

## **FUNDS UNDER MANAGEMENT GROW 6.3% TO £28.9 BILLION**

This Interim Management Statement covers the period from 1 January 2015 to 13 May 2015 and includes trading results for the three months ended 31 March 2015.

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

“With a backdrop of reasonably favourable investment markets our total funds under management reached £28.9 billion at the end of the first quarter, up 6.3% from 31 December 2014.

“We continue to make good progress on the strategic initiatives we outlined last year, and remain positive in our outlook as we continue to invest and consider future growth opportunities in our sector.”

**Highlights:**

- Total funds under management were £28.9 billion at the end of the first quarter\*, up 6.3% from £27.2 billion at 31 December 2014 and 26.8% from £22.8 billion a year ago. In the first quarter, the FTSE 100 Index increased 4.1% and the FTSE WMA Balanced Index increased 4.7%.
- Total net growth of funds under management in Rathbone Investment Management was £398 million, representing a total net annualised growth rate of 6.5% (2014: 6.1%). This comprises acquired inflows of £177 million and net organic growth of £221 million for the quarter. Net organic growth in the first quarter represents an annualised growth rate of 3.6% compared to 4.2% in the first three months of 2014.
- Underlying net operating income in Rathbone Investment Management of £54.7 million (2014: £46.3 million) was up 18.1% year on year in the first three months of 2015. The FTSE 100 Index was 6834 on our 5 April billing date, up 2.1% compared to 6696 on the same date in 2014. The FTSE WMA Balanced Index, measured over the same period, increased by 8.5%.
- Commission income of £14.4 million (2014: £12.6 million) was up 14.3% year on year and reflected normal seasonal patterns in the run up to the end of the 2014/15 tax year.
- Net interest income of £2.6 million in the first three months of 2015 was up 23.8% on £2.1 million earned in the corresponding period in 2014. Cash in client portfolios averaged £1.5 billion in the first quarter of 2015 (2014 average: £1.0 billion). Loans and advances to customers were £104.3 million at 31 March 2015, up 2.7% on the £101.6 million at 31 December 2014.
- Funds under management in Rathbone Unit Trust Management increased 8.0% to £2.7 billion at 31 March 2015 from £2.5 billion at 31 December 2014, with net inflows of £50 million during the quarter. Underlying net operating income of £4.6 million (2014: £3.5 million) was up 31.4% year on year in the first three months of 2015.

\* 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		
	2015	2014	Change
	£m	£m	%
Investment Management			
- Fees	34.8	28.3	23.0%
- Commissions	14.4	12.6	14.3%
- Net interest income	2.6	2.1	23.8%
- Fees from advisory services <sup>1</sup> & other income <sup>2</sup>	2.9	3.3	-12.1%
	54.7	46.3	18.1%
Unit Trusts	4.6	3.5	31.4%
<b>Underlying net operating income</b>	<b>59.3</b>	<b>49.8</b>	<b>19.1%</b>
Net income from sale of available for sale investment securities	-	5.9	
<b>Net operating income</b>	<b>59.3</b>	<b>55.7</b>	<b>6.5%</b>

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

(2) Other income in 2014 includes £0.6 million from the reversal of impairment losses on settlement of the loan notes on 28 February 2014.

## Funds under management

### (i) Investment Management

	Period ended 5 April <sup>3</sup>		
	2015	2014	Change
	£m	£m	%
Opening FUM (1 January)	24,672	20,191	
Inflows	812	663	
Organic new business	635	565	
Acquired new business	177	98	
Outflows	(414)	(354)	
Market effect and investment performance	1,064	173	
<b>Closing FUM (5 April)</b>	<b>26,134</b>	<b>20,673</b>	<b>26.4%</b>
Underlying annualised rate of net organic growth	3.6%	4.2%	
Total annualised net organic and acquired growth	6.5%	6.1%	
FTSE 100 Index (5 April)	6834	6696	2.1%
FTSE WMA Balanced Index (5 April)	3705	3415	8.5%

### (ii) Unit Trusts

	3 months ended 31 March		
	2015	2014	Change
	£m	£m	%
Opening FUM (1 January)	2,520	1,856	
Inflows	221	314	
Outflows	(171)	(92)	
Market effect and investment performance	155	6	
<b>Closing FUM (31 March)</b>	<b>2,725</b>	<b>2,084</b>	<b>30.8%</b>
<b>Total funds under management<sup>4</sup></b>	<b>28,859</b>	<b>22,757</b>	<b>26.8%</b>

(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.

(4) Includes £814 million (2014: £234 million) of execution only funds.

The FTSE 100 Index closed at 6950 on 13 May 2015, a rise of 1.7% since 5 April 2015, 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 2015.

With effect from 1 January 2015 Rathbone Investment Management implemented a new 'clean' fee only tariff for new private client accounts. In the second half of the year, fee schedules for certain groups of existing private clients will be moderately increased to be more consistent with the tariff for new clients.

Rathbone Brothers Plc's interim results for the six months to 30 June 2015 will be announced on 28 July 2015.

**14 May 2015**

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**Rathbone Brothers Plc**

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Rathbones has over 900 staff in 13 UK locations and Jersey, and has its head office at 1 Curzon Street, London.

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