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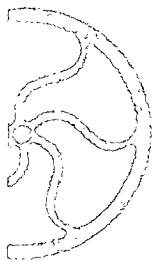
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RWC Partners Limited  
Annual Report and Financial Statements

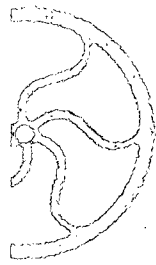
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31 December 2020



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## INFORMATION

### Directors and professional advisors

#### Directors

S Brennan (appointed 29 January 2020)  
P Clarke  
J Innes  
P Larche (resigned 30 April 2020)  
A Leness (appointed 29 January 2020)  
D Mannix  
N Richards (resigned 31 January 2020, reappointed 5 March 2020)  
T Stallvik (appointed 29 January 2020)  
C Williams

#### Registered office

Verde 4<sup>th</sup> Floor  
10 Bressenden Place  
London  
SW1E 5DH

#### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

#### Bankers

HSBC Bank plc	Brown Brothers Harriman (Lux.) S.C.A
6 Commercial Way	80, Route D'Esch
Woking	L-1470 Luxembourg
Surrey	
GU21 6EZ	

#### Registered number

03517613

## Group Strategic Report for the year ended 31 December 2020

The directors present their Group Strategic Report and the Annual Report and Financial Statements in respect of RWC Partners Limited (the "company") and its subsidiaries (the "group" or "RWC") for the year ended 31 December 2020. The Strategic Report is formed of two sections, the first being a report from the Chief Executive Officer followed by Other Strategic Reporting Matters.

### Report from the CEO

I am writing this letter almost exactly a year since the UK entered its first lockdown. Looking back to that time, I was optimistic that RWC Partners was well-placed to manage the uncertainty and disruption caused by COVID. It is impossible to predict the future but that does not mean we can't prepare for it. We aim for RWC Partners to be resilient and opportunistic, to manage through difficult times and to excel when opportunities present themselves to the benefit of all our stakeholders. I believe 2020 fully tested the organisation and I am proud of what we achieved.

2020 was an extraordinary year for investors. Coming off the back of 2019, where the S&P was in its longest bull run and virtually all asset classes went up, the liquidity in markets implied markets may continue their upwards journey focused on US growth stocks. However, from mid-February risk assets hit a significant, COVID driven air-pocket. From their peaks earlier in the year US Equities lost 33.8%, EM equities lost 33.7%, commodities were down 52.7% and crude oil was down as much as 72%. Within these numbers were even more extreme downwards moves for small-caps and cyclical value stocks. For the first time in a very long time we saw signs of real stress in various credit markets.

Concerted efforts by the policy makers helped address the immediate concerns and reassured investors to come back to risk assets. This led to material gains across the board with global equity markets (US, Global and EM) all rising by more than 60% between the bottom of the market in late March and the end of the year. During the first quarter it was inconceivable that by year end most of the equity and credit markets would finish the year in positive territory.

The first half of the year was challenging for us with several of our investment teams having relatively large exposure to areas of the market worst hit by the COVID market correction. The gravitational pull of growth stocks only strengthened as COVID took hold, an area we had minimal exposure to. However, as the year developed investors built a greater conviction that government stimulus would give cyclical, value stocks the limelight for the first time in many years. Indeed, this culminated in one of the strongest quarters for our clients that RWC has produced, with results that have continued into 2021.

In particular it is worth highlighting the Emerging Market funds, which ended the year with top-decile performance driven by both bottom-up alpha but also decisions to increase technology in Q2 and cyclicals in Q4. Convertible Bonds also performed well in what is likely to be remembered as a stand-out year for the asset class. It is encouraging to see the new issuance and excitement about this segment of the bond market for the first time in a number of years. Our joint venture with Nissay also produced exceptional returns and remains a small but market leading strategy in the engagement space. The fourth quarter's significant rotation into value and cyclical stocks saw the performance of the UK Value team and the Global Horizon team start to come through, highlighting that it is critical investors don't end up with a singular portfolio exposure to the areas of the market that have performed well in the recent past.

Client flows across the investment teams were mixed during the year but with a material pickup at the end of the year. Given our lack of exposure to growth equities it is not surprising that, at this stage of the cycle, demand for our strategies has been modest. However, as the end of 2020 and the beginning of 2021 are

## RWC Partners Limited

showing, we are extremely well placed as demand for more cyclically orientated equity portfolios, Emerging Markets and Convertible Bonds pick up.

I want to take this opportunity to particularly highlight winning the investment mandate for the Temple Bar Investment Trust. Temple Bar was launched in 1926, it is in the FTSE 250 and is one of the most prestigious UK Value investment trusts in the market. The Trust was looking for a new manager and we had the opportunity to demonstrate to the Board that value investing was an approach worth retaining, despite a number of years of under-performance versus growth, and that our team was best placed to take the Trust forward. We assumed responsibility for the Trust at the beginning of November, coinciding with the turn in performance for cyclical value, and have guided the Trust through a significant bounce in performance and a narrowing of the discount it was trading at. One of our core areas of focus in 2021 and beyond is the UK market and Temple Bar has provided a welcome increase in the organisation's profile.

In the first quarter of 2020 we completed the transaction that brought us together with Lincoln Peak, our new strategic partner. This was only a month before the impact of COVID started to become apparent. It was an extra-ordinary test of the organisation and our new shareholder base, including the many of our people who also had bought equity in the transaction. Out of an abundance of caution, we asked our shareholders to accept a reduced dividend in April of £2.00 per share following the precipitous fall in markets. This was a powerful message and one we were pleased to reciprocate with a "catch-up" dividend of £1.20 per share in November 2020. We firmly believe that both the ownership structure, and the expectations of those owners, have a significant impact on how asset managers perform. Indeed, this situation reinforced our confidence that we have achieved a strong alignment between our shareholders and the interests of our other stakeholders.

RWC Partners has always believed that diversification across clients, investment capabilities and fee structures leads to a better organisation. The financial results for 2020 demonstrate the benefits. The net total income increased to £100.4m from £82m and £79.9m in the previous two years. Although average assets and therefore fees were impacted by the market drawdown, total income was significantly bolstered by performance fees in a number of the long-only strategies. Profit before tax increased to £18.4m from £12.5m in 2019 and £11.9m in 2018; the PBT margin was 18.4% against 15.2% in 2019 and our assets under management increased by just under 10% to £17.3bn at the end of 2020.

Although our margins can appear modest, it is an important part of our competitive advantage that our investment teams control the allocation of resources that drive investment returns. The clarity our revenue sharing structure brings is not only important for our existing teams and clients, but it is an attractive feature for the new investment people we actively speak to.

2020 crystalised important discussions around sustainability and fairness. Over the last few years we have seen significant growth in the number of people we have and the breadth of our clients; with this comes a greater responsibility to ensure we live our values both in our investment activities and within the organisation. I am responsible for ensuring that our organisation and industry do what we can to contribute to a fairer society that takes on the harder questions. I am also responsible for ensuring that we do what we can to address human behaviours that negatively impact the world's future and sustainability.

RWC is making significant commitments to its future as a strong partner for our clients as a responsible sustainable organisation, a responsible investor and one that incorporates Environment, Social and Governance considerations in all its investment activities. We undertook a review of the organisation's approach to ESG in 2020 and developed an ambitious strategy for the next stage of our journey. Last year we also reached an important milestone with all our investment teams completing the integration of ES&G considerations in their processes. We see this as the starting point; ESG considerations form an ongoing, integral part of all our research. We became formal signatories of the UNPRI in early 2020 having been

## RWC Partners Limited

engaged with them for several years. To help our investment teams in their engagement and collaborative activities we also joined the Investor Forum in the UK. Finally, having been a signatory to the original UK Stewardship Code for a long time, we decided to pledge our support to the revised UK Stewardship Code which is widely expected to become a new best standard for global corporate governance.

In the first quarter of 2020 we strengthened the governance of the organisation with the new Board and a reshaped ExCo. The Board immediately demonstrated their worth in providing a strong and valuable source of counsel and oversight for the ExCo at a challenging time. We continued with our programme of investments and system upgrades, and we fulfilled our commitment to support all our people, avoiding the furlough scheme and supporting others who depend on us, such as our smaller service providers. It is reassuring to see strong investment and financial performance through 2020 and COVID has reinforced how a well-aligned and balanced shareholder base with a strong Board contributes to the ongoing success of RWC.

2020 was a year when our people raised the bar. Despite the extremely challenging conditions, they demonstrated the cohesion, respect and alignment that we have developed as a group, all of which are ultimately manifested in our investment and financial performance. I think we benefitted in multiple ways from the strength of the relationships we had coming into the working-from-home period and we were proud of how our infrastructure enabled us to continue to serve our clients without interruption. I am committed to returning to the office environment to support the development of our people and to enable us to continue to build and develop the personal relationships that are crucial to our performance, creativity and problem solving. However, I am equally excited about exploring the fantastic opportunities that the working-from-home period has given for improving productivity in some areas and for enhancing our people's lives through increased flexibility.

As markets stabilised towards the middle of 2020, we were able to see the fundamental strength of the organisation, and the benefits this brings. We were fortunate to be strong when so many other people were facing seemingly insurmountable challenges. Our people came together and, under the curation of our newly created SEED Initiative (Social Enterprise, Environment, Diversity), created a programme to support local charities that were impacted by COVID. The organisation made the commitment to add £2 to every £1 raised which added real impetus to the initiative. I am extremely proud that we raised £300,000 for 14 charities in London, Miami and Singapore. Across these charities we had a real impact and it builds a great foundation for our future thinking around the work we can do within our local communities.

Mental health has been an important focus of ours for some time now. We have also continued with our sponsorship of Minds at Work, a charity which aims to normalise conversations about mental health in the workspace and create a healthier working world. The wide range of events and activities around the mental health agenda we have held made it easier for us to continue to have the conversations with our people when we were working remotely.

In addition to the SEED Covid initiative and supporting Minds at Work, I am very pleased that RWC has the opportunity to support the 100 BlackInterns initiative. We do not see representative candidate pools when we are recruiting for many roles and the BlackInterns initiative aims to directly address this by increasing the attraction of the Investment Management industry to Black students. We think this is a constructive way to ensure that, in the long-term, we see more representative candidate pools. Under the same principles we have supported and worked with SEO London and Breakthrough Miami, charities which invest in improving the opportunities for students from ethnic minority or low socioeconomic backgrounds.

We aspire to be a fair organisation and acknowledge that education and action are the cornerstones that ensure our impact matches our aspirations. We have also taken steps in support of gender diversity. We have improved our maternity leave policy, and enhanced our shared parental leave policy such that it



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provides the parents with the choice as to which parent may choose to return to work first, and which may choose to stay at home to care for the child.

Our objective is to further invest in grass roots initiatives that improve the long-term candidate pool from which we recruit, and to undertake a range of initiatives to ensure our organisation promotes equal opportunities within the organisation and the industry. As with so many aspects of inclusion and diversity, we do not think there is a short-term fix or that we are doing enough. We will continue to strive to learn and improve, and we plan to introduce further initiatives and structure into our approach to both inclusion and diversity.

2020 was not the easiest time to recruit new people. However, we were extremely pleased that a project to recruit Nick Clay and three other people from Newton concluded. Nick was responsible for one of the leading Global Income strategies in Europe, his approach is highly regarded, and we believe has significant appeal in the UK domestic and overseas markets. More broadly, we continue to be extremely positive on the environment for building new investment capabilities and will be undertaking work in this area in 2021. It was a great shame that in the last quarter of the year Graham Clapp decided to retire from professional investing. After a distinguished career Graham will leave RWC in 2021 having generated great returns for his investors during his time both here at RWC and throughout his long career.

For observers of asset managers, it cannot have gone un-noticed that digitisation is transforming the way we operate. Given the amount of data that can now be produced by market activities, the users of this data (investment managers, clients, regulators and internal governance) expect it to be readily available to them. RWC made a strong commitment 4 years ago to transform its technology from 'analogue' to digital. Although a somewhat simplistic analogy we believe there is no middle ground. Organisations need to be all-in to reach the required standards in relation to the capture, processing and use of their data. Despite the challenges of remote working we implemented new front office, accounting, data-management, operations and client relationship systems in 2020. Our technology and operational teams excelled and continued our development programme almost un-interrupted. Our people and stakeholders are now starting to see the real benefit of the transformation we have gone through and we now have a platform that is highly scalable and fit for purpose. I believe that our commitment to this area has been necessary and will provide us with an ongoing competitive advantage.

Looking forward to 2021 and beyond I am optimistic about the future. COVID has shown us that there are "whole of world" issues that supersede geographical, political or religious boundaries. We are better able to address these issues with global co-ordination. It reinforces the immediate need to identify and take action to address these global risks, indeed they also provide opportunities as we invest in building for the future. RWC Partners is committed to collaboration and its role in improving the future for current and future generations.

I would like to take the opportunity to thank all our stakeholders for their support over the last 12 months. We are continuously striving to raise the bar and improve; with the challenge and opportunity you provide we are looking forward with optimism to 2021 and beyond.

Dan Mannix  
Chief Executive Officer

## RWC Partners Limited

### Other Strategic Reporting Matters

#### Principle Risks and Uncertainties

The Group remains focused on identification and mitigation, where possible, of risks to the business. This section reiterates and re-emphasises the key risks and uncertainties facing the organisation covered in the CEO report above:

- Fund performance not meeting investor expectations – This risk to the organisation is mitigated through the diversification of the revenues, funds and strategies managed by the Group. We are also clear and realistic as to what our clients can expect from our strategies and we maintain the highest levels of client service. Ultimately, we believe these characteristics bring longer-term benefits enabling the organisation to have an exciting future as a global, specialist investment manager.
- Foreign Exchange – Foreign exchange risk is mitigated through continuous monitoring of currency balances with surplus balances translated into operating currency. The Group also regularly reviews cash flow forecasting and considers the impact of foreign exchange risk.
- COVID-19 – Our infrastructure has allowed us to continue operations without disruption and our ability to service our clients has been maintained largely at pre-crisis levels. From a financial risk perspective, given our revenues are derived from investment management and related services to clients which are typically calculated as a percentage of the market value of AUM, RWC's revenues are subject to the negative impacts of market uncertainty created by COVID-19. The organisation remains profitable and the balance sheet is strong and resilient.

#### Key Performance Indicator

The key performance indicator (KPI) for the business is profit margin (based on PBT against Total Income less Cost of Sales). This KPI reflects the underlying generation of value for shareholders. For the year to 31 December 2020, the Group's profit before tax (PBT) margin was 18.4% (2019 – 15.2%).

#### Statement by the Directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The Directors consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

Section 172 requires a Director to have regard, amongst other matters to the:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and others;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the Group.

In discharging its section 172 duties, the Board has had regard to the factors set out above; the relative importance of each factor will vary depending on the decision being taken. In addition, the Board recognises that certain decisions will require the Board to consider additional factors, as appropriate.



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### Statement by the Directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006 (continued)

The Board fulfils its duties in collaboration with the senior management team, to which day to day management is delegated. The Board meets quarterly throughout the year, at a minimum. At each Board meeting, the Board considers updates on matters such as fund performance, risk, compliance, financial reporting, operations and regulatory matters. Over the year, matters such as the Group's strategy are also considered.

Our stakeholders are our people, our clients, our communities and our shareholders. We also think carefully about the impact of our activities on our environment; this creates a focus for our responsible activities that ensure we look over the horizon and think about the future for the people and entities that will rely on our organisation for many years to come.

In 2020 we created a group of RWC's people who are empowered to co-ordinate and develop our approach to our people, communities and environment. The interests of these stakeholders are considered as part of the Board's decision making, as appropriate.

The following items are material decisions or transactions for the Group during the financial period under review.

#### Shareholder transaction:

On 31st January 2020 the Group completed a shareholder transaction ("Pinetree") which saw the Group and a new long-term equity partner, Lincoln Peak Capital LLC ("Lincoln Peak"), purchase the entire minority equity stake previously held by Schroders International Holdings Limited ("Schroders"). The transaction saw Lincoln Peak purchase a 28% stake in the Group with the remainder of Schroders equity purchased by the Group and its employees. The transaction represents a significant milestone in RWC's life and the new shareholder structure reflects a belief that RWC has a responsibility to offer its people and clients an aligned shareholder structure where longevity and stability are seen as critical components to our success and the services we provide to our clients.

The transaction also resulted in a change to the board of Directors effective 31st January 2020, with the new board comprising five Directors from the RWC Group, two appointed by Lincoln Peak and two non-Executive Directors including the Chairman, Peter Clarke.

#### Impact of Covid-19:

The outbreak of the Covid-19 in early 2020 and national lockdowns created an unforeseen impact on the work-life of our people and clients. In formulating responses to these new developments, the Board's responsibilities were to protect and support staff, the clients and the partners with whom RWC work, as well as ensuring the uninterrupted operation of our activities. RWC was able to successfully implement remote working arrangement for all staff with operations continuing effectively throughout 2020 and into 2021. The Directors have taken, and will continue to take, necessary action to maintain the safety and wellbeing of staff and to ensure appropriate infrastructure is in place to maintain the level of service our clients expect and need.

#### Capital Adequacy

On an annual basis the group is subject to an Internal Capital Adequacy Assessment Process (ICAAP) in order to determine whether additional capital is required over and above the regulatory minimum capital determined by the rules of the FCA. Primary responsibility for the ICAAP rests with the Board who review and approve the ICAAP on an annual basis. The Board recognises the need to consider the implications for the ICAAP of any changes to business plans or of any events that may arise that suggest the risk assessment in the ICAAP may no longer be appropriate.

## RWC Partners Limited

### Streamlined energy and carbon reporting (SECR)

The Companies and Limited Liability Partnerships Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting.


Under the 2018 Regulations, large unquoted companies are required to report on UK energy use, and the associated GHG emissions, that relate to:

- Activities for which you are responsible involving the combustion of gas, or consumption of fuel for the purposes of transport; and
- The purchase of electricity by the company for its own use, including for the purposes of transport.

In response to these requirements, and in accordance with the guidance set out in the 2019 HM Government Environmental Reporting Guidelines, the table below sets out RWC's UK emissions and energy use data for the period 1 January 2020 to 31 December 2020.

	UK energy use, current reporting year - 2020
Emissions from activities for which the company own or control including combustion of fuel and operation of facilities (Scope 1)/ tCO <sub>2</sub> e	3.0
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2 – locations based)/ tCO <sub>2</sub> e	18.0
Total gross Scope 1 & 2 emissions/ tCO <sub>2</sub> e	21.0
Energy consumption used to calculate above emissions/ kWh	93,341
Intensity ratio: tCO <sub>2</sub> e (gross Scope 1 & 2)/ full time equivalent	0.17
Methodology	GHG Reporting Protocol – Corporate Standard
Measures taken to improve energy efficiency	A pilot has been undertaken to test the potential for using virtual cloud-based PCs rather than office-based PCs in order to realise energy efficiency savings.

This report was approved by the Board on 26 April 2021 and signed on its behalf by



Cressida Williams  
Chief Financial Officer



## RWC Partners Limited

### Directors' Report for the year ended 31 December 2020

The directors present their Annual Report and the consolidated audited financial statements of RWC Partners Limited and its subsidiaries for the year ended 31 December 2020.

#### Results and dividends

The profit for the year of the group, after taxation, amounted to £13,774,576 (2019: £9,302,196).

During the year the group paid dividends of £15,010,683 (2019: £5,235,561).

#### Directors

The directors who served during the year and up to the date of signing the financial statements were:

S Brennan (appointed 29 January 2020)

P Clarke

R Goodchild (resigned 31 January 2020)

J Innes

P Larche (resigned 30 April 2020)

A Leness (appointed 29 January 2020)

D Mannix

N Richards (resigned 31 January 2020, reappointed 5 March 2020)

T Stallvik (appointed 29 January 2020)

C Williams

#### Pillar III disclosure

In accordance with the disclosures required by the Financial Conduct Authority (FCA) under BIPRU 11, the company's Pillar III disclosure is available via its website [www.rwcpartners.com](http://www.rwcpartners.com).

#### Indemnity

As permitted by the Articles of Association, the Directors have an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. This indemnity covers liabilities in connection with any negligence, default, breach of duty or breach of trust in relation to the Company which may attach to them in execution of their duties.

The Company maintains Directors' and Officers' liability insurance in respect of itself and its Directors. This is reviewed annually by the Board to ensure that cover is held at an appropriate level.

No Company Directors were indemnified during the year.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report 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 and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

## Statement of directors' responsibilities (continued)

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 and company 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures 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 also 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 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 comply with the Companies Act 2006.

## Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved:

- so far as that director is aware, there is no relevant audit information of which the company and the group'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.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution will be proposed concerning their reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 26 April 2021 and signed on its behalf by:



Cressida Williams  
Director

# Independent auditors' report to the members of RWC Partners Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, RWC Partners Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- 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 Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 31 December 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity, and the Consolidated Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 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 company's ability to continue as a going concern.

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. 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 2020 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 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.

## **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 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 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 non-compliance 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 breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority and non-



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RWC Partners Limited

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compliance with the Companies Act 2006, 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 manipulation of financial data to present more favourable financial results. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Reviewing the Board of Directors' meeting minutes;
- Reviewing financial statement disclosures and testing to supporting documentation;
- Identifying and testing journal entries, in particular any journal entries posted with unusual words or account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Obtaining investment management contracts and validating the inputs into the calculation of investment management turnover.

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.

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](http://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 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 reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Saira Choudhry*

Saira Choudhry (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 April 2021

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Note	2020	2019
		£'000	£'000
<b>Turnover</b>	2	104,477	85,395
Cost of sales		<u>(4,120)</u>	<u>(3,406)</u>
<b>Net income</b>		100,357	81,989
Administrative expenses		(72,314)	(59,597)
Fair value movements	13	475	449
Expenses to non-controlling interests		<u>(10,364)</u>	<u>(10,593)</u>
<b>Profit on ordinary activities before interest and taxation</b>	3	18,154	12,248
Interest receivable and similar income		<u>282</u>	<u>207</u>
<b>Profit on ordinary activities before taxation</b>		18,436	12,455
Tax on profit	6	<u>(3,823)</u>	<u>(3,153)</u>
<b>Profit for the financial year</b>		<u>14,613</u>	<u>9,302</u>
Exchange difference on translation of subsidiaries		(1,116)	-
<b>Other comprehensive expense for the year</b>		<u>(1,116)</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>13,497</u>	<u>9,302</u>

All amounts relate to continuing operations.

The notes to the financial statements on pages 21 to 43 form part of these financial statements.



## RWC Partners Limited

### Consolidated Balance Sheet as at 31 December 2020

	Note	2020	2019
		£'000	£'000
<b>Fixed assets</b>			
Intangible assets	8	1,217	1,016
Tangible assets	9	<u>1,361</u>	<u>1,694</u>
		2,578	2,710
<b>Current assets</b>			
Debtors	11	50,520	25,658
Money market deposits	12	10,000	25,000
Investments	13	12,731	8,172
Cash at bank and in hand	14	<u>30,719</u>	<u>25,505</u>
		103,970	84,335
<b>Creditors: amounts falling due within one year</b>	15	<u>(52,834)</u>	<u>(38,106)</u>
<b>Net current assets</b>		<u>51,136</u>	<u>46,229</u>
<b>Total assets less current liabilities</b>		<u>53,714</u>	<u>48,939</u>
<b>Creditors: amounts falling due after more than one year</b>	16	-	(722)
<b>Net assets</b>		<u>53,714</u>	<u>48,217</u>
<b>Capital and reserves</b>			
Called up share capital	19	188	188
Share premium account		16,698	16,698
Other reserves		(364)	(7,498)
Profit and loss account		<u>37,192</u>	<u>38,829</u>
<b>Total shareholders' funds</b>		<u>53,714</u>	<u>48,217</u>

The financial statements on pages 15 to 43 were approved by the Board of directors on 26 April 2021 and were signed on its behalf by:



Cressida Williams  
Director

The notes to the financial statements on pages 21 to 43 form part of these financial statements.

Registered number: 03517613

## Company Balance Sheet as at 31 December 2020

	Note	2020	As restated 2019
		£'000	£'000
<b>Fixed assets</b>			
Intangible assets	8	1,210	1,007
Tangible assets	9	1,161	1,422
Investments in subsidiary undertakings	10	<u>4,533</u>	<u>3,985</u>
		6,904	6,414
<b>Current assets</b>			
Debtors	11	32,042	36,559
Money market deposit	12	10,000	25,000
Investments	13	12,564	8,012
Cash at bank and in hand	14	<u>8,076</u>	<u>6,311</u>
		62,682	75,882
<b>Creditors: amounts falling due within one year</b>	15	<u>(23,882)</u>	<u>(37,672)</u>
<b>Net current assets</b>		<u>38,800</u>	<u>38,210</u>
<b>Total assets less current liabilities</b>		45,704	44,624
<b>Creditors: amounts falling due after more than one year</b>	16	-	(722)
<b>Net assets</b>		<u>45,704</u>	<u>43,902</u>
<b>Capital and reserves</b>			
Called up share capital	19	188	188
Share premium account		16,698	16,698
Other reserves		(366)	(7,498)
Profit and loss account		<u>29,184</u>	<u>34,514</u>
<b>Total shareholders' funds</b>		<u>45,704</u>	<u>43,902</u>

The financial statements on pages 15 to 43 were approved by the Board of Directors on 26 April 2021 and were signed on its behalf by:



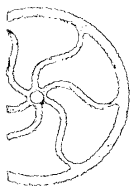
Cressida Williams  
Director

The notes to the financial statements on pages 21 to 43 form part of these financial statements.

**Consolidated Statement of Changes in Equity for the year ended 31 December 2020**

	Note	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2019		187	16,456	(5,969)	33,541	44,215
Profit for the financial year		-	-	-	9,302	9,302
Issue of shares	19	1	242	-	-	243
Dividends paid	7	-	-	-	(5,236)	(5,236)
Share based payment expense		-	-	-	1,222	1,222
Purchase of own shares		-	-	(3,036)	-	(3,036)
Sale of own shares		-	-	1,507	-	1,507
<b>At 31 December 2019</b>		<b>188</b>	<b>16,698</b>	<b>(7,498)</b>	<b>38,829</b>	<b>48,217</b>
Profit for the financial year		-	-	-	14,613	14,613
Other comprehensive expense movement		-	-	-	(1,116)	(1,116)
<b>Total comprehensive income</b>		-	-	-	13,497	13,497
Transfer Employee Benefit Trust to RWC Partners Holdings Limited		-	-	3,489	-	3,489
Dividends paid	7	-	-	-	(15,011)	(15,011)
Other movements		-	-	(331)	749	418
Settlement of Employee Benefit Trust		-	-	-	(2,730)	(2,730)
Share based payment expense		-	-	-	1,858	1,858
Sale of own shares		-	-	3,976	-	3,976
<b>At 31 December 2020</b>		<b>188</b>	<b>16,698</b>	<b>(364)</b>	<b>37,192</b>	<b>53,714</b>

The notes to the financial statements on pages 21 to 43 form part of these financial statements.



**RWC**

RWC Partners Limited

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## Company Statement of Changes in Equity for the year ended 31 December 2020

	Note	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2019 (as previously stated)		187	16,456	(5,969)	28,319	38,993
Prior year restatement	1.1	-	-	-	1,488	1,488
<b>At 1 January 2019 (as restated)</b>		<b>187</b>	<b>16,456</b>	<b>(5,969)</b>	<b>29,807</b>	<b>40,481</b>
Profit for the financial year		-	-	-	7,704	7,704
Prior year restatement	1.1	-	-	-	1,017	1,017
Issue of shares	19	1	242	-	-	243
Dividends paid	7	-	-	-	(5,236)	(5,236)
Share based payment expense		-	-	-	1,222	1,222
Purchase of own shares		-	-	(3,036)	-	(3,036)
Sale of own shares		-	-	1,507	-	1,507
<b>At 31 December 2019 (as restated)</b>		<b>188</b>	<b>16,698</b>	<b>(7,498)</b>	<b>34,514</b>	<b>43,902</b>
Profit for the financial year		-	-	-	9,824	9,824
Transfer Employee Benefit Trust to RWC Partners Holdings Limited		-	-	3,489	-	3,489
Dividends paid	7	-	-	-	(15,011)	(15,011)
Other movements		-	-	(333)	768	435
Settlement of Employee Benefit Trust		-	-	-	(2,189)	(2,189)
Share based payment expense		-	-	-	1,278	1,278
Sale of own shares		-	-	3,976	-	3,976
<b>At 31 December 2020</b>		<b>188</b>	<b>16,698</b>	<b>(366)</b>	<b>29,184</b>	<b>45,704</b>

The notes to the financial statements on pages 21 to 43 form part of these financial statements.

## Consolidated Cash Flow Statement for the year ended 31 December 2020

	Note	2020	2019
		£'000	£'000
<b>Operating activities</b>			
Net cash generated from operating activities	20	12,486	12,723
Taxation payments		(4,187)	(3,690)
<b>Net cash inflows from operating activities</b>		<u>8,299</u>	<u>9,033</u>
<b>Investing activities</b>			
Interest received		282	207
Payments to acquire fixed assets		(373)	(1,119)
Purchase of money market deposit		-	(11,000)
Sale of money market deposit		15,000	-
Purchase of investment in equity instruments		(4,489)	(2,173)
Sale of investment in equity instruments		891	990
<b>Net cash inflow/ (outflow) from investing activities</b>		<u>11,311</u>	<u>(13,095)</u>
<b>Financing activities</b>			
Equity dividends paid		(15,011)	(5,236)
Issue of ordinary shares		-	243
Purchase of own shares		-	(3,036)
Sale of own shares		615	1,507
<b>Net cash inflow/ (outflow) from financing activities</b>		<u>(14,396)</u>	<u>(6,522)</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>		5,214	(10,584)
<b>Cash and cash equivalents at 1 January</b>		<u>25,505</u>	<u>36,089</u>
<b>Cash and cash equivalents at 31 December</b>		<u><u>30,719</u></u>	<u><u>25,505</u></u>

The notes on pages 22 to 44 form part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2020

### 1. Accounting Policies

#### 1.1 Basis of preparation of financial statements

RWC Partners Limited is a private limited company, limited by shares, incorporated and registered in England in the United Kingdom under the Companies Act.

The company's registered address is Verde 4<sup>th</sup> floor, 10 Bressenden Place, London SW1E 5DH.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of current asset investments and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Except where specifically noted (in notes 1.8, 1.18) Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Management are also required to exercise judgement in applying the company's accounting policies. Due to the straight forward nature of the business, except in regard to notes 1.8 and 17, management consider that no critical judgements have been made in applying the company's accounting policies.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The company has taken advantage of the following exemptions in its individual financial statements:

- from presenting its individual profit and loss account per section 408 of the Companies Act
- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows

In the historical standalone financial statements, the share based payments expense charged to profit and loss, in relation to equity awarded to non RWC Partners Limited employees (for example employees of RWC Asset Advisors (US)) has been incorrectly recognised within the Company accounts. The current company financial statements have been restated to correct this error by recognising the share based payment expense within the employing entity and the Company making a capital contribution to the employing entity. This restatement results in a reduction in the costs incurred by the Company and an increase in the Investment in Group Subsidiaries by way of a capital contribution. This restatement cancels out on consolidation and so has no impact to the accounts of the Group.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.1 Basis of preparation of financial statements (continued)

The impact of this restatement on the Company balance sheet is as follows:

	2019 (restated)	Restatement		2019
	£'000	2019 in year	Prior year	£'000
Investment in Subsidiary Undertaking	3,985	1,017	1,488	1,480
Profit and loss account	(34,514)	(1,017)	(1,488)	(32,009)

#### 1.2 Going Concern

The Group meets its day-to-day working capital requirements through revenues from its investment management services. The outbreak of the coronavirus ("COVID-19") in 2020 saw the implementation of a series of precautionary and control measures across the world which resulted in general market uncertainty. Measures implemented by governments around the world have reduced volatility across global financial markets which in turn reduced the potential negative impact on the Groups performance and results. RWCs financial results for 2020 were reflective of the challenges faced from the impacts of COVID-19, however strong performance in the final quarter of 2020 saw growth in AUM and run-rate revenues surpassing January 2020 levels.

The Group's forecasts, including stress test scenarios performed as part of the annual ICAAP process, and balance sheet position, taking into account reasonably possible changes in operating performance, show that the Group should be able to operate within the level of its forecast revenue and resources for the foreseeable future and for a least 12 months from the date of authorisation of these financial statements. The group therefore continues to adopt the going concern basis in preparing its financial statements.

#### 1.3 Basis of consolidation

The financial statements consolidate the financial statements of RWC Partners Limited (the "Company") and its subsidiary undertakings; RWC Asset Management LLP, (93% controlling interest) RWC Focus Asset Management Limited, RWC Asset Advisors (US) LLC, RWC (US) LLC, RWC Singapore (Pte) Limited, RWC (GP) Limited.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. All entities have co-terminus financial accounting year ends.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.3 Basis of consolidation (continued)

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

#### 1.4 Turnover

The turnover shown in the statement of comprehensive income represents fees receivable for investment management services provided during the year and arising from continuing activities in the UK, net of rebates offered and exclusive of value added tax. Fees received are for investment management or administrative services and are accrued on a monthly basis and performance fees are recognised on crystallisation.

#### 1.5 Cost of Sales

Cost of Sales is recognised in the Statement of Comprehensive Income as costs directly attributable to Turnover.

#### 1.6 Administrative Expenses

Administrative expenses shown in the Statement of Comprehensive Income represents expenses related to the operation of the business.

#### 1.7 Interest Income and Expense

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 1.8 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives of 5 years.

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

#### 1.9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.9 Tangible fixed assets and depreciation (continued)

The Group and Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The depreciation expense is charged to administrative expenses in the Statement of Comprehensive Income. The estimated useful lives range as follows:

Equipment	- 3 years straight line
Leasehold improvements	- 10 years straight line
Software	- 3 years straight line
Fixtures and fittings	- 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last balance sheet date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

#### 1.10 Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

#### 1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.11 Current and deferred taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 1.12 Foreign currencies

##### (a) Functional and presentation currency

The functional and presentation currency of the company and the group is Great British Pound (GBP). The group includes three overseas subsidiaries, of which for two the functional currency is United States Dollar (USD) and the third is Singapore Dollar (SGD).

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the current market closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

#### 1.13 Fixed asset investments

Investments in subsidiary undertakings are valued at cost less accumulated impairment.

#### 1.14 Investment in equity instruments

Investments in equity instruments are held as current asset investments due to their highly liquid nature. They are initially valued at transaction value and revalued to fair value on a monthly basis. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### 1.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.16 Money market deposits

Money market deposits comprises cash placed on fixed term deposit for a period of between six and nine months on acquisition with no option to withdraw prior to maturity. The value on maturity is fixed with no risk of change in value.

#### 1.17 Employee share ownership & employee benefit trust (the "EBT")

During the year, 100% of the shares in the Company were acquired by RWC Partners Midco Limited (RWC Midco), a newly formed entity. The shares previously held by the Employee Benefit Trust were exchanged for shares in the Company's ultimate parent RWC Partners Holdings Limited (RWC Holdco), also a newly formed entity.

Historically, the EBT has been recognised as a branch of the Company and such the equity held by the EBT has been recognised within the reserves of the Company (since the EBT loan balance netted off with the amount owed by the EBT). Following the Pinetree transaction, the loan arrangement between the EBT and the Company remained in place however since the EBT now held shares in RWC Holdco, it became a branch of RWC Holdco. This results in the EBT loan balance (the amount owed to the Company) no longer being netted off within the Company standalone accounts and hence being visible as a asset within the Company balance sheet.

#### 1.18 Share based payments

As part of the Pinetree transaction, all the existing shareholders of the Company were issued with an equal number of shares in the Company's ultimate parent RWC Holdco in exchange for their shares in the Company. These shares were then exchanged for equity in RWC Midco such that RWC Holdco was the parent of RWC Midco which was the parent of the Company. All options in the Company were transferred such that they became options in RWC Holdco and the shares awarded to employees and Directors through the Company's equity schemes were altered to be settled with equity in RWC Holdco.

The group still issues the following equity settled share based payments to certain employees (including Directors). These payments are through:

- Deferred Compensation Equity (vesting periods up to 39 months);
- Enterprise Management Incentives (EMI) options (no longer issued) (vesting periods of 24 months);
- Non-EMI options (vesting periods of up to 60 months);
- Long Term Service Awards (LTSA) shares (immediately vesting);
- HMRC recognised Share Incentive Plan (SIP) (no longer issued) (vesting period of 36 months); and
- Long Term Incentive Plan (LTIP) shares (vesting of up to 39 months).

Each scheme requires the employee to remain employed within the group throughout the vesting period.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.18 Share based payments (continued)

For Deferred Compensation Equity and LTIP shares, the fair value of the award at the point of grant is recognised through the Statement of Comprehensive Income (for the subsidiary which employs the individual who has been awarded the equity) on a straight-line basis over the vesting period (including the year of service to which the award relates). The fair value is measured by the current market share price (at the point of grant) of shares in RWC Partners Holdings Limited as determined by the Board of Directors. Upon vesting (and automatic exercising), the equity in RWC Holdco is transferred to the recipient from the holdings of the EBT. The reduction in the value of the EBT is reflected by the movement of the EBT loan balance by the holding value of the awarded shares.

For EMI and non-EMI options, the fair value is measured using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. This value is recognised through the Statement of Comprehensive Income (of the subsidiary to which the option holder is employed or is a partner of) over the vesting period of the options.

SIP shares are held within an onshore trust on behalf of the employees. SIP shareholders benefit from dividend rights to the shares but no other rights of ownership for a period of three years from date of issuance. The fair value of the shares is measured by the market share price of shares in RWC Partners Holdings Limited as determined by the Board of Directors at the point of grant/purchase. The fair value is recognised fully at the point of grant/purchase within the Statement of Comprehensive Income. Up on the third anniversary, SIP shareholders gain ownership rights over their SIP shares. All SIP shares in issuance have been held for a period greater than 3 years.

#### 1.19 Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

The group only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at transaction cost and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.19 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

#### 1.20 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 1.21 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 1.22 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1. Accounting policies (continued)

#### 1.23 Pension

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

#### 1.24 Expenses to Non-controlling Interests

Expenses to non-controlling interests represent the proportion of members' remuneration charged as an expense in the underlying subsidiary entity RWC Asset Management LLP which is attributable to non-controlling interests.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 2. Turnover

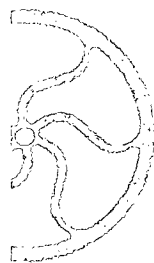
The turnover shown in the statement of comprehensive income represents the value of services provided during the year, stated net of rebates offered and value added tax.

Group turnover by revenue stream is as follows:

	2020	2019
	£'000	£'000
Management and Service fee revenue	74,812	79,563
Performance fee revenue	<u>29,665</u>	<u>5,832</u>
	<u>104,477</u>	<u>85,395</u>

A geographical analysis of the group's turnover is as follows:

	2020	2019
	£'000	£'000
United Kingdom	9,418	8,843
Luxembourg	29,417	32,815
Rest of Europe	15,314	4,165
Cayman Islands	30,574	26,322
Rest of the World	<u>19,754</u>	<u>13,250</u>
	<u>104,477</u>	<u>85,395</u>



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 3. Operating Profit

The operating profit is stated after charging:

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets:		
- owned	348	355
Amortisation of intangible assets	159	958
Impairment of intangible assets	-	2,192
Auditors' remuneration		
- Audit of company & group consolidated financial statements	120	96
- Audit of subsidiaries	109	94
- Audit related assurance services	8	8
- Tax compliance services	273	276
- Tax advisory services	52	42
- Other non-audit services	236	216
Operating lease rentals:		
- other operating leases	1,185	1,221
Foreign exchange (gains)/losses	<u>1,091</u>	<u>63</u>

### 4. Staff Costs

Staff costs, including directors' remuneration, were as follows:

	2020 £'000	2019 £'000
Wages and salaries	50,401	35,759
Social security costs	1,771	1,446
Pension costs	<u>777</u>	<u>722</u>
	<u>52,949</u>	<u>37,927</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Management staff	6	6
Fund management staff	43	45
Administrative staff	<u>79</u>	<u>78</u>
	<u>128</u>	<u>129</u>





## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 5. Directors' remuneration

	2020	2019
	£'000	£'000
Emoluments	<u>7,581</u>	<u>4,938</u>
Company pension contributions to defined contribution pension schemes	<u>26</u>	<u>22</u>

During the year retirement benefits were accruing to four directors (2019: three) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £3,867,869 (2019: £3,495,145).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,000 (2019: £5,502).

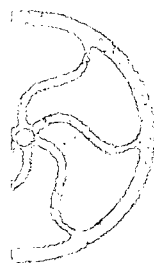
	2020	2019
	Number	Number
Directors who exercised share options during the year	<u>1</u>	<u>-</u>

During the year, directors exercised 8,500 (2019: -) share options. All options exercised were following the transaction detailed in note 21 and therefore were exercised over shares in the Company's ultimate parent RWC Partners Holdings Limited.

### 6. Tax on profit

	2020	2019
	£'000	£'000
Analysis of tax charge in the year		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	(264)	2,367
Foreign tax	5,592	1,259
Adjustments in respect of prior years	<u>(1,505)</u>	<u>102</u>
<b>Total current tax</b>	<u>3,823</u>	<u>3,728</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>(575)</u>
<b>Total deferred tax</b>	<u>-</u>	<u>(575)</u>
<b>Tax on profit</b>	<u>3,823</u>	<u>3,153</u>

Deferred taxation is disclosed in note 17.



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 6. Tax on profit (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020 £'000	2019 £'000
<b>Profit on ordinary activities before tax</b>	<b><u>18,436</u></b>	<b><u>12,455</u></b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	3,503	2,367
Effects of:		
Expenses not deductible for tax purposes	(9)	721
R&D relief	-	(75)
Adjustments in respect of prior years	(1,505)	102
Tax charge arising from share based payments	136	230
Foreign tax	1,887	628
Timing differences on investment valuations	(6)	(8)
Other timing differences	(183)	(237)
Deferred taxation	-	(575)
<b>Total tax charge for the year (see note above)</b>	<b><u>3,823</u></b>	<b><u>3,153</u></b>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be immaterial.

### 7. Dividends Paid

	2020 £'000	2019 £'000
Dividends paid on equity capital	<u>15,010</u>	<u>5,236</u>



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 8. Intangible assets

	Software £'000
<b>Group</b>	
Cost	
At 1 January 2020	3,841
Additions	360
<b>At 31 December 2020</b>	<b>4,201</b>
Amortisation	
At 1 January 2020	2,825
Charge for the year	159
<b>At 31 December 2020</b>	<b>2,984</b>
Net book value	
<b>At 31 December 2020</b>	<b>1,217</b>
<b>At 31 December 2019</b>	<b>1,016</b>

The intangible asset at 31 January 2020 is fund management software developed for use by the group. Development commenced in 2019 and the asset was brought into use in July 2020.

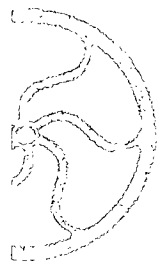
	Software £'000
<b>Company</b>	
Cost	
At 1 January 2020	3,829
Additions	360
<b>At 31 December 2020</b>	<b>4,189</b>
Amortisation	
At 1 January 2020	2,822
Charge for the year	157
<b>At 31 December 2020</b>	<b>2,979</b>
Net book value	
<b>At 31 December 2020</b>	<b>1,210</b>
<b>At 31 December 2019</b>	<b>1,007</b>

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 9. Tangible assets

	Leasehold £'000	Software £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2020	1,311	1,476	1,666	1,237	5,690
Additions	-	1	-	23	24
Disposals	(3)	(4)	(2)	-	(9)
<b>At 31 December 2020</b>	<b>1,308</b>	<b>1,473</b>	<b>1,664</b>	<b>1,260</b>	<b>5,705</b>
<b>Depreciation</b>					
At 1 January 2020	243	1,471	1,184	1,098	3,996
Charge for the year	131	2	116	99	348
<b>At 31 December 2020</b>	<b>374</b>	<b>1,473</b>	<b>1,300</b>	<b>1,197</b>	<b>4,344</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>934</b>	<b>-</b>	<b>364</b>	<b>63</b>	<b>1,361</b>
<b>At 31 December 2019</b>	<b>1,068</b>	<b>5</b>	<b>482</b>	<b>139</b>	<b>1,694</b>

	Leasehold £'000	Software £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
<b>Company</b>					
<b>Cost</b>					
At 1 January 2020	1,311	1,463	1,148	921	4,843
Additions	-	1	6	25	32
Disposals	-	(4)	-	-	(4)
<b>At 31 December 2020</b>	<b>1,311</b>	<b>1,460</b>	<b>1,154</b>	<b>946</b>	<b>4,871</b>
<b>Depreciation</b>					
At 1 January 2020	243	1,458	910	810	3,421
Charge for the year	131	2	77	79	289
<b>At 31 December 2020</b>	<b>374</b>	<b>1,460</b>	<b>987</b>	<b>889</b>	<b>3,710</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>937</b>	<b>-</b>	<b>167</b>	<b>57</b>	<b>1,161</b>
<b>At 31 December 2019</b>	<b>1,068</b>	<b>5</b>	<b>238</b>	<b>111</b>	<b>1,422</b>



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 10. Investment in Subsidiary Undertakings

	Investments in subsidiary entities £'000
<b>Company</b>	
Cost or valuation	
At 1 January 2020 (as previously stated)	1,480
Prior opening balance adjustment	1,488
Prior year in year adjustment	1,017
At 1 January 2020 (as restated)	3,985
Currency movement	7
Capital contribution in relation to equity in the Group (settled by the EBT) issued to employees of subsidiary undertakings	541
<b>At 31 December 2020</b>	<b>4,533</b>
Net book value	
<b>At 31 December 2020</b>	<b>4,533</b>
<b>At 31 December 2019 (as restated)</b>	<b>3,985</b>

Included in fixed asset investments of the company is £1,200,000 (2019: £1,200,000) representing the company's contribution of 23% (2019: 93%) to the Member's Capital of RWC Asset Management LLP, an investment management firm incorporated in England and Wales. Total Member's Capital of RWC Asset Management LLP amounts to £5,322,179 (2019: £1,285,000). The company is the managing member of the LLP and holds the majority voting rights.

£1 (2019: £1) represents the entire share capital of RWC (US) LLC, an investment management firm incorporated in the United States of America.

£286,504 (2019: £280,379) represents the entire share capital (SGD 500,000) of RWC Singapore Pte Limited, an investment management firm incorporated in Singapore. This investment is held in SGD and revalued to GBP on a monthly basis.

£nil (2019: £ nil) represents the entire share capital of Pensato Cayman Limited, a company incorporated in the Cayman Islands. During the prior year the Group liquidated its entire holding within Pensato Cayman Limited. The company was subsequently dissolved.

£3,045,000 represents capital contribution in relation to options in the Company's equity issued to employees of subsidiary undertakings.

The value of investments in subsidiary undertakings has been assessed at 31 December 2020 with no impairment required.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 11. Debtors

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	40,125	20,091	-	-
Amounts owed by group undertakings	-	-	21,675	32,784
VAT recoverable	683	960	2,008	2,097
Other debtors	2,738	1,505	2,450	83
Staff loans	5,650	1,730	4,796	411
Deferred tax asset	287	287	287	287
Prepayments and accrued income	1,037	1,086	826	897
	<u>50,520</u>	<u>25,659</u>	<u>32,042</u>	<u>36,559</u>

Deferred taxation is disclosed in note 17.

Staff loans relate to non-beneficial interest bearing full-recourse loans to employees and members solely for the purchase of equity in RWC. All loans are repayable in fixed instalments over a maximum period of 5 years with the loan being fully repayable in the event of leaving the group. £375,352 (2019: £483,413) of the Group staff loans balance relates to staff loans for directors who entered into loan agreements with the Group prior to becoming directors. No further loans are extended to directors.

Transactions between Group companies are treated as inter-company loans, interest free and repayable on demand.

### 12. Money market deposits

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Money market deposits	10,000	25,000	10,000	25,000
	<u>10,000</u>	<u>25,000</u>	<u>10,000</u>	<u>25,000</u>

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 13. Investments in Equity Instruments

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Other investments	<u>12,731</u>	<u>8,172</u>	<u>12,564</u>	<u>8,012</u>

Other investments represent RWC Partners Limited and RWC Asset Advisors LLC investments in RWC Funds and products. Investments are revalued on a monthly basis to fair value.

The movement in other investments balance is as follows:

	Investments in Equity Instruments Group £'000	Investments in Equity Instruments Company £'000
<b>Investments</b>		
At 1 January 2019	6,540	6,434
Purchase of investment in equity instruments	2,173	2,017
Sale of investment in equity instruments	(990)	(851)
Marked to market movement on equity instruments	449	412
<b>At 31 December 2019</b>	<b>8,172</b>	<b>8,012</b>
At 1 January 2020	8,172	8,012
Purchase of investment in equity instruments	4,489	4,489
Sale of investment in equity instruments	(891)	(891)
Marked to market movement on equity instruments	961	954
<b>At 31 December 2020</b>	<b><u>12,731</u></b>	<b><u>12,564</u></b>

### 14. Cash at bank and in hand

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Cash at bank and in hand	<u>30,719</u>	<u>25,505</u>	<u>8,076</u>	<u>6,311</u>
	<u>30,719</u>	<u>25,505</u>	<u>8,076</u>	<u>6,311</u>



## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 15. Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	196	-	185	2
Amounts owed to group undertakings	-	-	-	13,974
Amounts owed to non-controlling interests	9,376	4,326	-	-
Corporation tax	608	971	(2,198)	188
Other taxation and social security	1,061	924	1,025	893
Other creditors	1,094	1,815	1,093	1,799
Derivative financial liability	112	-	112	-
Provision for uncertain tax matter	1,320	-	1,320	-
Accruals and deferred income	<u>39,067</u>	<u>30,070</u>	<u>22,345</u>	<u>20,816</u>
	<u>52,834</u>	<u>38,106</u>	<u>23,882</u>	<u>37,672</u>

Transactions between Group companies are treated as inter-company loans, interest free and repayable on demand. These net down to zero on consolidation.

### 16. Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other financial liabilities	<u>-</u>	<u>722</u>	<u>-</u>	<u>722</u>
	<u>-</u>	<u>722</u>	<u>-</u>	<u>722</u>



## RWC Partners Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued):

#### 17. Deferred taxation

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 January	287	(291)	287	(291)
Other movements	-	3	-	3
Recognised during the year	-	575	-	575
At 31 December	<u>287</u>	<u>287</u>	<u>287</u>	<u>287</u>

The deferred taxation balance is made up as follows:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Timing differences on fixed assets	(60)	(60)	(60)	(60)
Other timing differences	<u>347</u>	<u>347</u>	<u>347</u>	<u>347</u>
	<u>287</u>	<u>287</u>	<u>287</u>	<u>287</u>

#### 18. Operating lease commitments

At 31 December 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£'000	£'000
<b>Group and Company</b>		
Between 0 and 1 year	1,120	1,181
Between 1 and 2 years	1,061	1,125
Between 2 and 5 years	3,248	3,232
Greater than 5 years	1,347	2,449

#### 19. Company called up share capital

	2020	2019
	£'000	£'000
Allotted, called up and fully paid		
1,111,545 (2019: 1,111,545) A Ordinary shares of £0.10 each	111	111
772,090 (2019: 772,090) B Ordinary shares of £0.10 each	<u>77</u>	<u>77</u>

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 19. Company called up share capital (continued)

Details of options to subscribe for shares in the Company, including those held by directors, are set out below. As part of the share transaction detailed in Note 21, all options to subscribe for shares in the Company transferred (with no change to value or vesting periods) to options over shares in RWC Holdco.

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Outstanding at 1 January	187,846	40	160,325	38
Granted during the year	-	-	52,081	43
Exercised during the year	-	-	(13,060)	19
Lapsed during the year	-	-	(11,500)	42
Transferred to Ultimate Parent (RWC Holdco)	(187,846)	40	-	-
Outstanding at 31 December	-	-	187,846	40
<b>Exercisable at 31 December</b>	-	-	114,265	38

As detailed in Note 1.18, the Group issues various equity settled schemes to its employees and partners. The weighted average exercise price for both the Long Term Incentive Plan (LTIP) and Deferred Compensation scheme is nil (2019: nil). Both schemes require the individual to remain employed or a member of the Group.

For all equity settled share based arrangements, the equity is valued at fair market value ('FMV') at a price set by the Board. FMV is determined by the board on the basis of a transaction between a willing buyer and willing seller, taking account of any indebtedness in the company, and in a manner consistent with past practice. The FMV range for all equity settled share based payments granted within the year was from £44 to £48.

Over the course of 2020, no options over shares in the Company were exercised (since all options were transferred to RWC Holdco at the point of the transaction resulting in no options remaining over shares in the Company). The weighted average exercise price at the dates at which the above share options were exercised in 2019 was £19. At 31 December 2019, the range of exercise prices of the outstanding options was £0.01 to £55. The weighted average remaining contractual life of these options at 31 December 2019 was 6.63 years.

The total expense recognised in the profit and loss for the period in respect of the share-based payments for the Group was £1,858,144 (2019: £2,292,334). The carrying amount at the end of the year for future charges for share-based payment transactions was £1,686,356 (2019: £2,513,658).

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 20. Net cash generated from operating activities

	2020	2019
	£'000	£'000
Profit for the financial year	14,613	9,303
Adjustments for:		
Depreciation of tangible fixed assets	348	355
Amortisation of intangible assets	159	961
Reassessment of intangible fixed assets	-	2,192
Interest receivable	(282)	(207)
Taxation charge	3,823	3,153
Increase in debtors	(22,821)	(5,163)
Increase in creditors	10,695	3,244
Change in market value of investments	(961)	(449)
Share option expense	1,858	1,222
Expenses to non-controlling interests	10,364	10,593
Payments to non-controlling interests	(5,310)	(12,481)
<b>Net cash inflow from operating activities</b>	<b>12,486</b>	<b>12,723</b>

### 21. Controlling party

On 31<sup>st</sup> January 2020 the Group completed a shareholder transaction ("Pinetree") which saw the Group and a new long-term equity partner, Lincoln Peak Capital LLC ("Lincoln Peak"), purchase the entire 41% minority equity stake held by Schroders International Holdings Limited ("Schroders"). The transaction saw Lincoln Peak purchase a 28% stake in the Group with the remainder of Schroders' equity purchased by the Group and its employees. The transaction also resulted in a change to the board of Directors effective 31<sup>st</sup> January 2020, with the new board comprising five Directors from the RWC Group, two appointed by Lincoln Peak and two non-Executive Directors including the Chairman, Peter Clarke.

Following the transaction detailed above, RWC Partners Holdings Limited became the ultimate controlling party and heads the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. RWC Partners Limited is the parent company of the smallest group of undertakings for which group financial statements are drawn up.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 22. Related Party Transactions

Transactions between Group companies are treated as inter-company loans, repayable on demand. These net down to zero on consolidation.

The Group is formed of the following entities (all wholly owned unless stated):

- RWC Partners Limited (Verde 4<sup>th</sup> Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- RWC Asset Management LLP (23% capital contribution) (Verde 4<sup>th</sup> Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- RWC Focus Asset Management Limited (Verde 4<sup>th</sup> Floor, 10 Bressenden Place, London, SW1E 5DH, UK) (dissolved as of April 2019)
- RWC (US) LLC (incorporated in the USA) (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Asset Advisors (US) LLC (incorporated in the USA) (Suite 201, 2640 South Bayshore Drive, Miami, Florida, 33133, USA)
- RWC Singapore (Pte) Limited (incorporated in Singapore) (#22-23, 80 Raffles Place, UOB Plaza 2, Singapore 048624)
- RWC GP Limited (incorporated in the Cayman Islands) (Verde 4<sup>th</sup> Floor, 10 Bressenden Place, London, SW1E 5DH, UK)
- Pensato Capital Management Limited (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of March 2019)
- Pensato Cayman Limited (incorporated in the Cayman Islands) (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of April 2019)
- Pensato Capital LLP (c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL, UK) (dissolved as of March 2019)

The outstanding balance between the Company and the subsidiary entity (RWC Asset Management LLP) was £21.5m (2019: £30.0m). Transactions between the Company and RWC Asset Management LLP include profit allocation due to the Company; administrative costs borne by the Company; and cash movements between the Company and RWC Asset Management LLP. The net of the transactions within the period was £(8.5)m (2019: £0.1m).

### 23. Subsequent Events

There were no significant events occurring after 31 December 2020 which would require revision of the figures or disclosure in the annual report.