

Rathbone Brothers Plc

Funds under management reach £37.5 billion

Rathbone Brothers Plc (“the Company”) announces a trading update for the three months ended 30 September 2017.

Philip Howell, Chief Executive of Rathbone Brothers Plc, said:

“In a quarter where investment markets remained relatively benign, our total funds under management grew 2.5% to £37.5 billion in the three months to 30 September 2017. Funds managed by Rathbone Investment Management reached £32.5 billion and within this our ethical investment service, Greenbank, reached £1.0 billion. Funds under management in our Unit Trusts business reached £5.0 billion towards the end of the quarter. Both Greenbank and Unit Trusts have reached these strategic milestones well ahead of plan.

“We continue to progress our strategic initiatives and invest in our core infrastructure to support client service and meet the demands of forthcoming regulation. We are well positioned for the future and will continue to pursue growth opportunities both organically and through acquisition, approaching each with discipline.”

Financial highlights:

- Total funds under management were £37.5 billion at 30 September 2017; up 2.5% from £36.6 billion at 30 June 2017, compared to an increase of 0.8% in the FTSE 100 Index and 0.8% in the MSCI WMA Private Investor Balanced Index in the three months ended 30 September 2017. Underlying net operating income was £70.5 million for the three months ended 30 September 2017, up 7.0% from £65.9 million in the third quarter of 2016.
- Total net growth of funds under management in Investment Management was £0.3 billion, representing a total net annualised growth rate of 3.5% (2016: 5.0%). This comprises net organic growth of £0.2 billion (2016: £0.2 billion), and acquired inflows of £0.1 billion for the quarter. Net organic growth in the third quarter represents an annualised growth rate of 2.6% (2016: 3.0%) contributing to a 2.9% organic growth rate for the nine month period to 30 September 2017 (2016: 2.7%).
- Net operating income of £62.5 million in Investment Management for the three months ended 30 September 2017 was 5.6% higher than the £59.2 million for the comparable period in 2016. The value of the FTSE 100 Index on the third quarter charging date was 7373 compared with 6899 a year ago. The MSCI WMA Private Investor Balanced Index was 1545 and 1457 on the equivalent dates.
- Funds under management in Unit Trusts at 30 September 2017 were £5.0 billion, up 8.7% from £4.6 billion at 30 June 2017. Net inflows for the quarter were a record £342 million compared to £170 million a year ago. Net operating income of £8.0 million for the three months ended 30 September 2017 was 19.4% higher than the £6.7 million for the comparable period in 2016.

Net operating income

	3 months ended 30 September			9 months ended 30 September		
	2017	2016	Change	2017	2016	Change
	£m	£m	%	£m	£m	%
Investment Management						
- Fees	47.7	42.7	11.7	140.2	120.0	16.8
- Commissions	8.2	10.2	(19.6)	30.1	29.7	1.3
- Net interest income	2.9	3.1	(6.5)	8.5	8.8	(3.4)
- Fees from advisory services ¹ and other income	3.7	3.2	15.6	11.2	9.5	17.9
	62.5	59.2	5.6	190.0	168.0	13.1
Unit Trusts	8.0	6.7	19.4	22.9	18.1	26.5
Underlying net operating income	70.5	65.9	7.0	212.9	186.1	14.4
Average FTSE 100 Index on principal charging dates ²	7373	6899	6.9	7339	6498	12.9
Average FTSE WMA Balanced Index on principal charging dates ²	1545	1457	6.0	1538	1386	11.0

(1) Including income from trust, tax, pension advisory services and Vision Independent Financial Planning.

(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	
	2017	2016	2017	2016
	£m	£m	£m	£m
(i) Investment Management				
Opening FUM (1 July/1 January)	31,981	27,256	30,184	26,126
Inflows	809	708	2,542	2,010
Organic new business	742	574	2,311	1,650
Acquired new business	67	134	231	360
Outflows	(532)	(367)	(1,663)	(1,118)
Market adjustment	277	1,703	1,472	2,282
Closing FUM (30 September)	32,535	29,300	32,535	29,300
Underlying annualised rate of net organic growth	2.6%	3.0%	2.9%	2.7%
Annualised rate of net inflows	3.5%	5.0%	3.9%	4.6%
(ii) Unit Trusts				
Opening FUM (1 July/1 January)	4,634	3,334	4,051	3,073
Inflows	521	454	1,254	1,030
Outflows	(179)	(284)	(643)	(601)
Market adjustment	6	358	320	360
Closing FUM (30 September)	4,982	3,862	4,982	3,862
Total FUM (30 September)^{3, 4}	37,517	33,162	37,517	33,162
Net fund inflows				
Investment Management	277	341	879	892
Unit Trusts	342	170	611	429
Total	619	511	1,490	1,321

(3) Includes £1,027 million (30 September 2016: £937 million) of execution only funds, Greenbank funds of £1.0 billion and Charities funds of £4.5 billion.

(4) Cash in client portfolios continued to be higher than average at £2.3 billion (2016 average: £1.8 billion). Loans and advances to customers were £126.0 million at 30 September 2017, up 2.2% on the £123.3 million at 30 June 2017.

The FTSE 100 Index closed at 7516 on 17 October 2017, an increase of 1.9% since 30 September 2017. Investment Management fee income in the fourth quarter is dependent upon the value of funds under management at 31 December 2017.

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Rathbone Brothers Plc

Rathbone Brothers Plc (“Rathbones”), through its subsidiaries, is a leading provider of high-quality, personalised investment and wealth management services for private clients, charities and trustees. Our services include discretionary investment management, unit trusts, banking and loan services, financial planning, unitised portfolio services, and UK trust, legal, estate and tax advice.

Rathbones has over 1,100 staff in 16 UK locations and Jersey; its headquarters is 8 Finsbury Circus, London.

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