

## **Rathbones grows funds under management by 15%**

This statement is an Interim Management Statement in accordance with the UK Listing Authority's Disclosure and Transparency Rules.

**Chief Executive, Andy Pomfret, commented:**

"Investment conditions have been favourable in 2013 and this, together with improving levels of net organic growth in the third quarter, has helped increase total funds under management by over 15% since the beginning of the year.

Our outlook remains positive as we continue to respond to the ongoing changes in the industry and develop as a leading UK provider of high-quality personalised discretionary investment management services."

**Highlights:**

- Total funds under management (FUM) were £20.8 billion at 30 September 2013; up 15.6% from £18.0 billion at 31 December 2012, compared to an increase of 9.6% in the FTSE 100 Index and an increase of 7.5% in the FTSE APCIMS Balanced Index in the first nine months of 2013. Total FUM increased £0.9 billion in the third quarter from £19.9 billion at 30 June 2013 (an increase of 4.5%).
- The total annualised rate of net inflows of 9.1% (2012: 5.5%) in Rathbone Investment Management for the nine months ended 30 September 2013 includes acquired FUM of £554 million. The underlying annualised rate of net organic growth of FUM was 4.7% for the nine months ended 30 September 2013 (2012: 2.8%) and 5.6% for the quarter ended 30 September 2013 (2012: 1.0%).
- Net operating income of £123.3 million in Rathbone Investment Management for the nine months ended 30 September 2013 was 12.7% higher than 2012. The average value of the FTSE 100 Index on our three principal charging dates in 2013 was 6309 compared to 5679 on the same dates in 2012. The average FTSE APCIMS Balanced Index, measured on the same dates, rose 9.3%. Rathbone Investment Management's net operating income in the three months ended 30 September 2013 was up 11.6% on 2012, at £40.3 million.
- Net interest income of £6.3 million in the first nine months of 2013 was down 17.1% from £7.6 million in the same period in 2012. This includes interest income from loans to clients which totalled £1.6 million for the nine months to 30 September 2013, up 60.0% from £1.0 million in 2012.
- FUM in Rathbone Unit Trust Management at 30 September 2013 was £1.6 billion, up 23.1% from £1.3 billion at 31 December 2012. Net inflows of £157 million in the year to date include £59 million from a new mandate with Scottish Life in the third quarter.

## Net operating income

	3 months ended 30 September			9 months ended 30 September		
	2013	2012	Change	2013	2012	Change
	£m	£m	%	£m	£m	%
Investment Management						
- Fees	26.6	22.7	17.2	76.7	66.3	15.7
- Commissions	8.9	8.2	8.5	32.1	28.1	14.2
- Net interest income	2.1	2.6	(19.2)	6.3	7.6	(17.1)
- Fees from advisory services <sup>1</sup> and other income	2.7	2.6	3.8	8.2	7.4	10.8
	40.3	36.1	11.6	123.3	109.4	12.7
Unit Trusts	2.9	2.2	31.8	8.0	6.6	21.2
<b>Net operating income</b>	<b>43.2</b>	<b>38.3</b>	<b>12.8</b>	<b>131.3</b>	<b>116.0</b>	<b>13.2</b>
Average FTSE 100 Index on principal charging dates <sup>2</sup>	6462	5742	12.5	6309	5679	11.1

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

(2) The principal 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.

## Funds under management

	3 months ended 30 September		9 months ended 30 September	
	2013	2012	2013	2012
	£m	£m	£m	£m
<b>(i) Investment Management</b>				
Opening FUM (1 July / 1 January)	18,429	15,502	16,714	14,764
Inflows	603	406	2,046	1,504
Organic new business	502	329	1,492	1,200
Acquired new business	101	77	554	304
Outflows	(245)	(290)	(908)	(890)
Market adjustment	348	504	1,283	744
<b>Closing FUM (30 September)</b>	<b>19,135</b>	<b>16,122</b>	<b>19,135</b>	<b>16,122</b>
Underlying annualised rate of net organic growth	5.6%	1.0%	4.7%	2.8%
Annualised rate of net inflows	7.8%	3.0%	9.1%	5.5%
<b>(ii) Unit Trusts</b>				
Opening FUM (1 July / 1 January)	1,443	1,147	1,266	1,084
Inflows	155	63	340	201
Outflows	(64)	(45)	(183)	(151)
Market adjustment	86	64	197	95
<b>Closing FUM (30 September)</b>	<b>1,620</b>	<b>1,229</b>	<b>1,620</b>	<b>1,229</b>
<b>Total FUM (30 September)</b>	<b>20,755</b>	<b>17,351</b>	<b>20,755</b>	<b>17,351</b>
<b>Net fund inflows</b>				
Investment Management	358	116	1,138	614
Unit Trusts	91	18	157	50
<b>Total</b>	<b>449</b>	<b>134</b>	<b>1,295</b>	<b>664</b>

The FTSE 100 Index closed at 6572 on 16 October 2013, a rise of 1.7% since 30 September 2013, which has increased the value of funds under management. Investment Management fee income in the fourth quarter is dependent upon the value of funds under management at 31 December 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 interim results to 30 June 2013 on 1 August 2013. We refer you to the paragraphs headed 'Business review' and 'Risks and key judgements' on pages two and three and to Note 15 of our 2013 interim statement.

The proceedings to confirm insurance cover against the excess insurers are currently taking place in the Commercial Court in London. We expect to make a further announcement when judgement has been handed down.

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**Rathbone Brothers Plc**

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Rathbones has over 840 staff in 13 UK locations and Jersey, and has its headquarters in Curzon Street, London.

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