

TATTON ASSET MANAGEMENT

Interim Results for the six months ended
30 September 2018

INVESTOR AND ANALYST PRESENTATION



Tatton

ASSET MANAGEMENT PLC

DISCLAIMER

The information contained in this document ("Presentation") has been prepared by Tatton Asset Management plc (the "Company"). The content of this Presentation has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000.

The information contained in this document ("Presentation") has been prepared by Tatton Asset Management PLC (the "Company"). This Presentation has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000.

The Slides are being supplied and directed only at persons in member states of the European Economic Area who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, as amended) and, additionally in the United Kingdom, to those qualified investors who (a) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (investment professionals) or (b) fall within Article 49(2)(a) to (d) of that Order (high net worth companies, unincorporated associations etc) (all such persons being "Relevant Persons"). Any person who is not a Relevant Person may not attend the presentation of the Slides and should not act or rely on this document or any of its contents. Any investment or investment activity to which the Slides relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

This Presentation does not purport to contain all information that a prospective investor may require and is subject to updating, revision and amendment. No representation or warranty, express or implied, is given by the Company or any of its subsidiaries, advisers, directors, members, officers, trustees, employees or agent, as to the accuracy, fairness or completeness of the information or opinions contained in this Presentation and, save in respect of fraud or wilful default, no liability is accepted for any such information or opinions or for any loss howsoever arising, directly or indirectly, from any use of this document or its contents or information expressed in the presentation.

AGENDA

- Introduction to the team
- Key highlights
- Financial performance
- Divisional analysis
- Strategy for growth
- Summary



INTRODUCTION TO THE TEAM

INTRODUCTION TO THE TEAM



Paul Hogarth, CEO



Lothar Mentel, CIO



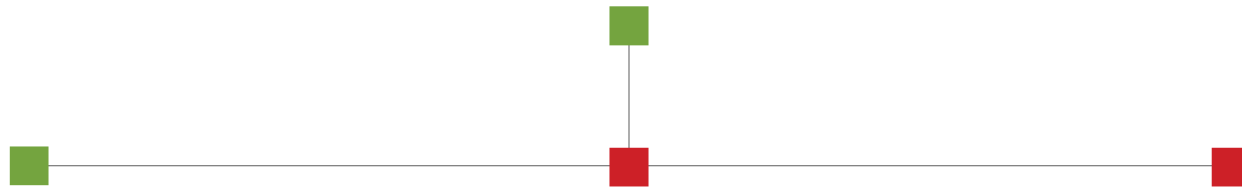
Paul Edwards, CFO

- Over 30 years' experience at Board level in the financial services sector
- Founder of Tatton Asset Management Group, specifically Paradigm Partners, in 2007 and subsequently of Tatton Capital Limited in 2012
- Co-founder of Tatton Capital Limited in 2012
- Ex CIO of Octopus. Has held senior investment positions with NM Rothschild, Threadneedle, Barclays Wealth, and Commerzbank AG
- Joined Tatton Asset Management Plc as Group CFO in May 2018
- Previously Group Finance Director of Scapa Group plc and NCC Group plc

GROUP STRUCTURE



Tatton Asset Management PLC ("TAM" or "Group")



Tatton Investment Management ("Tatton" or "TIML")

Challenger model DFM

- On-platform only discretionary portfolio management (MPS based)
- Complimentary in-house fund range
- Low cost



Paradigm Partners ("Paradigm" or "PPL")

IFA support services

- Compliance services
- Technical support
- Business consultancy



Paradigm Mortgage Services ("PMS")

Adviser support services

- Mortgage aggregation
- Protection
- Other insurance aggregation



KEY HIGHLIGHTS

KEY HIGHLIGHTS

FINANCIAL & OPERATIONAL

- TIML AUM increased 29.5% to £5.7bn (2017: £4.4bn)
- Average AUM inflows of over £90m per month
- Group revenue increased 15.7% to £8.45m (2017: £7.30m)
- Adjusted operating profit* up 8.3% to £3.35m (2017: £3.09m)
- Reported profit before tax increased to £3.08m (2017: £0.56m), after charging exceptional items and share based charges of £0.4m
- Interim dividend of 2.8p (2017: 2.2p) a 27.3% increase
- Adjusted F.dil EPS** increased 8.6% to 4.57p (2017: 4.21p)
- Strong financial position, with net cash of £11.6m (2017: £10.5m)

*Operating profit before exceptional items and IFRS2 share-based costs

**Adjusted for exceptional items and IFRS2 share-based costs and potentially dilutive shares

KEY HIGHLIGHTS

(FINANCIAL & OPERATIONAL CONTINUED)

- TIML delivered strong organic growth and client portfolio returns ahead of peer group averages
- TIML increased its member firms by 41.6% to 405 (2017: 286) and number of accounts by 21.5% to 53.5k (2017: 44.1k)
- ACD provider changed to improve efficiency and service offering – seamless process and helping improve margin
- Further investment and strengthened business development team
- Pipeline of new IFA businesses continues to grow, as more IFAs that are not clients of Paradigm Partners use TIML. IFA's that also use Paradigm Partners (or "PPL") consulting services now account for 42% of the total number of firms and 79% of the assets under management
- Paradigm Mortgages (or "PMS"), the Group's mortgage and protection distribution business, performed strongly, with gross lending via its channels during the period of £4.0bn (2017: £3.2bn), an increase of 25.0%. PMS now has 1,290 mortgage firms using its services (2017: 1,143)



FINANCIAL PERFORMANCE

PROFIT & LOSS

Six months ended 30 September 2018 Currency: £'000	2018	2017	Growth %
Revenue	8,445	7,298	15.7%
Admin expenses	(5,095)	(4,204)	
Adjusted Operating profit*	3,350	3,094	8.3%
Margin %*	39.7%	42.4%	
Share based payments (IFRS2)	(365)	(892)	
Exceptional charges – IPO costs	(13)	(1,632)	
Operating profit	2,972	570	
Finance Income / (costs)	112	(14)	
Profit before tax	3,084	556	
Corporation tax	(681)	(426)	
Basic earnings per share	4.30p	0.21p	
Adjusted F.Dil earnings per share**	4.57p	4.21p	8.6%
Dividend	2.80p	2.20p	27.3%

- Revenue increased 15.7%
- Operating profit increased 8.3%
- H1 2017 excludes £260k additional governance costs following July 2017 IPO
- Share based payments include 2018 EMI and share save schemes
- Exceptional items relate to July 2017 IPO
- Interest relates to £0.5m loan note – redeemable December 2018
- Underlying tax rate 19.7%
- Adjusted F.dil EPS increased 8.6%
- Interim dividend increased 27.3% to 2.80p

* Adjusted for exceptional items and IFRS2 share-based costs

**Adjusted for exceptional items and IFRS2 share-based costs and potentially dilutive shares

DIVISIONAL ANALYSIS

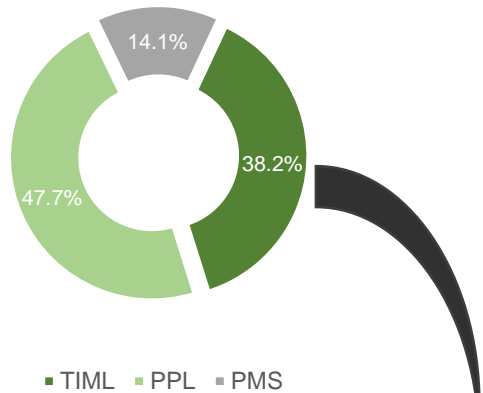
£000's	TIML		PPL		PMS	
	2018 H1	2017 H1	2018 H1	2017 H1	2018 H1	2017 H1
Revenue Growth% +/-	4,025 +44.8%	2,779	3,118 -10.3%	3,475	1,278 +23.8%	1,032
EBIT*	2,050	1,280	1,537	1,795	718	531
Margin %	50.9%	46.1%	49.3%	51.7%	56.2%	51.5%

KPI's & Attributes	£5.7bn AUM +29.5%	£4.4bn AUM +33.3%			£4.0bn gross lending +25.0%	£3.2bn gross lending +33.3%
	405 Firms & 53,500 Clients	286 Firms & 44,100 Clients	382 Members +7.3%	356 Members +2.6%	1,290 Members +12.9%	1,143 Members +12.9%
	Recurring = Yes		Recurring = Yes		Recurring = No	

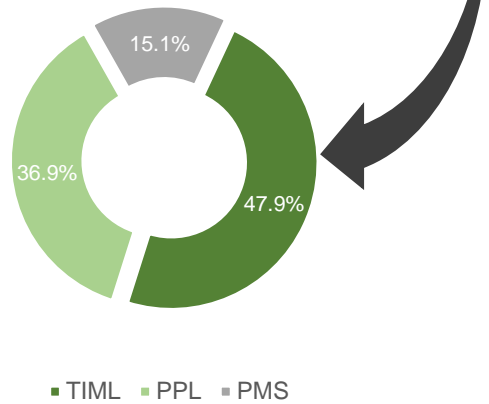
* Adjusted for exceptional items and share based charges

SHAPE AND PATTERN OF GROWTH

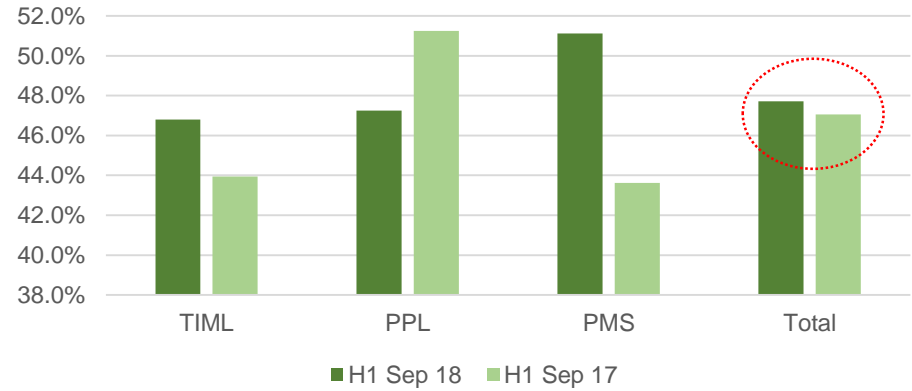
Revenue split % Sep-17



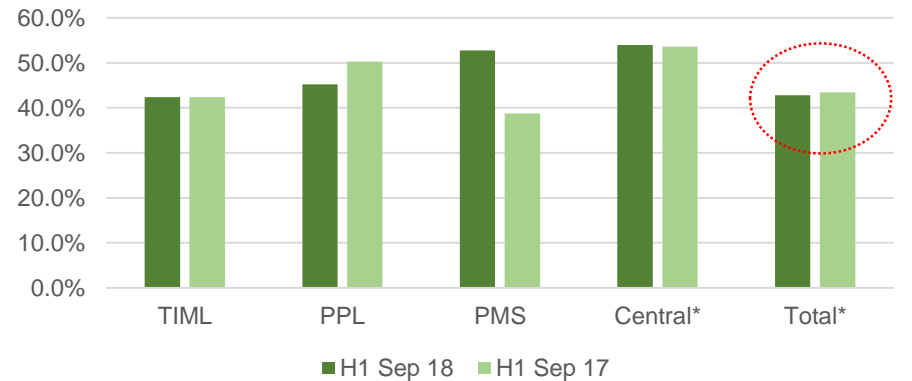
Revenue split % Sep-18



H1 v H2 revenue splits (2018/19 consensus)



H1 v H2 profit splits (2018/19 consensus)



*2017 adjusted for IPO governance costs

BALANCE SHEET & CASH FLOW

BALANCE SHEET

	2018 £'000	2017 £'000
Goodwill	4,917	4,917
Fixed assets & Investments	310	42
Trade & other receivables	3,410	2,037
Cash	11,622	10,520
Trade & other payables	(5,775)	(3,704)
Tax	(615)	(1,302)
Net Assets	13,869	12,510

CASH FLOW

	2018 £'000	2017 £'000
Cash from operations before exceptional items	4,291	2,694
Exceptional	(13)	(1,632)
Cash from operations	4,278	1,062
Tax paid	(687)	-
Capital investment	(251)	(37)
Finance income / (Cost)	112	(14)
Dividends	(2,460)	(481)
Proceeds from share issue	-	10,000
Net cash increase	992	10,530

TATTON UNIVERSE

Total number of IFA firms	13,250	Total FUM	£520 billion
Tatton number of user firms	341	Tatton FUM	£5 billion

Each IFA firm has an average £40m under control on platform

TIML - ASSET PIPE LINE

Source of assets £bn



- £521bn Assets held on platform¹ and growing
- £41.6bn Assets held in DFM¹ and growing
- Tatton £5.7bn from 405 firms
- PPL - 169 or 42% firms = £4.5bn AUM or 79%
- Non PPL - 236 or 58% firms = £1.2bn AUM or 21%
- Average firm has £40m on platform
 - PPL = Average £26.6m per firm
 - Non PPL = Average £5.1m per firm
- **Non PPL opportunity = £21.5m x 236 = £5bn**

¹Source Platform

OUR MARKET

- Latest PIMFA* statistics show increased IFA sector strength
 - More advisers / increased revenue / increased profitability
(+2.7% to 26,311) / (+21.5% to £4.5bn) / (+22.8% to £0.7bn)
- Adviser platform market continues strong growth with asset of £521 billion**
- DFM MPS on platform £41.6 billion
- Increased understanding by IFA principals of need to outsource investment decisions
- TCL continues to be the largest DFM, MPS player

DEDICATED TATTON SALES TEAM

Justine Randall SALES DIRECTOR

Chartered financial planner with nearly 20 years financial services experience, Justine joined Tatton from Retirement Advantage where she spent 8 years as Head of Sales and Strategic Partnerships

Ryan Seaton BDD*

Ryan joined the financial services industry in 2012 as a graduate at WRAP platform Amber Financial and was formerly an investment Development consultant at Paradigm Partners

Simon Church BDD*

Simon previously worked at Quilter Cheviot, Charles Stanley and MetLife leading RDR initiatives to help support advisers to transition their businesses through the RDR

Steve Martell BDD*

Steve brings over 3 decades of investment market experience, including 16 years in senior management positions for Just, Living Time, The Hartford and Prudential

Jack Bennett BDM*

Jack Financial coordinator for deVere and partners, and worked on GFI's south East Asia FX options desk

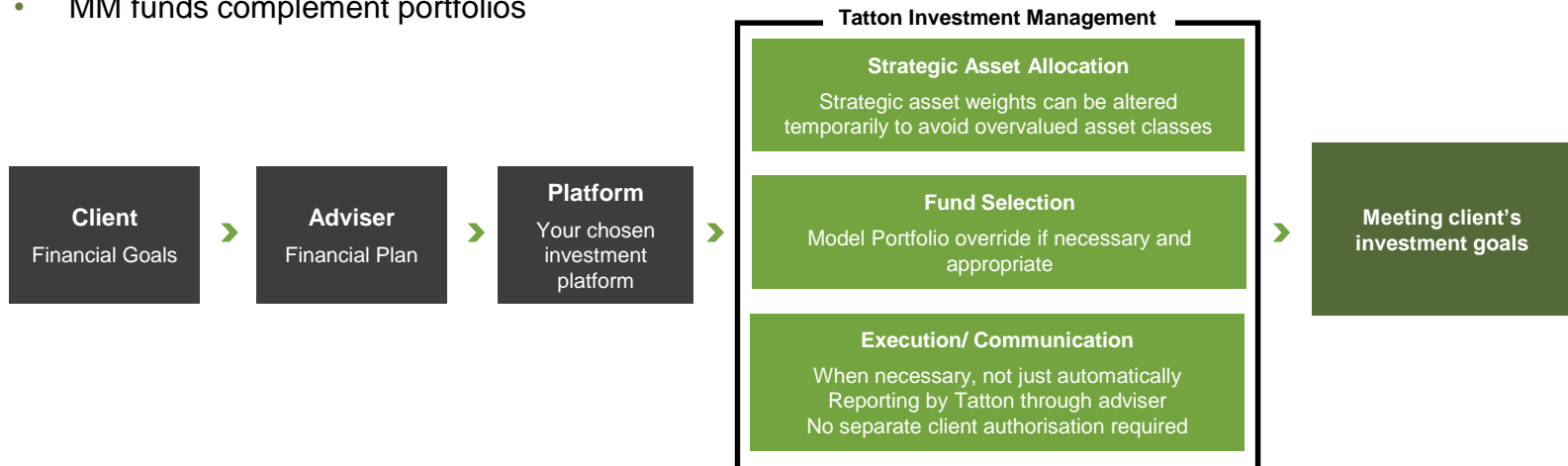
Scott White BDD*

Scott is a chartered financial planner with +20 years experience. He joins Tatton from Rowan Dartington where he managed key national accounts. He is a fellow of the PFS and brings a wealth of experience to the Tatton team

TATTON INVESTMENT MANAGEMENT

WHAT WE DO

- Discretionary investment management
 - Segregated, fund based, non-bespoke private investor portfolios (MPS based DFM)
- Exclusively available on adviser platforms and only B2B through directly FCA authorised advisers
- Platform agnostic, now available on 11 platforms
- Avoidance of fixed cost overheads allows charging at marginal cost of 0.125% plus vat while benefitting from substantial scale benefits - no client relationship management and no inhouse back-office
- Pure investment manager – fully resourced investment team
- MM funds complement portfolios



DISTRIBUTION OF AuM ACROSS PROPOSITION MATRIX

Globally diversified multi-asset portfolio choices that satisfy multi-manager, index tracker, income drawdown and ethical investment choices across 6 standard UK risk profiles (3 to 8 out of 1-10)

	Defensive (3) 25% Equity	Cautious (4) 45% Equity	Balanced (5) 60% Equity	Active (6) 75% Equity	Aggressive (7) 90% Equity	Global Eq. (8) 98% Equity	Total
Tatton Managed/Active	1.9%	12.1%	24.3%	10.3%	2.8%	0.6%	52.0%
Tatton Tracker	1.1%	4.9%	6.6%	1.8%	0.4%	0.1%	14.8%
Tatton Hybrid/Blended	0.9%	7.7%	15.5%	5.7%	1.1%	0.1%	31.0%
Tatton Income	0.0%	0.3%	0.6%	0.1%	0.0%	0.0%	1.1%
Tatton Ethical	0.0%	0.1%	1.0%	0.0%	0.0%	0.0%	1.1%
Total	4.0%	25.0%	48.0%	17.9%	4.3%	0.8%	100.0%

- 30 portfolio style and risk choices satisfy a comprehensive range of regulatory suitability requirements
- 1/3 of assets now invested across tracker based multi asset portfolios

WHAT'S CHANGED? – NOT MUCH

Comparison of DFM (on-platform) charges	
DFM	Annual Fee % (inc vat)
Tatton Investment Management (on 11 UK adviser-led platforms)	0.15
AJ Bell (On AJ Bell platform only)	0.18
LGT Vestra	0.30
Momentum	0.30
Seven Investment Management	0.30
FE Invest	0.33
Bordier UK	0.36
Brewin Dolphin	0.36
Brooks Macdonald	0.36
Charles Stanley	0.36
Liontrust	0.36
Morningstar Investment Management	0.36
Tilney Investment Management	0.36
Waverton Investment Management	0.40
Portfolio Metrix	0.42
Wellian Investment Solutions	0.42
Albert E Sharp	0.60
Tavistock Wealth	0.75

Source: "UK Fund Distribution: Model Portfolios On Platform" - Platorum Report June 2018

PLATFORM'S OCF ANALYSIS – WELCOME ADDITION TO OUR SALES TOOL KIT

Table 4: DFM charges, OCF of underlying funds and total cost of models on platform – active models

DFM	AMC (incl. VAT)	OCF of underlying funds			Total DFM cost		
		Low risk	Medium risk	High risk	Low risk	Medium risk	High risk
AJ Bell Investments	0.15%	0.54%	0.74%	0.86%	0.69%	0.89%	1.01%
Albert E Sharp	0.60%	0.83%	0.88%	0.98%	1.43%	1.48%	1.58%
Bordier UK	0.36%	0.69%	0.77%	0.83%	1.05%	1.13%	1.19%
Brewin Dolphin	0.36%	0.53%	0.56%	0.61%	0.89%	0.92%	0.97%
Brooks Macdonald Asset Management	0.36%	0.56%	0.66%	0.71%	0.92%	1.02%	1.07%
Charles Stanley	0.36%	0.69%	0.81%	0.82%	1.05%	1.17%	1.18%
FE Invest	0.33%	0.58%	0.74%	0.85%	0.91%	1.07%	1.18%
LGT Vestra	0.30%	0.65%	0.71%	0.74%	0.95%	1.01%	1.04%
Liontrust	0.36%	0.56%	0.68%	0.73%	0.92%	1.04%	1.09%
Momentum	0.25%	0.54%	0.75%	0.80%	0.79%	1.00%	1.05%
Morningstar Investment Management Europe	0.36%	0.37%	0.51%	0.64%	0.73%	0.87%	1.00%
PortfolioMetrix	0.42%	0.61%	0.76%	0.86%	1.03%	1.18%	1.28%
Quilter Cheviot	0.36%	0.54%	0.63%	0.62%	0.90%	0.99%	0.98%
Seven Investment Management	0.36%	0.55%	0.65%	0.75%	0.91%	1.01%	1.11%
Tatton Investment Management	0.15%	0.43%	0.59%	0.75%	0.58%	0.74%	0.90%
Tavistock Wealth	0.75%	0.35%	0.38%	0.44%	1.10%	1.13%	1.19%
Tilney Investment Management	0.36%	0.70%	0.84%	0.92%	1.06%	1.20%	1.28%
Waverton Investment Management	0.40%	0.45%	0.45%	0.44%	0.85%	0.85%	0.84%
Wellian Investment Solutions	0.42%	0.70%	0.80%	0.82%	1.12%	1.22%	1.24%

Source: Platform, June 2018

GROWTH IN ASSETS UNDER MANAGEMENT

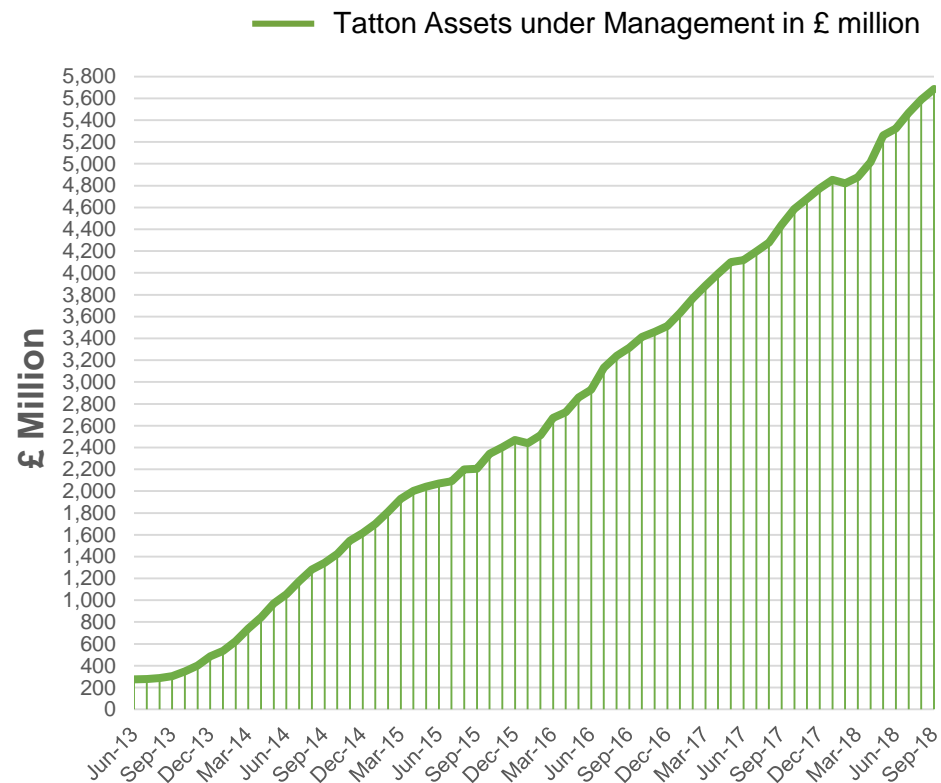
+£1.3bn over 12 months

Assets under management

Key AuM milestones

- By June 2014: £1 bn
- By June 2015: £2 bn
- By June 2016: £3 bn
- By May 2017: £4 bn
- Sept 2017: £4.4 bn
- Dec 2017: £4.8 bn
- Mar 2018: £4.9 bn
- By Apr 2018: £5.0 bn
- By Sep 2018: £5.7 bn

AuM increased by £1,300 million during the year
~£90 million in inflows per month.



INVESTMENT PORTFOLIO RETURNS

Ytd 2018 – to 30 September

**TCL* MPS performance (per cent.) – core produce set
(1/1/2018 – 30/09/2018,
after DFM charge and fund costs)**

	TCL ACTIVE	TCL TRACKER	TCL HYBRID	IA SECTOR**
DEFENSIVE	0.0	0.2	0.1	-0.3
CAUTIOUS	1.0	1.2	1.1	0.3
BALANCED	1.9	2.1	2.0	1.2
ACTIVE	2.6	2.7	2.6	2.0
AGGRESSIV E	3.4	3.6	3.5	1.8
GLOBAL Eq.	7.1	7.2	7.2	1.8

Since launch 1/2013

**TCL* Fund performance (per cent.) – core produce set
(1/1/2013 – 30/09/2018,
annualised after DFM charge and fund costs)**

	TCL ACTIVE	TCL TRACKER	TCL HYBRID	IA SECTOR**
DEFENSIVE	5.3	5.6	5.6	4.3
CAUTIOUS	7.5	7.1	7.5	5.8
BALANCED	9.0	8.4	8.9	7.0
ACTIVE	10.4	10.1	10.4	8.2
AGGRESSIV E	11.3	11.5	11.3	8.4

2018 active management parameters:

- Anticipation of stronger US\$ and resulting pressure on EM valuations added value
- Having remained fully invested in US until August proved beneficial
- Fund selection strong across regional equity markets
- Bond fund selection more challenging
- Portfolio strategies more globally exposed, but £-Sterling base currency introduces AuM Brexit influence

* TCL – Tatton Capital Limited, the regulated subsidiary of TCL

** IA – Investment Association managed fund peer group with comparable asset allocation characteristics

BLENDING FUND RANGE – MULTI-ASSET MM FUNDS AT MPS CHARGING LEVEL

Risk/OCF	Tatton Core	Jupiter	SEI	Premier Liberation
Cautious	0.54	1.48	1.05	1.31
Balanced	0.59	1.63	1.10	1.37
Active	0.64	1.73	1.15	1.44

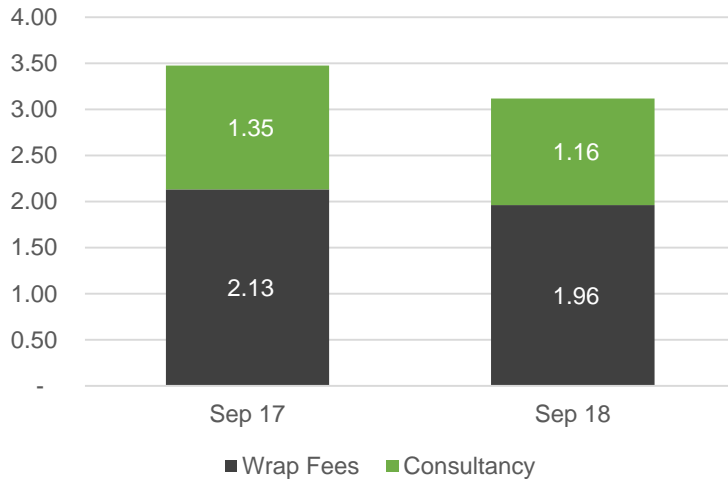
*Launched in Feb 2018 for platforms lacking DFM capability
Now at ~£40m, although only just launched on OMGW platform (Skandia)*



BUSINESS DEVELOPMENTS – DELIVERING AGAINST THE PLAN

- Pipeline developments
 - PI Financial – strategic AR partner for legacy back book of assets
 - PFS Deal – partnership proposal accessing 1,500 IFA's
 - 1 x White label Macbeth Scott not signed - contracts issued

Income Analysis £m

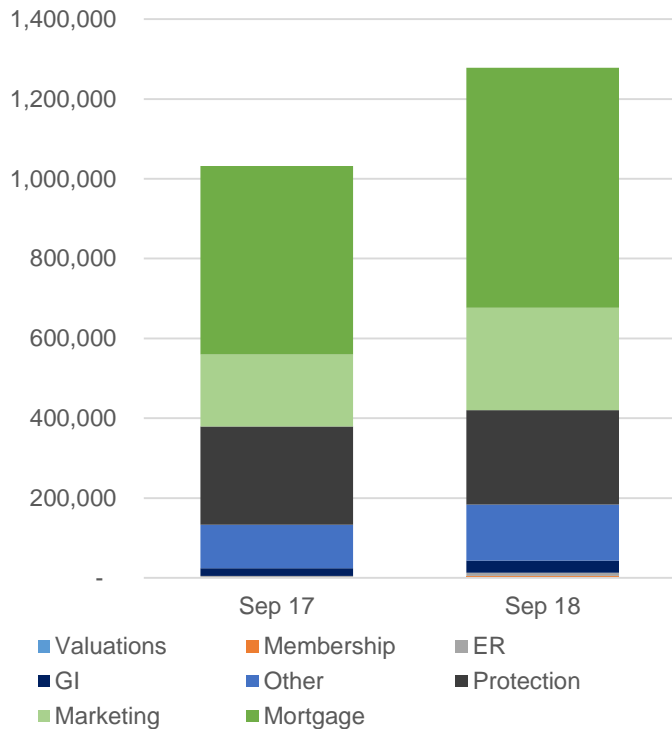


- Member growth 7.3% YonY to 382
- Paradigm Partners H1 a transitional period
 - Recruitment of new resource and refocus
 - Paradigm Consulting re-brand to Jan 2019
 - New pricing Jan 2019
- IFA's in good health demand remains strong
- Organic growth pipeline remains
- Paradigm Wrap £3.3bn AUI

PARADIGM MORTGAGE SERVICES



Income Analysis £



- Members increased +12.9% YonY to 1,290
- Mortgage lending increased +25.0% to £4.0bn
- Premier mortgage club and innovative distributor with increased market presence
- Marketing +42% through increased support from existing strategic partners
- Intermediary distribution channel continues to strengthen its share of total market sales through retention market transformation
- Intermediary channel share increased from 41% 2010 to 73% 2018



STRATEGY FOR GROWTH

THE OPPORTUNITY

- Growing strength of the IFA sector
- IFA profitability up by 22.8%*
- Growing understanding of need to outsource cost effective solution for mass affluent

STRATEGY FOR GROWTH

Growing the IFA relationships to grow AUM

- Organic – Signing up more new firms
- Continued back book migration
- White labelling
- Strategic Partnerships
- Explore other territories
- M & A activity under consideration



SUMMARY



SUMMARY

- Good start to the new financial year against the backdrop of a volatile market
- Continued growth delivered in AUM, revenues and profitability
- Balance sheet remains strong and we remain open to opportunities for acquisitive growth
- Firm path to growth, opportunity remains to capitalise on significant demand for low-cost DFM services
- Unrivalled position to capitalise on market opportunities, as more IFAs outsource their investment proposition
- Board confident in the long term prospects for the Group