31 AUGUST 2021

MATTIOLI WOODS FUNDS

FP MATTIOLI WOODS ADVENTUROUS

FUND MANAGER COMMENTARY

MARKET REVIEW

Equity markets delivered a strong positive return over the month. Primarily led by the US where economic data, particularly employment related, remains strong. The US is a useful example of the effects of reopening, having removed many mobility restrictions ahead of Europe. As we have previously noted, there is some indication peak growth in the US has passed with both manufacturing and services activity now slowing. Though viewed through a different lens, this could also reflect labour market shortages and challenging global trade conditions – the reimposition of restrictions in certain parts of China and similarly in Vietnam are causing further friction in supply chains. These dynamics are creating some inflationary pressures and while headline consumer price inflation remains elevated, data showed core US inflation (which excludes food and energy) falling marginally in July. If inflation proves transitory there is flexibility and less pressure on central banks to begin the process of interest rate rises. With much uncertainty here, there remains an element of caution in equity markets. Investors cheered the speech of US Federal Reserve Chairman, Jerome Powell, who sought to maintain the balance between supporting the economy and tightening monetary policy. The key for Powell, and those listening, was separating the timeline for tapering bond purchases from that of interest rate rises. While the former was already widely expected, and likely priced in, the latter may have caused upset. The Bank of England also set out the conditions under which they would remove support. Of course, none of this is guaranteed and the spread of the Delta variant, or indeed a yet to be unidentified variant, could demand a rethink.

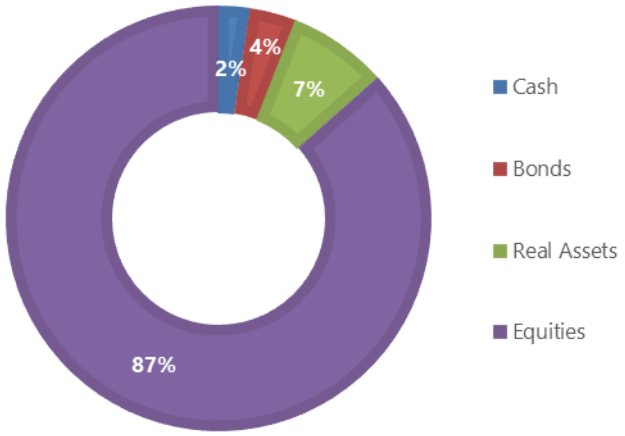
FUND REVIEW

A positive return over the month, though the Fund did trail its benchmark on a relative basis. All equity positions contributed positively, with standout contributions coming from our Global Smaller Companies and Indian equity holdings. India equities continue to deliver strongly, the Goldman Sachs India Equity Portfolio generating the largest individual positive contribution. Last month we noted the sheltered nature of the Indian economy which appears somewhat insulated from the events in China that are impacting other parts of Asia. After struggling with the initial impact of the Delta variant, the number of new daily Covid-19 cases in India now appears to have levelled off. With growth stocks benefitting from a continuation of low bond yields, our technology positions were another area that profited – this is an area that had underperformed through the first half of the year. Conversely, value stocks, such as cyclical commodities, were softer – our holdings in both the Jupiter Gold & Silver fund and the TB Amati Strategic Metals fund were rare detractors this month.

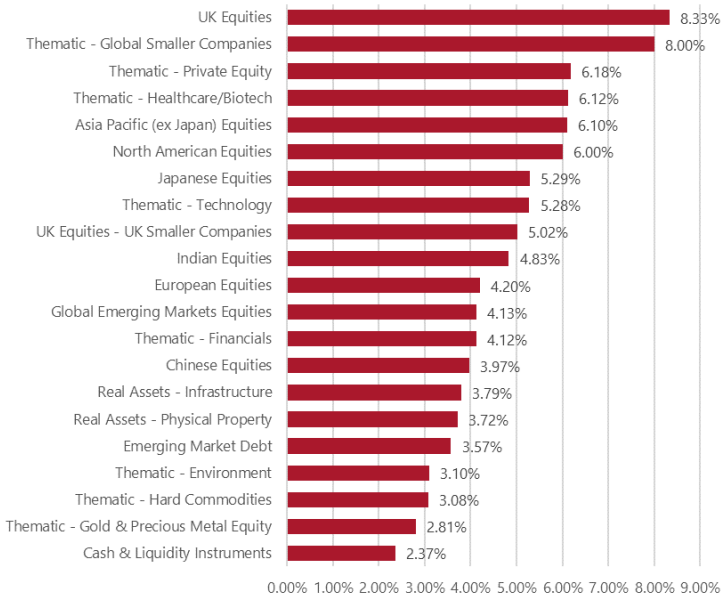
ACTIVITY

There were no asset allocation changes during the month. We made several sales of our holding in the Fidelity Asian Values investment trust. The discount on the trust has narrowed, so with one eye on overall fund liquidity, we slightly reduced exposure. Following a review of our Asian equity options earlier this year we now have suitable open-ended alternatives so proceeds from the sales were used to top-up existing positions in the Fidelity Asian Opportunities fund and the Morgan Stanley Asian Opportunities fund. Elsewhere, we used continuing strong inflows to top-up several existing positions. These included the Premier Miton European Opportunities fund, the FTF Martin Currie Japan equity fund and the RWC Global Emerging Markets fund. Each of these displays some interesting value for the long-term investor, particularly the latter which has suffered as Chinese authorities heavily regulate segments of their economy.

ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE

31/08/2018 - 31/08/2021 Data from FE fundinfo2021

CUMULATIVE PERFORMANCE as at 31.08.2021

	1 Month	3 Months	6 Months	1 Year	3 Years
Fund	2.53	4.15	6.66	23.50	40.84
Benchmark	3.32	7.77	14.47	26.52	41.99

Performance Data: Share Class E Inc

ANNUAL PERFORMANCE

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

Performance Data: Share Class E Inc

RISK METRICS as at 31.08.2021

	3 Years
Annual Volatility	15.73%
Maximum Drawdown	-19.62
Sharpe Ratio	0.25

Metrics annualised over three years for Share Class E Inc

TOP TEN HOLDINGS as at 31.08.2021

Holding	Percentage
Kempen Global Small-cap I GBP	4.86%
Goldman Sachs India Equity Portfolio I Inc	4.83%
Polar Capital Healthcare Opportunities I Inc	4.32%
Premier Miton European Opportunities B Acc	4.20%
RWC Global Emerging Markets B Inc	4.13%
Polar Capital Global Insurance I Inc GBP	4.12%
T. Rowe US Large Cap Value Equity	3.63%
Amati UK Smaller Companies B Acc	3.26%
ASI Global Smaller Companies I Acc	3.14%
Legg Mason Japan Equity X Acc	3.09%

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:	£115.86 million
No. of holdings:	42
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