

31 OCTOBER 2023

MATTIOLI WOODS FUNDS

FP MATTIOLI WOODS BALANCED

FUND MANAGER COMMENTARY

MARKET REVIEW

Continuing the premise that emerged in September, most assets underwent falls this month as investors priced the impact of interest rates being held at current levels further into 2024. Further, some markets were buffeted by events in the Middle East where the Israel-Hamas conflict resulted in investors shedding certain stocks and bonds for other 'safe haven' assets. The main causes of higher-for-longer rates have been discussed before but broadly are a resilient US economy and persistently elevated inflation. The US economy, which is being supported by strong consumer activity, delivered an impressive 4.9% annualised growth in Q3, well above expectation and much higher than the 2.1% growth seen during Q2. Additionally, US consumer price inflation remained static for the month of September, registering the same 3.7% year-on-year rate seen in August. With US Federal Reserve chair Jerome Powell reiterating the central bank's commitment to returning inflation to the 2% target level, financial markets reshaped the timeline for potential interest rate cuts, pushing them further out. Longer maturity bonds were most detrimentally impacted; here we are seeing both the impact of strong economic growth and a market insisting on a larger premium to lend to heavily indebted governments for longer periods. This story of market demand and increased issuance in the sovereign bond space has further to run, and we expect to see more volatility here as the 2024 UK and US elections move into view.

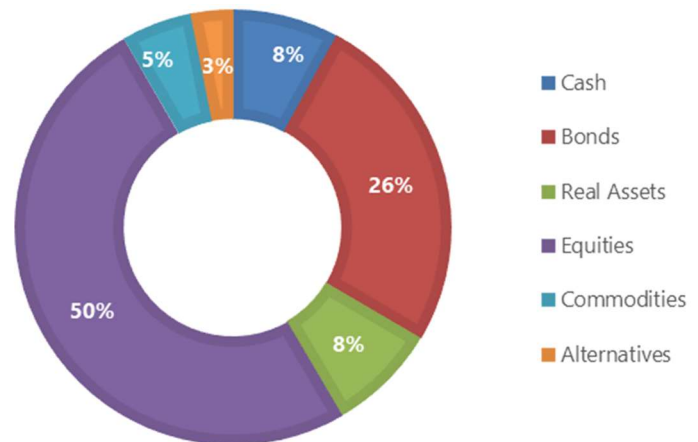
FUND REVIEW

While the Fund delivered a negative return over the month, on a relative basis it fell less than our benchmark, which represents the average of our peer group. Similar to September, our deliberately cautious equity positioning provided some mitigation during a month where most equity areas suffered, as continually stubborn US inflation reinforced the higher-for-longer rates narrative. Further, our physical gold position provided a positive contribution as the Middle East conflict resulted in demand for safe haven assets. Beyond this, there were few positive contributors. Cash was one, however, proving its worth as a useful asset and providing both a source of income and capital preservation. Global insurance equities were a rare positive in the equity space, a position that has worked extremely well in recent months as earnings in the sector have rebounded. Assets detrimentally impacted by rising bond yields, including our US Treasury position and smaller companies equity, were among the largest detractors on higher-for-longer concern. Broader UK equities also detracted in response to the Bank of England's downbeat UK economic forecast.

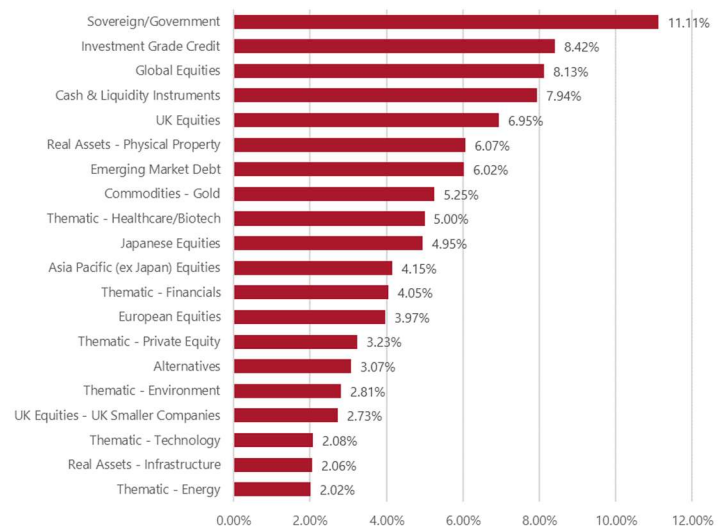
ACTIVITY

There were no asset allocation changes within the Fund this month and activity was mostly related to the management of cash flows.

ASSET ALLOCATION

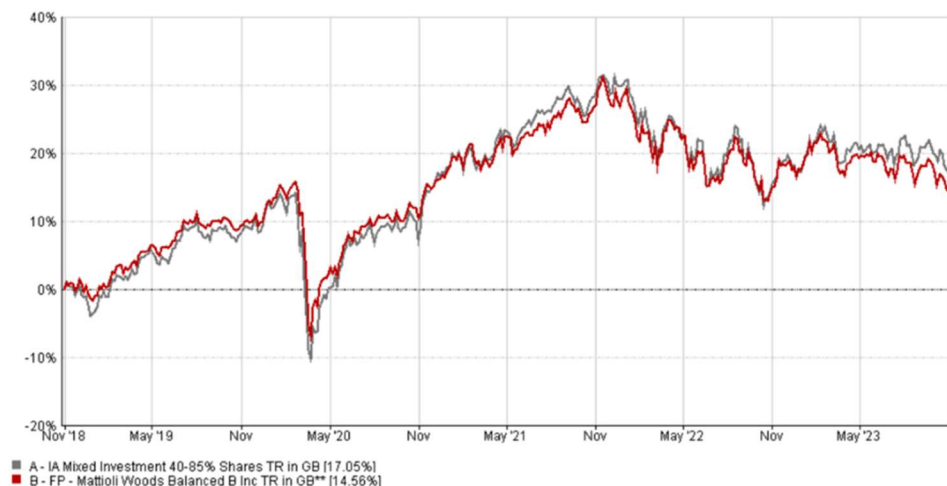


FUND COMPOSITION



Due to rounding, figures above may not equal 100%

FUND PERFORMANCE



31/10/2018 - 31/10/2023 Data from FE fundinfo 2023

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

Data quoted on this fact sheet relates to the B Inc Share Class, but please note that information prior to 31 July 2017 is based on the B Acc Share Class.
 Source: Financial Express, bid-to bid, net income reinvested, sterling terms. Performance is quoted net of fees.

CUMULATIVE PERFORMANCE as at 31.10.2023

	1 month	3 months	6 months	1 year	3 years	5 years
Fund	-2.28	-4.20	-3.93	0.44	3.70	14.56
Benchmark	-2.55	-4.39	-3.12	1.85	9.19	17.05

Performance data: Share Class B Inc

ANNUAL PERFORMANCE

	2022	2021	2020	2019	2018
Fund	-8.80	9.52	4.39	14.62	-4.07
Benchmark	-10.04	10.94	5.32	15.78	-6.11

Performance data: Share Class B Inc

RISK METRICS as at 31.10.2023

	3 years
Annual volatility	7.51
Maximum drawdown	-11.63
Sharpe ratio	0.00

Metrics annualised over three years for Share Class B Inc

TOP TEN HOLDINGS as at 31.10.2023

Holding	Percentage
JPM Betabuilders US Treasury Bond UCITS ETF - GBP Hedged	8.18%
Royal London Sterling Credit Z Inc	6.34%
M&G Emerging Markets Bond PP Inc	6.02%
iShares Physical Gold ETC GBP	5.25%
Polar Capital Healthcare Opportunities I Inc	5.00%
BNY Mellon Global Income Inst Inc	4.34%
Polar Capital Global Insurance I Inc GBP	4.05%
Vanguard FTSE All World High Dividend Yield UCITS ETF	3.78%
FP Mattioli Woods Property Securities M Inc	3.66%
JOHCM UK Dynamic X Inc	3.17%

FUND CHARGES

	B	C	D	E
Ongoing charges figure (% p.a.)	1.18%	0.93%	1.68%	2.03%
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.

FUND CODES

	ISIN	SEDOL
B Inc	GB00BF475Y04	BF475Y0
C Acc	GB00B5ZMXX91	B5ZMXX9
C Inc	GB00BF475Z11	BF475Z1
D Inc	GB00BZCN8H48	BZCN8H4
E Inc	GB00BZCN8J61	BZCN8J6

FUND AIM

The investment objective of the Fund is to preserve capital and generate income and capital growth over the long term in excess of 5 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 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 and Mark Moore
Fund size:	£852.32 million
No. of holdings:	39
Sector:	IA Mixed Investments 40-85% Shares
Benchmark:	IA Mixed Investments 40-85% Shares
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	3 March 2009
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 Supplementary Information Document. A list of risk factors is detailed in the Supplementary Information Document, 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 an individual investor’s circumstances. If you are unsure about any information contained within this document, you should take financial advice.

Source: FE Fundinfo

MORE INFORMATION

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

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