

20 April 2022

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

Tatton Asset Management PLC
("TAM", the "Group" or the "Company")

TRADING UPDATE AND ACQUISITION

TRADING UPDATE, PROPOSED ACQUISITION AND NOTICE OF FINAL RESULTS

Tatton Asset Management plc (AIM: TAM), the investment management and IFA support services group, today announces the following unaudited trading update for the year ended 31 March 2022 ("FY22", the "Period" or the "Year"), which shows strong organic growth in line with expectations. The Group's audited Final Results are scheduled to be released on 15 June 2022.

TAM also announces that it has entered into a sale and purchase agreement ("SPA") to purchase (the "Proposed Acquisition") 50% of the issued share capital of 8AM Global Limited ("8AM") for a total consideration of c.£7.0 million (the "Consideration"), with an option to acquire a further 50% in due course. The transaction remains subject to regulatory approval.

TRADING UPDATE

Record net inflows have contributed to a strong performance in FY22 and the Board is confident that the financial results for the year will be in line with consensus market expectations.

Highlights

Assets under management ("AUM") increased by 26.1% over the year to £11.34 billion (2021: £8.99 billion). Tatton Investment Management maintained a strong performance in the second half of the year with healthy net inflows of £0.625 billion, an average of £106 million per month. The total inflows for the year were £1.277 billion (2021: £0.755 billion), an increase of 14.2% on the opening AUM. The acquisition of the Verbatim funds added £0.650 billion and market returns contributed a further 4.7% or £0.420 billion.

	Total £bn
Opening AUM 1 April 2021	8.99
Organic Net flows	1.28
Acquisition (<i>Verbatim</i>)	0.65
Market and investment performance	0.42
Closing AUM 31 March 2022	11.34

Paradigm has performed well with Consulting member firms increasing to 421 (2021: 407) and Mortgage firms increasing to 1,674 (2021: 1,612). Mortgage completions remained strong following the end of the government's stamp duty reduction in September 2021 with over £6.0 billion of completions being delivered in H2 FY22. Total completions for the year have increased by 13.3% to £12.8 billion (2021: £11.3 billion) delivering a record year.

The Group ended the year with cash on the balance sheet of £21.7million.

THE PROPOSED ACQUISITION

8AM is an investment manager primarily focussed on delivering risk-profiled model portfolios ("MPS") and a small range of multi-manager funds. Their model portfolios and funds will complement TAM's existing proposition, further demonstrating our commitment to supporting financial advisers in delivering low-cost investment management and enhancing IFA client outcomes. The proposed acquisition will provide our IFAs' clients access to an extended range of risk profiled investments utilising 8AM's experience, investment style and approach. On completion we anticipate 8AM's AUM to be in the region of £0.8 billion.

Key highlights:

- Contributes to the Group's "Roadmap to Growth" strategy adding c.£0.8 billion of Assets Under Influence ("AUI") to TAM's existing AUM of £11.3 billion;
- Gives TAM access to a broader distribution base of UK financial advisers;
- Adds an ambitious and strong management team with a wealth of industry experience;
- The Consideration of c.£7.0 million represents 0.88% of AUI, and comprises 50% or £3.5 million of initial consideration, payable through the issue of new shares, and £3.5 million deferred consideration payable in equal cash instalments

against financial performance targets at the end of the first year and second year post completion, with an option to acquire the remaining 50% of 8AM's share capital following the deferred consideration period; and

- Expected to be earnings enhancing with contribution from the 50% shareholding expected to generate adjusted operating profit of £0.7m in its first full year

Commenting on the results for the financial year, Paul Hogarth, Chief Executive Officer, said:

"The Group has delivered another good year of growth across both divisions and I am particularly pleased with the significant increase in net new inflows to the Group which underpins the organic growth opportunity that exists in our market. The last quarter was a difficult environment from a geopolitical and economic perspective, but we demonstrated the resilience of our business model maintaining robust net inflows and finished the year strongly with £11.3 billion of AUM.

"Paradigm also delivered a pleasing year, in particular mortgage completions remained strong despite the removal of Government incentives and a changing market landscape."

Commenting on the Proposed Acquisition and outlook he added:

"I am also delighted to announce the proposed acquisition of 50% of the share capital of 8AM Global Limited, an ambitious and growing DFM MPS business. The business complements our existing offering and brings with it an experienced and motivated management team who are well known to us and culturally aligned to the values of the Group. We are very much looking forward to working with them.

"Post completion, this will be the second acquisition in less than a year for the Group, demonstrating that we are executing on our three year "Roadmap to Growth" strategy. With a three-year target of £6.0 billion of growth in AUM, at the end of the first year we remain on target to achieve this. This year we have grown organically by £1.7 billion and acquisitions to date have contributed a further £0.6 billion, a total contribution of £2.3 billion towards the target and on completion 8AM will further enhance this number.

"We look forward with confidence as we make further progress and continue to deliver against our strategic objectives."

Commenting on the proposed transaction, Managing Director of 8AM Global Limited Jeremy Nunn said:

"We are delighted with the proposed sale of 50% of the share capital of 8AM to Tatton Asset Management plc. The sale will allow 8AM to build on its success and provide us with access to the know-how and expertise of one of the market leaders in the MPS space. It will act as a springboard for the growth of our assets under management and provide advisers and investors with the comfort that the development and resilience of the 8AM products will continue to be at the forefront of our plans."

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