30 JUNE 2021

FP MATTIOLI WOODS GROWTH

MATTIOLI WOODS FUNDS

FUND MANAGER COMMENTARY

MARKET REVIEW

Equity markets delivered a positive return in June, capping off a strong second quarter. Through the first half of this year, we have witnessed a continuation of the (generally) solid performance that gathered pace as 2020 ended. While investors are still monitoring the development and spread of new virus strains, there is a view that extraordinary vaccination efforts have served to mitigate the severest effects, thus negating the necessity for future stringent lockdowns. In recent months, inflation has become the primary driver of many financial markets. It was widely expected that major central banks would look through higher inflation readings, which at this point are primarily being driven by base effect, preferring to let economies run hot. The US Federal Reserve has been keen to indicate inflation will be transitory, rather than persistent, with no near-term requirement for rate rises. This month they surprised many by sounding a more hawkish note, suggesting US rates could be raised earlier than previously anticipated. This temporarily derailed the reflation trade and led to a brief equity market sell-off as investors considered the implications for global growth. After financial markets gyrated wildly the Federal Reserve released further communications intended to provide reassurance. They reiterated their view that inflation will indeed be transitory, and any tightening of monetary policy will be in response to actual evidence of imbalances in the economy. Bond yields moved higher on the initial news but subsequently retraced as that market took comfort. Overall a positive month for both equities and bonds though not without some volatility. We remain in the transitory inflation camp but have an eye on the possibilities if that proves wrong.

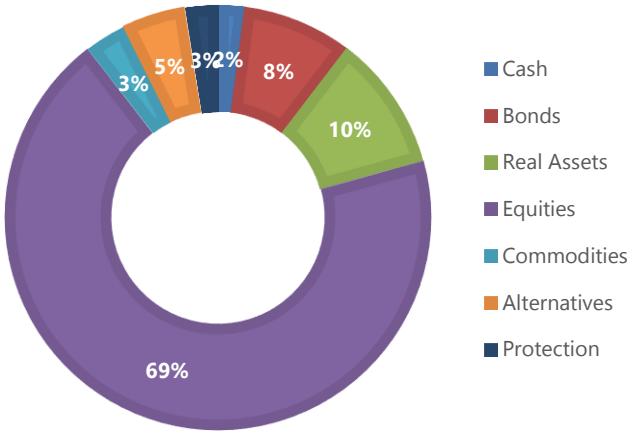
FUND REVIEW

Another strong month of performance from the fund, in absolute terms and relative to the benchmark. There were positive contributions from most positions, particularly across our thematic equity positioning, though there was notable weakness in Physical Gold and in our related position in the Jupiter Gold & Silver fund. The gold price faced a difficult month, hit by a combination of a stronger US dollar and the surprise announcement on interest rate rises – a moderation of inflationary expectations proving the undoing of this traditional inflation hedge. The largest individual contributor over the month was the Polar Capital Healthcare fund, with a similarly strong contribution from the Baillie Gifford US Growth trust – this is pleasing to see after a period during which value stocks have outperformed. Overall, the overriding theme for the month was an outperformance of growth stocks and in particular US names, relative to more value biased sectors such as metals and mining.

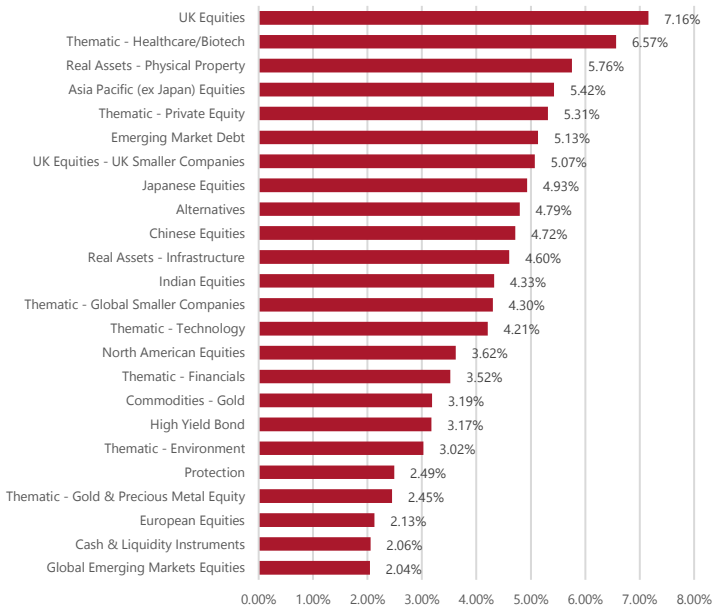
ACTIVITY

As part of our continuous review process the team have engaged in efforts to define our approach to Alternative Strategies more clearly. As such we have redefined the sector into two distinct elements: Protection and Alternatives. The former will be used as part of portfolio construction to hedge specific risks or provide downside protection. The latter captures bottom-up ideas from our research team, identifying opportunities that should provide a positive return from non-traditional assets. As an example of an Alternatives strategy, this month we have instigated a position in the Lazard Rathmore Alternative fund. This fund is a convertible arbitrage strategy, taking both a convertible bond position and a short equity position in the same company thus hedging credit exposure and reducing risk in down markets. This strategy has allowed the fund to generate an attractive historical return, distinct to that of equity markets. As part of the reallocation of Alternative Strategies we took the opportunity to partially reduce overall exposure to these strategies, making a corresponding increase in US equities. This was put to work in the T. Rowe Price US Large Cap Value Equity fund. We had introduced a position in the fund earlier in the month, seeing opportunity for further strong performance from value stocks as economies pick-up pace.

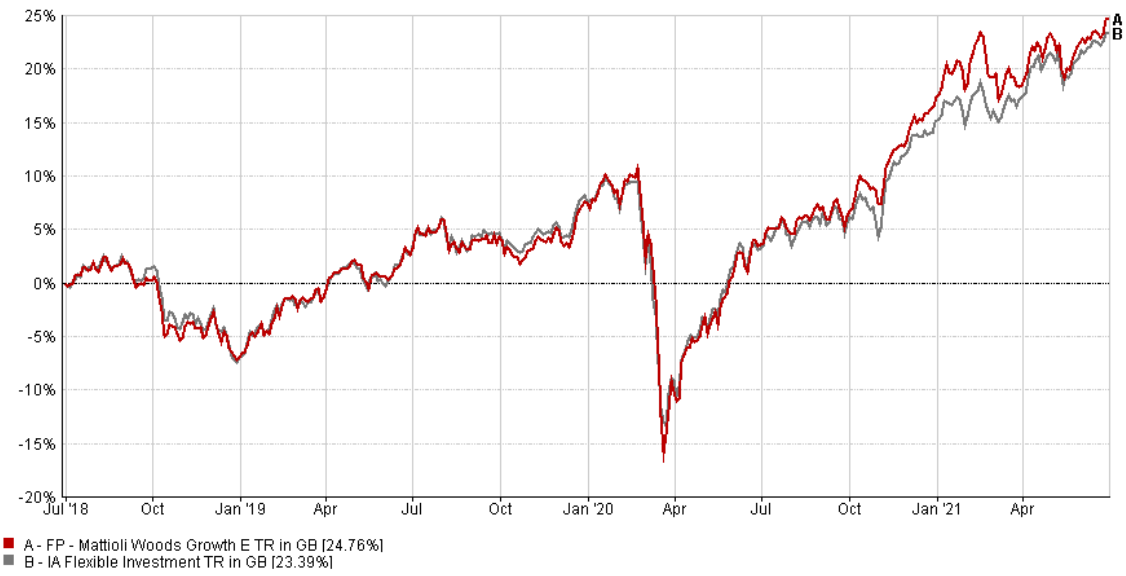
ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE



29/06/2018 - 30/06/2021 Data from FE fundinfo2021

CUMULATIVE PERFORMANCE as at 30.06.2021

	1 Month	3 Months	6 Months	1 Year	3 Years
Fund	2.17	5.33	6.29	20.49	24.76
Benchmark	1.89	5.12	7.46	19.67	23.41

Performance Data: Share Class E Inc

ANNUAL PERFORMANCE

	2020	2019	2018	2017	2016
Fund	9.28	15.36	-6.71		
Benchmark	6.73	15.47	-6.66	11.38	14.40

Performance Data: Share Class E Inc

RISK METRICS as at 30.06.2021

	3 Years
Annual Volatility	12.44%
Maximum Drawdown	-16.88
Sharpe Ratio	0.23

Metrics annualised over three years for Share Class E Inc

TOP TEN HOLDINGS as at 30.06.2021

Holding	Percentage
Polar Capital Healthcare Opportunities I Inc	5.54%
Goldman Sachs India Equity Portfolio I Inc	4.33%
Amati UK Smaller Companies B Acc	3.53%
Polar Capital Global Insurance I Inc GBP	3.52%
iShares Physical Gold ETC GBP	3.19%
Invesco China Equity Z Acc	2.97%
JOHCM UK Dynamic Y Inc	2.76%
M&G Emerging Markets Bond PP Inc	2.70%
Baillie Gifford Japanese B Inc	2.50%
Jupiter Gold & Silver U3 Acc GBP	2.45%

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	GB00BZCN8K76	BZCN8K7
C Inc	GB00BZCN8L83	BZCN8L8
D Inc	GB00BZCN8M90	BZCN8M9
E Inc	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

Fund managers:	Ian Goodchild, Jonathon Marchant and Mark Moore
Fund size:	£439.39 million
No. of holdings:	53
Sector:	IA Flexible Investment
Benchmark:	IA Flexible Investment
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