

Premier Miton Group plc  
Annual Report and Accounts 2022

# Active and responsible investment management

Supporting  
our  
clients

What we stand for

To actively  
and responsibly  
manage  
our clients'  
investments  
for a better  
financial future.

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.



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

## 2022 highlights

### Product and performance

# 87%

of funds and investment trusts are first or second quartile at 30 September 2022 since launch/tenure <sup>1</sup>

# 48

products managed at 30 September 2022

### Assets under Management ('AuM')

# £10.6bn

closing AuM versus £13.9bn at 30 September 2021 <sup>2</sup>

### Net outflows of

# £(1,076)m

across the product range for the year  
(2021 FY: £830m inflows)

### Results and profitability

Profit before tax

# £14.9m

(2021 FY: £17.5m)

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

# £24.3m

(2021 FY: £28.6m)

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<sup>1</sup> See footnote 9 on page 15

<sup>2</sup> This is an Alternative Performance Measure ('APM'). See page 25 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.

### Who we are

We are a UK based fund management group with a range of UK domiciled funds.

## Our values



### Independent

Our bright minds don't think alike. Our investment teams pursue an **enlightened, collaborative approach** but, importantly, are **not constrained** by a 'house view'. All of us **think independently** and challenge the status quo.



### Dedicated

We put **clients' interests at the heart** of everything we do. We never forget we are managing other people's money and are **dedicated to helping clients achieve** their investment objectives.



### Collegiate

We work **collaboratively for the benefit of our clients**, within teams and across teams. Each and every one of us assists in **building a sense of inclusion and belonging**, ensuring a respectful working environment.



### Passionate

We are passionate about active investing and **meeting the needs of clients**. To do that, our fund managers have a genuinely **active, high-conviction investment approach**. All of us are **passionate in the way we work together** – striving to achieve excellence.



### Responsible

We steward our clients' assets carefully and responsibly and actively engage with the companies we invest in. We are **responsible in the way we manage our business, our people, our environmental impact and our impact on wider society**.

FOR MORE INFORMATION  
SEE PAGES 30 TO 35



## Diversified investment expertise

As at 30 September 2022:

Equity funds  
**£5.6bn**

Multi-asset funds  
**£3.3bn**

Investment trusts  
**£0.5bn**

Fixed income funds  
**£1.2bn**

Total:

**£10.6bn**

Absolute return 1%

Fixed income 8%

UK equity 21%

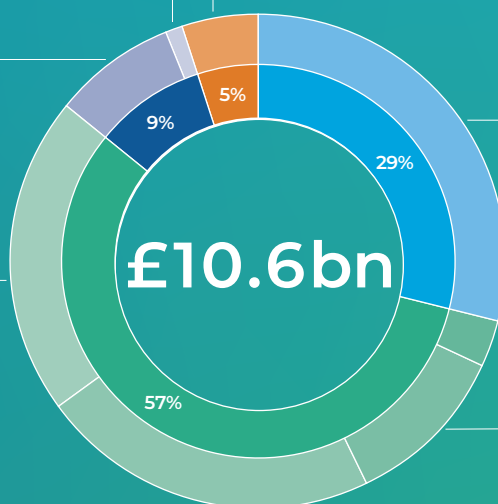
European equity 21%

Investment trusts 5%

Multi-asset funds 29%

Global equity 3%

North American equity 12%



- Multi-asset
- Single strategy
- Fixed income
- Investment trusts

FOR MORE INFORMATION  
SEE PAGES 14 TO 15



## Chairman's statement

# Actively and responsibly

managing  
our clients'  
investments.



Our active investment decisions are designed to deliver attractive returns to our investors over the long-term.

**Robert Colthorpe**  
Chairman

We have a clear purpose in actively managing our assets for the benefit of our clients and take a long-term view of how we do this. We believe in the value of active asset management and are committed to delivering this for the benefit of our clients. Our strategy is designed to support this purpose.

The last year has been badly affected by material macroeconomic and geopolitical events and their consequent deep impact on financial and investment markets. Our results reflect this.

#### Performance

At 30 September 2022, we had Assets under Management ('AuM') of £10.6 billion, a reduction of 24% on last year end. This change reflects both market movements and net outflows, which have occurred across the UK savings industry.

Investment performance is fundamental to our success as a business and I am pleased that this remains strong with 87% of funds in the first or second quartile of their respective sectors since launch or fund manager tenure (2021: 83%).

#### Results & dividend

The Group's profit before tax for the year was £14.9 million representing a fall of 15% on the comparative year. At 30 September 2022 the Group was robustly financed with no debt and cash balances of £45.8 million.

When considering the dividend, the board focuses on both nearer term commercial decisions and longer-term strategic horizons, to ensure the interests of the business as a whole and of our shareholders are accommodated. We are proud to have created a financially strong business, adhering to a prudent approach to capital management. Our dividend policy is an important part of this framework.

Asset management is a cyclical business where external market factors can have a significant short-term impact on revenues, irrespective of the long-term

strengths and prospects for the business. We have a disciplined approach on costs and a track record of managing the business efficiently. This focus is critical in managing our operational leverage and is reflected in the strength of the balance sheet, despite the challenging conditions we are navigating.

We also believe that shareholders should benefit directly from the financial performance of the business, which includes our cash generation should the circumstance and opportunity allow. Equally, we know that shareholders will understand how important it is that the business retains sufficient balance sheet strength, so that we can fully take advantage of the recovery when it comes.

Having assessed all this carefully, and to reward shareholders appropriately for their long-term support of the business, the Board is recommending an annual dividend for 2022 of 10.0p per share. If approved by shareholders at the Annual General Meeting on 1 February 2023, the final dividend of 6.3p per share will be paid on 10 February 2023 to shareholders on the register at 13 January 2023. The proposed annual dividend represents a 72% pay-out ratio of adjusted profit after tax (2021: 61%).

We see this as a pragmatic deviation from our stated dividend policy which we are otherwise not changing. It reflects our prudent views on the current commercial and strategic position of the business, our balance sheet needs, and our attention to delivering through the cycle returns to our shareholders.

AuM

£10.6bn

2021: £13.9bn

Profit before tax

£14.9m

2021: £17.5m

## Chairman's statement continued

### Cash balance

**£45.8m**

2021: £47.7m

### Proposed final dividend per share

**6.3p**

2021: 6.3p

### Environmental, Social & Governance ('ESG')

The role of the investment industry in ESG matters, particularly environment and climate change aspects, is under great scrutiny. The debate over what we do and how has advanced considerably over the last year or so, and we expect this to continue to evolve. We know that our stakeholders can have strong views on this and want us to have a position that makes sense to them, which can at times present us with the challenge of balancing these interests.

The Board takes its governance and strategy setting role seriously on these matters and we have sought to inform ourselves and have, over the last year, debated how we best position Premier Miton for success. In November 2022 we made a commitment to the Net Zero Asset Managers initiative ('NZAM') and we look forward to reporting on our future progress in this important area.

### Culture & people

Businesses operating in the asset management sector need a healthy culture to prosper and serve their fundamental purposes. The Board takes its responsibilities seriously on supervising and shaping our culture, ensuring that through our organisation we are doing what we should and must, and for the right reasons. I was pleased by the results of culture surveys undertaken during the year and I am conscious that with the current strains on markets and our industry, we will continue to focus in this area.

We have talented, hard-working and motivated staff who have coped remarkably well with the challenges of the year, and I thank them. As a business we seek to provide our people with an environment where they can develop their talents and performance, as well as enjoy and be proud to work at Premier Miton. I am pleased to see the various initiatives we have underway and how our leadership group have engaged with creating a high performance and positive culture.

Under Mike O'Shea's strong and effective leadership, we have a committed and hard-working executive team who again have shown that they stand out in our industry for their skills and capabilities.

I was especially pleased that Jonathan Willcocks has joined us at the end of the year as our new Global Head of Distribution, bringing with him a depth of experience and reserves of energy that I am sure will be invaluable to us over the coming years.

Our reward model needs to work well and is important for the success of the business. During the year we updated our approach and made awards for the first time under the 2016 Long-Term Incentive Plan for the senior executive team. These are designed to motivate and reward exceptional performance on a basis of fully aligned interests, especially with those of our shareholders. The scheme is structured in line with others in our market and has the usual protections built in. The Board will closely monitor this as we proceed to ensure that it is effective. Further details are set out in the Remuneration Report at pages 72 to 77.

Finally, I must thank my colleagues on the Board for their support and counsel over the year. They have all made valuable contributions in what is a challenging time for all businesses. Having the right culture is vital for a healthy business and the Board strives to set the appropriate tone in our work and contribution across all aspects of our roles. I would especially like to thank Will Smith who left the Board on 30 September 2022 having served for six years, latterly as our Senior Independent Director and Chair of Remuneration Committee.

### Strategy

We have a clear purpose in actively managing our assets for the benefit of our clients and we take a long-term view of how we do this. We believe in the value of active asset management and are committed to delivering this for the benefit of our clients. Our strategy is designed to support this purpose. As a Board we monitor this closely and work with our management team to make sure that our decisions and resources are aligned with this purpose. In this way, we believe that the needs and ambitions of our other key stakeholders, particularly our people and shareholders, will also be fully supported through executing our strategy to the best of our ability.



The investment industry matters, to our clients as well as to business and our economy, perhaps especially so over the coming period as we go through these challenging times while holding on to the prospect of better days ahead. There is currently considerable political debate about the role in the UK of business and capital and investment markets, as well as on the UK's own needs and positioning.

This debate is likely to continue for some time and matters not just for the future of our own business but for broader societal interests. We hope that the fundamental issues at stake are resolved in a way that provides us with improvements to the environment where, as a high performing, active investment firm, we can further prosper.

We are fortunate that through careful management Premier Miton has several attributes that hold us in good stead strategically even for a relatively small player in the market. Aside from our products and performance, these include our culture, focus and leadership expertise, all of which have served us well over the year as we have explored tactical and strategic choices. They are likely to be called on again over the coming period and we will not hesitate to engage constructively with emerging opportunities and challenges alike in the interests of our business as a whole.

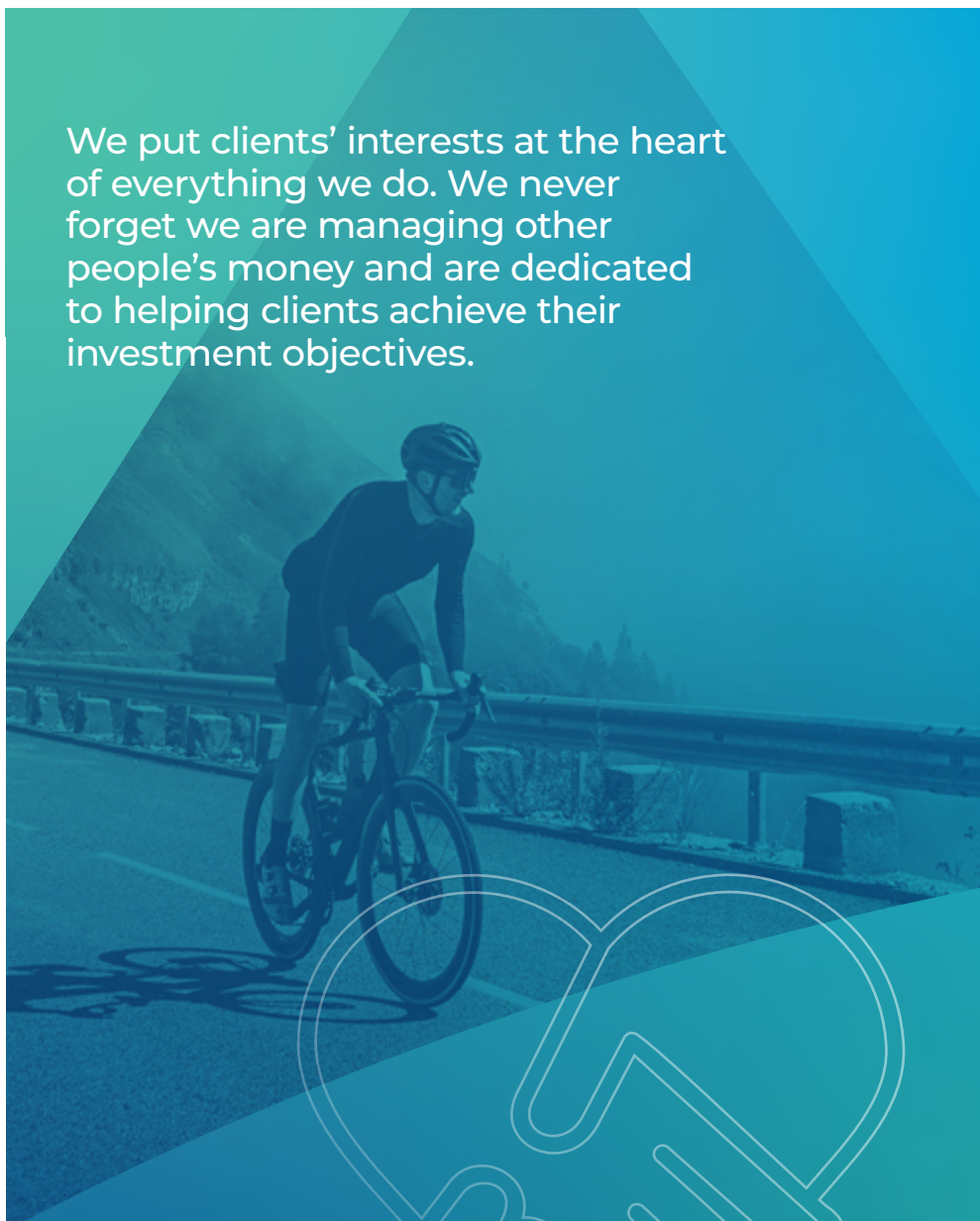
### Outlook

We are a business focused on the long-term, and at the core of what we do is the unconstrained approach of our portfolio managers to make investment decisions that are designed to deliver attractive returns to our clients over time.

We are determined that Premier Miton will be run in a disciplined way and not only endure but will use this period to improve our business, performing as well as we can for our clients, curating our resources to the best of our abilities, and readying the business to attract inflows of funds as and when broad sentiment recovers. Our ambition remains bold and we remain resilient and positive.

**Robert Colthorpe**  
Chairman  
1 December 2022

We put clients' interests at the heart of everything we do. We never forget we are managing other people's money and are dedicated to helping clients achieve their investment objectives.



Investment performance remains strong with

**87%**

of funds in the first or second quartile of their respective sectors since launch or fund manager tenure <sup>1</sup>.

<sup>1</sup> See footnote 9 on page 15

## Chief Executive Officer's statement

Focused on  
delivering

**strong  
outcomes  
for our  
investors.**



Our business provides the environment for our fund managers to deliver superior investment outcomes for the investors in our funds, and we put our trust in them accordingly.

**Mike O'Shea**  
Chief Executive Officer

The last 12 months have been a challenging period for the business. However, this must be set in the context of a major shift in market conditions, the impact of which will be felt for several years to come. For the first time in many years, we have seen a concerted effort by leading central banks to drain liquidity from markets and to raise interest rates to contain inflation. This, alongside significantly higher geopolitical tension following the Russian invasion of Ukraine, has caused bond yields to rise rapidly and equity markets to retrench.

Despite these challenging conditions, which have resulted in net outflows and a lower level of Assets under Management, the Group remains well positioned to achieve its growth ambitions, including our medium term ambition to reach £20 billion. We have a financially robust business and a diversified range of products delivering excellent outcomes for our clients over the medium to longer-term. We believe that when confidence returns more investors will seek genuinely active strategies as they look to deliver added value for their clients above and beyond benchmark returns. Premier Miton is well placed to take advantage of this opportunity, given our track record of delivering strong investment performance for our clients, across a range of asset classes.

### Gross fund flows <sup>1</sup>

**£3.1bn**

2021: £5.0 billion

### Net fund flows <sup>1</sup>

**£(1.1)bn**

2021: £0.8 billion inflows

### Business performance

At the end of September 2022 Assets under Management ('AuM') stood at £10.6 billion representing a decrease of 24% on last year. Average AuM stood at £12.6 billion for the period, which is broadly the same level as the previous year.

The drop in AuM is largely a result of falling markets and a reluctance on the part of investors to invest during market turbulence and uncertain macro-conditions.

The net management fee margin (the retained revenue of the firm after deducting the costs of external Authorised Corporate Directors ('ACD'), OCF caps, direct research costs and any enhanced fee arrangements), was 64.6bps compared with 65.0bps last year.

The adjusted operating margin decreased from 33.8% to 30.0% reflecting the lower level of AuM and our strategic investment in the fixed cost base of the business via new fund management teams and the launch of new funds, which in turn will enhance the Group's growth profile going forward.

Despite this reduction in adjusted operating margin, the Group remains robustly profitable, generating £24.3 million of adjusted profit before tax for the year and a closing cash position of £45.8 million.

### Investment flows

The more difficult market conditions we have seen over the last year have unfortunately prevented us from building on the positive net flows we saw during the previous year.

Fears over the future path of interest rates, rising inflation and the ongoing conflict in Ukraine have increased the risk aversion of investors who have understandably remained cautious about committing new investments during this period.

The Group experienced net outflows of £1.1 billion during the year, reflecting this tough backdrop. The main driver for outflows came from our equity funds with net redemptions split almost equally between our UK and non-UK equity funds. Within multi-asset, it was pleasing to see positive flows into our directly invested multi-asset strategies which continue to appeal to the UK financial adviser community, although continued redemptions from our multi-manager strategies more than offset these, leaving us in net redemption for the year.

Finally, we saw good flows into our fixed income strategies which helped us to build on the solid progress made here in the previous year. I should highlight that with fixed income markets repricing and yields rising, investors are now beginning to look afresh at this sector. This gives us encouragement for the growth of our fixed income funds over the coming year and beyond, especially considering that our fixed income team are building towards an attractive three year track record having commenced management of our fund range in mid-2020.

<sup>1</sup> See glossary on page 126

## Chief Executive Officer's statement continued

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

87%

### Proposed final dividend per share

6.3p

2021: 6.3p

For the 12 months to 30 September 2022, gross redemptions from open-ended funds run by the Group were down 4% year on year, however, gross inflows into these products were down 35% over the same period.

We take some comfort from this because it reflects a lack of appetite to invest that has driven the move from net inflow last year to net outflow this year. We believe that the Group should be positioned favourably when confidence returns to markets and capital starts to be allocated again.

#### Investment performance

As highlighted above, the last year has been much more difficult in terms of making positive progress for our investors. Our strategies are not immune to falling equity and bond markets in the short-term and we recognise that it is disappointing for investors to see the value of their holdings fall. However, these periods often present good opportunities for active managers to take advantage of falling prices and to position their portfolios to do well as and when markets recover. Of course, we tend to measure performance success over multi year periods and when looking across our fund range, our performance relative to peers remains strong.

We manage 34 funds where a peer group comparison is relevant. Looking at the period since our managers commenced management of these funds, 22 achieved first quartile performance compared to peers and a further eight are in the second quartile. Three are in the third quartile and just one is in the fourth quartile. In total, this means that some 92% of these assets under management are performing ahead of peers since we commenced management of the funds.

Shorter-term performance also remains relatively attractive. We have 30 funds that have a three-year track record and where a sector comparison is appropriate. Of these, 19 are in the first quartile of their peer group and four are in the second quartile, three are in the third quartile and four are in the fourth quartile. In total some 75% of our AuM are performing ahead of peers over three years.

For those funds where a sector comparison is not appropriate, which would include funds with a volatility target or an absolute return objective, we monitor performance outcomes closely. We are satisfied that these funds are meeting their objectives and producing good client outcomes over the long-term. Similarly, performance of the investment trusts and segregated mandates we manage remain attractive relative to peers and to benchmarks over the long-term.

Further details on individual fund performance is included on pages 14 to 15.

#### Fund range

The Group divides its funds under management into three asset class categories, equities, multi-asset, and fixed income. At the year end, we managed £6.1 billion in equities of which £2.4 billion was invested in UK equities and £3.7 billion is invested in non-UK equities. Our multi-asset strategies totalled £3.3 billion and our fixed income strategies were £1.2 billion.

In September 2022 we announced that Matthew Tillett would join the Group in October 2022 from Allianz Global Investors. Matthew will take over as manager of the Premier Miton UK Value Opportunities Fund from Andy Jackson who is retiring at the end of December 2022. We are delighted that we have attracted another talented fund manager to the team. I believe that Matthew's high conviction, value investing style and contrarian mindset is very well suited to the Premier Miton investment culture.

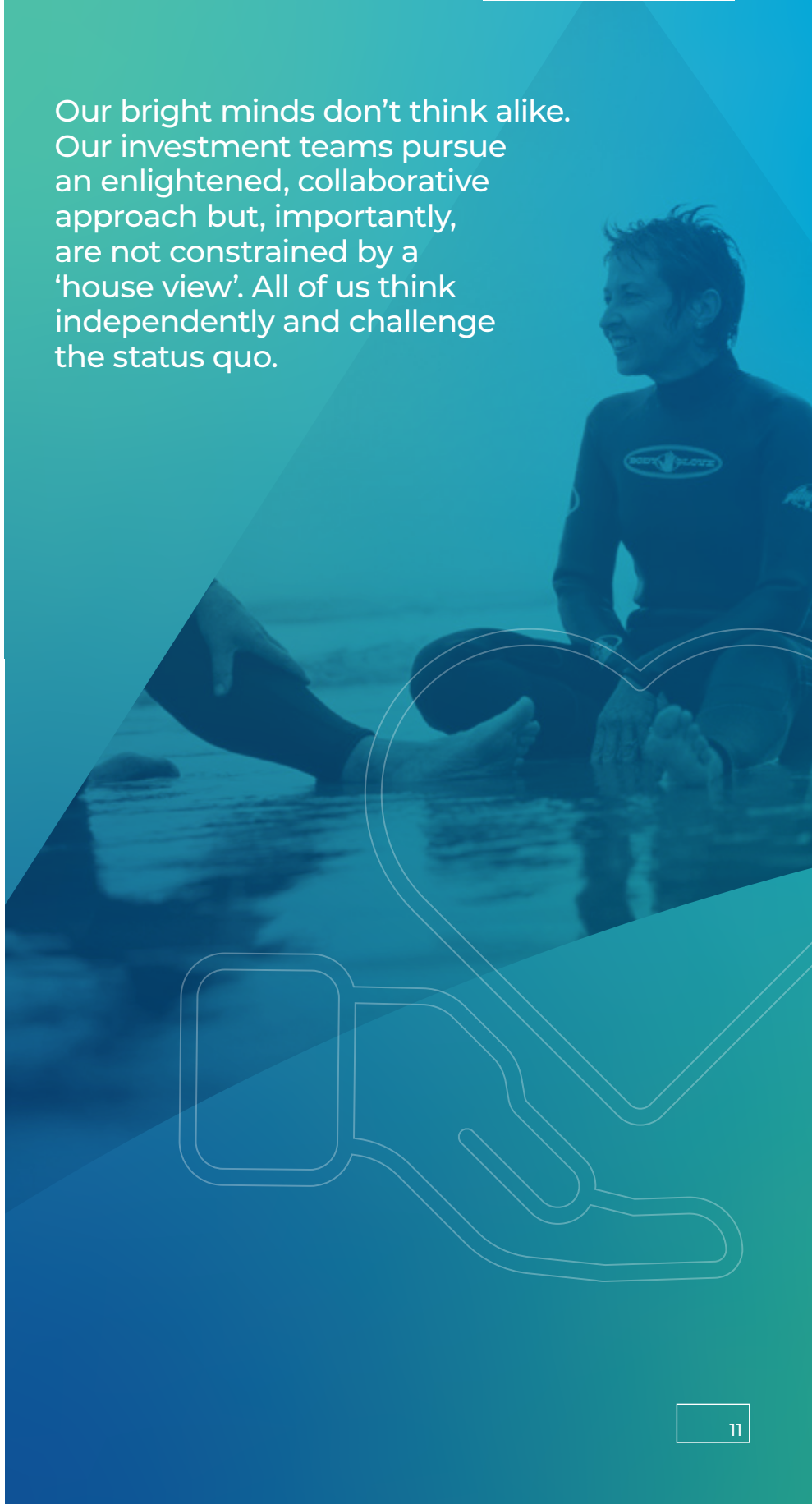
During the year we have continued to enhance our product range. In keeping with our ambition to expand our ESG-focused products, we introduced the Premier Miton Diversified Sustainable Growth Fund in March. This is part of our successful Diversified multi-asset fund range.

<sup>1</sup> See footnote 9 on page 15

The Diversified investment team assumed management of this fund in 2021 and we are pleased to note that the fund is attracting positive sales flows and performance of the fund over this period has been strong relative to peers. The Diversified Sustainable Growth Fund was recently nominated in the 'Best ESG Fund' category at the Shares Awards organised by Shares magazine and published by investment platform and stockbroker, AJ Bell.

We now have a total of six funds that have a dedicated responsible and sustainable investing objective. This number will increase to seven in 2023 with the launch of a new global emerging market sustainable equity strategy led by Fiona Manning and William Scholes who joined the Group in August 2022.

We remain committed to supporting relevant responsible investing related initiatives. We are a signatory to the Financial Reporting Council's Stewardship Code and achieved a B- rating for our most recent CDP submission covering our environmental impacts, processes, and plans. We have also partnered with Climate Action 100+, an investor led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. We have participated in CDP's Non-Disclosure Campaign, offering us the opportunity to actively engage companies that have received the CDP disclosure request on behalf of investors but have not provided a response. The objective of the campaign is to drive further corporate transparency around climate change, deforestation, and water security, by encouraging companies to respond to CDP's disclosure request.



Our bright minds don't think alike. Our investment teams pursue an enlightened, collaborative approach but, importantly, are not constrained by a 'house view'. All of us think independently and challenge the status quo.

## Chief Executive Officer's statement continued

### Distribution

Having appointed a new Global Head of Distribution, we have now taken the important step of creating a single unified team approach to the UK wholesale market. This will result in a UK wholesale distribution team capable of taking all the Group's strategies to all clients across equities, fixed income and multi-asset.

This, combined with a more strategic and consistent approach to marketing and sales under a single head will, I believe, enhance the overall distribution capabilities of the Group. In addition, the hire of a Head of Institutional Business Development opens a new distribution channel for the Group where we have already identified a select list of strategies that resonate with institutional investors.

Lastly, we are aware that we have several investment strategies across the three core asset classes that will appeal to international investors, and we will be exploring how to capitalise on that opportunity in the coming year. I look forward to reporting on future progress in this important area.

### Strategy

In the period immediately following the merger of Premier and Miton in November 2019, we set ourselves four key objectives for the business. The first of these was to integrate the business onto a single operating platform with appropriate risk, compliance and operating capability and capacity to manage a significant multiple of the assets we currently manage.

Our second objective was to broaden our product range to offer a diverse range of strategies that would meet the needs of both our current and future clients. With this in mind, we have added several global equity strategies, a new fixed income capability and broadened our suite of sustainable strategies.

Our third objective was to both broaden and reinvigorate our distribution capabilities as highlighted above.

Our final objective was to ensure that the business was appropriately resourced with the necessary balance sheet strength to weather the storms we would inevitably face.

Throughout this period of change, our focus has remained on actively and responsibly managing our clients' investments for a better financial future. We believe that this is best done by adopting a genuinely active investment approach where our portfolios are often very different from the underlying indices against which our funds are compared.

Our thesis is that this will result in better outcomes over the long-term than investing in all the companies – good and bad – in a particular index. We accept that for much of the last decade when interest rates and inflation have been falling and when central banks have been flooding markets with liquidity, investing in many equity and bond indices has achieved respectable returns

However, in our view the world has changed significantly over the course of the last 12 months and not just because of heightened geopolitical tensions, although these may have helped to hasten this change. With central banks withdrawing liquidity from the world economy and interest rates rising, perhaps belatedly, to suppress inflationary forces, the outlook is more uncertain than it has been since the financial crisis of 2008/9.

Several things strike us about this new world that we find ourselves in. The first of which is that there will be no quick return to the easy money days of the last decade. Interest rates and inflation will be higher, and higher for longer, than many people expect. The forces of globalisation that helped drive down inflation have dissipated for the foreseeable future.

The second is that growth will be lower – an inevitable function of high levels of indebtedness – and investors will be forced to work much harder for the returns they need, to keep pace with inflation and achieve their financial objectives. It is in this environment where we believe that genuinely active managers can excel.

We look forward to meeting our clients' expectations and investing actively and responsibly in these more challenging markets.


## Closing

In closing, the business has a diversified range of genuinely active funds managed by a respected and experienced fund management team with a proven track record of delivering strong investor outcomes over many years. It has the operational infrastructure to manage a multiple of the assets the business currently looks after.

We believe that the demand for what we do will grow significantly in the more challenging investment environment we are now in. We have built the necessary distribution and marketing reach to capitalise on this opportunity as markets recover. The operational leverage within the business will come to the fore as we build our AuM from the current levels. In summary, it is our belief that the business is well placed to deliver for its clients and for its shareholders.

And finally, our business is nothing without the hard work, skill and enthusiasm of the people that have chosen to build their careers with us. I am continually impressed with how focused each one of them is on delivering for our investors. I would like to thank them all personally for their continued support and dedication.

**Mike O'Shea**  
Chief Executive Officer  
1 December 2022



We are passionate about active investing and meeting the needs of clients. To do that, our fund managers have a genuinely active, high-conviction investment approach. All of us are passionate in the way we work together – striving to achieve excellence.

## Product overview

Strategy	AuM 31 Mar 2021 £m	AuM 30 Sept 2021 £m	AuM 31 Mar 2022 £m	AuM 30 Sept 2022 £m	Fund manager(s)	Year of launch/ tenure	Quartile <sup>9</sup>
<b>Equity funds</b>							
Premier Miton UK Multi Cap Income Fund	935	1,166	990	<b>765</b>	G Williams/M Turner	2011	1
Premier Miton UK Smaller Companies Fund	234	141	110	<b>70</b>	G Williams/M Turner	2012	1
Premier Miton US Opportunities Fund	1,089	1,290	1,336	<b>1,381</b>	N Ford/H Grieves	2013	1
Premier Miton US Smaller Companies Fund	349	347	234	<b>168</b>	N Ford/H Grieves	2018	1
Premier Miton UK Value Opportunities Fund	623	724	596	<b>357</b>	A Jackson	2016	1
Premier Miton European Opportunities Fund	2,416	2,903	2,484	<b>1,569</b>	C Moreno/T Brown	2015	1
Premier Miton Global Infrastructure Income Fund	49	92	118	<b>124</b>	J Wright	2017	2
Premier Miton Worldwide Opportunities Fund	56	58	47	<b>43</b>	N Greenwood	2003	2
Premier Miton Income Fund	192	186	187	<b>171</b>	E Mogford	2020	2
Premier Miton Monthly Income Fund	258	262	259	<b>231</b>	E Mogford	2020	2
Premier Miton Optimum Income Fund	62	62	67	<b>57</b>	E Mogford/G Kirk	2020	2
Premier Miton Responsible UK Equity Fund <sup>2</sup>	209	252	213	<b>172</b>	J Hudson/B Dawes	2019	1
Premier Miton UK Growth Fund	219	299	261	<b>192</b>	J Hudson/B Dawes	2017	1
Premier Miton Pan European Property Share Fund	173	178	174	<b>100</b>	A Ross	2005	n/a
Premier Miton Global Sustainable Growth Fund	111	116	116	<b>100</b>	D Goodwin	2020	1
Premier Global Infrastructure Income Fund <sup>3</sup>	41						
Premier Miton Global Sustainable Optimum Income Fund	17	21	25	<b>23</b>	D Goodwin/G Kirk	2020	1
Premier Miton Global Smaller Companies Fund	15	41	49	<b>45</b>	A Rowsell/I Harris	2021	3
Premier Miton European Sustainable Leaders Fund		76	88	<b>55</b>	C Moreno/T Brown	2021	4
Premier Miton European Equity Income Fund		9	23	<b>8</b>	W James	2021	2
	7,048	8,223	7,377	<b>5,631</b>			
<b>Fixed income funds</b>							
Premier Miton Corporate Bond Monthly Income Fund	136	159	157	<b>172</b>	L Harris/S Prior	2020	1
Premier Miton UK Money Market Fund <sup>1</sup>	165	201	210	<b>188</b>	L Harris/H Wan	2019	3
Premier Miton Financials Capital Securities Fund	73	79	76	<b>74</b>	L Harris/R James	2020	n/a
Premier Miton Strategic Monthly Income Bond Fund	72	77	177	<b>190</b>	L Harris/S Prior	2020	1
Premier Miton Defensive Growth Fund	74	78	88	<b>126</b>	R Willis/D Hughes	2019	n/a
	520	594	708	<b>750</b>			
<b>Investment trusts</b>							
The Diverse Income Trust plc	396	423	396	<b>326</b>	G Williams/M Turner	2011	1
MIGO Opportunities Trust plc <sup>4</sup>	88	100	95	<b>82</b>	N Greenwood	2003	2
Miton UK MicroCap Trust plc	107	106	97	<b>62</b>	G Williams/M Turner	2015	3
Acorn Income Fund Limited <sup>5</sup>	93	102					
Premier Miton Global Renewables Trust plc	47	53	53	<b>49</b>	J Smith	2012	1
	731	784	641	<b>519</b>			
<b>Segregated mandates</b>							
Quilter Investors Corporate Bond Fund	230	263	254	<b>254</b>			
Quilter Investors Diversified Bond Fund	136	148	145	<b>148</b>			
	366	411	399	<b>402</b>			



## Multi-asset funds

Strategy	AuM 31 Mar 2021 £m	AuM 30 Sept 2021 £m	AuM 31 Mar 2022 £m	AuM 30 Sept 2022 £m	Fund manager(s)	Year of launch/ tenure	Quartile <sup>9</sup>
<b>Macro thematic</b>							
Premier Miton Cautious Multi Asset Fund	377	383	367	336	Macro thematic team	2014	1
Premier Miton Defensive Multi Asset Fund	124	181	163	139	Macro thematic team	2014	1
Premier Miton Cautious Monthly Income Fund <sup>1</sup>	124	124	126	126	Macro thematic team	2011	1
Premier Miton Multi-Asset Growth & Income Fund	618	570	517	393	Macro thematic team	2021	3
<b>Diversified</b>							
Premier Miton Diversified Balanced Growth Fund	29	42	52	60	Diversified team	2019	2
Premier Miton Diversified Cautious Growth Fund	33	42	45	50	Diversified team	2019	1
Premier Miton Diversified Dynamic Growth Fund	39	44	47	45	Diversified team	2019	1
Premier Miton Diversified Growth Fund	245	330	374	372	Diversified team	2013	1
Premier Miton Diversified Income Fund	34	40	48	67	Diversified team	2017	1
Premier Miton Diversified Sustainable Growth Fund <sup>6</sup>	3	5	8	15	Diversified team	2021	1
<b>Multi-manager</b>							
Premier Miton Multi-Asset Absolute Return Fund	138	137	139	126	Multi-manager team	2009	n/a
Premier Miton Multi-Asset Monthly Income Fund	552	542	496	413	Multi-manager team	2009	1
Premier Miton Multi-Asset Distribution Fund	1,052	1,015	924	758	Multi-manager team	1999	2
Premier Miton Multi-Asset Global Growth Fund	127	130	120	105	Multi-manager team	2012	1
Premier Miton Liberation No. IV Fund	111	106	94	82	Multi-manager team	2012	n/a
Premier Miton Liberation No. V Fund	138	127	111	98	Multi-manager team	2012	n/a
Premier Miton Liberation No. VI Fund	70	67	61	53	Multi-manager team	2012	n/a
Premier Miton Liberation No. VII Fund	32	32	28	24	Multi-manager team	2012	n/a
Premier Miton Multi-Asset Conservative Growth Fund <sup>7</sup>	88						
Premier Miton Managed Index Balanced Fund <sup>8</sup>	1	1	1				
Premier Portfolio Management Service	2	1	1	1	PPMS Investment Committee		
	3,937	3,919	3,722	3,263			
<b>Total AuM</b>	<b>12,602</b>	<b>13,931</b>	<b>12,847</b>	<b>10,565</b>			

AuM is presented after the removal of AuM invested in other funds managed by the Group

- Denotes a unit trust
- Premier Miton Ethical Fund changed its name to Premier Miton Responsible UK Equity Fund on 14 December 2021
- Premier Global Infrastructure Income Fund merged into the Premier Miton Global Infrastructure Income Fund on 24 September 2021
- Miton Global Opportunities Trust plc changed its name to MIGO Opportunities Trust plc on 7 December 2021
- Acorn Income Fund was placed into members' voluntary liquidation on 13 October 2021
- Premier Miton Balanced Multi-Asset Fund changed to Premier Diversified Sustainable Growth Fund on 1 March 2022
- Premier Miton Multi-Asset Conservative Growth Fund merged into the Premier Miton Defensive Multi Asset Fund on 18 June 2021
- Premier Miton Managed Index Balanced Fund was closed on 9 June 2022
- The quartile performance rankings are based on Investment Association sector classifications where applicable, with data sourced from FE Analytics FinXL 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 2022 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 Association of Investment Companies ('AIC') sector for each trust, apart from Premier Miton Global Renewables Trust plc which is ranked according to its relevant Morningstar category, sourced from Morningstar Direct. Performance for MIGO Opportunities Trust plc is quoted over ten years

## Market review

Delivering  
market  
reflections



There have been seismic changes in world politics and economics that will have far reaching and genuine long-term ramifications.

**Neil Birrell**  
CIO and Fund Manager

## Looking back at the latter part of 2021 it was evident that the ultra-loose monetary policy applied since the global financial crisis, turbo charged by the pandemic support packages, was generating significant inflationary pressures.

I write a large number of reports and reviews covering economies and financial markets; some monthly, some quarterly and others are bi-annual or annual. In each case, it is always worth looking back to see what was written in the previous one. Reading this report from a year ago feels like a lifetime ago. It covered a large part of the COVID period and all that brought with it, including lockdowns, social stress and economic recovery. Needless to say the prices of all asset classes had been volatile.

When considering what to cover this time, it became apparent that the consequences of the pandemic would feature again. In fact, thinking about it, they are likely to feature for years to come, more of that later. However, there is much more to discuss here; there have been seismic changes in world politics and economics that will have far reaching and genuine long-term ramifications. We always think about cycles and there is an element of that at play, but rampant inflation and aggressive Russian foreign policy have been out of the headlines for decades. They are back with a vengeance and are interlinked.

Looking back at the latter part of 2021 it was evident that the ultra-loose monetary policy applied since the global financial crisis, turbo charged by the pandemic support packages, was generating significant inflationary pressures. These were exacerbated by supply chain issues, which were clearly part of the COVID hangover, and rising commodity prices. What wasn't expected at that point was just how high inflation would go. Central banks, were still using the word 'transitory' to describe the inflationary spike and their interest rate policy reflected that view. At the time there were many who thought that central banks were well behind the curve and interest rates had to be moved significantly higher. However, central banks were walking a tightrope, as they had been since 2009. They had the difficult balancing act of keeping interest rates and economic growth where they would like them.

The booming recovery of 2021 caused that risk to be heightened. The choice seemed clear; put rates up and risk recession or keep them low and risk elevated, lasting inflation.

That is a big call to make, but as the CPI data continued higher it became evident that its consequences were less palatable than economic slowdown and policy changed as a result. Only time will tell if the decision making was ahead, behind or on the curve.

### **The reversal of decade long trends don't happen quickly**

Russia's invasion of Ukraine was not just a major human and political event, it rapidly became a huge economic one. There has already been a reversal of the multi-decade trend towards globalisation, with many countries focusing on domestic energy and food production; the problem is that these are issues that are difficult to solve in the medium term and impossible in the short-term. If Germany wants to change its view on nuclear energy production, that will be a long process. If the UK wants to become more self-sufficient in food production, we need to find a lot more farmers.

These are the realities we face. Moreover, where does the money come from to make them happen? If it comes from central Government, it needs to be borrowed or raised through taxes, both of which have knock-on ramifications.

## Market review continued

Corporations have built fast, efficient supply chains in order to provide their customers with high quality products and the best possible prices. This has allowed them to improve margins, reinvest capital, hire more staff, produce attractive returns for shareholders, contribute to economic growth and generate wealth. These companies will now be questioning the security and reliability of their supply chains. For example, Porsche had to stop making cars as the manufacturer of a key component was a Ukrainian company. Porsche's problem will have been encountered by others countless times. It would only be sensible for companies to review their business practices.

In turn, this has ramifications on a national scale, if the manufacturing capabilities of Asia start to be eroded as western companies want their suppliers to be more local, the economic stability of less developed countries is at risk. Similarly, it is unlikely that local western suppliers will be as cheap as their Asian counterparts, leading to rising prices. Alternatively, margins can shrink, the consequences of which are not attractive either.

Solving these issues will take time as trends that have built over decades are not reversed in months. However, solutions will be found in due course that will mitigate the potential damage and risks.

### Round tripping

Financial markets get driven by a wide range of factors. In the case of an individual company, the factors that drive its share price would include; overall economic growth, interest rates, inflation, industry and sector specific factors, competitors, regulations and laws, geographical location, stock market direction, as well company specific factors such as management capabilities and technological needs and share price valuation.

The influence of these different factors on share prices will vary over time, depending on the situation and, more importantly, the outlook. The same is true for most asset classes to one degree or another, although the factors will vary, as will their influence.

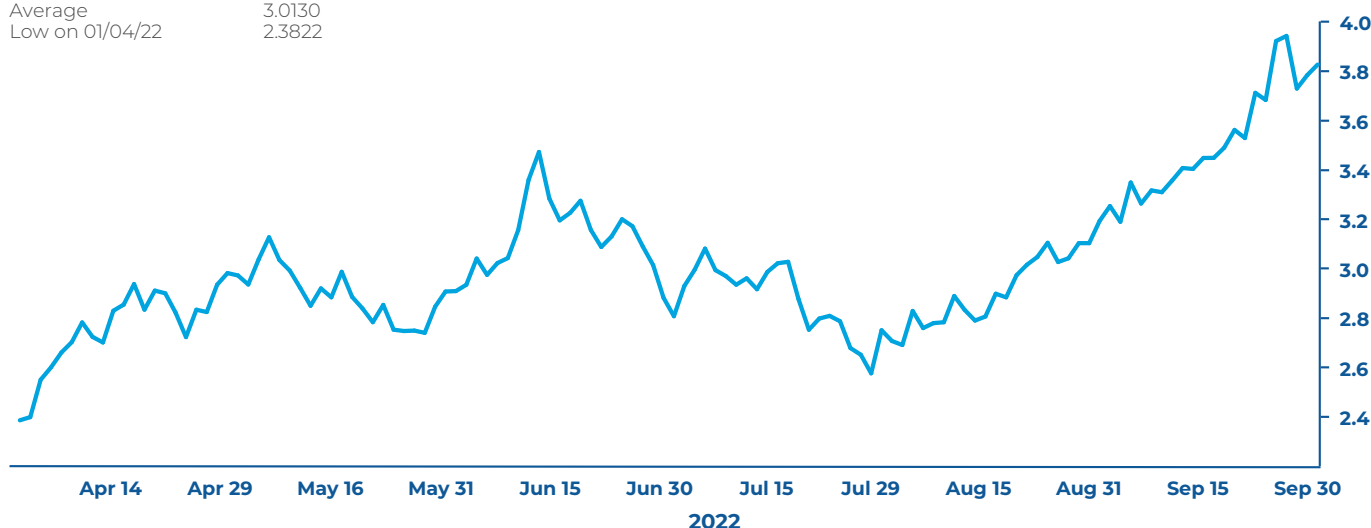
For a number of months now, markets have been driven by macro factors. They have become obsessed by data releases, with CPI and employment numbers, along with forward looking indicators such as Purchasing Managers Indices to the fore. However, these are trumped by the analysis of any announcements from the Federal Reserve, Bank of England or European Central Bank on policy. Any change of language used has been moving broad markets; bonds, equities and currencies alike.

This has resulted in regular sharp moves and reversals over the short-term. This can be seen in the world's benchmark bond, the US 10 year Treasury. The chart below shows how far and fast the yield moved over the six months from April to September. It is a very big, liquid market, in which it has been possible to make and lose significant amounts in very short periods.

Macro driven markets can be difficult to judge. It can be difficult to understand why a company's bonds or shares move up or down for reasons that seem unrelated to that company. In that situation it is important to be comfortable with the investment's prospects and focus on the long term.

### US 10 year Treasury Bond Yield, 1 April 2022 to 30 September 2022 (daily)

Last Price	3.8286
High on 27/09/22	3.9451
Average	3.0130
Low on 01/04/22	2.3822



## Corporate prospects

Notwithstanding the less optimistic tones in my comments above; there are still a vast array of attractive investments for us to consider across all geographies, industries and asset classes. Even the less attractive investments can be priced at a level that provides an opportunity to make money in the overall context of a portfolio.

The profitability and financial strength of corporates is vital to the functioning of the economy and financial markets. Inevitably, companies are analysed in the most micro way; good prospects translate into rising share prices and ultimately companies that grow profits and generate cash over time will be rewarding for shareholders.

The quarterly corporate earnings reporting season in the US is taken as a barometer of corporate prospects and has a direct influence on market direction and outlook. It has been interesting through 2022, as the economic backdrop has rapidly deteriorated, that the earnings seasons have, in general, been in line with, or better than, expectations. Similarly, the future guidance by companies has not been as bad as many expected.

This could mean one of a few things; things aren't as bad as we might think, company management are not telling the full story, companies are, overall, much better run than thought or, more likely, the stress hasn't hit home yet. However, we should take comfort from this phenomena.

## When the UK became the centre of attention

It's easy to focus too much on the domestic scene particularly as the UK is relatively small if measured on a global scale by population or stock market capitalisation. However, in September the whole world was looking at our politics, economy and bond market.

The unstable political backdrop was thrown into chaos and the government bond market was moving in ways rarely seen. The ramifications of the government's mini budget reverberated far and wide. Thankfully, action was taken quickly, and the situation appears to have stabilised.

This closed out yet another challenging year for our investment team. I think we are all hoping for a less eventful one ahead.

## Client communications

We are always conscious that we are stewards of other people's investments. It is incumbent upon us, to look after them in a responsible manner and meet the objectives of the funds in which our clients are invested. This does not mean that all the funds will compare favourably to their investment universe or peers all the time, indeed it should be expected that they will not do so. We manage each fund to match the recommended holding period, which is five years in most cases, therefore, there will be periods that are less good.

It is important that we communicate with investors and their financial advisers at all times, but particularly when asset prices are falling overall or when funds are doing less well.


With the help and guidance of our marketing team we have become used to sitting in front of cameras and microphones to produce videos, webinars, infographics and podcasts as well as hosting live virtual conferences. We are fund managers not professional presenters, but how we deliver our message has changed quickly. The number of written pieces has increased exponentially, delivered through our website, email, LinkedIn and Twitter.

Sometimes it feels like a bit of frenzy. But we remain focused on the core job; navigating difficult markets to provide the investment outcomes our clients are looking for, as well as keeping them informed.

**Neil Birrell**  
CIO and Fund Manager  
1 December 2022

# 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 2022

- Continued to deliver strong investment performance across the Group's product range
- Added new talent and capabilities to our investment team with the announcement of a new global emerging market sustainable equity team
- Successful succession planning announced for the management of the UK Value Opportunities fund
- Expanded our range of dedicated ESG products to six (2021: five)
- Continued to embed ESG considerations within our investment processes



**2**  
**Distribution and customer service**

**Provide the highest levels of transparent and straight forward customer service**

**Build our brand and market share**

**Provide engaging market commentary and thought leadership**

- Appointment of new role of Global Head of Distribution
- Appointment of new role of Head of Institutional Business Development
- Improved digital marketing capabilities to enable increased production of relevant and timely digital client communications (including videos, podcasts and webinars)
- High level of client engagement via business development and marketing teams
- Continued to promote the Group's 'Insights' programme for the latest investment insights from our investment team for the benefit of our investors
- Improved harnessing of data by enhancing our Salesforce CRM and data reporting capabilities to better service our distributors and customers and improve our ability to raise new assets



**3**  
**Operations and efficiency**

**Operational excellence and best practice execution**

- Completion of staff satisfaction survey on culture and office working arrangements
- Successful application as signatory to the UK Stewardship Code
- Continued focus on value assessment with 95% of funds demonstrating value and all agreed actions implemented
- Implementation of new remote access solution and a continued high-level of cyber-security
- Completion of office reorganisation in Guildford
- Continued investment in environmental sustainability including waste recycling, travel analysis, printing, carbon offsets and biodiversity



**4**  
**Stakeholder value**

**Increase shareholder value**

**Deliver sustainable and durable growth in our business**

- Profit before tax decreased by 15% to £14.9m
- Adjusted profit before tax <sup>1</sup> decreased by 15% to £24.3m
- Adjusted operating margin <sup>1</sup> was 30.0% (2021: 33.8%)
- Adjusted diluted earnings per share <sup>1</sup> decreased by 17%
- Dividends (proposed and declared) for the year 10.0p

<sup>1</sup> This is an Alternative Performance Measure ('APM'), see page 25 for further detail.

## Future focus

- Continue to maintain a culture that empowers our people to deliver value for our clients
- Continue to deliver clear, attractive investment outcomes for our clients' changing requirements
- Continue to diversify our range of dedicated ESG funds and support relevant responsible investing related initiatives
- Continue to grow via the diversification of our range of actively managed funds through successful new product launches
- Continue to grow our early-stage investment products to achieve scale

## KPIs

### Investment performance

**87%**

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

1st: 63% 2nd: 24% 3rd: 10% 4th: 3%

### AuM

**-24%**

decrease in the year

2022: £10,565m

2021: £13,931m

2020: £10,608m

## 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

- Optimise opportunities in the UK wholesale market, including wealth managers and advisers
- Launch existing and new products via institutional channels
- Continue to enhance and build on our strong brand
- Delivery of a significantly increased schedule of high quality digital communications
- Continue to provide relevant, insightful and transparent communications to our clients
- Improved harnessing of data and technology by enhancing our Salesforce CRM and data reporting capabilities to deliver enhanced client service

### Net inflows / (outflows)

**£(1,076)m**

2021: £830m inflows

### 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

- Continue to build a stable and scalable operating platform
- Ensure our operating platform keeps pace with regulatory change as we implement the new Consumer Duty
- Continue to maintain disciplined cost control coupled with selective expenditure on growth opportunities
- Continue to demonstrate straightforward and accountable decision-making
- Continue to operate a robust risk management and compliance framework

### Profit before tax

**£14.9m**

2021: £17.5m

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

**£24.3m**

2021: £28.6m

### 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

- Continue our drive to increase diversity across all areas of our business
- Continue to grow the Group's operating cash flow
- Ensure appropriate levels of cash are maintained in the business
- Continue to improve the Group's operating margin

### Dividend per share

**6.3p final** (proposed)

**3.7p interim**

2022: 10.0p total proposed dividend

2021: 10.0p total dividend

### Adjusted diluted earnings per share <sup>1</sup>

**12.89p**

2021: 15.49p

### Internal

- Large redemptions from key clients at short notice

### External

- Increased costs due to external influences
- Changes in client demand

## Financial review

Delivering  
a scalable

business  
model.



The Group continues to focus on the delivery of long-term growth opportunities when considering its cost base.

**Piers Harrison**  
Chief Financial Officer



## Profit before tax

# £14.9m

2021: £17.5m

## AuM

# £10.6bn

2021: £13.9m

## Financial performance

Profit before tax decreased to £14.9 million (2021: £17.5 million).

Adjusted profit before tax \*, which is after adjusting for amortisation, share-based payments, merger related costs and exceptional costs decreased to £24.3 million (2021: £28.6 million).

### Adjusted profit and profit before tax

	2022 £m	2021 £m	% Change
Net revenue	81.2	84.5	
Administrative expenses	(56.8)	(55.8)	
<b>Adjusted profit before tax *</b>	<b>24.3</b>	28.6	(15)
Amortisation	(4.8)	(5.1)	
Share-based payments	(4.5)	(4.5)	
Merger related costs	(0.1)	(1.4)	
Exceptional costs	–	(0.1)	
<b>Profit before tax</b>	<b>14.9</b>	17.5	(15)

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

A combination of net outflows totalling £1,076 million and market performance resulted in the AuM ending the year at £10,565 million (2021: £13,931 million), a decrease of 24%. The Average AuM for the year decreased by 1% to £12,615 million (2021: £12,751 million).

### Net revenue

	2022 £m	2021 £m	% Change
Management fees	90.6	93.2	
Fees and commission expenses	(9.1)	(10.3)	
Net management fees <sup>1</sup> *	81.5	82.9	(2)
Other (loss) / income	(0.3)	1.6	
<b>Net revenue</b>	<b>81.2</b>	84.5	(4)
Average AuM <sup>2</sup>	12,615	12,751	(1)
<b>Net management fee margin <sup>3</sup> (bps)</b>	<b>64.6</b>	65.0	(1)

<sup>1</sup> Being management fee income less trail/rebate expenses and the cost of capping any OCFs, direct research costs and external Authorised Corporate Director ('ACD') fees

<sup>2</sup> Average AuM for the year is calculated using the daily AuM adjusted for the monthly closing AuM invested in other funds managed by the Group

<sup>3</sup> Net management fee margin represents net management fees divided by the average AuM

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

Net management fees decreased to £81.5 million from £82.9 million last year, a 2% decrease reflecting the decrease in the Group's average AuM and net management fee margin.

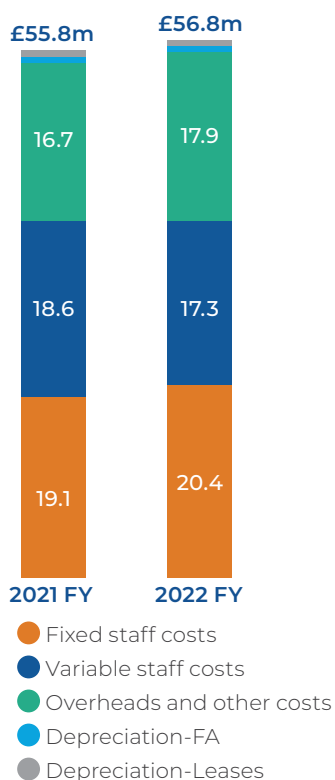
The Group's net management fee margin for the year was 64.6bps. The margin for the second half of 2022 was 63.7bps, a reduction of 2% on reported position at 31 March 2022. The decrease is driven by the change in our business mix, the impact of flows and markets on our existing business and share class consolidations completed in the period.

Other loss for the year is the result of movements in the portfolio of financial assets held on the Group's balance sheet. See note 3 for further details.

\* These are Alternative Performance Measures ('APMs'). See page 25 for further detail

## Financial review continued

### Administration expenses



### Administration expenses

Administration expenses (excluding share-based payments) totalled £56.8 million (2021: £55.8 million), an increase of 2%.

Staff costs continue to be the largest component of administration expenses, 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 £20.4 million (2021: £19.1 million). The rise predominantly reflects new joiners in the second half of 2021, now annualised, and further investment in people in the current year.

The average headcount for the year has increased, from 153 to 164. At the year end the full time equivalent headcount was 166 (2021: 160). Variable staff costs totalled £17.3 million (2021: £18.6 million). These costs move in line with the net revenues of the Group and the adjusted profit before tax, hence the decrease against the comparative period. Included within this are general discretionary bonuses, sales bonuses and bonuses in respect of the fund management teams, plus associated employers' national insurance.

Overheads and other costs totalled £17.9 million (2021: £16.7 million). The rise primarily relates to the cost of supporting new investment teams along with increased travel costs following the easing of COVID restrictions and additional sales and marketing activity.

### Administration expenses

	2022 £m	2021 £m	% Change
Fixed staff costs	20.4	19.1	7
Variable staff costs	17.3	18.6	(7)
Overheads and other costs	17.9	16.7	7
Depreciation – fixed assets	0.6	0.7	–
Depreciation – leases	0.6	0.7	–
<b>Administration expenses</b>	<b>56.8</b>	<b>55.8</b>	<b>2</b>

### Group cash balance

# £45.8m

2021: £47.7m

### Adjusted earnings per share \*

# 13.79p

2021: 16.46p

### Share-based payments

The share-based payment charge for the year was £4.5 million (2021: £4.5 million).

At 30 September 2022 the Group's Employee Benefit Trusts ('EBTs') held 12,356,304 ordinary shares representing 7.8% of the issued ordinary share capital (2021: 10,947,088 shares).

At the year end the outstanding awards totalled 11,015,578 (2021: 10,741,362). The increase reflects 1,902,500 awards issued during the year (2021: 3,980,000) offset by 1,628,284 awards being exercised (2021: 1,629,478). See note 22 for further detail.

### Balance sheet and cash

Total shareholders' equity as at 30 September 2022 was £126.8 million (2021: £132.2 million).

At the year end the cash balances of the Group totalled £45.8 million (2021: £47.7 million).

The Group has no external bank debt.

### Capital management

Dividends totalling £14.7 million were paid in the year (2021: £12.1 million), see note 24 for further details.

The Board is recommending a final dividend payment of 6.3p per share bringing the total dividend payment for 2022 to 10.0p per share (2021: 10.0p).

If approved by the shareholders at the Annual General Meeting on 1 February 2023, the dividend will be paid on 10 February 2023 to shareholders on the register at the close of business on 13 January 2023.

The Group's dividend policy is to target an annual ordinary dividend pay-out of approximately 50 to 65% of profit after tax, adjusted for exceptional costs, share-based payments and amortisation.

\* Denotes Alternative Performance Measures ('APMs'). See page 25 for further detail

## Going concern

The Directors have assessed the prospects of the Group considering all the factors affecting the business when deciding to adopt a going concern basis for the preparation of the accounts.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, comprising a period of at least 12 months from

the date of this report. 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 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 purposes.

	Unit	Reconciliation	Used in management appraisals	Aligned with shareholder returns	Strategic KPI (page 20)
<p><b>Adjusted profit before tax</b>  <b>Definition:</b> Profit before interest, taxation, amortisation, share-based payments, merger related costs and exceptional items.  <b>Purpose:</b> Except for the noted costs, this encompasses all operating expenses in the business, including fixed and variable staff cash costs, except those incurred on a non-cash, non-business as usual basis. Provides a proxy for cash generated and is the key measure of profitability for management decision making.</p>	£	Page 23	●	●	●
<p><b>Adjusted operating margin</b>  <b>Definition:</b> Adjusted profit before tax divided by net revenue.  <b>Purpose:</b> Used to determine the efficiency of operations and the ratio of operating expenses to revenues generated in the year.</p>	%	Page 23	●	●	●
<p><b>Cash generated from operations</b>  <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.  <b>Purpose:</b> Provides a measure in demonstrating the amount of cash generated from the Group's ongoing regular business operations.</p>	£	Page 92		●	
<p><b>AuM</b>  <b>Definition:</b> The value of external assets that are managed by the Group.  <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>	£	Pages 14-15	●	●	●
<p><b>Net management fee</b>  <b>Definition:</b> The net management fee revenue of the Group. Calculated as gross management fee income, less the cost of external Authorised Corporate Directors ('ACD'), OCF caps, direct research costs and any enhanced fee arrangements.  <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 23		●	
<p><b>Net management fee margin</b>  <b>Definition:</b> Net management fees divided by average AuM.  <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 percent, this measure is used within the asset management sector and provides comparability of the Group's net revenue generation.</p>	bps	Page 23	●	●	
<p><b>Adjusted earnings per share (basic)</b>  <b>Definition:</b> Adjusted profit after tax divided by the weighted average number of shares in issue in the year.  <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 105	●	●	●

## Principal risks

# Risks and uncertainties

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.

Key risk	Description	How we manage the risk
<p><b>Reputational risk</b></p>	<p>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.</p>	<p>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.</p>
<p><b>Economic and market risk</b></p>	<p>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.</p>	<p>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.</p>
<p><b>Liquidity risk</b></p>	<p>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.</p>	<p>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.</p> <p>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.</p>
<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 overseen by the Executive Committee, supported by the various operating committees that are in place.</p> <p>The legal, compliance and governance 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>

## Principal risks continued

### Key risk

#### Credit risk

### Description

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.

### How we manage the risk

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.

#### Operational risk

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.

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.

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-class solutions.

#### Key employee risk

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.

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.

The Group has carefully calibrated remuneration mechanisms in place for all employees. See pages 72 to 77 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.

Equity share incentives are provided to help retain and incentivise senior employees and Directors.

Key risk	Description	How we manage the risk
<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 Executive Committee 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>Emerging risk: ESG and climate risk</b></p>	<p>ESG and climate risks have been identified as an emerging risk that requires shared responsibility to manage. The commitment to play our part in the transition to a lower carbon economy gives rise to risks and opportunities for the Group as well as for the wide range of companies held in the portfolios.</p>	<p>During the year we have set up the responsible investing oversight committee ('RIOCC') which includes representatives from across the business and monitors and reports on both portfolio ESG and climate risks that may exist in the investment portfolios. The Environmental Committee monitors the operational carbon emissions from the Group. Summaries of the committee meetings are shared with the Board.</p>

## Operating model and infrastructure

We are  
dedicated

to managing  
our clients'  
money.

### Key Progress

- Strengthened distribution team with appointments of Global Head of Distribution and Head of Institutional Business Development
- Commencement of institutional platform
- New global emerging markets team appointed
- UK Value Opportunities fund manager succession announced
- Continued integration of ESG factors within our investment framework and infrastructure
- Increased production capabilities to deliver across a greater breadth of media channels including videos, podcast and webinars

### What makes us different

Our success is defined by our clients' success. We help them meet their investment objectives and preferences through well managed and relevant investment products backed by excellent client service.

Ultimately, our product is performance, which might be delivering a sustainable long-term income, long-term growth, wealth preservation, managing risk or beating a specific market benchmark but our priority will always be our clients.

Against a backdrop of constant change and development, we recognise that investment markets and our clients' requirements will continue to evolve. We offer investment solutions for today and we continue to adapt in order to ensure we offer investment products for tomorrow that meet our clients' changing needs.

Underpinned by our values



## What makes us different



### Operating platform

- The Group operates a single, scalable operating model.
- The operating model has been intentionally designed under one ACD for efficiency and scalability as we add new products and expand our distribution capabilities.
- Bloomberg AIM is used as the single portfolio order management system (supported by one database).
- Centralised dealing processes are used as best practice.
- The Group has carefully calibrated remuneration structures that retain and reward its employees and align with shareholder interests.
- The Group maintains a strong and resilient balance sheet which provides longer-term stability and optionality with growth opportunities.
- Multiple layers of cyber security exist across the Group's network to protect against heightened risks of malware, ransomware, phishing attacks and data exfiltration.
- 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 deployed for all staff along with weekly email updates to all staff provided by a third-party supplier.



### Distribution

- The sales team is client-centric and is geographically structured to provide comprehensive coverage throughout the United Kingdom.
- The sales team comprised 23 individuals at the year end.
- The team engages with clients and distribution partners with the help of fund managers in order to maintain the highest levels of service.
- The team has been restructured functionally as one team under a new Global Head of Distribution to maximise our client-centric approach to ensure coverage of all types of intermediaries in the UK ranging from advisers, to discretionary wealth managers and institutional clients, promoting our broad range of equity, fixed income and multi asset investment capabilities.
- The average relevant industry experience of the field-based team is 23 years.
- Salesforce is used as the distribution and client relationship management solution and will be enhanced as a technology tool and data source going forward.



### Investment philosophy

- We believe active investment management is the best way of delivering attractive long-term risk-adjusted returns and investing responsibly, by carefully picking the companies we invest in on behalf of our clients.
- Our fund managers have a genuinely active, high conviction investment approach that allows them to think independently and focus on what they believe are the most compelling investment opportunities, rather than being constrained by a particular index benchmark or company-wide investment view.
- Through genuinely active management we aim to deliver added value to our clients, not only in terms of strong performance, but also in terms of our approach to diversification and our focus on generating attractive risk-adjusted returns.

## Stakeholder value



### Our employees

We empower our employees to have the freedom to think independently. We believe this approach not only produces better investment outcomes for our clients but also the best possible environment for the well-being and personal development of our employees.



### Our clients

A successful investment strategy can help people to secure their futures and realise their ambitions. We want to play an important role in making this happen.



### Our communities

Investing can have a substantial impact on the wider society and this means we have a responsibility – not only to perform well, but also to behave well. We believe in acting responsibly, not only in terms of how we invest but also how we manage our business more broadly, for example our own environmental performance and the wellbeing of our colleagues.



### Our shareholders

We are passionate about delivering durable returns over the long-term through genuinely active management and building a business that rewards our shareholders with returns on their investment in us as a corporate.

FOR MORE INFORMATION  
SEE PAGES 20 TO 21



Independent

Dedicated

Passionate


Collegiate

Responsible

## Our people and culture

# Engaging and supporting

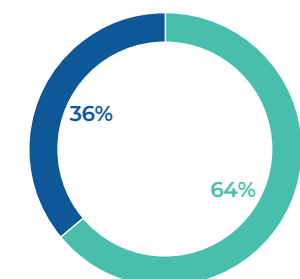
**our employees  
is embedded  
within our  
values and  
culture.**



We strive to operate as a strong, cohesive business, driven by our shared focus and enthusiasm for our work.

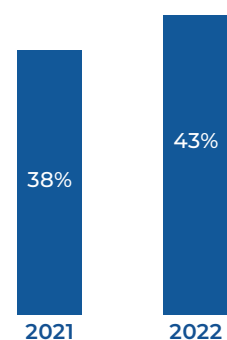
## Our people and culture continued

### Employee gender split



● Male  
● Female

### Female representation at Board level



● Female

### Our philosophy

Our people are our greatest asset and we strive to operate as a strong, cohesive business, driven by our shared focus and enthusiasm for our work. To achieve this we believe in a working environment that is inclusive, diverse, supportive and which actively encourages freedom of thought, thereby providing the best possible environment for the personal development of all of our people. We seek to attract and retain individuals who exhibit the behaviours consistent with our culture and our core values of being dedicated, passionate, collegiate, independent and responsible.

### Equality, diversity and inclusion ('EDI')

We are committed to developing a diverse workforce by facilitating an environment where all individuals feel comfortable to excel and speak freely. We expect everyone who works for us to hold high levels of respect for co-workers and we do not tolerate discrimination on any ground, including age, race, ethnic origin, colour, mental or physical condition, disability, pregnancy, gender expression, gender identity, sexual orientation, marital status, domestic circumstances, employment status, working hours, flexible working arrangements, religion or beliefs.

As part of our commitment to equality, diversity and inclusion we established the EDI Forum. It meets on a monthly basis to organise initiatives that promote an inclusive work environment and behaviours that produce a sense of belonging in our workplace. This forum comprises six individuals, including the CEO, and reports directly to the Executive Committee.

A core pillar in achieving greater diversity is a recruitment process that is fair and inclusive. During the year we provided EDI hiring training to help our managers make appropriate hiring decisions in line with embracing equality, diversity and inclusion. Included within this was unconscious bias training for those managers making the initial hiring decisions for new colleagues. Being able to attract people from all backgrounds allows a broader spectrum of thoughts and creativity and ultimately long-term value creation.

Data gathering on a voluntary basis allows us to track our progress against

our goals. Understanding diversity data helps us know our position, our progress and where we need to take action. It covers the different protected characteristics of our staff including ethnic identity, sexual orientation, disability status and gender identity. Analysis of our data can tell us if we represent the communities where we live, work and serve. It informs us of which groups are in the majority and if any are under-represented. It also provides insight as to whether we are representative of the underlying clients who invest in our funds.

### Representation and pay gap reporting

The Board is committed to reviewing and addressing any gender imbalances within the business. Of the total number of new hires during the year, 45% were female. Continued progress has also been made with a 5% increase in female representation at Board level.

If pay differences are identified that are not due to objective, tangible reasons such as performance or skills and experience, we make adjustments.

We are committed to looking at ways of addressing the gender mix within senior management, to encourage new female entrants. This includes ensuring we provide an inclusive environment for females in all of our activities, implementing a mentoring programme to provide female role models for new female entrants to the market to aspire to, reviewing our working practices to ensure they are supportive of females at all stages of their working life and working alongside search companies to tap into the return to work talent pool to attract the best female talent available.

### Employee engagement

In April 2022 we conducted our employee engagement survey to understand attitudes and perceptions toward Premier Miton. We place importance on understanding whether colleagues feel a sense of shared purpose. Pleasingly we achieved a strong response rate with over 80% of staff completing the survey. Key areas of feedback included:

- Support for hybrid working
- Importance of well-being support including mental, physical and financial health
- Social activities to encourage collaboration

The survey confirmed that our hybrid working environment is working well, with over 85% of employees responding positively to our current arrangements. In designing our hybrid working environment, we considered a number of key factors in making this working model a success, and where appropriate, identified relevant actions. These factors include:

- **Communication:** ensuring we have a culture of strong communication, including ongoing training to build and develop better communication skills, regardless of where our employees are located.
- **Flexibility:** we believe in freedom and autonomy wherever possible when considering days in the office, so as to provide the best option for each individual.
- **Technology:** during the year we implemented new audio-visual equipment aimed at supporting flexible working.
- **Collaboration:** we think in-person engagement is still important, and this should be balanced alongside remote arrangements.
- **Leadership:** leadership development remains critical to our ability to successfully implement hybrid working and create an outstanding working environment. This year we have continued with our leadership development on key topics such as creating a feedback culture and disagreeing constructively.

In 2023 we plan to implement a formal mentoring programme. This will allow

us to foster the development of staff in an inclusive culture. We know that mentoring helps us to understand our differences in order to work cohesively towards delivering the best possible outcomes for our clients.

### Wellbeing

We are deeply committed to supporting the wellbeing of our colleagues as we transition to new ways of working. We continue to use our employee surveys to monitor attitudes and requirements as we move into the 'new normal' working environment post COVID. We have adapted our policies and processes to ensure we are offering the right level of support to all employees.

We believe wellbeing considers factors relating to an individual's mental, physical, financial and social state:

- **Mental health:** we provide access to detailed online mental health information and training through Mind, the mental health charity, to help colleagues identify signs of mental ill-health and are equipped to know how to respond. This training has been offered to all employees. We have provided access to Mind to ensure all employees can access face-to-face consultations as required.
- **Physical wellbeing:** the Group offers private medical insurance to all employees. Included within this are optional health checks and/or workshops on specific health issues such as cholesterol and diabetes. Additionally, the Group offers annual

flu jabs. We have also commenced menopause support groups to provide workplace support for women struggling with menopause-related symptoms, or who are concerned about how they could be affected by the menopause.

- **Financial wellbeing:** we aim to help employee financial wellbeing via an attractive suite of benefits including above market pension contributions for all staff, season ticket loans, life and income protection. The Group also offers a HMRC-approved share plan available to all employees. We are actively looking at other measures we can take to support employees during this current financial uncertainty with rising costs of living.
- **Social wellbeing:** during the year we formalised a Sports & Social Committee with the aim of bringing people together to build strong cross-company relationships. We have already had a number of in-person Company events alongside charity events, including helping a soup kitchen and an organised running challenge, with many more diverse events planned for the coming year. The Sports & Social Committee is responsible for listening to staff feedback, provide event recommendations, and advise the Executive Committee on initiatives that foster a great culture.

In 2023 we plan to implement Mental Health Awareness Training for all employees along with resilience workshops aimed at navigating stressful situations.

We are committed to developing a diverse workforce facilitating an environment where all individuals feel comfortable to excel and speak freely.



## Responsible investing

We demonstrate  
our responsibility

as genuinely active managers by considering environmental, social and governance ('ESG') factors, alongside financial factors, in a proportionate and applicable manner across our various investment strategies.

We strive to invest responsibly and build successful, resilient investment propositions that embrace innovative thinking in the face of significant challenges.



## Responsible investing continued

At Premier Miton we define responsible investing as an approach that includes the consideration of ESG factors alongside financial factors, supported by stewardship activities.

2022 was another landmark year having emerged from a global pandemic and headed towards a flashpoint of geopolitical uncertainty not seen in this generation. Significant challenges from climate risk to a cost-of-living crisis, shifting supply chains and socioeconomic inequality fundamentally altered the world in complex ways. The conflict in Ukraine signalled the first faltering of the steady progression of investor demand over recent years for products offering a responsible or sustainable investment philosophy.

Undeterred by this uncertainty, our investment in and commitment to offering products that help our clients achieve their investment goals remains strong as is our focus on integrating ESG factors into our investment approach. We understand that sustainability is inextricably linked to our future success and our aim is to lead by example, championing high standards of practice in the way we manage our business as well as the effect we have on the economy, environment and society.

We strive to invest responsibly and build successful, resilient investment propositions that embrace innovative thinking in the face of these significant challenges. Our approach comprises the following core elements:

### Integration of ESG factors in our investment decision making

We consider ESG related factors alongside financial analysis in our investment decision making. This is undertaken by the fund managers in a proportionate and applicable way across our different investment strategies.

See page 40 for further information.

### Responsible stewardship through voting and engagement activity

We take our stewardship responsibilities seriously by actively voting and engaging with the companies in which we invest. We do so with the aim of making a positive influence where possible. Our ability to influence environmental change for the better through capital allocation and portfolio construction aligns with our purpose and strategy.

See page 40 for further information.

### Collaboration to promote well-functioning financial markets

We are actively involved in industry wide initiatives such as the Investment Association, United Nations supported Principles for Responsible Investment, CDP, Investor Forum and the Climate Action 100+.

See page 41 for further information.

### Offering dedicated responsible and sustainable investment products

We offer one global renewables investment trust and five dedicated responsible and sustainable investment funds covering a variety of different asset classes and geographies.

See page 42 for further information.

### Ensuring robust oversight of all responsible investing activities

Monitoring, reporting and internal assurance of our responsible investing activities is led by our Responsible Investing Oversight Committee ('RIOC').

See page 42 for further information.

### Our key achievements in the year

- Added to our range of dedicated responsible and sustainable investment propositions;
- Further developed our approach to managing climate risk and opportunities;
- Formed an internal Responsible Investing Oversight Committee and a Net Zero Working Group;
- Remained a signatory to the Financial Reporting Council's UK Stewardship Code in September 2022;
- Expanded the responsible investing team;
- Increased the ESG datasets available to our fund managers;
- Continued to educate our investment team on responsible investing through an internal Responsible Investing Forum and fund manager participation in the CFA Certificate in ESG Investing; and
- Increased transparency and reporting on responsible investing activities through our fund level Sustainability Reports and Non-Financial Objective Reports, Annual Stewardship & Responsible Investing Report and CDP Disclosure and PRI assessment.

**64% of investee company revenues across our responsible and sustainable investment products were directly aligned to the UN Sustainable Development Goals ('SDGs')<sup>1</sup>.**

<sup>1</sup> Data as at 30 June 2022. These figures are run on a six monthly basis as at end June and end December for the non-financial objective reports of our responsible and sustainable funds.



**% of responsible and sustainable investment product AuM aligned to the SDGs <sup>1</sup>**



(see foot note 1 page 38)

## Highlights in numbers

- £434.3 million managed across our dedicated responsible and sustainable investment products.
- Strong relative investment performance with 85% of responsible and sustainable fund AuM in the top quartile of their respective sectors since manager inception.
- 97.3% of all votable resolutions voted with 4.8% against management and 3.3% votes contrary to ISS Proxy Voting Services ('ISS') recommendations.
- 63.6% of shareholder requisitioned resolutions were supported including those relating to diversity in leadership, climate related disclosure and living wage accreditation.
- 2,824 investment meetings with company management, 54% of which included discussions on ESG related matters.
- 71.8% of total AuM is managed in funds with an MSCI 'AA' rating or higher as at 30 September 2022.

## Responsible investing continued

### Integration of ESG factors in investment decision making

By considering ESG factors alongside financial data, we take an increasingly holistic view of investee companies that can help determine the long-term viability of a company as well as its impact on the economy, environment and society. This analysis is undertaken across investment processes, from research and analysis, portfolio monitoring as well as influencing portfolio allocation decisions, in a way that is proportionate and sensitive to each strategy with support from the Head of Responsible Investing and oversight from the Chief Investment Officer ('CIO').

Responsible investing activities are undertaken directly by our investment team, supported by our growing and dedicated responsible investing team with oversight from the CIO. We utilise a number of independent providers of ESG data and research including Ethical Screening, ISS Governance QualityScore, ISS Climate Solutions, ISS Proxy Voting Research, CDP Climate Change disclosure scores, Transition Pathway Initiative and Bloomberg. Coverage from Ethical Screening was extended to include the newly launched responsible and sustainable funds and we subscribed to two additional datasets from ISS: Norms Based Research and Energy & Extractives.

We are firm believers that there is a clear link between responsible investing and good financial performance. We are pleased that of the 32 Premier Miton funds rated by MSCI, 10 funds received the highest 'AAA' ESG rating and 19 funds received the 'AA' rating. Of the 35 funds that were rated by Morningstar, six funds received the highest '5 Globes' sustainability rating, nine funds received the '4 Globes' rating and 11 funds received the '3 Globes' rating, ten of our funds received the low carbon designation from Morningstar. The above ratings are as at 30 September 2022.

We facilitate relevant discussions and share best practice on responsible investing activities internally through the Responsible Investing Forum. This has included discussions on key voting and collaborative engagement initiatives as well as how best to integrate ESG throughout the investment process. External specialists are also invited to brief the investment team on financially material ESG matters such as green capital expenditure, energy transition and carbon markets, amongst other topics. We also encourage, sponsor and support staff wishing to embark on the CFA Certificate in ESG Investing and CFA Certificate in Climate & Investing. One of the investment team completed the Investor Forum Development Programme which is designed to improve diversity in senior investment roles and another spoke on behalf of GAIN who promote investment as a viable career path for women at schools and universities around the UK.

To support investment managers our dedicated responsible investing team provide quarterly ESG fund level reports which include a summary of related risks and opportunities, carbon footprint analysis, corporate controversies as well as voting activity and outcomes.

We continue to support the CDP in terms of our operational assessment as well as an investor partner and we encourage investee companies to utilise the CDP as part of their climate transition journey. During the year, we established a Net Zero Working Group comprising senior representatives from the Investment, Finance, Risk and Marketing departments to support us in evaluating the Net Zero Asset Managers initiative ('NZAM') and became a signatory in November 2022, which involves a commitment to support the goal of net zero greenhouse gas emissions by 2050 in line with global efforts to limit warming to 1.5° Celsius.

### Responsible stewardship through voting and engagement activity

One of our core values is to be responsible stewards of capital by actively engaging with companies to improve our knowledge of their operations and where possible become a positive influence. This includes ongoing dialogue with company management on ESG as well as commercial matters and voting at company meetings when we have the opportunity to do so.

With a gradual return to the office post the pandemic our investment team returned to meeting companies in person with a number of them returning to overseas trips to meet non UK companies. During the 12 months to 30 September 2022, the investment team attended 2,824 investment meetings with company management, 54% of these included discussions on ESG related matters.

Over the same 12 month period, we voted on 97.3% of votable resolutions across asset classes, of which 4.8% were against management and 3.3% were contrary to ISS recommendations. 63.6% of shareholder requisitioned resolutions were supported relating to diversity in leadership, climate related disclosure and living wage accreditation.

Over the course of the year we ran a voting project which highlighted materially important resolutions with fund managers to improve both our voting activity and outcomes. 510 notable voting opportunities were flagged including when resolutions related to environmental or social matters, resolutions requisitioned by shareholders, where our stake in the company was significant, where ISS recommended a vote against management and any votes where share blocking rules applied.

### Collaboration to promote well-functioning financial markets

Our aim is to participate in investment initiatives where we believe we can have a positive influence. This includes supporting the work of the Investment Association and collaborating with other working groups and forums where deemed relevant, appropriate and impactful.

We became a signatory to the Principles for Responsible Investment in January 2020 and submitted our first assessment during 2021. Our Investment team have taken part in a number of collaborative engagements including those led by the CDP Non-Disclosure Campaign, Investor Forum, Climate Action 100+, Votes Against Slavery and FAIRR.



We work collaboratively for the benefit of our clients, within and across our different investment teams. The fund managers partner with the responsible investment team on engagement, often leading the project themselves.

**54%**

of investment meetings with company representatives included discussions on ESG related matters

## Responsible investing continued

### Offering dedicated responsible and sustainable investment products

Over the course of the year we increased our range of dedicated responsible and sustainable funds with the launch of our first 'sustainable' fund offering in the multi-asset market – the Premier Miton Diversified Sustainable Growth Fund. The fund is mandated to select investments across different asset classes that feature strong environmental, social and governance profiles and reflect long-term sustainable growth themes. These themes are Food Productivity & Safety, Health & Wellbeing, Education, Energy Transition, Financial Inclusion, Infrastructure, Circular Economy and Sustainable Cities & Communities.

We re-named the Premier Miton Ethical Fund to the Premier Miton Responsible UK Equity Fund as it better reflects the updated investment policy to focus on companies that act responsibly and have strong ESG profiles. The fund managers aim to invest in companies that have a positive impact on society and the environment and are aligned with the following long-term themes: Health & Education, Protecting the Planet and Enhancing Society.

We also announced the addition of a new emerging market sustainable equities team who joined in August 2022 with plans to launch a dedicated emerging markets sustainable fund in early 2023.

The investment teams managing dedicated responsible and sustainable funds integrate ESG factors in their investment analysis. We ensure that our independent ESG research providers, Ethical Screening, maintain full coverage of all holdings. Using the UN Sustainable Development Goals ('SDGs') framework, company reporting and engagement as well as proprietary and third party research, provided by Ethical Screening, we are able to assess what proportion of the business activities of investee companies are linked to achieving these goals. As a proxy for business activity, we use the revenues generated by a company and assess what percentage of those revenues are attributable to a particular goal.

At the end of June 2022, we estimate that 60% of investee company revenues across our responsible and sustainable funds were aligned to the UN Sustainable Development Goals. The largest exposures were to SDG 3: Good Health and Wellbeing, SDG 7: Affordable and Clean Energy and SDG 9: Industry, Innovation and Infrastructure.

### Ensuring robust oversight of all responsible investing activities

These activities are overseen by the newly launched Responsible Investing Oversight Committee ('RIOC'). The RIOC meets four times a year and is chaired by the CIO and includes the Head of Responsible Investing alongside other senior members of the Investment, Risk, Compliance and Marketing departments.

Key responsibilities include oversight of funds' adherence to non-financial objectives, arbitration on whether individual investments are suitable for funds that have non-financial objectives, marketing of ESG characteristics, corporate engagement activities as well as all related policies and procedures.

Management information and other reports on our stewardship and responsible investing activities, including ESG integration, ESG fund ratings, fund level climate data and engagement and voting activity, are reviewed quarterly by the RIOC to ensure that critical issues are understood and communicated for consideration, comment and action. This discussion and related information forms the basis of our external reports and policies, which are always screened by our compliance department before publication to ensure that the reporting is fair, balanced and understandable.

The Boards of Premier Miton Group plc, Premier Portfolio Managers Limited and Premier Fund Managers Limited receive reports and have undertaken discussions on responsible investing and climate risk throughout the year supported by the CIO and Head of Responsible Investing. This is embedded within the wider Group Governance Framework. There is also reporting on responsible investing topics through the Product Governance Committee, Investment Oversight Committee, Funds Risk Management Committee and Environmental Committee.

# Looking ahead

We see a number of new responsible investing related regulations scheduled for implementation over the next 12 months supported by the UK Government's commitment to net zero as well as alignment with the Financial Conduct Authority's ESG priorities. We continue to closely monitor these policies and regulations and feel well prepared. Additionally, in support of our responsible investing activities we plan to:

- Improve the method of monitoring engagement activities and progress against objectives and outcomes;
- Improve transparency and client reporting on all responsible investing activities;
- Support the development of our recently announced institutional investment business;
- Develop our net zero strategy following the commitment made to the Net Zero Asset Managers initiative in November 2022; and
- Raise awareness of responsible investing across the business.



## Corporate sustainability

# Corporate sustainability

### Wider society

Our mission includes being responsible in the way we manage our clients' assets, and also in the way we manage our business, our people, our environmental impact and our impact on wider society. We aim to make a positive impact on wider society not only through our asset management activities but also through our activities and actions including volunteering, charity donations and partnerships, for example supporting nature and conservation organisations helping to protect and promote biodiversity.

### Volunteering

We see volunteering by our employees as an important part of our contribution to wider society. We offer all our staff the opportunity to take one day each year as paid time off work to help charitable and community causes.

Over the year we have increased our focus in this area and we are actively encouraging as many of our employees as possible to take advantage of this day. For example, we organised a group volunteering event, helping Londoners who are sleeping rough. The popularity of this group community work, helping a great cause with the added benefit of allowing colleagues to spend time together in an out of work, community environment proved popular. As a result we have already organised more group events, including a dedicated Premier Miton volunteering day in conjunction with the London Wildlife Trust.

### Supporting charities

We continued our support of charities through corporate donations to three employee chosen charities; Prostate Cancer UK, Alzheimer's Society and Born Too Soon, together with our long standing support and donation to the National Youth Advocacy Service. We are also proud that 34 of our employees participated in the J.P. Morgan Corporate Challenge raising money for the Ukraine Humanitarian Appeal and NYAS.

We have also continued our support of the London Wildlife Trust and Surrey Wildlife Trust. We are proud to be supporting The Wildlife Trust charities in the areas of our two offices in their very important work in supporting and bringing wildlife back, empowering people to take action and helping combat the climate and nature emergency. We will be supporting specific biodiversity projects organised by London Wildlife Trust and Surrey Wildlife Trust during the next year.

### Modern slavery

As an asset management business with relatively simple direct supply chains, Premier Miton has long been committed to ensuring that suppliers have rigorous modern slavery detection and prevention practices in place. The Group also recognises that it has the leverage, and responsibility, to strive for better human and labour rights practices of the companies it invests in, and with increasing awareness in the market companies are more willing to disclose their practices (even where not required by legislation) and to collaborate in effecting change.

As a signatory to the Principles for Responsible Investment ('PRI'), the Group is committed to seek appropriate disclosure, incorporate appropriate policies and practices in our business and to work with other signatories to enhance the effectiveness of the PRI principles, which includes addressing human rights, working conditions and modern slavery practices within companies in our portfolios.

## Group activities

# Environmental responsibility

### Environmental sustainability

We are committed to the effective management of the environmental impact of our operations. Our environmental sustainability objective is to help tackle climate change by reducing our operational environmental impacts and by raising awareness of environmental matters to support our employees, suppliers and other stakeholders to make a positive environmental contribution.

### Oversight

The Chief Executive Officer has overall responsibility for the environmental performance of the Group and for ensuring our work in this important area is in alignment with the strategic direction and objectives of the Group. Our Environmental Committee has responsibility for overseeing operational environmental performance, and the Responsible Investing Oversight Committee oversees the Group's approach to responsible investing.

Through the activities of our Environmental Committee, we consider how our business operations impact the environment, identify opportunities to reduce this impact and oversee the implementation, measurement and reporting of agreed actions. This group also undertakes awareness raising activities. Importantly, the Environmental Committee includes representatives from across our business, covering our responsible investing, office management, marketing, operations, legal, risk, HR and finance teams.

### CDP disclosure

We report our environmental data and plans through CDP, the global corporate environmental reporting platform used by over 680 investors worldwide with over US\$130 trillion in assets. As well as helping in meeting the demands of our investors and other key stakeholders, reporting through CDP helps us track and benchmark progress, and uncover potential risks and opportunities. The submission process includes engagement from people across our business. Our CDP Climate Change assessment score for 2021 was B-, in line with the global average.

### Operational carbon footprint

Premier Miton continued to measure its operational carbon footprint throughout the 2021/2022 financial year. Measuring the carbon footprint helps quantify greenhouse gas emissions attributable to business operations. A better understanding of Company emissions can more effectively inform measures to reduce the impact. Measuring and reporting on carbon emissions continues to be a key consideration for UK businesses as efforts continue to reach net-zero carbon emissions by 2050. Premier Miton began to measure its operational carbon footprint in FY2018/19, to gain a better understanding of its environmental impact and to enable the identification of opportunities to reduce this impact.

## Group activities continued

The carbon footprint is calculated by applying the recommended methodology in the Greenhouse Gas ('GHG') Protocol. Carbon emissions are grouped into Scopes, as follows:

### Scope 1:

Direct emissions that result from activities within Premier Miton's control including on-site fuel combustion, manufacturing and process emissions, refrigerant losses and fuel used in Company-owned vehicles.

### Scope 2:

Indirect emissions that have arisen from purchases of electricity, heat or steam.

### Scope 3:

Any other indirect emissions from sources outside Premier Miton's direct control including purchased goods and services, business travel, outsourced transportation, landlord-controlled gas use, waste disposal and water use.

Premier Miton's measured operational carbon footprint for FY2021/22 was 133.9 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). See table on page 53 for further detail.

### Carbon offsetting

The main priority for organisations should be to take action to reduce emissions as much as possible. Where emissions remain, these residual emissions can be offset. Ideally offsetting should be applied to unavoidable residual emissions, at present it is recognised that there are barriers to an immediate shift to low emission or no emissions business models.

Offsetting one tonne of carbon means there will be one less tonne of carbon dioxide in the atmosphere than there would otherwise have been. To offset emissions, the equivalent volume of carbon credits (independently verified emissions reductions) need to be purchased to compensate for them. Payments made to purchase these carbon credits support the emissions reductions projects making them financially viable and sustainable. These projects can then continue to help reduce global carbon emissions by improving technologies, changing awareness and behaviours in a community.

Premier Miton chooses to offset operational carbon emissions and in the financial year 2020/2021, carbon credits totalled 921, including 89.4 covering our operational carbon footprint, and 831.6 covering an estimated carbon impact of our employees over the period (154 employees) at 5.4 tCO<sub>2</sub>e based on UK Government figures, UK's per capita CO<sub>2</sub> emissions in 2019. We purchase carbon credits via a registered third-party internationally recognised standard. Following an employee consultation process, this year we offset our carbon through a Gold Standard Safe Water Access Project.

These safe water projects are being implemented by CO2balance throughout five districts in the Northern and Eastern regions of Uganda. Communities are supported to access safe water through rehabilitation of hand-powered and solar-powered boreholes. Committees are also formed in which members conduct basic borehole maintenance and lead the community in conserving the area around the borehole, to ensure it does not become damaged or contaminated.

All the communities involved live in remote rural areas which had minimal infrastructure and limited access to safe water. The boreholes in CO2balance's Uganda projects ensure that tens of thousands of people have access to sufficient safe water. This reduces the occurrence of water borne diseases and removing the need to boil the water as a treatment method. This reduces household air pollution, saves thousands of tonnes of firewood per year, and reduces carbon emissions.

### Additional carbon offsetting project

Premier Miton is also keen to support the planting of trees in the UK, to increase the UK's biodiversity. The option selected for doing this was tree planting through Woodland Carbon Code.

The Woodland Carbon Code is the quality assurance standard for the creation of new woodland in the UK, which creates independently verified carbon units. The Code is internationally recognised for high standards of sustainable forest management and carbon management and is approved by ICROA (International Carbon Reduction and Offset Alliance),

the worldwide umbrella body for carbon reduction and offset providers in the voluntary carbon market.

In addition to the full offset via the Safe Water Access project, 300 carbon credits were purchased through the Woodland Carbon Units ('WCUs'). UK Woodland Carbon Code is responsible for managing the standard and ensuring that projects are independently validated/verified and represented on the UK Land Carbon Registry. WCU project developers/projects are verified at five years with a small number of verified Woodland Carbon Units available for sale in addition to Pending Issuance Units for future vintages. WCUs are guaranteed and you can use them against your current year's emissions. The project we have purchased WCUs for is called Ackron Mixed Woodland. Ackron Mixed Woodland consists of a mix of native broadleaves and conifers providing sheltered habitat and biodiversity on the Moorland fringe in Forsinard, Scotland.

### Supporting biodiversity

Supporting biodiversity initiatives is aligned with our 'responsible' value and our belief that the preservation of biodiversity is a key part of the transition to net zero emissions and sustainable development, and we want to play an active role in supporting positive biodiversity organisations and initiatives.

During the year we renewed our corporate partnership donations to Surrey Wildlife Trust and London Wildlife Trust. These organisations are local to our two offices and allow us to support The Wildlife Trusts in their work on the ground to restore nature. They protect and recover important habitats, including peatland, saltmarsh, fen and woodland, which lock carbon safely away and limit the effects of climate change.

We are also delighted to have agreed support for specific biodiversity projects in both London and Surrey.



We had 11 people signed up to join a dedicated Premier Miton London Wildlife Trust Wild Workday in November 2022 at Wetlands in North London supporting LWT with shrub management. Shrubs such as gorse grows along the reservoir paths and are very important for birds and for invertebrates. The gorse needs to be cut back regularly so it can grow back thicker and with more flowers, therefore providing more food and nesting habitat for birds and insects. As a result, London Wildlife Trust receives practical help at their nature reserves completing wildlife or conservation work they wouldn't otherwise be able to do.

We are also supporting Surrey Wildlife Trust's work with two schools to empower children of all ages to take action for nature and help their local wildlife through enhancing the biodiversity of their school grounds.

### Energy audit

In October 2021 we undertook a high-level audit of our offices in Guildford and London. A specialist company was appointed to undertake site surveys to identify opportunities to save energy and reduce carbon emissions at the offices.

This has been a very useful step to better understand the potential opportunities for improving energy efficiency. We were already implementing the recommendation to adopt an IT cloud server solution as part of the overall IT upgrade programme. With regard to switching the Guildford office electricity supply to a 100% renewable tariff, we plan to switch to a renewable energy tariff when the existing contract expires in December 2024. In the meantime, we will continue to buy carbon offsets to compensate for our usage of the non-renewable element. In our Guildford office the air conditioning timers and set points have been adjusted in line with the energy audit report recommendations and lighting control and set up time delays for the presence detectors have also been adjusted. Our office managing agents have been asked about a thermographic survey, in order to detect defects and inefficiencies, and solar film on south facing windows to reduce solar gains during summer as a result of direct sunlight thereby potentially decreasing the need for comfort cooling. Their response is awaited.

It was agreed that the energy audits will be undertaken again, later in 2022.

### Staff engagement

The Environmental Committee that oversees our environmental sustainability work, includes representatives from across our business. Over the year, we organised updates to staff with the aim of raising awareness and increasing the knowledge-base on environmental matters. This included promotion of environmental calendar events, such as World Environment Day, involvement of staff in the selection of carbon offsetting schemes, and a general update about our current environmental initiatives and intentions.

### Net zero plans

In November 2022 we became a signatory to the Net Zero Asset Managers Initiative, which is a formal partner of the UNFCCC's Race to Zero campaign. The signatories to the initiative make a number of commitments that are aligned with supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with limiting warming to 1.5° Celsius.

Once a firm has signed up to the initiative it is a requirement to publish a progress plan within 12 months.

Becoming a signatory to NZAM signals Premier Miton's intention to develop a net zero carbon commitment and strategy. Our net zero strategy will be developed by the Head of Responsible Investing and the Chief Investment Officer in close collaboration with the Board, management team and our Environmental Committee.

**Mike O'Shea**  
Chief Executive Officer

# Climate related financial disclosures

## Introduction

The Taskforce on Climate-Related Financial Disclosures ('TCFD') created by the Financial Stability Board is the globally recognised framework for reporting information on the impacts of climate change, including risks and opportunities, and is being adopted as the reporting standard for companies in the UK.

Premier Miton Group plc support the goals of the Paris Agreement, a legally binding international treaty on climate change, adopted by 196 Parties at COP21 in Paris on 12 December 2015 and entered into force on 4 November 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

The first TCFD report cites in the introduction, "*The Task Force believes climate related risks and*

*opportunities are or could be material for many organisations*". These risks and opportunities are driven by either the regulation required to transition the global economy to low carbon or by the physical impacts of a warmer climate if we fail to respond to limit climate warming.

The Group is not required to make climate-related financial disclosures consistent with the TCFD recommendations, however, we have voluntarily included the information on pages 48 to 53 to provide an insight into the work we have already done in this important area, including reporting our environment data and completing the CDP disclosure. In 2021 and 2020 we achieved a Climate Change score of B- and B respectively. This report has been produced on a best endeavours basis, and we commit to enhance our climate-related financial disclosures

over time. We participate in the climate engagement initiatives Climate Action 100+ and the CDP Non-Disclosure Campaign and we are a supporter of the Transition Pathway Initiative ('TPI'). In November 2022 we joined the Net Zero Asset Managers initiative, an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. We also support the work of the Investment Association through representation on their sustainable and responsible investment committee as well as through a number of working groups.

We are following the TCFD's recommendations on climate-related financial disclosure across the four pillars below:

## Governance

### Describe the board's oversight of climate-related risks and opportunities

Premier Miton's climate strategy is overseen by the Board and its oversight and monitoring is integrated into the Group governance framework, which is more fully described on pages 58 to 60. The Board receives a quarterly report from the Head of Responsible Investing which includes an assessment of climate change risks and opportunities in investment portfolios.

During the year, the Directors attended two dedicated sessions focused on climate change, held a deep dive with an independent adviser on ESG and received a presentation on a net zero strategy from the Head of Responsible Investing and the Chief Investment Officer as well as receiving training and briefings on a range of related topics. Reports are also received from the Environment Committee which oversees the operational carbon emissions and is responsible for the annual CDP Climate Change disclosure. The risk assessment is overseen by the Audit and Risk Committee to ensure that the risks associated with climate, sustainability and responsible investment are monitored effectively.

Alison Fleming, the Senior Independent Non-Executive Director, has experience on climate risk and related environmental issues through her impact driven work in the voluntary carbon market, enabling corporates to build sustainable, climate positive businesses. Alison provides specialist expertise to the Board on discussions on climate change strategy.

### Describe management's role in assessing and managing climate-related risks and opportunities

The day-to-day management of climate-related risks and its impacts is delegated to management, notably the Executive Committee and reliance is placed on the Responsible investing team, which draws on specialist expertise in this area to design, manage and report on activities within its remit. The team engages at enterprise level and also in respect of assessing the climate risk impacts of the fund portfolios.

The Responsible Investment Oversight Committee ('RIOC') was constituted in 2022. Chaired by the Chief Investment Officer, this committee meets quarterly. Its membership includes representatives from Investment, Risk, Compliance and Marketing functions. It has established Terms of Reference and its meetings are minuted. The RIOC is responsible for managing the integration of ESG factors, responsible investing and sustainability across all the funds, and monitors and accesses portfolio carbon metrics at an aggregated level and reports its findings in this regard to the regulated subsidiaries.

The Operational Risk Committee and the Product Governance Committee both consider climate change in their discussions and also provide reports to the boards of the regulated subsidiaries.

The implementation of the Environmental Policy and supporting strategy is overseen by the Premier Miton Environmental Committee on behalf of the Board. The Committee includes employees from varying roles across the Group and an external consultant who specialises in embedding corporate sustainability practices. The Committee meets quarterly to review current environmental performance and identify new initiatives and agree future activities.

## Strategy

### Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term

As a business with two UK offices and employing fewer than 200 employees, the operational impact is not considered material, however the carbon emissions associated with the assets under management for our clients is potentially more significant, and this is our key area of strategic focus.

We consider climate-related risks and opportunities over short, medium and longer-term periods across operational activities and our assets under management in our investment portfolios. See table below.

During the year, preparatory work to ready the Group to commit to the Net Zero Asset Managers initiative ('NZAM') has been undertaken, and as a result we became a signatory in November 2022. A net zero working group was established that supports our commitment to play our part in achieving a target of net zero by 2050. Next steps include developing the net zero carbon transition plan which will include operational and investment portfolio carbon reduction targets.

### Climate-related risks

Category	Risk	Description	Time	Impact
Investing portfolio	Regulatory risk	Meeting new climate reporting requirements could expose us to regulatory fines	Short-term	Increased costs
Investing portfolio	Market risk	Stranded assets in the oil and gas industry leads to falls in portfolio values	Long-term	Reduced revenue
Investing portfolio	Reputational risk	Current fund range does not meet changing client demand for sustainable funds	Long-term	Reduced revenue
Direct operations	Physical risks	Extreme weather events impact the ability for the business to be operational	Long-term	Increased costs

### Climate-related opportunities

Category	Opportunity	Description	Time	Impact
Investing portfolio	Reputational risk	Increasing client demand for sustainable funds	Medium-term	Increased revenue
Investing portfolio	Market risk	Increased portfolio values driven by outperformance of renewable energy assets	Long-term	Increased revenue
Direct operations	Resource efficiency	Reducing energy use in the offices	Medium-term	Reduced costs

## Climate related financial disclosures continued

### Strategy

#### Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

As active investors, our fund managers assess and select companies to include in their investment portfolios and we manage risk through a number of activities, including stewardship covering engagement and voting, subscribing to a climate database which provides climate risk related data covering an estimated 72% of our aggregated investment portfolio, and which supports our ESG integration work. We also work closely with various climate risk focused organisations via various initiatives.

We have a number of funds that have low exposure to fossil fuels either as they have formal exclusions, for example some of our focused sustainable and responsible funds, or because the individual portfolio managers do not believe that companies in these sectors are a good investment fit to meet the fund's objective. For example the Premier Miton Responsible UK Equity fund which has an exclusion from investing in companies with major business involvement in fossil fuels.

We also have a number of funds with exposure to renewable energy including a dedicated investment trust. In total this exposure is estimated at 3.0% of our AuM and we believe these companies will provide good returns to our fund investors. We are organising the sharing of knowledge across our different investment teams and portfolio managers in investment areas closely associated with the transition to a lower and net zero carbon economy, including renewable energy.

We do have exposure to companies involved in the fossil fuel industry, estimated at 2.6% of AuM although we aim to assess and reduce the associated climate risk over time by working proactively with the portfolio managers. We aim to engage with investee company management to ask for enhanced climate related financial disclosures or to improve their decarbonisation strategy. Examples of recent engagements in this sector include Shell where we challenged their pace of change in the energy transition. We joined Climate Action 100+ in December 2021 and have supported this initiative that involves a number of asset management companies to engage with TC Energy and Enbridge, asking for stronger action and better disclosure on areas such as Scope 3 carbon emissions and a commitment to increase investment in the transition to lower carbon activities. During the year we supported 50% of the climate-related shareholder requisitioned resolutions at investee company meetings. There is a process in place to identify material resolutions and we will support those resolutions that are consistent with companies reducing their carbon emissions in line with the Paris Agreement.

#### Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Scenario analysis is a key risk assessment tool for climate risk and during the year we undertook our first climate scenario assessment, using the Prudential Regulation Authority ('PRA') sponsored climate stress test designed to ensure financial institutions are resilient to the financial risks from climate change and able to support an economy-wide transition to net-zero emissions. As these scenarios were defined by the PRA in 2019, we needed to make some updates, for example in the automotive sector. We have focused on PRA's disorderly transition scenario which is consistent with 2 degrees of warming with risks measured over a 3 year time horizon. We also assessed the physical risk of the aggregated portfolio using the Notre Dame Global Adaptation Index, assessing a country's vulnerability to climate disruptions. Using these measures, we were satisfied that the impact of climate risk within our investment portfolios was below our audited materiality thresholds and that any climate related losses are manageable with current levels of capital.

## Risk Management

### Describe the organization's processes for identifying and assessing climate-related risks

The process for identifying and assessing climate risk in our investment portfolio is undertaken by the Head of Responsible Investing working with the Chief Risk Officer. This information is assessed and monitored by the RIOC and Environmental Committee.

On an annual basis, the Group undertakes a formal risk assessment exercise that includes a review of nascent and retiring risks, develops and approves a Risk Framework and Risk Appetite Policy, and, based on a rigorous internal capital adequacy assessment ('ICAAP') calculates and holds regulatory capital against its key risks, which is supported by scenario and stress testing. Climate risk is an emerging risk and described at page 29.

### Describe the organization's processes for managing climate-related risks

Operational climate risk is managed by the Environmental Committee and guided by an Environmental Policy and covers our two offices and staff activities. It is also responsible for raising internal awareness on environmental sustainability related issues, including biodiversity.

Climate-related investment risk is guided by our Responsible Investing Policy and is overseen by the Chief Investment Officer and Head of Responsible Investing working closely with the Chief Risk Officer and the wider investment team.

The investment and risk teams subscribe to ISS Climate Solutions which provides metrics on carbon emissions, carbon intensity, status on climate data reporting and science-based targets adherence, across our portfolio holdings. We provide training for our fund managers on the data, including how to create a fund climate report, the meaning of the various metrics. This includes training sessions with ISS as well as through the quarterly Responsible Investing Forum, chaired by the Head of Responsible Investing and which includes representatives from across our investment teams. The Responsible Investing team monitors the climate risk on a quarterly basis using the ISS generated climate reports and the Responsible Investing Oversight Committee monitors exposure to companies in a high climate risk sectors. Where fund level climate risks are assessed to be financially material the portfolio managers are asked to justify the positions to the RIOC and in certain circumstances be asked to reduce the risk.

### Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

Climate risks are actively managed across the governance structure, including the RIOC, Investment Risk, Operational Risk and Environmental committees and ultimately the Board through the reporting of committee discussions and the sharing of risk registers.

# Climate related financial disclosure continued

## Metrics & Targets

### Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process

#### GHG calculation methodology

The GHG emissions are calculated using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the UK Government's Environmental Reporting Guidelines, including the Streamlined Energy and Carbon Reporting ('SECR') guidance.

The Group has adopted the operational control approach for reporting GHG emissions. We use the GHG Protocol Standard to collate and report on our relevant Scope 1, 2 and 3 emissions. CBRE Ltd have provided independent limited assurance of the reported GHG emissions and energy metrics in accordance with ISO14064-3.

Investment portfolio emissions are calculated by our third-party data provider ISS Carbon Solutions who use company reporting such as Annual Reports and CDP Climate Change assessment reporting, supplemented by robust estimation, to provide fund level carbon assessments. The investee company holdings and associated carbon emission data are used to calculate various fund level metrics such as the carbon emissions per £1 million invested and the weighted average carbon intensity ('WACI').

#### Investment portfolio carbon emissions

In our non-financial objective reports we currently report carbon emissions per £1m invested across our responsible and sustainable funds as we believe this concept is easier for investors to understand, this is based on the ISS carbon and climate dataset. We currently only provide data for these products as they are managed with relevant investment processes and data is sufficient. As data improves and as regulatory guidance is provided, we hope to develop this disclosure.

### Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks

Please see the tables on page 53 for the full energy and carbon emissions reporting over the last three years as well as the table of fund level carbon metrics.

### Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

The Group is working towards establishing operational and investment portfolio carbon reduction targets as part of our 12 month plan as members to NZAM.

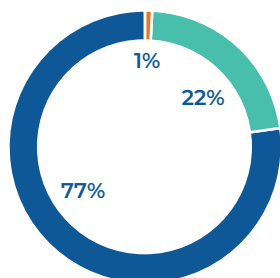
Operationally, we aspire to achieve 100% renewable energy provision. Our London office is already using a 100% renewable energy tariff and we plan to switch to a renewable energy tariff at our Guildford office at the next renewal date in 2024. In the meantime, we buy carbon offsets for our non-renewable energy use in that office. We have recently reduced our Guildford office floor space which has reduced our emissions. Due to COVID restrictions, our business development and investment teams significantly reduced their business travel and we are closely measuring the impact of the expected increase in activity in this area.

We aim to raise awareness internally with our staff on climate issues and work internally to reduce our emissions in areas such as reducing printed material, including brochures, business cards and organising paperless client events. We encourage recycling and provide and encourage use of low carbon milk alternatives in our staff kitchens. We encourage staff to choose lower carbon options for transportation where possible. Our Environmental Committee engages with staff through a programme of internal communications.

## Metrics and targets

Operational carbon emissions by scope:

### 2022 Operational carbon emissions by scope (tCO<sub>2</sub>e)



- Scope 1
- Scope 2 market-based
- Scope 3

- Total GHG Emissions for 2022: 133.9 tCO<sub>2</sub>e (2021: 89.4)
- This equates to 1.65 market-based tCO<sub>2</sub>e per £million revenue (2021: 1.1)

## Energy and carbon emissions reporting

The table below presents our Greenhouse Gas ('GHG') emissions across Scopes 1, 2 and 3 and energy consumption for the 2022, 2021 and 2020 financial years, together with appropriate intensity metrics.

	2022	2021	2020
Greenhouse gas emissions			Tonnes of carbon equivalent (tCO <sub>2</sub> e)
<b>Scope 1 Emissions</b>			
Operation of facilities (refrigerant gas)	1.0	2.9	–
<b>Scope 2 Emissions</b>			
Purchased electricity (location-based)	51.9	56.7	66.1
Purchased electricity (market-based)	29.9	47.2	61.2
<b>Scope 3 Emissions</b>			
Business travel, courier travel, transmission & distribution of purchased electricity	103.0	39.3	60.3
<b>Total Greenhouse gas emissions (location-based)</b>	<b>155.9</b>	98.9	126.5
<b>Total Greenhouse gas emissions (market-based)</b>	<b>133.9</b>	89.4	121.5
<b>Greenhouse gas intensity metric <sup>1</sup></b>			
Emissions per full-time equivalent employee (market-based tCO <sub>2</sub> e/number of FTE employees)	0.8	0.6	0.8
Emissions per £million net revenue (market-based tCO <sub>2</sub> e/£m net revenue)	1.65	1.1	1.9
Energy consumption <sup>2</sup>			Kilowatt hours (kWh)
Total electricity purchased and consumed	260,953.7	260,422.0	275,432.0
Transport-related energy	85,162.0	18,145.7	62,113.1
<b>Total energy consumption</b>	<b>346,115.7</b>	278,567.7	337,545.1
<b>Energy consumption intensity metric</b>			
Energy use per full-time equivalent employee (kWh/number of FTE employees)	2,210.5	1,808.9	2,344.1

<sup>1</sup> Market-based energy data used for intensity metrics

<sup>2</sup> All gas and electricity usage is consumed in the UK

The last three years of reporting our carbon footprint have been influenced by both our corporate merger in 2019/20 and COVID. This year we have seen the increase of business travel as portfolio managers are able to once again visit investee companies.

We are aware that our total operational emissions are less material when compared to our Scope 3 category 15 investment emissions which we are measuring and monitoring internally. We continue to work to fill gaps in this data and aim to improve reporting in line with industry standards as this develops.

## Investment portfolio carbon emissions

We currently report carbon emissions per £1m invested across our five dedicated responsible and sustainable funds and global renewables trust as we believe this concept is easier for investors to understand. ISS Climate Solutions data has been used to generate the output in the table below.

	Carbon emissions (tCO <sub>2</sub> e per £1m invested)	Weighted average carbon intensity (tCO <sub>2</sub> e per £1m revenue)
Premier Miton Responsible UK Equity Fund	62.1	57.8
Premier Miton Global Sustainable Growth Fund	56.8	204.6
Premier Miton Global Sustainable Optimum Income Fund	57.1	205.6
Premier Miton European Sustainable Leaders Fund	10.0	58.6
Premier Miton Diversified Sustainable Growth Fund	48.2	161.3
Premier Miton Global Renewables Trust plc	726.1	1,520.4

Data presented as at 30 September 2022.

## Board of Directors



**Robert Colthorpe**

**Non-Executive Chairman**  
Chair Nomination Committee  
Member of Remuneration Committee



**Mike O'Shea**

**Chief Executive Officer**



**Piers Harrison**

**Chief Financial Officer**



**David Barron**

**Non-Executive Director**  
Member of Audit & Risk Committee  
Member of Remuneration Committee

**Appointment**  
07/10/2016

**Appointment**  
12/07/2007

**Appointment**  
14/11/2019

**Appointment**  
01/12/2019

**Past roles**

Robert 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. Robert was a Non-Executive Director of Premier Portfolio Managers Limited, from 30 September 2019 to 23 November 2021.

**Past roles**

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.

**Past roles**

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 Mattery, 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.

**Past roles**

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.

**Brings to the Board**

A deep understanding of strategy across the broad financial sector along with M&A and capital market transaction skills and experience. He has worked closely with leadership teams and directors at a wide range of financial institutions on corporate finance and commercial matters and is an experienced board director with a professional qualification as a Chartered Accountant.

**Brings to the Board**

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.

**Brings to the Board**

Extensive operational and practical experience of the fund management industry and a rigorous approach to operational risk management.

**Brings to the Board**

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.

**Other key commitments**

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

**Other key commitments**

No external directorships.

**Other key commitments**

No external directorships.

**Other key commitments**

Member of the Council of Lancaster University, Chairman of Dunedin Income Growth Investment Trust plc and Director of Fidelity Japan Trust PLC and Blackrock Sustainable American Income Trust PLC.





**Alison Fleming**

**Senior Independent Director**  
Chair Remuneration Committee  
Member of Nomination Committee

**Appointment**  
14/05/2020

**Past roles**

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.

**Brings to the Board**

Experience in stakeholder engagement, compliance, ESG, sales and marketing, governance and business development.

**Other key commitments**

Director of Helkia Ltd, The Kids' Cookery School Acton.



**Sarah Mussenden**

**Non-Executive Director**  
Member of Audit & Risk Committee

**Appointment**  
07/06/2021

**Past roles**

Sarah has over 25 years' experience in senior financial positions across multiple sectors, predominantly in large consumer facing multinational corporates. Sarah qualified as a Chartered Accountant with Deloitte. Her subsequent roles have included: Chief Financial Officer at British Gas, Bart's and The London NHS Trust and Metropolitan Housing Trust, and Finance Director at British Airways.

**Brings to the Board**

Senior financial leadership expertise and experience of operating across complex global, consumer facing, multinational FTSE 100 businesses. Experience includes: formulating strategy and long-term business planning, driving business performance, investment appraisal and capital allocation, financial stakeholder management, risk, audit and internal control and best practice corporate governance and financial reporting.

**Other key commitments**

CFO of the Go-Ahead Group plc and Director of Go-Ahead Holding Limited, Govia Limited and Govia Thameslink Railway Limited.



**Sarah Walton**

**Non-Executive Director**  
Chair Audit & Risk Committee

**Appointment**  
07/06/2021

**Past roles**

Sarah is an experienced financial services professional with a 25-year career spanning a diverse range of products, geographies and sectors. She qualified as a Chartered Accountant with Coopers & Lybrand. Sarah then spent 15 years at Goldman Sachs as Head of Corporate Accounting in London and then with GSAM in New York as Head of U.S Hedge Fund and Mutual Fund Controllers. She was most recently the Chief Financial Officer of Gemcorp Capital LLP, an emerging market investment manager and commodity trading company. Her experience covers fixed income, credit, private equity, real estate, structured products, trade finance and commodities.

**Brings to the Board**

Experience in international fund management, corporate governance in both institutional and growth businesses, and a focus on mentorship and inclusion for sustainable business growth.

Sarah joined the Board of Premier Portfolio Managers Limited as a Non-Executive Director on 23 November 2021.

**Other key commitments**

Director of Sarah Walton Limited.

## Chairman's introduction

Robust,  
defensible  
decision making



Robert Colthorpe  
Chairman

**The Group is committed to maintaining robust infrastructure to support decision making and deliver on the business growth aspirations.**

On behalf of the Premier Miton Board, I am pleased to present the Corporate Governance Report for the year ended 30 September 2022. The purpose of this section is to provide a summary of the ways the Board has overseen the effective application of good governance arrangements during the year.

### Board meetings

Our Board meetings are held regularly and the agenda and materials are carefully prepared and considered so as to allow for effective debate and challenge, focusing on key matters.

In addition, the Board participates in a series of deep dives into aspects of the business or sector to enhance its knowledge and engage with other senior employees as well as our professional advisers. The governance arrangements that support the Group are kept under review and this year subsidiary governance arrangements were refreshed to meet our evolving needs.

### Purpose

We have a clear statement of purpose, the strength of which has kept the Board focused over the last 12 months and has informed our governance and decision making, on, for example, strategic initiatives, hiring people and use of capital, as well as in seeking to align the interests of our major stakeholders.

### Strategy

Our industry has complex strategic and commercial dynamics and it is important that the Board involves itself in the setting and appraisal of our strategy. This was done formally through a comprehensive review at a Board strategy day held in March and is managed through regular assessments of our positioning, including input from our professional advisers and informed industry commentators.

### ESG

We take our obligations on ESG matters seriously and over the last year the Board has focused on climate change and the changing expectations and requirements for our business.

This has involved close and regular discussions with our specialist in house teams, with our investment teams as well as seeking external guidance on market and competitor developments.

We have made a commitment to the Net Zero Asset Manager initiative.

### Coronavirus

We have monitored the impact of the pandemic on the business and made changes to our operating model, for example on the working arrangements that adjust for the expectations and needs of our people and at the same time encourage team working and allow for effective supervision and culture. This is detailed on pages 32 to 35.

### Executive remuneration

During the year we put in place a performance linked long-term incentive plan ('LTIP'), marking an important stage in the maturity of the Group. The scheme is designed to reward the senior executive team on a basis aligned with the interests of our stakeholders.

At the AGM in February 2022, the advisory remuneration resolution was passed at 78.81%, just short of the 80% level that the Investment Association keeps on its public register for monitoring. I met shareholders to establish the rationale for their adverse votes and addressed the matters raised. A disclosure on the outcomes is more fully described on page 61 under QCA principle 2.

### Shareholder engagement

We maintain regular formal communications with our shareholders and I offer to meet our larger institutional shareholders once a year to discuss matters of interest or concern with them. The Board values these conversations and the opportunity to consider the matters raised.

### Culture and values

Maintaining a healthy culture is critical for our business and the Board has maintained its focus on this. This year the business has instigated a series of initiatives, including soliciting employee perspectives via staff surveys and the creation of new Sports & Social and Equality, Diversity & Inclusion committees to drive enhanced employee experience and deliver better working practices. The Nomination Committee has also focused on diversity, equity and inclusion within the Group.

### Risk and resilience

We take decisions responsibly and must assimilate often fast moving political, economic and industry changes. When called upon to exercise judgement, the Board places reliance upon the business to provide relevant data and thoughtful analysis to support decision robust making.

Each year, the Group undertakes its assessment of key risks, identifying emerging risks, modelling scenarios and agreeing how best to mitigate these. The risk management framework and agreed risk appetite, close monitoring of key third party providers and the maintenance of a healthy surplus to the regulatory capital requirements all contribute to our operational resilience.

### Board review

Each year the Board undertakes an evaluation of its own performance. These are approached with purpose, aiming to assess effectiveness over the year under review, and to identify emerging areas for training and development to keep our Directors informed and engaged. During the year, the focus was on developing a cohesive, high performing Board, and this year, the emphasis will be on impact and influence.

### Board composition

Having served for over six years, Will Smith retired from the Board on 30 September 2022. We have now reshaped the membership of the Board's committees and make sure that we are as well placed as possible to provide strong governance.

In my view, the Board is working effectively and cohesively, with Directors ably bringing their individual and collective expertise to our Board deliberations, becoming increasingly adept at balancing our purpose, our duty to shareholders and the interests of our various stakeholders.

### Robert Colthorpe Chairman

1 December 2022

# Corporate governance report

In accordance with AIM Rule 26, the Company chooses to report against the Quoted Companies Alliance Corporate Governance Code for small and medium sized companies (the 'QCA Code').

The following report sets out the Group's governance arrangements and describes in more detail how we have complied with each of the ten principles set out in the QCA Code.

## Governance framework

The Board sits at the apex of a structure through which authority is delegated to ensure that the business as a whole is run smoothly and in accordance with our governance framework.

During the year to 30 September 2022, the Board comprised two Executive Directors and six Non-Executive Directors. The Directors are collectively responsible for matters of strategy, performance, budget, and resources, as well as setting standards of conduct and accountability. Each year the Board reviews its schedule of Matters Reserved. These were last approved on 16 September 2022 and a copy is available on the website at [www.premiermiton.com](http://www.premiermiton.com).

The Non-Executive Directors are appointed for an initial term of three years, and eligible for reappointment at AGM on rotation in accordance with the Articles of Association of the Company.

The Chairman, in conjunction with the Executive Directors and Company Secretary, sets the agenda for each

Board meeting. Management information is delivered a week ahead of each meeting and the decisions of the Board are formally minuted.

## Senior Independent Director

Alison Fleming was appointed Senior Independent Director on 1 October 2022, succeeding Will Smith, who stepped down from the Board on 30 September 2022. The role of Senior Independent Director is to act as a sounding board for the Chairman and as an intermediary for the Directors, shareholders and stakeholders.

## Board and committee attendance

During the year, the Board held eight scheduled meetings, which included quarterly monitoring meetings, a budget approval meeting as well as meetings to review and approve the Company's full and half-year results, and an annual strategy session. The agreed schedule is supplemented with a number of meetings to cover single topic deep dive and training sessions.

The schedule of Board and committee attendance is set out below. Committee attendance can also be found in the introduction to each of the respective committee reports.

1 October 2021 to 30 September 2022	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Number of meetings	8	4	7	1
David Barron	8(8)	4(4)	–	–
Robert Colthorpe	8(8)	–	7(7)	1(1)
Alison Fleming <sup>1</sup>	8(8)	–	7(7)	–
Piers Harrison	8(8)	–	–	–
Sarah Mussenden	8(8)	4(4)	–	–
Mike O'Shea	8(8)	–	–	–
William Smith <sup>2,3</sup>	8(8)	3(3)	7(7)	1(1)
Sarah Walton	8(8)	4(4)	–	–

<sup>1</sup> Appointed Senior Independent Director and Chair of the Remuneration Committee on 1 October 2022

<sup>2</sup> Resigned from office on 30 September 2022

<sup>3</sup> Stepped down from the Audit & Risk Committee on 15 June 2022

## Delegation of authority

The Group's governance framework supports the flow of information through the Group through the orderly delegation of authority to achieve robust defensible decision making.

### Board of Directors

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

#### Audit & Risk Committee

FOR THE ACTIVITIES SET  
OUT IN DETAIL SEE PAGE 68



#### Remuneration Committee

FOR THE ACTIVITIES SET  
OUT IN DETAIL SEE PAGE 72



#### Nomination Committee

FOR THE ACTIVITIES SET  
OUT IN DETAIL SEE PAGE 78



Delegation of authority is 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 Chief Executive Officer

### Executive Committee

#### Board committees

The Board delegates certain matters to its three standing committees. The committees report their recommendations to the Board after each committee meeting. The reports from the Chairs of each standing committee are set out on pages 68 to 79, and their respective terms of reference are published on the Company's website [www.premiermiton.com](http://www.premiermiton.com).

The committees are provided with sufficient resources to discharge their duties, including access to external advisers where required. Where independent advice has been sought during the year, this is disclosed in the relevant committee reports.

#### Executive and operational committees

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

#### Executive Committee (formerly the Management Committee)

Led by the Chief Executive Officer, this committee is composed of senior management, who are accountable for the management and monitoring of the Group's overall business operations, including business performance, people, culture, investment, distribution, operations, brand, and financial matters. Meeting monthly, the committee reports to the Board and to the boards of the regulated subsidiaries as required.

#### Operations Executive Committee

The Operations Executive is charged with the oversight of operational and regulated activities of the Group including risk and information services, investor and investment services, legal and compliance matters as well as keeping a watching brief on industry-wide initiatives in these areas. This committee meets every two months.

#### Investor Relations Committee

This committee meets weekly to consider and monitor the external reporting requirements of the Company, ensuring that all disclosures are managed in a timely manner.

## Corporate governance report continued

### Distribution and Marketing Executive Committee

Convening on a monthly basis, this committee oversees the distribution and marketing activities of the Group, including data collection of sales and marketing performance and progress against strategic objectives including gross and net sales analysis, building market share, seeking new business and developing sales pipeline. It also reviews industry trends and sales by Investment Association category, undertakes competitor analysis, and reviews marketing activities to ensure product and client diversification, in line with the agreed sales and marketing plan.

### Operational Risk Committee

This committee ensures that appropriate policies, procedures, controls, and reporting are in place to manage and monitor operational risks. It monitors the liquidity risk profile of the funds managed by the Group, assesses the risk of loss experience arising from operational risks, reviews the work and findings of the various operational and client services functions responsible for embedding a strong and compliant risk management culture. Monitoring the effectiveness of the agreed Risk Management Framework and reporting on its effectiveness, as well as maintaining the Risk Appetite Policy and Internal Capital Adequacy Assessment Process ('ICAAP') are also in its purview.

### Product Governance Committee

The oversight and ongoing management of investment products and services, existing and new, is overseen by this committee. It seeks to identify target markets and distribution strategy for our products and services, ensures the provision of relevant product information and communications to clients and distributors, monitors the way in which investors' expectations of investment performance are met and how value is delivered as well as ensuring that the delivery of client services, including treating customers fairly, is achieved.

### Environmental Committee

This committee sets the environmental objectives for the Group, monitoring progress against them during each financial year. This includes the collection of data on energy and water usage, waste generation and management of the Group's carbon footprint. This committee meets quarterly to monitor compliance with relevant regulatory requirements, identify and report on any environmental-related risks to the Executive Committee, monitor spending against any associated budget, as well as acting as champions of the Environmental Policy and encouraging participation and support from employees and suppliers.

### IT Oversight Committee

The purpose of this forum is to ensure the integrity of the IT infrastructure and associated business recovery processes. The committee monitors third-party dependencies, has oversight of development projects and is responsible for the identification of infrastructure risks. It undertakes assurance activities including conducting regular penetration testing.

### Regulated subsidiaries

The regulated subsidiaries place reliance on a number of additional specialist working groups and committees to help them discharge their duties, including:

- Funds Risk Committee;
- Outsourcing Oversight Committee;
- Conduct and Policies Committee;
- CASS Committee;
- Financial Crime Committee;
- Investment Oversight Committee;
- Valuation Committee;
- Investment Trust Committee; and
- Responsible Investment Oversight Committee.

### QCA Code compliance

The disclosures below describe in detail how we meet the principles of the QCA Code against which the Group chooses to report its governance arrangements. A formal statement on our compliance with the QCA Code is set out in the Directors Report at page 80.

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

The Group's purpose is to actively and responsibly manage our clients' investments for a better financial future.

This is achieved via our investment product offering which is designed to meet the long-term needs of our clients and to deliver good investment outcomes through active management.

The Group maintains 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 has a talented and experienced team of investment professionals to manage our products. The Group offers 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:

- To offer relevant investment products;
- To deliver strong investment outcomes;
- To maintain a strong and focused distribution capability;
- To maintain a strong and scalable operating platform; and
- 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 and our clients from unnecessary harm.

There are a number of potential challenges and risks relating to the Group and its business, including: fluctuations in capital markets; adverse economic, political and market factors, ongoing impact of 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.

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

The Board firmly believes that keeping the confidence of our shareholders is predicated on open, constructive dialogue. During the year, opportunities for effective shareholder engagement with both our institutional and retail shareholders has allowed the Board to engage and seek feedback on its strategic ambitions.

All shareholders are entitled to attend and vote at the Company's Annual General Meeting ('AGM'). The Directors are in attendance to respond to any formal questions on Company business at the meeting and make themselves available immediately afterwards for a more informal opportunity to engage. This year we welcomed shareholders back to the AGM in person and maintained the live broadcast to allow shareholders to listen to the proceedings. Shareholders not able to attend in person were invited to raise any questions in writing ahead of the meeting via the website.

The voting results of the AGM held in February 2022 demonstrated continued support from our shareholder base with all votes passed. The advisory remuneration vote at resolution 5 was passed with 78.81% of votes cast in favour of the resolution. The Company is not formally required to lodge this result on the Investment Association public register, however, the Board was of the view that it should act in accordance with the spirit of that guidance. Meetings between the Board Chair and major shareholders were held shortly after the AGM to discuss the evolving strategic direction and positioning of the Group as well as seeking to identify and understand the voting rationale for the adverse votes.

As a result of the discussions held, use of nil cost share awards and absence of a cap on bonuses were identified as the persuasive factors for the adverse voting. The Chair was able to reassure shareholders on these matters as the Remuneration Committee had been developing a performance based LTIP for the Executive Directors and certain senior managers under which awards were made on 1 June 2022, and a bonus cap was agreed during the year.

Shareholders can access corporate, regulatory news, share capital and dividend information on the Group's website at [www.premiermiton.com](http://www.premiermiton.com). Enquiries can be directed to the Board via the corporate email address [corporate@premiermiton.com](mailto:corporate@premiermiton.com). 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 join 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 continues to be a key theme. Accompanied by the Group's brokers, meetings with institutional holders afford the Executive Directors an opportunity to understand the needs and expectations of our shareholders, 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.

## Corporate governance report continued

### 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.

In 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 in the furtherance of the stewardship of clients' assets in the Group's investment products. The fund managers are actively engaged with their 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.

The Group manages six specialist funds focused on actively managed portfolios based on the consideration of ethical or sustainable factors. The range includes the Premier Miton Responsible UK Equity Fund, Premier Miton Global Sustainable Optimum Income Fund, Premier Miton Global Sustainable Growth Fund, Premier Miton Global Renewables Trust plc, Premier Miton European Sustainable Leaders Fund and Premier Miton Diversified Sustainable Growth Fund. The fund managers of these funds work closely with the Group's Head of Responsible Investing.

The Group has an active Environmental Committee which champions participation and support from stakeholders on environmental and nature related matters and runs a number of initiatives and monitoring activities including oversight of energy usage, water usage, waste generation and management, material usage and carbon footprint.

All employees 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 £25,307.

The Group complies with relevant regulations, including the Modern Slavery Act. Our statement is available on the Company's website.

### Engagement with stakeholders

The Group has identified its key stakeholders as its employees, financial intermediaries including IFAs and wealth managers, clients invested in the fund product range, third-party providers of goods and services to the Group, as well as the regulator, our local communities and environment. Further details on our approach to stakeholder engagement is set out for each of these categories at pages 66 to 67 in our response to Principle 10 is set out.

Through our membership of the Investment Association, we engage on wider regulatory matters to ensure the Group is aware of pending regulatory and legislative changes and able to implement them effectively. We also communicate 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 and 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 as required. The Company's Nominated Adviser updates the Board on stock exchange matters. The external auditor and externally facilitated internal auditor also regularly attend meetings of the Audit & Risk Committee.

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

The Group's risk appetite framework allows 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. An ICAAP is embedded for the Group and the dashboard is reviewed quarterly by the Board. This year the ICAAP will be superseded by the Internal Capital Adequacy Risk Assessment ('ICARA') and a disclosures in compliance with MIFIDPRU 8.4 can be found on the Group's website.

The Chief Risk Officer has responsibility for the operational risk monitoring system and processes (in addition to market, credit and liquidity risks). The identification of operational risks and incidents is embedded within the various business units and logged centrally in the operational risk monitoring system that tracks 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 Chief Operating Officer, Chief Financial Officer, Director of Finance and Strategy, Chief Risk Officer, Chief Investment Officer and Head of Compliance and Legal each have access to the Chair of the Audit & Risk Committee to raise any concerns in respect of the control environment.



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

### Composition

During the year to 30 September 2022, the Board comprised of two Executive Directors, Mike O'Shea and Piers Harrison, and six Non-Executive Directors, Robert Colthorpe, Non-Executive Chairman, David Barron, Alison Fleming, Sarah Mussenden, Sarah Walton and Will Smith. The biographies of each of the Directors are set out on pages 54 to 55. On 30 September 2022, Will Smith stepped down as a Director of the Board and Alison Fleming succeeded him as Senior Independent Director.

The role of the Non-Executive Directors is to provide entrepreneurial leadership, offer constructive challenge to management and direct the development of strategy, ensuring that a framework of effective controls is in place. They also help to set culture and values, holding the management accountable for setting the overall tone of the Group.

### 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, Alison Fleming, Sarah Mussenden and Sarah Walton 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 Non-Executive Directors. David Barron, having previously served as Chief Executive of Miton Group plc, is not considered fully independent. David brings valuable industry knowledge and board experience to deliberations, and the Board confirms that they consider him able to act impartially and that he continues to demonstrate independence of thought and judgement.

## Roles and responsibilities

The Directors have a duty to promote the best interests of the Company and are collectively responsible for the corporate governance arrangements of the Group. Delegation of authority is set out in the terms of reference of the standing committees of the Board, the job description of the Chief Executive Officer, and through the wider business via the subsidiary governance arrangements in place.

The Board receives management information from the Executive Directors, various heads of department as well as minutes and reports from the material subsidiaries. This is all provided in a timely manner to facilitate assessment of the matters requiring monitoring, a decision or insight.

### Conflicts of Interest

A schedule of attendance at Board and committee meetings is set out on page 58. On appointment, each new Director is required to declare any potential conflicts of interest. Directors are reminded at each Board meeting of their obligations to notify any changes in their statement of conflicts and 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 the composition reflects the necessary mix of skills and expertise to meet the Group's strategic requirements.

New Directors are given a comprehensive induction to the Group which includes introductory meetings with departmental heads for Investment, Sales, Marketing, Compliance and Legal, Operations, Risk, Finance, Internal Audit, HR and the Company Secretary.

All Directors receive briefings and regular training on a range of relevant topics during the year. The Directors are also encouraged to attend external training relevant to their ongoing development. Regular compliance, cyber-crime, health and safety and money laundering training is provided for all Directors.

Where committees of the Board have sought external advice, this is reported in their respective reports. The Board has recourse to the Company Secretary for governance advice and the Senior Independent Director is available in an advisory capacity for the Chair, Directors and Shareholders.

David Barron, Robert Colthorpe, Piers Harrison, Sarah Mussenden and Sarah Walton are Chartered Accountants, and their continuing professional development is maintained in accordance with the requirements of the institute.

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

The Board evaluation is undertaken annually in the fourth quarter of the financial year. Led by the Chairman, the process is delivered by the Company Secretary and the results discussed with the Board.

This year, the evaluation was focused on 'impact and influence' and Directors were asked to rate and respond to a number of business and governance matters including the value drivers of the business, directors' duties, boardroom dynamics, networking and engagement on industry matters.

The areas prioritised for development included facilitating engagement with a wider management cohort, continuing to enhance meeting efficiency and improve management information, increased focus on external reporting and simplification of the legal and governance structures as well as training opportunities and team building for the Board.

In satisfaction of the matters identified in the prior year's evaluation, the Board commissioned additional reporting on responsible investing and held an ESG deep dive facilitated by external specialists, attended focus sessions on new product offering including presentations from the Premier Miton Income Fund manager and the Premier Miton Global Smaller Companies Fund team, and held a deep dive on the new institutional distribution channel.

## Corporate governance report continued

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

We understand and value 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.

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. Regular updates are received 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 people 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 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. The Company Secretary is responsible for advising the Chairman and the Board on governance matters.

The Board has an established schedule of Matters Reserved that includes material acquisitions and disposals, investments, and capital projects. The Board maintains a calendar of scheduled meetings which are supplemented with ad hoc meetings convened as required to address issues that arise outside of the regular schedule. The Board also attends deep dive sessions typically selected to focus attention on emerging matters or new products, aiming to balance internal and external points of interest.

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, financing and tax matters;
- markets and industry insights;
- reports from senior management responsible for key functions such as risk, compliance, legal, operations, investment strategy and performance, responsible investment, sales, marketing, and human resources;
- capital expenditure approval requests and investment proposals; and
- papers on issues scheduled for Board consideration.

Board committees receive the papers required in order to fulfil their duties in accordance with their terms of reference.

Each committee 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 meetings are formally minuted and 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 with both institutional and retail investors, employees and other stakeholders.

The key components of the investor relations remit are the AGM, 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, and 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, and enables 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 engagement: Section 172 statement

In the performance of their duties, the Directors, both individually and collectively, have exercised due regard for the matters set out in Section 172(1)(a) to (f) of the Company Act 2006, acting in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

The Board considers its key stakeholders to be its shareholder, employees, clients, suppliers, regulators, community and environment and the table on pages 66 and 67 details how we typically engage with each.

## Key decisions during the year

In promoting the success of the Company, the Board considers the following to be the key decisions made during the financial year ended 30 September 2022:

### Financial performance

- Approval of 2021 Annual Report and Accounts;
- Declaration of a final dividend;
- Approval of the half year review to 31 March 2022;
- Declaration of the interim dividend;
- Grant of awards under the 2016 LTIP with performance conditions;
- Review of quarterly management accounts; and
- Approval of the 2022 ICAAP and associated Pillar III disclosures.

### Operational performance

- Receive reports and business updates from the CEO and COO;
- Receive quarterly business reports and operational oversight reports;
- Sanctions checks and related activities following the invasion of Ukraine by Russia;
- Receive and act on internal audit findings reports from Grant Thornton; and
- Institutional distribution channel under development.

### Stakeholders

- Approve annually the Modern Slavery Statement;
- Receive regular updates from HR on various employee matters;
- Approval of FRC stewardship code submission and responsible investing Report;
- Commitment to Net Zero Asset Managers Initiative;
- Review and approval of applicable supplier-related policies; and
- Review and approval of annual reports from Data Protection Officers, MLRO and on product governance.

### Governance

- Receive regular reporting and updates on governance developments;
- Annual Board evaluation;
- Annual review of the Matters Reserved of the Company; and
- Approval of Terms of Reference of standing committees of the Board.

# Corporate governance report continued

## Section 172 Statement

### Shareholders:

The Company is AIM listed and keeping the confidence of shareholders through regular, transparent engagement over the course of the financial year encourages valuable dialogue with those who are invested in our success.

#### Stakeholder's key interests

- Long-term value creation underpinned by a talented team of investment professionals.
- Good governance practices including adherence to the QCA Governance Code standards.
- Ability to engage in meaningful dialogue.
- The expectation of financial returns through dividend payments, balancing investment in growth with returns.
- Scalable business platform covering investment, distribution and operations.
- Dedicated and informative corporate website content.

#### How we engage

- Ensuring the Board has a clear understanding of its role and contribution to the success of the Group.
- Transparency in the way we do business, maintaining good governance practices in line with the QCA Governance Code.
- Balancing shareholder returns with investment in business initiatives to perpetuate our business and create long-term value.
- Tracking achievement against strategic objectives throughout the year.
- A clearly defined dividend policy targets an ordinary dividend pay-out of approximately 50 to 65% of profit after tax, adjusted for exceptional costs, share-based payments and amortisation.
- Regular shareholder roadshows for institutional investors facilitated by the Nomad.
- An accessible AGM that allows shareholders to attend in person or listen to proceedings via a live broadcast.
- The provision of comprehensive investor materials available on the corporate website including all results, regulatory announcements and financial calendar.

### Employees:

Looking after the interests of our employees ensures that they are well positioned to bring their skills to the pursuit of our strategic objectives and know that their contribution is valued. Our ability to deliver excellent investment outcomes and exemplary client services depends upon a corporate culture that promotes and supports good conduct and a collegiate working environment.

#### Stakeholder's key interests

- A healthy corporate culture that operates ethically and acts with integrity.
- Regard for employee health and wellbeing.
- A safe working environment.
- Training and development opportunities.
- Well-designed remuneration structures that attract and retain employees.
- Ability to raise concerns safely.

#### How we engage

- Maintaining a compliant culture with good conduct across the Group through appropriate policies, monitoring and reporting.
- Seeking views via regular employee engagement surveys and tracking feedback actions.
- Regular business updates from the Group CEO.
- Regular updates on people initiatives from HR.
- Investment in employee training initiatives.
- Formation of the Sports & Social Committee and Equality, Diversity & Inclusion Committee during the year.
- Employees can raise concerns through various channels including staff surveys, discussion with line managers, HR and Compliance, and the whistleblowing procedures.

### Community and environment:

The Group is committed to an active and growing role in corporate social responsibility and building a more sustainable future.

#### Stakeholder's key interests

- Commitment to high standards of corporate responsibility.
- Oversight of environmental, social and governance matters including climate risk.
- Sustainable investment funds.
- Reputation within the community.
- Committed to carbon reduction.

#### How we engage

- The Environmental Committee has developed key initiatives including the Group's work towards net zero carbon emissions, calculating its greenhouse gas emissions and submitting the Group's CDP disclosure assessment.
- Active engagement with industry bodies on responsible investment and climate risk.
- The Group manages six specialist funds focused on Environmental, Social and Governance ('ESG') or sustainable factors.
- This year, the responsible investment working groups have been supplemented by a formally constituted Responsible Investment Oversight Committee ('RIOC').
- Premier Miton is a signatory of the FRC's Stewardship Code.
- Adoption of the Responsible Investment Policy in September 2022.
- The Group supports colleague volunteering activities.

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### Clients:

The Group, acting via its two FCA regulated subsidiaries is focused on building and maintaining strong client relationships. Our clients are typically independent financial advisers and wealth managers who intermediate between the firm and the end consumer of our fund products.

#### Stakeholder's key interests

- A well-diversified range of investment products.
- Ensuring the quality and content of product communications.
- Reliable and efficient client services.
- Regulatory compliance.
- Treating customers fairly and consumer duty.

#### How we engage

- The Board receives regular updates on advisory and discretionary client engagement to understand how clients' needs are evolving.
- The Product Governance Committee undertakes a regular review of the Group's funds to ensure they are being managed in line with their objectives, policy and strategy.
- Client facing teams strive to establish an understanding of client needs and expectations.
- The costs associated with the Group's branded funds are subject to annual value assessment by the Board of Premier Portfolio Managers Limited, a Group subsidiary.
- Due attention to treating customers fairly and the new consumer duty.
- Close monitoring and handling of any client complaints.
- Maintaining a user-friendly website for product related information.

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### Suppliers:

We aim to maintain good relationships with our suppliers and ensure they uphold high standards of ethical business conduct. The selection process and engagement with any third-party providers is guided by our Procurement Policy, supported by suitable due diligence processes and in accordance with our Modern Slavery Statement.

#### Stakeholder's key interests

- Minimising the inherent risks of outsourcing.
- Promoting responsible and ethical business practices to maintain good long-term relationship with key suppliers.

#### How we engage

- The Board has delegated oversight of key business partnerships to management and receives regular reporting on the risks associated with outsourcing from the Audit and Risk Committee.
- Monitoring and oversight of key third-party supplier relationships is undertaken by the Outsourcing Oversight Committee.
- Senior management meet regularly with suppliers.
- Routine contract renewal or tendering is undertaken at intervals.
- Relevant policies, including the Procurement Policy, Anti-Bribery, Gifts and Entertainment, Legal Contracts Policy and Record Retention Policy, are in place and subject to annual review.

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### Regulators:

The regulated activities of the Group are undertaken via its two FCA regulated subsidiaries, and the Group seeks to maintain a positive and open relationship with the FCA.

#### Stakeholder's key interests

- Transparency and integrity.
- Candid and regular dialogue.
- Proactive response to FCA initiatives and publications.

#### How we engage

- Actively engaged, notably via the Quoted Companies Alliance and the Investment Association to ensure that we remain alert to legal and regulatory change.
  - A regulatory change log is included at each regulated subsidiary meeting which highlights impact and timing of incoming regulatory change.
  - Any direct contact from the FCA is responded to promptly.
  - A comprehensive rolling programme of compliance training for all employees and for senior managers subject to the certification regime.
  - A review of the duties delegated to certain committees on behalf of the regulated business was undertaken during the year to formalise the framework and enhance reporting.
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# Audit & Risk Committee report



**Sarah Walton**  
Chair of the Audit & Risk Committee

The Audit & Risk Committee is responsible for ensuring the integrity of financial management, overseeing the effectiveness of the internal control environment and the adequacy of the risk management systems for the Group.

## Committee composition and attendance

Members:	Attendance
David Barron	4 (4)
Sarah Mussenden	4 (4)
Will Smith <sup>1</sup>	3 (3)
Sarah Walton (Chair)	4 (4)

<sup>1</sup> Stepped down as a member of the Committee on 15 June 2022

Dear Shareholder,

I am delighted to present the report of the Audit & Risk Committee and have the opportunity to describe the activities undertaken over the last year.

The Audit & Risk Committee held four scheduled meetings during the financial year to 30 September 2022.

### Membership and skills

The Committee members have between them, the recent and relevant financial expertise and the skills and competencies required to discharge the Committees remit.

The Executive Directors, Director of Finance and Strategy, Chief Risk Officer, Chief Operating Officer, and Head of Compliance and Legal typically attend each meeting by invitation.

The biographies of each Committee member are set out on pages 54 to 55.

## Activities during the year

The Committee remit is focused on the key areas of financial integrity, internal controls, and risk management. During the year ended 30 September 2022, the Committee considered, 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 2022.</li> <li>Review and recommendation of the audited financial statements for the full year ended 30 September 2021.</li> <li>Review the appropriateness of the accounting policies used in preparing the Group's financial statements.</li> </ul>
<b>External 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 2021 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 2022.</li> <li>Audit matters including revenue recognition, investments in subsidiaries, going concern assessment, any residual COVID impact and impairment review were assessed.</li> <li>Key accounting estimates and judgements were considered, notably for intangible assets and acquired goodwill in the context of acquisition accounting.</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 auditor's responsibilities and did not compromise the integrity, independence, or objectivity of the auditor.</li> <li>Review and recommend the external auditor's audit plan and fee quote for the financial year ended 30 September 2022.</li> </ul>
<b>Internal audit</b>	<ul style="list-style-type: none"> <li>Review of the quarterly internal audit findings reports and action trackers.</li> <li>Approval of the 2022 Internal Audit Charter.</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>Review and recommend the risk management framework and risk appetite policy and quantification.</li> <li>Oversee the quarterly monitoring of risk via the ICAAP risk dashboard and reporting, the risk registers, and activities of the Operational Risk Committee.</li> <li>Oversight of regulatory change management and any breaches and errors.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Annual review of Compliance resourcing and skills.</li> <li>Receive a presentation from Northern Trust on outsourced activities.</li> <li>Review and update where necessary, the terms of reference of the Committee.</li> <li>Undertake an evaluation of Committee effectiveness.</li> </ul>

## Financial reporting

### Significant judgements

The Committee is responsible for the integrity of the published financial statements. A number of accounting matters were considered in the period that required the use of estimates and the exercise of judgement. The assessment of any need to impair goodwill, intangibles or investment in subsidiaries was supported by comprehensive analysis, and the Committee Members were able to conclude that no material impairment was required. Details of key judgements and estimates are set out in note 2.5 on page 94.

## Going Concern

In determining the basis of preparation, the Committee considers the Group's profitability, budget and detailed financial forecasting set out in a report from the Finance team and agree that the going concern basis of accounting continues to be the appropriate basis of preparation for these financial statements.

### Fair, balanced, and understandable

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

## External audit

KPMG LLP have provided the Group's external audit services since their appointment in May 2011. The senior statutory auditor, Alison Allen, was appointed to the account for the financial year ended 30 September 2020.

### Audit quality

In preparation for the full year audit, the Committee was briefed by the external auditor on their intended plan, setting out how the audit team would deliver audit quality, and how they will reach their opinion. The areas of significant risk, as well as other areas of audit focus, were identified, drawn from the auditor's knowledge of the business, sector, and the wider economic environment.

## Audit & Risk Committee report continued

### Auditor independence and non-audit services

Arrangements are in place to govern the independence and objectivity of the audit engagement partner and audit team, as well as the safeguards around the provision of non-audit services. The auditor has confirmed that they were independent, in accordance with their professional ethics standards, for the audit engagement period.

The external auditor meets annually with the Committee members without management present, to discuss their remit and any concern or issues arising from the audit.

### Auditor re-appointment

The Committee is satisfied with the performance of the auditor and overall quality of the audit and recommends that KPMG LLP be reappointed as external auditor at the forthcoming AGM.

### Internal controls

The Group maintains a robust system of internal controls that are monitored by the Group's Risk and Compliance departments via detailed risk registers and the compliance monitoring programme. The Committee has oversight of these controls and receives reports from the Chief Operating Officer, the Chief Risk Officer, and the Head of Compliance and Legal. No material shortcomings were identified in the practices and procedures during the year.

### Risk management

#### Principal risks and uncertainties

Responsibility for the structure and application of the Group's risk management framework and governance sits with management and is overseen by the Committee. The Committee receives comprehensive reporting on and monitors the principal risks of the business including mitigating or preventative activities. Disclosures on our risk profile and arrangements, including fund related and enterprise risk management are set out fully on pages 26 to 29.

### Risk management framework and risk appetite

The Group's risk management framework documents how key risks identified in the ICAAP process are, as far as is possible, mitigated. The arrangements are reviewed by the Committee on an annual basis.

Comprehensive risk registers covering both operational and enterprise risks are maintained and oversight is embedded through the regular review of the ICAAP dashboard report. 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.

The risk appetite of the Group is agreed annually, and the inputs are 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.

### Whistleblowing and financial crime

Oversight of the Group's 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.

The Group arrangements in respect of the adequacy and security for its employees and contractors to raise concerns, in confidence, about possible financial crime including anti-money laundering and anti-bribery is overseen by the Committee. No matters were raised in this regard during the year.

Cyber security awareness is tested at regular intervals including through a phishing test campaign to ensure colleagues are alert to the risks.

### Internal audit function

Grant Thornton was appointed in April 2021 to provide an externally facilitated, internal audit function. The appointment creates a 'three lines of defence model' enhancing and monitoring the control environment. In the first full year of service, four externally facilitated internal audits were undertaken, and the findings reports delivered to the Audit & Risk Committee on a quarterly basis. The Internal Audit plan is aligned with the principal risks of the business and is agreed in advance for the financial year. This year, the internal audits covered cyber and general IT controls, compliance and regulation, equities (investment performance) and product governance.

### Governance

#### Committee evaluation

The annual evaluation, undertaken in-house, asked the members to complete a questionnaire to rate the efficiency of procedural activities as well as the performance of the members. The results were presented for discussion in September 2022.

The results of the evaluation are used to develop and deliver specific committee-related improvements and are also considered in the wider context of the 2022 Board Evaluation, which was focused on director 'impact and influence'.

Overall, the results demonstrated that the Committee members had the necessary skills and experience to effectively discharge the activities of the Committee during the year under review and to lead the business forward effectively.



### Duties and terms of reference

The principal duties of the Audit & Risk Committee are set out in its terms of reference, which were last reviewed and updated on 16 September 2022, and available on the corporate website at [www.premiermiton.com](http://www.premiermiton.com). During the year, the Committee operated effectively, within its agreed terms of reference.

These include:

- monitoring the integrity of the financial statements for its annual and half-yearly reports and 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;
  - consideration of the terms of engagement of the external auditor and the scope of the audit, assessing their independence and objectivity, as well as recommendations on fees for audit and non-audit services;
  - recommendations to the Board on matters to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the Group's external auditor;
  - monitoring the adequacy and effectiveness of the Group's internal financial controls in the context of the Company's overall risk management systems;
  - reviewing the role and mandate of the internal audit function, ensuring that adequate resources and appropriate access to employees and corporate information is made available. The Committee will receive regular internal audit reports and monitor progress against any recommendations as well as review the effectiveness of the internal audit function;
- keep under review the adequacy and effectiveness of the Company's internal controls and risk management systems;
  - advise on the Group's overall risk appetite, tolerance, and strategy, taking account of the current and prospective macroeconomic and financial environment;
  - considering the remit of the risk management function to ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively; and
  - reviewing the adequacy of arrangements for employees to raise, in confidence, any possible wrongdoing or matters in respect of financial crime and fraud prevention, as well as maintaining the effectiveness of the Group's whistleblowing arrangements.

**Sarah Walton**  
Chair, Audit & Risk Committee  
1 December 2022

# Remuneration Committee report



**Alison Fleming**  
Chair of the Remuneration Committee

Setting those reward structures and principles that are required to attract, retain and motivate the best available talent, thereby incentivising the delivery of our strategy, namely achieving great client investment outcomes, creating shareholder value and encouraging and supporting the right behaviours and culture.

## Committee composition and attendance

Members:	Attendance
Robert Colthorpe	7 (7)
Alison Fleming (Chair) <sup>1</sup>	7 (7)
Will Smith <sup>2</sup>	7 (7)

<sup>1</sup> Appointed Chair of the Remuneration Committee effective 1 October 2022

<sup>2</sup> Retired from office on 30 September 2022

Dear Shareholder,

I am pleased to present the Report of the Remuneration Committee for the year ended 30 September 2022.

The Committee met on seven occasions during the year including two ad hoc meetings relating to the detailed development and deployment of long-term equity incentive awards.

Throughout the year to 30 September 2022, the Committee comprised three Non-Executive Directors each of whom were considered independent in character and judgement. Will Smith stepped down from office on 30 September 2022, and I was appointed Chair of the Committee from 1 October 2022, having been a Committee member since 7 June 2021.

The Board is responsible for considering the recommendations on reward practices from the Committee. In forming its recommendations, the Committee typically receives input from the Chairman of the Board, the HR Director, the Executive Directors and Director of Finance and Strategy. Executive Directors attending a Committee meeting do so by invitation, and are absent for any discussion relating to their own remuneration or contractual arrangements.

The importance of recruiting and retaining skilled directors, senior managers, fund managers and employees to make the business a success is well understood. To achieve this, the Committee is tasked with operating a competitive remuneration framework that aligns personal reward with increased shareholder value over both the short and longer-term.

The Group's remuneration arrangements comprise base salary, discretionary bonus, pension contributions, and certain other benefits including private health insurance and death in service, severance and compensation payments. The Committee is responsible for recommending the grant of any equity incentive awards in accordance with new performance based long-term incentives for Executive Directors and certain Senior Management, in accordance with the 2016 LTIP Rules.

The Committee retains operational and administrative discretion of remuneration matters. This includes (but is not limited to) the following:

- the timing of awards including grant and vesting;
- the size of awards and vesting levels;
- the performance conditions and weightings;
- the adjustment of formulaic outcomes of incentive awards where the outcomes are not reflective of overall company performance; and
- the extent to which malus and clawback should apply to any award.

During the year, the Committee did not have recourse to the use of its discretion as regards the award of Director remuneration.

### Activities during the year

During the year ended 30 September 2022, the Committee considered, and amongst other things, made proposals and recommendations in respect of the following matters:

<b>Remuneration structure</b>	<ul style="list-style-type: none"> <li>• Variable remuneration for the Group for the year ended 30 September 2021.</li> <li>• The introduction of LTIP awards with performance conditions for the Executive Directors and certain senior management.</li> <li>• The approval of the 2022/23 Remuneration Policy as it applies to the Group.</li> </ul>
<b>Share plans and awards</b>	<ul style="list-style-type: none"> <li>• Grants of awards under the new tier of 2016 LTIP to two Executive Directors and certain senior managers to which performance conditions attach.</li> <li>• Grants of award of nil cost contingent share awards to certain employees.</li> <li>• Pro-rated terms for good leavers and the oversight of the vesting and exercise of awards that crystallised in the period.</li> <li>• The amendment and re-statement of the loan agreement for the Guernsey EBT.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Undertook shareholder engagement in respect of the new tier of LTIP awards.</li> <li>• Considered the fee rates for the Chair of the Board and the iNEDS in the regulated subsidiaries.</li> <li>• Reviewed and approved the Remuneration Committee report in the 2021 Annual Report and Accounts.</li> <li>• Reviewed and recommended updates to the terms of reference of the Remuneration Committee.</li> <li>• Implemented a bonus cap.</li> <li>• Implemented a stand-alone Malus and Clawback Policy.</li> </ul>

### Remuneration policy

The Committee recognises that the remuneration structure should attract, retain and motivate the best available talent to continue to deliver great investment outcomes for our clients. It balances this with the need for a remuneration structure that is proportionate to the size of the Group, and aligned to the business strategy, objectives, values and long-term interests of the Group, including investors in the funds, and the regulatory environment in which the business operates. The remuneration policy is reviewed annually to ensure that it remains fit for purpose. This year, the policy was updated to reflect the requirements of the MIFIDPRU Remuneration Code. The policy is aligned with the risk appetite and risk management framework to ensure fair and responsible reward in return for high levels of individual and business performance.

#### Key features of the policy include:

- Shareholder alignment with Executive Director and senior management reward;
- Total reward reflects the market in which the Group operates. The competitive position of our remuneration arrangements is assessed annually against relevant peer group companies;
- An appropriate mix of short and longer term incentives are designed to incentivise the delivery of performance, with an emphasis on value creation over the longer term;
- Remuneration of the Executive Directors is consistent with other senior management, whilst recognising their additional Group responsibilities;
- The application of the MIFIDPRU Remuneration Codes to the regulated business, including, where available, any decision to apply principles of proportionality;
- The introduction of a cap on cash bonuses for Executive Directors;
- The maintenance of a Remuneration Code Staff list and the application of appropriate deferral terms for those whose role has a material impact to the Group's risk profile; and
- All eligible employees are auto enrolled in the Group pension plan.

### Post AGM Shareholder engagement

Following the voting result at AGM in February 2022 for resolution 5, the advisory remuneration resolution, the Chair of the Board met with two major shareholders to better understand their rationale for adverse voting and their feedback has resulted in a decision to introduce a bonus cap.

## Remuneration Committee report continued

### 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 6b on page 101 by reference.

	Fees and salary		Pension and benefits		Cash bonus		Vesting of deferred EBT contingent share awards <sup>3</sup>		SIP matching shares		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
<b>Executive Directors</b>												
Piers Harrison	246	231	25	24	208	250	–	–	2	2	481	507
Michael O'Shea	346	334	46	43	750	900	333	523	2	2	1,477	1,802
<b>Non-Executive Directors</b>												
David Barron	49	47	–	–	–	–	–	–	–	–	49	47
Robert Colthorpe	128	100	–	–	–	–	–	–	–	–	128	100
Alison Fleming	49	47	–	–	–	–	–	–	–	–	49	47
Sarah Mussenden	49	15	–	–	–	–	–	–	–	–	49	15
William Smith <sup>1</sup>	66	70	–	–	–	–	–	–	–	–	66	70
Sarah Walton	67	17	–	–	–	–	–	–	–	–	67	17
Mike Vogel <sup>2</sup>	–	31	–	–	–	–	–	–	–	–	–	31
	<b>1,000</b>	<b>892</b>	<b>71</b>	<b>67</b>	<b>958</b>	<b>1,150</b>	<b>333</b>	<b>523</b>	<b>4</b>	<b>4</b>	<b>2,366</b>	<b>2,636</b>

1 Retired from office on 30 September 2022

2 Retired from office on 3 February 2021

3 The exercise price for the deferred EBT contingent share awards was nil pence

### Pension arrangements

Pension arrangements were aligned across the Group following an exercise in 2020 to harmonise the employer contribution rate for all employees.

### Advisers

Burges Salmon LLP, Stephenson Harwood LLP and McLean Partnership provide advice on matters relating to executive remuneration and employee share plans and from Ernst & Young LLP in relation to valuation work on the LTIP. From 1 July 2022, McLean Partnership has provided interim HR services to the Group.

### Variable remuneration

The Group maintains discretionary bonus schemes for various fund management teams based on a fixed percentage of the net income generated by the respective teams, and subject to certain performance criteria. Typically, a proportion of the bonus earned in each financial year is paid three months after the year end, once the full year financial statements have been approved. Over a de minimis threshold, a portion of the bonus is deferred in accordance with the FCA Remuneration Codes 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.

There is 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, and is paid three months after the year end. Any applicable deferral of bonus amounts are deferred for a period of up to three years, which can be invested in funds managed by the Group or in the ordinary shares of Premier Miton Group plc held through the Company's EBT.

### Long-Term Incentive Plan ('LTIP')

The 2016 Long-Term Incentive Plan (the 'LTIP') was adopted on 3 October 2016 but not used. Following the merger, the Remuneration Committee commenced a project to structure awards to incentivise the Executive Directors and certain senior managers, designed to link awards to the delivery of strategy, longer-term performance, good corporate culture and achieve shareholder alignment.

The awards are intended to be granted on an annual award cycle and take the form of nil cost awards over ordinary shares. The awards have a three-year vesting profile and, in usual circumstances, are subject to a two-year holding period. Vesting of the awards is subject to satisfaction of certain performance measures, continued employment and malus and clawback provisions. The awards may be satisfied from the issue of new shares in accordance with the provisions of the LTIP rules or from shares held in the employee benefit trust. Institutional investor guidance and prevailing market practices were taken into consideration in the design and a program of shareholder engagement undertaken with major institutional shareholders.

The usual maximum annual award limit will be 300% of salary, however initial awards for the performance year 1 October 2021 to 30 September 2022 granted on 1 June 2022 were set at a maximum potential of 400% of base salary as 'catch up' awards covering the period from merger. These initial awards are subject to performance conditions determined prior to grant. The performance conditions set stretch targets that are considered challenging but achievable and considered to be objective and fair measures of performance. There are four performance conditions that will determine the extent to which an award shall vest:

Performance condition	Weighting
Earnings per Share ('EPS')	40%
Absolute Total Shareholder return ('TSR')	40%
AuM condition	10%
Operational conditions	10%

The first two conditions have threshold and maximum targets that determine the vesting potential. No more than 25% of the maximum shall vest at threshold, and 100% shall vest at the maximum, with the range pro-rated on a straight-line basis between these points. The AuM condition is calculated on the proportion of funds, weighted by assets under management that achieve upper quartile benchmark performance over the performance period. The operational conditions reflect commitments to ESG, talent management, staff turnover, diversity and inclusion, risk and compliance management and the vesting is subject to the extent to which the Committee, acting fairly and reasonably, is satisfied that the five qualitative measures have been achieved.

### Grant of 2016 LTIP awards

During the year, awards over an aggregate of 4,182,569 0.02p ordinary shares in the Company were granted (2021: nil). Of these awards, the following were granted to Executive Directors:

	Date of grant	Awards over 0.02p ordinary shares	Market value of an ordinary share at date of grant <sup>1</sup> (£)	Performance period (years)	Vesting date
<b>Executive Directors</b>					
Michael O'Shea	1 June 2022	1,161,825	1.205	3	30 September 2024
Piers Harrison	1 June 2022	829,875	1.205	3	30 September 2024

<sup>1</sup> Being equal to the average of the middle market quotations of a share during the five dealing days immediately preceding the date of grant

### Deferral of variable remuneration

Variable remuneration comprises cash bonuses and LTIP awards. In line with typical market practice, deferral arrangements applied to variable remuneration are over a three year period. In respect of the year ended 30 September 2022, Mike O'Shea and Piers Harrison are deferring 65% and 83% of their variable remuneration, respectively.

### Employee Benefit Trusts

On 25 July 2016, the Group established the Eastgate Court Employee Benefit Trust (the 'Guernsey EBT'), administered by an independent Guernsey based trustee. The Guernsey EBT was established for the benefit of the employees, former employees and their dependents of the Group.

The Group may provide funds to the Trustee by way of loan or gift to enable the Trustee to subscribe for or purchase existing shares in the market in order to satisfy any awards made to eligible beneficiaries.

The Group also inherited the MAM Funds plc Employee Benefit Trust at merger, which was established for the benefit of the employees, former employees and their dependents of the legacy Miton Group (the 'Jersey EBT').

## Remuneration Committee report continued

### Grant of nil cost contingent share awards

During the year, 1,902,500 (2021: 3,980,000) nil cost contingent share rights over ordinary shares of 0.02p in the Company were granted to 32 employees (2021: 37) in respect of both deferred bonus provisions for the financial year ended 30 September 2021 and staff retention. 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 (pence)	Vesting period (years)	Vesting date
<b>Executive Directors</b>					
Michael O'Shea	14 April 2020	400,000	–	3	14 April 2023
	10 March 2021	400,000	–	3	10 March 2024
	10 March 2022	200,000	–	3	10 March 2025
Piers Harrison	9 March 2020	150,000	–	3	9 March 2023
	10 March 2021	150,000	–	3	10 March 2024
	10 March 2022	175,000	–	3	10 March 2025

Awards typically have a three-year vesting period, with vesting conditional on the participant continuing to be employed by the Group at the vesting date.

During the year, an aggregate of 1,628,284 (2021: 1,629,478) nil cost contingent share rights over ordinary shares of 0.02p in the Company were exercised. Of these awards, 275,000 related to Mike O'Shea.

As at 30 September 2022 there were 9,974,161 outstanding nil cost contingent share rights (2021: 9,699,945).

### 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.

As at 30 September 2022, there were 981,045 (2021: 981,045) outstanding MEI awards of which 981,045 (2020: 724,464) had vested. The following table shows outstanding awards to a Director:

	Granted	Expires	Status	Exercise price	Awards over 0.02p ordinary shares
<b>Executive Directors</b>					
Piers Harrison	30/09/2015	10/05/2024	Vested	109.32	377,325
	29/05/2019	10/05/2027	Vested	208.71	105,651

### Interests in shares

The Directors' beneficial interests in the Company's ordinary share capital are disclosed on page 80.

### 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 February 2021	3
Alison Fleming	14 May 2020	1
Sarah Mussenden	7 June 2021	1
Sarah Walton	7 June 2021	1

## Non-Executive Director fees

The fees payable to Non-Executive Directors are set by the Board, with the fee for the Chairman determined by the Remuneration Committee. When setting these fees, account is taken of the time commitment of each Director and any additional responsibilities undertaken, as well as the market rates in the sector. 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.

## Governance

### Committee evaluation

The Committee members completed an evaluation of procedural activities and committee performance and the results were presented for discussion in September 2022.

The results are used to develop and deliver improvements and are also considered in the wider context of the 2022 Board evaluation.

Overall, the results demonstrated that the Committee members had the necessary skills and experience to effectively discharge the activities of the Committee.

### Duties and terms of reference

The principal duties of the Remuneration Committee are set out in its terms of reference, which were last reviewed and updated on 16 September 2022. During the year, the Committee operated effectively, within its agreed terms of reference. These include:

- considering the framework and remuneration arrangements annually;
- annual review and implementation of 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 such scheme;
- 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;
- review of pension, material severance and proposed bonus (including any guaranteed) payments to assess alignment with the Remuneration Policy.

### Alison Fleming

Chair, Remuneration Committee

1 December 2022

# Nomination Committee report



**Robert Colthorpe**  
Chair of the Nomination Committee

Ensuring a diverse and healthy balance of skills and perspectives on the Board and in the wider business to support the successful achievement of our strategic ambitions is a key focus of the Nomination Committee.

## Committee composition and attendance

Members:	Attendance
Robert Colthorpe (Chair)	1 (1)
Will Smith <sup>1</sup>	1 (1)

<sup>1</sup> Retired from office on 30 September 2022

Dear Shareholder,

On behalf of the Board, I am pleased to present the Nomination Committee report for the year ended 30 September 2022. The Committee met once during the year to discharge its remit to review, amongst other matters, the structure of the Company's Board composition including the skills, knowledge, experience, and diversity of the Directors and make recommendations to the Board with regard to any changes. The biographies for the Committee members are set out on pages 54 to 55.

### Committee composition

On 15 June 2022, it was agreed that Will Smith, who had been a member of the Audit & Risk Committee since 2016, would retire as a member of that committee. Will continued to act as a member of the Nomination Committee, Chair of the Remuneration Committee and as Senior Independent Director until 30 September 2022, when he stepped down as a Non-Executive Director of the Board. Alison Fleming succeeds him as Senior Independent Director and Chair of the Remuneration Committee, effective 1 October 2022.

### Succession planning

The succession plans for Directors and other senior management were reviewed, taking into account the challenges and opportunities facing the Company, and the skills and expertise required to drive future value creation. This annual exercise keeps the leadership needs of the organisation in focus to ensure the continued ability of the organisation to compete effectively in the marketplace. Output from the Board evaluation also informs this process, particularly the results of skills assessments and training and development opportunities that have been identified.

The Committee also considers the retirement by rotation arrangements for Directors to ensure that these are in hand ahead of AGM planning.

Since the pandemic in 2020, the succession planning exercise has considered contingency planning on a pro tempore basis, as well as the longer-term needs of the business, and extends to the Group as a whole.

Senior management succession is a matter for Management and the

activities of the Nomination Committee provide assurance to the Board in satisfaction of talent pipeline oversight.

Through its program of deep dives and thematic presentations, the Board has the opportunity to meet executive talent and gain insights into business operations below Board level.

### Board induction

The Governance team maintains a comprehensive induction programme for new Board Directors at appointment, including those appointed to Group subsidiaries. The format, which is routinely reviewed and updated, covers the provision of key corporate information, Directors' duties, conflicts management and regulatory compliance training as well as scheduling meetings with Directors, senior management and facilitating introductions to third-party advisers. Although no new Directors were appointed to the Board this year, the induction framework informs subsidiary governance induction and the program has been recently deployed for that purpose.

### 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' disclosures are made at appointment and any new conflicts of interest are disclosed 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.

### Diversity, equity, equality and inclusion

To meet our commitment to creating opportunities for a more diverse talent pipeline and addressing the development of our culture and values in support of our talent strategy, the Committee commissioned a report on Diversity, Equity, Equality and Inclusion. The report detailed four objectives to create a more inclusive corporate culture as well as identifying leadership activities to contribute to improving the perception of the asset management industry through initiatives with partners and stakeholders.



## Activities during the year

During the year ended 30 September 2022, the Committee considered, amongst other things, the following matters:

<b>Board succession</b>	<ul style="list-style-type: none"> <li>Review of the composition of the Board.</li> <li>Review of the composition of the Audit &amp; Risk Committee.</li> <li>Review of the composition of the Remuneration Committee.</li> <li>Review of the composition of the Nomination Committee.</li> <li>Assessed the time commitment required by the Non-Executive Directors.</li> </ul>
<b>Group succession</b>	<ul style="list-style-type: none"> <li>Considered succession planning for senior managers, including an assurance assessment for any extended absence of a key team member on a pro tempore basis.</li> </ul>
<b>Diversity</b>	<ul style="list-style-type: none"> <li>Commissioned a report on Diversity, Equity, Equality and Inclusion.</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>

The Group continues to make progress on gender balance and feedback from employee surveys found that initiatives around more inclusive working practices had contributed to improvements. The take up of flexible working arrangements has increased and other initiatives included the launch of a menopause support policy, support group and mid-life career coaching, as well as parental transition training initiated in April 2022.

There has been a significant shift in emphasis on employee wellbeing since the start of the pandemic and I am pleased to report that the resources and support around employee mental health that were escalated to adapt for the pandemic remain in place and continue to be enhanced with new initiatives including running training sessions with Mind in May 2022 on Mental Health Awareness at Work.

As well as keeping a weather eye on the talent pipeline to bring new specialists into our business, the Group supports continuous professional development of our existing employees and runs compliance training, coaching programmes and regularly offers organised sessions for various special interest groups to focus on relevant management or skills-based training.

On 1 June 2022, in furtherance of our commitment, the Board approved the grant of awards in accordance with the rules of the 2016 LTIP to which a diversity and inclusion metric is attached.

### Committee evaluation

The annual evaluation, undertaken in-house, asked the members to complete a questionnaire to rate the efficiency of procedural activities of the Committee as well as the performance of the members. The results were presented for discussion in September 2022.

The results of the evaluation are used to develop and deliver specific committee-related improvements and are also considered in the wider context of the 2022 Board Evaluation, which was focused on director 'impact and influence'.

Overall, the results demonstrated that the Committee members had the necessary skills and experience to effectively discharge the activities of the Committee during the year under review and to lead the business forward effectively.

### Duties and terms of reference

The principal duties of the Nomination Committee are set out in its terms of reference, which were last reviewed and updated on 16 September 2022.

During the year, the Committee operated effectively, within its agreed terms of reference. The key terms are summarised here and 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.

**Robert Colthorpe**  
Chair, Nomination Committee  
1 December 2022

# 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 2022. Comparative information has been presented for the year ended 30 September 2021. 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 53 and Corporate Governance Report on pages 54 to 82, 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 CRN: 06306664 and its registered office is situated 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.

## Governance code compliance

The Company is AIM listed and reports against the principles set out in the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'), and where possible, endeavours to meet many of the provisions of the Financial Reporting Council's UK Corporate Governance Code (the 'UKCGC'). The Board confirms that for the period to 30 September 2022, we have complied with the QCA Code in full, and the disclosures set out on pages 60 to 64 evidence our application of these principles.

## Directors

The biographies of the Directors are set out on pages 54 to 55. 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.

## Directors' interests

The Directors' beneficial interests in the Company's ordinary share capital as at 30 September 2022 are as follows:

	Ordinary 0.02p shares as at 30 September 2022	Ordinary 0.02p shares as at 30 September 2021
<b>Executive Directors</b>		
Piers Harrison <sup>3</sup>	52,903	49,929
Mike O'Shea <sup>1,2,3</sup>	3,825,798	3,665,463
<b>Non-Executive Directors</b>		
David Barron <sup>1</sup>	172,205	172,205
Robert Colthorpe	55,705	40,705
Alison Fleming	10,299	10,299
Sarah Mussenden	–	–
Sarah Walton	10,000	10,000

<sup>1</sup> Including interests of persons closely associated ('PCAs') in accordance with UK MAR

<sup>2</sup> Includes interests held in a family trust for which Mike O'Shea acts as a trustee

<sup>3</sup> Includes interests in the all-employee share incentive plan

## 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 2 February 2022, 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 ('EBTs')

As set out at note 23 on page 116, the Group maintains two active EBTs. The Trustees of both EBTs have waived the right to receive dividends. As at 31 October 2022, the Trustees held an aggregate of 12,356,304 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 for the legacy Miton all-employee share incentive plan that was placed into run-off at merger. As at 30 September 2022, the SIP Trustee held an aggregate of 739,101 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 £9,567,000 (2021: £14,029,000) as set out in the Consolidated Statement of Comprehensive Income on page 89. The Directors declared an interim dividend of 3.7p per share (2021: 3.7p) and recommend a final dividend of 6.3p

per share (2021: 6.3p) payable on 10 February 2023 to shareholders on the register as at 13 January 2023.

### Substantial interests

As at 31 October 2022, 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	%
Octopus Investments Limited	17,676,779	11.19
Fidelity Worldwide Investments ('FIL') abrdrn plc	15,233,288	9.65
Slater Investment	13,398,669	8.48
Premier Asset Management Group plc EBT	12,401,000	7.85
Canaccord Genuity Group plc	7,787,136	4.93
Hargreaves Landsdown PLC	5,785,279	3.66
Hargreaves Landsdown PLC	5,552,989	3.52
Grandeur Peak Global Advisors	5,025,370	3.18

### Financial instruments and risk

The financial instruments and their associated risks are set out in note 15 on pages 109 to 110.

### Charitable donations

During the year the Group made charitable donations of £25,307 (2021: £45,000).

### 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. 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 54 to 55. 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 is expected to be held at Eastgate Court, High Street, Guildford, Surrey GU1 3DE at 10am on 1 February 2023.

By order of the Board

**Catriona Fletcher**  
Company Secretary  
1 December 2022

## 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 UK-adopted international accounting standards 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 UK-adopted international accounting standards;
- 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 2022 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 28.

### 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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards, 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

**Materiality:** £700k (2021: £596k)  
group financial statements as a whole 5% (2021: 5%) of profit before tax

**Coverage** 99% (2021: 94%) of group profit before tax

### Key audit matters vs 2021

Key audit matters	vs 2021
<b>Recurring risks</b>	
New: Recoverability of intangible assets	▲
Recoverability of parent company's investment in subsidiaries	▲
Goodwill impairment	◀▶
Revenue Recognition	◀▶

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

Key audit matters are those matters that, in our professional judgement, 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>Recoverability of intangible assets:</b> (£22.5 million; 2021: £27.4 million)</p> <p>Refer to pages 68 to 71 (Audit &amp; Risk Committee Report), pages 93 to 99 (accounting policy) and pages 105 to 106 (financial disclosures).</p>	<p><b>Identification of impairment triggers:</b></p> <p>The intangible asset balance is material to the Group. Intangible assets relate to customer contracts and there is a risk related to the valuation of the intangible assets pertaining to the Investment Management Agreements ('IMAs'). IMAs are monitored for indication of impairment to determine whether the recoverable amount is less than the carrying amount.</p> <p>The intangible assets impairment trigger assessments are done on a fund per fund level and aggregated into Group of IMAs (fund management units) to align with the original valuation model for these assets. There is a risk that an impairment exists due to the recoverable amount of a fund management unit falling below its carrying value which is heightened in the year where assets under management have substantially fallen.</p> <p>We have assessed the recoverability of Intangibles assets as a significant risk in our current year audit considering the market volatility and the significant estimation uncertainty associated with the valuation of these intangibles.</p>
	<p>We performed the detailed tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li><b>Testing application:</b> We have inspected management's assessment and considered whether further indicators should have been assessed based on our knowledge of the fund management unit, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.</li> <li><b>Our valuation expertise:</b> We evaluated whether there are any indicators of impairment that would trigger an impairment review. This includes critical assessment of the fund management unit performance, such as outflows of assets under management and revenue yield relating to each intangible asset. We developed our own impairment trigger analysis on the fund management unit ('FMU') level including comparing the FMUs' closing AuM with the amortisation profiles and comparing the actual revenue for the year with the forecasted revenue.</li> <li><b>Assessing transparency:</b> We considered whether the Group's disclosures in relation to the impairment trigger assessment appropriately represent the level of monitoring performed for each fund management unit.</li> </ul>

# Independent Auditor's Report to the members of Premier Miton Group plc continued

The risk		Our response
<p><b>Recoverability of Parent Company's investment in subsidiaries:</b> (Parent Company: £138.2 million; 2021: £138.1 million)</p> <p>Refer to pages 68 to 71 (Audit &amp; Risk Committee Report), page 121 (accounting policy) and pages 121 to 122 (financial disclosures).</p>	<p><b>Forecast-based assessment:</b> The investment in subsidiaries are the Parent Company's largest assets and represent the most significant driver of the Parent Company's net asset value and results. 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 for audit planning purposes, we determined that the value in use of the recoverable amount of the cost of investment in subsidiaries had 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. In conducting our final audit work, we concluded that reasonably possible changes to the value in use of recoverable amount of the cost of investment in subsidiaries would not be expected to result in material impairment.</p>	<p>We performed the detailed tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described</p> <p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li>• <b>Test of details:</b> Compared the carrying amount of 100% of investments with the relevant subsidiaries' financial statements/draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessed whether those subsidiaries have historically been profit-making.</li> <li>• <b>Comparing valuations:</b> For the investments where the carrying amount exceeded the net asset value, compared the carrying amount of the investment with the forecast-based assessment of value in use of the subsidiary.</li> <li>• <b>Benchmarking assumptions:</b> We challenged management assumptions and judgements used in their assessment and agreed to supporting documentation where relevant. 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>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 value in use related to the investment in subsidiary.</li> <li>• <b>Assessing transparency:</b> We assessed whether the Company's disclosures about the sensitivity of the outcome of the impairment assessment for investment in subsidiary to changes in key assumptions reflects the risk inherent in the valuation of such investment.</li> </ul>

The risk	Our response
<p><b>Goodwill impairment:</b> (£70.7 million; 2021: £70.7 million)</p> <p>Refer to pages 68 to 71 (Audit &amp; Risk Committee Report), pages 93 to 99 (accounting policy) and pages 105 to 106 (financial disclosures).</p>	<p><b>Forecast-based valuation:</b> Goodwill in the Group is significant and at risk of impairment due to uncertainty regarding forecasted Group performance. The recoverable amount of goodwill is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.</p> <p>The key uncertainties affecting the forecasts are future market performance and Assets under Management ('AuM') growth rates.</p> <p>The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the value in use of goodwill had 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. In conducting our final audit work, we concluded that reasonably possible changes to the value in use of goodwill would not be expected to result in material impairment.</p>
<p><b>Revenue Recognition – Management fees:</b> (£90.2 million; 2021: £94.7 million)</p> <p>Refer to pages 68 to 71 (Audit &amp; Risk Committee Report), pages 93 to 99 (accounting policy) and page 99 (financial disclosures).</p>	<p><b>Calculation error:</b> The calculation of management fee revenue for the Group, predominantly being the product of AuM 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> AuM 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>We performed the detailed tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li>• <b>Benchmarking of assumptions:</b> We used our own expertise to assist us in assessing the appropriateness of the assumptions used in the Group's valuation model for goodwill. 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 used our sector experience to evaluate the appropriateness of assumptions applied in key inputs such as revenue from customers, operating costs, discount rates and growth rates;</li> <li>• <b>Market capitalisation:</b> We considered the Group's market capitalisation at the balance sheet date in assessing the reasonability of the recoverable amount;</li> <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, and increases in discount rate, to evaluate the impact on goodwill;</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 reflected the risk inherent in the valuation of goodwill.</li> </ul>	<p>We performed the detailed tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li>• <b>Reperformance:</b> For management fee revenue earned from managing funds, representing 99% 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 AuM data provided direct from the third party-administrator;</li> <li>• <b>Test of details:</b> For fee rate data relating to funds and share classes launched in the current year, we agreed the fee rates used in our recalculation to fund prospectuses or other applicable legal documents.</li> <li>• <b>Outsourcing controls:</b> To address the accuracy and completeness of assets under management data inputs, we obtained and assessed the ISAE 3402 reports to understand the design and implementation of the processes and controls at service organisations over investments and pricing, which drive the calculation of the management fees for open ended investment funds and also the applicable Complementary 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 £700k (2021: £596k), 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 £14,013k (2021: £11,924k) of which it represents 5% (2021: 4%). The benchmark has remained the same as the prior year group profit before tax benchmark.

Materiality for the Parent Company financial statements as a whole was set at £137k (2021: £117k), determined with reference to a benchmark of company total assets, of which it represents 0.1% (2021: 0.1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £525k (2021: £447k) for the group and £102k (2021: £87k) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £35k (2021: £29k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 12 (2021: 13) reporting components, we subjected four (2021: 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.

The remaining 1% (2021: 1%) of total group revenue, 1% (2021: 6%) of group profit before tax and 5% (2021: 3%) of total group assets is represented by eight (2021: nine) reporting components, none of which individually represented more than 7% (2021: 12%) of any of total group revenue, group profit before tax or total group assets. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

This is in addition to our existing practice of including whether we relied on controls in our discussion of key audit matters.

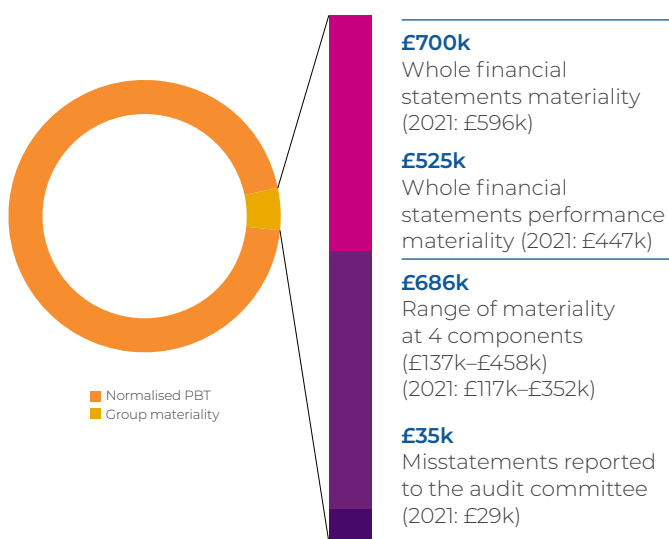
### 4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic.

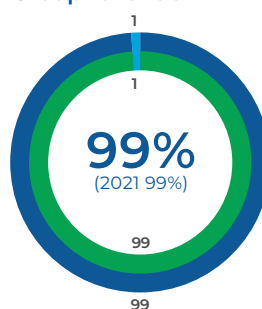
They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

**Normalised group profit before tax**  
£14,013k (2021: £11,924k)

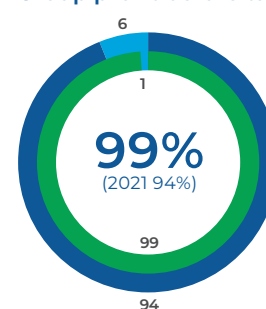
**Group materiality**  
£700k (2021: £596k)



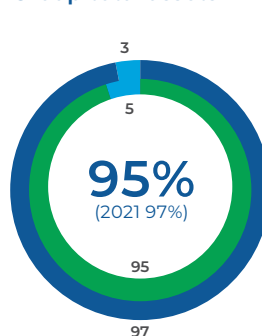
**Group revenue**



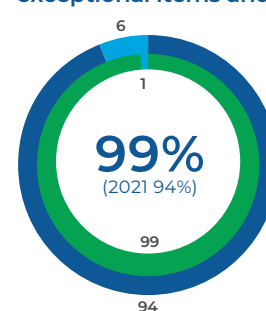
**Group profit before tax**



**Group total assets**



**Group profit before exceptional items and tax**



■ Full scope for group audit purposes 2022  
■ Full scope for group audit purposes 2021  
■ Residual components



We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its 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 risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was a reduction of revenues from AuM outflows as a result of market movements and/or fund redemptions.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

## 5. Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, Directors, the Audit & Risk Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Nomination and Audit & Risk Committee minutes.
- Considering remuneration incentive schemes such as the Long-Term Incentive Plan awards and Employee Benefit Trust for management, Directors, and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment assumptions. We do not believe there is a fraud risk related to revenue recognition because of the non-complex nature of the calculation and the involvement of third party fund accountants in the calculation and payment of revenue. The audit team have therefore concluded that the lack of opportunity to commit fraudulent financial reporting around revenue outweighs the identified incentives/pressures and attitudes/rationalisations. As a result, the presumed fraud risk has been rebutted.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of the design and implementation of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on high risk criteria and comparing the identified entries to supporting documentation. These includes all material post year end closing journals.
- Assessing significant accounting estimates for bias.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and management (as required by auditing standards), and discussed with the Directors and management the policies and procedures regarding compliance with laws and regulations.

As some entities of the group are regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

# Independent Auditor's Report to the members of Premier Miton Group plc continued

## 5. Fraud and breaches of laws and regulations – ability to detect continued

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations continued

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, AIM rules, FCA regulations, money laundering regulations, and company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 6. 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.

## 7. 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.

## 8. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 82, 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.

### 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).

## 9. 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  
2 December 2022

# Consolidated Statement of Comprehensive Income

For the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Revenue</b>	3	<b>90,233</b>	94,726
Fees and commission expenses		(9,062)	(10,248)
<b>Net revenue</b>		<b>81,171</b>	84,478
Administrative costs		(56,818)	(55,832)
Share-based payment expense	22	(4,505)	(4,528)
Amortisation of intangible assets	11	(4,861)	(5,117)
Merger related costs	4	(51)	(1,350)
Exceptional items	4	-	(126)
<b>Operating profit</b>	5	<b>14,936</b>	17,525
Finance expense	7	(23)	-
<b>Profit for the year before taxation</b>		<b>14,913</b>	17,525
Taxation	8	(5,346)	(3,496)
<b>Profit for the year after taxation attributable to equity holders of the parent</b>		<b>9,567</b>	14,029
		pence	pence
Basic earnings per share	10	<b>6.54</b>	9.53
Diluted basic earnings per share	10	<b>6.12</b>	8.96

No other comprehensive income was recognised during 2022 or 2021. Therefore, the profit for the year is also the total comprehensive income.

All of the amounts relate to continuing operations.

The notes on pages 93 to 117 form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Financial Position

As at 30 September 2022

	Notes	2022 £000	2021 £000
<b>Non-current assets</b>			
Goodwill	11	70,688	70,688
Intangible assets	11	22,516	27,377
Other investments		100	100
Property and equipment	12	1,192	1,737
Right-of-use assets	9	908	1,751
Deferred tax asset	8	1,928	2,166
Finance lease receivables	9	77	–
Trade and other receivables	14	1,081	971
		<b>98,490</b>	104,790
<b>Current assets</b>			
Financial assets at fair value through profit and loss	15	2,089	3,529
Finance lease receivables	9	197	–
Trade and other receivables	14	136,052	146,084
Cash and cash equivalents	16	45,764	47,675
		<b>184,102</b>	197,288
<b>Total assets</b>		<b>282,592</b>	302,078
<b>Current liabilities</b>			
Trade and other payables	17	(148,820)	(163,208)
Provisions		–	(15)
Lease liabilities	9	(887)	(870)
		<b>(149,707)</b>	(164,093)
<b>Non-current liabilities</b>			
Provisions	19	(374)	(374)
Deferred tax liability	8	(5,485)	(4,237)
Lease liabilities	9	(262)	(1,150)
<b>Total liabilities</b>		<b>(155,828)</b>	(169,854)
<b>Net assets</b>		<b>126,764</b>	132,224
<b>Equity</b>			
Share capital	20	60	60
Merger reserve		94,312	94,312
Own shares held by an Employee Benefit Trust	23	(16,744)	(15,790)
Capital redemption reserve	21	4,532	4,532
Retained earnings		44,604	49,110
<b>Total equity shareholders' funds</b>		<b>126,764</b>	132,224

Company number 06306664

The Consolidated Financial Statements were approved on behalf of the Board of Directors on 1 December 2022.

**Mike O'Shea**  
Chief Executive Officer

**Piers Harrison**  
Chief Financial Officer

The notes on pages 93 to 117 form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity

For the year ended 30 September 2022

	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 2020</b>		60	94,312	(14,649)	4,532	45,439	129,694
Profit for the year		-	-	-	-	14,029	14,029
Purchase of own shares held by an EBT	23	-	-	(4,101)	-	-	(4,101)
Exercise of options	23	-	-	2,960	-	(2,960)	-
Share-based payment expense	22	-	-	-	-	4,528	4,528
Other amounts direct to equity		-	-	-	-	(134)	(134)
Deferred tax direct to equity		-	-	-	-	305	305
Equity dividends paid	24	-	-	-	-	(12,097)	(12,097)
<b>At 30 September 2021</b>		60	94,312	(15,790)	4,532	49,110	132,224
Profit for the year		-	-	-	-	9,567	9,567
Purchase of own shares held by an EBT	23	-	-	(4,492)	-	-	(4,492)
Exercise of options	23	-	-	3,538	-	(3,538)	-
Share-based payment expense	22	-	-	-	-	4,505	4,505
Deferred tax direct to equity		-	-	-	-	(344)	(344)
Equity dividends paid	24	-	-	-	-	(14,696)	(14,696)
<b>At 30 September 2022</b>		<b>60</b>	<b>94,312</b>	<b>(16,744)</b>	<b>4,532</b>	<b>44,604</b>	<b>126,764</b>

The notes on pages 93 to 117 form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Cash Flows

For the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Cash flows from operating activities:</b>			
Profit for the year		9,567	14,029
Adjustments to reconcile profit to net cash flow from operating activities:			
– Tax on continuing operations	8	5,346	3,496
– Finance expense	7	23	–
– Interest payable on leases	9	60	94
– Depreciation – fixed assets	12	580	688
– Depreciation – leases	9	621	625
– Gain on derecognition of right-of-use asset	9	(115)	–
– Receivable for the net investment in sub-lease		334	–
– Loss on revaluation of financial assets at fair value through profit and loss		345	(407)
– Loss on disposal of property and equipment		171	28
– Amortisation of intangible assets	11	4,861	5,117
– Share-based payment expense	22	4,505	4,528
– Decrease/(increase) in trade and other receivables		10,800	(101,769)
– (Decrease)/increase in trade and other payables		(14,403)	110,162
<b>Cash generated from operations</b>		<b>22,695</b>	<b>36,591</b>
Income tax paid		(5,352)	(7,267)
<b>Net cash flow from operating activities</b>		<b>17,343</b>	<b>29,324</b>
<b>Cash flows from investing activities:</b>			
Interest paid	7	(23)	–
Acquisition of assets at fair value through profit and loss		(85)	(1,261)
Proceeds from disposal of assets at fair value through profit and loss		1,180	836
Purchase of property and equipment	12	(207)	(68)
<b>Net cash flow from investing activities</b>		<b>865</b>	<b>(493)</b>
<b>Cash flows from financing activities:</b>			
Lease payments	9	(931)	(950)
Purchase of own shares held by an EBT	23	(4,492)	(4,101)
Equity dividends paid	24	(14,696)	(12,097)
<b>Net cash flow from financing activities</b>		<b>(20,119)</b>	<b>(17,148)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(1,911)</b>	<b>11,683</b>
Cash and cash equivalents at the beginning of the year		47,675	35,992
<b>Cash and cash equivalents at the end of the year</b>	16	<b>45,764</b>	<b>47,675</b>

The notes on pages 93 to 117 form an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

For the year ended 30 September 2022

## 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 2022 were authorised for issue by the Board of Directors on 1 December 2022 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 the Alternative Investment Market ('AIM').

These Consolidated Financial Statements were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. 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 2022 have been prepared in accordance with UK-adopted International Financial Reporting Standards ('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 22 to 25, 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 considering all the factors affecting the business when deciding to adopt a going concern basis for the preparation of the accounts. The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, comprising a period of at least 12 months from the date of this report. This assessment has been made after considering the impact of recent geopolitical events and Ukraine crisis on the business. The Directors note that the Group has no external borrowings and maintains significant levels of cash reserves.

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 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 assets under management ('AuM') associated with a reasonably plausible downside scenario, the business remains cash generative.

### 2.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiary undertakings as at 30 September 2022. 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.

The Group pays deferred remuneration to a nominee whose purpose is to invest these amounts for the benefit of participating employees. The Group does not have power to direct relevant activities or majority of rights to risks/rewards and accordingly it is not consolidated.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 2. Accounting policies continued

### 2.3 Changes in significant accounting policies

No standards or amendments have been issued during the year that have had or are expected to have an impact on the Consolidated Financial Statements.

### 2.4 New standards, amendments and interpretations

There are no new and amended standards and interpretations that are issued, but not yet effective, that would be expected to have a material impact on the Group's financial statements when they become effective.

### 2.5 Sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires management 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. There are no key areas of judgement or estimation uncertainty. Other areas of estimation included the following:

- **Impairment of goodwill and other intangible assets and recoverability of Parent Company investment in subsidiaries.**  
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 94, note 2.6 (o) page 98 (accounting policies) and note 11 pages 105 and 106 (financial disclosures).

### 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.



## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### (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.

#### (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 a right-of-use asset ('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.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### (e) Leases continued

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.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

#### (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.

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.

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### (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 FVTPL 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 any impairment indicators exist for a financial asset or a group of financial assets.

#### 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 aims to facilitate comparison with prior periods and assists in assessing trends in financial performance.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### (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 AuM. Fee income is earned over a period of time, and revenue is recognised in the same period in which the service is provided. Under the requirements of IFRS 15 revenue is presented gross with rebates and commission presented in fees and commission expenses.

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

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.

The Group is the Authorised Corporate Director ('ACD') and investment manager directly via its regulated subsidiaries. For all revenue streams, the Group therefore acts as principal and recognises revenue gross with any related expenses (e.g. rebates or commissions) presented in fees and commission expenses.

#### (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.

## 2. Accounting policies continued

### 2.6 Significant accounting policies continued

#### (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.

Seed capital investments in funds that the Group manages are accounted for as subsidiaries, associates or financial assets at fair value through profit or loss ('FVTPL') depending on the total holding per fund held by the Group, the degree of influence and control that the Group is judged to have and the extent the Group is acting as an agent or principal.

The Group assesses its seed capital investments on a regular basis and each is assessed individually with no fixed percentages equating to the treatment of each in the consolidated financial statements. 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.

#### (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 Employee Benefit Trust ('EBT').

#### (t) Employee Benefit Trust

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:

	2022 £000	2021 £000
Management fees	90,570	93,171
Commissions	4	1,075
Other (loss)/income	(341)	480
<b>Total revenue</b>	<b>90,233</b>	<b>94,726</b>

All revenue is derived from the UK and Channel Islands.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 4. Exceptional items and merger related costs

Recognised in arriving at operating profit from continuing operations:

	2022 £000	2021 £000
Connect development costs	–	126
<b>Total exceptional costs</b>	<b>–</b>	<b>126</b>
Merger related costs	<b>51</b>	822
Merger employment restructuring costs	–	528
<b>Total merger related costs</b>	<b>51</b>	<b>1,350</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.

In accordance with the accounting policy for exceptional items set out in note 2.6(k) on page 97 these costs have been treated as exceptional.

Merger related costs in the year totalling £51,132 (2021: £821,886) represented legal and professional fees associated with the merger with Miton Group plc of £51,132 (2021: £51,132) and merger integration costs of £nil (2021: £770,754).

During the year there were no employment restructuring costs arising as a result of the merger (2021: £528,031 related to redundancy costs).

## 5. Operating profit

(a) Operating profit is stated after charging:

	Notes	2022 £000	2021 £000
Auditor's remuneration	5(b)	<b>592</b>	468
Staff costs	6(a)	<b>41,072</b>	40,868
Interest – leases	9(a)	<b>60</b>	94
Amortisation of intangible assets	11	<b>4,861</b>	5,117
Exceptional items	4	–	126
Merger related costs	4	<b>51</b>	1,350
Loss on disposal of fixed assets	12	<b>171</b>	28
Depreciation – fixed assets	12	<b>580</b>	688
Depreciation – leases	9(a)	<b>621</b>	625

## (b) Auditor's remuneration

The remuneration of the auditor is analysed as follows:

	2022 £000	2021 £000
Audit of Company	<b>114</b>	90
Audit of subsidiaries	<b>193</b>	190
<b>Total audit</b>	<b>307</b>	<b>280</b>
Audit-related assurance services	<b>65</b>	48
Other non-audit services	<b>220</b>	140
<b>Total non-audit services</b>	<b>285</b>	<b>188</b>
<b>Total fees</b>	<b>592</b>	<b>468</b>

## 6. Staff costs and Directors' remuneration

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

	2022 £000	2021 £000
Salaries and bonus	31,141	30,769
Social security costs	4,436	4,696
Share-based payments	4,505	4,528
Other pension costs	990	875
<b>Total staff costs</b>	<b>41,072</b>	<b>40,868</b>

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

	2022 Number	2021 Number
Directors	8	7
Investment management	55	51
Sales and marketing	36	33
Finance and systems	11	11
Legal and compliance	12	12
Administration	42	39
<b>Total employees</b>	<b>164</b>	<b>153</b>

### (b) Directors' remuneration

In satisfaction of Schedule 5 of SI 2008/410, the summary of audited emoluments by individual Director table on page 74 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 76.

The number of Directors accruing benefits under money purchase pension schemes at the year end was nil (2021: nil).

## 7. Finance expense

	2022 £000	2021 £000
Interest receivable	(21)	–
Interest payable	44	–
<b>Net finance expense</b>	<b>23</b>	<b>–</b>

## 8. Taxation

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

	2022 £000	2021 £000
<b>Current income tax:</b>		
UK corporation tax	4,262	4,583
Current income tax charge	4,262	4,583
Adjustments in respect of prior periods	(59)	(909)
Total current income tax	4,203	3,674
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	1,128	(680)
Adjustments in respect of prior periods	15	502
Total deferred tax expense/(income)	1,143	(178)
<b>Income tax charge reported in the Consolidated Statement of Comprehensive Income</b>	<b>5,346</b>	<b>3,496</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 8. Taxation continued

### (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% (2021: 19%). The differences are reconciled below:

	2022 £000	2021 £000
<b>Profit before taxation</b>	<b>14,913</b>	17,525
Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%):	<b>2,833</b>	3,330
– Other differences	<b>2,042</b>	72
– Share-based payments	<b>777</b>	264
– Expenses not deductible for tax purposes	<b>20</b>	4
– Amortisation not deductible	<b>125</b>	250
– Income not subject to UK tax	<b>5</b>	(38)
– Change in tax rate	<b>–</b>	531
– Tax relief on vested options	<b>(418)</b>	(525)
– Fixed asset differences	<b>6</b>	15
– Adjustments in respect of prior periods	<b>(44)</b>	(407)
<b>Income tax charge in the Consolidated Statement of Comprehensive Income</b>	<b>5,346</b>	3,496

### (c) Change in corporation tax rate

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% from 19%. This was substantively enacted on 24 May 2021. The deferred tax balances included within the Consolidated Financial Statements have been calculated with reference to the rate of 25% to the relevant balances from 1 April 2023.

### (d) Deferred tax

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

	2022 £000	2021 £000
<b>Deferred tax asset:</b>		
– Fixed asset temporary differences	<b>8</b>	(38)
– Accrued bonuses	<b>556</b>	619
– Share-based payments	<b>1,364</b>	1,585
<b>Deferred tax disclosed on the Consolidated Statement of Financial Position</b>	<b>1,928</b>	2,166
	2022 £000	2021 £000
<b>Deferred tax liability:</b>		
– Arising on acquired intangible assets	<b>3,543</b>	4,216
– Arising on historic business combination	<b>1,940</b>	–
– Fixed asset temporary differences	<b>2</b>	21
<b>Deferred tax disclosed on the Consolidated Statement of Financial Position</b>	<b>5,485</b>	4,237

At 30 September 2022 a deferred tax liability of £1,940,448 has been included in relation to a temporary difference on an intangible asset held on the balance sheet acquired in a business combination in 2007. Management has assessed this adjustment to be not material (on both quantitative and qualitative bases) to require restating comparatives, and as such the deferred tax liability has been recognised in the Group's Consolidated Statement of Financial Position via the current period tax charge.

	2022 £000	2021 £000
<b>Deferred tax in the Consolidated Statement of Comprehensive Income:</b>		
– Origination and reversal of temporary differences	<b>(938)</b>	(680)
– Arising on historic business combination	<b>2,066</b>	–
– Adjustments in respect of prior periods	<b>15</b>	502
<b>Deferred tax expense/(income)</b>	<b>1,143</b>	(178)

All movements in deferred tax balances relate to profit and loss except for the £344,000 that is included in equity.



## 8. Taxation continued

### (d) Deferred tax continued

	2022 £000	2021 £000
<b>Unprovided deferred tax asset:</b>		
– Non trade loan relationship losses	1,971	1,971
– Excess management expenses	51	51
– Non trade intangible fixed asset losses	399	399
<b>Unprovided deferred tax asset</b>	<b>2,421</b>	<b>2,421</b>

## 9. Leases

### (a) Leases as lessee

The Group leases its head office premises in London, additional office space in Guildford.

- London head office premises lease renewed 28 November 2018, term of ten years with an option to break after five 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; and
- The Group also leases IT equipment with contractual terms of up to three years.

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

Year to 30 September 2022	Land and buildings £000	IT equipment £000	Total £000
At 1 October 2021	1,538	213	1,751
Sub-lease of right-of-use assets	(222)	–	(222)
Depreciation charge for the year	(557)	(64)	(621)
<b>At 30 September 2022</b>	<b>759</b>	<b>149</b>	<b>908</b>

Year to 30 September 2021	Land and buildings £000	IT equipment £000	Total £000
At 1 October 2020	2,137	277	2,414
Sub-lease of right-of-use assets	(38)	–	(38)
Depreciation charge for the year	(561)	(64)	(625)
<b>At 30 September 2021</b>	<b>1,538</b>	<b>213</b>	<b>1,751</b>

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

The Group recognised £60,000 of interest relating to lease liabilities during the year (2021: £94,000).

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

The Group recognised a total cash outflow of £931,000 for lease payments during the year which includes £60,000 of interest relating to lease liabilities (2021: £950,000 lease payments including £94,000 of interest).

### (iv) Lease liabilities

	2022 £000	2021 £000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	914	931
One to five years	212	1,126
<b>Total undiscounted lease liabilities at 30 September</b>	<b>1,126</b>	<b>2,057</b>
<b>Lease liabilities included in statement of financial position at 30 September</b>	<b>1,149</b>	<b>2,020</b>
<b>Current</b>	<b>887</b>	<b>870</b>
<b>Non-current</b>	<b>262</b>	<b>1,150</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 9. Leases continued

### (b) Leases as lessor

- The Group entered into an agreement to lease the second floor of its offices in Guildford that commenced on 5 April 2022. The Group has agreed to sub-lease the second floor until 14 February 2024. Under IFRS 16, the Group classifies the sub-lease as a finance lease because it is for the whole of the remaining term of the head lease.

The Group recognised a gain of £115,000 (2021: nil) on derecognition of the right-of-use asset pertaining to the offices.

The Group recognised interest income on lease receivables of £8,000 (2021: nil).

### (i) Lease receivables

	2022 £000	2021 £000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	210	–
One to five years	78	–
<b>Total undiscounted lease liabilities at 30 September</b>	<b>288</b>	–
<b>Lease liabilities included in statement of financial position at 30 September</b>	<b>274</b>	–
<b>Current</b>	<b>197</b>	–
<b>Non-current</b>	<b>77</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:

	2022 £000	2021 £000
Profit attributable to ordinary equity shareholders of the Parent Company for basic earnings	<b>9,567</b>	14,029
	<b>Number 000</b>	<b>Number 000</b>
Issued ordinary shares at 1 October	<b>157,913</b>	157,913
– Effect of own shares held by an EBT	<b>(11,677)</b>	(10,641)
Weighted average shares in issue	<b>146,236</b>	147,272
– Effect of movement in share options	<b>10,184</b>	9,239
Weighted average shares in issue – diluted	<b>156,420</b>	156,511
<b>Basic earnings per share (pence)</b>	<b>6.54</b>	9.53
<b>Diluted earnings per share (pence)</b>	<b>6.12</b>	8.96

## 10. Earnings per share continued

### (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:

	2022 £000	2021 £000
Profit before taxation	14,913	17,525
Add back:		
– Share-based payment expense	4,505	4,528
– Amortisation of intangible assets	4,861	5,117
– Merger related costs	51	1,350
– Exceptional items	–	126
Adjusted profit before tax	24,330	28,646
Taxation:		
– Tax in the Consolidated Statement of Comprehensive Income	(5,346)	(3,496)
– Tax effects of adjustments	1,176	(914)
<b>Adjusted profit after tax for the calculation of adjusted earnings per share</b>	<b>20,160</b>	<b>24,236</b>

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

	2022 pence	2021 pence
<b>Adjusted earnings per share</b>	<b>13.79</b>	16.46
<b>Diluted earnings per share</b>	<b>12.89</b>	15.49

## 11. Goodwill and other intangible assets

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

Year to 30 September 2022	Goodwill £000	Other £000	Total £000
Cost:			
<b>At 1 October 2021 and 30 September 2022</b>	<b>77,927</b>	<b>81,025</b>	<b>158,952</b>
Amortisation and impairment:			
At 1 October 2021	7,239	53,648	60,887
Amortisation during the year	–	4,861	4,861
<b>At 30 September 2022</b>	<b>7,239</b>	<b>58,509</b>	<b>65,748</b>
Carrying amount:			
<b>At 30 September 2022</b>	<b>70,688</b>	<b>22,516</b>	<b>93,204</b>
At 30 September 2021	70,688	27,377	98,065
Year to 30 September 2021	Goodwill £000	Other £000	Total £000
Cost:			
<b>At 1 October 2020 and 30 September 2021</b>	<b>77,927</b>	<b>81,025</b>	<b>158,952</b>
Amortisation and impairment:			
At 1 October 2020	6,979	48,791	55,770
Amortisation and impairment during the year	260	4,857	5,117
<b>At 30 September 2021</b>	<b>7,239</b>	<b>55,648</b>	<b>60,887</b>
Carrying amount:			
<b>At 30 September 2021</b>	<b>70,688</b>	<b>27,377</b>	<b>98,065</b>
At 30 September 2020	70,948	32,234	103,182

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 11. Goodwill and other intangible assets continued

### Impairment tests for goodwill

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 2022. 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. The Group operates as a single CGU for the purposes of monitoring and assessing goodwill for impairment. This reflects one operating platform, into which acquired businesses are fully integrated and from which acquisition-related synergies are expected to be realised. Senior management receive and review internal financial information as one single entity, with no disaggregation for segments or geography.

Data for the explicit forecast period of 2023–2027 is based on the 2023 budget and forecasts for 2024–2027. AuM levels were determined by assuming net flows, per fund, over this five-year period based on two key metrics – the first being the momentum of net flows over the preceding two years, and the second being the investment performance of the fund against its sector. The Group believes these two factors are the most appropriate to consider when making assumptions about the growth of AuM in the future, and hence expected future cash flows. Net revenue margins per fund have been assumed at current levels, unless sufficient reasons exist to deviate, for example share class consolidation.

The projected operating margin is in line with levels historically achieved by the Group. Increases in operating costs have been taken into account and include assumed new business volumes. The Group's commitment to responsible investing has also been considered (within headcount over the forecast period) and the impact to its cash flows on a longer-term basis, particularly in light of the possible actions of regulators, customers and suppliers. Cash flows beyond the explicit forecast period are extrapolated using a long-term terminal growth rate of 1.7% (2021: 1.9%). To arrive at the net present value, cash flows have been discounted using a discount rate of 13% (2021: 12%) determined using the capital asset pricing model (post-tax). The Group engaged valuation specialists in determining the inputs to calculate the appropriate discount rate, including current assessments of comparative betas, long-term economic growth rates and the equity risk premiums published and observed in the wider industry.

The overall value-in-use was greater than the carrying value and hence no impairment charge has been recognised. As noted above the most material assumptions used in determining this conclusion were expected aggregated fund flows and the discount rate. As an additional consideration the Group compares its net assets to its adjusted market capitalisation.

### Sensitivity analysis

Management have performed a sensitivity analysis as at 30 September 2022 and established that an increase in the discount rate to 28% would be required before an impairment of goodwill would be considered necessary. This would require the long-term risk-free rate and equity risk premium to be at significantly higher levels than at present. Analysis was also completed using materially lower levels of AuM and the corresponding impact on projected cash flows within the impairment assessment. Due to the cash generative nature of the business, and that a large proportion of costs are linked to the net revenues and underlying profitability of the Group, no impairment was identified at these lower levels of AuM.

The compound annual growth rate for expected fund flows over the forecast period is 10% and would need to reduce to -2% per annum for the estimated recoverable amount to equal the carrying value. Management note the average annual return for the MSCI World Index over the past 40 years was approximately 11%. In light of this, we do not consider the use of 28% discount rate and -2% CAGR assumptions to be reasonable. The sensitivity analysis established that a +/-3% change in the discount rate and long-term terminal growth rate assumptions would not have a material impact on the Group's results. The Group is, however, mindful of the current uncertainty that exists in markets including the threat posed by recent geopolitical events including the Ukraine crisis and that extreme movements may be cause for further examination into the possibilities of impairment.

### Other intangible assets

The Group's other intangible assets comprise of investment management agreements ('IMA') purchased by the Group. The carrying amount above relates to two historic transactions, the largest being the merger with Miton Group plc with a carrying value of £14,596,097 and a remaining amortisation period of four years (2021: merger with Miton Group plc with a carrying value of £18,136,303 and a residual amortisation period of five years). The remaining balance relates to a transaction completed in 2007 to acquire IMAs which now have a carrying value of £7,920,267 and a remaining amortisation period of six years (2021: value of £9,240,917 and a remaining amortisation period of seven years).

The determination of useful lives, and hence amortisation period, used for other intangible assets requires an assessment of the length of time the Group expects to derive benefits from the asset. This depends on a number of factors, the most significant being the duration of customer investment timeframes and the type of underlying fund (for example the asset classes specified by the fund's investment objectives will give insight into its usual life).

An assessment is performed at each reporting period for each intangible asset for indicators of impairment. There are two core metrics used in this assessment – the first being the comparison of AuM levels at the period end with those included in the original intangible asset valuation and the second being the investment performance of each individual fund against its comparable peers and benchmarks. In addition, both internal and external factors affecting the funds are considered such as current net margin, potential regulatory changes and future demand for its asset class. For each intangible asset mentioned above, if required, further analysis is performed on a fund management team basis, and the estimated aggregate cashflows generated by each team. These estimated cashflows are modelled based on the current level of AuM for the funds managed by each team and are compared against the original basis used to value the intangible at the acquisition date and their remaining amortisation period. No indicators of impairment were noted when analysing at a fund management team level.

## 12. Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Total £000
Year to 30 September 2022			
Cost or fair value:			
At 1 October 2021	1,027	2,792	3,819
Additions	107	100	207
Disposals	(271)	-	(271)
<b>At 30 September 2022</b>	<b>863</b>	<b>2,892</b>	<b>3,755</b>
Depreciation:			
At 1 October 2021	461	1,621	2,082
Depreciation during the year	110	470	580
Disposals	(100)	-	(100)
<b>At 30 September 2022</b>	<b>471</b>	<b>2,091</b>	<b>2,562</b>
Carrying amount:			
<b>At 30 September 2022</b>	<b>392</b>	<b>801</b>	<b>1,192</b>
At 30 September 2021	566	1,171	1,737
Year to 30 September 2021			
Cost or fair value:			
At 1 October 2020	1,172	2,724	3,896
Additions	-	68	68
Disposals	(145)	-	(145)
At 30 September 2021	1,027	2,792	3,819
Depreciation:			
At 1 October 2020	434	1,077	1,511
Depreciation during the year	144	544	688
Disposals	(117)	-	(117)
At 30 September 2021	461	1,621	2,082
Carrying amount:			
At 30 September 2021	566	1,171	1,737
At 30 September 2020	738	1,647	2,385

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 13. Group entities

At 30 September 2022 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. This company was placed into members voluntary liquidation on 31 March 2022 and the final meeting held on 31 August 2022. Dissolution took place on 1 December 2022.

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 <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%	AIFM/ACD
Premier Miton Limited <sup>1</sup>	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited <sup>1</sup>	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Dissolved
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 <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</sup>	Ordinary	100%	Holding company
Miton Asset Management Limited <sup>2</sup>	Ordinary	100%	Operating company
Miton Holdings Limited <sup>2</sup>	Ordinary	100%	Holding company
Miton Trust Managers Limited <sup>2</sup>	Ordinary	100%	Operating company
Miton Investment Company Limited <sup>2</sup>	Ordinary	100%	In liquidation
Miton ESOP Trustee Limited <sup>2</sup>	Ordinary	100%	In liquidation
Miton Capital Limited <sup>2</sup>	Ordinary	100%	In liquidation
MAM Funds Limited <sup>2</sup>	Ordinary	100%	In liquidation

<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

## 14. Trade and other receivables

	2022 £000	2021 £000
Current		
Due from trustees/investors for open end fund redemptions/sales	122,339	132,587
Other trade debtors	526	530
Fees receivable	6,132	8,185
Prepayments	2,662	2,195
Corporation tax	1,794	644
Other receivables	2,599	1,943
<b>Total trade and other receivables</b>	<b>136,052</b>	<b>146,084</b>
Non-current		
Other receivables	1,081	971

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.

#### 14. Trade and other receivables continued

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:

	2022 £000	2021 £000
<b>Days</b>		
0 to 30	122,853	133,055
31 to 60	–	54
61 to 90	1	–
Over 90	11	8
<b>Total trade receivables</b>	<b>122,865</b>	<b>133,117</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. The recognition of ECLs is deemed to be immaterial to the Group.

The Group does not have any contract assets resulting from its revenue contracts with customers (2021: nil).

#### 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:

	2022 £000	2021 £000
<b>Other investments</b>		
Quoted – Level 1	2,089	3,529
<b>Total</b>	<b>2,089</b>	<b>3,529</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 analyse 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 2022

## 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 would be exposed to interest rate risk if it were to borrow at floating interest rates.

A 1% increase in interest rates on the Group's debt balances at 30 September 2022, would increase the annual net interest payable in the Consolidated Statement of Comprehensive Income and reduce equity by £nil (2021: £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 2022, if the US Dollar and Euro had strengthened by 10% against Sterling with all other variables held constant, this would have had a £288,216 (2021: £274,000) impact on the Consolidated Statement of Comprehensive Income and equity.

The Group does not have any material 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 2022</b>				
Trade and other payables	147,288	296	1,236	–
Lease liabilities	220	585	344	–
<b>As at 30 September 2021</b>				
Trade and other payables	162,020	81	1,107	–
Lease liabilities	221	649	1,150	–

## 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.

### (b) Regulatory capital requirements

The Group is regulated by the Financial Conduct Authority ('FCA') and is required to maintain a minimum level of capital as prescribed by the FCA. Throughout the year, the Group and the regulated entities, Premier Portfolio Managers Limited and Premier Fund Managers Limited held surplus capital over their regulatory capital requirements. In compliance with MIFIDPRU 8.4, disclosures on the composition of regulatory capital ('own funds') resources can be found on the Group's website at [www.premiermiton.com](http://www.premiermiton.com).



**15. Financial instruments** continued**Capital management** continued

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.

**(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**

	2022 £000	2021 £000
Cash at bank and in hand	45,682	47,552
Cash held in the EBTs	82	123
<b>Total cash and cash equivalents</b>	<b>45,764</b>	<b>47,675</b>

**17. Trade and other payables**

	2022 £000	2021 £000
Due to trustees/investors for open end fund creations/redemptions	122,334	132,403
Other trade payables	1,542	2,295
Other tax and social security payable	3,031	3,345
Accruals	20,021	22,789
Pension contributions	9	25
Other payables	1,883	2,351
<b>Total trade and other payables</b>	<b>148,820</b>	<b>163,208</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.

Other payables relate predominantly to amounts due to outsource providers for administrative services provided to the Group's funds.

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

**18. Short and long-term employee benefits**

	2022 £000	2021 £000
Plan assets for deferred remuneration		
1 October	2,501	2,013
Purchases at cost	3,905	970
Released during the year	(888)	(644)
Revaluation of plan assets	(1,293)	162
<b>At 30 September</b>	<b>4,225</b>	<b>2,501</b>
Employee benefits liability		
Current	(1,785)	(1,249)
Non-current	(2,440)	(1,252)
	4,225	(2,501)
<b>Net balance</b>	<b>-</b>	<b>-</b>

The assets and liabilities referenced above are held in a nominee arrangement and are not consolidated by the Group. Plan assets represent deferred remuneration entitlements for certain employees which the firm pays to a nominee for the benefit of those employees. The amounts paid are invested in funds managed by the Group, or held in cash, at the election of the employees who have control over the investment decisions and resulting risks/rewards.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 19. Provisions

	2022 £000	2021 £000
At 1 October	389	389
Movement in the year	(15)	–
<b>At 30 September</b>	<b>374</b>	389
Current	–	15
Non-current	374	374
	<b>374</b>	389

Provisions relate to dilapidations for the offices at 6th Floor, Paternoster House, London, the lease on this property 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

2022 allotted, called up and fully paid: Number of shares	Ordinary shares 0.02 pence each Number	Deferred shares Number
At 1 October 2021	157,913,035	1
Movement in the year	–	–
<b>At 30 September 2022</b>	<b>157,913,035</b>	<b>1</b>

2021 allotted, called up and fully paid: Number of shares	Ordinary shares 0.02 pence each Number	Deferred shares Number
At 1 October 2020	157,913,035	1
Movement in the year	–	–
At 30 September 2021	157,913,035	1

2022 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 2021	31	29	60
Movement in the year	–	–	–
<b>At 30 September 2022</b>	<b>31</b>	<b>29</b>	<b>60</b>

2021 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 2020	31	29	60
Movement in the year	–	–	–
At 30 September 2021	31	29	60

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

## 21. Capital redemption reserve

	2022 £000	2021 £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 2022 was £4,505,000 (2021: £4,528,000), of which £4,314,000 related to nil cost contingent share rights.

### (a) Nil cost contingent share rights ('NCCSR')

During the year 1,902,500 (2021: 3,980,000) nil cost contingent share rights over ordinary shares of 0.02p in the Company were granted to 32 employees (2021: 37). Of the total award, 375,000 (2021: 550,000) nil cost contingent share rights were awarded to Executive Directors. The awards will be satisfied from the Group's EBTs.

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 was £1.425 per share (2021: £1.42 to £1.44) resulting in a fair value of £2,711,063 (2021: £5,725,200) to be expensed over the vesting periods of three years.

Typically, the key features of the awards include: a three 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.

No participants (2021: five) forfeited nil cost contingent share rights over ordinary 0.02p shares in the Company during the year (2021: 77,974 rights forfeited).

During the year 1,628,284 (2021: 1,629,478) 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 £3,538,000 (2021: £2,960,000) being the original purchase price of the shares used to satisfy the exercises.

At 30 September 2022 the nil cost contingent share rights outstanding over ordinary shares of 0.02p in the Company totalled 9,974,161 (2021: 9,699,945).

### (b) 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.

### (c) Long-Term Incentive Plan ('LTIP')

The LTIP awards are nil cost contingent share rights over ordinary shares of 0.02p in the Company which are issued to Executive Directors and senior management in accordance with the 2016 LTIP Rules.

These awards have been designed to reward and retain participants as well as align their interests with those of stakeholders. Vesting of awards is subject to continued employment and performance conditions based on Total Shareholder Return ('TSR'), Earnings Per Share ('EPS'), fund performance and other operational conditions, all measured over a three-year performance period.

The issuance of LTIP awards constitutes a share-based payment under IFRS 2. The cost of the awards is the estimated fair value at the date of grant of the estimated entitlement to ordinary shares. At each reporting date the estimated number of ordinary shares that may be ultimately issued is assessed.

On 1 June 2022 the Group granted 4,182,569 LTIP awards. Of the total LTIP award, 1,991,700 were awarded to Executive Directors. The fair value of these awards was estimated using a Monte Carlo simulation ('MCS') and the prepaid forward share price, adjusting the loss of dividends over the vesting period. The following table lists the inputs to the model used for the year ended 30 September 2022.

	1 June 2022
Dividend yield (%)	4.78
Nominal risk-free rate (%)	1.65
Expected share price volatility (%)	45.00
Discount for lack of marketability ('DLOM') (%)	15.00
Share price (£)	1.31
Performance period (months)	36
Expected life of awards (months)	28
Holding period post vesting (months)	24

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 22. Share-based payments continued

### (c) Long-Term Incentive Plan ('LTIP') continued

The share price volatility was calculated by reference to the Company's historic share price over the past three years.

The table below details the movements in the LTIP awards and the maximum number of ordinary 0.02p shares in the Company that could ultimately be issued under the award.

At 30 September 2022 the fair value of the estimated entitlement to ordinary shares for this tranche was £485,178. The charge to the Consolidated Statement of Comprehensive Income for the LTIP awards in the year to 30 September 2022 was £69,311.

### (d) Legacy schemes

#### (i) Management Equity Incentive ('MEI')

The MEI was a legacy scheme created in 2011, no awards were granted or exercised during the year (2021: no awards).

During the year no awards were forfeited over ordinary 0.02p shares in the Company (2021: one participant forfeited an award over 30,186 ordinary 0.02p shares in the Company).

During the year no awards lapsed over ordinary 0.02p shares in the Company (2021: 830,115 awards held by two participants, of this balance 226,395 awards were held by an Executive Director).

At 30 September 2022 there were 981,045 (2021: 981,045) outstanding MEI awards of which 981,045 (2021: 724,464) had vested.

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

The MIP was a legacy scheme created in 2011.

There were no movements during the year, the outstanding award over 60,372 ordinary shares of 0.02p in the Company continues to be subject to the terms of the Miton Management Incentive Plan.

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

2022	MIP awards Number	MEI awards Number	NCCSR awards Number	LTIP awards Number	Total equity incentives Number
At 1 October 2021	60,372	981,045	9,699,945	–	10,741,362
Granted during the year	–	–	1,902,500	4,182,569	6,085,069
Exercised during the year	–	–	(1,628,284)	–	(1,628,284)
<b>Outstanding at 30 September 2022</b>	<b>60,372</b>	<b>981,045</b>	<b>9,974,161</b>	<b>4,182,569</b>	<b>15,198,147</b>
<b>Vested at 30 September 2022</b>	<b>60,372</b>	<b>981,045</b>	<b>–</b>	<b>–</b>	<b>1,041,417</b>
2021		MIP awards Number	MEI awards Number	NCCSR awards Number	Total equity incentives Number
At 1 October 2020		60,372	1,841,346	7,427,397	9,329,115
Granted during the year		–	–	3,980,000	3,980,000
Exercised during the year		–	–	(1,629,478)	(1,629,478)
Forfeited during the year		–	(860,301)	(77,974)	(938,275)
Outstanding at 30 September 2021		60,372	981,045	9,699,945	10,741,362
Vested at 30 September 2021		60,372	724,464	–	784,836

## 22. Share-based payments continued

### (d) Legacy schemes continued

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

2022 Exercise dates and exercise price per award	Vested	MIP awards Number	MEI awards Number	NCCSR awards Number	LTIP awards Number	Total Number
Exercisable up to 06/04/2024 @ 115.95p	Yes	60,372	–	–	–	60,372
Exercisable 18/03/2019 to 10/05/2024 @ 109.32p	Yes	–	513,162	–	–	513,162
Exercisable 31/03/2020 to 10/05/2026 @ 116.61p	Yes	–	30,186	–	–	30,186
Exercisable 18/03/2021 to 10/05/2026 @ 162.99p	Yes	–	181,116	–	–	181,116
Exercisable 18/03/2022 to 10/05/2027 @ 208.71p	Yes	–	256,581	–	–	256,581
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	–	–	2,016,661	–	2,016,661
Granted on 10/03/2021, vests on 10/03/2024	No	–	–	3,680,000	–	3,680,000
Granted on 17/03/2021, vests on 17/03/2024	No	–	–	300,000	–	300,000
Granted on 10/03/2022, vests on 10/03/2024	No	–	–	125,000	–	125,000
Granted on 10/03/2022, vests on 10/03/2025	No	–	–	1,777,500	–	1,777,500
Granted on 01/06/2022, vests on 30/09/2024	No	–	–	–	4,182,569	4,182,569
<b>Outstanding at 30 September 2022</b>		<b>60,372</b>	<b>981,045</b>	<b>9,974,161</b>	<b>4,182,569</b>	<b>15,198,147</b>
<b>Vested at 30 September 2022</b>		<b>60,372</b>	<b>981,045</b>	<b>–</b>	<b>–</b>	<b>1,041,417</b>

2021 Exercise dates and exercise price per award	Vested	MIP awards Number	MEI awards Number	NCCSR awards Number	Total Number
Exercisable up to 06/04/2024 @ 115.95p	Yes	60,372	–	–	60,372
Exercisable 18/03/2019 to 10/05/2024 @ 109.32p	Yes	–	513,162	–	513,162
Exercisable 31/03/2020 to 10/05/2026 @ 116.61p	Yes	–	30,186	–	30,186
Exercisable 18/03/2021 to 10/05/2026 @ 162.99p	Yes	–	181,116	–	181,116
Exercisable 18/03/2022 to 10/05/2027 @ 208.71p	No	–	256,581	–	256,581
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	–	–	635,206	635,206
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	–	–	2,026,406	2,026,406
Granted on 10/03/2021, vests on 10/03/2024	No	–	–	3,680,000	3,680,000
Granted on 17/03/2021, vests on 17/03/2024	No	–	–	300,000	300,000
<b>Outstanding at 30 September 2021</b>		<b>60,372</b>	<b>981,045</b>	<b>9,699,945</b>	<b>10,741,362</b>
<b>Vested at 30 September 2021</b>		<b>60,372</b>	<b>724,464</b>	<b>–</b>	<b>784,836</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2022

## 23. Own shares held by an Employee Benefit Trust ('EBT')

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.

During the year 3,037,500 (2021: 2,655,000) shares were acquired and held by the Group's EBTs at a cost of £4,491,605 (2021: £4,100,859).

At 30 September 2022 12,356,304 (2021: 10,947,088) shares were held by the Group's EBTs, of which 11,015,578 (2021: 10,741,362) shares relate to outstanding MIP, MEI and NCCSR awards (see note 22).

At 30 September 2022, the cost of the shares held by the EBTs of £16,743,916 (2021: £15,789,828) 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:

	2022 Number of shares	2022 £000	2021 Number of shares	2021 £000
At 1 October	10,947,088	15,790	9,921,565	14,649
Shares acquired in the year	3,037,500	4,492	2,655,000	4,101
Shares released in the year	(1,628,284)	(3,538)	(1,629,477)	(2,960)
<b>At 30 September</b>	<b>12,356,304</b>	<b>16,744</b>	10,947,088	15,790

## 24. Dividends declared and paid

	2022 £000	2021 £000
Equity dividends on ordinary shares:		
– Interim dividend: 3.7 (2021: interim 3.7) pence per share	5,427	5,437
– Final dividend for 2021: 6.3 (2020 final interim 4.5) pence per share	9,269	6,660
<b>Dividends paid</b>	<b>14,696</b>	12,097

## 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 46 (2021: 48) funds as at 30 September 2022.

### (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.

## 25. Related party transactions continued

### (a) Interests in structured entities continued

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 FVTPL 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.

	2022 £000	2021 £000
Number of funds managed (number)	46	48
AuM of funds managed	10,160,750	13,518,242
Management fees received during the year	90,221	92,762
Management fees outstanding at the year end	6,104	8,001
Financial assets at FVTPL	2,089	3,529

### (b) Key management compensation

The key management personnel compensation comprises 15 individuals, being the membership of the Group Board of Directors and the Management Committee until 15 September 2022 when this Committee was replaced by the Executive Committee. The costs for employee and Director services for these memberships are reported below. In the comparative period the disclosure represents the Group Board of Directors and the former Management Committee membership and covered 16 individuals.

	2022 £000	2021 £000
Salaries and bonuses	4,535	5,014
Share-based payments	1,739	1,818
Benefits in kind	31	20
<b>Short-term employee benefits</b>	<b>6,305</b>	<b>6,852</b>

## 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. Contingent liabilities

There were no contingent liabilities as at 30 September 2022 (2021: nil).

# Company Statement of Financial Position

As at 30 September 2022

	Notes	2022 £000	2021 £000
<b>Non-current assets</b>			
Investment in subsidiaries	29	138,204	138,054
Deferred tax asset	30	–	–
		<b>138,204</b>	138,054
<b>Current assets</b>			
Trade and other receivables	31	20,679	19,640
Cash and cash equivalents		1,654	639
<b>Total current assets</b>		<b>22,333</b>	20,279
<b>Total assets</b>		<b>160,537</b>	158,333
<b>Current liabilities</b>			
Trade and other payables	32	(18,515)	(12,898)
<b>Total current liabilities</b>		<b>(18,515)</b>	(12,898)
<b>Total liabilities</b>		<b>(18,515)</b>	(12,898)
<b>Net assets</b>		<b>142,022</b>	145,435
<b>Equity</b>			
Share capital	20	60	60
Merger reserve	11	94,312	94,312
Capital redemption reserve	21	4,532	4,532
Retained earnings		43,118	46,531
<b>Total equity shareholders' funds</b>		<b>142,022</b>	145,435

Company number 06306664

The Company's net profit for the year amounted to £10,257,000 (2021: profit £11,817,000).

The financial statements were approved on behalf of the Board of Directors on 1 December 2022.

**Mike O'Shea**  
Chief Executive Officer

**Piers Harrison**  
Chief Financial Officer

The notes on pages 121 to 124 form an integral part of these Financial Statements.



# Company Statement of Changes in Equity

For the year ended 30 September 2022

	Notes	Share capital £000	Merger reserve £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
<b>At 1 October 2020</b>		60	94,312	4,532	45,302	144,206
Equity dividends paid	33	–	–	–	(12,097)	(12,097)
Share-based payment expense	22	–	–	–	4,469	4,469
Exercise of options		–	–	–	(2,960)	(2,960)
Profit for the financial year		–	–	–	11,817	11,817
<b>At 30 September 2021</b>		60	94,312	4,532	46,531	145,435
Equity dividends paid	33	–	–	–	(14,696)	(14,696)
Share-based payment expense	22	–	–	–	4,564	4,564
Exercise of options		–	–	–	(3,538)	(3,538)
Profit for the financial year		–	–	–	10,257	10,257
<b>At 30 September 2022</b>		<b>60</b>	<b>94,312</b>	<b>4,532</b>	<b>43,118</b>	<b>142,022</b>

The notes on pages 121 to 124 form an integral part of these Financial Statements.

# Company Statement of Cash Flows

For the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Cash flows from operating activities:</b>			
Profit after taxation		10,257	11,817
<b>Adjustments to reconcile profit to net cash flow from operating activities:</b>			
– Share-based payments		4,564	4,469
– Tax on continuing operations	30	(18)	509
– Increase in trade and other receivables		(1,189)	(1,201)
– Increase in trade and other payables		5,635	44
<b>Net cash flow from operating activities</b>		<b>19,249</b>	15,638
<b>Cash flows from financing activities:</b>			
Equity dividends paid	33	(14,696)	(12,097)
Exercise of options		(3,538)	(2,960)
<b>Net cash flow from financing activities</b>		<b>(18,234)</b>	(15,057)
<b>Increase in cash and cash equivalents</b>		<b>1,015</b>	581
Opening cash and cash equivalents		639	58
<b>Closing cash and cash equivalents</b>		<b>1,654</b>	639

The notes on pages 121 to 124 form an integral part of these Financial Statements.

# Notes to the Company Financial Statements

For the year ended 30 September 2022

## 28. Significant accounting policies

The separate financial statements of the Company are presented in accordance with UK-adopted international accounting standards in conformity with the requirements of 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 29 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.

## 29. Investments in subsidiaries

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

	2022 £000	2021 £000
Cost:		
At 1 October	138,054	138,054
Additions	150	–
<b>At 30 September</b>	<b>138,204</b>	138,054
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>138,204</b>	138,054

At 30 September 2022 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. This Company was placed into members voluntary liquidation on 31 March 2022 and the final meeting held on 31 August 2022. Dissolution took place on 1 December 2022.

A full impairment review of investments held by the Parent Company was undertaken at 30 September 2022. The net asset value each subsidiary was compared to the carrying value of the investment held. Additional recoverability analysis was performed by using the value-in-use (long-term cash flow projections) as the recoverable amount and comparing it with carrying value. The overall value-in-use of the CGU was greater than the carrying value and hence no impairment charge has been recognised. The key assumptions used in determining this conclusion were expected aggregated fund flows and the discount rate, as described in note 11.

The additions to investments in subsidiary undertakings relate to the share-based payment charge for the SIP. This scheme is available to all employees through their services to Premier Asset Management Limited.

The share-based payment charge for the NCCSR and the LTIP is recognised by the Company for services provided by the participants to the Company. These schemes are outlined in note 22.

# Notes to the Company Financial Statements continued

For the year ended 30 September 2022

## 29. 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 <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 <sup>1</sup>	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited <sup>1</sup>	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Dissolved
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 <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</sup>	Ordinary	100%	Holding company
Miton Asset Management Limited <sup>2</sup>	Ordinary	100%	Operating company
Miton Holdings Limited <sup>2</sup>	Ordinary	100%	Holding company
Miton Trust Managers Limited <sup>2</sup>	Ordinary	100%	Operating company
Miton Investment Company Limited <sup>2</sup>	Ordinary	100%	In liquidation
Miton ESOP Trustee Limited <sup>2</sup>	Ordinary	100%	In liquidation
Miton Capital Limited <sup>2</sup>	Ordinary	100%	In liquidation
MAM Funds Limited <sup>2</sup>	Ordinary	100%	In liquidation

<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

## 30. Taxation

### (a) Tax charged in the Statement of Comprehensive Income

	2022 £000	2021 £000
<b>Current income tax:</b>		
UK corporation tax	-	18
Adjustments in respect of prior periods	(18)	-
Current income tax charge	(18)	18
Total current income tax	(18)	18
<b>Deferred tax:</b>		
- Origination and reversal of temporary differences	-	491
- Adjustments in respect of prior periods	-	-
Total deferred tax charge	-	491
<b>Tax charge reported in the Statement of Comprehensive Income</b>	<b>(18)</b>	<b>509</b>

**30. Taxation** continued**(b) Reconciliation of the total tax charge**

The tax expense in the Statement of Comprehensive Income for the year is lower than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £000	2021 £000
Profit on ordinary activities before taxation	10,238	12,326
Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%):	1,945	2,342
– Expenses not deductible for tax purposes	–	–
– Share-based payments	839	1,340
– Group relief surrendered	80	–
– Group income (dividends received from subsidiaries)	(2,864)	(3,173)
– Adjustments in respect of prior periods	(18)	–
<b>Tax expense in the Statement of Comprehensive Income</b>	<b>(18)</b>	<b>509</b>

**(c) Change in corporation tax rate**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% from 19%. This was substantively enacted on 24 May 2021.

**(d) Deferred tax**

The deferred tax included in the Statement of Financial Position is as follows:

	2022 £000	2021 £000
<b>Deferred tax asset:</b>		
– Share-based payments	–	–
<b>Deferred tax disclosed in the Statement of Financial Position</b>	<b>–</b>	<b>–</b>

	2022 £000	2021 £000
<b>Deferred tax in the Statement of Comprehensive Income:</b>		
– Origination and reversal of temporary differences	–	491
– Adjustments in respect of prior periods	–	–
<b>Deferred tax expense</b>	<b>–</b>	<b>491</b>

Deferred tax assets have not been recognised in respect of the following items:

	2022 £000	2021 £000
<b>Unprovided deferred tax asset:</b>		
– Excess management expenses	29	29
– Non trade intangible fixed asset losses	399	399
<b>Unprovided deferred tax asset</b>	<b>428</b>	<b>428</b>

**31. Trade and other receivables**

	2022 £000	2021 £000
Amounts owed by Group undertakings	8,776	8,673
Prepayments and accrued income	41	16
Other receivables	11,862	10,951
<b>Total trade and other receivables</b>	<b>20,679</b>	<b>19,640</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 2022

### 32. Trade and other payables

	2022 £000	2021 £000
Amounts owed to Group undertakings	18,206	12,843
Other trade payables	309	37
Corporation tax	–	18
<b>Total trade and other payables</b>	<b>18,515</b>	<b>12,898</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.

### 33. Dividends declared and paid

	2022 £000	2021 £000
Equity dividends on ordinary shares:		
– Interim dividend: 3.7 (2021: interim 3.7) pence per share	5,427	5,437
– Final dividend for 2021: 6.3 (2020 final interim 4.5) pence per share	9,269	6,660
<b>Dividends paid</b>	<b>14,696</b>	<b>12,097</b>

# Shareholder information

## Financial calendar

Annual General Meeting	1 February 2023
2023 half year results announced	May 2023
2023 full year results announced	December 2023
Closing share price on 30 September 2022	106.0p
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

**Robert Colthorpe**, Non-Executive Chairman  
**Mike O'Shea**, Chief Executive Officer  
**Piers Harrison**, Chief Financial Officer  
**David Barron**, Non-Executive Director  
**Alison Fleming**, Senior Independent Director  
**Sarah Mussenden**, Non-Executive Director  
**Will Smith**, Non-Executive Director (resigned 30 September 2022)  
**Sarah Walton**, Non-Executive Director

## 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

## Registrar

Link Group  
10th Floor  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

## Bankers

Bank of Scotland plc  
33 Old Broad Street  
London EC2N 1HW

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

HSBC  
165 Fleet Street  
London EC4A 2DY

Lloyds Bank PLC  
City Office  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent ME8 0LS

## Nominated adviser and broker

Investec Bank plc  
30 Gresham Street  
London EC2V 7QP

## 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

**AIC** – Association of Investment Companies

**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

**AIM** – Alternative Investment Market

**APM** – Alternative Performance Measure (see page 25 for reconciliations)

**AuM** – Assets under Management

**Board** – The Board of Directors of the Company

**bps** – Basis Points

**Brexit** – The withdrawal of the United Kingdom from the European Union

**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

**CIO** – Chief Investment Officer

**Code** – The Corporate Governance Code issued by the Quoted Companies Alliance for small and medium sized companies

**Company** – Premier Miton Group plc

**DLOM** – Discount for lack of marketability

**DTR** – Disclosure and Transparency Rules

**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)

**ECLs** – Expected credit losses

**EDI** – Equality, diversity and inclusion

**EIR** – Effective interest rate

**EPS** – Earnings per share

**ESG** – Environmental, Social and Governance

**FCA** – Financial Conduct Authority of the United Kingdom

**FIL** – Fidelity Worldwide Investments

**FMU** – Fund management unit

**FVTPL** – Fair value through profit or loss

**GAAP** – Generally Accepted Accounting Principles

**GDPR** – General Data Protection Regulation

**GHG** – Greenhouse gas

**Gross fund flows** – total aggregate sales into Group funds

**Group** – The Company and all its subsidiaries

**IA** – Investment Association

**ICAAP** – Internal Capital Adequacy Assessment Process

**ICARA** – Internal Capital Adequacy Risk Assessment

**IFRS** – International Financial Reporting Standards

**IMA** – Investment Management Agreement

**ISA** – International Standards on Auditing

**ISS** – Institutional Shareholder Services

**KPI** – Key performance indicator

**LTIP** – Long-Term Incentive Plan

**MEI** – Management Equity Incentive, a legacy scheme

**MiFID II** – The second iteration of the Markets in Financial Instruments Directive

**MIP** – Management Incentive Plan

**NAV** – Net Asset Value

**NCCSR** – Nil cost contingent share right

**Net fund flows** – total aggregate sales into Group funds less total redemptions from Group funds

**NZAM** – Net Zero Asset Managers initiative

**PCAs** – Persons closely associated

**PRA** – Prudential Regulation Authority

**PRI** – Principles for Responsible Investment

**QCA** – Quoted Companies Alliance

**RIOC** – Responsible investing Oversight Committee

**ROU** – Right-of-use

**SDGs** – Sustainable Development Goals

**SECR** – Streamlined Energy and Carbon Reporting

**SIP** – Share Incentive Plan

**SM&CR** – Senior Managers and Certification Regime

**TCF** – Treating customers fairly

**TCFD** – Taskforce on Climate-Related Financial Disclosures

**tCO<sub>2</sub>e** – tonnes of carbon dioxide equivalent

**TPI** – Transition Pathway Initiative

**TSR** – Total Shareholder return

**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

**UKCGC** – UK Corporate Governance Code

**WACI** – Weighted average carbon intensity

**WCU** – Woodland Carbon Units





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