

**SHINING A LIGHT ON THE.....
Montanaro Better World Fund**

AT A GLANCE

Investment Objective	
To deliver a real return over the long term through a combination of capital growth and a rising dividend. The Trust invests primarily in global equities across a wide range of different sectors and industries to achieve its objective.	

Inception Date	10 April 2018
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000010MAT

Management	
Manager Name	Start Date
Charles Montanaro	10 April 2018
Mark Rogers	1 January 2019

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	0.00%
Large	27.37%
Medium	56.41%
Small	14.19%
Micro	2.02%

Top 10 Holdings		
Total number of holdings	50	
Assets in Top 10 Holdings	31.75%	
Name	Sector	% of Assets
Ansys Inc	Technology	3.92%
Qualys Inc	Technology	3.80%
Sartorius Stedim Biotech SA	Healthcare	3.75%
Nemetschek SE	Technology	3.47%
Halma PLC	Industrials	2.99%
Adyen NV	Technology	2.96%
Masimo Corp	Healthcare	2.79%
SolarEdge Technologies Inc	Technology	2.70%
CyberArk Software Ltd	Technology	2.70%
Cochlear Ltd	Healthcare	2.67%

Volatility Measurements	
3-Yr Std Dev (volatility)	3-Yr Mean Return
-	-

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FUND PERFORMANCE

Performance 10 April 2018 to 31 May 2020:

	2018	2019	2020
Montanaro Better World Fund	-3.80%	29.80%	11.30%
MSCI World	2.79%	22.74%	-1.63%

Performance over 1 year, and since launch:

	1 year	Since launch
Montanaro Better World Fund	18.53%	12.29%
MSCI World	8.88%	6.42%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

We met the team when the fund was initially launched and this was a chance to see what has changed since that meeting. The fund has been running for less than three years but now has assets of over £250 million. It has a team of 30 individuals and has recently been awarded a B Corporation; this reflects ESG within a business and is awarded across different industries, not just financial services. The fund has also won a couple of impact awards, including the quality of the impact reports they produce. Since our initial meeting the recognition of the fund has grown and performance has been strong.

The philosophy is driven by the need for companies to make a positive impact on society, and the aim is to direct capital to those companies which are helping to solve those big challenges. Visiting the companies is an important part of the process. They help them to uncover any potential suspicions they might have had in the analytical process. They also give them a sense of the culture of the business and visiting provides that human aspect where they can see things like how they treat staff. This is being missed at the moment, but the focus is really on the companies they currently hold or have already done the research and ground work on.

Some of the high-level themes include environmental protection, green economy, healthcare, innovative tech, nutrition and well-being. These are broken down into sub themes and are tied in with the UN development goals.

They only invest in companies which they can understand, they focus on quality, they look for those that can grow and importantly they do not trade. They are long term holders and want to actively engage with companies. The types of companies will be profitable, perhaps niche businesses, market leaders, have high operating margins and high return on capital. They also look to management they can trust.

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In considering companies they look at how the product and service are solving the worlds big problems, and this produces an impact approved list of companies. They do an impact report on each company they invest in, what they do and the problems they are looking to solve. Engagement is really important, and they are looking to management who will listen. An example is Santan who produce eye solutions. They were using a plastic bottle and with company engagement they are now using a biomass product. Montanaro were the only investor to raise this concern.

Not every company passes the test. They looked at high end luxury company based in a tiny hamlet in Italy. It has brilliant ESG and re-invests into the community but failed on the impactful process. Tesla falls out due to the cradle to grave process and in particular the supply chain and batteries.

Recent purchases include Trex, Yaskawa Electric, Cyberark Software, Tecan and Carl Zeiss Meditech. Sales include Water Corp, Smart Metering Systems, Sartorius Stedim Biotech and Idexx Laboratories. This a 50 stock portfolio focusing on small and mid-cap and they are not looking to change that. They believe small cap is a good place to be because of the natural growth opportunities and this is then combined with the quality and impact focus of the fund.

In summary, for investors looking to invest in companies which are making a positive impact to the environment around us then this is a fund to consider. It has held up well in the recent market dislocation and the fund has grown in strength and knowledge since we met the team.

The source of information in this note has been provided by Montanaro and is correct as at June 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.