Tatton Asset Management

Growth powers exceptional H1 results, strong start to H2

10 November 2026

Assets-Under-Management/ Influence (AUM/I) grew 15.5% over H1 to £28.0bn, driven by a strong investment performance (+£2.4bn) and solid net flows (+£1.0bn). The IFA base continued to expand, up by 77 to 1,295. AUM/I reached £28.4bn on 6 Nov, suggesting net flows were strong in Oct (the Morningstar PIMFA Private Investor Balanced Index fell 0.6% in Oct).

H1 revenue grew 25% y-o-y to £32.1m, far higher than y-o-y underlying cost growth of 16%. Adjusted op. profit (AOP) grew 33% to £17.5m, with AOP margin up from 51.0% in H1-26 to 54.5%. PBT grew 37% to £16.0m. The balance sheet remains strong with no debt and net cash up 4% over H1 to £35.1m (after paying the final FY26 dividend of £9.1m). The interim dividend is 11.0p (H1-26: 12.0p) due to a change in the interim payout to 1/3rd of the total (prev. 50%).

Outlook strong, despite consolidation pegging back flows in Q2

Net flows averaged £167m/ month over H1, below recent averages due to Q2 outflows from a few larger IFAs being consolidated. Underlying flows (excluding this consolidation impact) were £210m/ month. Despite the Q2 slowdown in net flows, Tatton still delivered the second-highest flow rate in the sector, following its sector-leading flows over the last few years (page 7). Based on the current pipeline, management expect c. £1.2bn of net flows in H2, with the longer-term pipeline healthy.

On pages 15-17, we detail the longer-term growth outlook and highlight that **the adviser platform market (Tatton's distribution channel) is expected to be one of the strongest growth areas in UK wealth management**, with multiple tailwinds. We also flag the opportunity to increase AUM by capturing a larger share of existing clients' AUM. Tatton is not solely reliant on growing its IFA base.

Paradigm (IFA support services, c.11% of group revenue) had a solid H1 with revenue up 8% and mortgage completions of £10.1bn (+7% on H2-26). Mortgage firms dipped to 1,996 (31 Mar 26: 2,014) after a rationalisation of 76 dormant firms. The mortgage market remains challenging short-term, but the longer-term outlook is solid (pages 8 & 9).

FY27 forecasts edge up, FY28 and beyond largely unchanged

With current AUM/I and revenue yield slightly above our assumptions, we nudge up our FY27 forecasts (page 18), despite taking a conservative view on markets and assuming no further market gains in H2. Our **fundamental value remains 900p per share, 35% above the current share price**.

Key financials & valuation metrics

Year to 31 Mar (£m)	FY24A	FY25A	H1-26	FY26A	H1-27	FY27E	FY28E
AUM/I end-period* (£bn)	17.6	21.8	25.8	24.2	28.0	29.4	33.4
Revenue	36.8	45.3	25.7	54.4	32.1	65.3	71.3
Adjusted operating profit	18.5	22.9	13.1	28.5	17.5	35.6	38.8
Adjusted operating margin	50.3%	50.6%	51.0%	52.3%	54.5%	54.5%	54.4%
PBT	16.8	21.6	11.7	25.3	16.0	31.9	36.0
EPS basic (p)	21.4	26.4	14.3	30.7	19.6	39.1	43.9
EPS adjusted & diluted (p)	22.9	28.7	16.0	35.1	21.6	44.1	47.8
Net cash**	24.8	32.1	34.0	33.9	35.1	42.2	52.6
P/E	31.2	25.3	23.3	21.7	17.1	17.1	15.2
DPS (p)	16.0	19.0	12.0	27.0	11.0	31.5	34.2
Dividend yield	2.4%	2.8%	1.8%	4.0%	1.6%	4.7%	5.1%

*Source: Company data, ED, priced at 09/11/26. *Assets under management and influence (includes assets-under-influence of 50%-owned 8AM Global: c.£1.7bn on 30/9/26). **ex leases.*

Company data

EPIC	TAM.L
Price (last close)	668p
52 weeks Hi/Lo	800p/552p
Market cap	£409m
ED Fair Value / share	900p
Net cash** H1-27A	£35m
Avg. daily volume (3m)	92k

Share price, p



Source: Investing.com

Description

Tatton Asset Management was founded in 2007 and serves smaller, UK-based Independent Financial Advisers via two business units:

Tatton Investment Management: discretionary fund management delivered via WRAP (investment) platforms (c. 89% of group revenue).

Paradigm: regulatory & compliance consulting & outsourcing, mortgage & protection insurance aggregation (c. 11% of group revenue).

AUM/I 6 Nov 26: £28.4bn

Next event

Trading update, Apr 27

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Please refer to the important disclosures shown on the back page and note that this information is **Non-independent** and categorised as **Marketing Material**

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Tatton at a glance

Tatton Asset Management plc

- Tatton was founded in 2007, listed on AIM in 2017, and employs c.120 people.
- It serves smaller, UK Independent Financial Advisers via two business units: *Tatton Investment Management (TIML) & Paradigm* (see right & below).
- It is still founder-led by CEO Paul Hogarth, who owns c.15% of the business.
- Other executive directors are CFO Paul Edwards, who has extensive quoted-company CFO experience, and group Chief Investment Officer Lothar Mentel, who is also CEO and co-founder of Tatton Investment Management Ltd.

Source: Company

Tatton Investment Management Limited (TIML)

- TIML's core offering is on-platform, discretionary fund management (DFM). Financial advisers, via one of 21 adviser investment platforms, select one of 50 risk-rated model portfolios for clients, and outsource the investment management to TIML. These advisers avoid the regulatory and risk burden of selecting investments to focus more on financial planning and advice.
- Outsourcing of investment management is a huge trend. The UK on-platform DFM market grew 24% last year (page 16)*. TIML + 8AM Global have c. 12% market share, with £28bn of AUM/I (Sep 26), serving 1,295 member firms.
- TIML makes up c.89% of group revenue

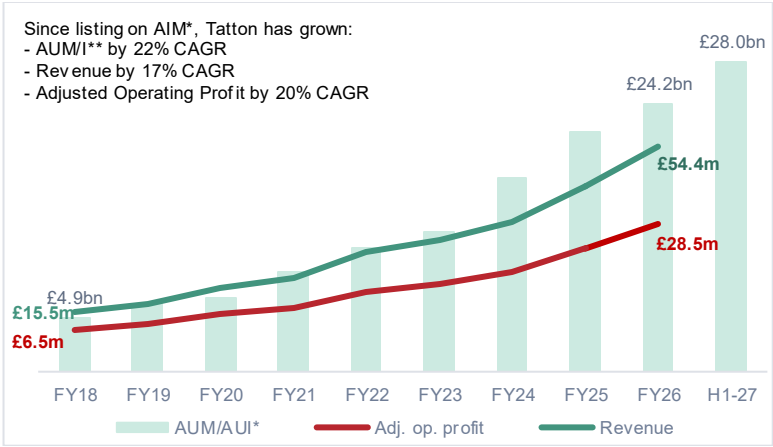
**Source Company (original source Platforum), market size '25: £214bn, '24: £173bn.*

Paradigm Mortgage Services and Paradigm Consulting

- Paradigm Mortgage Services is a broker providing 1,996 directly authorised client firms access to a whole-of-market lending panel, as well as providing them with related support services, such as specialist lending distributors, conveyancing partners, and life and general insurance via Paradigm Protect. It facilitated £10.1bn of mortgage completions in the half-year to 30 Sep 26.
- *Paradigm Consulting* provides business, regulatory, compliance, pension, tax and trust consultancy services, as well as FCA application support to 426 Independent Financial Advisers.
- Paradigm (mortgages and consulting) makes up c.11% of group revenue

Source: Company

A highly successful combination



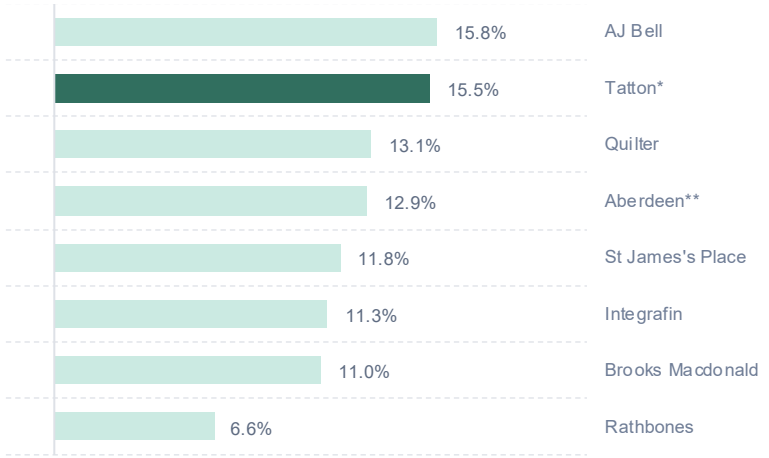
*Source: Company reports. *FY18 is the first full FY post AIM-listing.*
***AUM/I = Assets under management and Influence including AUM of 50% owned 8AM Global*

Growth outpaces nearly all peers in H1, continuing longer-term trend

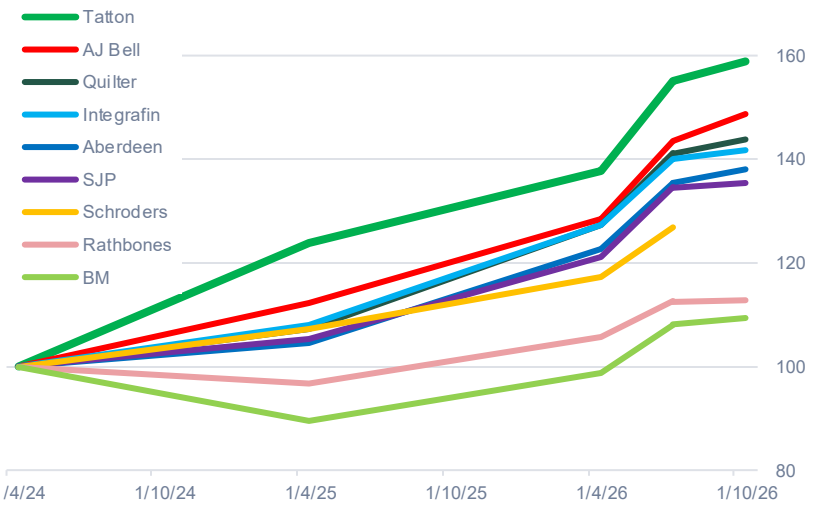
Investment performance strong, net flows solid

- **AUM/I grew faster than nearly all peers over H1-27, up 15.5% to £28.0bn** (top right chart). TIML grew AUM by 15.0% to £26.2bn, while 8AM Global grew AUM by 24% to £1.7bn. Only AJ Bell grew faster than Tatton over H1, and by a very small margin.
- This strong growth in H1 follows Tatton's sector-leading growth in recent years. It has **grown AUM/I at a far higher rate than all peers** (bottom right chart).
- TIML's H1 AUM growth was primarily driven by investment performance, which added £2.4bn to AUM, with net flows adding £1.0bn.
- Investment performance was impressive compared to markets and peers. TIML delivered a return of +8.8% versus the *Morningstar PIMFA Private Investor Balanced Index of 8.6%, and* its **core MPS suite outperformed peers in every strategy over one, three, five and ten years** (see page 6).
- Net flows also continued to impress relative to peers. In H1, TIML's net flow rate of +4.4% was second only to AJ Bell (4.9%) and well above the 2.3% peer average (see page 7).
- Clearly, Tatton has designed and implemented a superior offering in platform-MPS which has led to **net flows being consistently higher than peers**.

AUM growth excluding acquisitions (6 months: 1 Apr 26 – 30 Sep 26)



AUM growth* over FY25, FY26 & H1-27, indexed to 100 on 1 Apr 24**

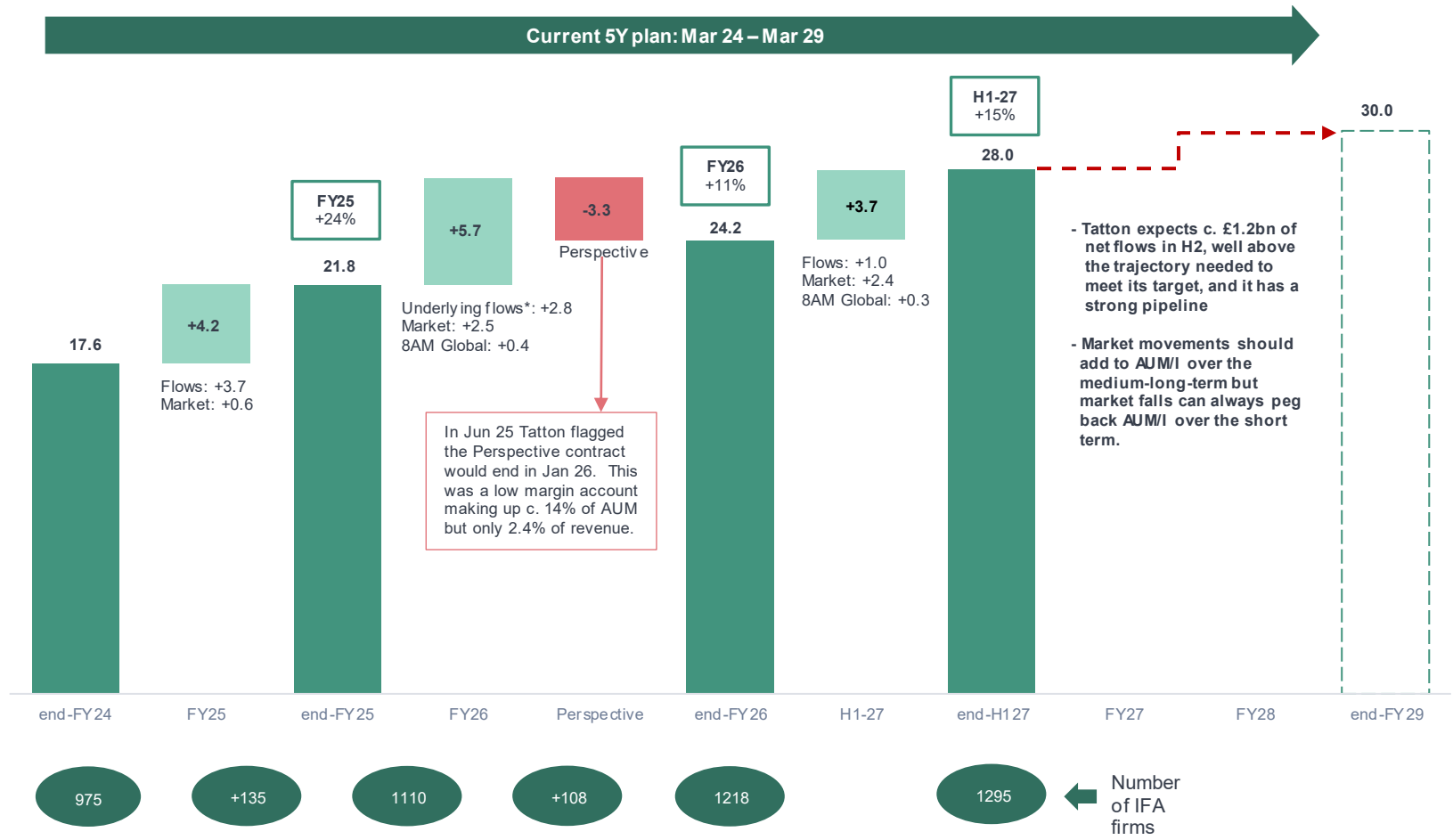


Source: company reports, ED analysis. Tatton: AUM/I growth. Schroders: Wealth management. Aberdeen: 'adviser + interactive investor'. SJP = St James's Place. BM = Brooks Macdonald.

AUM/I well ahead of trajectory to meet medium term target

In June 24 Tatton set a new **five-year target of reaching £30bn AUM/I by end-FY29 (31 Mar 29)** which required it to add c.£2.5bn per year on average, an 11% CAGR. At the halfway point of this plan, it is well ahead of its target trajectory. In the first year of the plan (FY25), AUM/I grew by £4.2bn (+24%). In the second year (FY26), AUM/I grew by £2.4bn (+11%), despite the loss of the £3.3bn Perspective account. In H1-27 AUM/I has grown by 15.5% to £28.0bn.

AUM/I development over current medium-term growth plan, £bn



*Source: company reports, ED analysis. *Underlying flows exclude the impact of Perspective Financial Group.*

Attractive product suite and consistent returns key to generating flows

Tatton's track record of investment returns is highly impressive, with advisers' confidence in it clearly well justified. **In its core MPS suite, every strategy has outperformed peers over one, three, five and ten years**. This consistent investment outperformance underpins its attractiveness to IFAs.

10-year core MPS suite portfolio returns, % (annualised)*

	Active	Tracker	Hybrid	ARC Peers**
Defensive	3.1	3.2	3.1	2.7
Cautious	4.9	5.1	5.0	4.2
Balanced	6.3	6.5	6.4	5.5
Active	7.9	8.0	8.0	5.5
Aggressive	9.0	9.2	9.1	6.5
Global Equity	11.4	11.5	11.4	6.5

**10 years to 30 Sep 26*

5-year core MPS suite portfolio returns, % (annualised)*

	Active	Tracker	Hybrid	Ethical	ARC Peers**
Defensive	2.4	2.8	2.6	3.2	2.1
Cautious	4.6	5.0	4.8	4.6	3.7
Balanced	6.3	6.8	6.5	5.8	4.6
Active	8.0	8.5	8.2	7.2	4.6
Aggressive	9.1	9.7	9.4	8.1	5.3
Global Equity	10.7	11.3	11.0	9.1	5.3

**5 years to 30 Sep 26*

3-year core MPS suite portfolio returns, % (annualised)*

	Active	Tracker	Hybrid	Ethical	ARC Peers**
Defensive	7.6	7.6	7.6	8.8	5.7
Cautious	9.8	9.9	9.9	10.5	8.5
Balanced	11.7	11.8	11.8	12.0	10.1
Active	13.4	13.9	13.6	13.6	10.1
Aggressive	14.7	15.2	15.0	14.6	11.4
Global Equity	17.2	17.9	17.6	16.1	11.4

**3 years to 30 Sep 26*

1-year core MPS suite portfolio returns, % (annualised)*

	Active	Tracker	Hybrid	Ethical	ARC Peers**
Defensive	6.3	5.4	5.9	7.0	4.5
Cautious	9.1	8.3	8.7	9.5	8.0
Balanced	11.8	11.1	11.4	11.9	10.2
Active	14.3	14.0	14.2	14.5	10.2
Aggressive	16.1	15.9	16.0	16.1	12.0
Global Equity	18.6	18.8	18.7	18.5	12.0

**1 year to 30 Sep 26*

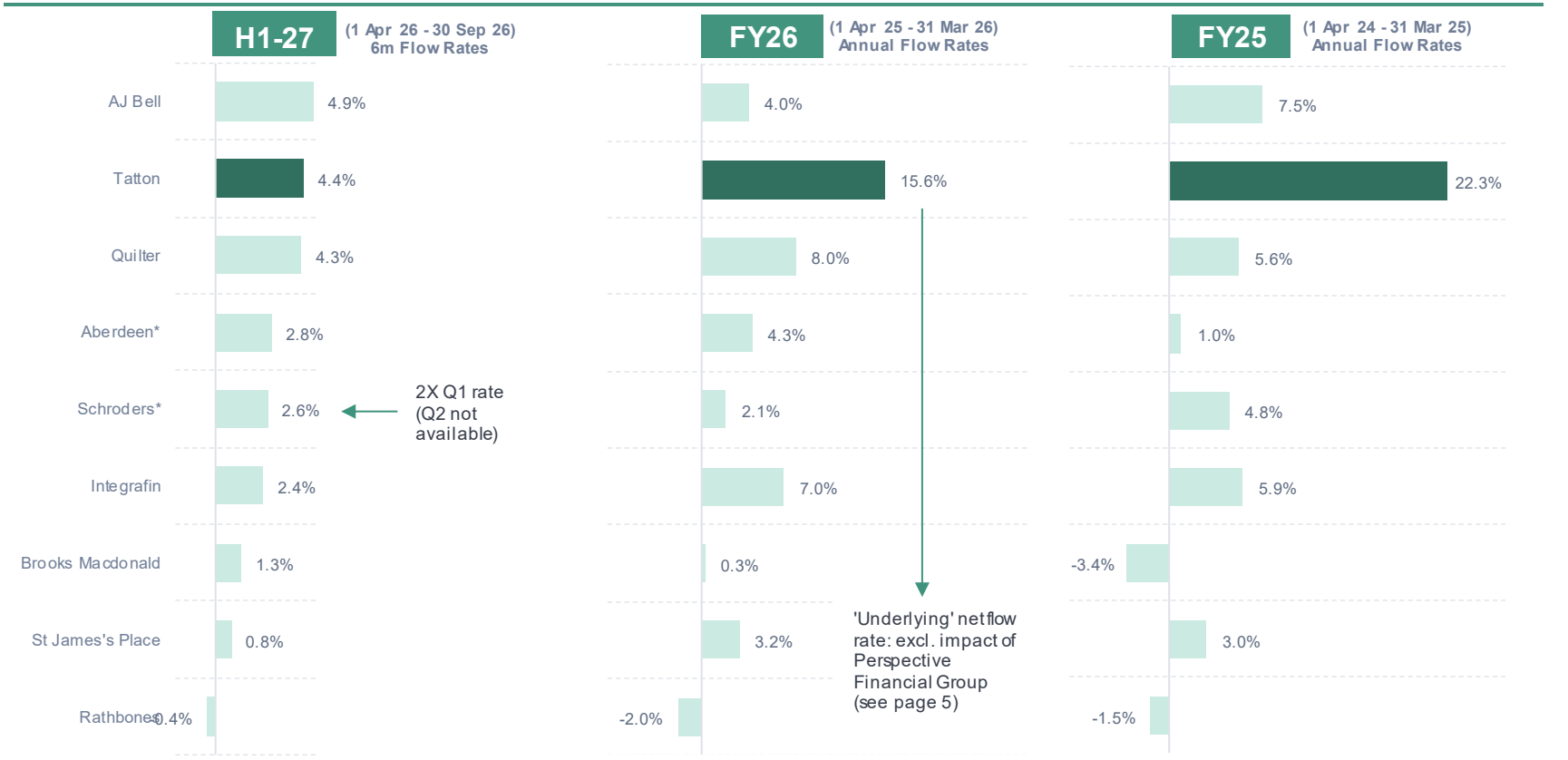
*Source: Tatton Analysts Presentation 10 Nov 2026. ** ARC PCI –UK wealth management portfolio peer group with historically comparable asset allocation characteristics*

Flows remain impressive, especially relative to peers

In H1-27, Tatton's average monthly net flows were £167m. This was below its guided £200-£250m range, because of above-normal consolidation activity among a small number of adviser firms in Q2. **Excluding these consolidation-led outflows, underlying flows were £210m/ month, within guidance**. It also appears net flows have been strong in Oct 26. AUM/I reached £28.4bn on 6 Nov (30 Sep: £28.0bn), but the Morningstar PIMFA Private Investor Balanced Index fell 0.6% in Oct.

Tatton clearly continues to attract investors' capital at a rate in excess of peers. The charts below show that in its last two financial years (centre and RH chart) it has attracted capital at a rate far higher than all peers. And despite the consolidation-led outflows of Q2, it maintained the 2nd-highest flow rate in the sector in H1-27 (LH chart below).

Net flows/opening AUM



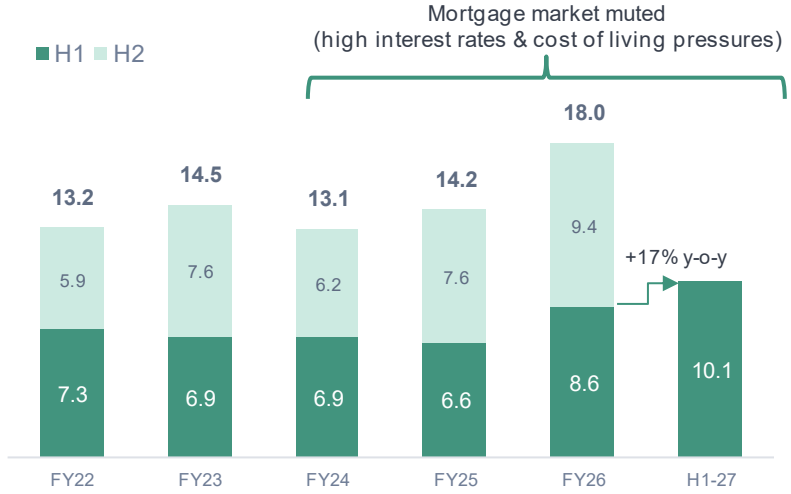
*Source: company reports, ED analysis. *Wealth management business units only (Schroders: 'wealth management', Aberdeen: 'adviser + interactive investor').*

Paradigm shows steady growth

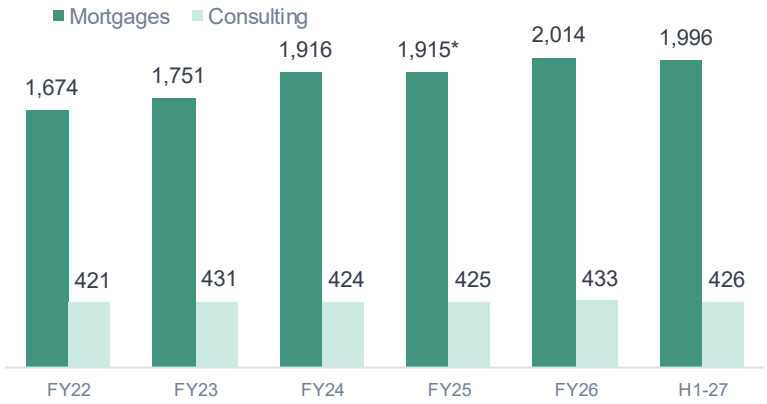
Steady completions, revenue up 8%

- The group's IFA support services business (mortgages & consulting, c.11% of group revenue) had a solid half-year in a challenging housing market.
- Following strong growth up until FY23, the interest rate hiking cycle and cost of living pressures over late-FY23, FY24 and FY25 (especially H1-25) slowed the UK mortgages market, and Paradigm's mortgage completions.
- **Since H2-25, completions have recovered strongly (H1-25: £6.6bn; H2-25: £7.6bn; H1-26: £8.6bn; H2-26: £9.4bn), reaching £10.1bn in H1-27. This was up 7% on H2-26 and c.17% y-o-y.**
- Tatton has reported that completions remain weighted towards lower margin product transfers (refinancing), although new mortgages improved slightly y-o-y and buy-to-let completions were consistent.
- Mortgage member firms decreased slightly from 2,014 on 31 Mar 26 to 1,996, following a modest rationalisation of 76 dormant firms. Consulting member firms were 426 (end-FY26: 433).
- **The above translated to Paradigm's revenue increasing 8% from £3.34m in H1-26 to £3.61m in H1-27.**
- While there are still headwinds in the mortgages market, current data suggests reasonably resilient activity (see next page) with a much stronger long-term outlook. Tatton describes Paradigm's H1 as a "steady and dependable performance despite a challenging market backdrop".

Paradigm mortgage completions, £bn



Paradigm member firms



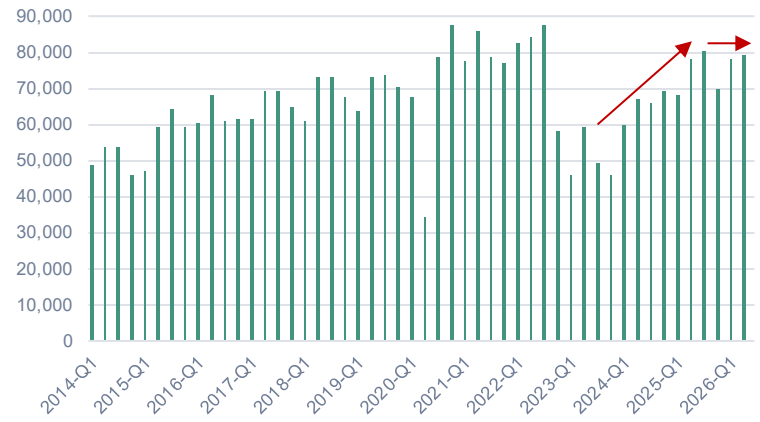
*Source: Company. *1,930 in H1-25 (30 Sep 24) but then reduced following a rationalisation of dormant firms. H1-27 also reflects a rationalisation of 76 dormant firms.*

Housing market muted, but long-term outlook for Paradigm strong

Muted market but fundamental growth opportunity

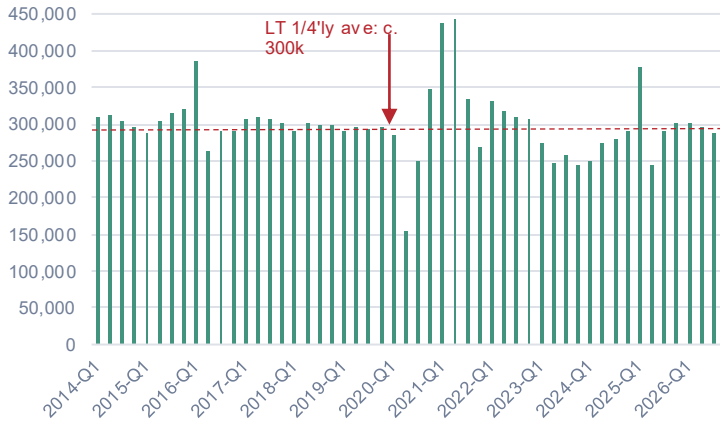
- Longer-term, mortgages are a growth business, underpinned by the supply-demand imbalance of the UK residential housing market.
- **Recent growth has been muted due to economic conditions, but activity is resilient: new mortgage commitments rose 1.4% q-o-q to £79.2bn in Q2-26, near their highest level since 2022 (top right chart); housing transactions are relatively steady but have dipped in recent months (bottom left); and house prices are broadly flat, +0.9% y-o-y in Aug 26 (bottom right).**
- Consulting has potential to grow steadily, and is strategically important, enabling close relationships with IFAs and provides valuable market insights.

UK new mortgage commitments* (£m)



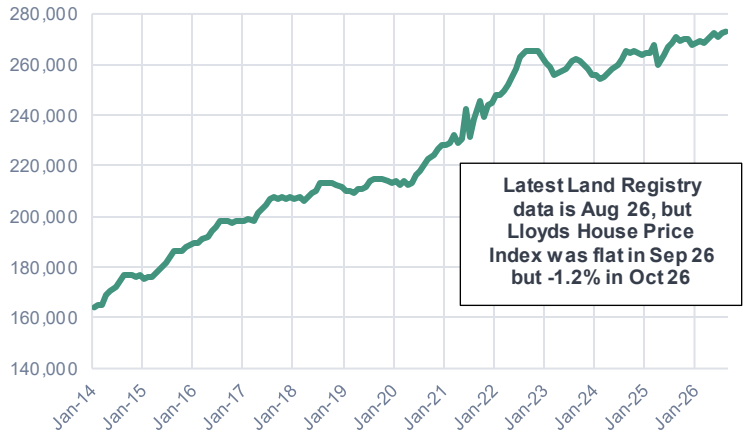
Source: Bank of England, Mortgage Lenders and Administrators Statistics - 2026 Q2
**lending agreed to be advanced in the coming months*

UK residential property transactions (seasonally adjusted)



Source: HMRC. Transactions >£40k. Data for Q3-26 provisional.

UK average residential property price



Source: HM Land Registry (latest data Aug 26)

Analysis of H1-27 financials

Income statement

Revenue

Strong revenue growth continues…

- Group revenue was up 25% from £25.7m in H1-26 to £32.1m in H1-27.
- TIML continued its very strong growth trend with revenue up 27% to £28.4m (H1-26: £22.3m), making up 89% of group revenue.
- It is worth highlighting the changing revenue mix of the group in favour of higher-margin investment management. Just over seven years ago, in FY19, TIML made up 72% of group revenue. The trend towards TIML making up a larger proportion of group revenue is expected to continue.
- TIML average revenue margin increased as expected, from 19.8bps in H1-26 (FY26: c.20.5bps) to c.22.6bps. This reflects the removal of the low-revenue-margin Perspective account (c.£3.3bn AUM) from Jan 26. Product mix factors (i.e. lower-yielding MPS making up a larger proportion of AUM) continue to exert gentle downward pressure over time, which we allow for in our forecasts. Tatton has guided a full-year FY27 yield of c. 22.0bps.
- Paradigm revenue increased 8% from £3.34m in H1-26 to £3.61m in H1-27.

…maintaining the longer-term growth trend



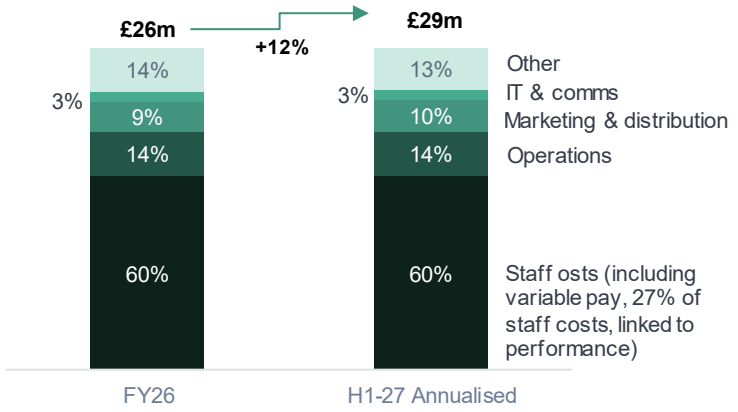
Source: Company reports

Adjusted operating costs, profit and margin

Cost growth continues to be less than rev. growth, keeping margin high

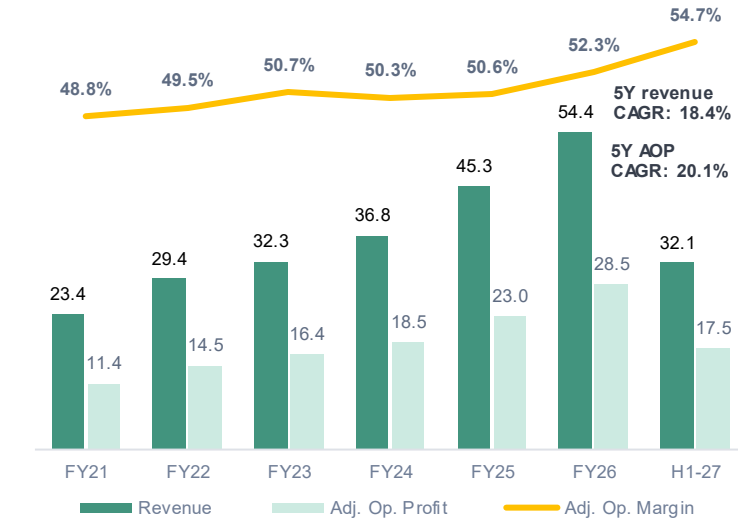
- Adjusted operating expenses compares underlying like-for-like costs. It excludes volatile, non-recurring, and non-cash items: exceptional items, share-based payment charges, changes in the fair value of contingent consideration, and amortisation of acquisition-related intangibles.
- At a group level, these **expenses increased 16% y-o-y from £12.6m in H1-26 to £14.6m, far less than the 25% y-o-y revenue growth**.
- Tatton has provided a breakdown of underlying costs on an annualised basis (top right chart), which shows the overhead mix as mostly unchanged and an underlying cost increase of +12% (H1-27 over FY26).
- It has **maintained guidance of near-term cost growth of 10% - 12%, falling to single-digit increases over the medium-term**. This includes an increased investment in advertising and events in H2; continued investment in IT infrastructure (incl. cyber security and AI); some new recruitment; and increased office space (new lease) to support future growth.
- **In H1-27, adj. op. profit increased 33% y-o-y to £17.5m (H1-26: £13.1m).**
- **The associated adjusted operating margin of the group increased by 3.5 percentage points to 54.5% (H1-26: 51.0%), driven by operating leverage and the higher TIML revenue margin.**
- A longer-term view of adjusted operating margin (bottom right chart) shows how Tatton has captured operating leverage as the business has scaled.

Underlying operating expenses (annualised), £m



Source: Company, ED analysis

Profit growth exceeds revenue growth as Tatton scales



Source: Company reports, ED analysis.

Statutory profits

Statutory profits also show strong growth

- To get to statutory operating profit from adjusted operating profit, the following items are deducted:
  - share-based payment charges of £1.90m (H1-26: £1.56m)
  - amortisation of acquired intangibles of £0.33m (H1-26: £0.33m), being the amortisation of capitalised client relationships and brands related to acquisitions, and
  - a small operating loss from the non-controlling interest in Fintegrate Financial Solutions Limited (£0.03m).
- In turn, statutory operating profit increased 36% to £15.2m (H1-26: £11.2m).
- **Statutory PBT after the impact of net finance income (H1-27: +£801k; H1-26: +£486k) was up 37% to £16.0m (H1-26: £11.7m), with PAT increasing 39% to £12.0m (H1-26: £8.6m).**
- At a per share level, basic earnings per share increased 36% from 14.34p in H1-26 to 19.58p in H1-27, and diluted EPS 39% from 13.89p to 19.34p.

Adjusted profit to statutory profit bridge, £m

	H1-27	H1-26
Adjusted operating profit	**17.48**	**13.11**
SB payment charges	(1.90)	(1.56)
Amortisation of acquisition-related intangibles	(0.33)	(0.33)
Non-controlling interest	(0.03)	(0.03)
Exceptional items	-	-
Operating profit	**15.23**	**11.19**
Net finance income/(cost)	0.80	0.49
PBT	**16.03**	**11.67**
Tax	(4.05)	(3.04)
PAT	**11.98**	**8.63**
EPS basic	19.58p	14.34p
EPS diluted	19.34p	13.89p
Adjusted EPS basic	22.25p	16.77p
Adjusted EPS diluted	21.98p	16.24p

Source: Company

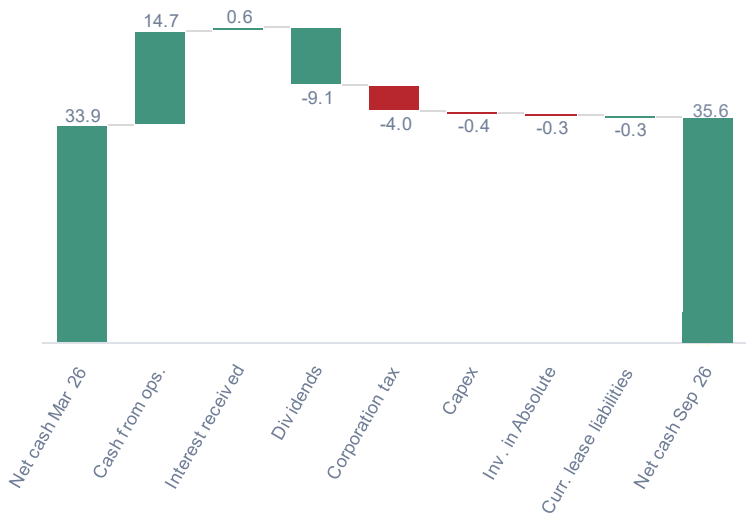
Balance Sheet and Cash Flow

Balance sheet robust, £35m of net cash, no debt

- The balance sheet of the group remained robust with net assets increasing 8% over six months from £55.0m at the end of FY26 to £59.6m.
- Net cash generated from operating activities (before tax) was £14.7m (H1-26: £10.3m).
- **Net cash increased 4% over H1-27, reaching a robust level of £35.1m (end-FY26: £33.9m). Note that this increase was after the Group paid out £9.1m in dividends.**
- Tatton has no debt.

Source: Company

High cash level increases further, £m



Source: Company

343% headroom (£21.6m) over regulatory capital requirement

- Tatton (at Group level and subsidiary Tatton Investment Management Limited) is subject to the UK's *Investment Firm Prudential Regime* (IFPR), which demands minimum capital requirements.
- To provide additional clarity on its capital and cash resources – particularly the levels of capital available to pursue growth opportunities such as acquisitions – Tatton produces an analysis, which shows £27.9m of capital resources held with up to £21.6m (£27.9m less regulatory capital requirement of £6.3m) being available to pursue growth opportunities.

Source: Company

Summary capital adequacy calculation, £m (Sep 26)

Regulatory capital requirement	**£6.3m**
Total Shareholder funds	£59.6m
Less: Foreseeable dividend	(£6.7m)
Less: Non-qualifying assets	(£25.0m)
Total qualifying capital resources	**£27.9m**
% Capital resource requirement held	443%
% 'headroom'	343%

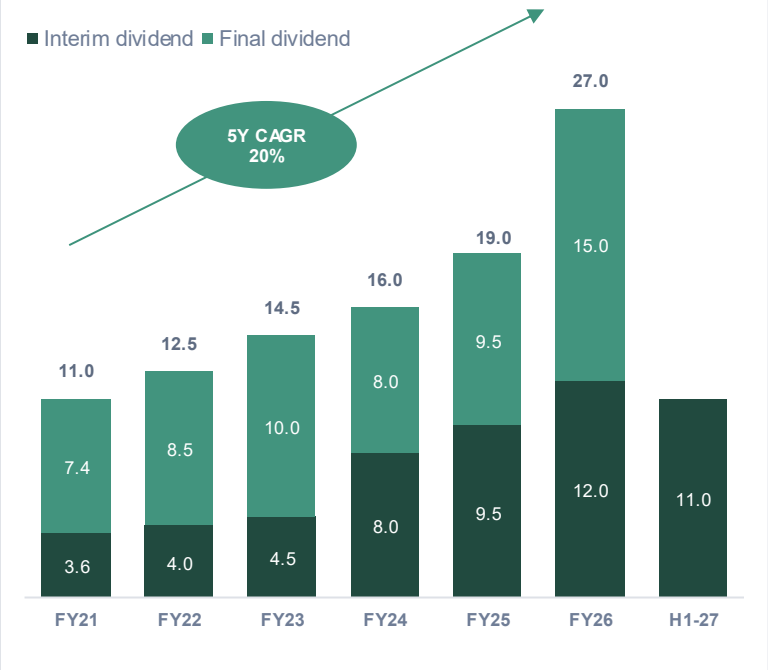
Source: Company

Dividends

Interim dividend 11p, full year dividend forecast to increase 17%

- Tatton has recommended an interim dividend of 11.0p per share.
- This is slightly down on the 12.0p of H1-26, but the reduction is only because of a change to interim dividend policy, which was to pay c. 50% of estimated full-year dividend as an interim. This has now changed to pay 1/3rd of estimated full year dividend as an interim.
- The overall dividend policy of paying approximately 70% of adjusted earnings is unchanged.
- 70% of ED forecast earnings would equate to a full-year dividend for FY27 of 31.5p, up 17% y-o-y.

Historic and proposed dividends, pence per share



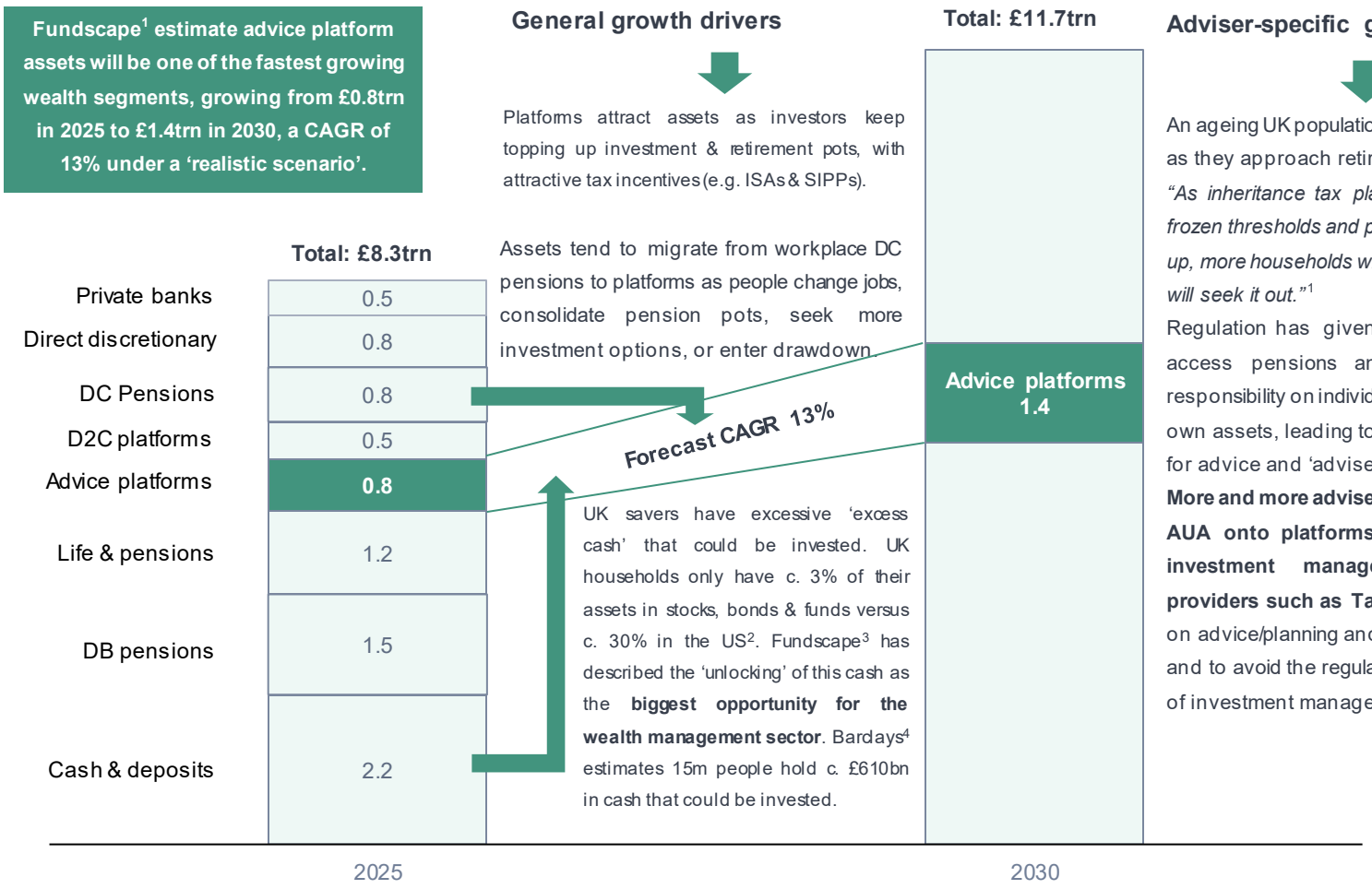
Source: Company historic data

Growth outlook and valuation

Multiple tailwinds likely to boost growth of advice platforms - Tatton's distribution channel

Approximate size breakdown of UK wealth segments (£trillion), Fundscape[1] growth forecasts, and significant market drivers

Fundscape[1] estimate advice platform assets will be one of the fastest growing wealth segments, growing from £0.8trn in 2025 to £1.4trn in 2030, a CAGR of 13% under a 'realistic scenario'.



General growth drivers

Platforms attract assets as investors keep topping up investment & retirement pots, with attractive tax incentives (e.g. ISAs & SIPPs).

Assets tend to migrate from workplace DC pensions to platforms as people change jobs, consolidate pension pots, seek more investment options, or enter drawdown.

UK savers have excessive 'excess cash' that could be invested. UK households only have c. 3% of their assets in stocks, bonds & funds versus c. 30% in the US[2]. Fundscape[3] has described the 'unlocking' of this cash as the **biggest opportunity for the wealth management sector**. Bardays[4] estimates 15m people hold c. £610bn in cash that could be invested.

Adviser-specific growth drivers

An ageing UK population needs more advice as they approach retirement.

"As inheritance tax planning, ISA reform, frozen thresholds and pension reform stack up, more households who can afford advice will seek it out."[1]

Regulation has given more freedom to access pensions and increased the responsibility on individuals to manage their own assets, leading to increased demand for advice and 'adviser-led' investments. **More and more advisers are moving their AUA onto platforms and outsourcing investment management to DFM providers such as Tatton** to concentrate on advice/planning and client relationships, and to avoid the regulatory and risk burden of investment management.

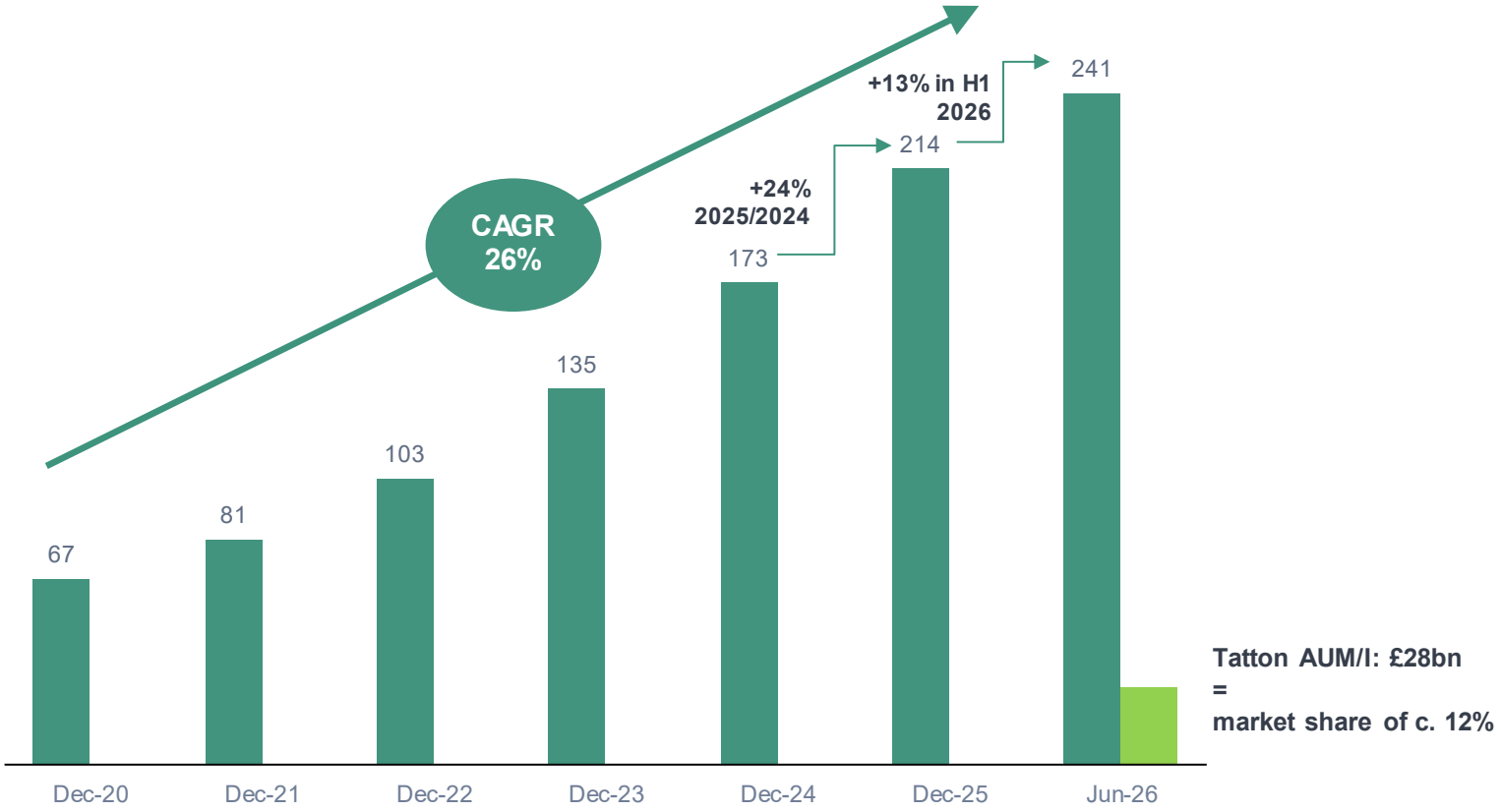
Source: Chart: Fundscape: [1]The Retail Wealth Management Industry 2026–2030 (end-2025 data), £1.4trn = 'realistic scenario'; [2]World Economic Forum: 2024 Global Retail Investor Outlook. [3]Fundscape, The Retail Wealth Management Industry 2025–2029. [4]Barclays: The UK investment gap: savers have an estimated £610bn in cash that could be invested.

Within the platform market, Tatton's speciality of DFM is growing even faster

Tatton's core offering is on-platform, discretionary fund management (DFM). That means financial advisers, via one of 21 adviser investment platforms, select one of 50 risk-rated model portfolios for clients, and outsource the investment management to TIML.

This outsourcing of investment management is a huge trend, as evidenced by the extremely rapid growth of the on-platform DFM market, of which Tatton has a market share of approximately 12%. And **growth is showing no signs of slowing. On-platform DFM grew 24% in 2025 and 13% in H1 of 2026**. There is scope for further growth. On-platform DFM makes up around 28% of the total adviser platform market, with Tatton's management of the view that this could grow to 50%.

On-platform discretionary fund management FUM, £bn



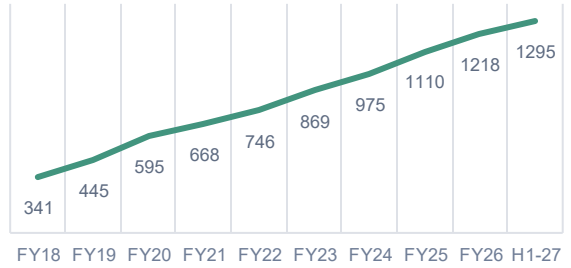
Source: Tatton analyst presentation Nov 26, original source Platforum

Tatton's growth can be fuelled from new clients and from existing clients investing more

Tatton can grow by adding new IFA clients…

- TIML continues to increase the number of IFA clients that contract with it to manage their clients' investments.
- And there is still ample room to grow this further as the UK has around 5,000 directly authorised IFA firms.

Number of TIML IFA client firms

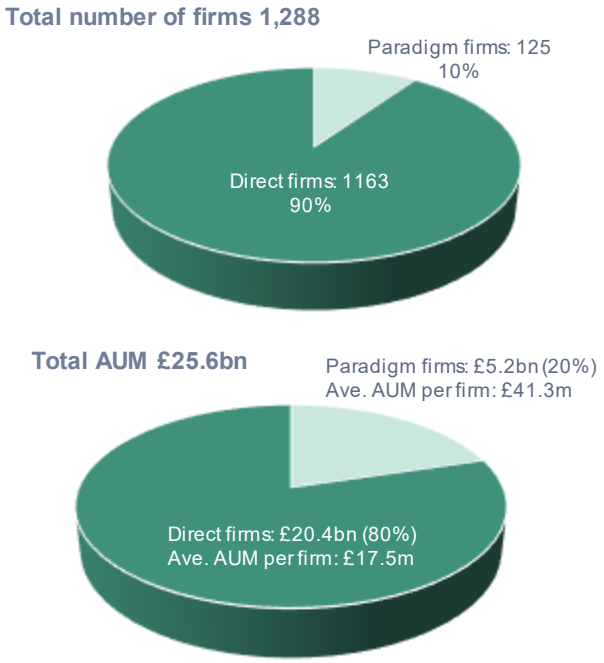


Source: Company

…with a huge opportunity to add AUM from existing clients

- This opportunity is to increase average-AUM-per-client-firm. [An IFA will typically not move all their AUM to a new investment manager at once but increase it over time as the relationship builds].
- 'Paradigm firms' (clients of both Paradigm and TIML) offer evidence of this. These tend to have been clients for a longer time than Direct firms and have built their AUM with TIML over time to an average of £41.3m per firm. The average IFA across the industry has c. £50m on-platform.
- 'Direct firms' (clients of TIML but not of Paradigm) have a lower average AUM per firm of £17.5m. While this cohort has been growing rapidly over the last few years, they tend to be 'younger' relationships and have not had the same period as Paradigm firms to build up their AUM with TIML.
- But, given time, there is no reason that average-AUM-per-Direct firm cannot get closer to or match that of Paradigm firms or the industry average, i.e. there is **c. £32.5m of AUM-per-firm growth 'headroom'**. (AUM for direct firms has already grown from £6m in Mar 19 to £17.5m today).
- And because there are so many Direct firms (1,163), with so much average-AUM headroom, this opportunity is huge i.e. if Tatton succeeds in growing its average-AUM-per-Direct-firm from £17.5m to £50m, **it could add c. £38bn of AUM without winning new clients** (1,163 firms x £32.5m, the difference between current average AUM per firm for direct firms and the £50m benchmark).

Paradigm firms v Direct firms



Source: Company

Forecasts and valuation

FY27 forecasts nudged up, outer-year forecasts largely unchanged

- FY27 forecasts increase slightly, while our FY28 and outer-year forecasts are largely unchanged (slightly higher revenue forecasts coupled with slightly higher cost forecasts).
- AUM/I forecasts rise a touch due to the current level of £28.4bn (6 Nov 26) being ahead of our previous projected growth path. We note that we assume net inflows of £200m per month for the remainder of FY27, and given current market volatility, **we take a conservative approach and assume no AUM/I growth from markets for the remainder of FY27**. For FY28, we assume +4% growth from market movements. In turn, revenue forecasts increase due to the increased AUM/I forecast and also due to revenue yield being slightly above our previous assumption.
- Cost forecasts increase slightly to align with current spending run-rate. Tatton has **maintained guidance of near-term cost growth of 10% - 12%, falling to single-digit increases over the medium-term** (page 11). This includes increased investment in advertising and events in H2; continued investment in IT infrastructure (incl. cyber security and AI); some new hiring; and increased office space from the end of FY27 to support future growth (a new lease adding c. £0.5m of annualised cost from FY28).
- The net effect of the above is that profit forecasts are largely unchanged from FY28 onwards.

Forecast changes

Year to 31 Mar (£m)	FY27E New	FY27E Old	Change forecast	FY28E New	FY28E Old	Change
AUM/I end-period (£bn)	29.4	29.2	1%	33.4	33.1	1%
Revenue	65.3	62.6	4%	71.3	70.8	1%
Adjusted operating profit	35.6	33.9	5%	38.8	38.8	0%
Adjusted operating profit margin	54.5%	54.1%		54.4%	54.7%	
PBT	31.9	31.2	2%	36.0	36.1	0%
EPS basic (p)	39.1	38.0	3%	43.9	43.7	1%
EPS adjusted & diluted (p)	44.1	41.9	5%	47.8	47.4	1%
Net cash	42.2	40.9	3%	52.6	52.3	1%
P/E	17.1	17.6		15.2	15.3	
DPS (p)	31.5	30.0	5%	34.2	33.9	1%
Dividend yield	4.7%	4.5%		5.1%	5.1%	

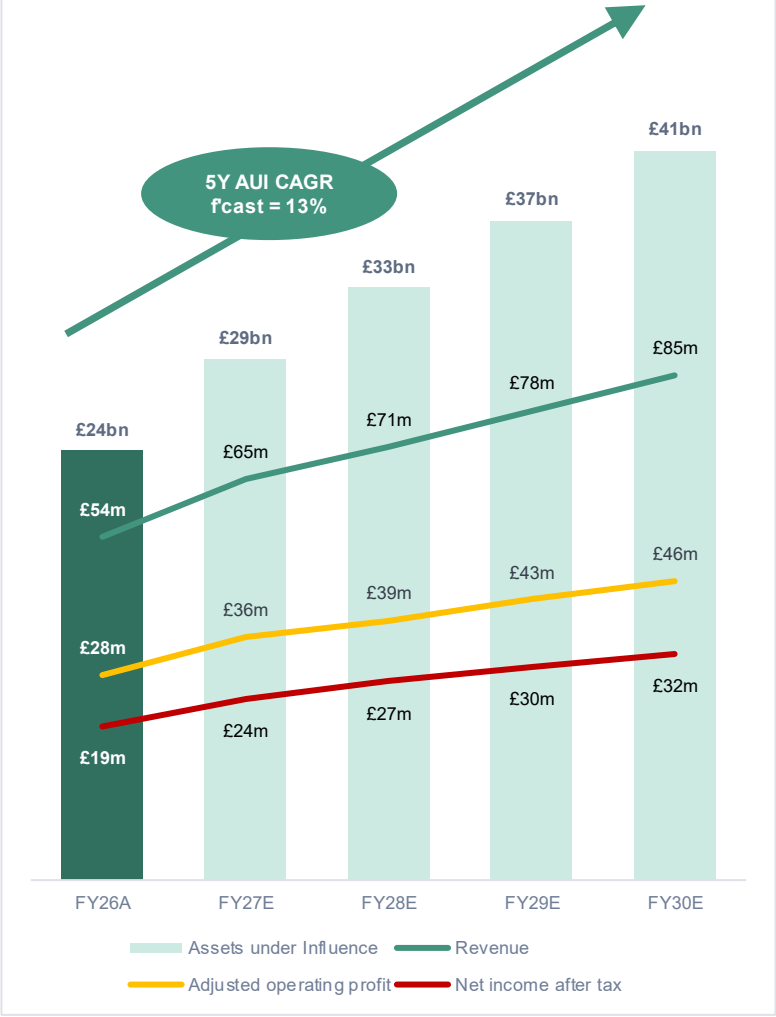
Source: Equity Development, Priced at 09/11/2026

Fundamental valuation unchanged at 900p, outlook remains strong

Underlying assumptions of fundamental valuation

- Our fundamental valuation uses a discounted cash flow methodology which is underpinned by a 5-year explicit growth forecast. This assumes:
  - Tatton exceeds its £30bn growth target by FY29 – we model c. £37bn by that time, noting it is already at £28.4bn (see page 1).
  - AUI grows at c.13% CAGR (FY26-FY31), driven by:
    - Annual net flows of £2.4bn-£2.7bn (H1-27: £1.0bn; FY26: £2.8bn ex-Perspective; FY25: £3.7bn);
    - Investment returns of 4% p.a. from FY28, with no market gains assumed in H2-27 (Tatton's portfolios include a mix of asset classes, hence a return assumption slightly below that for pure equities).
  - Revenue grows at a CAGR of c. 11%, lower than AUI growth because we assume some price erosion over time due to competitive pressures.
  - Adjusted margin, which increased to 54.5% in H1-27 from 52.3% in FY26, remains above 54%.
  - We do not include any impact from acquisitions in our forecast.
- For the terminal value of our DCF we assume that Tatton is acquired at the end of the 5-year explicit forecast period (FY31) at a PER of 20. Free cash flows to equity are discounted at a cost of equity of 10.5%.
- **This results in a DCF valuation of 900p, 35% above the current share price.**

Summary 5Y growth forecast



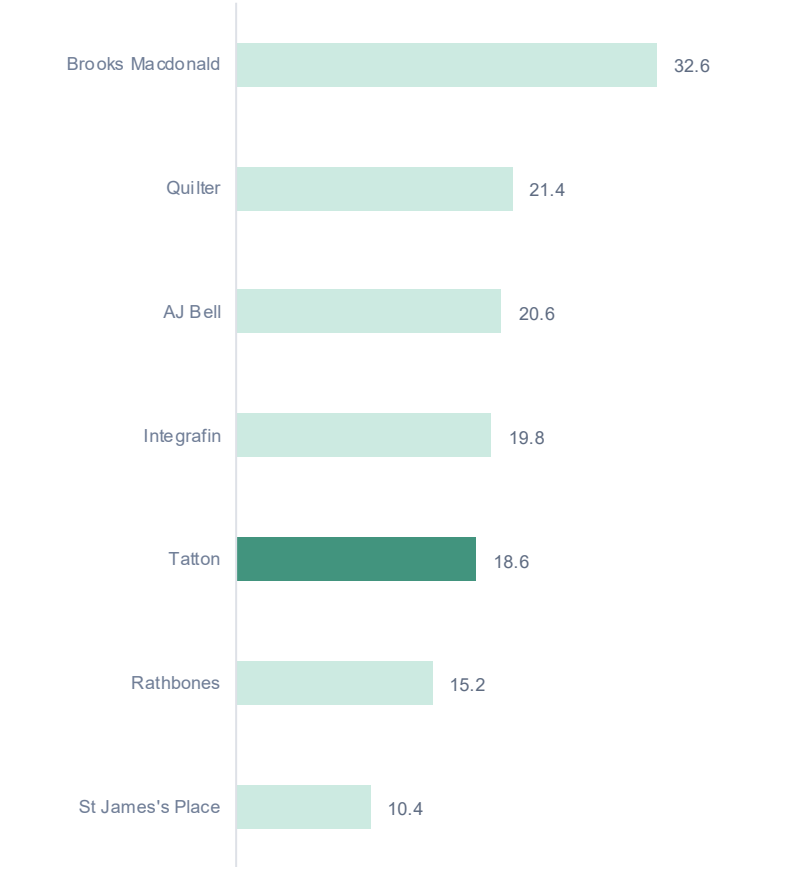
Source: Company historic data, ED forecasts and analysis

Peer comparator valuations

Valuation looks undemanding given superior growth

- Tatton is growing faster than almost every peer. In H1 its AUM/I rose 15.5%, it had the 2nd-highest net flow rate in the sector and adjusted operating profit rose 33% (pages 4, 7 and 10).
- Yet its PER of 18.6x trailing earnings is slightly below the peer median (20.2x excluding Tatton), and below AJ Bell, Quilter, Brooks Macdonald, and Integrafin, which seems strange.
- In addition to the above, it has £35m of net cash (c. 9% of market cap), no debt, an adjusted operating profit margin of 54.5%, and a historic dividend yield of 4.0%.
- In our view it deserves a premium rating, not a discount. This mismatch supports the argument we have already made that there is a substantial difference (35%) between Tatton's share price (currently 668p per share) and its fundamental valuation, which we have calculated as 900p.

PER (TTM)* peer group comparison



Source: London Stock Exchange, Company historic data, ED analysis.
** Based on share price at close on 9 Nov 26. Share price divided by latest available basic EPS on Trailing Twelve Months basis.*

Summary financials

Income statement

Year to 31 Mar (£m)	FY24A	FY25A	H1-26A	FY26A	H1-27A	FY27E	FY28E
Revenue	36.8	45.3	25.7	54.4	32.1	65.3	71.3
Share of profit from joint venture	(1.2)	(0.1)	(0.1)	(0.1)	0.0	0.0	0.0
Admin exp (before separately disclosed items)[1]	(18.3)	(22.2)	(12.6)	(25.9)	(14.6)	(29.7)	(32.5)
Adj. op profit (before separately disclosed items)[1]	**18.5**	**22.9**	**13.1**	**28.5**	**17.5**	**35.6**	**38.8**
Share based payment costs	(1.5)	(1.5)	(1.6)	(2.9)	(1.9)	(3.9)	(3.1)
Amortisation of acquisition-related intangibles	(0.6)	(0.7)	(0.3)	(0.7)	(0.3)	(0.7)	(0.7)
Operating loss relating to non-controlling interest	(0.1)	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.2)
Exceptional items	(1.2)	-	-	(0.5)	-	(0.5)	(0.5)
Gains: changes in FV of contingent consideration	1.4	-	-	(0.0)	-	-	-
Total admin expenses	(19.2)	(24.3)	(14.4)	(30.0)	(16.9)	(35.0)	(37.0)
Statutory Operating profit	**16.5**	**20.7**	**11.2**	**24.2**	**15.2**	**30.3**	**34.3**
Net finance income/(costs)	0.3	0.9	0.5	1.1	0.8	1.6	1.7
Unwinding of discount rate on deferred compensation	-	-	-	-	-	-	-
Profit before tax	**16.8**	**21.6**	**11.7**	**25.3**	**16.0**	**31.9**	**36.0**
Tax	(3.8)	(5.6)	(3.0)	(6.6)	(4.0)	(8.0)	(9.0)
Profit attributable to shareholders	**13.0**	**16.1**	**8.7**	**18.8**	**12.0**	**24.1**	**27.2**
Basic EPS, p	21.4	26.4	14.3	30.7	19.6	39.1	43.9
Diluted EPS, p	21.0	26.2	13.9	30.2	19.3	38.4	43.2
Basic adjusted EPS[2], p	23.7	29.4	16.8	36.1	22.3	45.3	49.2
Diluted adjusted EPS[2], p	22.9	28.7	16.0	35.1	21.6	44.1	47.8

Source: Company data, Equity Development.
[1] Adjusted for exceptional items and share-based payments. [2]. Adjusted for exceptional items and share-based payments and the tax thereon

Balance sheet

Year to 31 Mar (£m)	FY24A	FY25A	H1-26A	FY26A	H1-27A	FY27E	FY28E
Non-current assets							
Investments in Joint Ventures	5.4	5.3	5.2	5.1	5.2	5.1	5.0
Financial assets at FV through P&L	-	-	-	0.2	0.2	0.2	0.2
Financial assets at amortised cost	-	-	-	4.5	4.8	7.5	7.5
Intangible assets including goodwill	13.5	13.3	13.2	13.0	12.9	12.8	12.5
Property, plant and equipment	0.8	0.9	0.9	0.9	1.1	2.5	2.8
Deferred income tax assets	2.6	2.9	2.3	1.6	2.0	1.6	1.6
Other receivables	0.2	-	-	0.1	0.4	0.1	0.1
Sub-total NCAs	**22.4**	**22.4**	**21.6**	**25.5**	**26.5**	**29.8**	**29.7**
Current assets							
Trade and other receivables	5.1	6.5	8.2	7.4	8.7	8.8	9.6
Cash and cash equivalents	24.8	32.1	34.0	33.9	35.1	42.2	52.6
Financial assets at fair value through P&L	0.1	1.1	1.2	1.3	1.4	1.3	1.3
Corporation tax asset	-	0.3	1.8	0.2	-	0.2	0.2
Sub-total CAs	**30.1**	**40.1**	**45.3**	**42.7**	**45.2**	**52.5**	**63.7**
TOTAL ASSETS	**52.5**	**62.4**	**66.9**	**68.2**	**71.7**	**82.2**	**93.5**
Current Liabilities							
Trade and other payables	(8.1)	(11.2)	(10.4)	(12.7)	(11.7)	(14.8)	(15.8)
Corporation tax	(0.0)	-	-	-	(0.1)	-	-
Sub-total CLs	**(8.1)**	**(11.2)**	**(10.4)**	**(12.7)**	**(11.8)**	**(14.8)**	**(15.8)**
Non-current Liabilities							
Other payables	(1.0)	(0.7)	(0.5)	(0.4)	(0.3)	(0.4)	(0.4)
Sub-total NCLs	**(1.0)**	**(0.7)**	**(0.5)**	**(0.4)**	**(0.3)**	**(0.4)**	**(0.4)**
TOTAL LIABILITIES	**(9.1)**	**(11.9)**	**(11.0)**	**(13.2)**	**(12.1)**	**(15.3)**	**(16.2)**
NET ASSETS	**43.3**	**50.6**	**55.9**	**55.0**	**59.6**	**67.0**	**77.2**
Equity							
Share capital	12.1	12.1	12.2	12.3	12.3	12.3	12.3
Share premium account	15.5	15.6	15.7	15.8	15.8	15.8	15.8
Other reserve	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Merger reserve	(29.0)	(29.0)	(29.0)	(29.0)	(29.0)	(29.0)	(29.0)
Joint Venture reserve	-	-	-	-	-	-	-
Retained Earnings	45.9	52.2	55.0	58.4	62.0	70.3	80.5
Own shares	(3.3)	(2.4)	-	(4.4)	(3.5)	(4.4)	(4.4)
Non-controlling interest	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
TOTAL EQUITY	**43.3**	**50.6**	**55.9**	**55.0**	**59.6**	**67.0**	**77.2**

Source: Company data, Equity Development

Cash flow statement

Year to 31 Mar (£m)	FY24A	FY25A	H1-26A	FY26A	H1-27A	FY27E	FY28E
Operating activities							
Profit for the period	**12.9**	**16.0**	**8.6**	**18.7**	**12.0**	**23.9**	**27.0**
Adjustment for:							
Income tax expense	3.8	5.6	3.0	6.6	4.0	8.0	9.0
Finance (income)/costs	(0.3)	(0.9)	(0.5)	(1.1)	(0.8)	(1.6)	(1.7)
Depreciation of property, plant and equipment	0.4	0.3	0.1	0.3	0.2	0.3	0.3
Amortisation of intangible assets	0.5	0.6	0.4	0.7	0.4	0.7	0.7
Share-based payment expense	1.2	1.4	0.9	1.9	1.8	3.9	3.1
FV gain on financial assets at FV through P&L	-	(0.0)	(0.1)	(0.1)	(0.1)	-	-
Post-tax share of JV loss/(profit) less related amortisation	1.2	0.1	(0.0)	0.1	(0.0)	(0.0)	(0.0)
Changes in FV of contingent consideration	(1.4)	-	-	-	-	-	-
Changes in trade and other receivables	(1.6)	(1.2)	(1.6)	(0.8)	(1.4)	(1.5)	(0.8)
Changes in trade and other payables	0.1	2.7	(0.7)	2.5	(1.4)	2.5	1.4
Exceptional costs	1.2	-	-	-	-	0.5	0.5
Cash generated from operations	**16.9**	**24.6**	**10.3**	**28.8**	**14.7**	**36.3**	**39.0**
Income tax paid	(3.7)	(5.9)	(3.5)	(5.1)	(4.0)	(8.0)	(9.0)
Net cash from operating activities	**13.2**	**18.8**	**6.7**	**23.6**	**10.7**	**28.3**	**30.0**
Investing activities							
Acquisition & JV payments, net of cash acquired	(1.2)	(0.5)	-	(0.5)	-	-	-
Changes in FV of contingent consideration	-	-	-	0.0	-	-	-
Dividends received from Joint Venture	0.3	-	-	0.1	-	0.1	0.1
Purchase of intangible assets	(0.2)	(0.4)	(0.2)	(0.4)	(0.2)	(0.5)	(0.5)
Purchase of property, plant and equipment	(0.1)	(0.1)	(0.1)	(0.3)	(0.2)	(1.9)	(0.6)
Payments for financial assets at FV through P&L	-	(1.0)	-	(0.2)	(0.0)	-	-
Purchase of financial assets at amortised cost	-	-	-	(4.5)	(0.3)	(3.0)	-
Interest received	0.6	1.0	0.6	1.0	0.6	1.6	1.7
Net cash used in investing activities	**(0.7)**	**(1.0)**	**0.2**	**(4.7)**	**(0.2)**	**(3.7)**	**0.7**
Financing activities							
Proceeds from the issue of shares	0.2	0.1	0.0	0.1	-	-	-
Purchase of own shares	(3.3)	(0.1)	-	(4.9)	-	-	-
Proceeds from the exercise of options	-	0.1	0.8	0.9	0.0	-	-
Interest received/(paid)	(0.1)	-	-	-	(0.0)	-	-
Payment of lease liabilities	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.4)	(0.4)
Repayment of loan liabilities	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-
Dividends paid	(10.8)	(10.4)	(5.7)	(13.0)	(9.1)	(15.9)	(19.8)
Net cash used in financing activities	**(14.2)**	**(10.5)**	**(5.0)**	**(17.2)**	**(9.3)**	**(16.3)**	**(20.3)**
Net increase in cash and cash equivalents	**(1.7)**	**7.3**	**1.9**	**1.7**	**1.2**	**8.3**	**10.4**
Cash and equivalents at beginning of the period	26.5	24.8	32.1	32.1	33.9	33.9	42.2
Net cash and equivalents at end of the period	**24.8**	**32.1**	**34.0**	**33.9**	**35.1**	**42.2**	**52.6**

Source: Company data, Equity Development

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