28 FEBRUARY 2021

MATTIOLI WOODS FUNDS

FP MATTIOLI WOODS ADVENTUROUS

FUND MANAGER COMMENTARY

MARKET REVIEW

Equity markets survived a late scare to deliver a positive return over the month. In a trend established in the fourth quarter of last year, we continue to see more cyclical sectors, such as energy and banks, outperforming. Markets are pricing in an economic recovery during 2021 and the beneficiaries of re-opening are leading the charge. Though we are seeing short bouts of volatility, as the pace of that re-opening is tested, the overall trajectory continues to favour areas that were distinctly out of favour through most of 2020. Work-from-home type stocks, particularly in the internet sector where valuations are more extreme, were negatively impacted as government bond yields moved sharply upwards in late February. Yields have been rising this year, reflecting a more positive outlook, but the move was rapid, perhaps reflecting heightened inflationary concerns that stem from the vast $1.9 trillion stimulus package proposed by US President, Joe Biden. These pressures unsettled financial markets that have grown accustomed to the loose monetary policy which has characterised the pandemic response. The idea of policy tightening pushed yields higher and impacted equities - if yields rise to a point at which they no longer deliver a negative real return they clearly become a more attractive investment. This led to an equity sell-off which was more marked in the technology space and defensive sectors such as utilities, the latter traditionally categorised as bond proxies. Oil prices continue to rise, as do broader metals, in anticipation of economic growth and increased fiscal spend. We will certainly see some inflationary pressures, as last year's oil price fall washes out of the data but whether inflation becomes more entrenched is debatable and this may not become clear until we better understand how governments intend to deal with excess labour market capacity.

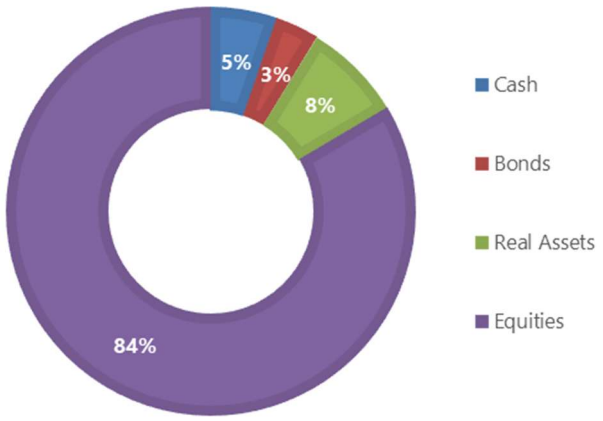
FUND REVIEW

A robust performance which comes in well ahead of the benchmark for the month. This is pleasing to see and continues to reflect extremely well in the more important longer-term numbers. Notable contributions this month came from our holdings in the UK equity space. Investors have started to re-engage in what have long been undervalued and undesirable assets This follows the resolution of a trade-deal with the EU and what, so far, has been a visibly successful vaccination program. We remain of a view that there is further to come from UK equities as the current outlook supports a safe pace of unlocking ahead of many other nations. Indian equities were another standout in the wake of the Union Budget announcement which included a significant increase in capital expenditure spending for the coming financial year. Elsewhere, after many months of outperformance Chinese equities delivered a negative contribution, likely a reflection of some profit-taking and higher global bond yields impacting bond-proxy like internet stocks. Healthcare, seen as a more defensive sector, was equally soft as investors favoured more cyclical, recovery stocks.

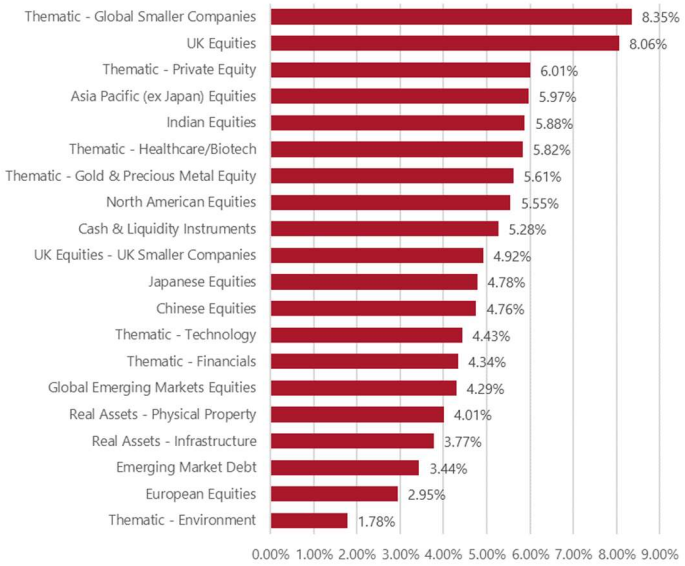
ACTIVITY

We made an asset allocation change during the month to reduce our Gold & Precious Metals equity allocation with the proceeds reallocated to a new position in Hard Commodities equity. The broader commodities space should allow us to benefit from global inflation and the economic recovery. We are currently finalising our deals here, as such, further details will be provided next month. In a continuation of activity in previous months we further reduced our exposure to the Baillie Gifford US Growth Trust. Whilst we still retain conviction in the team the performance of the trust over the past year has been simply exceptional, due, in part, to a large position in Tesla. We took further profit here and, once again, used the proceeds to top-up our position in the Artemis US Smaller Companies fund. The Artemis fund was introduced in January to broaden our US equity exposure and we believe it is well positioned to capitalise on a recovery in the US economy. Elsewhere, we used inflows to add to existing holdings in areas that seem likely to benefit from improving conditions – these included the JOHCM UK Dynamic fund, the Kempen Global Small-cap fund, and the Legg Mason IF Japan Equity fund.

ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE

A - FP - Mattioli Woods Adventurous E TR in GB [41.95%]
B - IA Global TR in GB [33.94%]

28/02/2018 - 26/02/2021 Data from FE fundinfo2021

CUMULATIVE PERFORMANCE as at 28.02.2021

	1 Month	3 Months	6 Months	1 Year	3 Years
Fund	1.86	7.12	15.78	30.65	41.95
Benchmark	0.66	2.91	10.58	22.91	34.12

Performance Data: Share Class E Inc

ANNUAL PERFORMANCE

	2020	2019	2018	2017	2016
Fund	21.91	19.45	-6.08	NA	NA
Benchmark	14.83	22.11	-5.59	13.80	24.45

Performance Data: Share Class E Inc

RISK METRICS as at 28.02.2021

	3 Years
Annual Volatility	15.57%
Maximum Drawdown	-15.35
Sharpe Ratio	0.39

Metrics annualised over three years for Share Class E Inc

TOP TEN HOLDINGS as at 28.02.2021

Holding	Percentage
Goldman Sachs India Equity Portfolio I Inc	5.88%
Jupiter Gold & Silver U3 Acc GBP	5.61%
Amati UK Smaller Companies B Acc	4.92%
Kempen Global Small-cap I GBP	4.61%
Polar Capital Global Insurance I Inc GBP	4.34%
RWC Global Emerging Markets B Inc	4.29%
Polar Capital Healthcare Opportunities I Inc	3.87%
ASI Global Smaller Companies I Acc	3.74%
Fidelity Asian Values Investment Trust	3.45%
Chelverton UK Equity Income B Inc	3.42%

FUND CHARGES

	B	C	D	E
Ongoing charges figure (% p.a.)	1.25%	0.75%	1.50%	1.85%
Annual management charge (% p.a.)	0.65%	0.15%	0.90%	1.25%
Initial fee	0.00%	0.00%	0.00%	0.00%

FUND CODES

	ISIN	SEDOL
B Inc	GB00BZCN8P22	BZCN8P2
C Inc	GB00BZCN8Q39	BZCN8Q3
D Inc	GB00BZCN9153	BZCN915
E Inc	GB00BZCN9260	BZCN926

FUND AIM

The fund aims to achieve long-term capital growth by the active management of a global multi-asset portfolio.

INVESTMENT PHILOSOPHY

This fund uses a global multi-asset approach to deliver its aim of generating long-term capital growth. The managers will achieve this aim by utilising passive and actively managed solutions, while closely managing volatility. The asset allocation of the fund will be managed in line with guidance provided by the Mattioli Woods Asset Allocation Committee, ensuring diversity of assets.

FUND DETAILS

Fund managers:	Ian Goodchild and Mark Moore
Fund size:	£73.33 million
No. of holdings:	37
Sector:	IA Flexible Investment
Benchmark:	IA Global
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	31 July 2017
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

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 Simplified Prospectus. A list of risk factors is detailed in the Simplified Prospectus, 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 individual investors' circumstances. If you are unsure about any information contained within this document, you should take financial advice.**

Sources: FE Fundinfo and Refinitiv Datastream