31 MARCH 2024

MATTIOLI WOODS FUNDS

FP MATTIOLI WOODS PROPERTY SECURITIES FUND

FUND MANAGER COMMENTARY

MARKET REVIEW

The first quarter of 2024 was generally a good one for stock markets thanks to resilient data from major economies. The US continued to lead the way as its economy was confirmed to have grown by more than expected during the final quarter of 2023. The momentum around Japanese equities also persisted, despite Japan beginning the normalisation of its monetary policy in March, while some European equity indices, such as the French CAC 40, reached new all-time highs. UK equities lagged most of their international peers over the quarter but did enjoy a rally over March following some promising signs from the UK economy. For fixed income investors, it was less of a positive period as US, UK and European markets have become less optimistic around the timing and scale of interest rate cuts this year.

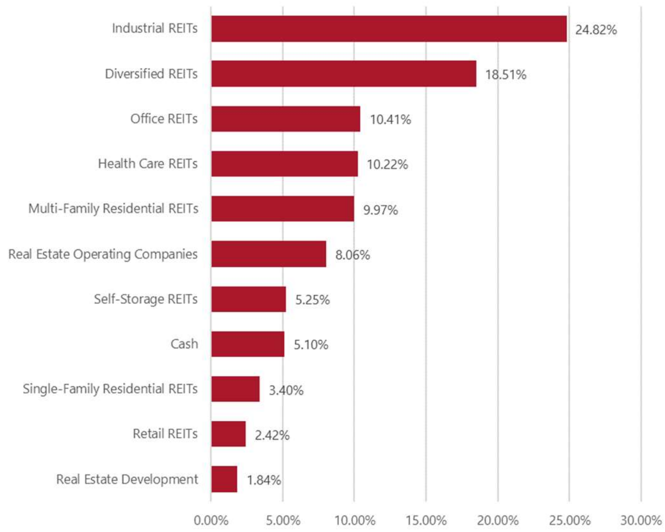
FUND REVIEW

March was a positive month for the listed property sector and reversed a large portion of the declines witnessed in January and February. The Fund delivered a return of +5.57%, though lagged the wider sector. This was predominantly due to the underweight position that the Fund has to Segro, which was up 8.83% over the period. The inflation and interest rate narrative continues to dominate the directionality of the property sector. Towards the end of the month, the Bank of England (BoE) decided to hold rates steady at 5.25% for a fifth consecutive meeting. The breakdown of the votes signalled to the market that rate increases seem unlikely at this point and cuts could be coming soon, something that could be beneficial for the property sector. A number of companies reported during the period. Tritax Big Box REIT reported its annual results, showing an increase in net rental income, which helped to support a 4% increase in the dividend. Target Healthcare REIT also issued results, which showed growth in both the level of rent received and the value of the overall portfolio. Importantly, dividend cover is much improved. Two sectors that have performed well over the past year are residential and student property. Empiric Student Property delivered 10% revenue growth and a 17% increase in earnings per share. The balance sheet remains strong and the business has a number of growth options in the pipeline. PRS REIT delivered similarly strong numbers and continues to benefit from growth in both demand and underlying rents for residential properties. Harworth has been a strong performer of late and delivered its annual results this month. The business continues to operate with minimal levels of debt and has an enviable pipeline of development land. We have watched with intrigue as a large investor has built a significant position (c.25%) in the stock.

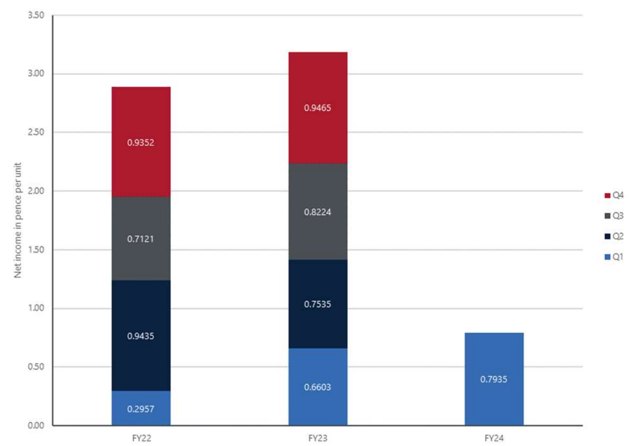
ACTIVITY

We made a number of trades during the period, to meet redemptions.

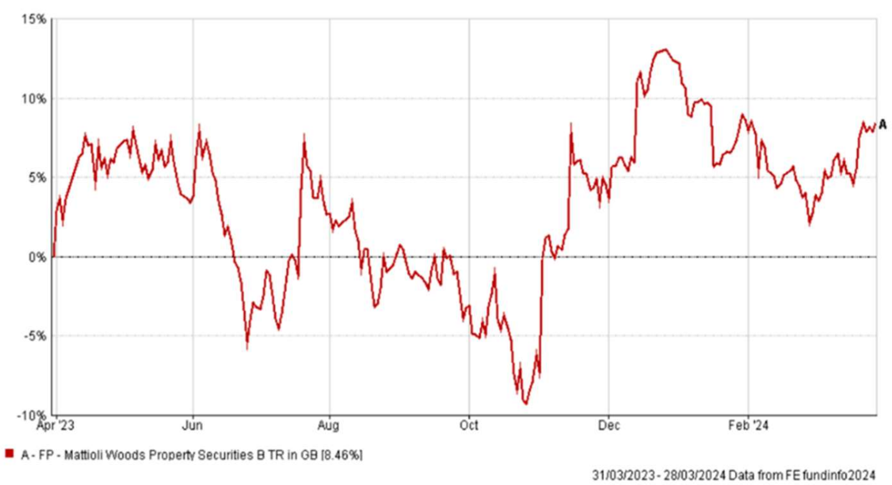
FUND COMPOSITION



DIVIDENDS PAID



FUND PERFORMANCE



Source: Financial Express, bid-to-bid, net income reinvested, sterling terms. Performance is quoted net of fees.

FUND AIM

The investment objective of the Fund is to provide investors with a growing income (in monetary terms per unit) on an annualised basis and some capital growth over a market cycle (a seven-year rolling period). Growing income will be the primary objective of the Fund and capital growth the secondary objective.

INVESTMENT PHILOSOPHY

The Fund uses listed property investments to provide investors with the long-term return profile of the asset class but without the key challenge of liquidity. It primarily invests in real estate investment trusts (REITs) and real estate operating companies (REOCs). The fund managers benefit from the macro input on the property market from an advisory council including colleagues from Custodian Capital and Maven Capital Partners. The discussions within this group contribute to the formulation of the target sector allocations for the Fund.

CUMULATIVE PERFORMANCE as at 31.03.2024

	1 month	3 months	6 months	1 year	3 years
Fund	5.57	-3.52	12.11	8.46	

ANNUAL PERFORMANCE

	2023	2022	2021	2020	2019
Fund	6.86	-24.31			

FUND DETAILS

Fund managers:	Jonathon Marchant
Fund size:	£63.96 million
No. of holdings:	26
Sector:	IA Property Other
Distribution policy:	Quarterly
Payment dates:	March, June, September and December
XD date:	February, May, August and November
Launch date:	31 August 2021
Legal structure:	Non-UCITS Retail Scheme
Reporting date (annual):	31 July
Reporting date (interim):	31 January
Base currency:	Sterling
Valuation point:	12.00 midday daily
ISA eligible:	Yes
Ongoing charges figure (% p.a.)	
B Income	0.42%
Annual management charge (% p.a.)	
B Income	0.40%
Initial fee	0.00%
ISIN	
B Income	GB00BMCH5V84
SEDOL	
B Income	BMCH5V8

TOP TEN HOLDINGS as at 31.03.2024

Holding	Percentage
SEGRO plc	8.31%
LondonMetric Property plc	7.61%
Tritax Big Box	7.07%
Land Securities Group plc	7.00%
Empiric Student Property	5.31%
Grainger plc	5.14%
iShares UK Property UCITS ETF GBP	4.54%
Workspace Group plc	4.48%
Assura plc	4.09%
British Land Company plc	3.99%

RISK WARNINGS

- **Past performance is not a guide to future returns.**
- **The value of investments and the income from them can fall as well as rise, and you may not get back the amount invested.**
- **For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investments.**
- **Changes in interest rates will affect the value of, and the interest earned from, bonds held by the Fund. When interest rates rise, the capital value of the Fund is likely to fall and vice versa.**
- **Investment trusts can borrow money that can then be used to make further investments. In a rising market, this 'gearing' can enhance returns to shareholders. However, if the market falls, losses will be multiplied.**
- **The Fund does not use derivatives extensively, although it may use them in an attempt to reduce risk, reduce costs and to generate additional income. Investing in derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions. Derivatives may expose the Fund to credit risks of counterparties, who may not meet payment obligations. The use of derivatives may result in the Fund being leveraged (where economic exposure and thus the potential for loss by the Fund exceeds the amount it has invested), and in these market conditions the effect of leverage will magnify losses.**
- **This document is issued by Mattioli Woods plc and should be read in conjunction with the Fund's Supplementary Information Document. A list of risk factors is detailed in the Supplementary Information Document, and an investment should not be contemplated until the risks are considered fully. Current tax levels and relief are liable to change, and their value will depend on an individual investor's circumstances. If you are unsure about any information contained within this document, you should take financial advice.**

Sources: FE Fundinfo

MORE INFORMATION

If you have any issues with this document, please contact Mattioli Woods plc.