31 MARCH 2023

MATTIOLI WOODS
FUNDS

FP MATTIOLI WOODS
RESPONSIBLE EQUITY FUND

FUND MANAGER COMMENTARY

MARKET REVIEW

Most stocks and bond sectors managed to eke out marginally positive returns to cap off a similarly positive quarter. This came despite some significant turmoil in the banking sector during the month. It required the swift intervention of banking regulators to prevent further capitulation following events that originated in the US regional banking sector before culminating in the takeover of Credit Suisse by rival UBS. Stocks fell sharply after the collapse of the US bank, Silicon Valley Bank and two smaller rivals, as investors considered contagion through the broader banking sector. This was followed by the takeover of what had been Switzerland's second largest bank, Credit Suisse. With regulators quick to reassure markets these events were contained and would not lead to a wider systemic issue, markets stabilised before recovering in the final week of the month. With inflation now showing signs of easing (and we would now expect some of the base effect from energy price rises to dissipate), markets have started to price in earlier peak interest rates and even potential rate cuts by year end. Core inflation, which strips out energy and food pricing, is proving more stubborn and employment data remains strong but with the lagged effect of past interest rate rises still to come, there is growing optimism this hiking cycle is close to its end. With markets pricing out some of the previously anticipated rate hikes, and the banking sector providing what may prove the first taste of the impact of higher borrowing costs for the global economy, bond yields moved markedly lower over the month to deliver solid returns for bondholders.

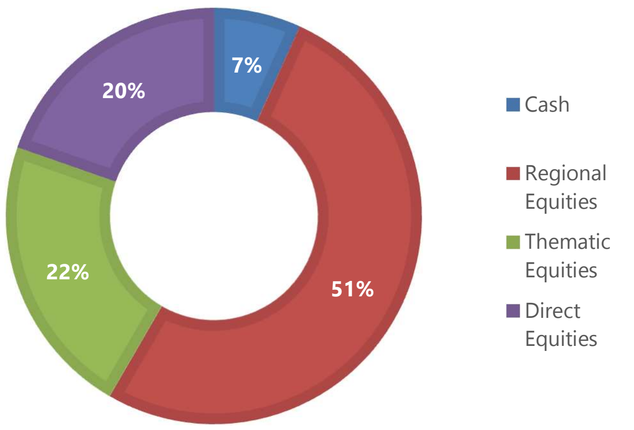
FUND REVIEW

Although the Fund has no exposure to distressed banks, and little to the banking sector overall, negative sentiment in the space impacted the holding in global insurance during March. This position was the main detractor over the month but, given there has been no change to the fundamentals underpinning our investment thesis here, we have retained the position and await a rebound. Compared to peers, we have been light in terms of exposure to the technology sector since inception given concerns around the strength of their future earnings against a backdrop of higher for longer interest rates in the US. The technology sector rebounded this month as investors made bets that the stress in the financial sector would cause the Federal Reserve to soften its stance on interest rates. We think it is still too soon to get excited about technology with core inflation remaining sticky and a potential growth slowdown on the horizon. Our UK direct equity book was mixed over the month with more economically sensitive companies like Marks & Spencer Group outperforming and those even moderately exposed to the financial sector falling. Recently, economic data from the US has been weaker than expected, which has consolidated our view that a tilt towards quality companies and counter-cyclical sectors is appropriate.

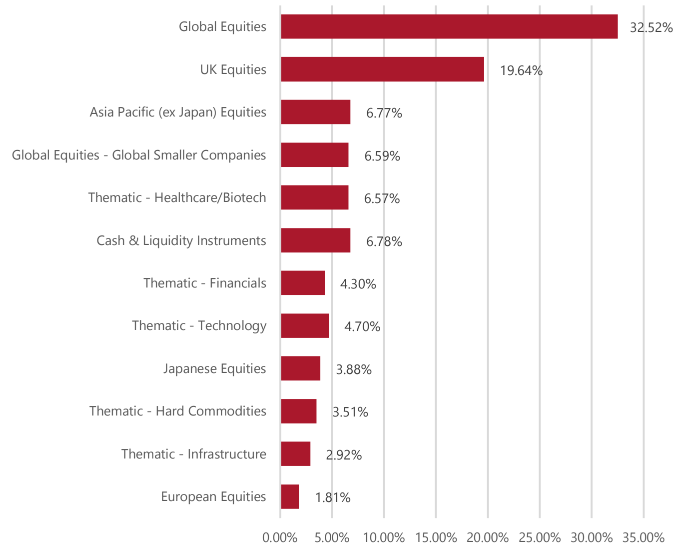
ENGAGEMENT

Over the period, we met with several companies held in the portfolio. Strix provided significant detail on how product development has made further increases to energy efficiency within its kettle control division. The business has also made significant steps in waste reduction and carbon intensity. A key tenet for our investment case in Galliford Try is its environmental credentials in construction and the growth available in its water division. Our meeting with management reaffirmed our confidence in their ability to capture this growing market opportunity. It was a quiet month in terms of voting and we expect activity to pick up materially next month, with a number of annual general meetings in the diary.

ASSET ALLOCATION

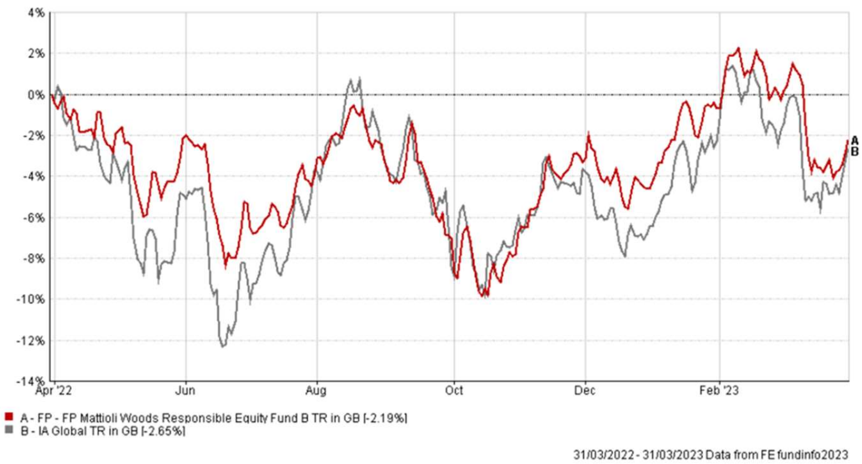


FUND COMPOSITION



Due to rounding, figures above may not equal 100%

FUND PERFORMANCE



Source: Financial Express, bid-to bid, net income reinvested, sterling terms. Performance is quoted net of fees.

CUMULATIVE PERFORMANCE as at 31.03.2023

	1 month	3 months	6 months	1 year	3 years
Fund	-2.24	2.54	5.23	-2.19	
Benchmark	-0.19	4.05	6.32	-2.65	48.34

ANNUAL PERFORMANCE

	2022	2021	2020	2019	2018
Fund	-8.39				
Benchmark	-11.06	17.68	15.27	21.92	-5.72

TOP TEN HOLDINGS as at 31.03.2023

Holding	Percentage
Schroder Global Sustainable Value	7.83%
BNY Mellon Sustainable Global Equity Income I W Inc	7.79%
Impax Global Equity Opportunity X Acc	7.51%
Stewart Investors Asia Pacific Sustainability B Acc	6.77%
BMO SDG Engagement R Inc	6.59%
Polar Capital Healthcare Opportunities I Inc	6.57%
Janus Henderson Global Sustainable Equity I Inc	4.87%
Janus Henderson Sustainable Future Technologies G Acc	4.70%
Regnan Global Impact A Acc	4.52%
Polar Capital Global Insurance I Inc GBP	4.30%

TOP TEN UK DIRECT EQUITY HOLDINGS as at 31.03.2023

Holding	Percentage
XPS Pensions Group plc	1.04%
Coats Group plc	1.02%
AstraZeneca plc	0.96%
Capita plc	0.92%
Smith & Nephew plc	0.90%
Unilever plc	0.85%
Lloyds Banking Group plc	0.77%
Tesco plc	0.74%
GlaxoSmithKline plc	0.72%
SSE plc	0.71%

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 five-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:	£9.28 million
No. of holdings:	44
Sector:	IA Global
Benchmark:	IA Global
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	20 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	1.08%
Annual management charge (% p.a.)	
B Income	0.40%
Initial fee	0.00%
ISIN	
B Income	GB00BMCH5X09
SEDOL	
B Income	BMCH5X0

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