

Ninety One plc
Incorporated in England and Wales
Registration number 12245293
Date of registration: 4 October 2019
LSE share code: N91
JSE share code: N91
ISIN: GBO0BJHPLV88

Ninety One Limited
Incorporated in the Republic of South Africa
Registration number 2019/526481/06
Date of registration: 18 October 2019
JSE share code: NY1
ISIN: ZAE000282356

Results for the year ended 31 March 2020

Highlights

- This was a year of meaningful progress in the strategic positioning of Ninety One as an independent, focused investment manager with significant employee ownership. We executed a demerger and listing, with an exciting new brand.
- We delivered net inflows of £6.0 billion, in line with the prior year, representing a torque ratio of 5.4%.
- Assets under management reduced 7% to £103.4 billion.
- Profit before tax increased 11% to £198.5 million.
- Basic earnings per share increased 11% and adjusted earnings per share increased 10%.
- Short-term investment performance was negatively affected by the extreme market correction in March 2020.
- Employees now own more than 21% of Ninety One, which leaves us even better aligned with our clients and shareholders.
- In response to the COVID-19 pandemic, we prioritised the wellbeing of our people and did not furlough or make redundant any of our staff. We contributed £2.9 million to relief efforts.

Key financials ¹	Full year 2020	Full year 2019	Change %
Assets under management (£'bn)	103.4	111.4	(7)
Net flows (£'bn)	6.0	6.1	(1)
Net revenue (£'m)	609.9	556.9	10
Adjusted operating revenue (£'m)	588.0	540.6	9
Adjusted operating margin	32.3%	31.9%	n.m.
Profit before tax (£'m)	198.5	178.4	11
Basic earnings per share (p)	16.8	15.1	11
Headline earnings per share (p)	16.8	15.0	12
Adjusted earnings per share (p)	16.1	14.6	10

Note: 1. Please refer to explanations and definitions on pages 14 and 15.

Hendrik du Toit, Founder and Chief Executive Officer, commented:

"Last year was a momentous year for Ninety One. We ended our twenty-ninth year in business with record earnings, a quality client base from across the world, highly motivated people and an experienced leadership team, but were challenged by the consequences of the COVID-19 pandemic.

During the last month of the 2020 financial year, we successfully demerged from Investec, listed on the London and Johannesburg Stock Exchanges, and rebranded as Ninety One. Significantly, all staff are now shareholders and the people who work in the firm collectively own more than 21% of the equity of Ninety One. This was a pivotal period in the evolution of our business. While these developments support our proposition as an independent investment manager with significant employee ownership, it is important to emphasise the stability of our staff and the continuity our long-term strategy, which underpin the success of our business.

These developments took place in the face of extreme market volatility and weakened economic prospects, which we expect to endure for some time. The resilience of our people and technology enabled us to provide all our clients with uninterrupted service and intensified engagement. We successfully facilitated remote working for our staff to ensure their wellbeing just days after the demerger and listing. Ninety One is committed to doing its best for all stakeholders in the ongoing battle against this pandemic and its devastating economic consequences. We will do this by remaining focused on our clients and the investments we make on their behalf. We will engage and support the companies we invest in, care for our people and contribute to the societies we serve."

For further information please contact:

Investor relations

Varuni Dharma	varuni.dharma@ninetyone.com	+44(O) 203 938 2486
Eva Hatfield	eva.hatfield@ninetyone.com	+44(O) 203 938 2908

Media enquiries

Neil Doyle, FTI Consulting (UK)	neil.doyle@fticonsulting.com	+44 (O) 20 3727 1141
Daniel Thole, Fletcher Advisory (South Africa)	daniel@fletcheradvisory.com	+27 (O) 61 400 2939

Investor presentation

A presentation to investors and financial analysts will be made via live webcast at 9.00 am (UK time) on 20 May 2020. The webcast link is available at <https://ninetyone.com/full-year-results>.

A copy of the presentation will be made available on the company's website at <https://ninetyone.com/2020-results-documents>. The integrated annual report will be published in July 2020 and will be available at <https://ninetyone.com/2020-results-documents>.

Forward-looking statements

This announcement does not constitute or form part of any offer, invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in Ninety One plc and its subsidiaries or Ninety One Limited and its subsidiaries (together, "Ninety One"), nor should it be construed as legal, tax, financial, investment or accounting advice.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Ninety One's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Ninety One's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made.

Ninety One expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement or any other forward-looking statements it may make whether as a result of new information, future developments or otherwise.

About Ninety One

Ninety One is an independent investment manager, founded in South Africa in 1991. It now operates and invests globally and offers a range of active strategies to its global client base.

Ninety One is listed on the London and Johannesburg Stock Exchanges.

CHIEF EXECUTIVE OFFICER'S REVIEW

The financial year to 31 March 2020 was a momentous year for Ninety One. We ended our twenty ninth year in business with record earnings growth, a quality client base from across the world, and a highly motivated and experienced leadership team, but challenged by the enormous economic and market consequences of the COVID-19 pandemic.

During the last month of the financial year, we successfully demerged from Investec, listed on the London and Johannesburg Stock Exchanges ("LSE" and "JSE"), and rebranded as Ninety One. Significantly, now all staff can be shareholders and the people who work in the firm collectively own more than 21% of the equity of Ninety One. This was a pivotal period in the evolution of our business. While these developments support our proposition as an independent investment manager with a significant employee ownership, it is important to emphasise the stability of our staff and continuity of our long-term strategy, which underpin the success of our business.

Strategy and opportunities

Although the past year is correctly characterised as eventful, our strategy remains consistent. Ninety One continues to provide a range of specialist, active strategies to its global client base. The business is differentiated from the competitor universe by its blend of global and emerging markets investment expertise. With its origins in emerging markets, Ninety One remains committed to participating in the well-established, structural trend of increased representation of these markets in major indices, in line with their growing weight in the total world economy. Our investment approach combines this perspective with a global approach to investing, free from "home bias". The near-term challenges facing emerging markets, relating to the COVID-19-triggered downturn, have not changed our long-term view. On the contrary, we expect the next few years to provide our investors with compelling long-term opportunities in both developed and emerging markets and risk assets in general. The stable and experienced investment teams at Ninety One are motivated to make the most of these opportunities for our clients and shareholders.

Investment performance and progress

In many ways the reporting period was a "year of two parts". Most of the first 11 months took place against the background of rising markets and an expanding global economy. During this period, our short- and longer-term investment performance, as measured at firm level on an aggregate asset-weighted basis displayed an improving trend. As at the end of December 2019, our one- and three-year firm-wide outperformance stood at 81% and 71% respectively. This compared favourably with the numbers we released for the half year to 30 September 2019 (54% and 75% for one- and three-year firm-wide outperformance respectively).

After markets were hit by the COVID-19 correction in March 2020, the situation deteriorated to the point where our aggregate performance looked decidedly average over one and three years, where the percentage of our strategies, measured on an aggregate asset-weighted basis, that beat their benchmarks were 39% and 55% respectively. Value strategies had a particularly tough time. On the positive side, other global and emerging markets equity strategies delivered excellent results. Our South African domestic strategies also reported strong performance. This period of market dislocation caused by the COVID-19 "black swan" event will create opportunities for substantial alpha generation over the coming year and we intend to capture as many of these opportunities as possible. The past year has not been our best performance year, but the investment teams have been here before and know exactly what they need to do to improve the situation. They have the full support of the leadership team to achieve this.

Ninety One has strong client relationships, built up over many years. This is because clients come first at Ninety One. This is non-negotiable and central to the way in which we operate. Against a very challenging background for the active investment industry, we have achieved net inflows in line with the prior year. The flows were mainly driven by our fixed income and specialist equities offerings. Our five client regions (known as "Client Groups") have all generated net inflows, with the UK, Africa and Europe the best performers.

Our focus on developing our outcomes-based offerings across the advisor market was also well reflected in strong inflows in certain multi-asset strategies. Meanwhile, we remain confident that our substantial investments in our Americas and Asia Pacific Client Groups will deliver further value for our shareholders in due course.

Over the past year, Ninety One has increased its investment in technology to support our front office investment and client-facing teams. We are acutely aware of the benefits of our single and well-invested operations platform, which we have built over many years. The fact that we could grow over the past year, demerge, list and rebrand on schedule whilst coping with the COVID-19 imperative to enable more than 1,000 people to work from home without a major incident, tells the story of a robust, experienced, well-invested and well-run operations platform.

Outlook

As we look ahead to the new year, we recognise the challenging market conditions and competitive environment which we face.

Our well-tested and diverse set of investment capabilities are in areas relevant to our clients, as evidenced by recent flows. We have solid bridgeheads into the largest markets in the world and we have maintained positive momentum in our original markets. We expect the appetite for risk assets to increase over time as the extreme volatility recedes and we see abundant opportunities for alpha generation for our clients. Notwithstanding these opportunities, we expect significant revenue pressure in the coming period. Our response will be one of strict prioritisation and cost discipline, but without impairing our ability to serve our clients in these uncertain times.

Ninety One is committed to doing its best for all stakeholders in the ongoing battle against the COVID-19 pandemic and its devastating economic consequences. We will do this by remaining focused on our clients and the investments we make on their behalf. We recognise the key to our long-term growth is maintaining client relevance and delivering investment performance. Furthermore, we will engage and support the companies we invest in, care for our people and contribute to the societies we serve.

We believe our staff stability and strategic clarity position us well for the long term. We intend to use this moment of market and economic dislocation to inspire ourselves to build a better firm, develop better ways of investing and renew our commitment to building a better world. The people of Ninety One fully intend to pursue our purpose of investing for a better tomorrow.

Finally, I would like to thank our clients, shareholders, regulators, board of directors and all the people at Ninety One for their support through this time of change.

OPERATING REVIEW

Assets under management (“AUM”)

Our AUM reduced 7% to £103.4 billion (31 March 2019: £111.4 billion), as the positive net flows were offset by negative market movements, caused by the impact of COVID-19 in the last month of the year. The market and foreign exchange impact in the year was negative £14.0 billion (2019: positive £1.4 billion).

AUM by asset class

£ million	31 March 2020	31 March 2019	Change %
Equities	45,824	50,534	(9)
Fixed income	30,495	29,782	2
Multi-asset	18,261	20,504	(11)
Alternatives	2,608	3,272	(20)
South African fund platform	6,218	7,326	(15)
Total	103,406	111,418	(7)

Our AUM remained well diversified across asset classes. The mix of AUM remained broadly unchanged from the prior year. In spite of positive net flows into all asset classes, the negative impact of markets and foreign exchange reduced the overall AUM in all asset classes (and the South African fund platform) compared with the prior year, with the exception of fixed income, which saw a marginal increase.

AUM by Client Group

£ million	31 March 2020	31 March 2019	Change %
United Kingdom	21,922	22,739	(4)
Africa	35,963	40,595	(11)
Europe	14,479	13,828	5
Americas	13,649	15,142	(10)
Asia Pacific	17,393	19,114	(9)
Total	103,406	111,418	(7)

The AUM of the business remains well diversified by Client Group. The negative impact of markets and foreign exchange reduced AUM in all regions compared with the prior year. The only exception was Europe, which achieved AUM growth.

AUM by client type

£ million	31 March 2020	31 March 2019	Change %
Advisor	33,422	35,328	(5)
Institutional	69,984	76,090	(8)
Total	103,406	111,418	(7)

The proportion of total AUM managed on behalf of institutional clients remained flat at 68%, with the remainder managed on behalf of advisor clients. This reflects our strong and stable relationships with our clients and our focus on growing and deepening our reach in both channels. Notwithstanding positive net flows from both advisor and institutional clients, AUM in each channel was reduced by markets and foreign exchange, compared with the prior period.

Net flows

Notwithstanding the significant turbulence in the global markets, we achieved net inflows of £6.0bn, in line with the prior year. This represents 5.4% of opening AUM (2019: 5.9%).

Net flows by asset class

£ million	31 March 2020	31 March 2019
Equities	2,435	2,391
Fixed income	2,537	2,748
Multi-asset	751	447
Alternatives	108	280
South African fund platform	217	227
Total	6,048	6,093

We saw positive flows across all asset classes, with particularly good flows across our fixed income and specialist equities strategies. The overall allocation of net inflows between equities and fixed income remained broadly similar. In equities, this reflected our focus in recent years on growing the Quality equities capability, across both the advisor and institutional channels. Our recently developed sustainability strategies continued to gain investor attention. Multi-asset net inflows were higher compared to prior year, which reflected our focus on scaling our outcomes-based offerings across the advisor market.

Net flows by Client Group

£ million	31 March 2020	31 March 2019
United Kingdom	2,342	1,703
Africa	1,835	2,908
Europe	1,549	981
Americas	256	593
Asia Pacific	66	(92)
Total	6,048	6,093

We achieved net inflows in all Client Groups. Net inflows into our most established markets of the UK and Africa were strong at £2.3 billion and £1.8 billion respectively, driven mainly by our established fixed income and equities asset classes. Europe was another area with strong net inflows, driven by our fixed income strategies, including our recently-launched credit strategies.

Net flows by client type

£ million	31 March 2020	31 March 2019
Advisor	2,382	1,805
Institutional	3,666	4,288
Total	6,048	6,093

There were positive net flows across both the advisor and institutional channels with £2.4 billion and £3.7 billion, respectively. Institutional net inflows were strong in equities and fixed income and were positive in all regions. Our focus on scaling our outcomes-based offerings across the advisor market was reflected in strong inflows in certain multi-asset strategies. Similarly, our specialist equities offerings were a significant driver of advisor inflows.

Investment performance

Firm-wide investment performance¹

During the financial year 2020, short- and longer-term firm-wide investment performance displayed an improving trend. As at the end of December 2019, our one- and three-year outperformance stood at 81% and 71% respectively. This compared favourably with the numbers for the half year to 30 September 2019 (54% and 75% for one- and three-year firm-wide outperformance respectively).

However, after markets were hit by the COVID-19 correction in March 2020, firm-wide outperformance deteriorated resulting in the one- and three-year firm-wide outperformance closing at 39% and 55% respectively (compared with 54% and 71% respectively as at 31 March 2019). Notwithstanding this, long-term firm-wide investment performance remains robust.

	1 Year	3 Year	5 Year	10 Year	Since inception
Outperformance	39%	55%	56%	79%	71%
Underperformance	61%	45%	44%	21%	29%

Note:

1. Firm-wide outperformance (underperformance) is calculated as the sum of the total market values for individual portfolios that have positive active returns (negative active returns) on a gross basis expressed as a percentage of total AUM. Our percentage of firm outperformance is reported on the basis of current AUM and therefore does not include terminated funds. Total AUM excludes double-counting of pooled products and third party assets administered on our South African fund platform. Benchmarks used for the above analysis include cash, peer group averages, inflation and market indices as specified in client mandates or fund prospectuses. For all periods shown, market values are as at the period end date.

Mutual fund investment performance¹

During the financial year 2020, Ninety One's mutual fund investment performance on a one-year basis improved over the year with 51% of mutual funds in the first or second quartiles (compared with 49% as at 31 March 2019). On a three- and five-year basis, mutual fund performance declined with 52% and 62% of mutual funds in the first or second quartile respectively (compared with 72% and 70% respectively as at 31 March 2019).

	1 Year	3 Year	5 Year	10 Year
First quartile	28%	33%	31%	36%
Second quartile	23%	19%	31%	48%
Third quartile	34%	40%	22%	7%
Fourth quartile	15%	7%	17%	9%

Notes:

1. Mutual fund performance and ranking as per Morningstar data using primary share classes net of fees to 31 March 2020. Peer group universes are either IA, GIFS or ASISA sectors as classified by Morningstar. Cash or cash-equivalent funds are excluded from the tables. Mutual fund performance weighted by AUM.

Percentages may not add up to 100% due to rounding.

FINANCIAL REVIEW

Summary income statement¹

£ million (unless stated)	Full year 2020	Full year 2019	Change %
Closing AUM (£ billion)	103.4	111.4	(7)
Net flows (£ billion)	6.0	6.1	(1)
Average AUM (£ billion)	118.3	108.0	10
Management fees	565.7	524.6	8
Performance fees	21.5	11.0	95
Foreign exchange gains and other income	0.8	5.0	(84)
Adjusted operating revenue	588.0	540.6	9
Adjusted operating expenses	(398.1)	(368.1)	8
Adjusted operating profit	189.9	172.5	10
Adjusted net interest income	4.5	5.5	(18)
Silica profit	1.9	1.4	36
Profit before tax and exceptional items	196.3	179.4	9
Exceptional items			
Ninety One share scheme implementation	13.1	-	n.m.
Other exceptional items	(10.9)	(1.0)	n.m.
Profit before tax	198.5	178.4	11
Tax expense	(42.5)	(38.6)	10
Profit after tax	156.0	139.8	12
Average fee rate (bps)	47.8	48.6	n.m
Adjusted operating profit margin	32.3%	31.9%	n.m
Compensation ratio	44.0%	44.9%	n.m
Full-time employees	1,165	1,139	2

Note: 1. Please refer to explanations and definitions on pages 14 and 15.

Our adjusted operating profit increased 10% to £189.9 million (2019: £172.5 million). Adjusted operating profit margin of 32.3% increased on prior year (2019: 31.9%), principally due to higher performance fees earned. Profit before tax and exceptional items increased 9% to £196.3 million (2019: £179.4 million).

Assets under management

Ninety One achieved net inflows of £6.0 billion, in line with the prior year. Total AUM reduced by 7% to £103.4 billion (31 March 2019: £111.4 billion), as the net inflows were more than offset by negative market movements in the last month of the financial year. The market and foreign exchange impact for the year was negative £14.0 billion (2019: positive £1.4 billion).

The torque ratio of 5.4% was slightly lower than prior year (2019: 5.9%), as a result of similar net flows but higher opening AUM of £111.4 billion (31 March 2019: £103.9 billion).

The average AUM increased 10% to £118.3 billion (31 March 2019: £108.0 billion), reflecting the positive market environment for most of the financial year.

Adjusted operating revenue

Management fees increased 8% to £565.7 million (2019: £524.6 million), below the 10% growth in average AUM, reflecting downward fee pressure due to some new mandates agreed at lower fee rates. Average fee rates were also impacted by the AUM mix, with growth in lower fee rate investment strategies, such as fixed income, relative to higher fee rate investment strategies, such as alternatives. The average management fee rate reduced 0.8 bps to 47.8bps (2019: 48.6bps).

Performance fees increased to £21.5 million (2019: £11.0 million) reflecting relative investment outperformance in a selection of strategies, particularly in South African equities.

Foreign exchange gains and other income of £0.8 million was lower compared to prior year (2019: £5.0 million) mainly due to lower foreign exchange gains earned as sterling strengthened and mark-to-market losses on private equity co-invested capital.

Adjusted operating expenses

Adjusted operating expenses increased 8% to £398.1 million (2019: £368.1 million), largely driven by an increase in staff expenses, as well as higher accommodation expenses. The increase in accommodation expenses was mainly due to a new office building in London, with the resulting double rent and associated expenses.

Staff expenses

Ninety One is a people business, and our staff expenses represent the largest portion of our expense base. Total staff expenses (excluding Silica and the deferred employee benefit scheme) increased by 7% to £258.8 million (2019: £242.6 million). This reflects a 5% increase in average headcount to 1,148 (2019: 1,094), with the remainder due to inflation and market-related adjustments. The growth in headcount largely relates to the replacement of functions previously provided by Investec such as IT support services and internal audit.

Over 50% of our staff expenses are variable and fluctuate in line with adjusted operating profit ensuring alignment with financial performance.

The total compensation ratio reduced to 44.0% (2019: 44.9%), mainly due to the growth in management and performance fees being higher than the growth in total staff expenses.

Non-staff expenses

Non-staff expenses increased 11% to £139.3 million (2019: £125.5 million). This largely reflects non-recurring items such as duplicate London rental and one-off donations to COVID-19 relief efforts of £2.9 million, as well as an increase in systems and other expenses. We expect the accommodation expense to normalise following the office move in London in June 2020. Remaining expenses grew largely in line with business activity levels, and our continued investment to support long-term growth.

Adjusted net interest income

Adjusted net interest income decreased to £4.5 million (2019: £5.5 million) in line with lower interest rates and maintaining reasonable levels of capital. Adjusted net interest income excludes interest expense on lease liabilities of £3.0m (2019: nil), which has been included in adjusted operating expenses. This ensures that the changes resulting from the implementation of IFRS 16 Leases reflect consistently in adjusted operating expenses for both years.

Silica

Silica is our transfer agency business in South Africa, which was established in 1999. Its profits are not material as it reinvests them annually into its core operational platforms.

Ninety One share scheme implementation

Upon the successful listing, Ninety One awarded shares to the value of £2,000 to each eligible employee and also partially invested deferred compensation awards in shares into the Ninety One share scheme. The Ninety One share scheme implementation income of £13.1 million (2019: nil) reflects the impact of reversing staff expense accruals to fund the investment into the new Ninety One share schemes in March 2020, net of the share scheme expenses which are amortised

over the vesting period of the awards under IFRS 2 Share-based Payment. This is to ensure a like-for-like comparison of our operating expenses with the prior financial year.

Other exceptional items

Other exceptional items of £10.9 million (2019: £1.0 million) largely related to the demerger from Investec, and subsequent listing on the LSE and JSE. Most of the demerger expenses related to promotional and rebranding expenses, as well as the IT network and support services migration. The other exceptional items in financial year 2019 included the demerger expenses and net foreign exchange related gain on the closing of our Taiwan subsidiary.

Profit before tax

Profit before tax increased by 11% to £198.5 million (2019: £178.4 million), while adjusted operating profit increased 10% to £189.9 million (2019: £172.5 million).

Effective tax rate

The effective tax rate was 21.4% (2019: 21.6%), above the UK corporation tax rate of 19.0% (2019: 19.0%), mainly due to the effect of higher tax rates applicable in foreign jurisdictions such as South Africa, where the tax rate is 28.0% (2019: 28.0%). The change in the effective tax rate in financial year 2020 was due to an increase in profits earned in higher tax rate countries offset by the adjustment of deferred tax assets for the fact that the UK tax rate will no longer reduce to 17.0% as previously announced.

Earnings per share

£ million (unless stated otherwise)	Full year 2020	Full year 2019	Change %
Profit after tax	156.0	139.8	12
Profit attributable to non-controlling interests	(0.6)	(0.5)	20
Profit attributable to ordinary shareholders	155.4	139.3	11
Ninety One share scheme implementation ¹	(13.1)	-	n.m.
Other exceptional items ¹	10.9	1.0	n.m.
Adjusted net interest income ¹	(4.5)	(5.5)	(18)
Silica profit ¹	(1.9)	(1.4)	36
Tax on adjusting items ¹	2.0	1.6	25
Adjusted earnings attributable to ordinary shareholders	148.8	135.0	10
Weighted average number of ordinary shares (m)	922.5	922.7	0
Number of ordinary shares (m)	922.7	922.7	-
Basic earnings per share (p)	16.8	15.1	11
Diluted earnings per share (p)	16.8	15.1	11
Headline earnings per share (p)	16.8	15.0	12
Adjusted earnings per share (p)	16.1	14.6	10

Note: 1. These items comprise "non-operating items" per adjusted earnings per share definition on page 15

Basic earnings per share ("Basic EPS") and diluted EPS grew 11% to 16.8p (2019: 15.1p). There was no change in the number of shares in issue and the impact of the investment in own shares held by Ninety One as part of the new Ninety One share scheme had minimal impact on the weighted average number of ordinary shares. Headline earnings per share ("HEPS") grew 12% to 16.8p (2019: 15.0p), broadly in line with the growth in Basic EPS, reflecting minor adjustments between HEPS and Basic EPS.

Adjusted EPS increased by 10% to 16.1p (2019: 14.6p), consistent with the growth in adjusted operating profit and more reflective of the core operating performance of Ninety One.

For details on calculations, see note 6 to the financial statements.

Response to COVID-19

The safety and security of our people and clients is of paramount importance. We continue to monitor and comply with the relevant government recommendations around the spread of COVID-19, across all our geographies. We have put in place a range of precautionary measures, including restrictions of all non-essential travel, and we were able to implement working from home arrangements for all our staff within a week of listing as an independent business. Our people have worked hard to achieve this with no material impact on our operations or client experience.

We have not needed to make any of our staff redundant or furloughed as a result of COVID-19, and we contributed £2.9 million to COVID-19 relief efforts.

Summary balance sheet

£ million	31 March 2020		
	Policyholders	Shareholders	Total IFRS
Non-current assets	-	145.2	145.2
Current assets			
Linked investments backing policyholder funds	6,988.5	-	6,988.5
Cash and cash equivalents	-	194.5	194.5
Other current assets	67.3	255.8	323.1
Total current assets	7,055.8	450.3	7,506.1
Total assets	7,055.8	595.5	7,651.3
Non-current liabilities	5.6	140.1	145.7
Current liabilities			
Policyholder investment contract liabilities	7,002.8	-	7,002.8
Other current liabilities	47.4	304.3	351.7
Total current liabilities	7,050.2	304.3	7,354.5
Total liabilities	7,055.8	444.4	7,500.2
Equity	-	151.1	151.1
Total equity and liabilities	7,055.8	595.5	7,651.3

31 March 2019

£ million	Policyholders	Shareholders	Total IFRS
Non-current assets	-	44.3	44.3
Current assets			
Linked investments backing policyholder funds	8,173.7	-	8,173.7
Cash and cash equivalents	-	269.2	269.2
Other current assets	60.3	255.1	315.4
Total current assets	8,234.0	524.3	8,758.3
Total assets	8,234.0	568.6	8,802.6
Non-current liabilities	15.3	44.9	60.2
Current liabilities			
Policyholder investment contract liabilities	8,190.9	-	8,190.9
Other current liabilities	27.8	328.0	355.8
Total current liabilities	8,218.7	328.0	8,546.7
Total liabilities	8,234.0	372.9	8,606.9
Equity	-	195.7	195.7
Total equity and liabilities	8,234.0	568.6	8,802.6

Assets and liabilities

Ninety One undertakes linked insurance business through one of its South African entities and does not take on any insurance risk in respect of such business. The policyholders hold units in a pooled portfolio of assets via linked policies issued by the insurance entity. The assets are beneficially held by the insurance entity and the assets are reflected on its statement of financial position. Because of the nature of a linked policy, Ninety One's liability to the policyholders is equal to the market value of the assets underlying the policies, less applicable taxation. Therefore, the commentary below only covers the shareholders' amounts.

Total assets increased to £595.5 million (31 March 2019: £568.6 million). Cash and cash equivalents reduced to £194.5 million (31 March 2019: £269.2 million), which largely related to the payment of dividends prior to the demerger.

Total liabilities increased to £444.4 million (31 March 2019: £372.9 million), principally due to the recognition of lease liabilities on the balance sheet under IFRS 16 Leases, and there continues to be no debt financing on the balance sheet.

The adoption of IFRS 16 Leases in financial year 2020 resulted in an initial recognition of assets of £85.3 million and liabilities of £88.6 million, on 1 April 2019, which were previously not recognised on the balance sheet. At 31 March 2020, the corresponding assets and liabilities were £90.7 million and £101.6 million respectively.

Ninety One has limited seed investments. Seed capital for mutual funds was £1.7 million (31 March 2019: £1.2 million) and co-investments in private equity funds totalled £9.3 million (31 March 2019: £11.0 million).

Equity

Equity reduced to £151.1 million (31 March 2019: £195.7 million), which principally reflects the early payment of dividends in March 2020, ahead of the demerger.

Capital and regulatory position¹

£ million	31 March 2020	31 March 2019
Equity	151.1	195.7
Non-qualifying assets ²	(12.7)	(9.3)
Qualifying capital	138.4	186.4
Dividends declared after year end	-	(64.7)
Estimated regulatory requirement	(96.8)	(86.4)
Expected capital surplus	41.6	35.3

Notes:

1. The above table represents the amalgamated position across Ninety One plc and its subsidiaries and Ninety One Limited and its subsidiaries, which for regulatory capital purposes are separate groups. Both groups of companies had an expected capital surplus at 31 March 2019 and 31 March 2020.

2. Non-qualifying assets comprise assets that are not available to meet regulatory requirements.

Our estimated regulatory capital increased to £96.8 million (31 March 2019: £86.4 million). This provides Ninety One with an expected capital surplus of £41.6 million (31 March 2019: £35.3 million), which is consistent with our intention of maintaining a capital-light balance sheet. The capital requirements for all Ninety One companies are monitored throughout the year.

Dividends

Prior to the demerger, Ninety One paid its final dividends. The Ninety One board of directors recommended no further ordinary or special dividends for the 2020 financial year.

Looking ahead, Ninety One expects to target an ordinary dividend payout ratio of at least 50% of its profit after tax. We will consider paying a special dividend, which will comprise surplus retained earnings not needed for regulatory or specific investment needs, as well as a reasonable buffer as agreed with our board of directors.

There are no plans to increase the current number of shares in issue.

Liquidity

Ninety One maintains a strong liquidity position, which comprises cash and cash equivalents of £194.5 million (31 March 2019: £269.2 million). Ninety One maintains a consistent liquidity management model, with liquidity requirements monitored carefully against its existing and longer-term obligations. To meet the daily requirements of the business and to mitigate its credit exposure, Ninety One diversifies its cash and cash equivalents across a range of suitably credit-rated corporate banks and money funds.

Alternative performance measures

Ninety One uses non-IFRS measures to reflect the manner in which management monitors and assesses the financial performance of Ninety One. In particular, they exclude Silica as it is not core to Ninety One's asset management activities. These non-IFRS measures are considered additional disclosures and in no case are intended to replace the financial information prepared in accordance with the basis of preparation detailed in the consolidated financial statements. Moreover, the way in which Ninety One defines and calculates these measures may differ from the way in which these or similar measures are calculated by other entities. Accordingly, they may not be comparable to measures used by other entities in Ninety One's industry.

These non-IFRS measures are considered to be pro forma financial information for the purpose of the JSE Listings Requirements and are the responsibility of Ninety One's board of directors. The non-IFRS financial information has been prepared with reference to JSE Guidance Letter: Presentation of pro forma financial information dated 4 March 2010 and in accordance with paragraphs 8.15 to 8.33 in the JSE Listings Requirements, the Revised SAICA Guide on Pro forma Financial Information (issued September 2014) and International Standard on Assurance Engagement ("ISAE") 3420 – Assurance Engagements to Report on the Compilation of Pro forma Financial Information included in a Prospectus, to the extent applicable given the Non-IFRS Financial Information's nature. This pro forma financial information has been reported on by KPMG Inc in terms of ISAE 3420 and their unmodified report is available for inspection on the Ninety One website (www.ninetyone.com).

These non-IFRS measures, including reconciliations to their nearest consolidated financial statements equivalents, are as follows:

£ million	Full year 2020	Full year 2019
Net revenue	609.9	556.9
Adjustments		
Silica third-party revenue	(21.2)	(21.8)
Foreign exchange gains	2.1	5.0
Net (losses)/gains on investments	(4.2)	5.1
Deferred employee benefit scheme losses/(gains)	1.0	(5.0)
Other income	0.2	0.4
Rounding	0.2	-
Adjusted operating revenue	588.0	540.6
Of which management fees	565.7	524.6
Of which performance fees	21.5	11.0
Of which foreign exchange gains and other income	0.8	5.0

£ million	Full year 2020	Full year 2019
Operating expenses	413.4	393.7
Adjustments		
Silica net expenses	(19.4)	(20.6)
Deferred employee benefit scheme losses /(gains)	1.0	(5.0)
Interest expense on lease liabilities	3.0	-
Rounding	0.1	-
Adjusted operating expenses	398.1	368.1

£ million	Full year 2020	Full year 2019
Adjusted operating revenue	588.0	540.6
Adjusted operating expenses	(398.1)	(368.1)
Adjusted operating profit	189.9	172.5
Adjusted operating profit margin	32.3%	31.9%

£ million	Full year 2020	Full year 2019
Net interest income	1.7	5.7
Adjustments		
Silica interest	(0.1)	(0.2)
Interest expense on lease liabilities	3.0	-
Other interest expense	(0.1)	-
Adjusted net interest income	4.5	5.5

Foreign currency

Ninety One prepares its financial information in pounds sterling. The results of operations and the financial condition of Ninety One's individual companies are reported in the local currencies of the countries in which they are domiciled, including South African Rand and US Dollars. These results are then translated into pounds sterling at the applicable foreign currency exchange rates for inclusion in the condensed consolidated financial statements. The following table sets out the movements in the relevant exchange rates against pounds sterling for the years ended 31 March 2019 and 2020.

	31 March 2020		31 March 2019	
	Period end	Average	Period end	Average
South African Rand	22.16	18.78	18.79	18.04
US Dollar	1.23	1.27	1.30	1.31

DEFINITIONS

Adjusted earnings per share: Profit attributable to ordinary shareholders, adjusted to remove non-operating items, divided by the number of ordinary shares in issue at the end of the year

Adjusted net interest income: Calculated as net interest income less interest income arising from Silica operations, interest expenses from lease liabilities for office premises, and other interest expenses

Adjusted operating expenses: Calculated as operating expenses less Silica net expenses and deferred employee benefit scheme movements, but including interest expense on lease liabilities

Adjusted operating profit: Calculated as adjusted operating revenue less adjusted operating expenses

Adjusted operating profit margin: Calculated as adjusted operating profit divided by adjusted operating revenue

Adjusted operating revenue: Calculated as net revenue, less Silica third-party revenue and adjusted for foreign exchange gains/losses, deferred employee benefit scheme movements, and other income.

ASISA: Association for Savings and Investment South Africa represents the majority of the country's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers and life insurance companies

Assets under management (AUM): The aggregate assets managed on behalf of clients. For some private markets investments, the aggregate value of assets managed is based on committed funds by clients; this is changed to the lower of committed funds and net asset value, in line with the fee basis. Where cross investment occurs, assets and flows are identified, and the duplication is removed. AUM excludes assets administered for third-party clients by Silica

Average AUM: Calculated as a 13-point average of opening AUM for the year, and the month end AUM for the subsequent 12 months

Average fee rate: Management fee revenue divided by the average AUM (annualised for non-twelve month periods), expressed in basis points

Basic earnings per share (Basic EPS): Profit after tax attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year, excluding own shares held by Ninety One share schemes

Compensation ratio: Total staff expenses excluding Silica and deferred employee benefit schemes as a percentage of adjusted operating revenue

Diluted earnings per share: Profit for the year attributable to ordinary shareholders 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 the conversion of all the potentially dilutive shares into ordinary shares

GIFS: Global Investment Fund Sectors are international categories developed and tested by Standard and Poor's

Headline earnings per share (HEPS): Ninety One is required to calculate HEPS in accordance with JSE Listing Requirements, determined by reference to circular 1/2019 "Headline Earnings" issued by the South African Institute of Chartered Accountants

IA: The Investment Association is the trade body that represents investment managers and asset management firms in the UK

Johannesburg Stock Exchange (JSE): The exchange operated by JSE Limited, a public company incorporated and registered in South Africa, under the Financial Markets Act

London Stock Exchange (LSE): The securities exchange operated by London Stock Exchange plc under the Financial Services and Markets Act 2000, as amended

Net flows: The increase in AUM received from clients, less the decrease in AUM withdrawn by clients, during a given period. Where cross investment occurs, assets and flows are identified, and the duplication is removed

Net revenues: Represents revenue in accordance with IFRS, less commission expense

Quality investment capability: One of Ninety One's equities capabilities, which aims to identify businesses with strong, consistent track records with embedded identifiable strategies, low leverage, strong management teams and good governance structures

Torque ratio: The relative scale of net flows in relation to the overall size of the business, expressed as a percentage. Calculated as net flows for the relevant period divided by AUM as at the first day of that period (annualised for non-twelve month periods)

Review report

The condensed consolidated financial statements, which comprise the condensed consolidated statement of financial position at 31 March 2020 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the year then ended and the notes to such condensed consolidated financial statements and the annexure to the consolidated financial statements, have been reviewed by KPMG Inc., in accordance with paragraph 3.18(c) of the JSE Listings Requirements, who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

Preparation of condensed consolidated financial statements

These condensed consolidated financial statements have been prepared by management under the supervision of the Finance Director, Kim McFarland CA (SA). The board of directors take full responsibility for the preparation of the condensed consolidated financial statements.

On behalf of the board of directors

Hendrik du Toit
Chief Executive Officer

Kim McFarland
Finance Director

20 May 2020

20 May 2020

CONDENSED CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2020

		2020	2019
	Notes	£'m	£'m
Revenue	2	761.0	696.6
Commission expense		(151.1)	(139.7)
Net revenue		609.9	556.9
Operating expenses	3	(413.4)	(393.7)
Net (loss)/gain on investments		(4.2)	5.1
Foreign exchange gain		2.1	5.0
Other income		0.2	0.4
Operating profit		194.6	173.7
Net interest income	4	1.7	5.7
Profit before tax and exceptional items		196.3	179.4
Exceptional items			
Financial impact of group restructures	17(a)	(10.9)	(1.5)
Ninety One share scheme implementation	17(b)	13.1	-
Gain on disposal of subsidiary		-	0.5
Profit before tax		198.5	178.4
Tax expense	5	(42.5)	(38.6)
Profit after tax		156.0	139.8
Profit attributable to:			
Shareholders		155.4	139.3
Non-controlling interests		0.6	0.5
		156.0	139.8
Earnings per share (pence)			
Basic and diluted	6(a)	16.8	15.1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 £'m	2019 £'m
Profit after tax	156.0	139.8
Other comprehensive income/(loss) for the year		
<i>Items that will not be reclassified to profit or loss:</i>		
Net actuarial losses on pension fund asset/liability	(1.8)	(2.4)
Deferred tax on revaluation of pension fund asset/liability	0.4	0.4
Deferred tax on other movements through other comprehensive income	0.1	-
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign subsidiaries	(10.2)	(9.9)
Other comprehensive loss for the year	(11.5)	(11.9)
Total comprehensive income for the year	144.5	127.9
Total comprehensive income attributable to:		
Shareholders	143.9	127.4
Non-controlling interests	0.6	0.5
	144.5	127.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	2020 £'m	2019 £'m
Assets			
Investments	8	4.8	5.3
Investment in associate		0.3	-
Property and equipment	2	18.0	7.7
Right-of-use assets	14	90.7	-
Deferred tax assets		25.2	25.3
Other receivables		6.2	5.8
Pension fund asset		-	0.2
Total non-current assets		145.2	44.3
Investments	8	72.3	72.4
Linked investments backing policyholder funds	7	6,988.5	8,173.7
Income tax recoverable		4.4	1.2
Trade and other receivables		246.4	241.8
Cash and cash equivalents	9	194.5	269.2
Total current assets		7,506.1	8,758.3
Total assets		7,651.3	8,802.6
Liabilities			
Other liabilities	12	39.3	44.9
Lease liabilities	14	98.9	-
Pension fund obligation		1.8	-
Deferred tax liabilities		5.7	15.3
Total non-current liabilities		145.7	60.2
Policyholder investment contract liabilities	11	7,002.8	8,190.9
Other liabilities	12	37.6	32.6
Lease liabilities	14	2.7	-
Trade and other payables	13	304.3	311.2
Deferred income		-	0.2
Income tax payable		7.1	11.8
Total current liabilities		7,354.5	8,546.7
Equity			
Share capital	10(a)	441.2	441.2
Own share reserve	10(b)	(9.9)	-
Other reserves	10(c)	(351.6)	(346.1)
Retained earnings		71.0	100.0
Shareholders' equity excluding non-controlling interests		150.7	195.1
Non-controlling interests		0.4	0.6
Total equity		151.1	195.7
Total equity and liabilities		7,651.3	8,802.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

		Share capital	Own share reserve	Total other reserves	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
	Notes	£'m	£'m	£'m	£'m	£'m	£'m	£'m
1 April 2019		441.2	-	(346.1)	100.0	195.1	0.6	195.7
Profit for the year		-	-	-	155.4	155.4	0.6	156.0
Other comprehensive loss		-	-	(10.2)	(1.3)	(11.5)	-	(11.5)
Total comprehensive income		-	-	(10.2)	154.1	143.9	0.6	144.5
Transactions with shareholders of the Group								
Share-based payment transactions related to Ninety One share scheme	10(c)(iv)	-	-	4.7	-	4.7	-	4.7
Own shares purchased	10(b)	-	(9.9)	-	-	(9.9)	-	(9.9)
Dividends paid ¹		-	-	-	(183.1)	(183.1)	(0.8)	(183.9)
Total transactions with shareholders of the Group		-	(9.9)	4.7	(183.1)	(188.3)	(0.8)	(189.1)
31 March 2020		441.2	(9.9)	(351.6)	71.0	150.7	0.4	151.1
1 April 2018		441.2	-	(336.2)	106.1	211.1	0.6	211.7
Profit for the year		-	-	-	139.3	139.3	0.5	139.8
Other comprehensive loss		-	-	(9.9)	(2.0)	(11.9)	-	(11.9)
Total comprehensive income		-	-	(9.9)	137.3	127.4	0.5	127.9
Transactions with shareholders of the Group								
Share-based payment transactions related to Ninety One share scheme	10(c)(iv)	-	-	-	-	-	-	-
Own shares purchased	10(b)	-	-	-	-	-	-	-
Dividends paid ¹		-	-	-	(143.4)	(143.4)	(0.5)	(143.9)
Total transactions with shareholders of the Group		-	-	-	(143.4)	(143.4)	(0.5)	(143.9)
31 March 2019		441.2	-	(346.1)	100.0	195.1	0.6	195.7

¹Dividends paid relates to the distribution of profit prior to the Date of Demerger.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

		2020	2019
	<i>Notes</i>	£'m	£'m
Net cash flows from operating activities – Shareholders		146.1	112.9
Net cash flows from operating activities – Policyholders		667.5	596.5
Net cash flows from operating activities	<i>16(a)</i>	<u>813.6</u>	<u>709.4</u>
Cash flows from investing activities			
Net (acquisition)/disposal of investments		(3.6)	3.4
Additions to property and equipment		(13.4)	(6.5)
Proceeds from disposal of subsidiary		-	1.8
Net acquisition of linked investments backing policyholder funds	<i>7</i>	(655.0)	(592.7)
Net cash flows from investing activities		<u>(672.0)</u>	<u>(594.0)</u>
Cash flows from financing activities			
Payment of lease liabilities	<i>14(b)</i>	(5.7)	-
Purchase of own shares by EBTs	<i>10(b)</i>	(9.9)	-
Dividends paid		(183.9)	(143.9)
Net cash flows from financing activities		<u>(199.5)</u>	<u>(143.9)</u>
Effect of foreign exchange rate changes		<u>(16.8)</u>	<u>(10.6)</u>
Net change in cash and cash equivalents		(74.7)	(39.1)
Cash and cash equivalents at beginning of year		269.2	308.3
Cash and cash equivalents at end of year	<i>9</i>	<u>194.5</u>	<u>269.2</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Background

On 14 September 2018, Investec plc and Investec Limited (collectively referred to as "**Investec**") announced its plan to demerge and publicly list the asset management business (the "**Ninety One Business**"). The separation was implemented by way of a demerger of the Ninety One Business to a new dual-listed company ("**DLC**") arrangement, comprising Ninety One plc, a public limited company incorporated in England and Wales under the UK Companies Act 2006 and Ninety One Limited, a public company incorporated in the Republic of South Africa under the South African Companies Act 71 of 2008. Investec has retained a minority stake in the Ninety One Business.

As a result of the planned demerger of the Ninety One Business from Investec, Ninety One plc and Ninety One Limited became the holding companies of the Ninety One Business, through a share for share exchange, with Ninety One plc and Ninety One Limited receiving the entire net asset value of the underlying entities of the Ninety One Business, in exchange for the issue of ordinary shares of Ninety One plc and Ninety One Limited to the original stakeholders of the Ninety One Business on a pro rata basis. Upon the completion of the share for share exchange, Ninety One plc and Ninety One Limited together with their direct and indirect subsidiaries formed a DLC arrangement through the Ninety One DLC agreements which is that Ninety One plc and Ninety One Limited are operated as a single corporate group (collectively, the "**Group**") under the agreements. The Group was demerged from Investec on 13 March 2020 (the "**Date of Demerger**") and listed on the London and Johannesburg Stock Exchanges on 16 March 2020 ("**Admission Date**").

1(a) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with:

- the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa;
- the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting;
- the accounting policies applied in the preparation of these condensed consolidated financial statements comply with the measurement and recognition criteria of both IFRS as issued by the International Accounting Standards Board ("IASB") and IFRS as adopted by the EU since the latter are identical in all material respects to current IFRSs as issued by the IASB;
- the accounting policies used were those applied in preparing the combined financial statements of Ninety One Business as reported in the Ninety One prospectus dated 2 March 2020 (the "Prospectus"), which is available on the Group's website and are consistent with the accounting policies that will be applied to the Group's full consolidated financial statements for the year ended 31 March 2020; and
- the requirements in UK Listing Rule R 9.7A with regards the preparation of preliminary statements of annual results.

The condensed consolidated financial statements have been prepared on the historical cost basis with the exception of linked investments backing policyholder funds, policyholder investment contract liabilities, investments, the pension fund asset and the pension fund obligations.

The board of directors have considered the resilience of the Group, taking into account its current financial position, the principal risks facing the business and the impacts that the outbreak of the new coronavirus ("**COVID-19**") and its associated events has had on the Group. The board of directors have considered the impact of COVID-19 by applying various stressed scenarios, including plausible downside assumptions, about the impact on assets under management, profitability of the Group and known commitments. All scenarios show that the Group would continue to operate profitably for a period of at least 12 months from the date of the release of these results. The condensed consolidated financial statements have therefore been prepared on a going concern basis.

The presentation currency of the Group is Pounds Sterling ("**£**"), being the functional currency of Ninety One plc. The functional currency of Ninety One Limited is South African Rand. All values are rounded to the nearest million ("**£m**"), unless otherwise indicated.

Foreign operations are subsidiaries and interests in associated undertakings of the Group, the activities of which are based in a functional currency other than that of the reporting entity. The functional currency of an entity is determined based on the primary economic environment in which the entity operates. Foreign currency transactions are translated into the functional currency of the entity in which the transactions arise, based on rates of exchange ruling at the date of the transactions.

The insertion of Ninety One plc and Ninety One Limited as the ultimate holding companies of the Group via a share-for-share exchange with the original stakeholders of the Ninety One Business (the "**Demerger Transactions**") constitute "transactions under common control" in which merger accounting is applied. Accordingly, the condensed consolidated financial statements are prepared as if the Group had already existed before the start of the earliest period presented.

This provisional announcement does not constitute the Group's full consolidated financial statements for the year ended 31 March 2020. The Group's full consolidated financial statements will be approved by the board of directors and reported on by the auditors in June 2020 and published in July 2020. Accordingly, the financial information for the year ended 31 March 2020 is presented unaudited in this preliminary announcement to satisfy UK reporting requirements and is presented reviewed in this provisional announcement to satisfy the JSE Limited Listings Requirements in South Africa.

The condensed consolidated financial statements were prepared as if the Group had already existed before the start of the earliest period presented. The comparative information is unaudited and not reviewed.

1(b) Accounting judgements and estimates

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group has not identified any significant judgements and estimates at the end of the reporting period. However, the areas that include estimates are related to the valuation of level 3 financial instruments per the fair value hierarchy and the valuation of the pension fund asset/obligation. Management do not expect changes in assumptions to lead to a material adjustment in the future periods. Areas of either estimation or judgement not considered to be significant are presented as follows:

Basis of consolidation

Ninety One plc and Ninety One limited operate under a DLC arrangement as a result of legally binding agreements that were executed at the point of demerger. The effect of the DLC arrangement is that Ninety One plc and Ninety One Limited and their direct and indirect subsidiaries and associates operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS. IFRS does not specifically provide guidance on how to account for such arrangements and hence judgement is required in applying the consolidation principles set out in IFRS 10, Consolidated Financial Statements. The board of directors of Ninety One plc and Ninety One Limited, having assessed the legal agreements referred to above and the requirements of IFRS 10, have concluded that the Group's condensed consolidated financial statements represent the consolidation of the assets, liabilities and the results of Ninety One plc and Ninety One Limited and their direct and indirect subsidiaries and associates. Subsidiaries are those entities controlled by the Group. Subsidiaries are consolidated from the date of the Group obtains control and are excluded from consolidation from the date which the Group loses control.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the Group, as follows:

- Assets and liabilities for the condensed consolidated statements of financial position presented are translated at the closing rate at the reporting date;
- Income and expense items are translated at exchange rates ruling at the date of the transactions;
- All resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve), which is recognised in profit or loss within the condensed consolidated statement of comprehensive income on disposal of the foreign operation, and;
- Cash flow items are translated at the exchange rates ruling at the date of the transactions.

All intra-group balances, income and expenses arising from transactions between companies belonging to the Group were eliminated when preparing the condensed consolidated financial statements. In addition, the investments of the holding companies in the Group were eliminated against the equity of the respective subsidiaries. The share capital of the Group is an aggregation of the share capitals of Ninety One plc and Ninety One Limited.

Lease assets and liabilities

IFRS 16 Leases became effective for periods beginning on or after 1 January 2019. The new standard removes the distinction between operating and finance leases and requires the recognition of a right-of-use asset and corresponding liability for future lease payments. The Group has elected to use the modified retrospective approach and therefore has not restated comparatives information in preparing the 31 March 2020 condensed consolidated financial statements, as permitted under the specific transitional provisions in the standard. Details of the adoption of IFRS 16 are disclosed in note 1 (c).

Exceptional items

Exceptional items are defined as income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Ninety One Business and therefore are not expected to recur frequently or regularly. Such items have been separately presented to enable a better understanding of the Group's operating performance. Exceptional items relate primarily to:

- the costs incurred as part of the demerger and separate listing of the Group in March 2020; and
- the impact of reversing staff expense accruals to fund the investment into the new Ninety One share schemes in March 2020, net of the share scheme expenses which are amortised over the vesting period of the awards under IFRS 2 Share-based Payment.

Details of exceptional items are presented in note 17.

1(c) New standard adopted by the Group

The Group has initially adopted IFRS 16 Leases as from 1 April 2019 (the "**Date of Initial Application**"). IFRS 16 Leases replaces IAS 17 Leases and sets out the principles for recognition, measurement, presentation and disclosure of leases for lessees and lessors. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. It also introduces additional disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has elected to use the modified retrospective approach and therefore has not restated comparative information, as permitted under the specific transitional provisions in the standard.

At the Date of Initial Application, the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates used at the Date of Initial Application. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position of the respective subsidiaries as at 31 March 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payment was 3.37%. The Group has applied the following practical expedients:

- Grandfather the previous assessment of which existing contracts are, or contain, leases in accordance with IAS 17; and
- Not consider on adoption any initial direct costs in the initial calculation of the right-of-use asset.

The following table reconciles the operating lease commitments as disclosed at the end of the annual reporting period of respective subsidiaries immediately preceding the Date of Initial Application to the opening balance for lease liabilities recognised as at the Date of Initial Application.

	1 April 2019
	£'m
Operating lease commitments at 31 March 2019	113.8
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	0.1
	113.9
Less: total future interest expenses	(25.3)
Total lease liabilities recognised at 1 April 2019	88.6

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

- Right-of-use assets increased by £85.3m
- Trade and other payables decreased by £3.3m; and
- Lease liabilities increased by £88.6m

2 Segmental reporting

Revenue primarily consists of management fees and performance fees derived from investment management activities. As an integrated global investment manager, the Group operates a single-segment investment management business. All financial, business and strategic decisions are made centrally by the chief operating decision maker (the "CODM") of the Group. The CODM is the chief executive officer of the Group from time to time. Reporting provided to the CODM is on an aggregated basis which is used for evaluating the Group's performance and the allocation of resources. The CODM monitors operating profit for the purpose of making decisions about resource allocation and performance assessment. Revenue is disaggregated by geographic location of contractual entities, as this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. Non-current assets other than intangibles, investments, deferred tax assets and pension fund assets are allocated based on where the assets are physically located. Non-current assets for this purpose consist of property and equipment.

	2020 £'m	2019 £'m
Revenue from external clients		
United Kingdom and Other	597.4	546.3
Southern Africa	163.6	150.3
Total	<u>761.0</u>	<u>696.6</u>
Performance fees included in revenue above	<u>21.5</u>	<u>11.0</u>
Non-current assets		
United Kingdom and Other	14.8	5.1
Southern Africa	3.2	2.6
Total	<u>18.0</u>	<u>7.7</u>

3 Operating expenses

	2020 £'m	2019 £'m
Staff expenses (Note 3(a))	273.2	263.6
Operating lease expense	-	11.6
Depreciation of right-of-use assets (note 14)	10.7	-
Depreciation of property and equipment	2.5	2.0
Auditors' remuneration	1.5	1.2
Other administrative expenses	125.5	115.3
	<u>413.4</u>	<u>393.7</u>

3(a) Staff expenses

	2020 £'m	2019 £'m
Salaries, wages and other related costs	245.0	236.1
Share-based payments expense related to Investec share scheme	1.2	2.4
Social security costs	17.8	16.7
Pension costs	9.2	8.4
	<u>273.2</u>	<u>263.6</u>

The share based payments expense related to the Ninety One share scheme of £5.2 million (2019: nil) is excluded from the above expenses. See note 17 (b) for more detail.

4 Net interest income

	2020 £'m	2019 £'m
Interest income	4.8	5.7
Interest expense on lease liabilities	(3.0)	-
Other interest expense	(0.1)	-
	<u>1.7</u>	<u>5.7</u>

Interest income consists of interest on financial assets measured at amortised cost.

	2020	2019
	£'m	£'m
5 Tax expense	43.6	40.0
Current tax - current year		
Current tax - adjustment for prior years	(0.2)	0.1
	<u>43.4</u>	<u>40.1</u>
Deferred tax - current year	0.5	(2.0)
Deferred tax - adjustment for prior years	(0.3)	-
Deferred tax - change in corporate tax rate	(1.1)	0.5
	<u>(0.9)</u>	<u>(1.5)</u>
	<u>42.5</u>	<u>38.6</u>

The UK corporate tax rate for 2020 was 19% (2019: 19%). The tax charge in the year is higher (2019: higher) than the standard rate of corporate tax in the UK and the differences are explained below:

	2020	2019
	%	%
Reconciliation of effective tax rate		
Effective rate of taxation	21.4	21.6
Tax effect of non-deductible expenses	(0.3)	(0.2)
Effect on deferred tax balances resulting from a change in tax rate	0.6	(0.3)
Adjustment to tax charge in respect of prior year	0.2	-
Effect of different tax rates applicable in foreign jurisdictions	(2.9)	(2.1)
United Kingdom standard tax rate	<u>19.0</u>	<u>19.0</u>

6 Earnings per share

The Group calculates earnings per share ("EPS") on a number of different bases in accordance with IFRS and prevailing South Africa requirements.

Share transactions such as share issues in respect of the Demerger Transactions are reflected in the EPS denominator as if these transactions had occurred before the year ended 31 March 2019.

6(a) Basic and diluted earnings per share

The calculations of basic and diluted EPS are based on IAS 33 Earnings per share, details are shown as below:

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding own shares held by Ninety One Employee Benefit Trusts.

Diluted earnings per share are calculated by dividing the profit for the year attributable to ordinary shareholders 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 the conversion of all the potentially dilutive shares into ordinary shares. There are no potentially dilutive shares for the year ended 2020 and 2019, therefore the weighted average number of ordinary shares used to calculate the basic and diluted EPS is the same.

	2020	2019
	£'m	£'m
Profits attributable to ordinary shareholders	<u>155.4</u>	<u>139.3</u>

The table below summarises the calculation of the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share:

	Number of shares	Number of shares
Weighted average number of ordinary shares		
Ordinary shares in issue	922,714,076	922,714,076
Less: Own shares held by Ninety One Employee Benefit Trusts	(262,276)	-
Weighted average number of ordinary shares for the purpose of calculating basic and diluted EPS	<u>922,451,800</u>	<u>922,714,076</u>
Earnings per share (pence)		
Basic and diluted	16.8	15.1

6(b) Headline earnings per share

The Group is required to calculate headline earnings per share ("HEPS") in accordance with JSE Listing Requirements, determined by reference to circular 1/2019 "Headline Earnings" issued by the South African Institute of Chartered Accountants.

The table below reconciles the profits attributable to ordinary shareholders to headline earnings and summarises the calculation of basic and diluted HEPS:

	2020	2019
	£'m	£'m
Profits attributable to ordinary shareholders	155.4	139.3
Impairment of investment in associate	(0.2)	-
Gain on disposal of subsidiary	-	(0.5)
Headline earnings and diluted headline earnings	155.2	138.8
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic and diluted EPS (note 6(a))	922,451,800	922,714,076
Headline earnings per share and diluted headline earnings per share (pence)	16.8	15.0

6(c) Adjusted earnings per share

Adjusted earnings per share is the Group's key alternative performance measure which is consistent with the way that financial performance is measured by the senior management of the Group. It is calculated by dividing the adjusted earnings attributable to ordinary shareholders by the total number of ordinary shares in issue at the end of the year. Adjusted earnings are calculated to reflect the underlying long-term performance of the Group by excluding the impact of the following items:

- exceptional items;
- interest income excluding Silica's interest;
- profit or loss arising from entities which are not reflecting the core business of the Group (Silica); and
- relevant tax impact on adjusting items.

The table below reconciles the profit for the financial year to adjusted earnings and summarises the calculation of adjusted EPS:

	2020	2019
	£'m	£'m
Profits attributable to ordinary shareholders	155.4	139.3
Adjusting items		
Financial impact of group restructures	10.9	1.5
Ninety One share scheme implementation	(13.1)	-
Gain on disposal of subsidiary	-	(0.5)
Interest income excluding Silica's interest	(4.5)	(5.5)
Profit from Silica	(1.9)	(1.4)
Tax on adjusting items	2.0	1.6
Adjusted earnings attributable to ordinary shareholders	148.8	135.0
	Number of shares	Number of shares
Total number of ordinary shares	922,714,076	922,714,076
Adjusted earnings per share (pence)	16.1	14.6

	2020	2019
	£'m	£'m
7 Linked investments backing policyholder funds		
Quoted investments at fair value		
Equities	412.3	836.9
Interest-bearing stocks, debentures and other loans	1,429.5	1,760.5
Derivatives	(30.9)	-
	<u>1,810.9</u>	<u>2,597.4</u>
Unquoted investments at fair value		
Collective investment schemes	2,886.4	3,396.2
Mutual funds	1,233.9	1,125.4
Equities	4.5	4.9
Interest bearing stocks, debentures and other loans	824.2	907.3
Derivatives	(13.5)	(12.9)
Cash and cash equivalents	242.1	155.4
	<u>5,177.6</u>	<u>5,576.3</u>
	<u>6,988.5</u>	<u>8,173.7</u>
Opening balance	8,173.7	8,424.2
Net fair value (losses)/gains on linked investments backing policyholder funds	(588.7)	159.7
Net acquisition of linked investments backing policyholder funds	655.0	592.7
Exchange adjustment	(1,251.5)	(1,002.9)
Closing balance	<u>6,988.5</u>	<u>8,173.7</u>
	2020	2019
	£'m	£'m
8 Investments		
Non-current		
Investments in unlisted investment vehicles	<u>4.8</u>	<u>5.3</u>
Current		
Deferred compensation investments	70.6	71.2
Investments in pooled vehicles	1.7	1.2
	<u>72.3</u>	<u>72.4</u>
Investments are initially recognised at fair value and subsequently measured at fair value through profit or loss in accordance with IFRS 9.		
	2020	2019
	£'m	£'m
9 Cash and cash equivalents		
Cash at bank and on hand	152.0	82.6
Money Market Funds	42.5	186.6
	<u>194.5</u>	<u>269.2</u>
Cash balances within linked investments backing policyholder funds are not included as they are not due to the Group.		

10 Share capital and other reserves

10(a) Share capital

Ordinary shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. The value of the Group's share capital consists of the number of ordinary shares in issue in Ninety One plc and Ninety One Limited multiplied by their nominal value. The comparative figures are presented as if the Demerger Transactions had occurred at the beginning of the year ended 31 March 2019.

The tables below provide details of the share capital of Ninety One plc and Ninety One Limited.

As at 31 March 2020 and 2019

Ninety One plc	Number of shares	Nominal value £'m
Ordinary shares of £0.0001 each, issued, allotted and fully paid	622,624,622	0.1
Special shares ¹ :		
Special converting shares	300,089,454	-
UK DAS Share	1	-
UK DAN Share	1	-
Special voting share	1	-
Ninety One plc balance as at 31 March 2020 and 2019		0.1

On the Date of Demerger, Ninety One plc acquired the net assets of Ninety One UK Limited (previously Investec Asset Management Limited), the former holding company of the Ninety One Business in the UK, from Investec and Forty Two Point Two for a consideration of £915.3 million. The transfer was effected by the issue of 622,624,621 ordinary shares by Ninety One plc, with the balance giving rise to the share premium of £732.2 million and a merger reserve of £183.0 million, being the differences of the nominal value of shares issued and the consideration of the acquired net assets of Ninety One UK Limited. Share premium was subsequently transferred to distributable reserve by means of the reduction of share capital.

Ninety One Limited	Number of shares	Nominal value £'m
Ordinary shares with no par value, issued, allotted and fully paid	300,089,454	441.1
Special shares ¹ :		
Special converting shares	622,624,622	-
SA DAS Share	1	-
SA DAN Share	1	-
Special voting share	1	-
Ninety One Limited balance as at 31 March 2020 and 2019		441.1

On the Date of Demerger, Ninety One Limited acquired the net assets of Ninety One Africa Proprietary Limited (previously Investec Asset Management Holding Proprietary Limited), the former holding company of the Ninety One Business in Southern Africa, from Investec and Forty Two Point Two for a consideration of £441.1 million. The transfer was effected by the issue of 300,089,454 ordinary shares by Ninety One Limited.

Total ordinary shares in issue and share capital as at 31 March 2020 and 2019	922,714,076	441.2
--	--------------------	--------------

¹ Special shares will not have any rights to vote, except on a resolution either to vary the rights attached to such share or on a winding-up of Ninety One plc or Ninety One Limited, nor any right to receive any dividend or other distribution by Ninety One plc or Ninety One Limited.

10(b) Own share reserve

The Group established the employee benefit trusts ("EBTs") for the purpose of purchasing the Group's shares and satisfying the share-based payment awards granted to employees. The EBTs are funded and operated by the relevant entity of the Group and hold shares that have not vested unconditionally to employees of the Group. The EBTs are consolidated into the Group's condensed financial statements, with any Ninety One shares held by the EBTs classified as own shares deducted from equity of the Group's condensed consolidated statement of financial position. These shares are recorded at cost, no gain or loss is recognised in the Group's condensed consolidated income statements on the purchase, sale, issue or cancellation of these shares.

Movements in the own shares reserve during the year were as follows:

	2020 £'m
Opening balance	-
Own shares purchased	(9.9)
Closing balance	(9.9)

6.4 million ordinary shares were purchased and held within the EBTs during the year.

10(c) Other reserves

The following tables show the movements in other reserves during the year:

	Share premium £m (i)	Distributable reserve £'m (i)	Merger reserve £'m (ii)	DLC reserve £'m (iii)	Share-based payments reserve £'m (iv)	Foreign currency translation reserve £'m (v)	Total £'m
At 1 April 2019	-	732.2	183.0	(1,236.5)	-	(24.8)	(346.1)
Exchange differences on translating foreign subsidiaries	-	-	-	-	-	(10.2)	(10.2)
Share-based payment transactions	-	-	-	-	4.7	-	4.7
At 31 March 2020	-	732.2	183.0	(1,236.5)	4.7	(35.0)	(351.6)
At 1 April 2018	732.2	-	183.0	(1,236.5)	-	(14.9)	(336.2)
Transfer to distributable reserve	(732.2)	732.2	-	-	-	-	-
Exchange differences on translating foreign subsidiaries	-	-	-	-	-	(9.9)	(9.9)
At 31 March 2019	-	732.2	183.0	(1,236.5)	-	(24.8)	(346.1)

(i) Share premium and distributable reserve

The share premium amounting to £732.2 million arising from the Demerger transactions described in note 10(a), being the premium of shares issued by Ninety One plc to Investec plc shareholders in exchange for the 80 percent stake in Ninety One UK Limited, was subsequently transferred to a distributable reserve by effecting a court approved reduction of capital, reducing its share premium account in order to create a distributable reserve for future distributions.

(ii) Merger reserve

The merger reserve of £183 million is a legally created reserve that represents the premium of shares issued by Ninety One plc to Forty Two Point Two in exchange for its 20 percent (less one share) stake in Ninety One UK Limited. This transaction attracted merger relief under section 612 of the Companies Act 2006.

(iii) DLC reserve

The DLC reserve of £1,236.5 million is an accounting reserve in equity to reflect the difference between the consideration for the acquired net assets of Ninety One UK Limited and Ninety One Africa Proprietary Limited (i.e. value of shares issued by Ninety One plc and Ninety One Limited) amounting to £1,356.4 million and the share capital and share premium of Ninety One UK Limited and Ninety One Africa Proprietary Limited amounting to £119.9 million.

(iv) Share-based payment reserve

The share-based payment reserve of £4.7m comprises the fair value of share awards granted which are yet to be exercised. The amount will be reversed to own share reserve when the related awards are forfeited or vested and transferred to the employee.

(v) Foreign currency translation reserve

The foreign currency translation reserves of £35.0 million (2019: £24.8 million) represent the exchange differences arising from the translation of the financial statements of foreign subsidiaries.

11	Policyholder investment contract liabilities	2020	2019
		£'m	£'m
	Opening balance	8,190.9	8,446.1
	Investment income on linked investments backing policyholder funds	452.9	442.7
	Net fair value (losses)/gains on linked investments backing policyholder funds	(588.7)	159.7
	Investment and administration expenses	(27.6)	(24.9)
	Income tax expense – Policyholders' funds	4.5	(6.7)
	Surplus transferred to shareholders	(28.3)	(27.1)
	Net fair value change on policyholder investment contract liabilities	(187.2)	543.7
	Contributions	975.1	930.0
	Withdrawals	(722.1)	(723.5)
	Exchange adjustment	(1,253.9)	(1,005.4)
		7,002.8	8,190.9
12	Other liabilities	2020	2019
		£'m	£'m
	Non-current deferred compensation liabilities	39.3	44.9
	Current deferred compensation liabilities	37.6	32.6
		76.9	77.5
	The above liabilities include applicable employer tax.		
13	Trade and other payables	2020	2019
		£'m	£'m
	Employee related payables	145.4	152.7
	Trade payables	158.1	154.8
	Amounts payable to Investec	0.8	3.7
		304.3	311.2
14	Leases		
14(a)	Amount recognised in the condensed consolidated statement of financial position applying IFRS 16		2020
			£'m
	Right-of-use assets		
	Office premises		90.7
	Additions to the right-of-use assets during the year ended 31 March 2020 were £19.2m.		
	Lease liabilities		
	Current		2.7
	Non-current		98.9
			101.6
	The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current reporting period:		
		2020	
		Present value of the minimum lease payments	Total minimum lease payments
		£'m	£'m
	Within one year	2.7	2.8
	Between one and five years	20.2	35.4
	Over five years	78.7	90.7
		101.6	128.9

14(b) Amount recognised in the condensed consolidated income statement applying IFRS 16	2020
	£'m
Depreciation charge of right-of-use assets	10.7
Interest expense on lease liabilities	3.0
The total cash outflow for leases during the year ended 31 March 2020 was £5.7m.	

14(c) For the year ended 31 March 2019, commitments for minimum lease payments in relation to non-cancellable operating leases were payable as follows:

	2019
	£'m
Within one year	5.9
Between one and five years	26.4
Between five and ten years	81.5
	113.8

15 Fair value of financial instruments

The fair values of all financial instruments are substantially similar to carrying values reflected in the statement of financial position as they are short term in nature, subject to variable, market-related interest rates or stated at fair value in the statement of financial position. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques where one or more significant inputs are unobservable.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

		Level 1	Level 2	Level 3	Total
	<i>Notes</i>	£'m	£'m	£'m	£'m
As at 31 March 2020					
Deferred compensation investments	8	70.6	-	-	70.6
Investments in pooled vehicles	8	1.7	-	-	1.7
Unlisted investment vehicle	8	-	-	4.8	4.8
Investments backing policyholder funds	7	1,810.9	5,137.3	40.3	6,988.5
Policyholder investment contract liabilities	11	(1,810.9)	(5,151.6)	(40.3)	(7,002.8)
		72.3	(14.3)	4.8	62.8
As at 31 March 2019					
Deferred compensation investments	8	71.2	-	-	71.2
Investments in pooled vehicles	8	1.2	-	-	1.2
Unlisted investment vehicle	8	-	-	5.3	5.3
Investments backing policyholder funds	7	2,597.4	5,568.7	7.5	8,173.6
Policyholder investment contract liabilities	11	(2,597.4)	(5,586.0)	(7.5)	(8,190.9)
		72.4	(17.3)	5.3	60.4

During the year ended 2020 and 2019, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Unlisted investment vehicles represent the Group's investment in Investec Africa Private Equity Fund 2 GP LP and investment in Growthpoint Investec African Properties Limited. The input used in measuring its fair value is the audited net asset value of the underlying investment which is calculated by the General Partner.

Investments backing policyholder funds/ policyholder investment contract liabilities include derivatives that are not actively traded and the principal input in their valuation (i.e. credit spreads) are unobservable. Accordingly, an alternative valuation methodology has been applied being either an EBITDA multiple or expected cost recovery. A sensitivity analysis has not been presented as the "stressing" of the significant unobservable inputs applied in the valuation does not have a material impact on the condensed consolidated financial statements.

The movements during the year in the balance of the level 3 fair value measurements are as follows:

	2020	2019
	£'m	£'m
Opening balance	5.3	4.0
Purchase of investments	2.8	1.0
Unrealised (loss)/gain on investments	(3.3)	0.3
Closing balance	4.8	5.3

16 Notes to the statement of cash flows

16(a) Reconciliation of net cash from operating activities

	Notes	2020	2019
		£'m	£'m
Profit before tax		198.5	178.4
Adjusted for:			
Net loss/(gain) on investments		4.2	(5.1)
Depreciation of property and equipment	3	2.5	2.0
Depreciation of right-of-use assets	14(b)	10.7	-
Net interest income	4	(1.7)	(5.7)
Net loss of pension fund		0.1	0.1
Net fair value losses/(gains) on linked investments backing policyholder funds	7	588.7	(159.7)
Net fair value change on policyholder investment contract liabilities	11	(187.2)	543.7
Net contribution received from policyholders		253.0	206.5
Gain on disposal of subsidiary		-	(0.5)
Share of profit from associate		(0.2)	-
Share-based payments amortisations related to Ninety One share scheme		4.7	-
Working capital changes:			
Trade and other receivables		(5.0)	(21.4)
Trade and other payables		(3.6)	29.2
Deferred income		(0.2)	-
Other liabilities		(0.6)	0.7
Cash flows from operations		863.9	768.2
Interest received		4.8	5.7
Interest paid		(0.7)	-
Income tax paid		(54.4)	(64.5)
Net cash flows from operating activities		813.6	709.4

Refer to the Annexure on page 38 for the split of shareholder and policyholder cash flows.

16(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the condensed consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities
	2019
	£'m
As at 31 March 2019	-
Impact on initial application of IFRS 16	88.6
Changes from financing cash flows:	
Principal elements of lease payments	(5.2)
Interest elements of lease payments	(0.5)
	(5.7)
Other changes:	
Net change in lease liabilities from entering into new leases	16.2
Interest expenses	3.0
	19.2
Exchange adjustments	(0.5)
As at 31 March 2020	101.6

17 Exceptional items

Exceptional items are defined as income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Group and therefore are not expected to recur frequently or regularly. Exceptional items are set out as below:

17(a) Financial impact of group restructures

The financial impact amounting to £10.9m (2019: £1.5 million) are the costs incurred in separating from Investec which mainly consist of costs on rebranding and network migration.

17(b) Ninety One share scheme implementation

The Group established two new long term incentive plans and a UK tax advantaged share incentive plan with effect from the Admission Date. Before the Demerger, the Ninety One Business operated a bonus deferral arrangement where a portion of selected employees' annual bonuses are deferred into investment funds managed by the Ninety One Business. The Ninety One share schemes are intended to complement this arrangement and allow for a portion of the annual bonus to be deferred into an award under the Ninety One share scheme.

Due to the terms attaching to these incentive plans, previously expensed bonus deferral costs for relevant employees are fully reversed and replaced by costs of the new long term incentive plans over their vesting period. The net impact of reversing costs related to the deferred bonus arrangement into the Ninety One share scheme in March 2020 is set out as below:

	2020
	£'m
Reversal of costs related to the deferred bonus arrangement	18.3
Recognition of share-based payment expense and other related costs for the Ninety One share scheme	(5.2)
	13.1

These expenses are not expected to be exceptional in future periods.

18 Events after the reporting date

The condensed consolidated financial statements reflect the impact of the COVID-19 pandemic up to the end of the reporting period. In the second quarter of 2020, the ongoing COVID-19 pandemic has led to disruption to business and economic activity which has been reflected in recent fluctuations in global stock markets. The Group considers the continued spread of COVID-19 to be a non-adjusting post balance sheet event. The board of directors have considered the impact of COVID-19 by applying various stressed scenarios, including plausible downside assumptions, about the impact on assets under management, profitability of the Group and known commitments. All scenarios show that the Group would continue to operate profitably for a period of at least 12 months from the date of the release of these results.

ANNEXURE TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statement of financial position (including policyholder figures)

	2020			2019		
	<i>Policyholders</i>	<i>Shareholders</i>	<i>Total</i>	<i>Policyholders</i>	<i>Shareholders</i>	<i>Total</i>
	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>
Assets						
Investments	-	4.8	4.8	-	5.3	5.3
Investment in associate	-	0.3	0.3	-	-	-
Property and equipment	-	18.0	18.0	-	7.7	7.7
Right-of-use assets	-	90.7	90.7	-	-	-
Deferred tax assets	-	25.2	25.2	-	25.3	25.3
Other receivables	-	6.2	6.2	-	5.8	5.8
Pension fund asset	-	-	-	-	0.2	0.2
Total non-current assets	-	145.2	145.2	-	44.3	44.3
Investments	-	72.3	72.3	-	72.4	72.4
Linked investments backing policyholder funds	6,988.5	-	6,988.5	8,173.7	-	8,173.7
Income tax recoverable	0.1	4.3	4.4	-	1.2	1.2
Trade and other receivables	67.2	179.2	246.4	60.3	181.5	241.8
Cash and cash equivalents	-	194.5	194.5	-	269.2	269.2
Total current assets	7,055.8	450.3	7,506.1	8,234.0	524.3	8,758.3
Total assets	7,055.8	595.5	7,651.3	8,234.0	568.6	8,802.6
Liabilities						
Other liabilities	-	39.3	39.3	-	44.9	44.9
Lease liabilities	-	98.9	98.9	-	-	-
Pension fund obligation	-	1.8	1.8	-	-	-
Deferred tax liabilities	5.6	0.1	5.7	15.3	-	15.3
Total non-current liabilities	5.6	140.1	145.7	15.3	44.9	60.2
Policyholder investment contract liabilities	7,002.8	-	7,002.8	8,190.9	-	8,190.9
Other liabilities	-	37.6	37.6	-	32.6	32.6
Lease liabilities	-	2.7	2.7	-	-	-
Trade and other payables	47.4	256.9	304.3	27.7	283.5	311.2
Deferred income	-	-	-	-	0.2	0.2
Income tax payable	-	7.1	7.1	0.1	11.7	11.8
Total current liabilities	7,050.2	304.3	7,354.5	8,218.7	328.0	8,546.7
Equity						
Share capital	-	441.2	441.2	-	441.2	441.2
Own share reserve	-	(9.9)	(9.9)	-	-	-
Other reserves	-	(351.6)	(351.6)	-	(346.1)	(346.1)
Retained earnings	-	71.0	71.0	-	100.0	100.0
Shareholders' equity excluding non-controlling interests	-	150.7	150.7	-	195.1	195.1
Non-controlling interests	-	0.4	0.4	-	0.6	0.6
Total equity	-	151.1	151.1	-	195.7	195.7
Total equity and liabilities	7,055.8	595.5	7,651.3	8,234.0	568.6	8,802.6

Condensed consolidated statement of cash flows (including policyholder figures)

	2020			2019		
	<i>Policyholders</i>	<i>Shareholders</i>	<i>Total</i>	<i>Policyholders</i>	<i>Shareholders</i>	<i>Total</i>
	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>	<i>£'m</i>
Cash flows from operating activities						
Profit before tax	-	198.5	198.5	-	178.4	178.4
Adjusted for:						
Net loss/(gain) on investments	-	4.2	4.2	-	(5.1)	(5.1)
Depreciation of property and equipment	-	2.5	2.5	-	2.0	2.0
Depreciation of right-of-use assets	-	10.7	10.7	-	-	-
Net interest income	-	(1.7)	(1.7)	-	(5.7)	(5.7)
Net loss of pension fund	-	0.1	0.1	-	0.1	0.1
Net fair value losses/(gains) on linked investments backing policyholder funds	588.7	-	588.7	(159.7)	-	(159.7)
Net fair value change on policyholder investment contract liabilities	(187.2)	-	(187.2)	543.7	-	543.7
Net contribution received from policyholders	253.0	-	253.0	206.5	-	206.5
Gain on disposal of subsidiary	-	-	-	-	(0.5)	(0.5)
Share of profit from associate	-	(0.2)	(0.2)	-	-	-
Share-based payments amortisations related to Ninety One share scheme	-	4.7	4.7	-	-	-
Working capital changes:						
Trade and other receivables	(6.8)	1.8	(5.0)	11.3	(32.7)	(21.4)
Trade and other payables	19.8	(23.4)	(3.6)	(5.3)	34.5	29.2
Deferred income	-	(0.2)	(0.2)	-	-	-
Other liabilities	-	(0.6)	(0.6)	-	0.7	0.7
Cash flow from operations	667.5	196.4	863.9	596.5	171.7	768.2
Interest received	-	4.8	4.8	-	5.7	5.7
Interest paid	-	(0.7)	(0.7)	-	-	-
Income tax paid	-	(54.4)	(54.4)	-	(64.5)	(64.5)
Net cash flows from operating activities	667.5	146.1	813.6	596.5	112.9	709.4
Cash flows from investing activities						
Net (acquisition)/disposal of investments	-	(3.6)	(3.6)	-	3.4	3.4
Additions to property and equipment	-	(13.4)	(13.4)	-	(6.5)	(6.5)
Proceed from disposal of subsidiary	-	-	-	-	1.8	1.8
Net acquisition of linked investments backing policyholder funds	(655.0)	-	(655.0)	(592.7)	-	(592.7)
Net cash flows from investing activities	(655.0)	(17.0)	(672.0)	(592.7)	(1.3)	(594.0)
Cash flows from financing activities						
Payment of lease liabilities	-	(5.7)	(5.7)	-	-	-
Purchase of own shares by EBTs	-	(9.9)	(9.9)	-	-	-
Dividends paid	-	(183.9)	(183.9)	-	(143.9)	(143.9)
Net cash flows from financing activities	-	(199.5)	(199.5)	-	(143.9)	(143.9)
Effect of foreign exchange rate changes	(12.5)	(4.3)	(16.8)	(3.8)	(6.8)	(10.6)
Net change in cash and cash equivalents	-	(74.7)	(74.7)	-	(39.1)	(39.1)
Cash and cash equivalents at beginning of year	-	269.2	269.2	-	308.3	308.3
Cash and cash equivalents at end of year	-	194.5	194.5	-	269.2	269.2