24 January 2014

Miton Group plc

MITON ANNOUNCES PROPOSED SALE OF LIVERPOOL FUND MANAGEMENT BUSINESS (the "Disposal")

Miton Group plc (the "Company", "Miton" or "Group"), the AIM quoted fund management group, today announces the proposed sale of its Liverpool fund management business, Miton Capital Partners Limited ("Liverpool fund management business", "Liverpool" or "MCPL"), to Seneca Investment Managers Limited ("Seneca") for a total of up to £6.4m.

Highlights

- Proposed sale of Liverpool fund management business for £3.5m payable on completion, plus an amount representing net assets as at completion (estimated to be £1.9m) payable by the later of three months after completion or 30 June 2014 and a potential deferred payment of up to £1.0m.
- The Disposal is subject, inter alia, to FCA approval and is expected to complete by early Q2 2014 ("Completion").

Rationale for the Disposal

As market trends have evolved beyond the credit boom, the advantages of the differentiation of Miton's core investment strategies have become more recognised, leaving the Group well placed to continue to grow from its well established platform. Following significant organic growth complemented by last year's acquisition of PSigma, the Group is highly profitable and retains a robust financial position.

However, the Board received an unsolicited approach for the Liverpool business which resulted in a detailed review of the future of this part of the Group, which has its own discrete funds and team of fund managers and has always been separately managed from the London and Reading operations. Liverpool's performance has improved in recent years, but the Board has concluded there was less prospect of rapid growth of its assets under management ("AuM") compared with other parts of the Group, so the approach represented a good deal for both shareholders and clients.

The cash to be received from the Disposal will reduce the Group's regulatory capital requirement and fund the continued growth of the Group. Seneca, with its strong local representation, is expected to be an excellent guardian for the clients of the Liverpool business.

Seneca Investment Managers Limited ("Seneca")

Seneca, an asset management company, is part of the Seneca Partners Group, headquartered in Merseyside. The business was formed in 2010 to provide investment services to the UK's high net worth community.

Miton Capital Partners Limited ("MCPL")

MCPL is the regulated entity responsible for the investment management contracts for multi asset funds managed from Liverpool and for the equity funds which are managed from London. Prior to Completion the mandates for the equity funds will be transferred out of MCPL to another Miton regulated entity. Accordingly, only the management contracts for the Liverpool based funds will pass to Seneca as part of the Disposal. These comprise total AuM of c.£450m as at 31 December 2013.

For the month ended 31 December 2013, the funds managed from Liverpool generated revenue of £239,000 and there were attributable costs before tax and amortisation of £136,000. These figures are derived from unaudited management information based on a proportionate allocation of Group overheads. Average AuM for the twelve months ended 31 December 2013 was £466m, with an average annualised net margin of 0.66%.

Details of the transaction

The total estimated consideration of up to £6.4m comprises:

- a cash payment of £3.5m payable on Completion.
- a further cash payment representing net assets of MCPL as at Completion, currently estimated to be around £1.9m, will be payable by the later of three months after Completion or 30 June 2014.
- two equal payments of deferred consideration are payable on first anniversary of Completion and second anniversary of Completion (in total up to a maximum of £1.0m, with the maximum amount payable subject to total AuM remaining at or above £300m after 24 months post-Completion).

The sale and purchase agreement contains customary representations, warranties and termination rights.

Ian Dighé, Executive Chairman of Miton Group plc, said:

‘The clients investing in our Liverpool funds have enjoyed improved performance over recent years, and we believe the improved trend will be sustained following the transaction with Seneca. We look forward to working with Seneca in future.

‘Miton’s funds under management, excluding the Liverpool business, have almost doubled in the last two years. The accelerating momentum in the Group gives the Board greater confidence for improved results in the current year.’

Stuart Eaton, CEO of Seneca Investment Managers, commented:

"Miton Capital Partners is a perfect fit for us - strategically, logistically and geographically. We had wanted to expand our asset management operations in order to offer a more holistic proposition to our clients; and the funds and experience we have acquired enable us to do just that. With the acquisition of this profitable and proven business, we now have the foundations in place to build the Seneca brand and realise our broader goals for the group."

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Note to Editors:

Miton Group plc is a leading multi-asset and equity fund management specialist. As at 31 December 2013 the Group managed £3.1 billion of assets including eleven OEICs, three unit trusts, four investment trusts and segregated client accounts under the Miton and PSigma brands. Members of the fund management team invest in their own funds and are significant shareholders in the company. Miton has offices in Reading, Liverpool and London.

Seneca Investment Mangers is part of the Seneca Partners Group, an Alternative Fund Management company headquartered in Merseyside. The business was formed in 2010 by Ian Currie, Stuart Eaton and Alex Dymock to provide investment services to the UK's high net worth community. It manages a number of specialist investment funds and has a strong following among HNW entrepreneurs and family offices. The group has offices in Leeds, Birmingham and Manchester, and also advises companies on interest rate hedging arrangements and corporate finance matters.