

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or about what action to take, you are recommended to seek your own independent professional advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

The Placing Shares are only available to qualified investors for the purposes of the Prospectus Directive or otherwise in circumstances not resulting in an offer of transferrable securities to the public under Section 102B of FSMA. Therefore, in accordance with Section 85 and Schedule 11A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules.

**Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom (in its capacity as UK Listing Authority or otherwise) pursuant to Section 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of Section 21 of FSMA.**

Application will be made for the New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. **This document does not comprise an admission document under the AIM Rules and the London Stock Exchange has not itself examined or approved the contents of this document. The rules applicable to AIM are less demanding than those applicable to the Official List of the UK Listing Authority. It is emphasised that no application is being made for admission of the New Ordinary Shares to the Official List of the UK Listing Authority. The New Ordinary Shares will not be dealt on any recognised investment exchange and no application for admission to trading on a recognised investment exchange will be made.**

It is expected that admission of the Firm Placing Shares and the Consideration Shares will become effective and dealings in the Firm Placing Shares and the Consideration Shares will commence on AIM at 8.00 a.m. on or around 23 June 2015.

Subject to, *inter alia*, the passing of the Resolution at the General Meeting, it is expected that admission of the Conditional Placing Shares will become effective and dealings in the Conditional Placing Shares will commence on AIM at 8.00 a.m. on 8 July 2015.

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## Mattioli Woods plc



Mattioli Woods plc  
WEALTH MANAGEMENT & EMPLOYEE BENEFITS

(Incorporated in England and Wales with company number 03140521)

**Proposed Placing of up to 3,795,918 new Ordinary Shares at 490 pence per share to raise up to £18.6 million**

**Proposed Acquisition of Boyd Coughlan Limited**

**Trading update**

**and**

**Notice of General Meeting**

**Nominated Advisor and Broker: Canaccord Genuity Limited**

CANACCORD | Genuity

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You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company which is set out on pages 11 to 17 of this document. This letter recommends that you vote in favour of the Resolution to be proposed at the General Meeting. The Company and the Directors accept individual and collective responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

**Notice convening the General Meeting, to be held at 10.00 a.m. on 7 July 2015 at the offices of the Company at MW House, 1 Penman Way, Grove Park, Enderby, Leicester LE19 1SY, is set out at the end of this document. If you are unable to attend and vote at the General Meeting, a Form of Proxy for use at the General Meeting is enclosed. To be valid, Forms of Proxy should be completed, signed and returned in the enclosed addressed envelope so as to be received by Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible but, in any event, so as to be received not later than 48 hours before the time of the General Meeting (excluding any day which is not a Business Day), being 10.00 a.m. on 3 July 2015.**

**The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.**

**On Admission the New Ordinary Shares will rank *pari passu* in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will rank *pari passu* in all respects with the existing Ordinary Shares.**

The New Ordinary Shares described in this document have not been, and will not be, registered under the Securities Act or under the securities laws of any state of the United States. The New Ordinary Shares may not be taken up, offered, sold, resold, delivered, or distributed directly or indirectly, through CREST or otherwise, within or from the United States or any of the other Prohibited Jurisdictions or to, or for the account of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of such jurisdictions or to any person in any country or territory where to do so would or might contravene local securities laws or regulations except pursuant to an applicable exemption. There will be no public offer of the New Ordinary Shares in the United States. The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed up on or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, offers, sales or transfers of the New Ordinary Shares in or into the United States for a period of time following completion of the Placing by a person (whether or not participating in the Placing) may violate the registration requirement of the Securities Act.

Furthermore, the New Ordinary Shares have not been and will not be registered under the applicable laws of any of Australia, Canada, the Republic of South Africa or Japan and, consequently, may not be offered or sold to any national, resident or citizen thereof.

All persons, including nominees, custodians and trustees, must observe these restrictions and may not send or distribute this document, into the United States or any other Prohibited Jurisdiction.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release publication or distribution, directly or indirectly, in or into the United States, Canada, the Republic of South Africa, Australia, Japan or any jurisdiction into which the publication or distribution would be unlawful.

Copies of this document are available, free of charge, at the registered office of Mattioli Woods MW House, 1 Penman Way, Grove Park, Enderby, Leicester LE19 1SY and on the Company's website [www.mattioli-woods.com](http://www.mattioli-woods.com).

Canaccord Genuity is authorised and regulated by the Financial Conduct Authority and is acting exclusively for the Company and no-one else in connection with the Placing and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or the contents of this document or any other matter referred to herein. No representation or warranty, express or implied, is made by Canaccord Genuity as to any of the contents of this document, and Canaccord Genuity has not authorised the contents of any part of this document and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors are solely responsible. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Canaccord Genuity may have under FSMA or the regulatory regime established thereunder.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

**Cautionary note regarding forward-looking statements**

This document contains statements about Mattioli Woods plc that are or may be deemed to be “forward-looking statements”.

All statements, other than statements of historical facts, included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “anticipates”, “estimates”, “projects”, or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include, without limitation, statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects and (ii) business and management strategies and the expansion and growth of the operations of Mattioli Woods plc.

These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the City Code, the Prospectus Rules and/or FSMA), Mattioli Woods plc does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Mattioli Woods plc or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors of Mattioli Woods plc at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

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## **DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS**

Directors	Robert Woods – Chairman Ian Thomas Mattioli – Chief Executive Nathan James McLean Imlach – Finance Director and Company Secretary Murray Beveridge Smith – Sales and Marketing Director Mark Antony Smith – Operations Director Alan David Fergusson – Employee Benefits Director John Redpath – Non-Executive Director Joanne Carolyn Lake – Non-Executive Deputy Chairman Carol Avis Duncumb – Non-Executive Director
Company Secretary	Nathan James McLean Imlach
Registered and Head Office	M W House 1 Penman Way Grove Park Enderby Leicester LE19 1SY
Nominated Adviser & Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Solicitors to the Company	DWF LLP 20 Fenchurch Street London EC3M 3AG
Solicitors to the Nominated Adviser & Broker	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## KEY STATISTICS

Issue Price per new Ordinary Share under the Placing	490 pence
Number of existing Ordinary Shares	20,372,565
Number of Firm Placing Shares to be issued pursuant to the Firm Placing	up to 2,000,000
Number of Conditional Placing Shares to be issued pursuant to the Conditional Placing	up to 1,795,918
Number of Consideration Shares to be issued pursuant to the Acquisition	235,742
Maximum proceeds of the Placing (before expenses)	£18.6 million
Estimated proceeds of the Placing (after expenses) <sup>(1)</sup>	£17.9 million
Maximum number of new Ordinary Shares to be issued pursuant to the Placing	3,795,918
Number of Ordinary Shares in issue following admission to AIM of the Placing Shares and the Consideration Shares <sup>(2)</sup>	24,404,225
Placing Shares as a percentage of the Enlarged Share Capital <sup>(2)</sup>	15.6 per cent

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**Notes:**

(1) Net proceeds are stated after deduction of estimated total expenses of approximately £0.7 million.

(2) On the assumption the Placing is fully subscribed and no further Ordinary Shares are issued as a result of the exercise of any options under the Company's share option schemes between the posting of this document and the issue of the Placing Shares.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Placing and the posting of the Circular and Form of Proxy	19 June 2015
Expected date for completion of the Acquisition, Firm Admission and commencement of dealings in the Firm Placing Shares and Consideration Shares on AIM	23 June 2015
Expected date for CREST accounts to be credited in respect of the Firm Placing Shares to be held in uncertificated form	23 June 2015
Expected date for the despatch of definitive certificates in respect of the Firm Placing Shares to be held in certificated form	30 June 2015
Latest time and date for receipt of Forms of Proxy	10 a.m. on 3 July 2015
General Meeting	10 a.m. on 7 July 2015
Results of the General Meeting announced through a Regulatory Information Service	7 July 2015
Expected date for Conditional Admission and commencement of dealings in the Conditional Placing Shares on AIM	8 July 2015
Expected date for CREST accounts to be credited in respect of the Conditional Placing Shares to be held in uncertificated form	8 July 2015
Expected date for the despatch of definitive certificates in respect of the Conditional Placing Shares to be held in certificated form	15 July 2015

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### Notes:

- (1) All times referred to in this document are, unless otherwise stated, references to London time.
- (2) Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a Regulatory Information Service.
- (3) If you have any questions relating to the action you should take in relation to the General Meeting, please telephone the Company Secretary on the following number: 0116 240 8700 or +44 116 240 8700 (for those calling from abroad). Please note that for legal reasons this helpline will only be able to provide practical information and will not provide advice on the merits of the business of the General Meeting or give any financial or taxation advice. For financial and taxation advice you will need to consult an independent adviser.

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Acquisition”	the proposed acquisition by the Company of the entire issued and to be issued share capital of Boyd Coughlan
“Admission”	Firm Admission and/or Conditional Admission (as the context requires)
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time) governing admission to and the operation of AIM
“Board” or Directors”	the directors of the Company whose names are set out on page 5 of this Circular
“Boyd Coughlan”	Boyd Coughlan Limited
“Business Day”	any day (excluding Saturdays and Sundays) on which banks are open in the City of London for the conduct of normal banking business
“Canaccord Genuity”	Canaccord Genuity Limited of 88 Wood Street, London, EC2V 7QR
“Capita Asset Services”	Capita Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, registrars to the Company
“certificated” or “in certificated form”	a share or other security not held in uncertificated form (that is, not in CREST)
“Circular”	this circular to shareholders dated 19 June 2015
“City Code”	the City Code on Takeovers and Mergers issued by the Takeover Panel, as amended from time to time
“Companies Act” or the “Act”	the Companies Act 2006 (as amended)
“Company” or “Mattioli Woods”	Mattioli Woods plc, a company incorporated in England and Wales with a registered number 03140521
“Conditional Admission”	admission of the Conditional Placing Shares to trading on AIM, becoming effective in accordance with the AIM Rules
“Conditional Placing”	the proposed placing by Canaccord Genuity on behalf of the Company of the Conditional Placing Shares pursuant to the terms of the Placing Agreement
“Conditional Placing Shares”	up to 1,795,918 new Ordinary Shares conditionally placed at the Issue Price pursuant to the Conditional Placing on the terms of the Placing Agreement and the allotment of which is conditional upon, amongst other things, the passing of the Resolution at the General Meeting and Conditional Admission
“Consideration Shares”	235,742 Ordinary Shares to be allotted and issued as part of the consideration for the Acquisition
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Custodian Capital”	Mattioli Woods’ subsidiary, Custodian Capital Limited
“Custodian REIT”	Custodian REIT plc
“Enlarged Group”	the Company and its subsidiaries following completion of the Acquisition
“Enlarged Share Capital”	24,404,225 Ordinary Shares being the issued share capital of the Company immediately following both Conditional Admission and Firm Admission as enlarged by the Placing Shares and the

	Consideration Shares (assuming the Placing is fully subscribed and no further Ordinary Shares are issued as a result of the exercise of options or otherwise)
“EU”	the European Union
“FCA”	the Financial Conduct Authority, including its capacity as the competent authority for the purposes of Part VI of FSMA
“Firm Admission”	admission of the Firm Placing Shares and the Consideration Shares to trading on AIM, becoming effective in accordance with the AIM Rules
“Firm Placing”	the proposed placing by Canaccord Genuity on behalf of the Company of the Firm Placing Shares pursuant to the terms of the Placing Agreement
“Firm Placing Shares”	up to 2,000,000 new Ordinary Shares conditionally placed at the Issue Price pursuant to Firm Placing on the terms of the Placing Agreement, which may be allotted pursuant to the Company’s existing authorities to allot Ordinary Shares and which allotment is conditional upon Firm Admission
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the General Meeting, enclosed with this document
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting” or “GM”	the general meeting of the Company to be held at 10:00 a.m. on 7 July 2015 at MW House, 1 Penman Way, Grove Park, Enderby, Leicester LE19 1SY, notice of which is set out at the end of this document
“Group”	the Company and its subsidiaries
“HMRC”	HM Revenue & Customs
“Issue Price”	the price at which the Placing Shares are to be allotted and issued pursuant to the Placing, being 490 pence per Placing Share
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Placing Shares and the Consideration Shares
“Notice of General Meeting”	the notice convening the General Meeting set out at the end of this document
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company
“Placing”	the Firm Placing and the Conditional Placing
“Placing Agreement”	the conditional agreement dated the same date as this Circular between the Company and Canaccord Genuity relating to the Placing, further details of which are set out in this document
“Placing Shares”	together, the Firm Placing Shares and Conditional Placing Shares
“Prohibited Jurisdiction”	the United States, Canada, Australia, Japan, the Republic of South Africa or any other jurisdiction in which an offer to sell or issue or a solicitation of an offer to buy or subscribe for the Placing Shares is or may be unlawful
“Registrar”	Capita Asset Services, a trading name of Capita Registrars Ltd.
“Regulation D”	Regulation D under the Securities Act
“Regulation S”	Regulation S under the Securities Act
“Regulations”	the Uncertificated Securities Regulations 2001 (S1 2001 No. 3755) as amended from time to time
“Resolution”	the resolution to be proposed at the General Meeting as set out in the Notice of General Meeting
“Securities Act”	United States Securities Act of 1933, as amended
“Seller”	Scott Douglas Boyd and Finbarr Dominic Coughlan

“Shareholders”	holders of Ordinary Shares
“uncertificated” or “in uncertificated form”	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“US Securities and Exchange Commission”	independent regulatory agency of the US government that administers various US federal statutes that regulate the US securities markets
“£” or “pounds sterling” or “pence”	UK pounds sterling, the lawful currency of the United Kingdom
“€” or “Euros” or “cents”	Euros, the official single European currency

**PART I**  
**LETTER FROM THE CHAIRMAN**

**Mattioli Woods plc**

(Incorporated in England and Wales with company number 03140521)

Directors:

Robert Woods – Chairman  
Ian Thomas Mattioli – Chief Executive  
Nathan James McLean Imlach – Finance Director and Company Secretary  
Murray Beveridge Smith – Sales and Marketing Director  
Mark Antony Smith – Operations Director  
Alan David Fergusson – Employee Benefits Director  
John Redpath – Non-Executive Director  
Joanne Carolyn Lake – Non-Executive Deputy Chairman  
Carol Avis Duncumb – Non-Executive Director

Registered Office:

M W House  
1 Penman Way  
Grove Park  
Enderby  
Leicester  
LE19 1SY

19 June 2015

Dear Shareholder

**Proposed Placing of up to 3,795,918 new Ordinary Shares at 490 pence per share to raise  
up to £18.6 million  
Proposed Acquisition of Boyd Coughlan Limited  
Trading Update  
and  
Notice of General Meeting**

**1. Information on the Company**

Mattioli Woods is one of the UK's leading providers of specialist pension, wealth management and employee benefit services. Its core pension and wealth management offering serves the higher end of the market, including controlling directors and owner-managed businesses, professionals, executives and affluent retirees. Its broad range of employee benefit services is targeted towards medium-sized and larger corporates.

In recent years, the Group has developed a broader wealth management proposition, grown from its strong pensions advisory and administration expertise, with a client base of over 6,500 self-invested personal pensions (“**SIPP**”) and small self-administered pension schemes (“**SSAS**”) throughout the UK. The Group's total assets under management, administration and advice are in excess of £5.4 billion, with income derived from five key service lines:

- Direct pension consultancy and administration;
- Investment and asset management;
- Employee benefits;
- Third party pension administration; and
- Property management.

***Direct pension consultancy and administration***

Retirement planning is often central to clients' wealth management strategies. The Group maintains a technical edge through its widely acknowledged understanding of UK pensions legislation, which allows its consultancy team to deliver meaningful guidance to clients. Additional fees are generated from the provision of specialist ad hoc consultancy services.

### ***Investment and asset management***

Discretionary portfolio management and the provision of bespoke investment advice sit at the heart of the Group's investment propositions. Recent growth in the quantum of funds under management and advice has enhanced the quality of the Group's earnings through an increase in recurring revenues.

### ***Employee benefits***

Mattioli Woods offers solutions to assist its corporate clients around employee engagement, with the aim of improving recruitment, retention and workplace morale. This encompasses consultancy on areas such as defined contribution and defined benefit pension schemes, workplace savings, healthcare, international benefit solutions and risk benefits, in addition to the design, implementation and administration of these schemes.

The Group also offers its clients total reward and flexible benefit systems, assisting its clients to deliver these to their employees, along with advice, guidance and financial education.

### ***Third party pension administration***

The Group's third party administration offering was established in August 2010 following the acquisition of City Pensions Limited (trading under the "**City Trustees**" brand). City Trustees generates income from the setting up and administration of pension schemes under an administration-only model, with its products being distributed via independent financial advisers, wealth managers and other intermediaries.

City Trustees has developed an excellent reputation for providing bespoke pension administration coupled with first-rate client service and has been awarded the Defaqto 5-star rating for its SIPP.

### ***Property management***

Mattioli Woods' subsidiary Custodian Capital has facilitated direct commercial property ownership for clients via limited partnership or private limited company ("**syndicated**") arrangements, aiming to invest in good quality commercial or residential property with conservative levels of gearing, to deliver a long-term income stream and the possibility of capital growth.

In 2013, the Board considered that the establishment of a new UK Real Estate Investment Trust with a premium listing and traded on the London Stock Exchange's Main Market would provide an attractive alternative structure for investment in commercial property, both for existing and new investors. Custodian REIT launched on 26 March 2014, seeded with a £95.2m portfolio of 48 properties held by clients of Mattioli Woods and raising £55 million on admission, plus another £51.3 million to date via additional share issues. Custodian REIT now has a market capitalisation of over £190 million. The Company's subsidiary Custodian Capital, is the discretionary investment manager of Custodian REIT.

### ***Strategy and outlook***

The Group's strategy remains focused on the pursuit of strong organic growth, supplemented by strategic acquisitions. All acquisitions completed to date have been earnings enhancing and broadened or deepened the Group's expertise and services.

With increasing complexity and continuing consolidation in both the SIPP market and other key sectors in which the business operates, the Board is confident there will be further opportunities to expand Mattioli Woods' operations by acquisition, accelerating the Group's growth.

## **2. Background to and reasons for the Placing**

The Boyd Coughlan transaction illustrates Mattioli Woods' ability to capitalise on earnings-enhancing acquisition opportunities to grow its business. As a result of this transaction, the current amount of surplus capital (that is, prior to the Placing) allocated by the Company for acquisitions will be utilised. Proceeds of the Placing are expected to be used to replenish capital which has been utilised in recent acquisitions (including the Boyd Coughlan transaction announced today), providing the Company with the flexibility to take advantage of further earnings-enhancing acquisition opportunities and for general corporate purposes, including the maintenance of the Group's regulatory capital requirement.

### ***Proposed acquisition of Boyd Coughlan Limited***

Boyd Coughlan is a wealth management and employee benefits business, established in 1994 and based in Buckingham. The business has grown organically and now employs 31 staff, providing advice to both corporate and personal clients. Boyd Coughlan's experienced management team will be retained by Mattioli Woods following the Acquisition, which is expected to be earnings enhancing in the first full year of ownership.

In the year ended 30 September 2014, Boyd Coughlan generated a profit before taxation of £1.26 million (earnings before interest, tax, depreciation and amortisation ("**EBITDA**") of £1.27 million, before adjustment of £0.30 million to reflect the cost of normalised remuneration levels) on revenues of £2.53 million and its net assets were £1.98 million at 30 September 2014. Boyd Coughlan's business generates strong margins and recurring revenues, with over £160 million of assets under advice.

The Acquisition provides the Group with a wider audience for its products and services, and extends the Group's employee benefits proposition, at the time when the drive towards total reward and flexible benefits is expected to create new business opportunities in the corporate market.

Mattioli Woods has conditionally agreed to acquire the entire share capital of Boyd Coughlan for a total consideration of up to £7 million. The initial consideration of £4.5 million comprises £3.3 million in cash payable on completion of the Acquisition and the allotment and issue of 235,742 new Ordinary Shares to the Sellers, being the Consideration Shares. On the basis of the average mid-market price of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange over the period from 22 January 2015 to 17 June 2015 of 509 pence, the value attributed to the Consideration Shares for the purposes of the Acquisition is £1.2 million. Deferred consideration of up to £2.5 million is payable in cash in the two years following completion of the Acquisition if certain financial targets are met, based on EBITDA generated during that period. Payment of the initial cash consideration (payable on completion of the Acquisition) is expected to result in a cash outflow at completion of approximately £1.3 million, including deal costs and net of estimated cash acquired at completion.

Completion of the Acquisition is conditional only upon the admission of the Firm Placing Shares and the Consideration Shares to trading on AIM becoming effective in accordance with the AIM Rules and is not dependent on the passing of the Resolution to disapply pre-emption rights to enable the allotment and issue of the Conditional Placing Shares. Application for admission to AIM of the Firm Placing Shares and of the Consideration Shares has therefore been made and it is anticipated that such Firm Admission will occur on 23 June 2015 at 8.00 a.m.

The Sellers have entered into a lock-in deed with Mattioli Woods and its nominated adviser and broker, Canaccord Genuity Limited, restricting sales of the Consideration Shares during the two years following completion.

### ***Further acquisitions***

#### ***Potential acquisition of a UK financial advisory firm***

Mattioli Woods has signed heads of terms to acquire a regional UK financial advisory firm providing wealth management, strategic financial planning, employee benefits and pension services to businesses and individuals ("**Company A**") for a total consideration of up to £8.3 million. An initial consideration of £5.0 million will comprise £2.5 million payable in cash on completion of the proposed acquisition, plus £2.5 million to be settled through the allotment and issue of new ordinary shares in Mattioli Woods to the Sellers. Deferred consideration of up to £3.3 million will be payable in cash in the three years following completion if certain financial targets are met, based on growth in EBITDA generated during that period.

In the year ended 31 July 2014, Company A generated a profit before taxation of £0.53 million (EBITDA of £0.91 million) on revenues of £3.12 million and its net assets were £0.87 million at 31 July 2014.

The acquisition, which remains subject to due diligence, is expected to complete in the third quarter of 2015.

### ***SIPP opportunities***

Mattioli Woods has signed heads of terms for the Company to be appointed as scheme administrator in place of another SIPP operator (“**Company B**”), which is expected to trigger a requirement to wind-up the SIPP scheme it operates and transfer members’ existing arrangements into a new scheme.

The transaction is expected to complete in the third quarter of 2015.

The Directors expect the number of operators in the SIPP market will continue to reduce and believe there is a good opportunity for the Group to acquire other operators seeking an exit. The Group is in early stage discussions on several other opportunities within the SIPP market, which may or may not lead to a transaction in each case.

### ***Regulatory capital requirement***

The Directors consider it prudent for the Group to maintain headroom of at least 25% over the FCA regulatory capital requirement. The Group’s regulatory capital requirement has increased in recent years, however its capital is eroded when it makes acquisitions due to the requirement for intangible assets arising on acquisition to be deducted from Tier 1 Capital. The Placing will provide the Company with the flexibility to take advantage of further acquisition opportunities.

## **3. Use of proceeds from the Placing**

The Company intends to raise gross proceeds of up to £18.6 million pursuant to the Placing. It is expected that the net amount of cash available to the Company pursuant to the Placing will be used as follows:

- £3.8 million towards satisfaction of both the initial and deferred cash consideration payable in connection with the acquisition of Boyd Coughlan;
- £5.8 million to satisfy the cash consideration of the further potential acquisition (Company A), for which non-legally-binding heads of terms have been signed; and
- £8.3 million to be used by the Enlarged Group for general working capital purposes and to increase the headroom on its regulatory capital requirement following these acquisitions, enabling it to pursue further acquisition opportunities.

## **4. Trading update**

Mattioli Woods is providing an update on trading in the financial year ended 31 May 2015, in advance of announcing its final results on Wednesday, 9 September 2015.

The Board is pleased to report another year of growth, in line with its expectations. The Group’s total client assets under management, administration and advice had increased by 17% to £5.4 billion at the year-end. The Company has seen strong growth in its core pension and wealth management business, with the Government’s new pension freedoms creating additional stimulus both now and looking ahead. This growth has more than offset the anticipated falls in banking income, due to new banking rules on liquidity cover further reducing the margins available, and employee benefit revenues, as the corporate pensions market transitions to a fee-based proposition prior to the abolition of provider commissions in April 2016.

In addition, employee benefit revenues in the second half were adversely impacted by the effect of the fall in the oil price on corporate clients in the oil and gas industry and certain corporate pension providers “switching off” initial commission payments earlier than anticipated. However, the Directors anticipate growing demand for ancillary services such as financial counselling and education from within the Group’s corporate clientele, and expect the acquisition of Boyd Coughlan to bring new clients who will be attracted to the broader and more flexible solutions the Group can offer employers and their employees.

Custodian Capital is the discretionary investment manager of Custodian REIT. Custodian Capital also manages a new initiative, the “Private Investors Club”, which offers alternative investment opportunities to suitable clients by way of private investor syndicates. This has been well received by clients, with over £3.8 million invested in the four new investments completed during the year.

Mattioli Woods launched its discretionary portfolio management service in August 2012. The Group's discretionary assets under management have increased to over £1 billion, with portfolio management becoming the Group's core investment proposition for its clients. Custodian REIT completed the placing of £50.2 million of new equity during the financial year (plus a further £1.1 million in June 2015).

The continued development of its technology infrastructure is a key part of the Group's strategy. The Group has extended the development of its bespoke pension administration and wealth management platform to include employee benefits, with the aim of enhancing the services it offers to clients and realising operational efficiencies across the Group as a whole. The first phase of the new platform implementation is expected to 'go live' in the third quarter of 2015.

The recent acquisitions of the former UK Wealth Management and Torquil Clark pensions businesses are integrating well and, with continuing consolidation in both the SIPP and other key sectors in which the Group operates, the Board expects there to be further opportunities to expand its operations by acquisition.

## **5. Details of the Placing and the Placing Agreement**

The Company proposes to raise up to £18.6 million (less expenses) by way of a Placing of up to 3,795,918 new Ordinary Shares through Canaccord Genuity, bookrunner to the Placing.

### ***The Placing***

The Issue Price of 490 pence represents a discount of approximately 4.7 per cent. to the mid-market closing price of 514 pence per Ordinary Share on 18 June 2015, being the last practicable date prior to the date of this document. The Placing Shares will represent approximately 15.6 per cent. of the Enlarged Share Capital following both Firm Admission and Conditional Admission.

It is expected that the Firm Placing Shares to be held in uncertificated form will be delivered in CREST on 23 June 2015 and that share certificates for the Firm Placing Shares to be held in certificated form will be dispatched by first class post by 30 June 2015. It is expected that, subject to the Resolution to be proposed at the General Meeting being passed, the Conditional Placing Shares to be held in uncertificated form will be delivered in CREST on 8 July 2015 and that share certificates for the Conditional Placing Shares to be held in certificated form will be dispatched by first class post on 15 July 2015.

Application has and will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is anticipated that trading in the Firm Placing Shares will commence on AIM at 8.00 a.m. on or around 23 June 2015 and, subject *inter alia* to the Resolution to be proposed at the General Meeting being passed, trading in the Conditional Placing Shares is expected to commence on AIM on or around 8 July 2015.

The Firm Placing Shares and the Conditional Placing Shares will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid after Firm Admission and Conditional Admission respectively.

The Firm Placing is conditional, amongst other things, upon:

- i) Compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- ii) Admission of the Firm Placing Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 23 June 2015.

The Conditional Placing is conditional, amongst other things, upon:

- i) The Resolution to be proposed at the General Meeting being passed without amendment;
- ii) Compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- iii) Admission of the Conditional Placing Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 8 July 2015.

### ***The Placing Agreement***

The Placing is being undertaken pursuant to a placing agreement entered into between the Company and Canaccord Genuity, whereby Canaccord Genuity has agreed to procure subscribers as agent for the Company on a reasonable endeavours basis for the Placing Shares. Pursuant to the terms of the Placing Agreement, the Firm Placing and the Conditional Placing are subject to certain conditions (including Firm Admission and Conditional Admission). Canaccord Genuity has the right to terminate the Placing Agreement in certain circumstances (including if there is a material breach by the Company of its obligations under the Placing Agreement). Further details regarding the Placing Agreement are set out in Appendix II.

### ***Effect of the Placing***

Upon Conditional Admission, and assuming no further exercise of options under the Company's share option schemes, the Enlarged Share Capital is expected to comprise 24,404,225 Ordinary Shares. On this basis, the Placing Shares will represent approximately 15.6 per cent. of the Company's Enlarged Share Capital.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Conditional Admission.

### ***Directors' Shareholdings pre- and post-Placing***

	(1) Number of Ordinary Shares*	(2) Percentage of issued share capital as at 18 June 2015	(3) Estimated percentage of Enlarged Share Capital
Robert Woods	3,073,703	15.09%	12.59%
Ian Mattioli	3,393,703	16.66%	13.91%
Nathan Imlach	167,911	0.82%	0.69%
Murray Smith	223,814	1.10%	0.92%
Mark Smith	1,296	0.01%	0.01%
Alan Fergusson	65,787	0.32%	0.27%
John Redpath	13,000	0.06%	0.05%
Carol Duncumb	NIL	N/A	N/A
Joanne Lake	NIL	N/A	N/A

\*Denotes the aggregate of Ordinary Shares held legally and beneficially.  
None of the Directors intend to participate in the Placing.

### ***General Meeting***

The Company has a pre-existing authority to allot up to 2,002,483 Ordinary Shares for cash on a non-pre-emptive basis without statutory pre-emption rights applying. The Company intends to use this pre-existing authority to allot and issue the Firm Placing Shares conditional, *inter alia*, on Firm Admission.

The placing of the Conditional Placing Shares, together with other relevant prior allotments, including the allotment of the Firm Placing Shares, renders the pre-existing authorities insufficient to allow the allotment of the Conditional Placing Shares to proceed without further Shareholder approval. Accordingly, a General Meeting will be held on 7 July 2015 at 10.00 a.m. at MW House, 1 Penman Way, Grove Park, Enderby, Leicester LE19 1SY. The General Meeting has been convened for Shareholders to consider and, if thought fit, to pass the Resolution set out in the Notice of the General Meeting. The Resolution will be proposed as a special resolution to dis-apply statutory pre-emption rights and to authorise the Directors to allot and issue a maximum of 1,795,918 new Ordinary Shares, pursuant to the Conditional Placing on a non-pre-emptive basis.

The authority to be granted pursuant to the Resolution shall expire on the date of the next annual general meeting of the Company.

## 6. Action to be taken

Please check that you have received the following with this document:

- a Form of Proxy for use in respect of the General Meeting which is reply-paid (in the UK only).

Whether or not you intend to be present at the meeting, you are asked to complete the Form of Proxy in accordance with the instructions thereon and return it by post to the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 3 July 2015 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

Shareholders who hold Ordinary Shares in CREST may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of General Meeting). Proxies submitted via CREST must be received by the Company's agent (ID RA10) by no later than 10.00 a.m. on 3 July 2015 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. Completion and return of the Form of Proxy or use of the CREST proxy voting service will not preclude you from attending and voting at the General Meeting, or any adjournment thereof, in person should you so wish.

**If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an appropriately qualified independent professional adviser.**

## 9. Risk Factors

Your attention is drawn to the Risk Factors set out in Part II of this document. Shareholders are advised to read this document in its entirety and should not rely solely on the summary information presented in this Part I.

## 10. Recommendation

The Board believes the Placing to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings amounting, in aggregate, to 6,939,214 Ordinary Shares and representing approximately 34.1 per cent. of the ordinary share capital of the Company in issue as at today's date.

Yours sincerely

Robert Woods  
Chairman

## PART II

### RISK FACTORS

An investment in Ordinary Shares may not be suitable for all recipients of this document and involves a number of risks. Prospective investors should carefully consider the risks set out below before making a decision to invest in the Company. Accordingly, you are strongly recommended to consult an investment adviser authorised under the FSMA if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser, who specialises in the acquisition of shares and other securities before making a decision to invest. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

Prospective investors should carefully consider the risks described below before making a decision to invest in the Company. This Part II contains what the Directors believe to be the principal risk factors associated with an investment in the Company.

In addition to the usual risks associated with an investment in a business, the Directors consider that the risks and other factors described below, which are not set out in any particular order of priority, are the most significant and should be considered carefully together with all the information contained in this document, prior to subscribing for New Placing Shares. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

If any of the circumstances identified in this Part II were to materialise, the Company's business, financial condition and operating results could be materially affected. In particular, the Company's performance is likely to be affected by changes to the market and/or economic conditions and/or legal, accounting, regulatory and tax requirements currently unknown by the Company. Investors should note that the trading price of the Ordinary Shares could decline due to any of these risks and investors may lose all or part of their investment.

There can be no certainty that the Company will be able to implement the strategy set out in this document successfully. No representation is or can be made as to the future of the Company and there can be no assurance that the Company will achieve its objectives.

#### **1. Industry Risks relating to the Company and the Group**

##### *1.1. Changes in investment markets and poor investment performance*

Volatility in the investment markets may adversely affect trading and/or the value of the Group's funds under management, administration and advice, which in turn could have an adverse impact on the Group's revenues.

##### *1.2. Changing markets and increased competition*

The Group operates in a highly competitive environment with evolving characteristics and trends. Some of its competitors and potential competitors may have, in certain markets, larger customer bases, more established name recognition and greater financial, marketing, technology and personnel resources than the Group might have, or may be able to offer services that are disruptive to current market structures and assumptions.

In addition, new or existing competitors could gain access to markets or products in which the Group currently enjoys a competitive advantage. Competitors may have a greater ability to offer new services, or existing services to more diverse customers. This may erode the Group's market share. Even if new or existing competitors do not significantly erode the Group's market share, they may offer their services on a cheaper or otherwise more attractive basis and the Group may then be required to reduce its charges to remain competitive, which could have a material adverse effect on its profitability.

The Group currently competes with competitors for personnel. The effect of such competition can be to increase front office personnel costs significantly or can result in the loss of capability, customer relationships and expertise to competitors through the loss of personnel to competitors.

### *1.3. Evolving technology*

The Group needs to maintain the computer and communications systems and networks that the Group currently operates. The Group's technology could become obsolete or ineffective if it is unable to develop its systems to accommodate changing client needs, new products and the emergence of new industry standards. Its failure to maintain these systems and networks adequately could have a material effect on the performance and reliability of such systems and networks, which in turn could materially harm its business.

Any upgrades or expansions in technology and the use of technology may require significant expenditure of funds. In the longer term, the Group may not have sufficient funds to update and expand its systems adequately, and any upgrade or expansion attempts may not be successful and may not be accepted by the marketplace and its customers. Any failure by the Group to update and expand its systems and technology adequately or to adapt its systems and technology to evolving customer demands or emerging industry standards would have a material effect on the Group's ability to compete effectively which could reduce its revenue and profitability.

### *1.4. Regulatory risk*

The Group may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations. Failure to establish and maintain effective compliance and reporting systems in relation to applicable laws, rules and regulations may increase the risk that the Group could breach applicable laws, rules and regulations, thereby exposing it to the risk of litigation and investigations and possible sanctions by regulatory agencies.

In addition, changing regulation may also impact the activities of the Group or its customers, including through increased capital requirements, which may cause a reduction in overall trading activity or increased costs in certain markets which, in turn, may reduce the Group's revenue.

The inability of the Group to adapt or deliver services that are compliant with any new regulations could adversely affect its competitive position significantly and therefore reduce the revenue and profitability of the Group. To date, the Group has needed to incur certain costs to comply with new regulations, and even if it is successful in adapting its services to new regulations, the costs of making those adaptations or otherwise complying with those regulations may significantly increase the cost base of the Group. There is also a possibility that further regulations and reforms may be introduced that may adversely affect the role of the Group or may introduce requirements or rules that the Group is unable to meet.

### *1.5. Changes in tax law*

Changes in tax legislation could reduce the attractiveness of long-term savings via pension schemes, particularly SSASs and SIPP, which in time could have an adverse impact on the revenue that the Group derives from these products.

In addition the Group is exposed to changes in taxation rates and regimes which may result in an increased proportion of the Group's profit being paid in taxation, or may result in parts of the Group's activities becoming less profitable or unprofitable through the imposition of higher transaction taxes or indirect taxes borne by the Group or its customers.

## **2. Operational Risks relating to the Company and the Group**

### *2.1. Damage to the Group's reputation*

There is a risk of reputational damage as a result of employee misconduct, failure to properly manage inside information or conflicts of interest, fraud, improper practice, poor client service or poor advice.

The Group's ability to operate, to attract and retain customers and employees, or to raise appropriate financing or capital may be adversely affected as a result of its reputation becoming damaged. Clients will rely on the Group's integrity and probity. If the Group fails, or appears to fail, to deal promptly and effectively with issues that may give rise to reputational risk, its reputation and, in turn, its business prospects may be materially harmed.

Any failure by the Group to address these or any other issues which could adversely affect its reputation could result in losses of personnel and customers, a reduced ability to compete effectively, financial losses and potential litigation, regulatory actions and penalties against the Group.

## *2.2. Errors, breakdown or security breaches in respect of the Group's software or information technology systems*

Serious or prolonged breaches, errors or breakdowns in the Group's software or information technology systems could negatively impact customer confidence. It could also breach contracts with customers and data protection laws, rendering the Group liable to disciplinary action by governmental and regulatory authorities, as well as to claims by clients.

The performance of the Group's computer and communications systems could deteriorate or fail for any number of reasons. These could include loss of power, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism, customer error or misuse, lack of proper maintenance or monitoring and similar events.

Failure or deterioration of the communications and computer systems and facilities on which the Group relies may lead to significant financial losses, litigation or arbitration claims filed by or on behalf of its customers and regulatory sanctions. Any such failure could also have a negative effect on the Group's reputation.

## *2.3. Business continuity*

In addition to the failure of IT systems, there is a risk of disruption to the business as a result of power failure, fire, flood, acts of terrorism, re-location problems and other problems.

Whilst the Group has disaster recovery and business continuity plans in place, these may not cover all activities within the Group or failures that may occur. If the Group's business continuity plans do not operate effectively, they may not be adequate to correct or mitigate the effects of any of the above eventualities.

## *2.4. Key personnel risk*

The industry in which the Group operates requires highly qualified and experienced employees. There is a risk that the Group's employees could be approached and solicited by competitors of the Group or organisations or could otherwise choose to leave the Group. The loss of, or inability to recruit and retain key personnel could have a material adverse effect on the Group's business, results of operations or financial condition.

## *2.5. Fraud risk*

There have been a number of highly publicised cases involving fraud or other misconduct by employees of financial services firms in recent years and various investigations have been conducted by the FCA in the United Kingdom. There is a risk that an employee defrauds either the Group or a client which may result in losses to the Group.

In addition, a third party could defraud either the Group or the Client, causing loss to the Group.

## *2.6. Litigation or claims made against the Group*

The Group is exposed to the risk of liability relating to litigation from clients or third parties and assurance that a claim or claims will not be covered by insurance or, if covered, will exceed the limits of available insurance coverage, or that any insurer will become insolvent and will not meet its obligations to provide the Group with cover. Action taken may be protracted, involve the expenditure of significant financial and managerial resources, and may ultimately not be successful, which may result in an adverse impact on the Group's financial position.

## *2.7. Reliance on third parties*

Any regulatory breach or service failure on the part of an outsourced service provider could expose the Group to the risk of regulatory sanctions, fines, censure and other reputational damage.

## *2.8. Strategic risk*

The risk that management will pursue inappropriate strategies or implement the Group's strategy ineffectively may have a material effect on the Group's ability to compete effectively, which could reduce its revenue and profitability.

## *2.9. Underwriting risk*

When arranging new financial products for promotion to the Group's clients, the Group may need to guarantee a minimum aggregate investment to secure appropriate terms for the product.

If client investment made into a product that the Group has underwritten in this way is less than the amount the Group has underwritten, the Group may incur the cost of unwinding the hedges

underlying the unsold element of the product and be required to purchase the underwritten element of the product which may result in an adverse impact on the Groups financial position.

### **3. Financial Risks relating to the Company and the Group**

#### *3.1. Counterparty default*

The Group's profitability and retained earnings may be materially adversely affected in the event of a significant default by any of its customers and counterparties and this could be exacerbated where it has a concentrated exposure to the counterparty or where the default arises from, or gives rise to further losses as a result of systemic risk.

The Group is also exposed to counterparty credit risk in respect of cash deposits held with financial institutions and to concentration risk in that it may have exposures with a counterparty arising through a number of different activities in a number of different regions and may also have cash deposits with the same counterparty.

#### *3.2. Bank default*

Should a bank with which the Group does business fail the Group could be significantly exposed and the failure could severely impact the Group.

#### *3.3. Concentration risk*

The Group is exposed to concentration risk, which is a component of credit risk, either arising from a lack of diversity in business activities or a geographical risk. In addition, consolidation among the Group's customers may cause revenue to be dependent on a smaller number of customers and may result in additional pricing pressure. In that event, the Group's revenue may be dependent on its continued good relationships with those customers to a material extent and any adverse change in those relationships could materially reduce the Group's revenue.

#### *3.4. Liquidity risk*

The Group requires financial liquidity to facilitate its operations. In addition to significant cash balances, the Group maintains credit facilities provided by the Group's bankers. The Group's existing credit facilities impose certain operating and financial restrictions on the Group, and contain covenants that require the Group to maintain specified financial ratios and satisfy specified financial tests, that may limit how the Group conducts its business. In the longer term, the Group may be unable to renew existing facilities or raise additional financing and the withdrawal, non-renewal or a lack of access to credit facilities, whether as a result of market conditions, general market disruption or a failure by the Group itself, could severely impact the Group.

#### *3.5. Interest rate risk*

The Group is exposed to a decline in earnings due to a decline in interest rates. It is likely that low interest rates will make it harder for the Group to structure attractive capital-protected products for clients or general banking income.

### **4. Risks Relating to the Ordinary Shares**

#### *4.1. Possible volatility of the price, and trading volume, of the Ordinary Shares*

Following Admission, the market price of the Ordinary Shares may be affected by a variety of factors outside the control of the Group, including, but not limited to, changes in sentiment regarding the Ordinary Shares, variations in the Group's operating results compared with the expectations of market analysts and investors, its business development or those of its competitors, the operating performance of its competitors or speculation about the Group's business. The market value of the Ordinary Shares can fluctuate and may not always reflect the underlying value of the Company or prospects of the Group. Shareholders should therefore be aware that the value of the Ordinary Shares can go down as well as up and that they may not be able to realise their investment.

Furthermore, the trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Group or its business. If analysts who cover the Group downgrade the Ordinary Shares in their report, the market price of the Ordinary Shares may decline. If one or more of these analysts were to stop covering the Company or fail to publish reports regularly on the Company, the Company could lose visibility in the financial markets. This could cause a decline in the market price of the Ordinary Shares or trading volume.

#### *4.2. Dilution of ownership of Ordinary Shares*

The Company has no current plans which involve the issuance of Ordinary Shares other than in connection with the Placing and the proposed transactions as set out in Part I of this Circular. It is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Issue Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares as a pre-emptive offer.

#### *4.3. Future Funding*

Whilst the Directors have no current plans for raising additional capital immediately after Admission and are of the opinion that the working capital available to the Group will be sufficient for its present requirements, it is possible that the Group will need to raise extra capital in the future to develop the Group's business or to take advantage of acquisition opportunities. No assurance can be given that any such additional financing will be available or that, if available, financing will be available on terms favourable to the Group or to its Shareholders.

If further financing is obtained by issuing equity securities or convertible debt securities, the existing shareholders' holdings of Ordinary Shares may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Directors may seek debt finance to fund all or part of any future acquisitions. There can be no assurance that the Group will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Group's ability to raise further finance and its ability to operate its business may be subject to restrictions.

A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Group's control) may make it difficult for the Group to obtain new financing on attractive terms or even at all. If the Group's borrowings become more expensive, then the Group's profits will be adversely affected.

#### *4.4. Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline*

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares in the future. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

#### *4.5. There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM*

The Company cannot assure investors that the Company's Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

#### *4.6. Investment in AIM traded securities*

The Ordinary Shares are, and the New Ordinary Shares will be, traded on AIM rather than admitted to the Official List of the UK Listing Authority. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

# MATTIOLI WOODS PLC

(Incorporated and registered in England and Wales with registered number 3140521)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Mattioli Woods plc (the "Company") will be held at MW House, 1 Penman Way, Grove Park, Enderby, Leicester LE19 1SY on 7 July 2015 at 10:00 am to consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution.

### SPECIAL RESOLUTION

THAT, the directors of the Company be empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by the resolution numbered 9 in the notice of the annual general meeting of the Company held on 16 October 2014 and passed at such meeting as if section 561 of the Act did not apply to any such allotment provided that this authority shall be limited to the allotment of new ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares") up to an aggregate nominal amount of £17,959.18 in connection with the conditional placing of new Ordinary Shares as described in the circular to shareholders of the Company dated 19 June 2015 (the "Circular") and as defined in the Circular as the Conditional Placing provided that this authority and power shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may, before the expiry of such period, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

The above authority will be in addition to all existing authorities of the Company to allot equity securities for cash as if section 561 of the Act did not apply, which authorities shall continue to apply in accordance with their terms.

Dated: 19 June 2015

By order of the Board:

Nathan Imlach  
Company Secretary

Registered Office:  
MW House  
Grove Park  
Enderby  
Leicester  
LE19 1SY

### Notes

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A member can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A member may not appoint more than one proxy to exercise rights attached to one share. To appoint more than one proxy, contact the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU. Where more than one proxy is appointed, a member must specify the number of shares the rights in respect of which each proxy is entitled to exercise.
2. A proxy need not be a shareholder of the Company, but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting (including, without limitation, upon any resolution to adjourn the General Meeting or any resolution to amend any resolution put to the meeting).
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of joint holdings (the first-named being the most senior). A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice.
5. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.

To be valid appoint a proxy, the Form of Proxy must be completed and signed and received by the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU by 10:00am on 3 July 2015, being not less than 48 hours (excluding non-business days) before the time appointed for the holding of the General Meeting or any adjourned meeting.

In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an office of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

6. The return of a completed Form of Proxy will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the company's agent, Capita Asset Services (CREST Participant ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company as at 6.00pm on 3 July 2015 (or in the event of any adjournment, at 6.00pm on the day before the date fixed for the adjourned meeting) shall be entitled to attend and vote at the GM in respect of the number of shares registered in their name at such time. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
12. As at 18 June 2015 (being the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 20,372,565 ordinary shares of £0.01 each and which each carry one vote. Therefore, the total voting rights in the Company as at 18 June 2015 are 20,372,565.
13. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.