

ST. JAMES'S PLACE
WEALTH MANAGEMENT

————— OCTOBER 2013 —————



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Third quarter IMS: Highlights

New business

- Total single investments of £1.7 billion – up 27%
- Total new business on an APE basis of £203.9 million – up 23%

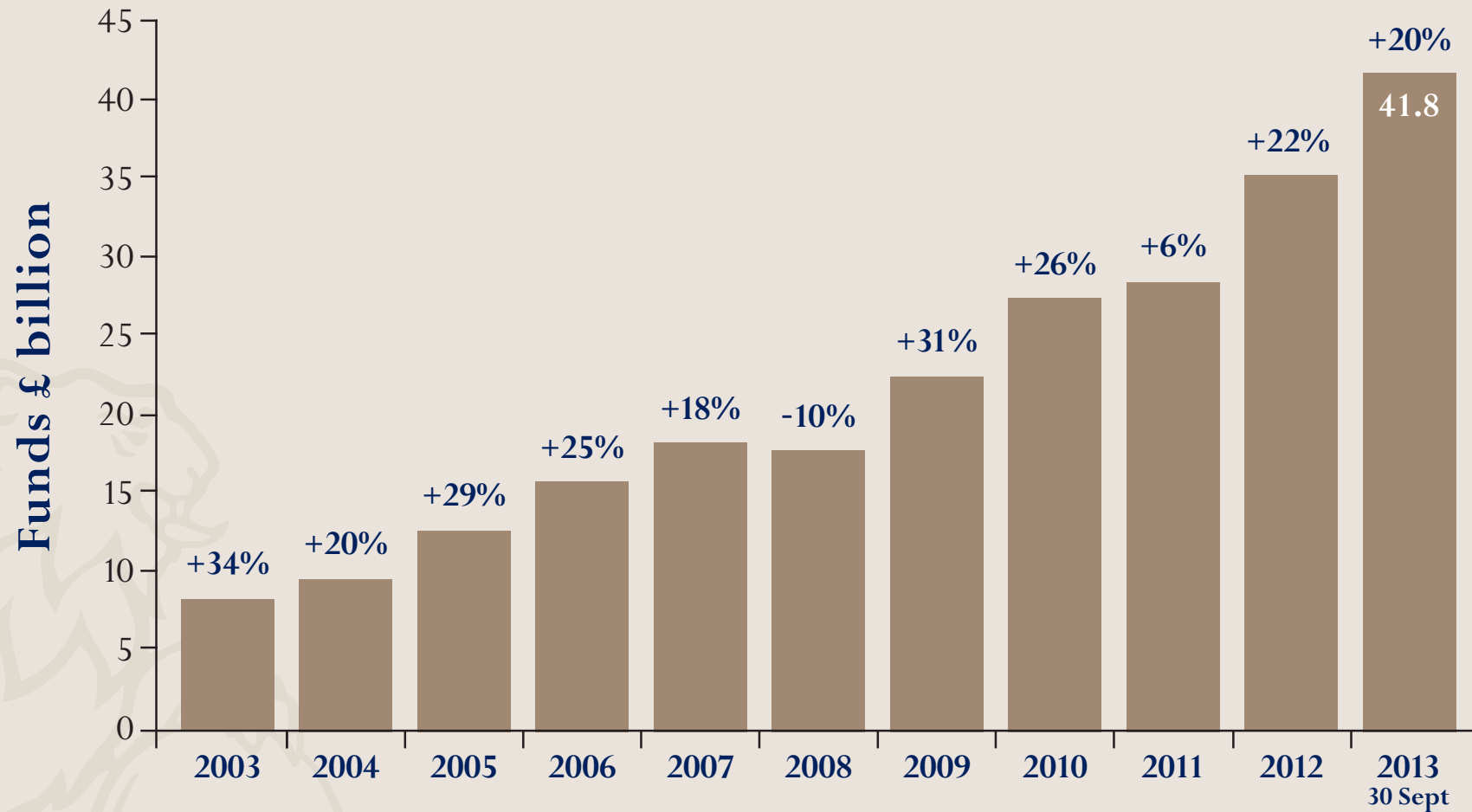
Funds under management

- Net inflow of funds under management of £1.03 billion – up 37%
- Continue to retain 95% year on year
- Funds under management of £41.8 billion – up 20% in first 9 months



Funds under management

20% p.a. compound growth over the last 5 years and 19% p.a. over 10 years (at September 2013)





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Review of first half 2013





New business

- Total single investments of £3.5 billion – up 28%
- Total new business on an APE basis of £426.5 million – up 21%
- Our own business represents 88% of the total

Funds under management

- Net inflow of funds under management of £1.99 billion – up 32%
- Continue to retain 95% year on year
- Funds under management of £39.9 billion – up 29% over the 12 months



Partnership

- Partnership numbers 1,905 - up 6.5%

Profits

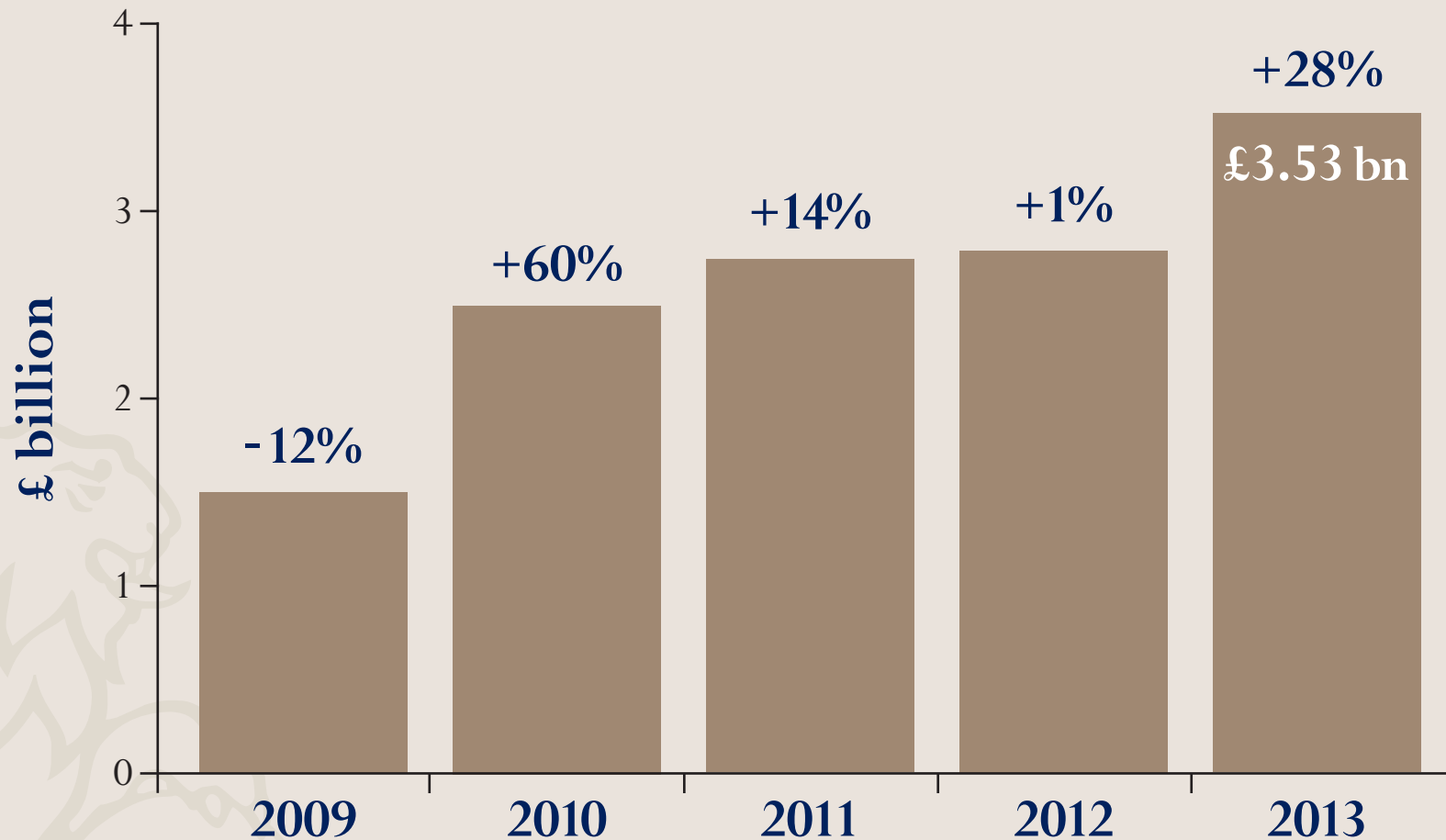
- EEV new business profit £152.4 million – up 26%
- EEV operating profit £233.6 million – up 39%
- IFRS operating profit £90.1 million – up 53%

Other financials

- EEV net asset value of 524.1 pence per share – up 26%
- Underlying cash result of £66.9 million – up 60%
- Total cash result of £82.6 million – up 84%
- Interim dividend of 6.38 pence – up 50%

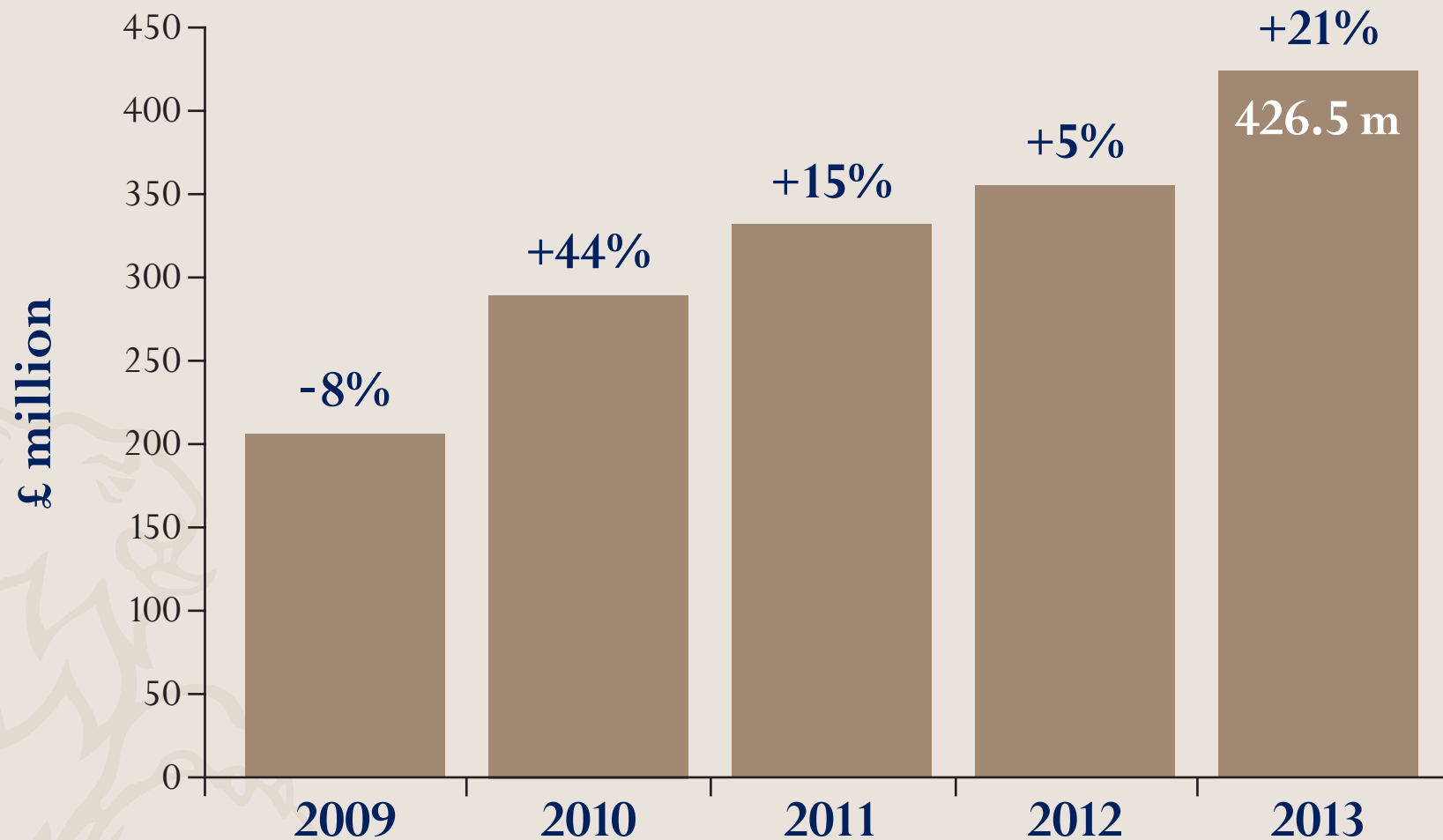


Record half year single investments



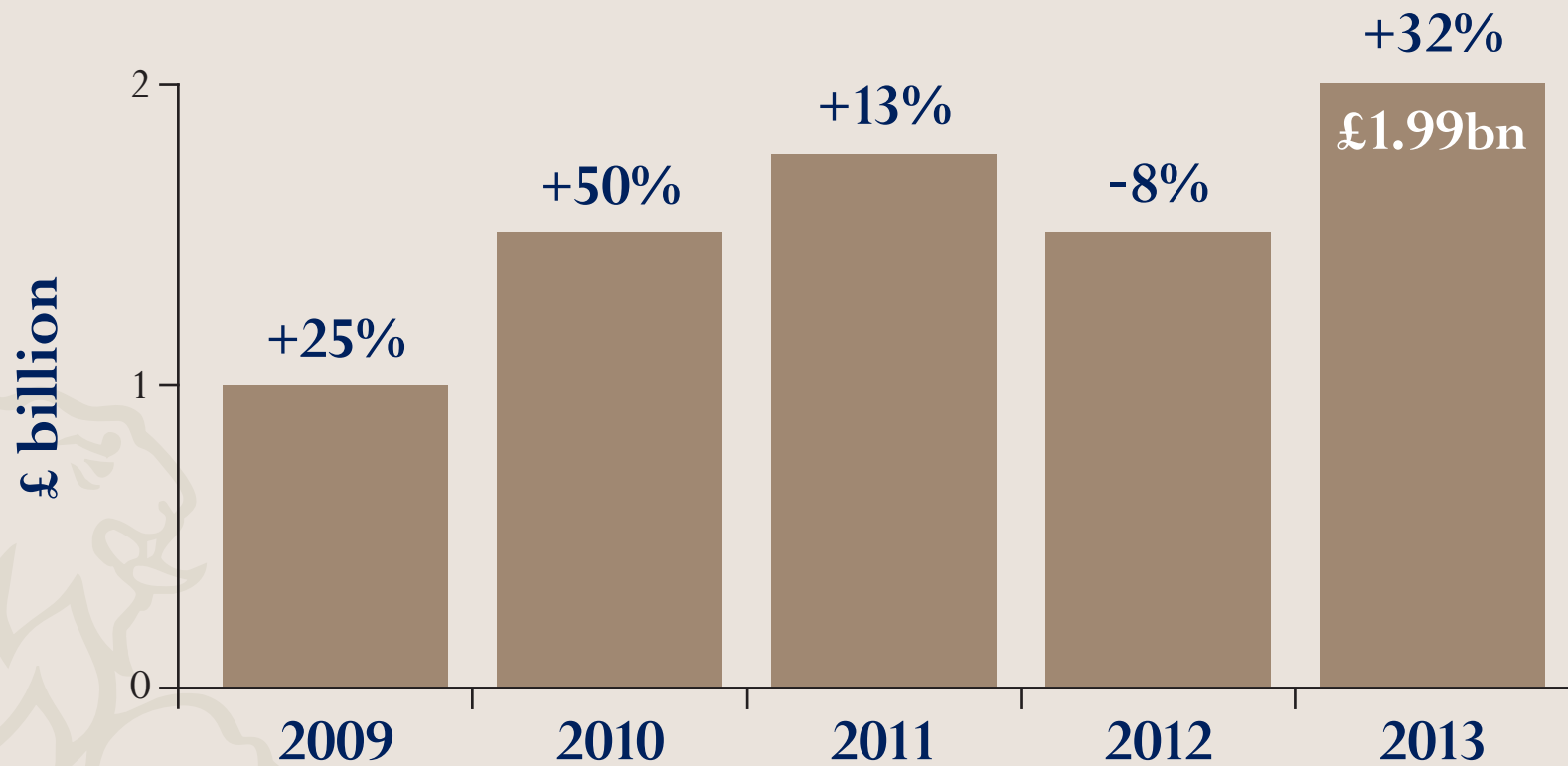


Record half year new business (APE)





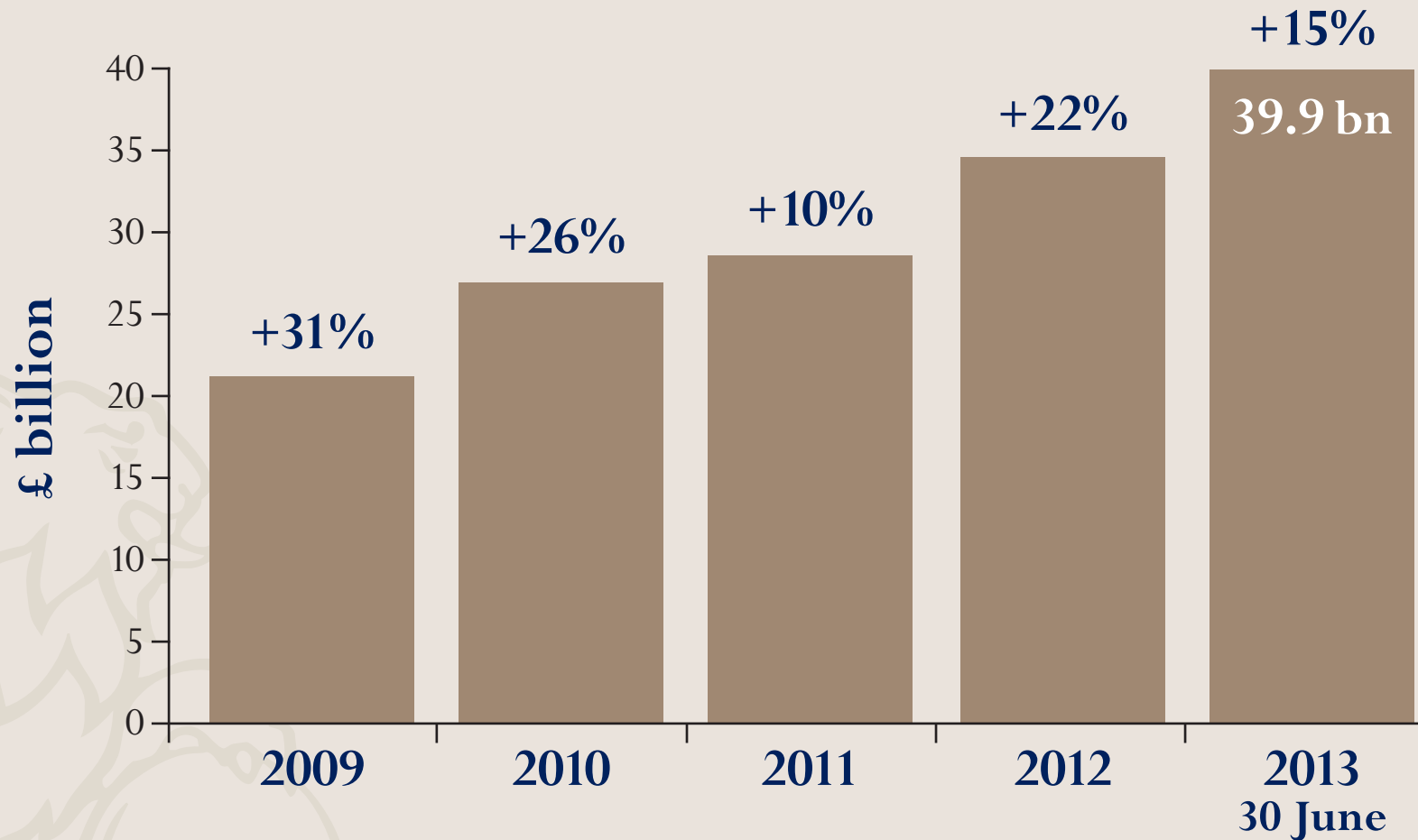
Consistent net inflow of funds under management





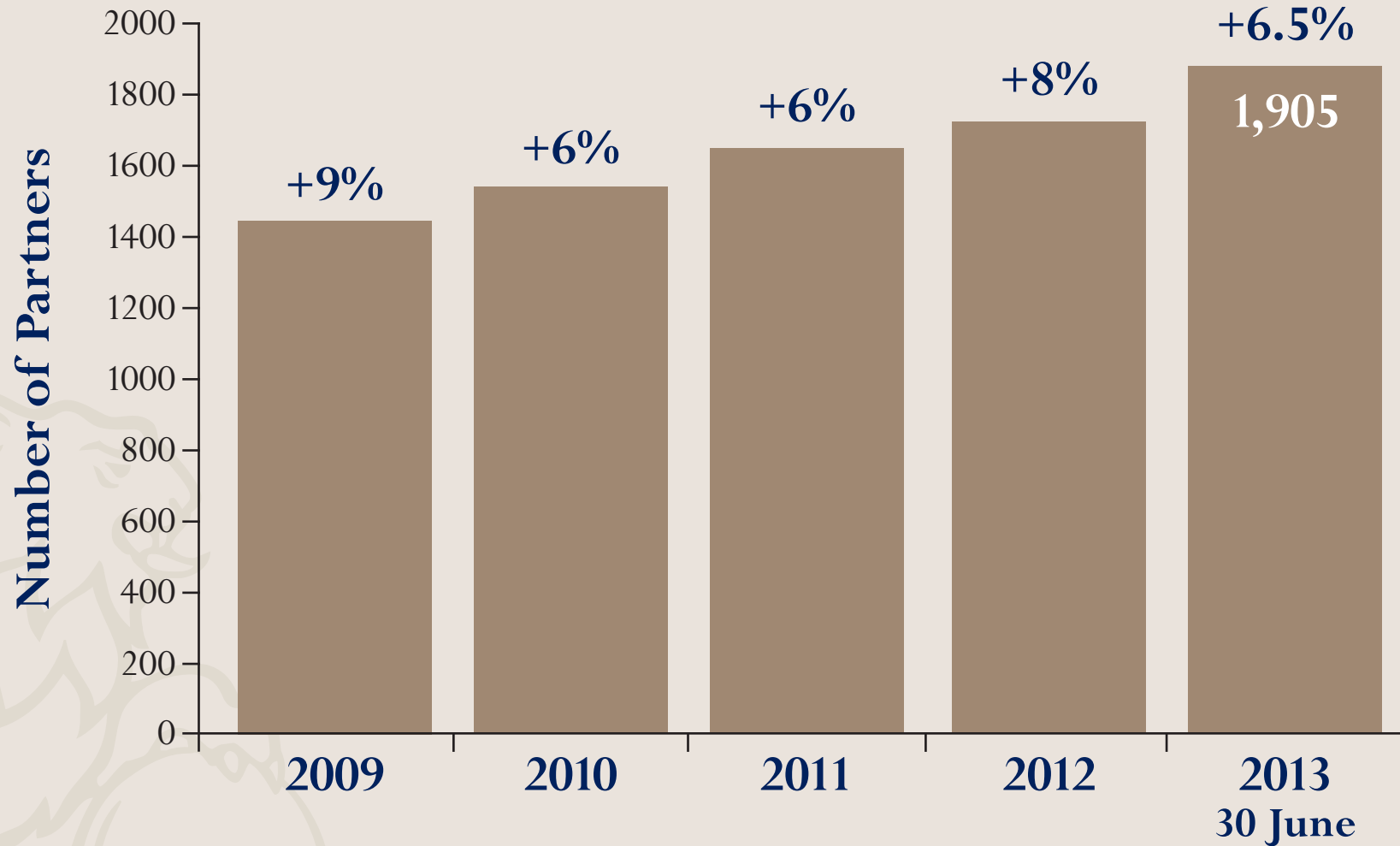
Funds under management

20% pa compound growth over the last 10 years



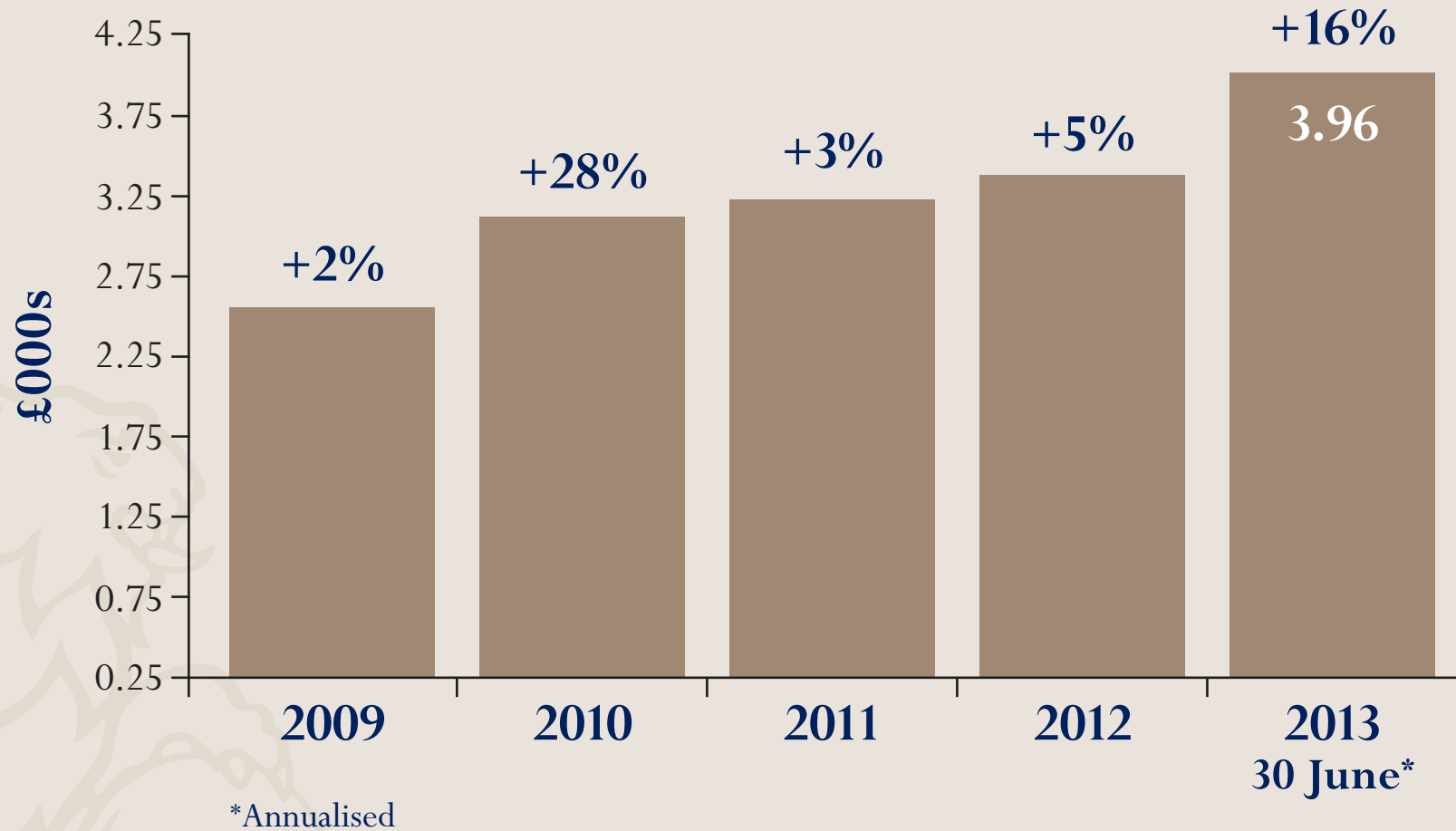


Five strong years of Partner recruitment



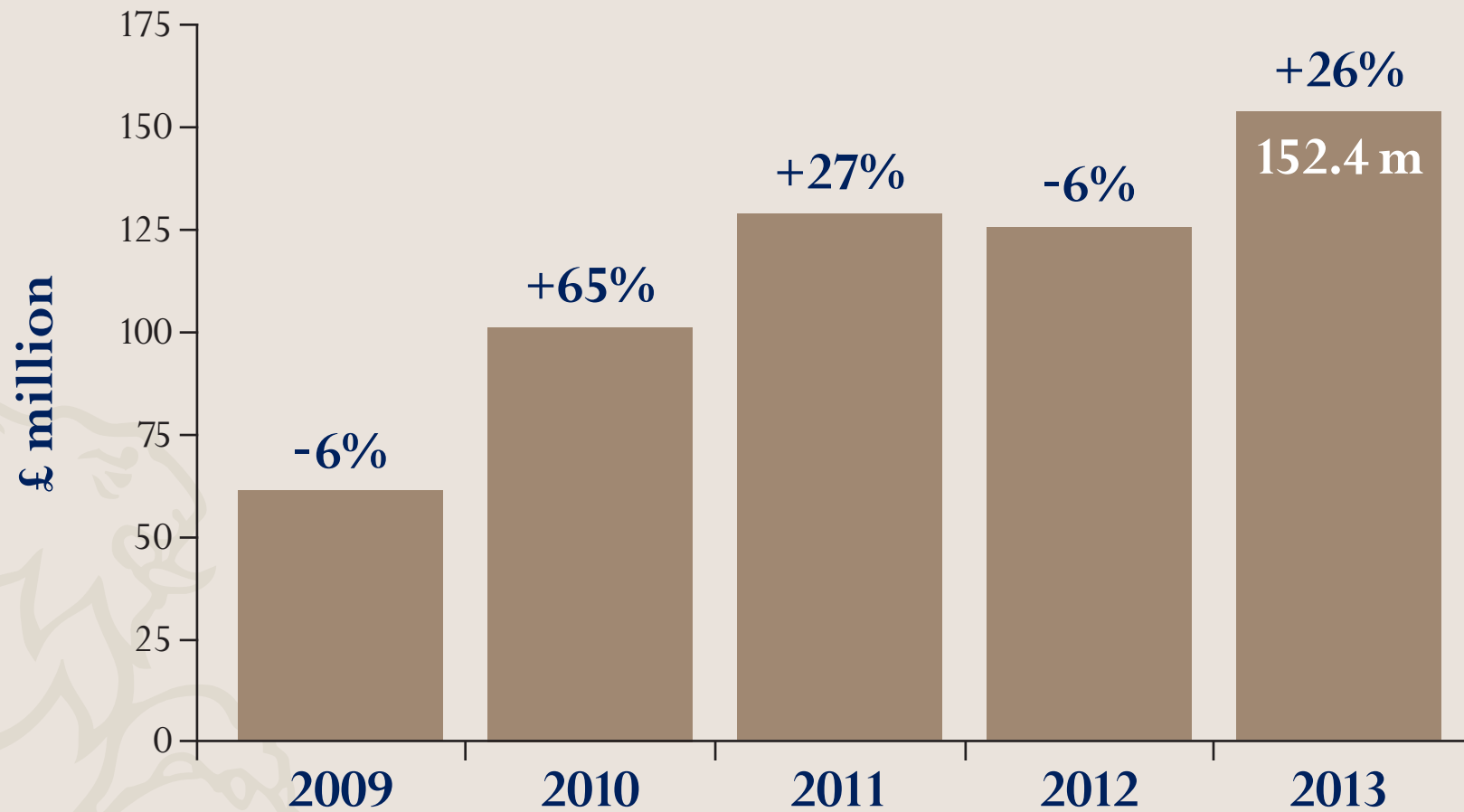


Productivity (single investment per Partner)



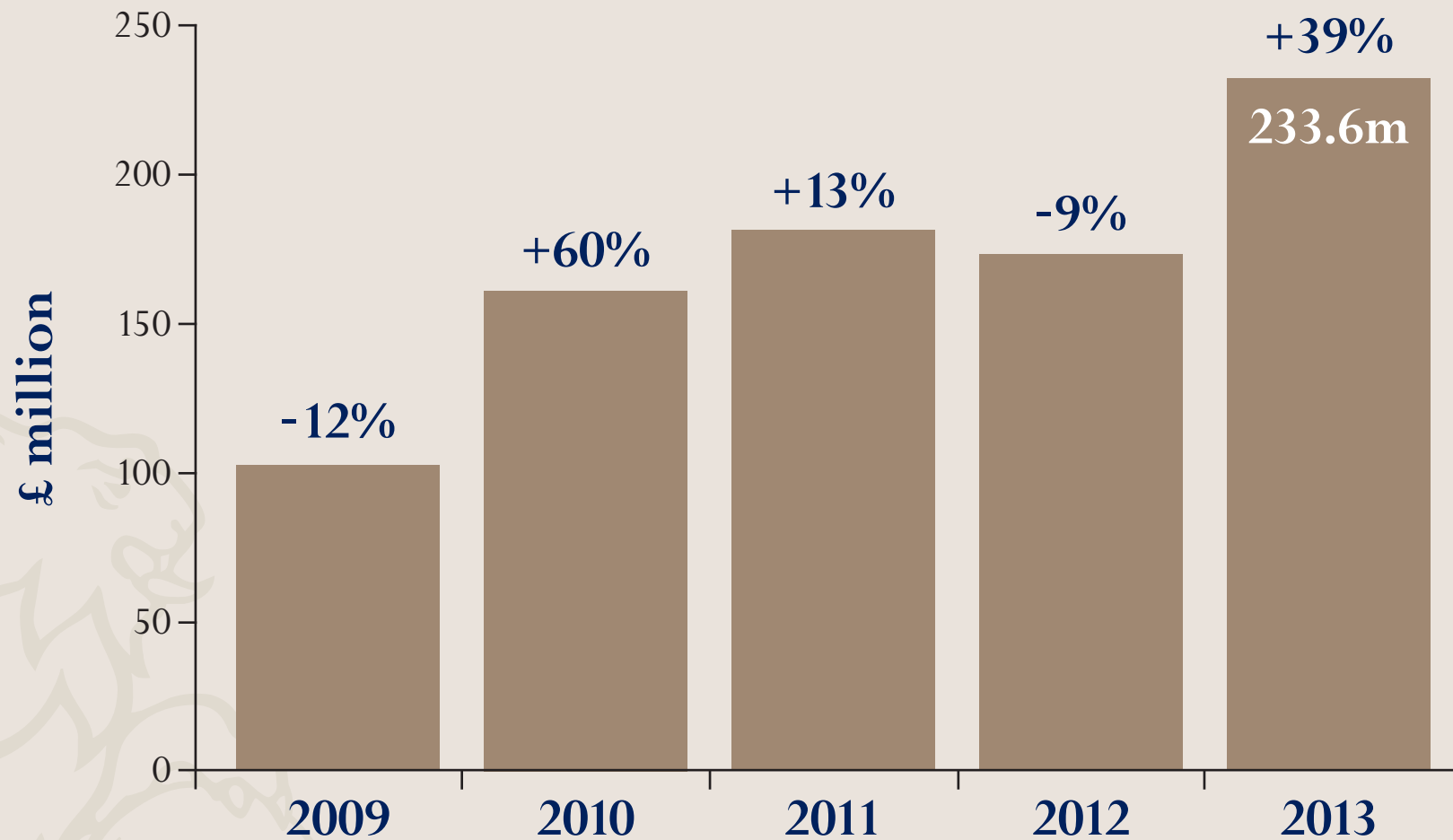


Record half year EEV new business profit



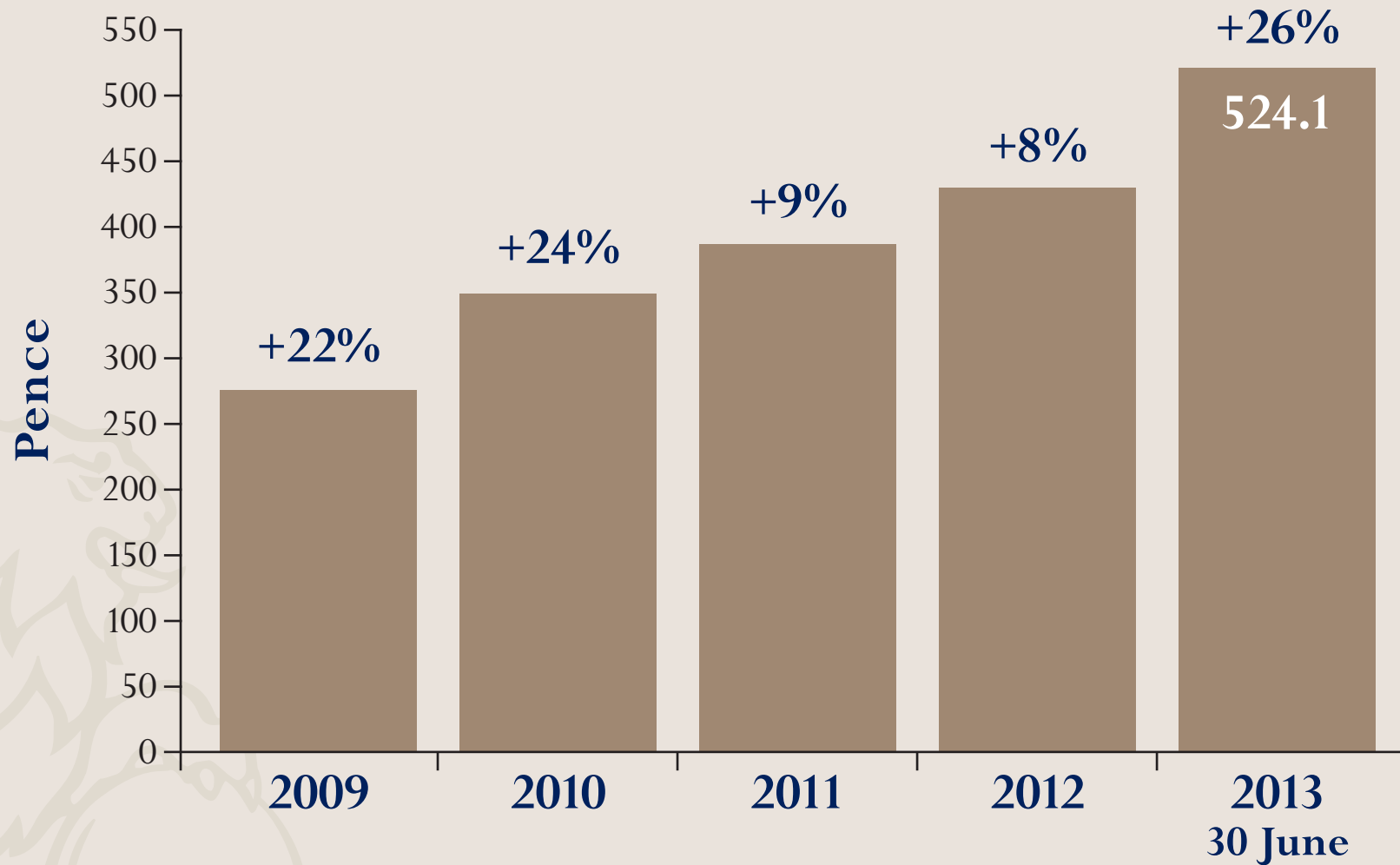


Half year EEV operating profit





Half year growth in EEV Net Asset Value per share





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Cash





Post-tax cash arising from inforce business



*Plus one off additional 18.3 million



Return on inforce

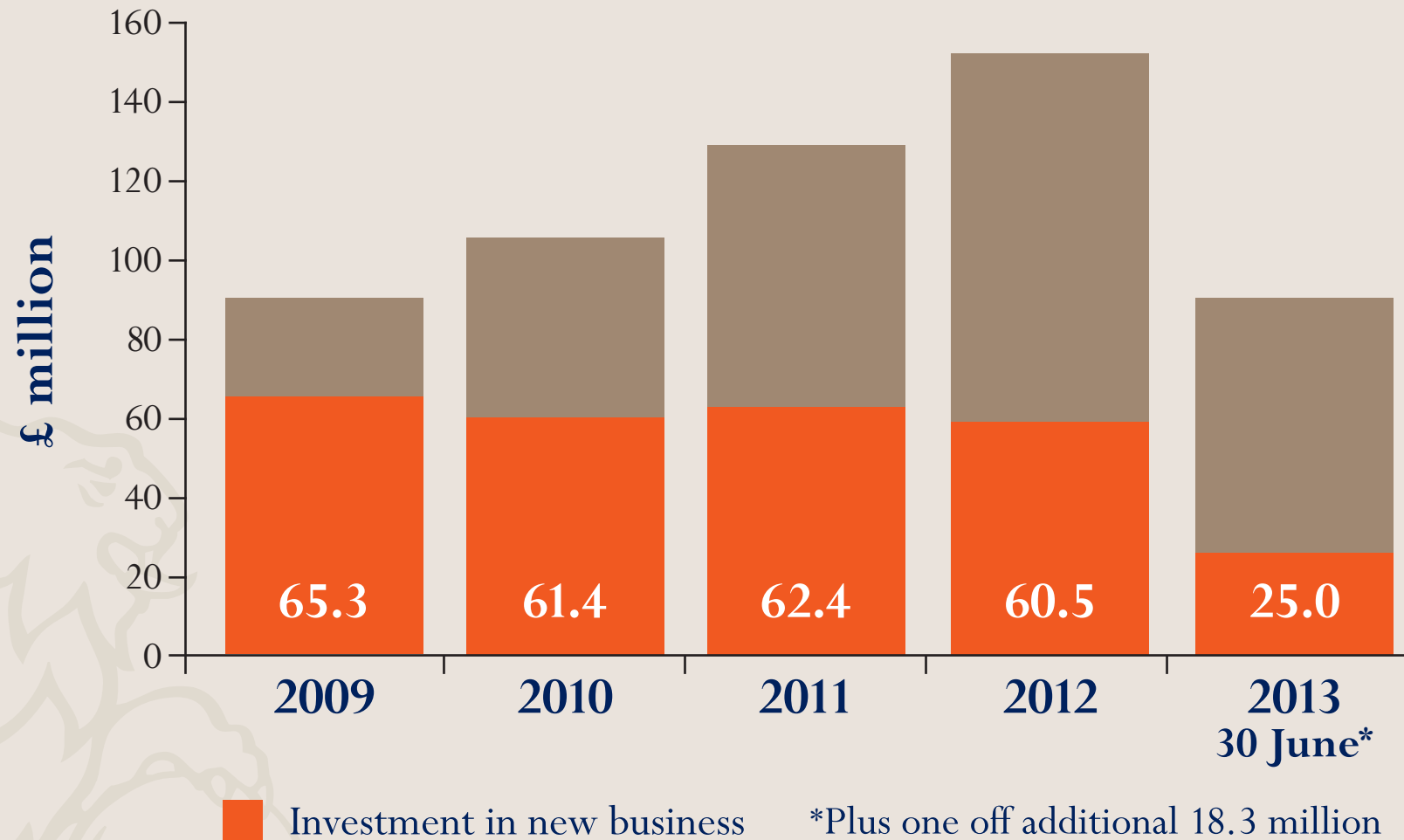
- Where product structure uses penalties the business is cash neutral in first six years
- This relates to £12.2 billion of new business added in last six years which is not yet generating positive cash earnings*
- This amounts to £91 million of post-tax cash earnings per annum in future*

Year	£ Billion
2007	0.8
2008	1.4
2009	1.6
2010	2.1
2011	2.2
2012	2.4
2013	1.7
Total	12.2*

**Ignores stock net movements and outflows*



Post-tax cash result



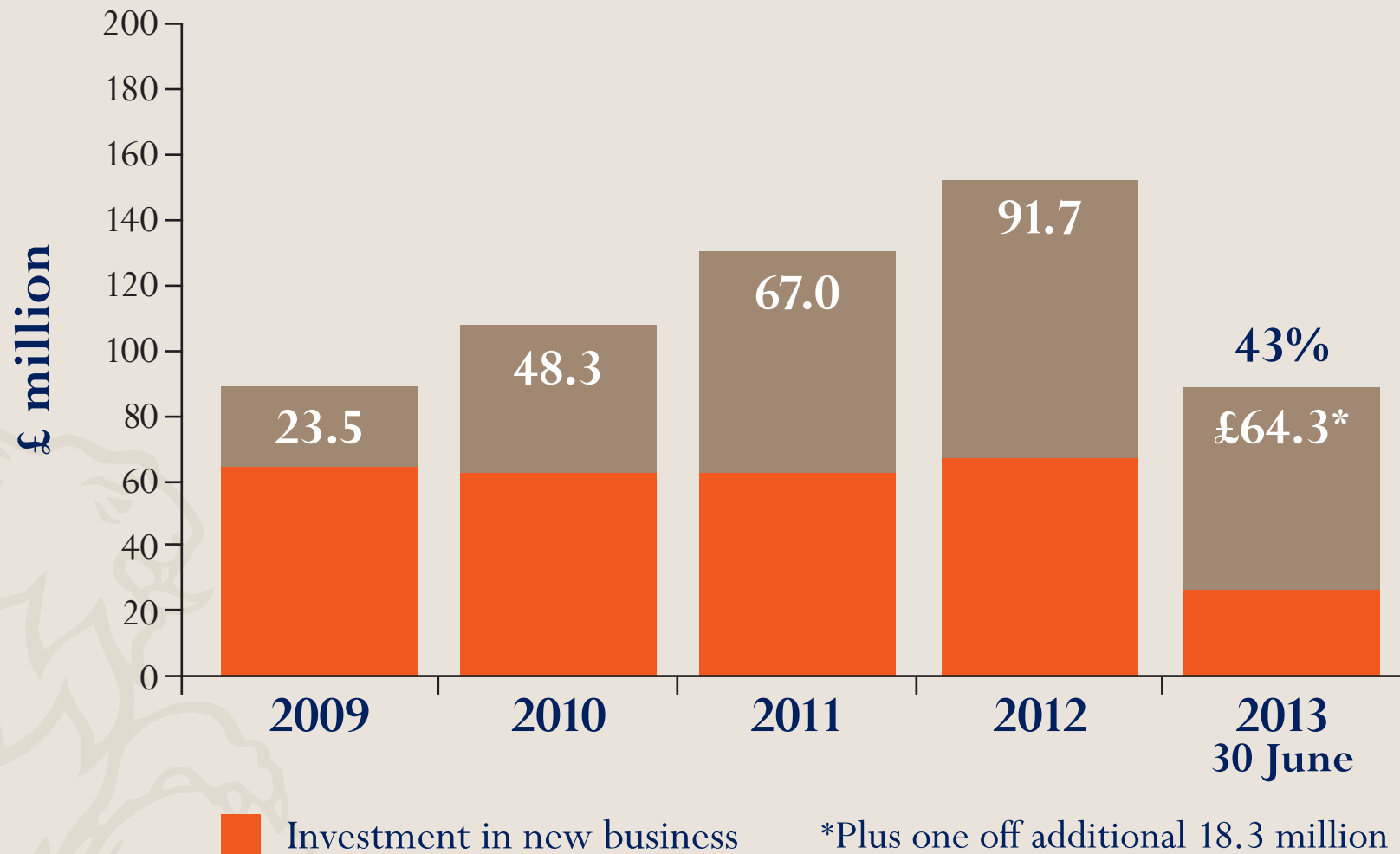


Investment in new business

	30 June 2013	30 June 2012
Post-tax new business cost (£m)	(25.0)	(33.8)
Post-tax EEV new business profit (£m)	121.7	94.8
Margin (% of APE)	35.7%	34.1%
IRR (net of tax)	28.3%	21.0%
Cash payback period	4 Years	5 Years
As % of gross inflows of FUM	0.8%	1.3%

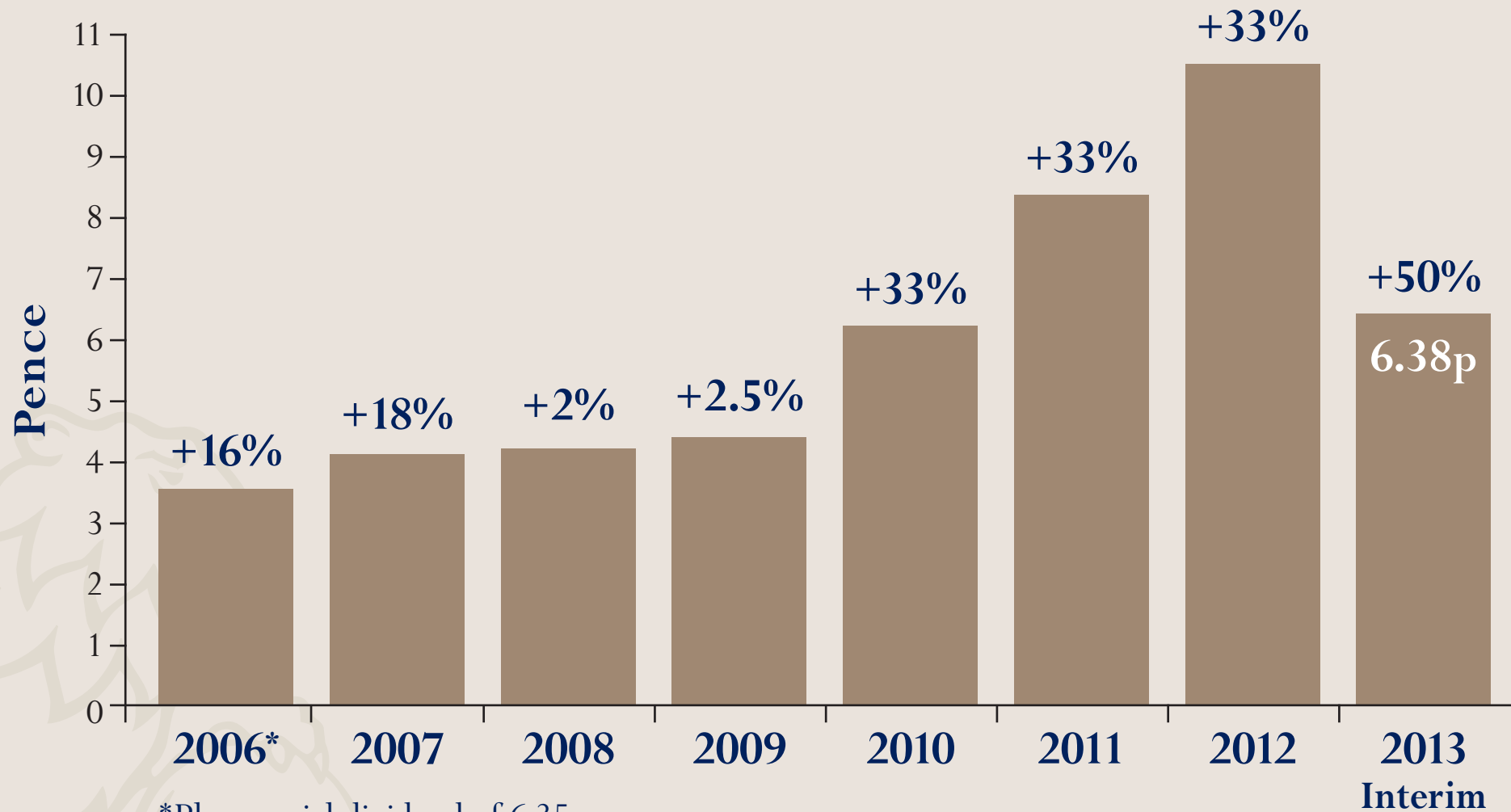


Post-tax cash result





Unbroken dividend growth

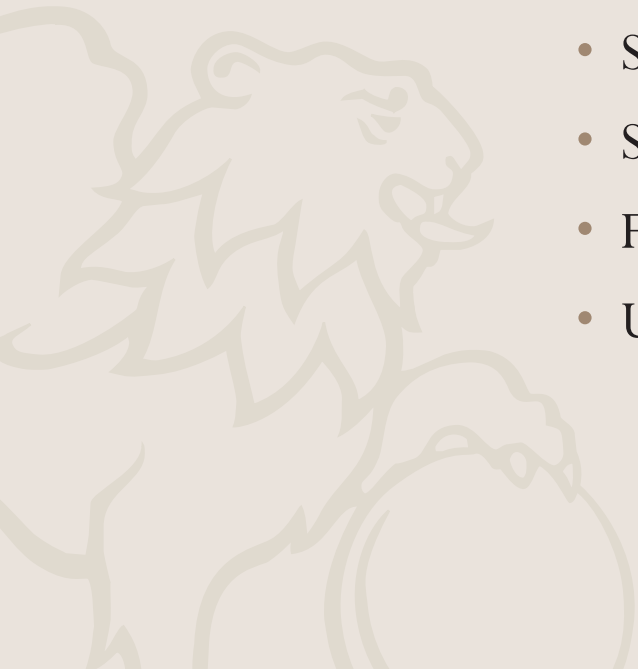


*Plus special dividend of 6.35 pence



Outlook

- Familiar and well respected brand/business
- Loyal client base (Partners and investors)
- Consistent strong recruitment
- Resilient Investment Management Approach
- Strong solvency position
- Strong market for advice
- Favourable market place
- Uniquely placed business





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Strategy





St. James's Place: Overview

- Leading UK Wealth Management Company
 - Established 1991
 - UK listed with market cap of c.£3.1 billion
 - £41.8 billion in FUM
 - Target market £50k to £5 million free investable assets
- Differentiated business model
 - Provider and distributor
 - Own dedicated distribution - the Partnership
 - Distinct investment management approach
- Well positioned to benefit from long-term market growth
 - Favourable demographic trends
 - Increasing tax burden



Our products and services

- Comprehensive range
 - of pension, investment and savings “wrappers”
 - of investment funds sourced from “whole of market”
 - access to “whole of market” choice of protection and annuities
- Our focus
 - is on our own products and funds (manufactured/EV)
- Whilst avoiding
 - capital intensive products
 - guarantees and options
 - overly complex, fashionable or high risk structures



Whole of Market approach

We take responsibility for the due diligence on all the products and companies we make available to our clients.





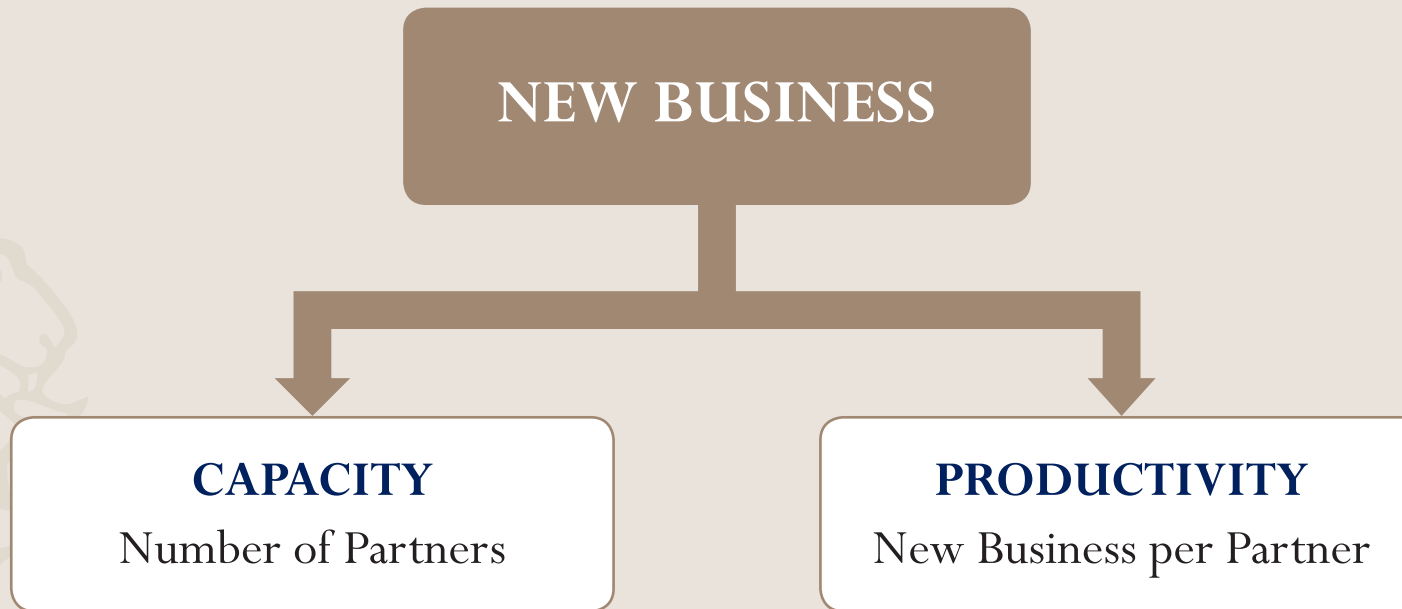
Global Investment Management Expertise





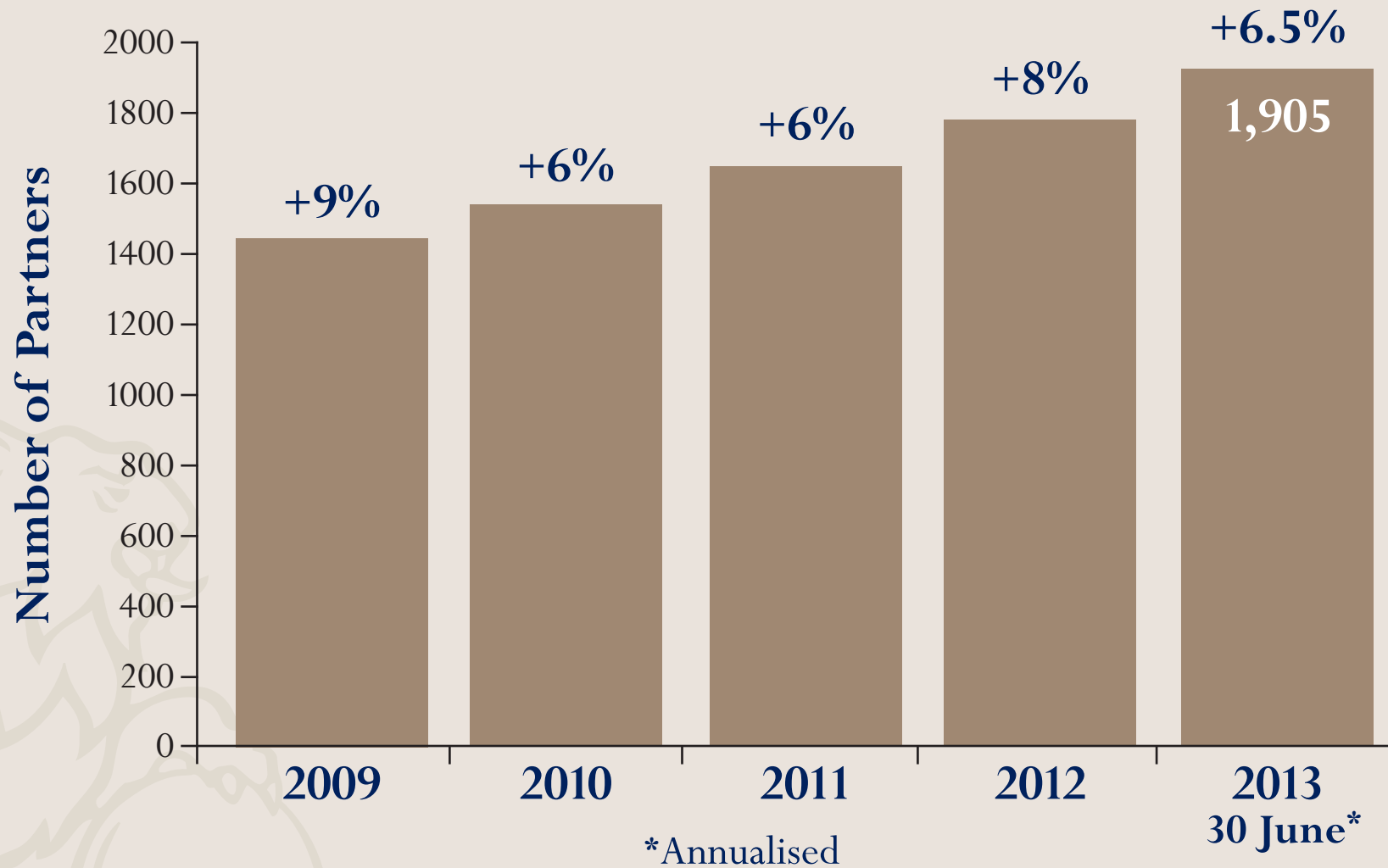
The Growth Model

Target: 15-20% pa



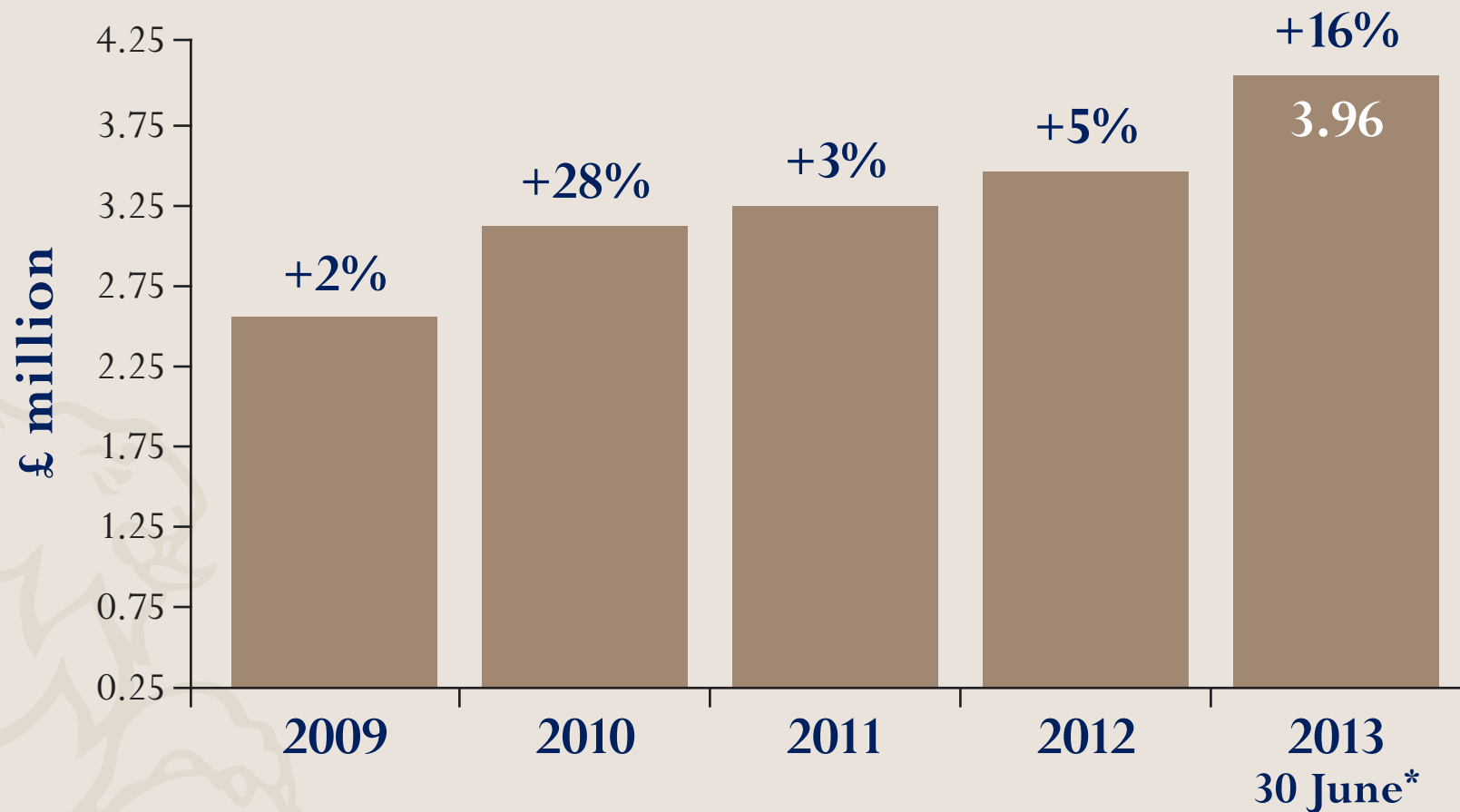


Growing number of Partners





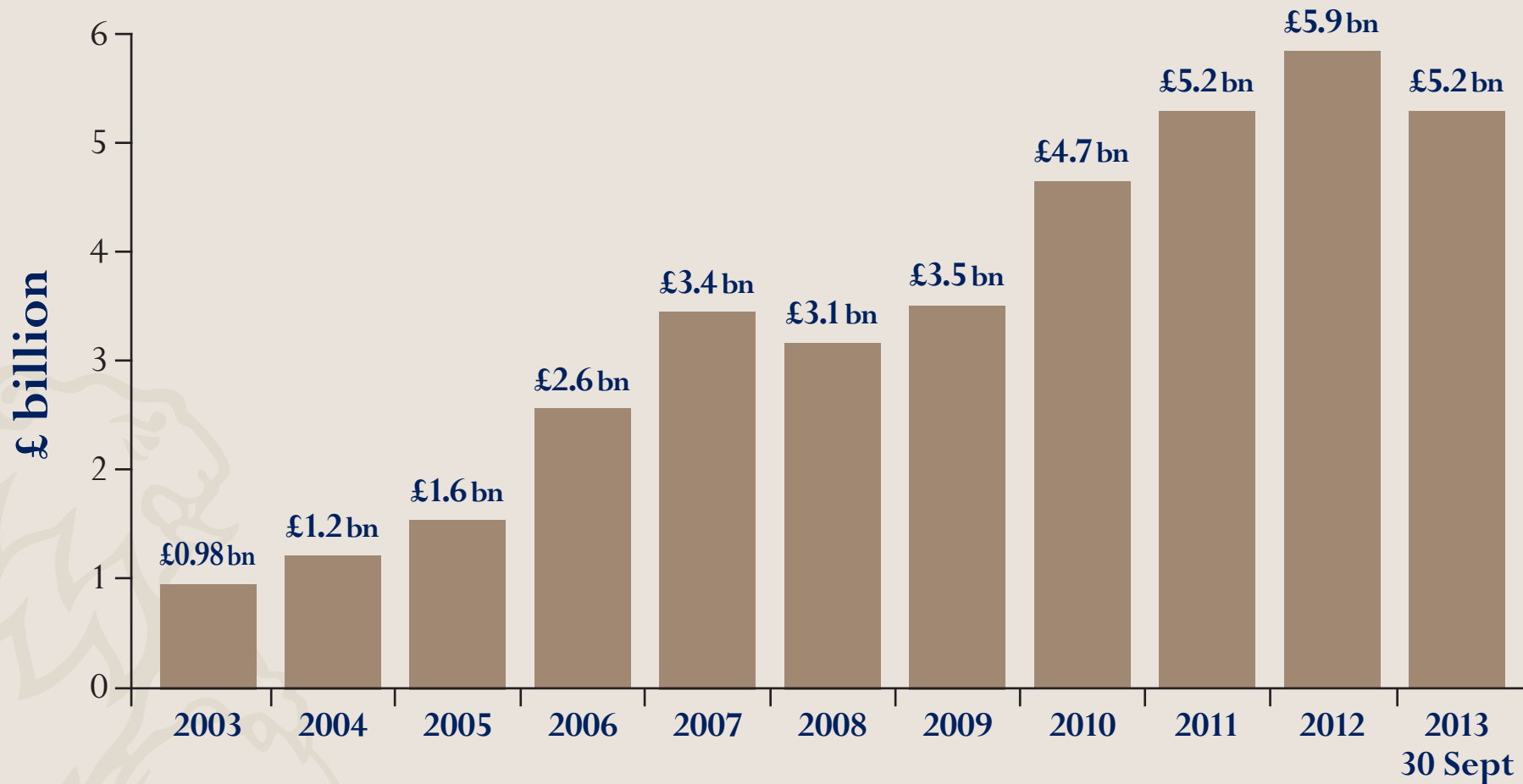
Productivity (single investment per Partner)



*Annualised



Single premium gross investments





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The Partnership





Dedicated distribution – the Partnership

- High quality self-employed team of c.1900 advisors
 - Average age is 48
 - Above average productivity
 - 90%+ per annum retention rate
- Aim to grow Partner number by 5% to 7% per annum
- Aim to increase productivity each year

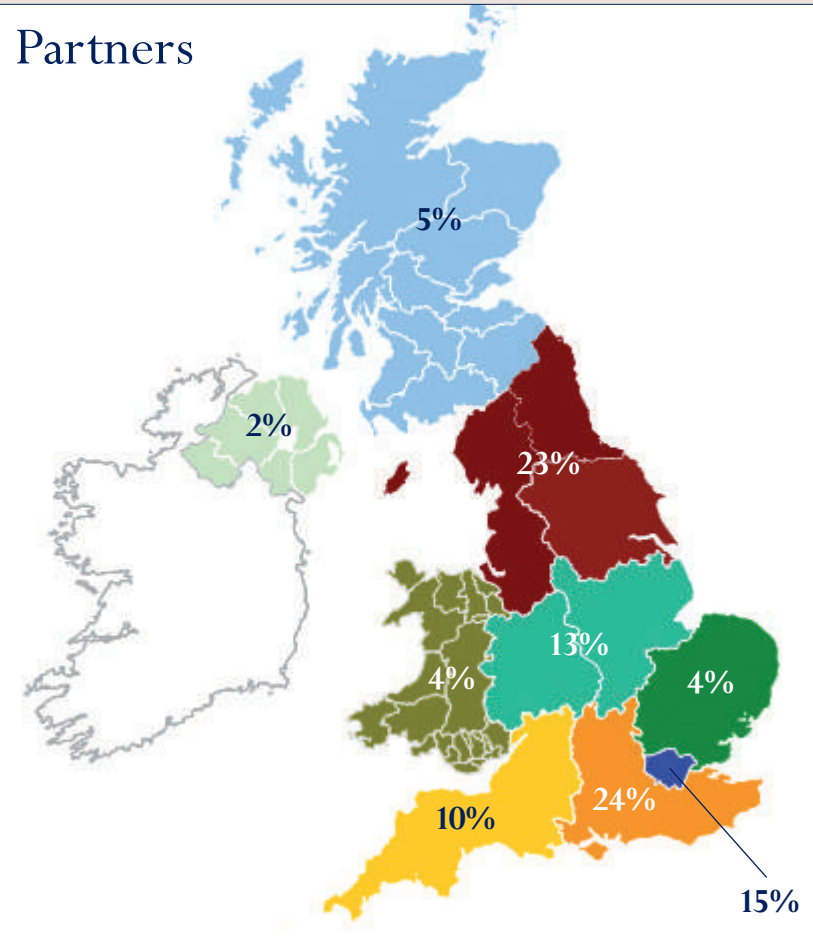




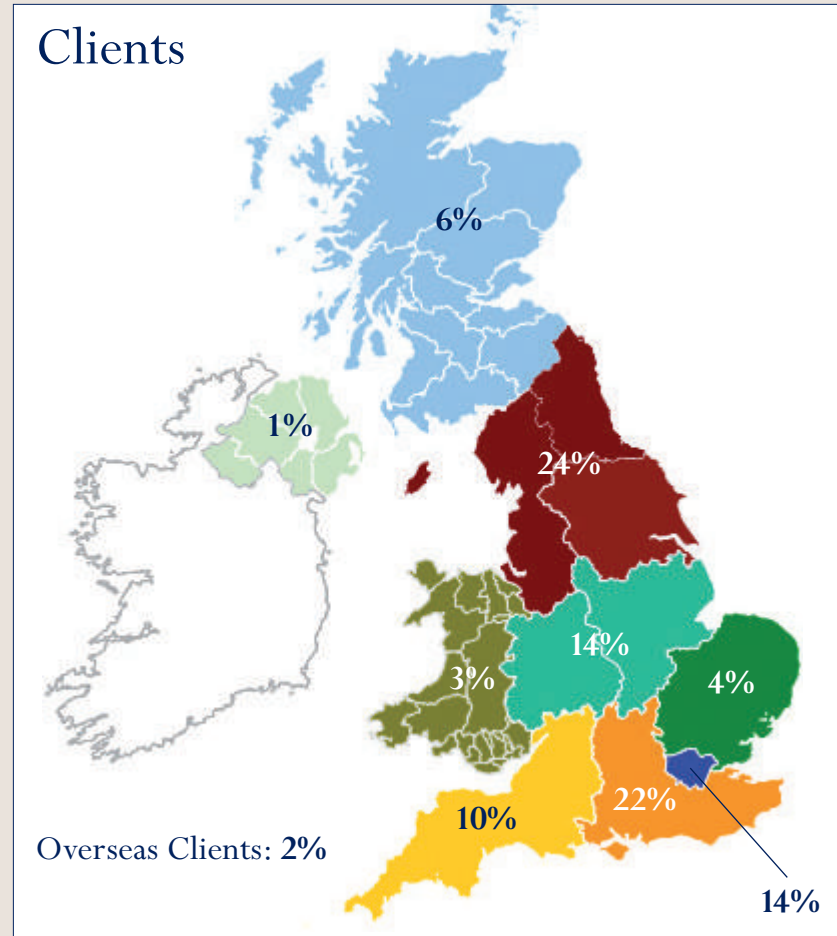
Geographic Distribution

30 June 2013

Partners



Clients

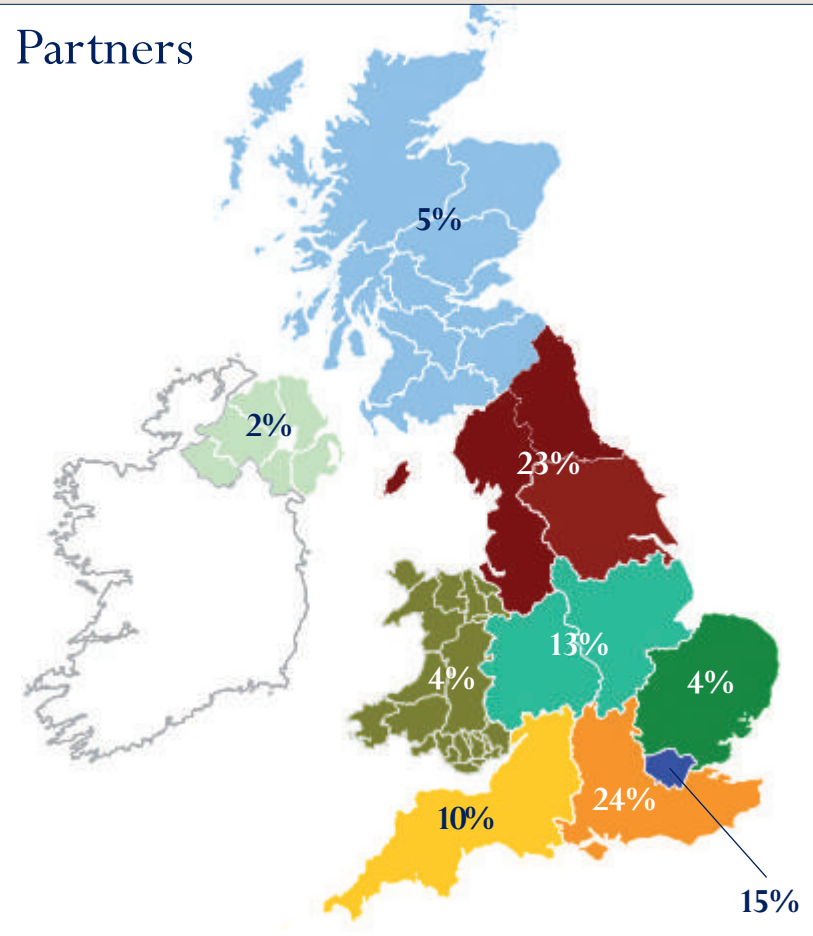




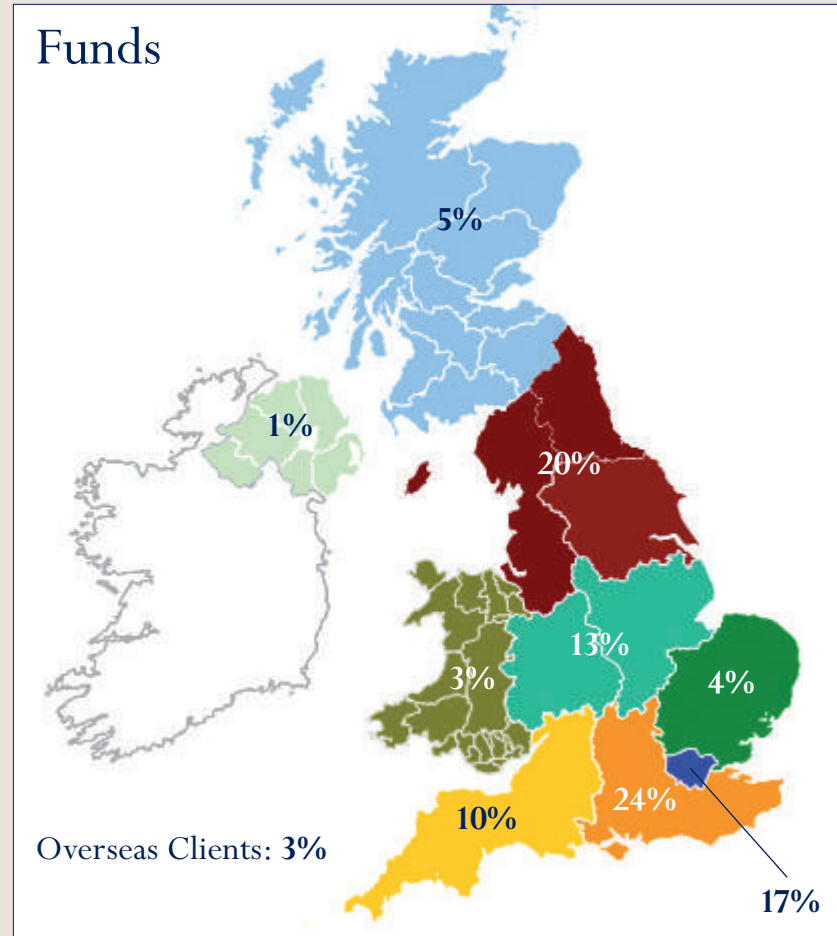
Geographic Distribution

30 June 2013

Partners



Funds

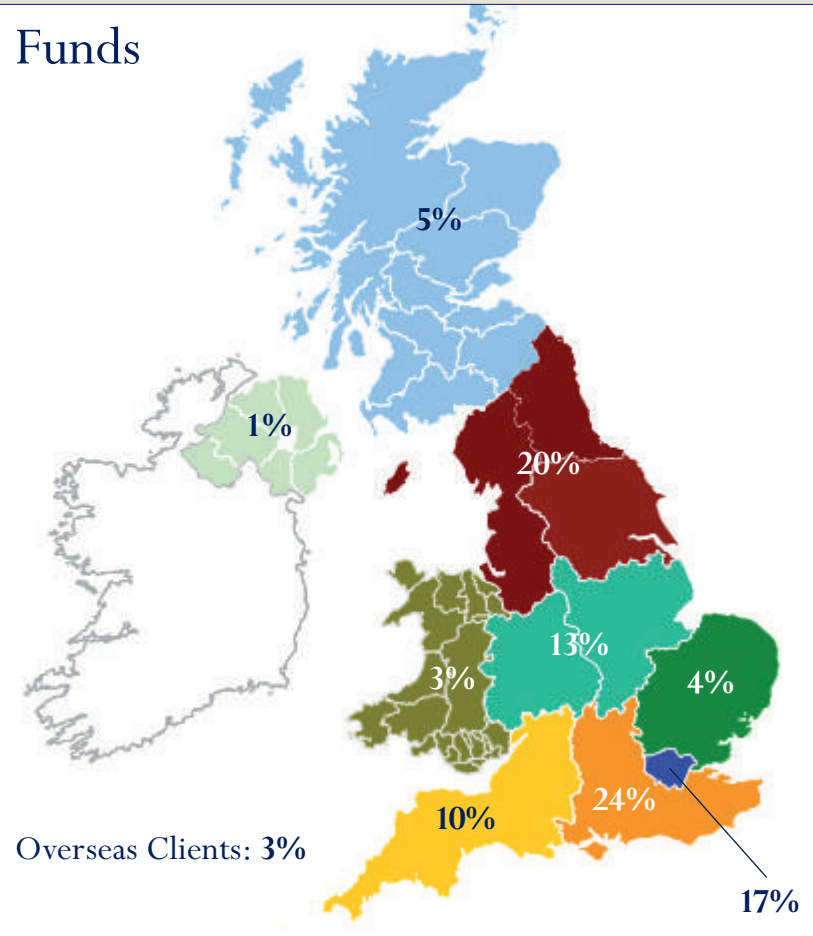




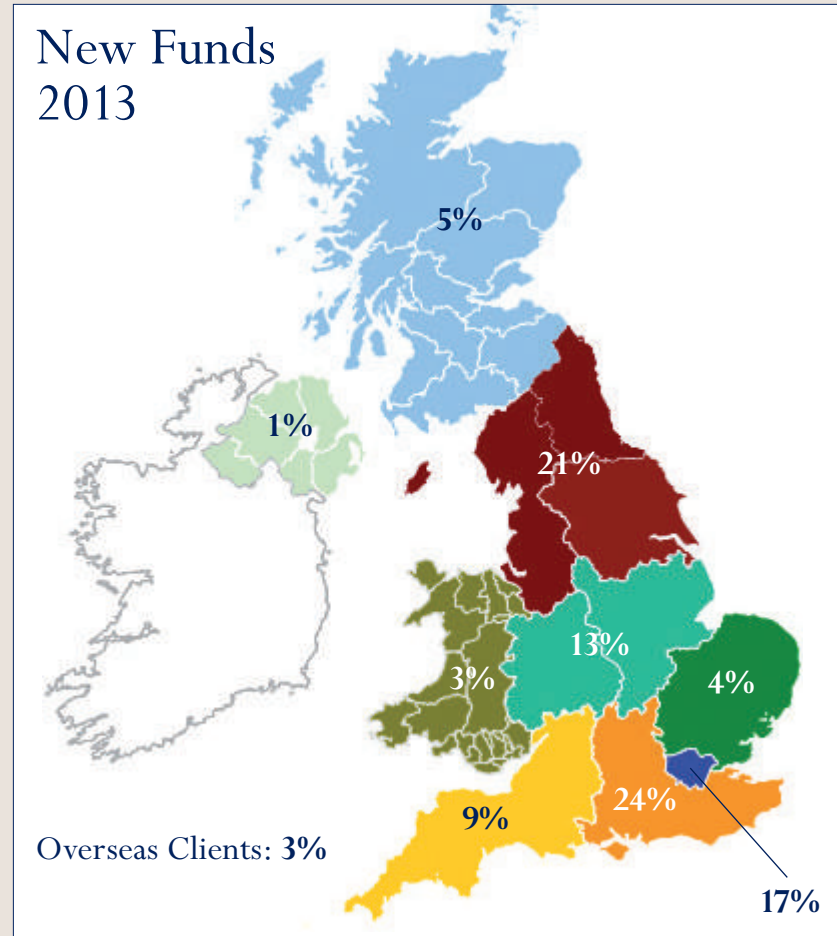
Geographic Distribution

30 June 2013

Funds



New Funds
2013

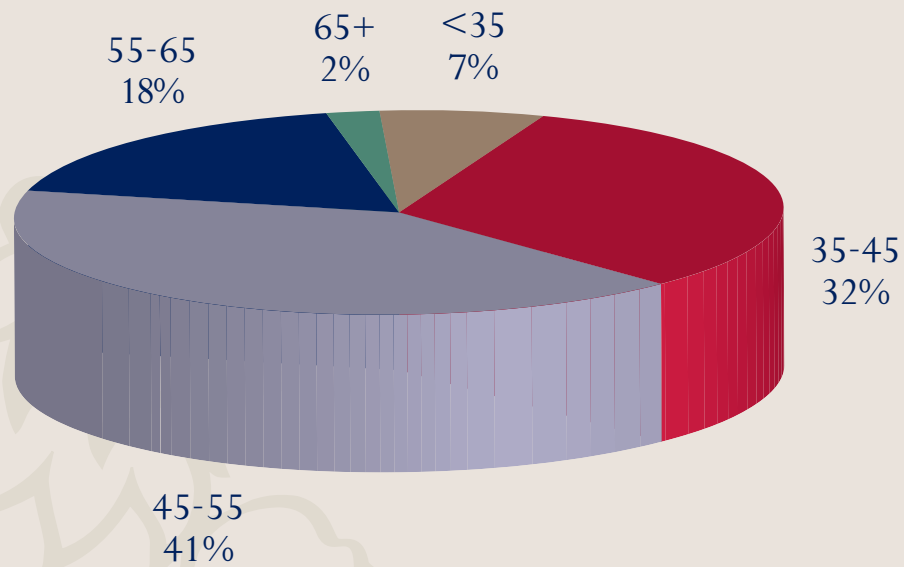




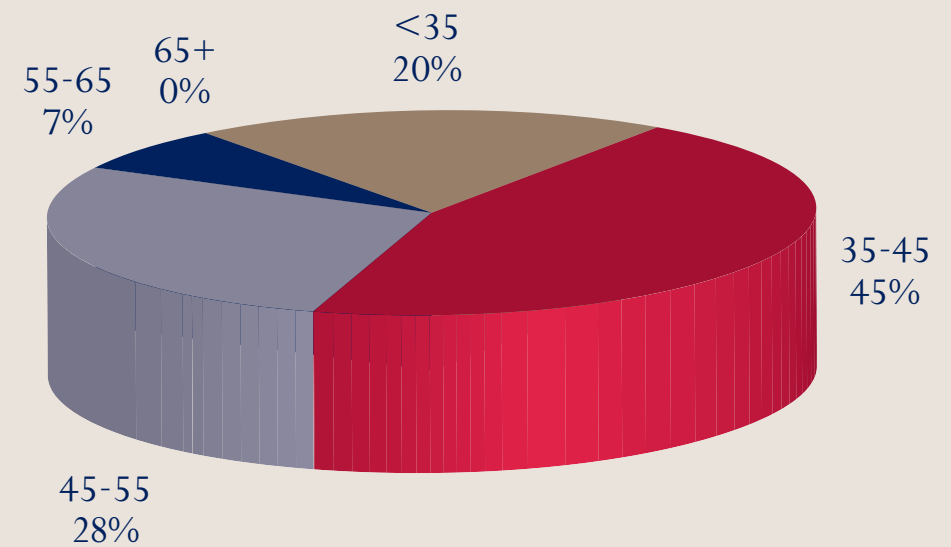
Partners by age band

30 June 2013

Existing Partners



New Partners





Benefits of our own distribution

- New business and expenses are more predictable
- Spread of production
- Less exposed to market pressures
- Greater control over quality of new business
- Ability to build and maintain distribution led culture
- Better retention of business
- Ability to build stronger client advocacy





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Investment Management



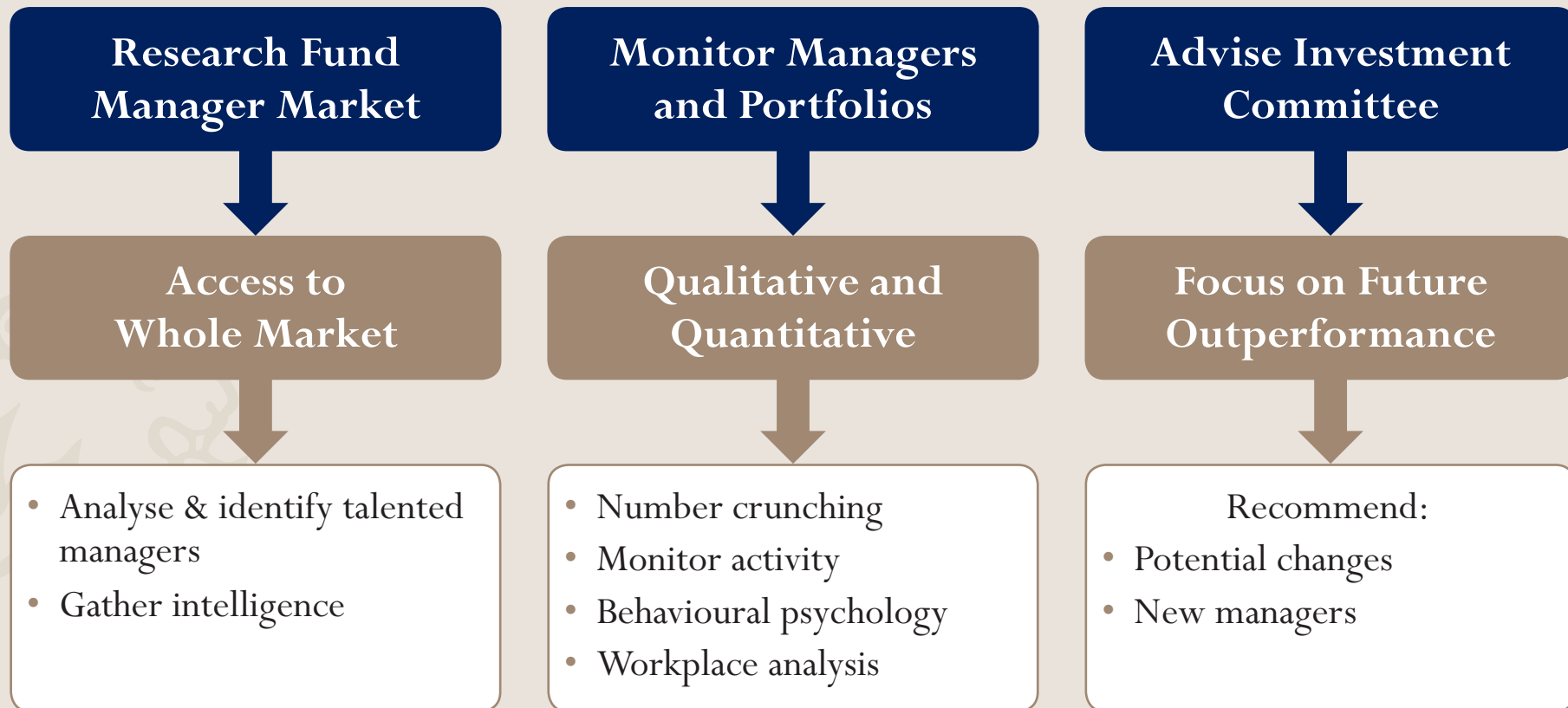


Our approach to investment management





Stamford Associates Independent Investment Consultancy





Independent guidance and expertise

Vivian Bazalgette,
Chairman



Vice Chairman of the Governors of Dulwich College, a member of the Advisory Board of Greenwich Hospital and advises the BAE Systems PLC Pension Fund and the Investment Committee of the Nuffield Foundation.

Sarah Bates



Chairman of Stena Line (UK) Pension Fund Trustees and of the Cancer Research UK Pension Fund Investment Committee. Formerly Chairman of the Association of Investment Companies.

Peter Dunscombe



Previously Chief Investment Officer of the BBC Pension Fund advising on investment strategies and portfolio development. Non-executive member of the investment committees of The Pensions Trust and Reed Elsevier Pension Fund.

Win Robbins



Trustee Director of Now Pensions Trust. Trustee for Landesbanken Baden-Wuerttemberg Pension Fund. Director of City Merchants High Yield Trust.



Global Investment Management Expertise



Global Range of Investment Houses



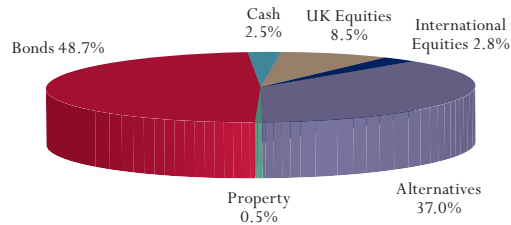
Growth Portfolios

DEFENSIVE PORTFOLIO

Low risk

- Aims to provide a positive return after charges over a rolling five-year period
- Invests primarily in bonds, equities and alternative assets
- Offers resilience to significant macroeconomic and market events

Portfolio asset mix:



Fund mix:

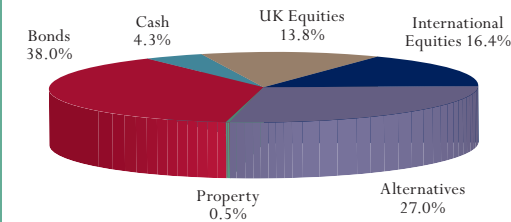
Index Linked Gilts	15%
Multi Asset	15%
UK Absolute Return	15%
Alternative Assets	10%
Gilts	10%
International Corporate Bond	10%
Investment Grade Corporate Bond	10%
Global Managed (Global)	5%
UK & International Income	5%
UK Equity (UK High Income)	5%

CONSERVATIVE PORTFOLIO

Low to medium risk

- Aims to provide steady growth for investments of at least five years
- Aims to avoid large fluctuations in value, although fluctuations in value will occur
- Predominantly invests in bonds and the UK Absolute Return fund
- Some holdings in equities

Portfolio asset mix:



Fund mix:

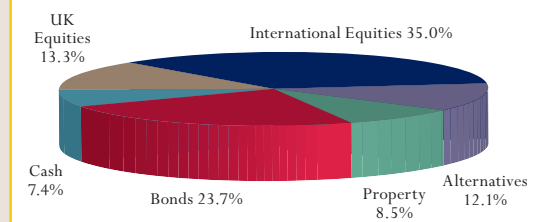
Global Equity	15%
Multi Asset	15%
UK & General Progressive	15%
Alternative Assets	10%
Index Linked Gilts	10%
International Corporate Bond	10%
Investment Grade Corporate Bond	10%
UK Absolute Return	10%
Corporate Bond	5%

BALANCED PORTFOLIO

Medium risk

- Aims to provide growth for investments of at least five years
- Diversified across asset classes to reduce risk, but fluctuations in value may be significant
- Wide variety of assets, including some holdings in emerging economies

Onshore Portfolio asset mix:



Fund mix:

Fund mix:	Onshore	Offshore
Alternative Assets	10%	11%
Global Equity	10%	11%
Global Managed (Global)	10%	11%
International Corporate Bond	10%	11%
Investment Grade Corporate Bond	10%	11%
Multi Asset	10%	11%
Property	10%	0%
UK & General Progressive	10%	11%
Worldwide Managed (Worldwide Opportunities)	10%	11%
Far East	5%	6%
Global Emerging Markets	5%	6%

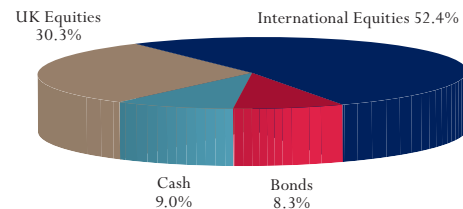


Growth Portfolios (cont.)

MANAGED FUNDS PORTFOLIO Medium risk

- Aims to provide capital growth for investments of at least five years
- Diversified across managers with different investment styles
- Fluctuations in value may be significant
- Invests in global equities, including emerging economies, and bonds

Portfolio asset mix:



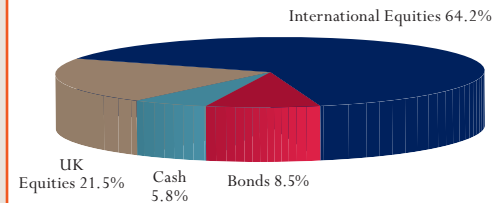
Fund mix:

Invesco Perpetual Managed (Strategic Managed)	15%
Schroder Managed (Managed Growth)	15%
AXA Framlington Managed (Balanced Managed)	14%
GAM Managed (Recovery)	14%
Global Managed (Global)	14%
THSP Managed (International)	14%
Worldwide Managed (Worldwide Opportunities)	14%

ADVENTUROUS PORTFOLIO Medium to high risk

- Aims to provide higher levels of capital growth for investments of at least ten years
- The value of the portfolio may go up and down sharply
- Predominantly invests in global equities, including emerging economies
- Some holdings in bonds

Portfolio asset mix:



Fund mix:

Far East	15%
Global Emerging Markets	15%
Greater European	15%
High Octane	15%
North American	15%
Corporate Bond	10%
UK & General Progressive	10%
UK Growth	5%



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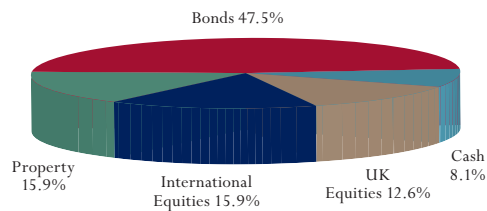


Income Portfolios

IMMEDIATE INCOME PORTFOLIO Low to medium risk

- Aims to generate a consistent level of income with some potential for capital growth
- Aims to avoid large fluctuations in value, although fluctuations will occur
- Predominantly invests in bonds, mostly in the UK, and commercial property
- Some holdings in equities

Onshore Portfolio asset mix:



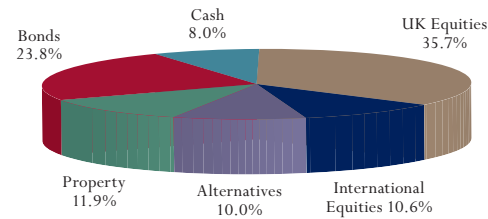
Fund mix:

	Onshore	Offshore
Property	20%	0%
Global Equity Income	15%	15%
UK & International Income	15%	15%
Corporate Bond	10%	10%
Gilts	10%	10%
Index Linked Gilts	10%	10%
International Corporate Bond	10%	10%
Investment Grade Corporate Bond	10%	10%
Equity Income	0%	10%
UK Growth	0%	10%

BALANCED INCOME PORTFOLIO Medium risk

- Aims to generate an attractive level of income with the potential to rise over time
- Some potential for capital growth
- Fluctuations in value may be significant
- Predominantly invests in equities, mainly in the UK
- Some holdings in commercial property, bonds and alternative assets

Onshore Portfolio asset mix:



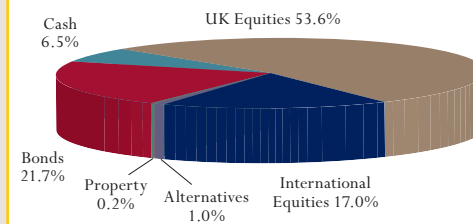
Fund mix:

	Onshore	Offshore
Property	15%	0%
Diversified Income (Allshare Income)	10%	12%
Equity Income	10%	12%
International Corporate Bond	10%	12%
Investment Grade Corporate Bond	10%	12%
Global Equity Income	10%	12%
UK & International Income	10%	12%
UK Equity (Income Distribution/UK High Income)	10%	12%
Multi Asset	10%	10%
Corporate Bond	5%	6%

DEFERRED INCOME PORTFOLIO Medium risk

- Aims to generate a rising level of income
- Potential for capital growth over the medium to long term
- Fluctuations in value may be significant
- Predominantly invests in UK and International equities
- Some holdings in bonds

Portfolio asset mix:

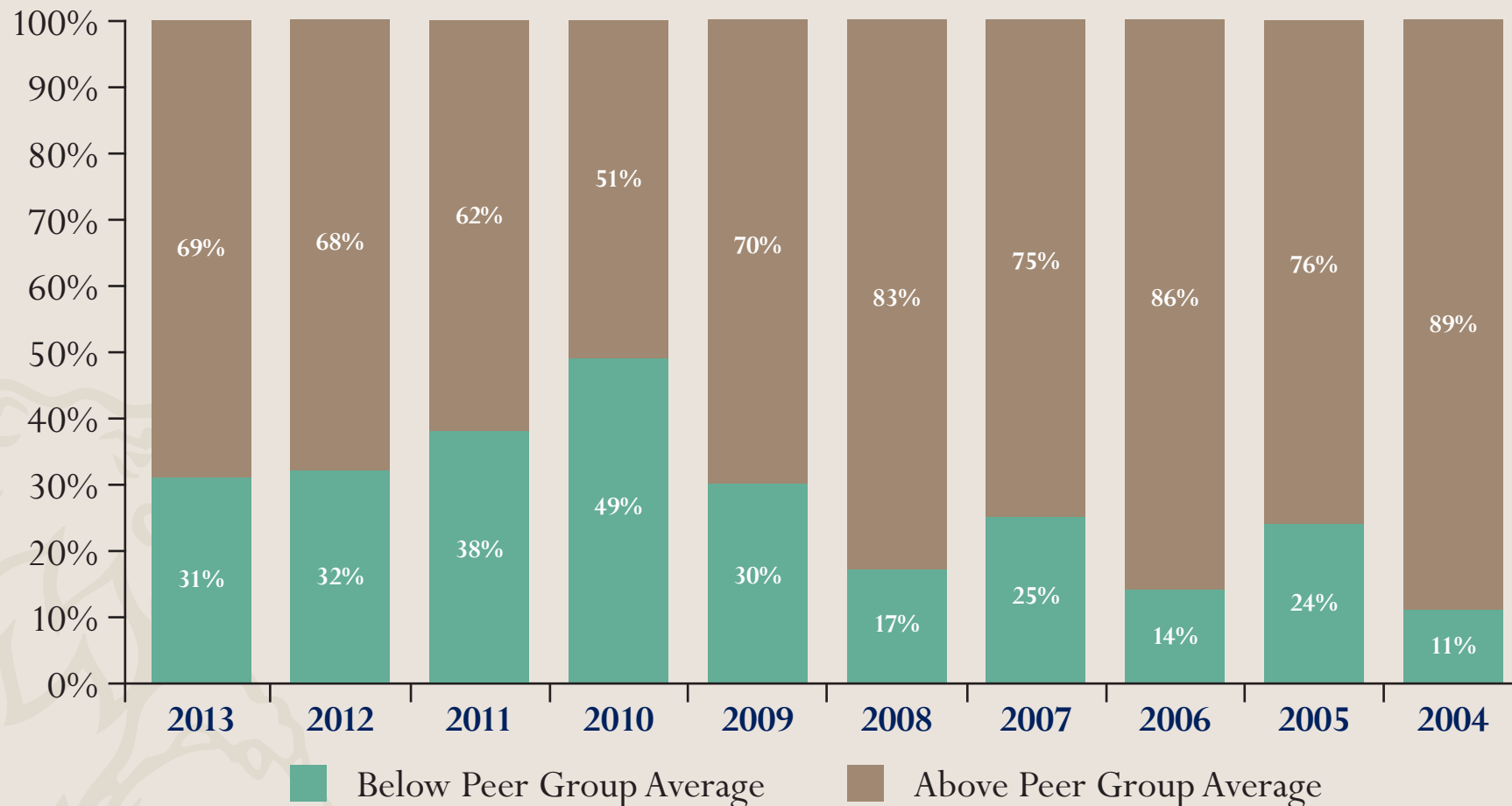


Fund mix:

Diversified Income (Allshare Income)	15%
Equity Income	15%
Global Equity Income	15%
UK & International Income	15%
UK Equity (Income Distribution/UK High Income)	15%
Corporate Bond	10%
International Corporate Bond	10%
Alternative Assets	5%



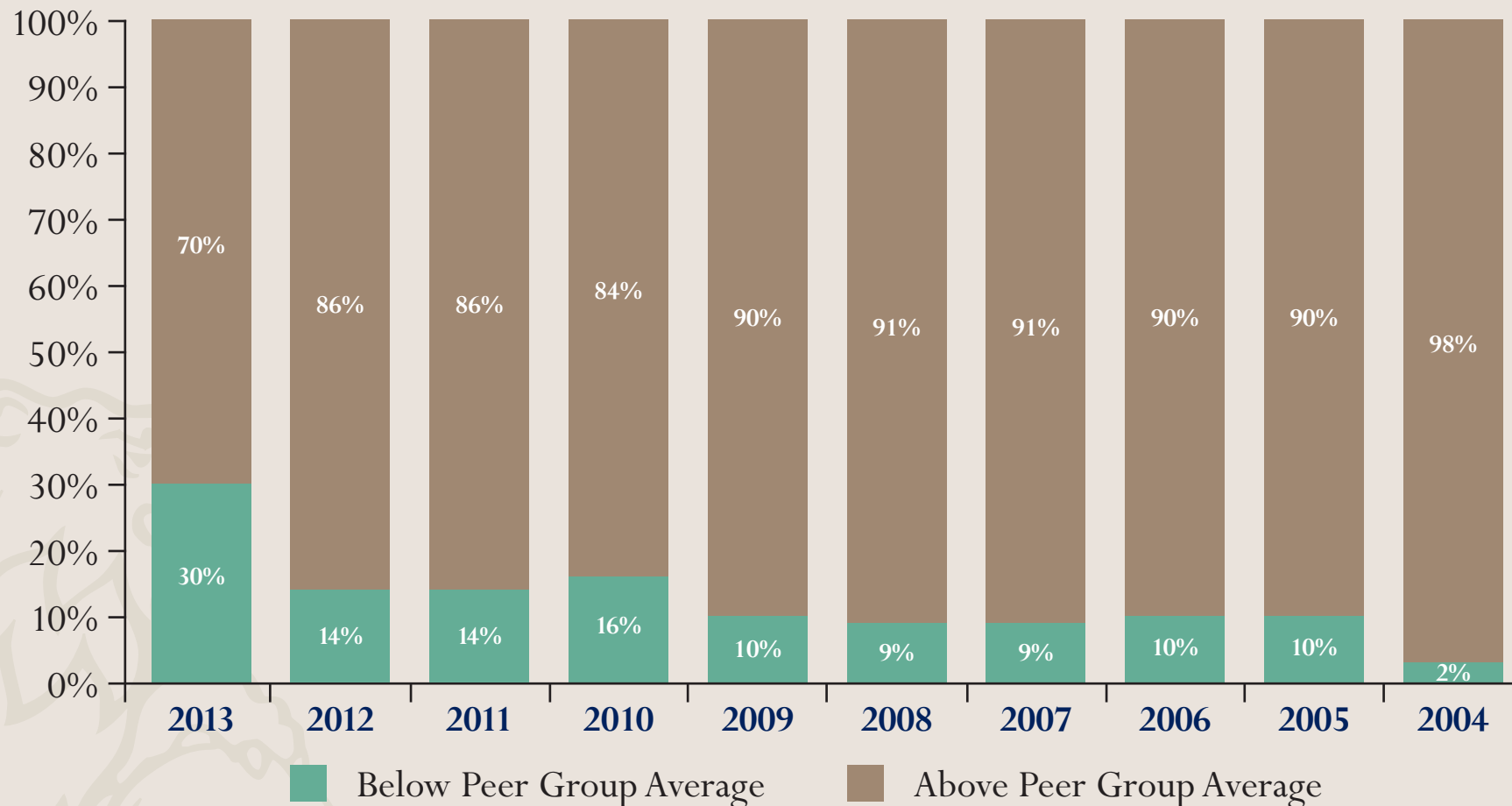
Weighted 5 year Rolling Performance to 30 September 2013 (excluding Money Market & Alternative Assets)



Past performance is not indicative of future performance. The value of an investment with St. James's Place can fall as well as rise. You may get back less than the amount invested.



Weighted 10 year Rolling Performance to 30 September 2013 (excluding Money Market & Alternative Assets)

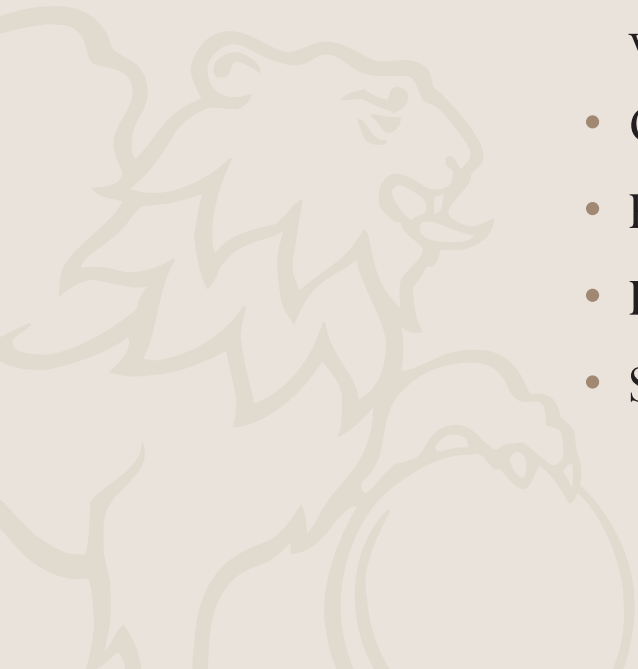


Past performance is not indicative of future performance. The value of an investment with St. James's Place can fall as well as rise. You may get back less than the amount invested.



Benefits of investment management approach

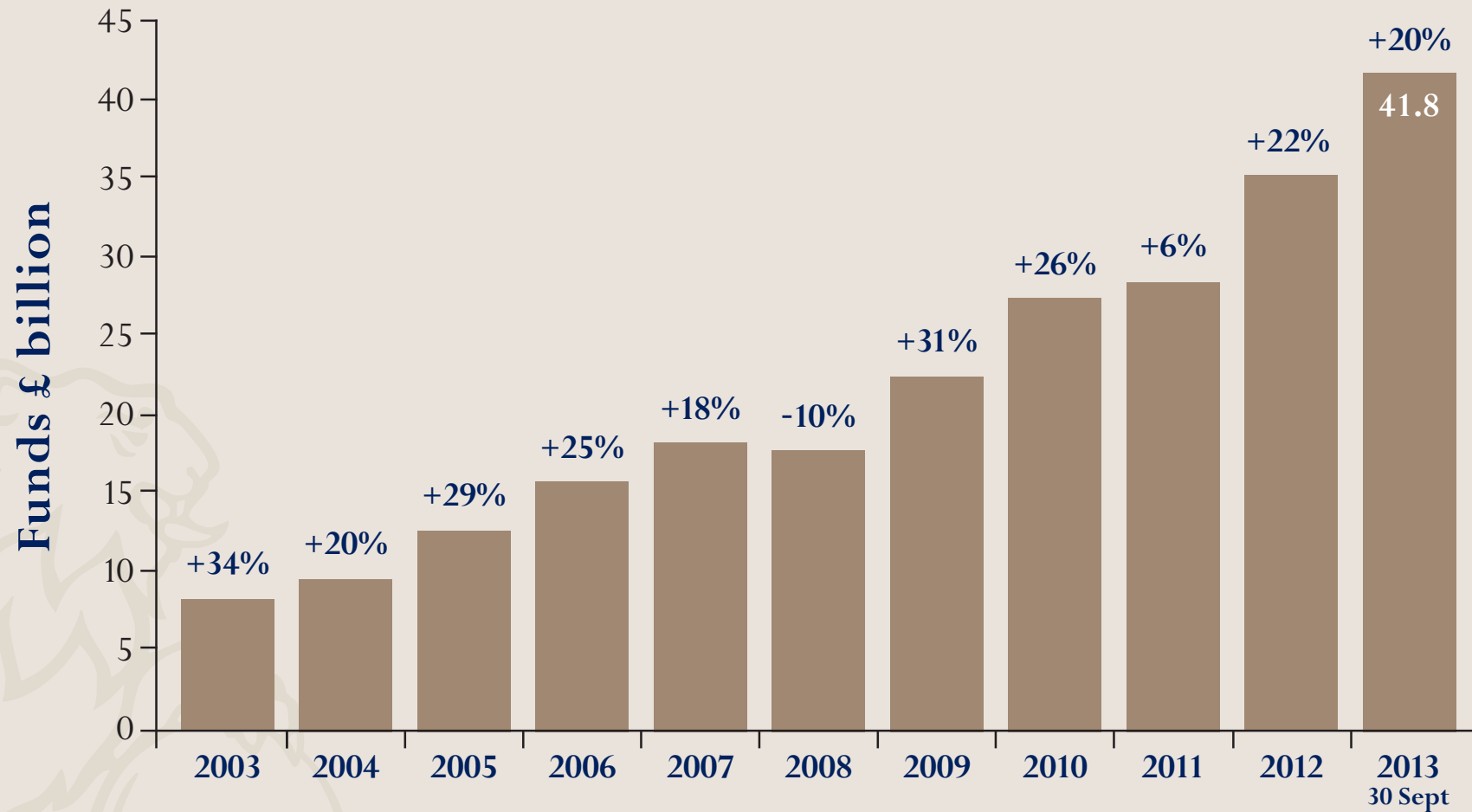
- No in-house managers, so no conflict of interest
- Benefit from Investment Committee experience & expertise
- Ability to appoint the best fund managers with wholesale purchasing power
- Continuous monitoring plus quarterly reviews
- Easy to change manager – reduced churn
- Free switching for clients
- Significantly improved retention of funds





Funds under management

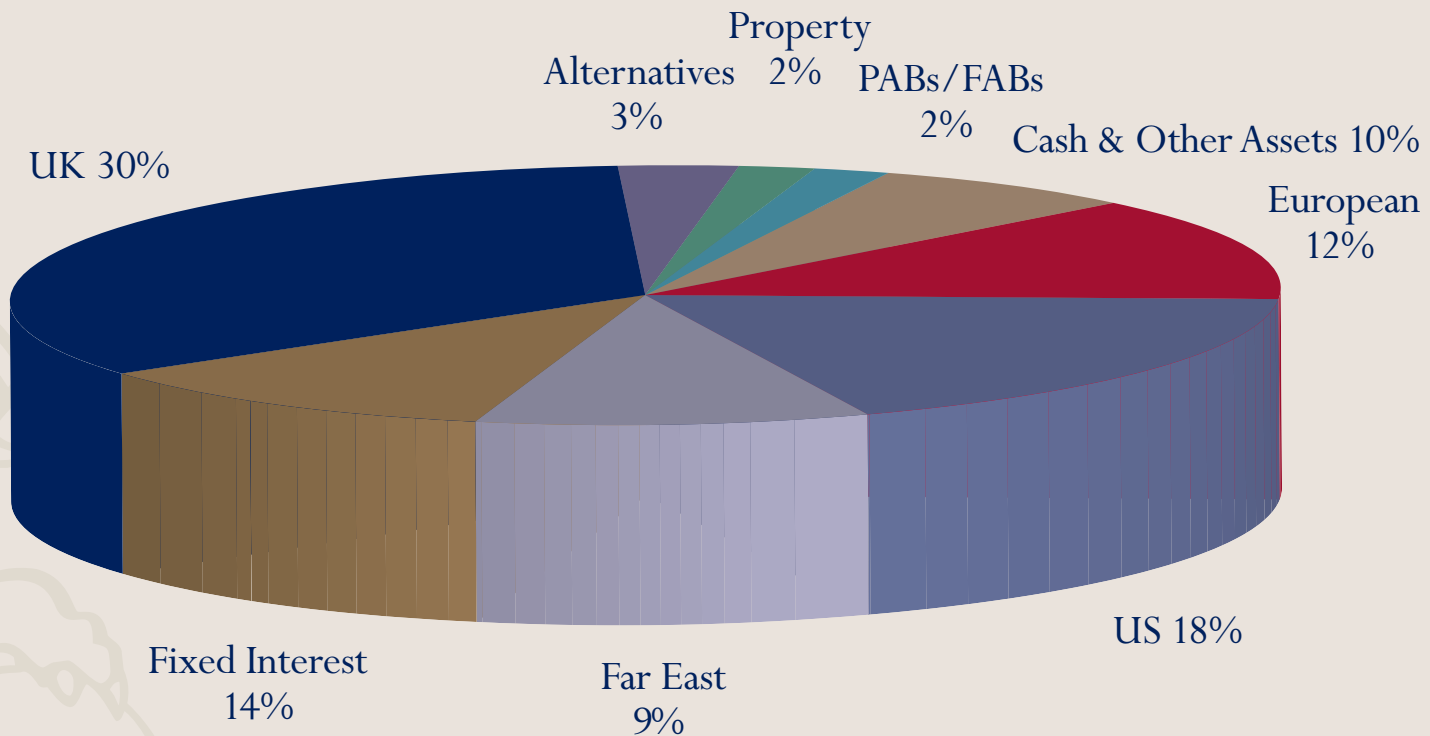
20% p.a. compound growth over the last 5 years and 19% p.a. over 10 years (at September 2013)





Funds Under Management: Shown by Asset Class and Region

30 September 2013





Summary

- Established and respected business
- Experienced and stable management team
- Experienced and stable advisory team –
‘The Partnership’
- Proven track record of growth
- Resilient in tough markets
- Favourable demographics





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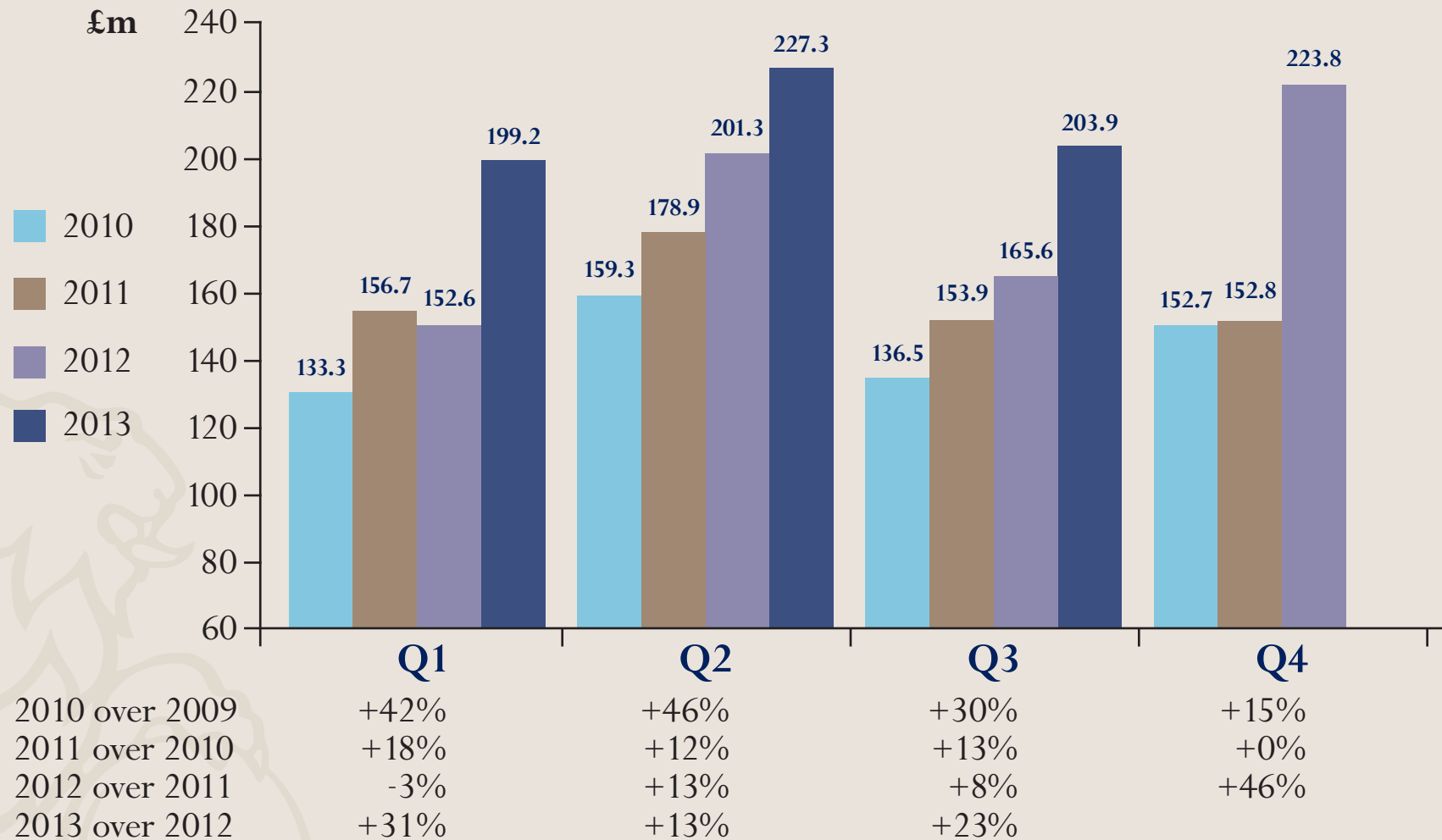
Q3 New Business





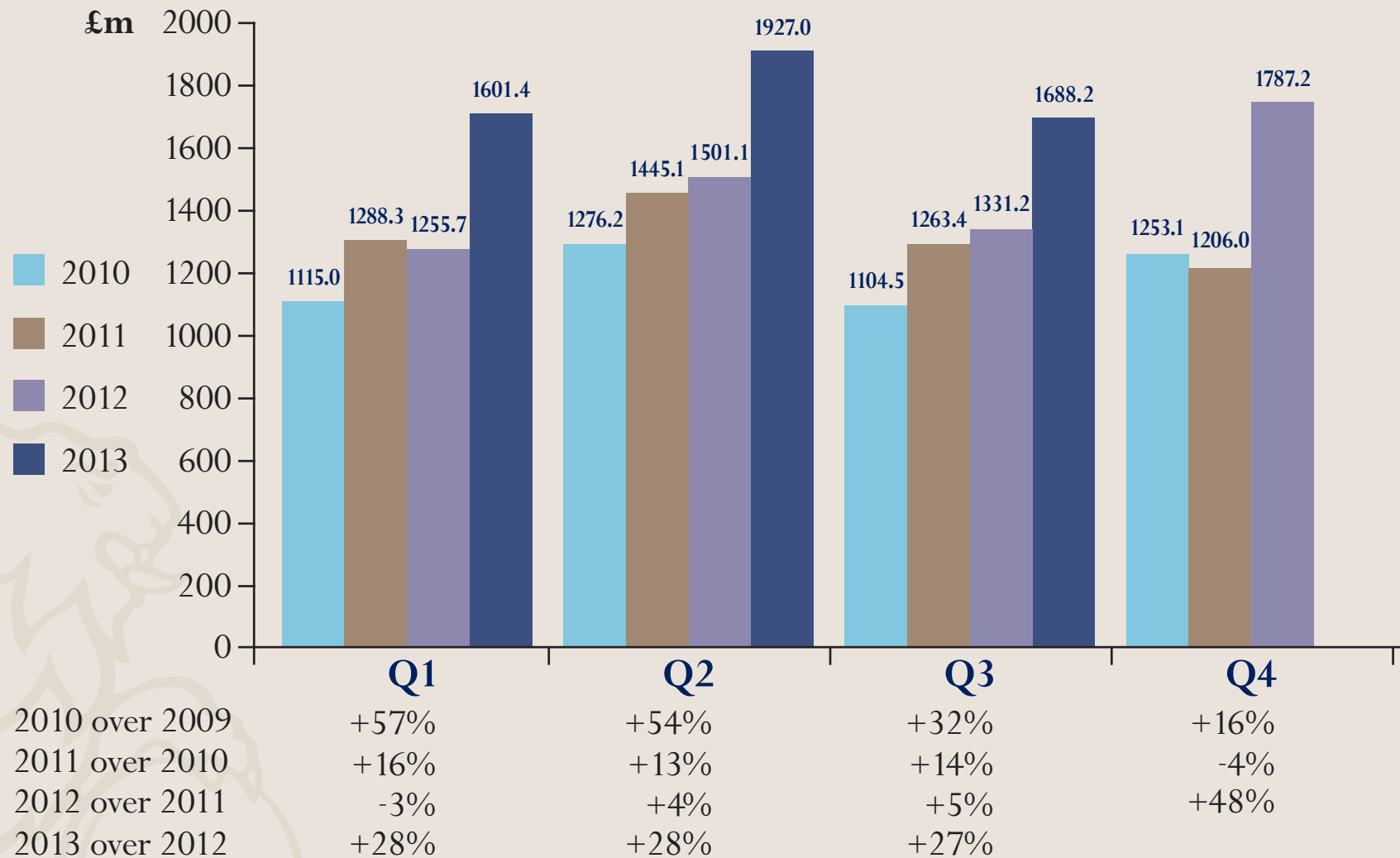
Total new business by quarter

APE (Annual premiums plus 10% of single premiums)



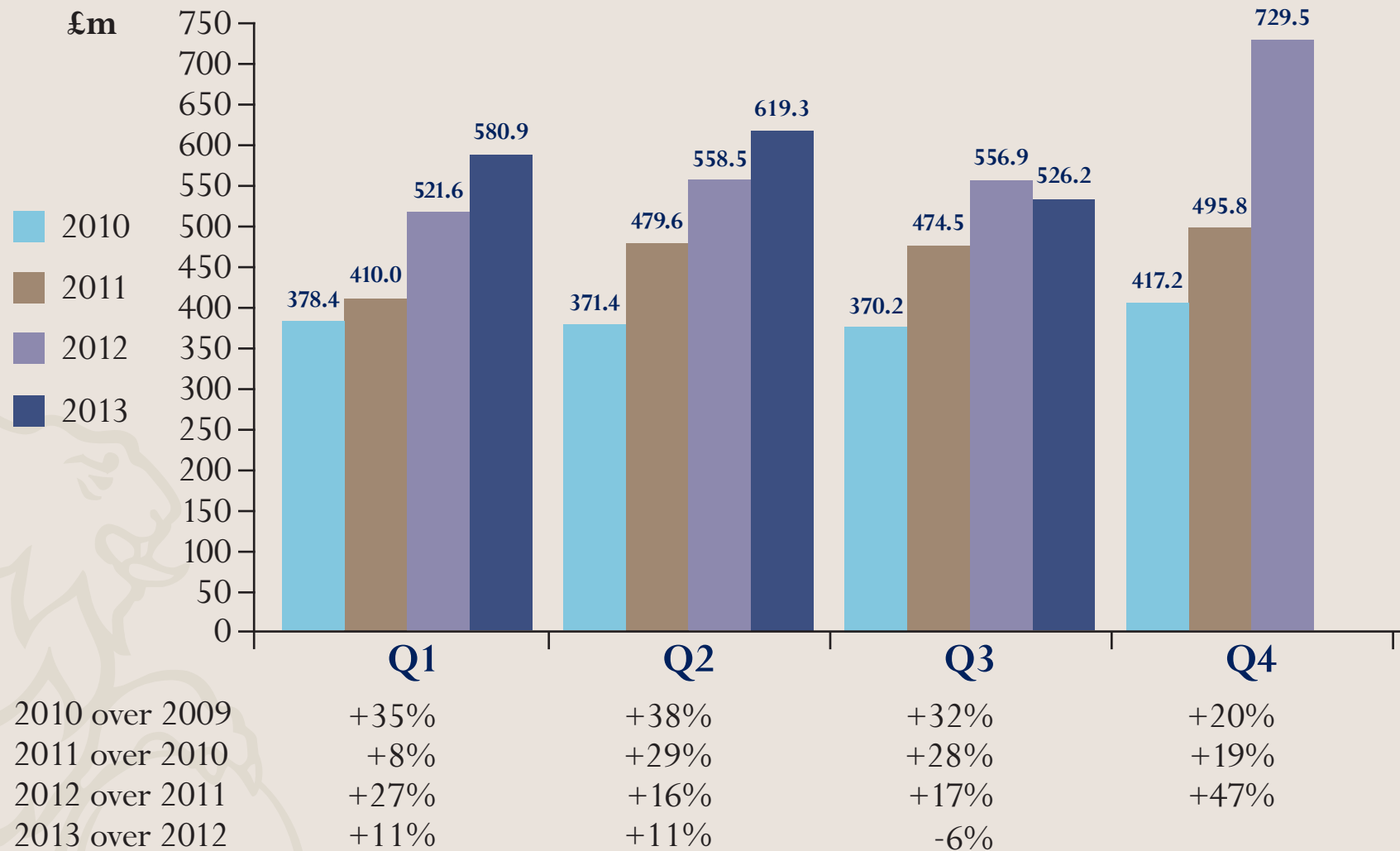


Single investments by quarter



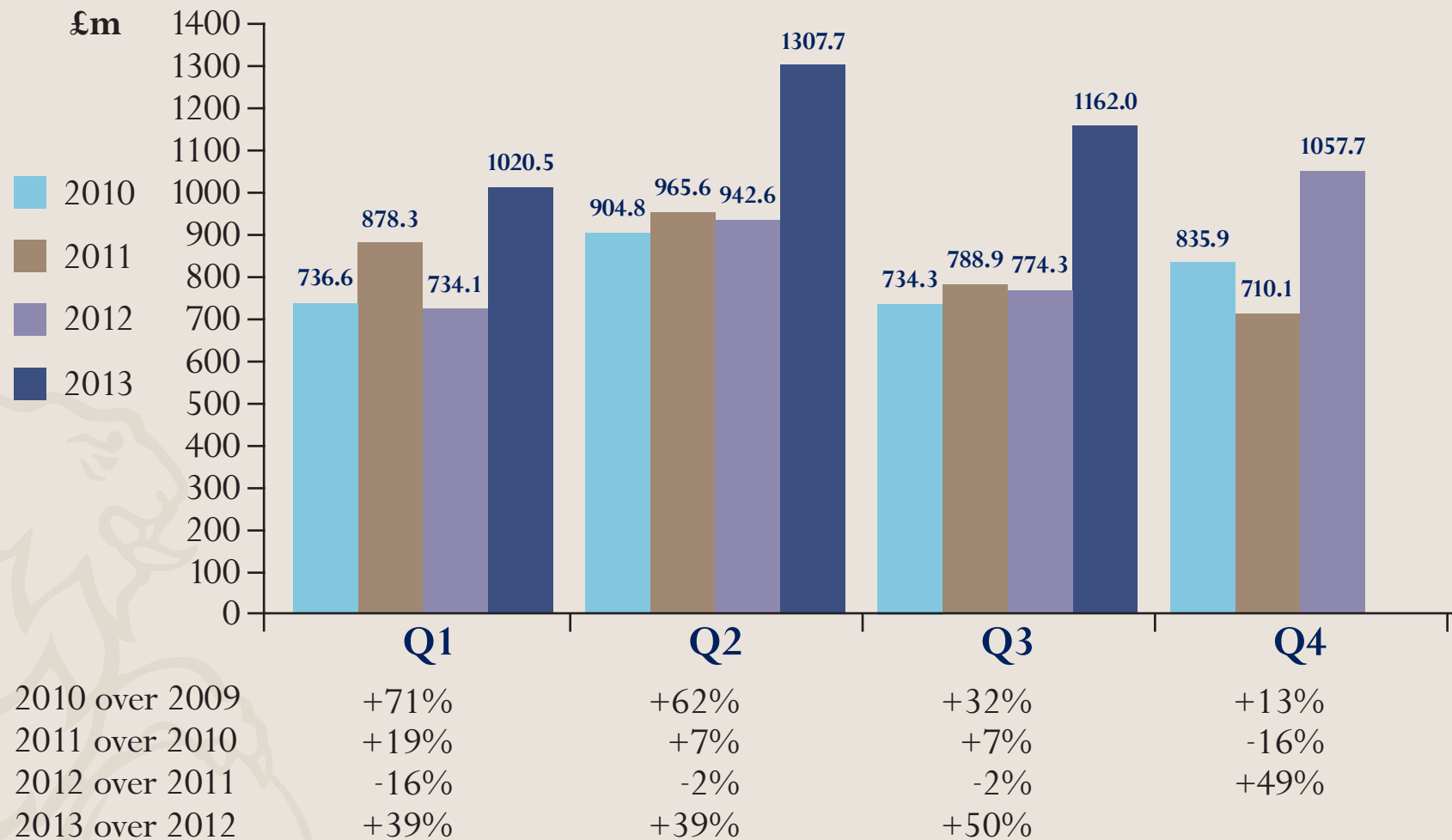


Pensions: single investments by quarter





Investments: new business by quarter





Fund flow information

£ billion	30 Sept 2013	30 Sept 2012
FUM at start	34.8	28.5
New money invested	4.9	3.9
Investment return (Stock market fall)	4.0	2.1
	<hr/>	<hr/>
	43.7	34.5
Regular income withdrawals/maturities	(0.5)	(0.5)
Surrenders/part surrenders	(1.4)	(1.2)
	<hr/>	<hr/>
FUM at close	41.8	32.8
Net inflow of FUM	<hr/> <hr/> 3.02bn	<hr/> <hr/> 2.26bn
Implied surrender rate as % of average FUM	4.7%	5.0%



Analysis of EEV life, pension & unit trust pre-tax operating profit

<u>£ million</u>	<u>30 June 2013</u>	<u>30 June 2012</u>
New business contribution	152.4	120.6
Profits from existing business		
- expected	56.5	48.9
- experience variance	39.3	3.7
- operating assumption changes	—	—
Investment income	1.7	1.4
Operating profit	<u>249.9</u>	<u>174.6</u>



Pre-tax EEV profit

£ million	30 June 2013	30 June 2012
Life, pension & unit trust	249.9	174.6
Distribution	(2.1)	2.0
Other operations	(14.2)	(8.8)
Total operating profit	233.6	167.8
Investment variance	209.5	54.9
Economic changes	1.5	(2.2)
Pre-tax result	<u>444.6</u>	<u>220.5</u>



EEV Net Asset Value per share

<u>Pence</u>	<u>30 June 2013</u>	<u>30 June 2012</u>
NAV per share	<u>524.1</u>	<u>414.6</u>





Pre-tax IFRS profit

£ million	30 June 2013	30 June 2012
Life	81.1	52.6
Unit trust	25.3	13.1
Distribution	(2.1)	2.0
Other operations	(14.2)	(8.8)
Profit before shareholder tax	<u>90.1</u>	<u>58.9</u>



Capital position as at 30 June 2013

<u>£ million</u>	<u>Life</u>	<u>Other Regulated</u>	<u>Other</u>	<u>Total</u>
Solvency position				
Solvency net assets	<u>221.5</u>	<u>34.9</u>	<u>206.3</u>	<u>462.7</u>
Solvency requirement	<u>47.9</u>	<u>16.3</u>		
Solvency ratio	<u>462%</u>	<u>214%</u>		



Group expenses

£ million	30 June 2013	30 June 2012
Paid from policy margins		
Partner remuneration	177.7	141.5
Investment expenses	49.5	43.4
3rd party administration	17.7	13.7
	<u>244.9</u>	<u>198.6</u>
Direct expenses		
Other production related costs	32.4	27.7
Establishment expenses	56.0	49.6
Regulatory levy	5.4	5.6
Development costs	5.3	4.0
Contribution from 3rd party product sales	(8.8)	(9.5)
	<u>90.3</u>	<u>77.4</u>
	<u>335.2</u>	<u>276.0</u>



Award winning into 2013





ST. JAMES'S PLACE
WEALTH MANAGEMENT



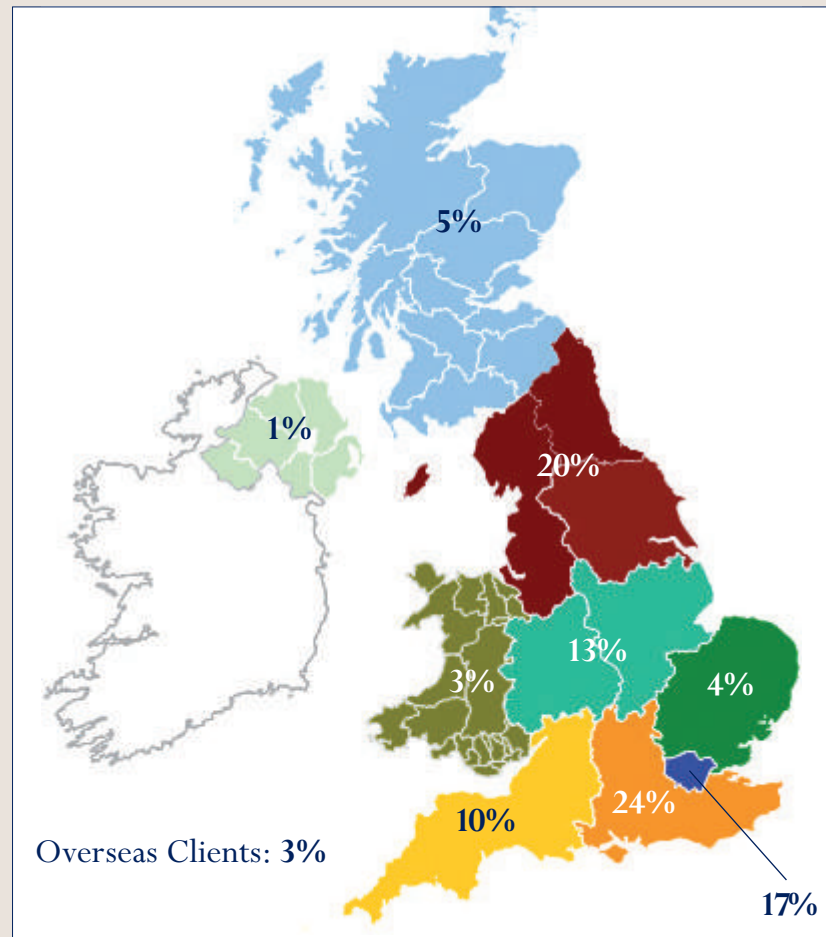
Our Clients





Geographic Distribution of Client FUM

30 June 2013

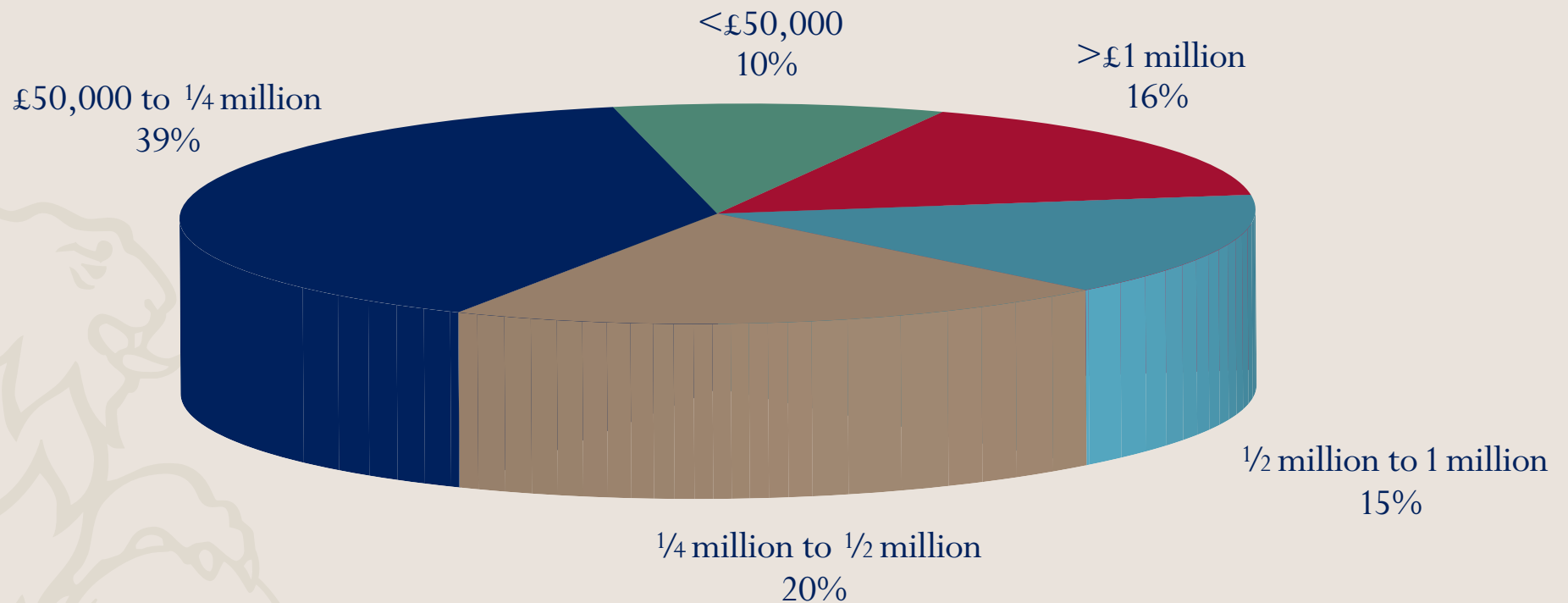




FUM by Value of Clients

30 June 2013

FUM by Client Band

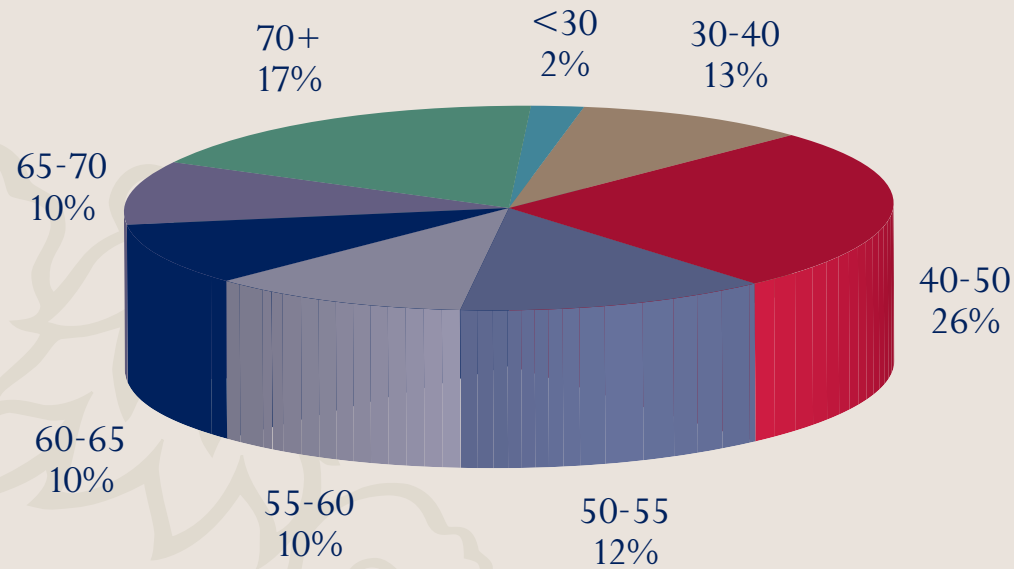




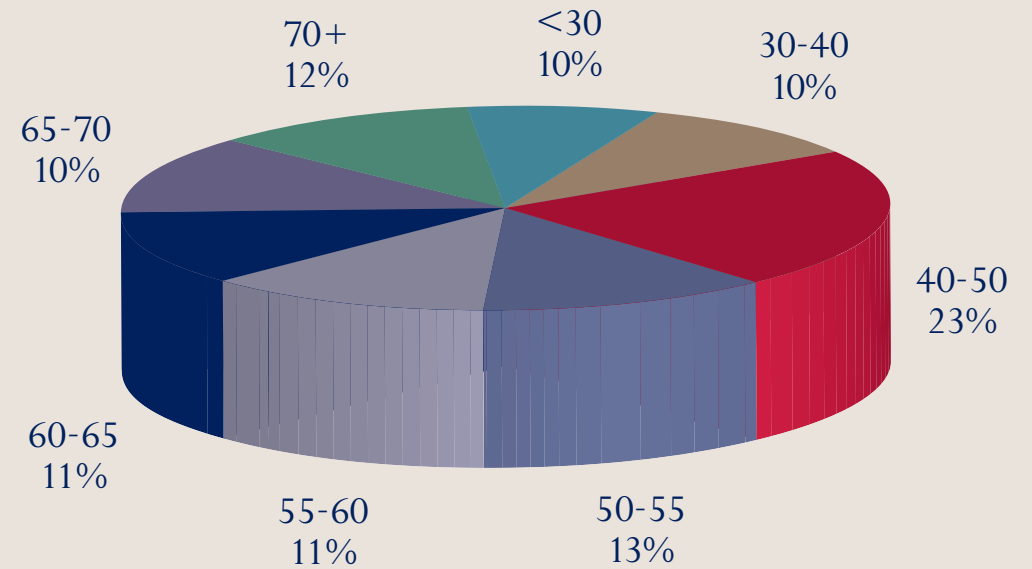
New and Retained Clients by Age Band

30 June 2013

Existing Clients by Age Band



New Clients by Age Band





What our clients think*

Client survey carried out by Ledbury Research

The key findings were:

- 73% of clients scored their overall satisfaction with St. James's Place as 8 or more out of 10
- 25% of clients scored us 10 out of 10
- 76% of clients agree that we provide excellent service
- 67% of clients rated 8 or more out of 10 for the way in which we communicate with them
- 68% of clients likely to recommend St. James's Place to others
- 75% of clients would invest with St. James's Place again if making that decision today (scoring 8 or more out of 10)

**Client survey carried out by Ledbury Research – October 2012.*



ST. JAMES'S PLACE
WEALTH MANAGEMENT



Our Market





Our Market

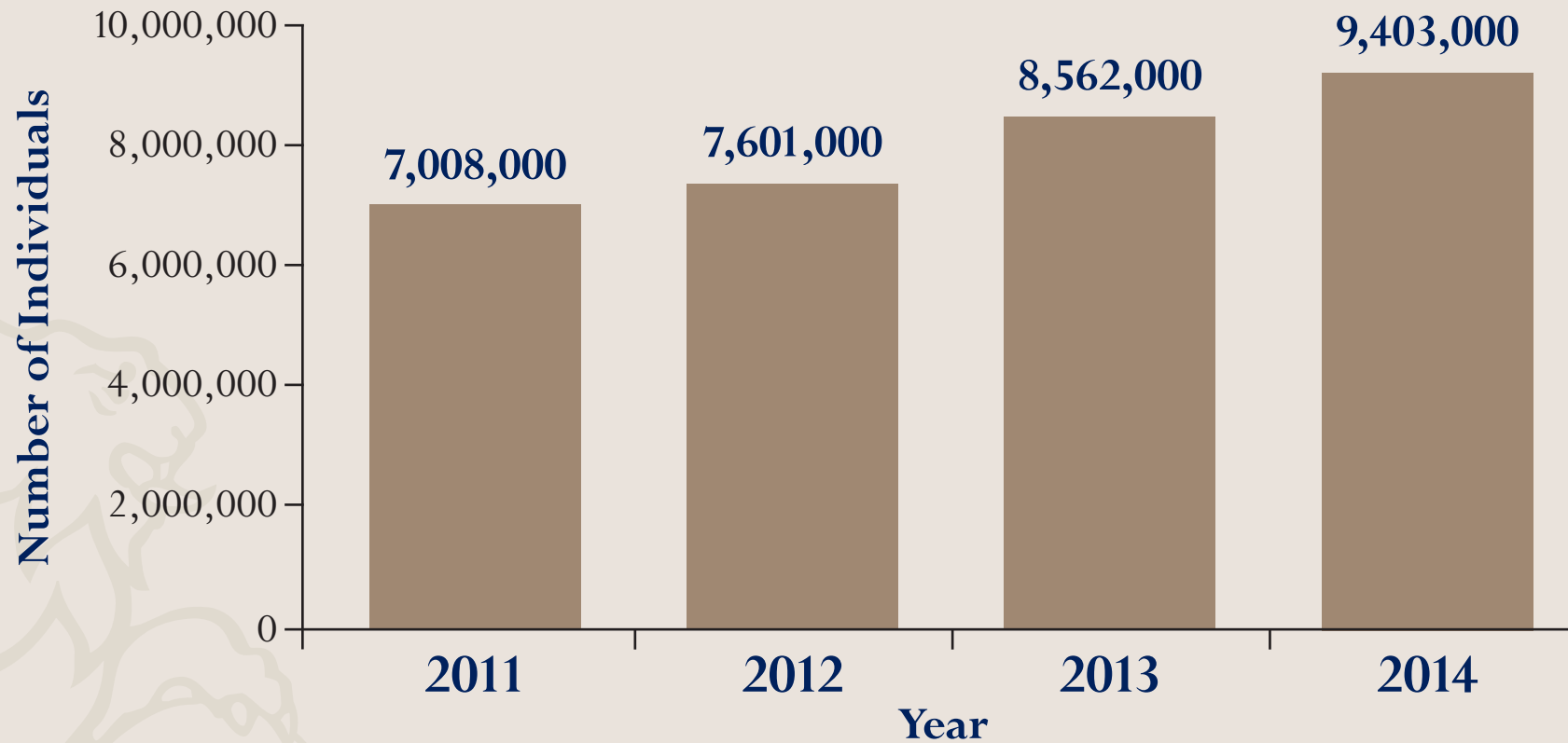
- The market is big
- Favourable demographics
- The tax burden is increasing
- UK high net worth individuals want face-to-face advice





The SJP Marketplace

UK individuals with between €50k and €5m of liquid assets

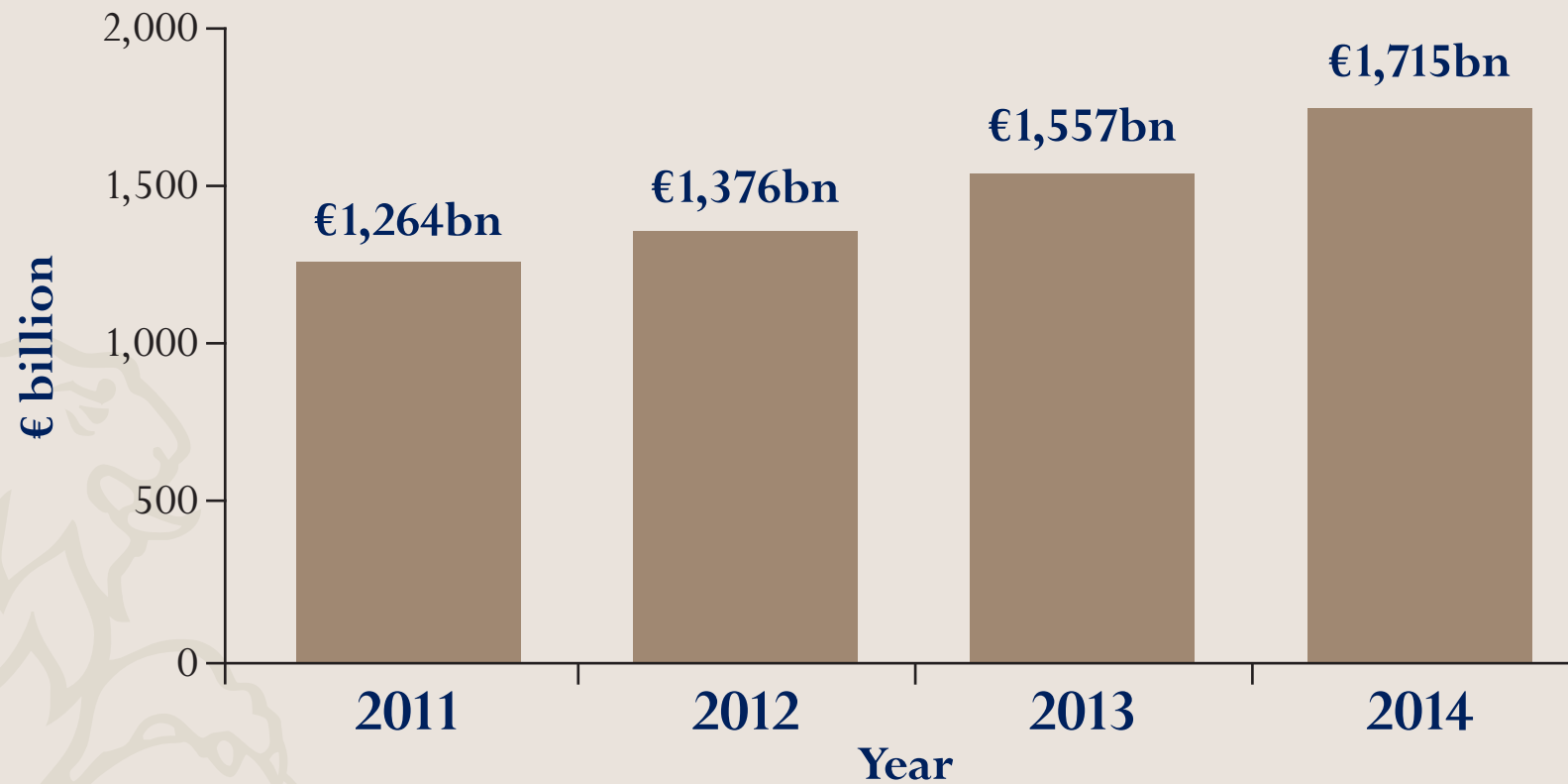


Source: Datamonitor European Wealth Markets Database 2010



The SJP Marketplace

Amount of liquid assets held by UK individuals with between €50k and €5m

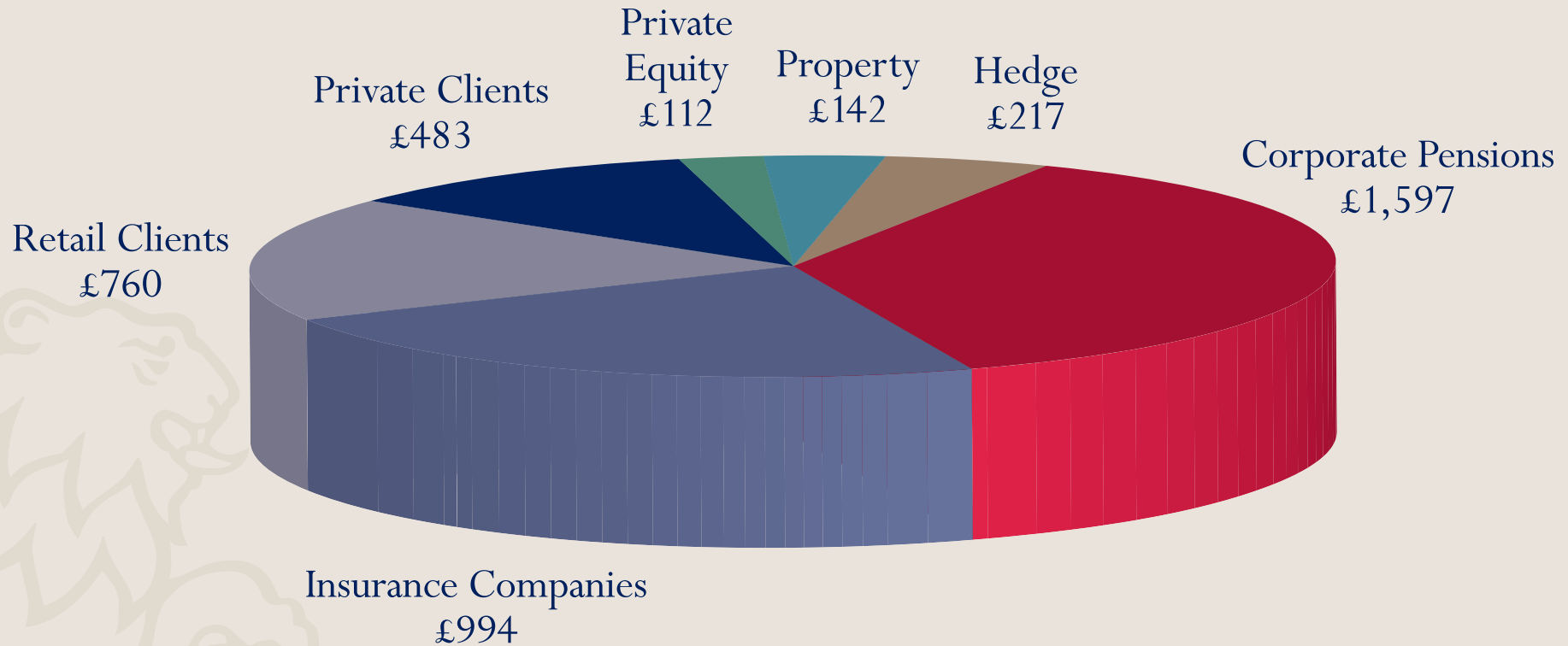


Source: Datamonitor European Wealth Markets Database 2010



UK Funds under management

Funds £billion



The City UK Fund management report 2012 – figures relate to 31 December 2011.
Insurance & Corporate Pensions relate to institutional clients.



Private Asset & Wealth Managers Top 10 and selected others

2013 Rank	2012 Rank	Company	AUM end 2012 (£bn)	Change v 2012 (£bn)	Share (of top 40)
1st	2nd	Coutts	51.7	1.9 (4%)	10.9%
2nd	1st	Barclays	50.2	0.4 (1%)	10.6%
3rd	6th	St. James's Place Wealth Management	34.8	6.3 (22%)	7.3%
4th	3rd	UBS Wealth Management	27.0	0.8 (3%)	5.7%
5th	8th	Brewin Dolphin Limited	26.0	2.0 (8%)	5.5%
6th	7th	Hargreaves Lansdown	25.8	1.8 (8%)	5.4%
7th	4th	HSBC	24.7	0.6 (3%)	5.2%
8th	8th	Rathbones	16.7	1.9 (13%)	3.5%
9th	-	Citi Private Bank	15.3	-	3.2%
10th	10th	Lloyds TSB Private Bank	13.9	1.3 (10%)	2.9%
14th	14th	JP Morgan Private Bank	11.5	1.8 (19%)	2.4%
27th	25th	Towry	4.8	0.3 (6%)	1.0%
Top 10 Companies			286.2	17.0 (6%)	60%
Top 40 Companies			457.9	40.4 (9%)	-

Source: 2013 PAM Directory



The SJP Opportunity

- ISAs
 - Cash £200 bn (Sept 2012 - HMRC)
 - Stocks & shares £190 bn (Sept 2012 - HMRC)
- Building Society deposits £215 bn (June 2012 - Building Societies Association)
- Mutual lenders and deposit takers £250 bn (June 2012 - Building Societies Association)
- Bank deposits £696 bn (Nov 2012 - British Banking Association)
- Mutual funds £632 bn (Oct 2012 - IMA)



The SJP Opportunity

- Pensions
 - 52% of open defined benefit schemes expect to close to new members within 5 years. *(National Association of Pension Funds, 23 January 2009)*
 - More than 59% of UK workers are not confident that they will have enough money during retirement. *(Club VITA survey)*
 - Almost 1.7 million are relying on property to fund their retirement. *(USwitch)*



The SJP Opportunity

- More than 10 million people in the UK today can expect to live to see their 100th birthday. *(DWP December 2010)*
- Nearly a fifth of people alive now in the UK will survive until they are at least 100. *(DWP December 2010)*
- There isn't going to be enough money for all these idle people, we're constantly told; pensions are inadequate and our social care needs will ruin us. *(Daily Telegraph, 30 December 2011)*



ST. JAMES'S PLACE
WEALTH MANAGEMENT



Post RDR





The advice market – transparent... but not simple

The fees a client may have to consider when trying to compare advice and products based on publicly available information for a variety of firms and providers.

Advice	Initial advice fee	% of initial investment OR Hourly rate (£)	Tiered fee based on amount invested + VAT Rate may depend on seniority of adviser
	Ongoing advice fee	% of Funds Under Management OR Hourly rate (£)	Tiered fee based on fund value Rate may depend on seniority of adviser
	Administration fee	% of Funds Under Management OR Prescribed fees (£)	Amount based on fund value Amount may depend on activity
Platform/Admin	Annual charge (%)	Tiered fee based on fund value	
	Account fee (£)	Amount will depend on platform provider	
	Transaction charges	% of Funds Under Management OR Prescribed fees (£)	Amount per transaction Tiered fee based on transaction size
Insurance Company	Wrapper charges	Amount based on fund value	
	Administration fee	Amount will depend on insurance company	
Fund Management	Annual management charges (£)	Amount based on value of funds under management	
	Additional miscellaneous costs	Amount based on value of funds under management	



Basic comparison with other options

	Advice	Platform	Asset management	Total Bps
Direct to customer platform	0	50-75	75	125-150
'Traditional' IFA/platform combination	60-80	25-50	75	160-205
St. James's Place		Bundled		160-190

Source: Barclays research, company data



Adviser numbers down 20%

ADVISER NUMBERS

TYPE OF ADVISER	FSA ESTIMATES 31 DEC 2011	FSA FIGURES 31 DEC 2012	%
Financial advisers	25,616	20,453	-20%
Bank advisers	8,658	4,809	-44%
Wealth managers/stockbrokers	4,043	3,718	-8%
	38,317	28,980	-24%

FINANCIAL CONDUCT AUTHORITY



ST. JAMES'S PLACE
WEALTH MANAGEMENT



Our Shareholders





Our Shareholders

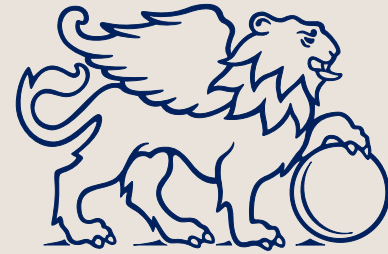
1. Lloyds Banking Group	21.1%
2. Baillie Gifford	5.9%
3. Ameriprise Financial (Threadneedle)	5.4%
4. Prudential (M&G)	4.1%
5. Kames Capital	3.5%
6. AXA Framlington	3.3%
7. Schroder	3.3%
8. Wellington	2.9%
9. Legal & General	2.8%
10. Old Mutual	2.3%

As at 30 September 2013



Analyst following

- Alan Devlin
- Matthew Preston
- Andrew Sinclair
- Chris Esson
- Oliver Steel
- Ravi Tanna
- Ashik Musaddi
- Karl Morris
- Neil Welch
- Barclays Capital
- Berenberg
- BoA Merrill Lynch
- Credit Suisse
- Deutsche Bank
- Goldman Sachs
- JP Morgan Cazenove
- KBW
- Macquarie
- Jon Hocking
- Ben Bathurst
- David McCann
- Marcus Barnard
- Barrie Cornes
- Stuart Duncan
- Paul De'ath
- Eamonn Flanagan
- Morgan Stanley
- Nomura
- Numis
- Oriel Securities
- Panmure Gordon
- Peel Hunt
- RBC Capital Markets
- Shore Capital



30 September 2013