31 MARCH 2021

MATTIOLI WOODS FUNDS

FP MATTIOLI WOODS BALANCED

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.

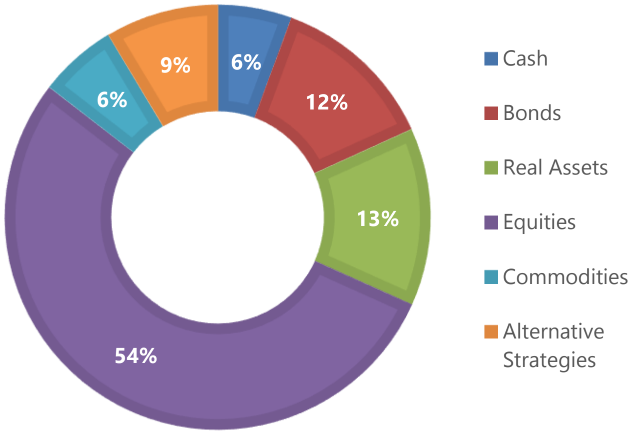
FUND REVIEW

A very marginal negative return for the month. Several positions within the fund, such as US Treasuries and Emerging Market Debt, were detrimentally impacted by rising bond yields and a strengthening US dollar. An overall growth stock bias in our equity allocation was unhelpful as cyclical stocks outperformed. 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, looking to ensure the portfolio is positioned to weather all potential eventualities. At an asset allocation level we have selectively added risk to the fund, while 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 still uncertain markets.

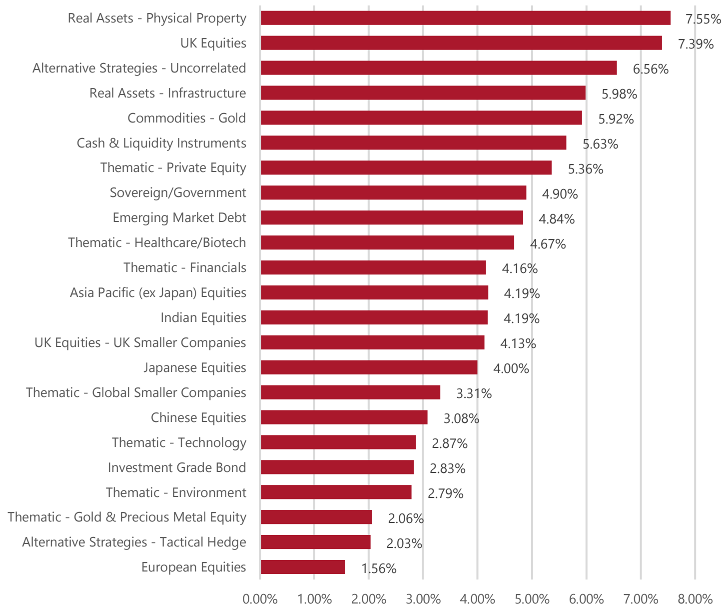
ACTIVITY

There was an asset allocation change during the month that broadly continued our move to add risk prudently and incrementally to the fund. This was achieved by slightly reducing cash combined with a reduction in Uncorrelated Assets in the Alternatives space. Proceeds from the reductions were split equally across Global Smaller Companies and into a new position in European equity. Both offer greater exposure to a global economic recovery, with the latter displaying some value relative to other developed markets. This resulted in us introducing two new positions: the Kempen Global Small-cap fund and the Premier Miton European Opportunities fund. The former, with its small-cap value stock bias, complements our existing holding in the growth-orientated ASI Global Smaller Companies. The Premier Miton European Opportunities fund has a fantastic track record in the mid-cap space and the managers thematic approach to stock selection chimes well with our own thematic equity allocations. In the Uncorrelated space we aimed to reduce proportionally across our holdings, looking to maintain a basket of positions that should continue to offer a useful element of diversification. Elsewhere we made some partial sales of HarbourVest Global Private Equity trust – this trust has been a stellar performer over the past year, so we took some profit to reduce a growing position size.

ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE

31/03/2016 - 31/03/2021 Data from FE fundinfo2021

Data quoted on this factsheet relates to the E Inc share class, but please note that information prior to 31 July 2017 is based on the B Acc share class.

CUMULATIVE PERFORMANCE as at 31.03.2021

	1 Month	3 Months	6 Months	1 Year	3 Years
Fund	-0.14	0.41	7.35	20.37	17.79
Benchmark	1.68	1.66	9.85	26.57	21.47

Performance Data: Share Class E Inc

ANNUAL PERFORMANCE

	2020	2019	2018	2017	2016
Fund	3.76	13.95	-4.65	11.66	9.10
Benchmark	5.22	15.96	-6.11	10.18	13.32

Performance Data: Share Class E Inc

RISK METRICS as at 31.03.2021

	3 Years
Annual Volatility	10.52%
Maximum Drawdown	-0.97
Sharpe Ratio	0.27

Metrics annualised over three years for Share Class E Inc

TOP TEN HOLDINGS as at 31.03.2021

Holding	Percentage
iShares Physical Gold ETC GBP	5.92%
JPM Betabuilders US Treasury Bond UCITS ETF - GBP Hedged	4.90%
Polar Capital Healthcare Opportunities I Inc	4.67%
Goldman Sachs India Equity Portfolio I Inc	4.19%
Polar Capital Global Insurance I Inc GBP	4.16%
Amati UK Smaller Companies B Acc	4.13%
Invesco China Equity Z Acc	3.08%
Royal London Sterling Credit Z Inc	2.83%
M&G Emerging Markets Bond PP Inc	2.79%
Liontrust Special Situations I Inc	2.56%

FUND CHARGES

	B	C	D	E
Ongoing charges figure (% p.a.)	1.41%	0.91%	1.66%	2.01%
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	GB00BF475Y04	BF475Y0
C Acc	GB00B5ZMXX91	B5ZMXX9
C Inc	GB00BF475Z11	BF475Z1
D Inc	GB00BZCN8H48	BZCN8H4
E Inc	GB00BZCN8J61	BZCN8J6

FUND AIM

The investment objective of the fund is to preserve capital and generate income and capital growth over the long term.

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:	£849.32 million
No. of holdings:	47
Sector:	IA Mixed Investments 40-85% Shares
Benchmark:	IA Mixed Investments 40-85% Shares
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	3 March 2009
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