

Rathbones Group Plc**First quarter trading update**

Rathbones Group Plc (“Rathbones”) announces a trading update for the three months ended 31 March 2023.

Paul Stockton, Group Chief Executive Officer of Rathbones, said:

“Total funds under management and administration rose 1.1% in the first quarter to £60.9 billion, reflecting positive market and investment performance. Net inflows in our discretionary and managed business were £303 million, representing a 2.6% annual growth rate with net operating income increasing 6.4% compared with the previous quarter to £117.8 million.

Rathbones remains on track to meet the operating margin targets provided in the 2022 preliminary results, supported by the successful delivery of Saunderson House synergies and the launch of an enhanced digital capability.

Over the coming months Rathbones expects to complete the combination with Investec that was announced on 4 April, subject to regulatory approvals. The Prospectus and Circular in relation to the combination will be published later this quarter. This transaction represents a significant opportunity in our sector to become the UK’s leading discretionary wealth manager.”

Financial highlights:

- Total funds under management and administration totalled £60.9 billion at the end of the first quarter* (31 December 2022: £60.2 billion).
 - £45.8 billion in the Investment Management business (31 December 2022: £45.1 billion).
 - £11.4 billion in the Rathbone Funds business (31 December 2022: £11.0 billion).
 - £3.7 billion in Saunderson House (31 December 2022: £4.1 billion).
- Discretionary and managed net inflows totalled £0.3 billion (Q1 2022: £0.3 billion), representing an annualised growth rate of 2.6% (Q1 2022: 2.5%, Q4 2022: 3.1%).
- Underlying net operating income totalled £117.8 million for the three months ended 31 March 2023, a decrease of 2.2% from the £120.5 million in the corresponding period last year.
 - Investment Management fees decreased 3.7% to £69.5 million (Q1 2022: £72.2 million) on lower FUMA.
 - Commissions totalled £12.5 million (Q1 2022: £14.9 million), with lower commissions in line with trading volumes.
 - Net interest income grew to £8.6 million (Q1 2022: £2.1 million), reflecting the increase in Bank of England base rates over the year, from 0.75% at 31 March 2022 to 4.25% currently.
 - Fees from advisory services and other income decreased 23.8% to £11.2 million (Q1 2022: £14.7 million), as advisers focused on the migration of Saunderson House clients.
 - Income in Rathbone Funds decreased 3.6% to £16.0 million (Q1 2022: £16.6 million) on lower FUM.
- The final dividend for 31 December 2022 of 56 pence per share will be paid on 9 May 2023.

* Funds under management at the end of the first quarter are measured at 5 April for Investment Management (to coincide with the first charging date for Investment Management private clients) and at 31 March for Rathbone Funds and Saunderson House.

Additional Comments:**Annual General Meeting**

The Annual General Meeting will be held today, 4 May, at 10:00am at our London head office at 8 Finsbury Circus, London EC2M 7AZ.

Interim results

The interim results for the six months to 30 June 2023 will be announced on 26 July 2023.

Detailed financial information:

Net operating income

| | 3 months ended 31 March | | | 3 months ended 31 December | |
|---|-------------------------|--------------|--------------|----------------------------|------------|
| | 2023 | 2022 | Change | 2022 | Change |
| | £m | £m | % | £m | % |
| Investment Management | | | | | |
| - Fees | 69.5 | 72.2 | (3.7) | 68.0 | 2.2 |
| - Commissions | 12.5 | 14.9 | (16.1) | 9.9 | 26.3 |
| - Net interest income | 8.6 | 2.1 | 309.5 | 6.1 | 41.0 |
| - Fees from advisory services ¹ & other income | 11.2 | 14.7 | (23.8) | 11.2 | 0.0 |
| | 101.8 | 103.9 | (2.0) | 95.2 | 6.9 |
| Rathbone Funds | 16.0 | 16.6 | (3.6) | 15.5 | 3.2 |
| Net operating income | 117.8 | 120.5 | (2.2) | 110.7 | 6.4 |
| MSCI PIMFA Private Investor Balanced Index on principal charging dates ² | 1,698 | 1,806 | (6.0) | 1,661 | 2.2 |

(1) Including income from trust, tax, financial planning services, Vision Independent Financial Planning and Saunderson House.

(2) The principal charging dates for Investment Management clients are 5 April, 30 June, 30 September and 31 December. Rathbone Funds income accrues on daily levels of funds under management.

Funds under management and administration

(i) Breakdown of FUMA and flows by service level

| Quarter ended 5 April 2023 | Opening FUMA | Net flows | Service level transfers ³ | SHL migrated assets | Market & investment performance | Closing FUMA | Ann net growth ⁴ | Ann net growth ⁴ | Ann net growth ⁴ |
|--|---------------|-------------|--------------------------------------|---------------------|---------------------------------|---------------|-----------------------------|-----------------------------|-----------------------------|
| | | | | | | | (Q1 2023) | (Q1 2022) | (Q4 2022) |
| | £m | £m | £m | £m | £m | £m | % | % | % |
| Discretionary service | 44,322 | 240 | (93) | 352 | 386 | 45,207 | | | |
| Bespoke portfolios | 42,894 | 191 | (188) | 165 | 345 | 43,407 | 1.8 | 1.4 | 2.1 |
| Managed via in-house funds | 1,428 | 49 | 95 | 187 | 41 | 1,800 | 13.7 | 16.3 | 10.9 |
| Multi-asset funds | 2,159 | 63 | - | - | 9 | 2,231 | 11.7 | 20.4 | 19.1 |
| Total discretionary & managed | 46,481 | 303 | (93) | 352 | 395 | 47,438 | 2.6 | 2.5 | 3.1 |
| Non-discretionary service | 757 | - | (20) | - | 6 | 743 | 0.0 | (5.4) | (12.0) |
| Total wealth management | 47,238 | 303 | (113) | 352 | 401 | 48,181 | 2.6 | 2.4 | 2.9 |
| Single-strategy funds | 6,474 | (150) | - | - | 205 | 6,529 | (9.3) | (3.1) | (3.9) |
| Execution only & banking | 2,404 | (76) | 113 | - | 11 | 2,452 | (12.6) | (10.2) | (8.6) |
| Total | 56,116 | 77 | - | 352 | 617 | 57,162 | 0.5 | 1.1 | 1.6 |
| Saunderson House ⁵ | 4,117 | (90) | - | (352) | 41 | 3,716 | (8.7) | (2.1) | (6.5) |
| Total group | 60,233 | (13) | - | - | 658 | 60,878 | (0.1) | 0.9 | 1.0 |

(ii) Breakdown of Rathbones Investment Management FUMA and flows by channel

| Quarter ended 5 April 2023 | Opening FUMA | Net flows | Service level transfers ³ | SHL migrated assets | Market & investment performance | Closing FUMA | Ann net growth ⁴ | Ann net growth ⁴ | Ann net growth ⁴ |
|------------------------------------|---------------|------------|--------------------------------------|---------------------|---------------------------------|---------------|-----------------------------|-----------------------------|-----------------------------|
| | | | | | | | (Q1 2023) | (Q1 2022) | (Q4 2022) |
| | £m | £m | £m | £m | £m | £m | % | % | % |
| Total direct | 33,639 | 87 | (100) | - | 255 | 33,881 | 1.0 | 0.7 | 1.4 |
| Total financial adviser linked | 10,683 | 153 | 7 | 352 | 131 | 11,326 | 5.7 | 5.5 | 5.6 |
| Total discretionary service | 44,322 | 240 | (93) | 352 | 386 | 45,207 | 2.2 | 1.8 | 2.4 |
| Execution only & banking | 2,404 | (76) | 113 | - | 11 | 2,452 | (12.6) | (5.4) | (8.6) |
| Non-discretionary service | 757 | - | (20) | - | 6 | 743 | 0.0 | (10.2) | (12.0) |
| Total Investment Management | 47,483 | 164 | - | 352 | 403 | 48,402 | 1.4 | 1.1 | 1.6 |

(3) Service Level Transfers represent client FUMA which has transferred from one service to another within the group during the period.

(4) Annualised net growth in flows calculated as net flows/opening FUMA.

(5) Total funds under advice by Saunderson House, including those clients transferred to fellow group companies totalled £4.2 billion at 31 March 2023.

| (iii) Total Group FUMA | At 5 April | | | At 31 December | |
|--|-------------------|---------------|---------------|-----------------------|---------------|
| | 2023 | 2022 | Change | 2022 | Change |
| | £m | £m | % | £m | % |
| Rathbones Investment Management Gross FUMA | 48,402 | 50,490 | (4.1) | 47,483 | 1.9 |
| Rathbone Funds | 11,431 | 12,156 | (6.0) | 11,005 | 3.9 |
| Saunderson House ⁵ | 3,716 | 4,675 | (20.5) | 4,117 | (9.7) |
| Of which: discretionary wrapped funds ⁶ | (2,671) | (2,593) | 3.0 | (2,372) | 12.6 |
| Total Group FUMA | 60,878 | 64,728 | (5.9) | 60,233 | 1.1 |

(6) Discretionary wrapped funds represent funds operated by Rathbone Funds, managed by both Rathbones Investment Management teams and Rathbone Funds managers.

The MSCI PIMFA Private Investor Balanced Index closed at 1,701 on 2 May 2023, an increase of 0.2% since 5 April 2023. Investment Management fee income in the second quarter is dependent upon the value of funds under management at 30 June 2023.

4 May 2023

For further information contact:

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Rathbones Group Plc

Rathbones provides individual investment and wealth management services for private clients, charities, trustees and professional partners. We have been trusted for generations to manage and preserve our clients' wealth. Our tradition of investing and acting for everyone's tomorrow has been with us from the beginning and continues to lead us forward.

Rathbones has over 2,200 employees in 15 UK locations and Jersey; its headquarters is 8 Finsbury Circus, London.

www.rathbones.com