manager reviews the internal ESG Checklists of each of the Fund's holdings on an ongoing basis (i.e. quarterly at a minimum). These Checklists have three sections (Environmental, Social and Governance) scored separately which are incorporated into a total score out of 10. Any significant change in a company's score – whether per section or in aggregate – will result in further investigation and possible engagement with the company.

During the year, the Investment Manager engaged with 6 companies held in the Fund in respect of the following:

- Climate: 3
- Environment: 1
- Social: 0
- Governance: 2

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is:



What were the top investments of this financial product?

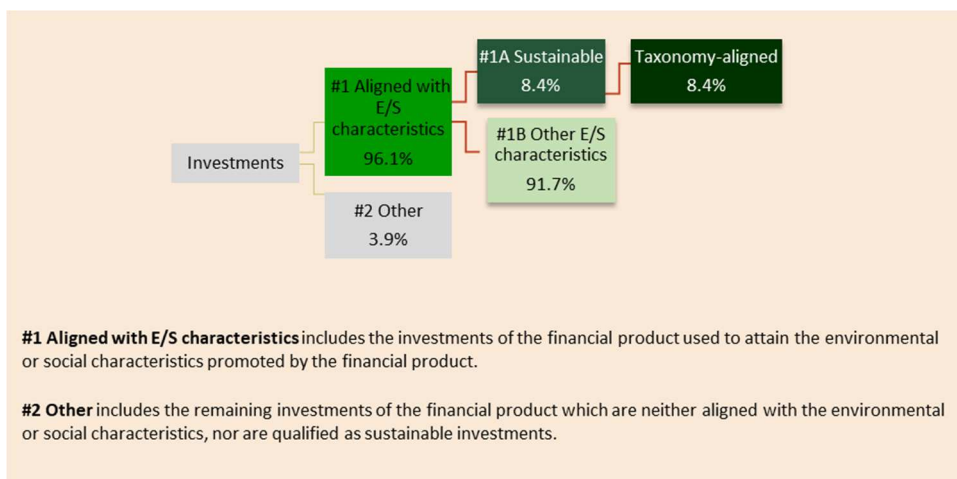
Largest investments	Sector	% Assets	Country
RECORDATI INDUSTRIA CHIMIA	Health Care	5.6%	Italy
DIPLOMA PLC	Industrials	5.6%	UK
ASHTAD GROUP PLC	Industrials	5.5%	UK
AZELIS GROUP NV	Industrials	5.1%	Belgium
TERNA-RETE ELETTRICA NAZIO	Utilities	4.9%	Italy
MONCLER SPA	Consumer Discretionary	4.7%	Italy
AMUNDI SA	Financials	4.7%	France
CHR HANSEN HOLDING A/S	Materials	4.6%	Denmark
EDENRED	Financials	4.6%	France
DECHRA PHARMACEUTICALS P	Health Care	4.4%	UK



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please see chart below, which outlines the average quarterly asset allocation within the Fund during 2023:



● **In which economic sectors were the investments made?**

Energy	0.0%
Materials	6.1%
Industrials	34.2%
Consumer Discretionary	5.8%
Consumer Staples	0.0%
Health Care	15.8%
Financials	12.9%
Information Technology	13.4%
Communication Services	0.0%
Utilities	4.1%
Real Estate	3.8%
CASH	3.9%

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund did not make sustainable investments aligned with the EU Taxonomy.

On a quarterly average basis, the Fund had the following alignment with the EU Taxonomy in 2023:

- 8.4% by Turnover
- 8.5% by CapEx
- 8.5% by OpEx

● **Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy¹?**



[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

[include note for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

Yes:

In fossil gas

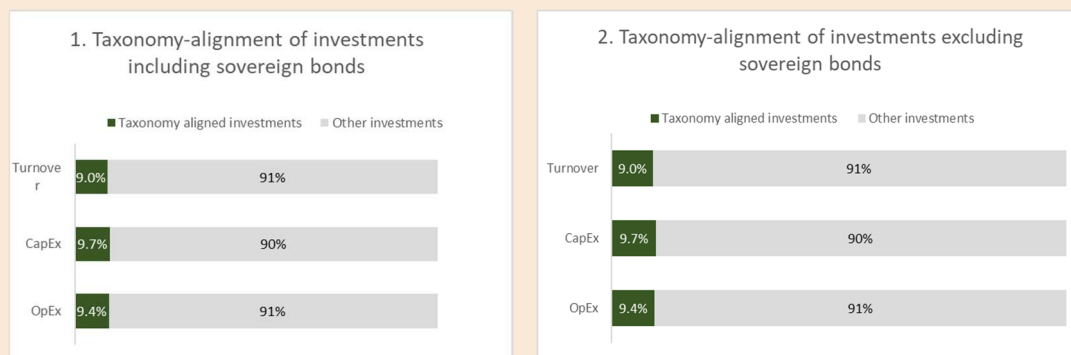
In nuclear energy



No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

As of February 2024, the Fund’s alignment (by Turnover) with the EU Taxonomy by economic activity was as follows (data sourced from Impact Cubed):

	% Turnovers Eligible
Portfolio Summary	4.27%
Climate Change Mitigation (totals)	4.27%
Sector	Activity
Construction and real estate activities	
	Acquisition and ownership of buildings
	4.27%
Climate Change Adaptation (totals)	0.00%
Sector	Activity
Construction and real estate activities	

● **What was the share of investments made in transitional and enabling activities?**

Although the Fund has no target exposure to transitional and enabling activities, on a quarterly average basis 4.4% of the Fund’s investments were aligned with primary transitional and enabling activities in 2023.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

There was an increase in the percentage of investments that were aligned with the EU Taxonomy during the reporting period.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A. The Fund does not have sustainable investments.



What was the share of socially sustainable investments?

N/A. The Fund does not have sustainable investments.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Only Cash was included under “Other”.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the year, the Investment Manager engaged with 6 companies held in the Fund in respect of the following:



- Climate: 3
- Environment: 1
- Social: 0
- Governance: 2

As responsible shareholders we believe that it is our duty to engage with our investee companies where necessary. Active engagement can help to foster positive long-term change and improved societal and environmental outcomes. We will engage with companies where we become aware of any weakness or incident relating to our ESG policies or international norms. We also conduct thematic “Deep Dive” engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. An ongoing area of focus is climate change and achieving net zero emissions.

How did this financial product perform compared to the reference benchmark?

N/A. No sustainable reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

- **How does the reference benchmark differ from a broad market index?**

N/A

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

N/A

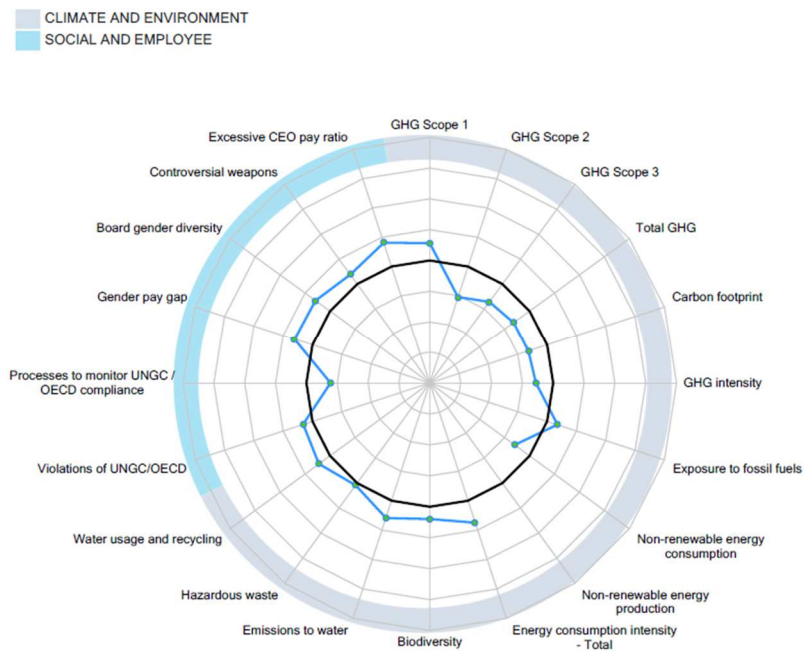
- **How did this financial product perform compared with the reference benchmark?**

N/A

- **How did this financial product perform compared with the broad market index?**

The benchmark of the Fund is the STOXX Europe Mid 200 (Capital Return) Index.

In the chart below (dated 31 December 2023), Impact Cubed compare the Fund (blue line) to the benchmark (black line) across 20 Principal Adverse Impact indicators. When the blue line sits above the black line it indicates that the Fund fares better than the benchmark on the particular indicator (and vice versa).



The table below highlights the PAI indicators of the Fund relative to its benchmark, the STOXX Europe Mid 200 (Capital Return) Index, as at 31 December 2023:

	Based on company reported	Fund	% fund disclosed	Benchmark	% benchmark disclosed
GHG Scope 1	scope 1 GHG emissions	130	4%	680	24%
GHG Scope 2	scope 2 GHG emissions	460	4%	200	24%
GHG Scope 3	scope 3 GHG emissions	9.660	24%	5.610	54%
Total GHG	total GHG emissions	10.250	0%	6.490	19%
Carbon footprint	carbon footprint	1.091.16	0%	691.30	19%
GHG intensity	GHG intensity of investee companies	1.102.34	0%	818.50	19%
Exposure to fossil fuels	share of investments in companies active in the fossil fuel sector	0.00%	100%	1.76%	100%
Non-renewable energy consumption	share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	67.41%	25%	64.00%	34%
Non-renewable energy production	share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	83.26%	100%
Energy consumption intensity - Total	energy consumption in GWh per million EUR of revenue of investee companies - Total	0.13	69%	0.39	62%
Energy consumption intensity - NACE Sector A	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A (Agriculture, forestry and fishing)	N/A	N/A	N/A	N/A
Energy consumption intensity - NACE Sector B	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)	N/A	N/A	1.07	42%
Energy consumption intensity - NACE Sector C	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)	0.22	64%	0.59	68%
Energy consumption intensity - NACE Sector D	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)	0.09	100%	1.37	53%
Energy consumption intensity - NACE Sector E	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)	N/A	N/A	1.54	79%
Energy consumption intensity - NACE Sector F	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector F (Construction)	N/A	N/A	0.15	59%
Energy consumption intensity - NACE Sector G	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	0.04	77%	0.05	45%
Energy consumption intensity - NACE Sector H	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)	N/A	N/A	0.40	60%

Energy consumption intensity - NACE Sector L	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)	0.54	100%	0.49	98%
Biodiversity	share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.00%	100%	2.11%	100%
Emissions to water	tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	176.16	30%	646.48	25%
Hazardous waste	tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	1.24	26%	9.27	29%
Water usage and recycling	average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	2,354.44	30%	4,881.22	25%
Violations of UNGC/OECD	share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	100%	0.60%	100%
Processes to monitor UNGC / OECD compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	48.64%	100%	37.07%	100%
Gender pay gap	average unadjusted gender pay gap of investee companies	12.67%	0%	13.31%	0%
Board gender diversity	average ratio of female to male board members in investee companies	39.03%	95%	37.19%	99%
Controversial weapons	share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	100%	1.03%	100%
Excessive CEO pay ratio	average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	43.01	93%	53.66	81%

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Montanaro Global Innovation Fund

Legal entity identifier: 635400JTZQXXUIL9CM83

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 14.6% of sustainable investments <ul style="list-style-type: none"> <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund seeks to promote environmental characteristics including:

- the prevention of climate change
- the reduction of greenhouse gas emissions

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- the prevention of resource depletion
- the reduction of waste and pollution

The Fund seeks to promote social characteristics including:

- improving working conditions
- improving health and safety
- improving employee relations
- achieving better diversity

● ***How did the sustainability indicators perform?***

The Investment Manager uses the following indicators to measure the environmental or social characteristics promoted by the Fund:

- (i) Carbon intensity of the Fund (Scope 1 + 2) both absolute and relative to its Benchmark;
- (ii) Percentage of investee companies which have credible Net Zero Carbon strategies;
- (iii) Percentage of women on boards of investee companies;
- (iv) Percentage of independent directors on boards of investee companies;
- (v) Percentage of companies which have an anti-bribery policy.

During 2023, the quarterly average for these indicators for the Fund were as follows (unless otherwise stated):

- (i) Carbon intensity (Scope 1 + 2):
 - a. Fund: 29.0 tons of CO₂e / \$1m of Sales
 - b. Benchmark: 174.5 tons of CO₂e / \$1m of Sales
- (ii) Percentage of investee companies with credible Net Zero Carbon strategies: 15.7% (as at 31 December 2023)
- (iii) Percentage of women on boards of investee companies: 29%
- (iv) Percentage of independent directors on boards of investee companies: 82%
- (v) Percentage of companies which have an anti-bribery policy: 89%

Note: The benchmark is the Fund's official benchmark, i.e. the MSCI World SMID Cap (Total Return) Index.

The data above is sourced from MSCI and / or Bloomberg and updated on a quarterly basis. Where the indicators differ from expectations, the indicator will be investigated.

● ***...and compared to previous periods?***

There has been an increase in the Fund's carbon intensity over the reporting period due to changes in the underlying holdings of the Fund. There has been an increase in the Percentage of investee companies with credible Net Zero Carbon strategies, signifying that our companies are working to address their climate impacts. There was a very minor reduction

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



in the (v) Percentage of companies which have an anti-bribery policy. All other metrics have improved or remained stable.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

N/A. The Fund does not have an objective of making sustainable investments.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

N/A. The Fund does not have an objective of making sustainable investments.

- — *How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A. The Fund does not have an objective of making sustainable investments.

- — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A. The Fund does not have an objective of making sustainable investments.

Impact Cubed made an assessment of the Fund and, based on their findings, it was determined that there were no violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

How did this financial product consider principal adverse impacts on sustainability factors?

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers 10 of the 14 PAIs at Portfolio level:

- Scope 1 GHG emissions;
- Scope 2 GHG emissions;
- Scope 3 GHG emissions;
- Total GHG emissions;
- Carbon footprint;
- GHG intensity of investee companies;
- Share of investments in companies active in the fossil fuel sector;
- Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average;
- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons.

These Portfolio-level PAIs are reported at the end of this document.

In addition to the Portfolio-level PAIs, the Investment Manager reviews the internal ESG Checklists of each of the Fund's holdings on an ongoing basis (i.e. quarterly at a minimum). These Checklists have three sections (Environmental, Social and Governance) scored separately which are incorporated into a total score out of 10. Any significant change in a company's score – whether per section or in aggregate – will result in further investigation and possible engagement with the company.

During the year, the Investment Manager engaged with 7 companies held in the Fund in respect of the following:

- Climate: 1
- Environment: 2
- Social: 2
- Governance: 2

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is:



What were the top investments of this financial product?

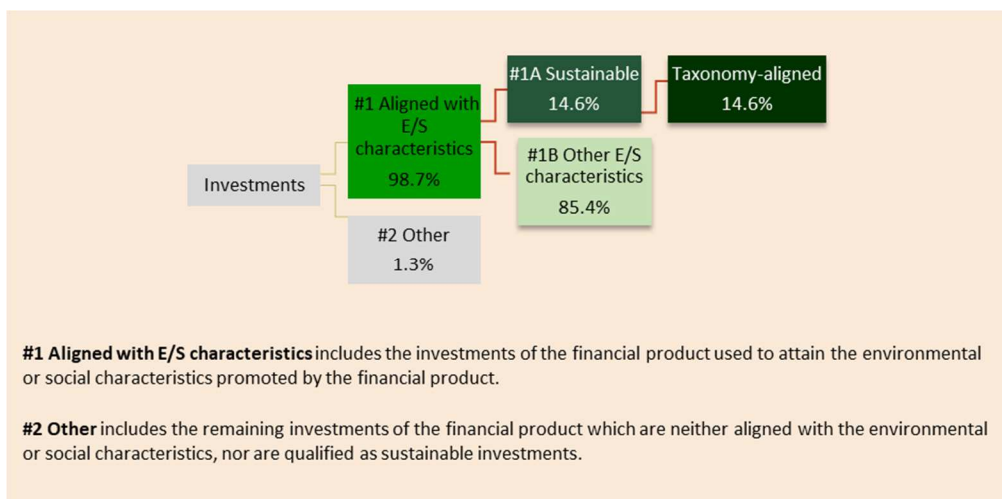
Largest investments	Sector	% Assets	Country
TRANSMEDICS GROUP INC	Health Care	4.8%	United States of America
ANSYS INC	Information Technology	4.6%	United States of America
TYLER TECHNOLOGIES INC	Information Technology	3.6%	United States of America
SARTORIUS STEDIM BIOTECH	Health Care	3.3%	France
FORTNOX AB	Information Technology	3.2%	Sweden
BRUKER CORP	Health Care	3.0%	United States of America
TECHNOLOGY ONE LTD	Information Technology	2.8%	Australia
PRO MEDICUS LTD	Health Care	2.8%	Australia
TECAN GROUP AG-REG	Health Care	2.7%	Switzerland
SITIME CORP	Information Technology	2.7%	United States of America



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please see chart below, which outlines the average quarterly asset allocation within the Fund during 2023:



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

● **In which economic sectors were the investments made?**

On a quarterly average basis, the breakdown of investments by economic sector during 2023 was as follows:

Energy	0.0%
Materials	0.0%
Industrials	10.5%
Consumer Discretionary	5.9%
Consumer Staples	0.0%
Health Care	31.6%
Financials	3.4%
Information Technology	45.8%
Communication Services	1.6%
Utilities	0.0%
Real Estate	0.0%
CASH	1.3%



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund did not make sustainable investments aligned with the EU Taxonomy.

On a quarterly average basis, the Fund had the following alignment with the EU Taxonomy in 2023:

- 14.6% by Turnover
- 14.6% by CapEx
- 14.6% by OpEx

Asset allocation describes the share of investments in specific assets.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are

activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

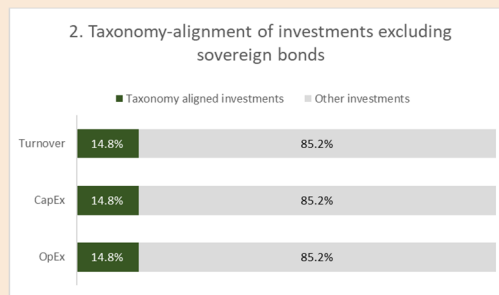
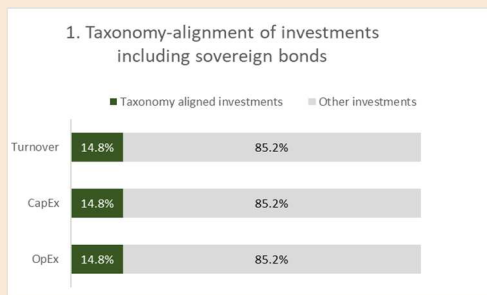
- **Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy¹?**

Yes: In fossil gas In nuclear energy

No:

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures



are

sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

As of February 2024, the Fund’s alignment (by Turnover) with the EU Taxonomy by economic activity was as follows (data sourced from Impact Cubed):

		% Turnovers Eligible
Portfolio Summary		14.83%
Climate Change Mitigation (totals)		14.83%
Sector	Activity	
Electricity, gas, steam and air conditioning supply		
	Electricity generation using solar photovoltaic techn	0.41%
Manufacturing		
	Manufacture of other low carbon technologies	13.49%
Construction and real estate activities		
	Construction of new buildings	0.94%
Climate Change Adaptation (totals)		0.00%
Sector	Activity	
Electricity, gas, steam and air conditioning supply		
Manufacturing		
Construction and real estate activities		

● **What was the share of investments made in transitional and enabling activities?**

Although the Fund has no target exposure to transitional and enabling activities, on a quarterly average basis 13.0% of the Fund's investments were aligned with primary transitional and enabling activities in 2023.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

There was an increase in the percentage of investments aligned with the EU Taxonomy.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A. The Fund does not have sustainable investments.



What was the share of socially sustainable investments?

N/A. The Fund does not have sustainable investments.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Only Cash was included under "Other".



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the year, the Investment Manager engaged with 7 companies held in the Fund in respect of the following:

- Climate: 1
- Environment: 2
- Social: 2
- Governance: 2



As responsible shareholders we believe that it is our duty to engage with our investee companies where necessary. Active engagement can help to foster positive long-term change and improved societal and environmental outcomes. We will engage with companies where we become aware of any weakness or incident relating to our ESG policies or international norms. We also conduct thematic "Deep Dive" engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. An ongoing area of focus is climate change and achieving net zero emissions.

How did this financial product perform compared to the reference benchmark?

N/A. No sustainable reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How does the reference benchmark differ from a broad market index?**

N/A

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

N/A

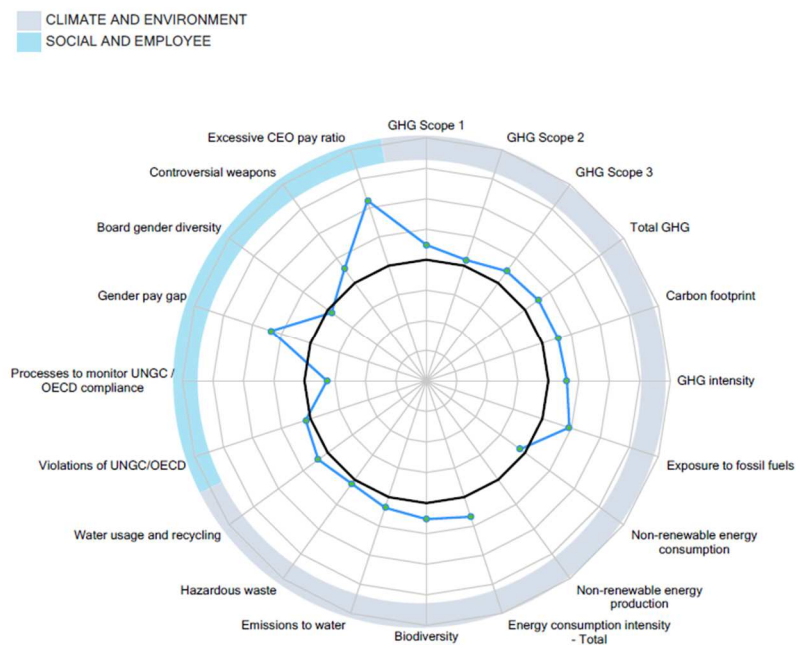
- **How did this financial product perform compared with the reference benchmark?**

N/A

- **How did this financial product perform compared with the broad market index?**

The benchmark of the Fund is the MSCI World SMID Cap (Total Return) index.

In the chart below (dated 31 December 2022), Impact Cubed compare the Fund (blue line) to the benchmark (black line) across 20 Principal Adverse Impact indicators. When the blue line sits above the black line it indicates that the Fund fares better than the benchmark on the particular indicator (and vice versa).



The table below highlights the PAI indicators of the Fund relative to its benchmark, the MSCI World SMID Cap (Total Return) index, as at 31 December 2023:

	Based on company reported	Fund	% fund disclosed	Benchmark	% benchmark disclosed
GHG Scope 1	scope 1 GHG emissions	10	8%	930	12%
GHG Scope 2	scope 2 GHG emissions	50	8%	310	12%
GHG Scope 3	scope 3 GHG emissions	1,260	18%	7,210	29%
Total GHG	total GHG emissions	1,330	0%	8,450	8%
Carbon footprint	carbon footprint	120.18	0%	764.52	8%
GHG intensity	GHG intensity of investee companies	666.76	0%	1,381.00	8%
Exposure to fossil fuels	share of investments in companies active in the fossil fuel sector	0.00%	100%	6.29%	100%
Non-renewable energy consumption	share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	71.86%	6%	71.02%	9%
Non-renewable energy production	share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	74.94%	100%
Energy consumption intensity - Total	energy consumption in GWh per million EUR of revenue of investee companies - Total	0.04	8%	0.70	20%
Energy consumption intensity - NACE Sector A	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A (Agriculture, forestry and fishing)	N/A	N/A	1.71	2%
Energy consumption intensity - NACE Sector B	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)	N/A	N/A	1.42	13%
Energy consumption intensity - NACE Sector C	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)	0.11	13%	0.63	29%
Energy consumption intensity - NACE Sector D	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)	N/A	N/A	7.02	12%
Energy consumption intensity - NACE Sector E	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)	N/A	N/A	0.75	21%
Energy consumption intensity - NACE Sector F	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector F (Construction)	N/A	N/A	0.12	19%
Energy consumption intensity - NACE Sector G	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	N/A	N/A	0.90	14%
Energy consumption intensity - NACE Sector H	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)	N/A	N/A	1.11	17%

Energy consumption intensity - NACE Sector L	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)	0.43	0%	0.35	35%
Biodiversity	share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.00%	100%	5.47%	100%
Emissions to water	tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	12.75	14%	1,347.30	13%
Hazardous waste	tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0.14	9%	28.12	8%
Water usage and recycling	average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	339.64	14%	15,229.79	13%
Violations of UNGC/OECD	share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	100%	0.21%	100%
Processes to monitor UNGC / OECD compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	80.81%	100%	71.46%	100%
Gender pay gap	average unadjusted gender pay gap of investee companies	14.36%	0%	15.67%	0%
Board gender diversity	average ratio of female to male board members in investee companies	27.21%	78%	27.82%	95%
Controversial weapons	share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	100%	1.03%	100%
Excessive CEO pay ratio	average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	29.65	59%	61.28	71%

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Montanaro Better World Fund

Legal entity identifier: 635400INKQVF8Y5I5P87

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It made sustainable investments with an environmental objective: 44.3% <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It made sustainable investments with a social objective: 55.0%	<input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent was the sustainable investment objective of this financial product met?

The Fund's Sustainability Objective is as follows:

The Fund will seek to invest in high quality companies whose products, services or behaviour are deemed to make a positive impact on society and which emphasise sound environmental, social and governance (ESG) practices. Through the Fund's investments, the Investment Manager seeks to improve access to, and quality of, basic life essentials, reduce inequality, and mitigate the effects of climate change.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

In practice, and to contribute to the Sustainable Investment Objective, the Fund invests in small and midcap companies which have at least 50% of their revenues aligned with one or more of the six themes below:

1. **Environmental Protection** (including pollution control; water treatment; waste recycling and management; testing, inspection & certification);
2. **Green Economy** (including renewable energies; smart infrastructure; energy transition technologies and efficient transportation);
3. **Healthcare** (including treatment of illnesses and diseases; medical innovation; affordable healthcare and prevention);
4. **Innovative Technologies** (including manufacturing efficiencies; smart robots & artificial intelligence; connectivity and cyber-security);
5. **Nutrition** (including efficient food production, sustainable food distribution; healthy eating and food security);
6. **Wellbeing** (including addressing the challenges of population ageing; active lifestyles, education and security & safety).

(together the “Sustainability Themes”)

These Sustainability Themes were chosen because they directly support 14 of the United Nations’ 17 Sustainable Development Goals (“SDGs”), namely:

- GOAL 2: Zero Hunger
- GOAL 3: Good Health and Well-being
- GOAL 4: Quality Education
- GOAL 5: Gender Equality
- GOAL 6: Clean Water and Sanitation
- GOAL 7: Affordable and Clean Energy
- GOAL 8: Decent Work and Economic Growth
- GOAL 9: Industry, Innovation and Infrastructure
- GOAL 10: Reduced Inequality
- GOAL 11: Sustainable Cities and Communities
- GOAL 12: Responsible Consumption and Production
- GOAL 13: Climate Action
- GOAL 14: Life below Water
- GOAL 15: Life on Land

Three Goals are not targeted directly by the Fund. These are:

- GOAL 1: No Poverty
- GOAL 16: Peace, Justice and Strong Institutions
- GOAL 17: Partnerships for the Goals

The average weighted quarterly revenues in the Fund aligned with at least one of the six Sustainability Themes during 2023 was 99%.

● **How did the sustainability indicators perform?**

The Investment Manager uses the following indicators to measure the attainment of the sustainable investment objective of the Fund.

- (i) Percentage of investee companies' revenue alignment with the targets which underpin the SDGs. The minimum required for a company to be eligible for investment (both new and ongoing) by the Fund is 50%.
- (ii) Carbon intensity of the Fund (Scope 1 + 2) relative to its Benchmark;
- (iii) Percentage of investee companies which have credible Net Zero Carbon strategies;
- (iv) Percentage of women on boards of investee companies;
- (v) Percentage of independent directors on boards of investee companies;
- (vi) Percentage of companies which have an anti-bribery policy.

During 2023, the quarterly average for these indicators for the Fund were as follows (unless otherwise stated):

(i) **Percentage of investee companies' revenue aligned: 99%**

(ii) **Carbon intensity (Scope 1 + 2):**

- a. Fund: 26.9 tons of CO₂e / \$1m of Sales
- b. Benchmark: 174.5 tons of CO₂e / \$1m of Sales

Percentage of investee companies with credible Net Zero Carbon strategies: 29.5%
(as of 31 December 2023)

(iii) **Percentage of women on boards of investee companies: 31%**

(iv) **Percentage of independent directors on boards of investee companies: 77%**

(v) **Percentage of companies which have an anti-bribery policy: 98%**

Note: The benchmark is the Fund's official benchmark, i.e. the MSCI World SMID Cap (Total Return) Index.

The data above is sourced from MSCI and / or Bloomberg and updated on a quarterly basis. Where the indicators differ from expectations, the indicator will be investigated.

In addition to the above, the Investment Manager monitors the Fund's overall exposure to the Sustainable Development Goals. According to Impact Cubed, the exposure as of 31 December 2023 was as follows:

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Note: This graph shows to what degree the portfolio analysed contributes to each of the 17 SDGs versus the benchmark. SDG alignment looks at both a company's revenues (products and services) and ESG operational factors to see how well they are aligned with the UN SDGs. If the Fund is outside the benchmark (the red dotted circle in the middle of the spider chart) it is outperforming on that SDG.

● ***...and compared to previous periods?***

The Fund has demonstrated an improvement across its key sustainability indicators in 2023 versus 2022, with the exception of a very minor decline in the percentage of companies with anti-bribery policies (99% versus 98%).

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

In order to satisfy the 'Do No Significant Harm' principle, the Investment Manager reviews the following:

- 1) Ethical exclusions;
- 2) UNGC Violations;
- 3) Controversies;
- 4) Principal Adverse Indicators (PAIs).

Ethical Exclusions:

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others

The Fund invests exclusively in Sustainable investments as defined by the Investment Manager. In addition, the Fund does not invest in companies with more than 10% revenue exposure to:

- Tobacco;
- Alcohol;
- Manufacturing or supply of weapons;
- Pornography;
- Gambling;
- High-interest Rate Lending;
- Fossil Fuels; and
- Animal Testing (except for human healthcare purposes).

The data used to monitor the Fund's exposure to these exclusions is sourced from the investee companies, MSCI and Bloomberg.

The Fund fully complied with all of these exclusions during the year.

UNGC Violations:

The Fund's exposure to UNGC violations is monitored based on data received from MSCI. During the year, the Fund had no holdings with UNGC violations.

Severe Controversies:

The Fund's exposure to Severe Controversies is monitored based on data received from MSCI. During the year, the Fund had no holdings with Severe or Very Severe Controversies.

Principal Adverse Indicators:

The Investment Manager collects and monitors the PAI data on individual holdings in the Fund. The data is reviewed to ensure that the 'Do No Significant Harm' principle is adhered to for each holding.

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers 10 of the 14 PAIs at Portfolio level:

- Scope 1 GHG emissions;
- Scope 2 GHG emissions;
- Scope 3 GHG emissions;
- Total GHG emissions;
- Carbon footprint;
- GHG intensity of investee companies;
- Share of investments in companies active in the fossil fuel sector;
- Tonnes of emissions to water generated by investee companies per million EUR

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others

invested, expressed as a weighted average;

- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons.

These Portfolio-level PAIs are reported at the end of this document.

In addition to the Portfolio-level PAIs, the Investment Manager reviews the internal ESG Checklists of each of the Fund's holdings on an ongoing basis (i.e. quarterly at a minimum). These Checklists have three sections (Environmental, Social and Governance) scored separately which are incorporated into a total score out of 10. Any significant change in a company's score – whether per section or in aggregate – will result in further investigation and possible engagement with the company.

During the year, the Investment Manager engaged with 24 companies held in the Fund in respect of the following:

- Climate: 10
- Environment: 8
- Social: 2
- Governance: 4

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Impact Cubed performed an assessment of the Fund and, based on its findings, it was determined that there were no violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.



How did this financial product consider principal adverse impacts on sustainability factors?

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers the 14 mandatory PAIs and 2 additional PAIs:

1. GHG emissions (Scope 1, 2 and 3 emissions; and total GHG emissions);
2. Carbon footprint;
3. GHG intensity of investee companies;
4. Share of investments in companies active in the fossil fuel sector;
5. Share of non-renewable energy consumption and production;
6. Energy consumption intensity per high impact climate sector;
7. Biodiversity;
8. Tonnes of emissions to water generated by investee companies per million EUR

- invested, expressed as a weighted average;
9. Hazardous Waste;
 10. Violations of UN Compact principles and OECD Guidelines for Multinational Enterprises;
 11. Lack of processes and compliance mechanisms to monitor compliance with UN Compact principles and OECD Guidelines for Multinational Enterprises;
 12. Gender pay gap;
 13. Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
 14. Share of investments in investee companies involved in the manufacture or selling of controversial weapons;
 15. Water usage and recycling;
 16. Excessive CEO pay ratio.

The Investment Manager meets with the companies in which it invests on a regular basis. A decision to actively engage typically arises from any of the following:

- the company fares badly (relative to its sector or other companies in the Fund) on any of the PAIs considered by the Fund;
- the Investment Manager's proprietary ESG or Impact Checklists have flagged a weakness at the company;
- the Investment Manager's proprietary ESG Checklist has a score of 5 or below;
- the Investment Manager disagrees with one or several resolutions proposed at the company's forthcoming General Meeting;
- a sustainability-related controversy has emerged on the company.

During the year, the Investment Manager engaged with 24 companies held in the Fund in respect of the following:

- Climate: 10
- Environment: 8
- Social: 2
- Governance: 4

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
ANSYS INC	Information Technology	3.4%	United States of America
BRUKER CORP	Health Care	3.1%	United States of America
SPIRAX-SARCO ENGINEERING PL	Industrials	3.1%	UK
ICON PLC	Health Care	3.1%	United States of America
BIO-TECHNE CORP	Health Care	3.1%	United States of America
MSCI INC	Financials	2.9%	United States of America
AMERICAN WATER WORKS CO I	Utilities	2.8%	United States of America
NOVA LTD	Information Technology	2.7%	United States of America
HALMA PLC	Information Technology	2.7%	UK
SARTORIUS STEDIM BIOTECH	Health Care	2.6%	France

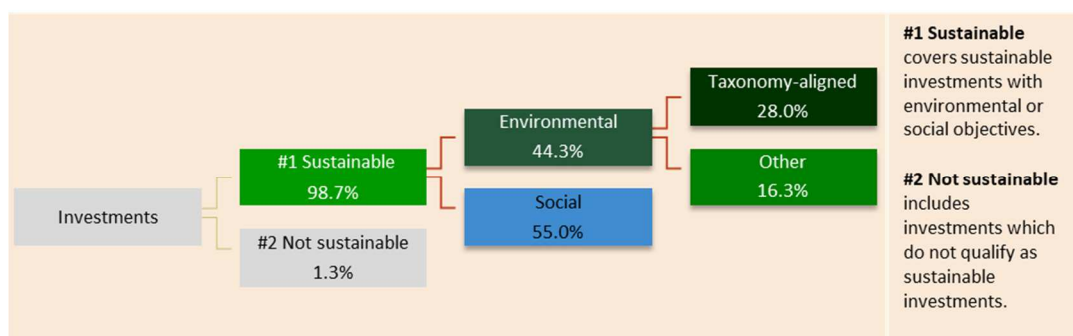
Asset allocation describes the share of investments in specific assets.



What was the proportion of sustainability-related investments?

● *What was the asset allocation?*

Please see chart below, which outlines the average quarterly asset allocation within the Fund during 2023:



With the exception of Cash, which accounted for 1.3% of the Fund's Net Asset Value on a quarterly average basis, all investments qualified as “#1 Sustainable”.

● *In which economic sectors were the investments made?*

On a quarterly average basis, the breakdown of investments by economic sector during 2023 was as follows:

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Energy	0.0%
Materials	6.0%
Industrials	24.0%
Consumer Discretionary	4.4%
Consumer Staples	0.0%
Health Care	30.5%
Financials	2.6%
Information Technology	26.2%
Communication Services	0.0%
Utilities	5.0%
Real Estate	0.0%
CASH	1.3%



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Although during the year the Fund had set a minimum of 0% alignment with EU Taxonomy-aligned activities, in practice it had 28% alignment (based on Turnover) on a quarterly average basis in 2023, according to data from Impact Cubed.

- **Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy¹?**

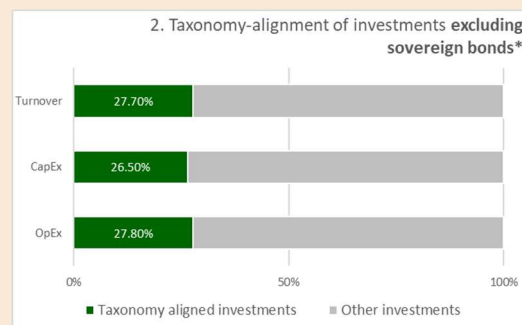
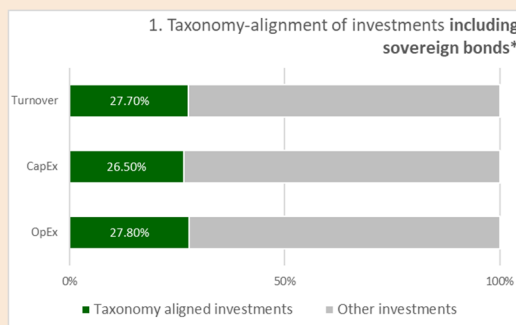
Yes:

 In fossil gas In nuclear energy

 No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy as of 31 December 2023. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

As of February 2024, the Fund's alignment (by Turnover) with the EU Taxonomy by economic activity was as follows (data sourced from Impact Cubed):

		% Turnovers Eligible
Portfolio Summary		29.83%
Climate Change Mitigation (totals)		29.83%
Sector	Activity	
Manufacturing		
	Manufacture of other low carbon technologies	23.20%
	Manufacture of other organic basic chemicals	2.61%
Electricity, gas, steam and air conditioning supply		
	Electricity generation using solar photovoltaic techn	1.15%
Water, sewerage, waste and remediation		
	Water collection, treatment and supply	2.86%
Climate Change Adaptation (totals)		0.00%
Sector	Activity	
Manufacturing		
Electricity, gas, steam and air conditioning supply		
Water, sewerage, waste and remediation		


 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What was the share of investments made in transitional and enabling activities?**

Although the Fund has no target exposure to transitional and enabling activities, on a quarterly average basis 24.1% of the Fund's investments were aligned with primary transitional and enabling activities in 2023.

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

The alignment with the Taxonomy increased from 27% in 2022, to 28% in 2023.

 **What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

On a quarterly average basis, 16.3% of the Fund's investments had an environmental objective that was not aligned with the EU Taxonomy in 2023.

 **What was the share of socially sustainable investments?**

On a quarterly average basis, 55% of the Fund's investments qualified as socially sustainable in 2023.



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

All investments qualified as “sustainable”, either with an environmental or a social objective, with the exception of Cash. On a quarterly average basis, 1.3% of the Fund was held in cash in 2023.



What actions have been taken to attain the sustainable investment objective during the reference period?

During the year, the Investment Manager engaged with 24 companies held in the Fund in respect of the following:

- Climate: 10
- Environment: 8
- Social: 2
- Governance: 4

As responsible shareholders we believe that it is our duty to engage with our investee companies where necessary. Active engagement can help to foster positive long-term change and improved societal and environmental outcomes. We will engage with companies where we become aware of any weakness or incident relating to our ESG policies or international norms. We also conduct thematic “Deep Dive” engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. An ongoing area of focus is climate change and achieving net zero emissions.

How did this financial product perform compared to the reference sustainable benchmark?

N/A. No sustainable reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

- ***How did the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

N/A

- ***How did this financial product perform compared with the reference benchmark?***

N/A

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

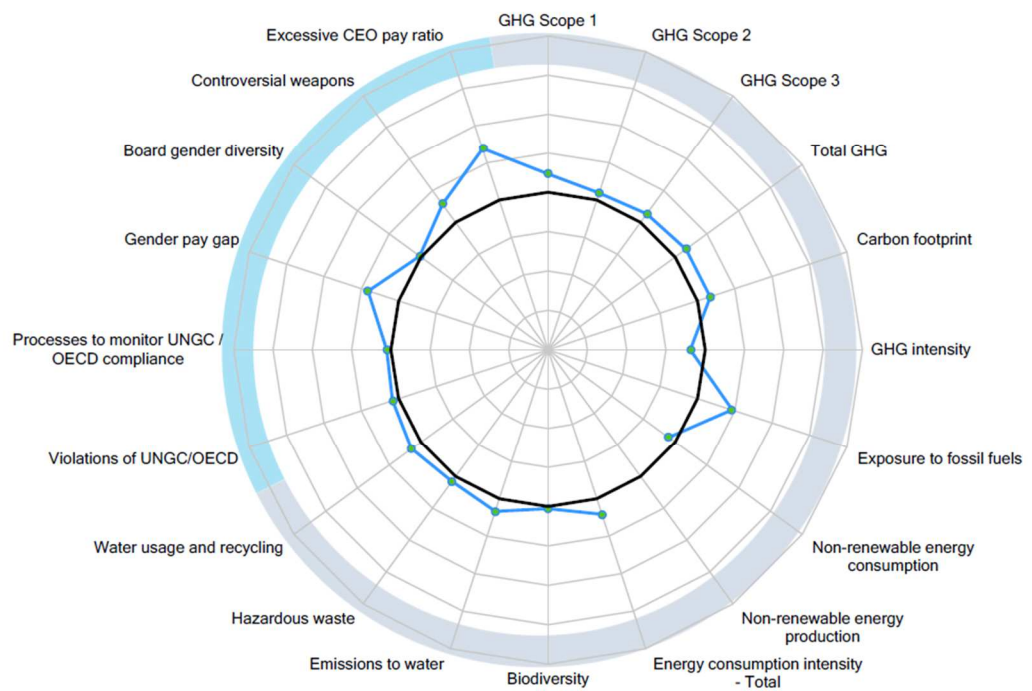


● **How did this financial product perform compared with the broad market index?**

The benchmark of the Fund is the MSCI World SMID Cap (Total Return) index.

In the chart below (dated 31 December 2023), Impact Cubed compare the Fund (blue line) to the benchmark (black line) across 20 Principal Adverse Impact indicators. When the blue line sits above the black line it indicates that the Fund fares better than the benchmark on the particular indicator (and vice versa).

CLIMATE AND ENVIRONMENT
SOCIAL AND EMPLOYEE



The table below highlights the PAI indicators of the Fund relative to its benchmark, the MSCI World SMID Cap (Total Return) index, as at 31 December 2023:

PAI MEASURES

	Based on company reported	Fund	% fund disclosed	Benchmark	% benchmark disclosed
GHG Scope 1	scope 1 GHG emissions	1,360	25%	26,060	12%
GHG Scope 2	scope 2 GHG emissions	1,740	27%	8,580	12%
GHG Scope 3	scope 3 GHG emissions	108,670	35%	202,260	29%
Total GHG	total GHG emissions	111,770	17%	236,900	8%
Carbon footprint	carbon footprint	360.71	17%	764.52	8%
GHG intensity	GHG intensity of investee companies	1,825.59	17%	1,381.00	8%
Exposure to fossil fuels	share of investments in companies active in the fossil fuel sector	0.00%	100%	6.29%	100%
Non-renewable energy consumption	share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	71.92%	7%	71.02%	9%
Non-renewable energy production	share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	74.94%	100%
Energy consumption intensity - Total	energy consumption in GWh per million EUR of revenue of investee companies - Total	0.30	17%	0.70	20%
Energy consumption intensity - NACE Sector A	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A (Agriculture, forestry and fishing)	N/A	N/A	1.71	2%
Energy consumption intensity - NACE Sector B	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)	N/A	N/A	1.42	13%
Energy consumption intensity - NACE Sector C	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)	0.50	24%	0.63	29%
Energy consumption intensity - NACE Sector D	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)	N/A	N/A	7.02	12%
Energy consumption intensity - NACE Sector E	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)	0.44	0%	0.75	21%
Energy consumption intensity - NACE Sector F	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector F (Construction)	0.13	51%	0.12	19%
Energy consumption intensity - NACE Sector G	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	N/A	N/A	0.90	14%
Energy consumption intensity - NACE Sector H	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)	N/A	N/A	1.11	17%

Energy consumption intensity - NACE Sector L	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)	N/A	N/A	0.35	35%
Biodiversity	share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	4.89%	100%	5.47%	100%
Emissions to water	tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	114.00	25%	1,347.30	13%
Hazardous waste	tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	1.01	15%	28.12	8%
Water usage and recycling	average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	3,708.35	25%	15,229.79	13%
Violations of UNGC/OECD	share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	100%	0.21%	100%
Processes to monitor UNGC / OECD compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	70.10%	100%	71.46%	100%
Gender pay gap	average unadjusted gender pay gap of investee companies	14.88%	0%	15.67%	0%
Board gender diversity	average ratio of female to male board members in investee companies	27.98%	93%	27.82%	95%
Controversial weapons	share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	100%	1.03%	100%
Excessive CEO pay ratio	average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	41.82	68%	61.28	71%

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Montanaro Global Select Fund

Legal entity identifier: 635400KKDJ7WYESIY588

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

Yes

No

It made **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** ___%

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 19.7% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund seeks to promote environmental characteristics including:

- the prevention of climate change
- the reduction of greenhouse gas emissions

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- the prevention of resource depletion
- the reduction of waste and pollution

The Fund seeks to promote social characteristics including:

- improving working conditions
- improving health and safety
- improving employee relations
- achieving better diversity

● ***How did the sustainability indicators perform?***

The Investment Manager uses the following indicators to measure the environmental or social characteristics promoted by the Fund:

- (i) Carbon intensity of the Fund (Scope 1 + 2) both absolute and relative to its Benchmark;
- (ii) Percentage of investee companies which have credible Net Zero Carbon strategies;
- (iii) Percentage of women on boards of investee companies;
- (iv) Percentage of independent directors on boards of investee companies;
- (v) Percentage of companies which have an anti-bribery policy.

As of 31 December 2023:

- (i) Carbon intensity (Scope 1 + 2):
 - a. Fund: 17.5 tons of CO2e / \$1m of Sales
 - b. Benchmark: 174.5 tons of CO2e / \$1m of Sales
- (ii) Percentage of investee companies with credible Net Zero Carbon strategies: 11.1%
- (iii) Percentage of women on boards of investee companies: 28%
- (iv) Percentage of independent directors on boards of investee companies: 76%
- (v) Percentage of companies which have an anti-bribery policy: 85%

Note: The benchmark is the Fund’s official benchmark, i.e. the MSCI World SMID Cap (Total Return) Index.

The data above is sourced from MSCI and / or Bloomberg. Where the indicators differ from expectations, the indicator will be investigated.

● ***...and compared to previous periods?***

N/A.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

N/A. The Fund does not have an objective of making sustainable investments.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

N/A. The Fund does not have an objective of making sustainable investments.

- — *How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A. The Fund does not have an objective of making sustainable investments.

- — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A. The Fund does not have an objective of making sustainable investments.

Impact Cubed made an assessment of the Fund and, based on their findings, it was determined that there were no violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.



How did this financial product consider principal adverse impacts on sustainability factors?

As part of its investment process (both pre-investment and on an ongoing basis), the Investment Manager considers 10 of the 14 PAIs at Portfolio level:

- Scope 1 GHG emissions;
- Scope 2 GHG emissions;
- Scope 3 GHG emissions;
- Total GHG emissions;
- Carbon footprint;
- GHG intensity of investee companies;
- Share of investments in companies active in the fossil fuel sector;
- Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average;
- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members;
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons.

These Portfolio-level PAIs are reported at the end of this document.

In addition to the Portfolio-level PAIs, the Investment Manager reviews the internal ESG Checklists of each of the Fund's holdings on an ongoing basis (i.e. quarterly at a minimum). These Checklists have three sections (Environmental, Social and Governance) scored separately which are incorporated into a total score out of 10. Any significant change in a company's score – whether per section or in aggregate – will result in further investigation and possible engagement with the company.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Over the course of 2023, the Investment Manager engaged with 6 companies that were held in the Fund as of 31 December 2023 in respect of the following:

- Climate: 2
- Environment: 2
- Social: 1
- Governance: 1

A progress report on our engagement with investee companies on their journey towards Net Zero is available here: <https://montanaro.co.uk/deep-dive/deep-dive-11-net-zero-carbon-2023/>



What were the top investments of this financial product?

As of 31 December 2023, the top held investments in the Fund were:

Largest investments	Sector	% Assets	Country
ANSYS INC	Information Technology	5.0%	United States of America
PARTNERS GROUP HOLDING A	Financials	5.0%	Switzerland
GAMES WORKSHOP GROUP PL	Consumer Discretionary	4.6%	UK
TYLER TECHNOLOGIES INC	Information Technology	4.5%	United States of America
SARTORIUS STEDIM BIOTECH	Health Care	4.5%	France
TREX COMPANY INC	Industrials	4.4%	United States of America
BENTLEY SYSTEMS INC-CLASS I	Information Technology	4.4%	United States of America
ROLLINS INC	Industrials	4.3%	United States of America
HOULIHAN LOKEY INC	Financials	4.1%	United States of America
MTU AERO ENGINES AG	Industrials	4.0%	Germany

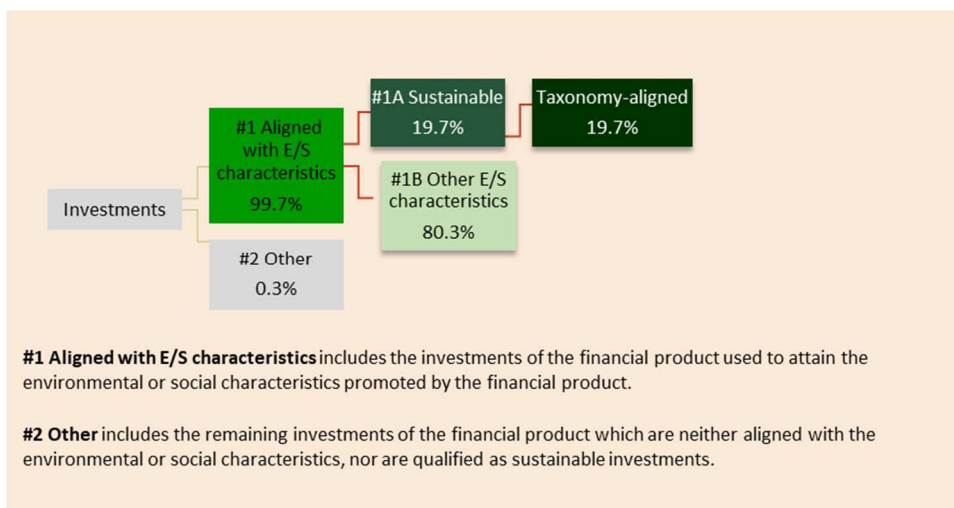
The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please see chart below, which outlines the asset allocation as of 31 December 2023:



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

● **In which economic sectors were the investments made?**

As of 31 December 2023, the breakdown of investments by economic sector during was as follows:

Energy	0.0%
Materials	0.0%
Industrials	26.5%
Consumer Discretionary	5.7%
Consumer Staples	0.0%
Health Care	18.6%
Financials	19.1%
Information Technology	27.0%
Communication Services	0.0%
Utilities	2.7%
Real Estate	0.0%
CASH	0.3%



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund did not make sustainable investments aligned with the EU Taxonomy.

As of 31 December 2023, the Fund had the following alignment with the EU Taxonomy in 2023:

- 19.7% by Turnover
- 18.8% by CapEx
- 19.7% by OpEx

Asset allocation describes the share of investments in specific assets.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are

activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- **Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy¹?**

Yes: In fossil gas In nuclear energy

No:

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures



are

sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

As of February 2024, the Fund’s alignment (by Turnover) with the EU Taxonomy by economic activity was as follows (data sourced from Impact Cubed):

		% Turnovers Eligible
Portfolio Summary		19.74%
Climate Change Mitigation (totals)		19.74%
Sector	Activity	
Electricity, gas, steam and air conditioning supply		
	Electricity generation using solar photovoltaic techn	2.08%
Manufacturing		
	Manufacture of other low carbon technologies	16.21%
Construction and real estate activities		
	Construction of new buildings	1.44%
Climate Change Adaptation (totals)		0.00%
Sector	Activity	
Electricity, gas, steam and air conditioning supply		
Manufacturing		
Construction and real estate activities		

● **What was the share of investments made in transitional and enabling activities?**

Although the Fund has no target exposure to transitional and enabling activities, as of 31 December 2023, 16.2% of the Fund's investments were aligned with primary transitional and enabling activities in 2023.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A. The Fund does not have sustainable investments.



What was the share of socially sustainable investments?

N/A. The Fund does not have sustainable investments.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Only Cash was included under "Other".



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Over the course of 2023, the Investment Manager engaged with 6 companies that were held in the Fund as of 31 December 2023 in respect of the following:

- Climate: 2
- Environment: 2
- Social: 1
- Governance: 1



As responsible shareholders we believe that it is our duty to engage with our investee companies where necessary. Active engagement can help to foster positive long-term change and improved societal and environmental outcomes. We will engage with companies where we become aware of any weakness or incident relating to our ESG policies or international norms. We also conduct thematic "Deep Dive" engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. An ongoing area of focus is climate change and achieving net zero emissions.

How did this financial product perform compared to the reference benchmark?

N/A. No sustainable reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How does the reference benchmark differ from a broad market index?**

N/A

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

N/A

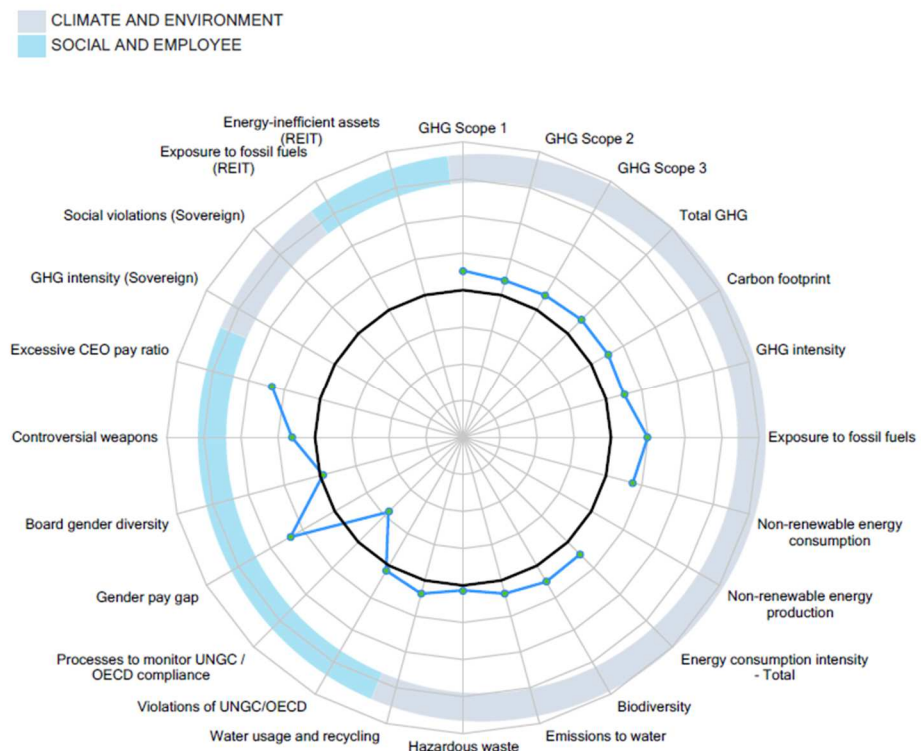
- **How did this financial product perform compared with the reference benchmark?**

N/A

- **How did this financial product perform compared with the broad market index?**

The benchmark of the Fund is the MSCI World SMID Cap (Total Return) index.

In the chart below (dated 31 December 2023), Impact Cubed compare the Fund (blue line) to the benchmark (black line) across 20 Principal Adverse Impact indicators. When the blue line sits above the black line it indicates that the Fund fares better than the benchmark on the particular indicator (and vice versa).



The table below highlights the PAI indicators of the Fund relative to its benchmark, the MSCI World SMID Cap (Total Return) index, as at 31 December 2023:

	Based on company reported	Fund	% fund disclosed	Benchmark	% benchmark disclosed
GHG Scope 1	scope 1 GHG emissions	110	14%	6,380	13%
GHG Scope 2	scope 2 GHG emissions	160	14%	1,870	13%
GHG Scope 3	scope 3 GHG emissions	12,560	27%	52,410	29%
Total GHG	total GHG emissions	12,830	7%	60,660	9%
Carbon footprint	carbon footprint	169.98	7%	803.94	9%
GHG intensity	GHG intensity of investee companies	861.48	7%	1,466.66	9%
Exposure to fossil fuels	share of investments in companies active in the fossil fuel sector	0.00%	100%	6.95%	100%
Non-renewable energy consumption	share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	67.74%	2%	70.94%	8%
Non-renewable energy production	share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	77.72%	100%
Energy consumption intensity - Total	energy consumption in GWh per million EUR of revenue of investee companies - Total	0.25	11%	0.72	18%
Energy consumption intensity - NACE Sector A	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A (Agriculture, forestry and fishing)	N/A	N/A	1.74	3%
Energy consumption intensity - NACE Sector B	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)	N/A	N/A	1.49	12%
Energy consumption intensity - NACE Sector C	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)	0.11	28%	0.59	28%
Energy consumption intensity - NACE Sector D	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)	N/A	N/A	7.60	11%
Energy consumption intensity - NACE Sector E	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)	N/A	N/A	0.74	18%
Energy consumption intensity - NACE Sector F	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector F (Construction)	0.08	100%	0.14	17%
Energy consumption intensity - NACE Sector G	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	N/A	N/A	0.89	14%
Energy consumption intensity - NACE Sector H	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)	N/A	N/A	1.04	16%

Energy consumption intensity - NACE Sector L	energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)	0.43	0%	0.29	41%
Biodiversity	share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.00%	100%	5.22%	100%
Emissions to water	tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	25.45	7%	1,412.37	13%
Hazardous waste	tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0.08	7%	20.83	8%
Water usage and recycling	average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	635.46	7%	15,160.94	13%
Violations of UNGC/OECD	share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	100%	0.20%	100%
Processes to monitor UNGC / OECD compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	85.71%	100%	70.90%	100%
Gender pay gap	average unadjusted gender pay gap of investee companies	14.39%	0%	15.73%	0%
Board gender diversity	average ratio of female to male board members in investee companies	27.36%	84%	27.68%	95%
Controversial weapons	share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	100%	1.17%	100%
Excessive CEO pay ratio	average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	40.04	69%	57.93	70%
GHG intensity (Sovereign)	GHG intensity of investee countries	N/A	N/A	N/A	N/A
Social violations (Sovereign)	number of investee countries subject to social violations as referred to in international treaties and conventions divided by all investee countries, United Nations principles and, where applicable, national law	N/A	N/A	N/A	N/A
Exposure to fossil fuels (REIT)	share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	0.00%	100%
Energy-inefficient assets (REIT)	share of investments in energy inefficient real estate assets	N/A	N/A	76.48%	100%