

FP MATTIOLI WOODS GROWTH

FUND MANAGER COMMENTARY

MARKET REVIEW

Global equity markets delivered strong returns this month as investors began to factor in potential interest rate cuts in 2023. Higher rates have resulted in a repricing of many equity sectors, so the prospect of that headwind dissipating saw a return to those stocks that have undergone large falls. Growth stocks, where you pay now for future earnings growth, have struggled this year as rate expectations rose in response to elevated inflation. This month, those very same stocks outperformed significantly, based on this changed view on rates. Slowing economic data, particularly in the services sector, drove the belief central banks will not need to push rates considerably higher to control inflation. Much inflationary pressure is a result of supply side issues and while it is unlikely those issues are entirely resolved, demand is being destroyed. Consumers are being pushed into a precarious position because of soaring energy prices, food-price inflation and elevated transport costs. The US has now entered a technical recession, defined as two consecutive quarters of negative economic growth – it seems only a matter of time before many European economies undergo a similar fate. Of course, equity markets are not entirely tied to economic conditions and broadly are forward looking, so the possibility of monetary easing, or rate cuts, provided investors some respite in a challenging environment. We believe this relief rally is not based on solid fundamentals, instead simply a prediction of central bank action. Taking a cautious stance, as we have done, appears correct – we note earnings downgrades have only just begun and there is no guarantee inflation will simply roll over allowing central banks to announce their job done.

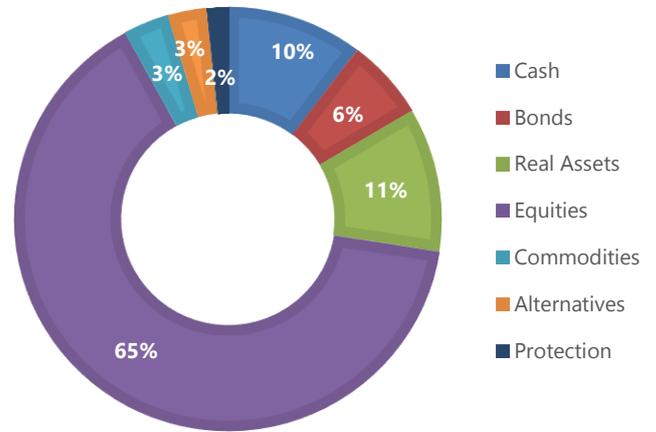
FUND REVIEW

A more cautious approach to fund positioning, particularly a higher cash weighting in response to an uncertain outlook, did suppress the return for the Fund this month as equity markets rallied strongly. There were positive contributions from most underlying holdings in the Fund, though our Asian and global emerging markets equity positions delivered a negative return due to further lockdowns in China. Polar Capital Healthcare Opportunities was the single largest contributor to performance, with similarly strong contributions from both India and European equity. Bond yields fell this month, a result of future expectations for growth and interest rate direction, leading to positive returns across our entire fixed income allocation. The weakest area was our holding in physical gold, the price of this typically defensive asset falling as risk assets rallied. With fears of a difficult winter across Europe and no end to the war in Ukraine, gold remains a valuable component of portfolios.

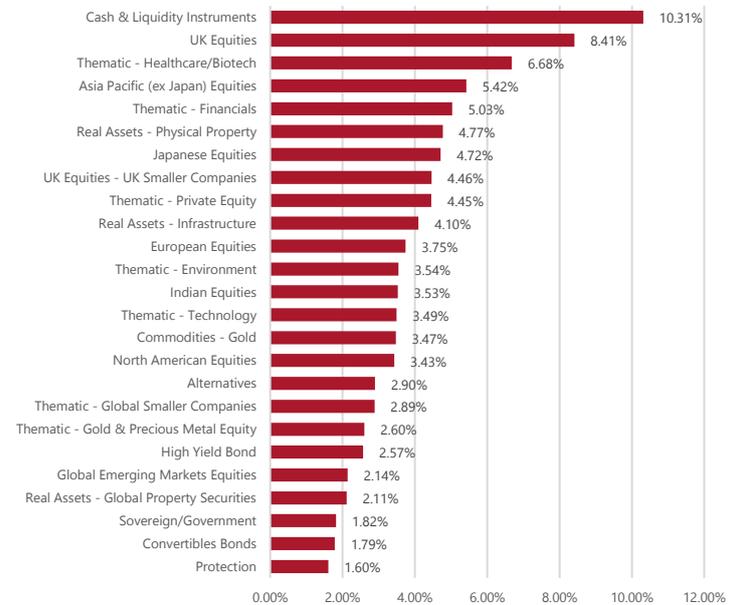
ACTIVITY

There were no asset allocation changes this month and overall activity in the Fund was muted. Inflows were used to top-up positions in the Jupiter Gold & Silver fund and ICG Enterprise Trust. The former has underperformed in recent months as investors have preferred large-cap mining stocks, resulting in poor returns for the smaller mining operations which are the focus of this fund. This has resulted in attractive valuations for these companies and we believe the Fund is well positioned to capitalise. ICG Enterprise Trust currently trades on a large discount, relative to the carrying value of the underlying companies it holds – in line with broader private equity where markets have become concerned about valuations. The managers of ICG have highlighted the more defensive growth names they invest in, compared to peers, which should prove resilient through an economic cycle.

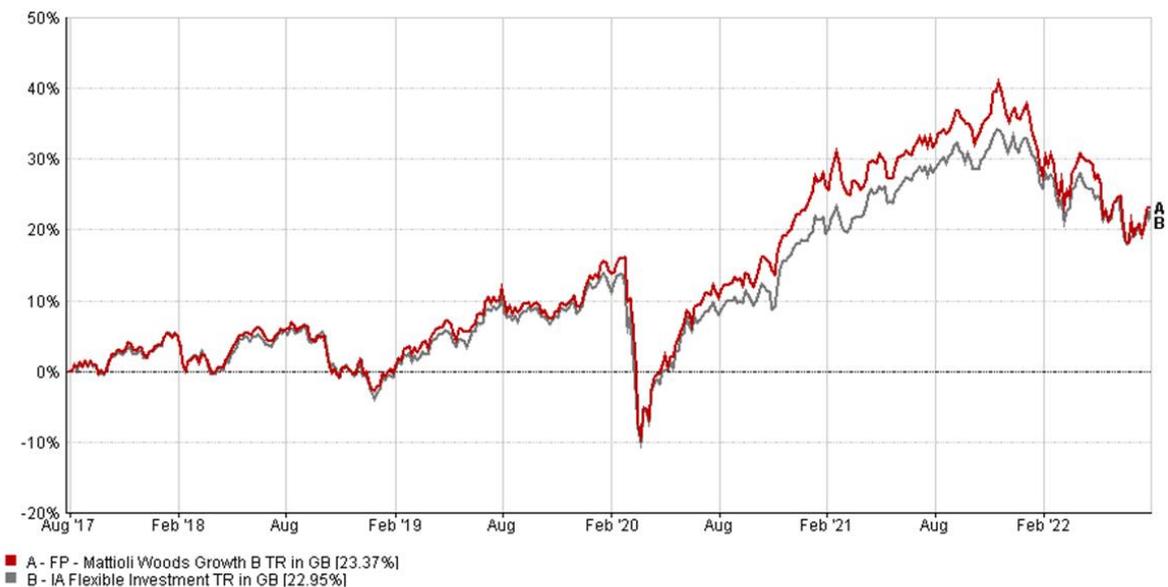
ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE



CUMULATIVE PERFORMANCE as at 31.07.2022

	1 month	3 months	6 months	1 year	3 years
Fund	2.42	-3.65	-3.40	-6.74	10.49
Benchmark	3.22	-2.00	-2.79	-4.24	11.57

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 31.07.2022

	3 years
Annual volatility	12.86
Maximum drawdown	-16.80
Sharpe ratio	0.17

Metrics annualised over three years for Share Class B Inc

TOP TEN HOLDINGS as at 31.07.2022

Holding	Percentage
Polar Capital Healthcare Opportunities I Inc	5.74%
Polar Capital Global Insurance I Inc GBP	5.03%
Premier Miton European Opportunities B Acc	3.75%
Amati UK Smaller Companies B Acc	3.57%
FP Mattioli Woods Property Securities M Inc	3.55%
Goldman Sachs India Equity Portfolio I Inc	3.53%
iShares Physical Gold ETC GBP	3.47%
JOHCM UK Dynamic Y Inc	3.21%
Lazard Rathmore Alternative S Dist GBP	2.90%
Kempen Global Small-cap I GBP	2.89%

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:	£551.64 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

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