30 APRIL 2022

MATTIOLI WOODS
FUNDS

FP MATTIOLI WOODS
PROPERTY SECURITIES FUND

FUND MANAGER COMMENTARY

MARKET REVIEW

A particularly poor month for global equity markets as they faced the prospect of monetary tightening via higher interest rates to combat rampant inflation, just as economic momentum begins to slow. In previous months we have discussed the unenviable challenge facing major central banks as they withdraw the extraordinary economic support packages of the pandemic. Engineering the fabled 'soft-landing', where interest rate rises suppress inflation without creating a recession, certainly requires a deft touch and clear messaging from central bankers. This month, equity markets took the view this task may prove rather difficult. Bond markets proved similarly negative as interest rate rises were priced into bond yields – this impacted both government and corporate bonds, with the latter further affected by overall 'risk-off' sentiment. A move higher in corporate bonds spreads, essentially the premium over a government bond to compensate for the increased risk of lending to a company, was a further indication of tighter financial conditions. Allied to this is the continuing supply-chain impact from China's zero-Covid policy and some uninspiring results from the large technology companies that have propelled equity market returns in recent years. The war in Ukraine continues to drive energy and agricultural prices higher and with Russia seemingly refocusing their efforts on the south-eastern region of Ukraine, the likelihood of a resolution appears sadly distant. Inflationary pressures appear embedded and employment markets remain hot. That said, as consumers become more discerning in response to higher prices, central banks will be hoping demand cools sufficiently to offset some of those price pressures.

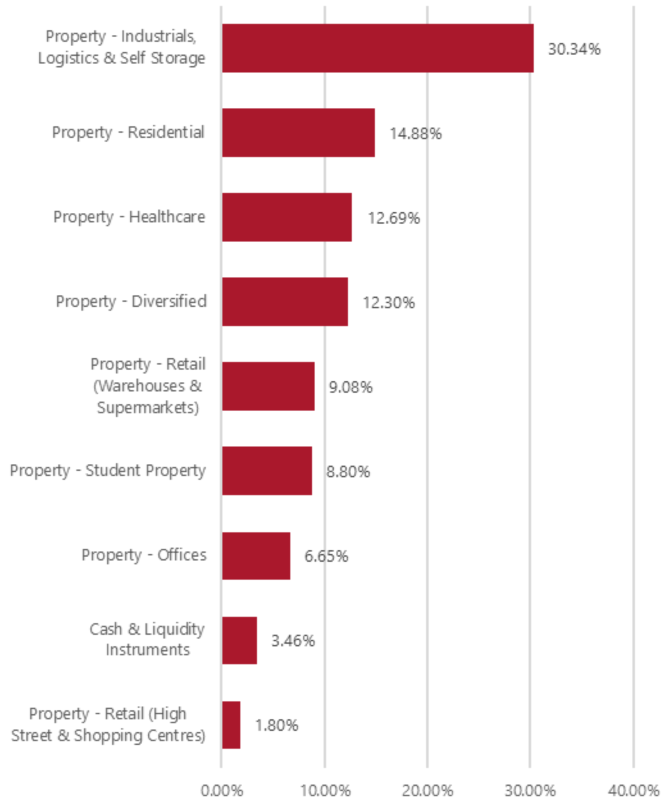
FUND REVIEW

April was another choppy month for the market as it traded sideways for most of the month before a modest downward leg during the last week. The listed property sector posted a return of -2% over the month of April. The Property Securities Fund pleasingly managed to post relative outperformance of the sector, although it was a negative figure in absolute terms. Looking at the contributors to performance during April, the key contributor was March's key detractor with the Helical share price having appreciated by over 6.5% in April. This followed a positive trading update (prior to the release of full results in late May), where management confirmed the conversion to REIT status on 1 April 2022 and provided investors with an update on their development pipeline and lettings activity. The performance of Helical plc resulted in offices posting the largest positive absolute contribution to performance as one of only two sectors to achieve such a result. Residential was the other sector, with good contributions from both Grainger and PRS REIT. It was the industrials, logistics and self-storage sector that proved the biggest detractor for returns in absolute terms as we saw a pullback in a number of names but most notably the self-storage sector, in which we have exposure through Safestore. On a relative basis, the fund benefited from the current zero exposure to the larger London office names of Derwent London REIT, Great Portland Estates and Workspace. Our underweight to retail names was also beneficial over the month – most significantly in not holding Hammerson REIT, whose share price fell by nearly 12.5% over a month as sentiment towards the company appeared to worsen.

ACTIVITY

We continued with our considered approach to the deployment of the steady inflows over the past month, which has seen the fund size move to just below £60m (following market weakness) at the end of April. Over the month, we have been predominantly adding to existing positions either where we've seen positive news flow or where market sentiment has seen their share prices move lower. We are now able to confirm the new positioning initiated late in March, which we were unable to name on last month's fact sheet as we were continuing to build our position. It is a position in Capital & Counties Properties plc (or Capco as it is generally known) that provides exposure to Covent Garden and the broader West End through its equity holding in Shaftesbury plc. As covered last month, the fund managers had undertaken their own research on this instrument and the fundamentals of the occupational markets to which these instruments are exposed. This was then discussed in our February meeting of the Advisory Council, where the members were able to provide further evidence from prior discussions with their professional connections in the real estate sector to support the investment case for its inclusion. From our perspective, it provides clear evidence of the strength and benefits of the Advisory Council for this fund.

FUND COMPOSITION



FUND PERFORMANCE

Past performance data will not be published until the Fund has been running for a full 12-month period.

FUND AIM

The investment objective of the Fund is to provide investors with a growing income (in monetary terms per unit) on an annualised basis and some capital growth over a market cycle (a seven-year rolling period). Growing income will be the primary objective of the Fund and capital growth the secondary objective.

INVESTMENT PHILOSOPHY

The Fund uses listed property investments to provide investors with the long-term return profile of the asset class but without the key challenge of liquidity. It primarily invests in real estate investment trusts (REITs) and real estate operating companies (REOCs). The fund managers benefit from the macro input on the property market from an advisory council including colleagues from Custodian Capital and Maven Capital Partners. The discussions within this group contribute to the formulation of the target sector allocations for the Fund.

CUMULATIVE PERFORMANCE as at 30.04.2022

Past performance data will not be published until the Fund has been running for a full 12-month period.

ANNUAL PERFORMANCE

Past performance data will not be published until the Fund has been running for a full 12-month period.

TOP TEN HOLDINGS as at 30.04.2022

Holding	Percentage
Tritax Big Box	6.90%
Urban Logistics REIT	6.80%
Empiric Student Property	6.24%
PRS REIT	5.85%
Grainger plc	5.68%
Assura plc	4.98%
Ediston Property Trust	4.95%
Industrials REIT Ltd	4.67%
Helical plc	4.53%
Land Securities Group plc	4.37%

FUND DETAILS

Fund size:	£59.44 million
No. of holdings:	25
Sector:	IA Property Other
Distribution policy:	Quarterly
Payment dates:	March, June, September and December
XD date:	February, May, August and November
Launch date:	31 August 2021
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
Ongoing charges figure (% p.a.)	
B Income	1.56%
Annual management charge (% p.a.)	
B Income	0.40%
Initial fee	0.00%
ISIN	
B Income	GB00BMCH5V84
SEDOL	
B Income	BMCH5V8

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