

## Rathbone Brothers Plc

# First quarter trading update

Rathbone Brothers Plc (“Rathbones”) announces a trading update for the three months ended 31 March 2021.

### Paul Stockton, Chief Executive of Rathbones, said:

“Total funds under management and administration rose 2.0% in the first quarter to £55.8 billion reflecting continued good organic growth.

Our Funds business grew strongly, surpassing the £10 billion mark during the period, and combined with improved net organic inflows in our Investment Management business and positive market movements to deliver strong income growth.

We continue to deliver on our strategy, progressing our responsible investing agenda with the addition of four new Rathbone Greenbank Multi-Asset Portfolios in the first quarter. As markets begin to look beyond the pandemic, we will pursue our plans to strengthen services to clients and advisers and take advantage of future growth opportunities.”

### Financial highlights:

- Total funds under management and administration totalled £55.8 billion at the end of the first quarter\* (31 December 2020: £54.7 billion).
  - £45.5 billion in the Investment Management business (31 December 2020: £44.9 billion).
  - £10.3 billion in the Rathbone Funds business (31 December 2020: £9.8 billion).
- Total net inflows across Investment Management and Rathbone Funds were £0.7 billion in the first quarter (Q1 2020: £0.7 billion which included the acquisition of the Barclays Wealth Court of Protection business), representing an annualised net growth rate of 5.1% (Q1 2020: 5.2%).
  - Despite an uncertain backdrop, gross organic inflows in Investment Management totalled £1.2 billion in the first quarter (Q1 2020: £1.0 billion), with net inflows of £0.2 billion (Q1 2020: nil).
  - Rathbone Funds recorded over £1.1 billion of gross inflows in the period, with net inflows of £0.5 billion (Q1 2020: £0.2 billion). This represents an annualised net organic growth rate of 21.4% (Q1 2020: 10.7%).
- Underlying net operating income totalled £107.3 million for the three months ended 31 March 2021, an increase of 26.8% from the £84.6 million in the corresponding period last year.
  - Investment Management fees were up 40.4% compared to the prior year due to increased funds under management, improved markets on the Q1 billing date and the impact of more fee-based income from the Speirs & Jeffrey acquisition. The FTSE 100 on the principal charging date was 6737 (Q1 2020: 5416).
  - Commissions were flat year on year while net interest income fell to £1.5 million, from £3.1m in the prior year owing to a reduction in Bank of England base rates since March 2020.
  - Fees from advisory services and other income increased to £5.1 million (Q1 2020: £4.8 million).
  - Income in Rathbone Funds, which accrues daily, totalled £13.7 million for the three months ended 31 March 2021, a substantial increase of 41.2% on the £9.7 million reported for the first quarter in 2020.
- The final dividend for 31 December 2020 of 47 pence per share will be paid on 11 May 2021.

### Board:

- Following the early retirement of Mark Nicholls announced on 5 March 2021, Clive Bannister formally succeeds interim chairman, Jim Pettigrew, at the Rathbones AGM today. As previously noted, Colin Clark will also today succeed Jim Pettigrew as Senior Independent Director, subject to regulatory approval.

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

## Net operating income

	3 months ended 31 March			3 months ended 31 December	
	2021	2020	Change	2020	Change
	£m	£m	%	£m	%
Investment Management					
- Fees	69.1	49.2	40.4	67.1	3.0
- Commissions	17.9	17.8	0.6	13.1	36.6
- Net interest income	1.5	3.1	(51.6)	1.4	7.1
- Fees from advisory services <sup>1</sup> & other income	5.1	4.8	6.3	5.0	2.0
	<b>93.6</b>	<b>74.9</b>	<b>25.0</b>	<b>86.6</b>	<b>8.1</b>
Rathbone Funds	13.7	9.7	41.2	13.4	2.2
<b>Underlying net operating income</b>	<b>107.3</b>	<b>84.6</b>	<b>26.8</b>	<b>100.0</b>	<b>7.3</b>
FTSE 100 Index on principal charging dates <sup>2</sup>	6737	5416	24.4	6461	4.3
MSCI PIMFA Private Investor Balanced Index on principal charging dates <sup>2</sup>	1718	1389	23.4	1677	2.4

(1) Including income from trust, tax, financial planning 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. Rathbone Funds income accrues on daily levels of funds under management.

## Funds under management and administration

### (i) Investment Management

	Period ended 5 April			3 months ended 31 December	
	2021	2020	Change	2020	Change
	£m	£m	%	£m	%
Opening FUMA (1 January / 1 October)	44,912	42,965	4.5	41,763	7.5
Inflows	1,243	1,469	(15.4)	915	35.8
Organic new business	1,215	1,015	19.7	849	43.1
Acquired new business	28	454	(93.8)	66	(57.6)
Outflows	(1,076)	(1,015)	6.0	(965)	11.5
Market effect and investment performance <sup>3</sup>	449	(7,544)	(106.0)	3,199	(86.0)
<b>Closing FUMA</b>	<b>45,528</b>	<b>35,875</b>	<b>26.9</b>	<b>44,912</b>	<b>1.4</b>
Underlying annualised rate of net organic growth	1.2%	-		(1.1%)	
Total annualised net organic and acquired growth	1.5%	4.2%		(0.5%)	

### (ii) Rathbone Funds

	3 months ended 31 March			3 months ended 31 December	
	2021	2020	Change	2020	Change
	£m	£m	%	£m	%
Opening FUM (1 January / 1 October)	9,820	7,438	32.0	8,730	12.5
Inflows	1,156	767	50.7	1,024	12.9
Outflows	(630)	(569)	10.7	(474)	32.9
Market effect and investment performance	(48)	(865)	(94.5)	540	(108.8)
<b>Closing FUM</b>	<b>10,298</b>	<b>6,771</b>	<b>52.1</b>	<b>9,820</b>	<b>4.9</b>
Annualised net organic growth rate	21.4%	10.7%		25.2%	
<b>Total FUMA<sup>4</sup></b>	<b>55,826</b>	<b>42,646</b>	<b>30.9</b>	<b>54,731</b>	<b>2.0</b>

### Net flows

Investment Management	167	454	(63.2)	(50)	434.0
Rathbone Funds <sup>5</sup>	526	198	165.7	550	(4.4)
<b>Total</b>	<b>693</b>	<b>652</b>	<b>6.3</b>	<b>500</b>	<b>38.6</b>
Annualised total net growth rate	5.1%	5.2%		4.0%	

(3) Includes internal transfers between Investment Management and Rathbone Funds.

(4) Includes £2.8 billion of funds under execution only mandates (Q4 2020: £2.7 billion), Greenbank funds of £2.0 billion (Q4 2020: £1.9 billion) and funds managed with a charitable mandate of £6.6 billion (Q4 2020: £6.5 billion).

(5) The Global Opportunities Fund now totals £3.3 billion, the Ethical Bond Fund now totals £2.4 billion and the Multi Asset Portfolio fund range now totals £2.3 billion. These figures include UK funds and SICAVs.

**(iii) Investment Management; Service level breakdown**

	5 April			31 December	
	2021 £m	2020 £m	Change %	2020 £m	Change %
Direct	34,277	26,305	30.3	33,678	1.8
Financial Adviser linked	9,630	7,387	30.4	9,347	3.0
<b>Total Discretionary</b>	<b>43,907</b>	<b>33,692</b>	<b>30.3</b>	<b>43,025</b>	<b>2.1</b>
Non-Discretionary Investment Management	1,136	1,781	(36.2)	1,392	(18.4)
Execution Only	2,773	1,976	40.3	2,658	4.3
Gross Investment Management FUMA	<b>47,816</b>	<b>37,449</b>	<b>27.7</b>	<b>47,075</b>	<b>1.6</b>
Discretionary wrapped funds <sup>6</sup>	(2,288)	(1,574)	45.4	(2,163)	5.8
<b>Total Investment Management FUMA</b>	<b>45,528</b>	<b>35,875</b>	<b>26.9</b>	<b>44,912</b>	<b>1.4</b>

(6) Discretionary wrapped funds represent funds operated by Rathbone Funds, managed by both Investment Management teams and Rathbone Funds managers.

The MSCI PIMFA Private Investor Balanced Index closed at 1744 on 5 May 2021, an increase of 1.5% since 5 April 2021. Investment Management fee income in the second quarter is dependent upon the value of funds under management at 30 June 2021.

The Annual General Meeting is scheduled to be held today at Rathbones' London offices and the interim results for the six months to 30 June 2021 will be announced on 28 July 2021. Given the current COVID-19 situation, shareholders have been requested not to attend the AGM in person. Instead, a limited number of company representatives will attend in person to ensure that a valid meeting is held. A live webcast is in place so that shareholders can listen to proceedings. The webcast can be accessed using the following link: <https://www.investis-live.com/rathbone-brothers/605332bd49aa2a0e00777e5c/vnec>.

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**Rathbone Brothers Plc**

Rathbones provides individual investment and wealth management services for private clients, charities, trustees and professional partners. We have been trusted for generations to manage and preserve our clients' wealth. Our tradition of investing and acting responsibly has been with us from the beginning and continues to lead us forward. Our ambition is to be recognised as the UK's most responsible wealth manager.

Rathbones has over 1,600 staff in 15 UK locations and Jersey; its headquarters is 8 Finsbury Circus, London.

[www.rathbones.com](http://www.rathbones.com)