31 MARCH 2021

MATTIOLI WOODS FUNDS

FP MATTIOLI WOODS ADVENTUROUS

FUND MANAGER COMMENTARY

MARKET REVIEW

Equity markets capped a solid first quarter, notching up further gains in March. We have now witnessed a full year's recovery from the depths of the pandemic induced correction, with some impressive one-year returns since the bottoming of markets. As noted in previous months, much of the current outperformance is coming from more cyclically exposed sectors. Anticipation of economic re-opening, particularly in the US and the UK where vaccinations levels are progressing at an outstanding rate, has led to improved sentiment for previously unloved sectors such as banks and materials at the detriment of stay-at-winners such as technology names. The signing of US President Joe Biden's $1.9 trillion stimulus bill further intensified expectation of a significant return to growth for the US economy in 2021. This is causing inflationary concerns to grow in some quarters, and as such the trend of higher bond yields continued through March. There are some concerns central banks will move to counteract higher inflation, perhaps in the form of an earlier-than-expected interest rate hike. We do not expect tightening of monetary policy at any point soon. Unlike the European Central Bank, the US Federal Reserve and the Bank of England thus far appear unconcerned by higher bond yields, seeing them as an indication of an improved outlook. Central bankers are aware that the labour market remains precarious and returning to full employment will likely trump the need to dampen any rise in inflation. The tapering of quantitative easing programmes, namely bond purchases, could harm sentiment, so expect to see a continued focus on central banker communications. For now, equity markets appear to be well supported while some opportunities remain in more diversified bond areas.

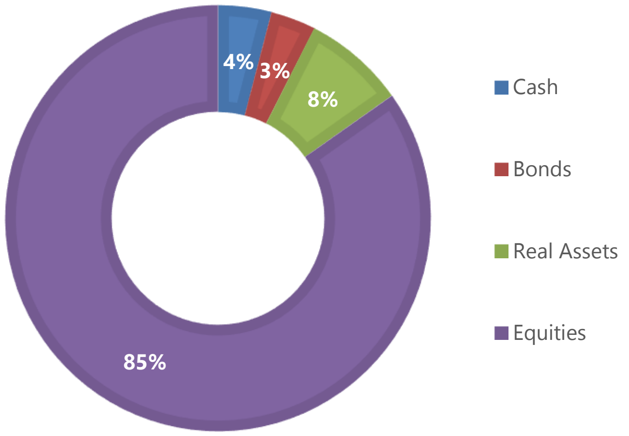
FUND REVIEW

Disappointing to see the fund delivering a negative return, one that clearly lags the benchmark on a one-month basis. That said, we remain pleased with the longer-term numbers and would emphasise the greater importance of those. An overall growth stock bias in our equity allocation was unhelpful as cyclical stocks outperformed. A rise in bond yields proved particularly detrimental to technology stocks, forcing them to retreat from all-time highs. Allied to this was weakness in some of our favoured Asian equity positions as policy normalisation impacted Chinese stocks. Our team continually discuss the rotation from growth to value stocks, evaluating the potential outcomes for both to identify attractive opportunities. At an asset allocation level we have looked to capitalise from an improved outlook in certain cyclically exposed sectors, adding a new position in hard commodities and via an increase in our UK equity allocation. From a vehicle perspective we seek to balance existing growth stock vehicles with those that offer a tilt towards value names. No radical pivot, simply a recognition of a changing environment for investors. A broad spread of return generators is key and we believe the fund is well-positioned to take advantage of uncertain markets.

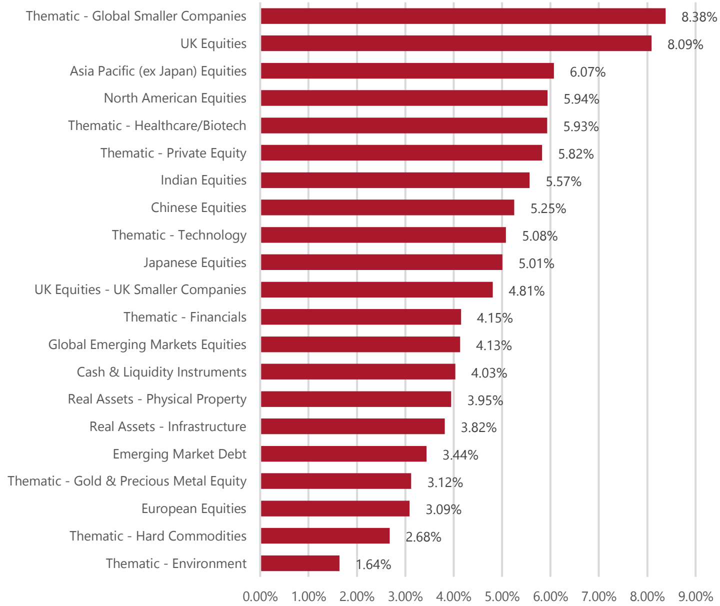
ACTIVITY

We finalised an asset allocation change to reduce our Gold & Precious Metals equity allocation with the proceeds allocated to a new position in Hard Commodities equity. The reduction in the former recognises possible overlap in terms of exposure to gold mining stocks, the latter providing more broad mining equity coverage. This offers greater exposure to a global economic recovery and growing demand for certain metals necessary for the transition from fossil fuels. A position was taken in the newly launched Amati Strategic Metals fund, a strategy headed by a highly experienced global mining team. Additionally, we added a new position in the Chrysalis Investments Ltd private equity trust. This was achieved through a placing of shares, providing an excellent opportunity to instigate a well sized position at a sensible price. This is a trust we have monitored for some time and having met the excellent management team on several occasions, we are pleased the fund now has exposure. Chrysalis Investments Ltd provides access to fast growing private equity companies and the team's track record of identifying winners in the space has been exceptional. Elsewhere, we invested pleasing inflows into existing holdings where we see a favourable outlook. Examples included the Fidelity Asian Values investment trust and the Artemis US Smaller Companies fund. Furthermore, the emergence of pricing opportunities allowed us to add to positions such as Allianz Technology Trust.

ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE

30/03/2018 - 31/03/2021 Data from FE fundinfo2021

CUMULATIVE PERFORMANCE as at 31.03.2021

	1 Month	3 Months	6 Months	1 Year	3 Years
Fund	-0.76	1.13	15.18	53.16	44.95
Benchmark	2.97	3.36	13.14	40.58	43.64

Performance Data: Share Class E Inc

ANNUAL PERFORMANCE

	2020	2019	2018	2017	2016
Fund	21.91	19.45	-6.08	0.00	0.00
Benchmark	14.85	22.11	-5.59	13.80	24.45

Performance Data: Share Class E Inc

RISK METRICS as at 31.03.2021

	3 Years
Annual Volatility	15.58%
Maximum Drawdown	-0.76
Sharpe Ratio	0.31

Metrics annualised over three years for Share Class E Inc

TOP TEN HOLDINGS as at 31.03.2021

Holding	Percentage
Goldman Sachs India Equity Portfolio I Inc	5.57%
Kempen Global Small-cap I GBP	4.95%
Amati UK Smaller Companies B Acc	4.81%
Polar Capital Global Insurance I Inc GBP	4.15%
RWC Global Emerging Markets B Inc	4.13%
Fidelity Asian Values Investment Trust	3.79%
Polar Capital Healthcare Opportunities I Inc	3.61%
ASI Global Smaller Companies I Acc	3.43%
Invesco China Equity Z Acc	3.41%
Artemis US Smaller Companies I Acc GBP	3.39%

FUND CHARGES

	B	C	D	E
Ongoing charges figure (% p.a.)	1.50%	1.00%	1.75%	2.10%
Annual management charge (% p.a.)	0.65%	0.15%	0.90%	1.25%
Initial fee	0.00%	0.00%	0.00%	0.00%

The methodology for calculation of synthetic expense ratio has changed. Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include closed ended vehicles such as investment trusts.

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, Jonathon Marchant and Mark Moore
Fund size:	£79.73 million
No. of holdings:	39
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