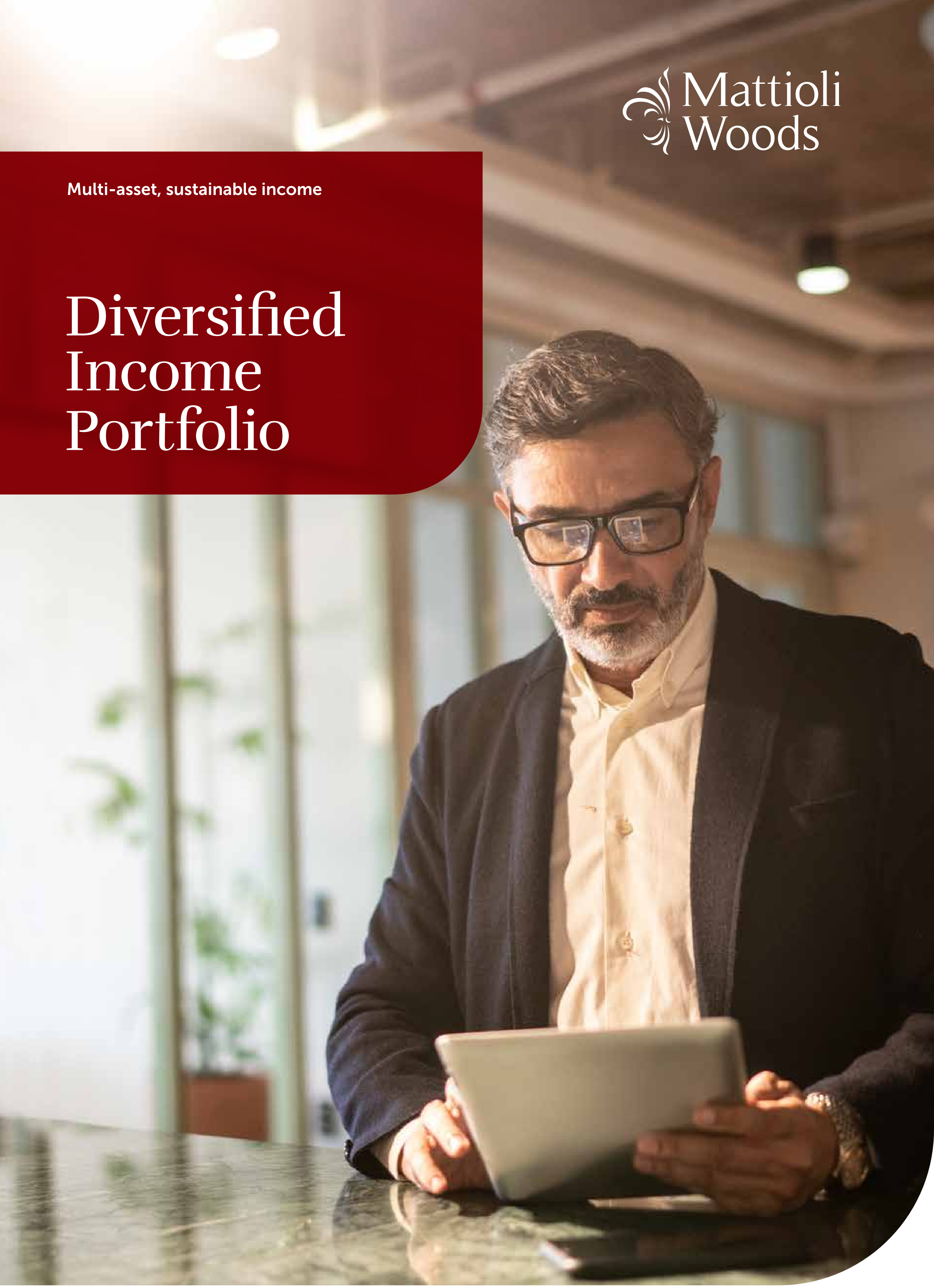
Mattioli Woods

Multi-asset, sustainable income

Diversified Income Portfolio



Investors can now find better returns in lower-risk, fixed-income securities.

Why income investing?

Income investing has been proven to be one of the most successful investment strategies, over the long term. Reinvesting income can compound returns and help to lessen portfolio volatility. Our approach to income investing involves a well-diversified asset base, delivering income and capital growth.

Why now?

Central banks created a low-yield environment after the global financial crisis through quantitative easing (QE), which reduced the appeal of income investing. However, with higher inflation, central banks have raised interest rates, making income investing attractive again. Investors can now find better returns in lower-risk, fixed-income securities.

The value of investments and the income from them can fall as well as rise, and you may not get back the amount invested. This document is for information only and not an invitation to invest. Seek professional advice before making investment decisions. Forward-looking statements and forecasted returns represent the current views of Mattioli Woods plc and may be subject to change. For UK investors only.

What is the Diversified Income Portfolio?

The Diversified Income Portfolio (DIP) is a multi-asset model portfolio that aims to generate a sustainable and high natural income and some capital growth. The portfolio's 'strategic' asset allocation represents the long-term positioning in equity and fixed income securities. 'Tactical' decisions based on the current market conditions are made for shorter-term periods.

The DIP forms a part of our broader discretionary portfolio management proposition. With one of our financial advisers, you can discuss your financial situation, investment objectives, and risk tolerance to help you decide whether the DIP is suitable for your circumstances.

What level of income will it pay?

The DIP aims to generate high natural income with possible capital growth. The favourable backdrop for income-producing assets allows us to generate an income in the region of 5% per annum, distributed quarterly.

The level of income paid depends on a range of variables, including interest rates and the broader macroeconomic environment. Should we enter a period of lower interest rates, we expect the income level to be closer to the portfolio's target income level of 4% per annum, but compensated by more robust capital returns. During periods of lower yields, the risk controls seek to ensure that the portfolio does not take excessive risk to achieve higher yields.

How is the DIP managed?

Mattioli Woods manages portfolios on a discretionary basis, with advice from T. Rowe Price on asset allocation and fund selection. T. Rowe Price may suggest their products when appropriate, or the portfolio may invest in a simple index tracker chosen from the whole market to ensure competitive costs and diverse perspectives.

About T. Rowe Price

T. Rowe Price is a global investment manager with £1.1 trillion in assets under management and significant capabilities in multi-asset solutions. The company manages over £300 billion of US retirement savings with an income focus. T. Rowe Price offers a broad range of equities and fixed income solutions to construct the DIP with competitively priced, in-house building blocks.

1937
Founded

£1.1tn
In assets under management*

7,800+
Associates

501
Equity professionals

237
Fixed income professionals

75
Multi-asset professionals

* Preliminary data as of 30 September 2023. Subject to adjustment.
Source: T.Rowe Price

Get in touch

For more information or to arrange a meeting to discuss your investment options, please contact your Mattioli Woods consultant—alternatively, email **investments@mattioliwoods.com**.

Risk warnings

This document is for information only and does not represent investment advice. The views provided are for general information purposes only and represent the opinion of Mattioli Woods based on market conditions at the time of writing, which are subject to fluctuations.

Mattioli Woods Limited accepts no responsibility for any errors of fact or opinion and assumes no obligation to provide you with any changes to their assumptions.

The value of investments and the income from them can fall as well as rise, and you may not get back the amount invested. Past performance is not a guide to future returns.

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.

Registered Office: 1 New Walk Place, Leicester,
Leicestershire, LE1 6RU.
Mattioli Woods Limited is authorised and regulated by the Financial Conduct Authority.

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