

Rathbone Brothers Plc

Rathbones' first quarter net operating income up 6.8%

Rathbone Brothers Plc ("Rathbones") announces a trading update for the period from 1 January 2018 to 31 March 2018.

Philip Howell, Chief Executive of Rathbones, said:

"Although investment markets fell back a little in the first quarter of 2018, trading was solid with net operating income up 6.8% from the same period last year. Total funds under management fell 3.3% to £37.8 billion during the quarter, compared with decreases in the FTSE 100 Index and the MSCI WMA Private Investor Balanced Index of 6.4% and 3.8% respectively."

Financial highlights:

- Total funds under management were £37.8 billion at the end of the first quarter*, down 3.3% from £39.1 billion at 31 December 2017. Underlying net operating income was £75.4 million during the quarter, up 6.8% from £70.6 million from the same period last year.
- Total net organic and acquired growth in Investment Management was £199 million during the quarter (2017: £318 million), representing a total net annualised growth rate of 2.4% (2017: 4.2%) and reflecting some marginally higher outflows. Net organic growth in the first quarter represents an annualised growth rate of 2.0% compared to 3.3% in the first three months of 2017.
- Net operating income of £66.6 million in Investment Management for the first quarter of 2018 was 5.2% higher than the £63.3 million for the comparable period in 2017. The value of the FTSE 100 Index on the first quarter charging date was 7200 compared with 7332 a year ago. The MSCI WMA Private Investor Balanced Index remained unchanged at 1538 on the equivalent dates.
- Unit Trusts experienced strong net inflows of £142 million during the quarter (2017: £109 million). These were offset by market performance resulting in funds under management remaining stable at £5.3 billion (31 December 2017: £5.3 billion). However, net operating income of £8.8 million for the three months ended 31 March 2018 was 20.5% higher than the £7.3 million for the comparable period in 2017.

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

Net operating income

	3 months ended 31 March		
	2018	2017	Change
	£m	£m	%
Investment Management			
- Fees	48.1	46.0	4.6
- Commissions	10.8	11.0	(1.8)
- Net interest income	3.3	2.8	17.9
- Fees from advisory services ¹ & other income	4.4	3.5	25.7
	<u>66.6</u>	<u>63.3</u>	<u>5.2</u>
Unit Trusts ²	8.8	7.3	20.5
Net operating income	<u>75.4</u>	<u>70.6</u>	<u>6.8</u>

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

(2) Includes £0.9 million of managers' box dealing profits (2017: £0.9 million).

Funds under management

(i) Investment Management

	Period ended 5 April ³		
	2018	2017	Change
	£m	£m	%
Opening FUM (1 January)	33,780	30,184	11.9
Inflows	896	895	0.1
Organic new business	868	825	5.2
Acquired new business	28	70	(60.0)
Outflows	(697)	(577)	20.8
Market effect and investment performance	(1,548)	960	(261.3)
Closing FUM (5 April)	<u>32,431</u>	<u>31,462</u>	<u>3.1</u>
Underlying annualised rate of net organic growth	2.0%	3.3%	
Total annualised net organic and acquired growth	2.4%	4.2%	
FTSE 100 Index (5 April)	7200	7332	(1.8)
MSCI WMA Private Investor Balanced Index (5 April)	1538	1538	-

(ii) Unit Trusts

	3 months ended 31 March		
	2018	2017	Change
	£m	£m	%
Opening FUM (1 January)	5,367	4,051	32.5
Inflows	475	355	33.8
Outflows	(333)	(246)	35.4
Market effect and investment performance	(186)	201	(192.5)
Closing FUM (31 March)	<u>5,323</u>	<u>4,361</u>	<u>22.1</u>
Total funds under management⁴	<u>37,754</u>	<u>35,823</u>	<u>5.4</u>

(3) Key charging dates for investment management clients are 5 April, 30 June, 30 September and 31 December. Unit trusts income accrues on daily levels of funds under management.

(4) Includes £1,183 million (2017: £967 million) of funds under execution only mandates.

The FTSE 100 Index closed at 7663 on 9 May 2018, a rise of 6.4% since 5 April 2018, which has increased the value of funds under management.

The Annual General Meeting will be held today at Rathbones' offices and the interim results for the six months to 30 June 2018 will be announced on 25 July 2018.

10 May 2018

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Rathbone Brothers Plc

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Rathbones has over 1,100 staff in 15 UK locations and Jersey; its headquarters is 8 Finsbury Circus, London.

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