



QuotedData
BY MARTEN & CO

Montanaro UK Smaller Companies - Update from QuotedData

29th April 2025

High growth, bigger yield

Montanaro UK Smaller Companies (MTU) has adopted a new enhanced [dividend](#) policy, paying out 1.5% of [net asset value \(NAV\)](#) every quarter. This will make it one of the highest-[yielding](#) UK equity strategies on the market. For traditional equity income investors, whose portfolios tend to be tilted towards more [value-focused](#) cash-generative stocks, MTU's combination of a high dividend yield and a strong focus on quality growth stocks differentiates it from peers.

UK equities were cheap relative to their history and to developed market peers prior to the tariff-related sell off; now they are even cheaper. In addition, the quality-growth small-cap stocks in which MTU invests have been out of vogue recently, with the market favouring large-cap value stocks instead.

As MTU's manager Charles Montanaro points out, the historic valuation gap provides investors with an attractive entry point. History has shown that buying stocks on these sorts of valuations can produce attractive long-term returns, and the magnitude of the discount of the UK's equity market relative to other developed global equity markets could in itself be a catalyst for the UK market to rerate.

Full Research:

<https://quoteddata.com/research/montanaro-uk-smaller-companies-high-growth-bigger-yield-qd/>

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