

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

AT A GLANCE

Investment Objective	
The Better World Fund invests globally in Quality Small & MidCap quoted companies that make a positive impact on society and have sound environmental, social and governance (“ESG”) practices. Companies within the Fund provide products or services that are helping to solve some of the world’s major problems, by supporting the United Nations Sustainable Development Goals.	

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

Management	
Manager Name	Start Date
Mark Rogers	10 th April 2018

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	0.00%
Large	17.16%
Medium	60.60%
Small	21.05%
Micro	1.20%

Top 10 Holdings		
Total number of holdings	50	
Assets in Top 10 Holdings	28.41%	
Name	Sector	% of Assets
Ansys Inc	Technology	3.10%
Ryman Healthcare Ltd	Healthcare	3.08%
Qualys Inc	Technology	2.96%
Sartorius Stedim Biotech SA	Healthcare	2.91%
Croda International PLC	Basic Materials	2.87%
Halma PLC	Industrials	2.85%
Cognex Corp	Technology	2.70%
Novozymes A/S B	Healthcare	2.65%
Waters Corp	Healthcare	2.65%
Nemetschek SE	Technology	2.64%

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

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FUND PERFORMANCE

Performance from 10th April 2018 to 30th September 2018:

	2018
Montanaro Better World Fund	15.60%
iShares MSCI World ETF	8.22%

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....

The Montanaro Better World Fund was launched in April 2018. The aim of the fund is to avoid the poor businesses and invest in those that will help change the world. The fund is managed by Mark Rogers with Charles Montanaro acting as oversight. The strategy is based around the UN's 17 Sustainable Development Goals and targets six specific themes; environmental protection, low carbon economy, healthcare, innovation technologies, nutrition and well-being.

The fund actively excludes tobacco, alcohol, military, adult entertainment, gambling, high-interest rate lending, and fossil fuels exploration and production. 0.10% per annum is donated to charity. Although they haven't agreed on the charities the aim is to align these with the themes of the fund with a focus on small and mid-size charities.

They are benchmark agnostic and have about 34% weighting to the US; however, as they explained the sales by region are more important and the fund has about a 20% weighting to emerging markets on this measure.

In terms of companies they look to quality growth companies. They can invest in IPOs but the test on quality growth still applies. They do look to meet management but also like factory visits to see if what happens on the ground matches with the management talk.

The Montanaro process is based around is it a good business and is it a good investment. The unique addition to this is the positive impact. There are around 13,000 companies in the small and mid-cap space, applying quality and liquidity filters reduces this down to 2,000 companies. Other screens reduce this to around 200 stocks. Although they spend time looking at new opportunities it is just as important to focus on the holdings they have.

In terms of scoring a company, they should score more than 50% to be considered for the fund. The scoring is based on the themes. If a company drops below this then it would be a reason to remove from the fund.

At this stage the fund doesn't have a track record of performance although since launch it has performed strongly. The team behind it already run successful UK and European strategies and have a strong in-house research team.

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In summary, the argument for why you would invest in this is strong. If companies are doing the right things and growing and the value of them is fair, then it makes sense to invest in them. It is likely that many of the holdings they have are under researched and therefore not in other funds. The manager will look to hold for a long period and where they can, influence change. Of all the new thematic funds this is interesting because it is aligned to a direct policy initiated by the UN. We think this is an interesting option but would likely want to see more performance data before investing.

The source of information in this note has been provided by Montanaro and is correct as at October 2018. 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.