

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

### AT A GLANCE

Investment Objective
The investment objective of the Fund is to deliver long-term capital growth. The Fund shall invest in small and midcap companies primarily quoted in global markets and whose market capitalisation does not exceed that of the largest unadjusted market capitalisation of any of the constituents of Benchmark at the time of initial investment.

<b>Inception Date</b>	10 <sup>th</sup> April 2018
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000010MAT">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000010MAT</a>

Management	
Manager Name	Start Date
Charles Montanaro	10 <sup>th</sup> April 2018
Mark Rogers	1 <sup>st</sup> January 2019

### FUND PERFORMANCE

Performance from 10<sup>th</sup> April 2018 to 31<sup>st</sup> March 2021:

	2018	2019	2020	2021
<b>Montanaro Better World Fund</b>	-3.80%	29.80%	35.01%	3.17%
<b>FTSE World ex UK</b>	2.76%	23.10%	14.15%	8.48%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
<b>Montanaro Better World Fund</b>	38.60%	72.20%	73.92%
<b>FTSE World ex UK</b>	34.44%	50.88%	56.64%

*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.*

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
11.06	98.81%	96.48	54.50	69.44	0.75	9.71	Growth/Mid

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Volatility Measurements	
3-Yr Std Dev (volatility)	16.05%
3-Yr Mean Return (average)	19.86%

Investment Style Details	
Giant	1.83%
Large	25.82%
Medium	52.83%
Small	13.91%
Micro	3.66%

Top 5 Holdings – 56 Equity Holdings		
Trex Co Inc	Industrials	4.02%
Sartorius Stedim Biotech SA	Healthcare	3.66%
Icon PLC	Healthcare	3.46%
Ansys Inc	Technology	3.21%
Cognex Corp	Technology	2.97%

Top 5 Sectors	
Healthcare	40.95%
Industrials	24.89%
Technology	19.68%
Consumer Defensive	4.30%
Utilities	3.86%

Top 5 Regions	
United States	43.72%
Japan	7.45%
United Kingdom	6.74%
Australia	6.04%
Switzerland	5.61%

## UPDATE....

There are several new strategies coming to market and therefore understanding what is different is important. The fund was launched just over three years ago and comes from a boutique investment house which has embedded responsible investment into their processes for over a decade. They have an exclusion policy which includes tobacco, alcohol, weapons, adult entertainment, gambling, high-interest rate lending, fossil fuels and animal testing (ex-healthcare).

The strategy focuses on six themes – environmental protection (11%), green economy (18%), healthcare (34%), innovative technologies (18%), nutrition (4%), and well-being (16%) – with a focus on products and services that make a positive impact.

The key characteristics of businesses they invest in are that they must be simple and something they can understand, they must be profitable, they tend to be niche businesses in growth markets, they are market leaders and have good management.

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There are three stages in the decision making process – stage one is whether the company is making a positive impact on the world, stage two is whether it is a good business and stage three is whether it is a good investment. They have around 70 to 75 companies on their approved list and target between 50 and 55 companies to invest in. They tend to invest initially between 1% and 3% weighted depending on quality, valuation, risk and liquidity. When a holding goes above 5%, they tend to reduce this down.

In the update with the manager, we were introduced to the owner of Pro Medicus which is one of their holdings. This is an Australian company which produces software for radiologists mainly in the US. Effectively this is an all-in-one package which reduces the speed with which scans can be produced and examined. One area of massive innovation is breast imaging which can produce several mammograms in one go, and they are developing a breast density algorithm.

Investors will therefore find something very different in terms of holdings and they have seen that some of the holdings are true heroes in the battle against COVID-19 and therefore making a positive impact on the world around us. They produce a positive impact report which can be found on their website. They engage with companies on a range of issues including environmental, social and governance. An example of engagement was Kingspan, which they engaged with after Grenfell and have now sold out of.

In summary, for investors looking for a different type of global strategy that is investing in companies that are having a positive impact then this might be a strategy to consider. It is worth adding that they invest in quality growth and therefore there will be periods when it underperforms. With the current switch to recovery stocks this has lagged, and therefore this should be seen as a long-term investment which should, if the managers get the investments right, outperform the broader index. One other message is that this is an Article 9 Fund which basically confirms that it does what it says i.e. that it invests in products and services that make a positive impact.

*The source of information in this note has been provided by Montanaro and is correct as at May 2021. 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.*