30 APRIL 2022

MATTIOLI WOODS
FUNDS

FP MATTIOLI WOODS RESPONSIBLE EQUITY 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.

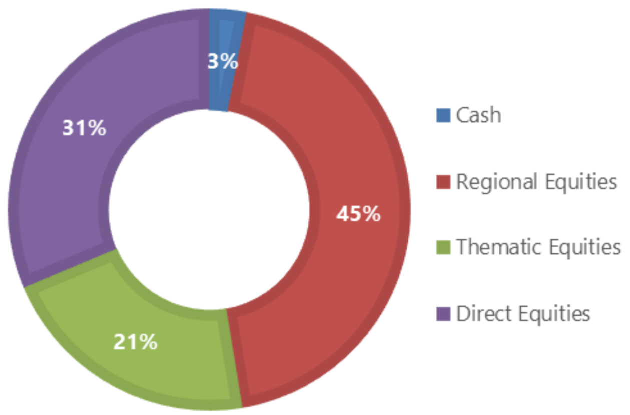
FUND REVIEW

Considering the challenging backdrop of monetary tightening and the Ukraine conflict, equity markets have been remarkably resilient, and the Fund has outperformed the benchmark index over the month. Year to date, relative performance of the Fund has been more than satisfactory considering the backdrop of burgeoning oil and gas prices. Despite some high-profile misses from US technology giants such as Netflix and Amazon, the results from companies we own in the portfolio have been resilient. We made a switch on the UK equity portfolio and sold our holding of National Grid, reinvesting in National Express. National Grid has been an outstanding performer since we launched the Fund, as a result of its defensive earnings stream. However, the stock reached our valuation target and we felt there were better opportunities elsewhere in the market. National Express has been regarded for some time as the best quality bus and coach company in the UK. Some time ago, it sold its UK rail interests to Trenitalia to focus on its UK bus and coach, US school bus and international operations, which mainly revolve around Spain. The company passes the 'value and values' test, as it is a quality operator that still has considerable recovery potential after the pandemic and its public transport ethos puts it at the heart of the UK's decarbonisation efforts.

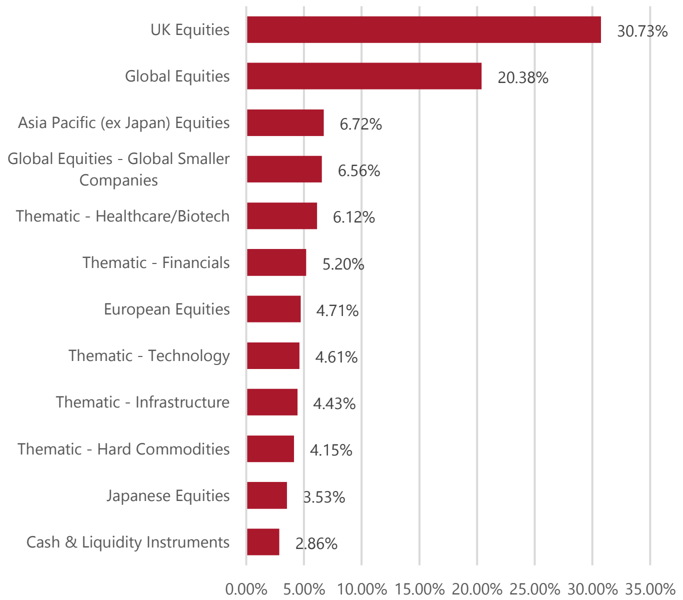
ACTIVITY

We attended the GlaxosmithKline ESG webinar and the Polar Insurance quarterly meeting during April, which are both held in the Fund. Additionally, we attended group webinars with Lloyds Bank and Capita, who were addressing investors after results and their financial performance and updating on ESG matters. Finally, we had a one-on-one meeting with the managers of NB Japan Engagement, which had not performed well since launch. The fund managers tell a compelling story and we expect recovery in due course as their 'quality growth' style returns to favour. The fund managers engage in detail on a wide range of issues with their underlying holdings and we expect this engagement to pay dividends in due course through superior share price performance. We have been satisfied through all our engagements that the companies/funds are delivering in terms of financial returns and ESG progression.

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.

TOP TEN HOLDINGS as at 30.04.2022

Holding	Percentage
Schroder Global Sustainable Value	8.55%
Stewart Investors Asia Pacific Sustainability B Acc	6.72%
BMO SDG Engagement R Inc	6.56%
Polar Capital Healthcare Opportunities I Inc	6.12%
Polar Capital Global Insurance I Inc GBP	5.20%
Liontrust SF European Growth 2 Acc	4.71%
Impax Global Equity Opportunity X Acc	4.62%
Janus Henderson Sustainable Future Technologies G Acc	4.61%
First Sentier Responsible Listed Infrastructure E Inc GBP	4.43%
BakerSteel Electrum D GBP	4.15%

TOP TEN UK DIRECT EQUITY HOLDINGS as at 30.04.2022

Holding	Percentage
Pearson plc	1.59%
GlaxoSmithKline plc	1.46%
Coats Group plc	1.36%
Unilever plc	1.29%
Tesco plc	1.29%
BT Group plc	1.28%
Tate & Lyle plc	1.27%
AstraZeneca plc	1.26%
XPS Pensions Group plc	1.23%
Grainger plc	1.17%

FUND AIM

The investment objective of the Fund is to generate a combination of capital growth (the increase in value of investments) and income (money paid out by an investment, such as a dividend from a share or from fund) over an investment term of 5-year rolling periods. Capital growth will be prioritised over income generation.

INVESTMENT PHILOSOPHY

The Fund uses a global, multi-sector approach, investing in a combination of direct equities in the UK, as well as geographic and thematic equity funds to generate long-term capital growth and income. The Fund defines responsible investing as aiming to generate attractive long-term returns, while ensuring that the companies owned are behaving in the interests of their communities and wider society.

FUND DETAILS

Fund managers:	Christopher White, Jonathon Marchant and Lauren Wilson
Fund size:	£6.89 Million
No. of holdings:	43
Sector:	IA Global
Benchmark:	IA Global
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	22 September 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	1.02%
Annual management charge (% p.a.)	
B Income	0.40%
M Income	0.10%
Initial fee	0.00%
ISIN	
B Income	GB00BMCH5X09
M Income	GB00BMCH5Y16
SEDOL	
B Income	BMCH5X0
M Income	BMCH5Y1

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