

Funds under management grow to over £26 billion

This statement is an Interim Management Statement in accordance with the UK Listing Authority's Disclosure and Transparency Rules. It covers the period from 1 July 2014 to 15 October 2014 and includes trading results for the three months ended 30 September 2014.

Chief Executive, Philip Howell, commented:

“Despite relatively flat investment markets in the third quarter, Rathbones' funds under management grew 10% from £23.9 billion to £26.3 billion as a result of continued net organic growth combined with the successful completion of the acquisition of Jupiter Asset Management Limited's private client and charity investment management business.

“Our outlook remains positive as we respond to the ongoing changes in the industry and continue to invest to ensure that we have the infrastructure and resources to support our growth objectives.”

Highlights:

- Total funds under management (FUM) were £26.3 billion at 30 September 2014; up 10.0% from £23.9 billion at 30 June 2014, compared to a decrease of 1.8% in the FTSE 100 Index and an increase of 0.7% in the FTSE WMA Balanced Index in the three months ended 30 September 2014.
- Net operating income was £49.0 million for the 3 months ended 30 September 2014, up 13.4% from £43.2 million in 2013.
- On 26 September 2014, Rathbone Investment Management Limited announced the completion of the acquisition of Jupiter Asset Management Limited's private client and charity investment management business for £40.0 million. The acquisition added £1.9 billion of FUM in the third quarter of 2014.
- Total net inflows in Rathbone Investment Management for the three months ended 30 September 2014 were £2,406 million, including total acquired new business of £2,117 million. The underlying annualised rate of net organic growth was 5.3% for the third quarter (2013: 5.6%) contributing to a rate of 4.7% for the nine months ended 30 September 2014 (2013: 4.7%).
- Underlying net operating income of £45.1 million in Rathbone Investment Management for the three months ended 30 September 2014 was 11.9% higher than the £40.3 million in 2013. The value of the FTSE 100 Index on our third quarter charging date was 6623 compared to 6462 a year ago. The FTSE WMA Balanced Index was 3454 and 3293 on the equivalent dates.
- Net interest income of £2.3 million in the third quarter was up 9.5% from £2.1 million in the same period in 2013, largely reflecting larger deposit balances and interest income from loans to clients, which totalled £0.7 million in the three months ended 30 September 2014, up 16.7% from £0.6 million in 2013.
- FUM in Rathbone Unit Trust Management at 30 September 2014 was £2.3 billion, up 4.5% from £2.2 billion at 30 June 2014. Net inflows were £100 million in what was a difficult third quarter for the industry, compared to £91 million a year ago.
- As announced on 24 July 2014, results for the third quarter include an exceptional cost of £15 million relating to the settlement of legal proceedings in Jersey involving a former director and employee of a former subsidiary.

Net operating income

	3 months ended 30 September			9 months ended 30 September		
	2014 £m	2013 £m	Change %	2014 £m	2013 £m	Change %
Investment Management						
- Fees	30.5	26.6	14.7	87.3	76.7	13.8
- Commissions	9.4	8.9	5.6	32.9	32.1	2.5
- Net interest income	2.3	2.1	9.5	6.7	6.3	6.3
- Fees from advisory services ¹ and other income	2.9	2.7	7.4	9.0	8.2	9.8
	45.1	40.3	11.9	135.9	123.3	10.2
Unit Trusts	3.9	2.9	34.5	11.2	8.0	40.0
Underlying net operating income	49.0	43.2	13.4	147.1	131.3	12.0
Net income from sale of available for sale investment securities	-	-		5.9	-	
Net operating income	49.0	43.2	13.4	153.0	131.3	16.5
Average FTSE 100 Index on principal charging dates ²	6623	6462	2.5	6687	6309	6.0

(1) Including income from trust, tax and pension advisory services.

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

Funds under management

	3 months ended 30 September		9 months ended 30 September	
	2014 £m	2013 £m	2014 £m	2013 £m
(i) Investment Management				
Opening FUM (1 July / 1 January)	21,637	18,429	20,191	16,714
Inflows	2,781	603	4,748	2,046
Organic new business	664	502	1,813	1,492
Acquired new business	2,117	101	2,935	554
Outflows	(375)	(245)	(1,108)	(908)
Market adjustment	(120)	348	92	1,283
Closing FUM (30 September)	23,923	19,135	23,923	19,135
Underlying annualised rate of net organic growth	5.3%	5.6%	4.7%	4.7%
Annualised rate of net inflows	44.5%	7.8%	24.0%	9.1%
(ii) Unit Trusts				
Opening FUM (1 July / 1 January)	2,214	1,443	1,856	1,266
Inflows	209	155	749	340
Outflows	(109)	(64)	(310)	(183)
Market adjustment	19	86	38	197
Closing FUM (30 September)	2,333	1,620	2,333	1,620
Total FUM (30 September)³	26,256	20,755	26,256	20,755
Net fund inflows				
Investment Management	2,406	358	3,640	1,138
Unit Trusts	100	91	439	157
Total	2,506	449	4,079	1,295

(3) Includes £858 million (30 September 2013: £299 million) of execution only funds, of which £413 million was introduced following the acquisition of Jupiter Asset Management Limited's private client and charity investment management business.

The FTSE 100 Index closed at 6212 on 15 October 2014, a fall of 6.2% since 30 September 2014, which has decreased the value of funds under management. Investment Management fee income in the fourth quarter is dependent upon the value of funds under management at 31 December 2014.

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