

FP MATTIOLI WOODS PASSIVE CAUTIOUS

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.

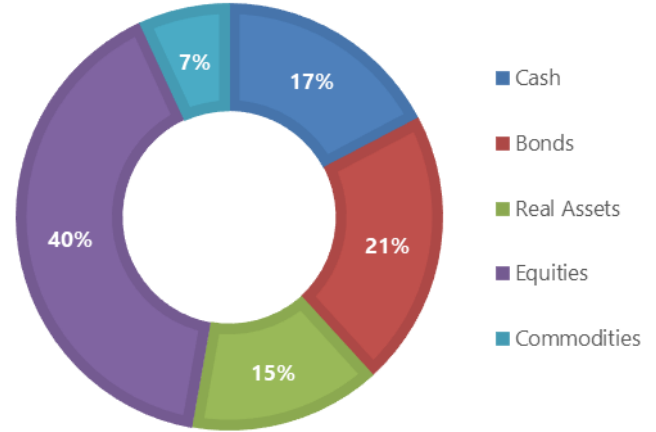
FUND REVIEW

The Fund launched on 18 March and as such it would be premature to make extended comment on performance. At this initial stage we would note that the Fund is behaving in line with our expectations. There has been an element of cash drag to the Fund, in essence providing a more defensive profile through turbulent markets, as we have invested inflows. Exciting times certainly lie ahead, and we look forward to delivering a return profile in line with investor risk and reward objectives.

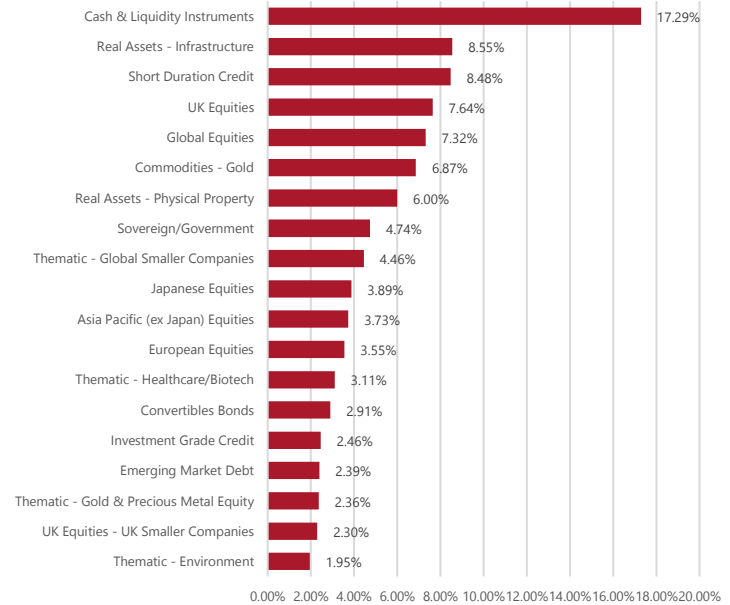
ACTIVITY

Since Fund launch, we have carefully invested investor flows in line with the Mattioli Woods' asset allocation model. As all underlying investments are passive in nature, simply tracking an appropriate index, we look to achieve value for money when undertaking the selection process. We balance choosing the most suitable index to track, for example MSCI World, from a provider achieving best tracking at an acceptable fee. To achieve this, we maintain an open and continuous dialogue with passive instrument providers. The Fund balances core equity investment, such as the Lyxor Core MSCI World ETF, with more idiosyncratic ideas including the Rize Environmental Impact 100 ETF – this tracks an index of innovative companies that may benefit from involvement in the development and application of solutions designed to address environmental challenges.

ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE

Past performance data will not be published until the Fund has been running for a full 12-month period.

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.

RISK METRICS as at 30.04.2022

Risk metrics 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
L&G Global Infrastructure Index C Inc	8.55%
L&G Short Dated Sterling Corporate Bond Index C Inc	8.48%
L&G UK Index Trust C Inc	7.64%
Lyxor Core MSCI World (DR) UCITS ETF GBP	7.32%
iShares Physical Gold ETC GBP	6.87%
iShares UK Property UCITS ETF GBP	6.00%
iShares MSCI World Small Cap UCITS ETF GBP	4.46%
L&G Japan Equity UCITS ETF	3.89%
UBS (Irl) Fund Solutions plc - MSCI AC Asia ex Japan SF UCITS ETF (USD) A Acc	3.73%
L&G European Index Trust C Inc	3.55%

FUND CHARGES

	B	C
Ongoing charges figure (% p.a.)	0.57%	0.32%
Annual management charge (% p.a.)	0.40%	0.15%
Initial fee	0.00%	0.00%

FUND CODES

	ISIN	SEDOL
B Inc	GB00BNGB2236	BNGB223
C Inc	GB00BNGB2343	BNGB234

FUND AIM

The investment objective of the Fund is to preserve capital and generate capital growth (the increase in value of investments) over an investment term in excess of five years and to generate income (money paid out by an investment, such as interest from a bond or a dividend from a share). It is not guaranteed that the Fund will achieve its objective of capital preservation. Capital growth will be prioritised over income generation.

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 solutions, typically index trackers, 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, Lauren Wilson and Mark Moore
Fund size:	£0.017 Million
No. of holdings:	19
Sector:	IA Flexible Investment
Benchmark:	IA Mixed Investments 20-60% Shares
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	21 March 2022
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.
- 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