

RATHBONES GROUP PLC



# 2022 PRELIMINARY RESULTS

1 MARCH 2023  
RATHBONES GROUP PLC



LONDON

# YOUR TEAM TODAY



**Paul Stockton**  
Group Chief Executive



**Jennifer Mathias**  
Group Chief Financial Officer



**Tony Overy**  
Chief Executive Officer Saunderson  
House



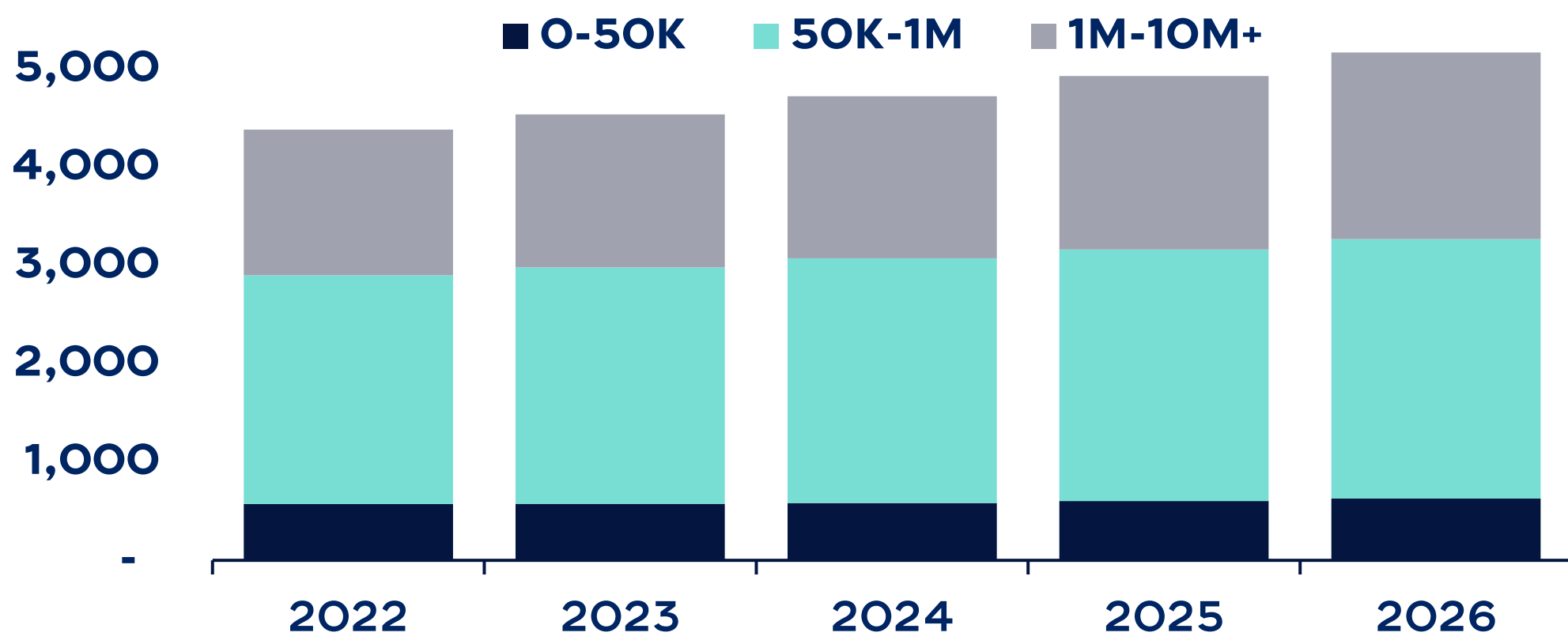
# BUSINESS UPDATE

**Paul Stockton**  
Group Chief Executive

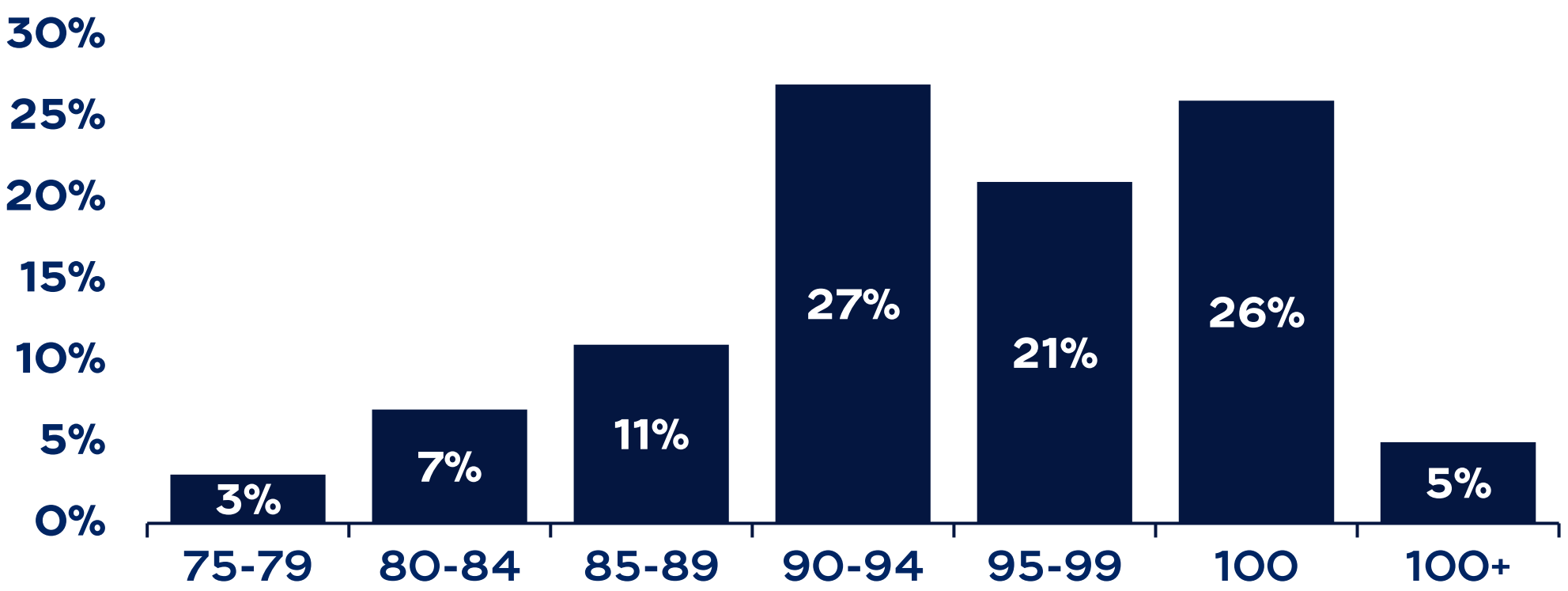
# WE ARE POSITIONED FOR LONG TERM STRUCTURAL GROWTH

- Growing demand for financial planning, ESG and digital propositions
- Ageing demographics
- Growing personal wealth
- Pension freedoms
- Need to save for the future (offsetting inflation)

UK wealth management market size by liquid assets <sup>1</sup>  
(£bn)



Life expectancy assumptions used in cash flow plans <sup>2</sup>

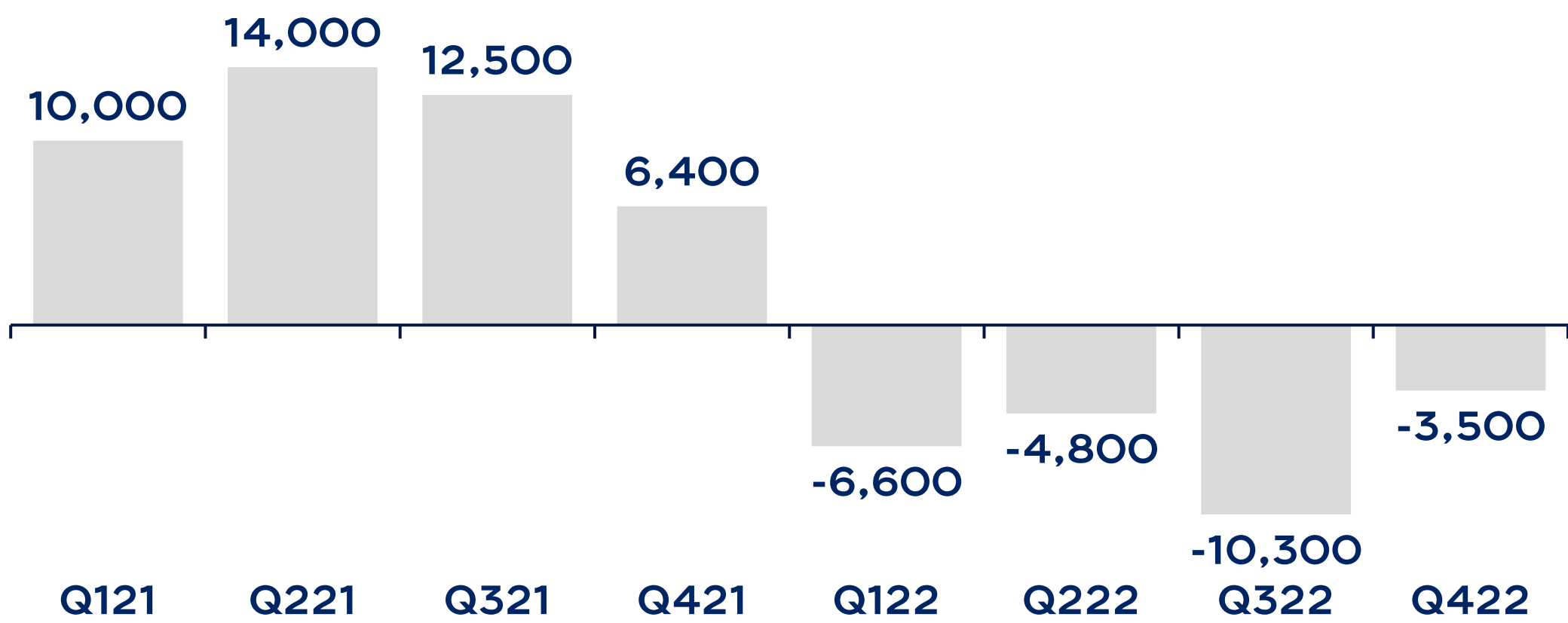


1. GlobalData  
2. Platforum

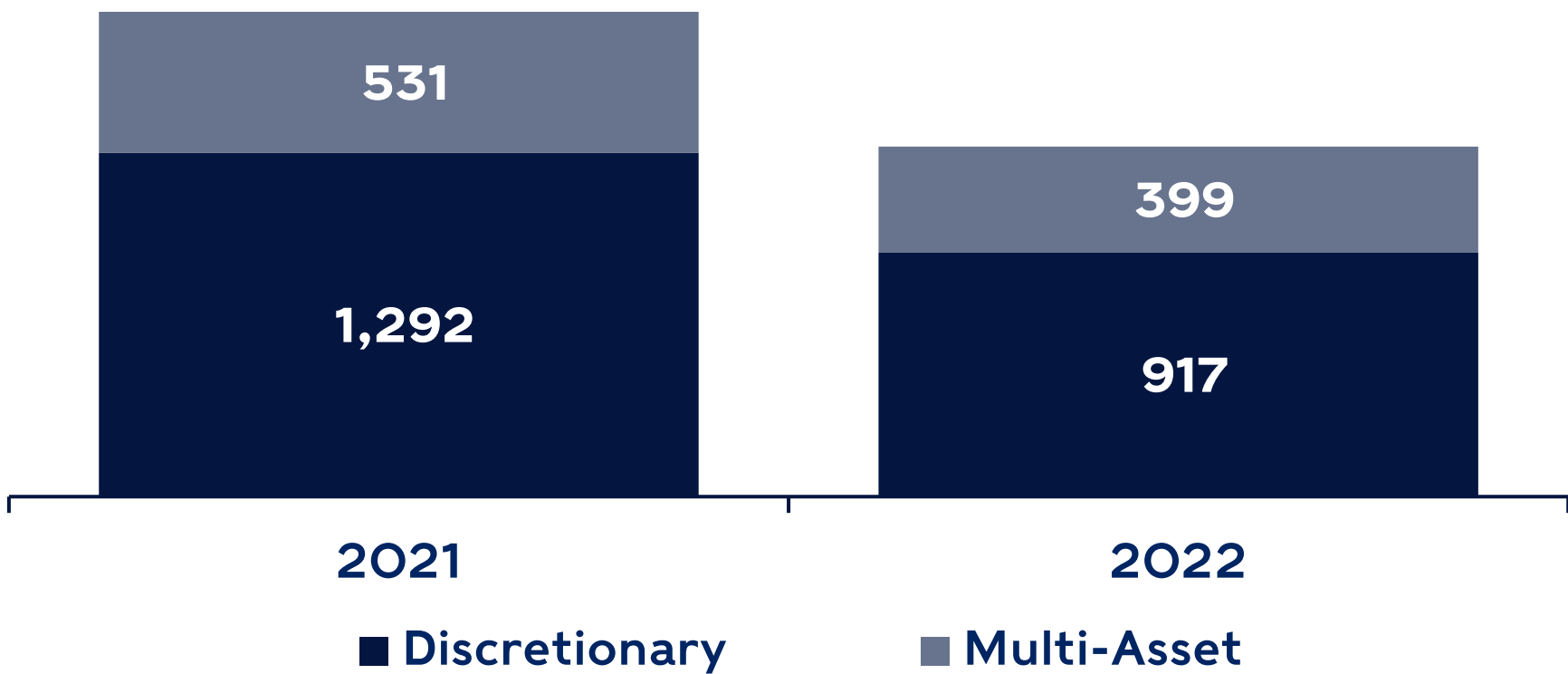
# RESPONDING TO A CHALLENGING YEAR

## The UK market saw net outflows in retail sales 2022

Net retail UK fund sales (£m)<sup>1</sup>

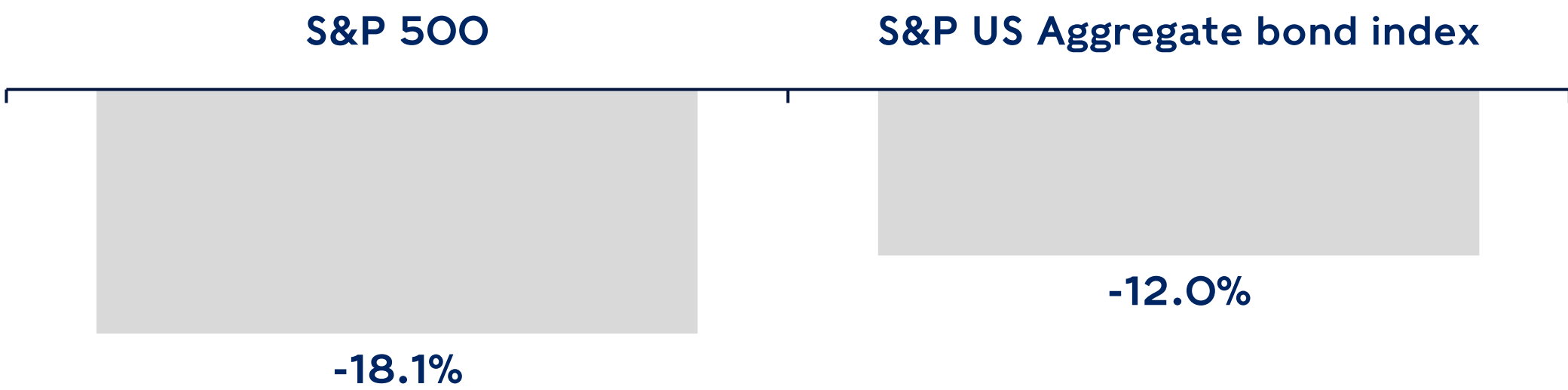


## Sustained net inflows (£m)

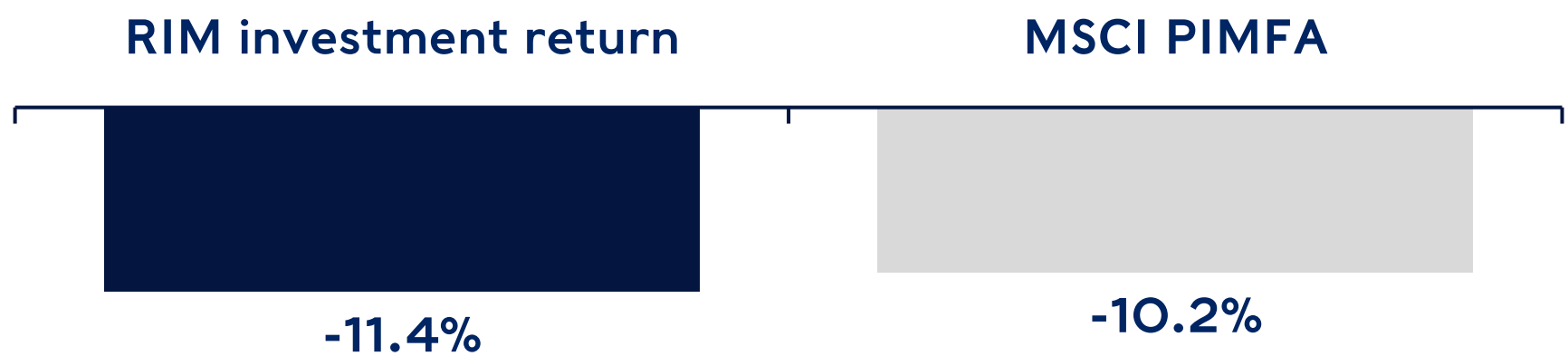


Ranked **8<sup>th</sup>**  
in the 2022 Pridham  
report for total net  
sales in the UK

## Bond and equity markets fell in tandem

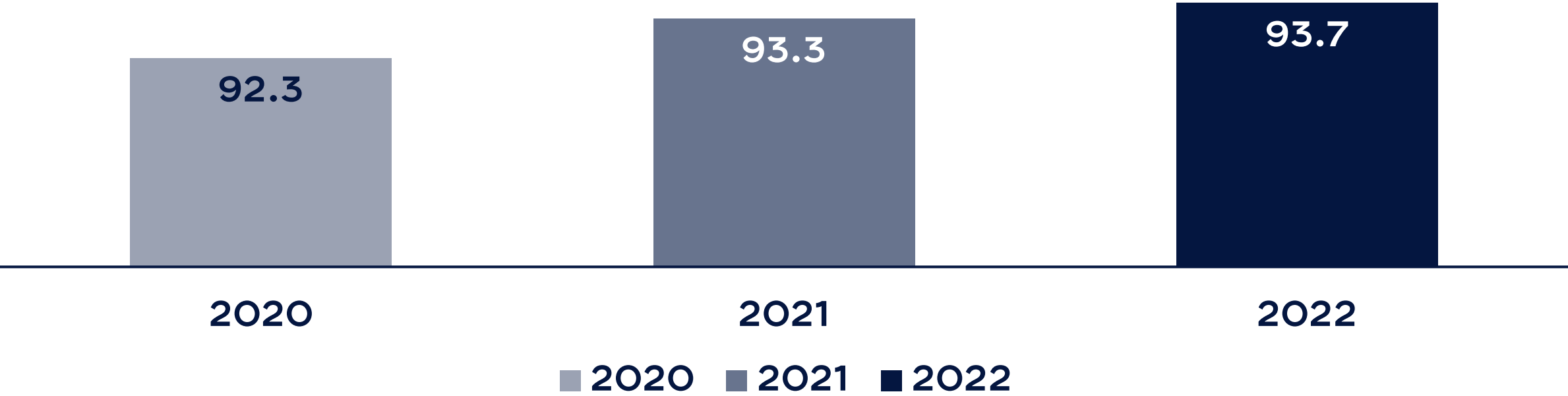


## Relative benefits of diversification



1. The Investment Association

# BUILDING ON A STRONG FOUNDATION



1. Defaqto DFM satisfaction study 2022

## A strong model

- Balanced business model, which delivers resilient growth
- Robust IM revenue margin of 72.4bps

## Supports critical investment

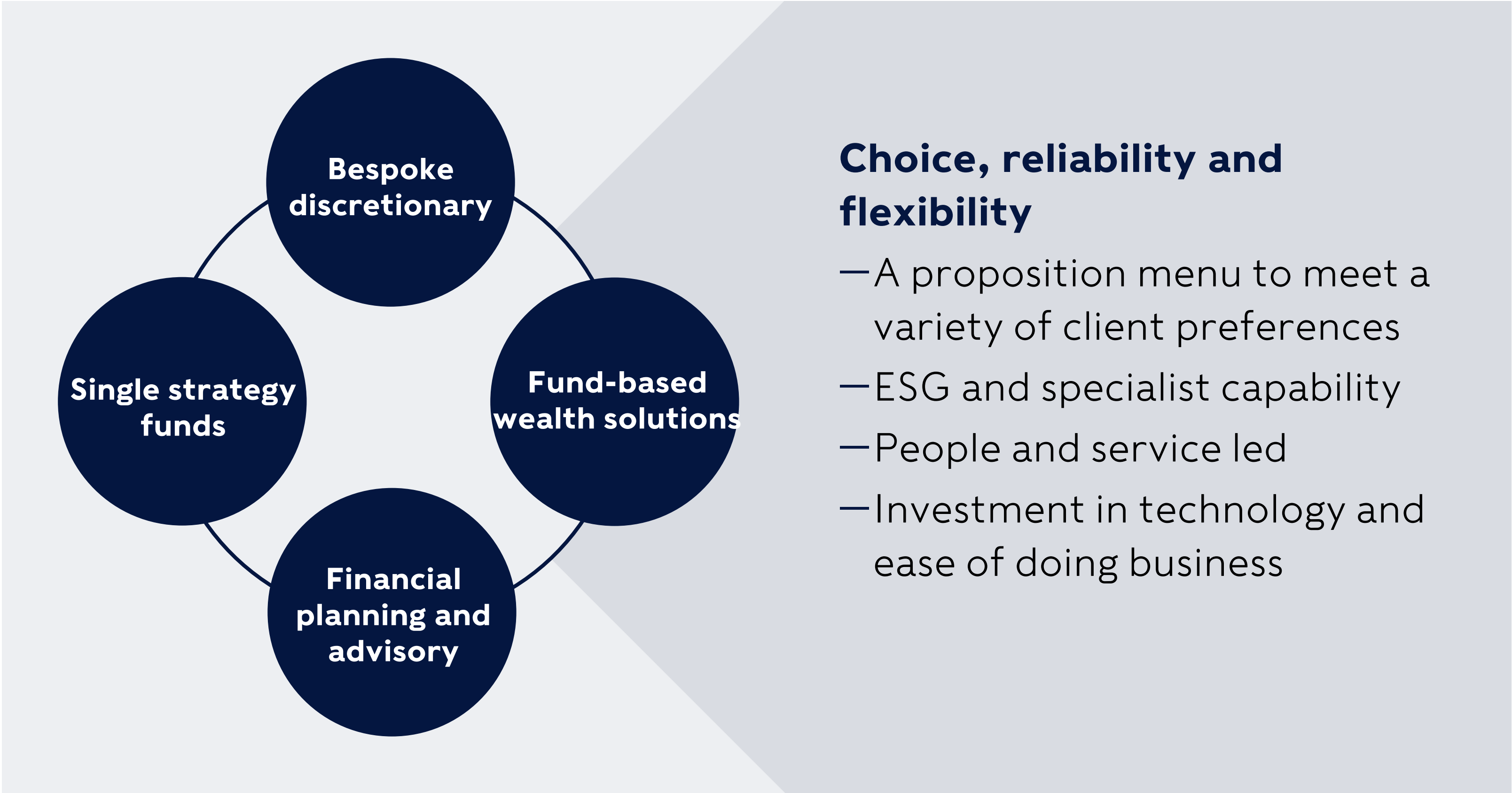
- Spend of £16.3m, demonstrating good progress on our digital programme
- Positive outcomes for Saunderson House clients and people

## Valued by our clients

- Improved client retention
- Rathbones received more nominations from advisers than any other provider for bespoke DFM<sup>1</sup>

# OUR MODEL IS WELL PLACED

## Choice and service to clients



## Growing distribution

**c.1,200**  
Absolute growth in client numbers in 2022

**c.555**  
Number of investment and adviser professionals (including Vision)

**+8.4%**  
Growth in multi-asset funds in 2022

**£2.2bn**  
FUMA<sup>1</sup> in multi-asset funds in 2022

## Through dedicated channels

**£36.6bn**  
Direct to client FUM

**£10.9bn**  
Indirect FUM

**£6.5bn**  
Specialist FUM

1. Funds under management and administration



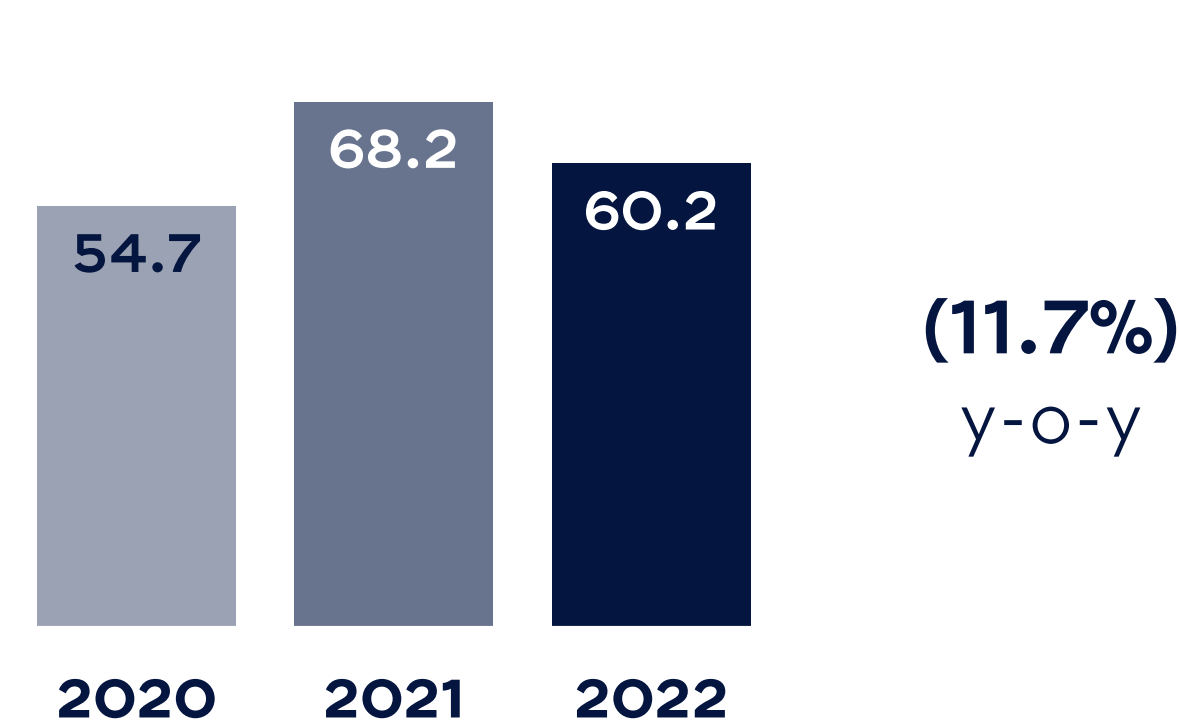
# FINANCIAL RESULTS

**Jennifer Mathias**  
Group Chief Financial Officer

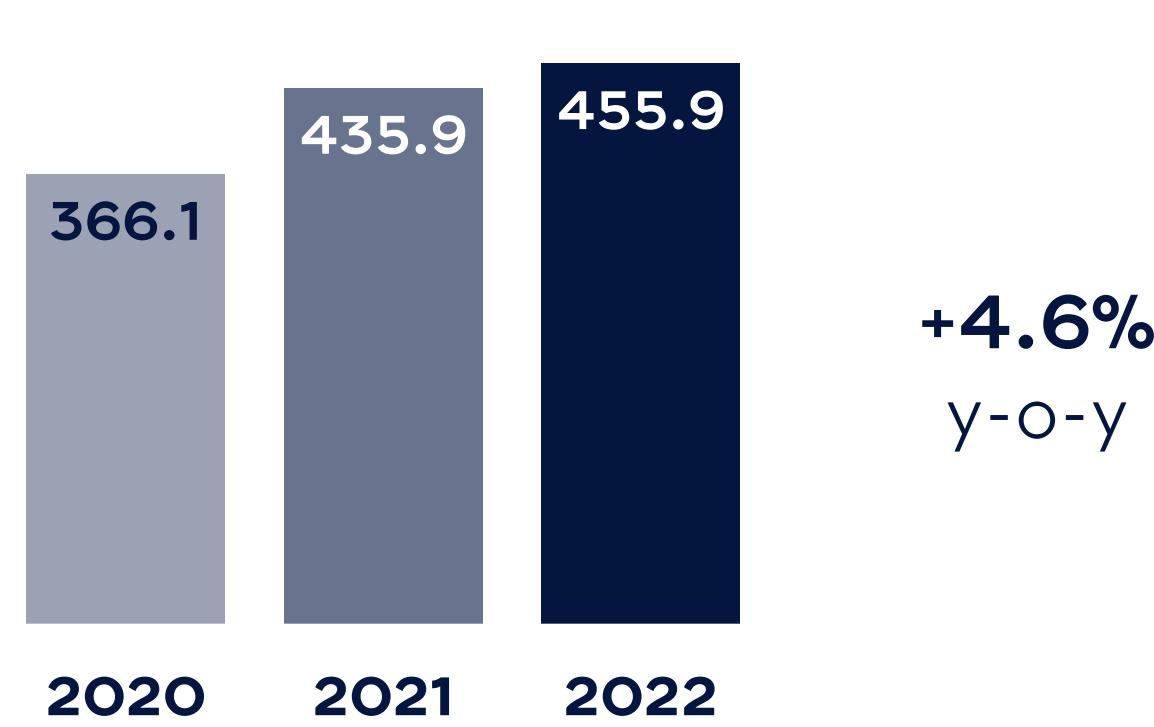


# RESILIENT PERFORMANCE IN CHANGING ECONOMIC CONDITIONS

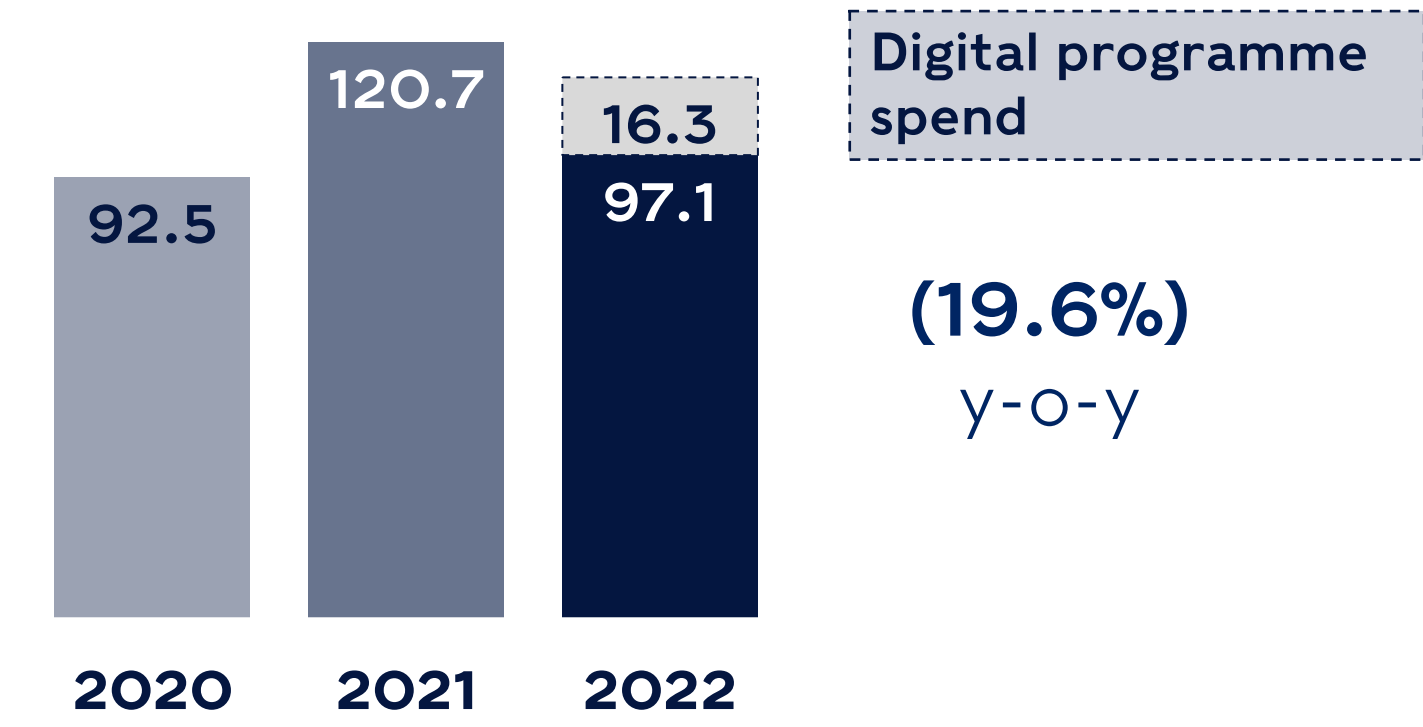
FUMA (£bn)



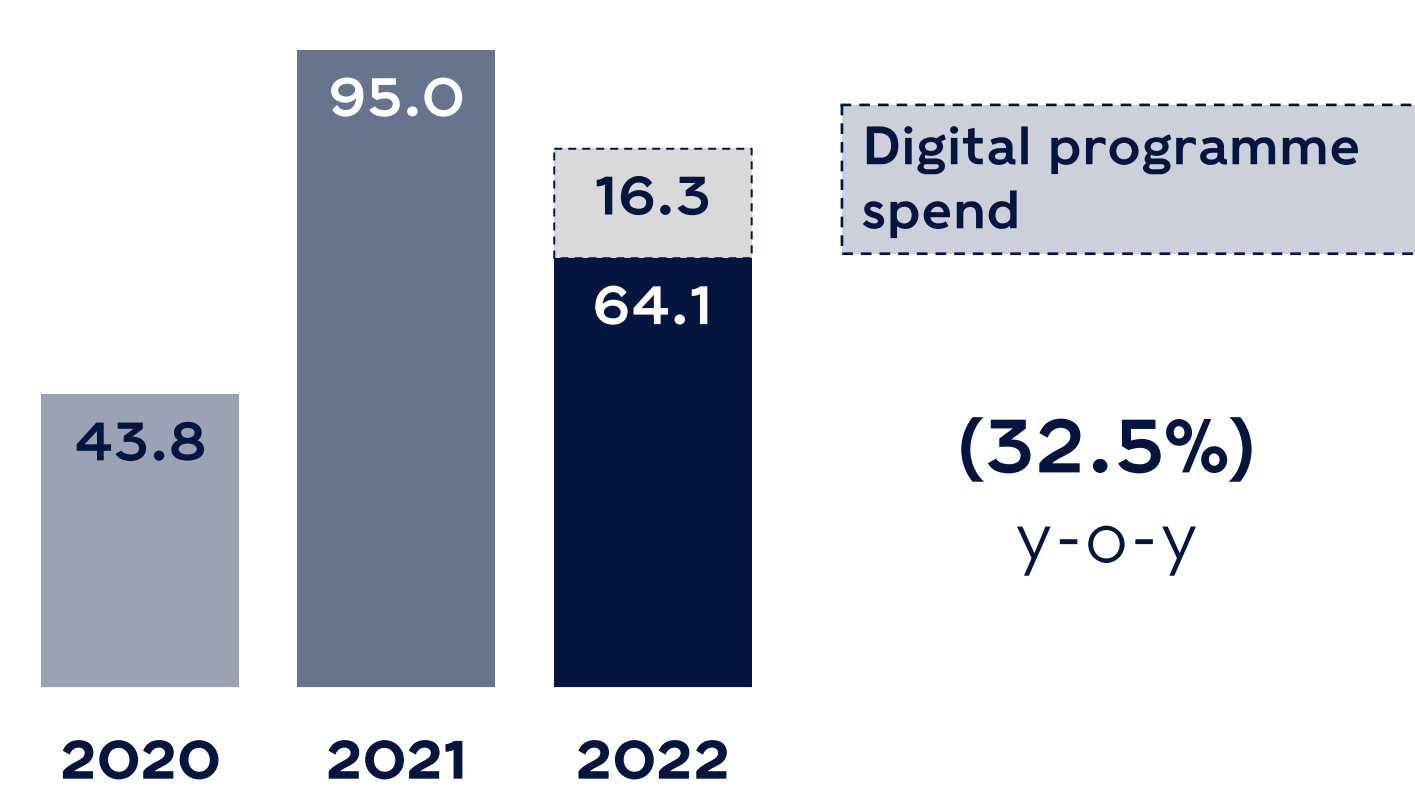
Operating income (£m)



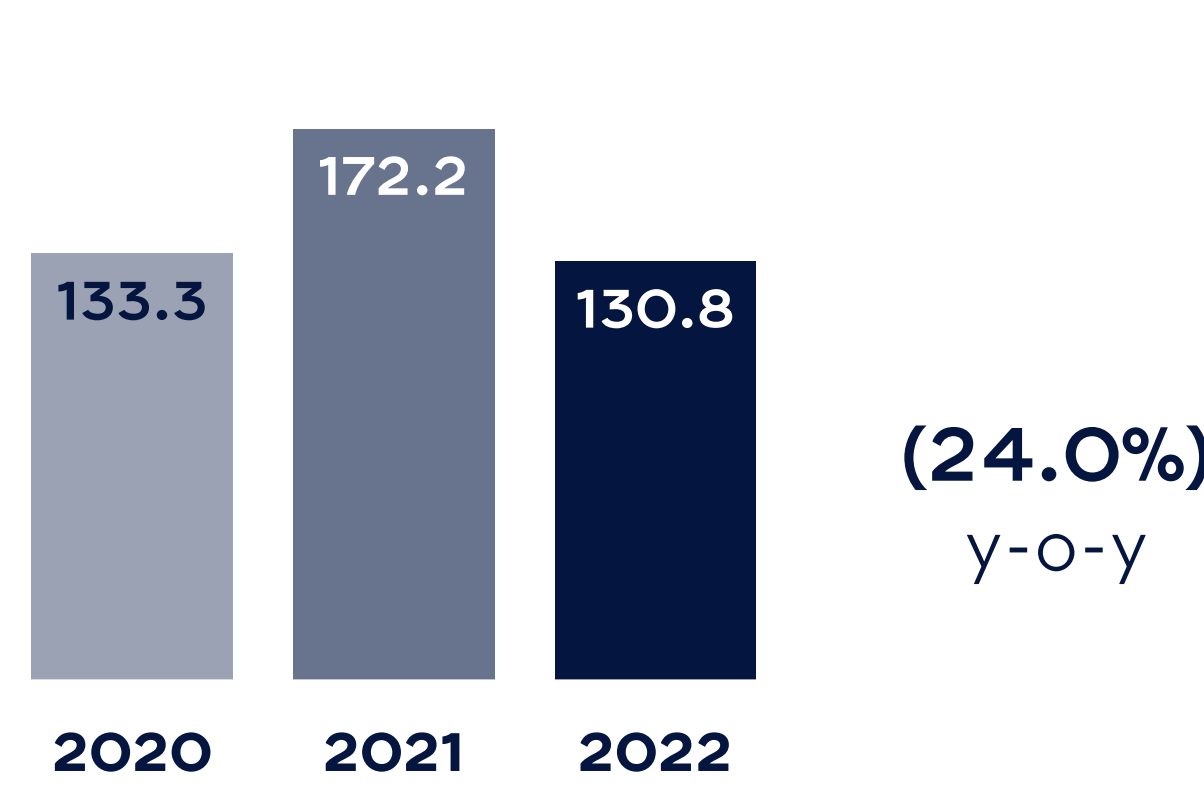
Underlying PBT (£m)



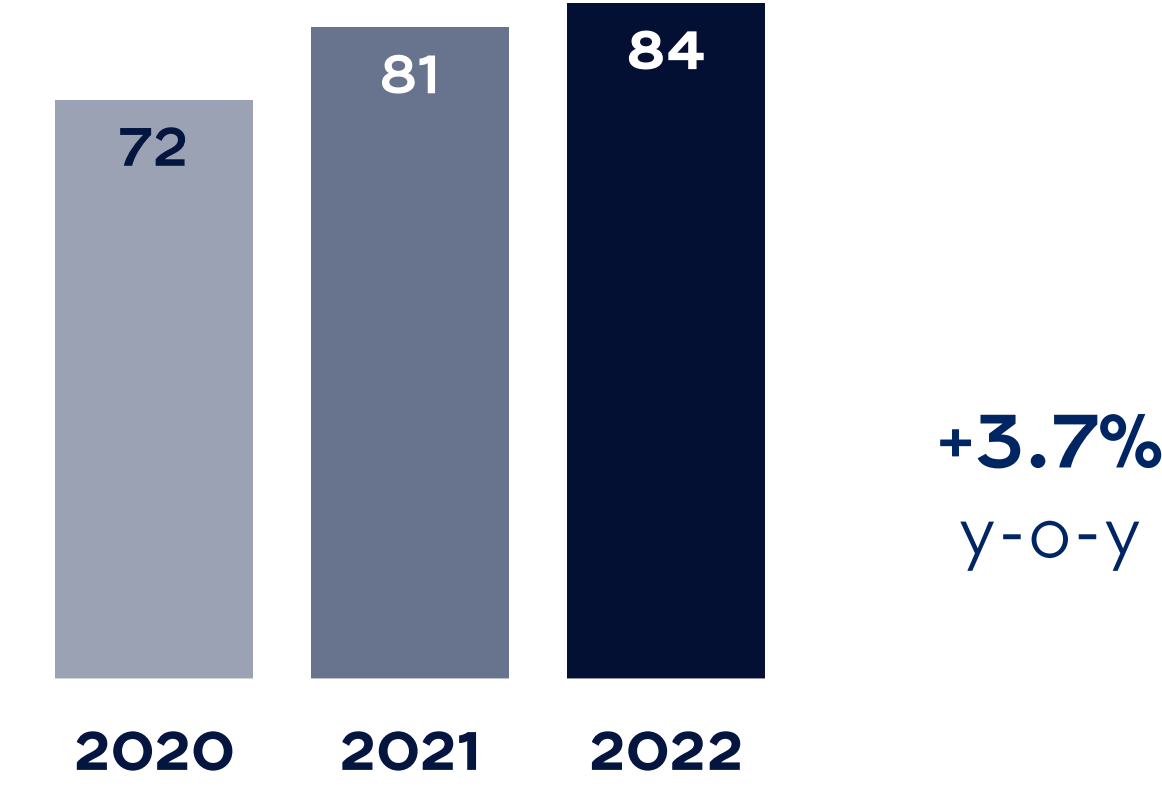
Statutory PBT (£m)



Underlying basic EPS (pence)



Total dividend per share (pence)

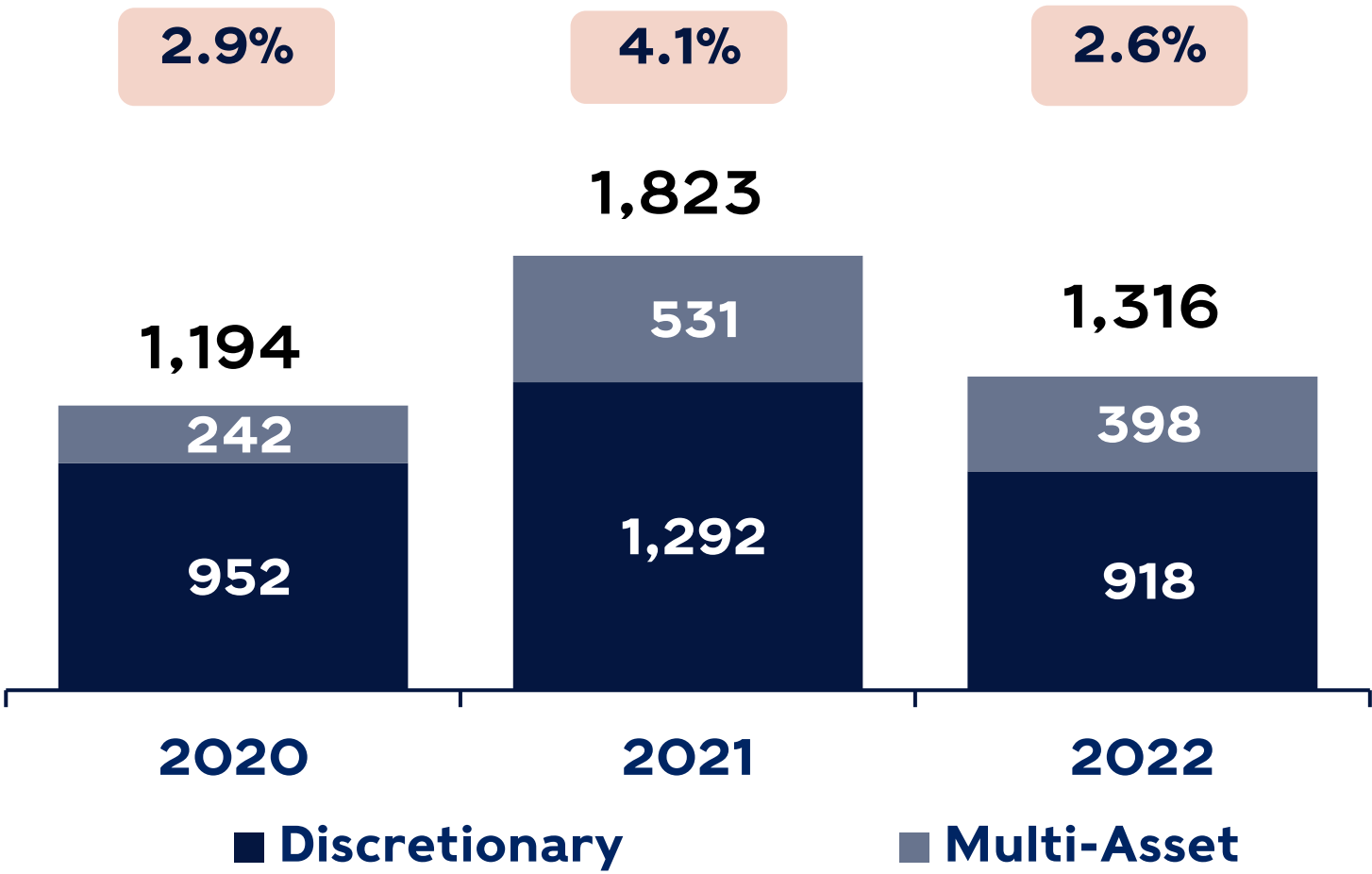


- Income resilience and diversification in difficult markets
- Ongoing investment and impact of acquisitions

OUR PERFORMANCE

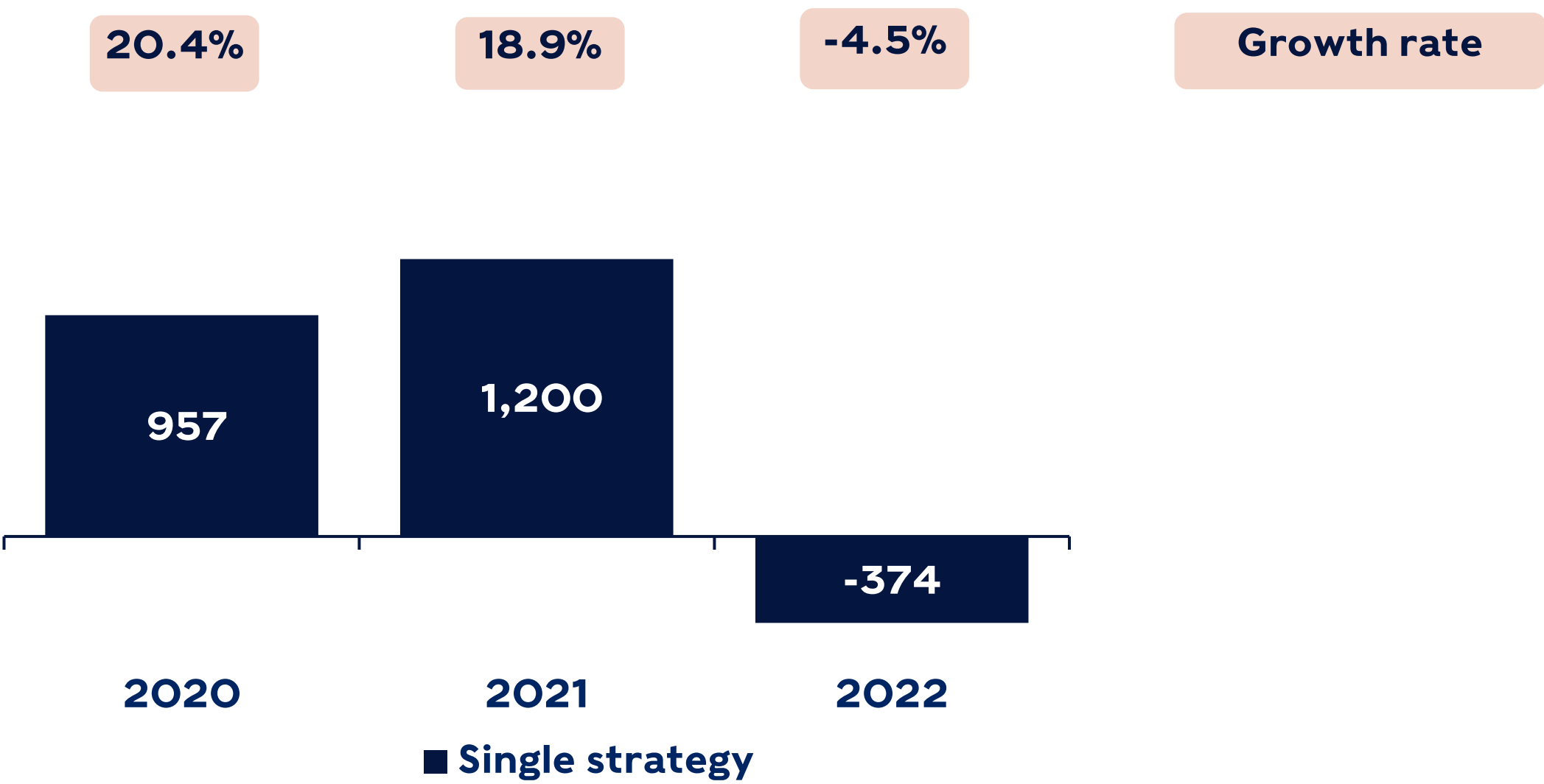
# CONTINUED GROWTH WITH SUSTAINED POSITIVE NET INFLOWS

Discretionary and managed net inflows (£m)



- Sustained momentum in wealth management net inflows
- Continued growth in client numbers

Single strategy net inflows/outflows (£m)



- Single strategy outflows driven by clients seeking diversification
- Single strategy outflows reduced in Q4

# DIVERSIFIED INCOME STREAMS

## Sustained quality of income

- Investment Management and Funds income reflects reduced FUMA
- Return of interest income, normalised commission levels
- Fee growth from advisory services reflects:
  - Twelve months of Saunderson House (2022: £29.5m, 2021: £6.1m)
  - Organic growth across Rathbone Financial Planning and Trust income

## Resilient revenue margins<sup>2</sup>

- Investment Management: 2022 – 72.4bps (2021: 71.4bps)
- Funds: 2022 - 54.8bps (2021: 55.0bps)

	2022 (£m)	2021 (£m)	% change
Investment Management fee income	<b>274.9</b>	288.1	(5)
Rathbone Funds income	<b>63.0</b>	63.1	(-)
Net commission income	<b>48.9</b>	53.6	(9)
Net interest income	<b>17.8</b>	3.9	356
Fees from advisory services <sup>1</sup>	<b>49.2</b>	25.5	93
Other income	<b>2.1</b>	1.7	24
<b>Total operating income</b>	<b>455.9</b>	435.9	5

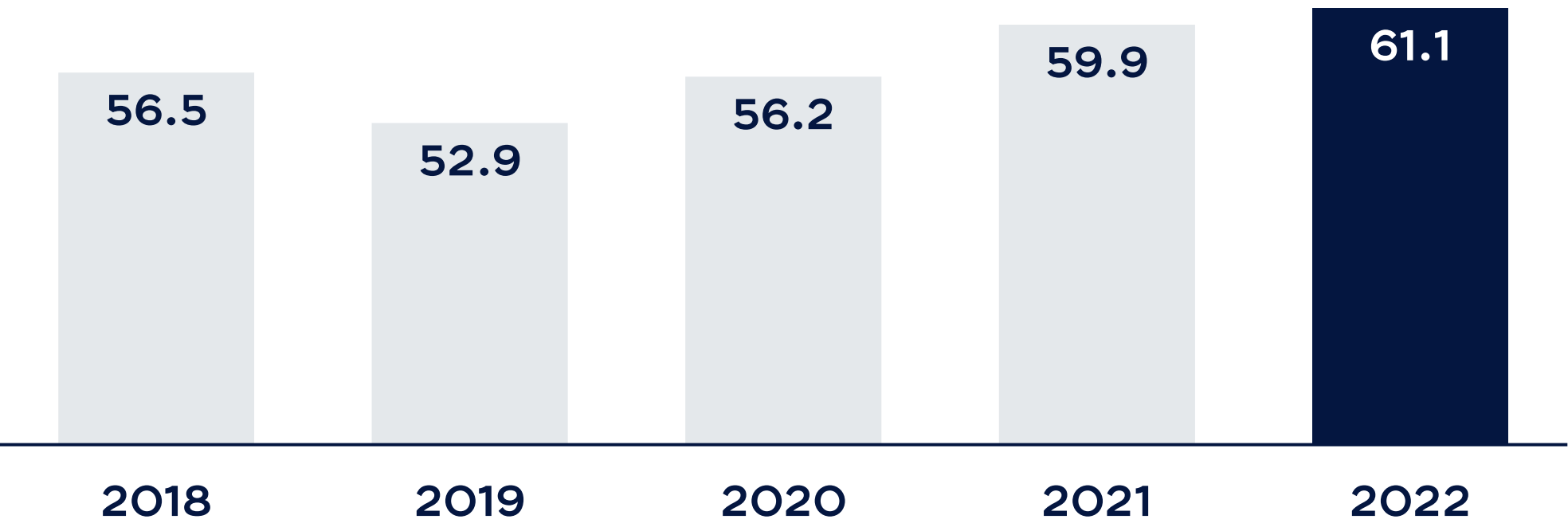
<b>Average MSCI PIMFA index (on quarterly billing dates)</b>	<b>1,684</b>	1,778	(5)
--	--------------	-------	-----

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

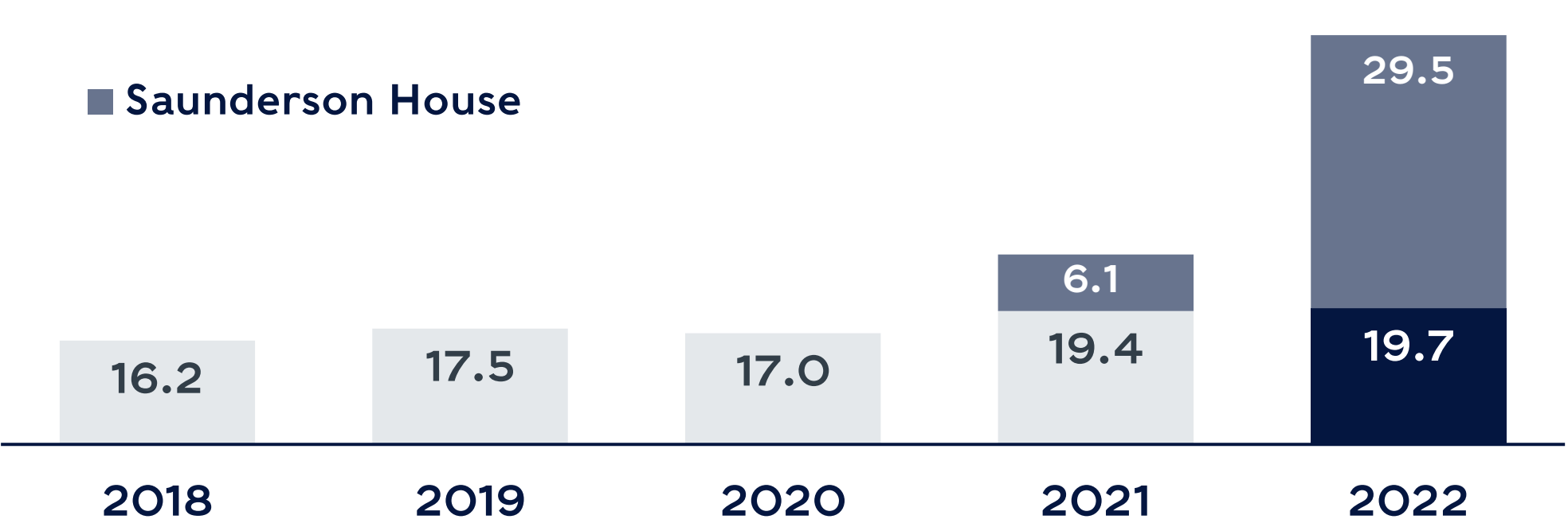


# INVESTMENT MANAGEMENT ROBUST MARGIN, GROWING ADVISORY FEES AND RETURN OF INTEREST INCOME

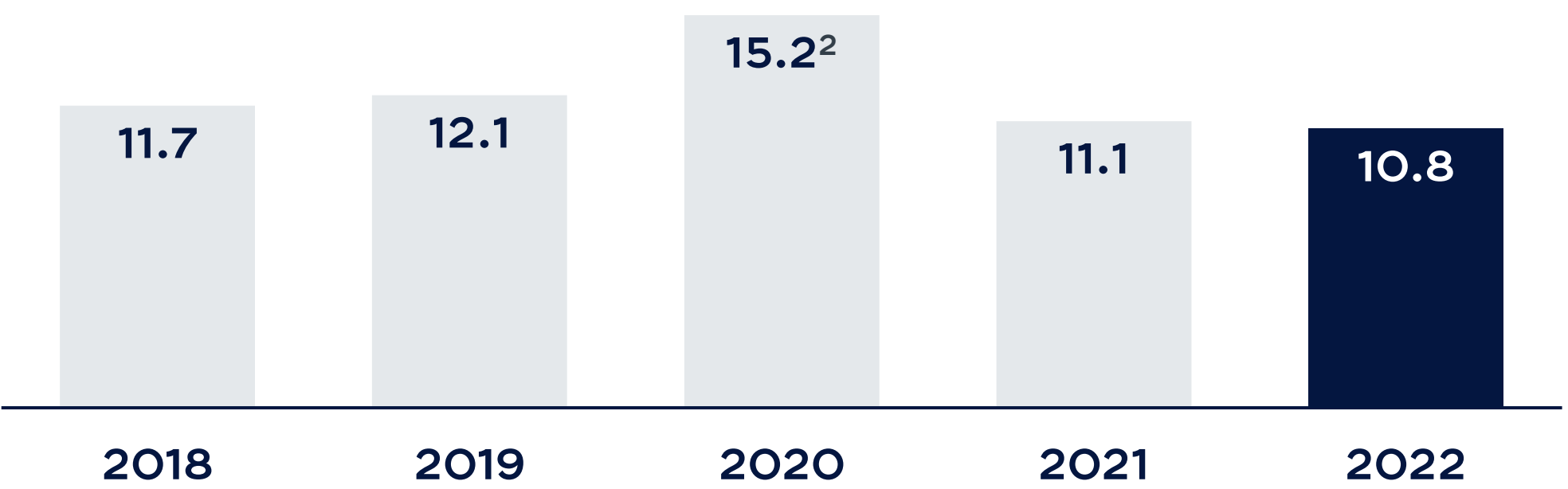
Basis point return from discretionary fees<sup>1</sup>



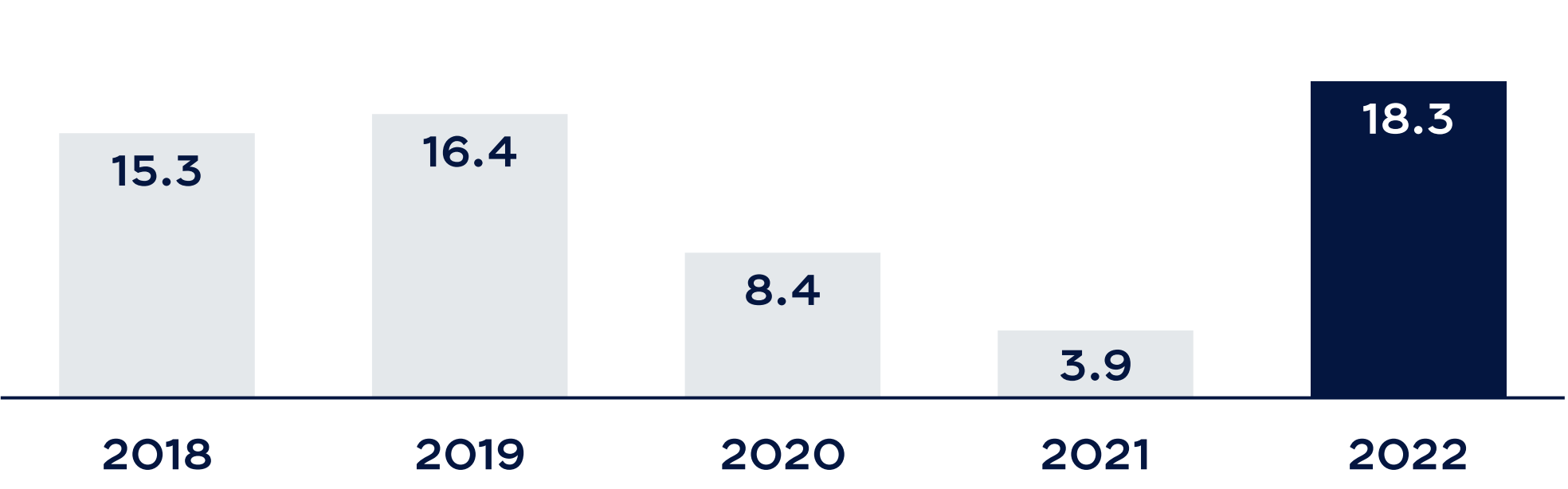
Advisory fee income (£m)



Basis point return from commission<sup>1</sup>



Group interest income (£m)



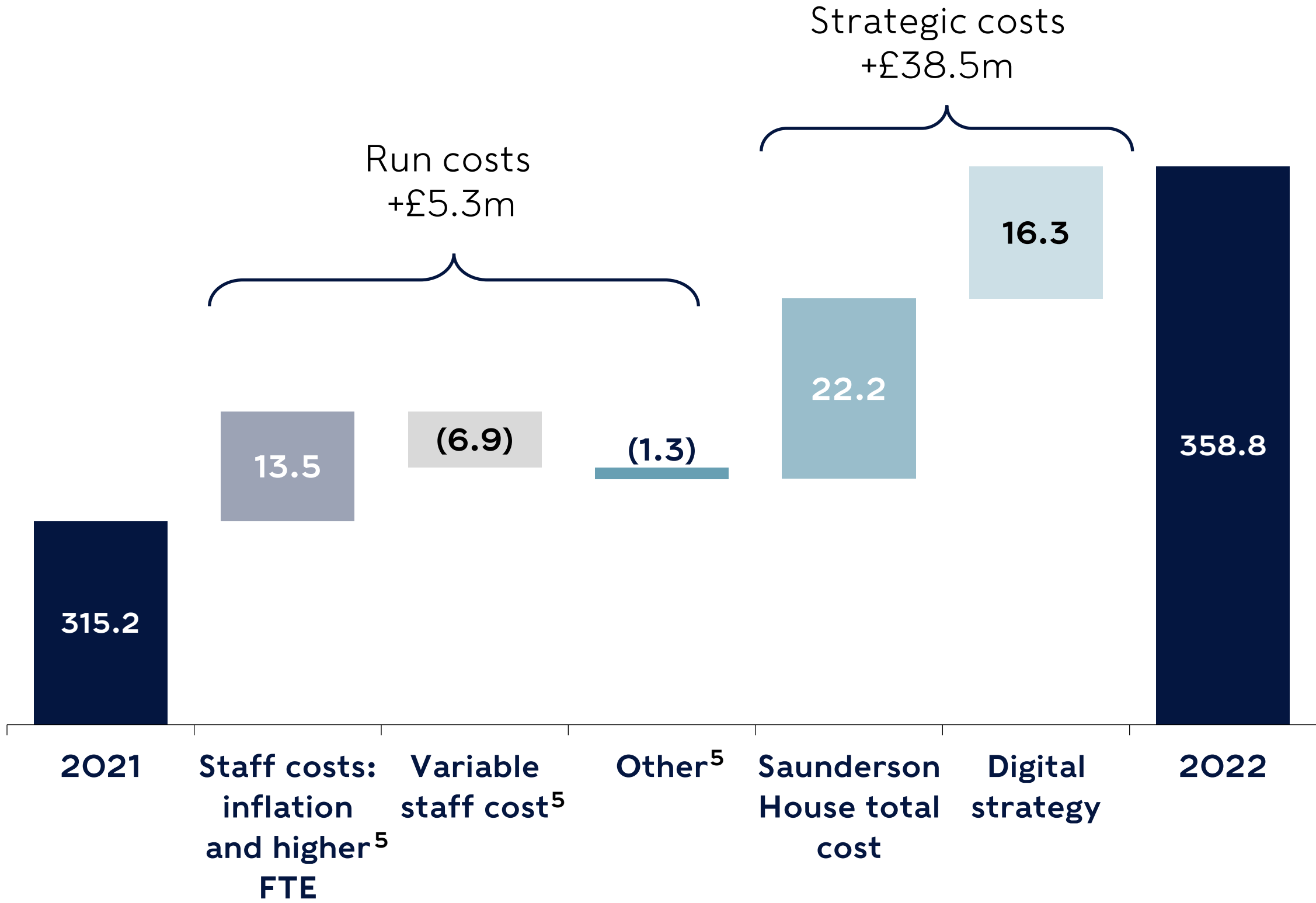
1. Basis point return is calculated by dividing annual income by the average reported quarterly FUMA for the period  
2. Includes commission from Speirs & Jeffrey acquisition  
Interest rate basis point return for Investment Management standalone was 0.5bps for 2022, giving a total investment management revenue margin of 72.4bps

COSTS

DISCIPLINED EXPENSE GROWTH SUPPORTS STRATEGY

	2022 (£m)	2021 (£m)	% change
Fixed staff costs	158.5	129.8	22
Variable staff costs <sup>1</sup>	87.1	90.1	(3)
Other operating expenses	113.2	95.3	19
Total underlying operating expenses	358.8	315.2	14
Average FTE <sup>2</sup> employees	2,053	1,739 <sup>4</sup>	18
Actual FTE <sup>2</sup> employees	2,124	1,967	8
Performance-related variable staff costs as a % of underlying profit before performance-related variable staff costs and tax	45.6% <sup>3</sup>	41.6%	

1. Includes share-based and other non-bonus awards, including accounting impact of deferred awards.  
2. Full time equivalent  
3. Excluding £16.3m of expenditure on our digital strategy in the year, this measure was 41.8%  
4. A monthly average, with inclusion of Saunderson House from October 2021 only  
5. Excludes Saunderson House and Digital costs for these categories



- Planned recruitment and 5% salary inflation
- Digital strategy implementation, incurred as operating expense, not capex
- Capital expenditure £8.0m (2021: £8.8m)
- Disciplined cost management in uncertain markets

# RESILIENT UNDERLYING PROFIT BEFORE TAX

## Underlying PBT supports digital investment

- Digital transformation spend: year one of £40m target
- Underlying operating margin excluding digital spend was 24.9%
- Impact of reduced FUMA

## Acquisition-related costs as guided

- Saunderson House - deferred consideration, integration costs £10.0m (2021: £3.7m);
- Speirs & Jeffrey - deferred consideration payments £3.5m (2021: £6.4m)

## Tax rate

- Tax rate expected to be c.4-5 percentage points over the statutory rate of tax for 2023<sup>2</sup>

	2022 (£m)	2021 (£m)	% change
<b>Underlying profit before tax</b>	<b>97.1</b>	120.7	(20)
Charges in relation to client relationships and goodwill	<b>(19.5)</b>	(15.6)	25
Acquisition-related costs	<b>(13.5)</b>	(10.1)	34
<b>Profit before tax</b>	<b>64.1</b>	95.0	(33)
<b>Profit after tax</b>	<b>49.0</b>	75.2	(35)
Effective tax rate	<b>23.5%</b>	20.8%	
<b>Total comprehensive income, net of tax<sup>1</sup></b>	<b>45.3</b>	89.1	(49)
<b>Underlying operating margin</b>	<b>21.3%</b>	27.7%	

1. The difference between profit after tax and total comprehensive income (net of tax) is movements relating to the valuation of the group defined benefit pension scheme – see note 10 in the FY22 press release.

2. Statutory tax rate for 2022 was 19%; from 1 April, statutory tax rate increases to 25%



# STRONG CAPITAL POSITION, SUPPORTS DIVIDEND INCREASE

## Capital position

- Highly cash-generative business
- CET1 ratio of 17.9%
- Inorganic opportunities

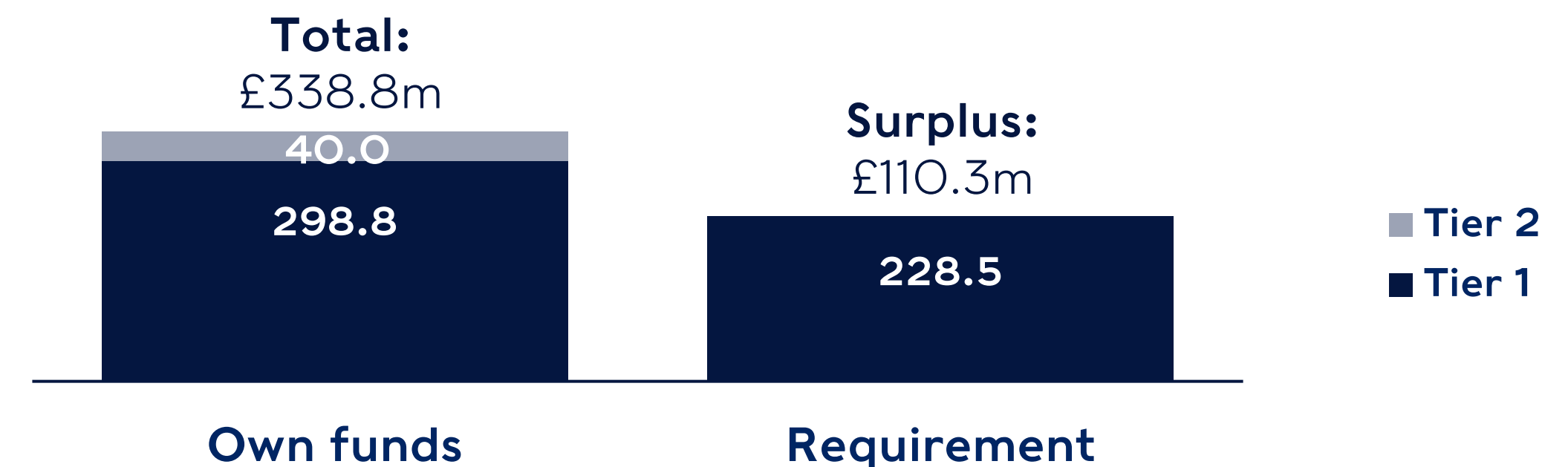
## Capital requirement

- FPC announcement increased countercyclical capital buffer by £13.5m in December 2022 with a further c.£16m in July 2023

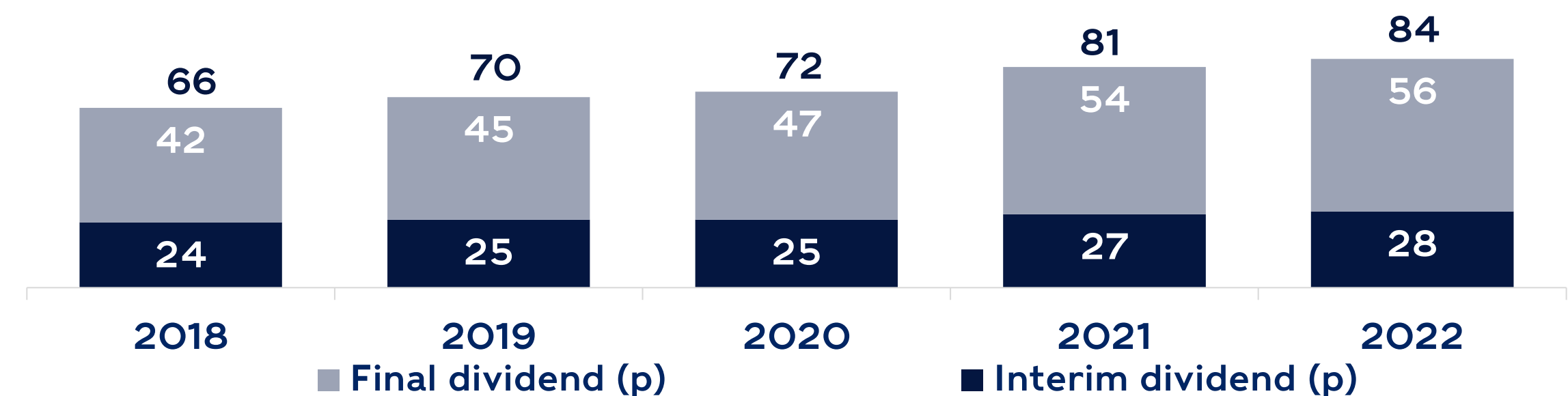
## Dividend

- Generally progressive policy remains in place
- Strong track record of dividend growth

### 31 December 2022 (£m)



### Dividend history



	2018	2019	2020	2021	2022
Dividend growth	8.2%	6.1%	2.9%	12.5%	3.7%
Dividend yield <sup>1</sup>	3.0%	3.5%	4.4%	4.6%	4.0%

1. The 2018-2022 dividend yields are based on the share prices on the dates of each respective results announcement.

# FINANCIAL OUTLOOK AND GUIDANCE

2023
<b>Revenues</b>
<ul style="list-style-type: none"> <li>— Higher interest rate environment               <ul style="list-style-type: none"> <li>— FY23 net interest income of at least £35m</li> </ul> </li> <li>— Organic growth: IM capacity and productivity</li> </ul>
<b>Costs</b>
<ul style="list-style-type: none"> <li>— Digital implementation costs reaffirmed at £40m</li> <li>— Salary inflation of 5-6%</li> <li>— Capital expenditure guidance of c.7m</li> <li>— Countercyclical capital buffer will increase by c.£16m</li> </ul>
<b>Underlying operating margin</b>
<ul style="list-style-type: none"> <li>— Low 20s for FY23               <ul style="list-style-type: none"> <li>— Continued market volatility and investment in digital</li> </ul> </li> </ul>

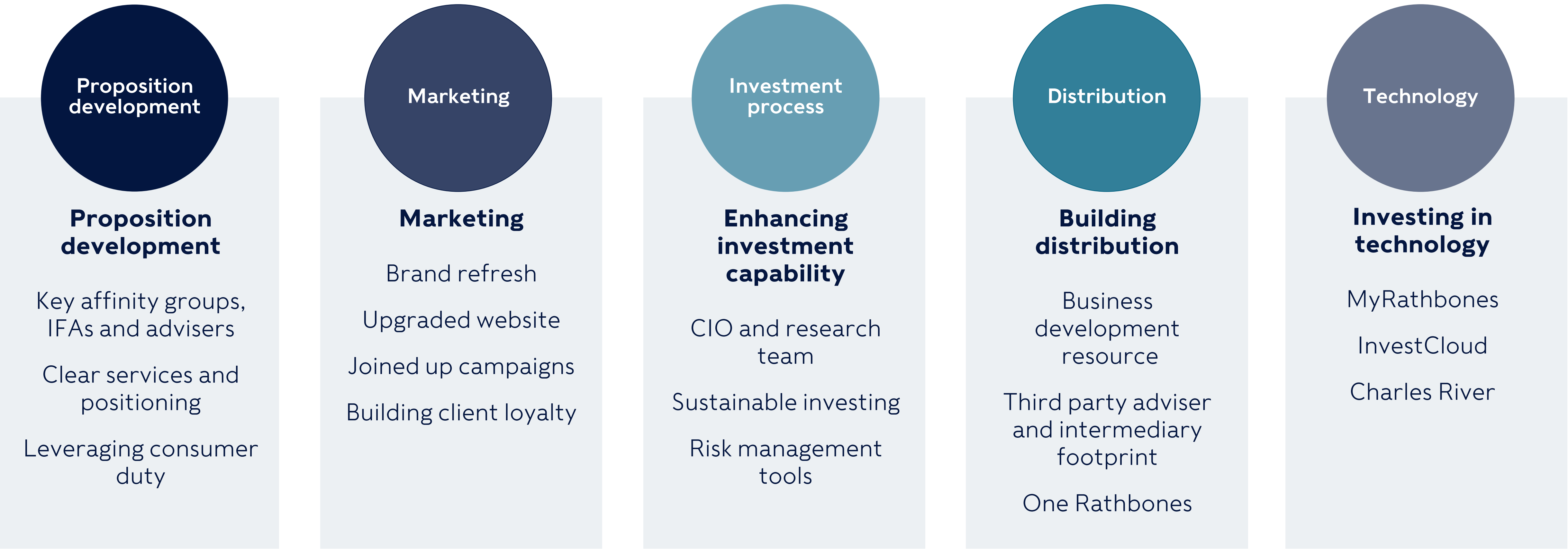
2024 and beyond
<b>Increased revenues driven by:</b>
<ul style="list-style-type: none"> <li>— Realisation of Saunderson house synergies</li> <li>— Continued return of net interest income</li> <li>— Organic growth: IM capacity and productivity</li> </ul>
<b>Reduction in costs driven by:</b>
<ul style="list-style-type: none"> <li>— Reduction in change spend</li> <li>— Continued focus on cost efficiency</li> </ul>
<b>Increased operating margin</b>
<ul style="list-style-type: none"> <li>— Return to high 20% underlying operating margin               <ul style="list-style-type: none"> <li>— Always mindful of market backdrop</li> </ul> </li> </ul>

# LOOKING FORWARD

**Paul Stockton**  
Group Chief Executive



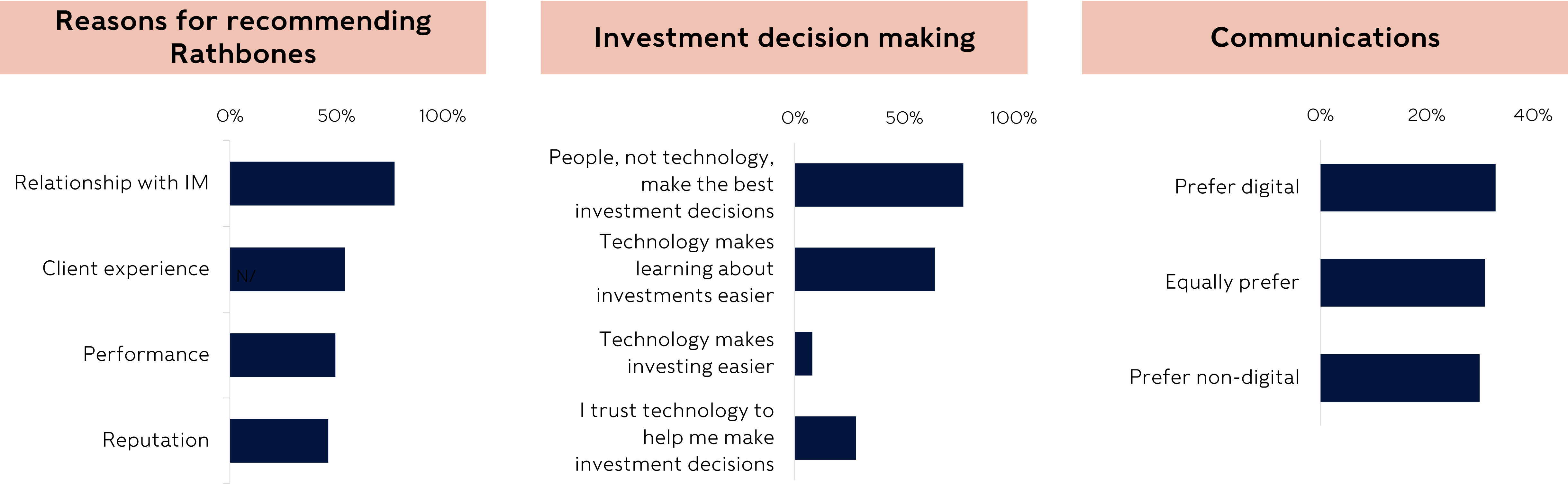
# GROWING AND ENABLING CLIENT FACING TEAMS



# INTEGRATING TECHNOLOGY AND PERSONAL SERVICE

Clients value Rathbones as a trusted voice with a human touch and believe that human specialists, not digital, make the best investment decisions.

At the same time, being able to engage digitally is increasingly critical



1. EY perception survey of Rathbones, its brand, communications and overall client experience

# DIGITAL: OPERATING MORE EFFICIENTLY

## 2022

- ✓ InvestCloud client prospecting launched
- ✓ Charles River asset management capability launched
- ✓ Enhancements to MyRathbones
- ✓ Enhancements to client reporting

## 2023

- Investcloud Onboarding and Servicing
- Further enhancements to Charles River
- Financial Planning integrated into InvestCloud
- Further enhancements to MyRathbones and Client Reporting

## BEYOND 2023

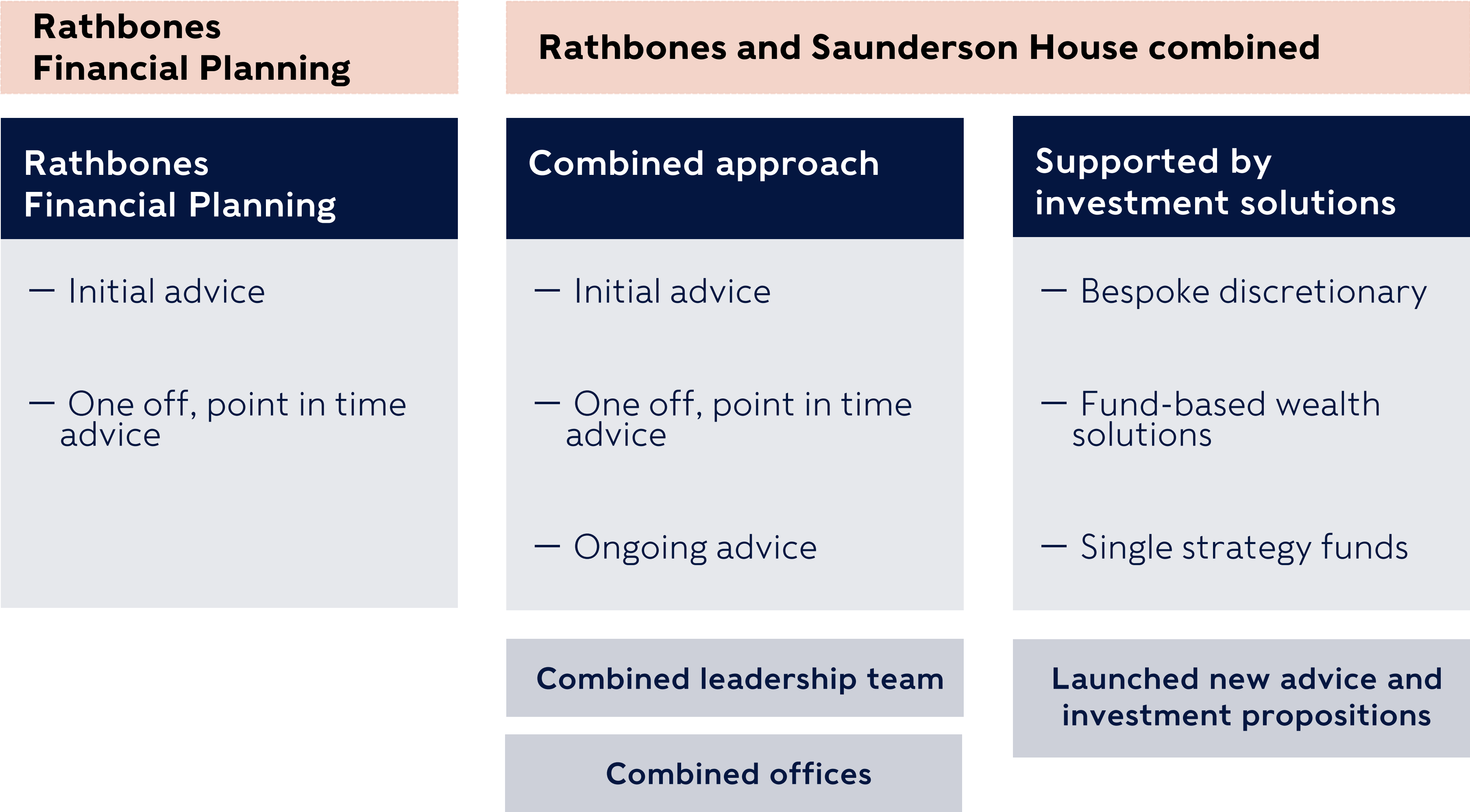
- Enhancing private client investment tools
- Further enhancements to InvestCloud and Charles River and Client Reporting

### Delivery outcomes:

- Increasing technology stability
- Improving data quality
- Increasing digital processes
- Reducing complexity
- Freeing up time for colleagues
- Cost avoidance
- Reduction in paper use
- Increasing client usage of digital portal and app



# LEVERAGING FINANCIAL PLANNING ACROSS THE BUSINESS



# FINANCIAL PLANNING: HOW WE WILL GROW

## MIGRATION

- Complete transition to new proposition
- 50% of clients now in the process of transitioning

## BENEFITS TO EXISTING CLIENTS

- Deliver financial planning to existing Rathbones Investment Management clients
- Increase scope of advice for existing Rathbones Financial Planning clients
- Existing Saunderson House clients – utilise Rathbones' investment capability
- Offer additional Rathbones' services

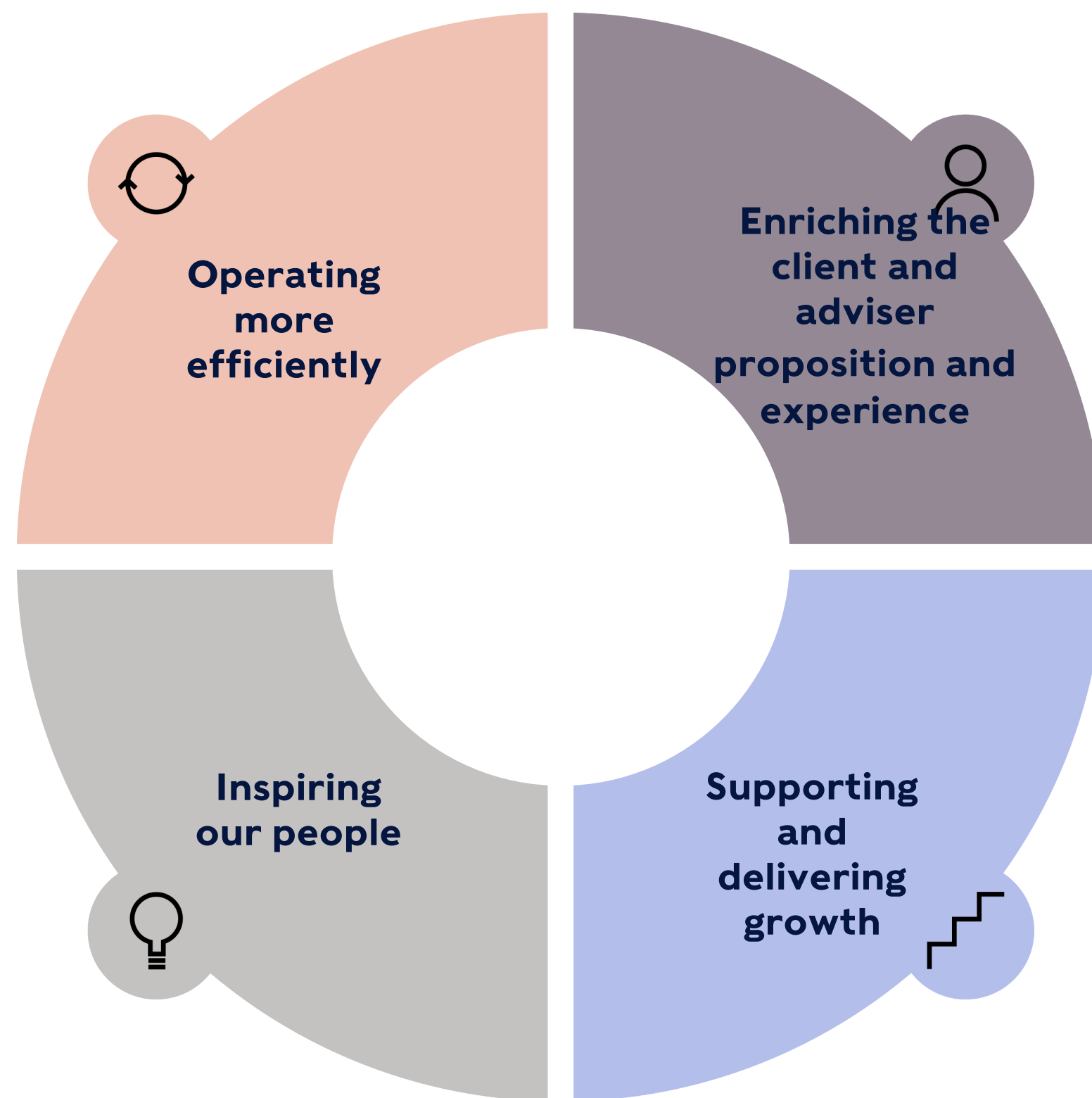
## ATTRACTING NEW CLIENTS

- Broader proposition
- Growing base of Chartered Financial Planners
- Capitalise on regional focus of Big 4 and Magic Circle firms
- Leverage Rathbones' brand and regional network
- Increased choice and flexibility to attract younger clients

## SUPPORTING OUR PEOPLE

- Use our funds products and digital solutions to capture future stars
- Maintain quality
- Secure best talent in industry
- Academy/graduate development

# MAINTAINING MOMENTUM FOR GROWTH



## Enriching the client and adviser proposition and experience

- Brand refresh
- Website and digital marketing
- Sustainable investment
- Client executive function

## Supporting and delivering growth

- Investment managers and financial planners
- Continued Saunderson House migration and financial advice
- Investment manager support and capacity
- Inorganic opportunities

## Inspiring our people

- Wellbeing initiatives
- Attracting new and diverse talent

## Operating more efficiently

- Continued delivery of InvestCloud and Charles River Phase 2
- Process improvement
- Being easier to do business with
  - Reliance on adviser
  - Rathbone Select
- Seeking scale opportunities

# Q&A



# APPENDIX

SUPPORTING AND DELIVERING GROWTH

STRONG TRACK RECORD OF ACQUISITIONS

Saunderson House (2021)

- ✓ Integration progressing well
- ✓ Encouraging revenue and growth potential
- ✓ Reaffirming targets
  - Expected ROIC: c.12%
  - EPS accretion: c.10%

Speirs & Jeffrey (2018)

- ✓ EPS accretion target of at least 8%
- ✓ ROIC target of 13%

Other historical transactions		
Year	Target	FUMA (£bn)
2012	Vision Independent Financial Planning	19.9% holding and option over remaining 80.1%
2012	Taylor Young Investment Management	c.£350m FUM
2014	Tilney Investment Management (London)	c.£630m FUM
2014	Jupiter private client business	c.£1.9bn FUM
2015	Vision Independent Financial Planning	Remaining 80.1%; c.£925m FUMA
2020	Barclays Wealth Court of Protection team	c.£440m FUM

# ACCESSING THE FINANCIAL ADVICE MARKET

## **RFP In-house financial planning**

- ‘Whole of market’ advice through in-house financial planners for clients with complex needs
- Regulated advice on a point-in-time 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
- Acquisition of Saunderson House

## **Vision Independent Financial Planning**

- Independent IFA network committed to DFM investment solutions
- Focused on mass affluent to HNW segments
- £2.6bn FUA, 131 self-employed advisers
- Further recruitment of advisers planned

## **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
- Complemented by existing IM local and other relationships

# WE DELIVER CLIENT SOLUTIONS ACROSS MULTIPLE CHANNELS

Channels		Rathbones investment process	Our ambition
WEALTH MANAGEMENT	Direct or B2B Investment Management	Bespoke discretionary	— Expand client and advisor networks
		Managed fund solutions	— Grow market share
	Internal and external facing advice		— Build specialisms
		Financial planning and other advisory	— Leverage Rathbones Funds capability
ASSET MANAGEMENT	B2B distribution		— Expand IFA and network partnerships
		Non discretionary/ Execution Only/ Banking	— Grow adviser numbers
		Single strategy funds	— Service existing client network
			— Accessing specialist client sectors
			— Complementary to main services
			— Investment performance focus
			— Penetrate the IFA market
			— Selected product launch



# MOVEMENT IN FUNDS UNDER MANAGEMENT AND ADMINISTRATION

## Investment management business

	2022 (£bn)	2021 (£bn)
Opening FUMA	50.3	44.9
Inflows	3.8	4.5
— organic <sup>1</sup>	3.8	4.4
— purchased <sup>2</sup>	0.0	0.1
Outflows	(3.2)	(3.6)
— retained accounts	(1.9)	(2.2)
— closed accounts	(1.3)	(1.4)
Market effect and investment performance	(5.8)	4.5
<b>Closing FUMA (pre acquisitions)</b>	<b>45.1</b>	<b>50.3</b>
Saunderson House	4.1	4.9
<b>Closing FUMA</b>	<b>49.2</b>	<b>55.2</b>
Net organic (outflows)/inflows	0.6	0.8
<b>Rate of net organic growth<sup>3 4</sup></b>	<b>1.1%</b>	<b>1.8%</b>
<b>Total rate of net growth<sup>3 4</sup></b>	<b>1.2%</b>	<b>2.1%</b>

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  
3. Calculated using unrounded numbers  
4. Growth rates exclude the impact of Saunderson House

## Funds business

	2022 (£bn)	2021 (£bn)
Opening FUM	13.0	9.8
Inflows	3.1	4.4
Outflows	(3.1)	(2.3)
Market effect and investment performance	(2.0)	1.1
<b>Closing FUM</b>	<b>11.0</b>	<b>13.0</b>
<b>Net organic inflows</b>	<b>0.0</b>	<b>2.1</b>
<b>Total rate of net growth<sup>3</sup></b>	<b>0.4%</b>	<b>21.1%</b>

## Total group FUMA

	2022 (£bn)	2021 (£bn)
Investment management (pre acquisitions)	45.1	50.3
Saunderson House	4.1	4.9
Rathbone funds	11.0	13.0
<b>Closing FUMA</b>	<b>60.2</b>	<b>68.2</b>

# BREAKDOWN OF NET ORGANIC INFLOWS BY SERVICE LEVEL

Service level	2022 FY		2021 FY		2020 FY	
	Net flows (£m)	Ann. net growth (%)	Net flows (£m)	Ann. net growth (%)	Net flows (£m)	Ann. net growth (%)
Discretionary service	918		1,292		952	
— Bespoke portfolios	787	1.6%	1,123	2.6%	854	2.2%
— Managed via in-house funds	131	10.4%	169	19.9%	98	15.5%
Multi-asset funds	398	20.0%	531	40.3%	242	24.4%
Total discretionary and managed	1,316	2.6%	1,823	4.1%	1,194	2.9%
Non-discretionary service	(76)	(7.4%)	(159)	-11.4%	(100)	(3.8%)
Total wealth management	1,240	2.4%	1,664	3.6%	1,094	2.5%
Single-strategy funds	(374)	(4.5%)	1,200	18.9%	957	20.4%
Execution-only and banking	(240)	(9.1%)	(207)	-8.9%	(231)	(10.4%)
Total group (excluding Saunderson House)	626	1.0%	2,657	4.9%	1,820	3.6%
Saunderson House	(239)	(4.9)	23	0.0%	-	-
Total group	387	0.6	2,680	4.9%	-	-

Entity	2022 FY		2021 FY		2020 FY	
	Net flows (£m)	Ann. net growth (%)	Net flows (£m)	Ann. net growth (%)	Net flows (£m)	Ann. net growth (%)
Rathbone Investment Management	601	1.1%	926	2.0%	607	1.4%
— Organic	574	-	797	-	21	-
— Acquired	27	-	129	-	586	-
Inter-company	(23)	0.9%	(345)	15.9%	(285)	17.1%
Rathbones funds	48	0.4%	2,076	21.1%	1,498	20.1%
Total group (excluding Saunderson House)	626	1.0%	2,657	4.9%	1,820	3.6%
Saunderson House	(239)	(4.9)	23	0.0%	-	-
Total group	387	0.6	2,680	4.9%	-	-

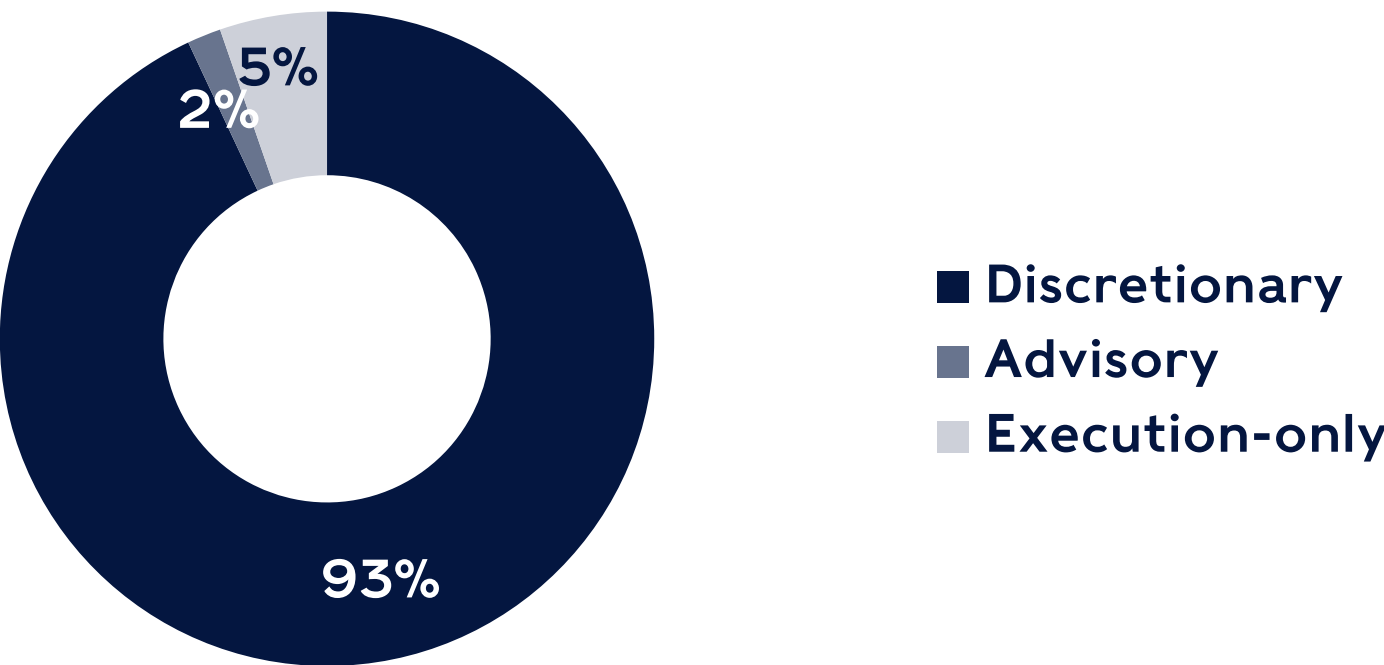
# BREAKDOWN OF NET ORGANIC INFLOWS BY CHANNEL

Channel	2022 FY		2021 FY		2020 FY	
	Net flows (£m)	Ann. net growth (%)	Net flows (£m)	Ann. net growth (%)	Net flows (£m)	Ann. net growth (%)
Discretionary service						
— Bespoke portfolios	325	0.9%	518	1.6%	742	2.4%
— Managed via in-house funds	42	7.0%	71	19.1%	30	11.4%
Direct	367	1.0%	588	1.7%	772	2.5%
— Bespoke portfolios	462	4.3%	605	6.6%	112	1.3%
— Managed via in-house funds	89	13.3%	99	20.5%	68	18.6%
Financial adviser linked	551	4.8%	704	7.3%	180	2.0%
Multi-asset funds	398	20.0%	531	40.3%	242	24.4%
Total discretionary and managed service	1,316	2.6%	1,823	4.1%	1,194	2.9%

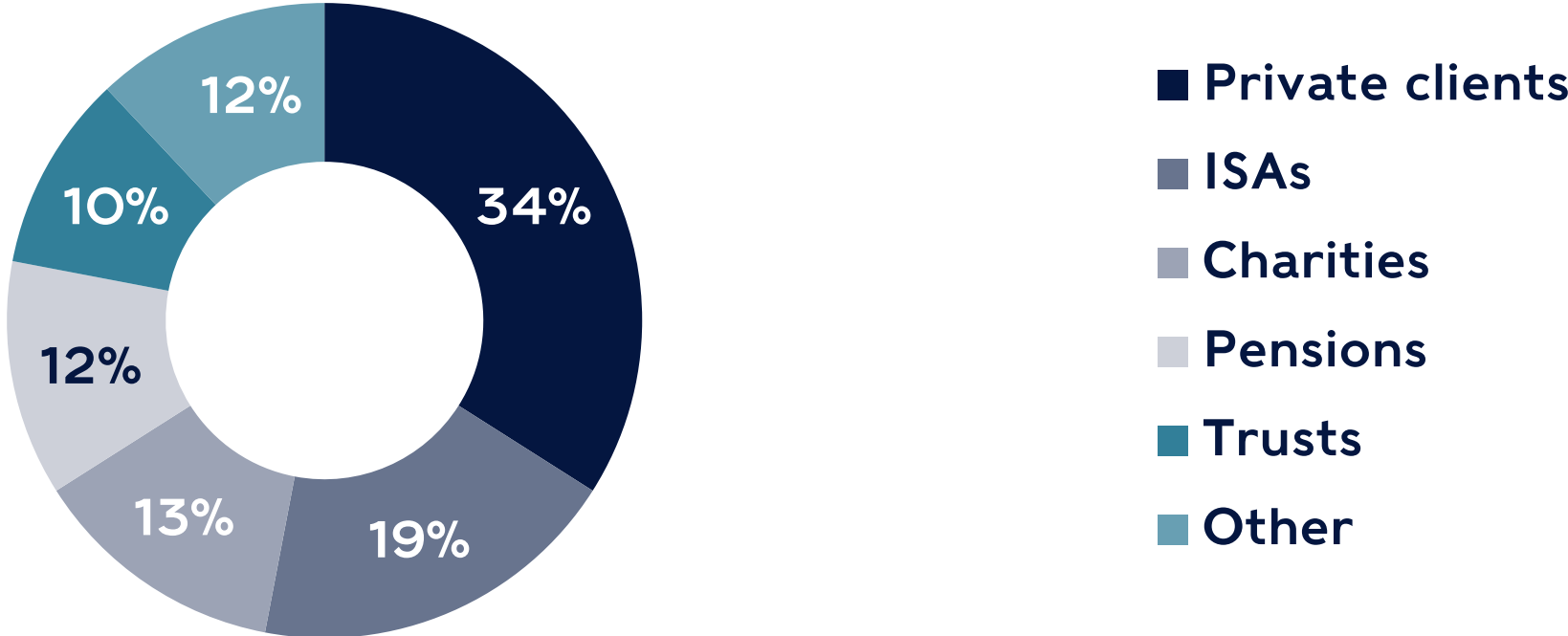
# INVESTMENT MANAGEMENT CLIENT BASE

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

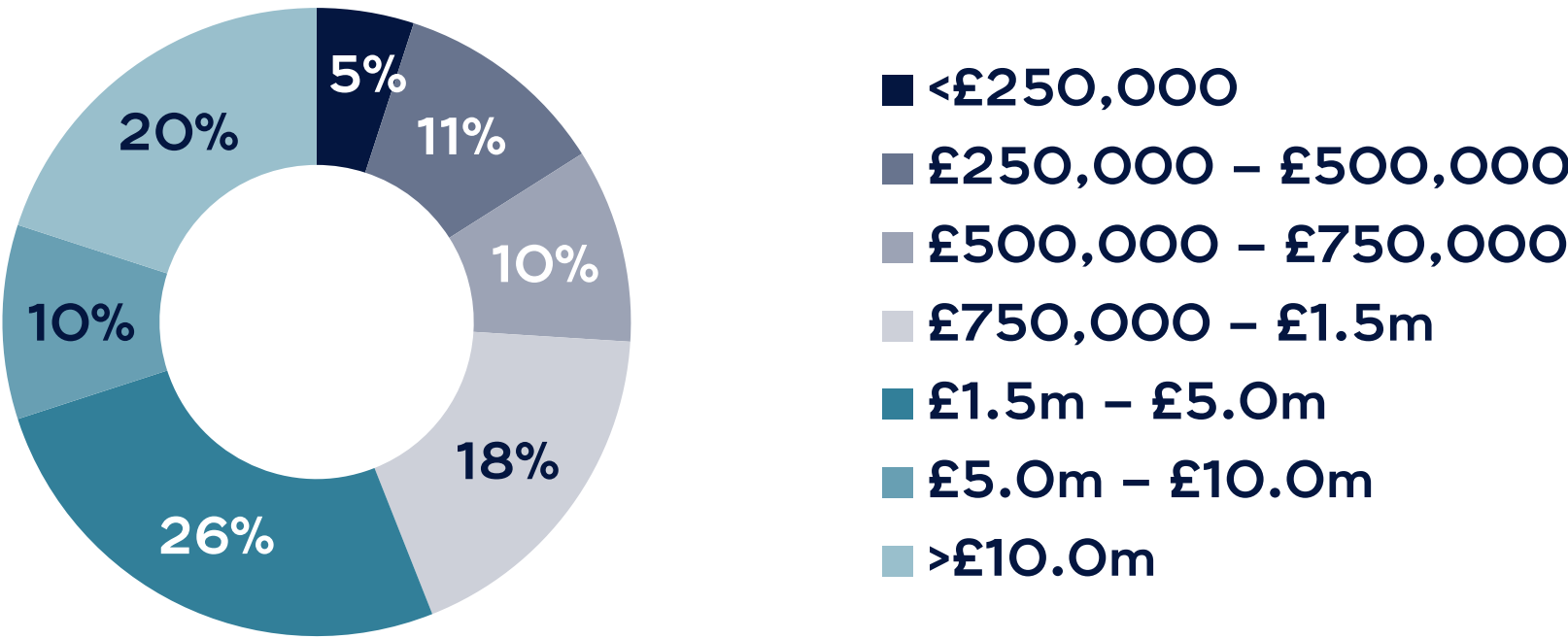
Service level by value



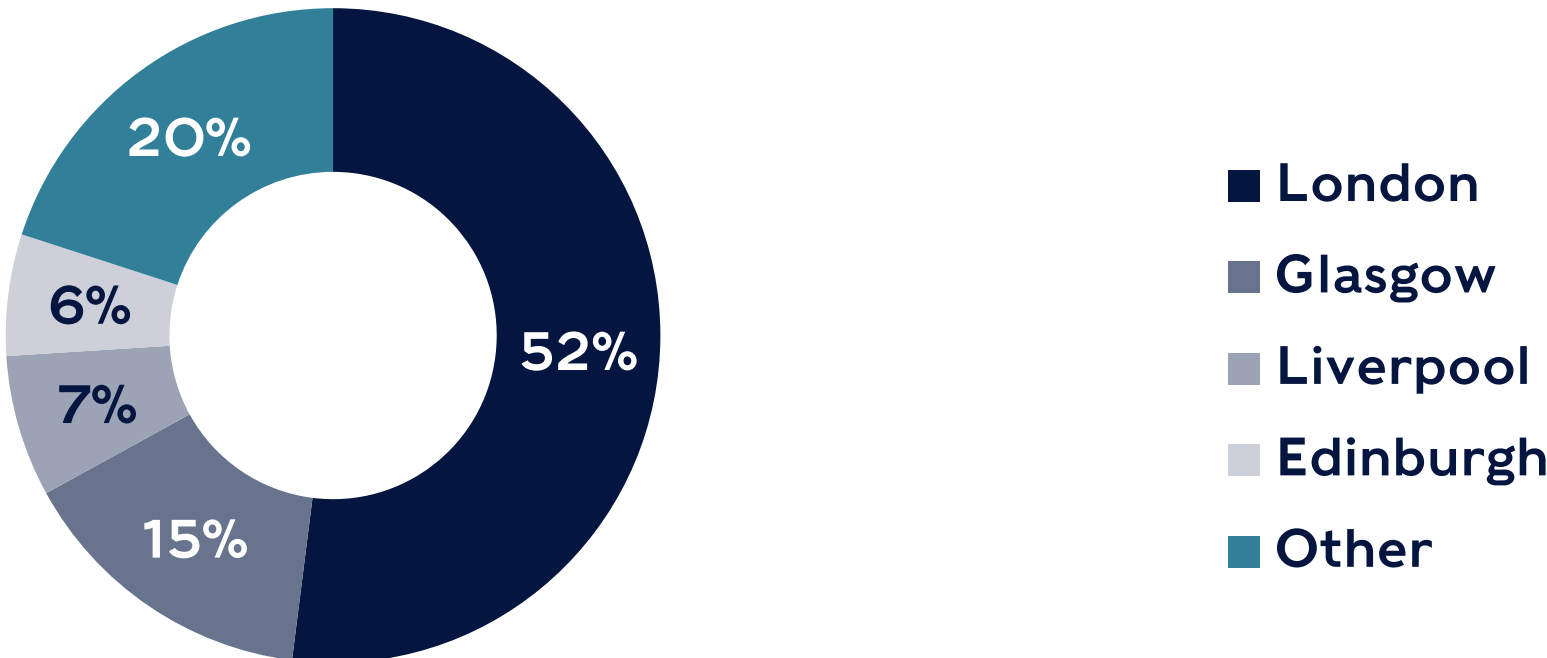
Fund type by value



Size of client relationship by value



FUM by location

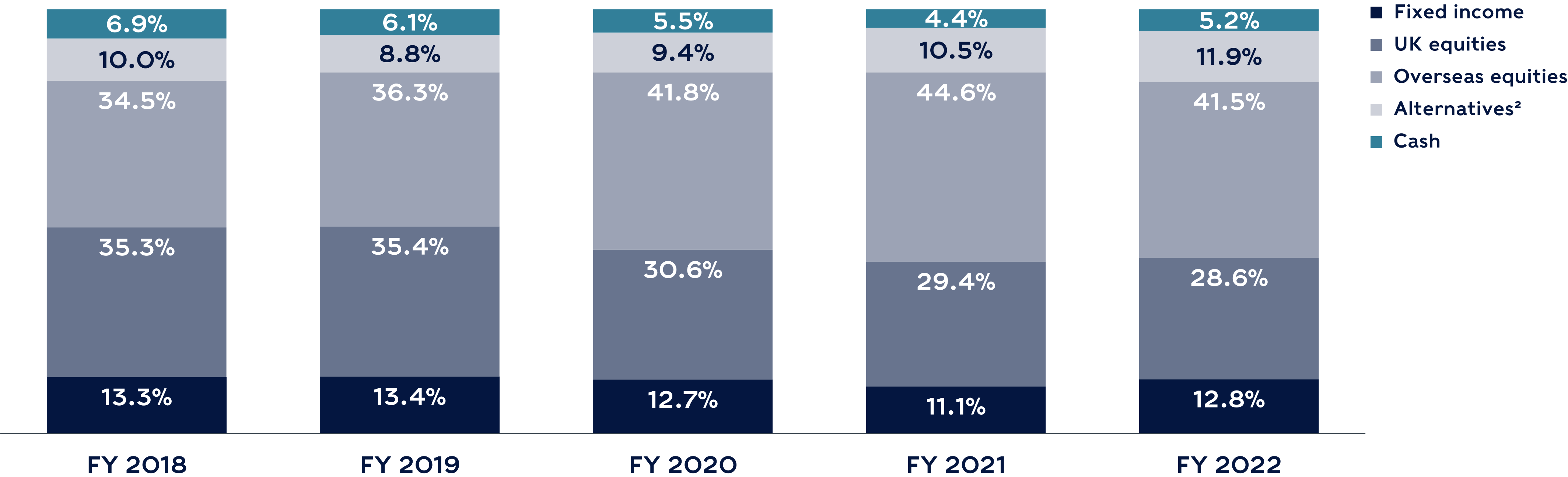


1. As a percentage of total funds under management at 31 December 2022



# WHERE OUR CLIENTS’ ASSETS ARE INVESTED<sup>1</sup>

Direct holdings  
**56%**  
Collectives  
**44%**



1. Total Investment Management at Q4 2022.  
2. Including fund of hedge funds and structured products.

# PERFORMANCE – SINGLE STRATEGY FUNDS

Performance <sup>1</sup> at 31 December 2022	1 year	3 year	5 year	Size of fund (£m) <sup>6</sup>
<b>Rathbone Global Opportunities Fund<sup>4</sup></b>	<b>-20.57</b>	<b>25.27</b>	<b>57.16</b>	<b>3,360.5</b>
Sector: IA Global	-11.06	20.64	38.68	
<b>Rathbone Income Fund<sup>4</sup></b>	<b>0.07</b>	<b>7.91</b>	<b>17.02</b>	<b>740.6</b>
FTSE All Share	0.34	7.07	15.5	
Sector: IA UK Equity Income	-1.69	3.9	11.6	<b>49.3</b>
<b>Rathbone UK Opportunities Fund<sup>3,4</sup></b>	<b>-29.4</b>	<b>-8.46</b>	<b>-7.71</b>	
Sector: IA UK All Companies	-9.06	0.22	8.8	<b>2,169.0</b>
<b>Rathbone Ethical Bond Fund<sup>4</sup></b>	<b>-17.21</b>	<b>-10.18</b>	<b>-2.26</b>	
Sector: IA Sterling Corporate Bond	-16.09	-11.31	-5.05	<b>206.4</b>
<b>Rathbone High Quality Bond Fund<sup>5</sup></b>	<b>-8.97</b>	<b>-7.74</b>		
Bank of England Base Rate +0.5%	1.95	3.32	5.77	<b>137.5</b>
<b>Rathbone Strategic Bond Fund</b>	<b>-14.09</b>	<b>-6.86</b>	<b>-2.18</b>	
Sector: IA Sterling Strategic Bond	-11.01	-4.45	1.81	<b>68.7</b>
<b>Rathbone Greenbank Global Sustainability Fund<sup>2</sup></b>	<b>-24.06</b>	<b>16.33</b>		
FTSE World GTR	-7.14	27.77		

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

2. Rathbone Global Sustainability Fund launched on 16th July 2018. Formerly known as the Rathbone Global Sustainability Fund. The name was changed to Rathbone Greenbank Global Sustainability Fund on 14th June 2021. Performance is a combination of I-Class Shares and S-Class Shares (where I-Class was unavailable).

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

# PERFORMANCE – MULTI-ASSET FUNDS

Performance <sup>1</sup> at 31 December 2022 (S-class shares)	1 year	3 years	5 years	Size of fund (£m) <sup>5</sup>
<b>Rathbone Multi-Asset Total Return Portfolio<sup>2</sup></b>	<b>-4.67</b>	<b>7.17</b>	<b>14.99</b>	<b>420.7</b>
Bank of England Base Rate +2%	3.47	8.01	13.91	
Volatility as % of FTSE Developed (£) [Target <33%]	42.27	37.88	35.93	
<b>Rathbone Multi-Asset Defensive Growth Portfolio<sup>4</sup></b>	<b>-7.11</b>			<b>328.2</b>
UK Consumer Price Index +2% <sup>3</sup>	12.87			
Volatility as % of FTSE Developed (£) [Target ≤50.00%]	54.68			
<b>Rathbone Multi-Asset Strategic Income Portfolio</b>	<b>-6.05</b>	<b>3</b>	<b>11.28</b>	<b>104.2</b>
UK Consumer Price Index +3% <sup>3</sup>	13.97	27.61	40.42	
Volatility as % of FTSE Developed (£) [Target <66%]	60.15	60.77	57.77	
<b>Rathbone Multi-Asset Strategic Growth Portfolio<sup>2</sup></b>	<b>-9.72</b>	<b>8</b>	<b>19.51</b>	<b>1,776.1</b>
UK Consumer Price Index +3% <sup>3</sup>	13.97	27.61	40.42	
Volatility as % of FTSE Developed (£) [Target <66%]	71.67	66.09	64.85	
<b>Rathbone Multi-Asset Dynamic Growth Portfolio<sup>4</sup></b>	<b>-10.52</b>			<b>173.8</b>
UK Consumer Price Index +4% <sup>3</sup>	15.08			
Volatility as % of FTSE Developed (£) [Target ≤83.33%]	81.92			
<b>Rathbone Multi-Asset Enhanced Growth Portfolio<sup>2</sup></b>	<b>-12.53</b>	<b>12.19</b>	<b>25.97</b>	<b>239.8</b>
UK Consumer Price Index +5% <sup>3</sup>	16.19	35.2	54.59	
Volatility as % of FTSE Developed (£) [Target <100%]	100.70	92.37	90.19	

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

- 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. Rathbone Multi-Asset Defensive Growth Portfolio and Rathbone Multi-Asset Dynamic Growth Portfolio launched on 19 June 2020.
- 5. Overall fund (mid-market) value (including all onshore share/unit classes).

# TOTAL CAPITAL EXPENDITURE

## Technology & other

— Proportion that can be capitalised is reducing as we transition to modern, cloud-based solutions

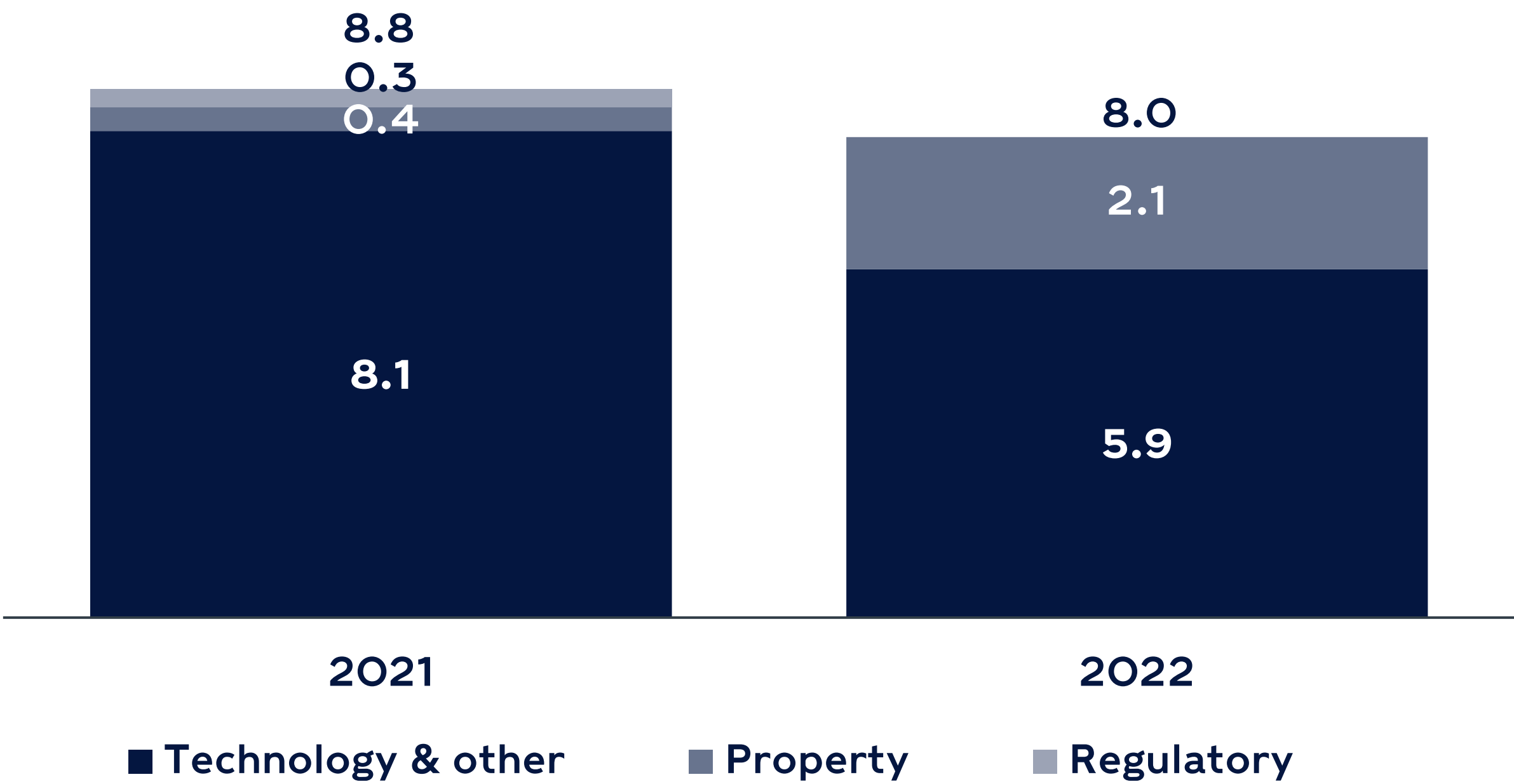
## Property

— Expect to increase in 2022 as we develop hybrid capability and relocate our premises in Edinburgh

## Regulatory

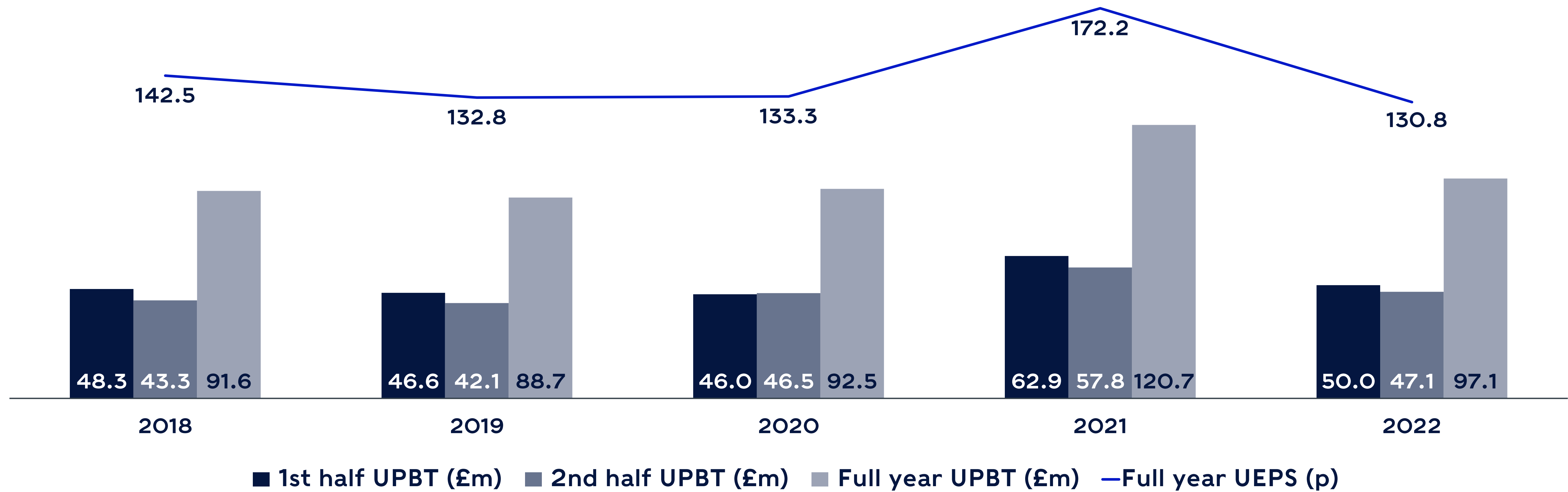
— Spend reduced as a number of regulatory projects completed

Capital expenditure (£m)





# UNDERLYING PROFIT BEFORE TAX<sup>1</sup> (£M) AND EPS (P)



1. See slide 37 for a reconciliation between underlying profit before tax and profit before tax

# EARNINGS PER SHARE

	Pre tax (£m)	2022 Post tax (£m)	EPS (p) <sup>1</sup>	Pre tax (£m)	2021 Post tax (£m)	EPS (p) <sup>2</sup>
Underlying profit attributable to shareholders	97.1	76.7	130.8	120.7	97.0	172.2
Charges in relation to client relationships and goodwill	(19.5)	(15.8)	(27.0)	(15.6)	(12.6)	(22.4)
Acquisition-related costs	(13.5)	(11.9)	(20.2)	(10.1)	(9.2)	(16.3)
Profit attributable to shareholders	64.1	49.0	83.6	95.0	75.2	133.5

1. Weighted average number of shares in issue in the year ended 31 December 2022 = 56,618,521  
2. Weighted average number of shares in issue in the year ended 31 December 2021 = 56,334,784

# SEGMENTAL RESULTS

y/e 31 December 2022	Investment Management (£m)	Funds (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	274.9	62.1	-	337.0
Net commission income	48.9	-	-	48.9
Net interest income	17.8	0.5	-	18.3
Fees from advisory services and other income	51.4	0.3	-	51.7
<b>Operating income</b>	<b>393.0</b>	<b>62.9</b>	<b>-</b>	<b>455.9</b>
Staff costs – fixed	(109.5)	(6.9)	(42.1)	(158.5)
Staff costs – variable	(66.9)	(11.2)	(8.9)	(87.0)
Other direct expenses	(71.1)	(9.6)	(65.6)	(146.3)
Allocation of indirect expenses	(104.4)	(8.8)	113.2	-
<b>Profit before tax</b>	<b>41.1</b>	<b>26.4</b>	<b>(3.4)</b>	<b>64.1</b>

y/e 31 December 2021	Investment Management (£m)	Funds (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	288.1	61.3	-	349.4
Net commission income	53.6	-	-	53.6
Net interest income	3.9	-	-	3.9
Fees from advisory services and other income	27.2	1.8	-	29.0
<b>Operating income</b>	<b>372.8</b>	<b>63.1</b>	<b>-</b>	<b>435.9</b>
Staff costs – fixed	(89.3)	(5.2)	(35.3)	(129.8)
Staff costs – variable	(61.9)	(16.8)	(11.4)	(90.1)
Other direct expenses	(62.7)	(10.1)	(48.2)	(121.0)
Allocation of indirect expenses	(85.8)	(8.6)	94.4	-
<b>Profit before tax</b>	<b>73.1</b>	<b>22.4</b>	<b>(0.5)</b>	<b>95.0</b>

# ANALYSING THE BALANCE SHEET

Assets	31/12/22 (£'000)	31/12/21 (£'000)
Cash and balances with central banks	1,412,915	1,463,294
Settlement balances	65,819	69,750
Loans and advances to banks	194,723	203,589
Loans and advances to customers <sup>1</sup>	169,765	179,840
Investment securities – fair value through profit or loss	11,214	29,934
Investment securities – amortised cost	1,045,234	761,654
Prepayments, accrued income and other assets	126,687	115,992
Property, plant and equipment	12,687	13,059
Right-of-use assets	39,087	43,895
Current tax asset (UK)	3,475	2,272
Retirement benefit asset	9,401	12,287
Intangible assets	356,193	376,187
<b>Total assets</b>	<b>3,447,200</b>	<b>3,271,753</b>

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

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

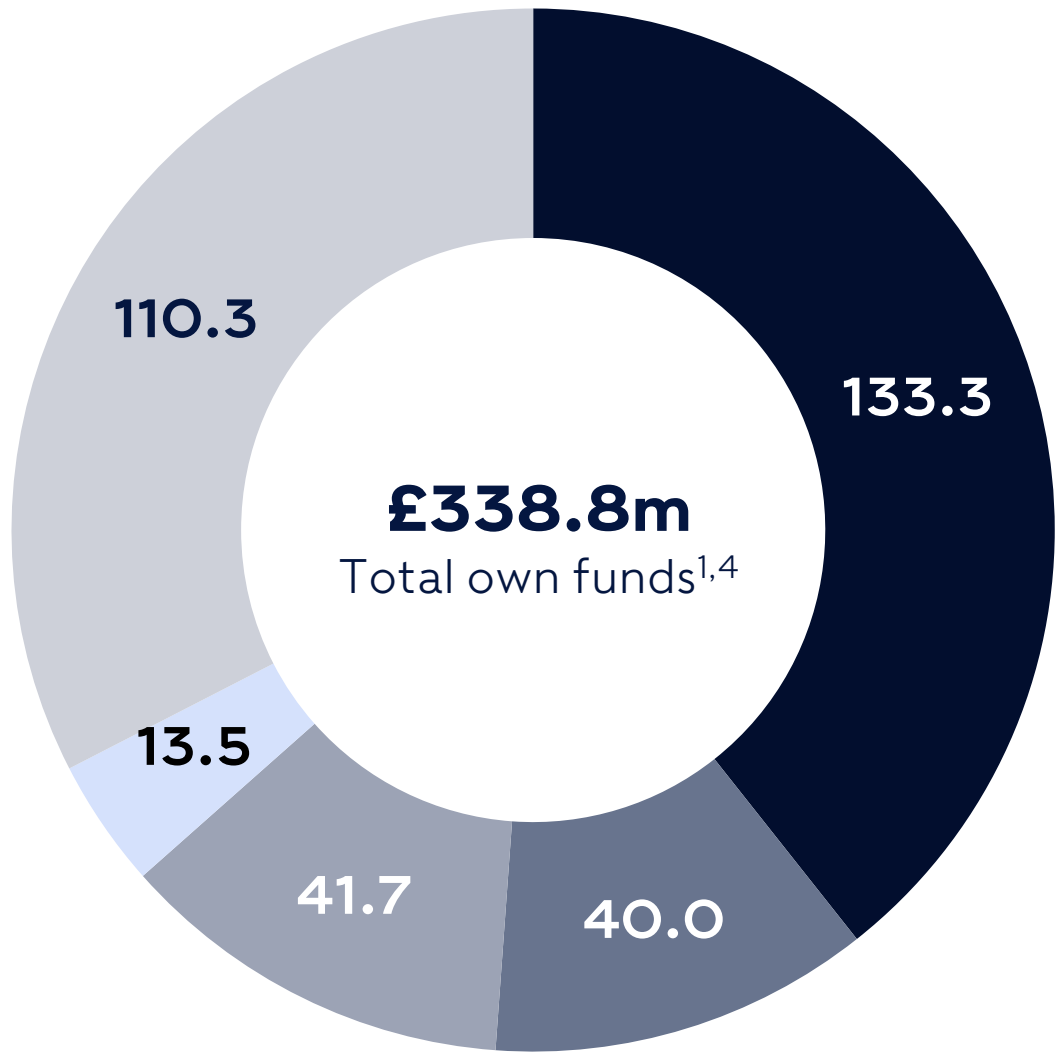
Liabilities	31/12/22 (£'000)	31/12/21 (£'000)
Deposits by banks	1,035	2,212
Settlement balances	69,872	60,075
Due to customers	2,516,116	2,333,011
Accruals and other liabilities	114,288	129,174
Provisions	12,907	15,324
Lease liabilities	50,484	54,971
Current tax liabilities (overseas)	247	-
Net deferred tax liability	7,526	13,811
Subordinated loan notes	39,891	39,893
<b>Total liabilities</b>	<b>2,812,366</b>	<b>2,648,471</b>

Equity	31/12/22 (£'000)	31/12/21 (£'000)
Called up share capital	3,170	3,100
Share premium/other reserves	334,420	331,365
Retained earnings	297,244	288,817
<b>Total equity</b>	<b>634,834</b>	<b>623,282</b>

<b>Total liabilities and equity</b>	<b>3,447,200</b>	<b>3,271,753</b>
-------------------------------------	------------------	------------------

# CAPITAL RATIOS

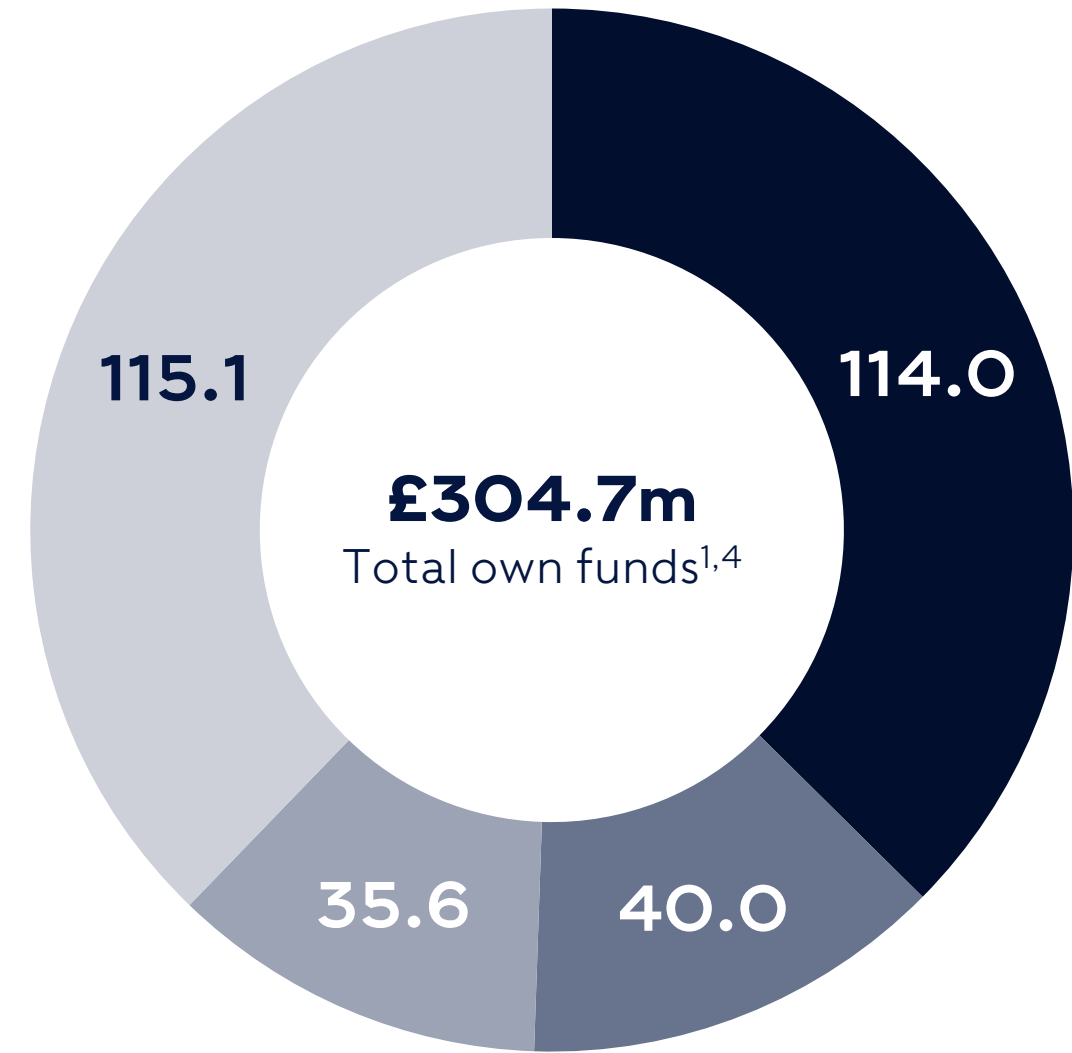
2022 (£m)



- Pillar 1 requirement
- Pillar 2A requirement
- Capital conservation buffer
- Countercyclical capital buffer
- Surplus after Total Capital Requirement and Combined Buffer<sup>5</sup>

Total risk exposure amount (risk-weighted assets)  
**£1,667m**  
CET1 ratio<sup>2</sup>  
**17.9%**  
Consolidated leverage ratio<sup>3</sup>  
**17.6%**

2021 (£m)



- Pillar 1 requirement
- Pillar 2A requirement
- Capital conservation buffer
- Countercyclical capital buffer
- Surplus after Total Capital Requirement and Combined Buffer<sup>5</sup>

Total risk exposure amount (risk-weighted assets)  
**£1,425m**  
CET1 ratio<sup>2</sup>  
**18.7%**  
Consolidated leverage ratio<sup>3</sup>  
**9.1%**

1. For a reconciliation between total equity and total own funds, see slide 41  
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. 2022 total Common Equity Tier 1 own funds: £298.8m; 2022 tier 2 own funds: £40.0m; 2021 total Common Equity Tier 1 own funds: £266.2m; 2021 tier 2 own funds: £38.5m  
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



# RECONCILIATION OF EQUITY TO TOTAL OWN FUNDS

	2022 (£m)	2021 (£m)
Equity		
— Share capital and share premium	313.1	294.1
— Reserves	374.2	365.8
Less:		
—Own shares	(52.5)	(36.6)
— Intangible assets <sup>1</sup>	(326.6)	(344.8)
— Retirement benefit asset	(9.4)	(12.3)
Total common equity tier 1 own funds	298.8	266.2
Tier 2 own funds	40.0	38.5
<b>Total own funds</b>	<b>338.8</b>	<b>304.7</b>

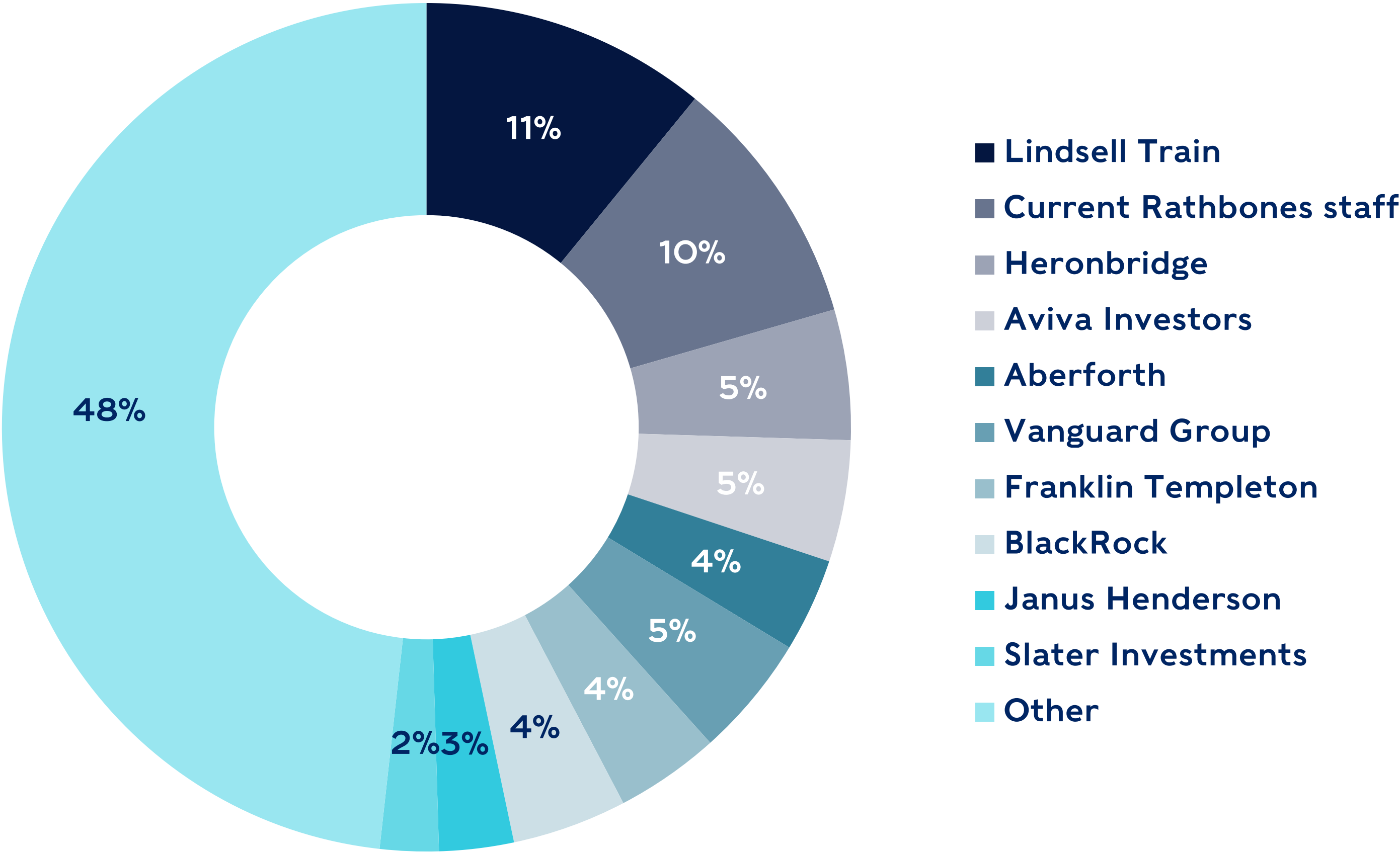
1. Net book value of goodwill, client relationship intangibles and software are deducted directly from capital resources (net of any related deferred tax liabilities)

# 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 31/12/22)
London	148	23.3
Glasgow	53	6.6
Liverpool	29	3.2
Edinburgh	28	2.9
Other offices <sup>2</sup>	94	9.1
Total	352	45.1

1. As at 31 December 2022, excluding 23 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

# SHAREHOLDERS AT 31 DECEMBER 2022



# 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.



**Core responsible investment proposition**

## 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

**GREENBANK ESI<sup>1</sup> PROPOSITION / DEDICATED ESG FUNDS**

## 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

# APPENDIX: RESPONSIBLE BUSINESS AT RATHBONES

Our alignment with the Sustainable Development Goals

4

QUALITY EDUCATION

5

GENDER EQUALITY

8

DECENT WORK AND ECONOMIC GROWTH

10

REDUCED INEQUALITIES

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

17

PARTNERSHIPS FOR THE GOALS

Pillar	Highlights from 2022	
Responsible investment	<div><div>— Published voting season review</div><div>— Listed as a signatory of the Stewardship Code and published our statement</div><div>— PRI Investment and Stewardship Policy score of 4/5 stars (72%)</div><div>— Our investment teams continue to take the CISI qualification on responsible investing</div><div>— 50% of clients interacting with MyRathbones</div><div>— Resolutions voted on behalf of clients – 13,071</div><div>— Stewardship engagements undertaken 671 (2021: 705)</div></div>	
		<div><div>— Votes Against Slavery now up to 122 global investors with £9.6trn, and a very successful year. All 44 contacted companies responded, by year end 41 had made changes following our direct engagement. The success of Votes Against Slavery was reflected in an award for 'Stewardship Initiative of the Year' from the UN-backed Principles for Responsible Investment.</div><div>— Gender and racial diversity – wrote to all non-compliant companies in Q1. Of 92 identified non-compliant companies, 26% had provided us with a clear timeline for compliance or were already compliant</div><div>— ESG &amp; Pay - all 34 FTSE 100 companies we identified as not currently linking executive pay to any ESG performance targets have responded. 90% of FTSE 100 have included an ESG measure in executive pay</div><div>— Net Zero: 20/50 companies we have written to so far have responded</div><div>— Engaged with ten oil and gas companies in 2022 ahead of their AGMs</div></div>

MSCI



ESG rating: AAA

MORNINGSTAR

SUSTAINALYTICS

ESG risk rating: 20.8/100 (medium risk)



FTSE4Good



Climate score: B

Signatory of:

 Principles for Responsible Investment

Strategy Investment and Stewardship Policy: 4/5 stars



# APPENDIX: RESPONSIBLE BUSINESS AT RATHBONES CONTINUED

Our alignment with the Sustainable Development Goals



Pillar	Highlights from 2022	
Our people	— Updated our diversity, equality and inclusion plan	— Increased number of mentoring pairs by 10%
	— Second year support of #10,000 Black Interns	— Achieved an employee net promotor score of 39 (compared to the Peakon benchmark of 22)
Society and communities	— Signed the Armed Forces Covenant	— Increased our percentage of women in senior management to 30% as at 31 December 22 (up from 28% in 2021)
	— Supported Liverpool Pride	— Gave over £750,000 to charitable causes in 2022 (1.2% of pre-tax profit)
Our environmental impact	— Rolled out our supplier ESG review beyond our critical, strategic and preferred partners – 69% of those contacted responded by year-end	— Supported over 80 charitable causes across the group (over half through the Rathbones Group Foundation)
	— Benchmarked our suppliers for alignment with the science-based targets initiative	— Confirmed our second year of support for the Global Innovation Challenge, with Social Shifters
	— 99% of employees allocated anti-bribery and corruption training completed it	— Entered partnership with Young Enterprise to extend Rathbones’ work on financial education
	— Received validation of our 1.5 degree aligned targets by the Science-Based Targets initiative	— Partnered with Climate Impact Partners to purchase and retire credits for our 2022 operational footprint
	— Over 13,500 documents downloaded from MyRathbones rather than posting a hard copy	— Further consolidation of our data centres with a 15% reduction in 2022
	— Improved our CDP score to a B	— Increase in employee travel as our colleagues return to face-to-face meetings and move between our offices

# INVESTMENT MANAGEMENT – ANNUAL MANAGEMENT FEES FOR DIRECT PRIVATE CLIENTS<sup>1</sup>

**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

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

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.

Rathbones Group 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 Rathbones 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 and Rathbone Financial Planning are trading names of Rathbones 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 Rathbones Group. Provision of legal services is provided by Rathbones Legal Services Limited (‘RLS’), a wholly owned subsidiary of Rathbones Trust Company Limited (‘RTC’). RLS is authorised and regulated by the Solicitors Regulation Authority under no.636409. The registered office of both RTC and RLS is 8 Finsbury Circus, London EC2M 7AZ. RTC and RLS are registered in England under company nos. 01688454 and 10514352 respectively.

Rathbones Investment Management International Limited (‘RIMI’) is regulated by the Jersey Financial Services Commission. Registered Office: 25-26 Esplanade, St. Helier, Jersey JE1 2RB. Company Registration No. 50503. RIMI is not authorised or regulated by the Financial Conduct Authority or the Prudential Regulation Authority in the UK. RIMI is not subject to the provisions of the UK Financial Services and Markets Act 2000 and the Financial Services Act 2012; investors entering into investment agreements with RIMI will not have the protections afforded by that Act or the rules and regulations made under it, including the UK Financial Services Compensation Scheme. This document is not intended as an offer or solicitation for the purpose or sale of any financial instrument by RIMI.

No part of this document may be reproduced in any manner without prior permission.  
© 2023 Rathbones Group Plc. All rights reserved.