31 MAY 2024

FP MATTIOLI WOODS UK DYNAMIC FUND

MATTIOLI WOODS FUNDS

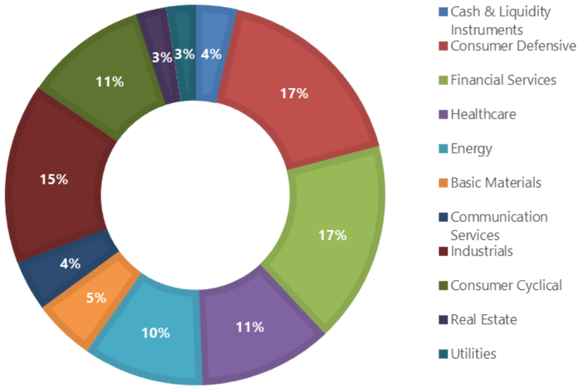
FUND AIM

The Fund aims to achieve capital growth (the increase in value of investments) and income (money paid out through the payment of dividends) by the active management of a portfolio of UK shares over an investment term in excess of five years.

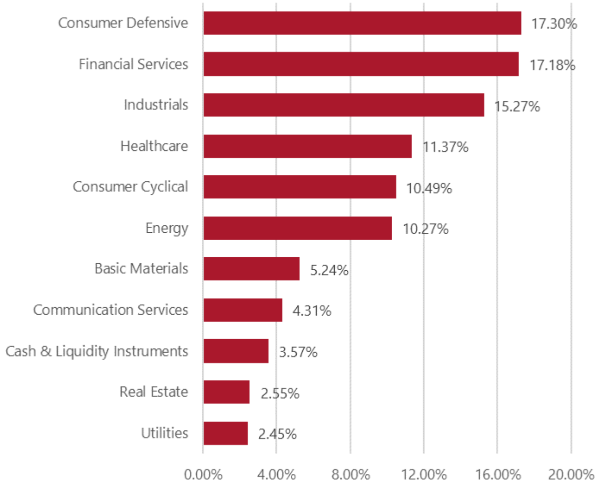
INVESTMENT PHILOSOPHY

The Fund aims to achieve its objective by investing directly in UK shares. At least 90% of these will be UK-listed shares in companies with market capitalisations in excess of £500 million. The remaining 10% can be invested in UK-listed smaller companies, which have market capitalisations below £500 million but which the Investment Manager believes will grow to in excess of £500 million in the future. The Investment Manager expects that the Fund will invest in 30 to 45 individual equities, across a range of different sectors.

ASSET ALLOCATION



FUND COMPOSITION



Due to rounding, figures above may not equal 100%

FUND DETAILS

Fund managers:	Jonathon Marchant
Fund size:	£42.63 million
No. of holdings:	38
Sector:	IA UK All Companies
Benchmark:	MSCI United Kingdom All Cap Index
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	September 2023
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	0.60%
Annual management charge (% p.a.)	
B Income	0.60%
Initial fee	0.00%
ISIN	
B Income	GB00BMF9P118
SEDOL	
B Income	BMF9P11

TOP TEN HOLDINGS as at 31.05.2024

Holding	Percentage
GlaxoSmithKline plc	4.78%
Shell plc	4.45%
AstraZeneca plc	4.00%
Barclays PLC	3.80%
Unilever plc	3.63%
BP plc	3.63%
QinetiQ Group plc	3.62%
Breedon Group Ord Shs	3.06%
Standard Chartered plc	2.95%
BT Group plc	2.82%

FUND PERFORMANCE/CUMULATIVE PERFORMANCE/ANNUAL PERFORMANCE as at 31.05.2024

Past performance data will not be published until the Fund has been running for a full 12 months.

FUND MANAGER COMMENTARY

MARKET REVIEW

UK equities recorded another positive month in May, with the MSCI United Kingdom All Cap rising by 2.43%. It was a much stronger month for mid- and small-cap businesses, as sentiment towards UK equity markets continues to improve, aided by a rejuvenated primary market. News that several companies from a range of different sectors are considering listing on the UK market is welcomed. Interestingly, we have seen several large investment banks turn more positive on UK equities and this was also reflected in the Bank of America global fund manager survey, which polls over 200 asset managers, and pointed to a rotation into UK stocks. This improved sentiment partly driven by the scale of takeover activity, which is at its highest level since 2018. Deals are occurring across the market cap spectrum and in a variety of sectors, helping to highlight the valuation opportunity.

FUND REVIEW

The fund delivered performance of +4.61% over the month, ahead of the benchmark's return of +2.43%. The fund's overweight to mid- and small-cap stocks proved helpful over the month and we continue to see attractive opportunities in the space. It was a good month for QinetiQ, whose shares rose strongly on preliminary results. The business has lagged European defence peers for some time, due to issues with its US subsidiary. Having replaced the CFO and shifted the focus away from acquiring other businesses and onto shareholder returns, the market appears to be warming to the story. Another business that has been subject to negative sentiment is BT. Again, boardroom change appears to have created some positivity around shares. In its fourth quarter trading update, the business claimed that capital expenditure on fibre optic should slow, leading to a material step up in cash generation. With the market having had concerns around a dividend cut, the board increased dividends by 4% and shares reacted well to the update. Like BT, M&S has been much maligned by shareholders over the past decade. However, its turnaround efforts continue to bear fruit and it was pleasing to see annual results come in ahead of analyst expectations. The balance sheet is now in excellent shape, and we hope to see an increased focus on shareholder returns over the coming years. One business that has been revered by the market is Diageo. More recently, it has struggled with a change in leadership and a slowing of demand, following a strong pandemic. After an uncharacteristic profit warning in late 2023, a new CFO was appointed this month. Sentiment towards the shares remains weak and we continue to monitor the situation. Jet2 shares were weaker over the month. Updates from several peers pointed to a potential softening in pricing for holidays in the current year. We continue to believe that shares look attractively priced, given the market position of the business and quality of the balance sheet.

ACTIVITY

Towards the end of the month, we invested a portion of our cash position. This investment was spread across a number of different names, but typically those in the mid-cap space and with greater levels of economic sensitivity. We also took the decision to reduce our position in Aviva. Despite paying an attractive dividend, we feel that the potential for capital upside is more muted, following a period of good performance.

MORE INFORMATION

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