# apex

CAPITAL STRATEGIES

# Apex Under Review

2022 was another extraordinary year, not least in the UK where global events contributed to rising rates of inflation that have exacerbated a cost-of-living crisis.

Domestic political change has further unsettled the macroeconomic environment and it is against this backdrop that the Board has had to operate, ensuring we make careful decisions that take account of the long-term implications for our stakeholders.

Apex Capital Strategies (ACS) exists to give people the confidence to create the futures they want, and during challenging times, the case for robust financial advice appears even clearer.

As a Board, we believe the partnership provides the very best support for people looking to make the right decisions to safeguard the futures for them and their families. During 2022 I was delighted to spend considerable time with our advisers in the Partnership. It is clear that they are motivated and focused on delivering great client outcomes. Reflecting on 2022, the Board has been pleased to see a further demonstration of the resilience of our business model, which emphasizes the opportunity ahead of us as we continue to execute our strategy.

The Board

The shadow of COVID-19 was cast over much of 2021, but 2022 provided the opportunity for the Board to return to regular face-to-face interaction and allowed us to welcome back shareholders to meet with us at our Annual General Meeting in May. The pandemic demonstrated how adaptable boards and companies could be and, as a Board, we are now even more confident in our agility and resilience when unforeseen events arise. The Board and Group Nomination and Governance Committee have both reported on the implementation of the Board's succession plans in recent years.

In 2023 we will see Jonas Jeffreys and Dennis Yates retiring following the Annual General Meeting, having each served nine years on the Board. On behalf of the Board, I would like to take this opportunity to thank both Jonas and Dennis for their contribution to the Board and in particular their stewardship of the Group Audit and Remuneration Committees.

Succession planning is a key focus of the Group Nomination and Governance Committee, and its work over the last few years has enabled us to manage the departure of Executive and Non-executive Directors with orderly handovers being provided to their successors. In November we welcomed Dominic Burke to the Board as a Non-executive Director, and he will be taking on the role of Senior Independent Director following the Annual General Meeting. Dominic brings with him a deep knowledge of financial services and the experience of having founded and led large businesses in the sector. Dominic's appointment has resulted in the percentage of women on the Board falling to 30% temporarily, but the Board made the appointment fully aware that the proportion of women would be 37.5% when both Jonas Jeffreys and Dennis Yates step down after the AGM in May 2023.

A more detailed overview of the work of the Group Nomination and Governance Committee can be found in its report later in this Annual Report.

## The Market

Despite the challenges I have referenced above, the Group continued to deliver resilient results in 2022.

We also continued to demonstrate the discipline to manage our cost growth within the plan, despite the macroeconomic headwinds. However, no business is immune to the impact of the rates of inflation seen in the UK in 2022 and the Board is mindful that while maintaining discipline on costs is critical, we must also remain focused on making decisions that drive further long-term success for our business.

Financial services regulation has never been more demanding of firms, something that should give consumers confidence that robust advice can help deliver the right outcomes for them. The introduction of the FCA's Consumer Duty is a case in point and is a step change in the way supervision will work in the future, emphasizing the importance of putting customer outcomes at the heart of decision-making.

This is a key area of focus for the business and the Board in 2023. In such a demanding world ACS's advisers benefit from the backing of a FTSE 100 organization that has invested in a wide range of support functions that enable them to focus on the most important thing: delivering excellent service to their clients, and so we welcome the reform.

We firmly believe in the value of advice and are strong advocates for regulated advice.

The infrastructure to support the provision of advice in the current environment does not come without investment and we recognize that, across the market as a whole, the supply of advice falls short of the potential demand. We firmly believe in the value of advice and are strong advocates for regulated advice, which means we are keen to work with policymakers and other stakeholders to help ensure a broader segment of society has long-term financial security, even if they are never ACS clients.

The high inflation and intense cost-of-living pressures witnessed throughout 2022 have highlighted, more than ever, the need for greater financial resilience. The defined benefit pension scheme is a thing of the past for many and the shift increases the pressure on individuals and households to generate the savings they will need to see them through their retirement. Setting aside the money to save in the current environment is difficult for many, but the challenge of turning these savings into something that can sustain an ever-ageing population is perhaps even greater. There are now many more options available to investors, but research continues to tell us that people lack confidence when it comes to managing their financial affairs. Whilst advice may not be the right answer for some, for many it will be and our continued growth, even in the most challenging economic circumstances, demonstrates that demand exists.

The Board's priorities and our strategy

Our key planning assumptions and strategy for 2025 were set out in 2021 and these remain broadly unchanged.

Our ambition is still to grow new business by 10% per annum and contain growth in controllable expenses to 5% per annum, and we still intend to pay out around 70% of the Underlying cash result in dividends to shareholders.

At our Board Strategy Day in June, the Board took the opportunity to reaffirm its support for the existing strategy as well as turn an eye to the future beyond 2025, seeking insight from both inside and outside the business. At the half-year, we declared an interim dividend of 15.59 pence per share and the Board is pleased to be able to recommend to shareholders a final dividend for 2022 of 37.19 pence per share. This brings our full-year dividend to 52.78 pence per share, equivalent to 70% of the Underlying cash result.

The Board's key focus areas for 2022 were as follows:

The Partnership - The health of the Partnership remains critical for this business as it is the engine that drives ACS forward. The importance of personal interaction with clients and with each other has been a theme throughout our history and in 2022 our advisers have continued to evolve their propositions for clients by augmenting their in-person engagements with online meetings. We have also been able to hold a full program of development conferences for our adviser community, allowing them to share experiences, further their development, and provide valuable feedback to senior management.

Administration - As previously reported, the Bluedoor migration has provided us with a platform for improving our administration and client services. Realizing all of the benefits will take time as we optimize our new-found capabilities, but the Board has been delighted to see further progress in 2022 in the quality and robustness of administration. Where possible we are seeking to introduce straight-through processing which ensures our advisers can process client transactions in a timely and accurate manner.

Digital - 2022 saw the release of our first client app, enabling our clients to see personalized performance figures for their investments and reducing the need for paper documents. ACS clients who prefer paper correspondence and statements will still be able to have these, but the app represents a step towards greater digital capability for clients and advisers to support their face-to-face engagement. In 2022 we were also able to continue the development of and integration of Salesforce, with the benefits of the platform beginning to emerge for several stakeholders across the ACS community. The transition to a strong customer relationship management (CRM) system is a key component in enabling us to evidence how the new Consumer Duty is being met by ACS.

Investment performance - The turmoil in global markets during 2022, combined with fiscal measures in response to macroeconomic pressures, has inevitably impacted fund performance. While investment markets weighed on client investment returns in 2022, the Board has been pleased to see relative performance improving as the year progressed. Our third Value Assessment Statement (VAS), published in July 2022, built upon the previous two reports and was well received.

It highlighted areas where we still need to focus, and the Board wants to continue to prioritize these in line with regulatory expectations and our desire to deliver good outcomes to clients.

Our special culture is one of the main reasons ACS has been successful over the years, but over time we have had to work harder to make sure it transmits as effectively across much larger adviser and employee bases. It is the Board's role to monitor culture, but doing so is not straightforward.

However, it is easy to recognize when culture is not as we would like so we are keen to make sure we put down some markers now to remind us what makes our culture good and where we still aspire to be better. These markers provide reference points by which we can measure and monitor aspects of our culture, and give early warnings if any element of it may be straying outside our high standards.

Throughout this report, we reference our stakeholders, and the Board is delighted that we have such high levels of engagement. But what is most important is that we listen to our stakeholders and take account of their views in our decision-making. As is the case with many organizations, our stakeholders demand

that we act responsibly, and we know that being a responsible business is no longer an option but a necessity.

To continue to deliver unrivaled stakeholder value, and to enhance the transformation impact we can have, we have committed to become a leading UK responsible business.

Being responsible is not only the right thing to do; there is a compelling case for it. This is why we put responsible and sustainable decision-making at the heart of everything we do. Last year we provided a fuller picture of what being a responsible business meant to us and I am pleased to report that we made further progress in 2022 you can find more details in our responsible business section of this Annual Report. Our responsible business framework recognizes that, to have the greatest impact, we should focus on areas that align most closely with our purpose, and where we are best positioned to move the dial. This is why we have identified four strategic priorities (financial well-being, investing responsibly, climate change, and community impact) which are underpinned by nine strategic enablers.

During 2022 the business developed, and the Board agreed, on our responsible business narrative, goals, and KPIs which will permeate throughout our business and provide the basis for the environmental, social, and governance (ESG) targets we set management, including those forming part of their annual bonus objectives.

Concluding remarks

I would like to express my thanks to my Board colleagues for their support and hard work during the year and congratulate management, the employees, and in particular our Partner businesses for what they have achieved in a challenging year.

Whilst I have tried to give a summary of the Board's activity in 2022, I would encourage you to read the corporate governance report which covers this in more detail. 2021 was an exceptional year for ACS so to back it up with another good set of new business and financial results in 2022 further demonstrates that not only do we have the right strategy, but also a community capable of delivering future growth. I look forward to welcoming shareholders to this year's Annual General Meeting, which will be held on 18 May 2023.

Hans Koch, Chair
27 February 2023

## WHO WE ARE

What we do

We work in partnership to plan, grow, and protect clients' financial futures

### Our vision

To be the best place to create long-term financial security

Our financial goals leading to 2025

10% Annual new business growth

5% Annual growth in controllable expenses

95% Annual retention of client FUM

£200bnTotal client FUM by 2025

## WHERE WE ARE GOING

### How we do it

We will work together - doing the right thing valuing, respecting and caring about people giving back, striving to put things right if we make mistakes.

Being the best version of ourselves - achieving and celebrating excellence, being brave and bold in embracing diversity.

Investing in long-term relationships - Helping each other to develop and grow, creating success together, and being easy to do business with.

**We receive, We enhance, We deliver**

We help clients to move forward with confidence, supporting them to ensure they can create financial wellbeing in a world worth living in to create the future they want.

**We attract**

We offer an attractive investment, product and service proposition that is exclusive to the Apex Capital Strategies Partnership and clients.

+3%

2022 growth in advisers

2021: +5%

We operate a fee-based income model where we receive fees based on the level of client funds under management.We help all our stakeholders to move forward with confidence and create the futures they want.

We have a resilient business model which enables us to take advantage of the market opportunity. We work in partnership to plan, grow and protect clients' financial futures, delivered by a team of highly skilled advisers within the Apex Capital Strategies Partnership.

Annual management fee based on client funds under management

### We impact

We want to be a leading responsible business that creates financial wellbeing, invests responsibly, has a positive community impact, and commits to limiting climate change.

2022: £8.0m

Invested in our communities

2021: £6.2 million

We invest

We are a long-term business so we plant seeds for the future through investment in technology, our operations, our proposition, and our people.

2022: -3% reduction in FUM

2021: +19% growth in FUM

### We retain

We forge close, trusted relationships with our advisers, helping them to run successful businesses and drive great outcomes for clients. This means advisers and clients stay with us.

2022: 93% of clients would recommend Apex Capital Strategies

2021: 91% of clients would recommend Apex Capital Strategies

Our Culture anc being a leading responsible business

We are committed to being a leading responsible business, putting responsible and sustainable decision-making at the heart of everything we do and helping our clients and communities to move forward with confidence.

We are committed to being a purpose led business that has a positive impact on society.

### Our approach

Our culture is one of our biggest strengths and is fundamental to our success. The values and behaviours we share help us to embrace change, manage resources effectively, and make our business less complex. We're having regular conversations about culture across the ACS community – to celebrate when we get things right and challenge ourselves where we need to improve. Behaving responsibly is a key part of our culture that touches every part of our business. It's a philosophy that helps to inform our decisions and how we run our business.

This is important as we believe tomorrow's clients, advisers and employees will increasingly want to buy from, work with, and work for a company that understands its responsibility to society. When it comes to financial wellbeing, we're in a great position to help tackle some of the problems facing society today – from the retirement savings gap to the long-term care crisis and gender inequality in pensions.

### What we achieved in 2022

In 2022, we focused on developing our Responsible Business Framework with clear goals and KPIs. Clearly articulating the outcomes we are striving to achieve will help us grow the positive impact we can have as a business, and our metrics will help us to measure our progress along the way.

We've also continued to shine a light on our culture and how it is embraced by our people with new rewards and recognition, including our first-ever employee.

"Behaving responsibly is a key part of our culture that touches every part of our business."

Liz Trent, Chief Corporate Affairs & People Officer

Reducing the carbon footprint of client investments

Climate change is one of the most significant global challenges we face today. We believe we can have the greatest impact on climate change through how we invest our billions of funds under management, and so in 2021 we committed to reducing the carbon footprint of client investments, with an interim target of a 25% reduction by 2025.

We are delighted to have already exceeded this target, in large part due to changes we've made to our funds in recent years. We will continue to work hard with our external fund managers to make further progress in the years ahead.

Financial wellbeing

Helping our clients create the futures they want through sound, empathetic and personal financial advice is our very purpose.

As a leading UK financial advice business, we are committed to enhancing financial resilience and confidence for our clients through face-to-face financial advice provided by expert financial advisers (our Partnership). We believe in the importance of long-term relationships built between our advisers and their clients. These relationships are built on mutual trust, enabling our advisers to gain a deeper understanding of their clients' future aspirations and long-term goals.

We take the same holistic approach in how we support our wider communities, from the school children we provide with financial education to the charities we engage with, and how we help those most vulnerable in society.

We take action in line with this philosophy. For example, in 2022, we grew our podcast series focusing on experts who have experienced vulnerability.

As a research initiative, we launched the Finance in Society Research Institute in collaboration with the University of Gloucestershire, to advance high-quality collaborative

personal financial research and provide technical and policy advice to organisations and government.

Facing societal challenges

We know financial wellbeing is a key component of a healthy and thriving society. When we talk about financial wellbeing, we mean the feeling of being financially confident, resilient and prepared for the future. 2022 was a critical year in highlighting the importance of financial confidence, resilience and wellbeing, with the cost-of-living crisis, rising inflation and soaring energy bills hitting the UK. Knowing how to grow and protect your finances is complicated and the risk of getting it wrong is high, so advice from a trusted professional can help people make better choices for the future. This is at the heart of what we offer our clients and our communities: the confidence to create the future they want.

In 2022, we aligned our approach to helping improve financial wellbeing in society with the UK Government's Money and Pensions Service (MaPS) strategy. This highlighted the need for increased financial wellbeing across the UK to enable individuals to make more informed financial choices.

Our strategy draws together a range of financial wellbeing programmes, from our core advice proposition to workplace sessions, financial education in schools, support for military veterans and our developing propositions for female and LGBT+ investors. In addition to this, our Insights programme of content and communications provide both clients and the public with information to improve financial wellbeing and understand the benefits of taking advice. We believe everyone should have access to information to make their own informed choices and increase their financial literacy, confidence and resilience.

973 Number of Chartered Financial Planners within the ACS community in 2022

510 Number of Chartered Financial Planners within the ACS community in 2021

Working with our clients

- We reached 973 Chartered Financial Planners within our community in 2022 (2021: 510)
- We have continued to build on the popular podcast series focusing on experts who have experienced vulnerability
- We launched a 'Resilience in a Changing World' podcast to help individuals find their way through challenging periods

We supported the financial wellbeing of our 917,000 clients through our ongoing advice model – enabling them to set, review and achieve not only their financial goals, but the

futures they want through sound financial advice. We know that client financial wellbeing is improved when people realise the value of the advice they are receiving: increased financial literacy, increased confidence, increased peace of mind, generated through a tailored solution and progress towards financial returns.

In October 2022, we created a new suite of marketing materials to help our advisers raise awareness among both existing clients and prospects that expert, face-toface advice can support their wellbeing by helping them feel confident, capable and in control of their finances. The financial wellbeing portal which hosted the new materials was accessed by over 500 advisers and there were 1,000+ downloads of the new materials.

We also shared financial-wellbeing-themed articles, videos and infographics via our corporate ACS social media accounts and these posts collectively had over 47,000 impressions and 1,500 engagements.

## Our goals

1. Enhance clients' long-term financial wellbeing through face-to-face financial advice delivered by qualified, expert advisers.

2. Help to improve long-term financial resilience in society by providing financial education in schools and to charities.

3. Enhance the long-term financial resilience of employees through education and access to advice.

Broadening our impact in the community

- We supported the delivery of financial education to 5,825 young people in 2022 (2021: 12,881 young people)
- We gave £216,530 in grants to charities to support financial education activity in 2022 (2021: £57,500)
- We supported the launch of the Finance in Society Research Institute with the University of Gloucestershire

Looking beyond our client and employee communities, we know that greater financial literacy benefits society as a whole, so we're also committed to providing financial education to school children and young adults, and making financial advice more accessible to people from all walks of life.

In 2022, we reached a total of 5,825 young people with our financial education programmes, delivered by our advisers and employees to schools, community groups and in areas of deprivation. We helped 3,968 young people through face-to-face and virtual workshops led by employee and adviser volunteers, and 1,857 by providing resources and funding to schools and charities.

Our workshop materials have been through an extensive accreditation process with the charity Young Money, in association with the Money and Pensions Service (MaPS), to maintain their FE Quality Mark.

We have also continued to extend our reach and impact by providing grants to, and building relationships with, charities including Young Enterprise, RedSTART, The Money Charity, National Numeracy, the Centre for Financial Capability, Help for Heroes and Forces MoneyPlan.

Building on our existing approach, in 2022, we were delighted to announce a new corporate partnership with national charity Young Money, a subsidiary of Young Enterprise.

We have committed to sponsoring 21 schoolbased centres of excellence over the next three years, working with Young Money to equip schools to deliver a robust financial education curriculum.

Our sponsorship will fund one-on-one advice from and expert education consultant, staff training and access to financial education resources for each school. In addition to this funding, each school will work with an ACS location to understand what additional support might be useful - for example, financial education sessions for students or teachers, work experience opportunities, mentoring, volunteering and more. As we move through the partnership, both ACS employees and members of the Partnership will build relationships with the schools and their pupils by contributing their skills, expertise and time.

### Working with our employees

We launched our refreshed employee financial wellbeing strategy

Throughout 2022, we refreshed our support for employees with a new financial education and wellbeing programme launched in November. Collaborating with experts across our business, our financial toolkit helps all our people understand and manage their finances no matter their background. The toolkit includes a series of seminars, videos and podcasts designed to empower informed decisions.

Content was created following direct engagement with employees, helping to ensure our support best meets their needs.

£216,530 Grants given to charities to support financial education activity in 2022

£57,500 Grants given to charities to support financial education activity in 2021

"Financial wellbeing is about feeling secure and in control. It is knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future. In short: confident and empowered."

### Climate Change

Taking action on climate change.

Some of the issues facing our world today can feel overwhelming, but solving them involves everyone playing their part.We are committed to doing what we can to tackle climate change through our operations, supply chain and investment management approach. Our approach to reaching net zero includes educating our community on climate change, embedding environmental considerations into decision-making and conserving resources - to not only reduce our impact, but have a positive one.

### We are advocates of transparency

Effective and transparent reporting promotes accountability. We therefore welcome and endorse the recommendations of the Financial Stability Board and support the increased regulatory focus on disclosing climate-related risks and opportunities from the Bank of England and the Financial Conduct Authority. These disclosures demonstrate how we assess the impacts of climate change on our business and promotes a more informed understanding of climate-related risks and opportunities in our whole community.

We are reporting against the Task Force on ClimateRelated Financial Disclosures (TCFD) framework for the third time this year, building on our reporting from the past two years.

**Our commitment to addressing climate change**

We aim to contribute to building a sustainable future by actively tackling climate change through the way we do business. We have a responsibility to our clients, society and the planet and we are committed to being a proactive force in the transition to a lower carbon economy. We also recognise the commercial business case of leading this change.

2022 presented yet more evidence that climate change is causing significant global impacts even at the current level of global warming, from recordbreaking temperatures in the UK to life-altering floods in Pakistan. Taking action on climate change is one of the four strategic priorities in our Framework, as we know it presents significant financial and nonfinancial risks to our sector and communities. As our purpose is to give stakeholders the confidence to create the future they want, we must operate in a way that is responsible, future-focused and long term.

Our governance

Accountability for managing climate-related risks and opportunities is led by the Board, which decides the strategic direction of our environmental strategy.

The Executive Board then facilitates the execution of the activities, and these are supported by the Responsible Business Advisory Group, Climate Change Working Group, the Group Risk Committee, the Group Audit Committee, the Investment Executive Committee and our sustainable investment regulation programmes. Within this list, the main committees overseeing activities are our Responsible Business Advisory Group and Climate Change Working Group, with ultimate responsibility resting with our Chief Executive Officer, Andrew Croft. The Responsible Business Advisory Group and Climate Change Working Group meet regularly to co-ordinate Group carbon reduction plans, review environmental performance and agree mandatory and voluntary environmental reporting and disclosure.

**Our goals**

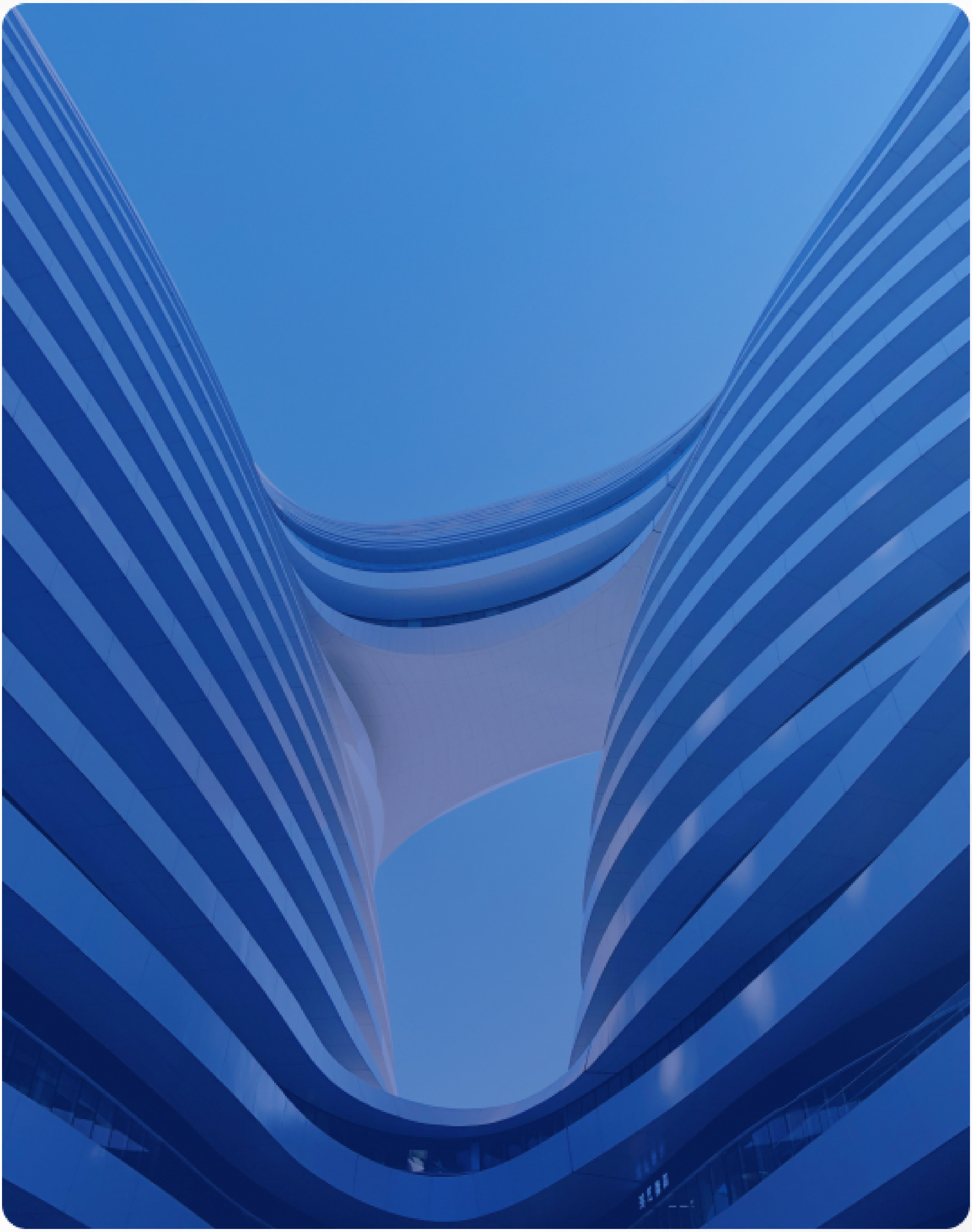
During 2022 we continued to make progress on our environmental approach. We have maintained our operational carbon neutrality through offsetting.

1. Climate positive1 in our operations by 2025
    - All ACS sole occupied offices use 100% electricity from renewable resources.
    - 83% of our Company fleet are now electric or hybrid and 100% of our new orders are electric therefore we will, eventually, have a fully green fleet as we continue to make electric cars the best choice for our travelling employees.
2. Net zero in our supply chain by 2035
    - We undertook a supply chain review and engaged with a percentage of our suppliers on their climate targets and ambitions.
    - We shared best practice and case studies, helping them learn from one another.
    - We helped them understand their carbon footprint and set their own net zero targets.

3. Net zero in our Partnership by 2035
    - We are providing the Partnership with emissions calculator recommendations
    - to help them identify, track and offset their carbon emissions.
    - We track, review and celebrate climate action commitments in the Partnership.
    - We are running workshops on best practice and developing toolkits for 2023.
    - We'll offset any residual emissions after 2035.

4. Net zero in our investments by 2050
    - As an interim target, in 2021 we committed to a 25% reduction in the carbon footprint of client investments by 2025.

- We are delighted to have already exceeded this target. We will continue to work hard with our fund managers to make further progress in the years ahead, underscoring our desire to crea



**Implementation of a carbon conservation measure (CCM) tracking tool**

In April 2022 our corporate real estate (CRE) team launched a CCM tracking tool to complete a full survey of energy usage across ACS's office estate.

This allows us to better understand existing set-ups, make recommendations for optimisation and identify opportunities for carbon reduction in support of corporate targets.

The survey identified 270 opportunities; 161 of these were through building management system (BMS) optimisation and the remaining were capital works. The BMS works were implemented immediately and ranged from setting restrictions on air-conditioning controllers to improving settings and adapting demand triggers.

Further improvements include working to update all meters we manage to smart meters, and linking these to analytical software, to allow us to measure savings, identify efficiencies, and capture regular consumption data. We can also compare this data across different buildings and use it to support financial decisions regarding capital works. Our optimisation programme was completed in September 2022, and alongside other improvements and efficiencies already implemented should deliver projected carbon savings across the estate of around 395 $tCO_2e$ annually.

**Our approach to tackling climate change**

Following the agreement of our net zero targets in 2021, we have continued to make progress by focusing on education,

reduction, conservation and embedding climate-positive actions across all our operations.

In 2022, we took the following actions:

By being climate positive we will remove more carbon emissions than from the environment than we contribute.

**Make it instinctive**

If addressing climate change is integrated into our people processes and practices, it will become a necessity to operating.

**Embed climate into our decisions**

- took opportunities to continue right-sizing our real estate portfolio to ensure we do not carry unused office space
- when relocating to new office space, sought to occupy buildings with high environmental credentials
- built our CCM tracking tool to survey energy usage across our corporate estate and acted on areas highlighted for optimisation
- Conserve our resources
- encouraged 59,929 clients to go paperless in 2022 In total, we now have 246,745 clients signed up to paperless reporting
- led our corporate brand refresh with a 'no waste' philosophy
- Reduce our footprint and become net zero
- 100% of electricity supplied to our sole occupied offices is from renewable resources
- maintained our operational carbon neutrality of our Company. Company cars are now electric or hybrid, with twice as many electric charging points offered than in prior years.
- Educate our community on climate change
- educated senior leaders, Board members and our employee base on climate risk and our progress
- continued to capture the benefits of decreased business travel and use of accommodation through reviewing our policies on travel and face-to-face meetings, and empowering employees to make the low-carbon choice the norm

### Employee engagement

Understanding our employees' sentiment is crucial in helping us build a thriving business and inclusive culture. In April 2022, we ran a short pulse survey which focused on wellbeing and rewards and benefits. We received strong engagement and good feedback from the survey and it was clear that employees both understood and were satisfied with their benefits package.

We have subsequently identified areas where some employees would like more support and this feedback is informing our approach in 2023 and beyond. We ran our biennial Groupwide employee survey in September 2022, which asked questions across a wide range of subjects. The results compared to our September 2021 pulse survey results as follows:

- 'I feel proud to work for this company' – 87% (2021: 85%)
- 'I would recommend this company as a great place to work' – 84% (2021: 81%)
- 'I intend to still be working for this company in 12 months' time' – 82% (2021: 81%)
- 'My work gives me a sense of personal achievement' – 81% (2021: 81%)

Our engagement results are encouraging after a challenging 2021.

We will continue to monitor employee sentiment through our 'continuous listening' approach in 2023 which will include two pulse surveys to check in 'little and often' with employees on subjects important to us all.

To further strengthen the sense of connection amongst employees we continue to focus on embedding our culture, a sense of belonging, and inclusion at ACS.

In 2022, we developed materials for our 'cultural conversations' to support leaders hosting informal team sessions to encourage employees to share experiences which can further promote our culture and sense of connection.

77% of employees also took part in Impact, our recognition scheme launched in October 2021. The scheme enables employees to send e-cards or vouchers to colleagues to acknowledge their positive impact, and in October 2022 we held our first employee Impact Awards event to recognise those who are outstanding role models for our values and behaviours.

### Employee wellbeing

Employee wellbeing remains a key focus for ensuring responsible and successful relationships and it was an area highlighted by our workforce engagement representatives 77% of employees also took part in Impact, our recognition scheme launched in October 2021. The scheme enables employees to send e-cards or vouchers to colleagues to acknowledge their positive impact, and in October 2022 we held our first employee Impact Awards event to recognize those who are outstanding role models for our values and behaviours.

### Reward and benefits

Reward and benefits are a core part of our employee value proposition, ensuring we remain market-competitive so we can attract and retain the talent we need to perform at our best. We evaluate roles and build calibration and moderation into our key reward processes to ensure fair, consistent outcomes and to protect against gender pay bias.

During 2022 we committed to reporting our ethnicity pay gap as well as maintaining our Living Wage Employer status for all our employees across the Group.

In 2022 we focused on how we could support employees through the cost-of-living crisis, which included a one-off payment to employees earning below £32,500 to assist with bills. We also developed a set of seminars and videos to provide guidance to all employees on managing their finances and accessing our broad range of benefits.

To further strengthen our focus on performance we introduced performance-related balanced scorecard measures to our employee bonus plans based on our Company objective. The measures replace embedded value as a metric and include the controllable expense outcome, net inflows target and the underlying cash result. The resulting direct correlation of the company's performance with each employee's bonus has encouraged awareness and interest in the financial and economic factors that affect the company's performance.

This has been complemented with regular update videos from the CEO and Executive team sharing insight on the external environment and progress. Despite difficult economic conditions we maintained 74% employee participation in our all-employee SIP and SAYE share schemes during our annual sign-up period in March 2022. Share participation creates a strong sense of ownership and interest in the performance of the business and enables all employees to share in the growth of the business.

Inclusion and diversity (I&D)

We want to create an inclusive environment where diverse perspectives are valued and our people can be their true selves. This helps us to build connections with all our clients, attract talented people to work with us and deliver the best products, services and experiences.

Our approach to I&D is focused on attracting, retaining and developing diverse talent and fostering an inclusive environment where everyone can thrive. Progress is overseen by the Inclusion and Diversity Steering Group, chaired by CEO Andrew Banner, with support from the Nomination and Governance Committee and our Board.

During 2022, all Executive Board members continued to take an active role in promoting I&D, through sponsorship, mentoring and reverse mentoring and signing up to individual plans and targets.

### Public commitments

We remain committed to our public diversity goals which we announced in 2018, and although progress in our industry can be variable in speed, every incremental change is an important step in the right direction.

Female representation on the Board is 30% (but will rise to 37.5% following our AGM in May 2023), and in senior roles within our core employee base is 28.1%. Our minority ethnic representation is 6.3%, based on 71.3% of our core employee base who voluntarily provided ethnicity data.

A focus on training

In 2022, we launched an I&D toolkit based on four core principles:

being representative, accessible, inclusive and avoiding bias.

The toolkit was shared across our employee base and our Partnership with live workshops and self-serve content on how to apply the principles to decision-making, projects, recruitment, communications and much more. The principles provide consistency of approach across the organisation and help our people to embrace I&D across all they do

Attracting diverse talent

We continue to focus on how to attract diverse talent to the financial services industry and to our business, and we believe there is much to do to strengthen the external pipeline of talent and attract a greater range of people to work in our sector. At ACS we continue to use gender-coding software for our job adverts and aim for gender-balanced shortlists and interview panels.

We undertook research on the demographic makeup of employees at our locations to understand how we can attract more diverse talent across the UK. We also launched a diversity data capture exercise in our Academy, so we are able to better track diversity amongst our newest advisers and Partners.

Like many businesses, we are beginning to prepare for Ethnicity Pay Gap reporting and have recently held focus groups with some of our internal stakeholders to continue to identify barriers and opportunities for progress.

For our early careers populations, we have continued to partner with organisations and charities to help encourage diverse young talent into our business - some into shortterm work experience/ internship opportunities, others into full-time roles through apprenticeship and graduate schemes.

These include working with charities such as 10,000 Black Interns, and Patchwork for applicants with disabilities. We ran our 'Futures in Finance' initiative for the second time in 2022, giving students a non-traditional entry point into the industry in an effort to remove sociocultural barriers. It is non-negotiable that we give full and fair consideration to all applicants who approach ACS, having regard to an individual's aptitudes and abilities.

When needed, we will consider modifications to the working environment so employees with disabilities can take up opportunities or enhance their role, and we aim to assist employees who become ill or disabled, for example, by arranging appropriate support and training. As part of this, we have increased our focus on disability and accessibility, continuing to partner with the Business Disability Forum and reviewing various aspects of our offering through an accessibility lens, including an upcoming workplace adjustments policy.

We have also continued to grow the development of our internal talent pipeline. Building on our success with mentoring, (which is available to all ACS employees), we completed our fifth year with the 30% Club, offering 30 mentors and matching 30 female mentees with mentors from a cross section of industries and sectors.

2022 was also the second year of our in-house mentoring programme for talented women in the pipeline for senior roles. The programme supports 50+ women with mentoring by senior leaders as well as access to masterclasses and psychometric profiling. Earlier in 2022, we worked with the Aleto Foundation to sponsor a three-day minority ethnic leadership programme. The programme provided both Aleto alumni and ACS employees with skills workshops and an innovation challenge, the results of which were presented to a panel of ACS senior leaders including CEO Andrew Croft. In addition, participants also benefited from nine months of virtual mentoring with senior mentors from both ACS and Aleto.

We believe programmes like this have the power to accelerate the drive for greater diversity in our sector, and this is why we have committed to sponsoring the EY Foundation's Sustainable Futures programme to begin in spring 2023.

Here we break down the data collection results with overall population percentages, followed by a more in-depth breakdown for race and ethnicity and gender.

Gender

Female 52.4%

Male 46.3%

Non-binary 0.2%

Other 0.0%

Prefer not to say (PNS) 1.1%

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Gender

Female 52.4%

Male 46.3%

Non-binary 0.2%

Other 0.0%

Prefer not to say (PNS) 1.1%

Sexual orientation
Heterosexual 92.8%
Bisexual 2.1%
Gay/lesbian 1.4%
Other 0.2%
PNS 3.5%

Ethnicity
White 92.6%
Asian 3.9%
Mixed 1.6%
Black 0.7%
Other 0.1%
PNS 1.1%

Disability
Without a disability 85.1%
With a disability 12.4%
PNS 2.6%

Race and ethnicity
Executive management
92.2%
White
2021: 93.6%
6.1%
Asian, Black,
Mixed, Other
2021: 4.8%
1.7%
Prefer not to say
2021: 1.6%

All other employees
92.7%
White
2021: 92.3%
6.3%
Asian, Black,
Mixed, Other
2021: 6.5%
1.0%
Prefer not to say
2021: 1.2%

We have defined executive management as a combination of Board Directors and 'managers and decision-makers'.

As a commitment to becoming a leading responsible business in the UK, we will be reporting on our ethnicity pay gap in 2023

**I&D engagement**

Our thriving community of networks and groups are safe and collaborative spaces for members to share resources, experiences, allyship and support, in addition to providing input and feedback on strategy and policy change. The groups collaborate on events and initiatives and span the following areas:

- LGBT+ including the ACSride network
- race and ethnicity, including the Embrace network
- gender, including Unity, the professional women's network, with over ten network chapters internationally
- disability and neurodiversity, a group with a growing membership parents, network established during the pandemic for increased connection and support
- smaller groups sharing interests such as military veterans, age, the menopause, wellbeing, religion and faith and socio-economic background.

In 2022, we reviewed our networks and groups, working with external consultant Lumorous. The review helped us to develop and formalise governance, budget and bestpractice support to help them grow and engage more fully in the areas of governance, impact and engagement. We continued to recognise and celebrate a full calendar of I&D events throughout 2022, including Mental Health Awareness Week, International Women's Day, International Men's Day and Black History Month.

These are intended not only to raise awareness of a particular subject but to also provide the opportunity for open discussion and learning in a safe environment.

Our strong desire to continue to learn and grow is underpinned by our Partnerships with external organisations who offer guidance, best-practice sharing, research and resources. These include: The Diversity Project, LGBT Great, Stonewall, the Valuable 500, the Aleto Foundation, Progress Together, the Business Disability Forum and Disability Confident. In 2022, we contributed to The Diversity Project's new Progress and Goals disclosure tool to help expand visibility around the demographic makeup of our industry and contribute to a summary of actions being undertaken to diversify this for the future.

Policy influence

We aim to leverage our scale, influence and expertise to position ACS as a trusted partner with policy stakeholders and help shape policy to enable strategic commercial objectives and societal good. Giving ACS a voice on the issues that matter to us and to society will mitigate emerging risks, help us shape the policy agenda, and better enable us to drive change for society in line with our founding principle of 'giving back'.

Raising our voice to influence public policy means using our scale and influence to help shape the future of our industry for the better and have a positive impact on the communities we live and work in.

We continue to actively engage with our regulators, government, parliament, and other policy stakeholders where relevant, on issues where we have expertise and an interest. We are determined to be a prominent voice in society to promote the value of financial advice and financial resilience during a difficult economic period.

Topics we have recently been proactively engaging on include the advice/guidance boundary and the labelling framework associated with sustainable investing.

## Client satisfaction and retention

We are committed to building meaningful, long-term relationships with satisfied clients who feel confident to make informed choices about their finances, to help our clients to achieve their financial goals.

Our business is based on building meaningful longterm relationships and the satisfaction of clients is very important to us. Retaining satisfied clients not only feeds into financial results but is also directly related to our long-term sustainability as a business. A recent survey of our client population, in relation to 2022, indicated good client sentiment with 81% clients strongly advocating for us and recommending ACS, 68% believing we offer excellent or good value for money and 82% being very satisfied with their overall experience with us. Whilst we believe macroeconomic uncertainty and therefore investment market performance weighed on client sentiment for 2022, we are pleased that a significant majority of our clients remain very satisfied.

We engage with clients throughout the year via our 'client community' group, which was established in 2020 and is managed on our behalf by a third party. This enables us to better understand how clients feel, and gauge their views on key topics.

We can also test their understanding of key communications, and ensure we continue to meet their evolving needs.

2022: 93% Positive advocacy

2021: 91% Positive advocacy

## Our Governance

The following section reports against our material governance themes.

We are in the early stages of reporting against our Responsible Business Framework, so some of the sections that follow have more detail than others.

Here we cover our approach to: Corporate governance, Risk management, Data privacy, Responsible procurement and Human right.

## Corporate governance

We are committed to creating long-term, sustainable success for all our stakeholders by ensuring that ACS decision-making is fair and robust. We take the responsible

running of our organisation seriously and understand the risks of not doing so; we embrace diverse perspectives, set well defined individual accountabilities and equip our people to uphold the principles of integrity, expertise and compliance.

The Board is collectively responsible for establishing the purpose, values and strategy of the Group and satisfying itself that these and its culture are aligned. This includes mechanisms to embed responsible practice across the business, in which the Board is supported by the Executive Board and a number of sub-committees as highlighted below:

Culture, Company and responsible business mission and employee wellbeing

Executive Board

Andrew Banner

To ensure the strength and maintenance of the unique ACS culture throughout our community, and to lead and manage our employees.

Responsible Business and Advisory Group

Executive Board

Liz Trent

To oversee the Group's responsible business strategy and approach, supported by various working groups covering specific areas such as environment, inclusion and diversity, corporate social responsibility and financial wellbeing.

Responsible Investment

Investment Executive Committee

Tom Beal

To ensure robust monitoring and governance of our fund managers, in accordance with our investment beliefs, which includes responsible investing.

Risk management

We are committed to sustaining a strong risk culture that supports our vision and purpose. Robust risk management, underpinned by a strong risk culture, is a key driver of our success as a leading responsible business. An active approach to risk management across the organisation ensures we make informed decisions, balancing the opportunities risk taking brings within our risk appetite.

The inherent risk environment faced by the Group develops over time, and therefore we continuously and comprehensively identify and assess risks against our risk appetite. We then manage and monitor these accordingly. Under the leadership, direction and oversight of our Board and its committees, risks are carefully understood and managed, mitigated or accepted to enable us to achieve our strategic objectives.

- Data privacy
- We know how important it is to demonstrate responsibility as data custodians to protect the privacy of all those we interact with. It is an essential part of our commitment to all our stakeholders and is integral to our success as a trustworthy organisation.
- On 25 May 2018, the UK Data Protection Act 2018 and EU General Data Protection Regulation (GDPR) came into effect across all (then) 28 countries of the European Union.
- Following Brexit, the UK continues to closely adhere to GDPR requirements, and as such so do we. It is important we also demonstrate that any transfer of a data subject's personal data outside the European Union to 'third countries' is in accordance with a comprehensive International Data Transfer Policy.
- In 2022, we appointed a Chief Data Officer to lead our approach to data governance, management and utilisation across the organisation. As our data strategy continues to develop and evolve, we have also increased dedicated resource to focus on data quality and support the wider programme of work.
- We aim to give our Partners and employees data and information they can trust. Looking ahead, in a world where data plays an increasingly fundamental role in everything we do, this means we must update, improve and re-imagine what our data can do for us. In the short term our focus will be to update our corporate data architecture to better support our Partners and improve the management of data across the Group.
- Our Data Policy can be found here: www.ACS.com/site-services/privacy-policy.

## Responsible procurement

We are committed to managing our business in a responsible, sustainable and ethical manner. This means upholding high standards in our supply chain, because through engagement, due diligence and ongoing oversight we can advocate responsible practice throughout our value chain.

We recognise the benefits of building strong, mutually beneficial relationships with both new and existing suppliers, and sharing our aspirations and objectives to encourage them to similarly strive to make a positive and lasting difference to those less fortunate.

We are delighted that many provide support for theApex Capital Strategies Charitable Foundation through donations and participation in fundraising events, and our 83% electric car fleet is a great example of working strategically with suppliers to reduce environmental impact: 100% of our new fleet vehicle orders are for fully electric.

Our due diligence and ongoing oversight seek to provide confidence and secure evidence of good practice in respect of responsible business among our suppliers. We believe in treating all our stakeholders fairly, and our suppliers are part of that process.

### Our process

Our procurement process is designed to ensure we meet our regulatory and business obligations. Our Sourcing, Outsourcing and Supplier Management Policy requires effective, risk-based due diligence to be conducted on all new suppliers. This includes an assessment of their approach to compliant, responsible, and sustainable procurement, including but not limited to I&D, modern slavery and gender pay gap reporting (where applicable).

Regular oversight and periodic reassessment of the due diligence is required throughout the term of the relationship; the frequency of this activity depends on the materiality of the supplier, or risk they may pose to ACS.

We have been a member of the Living Wage Foundation since 2014, and encourage our suppliers to adopt the same approach or, where applicable, an overseas equivalent. In some cases, we have ensured our commercial agreements reflect this requirement and provide the supplier with the correct support to do so.

We are also signatories of the Prompt Payment Code, which is encouraged by the Department for Business, Energy and Industrial Strategy (BEIS) and demonstrates our commitment to good payment practices between ourselves and our suppliers.

As we continue working towards our vision of becoming a leading responsible business, we work closely to align ourselves with UNSDG 9 and its Target 9.2 of promoting inclusive and sustainable industrialisation through our work with suppliers.

### Human rights

We are committed to managing our business in an ethical manner, with no tolerance for the abuse of human rights, and we collaborate with our stakeholders to strengthen and support the human rights movement. It is not possible to give people the confidence to create the futures they want without the basic rights and freedoms that belong to us all.

We recognise that respecting human rights is everyone's responsibility and our practices and policies must reflect this whilst ensuring new areas of risk are identified and managed throughout our operations and our supply chain.

Responsible management is important to all our stakeholders – shareholders, clients, the Partnership, employees, suppliers and the communities in which we operate. We do not tolerate or condone abuse of human rights (including modern slavery) in any part of our business, and we are committed to minimising the risk of slavery or human trafficking in all parts of our supply chain. Our due diligence and ongoing oversight seeks to secure evidence of good practice in relation to human rights.

All employees have access to a copy of our code of ethics and our equal opportunities policy, which make clear that we oppose all forms of unfair discrimination or victimisation.

Our bullying and harassment policy sets out our approach in relation to allegations of harassment and/or bullying.

Harassment, in general terms, is defined as unwanted conduct affecting the dignity of people in the workplace. It may be related to age, sex, race, disability, religion, nationality or any personal characteristic of the individual and may be persistent or an isolated incident.

Anti-bribery and corruption

We have a zero-tolerance approach to bribery and corruption and aim to protect ourselves, our clients, shareholders, employees and other associated companies from any involvement. Our Board has responsibility for oversight of the Group's anti-bribery and corruption policy and procedures and reviews these annually.

Our employees and advisers are provided with annual training on money laundering, financial crime, fraud, bribery and corruption through online training programmes which are mandatory to complete.

**DIRECTORS' REPORT**

The Directors present their report together with the audited Consolidated Financial Statements of the Group for the year ended 31 December 2022. This report has been prepared in accordance with requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and, together with the Strategic Report, forms the management report as required under the UK Financial Conduct Authority's (FCA) Disclosure and Transparency Rule DTR4.1.

As permitted by legislation, some of the matters required to be included in the Directors' report have instead been included elsewhere in this Annual Report and Accounts:

- future business developments throughout the Strategic Report;
- risk management on pages * of the Strategic Report;
- details of branches operated by the Company on page *; and the Group's impact on the
- environment, including those disclosures required regarding greenhouse gas emissions.

**Status of Company**

The Company is registered as a public limited company under the Companies Act 2006. For details of the Company's subsidiaries and overseas branches, please see Note 23 to the Financial Statements.

**Going concern**

In conjunction with its assessment of longer-term viability as set out on pages 97 to 99, the Board concluded that it remained appropriate to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements as it believes the Group will continue to be in business, with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations, for a period of at least 12 months from the date of approval of the Consolidated Financial Statements.

**Voting rights**

At any General Meeting, on a show of hands, each member who is present in person has one vote and every proxy present who has been duly appointed by a member entitled to vote on a resolution has one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are the holder.

Shares held by the Company's Employee Share Trust and Share Incentive Plan Trust rank pari passu with the shares in issue and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in the Employee Share Trust rests with the trustees, who may take account of any recommendation from the Company. The trustees of the Share Incentive Plan Trust may vote in respect of shares held in the Trust, but only as instructed by participants in the Share Incentive Plan in respect of their Partnership, Dividend and/or Matching Shares. The trustees will not otherwise vote in respect of shares held in the Share Incentive Plan Trust.

**Restrictions on voting rights**

If any shareholder has been sent a notice by the Company under section 793 of the Companies Act 2006 and has failed to supply the relevant information within a period of 14 days, then the shareholder may not (for so long as the default continues) be entitled to attend or vote either personally or by proxy at a shareholders' meeting, or to exercise any other right conferred by membership in relation to shareholders' meetings.

If those default shares represent at least 0.25% of their class, any dividend payable in respect of the shares will be withheld by the Company and (subject to certain limited exceptions) no transfer, other than an excepted transfer, of any shares held by the member in certificated form will be registered.

Articles of Association

The full rights and obligations attaching to the ordinary shares of the Company are set out in the Articles.

Holders of ordinary shares are entitled to: receive the Company's Reports and Accounts; attend, speak and exercise voting rights; and appoint proxies to attend General Meetings.

Restrictions on share transfers

There are restrictions on share transfers, all of which are set out in the Articles. Restrictions include transfers made in favour of more than four joint holders and transfers held in certificated form. Directors may decline to recognise a transfer unless it is in respect of only one class of share and lodged and duly stamped by the HMRC. The Directors may also refuse to register any transfer of shares held in certificated form which are not fully paid. Directors may also choose to decline requests for share transfers from a US Person (as defined under Regulation S of the United States Securities Act 1933) that would cause the aggregate number of beneficial owners of issued shares who are US Persons to exceed 70.

The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may from time to time determine in respect of any class of shares.

The Company is not aware of any agreements between shareholders that restrict the transfer of shares or voting rights attached to the shares.

**Our people**

Details of the Company's approach to maintaining an appropriately skilled and diverse workforce, including recruitment practices, development opportunities, employee engagement and equal opportunities can be found in the our responsible business section on pages *.

Details of how the Board engages with employees can be found on page * of the Corporate Governance section.

This engagement, and the presence of a designated Non-executive Director on the Board, ensures that the Board is able to take account of the interests of employees in its discussions and when making decisions. Engagement during 2022 contributed to the Board's consideration of key strategic topics and the determination of policies affecting the workforce, and helped to inform future decision-making around flexible working and our strategy regarding employee rewards.

Fostering business relationships

Engagement with the Board's key stakeholders, including suppliers and clients, is summarised in the corporate governance report on pages *.

In many cases the Group's primary point of engagement with these stakeholders is through the business, where regular dialogue is maintained. Focus on strategic topics and regular reporting from management enables the Board to establish a clear view of business relationships with these stakeholders and has provided important context in its deliberations and decision-making.

Significant contracts and change of control

The Company has a number of contractual arrangements which it considers essential to the business of the Company. Specifically, these are committed loan facilities from a number of banks, arrangements with fund managers and third-party providers of administrative services.

A change of control of the Company may cause some agreements to which the Company is a party to alter or terminate. These include bank facility agreements, securitisation arrangements and employee share plans.

The Group had committed facilities totalling £509 million as at 27 February 2023 which contain clauses which require lender consent for any change of control. In addition, the Group guarantees the obligations of loans made to Partners in connection with facilities agreed with various lenders totalling £414 million in aggregate.

Should consent not be given, a change of control would trigger mandatory repayment of the said facilities.

The Group also had committed securitisation facilities totalling £175 million which contain clauses which require lender consent for any change of control. Should such consent not be given, a change of control would trigger early amortisation of the facilities.

All the Company's employee share plans contain provisions relating to a change of control. Outstanding awards and options may vest and become exercisable on a change of control, subject where appropriate to the satisfaction of any performance conditions at that time and pro-rating of awards.

**Directors and Directors' indemnities**

Details of the Directors of the Company at the date of this report and during the year ended 31 December 2022 can be found in the corporate governance report on pages 102 and 103. Details of the indemnity provisions in place for the Directors, including qualifying thirdparty indemnity provisions, can be found on page *.

Political and charitable donations

It is the Group's policy not to make any donations to political parties within the definitions set out in the Political Parties, Elections and Referendums Act 2000 and sections 362 to 379 of the Companies Act 2006. During the year we have donated £5.4 million to the Apex Capital Strategies Charitable Foundation, more details of which can be found on pages.

**Annual General Meeting**

The Company plans to hold its Annual General Meeting on Thursday 18 May 2023. Full details of the meeting, including location, time and the resolutions to be put to shareholders at the meeting, are included in a separate Notice of Annual General Meeting, which will be available on our website www.ACS.co.uk.

Important events since the financial year-end

Details of important events affecting the Group since 31 December 2022 can be found in the Chief Executive's report on pages *.

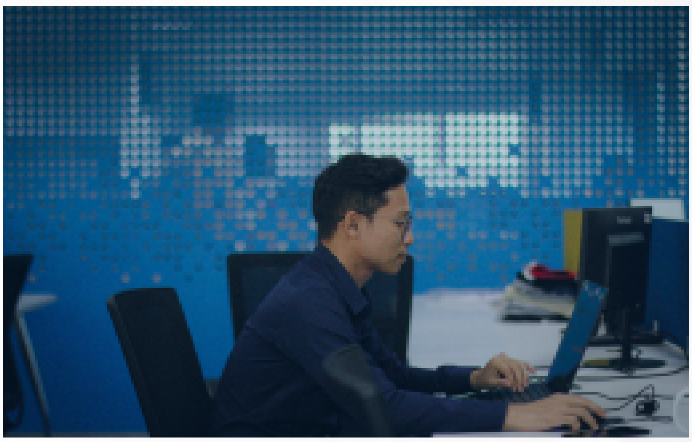
Disclosure of information to auditors

Each of the Directors, at the date of approval of this report, confirms that:

- so far as each Director is aware, there is no relevant audit information of which the auditors are unaware; and
- each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board:
Andrew Banner, Chief Executive Officer
Craig Minter, Chief Financial Officer
27 February 2023



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts 2022 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

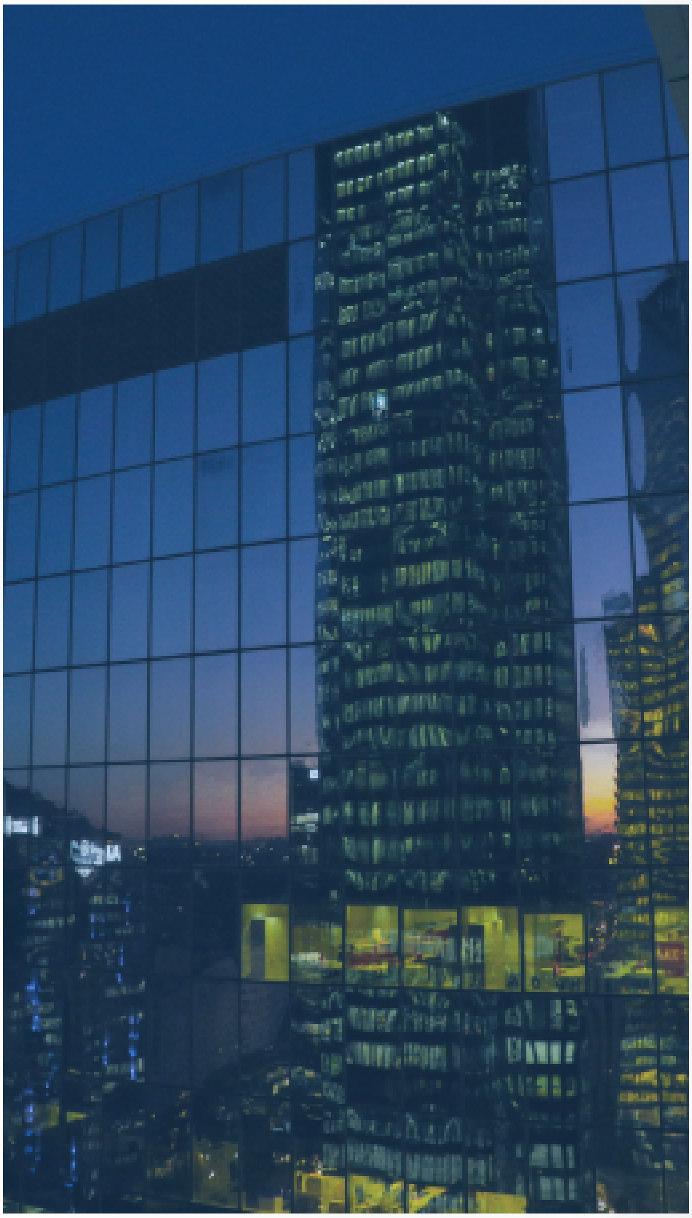
Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UKadopted international accounting standards have been followed for the Group financial statements, and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures are disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Directors' confirmations**

The Directors consider that the Annual Report and Accounts 2022 and the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages * confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.
- In the case of each Director in office at the date the Directors' report is approved:
- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By order of the Board:
Jonathan Neal, Company Secretary
27 February 2023

INDEPENDENT AUDITORS REPORT

Report on the audit of the Financial Statements

Opinion

In our opinion:

n Apex Capital Strategies plc's Consolidated Financial Statements and Parent Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit and the Group's cash flows for the year then ended;

n the Consolidated Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;

n the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and

n the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Consolidated and Parent Company Statements of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Group Audit Committee.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5, we have provided no non-audit services to the Parent Company in the period under audit.

Our audit approach

Overview

**Audit scope**

- The Consolidated Financial Statements comprise the consolidation of approximately 70 individual components, each of which represents an individual legal entity within the Group or consolidation adjustments.
- We assessed each component and considered the contribution it made to the Group's performance in the year, whether it displayed any significant risk characteristics and/or whether it contributed a significant amount to any individual Financial Statement line item.
- The above assessment resulted in us identifying seven financially significant components that required audit procedures for the purpose of the audit of the Consolidated Financial Statements.

- Six financially significant components are based in the UK and were audited by the PwC UK audit team. The other significant component is based in the Republic of Ireland and was audited by Grant Thornton Ireland.
- By performing audit procedures on these seven components and by audit of specific balances in four components with large individual balances, we achieved coverage greater than 85% of each material Financial Statement line item within the Consolidated Financial Statements.
- We performed a full scope audit of all material line items in the Parent Company's Financial Statements Key audit matters.
- Valuation of level 3 investments, being investment properties and equities and fixed income securities in the Diversified Assets Fund (Group)
- Valuation of the Operational Readiness prepayment in respect of the development of an administration platform at an outsourced provider (Group)
- Materiality
- Overall Group materiality: £20,700,000 (2021: £15,000,000) based on 5% of average underlying cash generated in the year (2021: 5% of average underlying cash result generated in the past three years).
- Specific group overall materiality: £720,000,000 (2021: £758,000,000) based on 0.5% (2021: 0.5%) of Assets held to cover linked liabilities applied to assets held to cover linked liabilities, investment contract liabilities and associated income statement line items.
- Overall Parent Company materiality: £13,800,000
- (2021: £14,200,000) based on 1% of total assets (2021: 1% of total assets).
- Performance materiality: £15,500,000 (2021: £11,250,000) (Group) and £10,350,000 (2021: £10,600,000) (Parent Company).
- Specific performance materiality: £540,000,000 (2021: £568,000,000) applied to assets held to cover linked liabilities, investment contract liabilities and associated income statement line items.

**The scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last years as disclosed in the Group Audit Committee report .

As at 31 December 2022, the Group held £146.5 billion of investments (including cash and cash equivalents). The majority of these investments do not require significant judgement in calculating their valuation in the Financial Statements. However, £3.3 billion of these investments are in investment properties (£1.3 billion) and level 3 equities (£1.6 billion) and fixed income securities (£0.4 billion) in the Diversified Assets Fund ("DAF"), which require management to use significant estimates and judgements in order to calculate the valuation at the year-end. Due to the magnitude of these balances and the level of judgement involved in their valuation, this was an area of focus for our audit. The Group outsources the investment valuation activities for each, with assets in the DAF valued by Kohlberg Kravis Roberts & Co. Inc ("KKR"), whilst the investment property portfolio is managed by Orchard Street with regular valuations performed by CBRE.

How our audit adressed the key audit matter.

We engaged our internal real estate valuation experts to review the methodology and key assumptions used by CBRE in valuing the property portfolio.

Our valuation experts:

Obtained and reviewed the valuation reports produced by CBRE and confirmed that the methodology adopted was appropriate.

Benchmarked the key assumptions used by CBRE against industry norms using our experience and knowledge of the market for all properties in the portfolio.

Where they fell outside of the expected ranges, valuations showed unexpected movements, or otherwise appeared unusual, further testing was performed and, when necessary, further discussions were held with Valuers to understand and validate the assumptions.

Agreed key data inputs to the valuations to supporting evidence on a sample basis Level 3 equities and fixed income securities in the Diversified Assets Fund:

We engaged our internal valuation experts to review the methodology and key assumptions used by KKR in valuing a sample of individual level 3 investments within the DAF. Our valuations experts met with KKR and reviewedthe year end valuation report for each asset in the sample.

They challenged KKR on the appropriateness of the methodology and assumptions, given the specifics of each of the assets in question. From the evidence obtained when testing the valuation of investment properties and level 3 assets in the DAF, we found the assumptions and methodology used, and the resulting valuations, to be appropriate.

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured as a vertically integrated wealth management business and operates predominantly within the United Kingdom. Seven components within the Group were considered financial significant and therefore required an audit of their complete financial information. These were Apex Capital Strategies UK plc, Apex Capital Strategies Unit Trust Group Limited, Apex Capital Strategies Investment Administration Limited, Apex Capital Strategies Management Services Limited,Apex Capital Strategies Wealth Management plc, Apex Capital Strategies Wealth Management Group Limited and Apex Capital Strategies International plc.

Six of the financially significant components were audited by PwC UK. Apex Capital Strategies International plc is incorporated and regulated in the Republic of Ireland and was audited by Grant Thornton Ireland. At the planning stage of the audit we provided written instructions to Grant Thornton Ireland to confirm the work we required them to complete. The instructions set out respective responsibilities (including on actuarial work), our involvement in their work, and the materiality level they should perform their work to. We held regular phone calls and meetings with the Grant Thornton Ireland engagement leader, director, and senior members of the Grant Thornton Ireland team through the planning, execution and completion phases of the audit to inform them of developments at a Group level and to understand from them any local developments that were relevant for our audit of the Group.

During the execution phase, senior members of the UK engagement team visited Grant Thornton Ireland and performed a live review of Grant Thornton Ireland's audit working papers, reviewing selected elements of their work focused on the significant and elevated risks identified.

In addition to the full scope audit of the seven components noted above, we also performed specific audit procedures on certain Financial Statement line items within three other components.

These Financial Statement line items were selected for testing to ensure that we had sufficient coverage of each Financial Statement line item within the Consolidated Financial Statements.

The impact of climate risk on our audit

The Group has set out its approach and goals in respect of its Funds under Management in the Investing responsibly section of the Strategic Report. This includes the goal of becoming "Net Zero" in investments by 2050 (with an interim target of a 25% reduction in the carbon emissions of its investment proposition by 2025).

In planning our audit, we considered the extent to which climate change is impacting the Group and how it impacted our risk assessment for the audit of the Group's Financial Statements.

In making these considerations we:

Enquired of management in respect of their own climate change risk assessment, including associated governance processes and understood how these have been implemented.

Obtained the latest Task Force for Climate Related Financial Disclosures ("TCFD") report from the Group and checked it for consistency with our knowledge of the Group based on our audit work and the disclosures made in the Strategic Report.

Considered management's risk assessment and the TCFD report in light of our knowledge of the wider asset management and wealth management industries. We have incorporated a consideration of the climate change impact on the audit of the Group's valuation of investment properties and level 3 investments in the Diversified Assets Fund held at fair value, taking into account the nature of the asset and the valuation approach. This has not had a significant impact on the related key audit matters.

Our conclusions were that the impact of climate change does not give rise to a Key Audit Matter for the Group and it did not impact our risk assessment for any material financial statement line item or disclosure.

**Conclusions relating to Ongoing Concern**

Our evaluation of the Directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

Obtained management's assessment of the going concern of the Group, and challenged the appropriateness of the assumptions used by utilising our knowledge of the Group gained throughout the audit and obtaining further corroborative audit evidence.

Considered the results of management's analysis of the relevant solvency requirements and liquidity position of the Group, including forward looking scenarios within the Group's Own Risk and Solvency Assessment.

Considered information obtained through review of regulatory correspondence, minutes of meetings of the Board, Group Audit and Group Risk Committees, as well as publicly available information to identify any information that would contradict management's assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the The Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

n The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;

n The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

n The section of the Annual Report describing the work of the Group Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly

disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the Financial Statements and the audit

Responsibilities of the directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to corporate taxation, and to UK and Irish regulatory principles, such as those governed by the Prudential Regulation Authority, the Financial Conduct Authority and the Central Bank of Ireland, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined

that the principal risks were related to risk of management, override of controls and risk of fraud in revenue recognition.

The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with the Risk and Compliance function, Internal Audit and the company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading the Group Audit Committee papers in which whistle blowing matters are reported and considered the impact of these matters on the Group's compliance with laws and regulations;
- Reading key correspondence with the Prudential Regulation Authority, the Financial Conduct Authority and the Central Bank of Ireland in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board, Group Risk and Group Audit Committees;
- Reviewing data regarding customer complaints and the company's register of litigation and claims, in so far as they related to non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations increasing reported revenues;
- Designing audit procedures to incorporate unpredictability around nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above.

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations.

We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reportingUnder the Companies Act 2006 we are required to report to you if, in our opinion:

n we have not obtained all the information and explanations we require for our audit; or

n adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

n certain disclosures of Directors' remuneration specified by law are not made; or

n the Parent Company Financial Statements and the part of the The Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Group Audit Committee, we were appointed by the Directors on 7 December 2009 to audit the Financial Statements for the year ended 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement is 14 years, covering the years ended 31 December 2009 to 31 December 2022.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these Financial Statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS').

This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Gary Hughes (Senior Statutory Auditor)
for and on behalf of PriceCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
27 February 2023

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

Within the Annual Report and Accounts various alternative performance measures (APMs) are disclosed.

An APM is a measure of financial performance, financial position or cash flows which is not defined by the relevant financial reporting framework, which for the Group is International Financial Reporting Standards as adopted by the UK (adopted IFRSs).

APMs are used to provide greater insight into the performance of the Group and the way it is managed by the Directors. The table below defines each APM, explains why it is used and, if applicable, details where the APM has been reconciled to IFRS:

Financial-position-related APMs

APM Definition -Definition - Why is this measure used?

Solvency II net assets

Based on IFRS Net Assets, but with the following adjustments:

1. Reflection of the recognition requirements of the Solvency II regulations for assets and

liabilities. In particular this removes deferred acquisition costs (DAC), deferred income (DIR), purchased value of in-force (PVIF) and their associated deferred tax balances, other intangibles and some other small items which are treated as inadmissible from a regulatory perspective; and

2. Adjustment to remove the matching client assets and the liabilities as these do not represent shareholder assets.

No adjustment is made to deferred tax, except for that arising on DAC, DIR and PVIF, as this is treated as an allowable asset in the Solvency II regulation.

Our ability to satisfy our liabilities to clients, and consequently our solvency, is central to our business. By removing the liabilities which are fully matched by assets, this presentation allows the reader to focus on the business operation. It also provides a simpler comparison with other wealth management companies.

Total embedded value

A discounted cash flow valuation methodology, assessing the long-term economic value of the business. Our embedded value is determined in line with the EEV principles originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II.

Life business and wealth management business differ from most other businesses,in that the expected shareholder income from the sale of a product emerges over a long period in the future. We therefore supplement the IFRS and Cash results by providing additional disclosure on an embedded value basis, which brings into account the net present value of expected future cash flows, as we believe that a measure of the total economic value of the Group is useful to investors.

EEV net asset value (NAV) per share

EEV net asset value per share is calculated as the EEV net assets divided by the year-end number of ordinary shares.

Total embedded value provides a measure of total economic value of the Group, and assessing the EEV NAV per share allows analysis of the overall value of the Group by share.

IFRS NAV per share

IFRS net asset value per share is calculated as the IFRS net assets divided by the year-end number of ordinary shares.Total IFRS net assets provides a measure of value of the Group, and assessing the IFRS NAV per share allows analysis of the overall value of the Group by share.

Financial-performance-related APMs

APM - Definition- Why is this measure used?

Cash result, and Underlying cash result

The Cash result is defined as the movement between the opening and closing Solvency

II net assets adjusted as follows:

1. The movement in deferred tax is removed to reflect just the cash realisation from the

2. deferred tax position;

2. The movements in goodwill and other intangibles are excluded; and

3. Other changes in equity, such as dividends paid in the year and equitysettled share

option costs, are excluded.

The Underlying cash result reflects the regular emergence of cash from the business, excluding any items of a one-off nature and temporary timing differences.

The Cash result reflects all other cash items, including items of a one-off nature and temporary timing differences.

Neither the Cash result nor the Underlying cash result should be confused with the IFRS Consolidated Statement of Cash Flows which is prepared in accordance with IAS 7.

IFRS income statement methodology recognises non-cash items such as deferred tax and equity-settled share options.

By contrast, dividends can only be paid to shareholders from appropriately fungible assets. The Board therefore uses the Cash results to monitor the level of cash generated by the business.

While the Cash result gives an absolute measure of the cash generated in the year, the Underlying cash result is particularly useful for monitoring the expected long-term rate of cash emergence, which supports dividends and sustainable dividend growth.

Underlying cash basic and diluted earnings per share (EPS)

These EPS measures are calculated as Underlying cash divided by the number of shares used in the calculation of IFRS basic and diluted EPS.

As Underlying cash is the best reflection of the cash generated by the business, Underlying cash EPS measures allow analysis of the shareholder cash generated by the business by share.

EEV profit

Derived as the movement in the total EEV during the year.

Both the IFRS and Cash results reflect only the cash flows in the year. However our business is long-term, and activity in the year can generate business with a long-term value.

We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology.

EEV operating profit

A discounted cash flow valuation methodology, assessing the long-term economic value of the business.

Our embedded value is determined in line with the EEV principles originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II.

The EEV operating profit reflects the total EEV result with an adjustment to strip out the impact of stock market and other economic effects during the year.

Within EEV operating profit is new business contribution, which is the change in embedded value arising from writing new business during the year.

Both the IFRS and Cash results reflect only the cash flows in the year. However, our business is long-term, and activity in the year can generate business with a long-term value. We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology.

Within the EEV, many of the future cash flows derive from fund charges, which change with movements in stock markets. Since the impact of these changes is typically unrelated to the performance of the business, we believe that the EEV operating profit (reflecting the EEV profit, adjusted to reflect only the expected investment performance and no change in economic basis) provides the most useful measure of embedded value performance in the year.

EEV operating profit basic and diluted earnings per share (EPS)

These EPS measures are calculated as EEV operating profit after tax divided by the number of shares used in the calculation of IFRS basic and diluted EPS.

As EEV operating profit is the best reflection of the EEV generated by the business, EEV operating profit EPS measures allow analysis of the long-term value generated by the business by share.

Policyholder and shareholder tax

Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders on the profits attributable to the shareholders.

This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits. The remainder of the tax charge represents tax on policyholders' investment returns.

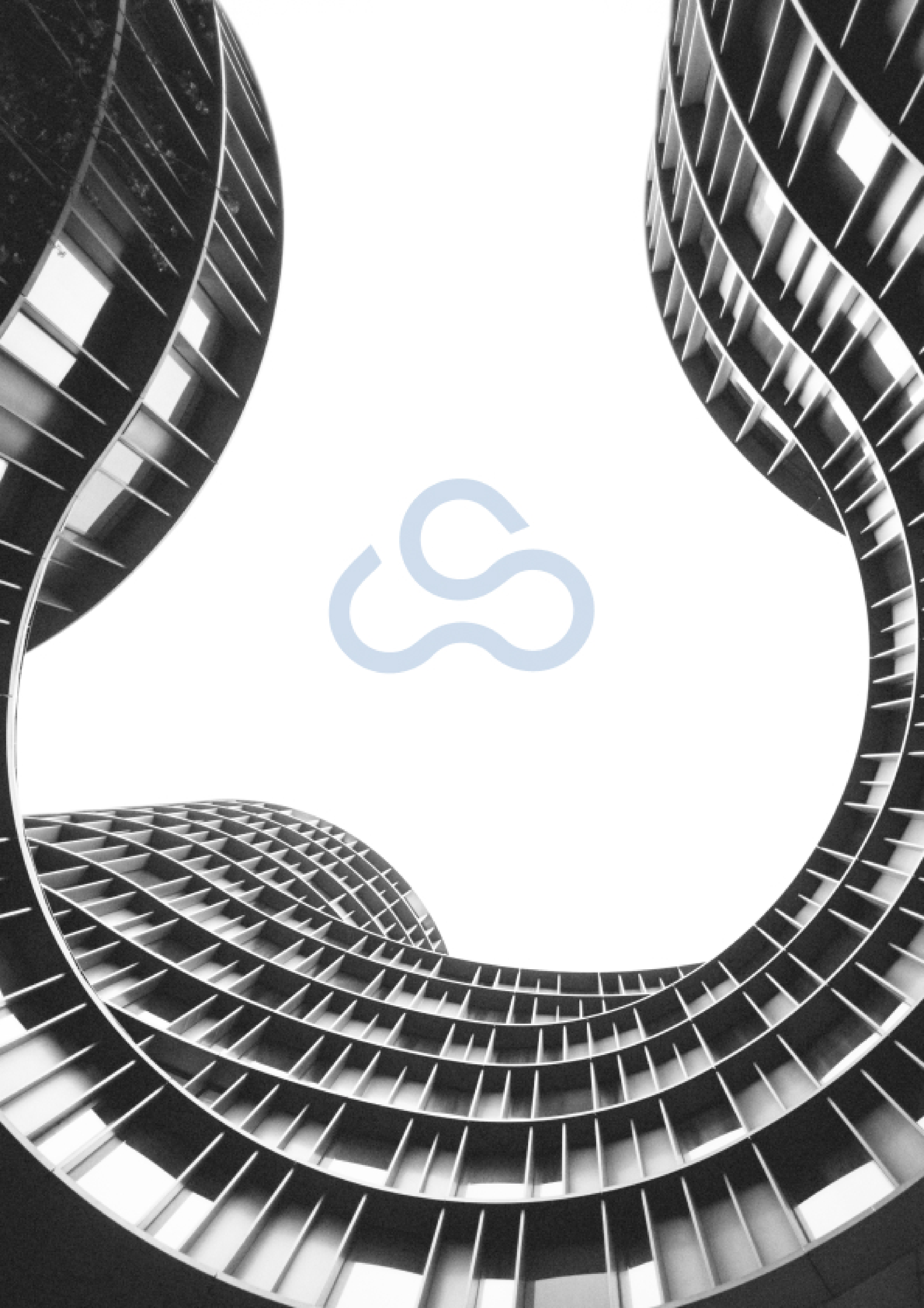
This calculation method is consistent with UK legislation relating to the calculation of the tax on shareholders' profits. The UK tax regime facilitates the collection of tax from life insurance policyholders by making an equivalent charge within the corporate tax of the Company. The total tax charge for the insurance companies therefore comprises both this element and an element more closely related to normal corporation tax.

Life insurance business impacted by this tax typically includes policy charges which align with the tax liability, to mitigate the impact on the corporate entity. As a result, when policyholder tax increases, the charges also increase. Since these offsetting items can be large, and typically do not perform in line with the business, it is beneficial to be able to identify the two elements separately.

We therefore refer to that part of the overall tax charge which is deemed attributable to policyholders, as policyholder tax, and the rest as shareholder tax.

Life insurance business impacted by this tax typically includes policy charges which align with the tax liability, to mitigate the impact on the corporate entity. As a result, when policyholder tax increases, the charges also increase. Since these offsetting items can be large, and typically do not perform in line with the business, it is beneficial to be able to identify the two elements separately.

We therefore refer to that part of the overall tax charge which is deemed attributable to policyholders, as policyholder tax, and the rest as shareholder tax.



**GLOSSARY OF TERMS**

Adviser or financial adviser

An individual who is authorised by an appropriate regulatory authority to provide financial advice. In the UK our advisers are authorised by the FCA.

Administration platform, also Bluedoor

A client-centric administration system, which has been developed in conjunction with our third-party outsourced administration provider, SS&C Technologies, Inc. (SS&C).

The system is owned by SS&C.

Chief Operating Decision-Maker (CODM)

The Executive Committee of the Board (Executive Board), which is responsible for allocating resources and assessing the performance of the operating segments.

Client numbers

The number of individuals who have received advice from aApex Capital Strategies Partner and own aApex Capital Strategies wrapper.

Client retention

Client retention is assessed by calculating the proportion of clients at 1 January in the year who remain as a client throughout the year and are still a client on 31 December of the same year.

Company

The Company refers toApex Capital Strategies plc, which is also referred to as 'St. James's Place' and 'ACS' throughout the Annual Report and Accounts.

Controllable expenses

The total of expenses which reflects establishment, development, and our Academy.

Deferred acquisition costs (DAC)

An intangible asset required to be established through the application of IFRS to our long-term business. The value of the asset is equal to the amount of all costs which accrue in line with new business volumes. The asset is amortised over the expected lifetime of the business.

Deferred income (DIR)

Deferred income, which arises from the requirement in IFRS that initial charges on long-term financial instruments should only be recognised over the lifetime of the business. The initial amount of the balance is equal to the charge taken.

Discretionary Fund Management (DFM)

A generic term for a form of investment management in which buy and sell decisions are made (or assisted) by a portfolio manager for a client's account. WithinApex Capital Strategies, the services provided by Rowan Dartington (including investment management, advisory stockbroking and wealth planning) are collectively referred to as Discretionary Fund Management, distinguishing them from the services provided by our Partners and from our Investment Management Approach (IMA).

European Embedded Value (EEV)

EEV reflects the fact that the expected shareholder income from the sale of wealth management products emerges over a long period of time by bringing into account the net present value of the expected future cash flows. EEV is calculated in accordance with the EEV principles originally issued in May 2004 by the Chief Financial Officers Forum (CFO Forum), supplemented in both October 2005 and, following the introduction of Solvency II, in April 2016.

**Executive Board (ExBo)**

The Executive Board comprises the Executive Directors of the Board and other members of senior management. It is via the Executive Board that operational matters are delegated to management. The Executive Board is responsible for communicating and implementing the Group's business plan objectives, ensuring that the necessary resources are in place in order to achieve those objectives, and managing the day-to-day operational activities of the Group.

Financial Conduct Authority (FCA)

The FCA is a company limited by guarantee and is independent of the Bank of England. It is a UK government regulator and is responsible for the conduct of business regulation of all firms (including those firms subject to prudential regulation by the Prudential Regulation Authority (PRA)) and the prudential regulation of all firms not regulated by the PRA. The FCA has three statutory objectives: securing an appropriate degree of protection for consumers, protecting and enhancing the integrity of the UK financial system, and promoting effective competition in the interests of consumers.

Financial Services Compensation Scheme (FSCS)

The FSCS is the UK's statutory compensation scheme for customers of authorised financial services firms. This means that the FSCS can pay compensation if a firm is unable, or is likely to be unable, to pay claims against it. The FSCS is an independent body, set up under the Financial Services and Markets Act 2000, and funded by a levy on 'authorised financial services firms'. The scheme covers deposits, insurance policies, insurance brokering, investments, mortgages and mortgage arrangement.

Funds under management (FUM)

Represents all assets actively managed or administered by or on behalf of the Group, including all life insurance and unit trust assets, but not assets managed by third parties where we have only introduced or advised on the business.defined later in this section.

Assets managed by Rowan Dartington count as FUM from the date of acquisition.

Gestation FUM

This represents FUM on which no annual product management charges are taken. Most of our investment and pension business enters a six-year gestation period following initial investment. FUM which is not gestation FUM is known as mature FUM, which is Gross inflows.

Total new funds under management accepted in the period.

Group

The Group refers to the Company together with its subsidiaries as listed in Note 23 to the Consolidated Financial Statements.

International Financial Reporting Standards (IFRS)

These are accounting regulations issued by the International Accounting Standards Board (IASB) designed to ensure comparable preparation and disclosure of statements of financial position. The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK (adopted IFRSs).

Investment business

This refers to onshore and offshore investment bond business written by the life insurance entities in the Group.

Investment Management Approach (IMA)

The IMA is howApex Capital Strategies manages clients' investments. It is managed by theApex Capital Strategies Investment Committee, which in turn is supported by respected independent investment research consultancies, including Redington and Rocaton. The Investment Committee is responsible for identifying fund managers for our funds, selecting from fund management firms all around the world.

It is also responsible for monitoring the performance of our fund managers, and, if circumstances should change and it should become necessary, for changing the fund manager as well.

Mature FUM

This represents FUM on which annual product management charges are taken. ISA and unit trust business flows into mature FUM from initial investment, but most of our investment and pension business only becomes mature FUM after the six-year gestation period, during which time it is known as gestation FUM.

Maturities

Those sums paid out where a plan has reached the intended, pre-selected, maturity event (e.g. retirement).

Net inflows

Net inflows are gross inflows less the amount of FUM withdrawn by clients during the same period. The net inflows are the growth in FUM not attributable to investment performance.

Paraplanner

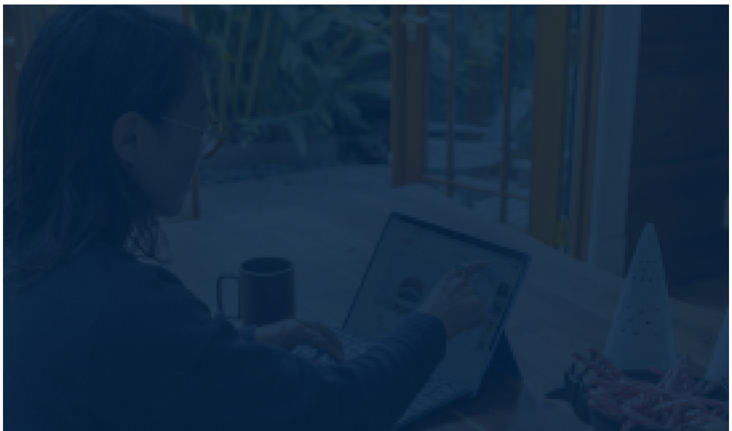
Staff member in a Partner practice who supports the advisers in that practice.

Policyholder and shareholder tax

The UK tax regime facilitates the collection of tax from life insurance policyholders by making an equivalent charge within the corporate tax of the Company. This part of the overall tax charge, which is attributable to policyholders, is called policyholder tax. The rest of the Company's tax liability is attributable to shareholders, so is known as shareholder tax.

Prudential Regulation Authority (PRA)

The PRA is a part of the Bank of England and is responsible for the prudential regulation of deposit-taking institutions, insurers and major investment firms. The PRA has two statutory objectives: to promote the safety and soundness of these firms and, specifically for insurers, to contribute to the securing of an appropriate degree of protection for policyholders.ust Group Limited (ACSUTG)



Purchased value of in-force (PVIF)

An intangible asset established on takeover or acquisition, reflecting the present value of the expected emergence of profits from a portfolio of long-term business. The asset is amortised in line with the emergence of profits.

Registered Individual

An individual who is registered by the FCA, particularly an individual who is registered to provide financial advice.

Regular income withdrawals

Those amounts, pre-selected by clients, which are paid out by way of periodic income.

Responsible investment (RI)

Principles and practices that consider broader sustainability themes and specific environmental, social and corporate governance factors within the investment process.

Retirement Account (RA)

AApex Capital Strategies pension product which incorporates both pre-retirement pension saving and post-retirement benefit receipts in the same investment product.

Rowan Dartington (RD)

A wealth management business providing investment management, advisory stockbroking and wealth planning services acquired byApex Capital Strategies in 2016.

Solvency II

Insurance regulations designed to harmonise EU insurance regulation which became effective on 1 January 2016. The key concerns of the regulation are to ensure robust risk management in insurance companies and to use that understanding of risk to help determine the right amount of capital for UK and European insurance companies to hold to ensure their ongoing viability in all but the most severe stressed scenarios. Following the UK's withdrawal from the EU these regulations have been adopted by the UK.

SS&C Technologies, Inc. (SS&C)

A provider of investor and policyholder, administration and technology services. SS&C is our third-party outsourced provider, responsible for the administration of our UK life insurance company ACSUK, our Irish life insurance company ACSI, our unit trust manager ACSUTG, and our investment administration company ACSIA.

St. James's Place Charitable Foundation

The independent grant-making charity established at the same time as the Company in 2012. More information about the Charitable Foundation can be found on its website www.ACSfoundation.com.

Apex Capital International plc (ACSI)

A life insurance entity in the Group which is incorporated in the Republic of Ireland.

Apex Capital Investment Administration Limited (ACSIA)

An entity in the Group which is responsible for unit trust administration and ISA management, which is incorporated in England and Wales.

Apex Capital Partner

A member of theApex Capital Strategies Partnership. Specifically, the individual or business that is registered, on the relevant regulatory register.

Apex Capital Unit Trust Group Limited (ACSUTG)

An entity in the Group which is responsible for unit trust management, and which is incorporated in England and Wales.

Apex Capital Wealth Management plc (ACSWM)

The UK distribution entity within the Group, which is responsible for theApex Capital Strategies Partnership and the advice it provides to clients. It is incorporated in England and Wales.

State Street

A global financial services holding company offering custodian services, investment management services, and investment research and trading services. State Street is responsible for the custody of the majority of theApex Capital Strategies assets, and also provides other investment management services.

Surrenders and part-surrenders

Those amounts of money which clients have chosen to withdraw from their plan, which were not pre-selected regular income withdrawals or maturities.

Vertically integrated

When we describeApex Capital Strategies as being vertically integrated, we are referring to the fact that its distribution capability (the Partnership) and the manufacturers of its investment products are both part of the Group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