30 SEPTEMBER 2021

MATTIOLI WOODS
FUNDS

FP MATTIOLI WOODS ADVENTUROUS

FUND MANAGER COMMENTARY

MARKET REVIEW

Equity markets were broadly negative over the month, hit by a combination of supply chain stress, central bank policy and Chinese real estate woe. While the strain on supply chains has been clearly visible here in the UK, exemplified by a run on fuel and gaps across supermarket shelves, this dynamic is playing out globally as shipping costs rise substantially. With reopening leading to increased demand and notable labour market shortages, there appears further evidence that inflation may prove stickier than previously expected. While the base effect (the impact of prices now versus those one year ago) is still apparent in inflation readings, the underlying forces we are witnessing give less credence to the idea of high inflation being transitory. Central bank policy turned more hawkish this month, resulting in a spike in bond yields. The US Federal Reserve announced they will start to slow the pace of asset purchases (tapering), most likely in November, while the Bank of England (BOE) has suggested interest rates could rise sooner than previously anticipated, possibly early 2022. This would make the BOE the first of the major central banks to raise rates, certainly a bold move. This change in policy comes as central bankers grapple with rapid growth and inflation mandates. Elsewhere, fears the large Chinese property developer, Evergrande, could default (following increased regulation of the sector) threaten to spill over into broader growth sentiment. Property development remains a large component of Chinese economic growth, so any slowdown here would dent global growth. Overall, a poor month for risk sentiment and one which creates an arena in which active investors must stay abreast of a rapidly shifting investment environment.

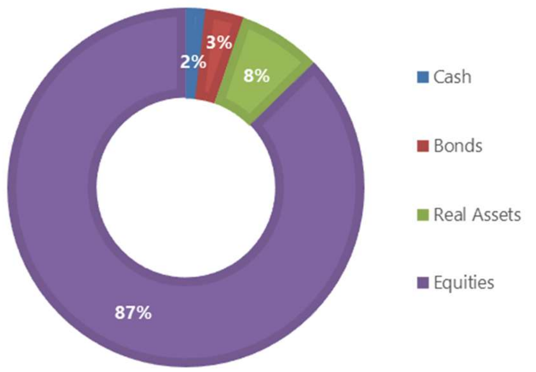
FUND REVIEW

While the fund delivered a negative return over the month, it provided considerable protection versus the falls seen in the benchmark. Though both equity and bond markets moved lower, there were areas which still managed to deliver positively; Japanese equities were one of the few equity areas to do so. Japanese Prime Minister, Yoshihide Suga, announced he would not lead the Liberal Democratic Party into November's general election. His successor, Fumio Kishida, is expected to lead the party to victory and the Japanese market rallied on an expectation of further stimulus intended to rejuvenate the economy. Indian equities were another standout – a market that is benefitting from both its insular nature and recovery from the worst effects of the pandemic. Our holding in the Goldman Sachs India Equity Portfolio provided the largest individual positive contribution. Global Smaller Companies, in particular our holding in the value orientated Kempen Global Small-Cap fund, were another positive. Diversified sources of capital return and income will become ever more important in an environment of uncertain supply dynamics and the associated inflationary impact.

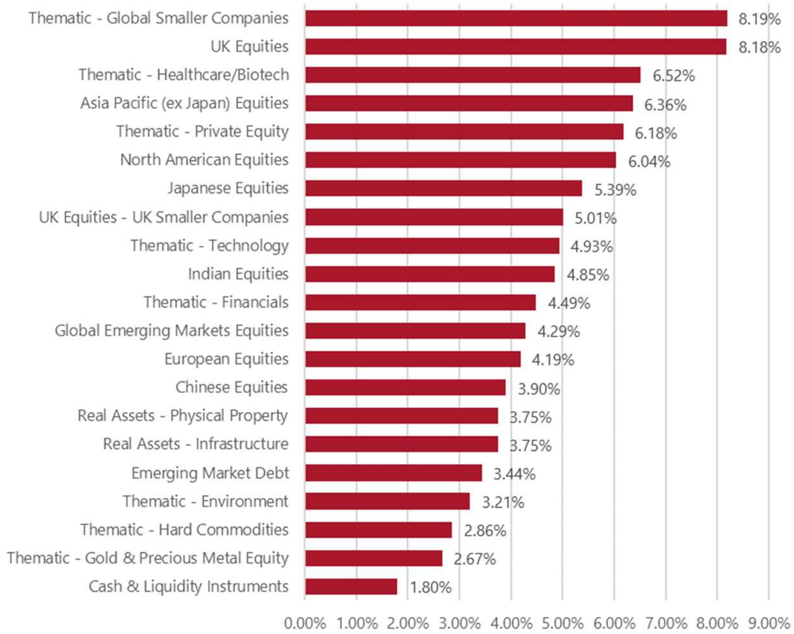
ACTIVITY

There were no asset allocation changes during the month. We initiated a position in the Mattioli Woods Property Securities Fund. This fund has been launched to provide investors with a diversified and liquid exposure to property. It will hold a mix of both Real Estate Investment Trusts (REITs) and property company shares, giving us broad exposure to underlying property trends. Sales were made of TR Property Trust to fund the purchase; the trust has recovered to the point at which its price traded above that seen pre-pandemic, allowing us to take profit. Elsewhere, we used continuing strong inflows to top-up several existing positions. These included the JOHCM UK Dynamic fund, the Jupiter Gold & Silver fund, and the HarbourVest Global Private Equity investment trust. Each of these display some interesting value for the long-term investor, particularly the latter which traded at a significant price discount relative to the value of its underlying assets.

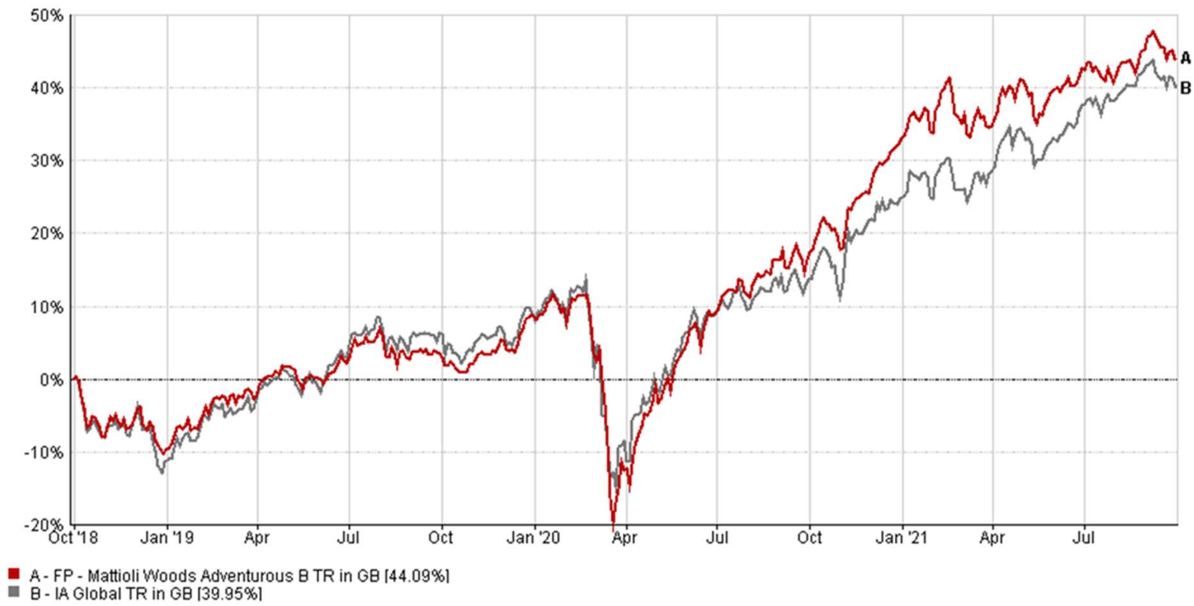
ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE



28/09/2018 - 30/09/2021 Data from FE fundinfo2021

CUMULATIVE PERFORMANCE as at 30.09.2021

	1 Month	3 Months	6 Months	1 Year	3 Years
Fund	-0.79	0.90	6.90	23.50	44.09
Benchmark	-1.98	1.94	8.93	23.20	39.95

Performance Data: Share Class B Inc

ANNUAL PERFORMANCE

	2020	2019	2018	2017	2016
Fund	22.64	20.18	-5.51		
Benchmark	15.27	21.92	-5.72	14.02	23.33

Performance Data: Share Class B Inc

RISK METRICS as at 30.09.2021

	3 Years
Annual Volatility	16.48
Maximum Drawdown	-19.54
Sharpe Ratio	0.57

Metrics annualised over three years for Share Class B Inc

TOP TEN HOLDINGS as at 30.09.2021

Holding	Percentage
Goldman Sachs India Equity Portfolio I Inc	4.85%
Kempen Global Small-cap I GBP	4.79%
Polar Capital Healthcare Opportunities I Inc	4.59%
Polar Capital Global Insurance I Inc GBP	4.49%
RWC Global Emerging Markets B Inc	4.29%
Premier Miton European Opportunities B Acc	4.19%
T. Rowe US Large Cap Value Equity	3.58%
ASI Global Smaller Companies I Acc	3.40%
Amati UK Smaller Companies B Acc	3.31%
Legg Mason Japan Equity X Acc	3.14%

FUND CHARGES

	B	C	D	E
Ongoing charges figure (% p.a.)	1.31%	1.06%	1.81%	2.16%
Annual management charge (% p.a.)	0.40%	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:	£118.45 million
No. of holdings:	43
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.**

Source: FE Fundinfo