

Rathbone Brothers Plc

Funds under management up 4.7% to £35.8 billion

Rathbone Brothers Plc (“Rathbones”) announces a trading update for the period from 1 January 2017 to 31 March 2017.

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

“Strong investment markets and continuing growth helped our funds under management reach £35.8 billion during the first quarter of 2017, up 4.7% from 31 December 2016, and 22.2% from a year ago.

“Our investment businesses continue to perform well and activity is high across the group as we continue to progress towards our strategic goals. We continue to seek further growth opportunities, but remain mindful of continuing political and economic uncertainties.”

Highlights:

- Total funds under management were £35.8 billion at the end of the first quarter*, up 4.7% from £34.2 billion at 31 December 2016 and 22.2% from £29.3 billion a year ago. In the first quarter, the FTSE 100 Index increased 2.6% and the MSCI WMA Private Investor Balanced Index increased 3.1%.
- Total net growth of funds under management in Investment Management was £318 million, representing a total net annualised growth rate of 4.2% (2016: 3.6%). This comprises net organic growth of £248 million and acquired inflows of £70 million for the quarter. Net organic growth in the first quarter represents an annualised growth rate of 3.3% compared to 1.5% in the first three months of 2016.
- Funds under management in Unit Trusts increased 10.0% to £4.4 billion at 31 March 2017 from £4.0 billion at 31 December 2016, with net inflows of £109 million during the quarter. Net operating income of £7.3 million (2016: £5.4 million) was up 35.2% year on year in the first three months of 2017.
- Net operating income in Investment Management of £63.3 million (2016: £53.5 million) was up 18.3% year on year in the first three months of 2017. The FTSE 100 Index was 7332 on our 5 April billing date, up 20.4% compared to 6091 on the same date in 2016. The MSCI WMA Private Investor Balanced Index, measured over the same period, increased by 17.2%.
- Fee income of £46.0 million (2016: £37.7 million) rose 22.0% year on year reflecting positive markets and growth in organic and acquired new business over the period.
- Commission income of £11.0 million (2016: £9.8 million) was up 12.2% year on year, reflecting higher trading volumes particularly towards the end of the tax year.
- Net interest income of £2.8 million in the first three months of 2017 was inline with the £2.8 million earned in the corresponding period in 2016. Cash in client portfolios increased to £2.1 billion in the first quarter of 2017 (2016 average: £1.6 billion). Loans and advances to customers were £120.3 million at 31 March 2017, up 8.4% on the £111.0 million at 31 December 2016.
- Fees from advisory services and other income grew 9.4% to £3.5 million (2016: £3.2 million), largely reflecting growth in the Vision group since its acquisition in 2015.

* 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		
	2017	2016	Change
	£m	£m	%
Investment Management			
- Fees	46.0	37.7	22.0%
- Commissions	11.0	9.8	12.2%
- Net interest income	2.8	2.8	0.0%
- Fees from advisory services ¹ & other income	3.5	3.2	9.4%
	63.3	53.5	18.3%
Unit Trusts	7.3	5.4	35.2%
Net operating income	70.6	58.9	19.9%

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

Funds under management

(i) Investment Management

	Period ended 5 April ²		
	2017	2016	Change
	£m	£m	%
Opening FUM (1 January)	30,184	26,126	
Inflows	895	616	
Organic new business	825	482	
Acquired new business	70	134	
Outflows	(577)	(382)	
Market effect and investment performance	960	(210)	
Closing FUM (5 April)	31,462	26,150	20.3%
Underlying annualised rate of net organic growth	3.3%	1.5%	
Total annualised net organic and acquired growth	4.2%	3.6%	
FTSE 100 Index (5 April)	7332	6091	20.4%
MSCI WMA Private Investor Balanced Index (5 April)	1538	1312	17.2%

(ii) Unit Trusts

	3 months ended 31 March		
	2017	2016	Change
	£m	£m	%
Opening FUM (1 January)	4,051	3,073	
Inflows	355	263	
Outflows	(246)	(133)	
Market effect and investment performance	201	(35)	
Closing FUM (31 March)	4,361	3,168	37.7%
Total funds under management³	35,823	29,318	22.2%

(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 £967 million (2016: £877 million) of funds under execution only mandates.

The FTSE 100 Index closed at 7385 on 10 May 2017, a rise of 0.7% since 5 April 2017, 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 2017.

Rathbone Brothers Plc's interim results for the six months to 30 June 2017 will be announced on 25 July 2017.

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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. 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 1,100 staff in 16 UK locations and Jersey; its headquarters is 8 Finsbury Circus, London.

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