

**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.

Inception Date	10 th 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 th April 2018
Mark Rogers	1 st January 2019

FUND PERFORMANCE

Performance from 10th April 2018 to 31st January 2022:

	2018	2019	2020	2021	2022
Montanaro Better World Fund	-3.80%	29.80%	35.01%	20.01%	-19.21%
MSCI World SMID NR LCL	-3.09%	21.93%	12.20%	17.82%	-6.53%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Montanaro Better World Fund	-4.59%	59.77%	63.45%
MSCI World SMID NR LCL	9.87%	41.72%	46.01%

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
14.20	-	99.26	71.27	66.67	0.78	7.42	Growth/Mid

LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	18.92%
3-Yr Mean Return (average)	16.91%

Investment Style Details	
Giant	0.00%
Large	18.32%
Medium	63.32%
Small	12.59%
Micro	3.29%

Top 5 Holdings – 51 Equity Holdings		
Icon PLC	Healthcare	3.57%
Nova Ltd	Technology	3.31%
Entegris Inc	Technology	3.22%
Trex Co Inc	Industrials	3.10%
Sartorius Stedim Biotech SA	Healthcare	3.04%

Top 5 Sectors	
Healthcare	37.36%
Industrials	28.74%
Technology	24.73%
Consumer Cyclical	4.11%
Consumer Defensive	2.28%

Top 5 Regions	
United States	46.79%
Europe ex Euro	16.85%
Eurozone	15.81%
United Kingdom	6.79%
Australasia	5.82%

UPDATE....

This is one of the more established impact strategies in the market and has performed well since launch, although this has dropped back this year. The fund is positioned more towards small and mid-cap companies with a bias towards quality growth.

It includes exclusions across tobacco, alcohol, weapons, adult entertainment, gambling, high-interest rate lending, fossil fuels and animal testing (ex-healthcare). The focus is on six themes: environmental protection, green economy, healthcare, innovative technologies, nutrition, and well-being – with a focus on products and services that make a positive impact.

These businesses are supported by tailwinds across the UN SDGs, the US build back better and UKs contribution to stop global warming.

There is an argument that this sector is overpriced and another dot.com bubble. The reality is that they look to invest in business models they understand, companies which are profitable, companies which might have niches in the markets they operate in, and they are often market leaders.

LWM Consultants Ltd

The process looks across three areas; is the company making a positive impact, is it a good business and is it a good investment? Companies go onto an approved list and the managers can only select from companies on that list. Some examples include International Education Specialists, Masimo (medical monitoring systems) and Trex (composite decking).

We discussed the start of 2022, and this saw a rotation from growth to value. They monitor their portfolio between what they class as dear and cheap. The reality is that most companies fall between the two which is what you would expect from a mix of holdings. In December, five companies were cheap. With the recent sell-off this has increased to twenty-one. We talked about the dear stocks and they explained that they are happy to let the winners run but equally they will move away from them, and they had been reducing the healthcare stocks.

Even though the market has turned against them at the start of this year, they remain optimistic that they are invested in structural growers, and companies which have pricing power which will be important with rising inflation.

In summary, this has been a tough start for this fund this year. However, there are many structural tailwinds which are positive for the fund. Impact investing remains a small part of the overall investment universe in the UK, and the fund is invested in well run and profitable companies and often the market leaders in the areas they operate. Although there has been a pull back, they see this as an opportunity, with a larger proportion of the fund now with cheap valuations.

The source of information in this note has been provided by Montanaro and is correct as of January 2022. 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.