

15 September 2021

Tatton Asset Management PLC
(“TAM plc”, the “Group” or the “Company”)

ACQUISITION AND STRATEGIC DISTRIBUTION PARTNERSHIP

Acquisition of £650 million Verbatim Funds
and
Strategic Distribution Partnership with Fintel plc

TAM plc (AIM: TAM), the investment management and IFA support services group, is pleased to announce the acquisition of £650m Verbatim funds (“Verbatim funds”) for a cash consideration of up to £5.8m and a long-term strategic distribution partnership with Fintel plc (AIM: FNTL), a leading provider of fintech and support services to the UK retail financial services sector.

Key highlights of the transaction:

- the transaction supports the Group's strategy to grow assets under management (“AUM”) through both acquisition and through strategic partnerships that extend its distribution channels facilitating further organic growth;
- the acquisition of the Verbatim multi-asset and multi-index funds adds c.£650m to Tatton Investment Management's (“Tatton”) AUM, complementing and extending our existing fund range;
- the five-year strategic distribution partnership with Fintel plc provides access to over 3,800 new financial intermediary firms and its 6,000 Defaqto users, significantly enhancing our reach and distribution to further contribute to the organic growth of our AUM; and
- the technology provides insights and analysis, enabling targeted product design and distribution further benefiting the Group through access to 2,500 market-leading fintech licences to distribute to Tatton and Paradigm firms and users.

Financial impact:

- the transaction, which includes both the acquisition of the funds and a five-year strategic distribution partnership agreement, is expected to be earnings enhancing in the financial year ending 31 March 2022 (“FY22”) and beyond;
- over the remainder of FY22, the partnership, including the Verbatim funds, is expected to generate adjusted operating profit of c.£0.6m, with adjusted operating profit of c.£1.5m expected in FY23, the first full financial year;
- consideration of up to £5.8m, representing c.0.9% of AUM, of which £2.8m has been paid in cash on completion with the remainder also payable in cash, being subject to certain performance conditions over the next four years;
- the acquisition is being funded from existing cash resources on the balance sheet; and
- post transaction the Group will still have strong cash resources of c.£15m.

Commenting on the transaction and partnership Paul Hogarth, Chief Executive Officer, said:

“I am delighted to announce the acquisition of £650m of the Verbatim funds and this five-year strategic partnership with Fintel plc, a firm whose strategy and values are aligned with our own; keeping the IFA at the heart of our respective businesses.”

“The transaction clearly demonstrates the progress we are making in executing on our growth strategy. We have set out a roadmap for growth over the next three years, growing our AUM organically and by acquisition and extending our reach to the IFA community, the lifeblood of our industry, through strategic partnerships. This transaction is evidence of that strategy in action and it enhances our proposition to IFAs and their clients further, with the multi-index and multi-asset funds complementing and extending our current fund range.”

“We are excited to be working more closely with Fintel plc, a business we have known and respected for a very long time. I have no doubt that this is a fantastic opportunity for both businesses to continue to deliver against their strategic objectives, while delivering real shareholder value.”

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