



YEAR
ANNIVERSARY

Full year results

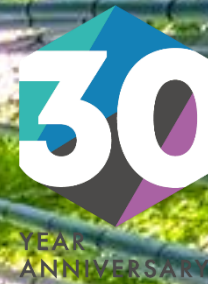
for the year ended 30 June 2021

Strong strategic progress, excellent financial performance
Return to positive net flows with momentum growing

16 September 2021



BROOKS MACDONALD



Speakers



**Andrew
Shepherd**
CEO designate



**Ben
Thorpe**
Chief Financial
Officer



BROOKS MACDONALD



Agenda

- 1 Context and introduction
- 2 Financial results and achievements
- 3 Opportunity and outlook
- 4 Q&A
- 5 Appendices



BROOKS MACDONALD



Andrew Shepherd

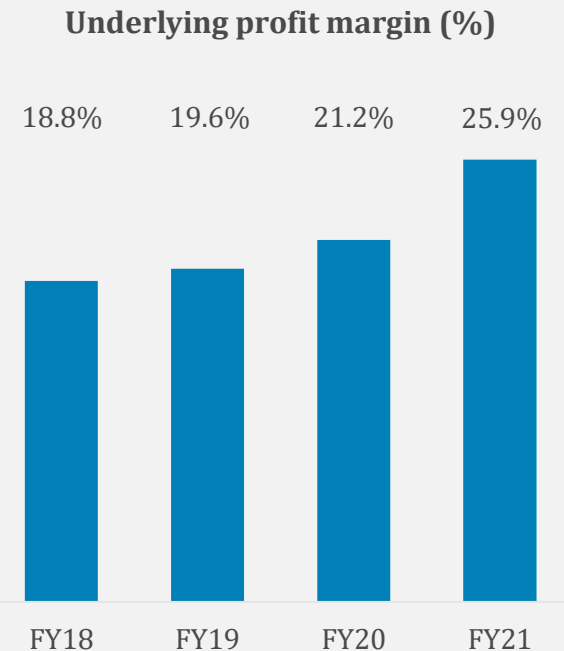
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BROOKS MACDONALD

Strong strategic progress underlined by excellent financial performance

- **Excellent financial performance**, with record revenue, underlying profit and underlying profit margin, in line with commitment
- **Completed successful integration** of the acquisitions of Cornelian and Lloyds' Channel Islands funds and wealth management business
- **Record year end FUM** from strong investment performance and Lloyds addition; net flows increased every quarter, positive for H2
- **Strong investment performance**, well ahead of benchmark
- **Dividend increased** year-on-year, reflecting Board's confidence in the Group's prospects
- **Business primed to deliver our ambitious growth agenda**

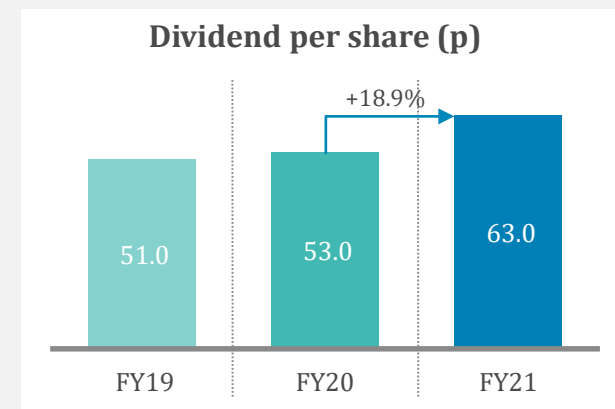
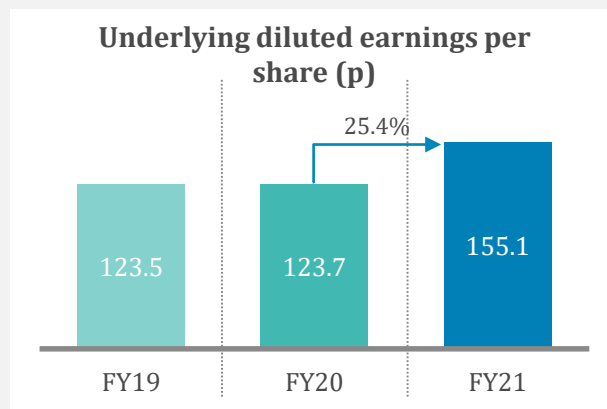
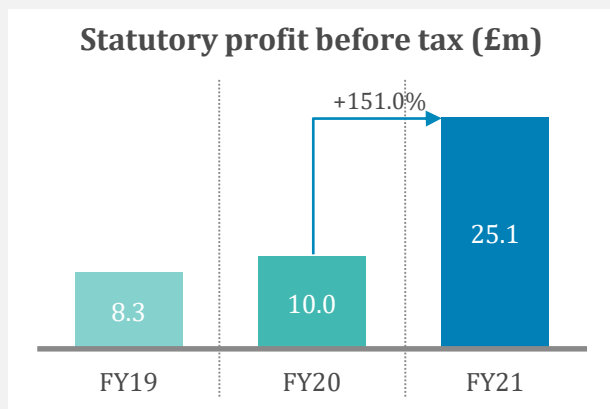
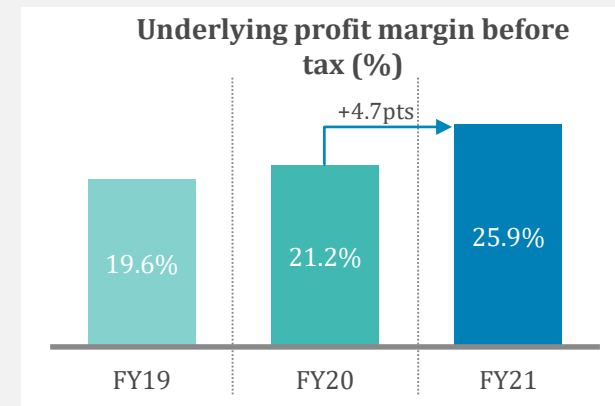
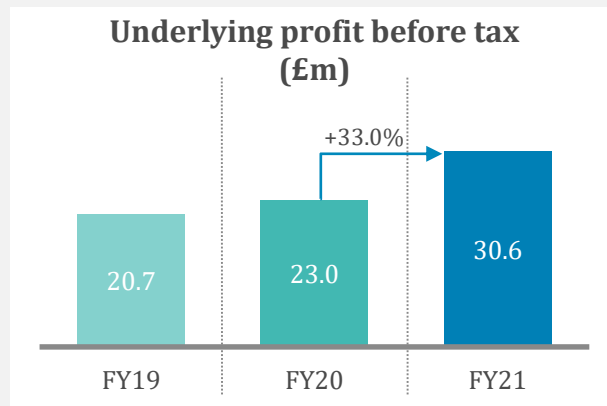
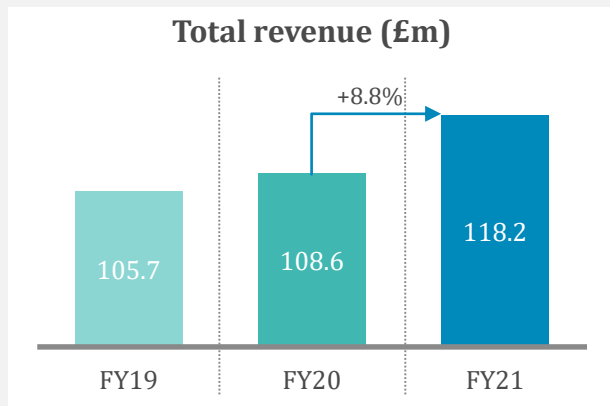




Ben Thorpe

- 1 Context and introduction
- 2 **Financial results and achievements**
- 3 Opportunity and outlook
- 4 Q&A
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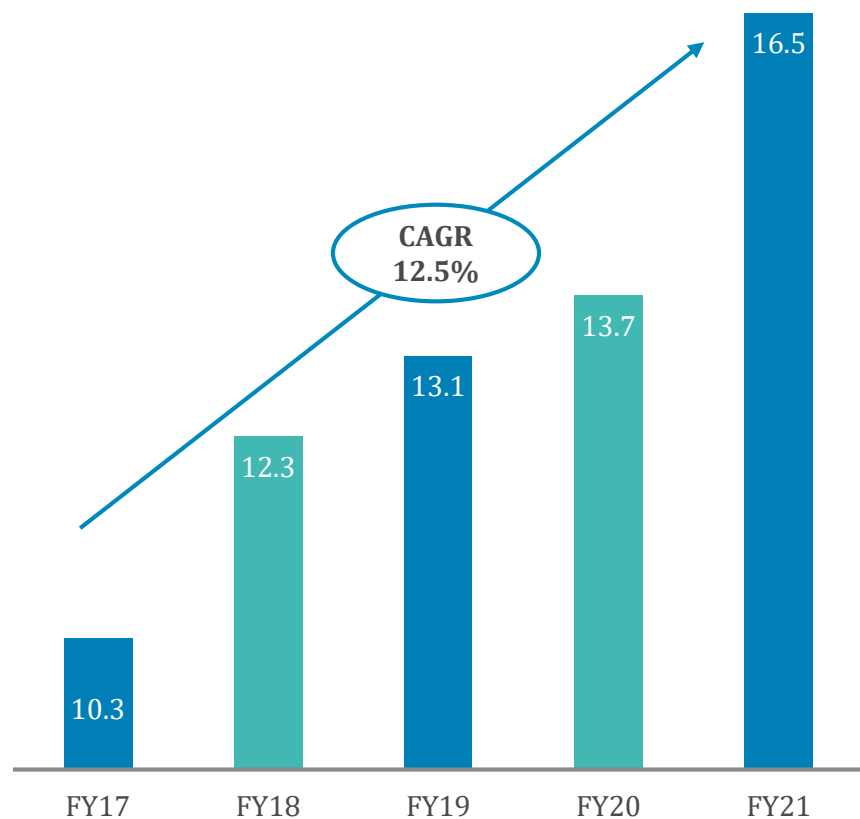
Strong financial progress, another year of record delivery



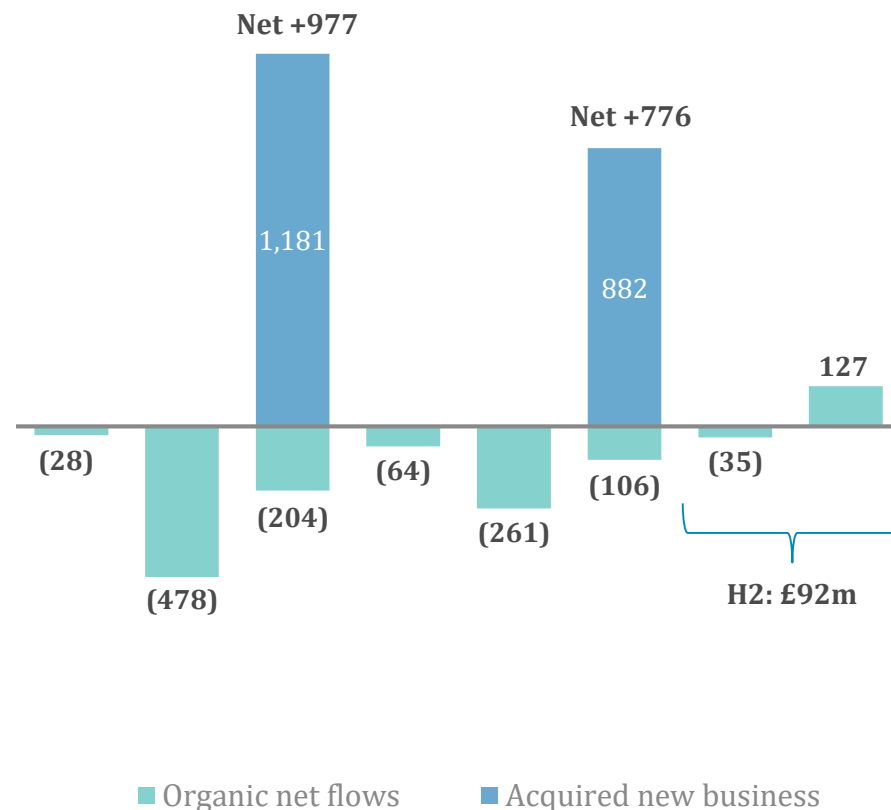
Note: Comparative figures for FY19 have been restated to reflect the correct recognition of the Authorised Corporate Director fees and associated costs in respect of one of the Group's managed OEICs and the correct VAT treatment on the fees recognised on the Managed Portfolio Service offered through third party models as detailed in the Group's FY20 Annual Report and Accounts.

Record FUM of £16.5bn, organic net flows turn positive in Q4 as expected

Total FUM for FY17 to FY21
(£bn)



Organic and acquired net flows Q1 FY20 to Q4 FY21
(£m)



Positive momentum in net flows, enhanced distribution capability making a difference

Organic net flows (£m / annualised % growth)	FY21				Closing FUM (£m)
	Q1	Q2	Q3	Q4	
BPS	(119) (5.5%)	(43) (2.0%)	(26) (1.2%)	28 1.2%	9,460
MPS	(81) (16.8%)	40 9.5%	139 31.6%	184 39.1%	2,411
Funds	(100) (18.2%)	(84) (15.8%)	(69) (12.9%)	(12) (2.4%)	2,076
UKIM	(300) (9.6%)	(87) (2.8%)	44 1.2%	200 6.1%	13,947
International	39 10.4%	(19) (4.7%)	(79) (11.8%)	(73) (11.1%)	2,512
Group	(261) (7.6%)	(106) (3.1%)	(35) (0.9%)	127 3.2%	16,459

■ Improvement vs prior quarter
■ Decrease vs prior quarter



17% of BPS inflows generated by specialist products¹, compared to 11% in FY20



Over 450 IFAs added funds to BPS during FY21 (842 total IFAs)



6 new intermediaries joined Brooks Macdonald Investment Solutions (BMIS)



MPS now available on 20 platforms, up from 14 in FY20



115 new IFAs invested in Platform MPS during FY21



13 new client-facing staff joined International in December



Launching Isle of Man office to capture referred business from Lloyds in H2

Notes: 1. AIM, Court of Protection, Decumulation, and Responsible Investment services

Acquisitions successfully integrated with accretion well ahead of initial expectations

Acquisition criteria: (i) high quality business; (ii) compelling strategic and cultural fit; (iii) value-adding through strong EPS accretion

Cornelian

- New suite of funds providing flexible solutions to advisers with over 60 new IFAs introduced to the Cornelian fund range
- Acquired relationships strengthened, with 17 Cornelian advisers now invested in other BM products and services
- Underlying financial performance exceeding expectations and EPS accretion for its first full year surpassing the 9% target

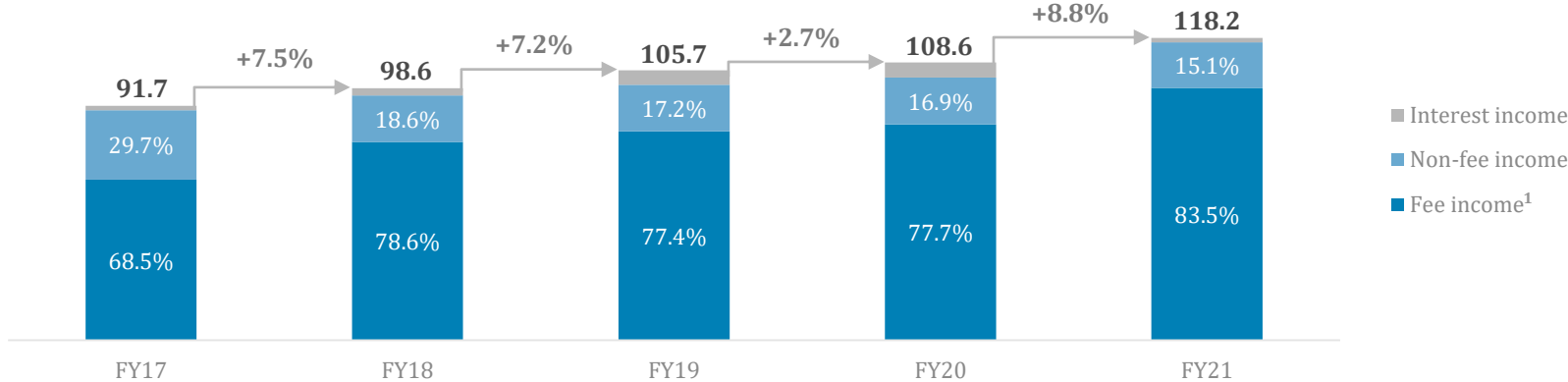


- Closed a gap in the International proposition with addition of an offshore investment fund range, fully aligned with the Group's Centralised Investment Process
- Enhanced the fund offering post-acquisition with launch of a new balanced fund and platform share classes to provide flexible solutions for clients
- Delivered c.12% underlying EPS accretion in first seven months, ahead of 8-10% target range

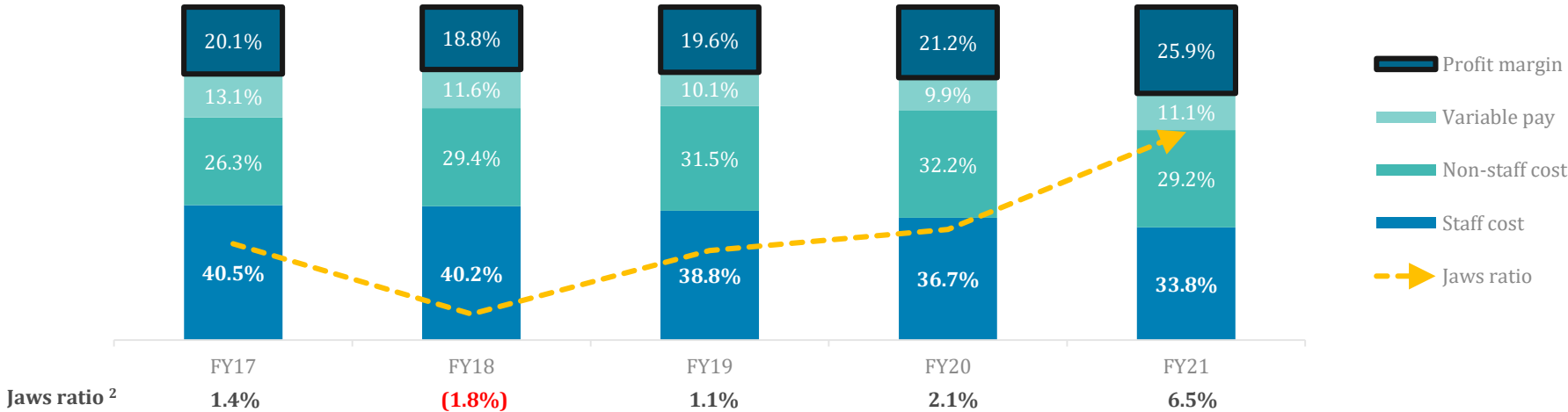


Quality of income improved, margin enhancement delivered

Revenue (£m) by type (% of total)



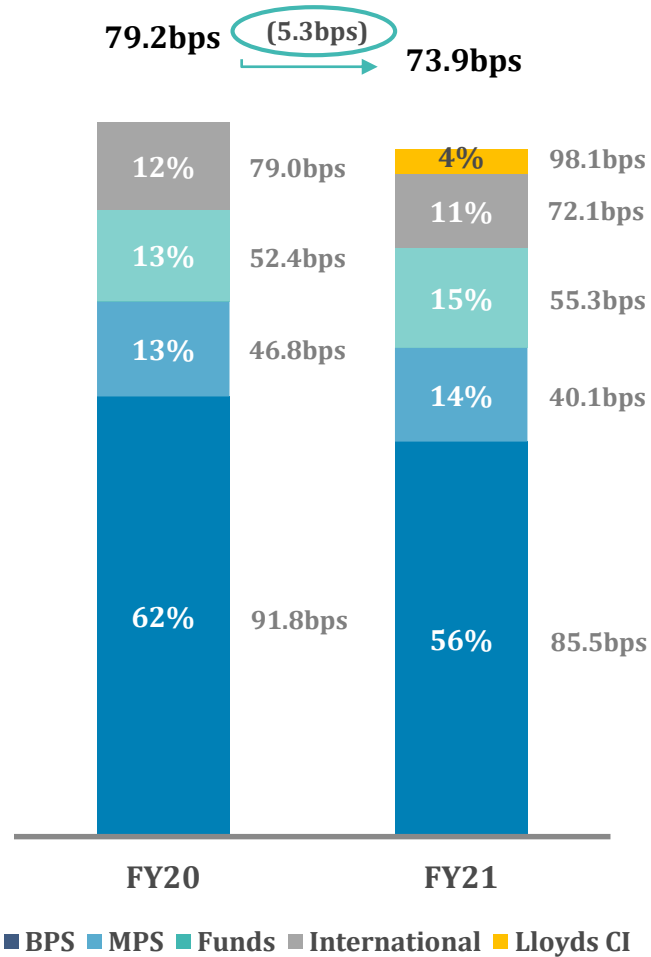
Margin composition and operational gearing



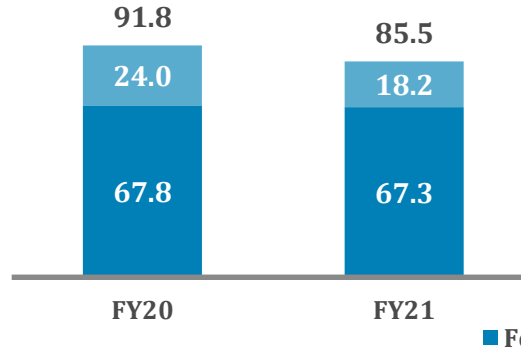
Notes: 1. Includes financial planning fees. 2. Calculated as % growth in revenue minus % growth in costs.

Non-fee income drop and change in mix driving yield reduction

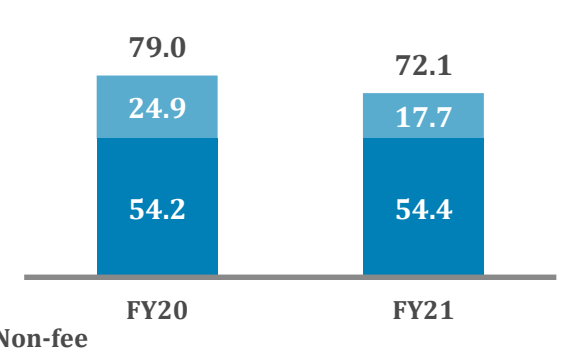
Average FUM (%) and yields (bps)



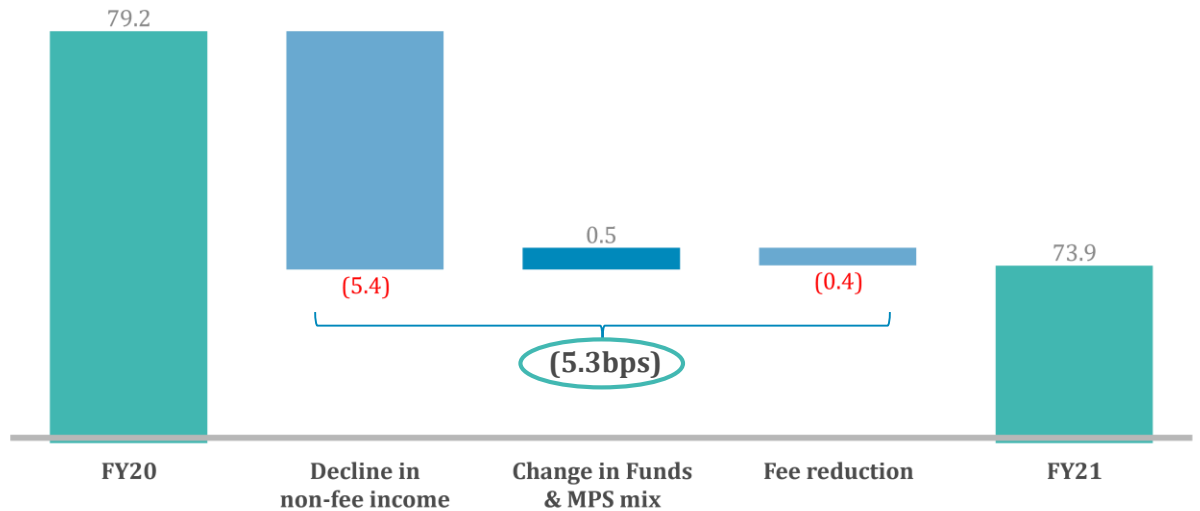
BPS annualised income yield FY20 vs FY21 (bps)



International annualised income yield FY20 vs FY21 (bps)



Yield bridge between FY20 and FY21 (bps)



Continued cost discipline whilst investing for growth, costs down 2.6% ex acquisitions

	FY20	FY21	Change	
	£m	£m	£	%
Fixed staff costs	39.0	37.5	(1.5)	(3.8)
Variable staff costs	10.8	12.5	1.7	15.7
Acquired staff costs	0.8	3.2	2.4	>100
Total staff costs	50.6	53.2	2.6	5.1
Non-staff costs	34.0	31.6	(2.4)	(7.1)
Acquired non-staff costs	1.0	2.8	1.8	>100
Total non-staff costs	35.0	34.4	(0.6)	(1.7)
Total underlying costs	85.6	87.6	2.0	2.3
Total underlying costs (excl. acquisitions)	83.8	81.6	(2.2)	(2.6)
Total staff cost/Income	46.6%	45.0%		
Fixed staff cost/Income	36.6%	33.8%		
Non staff cost/Income	32.2%	29.1%		

Headcount movement FY20 to FY21



Key movements in core underlying costs:

- Fixed staff costs are down by 3.8% mainly due to:
 - £2.0m additional staff costs from net new hires and inflationary pay rises
 - (£1.5m) savings from transfer of staff to SS&C under the partnership agreement
 - (£2.0m) reduction in temporary staff costs and recruitment fees
- Variable staff costs are up 15.7% driven by the Group's improved performance
- Non staff costs are down by 7.1% excluding the impact of acquisitions, primarily due to:
 - (£2.4m) decline in Change costs as the Group completed the business remediation in FY20
 - (£1.0m) decrease in property and office costs achieved from move to new HQ
 - (£0.9m) savings driven by COVID-19 in T&E
 - £1.5m of SS&C charges as a result of the new partnership agreement

Key new initiatives:

**INCLUSIVE
FUTURES**



Improved performance in all divisions, International margin now 24.7%

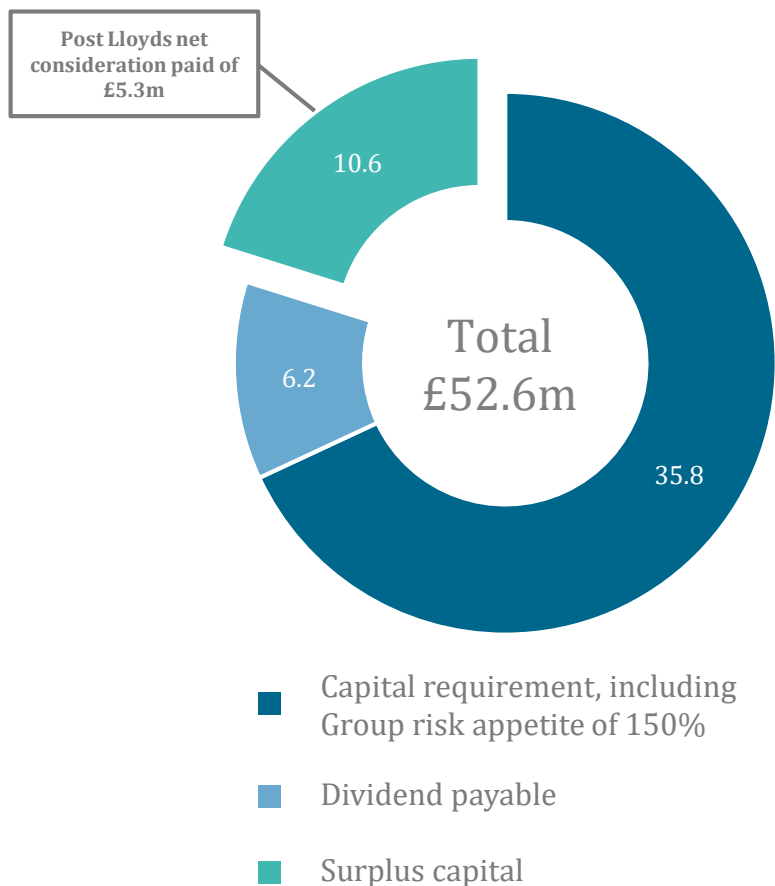
FY21 (£m)	UK Investment Management	International	Group ¹	Total
Revenue	100.0	18.2	-	118.2
Direct costs	(45.7)	(10.8)	(30.9)	(87.4)
Contribution	54.3	7.4	(30.9)	30.8
Indirect cost recharges	(25.3)	(2.9)	28.0	(0.2)
Underlying profit before tax	29.0	4.5	(2.9)	30.6
Underlying profit margin before tax	29.0%	24.7%	N/A	25.9%
Underlying profit margin growth (ppt)	+3.9	+6.0	-	+4.7

FY20 (£m)	UK Investment Management	International	Group ¹	Total
Revenue	95.2	13.4	-	108.6
Direct costs	(45.2)	(8.0)	(32.4)	(85.6)
Contribution	50.0	5.4	(32.4)	23.0
Indirect cost recharges	(26.1)	(2.9)	29.0	-
Underlying profit before tax	23.9	2.5	(3.4)	23.0
PBT Margin	25.1%	18.7%	N/A	21.2%

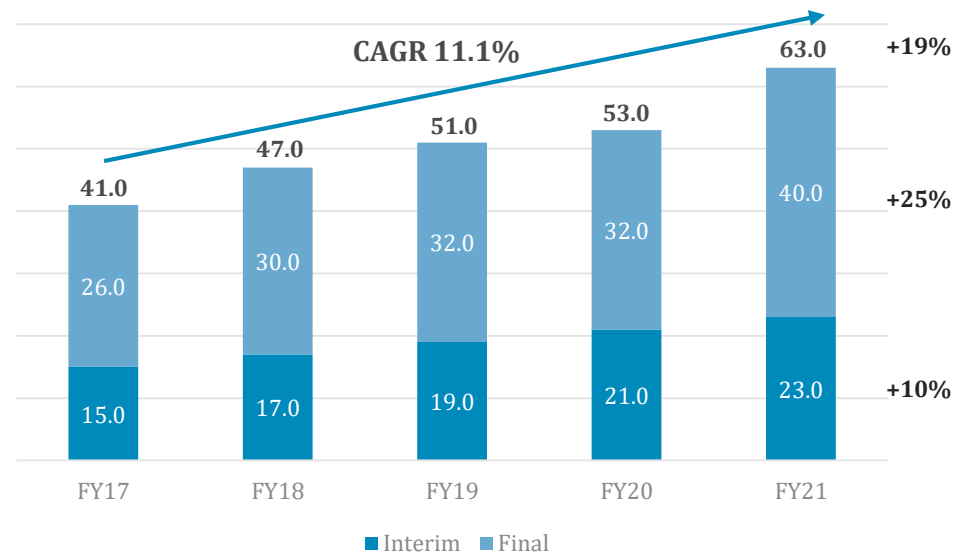
Note 1. Includes consolidation adjustments.

Strong capital position to support growth and dividend enhancement

Own Funds¹ Attribution (£m)



Annual dividend per share (p)



	FY17	FY18	FY19	FY20 ²	FY21 ³
Dividend growth	17.1%	14.6%	8.5%	3.9%	18.9%
Underlying diluted EPS (p)	104.7	121.1	123.5	123.7	155.1
Pay-out rate ⁴	39%	39%	41%	43%	41%

Notes: 1. Own Funds includes profit for the year ended 30 June 2021 as this is audited as at the date of release of these results. 2. FY20 Underlying EPS is impacted by the share placing for the Cornelian acquisition against only four months of earnings, inflating DPS. 3. The FY21 final dividend of 40.0p is subject to shareholder approval at the 2021 AGM. 4. Pay-out rate calculated as DPS divided by underlying diluted EPS.

FY22 guidance points

P&L	FUM	<ul style="list-style-type: none"> Group moving back into positive net flows – first two months of FY22 both positive at Group level UKIM pipeline strong and growing, particularly for MPS Platform, BM Investment Solutions, and BPS specialist products International expected to return to positive net flows from Q2 FY22. H2 supported by opening of Isle of Man office
	Income	<ul style="list-style-type: none"> Discrete service and product yields broadly stable, overall yield expected to be marginally down (c. 1bp) in FY22 driven by a continued change in mix
	Underlying costs	<ul style="list-style-type: none"> As per consensus, costs expected to be up by c.10% YoY. Main drivers are variable pay increasing in line with profits (c. £4m) and a full year of Lloyds costs in International (c. £2m). Investment in graduates and apprentices (c. 25 people), opening a branch in the Isle of Man and the return to office will add another c.£2m
Cashflow	Capex	<ul style="list-style-type: none"> Guidance of c. £4m capex for FY22
	EBT purchases	<ul style="list-style-type: none"> Full year guidance £3.0m, evenly phased over the year
Other	Tax	<ul style="list-style-type: none"> Underlying tax rate of c. 21% expected for FY22
	Share count	<ul style="list-style-type: none"> Weighted average number of shares for FY22 expected to be 15.8m. Actual number of shares at year end expected to be 16.3m



Andrew Shepherd

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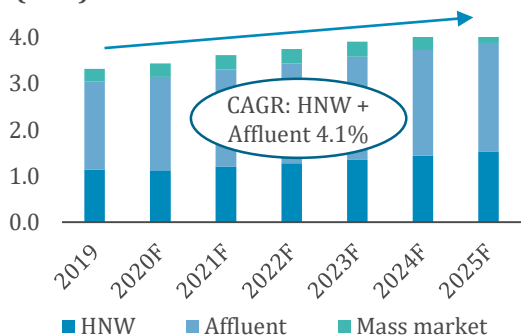


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The fundamental opportunity for our intermediary-focused strategy is strong

Wealth is growing in the UK and policy is favourable

Forecast UK assets by wealth band (£trn)

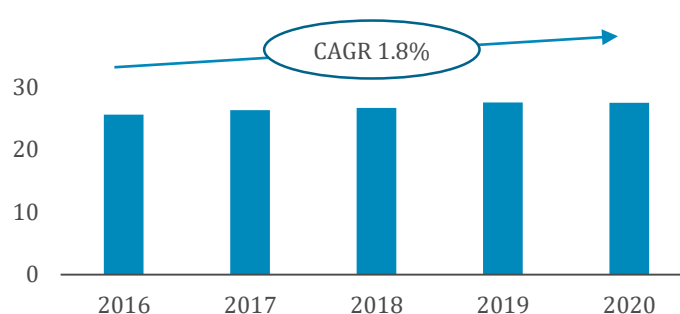


Policy framework

- Increasing onus on individual to save for retirement and long-term care
- Pensions freedoms

The number of advisers continues to grow

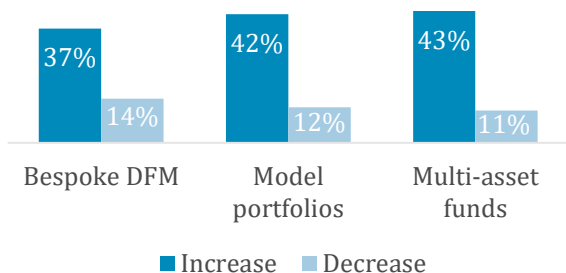
Number of advisers in directly authorised firms ('000)



They are outsourcing more...

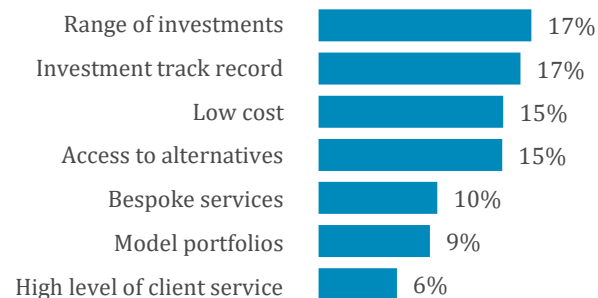
Advisers planned use of outsourced DFMs, 2020

Expected change in client assets allocated to outsourced DFM services over next 2 years



... and their criteria play to our strengths

IFAs' top requirement for choosing a DFM, 2020 (%)

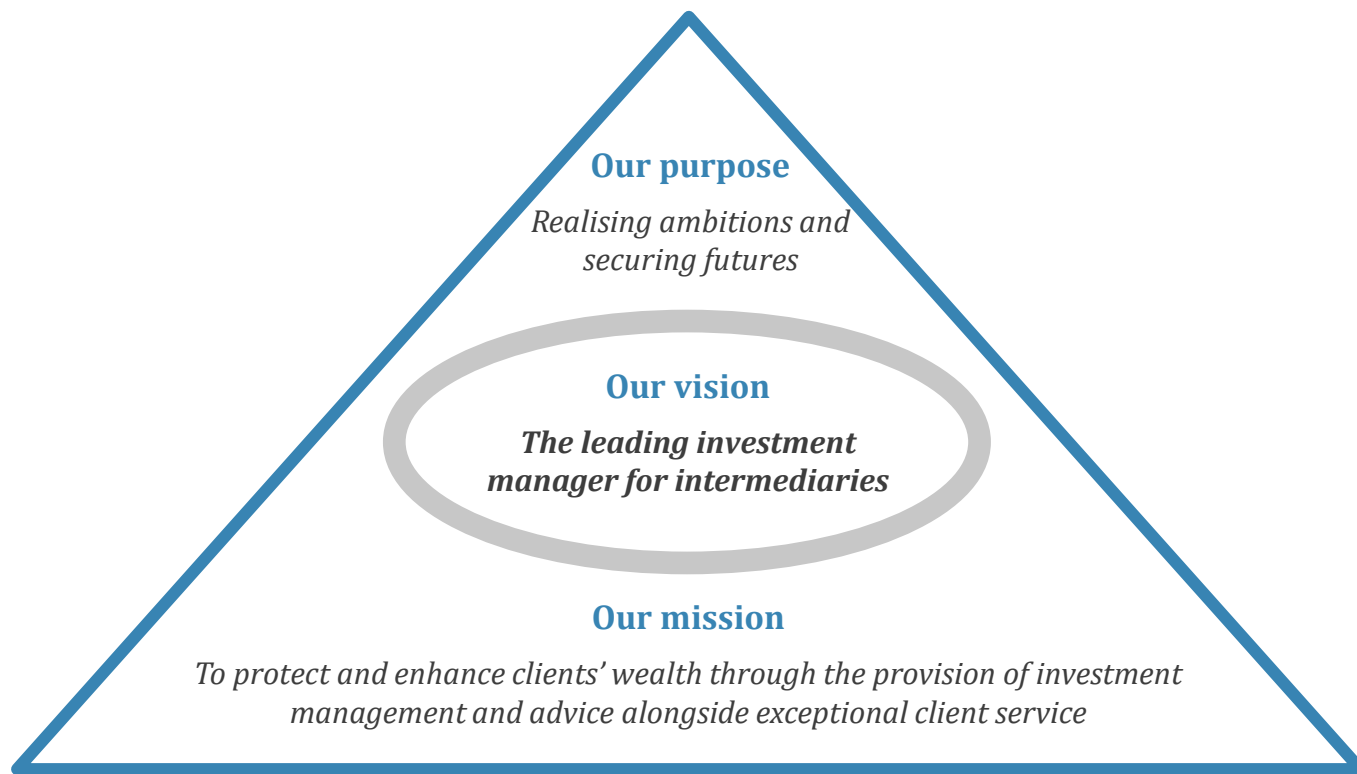


Source: GlobalData, Plaforum, FCA, PIMFA

Our bold vision for Brooks Macdonald is as the leading investment manager for intermediaries, grounded in our purpose of realising ambitions and securing futures

Market-leading organic growth

Best-in-class adviser experience and excellent client service, rigorous Centralised Investment Process, compelling investment proposition



Service and operational excellence

Easy to do business with, digital enablement, efficiency and scalability, resilience

Agile, high-quality M&A

Strict criteria, delivery of benefits

Committed to top quartile underlying profit margin over the medium term

People and Culture

Our guiding principles



Our promise



Enabling our strategy by attracting, engaging and retaining the best talent in the industry

Our digital transformation is progressing well, making Brooks Macdonald easy to do business with

Delivered already



Administrative processes transferred to SS&C



Retained operational staff with client focus



Full support to Funds business

In use with internal IFA, to be rolled out to network shortly



New client onboarding solution

Coming by the end of 2021



New Front Office technology



New adviser/client portal

An intuitive, adaptive digital onboarding journey for clients and advisers encompassing all products and services, integrating with key intermediary platforms for seamless transition of data



Seamless, all encompassing digital journey

Full online onboarding journey, catering for all entity types and product offerings



Fully paperless onboarding journey

All client types and offerings integrated into the onboarding journey, removing the need for physical application forms



Integrated tooling & know your customer checks

External onboarding checks embedded into digital journey



Embedded digital signature verification

Digital signature signing and storage catering for fully remote client onboarding



Interface with key adviser platforms

Established interfaces with key adviser platforms allowing upload of client data, without the need for re-keying



Bespoke reporting capability

All monitoring, rebalance requirements and alerts will be accessible from a personalised dashboard within the solution landing page







“An onboarding that currently takes me 2½ hours I’ll be able to do in 20 minutes with this!”

Adviser who attended a demo session

SS&C expected to complete current phase, which is the transition of all client- and intermediary-facing processes on to their platform, this calendar year

Our investment proposition is evolving to meet the changing demands of the market

						<i>Client focus</i>
BPS	Specialist products	<ul style="list-style-type: none"> We have four specialist products within our overall Bespoke Portfolio Service – the AIM Portfolio Service, Responsible Investment, Decumulation and Court of Protection FUM for these products has grown almost 50% over FY21 and is now over £1bn 				<i>Specialist offering, distinctive in the market</i>
MPS	Platform MPS	<ul style="list-style-type: none"> PMPS is the platform version of our traditional custody Managed Portfolio Service (MPS) and we have continued to increase the number of platforms where it is available, now up to 20 of the most popular platforms, and this has helped drive strong growth in the year 				<i>Entry-level offering</i>
	BM Investment Solutions	<ul style="list-style-type: none"> BM Investment Solutions, our B2B offering, has been a major success this year  <p>Working together to deliver mutual long-term benefit</p>	 <p>Bringing expertise and experience in defining and delivering a quality offering to the adviser’s clients</p>	 <p>Working with the adviser to deliver the investment process in a way that meets their objectives</p>	 <p>Marketing and sales support, including training for the adviser’s staff and co-branded materials</p>	<i>Distinctive offering, deeper relationship</i>
<ul style="list-style-type: none"> BMIS is how we can efficiently deliver our Centralised Investment Process to advisers with model portfolios and co-branded materials With BMIS, we work alongside the adviser, playing an active role in their ongoing success 						

Our Centralised Investment Process has delivered consistently strong investment performance

		1 year to 30.06.21	3 yrs to 30.06.21	5 yrs to 30.06.21	10 yrs to 30.06.21
Low Risk	BM Low Risk	7.93	11.20	23.00	52.23
	ARC Sterling Cautious PCI	7.25	11.61	20.58	40.71
	Relative performance	0.68	-0.41	2.42	11.52
Low-to-Medium Risk	BM Low-to-Medium Risk	12.96	16.40	35.88	71.78
	ARC Sterling Balanced Asset PCI	11.84	15.47	31.48	61.17
	Relative performance	1.12	0.93	4.40	10.61
Medium Risk	BM Medium Risk	18.85	21.65	49.89	90.23
	ARC Sterling Steady Growth PCI	15.87	19.36	43.27	82.48
	Relative performance	2.97	2.29	6.62	7.75
Medium-to-High Risk	BM Medium-to-High Risk	24.61	28.26	67.83	113.06
	ARC Sterling Equity Risk PCI	20.57	24.00	54.37	100.96
	Relative performance	4.05	4.26	13.46	12.10
High Risk	BM High Risk	28.13	32.30	79.42	141.66
	ARC Sterling Equity Risk PCI	20.57	24.00	54.37	100.96
	Relative performance	7.57	8.30	25.06	40.70

- For the 12 months to 30 June 2021, our investment performance was 15.8%, well ahead of the MSCI PIMFA Private Investor Balanced Index at 12.9%
- We are ahead of ARC benchmarks for all risk profiles over 1, 5 and 10 years
- Our Defensive Capital Fund also performed well in FY21, delivering 14.4%, well ahead of the sector

All figures are rounded to 2 decimal places. Please note that due to rounding, the figures shown in this table may not precisely add up to the totals/differentials shown. Past performance is not a reliable indicator of future results. All performance figures are net of underlying fund charges and Brooks Macdonald management fees but gross of professional adviser charges. Deduction of these fees will impact on the performance shown.

Source: Brooks Macdonald, Asset Risk Consultants (ARC), as at 30.06.21

Our purpose of Securing Futures and Realising Ambitions applies to our people as much as anyone



People agenda:

- Our Promise – our commitment to our people of what they can expect from the Group in return for their hard work and commitment

Connected Working:

- Introduced our flexible working policy in 2018
- Moved seamlessly to remote working in lockdown
- Now moving to a hybrid model we call Connected Working

connected
working

Diversity and inclusion:

- Diversity critical to our ability to innovate and to serve an increasingly diverse client base
- Inclusive Futures programme – Investment 2020, #10000blackinterns, Zircon BeTalent

INCLUSIVE
FUTURES

People development:

- Accelerating Growth for client and intermediary facing people
- Evolve for junior talented leaders
- Elevate for senior leaders

Accelerating
growth
elevate

Our strategy depends on attracting, engaging and retaining the best talent in the industry

We are a responsible corporate citizen

BM
BROOKS MACDONALD

A better way of doing business

—

Corporate Social Responsibility

Our 2021 report

1 | Introduction | We do the right thing | We are connected | We care | We make a difference < >

We are primed for growth, confident in our ability to deliver our ambitious growth agenda

- **Fundamental opportunity** for Brooks Macdonald is strong, with **focus on intermediaries** to leverage our strengths and unique position in the market
- We have a **strong team** in place – energised, ambitious and excited about the future
- Strategy is based on **four value drivers**: market-leading organic growth, service and operational excellence, selective high quality acquisitions, and our client-centric culture
- We will compete on the basis of a rigorous investment process and a compelling offering, and **differentiate on a best-in-class intermediary experience and excellent client service**
- **Committed to delivering top quartile underlying profit margin** over the medium-term



YEAR
ANNIVERSARY

Q&A

BM

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Appendices

BM

BROOKS MACDONALD

Leadership team



Andrew Shepherd
Group CEO designate



Ben Thorpe
Chief Financial Officer



Lynsey Cross
Chief Operating Officer



Robin Eggar
Managing Director, UKIM



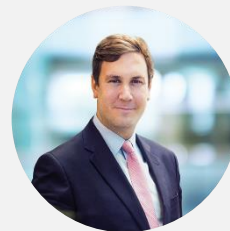
Tom Emery
HR Director



Richard Hughes
CEO International



Alick Mackay
Director, Strategy &
Corporate Development

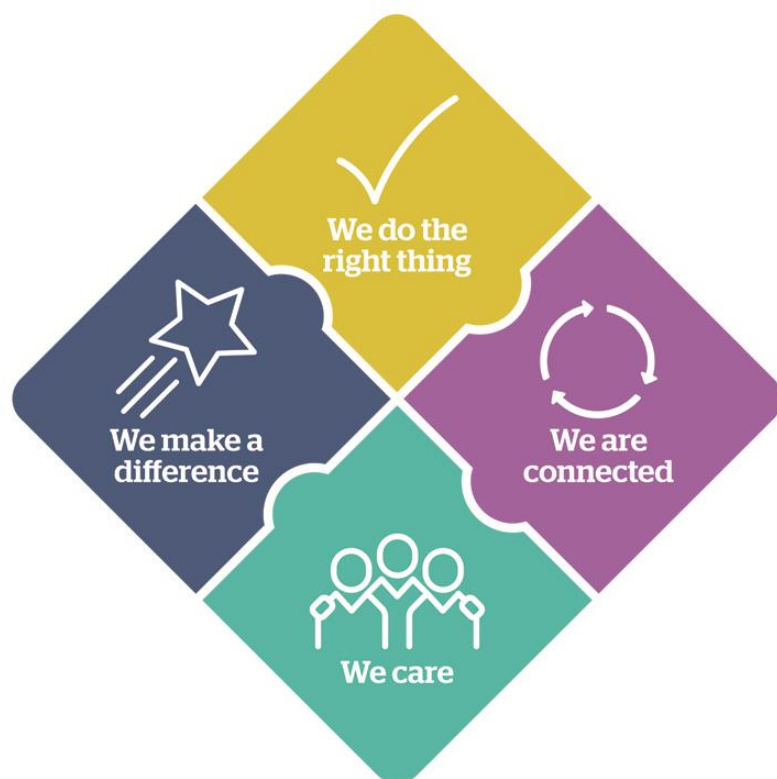


Edward Park
Chief Investment
Officer



Priti Verma
Chief Risk Officer

Our guiding principles



... underpin everything we do and the way we do it

We do the right thing

- We are worthy of our clients', advisers', partners' and one another's trust
- We act with integrity, honesty and fairness and we value diversity
- We take responsibility for our actions and decisions
- We deal with issues and tackle hard decisions head on

We are connected

- We collaborate and work as one team to bring the best of Brooks Macdonald to all we do
- We actively seek opportunities to learn from others and share our expertise
- We actively listen and communicate with clarity
- We look externally, challenge ourselves and are open to new ways of doing things

We care

- Our clients, advisers and partners are at the heart of everything we do
- We support our people to be the best they can be
- We treat our clients, advisers, partners and each other with respect
- We ask for help and we offer support to one another

We make a difference

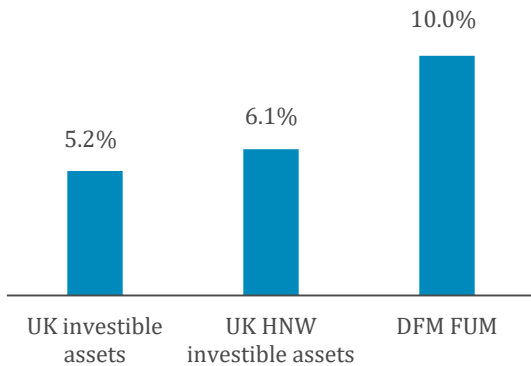
- We focus on delivering value for clients, advisers, partners and shareholders
- We are ambitious and constantly strive to be the best at what we do
- We innovate, learn from our actions and actively gather feedback to improve
- We develop our skills and nurture our relationships to ensure we remain relevant

Fundamental opportunity – demographics and policy

Underlying demographic and policy trends

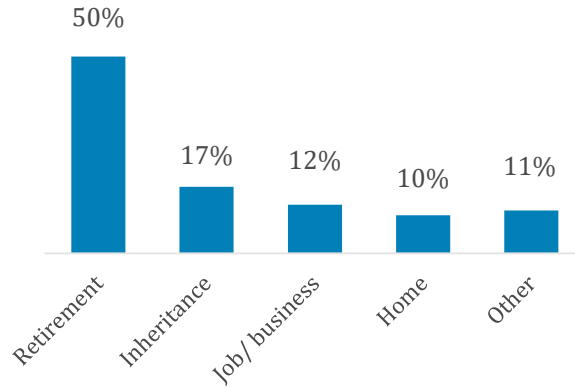
- **Supportive demographic trends:** ageing population with need to save for retirement
- **Supportive policy environment:** public policy-driven onus on individuals to plan for retirement, with suitable investment of assets
- **Growing demand for pre- and post-retirement related advice,** also focus on saving for long-term care costs
- **Trends reinforced by COVID-19:** widespread need to rebuild retirement incomes, focus on inheritance planning

Growth rates 2012-19 (%)

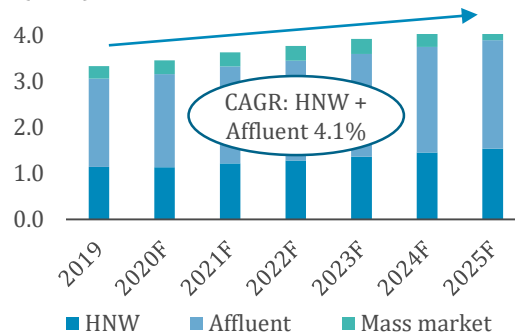


1. GlobalData define HNW as liquid assets > £750k; affluent in the range £30k - £750k; mass market <£30k
 2. Wealth in 2018, excluding NS&I, Occupational DC pensions and cash ISAs
 Source: GlobalData, ONS

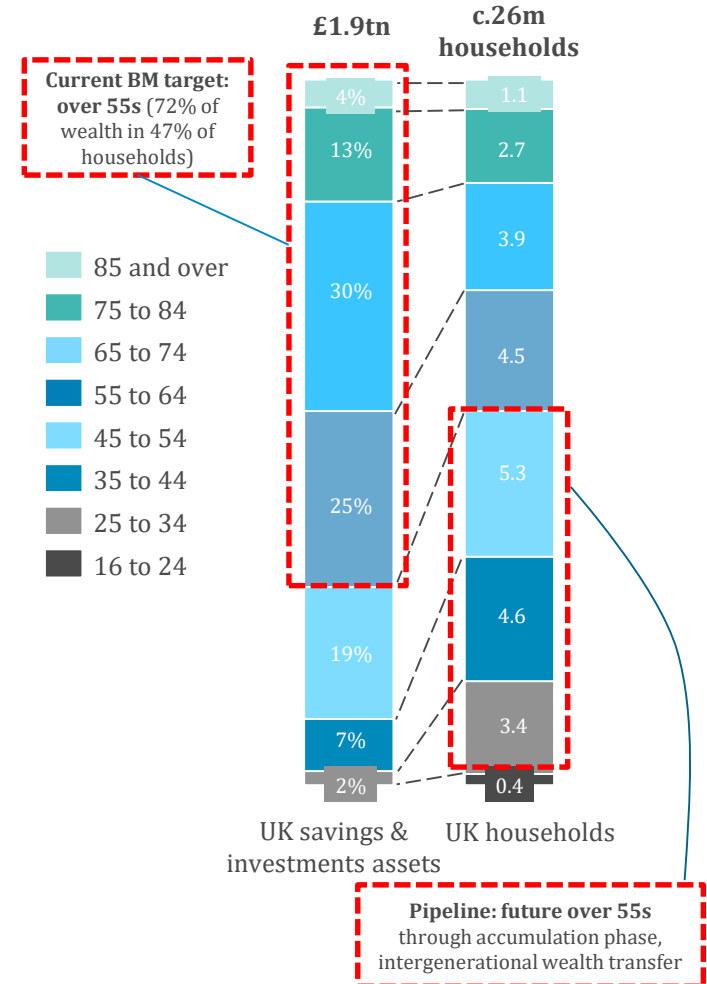
Trigger for seeking financial advice (%)



Forecast UK assets by wealth band (£trn)

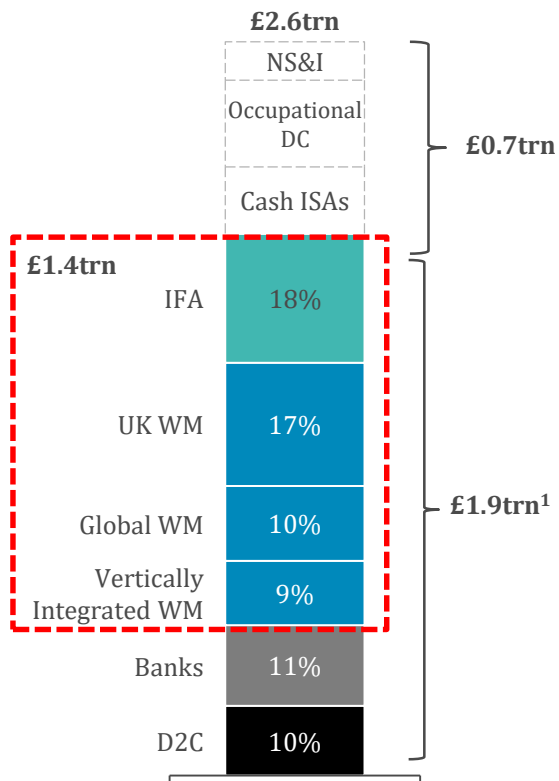


UK household wealth² by age band

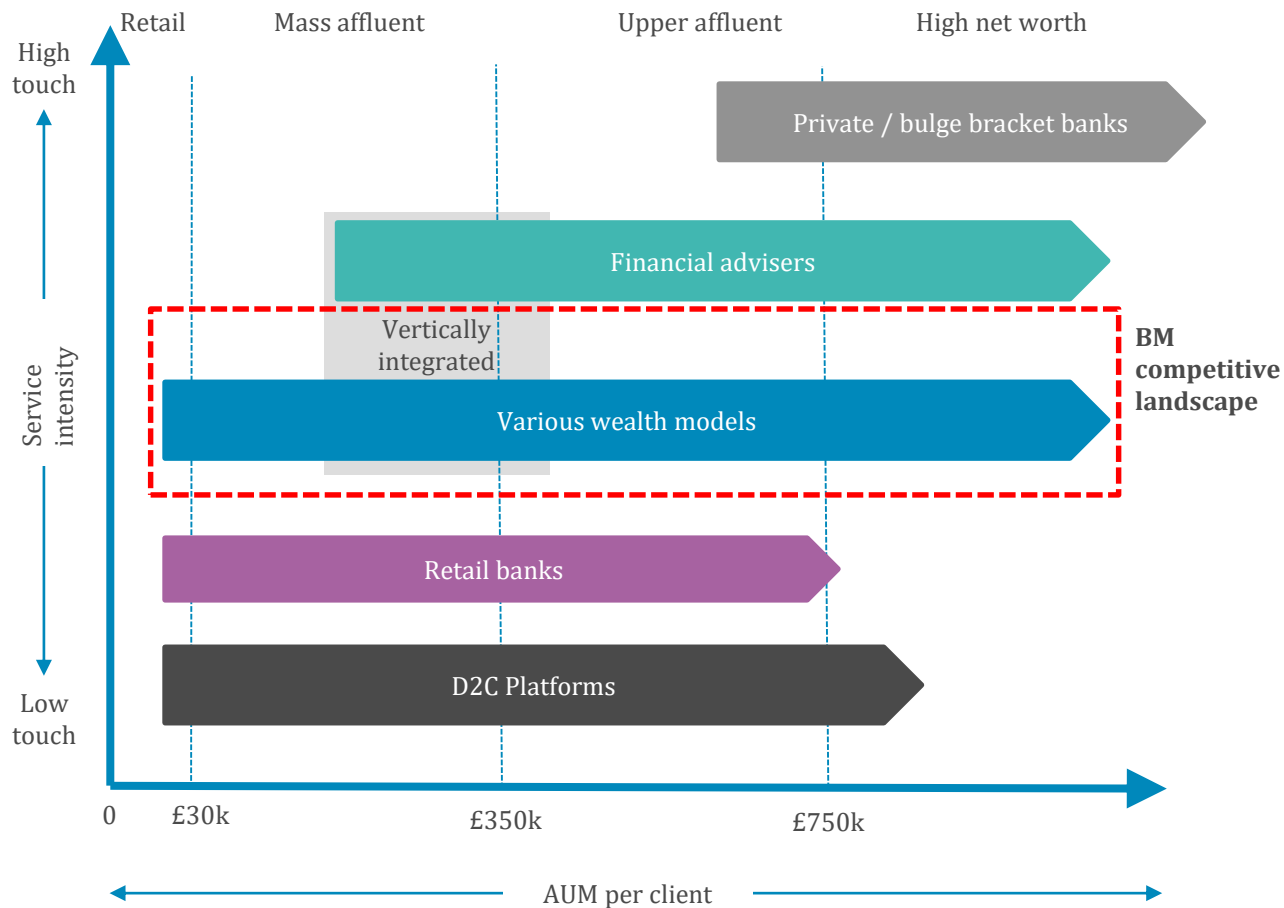


Fundamental opportunity – UK wealth market

UK S&I market
(by investment management provider)



Wealth market participants by segment



¹ Total savings and investment assets as per previous page
 Source: 2018 ONS data, PIMFA, and PwC interviews,

Fundamental opportunity – IFA market

IFA firm characteristics

- Large national scale leaders
- Targeting individuals and firms in the ‘long tail’ to increase adviser numbers
- All have in-house DFM, though some also use external providers

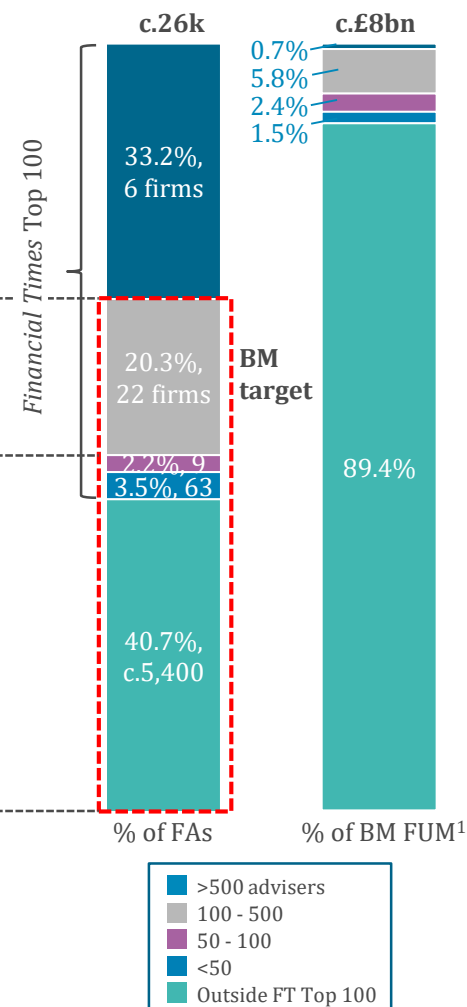


- Typically PE-owned or part of larger group. Some buying up ‘long tail’ firms
- Majority have in-house DFM, though some also use external providers



- Long tail of smaller firms
- Segmented between higher value (service orientated) and lower value (volume driven) propositions
- While some firms being bought up by larger players, others very focused on building strong sustainable businesses
- Increasingly outsourcing to DFMs (and outsourcing more)
- Trend towards more specialised services, model portfolios and unitised solutions, consultancy to support business success

IFA firms by size, share of FA population and share of BM funds¹ (%)



Note 1. Of UKIM custody FUM introduced by IFAs
Source: FCA, PIMFA, The Financial Times 2018 top 100 advisers (CF30s)

Driving organic growth going forward

	Importance to advisers	What Brooks Macdonald will deliver
Robust Centralised Investment Process (CIP)	<ul style="list-style-type: none"> • Critical to assure advisers of consistency of client returns • Incorporates input from all investment and portfolio managers, ensuring buy-in • Historically differentiated, now a quality baseline 	<ul style="list-style-type: none"> • Bring best of our ideas consistently to clients' portfolios, giving consistently strong returns • CIP is core to BM: performance ahead of ARC benchmarks over 1, 5 and 10 years • Flexibility to accommodate adviser investment and compliance screening processes
Compelling investment proposition	<ul style="list-style-type: none"> • Demand for ESG and other more specialised products within bespoke portfolios • More value-driven offerings – model-based, funds and unitised solutions • Complemented by adviser support and communications and excellent client service • Compelling investment proposition important to be credible 	<ul style="list-style-type: none"> • Strong set of specialised BPS products, clearly differentiated (<i>AIM, Court of Protection, Decumulation, Responsible Investment Service</i>) • Further development of model-based and unitised solutions, leveraging expertise of CIP and BPS specialisms • B2B Investment Solutions offering with consultancy overlay, responding to adviser needs and preferences • Excellent client service
Best in class adviser experience	<ul style="list-style-type: none"> • Efficiency and ease of doing business increasingly important • Delivering a strong, easy to access service is key • Digital enabling a broader adviser relationship • Excellent client service, supporting advisers retain clients and grow their business • Opportunity to differentiate within sector 	<ul style="list-style-type: none"> • Committed to delivering best-in-class adviser experience and ensuring adviser confidence in client service levels • Market leading reporting and tools (e.g. look-through) for model-based and unitised portfolios • Systematic ongoing review of adviser requirements to shape development of offering • Sustainable differentiation through ongoing innovation

Our specialist BPS proposition

Responsible Investment Service

- Environmental, Social & Governance offering which aims to delivery meaningful change to sustainability changes on behalf of investors
- Two options – Advance, which invests in funds giving exposure to businesses providing direct solutions to the world’s sustainability challenges, and Avoid, which excludes investment in funds with exposure to businesses involved in the production of pornography, armaments, gambling, tobacco and alcohol
- Available in BPS, MPS and International

AIM Portfolio Service

- Invests in businesses in the London Stock Exchange’s AIM market which serves smaller high-growth companies
- Portfolio of 30-40 carefully selected AIM listed companies
- UK government provides incentives to private investors to support growth companies through Inheritance Tax relief

Decumulation Service

- A new approach to retirement planning designed to help clients meet their income requirements throughout their full retirement
- Splits client assets between a short-term portfolio invested in cash and short-term structured return assets in the early years of retirement and a longer-term portfolio invested in growth assets
- Adaptable to clients with other income requirements

Court of Protection

- Proposition that supports clients with court-appointed deputies and their advisers, where the individual lacks the mental capacity to make their own financial decisions
- Part of a broader approach to vulnerable clients in general, with targeted communication and support mechanisms

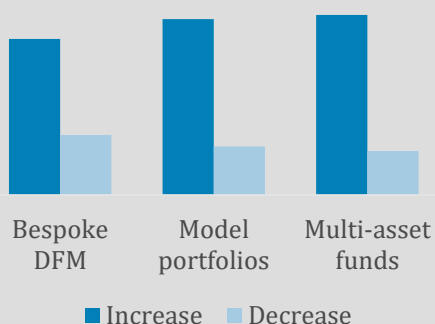
Grown almost
50% in FY21,
now over £1bn
FUM

Fundamental opportunity – IFA outsourcing

The trend for IFAs to outsource investment management to DFM is continuing, with the proportion of model portfolios and funds in the mix of underlying product growing

Advisers planned use of outsourced DFMs, 2020

Expected change in client assets allocated to outsourced DFM services over next 2 years



Platform report August 2020

“UK Wealth Management Market Overview”

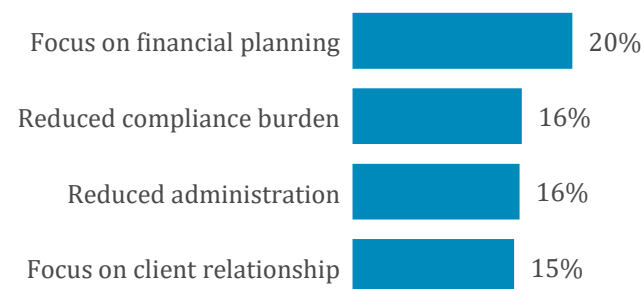
“There is a trend towards outsourcing portfolio management in the advice market. Multi-asset funds have been growing strongly but on-platform model portfolios are also expected to see strong growth.”

“We expect demand for fully bespoke outsourced discretionary to remain strong.”

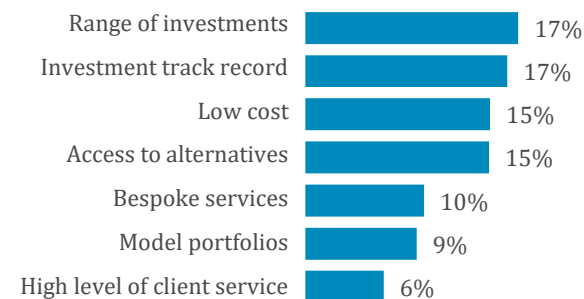
Source: GlobalData, Platform

IFAs decide to outsource to let them focus and reduce their administrative and compliance burden, but choice of DFM depends on investment track record and customer service

IFAs’ top reasons for choosing to outsource, 2020 (%)



IFAs’ top requirement for choosing a DFM, 2020 (%)



Higher statutory profit with adjusting items relating to acquisitions and platform transformation

	FY20	FY21
	£m	£m
Underlying profit before tax	23.0	30.6
<i>Acquisition related costs:</i>		
Gain arising on acquisition	-	5.0
Deal structuring and legal costs	(2.8)	-
Integration and staff retention costs	(1.4)	(2.7)
Amortisation of client relationships and contracts acquired with fund managers	(2.9)	(4.9)
Client relationship contracts impairment	-	(1.5)
Dual running operating platform costs	-	(1.0)
Changes in fair value and finance cost of deferred consideration	(0.2)	(0.4)
Goodwill impairment	(4.5)	-
Head office relocation costs	(1.2)	-
Statutory profit before tax	10.0	25.1
Taxation	(3.6)	(5.5)
Statutory profit after tax	6.4	19.6
Balance sheet and capital adequacy	FY20	FY21
Total Net Assets ¹ (£m)	123.5	134.0
Cash (£m)	50.2	54.9
Total capital ratio ¹ (%)	20.7	21.6

¹Total net assets and total capital ratio calculation take into account the respective year's profits (net of declared dividend) as these are deemed to be verified at the date of publication of the full year results.

Notes on reconciliation to statutory profits:

Acquisition related costs +£2.3m:

- Gain on purchase (+£5.0m) in relation to the Lloyds acquisition.
- Deal and integration costs (£2.2m) incurred on the Cornelian and Lloyds acquisitions.

Amortisation of client relationships (£4.9m)

Higher charge for the year reflecting the newly acquired investment management contracts.

Client relationship contracts impairment (£1.5m)

Reduction in the useful economic life of intangible assets associated with previously acquired business, DPZ Limited.

Dual running operating platform costs (£1.0m)

Incremental costs of running two operating platforms concurrently as part of transition to SS&C.

Changes in fair value and finance costs of deferred consideration (£0.4m)

Change in fair value measurement on deferred payments in connection with Group M&A.

Balance sheet and regulatory capital

Balance sheet remains strong with higher net assets due to acquisitions and improved performance.

Solid total capital ratio of 21.6%, representing the level of 'capital cover' on the Group's Pillar 1 risk weighted exposure requirement.

Higher average FUM, growth in revenue and slight drop in yields due to mix change

	Revenue			Yields			Avg FUM		
	FY20	FY21	Change	FY20	FY21	Change	FY20	FY21	Change
	£m	£m	%	bps	bps	Bps	£m	£m	%
BPS fees	53.8	58.7	9.1	67.8	67.3	(0.5)	7,932	8,722	10.0
BPS non-fees (transactional income)	14.6	14.5	(0.7)	18.4	16.6	(1.8)	-	-	-
BPS non-fees (interest turn)	4.4	1.4	(68.2)	5.5	1.6	(3.9)	-	-	-
Total BPS	72.8	74.6	2.5	91.8	85.5	(6.2)	7,932	8,722	10.0
MPS	8.0	8.3	3.8	46.8	40.1	(6.7)	1,709	2,069	21.1
UKIM discretionary	80.8	82.9	2.6	83.8	76.8	(7.0)	9,641	10,791	11.9
Funds	8.7	12.2	40.2	52.4	55.3	2.9	1,659	2,207	33.0
Total UKIM	89.5	95.1	6.3	79.2	73.2	(6.0)	11,300	12,998	15.0
International fees	8.5	8.9	4.7	54.2	54.4	0.2	1,569	1,636	4.3
International non-fees	3.9	2.9	(25.6)	24.9	17.7	(7.1)	-	-	-
Lloyds CI ¹	-	5.3	n/a	-	98.1	n/a	-	540	n/a
Total International	12.4	17.1	37.9	79.0	78.6	(0.4)	1,569	2,176	38.7
Total FUM related revenue	101.9	112.2	10.1	79.2	73.9	(5.3)	12,869	15,174	17.9
Financial Planning - UK	3.8	3.7	(2.6)						
Financial Planning - International	1.0	1.0	-						
Other income	1.9	1.3	(31.6)						
Total non FUM related revenue	6.7	6.0	(10.4)						
Total Group revenue	108.6	118.2	8.8						

Note 1. Average FUM for Lloyds CI time weighted for 7 month for the purposes of the yield calculation.

Notes on yields movement:

UKIM:

BPS fee yield – down slightly on prior year due to business growth.

BPS non-fee yield – down by 4.3bps mainly due to drop in interest income.

MPS fee yield – down by 6.7bps as a result of business growth and new mandates at relatively lower rates.

Funds yield – increase of 2.9bps due to full year impact of Cornelian funds.

International:

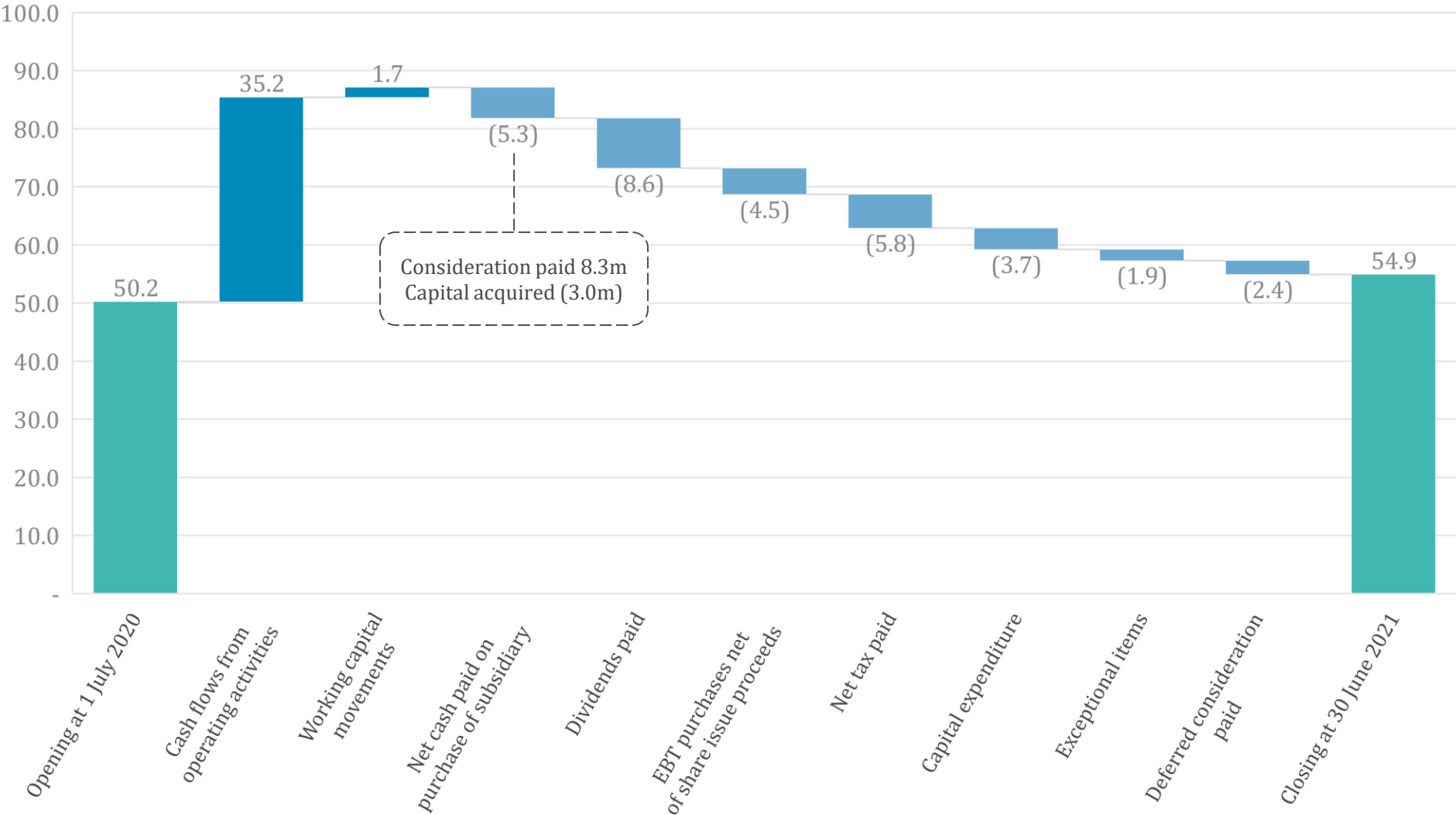
Fee yield – up slightly on prior year due to impact of mix.

Non-fee yield – down by 7.1bps due to lower interest and transactional income.

Cash flows

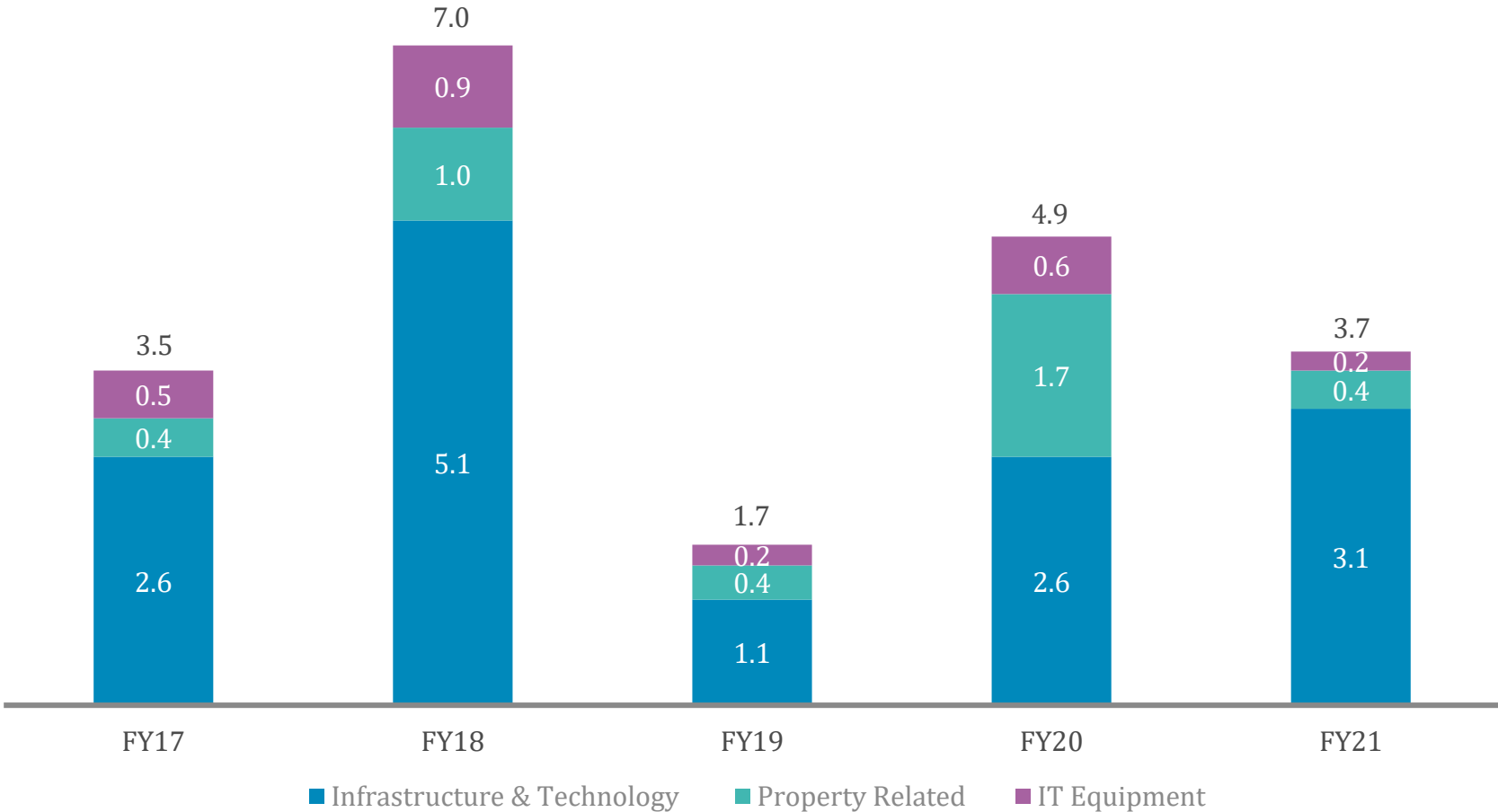
£m	FY20	FY21
Opening cash	34.6	50.2
Cash flows from operating activities	28.8	32.5
Working capital movements	3.1	4.4
Net interest received	0.3	-
Proceeds from share placing	29.4	-
Cash paid on purchase of subsidiary	(20.4)	(5.3)
Dividends paid	(7.7)	(8.6)
Net tax paid	(5.9)	(5.8)
Purchase of shares by EBT, net of share issue proceeds	(4.1)	(4.5)
Capital expenditure	(3.6)	(3.7)
Deferred consideration paid	(0.9)	(2.4)
Exceptional items	(3.4)	(1.9)
Closing cash	50.2	54.9
Change in cash	15.6	4.7

Strong cash generation, Lloyds acquisition funded from own funds



Capital expenditure trend

Capital expenditure FY17 - FY21 (£m)



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