Final results
for the 12 months ended 30 June 2017

Caroline Connellan, Chief Executive;
Simon Jackson, Finance Director; and
Andrew Shepherd, Deputy Chief Executive

BROOKS MACDONALD

Caroline Connellan

Chief Executive

BROOKS MACDONALD

Highlights – strong underlying business performance

	2017	2016	Change
Discretionary FUM	**£10.5bn**	£8.3bn	26%
Revenue	**£91.7m**	£81.4m	13%
Underlying profit margin	**20.1%**	19.1%	1.0ppt
Underlying profit before tax	**£18.4m**	£15.5m	19%
Underlying earnings per share	**115.8p**	87.9p	32%
Statutory profit before tax	**£8.0m**	£15.9m	-49%
Statutory earnings per share	**43.0p**	94.4p	-55%
Proposed final dividend	**26p**	23p	13%
Total dividend	**41p**	35p	17%

- Strong FUM growth with 26% increase to £10.5bn, tripling FUM in last 5 years; good momentum continues
- 19% increase in underlying PBT; for the first time all four business segments reported underlying profit
- Statutory profit fell principally as a result of the previously announced provision
- Total dividend increased by 17% reflecting the Board's continued confidence in the strength of the business and commitment to a progressive dividend policy
- Sale of Braemar Estates announced separately today in line with our focus on the core business and delivering margin improvement

Andrew Shepherd

Deputy Chief Executive

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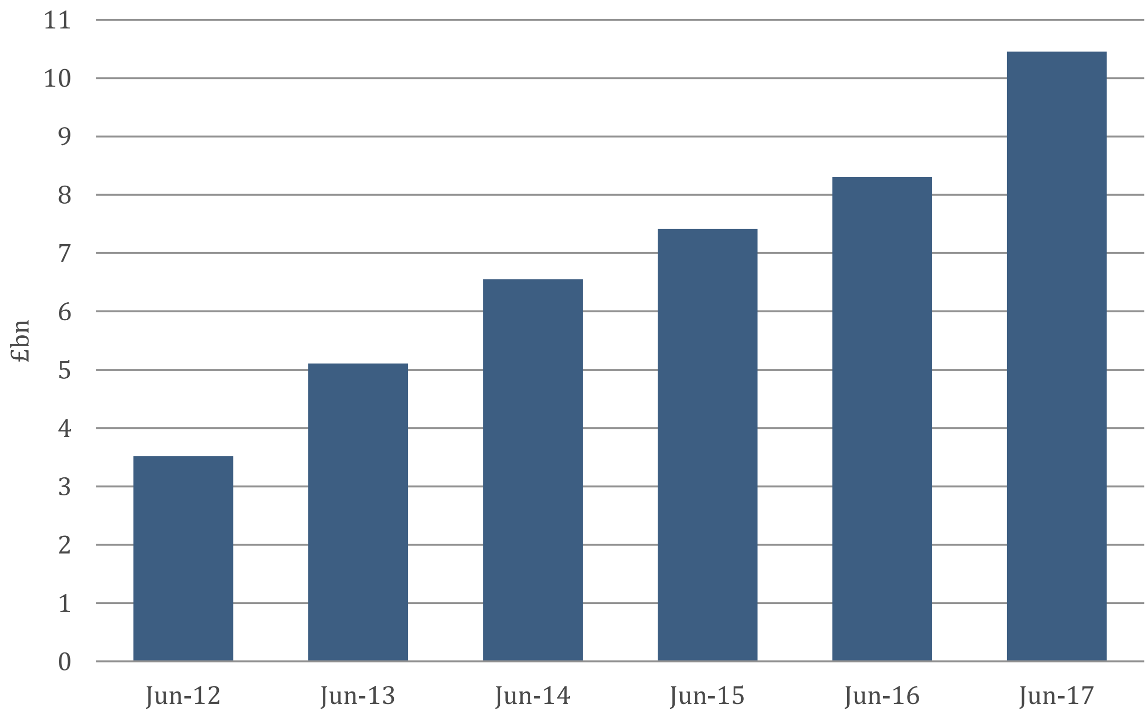
FUM tripled in last 5 years – increased scale of business



	Year to June '12	Year to June '13	Year to June '14	Year to June '15	Year to June '16	**Year to June '17**
Total BM FUM (£m)	3,520	5,110	6,550	7,413	8,301	**10,456**
% Increment	18.6	45.0	28.2	13.2	12.0	**25.9**
% FTSE WMA Balanced (Previously APCIMS Balanced)	(2.0)	9.8	6.2	3.7	4.6	**10.5**

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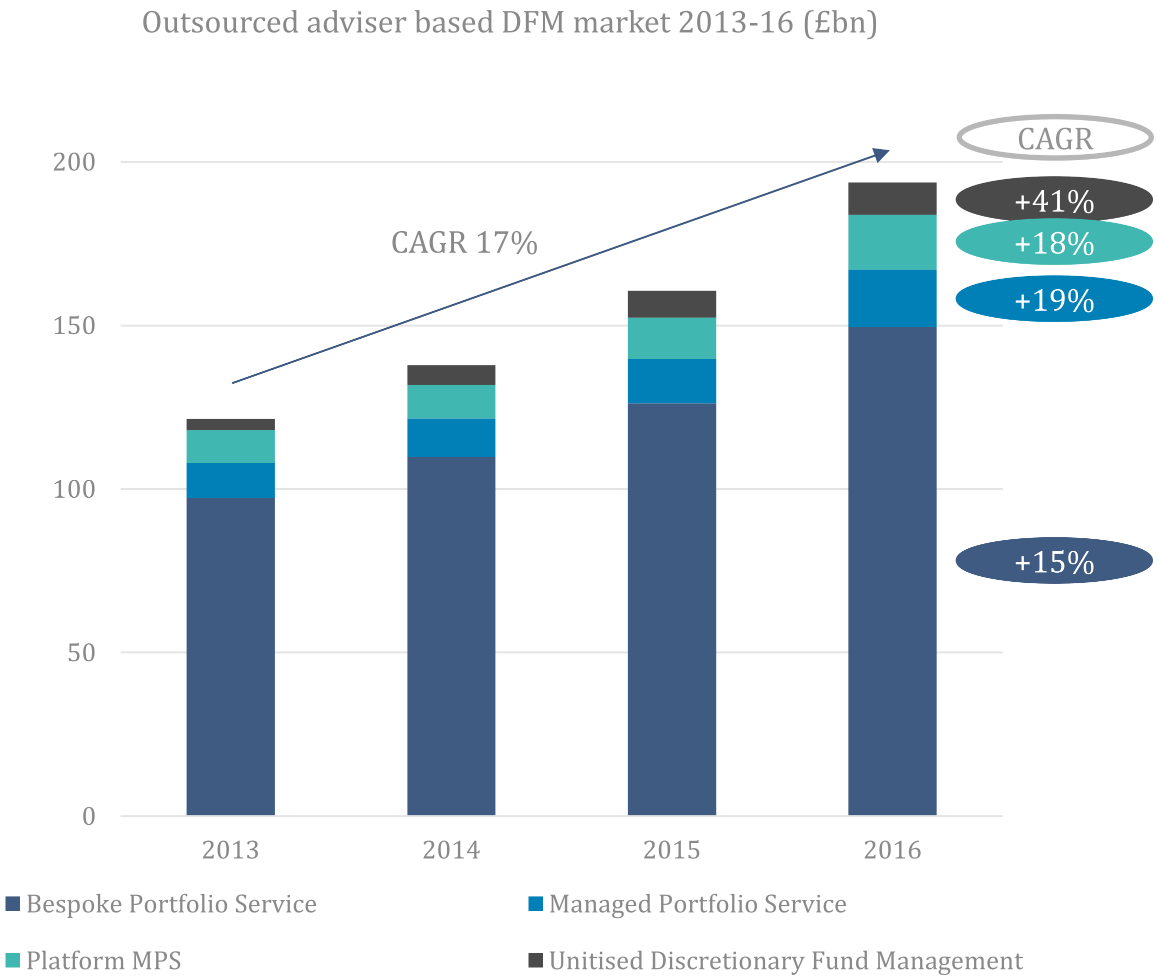
Organic growth reflecting strength of core offering and relationships

£m	2017				2016			
	Investment management	Funds	BMI	Total	Investment management	Funds	BMI	Total
Opening discretionary FUM	**6,158**	**796**	**1,348**	**8,301**	**5,589**	**663**	**1,161**	**7,413**
Net new business	643	290	17	951	551	152	160	863
Performance	968	72	163	1,203	17	-19	27	25
Closing FUM	**7,768**	**1,159**	**1,529**	**10,456**	**6,158**	**796**	**1,348**	**8,301**
Organic growth %	**10.4%**	**36.5%**	**1.3%**	**11.5%**	**9.9%**	**23.0%**	**13.7%**	**11.6%**
Total growth %	**26.2%**	**45.5%**	**13.4%**	**25.9%**	**10.2%**	**20.1%**	**16.1%**	**12.0%**

- Rates of organic growth continue to rise in UK Investment Management and Funds
- Tough year for BMI net new business but good gross flows bode well for future

- Improved Property AUA of £1.2bn, supporting disposal (2016: £1.1bn)
- Third Party AUA of £310m (2016: £270m)

The adviser market – direction of travel



A regulatory and commercial tailwind has driven outsourcing

Weak markets would drive further outsourcing

Brooks Macdonald has built a strong brand and reputation in this high growth channel

Source: Defaqto Matrix 2017 © Defaqto via Brooks Macdonald

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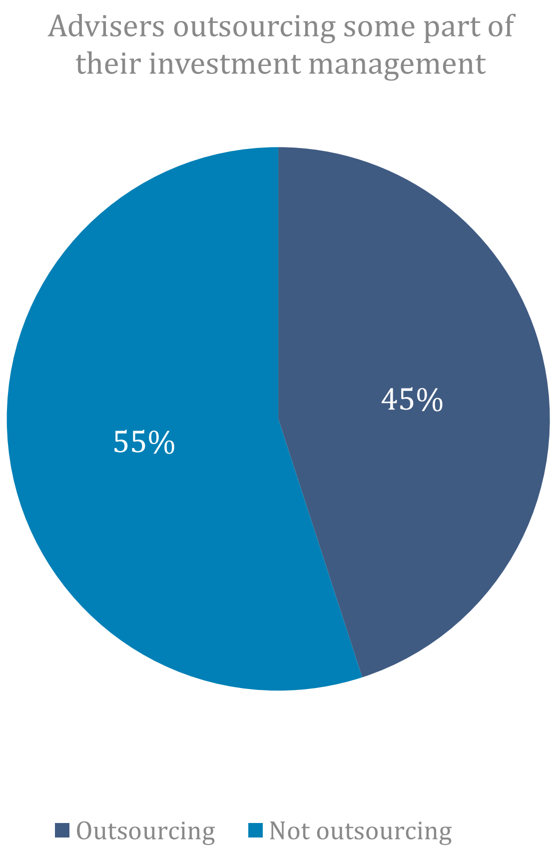
The Opportunity for Brooks Macdonald



- Less than 45% of advisers estimated as outsourcing some part of their investment management
- Overall target in the adviser market is:
  - to win more share of business from those who do outsource and
  - to convert those who currently do not
- The Association of Professional Financial Advisers, quote the total number of financial advice firms in the UK as 14,054 and we remain confident that 2-3,000 of those are good targets for Brooks Macdonald
- Continue to invest to improve the service levels we provide to this market
- International Adviser opportunity remains strong, particularly where RDR is being replicated
- Demand for Adviser services is undiminished which is positive for both the distribution of our Investment Management services but also sales for our Financial Planning operation, which additionally provides us insight to the Adviser industry and FUM when suitable for the client

Source: Defaqto Limited 2017

Simon Jackson

Finance Director

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Financial highlights

	FY17	FY16	% Change
Revenue	**£91.7m**	£81.4m	13%
Underlying profit before taxation	**£18.4m**	£15.5m	19%
Profit before taxation	**£8.0m**	£15.9m	(49)%
Underlying earnings per share	**115.8p**	87.9p	32%
Basic earnings per share	**43.0p**	94.4p	(55)%
Interim dividend	**15.0p**	12.0p	25%
Final dividend	**26.0p**	23.0p	13%
Total dividend	**41.0p**	35.0p	17%
Cash and liquid assets	**£33.4m**	£20.5m	62%

- Underlying profit before taxation excludes the finance costs of deferred consideration, changes in the fair value of deferred consideration, impairment and amortisation charges in respect intangible assets and an exceptional item in respect of legacy matters.
- Provision of £6.5m for legacy matters in CI and impairment charge of £2.0m in respect of Levitas

Reconciliation of underlying profits to statutory

£'000	FY17	FY16
Underlying profit before tax	**18,426**	15,536
Amortisation of intangible assets	**(3,863)**	(2,674)
Finance costs of deferred consideration	**(263)**	(577)
Exceptional item regarding legacy matters in CI	**(6,500)**	-
Reduction in fair value of deferred consideration in respect of Levitas	**2,230**	3,571
Impairment of carry value of goodwill for Levitas	**(1,986)**	-
Profit before tax	**8,044**	15,856
Profit after tax	**5,814**	12,739

- Amortisation of intangible assets includes £2.5m relating to client contracts and £1.3m for software
- £6.5m provision to deal with legacy matters relating to discretionary management for CI clients and a Dublin fund
- Slower growth in Levitas FUM than originally forecast resulting in reduced deferred consideration payment going forward of £2.2m
- Impairment charge of £2.0m in respect of carrying value of Levitas goodwill arising from lower FUM growth
- FY17 tax charge increased by £1.2m in respect of CI losses not relieved in UK

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Underlying profit before tax

£'000s	FY17	FY16	% Change
Investment Management fee income	**76,301**	66,563	15%
Fees from other advisory services and other income	**14,364**	12,126	18%
Pre RDR payments to introducers	**1,051**	2,710	(61%)
Underlying operating income	**91,716**	81,399	13%
Underlying operating expenses	**(73,341)**	(65,120)	13%
Net gains/(losses) on investments and finance income	**51**	(743)	-
Underlying profit before tax	**18,426**	15,536	19%
Underlying profit margin*	**20.1%**	19.1%	

* Underlying profit before tax divided by underlying operating income

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Underlying segmental results

FY17 £'000	Investment management	Financial planning	Funds	Property management	International	Group and consolidation costs	Total
Revenue	65,717	4,989	5,505	2,922	12,583	-	91,716
Underlying profit	21,134	275	462	126	452	(4,023)	18,426
Margin	32%	5%	8%	4%	4%	-	20%
Revenue yield	94bps	-	57bps	-	80bps	-	-

- NRC impairment and losses 208
- Closure costs of CI back office 307

FY16 £'000	Investment management	Financial planning	Funds	Property management	International	Group and consolidation costs	Total
Revenue	58,711	4,251	4,322	2,510	11,605	-	81,399
Underlying profit	19,100	(57)	(581)	23	800	(3,749)	15,536
Margin	32%	(1%)	(13%)	0%	7%	-	19%
Revenue yield	100bps	-	59bps	-	84bps	-	-

- The revenue yield movements are due to a different mix of services/sold between the two years

IT project update and overview of FY18 investment

Delivery of single Group portfolio management platform

- Delivered migration from two legacy systems in BMI on to a single Group portfolio management platform
- Total project cost £5.3m over three years with software costs of £3.9m, of which £1.4m in FY17
- Deliverables over full three years of the project included:
    - One portfolio management system across the Group
    - Enhanced client portal and client relationship management (CRM) system
    - Increased automation and integration of processes
    - Increased capacity in front office and establishment of single back office in London

FY18 IT investment

- Total IT investment in software in the region of £3m p.a. for the last two financial years
- Anticipate similar ongoing level of spend this year, given growth, increased client and adviser expectations, and to deliver greater efficiency
- Areas of investment for FY18 include:
    - Ongoing enhancements to the Group portfolio management platform
    - Application process for advisers and clients increasingly online
    - Improvements to client portal and CRM system as Funds integrated
    - Shift from paper to online client quarterly valuations (also compliant with MiFID II)
- Additional £1m spend in FY18 to deliver the specific IT requirements of MiFID II and GDPR

Planning for 2018 and beyond

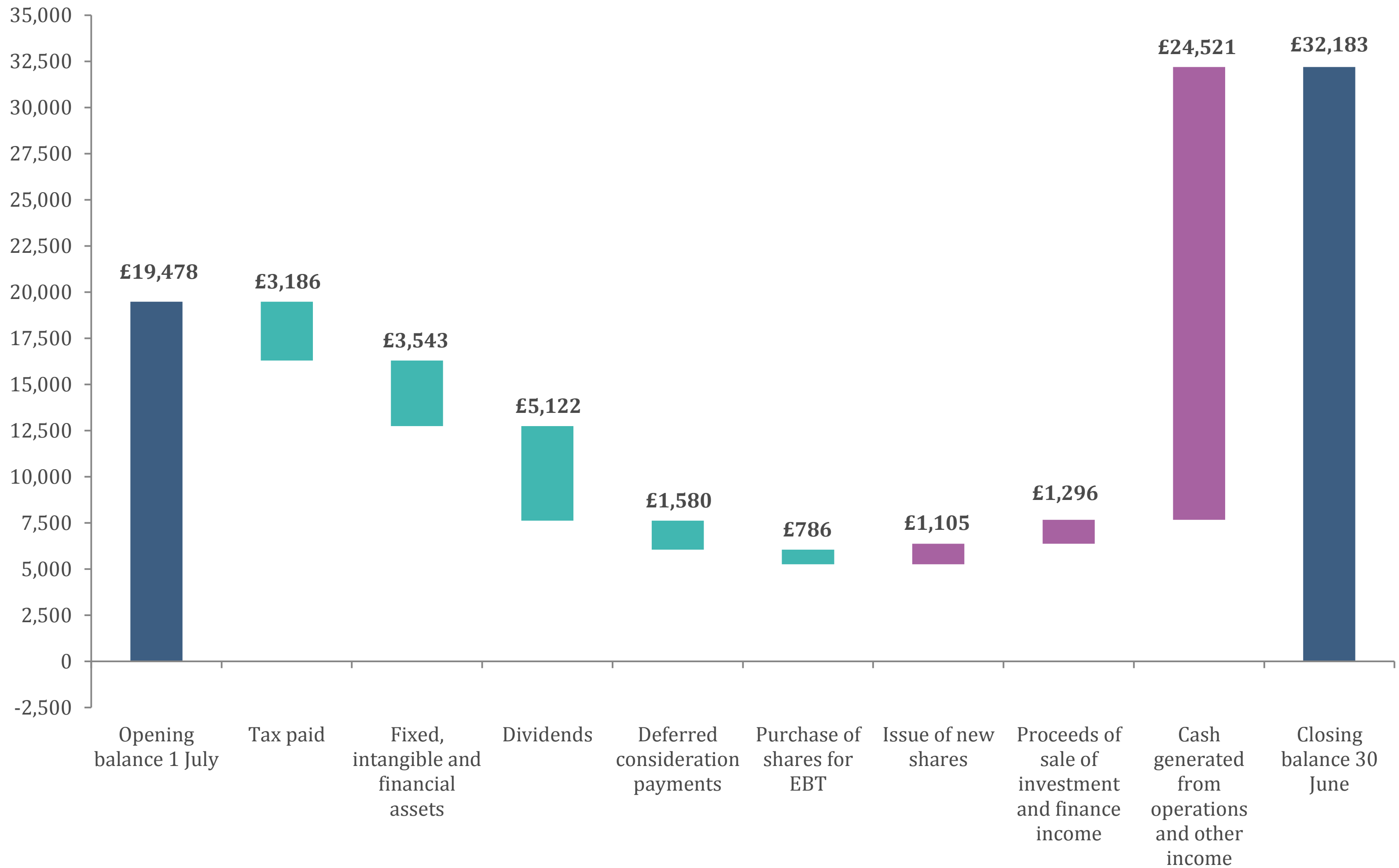
- Investment in our risk management and operational framework, as announced at the trading statement, will result in an additional spend of c. £4m in FY18 with an ongoing spend in subsequent years of c. £2m

- Context:
  - Business growing rapidly – trebling FUM and doubling headcount over the last 5 years
  - High pace of regulatory change continues:
    - MiFID II, GDPR and SMCR over the next 12-18 months
    - FCA agenda for the future set out in, e.g., the Asset Management Market Study
  - Due to increased scale, now an "IFPRU significant" firm, bringing additional regulatory reporting requirements and putting us into the SMCR "Enhanced Regime"

- Ongoing £2m spend:
  - Relates principally to additional staff costs to deliver the enhanced capabilities – new CRO and COO roles, 10-15 additional Risk & Compliance headcount, plus some ongoing investment in the framework

- Additional £2m spend in FY18:
  - One-off costs – e.g., recruitment, third party consultants, temporary staff, project management
  - Risk & Compliance approach appropriate for a firm of our current scale needs to be more formally embedded and structured
  - Project teams working on enhancements to the risk management framework, e.g.: policies, processes and procedures; training requirements; three lines of defence model
  - New internal capability will enable us to run the risk framework more efficiently and effectively

Cash bridge £’000



Caroline Connellan

Chief Executive

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Strongly positioned to capture the market opportunity

Market opportunity

- **Increasing wealth:**
  - Wealth forecast to continue to rise
  - Advice requirements growing
- **Pensions and ISAs:**
  - Changing pension regulation major opportunity
  - Pensions transfer demand (DB & DC)
  - SIPPs and ISAs
- **Professional intermediaries:**
  - Number of individual advisers still below 2011 level, but rising again
  - Professional high-end advisers to stay independent
  - Continuing trend of specialisation

Our positioning

- **Adviser focus:**
  - Uniquely strong branding and reputation in the adviser channel
  - Strategic Alliances
  - Own in-house adviser – Financial Consulting – giving additional insight
- **Strength of proposition:**
  - Adviser relationship the foundation, outstanding levels of client service
  - Product range mix that advisers and clients seek – BPS, MPS, MAF
  - Performance consistently good
- **Strong regional network:**
  - Located in UK regions of wealth
  - Look to broaden footprint selectively when opportunities arise

External environment is changing fast

Technology

- "Robo-advice"
  - Showing no signs of reaching profitable scale
  - US firms – ahead in lifecycle – moving to multi-channel

… however …

- Digital playing increasingly important role
  - Essential part of client experience and satisfaction levels
  - Particularly important for younger generations but also reflecting broader consumer experience
  - Affects both client take-on and servicing, and processing engines
  - Supports sustainability of adviser business models

Regulation

- MiFID II, GDPR, SMCR: high pace of regulatory change
- FCA's Asset Management Market Study
- Growth has elevated BM to FCA's "IFPRU significant" categorisation
  - Increased regulatory reporting requirements
  - Automatic "enhanced regime" for SMCR

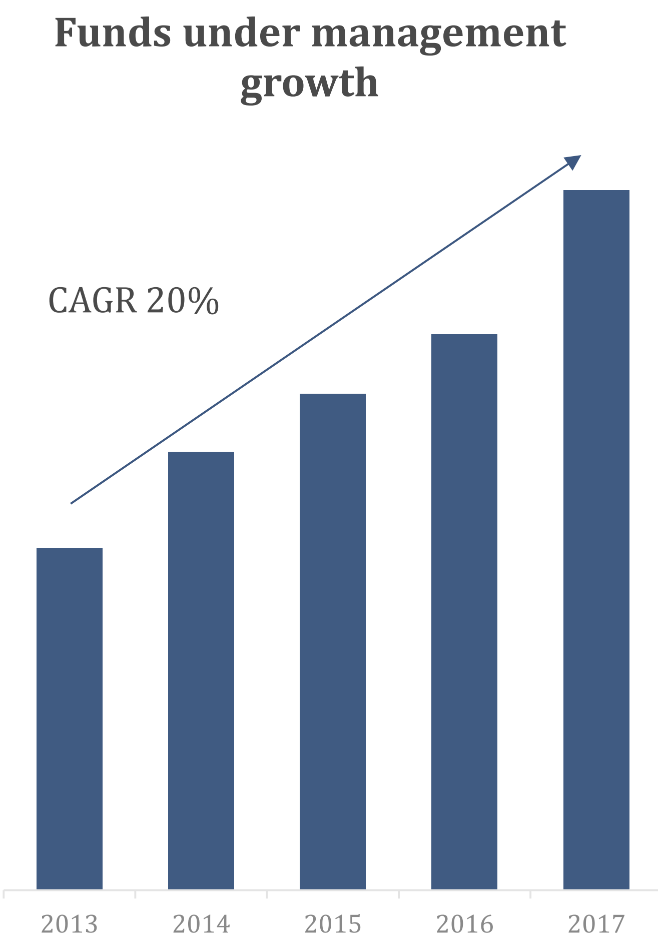
Competition

- Investment managers looking to buy/build adviser networks
- Focus on consolidation, driven in part by increasing spend on regulation and technology

Sector implications

- Agility to evolve proposition critical
- Need for investment to meet technology and regulatory change
- Regulatory investment and "enhanced regime" are opportunities to drive broader benefits
- Minimum efficient scale increasing

Strong top-line growth built on a client-centric culture

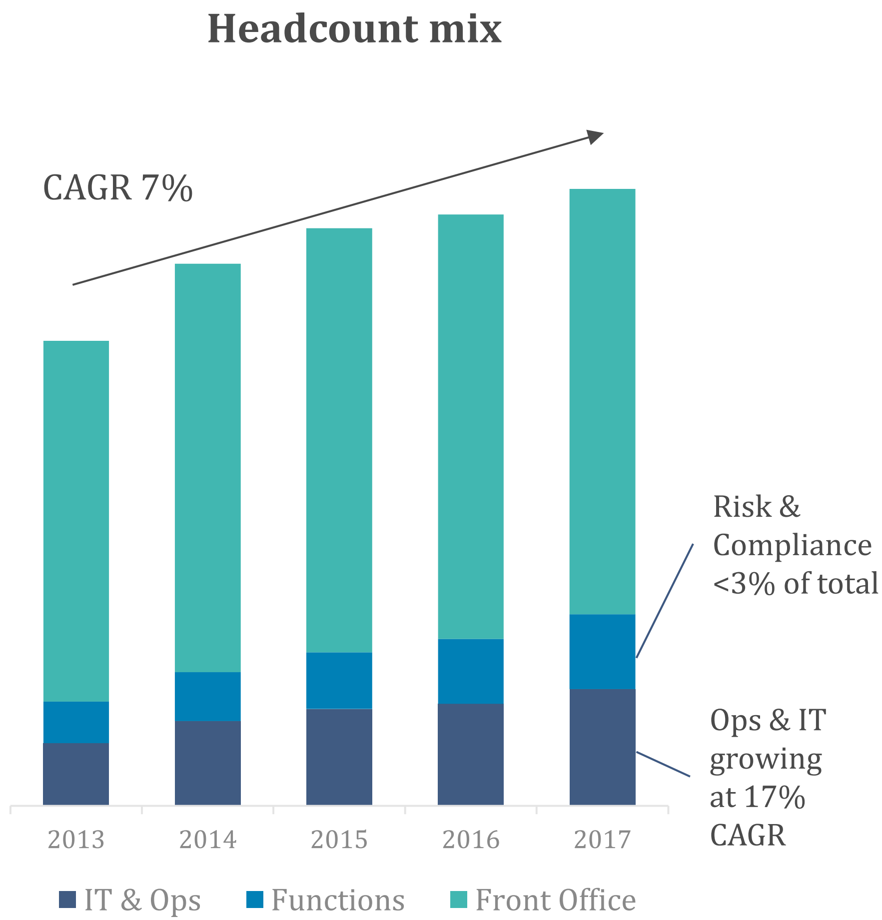


Observations
- Strength of core business:
  - High FUM growth in core
  - Client-centric culture
  - Strong adviser brand and relationships
- Centralised investment process
- Attractive Group revenue yield

Initial conclusions – "nurture our strengths"
- Foster the culture
- Maintain focus on core business and strength of client/adviser service offering
- Ongoing proposition development
- Invest to expand footprint

Actions so far
- *Focusing on the core*
  - Agreed sale of Braemar Estates
  - Opened Cardiff office
- *Fostering the culture*
  - Resolving Spearpoint legacy matters, commitment to treating clients fairly
  - People agenda – listening to feedback, broadening leadership

Investment required to support FUM growth and margin improvement

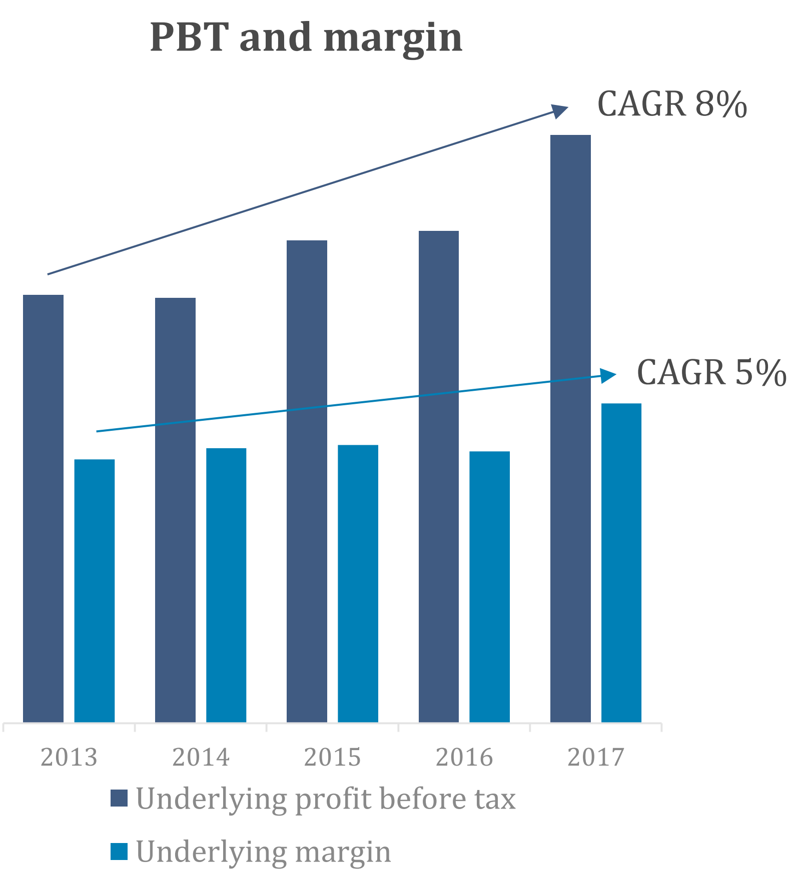


Observations
- High-touch client service
- Focus on front office teams to meet increasing client and adviser requirements
- Process complexity limiting scalability of model and driving high numbers of Ops & IT staff
- Functional capability challenged by increasing scale of business and pace of regulatory change

Initial conclusions – "invest for growth and efficiency"
- Deliver scale benefits through technology and process improvement
- Expand functional capabilities
- Significant work to meet regulatory change agenda
- Digital critical to enhance service model

Actions so far
- *Investing in technology*
  - Delivered single IT portfolio management system, merged back offices
  - Ongoing BAU investment in technology
- *Investing in risk and operational framework*
  - Created CRO, COO roles; new investment
  - Upgraded MiFID II delivery project
  - Ensuring proportionate response to regulatory change, capturing wider benefits

Confidence in the medium-term outlook



- Strong market position with unique brand in the adviser community, supported by client-centric culture
- Delivering value for our clients, partners and shareholders by:
  - Continuing to adapt to fast changing landscape
  - Enhancing the proposition
  - Improving the efficiency of the business
- Believe in our future as an independent discretionary wealth manager
- Looking forward to building upon success by investing to grow FUM and to improve margins over time

Appendices

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Appendices

- Disposal of Braemar Estates
- Analysis of the balance sheet
- Total administrative costs
- Revenue and profit growth
- EPS and dividend growth
- Asset allocation
- Performance
- Industry recognition

Disposal of Braemar Estates, supporting focus on core offerings

- Agreed sale of Braemar Estates to Rendall & Rittner, an experienced operator in this sector.
- Exchanging contracts on 20 September 2017, completion expected by year end (following TUPE consultation period)
- Sale price of £1.9m with initial payment of 50% on completion and a revenue based deferral of two equal payments over the next two years

FY17 Braemar Estates performance

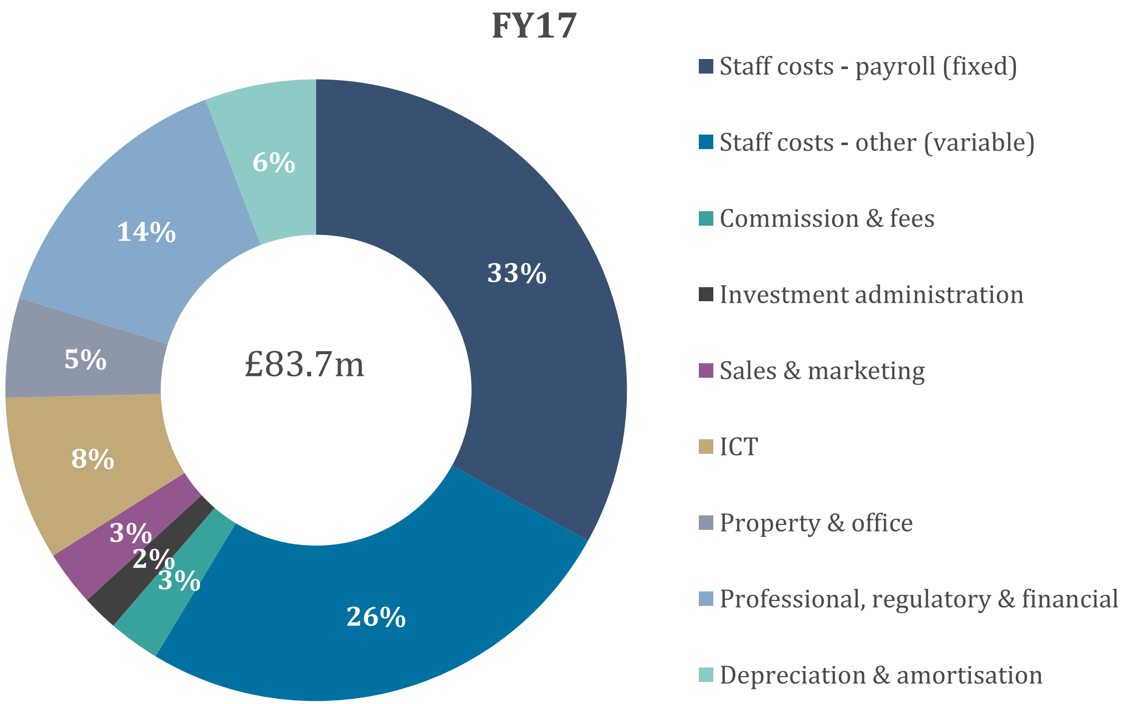
	FY17 £m	% Group
Revenue	2.9	3.2
Underlying profit	0.1	0.7
Statutory profit	0.1	1.4
Net assets	(0.5)	(0.6)

- Allowing the Group to operate with more streamlined business and will contribute over time to improved margins

Analysis of the balance sheet

£m	FY17	FY16
Assets		
Cash & liquid assets	33.4	20.5
Accrued income and other assets	24.6	26.6
Property plant and equipment	3.2	3.3
Intangible assets	62.6	65.8
Total assets	**123.8**	**116.2**
Liabilities		
Trade payables and accruals	(21.2)	(18.8)
Current tax liabilities	(2.1)	(2.1)
Deferred consideration on acquisitions	(3.4)	(6.9)
Deferred tax and other liabilities	(11.4)	(5.4)
Total liabilities	**(38.1)**	**(33.2)**
Net assets	85.7	83.0
Total equity	**85.7**	**83.0**

Total administrative costs



Staff numbers at 30 June 2017

Investment management	184
BMI	70
Funds	22
Financial consulting	32
Group and central functions	
Operations/ICT	94
Finance & HR	21
Marketing	16
Risk and compliance	14
Group and legal	11
Braemar	39
Total	503

Note that professional, regulatory & financial costs includes the FSCS levy of £459k (2016: £475K) and the exceptional costs of resolving legacy matters of £6,500k (2016: £nil).

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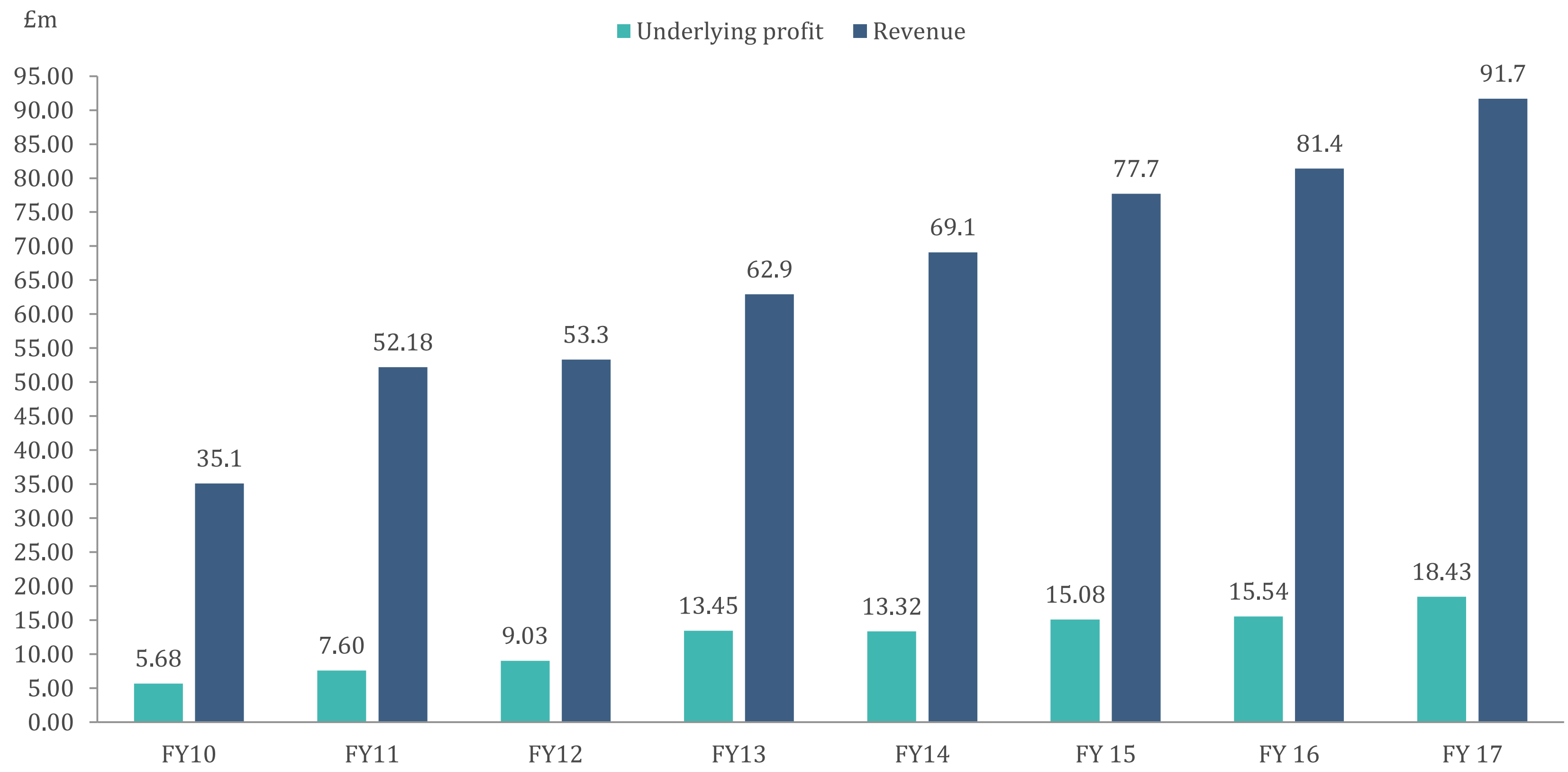
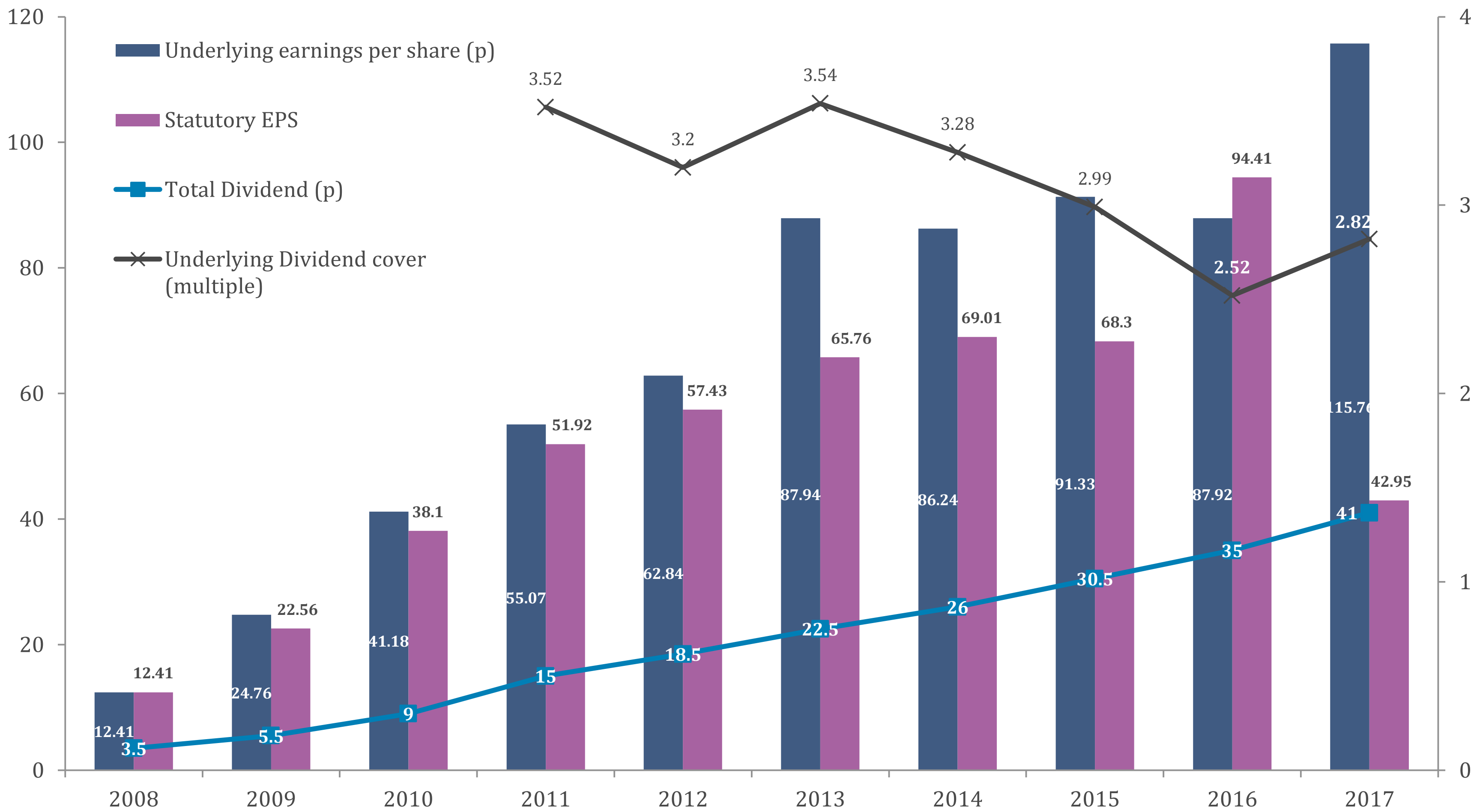
Revenue and profits growth



Underlying earnings per share, dividend growth and cover



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Asset allocation

Current guidance portfolios – September 2017

The investment managers' tolerance limits: +/- 3% +/- 5% +/- 7%

-	Low Income	Low Growth, Income & Growth	Low to Med	Medium	Med to High	High
UK FI	26	25	17	11	3	0
INT FI	20	17	11	3	2	0
UK Eq	7	7	14	22	29	32
North American Eq	2	2	8	12	16	19
Euro Eq	0	0	3	5	7	8
Japan, FE & Em Eq	0	0	3	7	11	15
Int & Thematic	10	9	12	15	20	22
Alternatives	10	11	10	8	5	3
Property	4	4	4	4	2	0
Structured Return	14	18	13	10	4	0
Cash	7	7	5	3	1	1
	100	100	100	100	100	100
Current Eq exp	27.1	27.95	47.7	67	85.85	96.75
Strategic range	10-30	10-30	30-55	55-75	75-95	90-100
Neutral position	20	20	42.5	65	85	95

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Our performance v.s. ARC's PCI

- Over the last five years, BM has generally achieved strong relative performance compared to the ARC PCI.

		Rolling 12 months performance (%)					Cumulative performance (%)		
		12 mths to 30.06.17	12 mths to 30.06.16	12 mths to 30.06.15	12 mths to 30.06.14	12 mths to 30.06.13	YTD	3 year to 30.06.17	5 year to 30.06.17
Low Risk	**BM Low Risk**	8.48	1.86	3.56	5.99	9.33	3.45	14.43	32.59
	ARC Sterling Cautious PCI	6.53	1.26	3.63	4.32	6.27	2.50	11.78	23.93
	Relative performance	1.95	0.60	-0.07	1.66	3.06	0.96	2.65	8.67
Low-to-Medium Risk	**BM Low-to-Medium Risk**	12.11	1.25	5.30	6.67	11.66	4.58	19.53	42.36
	ARC Sterling Balanced Asset PCI	10.57	1.59	4.71	6.16	10.13	3.61	17.63	37.53
	Relative performance	1.54	-0.34	0.59	0.51	1.52	0.98	1.90	4.84
Medium Risk	**BM Medium Risk**	16.03	0.15	6.51	7.24	13.51	5.92	23.77	50.67
	ARC Sterling Steady Growth PCI	14.41	2.49	5.24	7.38	12.80	5.09	23.40	49.47
	Relative performance	1.63	-2.34	1.26	-0.14	0.71	0.84	0.37	1.20
Medium-to-High Risk	**BM Medium-to-High Risk**	20.45	-0.17	7.68	7.96	15.20	7.52	29.48	61.04
	ARC Sterling Equity Risk PCI	17.05	3.01	4.79	8.87	15.68	6.14	26.35	59.11
	Relative performance	3.41	-3.17	2.88	-0.90	-0.48	1.38	3.14	1.92
High Risk	**BM High Risk**	23.23	0.06	7.69	9.68	15.68	8.67	32.80	68.48
	ARC Sterling Equity Risk PCI	17.05	3.01	4.79	8.87	15.68	6.14	26.35	59.11
	Relative performance	6.19	-2.94	2.90	0.81	0.00	2.53	6.45	9.37

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 no guide to future performance. All performance figures are net of underlying fund charges and Brooks Macdonald management fees but gross of professional adviser management fees. Deduction of these fees will impact on the performance shown.

Source: Brooks Macdonald, ARC

As at 30.06.2017

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Recent awards

- 2017 – Citywire Wealth Manager Regional Stars – Midlands and South East.
- 2017 – 5 star rating for MPS, BPS and MPS platform (Defaqto).
- 2017 – Gold Standard for DFM Service (Defaqto).
- 2017 – PAM Top 40 Under 40.
- 2016 – Citywire Wealth Manager Regional Stars – Scotland and Northern Ireland, North, Midlands, London and South East.
- 2016 – 5 star rating for MPS, BPS and MPS platform (Defaqto).
- 2016 - Gold Standard Awards: Awarded the Gold Standard for Portfolio Management (Incisive Media).
- 2016 - Citywealth: Brand management and reputation award.
- 2015 – Money Marketing Awards (Best Wealth Management Company).
- 2015 – Alternative Investment Awards (Best in Offshore Wealth Management).
- 2015 – Named in top 100 list of the best medium sized companies to work for (The Sunday Times).
- 2015 – Citywire Wealth Manager Regional Stars – Scotland and Northern Ireland, North, Midlands, London and South East.
- 2015 – Finalist Investment Performance Defensive Portfolios and Cautious Growth Portfolios (PAM Awards).
- 2015 – 5 star rating for MPS, BPS and MPS platform (Defaqto).

Brooks Macdonald services have achieved a 5 Star Rating in every category of DFM Rating produced by Defaqto.

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