

Rathbones Group Plc (“Rathbones”) announces a trading update for the three months ended 30 September 2022.

Paul Stockton, Group Chief Executive of Rathbones, said:

“Despite challenging investment markets Rathbones has delivered a resilient quarter, with annualised discretionary and managed net organic growth of 3.3% and overall group investment performance that compares well against industry benchmarks. Market movements in investment values to 30 September 2022 adversely impacted total FUMA however, which fell 1.7% in the quarter to £57.9 billion against the MSCI PIMFA Private Investor Balanced Index, which fell 3.5% over the same period.

We continue to place a high priority on engaging meaningfully with our clients, both face-to-face and digitally, and are on track to deliver the first phase of our planned InvestCloud and Charles River implementations by the end of 2022. Rathbones is well-positioned to take advantage of the future growth opportunities that can arise both during and after periods of investment market volatility.”

Highlights:

- Total funds under management and administration (‘FUMA’) were £57.9 billion at 30 September (30 June 2022: £58.9 billion, 31 December 2021: £68.2 billion).
 - £43.1 billion in the Investment Management business (30 June 2022: £43.8 billion, 31 December 2021: £50.3 billion).
 - £10.6 billion in the Rathbone Funds business (30 June 2022: £10.9 billion, 31 December 2021: £13.0 billion).
 - £4.2 billion in Saunderson House (30 June 2022: £4.2 billion, 31 December 2021: £4.9 billion).
- Discretionary and managed net inflows were resilient at £0.4 billion (Q3 2021: £0.6 billion) in the quarter to 30 September 2022, representing an annualised growth rate of 3.3% (Q3 2021: 4.8%).
 - Discretionary service net inflows totalled £0.3 billion (Q3 2021: £0.5 billion).
 - Net inflows into our multi-asset fund range (a central part of our managed offering to the adviser market) were strong, totalling £0.1 billion and equating to annualised net growth for the period of 17.4% (Q3 2021: £0.1 billion).
- Despite continued market volatility and significant outflows across the wider asset management industry, net outflows in our single strategy fund range remained low at £0.1 billion in the quarter (Q3 2021: net inflows of £0.4 billion).
- Saunderson House integration is progressing well, with new propositions launched during the quarter. Net outflows of £0.1 billion (Q3 2021: n/a) were in line with expectations.
- Our digital investment programme is progressing well with planned releases of InvestCloud and Charles River on track for delivery later this year. Functionality within MyRathbones, our digital portal and app, has improved materially in 2022 supporting engagement with both clients and advisers via easy-to-use data sharing, messaging and reporting capabilities.
- Underlying net operating income was £113.0 million for the three months ended 30 September 2022, an increase of 6.2% from the £106.4 million for the three months ended 30 September 2021.
 - Investment Management fees totalled £67.5 million (Q3 2021: £72.8 million), reflecting lower FUMA on the principal charging date.
 - Commission income totalled £12.1 million, up 12.0% (Q3 2021: £10.8 million) given increased trading volumes amid market volatility.
 - Net interest income increased materially, as expected, to £5.6 million from £0.9 million in Q3 2021, reflecting UK base rate rises during the year to date.
 - Fees from advisory services and other income increased to £12.4 million (Q3 2021: £4.9 million), reflecting organic growth and the impact of the Saunderson House acquisition.
 - Income in Rathbone Funds, which accrues daily, totalled £15.4 million (Q3 2021: £17.0 million).

Full year results 2022

Results for the 12 months to 31 December 2022 will be announced on 1 March 2023.

Detailed financial information

Net operating income:

	3 months ended 30 September			9 months ended 30 September		
	2022 £m	2021 £m	Change %	2022 £m	2021 £m	Change %
Investment Management						
- Fees	67.5	72.8	(7.3)	206.9	213.5	(3.1)
- Commissions	12.1	10.8	12.0	39.0	42.0	(7.1)
- Net interest income	5.6	0.9	522.2	11.6	3.3	251.5
- Fees from advisory services ¹ & other income	12.4	4.9	153.1	40.3	15.5	160.0
	97.6	89.4	9.2	297.8	274.3	8.6
Rathbone Funds	15.4	17.0	(9.4)	47.1	45.7	3.1
Net operating income	113.0	106.4	6.2	344.9	320.0	7.8

MSCI PIMFA Private Investor Balanced Index on principal charging dates ²	1606	1781	(9.8)	1692	1754	(3.5)
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- (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

Q3 ended 30 September 2022	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net Flows (£m)	Service Level Transfers (£m)	Market Movement (£m)	Closing FUM (£m)	Ann Net Growth (%)
Discretionary service	42,989	901	(613)	288	(52)	(749)	42,476	
Bespoke portfolios	41,745	851	(584)	267	(82)	(737)	41,193	2.6
Managed via in-house funds	1,244	50	(29)	21	30	(12)	1,283	6.8
Multi-asset funds	1,931	164	(80)	84	-	(42)	1,973	17.4
Total discretionary & managed	44,920	1,065	(693)	372	(52)	(791)	44,449	3.3
Non-discretionary service	832	4	(29)	(25)	(19)	(24)	764	(12.0)
Total wealth management	45,752	1,069	(722)	347	(71)	(815)	45,213	3.0
Single-strategy funds	6,519	321	(433)	(112)	-	(159)	6,248	(6.9)
Execution only & banking	2,432	31	(109)	(78)	71	(108)	2,317	(12.8)
Total group (pre acquisitions)	54,703	1,421	(1,264)	157	-	(1,082)	53,778	1.1
Saunderson House	4,243	71	(161)	(90)	-	(2)	4,151	(8.5)
Total group	58,946	1,492	(1,425)	67	-	(1,084)	57,929	0.5

9 months ended 30 September 2022	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net Flows (£m)	Service Level Transfers (£m)	Market Movement (£m)	Closing FUM (£m)	Ann Net Growth (%)
Discretionary service	49,249	2,585	(1,920)	665	(158)	(7,280)	42,476	
Bespoke portfolios	47,985	2,415	(1,846)	569	(252)	(7,109)	41,193	1.6
Managed via in-house funds	1,264	170	(74)	96	94	(171)	1,283	10.1
Multi-asset funds	1,991	592	(287)	305	-	(323)	1,973	20.4
Total discretionary & managed	51,240	3,177	(2,207)	970	(158)	(7,603)	44,449	2.5
Non-discretionary service	1,026	14	(67)	(53)	(77)	(132)	764	(6.9)
Total wealth management	52,266	3,191	(2,274)	917	(235)	(7,735)	45,213	2.3
Single-strategy funds	8,316	1,308	(1,621)	(313)	-	(1,755)	6,248	(5.0)
Execution only & banking	2,660	149	(340)	(191)	235	(387)	2,317	(9.6)
Total group (pre acquisitions)	63,242	4,648	(4,235)	413	-	(9,877)	53,778	0.9
Saunderson House ³	4,917	331	(543)	(212)	-	(554)	4,151	(5.7)
Total group	68,159	4,979	(4,778)	201	-	(10,431)	57,929	0.4

- (3) Following a detailed review of Saunderson House flows data, it was identified that Saunderson House net flows previously reported for H1 2022 were overstated by £72m and market performance was understated by £72m. This has now been reflected in the YTD table above.

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

Q3 ended 30 September 2022	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net Flows (£m)	Service Level Transfers (£m)	Market Movement (£m)	Closing FUM (£m)	Ann Net Growth (%)
Total direct	32,814	641	(478)	163	(82)	(551)	32,344	2.0
Total financial adviser linked	10,175	260	(135)	125	30	(198)	10,132	4.9
Total discretionary service	42,989	901	(613)	288	(52)	(749)	42,476	2.7
Execution only & banking	2,432	31	(109)	(78)	71	(108)	2,317	(12.8)
Non-discretionary service	832	4	(29)	(25)	(19)	(24)	764	(12.0)
Total Investment Management	46,253	936	(751)	185	-	(881)	45,557	1.6

9 months ended 30 September 2022	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net Flows (£m)	Service Level Transfers (£m)	Market Movement (£m)	Closing FUM (£m)	Ann Net Growth (%)
Total direct	37,800	1,739	(1,483)	256	(156)	(5,556)	32,344	0.9
Total financial adviser linked	11,449	846	(437)	409	(2)	(1,724)	10,132	4.8
Total discretionary service	49,249	2,585	(1,920)	665	(158)	(7,280)	42,476	1.8
Execution only & banking	2,660	149	(340)	(191)	235	(387)	2,317	(9.6)
Non-discretionary service	1,026	14	(67)	(53)	(77)	(132)	764	(6.9)
Total Investment Management	52,935	2,748	(2,327)	421	-	(7,799)	45,557	1.1

(iii) Total Group FUMA

	At 30 September			At 30 June	
	2022 £m	2021 £m	Change %	2022 £m	Change %
Rathbone Investment Management Gross FUMA	45,557	51,335	(11.3)	46,253	(1.5)
Of which: discretionary wrapped funds ¹	(2,403)	(2,576)	(6.7)	(2,439)	(1.5)
	43,154	48,759	(11.5)	43,814	(1.5)
Rathbone Funds	10,624	12,143	(12.5)	10,888	(2.4)
Saunderson House	4,151	-	-	4,243	(2.2)
Total Group FUMA	57,929	60,902	(4.9)	58,945	(1.7)

1. Discretionary wrapped funds represent funds operated by Rathbone Funds, managed by both Rathbone Investment Management teams and Rathbone Funds managers

The MSCI PIMFA Private Investor Balanced Index closed at 1597 on 18 October 2022, a decrease of 0.6% since 30 September 2022. Investment Management fee income in the fourth quarter is dependent upon the value of funds under management at 31 December 2022.

19 October 2022

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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 responsibly has been with us from the beginning and continues to lead us forward. Our ambition is to be recognised as the UK's most responsible wealth manager.

Rathbones has over 2,000 staff in 14 UK locations and Jersey; its headquarters is 8 Finsbury Circus, London, EC2M 7AZ.

www.rathbones.com