

RATHBONES' NET OPERATING INCOME UP 10% IN THE FIRST QUARTER, AND FUNDS UNDER MANAGEMENT NOW EXCEED £20 BILLION

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 2013 to 13 May 2013, and includes trading results for the three months ended 31 March 2013.

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

"More positive investment markets in the first quarter of 2013 helped increase net operating income by 10% year on year. Total net growth in funds under management in our investment management business was £368 million representing an annualised growth rate of 8.8%.

"Our outlook is positive and we continue to invest in people and systems while managing costs carefully. Rathbones now manages over £20 billion of funds and is well positioned to take advantage of healthier investment markets and future growth opportunities."

Highlights:

- Total funds under management were £19.6 billion at the end of the first quarter*, up 8.9% from £18.0 billion at 31 December 2012. This compares to an increase of 6.0% in the FTSE 100 Index and an increase of 6.2% in the FTSE APCIMS Balanced Index over the same period.
- Growth in total funds under management has continued since 5 April 2013 and on 30 April 2013 total funds under management were £20.1 billion, including £339 million from the acquisition of Taylor Young's private client business.
- Total net growth of funds under management in Rathbones' core Investment Management business was £368 million, representing a total net annualised growth rate of 8.8% (2012: 8.1%). Acquired inflows of £208 million in the first quarter included £129 million from the acquisition of Taylor Young's private client business. Net organic growth in Investment Management of £160 million for the quarter represents an annualised growth rate of 3.8% compared to 3.6% in the first three months of 2012.
- Net operating income in Rathbones' core Investment Management business of £41.6 million (2012: £37.9 million) was up 9.8% year on year in the first three months of 2013. The FTSE 100 Index was 6250 on our 5 April billing date, up 9.2% compared to 5724 on the same date in 2012. The FTSE APCIMS Balanced Index, measured over the same period, increased by 8.8%.
- Commission income was strong, reflecting market movements and normal seasonal patterns in the run up to the end of the 2012/13 tax year.
- Net interest income of £2.1 million in the first three months of 2013 was 19.2% lower than the £2.6 million earned in the corresponding period in 2012 largely as a result of lower yields on treasury assets which are expected to continue. Cash in client portfolios averaged £910 million in the first quarter of 2013 (2012 average: £944 million).
- Funds under management in our Unit Trust business increased 10.8% to £1.4 billion at 31 March 2013 from £1.3 billion at 31 December 2012, with net inflows of £23 million during the quarter.

* 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		
	2013	2012	Change
	£m	£m	%
Investment Management			
- Fees	24.9	21.7	14.7%
- Commissions	12.0	11.0	9.1%
- Net interest income	2.1	2.6	(19.2%)
- Fees from advisory services ¹ & other income	2.6	2.6	0.0%
	41.6	37.9	9.8%
Unit Trusts	2.4	2.2	9.1%
Net operating income	44.0	40.1	9.7%

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

Funds under management

(i) Investment Management

	Period ended 5 April ²		
	2013	2012	Change
	£m	£m	%
Opening FUM (1 January)	16,714	14,764	
Inflows	720	612	
Organic new business	512	447	
Acquired new business	208	165	
Outflows	(352)	(313)	
Market adjustment	1,089	565	
Closing FUM (5 April)	18,171	15,628	16.3%
Underlying annualised rate of net organic growth	3.8%	3.6%	
Total annualised net organic and acquired growth	8.8%	8.1%	
FTSE 100 Index (5 April)	6250	5724	9.2%
FTSE APCIMS Balanced Index (5 April)	3252	2988	8.8%

(ii) Unit Trusts

	3 months ended 31 March		
	2013	2012	Change
	£m	£m	%
Opening FUM (1 January)	1,266	1,084	
Inflows	80	79	
Outflows	(57)	(49)	
Market adjustment	114	65	
Closing FUM (31 March)	1,403	1,179	19.0%
Total funds under management	19,574	16,807	16.5%

(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.

The FTSE 100 Index closed at 6632 on 13 May 2013, a rise of 6.1% since 5 April 2013, which has increased the value of funds under management. Investment management fee income in the first quarter is dependent upon the value of funds under management at 5 April 2013.

There has been no material change in the position previously reported in relation to the insurance coverage proceedings, and related underlying Jersey trust proceedings, since the publication of our annual results on 20 February 2013. We refer you to the paragraph headed "Other matters" on page 7 of our 2012 Report and Accounts and Notes 32 and 52 to our 2012 consolidated and company financial statements respectively.

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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 clients, charities and trustees. This includes discretionary investment management, unit trusts, tax planning, trust and company management, pension advice and banking services.

Rathbones has over 800 staff in 13 UK locations and Jersey, and has its head office at 1 Curzon Street, London.

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