



## **Tilney and Smith & Williamson agree revised transaction**

### **Warburg Pincus to co-invest in combined group**

**Tilney and Smith & Williamson are pleased to announce that they have agreed a revised transaction structure for their proposed merger. The merged group will be known as Tilney Smith & Williamson and will be the UK's leading integrated wealth management and professional services business.**

As part of the revised transaction, funds advised by Warburg Pincus LLC, a global private equity investor, will co-invest in the combined business alongside funds advised by Permira. The revised transaction structure will result in a significant reduction in external debt for the combined group, lower ongoing financing costs and an improved regulatory capital position.

The new investment by Warburg Pincus, particularly in the midst of a global health and economic crisis, represents a significant vote of confidence in the strength of a combination of Tilney and Smith & Williamson and adds further credibility to the firm's longer term strategy. Warburg Pincus has considerable experience investing in financial services, having deployed more than \$15 billion in over 120 such businesses. Tilney Smith & Williamson will be Warburg Pincus's sixth investment in a wealth management company.

Both Tilney and Smith & Williamson have continued to provide full services for their clients during the COVID-19 pandemic, successfully migrating to remote working models through robust and secure IT infrastructure. Client engagement levels have been high and net flows have increased in the first half of 2020 compared to the same period in 2019 at both businesses, despite COVID-19.

AGF, Smith & Williamson's largest shareholder, will now fully exit its investment in the group upon completion of the transaction. The overall transaction value for individual Smith & Williamson shareholders will be the same as under the original agreement. As before, Smith & Williamson's management will be rolling the majority of their investment into the equity of the combined group.

Subject to regulatory and anti-trust consent and the approval of Smith & Williamson's shareholders, it is expected that completion will take place in the second half of 2020.

Smith & Williamson and Tilney operate businesses that are highly complementary in the services they offer, the spectrum of clients they serve and in their geographic presence. The combined firm will be uniquely positioned to support clients with their personal wealth management needs and their business interests. The ongoing integration and combined business planning that both firms have conducted since the transaction was first announced in September 2019 has further validated this central premise.

The combined business will be responsible for approximately £44 billion in assets under management and, on a pro forma basis, will generate circa £530 million of revenue. Ranked by assets under management, Tilney Smith & Williamson is expected to be the fourth largest UK wealth management business and, measured by fee income, will be the sixth largest UK professional services firm.

**David Cobb and Kevin Stopps, Co-Chief Executives of Smith & Williamson, commented:**

“The rationale for merging Smith & Williamson with Tilney has been persuasive from the outset, given the complementary strengths of the two businesses and the benefits of scale the combination will bring. The revised structure retains both these strategic benefits, as well as value for our shareholders, and delivers a more robust financial structure and a strong additional partner for the future in Warburg Pincus. It is testament to the outcome that we have been striving for and the strong working relationship between all parties that we have been able to reach this agreement despite the COVID crisis. We are confident the combination will be even better placed to meet the new challenges and opportunities that will arise in the future.”

**Chris Woodhouse, Chief Executive of Tilney, added:**

“I am delighted that we have agreed terms on a revised transaction structure. This transformational deal brings together two highly complementary and successful businesses, with shared values of focusing on our clients and high standards of professionalism. Together, Tilney Smith & Williamson will be uniquely well placed to support clients with both their personal financial affairs and business interests. The compelling rationale has been further validated by Warburg Pincus making a significant investment in the business against the backdrop of a major global health crisis and related challenges in the economic environment. This is a real vote of confidence in what we are building and its prospects. Integration planning is well advanced and we look forward to progressing the deal through to completion in the coming months.”

**Ends -**

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## Notes to Editors

### About Warburg Pincus

Warburg Pincus LLC is a leading global private equity firm focused on growth investing. The firm has more than \$54 billion in private equity assets under management. The firm's active portfolio of more than 185 companies is highly diversified by stage, sector, and geography. Warburg Pincus is an experienced partner to management teams seeking to build durable companies with sustainable value.

Warburg Pincus has invested in financial services companies for over 45 years, deploying more than \$15bn in 120+ businesses operating across the spectrum of insurance, banking, asset management, specialty finance, wealth management, payments, and transaction processing. Investments in wealth management businesses have included Kestra Financial, Primerica, Financial Engines, Facet Wealth and The Mutual Fund Store.

Founded in 1966, Warburg Pincus has raised 19 private equity funds, which have invested more than \$83 billion in over 895 companies in more than 40 countries. The firm is headquartered in New York with offices in Amsterdam, Beijing, Berlin, Hong Kong, Houston, London, Luxembourg, Mumbai, Mauritius, San Francisco, São Paulo, Shanghai, and Singapore. For more information, please visit [www.warburgpincus.com](http://www.warburgpincus.com).

### Strategic Rationale for the Merger

Both Tilney and Smith & Williamson's Boards continue to believe that the merger will deliver long-term benefits for clients, employees and investors. In particular, the combined group will:

- Create a unique and differentiated client proposition, covering professional services, financial planning and investment management;
- Share a fundamental commitment to client-centric values;
- Benefit from an expanded office network across 36 towns and cities in the UK, Ireland and the Channel Islands;
- Deliver investment services that can cater to the full range of clients' investment needs, including execution-only investing, investment advisory services, centrally-managed and bespoke discretionary investment management;
- Have a powerful, multi-channel capability in its investment and financial planning business, allowing clients to interact in a way that best suits them, including online, over the phone and face-to-face when current restrictions allow;
- Provide clients with continuity in the relationship with their investment manager, financial planner or professional services team; and
- Through increased scale, enable enhanced investment in technology for the benefit of its clients.