

# TATTON ASSET MANAGEMENT

INVESTOR AND ANALYST PRESENTATION  
June 2021



**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 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**
- **Market overview**
- **Investment and fund update**
- **Summary**

# INTRODUCTION TO THE TEAM

---

# INTRODUCTION TO THE TEAM



**Paul Hogarth**  
**CEO**

- Over 30 years' experience at Board level in the financial services sector
- Founder of Tatton Asset Management Group, specifically Paradigm Consulting in 2007 and subsequently of Tatton Capital Limited in 2012



**Lothar Mentel**  
**CIO**

- 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



**Paul Edwards**  
**CFO**

- Joined Tatton Asset Management plc as Group CFO in May 2018
- Previously Group Finance Director of Scapa Group plc and NCC Group plc

# DIVISIONAL STRUCTURE



## Tatton Asset Management plc ("TAM" or "Group")



Tatton



Paradigm

### Investment Management Division ("Tatton")

- *Tatton Investment Management offers on-platform only challenger model DFM MPS*
- *Low charges - MiFID II alignment*
- *Pure investment manager*
- *Intermediated only – not in competition with IFAs*
- *Complementary, low cost multi-manager fund range*

### IFA Support Services Division ("Paradigm")



#### Paradigm Consulting

- *Compliance services*
- *Technical support*
- *Business consultancy*

#### Paradigm Mortgage Services

- *Mortgage aggregation*
- *Protection*
- *Other insurance aggregation*

# KEY HIGHLIGHTS

---

# KEY HIGHLIGHTS

## FINANCIAL

- Group revenue increased 9.3% to £23.4m (Mar 2020: £21.4m)
- Adjusted operating profit<sup>1</sup> up 25.6% to £11.4m (Mar 2020: £9.1m)
- Adjusted operating profit<sup>1</sup> margin 48.8% (Mar 2020: 42.5%)
- Adjusted fully diluted EPS<sup>2</sup> increased 22.8% to 14.74p (Mar 2020: 12.00p)
- Final dividend up 17.2% to 7.5p (Mar 2020: 6.4p), full year dividend of 11.0p (Mar 2020: 9.6p)
- Strong financial liquidity position, with net cash of £16.9m
- New banking facility, giving access to up to £30 million of funds

1. Adjusted for exceptional items, share-based payment costs and amortisation

2. Adjusted for exceptional items, share-based payment costs, amortisation and potentially dilutive shares



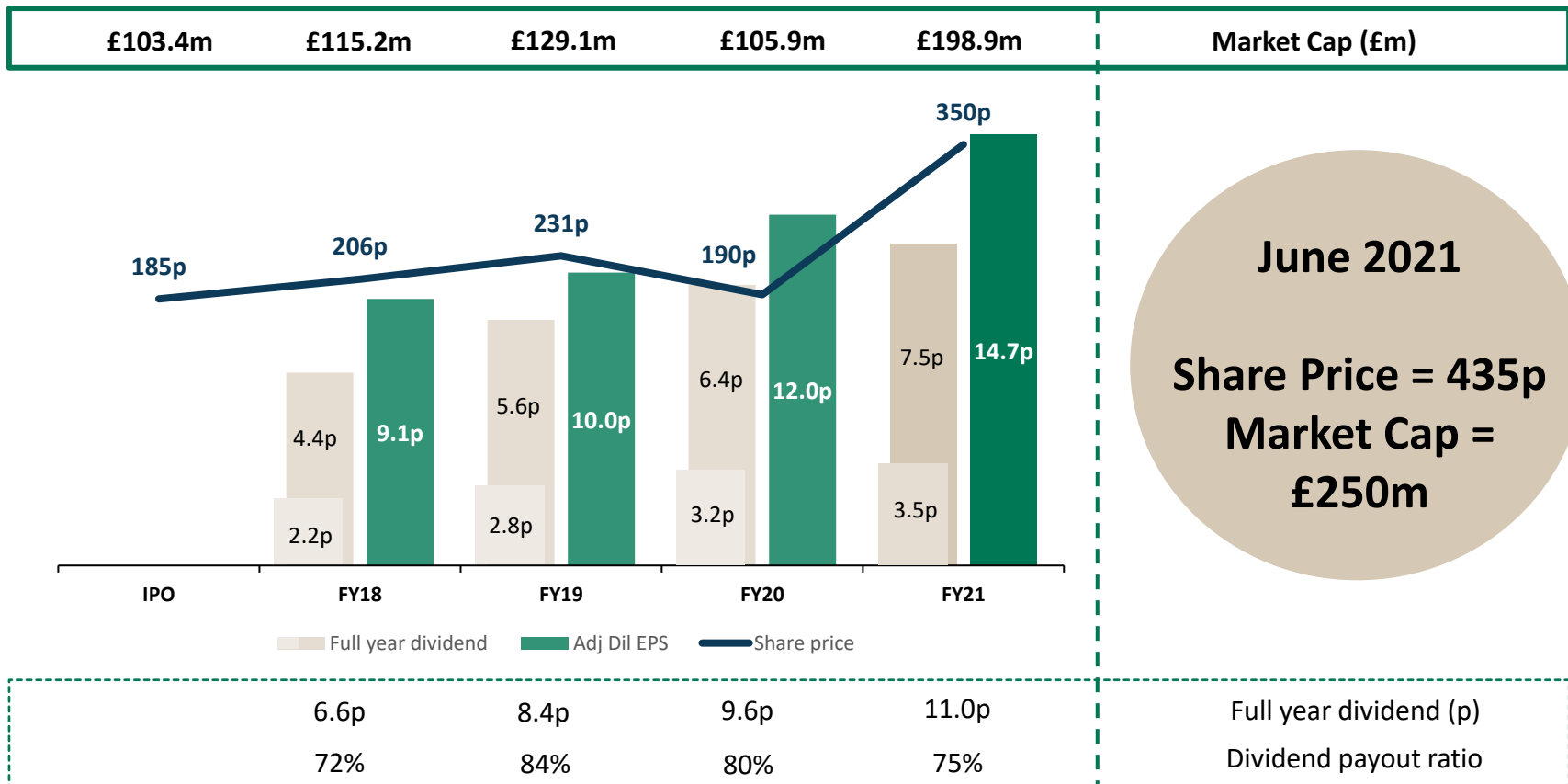
# KEY HIGHLIGHTS

## OPERATIONAL

- Assets Under Management (AUM) increased **35.2% to £9.0 billion** (31 Mar 2020: £6.7 billion), an increase of £2.3 billion for the twelve-month period
- Current AUM at 15 June 2021 c.£9.5bn
- Organic net inflows were **£755 million**, an increase of 11.4% of AUM with H2 £427m, 30% increase on H1. Current average run rate of £100m per month, back to pre-COVID levels
- Tatton increased the number of IFA firms by **12.3% to 668** (31 Mar 2020: 595) and the number of accounts increased 9.6% to 72,450 (31 Mar 2020: 66,100)
- Tatton's Ethical Portfolios increased **141% to £441m** (31 Mar 2020: £183m)
- Demonstrating the power of strategic partnering Tatton's long-term business partnership with Tenet continues to develop well with 104 IFA firms (31 Mar 2020: 81 IFA firms) and AUM reaching £541m (31 Mar 2020: £226m)
- Paradigm Mortgages increased its Gross Lending by 15.0% to £11.34bn (31 Mar 2020: £9.86bn), and member firms by 4.4% to 1,612 members (31 Mar 2020: 1,544 members)
- Paradigm Consulting increased its members by 3.3% to 407 (31 Mar 2020: 394)

# MAXIMISING SHAREHOLDER VALUE

- The Group has continued its growth trajectory and delivered against its financial performance targets
- Earnings generated from the business are issued to shareholders as dividends or reinvested in the business to drive future growth to maximise shareholder value.



# FINANCIAL PERFORMANCE

---

# GROUP PROFIT & LOSS

	2021 Mar-21 £000's	2020 Mar-20 £000's	Growth %
<b>Revenue</b>	<b>23,353</b>	<b>21,369</b>	<b>9.3%</b>
Admin expenses <sup>1</sup>	(11,951)	(12,293)	
<b>Adjusted Operating profit<sup>1</sup></b>	<b>11,402</b>	<b>9,076</b>	<b>25.6%</b>
<b>Margin %</b>	<b>48.8%</b>	<b>42.5%</b>	
Share-based payments (IFRS2)	(3,740)	(108)	
Exceptional items & Amortisation	(154)	1,334	
<b>Operating profit</b>	<b>7,508</b>	<b>10,302</b>	
Finance (costs) / income	(205)	(6)	
<b>Adjusted Profit before tax<sup>1</sup></b>	<b>11,197</b>	<b>9,070</b>	<b>23.5%</b>
<b>Profit before tax</b>	<b>7,303</b>	<b>10,296</b>	
Corporation tax	(1,192)	(1,933)	
<b>Profit after tax</b>	<b>6,111</b>	<b>8,363</b>	
Basic earnings per share	10.86p	14.98p	
<b>Adjusted F.Dil EPS<sup>2</sup></b>	<b>14.74p</b>	<b>12.00p</b>	<b>22.8%</b>
<b>Final Dividend</b>	<b>7.50p</b>	<b>6.40p</b>	<b>17.2%</b>

- **Group revenue** increased 9.3% to £23.4m
- **Group adjusted operating profit<sup>1</sup>** increased +25.6% to £11.4m
- H1:H2 split 44:56 v historical 46:54 split
- **Adjusted operating margin<sup>2</sup>** increased to 48.8%
- Share-based payment provision catch up – provision released FY2020 (COVID)
- Exceptional items relate to unsuccessful acquisition – final stage bid
- **Adjusted F.Dil EPS<sup>3</sup>** increased 22.8% to 14.74p
- **Final dividend** increased 17.2% to 7.5p, resulting in a total dividend for FY2021 of 11.0p (FY2020: 9.6p)

1. Adjusted for exceptional items, IFRS2 share-based payment costs and amortisation

2. Adjusted for exceptional items, IFRS2 share-based payment costs and amortisation and potentially dilutive shares

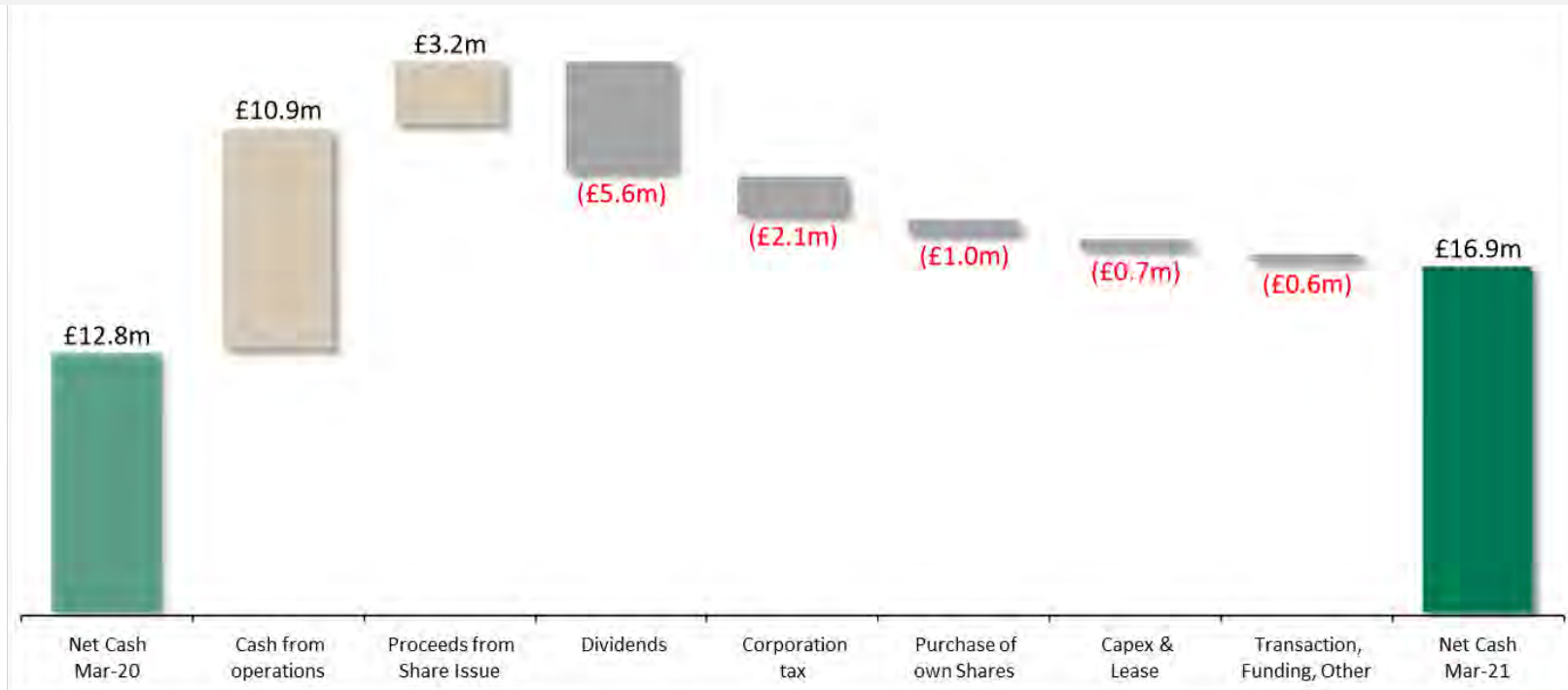
# GROUP BALANCE SHEET HIGHLIGHTS

	Mar-21 £000's	Mar-20 £000's
Goodwill & intangible assets	7,690	7,749
Tangible fixed assets	992	1,034
Trade & other receivables	4,465	3,431
Tax	1,468	(305)
Cash	16,934	12,757
Trade & other payables	(7,103)	(6,888)
<b>Net Assets</b>	<b>24,446</b>	<b>17,778</b>

- **Robust balance sheet - Net assets increased +37.5% to £24.4m**
- **Intangible and Tangible assets**
  - Goodwill, acquisition related customer relationships (Sinfonia), and system development to deliver efficiencies and improved service quality to our firms
  - Capital light, depreciated over 3 to 5 years
- **Cash & new facility**
  - Strong financial liquidity position, net cash **£16.9m**
  - Committed £10m RCF, plus uncommitted £20m accordion completed in September 2020
  - Remains undrawn but commitment fee of 1.1% per annum
- **Trade & other receivables**
  - Increase in prepayments & accrued income relating to growth in income and new facility arrangement fees
- **Trade & other payables**
  - IFRS16 lease liability and year end creditors
- **Tax**
  - Deferred tax asset anticipated to be utilised over the medium term, reducing future tax payments

# GROUP CASH FLOW BRIDGE

- Cash generated from operations £10.9m, net of working capital movements
- Proceeds from share issue £3.2m on exercise of employee share options, and warrant held by Zeus Capital from listing
- Dividends paid include FY2020 final dividend of 6.4p plus FY2021 interim dividend of 3.5p (£20m paid in dividends since IPO)
- FY21 Corporation tax payments of £2.1m
- £1.0m purchase of own shares through the EBT for utilisation against any future options
- Capex investment in Tatton system development and premises lease costs (IFRS 16)



# DIVISIONAL FINANCIAL PERFORMANCE

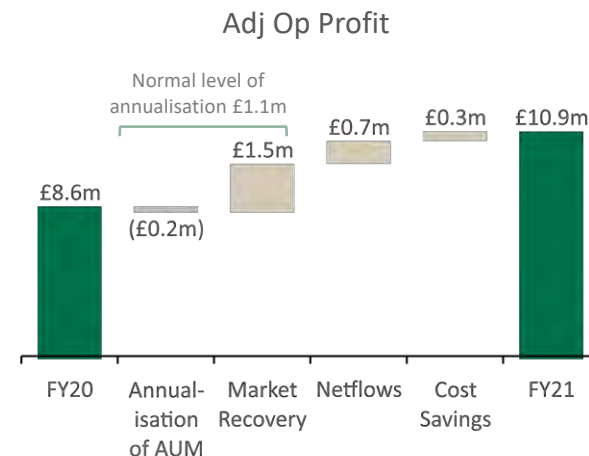
## Performance

## Commentary

## Analysis

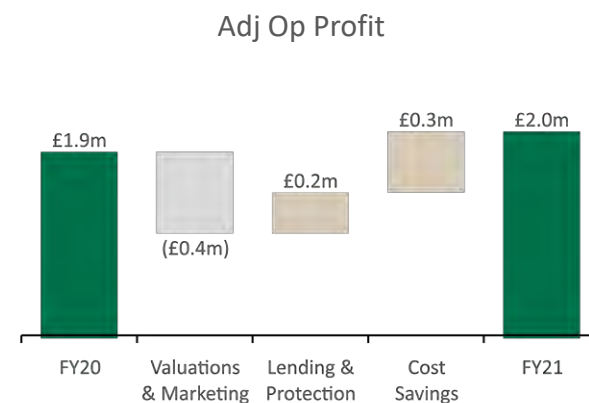
Tatton	Mar 2021	Mar 2020	Change %
Revenue	£18.1m	£15.9m	13.6%
Adj Operating profit <sup>1</sup>	£10.9m	£8.6m	26.4%
Margin	60.2%	54.1%	6.1%

- Revenue and Adj Operating Profit delivered double digit growth, driven by:
  - AUM increased 35.2% to reach a milestone of £9.0bn (Mar 20 £6.7bn)
    - + Market performance £1.584bn or 23.8%
    - + Net inflows £755m or 11.4%
  - Net inflows profile backend loaded H2 +30% of H1
  - Lockdown cost savings £0.3m



Paradigm	Mar 2021	Mar 2020	Change %
Revenue	£5.2m	£5.4m	(3.4%)
Adj Operating profit <sup>1</sup>	£2.0m	£1.9m	7.2%
Margin	38.7%	34.9%	3.9%

- Revenue and Adj Operating Profit both impacted by COVID and Lockdown 1
- Consulting membership unaffected
- Maintained member firm growth in both businesses
- Mortgage income
  - + Gross Lending £11.3bn vs £9.9bn
  - Change in mix of lending products
  - Valuation income severely impacted Q1
  - Marketing income impacted across both areas



1. Adjusted for exceptional items, share-based payment costs and amortisation

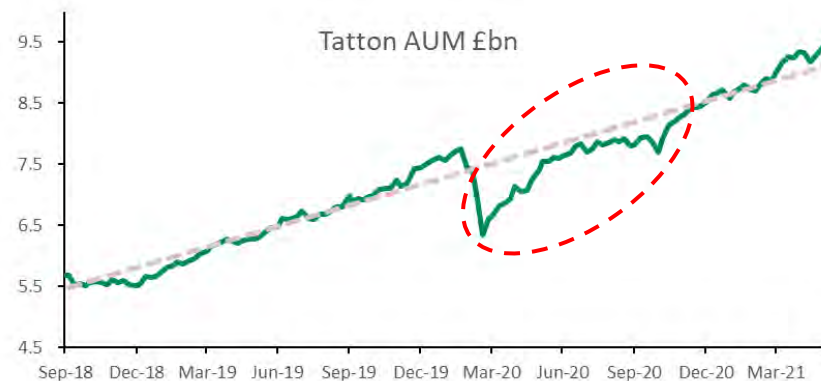
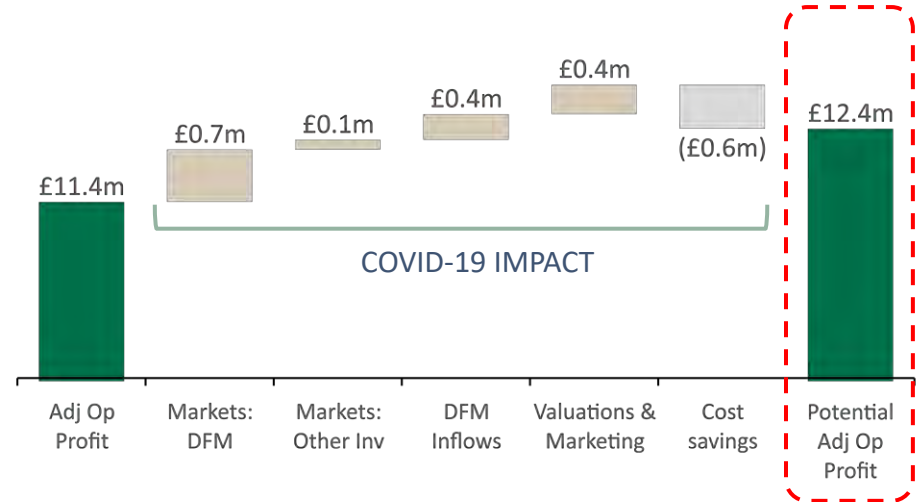
Note: Change and Margin % calculated to three decimal places

# CASE STUDY: FINANCIAL IMPACT OF COVID-19

## REVENUE OPPORTUNITY

Financial cost of COVID-19 is the combination of the opportunity cost of lost revenue net of lockdown cost savings

- The impact of COVID-19 has tested and proved the financial resilience of Tatton's business model, whilst also highlighting that there was further potential within FY2021
- The market downturn at the end of FY2020 led to DFM AUM reducing from £7.8bn mid-late February 2020 to £6.7bn at the end of March 2020.



- £755m net inflows despite the challenging market conditions, with inertia from IFAs in response to the uncertainty of the new circumstances
- The initial lockdown and subsequent restrictions impacted mortgage valuations, with no valuations income in Q1

Total revenue and profit potential of **£1.0m**, with a potential group operating profit of £12.4m

*Cost savings also achieved throughout FY21, shown in the next slide*



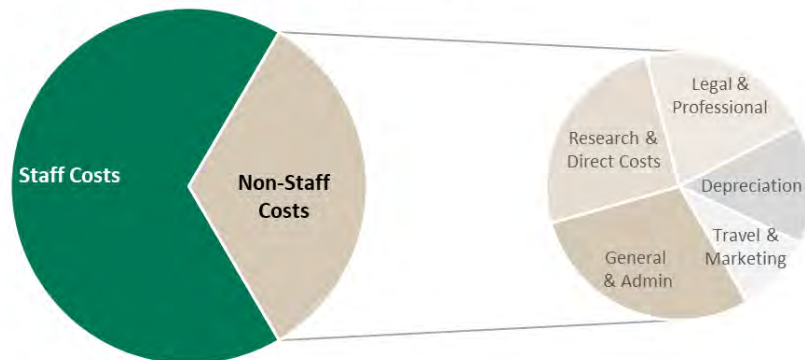
# COST ANALYSIS

	FY21	FY20	Change £	Change %
Total Operating Expenses	£12.0m	£12.3m	(£0.3m)	(2.8%)
Staff Costs	£8.0m	£8.0m	-	-
Travel	£0.1m	£0.4m	(£0.3m)	(86.5%)
Marketing	£0.4m	£0.7m	(£0.3m)	(49.8%)
Other Operating Expenses	£3.5m	£3.2m	£0.3m	11.7%

Costs have been well controlled throughout an uncertain and volatile year

- No change in Staff costs (2/3 of costs)
  - A recruitment and pay freeze was put in place in H1, and lifted in H2 after successfully adapting to the new circumstances
  - Headcount increased by 3 on average over the year, increasing our sales team to help drive and support future growth
  - Future cost increase in line with investment and future business growth (any cost increase should not be margin dilutive)
- Reduction in Non-Staff costs
  - In the current year, our UK travel has significantly reduced due to lockdowns
  - Re-deployed marketing resources to direct online engagement and running interactive virtual events. Further investment in 2022
  - Staff transitioned seamlessly to working from home

FY21 Operating Expenses



# MARKET OVERVIEW

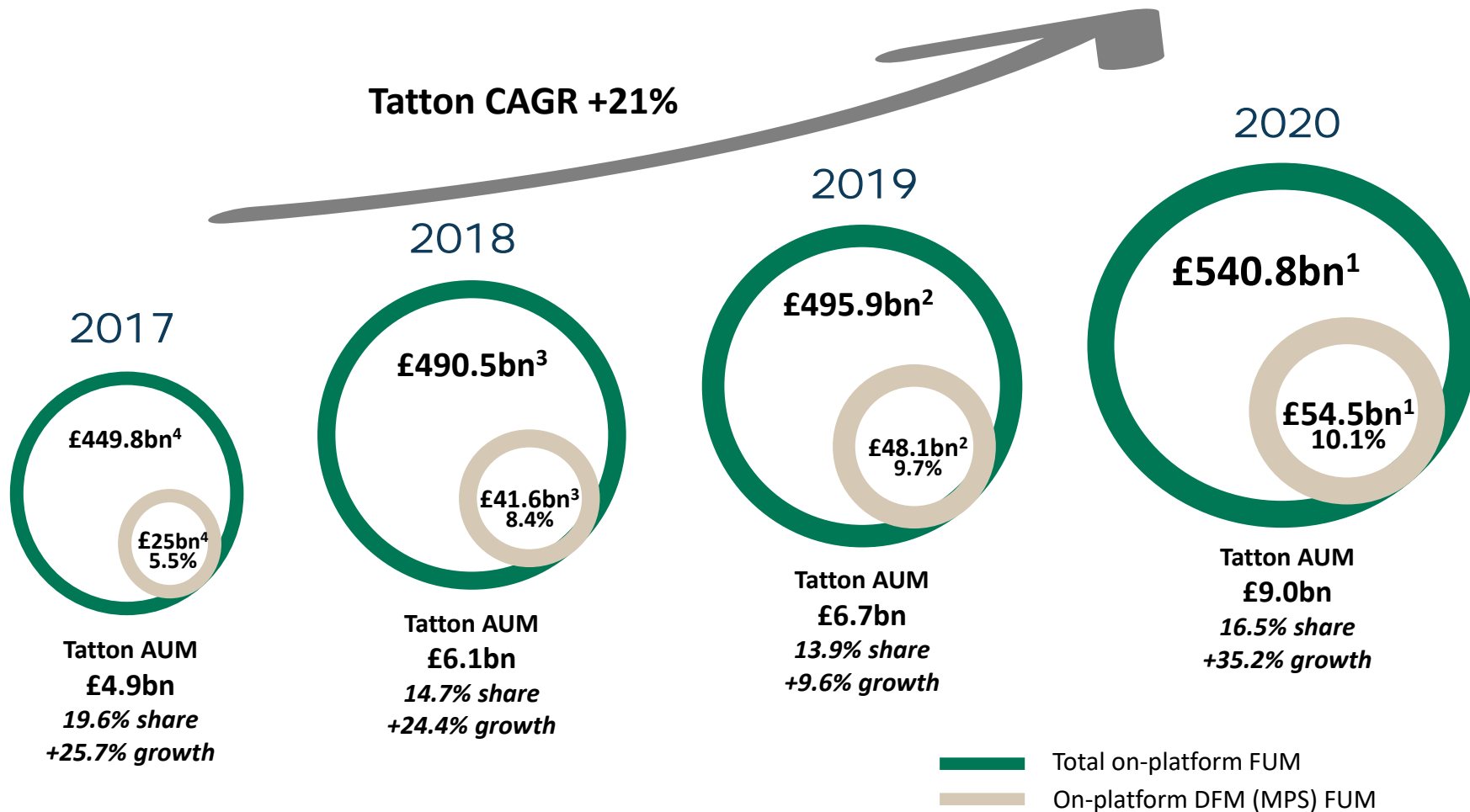
---

# IFA ACTIVITY DURING LOCKDOWN

## TIML Sales Activity February 2020 to April 2021



# MARKET GROWTH – ON-PLATFORM FUM



1. Source: Platform, November 2020

2. Source: 'UK Fund Distribution: DFM Distribution Dynamics', Platform, July 2019

3. Source: 'UK Fund Distribution', Platform, July 2018

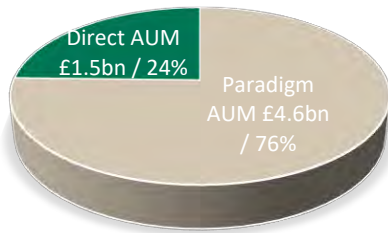
4. Source: Platform, 2017

# TATTON – OPPORTUNITY UPDATE

## PROGRESS

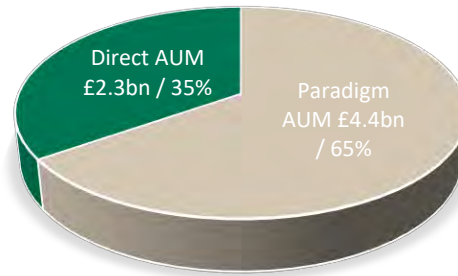
**FY19**

**AUM £6.1bn**



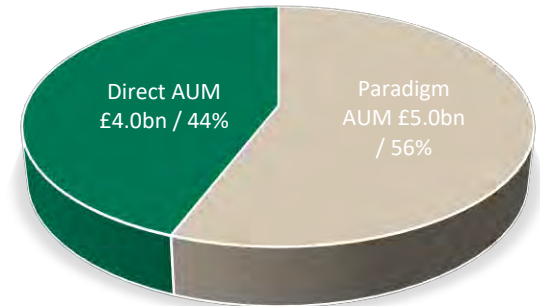
**FY20**

**AUM £6.7bn**

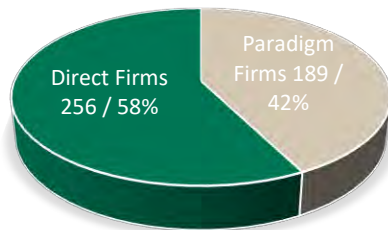


**FY21**

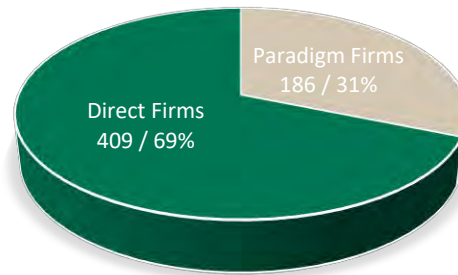
**AUM £9.0bn**



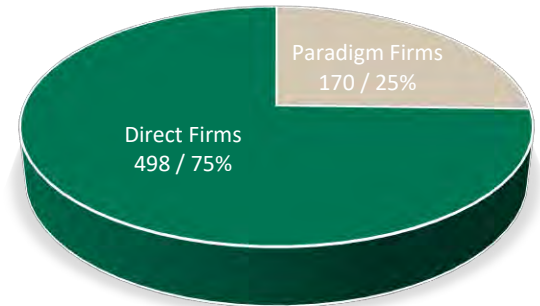
**Number of Firms 445**



**Number of Firms 595**

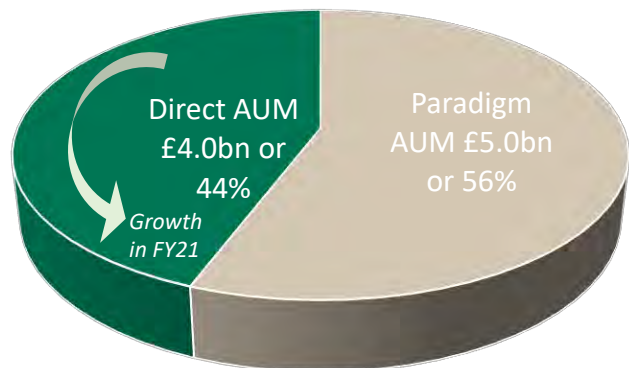


**Number of Firms 668**

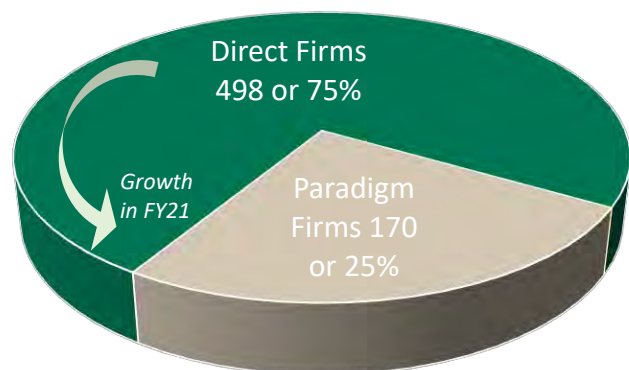


# TATTON – OPPORTUNITY UPDATE

## Total AUM £9.0bn



## Total number of firms 668



- £540.8bn<sup>1</sup> Assets held on platform and growing
- £54.5bn<sup>1</sup> Assets held in DFM and growing
- Tatton £9.0bn from 668 firms
- Paradigm firms = 170 or 25% firms = £5.0bn AUM or 56%
- Non-Paradigm firms = 498 or 75% firms = £4.0bn AUM or 44%
- Average firm across the industry has approx. £40m on platform
  - Paradigm firms = Average £29.5m per firm
  - Non-Paradigm firms = Average £8.0m per firm
- **Non-Paradigm opportunity = £21.5m x 498 = £10.7bn**

	Mar-19	Sep-19	Mar-20	Sep-20	Mar-21
Paradigm firms	189	182	186	182	170
Paradigm firms AUM (£bn)	4.6	4.6	4.3	4.8	5.0
Average per Paradigm firm (£m)	24.3	25.3	23.3	26.3	29.5
Non-Paradigm firms	256	340	409	442	498
Non-Paradigm firms AUM (£bn)	1.5	2.4	2.3	3.0	4.0
Average per non-Paradigm firm (£m)	5.9	7.0	5.7	6.8	8.0
<b>Non-Paradigm Opportunity (£bn)</b>	<b>4.7</b>	<b>6.2</b>	<b>7.2</b>	<b>8.6</b>	<b>10.7</b>

1. Source: Platform, November 2020

# TATTON – OPPORTUNITY UPDATE

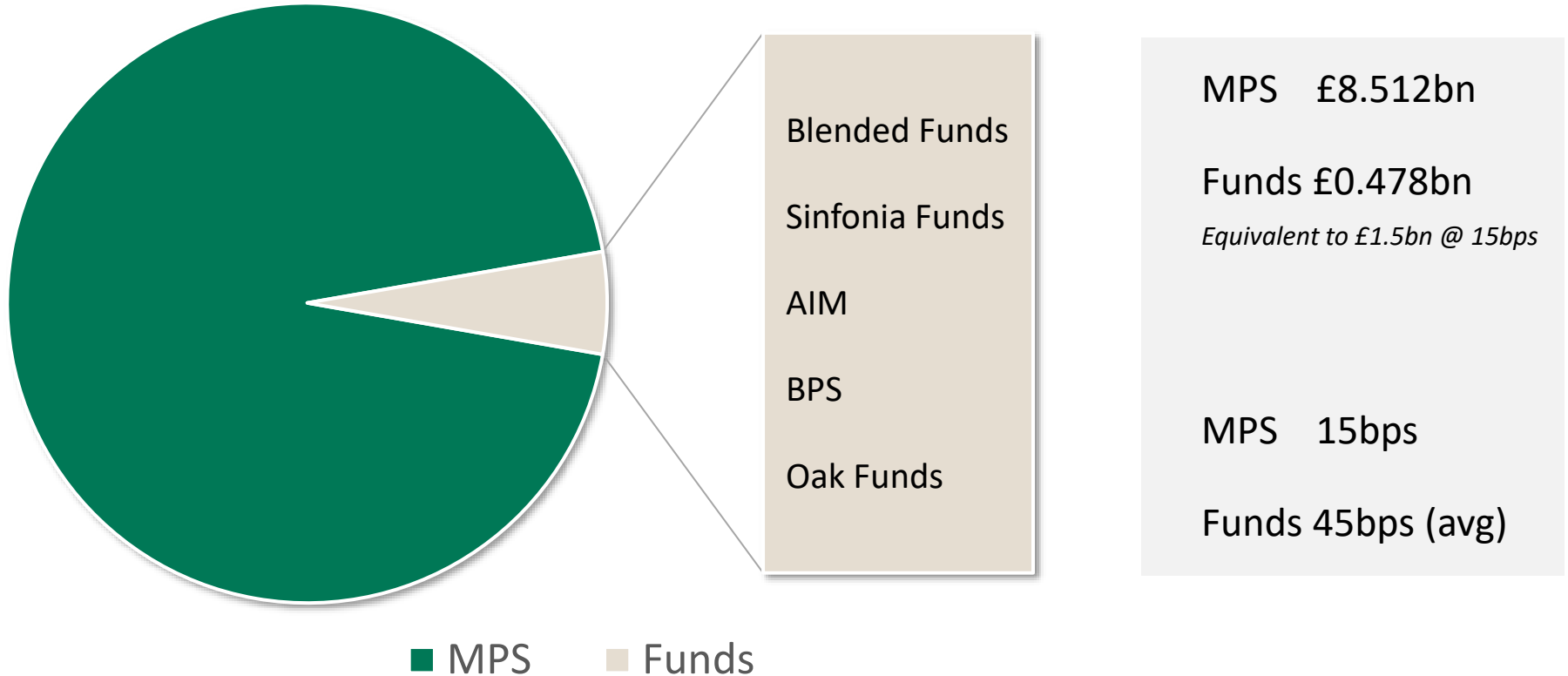
## DIRECT FIRMS

	Total Direct Firms			New Direct Firms			Existing Direct Firms		
	No. Firms	AUM	Avg per firm	No. Firms	AUM	Avg per firm	No. Firms	AUM	Avg per firm
Below £1m	212	£72m	£0.3m	90	£27m	£0.3m	122	£45m	£0.4m
£1m - £5.0m	153	£366m	£2.4m	25	£50m	£2.0m	128	£316m	£2.5m
£5m - £10m	51	£352m	£6.9m	4	£24m	£5.9m	47	£328m	£7.0m
£10m - £25m	51	£799m	£15.7m	5	£76m	£15.3m	46	£723m	£15.7m
£25m - £50m	17	£612m	£36.0m	-	-	-	17	£612m	£36.0m
+£50m	14	£1,774m	£126.7m	-	-	-	14	£1,774m	£126.7m
<b>TOTAL</b>	<b>498</b>	<b>£3,975m</b>	<b>£8.0m</b>	<b>124</b>	<b>£177m</b>	<b>£1.4m</b>	<b>374</b>	<b>£3,798m</b>	<b>£10.2m</b>

- 25% of the Direct firms are new firms over the previous 12 months, with an average AUM of £1.4m (£3.5bn of the opportunity)
- 75% are existing firms, with an average AUM of £10.2m (£7.2bn of the opportunity)
  - 50% of Direct firms are existing firms with less than £5.0m AUM (£6.1bn of the opportunity)

# MORE THAN MODEL PORTFOLIOS

UPDATE





# STRATEGIC DIRECTION

## Organic Growth

- Growth in line with a growing market
- Organic growth through White labels
- Panel with consolidators

c.23% CAGR over the last three years

## Acquisitions

- Strategically relevant
- Complementary
- Earnings enhancing

Key aim is to increase FUM  
Maintaining discipline around strategic fit and valuation

## Strategic Partnerships

- IFA distribution partnerships
- Joint Ventures with IFA-DFMs
- Platform partnerships

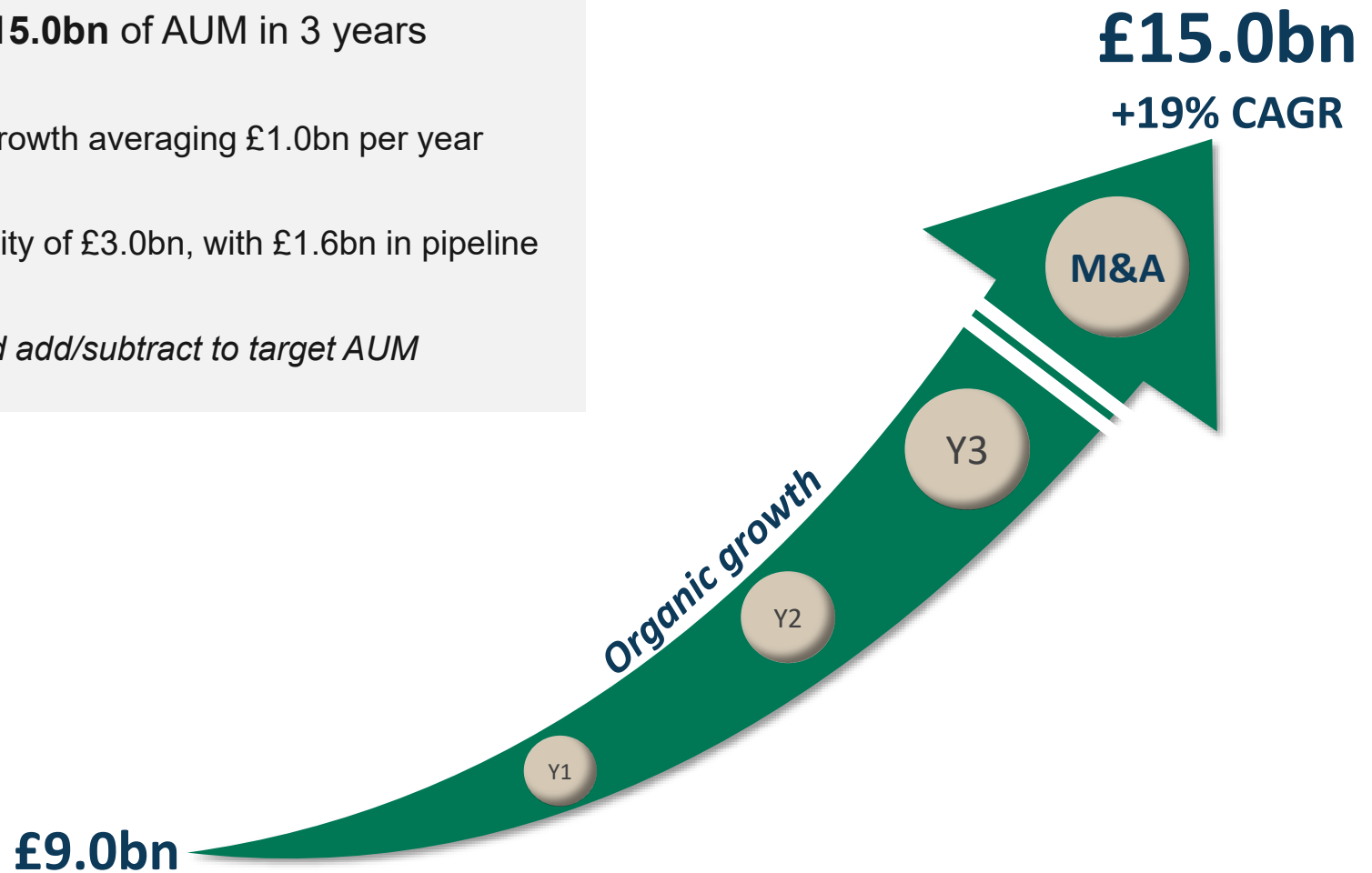
Tenet partnership delivered £541m (104 firms), growing pipeline of opportunities

# ROADMAP TO GROWTH

Targeting **£15.0bn** of AUM in 3 years

- Organic growth averaging £1.0bn per year
- M&A activity of £3.0bn, with £1.6bn in pipeline

*Markets could add/subtract to target AUM*

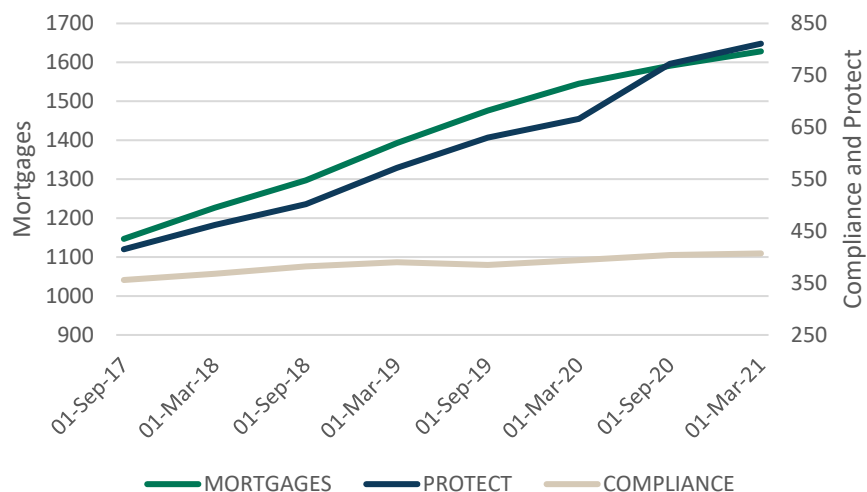


# STRATEGIC PARTNERSHIPS

## TOP UK DISTRIBUTORS

Partnership	Distribution Reach	Source	Type
Fintel plc	+10,000 financial intermediaries using Fintel services or technology	<i>Co. Annual Report</i>	Potential
Sesame Bankhall	+10,000 Advisers, +800 directly regulated financial services firms	<i>Co. Website</i>	No Engagement
Three Sixty	+900 IFAs, including over 100 discretionary management firms (more than 9,000 individuals)	<i>Co. Website</i>	Partnering
Openwork	+4,320 Advisers, +710 firms, £10.7bn AUM, +£1.2m clients	<i>Co. Website</i>	Own Proposition
Quilter	+3,350 Advisers, +1,300 appointed firms	<i>Co. Website</i>	Own Proposition
SJP (St. James's Place)	+3000 Appointed Representatives	<i>Tatton Research</i>	Own Proposition
Tenet	+500 firms	<i>Tatton Research</i>	Partnering
Paradigm	+407 firms, +1,150 Advisers	<i>Tatton</i>	Partnering
True Potential	+780 Advisers	<i>Tatton Research</i>	Own Proposition
Fairstone	+610 Advisers, based nationwide across 42 locations	<i>Tatton Research</i>	Potential
Sense Network	+120 Appointed Representatives, +460 registered individuals	<i>Tatton Research</i>	Potential
AFH Wealth Management	+200 Advisers nationwide	<i>Co. Website</i>	Own Proposition
2-plan	+70 Appointed Representatives, +200 registered individuals	<i>Tatton Research</i>	No Engagement

## Membership Growth 2017-21



### Current Membership

- Mortgage: Up 4% to 1,612 (Mar 2020: 1,544)
- Consulting: Up 3% to 407 (Mar 2020: 394)
- Protect: Up 22% to 811 (Mar 2020: 666)

### Targets for FY 21/22

- 12 Mortgage sign ups per month (net)
- 6 Protection sign ups per month (net)
- 2 Compliance contract sign ups per month (net)

### Market factors

- Evolving market with growing intermediary channel share. Post pandemic affordability, lending criteria, financial change & disruption means advice is now more important than ever
- Demographics, rise in house prices and relaxation of lending criteria is increasing demand
- The stamp duty holiday extended to June 30<sup>th</sup>, expectation is the market will remain buoyant throughout the summer
- IFA consolidation set to remain for the foreseeable future

### Core areas of focus

- Continued push on compliance initiative: Expanding member services, e.g. successfully launched 'Essential Skills' events, further developed the CPD Academy & Test Zone, and expanded ad hoc work with existing members
- Re-brand, new website & introduction of enhanced CRM
- Closer co-operation between Paradigm Consulting and Mortgages

# INDUSTRY TRENDS

Competitive challenges and trends	Response / impact
Environment becoming more competitive	Tatton price/proposition remains extremely competitive, platform agnostic with a strong track record of performance. Our expanding range of propositions ensures we can meet the needs of IFAs and their clients.
Growing strength of UK platform market	Consumers benefitting from the platform model, able to more closely engage with their financial planning and monitor their investments.
IFA consolidation	Consolidation set to continue. We are not immune, it impacts Paradigm, but this is also an opportunity for Tatton.
IFA preference for enhanced digital engagement	Tatton continues to invest in its IT infrastructure and IFA portal.
Increasing interest in passive / hybrid and ESG models	Tatton offers a full range of portfolios and funds to meet the shift in client preference. ESG, Active, Passive and Hybrid.
Increased regulatory pressures on wider market	Drive to outsource investment and compliance set to continue and well placed to meet the demand.
Appetite for lending	The pandemic stimulated homeowners to re-evaluate their living arrangements, leading to an ongoing demand for mortgage products, with 95% loan to value lending now more freely available.

# TATTON'S FIRST NATIONAL ADVERTISING CAMPAIGN

**VAT INSPECTOR FOR GOOD TIMES ★**  
 Nobilitatem eossi rehenti onsequet et aut lam, id quam ist vero is is essimi, ut laborerspit, cus et vollandel ius nate lacerum eum, ea con rera qui cuptassequi od mostotam idenimo dicatandem audam quo ommolare id unt. Voicebox 991

**NEW AD**  
**STRAIGHT TALKING DFM SEEKS IFA FOR UNCOMPLICATED AND REWARDING RELATIONSHIP.**  
 For a straight talking, jargon free conversation about Investment management give Tatton a call today and let us help you build your business.  
 Call us on 020 7139 1470  
[IFAs@tattoninvestments.com](mailto:IFAs@tattoninvestments.com)

**Tatton**  
 Investment Management

**BITCOIN INVESTOR SEEKS BIT ON THE SIDE FOR HIGH STAKES EVENINGS ONLINE**  
 nobilitatem eossi rehenti onsequet et aut lam, id quam ist vero is is essimi, ut laborerspit, cus et

We're passionate about helping IFAs get the rewards they deserve. That's why we only work with IFAs. If you're looking for a 1-1 relationship with no strings, get in touch.

**LOVE**  
**Tatton**  
 Investment Management

**SWEET IFAS**  
 -X-

**LOVE**  
**Tatton**  
 Investment Management

**AWARD WINNING DFM SEEKS SMART AND SAVVY IFA FOR REWARDING TIMES TOGETHER.**

For a straight talking, jargon free conversation about Investment management give Tatton a call today and let us help you build your business.  
 Call on 020 7139 1470  
[IFAs@tattoninvestments.com](mailto:IFAs@tattoninvestments.com)

**Tatton**  
 Investment Management

IFAs you've found your **perfect partner.**  
[tattoninvestments.com](http://tattoninvestments.com)

**Be the Eric to our Ernie.**  
**Tatton - an IFAs perfect partner**

**Tatton**  
 Investment Management

Click for more

**Be the Bernie to our Elton.**  
**Tatton - an IFAs perfect partner**

**Tatton**  
 Investment Management

Click for more

# INVESTMENT & FUND UPDATE

---

# GROWTH IN ASSETS UNDER MANAGEMENT

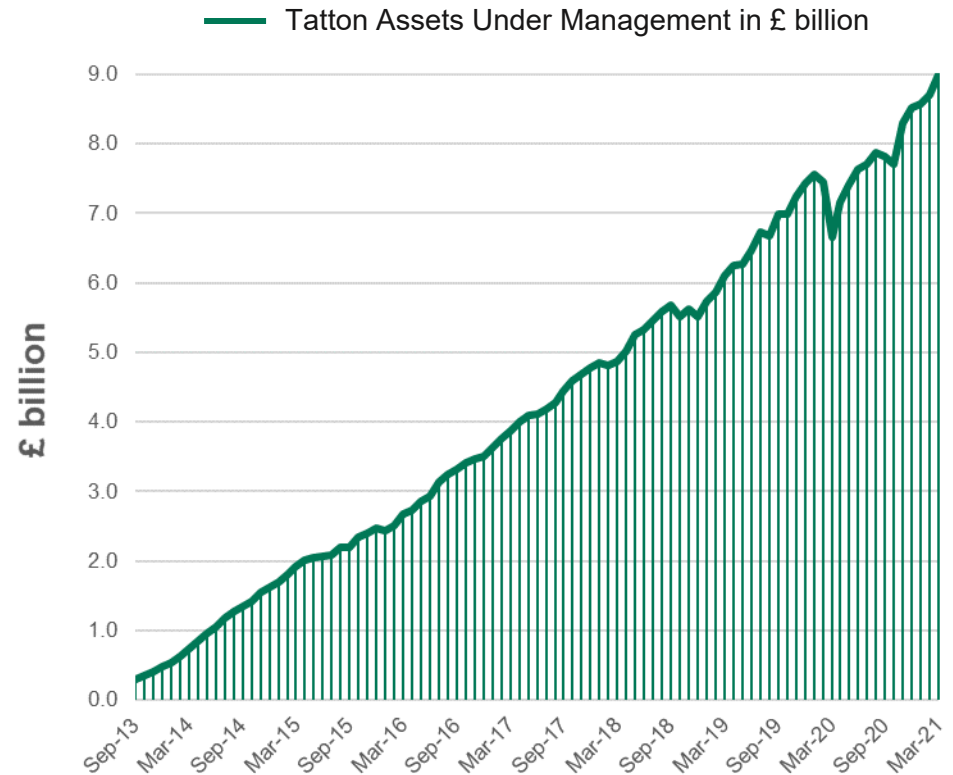
+£2.3bn over 12 months, Mar-20 to Mar-21

## Assets under management

### Key AUM milestones

- By June 2014: £1.0 bn
- By June 2015: £2.0 bn
- By June 2016: £3.0 bn
- By May 2017: £4.0 bn
- By Sept 2017: £4.4 bn
- By Mar 2018: £4.9 bn
- By Sept 2018: £5.7 bn
- By Mar 2019: £6.1 bn
- By Sept 2019: £7.0 bn
- By Mar 2020: £6.7 bn
- By Sept 2020: £7.8 bn
- By Mar 2021: £9.0bn

AUM increased by £2.3 billion over the last 12 months, an increase of 35.2% (Mar20 to Mar21).





## The sector's leading provider of discretionary managed platform portfolios (MPS DFM)



# TATTON PLATFORM PROPOSITIONS

## Managed Portfolio Service – two strategic allocations, six risk profiles

Two strategic asset allocations: Classic with a higher allocation to UK based investments and Global which exploits the opportunity of the wider global economy

 Tatton Managed Portfolios

 Tatton Tracker Portfolios

 Tatton Core Portfolios

 Tatton Income Portfolios

 Tatton Ethical Portfolios

## Bespoke Portfolio Services – two strategies


 Tatton Bespoke Portfolios

 Tatton AIM Portfolio

## Investment funds – five risk MM active/passive funds

 Tatton Blended Funds

## Risk profile compatibility



## Platform access

































# PANDEMIC AS A CHANGE ACCELERATOR

## 2020 headwinds



COVID inertia



Adviser firms  
buyouts



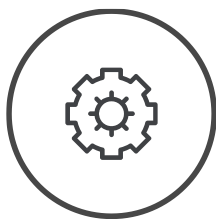
US and Growth  
performance



## 2021 OPPORTUNITIES

- Digitalisation of client onboarding
  - Tatton Portal
  - Digital signatures
  - Zoom end client engagement
- Strategic distribution
  - White labels and co-brands
  - Network agreements
- Investor attitude changes
  - Ethical MPS range
  - Global asset allocations
  - Low-cost ESG fund range
- Client performance results
  - Consistency of returns
  - Relevant client communication

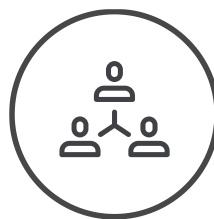
## Investing in technology to support growth ambitions



### Ease of business for advisers & clients

#### **Tatton portal**

- Straight through processing for client onboarding
- Full client management process
- MI reporting
- Adviser client communication management



### Effective communications

#### **Digitalised communications**

- Showcasing digital comms to advisers
- IFA webinars 200+ adviser business attendees
- Tatton produced adviser interviews of CIO
- Same day investment updates – live market comment for clients



### Cyber security

#### **Keeping data safe**

- Prioritising identification, protection, detection, analysis and response to known, anticipated or unexpected cyber threats
- Effective management of cyber risks, and maintaining resilience against cyber incidents
- Enhanced firewall
- Enhanced tooling to 'detect and protect' infrastructure from attack

# DISTRIBUTION OF AUM ACROSS PROPOSITION MATRIX

44 multi-asset portfolio choices that satisfy multi-manager, index tracker, income drawdown and ethical investment choices across 6 standard UK risk profiles (3-8 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	12m Change %
Tatton Tracker	1.1%	4.8%	8.0%	3.3%	1.1%	-	<b>18.3%</b>	<b>(0.0%)</b>
Tatton Managed/Active	0.9%	6.6%	13.9%	6.5%	1.9%	-	<b>29.8%</b>	<b>(7.3%)</b>
Tatton Hybrid/Blended	1.1%	9.3%	20.4%	8.6%	1.9%	-	<b>41.2%</b>	<b>2.4%</b>
Tatton Income	0.0%	0.2%	0.6%	0.2%	-	-	<b>1.0%</b>	<b>(0.2%)</b>
Tatton Ethical	0.2%	1.0%	3.0%	0.7%	0.2%	0.1%	<b>5.3%</b>	<b>2.3%</b>
Tatton Global*	0.2%	0.5%	1.0%	0.5%	0.2%	2.0%**	<b>4.4%</b>	<b>2.9%</b>
<b>Total</b>	<b>3.6%</b>	<b>22.4%</b>	<b>46.8%</b>	<b>19.9%</b>	<b>5.2%</b>	<b>2.1%</b>	<b>100.0%</b>	-
<b>12m Change %</b>	<b>(0.2%)</b>	<b>(1.6%)</b>	<b>(0.7%)</b>	<b>1.3%</b>	<b>0.6%</b>	<b>0.6%</b>	-	

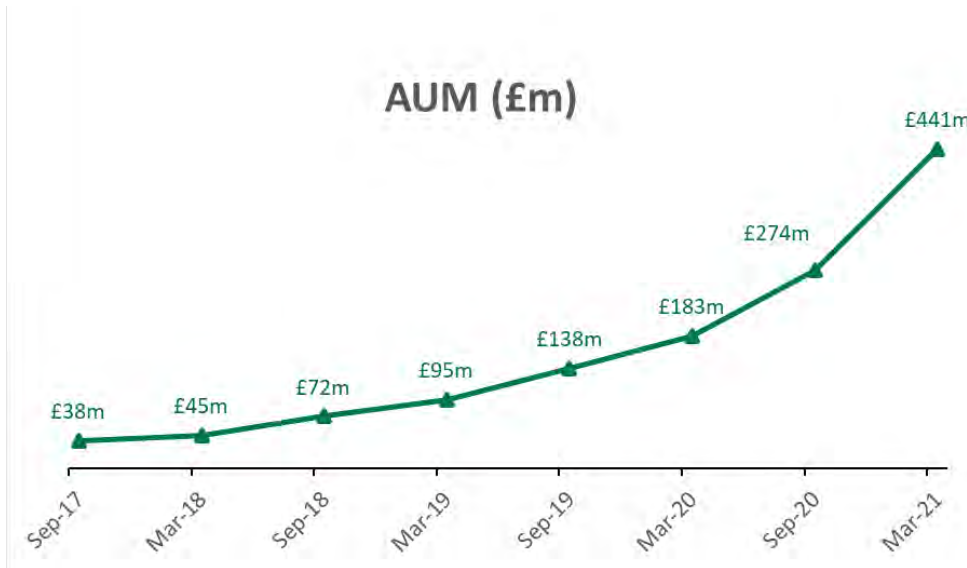
\* Tatton Global summarises Managed, Tracker and Blended sub models

\*\*previously split across Managed, Tracker and Hybrid / Blended

# CASE STUDY: ETHICAL MODEL PORTFOLIOS

	Mar-21	Mar-20	Change £	Change %
Opening AUM (£m)	182.5m	95.2m	87.3m	92%
Net Inflows (£m)	204.2m	108.1m	96.1m	89%
Market (£m)	54.4m	(20.7m)	75.1m	-
<b>Closing AUM (£m)</b>	<b>441.1m</b>	<b>182.5m</b>	<b>258.6m</b>	<b>142%</b>
AUM % of Total	5%	3%		2%

- Tatton's Ethical portfolios hold **£441 million of AUM**, 5% of overall AUM and an increase of 142% in the year
- **Net inflows of £204m**, accounting for 27% of Tatton's total net inflows over the year
- The number of accounts using the Ethical portfolios increased by 98% to **4,470** or 6.2% of Tatton's total number of accounts
- Income generated by the Ethical portfolios increased 125% to **£0.5m** in the year



# MPS INVESTMENT PORTFOLIO RETURNS

5 years to 31 March 2021

Portfolio Performance (per cent.) - core product set annualised, after DFM charge and fund costs)					
	Active	Tracker	Hybrid	Ethical	ARC Peers <sup>1</sup>
<b>Defensive</b>	4.6	4.5	4.5		3.6
<b>Cautious</b>	6.3	6.2	6.3		5.2
<b>Balanced</b>	7.3	7.5	7.4	9.1	7.0
<b>Active</b>	8.7	8.9	8.8		7.0
<b>Aggressive</b>	10.1	10.2	10.1		8.6
<b>Global Equity</b>	13.5	13.2	13.4		8.6



- Performance versus the ARC benchmarks has been very strong, albeit coming with some additional volatility relative to the diversified index
- Our positioning in late 2020 with an overweight to global small-cap stocks, a tilt towards value in the UK and holding a distinct inflation-linked bond position led to very strong relative returns at the end of the reporting period

1. ARC PCI – UK wealth management portfolio peer group with historically comparable asset allocation characteristics

# ETHICAL INVESTMENT PORTFOLIO RETURNS

## 3 years to 31 March 2021

### Tatton Fund Performance (% - ethical product set, annualised, after DFM charge and fund costs)

	Ethical	ARC Peers <sup>1</sup>
<b>Defensive</b>	6.1	3.4
<b>Cautious</b>	7.9	4.7
<b>Balanced</b>	9.0	6.1
<b>Active</b>	10.1	6.1
<b>Aggressive</b>	11.5	7.7
<b>Global Eq.</b>	12	7.7



- The Ethical MPS Strategy significantly benefitted in 2020 due to its skew to technology and US growth in the first half of the year
- Structural overweight of the ESG investment universe to US and tech stocks accounts for much of the outperformance
- Specifically strong performance for Healthcare and Renewable Energy led to good performance from fund managers relative to non-ESG focused funds



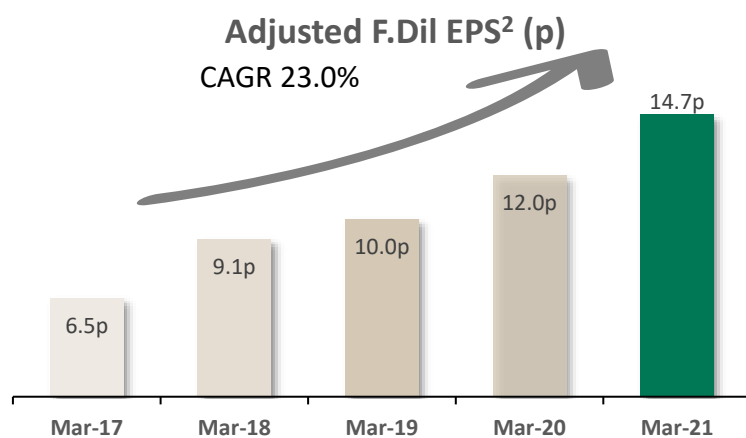
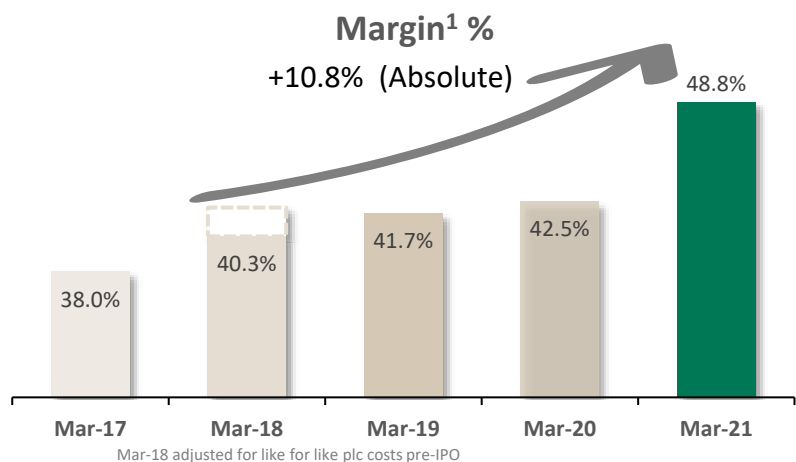
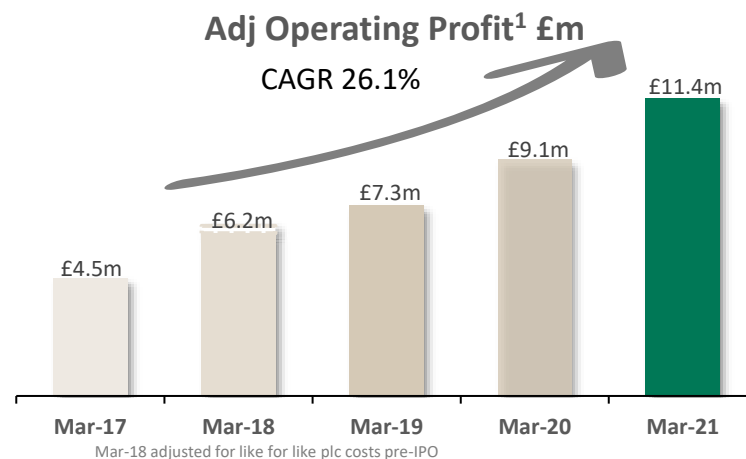
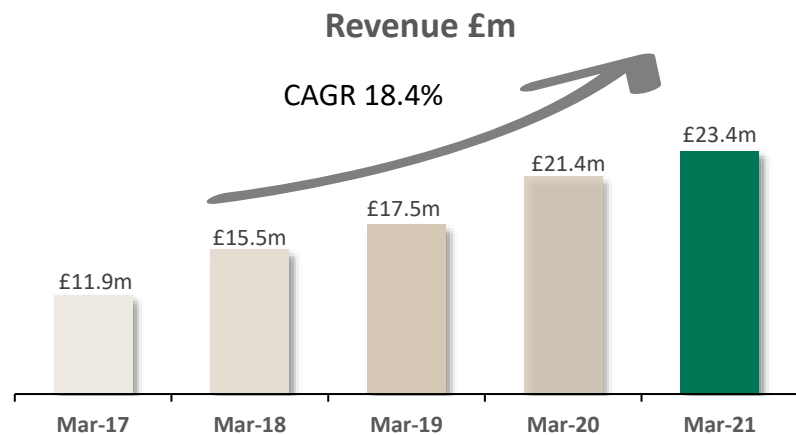
# Summary

Growing the IFA relationships to grow AUM

- Strategic direction on track and delivering
- Further organic growth, white labelling & back book migration arrangements
- Disciplined M&A activity to support AUM growth
- Promote further strategic IFA partnerships and JVs
- Continue to broaden the asset management proposition

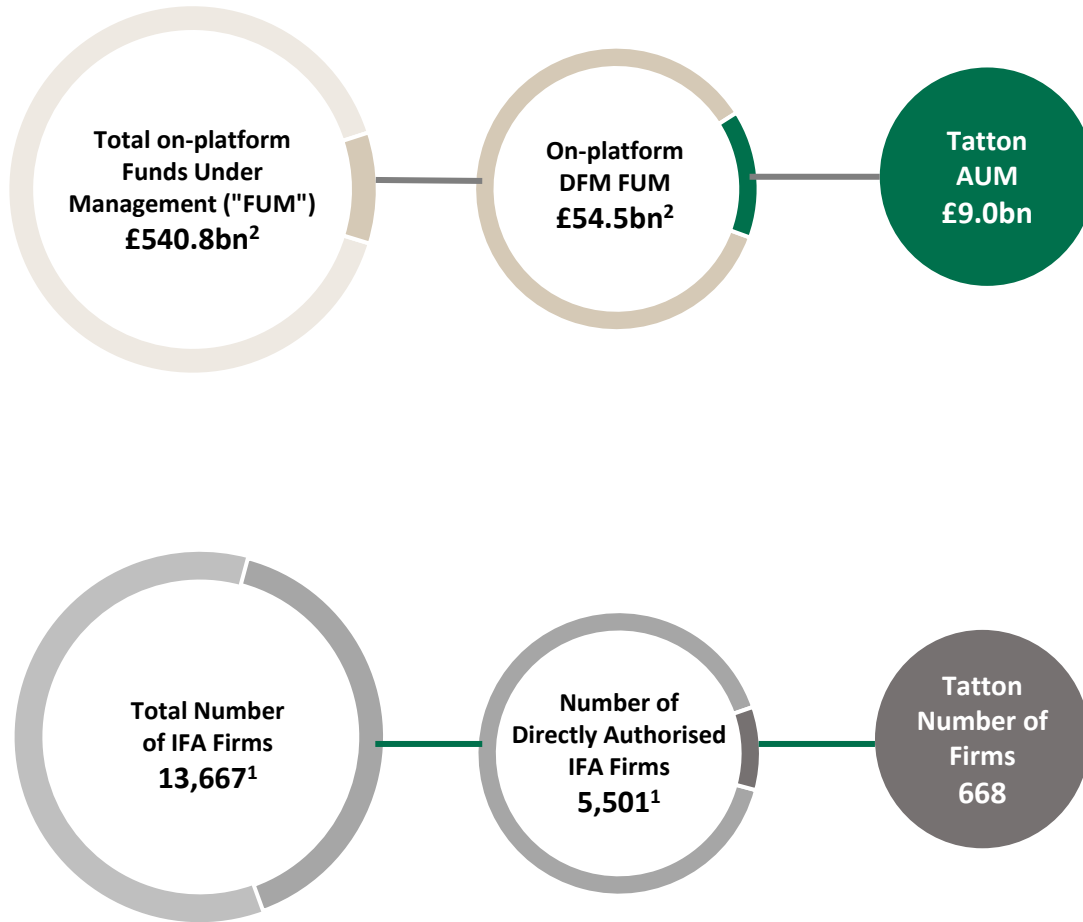
# Appendices

# FINANCIAL PROGRESS SINCE IPO



1. Adjusted for exceptional items, share-based payment costs and amortisation  
2. Adjusted for exceptional items, share-based payment costs and amortisation and potentially dilutive shares

# THE IFA MARKET



- Adviser platform market currently at £540.8 billion<sup>2</sup>, estimated £1 trillion 2023
- Latest Forecast by Fundscape is £713.1bn Hardman May 2020
- 1/3<sup>rd</sup> of the total in advisory model portfolios
- Each IFA firm has approximately £40m under control
- MiFID II convincing IFA principals of need to outsource investment decisions
- Tatton continues to be the largest DFM MPS player on platform
  
- IFA Revenue up 14%<sup>1</sup>
- IFA Profit up 25%<sup>1</sup>

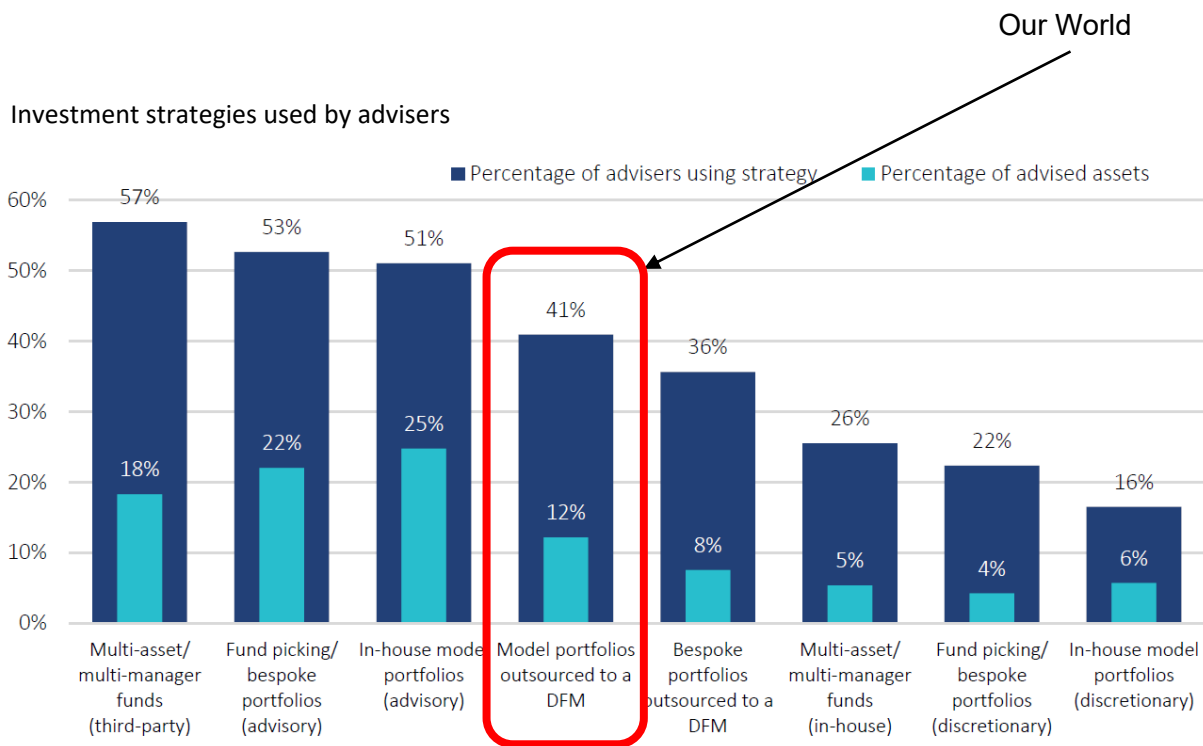
1. Source: 'The Financial Adviser Market: In Numbers', PIMFA, November 2019

2. Source: Platform, November 2020

# PLATFORM REPORT

DFM DISTRIBUTION DYNAMICS NOV 2020

- Adviser trends to outsourcing
- 41% of advisers outsource but only 12% of advised assets on platform
- 51% run their own in-house MPS
  - = 25% of advised assets on platform
- 18% of assets in Multi-assets Funds



Source: Platforum, May 2020

# DFM ASSETS ON PLATFORM

## AUM £bn

Wealth manager	Mar-18	Mar-19	Dec-19
Tatton Investment Management	£5.000	£6.100	<b>£7.000</b>
Parmenion	£4.540	£5.760	<b>£6.960</b>
LGT Vestra	£2.500	£3.400	<b>£3.860</b>
Brewin Dolphin	£2.560	£3.200	<b>£3.800</b>
FE Investments	£1.100	£1.960	<b>£2.330</b>
Aberdeen Standard Life	-	-	<b>£1.280</b>
Morningstar	£0.743	£0.909	<b>£1.060</b>
Tavistock Wealth	£0.840	£0.945	<b>£1.020</b>
PortfolioMetrix	£0.439	£0.698	<b>£0.925</b>
EBI Portfolios	-	-	<b>£0.880</b>
Brooks Macdonald	£0.590	£0.741	<b>£0.793</b>
Quilter Cheviot	-	£1.490	<b>£0.747</b>
Charles Stanley	£0.365	£0.500	<b>£0.670</b>
Liontrust	-	£0.465	<b>£0.580</b>
7IM	£0.771	£0.745	<b>£0.550</b>
Waverton Investment Management	£0.200	£0.310	<b>£0.400</b>
Tilney Investment Management	£0.200	£0.171	<b>£0.200</b>
AJ Bell Investments	£0.042	£0.085	<b>£0.166</b>
Thorntons Investment Management	-	-	<b>£0.122</b>
Wellian Investment Solutions	-	-	<b>£0.121</b>
Cazenove Capital Management	-	£0.051	<b>£0.088</b>
Albert E Sharp	£0.049	£0.065	<b>£0.061</b>
City Asset Management	-	-	<b>£0.027</b>

- Tatton remain largest provider of DFM MPS on platforms
- £2.3bn growth over 12 months
- £9.0bn 31 March 2021
- March 2021 AUM compares to:
  - Brewin Dolphin = £5.3bn
  - Brooks Macdonald = £2.1bn
  - AJ Bell = £1.4bn

### WHAT'S HAPPENING

- Last 12 months have shown that the housing market is firmly embedded in the UK economy and remains a key platform for the Government. Despite the gloomy forecasts from this time last year, the housing market has outperformed all expectations with the subsequent feed through to mortgages.
- Rightmove reported a 6% rise in asking house prices in the year to May, whilst Nationwide reported a 10.9% annual rise (the highest since 2014), and the ONS is reporting very high growth in its sales agreed index with a 10.2% rise in the year to March.
- The stamp duty holiday has been extended to June 30th, with tapering to September 30th, which means activity in the market will remain buoyant throughout the summer.
- March was a record month for mortgage lending with gross approvals at £35.6bn and it is estimated by Hometrack that house sales in the first 15 weeks of this year were at £150bn which is 10 weeks ahead of schedule.
- Higher LTVs have returned with many lenders now back up at 95% lending. The announcement by the Chancellor in the March budget of the government backed scheme with 5 lenders also brought forward the plans of others to return to this space and, although still significantly below pre-pandemic numbers, there is more choice for borrowers than there has been for over a year.
- The funding issues which effected the specialist lending sector are mainly resolved with most now heading back to pre-pandemic lending levels. With tighter criteria restrictions placed upon self employed borrowers by the high street lenders the specialist sector is looking to step in and fill the void, meaning a more successful year for them.
- Despite lending volumes at record levels there are issues with the service levels of surveyors, solicitors and local authorities as they all struggle to cope with client demand to move house. Only after the SDLT holiday are these expected to be resolved.
- According to Zoopla, demand for moving home shows no signs of slowing down with activity at 27% above last year's level whilst the flow of new supply is at -6% - there are c.13 buyers for every home for sale - so don't expect the housing market to cool down any time soon.

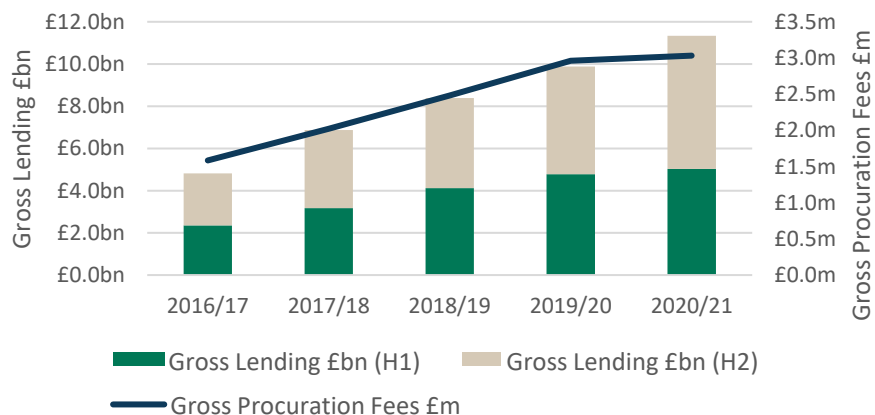
### WHAT'S HAPPENING

- The Market showed us during Lockdown that many Protection sales are intrinsically linked to House Purchase and average Protection Sales activity dropped amongst Mortgage firms quite dramatically during Q2 2020. The winners in this regard were the Call Centres who took a lot of the initial enquiries from concerned consumers. As the Mortgage Market bounced back so did Protection Sales across the board with Wealth advisers outperforming the norm.
- The Business Protection Market also suffered during the Pandemic with Businesses concentrating on survival – the latest indicators we have showed a 43% downturn. However, as the Market returns to normal and with the undoubted higher awareness of financial vulnerability within businesses due to loss or disability of key Personnel the market should see a bounce back and those IFA's who have SME connections are set to benefit.
- Directly Authorised Firms (including Networks) dominated the distribution of Life Assurance again in 2020 with some 82% of all policy sales coming from that sector. Direct to Consumer (9%), Bancassurance (5%) and Tied Distribution (4%) made up the remainder

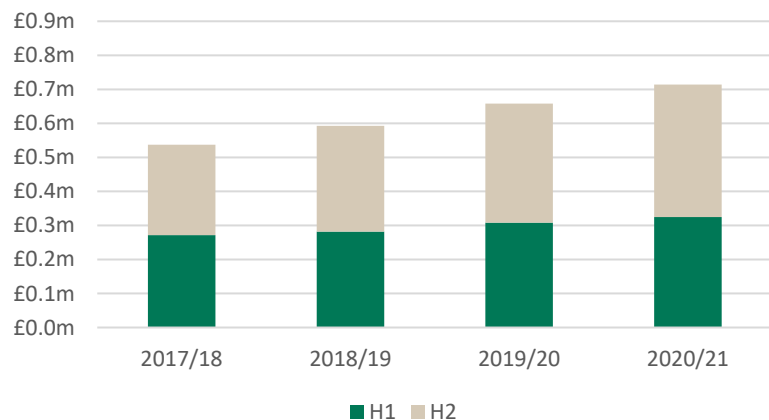


## MORTGAGES INCOME TRENDS

### Growth in Lending vs Procuracy Fees



### Life & GI Total Income



- Despite a difficult start in Q1 of FY21 (valuation market closed), our Mortgage procuracy fee income finished the year 2% up (compared to -8% at the half year)
- Applications of £12.2bn (+10.6%) led to £11.34bn Completions (+14.7%), albeit different product mix
- H2 Completions of £6.31bn (+25.4% vs H1 20/21). Recovery in second half of the with the purchase market rebounding strongly on the back of the stamp duty holiday with Product Transfers accounting for 33.6% of overall completions
- Life Income £0.7m - 8% increase on FY 19/20