

## Better World Fund (£)

31 December 2019

Open Ended

### Fund Objective

The Fund will seek to invest in high quality companies whose products, services or behaviour are deemed to make a positive impact on society and which emphasise sound environmental, social and governance (ESG) practices. In particular, the Investment Manager will seek to identify profitable and well managed businesses operating in markets that offer attractive structural growth opportunities. The Fund may not invest in companies with material revenue exposure to the manufacturing or supply of weapons, tobacco, gambling, adult entertainment, alcohol, exploration and production oil & coal companies, or any other areas deemed not to meet the Investment Manager's ethical standards.

### Performance

	YTD	1M	3M	6M	12M	3Y	5Y	Launch
Fund (TR)‡	29.8%	1.6%	4.5%	2.2%	29.8%			24.9%
MSCI World (TR)*	22.7%	0.6%	1.0%	4.9%	22.7%			24.8%
MSCI W. SMid (TR)*	21.9%	0.4%	1.2%	4.0%	21.9%			17.0%
Fund	29.5%	1.6%	4.5%	2.2%	29.5%			24.6%
MSCI World*	20.4%	0.5%	0.6%	4.0%	20.4%			20.7%
MSCI W. SMid*	19.9%	0.3%	0.9%	3.3%	19.9%			13.7%

### Cumulative Performance Since Inception



### Calendar Year Returns



Source: Montanaro, Bloomberg. NAV to NAV, unrounded.

‡ Dividends reinvested at ex-date.

\*Please note the MSCI World & MSCI World SMid indexes are shown for comparison purposes only.

### About Montanaro

Montanaro, an independent specialist asset manager, was established in 1991 to research and invest in quoted Small & MidCap companies. Funds under management are currently £2.7 billion.

### Fund Facts

Co-Fund Managers	Charles Montanaro Mark Rogers
Contact	Ed Heaven
Fund Launch	10 April 2018
Currency	GBP
Class	Distribution
IA Sector	Global
Benchmark	None
Ticker	MONBWFG ID
ISIN	IE00BYWFFF02
Sedol	BYWFFF0
Net Assets	£161 million
NAV	£1.246
No. of Holdings	50
Median Mkt Cap	£3618 million
Cash	1.3%
Legal Status	Irish OEIC
Listing	Irish Stock Exchange
Valuation Time	Daily 4pm Dublin time
Minimum Investment	£1,000
Dealing Time	12pm Dublin time
Dividend Date	Expected Q1
Management Fee	Annual 0.85%
Authorised for marketing in	Ireland, UK, Iceland, Sweden, Finland, France, Netherlands, Italy
Fund ESG Score	6.4

The Fund ESG Score is the weighted average of Montanaro's proprietary company ESG Checklist scores (0-10; 10 is best).

### Ratings



Montanaro is signatory to:



### Important Information

All investments are subject to risk and the value of shares and the income from them can fall as well as rise due to stock market and currency movements. You may not get back as much as you originally invested.

Custodian, Fund Administrator and Subscriptions – Contact BNY MELLON  
 Tel: +353 1 900 6140 Fax: +353 1 900 6141 Email: MontanaroTA@bnymellon.com

Montanaro Asset Management Limited, 53 Threadneedle Street, London, EC2R 8AR

Tel: 020 7448 8600

Fax: 020 7448 8601

www.montanaro.co.uk

enquiries@montanaro.co.uk

**Top 10 Holdings**

Sartorius Stedim Biotech	3.5%
Ansys Inc	3.3%
Waters Corp	3.3%
Halma	3.3%
Qualys Inc	3.1%
Nemetschek	3.1%
Ryman Healthcare	3.1%
Cochlear Ltd	3.0%
Amplifon	2.7%
Belimo Holding	2.6%
	<b>30.9%</b>

**Risk Analysis**

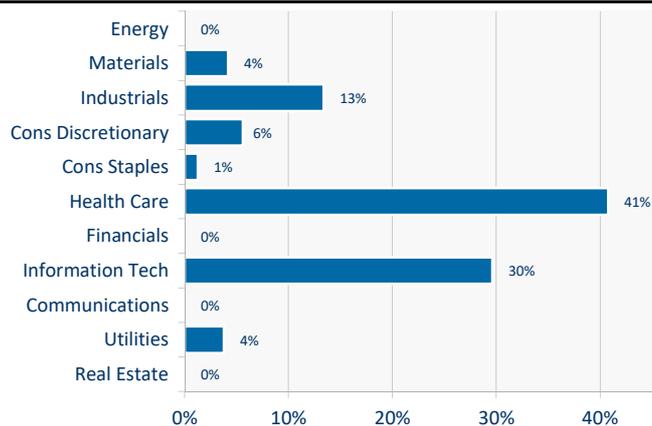
Insufficient data available for Risk Analysis

**Portfolio Analysis**

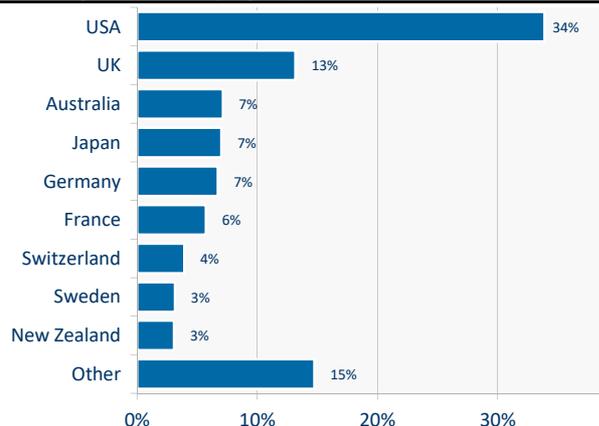
Price / Earnings 20F	30.4
EPS Growth 20F	11.6%
Dividend Yield 20F	1.0%
Dividend Growth 20F	5.6%
Return on Equity 20F	17.5%
EV/EBITDA 20F	23.3
EBIT Margin 20F	26.5%
Net Debt/Equity 20F	-11.8%

Source: Factset consensus estimates

**Sector Allocation**



**Country Allocation (Top 10)**



**Monthly Commentary**

Global equities enjoyed a strong 2019. Few investors had forecast this at the beginning of the year following the declines of 2018. Yet markets responded positively to further support from Central Banks and tepid economic data that was neither too hot nor worryingly cold. Meanwhile, the great political risks – namely the Trade War and Brexit – showed tentative signs of progress towards the end of the year.

The same could not be said of the world’s great sustainability challenges. Protestors took to the streets across the globe as the climate crisis intensified, seen most visibly in the fires which roared across so much of Australia, a country in which coal is still responsible for two-thirds of electricity generation.

In this context, the NAV of the Sterling share class increased by 1.6% in December. For the year as a whole, the NAV increased by 29.8%, a healthy outperformance of 7.9% versus the MSCI World SMidCap Index.

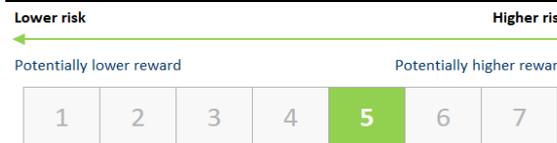
The strongest contribution during the month came from **Ryman Healthcare**, the builder and operator of retirement villages and care homes in New Zealand, which continued to perform well after the company reported a solid set of results. **SolarEdge**, the manufacturer of converters helping residential solar panels to work at maximum efficiency, benefited from increased investment into solar power generation. **Nemetschek**, the provider of design software for the architecture and construction industries, rose following strong Q3 results released at the end of October.

The weakest contribution came from **Pigeon**, the Japanese maker of baby products, which saw weaker than expected revenue growth in Japan. **Qualys**, the leader in cloud-based cybersecurity software, experienced profit taking after a strong run. **Veeva**, the leading healthcare CRM provider, softened despite a strong Q3 as investors became more concerned by the increasingly competitive dynamic in the sector.

Due to protests in Chile, the UN Climate Change Conference (COP 25) was moved at the last minute from Santiago to Madrid. At the conference, we joined fellow B Corporations to announce Montanaro’s commitment to achieving “Net Zero Carbon” by no later than 2030. We are encouraging companies within the Better World Fund to also commit to achieving this goal. We look forward to developing this in the build up to the next UN Summit, which will take place in Glasgow in November (COP 26).

Commentators are busy gazing into their crystal balls attempting to predict what the New Year has in store for investors. History suggests that this is a difficult task. We do not spend time trying to make such predictions. Macro events that influence markets, such as those currently taking place in Iran and Iraq, sit outside our sphere of competence and are virtually impossible to predict. Rather, we spend our time meeting and listening to our companies. In our experience, this is where we can begin to understand which businesses are leading the change towards a more sustainable world. It is this that will ultimately drive the impact and growth that is so important to the trajectory of long-term investment returns.

**Risk and Reward Profile**



These numbers rate how the Fund may perform and the risk of losing some or all of your investment. In general the potential for higher returns also implies a higher level of risk. However, the lowest category (1) does not mean a risk free investment.

This risk rating is based on historical data which may not be a reliable indication of the future risks and rewards of the fund. The risk rating of the fund may change over time.

Past performance is not a reliable indicator of future results. All investments are subject to risk and the value of shares and the income from them can fall as well as rise due to stock market and currency movements. You may not get back as much as you originally invested.

For further information please see the Risk and Reward section of the Key Investor Information Document (KIID).

**Important Information**

This report is issued monthly by Montanaro Asset Management Limited (MAM), the fund manager, who is Authorised and Regulated in the UK by the Financial Conduct Authority (FCA). It may not be copied or distributed or otherwise made available to any recipient without the express written consent of MAM.

This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (the “Act”). The material included in this report has been prepared by MAM and is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in the Fund. Such investments can only be made by completing the application forms that accompany the Fund’s Prospectus. MAM is not authorised to market directly to retail investors. Retail investors should seek independent financial advice before making any investment decisions.

Information and opinions presented in this material have been obtained or derived from sources believed by MAM to be reliable. MAM makes no representation as to their accuracy or completeness.

It is the responsibility of all users of this information to be informed and observe all applicable laws and regulations of any relevant jurisdictions where they reside.

