

**FP MATTIOLI WOODS
PASSIVE GROWTH**

FUND MANAGER COMMENTARY

MARKET REVIEW

Following what had been a bright start to the year, inflationary clouds rolled in once more to dampen spirits. Through January, the prevailing view was central banks had sufficiently tightened monetary policy, via a raising of interest rates, to stem inflation. The hard work was near complete and financial markets expected a couple more well-telegraphed rate rises in the US before peak rates were reached. That view came crashing down in February. Though inflation is indeed slowing (predominantly goods inflation), rising prices in the service sector are proving harder to control. Consequently, the January US consumer price inflation (CPI) reading came in ahead of forecast. When allied to a strong labour market report and solid retail sales data, financial markets swiftly priced in a later peak in US interest rates and a likelihood of rates being held higher for longer. This re-evaluation of future rate expectations triggered a sell-off across most equity regions and resulted in bond yields moving sharply upwards, with bond prices falling in response. The strength of the US economy through this environment of higher rates is proving a puzzling aspect for the country's policymakers. It seems likely the lagged effect of monetary tightening to date is still to be realised. While it could be argued the Federal Reserve (and several other central banks) were initially slow to respond to surging inflation, rates were subsequently raised swiftly, and being more aggressive now, without sight of the impact, may create deeper problems.

FUND REVIEW

The Fund slightly outperformed its benchmark this month, which is pleasing to see and broadly reflects a more cautious level of risk than we would typically run. As noted in previous months, this is predicated on our view financial markets have not fully priced in the impact of higher rates and slowing growth on corporate earnings, with certain markets still displaying extended valuations. That said, we were exposed to a falling gold price through our holding of Jupiter Gold & Silver. Additionally, exposure to both Asian and emerging market equities was determinantal as these regions underwent larger falls than many global peers – much of the drop in the region due to rising geopolitical tensions between China and the US which counteracted the positivity of China's post-Covid reopening. UK and European equities held-up significantly better; a mild winter combined with strong labour markets is supporting positive consumer behaviours across Europe, while the nature of many European stock markets mean they are skewed towards the beneficiaries of rising interest rates.

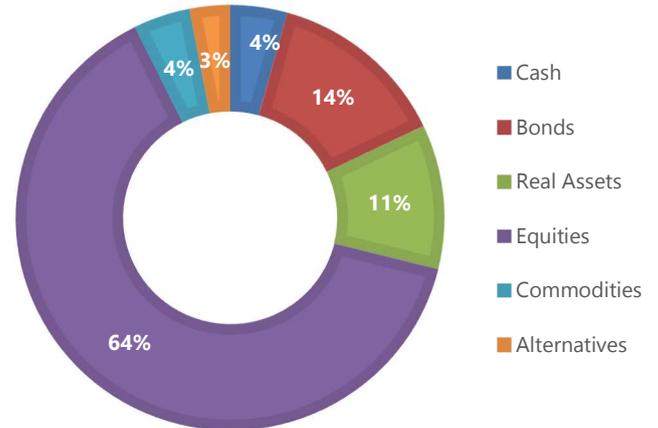
ACTIVITY

We made an asset allocation change this month to exit our position in convertible bonds with a corresponding increase in investment grade bonds. With convertible bonds offering no yield and a difficult period ahead for many of the companies that issue these bonds, the higher quality and attractive yield on offer from investment grade bonds is more appealing. We are managing our interest rate sensitivity by complementing our position in iShares Corporate Bond Index with a holding in L&G Short Dated Corporate Bond Index, where duration (broadly, how sensitive a bond's price is to changes in interest rate) is around half that of standard investment grade indices, allowing us to mitigate overall interest rate risk.

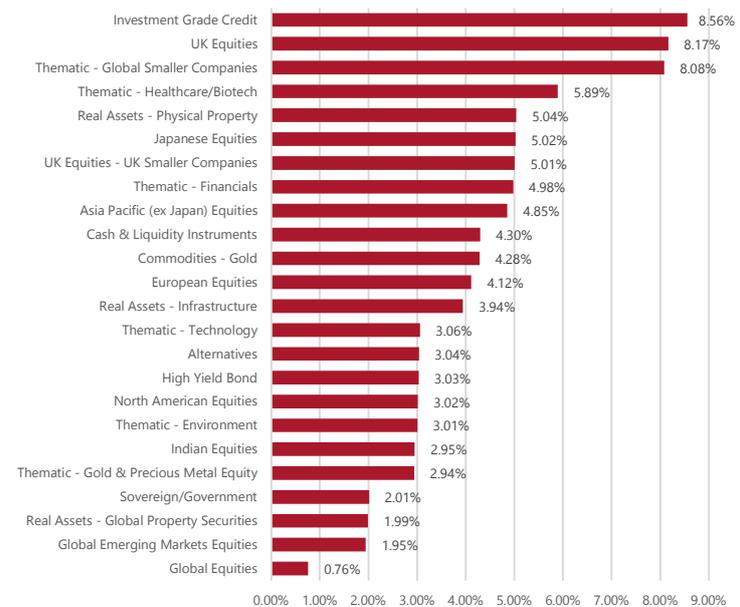
FUND PERFORMANCE

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

ASSET ALLOCATION



FUND COMPOSITION



CUMULATIVE PERFORMANCE as at 28.02.2023

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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 28.02.2023

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TOP TEN HOLDINGS as at 28.02.2023

Holding	Percentage
L&G UK Index Trust C Inc	8.17%
iShares MSCI World Small Cap UCITS ETF GBP	8.08%
L&G Global Health & Pharmaceuticals Index Trust C Inc	5.89%
L&G Short Dated Sterling Corporate Bond Index C Inc	5.28%
iShares UK Property UCITS ETF GBP	5.04%
L&G Japan Equity UCITS ETF	5.02%
Vanguard FTSE 250 UCITS ETF Inc GBP	5.01%
SPDR S&P US Dividend Aristocrats UCITS ETF	4.98%
UBS (Irl) Fund Solutions plc - MSCI AC Asia ex Japan SF UCITS ETF (USD) A Acc	4.85%
iShares Physical Gold ETC GBP	4.28%

FUND CHARGES

	B	C
Ongoing charges figure (% p.a.)	0.52%	0.27%
Annual management charge (% p.a.)	0.40%	0.15%
Initial fee	0.00%	0.00%

FUND CODES

	ISIN	SEDOL
B Inc	GB00BNGB1V56	BNGB1V5
C Inc	GB00BPSJ8M12	BPSJ8M1

FUND AIM

The Fund aims to achieve capital growth (the increase in value of investments) by the management of a global multi-asset portfolio over an investment term in excess of five years.

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:	£2.96 million
No. of holdings:	24
Sector:	IA Flexible Investment
Benchmark:	IA Flexible Investment
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