

RATHBONES' FUNDS UNDER MANAGEMENT RISE TO £22.8 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 2014 to 13 May 2014 and includes trading results for the three months ended 31 March 2014.

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

“Our first quarter was positive with total funds under management at the end of the quarter reaching £22.8 billion, up 3.6% from 31 December 2013. The recent acquisitions of Jupiter Asset Management Limited's private client and charity investment management business and Deutsche Bank's London private client investment management business are progressing well.

“Our outlook remains optimistic with the impact of recent acquisitions expected to have a positive effect on earnings in 2015. We are continuing to invest in people and systems whilst managing costs carefully and expect future growth opportunities to arise in the sector.”

Highlights:

- Total funds under management were £22.8 billion at the end of the first quarter*, up 3.6% from £22.0 billion at 31 December 2013 and 16.3% from £19.6 billion a year ago. In the first quarter, the FTSE 100 Index decreased 0.8% and the FTSE WMA (formerly APCIMS) Balanced Index increased 0.6%.
- Total net growth of funds under management in Rathbone Investment Management was £309 million, representing a total net annualised growth rate of 6.1% (2013: 8.8%). This includes acquired inflows of £98 million and net organic growth of £211 million for the quarter. Net organic growth in the first quarter represents an annualised growth rate of 4.2% compared to 3.8% in the first three months of 2013.
- The recently announced acquisitions of Jupiter Asset Management Limited's private client and charity investment management business (“Jupiter Private Clients”) and Deutsche Bank's London private client investment management business (“Deutsche London”) have had no impact on funds under management in the first quarter. Assuming that all of the funds under management of Jupiter Private Clients and Deutsche London transfer (based upon their values at 14 March and 21 February 2014 respectively), this would increase total funds under management by approximately 12.3% to £25.6 billion on a pro-forma basis.
- Underlying net operating income in Rathbone Investment Management of £46.3 million (2013: £41.6 million) was up 11.3% year on year in the first three months of 2014. The FTSE 100 Index was 6696 on our 5 April billing date, up 7.1% compared to 6250 on the same date in 2013. The FTSE WMA (formerly APCIMS) Balanced Index, measured over the same period, increased by 5.0%.
- Commission income of £12.6 million (2013: £12.0 million) was up 5.0% year on year and reflected normal seasonal patterns in the run up to the end of the 2013/14 tax year.
- Net interest income of £2.1 million in the first three months of 2014 was consistent with the £2.1 million earned in the corresponding period in 2013. Cash in client portfolios averaged £1.0 billion in the first quarter of 2014 (2013 average: £0.9 billion).
- Funds under management grew strongly in Rathbone Unit Trust Management, increasing 16.7% to £2.1 billion at 31 March 2014 from £1.8 billion at 31 December 2013, with net inflows of £222 million during the quarter. Underlying net operating income of £3.5 million (2013: £2.4 million) was up 45.8% year on year in the first three months of 2014.
- On 27 March 2014, Rathbones sold its holding of 300,000 London Stock Exchange Group plc shares, resulting in a gain of £5.9 million being recognised in net operating income in the quarter.
- On 1 May 2014, Rathbone Trust Company Limited purchased 100% of law firm Rooper & Whately to add depth to the range of its advisory services. As a result, Rathbone Trust Company Limited is now regulated by the Solicitors Regulation Authority.

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

Net operating income

	3 months ended 31 March		
	2014	2013	Change
	£m	£m	%
Investment Management			
- Fees	28.3	24.9	13.7%
- Commissions	12.6	12.0	5.0%
- Net interest income	2.1	2.1	0.0%
- Fees from advisory services ¹ & other income	3.3	2.6	26.9%
	<u>46.3</u>	<u>41.6</u>	<u>11.3%</u>
Unit Trusts	3.5	2.4	45.8%
Underlying net operating income	49.8	44.0	13.2%
Net income from sale of available for sale investment securities	5.9	-	
Net operating income	54.7	44.0	26.6%

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

Funds under management

(i) Investment Management²

	Period ended 5 April ³		
	2014	2013	Change
	£m	£m	%
Opening FUM (1 January)	20,191	16,714	
Inflows	663	720	
Organic new business	565	512	
Acquired new business	98	208	
Outflows	(354)	(352)	
Market adjustment	173	1,089	
Closing FUM (5 April)	20,673	18,171	13.8%
Underlying annualised rate of net organic growth	4.2%	3.8%	
Total annualised net organic and acquired growth	6.1%	8.8%	
FTSE 100 Index (5 April)	6696	6250	7.1%
FTSE WMA Balanced Index (5 April)	3415	3252	5.0%

(ii) Unit Trusts

	3 months ended 31 March		
	2014	2013	Change
	£m	£m	%
Opening FUM (1 January)	1,856	1,266	
Inflows	314	80	
Outflows	(92)	(57)	
Market adjustment	6	114	
Closing FUM (31 March)	2,084	1,403	48.5%
Total funds under management	22,757	19,574	16.3%

(2) The acquisitions of Jupiter Private Clients and Deutsche London, announced on 1 April 2014, have had no impact on funds under management in the first quarter.

(3) 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 6873 on 13 May 2014, a rise of 2.6% since 5 April 2014, 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 2014.

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 2014. We refer you to the paragraphs headed "Risk and litigation" on page 3, "Group underlying operating expenses" on page 18 and "Legal proceedings" on page 20 of our 2013 Report and Accounts and to Notes 2.4, 32 and 51 in our 2013 annual report, which can be found on our website at http://www.rathbones.com/sites/default/files/Rathbone_Brothers_Plc_Report_and_Accounts_2013_web.pdf.

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Rathbone Brothers Plc

Rathbone Brothers Plc is a leading 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 870 staff in 13 UK locations and Jersey, and has its head office at 1 Curzon Street, London.

www.rathbones.com