

# FP MATTIOLI WOODS PASSIVE GROWTH

## 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.

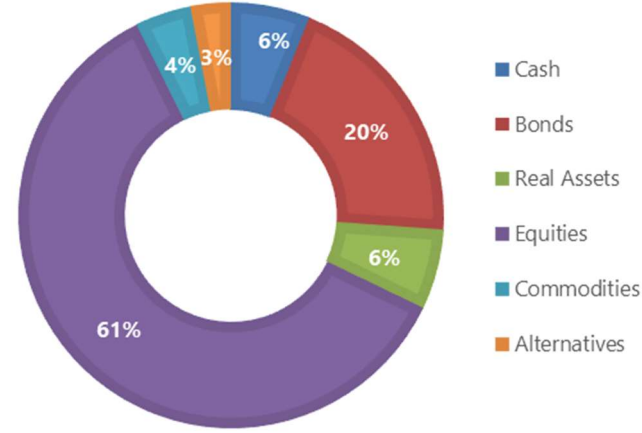
### FUND REVIEW

The Fund delivered a negative return over the month, falling broadly in-line with our benchmark, which represents the average of our peer group. Most equity and bond sectors suffered during the month as continually stubborn US inflation reinforced the higher-for-longer rates narrative. As a consequence, rising bond yields detrimentally impacted many of our positions, including our US Treasury position, and those equity areas that are sensitive to bond yields such as smaller companies equity. Broader UK equities also detracted in response to the Bank of England's downbeat UK economic forecast. There were few positive contributors during a difficult month for most asset classes, physical gold was one, however – the Middle East conflict resulting in demand for safe haven assets. Cash was another, proving its worth as a useful asset, providing both a source of income and capital preservation. Global insurance equities were a rare positive in the equity space, a position that is working extremely well as earnings in the sector rebound.

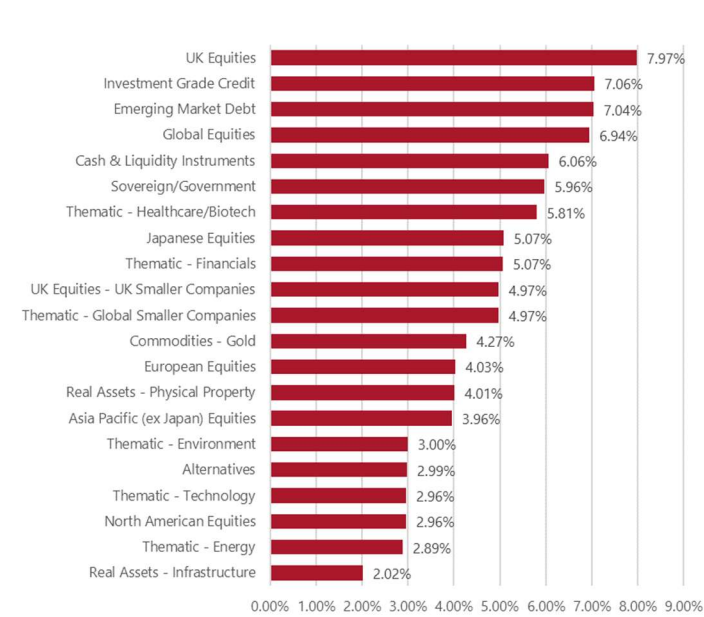
### ACTIVITY

There were several asset allocation changes this month. Broadly, we continue to dampen economic sensitivity of the Fund, through both an exit of global smaller companies equity and a reduction in our Asia Pacific ex. Japan equity position. Proceeds from these sales were reallocated into a new position in energy equity. The addition of energy stocks acts as both a hedge against any reemergence of inflation and allows us to take advantage of undervalued companies, in a sector seeing structural undersupply and where in many cases we receive an attractive dividend to hold. We introduced the iShares MSCI World Energy Sector ETF to the Fund, to complete the trade.

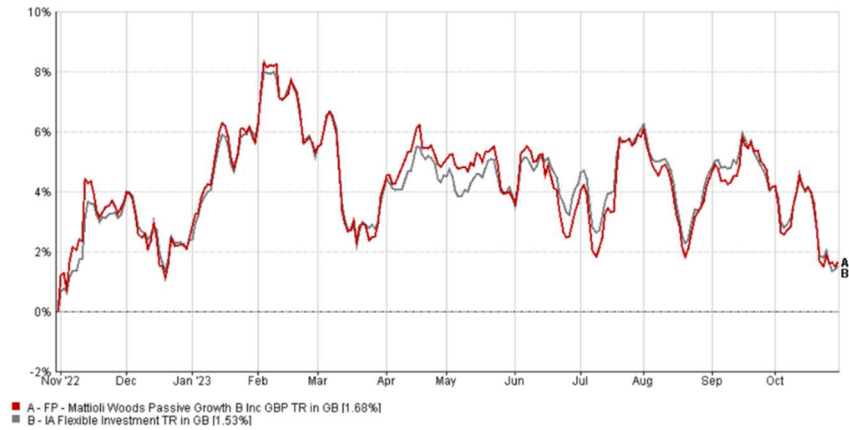
## ASSET ALLOCATION



## FUND COMPOSITION



## FUND PERFORMANCE



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
Fund	-2.39	-3.92	-3.14	1.68	
Benchmark	-2.52	-4.31	-2.87	1.53	10.55

Performance data: Share Class B Inc

ANNUAL PERFORMANCE

	2022	2021	2020	2019	2018
Fund					
Benchmark	-8.98	11.30	6.70	15.66	-6.72

RISK METRICS as at 31.10.2023

	1 year
Annual volatility	6.54
Maximum drawdown	-3.92
Sharpe ratio	0.07

Metrics annualised over three years for Share Class B Inc

TOP TEN HOLDINGS as at 31.10.2023

Holding	Percentage
L&G UK Index Trust C Inc	7.97%
iShares Corporate Bond Index (UK) D Inc	7.06%
JPM Betabuilders US Treasury Bond UCITS ETF - GBP Hedged	5.96%
L&G Global Health & Pharmaceuticals Index Trust C Inc	5.81%
L&G Japan Equity UCITS ETF	5.07%
Invesco Dow Jones US Insurance UCITS ETF Acc	5.07%
Vanguard FTSE 250 UCITS ETF Inc GBP	4.97%
iShares MSCI World Small Cap UCITS ETF GBP	4.97%
iShares Physical Gold ETC GBP	4.27%
L&G European Index Trust C Inc	4.03%

FUND CHARGES

	B	C
Ongoing charges figure (% p.a.)	0.59%	0.34%
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 Hyslop and Mark Moore
Fund size:	£10.88 million
No. of holdings:	22
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 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.