

## Record inflows (again), so impressive given markets

15 April 2025

This time last year, we wrote: “our key takeaway from Tatton’s hugely impressive last few years, is that it has designed and implemented a superior offering in platform-MPS with net flows consistently far higher than peers.” That view has only been reinforced with Tatton’s most recent trading update covering FY25 (Apr 24 – Mar 25). It recorded another year of record net inflows, as it did in FY24 (£3.7bn in FY25; £2.3bn in FY24) – a hugely impressive achievement given market weakness and investor nervousness, especially in calendar-2025.

These record flows, along with an investment contribution of +£0.6bn, resulted in **AUM increasing 26% y-o-y from £16.6bn to £20.9bn**. Including the £953m managed by 50%-owned 8AM Global, Assets-Under-Management/Influence (AUM/I) totalled £21.8bn. We remind readers that a year ago, Tatton set out a new medium-term growth target of reaching £30bn AUM/I by Mar 29 (after meeting its previous growth target early). That meant adding c£2.5bn per year on average. One-year in, it has added £4.2bn, well ahead of the trajectory needed to reach this target.

While we don’t yet have comparative data from the most recent quarter, it is obvious Tatton remains the **standout leader in the UK wealth management space when it comes to attracting and retaining assets** (page 2). And probably most impressive, is the consistency of net flows: £305m/month in H1-25; £309m/month in H2 (£152m/month in H1-24; £232m/month in H2).

### In-line results expected, 20% discount to fundamental value of 715p

Closing AUM was 2.8% above our previous forecast (£20.8bn v £20.3bn), on stronger than expected net flows. But management have stated that FY25 results should be in line with market expectations. So, although the **probability is that profits may be a little ahead of our particular forecasts**, we have not changed these at this stage. And given the degree of market and economic uncertainty, we will wait for results (in June) before updating FY26 forecasts and beyond, but we flag that **our net flow assumption for FY26 is +£2.0bn, which is looking conservative given current momentum**.

We leave our **fundamental valuation of 715p per share unchanged, which is now c20% above the current share price after recent market falls**.

#### Company Data

EPIC	TAM.L
Price (last close)	582p
52 weeks Hi/Lo	722p/550p
Market cap	£352m
ED Fair Value/share	715p
Proforma net cash	£27m
Avg. daily volume	63k

#### Share Price, p



Source: Investing.com

#### Description

Tatton Asset Management was founded in 2007 and serves smaller, UK-based Independent Financial Advisers via two business units:

*Tatton Investment Management:* discretionary fund management via WRAP (investment) platforms (c85% of group revenue).

*Paradigm* (adviser support services): regulatory & compliance consulting & outsourcing, mortgage & protection insurance aggregation (c15% of group revenue).

**AUM/I 31 Mar 25: £21.8bn**

#### Next event

FY25 results June 2025

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#### Key Financials

Year-end 31 Mar	FY 22A	FY 23A	FY 24A	FY 25E	FY 26E
AUM end-period*, £bn	11.3	12.7	16.6	20.9**	23.2
Revenue, £m	29.4	32.3	36.8	44.3	49.2
Op. profit (adj), £m	14.5	16.4	18.5	22.1	24.8
Op. margin (adj), %	49.5%	50.7%	50.3%	50.0%	50.4%
PBT, £m	11.3	16.0	16.8	21.3	23.9
PAT, £m	9.2	13.4	12.9	16.1	18.0
EPS basic (adj), p	19.9	21.7	23.7	28.4	30.9
EPS diluted (adj), p	18.6	20.6	22.9	27.5	29.9
Div, p	12.5	14.5	16.0	19.8	21.5
Yield, %	2.2%	2.5%	2.7%	3.4%	3.7%
PER	36.6	25.9	25.9	22.3	20.4
Net cash, £m	21.7	26.5	24.8	32.4	39.0

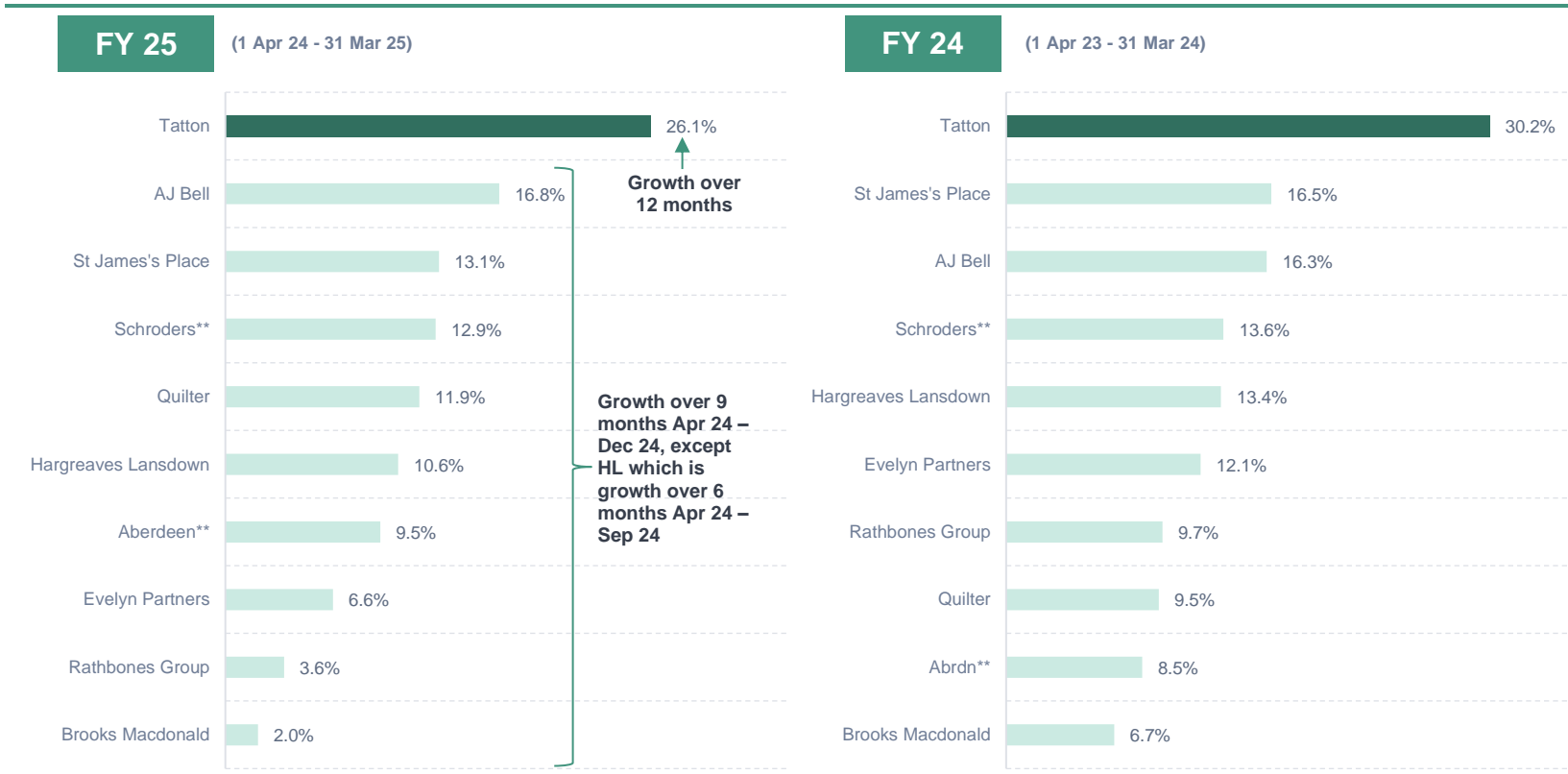
Source: Company Historic Data, ED estimates. PER and Yield based on share price of: 582p

\*Excludes c.£1bn of AUI from 50%-owned 8AM Global (acquired in FY23). \*\*Actual from this trading update.

## AUM growth continues to be far higher than peers

Tatton is again looking like it will be the standout growth leader in the UK wealth management space. In FY24 AUM grew 30% (with strong flows and strong markets), almost double the growth rate of the next fastest-growing peer. In FY25 AUM grew 26% with a much weaker market tailwind. While comparative data for the full FY25 is not yet available, it should be clear from the chart below (and considering the market turmoil of the most recent quarter), that Tatton is once again likely to be the fastest growing among this peer group. Its superior market positioning is also reinforced by the continuing strong growth in the number of Tatton Investment Management IFA firms (up 14% to 1,110).

### AUM growth excluding acquisitions, UK-listed wealth managers/investment managers/platforms\*



Source: company reports, ED analysis

\*Peer group includes companies which typically house portfolios for individual investors. It does not include 'pure play' asset managers which typically run individual funds making up only a part of an investor's portfolio – these have different net flow and investment characteristics. Evelyn Partners is not publicly listed but is a large player and publishes this data, therefore included as a useful peer comparator.

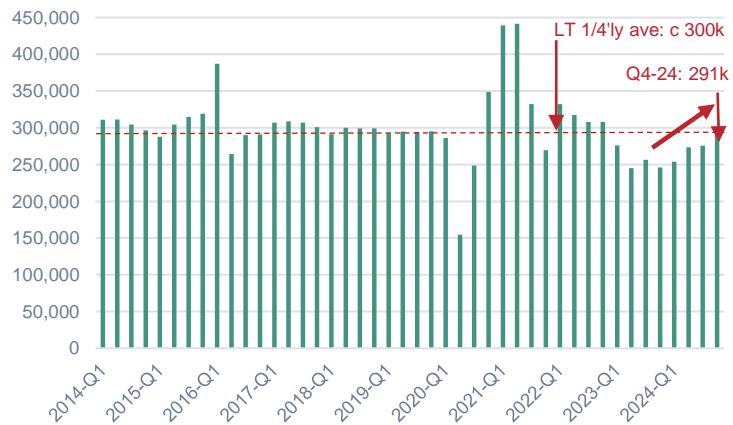
\*\*Wealth management business units only (Schroders: 'wealth management', Aberdeen: 'adviser + interactive investor').

## A solid year for Paradigm in muted housing market

### Muted market but fundamental growth opportunity

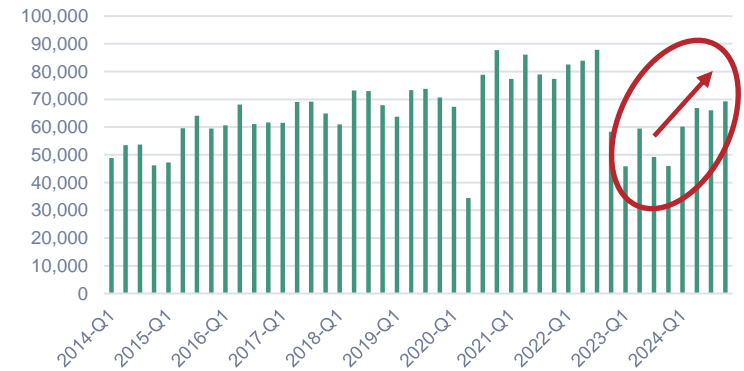
- Paradigm, the group's IFA support services business (c15% of group revenue) had a solid year in a relatively muted housing market (although there are signs of recovery). **Paradigm's mortgage completions rose 3.6% to £13.7bn** with the number of mortgage firms level y-o-y at 1,915 (but down from the 1,930 in Sep 24 following a rationalisation of dormant firms).
- While there are still headwinds in the housing market, **new mortgage commitments and the number of transactions are recovering, and house prices remain strong, but have declined in Feb and Mar 25**.
- Longer-term, mortgages are a growth business, underpinned by the supply-demand imbalance of the UK residential housing market.
- Consulting member firms were roughly level at 425 (end-FY24: 424).

### Residential property transactions (seasonally adjusted)



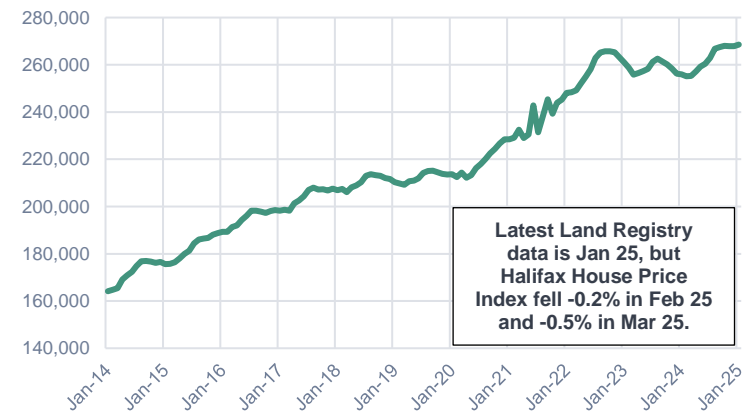
Source: [HM Land Registry. Transaction >£40k](#). Data for Q4-24 provisional.

### New mortgage commitments\* (£m)



Source: [Bank of England, Mortgage Lenders and Administrators Statistics - 2024 Q4](#)  
\*lending agreed to be advanced in the coming months

### Average residential property price



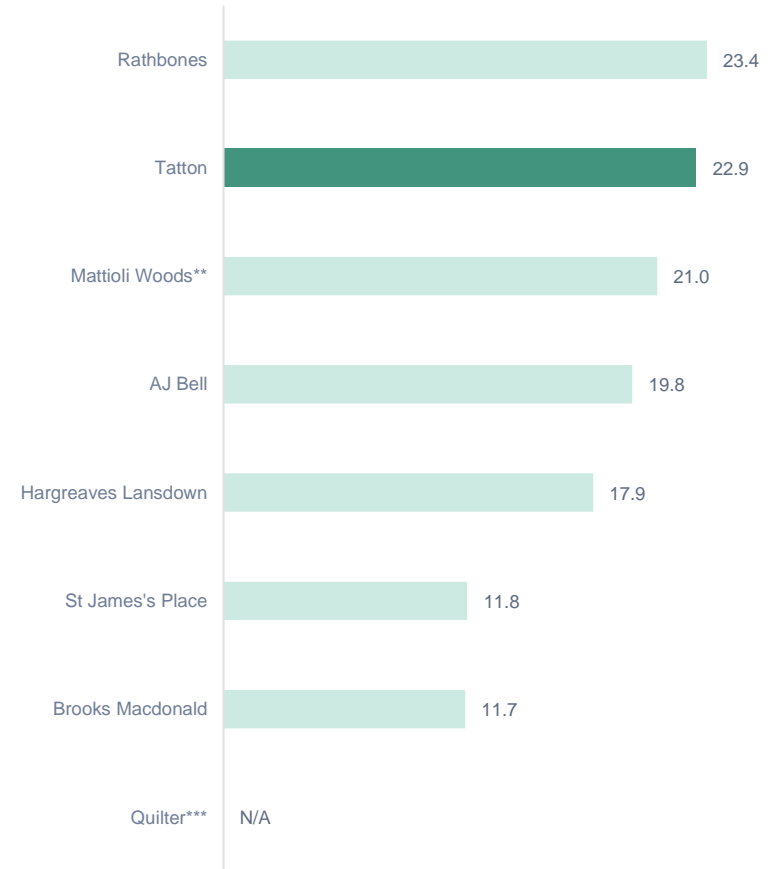
Source: HM Land Registry (latest data Jan 25)

## Peer comparator valuations

### Valuation premium looks small given superior growth

- Given its far superior growth rate compared to peers, very high profit margins, and strong balance sheet (£26.9m net cash at the end of H1-25 and no debt), it is wholly unsurprising that Tatton commands a premium PER rating compared to most peers.
- However, that premium is hardly excessive, and in our view fully justified, as evidenced by our DCF valuation of 715p.

### PER (TTM)\* peer group comparison



Source: London Stock Exchange, Company historic data, ED analysis.

\* Based on share prices as at close on 14 Apr 25 except Mattioli Woods which de-listed on 4 Sep 24 and Hargreaves Lansdown which de-listed on 25 Mar 25. Share price divided by latest available basic EPS on Trailing Twelve Months basis.

\*\* Adjusted basic EPS used for PER calculation due to statutory earnings being distorted by acquisition accounting.

\*\*\* Made a statutory loss in the 12m to 31 Dec 24.



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