

KEY MESSAGES:**Trading in line with expectations****As at 31 December 2016:****Assets under Management (AUM) £745m****Assets on a DFM £253m****Launch of Discretionary Fund Management (DFM) Service****25% uplift on prior year dividend****Cash generated from operations £1.6m****Net cash and disposable securities £4.2m****Purchase of new Head Office****2016 – Results Highlights**

Trading in line with expectations:

- Revenue £6.4m (2015: £6.3m)
- Recurring revenue £5.1m (2015: £4.7m)
- Gross Profit £3.7m (2015: £4.0m)
- Profit from operations £1.4m (2015: £1.5m)
- Profit from operations including other comprehensive income £1.5m (2015: £1.5m)
- Cash generated from operations £1.6m (2015: £1.0m)
- £745m AUM (2015: £666m)
- Assets on a DFM basis £253m (2015 £nil)
- Eighth year of high client retention at 99%
- Total dividends up 25% to 1.1094 pence per share (2015: 0.8875 pence)
- Net cash and marketable securities £4.2m (2015: £4.5m)
- Total Assets £15m (2015: £14.7m)
- Purchase of new head office building £1.1m
- Mark Richards joins board as NED
- Mark Holt joins board as Commercial Director

Foundations laid during 2016 resulting in Company running at significantly more profitable level. Additional revenues and profitability being driven from higher AUM, assets on a discretionary basis and re-negotiation of third party provider arrangement.

Frenkel Topping Investment Management Limited (“FTIM”)

A full range of FCA permissions were obtained for the Group and the Safety First Portfolios were launched April 2016.

Portfolios designed for vulnerable clients’ need for capital preservation and low annualized volatility.

£253m assets on a discretionary mandate, targeting £350m during 2017.

Excellent performance since launch under stewardship of Jason Granite as Chief Investment Officer:

	Performance			Volatility*
	YTD 2016	YTD 2017~	Inception*	
FTIM Safety First 2	1.53%	1.35%	2.88%	1.84%
FTIM Safety First 3	3.26%	1.69%	4.95%	2.22%
FTIM Safety First 4	4.38%	2.08%	6.46%	3.11%
FTIM Safety First 5	5.63%	2.65%	8.28%	3.44%
FTIM Safety First 6	10.10%	3.76%	13.86%	5.14%

Source: Financial Express Analytics.

* From 04.01.16 to 02.03.17

~ from 30.12.16 to 01.03.17

Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.

All figures are on a bid – bid, total return basis and are quoted net of underlying fund charges, our DFM fee of 0.6% including VAT and a platform fee of 0.2%. Advice charges would depend on the charges made by your IFA. The deduction of these charges would reduce the past performance.

Actual past performance data is from 29.04.16 only as the models only launched on this date and therefore 5 year performance date is not available and 12 month performance figures are not able to be shown. Pre-launch performance from 04.01.16 – 29.04.16 is simulated past performance.

The figures represent performance of a model portfolio; individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

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RESULTS UPDATE

Key Messages:

Trading started in line with expectations

Risk adverse investment approach means that the risk to AUM is minimal in times of market turmoil.

De risk of business model with control of client funds through FTIM.

2017 and beyond

We enter 2017, having achieved our objectives for 2016.

2017 trading started in line with expectations.

Dramatic change to how damages awards calculated announced by Lord Chancellor on 17 Feb 17.

From 20 Mar 17 discount rate set at (0.75%) instead of 2.5%.

Court damages likely to grow significantly to potential average uplift c. 80%.

Claimants who historically took Periodical Payment Order (PPO) now, likely to favour a lump sum, due to diminished need for investment risk and increased flexibility.

Clients' investment appetite aligned to the ethos of our Safety First Portfolios.

Rate of AUM growth expected to accelerate exponentially as a result of clients in receipt of larger damages awards and FTIM Safety First portfolios designed for niche client bank.

The market place the Company operates within and thus the AUM and profitability of the Company is likely to grow, as shown in the tables below:

		Profit from operations		
		2017	2018	2019
Organic AUM pa	100	3.50	4.50	5.75
	150	-	4.80	6.50
	200	-	5.05	7.25

2017 target revenue c £8.5m with profit from operation of c £3.5m. 2018 target revenue c. £10m with profit from operations of £5.0m.

The level of profit from operations will be dependent on the amount of AUM added; the reader will have to form their own judgment on profit growth using the information in the table above applying appropriate discounts for expected risk.

Uplift in AUM expected H2 2017 as hiatus in cases settling as court dates get postponed in short term whilst lawyers recalculate schedules on new discount rate.

Re-focus of consultants to deliver new AUM, £100m targeted for 2017, £180m for 2018 rather than a full scale suitability exercise in 2016.

Exponential Growth in Company market place, resulting in acceleration of growth in AUM

Change to Ogden discount rate a huge positive for Frenkel Topping and its clients

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Forecast recurring revenue 84% for 2017

Cash generative, no debt in the Company

Progressive dividend policy

Strong and focused management team

Focus on lower costs of acquiring customers:

- Joint Ventures with law firms
- Preferred Supplier arrangements
- Secondary business with professional deputies who see and appreciate the advantages of FTIM

Forecast recurring revenue %age of 84% in 2017 – the business should exhibit fixed income type qualities.

Continue to work towards £1b of AUM and £350m on a discretionary mandate.

Board to consider strategic options for maximizing shareholder value.

Cash generative business, no debt, ability to invest cash balance and continue with progressive dividend policy.

A number of acquisition strategies explored, but unable to find high quality business that would not dilute Company margins.

Shareholders as at 15th March

Board with high level of equity participation:

Helium Special Situation Fund	15.76%
Oryx International Growth Fund Limited	9.74%
Hargreave Hale	6.49%
Killik & Co	4.11%
INCAP Finance BV	6.35%
IPGL Limited	4.01%
FCFM Group Limited	7.34%
Jason Granite	0.32%
Julie Dean	2.07%
Richard Fraser	1.63%
Employee Trust	4.06%
D Southworth	6.13%
R & C Hughes	10.20%

Key Risks

Key Risks to our strategy include:

- Ability to control Administrative expenses
- Ability to deliver growth through joint venture arrangements
- Market impact to AUM
- Delivery of return on Company cash balance

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20 March 2017



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