29 FEBRUARY 2024

MATTIOLI WOODS
FUNDS

FP MATTIOLI WOODS
PROPERTY SECURITIES FUND

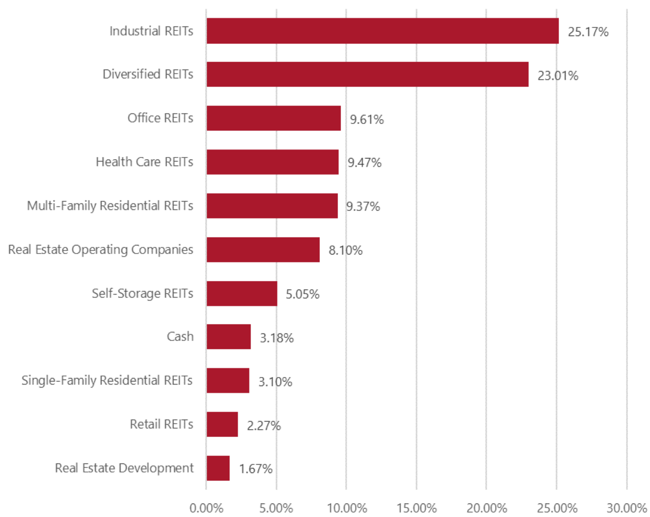
FUND MANAGER COMMENTARY

MARKET REVIEW
Following a tepid start to the year, the continued resilience of the US economy and cooling inflation put a spring in the step of equity markets over February. Most equity markets made gains over the month with Asia Pacific equities leading the way. The outperformance of emerging markets bucks the prevailing trend for the past 18 months and was driven by a Chinese rebound. The rally appears to have been based on investor sentiment as data from the region continues to paint a more mixed outlook. In developed markets, the US and Japan were the strongest areas, with the former driven by the seemingly relentless enthusiasm for mega cap technology companies, and the latter reaching a new all-time high for the first time in over 30 years. UK equities were the clear laggard, with smaller companies faring slightly worse than their larger peers.

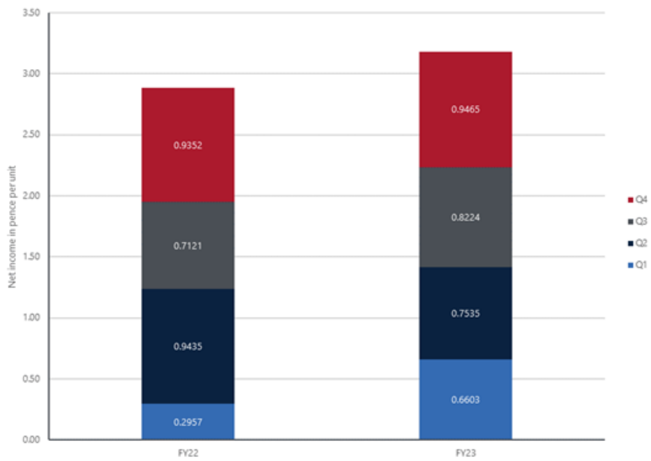
FUND REVIEW
It has been a difficult start to the year for the listed property sector. February's 6.32% decline followed a 3.28% decline in January, eroding half of the gains witnessed towards the end of 2023. During February, the fund returned -5.47%, outperforming the wider sector. News that the UK had entered a technical recession, following two consecutive quarters of GDP contraction, should have caused bond yields to fall in anticipation of interest cuts; however, the market was largely unchanged. Several holdings reported over the month, with most delivering positive numbers. Grainger issued a trading statement, which showed strong rental growth and occupancy. Equally, news they had disposed of some regulated tenancy homes at a modest premium to net asset value (NAV) was positive. The disparity in sector returns has been clear over the past year and UK Commercial Property REIT's results highlighted this once more, with offices a particular weak point. During the middle of the month, it was announced that the trust would merge with Tritax Big Box REIT, which wasn't particularly surprising given the close ties between the management of both vehicles. In a similar vein, abrdn European Logistics issued an update on its strategic review. The board have received a number of preliminary proposals and it appears there may be some corporate activity soon. Again, abrdn plc retains a significant interest in Tritax and seeing the trust merge with Tritax Eurobox could make sense. Given its c.22% weight in the index, SEGRO's results are some of the most highly anticipated in the sector. Despite missing analyst estimates on NAV, growth in rental income, earnings per share and dividends were enough to keep the market happy enough. Having commented in the results on the scale of the development pipeline, it was interesting to see the business issue £907m of new shares later in the month to fund this growth.

ACTIVITY
During the month, we initiated three new positions. We added UK Commercial Property, given improved dividend cover and the strength of the balance sheet. This holding is likely to be short-lived, as the merger with Tritax Big Box was announced soon after we initiated. We also added a position to Sirius Real Estate, which continues to reposition its portfolio away from Germany and towards the UK. We feel that shares offer good value. We also diversified our self-storage exposure by adding a position in Big Yellow Group.

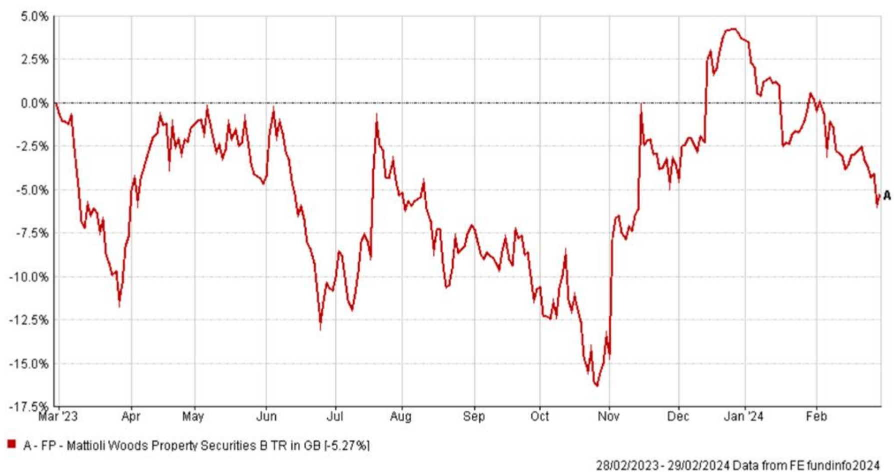
FUND COMPOSITION



DIVIDENDS PAID



FUND PERFORMANCE



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

FUND AIM

The investment objective of the Fund is to provide investors with a growing income (in monetary terms per unit) on an annualised basis and some capital growth over a market cycle (a seven-year rolling period). Growing income will be the primary objective of the Fund and capital growth the secondary objective.

INVESTMENT PHILOSOPHY

The Fund uses listed property investments to provide investors with the long-term return profile of the asset class but without the key challenge of liquidity. It primarily invests in real estate investment trusts (REITs) and real estate operating companies (REOCs). The fund managers benefit from the macro input on the property market from an advisory council including colleagues from Custodian Capital and Maven Capital Partners. The discussions within this group contribute to the formulation of the target sector allocations for the Fund.

CUMULATIVE PERFORMANCE as at 29.02.2024

	1 month	3 months	6 months	1 year	3 years
Fund	-5.47	-1.77	1.93	-5.27	

ANNUAL PERFORMANCE

	2023	2022	2021	2020	2019
Fund	6.86	-24.31			

FUND DETAILS

Fund managers:	Jonathon Marchant
Fund size:	£66.09 million
No. of holdings:	26
Sector:	IA Property Other
Distribution policy:	Quarterly
Payment dates:	March, June, September and December
XD date:	February, May, August and November
Launch date:	31 August 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	1.24%
Annual management charge (% p.a.)	
B Income	0.40%
Initial fee	0.00%
ISIN	
B Income	GB00BMCH5V84
SEDOL	
B Income	BMCH5V8

TOP TEN HOLDINGS as at 29.02.2024

Holding	Percentage
iShares UK Property UCITS ETF GBP	9.12%
SEGRO plc	8.76%
LondonMetric Property plc	7.72%
Land Securities Group plc	7.63%
Tritax Big Box	6.88%
Grainger plc	5.33%
Empiric Student Property	4.92%
Workspace Group plc	4.14%
Assura plc	3.90%
Safestore Holdings plc	3.68%

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.