



**Frenkel Topping Group plc**  
("Frenkel Topping" or "the Company")

**Trading Update, Directorate Change and Share Option Schemes**

Frenkel Topping (AIM: FEN), a specialist independent financial advisor and asset manager focused on asset protection for vulnerable clients, provides the following update in relation to trading and Board structure and incentivisation.

**Trading Update**

The Company is pleased to announce that it now has in excess of £700m of Assets under Management (AUM). As at 30 June 2016, Assets under Management (AUM) were £687m (31 December 2015: £666m). This growth has been achieved despite the market volatility that followed Brexit.

In addition to strong AUM growth, the Company is making solid progress in migrating, where appropriate, its existing clients onto its internal discretionary fund management platform, Frenkel Topping Investment Management ("FTIM"). Three months after launch, the client migration process is now gathering momentum and we continue to work towards our target of migrating approximately £350m of AUM by 31 December 2016.

The migration and AUM performance are assisted by the strong performance of the six FTIM Safety First Funds that we created in January 2016 and were launched in April 2016. These portfolios have been carefully constructed to achieve their goals of stable, above inflation gains with capital preservation and minimal volatility. Safety First remains our apothegm and through the period of Brexit, the FTIM Safety First Funds have achieved excellent performance, whilst outperforming their volatility targets. This excellent performance positions the Company well to win new AUM and ensure the smooth migration of existing clients.

	Since Inception (04 Jan 2016)		Since launch (29 April 2016)	
	Performance	FTIM Volatility	Performance	FTIM Volatility
FTIM Safety First 1 is currently a cash product with returns in line with base rate				
FTIM Safety First 2	2.32%	1.62%	2.13%	1.34%
FTIM Safety First 3	3.51%	2.15%	2.97%	1.71%
FTIM Safety First 4	3.85%	3.51%	2.87%	1.79%
FTIM Safety First 5	5.34%	3.71%	3.70%	2.72%
FTIM Safety First 6	8.02%	5.35%	6.24%	4.76%

The Company has previously announced that it should be able to double reported operating profitability between 2015 and 2017, resulting in an operating profit in 2017 of in excess of £3m.

The principal assumptions behind this forecast are that: (i) approximately £350m of AUM is migrated onto the FTIM platform by 31 December 2016; (ii) Frenkel Topping commences 2017 with approximately £750m of AUM; and (iii) the Company maintains control of its administrative expenses. We are on track to achieve this. Once the full migration of AUM to FTIM has been achieved, during 2017, operating profit can be expected to improve further.

For 2016, we have increased our cost base to achieve the migration of our existing AUM to FTIM; we have moved from 11 consultants to 17 consultants, we have added administrative staff to ensure we meet the strict regulatory requirements during the migration process and we have had a number of

exceptional costs which were announced in our H1 2016 results on 11 July 2016. These investments have supported Frenkel Topping in its pursuit of doubling of profitability in 2017. Notwithstanding these additional costs in excess last year, we expect operating profit for 2016 will be marginally ahead of operating profit of 2015 of £1.5m.

### Executive Director Incentivisation

The Company announces that the existing Director Incentive Scheme (“Growth Share Scheme”) implemented on 7 January 2014 has been cancelled and is being replaced by the grant of share options to the Directors, linked to performance against the key goals of the Company over the coming years.

The Growth Share Scheme provided a return to Directors in certain circumstances, principally on the occurrence of a return of capital to the Company’s shareholders via a sale event (“Exit Event”). In replacement of the Growth Share Scheme the Company will issue 1,500,000 share options (“Share Options”) each to the three current executive Directors of the Company; being Julie Dean, Richard Fraser, and Jason Granite. The Share Options will have an exercise price of 0.5 pence per share and the following performance conditions before the share options are able to vest:

- 1/3 vesting upon the delivery of £750m of total AUM to the Group
- 1/3 vesting upon the delivery of £500m of AUM on a discretionary mandate with FTIM
- 1/3 vesting upon delivery of £1bn of AUM to the Group

At the current share price, the Directors would have already been due in excess of £2 million in the case of an Exit Event. This revised scheme will ensure that any increase in value of the Company, especially when accompanied with an Exit Event, will result in greater value for shareholders than if the Growth Share Scheme remained in effect.

	Sale Proceeds	Growth Share Value	Share options value at share price	Savings to shareholders
Current Market Cap	33,579,930	2,144,9832	2,025,000	119,983
Sale Proceeds	40,000,000	3,450,000	2,412,155	1,037,845
Sale Proceeds	45,000,000	3,950,000	2,713,674	1,236,326
Sale Proceeds	50,000,000	4,450,000	3,015,194	1,434,806
Sale Proceeds	60,000,000	5,450,000	3,618,233	1,831,767
Sale Proceeds	70,000,000	6,450,000	4,221,271	2,228,729
Sale Proceeds	80,000,000	7,450,000	4,824,310	2,625,690

The Company holds 3,128,016 shares in an Employee Benefit Trust which may be utilised to satisfy approximately 70% of these share options. The non-cash share based compensation charges associated with the grant of the share options will be in the order of £600k for 2016, £600k for 2017, £175k for 2018 and £175k for 2019. This will not affect the operating profitability of the Company.

### Directors Salary Sacrifice

In addition to the cancellation of the Growth Share Scheme, and in consideration of the share options being awarded, the Directors receiving have agreed to sacrifice their salaries for H2 2016, whilst the Company achieves its transition to a full service advisory and investment management firm and to demonstrate their commitment to the long term future of the Company. The value of the salaries being sacrificed is £225k.

## **Appointment of New Board Directors**

The Company is pleased to announce the appointment of a new non-executive director, Mark Richards. Mark is joining the Board on 1<sup>st</sup> September 2016 and will bring substantial experience of the financial services industry and specifically investment management to the Board.

Mark is currently Chief Executive of IPGL Limited and Non Executive Director of FCFM Group Limited. He was previously Partner and Head of Financial Services at Actis LLP which manages \$7bn of private equity funds. He was also previously CFO for Barclays International and Strategy Director for Barclays Global, as well as holding various roles in Banking, Financial Services Infrastructure and Wealth distribution. Mark currently holds no shares in the Company, but IPGL, of whom Mark is Chief Executive Officer, together with its affiliated businesses, holds 5,116,045 shares in the Company.

The Company is also pleased to announce that Mark Holt will join the board as Commercial Director with immediate effect. Mark has been with the Company for 6 years and has 20 year financial services experience. He has been a key player in the Company's growth to date and is seen as a leading expert in the analysis of periodical payment orders in large value complex claims , and we are delighted to recognise his contribution and importance to the Company with this appointment.

Mark Holt currently holds no shares in the Company, but will be awarded 500,000 share options with an exercise price at 50% discount to the market price at time of issue, the same performance criteria, as the other Directors and a minimum exercise period of 3 years upon joining the Board.

Further details about each Director are listed below.

### **Jason Granite, Executive Chairman, commented:**

"I am extremely pleased to report that in the weeks following the Brexit vote, our FTIM safety first portfolios have remained resilient and benefited our clients. This provides further reinforcement to our efforts to win new business and migrate existing clients onto the FTIM platform, where appropriate. Progress on both these fronts continues at a good pace and we are very focussed on achieving the doubling of operating profitability during 2017.

"I am also delighted that Mark Richards and Mark Holt have agreed to join the Board of Frenkel Topping. They will both be invaluable additions to our further progress. The restructuring of our executive incentivisation packages is also a key step forward in the development of the Company, aligns directors' interests firmly with that of shareholders and represents a significant saving for shareholders as we build value into the future."

### **For further information:**

#### **Frenkel Topping Group plc**

Jason Granite, Executive Chairman

Richard Fraser, Chief Executive Officer

Julie Dean, Chief Finance Officer

#### **finnCap Ltd**

Adrian Hargrave/James Thompson/ Alex

Price (Corporate Finance)

Tony Quirke (Corporate Broking)

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Mark William Lane Richards, aged 50, is or was a director/partner in the following entities in the last five years:

**Current directorships/partnerships**

Alresford Racing Limited  
Commercial International Bank (Egypt) S.A.E.  
Epworth Trading Limited  
European Derivatives Clearing House Limited  
FCFM Group Limited  
Fox & Trot Limited  
IFX Competitions Limited  
IFX Investment Company Limited  
Intercapital Bonds Limited  
Intercapital Brokerage Services Limited  
Intercapital Clearing Limited  
Intercapital Debt Trading Limited  
IPGL Limited  
IPGL Fund Investments Limited  
IPGL (Holdings) Limited  
IPGL Insurance Services Limited  
IPGL Overseas Limited  
IPGL Property Funds Limited  
IPGL Ventures Limited  
Ropemaker One Limited  
Sheffield Haworth Limited  
Sirai Management Limited  
Spreadbet Limited

**Former directorships/partnerships**

Actis GP LLP  
Copper Partners LLP  
Emerging Markets Payments Holdings Limited

Mark Stuart Holt, aged 39, is currently a director of Frenkel Topping Limited, a wholly owned subsidiary of the Company. He has held no other directorships or partnerships in the last five years

Save as disclosed above, there are no other matters which are required to be disclosed in accordance with Rule 17 and paragraph (g) of Schedule Two of the AIM Rules for Companies in relation to each of Mark Richards and Mark Holt.