31 JANUARY 2024

FP MATTIOLI WOODS RESPONSIBLE EQUITY FUND

FUND MANAGER COMMENTARY

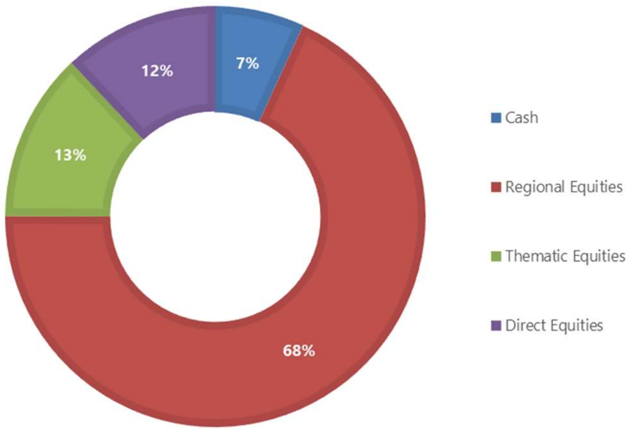
MARKET REVIEW

After a particularly strong end to 2023, global markets pulled back in early January as investors started to reassess how soon interest rates will be cut across developed markets. Sentiment picked up towards the end of the month following better than expected growth data and signals from the US and European central banks that rates have peaked, bolstering hopes for cuts later in the year. As January ended, technology stocks continued to lead the US S&P 500 index to consecutive record highs. European equities also made gains on a flurry of encouraging corporate results, while a weaker yen supported Japanese equities. Despite a mid-month bounce, Asia Pacific (ex-Japan) equities remain the laggard as market participants retain a degree of scepticism around the potential efficacy of China's recently announced additional stimulus measures.

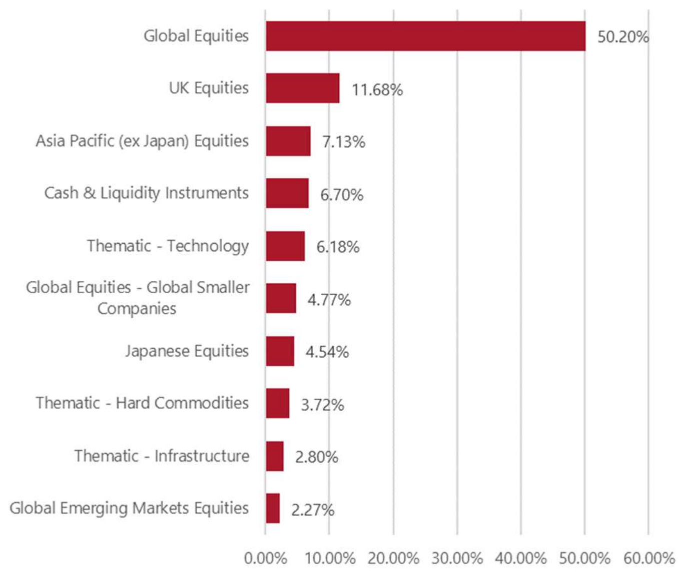
FUND REVIEW

The Responsible Equity Fund delivered marginally positive performance over January (+0.14%) and ended the month marginally behind the benchmark (+0.41%). The underperformance was largely driven by an underweight position to US technology stocks, which appear to have carried momentum from a particularly strong 2023. Japan was also a standout performer, though the rally was enjoyed most by some of the more cyclical names, which are underrepresented in the Nomura Japan Sustainable Equity Fund (our favoured option). Concerns around Chinese stimulus weighed on Asian equities. While Stewart Asia Pacific Sustainability continues to be underweight China and delivered outperformance, the sentiment towards the region was enough to cause negative returns. The worst performing holding was BakerSteel Electrum and the fund has been a laggard for some time. Concerns over global economic growth and uncertainty facing future metals prices proving particularly unhelpful, causing the fund to fall 8.01% over the month. Having met the team towards the end of the month, we remain convinced in the long-term appeal and valuation opportunity. During the month, we made a number of changes to the portfolio. Having reviewed the portfolio, we felt that some of our thematic funds were doubling up on ideas present in regional strategies. This was particularly true of our healthcare exposure and we decided to sell Polar Healthcare Opportunities. We also made changes to Europe, where we switched a value fund (R&M European Change for Better) and a growth fund (Liontrust Sustainable Future European Growth) for a core option, Carmignac European Leaders. Given the prevailing macroeconomic environment, we felt that the new strategy's focus on quality could prove useful. We also decided to remove exposure to smaller companies in Japan. This involved selling NB Japan Equity Engagement and adding to Nomura Japan Sustainable Equity strategy, which is focused on medium and large companies. Having performed strongly, we also decided to exit our position in insurance.

ASSET ALLOCATION

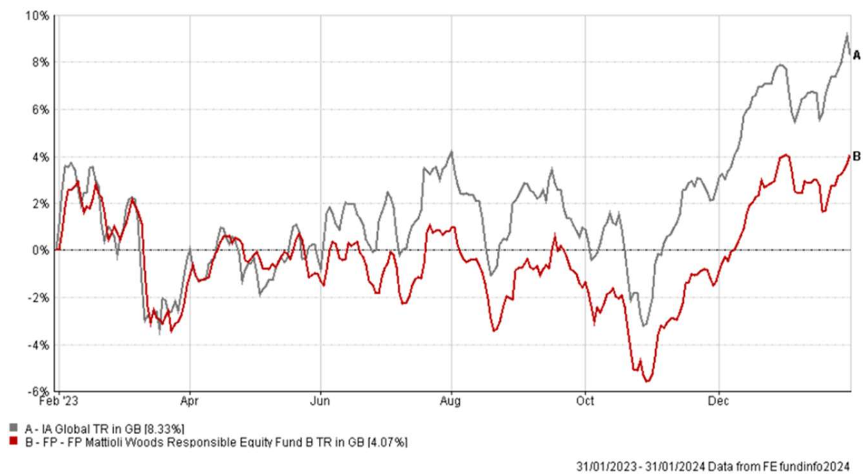


FUND COMPOSITION



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 31.01.2024

	1 month	3 months	6 months	1 year	3 years
Fund	0.14	10.16	3.27	4.07	
Benchmark	0.41	11.22	4.23	8.33	18.59

ANNUAL PERFORMANCE

	2023	2022	2021	2020	2019
Fund	8.18	-8.39			
Benchmark	12.68	-11.06	17.68	15.27	21.92

TOP TEN HOLDINGS as at 31.01.2024

Holding	Percentage
Nomura Global Sustainable Equity F GBP	9.25%
BNY Mellon Sustainable Global Equity Income I W Inc	9.17%
Impax Global Equity Opportunity X Acc	9.14%
Schroder Global Sustainable Value	8.98%
Janus Henderson Global Sustainable Equity I Inc	7.58%
Stewart Investors Asia Pacific Sustainability B Acc	7.13%
Janus Henderson Sustainable Future Technologies G Acc	6.18%
Regnan Global Impact A Acc	6.08%
BMO SDG Engagement R Inc	4.77%
Nomura Japan Sustainable Equity Core F GBP	4.54%

TOP TEN UK DIRECT EQUITY HOLDINGS as at 31.01.2024

Holding	Percentage
GlaxoSmithKline plc	0.68%
Aviva plc	0.64%
AstraZeneca plc	0.61%
Smith & Nephew plc	0.60%
Tesco plc	0.54%
Tate & Lyle plc	0.54%
Reckitt Benckiser Group plc	0.50%
Harworth Group plc	0.50%
Grainger plc	0.49%
Lloyds Banking Group plc	0.47%

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:	Jonathon Marchant and Lauren Hyslop
Fund size:	£11.19 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	1.03%
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 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.**

Sources: FE Fundinfo

MORE INFORMATION

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