

**FP MATTIOLI WOODS GROWTH**

**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.

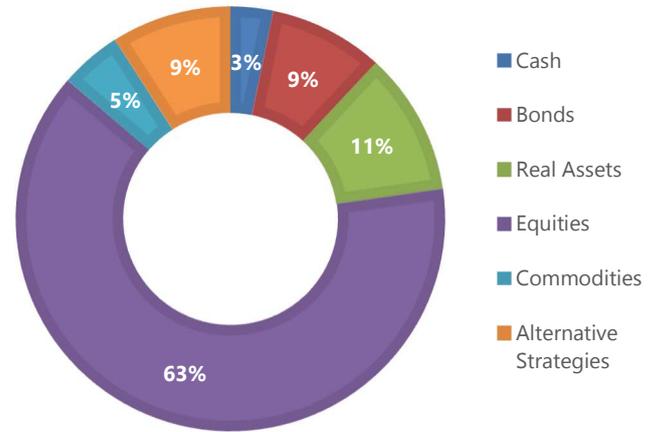
**FUND REVIEW**

A robust performance which comes in slightly ahead of the benchmark for the month. This is pleasing to see and continues to reflect 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. Physical Gold, as a non-yielding asset, was another area knocked by rising yields.

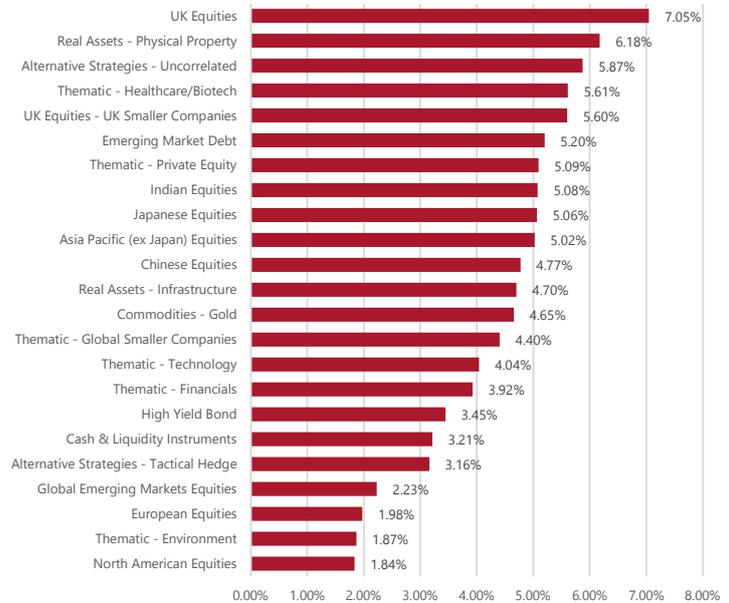
**ACTIVITY**

We made an asset allocation change during the month which increases our equity exposure via a reduction in our Physical Gold holding, with the proceeds reallocated into Gold & Precious Metals equities. We partially sold our holding in the iShares Physical Gold ETC and are currently finalising the other side of the deal. As such, further details will be provided next month. In the High Yield space we disposed entirely of our holding in the TwentyFour Income Fund trust, using the proceeds to top-up our holding in the T.Rowe Price Global High Income Bond fund. The T.Rowe Price fund lowers equity beta in what is a fixed-income play, giving us clearer exposure to pure bond return and provides a wider opportunity set through its global reach. Elsewhere, having watched the price of the Baillie Gifford US Growth Trust climb significantly over the past year, we took some profit to slightly reduce our exposure.

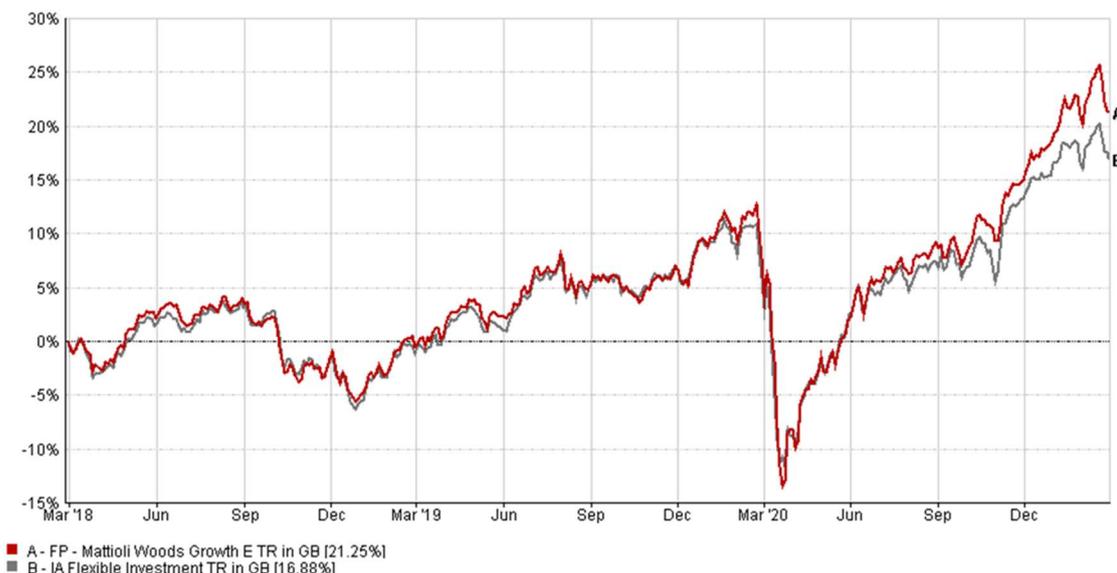
**ASSET ALLOCATION**



**FUND COMPOSITION**



**FUND PERFORMANCE**



## CUMULATIVE PERFORMANCE as at 28.02.2021

	1 Month	3 Months	6 Months	1 Year	3 Years
<b>Fund</b>	0.86	5.39	11.06	14.39	21.25
<b>Benchmark</b>	0.78	3.30	9.07	13.22	17.02

Performance Data: Share Class E Inc

## ANNUAL PERFORMANCE

	2020	2019	2018	2017	2016
<b>Fund</b>	9.28	15.36	-6.71	NA	NA
<b>Benchmark</b>	6.67	15.47	-6.66	11.38	14.40

Performance Data: Share Class E Inc

## RISK METRICS as at 28.02.2021

	3 Years
<b>Annual Volatility</b>	12.31%
<b>Maximum Drawdown</b>	-13.86
<b>Sharpe Ratio</b>	0.31

Metrics annualised over three years for Share Class E Inc

## TOP TEN HOLDINGS as at 28.02.2021

Holding	Percentage
Polar Capital Healthcare Opportunities I Inc	5.61%
Amati UK Smaller Companies B Acc	5.60%
Goldman Sachs India Equity Portfolio I Inc	5.08%
iShares Physical Gold ETC GBP	4.65%
Polar Capital Global Insurance I Inc GBP	3.92%
M&G Emerging Markets Bond PP Inc	2.97%
JOHCM UK Dynamic Y Inc	2.92%
Invesco China Equity Z Acc	2.87%
Baillie Gifford Japanese B Inc	2.82%
BGF Asian Growth Leaders Fund I5 GBP	2.56%

## FUND CHARGES

	B	C	D	E
<b>Ongoing charges figure (% p.a.)</b>	1.29%	0.79%	1.54%	1.89%
<b>Annual management charge (% p.a.)</b>	0.65%	0.15%	0.90%	1.25%
<b>Initial fee</b>	0.00%	0.00%	0.00%	0.00%

## FUND CODES

	ISIN	SEDOL
<b>B Inc</b>	GB00BZCN8K76	BZCN8K7
<b>C Inc</b>	GB00BZCN8L83	BZCN8L8
<b>D Inc</b>	GB00BZCN8M90	BZCN8M9
<b>E Inc</b>	GB00BZCN8N08	BZCN8N0

## 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

<b>Fund managers:</b>	Ian Goodchild and Mark Moore
<b>Fund size:</b>	£376.76 million
<b>No. of holdings:</b>	47
<b>Sector:</b>	IA Flexible Investment
<b>Benchmark:</b>	IA Flexible Investment
<b>Distribution policy:</b>	Half-yearly
<b>Payment dates:</b>	March and September
<b>XD date:</b>	February and August
<b>Launch date:</b>	31 July 2017
<b>Legal structure:</b>	Non-UCITS Retail Scheme
<b>Reporting date (annual):</b>	31 July
<b>Reporting date (interim):</b>	31 January
<b>Base currency:</b>	Sterling
<b>Valuation point:</b>	12:00 midday daily
<b>ISA eligible:</b>	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

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