

Rathbone Brothers Plc Trading Update and Notice of Results

Rathbone Brothers Plc (“Rathbones”) announces a trading update for the three months ended 31 December 2018.

Whilst the final quarter of 2018 reflected weaker investment markets, total year end funds under management and administration* benefitted from the recent acquisition of Speirs & Jeffrey.

- Total funds under management and administration at 31 December 2018 were £44.1 billion, up 12.8% from £39.1 billion at 31 December 2017. The FTSE 100 Index decreased 12.5% and the MSCI WMA Private Investor Balanced Index decreased 7.2% over 2018.
- Net inflows across the group in 2018 totalled £8.5 billion (2017: £2.1 billion), which represents 21.6% (2017: 6.0%) of opening funds under management and administration and includes the impact of £6.8bn of acquired FUM driven primarily by the acquisition of Speirs and Jeffrey.
- Funds under management and administration in Investment Management were £38.5 billion at 31 December 2018, up 13.9% from £33.8 billion at 31 December 2017; including £6.4 billion of funds related to Speirs & Jeffrey (30 September 2018: £6.7 billion). Underlying net organic inflows in Investment Management were 3.4% of opening funds under management and administration for the year ended 31 December 2018 (2017: 3.0 %).
- In the fourth quarter, funds under management and administration in Investment Management decreased by 6.8% from £41.3 billion to £38.5 billion primarily reflecting weaker investment markets. The FTSE 100 decreased 10.4% and the MSCI WMA Private Investor Balanced Index decreased 7.9% during the same period.
- Net organic inflows in Investment Management during the fourth quarter were higher than expected at £574 million (Q4 2017: £254 million), including a number of discretionary mandates that are expected to be managed for a relatively short period. This represents an elevated annualised rate of net organic growth of 5.6% (2017: 3.1%) for the three months ended 31 December 2018.
- Funds managed by Unit Trusts were £5.6 billion at 31 December 2018, up 5.7% from £5.3 billion at 31 December 2017, despite the falls in investment markets during the year. Total net fund inflows of £123 million in the fourth quarter of 2018 (Q4 2017: £272 million) reflected a more difficult trading environment for asset managers generally. Full year net inflows were £543 million (2017: £883 million), representing 10.1% of opening funds under management.

Speirs & Jeffrey

Work to meet operational performance targets is proceeding well such that the payment of contingent share consideration of 0.6 million new Rathbones shares is now expected to be made in the second quarter of 2019 rather than by December 2019 as previously anticipated. We continue to work well with our colleagues at Speirs & Jeffrey to ensure a smooth transition into the group.

Outlook

Whilst market conditions can reasonably be expected to be volatile in 2019, we will continue to invest selectively for the longer term in the skills and infrastructure necessary to improve our operational efficiency and deliver high quality services to our clients.

Notice of results

The Company will issue its preliminary statement of annual results for the year ended 31 December 2018 on Thursday 21 February 2019.

*In this announcement, all previous references to funds under management (FUM) have been changed to funds under management and administration (FUMA) to reflect the higher proportion of non-discretionary mandates following the acquisition of Speirs & Jeffrey.

Funds under management and administration

	3 months ended		Year ended	
	31 December		31 December	
	2018	2017	2018	2017
	£m	£m	£m	£m
(i) Investment Management				
Opening FUMA (1 October / 1 January)	41,274	32,535	33,780	30,184
Net inflows	591	290	7,931	1,169
Organic new business	574	254	1,145	902
Acquired new business	17	36	6,786	267
Market adjustment	(3,409)	955	(3,255)	2,427
Closing FUMA (31 December)	38,456	33,780	38,456	33,780
Underlying annualised rate of net organic growth ¹	5.6%	3.1%	3.4%	3.0%
Annualised rate of net inflows	5.7%	3.6%	23.5%	3.9%
(ii) Unit Trusts				
Opening FUM (1 October / 1 January)	6,006	4,982	5,367	4,051
Net inflows	123	272	543	883
Market adjustment	(486)	113	(267)	433
Closing FUM (31 December)	5,643	5,367	5,643	5,367
Total FUMA (31 December) ¹	44,099	39,147	44,099	39,147
Net fund inflows				
Investment Management	591	290	7,931	1,169
Unit Trusts	123	272	543	883
Total	714	562	8,474	2,052

¹ Includes £2.1 billion (31 December 2017: £1.2 billion) of execution only funds, Greenbank funds of £1.2 billion (31 December 2017: £1.1 billion) and funds managed with a charitable mandate of £5.3 billion (31 December 2017: £4.7 billion).

10 January 2019

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Hazel Stevenson

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 1,400 staff in 15 UK locations and Jersey; its headquarters is 8 Finsbury Circus, London.