



ST. JAMES'S PLACE
WEALTH MANAGEMENT

FULL-YEAR RESULTS

February 2017

ST. JAMES'S PLACE WEALTH MANAGEMENT

Agenda

New Business Update
and
Financial Performance

The Future

Q&A





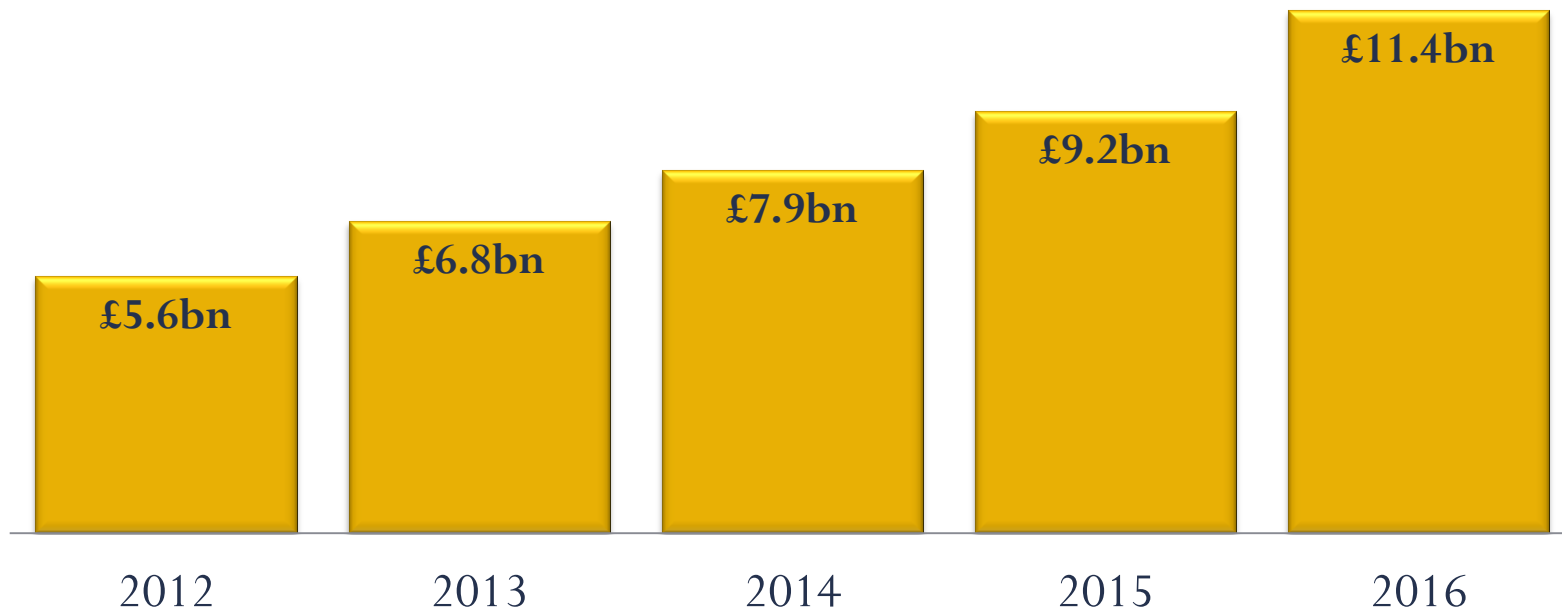
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ANDREW CROFT
Chief Financial Officer

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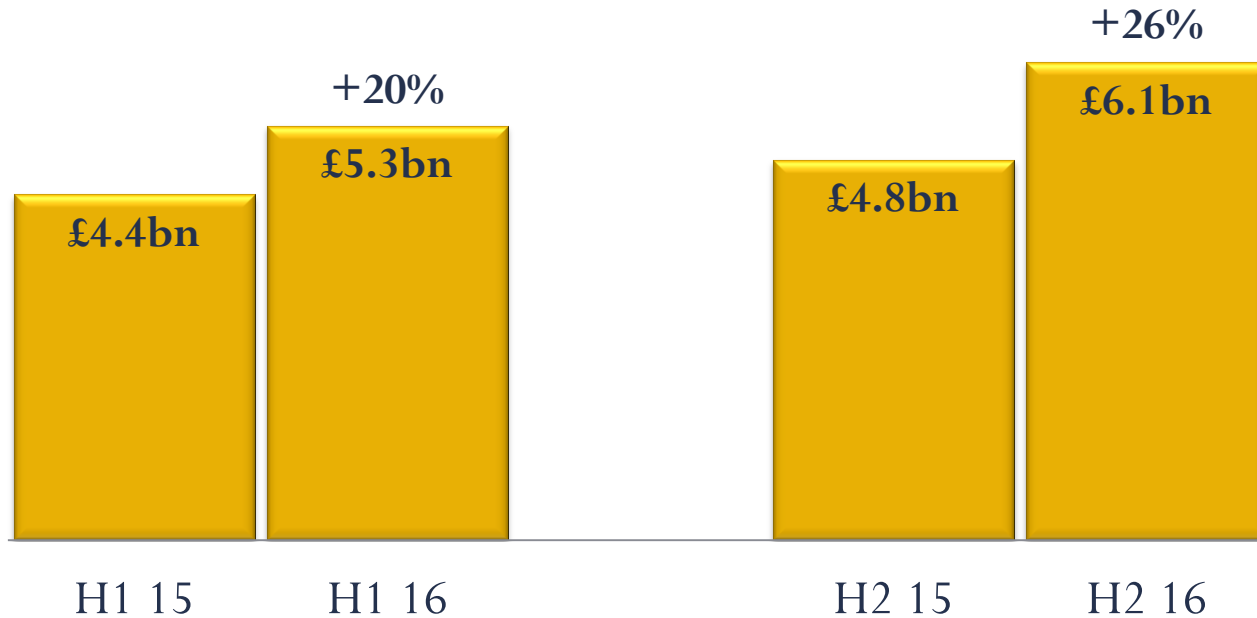
Gross inflows

Up 23%



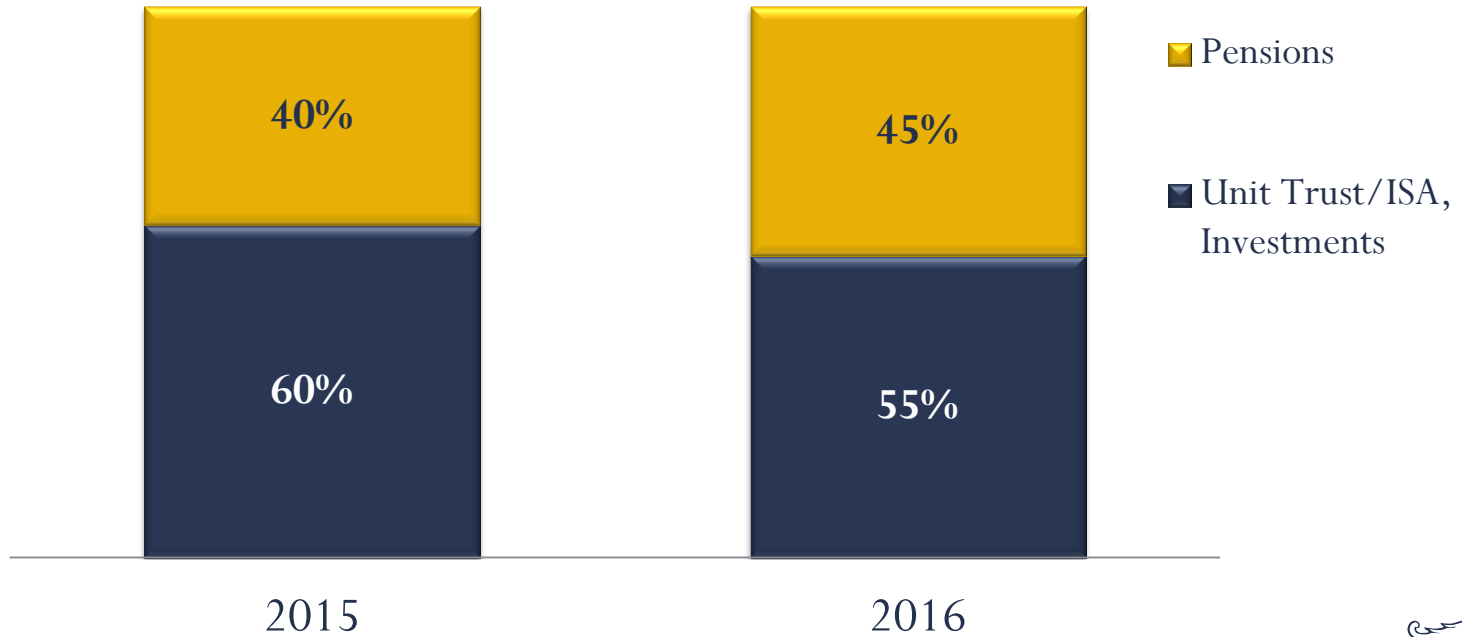
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Gross inflow growth



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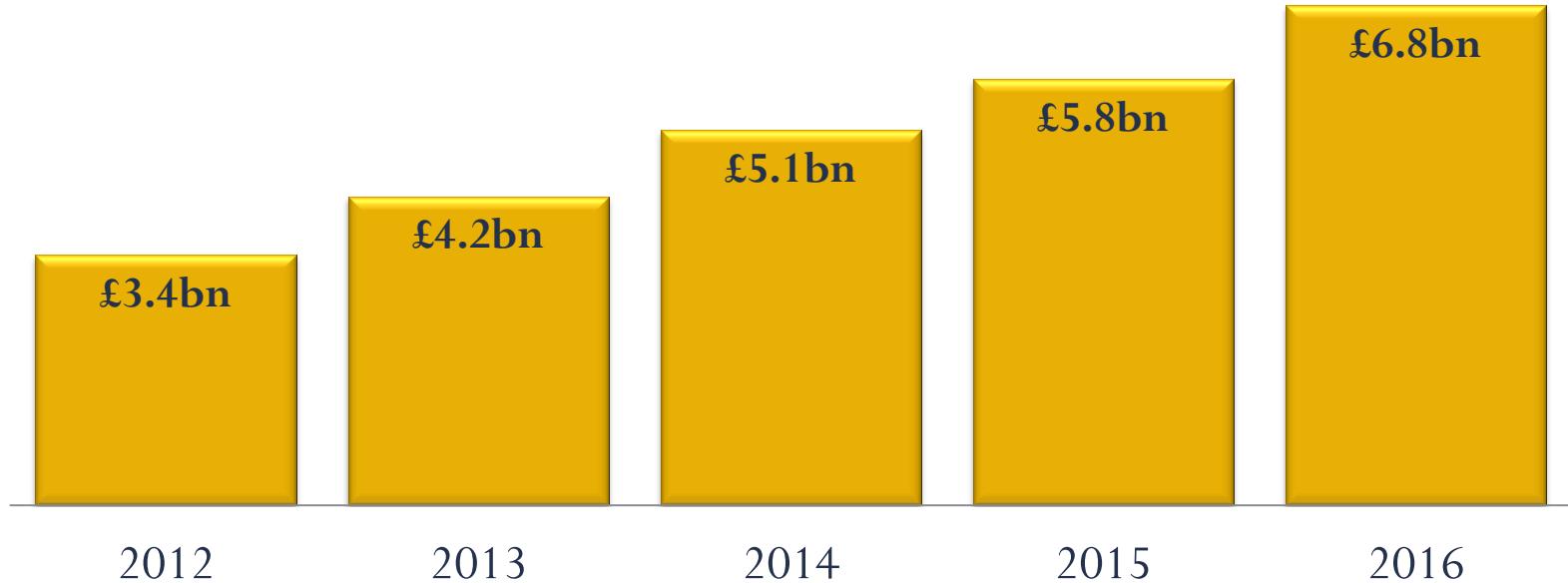
Gross inflow mix



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Net inflows

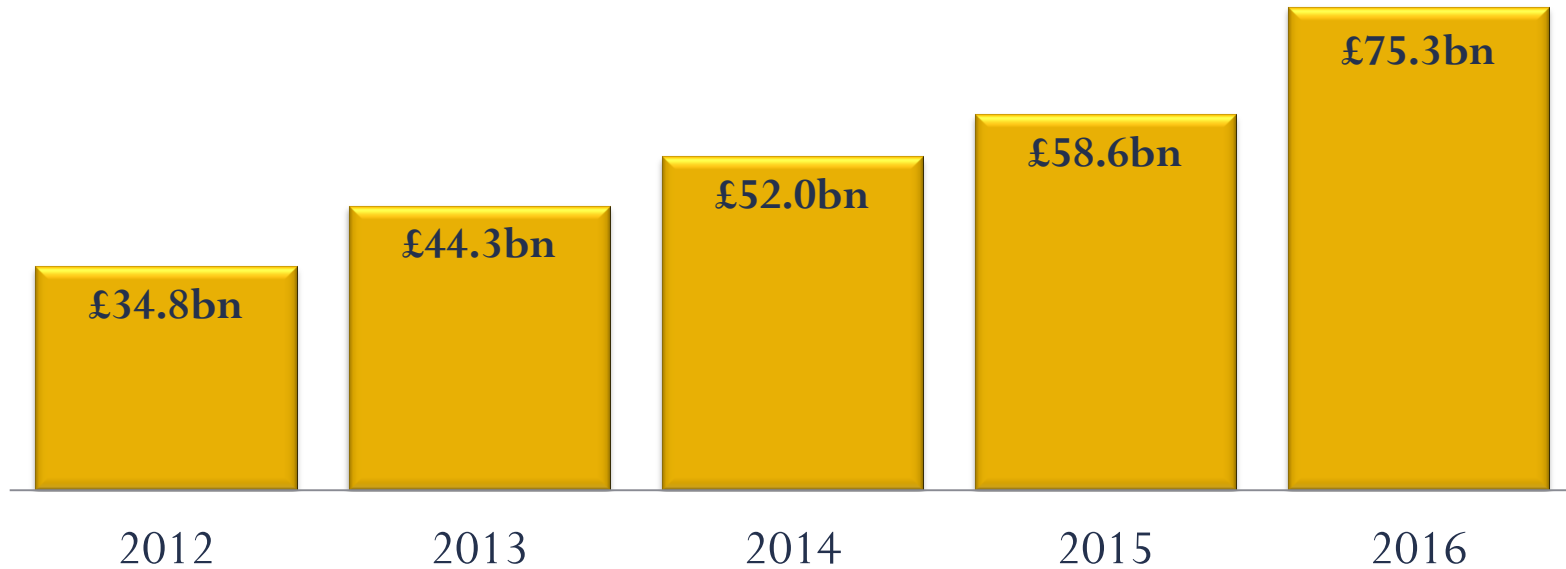
Up 17%



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Funds under management

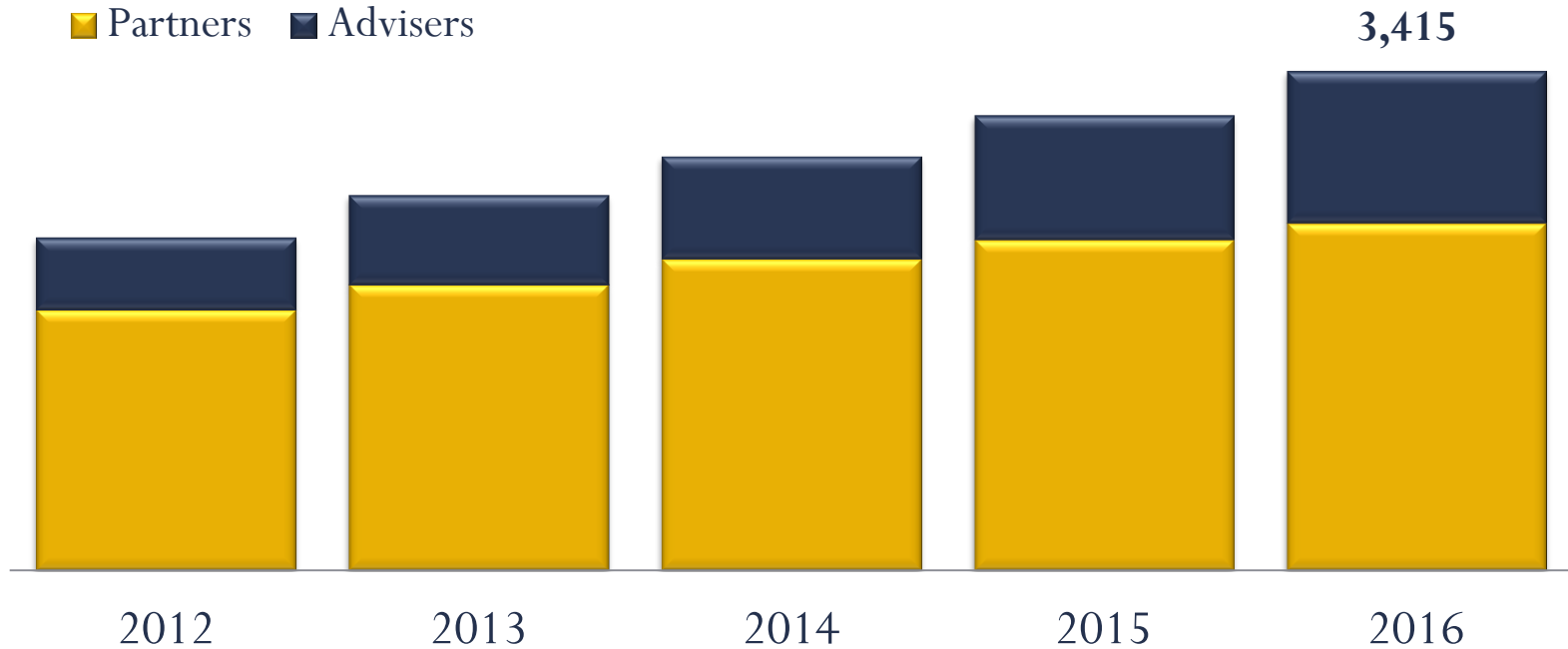
Up 28%



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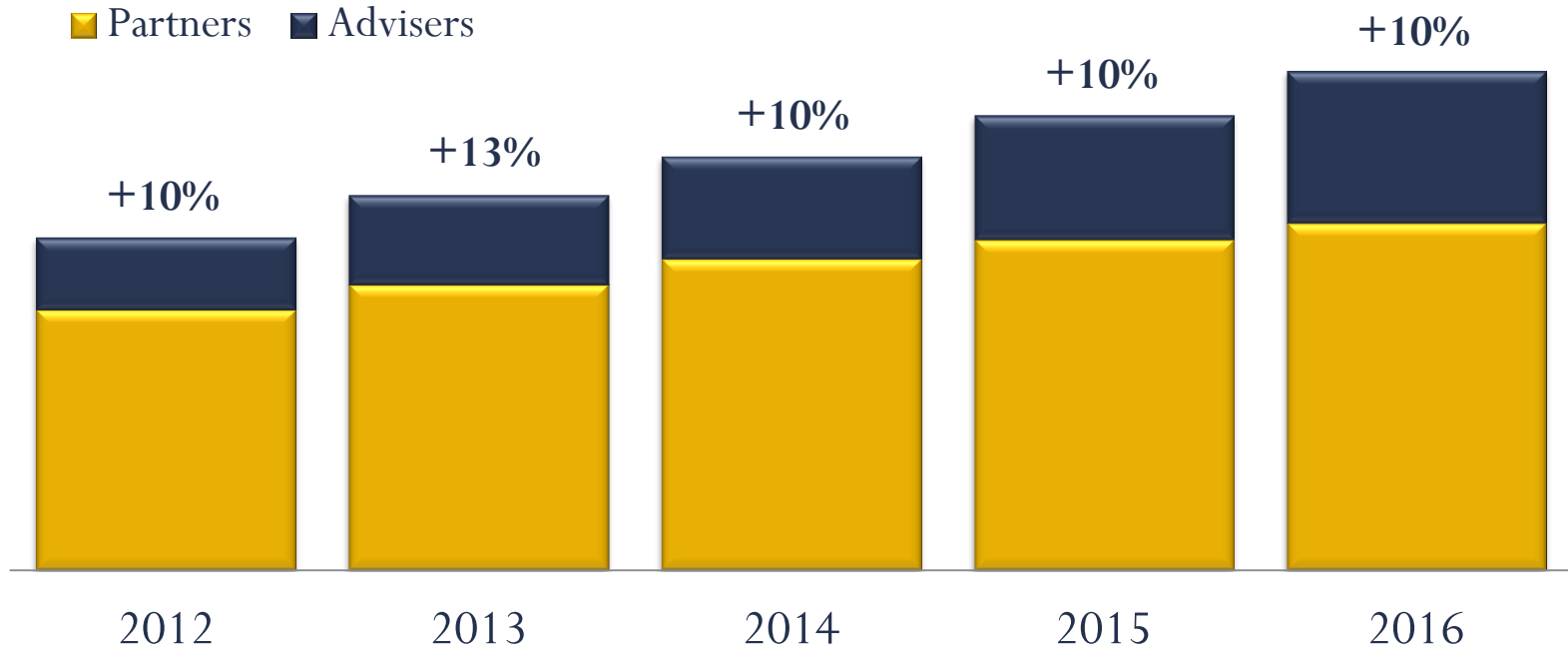
Partnership and Adviser growth

Up 10%



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Partnership and Adviser growth



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EEV operating profit

£'m	2016	2015	
New business contribution	520.2	440.7	+18%
Unwind of the discount rate	199.6	172.4	
Experience variance	1.4	78.1	
Operating assumption changes	18.6	44.1	
Investment income	7.4	6.1	
Rowan Dartington	21.0	-	
Distribution	(25.9)	(21.2)	
Back office infrastructure	(20.9)	(18.1)	
Other	(47.8)	(41.9)	
Operating profit	<u>673.6</u>	<u>660.2</u>	



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Distribution result

£'m	2016	2015
FSCS levy	(16.5)	(19.8)
Asia	(13.2)	(7.0)
Other	3.8	5.6
	<u>(25.9)</u>	<u>(21.2)</u>



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EEV operating profit

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EEV pre-tax result

£'m	2016	2015
Operating profit	673.6	660.2
Investment variance	537.2	(24.4)
Economic assumption change	(12.4)	0.9
Pre-tax result	<u>1,198.4</u>	<u>636.7</u>



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NAV per share

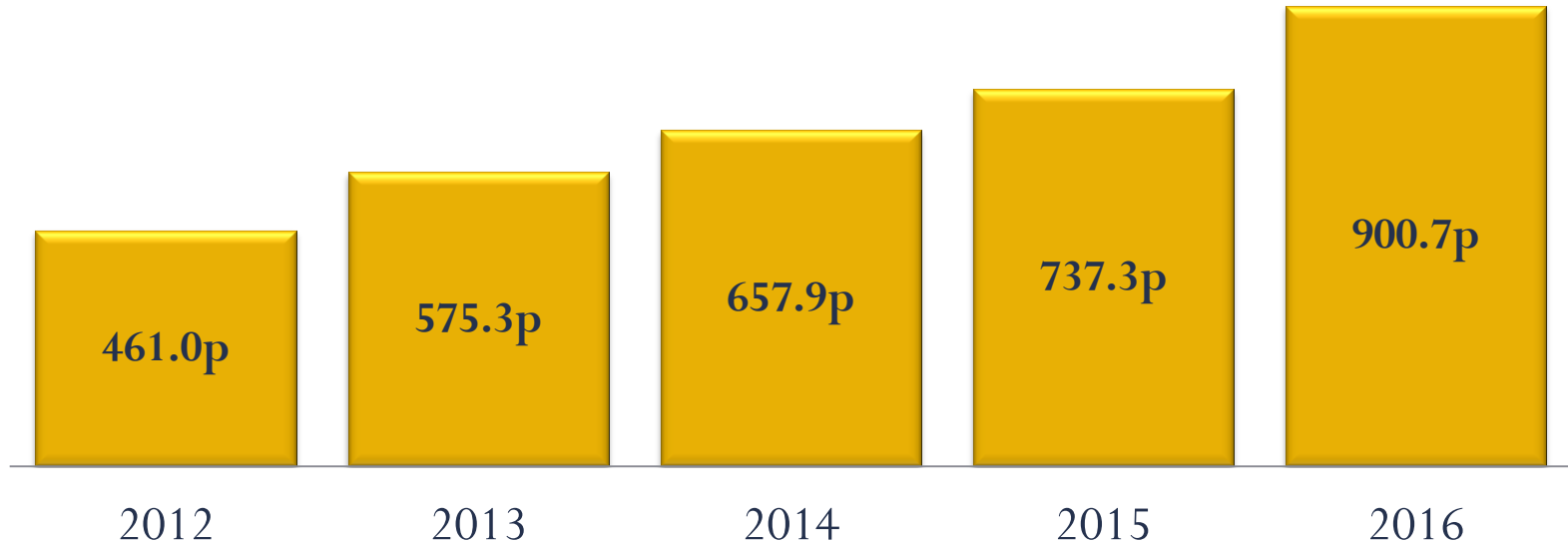
pence	2016	2015	
NAV per share	<u>900.7</u>	<u>737.3</u>	+22%



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NAV per share

Compound growth of 19% per annum



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Value creation

Growth in FUM

=

Growth in NAV

=

Growth in shareholder value



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Post-tax cash result

£'m	2016	2015	
Net annual management fee	508.9	440.2	+16%
Reduction in fees in gestation period	<u>(189.9)</u>	<u>(161.6)</u>	
Net income from FUM	319.0	278.6	+15%
Margin arising from new business	49.0	47.8	
Operating expenses	(146.3)	(130.9)	
FSCS levy	(13.7)	(15.9)	
Shareholder interest	9.8	8.6	
Utilisation of capital losses	12.6	12.1	
Miscellaneous	<u>(4.4)</u>	<u>(4.7)</u>	
Operating cash result	226.0	195.6	+16%
Investments	<u>(26.5)</u>	<u>(13.5)</u>	
Underlying cash result	<u><u>199.5</u></u>	<u><u>182.1</u></u>	



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Investing for growth

£'m	2016	2015
Academy	(5.8)	(4.4)
Asia	(12.2)	(6.3)
DFM	(3.2)	(1.3)
Strategic development costs	(5.3)	(1.5)
Investments	<u>(26.5)</u>	<u>(13.5)</u>



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Post-tax cash result

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Post-tax cash result

£'m	2016	2015
Underlying cash result	199.5	182.1
Back-office infrastructure development	(16.7)	(14.4)
Variance	(7.4)	3.8
Cash result	<u>175.4</u>	<u>171.5</u>



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Solvency II position

- Reassessment of unit liability – now matches encashment value
- Increases SII net assets by £267m
- But reduces VIF by £267m
- So no change to SII free assets
- Hence increase to Management Solvency Buffer of £267m



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Solvency II position

£'m	2016 pre-change	2016 post-change	Adjustment
Solvency II net assets	803.0	1,070.0	267.0
Value of in-force	2,974.9	2,707.9	(267.0)
Risk margin	(779.2)	(779.2)	
Own funds (A)	2,998.7	2,998.7	
Solvency capital requirement (B)	(2,046.5)	(2,046.5)	
Solvency II free assets	952.2	952.2	
Solvency II net assets	803.0	1,070.0	267.0
Management solvency buffer	(260.0)	(527.0)	(267.0)
Management free assets	543.0	543.0	



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Modelling implications

- Change to timing of cash emergence
- For future new business, cash will emerge earlier
- If implemented at 1 Jan 16, the operating, underlying and total cash results would have been c. £25m higher
- Some changes to IFRS albeit overall impact is neutral



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Modelling guidance

<https://www1.sjp.co.uk/investor-relations>



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Divesting matching assets

- Lower unit liability means we have redundant matching assets
- In process of divesting excess assets from our funds
- Holdings in cash will lower Group risk profile
- Solvency Capital and Risk Margin requirements will reduce
- Level of Management Solvency Buffer will be reassessed in due course



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Solvency II position

£'m	2016 post-change
Solvency II net assets	1,070.0
Value of in-force	2,707.9
Risk margin	(779.2)
Own funds (A)	2,998.7
Solvency capital requirement (B)	(2,046.5)
Solvency II free assets	952.2
Solvency II net assets	1,070.0
Management solvency buffer	(527.0)
Management free assets	543.0



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Dividend outlook

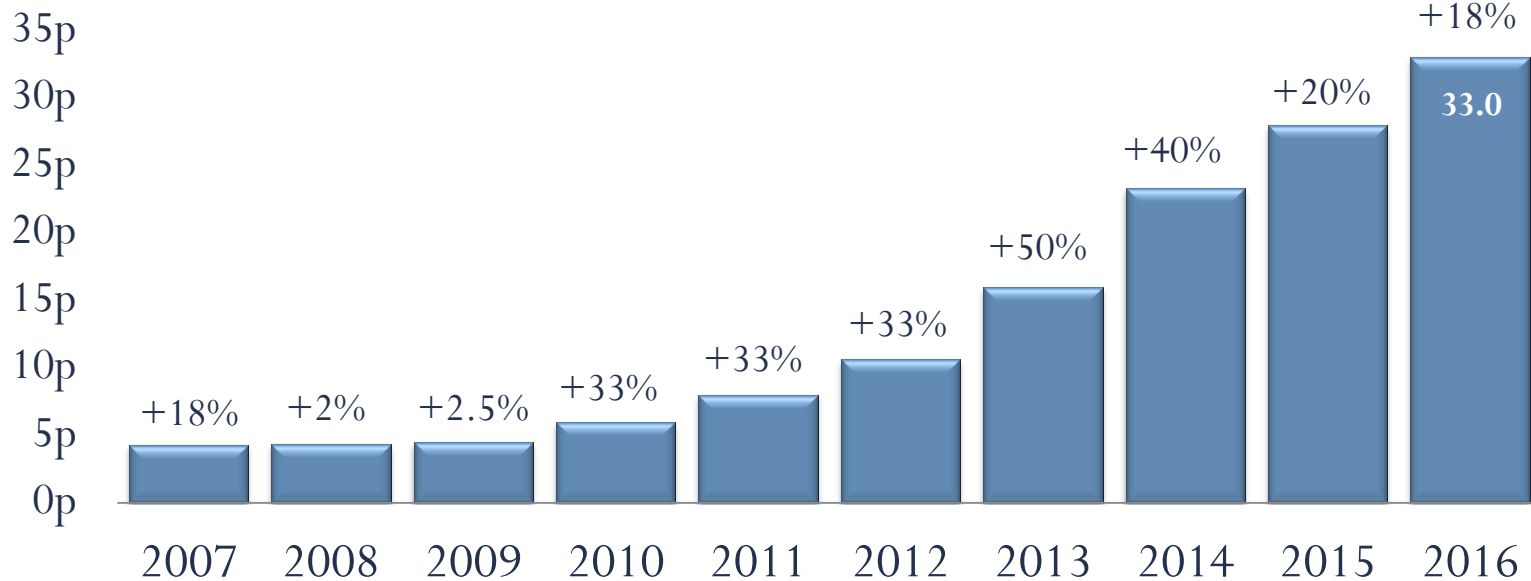
- Final dividend up 20% to 20.67p
- Full year dividend up 18% to 33.0p
- Full year pay-out of 77% of operating cash
- Full year pay-out of 87% of underlying cash



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Dividend history

Compound growth of 25% per annum



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Dividend outlook

- We fully intend to continue our policy of increasing the dividend in line with the underlying performance of the business
- Comfort from the £25.1 billion of funds in the gestation period



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Financial Summary

- Continued strong net inflows, up 17%
- Funds under management up 28%
- Strong EEV result:
 - New business contribution up 18%
 - NAV per share up 22%
- Underlying cash result up 10% reflecting:
 - Strong operating cash result, up 16%
 - Investment in long-term growth opportunities
- Robust solvency position
- Proposed dividend up 20%





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DAVID BELLAMY

Chief Executive

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Gross Inflows



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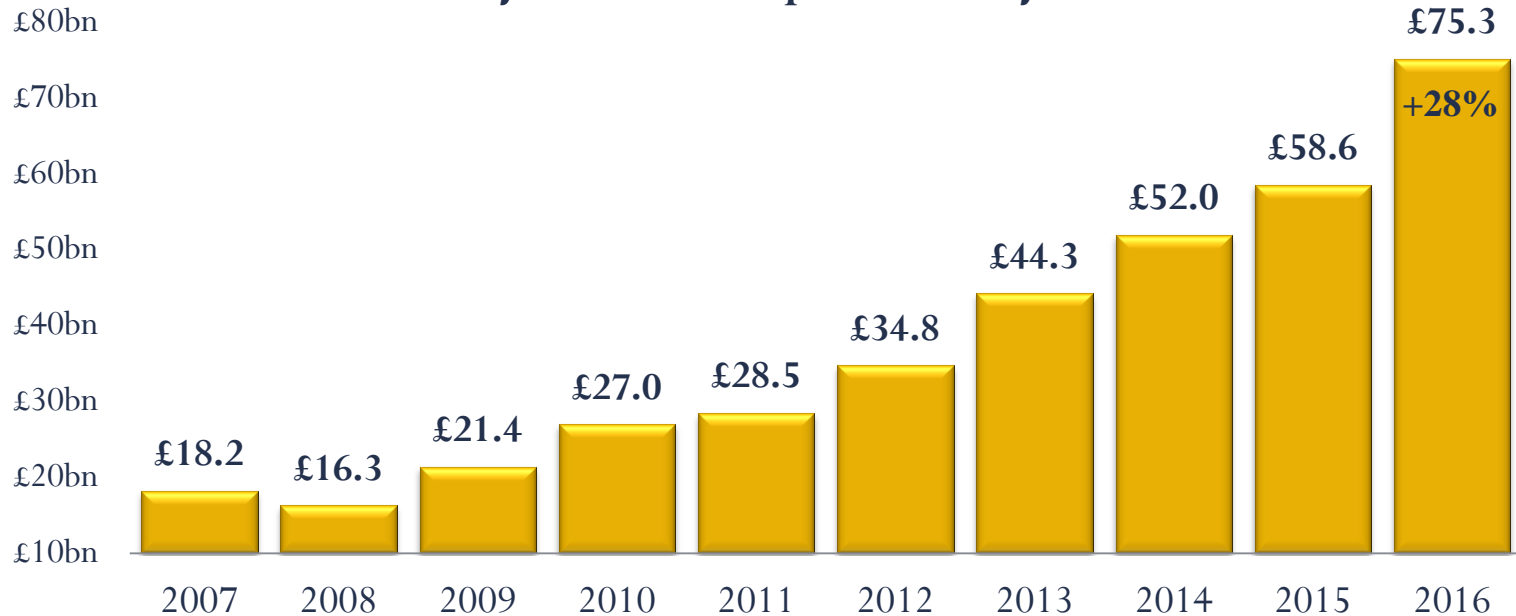
Consistent Net Inflow of Funds Under Management



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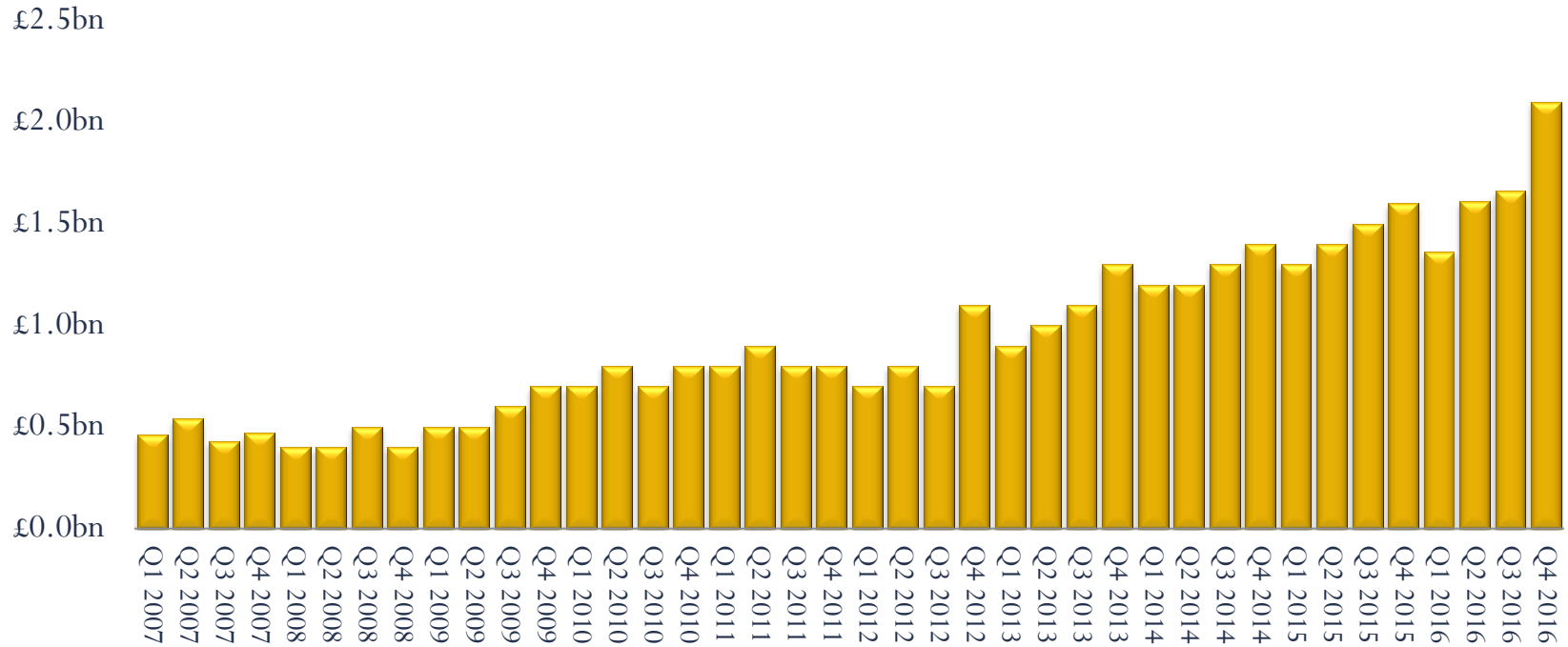
Funds under Management

21%p.a. compound growth over the last
5 years and 18%p.a. over 10 years



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Net Inflows 2007-2016



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2016 Investment Association platform net flows



INDUSTRY FUND UNDER MANAGEMENT GREW BY 13% IN 2016

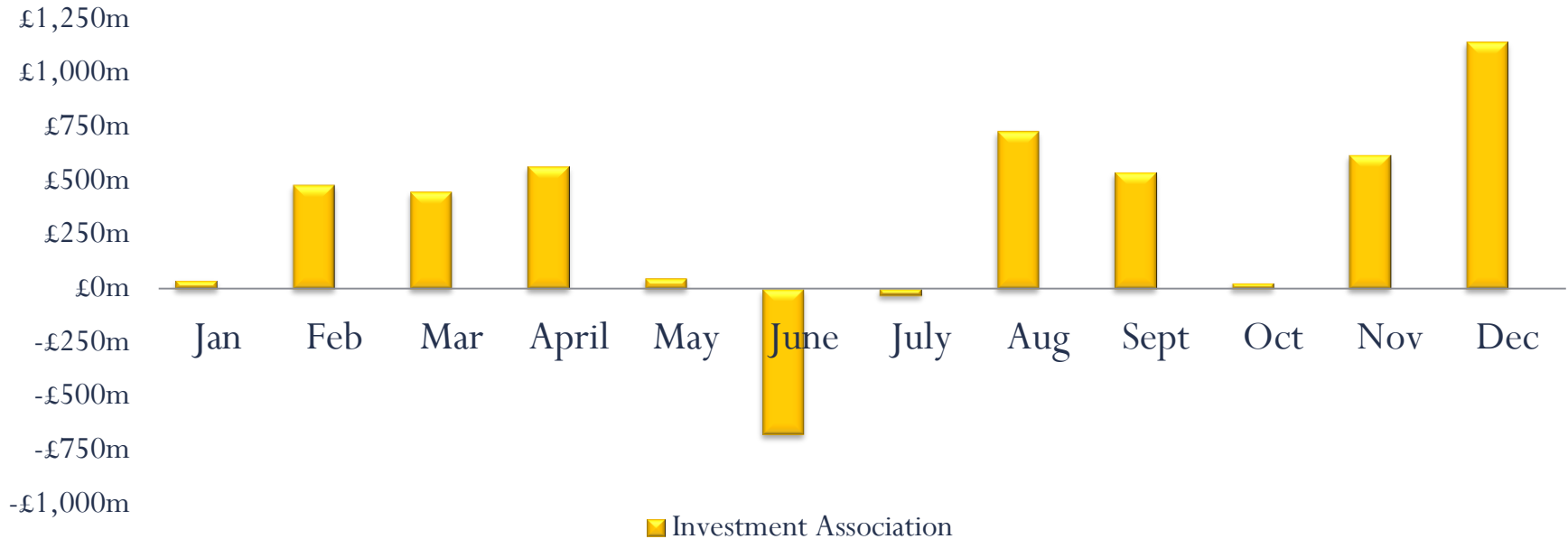
TUESDAY 31 JANUARY 2017
FUND PLATFORM PRODUCT SALES

“For the five fund platforms that provide data to The Investment Association (Cofunds, Fidelity, Hargreaves Lansdown, Old Mutual Wealth and Transact) we saw net retail sales of £4.0 billion in 2016.”



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2016 Investment Association platform net flows

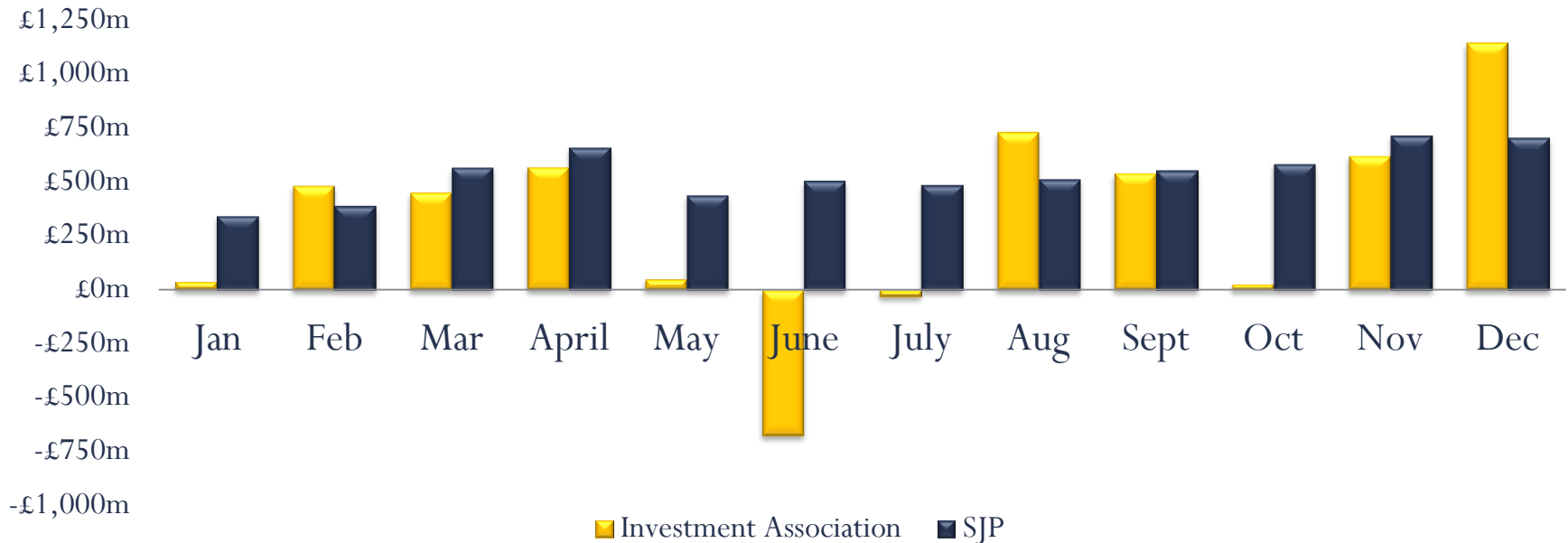


Source: The Investment Association – Five Platforms that provide data include Cofunds, Fidelity Funds Network, Hargreaves Lansdown, Old Mutual Wealth and Transact



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2016 Investment Association platform net flows vs SJP



Source: The Investment Association – Five Platforms that provide data include Cofunds, Fidelity Funds Network, Hargreaves Lansdown, Old Mutual Wealth and Transact



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St. James's Place – Unique selling points

- The St. James's Place Partnership
- Our distinct approach to Investment Management



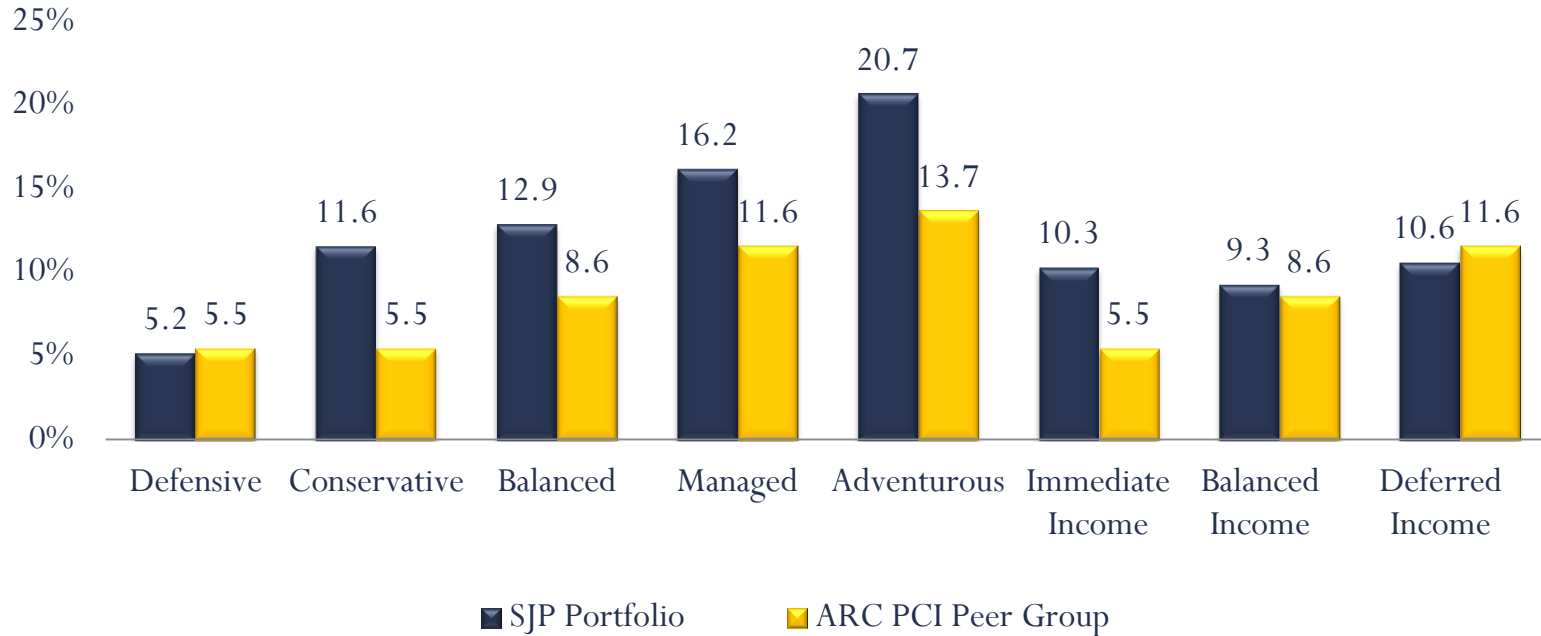
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Global Investment Management Expertise



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SJP Portfolios vs ARC Private Client indices over 1 Year



Source: FE Analytics, Asset Risk Consultants (ARC) Private Client Indices and SJP internal data. Data to 31 December 2016



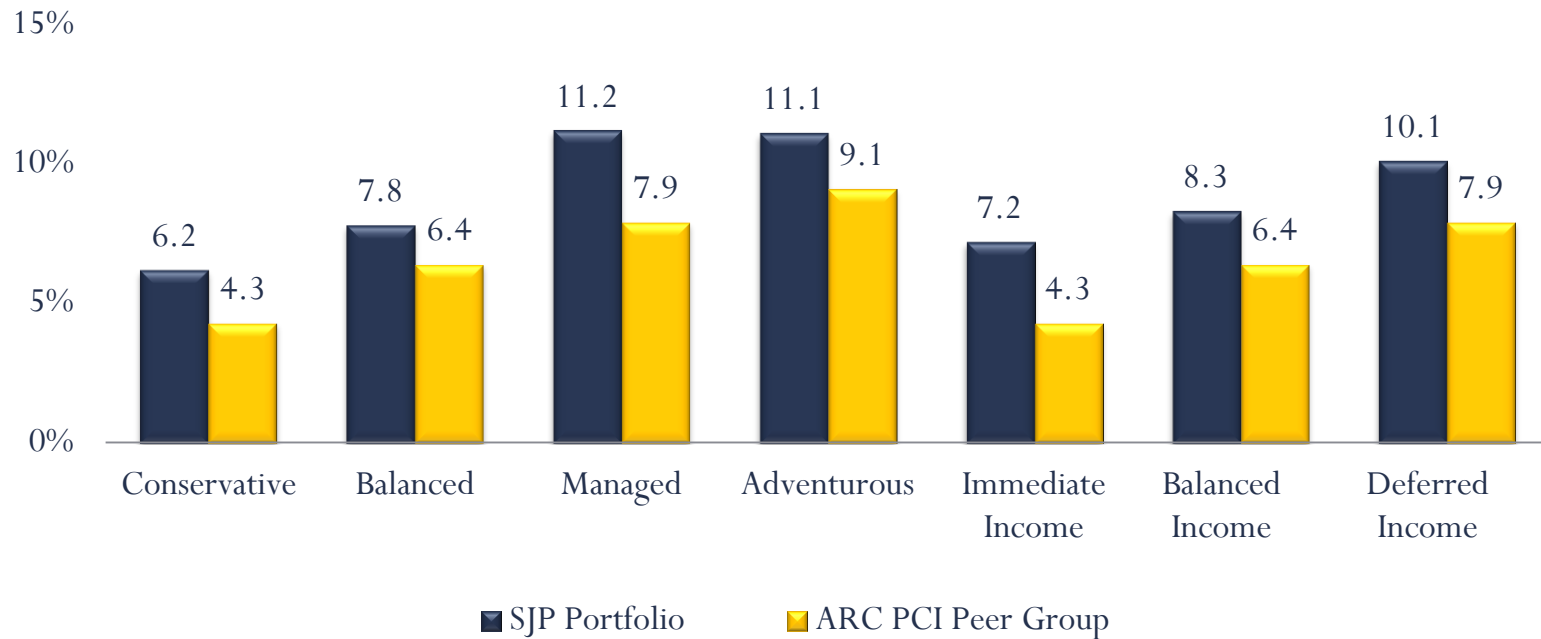
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ARC Private Client Indices universe



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SJP Portfolios vs ARC Private Client indices over 5 Years



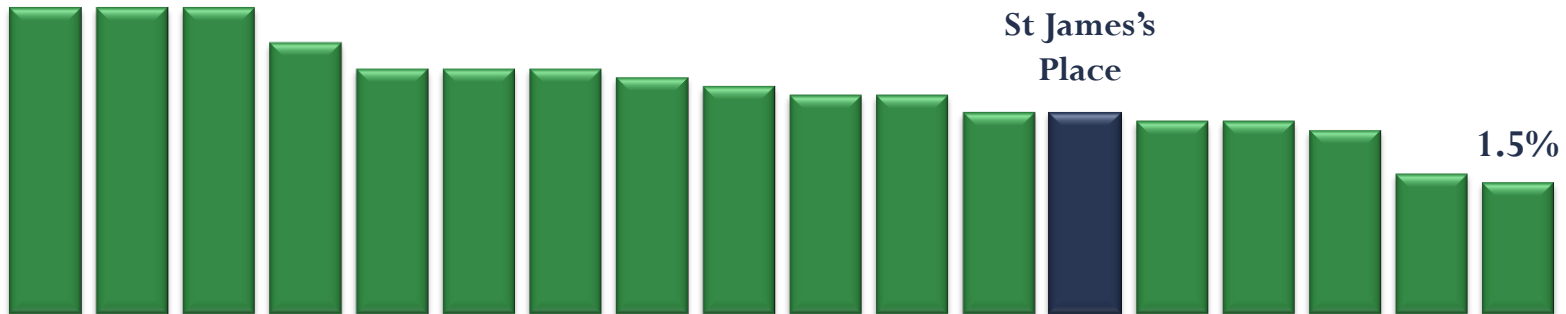
Source: FE Analytics, Asset Risk Consultants (ARC) Private Client Indices and SJP internal data. Data to 31 December 2016



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Full Advice Service

10 year reduction in yield comparison



Source: Grant Thornton Adviser Charges Report, December 2016

Grant Thornton has collated and computed data in the attached table from publicly available information, and some mystery shopping face-to-face meetings, at the date noted for use by St. James's Place and its Partners. Grant Thornton accepts no duty of care or liability of any kind whatsoever to any other third parties, including without limitation clients or investors. Use of this report should not, and does not, absolve any third parties from using due diligence in verifying the report's contents.

The information must not be relied upon by any party in making investment decisions.



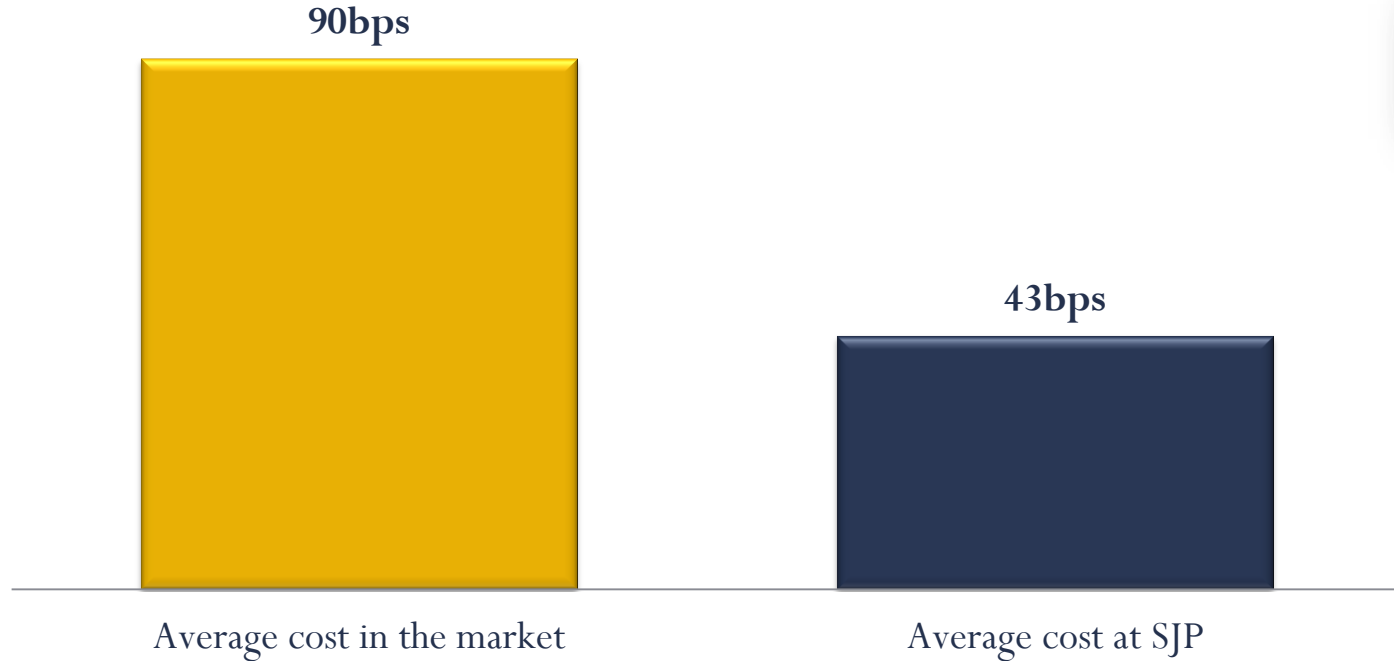
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FCA Asset Management Market Study



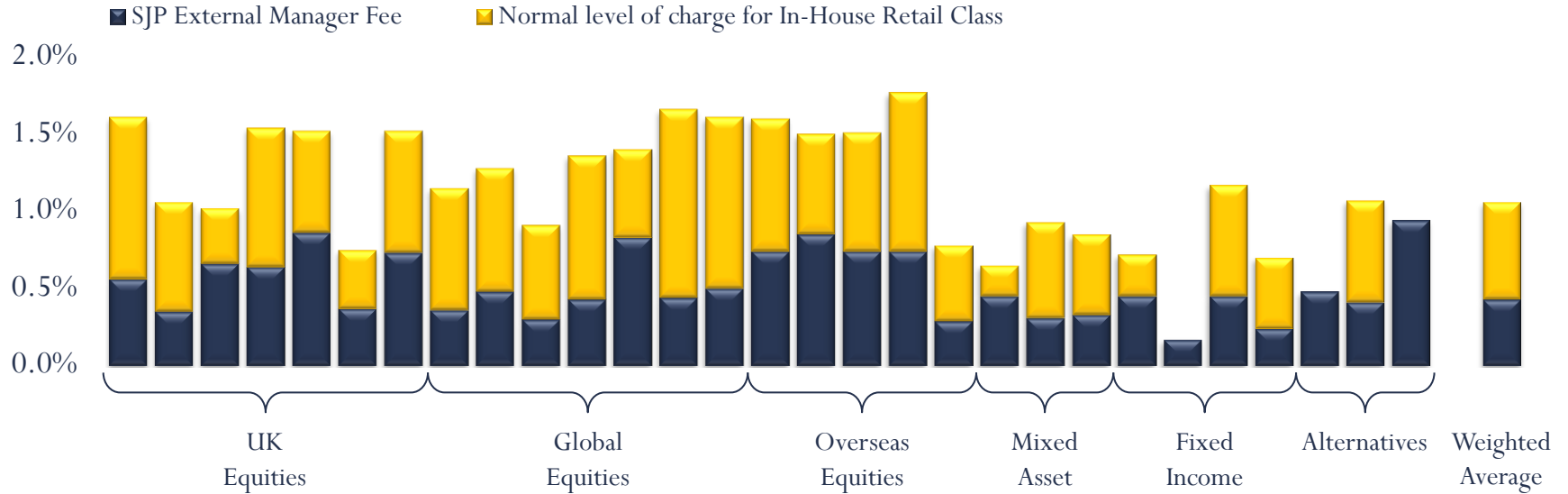
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Fund Management Costs



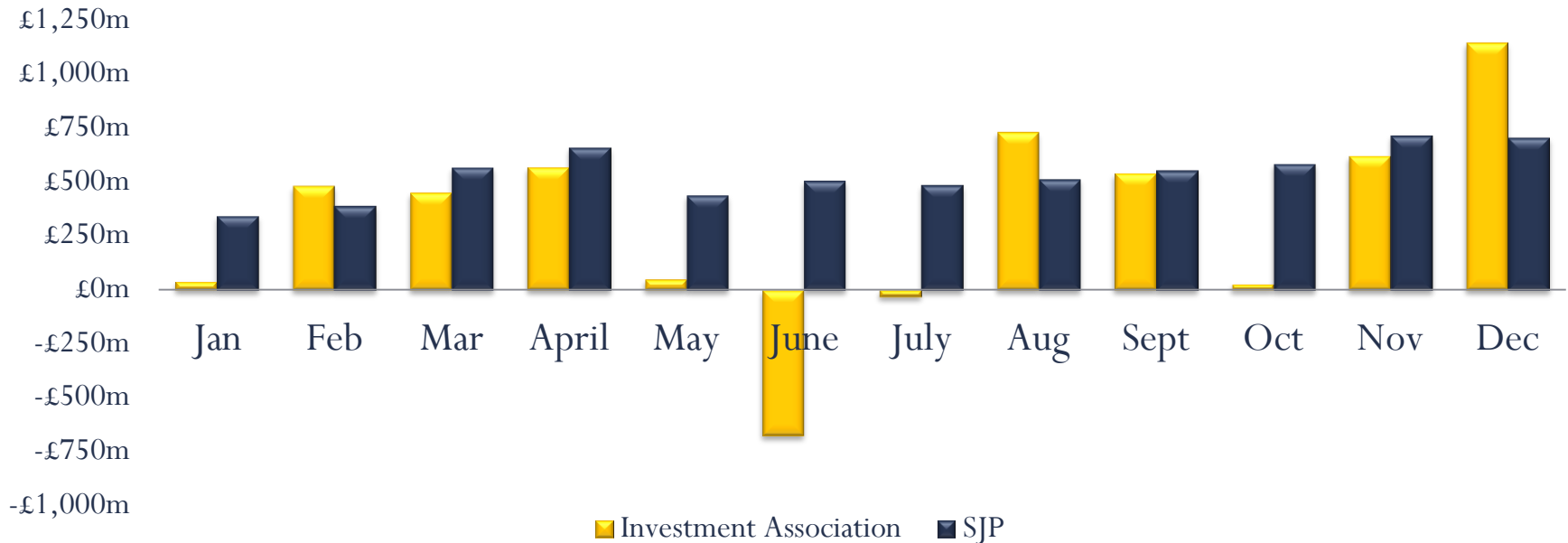
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Fund charges comparison



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2016 Investment Association platform net flows vs SJP



Source: The Investment Association – Five Platforms that provide data include Cofunds, Fidelity Funds Network, Hargreaves Lansdown, Old Mutual Wealth and Transact



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Value of advice – ‘time-in’ not ‘timing’

A recent FT article

“If you had been out of the FTSE All-Share index for 10 of the best-performing days over the past 20 years, you would have lost 170 per cent of your returns.”

Keep calm and stay invested

The cost of dipping in and out of the market

“Chart that Tells a Story

Trying to be too clever costs money
FTSE All-Share returns over the past 20 years (%)



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Value of advice



A report from Vanguard Asset Management suggested that Professional advice “*can add about 3% a year in net returns*” to clients with the key benefits seen in behavioural advice at times of market volatility and tax planning particularly in relation to retirement income.

Vanguard Asset Management



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Our charges online

Pensions – our charges for the Retirement Account

When you invest with St. James's Place you pay for our advice and the products we recommend.

When you invest with St. James's Place you pay for our advice and the products we recommend. These charges are set out below and you will receive a personalised illustration which sets out how these charges apply to your specific investment which your St. James's Place Partner will discuss with you prior to you making an investment and incurring any of these charges.

Advice Charges

We charge for our initial advice and for our ongoing advice. 4.5% of your initial investment will be used to pay for initial advice and an annual charge of 0.5% will be charged for the ongoing advice and the relationship with your adviser.

Product Charges

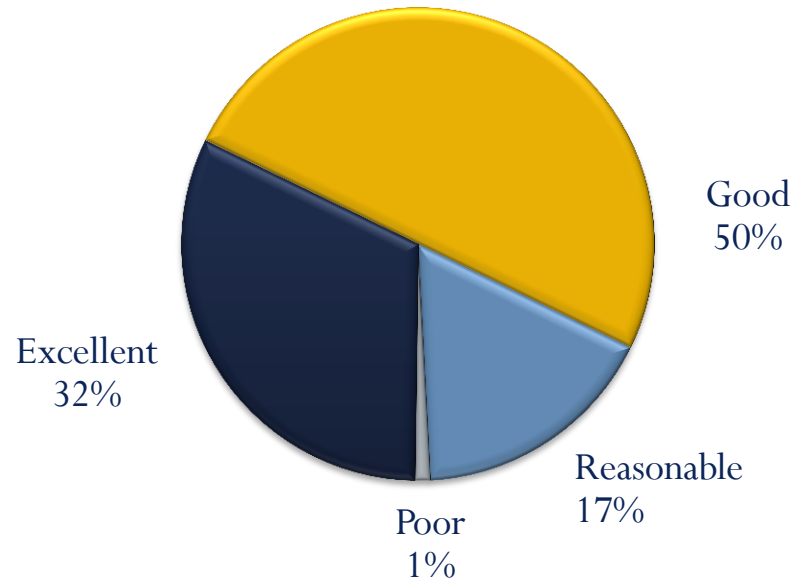
There will be an initial product charge of 1.5% of your investment. There will also be an annual product management charge of 1% but this will be waived in the first 6 years for each investment. If you encash within the first 6 years of an investment there will be an early withdrawal charge of 1% of the value of your fund in respect of this investment.



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Wealth account results

Do you feel the St. James's Place proposition provides value for money?



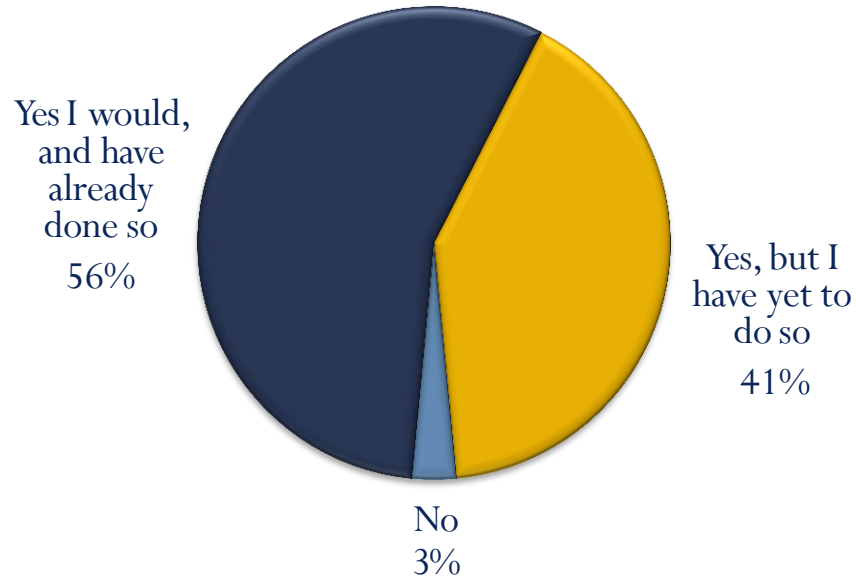
** Interim results as of 24 February 2017*



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Wealth account results

**Knowing everything you know of the St. James's Place proposition,
would you recommend it to others?**



** Interim results as of 24 February 2017*



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Wealth account results

Year	Met Partner in the last year	Excellent/ Good/ Reasonable value for money	Would recommend SJP	Have already recommended	Overall satisfaction
2017	79% ⁰ (90%)	99% ⁰ (82%)	97%	56%	94%
2016	77%	98% ⁰ (79%)	95%	58%	N/A
2015	76%	99% ⁰ (83%)	97%	46%	N/A

*Interim results as of 24 February 2017

For “Met Partner in the last year”, percentages in parentheses denotes the proportion of clients with Partner in the last two years

For “Excellent/Good/Reasonable value for money”, percentages in parentheses denote proportion of scores where the client rated “Excellent/Good value for money”



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Client survey results

Measure	SJP	Marketplace
Overall satisfaction	83%	76%
Advocacy	66%	51%
Excellent client service	85%	75%
Communications	78%	73%
Definitely invest again	77%	59%
Excellent/Good – value for money	73%	55%
Very satisfied with Partner/adviser	73%	45%

Percentage denote proportion of scores where the client scored 8 or more out of 10 except “Very satisfied with Partner/adviser” and “Advocacy” which requires a score of 9 or 10 out of 10

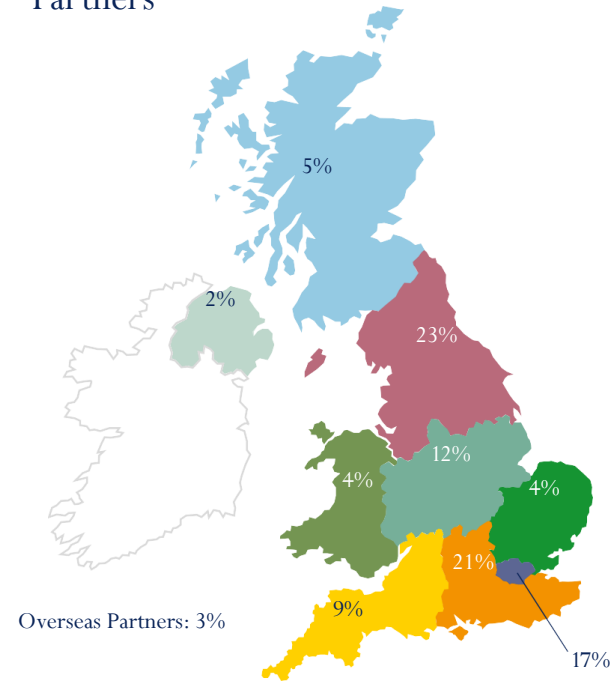


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The St. James's Place Partnership

- Over 2,378 Partner Practices play the leading role in delivering our wealth management service
- Some of the most experienced and able professionals working in wealth management today – average industry experience of c.19 years
- 1,037 advisers working within Partner practices
- 4,830 Partnership support staff

Partners



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Number of qualified Advisers/Partner businesses



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St. James's Place Academy

- 73 graduates from the Academy over the last 12 months
- Expect 200 to join the Academy in 2017
- 210 students currently enrolled
- 80 to 100 of these students are expected to graduate in 2017
- Four Regional Academies (London, Manchester, Solihull & Edinburgh)

Typical intake:

- Average age under 40
- 87% hold degrees
- 22% are women



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St. James's Place Asia

- Offices in Singapore, Hong Kong & Shanghai
- Adviser numbers have doubled in the 2016 now totalling 102
- SJP products now in all three locations and new life company bond launching in Hong Kong in March
- Our global investment proposition and relationship based approach is well suited to this market

Shanghai



Singapore



Hong Kong



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- Complementary investment management services specialising in Discretionary Fund Management (DFM)
- Growth model – acquiring and retaining investments based on trusted long-term, face-to-face relationships with clients
- Assets under management in excess of £1.5 billion a 26% increase on 2015
- Investment Executives at Rowan Dartington increased by over 20% to 41 at the end of 2016



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Marketplace opportunities

- 10 million people have over £50,000 of investable wealth
- Complex tax arrangements
- Move from corporate to individual responsibility
- Living longer
- Low interest rate environment
- Intergeneration challenges
- Fewer advisers



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2016 Results

- Gross inflows of £11.4bn – up 23%
- Net inflows of £6.8bn – up 17%
- Funds Under Management up £15bn to £75.3bn
- Total advisers - 3,415 Advisers – up 9.8%
- EEV New Business Profits of £520.2m – up 18%
- Post tax operating cash result – £226.0m – up 16%
- Underlying post tax cash result £199.5m – up 10%
- Final dividend 20.67p per share – up 20%
- Full year dividend to 33p per share – up 18%





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IFRS underlying post-tax profit

£'m	2016	2015
Underlying cash result	199.5	182.1
Share option cost	(23.9)	(15.0)
Deferred tax impacts	(21.1)	52.1
Back office infrastructure	(16.7)	(14.4)
Other	(9.3)	2.0
Underlying post-tax profit	128.5	206.8



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IFRS post-tax profit

£'m	2016	2015
Underlying post-tax profit	128.5	206.8
DAC/DIR/PVIF		
- Amortisation	(3.4)	9.9
- Tax rate change	2.1	5.9
- New Business	(15.5)	(20.6)
IFRS post-tax profit	111.7	202.0

