

An aerial photograph of a winding asphalt road cutting through a dense forest. The trees are mostly green, with some showing yellow and orange autumn foliage. A small red car is visible on the road. The sky is not visible.

Rathbones  
Look forward

# 2020 Preliminary results

Thinking, acting and  
investing responsibly

4 March 2021



# Looking back at 2020

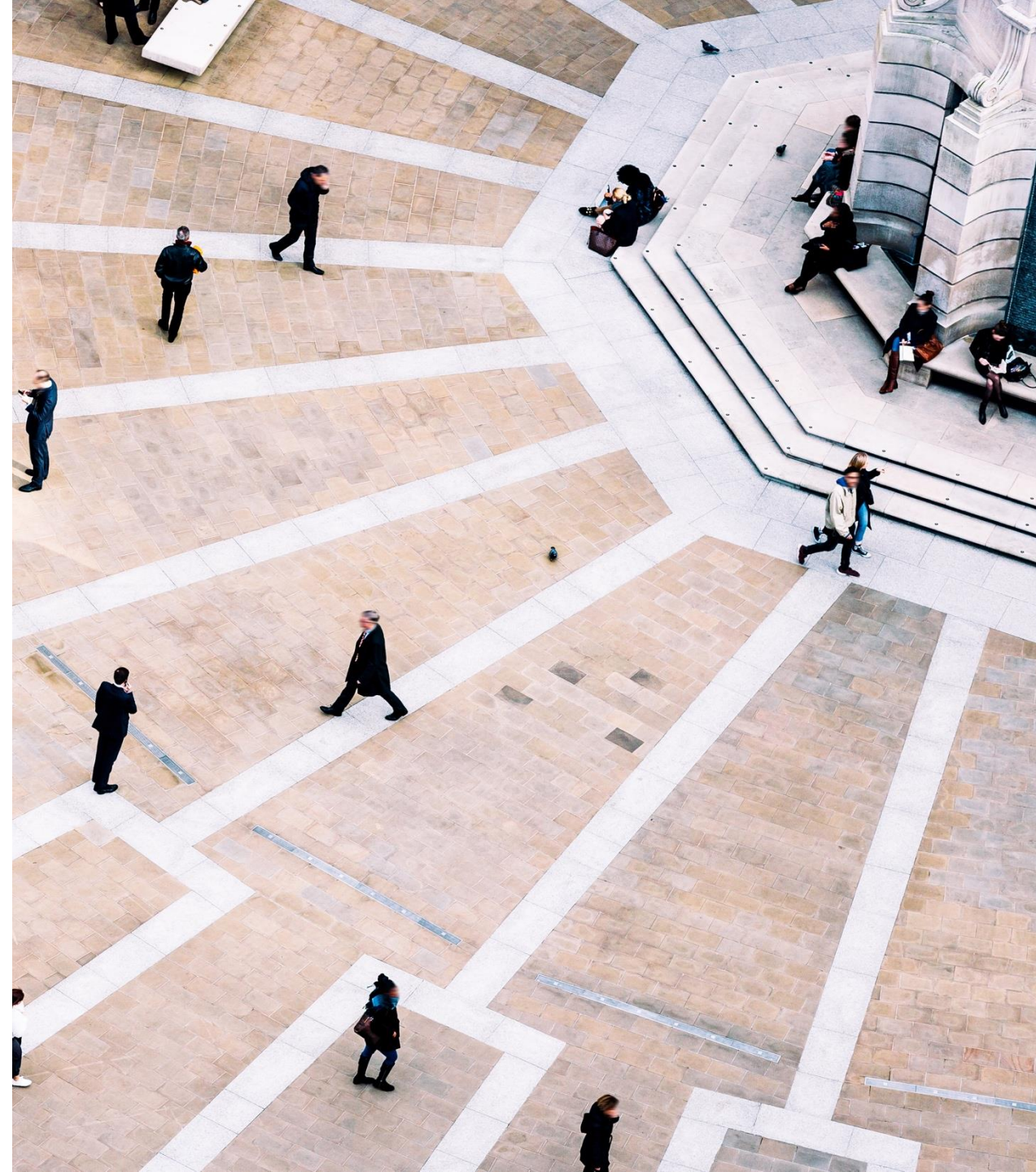




# Financial Results

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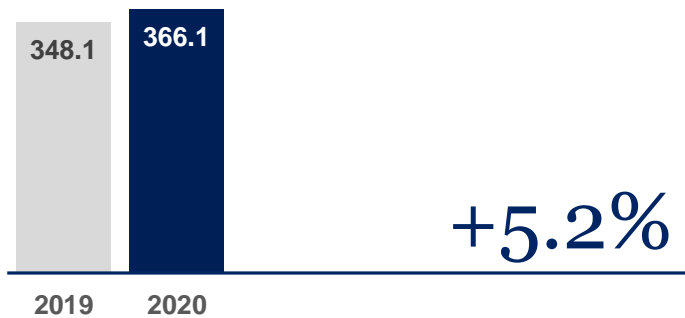
Jennifer Mathias  
Group Finance Director



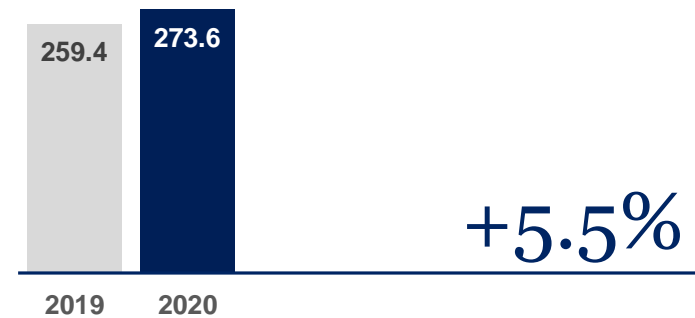


# A resilient 2020 performance

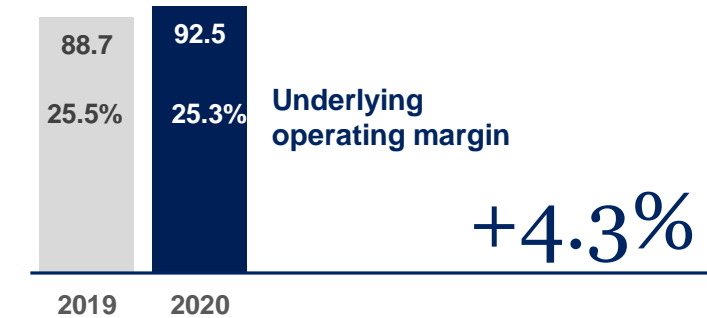
Operating income (£m)



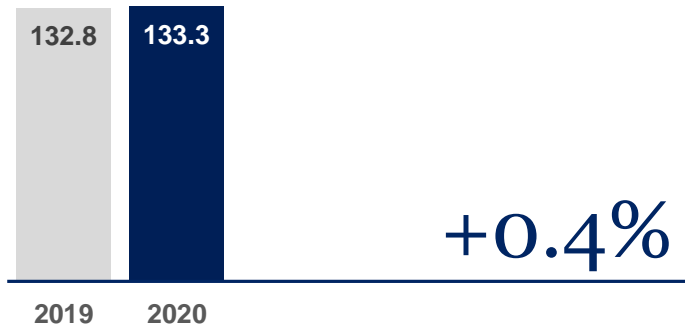
Underlying operating expenses (£m)



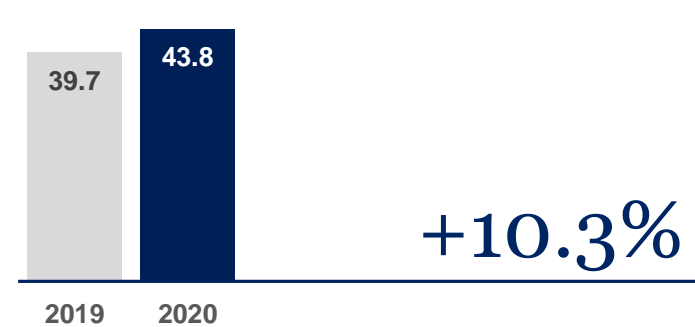
Underlying PBT (£m)



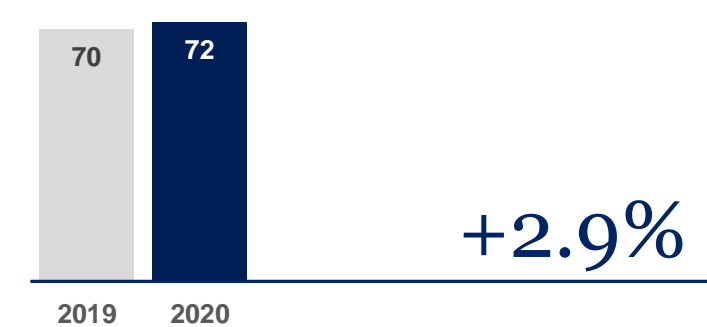
Underlying basic EPS (pence)



Profit before tax (£m)

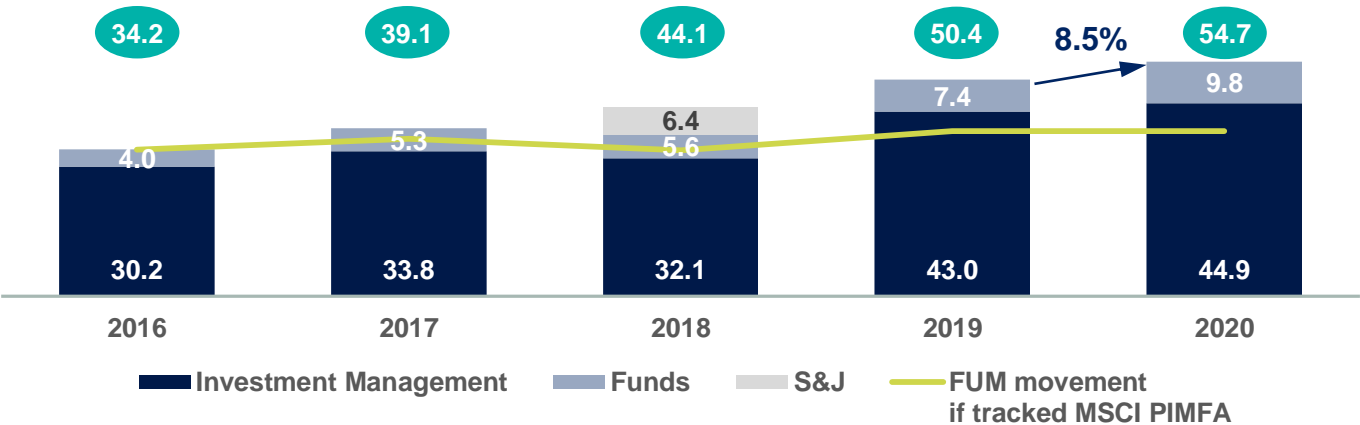


Total dividend per share (pence)



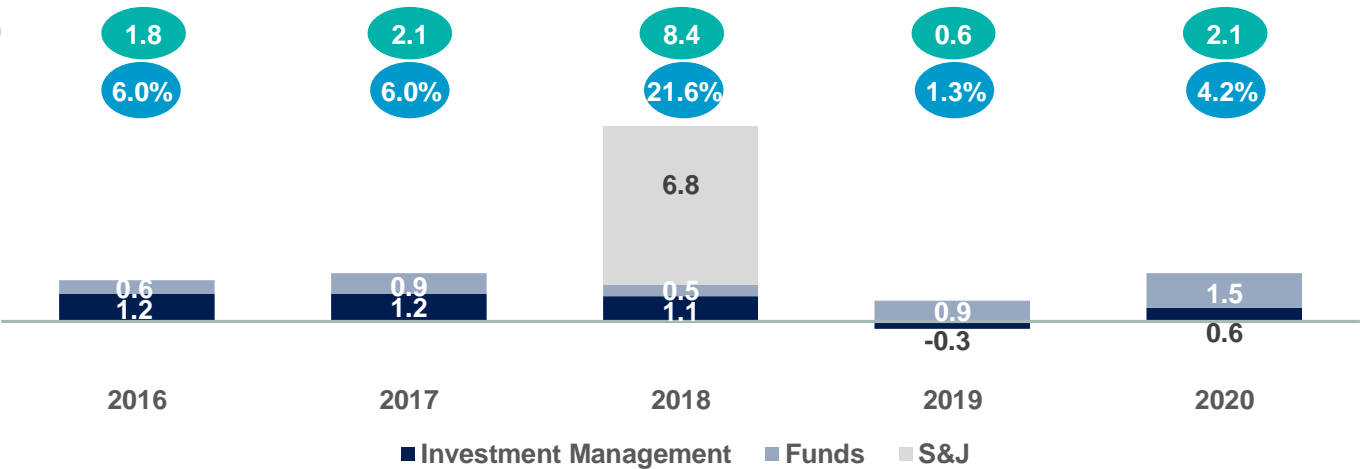
# FUMA growth outpacing markets

FUMA (£bn)



4 year  
CAGR  
12%

Total net flows (£bn)

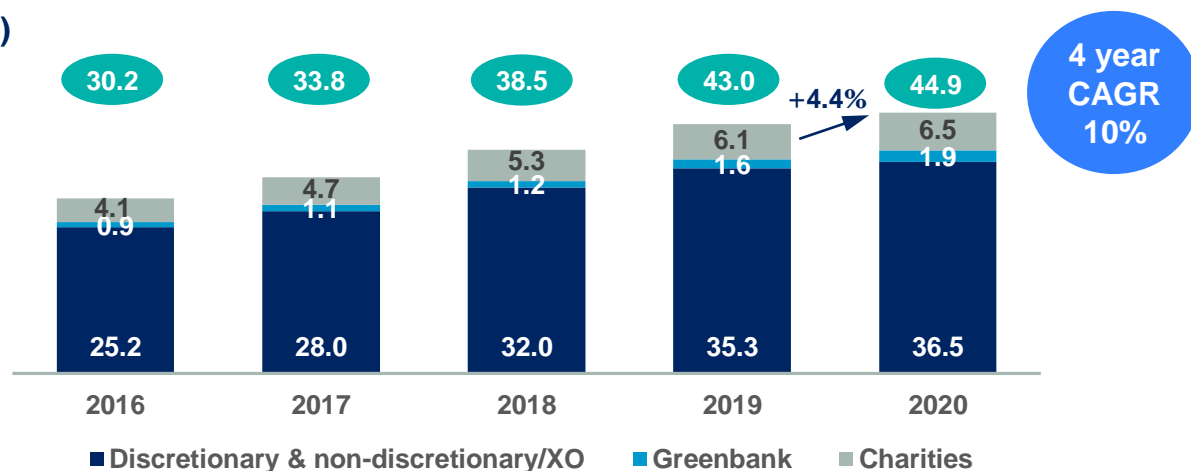


Net  
growth  
rate 4.2%<sup>1</sup>

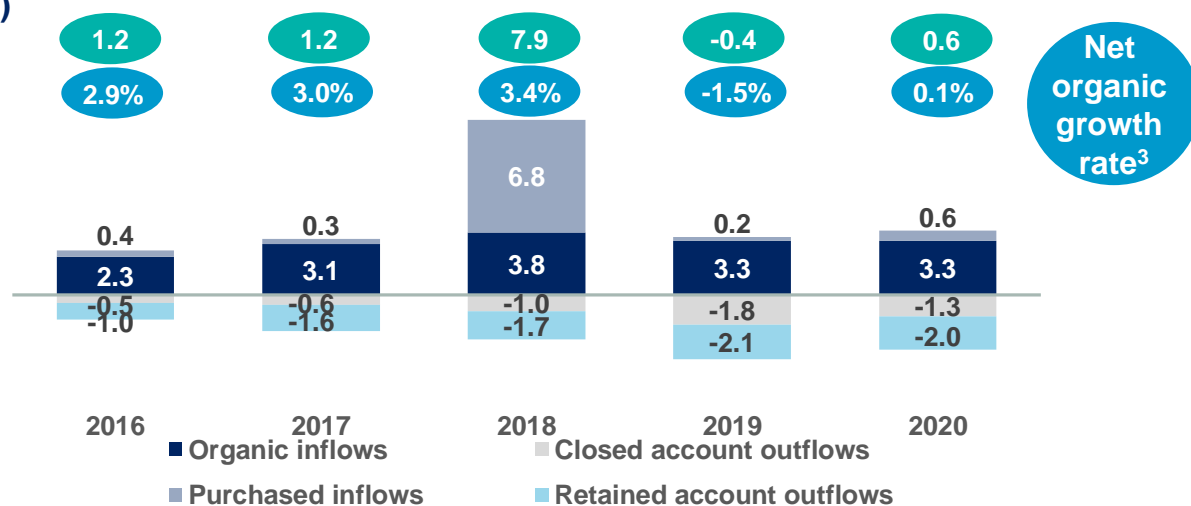
1. Calculated using unrounded numbers

# FUMA growth in Investment Management

FUMA (£bn)



Flows (£bn)

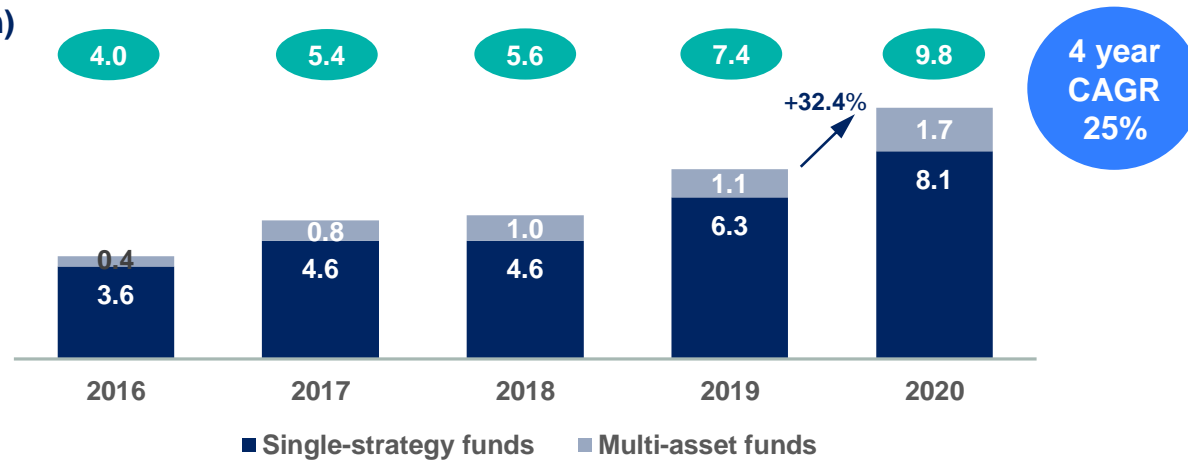


1. Organic growth excludes income items and represents new business from current clients or from new clients (including those via intermediaries)  
 2. Purchased inflows is defined as corporate or team acquisitions, and new business from investment managers who are on an earn-out arrangement  
 3. Calculated using unrounded numbers  
 4. Defined as: 100% less total outflows as a proportion of opening funds under management and administration

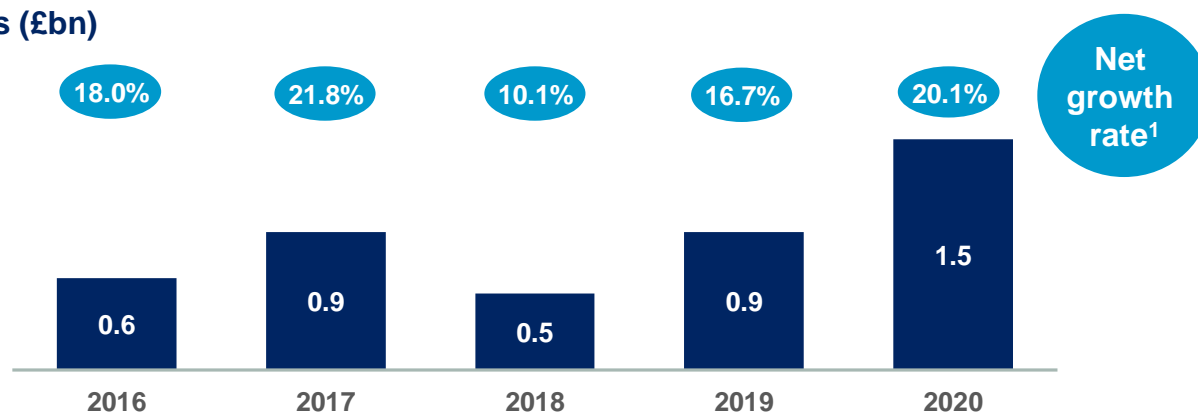
- Growth in FUMA of 4.4% to £44.9bn
  - Markets and investment performance of 3.0%
  - Net growth of 1.4%<sup>3</sup>
- Gross organic inflows<sup>1</sup> consistent with 2019 despite restrictions on face-to-face sales
- Purchased inflows<sup>2</sup> largely reflect Barclays Wealth court of protection acquisition
- Growth in specialist markets
  - Greenbank FUMA +18.8%
  - Charities FUMA +6.6%
- Outflows from closed accounts reduced by 27.8%
- Retention rate<sup>4</sup> improvement to 92.3% (2019: 89.9%)

# Another outstanding year in our funds business

FUM (£bn)



Net flows (£bn)



- FUM of £9.8bn, increasing 32.4%
  - Single strategy funds grew by 28.6% to £8.1bn, multi-asset funds grew by 54.5% to £1.7bn
- Markets and investment performance of 12.3% and 20.1% growth rate for net flows
- Ninth position for UK net retail unit trust sales in both 2020 and 2019<sup>2</sup>
- Record multi-asset net inflows of £528m (2019: £302m); single strategy net inflows of £970m (2019: £641m)
- Two Multi-Asset fund launches:
  - Defensive Growth and Dynamic Growth Portfolio Funds
- Planned Q1 launch of 4 Rathbone Greenbank Multi-Asset Portfolio funds

1. Calculated using unrounded numbers

2. Source: Pridham report

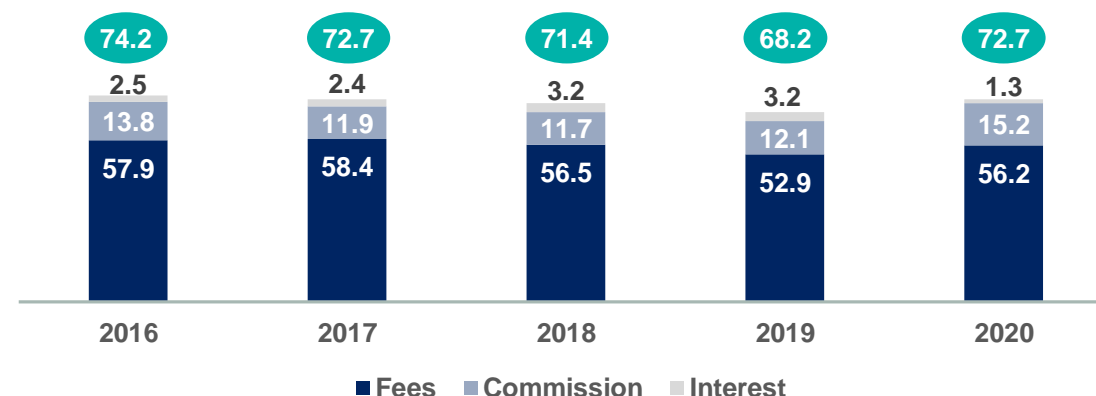
# Revenue growth despite weaker average markets

	2020 (£m)	2019 (£m)	% change
<b>Average FTSE 100 Index (on quarterly billing dates)</b>	<b>5978</b>	7456	(19.8)
<b>Average MSCI PIMFA index (on quarterly billing dates)</b>	<b>1552</b>	1641	(5.4)
Net investment management fee income	<b>274.2</b>	260.2	5.4
Net commission income	<b>62.3</b>	51.1	21.9
Net interest income	<b>8.5</b>	16.4	(48.2)
Fees from advisory services and other income <sup>1</sup>	<b>21.1</b>	20.4	3.4
<b>Total operating income</b>	<b>366.1</b>	348.1	5.2

1. Includes income from trust and tax services, Rathbones Financial Planning and Vision Independent Financial Planning

2. Operating income excluding interest on own reserves, interest payable on Tier 2 notes issued, fees from advisory income and other income, divided by the average funds under management on the quarterly billing date

Investment Management revenue margin<sup>2</sup> (bps)



- Improvement in revenue margin to 72.7bps
  - Excluding S&J, bps totalled 76.3bps in 2020 (2019: 74.3bps)
  - Adoption of Rathbones discretionary fee-only tariff from 1 October for ex-S&J clients
  - Commission levels driven by H1 market volatility
  - BoE base rate reductions impacted net interest income since March
- Continued growth in financial planning and other advisory services, despite lower market levels



# Balancing strategic investment with disciplined cost control

	2020 (£m)	2019 (£m)	% change
Fixed staff costs	<b>117.5</b>	110.8	6.0
Average FTE <sup>1</sup> employees	<b>1,535</b>	1,509	1.7
Actual FTE <sup>1</sup> employees	<b>1,588</b>	1,512	5.0
Variable staff costs	<b>77.7</b>	66.8	16.3
Performance-related costs	<b>71.9</b>	65.1	10.4
Performance-related variable staff costs as a % of underlying profit before performance-related variable staff costs and tax	<b>43.7%</b>	42.3%	
Other costs <sup>2</sup>	<b>5.8</b>	1.7	241.2
Other direct expenses	<b>78.4</b>	81.8	(4.2)
<b>Total underlying operating expenses</b>	<b>273.6</b>	259.4	5.5
Underlying profit before tax	<b>92.5</b>	88.7	4.3
Underlying cost/income ratio	<b>74.7%</b>	74.5%	
Underlying operating margin	<b>25.3%</b>	25.5%	

1. Full time equivalent

2. Includes share-based employment and other awards

## Fixed staff costs

- 2020 salary inflation of c.3% & net headcount +76 FTEs
- Unused holiday entitlement accrual of £1.2m
- S&J staff cost synergies of £3.3m

## Variable staff costs

- Higher performance-related awards following strong investment performance

## Other direct expenses

- Strategic initiative spend on digital solutions & infrastructure increased by £3.7m
- FSCS levies increased by £1.8m to £6.3m (2019: £4.5m)

## More than offset by:

- Net COVID-related savings of c. £4.2m
- Other S&J cost synergies of £1.7m
- Reduced capex write offs (£1.8m in 2020 vs £3.1m in 2019)

# Profit before tax reflects acquisition-related costs

	2020 (£m)	2019 (£m)	% change
<b>Underlying profit before tax</b>	<b>92.5</b>	88.7	4.3
Charges in relation to client relationships and goodwill	<b>(14.3)</b>	(15.9)	(10.1)
Acquisition-related costs	<b>(34.4)</b>	(33.1)	3.9
<b>Profit before tax</b>	<b>43.8</b>	39.7	10.3
<b>Profit after tax</b>	<b>26.7</b>	26.9	(0.7)
Effective tax rate	<b>39.0%</b>	32.2%	
<b>Total comprehensive income, net of tax</b>	<b>23.6</b>	27.2	(13.2)

## Speirs & Jeffrey acquisition-related costs

- Includes £32.3m<sup>1</sup> for both initial share consideration and earn-out awards
  - Ahead of £18m guidance due to stronger FUMA conversion and retention
  - amounts capital in nature; deferred consideration to retained employees treated as remuneration
- 2021 P&L charge of c.£9m expected for second tranche of deferred consideration

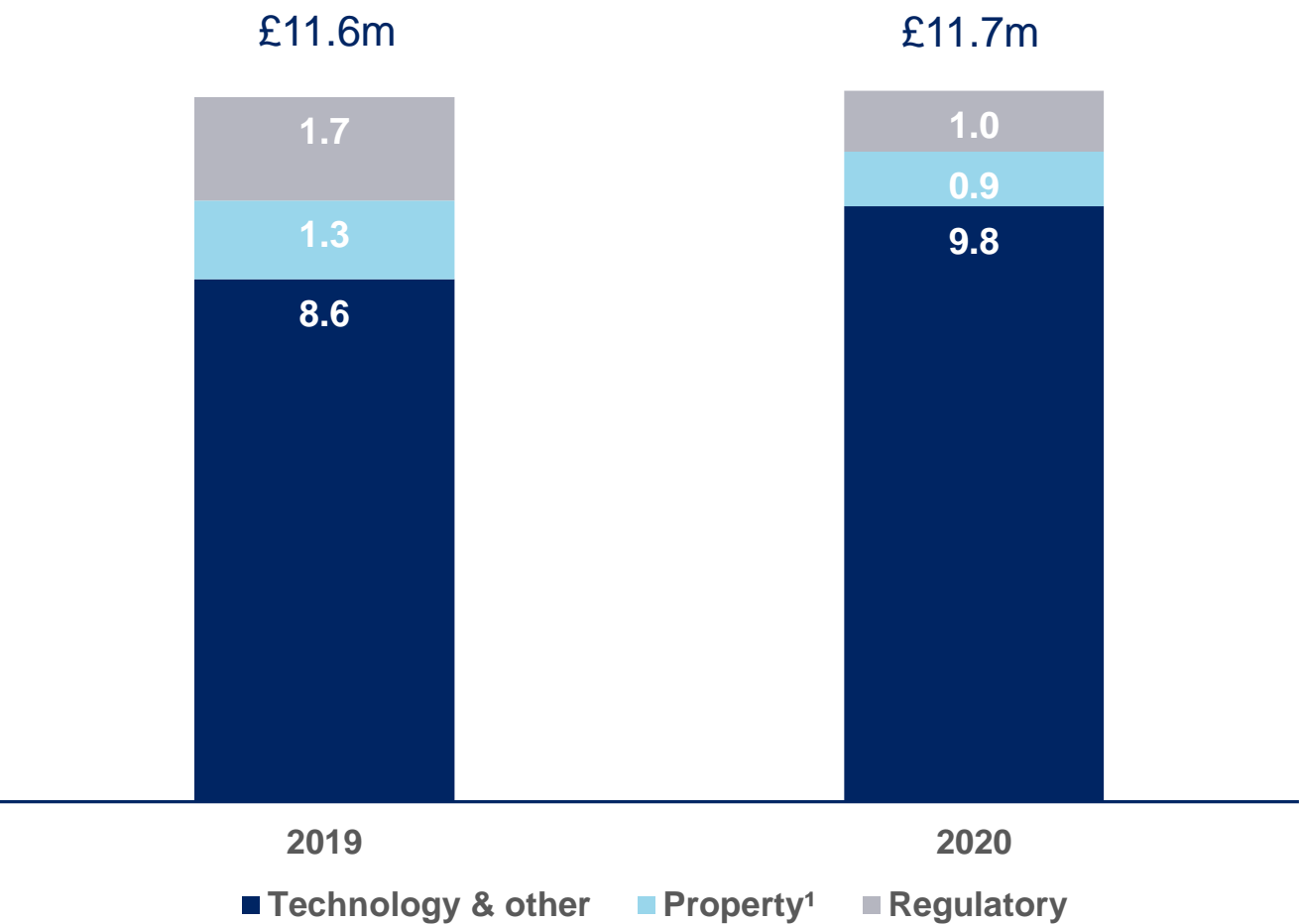
## Short-term tax rate higher

- Reflects disallowable first tranche of S&J deferred consideration
- 2021 ETR will reflect the final tranche
- Thereafter, ETR expected to return to 1 – 2 percentage points above statutory rate (19%)

1. Balance of £2.0m of integration costs between S&J acquisition-related costs and initial share consideration and earn out awards. Remaining £0.1m relates to the acquisition of the court of protection business from Barclays Wealth.

# Investing in digital and technology

## Capital expenditure (£'m)

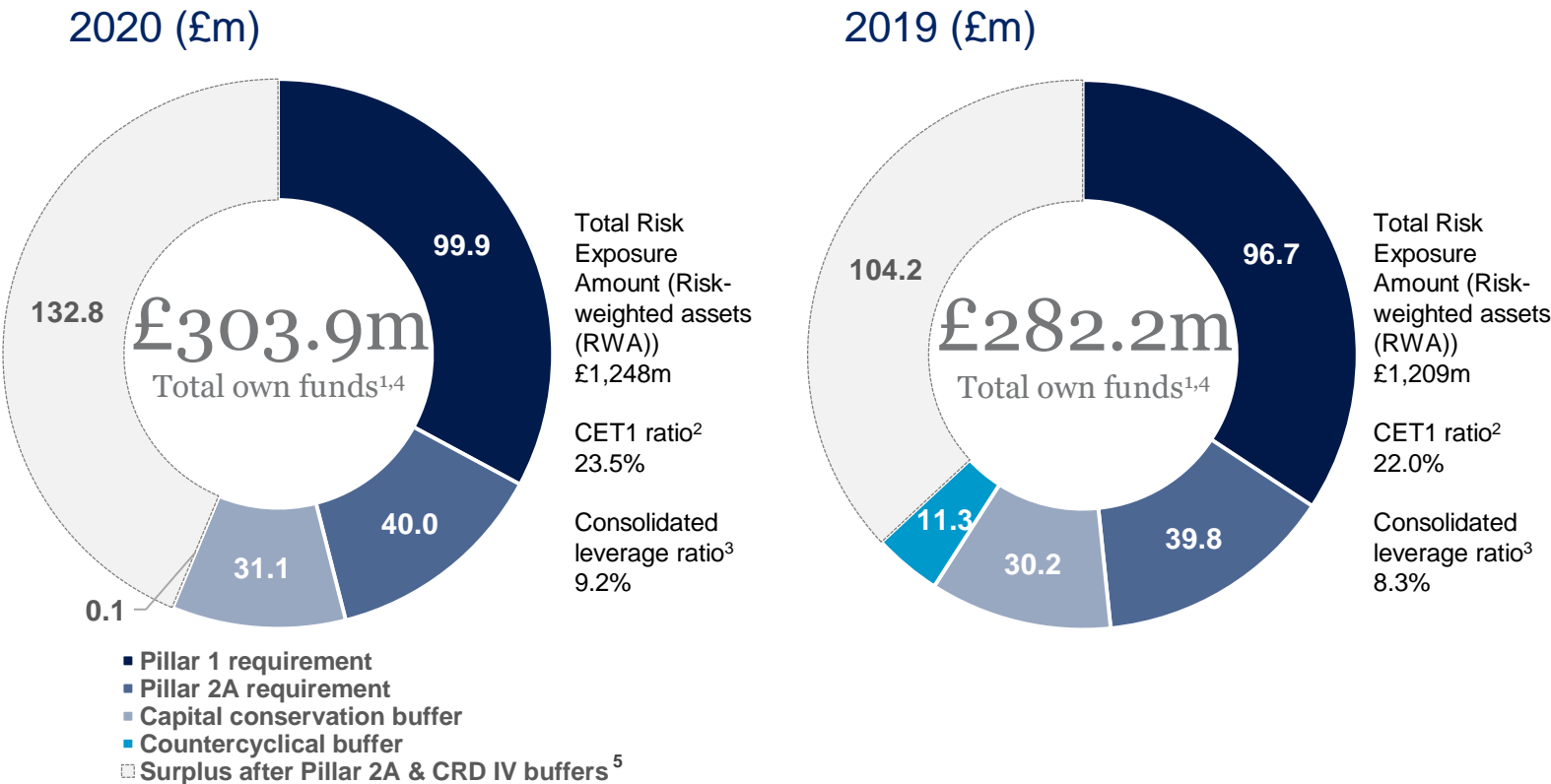


- Total capex spend consistent year-on-year but with a change in focus
- Technology and other represents investment in strategic initiatives to date:
  - MyRathbones new portal
  - MyRathbones App
  - Remote working capability
  - Client lifecycle management

1. Property expenditure in general only includes leasehold improvements from the consolidated financial statements.



# Robust capital position



Pillar 1: Minimum requirement for capital  
— Expected losses across credit, market and operational risk requirements

Pillar 2A: Additional requirement for firm-specific risks  
— 2020 consistent with 2019

Combined buffer

Capital conservation buffer (CCB)<sup>6</sup>  
— Set at 2.5% of total risk exposure amount

Countercyclical capital buffer (CCyB)  
— In March 2020 the FPC announced a reduction in the buffer rate for UK exposures to 0%  
— Not expected to increase buffer rate before March 2022

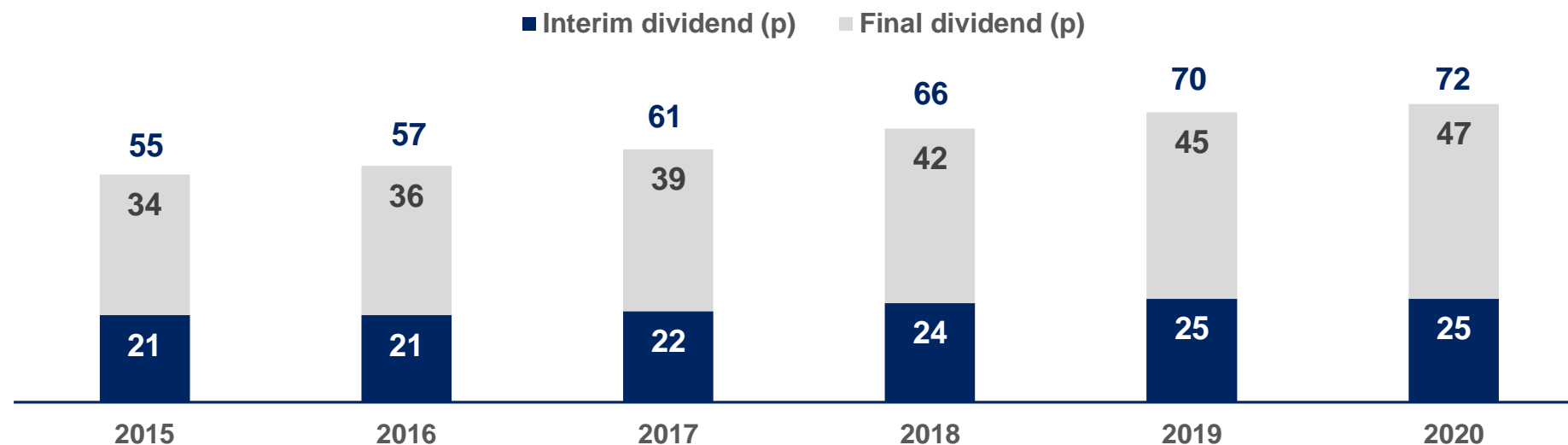
Surplus capital allocation  
— Final 2020 dividend payment  
— Investment in growth strategy  
— Inorganic opportunities

1. For a reconciliation between total equity and total own funds, see slide 44  
2. Common Equity Tier 1 capital as a proportion of total risk exposure amount  
3. Tier 1 capital resources as a percentage of total assets, excluding intangible assets and investment in associates, plus a proportion of off balance sheet exposures  
4. 2020 total Common Equity Tier 1 own funds: £293.2m; 2020 tier 2 own funds: £10.7m; 2019 total Common Equity Tier 1 own funds: £266.5m; 2019 tier 2 own funds: £15.7m  
5. Any additional firm specific buffer remains confidential between the group and the PRA  
6. The capital conservation buffer is a loss provision in the event of a stress

# 2020 dividend reflects growing momentum

## Generally progressive dividend policy having regard to:

- Current and forecast financial performance
- Level of distributable reserves
- Prevailing market conditions
- Investment required to support organic and inorganic growth



Dividend cover/pay-out ratio (underlying EPS)	2.1x/47%	2.1x/47%	2.3x/44%	2.2x/46%	1.9x/53%	1.9x/54%
Dividend cover/pay-out ratio (Basic EPS)	1.8x/57%	1.4x/72%	1.5x/66%	1.3x/74%	0.7x/139%	0.7x/145%
Dividend Growth	5.8%	3.6%	7.0%	8.2%	6.1%	2.9%
Dividend Yield <sup>1</sup>	2.4%	2.5%	2.2%	3.0%	3.5%	4.6%

1. The 2020 dividend yield is calculated with reference to the share price on 1 March 2021. The 2015-2019 dividend yields are based on the share prices on the dates of each respective results announcement.

# Financial outlook

- Continuing market volatility and low interest rates
- Investment in the business continues, in line with strategic plans (capital and operating expenditure)
- Maintaining mid-20's underlying operating margin over the medium term
- S&J deferred consideration P&L charge of £9m expected in 2021
- FSCS levy currently estimated at c. £6.3m in 2021 (in line with 2020)





An aerial photograph of a person riding a bicycle on a paved road. The road is flanked by dense green grass and large bushes with white flowers. The person is wearing a dark shirt and shorts, and is positioned in the lower right quadrant of the image.

# Strategic update

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Paul Stockton

Chief Executive Officer



# Our ambition is to be recognised as the UK's most responsible wealth manager...

Delivering a wide range of high quality and dynamic wealth management solutions, through multiple channels, leveraging a strong brand, to build long term value



## Enriching the client and adviser proposition and experience

- Targeted product and service to both client and adviser
- Deep financial advice and investment knowledge
- Digital capability supporting personal services
- Dynamic investment process



## Supporting and delivering growth

- Adding investment manager and planner capacity
- Leveraging market position in ESG and specialist sectors
- Developing professional relationships with external advisers
- Adding business development skills



## Inspiring our people

- Living our values
- Employee engagement
- Remuneration aligned to value creation
- Building skills and careers



## Operating more efficiently

- Strengthened management team
- Process improvement programme
- Upgrading client lifecycle management
- Robust infrastructure
- Flexible workplace experience

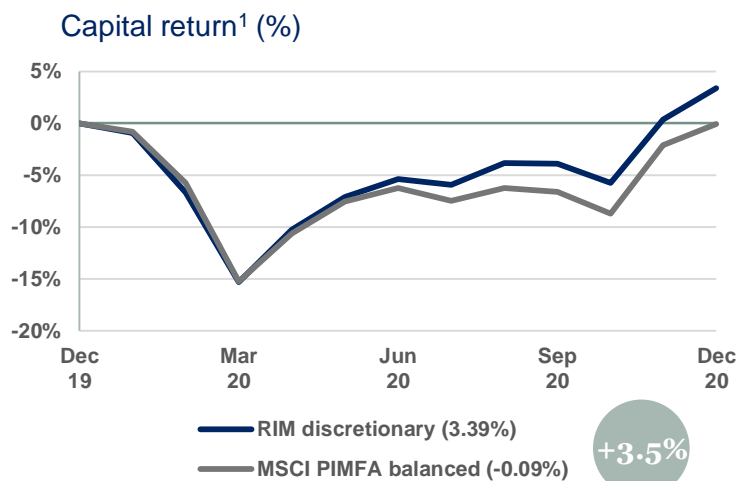


# Enriching the client and adviser experience

## Ongoing initiatives

- Launch of MyRathbones
- Increasing client engagement
- Improving client documentation
- Refining processes
- High quality research output

## Strong investment performance



Global Investment Performance Standards (GIPS) accredited performance as an average return of all risk levels combined, outperformed both the PIMFA and ARC indices over one, three and five years

## Client service recognition & awards

Client experience survey<sup>2</sup> based on c. 8,300 HNW individuals across 12 wealth management firms

- Rathbones ranked #1 for overall client satisfaction
- #1 ranking in 10 of the 14 survey KPIs
- Outperformed the benchmark on 13 out of 14 survey KPIs
- Net Promoter Score (NPS) of 60% (benchmark score 38%)
- Significantly improved Defaqto DFM adviser survey scores



Note: The above comparison represents Rathbone Investment Management discretionary clients only, after all fees, versus the MSCI PIMFA Private Investor Balanced index

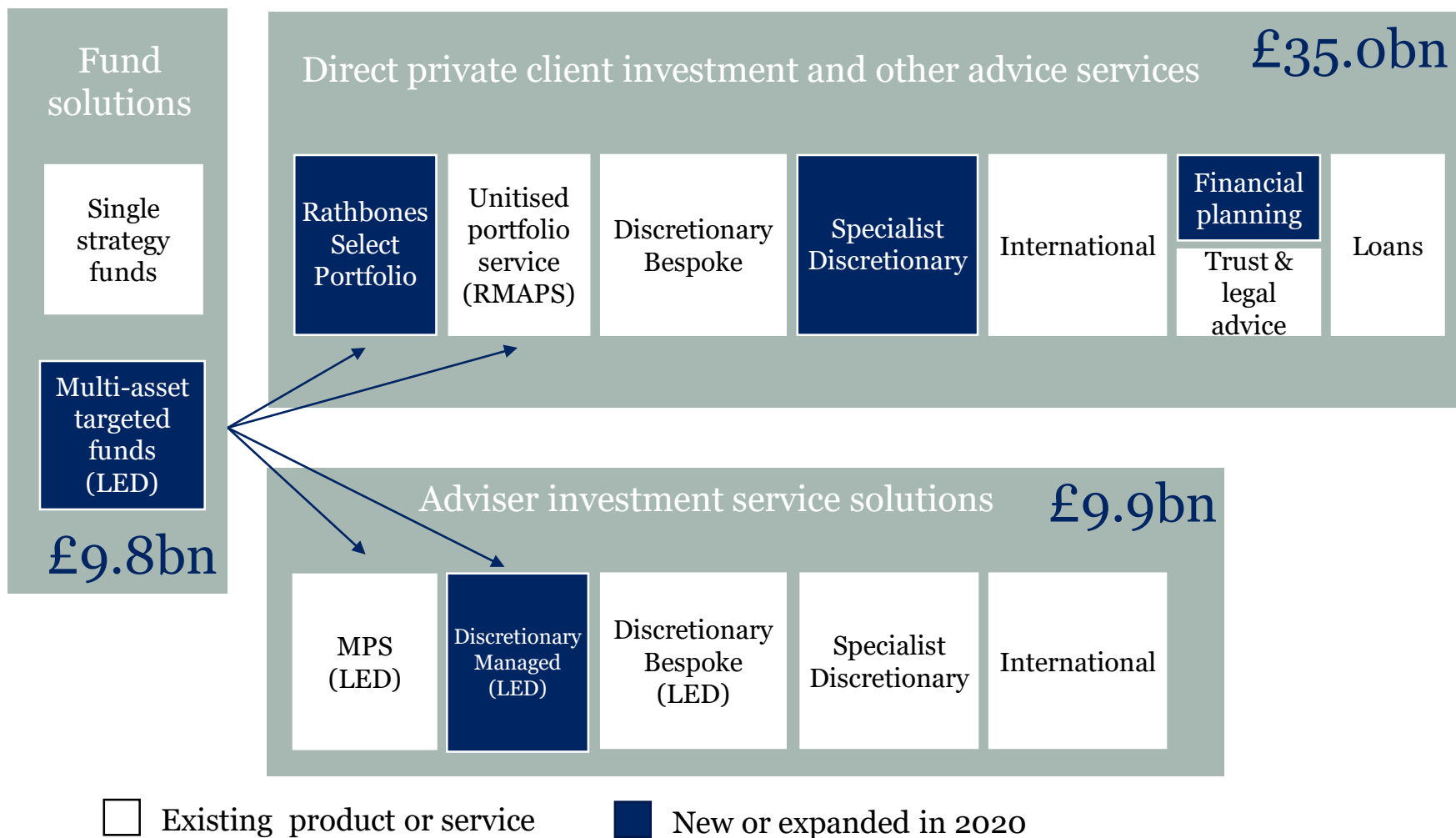
1. The performance returns quoted are based on capital returns and priced in sterling

2. Source: Aon



# Completing our range of wealth management propositions

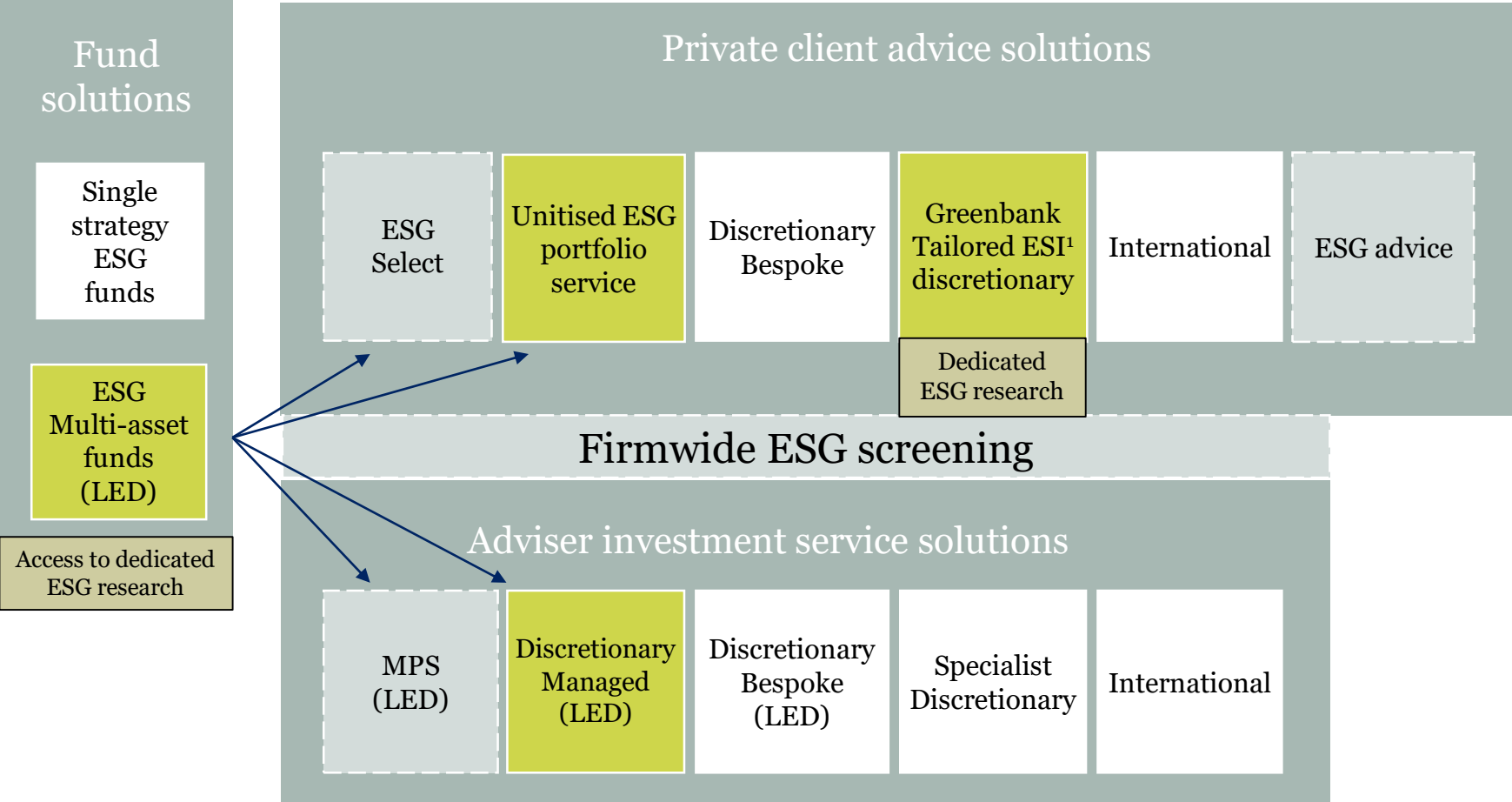
Comprehensive wealth solutions to meet a range of client needs



- Rathbones Select Portfolio service (execution only)
- Two new multi-asset funds (Defensive Growth and Dynamic Growth) to complete the range
- Discretionary managed solution for the adviser market
- Upgraded charity proposition
- Personal injury/court of protection capability
- Growing financial planner population

# Leveraging on our environmental, social and governance (ESG) capability

Comprehensive wealth solutions to meet a range of client needs



- Building Greenbank capability
- Responsible investment policy
- ESG data
- Multi-asset/targeted return fund launches planned for Q1 2021
- Other propositions under development

**£4.0bn**  
ESG funds in 2020



Under consideration   Existing product or service   New or expanded in 2020/1

1. Ethical, sustainable and impact

# Establishing a lasting responsible investment strategy

### ESG integration

We will consider environmental, social and governance (ESG) factors in the evaluation of investments to help identify opportunities and risks.

### Engagement with consequences

We prioritise engagement where we can make a real difference in addressing the world’s systemic environmental and social challenges.

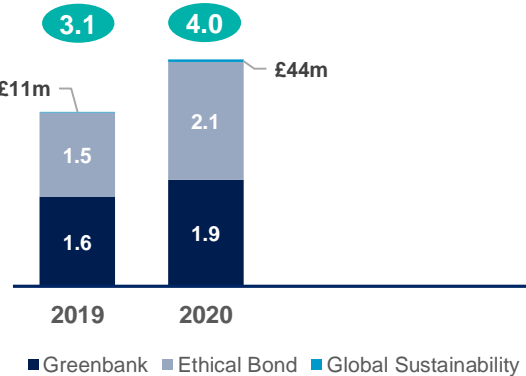
### Voting with purpose

We actively vote across over 95% of the value of our holdings in line with our responsible investment (RI) commitments. This may involve voting against management to help drive positive change.

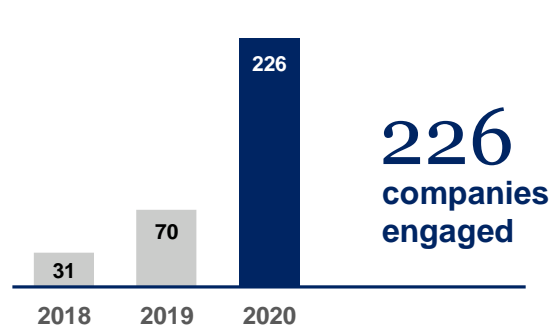
### Transparency

We are committed to being transparent about our approach to RI and will actively report on the progress of our RI activities to our clients, shareholders and other stakeholders.

ESG funds Growth (£bn)



Active ESG engagement



2020 voting record

# of items voted	7,375
% votes FOR	97.1%
% votes AGAINST	2.2%
% votes ABSTAIN	0.6%
% votes WITHOLD	0.1%

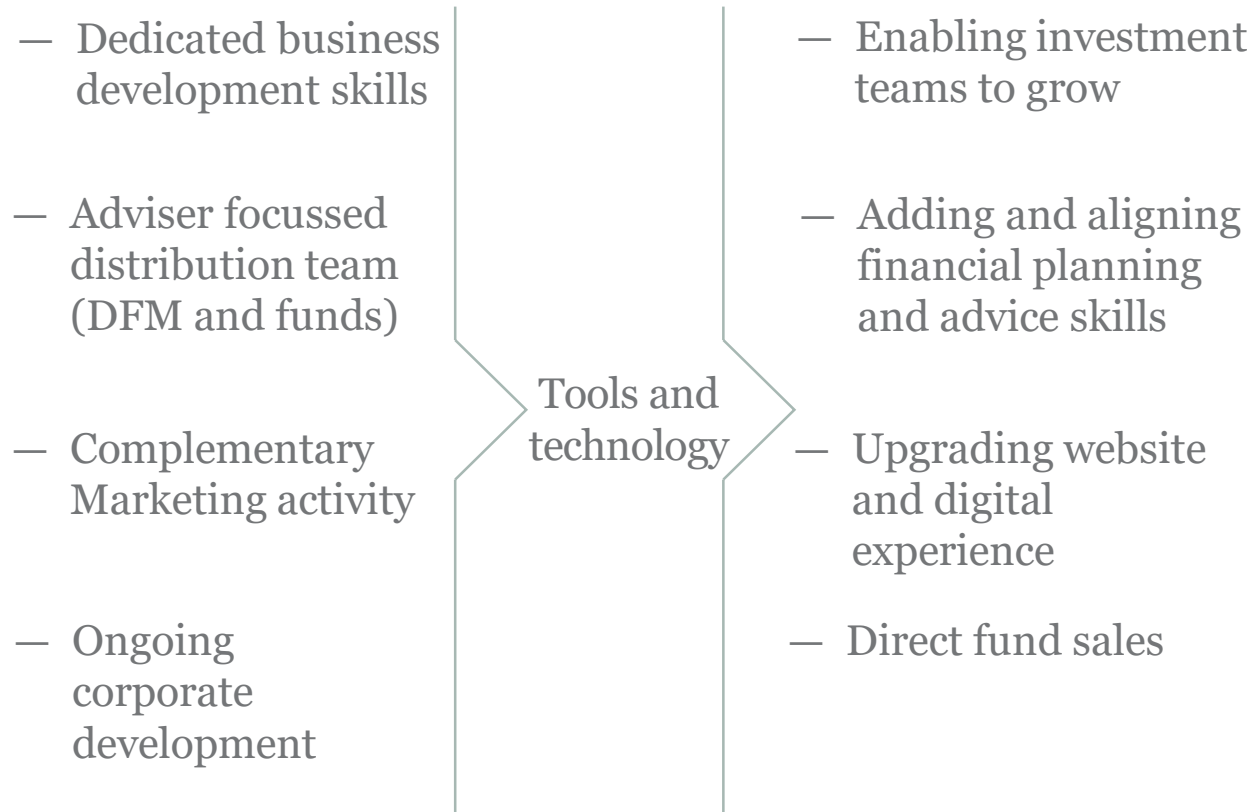
Corporate and client reporting

PRI annual survey results	
Strategy and governance	Listed equity-active ownership
<b>A+</b>	<b>A</b>
Median score: A	Median score: B



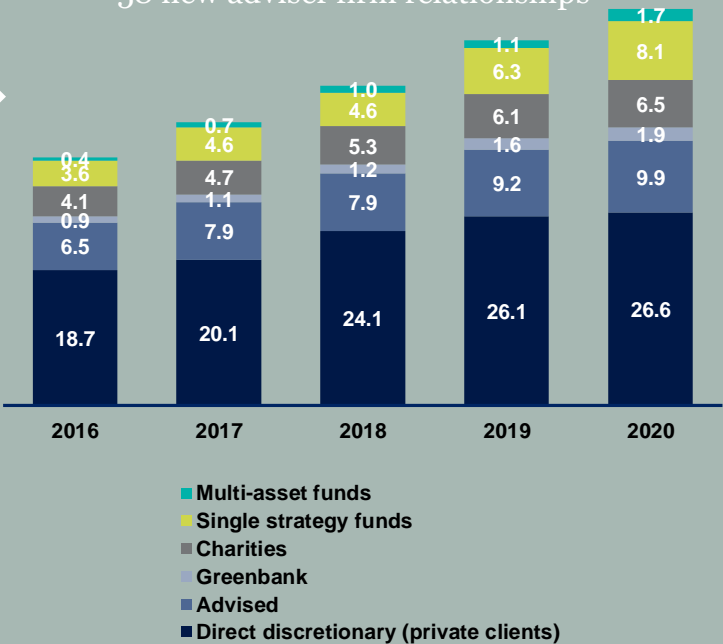


# Supporting and delivering growth



## Delivering growth in 2020

- £7.5bn of gross inflows
  - Growth in specialist mandates
  - 23 new IM hires
  - Targets for S&J acquisition achieved
- 2020 added:
- c. 1,000 discretionary clients
  - 58 new adviser firm relationships





# Inspiring our people

As in many businesses, our people have faced a challenging year. A key priority was to ensure their safety and wellbeing. Supporting their ability to work remotely ensured that they remained engaged, productive and able to continue delivering excellent service to clients.

## Employee survey highlights

- Overall engagement score 91% (2019: 86%)
- Positive improvement in change delivery and communication

## Employee engagement and support

- Staff turnover 5.1% (2019: 7.1%)
- Regular pulse surveys and communications
- Mental, physical & social wellbeing a top priority
- Board workforce engagement programme

## Investing in our people

- Mentoring leadership and training/graduate academy
- Remote working support
- Diversity & inclusion commitments
- Culture and values





# Operating more efficiently

The pandemic presented opportunities to accelerate our plans to streamline processes, providing a boost to productivity and creating the time and resources to invest in future growth initiatives.

## Reorganising for efficiency

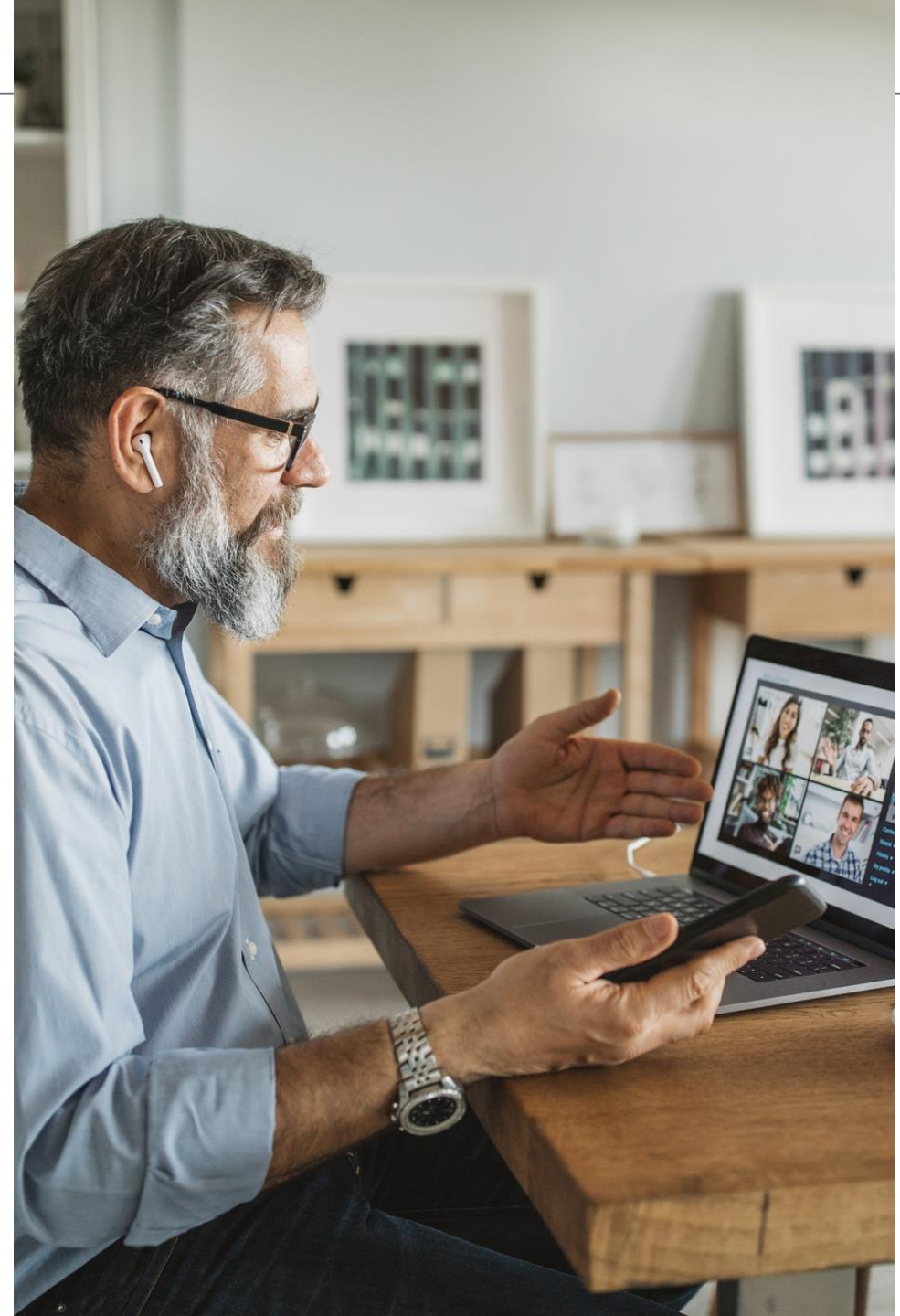
- Strengthened management team
- New organisational designs in place
- More centralised processes

## Using technology

- Supporting admin and client onboarding
- Accelerated investment to support remote working productivity
- MS teams, laptop and equipment deployment

## Stronger infrastructure

- Cloud usage
- Data management
- IT resources dedicated to service delivery
- Cyber controls and awareness





# A leading presence in Scotland through our Speirs & Jeffrey acquisition

## Integration substantively complete

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- Operational integration completed in June 2019
- Adoption of Rathbones discretionary fee-only tariff from 1 October 2020
- Qualifying FUM of £5.1bn at 31 Dec 2020, ahead of £4.5bn earn-out threshold
- Now a leading discretionary fund management (DFM) provider in Scotland with an opportunity to grow market share

## Deferred consideration

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- First tranche of deferred consideration and incentive awards payable in Rathbones shares in March 2021
- Funded using 421,722 of existing owned shares as well as the issuance of 881,737 new shares
- Current estimated P&L charge in 2021 for second tranche payable in Q1 2022 of £9m

## Targets on track

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- Targeting 2021 underlying EPS accretion of at least 8%
- Targeting 2021 underlying ROI of c. 13%
- On track to exceed both targets (as at 31 December 2020)

# 2021 priorities

2021 will be the second year of our five year plan and will build on the foundations put in place in 2020 to drive profitable growth



## Enriching the client and adviser proposition and experience

- Improving the digital experience
- Progressing our ESG agenda
- Rathbone Select Portfolio
- Enhancing our adviser proposition



## Supporting and delivering growth

- Ongoing recruitment of IMs and financial planners
- Streamlining processes
- Grow specialist capabilities and financial adviser footprint
- Funds momentum
- Inorganic opportunities



## Inspiring our people

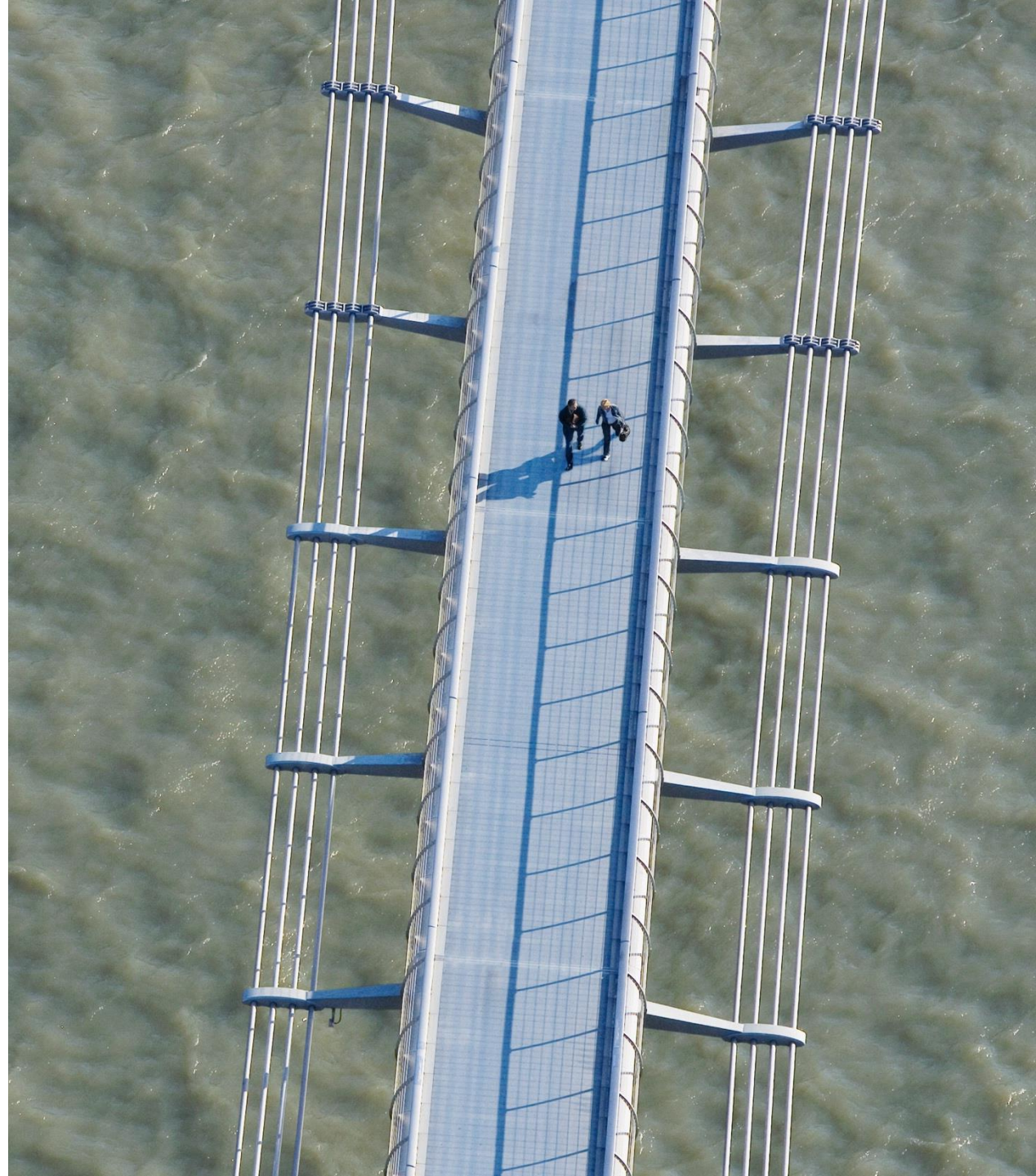
- Return to office model
- Wellbeing of our people
- Responsible business agenda



## Operating more efficiently

- Data management
- Client lifecycle management process improvement and technology
- Developing MyRathbones

Q&A

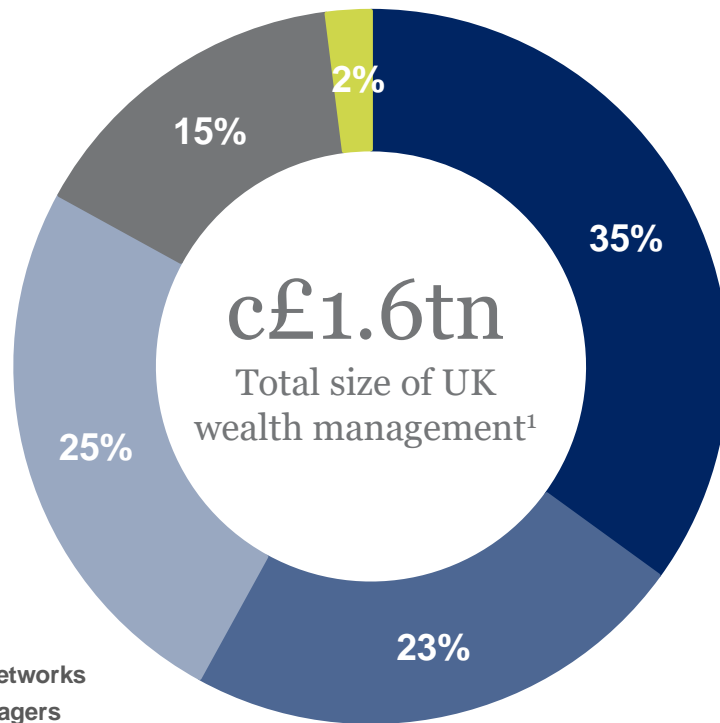




# Appendix



# Our target market is large and structurally growing



c£1.6tn

Total size of UK  
wealth management<sup>1</sup>

- Financial advisers and networks
- Independent wealth managers
- Private banks and global wealth managers
- Direct-to-consumer and robo advice
- High-street banks

## Several business models

- The market is fragmented with different business models
- These business models are usually a product of the different origins of the business
- Rathbones' model of personalised investment management puts clients at heart of journeys
- Rathbones accounts for approximately:

**3.2%**  
of the UK wealth  
management market

**13.7%**  
of the independent  
wealth management  
market

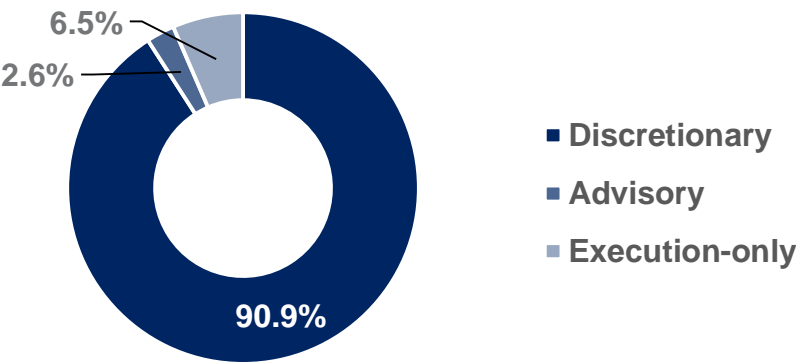
1. Sources: FCA, Platform, PIMFA, PAM Directory, Oliver Wyman estimates.



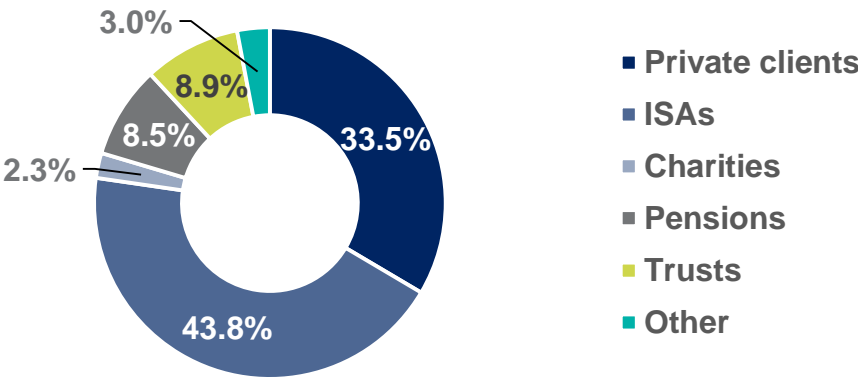
# Investment Management client base

Analysis of funds under management<sup>1</sup>

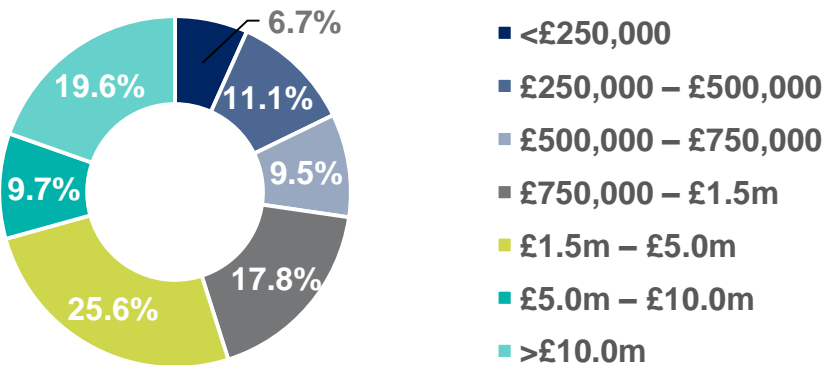
Service level by number



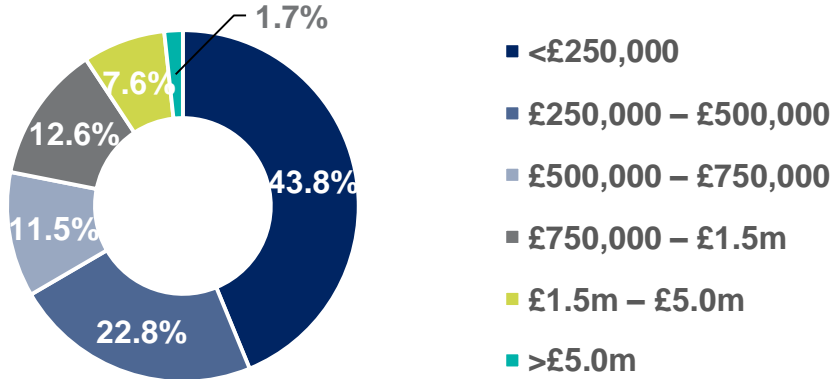
Fund type by value



Size of client relationship by value



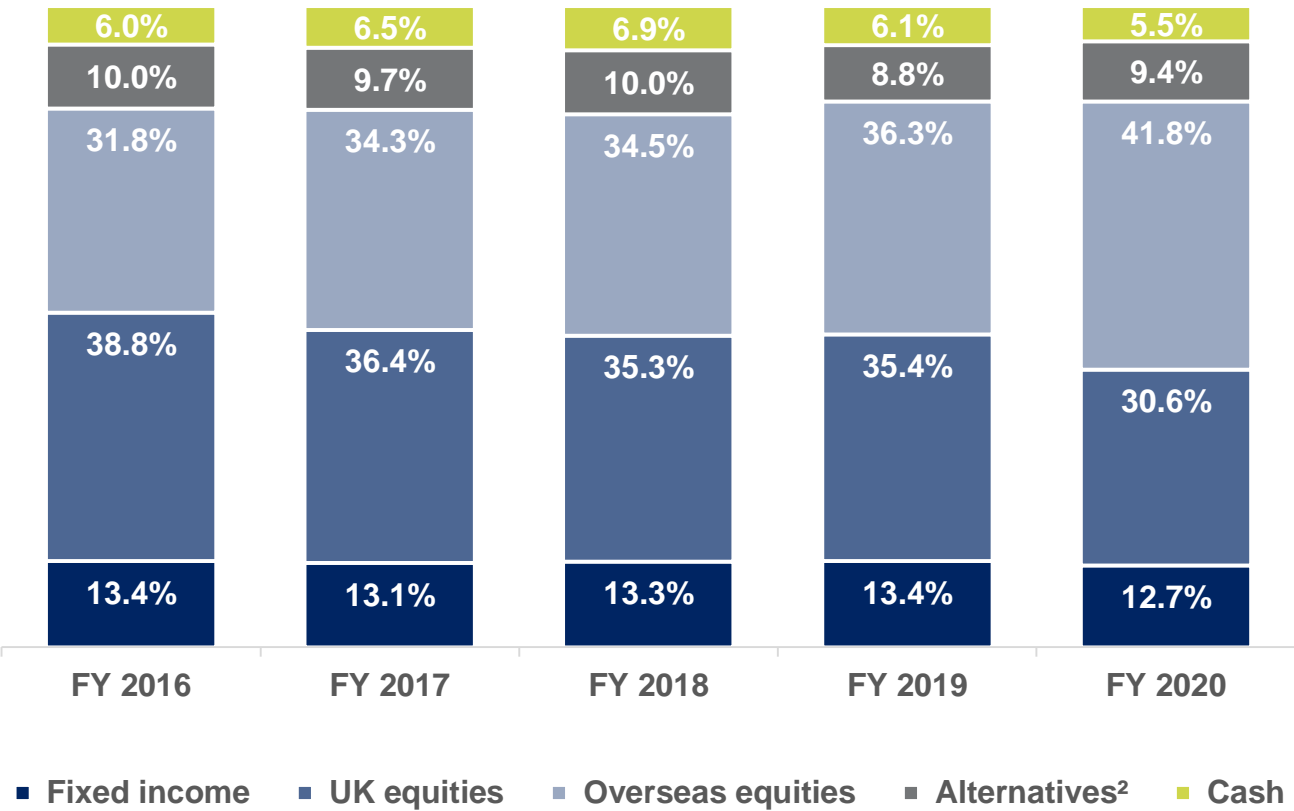
Size of client relationship by number



1. As a percentage of total funds under management at 31 December 2020



# Where our clients' assets are invested<sup>1</sup>



Direct holdings  
51%  
Collectives  
49%

1. Total Investment Management including Rathbone Investment Management International but excluding Speirs & Jeffrey.  
2. Including fund of hedge funds and structured products.

# Community investment

## Rathbones community response to COVID-19

We recognise the challenging time the communities in which we operate are facing

- In 2020 Rathbones employees chose to support Mental Health UK and the Trussell Trust and in total over £70,000 was donated to each charity
- Having equipped our employees to work remotely we donated over 1,000 PC's to two charities operating in the UK and in Jersey



## Ongoing support for local community projects

We and our employees continue to support local projects, where we can make a material impact

- In 2020 our corporate donations represented 1.1% of profit before tax (representing over £467,000)
- Employee donations through GAYE reached over £200,000
- We supported over 50 charities working across the UK and Jersey



Over **£70,000**  
donated to each of our two  
Covid-19 charity partners

**1.1%** of profit before tax  
donated to charities

# Our future responsible investment approach

Our ambition is to cater to the needs of all clients – whether their interest in ESG factors is driven simply by financial materiality or by specific sustainability preferences.



## Flexible Responsible Investment

- Consider material ESG risks and opportunities alongside financial risks and opportunities
- Sustainability themes incorporated into the assessment of investment fundamentals
- Client preferences can incorporate selected exclusion screening and/or sustainability preferences

## Ethical/sustainable/impact Investment

- Emphasis of ethical, sustainable, impact investment themes, with robust ESG screens
- Detailed client preferences reflected throughout portfolio construction
- Alignment of ESI<sup>1</sup> approach across all portfolios with stock universe determined by integrated investment and ESI<sup>1</sup> research process

1. Ethical, sustainable and impact



# Accessing the financial advice market

## RFP — In-house financial planning

- ‘Whole of market’ advice through 23 in-house financial planners for clients with complex needs
- Regulated advice on a one-off or ongoing basis
- Complement and support existing relationships between IMs and their clients
- Increasingly important part of presenting “One Rathbones” in pitches for UHNW clients
- Continued investment for growth

## Vision Independent Financial Planning

- Independent IFA network committed to DFM investment solution
- Focused on mass affluent to HNW segments
- £2.2bn FUA, 131 self-employed advisers
- Targeting average recruitment of 10 IFAs per year

## Distribution of investment services to external IFAs

- Combined RIM/RUTM sales team and market presence with a new integrated proposition to on-board IFA firms
- DFM distribution specialist in each of the 6 regions
- 58 firms on-boarded in 2020 using new integrated approach (82 since launch in July 2019)
- Ongoing support
- Complemented by existing IM local and other relationships

# Movement in funds under management and administration

## Investment Management business

	2020 (£bn)	2019 (£bn)
Opening funds under management and administration	<b>43.0</b>	38.5
Inflows	<b>3.9</b>	3.5
– organic <sup>1</sup>	<b>3.3</b>	3.3
– purchased <sup>2</sup>	<b>0.6</b>	0.2
Outflows	<b>(3.3)</b>	(3.9)
– retained accounts	<b>(2.0)</b>	(2.1)
– closed accounts	<b>(1.3)</b>	(1.8)
Market effect and investment performance	<b>1.3</b>	4.9
<b>Closing funds under management and administration</b>	<b>44.9</b>	43.0
Net organic (outflows)/inflows	-	(0.6)
<b>Rate of net organic growth<sup>3</sup></b>	<b>0.1%</b>	(1.5%)
<b>Total rate of net growth<sup>3</sup></b>	<b>1.4%</b>	(0.9%)

## Funds business

	2020 (£bn)	2019 (£bn)
Opening funds under management	<b>7.4</b>	5.6
Inflows	<b>3.6</b>	2.3
Outflows	<b>(2.1)</b>	(1.4)
Market effect and investment performance	<b>0.9</b>	0.9
<b>Closing funds under management and administration</b>	<b>9.8</b>	7.4
<b>Net organic inflows</b>	<b>1.5</b>	0.9
<b>Total rate of net growth<sup>3</sup></b>	<b>20.1%</b>	16.7%

1. Organic growth excludes income items and represents new business from current clients or from new clients (including those via intermediaries)  
2. Purchased growth is defined as corporate or team acquisitions, and new business from investment managers who are on an earn-out arrangement  
3. Calculated using unrounded numbers

# Investment management: Service level breakdown of FUMA

	31 December 2020 £m	31 December 2019 £m	% change
Direct	<b>33,678</b>	31,013	8.6
Financial Adviser linked	<b>9,347</b>	8,735	7.0
Total discretionary	<b>43,025</b>	39,748	8.2
Non-Discretionary Investment Management	<b>1,392</b>	2,550	(45.4)
Execution Only	<b>2,658</b>	2,412	10.2
<b>Gross Investment Management FUMA</b>	<b>47,075</b>	<b>44,710</b>	<b>5.3</b>
Discretionary wrapped funds <sup>1</sup>	<b>(2,163)</b>	(1,745)	24.0
<b>Total Investment Management FUMA</b>	<b>44,912</b>	<b>42,965</b>	<b>4.5</b>
Proportion of non-discretionary investment management to total gross FUMA	<b>3.0%</b>	5.7%	

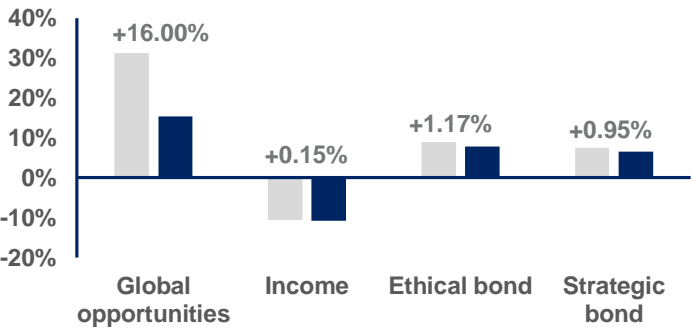
1. Holdings of our RUTM Unit Trusts in Rathbone Investment Management portfolios and funds where the management of the assets is undertaken by Rathbone Investment Management teams. Excludes charity clients



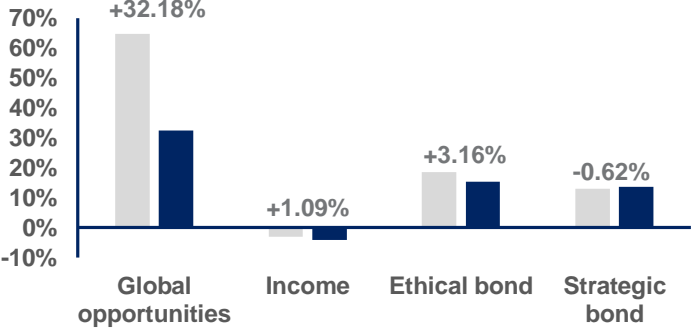
# Strong investment performance across our larger single-strategy and multi-asset funds

## Single strategy funds<sup>1</sup>

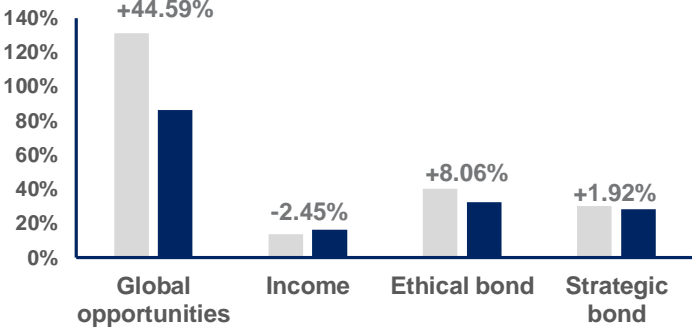
1 year



3 year



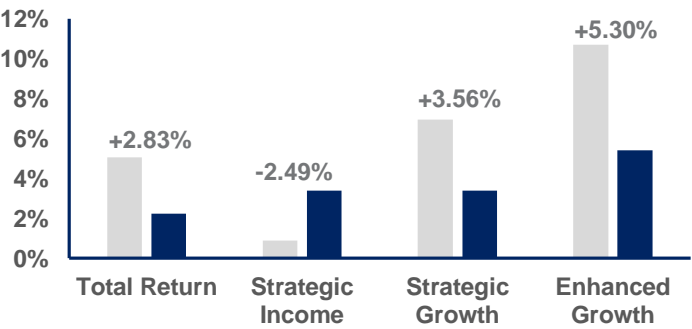
5 year



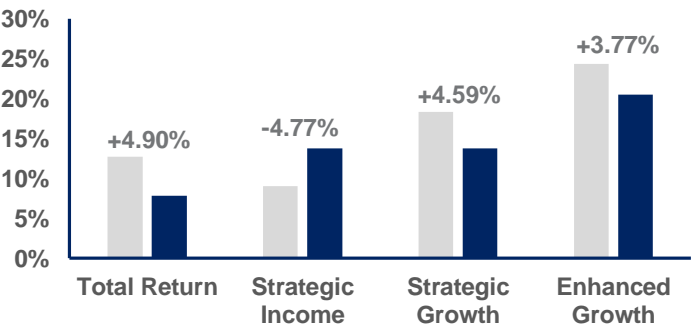
Rathbone funds performance  
Sector target performance

## Multi-asset funds<sup>2</sup>

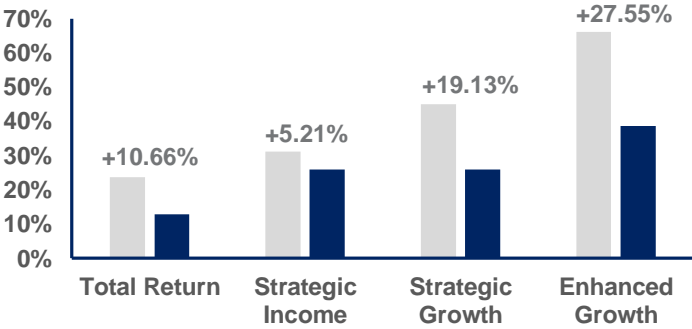
1 year



3 year



5 year



Source: FE fundinfo Performance is a combination of S-class units/share and R-class units/shares (where S-class was unavailable).  
Note: Percentages above each of the bar charts represents the net performance of each fund vs the sector target

1. Single strategy funds sector targets: Global Opportunities vs. IA Global, Income vs. FTSE All Share, Ethical Bond vs. IA Sterling Corporate Bond, and Strategic Bond vs. IA Sterling Strategic Bond.  
2. Multi-asset funds sector targets: Total Return vs. Bank of England Base Rate +2%, Strategic Income vs. UK CPI +3%, Strategic Growth vs. UK CPI +3%, Enhanced Growth vs. UK CPI +5%

# Performance: single strategy funds

Performance <sup>1</sup> and Quartile Ranking at 31 December 2020	1 year	3 year	5 year	10 years	Size of fund (£m) <sup>7</sup>
<b>Rathbone Global Opportunities Fund I Acc<sup>4</sup></b>	<b>31.27% 1</b>	<b>64.68% 1</b>	<b>130.93% 1</b>	<b>290.58% 1</b>	<b>3,201.96</b>
Sector: IA Global	15.27%	32.50%	86.34%	147.69%	
<b>Rathbone Global Sustainability Fund I Acc<sup>2</sup></b>	<b>32.22% 1</b>				<b>43.83</b>
FTSE World (£)	12.74%				
Sector: IA Global	15.27%				
<b>Rathbone Heritage Fund I Inc</b>	<b>5.82%</b>	<b>11.15%</b>	<b>36.70%</b>		<b>17.16</b>
UK Consumer Price Index +3% <sup>6</sup>	3.39%	13.77%	25.87%		
FTSE World (£)	12.74%	34.17%	97.07%		
<b>Rathbone Income Fund I Inc<sup>4</sup></b>	<b>-10.58% 2</b>	<b>-3.02% 2</b>	<b>13.74% 3</b>	<b>91.90% 2</b>	<b>810.88</b>
FTSE All Share	-9.82%	-2.71%	28.46%	71.91%	
Sector: IA UK Equity Income	-10.73%	-4.11%	16.19%	76.42%	
<b>Rathbone UK Opportunities Fund I Inc<sup>3,4</sup></b>	<b>6.82% 1</b>	<b>7.70% 2</b>	<b>36.47% 2</b>	<b>117.29% 1</b>	<b>48.53</b>
FTSE All Share	-9.82%	-2.71%	28.46%	71.91%	
Sector: IA UK All Companies	-6.01%	2.04%	28.90%	83.63%	
<b>Rathbone Ethical Bond Fund I Acc<sup>4</sup></b>	<b>8.94% 2</b>	<b>18.54% 1</b>	<b>40.29% 1</b>	<b>98.42% 1</b>	<b>2,088.43</b>
Sector: IA Sterling Corporate Bond	7.77%	15.38%	32.23%	71.90%	
<b>Rathbone High Quality Bond Fund I Acc<sup>5</sup></b>	<b>2.93%</b>				<b>283.06</b>
Bank of England Base Rate +0.5%	0.73%				
<b>Rathbone Strategic Bond Fund I Acc</b>	<b>7.50% 2</b>	<b>12.91% 2</b>	<b>30.24% 2</b>		<b>204.48</b>
Sector: IA Sterling Strategic Bond	6.55%	13.53%	28.32%		

1. Performance figures and indices are stated on a total return basis

2. Rathbone Global Sustainability Fund launched on 16th July 2018. (Performance from 19th July 2018).

3. Formerly known as the Rathbone Recovery Fund. The name was changed to Rathbone UK Opportunities Fund on 23rd October 2017.

4. Performance is a combination of I-Class units and R-Class units (where I-Class was unavailable). I-Class units were launched on 1st March 2012.

5. Performance is a combination of I-Class shares and S-Class shares (where I-Class was unavailable). I-Class shares were launched on 23rd July 2019. (Performance from 19th November 2018).

6. UK Consumer Price Inflation figures quoted with a 1 month lag.

7. Overall fund (mid-market) value (including all onshore share/unit classes).

# Performance: multi-asset funds

Discrete year performance <sup>1</sup> at 31 December 2020 (S-class shares)	1 year	3 years	5 years	10 years	Size of fund (£m) <sup>4</sup>
<b>Rathbone Multi-Asset Total Return Portfolio S Inc<sup>2</sup></b>	<b>5.06%</b>	<b>12.72%</b>	<b>23.60%</b>	<b>52.93%</b>	<b>285.70</b>
Bank of England Base Rate +2%	2.23%	7.82%	12.94%	27.84%	
Volatility as % of FTSE Developed (£) [Target <33%]	35.67%	33.36%	32.59%	35.35%	
<b>Rathbone Multi-Asset Strategic Income Portfolio S Inc</b>	<b>0.90%</b>	<b>9.00%</b>	<b>31.08%</b>		<b>79.04</b>
UK Consumer Price Index +3% <sup>3</sup>	3.39%	13.77%	25.87%		
Volatility as % of FTSE Developed (£) [Target <66%]	65.30%	59.07%	58.73%		
<b>Rathbone Multi-Asset Strategic Growth Portfolio S Inc<sup>2</sup></b>	<b>6.95%</b>	<b>18.36%</b>	<b>45.00%</b>	<b>87.04%</b>	<b>1,022.13</b>
UK Consumer Price Index +3% <sup>3</sup>	3.39%	13.77%	25.87%	62.08%	
Volatility as % of FTSE Developed (£) [Target <66%]	63.79%	62.72%	61.75%	62.29%	
<b>Rathbone Multi-Asset Enhanced Growth Portfolio S Acc<sup>2</sup></b>	<b>10.70%</b>	<b>24.29%</b>	<b>66.12%</b>		<b>127.21</b>
UK Consumer Price Index +5% <sup>3</sup>	5.40%	20.52%	38.57%		
Volatility as % of FTSE Developed (£) [Target <100%]	89.77%	87.48%	88.29%		

These funds are part of the volatility managed sector where quartile rankings are prohibited in the Investment Association guidelines

Note: The Rathbone Multi-Asset Defensive Growth Portfolio and the Rathbone Multi-Asset Dynamic Growth Portfolio funds were launched in June 2020 and therefore are not included in the above performance chart.

1. Performance figures are stated on a total return basis

2. Performance is a combination of S-Class shares and R-Class shares (where S-Class was unavailable). S-Class shares were launched on 1st October 2012

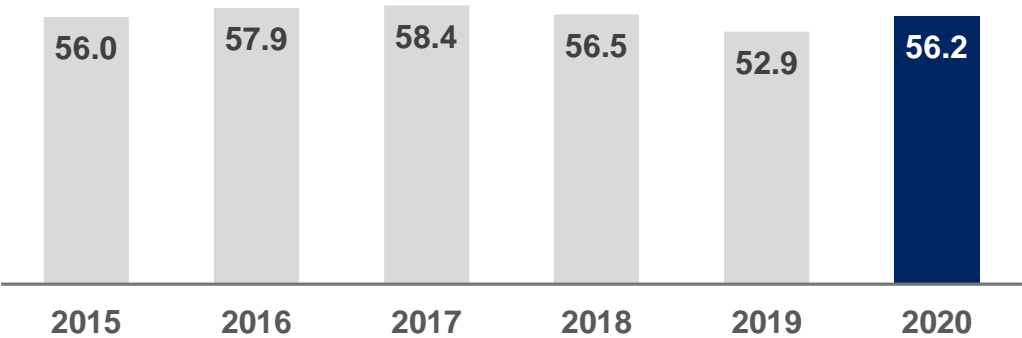
3. UK Consumer Price Inflation figures quoted with a 1 month lag

4. Overall fund (mid-market) value (including all onshore share/unit classes)

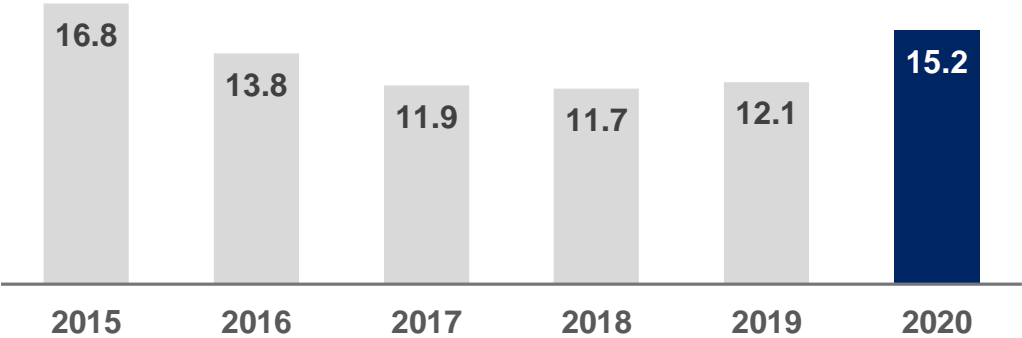


# Analysis of operating income

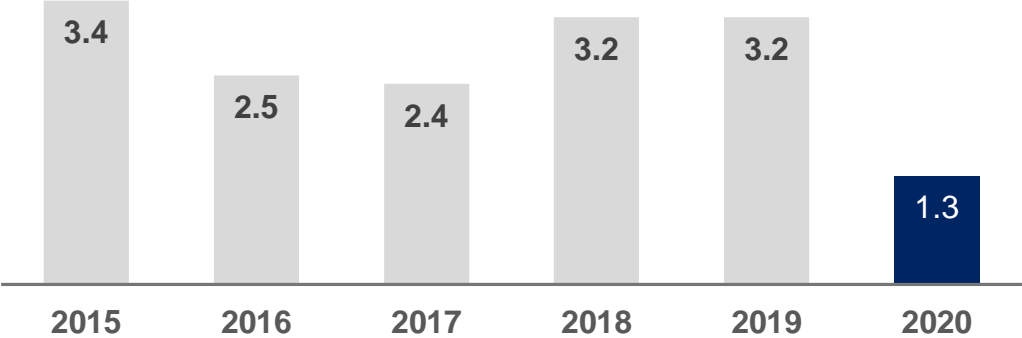
Basis point return from fees



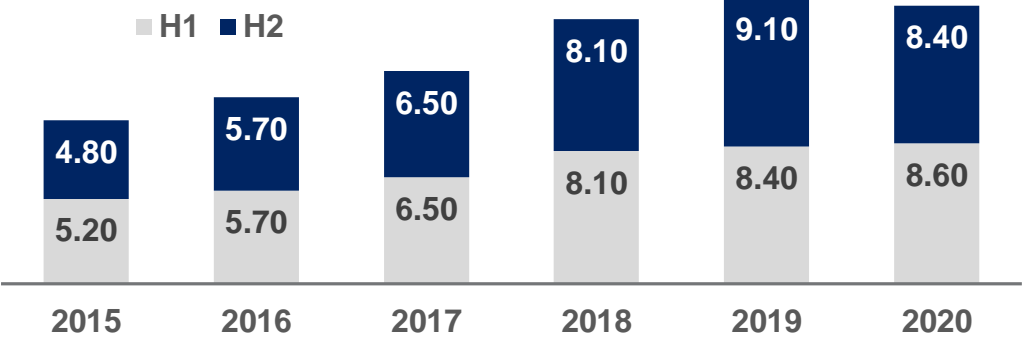
Basis point return from commission



Basis point return from interest

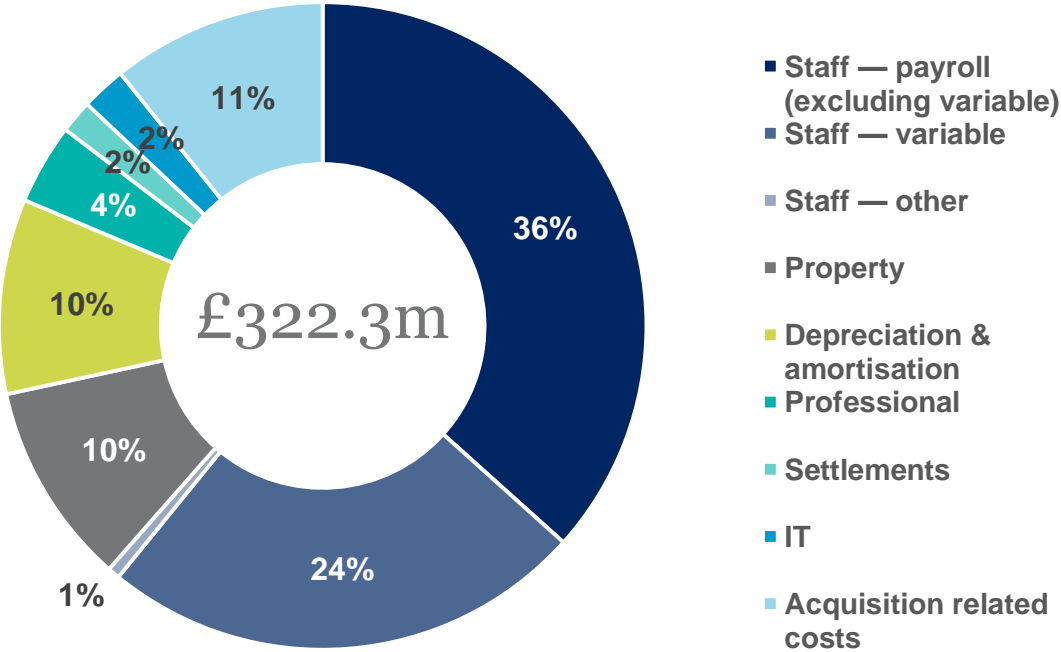


Advisory fee income (£m)

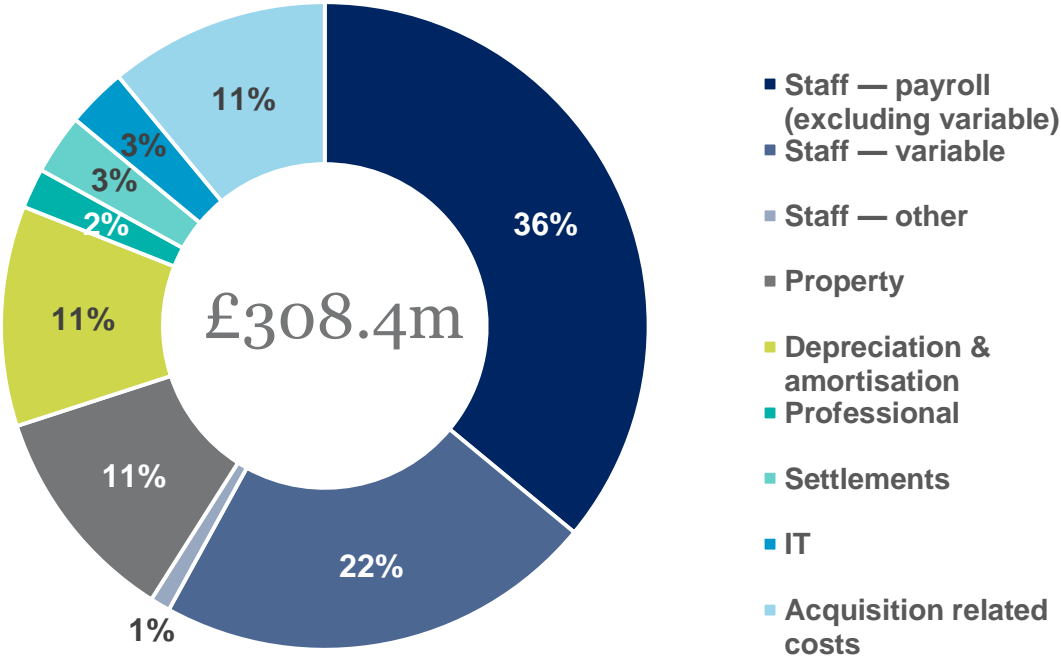


# Total operating expenses

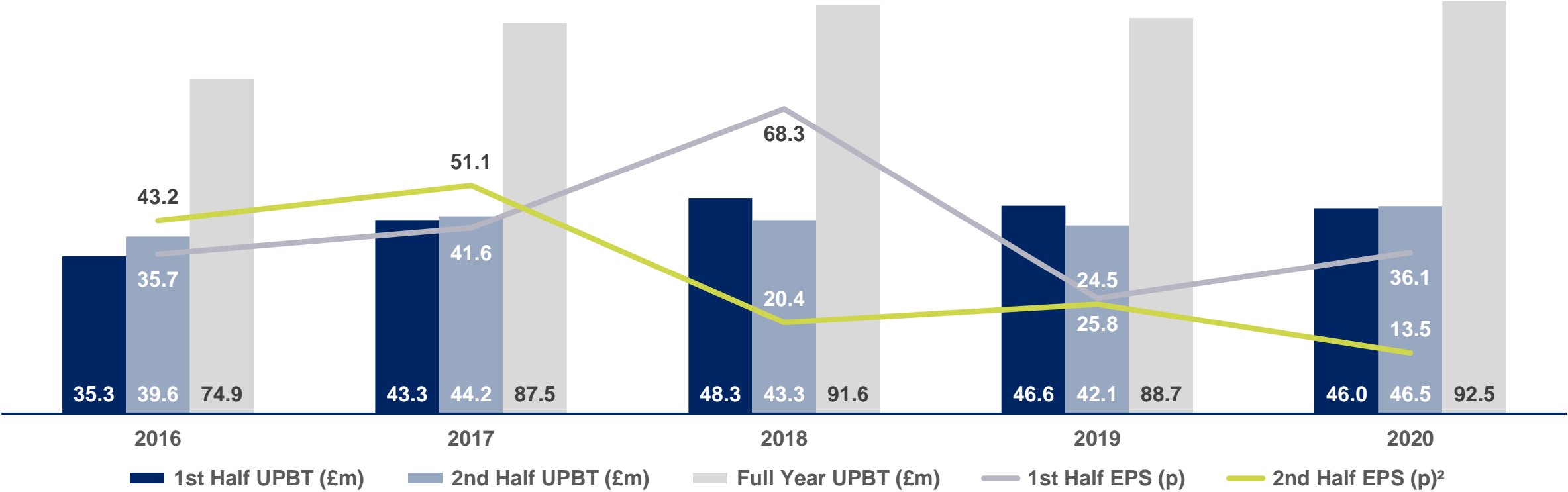
31 December 2020



31 December 2019



# Underlying profits before tax<sup>1</sup> (£m) and EPS (p)



1. See slide 41 for a reconciliation between underlying profit before tax and profit before tax



# Earnings per share

	2020			2019		
	Pre tax (£m)	Post tax (£m)	EPS (p) <sup>1</sup>	Pre tax (£m)	Post tax (£m)	EPS (p) <sup>2</sup>
<b>Underlying profit attributable to shareholders</b>	<b>92.5</b>	<b>71.6</b>	<b>133.3</b>	88.7	71.1	132.8
Charges in relation to client relationships and goodwill	(14.3)	(11.6)	(21.6)	(16.0)	(12.9)	(24.1)
Acquisition-related costs	(34.4)	(33.3)	(62.1)	(33.1)	(31.3)	(58.4)
<b>Profit attributable to shareholders</b>	<b>43.8</b>	<b>26.7</b>	<b>49.6</b>	39.7	26.9	50.3

1. Weighted average number of shares in issue in the year ended 31 December 2020 = 53,720,680

2. Weighted average number of shares in issue in the year ended 31 December 2019 = 53,566,271

# Segmental results

y/e 31 December 2020

	Investment Management (£m)	Funds (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	230.3	43.9	-	274.2
Net commission income	62.3	-	-	62.3
Net interest income	8.4	-	-	8.4
Fees from advisory services and other income	19.7	1.5	-	21.2
<b>Operating income</b>	<b>320.7</b>	<b>45.4</b>	<b>-</b>	<b>366.1</b>
Staff costs – fixed	(83.7)	(4.1)	(29.7)	(117.5)
Staff costs – variable	(56.4)	(12.0)	(9.3)	(77.7)
Other direct expenses	(80.1)	(8.7)	(38.3)	(127.1)
Allocation of indirect expenses	(67.8)	(7.5)	75.3	-
<b>Profit before tax</b>	<b>32.7</b>	<b>13.1</b>	<b>(2.0)</b>	<b>43.8</b>

y/e 31 December 2019

	Investment Management (£m)	Funds (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	224.1	36.1	-	260.2
Net commission income	51.1	-	-	51.1
Net interest income	16.4	-	-	16.4
Fees from advisory services and other income	19.3	1.1	-	20.4
<b>Operating income</b>	<b>310.9</b>	<b>37.2</b>	<b>-</b>	<b>348.1</b>
Staff costs – fixed	(78.7)	(3.8)	(28.5)	(111.0)
Staff costs – variable	(49.7)	(8.7)	(8.3)	(66.7)
Other direct expenses	(84.5)	(7.3)	(38.9)	(130.7)
Allocation of indirect expenses	(63.8)	(7.1)	70.9	-
<b>Profit before tax</b>	<b>34.2</b>	<b>10.3</b>	<b>(4.8)</b>	<b>39.7</b>

# Analysing the balance sheet

Assets	31/12/20 (£'000)	31/12/19 (£'000)
Cash and balances with central banks	1,802,706	1,932,997
Settlement balances	90,373	52,520
Loans and advances to banks	159,430	177,832
Loans and advances to customers <sup>1</sup>	166,221	138,412
Investment securities – fair value through profit or loss	107,559	105,967
Investment securities – amortised cost	651,427	600,261
Prepayments, accrued income and other assets	98,714	95,390
Property, plant and equipment	14,846	15,432
Right of use assets	44,856	49,480
Deferred tax asset	3,342	2,636
Intangible assets	231,144	227,807
<b>Total assets</b>	<b>3,370,618</b>	<b>3,398,734</b>

Banking operational and shareholder cash	Working capital
Financing related	Equity capital related

Liabilities	31/12/20 (£'000)	31/12/19 (£'000)
Deposits by banks	893	28
Settlement balances	95,412	57,694
Due to customers	2,561,767	2,668,645
Accruals, deferred income and other	112,071	93,263
Lease liabilities	56,124	61,004
Current tax liabilities	971	4,766
Subordinated loan notes	19,768	19,927
Retirement benefit obligations	9,785	8,014
<b>Total liabilities</b>	<b>2,856,791</b>	<b>2,913,341</b>

Equity	31/12/20 (£'000)	31/12/19 (£'000)
Called up share capital	2,874	2,818
Share premium/other reserves	240,104	240,724
Retained earnings	270,849	241,851
<b>Total equity</b>	<b>513,827</b>	<b>485,393</b>

<b>Total liabilities and equity</b>	<b>3,370,618</b>	<b>3,398,734</b>
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1. Loans and advances to customers largely consist of the investment management loan book, but also include overdrafts, trust and financial planning debtors and other debtors

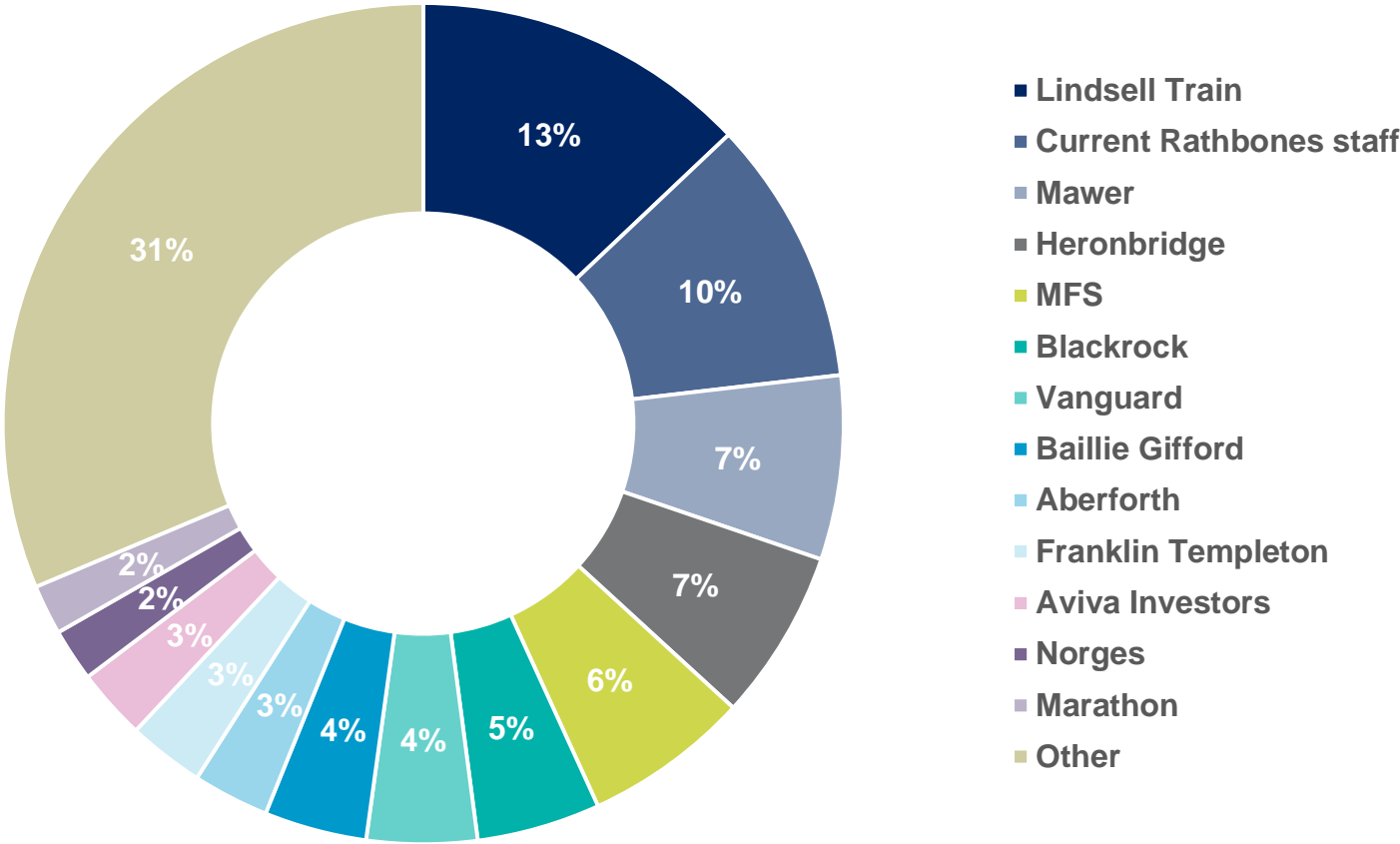


# Reconciliation of equity to total own funds

	2020 (£m)	2019 restated (£m)
Equity		
– Share capital and share premium	218.0	213.8
– Reserves	342.6	313.6
Less:		
– Own shares	(46.7)	(42.0)
– Intangible assets <sup>1</sup>	(220.7)	(218.9)
Total common equity tier 1 own funds	293.2	266.5
Tier 2 own funds	10.7	15.7
<b>Total own funds</b>	<b>303.9</b>	<b>282.2</b>

1. Net book value of goodwill, client relationship intangibles and software are deducted directly from capital resources

# Shareholders at 31 December 2020



# Other information: Investment Management

	2020	2019	Change
<b>Investment Management</b>			
Total rate of net growth in funds under management	<b>1.4%</b>	(0.9%)	
Revenue yield on FUM (excluding Charities and excluding S&J) (bps)	<b>79.2</b>	77.2	2bps
Revenue yield on FUM (excluding Charities and including S&J) (bps)	<b>74.8</b>	63.4	11.4bps
Revenue yield on Charities FUM (bps)	<b>52.6</b>	49.1	3.5bps
Underlying operating income (£m)	<b>320.6</b>	310.9	3.1%
Underlying profit margin	<b>24.8%</b>	25.2%	(40)bps
Operating income <sup>1</sup> per investment manager (£m)	<b>1.0</b>	0.9	11.1%
Average FUM per investment manager (£m)	<b>189</b>	200	(5.5)%
Operations and support staff <sup>2</sup> to investment manager ratio	<b>3.3</b>	3.7	(10.8)%
Average FUM per client <sup>3</sup> (£'000)	<b>629</b>	614	2.4%

1. Operating income excluding interest on own reserves, interest payable on Tier 2 note issued, fees from advisory income and other income

2. Includes secretarial and administrative support and Investment Management operations staff

3. Excludes charity clients



# Investment Management: Number of investment managers and FUMA per office

Office location	Number of investment managers <sup>1</sup>	Investment Management funds under management and administration (£bn at 31/12/20)
London	127	22.9
Glasgow	45	7.2
Liverpool	28	3.1
Edinburgh	25	2.9
Other offices <sup>2</sup>	79	8.8
Total	304	44.9

1. As at 31 December 2020, excluding 18 fund managers in the Funds business  
2. Including: Aberdeen, Birmingham, Bristol, Cambridge, Chichester, Exeter, Kendal, Lymington, Newcastle, Winchester and the Rathbone Investment Management International office in Jersey

# Investment Management: Annual management fees for direct private clients<sup>1</sup>

Discretionary management fees (subject to VAT)

	Applied across Main Funds and ISA funds (pa) <sup>2</sup>
First £250,000	1.20%
Next £500,000	1.00%
Next £750,000	0.75%
Balance over £1,500,000	0.50%

Illustration of fees (how our management fees are applied to a portfolio of £400,000 VAT should be added)

£250,000 charged at 1.20%	£3,000
£150,000 charged at 1.00%	£1,500
Total annual management fee	£4,500

Our fee is completely transparent and we do not charge:

- Fixed and minimum fees
- Dealing and commission charges
- Third party brokerage charges
- Set-up and exit fees
- Transfer in or out charges
- Custody or platform fees
- Performance fees

1. With effect from 1 January 2015 for new clients only  
2. Management fees are calculated on the aggregate value of a defined group of related funds

# Important information

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

Information valid at date of presentation.

Tax regimes, bases and reliefs may change in the future.

Rathbone Brothers Plc is independently owned, is the sole shareholder in each of its subsidiary businesses and is listed on the London Stock Exchange.

Issued and approved by Rathbone Investment Management Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered office: Port of Liverpool Building, Pier Head, Liverpool L3 1NW, Registered in England No. 01448919.

Rathbones is the trading name of Rathbone Investment Management Limited.

Rathbone Unit Trust Management Limited is authorised and regulated by the Financial Conduct Authority. Registered office: 8 Finsbury Circus, London EC2M 7AZ, Registered in England No. 02376568.

Trust, tax and company administration services are supplied by trust companies in the Rathbone Group. Provision of legal services is provided by Rathbone Trust Legal Services Limited ('RTL'), a wholly owned subsidiary of Rathbone Trust Company Limited ('RTC'). RTL is authorised and regulated by the Solicitors Regulation Authority under no.636409. The registered office of both RTC and RTL is 8 Finsbury Circus, London EC2M 7AZ. RTC and RTL are registered in England under company nos. 01688454 and 10514352 respectively.

Rathbone Investment Management International Limited is the registered business name of Rathbone Investment Management International Limited which is regulated by the Jersey Financial Services Commission. Registered Office: 26 Esplanade, St Helier, Jersey JE1 2RB. Company Registration No. 50503.

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