

Better World Fund (£)

31 December 2019

Open Ended

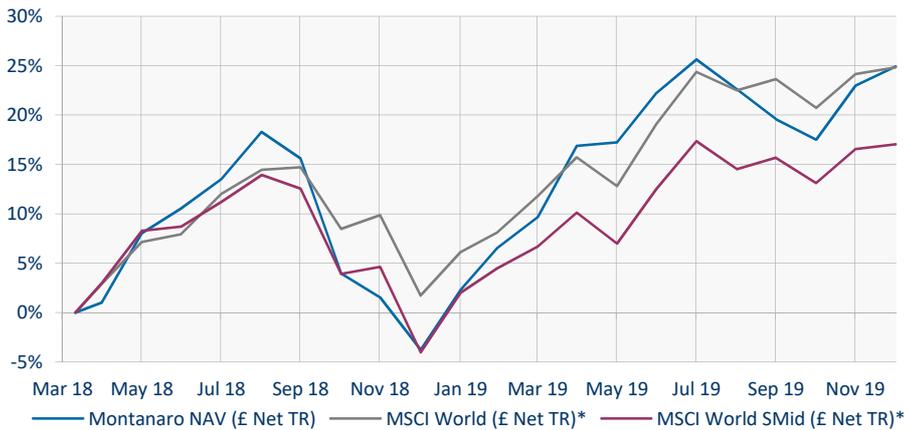
Fund Objective

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.

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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% |
| Total | 30.9% |

Risk Analysis

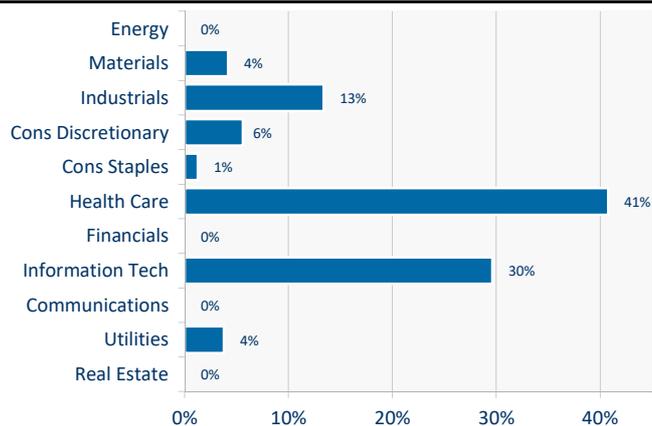
Insufficient data available for Risk Analysis

Portfolio Analysis

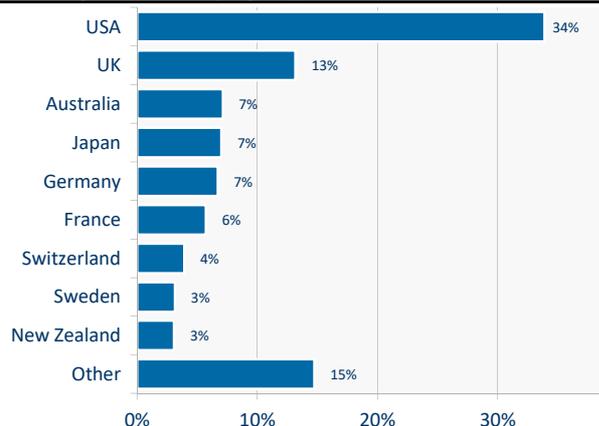
| | |
|----------------------|--------|
| Price / Earnings 20F | 30.4 |
| EPS Growth 20F | 11.6% |
| Dividend Yield 20F | 1.0% |
| Dividend Growth 20F | 5.6% |
| Return on Equity 20F | 17.5% |
| EV/EBITDA 20F | 23.3 |
| EBIT Margin 20F | 26.5% |
| Net Debt/Equity 20F | -11.8% |

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.

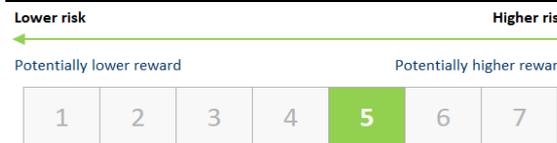
The strongest contribution during the month came from **Ryman Healthcare**, the builder and operator of retirement villages and care homes in New Zealand, which continued to perform well after the company reported a solid set of results. **SolarEdge**, the manufacturer of converters helping residential 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).

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