

**Premier Miton Group plc**  
Annual Report and Accounts 2020

**Premier Miton**   
INVESTORS

## WHAT WE STAND FOR

# OUR PURPOSE TO ACTIVELY STEWARD OUR CLIENTS' CAPITAL FOR A BETTER FUTURE



[www.premiermiton.com](http://www.premiermiton.com)

Premier Miton recognises that we are part of a larger investment community and a broader society. We believe in acting responsibly and leading by example by championing high standards of investment and behaviour.

## 2020 HIGHLIGHTS

### Product and performance

# 65%

of funds and investment trusts are first or second quartile at 30 September 2020 since launch/tenure<sup>1</sup>

# 47

products managed at 30 September 2020

### Assets under Management ('AuM')

# £10,608m

closing AuM versus £6,556m at 30 September 2019

# £(619)m

net outflows across the product range for the year

### Results and profitability

Adjusted profit before tax<sup>2</sup>, amortisation, share-based payments, merger related costs and exceptional costs

# £22.4m

# £9.6m

Profit before tax

#### STRATEGIC REPORT

- 01 2020 highlights
- 02 Company overview
- 04 Chairman's statement
- 06 Chief Executive Officer's statement
- 10 Product overview
- 12 Market review
- 16 Our strategic objectives
- 18 Operating model and infrastructure
- 20 Financial review
- 24 Principal risks
- 27 Corporate sustainability
- 29 Group activities

#### GOVERNANCE REPORT

- 30 Board of Directors
- 32 Chairman's introduction
- 34 Corporate Governance Report
- 39 Section 172
- 46 Audit & Risk Committee Report
- 48 Remuneration Committee Report
- 52 Nomination Committee Report
- 54 Directors' Report
- 56 Statement of Directors' Responsibilities

#### FINANCIAL STATEMENTS

- 57 Independent Auditor's Report
- 63 Consolidated Financial Statements
- 67 Notes to the Consolidated Financial Statements
- 92 Company Financial Statements
- 95 Notes to the Company Financial Statements

#### SHAREHOLDER INFORMATION

- 99 Shareholder and corporate information
- 100 Glossary

<sup>1</sup> See footnote 4 on page 11

<sup>2</sup> This is an Alternative Performance Measure ('APM'). See page 23 for further detail

## COMPANY OVERVIEW

### WHAT WE DO

Premier Miton provides a broad suite of products powered by active, independent minds that are designed to meet the needs of today's investors.

The objectives of our products are clearly defined.

Our fund managers' objectives are aligned with those of our clients.

We focus on our core strengths.

Investing can also have a substantial impact on the wider society, this means we have a responsibility, not only to perform well, but also to behave well.

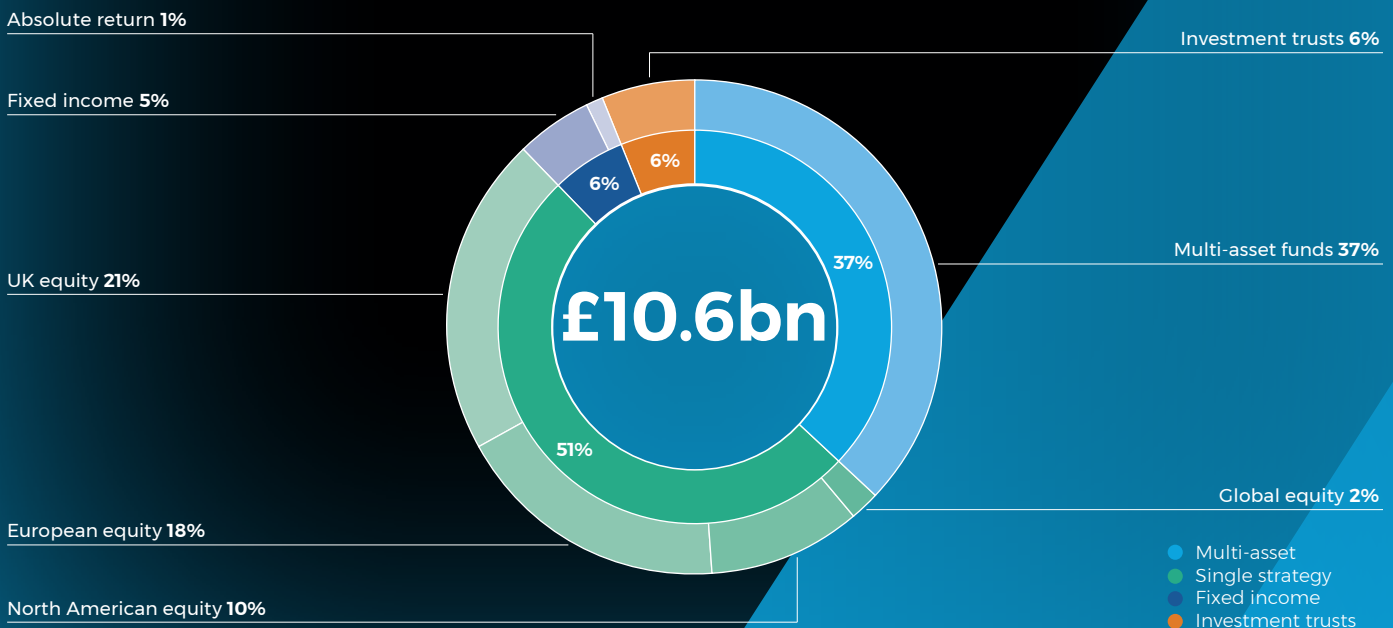
### WHO WE ARE

We are a UK based fund management group with a range of UK domiciled funds that are distributed primarily to UK investors.

The Group is passionate about delivering durable returns over the long term and is dedicated to exceptional levels of customer service.

We believe investment can make a huge difference to individual lives. In the long term, a successful investment strategy can help people to secure their futures and realise their ambitions.

## COMBINATION OF DIFFERENT INVESTMENT EXPERTISE



As at 30 September 2020:  
Equity funds

**£5.4bn**

Multi-asset funds

**£4.1bn**

Investment trusts

**£0.6bn**

Fixed income funds

**£0.5bn**

TOTAL

**£10.6bn**

## CHAIRMAN'S STATEMENT

# DELIVERING STRAIGHT FORWARD PRODUCTS: POWERED BY ACTIVE INDEPENDENT MINDS

We aim to be recognised as a leading investment management business, and we seek to deliver premium value for our clients. The merger has brought together the capabilities, expertise and knowledge of two highly regarded companies.

**Mike Vogel**  
Chairman

The past 12 months have been a time of considerable activity, most notably with our business embarking on a corporate merger and dealing with the ramifications of COVID-19.

On 15 November 2019 we successfully merged two highly regarded companies – Miton Group plc and Premier Asset Management Group plc, via a court-sanctioned scheme of arrangement. The newly enlarged Premier Miton Group plc offers a more balanced and broader range of products for our clients.

From 16 March 2020 our employees moved to remote working supported by the Group's business continuity arrangements. The leadership team acted swiftly to establish measures that ensured the safety of our employees and those in vulnerable categories whilst still providing a full service to our clients. At the time of writing we continue to assess a phased approach to returning to the office, whilst still recognising the success of our working from home arrangements and the future state of flexible working.

Whilst the past year has shown a great deal of volatility in financial markets, as a business we remain fiscally strong and profitable. More than ever, our business platform is in a strong position to support the growth of our Assets under Management ('AuM') and continue to provide solutions that meet our clients' needs.



**Mike Vogel**  
Chairman

## Results

The ramifications of the COVID-19 pandemic have caused many investors to be cautious. This year we have seen net outflows of £619 million, predominantly from our multi-manager funds due to their weaker short-term performance figures. Pleasingly however several of the Group's other strategies have seen positive inflows during the year and many funds benefited from the recovery in asset prices during May and June. Total AuM ended the year at £10.6 billion, up 16% since the half year.

Our key measure for financial decision making, Adjusted Profit Before Tax (adjusted for merger related costs, exceptional costs, share-based payments and amortisation) was £22.4 million, up by 18% against the comparative year. Cash was £36.0 million at year end (2019: £20.7 million).

Earnings per share ('EPS') for the year was 4.14p (2019: 10.82p). Understandably this was lower than the previous year because of non-recurring costs associated with the merger combined with the increased amortisation charge arising from the intangible assets recognised on the business combination.

A final dividend of 4.5p per share is proposed, bringing total dividends for the year to 7.0p (2019: 10.5p) representing a 58.4% payout ratio of adjusted profit after tax (2019: 86%). As noted at the half year, the Board made the prudent decision to reduce the quantum of the second interim dividend and adopted a dividend policy that targets an annual payout ratio of between 50% and 65% of adjusted profit after tax.

## Strategy and culture

Being a public company, we endeavour to deliver durable long-term value to

our stakeholders. The Group's strategy of product diversification coupled with the absence of 'house views' gives us the ability to provide differentiated outcomes for clients. Our fund managers have the freedom to express differing views - this is at the heart of our active approach to fund management. Our scalable operating platform supports this approach and facilitates growth in AuM through a client-centric business model.

As a Group we aim to achieve sustainable and durable growth over the coming years. We have sufficient capacity in our current product range and feel confident that with the right distribution strategy, talent management and effective leadership we are well placed to deliver this strategic achievement for the benefit of all our stakeholders.

The recent period of heightened volatility emphasises the importance of sound balance sheet management. As a Board we aim to safeguard our strong capital position through market cycles and apply a long-term view in the deployment of capital. The Group currently holds no bank debt on its balance sheet.

Since the merger, as an enlarged Group we have undertaken a series of interviews with key staff members to delve deeper into the Group's culture and purpose. We have solidified our purpose as being to actively steward our clients' capital for a better future.

## Governance

As part of the merger integration process the Board undertook an internal review of its corporate governance structure during the year. This review included assessing the rights and responsibilities of each committee and its respective contribution to achieving the Group's long-term aspirations and the mitigation of risk. The recommendations of this review, we believe, will enhance the performance of the Group's committees, along with streamlining the reporting processes to our regulated entities and, ultimately, to the Board.

## Board and people

On 14 May 2020 we announced the appointment of Alison Fleming as Non-Executive Director. Alison is a highly experienced financial services practitioner and has had an extensive career in financial markets over the last 25 years, holding senior positions

within investment banks and boutique asset managers.

We also announced the departure of Non-Executive Director, Katrina Hart. We thank Katrina for her significant contribution during her nine years' service and wish her well in future endeavours.

## Products

The merger with Miton brought an additional 16 investment products to the Group's offering. Since then we have welcomed a new fixed income team, a global smaller companies team, a global sustainable equity manager and, more recently, we announced the appointment of Emma Mogford to manage our UK equity income funds.

## Outlook

The merger with Miton has been delivered against a backdrop of volatility in markets coupled with the added pressures of operating in a remote working environment.

I would like to thank the senior executive team for their hard work during the last 12 months and all our people for their valued contribution to the long-term success of the business.

Could I also extend thanks to the Board for their continued leadership over the past year. Clearly it has been a turbulent period for indices and the economic landscape over the coming 12 months remains as hard to predict as ever. The dominant issues driving economic uncertainty at the beginning of the year (Brexit, the General Election) seem a distant memory.

The talent, enthusiasm and professionalism across all areas of our organisation continues to impress. It is exciting to see the development of the enlarged Group under the new brand of Premier Miton Investors. Our actively managed products offer clear and transparent objectives for our clients and their advisers. I believe the Group is well positioned for future growth and to achieve its potential as a balanced business of high performing, active investment products.

**Mike Vogel**  
Chairman

25 November 2020

## CHIEF EXECUTIVE OFFICER'S STATEMENT

# DELIVERING A STRONG PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES

I am pleased to report on our first set of annual results as Premier Miton Investors following the successful merger with Miton.

**Mike O'Shea**  
Chief Executive Officer

It has been a landmark year in many ways for Premier Miton. Our financial year commenced following the announcement of the merger between two highly regarded businesses: Premier Asset Management Group plc and Miton Group plc. In mid-November we began the amalgamation of both businesses and pleasingly we have managed the integration process successfully to date, despite the challenges arising from the COVID-19 pandemic.

### **Business performance**

The first half of the financial year saw an unprecedented market environment with markets falling heavily during March before rallying in April and into May following the support provided by central banks across the world. The Group's Assets under Management ('AuM') has increased by 16% since the half year to £10.6 billion as at 30 September 2020. The average AuM for the year was £10.1 billion versus £6.7 billion for the previous year, an increase of 51%.

Net outflows for the year were £619 million (2019: £306 million). Whilst it is disappointing to report a net outflow position we continued to see strong demand for our non-UK focused funds with the LF Miton European Opportunities Fund seeing net inflows of £712 million and the LF Miton US Opportunities Fund net inflows of £78 million since the completion of the merger. By the year end the new fixed income team had achieved net inflows of £136 million following their arrival in August 2020.



**Mike O'Shea**  
Chief Executive Officer



The net management fee margin (the retained revenue of the firm after deducting the costs of fund administration, external Authorised Corporate Directors ('ACD') and other direct costs), was 65.9bps compared with 72.3bps last year. This reflects the Group's balanced product mix, with the addition of a larger proportion of single strategy funds and inflows into the fixed income products.

The adjusted profit margin decreased against the comparative period, from 39.1% to 33.5%. Whilst disappointing to see a decrease, it is hard to draw meaningful comparisons between these two figures given they represent two different groups.

### COVID-19

The COVID-19 pandemic provided an added challenge during the year. From early March our newly formed COVID-19 Response Committee made it a priority to protect the safety of our people whilst continuing to actively steward our clients' capital. Our operational platform and capability to manage our range of funds continued unaffected as our workforce transitioned to work remotely. As a newly formed Group, we have been able to demonstrate our resilience and ability to work as a team.

In June we engaged external, specialist health and safety advice, including detailed risk assessments, to assess the potential of allowing some of our people to return to our offices.

At the time of writing we have extended our flexible working from home business model to at least 31 March 2021 and we are actively discussing the design

of future working arrangements for all employees. I am pleased that our current arrangements are continuing to provide high levels of service and investment outcomes for our clients. Longer term, we expect to successfully incorporate a more flexible working regime into our business.

For the small number of staff members currently attending our offices, we continue to practice social distancing and work to ensure that their health and wellbeing is maintained.

I recognise how challenging it has been to transition from an office-based to home working environment and I wish to thank our team for their hard work, passion and dedication during this difficult period.

### Merger progress

I am pleased to say that the team have shown great fortitude in continuing to be ahead of target with the integration, particularly considering the macro challenges during the year. There has been a considerable amount of work undertaken to get us to this point, including managing the legal change of companies, amalgamation of systems such as Bloomberg, establishing a centralised dealing desk and much more.

From 24 April 2020 all fund management moved to a single entity, allowing the unification of the Group's investment teams under one corporate umbrella and the ability to share ideas. At the end of November, we will complete the transition to one ACD and the harmonisation of fund names across the range. They will be prefixed with 'Premier Miton' in place of 'Premier' or 'Miton', with no additional prefix for third-party ACD providers, making fund names consistent and easier for clients to identify. These achievements represent key milestones in achieving the recurring synergies outlined at the time of the merger.

As I have said before, merging two businesses creates a degree of change which can be unsettling. We endeavour to foster a culture where people's concerns are heard, and their ideas are considered. We continue to take the best practices of both businesses to ensure we are in the strongest position to deliver the best outcomes for our clients.

### Investment performance

The strong performance of our single strategy funds continued during the period with 6 out of 16 funds performing in the top decile of their respective IA sectors since the tenure of the fund manager. Three of these funds are ranked as the top performing fund in their respective sectors. In recognising this outperformance, several of our funds received industry awards. The LF Miton European Opportunities Fund, managed by Carlos Moreno and Thomas Brown won Best Europe Fund at the Investment Week Fund Manager of the Year Awards 2020 in June and won Best Europe Fund in the Money Observer Fund Awards 2020. Nick Ford and Hugh Grieves, who manage the LF Miton US Opportunities Fund and the LF Miton US Smaller Companies Fund, were winners at the Investment Week Fund Manager of the Year Awards 2020.

Our UK equity growth teams have done well over the year under review with four of the five funds achieving first quartile outcomes over one and three years and one achieving second quartile. Longer-term numbers are also good with every fund achieving first quartile returns since manager tenure. Our UK equity income funds have found progress more difficult with their natural bias towards more value-orientated stocks and UK domestic names, which have been out of favour with investors.

Our new fixed income team under Lloyd Harris, who joined us from Merian Global Investors as Head of Fixed Income in August, have made a strong start. We have launched two new fixed income funds that have already enjoyed some early investor support and which, we believe, will have strong appeal in the market going forward. On 22 October 2020 the team were appointed to manage £330 million across two external mandates bringing the current AuM across the fixed income products to £821 million as at 31 October 2020.

The multi-asset macro-thematic team of David Jane and Anthony Rayner continued to deliver attractive returns to investors during 2020. Three of their four funds are first quartile over the year under review and one is second quartile. Longer-term numbers are also respectable with two funds in the first quartile and one in second quartile since manager tenure.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

CONTINUED

Investment performance of  
funds first or second quartile  
since manager tenure <sup>1</sup>

**65%**

Proposed final dividend  
per share

**4.5p**

2019: 5.4p

The multi-asset diversified suite of products managed by Neil Birrell and members of the wider investment team also performed strongly with four out of the five growth funds delivering above median performance over the year to 30 September 2020. The Diversified Growth Fund is also first quartile over three, five and seven years and since launch. The Diversified Income Fund is second quartile over one and three years and since launch.

The multi-asset multi-manager suite of products have found progress more difficult in their respective sectors. The team has had a higher weighting towards value and towards domestically focused companies than many of their peers whilst maintaining an underweight position towards growth companies and overseas equities. This has impacted negatively on relative performance in the short term. Many of the funds that the team manage do have an income bias and the team have successfully maintained an attractive income for investors over this volatile investment period led by the COVID-19 disruption.

## Products

We continue to develop our business through the addition of new investment talent and by evolving our product range to meet significant client demand.

In December 2019 the Group launched the Premier Miton Managed Index Balanced Fund which is managed by Wayne Nutland. Wayne joined the Group from HSBC where he managed substantial multi-asset portfolios investing in exchange traded funds. The new fund offers further multi-asset choice to advisers and their clients.

Duncan Goodwin joined in January 2020 to manage a global sustainable equity growth strategy. Although it is still early in the process, we are very pleased to note the much improved performance on both of the global equity portfolios under Duncan's stewardship.

In March 2020 we launched our own no cost online portal for advisers, known as Connect. Connect allows advisers to hold our funds on our online portal with no additional fees thereby reducing the overall cost of investing in our funds for investors.

On 10 August 2020 we welcomed Lloyd Harris, Simon Prior and Rob James to an expanded fixed income team. This is an exciting development for our business whereby we can offer a wider range of fixed income funds to our clients. Following their arrival, we launched two new products: Premier Miton Strategic Monthly Income Bond Fund, that sits

in the IA Sterling Strategic Bond sector, and the Premier Miton Financials Capital Securities Fund, that sits in the IA Specialist sector.

On 1 October 2020 Alan Rowsell joined the Group from Aberdeen Standard Investments. Alan will manage a new global smaller companies fund planned for launch in Q1 2021, subject to FCA approval. A highly active global smaller companies fund fits well into our product mix and plays to our strengths as a business. It will offer our investors access to the growth opportunities within the smaller companies universe. We now have a highly credible global equity offering for clients, alongside Duncan Goodwin's newly rebranded Global Sustainable Alpha Growth Fund and Jim Wright's Global Infrastructure Income Fund.

### Distribution

During the year we refined our two specialist distribution teams. These teams are grouped according to two focus areas: the UK wealth manager market (typically equity and fixed income fund focused) and the UK adviser market (typically multi-asset fund focused). We have purposely resourced each team to meet the sales opportunities ahead and have developed a sales and marketing framework to focus on key products where we believe we will achieve the best net flow results.

### Regulation

The Senior Managers and Certification Regime ('SM&CR') came into effect on 9 December 2019 and aims to strengthen market integrity by making individuals more accountable for their conduct and competence. We see it as an opportunity to continue to build a healthy culture through a robust governance framework and the appointment of

clear responsibilities. As part of the implementation of SM&CR, we have agreed which roles and staff fall within each level – senior managers, certification regime and those who are subject to the new individual conduct rules.

### Corporate Social Responsibility ('CSR')

During the year the Group continued to develop its CSR to allow us to play a positive, active and growing role in building a more sustainable future whilst promoting the successful business performance of the Group. Our CSR approach is designed to cover four areas: responsible investing (investing our clients' money in a responsible way); our team (making Premier Miton a good place to work including by promoting diversity and inclusion, wellbeing and personal development); environmental responsibility (managing our business to help tackle climate change); and community responsibility (engaging with charities and community/volunteer work).

In August, we submitted Premier Miton's first annual CDP climate change report. CDP runs a global disclosure system for corporate environmental reporting. We believe that disclosure is an essential step to drive positive environmental action. Each year the programme requests information on greenhouse gas emissions, energy use and the risks and opportunities from climate change. More and more investors are requesting companies to disclose their environmental position and data through CDP and we believe taking part in this disclosure process fits with our CSR approach.

### Outlook

The economic environment continues to be impacted by COVID-19 with central banks doing everything they can to provide stimulus. It seems likely that the economic recovery will be fragile, and dependent on both unemployment figures and any further lockdown restrictions. Financial markets continue to be buoyed by central banks rather than the traditional metric that might demonstrate the health of an economy.

In this environment, we believe strongly that there is an opportunity for active management to perform well for investors. We have a balanced range of funds at Premier Miton backed up by a strong team across all areas of the

business. We are working hard to emerge from this crisis having done a great job for investors through genuinely active asset management across our open ended funds, investment trusts and portfolio management service.

Although the outlook remains unclear, we should be encouraged by the excellent long and short-term performance of many of our active fund managers, despite the extreme market disruption. We should also be encouraged by the conviction expressed by our fund managers that the post coronavirus environment will prove to be a great opportunity for active managers, active management companies and very importantly for our clients.

We now have a strong and scalable operating platform, a focused distribution and marketing team, excellent investment products and, of course, great people throughout the organisation. I see exciting growth opportunities across our range for both new and established funds and believe that Premier Miton is well positioned for the future.

**Mike O'Shea**  
Chief Executive Officer  
25 November 2020

# PRODUCT OVERVIEW

Strategy	AuM 31 Mar 2019 £m	AuM 30 Sept 2019 £m	AuM 14 Nov 2019 £m	AuM 30 Sept 2020 £m	Fund manager(s)	Year of launch/ tenure	Quartile <sup>4</sup>
<b>Equity funds</b>							
LF Miton UK Multi Cap Income Fund			1,067	<b>837</b>	Gervais Williams/Martin Turner	2011	1
LF Miton UK Smaller Companies Fund			71	<b>66</b>	Gervais Williams/Martin Turner	2012	1
LF Miton US Opportunities Fund			650	<b>834</b>	Nick Ford/Hugh Grieves	2013	2
LF Miton US Smaller Companies Fund			136	<b>219</b>	Nick Ford/Hugh Grieves	2018	1
LF Miton UK Value Opportunities Fund			417	<b>347</b>	Andrew Jackson	2016	1
LF Miton European Opportunities Fund			811	<b>1,897</b>	Carlos Moreno/Thomas Brown	2015	1
LF Miton Global Infrastructure Income Fund			35	<b>43</b>	Jim Wright	2017	2
LF Miton Worldwide Opportunities Fund			56	<b>44</b>	Nick Greenwood	2003	2
FP Miton Income Fund <sup>1,2</sup>			165	-			
Premier Income Fund	347	302	294	<b>184</b>	Eric Moore <sup>5</sup>	2020	4
Premier Monthly Income Fund	208	190	192	<b>250</b>	Eric Moore <sup>5</sup>	2020	4
Premier Optimum Income Fund	105	96	97	<b>56</b>	Eric Moore <sup>5</sup> /Geoff Kirk	2020	4
Premier Ethical Fund	158	146	150	<b>160</b>	Jon Hudson/Benji Dawes	2019	1
Premier UK Growth Fund	118	121	125	<b>132</b>	Jon Hudson/Benji Dawes	2017	1
Premier Pan European Property Share Fund	272	262	280	<b>176</b>	Alex Ross	2005	n/a
Premier Global Alpha Growth Fund	111	107	107	<b>101</b>	Duncan Goodwin	2020	1
Premier Global Infrastructure Income Fund	69	66	65	<b>43</b>	Jim Wright	2020	4
Premier Global Optimum Income Fund	21	22	22	<b>15</b>	Duncan Goodwin/Geoff Kirk	2020	1
	1,409	1,312	4,740	<b>5,404</b>			
<b>Fixed income funds</b>							
Premier Corporate Bond Monthly Income Fund	48	48	47	<b>82</b>	Lloyd Harris/Simon Prior	2020	2
Premier UK Money Market Fund <sup>1</sup>	263	215	226	<b>185</b>	Chun Lee/Hoy Wan	2019	3
Premier Miton Financials Capital Securities Fund				<b>64</b>	Lloyd Harris/Rob James	2020	n/a
Premier Miton Strategic Monthly Income Bond Fund				<b>55</b>	Lloyd Harris/Simon Prior	2020	3
Premier Defensive Growth Fund	374	313	258	<b>100</b>	Robin Willis/Daniel Hughes	2019	n/a
	685	576	531	<b>486</b>			
<b>Investment trusts</b>							
The Diverse Income Trust plc			355	<b>322</b>	Gervais Williams/Martin Turner	2011	2
Miton Global Opportunities plc			76	<b>71</b>	Nick Greenwood	2003	3
Miton UK MicroCap Trust plc			68	<b>70</b>	Gervais Williams/Martin Turner	2015	3
Acorn Income Fund Limited	98	96	98	<b>81</b>	Lee/Willis/Unicorn AM	1999	1
Premier Global Infrastructure Trust plc	52	54	55	<b>55</b>	James Smith	2012	1
	150	150	652	<b>599</b>			
<b>Segregated mandates</b>							
MI Select Managers UK Equity Fund			1	-			
Sentinel Universal Portfolio	86	95	99	-			
Sentinel Defensive Portfolio	73			-			
	159	95	100	-			

Strategy	AuM 31 Mar 2019 £m	AuM 30 Sept 2019 £m	AuM 14 Nov 2019 £m	AuM 30 Sept 2020 £m	Fund manager(s)	Year of launch/ tenure	Quartile <sup>4</sup>
<b>Multi-asset funds</b>							
LF Miton Cautious Multi Asset Fund			473	431	David Jane/Anthony Rayner	2014	1
LF Miton Defensive Multi Asset Fund			58	56	David Jane/Anthony Rayner	2014	1
LF Miton Balanced Multi Asset Fund			2	2	David Jane/Anthony Rayner	2018	3
Premier Miton Cautious Monthly Income Fund <sup>1,3</sup>			262	200	David Jane/Anthony Rayner	2011	2
Premier Multi-Asset Absolute Return Fund	250	207	191	146	Multi-manager team	2009	n/a
Premier Multi-Asset Conservative Growth Fund	130	131	130	112	Multi-manager team	2010	4
Premier Multi-Asset Monthly Income Fund	722	737	731	560	Multi-manager team	2009	1
Premier Multi-Asset Distribution Fund	1,460	1,517	1,513	1165	Multi-manager team	1999	3
Premier Multi-Asset Growth & Income Fund	899	885	863	657	Multi-manager team	2010	1
Premier Multi-Asset Global Growth Fund	205	202	200	156	Multi-manager team	2012	1
Premier Liberation No. IV Fund	151	154	152	121	Multi-manager team	2012	1
Premier Liberation No. V Fund	174	179	178	144	Multi-manager team	2012	1
Premier Liberation No. VI Fund	102	103	101	71	Multi-manager team	2012	3
Premier Liberation No. VII Fund	40	41	40	31	Multi-manager team	2012	3
Premier Diversified Growth Fund	173	180	184	185	Neil Birrell	2013	1
Premier Diversified Income Fund	32	33	34	29	Neil Birrell	2017	2
Premier Diversified Balanced Growth Fund	15	16	16	16	Neil Birrell	2019	3
Premier Diversified Cautious Growth Fund	15	17	17	16	Neil Birrell	2019	2
Premier Diversified Dynamic Growth Fund	18	19	19	18	Neil Birrell	2019	1
Premier Managed Index Balanced Fund				1	Wayne Nutland	2019	3
Premier Portfolio Management Service	4	2	4	2	PPMS Investment Committee		
	4,390	4,423	5,168	4,119			
<b>Total AuM</b>	<b>6,793</b>	<b>6,556</b>	<b>11,191</b>	<b>10,608</b>			

1 Denotes a unit trust

2 FP Miton Income Fund merged into the Premier Monthly Income Fund by way of a scheme of arrangement in accordance with FCA regulations on 25 September 2020

3 Premier Miton Cautious Monthly Income Fund changed its name on 1 August 2020, formerly the MI Miton Cautious Monthly Income Fund

4 The quartile performance rankings are based on Investment Association sector classifications where applicable, with data sourced from FE Analytics using the main representative post-RDR share class, based on a total return, UK sterling, mid-to-mid basis for OEIC funds and bid-to-bid for unit trusts (Premier Miton Cautious Monthly Income Fund and Premier UK Money Market Fund). All data is as at 30 September 2020 and the performance period relates to when the fund launched or the assumed tenure of the fund manager(s). Performance for investment trusts is calculated on Net Asset Value ('NAV'), ranked against the relevant Morningstar category for each investment trust, and is sourced from Morningstar Direct. Performance for Miton Global Opportunities plc and Acorn Income Fund is quoted over ten years

5 On 19 November 2020, Emma Mogford was appointed as the fund manager to this fund

## MARKET REVIEW

# DELIVERING MARKET REFLECTIONS: NEIL BIRRELL

These have been incredibly challenging times in which to invest in financial markets. The fall-out from COVID-19 has led to some extraordinary movements in prices.

**Neil Birrell**  
CIO and Fund Manager

### Freedom to perform

Of the many things that we have experienced and learnt from financial markets over the last 12 months many of them have just been reminders of what has happened in the past, except on a bigger scale. That applies to bond and equity markets, currencies, gold, oil and almost every asset class you could name. Prices moved at a speed rarely seen before, both on the way down and the way up.

The differences within asset classes were stark as well. We have witnessed the continuing climb in the prices of supercharged stocks such as Apple, Amazon, Tesla and a group of other technology and communications companies in the US, through to the demise of airlines and restaurant groups, with every conceivable experience in between.

In April the price of the May futures contract for West Texas Intermediate (a crude oil that serves as one of the main global oil benchmarks) turned negative, the first time any of us have seen such a move. There were truly extraordinary events taking place in markets that reflected the truly extraordinary events that were taking place in society and the economy around the world. In that sort of environment we believe it is really important that those responsible for managing financial assets have the freedom to make active investment decisions, rather than being tied to a specific index.



**Neil Birrell**  
CIO and Fund Manager

At Premier Miton we believe it is vital to provide the appropriate freedom for our fund managers to perform. They are not constrained by benchmarks or tracking error limits or by centralised house views or a firm-wide investment style. We simply want them to have a clear and proven investment strategy that can deliver good results for investors. This does limit the talent pool of investment managers available to us, but that is fine. We are only looking to retain and hire the very best active managers in their respective asset classes.

We also want our fund managers to remain as unencumbered by the requirements of a modern day fund management business as possible. We aim to provide whatever it is they need to help them successfully manage their funds including investment analysts, access to relevant external research, technology, market and security data and risk and performance analysis. We also ensure there are the right product and investment governance policies and procedures that meet the requirements and expectations of our own business, relevant regulations and our clients. In this way, as a client-focused, investment-led firm, our business platform is structured to support the best active managers and give them the time to deliver great investment outcomes for our clients.

### Having the courage to follow convictions

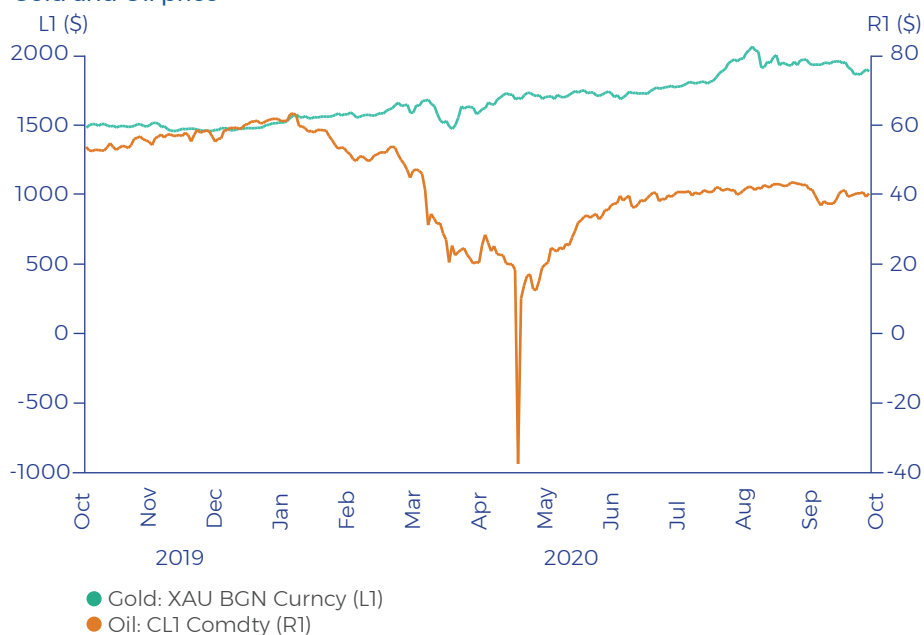
Managing funds in the market conditions we have been through is a difficult task. It can also be quite a lonely one, particularly if located at home rather than in an office surrounded by colleagues. Our fund managers are all part of wider teams, but nonetheless these have been challenging times.

### Extraordinary market moves

Market capitalisation of Apple versus FTSE 100



### Gold and Oil price



# MARKET REVIEW

CONTINUED

However, we always remain focused on meeting the specific investment objectives and producing attractive returns for investors for each of the funds, trusts and portfolios that we are managing on behalf of our clients. Our fund managers are experienced and talented individuals empowered to make important and appropriate decisions in difficult circumstances.

There have been many examples of this over the period and it is worth outlining some, as they give a feel for how decision-making in stressed market environments is a crucial part of our job.

Gervais Williams, our Head of Equities, and Martin Turner manage a range of UK multi-cap income and smaller cap portfolios. They think quite differently about how to manage money from the consensus, with a key focus on stock selection and building portfolios with low levels of correlation within them. As part of their investment strategy, they held put options on the FTSE 100 Index which would make money for clients if the value of the index fell. Through last year as markets rose, they had enough conviction to keep holding the put option positions. This insurance policy paid out handsomely when the market fell heavily in the spring as a result of the coronavirus disruption. At this time the investment

and economic outlook was bleak. Society was locked down, economies were collapsing and investors were panicking, and this was exactly the time you would want to own put options. But Gervais and Martin had the clarity of thought and the conviction in the great opportunities they could see in the market to sell the put options. This had the immediate double benefit of locking in a profit at a time of maximum pain and providing a sizeable amount of cash to invest in their favoured companies; buying great assets at distressed prices.

Hugh Grieves and Nick Ford manage Premier Miton's US equity funds, the LF Miton US Opportunities Fund and the LF Miton US Smaller Companies Fund. After the 2008 financial crisis inspired a sell-off and recovery in equity markets, they promised themselves that they would have the conviction to back the self-healing qualities of the US economy and the entrepreneurial nature of US businesses to drive a rapid recovery in the economy and equity market. Through the market turmoil they increased the cyclical and small cap exposure in the LF Miton US Opportunities Fund and bought more cyclically exposed growth companies as the economy contracted in the LF Miton US Smaller Companies Fund. Investors in their funds should be



pleased that their memory was clear and their conviction was high.

David Hambidge and his investment team managed the credit exposure in our multi-asset, multi-manager income funds to great effect. In the early stages of the market sell-off, bond markets held firm but as the stress rose, so did correlations. Even US Treasuries were highly correlated with the S&P 500 Index for a time, falling in price as far and as fast. David and his team sold a large part of the credit exposure in their income funds prior to this, anticipating what would happen. Holding cash at such uncertain and volatile times can be helpful for a portfolio but it is vital to know when to put the money back to active work. The team bought back into largely the same assets at much lower prices, buying back a secure income stream at attractive yields. This high conviction and active approach provided strong mitigation to the cuts in equity dividends, meaning investors in the funds will not suffer any significant loss of income.

We are delighted that we have lots of very different examples of genuinely active management during this challenging year that benefited our investors in the funds. But we are also aware of the many instances of another form of active management, where our fund managers' decision to continue holding positions was the right decision. We are long term investors and looking through the stress can be as important as reacting to it.

### **A collaborative approach**

It is always interesting to hear the discussions that take place within the different investment teams and also between our different teams. This has never been more the case than through the roller coaster of 2020. Fund managers are rarely short of opinions on their

own specialist areas or those of their colleagues. This leads to good, healthy debate – and clearly we do not expect all of our fund managers to agree all of the time.

There is good reason why our European equity team can provide valuable insight for their UK equity investment colleagues, and why our fixed income managers can help inform our listed infrastructure managers with their thoughts on bond yields. Furthermore, our experienced and expert dealing desk provides the eyes and the ears for what is going on throughout the day within the investment markets.

However, it is not just the collegiate approach within the investment team we care about, it is also the collaboration with all other areas of the business. It is important that there is a productive relationship with the marketing team, they are the ones bringing the investment story to life and projecting the company overall. Similarly, our business development team is on the front line informing our adviser and wealth manager clients about our investments and investment views. We all need to work closely together to effectively deliver for our clients. Inevitably, governance is crucial in a regulated industry, so we ensure that we have our compliance and risk teams working very closely with the investment team and not just overseeing it.

The risk team provides the oversight required to make sure the funds are being managed inside the relevant investment parameters but are also proactive in discussing the risk profile of funds with the fund managers, providing key insights that form part of their decision-making process.

2020 is clearly likely to be remembered for the coronavirus pandemic but we see continued economic, social and investment uncertainty for the foreseeable future. This means continued challenging times ahead for investors, at a time when more and more investors face greater individual responsibility for their own savings and pensions. In this environment we believe Premier Miton's focus on genuinely active management, backed by high conviction and independent investment teams, means we are well placed to deliver for our clients over the long term.

We also recognise the growing need to deliver through our approach to sustainability and responsible investing. I am working closely with our head of responsible investing and investment teams as we continue to make progress in integrating environmental, social and governance factors in our investment processes, as well as continuing to grow our range of specialist UK and global sustainable growth and income funds.

The combination of our active investment approach, the strength of our investment team and our progressive plans to continue to develop our business means I am very optimistic we can continue to deliver for our clients in the future. We continue to work hard to ensure Premier Miton is one successful team focused on providing good outcomes for our clients.

**Neil Birrell**  
CIO and Fund Manager  
25 November 2020

# OUR STRATEGIC OBJECTIVES

## STRATEGIC PRIORITIES

### 1 PRODUCT AND PERFORMANCE

#### OBJECTIVE

Deliver a differentiated range of actively managed investment strategies with clear objectives that meet our clients' needs

Grow and diversify the Group's AuM

#### PROGRESS IN 2020

- Strong investment performance across the Group's product range
- Merger with Miton Group plc completed on 14 November 2019 adding 16 products and £4.7bn AuM
- Launched the Premier Miton Managed Index Balanced Fund in December 2019. This fund offers additional choice within the multi-asset range
- Launched global sustainable equity strategy following the arrival of a new fund manager in January 2020
- Further diversification of our product capabilities with the onboarding of a new fixed income team in August 2020
- Successful launch of two additional products in September 2020: the Premier Miton Financials Capital Securities Fund and the Premier Miton Strategic Monthly Income Bond Fund

### 2 DISTRIBUTION AND CUSTOMER SERVICE

Provide the highest levels of transparent and straightforward customer service

Build our brand and market share

Provide engaging market commentary and thought leadership

- Strong net inflows across our single strategy funds
- Launched the Connect platform in March 2020, a no cost online portal for advisers, aimed at reducing the overall cost of investing in our funds for investors
- Refocusing of the sales and marketing teams to ensure the right focus on our different distribution channels and the delivery of an enhanced client engagement programme
- New website currently in development
- CRM systems in advanced stages of being consolidated into a single instance

### 3 OPERATIONS AND EFFICIENCY

Operational excellence and best practice execution

- On 24 April 2020 all fund management moved to a single entity, thereby moving all of the Group's investment teams under one corporate umbrella
- Continued to adhere to a disciplined approach to cost control
- Ongoing preparation for the transition to one Authorised Corporate Director ('ACD'), currently planned to complete at the end of November 2020
- Ongoing harmonisation of fund names across the Group, to be prefixed with 'Premier Miton'

### 4 STAKEHOLDER VALUE

Increase shareholder value

Deliver sustainable and durable growth in our business

- Adjusted profit before tax<sup>1</sup> for the year ('PBTA') was £22.4 million, achieving an adjusted profit margin<sup>1</sup> of 33.5% (2019: 39.1%)
- £7 million of annualised recurring synergies identified as part of the merger
- Submission of first annual CDP climate change report for corporate environmental reporting
- Refinement of our CSR approach designed to cover four areas: responsible investing, our team, environmental responsibility and community responsibility

## FUTURE FOCUS

- Foster an environment and culture that empowers our people to deliver value for our clients through long-term investment performance
- Continue to deliver clear outcomes and meet our clients' changing requirements
- Continue to develop and grow our early-stage investment products
- Provide best-in-class risk management and compliance support

- Continue to seek out, cultivate and invest in the best talent across all levels of the business
- Retain a distribution framework that can capitalise on growth opportunities
- Continue to ensure client communications are clear and transparent
- Widen the Group's digital offering and develop our digital assets
- Ensure our products represent value for money and are competitively priced

- Continue to maintain disciplined cost control coupled with selective expenditure on growth opportunities
- Straightforward, accountable decision-making
- Ensure our operating platform keeps pace with regulatory change
- Continue to build stable and scaleable operating processes

- Ensure durability in the Group's revenue generation
- Continue to grow the Group's operating cash flow
- Ensure the Group's KPIs are embedded across our remuneration policies
- Maintain appropriate levels of cash to be able to act upon investment opportunities and support the business in the event of a downturn
- Continue to grow the operating margin and exhibit economies of scale

## KPIs<sup>2</sup>

### Investment performance

**65%**

of funds 1st or 2nd quartile at the year end since manager tenure:

1st: 47% 2nd: 18% 3rd: 23% 4th: 12%

### AuM

**+62%** increase in the year

2020: £10,608m

2019: £6,556m

### Net inflows / (outflows)

**£(619)m**

2019: £(306)m

### Adjusted profit before tax<sup>1</sup>

**£22.4m**

2019: £19.0m

### Dividend per share

**4.5p final (proposed)**  
**2.5p interim**

2020: 7.0p total dividend

2019: 10.5p total dividend

### Adjusted earnings per share (basic)

**12.46p**

2019: 15.10p

## RISKS

### Internal

- Key personnel risk (the loss of, or inability to recruit and retain key personnel)
- Inability to sustain strong investment performance

### External

- Factors impacting performance, such as a market setback or geopolitical turbulence
- Regulatory changes impacting the Group's ability to achieve desired performance levels

### Internal

- Key personnel risk
- Failure to adequately predict or foresee client requirements/service levels

### External

- A pronounced shift in investor demographics/client demand away from active-based investing or certain asset classes
- Regulatory changes affecting the Group's ability to reach new clients and distribution channels
- Exogenous changes to UK distribution trends via platforms/IFAs

### Internal

- Deficiencies in internal processes and/or systems
- Fraudulent staff behaviour, employee misconduct

### External

- Cost fluctuations from changes in the regulatory environment
- Third party risk/deterioration in service levels
- Security breaches
- Cyber security threats and associated spend requirements

### Internal

- Large redemptions from key clients at short notice

### External

- Increased costs due to external influences
- Changes in investor demographics/client demand for active investment products
- Turbulence in the economy impacting on the Group's AuM growth

<sup>2</sup> Note that the comparative figures refer to Premier Asset Management Group plc

## OPERATING MODEL AND INFRASTRUCTURE

# 2020 REPRESENTS A TRANSFORMATIONAL YEAR FOR THE GROUP

The integration of the Miton business will be largely completed before the end of the 2020 calendar year.

### Recap of merger rationale

- increased number of investment strategies offered to our clients
- complementary investment capabilities with limited product overlap
- creation of a diversified asset manager
- greater scale and resilience
- reduction of key person risk across the investment team
- strong cultural alignment
- enhanced distribution channels
- broadened client relationship base
- recurring synergies of £7 million per annum

### Key Progress

- on 15 November 2019 the new personality of our business was launched under the brand of Premier Miton Investors
- in March 2020 we completed the amalgamation of central head office functions
- on 24 April 2020 we consolidated the investment management functions
- in August 2020 we refined our sales and client service teams to focus on two distinct client groups: UK wealth managers and advisers
- by the end of the 2020 calendar year we expect to finalise the alignment of operating models (as in-house ACD)

### COVID-19

- On 5 March 2020 the Group established a COVID-19 Committee, meeting on a weekly basis.
- From 16 March 2020 the Group transitioned to remote working. No material business expenditure was required for the transition.
- Business continuity arrangements to support this transition were already in place and operated as planned.
- Increased use of video conferencing software to facilitate both client and internal meetings.
- There has been no disruption to the operating model of the business due to COVID-19, nor interruption to the progress of the merger.

### Operating platform

- The former Premier business operated through an in-house Authorised Corporate Director ('ACD') model with Northern Trust providing fund accounting and depositary services. The former Miton business operated through an outsourced ACD arrangement with three service providers undertaking these roles. The harmonisation of the operating models to bring the ACD functions in-house is progressing well:
  - The MI Miton Cautious Monthly Income Fund transferred to the in-house model on 31 July 2020;
  - FP Miton Income Fund merged with the Premier Monthly Income Fund on 24 September 2020; and
  - Transition of the Link administered funds is anticipated to be completed by end of the 2020 calendar year.
- Both businesses utilise Bloomberg AIM as the portfolio order management system. During the year, the underlying databases were consolidated into a single instance.
- Centralised dealing processes have been harmonised and rolled out across the wider Group.
- Both former businesses utilise Salesforce as their distribution and client relationship management solution. Ongoing work is being completed to align this into a single instance which will assist our sales team in ensuring our clients' needs are managed accordingly.
- The merger provides the opportunity to invest further in digital initiatives to enhance client service and distribution:
  - In March 2020 the Connect platform was launched, a no cost online portal for advisers aimed at reducing the overall cost of investing in our funds for investors.
  - A new website is currently being developed to provide a unified online presence with improved accessibility and content delivery to our clients.
- Harmonisation of remuneration structures across the Group has commenced.
- The Petty France London office lease has been terminated.

## Distribution

- The structure of the sales team was refined in August 2020, with a combined number of 20 individuals at the year end.
- The average relevant industry experience of the field-based team is 18 years.
- The team is structured functionally according to two areas: the UK wealth manager market (typically equity and fixed income fund focused) and the UK adviser market (typically multi-asset fund focused).
- We have purposely resourced each team to meet the sales opportunities ahead and will allocate resources accordingly.
- We have developed a sales and marketing framework to allocate efforts to products with the highest net flow prospects.
- The sales team remains client-centric and is geographically structured to provide comprehensive coverage throughout the United Kingdom.
- Dedicated sales support function.

## Cyber Security

- Multiple layers of security exist across the Group's network to protect against heightened risks of malware, ransomware and phishing attacks and data exfiltration.
- The Group maintains a disaster recovery site in Farnborough and a fully operational disaster recovery office in Reading.
- The Group's disaster recovery plan and processes have been consolidated into a single instance.
- Regular testing of the Group's cyber security arrangements are undertaken, this includes external network penetration testing against all endpoints three times a year. Monthly email phishing campaigns are undertaken for all staff along with weekly email updates to all staff provided by a third-party supplier.

## FINANCIAL REVIEW

# BUILDING A SCALABLE AND SUSTAINABLE OPERATING MODEL

Adjusted profit before tax \*

## £22.4m

2019: £19.0m

### Financial performance

Profit before tax decreased to £9.6 million (2019: £13.7 million). The decline in profit before tax is after the inclusion of £4.5 million of non-recurring costs associated with the merger with Miton Group plc coupled with a charge of £3.1 million relating to the amortisation of intangible assets recognised on completion of the merger.

Adjusted profit before tax \*, which is after adjusting for amortisation, share-based payments, merger related costs and exceptional costs increased to £22.4 million (2019: £19.0 million).



**Piers Harrison**  
Chief Financial Officer

### Adjusted profit and profit before tax

	2020 £m	2019 £m	% Change
Net revenue	66.8	48.6	37.4
Administrative expenses	(44.4)	(29.6)	50.0
<b>Adjusted profit before tax *</b>	<b>22.4</b>	19.0	18.0
Amortisation	(4.5)	(1.5)	
Share-based payments	(3.6)	(2.6)	
Merger related costs	(4.5)	-	
Exceptional costs	(0.2)	(1.2)	
<b>Profit before tax</b>	<b>9.6</b>	13.7	(29.9)

\* These are Alternative Performance Measures (APMs). See page 23 for further detail

### Assets under Management \* ('AuM')

AuM ended the year at £10,608 million (2019: £6,556 million). The increase was predominantly due to the merger with Miton Group plc which added £4,701 million of AuM at 14 November 2019. The Group's average AuM for the year was £10,110 million (2019: £6,695 million), the elevated levels of average AuM have driven the increase of 37.6% in the net management fees to end the year at £66.6 million (2019: £48.4 million).

The Group's revenue represents management fees generated on the assets being managed by the Group.

As noted at the half year, market turbulence from the COVID-19 pandemic created volatility in the Group's revenue base arising from the falls in

the underlying market valuations and the resulting AuM managed by the Group. At 31 March 2020 the Group's AuM had reduced to £9,145 million before recovering to end the year at £10,608 million.

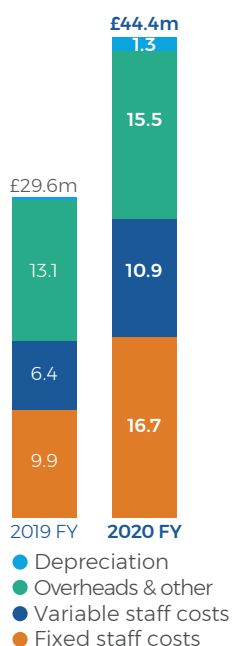
The Group's net management fee margin for the year was 65.9 basis points (2019: 72.3 basis points). The merger with Miton Group plc brought a lower average margin business, due to product mix along with a different operating model. The margin for the former Miton funds is reported after the deduction of associated Authorised Corporate Director ('ACD') and fund accounting fees. The Miton funds are expected to move to the in-house ACD model by the end of the calendar year.

### Net revenue

	2020 £m	2019 £m	% Change
Net management fees <sup>1</sup>	66.6	48.4	37.6
Other income	0.2	0.2	-
<b>Net revenue</b>	<b>66.8</b>	<b>48.6</b>	<b>37.4</b>
Average AuM <sup>2</sup>	10,110	6,695	51.0
<b>Net management fee margin <sup>3</sup> (bps)</b>	<b>65.9</b>	<b>72.3</b>	<b>(8.9)</b>

- 1 Being gross management fee income less trail/rebate expenses and the cost of fund accounting and external ACD fees for the former Miton fund range  
2 Average AuM is calculated based on monthly closing AuM  
3 Net management fee margin represents net management fees divided by the average AuM

### Administration expenses



### Administration expenses

Administration expenses (excluding share-based payments) totalling £44.4 million (2019: £29.6 million) were 50.0% higher than in 2019. The increase reflects the inclusion of ten and a half months of costs associated with Miton since the merger completed.

As is common for many financial services businesses, the largest component of administration expenses were staff costs, these consist of both fixed and variable elements.

The fixed staff costs, which includes salaries and associated national insurance, employers' pension contributions and other indirect costs of employment increased to £16.7 million (2019: £9.9 million).

The rise reflects the increase in the average headcount for the year from 108 in 2019 to 150, this was primarily due to the merger.

On completion of the merger, the Group had 161 full-time staff including Non-Executive Directors, as at the year end this had fallen to 149. The reduction is due to restructuring of the business completed post-merger whilst still adding to the talent across the Group, most recently with the hire of a five-strong fixed income team who joined before the year end.

Variable staff costs totalled £10.9 million (2019: £6.4 million). Included within this are general discretionary bonuses, sales bonuses and bonuses in respect of the fund management teams, plus associated employers' national insurance. These costs move in line with the net revenues of the Group and the adjusted profit before tax.

Overheads and other costs totalled £15.5 million (2019: £13.1 million) being 23.2% of net revenue (2019: 27.0%).

# FINANCIAL REVIEW

CONTINUED

## Administration expenses

	2020 £m	2019 £m	% Change
Fixed staff costs	16.7	9.9	68.7
Variable staff costs	10.9	6.4	70.3
Overheads and other costs	15.5	13.1	18.3
Depreciation – fixed assets	0.6	0.2	200
Depreciation – leases	0.7	–	N/a
Administration expenses	44.4	29.6	50.0

The core elements of overheads and other costs are, fund administration costs where the Group acts as ACD, office costs, compliance, IT, irrecoverable VAT and sales and marketing costs. The latter of which saw a reduction in expenditure in the year arising from the restrictions due to COVID-19.

### Merger

The merger with Miton Group plc was effected by way of a scheme of arrangement and satisfied through the issuance of new shares. The fair value of the equity consideration is reflected in shareholders' equity with the creation of a merger reserve. In accordance with IFRS 3, the Group has recognised an intangible asset of £24.8 million for the investment management agreements held by Miton. This asset is being amortised over seven years and has resulted in the increase in the amortisation charge for the year. See note 11 for further detail.

### Share-based payments

The share-based payment charge for the year was £3.6 million (2019: £2.6 million).

As at 30 September 2020 the Group's Employee Benefit Trusts ('EBTs') held 9,921,565 ordinary shares representing 6.3% of the issued ordinary share capital (2019: 4,642,830 shares).

At the year end the outstanding awards totalled 9,319,115 (2019: 4,618,333). The increase reflects 4,130,000 awards issued during the year (2019: 1,733,333) along with the outstanding awards in the former Miton schemes which were converted at the merger exchange ratio of 0.30186 on 14 November 2019. See note 22 for further detail.

### Exceptional costs and merger related non-recurring costs

Merger related and exceptional costs incurred in the year amounted to £4.7 million (2019: £1.2 million).

Of this balance £4.5 million related to the merger. See note 4 for further detail. As set out in the Scheme Document released on 17 September 2019, the Group anticipated incurring £10 million of non-recurring costs to achieve annualised synergies in year three after the merger of £7 million.

A component of the FCA FSCS levy costs in 2019 totalling £0.4 million were presented as exceptional. FSCS levy costs for the current year totalled £1 million, these have been presented within administration expenses.

### IFRS 16 'Leases'

The Group commenced accounting for IFRS 16 from 1 October 2019 and now recognises a right-of-use ('ROU') asset and a corresponding lease liability in the balance sheet. At the year end the Group had a ROU asset of £2.4 million and a lease liability of £2.9 million.

The nature of the expense has also changed with the recognition of a depreciation charge to unwind the ROU and an interest expense on the lease liabilities rather than a lease rental expense as in previous years. Lease rental payments are now reflected in the cash flow statement under financing activities as and when they are paid.

### Capital management

At 30 September 2020 the cash balances of the Group totalled £36.0 million (2019: £20.7 million). Included within this balance was £1.7 million (2019: £1.3 million) in trading account cash balances. The trading account cash balance relates to the designated bank accounts that are used for the settlement of trades in the open-ended funds operated by Premier Portfolio Managers Limited. The Group has no external bank debt.

### Dividends

Dividends totalling £11.7 million were paid in the year (2019: £10.6 million). See note 24 for further details.

During the year the Board moved to the adoption of an interim and final dividend distribution frequency, aligning it with the Group's reporting calendar.

The Board is recommending a final dividend payment of 4.5p per share bringing the total dividend payment for 2020 to 7.0p per share (2019: 10.5p). If approved by the shareholders at the Annual General Meeting on 3 February 2021, the dividend will be paid on 12 February 2021 to shareholders on the register at the close of business on 15 January 2021.

The Group seeks to maintain a dividend policy that targets an ordinary dividend payout of approximately 50% to 65% of profit after tax, adjusted for exceptional costs, share-based payments and amortisation.

### Shareholders' equity

Total shareholders' equity as at 30 September 2020 was £129.7 million (2019: £45.3 million).

### Going concern

The Directors have assessed the prospects of the Group over a period of three years after the balance sheet date, rather than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 30 September 2023. The Directors' assessment has been made with reference to the Group's current position and strategy, the Board's appetite for risk, the Group's financial forecasts, and the Group's principal risks and how these are managed, as detailed in the Strategic Report.



The Directors have also reviewed and examined the financial stress testing inherent in the Internal Capital Adequacy Assessment Process ('ICAAP').

The three-year period is consistent with the Group's current strategic forecast and ICAAP. The forecast considers the Group's profitability, cash flows, dividend payments and other key variables. Sensitivity analysis is also performed on certain key assumptions used in preparing the forecast, both individually and combined, in addition to scenario analysis that is performed as part of the ICAAP process, which is formally approved by the Board.

### Alternative Performance Measures ('APMs')

The Directors use the following APMs in evaluating the performance of the Group and for planning, reporting and incentive-setting.

	Unit	Reconciliation	Used in management appraisals	Aligned with shareholder returns	Strategic KPI (page 17)
<p><b>Adjusted profit before tax (described in 2019 as 'underlying earnings before tax')</b></p> <p><b>Definition:</b> Profit before taxation, amortisation, share-based payments, merger related costs and exceptional costs.</p> <p><b>Purpose:</b> Except for the above costs, this encompasses all operating expenses in the business, including fixed and variable staff cash costs. Provides a proxy for cash generated and is the key measure of profitability for management decision making.</p>	£	Page 20	•	•	•
<p><b>Adjusted profit margin</b></p> <p><b>Definition:</b> Adjusted profit before tax divided by net revenue.</p> <p><b>Purpose:</b> Used to determine the efficiency of operations and the ratio of operating expenses to revenues generated in the year.</p>	%	Page 20	•	•	•
<p><b>Cash generated from operations</b></p> <p><b>Definition:</b> Profit before taxation adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals and items of income or expense associated with investing or financing cash flows.</p> <p><b>Purpose:</b> Provides a measure in demonstrating the amount of cash generated from the Group's ongoing regular business operations.</p>	£	Page 66		•	
<p><b>AuM</b></p> <p><b>Definition:</b> The value of assets that are managed by the Group.</p> <p><b>Purpose:</b> Management fee income is calculated based on the level of AuM managed. The AuM managed by the Group is used to measure the Group's relative size against the industry peer group.</p>	£	Page 11	•	•	•
<p><b>Net management fee</b></p> <p><b>Definition:</b> The net revenue of the Group. Calculated as gross management fee income, less the cost of fund accounting, external ACDs and any enhanced fee arrangements.</p> <p><b>Purpose:</b> Provides a consistent measure of the profitability of the Group and its ability to grow and retain clients, after removing amounts paid to third parties.</p>	£	Page 21		•	
<p><b>Net management fee margin</b></p> <p><b>Definition:</b> Net management fees divided by average AuM.</p> <p><b>Purpose:</b> A measure used to demonstrate the blended fee rate earned from the AuM managed by the Group. A basis point ('bps') represents one hundredth of a per cent, this measure is used within the asset management sector and provides comparability of the Group's net revenue generation.</p>	bps	Page 21	•	•	
<p><b>Adjusted earnings per share (basic)</b></p> <p><b>Definition:</b> Profit after tax excluding amortisation, share-based payments, merger related costs and exceptional costs, divided by the weighted average number of shares in issue in the year.</p> <p><b>Purpose:</b> Provides a clear measure to shareholders of the profitability of the Group from its underlying operations. The exclusion of amortisation, share-based payments, merger related costs and exceptional items provides a consistent basis for comparability of results year on year.</p>	p	Page 79	•	•	•

# PRINCIPAL RISKS

Consistent with many businesses operating in the financial services sector, the Group faces a range of risks and uncertainties that could impact its ability to deliver the strategic objectives.

The governance framework described on pages 40 to 45 sets out how the Group seeks to mitigate, as far as possible, its key risks.

The Group maintains a detailed risk register. Risks are assessed based on the following considerations:

- severity of each risk considering reputational impact, financial impact, and likelihood

- existence of internal controls and risk mitigation factors
- the overall effectiveness of the Group's control environment.

The Audit & Risk Committee and the Board have conducted a robust assessment of the identified principal risks.

KEY RISK	DESCRIPTION	HOW WE MANAGE THE RISK
<b>REPUTATIONAL RISK</b>	Reputational risk can arise from the failure of any key control or from the risks detailed below. The risk is that a failure has a detrimental impact on the Premier Miton brand and underlying confidence of clients, stakeholders or suppliers.	The control environment and risk management practices detailed below help to mitigate the risk of events arising that may have a negative reputational impact. A culture of integrity and core values is embedded in all our business activities. The Group holds regular business updates which are attended by all staff.
<b>ECONOMIC AND MARKET RISK</b>	Economic and market risk arises in relation to the investments held by funds managed by the Group and the revenue generated from the management charge on the value of those assets.	The Group's funds are invested in a wide range of asset classes under different investment mandates including multi-asset, equity and portfolios of collective investment schemes. Market risk is therefore diversified by managing funds investing in a wide range of asset classes. To the extent that asset classes behave differently in times of higher volatility, the Group's AuM and revenues are likely to be less affected than would be the case in a business more focused on a single asset class.
<b>LIQUIDITY RISK</b>	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost.	The Group's objective in managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities as they fall due, under both normal and adverse conditions, without incurring unacceptable losses or risking damage to the Group's reputation.  The Group's policy is to maintain unencumbered cash balances in excess of its regulatory capital requirements, which are based on annual expenditure requirements identified through a rigorous forecasting process.

KEY RISK	DESCRIPTION	HOW WE MANAGE THE RISK
<p><b>REGULATORY RISK</b></p>	<p>The Group operates in a complex and dynamic regulatory environment. Risks arise from legal and regulatory obligations.</p> <p>The Group may be subject to regulatory sanction or loss of reputation from a failure to comply with regulations.</p>	<p>The management of legal and regulatory risk is the responsibility of the Senior Executive Group ('SEG'), supported by the various operating committees that are in place.</p> <p>The governance and compliance teams are responsible for tracking legal and regulatory developments to ensure that the Group is well prepared for changes.</p> <p>As well as developing policies, delivering training and performing monitoring checks, they also provide advice to ensure the Group remains compliant with legal and regulatory requirements.</p>
<p><b>CREDIT RISK</b></p>	<p>The Group is subject to credit risk arising as a result of counterparty exposure in the Group's receivables balances from fund management clients and in relation to cash balances placed with banking institutions.</p>	<p>The creditworthiness of all relevant counterparties is monitored closely. A diversification policy is in place in order to allocate significant cash deposits between suitable institutions. The Funds Risk Committee is responsible for assessing the appropriateness of counterparties transacting on behalf of the funds managed by the Group.</p>
<p><b>OPERATIONAL RISK</b></p>	<p>The risk of loss arising from a failure in internal systems, procedures or in outsourced functions. The fundamental elements of the operational structure are people, information technology including cyber risk, and outsourced services.</p>	<p>The Group seeks to attract and retain the best qualified individuals. Key priorities for technology and systems are to maintain operational performance and reliability. Resilience and security are critical considerations when planning and deploying solutions. Outsourced services are reviewed on a regular basis, with key vendors being subject to the highest level of due diligence and oversight.</p> <p>Comprehensive business continuity planning is in place to ensure the ongoing operation of key business functions in the event of normal systems being interrupted. These arrangements are tested at least annually. The Group seeks to mitigate cyber risk through robust processes and controls, penetration testing, staff training and best-of-breed solutions.</p>

# PRINCIPAL RISKS

CONTINUED

KEY RISK	DESCRIPTION	HOW WE MANAGE THE RISK
<p><b>KEY EMPLOYEE RISK</b></p>	<p>The Group's products are managed by a number of fund managers within clearly defined teams. The departure of a fund manager, or team, could result in a loss of revenue for the Group and therefore a loss of profitability due to client redemptions or loss of mandates resulting in a fall in AuM.</p>	<p>The Group seeks to diversify its product offering, and therefore revenue stream, in order to address this risk as well as having in place appropriate incentive schemes to retain and reward key employees. Where appropriate, the Group maintains a policy to have two named fund managers on each strategy.</p> <p>The Group has robust remuneration mechanisms in place for all employees. See pages 48 to 51 for further detail. The Group actively encourages employee involvement at all levels, both through regular employee briefings and by direct access to managers and the Directors.</p> <p>Equity share incentives are provided to help retain and incentivise senior employees and Directors.</p>
<p><b>INVESTMENT PERFORMANCE RISK</b></p>	<p>The Group acknowledges that there may be periods of weaker investment performance (either in a particular fund or generally) that may result in significant investor redemptions.</p> <p>The Group understands that during such periods of under-performance it is more difficult to attract new clients to these strategies and to retain existing AuM.</p>	<p>In such a scenario this would impact the ability of the Group to grow its AuM, revenue and profitability. The Board and SEG review investment performance on a regular basis, along with input from the Funds Risk Committee and the Product Governance Committee to assess the Group's mix of products. Regular interaction is also maintained with supporting stakeholders such that they understand the performance of the fund(s) in which they are invested.</p>
<p><b>INVESTOR CONCENTRATION RISK</b></p>	<p>A redemption or a series of redemptions by key clients could pose a risk to net revenue and profit. The resultant loss of AuM caused by a departure of a significant investor may increase the volatility of earnings for the Group.</p>	<p>The Group endeavours to diversify its product range and client base in order to lessen the risk of such a scenario.</p>
<p><b>COVID-19</b></p>	<p>The Group acknowledges that COVID-19 poses a risk to both the continuity of service provided to its clients and to the levels of AuM it manages.</p> <p>The Group is at risk of the impact of the pandemic on the economy though market volatility and the ability for individuals to save or invest for the future should significant levels of unemployment be experienced.</p>	<p>Since the crisis began, the Group took immediate action focusing on: i) protection of the health, safety and wellbeing of our employees ii) continuity of business operations and client service; and iii) protection of the Group's financial health and profitability.</p> <p>From 16 March 2020 all employees transitioned to remote working using the Group's business continuity arrangements. All systems continue to operate as planned, the Group remains focused on ensuring that it's technology and infrastructure can continue to support an extended period of remote working.</p> <p>The Group continues to monitor the impact of COVID-19 in its business decisions and capital management.</p>

# CORPORATE SUSTAINABILITY

Responsible investing  
At Premier Miton we define responsible investing as an approach to investing that includes the consideration of Environmental, Social and Governance ('ESG') factors alongside financial factors, supported by stewardship activities such as voting and engaging with the management of companies in which we invest, or are considering investing in. We take an active approach to voting on company resolutions at annual general meetings and publish our voting record.

## Stewardship

Over the last 12 months the Group's fund managers voted at 1,148 shareholder meetings and attended 2,297 company meetings. As we are active investors and typically select companies on the basis of their strong management, we would generally expect to support management at shareholder meetings. Across all the shareholder meetings, we voted against management in four per cent of resolutions, with the main reasons for disagreement on subjects of remuneration and director appointments.

Following the adoption of the Financial Reporting Council's revised Stewardship Code 2020, we began to monitor our active engagements. During the year we undertook a number of active engagements. More detail on our stewardship activities can be found on our website.

## ESG data

During the year we added additional ESG data sets including Institutional Shareholder Services climate and governance data and FTSE ESG data.

We also extended the coverage of our current ESG research data provider (Ethical Screening) to more of our funds. This additional data allows our fund managers to improve their consideration of ESG data alongside more traditional financial factors. Additionally, it allows the Head of Responsible Investing to monitor the ESG characteristics of each fund and to highlight potential areas of ESG related risk.

Currently, two of our funds hold a maximum five globe Morningstar sustainability rating (Miton Balanced Multi Asset Fund and Miton Cautious Multi Asset Fund) with a further four funds holding a four globe Morningstar sustainability rating (Premier Ethical Fund, Premier Pan European Property Fund, Miton European Opportunities Fund and Miton US Opportunities Fund). We are continuing to improve how we consider ESG factors across all our portfolios.

## Sustainable and ethical funds

In addition to considering ESG factors in our investment process, we have responded to the growth in demand for sustainable focused funds and enhanced and extended our sustainable and ethical fund offerings.

We improved the effectiveness of the Premier Ethical Fund committee, who have the responsibility to oversee the annual review of the fund's ethical policy and its implementation across the portfolio. During the year, we introduced the UN Sustainable Development Goals ('SDG') as a framework to assess the fund's level of sustainability. As an example, we found that SDG 3, Good Health, is well represented in the fund with its holdings in the UK pharmaceutical sector.

## Stakeholder interests

The statements set out on page 39 in respect of the Company's key relationships with stakeholders are incorporated here by reference.

# CORPORATE SUSTAINABILITY

## CONTINUED

We are introducing a focus on long-term sustainable growth themes on two of our global equity funds, which include, for example, health and well-being, affordable and clean energy and waste management. This investment approach covers one growth focused fund and one income focused fund. This change follows the hire of Duncan Goodwin, an experienced new global equity fund manager in January 2020 with expertise in this area.

Sustainable focused product changes also included the decision by the Board of Premier Global Infrastructure Trust to change the company's name to Premier Miton Global Renewables Trust PLC to reflect its new investment policy of investing globally in a diversified portfolio of equity and equity-related securities of companies operating in the renewable energy sector, as well as other sustainable and low carbon infrastructure investments.



### Regulation and financial crime

The Group is committed to ensuring that it complies with all relevant legal and regulatory requirements. We have a culture that encourages our employees to act according to our core values of transparency, accountability and to act in a collegiate manner. The Group has confidential whistleblowing arrangements in place. See page 46 for further details.

As a Group, we have in place committees and policies that are designed to prevent and detect financial crime and to meet any obligations arising from regulatory change. Financial crime includes money laundering, terrorist financing, bribery and corruption, tax evasion and fraud. Details of the Group's governance framework are included from page 40.

### Education

During the year we also focused on continuing to develop the understanding of ESG related investment matters within our investment team and across our business, as well as with our clients.

We have established a support programme for investment staff studying for the new CFA UK Level 4 Certificate in ESG Investing and during its first year, 6 members of our investment team gained this qualification. This is the first qualification of its kind in the UK and helps deliver the knowledge and skills required by investment professionals to integrate ESG factors into investment processes.

Over the period, our Head of Responsible Investing supported the work of the Investment Association in its Responsible Investing Communications Working Group, including supporting various consultations on the future direction of the responsible investment industry.

### Future focus

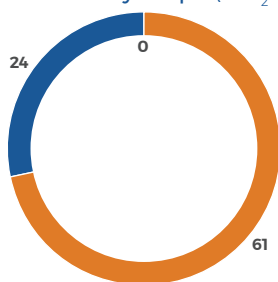
1. Continue to develop our consideration of climate related financial risk in our portfolios in line with the publication of the FCA's Climate Financial Risk Forum Guide 2020;
2. Grow our sustainable funds so they become a more significant portion of our AuM;
3. Complete our first Principles for Responsible Investing ('PRI') assessment in spring 2021 and use this process to highlight gaps in our approach. We have an ambition to achieve an 'A' rating over the next five years;
4. Increase our activity levels on active engagement and voting for the benefit of improved client outcomes over the long term; and
5. Work to improve our third-party fund and firm level sustainability ratings to demonstrate our expertise in this area.

# GROUP ACTIVITIES

## Environment

We have continued to make great progress towards our aim to have a better understanding of our environmental impact and, through our dedicated Environmental Committee, have set in motion a number of initiatives to improve our performance. We have built upon our activities last year to measure our operational carbon emissions, and identified key areas where we hope to reduce our emissions in the future through energy efficiency and less business travel. We decided to offset our carbon emissions via a verified offsetting tree-planting scheme and although our primary focus is to reduce our emissions, we will continue to pursue offsets for our residual footprint. We present our operational greenhouse gas ('GHG') emissions below:

FY 2019/20 Operational carbon emissions by scope (tCO<sub>2</sub>e)



- Direct GHG emissions
- Indirect (Market) GHG emissions
- Other indirect GHG emissions

- Total GHG Emissions for FY2019/20: 85 tCO<sub>2</sub>e
- This equates to 1.27 tCO<sub>2</sub>e per £million revenue

The GHG emission data has been prepared in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and emission factors

sourced from the UK Government. We use the GHG Protocol Scope 3 Standard to collate and report on our relevant Scope 3 emissions. Our relevant emissions categories include fuel and energy-related activities and business travel. Looking to 2021, we plan to set in place a carbon reduction target and identify opportunities to extend our reporting of Scope 3 emissions.

In recognition of the urgent challenge we all face from climate change, we sought to gain a better understanding of the risks and potential opportunities climate changes poses to us and share how we are developing our business strategy to consider climate-related issues via the CDP global disclosure system. This process will help manage our environmental impacts.

Looking forward, we will be taking the learnings from the CDP response process and continue our focus to support the transition to a net-zero carbon economy.

## Social responsibility

We are striving to take actions to help improve the lives of others and our communities through different team based initiatives, including working with charities, volunteer days and local environmental partnerships.

During the year we supported a number of charities chosen by our employees including Alzheimer's Society, Prostate Cancer UK, Born Too Soon (supporting a neonatal unit for premature and sick babies) and the National Youth Advocacy Service (a rights based charity helping children and young people).

We have also introduced employer supported volunteering days, with every member of the Premier Miton team now able to spend one volunteer day each year during work hours. People can

choose to use their volunteering time to support a charity or community group of their own choice, or to take up an opportunity provided by the company.

And as part of our community and environmental programme, we have become a gold partner of the Surrey Wildlife Trust and London Wildlife Trust, reflecting the locations of our two offices. Each Wildlife Trust is an independent charity organising work to improve life for wildlife and people together, within communities of which we are a part. This is a new initiative for Premier Miton and in addition to our financial support, we are starting to build awareness amongst our team about wildlife issues and promoting team involvement as part of the Wildlife Trust's volunteer programme.

The Group undertakes a number of initiatives each year to support the health and well-being of our staff, including:

- Group funded employee assistance programme;
- Group private medical insurance and health cash plan;
- Health and mental health awareness; and
- Flu vaccinations.

In 2020, online counselling sessions and stress and resilience workshops were introduced to provide additional support for staff whilst the Group operates in a remote working model.

## Approval

The Strategic Report was approved by the Board on 25 November 2020 and signed on its behalf by:

**Mike O'Shea**  
Chief Executive Officer  
25 November 2020

# BOARD OF DIRECTORS



**Mike Vogel**



**Mike O'Shea**



**Piers Harrison**

<b>CURRENT ROLE</b>
<b>APPOINTMENT</b>
<b>PAST ROLES</b>
<b>BRINGS TO THE BOARD</b>
<b>OTHER KEY COMMITMENTS</b>

<p><b>Non-Executive Chairman</b> Chairman Remuneration Committee Member of Nomination Committee</p>	<p><b>Chief Executive Officer</b></p>	<p><b>Chief Financial Officer</b></p>
31/08/2007	12/07/2007	14/11/2019
<p>Mike joined the Board as Chairman in 2007. Prior to this, Mike was the Chief Executive Officer of Framlington Group and before that Chief Executive Officer of Prolific Financial Management.</p>	<p>Mike was appointed Chief Executive Officer of Premier Miton Group plc in November 2019 following the merger of Premier Asset Management Group plc and Miton Group plc. He started his investment career as a private client portfolio manager. He joined Premier Asset Management in 1986 to develop the asset management business of the company and was one of the founding directors of Premier Fund Managers in 1988. Mike became Chief Executive Officer of Premier Asset Management in May 2005.</p>	<p>Piers was appointed Chief Financial Officer of Premier Miton Group plc in November 2019 following the merger of Premier Asset Management Group plc and Miton Group plc. He joined Miton Group plc in 2013 and was previously the Deputy Finance Director and Head of Operational Risk with Neptune Investment Management Ltd. Before that Piers specialised in the financial services sector and in 2008 became a partner in Matterley, a Fund Management business whose interests were acquired by Charles Stanley Group Plc in September 2009. He is a Fellow of the Institute of Chartered Accountants in England and Wales having trained and qualified with Saffery Champness in 2001.</p>
<p>Significant experience gained as both a fund manager and chief executive of asset management firms in the UK having successfully built, merged and sold a number of businesses in the sector.</p>	<p>Strong understanding and knowledge of the UK's asset management sector and 30-plus years of experience of managing, operating and growing an asset management business.</p>	<p>Extensive operational and practical experience of the fund management industry and a rigorous approach to operational risk management.</p>
<p>Chairman and Chief Executive Officer of Elcot Capital Management Limited, Director of The Elcot Fund, Director of Think Digital Group Ltd and Director of JanePlan Limited.</p>	<p>Director of the Investment Association.</p>	<p>No external directorships.</p>





**Robert Colthorpe**

**Senior Independent Director**

Chairman Audit & Risk Committee  
Member of Remuneration Committee and Nomination Committee

07/10/2016

Rob is a highly experienced corporate financier with over 25 years of experience advising a wide range of clients, mainly in the financial services sector. He has worked at major merchant and investment banks (Morgan Grenfell, Deutsche Bank, Société Générale and ABN Amro) and boutique advisory firms (Hawkpoint and Europa Partners). He qualified as a Chartered Accountant with Arthur Andersen. Rob was appointed a Non-Executive Director of Premier Portfolio Managers Limited, effective 30 September 2019.

Rob brings a deep understanding of strategic matters across the broad financial sector along with M&A and capital market transaction skills. His accountancy qualification and experience in audit and related matters is makes him well placed to lead the Audit and Risk Committee. Robert's role as Senior Independent Director is well supported by his background in providing advice to major organisations and institutions.

Designated Member of Colthorpe Associates LLP and a Member of Aves Enterprises LLP.



**David Barron**

**Non-Executive Director**

01/12/2019

David has held senior positions in the asset management industry for over 25 years. He was Chief Executive of Miton Group plc until the merger with Premier Asset Management Group plc in November 2019. He had held that position from March 2017, having joined Miton in 2013. Prior to that, he had spent nearly 20 years with JPMorgan Asset Management and predecessor companies, latterly leading the UK's number one investment trust business. He had previously worked with Hambros Bank and Merrill Lynch in corporate finance. David is a member of the Institute of Chartered Accountants of Scotland and holds an MBA from INSEAD.

Extensive management experience in developing and executing strategy in asset management businesses. David has experience as a director on the boards of a number of public companies.

Member of the Council of Lancaster University, Chairman of Dunedin Income Growth Investment Trust plc and a Director of Fidelity Japan Trust.



**Alison Fleming**

**Non-Executive Director**

14/05/2020

Alison has had an extensive career in financial markets over the last 25 years, holding senior positions within investment banks and boutique asset managers. Initially in investment banking (including UBS, Lehman Brothers, Credit Lyonnais) predominantly focused on public markets in sales, including running sales and sales trading in Europe. Latterly in private markets working across hedge funds, real assets, renewable energy and sustainable agriculture.

Alison brings experience in stakeholder engagement, compliance, ESG, sales and marketing, governance and business development.

Director of 1723 Partners Limited, Helkia Ltd, Hoya Limited, Saffaroon Limited, Sasena Ltd, The Kids' Cookery School Acton.



**William Smith**

**Non-Executive Director**

Chairman Nomination Committee  
Member of Audit & Risk Committee and Remuneration Committee

07/10/2016

Will was lead fund manager of City Natural Resources High Yield Trust an Investment Trust, and co-manager of a number of other closed end funds while at CQS and had previously worked at Morgan Grenfell and UBS Phillips and Drew. Will was appointed a Non-Executive Director of Premier Portfolio Managers Limited, effective 30 September 2019.

Over 30 years' experience gained in fund management and financial services roles with a number of the UK's leading investment banks and investment companies.

Will is a founding Partner and Chief Investment Officer at Westbeck Capital Management LLP and Non-Executive Director of George Hattersley Limited.

# CHAIRMAN'S INTRODUCTION



**Mike Vogel**  
Chairman

The Group is committed to maintaining robust infrastructure and systems to support the business' growth aspirations.

The year to 30 September 2020 has been a year dominated by the merger integration. The philosophies and practices of two asset management businesses and their respective governance arrangements have been carefully brought together.

## Governance code compliance

Both companies had adopted the QCA Code and, as a combined business, we continue to report against this governance guidance. We also endeavour to meet many of the governance principles of the Financial Reporting Council's UK Corporate Governance Code ('UKCCG').

## Board composition

To position the Company for the future, the composition of the Board was refreshed at merger, with the appointments of David Barron, Piers Harrison and Katrina Hart, all former Directors of the Miton Group.

Katrina, who latterly chaired Miton's remuneration committee, joined the Board to ensure continuity for Miton's employees and stepped down at the six-month anniversary of her appointment, which coincided with the completion of her ninth year in office. I would like to thank Katrina for her contribution in ensuring a successful transition. Her successor, Alison Fleming, joined the Board in May this year, bringing expertise in stakeholder engagement, ESG, sales and business development amongst her range of skills.

## Strategic initiatives

Governance arrangements must keep pace with the strategic business initiatives and opportunities. The structure and shape of our Group governance arrangements have been subject to a full review to ensure that our decision-making remains robust and efficient.

1 October 2019 to 30 September 2020	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Number of meetings	<b>8</b>	<b>4</b>	<b>6</b>	<b>2</b>
David Barron	4(4)	-	-	-
Robert Colthorpe	8(8)	4(4)	6(6)	2(2)
Piers Harrison	6(6)	-	-	-
Katrina Hart	4(4)	0(1)	4(4)	-
Mike O'Shea	8(8)	-	-	-
Neil Macpherson	2(2)	-	-	-
William Smith	8(8)	4(4)	6(6)	2(2)
Luke Wiseman	2(2)	-	1(1)	-
Mike Vogel	8(8)	-	6(6)	2(2)

### Board responsibilities and operation

The Board of Directors has responsibility for oversight of strategic direction. During the period, the Board held eight scheduled meetings as well as a number of ad hoc meetings to consider administrative matters. The schedule of matters reserved for the Board is maintained and reviewed on an annual basis. The date of the last review was 28 September 2020.

### COVID-19 and risk management

An effective risk management framework has supported the business through a challenging year, and I am pleased that when tested by the extreme conditions of a global pandemic, the business has demonstrated admirable operational resilience. The team migrated seamlessly to the home working environment on 16 March 2020, with no break in continuity of service to our clients.

### Effectiveness review

The results of the effectiveness reviews of the Board and its committees are set out on pages 30, 31 and pages 46 to 53. I can confirm that the Board continues to work effectively, and I am pleased with the skill set of the Directors individually and their ability to act collectively. The Board considers that the principles of the QCA Code have been successfully achieved and the report that follows details the ways in which our activities have fulfilled the QCA Code principles this year.

### Culture and values

The Board is committed to the development of our culture, conduct and values to empower our team to deliver excellent investment outcomes. This year, we have turned our attention towards actively describing and developing the culture of the combined business, seeking views from the team to shape a shared future. The pandemic has brought opportunities as well as its challenges, and we hope to emerge from 2020 with a greater resolve than ever to serve our stakeholders well, reflecting on our purpose and wider societal responsibilities in the stewardship of savings and pensions.

**Mike Vogel**  
Chairman  
25 November 2020

CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

On 8 March 2018 the London Stock Exchange published its revised rules for AIM quoted companies. Rule 26 requires AIM listed companies to apply a recognised corporate governance code on a comply or explain basis.

In 2018 the Group adopted the Corporate Governance Code (the 'Code') issued by the Quoted Companies Alliance ('QCA') for small and medium sized companies.

The following report sets out how the Group has applied the ten principles in compliance with the disclosure requirements.

## **Principle 1 - Establish a strategy and business model which promote long-term value for shareholders**

The Group's investment-led strategy is to offer relevant products designed to meet the long-term needs of investors, and to produce good investment outcomes for investors through active management.

The Group aims to maintain and develop a scalable business platform to support our strategy, covering investment, distribution and operations.

The Group's investment products currently include open-ended UCITS and non-UCITS funds, closed-ended investment companies, a portfolio management service and segregated accounts. These products offer investors access to a range of asset classes including multi-asset, equities, fixed income and alternatives. These products have different primary objectives, including income, capital growth and absolute returns.

The Group aims to hire talented and experienced investment professionals to manage our products. The Group also aims to provide a supportive and collaborative working environment that gives our investment teams the appropriate freedom to manage portfolios to produce good long-term investment results. We support this with a strong business platform and an effective risk and compliance framework.

The Group currently maintains an extensive distribution and client service capability focused on UK professional investors, including financial advisers and wealth managers.

The Group's operations function includes investment administration, risk monitoring and portfolio analytics, legal and compliance, information technology and finance. We maintain key outsourcing partners to allow flexibility and scalability of our operation platform to help support business growth.

The five key pillars of the Group's strategy to deliver shareholder value in the medium to long-term are as follows:

1. To offer relevant investment products
2. To deliver strong investment outcomes
3. To maintain a strong and focused distribution capability
4. To maintain a strong and scalable operating platform
5. To follow a disciplined approach to financial management

The Board believes these pillars are underpinned by a clear set of values designed to establish a responsible way of working, including ethical values and behaviours, aimed at protecting the Group from unnecessary risk.

There are a number of potential challenges and risks relating to the Group and its business, including but not limited to the following: fluctuations in capital markets; adverse economic, political and market factors, including the UK's termination of its membership of the EU; the loss or inability to recruit key personnel; failure to maintain attractive investment performance; compliance breaches of investment mandates or operational errors; asset classes managed by the Group becoming less attractive to investors; competitive pressures; regulatory compliance and system security breaches.

The Board believes the Group's strategy and business model, including its investment product range and strong focus on risk and compliance management, is well suited to help manage these challenges and risks as effectively as possible.

## Principle 2 – Seek to understand and meet shareholder needs and expectations

Creating opportunities for effective shareholder engagement with both our institutional and retail shareholders allows the Board to seek feedback on how well it meets its strategic ambitions.

All shareholders are entitled to attend and vote at the Company's Annual General Meeting. The Directors are available to receive formal questions on Company business at the meeting and make themselves available immediately afterwards for a more informal opportunity to engage.

All shareholders can access corporate, regulatory news, share capital and dividend information on the Group's website at [premiermiton.com](http://premiermiton.com). Enquiries can be directed to the Board via the company secretary email address on the website. As well as accessing the Annual Report and Accounts, shareholders can also now listen to the audio broadcast of the Group's results on the website.

Existing and potential institutional shareholders are invited to attend results presentations and roadshows at the time of the full year and interim results. The importance of creating value and returns in a sustainable way and communicating how this is achieved has increased in recent years. Accompanied by the Group's brokers, meetings with institutional holders afford the Executive Directors an opportunity to understand the needs and expectations of our shareholder base, the motivations behind shareholder voting decisions as well as discussing the Group's progress and management team's views. The Executive Directors brief the Board on engagement following these meetings.

The Board also receives regular reports on share price monitoring, analysis of the share register, peer group, market comparison feedback and briefings from its professional advisers.

## Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

### Social responsibilities

The Group is committed to taking a responsible approach to investing which includes complying with the principles for business of our regulator, the FCA, and treating customers fairly.

The stewardship of clients' assets in the Group's investment products encompasses more than the exercise of votes in investee companies at general meetings. In order to meet the objective of delivering good long-term investment outcomes for our clients, the fund managers monitor a range of metrics of an investee company as well as financial performance. Furthermore, we actively engage with investee companies and their advisers in order to encourage good standards of governance and creation of shareholder value.

The Group retains the services of ISS, a specialist third-party provider, to bring specialist corporate governance expertise and provide relevant research, voting recommendations and rationale.

In terms of social responsibilities, the Group complies with relevant regulations, including the Modern Slavery Act. Details of our statement is available on the Company's website.

The Group also manages three specialist funds focused on actively managed portfolios based on an investment approach focused on the consideration of ethical or sustainable factors. The range includes the Premier Ethical Fund, Premier Global Alpha Growth Fund and Premier Global Optimum Income Fund, which are focused on UK equity growth, global equity growth and global equity income respectively. The fund managers of these funds work closely with Premier Miton's Head of Responsible Investing.

The Group has an active Environmental Committee which runs a number of waste recycling and plastics reduction initiatives in our offices.

Team members are actively encouraged to participate in charitable events with a corporate matching facility for fund raising. They can also nominate charities with a personal connection as beneficiaries of the Group's charitable donation programme. During the year, the Group made charitable donations of £14,536 through these programmes.

### Engagement with stakeholders

Regular engagement with key outsourcing partners ensures all parties understand the others' needs, interests and expectations. This engagement includes reporting and meetings whereby we can solicit, consider and act on feedback. These controls are all designed to meet our operational and regulatory requirements and to enhance the services we receive to help support business growth.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

## CONTINUED

Through our membership of the Investment Association, we engage on wider regulatory matters to ensure the Group is aware of pending legislative changes and able to implement them effectively. We also deal directly with the FCA on issues affecting the Group.

The Board meets with senior executives and heads of department on a regular basis, including the Chief Operating Officer and Chief Risk Officer. Through the regular reporting structures, the Board is kept updated with information on key customer and supplier relationships. The Head of Compliance & Legal reports to the regulated firms' boards on all regulatory matters as well as having direct access to both the Chairman and Senior Independent Director if required. The Company's Nominated Adviser updates the Board on stock exchange regulatory matters. The external auditor also regularly attends meetings of the Audit & Risk Committee. Please also see the stakeholder disclosures on page 39.

### **Principle 4 - Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Group's governance and risk appetite frameworks allow it to understand and articulate its risk appetite and to manage its tolerance to risk. This allows the Group to assess the impact of new or changing strategies, projects or emerging risks. The Group's control process is set out in a systems and controls document which details the individual committees that govern operations. The Board is the body with ultimate responsibility for the risk management of the business. The Board meets at least four times per annum and consists of two Executive Directors and five Non-Executive Directors, one of whom acts as Non-Executive Chairman. An Internal Capital Adequacy Assessment Process ('ICAAP') is in place for the Group and is reviewed regularly by the Board. The Pillar 3 Disclosure document is available on the Group's website.

The risk team has responsibility for the operational risk monitoring system and processes (in addition to market, credit and liquidity risks). The risk team is overseen by the Chief Risk Officer who reports to the Chief Operating Officer. The identification of operational risks and incidents are embedded within the various business units and logged centrally within the operational risk monitoring system, SONAR. This is a bespoke system that includes processes for monitoring the remedial actions undertaken to reduce the risk of operational incidents re-occurring and helps to identify future areas of risk, including those relating to our service providers and end-customers.

The Chair of the Audit & Risk Committee meets regularly with the Chief Operating Officer, Chief Financial Officer, Director of Finance, Chief Risk Officer, Chief Investment Officer and Head of Compliance & Legal to identify risks in the business and the effectiveness of their management within the control environment.

### **Principle 5 - Maintain the Board as a well-functioning, balanced team led by the Chair**

#### Composition

As at 30 September 2019, the Board comprised of two Executive Directors, Mike O'Shea and Neil Macpherson, and four Non-Executive Directors, Mike Vogel as Non-Executive Chairman, Robert Colthorpe as Senior Independent Director, William Smith and Luke Wiseman.

Following the merger with Miton Group plc on 14 November 2019, Neil Macpherson and Luke Wiseman stepped down as Directors of Premier Miton Group plc. The following new Directors joined the Board, drawn from Miton Group plc:

- David Barron - Non-Executive Director
- Katrina Hart - Non-Executive Director
- Piers Harrison - Chief Financial Officer

On 14 May 2020 Alison Fleming joined the Board as Non-Executive Director, and on the same date Katrina Hart stepped down from the Board at the six-month anniversary of her appointment.

Executive Directors are full time employees and Non-Executive Directors are required to spend sufficient time to fully discharge their roles.

The Directors as at 30 September 2020 are listed on pages 30 to 31, as well as their biographies.

#### Independence

In assessing the independence of Non-Executive Directors at the date of this report, the Board took account of their experience, character and judgement, and their dependence on, or relationships with the Group. In light of this, Robert Colthorpe, William Smith and Alison Fleming are considered by the Board to be independent and are free from any associations or relationships with the Group or its investment funds, with the exception of the fees that they receive as Directors.

#### Roles and responsibilities

The Board members have a collective responsibility and legal obligation to promote the interests of the Group and are collectively responsible for defining corporate governance arrangements. To assist with this, the Board receive relevant management information from subsidiary companies, as well as reports and feedback from the business on suppliers, shareholders and investors in the Group's funds. This is all provided in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.

The role of the Non-Executive Directors is to challenge constructively, and contribute to, the development of strategy. To scrutinise the performance of management in meeting agreed goals and objectives and monitor their performance. Through the various committees set out below, to satisfy

themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible. A procedure has been established for Non-Executive Directors to have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as Directors.

### Committees

The Board is supported by the Audit & Risk, Remuneration and Nomination committees, each of which is led by Non-Executive Directors with the necessary skills and knowledge, and access to the resources, information and advice required to enable them to discharge their duties and responsibilities effectively. The duties of each committee are set out in their respective terms of reference, copies of which are available on the Group's website.

### Conflicts of Interest

Each new Director on appointment is required to declare any potential conflict situations. Directors are reminded at each Board meeting of their obligations to notify any changes in their statement of conflicts and also to declare any benefits received from third parties in their capacity as a Director. The register of conflicts is formally reviewed annually and the Board has concluded that the process has operated effectively during the period.

### Principle 6 - Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that there is the necessary mix of skill and expertise among the Directors to meet the Group's strategy and requirements.

All new Directors are given a full induction to the Group and its business plans as well as participating in training on issues relevant to their roles. The Directors receive regular updates on business progress as well as on issues relevant to the Group and the asset management sector from all of the departmental heads including Investment, Sales, Marketing, Compliance & Legal, Operations, Risk, Finance and HR. The Directors also receive briefings on existing and regulatory issues as well as specific training on any issues considered relevant during the year. The Directors may also attend external training or courses that are relevant to their ongoing development. Regular compliance, cyber crime, health and safety and money laundering training is required of all Executive Directors.

All of the Non-Executive Directors are able, at the Group's expense, to seek independent professional advice where they

deem it necessary to do so in order to fulfil their obligations as directors.

Piers Harrison, Robert Colthorpe and David Barron are Chartered Accountants, therefore continuing professional development is kept up to date via the institute.

### Principle 7 - Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

An in-house Board evaluation was undertaken towards the end of the financial year by way of a questionnaire. The process was delivered by the Company Secretary and the results discussed with the Board.

The focus of the evaluation was to identify the ways in which the governance arrangements should evolve to successfully support the larger combined business.

Key deliverables identified were improving the management information and board packs to support robust decision-making for a business of increased amplitude, ensuring access to key advisers and members of the management team via focused deep dive sessions and more frequent markets reporting, as well as ensuring that regulatory and governance changes are well signposted.

Alongside these deliverables, a focus on culture and values and the ongoing review and rationalisation of the Group structure and governance arrangements are already in place to support continued Board effectiveness.

Having considered the results, it was concluded that the Board and its committees have continued to operate effectively in this transitional year, drawing on the skills and expertise of each of the Directors to ensure that the Board delivers shareholder value.

### Principle 8 - Promote a corporate culture that is based on ethical values and behaviours

We understand the importance of our people in everything that we do. We aim to attract and retain high calibre, talented individuals who have diverse skills, experience and backgrounds. We encourage and support the continuing development of their skills with appropriate training and development. It is our policy to ensure that employment by, and progression within, the Group is based on merit.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

## CONTINUED

The Board seeks to create a working environment that is positive and productive for our employees and our clients, including an effective management team and good staff communication. We support staff with a range of benefits including company pension, ill health protection, life cover and private medical insurance. Staff are provided quarterly updates from the Chief Executive Officer, which act as a forum for discussion and feedback.

The Group's approach is to treat job applicants and our staff in a consistent and fair way, regardless of gender, sexual orientation, religion or belief, age, race, ethnic origin, marital or civil partnership status, pregnancy, maternity or disability. This equal opportunities policy applies to recruitment and selection as well as terms and conditions of employment, including remuneration and personal development.

### **Principle 9 - Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

All Directors receive appropriate and timely information to ensure that they are properly briefed in advance of Board meetings and have access to the advice and services of the Company Secretary and other senior management should further information be required. The Company Secretary is responsible for advising the Chairman and the Board on governance matters.

The Board has established guidelines requiring specific matters to be decided by it, including material acquisitions and disposals, investments and capital projects. Matters that are reserved for the Board are forwarded to the Board for consideration with a recommendation from the executive management or appropriate committee. The Board meets formally at least four times a year but meetings can be convened when necessary to address issues that arise outside of the regular schedule.

The papers circulated prior to Board meetings include the following:

- a report from the Chief Executive Officer covering performance and forecasts, an update on strategy and details of any matters recommended for Board approval;
- a report from the Chief Financial Officer covering financial results, comparison of forecasts with published consensus. This report also covers financing and tax matters;
- reports from senior management responsible for key functions such as risk, compliance, legal, operations, investment strategy and performance, sales, marketing and human resources;
- capital expenditure approval requests and investment proposals; and
- papers on issues scheduled for Board consideration.

The Executive Directors, together with the Group's brokers meet with existing and potential shareholders to discuss our business strategy, plan and progress.

A full set of Board papers is circulated on a quarterly basis. In addition, all Board committees will receive the papers required in order to fulfil their duties in accordance with their terms of reference.

The Board is supported by the Audit & Risk, Remuneration and Nomination Committees, each of which has access to the resources, information and advice at the cost of the Group, in order to enable each committee to discharge its duties. These duties are set out in the terms of reference of each committee, copies of which are available on the Group's website. The Executive Directors may attend meetings by invitation. The minutes of committee meetings are produced as soon as possible following the meetings and are circulated to all committee members for comment. Once approved, the minutes of each meeting are circulated to the Board.

### **Principle 10 - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board endeavours to facilitate open investor dialogue whether institutional or retail investors. The key components of the investor relations remit are the Annual General Meeting, to which all shareholders are invited to attend and vote, and the full year and interim results presentations to analysts and institutional investors.

The corporate website carries the current and past editions of the Report and Accounts and Interim Report and Accounts, financial calendar and dividend information as well as the disclosures required in satisfaction of AIM Rule 26, regulatory announcements.

The Executive Directors, together with the Group's brokers meet with existing and potential shareholders to discuss our business strategy, plan and progress. This enables a healthy dialogue to exist, to enable all interested parties to come to informed decisions about the Group.

The outcomes of all stewardship votes since the Group's listing are included on the Group's website at [www.premiermiton.com](http://www.premiermiton.com).



## Stakeholder Interests

In promoting the success of the Group, the Directors are called upon to have regard, amongst other things, to the provisions of section 172 of the Companies Act 2006, which requires the Board to consider the wider implications of its decision-making. The ways in which the Directors have discharged their duties in accordance with section 172 are described below.

### Shareholders

The Company maintains a comprehensive programme of investor engagement as set out on page 38 to keep our shareholders apprised of progress in the course of the year. The key engagement opportunities are the Annual General Meeting and institutional investor meetings, held at full and half year with the Executive Directors.

### People

Our team are instrumental in the execution of our strategy through their day-to-day activities, and the Board is actively engaged in seeking feedback and views via regular surveys. During the last few months, the frequency of these has increased to help the Board better understand and respond during the pandemic. Feedback and suggestions are discussed at the Board meetings and in the Executive Committees. Initiatives this year have included wellbeing programmes and a quarterly newsletter, as well as the staff surveys, regular town hall meetings, and the appraisal process which were already in place.

### Clients

Our purpose is to provide investment products that meet the needs of investors. The overall success of the business depends on how well we achieve this mission. Our distribution and investment management teams have a busy client engagement schedule, having held 5,996 client meetings in the year. The Board receives regular updates on advisory and discretionary client engagement to understand how client needs are evolving. Initiatives during the year included the launch of the Connect portal, and the expended fixed income product offering.

### Regulators

As a UK asset manager largely serving UK investors, we are regulated by the Financial Conduct Authority. We are actively engaged, notably via the Quoted Companies Alliance and the Investment Association to ensure that we remain alert to legal and regulatory change and engage with our peers and industry practitioners on matters that relate to the UK asset management sector. We are represented on a number of boards and panels in this area, as we consider that such engagement ensures that we continue to act in the best interests of our clients.

## Suppliers

Our business model places reliance on external third-party providers for certain activities and services. The selection process and engagement with these parties is guided by our Procurement Policy, supported by suitable due diligence processes, training and specific policies where applicable, and in accordance with the intentions of our Modern Slavery statement. Together these measures aim to minimise risks inherent in supply chains.

## Community and Environment

As set out on pages 27 to 29 the Group is committed to an active and growing role in corporate social responsibility and building a more sustainable future. An active Environmental Committee has helped develop key initiatives including our work towards a net zero carbon emissions, calculating our greenhouse gas emissions, and has, for the first time, contributed to a Climate Disclosure Project climate change disclosure assessment, which allows investors to understand the ways in which the Group incorporates sustainability into its business strategy and practices. We actively engage with industry bodies including the Investment Association, on responsible investment and climate change matters.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

CONTINUED

### Governance Framework

The governance framework supports the flow of information through the Group as follows:

#### BOARD OF DIRECTORS

Responsible for setting the strategy, purpose and direction of the Group

#### AUDIT & RISK COMMITTEE

**P47** For the activities set out in detail

#### REMUNERATION COMMITTEE

**P49** For the activities set out in detail

#### NOMINATION COMMITTEE

**P53** For the activities set out in detail

Delegation of authority as set out in the Terms of Reference of each committee

#### CHIEF EXECUTIVE OFFICER

The Board has delegated authority for the day-to-day running of the business to the CEO

#### MANAGEMENT COMMITTEE

The remit for this Committee includes:

- oversight of the post-merger integration;
- design and implementation of the Group's strategy;
- oversight of the business operations and performance;
- oversight and monitoring of key challenges and opportunities; and
- oversight and monitoring of key business projects.

#### COVID-19 CONTINGENCY PLANNING COMMITTEE

Established in early March 2020, this Committee meets weekly to address activities and decisions directly related to the COVID-19 pandemic including:

- the transition to a work from home model and IT infrastructure integrity;
- employee and client communications, health and safety, return to work processes and planning; and
- integrity and resilience of the operating model and operational risk framework.

#### SENIOR EXECUTIVE GROUP

This forum undertakes monitoring activities of Group business on a quarterly basis. Its remit includes receiving management information for Group activities including reporting from:

- Finance;
- Information technology;
- Investment performance;
- Sales and distribution;
- Operations;
- HR;
- Legal and Compliance; and
- Risk.

### Board committees

The Board delegates certain matters to its three standing committees. The committees report their recommendations to the Board after each committee meeting. A summary of attendance at Board and committee meetings is set out on page 32. The terms of reference for each committee are published on the Company's website [www.premiermiton.com](http://www.premiermiton.com). The reports from the Chairs of each standing committee are set out on pages 46 to 53.

### Executive and operational committees

Operational matters are delegated by the Board to the Chief Executive Officer, who in turn ensures that the senior executive team are accountable for the success of the day-to-day business.

KEY COMMITTEES	KEY ACTIVITIES	CONVENES	REPORTS TO
<b>MANAGEMENT COMMITTEE</b>	<ul style="list-style-type: none"> <li>oversight of the post-merger integration of Premier and Miton including culture, people, governance, operating platform, investment capabilities, distribution and marketing, together with the ongoing monitoring and review of the delivery of the stated cost synergies;</li> <li>assisting the CEO in the design and implementation of the Group strategy plans and operational management;</li> <li>sits across the Group's other committees to monitor and manage the Group's overall business operations including ongoing business performance covering people, culture, investment, distribution, operations, brand and financial matters;</li> <li>ensure key ongoing and new challenges and opportunities are being appropriately managed; and</li> <li>provide relevant monitoring of oversight of key business projects.</li> </ul>	Fortnightly.	Board of Directors of the Company and the regulated subsidiary boards as required.
<b>OPERATIONS EXECUTIVE COMMITTEE</b>	<ul style="list-style-type: none"> <li>oversight of operational and regulated business including resources and key activities including investor services, investment services, legal and compliance matters.</li> </ul>	Monthly.	Board of Directors of the Company.
<b>PPMS INVESTMENT COMMITTEE</b>	<ul style="list-style-type: none"> <li>oversee and monitor the portfolios;</li> <li>consider costs within the investment management of the portfolios;</li> <li>consider operational issues that relate to the investment management of the portfolios; and</li> <li>liaise with and provide reports to the sales and marketing functions.</li> </ul>	Monthly.	Funds Risk Committee, and the Conduct & Policies Committee as required.
<b>DISTRIBUTION AND MARKETING EXECUTIVE COMMITTEE</b>	<ul style="list-style-type: none"> <li>production of information on the sales and marketing performance;</li> <li>review ongoing sales and marketing progress including gross sales, redemptions and net sales, product and client diversification, market share, new business and redemption pipeline, rating agencies and other activity;</li> <li>review industry trends and sales by Investment Association category;</li> <li>competitor analysis, including product market share and fund performance against peer group; and</li> <li>review marketing activities to ensure they are aligned with the overall sales and marketing plan.</li> </ul>	Quarterly.	Board of Directors of the Company via the CEO.

CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

CONTINUED

KEY COMMITTEES	KEY ACTIVITIES	CONVENES	REPORTS TO
<b>ENVIRONMENTAL COMMITTEE</b>	<ul style="list-style-type: none"> <li>implementing the Environmental Policy, including setting the objectives and targets and monitoring progress against them during each financial year;</li> <li>monitor the collection of environmental data including energy usage, water usage, waste generation and management; material usage and the Group's carbon footprint;</li> <li>monitor compliance with relevant regulatory requirements;</li> <li>identify and report on any environmental-related risks to the Operational Risk Committee;</li> <li>monitor spending against any associated budget; and</li> <li>act as champions of the Environmental Policy and encouraging participation and support from employees and suppliers.</li> </ul>	Quarterly.	Conduct & Policies Committee and the Operational Risk Committee.
<b>IT OVERSIGHT COMMITTEE</b>	<ul style="list-style-type: none"> <li>ensure the integrity of the IT infrastructure and associated business recovery processes;</li> <li>monitor third-party dependencies;</li> <li>oversight of development projects;</li> <li>identification of infrastructure risks, conducting penetration testing and other assurance activities; and</li> <li>review of all IT relevant policies in line with regulatory guidance.</li> </ul>	Tri-annually.	Operational Risk Committee.

The regulated business of the Group is supported by a number of operational committees as follows:

KEY COMMITTEES	KEY ACTIVITIES	CONVENES	REPORTS TO
<b>OPERATIONAL RISK COMMITTEE</b>	<ul style="list-style-type: none"> <li>ensure that appropriate policies, procedures, controls and reporting are in place to manage and monitor operational risks, review monitor;</li> <li>manage the liquidity risk profile of the Group;</li> <li>undertake stress testing;</li> <li>monitor loss experience arising from operational risks;</li> <li>evaluate risk reports, review the work and findings of the various Risk Management and Client Services committees responsible for embedding a strong and compliant culture;</li> <li>review the Internal Capital Adequacy Assessment Process document, develop the Risk Appetite Statement, monitor overall regulated capital requirements; and</li> <li>monitor the effectiveness of the operational risk framework and report on its effectiveness.</li> </ul>	Monthly.	Risk Sub-Committee.

KEY COMMITTEES

**FUNDS RISK COMMITTEE**

KEY ACTIVITIES

- monitor the risk profile, size, portfolio structure, general investment policy and investment strategy of each fund to ensure that it is in compliance with the investment prospectus;
- monitor issuer credit exposure within individual funds and concentration across the funds;
- monitor counterparty credit exposure within individual funds;
- monitor the liquidity risk profile of individual funds and undertake liquidity stress testing;
- ensure that the investment strategy, liquidity profile and the redemption policy are consistent;
- monitor the spread of risks held by individual funds;
- monitor derivatives activity, including new instruments and strategies;
- ensure that each fund is in compliance with applicable regulatory risk limits, internally set limits, guidelines in client facing documents, sector limits and maximum levels of leverage;
- assess the adequacy of the internal procedures for undertaking investment decisions for each fund to ensure that these are consistent with the approved investment strategy;
- monitor the adequacy of risk management arrangements, systems and processes for implementing the Funds Risk Management Policy, including the risk limit monitoring system for each fund; and
- ensure that operational procedures for all funds/portfolios are adequately documented.

CONVENES

Monthly.

REPORTS TO

Operational Risk Committee.

**OUTSOURCING OVERSIGHT COMMITTEE**

- supervise outsourced functions and manage the associated risks;
- establish assessment methods for performance standard of service providers;
- retain the necessary expertise to supervise the outsourced functions effectively and to manage the associated risks of outsourcing;
- monitor data on all outsourced activities;
- ensure that the relationship can be terminated without detriment to the continuity and quality of client service provisions; and
- maintain a contingency plan for disaster recovery and periodic testing of backup facilities in relation to the outsourced functions.

Tri-annually.

Operational Risk Committee.

CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

CONTINUED

KEY COMMITTEES	KEY ACTIVITIES	CONVENES	REPORTS TO
<b>CONDUCT AND POLICIES COMMITTEE</b>	<p>Oversight of:</p> <ul style="list-style-type: none"> <li>• conflicts of interest;</li> <li>• personal account dealing matters;</li> <li>• gifts, benefits and entertainment;</li> <li>• broker and research payment;</li> <li>• stewardship; and</li> <li>• fund valuations.</li> </ul>	Tri-annually.	Operational Risk Committee.
<b>CASS COMMITTEE</b>	<ul style="list-style-type: none"> <li>• ensure that all legal agreements and bank acknowledgment letters in connection with client money or assets are in place and meet CASS standards;</li> <li>• ensure that the Group is in compliance with all CASS rules;</li> <li>• maintain the Premier Miton Client Assets (CASS) Policy;</li> <li>• undertake external client money bank reconciliations;</li> <li>• oversight of any control improvements recommended by external and internal CASS audits;</li> <li>• oversight of accuracy, completeness and application of CASS rules and risk mapping; and</li> <li>• oversight of the adequacy of CASS staff resourcing and training.</li> </ul>	Quarterly.	Operational Risk Committee.
<b>FINANCIAL CRIME COMMITTEE</b>	<ul style="list-style-type: none"> <li>• oversight of matters concerning financial crime and associated regulatory obligations;</li> <li>• ensure the framework remains fit for purpose;</li> <li>• review all relevant policies and procedures;</li> <li>• monitor all activities and transactions to enable identification and assessment of potential financial crime risks;</li> <li>• monitor and assess all internal and external Suspicious Activity Report ('SAR') reporting;</li> <li>• review all identified Politically Exposed Person ('PEP') accounts; and</li> <li>• monitor all sanctions and asset freeze activities.</li> </ul>	Quarterly.	Funds Risk Committee and the regulated subsidiary boards as required.
<b>INVESTMENT OVERSIGHT COMMITTEE</b>	<ul style="list-style-type: none"> <li>• provide a formal challenge framework including analysis, investment risk insights, oversight and macro insights;</li> <li>• provide comfort and transparency to customers, clients, management and stakeholders, as well as the regulator or ACD;</li> <li>• act with due regard to the regulatory principles of treating customers fairly ('TCF') when considering investment risk and portfolio construction, positioning and product literature accuracy;</li> <li>• monitor investment limits, fund management processes, stock selection and asset allocation; and</li> <li>• compliance and governance assurance including review of fund liquidity, client concentration and derivatives exposure.</li> </ul>	Monthly.	Regulated subsidiary boards who have responsibility to escalate as appropriate.

KEY COMMITTEES	KEY ACTIVITIES	CONVENES	REPORTS TO
<b>VALUATION COMMITTEE</b>	<ul style="list-style-type: none"> <li>review, monitor, manage and control appropriate oversight of valuation services;</li> <li>oversight of the Fair Valuation Policy and responsibilities as documented in the fund prospectus; and</li> <li>oversight of fair value pricing methodology to ensure it is compliant and consistently applied.</li> </ul>	Monthly.	Conduct and Policies Committee/ Operational Risk Committee – documented variously as both.
<b>PRODUCT GOVERNANCE COMMITTEE</b>	<ul style="list-style-type: none"> <li>oversight of and ongoing product management of investment products and services, including new launches and existing products;</li> <li>oversight of target markets and distribution strategy for our products and services;</li> <li>ensure the provision of relevant product information and communications to clients and distributors;</li> <li>monitor meeting of investors' expectations of investment performance and value delivered; and</li> <li>review the delivery of client service, including treating customers fairly.</li> </ul>	Quarterly.	Operational Risk Committee.
<b>INVESTMENT TRUST COMMITTEE</b>	<ul style="list-style-type: none"> <li>consider matters concerning associated investment trusts to ensure that service provision is in line with the AIFM Directive;</li> <li>review appointed agents and monitor their responsibilities/performance;</li> <li>review corporate actions undertaken by the Investment Trusts and ensure their effective implementation;</li> <li>monitor provision of marketing activity and other documentation and website content;</li> <li>review and monitor business developments; and</li> <li>monitor applicable regulatory changes.</li> </ul>	Tri-annually.	Operational Risk Committee and the regulated subsidiary boards as appropriate.

# AUDIT & RISK COMMITTEE REPORT



**Robert Colthorpe**  
Chairman of the Audit & Risk Committee

The Audit & Risk Committee is responsible for overseeing the integrity of the Group's financial reporting and the effectiveness of the internal control environment.

## Membership and attendance

Chaired by Robert Colthorpe, the Audit & Risk Committee meets at least twice a year. The membership of the Committee during the year included Will Smith, Luke Wiseman (resigned on 14 November 2019) and Katrina Hart (from 14 November 2019 to 14 May 2020). During the period, the Committee met on four occasions. Attendance at the Committee meetings during the year is set out in the table on page 32.

## Duties and terms of reference

The principle duties of the Audit & Risk Committee include:

- monitoring the integrity of the financial statements of the Group, including its annual and half-yearly reports, results announcements relating to its financial performance, reviewing significant financial reporting issues and any judgements they may contain;
- reviewing and challenging the consistency of, and any changes to, the accounting policies;
- considering the clarity of the disclosures in the Group's financial reports, in addition to the context in which statements are made, and all material information presented with the financial statements, such as the business, strategic and financial reviews together with the corporate governance statements;

### Audit & Risk Committee

Members:

- Robert Colthorpe (Chairman)
- Will Smith

- monitoring and reviewing the adequacy and effectiveness of the Group's internal financial controls in the context of the Company's overall risk management systems;
- considers and keeps under review whether the Group requires an internal audit function;
- the Committee considers and makes recommendations to the Board on matters to be put to shareholders for approval at the Annual General Meeting ('AGM'), in relation to the appointment, reappointment and removal of the Group's external auditor;
- overseeing the relationship with the external auditor including, but not limited to, recommendations on their remuneration, including fees for audit and non-audit services and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
- the Committee considers the terms of engagement of the external auditor and the scope of the audit, assessing annually their independence and objectivity, taking into account relevant professional and regulatory requirements;
- the provision of any non-audit services; and
- the Committee meets the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit, and also to raise any concerns or discuss any matters relating to the audit work together with the cooperation of management in providing all such information as the auditors require as part of their audit process.

## Risk management framework

The Group places reliance upon the Group's risk management framework that aims to mitigate, in so far as is possible, the identified principal risks. Maintenance of a comprehensive risk register and an embedded oversight process via the ICAAP key risk indicators, contribute to the successful management of risks in the business. Reporting and identification of risks including incidents and near-miss events, the assessment and operation of internal and external controls and management and calibration of key risk indicators all contribute to the effectiveness of the framework.

## Whistleblowing

Oversight of the Group whistleblowing arrangements is delegated to the Audit & Risk Committee. Procedures are in place for employees to report concerns in strict confidence. The whistleblowing policy is reviewed annually to ensure it remains fit for purpose and reflects best practice.

## Risk appetite

The risk appetite of the Group is reviewed by the Committee prior to making recommendations to the Board. The agreed appetite measures the level of risk that the Board is willing to take in the furtherance of its strategic objectives and stewardship of assets.



## Principal risks and uncertainties

The Board identifies and monitors the principal risks of the business and an assessment of the mitigating or preventative activities is undertaken by the Committee annually. Disclosures on our risk profile and arrangements, including fund and enterprise risk management are set out fully on pages 24 to 26.

## Significant judgements

The Committee considered a number of accounting matters in the period that required the exercise of judgement in relation to the financial statements and disclosures including the impairment assessment, purchase price accounting and resulting fair values arising from the business combination completed in the year. The Committee also considered revenue recognition as a key area of significant focus. Details of key judgments and estimates are set out in note 2.5 on page 68.

## Internal audit function

The Committee believes that the Group has a robust system of internal controls that are reviewed regularly by the Group's Risk and Compliance departments placing reliance on detailed risk registers and compliance monitoring programme.

On an annual basis, the Committee considers whether there is a need for an internal audit function and reports its findings to the Board. The Committee recommended that a review of the merits of establishing an internal audit function should be assessed over the next 12 month period, given the increase in the size and complexity of the combined business.

## External auditor

KPMG LLP have provided audit services to the Group since their appointment in May 2011 and have continued to do so following the initial public offering in October 2016 to date.

## Activities during the year

During the year ended 30 September 2020, the Committee met four times and discussed, amongst other things, the following matters:

<b>Financial Reporting</b>	<ul style="list-style-type: none"> <li>Review and recommendation of the unaudited interim financial statements for the six-month period ended 31 March 2020.</li> <li>Review and recommendation of the audited financial statements for the year ended 30 September 2020.</li> <li>Review the appropriateness of the accounting policies used in preparing the Group's financial statements.</li> <li>Review of the findings in the auditor's CASS audit reports to the Financial Conduct Authority for the year ended 30 September 2020.</li> </ul>
<b>Audit</b>	<ul style="list-style-type: none"> <li>Review of the external auditor's report and key highlights memorandum for the year ended 30 September 2020 and outcomes of the key risk assessments and audit findings.</li> <li>Review of the external auditor's independent review report on the unaudited interim financial statements for the six-month period ended 31 March 2020.</li> <li>Key audit matters including an impairment review and assessment of goodwill were undertaken.</li> <li>Monitored the provision of non-audit services which comprised CASS audit, interim profit verifications and the half year review. These services were aligned with the auditors responsibilities and did not compromise the integrity, independence or objectivity of the auditor.</li> <li>Review and recommend the external auditor's audit plan for the financial year ended 30 September 2020.</li> </ul>
<b>Risk, Internal Controls and ICAAP</b>	<ul style="list-style-type: none"> <li>Review and recommend the Group's ICAAP documentation and the associated Pillar III disclosures.</li> <li>Receive updates from the Risk Sub-Committee on matters including culture and conduct matters, the risk registers and risk appetite quantification.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Review and update where necessary, the terms of reference of the Committee.</li> </ul>

The Committee has considered the need for the rotation of the external audit firm and is satisfied with the performance of the auditor.

The Committee considers it appropriate to recommend to the Board and shareholders that KPMG LLP be reappointed as auditor at the forthcoming AGM.

## Committee evaluation

The Committee members each completed an online self-evaluation questionnaire composed of ten questions. They were asked to rate a number of matters relating to the function and responsibilities of the Committee, including the quality of deliberations, the type and quality of the management information, access to key people both within the business and external advisers and auditors, effective oversight of internal controls and understanding of the risk appetite. The evaluation also asked for supporting commentary and suggestions for improvement. The results were presented for discussion in September 2020 and the action points, including suggestions for improvement, will be addressed in the 2020/21 year. Overall, the results demonstrated that the Committee was effective in its activities during the year under review.

## Fair, balanced and understandable

The Committee undertakes an annual assessment of the financial statements to ensure that these are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. Having performed this evaluation for the financial statements for the year ended 30 September 2020, the Committee confirms that in its opinion the financial statements meet this standard.

# REMUNERATION COMMITTEE REPORT



**Mike Vogel**  
Chairman of the Remuneration Committee

The Remuneration Committee works to ensure the Group recruits, motivates and retains high-quality individuals across all levels of the business and that remuneration practices are aligned with the Group's goals.

## Remuneration Committee

Members:

- Robert Colthorpe
- Will Smith
- Mike Vogel (Chairman)

## Membership and attendance

The Remuneration Committee is chaired by Mike Vogel and is composed of three Non-Executive Directors and meets at least twice a year. The membership of the Committee during the year included Robert Colthorpe, Katrina Hart (from 14 November 2019 to 14 May 2020) and Will Smith. Luke Wiseman was a member of the Committee throughout the year up until his resignation on 14 November 2019. During the year, the Committee met on six occasions. Attendance at Committee meetings during the year is set out in the table on page 32.

## Duties and terms of reference

The Committee has responsibility for all aspects of the remuneration of the Directors (including Non-Executive Directors) and employees of the Group, including pension rights, severance and compensation payments. The principle duties of the Remuneration Committee include:

- considering the framework and remuneration arrangements annually;
- reviewing annually and implementing the Remuneration Policy to ensure its ongoing alignment with business strategy to promote the objectives, values and interests of the Group, the funds it manages and investors;
- maintaining the list of Remuneration Code Staff in accordance with applicable regulation and guidelines;
- review and recommendation of the remuneration of Remuneration Code Staff;
- review and recommendation of the proportion of profits that should be accrued and paid as bonuses;
- review of variable remuneration pool calculations to ensure that they are principally based on profits and take account of current and future risks;
- to advise on and determine the criteria for performance-related schemes operated by the Group, the methods for assessing whether performance conditions are met and the eligibility for annual bonuses and benefits payable under any of the schemes;
- assessment of contracts, notice periods and termination payments to ensure that any termination payments are fair to the individual and the Group and that failure is not rewarded;
- assessment of any risk implications of the Remuneration Policy to the compliance and risk functions; and
- review of pension, material severance and proposed bonus (including any guaranteed) payments to assess alignment with the Remuneration Policy.
- The members completed an evaluation questionnaire rating the function and responsibilities of the Committee, its access to and quality of management information, and to key people within the organisation and externally, including stakeholder engagement. The results concluded that the Committee was effective in discharging its duties.

## Activities during the year

During the year ended 30 September 2020, the Committee met six times and discussed amongst other things, the following matters:

<b>Remuneration structure</b>	<ul style="list-style-type: none"> <li>Review and harmonisation of the remuneration structures for the combined Group.</li> <li>Review and adoption of a Fund Manager Remuneration Scheme across the Group.</li> <li>Review and recommend the variable bonus arrangements as they related to employees of the former Miton Group.</li> <li>Harmonisation of Executive Director pension arrangements.</li> </ul>
<b>Share plans and awards</b>	<ul style="list-style-type: none"> <li>Review and recommendation of awards made in accordance with the 2016 LTIP.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Review and recommendation of updates to the terms of reference of the Remuneration Committee.</li> </ul>

## Remuneration Policy

In consultation with the Chief Executive Officer, the Committee determines the remuneration packages for the Executive Directors and certain senior managers, including base salary, annual bonus, long-term incentives, benefits and terms of employment.

The Committee is also responsible for approving the scope for the annual base salary review for all staff across the Group and reviews all awards made under the various share incentive schemes. The Committee ensures that the Group's Remuneration Policy complies with the FCA Remuneration Code and any associated reporting obligations.

The Group recognises the importance of recruiting and retaining suitable directors, senior managers, fund managers and staff to the effectiveness and efficiency of the business. To achieve this, the Committee is tasked with providing a competitive package of incentives and rewards, with the aim of aligning personal reward with increased shareholder value over both the short and longer term. Remuneration in general includes basic salary, discretionary bonus, pension contributions, and certain other benefits including private health insurance and death in service, together with equity incentive schemes such as the Employee Benefit Trust ('EBT') and the Long Term Incentive Plan ('LTIP'), both of which are described in more detail below.

## Summary of emoluments by individual Director

The emoluments of the Directors who served during the year are set out as follows. In accordance with Schedule 5 of SI 2008/410, the summary of emoluments by individual Director table below is incorporated into note 6 on page 76 by reference.

	Fees and salary £000	Pension and benefits £000	Compensation for loss of office £000	Cash bonus £000	Deferred cash bonus £000	Vesting of deferred EBT contingent share awards	SIP matching shares £000	2020 Total £000	2019 Total £000
<b>Executive Directors</b>									
Michael O'Shea	306	44	-	500	-	218	2	1,070	834
Piers Harrison <sup>1</sup>	189	20	-	188	16	-	2	415	-
Neil Macpherson <sup>4</sup>	25	3	299	200	-	-	-	527	237
<b>Non-Executive Directors</b>									
Michael Vogel	88	-	-	-	-	-	-	88	75
Robert Colthorpe	68	-	-	-	-	-	-	68	60
William Smith	58	-	-	-	-	-	-	58	45
Luke Wiseman <sup>4</sup>	5	-	-	-	-	-	-	5	40
David Barron <sup>2</sup>	38	-	-	-	-	-	-	38	-
Katrina Hart <sup>1 5</sup>	23	-	4	-	-	-	-	27	-
Alison Fleming <sup>3</sup>	17	-	-	-	-	-	-	17	-
	<b>817</b>	<b>67</b>	<b>303</b>	<b>888</b>	<b>16</b>	<b>218</b>	<b>4</b>	<b>2,313</b>	<b>1,291</b>

1 Appointed 14 November 2019

2 Appointed 1 December 2019

3 Appointed 14 May 2020

4 Resigned 14 November 2019

5 Resigned 14 May 2020

# REMUNERATION COMMITTEE REPORT CONTINUED

## Salaries and pension

In response to the unprecedented volatility caused by the COVID-19 pandemic, the senior management team elected to take a reduction in salary for a period of six months commencing 1 April 2020.

During the year, the pension arrangements of Executive Directors were harmonised to bring these into line with the rates applicable across all employees in the Group.

## Variable remuneration

The Group has in place discretionary bonus schemes for various fund management teams, with all such schemes being based on a fixed percentage of the net income generated by the respective teams, and subject to certain performance criteria. A proportion of the bonus earned in each financial year is paid typically three months after the year end after the signing of the financial statements, with the balance of the bonus being deferred for a period of up to three years. The deferred bonus for each individual can be invested into one or more of the funds that are managed by the Group. The Group also has a general discretionary bonus scheme in place for all staff, including the Executive Directors, but excluding those fund managers and sales staff who are remunerated through alternative bonus schemes. The general bonus scheme is based on a fixed percentage of Adjusted Profit Before Tax before general bonus expense and associated employer's national insurance. The non-deferred element of the discretionary bonus scheme is paid typically three months after the year end, after the signing of the financial statements, with the balance of the bonus being deferred for a period of up to three years. The deferred bonus for each individual can be invested into one or more of the funds managed by the Group, or is held through share awards granted from the EBT or LTIP.

## Long Term Incentive Plan ('LTIP') awards and Employee Benefit Trust ('EBT')

The Group adopted the LTIP on 3 October 2016. Awards under the LTIP take the form of non-tax advantaged nil or nominal cost options ('Options') to acquire fully paid ordinary shares. Awards may also take the form of a conditional right to receive ordinary shares (being awards which automatically deliver ordinary shares on vesting rather than providing for an option period) where the Remuneration Committee considers this to be appropriate having regard to tax, legal, regulatory or other considerations. Employees and Executive Directors of the Group are eligible to participate in the LTIP, at the Remuneration Committee's discretion.

On 25 July 2016, the Group established the EBT, with an independent Guernsey based trustee. The EBT was established for the benefit of the employees, former employees and their dependents of the Group. The EBT may be used in conjunction with the LTIP where the Remuneration Committee decides in its discretion that it is appropriate to do so. The Group may provide funds to the Trustee by way of loan or gift to enable the Trustee to subscribe or purchase existing shares in the market in order to satisfy awards made under the LTIP.

During the year 4,130,000 (2019: 1,733,333) nil cost contingent share rights over ordinary shares of 0.02p in the Company were granted to 47 employees (2019: 44) in respect of the bonus provision for the financial year ended 30 September 2019. The following table shows the awards that have been made in respect of the Executive Directors:

	Award date	Awards over 0.02p ordinary shares	Exercise price per share (p)	Vesting period (years)	Vesting date
<b>Executive Directors</b>					
Michael O'Shea	10 July 2018	300,000	-	3	10 July 2021
	23 April 2019	275,000	-	3	23 April 2022
	14 April 2020	400,000	-	3	14 April 2023
Piers Harrison	9 March 2020	150,000	-	3	9 March 2023
Neil Macpherson (resigned 14 November 2019)	10 July 2018	115,000	-	3	10 July 2021
	23 April 2019	115,000	-	3	23 April 2022

The awards made under the LTIP typically have a three-year vesting profile, with vesting conditional on the participant continuing to be employed by the Group at the vesting date.

On 9 March 2020 1,184,476 (2019: nil) nil cost contingent share rights over ordinary shares of 0.02p in the Company were exercised, of these awards, 166,667 related to Michael O'Shea and 100,000 to Neil Macpherson.

As at 30 September 2020 there were 7,417,397 outstanding nil cost contingent share rights (2019: 4,618,333).

## Management Equity Incentive ('MEI')

The MEI is a legacy Miton scheme established on 14 April 2011, in which awardees had the right to purchase Miton Group plc shares at a pre-agreed subscription price.

On 14 November 2019 the outstanding MEI awards totalled 7,000,000, on completion of the all-share merger these awards were converted at the merger exchange ratio of 0.30186 resulting in 2,113,020 awards over ordinary 0.02p shares in the Company.

At 30 September 2020 there were 1,841,346 outstanding MEI awards of which 1,373,463 had vested. The following table shows outstanding awards to Directors:

	Granted	Expires	Status	Exercise price	2020 awards over 0.02p ordinary shares
<b>Executive Directors</b>					
Piers Harrison	30/12/2013	10/05/2021	Vested	159.84	226,395
	30/09/2015	10/05/2024	Vested	109.32	377,325
	29/05/2019	10/05/2027	Unvested	208.71	105,651
<b>Non-Executive Directors</b>					
David Barron	27/11/2013	28/05/2021	Vested	166.72	226,395
	27/11/2013	28/05/2021	Vested	189.45	377,325

## Interests in shares

The Directors' beneficial interests in the Company's ordinary share capital are disclosed on page 54.

## Service contracts

Details of the service contracts and letters of appointment in respect of the Executive and Non-Executive Directors are as follows:

	Date of service agreement/ letter of appointment	Notice period (months)
<b>Executive Directors</b>		
Michael O'Shea	3 October 2016	12
Piers Harrison	14 November 2019	12
<b>Non-Executive Directors</b>		
David Barron	1 December 2019	1
Robert Colthorpe	3 October 2016	1
Alison Fleming	14 May 2020	1
William Smith	3 October 2016	1
Michael Vogel	3 October 2016	3

## Non-Executive Director fees

The fees payable to Non-Executive Directors are set by the Board, with the Chairman's fee determined by the Remuneration Committee. When setting these fees, due account is taken of fees paid to Non-Executive Directors of similar companies, the time commitment of each Director and any additional responsibilities undertaken. No Director participates in the decision in respect of their own fees. Non-Executive Directors do not receive performance-related compensation and are not provided with pension-related benefits.

## External advisers

The Remuneration Committee had recourse to external advice from Trust lawyers at Stephenson Harwood in respect of the establishment of the Premier Miton Group plc All Employee Share Incentive Plan as approved on 16 January 2020, the review and adoption of an existing Fund Manager Remuneration plan by the Board of Premier Miton Group plc, and also in respect of the recognition of the Jersey EBT as a Relevant Trust (as defined in the 2016 LTIP Rules) to allow the 2016 LTIP to be deployed to legacy Miton Group employees.

### Mike Vogel

Chairman, Remuneration Committee  
25 November 2020

# NOMINATION COMMITTEE REPORT



**Will Smith**  
Chairman of the Nomination Committee

The Nomination Committee has responsibility for keeping the leadership of the Group under review, as well as considering succession planning.

## Membership and attendance

The Nomination Committee meets at least once a year and is chaired by Will Smith, who was appointed Committee Chairman on 14 November 2020. The membership comprises three Non-Executive Directors. Attendance at Committee meetings during the year is set out in the table on page 32.

During the year, the appointments of David Barron and Katrina Hart as Non-Executive Directors and Piers Harrison as an Executive Director were approved by the Board as part of the wider corporate transaction process. The Nomination Committee recommended the appointment of Alison Fleming to the Board following a search process. Alison Fleming joined the Board as successor to Katrina Hart who stepped down on 14 May 2020. The biographies for each Director of the Board are set out on pages 30 to 31.

## Duties and terms of reference

The principal duties of the Nomination Committee include:

- the regular review of the structure, size and composition of the Board and to make any recommendations to the Board as to changes;
- evaluating the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and attributes required prior to an appointment;
- responsibility for identifying, selecting and nominating candidates to fill Board vacancies as they arise to ensure orderly succession;
- considering succession planning for Senior Executives and Group talent pipeline in anticipation of the skills and expertise needed to drive the business in the near term and avoid key person dependency;
- reviewing the results of the Board performance evaluation as they relate to Board and committee composition;
- reviewing the time commitment required of Non-Executive Directors; and
- liaising as necessary with other Board committees.

### Nomination Committee

Members:

- Will Smith (Chairman)
- Robert Colthorpe
- Mike Vogel

## Activities during the year

During the year ended 30 September 2020, the Committee met twice, and the activities included:

<b>Board succession</b>	<ul style="list-style-type: none"><li>• Recommendation of the appointment of Will Smith as Chairman of the Committee to the Board for approval.</li><li>• Review of the composition of the Board and selection and recommendation of Alison Fleming as successor to Katrina Hart.</li><li>• Review of the size and composition of the Audit &amp; Risk Committee and the Remuneration Committee.</li></ul>
<b>Group succession</b>	<ul style="list-style-type: none"><li>• Considered succession planning for senior managers, including an assurance assessment that any extended absence of a key team member as a result of COVID-19 was adequately covered and would not result in an adverse impact to clients.</li><li>• Received the senior management performance evaluations.</li></ul>
<b>Other</b>	<ul style="list-style-type: none"><li>• Reviewed and recommended updates to the terms of reference of the Nomination Committee.</li></ul>

### Committee evaluation

The Committee members each completed an online self-evaluation questionnaire composed of ten questions. They were asked to rate a number of matters relating to the function and responsibilities of the Committee, including the quality of deliberations, the type and quality of the management information, access to key people both within the business and external advisers, the process for selecting and appointing new directors and the extent to which the experience of directors is drawn upon. The evaluation asked for supporting commentary and suggestions for improvement.

The results were presented for discussion in September 2020 and the action points, including suggestions for improvement, will be addressed in the 2020/21 year. Overall, the results demonstrated that the Committee was effective in its activities during the period under review, and the Committee considers that the current Board membership represents a good mix of skills from both legacy enterprises to lead the combined business forward effectively.

### Board diversity

The Board is committed to creating opportunity for a more diverse talent pipeline and addressing the development of our culture and values in support of our talent strategy. The talent pipeline is supported by Diversity and Inclusion statements in the People Policy.

### Board induction

Details of the Director induction programme are set out on page 37.

### Conflicts of interest

Directors' conflicts of interest are considered and authorised by the Board in accordance with the Articles of Association of the Company. Directors make initial disclosures at appointment and disclose any new conflicts of interest as they arise. Each Board meeting commences with a confirmation of the known conflicts of interest for each Director. The register is reviewed annually at year end and each Director completes an annual confirmation statement.

**Will Smith**  
Chairman, Nomination Committee  
25 November 2020

# DIRECTORS' REPORT

The Directors present their Report and audited Consolidated Financial Statements for Premier Miton Group plc (the 'Company') for the year ended 30 September 2020. Comparative information has been presented for the year ended 30 September 2019. This Report sets out the information required to be disclosed in compliance with the Companies Act 2006 and the Financial Conduct Authority's Disclosure and Transparency Rules ('DTR'). The Strategic Report on pages 1 to 29 and Corporate Governance Report on pages 30 to 56, which includes the reports of the Audit & Risk, Remuneration and Nomination Committees, and the Statement of Directors' Responsibilities are incorporated by reference.

## Company registration

The Company is incorporated in England and Wales with company number 06306664 and its registered office is at Eastgate Court, High Street, Guildford, Surrey GU1 3DE. The Company, together with its subsidiaries, form the 'Group'.

## Principal activities

The principal activities of the Group are those of investment management and discretionary portfolio management services.

## Corporate governance code

The Company, which is AIM listed, chooses to report against the provisions of the Quoted Companies Alliance corporate governance code (the 'QCA Code') and consider that it has been fully compliant with the QCA Code during the year.

## Directors

The biographies of the Directors who served during the year is shown on pages 30 to 31. In accordance with the Articles of Association of the Company and the Companies Act 2006, the Directors may exercise all the powers of the Company.

## Directors indemnities and insurance provisions

The Group maintains Directors' and Officers' Liability Insurance cover for any claim brought against its Directors or officers. There are no other qualifying third-party indemnity provisions in place which would require disclosure under section 236 of the Companies Act 2006.

## Share capital

The share capital of the Company comprises 157,913,035 ordinary shares of 0.02p and one deferred share (non-voting). There are no shares held in Treasury. Each ordinary share carries

the right to one vote at general meeting and there are no restrictions on the transfer of shares other than those required by law. All employees including Directors are required to seek prior approval before dealing in ordinary shares in accordance with the Group PA Dealing Policy.

## Acquisition of own shares

In accordance with the shareholder authority granted at the Annual General Meeting ('AGM') on 5 February 2020, the Company was empowered to purchase up to approximately 10% of its issued share capital or 15,791,303 ordinary shares. No ordinary shares were allotted or purchased during the year.

## Shares held in Employee Benefit Trusts ('EBT's')

As set out at note 23, the Group maintains two active EBTs. The Trustees of both EBTs have waived the right to receive dividends. As at 25 November 2020, the Trustees held an aggregate of 9,921,565 ordinary shares.

## All-employee share incentive plans

On 16 January 2020 the Group established an all-employee share incentive plan (the 'SIP'). The SIP is administered by Global Shares Trustees (UK) Limited, the same administrator as the legacy Miton all-employee share incentive plan that was placed into run-off at the date of merger. Accordingly, as at 31 October 2020, the SIP Trustee held an aggregate of 453,945 ordinary shares across the new SIP and the run-off SIP scheme on behalf of employees of the Group. In accordance with the plan rules, SIP participants are entitled to receive dividend shares.

## Results and dividends

Profit for the year after taxation was £5,890,000 (2019: £11,022,000) as set out in the Consolidated Statement of Comprehensive Income on page 63. The Directors have declared two interim dividends in respect of the financial year ended 30 September 2020 amounting to 2.5p per share (2019: 10.5p). The first interim dividend of 1.75p per share was paid on 28 February 2020 and the second interim dividend of 0.75p per share was paid on 29 May 2020. The Directors recommend a final dividend of 4.5p (2019: 5.4p) payable on 12 February 2021 to shareholders on the register as at 15 January 2021.

## Directors' interests

The Directors' beneficial interests in the Company's ordinary share capital are as follows:

	Ordinary 0.02p shares as at 30 September 2020	Ordinary 0.02p shares as at 30 September 2019
<b>Executive Directors</b>		
Piers Harrison (appointed 14 November 2019)	47,560	–
Mike O'Shea <sup>1,3</sup>	3,483,695	3,229,369
<b>Non-Executive Directors</b>		
David Barron <sup>1</sup> (appointed 1 December 2019)	172,205	–
Robert Colthorpe	18,500	8,500
Alison Fleming (appointed 15 May 2020)	10,000	–
William Smith	10,000	10,000
Mike Vogel <sup>2</sup>	18,543,403	18,543,403

Notes:

1 Including interests of persons closely associated ('PCAs') in accordance with the Market Abuse Regulations 2016

2 Including via The Elcot Fund Limited of which Mike Vogel is a controller

3 Includes interests held in a family trust for which Mike O'Shea acts as a trustee



## Substantial interests

As at 31 October 2020, the Company had received notification in accordance with DTR 5 of the following substantial interests in the Company's ordinary share capital:

Shareholders greater than 3%	Shares	%
FIL Investment International (London)	15,759,837	9.98%
The Elcot Fund <sup>1</sup>	15,423,400	9.77%
Standard Life Aberdeen	12,419,680	7.86%
Canaccord Genuity Group Inc	7,039,866	4.46%
Affiliated Managers Group	5,475,187	3.47%
M&G Investments	5,405,503	3.42%
Franklin Resources	5,000,000	3.17%
Hargreaves Lansdown PLC	4,821,093	3.05%

<sup>1</sup> Mike Vogel is a controller of The Elcot Fund Limited

## Financial instruments and risk

The financial instruments and their associated risks are set out in note 15 on pages 83 to 85.

## Charitable donations

During the year the Group made charitable donations of £14,536 (2019: £12,846).

## Going concern statement

The Directors have carried out an assessment of the key risks facing the Group, its financial adequacy and business model, and have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. This assessment has been made after considering the impact of COVID-19 on the business as detailed in note 2.1. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

## Events since the balance sheet date

There have been no material events after the balance sheet date.

## Auditor

A resolution to reappoint KPMG LLP as auditor will be put to the members at the forthcoming AGM.

## Directors' statement as to the disclosure of information to the auditor

The Directors who were members of the Board at the time of approving the Directors' Report are detailed on pages 30 to 31. Having made enquiries of fellow Directors and of the Group's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

## Annual General Meeting

The AGM, which is expected to be a closed meeting with shareholder participation facilitated by way of a webinar, will be held at Eastgate Court, High Street, Guildford, Surrey GU1 3DE at 10am on 3 February 2021.

By order of the Board

Catriona Fletcher  
Company Secretary  
25 November 2020

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU ('IFRSs as adopted by the EU') and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER MITON GROUP PLC

## 1. Our opinion is unmodified

We have audited the financial statements of Premier Miton Group plc ('the Company') for the year ended 30 September 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows, and the related notes, including the accounting policies in notes 2 and 29.

### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
<b>Materiality:</b>		£523k (2019: £666k)
Group financial statements as a whole		4% (2019: 5%) of profit before tax
<b>Coverage</b>		98% (2019: 100%) of Group profit before tax
Key audit matters vs 2019		
<b>Recurring risks</b>	<b>New:</b> Recoverability of Group goodwill and of Parent Company's investment in Miton subsidiary	▲
	Revenue recognition (Group only)	◀▶
<b>Acquisition of Miton Group plc</b>	<b>New:</b> Valuation of Intangible Assets pertaining to the acquisition of Miton Group plc and consequential effect on goodwill recognised (Group only)	▲

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER MITON GROUP PLC

CONTINUED

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p><b>Valuation of intangible assets pertaining to the acquisition of Miton Group plc and consequential effect on goodwill recognised</b> (£80.1 million; 2019: nil)</p> <p>Refer to pages 46 and 47 (Audit &amp; Risk Committee Report), note 2.6 (a) page 69, note 2.6 (o) page 73 (accounting policies) and note 11 pages 80 and 81 (financial disclosures).</p>	<p><b>Forecast-based valuation:</b> This risk relates to the fair value of identifiable intangible assets (investment management contracts) recognised separately as a result of the Miton Group plc acquisition. There is inherent uncertainty involved in forecasting the cash flows of the acquired business and discounting them to the present day, which determines the fair value of the intangible assets at the acquisition date. The key judgements that give rise to a significant risk are the discount rate and the cash flow forecasts (including the attrition rates of the AuM and net revenue margins). The amount of goodwill recognised is dependent on the valuation of the intangible assets.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the fair value of the acquired intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Assessing methodology:</b> We assessed the principles and integrity of the value-in-use discounted cashflow. This included cross-check of methodology and forecasts used in the valuation against publicly available documents including the prospectus, and board minutes;</li> <li>• <b>Valuation analysis:</b> We used our own valuation specialists to challenge the Group's valuation analysis prepared by management, which was the basis for the determination of the fair value of the intangible assets used in the business combination accounting;</li> <li>• <b>Benchmarking assumptions:</b> We challenged the key assumptions made by management in determining the fair values of the investment management contract intangible assets. In particular these included forecast levels of assets under management and net revenue margins. Our challenge was based on historical experience, sector experience and market comparable data obtained publicly or through management's and KPMG's internally derived data; and</li> <li>• <b>Assessing transparency:</b> We assessed the Group's disclosures regarding the acquisition and estimation assumptions and whether they had been disclosed appropriately.</li> </ul>

The risk	Our response
<p><b>Recoverability of Group goodwill and of the Parent Company's investment in Miton subsidiary</b> (Group goodwill: £70.9 million; 2019: £15.6m)</p> <p>(Parent Company: Investment in Miton subsidiary included in total investments in subsidiaries of £138.1 million; 2019 £43.7 million)</p> <p>Refer to pages 46 and 47 (Audit &amp; Risk Committee Report), note 2.6 (a) page 69, note 2.6 (o) page 73 (accounting policies) note 11 pages 80 and 81 and note 30 page 95 (financial disclosures).</p>	<p><b>Forecast-based valuation:</b> The Group manages a single group of cash generating units which includes all of the goodwill and intangible assets. Goodwill in the Group and the carrying amount of certain of the Parent Company's investments in subsidiaries are significant and at risk of irrecoverability due to uncertainty regarding forecast Group performance. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of goodwill and intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p>
<p><b>Revenue Recognition – Management fees</b> (£77.5 million; 2019: £52.6m)</p> <p>Refer to pages 46 and 47 (Audit &amp; Risk Committee Report), note 2.6 (l) page 72 (accounting policy) and note 3 page 74 (financial disclosures).</p>	<p><b>Calculation error:</b> The calculation of management fee revenue for the Group, predominantly being the product of assets under management and fee rates, is not judgemental or complex.</p> <p>However, due to its materiality in the context of the financial statements as a whole, it is considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit of the Group.</p> <p><b>Processing error:</b> Assets under management data is obtained from third-party service providers. We consider the accuracy and completeness of this data to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit of the Group.</p>
	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Sensitivity analysis:</b> We performed our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the carrying value of goodwill and the investment in subsidiaries in order to determine the key assumptions in the Group's impairment model;</li> <li>• <b>Benchmarking of assumptions:</b> We assessed the appropriateness of the key assumptions used in the Group's impairment model. This included comparing the Group discount rate assumptions with our own estimate of a range of reasonable discount rates, based on comparable company information;</li> <li>• <b>Our sector expertise:</b> We also used our sector experience to evaluate the appropriateness of assumptions applied in key inputs such as assets under management, net revenue, and discount rates;</li> <li>• <b>Test of details:</b> We compared the carrying amount of the investment in Miton subsidiary with the subsidiary's value-in-use to identify whether the value in use exceeds the carrying amount; and</li> <li>• <b>Assessing transparency:</b> We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment for goodwill to changes in key assumptions reflect the risks inherent in the valuation of goodwill. We assessed the adequacy of the Parent Company's disclosures in respect of the investment in subsidiaries balance.</li> </ul>
	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Reperformance:</b> For management fee revenue earned from managing funds, representing 98% of the revenue of the Group, we utilised our specialist data analytics team to recalculate management fees based on fee rates set out in underlying agreements and assets under management data;</li> <li>• <b>Test of details:</b> We agreed the fee rates used in our recalculation to fund prospectuses or other applicable legal documents, agreed revenue to cash receipts, and tested revenue cut-off; and</li> <li>• <b>Outsourcing controls:</b> To address the accuracy and completeness of assets under management data inputs obtained from the third-party service providers, we obtained an understanding of the control environment and evaluated the design and implementation and operating effectiveness of controls. Our approach included a combination of inspecting and understanding the results of internal controls reports prepared by the service organisation and attested to by independent service auditors (where available) and consideration of compensating user entity controls.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER MITON GROUP PLC

CONTINUED

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group Financial Statements as a whole was set at £523k (2019: £666k), determined with reference to a benchmark of Group profit before tax, normalised by averaging over the last three years due to fluctuations in the business cycle, of £13,099k (2019: £13,718k). The benchmark has changed from the prior year group profit before tax benchmark due to the impact related one-time merger costs had on Group profitability.

Materiality for the Parent Company Financial Statements as a whole was set at £179k (2019: £167k), determined with reference to a benchmark of Company total assets, of which it represents 0.1% (2019: 0.3%). The reduction in percentage of benchmark was used to reflect the increased risk of misstatement within the recoverability of the Company's investment in subsidiaries in light of the acquisition and COVID-19.

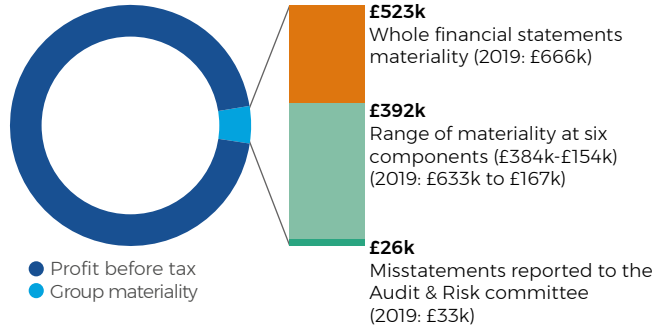
We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £26k (2019: £33k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's twelve (2019: seven) reporting components, we subjected six (2019: four) to full scope audits for Group purposes, all of which were performed by the Group audit team.

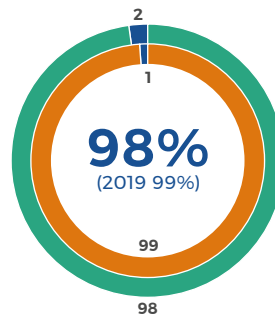
The components within the scope of our work accounted for the percentages illustrated opposite.

Profit Before Tax  
£13,099k (2019: £13,718k)

Group materiality  
£523k (2019: £666k)



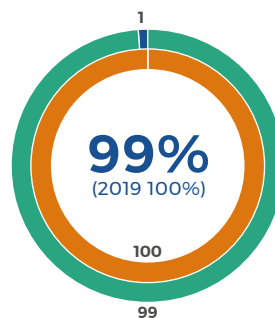
Group revenue



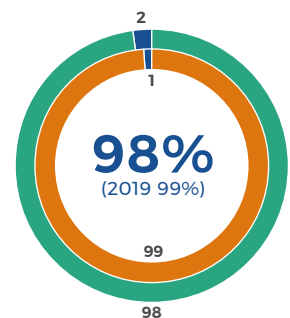
Group profit before tax



Group total assets



Adjusted profit before tax



- Full scope for Group audit purposes 2020
- Full scope for Group audit purposes 2019
- Residual components

#### 4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The impact of Brexit on the Group's ability to operate;
- The impact of COVID-19 on the valuation of intangible assets and goodwill;

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and COVID-19 and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

#### 5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

##### Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### 6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### 7. Respective responsibilities

##### Directors' responsibilities

As explained more fully in their statement set out on page 56, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER MITON GROUP PLC

CONTINUED

## Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with 'ISAs (UK)' will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## 8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Alison Allen (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
25 November 2020



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
<b>Revenue</b>	3	<b>77,721</b>	52,821
Fees and commission expenses		<b>(10,948)</b>	(4,235)
<b>Net revenue</b>		<b>66,773</b>	48,586
Administrative costs		<b>(44,408)</b>	(29,617)
Share-based payment expense	22	<b>(3,581)</b>	(2,551)
Amortisation of intangible assets	11	<b>(4,517)</b>	(1,522)
Merger related costs	4	<b>(4,467)</b>	-
Exceptional items	4	<b>(216)</b>	(1,178)
<b>Operating profit</b>	5	<b>9,584</b>	13,718
Finance revenue	7	<b>20</b>	-
<b>Profit for the year before taxation</b>		<b>9,604</b>	13,718
Taxation	8	<b>(3,714)</b>	(2,696)
<b>Profit for the year after taxation attributable to equity holders of the parent</b>		<b>5,890</b>	11,022
		pence	pence
Basic earnings per share	10	<b>4.14</b>	10.82
Diluted basic earnings per share	10	<b>4.00</b>	10.44

No other comprehensive income was recognised during 2020 or 2019. Therefore, the profit for the year is also the total comprehensive income.

All of the amounts relate to continuing operations.

The notes on pages 67 to 91 form an integral part of these Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
<b>Non-current assets</b>			
Goodwill	11	70,948	15,597
Intangible assets	11	32,234	11,957
Other investments		100	-
Property and equipment	12	2,385	874
Right-of-use assets	9	2,414	-
Deferred tax asset	8	1,599	1,111
Trade and other receivables	14	367	-
		<b>110,047</b>	29,539
<b>Current assets</b>			
Financial assets at fair value through profit and loss	15	2,697	827
Trade and other receivables	14	44,409	49,038
Cash and cash equivalents	16	35,992	20,689
		<b>83,098</b>	70,554
<b>Total assets</b>		<b>193,145</b>	100,093
<b>Current liabilities</b>			
Trade and other payables	17	(53,046)	(52,883)
Current tax liabilities		(2,948)	(1,884)
Lease liabilities	9	(857)	-
		<b>(56,851)</b>	(54,767)
<b>Non-current liabilities</b>			
Provisions	19	(389)	-
Deferred tax liability	8	(4,152)	-
Lease liabilities	9	(2,059)	-
		<b>(63,451)</b>	(54,767)
<b>Total liabilities</b>		<b>(63,451)</b>	(54,767)
<b>Net assets</b>		<b>129,694</b>	45,326
<b>Equity</b>			
Share capital	20	60	50
Merger reserve	11	94,312	-
Own shares held by an Employee Benefit Trust	23	(14,649)	(6,944)
Capital redemption reserve	21	4,532	4,532
Retained earnings		45,439	47,688
<b>Total equity shareholders' funds</b>		<b>129,694</b>	45,326

Company number 06306664

The Consolidated Financial Statements were approved on behalf of the Board of Directors on 25 November 2020.

**Mike O'Shea**  
Chief Executive Officer

**Piers Harrison**  
Chief Financial Officer

The notes on pages 67 to 91 form an integral part of these Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital £000	Merger reserve £000	Own shares held by an EBT £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
<b>At 1 October 2018</b>		50	-	(4,047)	4,532	44,733	45,268
Profit for the year		-	-	-	-	11,022	11,022
Purchase of own shares held by an EBT	23	-	-	(2,897)	-	-	(2,897)
Share-based payment expense	22	-	-	-	-	2,551	2,551
Equity dividends paid	24	-	-	-	-	(10,618)	(10,618)
<b>At 30 September 2019</b>		50	-	(6,944)	4,532	47,688	45,326
Profit for the year		-	-	-	-	5,890	5,890
Issue of share capital on merger	11, 20	10	94,312	-	-	-	94,322
Purchase of own shares held by an EBT	23	-	-	(2,669)	-	-	(2,669)
Shares issued to EBT as part of the merger	23	-	-	(5,178)	-	-	(5,178)
Exercise of options	23	-	-	142	-	(15)	127
Share-based payment expense	22	-	-	-	-	3,581	3,581
Deferred tax direct to equity		-	-	-	-	(6)	(6)
Equity dividends paid	24	-	-	-	-	(11,699)	(11,699)
<b>At 30 September 2020</b>		<b>60</b>	<b>94,312</b>	<b>(14,649)</b>	<b>4,532</b>	<b>45,439</b>	<b>129,694</b>

The notes on pages 67 to 91 form an integral part of these Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
<b>Cash flows from operating activities:</b>			
Profit for the year		5,890	11,022
Adjustments to reconcile profit to net cash flow from operating activities:			
- Tax on continuing operations	8	3,714	2,696
- Finance revenue	7	(20)	-
- Interest payable on leases	9	93	-
- Depreciation - fixed assets	12	617	224
- Depreciation - leases	9	689	-
- Gain on sale of financial assets at fair value through profit and loss		(13)	(19)
- (Loss)/gain on revaluation of financial assets at fair value through profit and loss		6	(7)
- Loss on disposal of property and equipment		-	327
- Increase in employee benefit liability	18	1,182	-
- Purchase plan assets (held for employee benefit liability)	18	(1,182)	-
- Amortisation of intangible assets	11	4,517	1,522
- Share-based payment expense	22	3,581	2,551
- Decrease in trade and other receivables		8,479	4,671
- Decrease in trade and other payables		(19,533)	(5,058)
<b>Cash generated from operations</b>		<b>8,020</b>	<b>17,929</b>
Income tax paid		(3,226)	(4,182)
<b>Net cash flow from operating activities</b>		<b>4,794</b>	<b>13,747</b>
<b>Cash flows from investing activities:</b>			
Interest received	7	20	-
Acquisition of assets at fair value through profit and loss		(12,166)	(4,229)
Proceeds from disposal of assets at fair value through profit and loss		10,304	4,338
Purchase of property and equipment	12	(138)	(426)
Cash acquired on merger	11	27,296	-
<b>Net cash flow from investing activities</b>		<b>25,316</b>	<b>(317)</b>
<b>Cash flows from financing activities:</b>			
Lease payments	9	(566)	-
Exercise of options	22	127	-
Purchase of own shares held by an EBT	23	(2,669)	(2,897)
Equity dividends paid	24	(11,699)	(10,618)
<b>Net cash flow from financing activities</b>		<b>(14,807)</b>	<b>(13,515)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>15,303</b>	<b>(85)</b>
Cash and cash equivalents at the beginning of the year		20,689	20,774
<b>Cash and cash equivalents at the end of the year</b>	16	<b>35,992</b>	20,689

The notes on pages 67 to 91 form an integral part of these Consolidated Financial Statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 1. Authorisation of financial statements and statement of compliance with IFRS

The Consolidated Financial Statements of Premier Miton Group plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 September 2020 were authorised for issue by the Board of Directors on 25 November 2020 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Mike O'Shea and Piers Harrison.

The Company is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

These Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. The Consolidated Financial Statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Group are set out in note 2.

## 2. Accounting policies

### 2.1 Basis of preparation

The Consolidated Group Financial Statements for the year ended 30 September 2020 have been prepared in accordance with IFRS. The Consolidated Financial Statements have been prepared on a going concern basis, which has been explained in greater detail in the Financial Review on pages 20 to 23, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through profit or loss. Costs are expensed as incurred.

The Directors have assessed the prospects of the Group over a period of three years after the balance sheet date, rather than the 12 months required by the Going Concern provision. This assessment has been made after considering the impact of COVID-19 on the business. The Directors note that the Group has no external borrowings and maintains significant levels of cash reserves.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 30 September 2023. The Directors' assessment has been made with reference to the Group's current position and strategy, the Board's appetite for risk, the Group's financial forecasts, and the Group's principal risks and how these risks are managed, as detailed in the Strategic Report. The Directors have also reviewed and examined the financial stress testing inherent in the Internal Capital Adequacy Assessment Process ('ICAAP').

The three-year period is consistent with the Group's current strategic forecast and ICAAP. The forecast considers the Group's profitability, cash flows, dividend payments and other key variables. Sensitivity analysis is also performed on certain key assumptions used in preparing the forecast, both individually and combined, in addition to scenario analysis that is performed as part of the ICAAP process, which is formally approved by the Board. This analysis demonstrates that even after modelling materially lower levels of AuM associated with a reasonably plausible downside scenario, the business remains cash generative.

### 2.2 Changes in significant accounting policies

On 1 October 2019, the Group initially applied IFRS 16 'Leases'.

The Group applied the IFRS 16 modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 October 2019, with no restatement of comparative information. Additionally, the disclosure requirements in IFRS 16 have not been applied to the comparative information.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed under IFRS 16. The definition of a lease under IFRS 16 was applied to contracts entered into on or after 1 October 2019.

Under IFRS 16 the Group recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The ROU asset is amortised on a straight-line basis with the lease liability being carried at amortised cost using the effective interest method. There are recognition exemptions for short-term leases (leases of less than 12 months) and leases of low-value items.

The Group recognised new assets and liabilities for its operating leases and the nature of expenses related to those leases has changed with recognition of a depreciation charge for ROU assets and interest expense on lease liabilities. On transition, the Group measured lease liabilities at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 October 2019. The rate applied was 5%. ROU assets are measured at an amount equal to the lease liabilities, adjusted by the amount of prepaid or accrued lease payments.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group does not enter into any leasing arrangements as lessor.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 2. Accounting policies continued

### 2.3 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiary undertakings as at 30 September 2020. Profits and losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's identifiable assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2.4 New standards, amendments and interpretations

The following Adopted IFRSs have been issued but have not been applied by the Group in these Consolidated Financial Statements. Their adoption is not expected to have a material effect on the Consolidated Financial Statements unless otherwise indicated.

- **IFRS 17:** Insurance contracts;
- **Amendments to IFRS 3:** Definition of a business;
- **Amendments to IAS 1 and IAS 8:** Definition of material; and
- **Amendments to IFRS 10 and IAS 28:** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

### 2.5 Judgements and key sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Consolidated Statement of Financial Position date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are as follows:

- **Acquisition accounting and valuation of goodwill and other intangible assets.** Determining the valuation of goodwill and intangible assets arising from a business combination under IFRS 3 contains elements of judgement. Having considered the guidance under the relevant accounting standards and all aspects of the acquisition of Miton Group plc, the Directors have concluded that this was an acquisition of a business and the assets acquired have been recognised within the Group Consolidated Financial Statements in accordance with IFRS 3. Refer to note 2.6 (a) page 69, note 2.6 (o) page 73 (accounting policies) and note 11 pages 80 and 81 (financial disclosures); and
- **Impairment of goodwill and other intangible assets and recoverability of Parent Company investment in Miton subsidiary.** The recognition of goodwill and other intangible assets arising on acquisitions and the impairment assessments contain significant accounting estimates. Goodwill is carried at cost less provision for impairment, the carrying value is tested annually for impairment, or more frequently if any indicators arise. Other intangible assets are amortised over their useful economic life and are assessed for impairment when there is an indication that the asset might be impaired. The impairment test of goodwill and other intangible assets includes key assumptions underlying the recoverable amounts, the growth rates applied to the future cash flows and the Group's discount rate. Refer to note 2.6 (a) page 69, note 2.6 (o) page 73 (accounting policies) and note 11 pages 80 and 81 (financial disclosures).

## 2. Accounting policies continued

### 2.6 Significant accounting policies

#### (a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. All contingent consideration is measured at fair value with the changes in fair value in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Goodwill is monitored at the Group level.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate potential impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

In respect of goodwill, the recoverable amount is estimated at each annual balance sheet date. The recoverable amount is the higher of fair value less costs to sell and value-in-use. Impairment losses represent the amount by which the carrying amount exceeds the recoverable amount; impairment losses are recognised in profit and loss. Impairment losses recognised in respect of the cash generating unit ('CGU') are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the value of any other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

#### (b) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

- Leasehold improvements – the term of the lease
- Plant and equipment – five years
- Computer equipment – three years
- Motor vehicles – three years
- Fixtures and fittings – 15%

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### (c) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost after deducting provisions for expected credit losses ('ECLs'). The Group applies the IFRS 9 simplified approach to measuring ECLs for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience and is adjusted for forward-looking estimates. Other receivables mainly comprise of refundable rent deposits and amounts the Group is due to receive from third parties in the normal course of business.

#### (d) Provisions and other liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted. The increase in the provision due to passage of time is recognised as a finance cost.

Where the Group, as lessee, is contractually required to restore a leased property to an agreed condition prior to the release by a lessor, provision is made for such costs as they are identified.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

#### (e) Leases

The Group recognises an ROU and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate. Generally, the Group will use its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

In the comparative period all leases were classified as operating leases in accordance with IAS 17. Rents payable under operating leases were charged to income on a straight-line basis over the term of the relevant lease.

#### (f) Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments as an expense on a straight-line basis.

#### (g) Income taxes

Current and deferred tax are recognised in income or expense, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the Consolidated Statement of Financial Position date.



## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, with the following exceptions:

- (i) where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- (iii) deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Consolidated Statement of Financial Position date.

The carrying amount of deferred income tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

#### (h) Foreign currencies

The Group's Consolidated Financial Statements are presented in pounds Sterling. The functional currency of the Group's entities is pounds Sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Consolidated Statement of Financial Position date. All differences are taken to the Consolidated Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Group does not apply hedge accounting of foreign exchange risks in its Consolidated Financial Statements.

#### (i) Financial instruments

In accordance with IFRS 9 the Group's financial assets are classified as either at amortised cost, fair value through other comprehensive income or fair value through profit or loss ('FVTPL'). The financial asset classification will be determined on the basis of the contractual cash flow characteristics of the instruments and the Group's business model for the collection of cash flows arising from its investments.

The Group holds non-controlling interests in unconsolidated funds at fair value, designated at FVTPL. Under the new standard, this designation has not changed.

The majority of the Group's revenue comes from investment management fees due from the retail investment funds being managed. These fees are paid to the Group on a monthly basis. For segregated accounts, the majority of fees are paid on a monthly basis with some paying on a quarterly basis. Typically, receivables comprise unpaid sales contracts and cancellations, which are receivables in transit between funds and end clients. These are contractually required to be settled within one or four days. Based on (a) there being no credit losses on trade debtors over a period in excess of ten years; and (b) cash balances being held with banks with credit ratings of S&P A+/A-1 stable, the ECL was not material.

#### i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables.

The Group holds non-controlling interests in unconsolidated funds at fair value, designated at FVTPL.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. The Group assesses at each Consolidated Statement of Financial Position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Generally, an obligation to deliver cash or other financial asset to another party at a fixed date in the future would require presentation of a financial instrument as a liability.

No significant restrictions exist to transfer cash or assets within the Group or pay out dividends, except for regulatory capital restrictions within the regulated companies.

#### iii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR'), with interest expense recognised on an effective yield basis.

The EIR used to recognise interest expense is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

#### iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid short-term deposits that are readily convertible to known amounts of cash within three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows and are presented in current liabilities.

#### (k) Exceptional items

The Group presents as exceptional items those items of income and expense, which are not incurred in the normal course of the Group's operations, and because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year. This aids to facilitate comparison with prior periods and assists in assessing trends in financial performance.

#### (l) Revenue recognition

IFRS 15 specifies the requirements that an entity must apply in order to measure and recognise revenue and its related cash flows. The core principle of the standard is that an entity should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer.

The standard includes a five step model for recognising revenue as follows: Identifying the contract with the customer; identifying the relevant performance obligations of the contract; determining the amount of consideration to be received under the contract; allocating the consideration to the relevant performance obligation; and accounting for the revenue as the performance obligations are satisfied. In preparation for the implementation of the standard the Group has carried out a detailed review of its contracts with customers. Following this review and impact assessment no material change to the revenue recognition policy was necessary. There has been no material impact on its results.

The Group's primary source of income is fee income from investment management activities. These fees are generally based on an agreed percentage, as per the management contract, of the assets under management ('AuM') and are recognised in the same period in which it is provided. Under the requirements of IFRS 15 revenue is presented gross with rebates and commission presented in cost of sales.

Commission includes fees based on a set percentage of certain flows into our funds and are recognised on receipt.

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

Other income also included within revenue includes performance fees which are accounted for as and when relevant performance criteria are met and the fees become receivable. This policy is in line with IFRS 15.

For all revenue streams, the Group acts as principal and therefore recognises revenue gross with any related expenses (e.g. rebates or commissions) presented in cost of sales.

#### (m) Pensions

The Group operates defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense as the service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

#### (o) other intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Comprehensive Income in amortisation when the asset is derecognised.

Investment management contracts purchased by the Group are capitalised as intangible fixed assets and are amortised on a straight-line basis over periods ranging from seven to 20 years depending on the nature of the assets purchased.

At each reporting date, the Group reviews the carrying amounts of its other intangible assets to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated. Other intangible assets are assessed, alongside goodwill, annually for impairment or more frequently if any indicators of impairment arise. The recoverable amount of the asset, is the greater of its value-in-use and its fair value less the costs to sell. Value-in-use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### (p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (q) Borrowings

Borrowings, are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the EIR.

All other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

#### (r) Related party transactions

All companies forming part of the consolidated Group are considered to be related parties as these companies are owned either directly or indirectly by Premier Miton Group plc. Key management, being the members of the Executive Committee, are also identified as a related party.

The adoption of IFRS 10 Consolidated Financial Statements has not resulted in the consolidation of additional funds where the Group is now deemed to have a controlling interest under the definition of this standard. The Group did not hold a material investment in any of the funds managed by the Group and has therefore determined that no controlling interest was held.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### (s) Earnings per share

Basic earnings per share is calculated by dividing the total comprehensive income for the year by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group as own shares held by an EBT.

#### (t) Employee Benefit Trust ('EBT')

The Company provides finance to the EBT to purchase the Company's shares on the open market in order to meet its obligation to provide shares when an employee exercises awards made under the Group's share-based payment scheme. Administration costs connected with the EBT are charged to the Consolidated Statement of Comprehensive Income. The cost of shares purchased and held by the EBT is deducted from equity. The assets held by the EBT are consolidated into the Group's Consolidated Financial Statements.

#### (u) Share-based payments

The Group makes equity-settled share-based payment transactions in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares on the grant date. This cost is then recognised in the Consolidated Statement of Comprehensive Income over the vesting period, with a corresponding credit to equity.

Where the terms of equity-settled awards are modified, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award.

## 3. Revenue

Revenue recognised in the Consolidated Statement of Comprehensive Income is analysed as follows:

	2020 £000	2019 £000
Management fees	77,506	52,624
Commissions	7	16
Other income	208	181
<b>Total revenue</b>	<b>77,721</b>	<b>52,821</b>

All revenue is derived from the UK and Channel Islands.

## 4. Exceptional items and merger related costs

Recognised in arriving at operating profit from continuing operations:

	2020 £000	2019 £000
Fund development costs	52	-
Staff redundancy costs	-	44
Component of FCA FSCS levy	-	397
Connect development costs	164	410
Office refurbishment PPE write off	-	327
<b>Total exceptional costs</b>	<b>216</b>	<b>1,178</b>
Merger related costs	2,560	-
Merger employment restructuring costs	1,907	-
<b>Total merger related costs</b>	<b>4,467</b>	<b>-</b>

Exceptional items are those items of income and expense, which are considered not to be incurred in the normal course of business of the Group's operations, and because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

FCA FSCS levy costs in the year totalling £1,089,653 have been presented within administration expenses, of this cost, £318,627 related to the former Miton regulated entities. In 2019, the comparative costs were presented as exceptional as a result of rising significantly due to the increased levels of compensation paid by the FSCS and the inclusion of an amount invoiced in 2019 by the FCA but related to the previous year. Connect development costs relate to external consultants who have been deployed on the testing of the Connect platform during the development stage prior to launch.

#### 4. Exceptional items and merger related costs continued

In accordance with the accounting policy for exceptional items set out in note 2.6(k) on page 72 these costs have been treated as exceptional.

Merger related costs in the year totalling £2,560,242 represented legal and professional fees associated with the merger with Miton Group plc of £1,687,116 and merger integration costs of £873,126.

Employment restructuring costs arising as a result of the merger totalled £1,906,618 of which £1,900,618 related to redundancy costs and £6,000 of associated legal costs.

#### 5. Operating profit

##### (a) Operating profit is stated after charging:

	Notes	2020 £000	2019 £000
Auditor's remuneration	5(b)	511	485
Staff costs	6	29,978	18,234
Operating lease payments – rent		–	394
Interest – leases	9	93	–
Amortisation of intangible assets	11	4,517	1,522
Exceptional items	4	216	1,178
Merger related costs	4	4,467	–
Depreciation – fixed assets	12	617	224
Depreciation – leases	9	689	–

##### (b) Auditor's remuneration

The remuneration of the auditors is analysed as follows:

	2020 £000	2019 £000
Audit of Company	75	52
Audit of subsidiaries	188	69
<b>Total audit</b>	<b>263</b>	<b>121</b>
<b>Audit-related assurance services</b>	<b>95</b>	<b>101</b>
– Tax compliance services	38	40
– Services related to corporate finance transactions not covered above	–	181
– Other non-audit services not covered above	115	42
<b>Total other non-audit services</b>	<b>153</b>	<b>263</b>
<b>Total non-audit services</b>	<b>248</b>	<b>364</b>
<b>Total fees</b>	<b>511</b>	<b>485</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 6. Staff costs and Directors' remuneration

(a) Staff costs during the year were as follows:

	2020 £000	2019 £000
Salaries, bonus and performance fee share	22,471	13,387
Social security costs	3,085	1,722
Share-based payments	3,581	2,551
Other pension costs	841	574
<b>Total staff costs</b>	<b>29,978</b>	<b>18,234</b>

The average monthly number of employees of the Group during the year was made up as follows:

	2020 Number	2019 Number
Directors	7	6
Investment management	44	29
Sales and marketing	38	29
Finance and systems	13	7
Legal and compliance	11	7
Administration	37	30
<b>Total employees</b>	<b>150</b>	<b>108</b>

## (b) Directors' remuneration

In satisfaction of Schedule 5 of SI 2008/410, the summary of audited emoluments by individual Director table on page 49 of the Remuneration Committee Report is incorporated into this note 6 by reference.

Details of awards made under the EBT to the Directors as part of their annual remuneration package can be seen in the Remuneration Committee Report on page 50.

The number of Directors accruing benefits under money purchase pension schemes at the year end was nil (2019: nil).

## 7. Finance income

	2020 £000	2019 £000
Interest receivable	20	–
<b>Net finance income</b>	<b>20</b>	<b>–</b>

## 8. Taxation

### (a) Tax recognised in the Consolidated Statement of Comprehensive Income

	2020 £000	2019 £000
<b>Current income tax:</b>		
UK corporation tax	4,326	3,025
Current income tax charge	4,326	3,025
Adjustments in respect of prior periods	(82)	238
Total current income tax	4,244	3,263
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(536)	37
Adjustments in respect of prior periods	6	(604)
Total deferred tax income	(530)	(567)
<b>Income tax charge reported in the Consolidated Statement of Comprehensive Income</b>	<b>3,714</b>	<b>2,696</b>

### (b) Reconciliation of the total income tax charge

The tax expense in the Consolidated Statement of Comprehensive Income for the year is higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £000	2019 £000
<b>Profit before taxation</b>	<b>9,604</b>	<b>13,718</b>
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%):	1,824	2,607
- Other differences	69	-
- Share-based payments	906	178
- Expenses not deductible for tax purposes	324	13
- Amortisation not deductible	252	255
- Income not subject to UK tax	(23)	(28)
- Change in tax rate	395	(40)
- Tax relief on vested options	(3)	-
- Fixed asset differences	46	77
- Adjustments in respect of prior periods	(76)	(366)
<b>Income tax charge in the Consolidated Statement of Comprehensive Income</b>	<b>3,714</b>	<b>2,696</b>

### (c) Change in corporation tax rate

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. The deferred tax balances included within the Consolidated Financial Statements have been calculated with reference to the rate of 19%, as required under IFRS.

### (d) Deferred tax

The deferred tax included in the Group's Consolidated Statement of Financial Position is as follows:

	2020 £000	2019 £000
<b>Deferred tax asset:</b>		
- Fixed asset temporary differences	(236)	(110)
- Accrued bonuses	782	447
- Share-based payments	491	689
- Losses and other deductions <sup>1</sup>	562	85
<b>Deferred tax disclosed on the Consolidated Statement of Financial Position</b>	<b>1,599</b>	<b>1,111</b>

<sup>1</sup> Deferred tax assets have been recognised in respect of this item because it is probable that future taxable profits will be available against which the Group can apply these amounts

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 8. Taxation continued

	2020 £000	2019 £000
<b>Deferred tax liability:</b>		
- Arising on acquired intangible assets	4,119	-
- Fixed asset temporary differences	33	-
<b>Deferred tax disclosed on the Consolidated Statement of Financial Position</b>	<b>4,152</b>	<b>-</b>

	2020 £000	2019 £000
<b>Deferred tax in the Consolidated Statement of Comprehensive Income:</b>		
- Origination and reversal of temporary differences	(536)	37
- Adjustments in respect of prior periods	6	(604)
<b>Deferred tax (income)</b>	<b>(530)</b>	<b>(567)</b>

	2020 £000	2019 £000
<b>Unprovided deferred tax asset:</b>		
- Non trade loan relationship losses	1,764	1,764
- Excess management expenses	46	46
- Non trade intangible fixed asset losses	357	357
<b>Unprovided deferred tax asset</b>	<b>2,167</b>	<b>2,167</b>

## 9. Leases

The Group initially adopted the IFRS 16 modified retrospective approach on 1 October 2019, with the cumulative effect of applying the Standard recognised at the date of initial application. The cumulative effect was not material with no adjustment being made to the opening balance of retained earnings at 1 October 2019, with no restatement of comparative information. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group leases its head office premises in London, additional office space in Guildford and London along with a disaster recovery site located in Reading.

- London head office premises lease renewed 28 November 2018, term of ten years with an option to break after five years;
- Reading premises lease renewed 5 March 2019, term of five years with an option to break after three years;
- Guildford second floor offices lease renewed on 17 August 2018, term of 10.5 years with an option to break after 5.5 years;
- Guildford first floor offices lease renewed on 29 May 2019, term of 9.7 years with an option to break after 4.7 years;
- The Group also leases IT equipment with contractual terms of up to three years; and
- The Group does not enter into any leasing arrangements as lessor.

### (a) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Group recognised £93,000 of interest relating to lease liabilities during the year (2019: £nil).

### (b) Amounts recognised in the Consolidated Statement of Cash Flows

The Group recognised a total cash outflow of £566,000 for lease payments during the year (2019: £nil).

### (c) Right-of-use asset

	Land and buildings £000	IT equipment £000	Total £000
At 1 October 2019	-	-	-
Additions to right-of-use assets	1,474	336	1,810
Right-of-use assets arising on merger	1,288	5	1,293
Depreciation charge for the year	(625)	(64)	(689)
<b>At 30 September 2020</b>	<b>2,137</b>	<b>277</b>	<b>2,414</b>



## 9. Leases continued

### (d) Lease liabilities

	2020 £000
Maturity analysis – contractual undiscounted cash flows	
Less than one year	915
One to five years	2,017
<b>Total undiscounted lease liabilities at 30 September</b>	<b>2,932</b>
<b>Lease liabilities included in statement of financial position at 30 September</b>	<b>2,916</b>
<b>Current</b>	<b>857</b>
<b>Non-current</b>	<b>2,059</b>

## 10. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity shareholders of the Parent Company by the weighted average number of ordinary shares outstanding at the year end.

The weighted average of issued ordinary share capital of the Company is reduced by the weighted average number of shares held by the Group's EBTs. Dividend waivers are in place over shares held in the Group's EBTs.

In calculating diluted earnings per share, IAS 33 'Earnings Per Share' requires that the profit is divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares during the period.

### (a) Reported earnings per share

Reported basic and diluted earnings per share has been calculated as follows:

	2020	2019
Profit attributable to ordinary equity shareholders of the Parent Company for basic earnings (£000)	5,890	11,022
	Number 000	Number 000
Issued ordinary shares at 1 October	105,801	105,801
- Effect of own shares held by an EBT	(9,220)	(3,891)
- Effect of shares issued	45,705	-
Weighted average shares in issue	142,286	101,910
- Effect of movement in share options	5,056	3,675
Weighted average shares in issue – diluted	147,342	105,585
<b>Basic earnings per share (pence)</b>	<b>4.14</b>	10.82
<b>Diluted earnings per share (pence)</b>	<b>4.00</b>	10.44

### (b) Adjusted earnings per share

Adjusted earnings per share is based on adjusted profit after tax, where adjusted profit is stated after charging interest but before amortisation, share-based payments, merger related costs and exceptional items.

Adjusted profit for calculating adjusted earnings per share:

	2020 £000	2019 £000
Profit before taxation	9,604	13,718
Add back:		
- Share-based payment expense	3,581	2,551
- Amortisation of intangible assets	4,517	1,522
- Merger related costs	4,467	-
- Exceptional items	216	1,178
Adjusted profit before tax	22,385	18,969
Taxation:		
- Tax in the Consolidated Statement of Comprehensive Income	(3,714)	(2,696)
- Tax effects of adjustments	(936)	(886)
<b>Adjusted profit after tax for the calculation of adjusted earnings per share</b>	<b>17,735</b>	15,387

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 10. Earnings per share continued

Adjusted earnings per share was as follows using the number of shares calculated at note 10(a):

	2020 pence	2019 Pence
<b>Adjusted earnings per share</b>	<b>12.46</b>	15.10
<b>Diluted earnings per share</b>	<b>12.04</b>	14.57

## 11. Goodwill and other intangible assets

Cost amortisation and net book value of intangible assets are as follows:

	Goodwill £000	Other £000	Total £000
Cost:			
At 1 October 2019	22,576	56,231	78,807
Additions	55,351	24,794	80,145
<b>At 30 September 2020</b>	<b>77,927</b>	<b>81,025</b>	<b>158,952</b>
Amortisation and impairment:			
At 1 October 2019	6,979	44,274	51,253
Amortisation during the year	–	4,517	4,517
<b>At 30 September 2020</b>	<b>6,979</b>	<b>48,791</b>	<b>55,770</b>
Carrying amount:			
<b>At 30 September 2020</b>	<b>70,948</b>	<b>32,234</b>	<b>103,182</b>
At 30 September 2019	15,597	11,957	27,554

As a result of the all-share merger with Miton Group plc, which was effected by way of a scheme of arrangement, the shareholders of Miton Group plc received 0.30186 of a share in Premier Miton Group plc on 15 November 2019 satisfied through newly issued shares. The additions to goodwill and intangible assets in the year relate solely to the acquisition of Miton Group plc.

Miton Group plc was an AIM quoted fund management group specialising in equity and multi-asset investing. See page 18 for further detail on the merger rationale. The acquired business contributed net revenues of £12,315,381 and a net profit after taxation of £2,672,573 to the Group for the period from 15 November 2019 to 30 September 2020. The contribution to the Group's net profit is after charging £1,118,011 of merger related costs incurred since acquisition. At the acquisition date the consideration and net assets acquired from Miton Group plc were as follows:

	£000
<b>Fair value of equity consideration</b>	<b>94,322</b>
Net assets acquired:	
– Intangible assets	24,794
– Deferred tax liability on intangible assets acquired	(4,213)
– Investments	100
– Cash and cash equivalents	27,296
– Property, plant and equipment	491
– Trade and other receivables	5,740
– Miton Group plc shares held by EBT	5,178
– Trade and other payables	(19,741)
– Provisions	(389)
– Right-of-use assets (net)	(285)
<b>Net assets acquired</b>	<b>38,971</b>
<b>Goodwill</b>	<b>55,351</b>

The fair value of the equity consideration has been calculated by reference to the number of shares issued and the share price at the completion date. The purchase consideration in the table above is grossed up for the value of the EBT shares issued. Intangible assets acquired in the business combination related to the investment management agreements between Miton and the funds to which Miton was the investment manager and the value arising from the underlying client relationships. Acquisition accounting principles under IFRS were applied.

Following initial recognition disclosed in the Interim Report 2020, the fair value of the intangible assets recognised on the business combination have been reassessed resulting in an increase of £0.6 million in intangible assets and a reduction in the goodwill balance of £0.5 million.

## 11. Goodwill and other intangible assets continued

Goodwill arising on the acquisition of Miton is mainly attributable to the skills and technical talent of Miton's workforce, expected cash flows from new customers and significant synergies which are expected to be realised from integrating the company.

### Impairment tests for goodwill and intangible assets

The Group has determined that it has a single CGU in relation to asset management for the purposes of assessing the carrying value of goodwill.

In line with IAS 36, Impairment of Assets, a full impairment review was undertaken as at 30 September 2020. The recoverable amount within the fund management CGU was determined by assessing the value-in-use using long-term cash flow projections for the CGU.

Data for the explicit forecast period of 2021-2025 is based on the 2021 budget and forecasts for 2022-2025. Increases in operating costs have been taken into account and include assumed new business volumes. Cash flows beyond the explicit forecast period are extrapolated using a long-term terminal growth rate of 3.0% (2019: 2.0%). To arrive at the net present value, cash flows have been discounted using a discount rate of 13.0% (2019: 12.35%).

The overall value-in-use was greater than the carrying value and hence no impairment charge has been recognised. The key assumptions used in determining this amount were expected aggregated fund flows and the discount rate.

### Sensitivity analysis

Management have performed a sensitivity analysis as of 30 September 2020 and established that an increase in the discount rate to 25.25% would be required before an impairment of goodwill and other intangible assets would be considered necessary. In response to the market volatility arising from COVID-19, an impairment assessment was completed during the year using materially lower levels of AuM. Due to the cash generative nature of the business, no impairment was identified at these lower levels of AuM.

The compound annual growth rate for expected fund flows over the forecast period is 7.0% and would need to reduce to -4.5% per annum for the estimated recoverable amount to equal the carrying value.

### Other intangible assets

Investment management contracts purchased by the Group are capitalised as other intangible assets and are amortised over periods ranging from seven to 20 years depending on the nature of the assets purchased. These finite life intangible assets were assessed for indicators of impairment by comparing AuM levels at the year end with those on the acquisition date. Additionally, both internal and external factors affecting these assets were considered. No indicators of impairment were noted.

The largest of the intangible assets was in relation to the merger with Miton Group plc with a carrying value of £21,676,510 and a remaining amortisation period of six years (2019: 2007 business combination with a carrying value of £11,878,607 and a remaining amortisation period of nine years).

## 12. Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Total £000
Cost or fair value:			
At 1 October 2019	938	676	1,614
Additions	-	1,637	1,637
Arising on merger	234	649	883
Disposals	-	(30)	(30)
<b>At 30 September 2020</b>	<b>1,172</b>	<b>2,932</b>	<b>4,104</b>
Depreciation:			
At 1 October 2019	263	477	740
Arising on merger	29	363	392
Depreciation during the year	142	475	617
Disposals	-	(30)	(30)
<b>At 30 September 2020</b>	<b>434</b>	<b>1,285</b>	<b>1,719</b>
Carrying amount:			
<b>At 30 September 2020</b>	<b>738</b>	<b>1,647</b>	<b>2,385</b>
At 30 September 2019	675	199	874

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 13. Group entities

At 30 September 2020 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of:

- Premier Asset Management (Guernsey) Limited which is incorporated in Guernsey and the registered office is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, GY1 3QL, Guernsey.

All subsidiary undertakings are consolidated within the Group accounts.

	Class of share held	Proportion of voting rights and shares held	Nature of the business
<b>(a) Directly held</b>			
Premier Asset Management MidCo Limited <sup>1</sup>	Ordinary	100%	Holding company
Miton Group Limited ( <i>formerly Miton Group plc</i> ) <sup>2</sup>	Ordinary	100%	Holding company
<b>(b) Indirectly held</b>			
Premier Asset Management Holdings Limited <sup>1</sup>	Ordinary	100%	Holding company
Premier Asset Management Limited <sup>1</sup>	Ordinary	100%	Holding company
Premier Investment Group Limited <sup>1</sup>	Ordinary	100%	Holding company
Premier Portfolio Managers Limited <sup>1</sup>	Ordinary	100%	Investment manager/ACD
Premier Miton Limited ( <i>formerly PAM PLC</i> ) <sup>1</sup>	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited <sup>1</sup>	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Investment manager
Eastgate Court Nominees Limited <sup>1</sup>	Ordinary	100%	Nominee company
Premier Fund Managers Limited <sup>1</sup>	Ordinary	100%	Investment manager
Premier Investment Administration Limited <sup>1</sup>	Ordinary	100%	Dormant
Premier Discretionary Asset Management Limited ( <i>formerly Premier Discretionary Asset Management PLC</i> ) <sup>1</sup>	Ordinary	100%	Dormant
Premier Fund Services Limited <sup>1</sup>	Ordinary	100%	Dormant
PremierConnect Nominees Limited <sup>1</sup>	Ordinary	100%	Dormant
Eastgate Investment Services Limited <sup>1</sup>	Ordinary	100%	Dormant
Miton Group Service Company Limited <sup>2 3</sup>	Ordinary	100%	Holding company
Miton Asset Management Limited <sup>2 3 4</sup>	Ordinary	100%	Investment manager
Miton Holdings Limited <sup>2 3</sup>	Ordinary	100%	Holding company
Miton Trust Managers Limited <sup>2 3 4</sup>	Ordinary	100%	Investment manager
Miton Investment Company Limited <sup>2</sup>	Ordinary	100%	Dormant
Miton ESOP Trustee Limited <sup>2</sup>	Ordinary	100%	Dormant
Miton Capital Limited <sup>2</sup>	Ordinary	100%	Dormant
MAM Funds Limited <sup>2</sup>	Ordinary	100%	Dormant

<sup>1</sup> The registered office is Eastgate Court, High Street, Guildford GU1 3DE

<sup>2</sup> The registered office is 6th Floor, Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB

<sup>3</sup> For 2020, the reporting period for these entities is the nine month period ended 30 September 2020

<sup>4</sup> Investment management activities ceased on 24 April 2020 and Part IV permissions were cancelled on 9 July 2020 by the FCA

## 14. Trade and other receivables

	2020 £000	2019 £000
<b>Current</b>		
Due from trustees/investors for open end fund redemptions/sales	34,491	41,753
Other trade debtors	2,566	46
Accrued income	3,549	4,356
Prepayments	2,487	2,560
Other receivables	1,316	323
<b>Total trade and other receivables</b>	<b>44,409</b>	49,038
<b>Non-current</b>		
Other receivables	367	-

#### 14. Trade and other receivables continued

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date.

Non-current other receivables represent deferred compensation awards with maturities greater than 12 months after Consolidated Statement of Financial Position date. Deferred compensation awards are released in accordance with the employment period to which they relate.

The ageing profile of trade receivables that are due but not impaired is:

	2020 £000	2019 £000
<b>Days</b>		
0 to 30	37,054	41,797
31 to 60	-	2
61 to 90	-	-
Over 90	3	-
<b>Total trade receivables</b>	<b>37,057</b>	<b>41,799</b>

These amounts have not been impaired as there has not been any significant changes in credit quality and the amounts are still considered recoverable.

#### 15. Financial instruments

##### (a) Financial assets at fair value through profit and loss

The financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial assets is as follows:

	2020 £000	2019 £000
<b>Other investments</b>		
Quoted - Level 1	2,697	827
<b>Total</b>	<b>2,697</b>	<b>827</b>

##### Quoted investments - Level 1

The Group holds shares and units in a number of funds for which quoted prices in an active market are available. The fair value measurement is based on Level 1 in the fair value hierarchy.

##### Financial instruments measured at amortised cost, but fair value is disclosed

The following financial instruments are not measured at fair value in the Consolidated Statement of Financial Position, but information about the fair value is disclosed.

##### (a) Trade debtors and trade creditors

The trade debtors and trade creditors largely have a maturity of less than one year. The fair value of trade creditors and trade debtors are not materially different to their carrying value.

##### (b) Borrowings and overdraft

The Group does not have any bank borrowings or overdrafts.

##### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 15. Financial instruments continued

### Market risks

The Group is exposed to market risk through interest rates, availability of credit, liquidity and foreign exchange fluctuations.

#### (a) Interest rate risk

The Group is exposed to interest rate risk as the Group borrows at floating interest rates.

A 1% increase in interest rates on the Group's debt balances at 30 September 2020, would increase the annual net interest payable in the Consolidated Statement of Comprehensive Income and reduce equity by £nil (2019: £nil). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings.

#### (b) Foreign exchange risk

The Group undertakes transactions denominated in US Dollars and Euros; consequently, exposures to exchange rate fluctuations arise.

At 30 September 2020, if the US Dollar and Euro had strengthened by 10% against Sterling with all other variables held constant, this would have had a £233,000 (2019: £138,000) impact on the Consolidated Statement of Comprehensive Income and equity.

The Group does not have any cash holdings in a currency other than Sterling.

#### (c) Credit risk

The Group credit risk is primarily focused on trade receivables due from trustees/investors for open end fund cancellations/sales. The risk is that a counterparty fails to settle on a trade and thereby creates an illiquid asset. However, in such cases the Group has the ability to arrange with the trustees of the relevant fund to cancel the trade and to liquidate the units issued, thereby settling the trade. A possible exposure will arise in such an instance whereby the price achieved on a cancellation of a trade is less than the original price at which the units were issued.

The credit risk on liquid assets is limited because the counterparties are banks with credit ratings of S&P A+/A-1 stable.

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers.

#### (d) Liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the Consolidated Statement of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months £000	Between 3 months and 1 year £000	Between 1 and 5 years £000	Over 5 years £000
<b>As at 30 September 2020</b>				
Trade and other payables	50,002	650	2,394	-
Lease liabilities	228	687	2,017	-
<b>As at 30 September 2019</b>				
Trade and other payables	50,755	223	1,905	-
Lease liabilities	131	391	1,419	-

## Capital management

### (a) Working capital

The Group manages the level of its working capital on an ongoing basis. The Group uses detailed financial information provided by its forecasting model and by regular review of its consolidated management information.

## 15. Financial instruments continued

### (b) Regulatory capital requirements

In accordance with the Capital Requirements Directive ('CRD'), the Group is required to maintain a minimum level of capital as prescribed in the UK by the Financial Conduct Authority ('FCA'). The Group is required to conduct an Internal Capital Adequacy Assessment Process ('ICAAP'), referred to as Pillar 2 capital requirements. The objective of this process is to ensure that firms have adequate capital to enable them to manage risks not deemed to be adequately covered under Pillar 1 minimum requirements. This is a forward-looking exercise which includes stress testing on major risks, considering how the firm would cope with a significant market downturn, for example, and an assessment of the Group's ability to mitigate the risks. Each of the regulated companies in the Group maintained surpluses of regulatory capital throughout the year.

The primary objective of the Group's capital management is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to provide a suitable base to sustain the future development of the business, while ensuring compliance with regulatory capital requirements.

During the period the Group and its subsidiary entities complied with all regulatory capital requirements.

### (c) Offsetting financial assets and financial liabilities

There are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

## 16. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	35,911	20,638
Cash held in the EBTs	81	51
<b>Total cash and cash equivalents</b>	<b>35,992</b>	<b>20,689</b>

## 17. Trade and other payables

	2020 £000	2019 £000
Due to trustees/investors for open end fund creations/redemptions	34,488	41,751
Other trade payables	996	942
Other tax and social security payable	1,929	1,253
Accruals	14,398	8,265
Pension contributions	20	13
Other payables	1,215	659
<b>Total trade and other payables</b>	<b>53,046</b>	<b>52,883</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

## 18. Short and long-term employee benefits

	2020 £000	2019 £000
Plan assets for deferred remuneration		
1 October	-	-
Arising on merger	1,071	-
Purchases at cost	1,182	-
Released during the year	(577)	-
Revaluation of plan assets	337	-
<b>At 30 September</b>	<b>2,013</b>	<b>-</b>
Employee benefits liability		
Current	(899)	-
Non-current	(1,114)	-
	-	-
<b>Net balance</b>	<b>-</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 18. Short and long-term employee benefits continued

Plan assets represent deferred remuneration entitlements for certain employees which are invested in funds managed by the Group. The investments are held in nominee on behalf of the participant. The employee benefits liability and the related plan assets are presented on a net basis in the Consolidated Statement of Financial Position.

## 19. Provisions

	£000
At 1 October 2019	–
Arising on merger	389
<b>At 30 September 2020</b>	<b>389</b>
Current	–
Non-current	389
	<b>389</b>
At 1 October 2018 and 30 September 2019	–

Provisions primarily relate to dilapidations for the offices at 6th Floor, Paternoster House, London, and the Group's disaster recovery office in Reading. The lease on Paternoster House runs to 28 November 2023 and the provision for dilapidations on this office has been disclosed as non-current. This provision is based on prices quoted at the time of the lease being taken on.

## 20. Share capital

Allotted, called up and fully paid: Number of shares	Ordinary shares 0.02 pence each Number	Deferred shares Number
At 1 October 2019	105,801,310	1
Issued on merger	52,111,725	–
<b>At 30 September 2020</b>	<b>157,913,035</b>	<b>1</b>
At 1 October 2018 and 30 September 2019	105,801,310	1

Allotted, called up and fully paid: Value of shares	Ordinary shares 0.02 pence each £000	Deferred shares £000	Total shares £000
At 1 October 2019	21	29	50
Issued on merger	10	–	10
<b>At 30 September 2020</b>	<b>31</b>	<b>29</b>	<b>60</b>
At 1 October 2018 and 30 September 2019	21	29	50

The deferred share carries no voting rights and no right to receive a dividend.

On 14 November 2019 the Company completed an all-share merger with Miton Group plc. The Company issued 52,111,725 new ordinary shares ranked pari passu in all respects with the Company's existing shares in issue.

## 21. Capital redemption reserve

	2020 £000	2019 £000
Redemption of preference shares	4,000	4,000
Cancellation of deferred shares	532	532
<b>Total capital redemption reserve</b>	<b>4,532</b>	4,532

On the redemption of the preference shares a transfer was made from retained earnings to the capital redemption reserve equivalent to the nominal value of the preference shares redeemed. On 19 October 2015 £4,000,000 of the 8% preference shares, plus £359,452 of accrued interest, was redeemed.



## 22. Share-based payments

The total charge to the Consolidated Statement of Comprehensive Income for share-based payments in respect of employee services received during the year to 30 September 2020 was £3,581,000 (2019: £2,551,000), of which £3,478,000 related to nil cost contingent share rights.

### (a) Nil cost contingent share rights

During the year 4,130,000 (2019: 1,733,333) nil cost contingent share rights over ordinary shares of 0.02p in the Company were granted to 47 employees (2019: 44). Of the total awards, 550,000 (2019: 390,000) nil cost contingent share rights were awarded to Executive Directors. The awards will be satisfied from the Group's EBTs in accordance with the provisions of the Premier Asset Management Group plc 2016 Long-term Incentive Plan.

The share-based payment expense is calculated in accordance with the fair value of the contingent share rights on the date of grant. The price per right at the date of grant ranged from £0.97 to £1.35 per share (2019: £1.87 to £2.12) resulting in a fair value of £4,794,600 (2019: £3,612,000) to be expensed over the vesting periods of three to five years.

The key features of the awards include: a three to five-year vesting term, automatic vesting at the relevant anniversary date with the delivery of the shares to the participant within 30 days of the relevant vesting date.

During the year five participants forfeited nil cost contingent share rights over 146,460 ordinary 0.02p shares in the Company (2019: nil).

On 9 March 2020 1,184,476 nil cost contingent share rights over ordinary shares of 0.02p in the Company were exercised, the cost of the shares held by the Group's EBTs was reduced by £15,087 being the original purchase price of the shares used to satisfy the exercises.

At 30 September 2020 there were 7,417,397 outstanding nil cost contingent share rights (2019: 4,618,333).

### (b) Legacy Miton schemes

#### i) Management Equity Incentive

The MEI was established on 14 April 2011. Awardees had the right to purchase Company shares at a pre-agreed subscription price.

On 14 November 2019 the outstanding MEI awards totalled, 7,000,000, on completion of the all-share merger these awards were converted at the merger exchange ratio of 0.30186 resulting in 2,113,020 awards over ordinary 0.02p shares in the Company. Following the merger, the awards continue to be subject to the terms of the Miton Management Equity Incentive Plan.

The fair value of awards granted under the MEI was estimated at the date of grant using the Black-Scholes model with assumptions for dividend yields, share price and composite volatility. On completion of the merger and in accordance with IFRS3, the replacement approach required that the fair value of the unvested options be recalculated, there was no increase in the fair value of the awards and they continue to be expensed over the remaining vesting period.

During the year, one participant elected to exercise an award over 120,744 ordinary 0.02p shares. On completion of the merger, MEI participants became entitled to receive a contingent award over additional shares if certain conditions were met. Accordingly, upon exercise of the above award the Trustees released 11,411 additional shares in the Company.

During the year five participants forfeited awards over 150,930 ordinary 0.02p shares in the Company.

At 30 September 2020 there were 1,841,346 outstanding MEI awards of which 1,373,463 had vested.

#### ii) Management Incentive Plan ('MIP')

The MIP was a legacy scheme created in 2011.

On 14 November 2019 the vested outstanding MIP award of 200,000 was converted at the merger exchange ratio of 0.30186 resulting in 60,372 awards over ordinary 0.02p shares in the Company, this award remained outstanding as at 30 September 2020.

Following the merger, the award continues to be subject to the terms of the Miton Management Incentive Plan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 22. Share-based payments continued

### (c) Share Incentive Plan ('SIP')

On 16 January 2020 the Group established the SIP scheme. This is an HMRC-approved scheme. Participants' contributions are matched by the Company up to a maximum of £1,800 per year. The contributions are used to acquire ordinary 0.02p shares in the Company.

The former Miton group had a SIP scheme in place for its employees which was launched in October 2014. On the effective date of the merger this scheme ceased.

The following table details the movements in the Group's share option schemes in the year:

	MEI awards Number	MIP awards Number	Nil cost awards Number	Total equity incentives Number
<b>2020</b>				
As at 1 October 2019	-	-	4,618,333	4,618,333
Arising on merger	2,113,020	60,372	-	2,173,392
Granted during the year	-	-	4,130,000	4,130,000
Exercised during the year	(120,744)	-	(1,184,476)	(1,305,220)
Forfeited during the year	(150,930)	-	(146,460)	(297,390)
<b>Outstanding at 30 September 2020</b>	<b>1,841,346</b>	<b>60,372</b>	<b>7,417,397</b>	<b>9,319,115</b>
<b>Vested at 30 September 2020</b>	<b>1,373,462</b>	<b>60,372</b>	<b>-</b>	<b>1,433,834</b>
<b>2019</b>				
As at 1 October 2018			2,885,000	2,885,000
Granted during the year			1,733,333	1,733,333
Outstanding at 30 September 2019			4,618,333	4,618,333
Vested at 30 September 2019			-	-

The following table details the exercise dates of outstanding equity incentives:

2020 Exercise dates	Vested	MIP awards Number	MEI awards Number	Nil cost awards Number	Total Number
Exercisable up to 10/05/2021 @ 159.84p per share	Yes	-	226,395	-	226,395
Exercisable up to 28/05/2021 @ 166.72p per share	Yes	-	226,395	-	226,395
Exercisable up to 06/04/2024 @ 115.95p per share	Yes	60,372	-	-	60,372
Exercisable up to 28/05/2021 @ 189.45p per share	Yes	-	377,325	-	377,325
Exercisable between 18/03/2019 and 10/05/2024 @ 109.32p per share	Yes	-	513,162	-	513,162
Exercisable between 31/03/2020 and 10/05/2026 @ 116.61p per share	Yes	-	30,186	-	30,186
Exercisable between 18/03/2021 and 10/05/2026 @ 162.99p per share	No	-	211,302	-	211,302
Exercisable between 18/03/2022 and 10/05/2027 @ 208.71p per share	No	-	256,581	-	256,581
Granted on 11/04/2018, vests on 11/04/2021	No	-	-	660,242	660,242
Granted on 10/07/2018, vests on 10/07/2021	No	-	-	968,333	968,333
Granted on 07/12/2018, vests on 07/12/2021	No	-	-	135,000	135,000
Granted on 16/04/2019, vests on 16/04/2022	No	-	-	675,489	675,489
Granted on 23/04/2019, vests on 23/04/2022	No	-	-	848,333	848,333
Granted on 09/03/2020, vests on 09/03/2023	No	-	-	1,008,334	1,008,334
Granted on 09/03/2020, vests on 09/03/2024	No	-	-	533,333	533,333
Granted on 09/03/2020, vests on 09/03/2025	No	-	-	533,333	533,333
Granted on 14/04/2020, vests on 14/04/2023	No	-	-	2,055,000	2,055,000
<b>Outstanding at 30 September 2020</b>		<b>60,372</b>	<b>1,841,346</b>	<b>7,417,397</b>	<b>9,319,115</b>
<b>Vested at 30 September 2020</b>		<b>60,372</b>	<b>1,373,462</b>	<b>-</b>	<b>1,433,834</b>

## 22. Share-based payments continued

2019 Exercise dates	Nil cost awards Number	Total Number
Granted on 11/04/2018, vests on 11/04/2021	1,191,667	1,191,667
Granted on 11/04/2018, vests on 11/04/2021	725,000	725,000
Granted on 10/07/2018, vests on 10/07/2021	968,333	968,333
Granted on 07/12/2018, vests on 7/12/2021	135,000	135,000
Granted on 16/04/2019, vests on 16/04/2022	750,000	750,000
Granted on 23/04/2019, vests on 23/04/2022	848,333	848,333
Outstanding at 30 September 2019	4,618,333	4,618,333
Vested at 30 September 2019	-	-

## 23. Own shares held by an Employee Benefit Trust

Premier Miton Group plc established an EBT on 25 July 2016 to purchase ordinary shares in the Company to satisfy share awards to certain employees.

Prior to the merger, Miton Group plc had an established EBT. At merger, the EBT held 15,574,517 shares in Miton Group plc, on completion of the all-share merger these shares were converted at the merger exchange ratio of 0.30186 resulting in the EBT holding 4,701,323 ordinary 0.02p shares in Premier Miton Group plc.

During the year 1,894,043 (2019: 1,400,000) shares were acquired and held by the Group's EBTs at a cost of £2,668,525 (2019: 2,896,600).

At 30 September 2020 9,921,565 (2019: 4,642,830) shares were held by the Group's EBTs, of which 9,319,115 (2019: 4,618,333) shares relate to outstanding awards (see note 22).

At 30 September 2020, the cost of the shares held by the EBTs of £14,648,840 (2019: £6,943,877) has been disclosed as own shares held by an EBT in the Consolidated Statement of Changes in Equity and the Consolidated Statement of Financial Position.

All administrative expenses connected with the EBTs are charged to the Consolidated Statement of Comprehensive Income. The EBTs have waived their rights to dividends. Shares purchased and held by the EBT are deducted from equity and classified as own shares held by an EBT.

The following table details the movements in the number and cost of the shares held by the Group's EBTs:

	2020 Number of shares	2020 £000	2019 Number of shares	2019 £000
At 1 October	4,642,830	6,944	3,242,830	4,047
Arising on merger	4,701,323	5,178	-	-
Shares acquired in the year	1,894,043	2,669	1,400,000	2,897
Shares released in the year	(1,316,631)	(142)	-	-
<b>At 30 September</b>	<b>9,921,565</b>	<b>14,649</b>	4,642,830	6,944

## 24. Dividends declared and paid

	2020 £000	2019 £000
Equity dividends on ordinary shares:		
- First interim: 1.75 (2019: 1.7) pence per share	2,591	1,743
- Second interim: 0.75 (2019: 1.7) pence per share	1,110	1,720
- Third interim: nil (2019: 1.7) pence per share	-	1,720
- Final interim dividend for 2019 (2019: 2018 final interim)	7,998	5,435
<b>Dividends paid</b>	<b>11,699</b>	10,618

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 25. Related party transactions

All companies forming part of the consolidated Group are considered to be related parties as these companies are owned either directly or indirectly by Premier Miton Group PLC. The Group manages, through its subsidiaries, a number of open ended investment companies and investment trusts which are considered to be structured entities. The subsidiary companies receive management fees from these entities for managing assets and in some instances receive performance fees.

The Group acts as investment manager, Unit Trust Manager ('UTM') and/or Authorised Corporate Director ('ACD') for 47 (2019: 30) funds as at 30 September 2020.

### (a) Interests in structured entities

The Group provides investment management services for a number of collective investment schemes where Group companies are investment managers/advisers of underlying funds and which meet the criteria of related parties (note 2.6(r)). In return the Group receives management fees for the provision of these services.

IFRS 12 requires certain disclosures in respect of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Group has assessed whether the funds it manages are structured entities and concluded that funds managed by the Group are structured entities unless substantive removal or liquidation rights exist.

The Group has interests in these funds through the receipt of management and other fees and, in certain funds, through ownership of fund units. The Group's investments in these funds are subject to the terms and conditions of the respective fund's offering documentation and are susceptible to market price risk. The investments are included in financial assets at fair value through profit or loss in the balance sheet. Where the Group has no equity holding in a fund it manages, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future fees and any uncollected fees at the balance sheet date. Where the Group does have an equity holding, the maximum exposure to loss constitutes the future and uncollected management fees plus the fair value of the Group's investment in that fund.

	2020 £000	2019 £000
Number of funds managed (number)	47	30
AuM of funds managed	10,605,833	6,554,622
Management fees received during the year	77,345	52,383
Management fees outstanding at the year end	6,105	4,307
Financial assets at FVTPL	2,697	827

### (b) Key management compensation

The key management personnel compensation that is represented by the Executive Committee, for employee and Director services during the year is shown below:

	2020 £000	2019 £000
Salaries and bonuses	6,316	3,855
Share-based payments	1,842	1,372
Benefits in kind	37	42
<b>Short-term employee benefits</b>	<b>8,195</b>	5,269

## 26. Segmental reporting

The Group operates a single business segment of asset management for reporting and control purposes.

IFRS 8 Operating Segments requires disclosures to reflect the information which Group management uses for evaluating performance and the allocation of resources. The Group is managed as a single asset management business and as such, there are no additional operating segments to disclose.

Under IFRS 8, the Group is also required to make disclosures by geographical segments. As Group operations are solely in the UK and Channel Islands, there are no additional geographical segments to disclose.

## 27. Subsequent events

### COVID-19

At 25 November 2020, the impact of COVID-19 is being kept under review by the Group, a COVID-19 response committee is charged with managing the response to this pandemic and to implement all Government advice in order to safely continue to meet the needs of clients and stakeholders.

## 28. Contingent liabilities

There were no contingent liabilities as at 30 September 2020 (2019: nil).

# COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
<b>Non-current assets</b>			
Investment in subsidiaries	30	138,054	43,732
Deferred tax asset	31	491	690
		<b>138,545</b>	44,422
<b>Current assets</b>			
Trade and other receivables	32	18,439	15,735
Cash and cash equivalents		58	23
<b>Total current assets</b>		<b>18,497</b>	15,758
<b>Total assets</b>		<b>157,042</b>	60,180
<b>Current liabilities</b>			
Trade and other payables	33	(12,836)	(7,515)
<b>Total current liabilities</b>		<b>(12,836)</b>	(7,515)
<b>Total liabilities</b>		<b>(12,836)</b>	(7,515)
<b>Net assets</b>		<b>144,206</b>	52,665
<b>Equity</b>			
Share capital	20	60	50
Merger reserve	11	94,312	-
Capital redemption reserve	21	4,532	4,532
Retained earnings		45,302	48,083
<b>Total equity shareholders' funds</b>		<b>144,206</b>	52,665

Company number 06306664

The financial statements were approved on behalf of the Board of Directors on 25 November 2020.

**Mike O'Shea**  
Chief Executive Officer

**Piers Harrison**  
Chief Financial Officer

The notes on pages 95 to 98 form an integral part of these Financial Statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital £000	Merger reserve £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
<b>At 1 October 2018</b>		50	-	4,532	48,070	52,652
Equity dividends paid	34	-	-	-	(10,618)	(10,618)
Share-based payment expense	22	-	-	-	2,552	2,552
Profit for the financial year		-	-	-	8,079	8,079
<b>At 30 September 2019</b>		50	-	4,532	48,083	52,665
Equity dividends paid	34	-	-	-	(11,699)	(11,699)
Issue of share capital on merger	11,20	10	94,312	-	-	94,322
Share-based payment expense	22	-	-	-	3,519	3,519
Exercise of options		-	-	-	(15)	(15)
Profit for the financial year		-	-	-	5,414	5,414
<b>At 30 September 2020</b>		<b>60</b>	<b>94,312</b>	<b>4,532</b>	<b>45,302</b>	<b>144,206</b>

The notes on pages 95 to 98 form an integral part of these Financial Statements.

# COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
<b>Cash flows from operating activities:</b>			
Profit after taxation		5,414	8,079
<b>Adjustments to reconcile profit to net cash flow from operating activities:</b>			
- Share-based payments		3,519	2,551
- Tax on continuing operations	31	198	(690)
- Increase in trade and other receivables		5,322	(2,870)
- Increase in trade and other payables		(2,703)	3,569
<b>Net cash flow from operating activities</b>		<b>11,750</b>	10,639
<b>Cash flows from financing activities:</b>			
Equity dividends paid	34	(11,699)	(10,618)
Exercise of options		(15)	-
<b>Net cash flow from financing activities</b>		<b>(11,714)</b>	(10,618)
<b>Increase in cash and cash equivalents</b>		<b>36</b>	21
Opening cash and cash equivalents		22	1
<b>Closing cash and cash equivalents</b>	31	<b>58</b>	22

The notes on pages 95 to 98 form an integral part of these Financial Statements.



# NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 29. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The principal accounting policies adopted are the same as those set out in the Group's financial statements disclosures. In addition, note 30 sets out the accounting policy in respect of investments in subsidiary undertakings.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company's net profit for the year amounted to £5,414,000 (2019: profit £8,079,000).

## 30. Investments in subsidiaries

Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment.

	2020 £000	2019 £000
Cost:		
At 1 October	43,732	43,732
Additions	94,322	-
<b>At 30 September</b>	<b>138,054</b>	43,732
Amortisation and impairment:		
At 1 October	-	-
Amortisation during the year	-	-
<b>At 30 September</b>	<b>-</b>	-
Carrying amount:		
<b>At 30 September</b>	<b>138,054</b>	43,732

On 14 November 2019 the Company acquired Miton Group plc ('Miton') and was renamed Premier Miton Group plc. The Company acquired 100% of the share capital of Miton, and the Miton ordinary shareholders received 0.30186 of a share in Premier Miton Group plc on the completion date satisfied through newly issued shares. The cost of the investment in Miton was £94,322,222 being the fair value of the equity consideration at the date of completion. Further details are provided in note 11 to the Consolidated Financial Statements.

At 30 September 2020 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of:

- Premier Asset Management (Guernsey) Limited which is incorporated in Guernsey and the registered office is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, GY1 3QL, Guernsey.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 30. Investments in subsidiaries continued

	Class of share held	Proportion of voting rights and shares held	Nature of the business
<b>(a) Directly held</b>			
Premier Asset Management MidCo Limited <sup>1</sup>	Ordinary	100%	Holding company
Miton Group Limited (formerly Miton Group plc) <sup>2</sup>	Ordinary	100%	Holding company
<b>(b) Indirectly held</b>			
Premier Asset Management Holdings Limited <sup>1</sup>	Ordinary	100%	Holding company
Premier Asset Management Limited <sup>1</sup>	Ordinary	100%	Holding company
Premier Investment Group Limited <sup>1</sup>	Ordinary	100%	Holding company
Premier Portfolio Managers Limited <sup>1</sup>	Ordinary	100%	Investment manager/ACD
Premier Miton Limited (formerly PAM PLC) <sup>1</sup>	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited <sup>1</sup>	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Investment manager
Eastgate Court Nominees Limited <sup>1</sup>	Ordinary	100%	Nominee company
Premier Fund Managers Limited <sup>1</sup>	Ordinary	100%	Investment manager
Premier Investment Administration Limited <sup>1</sup>	Ordinary	100%	Dormant
Premier Discretionary Asset Management Limited (formerly Premier Discretionary Asset Management PLC) <sup>1</sup>	Ordinary	100%	Dormant
Premier Fund Services Limited <sup>1</sup>	Ordinary	100%	Dormant
PremierConnect Nominees Limited <sup>1</sup>	Ordinary	100%	Dormant
Eastgate Investment Services Limited <sup>1</sup>	Ordinary	100%	Dormant
Miton Group Service Company Limited <sup>2 3</sup>	Ordinary	100%	Holding company
Miton Asset Management Limited <sup>2 3 4</sup>	Ordinary	100%	Investment manager
Miton Holdings Limited <sup>2 3</sup>	Ordinary	100%	Holding company
Miton Trust Managers Limited <sup>2 3 4</sup>	Ordinary	100%	Investment manager
Miton Investment Company Limited <sup>2</sup>	Ordinary	100%	Dormant
Miton ESOP Trustee Limited <sup>2</sup>	Ordinary	100%	Dormant
Miton Capital Limited <sup>2</sup>	Ordinary	100%	Dormant
MAM Funds Limited <sup>2</sup>	Ordinary	100%	Dormant

<sup>1</sup> The registered office is Eastgate Court, High Street, Guildford GU1 3DE

<sup>2</sup> The registered office is 6th Floor, Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB

<sup>3</sup> For 2020, the reporting period for these entities is the nine month period ended 30 September 2020

<sup>4</sup> Investment management activities ceased on 24 April 2020 and Part IV permissions were cancelled on 9 July 2020 by the FCA

## 31. Taxation

### (a) Tax charged in the Statement of Comprehensive Income

	2020 £000	2019 £000
<b>Current income tax:</b>		
UK corporation tax	-	-
Current income tax charge	-	-
Total current income tax	-	-
<b>Deferred tax:</b>		
- Origination and reversal of temporary differences	198	(306)
- Adjustments in respect of prior periods	-	(384)
Total deferred tax charge / (income)	198	(690)
<b>Tax charge reported in the Statement of Comprehensive Income</b>	<b>198</b>	<b>(690)</b>

### 31. Taxation continued

#### (b) Reconciliation of the total tax charge

The tax expense in the Statement of Comprehensive Income for the year is higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £000	2019 £000
Profit on ordinary activities before taxation	5,613	7,389
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%):	1,066	1,404
- Expenses not deductible for tax purposes	279	-
- Other differences	897	178
- Group relief surrendered	203	124
- Change in tax rate	(38)	-
- Group income	(2,206)	(2,012)
- Tax relief on vested options	(3)	-
- Adjustments in respect of prior periods	-	(384)
<b>Tax expense in the Statement of Comprehensive Income</b>	<b>198</b>	<b>(690)</b>

#### (c) Change in corporation tax rate

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. The deferred tax balances included within the Financial Statements have been calculated with reference to the rate of 19%, as required under IFRS.

#### (d) Deferred tax

The deferred tax included in the Statement of Financial Position is as follows:

	2020 £000	2019 £000
<b>Deferred tax asset:</b>		
- Share-based payments	491	690
<b>Deferred tax disclosed in the Statement of Financial Position</b>	<b>491</b>	<b>690</b>

	2020 £000	2019 £000
<b>Deferred tax in the Statement of Comprehensive Income:</b>		
- Origination and reversal of temporary differences	(198)	306
- Adjustments in respect of prior periods	-	384
<b>Deferred tax (expense) / income</b>	<b>(198)</b>	<b>690</b>

Deferred tax assets have not been recognised in respect of the following items:

	2020 £000	2019 £000
<b>Unprovided deferred tax asset:</b>		
- Excess management expenses	26	26
- Non trade intangible fixed asset losses	357	357
<b>Unprovided deferred tax asset</b>	<b>383</b>	<b>383</b>

### 32. Trade and other receivables

	2020 £000	2019 £000
Amounts owed by Group undertakings	8,659	8,648
Prepayments and accrued income	25	30
Other receivables	9,755	7,057
<b>Total trade and other receivables</b>	<b>18,439</b>	<b>15,735</b>

Trade and other receivables are all current and any fair value difference is not material. Trade and receivables are considered past due once they have passed their contracted due date. The Group's intention is for amounts due by Group undertakings are to be settled within 12 months.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 33. Trade and other payables

	2020 £000	2019 £000
Amounts owed to Group undertakings	12,833	7,505
Other payables	3	10
<b>Total trade and other payables</b>	<b>12,836</b>	<b>7,515</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

### 34. Dividends declared and paid

	2020 £000	2019 £000
Equity dividends on ordinary shares:		
- First interim: 1.75 (2019: 1.7) pence per share	2,591	1,743
- Second interim: 0.75 (2019: 1.7) pence per share	1,110	1,720
- Third interim: nil (2019: 1.7) pence per share	-	1,720
- Final interim dividend for 2019 (2019: 2018 final interim)	7,998	5,435
<b>Dividends paid</b>	<b>11,699</b>	<b>10,618</b>

# SHAREHOLDER INFORMATION

## Financial Calendar

Annual General Meeting	3 February 2021
2021 half year results announced	May 2021
2021 full year results announced	December 2021
Closing mid-market share price on 30 September 2020	92.0p
Stock code	PMI
Listing details	The Company's ordinary shares are quoted on the Alternative Investment Market ('AIM') of the London Stock Exchange.

# CORPORATE INFORMATION

## Directors

**David Barron**, Non-Executive Director (*appointed 1 December 2019*)

**Robert Colthorpe**, Senior Independent Director

**Alison Fleming**, Non-Executive Director (*appointed 14 May 2020*)

**Piers Harrison**, Chief Financial Officer (*appointed 14 November 2019*)

**Katrina Hart**, Non-Executive Director (*appointed 14 November 2019, resigned 14 May 2020*)

**Mike O'Shea**, Chief Executive Officer

**Will Smith**, Non-Executive Director

**Neil Macpherson**, Group Finance Director (*resigned 14 November 2019*)

**Mike Vogel**, Non-Executive Chairman

**Luke Wiseman**, Non-Executive Director (*resigned 14 November 2019*)

## Company Secretary and Registered Office

Catriona Fletcher  
Premier Miton Group plc  
Eastgate Court  
High Street  
Guildford  
Surrey GU1 3DE

## Registered number

06306664

## Auditor

KPMG LLP  
15 Canada Square  
London E14 5GL

## Bankers

Lloyds Bank PLC  
City Office  
Corporate & Institutional  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent ME8 0LS

## Registrar

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

## Nominated adviser and joint broker

Numis Securities Limited  
The London Stock  
Exchange Building  
10 Paternoster Square  
London EC4M 7LT

## Joint broker

Liberum Capital Limited  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9LY

## GLOSSARY

**ACD** – Authorised Corporate Director

**Adjusted profit before tax** – Profit before tax excluding amortisation, share-based payments, merger related non-recurring costs and exceptional costs

**AGM** – Annual General Meeting

**AIFM** – Alternative Investment Fund Manager

**AIFMD** – Directive 2011/61/EU is a legal act of the European Union on the financial regulation of hedge funds, private equity, real estate funds, and other AIFM in the European Union

**APM** – Alternative Performance Measures (see page 23 for reconciliations)

**AuM** – Assets under management

**Brexit** – The withdrawal of the United Kingdom from the European Union

**Board** – The Board of Directors of the Company

**CASS** – The FCA's Client Asset Sourcebook rules

**CGU** – Cash-generating unit. The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

**Code** – The Corporate Governance Code issued by the Quoted Companies Alliance for small and medium sized companies

**Company** – Premier Miton Group plc

**EBT** – Employee Benefit Trust (a vehicle used to hold shares allocated to an employee share scheme or to acquire shares/units on behalf of an employee of the Group)

**EPS** – Earnings per share

**FCA** – Financial Conduct Authority of the United Kingdom

**FVTPL** – Fair value through profit or loss

**GAAP** – Generally Accepted Accounting Principles

**GDPR** – General Data Provision Regulation

**GHG** – Greenhouse gas

**Group** – The Company and all its subsidiaries

**IA** – Investment Association

**ICAAP** – Internal Capital Adequacy Assessment Process

**IFRS** – International Financial Reporting Standards

**KPI** – Key performance indicator

**LTIP** – Long-term Incentive Plan

**MiFID II** – The second iteration of the Markets in Financial Instruments Directive

**QCA** – Quoted Companies Alliance

**SIP** – Share Incentive Plan

**SM&CR** – Senior Managers and Certification Regime

**TCF** – Treating customers fairly

**UTM** – Unit Trust Manager

**UCITS** – Undertakings for the Collective Investment in Transferable Securities. Regulatory framework of the European Commission that creates a harmonised regime throughout Europe for the management and sale of mutual funds



# Premier Miton

INVESTORS

[www.premiermiton.com](http://www.premiermiton.com)

Premier Miton Group plc  
Eastgate Court, High Street,  
Guildford, Surrey GU1 3DE

6th Floor, Paternoster House  
65 St Paul's Churchyard  
London EC4M 8AB

