

Funds under management reach £29.3 billion

Rathbone Brothers Plc (“Rathbones”) announces a trading update for the period from 1 January 2016 to 31 March 2016.

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

“Volatile investment markets have presented challenges that are reflected both in commission income and new business inflows for the period to 31 March. The FTSE 100 index was 6091 on our 5 April 2016 billing date, down 2.4% from 31 December 2015, and 10.9% from a year ago.

“Our growth initiatives remain important for us to maintain our position as a leading discretionary wealth manager. Accordingly, the Board has decided to pursue these longer term initiatives in spite of our expectation that markets will continue to lack direction in the short term. Rathbones remains alert to acquisition opportunities that may arise as a consequence of these market conditions.”

Highlights:

- Total funds under management were £29.3 billion at the end of the first quarter*, up 0.3% from £29.2 billion at 31 December 2015 and 1.4% from £28.9 billion a year ago. In the first quarter, the FTSE 100 Index decreased 2.4% and the FTSE WMA Balanced Index increased 0.2%.
- Total net growth of funds under management in Investment Management was £234 million, representing a total net annualised growth rate of 3.6% (2015: 6.5%). This comprises acquired inflows of £134 million and net organic growth of £100 million for the quarter. Net organic growth in the first quarter represents an annualised growth rate of 1.5% compared to 3.6% in the first three months of 2015.
- Underlying net operating income in Investment Management of £53.5 million (2015: £54.7 million) was down 2.2% year on year in the first three months of 2016. The FTSE 100 Index was 6091 on our 5 April billing date, down 10.9% compared to 6834 on the same date in 2015. The FTSE WMA Balanced Index, measured over the same period, decreased by 4.5%.
- Fee income of £37.7 million (2015: £34.8 million) rose 8.3% year on year in spite of lower markets, which reflects growth over the period and tariff changes made in 2015.
- Commission income of £9.8 million (2015: £14.4 million) was down 31.9% year on year, largely reflecting lower trading volumes and settlement values, and a continuing trend towards higher quality fee based income.
- Net interest income of £2.8 million in the first three months of 2016 was up 7.7% on £2.6 million earned in the corresponding period in 2015. Cash in client portfolios averaged £1.6 billion in the first quarter of 2016 (2015 average: £1.5 billion). Loans and advances to customers were £121.3 million at 31 March 2016, up 3.4% on the £117.3 million at 31 December 2015.
- Fees from advisory services and other income grew 10.3% from £2.9 million to £3.2 million, largely reflecting additional income from the Vision group following its acquisition in 2015.
- Funds under management in Unit Trusts increased 3.2% to £3.2 billion at 31 March 2016 from £3.1 billion at 31 December 2015, with net inflows of £130 million during the quarter. Underlying net operating income of £5.4 million (2015: £4.6 million) was up 17.4% year on year in the first three months of 2016.
- Development of the Rathbone Private Office (“RPO”) advanced with the agreement of an External Asset Manager relationship with Credit Suisse. This arrangement will enable the RPO to offer a wealth advisory service that has access to a full range of specialist private banking products, services and lending solutions to complement Rathbones’ own discretionary fund management, tax, trust, financial planning and banking services.

* 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		
	2016	2015	Change
	£m	£m	%
Investment Management			
- Fees	37.7	34.8	8.3%
- Commissions	9.8	14.4	-31.9%
- Net interest income	2.8	2.6	7.7%
- Fees from advisory services ¹ & other income	3.2	2.9	10.3%
	53.5	54.7	-2.2%
Unit Trusts	5.4	4.6	17.4%
Net operating income	58.9	59.3	-0.7%

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

Funds under management

(i) Investment Management

	Period ended 5 April ²		
	2016	2015	Change
	£m	£m	%
Opening FUM (1 January)	26,126	24,672	
Inflows	616	812	
Organic new business	482	635	
Acquired new business	134	177	
Outflows	(382)	(414)	
Market effect and investment performance	(210)	1,064	
Closing FUM (5 April)	26,150	26,134	0.1%
Underlying annualised rate of net organic growth	1.5%	3.6%	
Total annualised net organic and acquired growth	3.6%	6.5%	
FTSE 100 Index (5 April)	6091	6834	-10.9%
FTSE WMA Balanced Index (5 April)	3538	3705	-4.5%

(ii) Unit Trusts

	3 months ended 31 March		
	2016	2015	Change
	£m	£m	%
Opening FUM (1 January)	3,073	2,520	
Inflows	263	221	
Outflows	(133)	(171)	
Market effect and investment performance	(35)	155	
Closing FUM (31 March)	3,168	2,725	16.3%
Total funds under management³	29,318	28,859	1.6%

(2) Key charging dates for investment management clients are 5 April, 30 June, 30 September and 31 December. Unit trusts income accrues on daily levels of funds under management.

(3) Includes £1,014 million (2015: £814 million) of execution only funds.

The FTSE 100 Index closed at 6168 on 17 May 2016, a rise of 1.3% since 5 April 2016, 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 2016.

Rathbone Brothers Plc's interim results for the six months to 30 June 2016 will be announced on 27 July 2016.

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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. This includes discretionary investment management, unit trusts, financial planning, trust and company management and banking services.

Rathbones has over 1,000 staff in 15 UK locations and Jersey, and currently has its headquarters in Curzon Street, London.

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