



Liontrust Asset Management PLC

Full Year Results

June 2022 | John Ions & Vinay Abrol



For professional investors and advisers only

1. Highlights of the Financial Year
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Highlights of the Financial Year



Net inflows

£2.5bn

12 months to 31 March 2022¹

Retail sales

2nd

2nd highest net retail sales in the UK in 2021²

Acquisition

Majedie Asset Management

Announced acquisition of in December 2021 and completed 1 April 2022

Performance

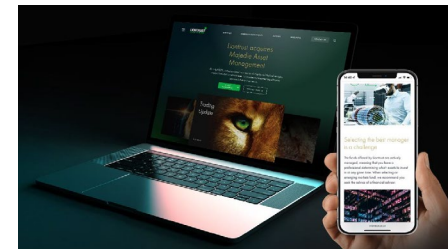
99%

Over five years to 31 March 2022, 99% of UK-domiciled funds were in the 1st or 2nd quartile of their respective IA sectors³

Awards



Website



Enhancing client engagement

¹ Includes outflows of £329 million related to the termination of the investment management agreement for the Verbatim Portfolio Growth Funds on 21 March 2022 following the acquisition of the Verbatim Funds by Tattton Asset Management PLC.

² Pridham Report

³ Financial Express, as at 31.03.22, total return, net of fees, income reinvested. On an AuMA weighted basis. This excludes the Liontrust Multi-Asset Funds, most of which do not have sector benchmarks, and funds in the IA Specialist sector

Financial results demonstrate a profitable and growing business

Gross profit

£231.3m

+41%

Gross profit up 41% to £231.3m from
£163.8m in 2021

Profit before tax

£79.3m

+127%

Profit before tax up 127% to
£79.3m from £34.9m in 2021

Adjusted profit before tax*

£96.6m

+64%

Adjusted profit before tax up 64% to
£96.6m from £59.0m for 2021¹

Adjusted diluted EPS

127.63p

+59%

Adjusted diluted earnings per share up
59% to 127.63p from 80.14p in 2021¹

Total dividend per share

72p

+53%

Total dividend per share up 53% to
72p from 47p in 2021. Second
interim dividend 50p

Source: Liontrust Asset Management Plc, June 2022. Each financial year ends 31 March. These are alternative performance measures (APM). Please see Appendix for further detail.

¹2021 APM restated

➤ On 31 March 2022, our AuMA stood at £33,548 million and were broken down by type and investment process as follows:

Process	Total (£m)	Institutional ¹ (£m)	Retail (£m)	Multi-Asset (£m)	Offshore Funds (£m)
Sustainable Investment	13,227	136	12,187	-	904
Economic Advantage	9,035	455	8,201	-	379
Multi-Asset	6,660	-	-	6,660	-
Global Equity	2,868	167	2,701	-	-
Cashflow Solution	1,094	650	364	-	80
Global Fixed Income	664	-	300	-	364
Total – 31 March 2022	33,548	1,408	23,753	6,660	1,727
Global Fundamental	5,150	3,567	898	-	685
Total including Global Fundamental	38,698	4,975	24,651	6,660	2,412

31 March 2022

£33,548m

31 March 2021

£30,929m

Increase of

8.5%

over the financial year

Source: Liontrust Asset Management Plc, June 2022.

¹Investment Trust AuMA included in Institutional

- Liontrust recorded net inflows of £2,488m in the financial year to 31 March 2022 (2021: £3,498m). A reconciliation of fund flows over the financial year is as follows

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi-Asset ¹ (£m)	Offshore Funds (£m)
Opening AuMA – 1 April 2021	30,929	1,488	20,627	7,139	1,675
Net flows	2,488	(105)	3,025	(541)	109
Market and investment performance	131	25	101	62	(57)
Closing AuMA – 31 March 2022	33,548	1,408	23,753	6,660	1,727

Source: Liontrust Asset Management Plc, June 2022.

¹Includes outflows off £329 million related to the termination of the investment management agreement for the Verbatim Funds on 21 March 2022



Strategic objectives



Six principal objectives

1



Be a responsible company and investor

2



Deliver strong long-term investment performance

3



Expand distribution and products organically and through acquisitions

4



Acquire and develop talent

5



Enhance the investor experience

6



Ensure strong operations and infrastructure





Investment strength















- Over three years to 31 March 2022, 98% of UK-domiciled funds were in the 1st or 2nd quartile of their respective IA sectors*
- Over five years to 31 March 2022, 99% of UK-domiciled funds were in the 1st or 2nd quartile of their respective IA sectors*
- 12 funds have the 5-Crown rating from FE fundinfo[^]
- Anthony Cross and Julian Fosh Alpha managers in 2020
- In 2021 Liontrust was named Asset Manager of the Year at the Financial News Awards, the Best Fund Group at the Shares Awards and Global Group of the Year at the Investment Week Fund Manager of the Year Awards
- Nominated for 7 fund awards at Incisive Media's Fund Manager of the Year Awards in June 2022. The nominated funds are: UK Micro Cap, UK Smaller Companies, European Growth, GF High Yield Bond, Global Dividend, Balanced and SF Managed Growth
- Liontrust has also been shortlisted for the Group of the Year Award

*Source: Financial Express, as at 31.03.22, total return, net of fees, income reinvested. This excludes the Liontrust Multi-Asset Funds, most of which do not have sector benchmarks and funds in the IA Specialist sector, on an AuMA weighted basis.

[^]As at January 2022

Awards

 <p>PROFESSIONAL PENSIONS INVESTMENT AWARDS 2021 WINNER UK Equity Manager of the Year Liontrust Asset Management</p>	<p>Liontrust won UK Equity Manager of the Year at the Professional Pensions Investment Awards 2021</p>	 <p>INVESTMENT WEEK SUSTAINABLE & ESG INVESTMENT AWARDS 2021 WINNER Best Sustainable & ESG Equity Fund</p>	<p>The Liontrust Sustainable Investment team won the Best Sustainable & ESG Equity Fund category with the Liontrust SF Global Growth Fund</p>
 <p>Asset Management Awards 2021 Winner Asset Manager of the Year</p>	<p>Liontrust won Asset Manager of the Year at the Financial News Awards 2021</p>	 <p>INVESTMENT WEEK SUSTAINABLE & ESG INVESTMENT AWARDS 2021 WINNER Best Sustainable & ESG Multi-Asset Fund</p>	<p>The Liontrust Sustainable Investment team won the Best Sustainable & ESG Multi-Asset Fund category with the Liontrust SF Managed Fund</p>
 <p>SHARES AWARDS 2021 WINNER Best Fund Group</p>	<p>Liontrust won Best Fund Group at the Shares Awards 2021</p>	 <p>INVESTMENT WEEK FUND MANAGER OF THE YEAR AWARDS 2021 WINNER Global Growth</p>	<p>The Liontrust Sustainable Investment team won the Global Growth category with the Liontrust SF Global Growth Fund</p>
 <p>INVESTMENT WEEK FUND MANAGER OF THE YEAR AWARDS 2021 WINNER Global Group of the Year</p>	<p>Liontrust won Global Group of the Year at the Investment Week Fund Manager of the Year Awards 2021</p>	 <p>INVESTMENT WEEK FUND MANAGER OF THE YEAR AWARDS 2021 WINNER Managed - Flexible Investment</p>	<p>The Liontrust Sustainable Investment team won the Managed – Flexible Investment category with the Liontrust SF Managed Growth Fund</p>
 <p>WINNER EIGHT TIMES Investment Life & Pensions Moneyfacts Awards 2014-2021 Best Multi Manager Provider</p>	<p>Liontrust won the Best Multi-Manager Provider at the Investment Life & Pensions Moneyfacts Awards 2021</p>	 <p>INVESTMENT WEEK FUND MANAGER OF THE YEAR AWARDS 2021 WINNER Managed 40-85% Shares</p>	<p>The Liontrust Sustainable Investment team were joint winners in the Managed 40-85% Shares category with the Liontrust SF Managed Fund</p>
 <p>AJ Bell Awards 2021 ETHICAL/SUSTAINABLE - ACTIVE</p>	<p>The Liontrust Sustainable Investment team won the Best Ethical/ Sustainable – Active category with the Liontrust SF Managed Growth Fund</p>	 <p>INVESTMENT WEEK FUND MANAGER OF THE YEAR AWARDS 2021 WINNER Global Income</p>	<p>The Liontrust Global Equity team were joint winners in the Global Income category with the Liontrust Global Dividend Fund</p>

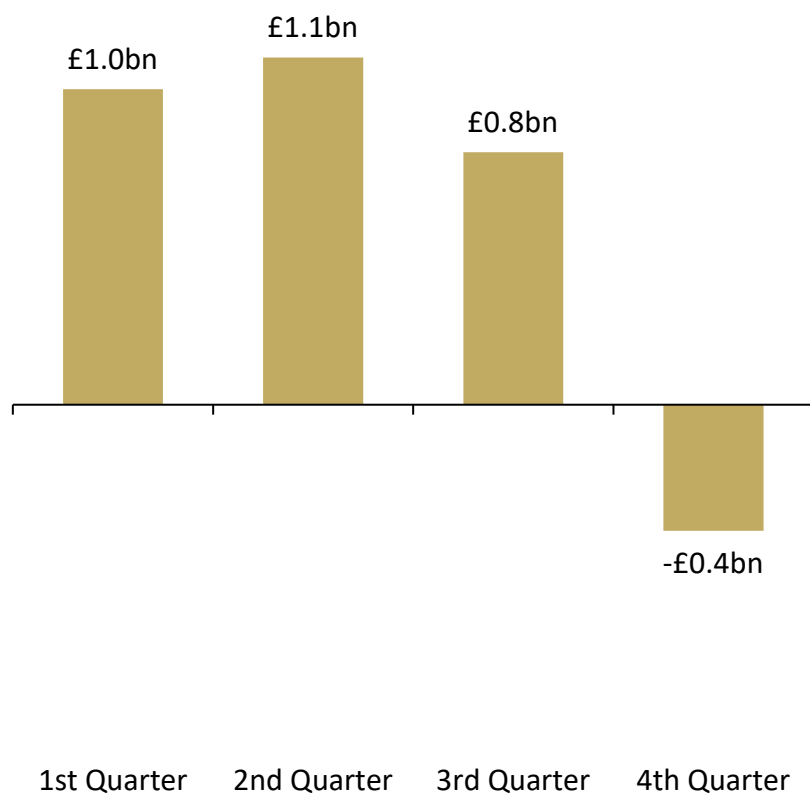
➤ The Global Group Award at the Fund Manager of the Year Awards is an endorsement of active fund management and our trust in sustainable investment. The judges commented on Liontrust’s breadth of investment expertise across single and multi-asset funds and our early advocacy of sustainability. Both of these were recognised in the individual categories at the Awards, including the Liontrust SF Defensive Managed Fund being highly commended in the Managed 20-60% shares category



Flows and AuMA



Quarterly flows FY22



- Rotation from Growth to Value from autumn 2021
- Buyers' strike in 1st quarter of 2022
- Attractive valuations appearing for Quality Growth
- Clients waiting to invest in Quality Growth

Top 10 gross retail sales in 2021	
	£m
BlackRock	£27,979.90
Legal & General IM	£15,216.70
Baillie Gifford	£14,210.40
Fidelity	£13,273.10
Liontrust	£10,447.00
HSBC Asset Management	£10,178.90
Royal London Asset Management	£9,255.80
Schroders	£8,364.50
JP Morgan Asset Management	£6,798.50
Fundsmith	£6,249.20

Top 10 net retail sales in 2021	
	£m
Baillie Gifford	£3,764.30
Liontrust	£3,651.00
HSBC Asset Management	£3,265.80
Legal & General IM	£2,412.40
Rathbones	£2,077.80
Royal London Asset Management	£1,821.90
Allianz Global Investors	£1,537.90
BlackRock	£1,347.10
Fidelity	£1,014.60
Schroders	£982.40

Top 10 gross retail sales in Q1 2022	
	£m
BlackRock	£6,975.00
Fidelity	£4,687.00
Legal & General IM	£4,119.30
HSBC Asset Management	£3,039.50
Royal London Asset Management	£2,446.00
Liontrust	£2,035.00
JP Morgan AM	£2,023.10
Baillie Gifford	£1,995.50
Schroders	£1,935.80
Fundsmith	£1,586.50

Top 10 net retail sales in Q1 2022	
	£m
Fidelity	£1,586.60
BlackRock	£870.30
HSBC Asset Management	£843.00
Legal & General IM	£549.60
Royal London Asset Management	£391.00
Aegon AM	£347.50
BMO Global Asset	£315.10
JP Morgan AM	£194.40
Abrdn	£83.40
Rathbones	£82.20

- Net flows impacted by the rotation from quality growth to value
- Sentiment impacted by higher inflation and Russian invasion of Ukraine
- 1st quarter of 2022 was first since start of 2020 with negative retail flows according to the IA

- Sustainable and EA seen as market leaders
- Global Fundamental brings institutional distribution, Edinburgh Investment Trust, Tortoise long/short equity, UK and Global funds
- Growing demand for Cashflow Solution funds
- Consolidators and aggregators in adviser market
- Exclusive distribution deals with ABN AMRO (mainland Europe excluding Scandinavia) and SEB (Scandinavia) in Europe for the SF Pan-European strategy (ABN AMRO and SEB) and SF Global Impact strategy (ABN AMRO)

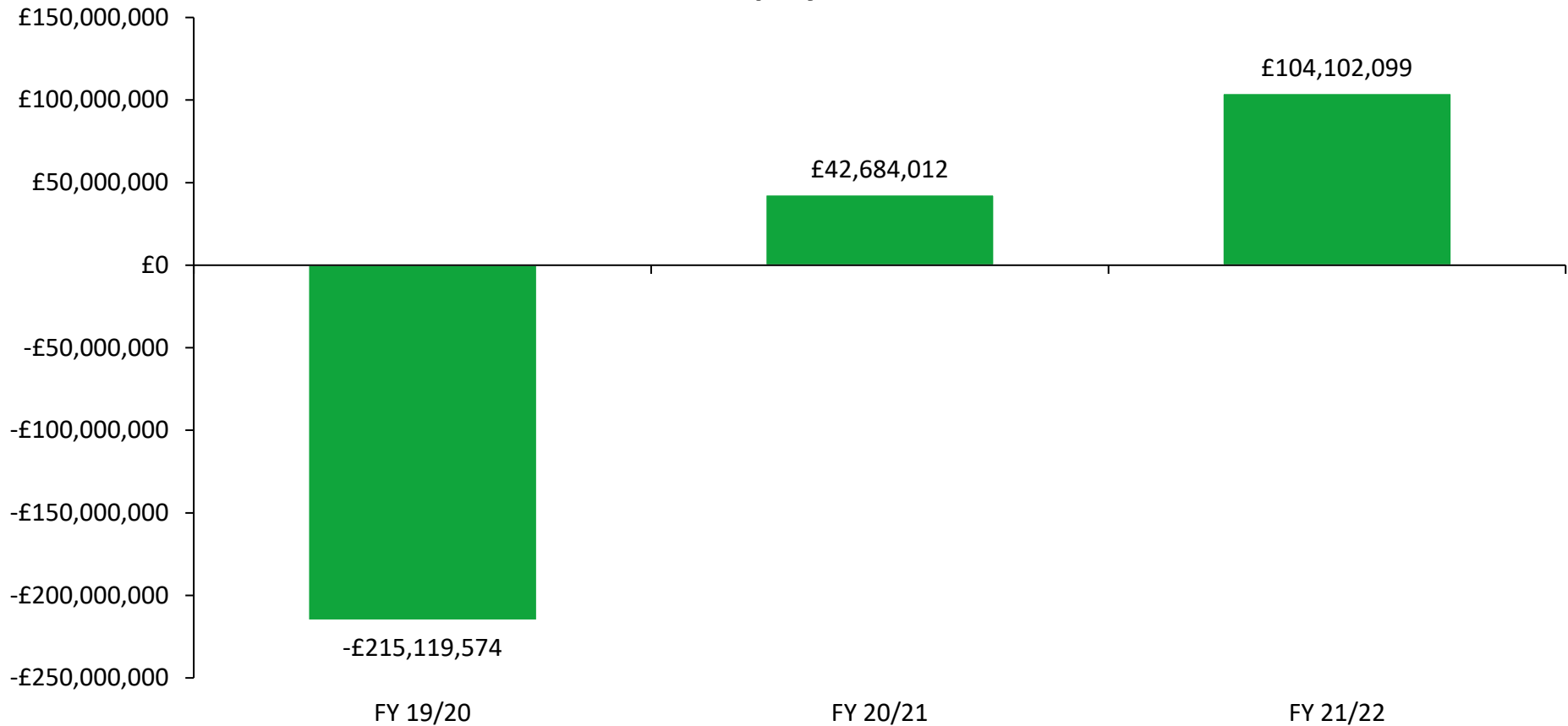
Growth in teams' AuMA

£m	Mar-21	Mar-22	% change
Sustainable Investment	10,238	13,227	29%
Economic Advantage	8,759	9,035	3%
Multi-Asset ¹	7,139	6,660	(7%)
Global Equity	2,644	2,868	8%
Cashflow Solution	1,209	1,094	(10%)
Global Fixed Income	940	664	(29%)

Source: Liontrust Asset Management Plc as at 31.03.21 and 31.03.22.

¹Includes outflows of £329 million related to the termination of the investment management agreement for the Verbatim Portfolio Growth Funds on 21 March 2022 following the acquisition of the Verbatim Funds by Tatton Asset Management PLC. This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs

Global Equity Team Flows



Source: Liontrust, April 2022. This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs



Brand



1 Ranked the 8th best asset management brand in the UK (Source: Broadridge's annual survey, March 2021)

2 37% of wealth managers/financial advisers and 28% of consumers say Liontrust has the best ESG/sustainable investment team, ranking first among both (source: Research in Finance, December 2021)

3 Voted by financial advisers as the best sustainable investment team (Source: Square Mile, 2022)

4 67% of financial intermediaries had seen Liontrust's adverts over the previous month compared to an industry average of 42% (Source: Marketing Pulse, May 2022)

5 40% of financial intermediaries had seen Liontrust's content over the previous month compared to an industry average of 28% (Source: Marketing Pulse, May 2022)

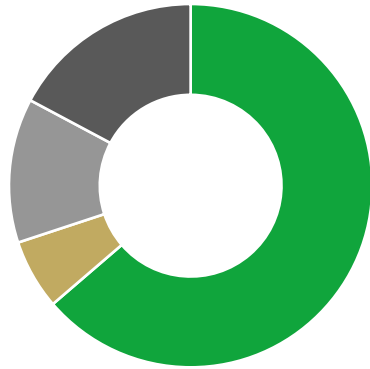
6 76% of wealth managers and financial advisers say Liontrust is one of the best or above average for asset managers compared to an industry average of 54% (Source: Marketing Pulse, May 2022)



Key metrics

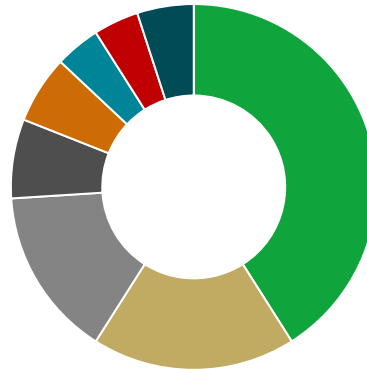


AuMA by product



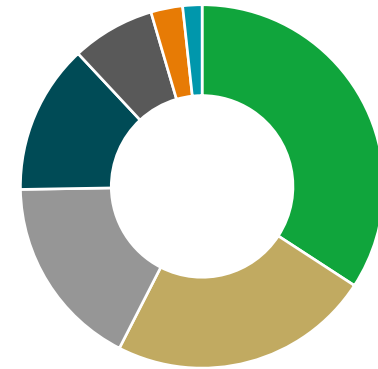
UK Retail	£24,651m	64%
Offshore	£2,412m	6%
Institutional	£4,975m	13%
Multi-Asset (FoF)	£6,660m	17%

AuMA by client type*



Financial Adviser	41%
Wealth Manager	18%
Life & Pensions	15%
D2C/Execution Only	7%
FoF or MPS	6%
Platform	4%
Institutional	4%
Other	5%

AuMA by process



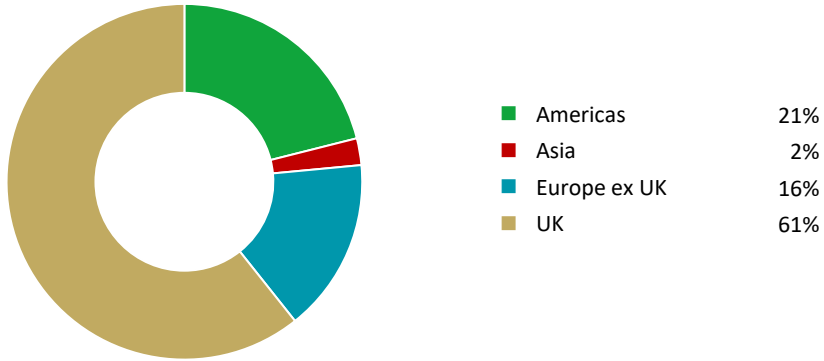
Sustainable Investment	£13,227m	34%
Economic Advantage	£9,035m	23%
Multi-Asset	£6,660m	17%
Global Fundamental	£5,150m	13%
Global Equity	£2,868m	7%
Cashflow Solution	£1,094m	3%
Global Fixed Income	£664m	2%

AuMA £38.7bn as at 31 March 2022

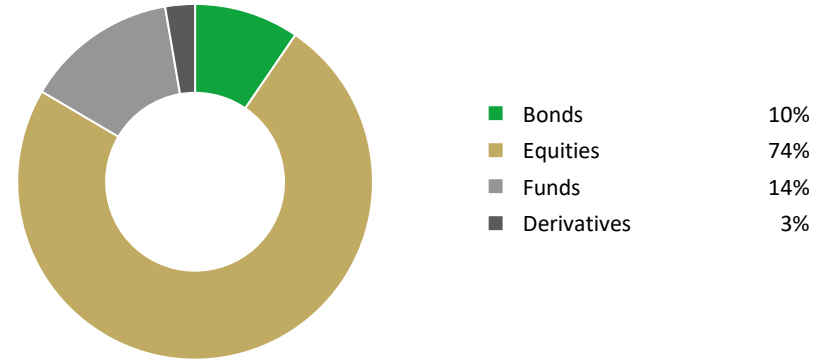
Source: Liontrust Asset Management Plc as at 31.03.22.

*AuMA by client type as at 28.02.22 excluding Majedie. This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs

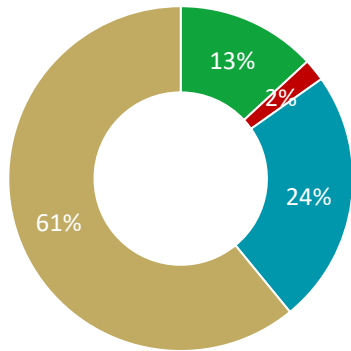
Percentage of NAV by region



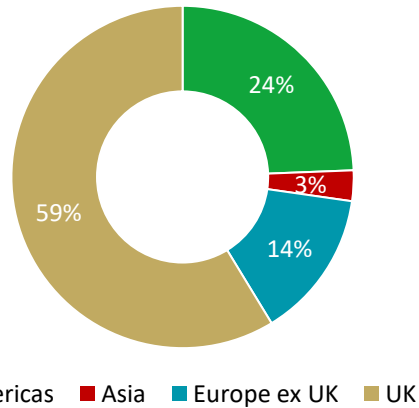
Percentage of NAV by asset class



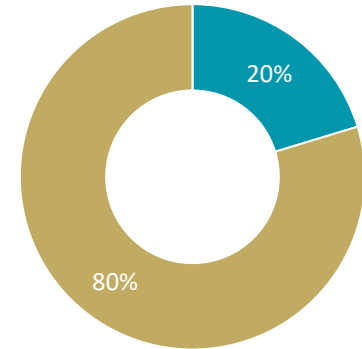
Bond NAV by region



Equity NAV by region



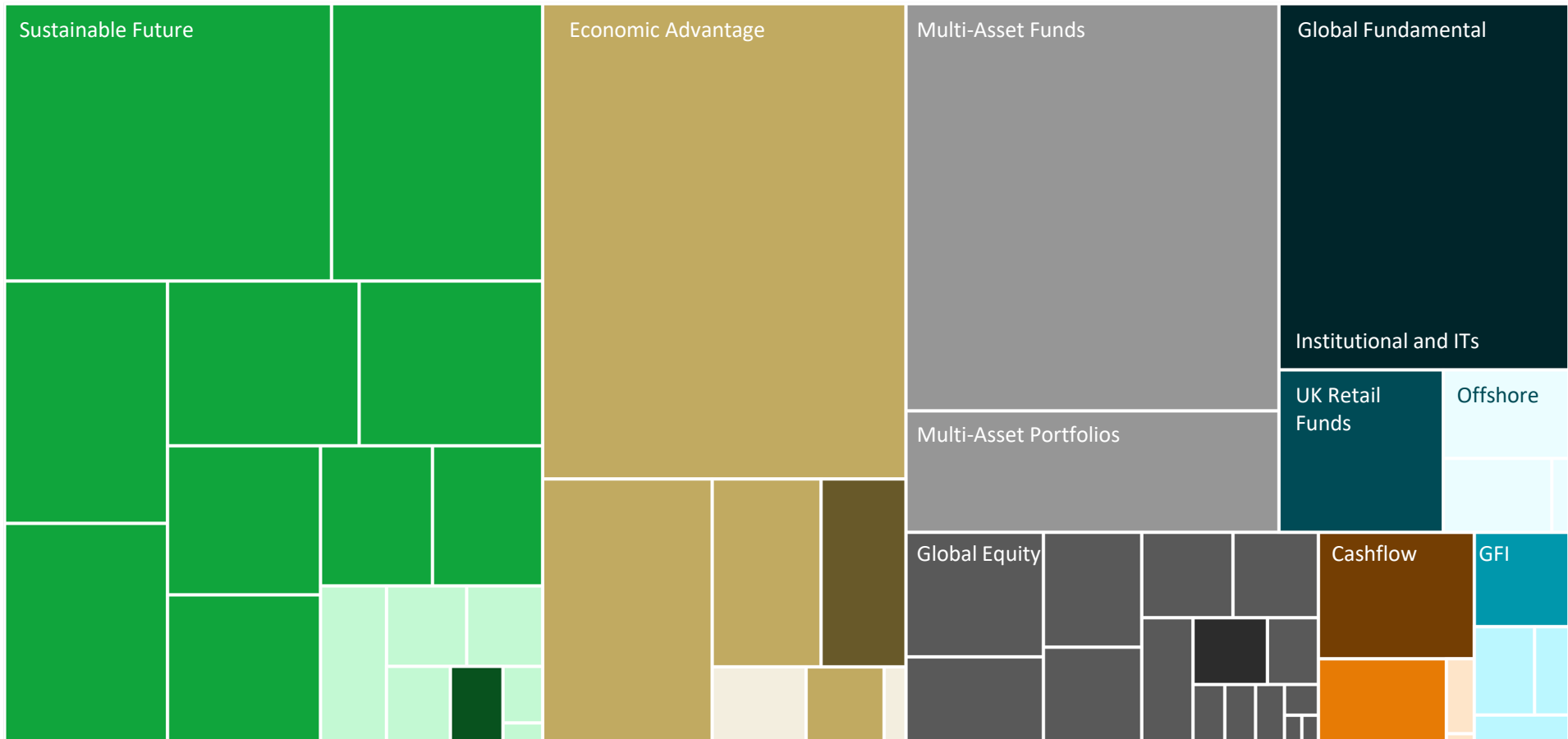
Funds of Funds NAV by region



Source: Liontrust, Bloomberg, April 2022

Visual representation of the 31 March 2022 AuMA, funds and institutional accounts

■ Sustainable Future
 ■ Economic Advantage
 ■ Multi-Asset
 ■ Global Equity
 ■ Cashflow
 ■ Global Fixed Income
 ■ Global Fundamental



Source: Liontrust, as a 31.03.22, including Majedie now Global Fundamental. Darker shading denotes institutional accounts including Investment Trusts, lighter shading denotes offshore funds/accounts This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs



Financials summary



Key statistics

	Acquisition timeline									
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
AUMA (£bn)	3.0	3.6	4.5	4.8	6.5	10.5	12.7	16.1	30.9	33.5
<i>% change</i>		20%	25%	7%	35%	62%	21%	27%	92%	8%
Revenue (£m)	20.3	28.4	36.8	44.9	51.6	76.8	84.6	106.6	163.8	231.3
<i>% change</i>		40%	30%	22%	15%	49%	10%	26%	54%	41%
Statutory PBT (£m)	(3.7)	3.7	7.3	9.4	9.1	12.3	22.2	16.6	34.9	79.3
Adjusted PBT (£m)	3.8	8.4	12.1	14.6	17.2	27.4	30.1	38.1	59.0*	96.6
<i>% change</i>		121%	44%	21%	18%	59%	10%	27%	55%	64%
Adjusted operating margin (%)	19.1	29.6	32.9	32.5	33.5	35.6	35.5	35.7	39.3	41.7
Net fund flows (£m)	514	381	667	255	482	1,004	1,775	2,695	3,498	2,488
Dividend (pence)	1	3	8	12	15	21	27	33	47	72
<i>% change</i>		200%	167%	50%	25%	40%	29%	22%	42%	53%
Share price (pence)	167	240	270	255	390	554	602	940	1420	1274
<i>% change</i>		44%	13%	(6%)	53%	42%	9%	56%	51%	(10)%
<i>FTSE All-Share change (%)</i>	13%	5%	3%	(7%)	18%	(2%)	2%	(22)%	29%	9%
Investment teams	5	6	7	7	7	7	8	9	6	6

Each financial year ends 31 March. This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs.

*Restated

➤ Full Year results:

- Revenues £231.3 million (FY21: £163.8 million) up 41% and excluding performance fees up 46%
- Adjusted PBT of £96.6 million (FY21: £59.0 million¹) up 64%²
- Adjusted diluted EPS of 127.63p for FY22 (FY21: 80.14p¹) up 59%³
- Other administration expenses plus depreciation up 26%
- Adjusted operating margin of 41.7% (FY21: 35.9%¹)
- Second interim dividend at 50p (FY21: 36p), taking the total dividend for the year to 72p (FY21: 47p), an increase of 53%
- Average AuMA of £34.7 billion (FY21: £24.3 billion), an increase of 43%
- Average revenue margin of 0.63% (FY21: 0.62%) reflecting the increased AuMA in higher margin products

¹Restated.

²Statutory PBT of £79.3m (FY21: £34.9m), an increase of 127%.

³Diluted EPS 97.61p (FY21: 46.25p), an increase of 111%.

This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs

Reconciliation of adjusted profit to profit before tax for the 12 months ended 31 March 2022

	FY22 £'000	FY21 restated £'000	Change
Profit before tax	79,291	34,929	127%
Severance compensation and staff reorganisation costs	704	1,793	(61)%
Professional services	6,920	15,025	(54)%
Intangible asset amortisation	9,641	7,240	33%
Adjustments	17,265	24,058	
Adjusted profit before tax	96,556	59,987	64%

Alternative Performance Measures: Liontrust reports Alternative Performance Measures (“APMs”), including Adjusted Profit Before Tax, Adjusted Operating Profit, Adjusted Operating Margin and Adjusted EPS, alongside our statutory measures of financial performance (IFRS) to assist the users of our accounts in assessing the underlying performance of our business operations. The APMs seek to exclude the effects of non-recurring, non-operating (financing/capital/non-cash) and exceptional items from the statutory measures. A number of these costs, despite being non-cash, are ongoing expenses related to the normal operating basis of the business. The most significant of these is share incentivisation costs. The Directors have also reviewed depreciation expense and IFRS16 related property expenses, being GAAP measures of the utilisation expense of these capital assets; and concluded that these expenses, along with the share incentivisation costs, should not be removed in the calculation of APMs with effect from the financial year ended 31 March 2022 and in future financial years. The Directors believe this revised approach to accounting for APMs is appropriate as the Company continues to grow in scale, reflecting the approaches taken by similar and larger UK-listed asset management peers.

This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs

Income statement (adjusted)

	FY22 £'000	FY21 ¹ £'000	Change
Gross profit excluding performance fees	218,724	150,067	46%
Performance fees	12,595	13,692	(8)%
Gross profit	231,319	163,759	41%
Net gains	26	922	
Member/employee costs	(120,517)	(104,877)	15%
Other administration expenses and depreciation	(31,399)	(24,977)	26%
Total administration expenses	(151,916)	(129,646)	17%
Net interest	(138)	(106)	
Profit before tax	79,291	34,929	127%
Adjustments	17,265	24,058	
Adjusted profit before tax	96,556	58,987	64%
Adjusted diluted EPS	127.63	80.14	59%
Adjusted diluted EPS (excluding performance fees)	120.68	73.66	64%

¹Restated

This slide includes Alternative Performance Measures (APMs) – see Appendix for the definition of these APMs

Balance sheet as at 31 March 2022

	31 March 2022 £'000	31 March 2021 £'000
Assets		
Non current assets	106,406	117,646
Current assets		
Trade and other receivables	235,496	289,805
Financial assets	4,168	2,188
Cash and cash equivalents	120,852	71,898
Total current assets	360,516	363,891
Liabilities		
Non current liabilities	(19,376)	(16,854)
Current liabilities	(263,378)	(301,295)
Net current assets	97,138	62,596
Net assets	184,168	163,388
Shareholders' equity	184,168	163,388



Majedie acquisition



- Liontrust acquired Majedie Asset Management for an initial consideration of 3.7 million Liontrust shares (including £5.5 million regulatory capital) plus up to 0.78 million Liontrust shares and up to £23 million in cash for excess NAV and deferred consideration. Based on 31 March 2022 closing Liontrust share price of 1274p, the initial consideration equates to £46.9 million plus up to £33 million for excess NAV and deferred consideration
- Liontrust's pro forma AuMA increased by £5.2 billion to £38.7 billion
- Majedie has developed a substantial presence as a specialist equity boutique in the institutional market and has relationships with 66 clients in this space
- The acquisition significantly boosts Liontrust's institutional proposition and allow us to accelerate growth in this key segment of the market through increasing scale, our distribution and client base
- The Majedie Fund Management Team is now called the Liontrust Global Fundamental Team. James de Uphaug continues to head the Team
- Rob Harris, Chief Executive Officer of Majedie, becomes Liontrust's Head of Global Institutional Business
- Liontrust and Majedie believe there is a very strong cultural alignment between the two organisations
- Liontrust has become the AIFM for the Edinburgh Investment Trust Plc and Investment Manager of Majedie Investments PLC, our first UK listed investment trusts

- Liontrust acquired the entire issued share capital of Majedie for a Consideration of up to £120 million¹ consisting of:
 - £80 million satisfied through the issue of 3,683,241 new Ordinary Shares to Majedie shareholders at Completion (“**Initial Consideration Shares**”)
 - Up to £8.3 million, with up to £5.3 million being satisfied with the issue of 244,014 new Ordinary Shares (“**Excess NAV Shares**”) and up to £3.0 million in cash to be issued when the net asset value of Majedie is agreed, to Majedie shareholders (“**Excess NAV**”)
 - Up to £11.7 million satisfied through the issue of 538,674 new Ordinary Shares (“**Conditional Consideration Shares**”) to Majedie shareholders within 30 business days of 30 June 2025 dependent on minimum AuMA for the period from Completion to 31 March 2023 and performance fees earned for the period from Completion to 31 March 2025, and
 - Up to £20 million satisfied in cash (“**Pipeline Consideration**”) to be paid to Majedie shareholders dependent on achieving certain institutional growth targets over a period of up to three years
- The Initial Consideration Shares, Excess NAV Shares and Conditional Consideration Shares are to be issued at a price of 2,172p per Ordinary Share, being the 30-day average closing price to 3 December 2021

¹Based on Liontrust share price of 2172p on announcement of the acquisition



Outlook



- Mixed flows
- ESG up front and central
- Retail investor engagement
- M&A growing
- Private markets
- Solutions

- Seven investment teams with rigorous and distinct investment processes
- Strengthening distribution in institutional market – recent LGPS Central win to manage global sustainable equities
- EIT provides base to build investment trust business
- Expand international distribution
- Investment in digital marketing to enhance client communications and experience
- Investment in performance data



Appendix



The Group uses the following APMs:

Adjusted profit before tax*

Definition: Profit before taxation, amortisation, and non-recurring items (which include: professional fees relating to acquisitions; restructuring and severance compensation related costs).

Reconciliation: Note 7.

Reason for use: This is used to present a measure of profitability of the Group which is aligned to the requirements of shareholders, potential shareholders and financial analysts, and which removes the effects of non-cash and non-recurring items, which eases the comparison with the Group’s competitors who may use different accounting policies and financing methods.

Specifically, calculation of Adjusted profit before tax excludes amortisation expenses, and costs associated with acquisitions and their integration into the Group. It provides shareholders, potential shareholders and financial analysts a consistent year on year basis of comparison of a “profit before tax number”, when comparing the current year to the previous year and also when comparing multiple historical years to the current year, of how the underlying ongoing business is performing.

Adjusted operating profit

Definition: Operating profit before interest and amortisation, and non-recurring items (which include: professional fees relating to acquisitions; restructuring and severance compensation related costs).

Reconciliation: Note 7.

Reason for use: This is used to present a measure of profitability of the Group which is aligned to the requirements of shareholders, potential shareholders and financial analysts, and which removes the effects of financing and capital investment, which eases the comparison with the Group’s competitors who may use different accounting policies and financing methods.

Specifically, calculation of Adjusted operating profit before tax excludes amortisation expenses, and costs associated with acquisitions and their integration into the Group. It provides shareholders, potential shareholders and financial analysts a consistent year on year basis of comparison of a “operating profit”, when comparing the current year to the previous year and also when comparing multiple historical years to the current year, of how the underlying business is performing.

Adjusted operating margin

Definition: Adjusted operating profit divided by Gross profit.

Reconciliation: Note 7.

Reason for use: This is used to present a consistent year on year measure of adjusted operating profit compared to gross profits, identifying the operating gearing within the business.

*This measure is used to assess the performance of the Executive Directors.

Gross profit excluding performance fees

Definition: Gross profit less any revenue attributable to performance related fees.

Reconciliation: Note 4.

Reason for use: This is used to present a consistent year on year measure of gross profits within the business, removing the element of revenue that may fluctuate significantly year-on-year.

Adjusted earnings per share

Definition: Adjusted profit before tax divided by the weighted average number of shares in issue.

Reconciliation: Note 7.

Reason for use: This is used to present a measure of profitability per share in line with the adjusted profit as detailed above.

Adjusted diluted earnings per share

Definition: Adjusted profit before tax divided by the diluted weighted average number of shares in issue.

Reconciliation: Note 7.

Reason for use: This is used to present a measure of profitability per share in line with the adjusted profit as detailed above.

Other administration expense

Definition: A component of administration expenses related to non-people related costs within the business.

Reconciliation: Note 5.

Dividend margin

Definition: This is the dividends declared for the year divided by the Adjusted diluted earnings per share excluding performance fees.

Reconciliation: This can be recalculated with the information in notes 7 and 9

Reason for use: This is used to identify the dividend cover versus adjusted diluted earnings per share excluding performance fees.

Assets under Management and Advice ('AuMA')

Definition: The total aggregate assets managed or advised by the Group.

Reconciliation: A detailed breakdown of AuMA is shown in the Strategic Report

Reason for use: AuMA is a key performance indicator for management and is used both internally and externally to determine the direction of growth of the business. When used intra-month (i.e., AuMA for dates that are not a month end date) or used at month end but early in the following month then the AuMA for some accounts, funds or portfolios may not be the most recent actual AuMA rather it will be the most recent available AuMA which may be the previous month end AuMA or the most recently available AuMA.

Average Assets under Management and Advice

Definition: The average of aggregate assets managed or advised by the Group during the financial year

Reconciliation: Average AuMA for the year is the average of each month end aggregate AuMA during the period.

Reason for use: Average AuMA shows AuMA without the volatility of short term inflows or outflows and allows for comparability between years.

Net flows

Definition: Total aggregate sales into Group funds less total aggregate redemptions from Group funds, accounts and portfolios. If positive may also be referred to as “Net inflows” and where negative as “Net outflows”)

Reconciliation: A detailed breakdown of net flows is shown in the Strategic Report.

Reason for use: Net flows is a key performance indicator for management and is used both internally and externally to assess the organic growth of the business. For certain MPS accounts, the net flow number is not available from the relevant administrator, so the net flow number is derived from the difference between the starting and ending AuMA adjusted for investment performance, if there is a reliable source for the investment performance. For certain MPS accounts where there is no reliable investment performance benchmark, the flows are not included.

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