

21 April 2020

Tatton Asset Management plc
("TAM Plc" or the 'Group')

Trading statement for 12 months ended 31 March 2020

Tatton Asset Management plc (AIM: TAM), the on-platform discretionary fund management (DFM) and IFA support services business, is pleased to announce the following trading update ahead of its Final Results for the year ended 31 March 2020 ("FY20" or the "Period"), which are scheduled to be released on Tuesday 16 June 2020.

The Group has delivered a third consecutive year of growth in revenue, adjusted operating profits* and assets under management ("AUM"), in a period dominated by the complex political and market backdrop of Brexit and ending with a global health crisis.

The Board expects FY20 results to be in line with analysts' forecasts.

Highlights

Tatton Investment Management has performed strongly with net inflows in the year of £1.129bn or 18.6% of opening AUM, an average of £94.1m per month. Net inflows in the second half of the year totalled £688m, an increase of 56.0% on the first six months of the year. Net inflows in March were £86m and while only marginally behind the monthly average were affected by the consequences of the COVID-19 pandemic.

The year ended with AUM of £6.651bn (31 March 2019: £6.068bn, 30 September 2019: £6.981bn) an increase of £583m or 9.6% for the year having reached a peak of £7.758bn on 21 February 2020. The closing balance of AUM was impacted by a negative market performance of 14.3% towards the end of the financial year due to market falls related to the COVID-19 pandemic.

	Total £m
Opening AUM 1 Apr 2019	6,068
Net flows	1,129
Acquisitions (Sinfonia)	135
Annual market & investment performance	(681)
Closing AUM 31 Mar 2020	6,651

Paradigm has performed well and delivered a year of good growth. Mortgage Services (the Group's mortgage distribution and support services business) maintained the momentum in the second half of the year and continued to grow well. Member firms increased 10.9% to 1,544 at the end of the year with associated gross lending from completions increasing 17.5% to £9.86bn (31 March 2019: £8.39bn). Paradigm Consulting (the Group's IFA support business) increased the number of member firms to 394 (31 March 2019: 390, 30 September: 385).

COVID-19 Update

The Group responded swiftly to the Covid-19 outbreak and efficiently implemented comprehensive business continuity plans when it was necessary to pivot to remote working, seamlessly replicating our processes and systems, safe guarding the health and safety of our employees and ensuring that the business continues to service our clients as normal. The Group will not be taking advantage of any Government support scheme, which the Board believes are intended for businesses which have been significantly more affected than TAM plc.

The full implications of the impact of COVID-19 on the financial performance of the Group in the future remain uncertain. As we progress over the next two months, the Board believes that it will be in a much better place to provide a comprehensive update to the market, with guidance given when we release our full year results in June.

Dividend policy unchanged

The Board remains committed to its dividend policy and prudently allocates its earned profit between returns to shareholders, supporting the capital base and further investment to support the future growth of the business.

Cash

The Group remains in a healthy financial position and with a strong balance sheet and £12.8m of net cash.

Paul Hogarth, Founder and CEO of Tatton Asset Management plc, said:

“On behalf of TAM PLC, in common with other businesses, I would like to take the opportunity to acknowledge the fantastic work of the NHS, Care and front line key workers, and thank them all for their outstanding commitment to saving lives and supporting the country in these difficult times.

I would also like to offer my thanks to each and every one of our employees who have responded magnificently to the challenges that we are all now facing. Key to this has been the constant communication and support to our client base, ensuring all our IFAs and their clients remain fully informed of developing events.

Against a very complex backdrop, we are pleased to report further positive progress for the Group. Despite the challenges of this trading period, we have continued to perform strongly, and delivered on the commitments we set out at our IPO in July 2017.

The sustained growth of Tatton’s AUM has been supported by consistent investment performance and strong net inflows, which have been the pillars of our success. Underpinning this is our DFM proposition which remains the most competitive in the market, has no minimum investment value and delivers a standard of service to all levels of investors irrespective of portfolio size which, in other providers is normally reserved only for wealthier clients. It is in these uncertain times that having access to a DFM to manage your investments has never been more important and we are proud to play our part in this process.

Paradigm continues to benefit from the amalgamation of Consulting and Mortgages announced at our Half Year Results on 11th November 2019, with the Consulting membership base growing modestly and new mortgage firms delivering record levels of associated gross lending.

Whilst we are currently experiencing a period of uncertainty as a result of the impact of Covid-19, our balance sheet and ambition remain strong and the Group is well positioned to execute its stated strategy of growth both organically and via acquisition in the long-term.”

*Adjusted for exceptional items, share based payments and amortisation

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