

MONTANARO

Better World Fund

Impact Report 2026



Note on front cover: The electricity grid is the backbone of the low-carbon transition. Montanaro invests in companies expanding and modernising the grid, helping clean electricity reach the homes, industries and transport that depend on it and supporting the shift away from fossil fuels.

Reporting period: This report covers the year ending 30 June 2026, unless stated otherwise, and is based on the holdings of both the Dublin-domiciled and UK-domiciled Better World Funds as of this date.

Company data sources: Company sustainability data (impact and ESG) is sourced directly from the most recent company communication available. This includes, but is not limited to, company reports, presentations, websites and meetings. MSCI and Impact Cubed are also used. References to sources have been added where appropriate.

Other data sources: Sustainability claims and references to external sources are evidenced in the report.

Our Impact Report podcast was produced by Montanaro.

Welcome

A very warm welcome to our ninth Impact Report.

It is remarkable to think that we are approaching a decade since we began the journey that became the Better World Fund. We have learned a great deal along the way, not least that making a positive impact is seldom straightforward and that there is always more that we can do.

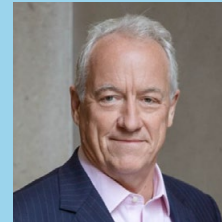
Although the world has changed considerably, many of the challenges that prompted us to launch the Fund have become no less urgent. Climate change, pressure on natural resources, ageing populations and the demands on healthcare systems all require practical, long-term solutions. The companies we meet and invest in are helping to find them, which gives us grounds for optimism.

This year, we will try to bring some of these issues to life and show how our portfolio companies are helping to address them. We will look at electrification and the upgrading of the grid, an important part of the transition towards a more sustainable economy. We will also share examples of our engagement. Investing in smaller businesses gives us direct access to management teams and the opportunity to work constructively with them to encourage positive change. This is often the most rewarding part of what we do.

We are delighted that Montanaro was named Sustainable Investment Fund Management Group of the Year (AUM under £20bn) by Investment Week and that our Impact Report received the Best Impact Report award from Pensions for Purpose last year. Such recognition is gratifying, but what matters most is continuing to learn and, we hope, to make a difference.

Nearly a decade on, there is much still to be done. We are grateful to play a small part. None of this would be possible without you.

Thank you for sharing the journey with us.

A handwritten signature in blue ink, appearing to read 'CM', positioned above the printed name.

Charles Montanaro
Chairman

For over 30 years, we have specialised in Small & MidCap investing,
with sustainability at the heart of our investment process.



Awards

2025

Sustainable Investment Fund Management Group of the Year (AUM under £20bn)
INVESTMENT WEEK
Best Impact Report
PENSIONS FOR PURPOSE

2024

ESG Champion of the Year
FINANCIAL TIMES & INVESTORS' CHRONICLE
Best ESG Global Equity Fund
MAINSTREET PARTNERS
Best Small & Sustainable Investment Boutique – UK
WEALTH & FINANCE INTERNATIONAL
ESG Integration Excellence Award – UK
WEALTH & FINANCE INTERNATIONAL
Highly Commended Impact Report
PENSIONS FOR PURPOSE

2023

ESG Company of the Year
FINANCIAL TIMES & INVESTORS' CHRONICLE
Best ESG Investment Fund: Impact
ESG INVESTING

2022

Best Equity Global Small & MidCap Fund
LIPPER
Highly Commended Impact Fund
INVESTMENT WEEK

2021

Best Impact Equity Fund
INVESTMENT WEEK

2020

Highly Commended Impact Fund
INVESTMENT WEEK

2019

Best Impact Fund
INVESTMENT WEEK
Best Impact Report
PENSIONS FOR PURPOSE

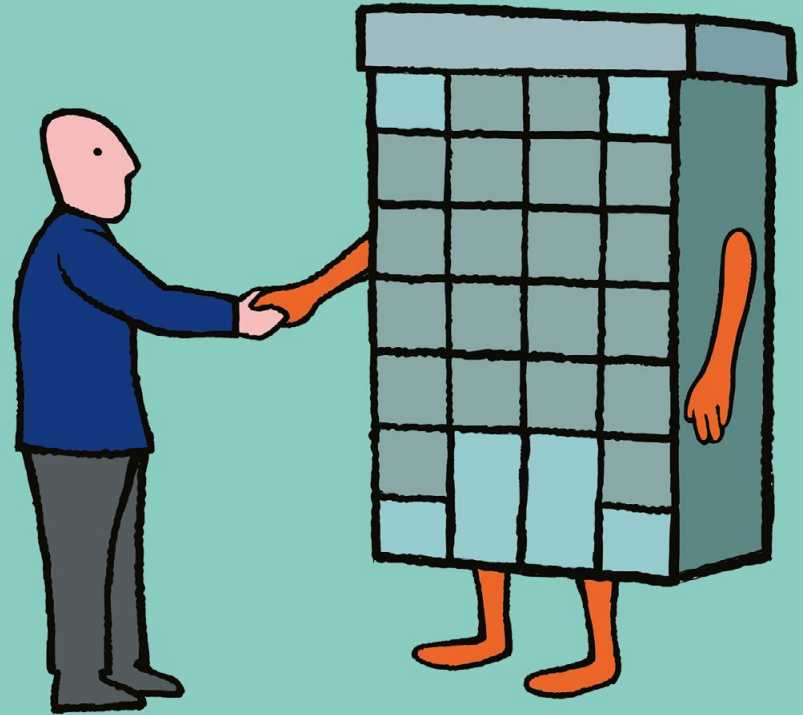


Listen to a podcast of our Impact Report

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The Better World Funds



The Better World Funds

We manage two **Better World Funds**, both with the investment objective of delivering attractive returns by investing in sustainable companies helping to solve some of the world's greatest challenges.

IRISH FUND

MONTANARO BETTER WORLD FUND

Launched
April 2018

Classification
SFDR: Article 9

<https://montanaro.co.uk/fund/montanaro-better-world-fund/>

UK FUND

WS MONTANARO BETTER WORLD FUND

Launched
January 2020

Classification
SDR: Sustainability Impact



<https://montanaro.co.uk/fund/ws-montanaro-better-world-fund/>

Independent Ratings

Square Mile Gold 3D rating



RSMR Responsible rating



The Square Mile rating is applicable to the UK Fund. The RSMR rating is applicable to both the Dublin and UK Funds.

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Impact Team

Our Impact Team leads the Fund's impact analysis, thematic research, impact approvals and reporting. We work hand in hand with our 15-strong Investment Team to integrate impact across the investment process.



Adam Montanaro
FUND MANAGER



Andrea Shen
SENIOR ANALYST



Kate Hewitt
SENIOR ESG & IMPACT
SPECIALIST



Ed Heaven
CHIEF OF STAFF /
HEAD OF SUSTAINABLE
INVESTMENTS



Harriet Topham
PRODUCT &
SUSTAINABILITY
SPECIALIST

Portfolio review

The high-quality growth businesses we own delivered. Around 85% of our holdings beat expectations in the final quarter of 2025 and over 80% of companies beat expectations in Q1 2026 reporting. Yet the market favoured cyclical, lower-quality and value stocks, a style headwind that persisted for much of the year and gave that delivery little credit.

Rather than wait for sentiment to turn, we continued to reshape the portfolio, widening it across our impact themes into grid infrastructure, electrification and water. The aim is to let company fundamentals, not market factors, drive returns.

This is beginning to show. Stock-specific risk now accounts for around 65% of active risk, beta sits below 1 and no holding moves tracking error by more than 10%. As leadership broadened in the second quarter, the Fund returned to outperformance.

Against a challenging backdrop, several factors remain supportive:

- **A wide valuation gap:** SMidCap sits near its largest P/E discount to LargeCap, with the Fund near its lowest-ever valuation.
- **Broadening leadership:** in June, capital began rotating from a few AI winners towards Quality and smaller companies.
- **Corporate and private equity interest:** acquirers are bidding for our holdings, Bio-Techne and InPost among them.
- **Returns driven by stock selection:** with a beta below 1, the portfolio is less sensitive to broad market movements, while performance reflects the fundamentals of the companies we own.

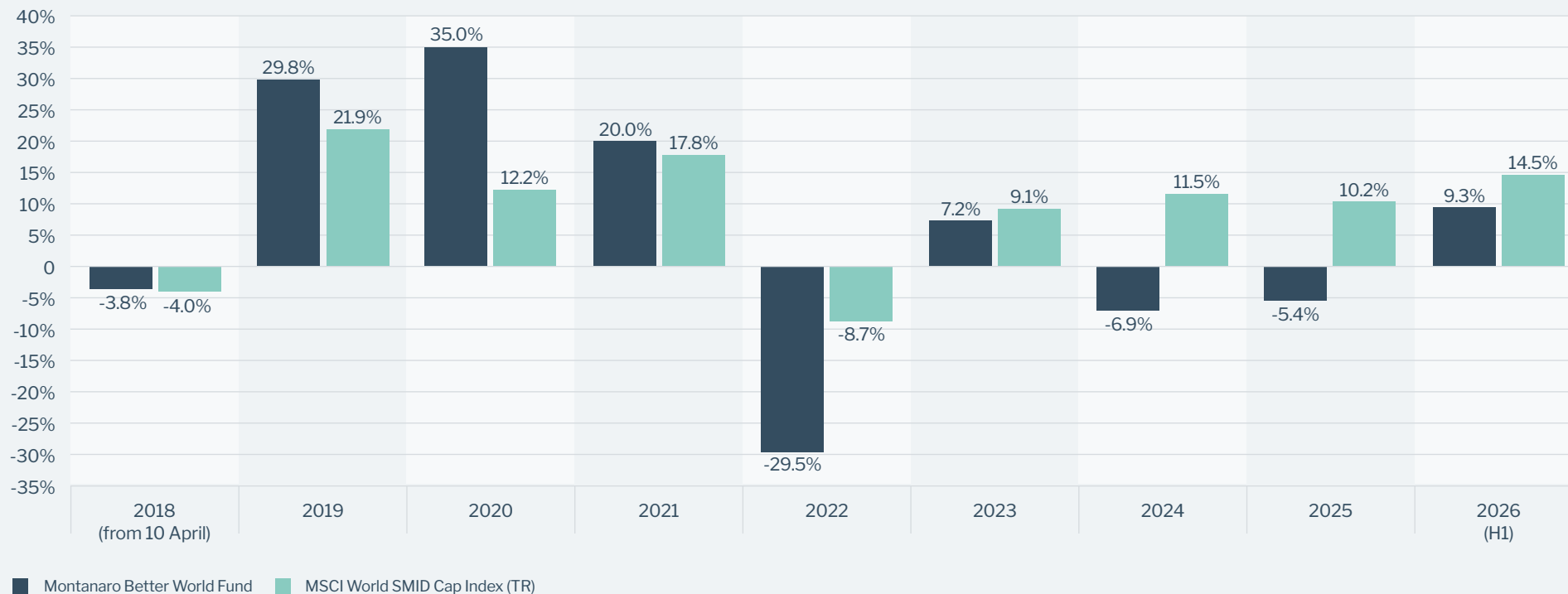


A white, handwritten signature of Adam Montanaro on a teal background.

Adam Montanaro
Fund Manager

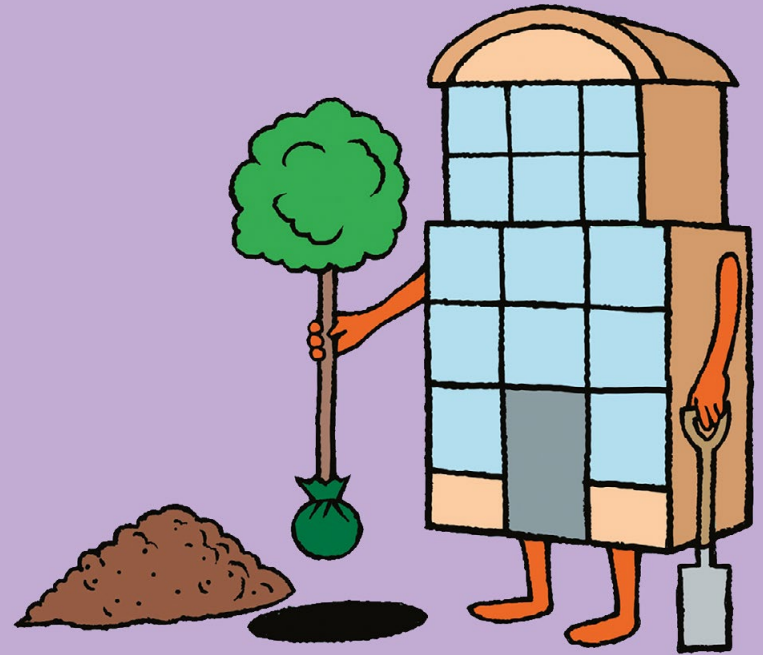
Performance

Montanaro Better World Fund - Returns (GBP share class)



Internal (Calculations), BNY Mellon (NAVs). Returns for the Better World Fund are net of fees. Based on the GBP share class of the Irish-domiciled Better World Fund. The MSCI World SMID Cap became the official benchmark as of April 2020. Prior to this, it is shown for comparison purposes only. The WS Montanaro Better World Fund is similar but not identical to the Irish-domiciled Montanaro Better World Fund.

Investing for impact



Impact in action

When considering impact we start with a straightforward question: what problem is this company solving and how durable is the opportunity created by solving it?

This report follows that logic. We look at problems from damp and mould in UK homes and “forever chemicals” in US water, to antibiotic resistance and the rising energy demands of AI. Then we turn to the companies addressing these issues.

Every company in the Better World Fund must derive at least half its revenue from products and services aligned with one of our six impact themes. It must also meet our standards for quality, profitable growth and valuation. Impact is part of the investment case, not a substitute for it.

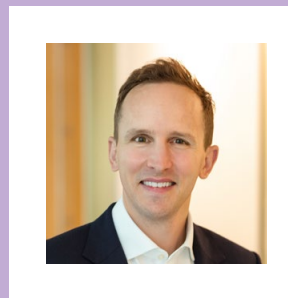
The year since the WS Better World Fund received the FCA’s SDR ‘Sustainability Impact’ label has reinforced the discipline. We need clear evidence of the outcomes a company contributes to, the risks to them and the contribution we can realistically make as an investor.

SmallCap gives us direct access to management. This year our engagement covered water leakage and resilience, access to assistive communication and making cell therapy more affordable and scalable. We

care more about what changes we can influence than about the number of meetings we can report.

We have also focused on electrification because it combines a clear environmental need with a long investment cycle. Electricity accounts for around 22% of final energy use today, while demand could more than double by 2050. The opportunity extends beyond generation into grids, transformers, components and control systems.

Sustainability does not make a company investable, but when an important problem, a differentiated solution and a high-quality business model come together, the opportunity can endure for years. Those are the businesses we want to own.

A stylized, handwritten signature in white ink, appearing to read 'Ed Heaven'.

Ed Heaven
Head of Sustainable Investments

Why invest in Small & MidCap for impact?

Active managers in Small & MidCap can deliver real impact:

95% of the world's listed companies are Small & MidCap:

- most investors concentrate on just the largest 600 stocks

Smaller companies power the sustainability transition:

- many deliver essential products and services driving system change

Small & MidCap are where many impact leaders can be found:

- more aligned to positive outcomes and the UN SDGs

Direct engagement with senior management:

- we speak to the CEOs who are the decision makers, enabling collaborative and influential share ownership



Aligned to the UN SDGs

Every company we own earns at least half its revenue from products and services that tackle our six impact themes. Together they contribute to 14 of the 17 UN Sustainable Development Goals (UN SDGs).

≥50% impact revenue
per holding

6 impact
themes



The UN SDGs

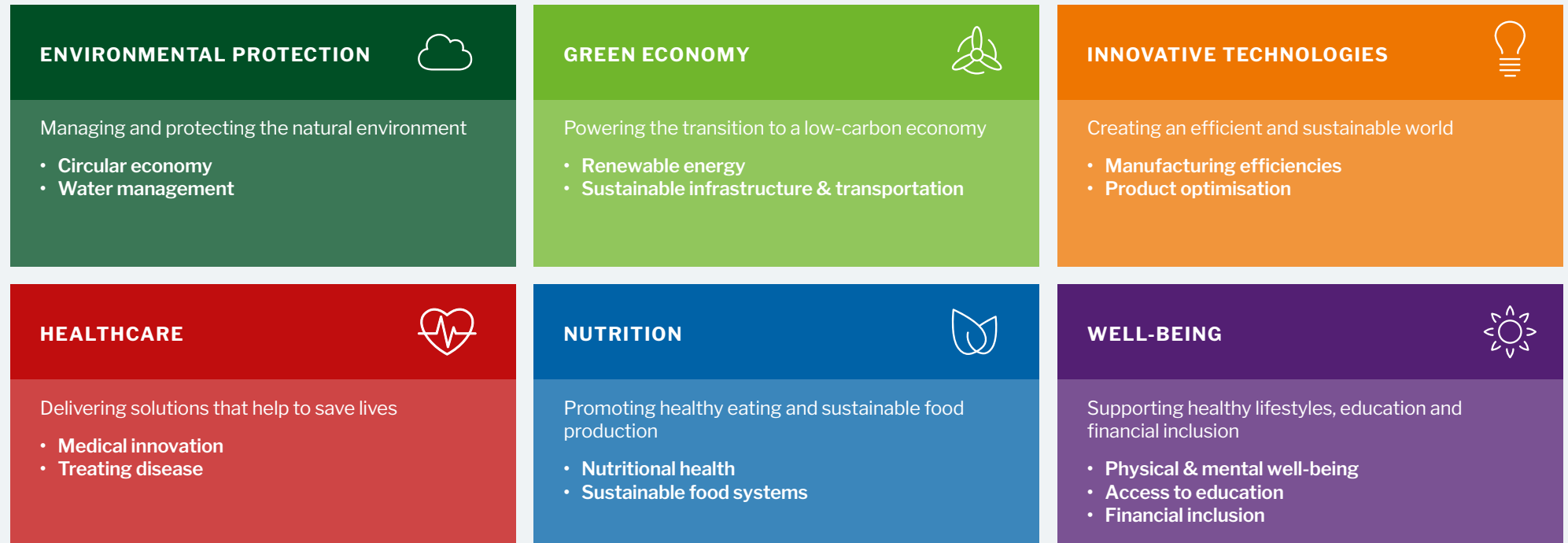
Achieving the UN Sustainable Development Goals will require an estimated US\$90 trillion in investment by 2030¹, with private capital playing a critical role in financing sustainable development.



¹ Global Reporting Initiative, United Nations Global Compact & Principles for Responsible Investment. (2018). *In Focus: Addressing Investor Needs in Business Reporting on the SDGs*.

Our Impact themes

Building a better world means moving capital away from fossil fuels and wasteful, inefficient industries, and towards positively impactful companies. We identify these through our six themes, three for the planet and three for people.



How we are making an impact

Theme	Focus	Objective & intended impact
 ENVIRONMENTAL PROTECTION	• Circular economy • Water management	Promote recycling and improve water efficiency and treatment, increasing material reuse, reducing pollution and improving water security.
 GREEN ECONOMY	• Renewable energy • Sustainable infrastructure & transport	Accelerate clean energy and decarbonise transport and infrastructure, lowering GHG emissions, adding renewable capacity and building climate resilience.
 INNOVATIVE TECHNOLOGIES	• Manufacturing efficiencies • Product optimisation	Improve industrial processes and extend product lifecycles, cutting emissions and waste through more circular, efficient production.
 HEALTHCARE	• Medical innovation • Treating disease	Advance therapies and treatment for communicable and non-communicable diseases, improving health outcomes and reducing mortality and healthcare costs.
 NUTRITION	• Nutritional health • Sustainable food systems	Improve dietary health and food production sustainability, for healthier populations, less food waste and greater food system resilience.
 WELL-BEING	• Physical & mental well-being • Access to education • Financial inclusion	Support safety, mental health, education and financial inclusion, for safer communities and better quality of life.

Investment philosophy & process



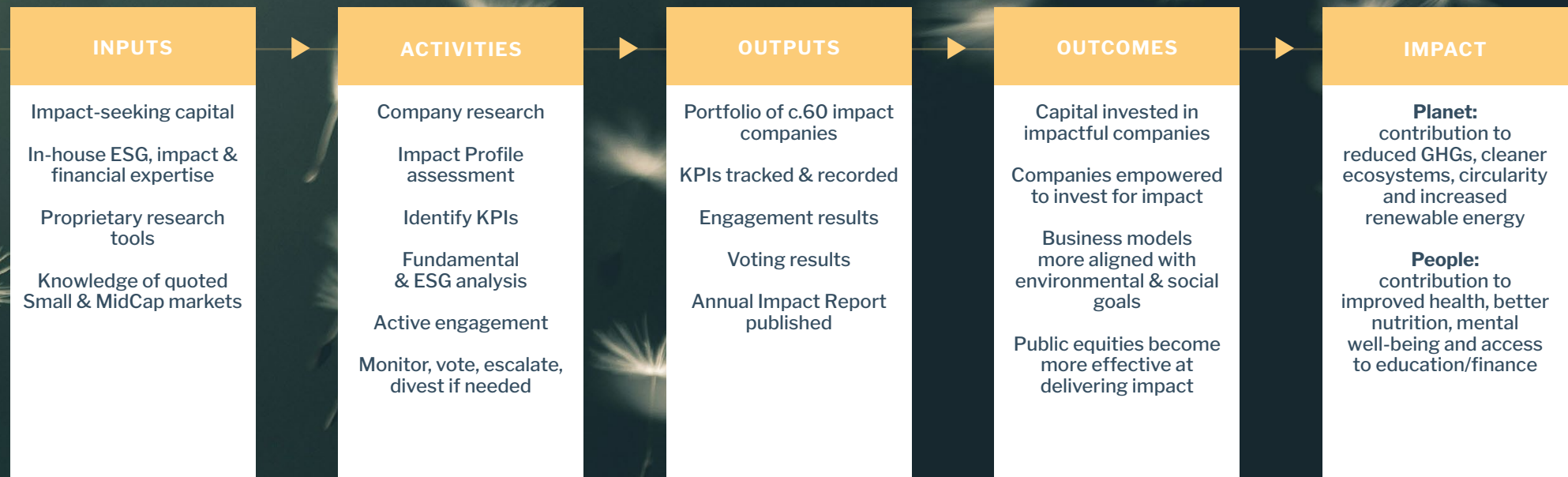
What is a "Better World" company?

- 1 Positive impact**
Products or services that benefit people or the planet
- 2 Quality**
Recurring revenues, pricing power, IP and real USPs
- 3 Profitable growth**
Self-funded growth, double-digit margins and strong cash flow
- 4 Low risk**
Established market leaders with robust balance sheets
- 5 Hidden gems**
Simple, well-run businesses that are under-researched
- 6 ESG leadership**
Exemplary standards and passionate, engaged teams



Theory of Change

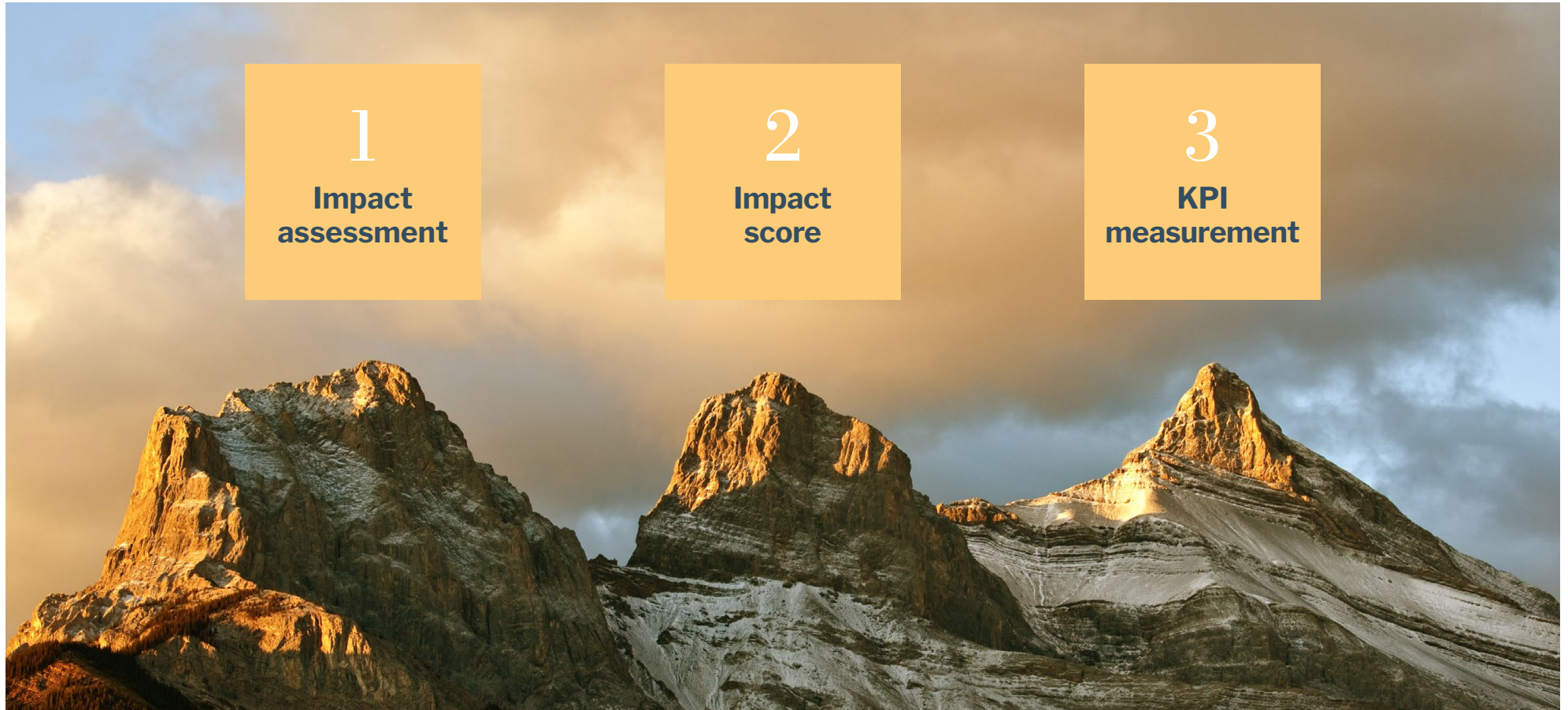
The Better World Fund aims to generate positive impact through both the products and services of its investee companies (“Enterprise Contribution”) and engagement (“Investor Contribution”).



Investment process



How we measure impact



What makes the Better World Fund IMPACTFUL?

An "**Impact Profile**" is completed to assess impact. This is a structured framework aligned with global best practice.

The Impact Profile has the following scoring elements:

PRODUCTS & SERVICES	DIFFERENTIATION	INVESTOR CONTRIBUTION	INTENTIONALITY	IMPACT RISK
≥50% revenue aligned to impact themes	uniqueness of solution versus alternatives	ability to influence outcomes through engagement	management alignment with impact case	risk of impact not being realised or of negative outcomes



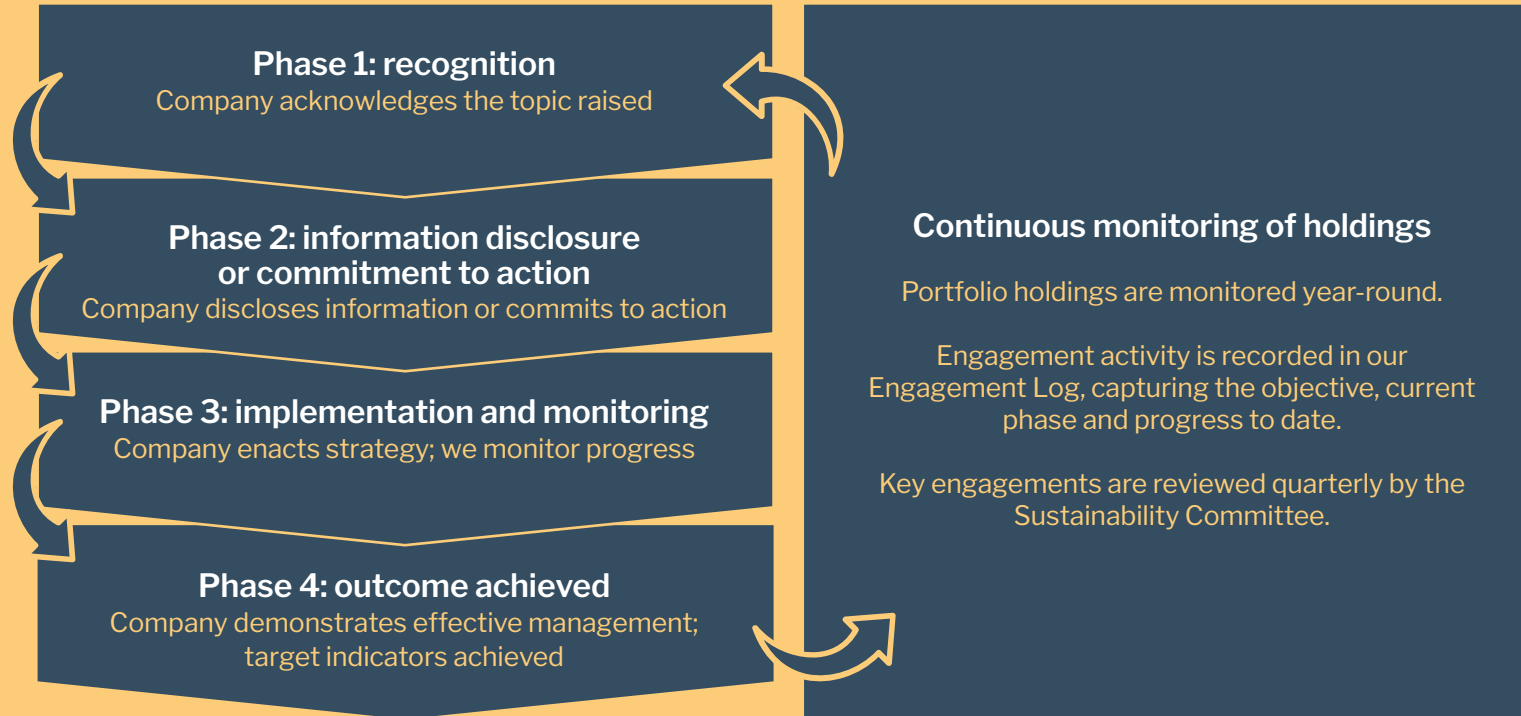
KPIs defined at entry



Impact Team approval required

How we deliver our Investor Contribution

Engagement Phases:



Impact challenges in focus



Safer homes



7% of social and 9% of private rented homes in England had a damp problem in 2023¹

Volution Group | United Kingdom

Volution designs and manufactures ventilation systems that remove the moisture and pollutants causing damp, mould and condensation at source. Damp and mould harm health, particularly children's lungs; the danger drove Awaab's Law, which from October 2025 requires social landlords in England to fix dangerous damp within set timescales.²

That regulation and tighter building standards are driving demand for its residential ventilation. Volution is also cutting its own footprint, using more recycled plastic and heat-recovery systems that reclaim warmth from stale air rather than venting it.

84% of the plastic in Volution's products is now from recycled sources³

¹ GOV.UK, English Housing Survey 2023–24. ² GOV.UK, Awaab's Law press release (February 2025). ³ Volution Group, Annual Report 2025.

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Managing Japan's allergy crisis



43% of Japan's population have medium-to-severe hay fever, vs 26% in the UK¹

ALK-Abelló | Denmark

ALK-Abelló is the global leader in allergy immunotherapy, which treats the underlying allergy rather than masking symptoms.

In Japan, pollen allergy is widespread. Post-war reforestation with just two species, cedar and hinoki cypress, has left a third of forests as single-species plantations that release vast amounts of pollen each spring, driving a national health crisis that harms sleep, concentration and productivity and raises asthma risk.¹

ALK's CEDARCURE, the only approved tablet for Japanese cedar-pollen allergy, is sold locally through partner Torii, giving millions of people access to treatment that improves their health and quality of life.

3.1m people treated with ALK's products, targeting 5m a year by 2030²

¹ BBC Future (2026), Japan is gripped by mass allergies. A 1950s project is to blame. ² ALK-Abelló Annual Report 2025.

Reducing forever chemicals



176m Americans whose drinking water is contaminated by PFAS*¹

Clean Harbors | United States

Clean Harbors is North America's largest hazardous-waste and environmental-services company, which safely destroys dangerous materials. Among the toughest are PFAS: thousands of man-made "forever chemicals", used since the 1950s in non-stick pans, clothing and firefighting foam, which do not break down in nature. Once released, they build up in soil, water and the body, and have been linked to cancer and immune harm.

On PFAS, it offers a full service from testing to destruction. In a 2025 study with the EPA and US Department of Defense, it met the agency's strictest new standards. For communities, destroying PFAS at commercial scale is the difference between contamination contained and spread.

99.99999% peak PFAS destruction in Clean Harbors' EPA-supervised test²

*PFAS: per- and polyfluoroalkyl substances, a family of thousands of synthetic chemicals. ¹ Environmental Working Group analysis of US EPA data (2026). ² Clean Harbors PFAS incineration study with the US EPA and DoD (September 2025).

Education for all



1 in 4 US students regularly absent in 2023¹

Stride | United States

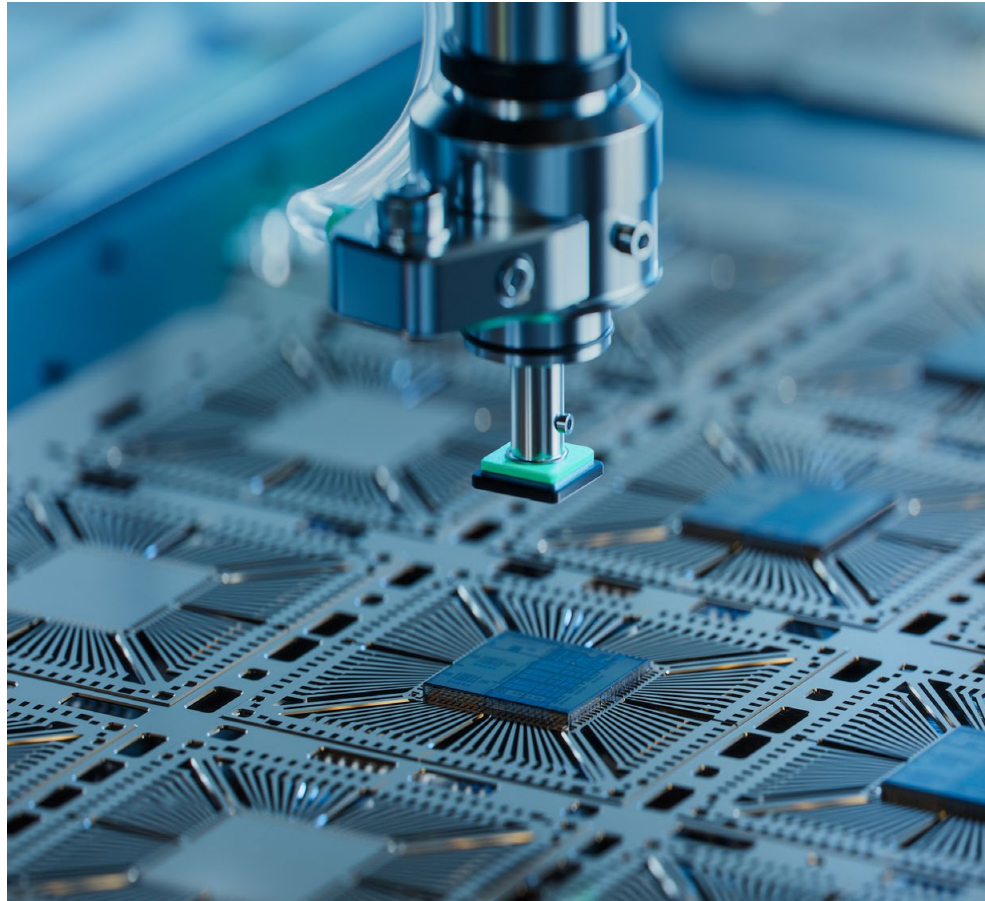
Stride is a technology-based education company providing online and blended schooling, alongside career-focused programmes and adult skills training. A fixed timetable and school building do not suit every learner, from those with health conditions to elite athletes and rural families. By 2023, one in four US students were regularly absent, well above the pre-pandemic rate.¹

For students, Stride offers a second chance at an education that fits, whether that means completing school online or training for a career in healthcare, IT or skilled trades. With over 20 years in online learning, it also gives school districts flexible tools to modernise their teaching and support their educators.

50 US states & 100+ countries where Stride delivers online and blended schooling

¹ AEI, Lingering Absence in Public Schools (Nat Malkus, 2025).

Reducing the energy intensity of AI



12% p.a. – the recent growth in global data-centre electricity use¹

Entegris | United States

Entegris supplies the advanced materials and process technologies used to manufacture the world's most sophisticated semiconductors. Data centres consumed around 415 TWh of electricity in 2024, about 1.5% of the world's total. The IEA expects consumption to more than double by 2030 as AI accelerates demand for computing power.¹

Making that computing more efficient depends on advances in semiconductor design and manufacturing. Entegris provides the ultra-pure materials, filtration, contamination control and advanced-packaging solutions needed to manufacture complex chips at scale. Its technologies support advanced logic, high-bandwidth memory and hybrid bonding, helping enable more energy-efficient computing.

15% potential energy savings from more efficient AI computing¹

¹ IEA, Energy and AI (2026).

Better gut health, fewer antibiotics



39m projected deaths from antibiotic resistance (2025–50)¹

BioGaia | Sweden

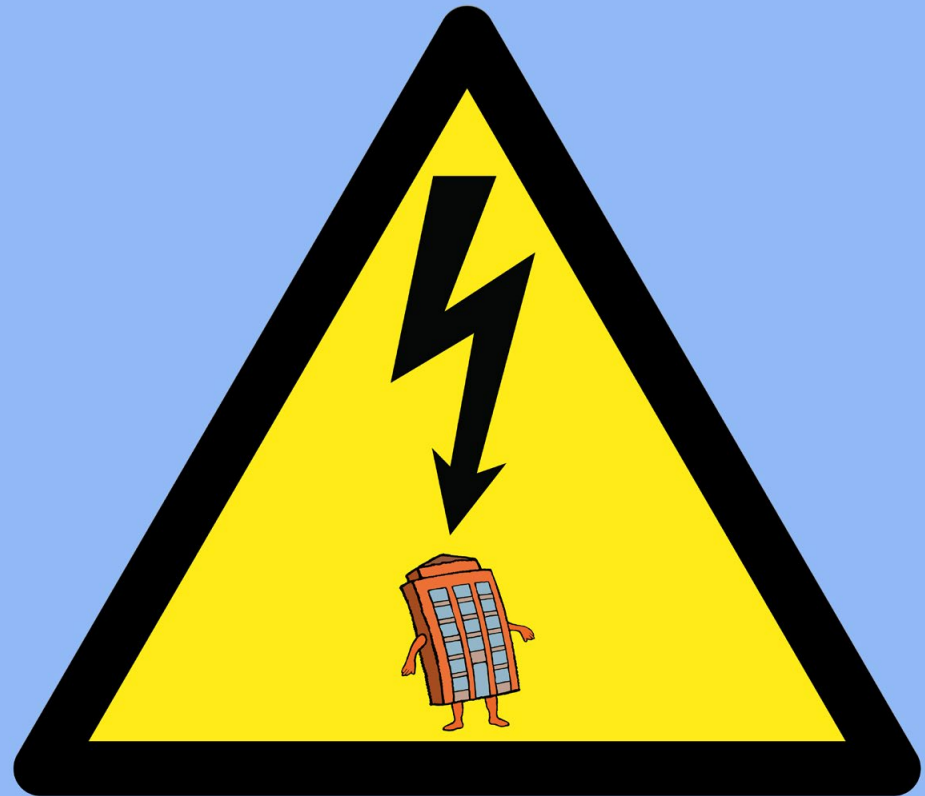
BioGaia is a Swedish company that develops probiotics with clinically documented effects on gut, immune and oral health, best known for the infant drops used for colic. Antibiotics are one of medicine's greatest advances, but overusing them breeds bacteria the drugs can no longer kill. In October 2025, the WHO warned that about one in six laboratory-confirmed bacterial infections is already resistant to antibiotics.²

BioGaia's probiotics have been shown to cut antibiotic-associated diarrhoea in children and reduce the need for antibiotic prescriptions. For the child, that means a gentler recovery. For a world facing rising antibiotic resistance, every antibiotic course avoided helps keep these medicines effective.

290+ clinical trials of BioGaia's probiotics, 25,000+ people³

¹ Global burden of bacterial antimicrobial resistance 1990–2021, The Lancet (2024). ² WHO Global Antibiotic Resistance Surveillance Report (2025). ³ BioGaia Annual & Sustainability Report 2025.

Deep dive: electrification



Electrification

WHAT IS DRIVING DEMAND

- **Industry** — electrified heat and processes
- **Buildings** — heat pumps and electrified cooling
- **Transport** — electric vehicle adoption
- **Data centres** — cloud and AI demand

~22% of final energy consumption is electricity today¹

~60% of energy demand electrification aims to shift away from fossil fuels¹

>2x potential rise in electricity demand by 2050²

THE GRID - THE CRITICAL BOTTLENECK

1 Ageing infrastructure
Built for centralised fossil-fuel power; ~80m km of new grid are needed by 2040, roughly today's entire global network³

2 Underinvestment
Annual grid investment must rise ~50% by 2030³

3 Connection bottlenecks
1,500+ GW of wind and solar waiting to connect across Europe and the US⁴

Without grid expansion, electrification cannot scale.

¹ Ember; ² McKinsey; ³ IEA; ⁴ Bloomberg NEF. Planet Theme – Green Economy.



“Grids risk becoming the weak link of clean energy transitions.”

International Energy Agency, Electricity Grids and Secure Energy Transitions (2023).

Electrification across the value chain

Selected Better World Fund holdings, from grid hardware to the point of use.

Grid components & equipment



Transmission networks



Electrified end uses



Transportation



Buildings
(heating & cooling)



Industry



Data centres



Selected holdings shown for illustration only; not investment advice.

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Investing in the backbone of electrification

Pfisterer | Germany

High-voltage insulation & grid connection

- Only independent supplier at all voltage levels
- HVDC enables long-distance renewable transmission
- Connects wind and solar to the grid

IMPACT - moves electricity safely through high-voltage grids, enabling renewable expansion



Valmont Industries | United States

Engineered structures for grid expansion

- Leader in transmission poles, towers and substation structures
- Replaces ageing grid infrastructure across networks
- Benefits from rising electricity demand

IMPACT - the physical backbone of transmission that expands electricity networks



Asta Energy Solutions | Germany

Copper conductors enabling electrification

- Copper windings for transformers, generators and motors
- Vertically integrated, with in-house copper recycling
- Underpins grid and renewables expansion

IMPACT - supplies copper windings upstream in the electrification value chain



Hammond Power Solutions | Canada

Dry-type transformers for electrification

- Leading North American dry-type transformer maker
- Safer, cleaner alternative to oil-filled transformers
- Powers data centres, renewables, storage and EV

IMPACT - brings electricity to the point of use, electrifying the built environment



Company reports and publications. Holdings not investment advice or a recommendation.

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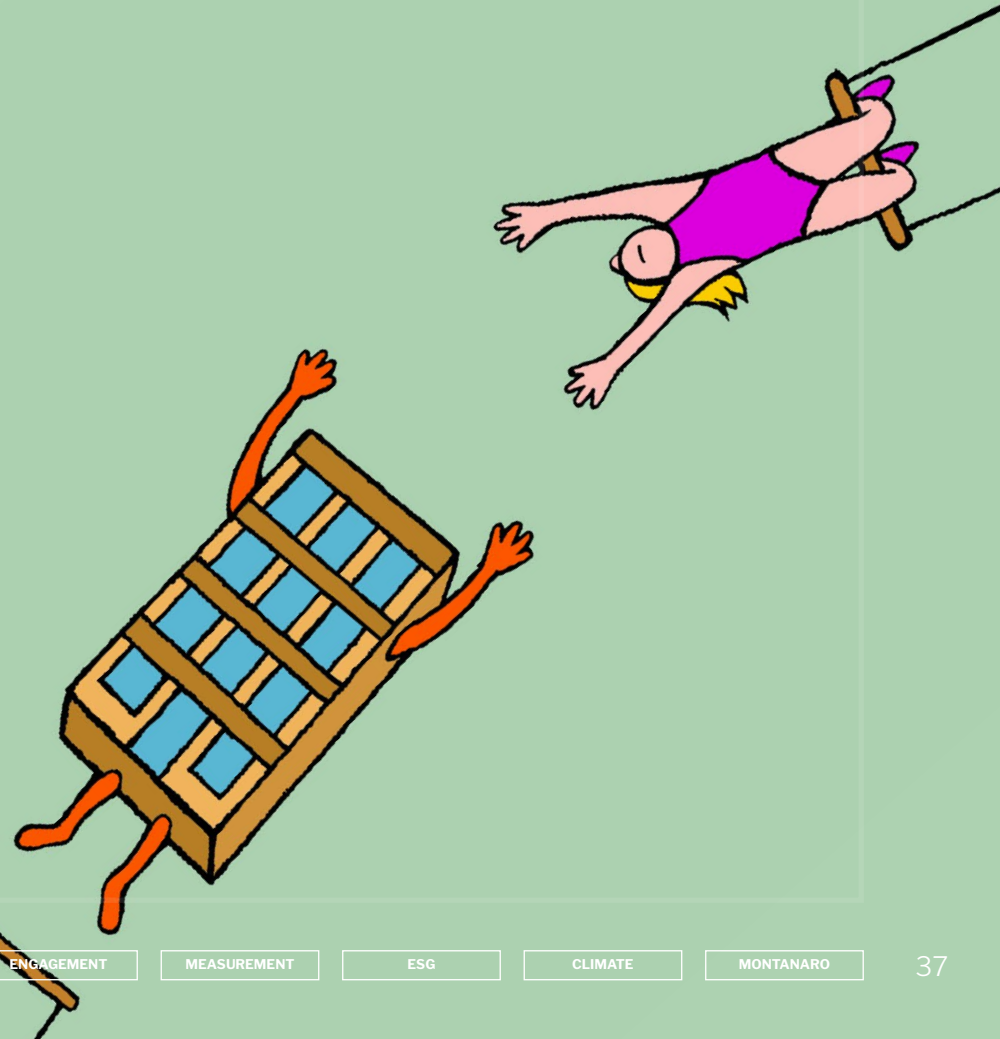
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Engagement



Engaging for impact

SmallCap offers a real opportunity to engage.

Our focus on smaller companies gives us direct access to senior leaders. We meet with CEOs and Boards to share insights that help shape strategy, support long-term growth and improve ESG and impact performance.

We add value through:

- **Direct influence:** our investments and long history in SmallCap give us a credible, trusted voice
- **Tailored guidance:** we support and can advise companies on capital allocation, R&D and sustainability
- **Systemic focus:** we engage on company-specific priorities and broader issues such as climate change

This is how we deliver meaningful **investor contribution**, supporting positive change and sustainable business growth. We can make a difference.



We engage globally



Countries highlighted are based on the company's listing venue, which can differ from the country of domicile or head office location. *Universal Technical Institute.



“The world faces a growing water disaster. For the first time in human history, the hydrological cycle is out of balance, undermining an equitable and sustainable future for all.”

Engagement: water scarcity

Two of our investments directly confront the same challenges: securing clean, reliable water as demand rises and supplies tighten.

American Water Works

A system-level US water utility serving around 14 million people across the United States.

\$42–43bn

10-year investment
in pipes and systems

6.7%

less water used per
customer since 2015

What we discussed

- Renewing ageing pipes through a decade-long, risk-based plan.
- Cutting water losses with digital leak detection.
- Protecting existing customers as data-centre demand grows.

Outcome & impact relevance

- Risk-targeted spending lifts resilience and efficiency.
- Flood and storm resilience built into the network.
- Kept affordable, so impact is not at customers' cost.

Tetra Tech

A global engineering firm specialising in water, environmental and climate-resilience solutions.

~85%

of revenue from water
& environmental work

1 billion

people its headline impact
ambition targets

What we discussed

- Creating new clean-water supplies for water-stressed regions.
- Cutting leaks and energy use in existing systems.
- Screening large developments for water and power strain.

Outcome & impact relevance

- Water resilience sits at its core.
- Do more with less, not only build new.
- Feasibility checks can halt projects that fail.

Impact engagement calls, Montanaro Asset Management. Figures are company-stated as at the call. Planet Theme – Environmental Protection.

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“1 in 3 Americans delay medical care due to cost.”

HealthEquity press release, “1 in 3 Americans Delay Medical Care Due to Cost” (8 June 2026). 36% delayed or avoided needed medical care due to cost in the past six months.

Engagement: healthcare access & innovation

Two healthcare investments: one easing cost barriers to care, the other cutting animal testing through human-relevant science.

HealthEquity

The largest independent US provider of Health Savings Accounts, which help people set money aside to pay for healthcare.

10.6m

Health Savings Accounts
administered across the US

What we discussed

- Which outcomes they measure for affordability and access.
- Whether accounts help people get care sooner.
- Whether lower-paid members understand and benefit from accounts.

Outcome & impact relevance

- Holders feel prepared and in control of costs.
- Research shows where education lifts preventive-care use.
- Tracking directional affordability trends, not member-level KPIs.

Bio-Techne

A life-science tools company whose materials help scientists grow human-cell models in the lab rather than testing on animals.

\$60m

organoid-materials business,
replacing animal tests

Mid-teens

annual % growth in
human-cell models

What we discussed

- Supplying materials to grow human tissue models.
- Enabling advanced cell and gene therapies.
- Regulators increasingly open to non-animal testing data.

Outcome & impact relevance

- An enabler of human-relevant science.
- Runs no animal testing; supplies tools for alternatives.
- Human models can predict drug safety more reliably.

Impact engagements, Montanaro Asset Management. Figures are company-stated. 10.6m HSA figure from HealthEquity 2026 Annual Report. People Theme – Healthcare. Bio-Techne is subject to an agreed cash acquisition by Merck KGaA (announced June 2026).



“More than 2.5 billion people need one or more assistive products ... yet nearly 1 billion of them are denied access.”

WHO and UNICEF, Global Report on Assistive Technology, 2022. In low- and middle-income countries, access can be as low as 3% of need.



Engagement: inclusion & opportunity

Two holdings widening access: giving a voice to those who cannot speak and opening skilled careers.

Dynavox

A maker of assistive communication devices that give a voice to people with communication difficulties, such as those with cerebral palsy, autism or ALS.

27,000

communication solutions delivered in 2025, up from ~21,000 in 2024

What we discussed

- How to close the access gap for devices.
- Reaching lower-income regions where funding is limited.
- Measuring real-life outcomes, and AI's role.

Outcome & impact relevance

- A direct impact: giving people the means to communicate.
- Swedish and German studies show quality-of-life gains.
- Prescriber awareness and funding are key barriers.

Universal Technical Institute

A US vocational training provider equipping students for skilled careers in fields such as automotive, diesel, EVs and advanced manufacturing.

58%

of students receive a needs-based scholarship

90–95%

employer satisfaction with its graduate placements

What we discussed

- Whether graduates earn more, not just get placed.
- Support helping lower-income students train and manage debt.
- Curriculum's move into EVs, renewables and automation.

Outcome & impact relevance

- Reaches underserved students; ~two-thirds eligible for grants.
- 6,000+ employer partners help pay down graduates' tuition.
- Ties with ~35 manufacturers keep training current.

Impact engagements, Montanaro Asset Management. Figures are company-stated. People Theme – Well-being.

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A low-angle photograph of a large white wind turbine against a clear blue sky. Two workers in orange safety gear are standing on the central hub of the turbine. The text is overlaid on a semi-transparent white rectangular box in the upper half of the image.

“On average, workers can expect that two-fifths (39%) of their existing skill sets will be transformed or become outdated over the 2025-2030 period.”

Engagement: a positive impact introduction

How a Montanaro introduction helped ChemoMetec, one of our investments, accelerate a more affordable and scalable cell therapy technology.

ChemoMetec

A Danish life-science company making advanced cell-counting and analysis instruments for biotechnology and pharmaceutical laboratories.

The Introduction

- We introduced ChemoMetec to Tecan Group, a former Better World holding, connecting two complementary life-science businesses.
- This brought ChemoMetec's XM30 cell-analysis technology into Tecan's Fluent automation platform.
- The result: faster, more scalable and more affordable cell therapy production.

“ChemoMetec's XM30 instruments bring full automation to the cell therapy industry, helping to address the affordability issue that has held back patient access to these treatments until now. **Montanaro's introduction to Tecan's product development leadership helped further accelerate the development of this disruptive technology.**”

Martin Helbo Behrens, Chief Executive Officer, ChemoMetec

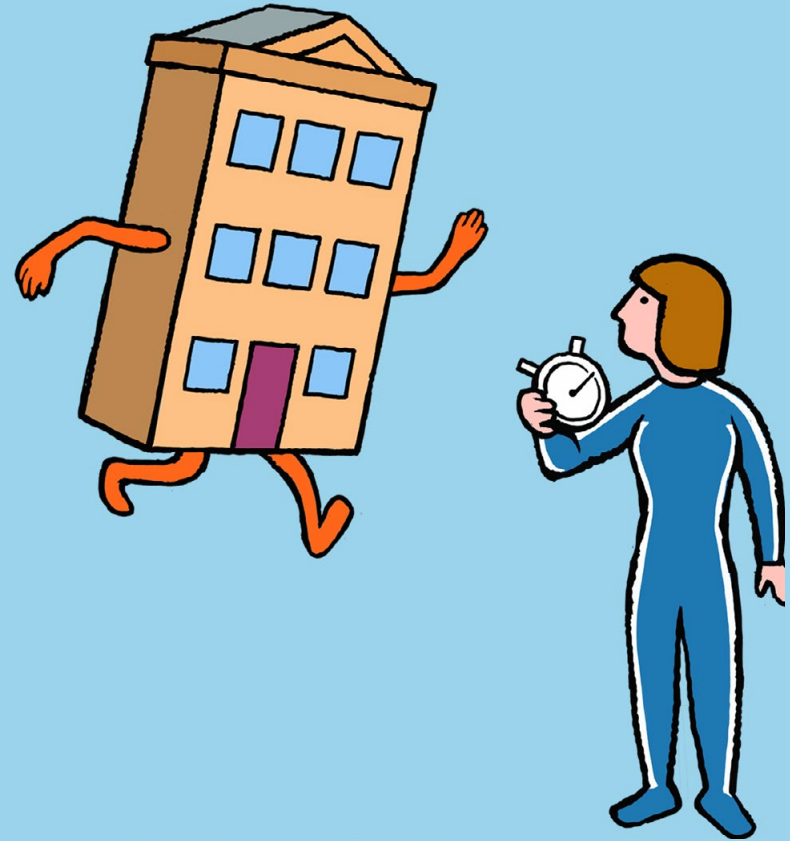


Pictured: ChemoMetec's XcytoMatic® 30 (XM30), an automated cell-counting and analysis instrument used in cell therapy production. ChemoMetec is a current Better World Fund holding as at 30 June 2026. Tecan Group is a former holding, sold prior to this reporting period. Impact engagement, Montanaro Asset Management. Quote provided by ChemoMetec. People Theme – Healthcare.

Collaborations

	Principles for Responsible Investment (PRI)	2009		Tobacco Free Portfolios Finance Pledge	2022
	UK Stewardship Code	2010		Investor Coalition on Food Policy	2023
	Carbon Disclosure Project (CDP)	2015		UK Sustainable Investment and Finance Association (UKSIF)	2023
	LGPS Code of Transparency	2017		GFANZ (Glasgow Financial Alliance for Net Zero)	2021
	Farm Animal Investment Risk and Return (FAIRR)	2019		ShareAction	2023
	Net Zero Asset Managers Initiative (NZAM)	2020		Business Coalition for a Global Plastics Treaty	2023
	Living Wage Accreditation	2022		Taskforce on Nature-related Financial Disclosures (TNFD)	2023

Impact measurement & reporting



Portfolio breakdown by theme

People

16% Well-being

17% Nutrition

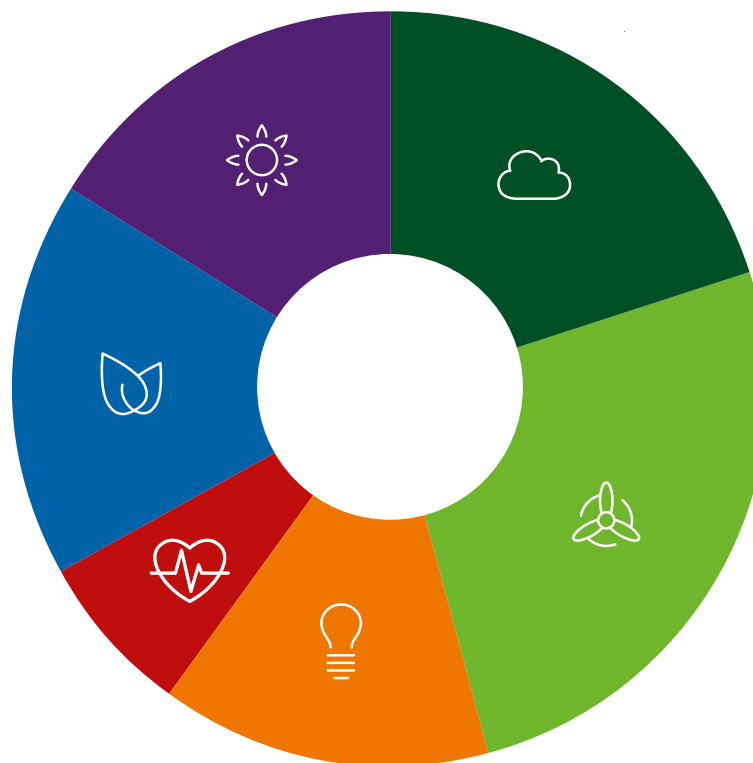
7% Healthcare

Planet

Environmental Protection **20%**

Green Economy **26%**

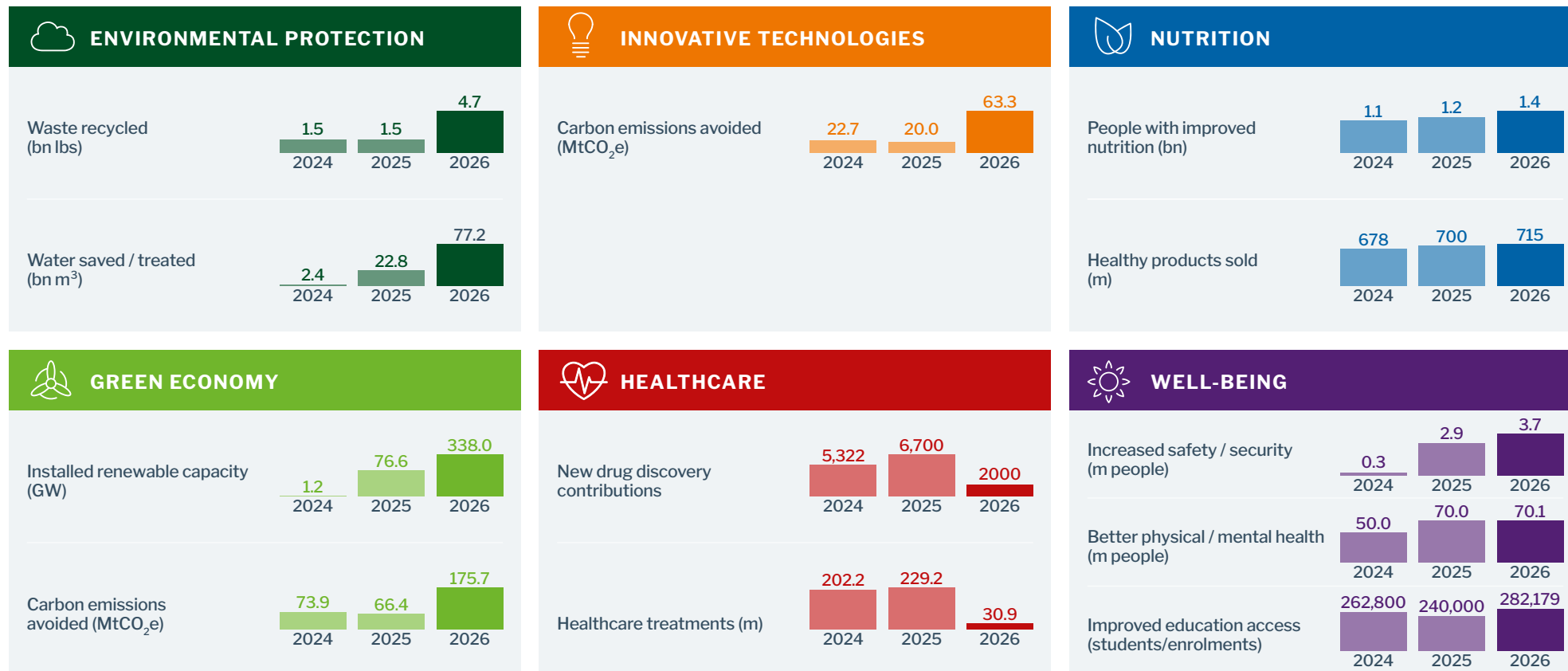
Innovative Technologies **14%**



Data as of 30 June 2026. Figures may not add up to 100% due to rounding.

Our impact by theme

Impact exposure diversified away from healthcare and towards environmental themes during the year.



Montanaro Asset Management, portfolio impact data to 30 June 2026. Figures are portfolio-aggregated. Year-on-year changes reflect both underlying company progress and changes in portfolio composition, including the addition of new holdings and the selling of previously held companies. Healthcare saw a steep reduction in 2026 as portfolio and impact diversification was increased.

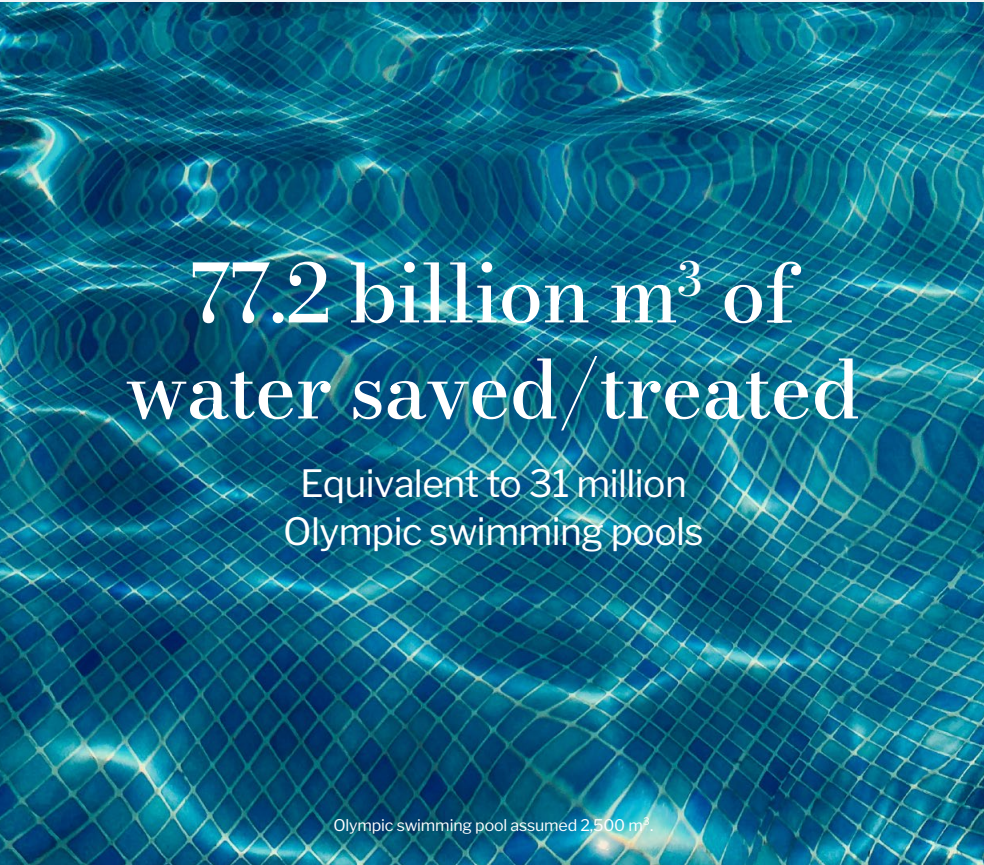
Environmental Protection



4.7 billion lbs
of recycled waste

Equivalent to 335 football pitches'
worth of compacted waste

Football pitch assumed 7,140 m² and compacted landfill waste 1,500 lbs per cubic yard.



77.2 billion m³ of
water saved/treated

Equivalent to 31 million
Olympic swimming pools

Olympic swimming pool assumed 2,500 m³.

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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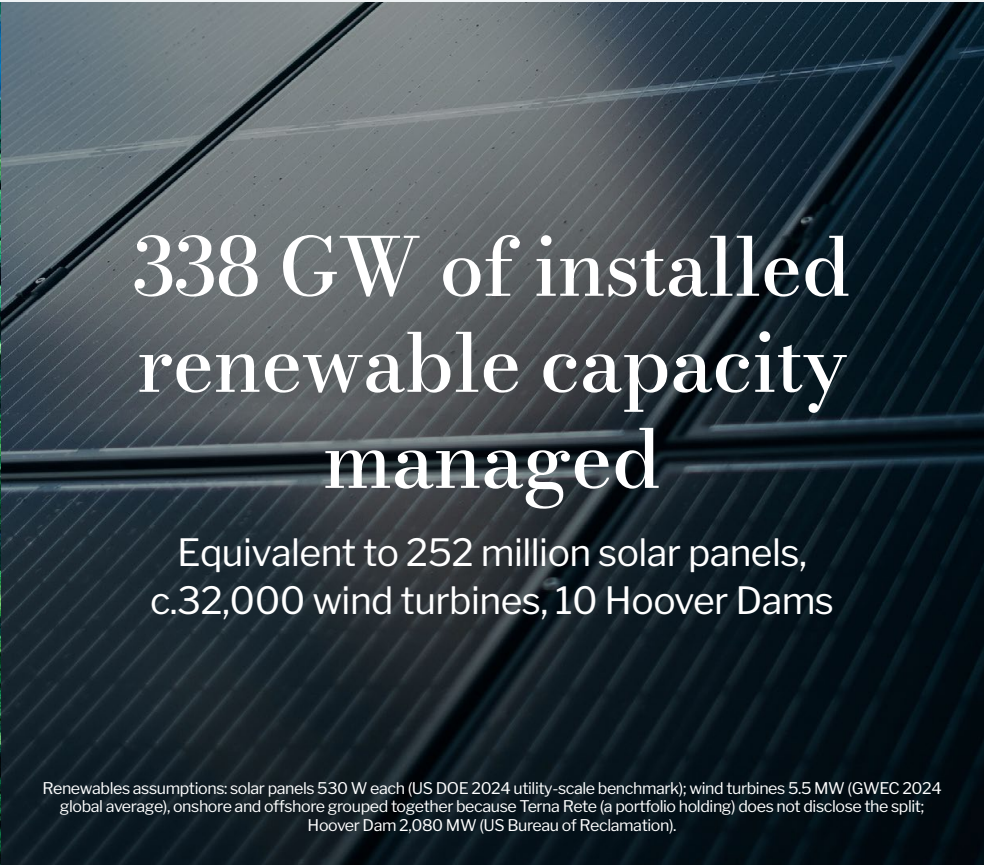
MONTANARO

Green Economy & Innovative Technologies



239 million tonnes
of CO₂ emissions
avoided (MtCO₂e)

Equivalent to 3.95 billion tree seedlings
grown for 10 years



338 GW of installed
renewable capacity
managed

Equivalent to 252 million solar panels,
c.32,000 wind turbines, 10 Hoover Dams

Renewables assumptions: solar panels 530 W each (US DOE 2024 utility-scale benchmark); wind turbines 5.5 MW (GWEC 2024 global average), onshore and offshore grouped together because Terna Rete (a portfolio holding) does not disclose the split; Hoover Dam 2,080 MW (US Bureau of Reclamation).

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

Healthcare



2,000 contributions to
new drug discovery

Including clinical trials supported using portfolio
companies' technology



30.9 million
healthcare treatments

Including patients treated and protected during
care by portfolio companies' products

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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Well-being



70 million people
exercising regularly

Advocating exercise as powerful preventative
medicine to reduce disease risk



282,000 students
enrolled

Supporting educational progress and access

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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Nutrition



1.4 billion people with improved nutrition

Over 17% of the world's population with better nutrition

People with improved nutrition; people reached annually with products that provide essential science-based nutrients and food ingredient solutions for global health and nutrition.



715 million doses of healthy products sold

Equivalent to almost 2 million doses every day

Healthy products include those that support gut and immune health to improve overall well-being.

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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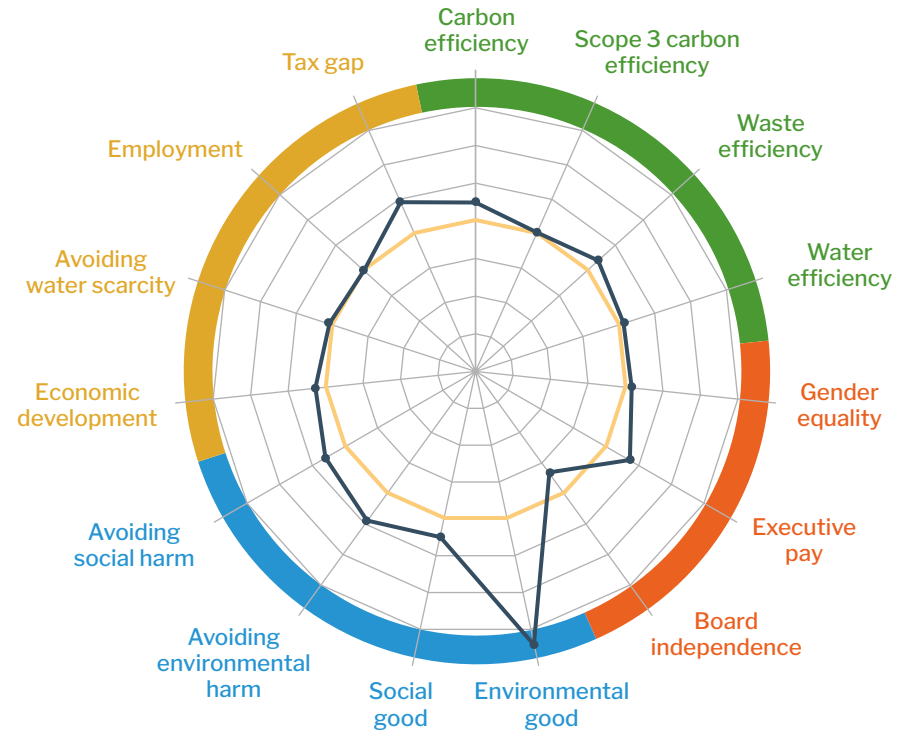
Independent assessment (by Impact Cubed)

Impact Cubed assesses the Fund against 15 sustainability metrics relative to a Global Markets Small & MidCap benchmark.

The Fund scores particularly well in the “Environmental Good” and “Social Good” categories, reflecting its strong impact orientation.

Impact Cubed normalises operational and revenue-based sustainability data to allow for like-for-like comparison with the benchmark.

The Fund ranks in the top quartile for impact performance relative to its portfolio peers.



UN SDG alignment

Impact Cubed assesses the Fund's alignment with the UN SDGs. They consider a company's revenues (products and services) to determine how well they are aligned with the goals.

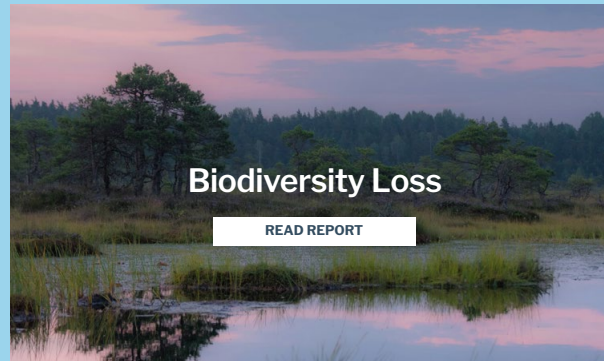
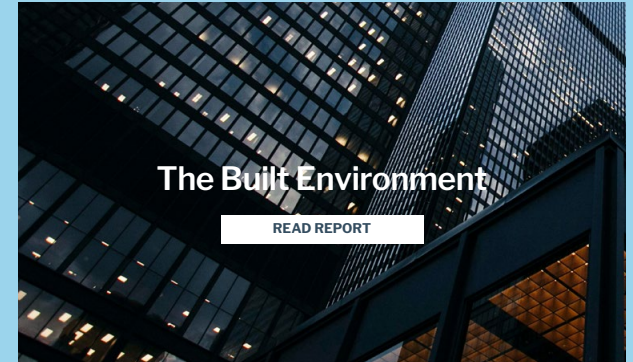
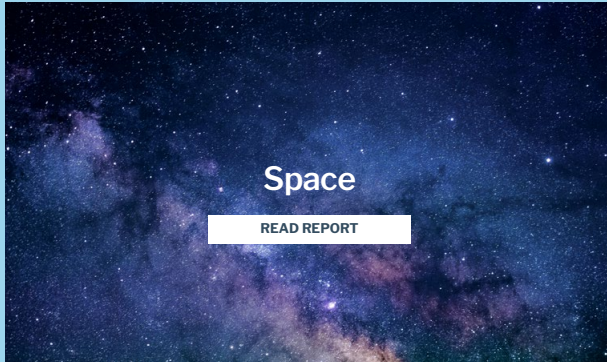
If the Fund falls outside the Global Developed SMidCap benchmark (the red dotted circle in the middle of the spider chart), it is outperforming.

According to Impact Cubed, the Better World Fund is strongly aligned with the objectives of the UN SDGs.



Deep Dive reports

Our Investment Team produces "Deep Dive" reports into sustainable topics that affect many of the companies in which we invest.



Sustainability in space

As space attracts growing investor attention, we put together a Space Deep Dive. It examines both the sustainability and ethical questions space raises and how space technology already supports sustainable development on Earth.

The growing issue of orbital debris

More than 11,400 active satellites now share orbit with over 20,000 tracked fragments larger than 10 cm, and in 2022 only 55% of satellites met post-mission disposal guidelines. Managing this congestion is central to keeping orbit usable.

MONTANARO
ASSET MANAGEMENT

SPACE: THE NEXT INVESTABLE FRONTIER?

A MONTANARO DEEP DIVE INVESTIGATION

Montanaro, "Space: The Next Investable Frontier" (2025), drawing on the Secure World Foundation and Satellite Today.

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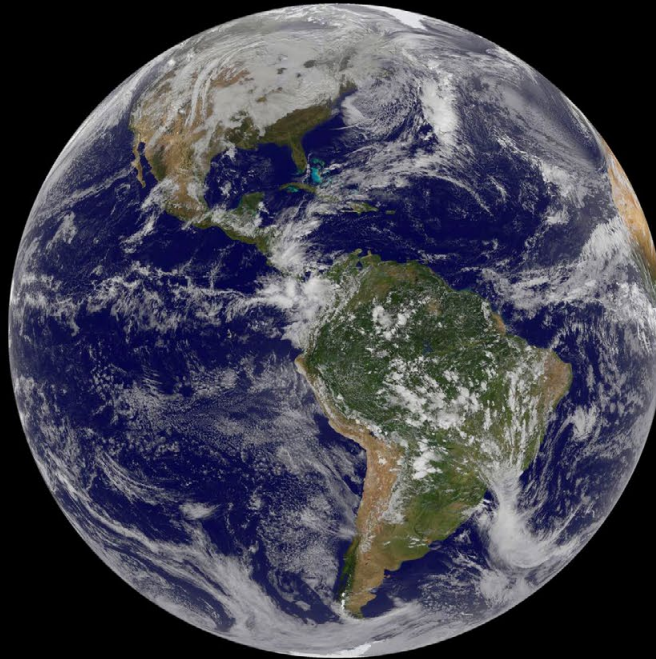
How space supports life on Earth

ENVIRONMENTAL MONITORING

Earth-observation satellites track deforestation, carbon and methane emissions and illegal fishing, and feed early-warning systems for floods, wildfires and drought.

CONNECTIVITY AND INCLUSION

Satellite networks bring internet access, telemedicine and remote education to underserved regions. They also support financial inclusion and emergency communications where terrestrial networks cannot reach.



FOOD, ENERGY AND RESOURCES

Satellite data helps optimise irrigation, improve crop yields and food security, position solar and wind farms, forecast renewable output and detect methane and oil leaks.

FRONTIER APPLICATIONS

Further ahead lies the potential for space-based solar power beaming clean energy to Earth, microgravity research into new therapies and materials, and asteroid mining that could ease pressure on Earth's resources.

Montanaro, "Space: The Next Investable Frontier" (2025) & NASA, Earth observation image.

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MDA Space

A Canadian company founded in 1969, MDA Space builds satellite systems, space robotics and Earth-observation hardware. Its radar imaging supports maritime surveillance against illegal fishing, climate and disaster monitoring, and conservation and land-use tracking. Its in-orbit servicing robotics extend satellite life and help tackle the very debris that threatens orbit.

450
missions supported¹



¹ MDA Annual Report 2024.

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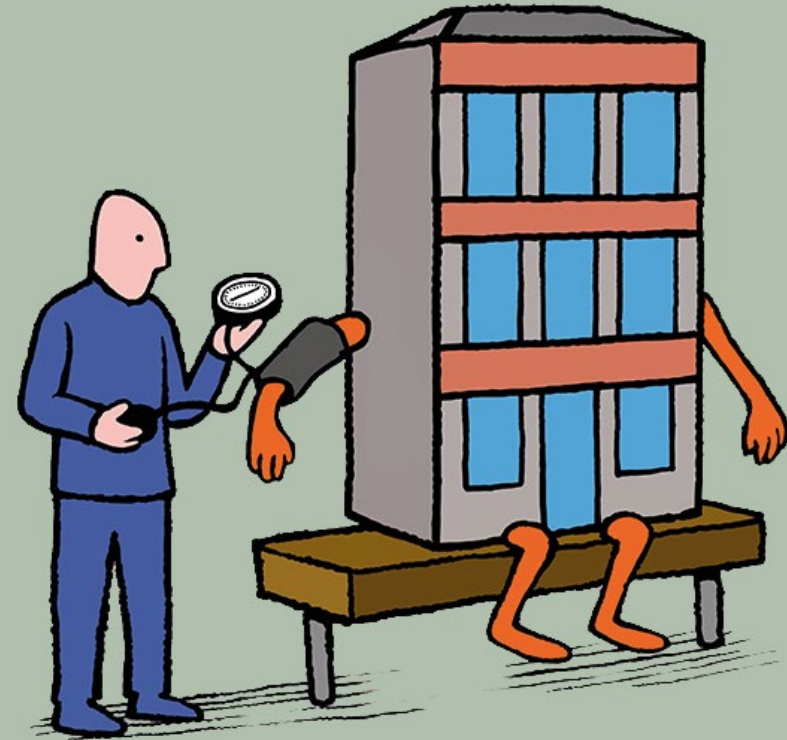
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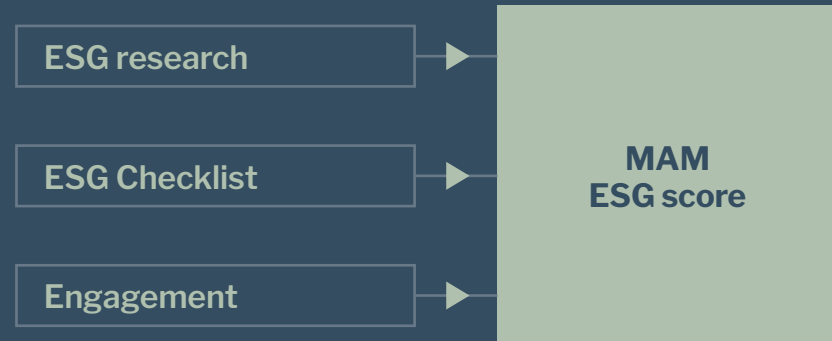
ESG



ESG Checklist

ESG forms a key part of how we assess the Quality of a business. Analysts complete the Montanaro ESG Checklist, which combines our own research with public data to assess a company's ESG calibre, risks and opportunities.

- **Environment:** Climate targets; Carbon emissions; Water; Waste; and Biodiversity
- **Social:** Diversity; Labour practices; Policies; Tax; and Supply chain
- **Governance:** Board composition; Insider ownership; Executive remuneration; Committees; Stakeholders; Ethics; ESG culture and Controversies



Identifying ESG & Impact Leaders

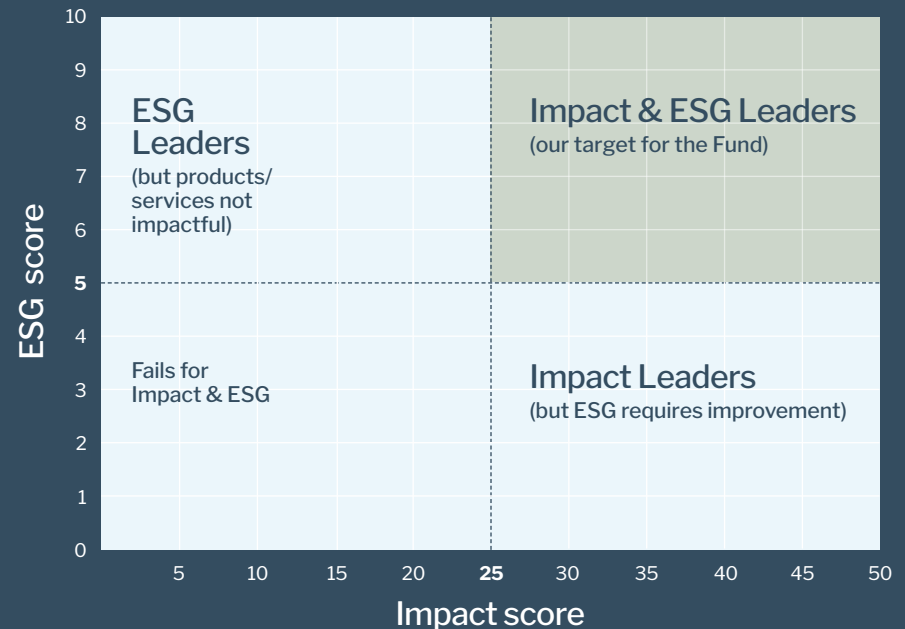
Our Investment Team has developed an “Impact Score” for each company, helping us to better assess the spectrum of impact across the Fund.

Companies are scored for impact based on our defined criteria. A company must have an impact score of at least 25 out of 50 in order to pass.

Using our bespoke ESG Checklists, we analyse companies across numerous metrics and calculate a score out of 10. Companies must have a score of at least 5 in order to pass.

We look for leaders in both ESG and Impact.

We invest in Impact & ESG leaders



Impact & ESG scores

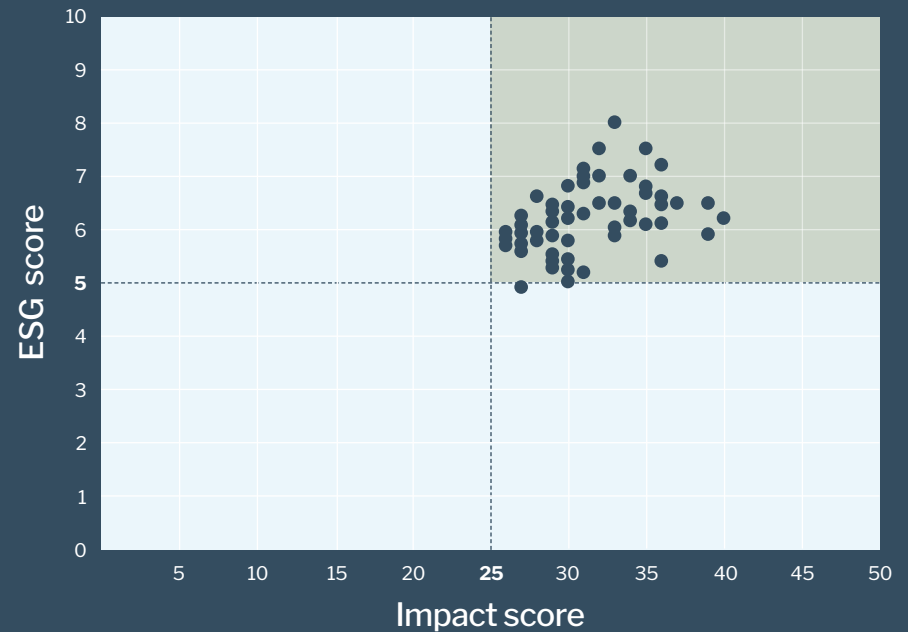
Companies creating positive impact are positioned for long-term growth, while strong ESG practices reflect high-quality businesses with effective risk management.

This chart shows how the ESG scores of Better World Fund holdings align with our internal impact assessments.

Each dot represents an investment meeting our rigorous standards.

We only invest in companies that deliver meaningful impact and demonstrate robust ESG performance, though we will support those committed to improving through active engagement.

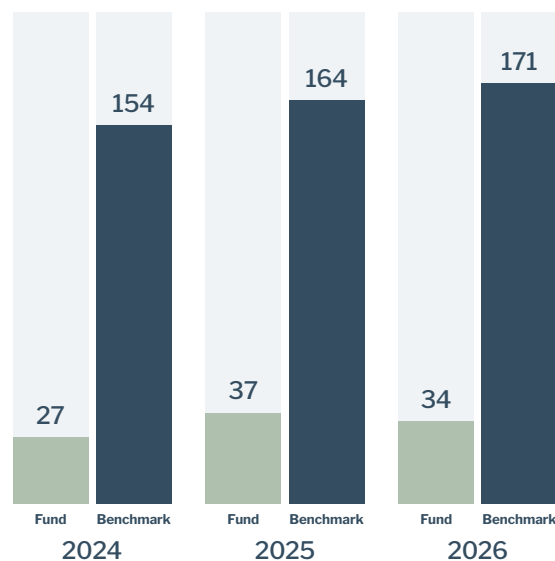
ESG scores versus Impact scores



Environmental metrics

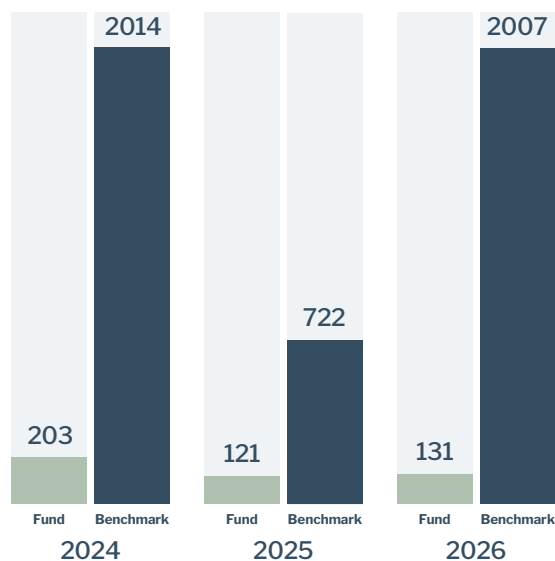
Carbon intensity

Scope 1+2 Intensity (t/US\$ million sales)



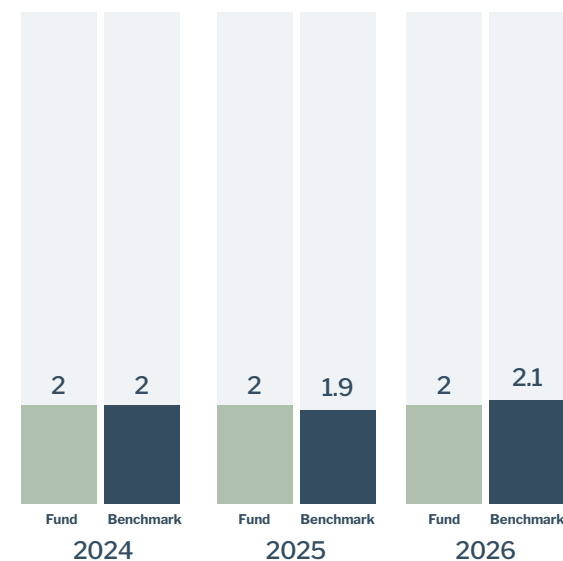
Water intensity

(cubic metres per US\$ 1M revenue)



Biodiversity & land use

(score 0-10. 10 = highest exposure; 0 = lowest)

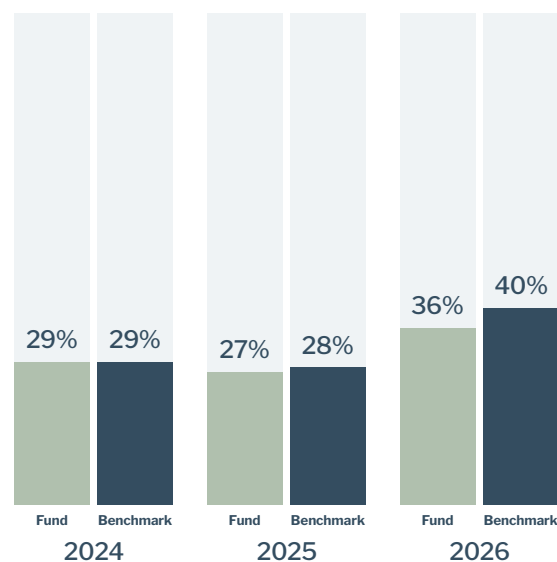


MSCI: Environmental intensity figures are weighted averages based on the latest available company disclosures. MSCI's Biodiversity score combines a 0-10 Business Score with a +50% Geographic multiplier, yielding a final score on the same 0-10 scale.

Social and governance metrics

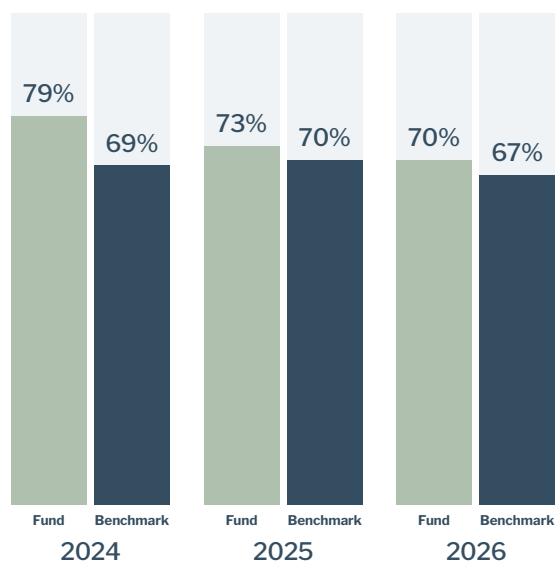
Gender equality

(women on boards and in top management)



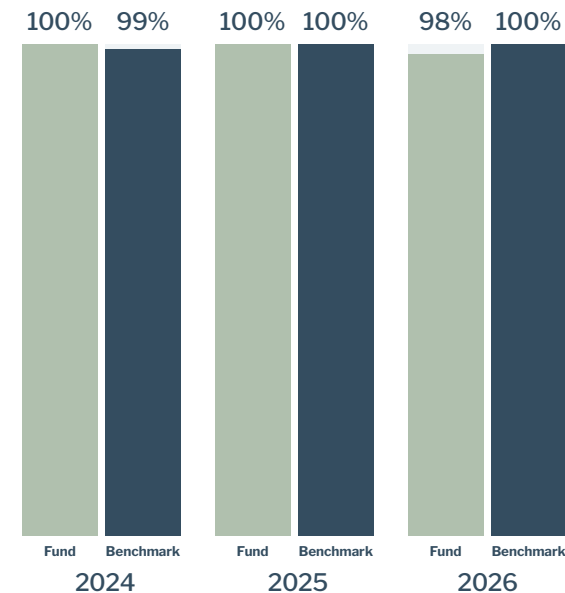
Board independence

(percentage of independent board members)



Business ethics

(percentage of companies with an anti-bribery policy)



The MSCI World Small & MidCap index has been adopted as the benchmark for ESG metrics to ensure consistency and relevance. This index provides an appropriate comparison for our portfolio because it focuses on companies of similar size. Specific benchmark figures for % Women in Management, Anti-Bribery Ethics Policy and % Independent Directors refer only to Europe. The figures reported are as of 30th June each year.

Diversity, equity & inclusion (DEI)



Our approach

DEI forms part of the Social pillar in our ESG checklist. We consider a company's current approach, the steps it is taking to promote DEI and how well it can evidence progress. We look for disclosed data, clear goals and improvement over time.

Assessment in practice

We consider the representation of women on the board, in senior management and across the wider workforce, alongside diversity more broadly across ethnicity, age and background. We also want to see policies that tackle discrimination and evidence of an inclusive culture.

Stewardship in action

We use our vote, engage companies directly and take part in collaborative initiatives. One example is a ShareAction research project on workforce diversity, which we contributed to.

Visional

Visional is a Japanese HR-technology company. It addresses structural inefficiencies in Japan's labour market: low job mobility, a significant skills mismatch and a rapidly shrinking working-age population.

Its platforms, including BizReach and HRMOS, match talent to opportunity more efficiently, add labour-market flexibility and improve career visibility. This enables greater workforce participation, particularly for women, supports career mobility and re-entry, and can help reduce gender inequality and pay gaps over time.

52.9%
of women changing jobs
secured a 10%+ pay rise
(2024)

4.4x
female members with
management experience
vs 2019

Engagement

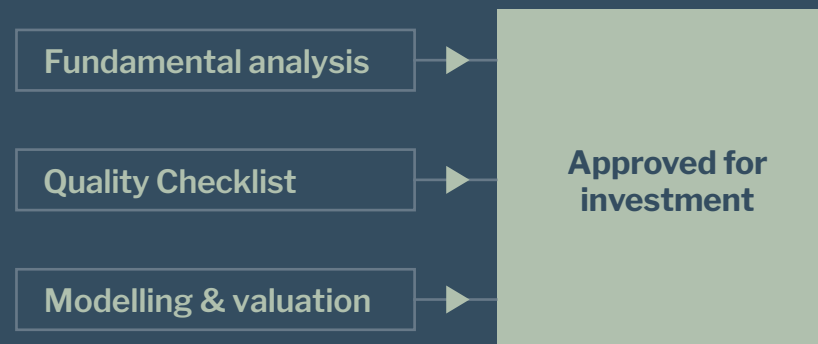
Visional shared encouraging platform data and remains open to dialogue as we encourage regular reporting of these measures over time.

Quality Checklist

Every company we invest in must meet the “Montanaro Quality” threshold. This helps us to avoid the trap of investing in “concept stocks” that sound impactful but have little hope of delivering an attractive return to investors.

Our due diligence process includes:

- **Quality Checklist:** our “pre-flight” checklist, designed to assess the quality of a company
- **Financial model:** a proprietary model to understand the business drivers
- **Meetings:** with management and site visits
- **Valuation:** valuing future cash flows





Where impact, growth and quality meet

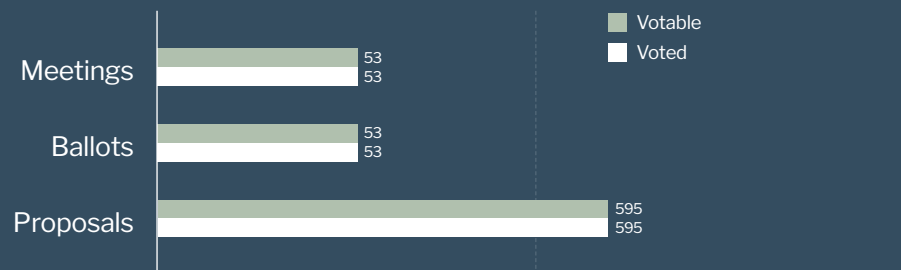
Stewardship: using your vote

We voted at 53 meetings in the 12 months to the end of June 2026, representing 100% of votable meetings over the period.

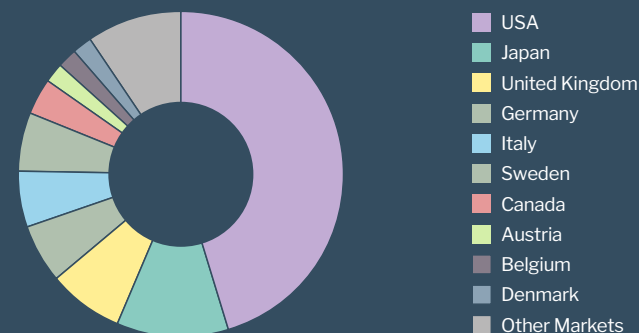
Voting was 94% aligned with management recommendations. Votes against management recommendations, votes withheld and abstentions related almost entirely to governance matters, including director elections and executive remuneration.

Where we were considering dissent, we sought to engage with the company ahead of the meeting to communicate our concerns and understand the context.

Voting statistics



Meetings voted by market



Source: ISS

Ethical exclusions

Fossil fuels



Controversial weapons



Tobacco



High-interest rate lending



Alcohol



Gambling



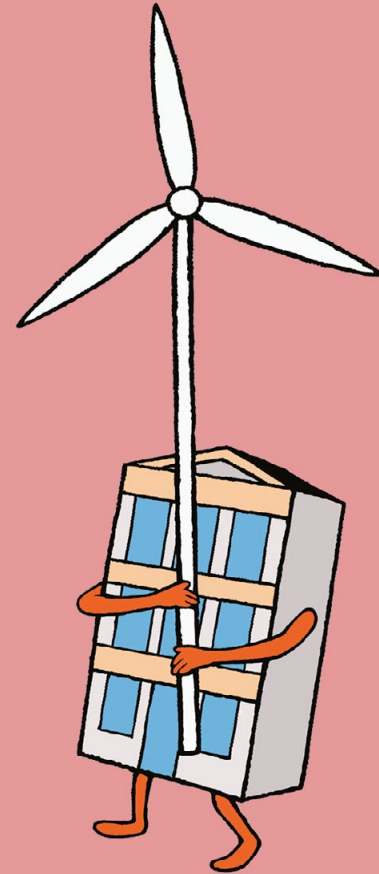
Pornography



Animal testing
(ex Healthcare & Regulatory)



Climate action



A year of wildfires, floods and drought

**The last three years were the warmest ever recorded¹.
The evidence has moved out of the models and into the fires, floods and heat of the past year.**

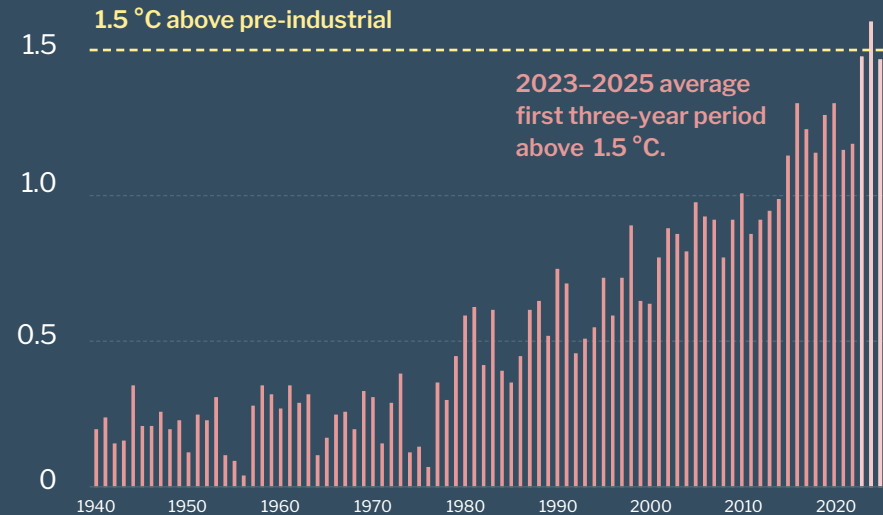
In 2025, wildfires swept across southern Europe, burning the largest area on record². Record heatwaves reached inside the Arctic Circle², while Canada and California faced wildfires, and much of Asia severe storms.

2026 has offered little respite: western Europe has just recorded its hottest June and July on record. This quarter, one in ten European companies mentioned extreme heat, wildfires or drought, the highest on record³.

This is the world in which we invest and the reason climate action sits at the heart of the Better World Fund.

Global surface temperature above pre-industrial period

Annual average, 1940–2025 (°C). The 2023–2025 average was the first three-year period above 1.5°C. The eleven warmest years on record are the last eleven.



¹ Copernicus, Global Climate Highlights 2025. ² Copernicus/ECMWF & WMO, European State of the Climate 2025. ³ Financial Times, "European companies count the costs and gains of extreme heat" (16 August 2026); data via AlphaSense.

Chart: ERA5 (C3S/ECMWF) via Met Office Climate Dashboard, Open Government Licence. Anomaly relative to the 1850–1900 pre-industrial period.



“One in 10 European companies mentioned extreme heat, wildfires or drought this quarter.”

Financial Times, "European companies count the costs and gains of extreme heat" (August 2026); data via AlphaSense. Share of European companies over \$1bn market cap.

Investing in climate adaptation

Adapting to a changing climate is becoming essential to protect critical infrastructure and limit the escalating costs of climate-related disruption.

The European Environment Agency estimates that weather and climate extremes caused €822 billion in asset losses in the EU between 1980 and 2024, with a quarter of that total incurred since 2021¹.

The case for acting early is compelling. In the US, every \$1 invested in disaster mitigation saves around \$6 in avoided losses. For utilities including water, transport and power, resilience upgrades typically return around \$4 for every \$1 spent and as much as \$31 in some cases².

The Better World Fund invests in the companies supplying the tools that make this resilience possible.

Our portfolio companies that are helping to build resilience

Advanced Drainage Systems

Stormwater and drainage systems that protect communities from flooding.

Bentley Systems

Engineering and digital twin software that helps predict and prevent infrastructure failures.

Badger Meter

Smart water monitoring that cuts loss and builds resilience.

¹ European Environment Agency, Economic losses from weather- and climate-related extremes in Europe (October 2025). ² National Institute of Building Sciences, "Mitigation Saves" (summary overview), US, 2020



“Adaptation is not only the right thing to do, it is also the smart thing to do to boost economic growth and create a climate-resilient world.”

Ban Ki-moon, Global Commission on Adaptation, Adapt Now (2019).

Our climate goals and progress made

Our goal is to reduce portfolio emissions by 100% by 2050, with a 50% reduction by 2030 relative to the 2019 base level.

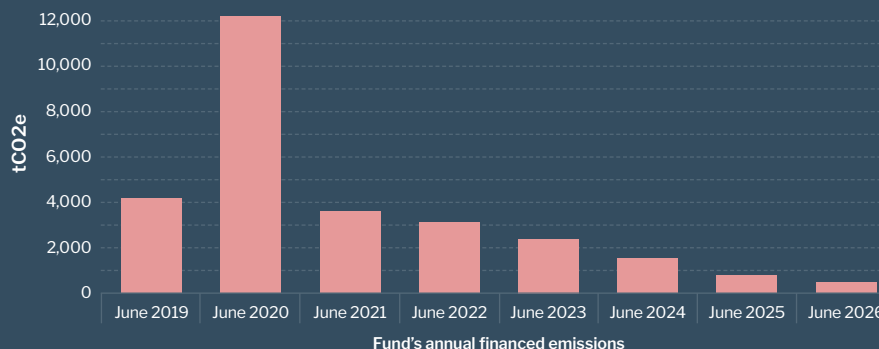
We are aiming for 100% of our portfolio companies to have set science-based targets by 2040.

The Better World Fund has reduced its financed Scope 1 and 2 emissions by 88% between June 2019 and June 2026, from 4,116 to 482 tCO₂e.

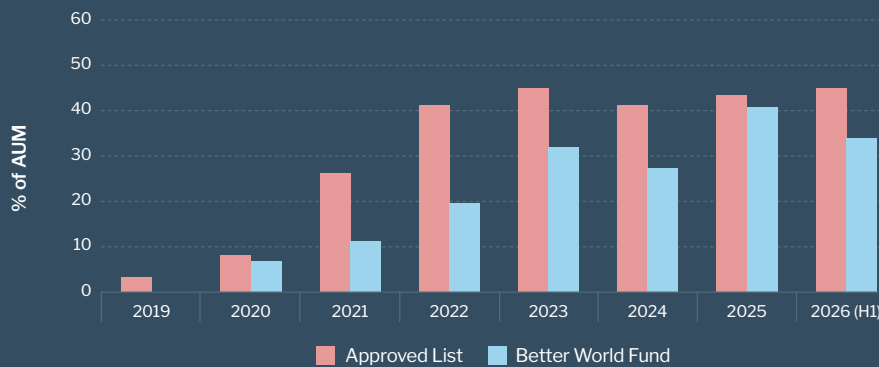
This is well ahead of our interim target of reducing emissions by 50% by 2030.

Montanaro's wider engagement is driving momentum: SBTi* commitments across all our Funds have climbed from just 3.4% in 2019 to 43.4% in 2025 and increased to 44.5% in H1 2026. This reflects a broader share of holdings now operating under credible decarbonisation pathways.

BWF financed Scope 1 & 2 emissions (30 June snapshots)

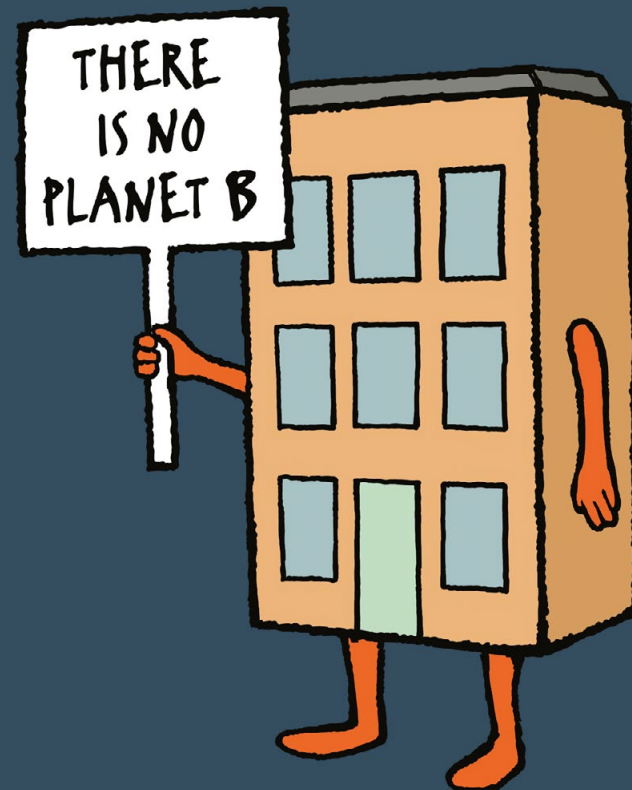


SBTi alignment (% of AUM)



*The SBTi (Science Based Targets initiative) validates corporate emissions targets as consistent with limiting global warming to 1.5°C, in line with the Paris Agreement.

Montanaro



About us

MAM researches and invests exclusively in global, quoted Small & MidCap equities. We were founded in London by Charles Montanaro in 1991.

We remain a privately owned boutique known for our family culture. Based on Threadneedle Street close to the Bank of England, we have been described as “an Oasis in the City”.

We aim to deliver attractive investment returns and outstanding service to our clients. We work with recognised leaders in responsible investment.

Sustainable investing is at the heart of our company. We introduced our first ethical restrictions in the 1990s. ESG has been integrated into our “Quality Growth” investment process for over two decades.

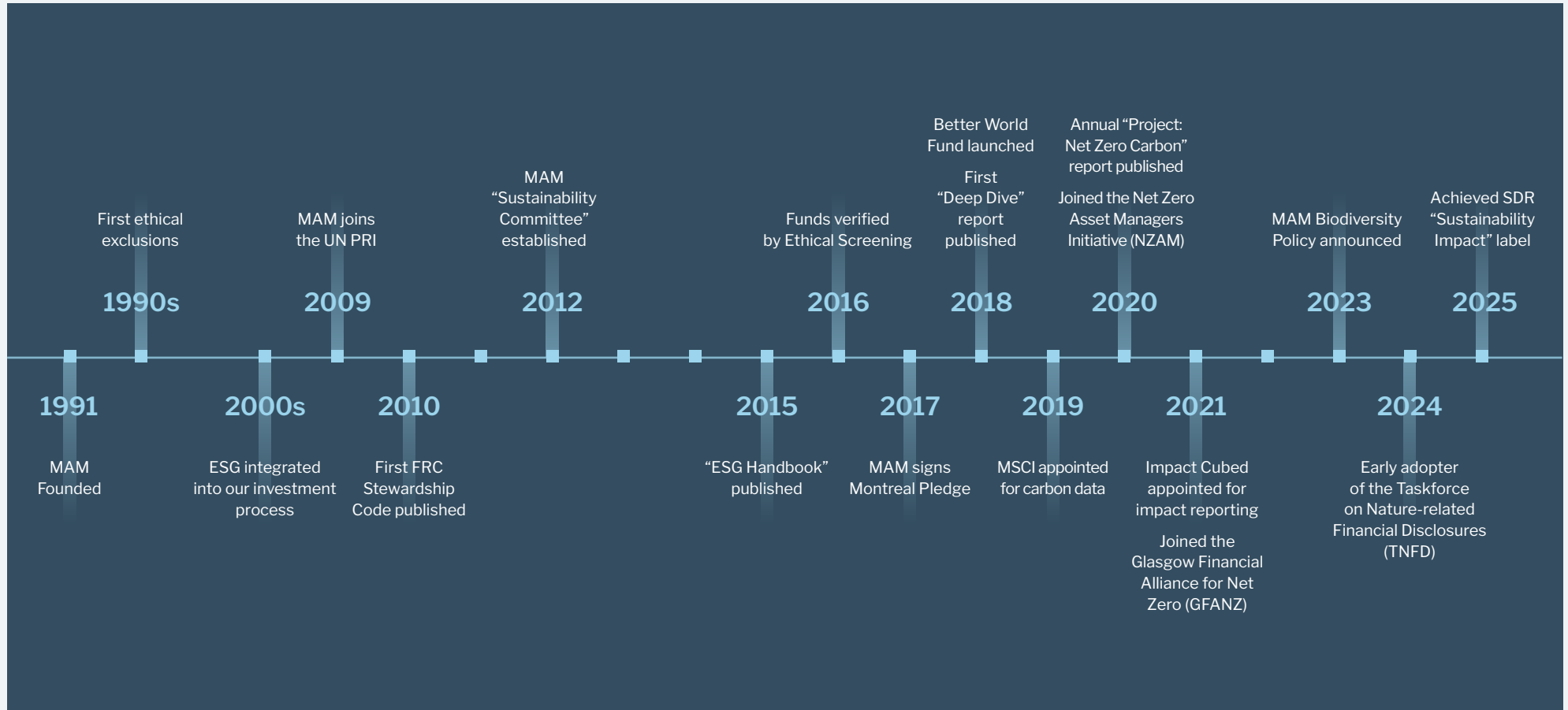
In 2025, Montanaro was named "Sustainable Investment Fund Management Group of the Year (AUM under £20bn)" at the Investment Week Sustainable Investment Awards and

awarded “Best Impact Report” by Pensions for Purpose. We have also won awards including “ESG Champion of the Year” by the Financial Times & Investors’ Chronicle in 2023 & 2024, and Best ESG Global Equity fund by MainStreet Partners.

Ed Heaven served on the board of the UK Sustainable Investment & Finance Association (UKSIF) from 2023 to 2026. UKSIF represents financial services firms managing over £19 trillion in assets under management (AUM) to advance sustainable finance.

As of 30 June 2026, we looked after £2 billion of assets for our clients.

Our sustainability journey



Sustainability library

One of the ways we champion sustainability is through thought leadership publications for our clients. MAM produces content that showcases our expertise in sustainable investing.

This includes our research Deep Dives on topics such as supply chains and renewable energy; blogs on topics such as ESG integration and sustainability trends; impact reports; and our ESG Handbook. These can be found on our website: www.montanaro.co.uk

[Sustainability Library](#)

[Deep Dive reports](#)

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