

Overview and full year results

Year ended 30 June 2020

Caroline Connellan, CEO

Ben Thorpe, Group Finance Director

Robin Eggar, Managing Director, UKIM

Positive year, strong financial performance



BROOKS MACDONALD

Caroline Connellan

CEO

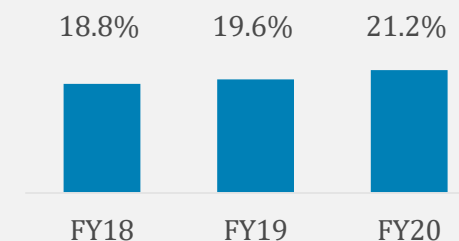


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A positive year with strong financial performance and two acquisitions

- Continued to **execute strategy** with discipline and rigour, delivering what we said we would – now a more **robust business** and **confident** about the future
- Successful “**protect to thrive**” response to pandemic with health and wellbeing of our people our priority
- **Strong financial performance**, with record revenue, underlying profit and improved underlying profit margin in line with commitment
- Announced **two high quality acquisitions** to complement organic growth strategy
- **Record year end FUM** from strong investment performance and Cornelian; organic flows impacted by Brexit and COVID-19, as well as actions taken to set up business for the future
- **Strong investment performance** ahead of benchmark, demonstrating value of active management in volatile markets
- **Dividend increased** year-on-year, reflecting Board’s confidence in business

Underlying profit margin (%)



Cornelian



Lloyds' Channel Islands wealth management and funds business

**Nearing completion of strategy announced in 2017, now a more robust business.
Confident and ambitious, ready to move on to a new stage of growth**

“Protect to thrive” approach through COVID-19, emerging from lockdown as a stronger organisation

Focusing on health and wellbeing of our people

- Initiatives to support physical and mental health
- Extensive communication, regular “pulse” surveys, with positive feedback
- Ongoing investment in people agenda
- Recruited over 30 people during lockdown

- Improved employee engagement
- Increased buy-in for flexible working
- Talented team in place

Delivering for advisers and clients

- Increased frequency of contact, providing reassurance and information in volatile markets
- Robust investment performance, importance of ESG reinforced
- High quality investment and thematic communications to advisers, launch of Connected interactive webinars

- Further need for advice and investment management
- Ease of doing business critical for advisers, including use of digital

Running the business

- Seamless move to remote working, no furlough or recourse to government schemes
- Strong ongoing cost discipline
- Fast-tracked process improvements, less reliance on paper
- As relationship business, starting safe return to the office while balancing with value of flexible working

- Operating successfully through lockdown
- Becoming a more robust business

BM Foundation donation to Age UK to support their COVID-19 work

Ben Thorpe

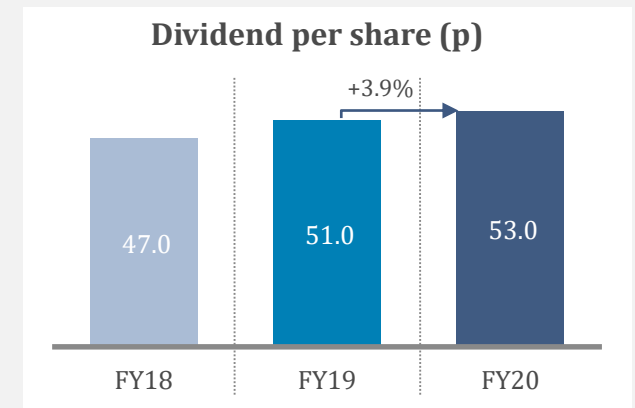
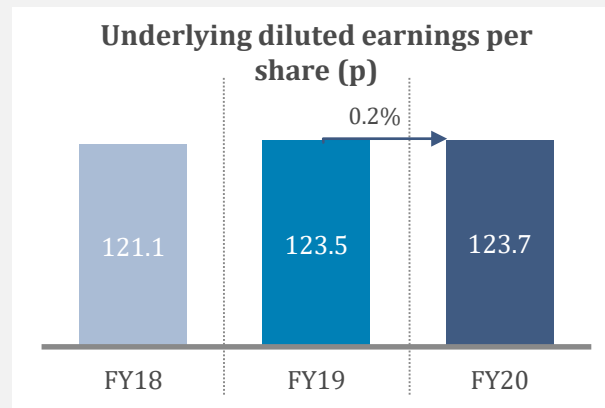
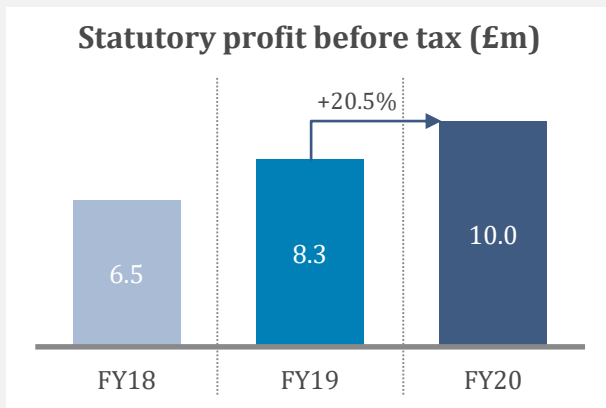
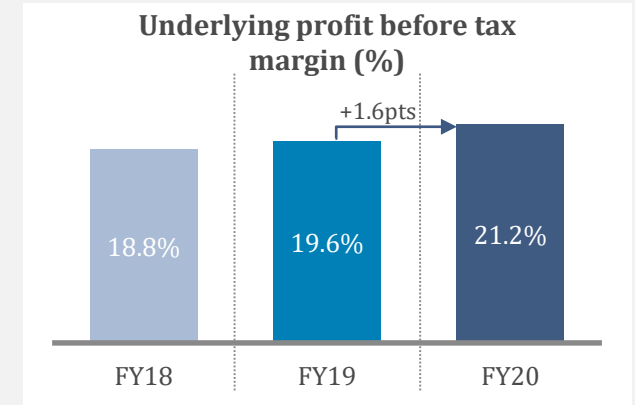
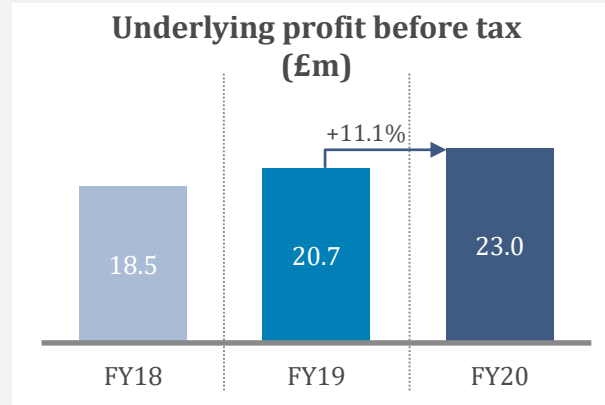
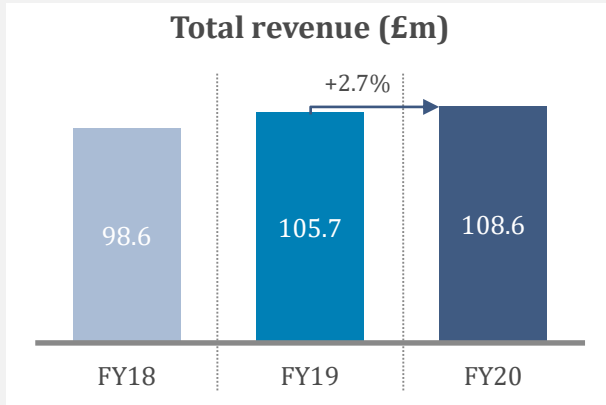
Group Finance Director

Note: Numbers may not always cast due to rounding



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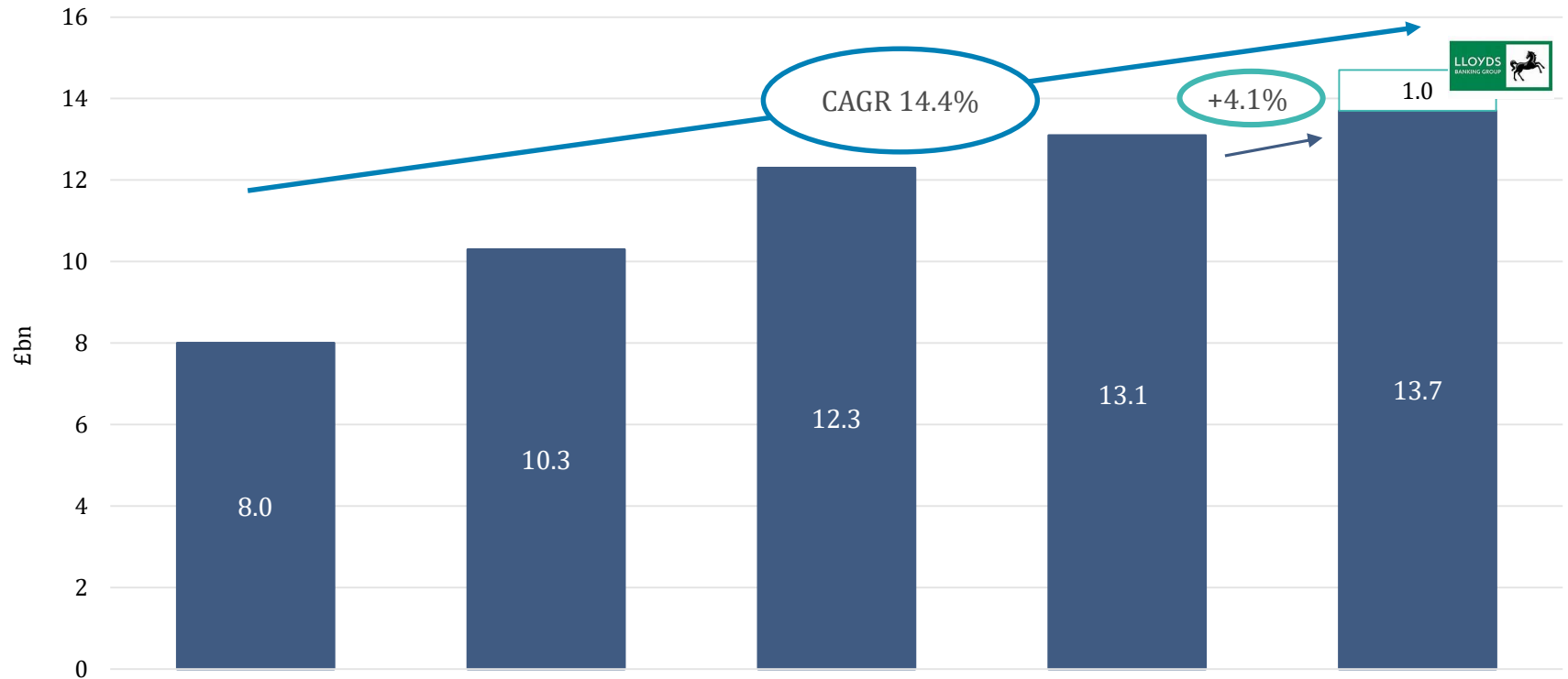
Strong performance delivering record revenue and underlying profit...



... despite tough external conditions

Note: Comparative figures 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 revenues recognised on the Managed Portfolio Service offered through third party platforms.

FUM up 4% on FY19 to new record, net flows in FY20 impacted by client sentiment and focus on business quality



	FY16	FY17	FY18	FY19	FY20
Growth	11.9%	26.0%	19.2%	6.8%	4.1%
Organic net new business	11.5%	11.4%	15.1%	3.3%	(5.9%)
Acquired new business	-	-	-	-	9.0%
Investment performance	0.4%	14.6%	4.1%	3.5%	1.0%
Increase in MSCI WMA Private Investor Balanced Index	5.0%	10.9%	4.2%	2.2%	(3.5%)

All three business segments delivering additional profit in FY20

FY20 (£m)	UK Investment management	International	Financial planning	Group and consolidation adjustments	Total
Revenue	91.4	13.4	3.8	-	108.6
Direct costs	(42.0)	(8.0)	(3.2)	(32.4)	(85.6)
Contribution	49.4	5.4	0.6	(32.4)	23.0
Indirect cost recharges	(24.2)	(2.9)	(1.9)	29.0	-
Underlying profit before tax	25.2	2.5	(1.3)	(3.4)	23.0
PBT Margin	27.6%	18.7%	(34.2%)	N/A	21.2%

Underlying profit growth (£m)	0.8	0.3	0.5	0.7	2.3
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FY19 (£m)	UK Investment management	International	Financial planning	Group and consolidation adjustments	Total
Revenue	87.5	14.6	3.6	-	105.7
Direct costs	(43.9)	(9.2)	(2.9)	(29.0)	(85.0)
Contribution	43.6	5.4	0.7	(29.0)	20.7
Indirect cost recharges	(19.2)	(3.2)	(2.5)	24.9	-
Underlying profit before tax	24.4	2.2	(1.8)	(4.1)	20.7
PBT Margin	27.9%	15.1%	(50.0%)	N/A	19.6%

- Improvement in underlying profit in all segments
- UKIM, now including Cornelian, saw an increase in revenue by 4.5% in line with higher average FUM and a stable yield
- International reported a decline in revenue driven by lower average FUM, but good cost control helped as it regains momentum
- Financial Planning reported a rise in revenues by 5.6%, making good progress against its 3 year plan to return to profitability

Note: Comparative figures 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 revenues recognised on the Managed Portfolio Service offered through third party platforms.

Disciplined approach to costs, costs down ex Cornelian and the FSCS levy increase

	FY19	FY20	Change	
	£m	£m	£	%
Fixed staff costs	(37.1)	(39.1)	(2.0)	5.4%
Variable staff costs	(15.5)	(10.8)	4.7	(30.3%)
Cornelian staff costs	-	(0.7)	(0.7)	-
Total staff costs	(52.6)	(50.6)	2.0	(3.8%)
Non-staff costs	(31.2)	(31.8)	(0.6)	1.9%
Cornelian non-staff costs	-	(1.0)	(1.0)	-
FSCS levy	(1.2)	(2.2)	(1.0)	83.3%
Total non-staff costs	(32.4)	(35.0)	(2.6)	8.0%
Total underlying costs	(85.0)	(85.6)	(0.6)	0.7%
Total underlying costs (excl. Cornelian and FSCS levy)	(83.8)	(81.7)	2.1	(2.5%)
Total staff cost/Income	49.8%	46.6%		
Fixed staff cost/Income	35.1%	36.6%		
Variable pay/Income	14.7%	9.9%		
Non staff cost/Income	30.7%	32.2%		
Headcount (excl. contractors)				
Closing number of permanent employees (<i>excl. Cornelian</i>)	404	425	21	5.2%
Closing number of permanent employees (<i>incl. Cornelian</i>)	404	450	46	11.4%

- Total costs down £2.1m (2.5%) ex Cornelian and the increase in the FSCS levy.
- Total Cornelian costs of £1.7m in year, synergy delivery on track.
- FSCS Levy up 83.3% YoY to £2.2m.
- The increase in fixed staff costs reflects the change to the investment management (“IM”) compensation arrangements implemented in FY19, continuing investment in talent across the Group and the addition of Cornelian
- Variable pay down due to FY19 changes to IM compensation, this was offset with an increase to fixed pay. FY20 bonus pool and share based payment charge broadly flat to FY19.
- Taken a “protect to thrive” approach to staff through crisis with no use of furlough scheme. Headcount up 46 over the year, (25 Cornelian, 10 IM and Distribution, 11 functional staff). Over 30 new hires during lockdown.

Adjusting items now more growth focused

	FY19 £m	FY20 £m
Underlying profit before tax from continuing operations	20.7	23.0
Amortisation of client relationships	(2.2)	(2.9)
Changes in fair value of consideration and related disposals	0.2	(0.2)
<i>One-off items:</i>		
Acquisition related costs	-	(4.2)
Head office relocation costs	-	(1.2)
Levitas goodwill impairment	(4.8)	(4.5)
Client relationship contracts impairment	(2.3)	-
Restructuring charge	(3.3)	-
Statutory profit before tax from continuing operations	8.3	10.0
Taxation	(2.4)	(3.6)
Statutory profit after tax from continuing operations	5.9	6.4
Discontinued operations	(0.4)	-
Statutory profit after tax	5.5	6.4
Balance sheet and capital adequacy	FY19	FY20
Total Net Assets (£m)	86.9	123.5
Cash (£m)	34.6	50.2
Total capital ratio (%)	18.1	20.7

One-off items recognised in FY20:

Acquisition costs (£4.2m)

Costs incurred in relation to the acquisition and integration of Cornelian and Lloyds including corporate finance services, legal fees and due diligence fees together with costs incurred in integrating the business and staff retention payments.

Head office relocation costs (£1.2m)

As part of the move to our new London headquarters, dual running costs have been incurred during the year on the three London sites until the offices at Bevis Marks and Welbeck Street were vacated in March 2020.

Goodwill impairment (£4.5m)

In the light net outflows recorded during the year and the current situation at our partner firm, both which impact the outlook for future cash flow projections, the goodwill in respect of the Levitas fund was not supportable and accordingly impaired in full.

Balance sheet and capital adequacy

The total capital ratio of 20.7% represents the level of 'capital cover' on the Group's Pillar 1 risk weighted exposure.

Two strongly accretive acquisitions in the year, one complete, the other on track

Brooks Macdonald's acquisition criteria: (i) high quality business; (ii) compelling strategic and cultural fit; (iii) value-adding through strong EPS accretion

Cornelian

- Acquisition announced November '19, completed February '20
- Strengthened the Group's intermediary distribution reach, added proven multi-asset funds, and built scale in private clients
- Integration largely complete – private client book migration completed in July
- Cost synergy benefits delivered, full year run rate slightly in excess of targeted £3.75m
- Targeted EPS accretion of 9% on track for FY21
- High quality team already making a contribution to the Group



- Acquisition of Lloyds' Channel Islands wealth management and funds business announced on 24 June 2020, subject to regulatory approval, expected to complete in Q4 2020
- Post-restructuring P/E multiple of 4.5 times
- Transformative for International business, increasing its FUM by up to two-thirds to c.£2.5bn
- Adds multi-asset and fixed income fund capability, strengthens international intermediary distribution reach
- Business referral agreement with Lloyds International

Illustrative full year financials

FUM (£bn)	0.9
Net revenue (£m)	7.0
PBT (£m)	2.5
Margin	36%

FY21 guidance points

P&L	FUM	<ul style="list-style-type: none"> • Outlook remains uncertain. Pipeline recovering to FY20 levels in UKIM. Lead time on converting pipeline to new business currently somewhat extended • International pipeline recovering more strongly given Channel Islands are nearly “back to normal”, although some other International locations still affected • Overall Q1 net flows expected to be negative • Outflows from focus on business quality expected to fall away post Christmas
	Income	<ul style="list-style-type: none"> • Lower interest margin will impact BPS non fee income yield – c.4bps • Further mix impact in MPS of 2bps
	Underlying costs	<ul style="list-style-type: none"> • Cost discipline remains a key focus. aiming for minimal cost growth year on year (ex Lloyds acquisition which is expected to be c.£2.5m in H2)
Cashflow	Capex	<ul style="list-style-type: none"> • Continue to manage cashflow tightly. Guidance of c.£5m capex maintained, including new Jersey office and expanded Edinburgh office to accommodate Cornelian joiners
	Dilution management	<ul style="list-style-type: none"> • Prudent approach to dilution management. Previous guidance of c.£4m maintained
Other	Tax	<ul style="list-style-type: none"> • Underlying tax rate of 19% expected for FY21
	Share count	<ul style="list-style-type: none"> • Weighted average number of shares in FY21 expected to be 16.1m. Actual number of shares at year end expected to be 16.2m

Robin Eggar

Managing Director, UKIM



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We have made good progress over FY20 and we are well positioned for the future

People

- Continued **recruitment and investment in talent** across Investment Management and Business Development – now at **full complement**
- **Powerful blend of BM experience and new hires**, bringing fresh ideas and relationships
- **“Protect to thrive”** approach, increased satisfaction in delivering for advisers and clients during COVID-19 – supported higher engagement metrics

Proposition

- Core Bespoke and Managed Portfolio services sit alongside **specialist services** from Responsible Investment to Court of Protection and Decumulation
- Value-driven **Platform Managed Portfolio Service**, funds and unitised solutions
- Engaging with advisers on **tailored business-to-business Investment Solutions**
- **Connected interactive webinar** series through lockdown



Investment performance

- **Investment performance of 1.0% for FY20**, ahead of MSCI PIMFA Balanced Index, which fell 3.5%
- **Consistently ahead of ARC benchmarks** over 1, 3, 5 and 10 years
- **Rigorous Centralised Investment Process**, bringing the best of our ideas to all our clients, driving consistently strong performance
- **Importance of ESG reinforced**

Tools and processes

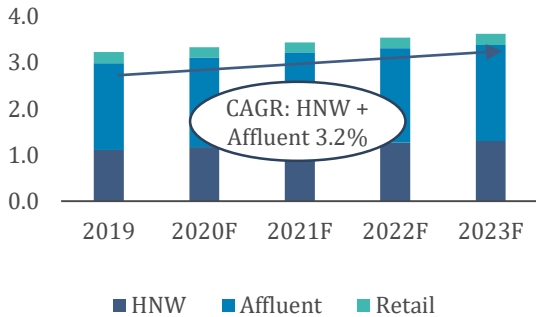
- Focus on the experience and service, for adviser and client, from inception and **throughout the lifecycle**
- Investment in digital, cyber and **different ways of engagement**
- **Making us easier to do business with** remains the priority
- Exciting plans for **future developments**

The opportunity for UKIM is excellent and gross inflows held up well in FY20

The organic growth opportunity for UK Investment Management

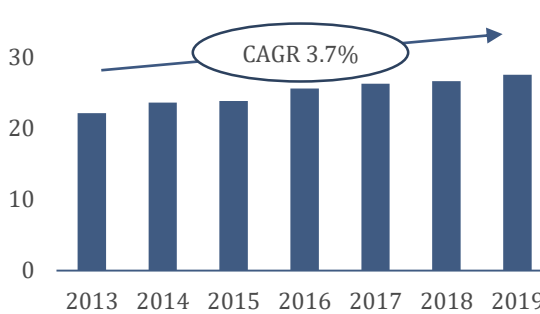
Wealth is growing in the UK...

Forecast UK assets by wealth band¹ (£trn)



... as is the number of advisers.

Number of advisers in directly authorised firms ('000)



They are outsourcing more...

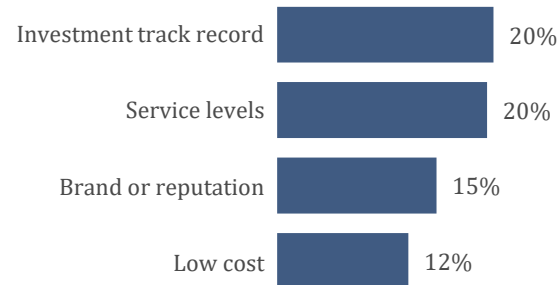
Platform report August 2020
"UK Wealth Management Market Overview"

"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."

... and their criteria play to our strengths

IFAs' top requirement for choosing a DFM (%)



FY20 flows and pipeline

- Overall, FY20 gross inflows held up well through difficult markets, at over 90% of FY19 levels
- Specialist offerings growing strongly – Court of Protection, Decumulation, RIS, Platform MPS
- Momentum building through H2 despite the pandemic
- Pipeline continuing to strengthen although conversion taking longer given remote working

Source: GlobalData, Platform, FCA, PIMFA

Our Responsible Investment Service is ahead of the market and we see enormous potential for growth

Responsible Investment

- Pandemic has not diverted investors from responsible investing – evidence suggests that if anything, it has accelerated social awareness
- Enormous potential for growth as organisations increase their emphasis on sustainability and resilience, with responsible investment very much tied to this trend



What we have done

- Launched October 2018, with Avoid and Advance strategies available
- Now appointed dedicated Head of Responsible Investment to take the business to the next stage
- Launched our ESG Suitability Discussion Guide on 7 September
- Rolled out RIS to International

Performing well

		YTD	1 Year	Since Inception
Low-to-Medium Risk	BMAM MPS Responsible Investment Advance Low	2.02	4.24	17.81
	IA Mixed Investment 20-60% Shares TR in GB	-3.66	-2.25	7.29
Medium Risk	BMAM MPS Responsible Investment Advance Medium	0.84	3.08	19.29
	IA Mixed Investment 40-85% Shares TR in GB	-4.29	-2.99	10.81
Medium-to-High Risk	BMAM MPS Responsible Investment Advance Medium	0.33	2.44	21.75
	IA Flexible Investment TR in GB	-3.89	-2.48	10.98

“RIS is the closest existing offering ... to the style of core ESG offering that we expect to cater for the majority of clients” – RBC Capital Markets, July 2020

Caroline Connellan

CEO



BROOKS MACDONALD

The market potential is significant and COVID-19 is creating further opportunities. We are emerging from a period of change as a more robust business, confident about the future

Nearing completion of the 2017 strategy, pivoting from value preservation towards value creation...

... targeting the scale of the underlying market potential. COVID-19 is creating a window of opportunity for Brooks Macdonald...

... to shape the market as the leading investment manager for intermediaries by being ambitious in our strategy



Underlying market potential

- Aging population with growing wealth, particularly in over-55s and upper affluent/HNW sector
- Increasing onus on individual to save for retirement and care costs
- Demand for advice and high quality investment management
- A growing adviser sector with increasing demand for investment managers

New opportunities

- Rapidly changing adviser expectations driving increased service demands, need for greater efficiency
- Client need to rebuild retirement incomes
- Renewed focus on inheritance planning
- Criticality of digital to support service levels and complement face-to-face relationships
- Importance of ESG reinforced



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

Our purpose

Realising ambitions and securing futures

Our vision

The leading investment manager for intermediaries

Our mission

To protect and enhance clients' wealth through the provision of investment management and advice alongside exceptional client service

Service and operational excellence

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

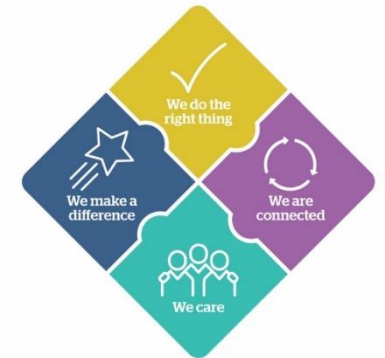
Agile, high-quality M&A

Strict criteria, delivery of benefits

Committed to top quartile underlying profit margin over the medium-term

People and Culture

Our guiding principles



Our promise

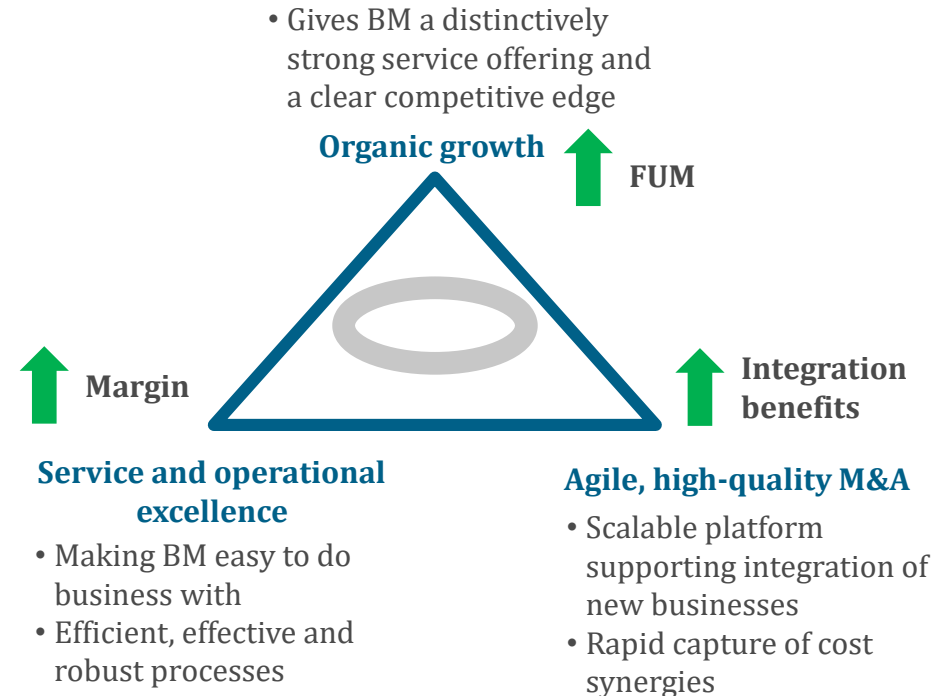


Enabling our strategy by attracting, engaging and retaining the best talent in the industry

We have a clear path forward supporting delivery of all three value drivers, driving organic growth and aiming for top quartile underlying profit margin

We are close to concluding a partnership agreement with a leading wealth management technology and services company to bring a wide range of business benefits ...

... with a positive impact on all three value drivers of our strategy



To be the partner of choice for intermediaries, we will maintain our robust investment process and continue to enhance our investment offering – we will differentiate by providing a best-in-class adviser experience

We are confident in our vision for Brooks Macdonald as the leading investment manager for intermediaries

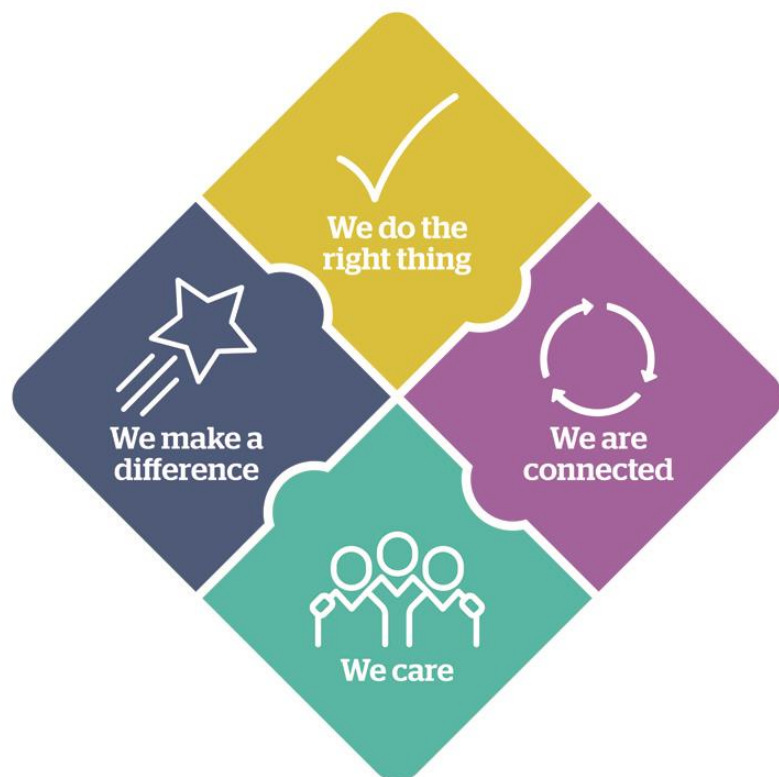
- Emerging from a period of change as a **more robust business**, ready to capitalise on the growth opportunities we see ahead
- **Fundamental market potential** for Brooks Macdonald is strong, with **focus on intermediaries** to leverage our strengths and unique position in the market
- COVID-19 is **creating further opportunities** to be bold, despite the **near-term uncertainty** from the pandemic and Brexit
- We have a **strong team** in place – energised, ambitious and excited about the future
- Strategy is based on **three value drivers**: market-leading organic growth, service and operational excellence, and selective high quality acquisitions
- We will compete on the basis of a rigorous investment process and a compelling offering, and **differentiate on a best-in-class adviser experience and excellent client service**
- Continuing the trajectory of our improving financial results over the last three years, **we are committed to driving value creation and delivering top quartile underlying profit margin** over the medium-term

Appendices



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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

Strategy announced in 2017

Phase one: Sept 2017 – Sept 2018

Reinforce foundations and take immediate actions to improve margin

- Simplified and de-risked Group, focused on core offering
- Strengthened leadership team
- Launched People Strategy
- Cost discipline, structured change approach
- Centralised Investment Process (CIP)
- Upgraded risk management and operational framework

Phase two: Sept 2018 for ~2 years

Increase value by enhancing what we do and how we do it




- **Maintaining focus on clients and advisers**
 - Proposition development: Court of Protection, Responsible Investment, Decumulation
 - Building pipeline of products and services
 - Geographic coverage: East Anglia, Leeds
 - Cross-business collaboration and referrals
- **Continued drive for efficiency and effectiveness, easier to do business with**
 - Streamline processes and eliminate duplication
 - Ongoing cost discipline
- **Targeted investment**
 - Attract and retain talent, build capability
 - Leverage digital, new portal now live
- **Working to bring legacy matters to a conclusion**

Improved returns from sustainable and scalable business model

- Maximise growth opportunity, both organic and inorganic
- Leverage robust operating model
- Deliver increasing value to shareholders

- **Launched strategy in late 2017:** to deliver sustainable value-enhancing growth
- **Foundations reinforced:** simplified and de-risked Group, strengthened senior team, upgraded risk management and operational framework, improved cost discipline
- **Phase 2 – decisive actions to support growth and deliver margin improvement:** including focus on business quality, driving efficiency & effectiveness, continued investment in talent and building a high-performance culture

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 consistently ahead of ARC benchmarks across 1, 3, 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

Leadership team



Caroline Connellan
CEO, Executive Director



Ben Thorpe
Group Finance Director,
Executive Director



Robin Eggar
Managing Director, UKIM



Andrew Shepherd
CEO International
Deputy Group CEO



Adrian Keane-Munday
MD Financial Planning,
Marketing Director



Richard Spencer
Chief Investment
Officer



Priti Verma
Chief Risk Officer



Lynsey Cross
Chief Operating Officer



Tom Emery
HR Director



Alick Mackay
Director, Strategy &
Corporate Development

Investment performance

		QTD	1 year to 30.06.20	3 yrs to 30.06.20	5 yrs to 30.06.20	10 yrs to 30.06.20
Low Risk	BM Low Risk	7.63	-0.25	5.06	16.08	54.20
	ARC Sterling Cautious PCI	6.33	1.66	5.54	13.84	40.45
	Relative performance	1.30	-1.91	-0.48	2.25	13.75
Low-to-Medium Risk	BM Low-to-Medium Risk	10.52	-0.14	7.29	21.79	69.90
	ARC Sterling Balanced Asset PCI	9.43	0.50	6.32	19.43	60.28
	Relative performance	1.10	-0.63	0.97	2.36	9.62
Medium Risk	BM Medium Risk	13.79	-0.41	8.69	26.31	80.95
	ARC Sterling Steady Growth PCI	11.83	-0.51	8.07	26.72	79.59
	Relative performance	1.97	0.10	0.62	-0.41	1.37
Medium-to-High Risk	BM Medium-to-High Risk	17.45	0.78	11.81	34.45	95.97
	ARC Sterling Equity Risk PCI	14.23	-1.12	9.39	31.88	96.58
	Relative performance	3.22	1.91	2.42	2.57	-0.61
High Risk	BM High Risk	19.35	1.21	13.63	40.12	122.80
	ARC Sterling Equity Risk PCI	14.23	-1.12	9.39	31.88	96.58
	Relative performance	5.12	2.34	4.24	8.23	26.22

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 30.06.20

Recent awards

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

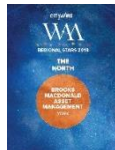
2019

- Defaqto: 5 star rating for MPS, BPS and MPS platform
- Defaqto: Gold Standard for DFM Service
- Defaqto: 4 or 5 Diamond rating in Multi-Manager Return Focused section (Balanced Fund, Cautious Growth Fund and Strategic Growth Fund), 4 Diamond rating in Focused Fund Family section (Multi-Asset Funds)
- Portfolio Adviser: Gold Award in Absolute Return section (Defensive Capital Fund)
- Citywire Wealth Manager: Regional Stars (South East)
- PAM: 50 Most Influential
- Citywire Wealth Manager: Top 30 Under 30

2020

- Defaqto: 5-star rating for the MPS and BPS
- Defaqto: 5-star rating for the MPS (platform category)
- Defaqto: 5-diamond rating for the MAF (risk focused fund family)
- Defaqto: 5-diamond rating for the DCF (absolute return)
- Defaqto: Gold service provider
- Citywire Wealth Manager: Regional Stars
 - Winners: Wales and Tunbridge Wells (South East)
 - Shortlisted: London, Manchester, Wales, Tunbridge Wells, Hampshire and Leamington Spa.
- PowerWomen Awards: Outstanding Individual of the Year (Caroline Connellan)

Past performance is not a reliable indicator of future results.

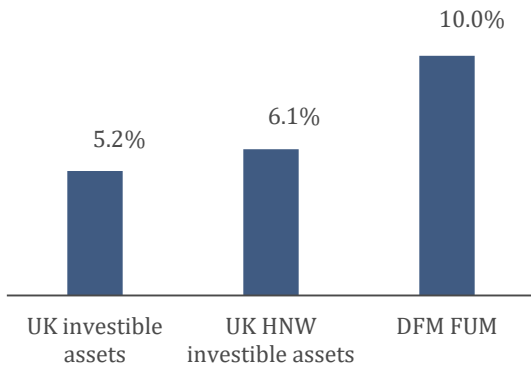


Fundamental opportunity – demographics and policy

Underlying demographic and policy trends

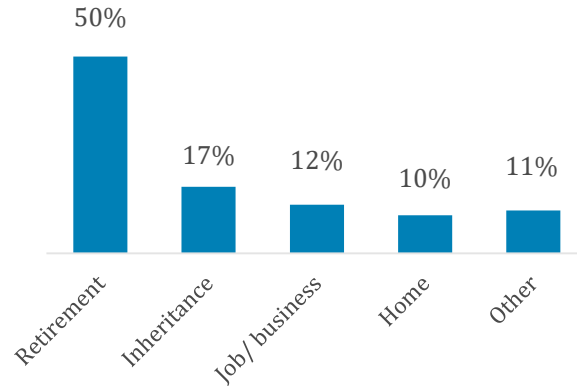
- **Supportive demographic trends:** ageing population with need to save for retirement
- **Supportive policy environment:** public policy-driven onus on individuals to plan for retirement, with suitable investment of assets
- **Growing demand for pre- and post-retirement related advice,** also focus 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 (%)

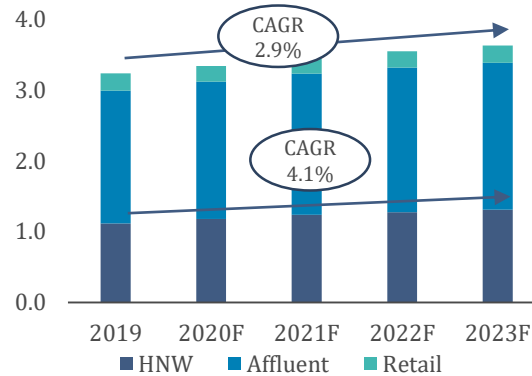


1. GlobalData define HNW as liquid assets > £750k; affluent in the range £30k - £750k; mass market <£30k
 2. Wealth in 2018, excluding NS&I, Occupational DC pensions and cash ISAs
 Source: GlobalData, ONS

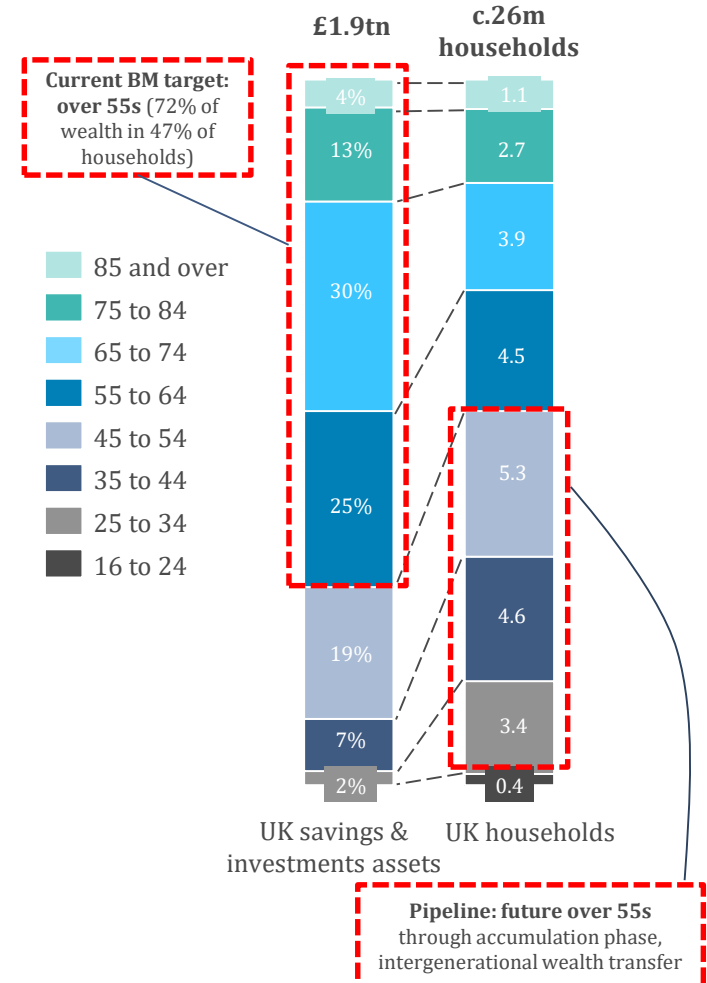
Trigger for seeking financial advice (%)



Forecast UK investible assets by wealth band¹ (£trn)

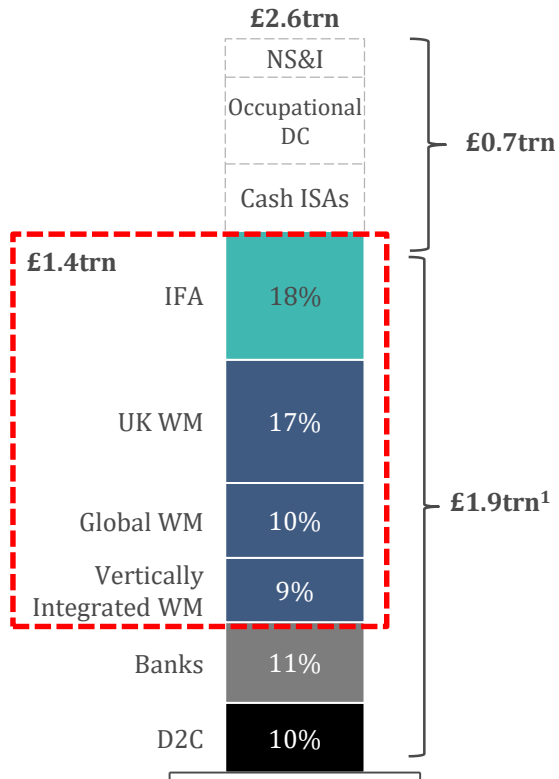


UK household wealth² by age band

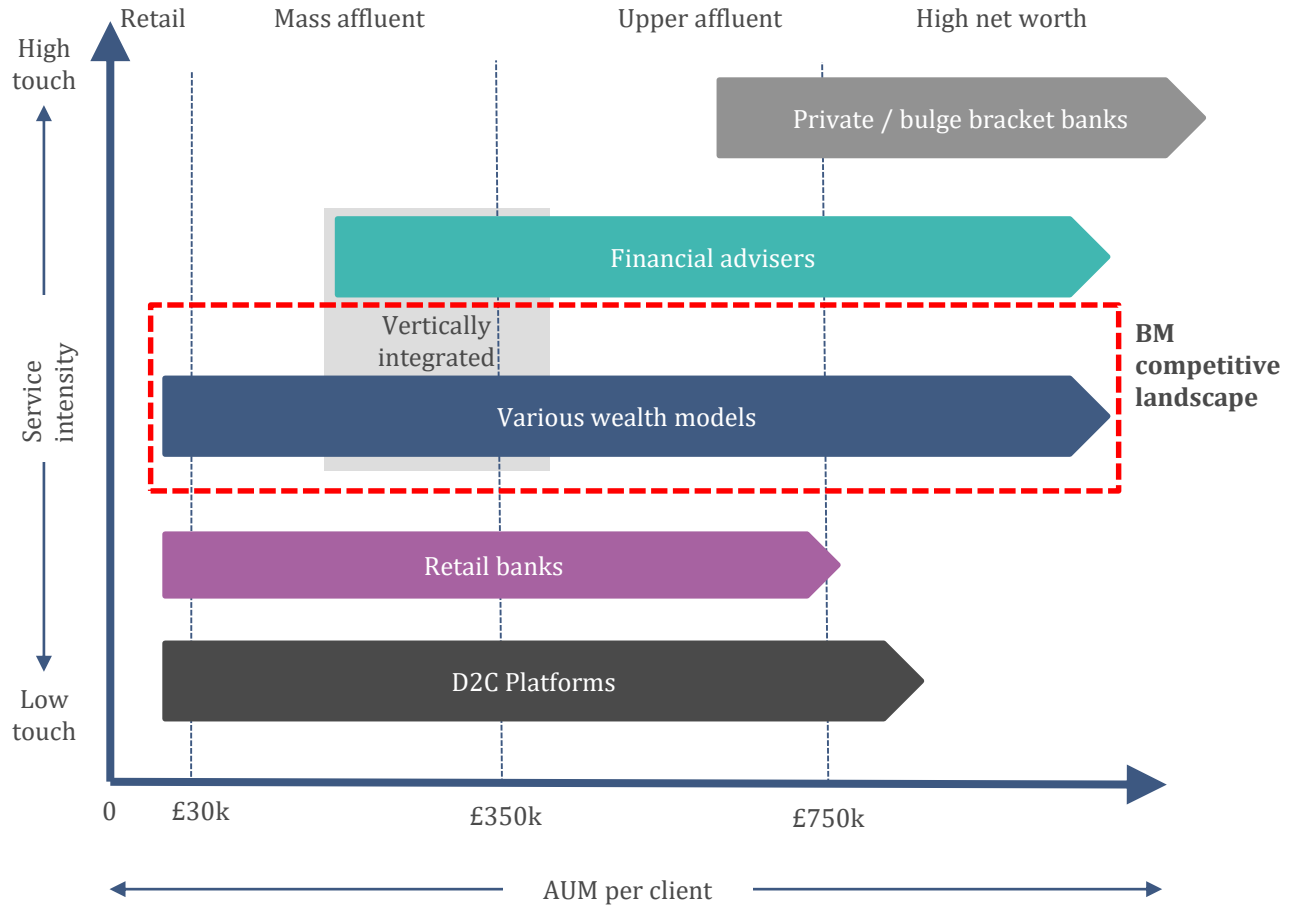


Fundamental opportunity – UK wealth market

UK S&I market
(by investment management provider)



Wealth market participants by segment



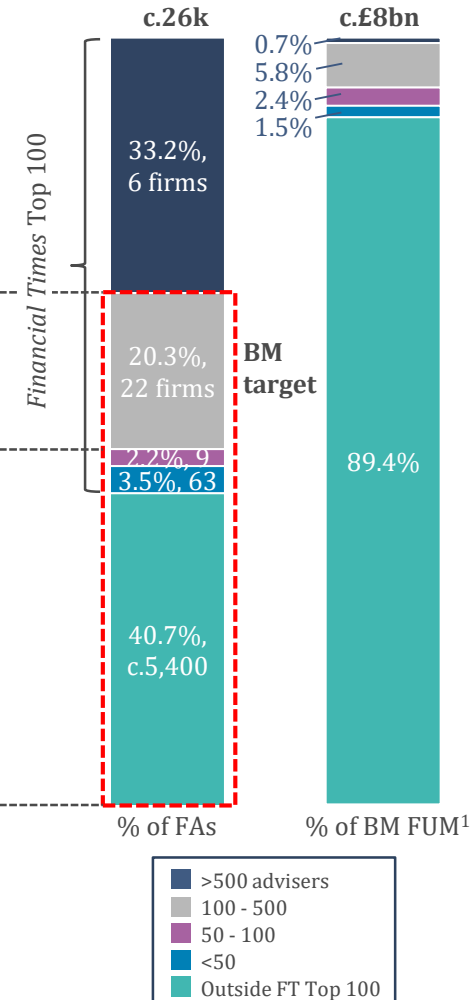
¹ Total savings and investment assets as per previous page
 Source: 2018 ONS data, PIMFA, and PwC interviews, BCG

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) – see right hand chart
 - 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 (%)

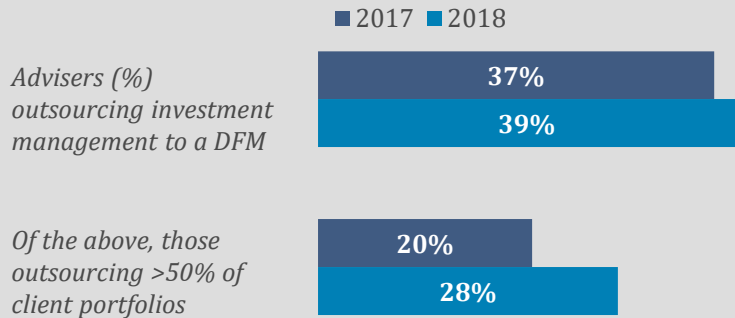


Note 1. Of UKIM custody FUM introduced by IFAs
 Source: FCA, PIMFA, The Financial Times 2018 top 100 advisers (CF30s)

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 use of outsourced DFMs, 2017-18



Platformum report August 2020

“UK Wealth Management Market Overview”

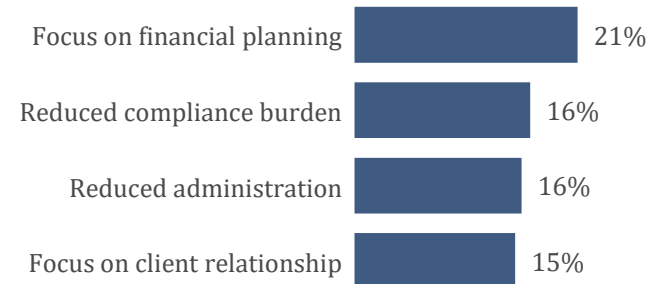
“There is a trend towards outsourcing portfolio management in the advice market. Multi-asset funds have been growing strongly but on-platform model portfolios are also expected to see strong growth.”

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

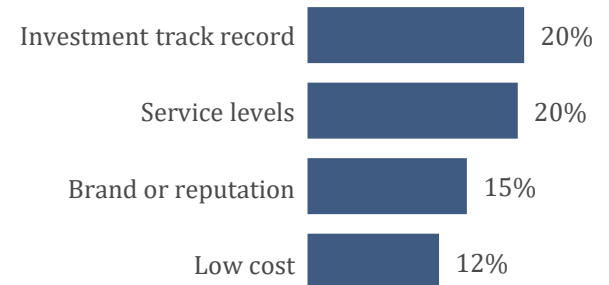
Source: GlobalData, Platformum

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, 2019 (%)



IFAs’ top requirement for choosing a DFM, 2018 (%)



FY20 progress in International – moving from protection to growth

- Stabilised and built a **right-sized** and focussed team
- **Cut peripheral** and sub-scale products and services
- **Integrated fully** into Group’s capabilities
- **Agreed strategies** for Adviser, Trustee and Private Client channels and begun implementation as far as COVID-19 lockdown allowed
- Planned **Responsible Investment** launch (and implemented Q1 FY21)
- Exchanged on the **acquisition** of Lloyds International’s wealth management and funds business

Well set for organic and inorganic growth

Higher average FUM and stable revenue margins resulting in good UKIM income growth

	FY19	FY20	Change
Average MSCI PIMFA Private Investor Balanced Index on billing dates	1,579	1,585	0.4%

Average FUM on billing dates (£m)

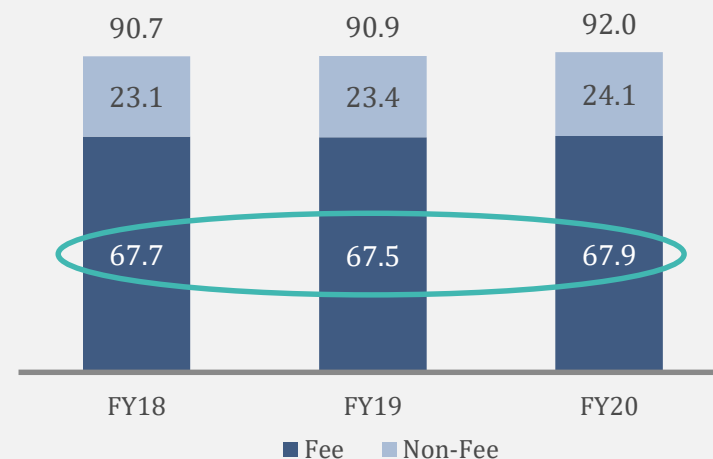
BPS	7,847	7,830	(0.2%)
MPS	1,596	1,709	7.1%
Funds	1,534	1,341	(12.6%)
Total	10,977	10,880	(0.9%)

Income (£m)

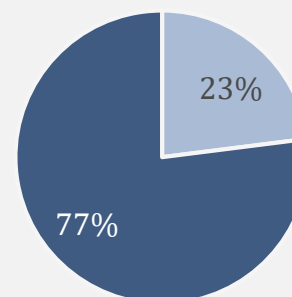
BPS	71.3	72.0	1.0%
Fee income	53.0	53.2	0.4%
Non-fee income	18.3	18.8	2.7%
MPS	7.8	8.0	2.6%
Funds	6.9	6.4	(7.2%)
Total UKIM	86.0	86.4	0.5%

Note: Yield calculated using actual FUM on billing dates in the period

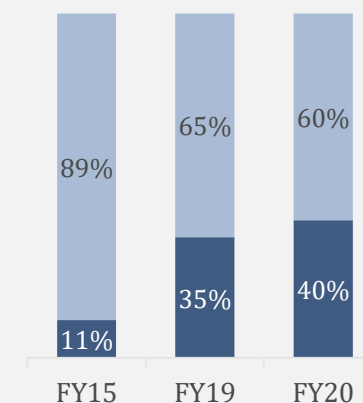
BPS annualised income yield FY20 vs FY19 & FY18 (bps)



BPS new flows FY20



Total BPS book

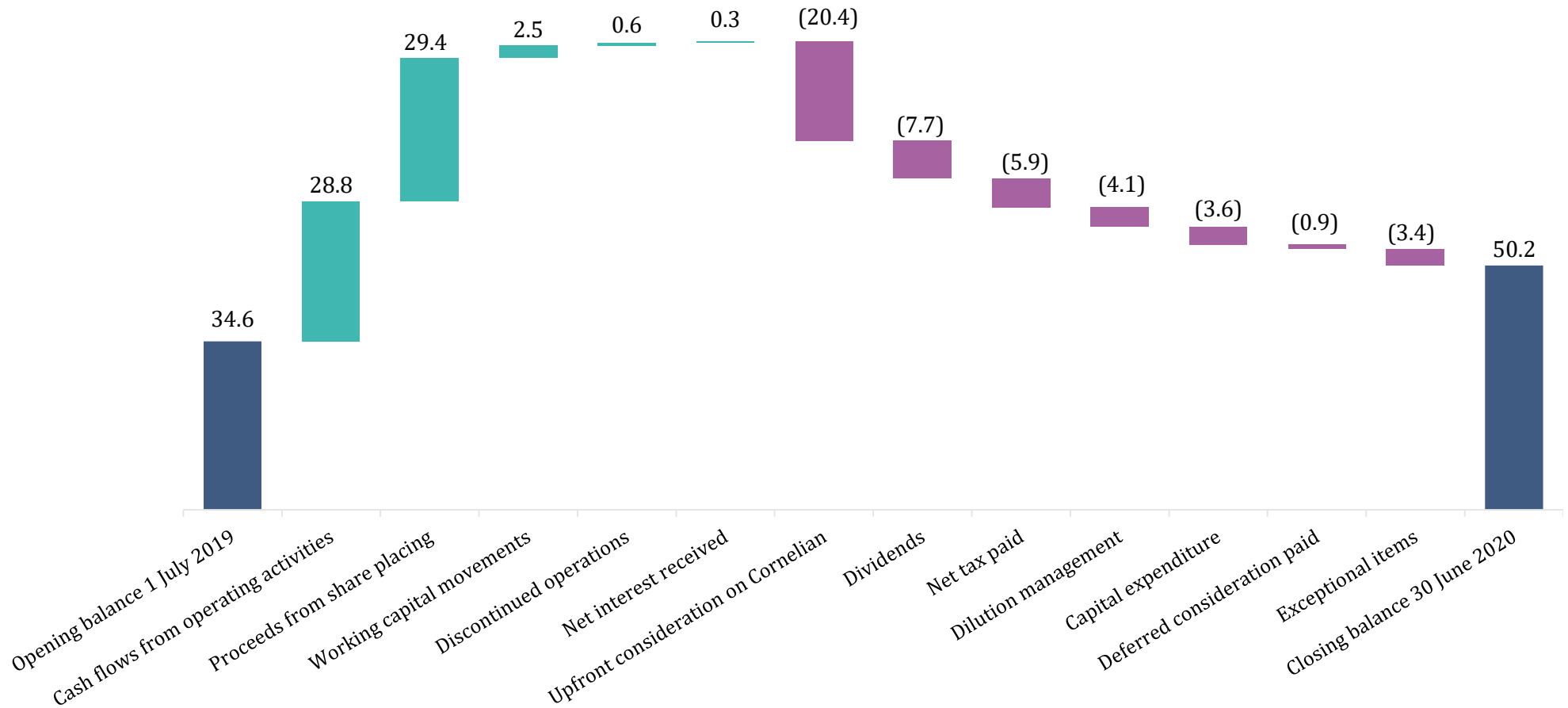


Cash flows

£m	FY19	FY20
Opening cash	30.9	34.6
Cash flows from operating activities	23.4	28.8
Proceeds from share placing	-	29.4
Working capital movements	0.6	2.5
Discontinued operations	(0.1)	0.6
Net interest received	0.2	0.3
Upfront consideration on Cornelian	-	(20.4)
Dividends	(6.7)	(7.7)
Net tax paid	(2.3)	(5.9)
Dilution management	(2.0)	(4.1)
Capital expenditure	(1.7)	(3.6)
Deferred consideration paid	(1.2)	(0.9)
Exceptional items	(7.7)	(3.4)
Disposal of investment	1.2	-
Closing cash	34.6	50.2
Change in cash	3.7	15.6

Strong cash generation supporting the Group's robust capital position

Cash movements for 12 months to 30 June 2020 (£m)



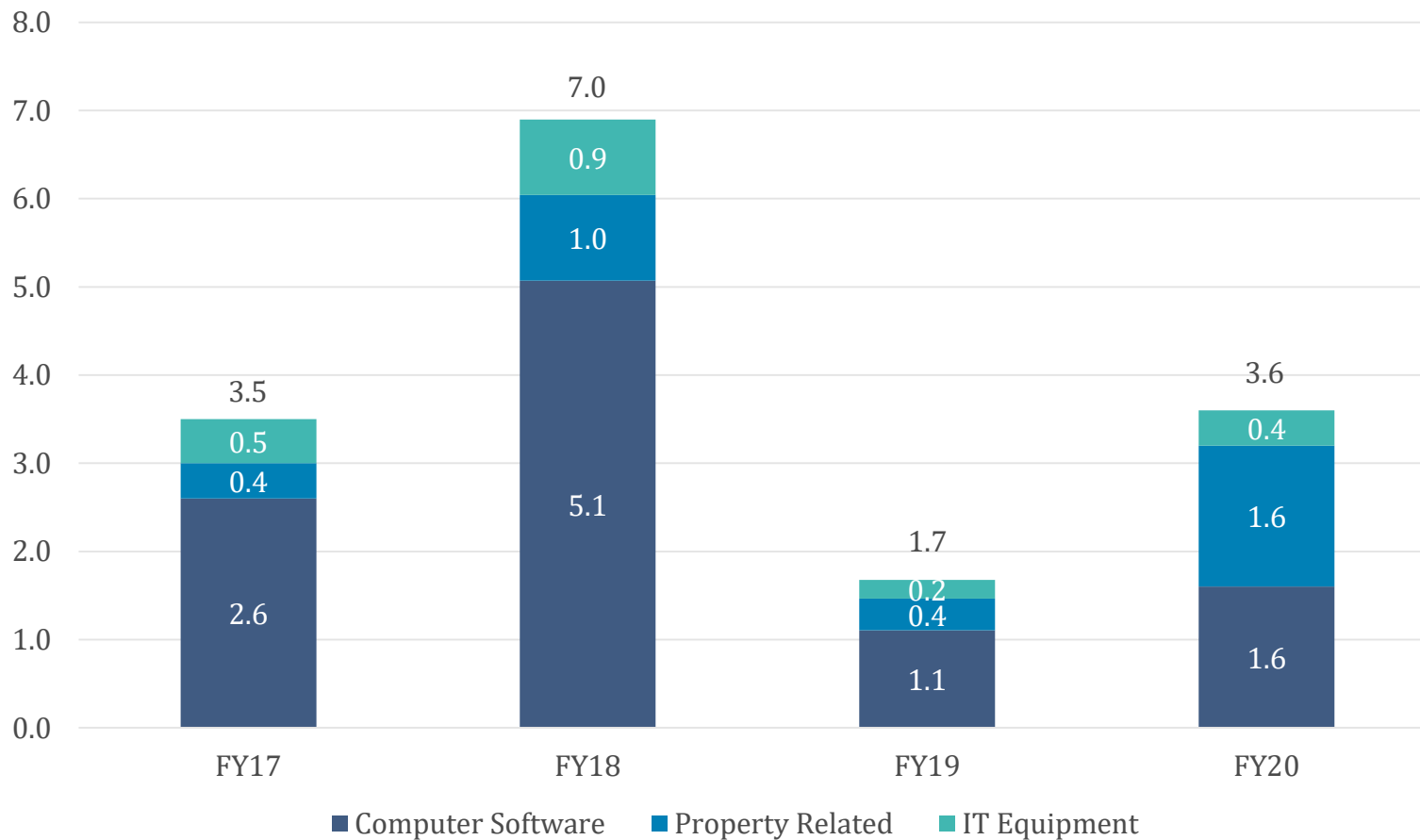
Income and yield breakdown FY20 vs. FY19

	Income (£m)		Yields (bps)	
	FY19	FY20	FY19	FY20
BPS Fees	53.0	53.2	67.5	67.9
BPS Non Fee	18.3	18.8	23.4	24.1
Total BPS	71.3	72.0	90.9	92.0
MPS	7.8	8.0	48.9	46.8
UKIM Discretionary (excl. CAM)	79.1	80.0	83.8	83.9
Funds	6.9	6.4	45.0	47.7
UKIM Total (excl. CAM)	86.0	86.4	78.3	79.4
CAM ¹	-	3.1	-	73.8
UKIM Total (incl. CAM)	86.0	89.5	78.3	79.2
International	13.5	12.4	85.0	79.0
Total FUM related revenue	99.5	101.9	79.2	79.2
Financial Planning – UK	3.6	3.8		
Financial Planning – International	1.1	1.0		
Other Income	1.5	1.9		
Total non-FUM related revenue	6.2	6.7		
TOTAL Group revenue	105.7	108.6		

1. Average FUM for Cornelian time weighted to four months for the purposes of the yield calculation.

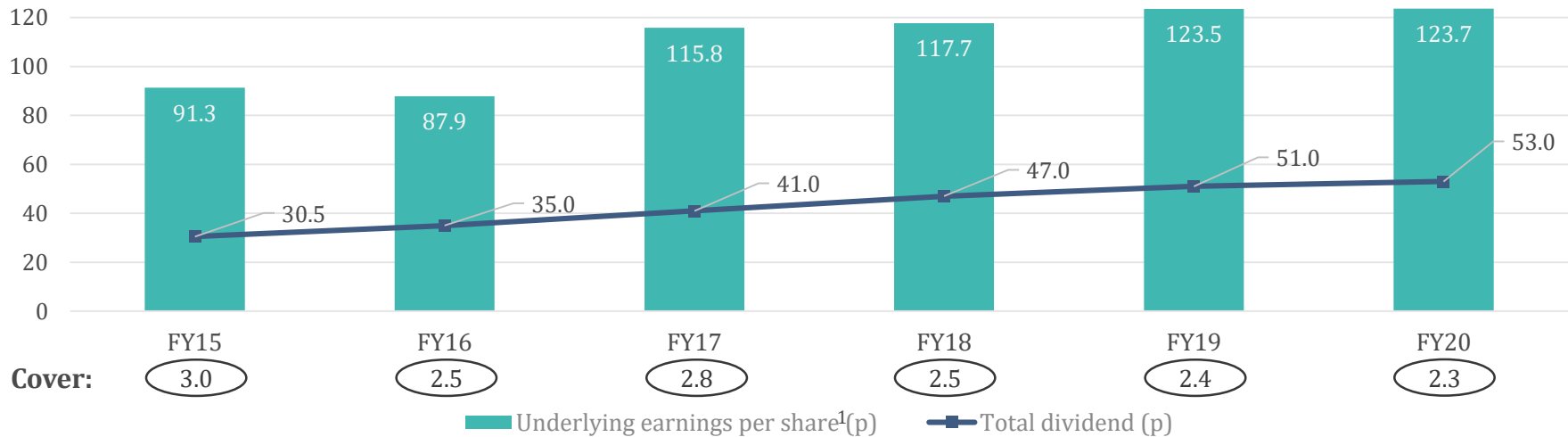
Capital expenditure

Capital expenditure FY17 – FY20 (£m)

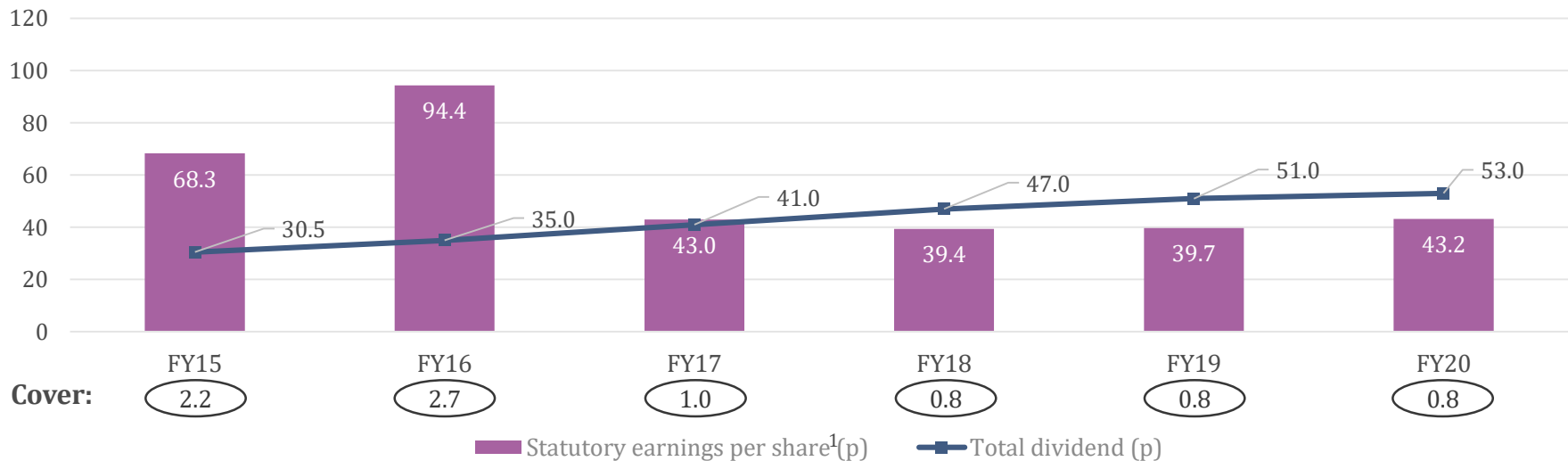


Final dividend

Underlying



Statutory



1 Earnings per share as published, not restated for discontinued businesses, to give consistent view of dividend cover; FY19 restated for accounting changes as per RNS

FY18 and FY19 restated P&Ls

	<i>FY19 Reported</i>	<i>ACD adj.</i>	<i>Platform MPS VAT adj.</i>	FY19 Restated	<i>FY18 Reported</i>	<i>ACD adj.</i>	<i>Platform MPS VAT adj.</i>	FY18 Restated
Revenue	107.3	(1.2)	(0.4)	105.7	99.9	(1.0)	(0.3)	98.6
Total underlying costs	(86.3)	1.2	0.1	(85.0)	(81.2)	1.0	0.1	(80.1)
Underlying profit before tax	21.0	-	(0.3)	20.7	18.7	-	(0.2)	18.5
Statutory profit before tax	8.2	-	(0.3)	7.9	6.7	-	(0.2)	6.5
Underlying profit before tax margin	19.6%		0.0%	19.6%	18.7%		0.1%	18.8%
Underlying diluted earnings per share	125.5p		(2.0)p	123.5p	123.0p		(1.9)p	121.1p
Net assets	87.6	-	(0.7)	86.9	88.0	-	(0.5)	87.5

The Group's results for FY18 and FY19 have been restated in respect of the following two matters:

ACD fees and associated costs

Figures have been restated in respect of the recognition of the Authorised Corporate Director ('ACD') fees and associated costs for one of the regulated OEICs managed by the Group. In prior years these were recognised on a grossed-up basis in revenue and non-staff costs respectively. During FY20, the accounting was corrected to only recognise the investment management fees due to the Group from the ACD under the Investment Management Agreements. This adjustment has no impact on the underlying and statutory profits before tax.

VAT on Platform MPS

The Group has been undergoing a review of its Managed Portfolio Service ('MPS'), with a view to seeking a ruling from HMRC that MPS is not subject to VAT. When conducting this review, it was noted that the fees received on MPS offered through third party platforms ('Platform MPS') were in part not being correctly accounted for and historically treated as exempt from VAT. As a result, income derived from this service was overstated, the VAT liability arising on the fees collected was understated and consequently the Group has under-recovered its entitlement to input VAT credit. Since previously reported revenue from Platform MPS was overstated, it was concluded that the error required correction in the FY20 financial statements. Accordingly, the Group recognised a prior year adjustment of £0.2 million in respect of FY18 of £0.3 million for FY19.

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