30 JUNE 2022

FP MATTIOLI WOODS GROWTH

MATTIOLI WOODS FUNDS

FUND MANAGER COMMENTARY

MARKET REVIEW

After falling significantly through the first half of the month, equity prices did stabilise through the second half – however, this was not sufficient to recover those earlier falls, resulting in a notable drawdown for the month. Much of the sell-off was attributable to continued inflationary concern following an above-forecast US inflation print that led to a 0.75% interest rate rise by the US Federal Reserve – in contrast to the 0.50% financial markets had priced in. With major central banks looking to aggressively raise rates into what is likely to prove a challenging economic environment, particularly for the under-pressure consumer, financial markets are now pricing-in an increased possibility of recession. This was visible in commodities markets, a traditionally cyclical indicator of economic conditions, which sold-off this month following outperformance in the sector year-to-date. Copper is often viewed as a leading indicator of economic conditions, due to its use across multiple industries, so a double-digit sell-off in June seemingly reflects a view that global demand is likely to fall notably as conditions worsen. One trend seen persistently this year is a weakening of sterling – not ideal for a country heavily dependent on import activity but beneficial for unhedged sterling investors who have suffered nowhere near the same level of drawdown that a US dollar-based equity investor has experienced. This trend was amplified in June, sterling once again weakening against the greenback due to a poorly received rate rise of only 0.25% from the Bank of England. Though we might not be facing the same level of equity market falls on a currency basis, we are certainly feeling weaker sterling at the fuel pumps.

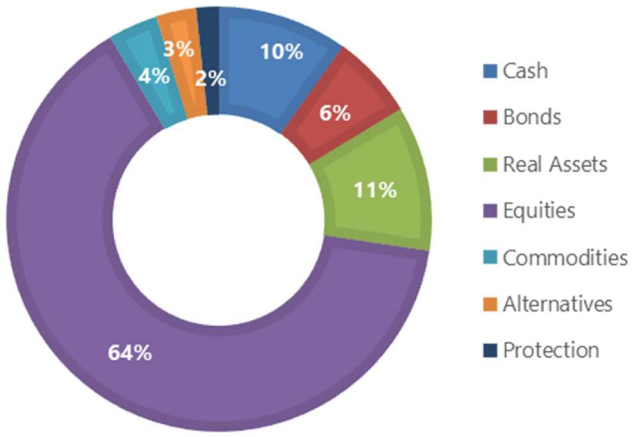
FUND REVIEW

The Fund did not avoid the drawdown seen across financial markets this month. However, it did provide cushion against the fall suffered by the benchmark that represents the average return of our peer group. Relative outperformance of the benchmark this month likely reflects current positioning – namely a lowered equity exposure and higher cash weighting, all part of our efforts to ensure the Fund is not exposed to unnecessary risk. We are aware inflation is unkind to cash, but it is to all asset classes and not falling in nominal terms is proving an attractive characteristic. There will come a point when many of the headwinds currently buffeting risk assets dissipate. Having cash on the sidelines enables us to take advantage of changing conditions as they arise. Our position in Morgan Stanley Asia Opportunity performed well this month, benefiting from a sizeable exposure to Chinese equity. Gold also delivered positively, a function of weaker sterling rather than the US dollar price of gold itself rising. Additionally, there was a positive contribution from the Lazard Rathmore fund held in our alternatives allocation. Elsewhere there was little to cheer as risk assets slipped.

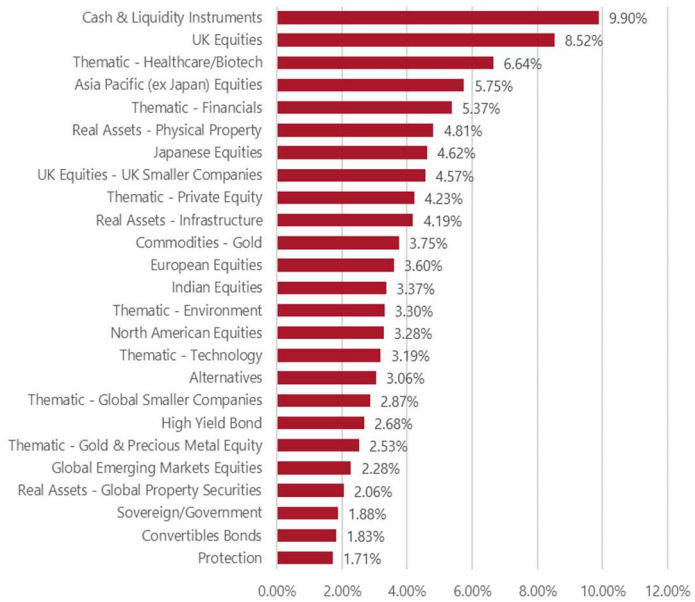
ACTIVITY

There were no asset allocation changes this month; changes made in recent months have placed the Fund into what we see as the most favourable position for current conditions. Looking at the underlying vehicles, we reduced our position in Picton Property Income when the price rallied strongly at the beginning of the month. Proceeds from the sale were used to top-up our holding in the Mattioli Woods Property Securities Fund, providing us with a more diversified exposure to UK commercial property assets. In the high yield space, we fully exited our position in T.Rowe Price Global High Income Bond and instigated a new position in Royal London Sterling Extra Yield Bond. In the current environment, we prefer the higher quality bonds, that often come with an element of securitisation and thus better recourse for bondholders, in the Royal London fund.

ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE

28/06/2019 - 30/06/2022 Data from FE fundinfo2022

CUMULATIVE PERFORMANCE as at 30.06.2022

	1 month	3 months	6 months	1 year	3 years
Fund	-3.47	-8.12	-12.23	-9.19	11.42
Benchmark	-4.17	-6.93	-10.30	-7.09	11.36

Performance Data: Share Class B Inc

ANNUAL PERFORMANCE

	2021	2020	2019	2018	2017
Fund	10.30	9.94	16.05	-6.15	
Benchmark	11.30	6.70	15.66	-6.72	11.21

Performance Data: Share Class B Inc

RISK METRICS as at 30.06.2022

	3 years
Annual Volatility	12.91
Maximum Drawdown	-16.80
Sharpe Ratio	0.01

Metrics annualised over three years for Share Class B Inc

TOP TEN HOLDINGS as at 30.06.2022

Holding	Percentage
Polar Capital Healthcare Opportunities I Inc	5.69%
Polar Capital Global Insurance I Inc GBP	5.37%
iShares Physical Gold ETC GBP	3.75%
Amati UK Smaller Companies B Acc	3.67%
Premier Miton European Opportunities B Acc	3.60%
FP Mattioli Woods Property Securities M Inc	3.57%
Goldman Sachs India Equity Portfolio I Inc	3.37%
JOHCM UK Dynamic Y Inc	3.31%
Lazard Rathmore Alternative S Dist GBP	3.06%
Kempen Global Small-cap I GBP	2.87%

FUND CHARGES

	B	C	D	E
Ongoing charges figure (% p.a.)	1.29%*	1.02%	1.77%	2.12%
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 calculating the 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 1.27%.

FUND CODES

	ISIN	SEDOL
B Inc	GB00BZCN8K76	BZCN8K7
C Inc	GB00BZCN8L83	BZCN8L8
D Inc	GB00BZCN8M90	BZCN8M9
E Inc	GB00BZCN8N08	BZCN8N0

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:	£529.96 million
No. of holdings:	43
Sector:	IA Flexible Investment
Benchmark:	IA Flexible Investment
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