MATTIOLI WOODS FUNDS

FP MATTIOLI WOODS RESPONSIBLE EQUITY FUND

FUND MANAGER COMMENTARY

MARKET REVIEW

Most equity markets delivered positively for the month, capping off a solid quarter. As seen in recent months, US equities continue to outperform, particularly relative to Asia ex. Japan, where China's economic woes have severely dampened returns. We discussed US outperformance last month and the situation maintains; a small subset of stocks leading investor excitement because of the potential for generative artificial intelligence. Beyond this, several events this month impacted both geopolitics and forward-looking assessments for financial market returns. On the former, we had the extraordinary spectacle of the march on Moscow by the Russian paramilitary Wagner Group. While this event swiftly petered out it did demonstrate challenge to President Putin's rule, with clear implications for the Ukraine invasion. In other geopolitical news, there appears a desire to de-escalate US-China tensions through meetings between high-level officials including US Secretary of State, Antony Blinken, and President Xi Jinping. With China struggling to stimulate their economy post-zero-Covid, reopening this thawing of relations appears deliberate to boost foreign investor sentiment. Finally, investors reassessed their interest rate expectations, particular in the UK, as core inflation (which excludes food and energy pricing) continues to remain stubbornly high. Investors are now pricing a higher terminal interest rate for certain economies while reshaping the timeline for interest rate cuts in others. This had ramifications for bond markets, with yields moving higher in response, pushing down prices. Central banks, including the US Federal Reserve who chose to hold interest rates this month, still have work to do to bring inflation back to target.

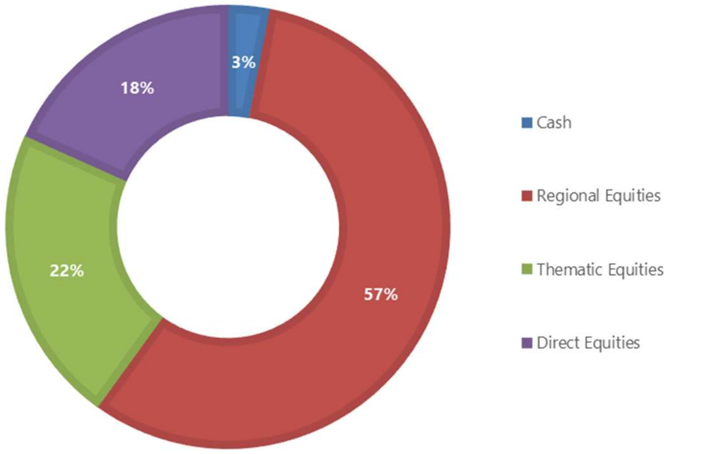
FUND REVIEW

While the macro-economic news remains mixed, we have had an active month on the Fund. On the Funds side, we have initiated a position in R and M European Change for Better and added to Baker Steel Electrum and NB Japan Engagement, The R and M fund offers diversity to our European exposure as it has a value-oriented investment style compared to the more growth-oriented Liontrust holding. We added to our Japanese exposure as the Japanese market is performing well compared to a lot of global markets and it remains undervalued. The Government seems to have inflation under control and is taking the initiative in trying to revive some of the lack lustre corporate names, which trade on lowly price to book ratios. Warren Buffet recently paid a visit to Japan and Berkshire Hathaway has been increasing their weighting there which has attracted further interest. On the Direct Equity side, we sold out of OSB and Synthomer where we had lost conviction in the investment case, added to DWF and bought new positions in Travis Perkins and Harworth. We are especially excited about Harworth which is a real estate company that is trading at a significant discount to book value and could easily attract the interest of a predator. The company owns large swathes of land in the north of England and looks to develop over time. Urban regeneration is a perfect theme for the Responsible Equity Fund and fits in with the UN Sustainable Development goals.

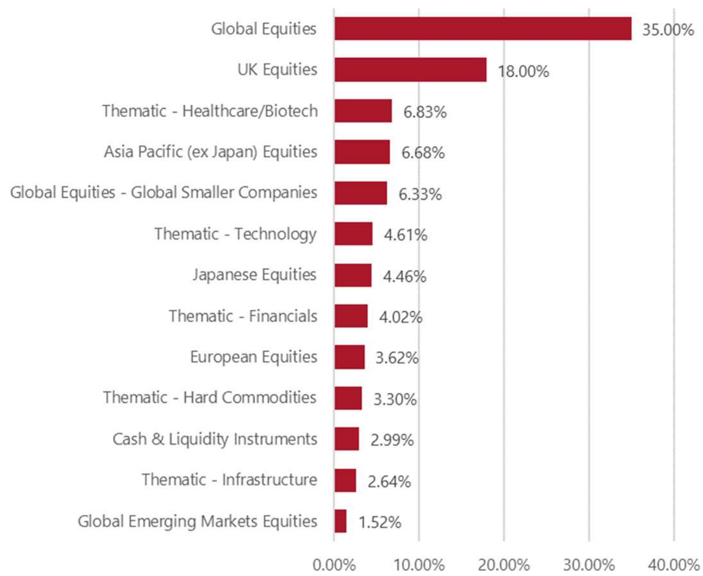
ENGAGEMENT

We had a meeting with Richard Clode, the manager of the Janus Henderson Sustainable Development Fund, during the month. This provided a useful update on the fund and the technology sector with a particular emphasis on Artificial Intelligence. We also engaged with DWF, where the share price performance had been very disappointing. The CEO and CFO reassured us things were going well and that the future looked bright. We think the company is best in class in terms of ESG in the quoted Legal sector. Over the past twelve months, we have voted against resolutions at five company AGMs (Marks and Spencer, FRP, DWF, Pearson and Unilever). Most of the votes have been against the remuneration reports for a variety of reasons but at DWF we voted against the re-election of three Directors where the company was out of line with best practise.

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 30.06.2023

	1 month	3 months	6 months	1 year	3 years
Fund	0.26	0.75	3.31	5.48	
Benchmark	2.36	2.36	6.50	10.79	27.26

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 30.06.2023

Holding	Percentage
Schroder Global Sustainable Value	7.45%
BNY Mellon Sustainable Global Equity Income I W Inc	7.33%
Impax Global Equity Opportunity X Acc	7.07%
Polar Capital Healthcare Opportunities I Inc	6.83%
Stewart Investors Asia Pacific Sustainability B Acc	6.68%
BMO SDG Engagement R Inc	6.33%
Janus Henderson Global Sustainable Equity I Inc	4.73%
Janus Henderson Sustainable Future Technologies G Acc	4.61%
NB Japan Equity Engagement	4.46%
Regnan Global Impact A Acc	4.41%

TOP TEN UK DIRECT EQUITY HOLDINGS as at 30.06.2023

Holding	Percentage
XPS Pensions Group plc	1.06%
Smith & Nephew plc	0.95%
AstraZeneca plc	0.91%
Coats Group plc	0.90%
GlaxoSmithKline plc	0.84%
Grainger plc	0.79%
Unilever plc	0.78%
Marks & Spencer Group plc	0.72%
SSE PLC	0.68%

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:	£10.09 million
No. of holdings:	47
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

MORE INFORMATION

If you have any issues with this document, please contact Mattioli Woods plc.