

Better World Fund (£)

31 May 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)‡	21.8%	0.3%	10.1%	15.4%	8.5%			17.2%
MSCI World (TR)*	10.9%	-2.5%	4.3%	2.6%	5.3%			12.8%
MSCI W. SMid (TR)*	11.4%	-2.8%	2.4%	2.2%	-1.2%			7.0%
Fund	21.6%	0.3%	9.8%	15.2%	8.3%			17.0%
MSCI World*	9.8%	-2.9%	3.5%	1.5%	3.2%			10.1%
MSCI W. SMid*	10.5%	-3.1%	1.7%	1.2%	-2.8%			4.8%

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.

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

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 £2.1 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	£142 million
NAV	£1.17
No. of Holdings	48
Median Mkt Cap	£4182 million
Cash	1.8%
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 0.50% Will increase to 0.85% from 1 January 2020
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.

Top 10 Holdings

Sartorius Stedim Biotech	3.3%
Qualys Inc	3.2%
Halma	3.2%
Medidata Solutions	3.0%
Ansys Inc	3.0%
Christian Hansen Holding	2.9%
Waters Corp	2.8%
Kingspan	2.7%
IDP Education	2.6%
Polypipe Group	2.6%
Total	29.4%

Risk Analysis

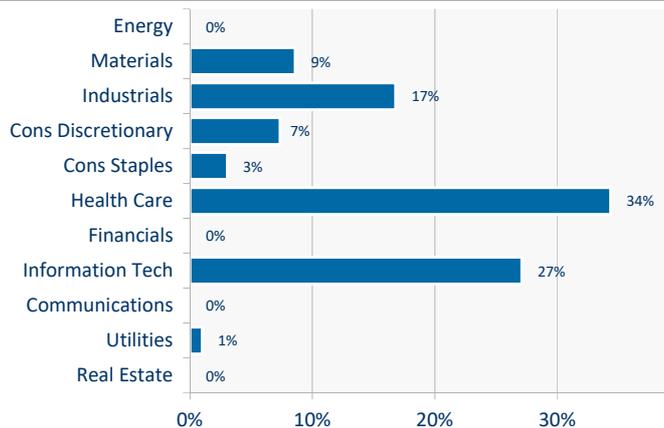
Insufficient data available for Risk Analysis

Portfolio Analysis

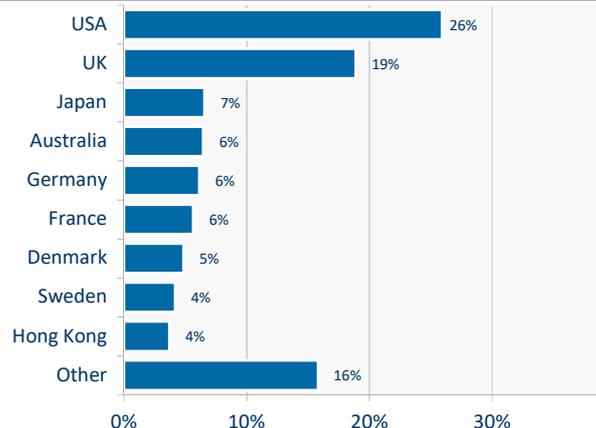
Price / Earnings 19F	29.1
EPS Growth 19F	6.1%
Dividend Yield 19F	1.3%
Dividend Growth 19F	3.6%
Return on Equity 19F	17.4%
EV/EBITDA 19F	22.9
EBIT Margin 19F	23.9%
Net Debt/Equity 19F	6.2%

Source: Factset consensus estimates

Sector Allocation



Country Allocation (Top 10)



Monthly Commentary

Politics reared its head once again in May, unsettling the market tranquillity that had prevailed in the earlier months of the year. The breakdown in trade negotiations between the US and China led to fears of a deterioration in economic conditions: lower growth; job losses; and falling consumer confidence. Meanwhile, European Parliament elections provided further evidence that Europe’s political scene is fragmenting. Certainly, the UK remains as split as ever in relation to Brexit. Given this backdrop, it was little surprise that High Quality companies continued to outperform their Low Quality counterparts.

In this context, the NAV of the sterling share class increased by 0.3% in May, while the MSCI World SMidCap Index fell by over 3% during the month.

The strongest contribution during the month came from **SolarEdge**, the manufacturer of converters helping residential solar panels to work at maximum efficiency, after investors gained more confidence in the operational strength of the business. **Amplifon**, the hearing aid retailer developing a presence in Emerging Markets, performed well with solid underlying growth from own brand products. **IDP Education**, the international education services business offering student placement, language teaching and language testing, proved resilient in choppy markets.

The weakest contribution came from **Nemetschek**, the provider of design software for the architecture and construction industries, which experienced profit taking following a very strong period of performance. **IPG Photonics**, the world leader in fibre laser technology, declined due to trade war worries. **Alarm.com**, the leading cloud-based platform for the connected home, also declined due to trade war concerns, despite a good set of results and an upgrade to 2019 revenue guidance.

One month, talks between the US and China are progressing well; the next, they are off. This encapsulates the unpredictability of politics – and the corresponding madness of making investment decisions based on such events (or President Trump’s tweets).

What has driven markets higher this year has largely been a re-rating following the correction that occurred at the end of 2018. It is unlikely that valuation expansion will play such a major role in the second half of the year. Rather, the trajectory of markets is likely to be driven by the outlook for growth and earnings. We believe that such an environment supports the case for owning Quality companies that are cash generative, with strong competitive advantages and managed by good management teams.

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.

