

Rathbones' net income rises 13% year on year

Rathbone Brothers Plc ("the Company") announces a trading update for the three months ended 30 September 2015.

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

"Third quarter net operating income increased 13% compared to a year ago in spite of subdued investment markets. Although our outlook remains cautious in light of recent markets, our agreement in early October to purchase the remaining 80% of the Vision group is an example of the investment we continue to make to take advantage of future growth opportunities."

Highlights:

- Total funds under management (FUM) were £27.6 billion at 30 September 2015; down 2.5% from £28.3 billion at 30 June 2015, compared to a decrease of 7.0% in the FTSE 100 Index and 3.8% in the FTSE WMA Balanced Index in the three months ended 30 September 2015.
- Net operating income was £55.6 million for the three months ended 30 September 2015, up 13.5% from £49.0 million in the third quarter of 2014.
- Total net organic and acquired growth of funds under management in Rathbone Investment Management was £419 million for the three months ended 30 September 2015 (2014: £2,406 million which included the acquisition of Jupiter Asset Management Limited's private client and charity investment management business). Net organic inflows were £163 million (2014: £289 million), representing an underlying annualised growth rate of 2.5% for the third quarter (2014: 5.3%).
- Underlying net operating income of £50.5 million in Rathbone Investment Management for the three months ended 30 September 2015 was 12.0% higher than the £45.1 million for the comparable period in 2014. The value of the FTSE 100 Index on our third quarter charging date was 6062 compared with 6623 a year ago. The FTSE WMA Balanced Index was 3421 and 3454 on the equivalent dates.
- Net interest income of £2.7 million in the third quarter was up 17.4% from £2.3 million in the same period in 2014.
- FUM in Rathbone Unit Trust Management at 30 September 2015 were £2.8 billion, up 3.7% from £2.7 billion at 30 June 2015. Net inflows for the quarter were £99 million compared to £100 million a year ago.
- As announced on 17 July 2015, in order to strengthen the executive team, chief risk officer Sarah Owen-Jones joined the executive committee along with four senior investment managers; Rupert Baron, Ivo Clifton, Andrew Morris and Richard Smeeton.
- Following the announcement on 28 July 2015, Rathbone Investment Management Limited completed the issue of £20 million of 10-year subordinated notes to M&G on 3 August 2015.
- On 1 October 2015, the Company announced that it had agreed to purchase the remaining 80.1% of Vision Independent Financial Planning Limited and Castle Investment Solutions Limited to support its strategy of broadening its distribution network.

Net operating income

	3 months ended 30 September			9 months ended 30 September		
	2015 £m	2014 £m	Change %	2015 £m	2014 £m	Change %
Investment Management						
- Fees	36.4	30.5	19.3	105.5	87.3	20.8
- Commissions	8.6	9.4	(8.5)	34.9	32.9	6.1
- Net interest income	2.7	2.3	17.4	8.2	6.7	22.4
- Fees from advisory services ¹ and other income	2.8	2.9	(3.4)	8.7	9.0	(3.3)
	50.5	45.1	12.0	157.3	135.9	15.7
Unit Trusts	5.1	3.9	30.8	15.1	11.2	34.8
Underlying net operating income	55.6	49.0	13.5	172.4	147.1	17.2
Net income from sale of available for sale investment securities	-	-		-	5.9	
Net operating income	55.6	49.0	13.5	172.4	153.0	12.7
Average FTSE 100 Index on principal charging dates ²	6062	6623	(8.5)	6472	6687	(3.2)
Average FTSE WMA Balanced Index on principal charging dates ²	3421	3454	(1.0)	3561	3432	3.8

(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	
	2015 £m	2014 £m	2015 £m	2014 £m
(i) Investment Management				
Opening FUM (1 July/1 January)	25,628	21,637	24,672	20,191
Inflows	794	2,781	2,223	4,748
Organic new business	538	664	1,689	1,813
Acquired new business	256	2,117	534	2,935
Outflows	(375)	(375)	(1,177)	(1,108)
Market adjustment	(1,205)	(120)	(876)	92
Closing FUM (30 September)	24,842	23,923	24,842	23,923
Underlying annualised rate of net organic growth	2.5%	5.3%	2.8%	4.7%
Annualised rate of net inflows	6.5%	44.5%	5.7%	24.0%
(ii) Unit Trusts				
Opening FUM (1 July/1 January)	2,720	2,214	2,520	1,856
Inflows	205	209	646	749
Outflows	(106)	(109)	(440)	(310)
Market adjustment	(55)	19	38	38
Closing FUM (30 September)	2,764	2,333	2,764	2,333
Total FUM (30 September)³	27,606	26,256	27,606	26,256
Net fund inflows				
Investment Management	419	2,406	1,046	3,640
Unit Trusts	99	100	206	439
Total	518	2,506	1,252	4,079

(3) Includes £1,024 million (30 September 2014: £858 million) of execution only funds, of which £536 million was introduced following the acquisition of Jupiter Asset Management Limited's private client and charity investment management business.

The FTSE 100 Index closed at 6348 on 21 October 2015, an increase of 4.7% since 30 September 2015 and the FTSE WMA Balanced Index closed at 3506, an increase of 2.5%. Investment Management fee income in the fourth quarter is dependent upon the value of funds under management at 31 December 2015.

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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, tax planning, trust and company management, pension advice and banking services.

Rathbones has over 1,000 staff in 14 UK locations and Jersey, and has its headquarters in Curzon Street, London.

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