



# APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

## Ninety One FY 2025 Results

Share Price	R41.30
Fair Value Range	R41.28 – R47.50
Date	05 June 2025

### RESULTS SUMMARY

Global asset manager, Ninety One reported full-year 2025 results affected by persistently high interest rates across major economies, which dampened investor appetite for risk assets. The group experienced net outflows of £4.9 billion, primarily in the first half. However, as inflation eased and lower interest rate expectations strengthened, net inflows returned in the second half.

Despite the tough backdrop, assets under management (AuM) grew 4% to £130.8 billion. Adjusted operating revenue rose by 1%, while the adjusted operating profit margin dipped slightly to 31.2% from 32.0%. Adjusted earnings per share declined by 3% to 15.5p, consistent with the 1% fall in adjusted operating profit. The board declared a final dividend of 6.8p per share, bringing the full-year dividend to 12.2p per share.

The Sanlam transaction, announced in November 2024, is progressing well. Under this agreement, Ninety One will become Sanlam's primary active investment manager, with AuM increasing by approximately £17bn and gaining access to Sanlam's extensive retail distribution network. Sanlam will also serve as an anchor investor in Ninety One's international private and specialist credit investment strategies. Operative agreements were signed in March, and shareholders approved the share issuance in April. The transaction will close in two tranches: the UK portion is expected to conclude by mid-June and the South African portion by year-end, subject to regulatory approvals. Ninety One plans to issue approximately 13 million shares in June and 112 million shares later in the year, giving Sanlam a 12.3% equity stake. The deal is expected to deepen Ninety One's presence in the SA savings market and support long-term growth.

### OUR LONG-TERM INVESTMENT VIEW

- As a well-regarded active global asset manager, Ninety One's profitability is mainly driven by two factors – assets under management and fee margin. Over its history, Ninety One has proven adept at growing assets across different geographies and diversifying their asset base across asset classes. We expect the group's large distribution network to continue to be a competitive advantage, particularly within emerging markets, which should drive growth in AuM and support earnings growth.
- Ninety One's business model is attractive. The group is geared to equity markets, which tend to rise over time. Furthermore, the model has high operating leverage and is highly cash generative. In our view, this will allow the group to benefit in a growing global economy while comfortably supporting a growing dividend.
- While the SA asset management industry is somewhat saturated, meaningful opportunity exists for Ninety One within the international space. We expect this opportunity to be capitalised on over an extended period as the group increases its focus in underrepresented regions such as North America and Asia. Furthermore, the group has a long-term investment track record to show across multiple assets classes and geographies.

### UNPACKING THE FY 2025 RESULTS

#### High level numbers

- Ninety One's closing AuM increased by 4% to £130.8bn, reflecting the positive market and currency impact over the period. However, this was offset by **net outflows** of £4.9bn. The outflows reflect the ongoing industry-wide
- **Adjusted operating expenses** increased 2% to £414.7m, mainly driven by higher business expenses. Employee remuneration, accounting for 63% of expenses, increased slightly to £261.3m (FY24: £260.1m) as fixed remuneration

trend among active asset managers, especially those who offer emerging market and international active strategies.

- The first half of the year was marked by continued risk aversion toward equity markets and emerging assets, while the second half saw renewed client engagement and increased flows into core strategies.
- Equity-only portfolios were the largest contributor to net outflows, primarily from global and sustainable equity strategies. Fixed income, primarily exposed to emerging markets, suffered outflows of £1.7 bn for the full year. The Alternative asset class experienced growth in the second half of the year, attracting net inflows of £637 million over the year, driven by the demand for credit strategies.
- **AuM** increased in Equities (+3%), Multi -Asset strategies (+1%), Alternatives (+21%) and the South African fund platform (+19%), while Fixed income strategies remained stable.
- From a geographic perspective, the Asia Pacific and Africa regions were the standout performers, with AuM up 14% to £23.6bn and 9% to £55.6bn, respectively. The UK continued to lag, experiencing a decline of 13% to £21.1bn.
- **Adjusted operating revenue** rose 1% (to £602.6m). Despite the challenging operating environment, management fees increased 2% over the period (to £567.1m) on the back of higher AuM. However, performance fees were down 10% to £27.5m. The average management fee rate decreased by 1bp (basis point) to 44.0 bps.

increased in line with a 1% increase in headcount and inflationary increases. With more than half of employee remuneration being variable, the compensation ratio fell 0.3% to 43.4%.

- Over the period, the business continued with the previously communicated share buyback programme. The board declared a final dividend of 6.8p per share resulting in a full year dividend of 12.2p per share. This translates to a 79% payout ratio over the period.

#### Looking ahead

Despite persistent economic uncertainty and market volatility, investor participation is expanding and risk appetite is returning. Supported by improved firm-wide performance, meaningful progress on the Sanlam transaction, and a progressive technology strategy that modernises infrastructure and integrates AI, the group remains focused on initiatives that drive expansion.

With demand recovering strongly in the fourth quarter, we share management's cautious optimism as the new financial year begins and believe the group is well positioned for continued growth. This view is reflected in our valuation, which indicates that the share currently trades within our fair value range.

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