



# TATTON ASSET MANAGEMENT

INVESTOR AND ANALYST PRESENTATION

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*For the six months ended  
30 September 2024*

NOVEMBER 2024



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# AGENDA



<b>Our Team</b>	<b>04</b>
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# INTRODUCTION TO THE TEAM



# INTRODUCTION TO THE TEAM



**Paul Hogarth**  
CEO

Over 40 years' experience at Board level in the financial services sector

Founder of Tatton Asset Management Group. He also created Paradigm Consulting and was the founder of Perspective Financial Group Limited in 2007



**Paul Edwards**  
CFO

Joined Tatton Asset Management plc as Group CFO in May 2018

Previously Group Finance Director of Scapa Group plc and NCC Group plc. Currently NED of SysGroup plc



**Lothar Mentel**  
CIO

Co-founder of Tatton Capital Limited in 2012

Has held senior investment positions with Octopus Investments, NM Rothschild, Threadneedle, Barclays Wealth, and Commerzbank AG



# DIVISIONAL STRUCTURE



## Tatton Asset Management plc ("TAM" or "Group")



### Investment Management Division ("Tatton")

- Tatton Investment Management offers on-platform DFM MPS, the fastest-growing segment of the wealth management market
- Aligned with Consumer Duty principles
- Competitively priced at 15bps
- Intermediated only – not in competition with IFAs
- Complementary, low-cost multi-manager fund range



### IFA Support Services Division ("Paradigm")

#### Paradigm Consulting

- Compliance services
- Technical support
- Business consultancy

#### Paradigm Mortgage Services

- Mortgage aggregation
- Protection
- Other insurance aggregation





# KEY HIGHLIGHTS



# KEY FINANCIAL & OPERATIONAL HIGHLIGHTS

## Financial Highlights

Group Revenue

**£21.7m**  
up 23.7%

Adjusted Operating Profit<sup>2</sup>

**£10.9m**  
up 22.8%

Adjusted Operating Profit Margin<sup>2</sup>

**50.3%**  
2023: 50.7%

Adjusted Fully Diluted EPS<sup>3</sup>

**13.67p**  
up 30.0%

Interim Dividend

**9.5p**  
up 18.8%

## Operational Highlights

AUM/I<sup>1</sup>

**£19.9bn**  
up 13.3%\*  
Annualised 26.6%

Tatton IFA Firms

**1,038**  
up 6.5%\*  
Annualised 12.9%

Tatton Client Accounts

**139,330**  
up 10.4%\*  
Annualised 20.9%

Organic Net inflows

**£1.8bn**  
Annualised growth of  
**22.1%**  
of opening AUM

Nov 2024 (YTD)

AUM/I<sup>1</sup>: **£20.6bn**  
Net inflows: **£2.2bn**

Comparisons are Sep 24 v Sep 23 unless otherwise indicated

\*Comparison of Sep 24 v Mar 24

1. "AUM/I" is Assets under management and influence including 100% of 8AM Global Limited AUM

2. Adjusted for share-based payment costs, amortisation of acquisition related intangibles and operating loss relating to non-controlling interest

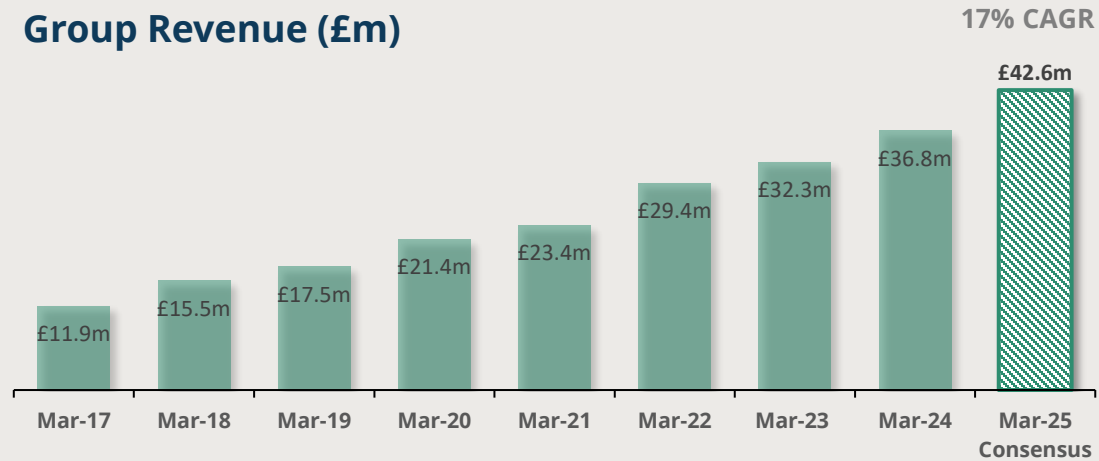
3. Adjusted for share-based payment costs, amortisation of acquisition related intangibles, unwinding of discount of deferred consideration, and potentially dilutive shares



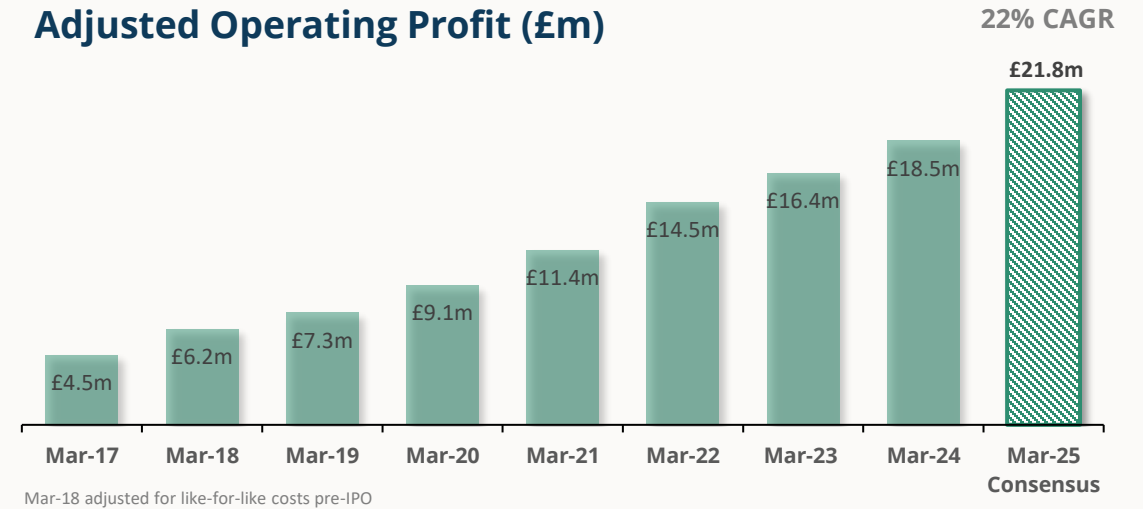


# STRONG FINANCIAL PERFORMANCE SINCE IPO

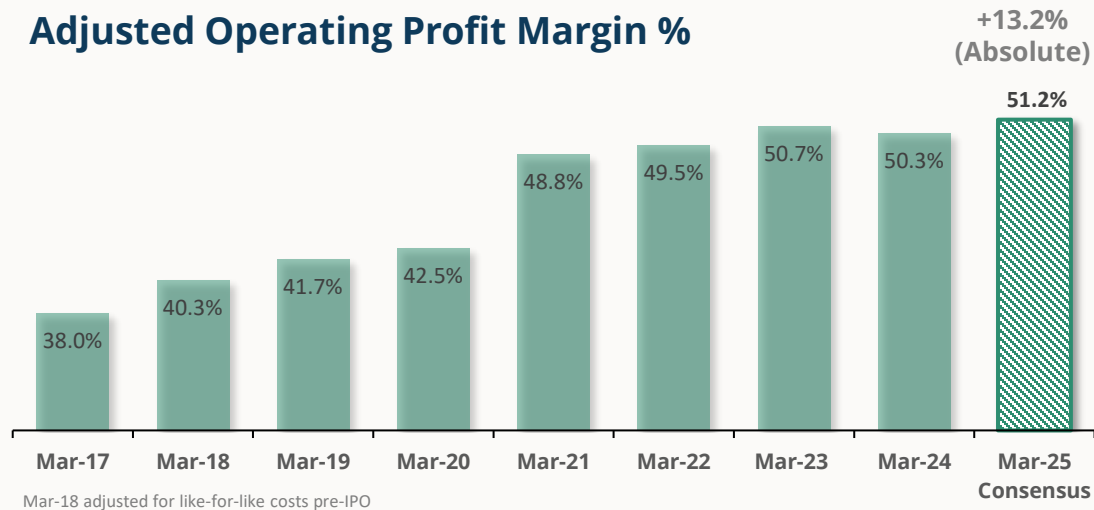
## Group Revenue (£m)



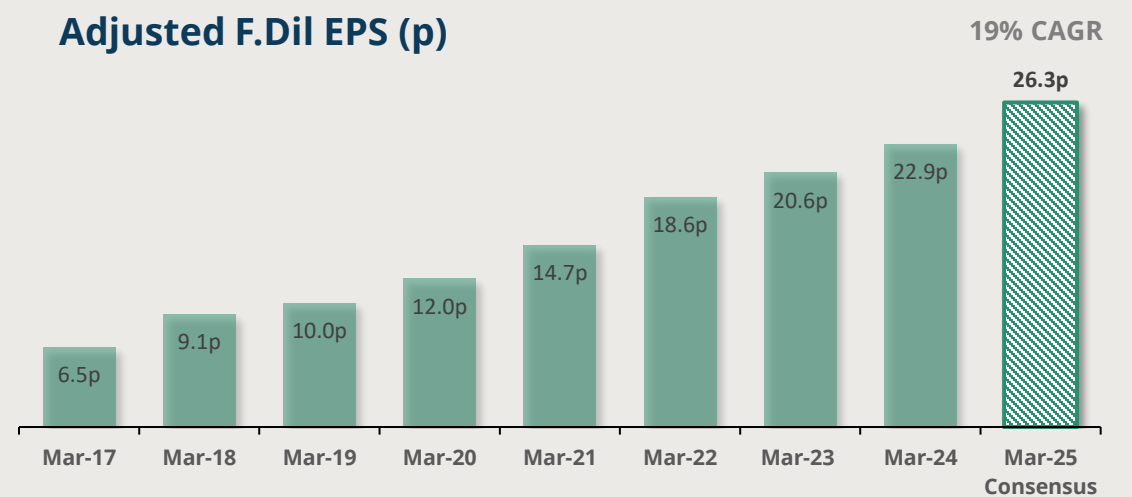
## Adjusted Operating Profit (£m)



## Adjusted Operating Profit Margin %

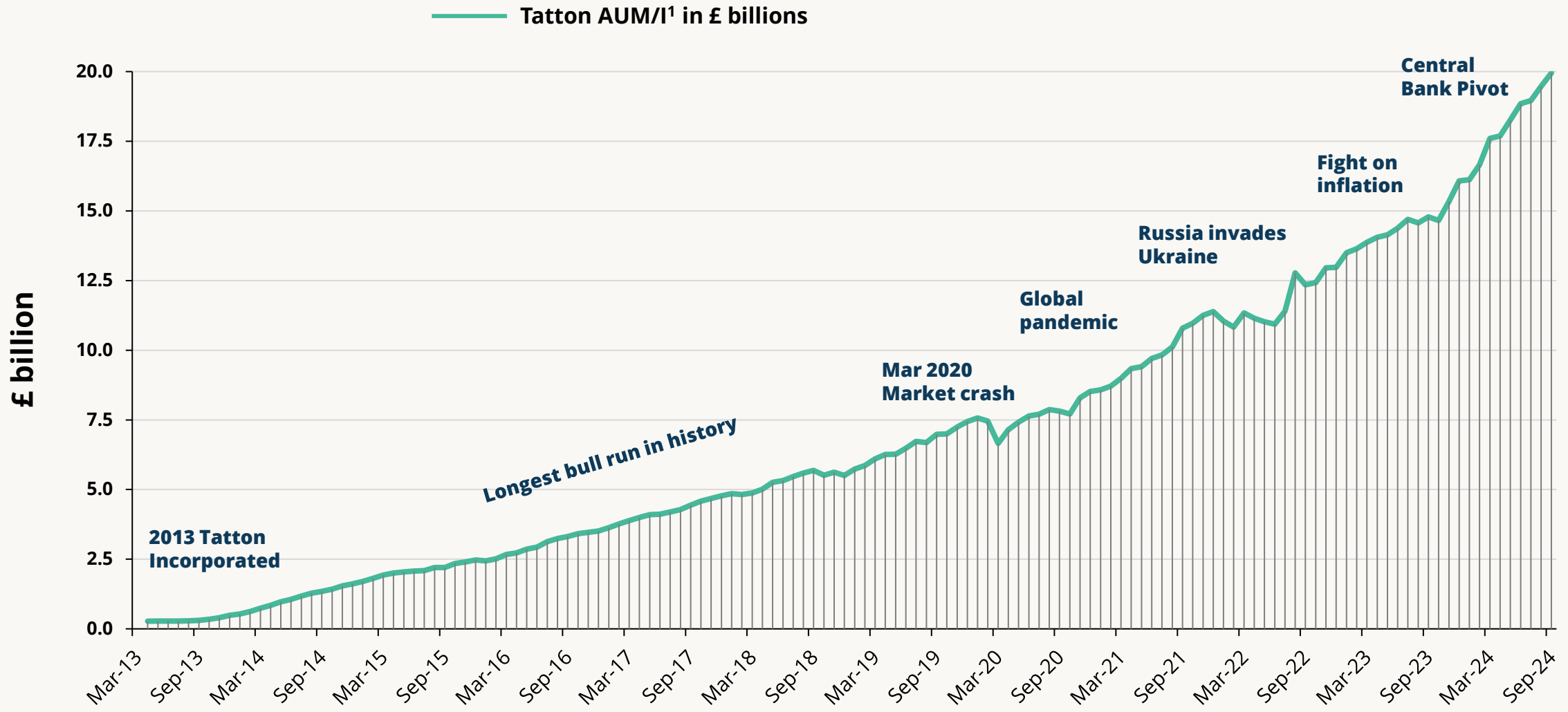


## Adjusted F.Dil EPS (p)





# ASSETS UNDER MANAGEMENT / INFLUENCE



1. "AUM/I" is Assets under management and influence including 100% of 8AM Global Limited AUM



# FINANCIAL PERFORMANCE





# GROUP PROFIT & LOSS

	Growth %	Sep-24 £000's	Sep-23 £000's
<b>Revenue</b>	<b>23.7%</b>	<b>21,660</b>	<b>17,506</b>
<b>Adjusted operating profit<sup>1</sup></b>	<b>22.8%</b>	<b>10,894</b>	<b>8,872</b>
<b>Margin<sup>1</sup> %</b>		<b>50.3%</b>	<b>50.7%</b>
Adjusting items		(1,254)	(1,139)
Operating profit		9,640	7,733
Net finance income/(costs)		462	(40)
<b>Adjusted profit before tax<sup>1</sup></b>	<b>28.6%</b>	<b>11,356</b>	<b>8,832</b>
Profit before tax		10,102	7,693
Corporation tax		(2,382)	(2,302)
Profit for the financial year		7,720	5,391
Basic earnings per share		13.03p	8.97p
<b>Adjusted F.Dil EPS<sup>2</sup></b>	<b>30.0%</b>	<b>13.67p</b>	<b>10.52p</b>
<b>Interim dividend</b>	<b>18.8%</b>	<b>9.50p</b>	<b>8.00p</b>

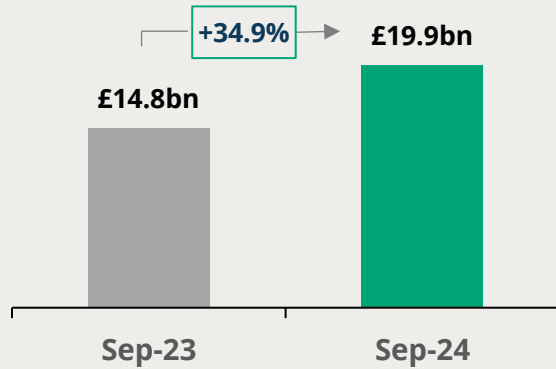
- **Group revenue** increased 23.7% to £21.7m
- **Group adjusted operating profit<sup>1</sup>** increased 22.8% to £10.9m
- **Adjusted operating profit margin<sup>1</sup>** of 50.3%, prior year includes £0.5m benefit of AIM sale
- **Adjusting items:**
  - Share-based payments in line with prior year
  - Other items mainly include amortisation of intangibles
- **Net finance income/(costs)**
  - Interest income of £0.5m will continue to H2 FY25
  - Debt facility now expired
- **Adjusted F.Dil EPS<sup>2</sup>** increased 30.0% to 13.67p
- **Interim dividend** increased 18.8% to 9.50p (2023: 8.00p)

1. Adjusted for share-based payment costs, amortisation of acquisition related intangibles and operating loss relating to non-controlling interest  
 2. Adjusted for share-based payment costs, amortisation of acquisition related intangibles, unwinding of discount of deferred consideration, and potentially dilutive shares

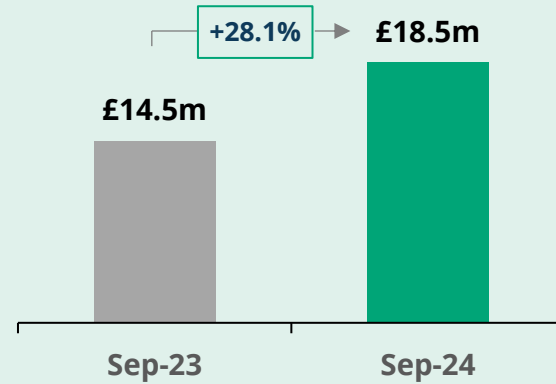


# DIVISIONAL PERFORMANCE: TATTON

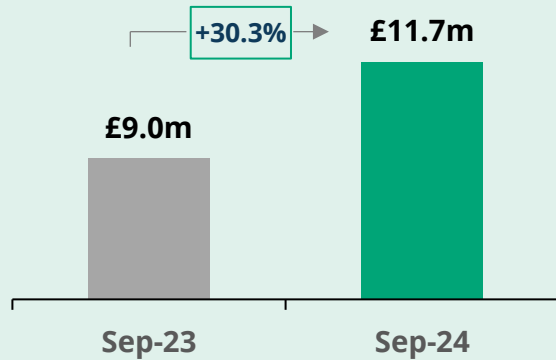
AUM/I<sup>1</sup> (£bn)



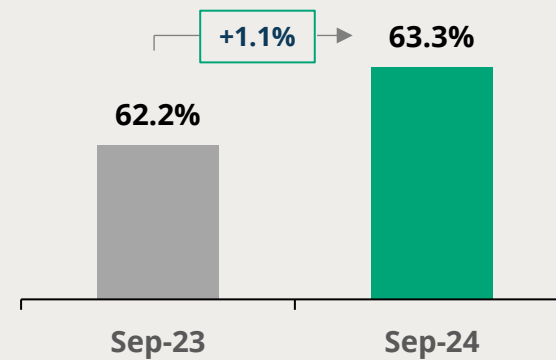
Revenue (£m)



Adj Op Profit<sup>2</sup> (£m)



Adj Op Profit Margin<sup>2</sup> (%)



## Strong underlying growth in AUM/I<sup>1</sup> to £19.9bn, underpinned by:

- Record organic net inflows in H1 of **£1.832bn**, an average of **£305m** per month – equates to annualised 22.1% of opening AUM - £16.551bn

Type	AUM/I <sup>1</sup> £bn	Net inflows £m	Net inflows Per mth
MPS	£18.5bn	£1,777m	£296m
Funds / BPS	£1.4bn	£55m	£9m
<b>Total</b>	<b>£19.9bn</b>	<b>£1,832m</b>	<b>£305m</b>

- MPS includes AUM and net inflows from Perspective of £2.5bn and £385m respectively, which contributed Revenue of £0.5m in H1
- Net inflows (excl Perspective) were strong at **£1.447bn** or **£241m** per month
- Investment performance in the Period increased AUM/I<sup>1</sup> by **£0.534bn**
- Revenue increased **28.1%** to **£18.5m** and Adj Operating profit increased **30.3%** to **£11.7m**
- Average revenue at **21.0bps** (Average AUM £17.651bn) down from 21.9bps from FY24 year end as MPS continues to be a larger proportion of the total AUM
- Operating leverage increases Adj Op Profit Margin<sup>2</sup> to **63.3%**

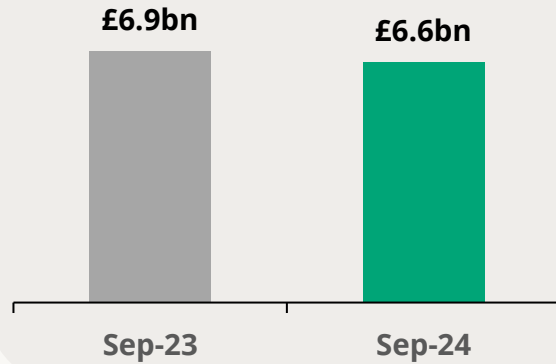
1. "AUM/I<sup>1</sup>" is Assets under management and influence including 100% of 8AM Global Limited AUM

2. Adjusted for share-based payment costs, amortisation of acquisition related intangibles and operating loss relating to non-controlling interest

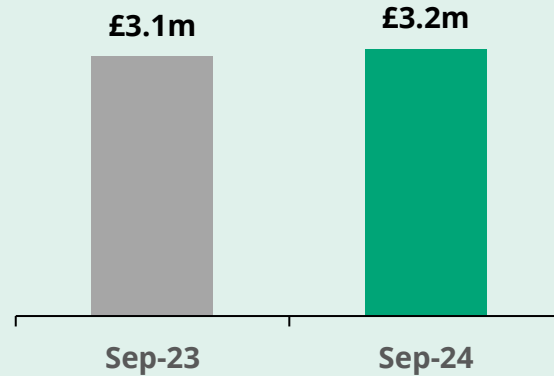


# DIVISIONAL PERFORMANCE: PARADIGM

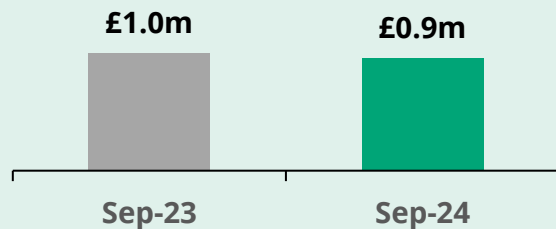
Mortgage Completions (£bn)



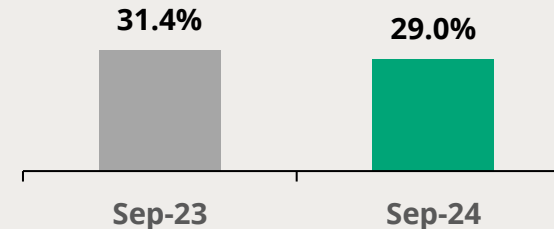
Revenue (£m)



Adj Op Profit<sup>1</sup> (£m)



Adj Op Profit Margin<sup>1</sup> (%)



- Paradigm Consulting increased its members to **437** (Mar 2024: 424)
- Paradigm Mortgages increased the number of mortgage firms utilising its services to **1,930** (Mar 2024: 1,916)
- Paradigm Mortgages completions of **£6.6bn** (Sep 2023: £6.9bn) was below the same period last year but represents a 6.5% increase on the £6.2bn delivered in the second half of the prior year
- Uplift in revenue to £3.2m reflects the increased Consulting members and improved product mix in Mortgages
  - Shift away from less profitable product transfers towards new purchase and remortgage lending
- Adjusted Operating Profit<sup>1</sup> reduced by **£0.1m**, reflecting the annualisation of cost investment during the prior twelve months
- Recent Mortgage applications have improved, increased 47% on September 2023
- As guidance, we anticipate the second half of the year to be similar to the first, although there remains potential for upside

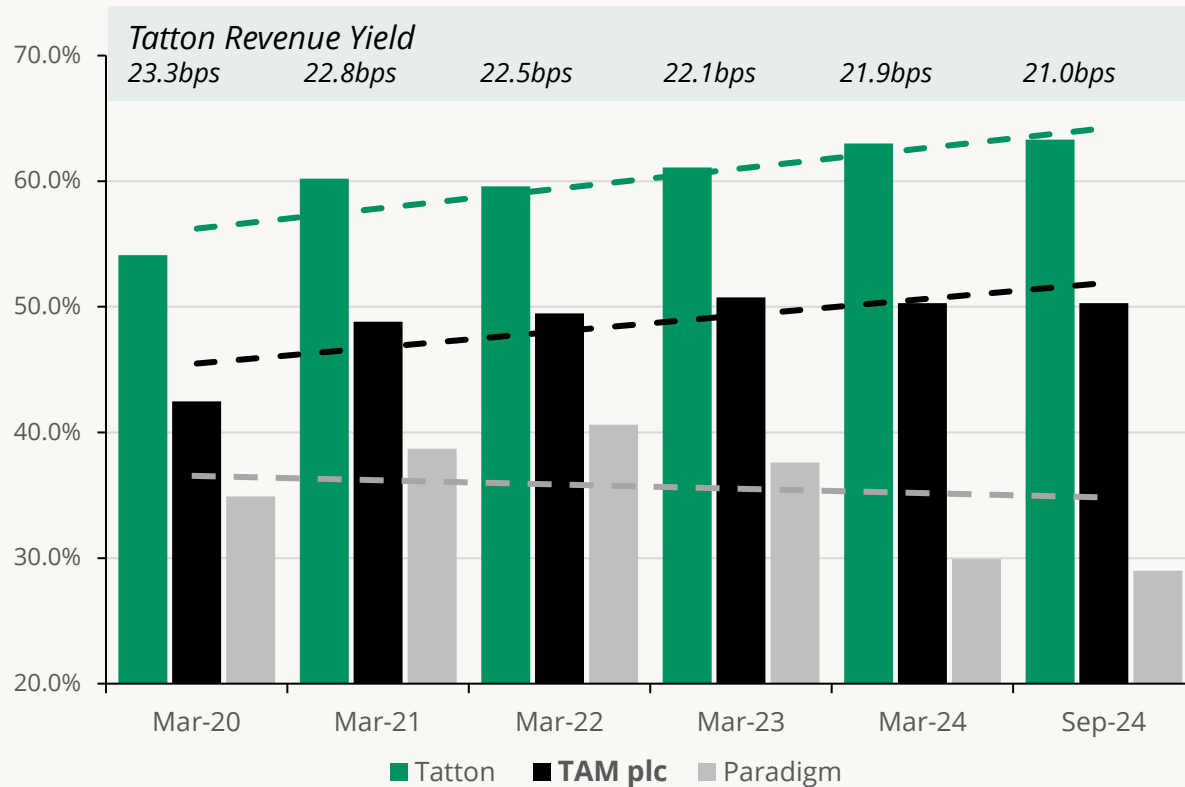
1. Adjusted for share-based payment costs, amortisation of acquisition related intangibles and operating loss relating to non-controlling interest





# MARGIN TRENDS & EVOLUTION

Adj.OP<sup>1</sup> Margin Trends (%)



Change in Revenue Mix by Division

Division	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Sep-24
Tatton	74.5%	77.5%	79.5%	80.2%	83.9%	85.4%
Paradigm	25.4%	22.4%	20.4%	19.8%	16.1%	14.6%

- **Tatton** anticipate to continue to grow strongly and deliver good operational gearing
- **Paradigm** geared to the mortgage market, growth anticipated to be single digit and margins to normalise between 30% - 35%
- **Group Margin** is driven by Volume, Mix, Yield & Costs
  - **Volume** – MPS AUM expected to increase by an average of over £2.0bn per annum
  - **Yield** – Tatton revenue yield at 21bps in FY25 with the long-term trend settling at c.20bps
  - **Mix** – Tatton delivering stronger revenue and profit growth and Adj OP margin 63% versus Paradigm 29%. Change in divisional mix will help drive improvement in Group margins over time
  - **Costs** – We expect the growth in revenue, driven by increased volume (AUM), to outstrip the growth in costs which are expected to increase c.10% over medium term

1. Adjusted for share-based payment costs, amortisation of acquisition related intangibles and operating loss relating to non-controlling interest



# OVERHEAD ANALYSIS & DIRECTION

	Sep-24 (Annualised)	Change <sup>1</sup> £	Change <sup>1</sup> %	Inflationary £	Investment in growth £	Stepped costs £	One off £
Employee costs (Incl bonuses)	(£13.1m)	(£1.5m)	12.7%	(£0.6m)	(£0.5m)	(£0.4m)	-
Marketing & Distribution	(£4.6m)	(£0.6m)	15.0%	-	(£0.6m)	-	-
Legal & Professional	(£1.9m)	(£0.4m)	29.5%	(£0.2m)	-	(£0.1m)	(£0.1m)
Other Operating Expenses	(£2.1m)	(£0.1m)	5.8%	(£0.1m)	-	-	-
<b>Operating Expenses</b>	<b>(£21.7m)</b>	<b>(£2.6m)</b>	<b>13.7%</b>	<b>(£0.9m)</b>	<b>(£1.1m)</b>	<b>(£0.5m)</b>	<b>(£0.1m)</b>
<i>% growth</i>				+4.8%	+5.8%	+2.6%	+0.5%

- Underlying costs are increasing in line with previous guidance of 10% - 15%
- Employee costs remain at c.60% of total costs
- Variable pay is c.£3.0m or 23% of total employee costs and payable against targets & performance

- Impact of future inflation expected to decrease in the medium term
- No foreseeable cost cliff – future cost investment will relate to supporting the strategic direction and growth
- Future medium term cost increase should be closer to 10%

1. Change is the increase from March FY24 to Sep F25 annualised



# GROUP FINANCIAL STRENGTH

	Sep-24 £000's	Mar-24 £000's
Goodwill & intangible assets	18,604	18,834
Tangible fixed assets	700	816
Trade & other receivables	6,400	5,402
Tax	3,374	2,569
Cash	26,916	24,838
Trade & other payables	(7,626)	(8,109)
Non - current liabilities	(982)	(1,016)
<b>Net Assets</b>	<b>47,386</b>	<b>43,334</b>

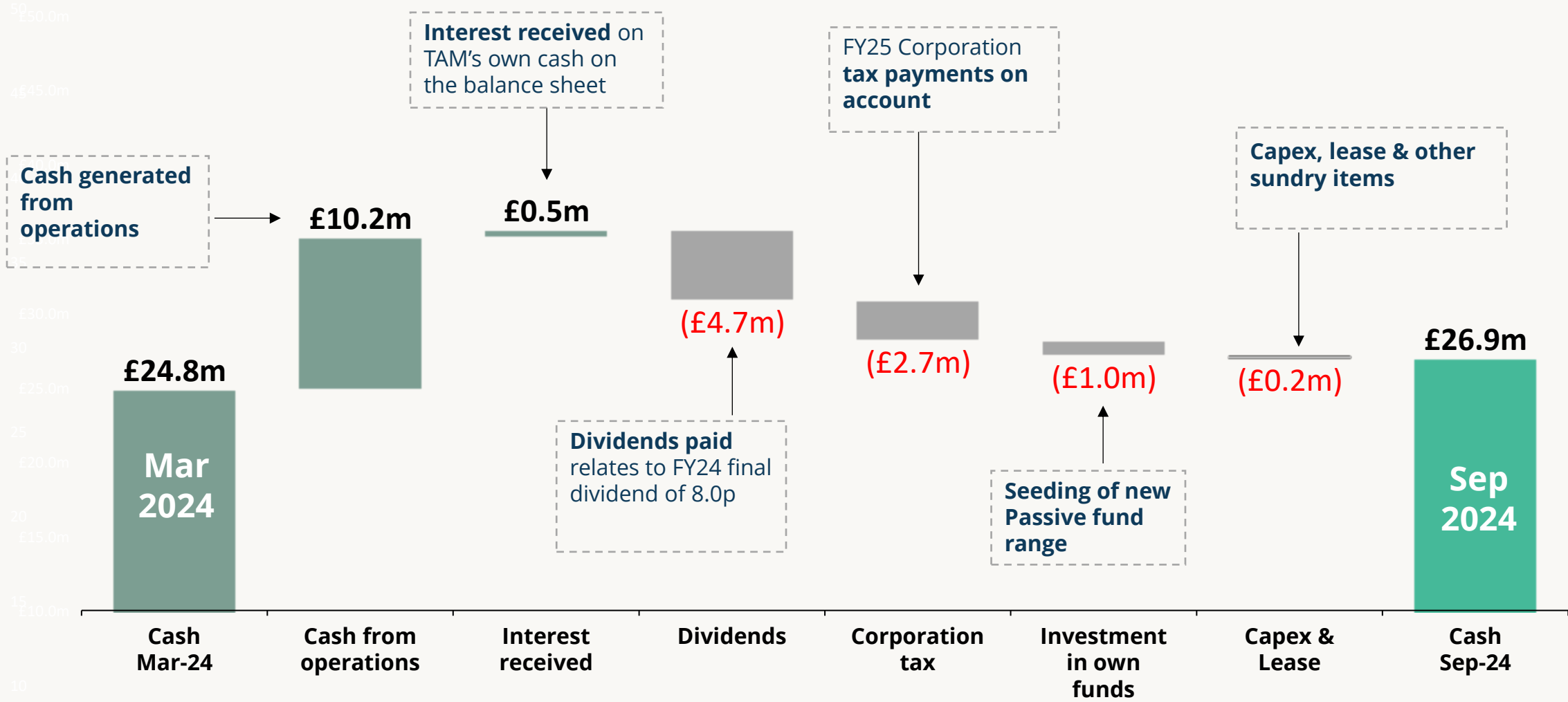
	Sep-24
<b>Regulatory capital requirement</b>	<b>£4.6m</b>
Total Shareholder funds	£47.4m
Less: Foreseeable dividend	(£5.7m)
Less: Unaudited profits	(£7.8m)
Less: Non-Qualifying assets	(£21.8m)
<b>Total qualifying capital resources</b>	<b>£12.1m</b>
<i>% Capital resource requirement held</i>	265%

Capital resource requirement held  
**£12.1m<sup>1</sup> or 265%**

1. Includes the impact of the FY25 interim dividend

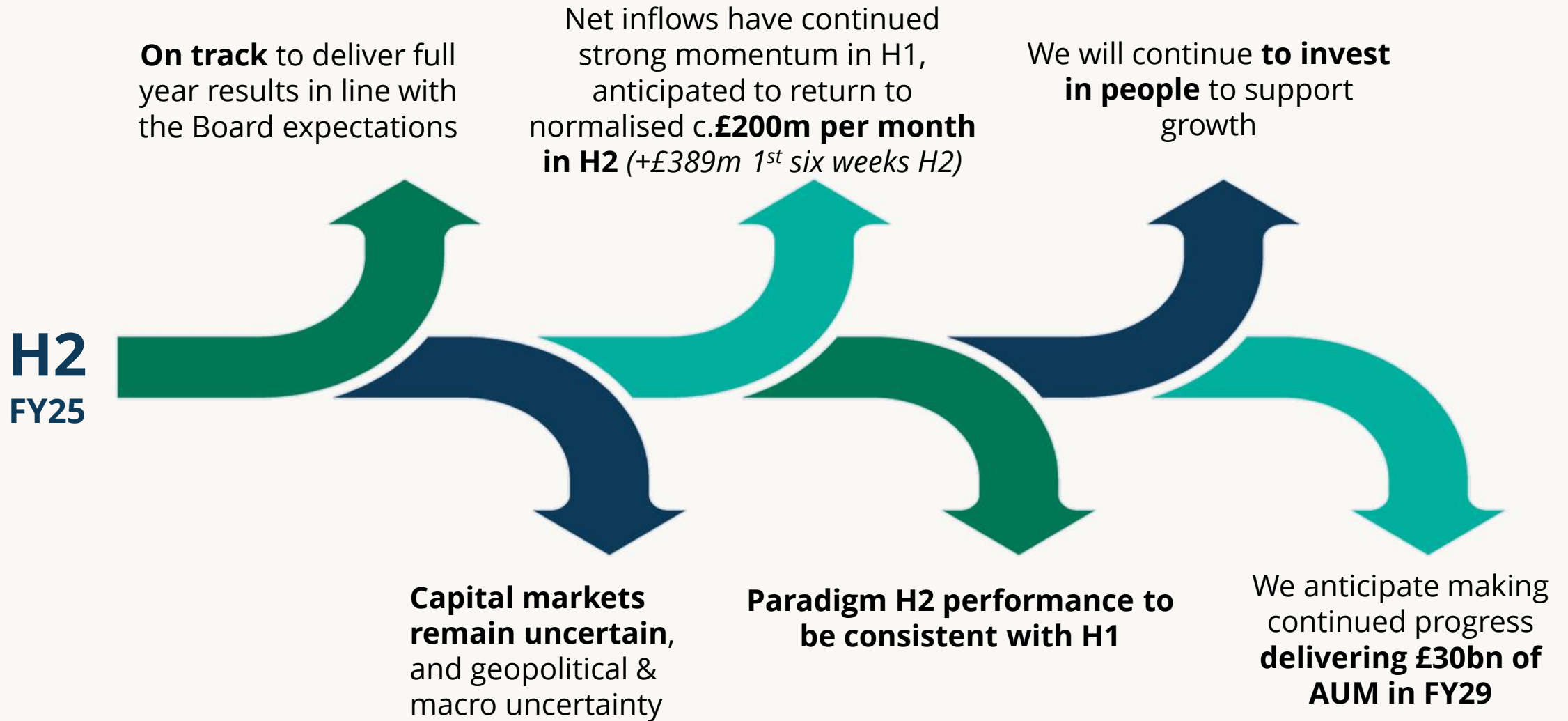


# GROUP CASH FLOW BRIDGE





# FY25 FINANCIAL OUTLOOK





# STRATEGIC UPDATE

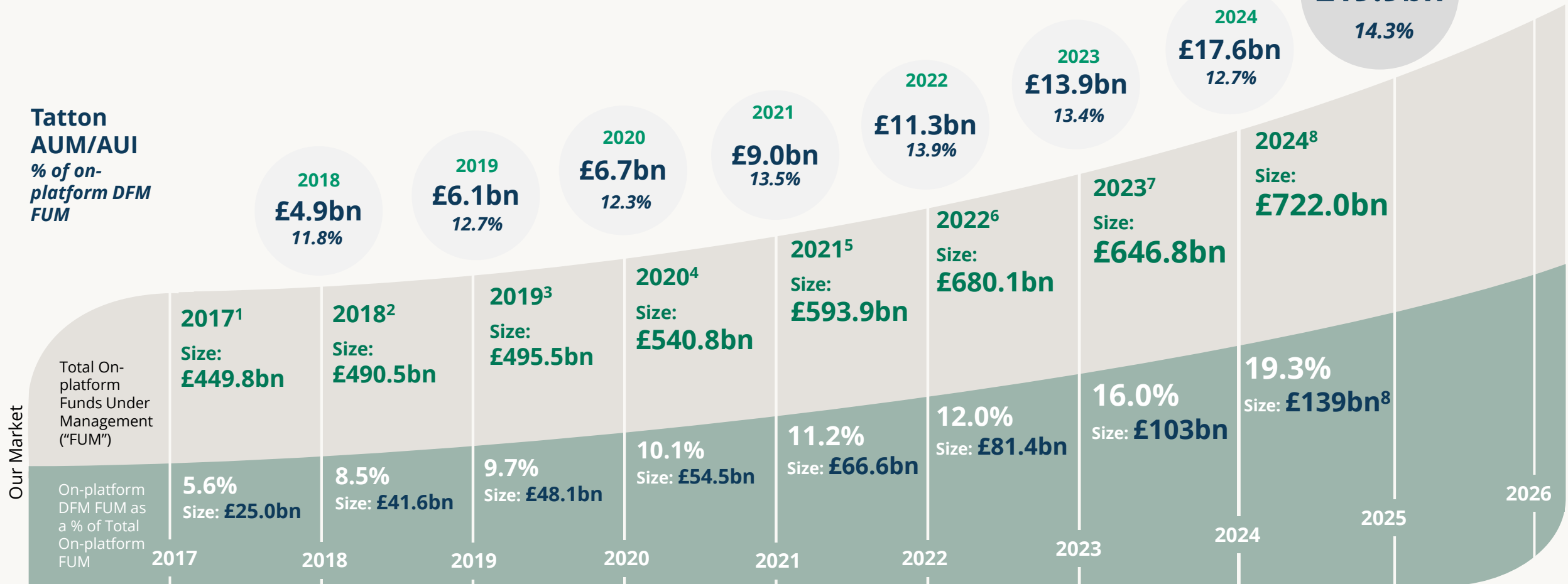




# LARGEST PARTICIPANT IN THE FASTEST-GROWING SEGMENT OF THE MARKET

Sep24

## MARKET GROWTH ON PLATFORM FUNDS UNDER MANAGEMENT



1. Source: Platforum, 2017  
 2. Source: Platforum, July 2018

3. Source: Platforum, July 2019  
 4. Source: Platforum, November 2020

5. Source: Platforum, July 2021  
 6. Source: Platforum, August 2022

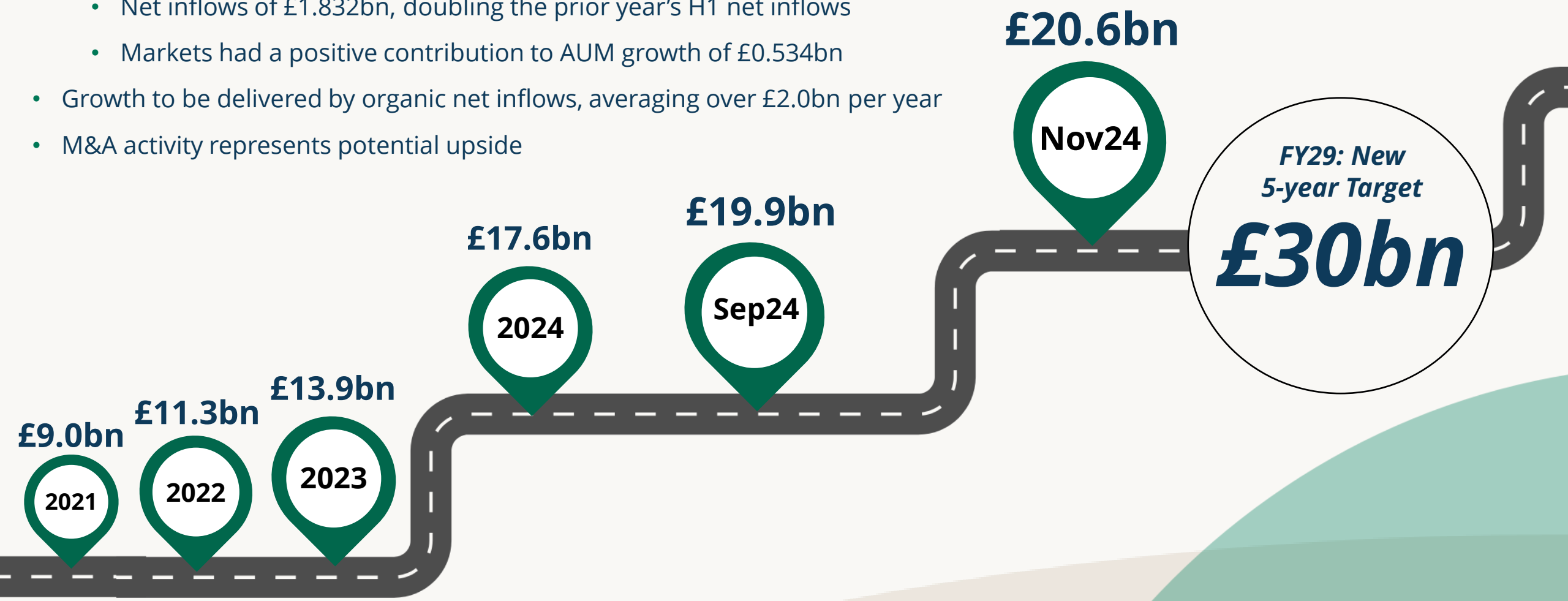
7. Source: Platforum, June 2023  
 8. Source: Platforum, July 2024



# ROADMAP TO GROWTH – 5 YEAR PLAN

## Assets under management / influence

- H1 FY25 (Sep24) - AUM/I<sup>1</sup> £19.9bn +18.9% completion of the new £30bn target
  - Net inflows of £1.832bn, doubling the prior year's H1 net inflows
  - Markets had a positive contribution to AUM growth of £0.534bn
- Growth to be delivered by organic net inflows, averaging over £2.0bn per year
- M&A activity represents potential upside

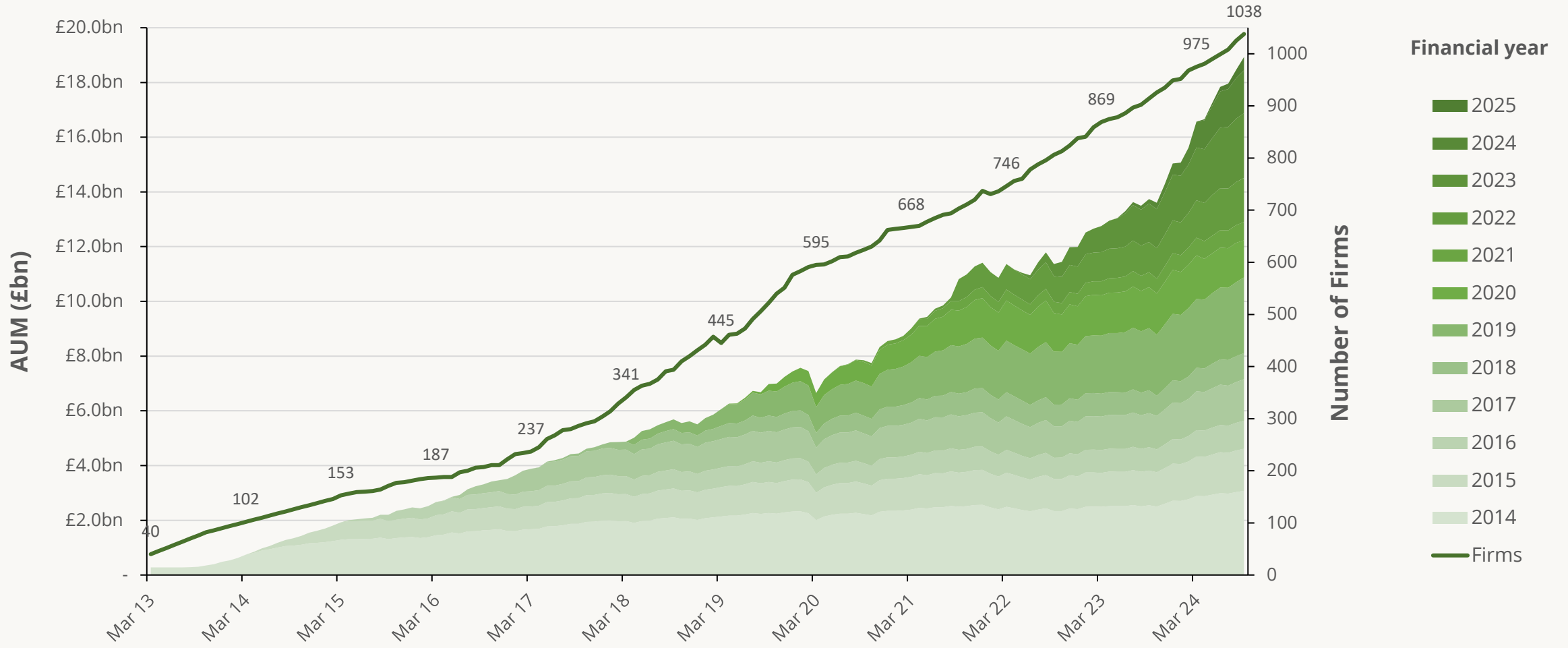


1. "AUM/I" is Assets under management and influence including 100% of 8AM Global Limited AUM



# TATTON AUM GROWTH BY FIRM COHORT

AUM growth, showing assets generated from each year's new firms ('cohorts')





# BROADER MARKET – NETFLOW ANALYSIS

Annualised net flows	2022				2023				2024			L4Q Avg.	2024 Trend
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
<sup>(1)</sup>	10.9%		14.5%		11.6%		14.2%		18.8%		20.8%	19.8%	↑
	7.9%	(0.5)% <sup>(2)</sup>	6.4%	4.0%	7.3%	6.0%	5.3%	6.8%	7.8%	7.9%	6.7%	7.3%	--
	10.2%	7.5%	5.7%	5.6%	7.1%	4.6%	3.0%	2.0%	5.4%	4.3%	5.1%	4.2%	--
	4.0%	5.3%	2.3%	2.9%	5.0%	5.2%	1.8%	1.2%	4.5%	4.3%	1.3%	2.8%	↓
	3.8%	1.3%	1.0%	0.7%	1.3%	(0.4)%	(0.5)%	0.2%	2.7%	2.8%	4.9%	2.6%	↑
	3.5%	4.3%	3.8%	5.4%	5.3%	8.1%	4.4%	5.0%	2.0%	1.3%	1.3% <sup>(3)</sup>	2.4%	↓
	7.6%	6.8%	6.2%	5.8%	5.4%	3.7%	2.3%	1.9%	1.7%	2.7%	2.0%	2.1%	↑
	0.9%	0.3%	0.5%	1.0%	(0.1)%	(2.3)%	(1.6)%	(0.9)%	(2.1)%	(0.1)%	(2.1)% <sup>(4)</sup>	(1.3)%	--
	4.1%	6.7%	4.9%	4.0%	9.2%	2.3%	(1.7)%	(2.3)%	(6.7)%	(3.4)%	(2.9)%	(3.8)%	↑
<b>Average</b>	<b>6.0%</b>	<b>5.3%</b>	<b>5.2%</b>	<b>4.9%</b>	<b>6.1%</b>	<b>4.5%</b>	<b>2.9%</b>	<b>3.6%</b>	<b>3.8%</b>	<b>4.5%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>↑</b>

- Tatton - Momentum maintained driven by high demand for MPS products and supported by good long-term and consistent investment performance, sector leading service delivered at the right price point for IFAs and their clients
- Platforms continue to attract more assets with the best performers sustaining high single digit growth. The forecast for over £1 trillion of assets by FY26 remains a realistic view
- Wealth Managers – More difficulty attracting new flows through more costly / higher margin BPS products. Where an MPS proposition exists, it is seeing good growth in net inflows



# TATTON – OPPORTUNITY UPDATE

Continued progression

## Sep 2022

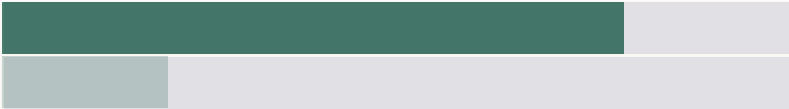
**Number of firms 806**

Direct firms

**638 / 79%**

Paradigm firms

**168 / 21%**



## Sep 2023

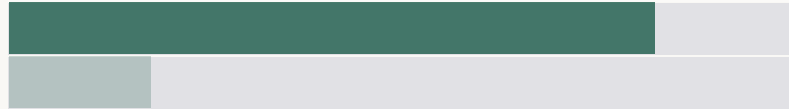
**Number of firms 914**

Direct firms

**752 / 82%**

Paradigm firms

**162 / 18%**



## Sep 2024

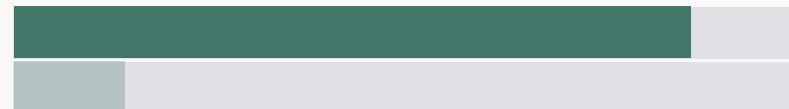
**Number of firms 1,038**

Direct firms

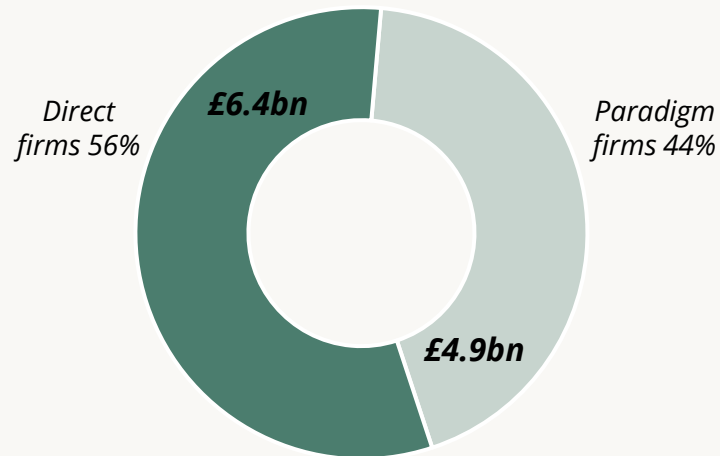
**889 / 86%**

Paradigm firms

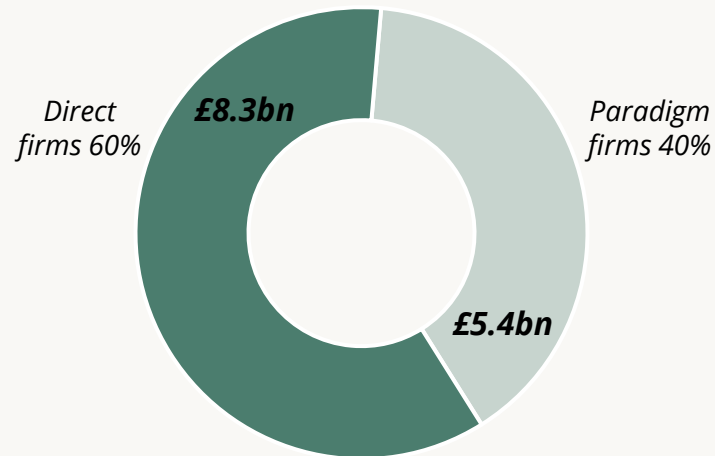
**149 / 14%**



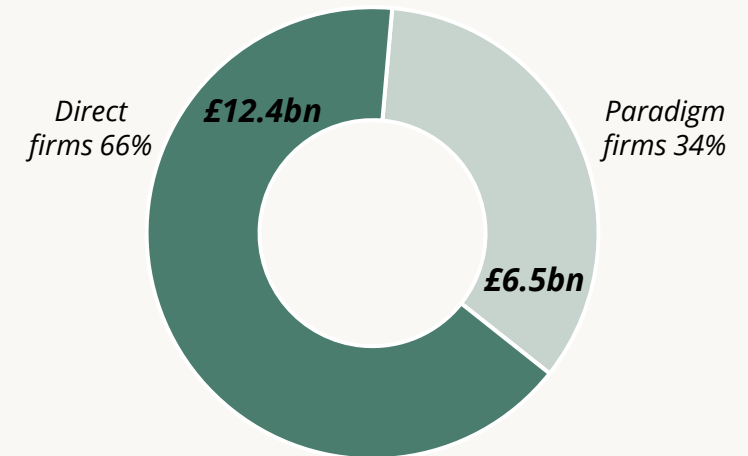
**AUM £11.3bn**



**AUM £13.7bn**



**AUM £18.9bn**





# EVOLVED MPS OFFERING

## CO-BRANDED TATTON MPS

**29 arrangements**

**£1,523m AUM** (Sep24)

- Offering jointly branded client facing literature
- Offered to larger firms bringing back book assets >£50m target AUM over 2 years

Sep-24

**29 arrangements /  
£1,523m AUM**

Mar-24

**23 arrangements /  
£1,199m AUM**

## WHITE-LABELLED TATTON MPS

**12 arrangements**

**£1,335m AUM** (Sep24)

- Offering IFA firm branded portal, portfolios on platform, and all client facing literature
- Offered to larger firms bringing back book assets >£100m target AUM over 2 years

Sep-24

**12 arrangements /  
£1,335m AUM**

Mar-24

**11 arrangements /  
£1,062m AUM**

## APPOINTED INVESTMENT ADVISER (AIA) MPS

**4 arrangements**

**£518m AUM** (Sep24)

- Offering a joint investment committee approach providing IFAs bespoke asset allocation & fund selection
- Offered to larger firms bringing back book assets >£150m target AUM over 2 years

Sep-24

**4 arrangements /  
£518m AUM**

Mar-24

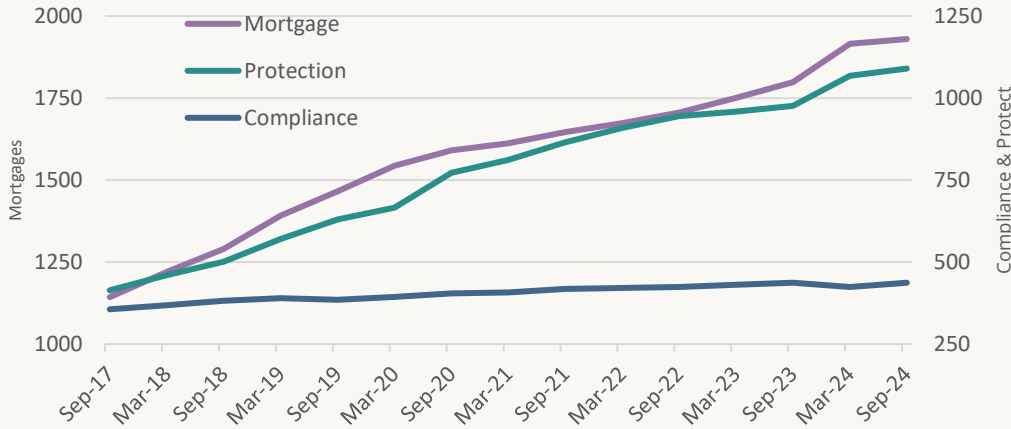
**3 arrangements /  
£362m AUM**





# PARADIGM

### Membership growth 2017 - 2024



## Mortgages: 1,930

Up 0.7% (March 2024: 1,916)



## Protect: 1,090

Up 2.1% (March 2024: 1,068)



## Consulting: 437

Up 3.1% (March 2024: 424)

### Current Market Activity



- The current market is resilient, but this continues to be tested by economic factors, consumer confidence & affordability constraints
- H1-2024 delivered a marked increase in both properties for sale & buyer activity leading to a revival in residential purchases
- We have seen an improved market size for 2024 of c.£245-£250bn we anticipate FY2025 being closer to £250bn-£260bn coupled with record maturing fixed rate maturities of £400bn in 2025
- Intermediaries continue to dominate the advice space with 88% of mortgages written through brokers
- Recent mortgage applications have seen a significant improvement up 47% on Sep 23, good lead indicator for completions in H2

### Areas of focus



- Via our now established Relationship Management team, we will continue to expand our share of the intermediary market, with market share currently 5.8% (2023: 4.6%) of Total UK Lending
- We will continue to identify/target cross sales opportunities, and strengthen relationships with existing firms
- Championing adviser firms via the provision of bespoke regulatory support, and we remain at the forefront of Consumer Duty support – for both firms and Lender/Provider partners
- Insurer research confirms an increase in adviser Protection enquiries following Consumer Duty implementation. Given the breadth and quality of Paradigm's proposition we are well placed to take advantage



# INVESTMENT MANAGEMENT UPDATE



# PORTFOLIO RETURNS 2024

## MARKET DYNAMICS

- Q1 – demand resilience delays anticipated rate cuts – China becomes notable outlier
- Slow Q2 on renewed inflation concerns with bond sell-off and oil price rally – UK outperforms
  - Equities thrive from better earnings outlook, but by June 2/3 of returns from ‘quality growth’ Mag7 and GRANOLA
- Q3 – US tech recovers before US growth scare and Yen Carry Trade reversal leads to episode of breadth widening. ECB and BoE kick off rate cuts
- Q4 – China stimulus confusion and US election soften markets with renewed bond sell-off; summer blip of US economy wanes, but sequential rate cut expectations stay

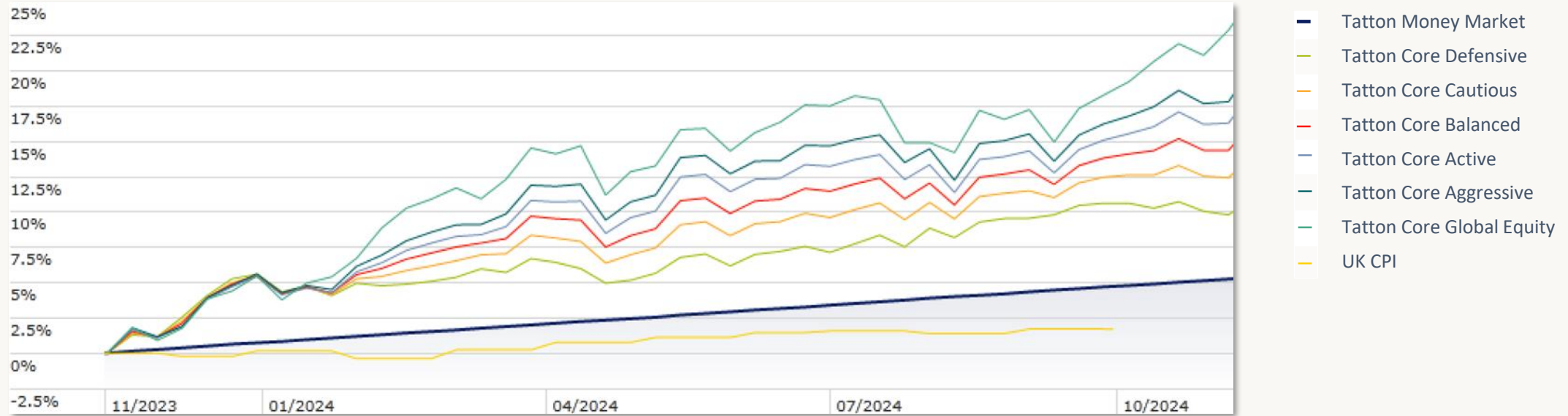
## TATTON POSITIONING

- Neutral on risk – remained fully invested
- Active bond (credit) allocation
- Neutral US and Mag7
- Overweight to Japan, neutral China
- Markets quality growth focus indicates against risk overweight
- Missed duration overweight in April





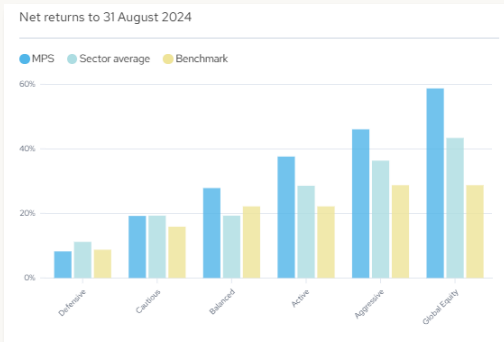
# SOLID BASIS FOR CLIENTS' ANNUAL REVIEWS (CORE MPS)



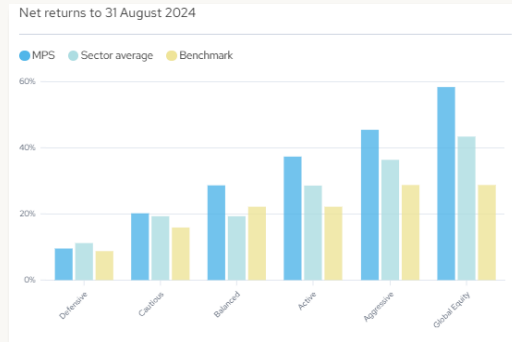
12 month returns before platform and adviser charges; Money Market MPS in solid dark blue, Source: TattonIM and Morningstar, 11/11/2024

## Media coverage of Tatton's MPS performance, Managed, Tracked and Ethical portfolios (5-year returns)

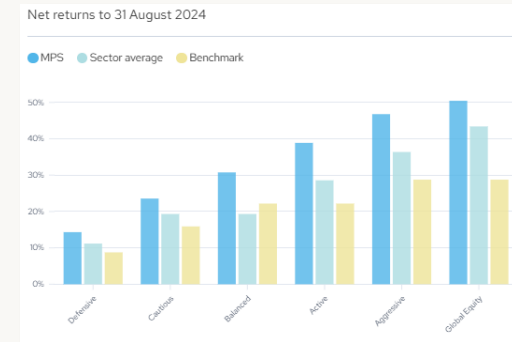
### Tatton Managed



### Tatton Tracker



### Tatton Ethical



- Tatton MPS
- Sector Average
- ARC Benchmark



Source: Morningstar

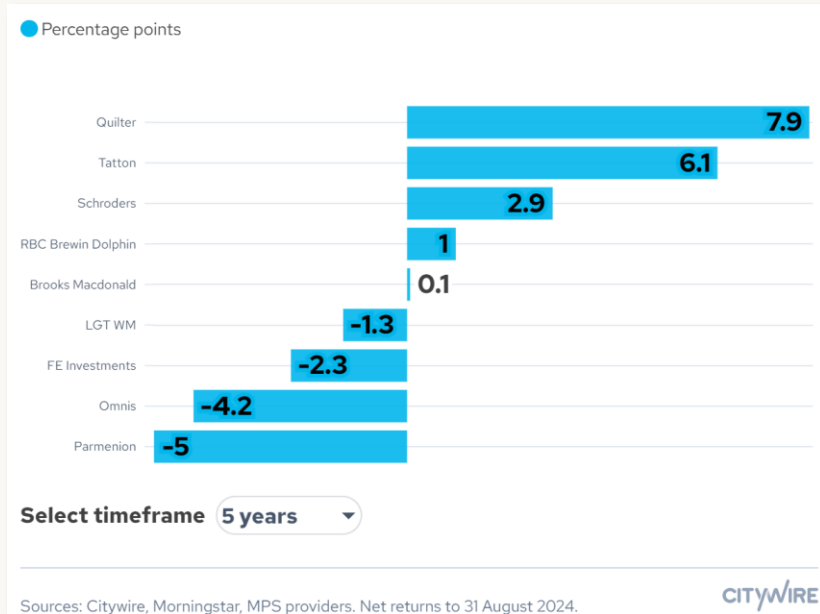
# MPS INVESTMENT PORTFOLIO RETURNS

## Media coverage of Tatton's MPS performance

### How the 10 biggest MPS providers perform

Select timeframe in the dropdown box

Average outperformance of peers across MPS offering



### Strong against benchmarks

One factor that can flatter the performance of any multi-asset portfolio is being compared with the average in a sector where peers tend to have lower equity weightings and so lower expected long-term returns.

However, the evidence suggests Tatton's portfolios skew towards the lower end of the equity range against their benchmarks.

For example, Tatton's Balanced portfolios, which typically invest 60% in equities, are compared with the ARC Steady Growth PCI index. This index of private client portfolios comprises those with about 60–80% in equities, though it is based on portfolio volatility rather than asset allocation.

A similar situation holds for the Cautious and Defensive portfolios, which Tatton says has been a key factor in their lagging returns.

### What's driving performance?

The secret to Tatton's performance might be that there is no secret. The approach is to focus on consistency over making big calls on different markets and to capture the gains of equities.

A significant feature of the offering is that higher-equity portfolios have generally delivered performance well above most peers, particularly in the last three years. Much of that success seems to stem from having maintained fairly high allocations to the US equity market.

As an example, the Tatton Core Aggressive portfolio has returned 16.9% in the three years to the end of August, double the 8% average in its Morningstar 80%+ Equity MPS sector and triple the 5.1% average for its benchmark, the ARC Equity Risk PCI. The portfolio's largest holdings are US and UK tracker funds.

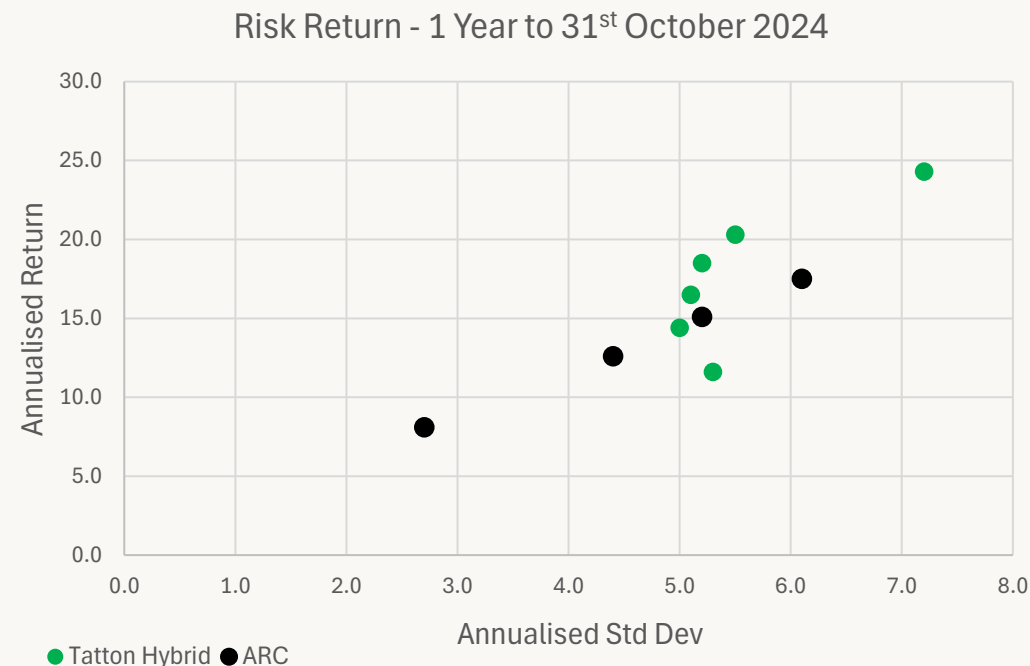
Tatton has made the element of home bias work in its favour, during a period when sections of the London-listed market have performed strongly.



# MPS INVESTMENT PORTFOLIO RETURNS

1 year to 31<sup>st</sup> October 2024

Portfolio Performance (per cent.) - core product set annualised, after DFM charge and fund costs					
	Active	Tracker	Hybrid	Ethical	ARC Peers <sup>1</sup>
Defensive	11.2	11.9	11.6	12.8	8.1
Cautious	14.0	14.8	14.4	15.3	12.6
Balanced	16.1	16.9	16.5	17.2	15.1
Active	18.0	19.1	18.5	19.1	15.1
Aggressive	20.0	20.6	20.3	20.4	17.5
Global Equity	23.8	24.7	24.3	22.3	17.5



- All risk profiles had very strong returns over the last 12 months in absolute terms and vs ARC peers. Performance was driven by our UK benchmark exposure towards the lower end of the peer group spectrum, some good factor tilts, a neutral stance to US equities, an underweight to European equities and strong manager selection, especially in the equity space

1. ARC PCI - UK wealth management portfolio peer group with historically comparable asset allocation characteristics



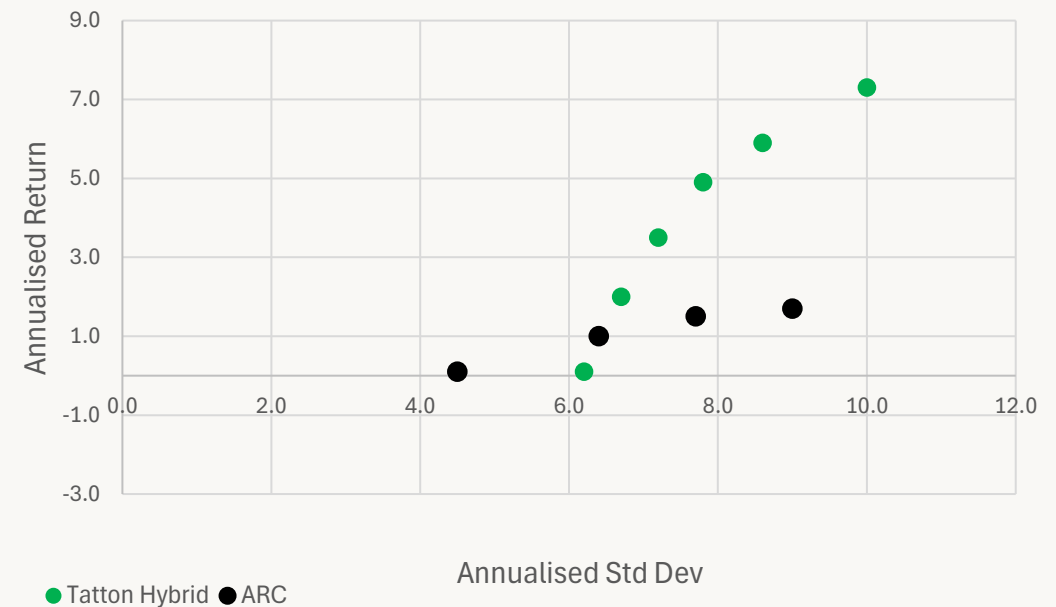


# MPS INVESTMENT PORTFOLIO RETURNS

3 years to 31<sup>st</sup> October 2024

Portfolio Performance (per cent.) - core product set annualised, after DFM charge and fund costs					
	Active	Tracker	Hybrid	Ethical	ARC Peers <sup>1</sup>
Defensive	-0.4	0.5	0.1	0.3	0.1
Cautious	1.6	2.4	2.0	1.4	1.0
Balanced	3.2	3.9	3.5	2.3	1.5
Active	4.7	5.2	4.9	3.3	1.5
Aggressive	5.8	6.1	5.9	4.0	1.7
Global Equity	7.2	7.3	7.3	4.6	1.7

Risk Return - 3 Years to 31<sup>st</sup> October 2024



- With the exception of Active Defensive, our portfolios outperformed the ARC peer group over the three-year period across ranges and risk profiles. Contribution from manager selection came from strong returns from our Japan and Europe and EM funds

1. ARC PCI - UK wealth management portfolio peer group with historically comparable asset allocation characteristics



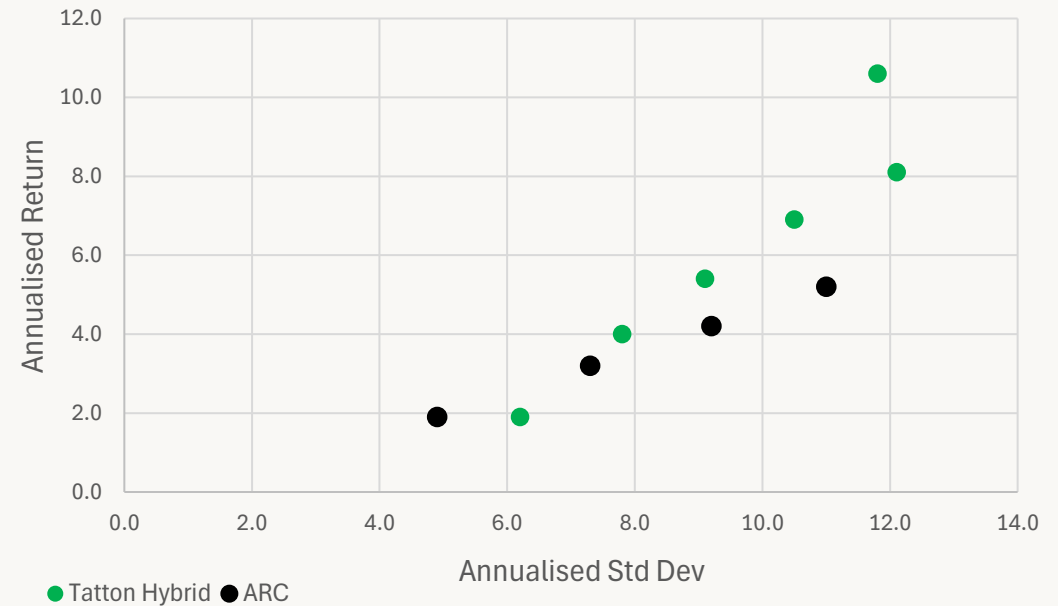


# MPS INVESTMENT PORTFOLIO RETURNS

5 years to 31<sup>st</sup> October 2024

Portfolio Performance (per cent.) - core product set annualised, after DFM charge and fund costs					
	Active	Tracker	Hybrid	Ethical	ARC Peers <sup>1</sup>
Defensive	1.8	2.1	1.9	2.8	1.9
Cautious	3.9	4.1	4.0	4.5	3.2
Balanced	5.3	5.5	5.4	5.8	4.2
Active	6.9	6.9	6.9	7.2	4.2
Aggressive	8.1	8.1	8.1	8.5	5.2
Global Equity	10.6	10.5	10.6	9.1	5.2

Risk Return - 5 Years to 31<sup>st</sup> October 2024



- Our robust asset allocation has ensured we’ve consistently outperformed the ARC benchmarks over the last 5 years (except for the Managed Defensive model, which was 10bps behind the peer group, due to its 5% lower than peer group equity exposure)
- Recently we benefitted from extending duration in Q4 2023

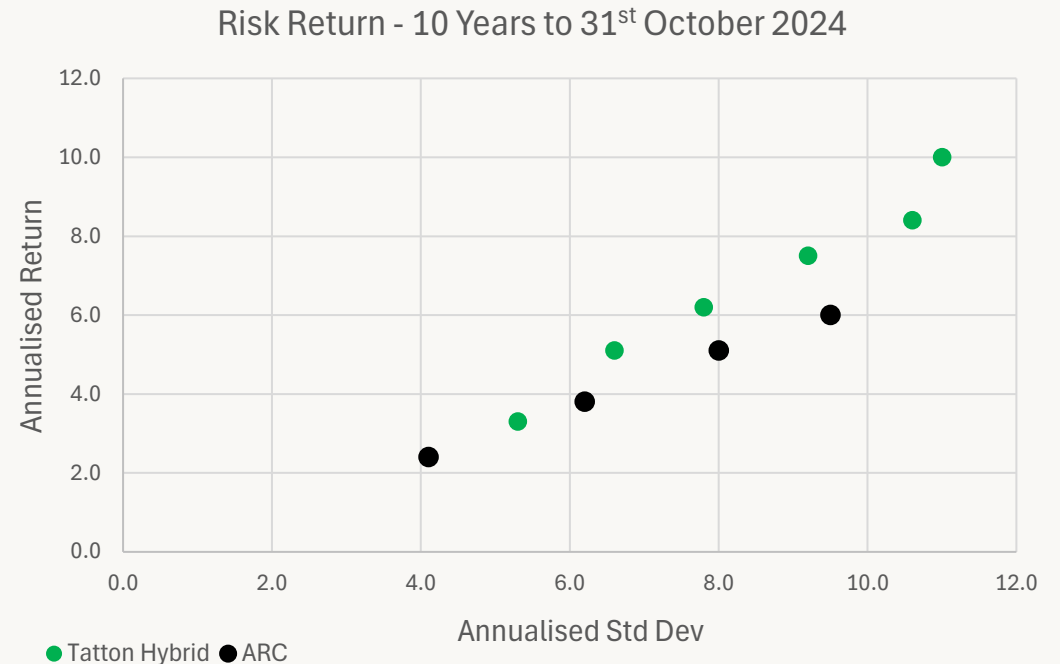
1. ARC PCI - UK wealth management portfolio peer group with historically comparable asset allocation characteristics



# MPS INVESTMENT PORTFOLIO RETURNS

10 years to 31<sup>st</sup> October 2024

Portfolio Performance (per cent.) - core product set annualised, after DFM charge and fund costs				
	Active	Tracker	Hybrid	ARC Peers <sup>1</sup>
Defensive	3.2	3.4	3.3	2.4
Cautious	5.0	5.0	5.1	3.8
Balanced	6.1	6.2	6.2	5.1
Active	7.4	7.4	7.5	5.1
Aggressive	8.4	8.4	8.4	6.0
Global Equity	10.0	10.0	10.0	6.0



- Tatton has now been running portfolios for in excess of 10 years and the risk adjusted performance of the portfolios looks strong relative to our main comparator peer group composite indices over the last 10 years. While there have been a few tough periods, our diversified consistent approach has provided consistent returns both in relative and absolute terms for our clients

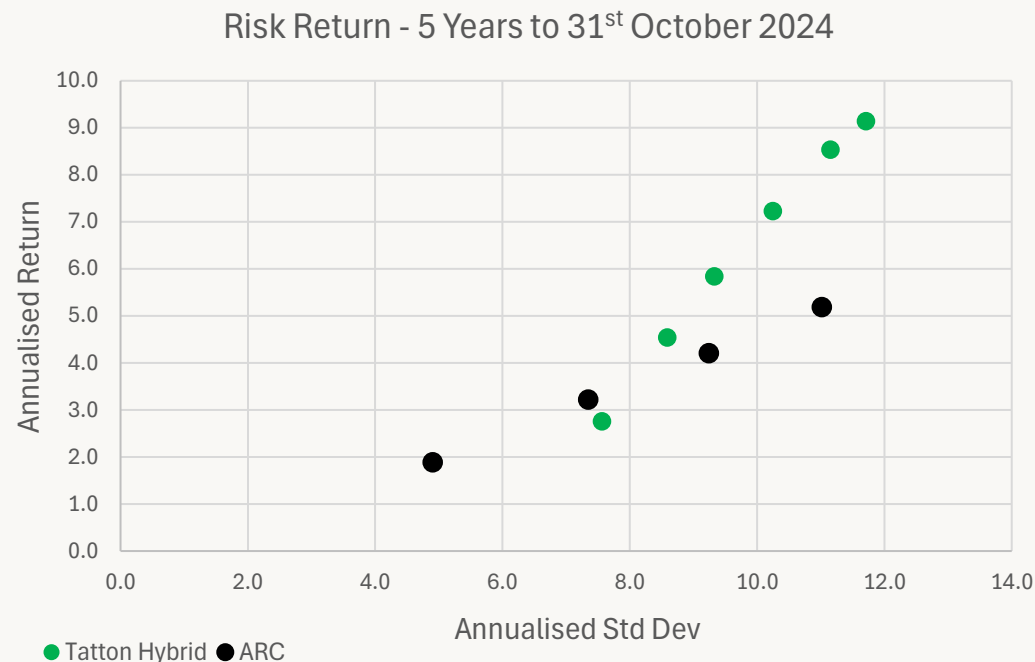
1. ARC PCI - UK wealth management portfolio peer group with historically comparable asset allocation characteristics



# ETHICAL INVESTMENT PORTFOLIO RETURNS

5 years to 31<sup>st</sup> October 2024

Tatton Fund Performance (% - ethical product set, annualised, after DFM charge and fund costs)		
	Ethical	ARC Peers <sup>1</sup>
Defensive	2.8	1.9
Cautious	4.5	3.2
Balanced	5.8	4.2
Active	7.2	4.2
Aggressive	8.5	5.2
Global Equity	9.1	5.2



- The Ethical MPS Strategy has retained its strong outperformance vs the unrestricted ARC peer group over the last 5 years. While outperformance lagged in 2022 due to their inherent growth bias, in 2023 the portfolios resumed their outperformance on the back of the growth style rebound, fund selection and its global cap weighted equity allocation. YTD has also been strong vs the ARC peers – performance was mainly driven by positive fixed income manager selection and our regional shift to the US through a recent fund introduction

1. ARC PCI – UK wealth management portfolio peer group with historically comparable asset allocation characteristics



# DISTRIBUTION OF AUM ACROSS PROPOSITION MATRIX

45 multi-asset portfolio choices that satisfy multi-manager, index tracker, income drawdown and ethical investment choices across 6 standard UK risk profiles (3-8 out of 1-10) and a UK home bias set as well as a global market capitalisation weighted set

	<b>Defensive (3) 25% Equity</b>	<b>Cautious (4) 45% Equity</b>	<b>Balanced (5) 60% Equity</b>	<b>Active (6) 75% Equity</b>	<b>Aggressive (7) 90% Equity</b>	<b>Global Eq. (8) 98% Equity</b>	<b>Total</b>	<b>6m Change %</b>
Tatton Tracker	0.4%	3.9%	11.5%	6.7%	2.8%	1.8%	<b>27.1%</b>	<b>2.4%</b>
Tatton Managed/Active	0.3%	2.5%	6.9%	4.7%	1.4%	0.9%	<b>16.6%</b>	<b>(2.2%)</b>
Tatton Hybrid/Blended	0.4%	6.8%	21.1%	12.4%	3.9%	1.5%	<b>46.2%</b>	<b>(0.3%)</b>
Tatton Income	0.0%	0.2%	0.6%	0.4%	0.1%	0.0%	<b>1.3%</b>	<b>0.1%</b>
Tatton Ethical	0.2%	1.6%	4.2%	1.9%	0.6%	0.3%	<b>8.8%</b>	-
<b>Total</b>	<b>1.3%</b>	<b>15.0%</b>	<b>44.3%</b>	<b>26.1%</b>	<b>8.8%</b>	<b>4.5%</b>	<b>100.0%</b>	-
<b>6m Change %</b>	<b>(0.4%)</b>	<b>(0.7%)</b>	<b>(0.2%)</b>	<b>0.3%</b>	<b>0.5%</b>	<b>0.5%</b>	-	



# 2024/25 MARKET VARIABLES

## BETWEEN RETURN OF EXPANSION AND DERAILMENT BY POLITICS/INFLATION

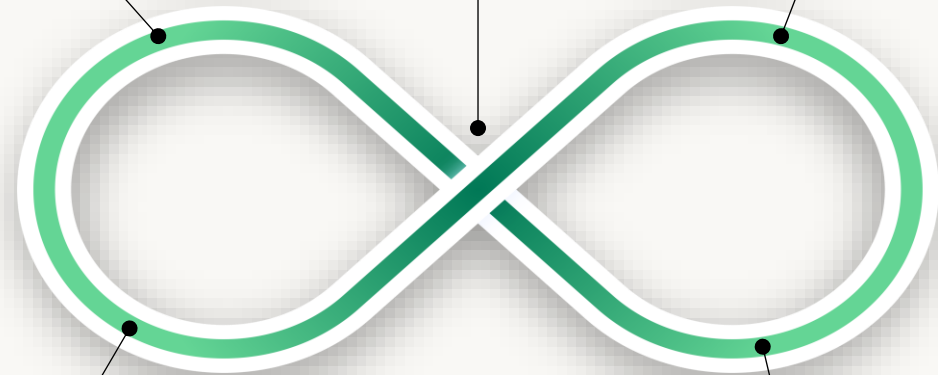
### Risks:

Fiscal stimulus – US Debt  
Elevated yields  
Middle East, Ukraine  
Isolationism - medium term  
- damages US economic leadership

**Employment driven inflation remains concern but focus moves to catalysts for growth**

### Wildcards:

AI boom/bust,  
China rebound  
US geopolitics withdrawal



### UK:

Budget more bark than bite  
Key to growth without inflation: NHS and planning reforms  
Support: Lower BoE rates

### Balance:

Steady growth vs. elevated yields  
Labour shortage vs. productivity gains (AI?)



## INVESTMENT CASE



- ✓ **Leading market position** – the market leader in the UK DFM MPS market with £19.9bn of AUM/I, operating in the fastest growing segment of the UK wealth market
- ✓ **Large barriers to entry** - breadth of investment and service offering with +11-year investment track record, and a wide distribution reach, with 1,038 IFA firm relationships
- ✓ **Simple and predictable** - Consistent organic growth with outstanding asset retention
- ✓ **High return on capital** - Highly scalable business model with excellent operating leverage
- ✓ **Attractive Financial Profile** - High recurring revenues and long-term margin expansion drives strong free cashflow generation
- ✓ **Strong balance sheet**- debt free, capital light business model
- ✓ **Limited exposure to extrinsic risks** – benefitting from regulatory change, underpinned by low cost, high value offering
- ✓ **Excellent Management** - Experienced and entrepreneurial management team, and good governance



# APPENDICES

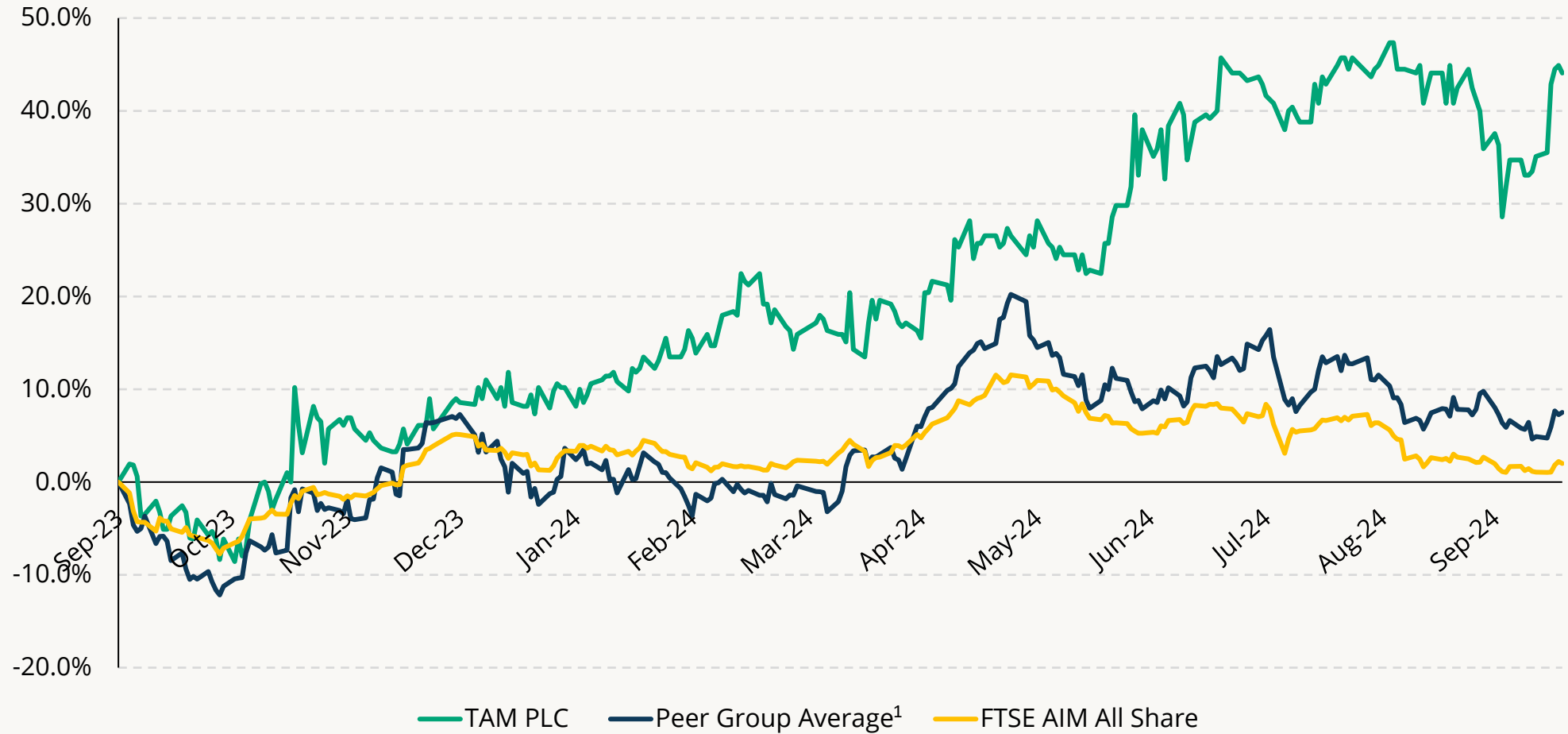




# TATTON SHARE PRICE

## COMPARISON TO PEER GROUP

### Share price performance comparison v peer group

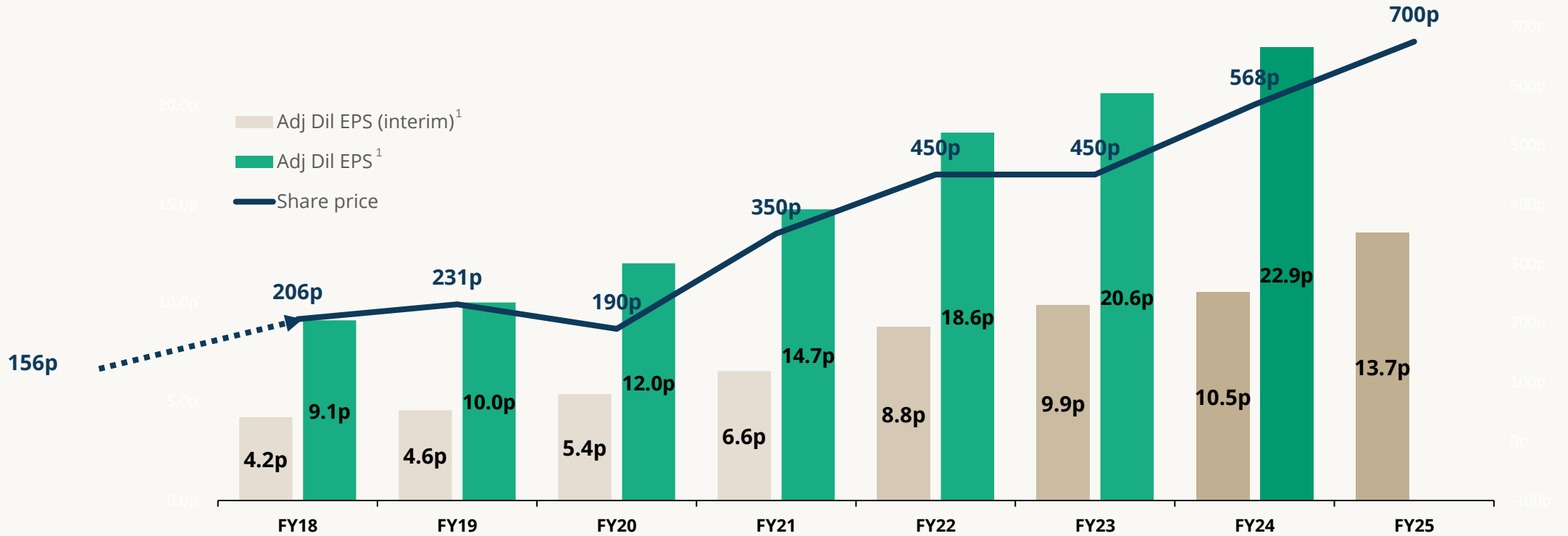


1. Selected peer group companies, including AJ Bell, Rathbones, Brooks Macdonald, Polar Capital, Jupiter Investments, Premier Miton, IMPAX and Liontrust



# MAXIMISING SHAREHOLDER VALUE

<b>Market Cap (£m)</b>	<b>£115m</b>	<b>£129m</b>	<b>£106m</b>	<b>£196m</b>	<b>£265m</b>	<b>£270m</b>	<b>£344m</b>	<b>£420m</b>
------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------



Interim dividend (p)	2.2p	2.8p	3.2p	3.5p	4.0p	4.5p	8.0p	9.5p
Total year dividend (p)	6.6p	8.4p	9.6p	11.0p	12.5p	10.0p	16.0p	-
Dividend payout ratio	72%	84%	80%	75%	67%	70%	69%	-

1. Adjusted for share-based payment costs, amortisation of acquisition related intangibles, unwinding of discount of deferred consideration, and potentially dilutive shares



# IMPACT OF CONSUMER DUTY

## Helpful customer service

## Product & services fit for purpose

## Consumer understanding

## Fair value of products & services

### Tatton MPS

- Tatton MPS aligned to principles of consumer duty
- Low-cost high value offering from inception
- Always led on client outcomes, price and value
- We do not profit from client cash balances on platform
- We help clients achieve their financial goals
- Customer-centric ethos, great service & consistent client communication
- Consumer duty validates our core beliefs

### Market Impact

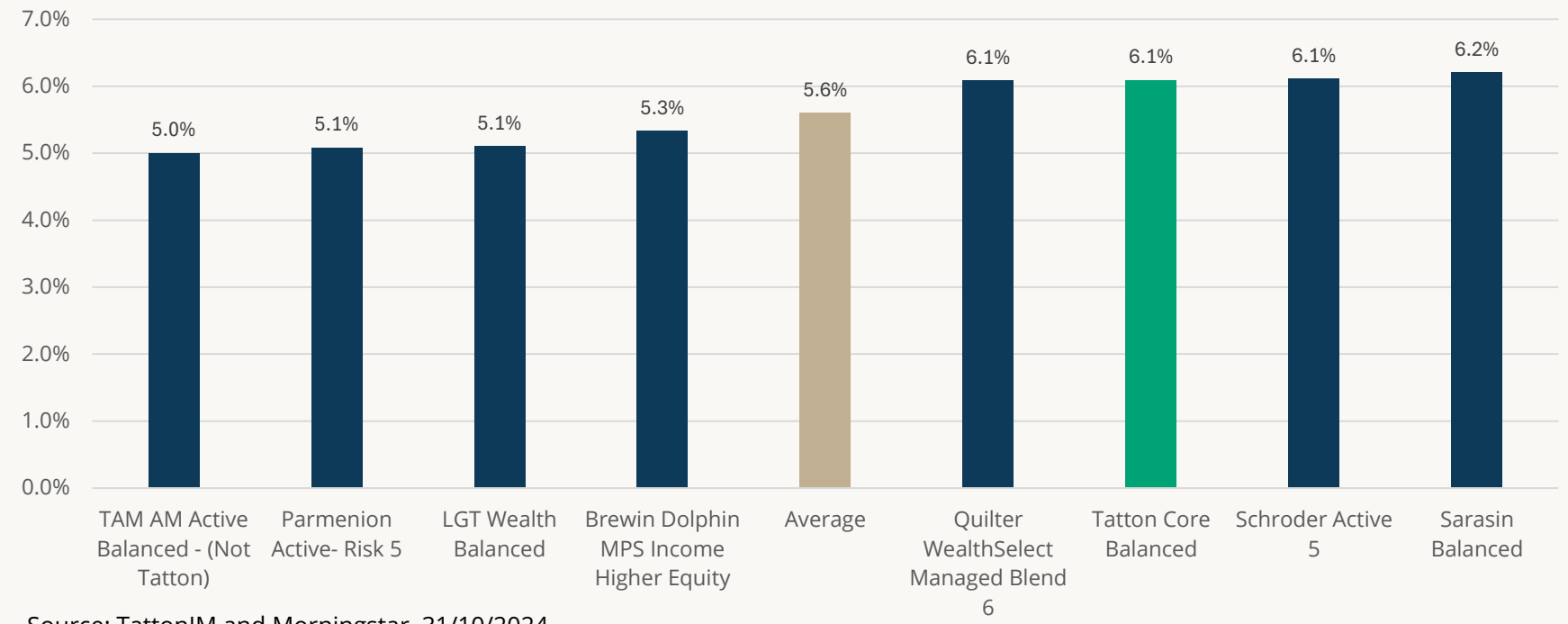
- Sets higher and clearer standards of consumer protection across financial services
- Requires firms to act to deliver good outcomes for customers.
- Potential shift from classic **BPS** to **MPS** as consumer duty “bites”
- Tatton is well positioned with core **MPS** offering
- Regulator appears to be acutely focused in this area



# 10-YEAR MPS RETURNS VS. KEY COMPETITORS

(against peer platform portfolio services in same risk profile)

10 Year Annualised Returns - Risk Profile 5/Balanced

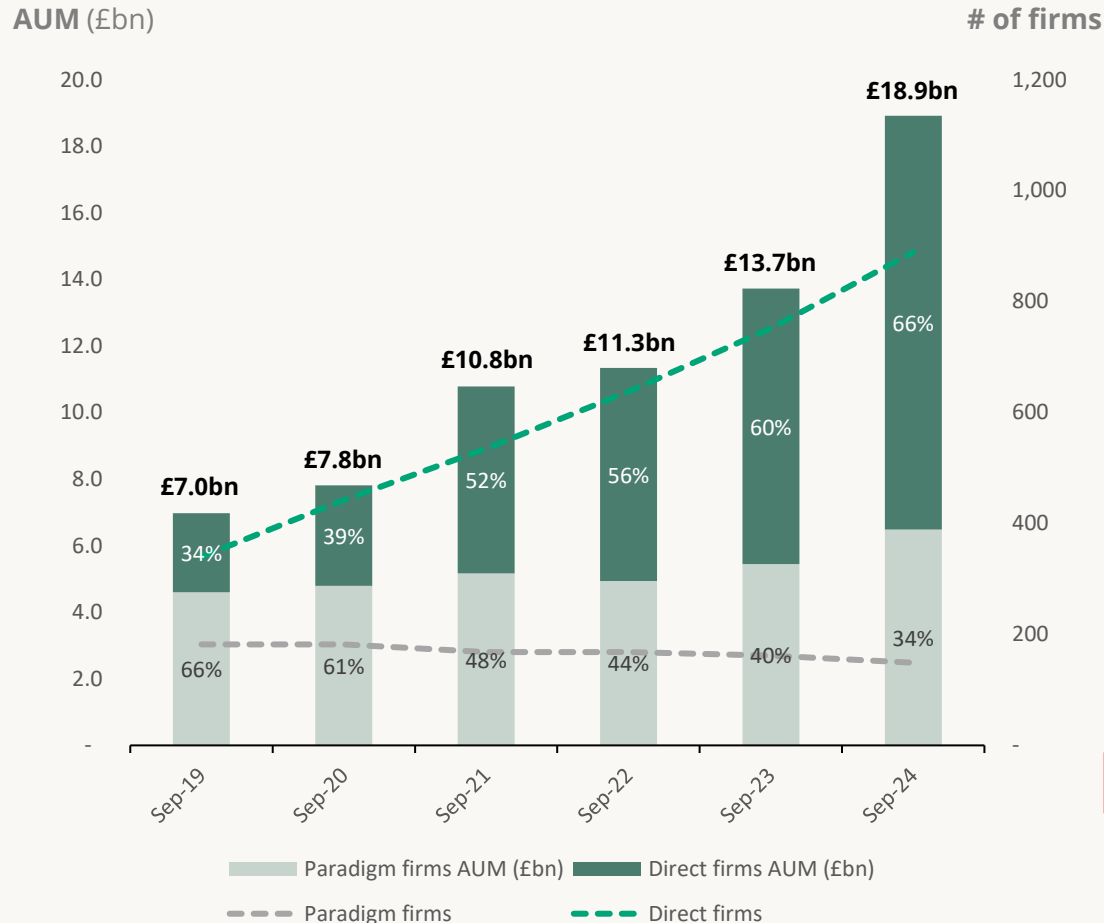


Source: TattonIM and Morningstar, 31/10/2024



# SIZEABLE OPPORTUNITY FOR FURTHER GROWTH WITH NON-PARADIGM IFA RELATIONSHIPS

Non-Paradigm firms now represents 889 firms and 66% of AUM



- Successfully **increased penetration** of non-Paradigm firms from £5.1m of average AUM per firm in Sep-18 to £14.0m in Sep-24
- Untapped opportunity to increase penetration of existing non-Paradigm firms
- Average firm across the industry has approx. £40m on platform
  - Paradigm firms = Average £43.5m per firm
  - Non-Paradigm firms = Average £14.0m per firm
  - **Non-Paradigm opportunity = £29.5m x 889 = £26.3bn**

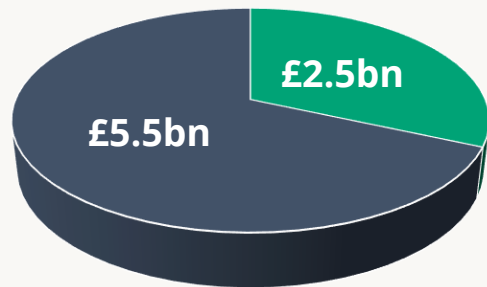
	Sep-18	Sep-19	Sep-20	Sep-21	Sep-22	Sep-23	Sep-24
Paradigm firms	169	182	182	168	168	162	149
Paradigm firms AUM (£bn)	4.5	4.6	4.8	5.2	4.9	5.4	6.5
<b>Average per Paradigm firm (£m)</b>	<b>26.6</b>	<b>25.3</b>	<b>26.3</b>	<b>30.8</b>	<b>29.4</b>	<b>33.6</b>	<b>43.5</b>
Direct firms	236	340	442	535	638	752	889
Direct firms AUM (£bn)	1.2	2.4	3.0	5.6	6.4	8.3	12.4
<b>Average per non-Paradigm firm (£m)</b>	<b>5.1</b>	<b>7.0</b>	<b>6.8</b>	<b>10.5</b>	<b>10.0</b>	<b>11.0</b>	<b>14.0</b>
<b>Non-Paradigm Opportunity (£bn)</b>	<b>5.0</b>	<b>6.2</b>	<b>8.6</b>	<b>10.8</b>	<b>12.4</b>	<b>17.0</b>	<b>26.3</b>



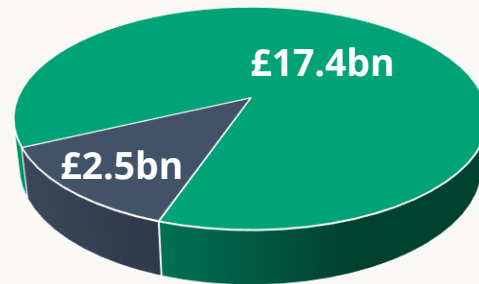
# PERSPECTIVE

## AUM/I - Perspective/Tatton

Perspective AUA (£)



Tatton AUM/I<sup>1</sup>



■ Tatton Managed ■ Other Perspective AUA ■ Perspective ■ Other Tatton

## Concentration of AUM/I (Next Top 5 firms)

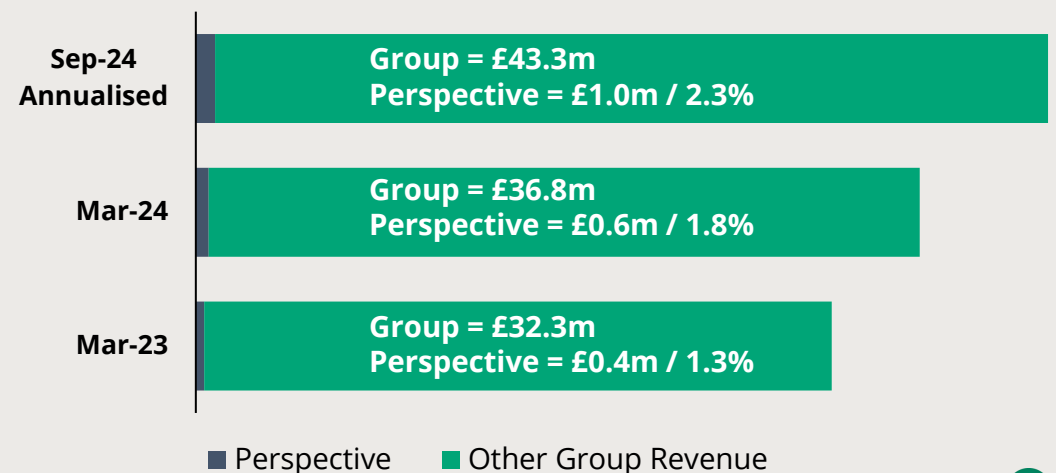
- Firm 1 = £0.4bn - 2.2%
- Firm 2 = £0.3bn - 1.5%
- Firm 3 = £0.3bn - 1.4%
- Firm 4 = £0.2bn - 1.2%
- Firm 5 = £0.2bn - 1.2%

\*Ascot Lloyd was consolidated back in 2018 with £425m of AUM.  
Today £181m of AUM remaining 7 years later.

## Net Inflows

- Total net inflows for H1 FY25 of £1.832bn
  - Average per month = **£305m**
- Perspective net inflows for H1 FY25 of £385m
  - Average per month = **£64m**
- Net inflows (*excl Perspective*) for H1 FY25 of £1.447bn
  - Average per month = **£241m**, an increase of 69% on FY24
  - Twelve-month extrapolation of H1 FY25 = **£2.892bn**

## Group Revenue (£m)



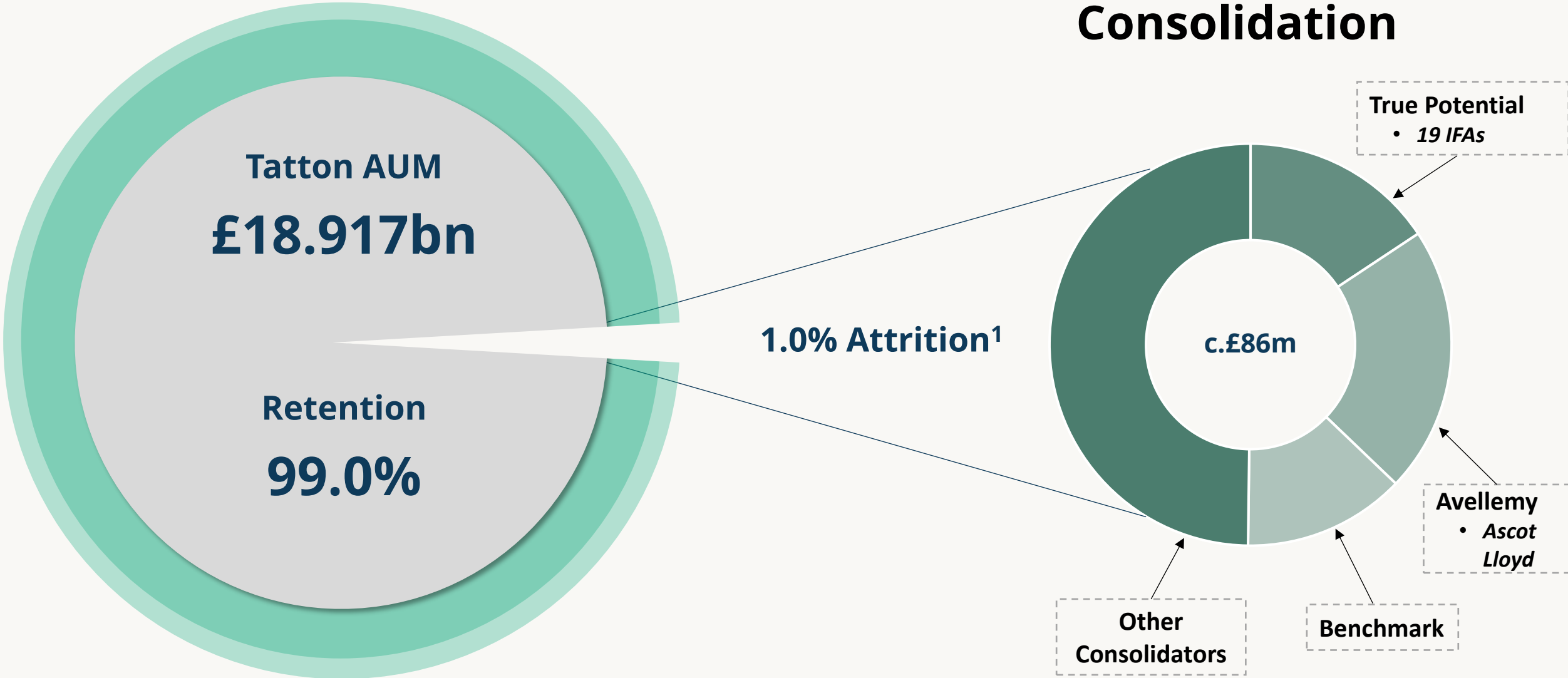
1. "AUM/I" is Assets under management and influence including 100% of 8AM Global Limited AUM



# EXCEPTIONAL ASSET RETENTION PROVIDES STRONG VISIBILITY

September 2024 – 6-month period

## Consolidation



1. Annualised attrition of assets under management from consolidators