



Rathbones Group Plc

# 2022 Interim results

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28 July 2022

**Rathbones**  
Look forward

# Presenters and agenda



**Paul Stockton**  
Group Chief Executive  
Officer



**Jennifer Mathias**  
Group Chief Financial  
Officer

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# Business update

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**Paul Stockton**  
Chief Executive

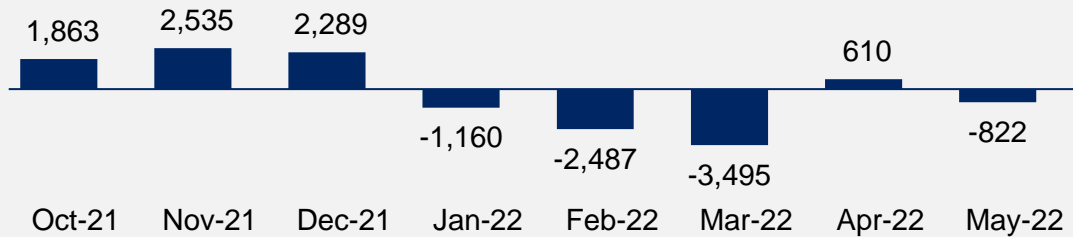
**Rathbones**  
Look forward



# Current market conditions have created headwinds...

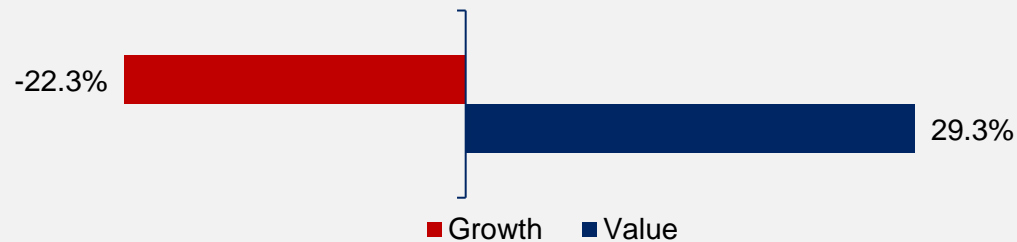
## The UK market saw net outflows in retail sales 2022 YTD...

Net retail UK fund sales (£m)<sup>1</sup>



## And there has been a rotation from growth to value...

Value vs growth performance 2022 YTD<sup>2</sup>

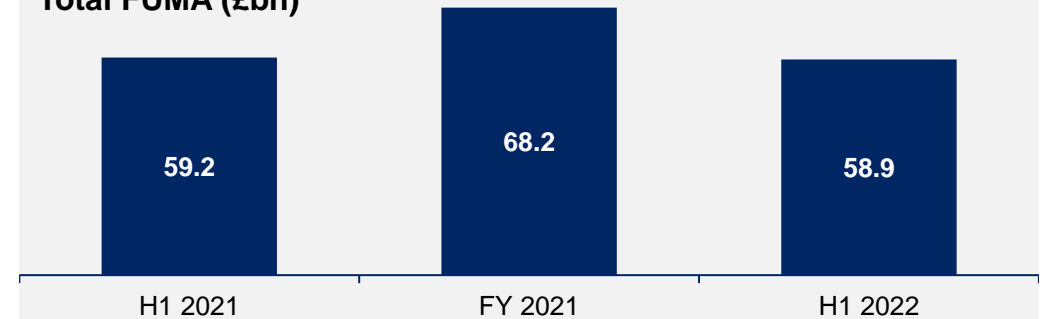


1. The Investment Association

2. Based on a Growth and Value basket of stocks comprising 120 European companies with growth and value characteristics

3. Source: PAM Directory and Oliver Wyman estimates

Total FUMA (£bn)

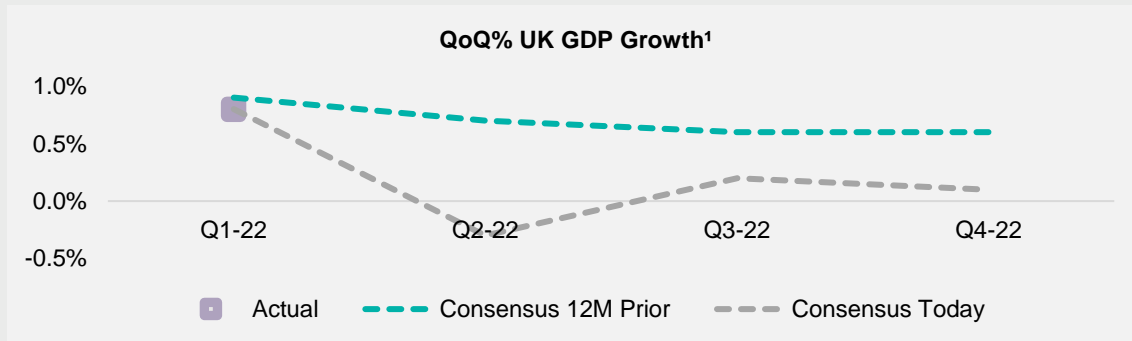


## ...but our market remains fundamentally attractive:

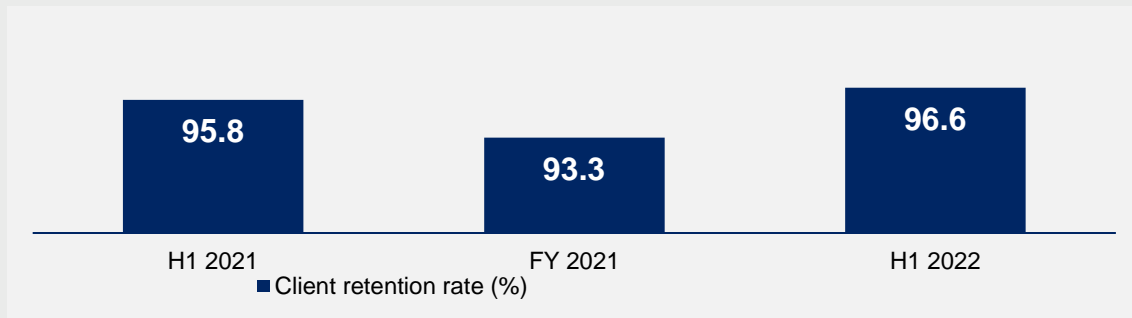
- Embedded structural growth (expected to grow 30% from £1.6trn in 2020 to £2.1trn in 2024<sup>3</sup>)
- Growing demand for financial planning, ESG and digital propositions
- Direct to customer models
- Balanced client portfolios
- Consolidation opportunities

# Client behaviours can change in a volatile market environment...

**The threat of recession means clients can be slower to commit new money to portfolios...**



**But client retention remains high...**



1. Sourced from Bloomberg

**...but Rathbones' model is well placed to:**

- Engage with clients regularly
- Provide advice and reassurance
- Discuss buying opportunities
- Use thought leadership and research to engage with clients and prospects

**...and leverage from deep expertise:**

- Many long standing investment managers who have experienced downturns before
- Proactive knowledge sharing with younger cohorts

# We continue to develop our propositions

## Wealth management

- Growing digital engagement with clients
- Refreshed propositions to IFAs
- Embedded responsible investment<sup>1</sup>
- Investment in Rathbone Greenbank

## Financial planning and advice

- New Saunderson House/Rathbones propositions launched as planned

## Asset management (Funds)

- Proactive investor engagement
- Adding to experienced investment teams

### ...that meet the wide spectrum of client demands:

- Bespoke discretionary services to fund-based solutions
- Investment solutions including a range of multi-asset funds accessed directly and through adviser channels
- Simplified investment propositions with lower expense ratios
- Full service and point in time advisory solutions

### ...alongside an established ESG capability

Investors' Chronicle

FT FINANCIAL TIMES

Celebration of ESG Investment Awards

Winner 2021  
ESG Champion of the Year  
ESG Champion – Governance

Highly commended 2021  
ESG Champion – Protecting the planet

1. See slides 37-39 for more detail

# Digital plans have progressed well and remain critical to future growth

## What we said

### By end 2022

- Client prospecting, onboarding and servicing
- Asset management capability for Rathbone Funds
- Enhancements to MyRathbones and client reporting

## What we've done

### Status at HY22

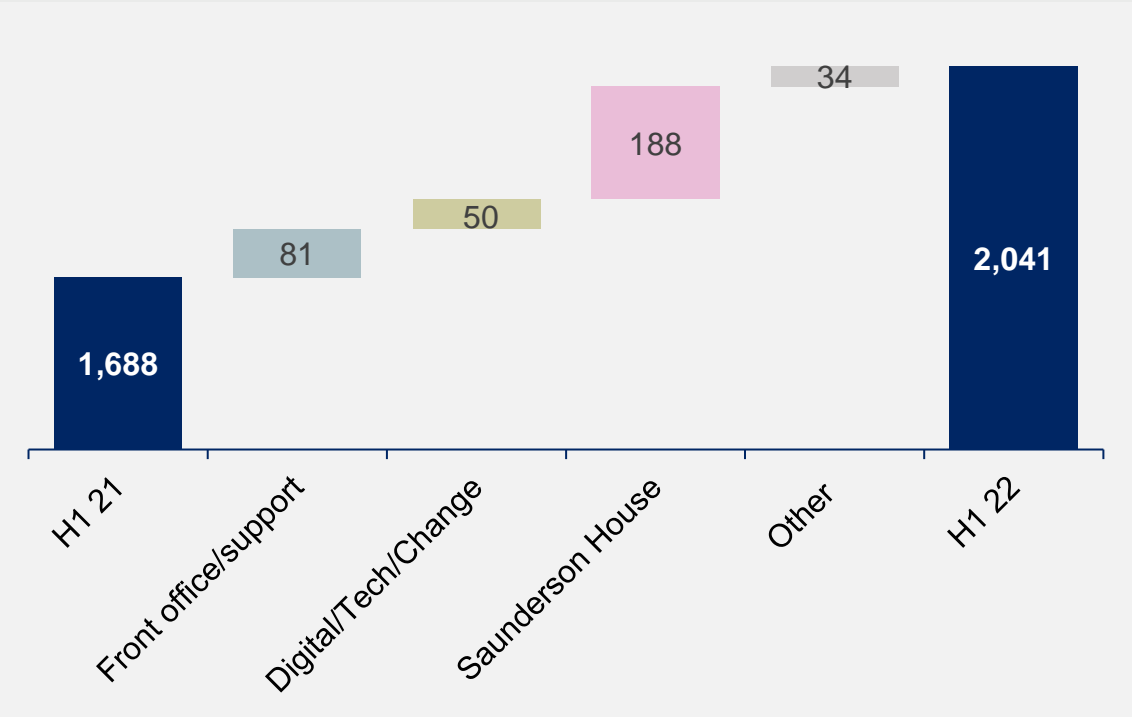
- On track to deliver first InvestCloud release this year
- On track, progressing well and Charles River will be delivered this year
- Delivered new valuations, enhanced tax packs, and regular updates to MyRathbones
  - 45% of clients now using MyRathbones
  - Rated 4.6/5 on iOS app store

### Delivery outcomes will support financial performance:

- Modern technology platform
- Increased digital processes
- Reduced complexity
- Free up time for colleagues
- Richer management information
- Aligned client journey across financial planning and investment teams
- Support for growing asset management business

# Skills and resources underpin our growth

Targeted headcount growth supports our change agenda and growth (FTE)



## Our people

...with a culture that fosters flexibility and longevity:

Employee survey engagement scores

**8/10** employee engagement score

Surveys run **quarterly**

**8.3/10** would recommend Rathbones as an employer

Flexible approach

Culture

Reorganising for **hybrid working**

**DE&I** focus





# Financial results

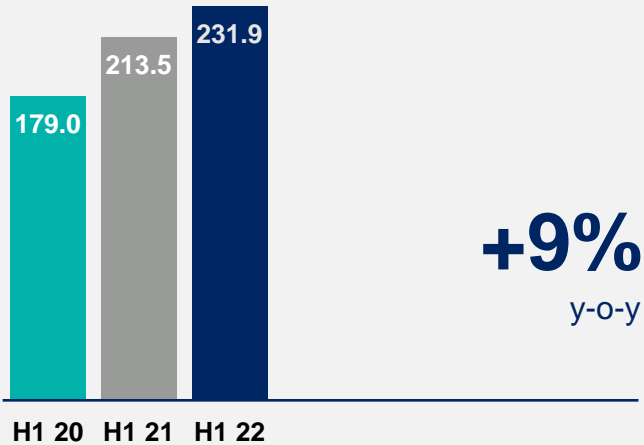
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**Jennifer Mathias**  
Group Chief  
Financial Officer

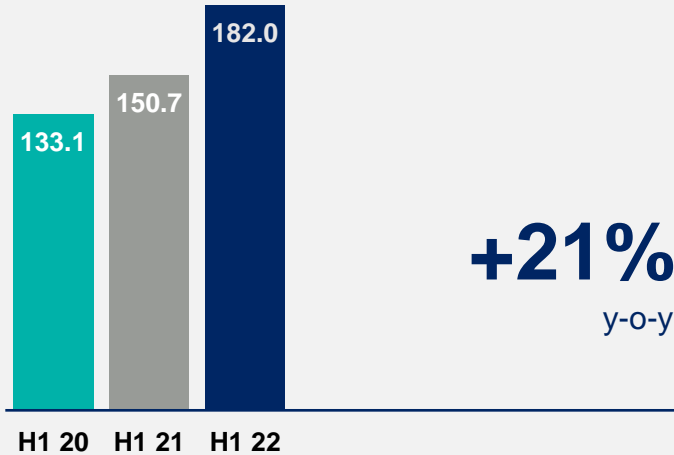
**Rathbones**  
Look forward

# H1 2022 financial highlights

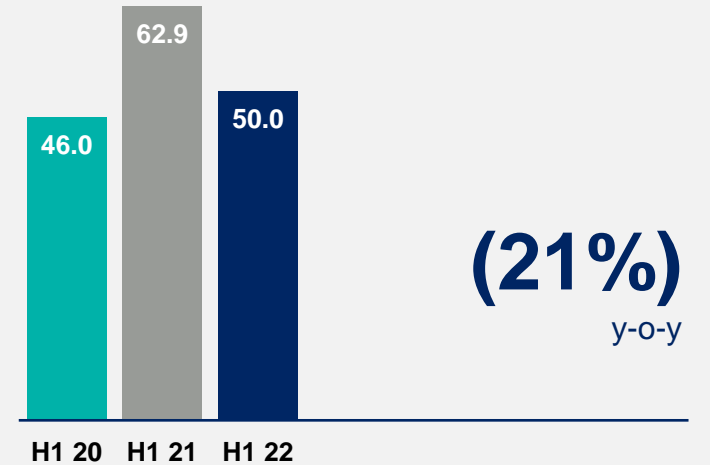
Operating income (£m)



Underlying operating expenses (£m)



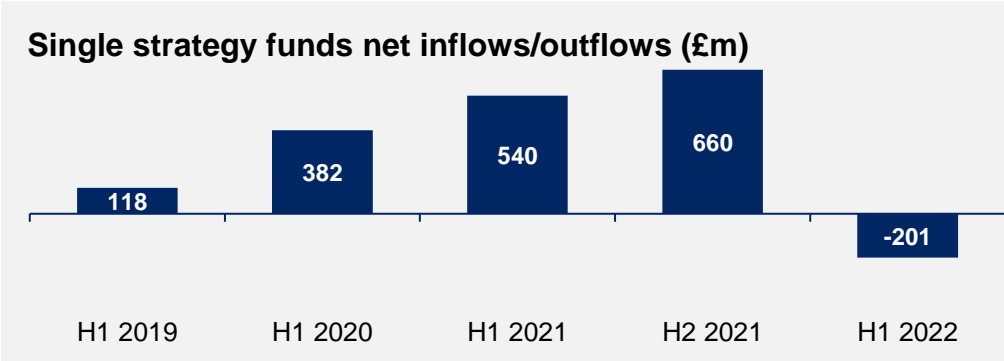
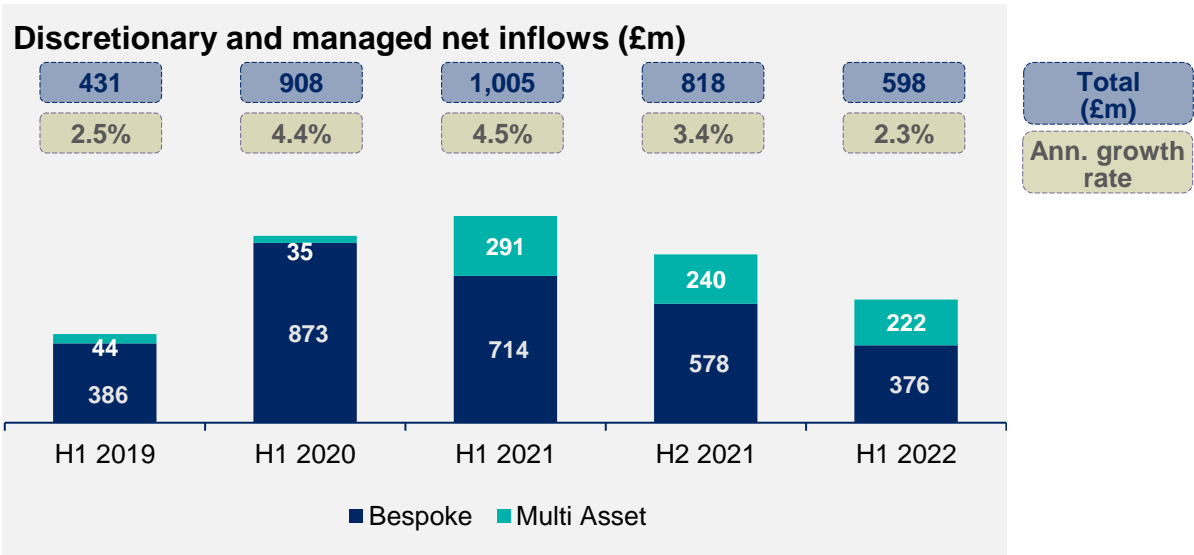
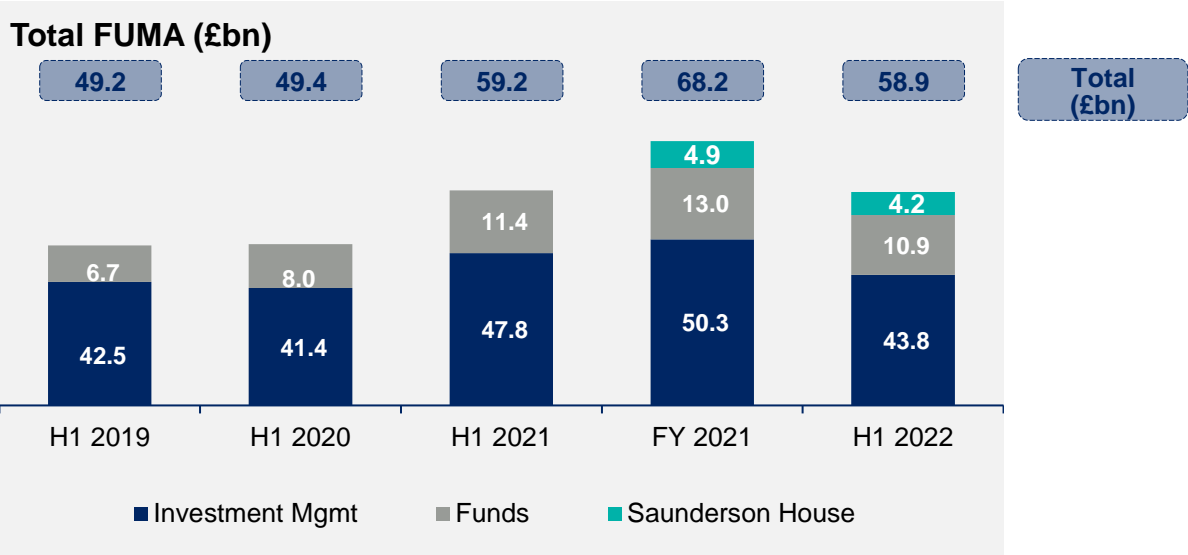
Underlying PBT (£m)



Income resilience in difficult markets  
Ongoing investment and impact of acquisitions



# Positive net inflows despite declining markets



\* Further detail and full tables on slides 23-25



# Diversified income streams

	H1 2022 (£m)	H1 2021 (£m)	% change
<b>Average FTSE 100 Index (on quarterly billing dates)</b>	<b>7392</b>	<b>6887</b>	7
<b>Average MSCI PIMFA index (on quarterly billing dates)</b>	<b>1736</b>	<b>1741</b>	-
Investment management fee income	<b>139.4</b>	140.7	(1)
Rathbone Funds income	<b>32.1</b>	27.8	15
Net commission income	<b>26.9</b>	31.2	(14)
Net interest income	<b>6.1</b>	2.3	165
Fees from advisory services and other income <sup>1</sup>	<b>27.4</b>	11.5	138
<b>Total operating income</b>	<b>231.9</b>	213.5	9

1. Includes income from trust and tax services, Rathbones Financial Planning, Vision Independent Financial Planning and Saunderson House

2. Average BOE base rate H1 22: 70bps, H1 21: 10bps

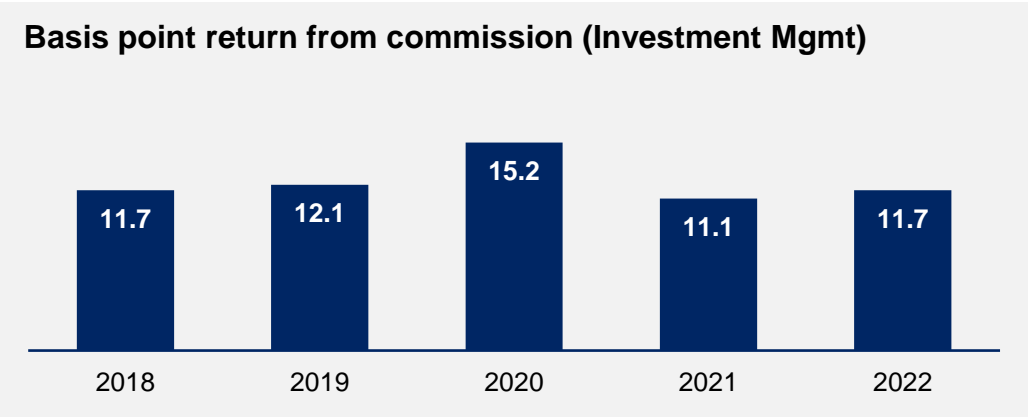
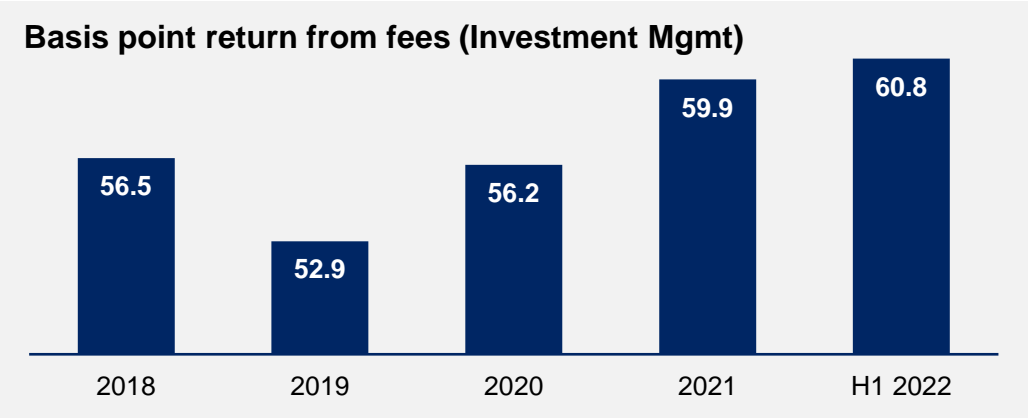
## Consistently high FUMA quality

- Fee income growth ahead of MSCI PIMFA
- Reduced commissions, rising interest rates<sup>2</sup>
- Rising interest income will partially offset H2 commission seasonality
- Ongoing fee growth from advisory services reflects
  - Six months of Saunderson House (£17.0m)

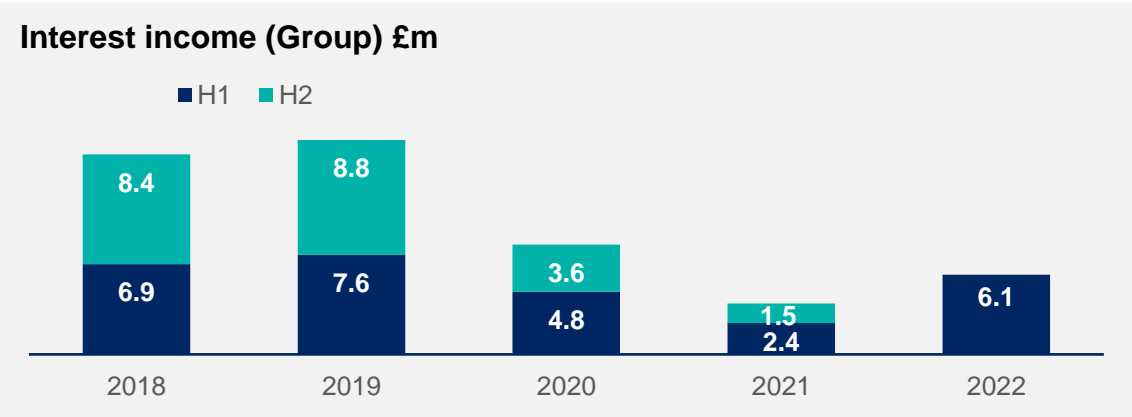
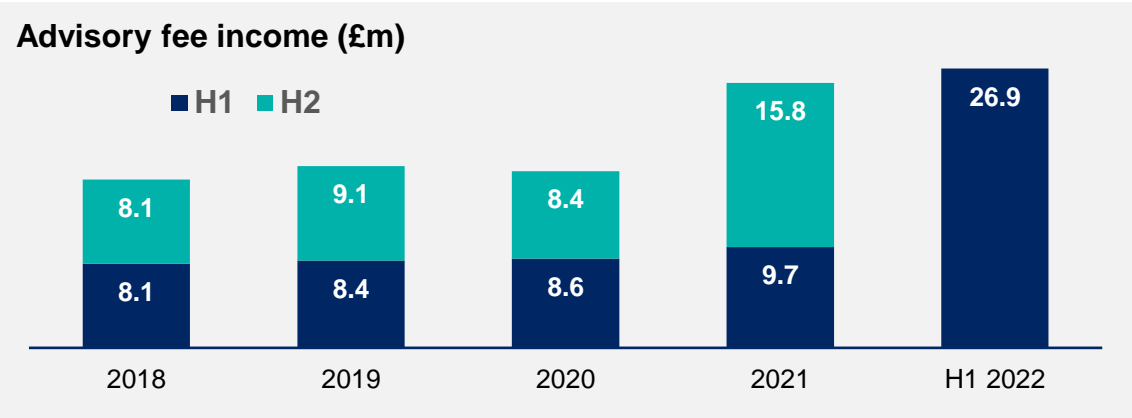
## Resilient revenue margins

- Investment management: 73.0bps (H1 21: 74.2bps)
- Funds: 55.1bps (H1 2021: 54.1bps)

# Resilient fee margin



Basis point return is calculated by dividing annualised income for the period by the average reported quarterly FUM for the period. Interest rate basis point return for Investment Management only was 0.5bps.



# Expense growth supports strategy

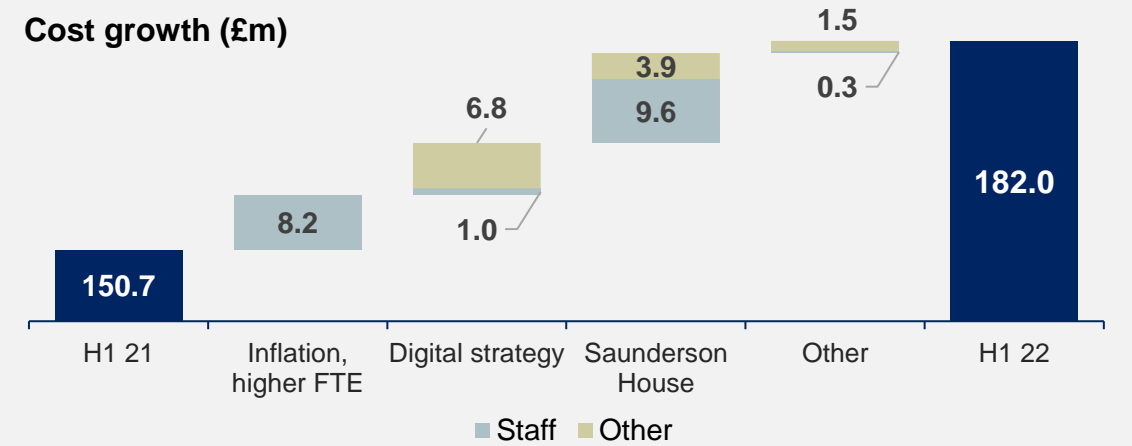
	H1 2022 (£m)	H1 2021 (£m)	% change
Fixed staff costs	79.6	62.9	27
Variable staff costs <sup>1</sup>	44.2	41.9	5
Other operating expenses	58.2	45.9	27
<b>Total underlying operating expenses</b>	<b>182.0</b>	<b>150.7</b>	<b>21</b>
Average FTE <sup>2</sup> employees	2,011	1,645	22
Actual FTE <sup>2</sup> employees	2,041	1,688	21
Performance-related variable staff costs as a % of underlying profit before performance-related variable staff costs and tax	45.9%	39.0%	

1. Includes share-based employment and other awards

2. Full time equivalent

## Costs

Cost growth (£m)



Strategic factors	£m	Exogenous factors	£m
Digital strategy	7.8	Salary inflation	2.0
Saunderson House	13.5	Unwind of temporary COVID benefits	1.8
Targeted hiring	6.2		



# Underlying profit before tax

	H1 2022 (£m)	H1 2021 (£m)	% change
<b>Underlying profit before tax</b>	<b>50.0</b>	62.9	(21)
Charges in relation to client relationships and goodwill	<b>(9.9)</b>	(7.2)	38
Acquisition-related costs	<b>(7.5)</b>	(6.9)	9
<b>Profit before tax</b>	<b>32.6</b>	48.8	(33)
<b>Profit after tax</b>	<b>25.0</b>	38.0	(34)
Effective tax rate	<b>23.4%</b>	22.2%	
<b>Total comprehensive income, net of tax<sup>1</sup></b>	<b>29.3</b>	44.4	
<b>Underlying operating margin</b>	<b>21.5%</b>	29.4%	

1. The difference between profit after tax and total comprehensive income (net of tax) is movements relating to the valuation of the group defined benefit pension scheme.

## Underlying profit before tax

- commitment to planned spend to support future growth

## Acquisition-related costs as guided

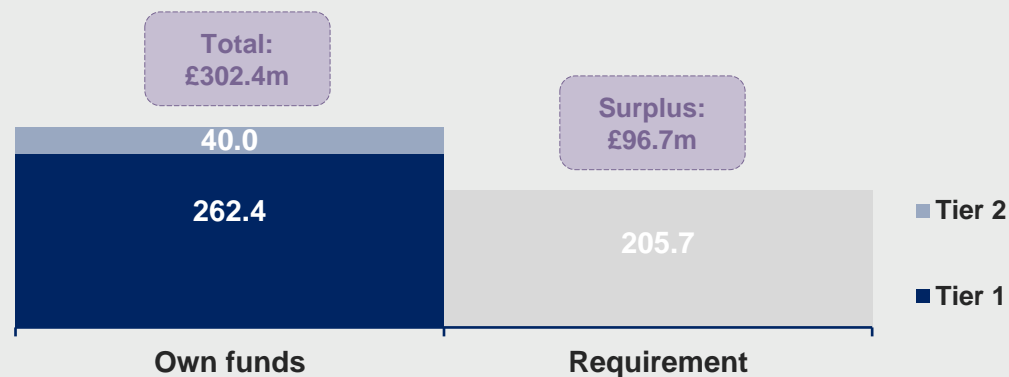
- Saunderson House includes deferred consideration and integration costs; Speirs & Jeffrey includes earn-out deferred consideration
- FY 22 total expected at c.£14m; FY 23 at c. £8m

## Tax rate

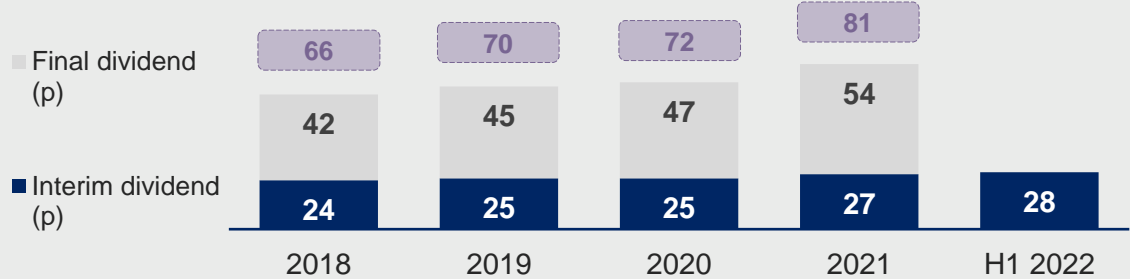
- Tax rate expected to be c.4 percentage points over the statutory rate of tax for 2022

# Strong capital position, stable dividend

30 June 2022 (£m)



## Dividend history



Dividend growth	8.2%	6.1%	2.9%	12.5%
Dividend yield <sup>1</sup>	3.0%	3.5%	4.4%	4.6%

1. The 2018-2021 dividend yields are based on the share prices on the dates of each respective results announcement.

## Surplus capital

- Remain a highly cash generative business
- CET ratio of 16.7%
- Inorganic opportunities

## Capital requirement

- FPC announcement increases countercyclical capital buffer by c.£16m in December 2022 and a further c.£16m in July 2023

## Dividend

- Interim dividend of 28p; £16.4m
- Generally progressive policy remains in place

# Financial outlook for H2 2022

## Revenues

- Expect normal commission seasonality
- Rising Bank of England base rate to positively impact net interest income

## Costs

- Digital costs for 2022 in line with earlier guidance of £20m
- Planned acquisition costs in 2022 to reflect £10m of deferred consideration and integration costs for Saunderson House; £4m for Speirs & Jeffrey deferred consideration
- Ongoing expense discipline- mindful of inflationary environment

Lower market levels will impact near-term margin – now expect operating margins to be in the low 20s for 2022; continue to aim to operating margins of 27-30% from 2024 onwards



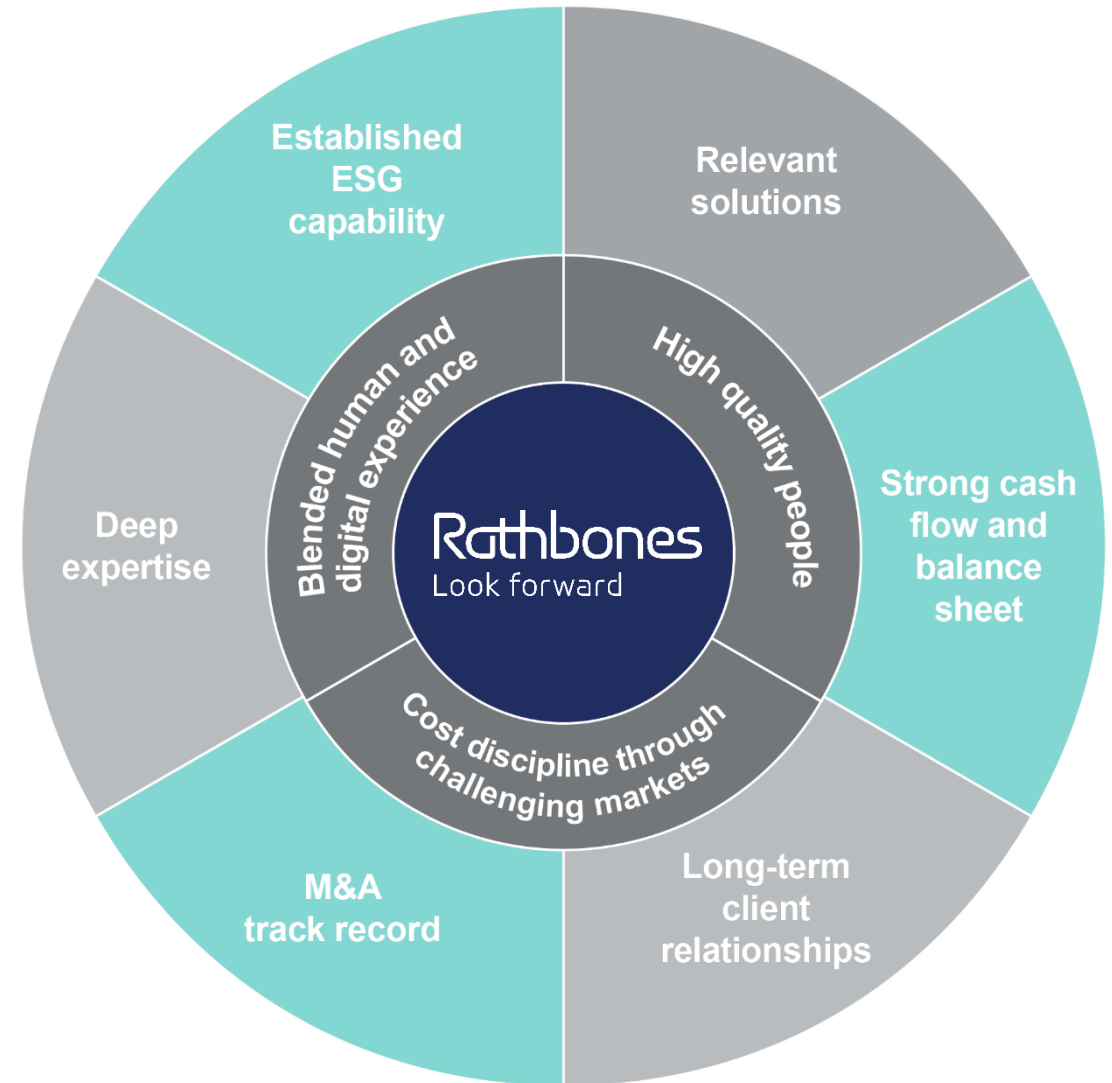


# Looking ahead

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**Paul Stockton**  
Chief Executive

A resilient business  
that is well  
positioned in  
uncertain markets





The image is a long-exposure photograph of a rocky coastline. The water is blurred into a soft, white mist. In the center, there is a vertical white bar. The text "Q&A" is overlaid on this bar.

Q&A

Rathbones  
Look forward





# Appendix



# Accessing the financial advice market

## RFP In-house financial planning

- ‘Whole of market’ advice through in-house financial planners for clients with complex needs
- Regulated advice on a point-in-time or ongoing basis
- Complement and support existing relationships between IMs and their clients
- Increasingly important part of presenting “One Rathbones” in pitches for UHNW clients
- Continued investment for growth
- Acquisition of Saunderson House

## Vision Independent Financial Planning

- Independent IFA network committed to DFM Investment solutions
- Focused on mass affluent to HNW segments
- £2.4bn FUA, 128 self-employed advisers
- Further recruitment of advisers planned

## Distribution of investment services to external IFAs

- Combined RIM/RUTM sales team and market presence with a new integrated proposition to on-board IFA firms
- DFM distribution specialist in each of the 6 regions
- Complemented by existing IM local and other relationships

# Breakdown of flows by service level (H1 2022)

Service level	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net flows (£m)	Service level transfers (£m)	Market movement (£m)	Closing FUM (£m)	Ann net growth (%)
Discretionary service								
Bespoke portfolios	47,986	1,563	(1,262)	301	(161)	(6,381)	41,745	1.3%
Managed via in-house funds	1,264	120	(45)	75	49	(144)	1,244	11.9%
Multi-asset funds	1,991	428	(206)	222		(282)	1,931	22.3%
<b>Total Discretionary and Managed</b>	<b>51,240</b>	<b>2,111</b>	<b>(1,513)</b>	<b>598</b>	<b>(111)</b>	<b>(6,807)</b>	<b>44,920</b>	<b>2.3%</b>
Non-discretionary Investment Management	1,026	10	(37)	(27)	(50)	(117)	832	-5.3%
<b>Total Wealth Management</b>	<b>52,267</b>	<b>2,121</b>	<b>(1,551)</b>	<b>571</b>	<b>(161)</b>	<b>(6,925)</b>	<b>45,752</b>	<b>2.2%</b>
Single-strategy funds	8,316	988	(1,188)	(201)		(1,596)	6,519	-4.8%
Execution only and banking	2,659	118	(231)	(113)	161	(275)	2,432	-8.5%
<b>Total Group (pre- acquisitions)</b>	<b>63,242</b>	<b>3,227</b>	<b>(2,971)</b>	<b>257</b>	<b>-</b>	<b>(8,796)</b>	<b>54,703</b>	<b>0.8%</b>
Saunderson House	4,917	296	(346)	(50)		(623)	4,243	-2.0%
<b>Total Group</b>	<b>68,159</b>	<b>3,523</b>	<b>(3,317)</b>	<b>207</b>		<b>(9,420)</b>	<b>58,946</b>	<b>0.6%</b>

	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net flows (£m)	Service level transfers (£m)	Market movement (£m)	Closing FUM (£m)	Ann net growth (%)
RIM	52,935	1,811	(1,576)	236	-	(6,917)	46,253	0.9%
Inter-Company	(2,683)	(318)	224	(94)	-	338	(2,439)	7.0%
RUTM	12,990	1,734	(1,619)	115	-	(2,217)	10,888	1.8%
Total Group excl. SHL	63,242	3,227	(2,971)	257	-	(8,796)	54,703	0.8%
Saunderson House	4,917	296	(346)	(50)	-	(623)	4,243	-2.0%
<b>Total Group + Acquisitions</b>	<b>68,159</b>	<b>3,523</b>	<b>(3,317)</b>	<b>207</b>	<b>-</b>	<b>(9,420)</b>	<b>58,946</b>	<b>0.6%</b>

# Breakdown of flows by service level (H1 2021)

Service level	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net flows (£m)	Service level transfers (£m)	Market movement (£m)	Closing FUM (£m)	Ann net growth (%)
Discretionary service								
Bespoke Portfolios	42,508	2,127	(1,494)	633	(1)	2,455	45,595	3.0%
Managed via In-House Funds	851	113	(32)	81	72	54	1,058	19.0%
Multi-asset funds	1,319	453	(162)	291	-	45	1,655	44.2%
<b>Total Discretionary and managed</b>	<b>44,677</b>	<b>2,693</b>	<b>(1,688)</b>	<b>1,005</b>	<b>71</b>	<b>2,554</b>	<b>48,307</b>	<b>4.5%</b>
Non-discretionary Investment Management	1,392	17	(126)	(109)	(210)	40	1,114	-15.6%
<b>Total wealth management</b>	<b>46,069</b>	<b>2,710</b>	<b>(1,814)</b>	<b>897</b>	<b>(139)</b>	<b>2,594</b>	<b>49,421</b>	<b>3.9%</b>
Single-strategy funds	6,337	1,354	(814)	540	-	387	7,265	17.1%
Execution only and banking	2,324	129	(260)	(131)	139	166	2,498	-11.3%
<b>Total Group (pre- acquisitions)</b>	<b>54,731</b>	<b>4,193</b>	<b>(2,887)</b>	<b>1,305</b>	<b>-</b>	<b>3,147</b>	<b>59,184</b>	<b>4.8%</b>
Saunderson House	-	-	-	-	-	-	-	-
<b>Total Group</b>	<b>54,731</b>	<b>4,193</b>	<b>(2,887)</b>	<b>1,305</b>	<b>-</b>	<b>3,147</b>	<b>59,184</b>	<b>4.8%</b>

	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net flows (£m)	Service level transfers (£m)	Market movement (£m)	Closing FUM (£m)	Ann net growth (%)
RIM	47,075	2,386	(1,912)	474	-	2,716	50,264	2.0%
Inter-Company	(2,163)	(413)	214	(199)	-	(104)	(2,466)	18.4%
RUTM	9,820	2,220	(1,190)	1,030	-	536	11,386	21.0%
Total Group excl. SHL	54,731	4,193	(2,887)	1,305	-	3,147	59,184	4.8%
Saunderson House	-	-	-	-	-	-	-	-
<b>Total Group + Acquisitions</b>	<b>54,731</b>	<b>4,193</b>	<b>(2,887)</b>	<b>1,305</b>	<b>-</b>	<b>3,147</b>	<b>59,184</b>	<b>4.8%</b>

# Breakdown of inflows by channel

H1 2022	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net flows (£m)	Service level transfers (£m)	Market movement (£m)	Closing FUM (£m)	Ann net growth (%)
Total direct	37,800	1,097	(1,005)	92	(104)	(4,975)	32,814	0.5%
Total indirect	11,449	586	(302)	284	(8)	(1,550)	10,175	5.0%
<b>Total discretionary service</b>	<b>49,249</b>	<b>1,683</b>	<b>(1,307)</b>	<b>376</b>	<b>(111)</b>	<b>(6,525)</b>	<b>42,989</b>	<b>1.5%</b>
Execution only and banking	2,659	118	(231)	(113)	161	(275)	2,432	-8.5%
Non-discretionary IM	1,026	10	(37)	(27)	(50)	(117)	832	-5.3%
<b>Total Investment Management</b>	<b>52,935</b>	<b>1,811</b>	<b>(1,576)</b>	<b>236</b>	<b>0</b>	<b>(6,917)</b>	<b>46,253</b>	<b>0.9%</b>

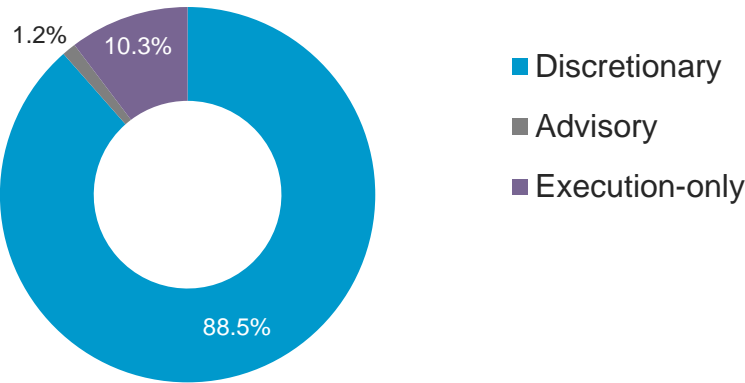
H1 2021	Opening FUM (£m)	Inflows (£m)	Outflows (£m)	Net flows (£m)	Service level transfers (£m)	Market movement (£m)	Closing FUM (£m)	ann net growth (%)
Total direct	33,685	1,574	(1,254)	320	72	1,937	36,014	1.9%
Total indirect	9,674	666	(272)	394	(1)	571	10,639	8.2%
<b>Total discretionary service</b>	<b>43,359</b>	<b>2,240</b>	<b>(1,526)</b>	<b>714</b>	<b>71</b>	<b>2,509</b>	<b>46,653</b>	<b>3.3%</b>
Execution only and banking	2,324	129	(260)	(131)	139	166	2,498	-11.3%
Non-discretionary IM	1,392	17	(126)	(109)	(210)	40	1,114	-15.6%
<b>Total Investment Management</b>	<b>47,075</b>	<b>2,386</b>	<b>(1,912)</b>	<b>474</b>	<b>0</b>	<b>2,716</b>	<b>50,264</b>	<b>2.0%</b>



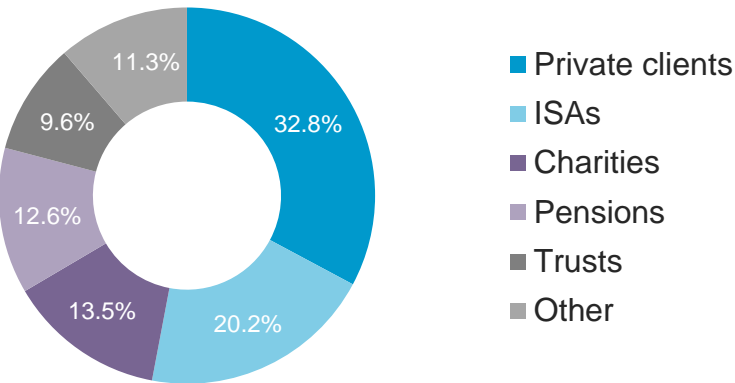
# Investment management client base

## Analysis of funds under management<sup>1</sup>

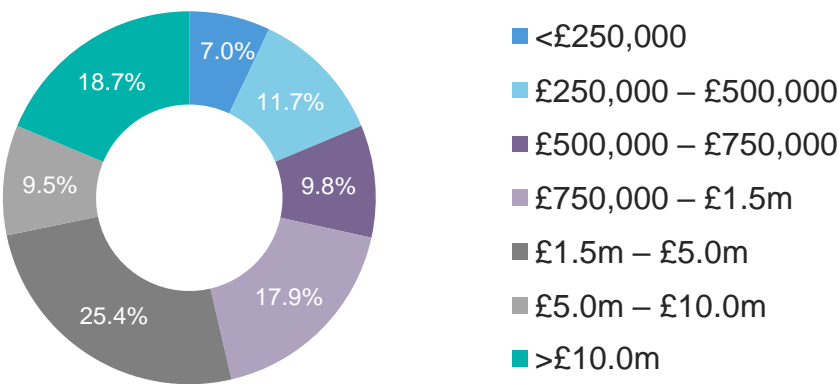
Service level by number



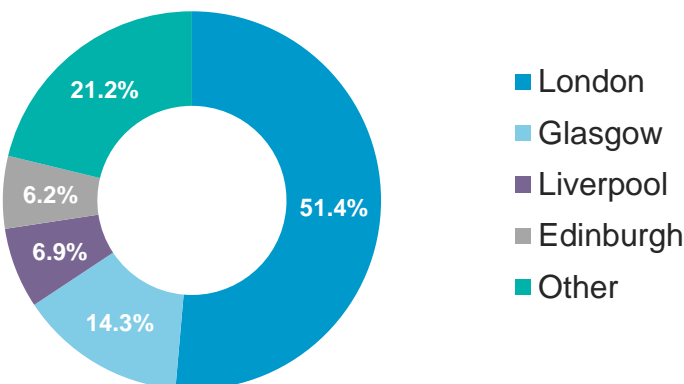
Fund type by value



Size of client relationship by value

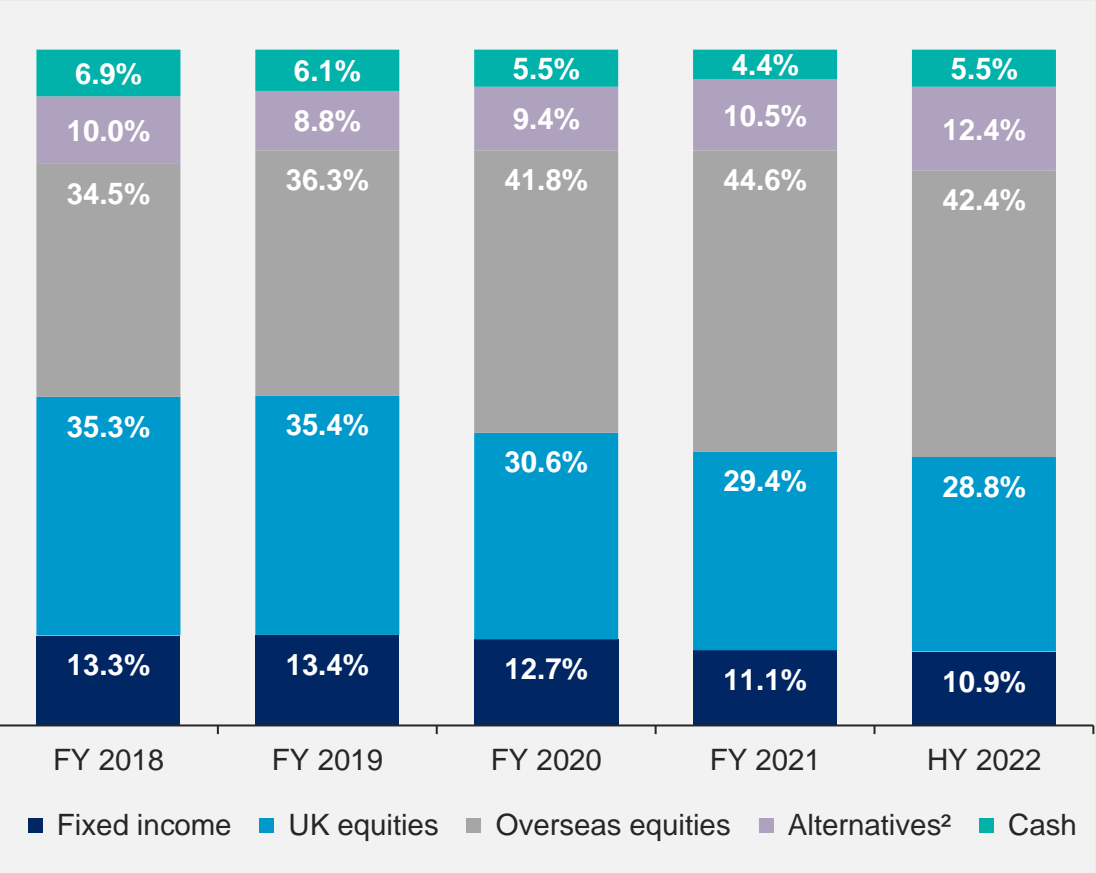


FUM by location



1. As a percentage of total funds under management at 30 June 2022

# Where our clients' assets are invested<sup>1</sup>



Direct holdings

55%

Collectives

45%

1. Total Investment Management at Q2 2022  
2. Including fund of hedge funds and structured products

# Performance – single strategy funds

Performance <sup>1</sup> and quartile ranking at 30 June 2022	1 year		3 year		5 year		10 years		Size of fund (£m) <sup>5</sup>
<b>Rathbone Global Opportunities Fund I Acc</b>	<b>-17.73%</b>	<b>4</b>	<b>21.46%</b>	<b>3</b>	<b>59.03%</b>	<b>1</b>	<b>255.18%</b>	<b>1</b>	<b>3,245.48</b>
Sector: IA Global	-8.77%		21.03%		41.96%		168.62%		
<b>Rathbone Greenbank Global Sustainability Fund I Acc<sup>2</sup></b>	<b>-18.99%</b>	<b>4</b>	<b>17.29%</b>	<b>3</b>					<b>84.21</b>
FTSE World (£)	-2.83%		29.02%						
Sector: IA Global	-8.77%		21.03%						
<b>Rathbone Income Fund I Inc</b>	<b>-1.18%</b>	<b>3</b>	<b>5.96%</b>	<b>3</b>	<b>8.15%</b>	<b>3</b>	<b>106.13%</b>	<b>2</b>	<b>728.66</b>
FTSE All Share	1.64%		7.41%		17.77%		94.61%		
Sector: IA UK Equity Income	-0.27%		8.12%		11.77%		94.45%		
<b>Rathbone UK Opportunities Fund I Inc<sup>3</sup></b>	<b>-23.43%</b>	<b>4</b>	<b>-0.22%</b>	<b>3</b>	<b>1.40%</b>	<b>4</b>	<b>87.99%</b>	<b>3</b>	<b>51.29</b>
FTSE All Share	1.64%		7.41%		17.77%		94.61%		
Sector: IA UK All Companies	-8.49%		3.94%		10.89%		94.35%		
<b>Rathbone Ethical Bond Fund I Acc</b>	<b>-14.58%</b>	<b>3</b>	<b>-2.88%</b>	<b>1</b>	<b>5.42%</b>	<b>1</b>	<b>60.59%</b>	<b>1</b>	<b>2,285.87</b>
Sector: IA Sterling Corporate Bond	-12.86%		-4.80%		1.09%		35.30%		
<b>Rathbone High Quality Bond Fund I Acc<sup>4</sup></b>	<b>-7.82%</b>		<b>-4.62%</b>						<b>223.03</b>
Bank of England Base Rate +0.5%	0.90%		2.59%						
<b>Rathbone Strategic Bond Fund I Acc</b>	<b>-11.53%</b>	<b>3</b>	<b>-1.88%</b>	<b>2</b>	<b>3.19%</b>	<b>3</b>	<b>36.78%</b>	<b>3</b>	<b>148.96</b>
Sector: IA Sterling Strategic Bond	-10.20%		-1.09%		4.52%		36.04%		

1. Performance figures and indices are stated on a total return basis

2. Rathbone Global Sustainability Fund launched on 16th July 2018. Formerly known as the Rathbone Global Sustainability Fund. The name was changed to Rathbone Greenbank Global Sustainability Fund on 14<sup>th</sup> June 2021

3. Formerly known as the Rathbone Recovery Fund. The name was changed to Rathbone UK Opportunities Fund on 23rd October 2017

4. Performance is a combination of I-Class shares and S-Class shares (where I-Class was unavailable). I-Class shares were launched on 23rd July 2019. (Performance from 19th November 2018)

5. Overall fund (mid-market) value (including all onshore share/unit classes)

# Performance – multi-asset funds

Discrete year performance <sup>1</sup> at 30 June 2022	1 year	3 years	5 years	10 years	Size of fund (£m) <sup>5</sup>
<b>Rathbone Multi-Asset Total Return Portfolio S Inc<sup>2</sup></b>	<b>-2.33%</b>	<b>8.18%</b>	<b>15.36%</b>	<b>49.48%</b>	<b>379.53</b>
Bank of England Base Rate +2%	2.41%	7.26%	12.85%	27.46%	
Volatility as % of FTSE Developed (£) [Target <33%]	40.26%	36.37%	34.48%	35.59%	
<b>Rathbone Multi-Asset Defensive Growth Portfolio S Acc<sup>4</sup></b>	<b>-4.84%</b>				<b>259.97</b>
UK Consumer Price Index +2% <sup>3</sup>	11.21%				
Volatility as % of FTSE Developed (£) [Target ≤50.00%]	53.91%				
<b>Rathbone Multi-Asset Strategic Income Portfolio S Inc</b>	<b>-4.49%</b>	<b>4.40%</b>	<b>12.38%</b>		<b>95.48</b>
UK Consumer Price Index +3% <sup>3</sup>	12.30%	22.34%	35.57%		
Volatility as % of FTSE Developed (£) [Target <66%]	52.10%	59.87%	56.78%		
<b>Rathbone Multi-Asset Strategic Growth Portfolio S Inc<sup>2</sup></b>	<b>-6.99%</b>	<b>9.46%</b>	<b>21.15%</b>	<b>90.99%</b>	<b>1,601.44</b>
UK Consumer Price Index +3% <sup>3</sup>	12.30%	22.34%	35.57%	69.28%	
Volatility as % of FTSE Developed (£) [Target <66%]	71.42%	65.16%	63.91%	62.03%	
<b>Rathbone Multi-Asset Dynamic Growth Portfolio S Acc<sup>4</sup></b>	<b>-8.98%</b>				<b>131.93</b>
UK Consumer Price Index +4% <sup>3</sup>	13.39%				
Volatility as % of FTSE Developed (£) [Target ≤83.33%]	79.40%				
<b>Rathbone Multi-Asset Enhanced Growth Portfolio S Acc<sup>2</sup></b>	<b>-10.95%</b>	<b>14.09%</b>	<b>28.25%</b>	<b>123.18%</b>	<b>215.07</b>
UK Consumer Price Index +5% <sup>3</sup>	14.48%	29.60%	49.25%	105.16%	
Volatility as % of FTSE Developed (£) [Target <100%]	96.39%	90.61%	88.51%	92.16%	

These funds are part of the volatility managed sector where quartile rankings are prohibited in the Investment Association guidelines

1. Performance figures are stated on a total return basis

2. Performance is a combination of S-Class shares and R-Class shares (where S-Class was unavailable). S-Class shares were launched on 1st October 2012

3. UK Consumer Price Inflation figures quoted with a 1 month lag

4. Rathbone Multi-Asset Defensive Growth Portfolio and Rathbone Multi-Asset Dynamic Growth Portfolio launched on 19 June 2020

5. Overall fund (mid-market) value (including all onshore share/unit classes)



# Performance- Greenbank multi-asset funds

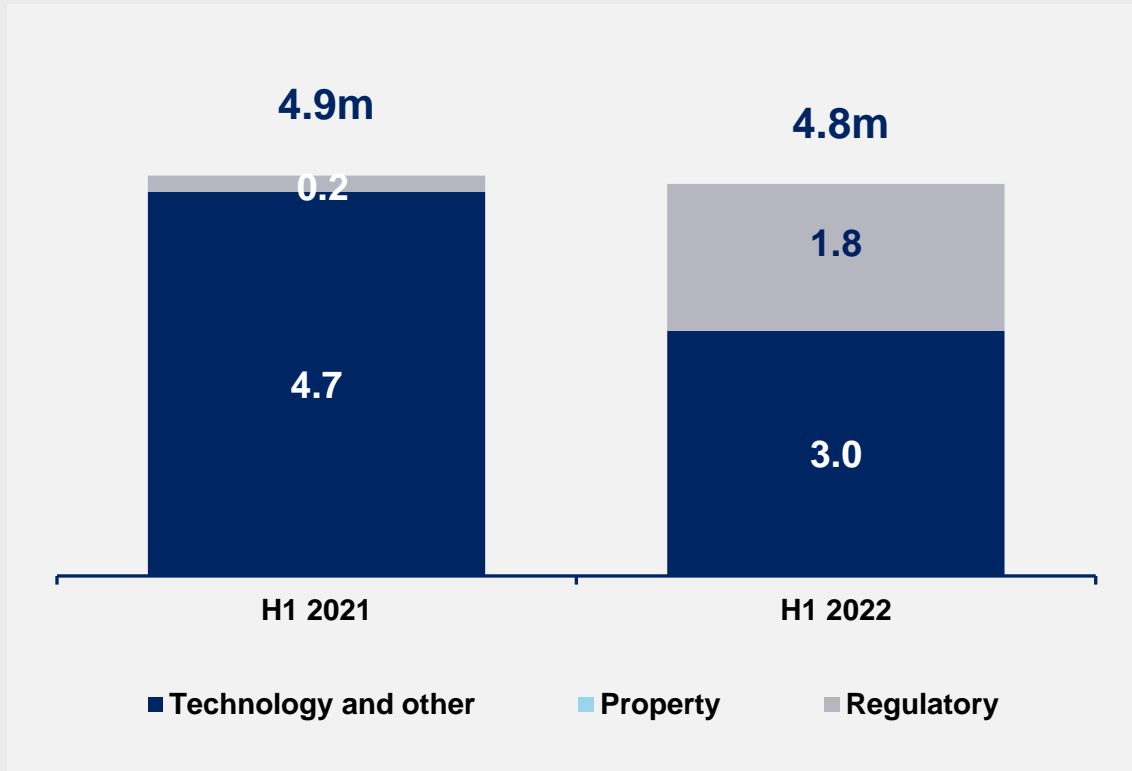
Discrete year performance <sup>1</sup> at 30 June 2022	1 year	3 years	5 years	10 years	Size of fund (£m) <sup>5</sup>
<b>Rathbone Greenbank Multi-Asset Total Return Portfolio S Acc<sup>3</sup></b>	<b>-5.72%</b>				<b>15.35</b>
Bank of England Base Rate +2%	2.41%				
<b>Rathbone Greenbank Multi-Asset Defensive Growth Portfolio S Acc<sup>3</sup></b>	<b>-7.06%</b>				<b>33.66</b>
UK Consumer Price Index +2% <sup>2</sup>	11.21%				
<b>Rathbone Greenbank Multi-Asset Strategic Growth Portfolio S Acc<sup>3</sup></b>	<b>-8.42%</b>				<b>61.08</b>
UK Consumer Price Index +3% <sup>2</sup>	12.30%				
<b>Rathbone Greenbank Multi-Asset Dynamic Growth Portfolio S Acc<sup>3</sup></b>	<b>-10.10%</b>				<b>17.88</b>
UK Consumer Price Index +4% <sup>2</sup>	13.39%				

These funds are part of the volatility managed sector where quartile rankings are prohibited in the Investment Association guidelines

1. Performance figures are stated on a total return basis
2. UK Consumer Price Inflation figures quoted with a 1 month lag
3. Rathbone Greenbank Multi-Asset Portfolios launched on 29th March 2021
4. Overall fund (mid-market) value (including all onshore share/unit classes)

# Total capital expenditure

Capital expenditure (£m)



## Technology and other

- Proportion that can be capitalised is reducing as we transition to modern, cloud based solutions

## Property

- H2 22 will increase as we develop hybrid capability and account for the relocation of our premises in Edinburgh

## Regulatory

- Spend reduced as a number of regulatory projects completed

# Earnings per share

	H1 2022			H1 2021		
	Pre tax (£m)	Post tax (£m)	EPS (p) <sup>1</sup>	Pre tax (£m)	Post tax (£m)	EPS (p) <sup>2</sup>
<b>Underlying profit attributable to shareholders</b>	<b>50.0</b>	<b>39.6</b>	<b>67.6</b>	62.9	50.3	92.5
Charges in relation to client relationships and goodwill	(9.9)	(8.0)	(13.7)	(7.2)	(5.8)	(10.7)
Acquisition-related costs	(7.5)	(6.6)	(11.2)	(6.9)	(6.5)	(11.9)
<b>Profit attributable to shareholders</b>	<b>32.6</b>	<b>25.0</b>	<b>42.7</b>	48.8	38.0	69.9

1. Weighted average number of shares in issue in the period ended 30 June 2022 = 58,528,000

2. Weighted average number of shares in issue in the period ended 30 June 2021 = 54,332,383

# Segmental results

30 June 2022	Investment Management (£m)	Funds (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	139.4	32.1	-	171.5
Net commission income	26.9	-	-	26.9
Net interest income	6.1	-	-	6.1
Fees from advisory services and other income	27.7	(0.3)	-	27.4
<b>Operating income</b>	<b>200.1</b>	<b>31.8</b>	<b>-</b>	<b>231.9</b>
Staff costs – fixed	(54.5)	(3.8)	(21.3)	(79.6)
Staff costs – variable	(34.8)	(7.0)	(2.4)	(44.2)
Other direct expenses	(38.7)	(5.2)	(31.6)	(75.5)
Allocation of indirect expenses	(50.1)	(4.1)	54.2	-
<b>Profit before tax</b>	<b>22.0</b>	<b>11.7</b>	<b>(1.1)</b>	<b>32.6</b>

30 June 2021	Investment Management (£m)	Funds (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	140.7	27.8	-	168.5
Net commission income	31.2	-	-	31.2
Net interest income	2.3	-	-	2.3
Fees from advisory services and other income	10.6	0.9	-	11.5
<b>Operating income</b>	<b>184.8</b>	<b>28.7</b>	<b>-</b>	<b>213.5</b>
Staff costs – fixed	(43.8)	(2.3)	(16.8)	(62.9)
Staff costs – variable	(29.8)	(6.8)	(5.2)	(41.8)
Other direct expenses	(33.9)	(5.9)	(20.2)	(60.0)
Allocation of indirect expenses	(37.7)	(4.1)	41.8	-
<b>Profit before tax</b>	<b>39.6</b>	<b>9.6</b>	<b>(0.4)</b>	<b>48.8</b>



# Analysing the balance sheet

Assets	30/06/22 (£'000)	30/06/21 (£'000)
Cash and balances with central banks	1,683,670	1,414,086
Settlement balances	137,672	127,818
Loans and advances to banks	186,206	158,986
Loans and advances to customers <sup>1</sup>	189,960	186,166
Investment securities – fair value through profit or loss	11,906	112,579
Investment securities – amortised cost	829,970	714,765
Prepayments, accrued income and other assets	124,260	116,285
Property, plant and equipment	14,012	13,814
Right of use assets	41,606	42,460
Deferred tax asset	-	3,406
Current tax asset (UK)	6,167	247
Retirement benefit asset	15,887	-
Intangible assets	365,245	228,417
<b>Total assets</b>	<b>3,606,561</b>	<b>3,119,029</b>

Banking operational  
and shareholder cash

Working capital

Financing related

Equity capital related

Liabilities	30/06/22 (£'000)	30/06/21 (£'000)
Deposits by banks	19,587	1,604
Settlement balances	139,916	152,745
Due to customers	2,582,703	2,193,869
Accruals, deferred income and other liabilities	122,799	100,667
Lease liabilities	52,739	53,627
Current tax liabilities (Overseas)	275	-
Deferred tax liability	11,523	-
Subordinated loan notes	39,892	19,964
Retirement benefit obligation	-	1,690
<b>Total liabilities</b>	<b>2,980,418</b>	<b>2,524,166</b>

## Equity

Called up share capital	3,152	3,070
Share premium/other reserves	335,526	312,452
Retained earnings	287,465	279,341
<b>Total equity</b>	<b>626,143</b>	<b>594,863</b>

<b>Total liabilities and equity</b>	<b>3,606,561</b>	<b>3,119,029</b>
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1. Loans and advances to customers largely consist of the investment management loan book, but also include overdrafts, trust and financial planning debtors and other debtors

# Other information – investment management

	H1 2022	H1 2021	Change
<b>Investment Management</b>			
Operating income <sup>1</sup> per investment manager (£m)	<b>0.5</b>	0.5	-
Average FUM per investment manager (£m)	<b>142.2</b>	151.7	(6.3)%
Operations and support staff <sup>2</sup> to investment manager ratio	<b>2.1</b>	2.1	-
Average FUM per client <sup>3</sup> (£'000)	<b>622</b>	668	(6.9)%

1. Operating income excluding interest on own reserves, interest payable on Tier 2 note issued, fees from advisory income and other income

2. Includes secretarial and administrative support and Investment Management operations staff

3. Excludes charity clients

# Investment management – number of investment managers and FUMA per office

Office location	Number of investment managers <sup>1</sup>	Investment management funds under management and administration (£bn at 30/06/22)
London	143	23.8
Glasgow	51	6.6
Liverpool	29	3.1
Edinburgh	27	2.9
Other offices <sup>2</sup>	88	9.9
<b>Total</b>	<b>338</b>	<b>46.3</b>

1. As at 30 June 2022, excluding 21 fund managers in the Funds business

2. Including: Aberdeen, Birmingham, Bristol, Cambridge, Chichester, Exeter, Kendal, Lymington, Newcastle, Winchester and the Rathbone Investment Management International office in Jersey

# Our future responsible investment approach

**Our ambition is to cater to the needs of all clients – whether their interest in ESG factors is driven simply by financial materiality or by specific sustainability preferences.**



## Flexible responsible investment

- Consider material ESG risks and opportunities alongside financial risks and opportunities
- Sustainability themes incorporated into the assessment of investment fundamentals
- Client preferences can incorporate selected exclusion screening and/or sustainability preferences

## Ethical/sustainable/impact Investment

- Emphasis of ethical, sustainable, impact investment themes, with robust ESG screens
- Detailed client preferences reflected throughout portfolio construction
- Alignment of ESI<sup>1</sup> approach across all portfolios with stock universe determined by integrated investment and ESI<sup>1</sup> research process

1. Ethical, sustainable and impact



# Responsible business at Rathbones

Our alignment with the **Sustainable Development Goals**



Our **responsible** business programme consists of four pillars.

Pillar	Highlights from H1 2022
Responsible investment	<ul style="list-style-type: none"><li>— Published responsible investment report</li><li>— Listed as a signatory of the Stewardship Code</li><li>— PRI strategy and governance score A+</li><li>— All investment teams have completed the CISI qualification on responsible investing</li><li>— 45% of clients interacting with MyRathbones</li><li>— Resolutions voted on behalf of clients – 9,147</li><li>— Companies engaged with 516 up from 470 in 2021</li><li>— Votes Against Slavery now up to 122 global investors with £9.6trn, and a very successful year. All 44 contacted companies responded, 27 made changes following our direct engagement. Nine direct meetings conducted in the year with target companies to address wider supply chain management</li><li>— Gender and racial diversity – wrote to all non-compliant companies in Q1. Of 33 identified non-compliant companies, 39% had provided us with a clear timeline for compliance</li><li>— ESG &amp; Pay - all 34 FTSE 100 companies we identified as not currently linking executive pay to any ESG performance targets have responded. 90% of FTSE 100 have included an ESG measure in executive pay</li><li>— Net Zero: 15/35 companies we have written to so far have responded. Meetings have taken place with eight</li><li>— Engaged with two oil and gas companies ahead of their AGMs</li></ul>

MSCI



ESG rating: AA

MORNINGSTAR

SUSTAINALYTICS

ESG risk rating: 21.0/100 (medium risk)



FTSE4Good



Climate score: C

Signatory of:

PRI

Principles for Responsible Investment

Strategy and governance score: A+

# Responsible business at Rathbones

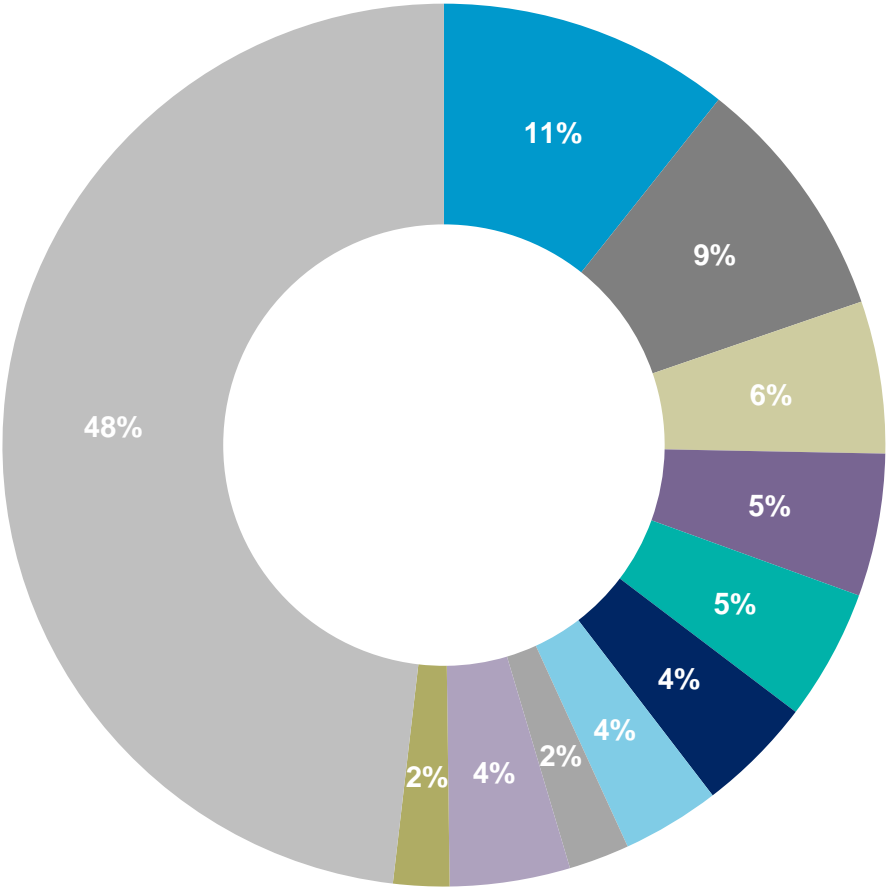
Our alignment with the **Sustainable Development Goals**



Our responsible business programme consists of four pillars.

Pillar	Highlights from H1 2022
Our people	<ul style="list-style-type: none"><li>— Updated our diversity, equality and inclusion plan</li><li>— Gender Pay Gap Report published</li><li>— Second year support of #10,000 Black Interns</li><li>— Joined the Business Disability Forum</li><li>— Supported Liverpool Pride</li><li>— Increased employee surveys to quarterly, latest results showed engagement score of 8/10 (0.3 above financial services benchmark)</li><li>— Textio introduced to support inclusive job adverts and people communications</li></ul>
Society and communities	<ul style="list-style-type: none"><li>— Published our updated Modern Slavery Statement</li><li>— Rolled out our supplier ESG review beyond our critical, strategic and preferred partners almost doubling spend covered based on YE 2021</li><li>— Calculated and published supply chain footprint for the first time</li><li>— Benchmarked our suppliers for alignment with the science-based targets initiative</li><li>— Supported the Disasters Emergency Committee and Red Cross Ukraine appeals</li><li>— Confirmed our second year of support for the Global Innovation Challenge, with Social Shifters</li><li>— Entered partnership with The Tree Council supporting the Queen's Green Canopy</li></ul>
Our environmental impact	<ul style="list-style-type: none"><li>— Published our first standalone Task Force on Climate-related Disclosure report</li><li>— Undergoing verification of our targets with the Science-Based Targets Initiative</li><li>— Circa 60% of our clients are now reviewing digital updates rather than hard copy</li><li>— Calculated the impact of working from home on our footprint and published expanded carbon report</li><li>— Partnered with Climate Impact Partners to purchase and retire credits for our 2021 operational footprint</li><li>— Further consolidation of our data centres delivered power usage reductions of 18% in London and just over 21% in Manchester (in the twelve months leading up to March 22)</li><li>— Consolidated our Scottish offices and moved into our BREEAM rated very good Edinburgh office</li></ul>

# Shareholders at 30 June 2022



- Lindsell Train
- Current Rathbones staff
- Franklin Resources
- Heronbridge
- Aviva Investors
- Blackrock
- Aberforth
- Slater Investments
- Vanguard Group
- Montanaro
- Other

# Investment management – annual management fees for direct private clients<sup>1</sup>

Discretionary management fees (subject to VAT)	Applied across main funds and ISA funds (pa) <sup>2</sup>
First £250,000	1.20%
Next £500,000	1.00%
Next £750,000	0.75%
Balance over £1,500,000	0.50%
<b>Illustration of fees (how our management fees are applied to a portfolio of £400,000 VAT should be added)</b>	
£250,000 charged at 1.20%	£3,000
£150,000 charged at 1.00%	£1,500
Total annual management fee	£4,500

**Our fee is completely transparent and we do not charge:**

- Fixed and minimum fees
- Dealing and commission charges
- Third party brokerage charges
- Set-up and exit fees
- Transfer in or out charges
- Custody or platform fees
- Performance fees

1. With effect from 1 January 2015 for new clients only  
2. Management fees are calculated on the aggregate value of a defined group of related funds

# Important information

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

- Information valid at date of presentation.
- Tax regimes, bases and reliefs may change in the future.
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