

FP MATTIOLI WOODS ADVENTUROUS

FUND MANAGER COMMENTARY

MARKET REVIEW

The traditional 'Santa Rally', which typically sees equities make gains in the weeks leading up to Christmas Day, failed to fully materialise in 2022. This capped a torrid year for financial markets as asset prices underwent a marked correction in response to central bank monetary tightening and global slowdown fears. 2022 was a year to forget for investors; many equity markets suffered their worst falls since 2008 while some bond markets underwent a double-digit correction. At the outset of the year, few expected inflation to reach 40-year highs with central bankers convinced rising inflation would prove transitory. As consumer prices continued to climb, central banks took interest rates to levels not seen since the global financial crisis – hampering the growth outlook and sending bond yields markedly higher. This global wave of interest rate hikes, allied with the impact of Russia's invasion of Ukraine and China's zero-Covid policy, negatively impacted asset pricing. There were few positives, with some sectors, particularly those pricing in as yet unachieved future growth (rather than profit now), such as technology, suffering most. Commodities, notably energy, were a rare bright spot and those regional markets, including the UK large company segment, with significant exposures to these sectors fared better. Looking ahead there are flickers of optimism, with peak interest rates expected to come as 2023 progresses. That said, corporate earnings will come under pressure in a slowdown so remaining selective in equity positioning remains key. With bond yields significantly higher after the sell-off, opportunities are more prevalent here but again it is important to understand the capability (and willingness) of borrowers to repay. Here's to an improved 2023 for financial markets.

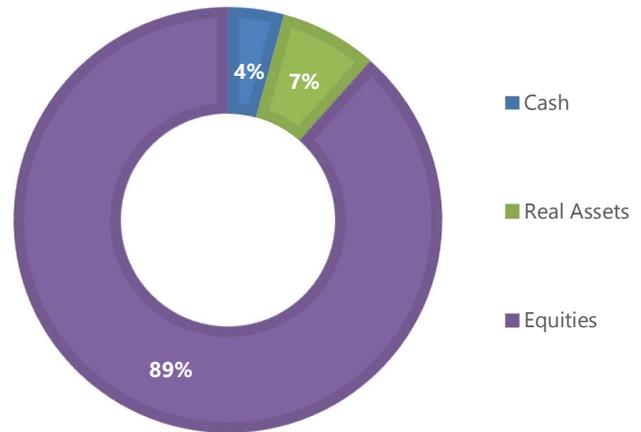
FUND REVIEW

While the Fund did generate a negative return for the month, it mitigated over half of the fall seen from the benchmark. Much of this came from our longstanding underweight to US equity, relative to the region's high weighting in global equity markets. While most equity markets did generate negative returns in December, the US equity market was one of the worst performing by some margin. Asia, led by continued recovery in its largest market China, and certain European equities fared better. Looking at performance of our underlying holdings, several actively managed holdings did deliver positive contributions that partially offset broader falls. A stronger physical gold price over the month translated into a solid positive return from Jupiter Gold & Silver, while recovery in Chinese equity pricing benefited Morgan Stanley Asian Opportunities. Beyond this and some mixed performance in the UK market there remained little to cheer about in a very difficult month for equities.

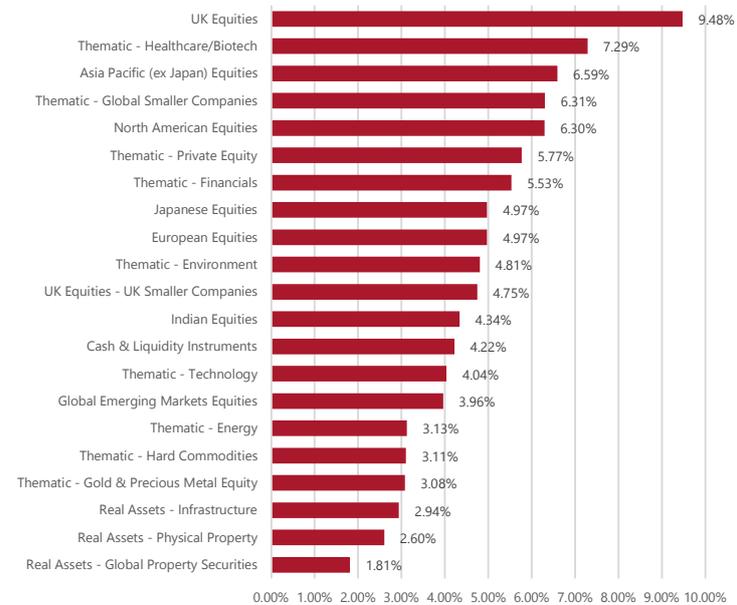
ACTIVITY

There were no asset allocation changes this month and overall activity in the Fund was muted. The only notable trade used inflows to the Fund to add to our position in the Legal & General US Index Trust – a low-cost and efficient way for us to actively manage our exposure to US equity.

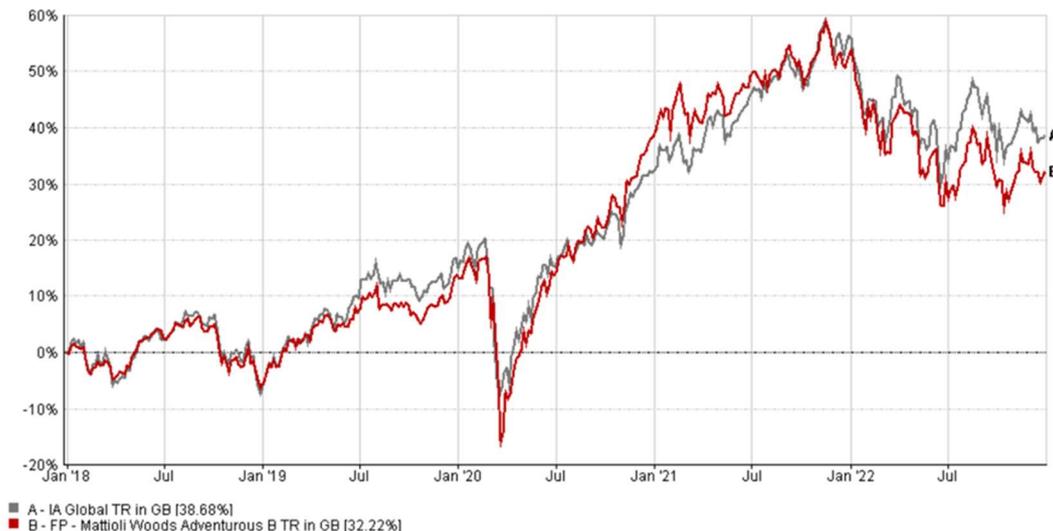
ASSET ALLOCATION



FUND COMPOSITION



FUND PERFORMANCE



## CUMULATIVE PERFORMANCE as at 31.12.2022

	1 month	3 months	6 months	1 year	3 years
<b>Fund</b>	-1.16	1.93	2.56	-13.65	16.43
<b>Benchmark</b>	-2.88	2.19	4.02	-11.06	20.64

Performance Data: Share Class B Inc

## ANNUAL PERFORMANCE

	2022	2021	2020	2019	2018
<b>Fund</b>	-13.65	9.94	22.64	20.18	-5.51
<b>Benchmark</b>	-11.06	17.68	15.27	21.92	-5.72

Performance Data: Share Class B Inc

## RISK METRICS as at 31.12.2022

	3 years
<b>Annual Volatility</b>	16.89
<b>Maximum Drawdown</b>	-19.54
<b>Sharpe Ratio</b>	0.23

Metrics annualised over three years for Share Class B Inc

## TOP TEN HOLDINGS as at 31.12.2022

Holding	Percentage
Polar Capital Healthcare Opportunities I Inc	5.81%
Polar Capital Global Insurance I Inc GBP	5.53%
Premier Miton European Opportunities B Acc	4.97%
Ninety One Global Environment K Inc	4.81%
Amati UK Smaller Companies B Acc	4.75%
Goldman Sachs India Equity Portfolio I Inc	4.34%
Kempen Global Small-cap I GBP	4.07%
Redwheel Global Emerging Markets B Inc	3.96%
JOHCM UK Dynamic X Inc	3.77%
Morgan Stanley Asia Opportunity Z Acc	3.48%

## FUND CHARGES

	B	C	D	E
<b>Ongoing charges figure (% p.a.)</b>	1.28%*	1.02%	1.77%	2.12%
<b>Annual management charge (% p.a.)</b>	0.40%	0.15%	0.90%	1.25%
<b>Initial fee</b>	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% or lower depending on cross investment reduction.

## FUND CODES

	ISIN	SEDOL
<b>B Inc</b>	GB00BZCN8P22	BZCN8P2
<b>C Inc</b>	GB00BZCN8Q39	BZCN8Q3
<b>D Inc</b>	GB00BZCN9153	BZCN915
<b>E Inc</b>	GB00BZCN9260	BZCN926

## 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

<b>Fund managers:</b>	Ian Goodchild, Jonathon Marchant and Mark Moore
<b>Fund size:</b>	£136.53 million
<b>No. of holdings:</b>	36
<b>Sector:</b>	IA Flexible Investment
<b>Benchmark:</b>	IA Global
<b>Distribution policy:</b>	Half-yearly
<b>Payment dates:</b>	March and September
<b>XD date:</b>	February and August
<b>Launch date:</b>	31 July 2017
<b>Legal structure:</b>	Non-UCITS Retail Scheme
<b>Reporting date (annual):</b>	31 July
<b>Reporting date (interim):</b>	31 January
<b>Base currency:</b>	Sterling
<b>Valuation point:</b>	12:00 midday daily
<b>ISA eligible:</b>	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

Mattioli Woods plc is authorised and regulated by the Financial Conduct Authority. Registered Office: 1 New Walk Place, Leicester, LE1 6RU. FundRock Partners Limited is the Authorised Corporate Director (ACD) of the fund and is authorised and regulated by the Financial Conduct Authority. Registered Office: 52-54 Gracechurch Street, London, EC3V 0EH.