

FP MATTIOLI WOODS BALANCED

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.

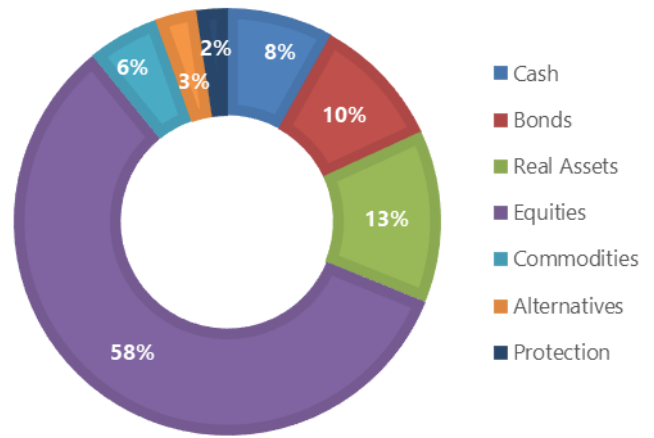
FUND REVIEW

Though the Fund ended the month negatively, it did provide cushion against the more extended fall seen in the benchmark. This continues a run of outperformance, resulting in a one-year figure displaying notable outperformance of the benchmark that represents the average return of our peer group. As global equity markets suffered a torrid month, our well-sized holding in gold proved its worth once again, continuing the solid performance seen through the first quarter. As both an inflation hedge and a risk-off asset, 2022 has proved supportive so far for gold. Beyond this there were few bright spots, though our infrastructure holdings provided a positive contribution, as did our holding in the Lazard Rathmore Alternative Fund, which is held to provide a diversified source of return in uncertain markets and has delivered positively since introduction.

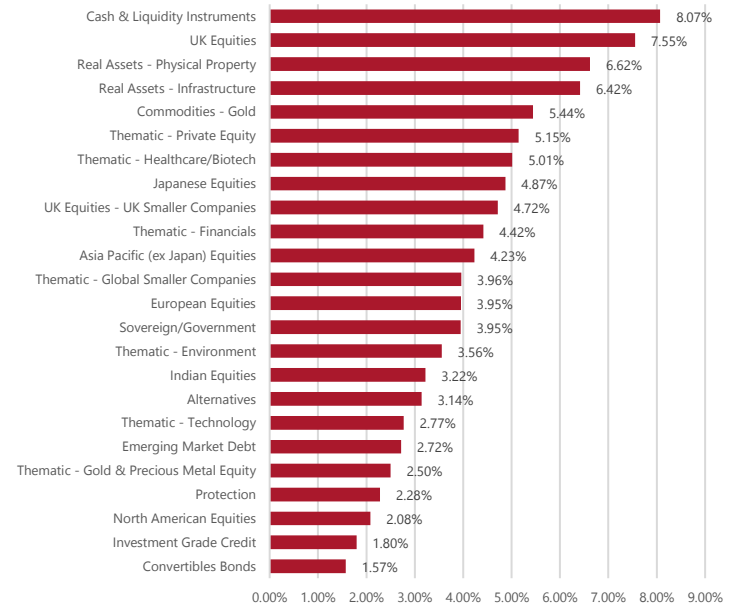
ACTIVITY

There were no asset allocation changes made during the month and overall activity in the Fund was muted. We completed an exit of both LXI and Picton Property Income REITs. With the pricing of both recovering above pre-pandemic levels, we took the opportunity to divest. Proceeds from the sales were reallocated into the Mattioli Woods Property Securities Fund, which provides a broader exposure to underlying properties. Elsewhere we made a slight repositioning of our European equity exposure. Here we introduce a new holding in the BlackRock Continental European Income Fund, to sit alongside our existing position in the Premier Miton European Opportunities Fund. The BlackRock fund provides exposure to quality dividend-paying stocks in sectors such as consumer staples, which should prove complementary to the more growth-orientated Premier Miton fund.

ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE



28/04/2017 - 29/04/2022 Data from FE fundinfo 2022

CUMULATIVE PERFORMANCE as at 30.04.2022

	1 month	3 months	6 months	1 year	3 years
Fund	-1.73	0.89	-3.16	0.17	15.23
Benchmark	-2.13	-1.04	-4.05	-0.09	16.45

Performance Data: Share Class B Inc

ANNUAL PERFORMANCE

	2021	2020	2019	2018	2017
Fund	9.52	4.39	14.62	-4.07	11.94
Benchmark	10.94	5.32	15.78	-6.11	9.98

Performance Data: Share Class B Inc

RISK METRICS as at 30.04.2022

	3 years
Annual volatility	10.14
Maximum drawdown	-14.11
Sharpe ratio	0.13

Metrics annualised over three years for Share Class B Inc

TOP TEN HOLDINGS as at 30.04.2022

Holding	Percentage
iShares Physical Gold ETC GBP	5.44%
Polar Capital Healthcare Opportunities I Inc	5.01%
Polar Capital Global Insurance I Inc GBP	4.42%
Amati UK Smaller Companies B Acc	3.79%
FP Mattioli Woods Property Securities M Inc	3.23%
Goldman Sachs India Equity Portfolio I Inc	3.22%
Lazard Rathmore Alternative S Dist GBP	3.14%
JOHCM UK Dynamic Y Inc	2.79%
M&G Emerging Markets Bond PP Inc	2.72%
Lazard Global Listed Infrastructure Equity A Inc	2.68%

FUND CHARGES

	B	C	D	E
Ongoing charges figure (% p.a.)	1.28%*	1.01%	1.76%	2.11%
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.

*With effect from 1 September 2021, the AMC fees for Share Class B reduced from 0.65% to 0.40%. The operating charge disclosed above is based on actual amounts incurred in the period, the future cost of investing in the Fund is expected to be 1.26%.

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:	£972.42 million
No. of holdings:	44
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.**

Source: FE Fundinfo

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