

Rathbones' first quarter net operating income up 12%

This statement, issued on the day of the Annual General Meeting, is an Interim Management Statement in accordance with the UK Listing Authority's Disclosure and Transparency Rules. It covers the period from 1 January 2012 to 9 May 2012, and includes trading results for the three months ended 31 March 2012.

At the Annual General Meeting later today, Mark Nicholls, Chairman of Rathbones, will say:

"In spite of challenging investment conditions our first quarter's net operating income was up 12% on 2011. Total net growth in organic and acquired funds under management in our Investment Management business was £299 million representing an annualised growth rate of over 8%.

"We are continuing to invest in people and systems to improve our service and efficiency and to respond to regulatory change. Whilst investment markets are expected to remain uncertain, Rathbones is as well placed as ever to develop future growth opportunities from our new and much improved head office at 1 Curzon Street."

Highlights:

- Net operating income in Investment Management of £37.9 million (2011: £33.9 million) was up 11.8% year on year in the first three months of 2012. The FTSE 100 Index was 5724 on our 5 April billing date, down 4.7% compared to 6007 on the same date in 2011. The FTSE APCIMS Balanced Index, measured over the same period, fell by 0.3%. Commission income reflected normal seasonal patterns in the run up to the 2011/12 tax year end.
- Net interest income of £2.6 million in the first three months of 2012 was 13.0% higher than the £2.3 million earned in the corresponding period in 2011 reflecting both a slightly higher yield and a higher average balance of treasury assets. Treasury assets averaged £944 million in the first quarter of 2012 (2011 average: £836 million).
- Total funds under management were £16.81 billion at the end of the first quarter*, up 6.1% from £15.85 billion at 31 December 2011. This compares to an increase of 2.7% in the FTSE 100 Index and an increase of 3.2% in the FTSE APCIMS Balanced Index over the same period.
- Net organic growth in Investment Management of £134 million for the quarter represents an annualised growth rate of 3.6% compared to 8.6% in the first three months of 2011. Acquired inflows into Investment Management totalled £165 million in the first quarter, which when added to net organic growth represents a net annual growth rate of 8.1% (2011: 9.8%).
- Funds under management in Unit Trusts increased 8.3% to £1.18 billion at 31 March 2012 from £1.09 billion at 31 December 2011, with continuing net inflows of £30 million during the quarter.
- On 27 February 2012, Rathbones successfully completed the move into its new London head office at 1 Curzon Street. The associated profit and loss account charge in the first quarter was lower than previously indicated at £0.3 million, adding to one off relocation costs of £3.0 million reported in 2011.

* 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 31 March for Unit Trusts.

Net operating income

	3 months ended 31 March		
	2012	2011	Change
	£m	£m	%
Investment Management			
- Fees	21.7	18.9	14.8%
- Commissions	11.0	10.5	4.8%
- Interest	2.6	2.3	13.0%
- Fees from advisory services ¹ & other income	2.6	2.2	18.2%
	<u>37.9</u>	<u>33.9</u>	<u>11.8%</u>
Unit Trusts	2.2	2.0	10.0%
Net operating income	<u>40.1</u>	<u>35.9</u>	<u>11.7%</u>

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

Funds under management

(i) Investment Management

	Period ended 5 April ²		
	2012	2011	Change
	£m	£m	%
Opening FUM (1 January)	14,764	14,586	
Inflows	612	589	
Organic new business	447	547	
Acquired new business	165	42	
Outflows	(313)	(233)	
Market adjustment	565	42	
Closing FUM (5 April)	<u>15,628</u>	<u>14,984</u>	4.3%
Underlying annualised rate of net organic growth	3.6%	8.6%	
Total annualised net organic and acquired growth	8.1%	9.8%	
FTSE 100 Index (5 April)	5724	6007	-4.7%
FTSE APCIMS Balanced Index (5 April)	2988	2997	-0.3%

Acquired new business includes £82m of funds under management arising from the acquisition of R M Walkden & Co Limited on 5 April 2012.

(ii) Unit Trusts

	3 months ended 31 March		
	2012	2011	Change
	£m	£m	%
Opening FUM (1 January)	1,084	1,043	
Inflows	79	55	
Outflows	(49)	(38)	
Market adjustment	65	(5)	
Closing FUM (31 March)	<u>1,179</u>	<u>1,055</u>	11.8%
Total funds under management	<u>16,807</u>	<u>16,039</u>	4.8%

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

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Rathbone Brothers Plc

Rathbone Brothers Plc is a leading independent provider of high-quality, personalised investment and wealth management services for private investors, charities and trustees. This includes discretionary investment management, tax and financial planning and unit trusts.

Rathbones has some 750 staff in 11 UK locations and Jersey, and has its headquarters at 1 Curzon Street, London.

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