

Half year results

for the six months ended 31 December 2019

Caroline Connellan, CEO

Ben Thorpe, Group Finance Director

Robin Eggar, Managing Director, UKIM

Andrew Shepherd, CEO International

Disciplined strategy execution driving improved financial performance and positioning the business for further success



BROOKS MACDONALD

Caroline Connellan

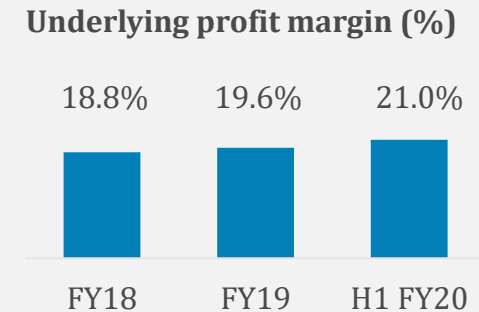
CEO



BROOKS MACDONALD

A positive first half with margin improvement and disciplined strategy execution

- Delivered strong financial performance, further improving underlying profit margin
- Disciplined execution of strategy, strengthened foundation and midway through second phase of 'enhancing what we do and how we do it'
- Continued focus on delivering for clients and advisers – enhanced proposition, digital investment and robust investment performance
- Acquired Cornelian, a high quality business with compelling strategic and cultural fit, in an EPS accretive transaction
- Investing further in talent, building a high-performance culture and driving efficiency and effectiveness, supporting growth ambitions



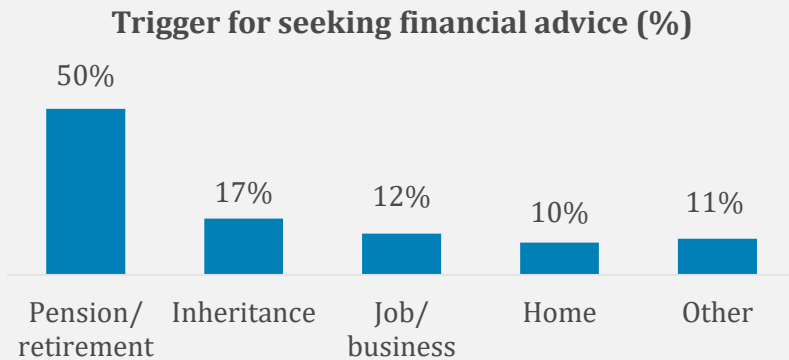
Cornelian

Delivering value for shareholders and positioning the business for further success

Fundamental opportunity remains significant and growing ...

Positive underlying demographic and policy trends...

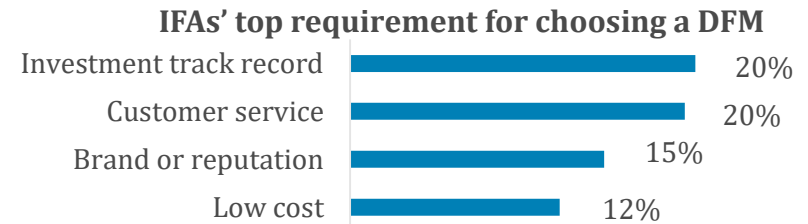
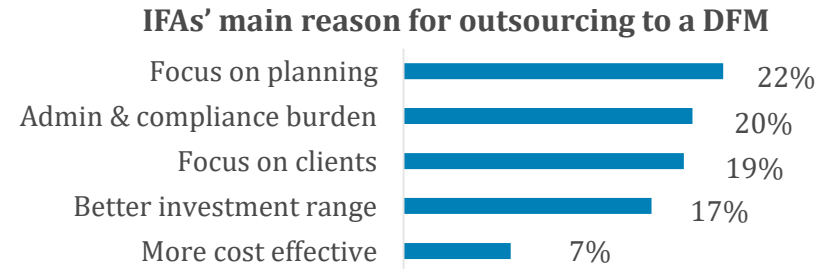
- **Demographic trends remain supportive to wealth management**, ageing population with increasing need to save for retirement
- **Overall supportive policy environment:** increasing public policy-driven onus on individuals to plan and save for retirement, with suitable investment of assets
- **Growing demand for pre- and post-retirement related advice**, also increasing focus on saving for long-term care costs



Source: GlobalData

... and continuing opportunity with IFAs

- **Increasing number of IFAs looking to outsource investment management**, to demonstrate the independence and value of their core advice offering, supported by regulatory and commercial dynamics



Note: lower-rated options excluded in both charts

... and despite the short-term headwinds we are well positioned to compete

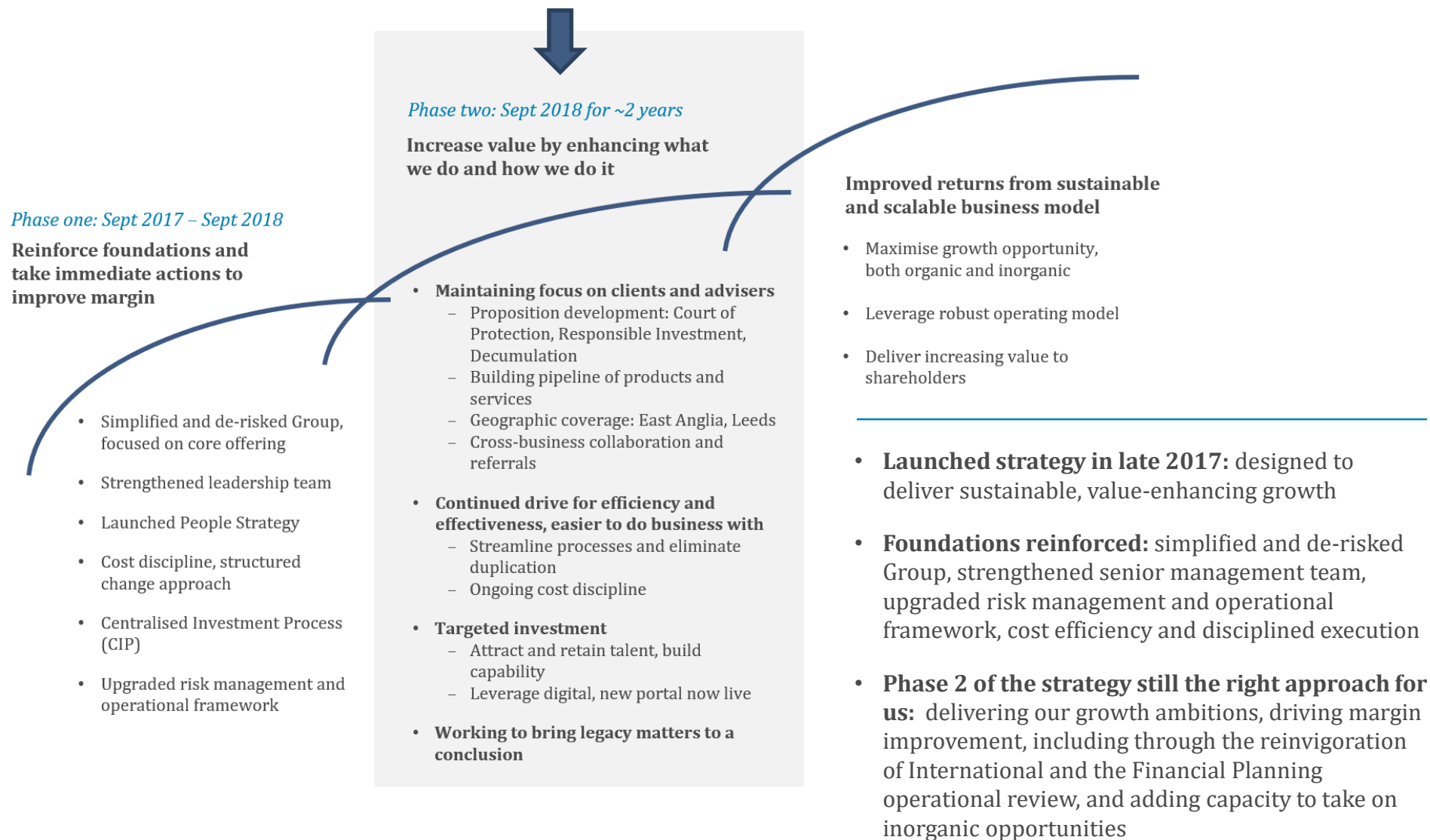
The current environment is more uncertain:

- Short-term difficult market conditions and weak client sentiment driven by **impact of coronavirus outbreak** – we are monitoring developments and putting in place plans for continuing to deliver our services to clients and advisers in different plausible scenarios
- Continuing **macroeconomic and political uncertainty** – Brexit outcome, trade tensions
- **Ongoing full regulatory agenda**, embedding recently implemented regulatory changes, with increasing regulatory scrutiny across sector
- **Defined Benefit scheme transfers** currently largely at a halt, pending regulatory clarity

We are well positioned to compete with distinctive strengths:

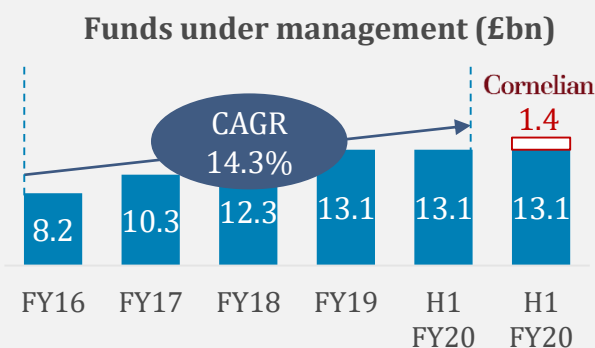
- **Strong adviser relationships and track record**
- **Client-centric culture focused on client service:**
 - Adding improved digital support with our new client and adviser portal, myBM
 - Investing in client-facing talent
 - Improving processes, making BM easier to do business with
- Continuing to **enhance propositions and deliver consistently robust investment performance**

Midway through second phase of our strategy, doing what we said we would



A successful wealth management business, well positioned for the future

- **A focused wealth management business** with DFM and advice through UKIM, International and Financial Planning; all three businesses playing important role going forward
- **Disciplined strategy execution:** continuing to take decisive actions to support future growth, including focus on business quality, continued investment in talent and building a high-performance culture
- **Ongoing organic growth in FUM:**
 - 14.3% CAGR over the last three and a half years to £13.1bn FUM, focus on delivering for clients and IFAs
 - Momentum maintained in H1 despite softer client sentiment – inflows stable or up compared to H1 FY19 across almost all product groups
 - Improvement in client sentiment at the start of the calendar year
- **Cornelian acquisition represents significant step forward:** built a platform to support acquisitions to complement organic growth, with strict criteria for acquisition targets
- **Sustainable value-enhancing growth:** delivering improving financial performance with ongoing focus on executing our strategy to achieve growth ambitions



Confident in the actions we are taking to set the business up for further success

Ben Thorpe

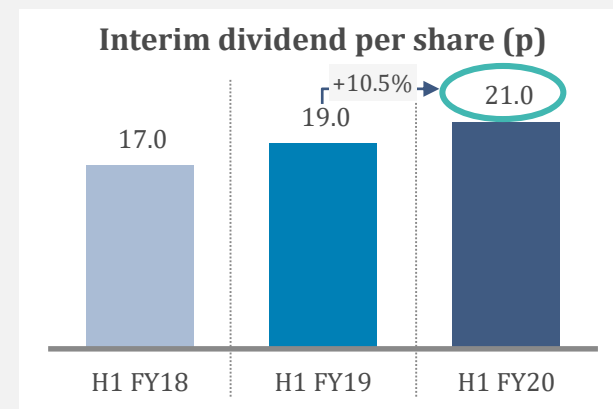
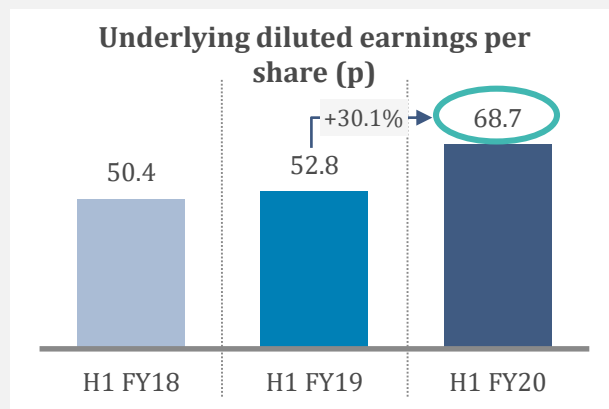
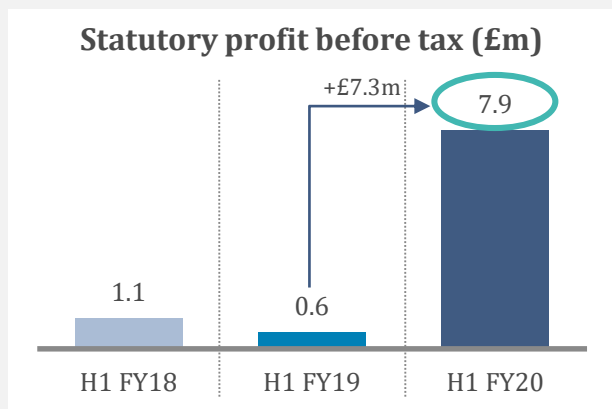
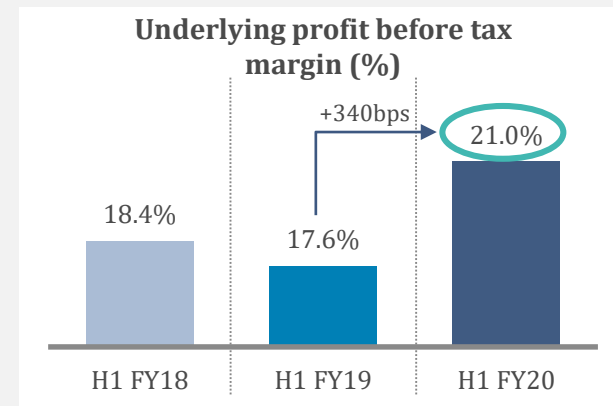
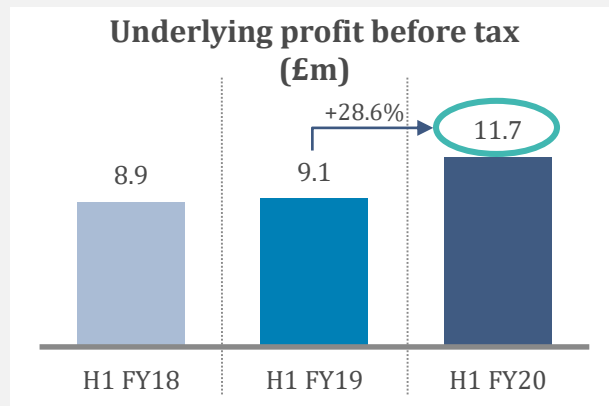
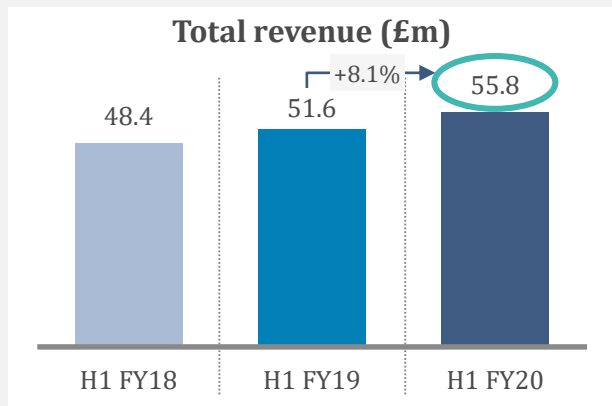
Group Finance Director

Note: Numbers may not always cast due to rounding



BROOKS MACDONALD

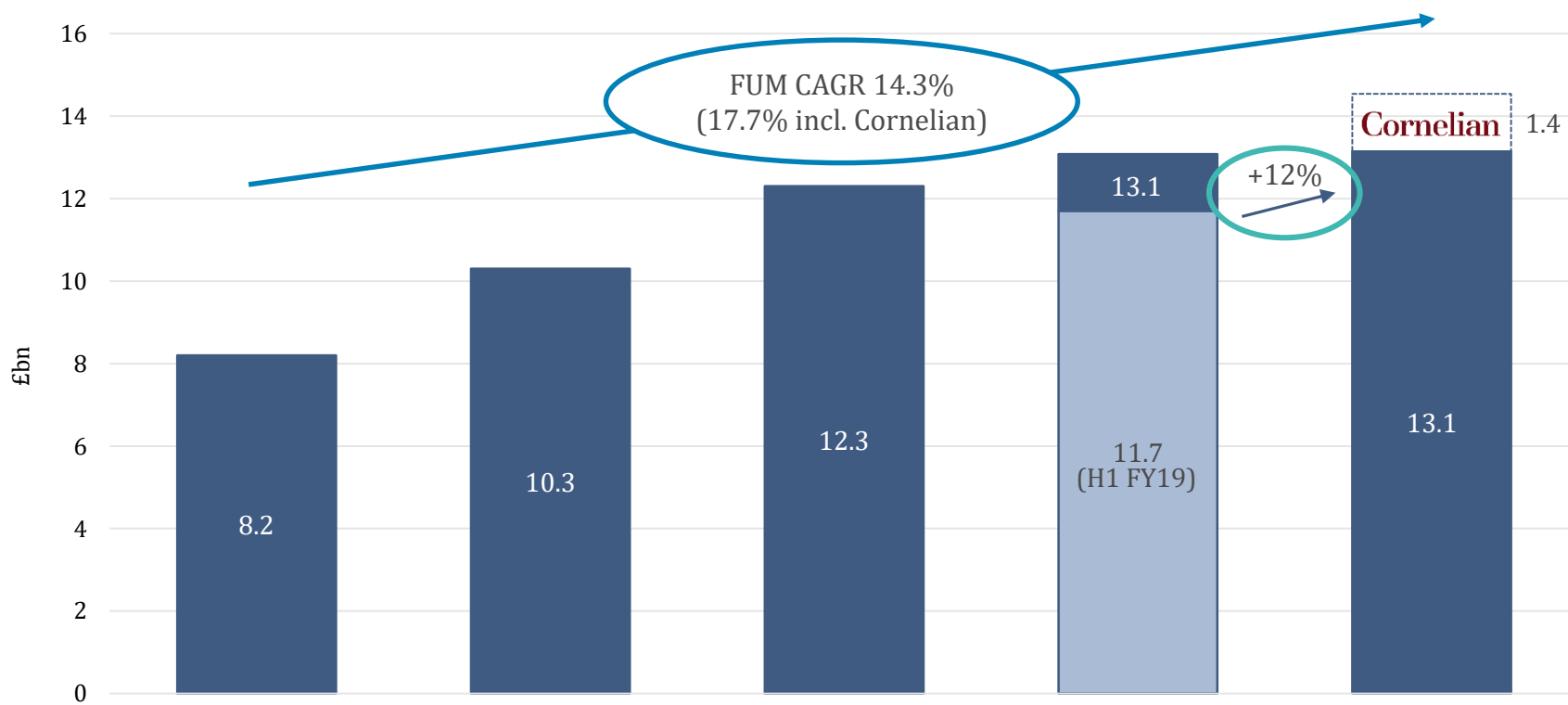
Delivered strong financial performance



...and an increasing dividend

Note: Comparative results have been restated to exclude discontinued operations and present a more appropriate year on year comparison. Statutory profit before tax represents results from continuing operations.

FUM up 12% on H1 FY19, net flows in H1 FY20 impacted by client sentiment and focus on business quality



	FY16	FY17	FY18	FY19	H1 FY20
Growth	12.0%	26.0%	19.2%	6.8%	(0.4%)
Net new business	11.5%	11.4%	15.1%	3.3%	(3.8%)*
Investment performance	0.4%	14.6%	4.1%	3.5%	3.4%*
Increase in MSCI WMA Private Investor Balanced Index	5.0%	10.9%	4.2%	2.2%	2.9%

*Half year for H1 FY20

Improved performance in all three segments

H1 FY20 (£m)	UK Investment management	International	Financial planning	Group and consolidation adjustments	Total
Revenue	46.8	7.0	2.0	-	55.8
Direct costs	(21.2)	(4.0)	(1.5)	(17.4)	(44.1)
Contribution	25.6	3.0	0.5	(17.4)	11.7
Internal cost recharges	(12.3)	(1.6)	(1.1)	15.0	-
Underlying profit before tax	13.3	1.4	(0.6)	(2.4)	11.7
PBT Margin	28.4%	20.0%	(30.0%)	N/A	21.0%
<i>Underlying profit growth (£m)</i>	<i>+2.1</i>	<i>+0.5</i>	<i>+0.2</i>	<i>-0.2</i>	<i>+2.6</i>

H1 FY19 (£m)	UK Investment management	International	Financial planning	Group and consolidation adjustments	Total
Revenue	42.4	7.4	1.8	-	51.6
Direct costs	(20.8)	(5.0)	(1.4)	(15.3)	(42.5)
Contribution	21.6	2.4	0.4	(15.3)	9.1
Internal cost recharges	(10.4)	(1.5)	(1.2)	13.1	-
Underlying profit before tax	11.2	0.9	(0.8)	(2.2)	9.1
PBT Margin	26.4%	12.2%	(44.4%)	N/A	17.6%

- UKIM continued to perform well, with higher average FUM, a stable yield and flat direct costs delivering good profit growth
- International had strong delivery against its strategic plan with cost actions driving profitability improvements
- Financial Planning revenues up and costs stable as the business executes findings of its operational review

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

	H1 FY19	H1 FY20	Change
Average MSCI WMA Private Investor Balanced Index on billing dates	1,548	1,672	8.0%

Average FUM on billing dates (£m)

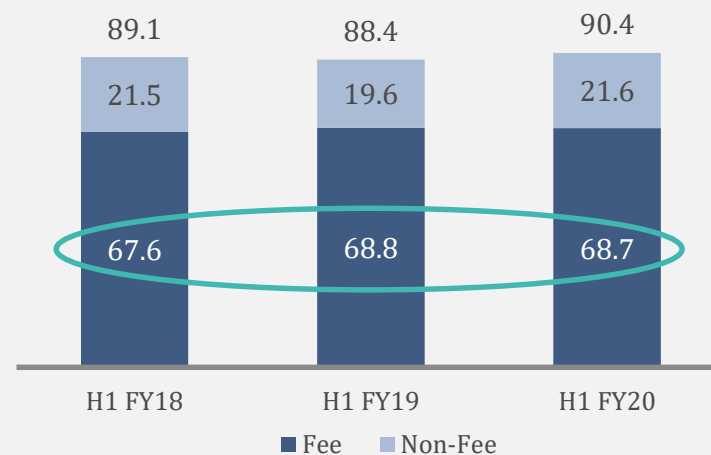
BPS	7,599	8,304	9.3%
MPS	1,530	1,746	14.1%
Funds	1,489	1,500	0.7%
Total	10,618	11,550	8.8%

Income (£m)

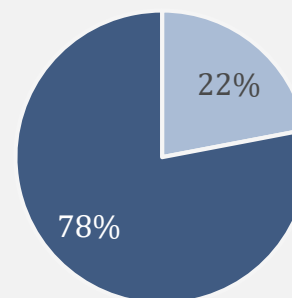
BPS	34.0	37.7	10.9%
Fee income	26.6	28.7	7.9%
Non-fee income	7.4	9.0	21.6%
MPS	4.0	4.5	12.5%
Funds	3.9	4.1	5.1%
Other	0.5	0.5	0.0%
Total UKIM	42.4	46.8	10.4%

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

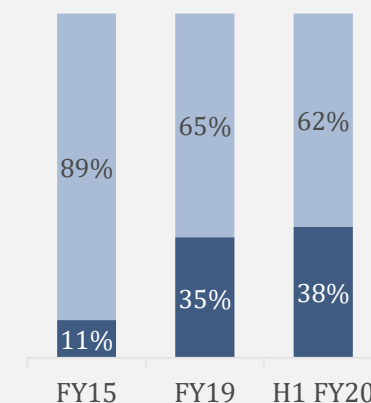
BPS annualised income yield H1 FY20 vs H1 FY19 & H1 FY18 (bps)



BPS new flows H1 FY20



Total BPS book



Disciplined approach to costs, creating capacity for continued investment in business

	H1 FY19	H1 FY20	Change	
	£m	£m	£	%
Fixed staff costs	19.7	19.2	(0.5)	(2.5)
Variable staff costs	7.0	7.5	0.5	7.1
Total staff costs	26.7	26.7	-	-

Non-staff costs	15.8	17.4	1.6	10.1
Total underlying costs	42.5	44.1	1.6	3.8

Total staff cost/Income	51.7%	47.8%
Fixed staff cost/Income	38.2%	34.4%
Variable pay/Income	13.6%	13.4%
Non staff cost/Income	30.6%	31.2%

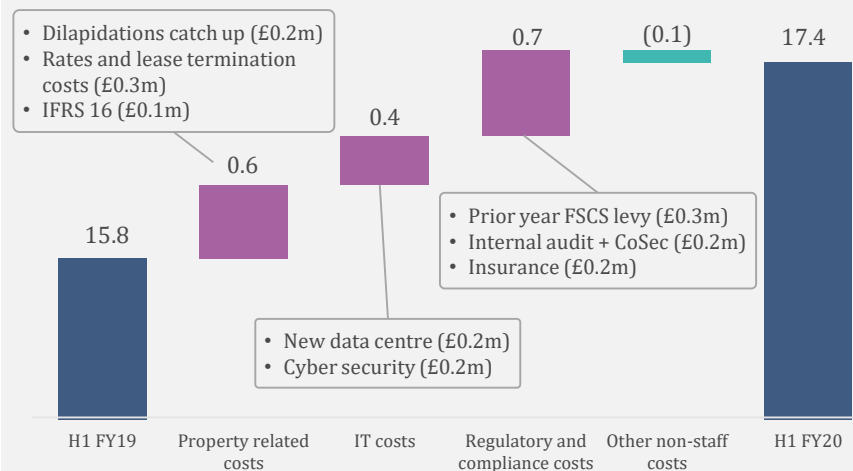
Headcount (excl. contractors)

Closing number of permanent employees	455	415	(40)	(8.8)
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Staff costs key movements H1 FY19 to H1 FY20 (£m)

Fixed compensation	£m
Efficiency improvements	(4.0)
Investment in talent and high performance team	2.0
Changes to IM compensation (including transitional arrangements)	1.5
Total fixed compensation	(0.5)
Variable pay	£m
Changes to IM compensation (net of retention arrangements)	(1.0)
Higher accrual in line with higher profit	1.5
Total variable pay	0.5
Total staff costs	-

Non-staff costs key movements H on H (£m)



Statutory profit tracking closer to underlying due to fewer adjusting items

	H1 FY19 £m	H1 FY20 £m
Underlying profit before tax from continuing operations	9.1	11.7
Amortisation of client relationships	(1.1)	(1.1)
Changes in fair value of consideration and related disposals	0.3	(0.1)
<i>One-off items:</i>		
Acquisition costs	-	(2.0)
Head office relocation costs	-	(0.6)
Levitas goodwill impairment	(4.8)	-
Client relationship contracts impairment	(2.3)	-
Restructuring charge	(0.6)	-
Statutory profit before tax from continuing operations	0.6	7.9
Taxation	(1.5)	(1.5)
Statutory profit after tax from continuing operations	(0.9)	6.4
Discontinued operations	0.1	-
Statutory profit after tax	(0.8)	6.4
Balance sheet and capital adequacy	H1 FY19	H1 FY20
Total Net Assets (£m)	87.6	119.8
Cash (£m)	34.6	62.6
Capital Adequacy ratio (%)	239.0	389.0

One-off items recognised in H1 FY20:

Acquisition costs (£2.0m)

Costs incurred in relation to the acquisition of Cornelian including corporate finance services, legal fees and due diligence fees.

Head office relocation costs (£0.6m)

As a result of the move, dual running costs have been incurred during the period on the three offices until the vacating office leases at Bevis Marks and Welbeck Street expire in March 2020.

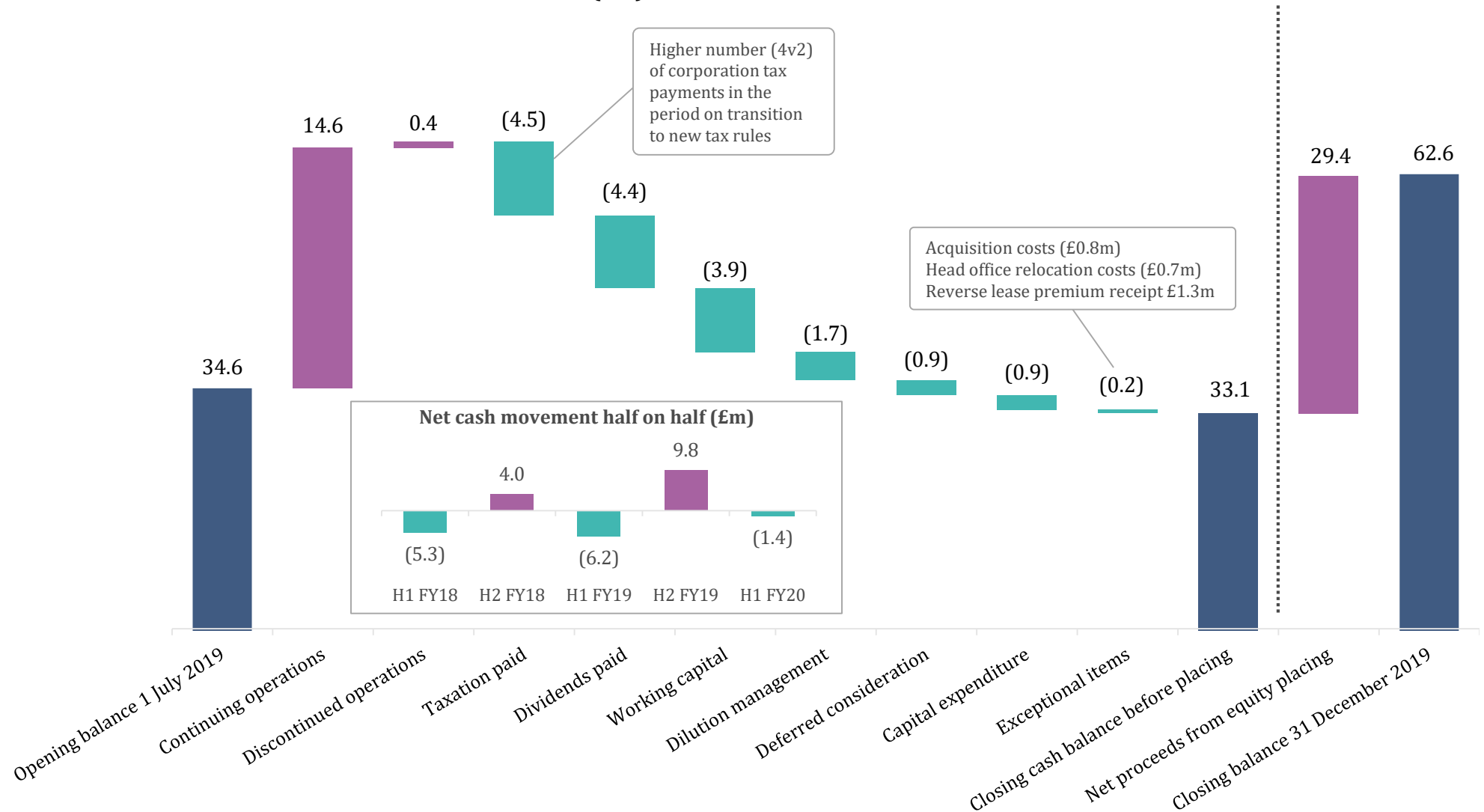
Balance sheet and capital adequacy

The Group's financial position remains strong. The increase in cash balances and net assets from FY19 is largely as a result of the equity placing carried out in November 2019 in connection with the acquisition of Cornelian.

Capital Adequacy ratio of 389% represents the level of 'capital cover' on the Group's Pillar 1 requirement. It is equal to the Group's regulatory capital resources (£67.1m at 31 Dec 2020) divided by the Group's Pillar 1 capital requirement (£17.3m at 31 Dec 2020).

Strong cash generation, increased tax payments due to change in payment on account terms

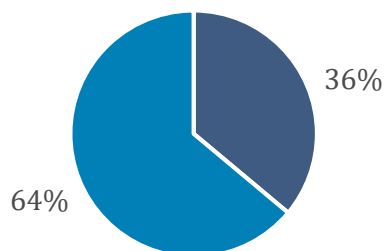
Cash movements for 6 months to 31 December 2019 (£m)



Cornelian acquisition completed and integration on track

- Acquisition completed on 28 February 2020
- Integration planning completed and implementation phase proceeding to plan
- Distribution and marketing teams joined up increasing national reach
- Client book migration expected to complete in H2 FY20
- Cost synergy benefits identified and execution well underway, expected to be materially complete for FY21
- High quality team already making a contribution to the Group

Cornelian FUM by client type



Total FUM = £1.4bn

■ Direct Clients ■ Intermediated Clients

Reminder of acquisition details:

- P/E multiple of **7 times** post-synergy
- Anticipated costs synergies of £3.75m p.a on run rate basis from FY21
- Initial consideration of £29.4m paid on completion:
 - £20.4m cash
 - £9m by way of issue BM shares (locked up for 2 years from completion)
- Contingent consideration of up to £8m, payable entirely in cash by second anniversary of completion comprising:
 - £6m conditional upon meeting certain pre-determined FUM targets
 - £2m conditional upon meeting pre-determined synergy targets

Cornelian

£m	FY2017*	FY2018*	FY2019*
AUM	1,270.0	1,423.0	1,380.5
Revenue	8.3	10.4	10.3
EBITDA	2.6	3.5	3.4
PBT	2.4	3.4	3.4

*Reference is to Cornelian's financial year (ending 30 September)

H2 guidance points

P&L	FUM	<ul style="list-style-type: none"> • Saw improvement in client sentiment at the start of the year but short term macroeconomic outlook uncertain, exacerbated by coronavirus outbreak with highly volatile markets and weaker sentiment creating a challenging backdrop for H2 net flows and FUM levels • International performing well and making progress on net flows. Second half flows expected to be double first half, given seasonality
	Income	<ul style="list-style-type: none"> • Fee yield in H2 expected to be in line with H1 as trend towards 'all in' fees continues • MPS yield to trend marginally lower, given recent relaunch of MPS on platform
	Underlying costs	<ul style="list-style-type: none"> • Cost discipline remains a key focus, with H1 costs well contained. Expecting a similar trend although H2 includes payment of the FSCS levy with an estimate at c.£2.0m (FY19 c.£1.2m) • IFRS16 charge of £0.1m in H1 and full year expected to be £0.3m- impact limited due to short lease durations
Cashflow	Capex	<ul style="list-style-type: none"> • Continue to manage cashflow tightly. Guidance of c.£5m for the year maintained, including £2m for new Lombard street office, which has now completed on plan and on budget
	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 H2
	Share count	<ul style="list-style-type: none"> • Cornelian acquisition earnings enhancement by c.9% in FY21 on track, although current events could impact this. Minimal accretion in H2 FY20 • Weighted average number of shares in H2 expected to be 14.9m (14.1m in H1). Actual number of shares at year end expected to be 15.8m (ex-employee benefit trust)

Robin Eggar

Managing Director, UKIM



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A long serving member of the team, deep knowledge of our people, advisers and their clients



- Joined BM in Jan 2001 on graduate programme
- Rapid promotion to investment team head, significantly growing assets in the team
- Head of London from 2015-2018, doubling FUM
- Expert in adviser market with exposure to direct clients and experience in the funds business
- Key stakeholder in internal projects such as MiFID II and deep relationships with counterparts across the business

Focusing on building a high performance team and enhancing the proposition

People

- Team structure and personnel – right people in the right roles
- Continued evolution– allowing focus and specialisation, leading to increased capacity
- Up-skilling the team – to identify opportunities to market more widely, both externally and internal referrals to FP and International

Proposition

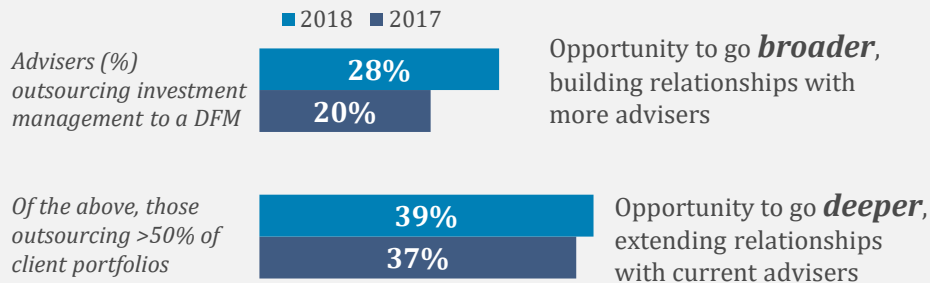
- Engaging with advisers to aid their client segmentation
- Specialist areas and tools to help advisers deliver on what their clients want, from platform MPS to Court of Protection
- Opportunity to build on strength of adviser relationship – both investment managers and national business development teams – breadth of exposure to BM

Process

- Focus on the client journey, both IFA and end client
- Investment in Digital, MyBM
- Making us easier to do business with

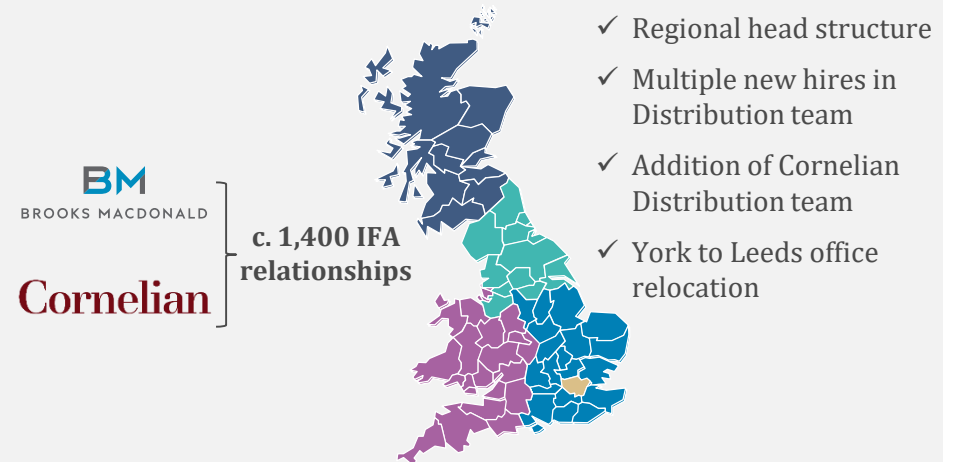
Significant opportunities for further organic growth

GROWING OUTSOURCING OPPORTUNITY

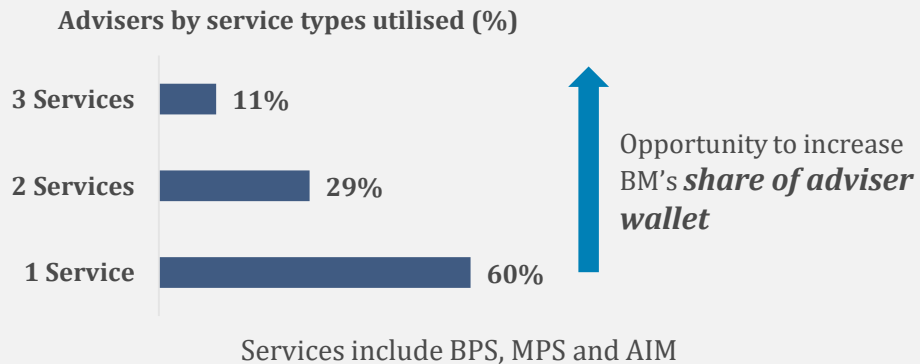


Source: UK IFAs, Investment Managers and Platforms 2017; and Engaging with UK Financial Advisers: Trends, Concerns and Opportunities 2018 (GlobalData)

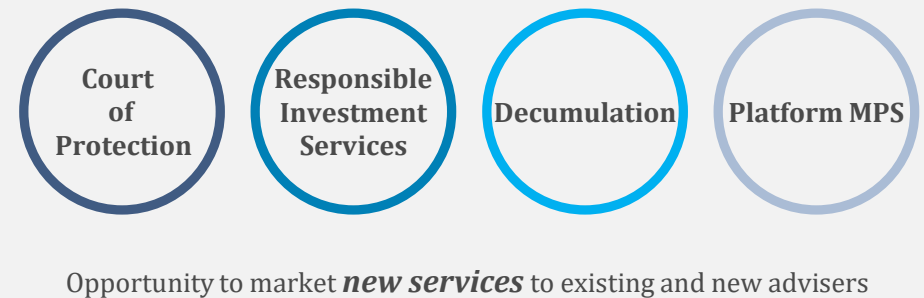
ENHANCED CLIENT AND IFA FACING CAPABILITY



OPPORTUNITY TO INCREASE SHARE



ENHANCING OUR SERVICES



Andrew Shepherd

CEO International

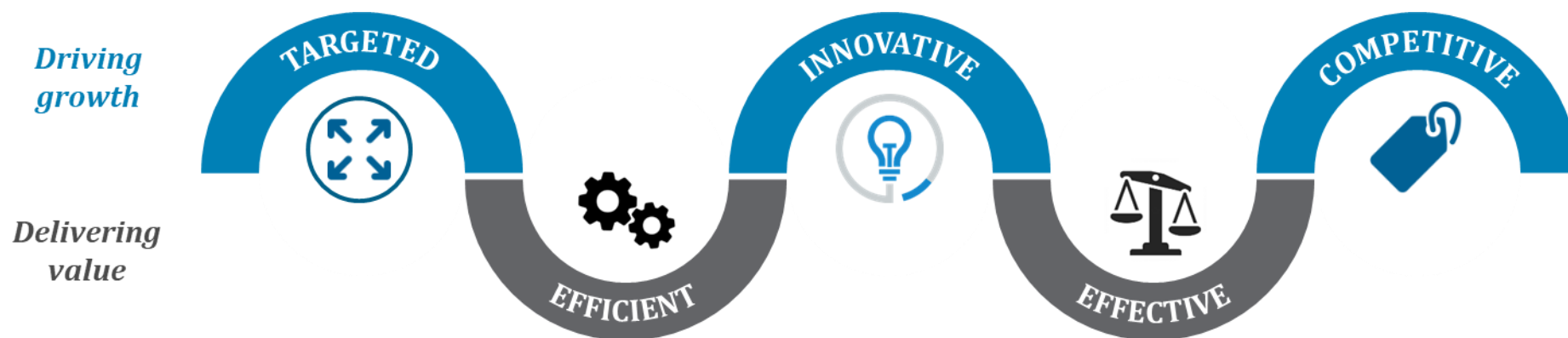


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Strong delivery against strategic plan, improving net flows and profitability

Progress made during H1 FY20:

- Energised, high performing team – now stable, right-sized and focussed
- Cut peripheral products and small higher risk clients
- Revitalising International MPS, and planning Multi Asset Fund and Responsible Investing solution
- Fully integrated with, and contributing to, Group’s capabilities and future success



Moving to International being a major contributor to the Group, in the medium term delivering growth at profit margins in line with those in UKIM

Progress being made across all three distribution channels

Trust (fiduciary)


- Significant Channel Islands market at c.£1 trillion
- Proposal numbers now higher than at any point in last three years and number of meetings in January and February 50% higher than total for Q4 2019

Private Clients

- Private Client new business flows well ahead of expectations
- Focus on building out the team with quality Advisers

Advisers

- New Terms of Business being signed by Adviser firms growing rapidly, (up 20% since 30 June 2019) with growth across UK, South Africa, UAE and Channel Islands
- Building partnerships with Platforms and Pension Providers to assist Advisers in improving the advice experience for customers
- Slowly growing our UK adviser network in collaboration with UK Distribution

- 
- Increasing inflows and reducing attrition
 - Momentum building across all channels
 - Now have a strong base from which to grow

Caroline Connellan

CEO



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Strong results and a positive medium-term outlook; short-term uncertain

Done what we said we would do

- **Delivered strong financial performance:** increased underlying profit margin as committed, along with increased revenues and profits
- **Drove our strategy forward:** maintained focus on clients and advisers while investing in talent, enhancing our execution discipline and building a high-performance organisation
- **Moved into inorganic growth:** acquired Cornelian, a strong business with a great strategic and cultural fit

Looking forward

- **Clear on strategy:** building on our strengths, targeted investment, growth through organic and inorganic (applying strict criteria to potential opportunities)
- **Short-term uncertainty:** dealing with impact of the coronavirus outbreak, which we are monitoring closely
- **Well positioned to compete:** fundamental opportunity remains significant, positive medium-term outlook supported by the improving client sentiment we saw at start of calendar year
- **Confidence in future:** setting the business up for continued success, providing outstanding products and services for clients and advisers and delivering value for shareholders

Driving sustainable and value-enhancing growth, positioning the business for further success

Appendices



BROOKS MACDONALD

Who we are

Protecting and enhancing our clients' wealth through the provision of investment management and advice alongside exceptional service

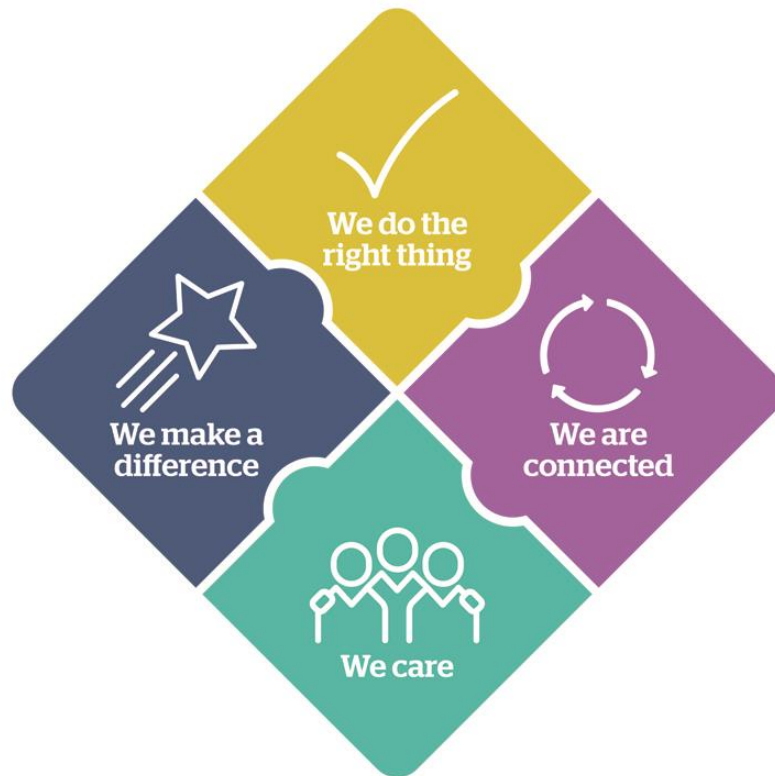
Our strengths

- Client centric culture
- Uniquely strong brand and reputation in the adviser channel
- Strong centralised investment process

Three core businesses, all complementary to each other

UK Investment Management	<ul style="list-style-type: none">• Distributed through advisers• Market-leading FUM growth
International	<ul style="list-style-type: none">• Channel Islands based• Offshore investment with restricted financial planning• Direct and fiduciary clients, increasing adviser distribution
Financial Planning	<ul style="list-style-type: none">• Independent “whole of market” advice, focused on introductions through professional intermediaries• Introducer to UK Investment Management

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

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



Jason Wood
Chief Operating Officer



Tom Emery
HR Director



Alick Mackay
Director, Strategy &
Corporate Development

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.



Investment performance

		Cumulative performance (%)			
		1 year to 31.12.19	3 year to 31.12.19	5 year to 31.12.19	10 year to 31.12.19
Low Risk	BM Low Risk	9.17	11.45	20.70	59.24
	ARC Sterling Cautious PCI	8.05	8.80	16.24	42.58
	Relative performance	1.12	2.66	4.46	16.67
Low-to-Medium Risk	BM Low-to-Medium Risk	12.10	15.81	28.37	75.74
	ARC Sterling Balanced Asset PCI	11.73	13.13	25.19	64.12
	Relative performance	0.38	2.69	3.17	11.62
Medium Risk	BM Medium Risk	14.80	19.97	35.69	89.07
	ARC Sterling Steady Growth PCI	15.00	18.71	35.44	86.10
	Relative performance	-0.20	1.25	0.26	2.96
Medium-to-High Risk	BM Medium-to-High Risk	17.98	24.76	45.32	102.72
	ARC Sterling Equity Risk PCI	18.04	22.94	42.71	103.75
	Relative performance	-0.06	1.82	2.61	-1.03
High Risk	BM High Risk	19.82	28.29	52.17	
	ARC Sterling Equity Risk PCI	18.04	22.94	42.71	
	Relative performance	1.78	5.35	9.46	

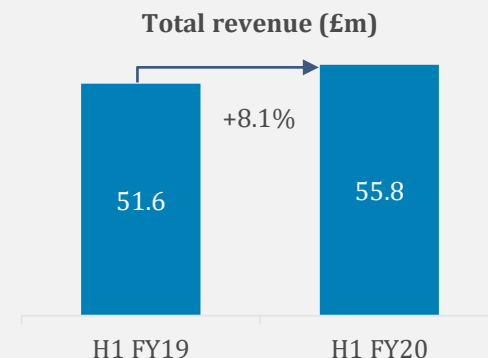
All figures are rounded to 2 decimal places. Please note that due to rounding, the figures shown in this table may not precisely add up to the totals/differentials shown. Past performance is not a reliable indicator of future results. All performance figures are net of underlying fund charges and Brooks 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 31.12.19

Improved financial performance underpinned by disciplined strategy delivery

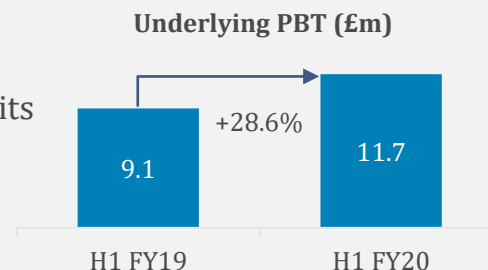
Growth in revenue

- Higher average FUM driving increase in revenue
- Stable fee yield in BPS (68.7bps v 68.8bps)
- Ongoing shift to higher quality fee-based earnings with 78% of BPS flows in H1 FY20 on fee only rate card (H1 FY19 75%)
- Non-fee revenue up on prior period, in part due to higher interest turn off the back of higher cash balances reflecting a more defensive asset allocation
- International income lower due to net outflows in FY19



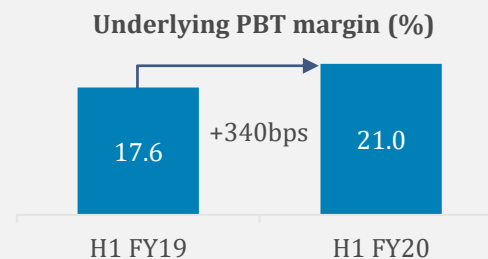
Increase in profitability

- Revenue growth and continued cost discipline driving significant uplift in underlying profits
- Continue to focus on getting more for less; new Lombard Street move complete
- Using capacity created from efficiency improvements for targeted investment; hiring, product and service enhancements, technology to support future growth



Significant improvement in underlying profit margin

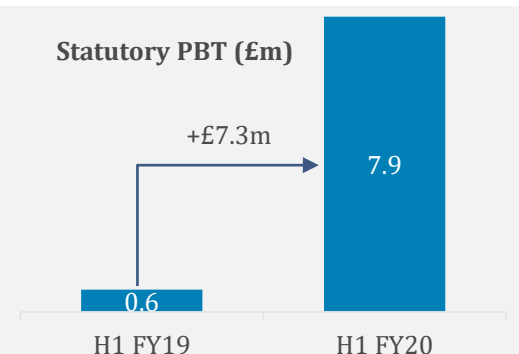
- Underlying profit margin up to 21.0% compared to 17.6% in H1 last year
- Improved performance across all three divisions as we continue to simplify the business and position it for future success



Statutory profit, EPS and dividend all up

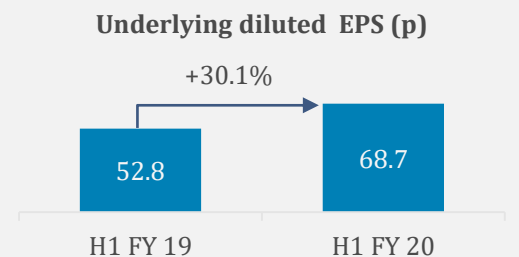
Statutory profit tracking closer to underlying profit

- Statutory profit up significantly to £7.9m*
- Fewer underlying adjustments recognised in H1 FY20, all adjustments previously communicated
 - I. £2.0m cost in H1 related to the acquisition of Cornelian
 - II. £0.6m of dual running costs associated with the move of the Group's HQ to 21 Lombard Street



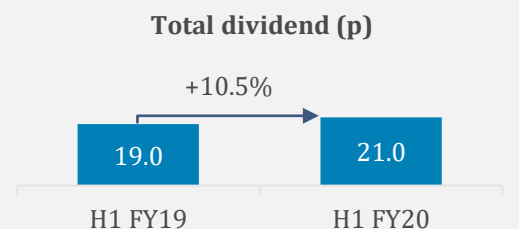
Uplift in underlying earnings per share

- Underlying diluted EPS up by 30.1%,
- Effective underlying tax rate is lower (H1 FY20 -17% v H1 FY19 - 20%) due to a higher deferred tax credit from share based payments off the back of the higher share price in H1
- Statutory diluted EPS shifting from a loss of 5.9p in H1 FY19 to earnings of 45.1p* this period



Interim dividend increase reflects underlying strength of business

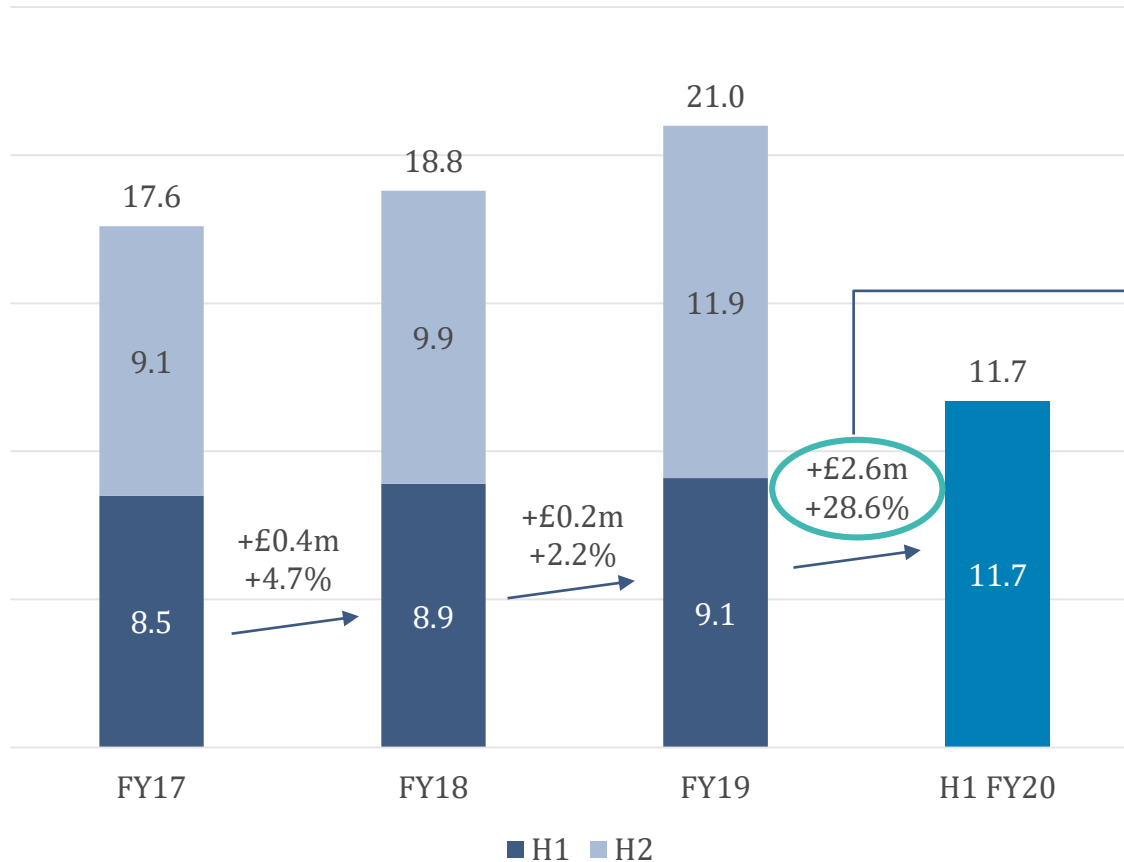
- Interim dividend up 10.5% to 21p from 19.0p reflecting underlying strength of business



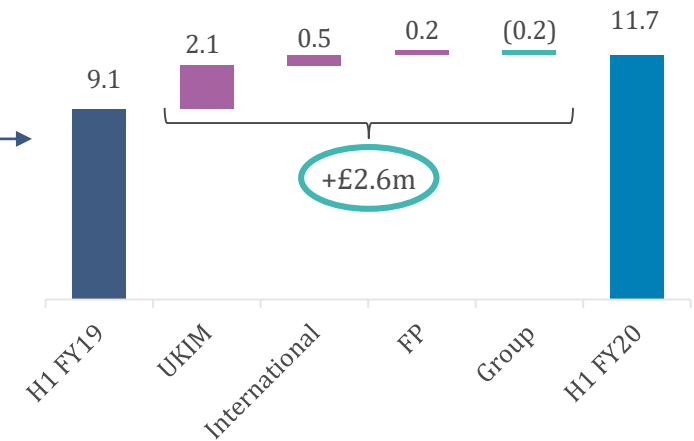
*From continuing operations

Significant increase in Group's underlying profit

Underlying profit before tax FY17 to H1 FY20 (£m)



Net increase in profit of £2.6m split by segment



Breakdown of FUM by service and movements in the 6 months to 31 December 2019

£m	30-Jun-19	Net flows H1 FY20	Performance H1 FY20	31-Dec-19	% Change over 6 months
BPS	8,254	(226)	304	8,332	0.9%
MPS	1,705	(11)	60	1,755	2.9%
UKIM discretionary	9,959	(236)	364	10,087	1.3%
Funds	1,584	(258)	43	1,369	(13.6%)
UKIM total	11,543	(493)	406	11,456	(0.8%)
International	1,604	(13)	42	1,633	1.8%
TOTAL	13,147	(506)	448	13089	(0.4%)
MSCI	1,631.8			1,678.8	2.9%

- UKIM discretionary FUM, comprising our BPS and MPS services, grew by 1.3% during the first half
- Net flows in UKIM impacted by softer client sentiment in the light of the political and macroeconomic backdrop, and the Group's focus on efficiency and business quality
- Within Funds, our Defensive Capital Fund continued to perform well, with FUM reaching the milestone of £700 million, growing by 6.6% during the first half and 1.9% during the quarter
- Within Third-Party funds, as previously announced, the Group's investment management agreement with Grosvenor Wealth Management funds was terminated as this did not meet our stated acquisition criteria
- International FUM performed in line with expectations ending the first half up by 1.8%, demonstrating the continuing reinvigoration of the business
- Investment performance continues to be robust at 3.4% compared to 2.9% for MSCI WMA Private Investor Balanced Index

Funds under management breakdown FY19 vs. FY18

£m	31-Dec-18	30-Jun-19	Net flows H1 FY20	Performance H1 FY20	31-Dec-19	% Change over 6 months	% Change over 12 months
BPS	7,281	8,254	(226)	304	8,332	0.9%	14.4%
MPS	1,491	1,705	(11)	60	1,755	2.9%	17.7%
UKIM discretionary	8,772	9,959	(236)	364	10,087	1.3%	15.0%
Funds	1,464	1,584	(258)	43	1,369	(13.6%)	(6.5%)
UKIM total	10,236	11,543	(493)	406	11,456	(0.8%)	11.9%
International	1,510	1,604	(13)	42	1,633	1.8%	8.1%
TOTAL	11,746	13,147	(506)	448	13089	(0.4%)	11.4%
MSCI	1,484.3	1,631.8			1,678.8	2.9%	13.1%

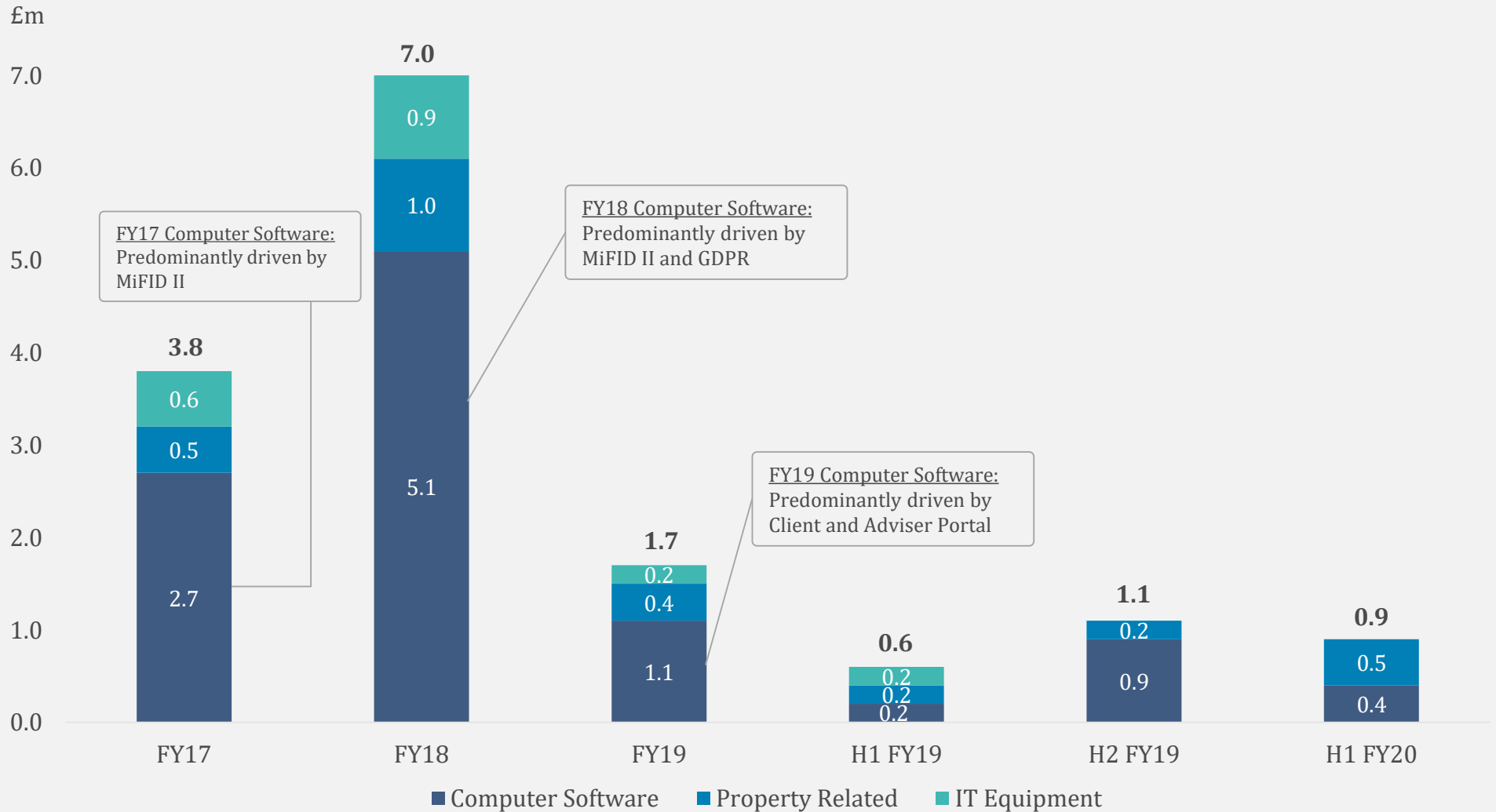
Income and yield breakdown H1 FY19 vs H1 FY20

	Income (£m)		Yields (bps)	
	H1 FY19	H1 FY20	H1 FY19	H1 FY20
BPS				
Fees	26.6	28.7	68.8	68.7
Non Fee	7.4	9.0	19.6	21.6
Total	34.0	37.7	88.4	90.4
MPS	4.0	4.5	52.4	51.4
UKIM Discretionary	38.0	42.2	82.4	83.5
Funds	3.9	4.1	51.3	50.6
Other	0.5	0.5		
UKIM Total	42.4	46.8		
International	7.4	7.0	85.2	79.9
Financial Planning	1.8	2.0		
TOTAL	51.6	55.8		

Cash flows

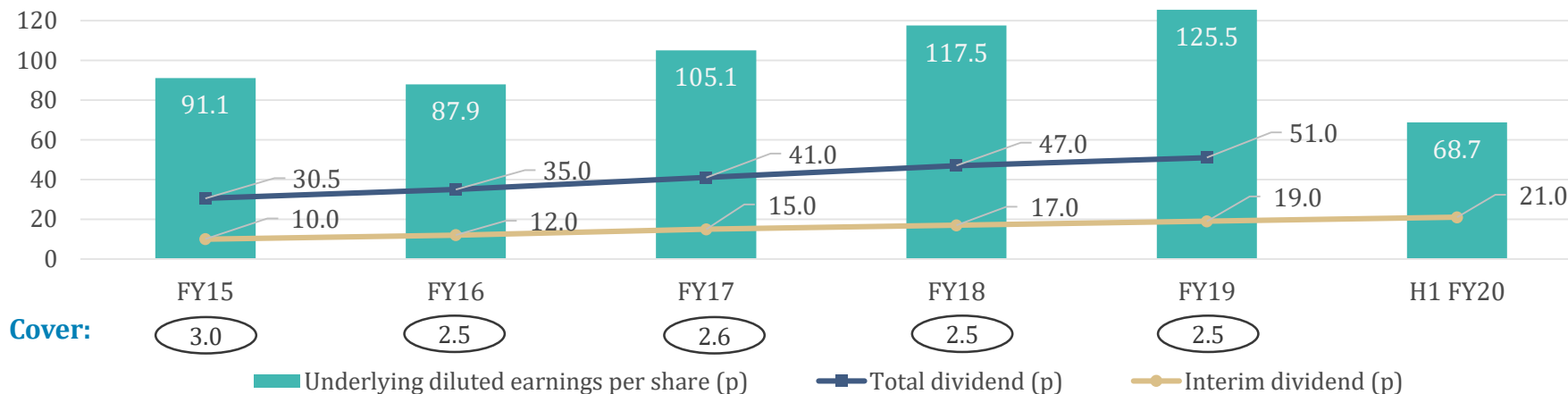
£m	H1 FY19	H1 FY20
Opening cash	30.9	34.6
Continuing EBITDA	10.9	14.6
Capital expenditure	(0.6)	(0.9)
Working capital	(8.3)	(3.9)
Disposal of investment	1.2	-
Deferred consideration	(1.2)	(0.9)
Tax and interest	(0.3)	(4.5)
Issue of share capital and dilution management	(2.2)	27.7
Dividends	(4.1)	(4.4)
Exceptional items	(1.9)	(0.2)
Discontinued	0.4	0.4
Closing cash	24.8	62.6
Change in cash	(6.1)	27.9

Capital expenditure

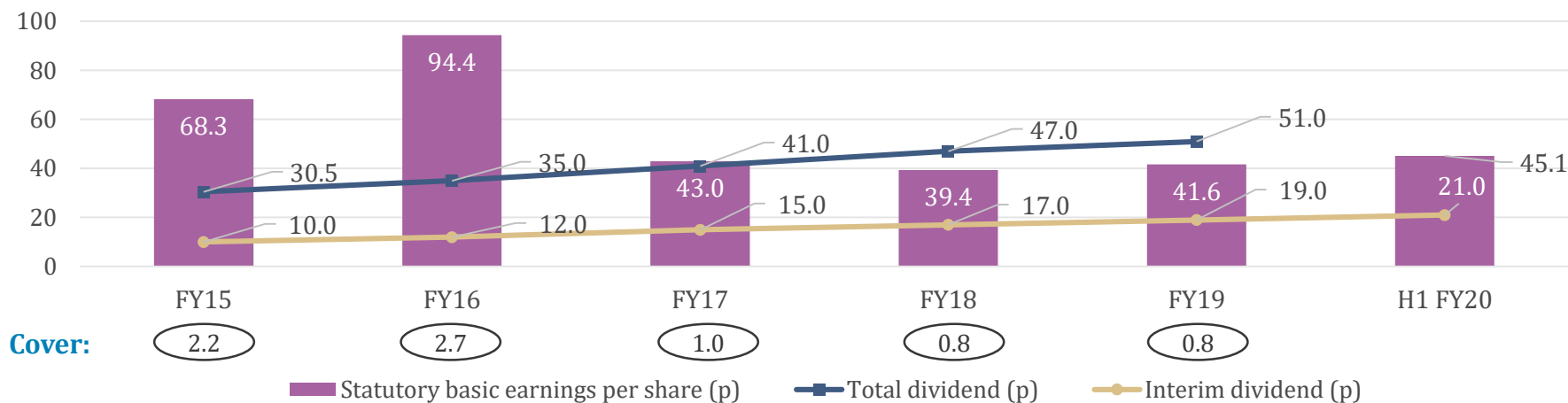


Interim and final dividend

Underlying (p)



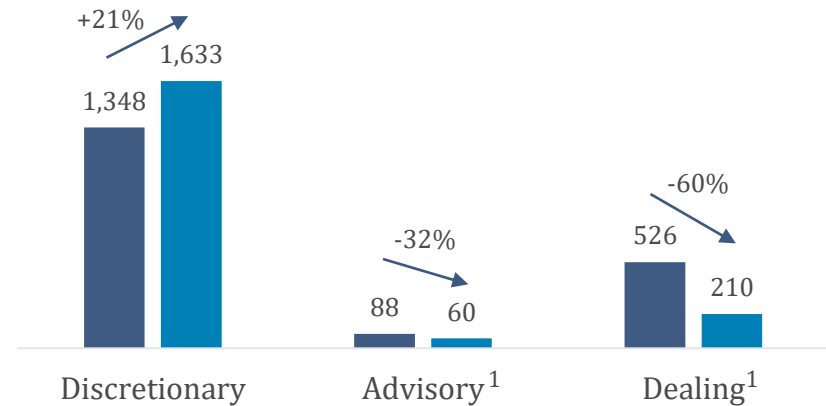
Statutory (p)



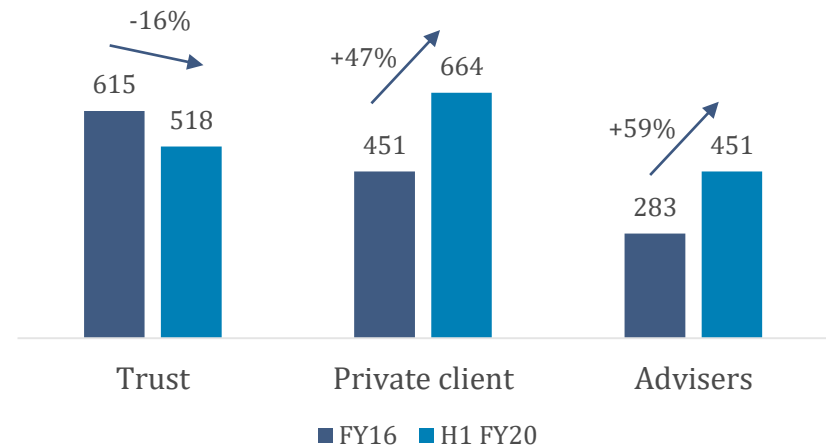
Note: Earnings per share for FY15 to FY18 shown as previously published, not restated for discontinued operations. Under IAS 33, the comparative weighted average number of shares are to be restated when shares are issued at a discount. As a result of the share placing in H1 FY20, EPS for FY19 has been restated, see Note 8 of the Condensed consolidated financial statements for further details.

- International business initiated with purchase of Spearpoint in 2012, followed by DPZ in 2014
- Business has gone through material change:
 - At time of purchase, client assets were 40% advisory
 - Transition to discretionary service largely complete by 2016, with residual advisory and dealing books continuing to decline
- Significant increases in adviser business, leveraging Group experience, and in private client business, driven by International's financial planning business
- Legacy issues have over recent years constrained new business from local trust (fiduciary) market
- Now have a strong base from which to grow

FUM by service type FY16 and H1 FY20 (£m)



FUM by channel type FY16 and H1 FY20 (£m)



¹ Not currently disclosed in external reporting

Channel Islands legacy matters

- Legacy matters announced in July 2017:
 - Related to a number of Jersey discretionary portfolios formerly managed by Spearpoint, and a Dublin-based fund for which Spearpoint acted as investment manager
 - While we accept no legal liability, we have a deep commitment to treating customers fairly
 - £12 million provision relating to potential goodwill payments
- Dublin-based fund actions now concluded:
 - Shareholders unanimously approved goodwill offer of £3.4 million
 - Goodwill offer closed 4 September 2019, Company now in voluntary liquidation
- Jersey discretionary clients goodwill offer also now closed with 84% of clients accepted; a small number of clients have rejected those goodwill offers and, while it is possible that one or more of those clients might issue claims against Brooks Macdonald, no such claims have been issued to date
- Provision unchanged at £12.0 million, total utilised is £11.3 million. Intend to deal with any residual issues in the ordinary course of business
- Remain in discussions with all stakeholders, including relevant regulators, as we seek to bring these matters to final conclusion

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