



ST. JAMES'S PLACE
WEALTH MANAGEMENT

INTERIM RESULTS

July 2017



ST. JAMES'S PLACE
WEALTH MANAGEMENT

DAVID BELLAMY

Chief Executive

ST. JAMES'S PLACE WEALTH MANAGEMENT

Agenda

New Business Update

Financial Performance

The Future

Q&A



ST. JAMES'S PLACE WEALTH MANAGEMENT

Half-year results

'It's an understatement to say that it's been a very unusual and unprecedented six months with much volatility, increasing uncertainty, political hostility and a somewhat divided population'

*'Nevertheless, we are a resilient bunch... and a month post **B**rexit, we are beginning to see some order being restored.'*



ST. JAMES'S PLACE WEALTH MANAGEMENT

Half-year results

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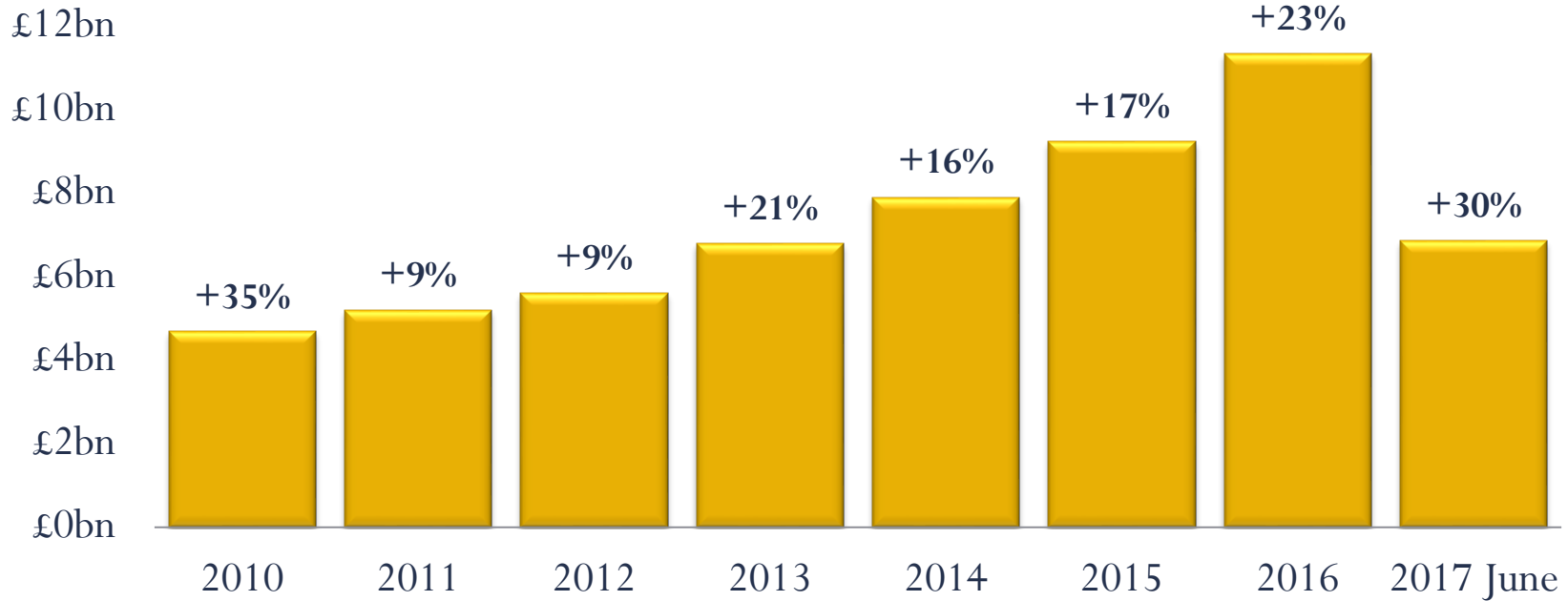
*'Nevertheless, we are a resilient bunch... and a month post **General Election**, we are beginning to see some order being restored.'*



ST. JAMES'S PLACE WEALTH MANAGEMENT

Gross Inflows

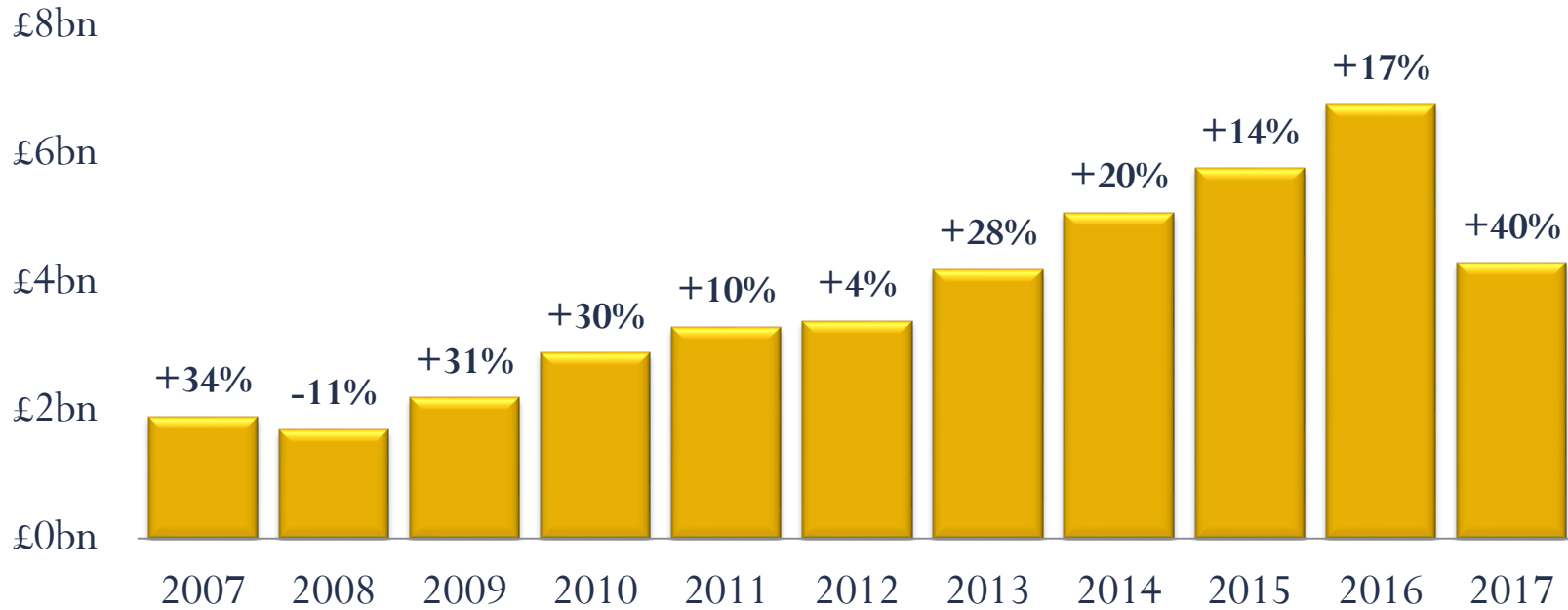
Up 30% at £6.9bn



ST. JAMES'S PLACE WEALTH MANAGEMENT

Net Inflows

Up 40% at £4.3bn



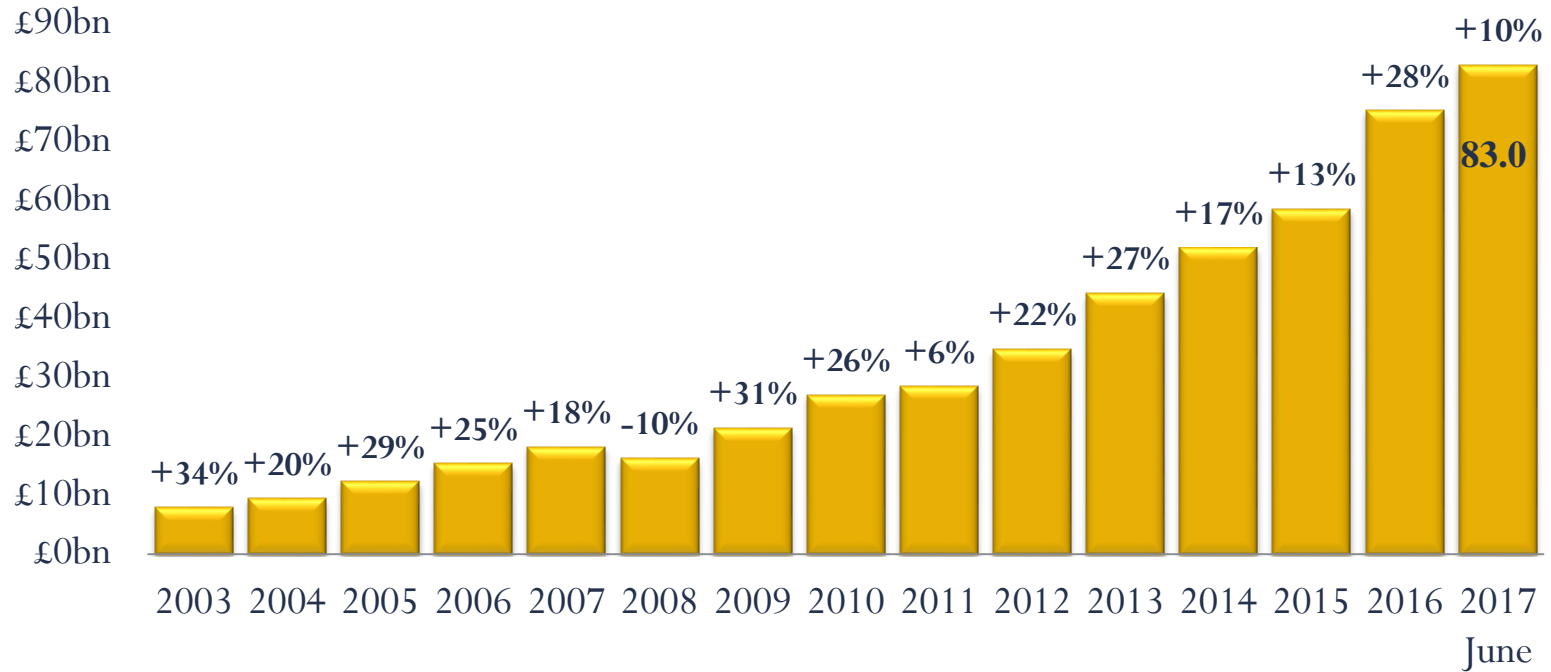
June



ST. JAMES'S PLACE WEALTH MANAGEMENT

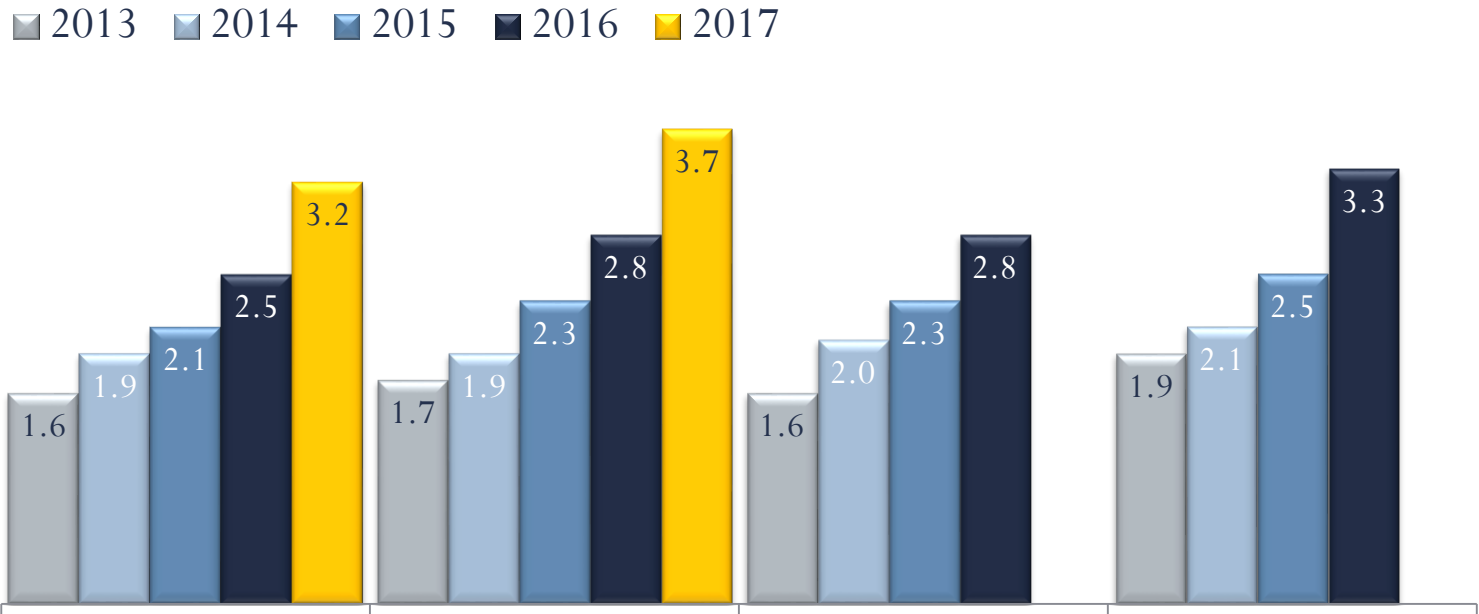
Funds under management

Up £7.7bn at £83.0bn



ST. JAMES'S PLACE WEALTH MANAGEMENT

Gross Inflows by quarter (£bn)



2013 over 2012
2014 over 2013
2015 over 2014
2016 over 2015
2016 over 2017

+28%
+15%
+12%
+16%
+32%

+22%
+17%
+17%
+23%
+29%

+27%
+19%
+20%
+21%

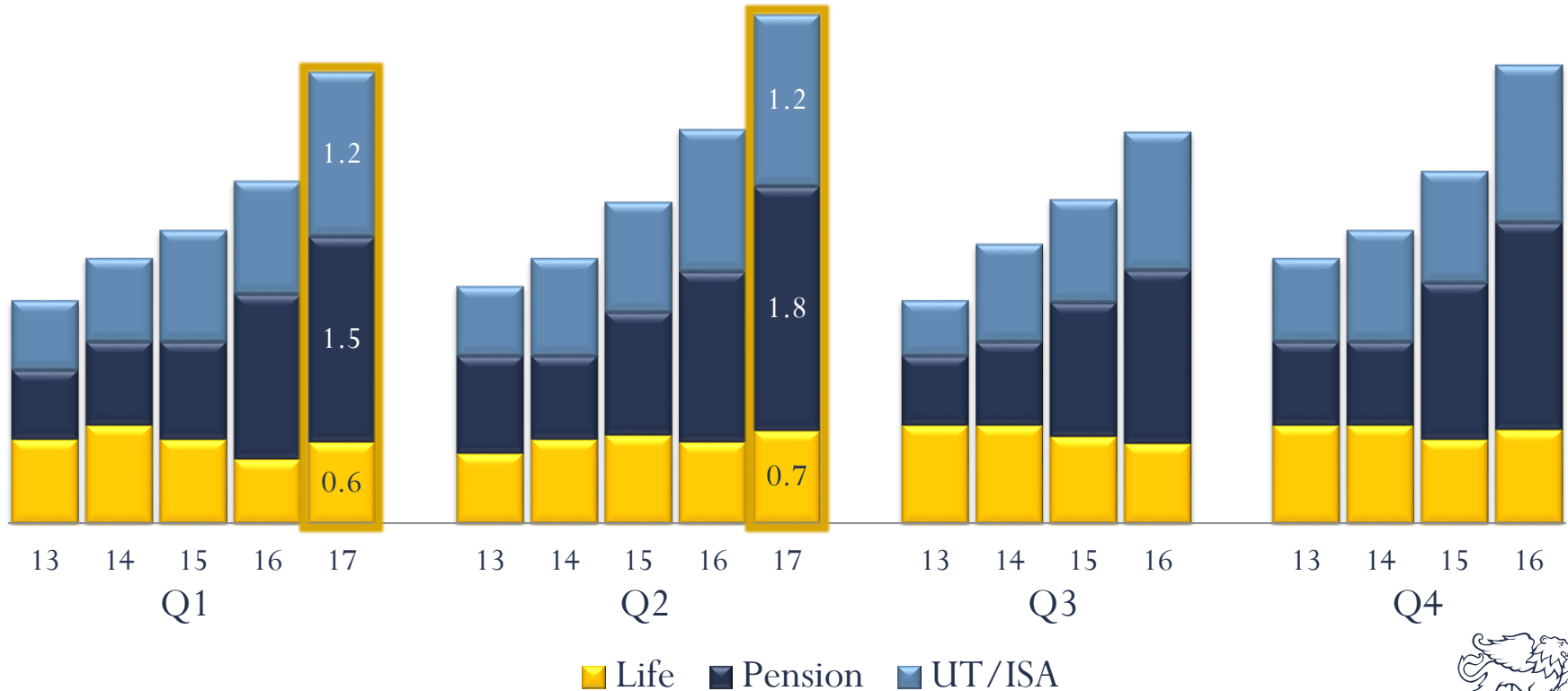
+11%
+12%
+20%
+30%



ST. JAMES'S PLACE WEALTH MANAGEMENT

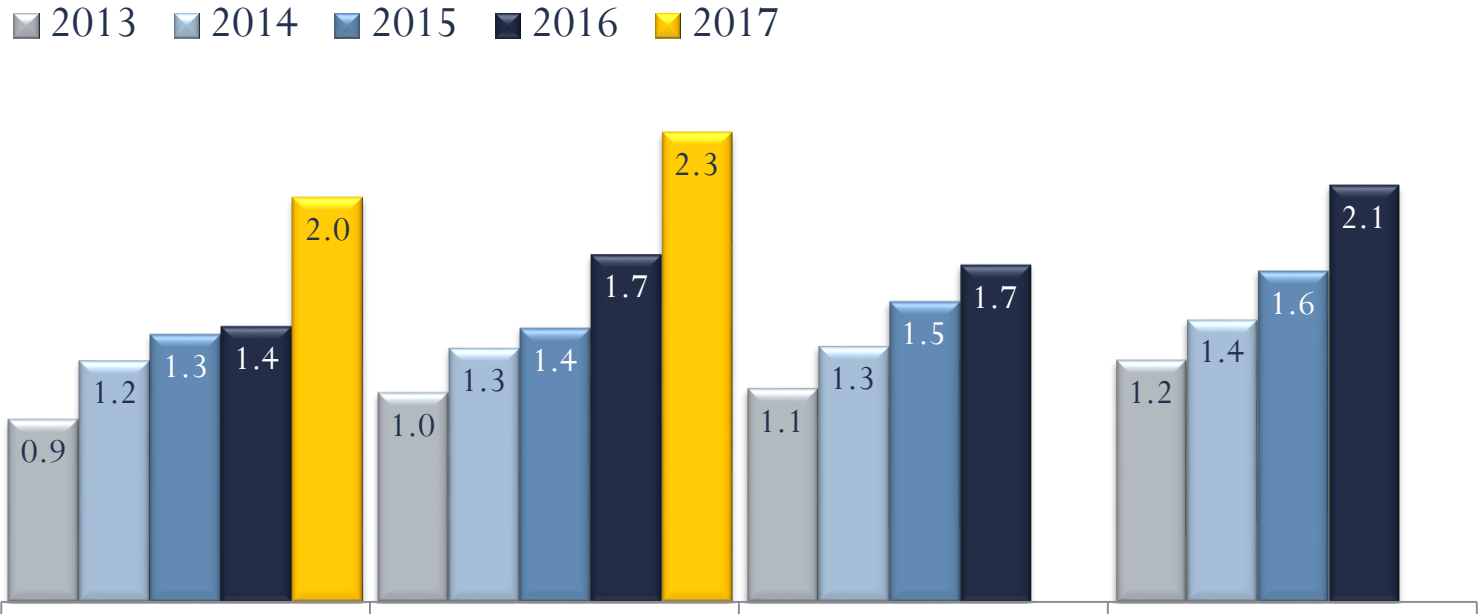
Gross Inflows by quarter & wrapper (£bn)

UTs & ISAs up 32%, Pensions up 33% and Bonds up 20% YTD



ST. JAMES'S PLACE WEALTH MANAGEMENT

Net Inflows by quarter (£bn)



2013 over 2012
2014 over 2013
2015 over 2014
2016 over 2015
2016 over 2017

+29%
+26%
+9%
+3%
+46%

+26%
+20%
+14%
+25%
+35%

+41%
+23%
+17%
+12%

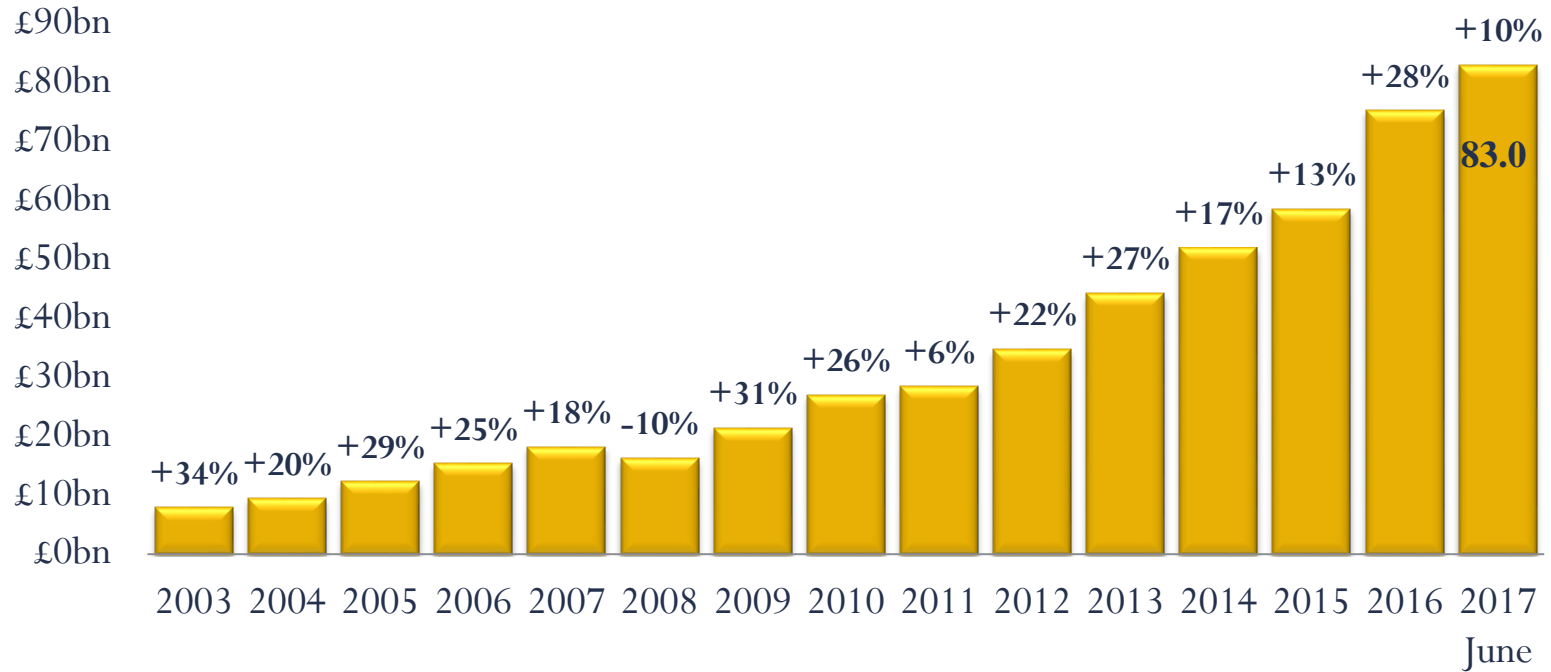
+9%
+14%
+17%
+26%



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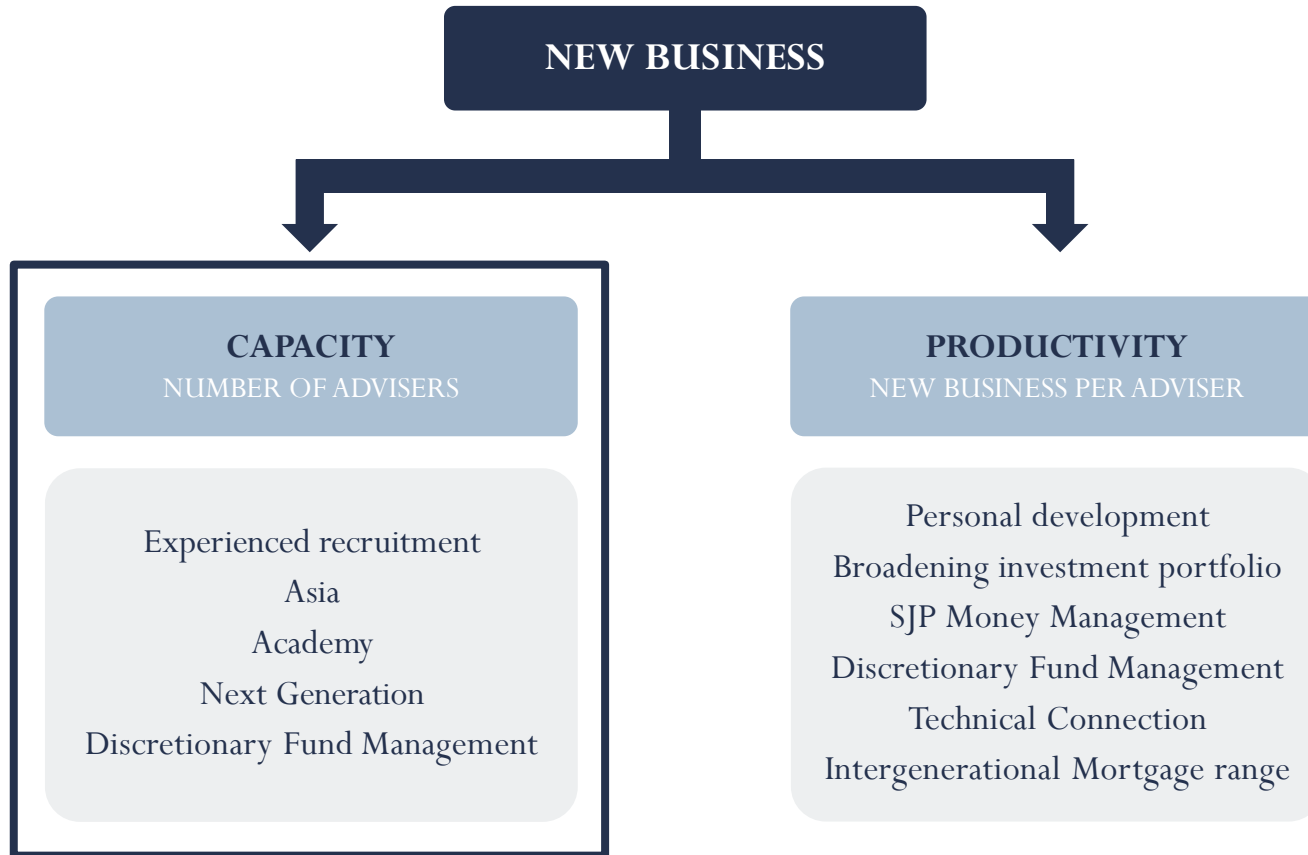
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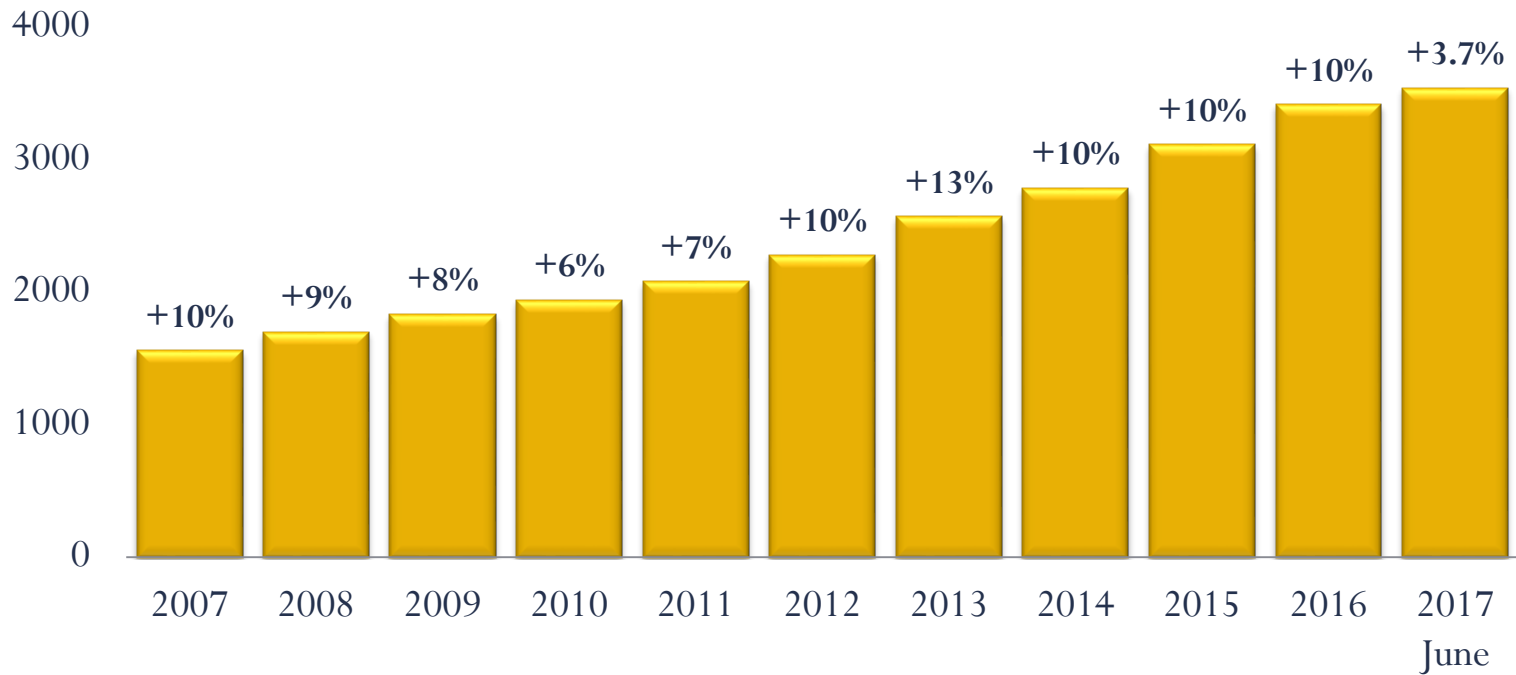
Drivers of growth



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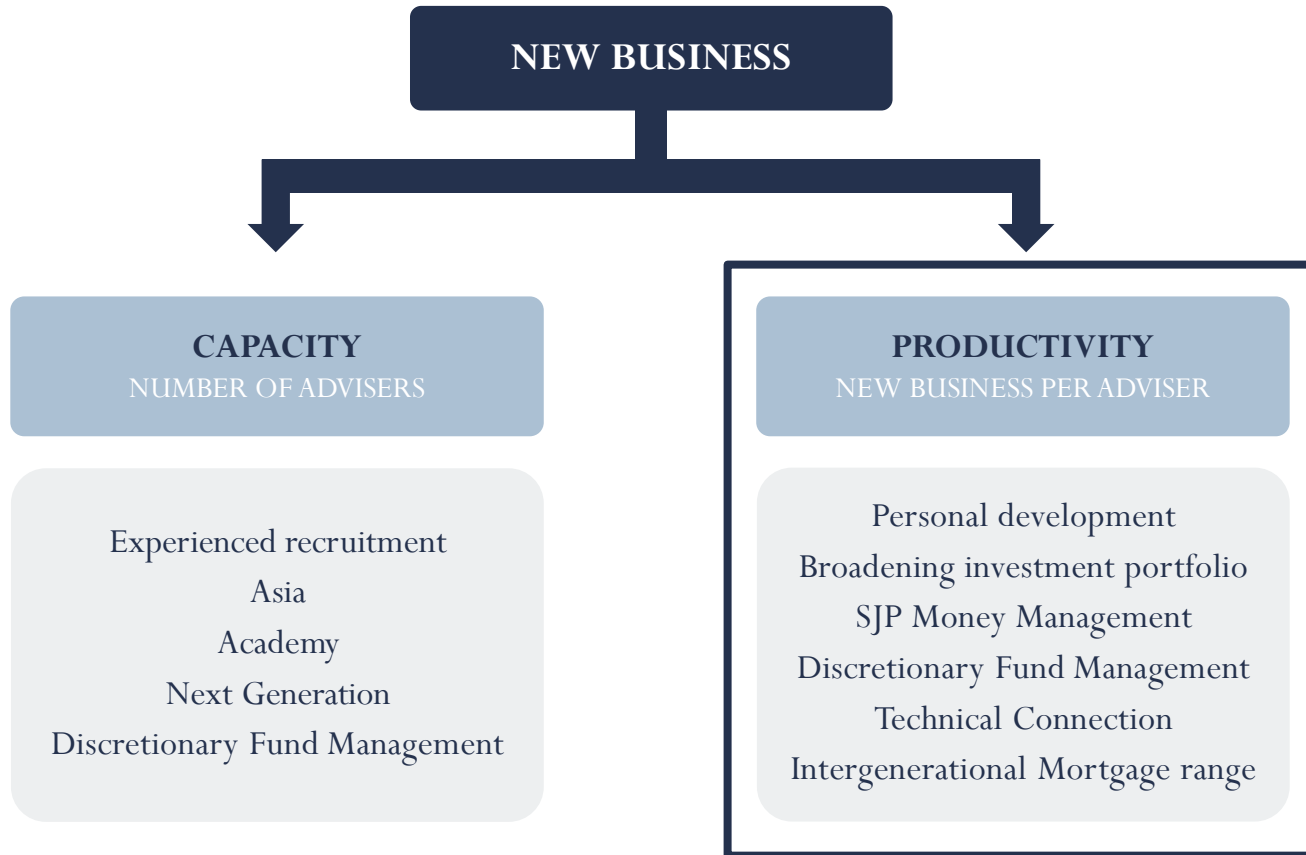
Number of Advisers

Up 3.7% at 3,540 advisers



ST. JAMES'S PLACE WEALTH MANAGEMENT

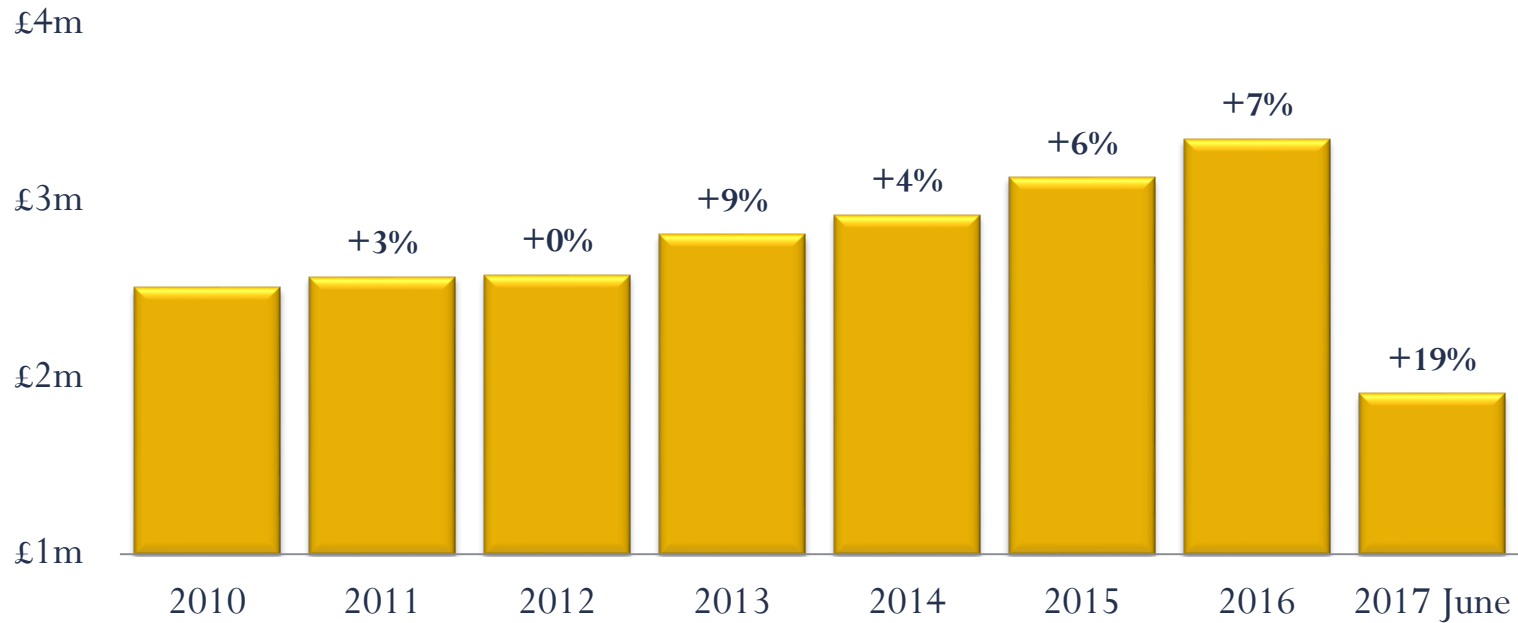
Drivers of growth



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Adviser Productivity

Gross inflows per adviser up 19%



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Summary

- Gross inflows up 30%
- Net inflows up 40%
- Funds under management at £83 billion





ST. JAMES'S PLACE
WEALTH MANAGEMENT

ANDREW CROFT
Chief Financial Officer

ST. JAMES'S PLACE WEALTH MANAGEMENT

Agenda

- Cash
- EEV
- Dividend
- Solvency



ST. JAMES'S PLACE WEALTH MANAGEMENT

Post-tax cash result

£'m	H1 2017	H1 2016
Net annual management fee	297.8	235.7
Reduction in fees in gestation period	(130.0)	(86.9)
Net income from FUM	167.8	148.8
Margin arising from new business	59.4	20.5
Establishment expenses	(73.6)	(60.1)
Operational development expenses	(6.2)	(5.6)
Regulatory fees	(3.2)	(3.0)
FSCS levy	(16.0)	(13.6)
Shareholder interest	5.7	4.7
Utilisation of capital losses	9.3	7.0
Miscellaneous	(4.2)	4.4
Operating cash result	139.0	103.1



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ST. JAMES'S PLACE WEALTH MANAGEMENT

Net annual management fee drivers

- Average annual management fee
- New funds under management
- Investment returns on FUM



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FUM in gestation period

Year	
2011	£1.1bn
2012	£2.9bn
2013	£4.0bn
2014	£4.3bn
2015	£5.2bn
2016	£6.1bn
2017 HY	£3.2bn
Total	£26.8bn

- c£26.8 billion of new business added in last six years, which is not yet generating positive cash earnings
- c.£206 million of post tax cash earnings per annum in future
- c.£1.1bn of FUM emerging from gestation in H2



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Establishment Expenses

- Additional office space
- Impact of the higher level of gross and net inflow



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ST. JAMES'S PLACE WEALTH MANAGEMENT

Investments

£'m	H1 2017	H1 2016
Academy	(3.3)	(2.8)
Asia	(7.5)	(3.2)
DFM	(2.8)	(1.2)
Strategic development costs	(2.3)	(1.5)
	<u>(15.9)</u>	<u>(8.7)</u>



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Operating cash result	139.0	103.1	+35%
Investments	(15.9)	(8.7)	
Underlying cash result	123.1	94.4	



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£'m	H1 2017	H1 2016	
Operating cash result	139.0	103.1	+35%
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Back office infrastructure development	(8.2)	(8.4)	
Variance	(3.6)	(3.5)	
Cash result	111.3	82.5	



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EEV operating profit

£'m	H1 2017	H1 2016
New business contribution	343.0	228.9
Unwind of the discount rate	102.8	98.8
Experience variance	17.8	1.7
Operating assumption changes	-	-
Investment income	3.3	2.9
Fund management business EEV operating profit	466.9	332.3
Investments & back-office infrastructure	(23.5)	(17.6)
Distribution	(20.7)	(17.5)
Share options & NI	(15.9)	(7.5)
Other	(9.5)	(5.7)
Operating profit	397.3	284.0



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ST. JAMES'S PLACE WEALTH MANAGEMENT

New business contribution

- Initial margin less initial costs
- Future annual management fees less maintenance costs
- Lower maintenance costs x duration
- Bluedoor financial benefits emerging via EEV but cash still to follow in future years



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Share options & NI	(15.9)	(7.5)	
Other	(9.5)	(5.7)	
Operating profit	397.3	284.0	+40%



ST. JAMES'S PLACE WEALTH MANAGEMENT

EEV operating profit

£'m	H1 2017	H1 2016	
Operating profit	397.3	284.0	+40%
Investment variance	214.1	168.8	
Economic assumption change	11.5	(10.1)	
Pre-tax profit	<u>622.9</u>	<u>442.7</u>	



ST. JAMES'S PLACE WEALTH MANAGEMENT

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ST. JAMES'S PLACE WEALTH MANAGEMENT

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Economic assumption change	11.5	(10.1)	
Pre-tax profit	622.9	442.7	+41%



ST. JAMES'S PLACE WEALTH MANAGEMENT

NAV per share

pence	H1 2017	H1 2016	
NAV per share	976.7	791.9	+23%



ST. JAMES'S PLACE WEALTH MANAGEMENT

Dividends

- Interim dividend up 25% to 15.41p
- Anticipate increasing the full year dividend by a similar amount
- H1 dividend represents c. 70% of underlying H1 cash result
- Dividend policy unchanged



ST. JAMES'S PLACE WEALTH MANAGEMENT

Solvency

- Solvency managed to ensure assets held are in excess of:

Client liabilities

+

Management Solvency Buffer

- Our approach more cautious than SII position since no credit for VIF
- Standard formula used to calculate SII SCR – no transitionals, matching or volatility adjustments



ST. JAMES'S PLACE WEALTH MANAGEMENT

Combined Life Company Solvency Position

£'m	30 June 2017	31 Dec 2016
Net assets in excess of client liabilities (A)	622.6	530.0
Management solvency buffer (B)	(437.0)	(437.0)
Net assets in excess of MSB	185.6	93.0



ST. JAMES'S PLACE WEALTH MANAGEMENT

Combined Life Company Solvency Position

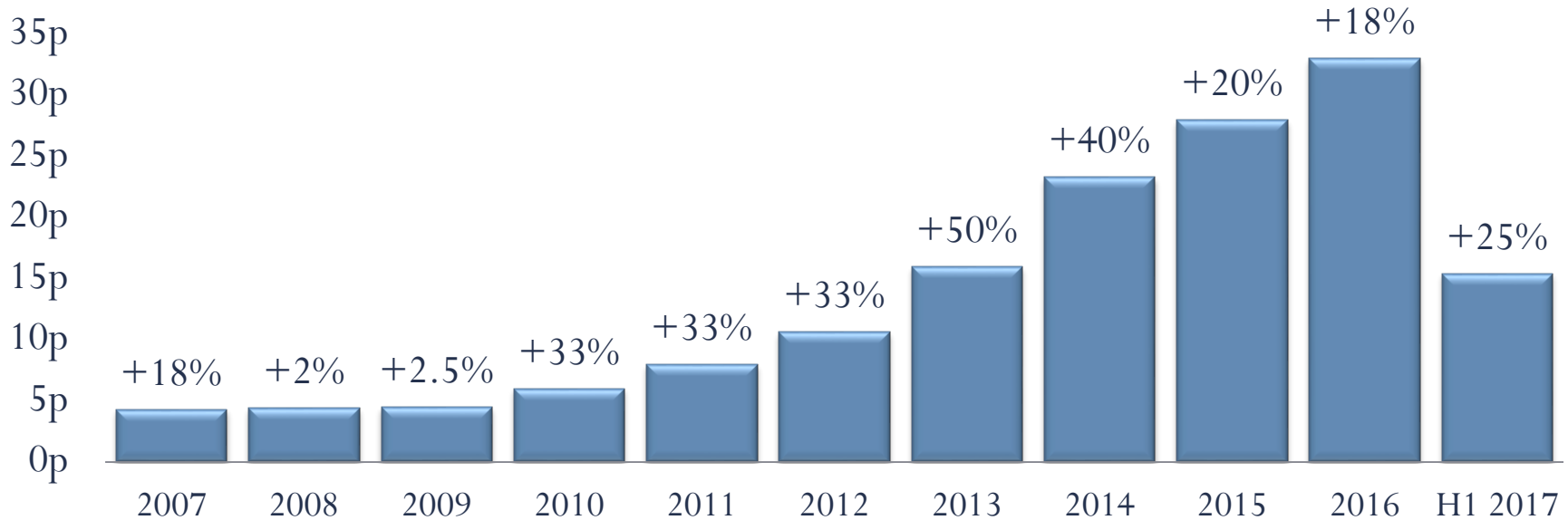
£'m	30 June 2017	31 Dec 2016
Net assets in excess of client liabilities (A)	622.6	530.0
Management solvency buffer (B)	(437.0)	(437.0)
Net assets in excess of MSB	<u>185.6</u>	<u>93.0</u>



ST. JAMES'S PLACE WEALTH MANAGEMENT

Dividend history

Compound growth of c.25% per annum





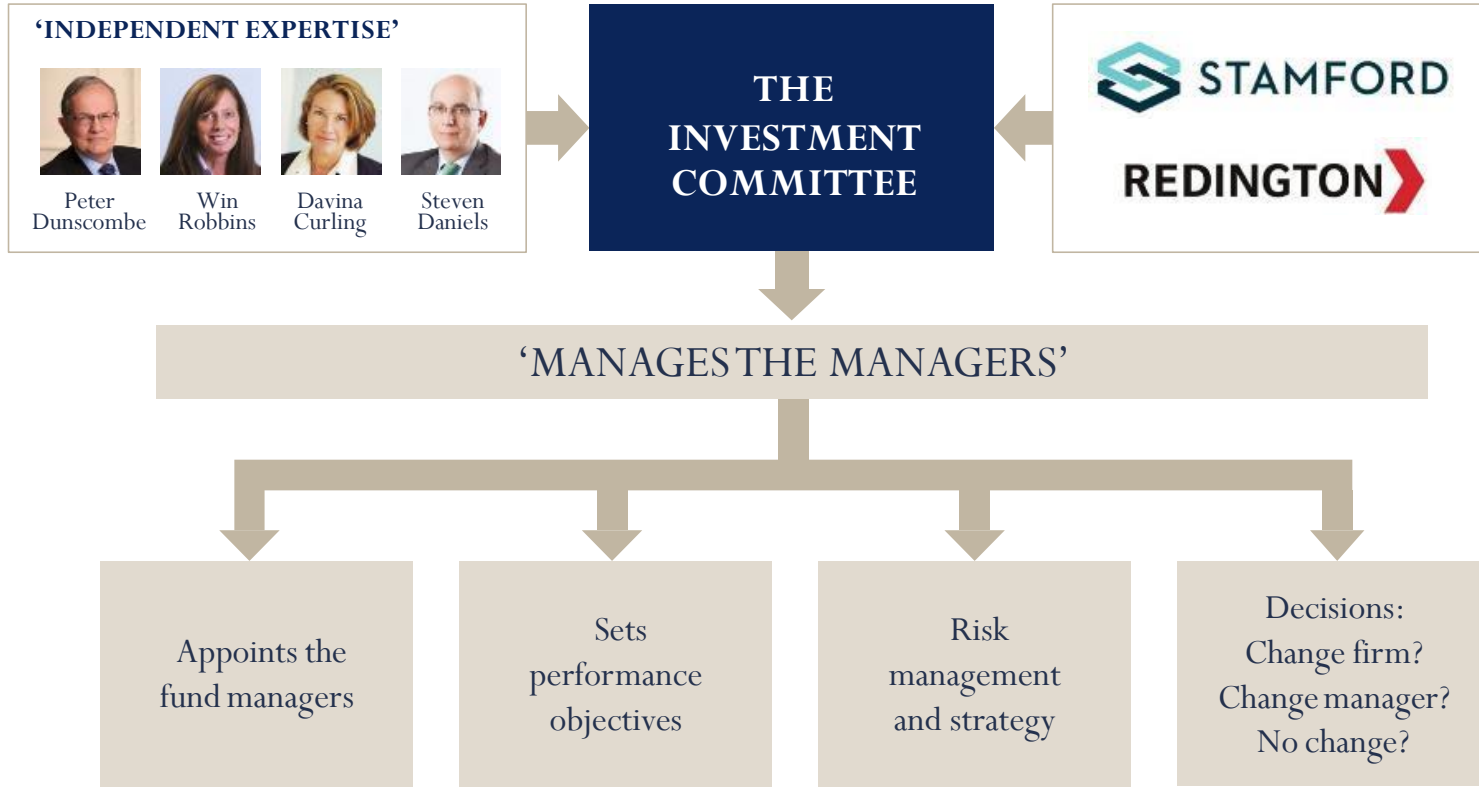
ST. JAMES'S PLACE
WEALTH MANAGEMENT

DAVID BELLAMY

Chief Executive

ST. JAMES'S PLACE WEALTH MANAGEMENT

Our approach to Investment Management



ST. JAMES'S PLACE WEALTH MANAGEMENT

Our approach to Investment Management



36
funds

69
lead fund
managers

36
fund
houses

8
Asset
classes

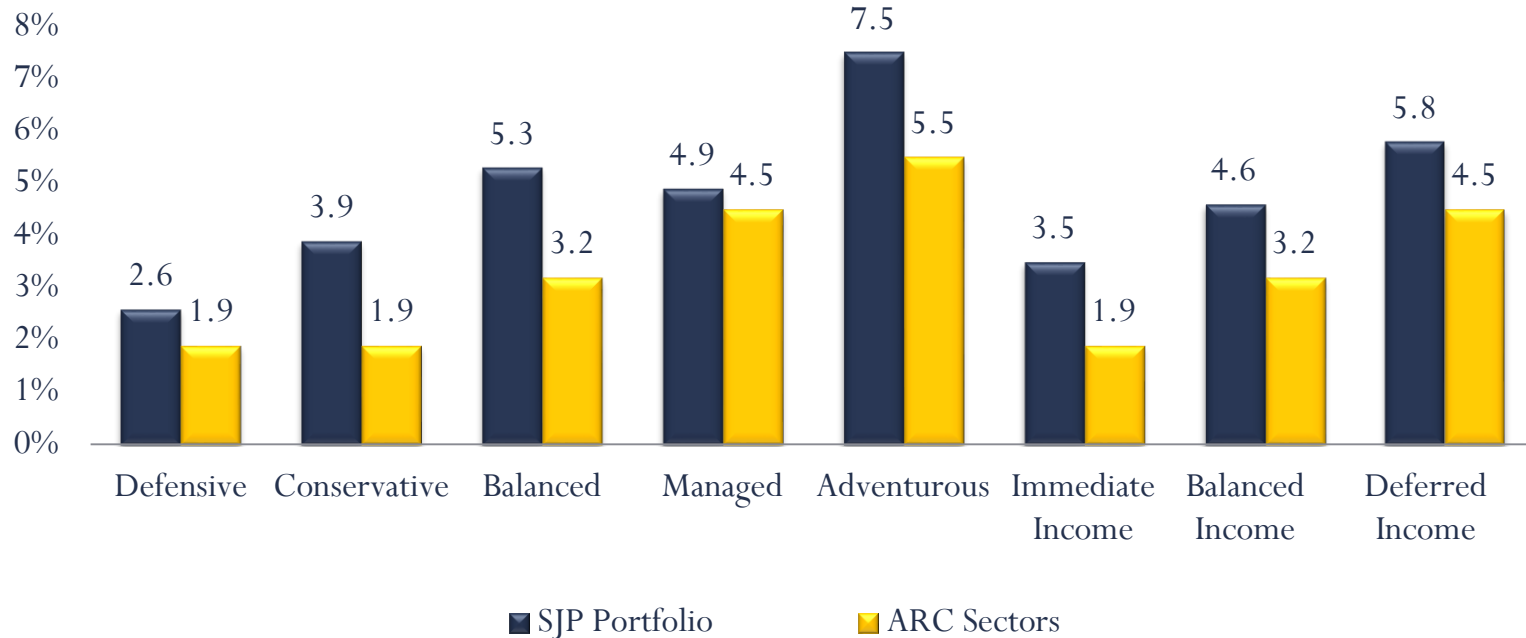
28
exclusive
strategies



ST. JAMES'S PLACE WEALTH MANAGEMENT

SJP vs ARC Peer Group

Year to 30 June 2017



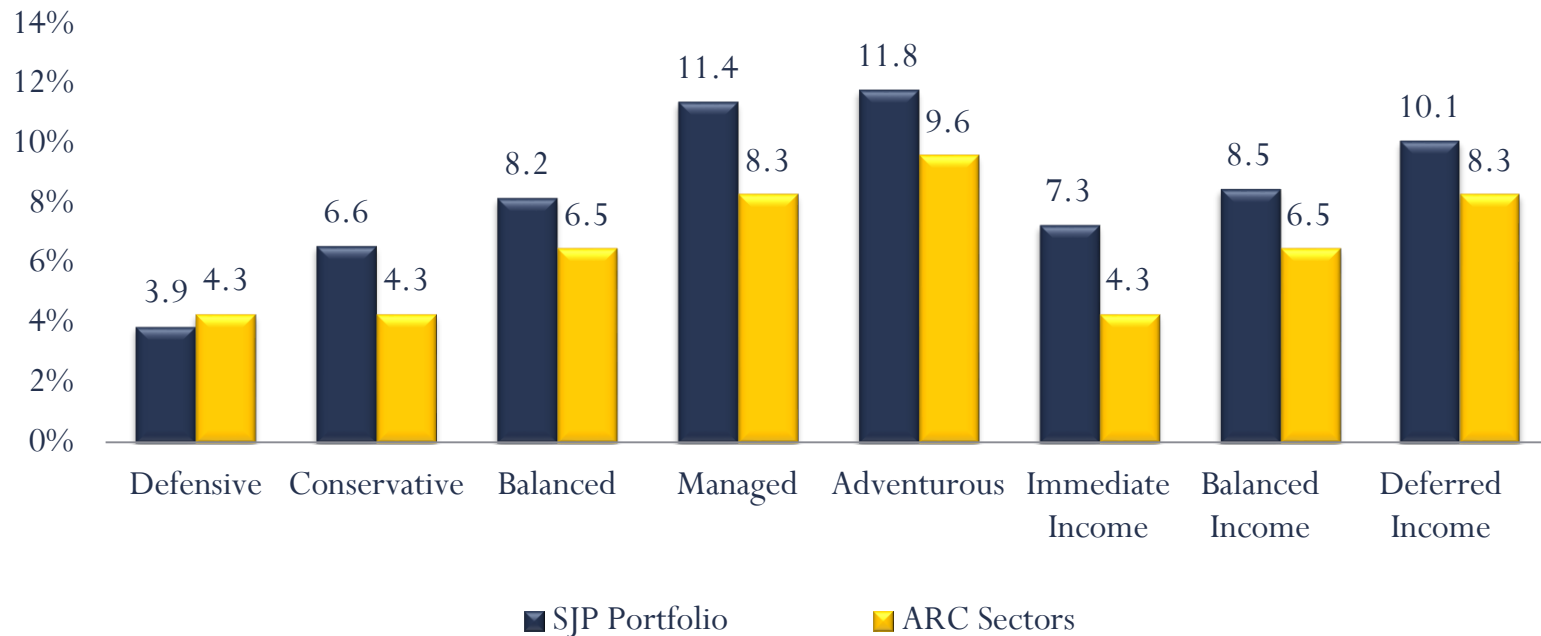
Source: FE Analytics, Asset Risk Consultants (ARC) Private Client Indices and SJP internal data. Data to 30 June 2017



ST. JAMES'S PLACE WEALTH MANAGEMENT

SJP vs ARC Peer Group

Five years to 30 June 2017



Source: FE Analytics, Asset Risk Consultants (ARC) Private Client Indices and SJP internal data. Data to 30 June 2017



ST. JAMES'S PLACE WEALTH MANAGEMENT

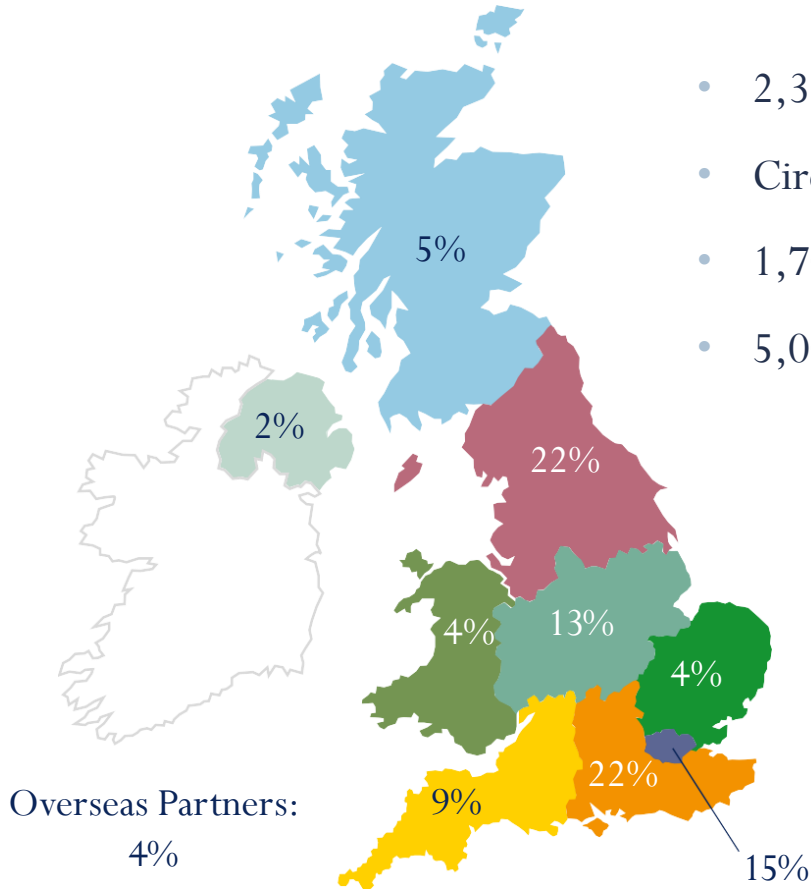
ARC Private Client Indices – Contributors



ST. JAMES'S PLACE WEALTH MANAGEMENT

The St. James's Place Partnership

- 2,394 Partner businesses (3,540 qualified advisers)
- Circa 20 years average industry experience
- 1,700 employees
- 5,000 Partner support staff



ST. JAMES'S PLACE WEALTH MANAGEMENT

The St. James's Place Academy

100 expected to graduate this year

88 new entrants so far in 2017 (vs. 75 in 2016)

Average age under 40

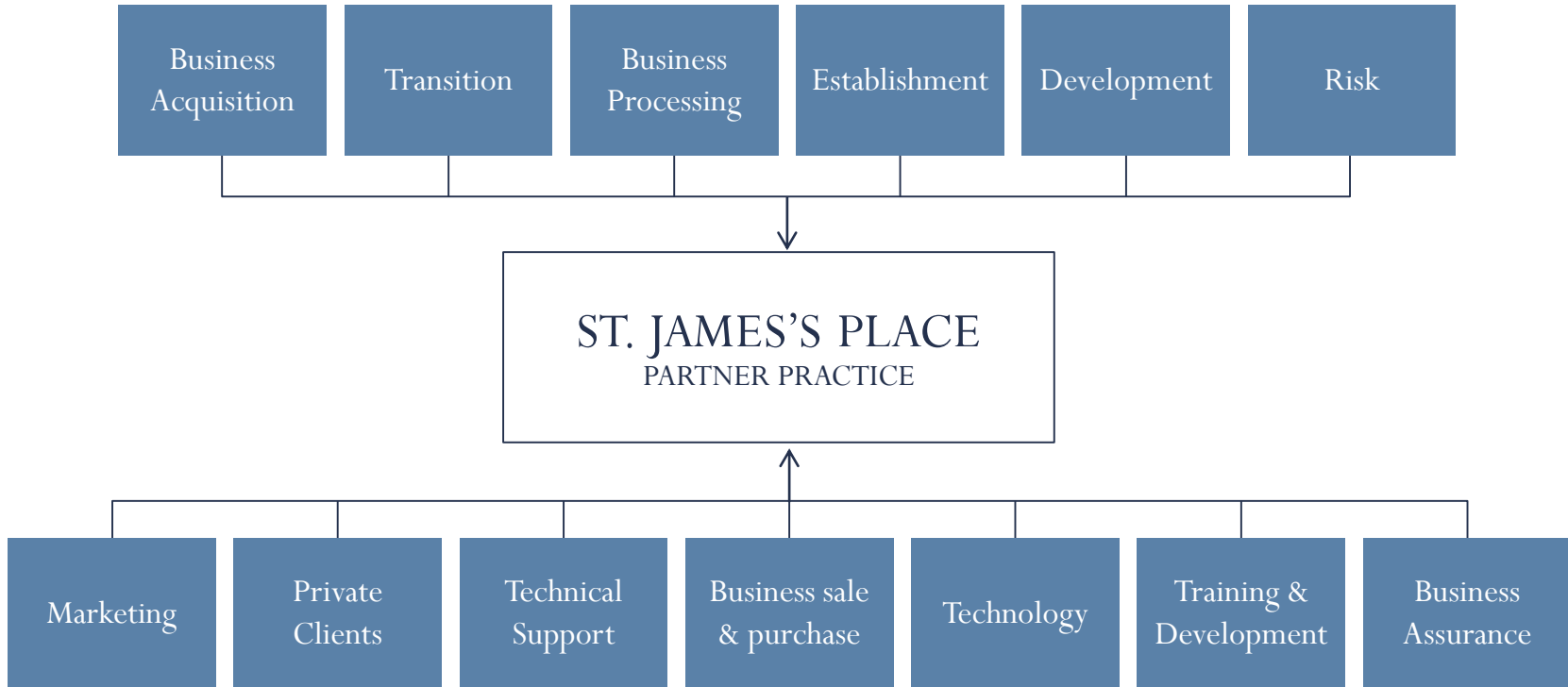
87% hold degrees

23% are women



ST. JAMES'S PLACE WEALTH MANAGEMENT

Partnership development



ST. JAMES'S PLACE WEALTH MANAGEMENT

FCA's Assessing Suitability Review



The Assessing Suitability Review – Results

May 2017



ST. JAMES'S PLACE WEALTH MANAGEMENT

FCA's Assessing Suitability Review – Market Results



Annex 2 Suitability findings

1. We highlighted the statistically significant differences in section 3. For all other comparisons, where there is no statistically significant difference, it is possible that there is no 'real' difference in the results for the sector.

			95% confidence interval	
			Lower bound	Upper bound
All Files				
All	Suitable	93.1%	91.2%	94.7%
	Unsuitable	4.3%	3.1%	6.0%
	Unclear	2.5%	0.7%	3.8%
File Type				
Investment	Suitable	94.8%	91.0%	96.7%
	Unsuitable	3.8%	2.2%	6.3%
	Unclear	1.4%	0.6%	3.3%
Pension accumulation	Suitable	89.6%	86.0%	92.4%
	Unsuitable	5.5%	3.6%	8.3%
	Unclear	4.9%	3.0%	7.9%
Retirement income	Suitable	90.9%	87.3%	93.6%
	Unsuitable	5.1%	3.3%	8.0%
	Unclear	3.9%	2.2%	6.8%
Firm type				
Firms within networks	Suitable	97.2%	94.2%	98.7%
	Unsuitable	1.6%	0.5%	4.7%
	Unclear	1.2%	0.4%	3.2%
Directly authorised firms	Suitable	91.4%	88.8%	93.4%
	Unsuitable	5.5%	3.9%	7.7%
	Unclear	3.1%	2.0%	4.9%
Scope of advice				
Independent	Suitable	90.8%	87.9%	93.0%
	Unsuitable	5.9%	4.1%	8.3%
	Unclear	3.3%	2.1%	5.2%
Restricted	Suitable	97.0%	94.4%	98.4%
	Unsuitable	1.8%	0.8%	4.2%
	Unclear	1.2%	0.5%	2.9%

All	Suitable	93.1%
	Unsuitable	4.3%
	Unclear	2.5%



ST. JAMES'S PLACE WEALTH MANAGEMENT

FCA's Assessing Suitability Review – Market Results

Financial Conduct Authority
The Assessing Suitability Review – Results Annex 3

Annex 3 Disclosure findings

1. We highlighted the statistically significant differences in section 4. For all other comparisons, where there is no statistically significant difference, it is possible that there is no 'real' difference in the results for the sector.

			95% confidence interval	
			Lower bound	Upper bound
All Files				
All	Acceptable	52.9%	49.0%	56.8%
	Unacceptable	41.7%	37.0%	46.6%
	Uncertain	5.4%	3.9%	7.5%
File Type				
Investment	Acceptable	56.7%	51.1%	62.2%
	Unacceptable	37.4%	32.2%	43.0%
	Uncertain	5.8%	3.7%	8.9%
Pension accumulation	Acceptable	44.3%	38.9%	49.8%
	Unacceptable	51.3%	45.8%	56.7%
	Uncertain	4.5%	2.8%	7.1%
Retirement income	Acceptable	50.8%	45.4%	56.3%
	Unacceptable	43.9%	38.5%	49.3%
	Uncertain	5.3%	3.4%	8.3%
Firm type				
Firms within networks	Acceptable	69.0%	61.5%	75.6%
	Unacceptable	29.0%	22.6%	36.4%
	Uncertain	2.0%	0.7%	5.7%
Directly authorised firms	Acceptable	46.0%	41.5%	50.6%
	Unacceptable	47.1%	42.6%	51.6%
	Uncertain	6.9%	4.9%	9.6%
Scope of advice				
Independent	Acceptable	39.5%	34.8%	44.3%
	Unacceptable	53.8%	49.0%	58.6%
	Uncertain	6.7%	4.6%	9.7%
Restricted	Acceptable	75.0%	68.7%	80.3%
	Unacceptable	21.8%	16.8%	27.8%
	Uncertain	3.2%	1.6%	6.3%

All	Acceptable	52.9%
	Unacceptable	41.7%
	Uncertain	5.4%

Independent	Acceptable	39.5%
	Unacceptable	53.8%
	Uncertain	6.7%



ST. JAMES'S PLACE WEALTH MANAGEMENT Technology



My Practice

My Practice is a new tool which provides Partners with insight into their individual practice.



iBusiness

iBusiness is the next generation of Swift which is easier to use, more robust and offers new tools and features.



Cyber Security

Cybercrime is a major risk for us all, both personally and professionally. This update shares best practice and SJP requirements for data storage and encryption.



Online Wealth Account

The Online Wealth Account has been updated with a fresh design and additional functionality and is now available in a 'beta' mode to pilot.



ST. JAMES'S PLACE WEALTH MANAGEMENT

Increasing Complexity

- UK tax code is now some 20,000 pages long
- Has trebled since 1997
- FCA Handbook *'if printed out stands more than 6 feet tall'*



Sources: City AM: "Our bulging tax code is holding Britain back: Politicians must fix this" March 2015, Financial Times: "Financial regulator says new rules will have to consider Brexit" November 2016



**Advisers slam levy increases as FSCS
bills hit desks**





ST. JAMES'S PLACE
WEALTH MANAGEMENT

ST. JAMES'S PLACE WEALTH MANAGEMENT

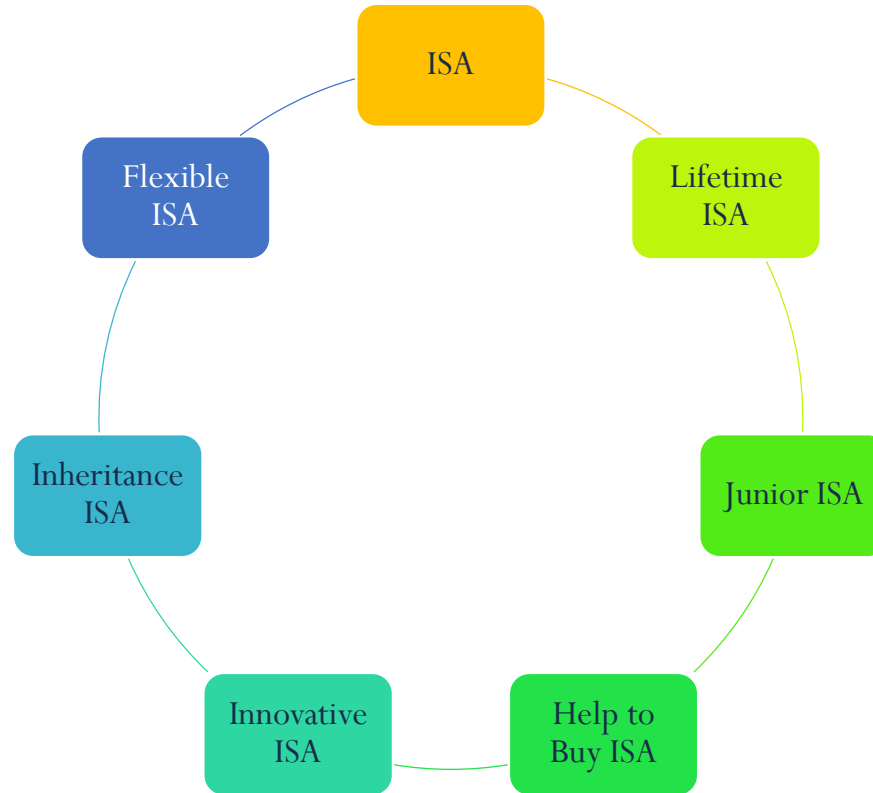
Increasing Complexity

Shifting Sands of Pension Legislation			
		Lifetime Allowance	Annual Allowance
2006	Pension Simplification (A-Day) Introduction of the Lifetime Allowance (rising to £1.8m by 2010)	£1,500,000	£215,000
2007		£1,600,000	£225,000
2008	Announcement that LTA would freeze at 2010 levels for next 5 years	£1,650,000	£235,000
2009		£1,750,000	£245,000
2010	Announcement of a reduction in the LTA for 2012 and introduction of carry forward	£1,800,000	£255,000
2011	Requirement to annuitise at 75 abolished Reduction in annual allowance	£1,800,000	£50,000
2012	Auto-Enrolment Starts Reduction in lifetime allowance	£1,500,000	£50,000
2013		£1,500,000	£50,000
2014	Pensions Freedoms Announced Further reduction in annual & lifetime allowances	£1,250,000	£40,000
2015	Freedom & Choice Regime begins Further consultations on tax relief Pension Input Period Rules Change	£1,250,000	£40,000
2016	Annual Allowance Tapering for higher earners	£1,000,000	£40,000 reducing to £10,000
2017	Money Purchase Annual Allowance reduced from £10,000 to £4,000	£1,000,000	£40,000 reducing to £10,000



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Increasing Complexity



ST. JAMES'S PLACE WEALTH MANAGEMENT

Increasing Complexity

BBC
NEWS

Over-65s in England 'living longer than ever before'

FINANCIAL TIMES

Pensions Industry

Complex pension choices require expert advice

FINANCIAL TIMES

Tax

Higher-rate taxpayers hit record levels



ST. JAMES'S PLACE WEALTH MANAGEMENT

Consistent Delivery

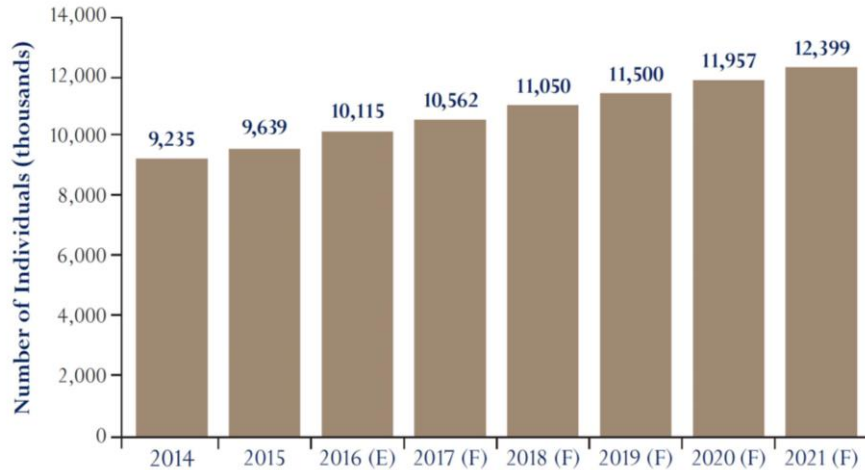
- Our investment approach
- The St. James's Place Partnership
- The support they have behind them
- The environment we work in



ST. JAMES'S PLACE WEALTH MANAGEMENT

The SJP Marketplace

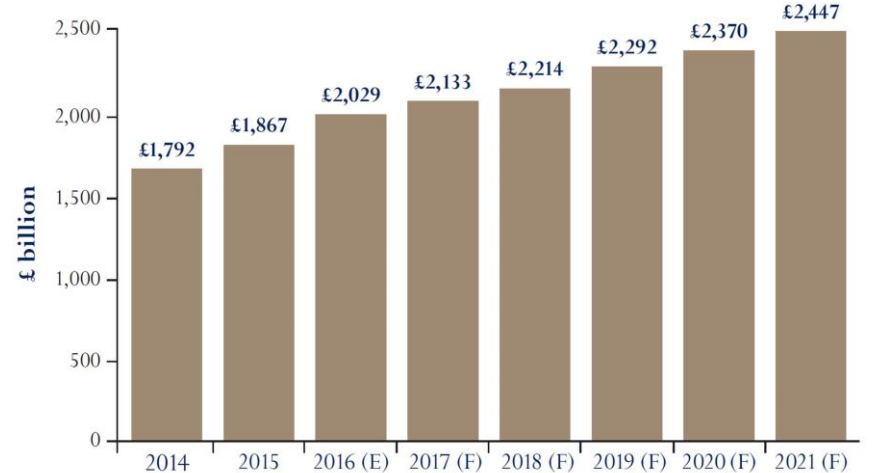
UK individuals with between £50k and £5m of investable wealth



E = Estimated F = Forecasts

Source: Global Data, 18 July, 2017.

Amount of investable wealth held by UK individuals with more than £50k but <£5m



E = Estimated F = Forecasts

Source: Global Data, 18 July, 2017.



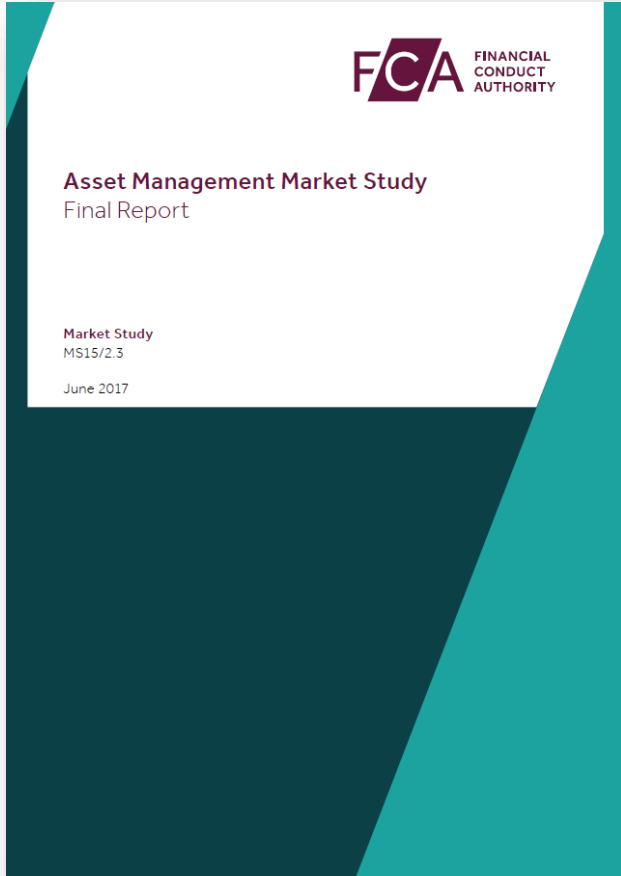
ST. JAMES'S PLACE WEALTH MANAGEMENT

BREXIT

- UK domestic business
- Limited overseas exposure
- Unaffected directly by trade agreements



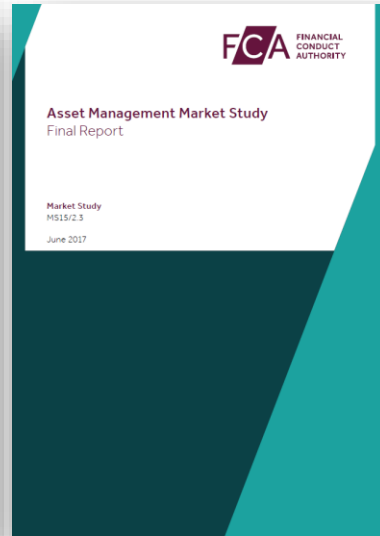
ST. JAMES'S PLACE WEALTH MANAGEMENT AMMS & MIFID II



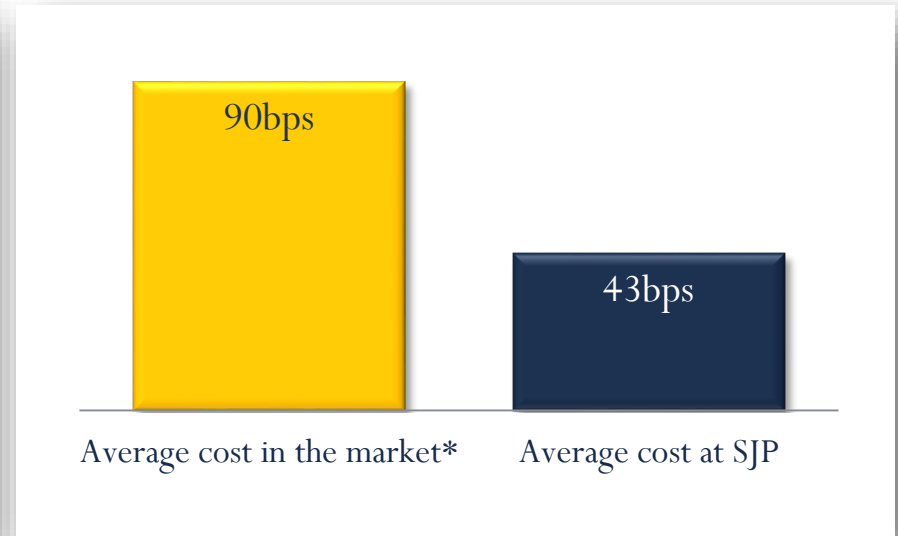
ST. JAMES'S PLACE WEALTH MANAGEMENT AMMS & MIFID II



**No new authorisations
required**



**Already negotiate
largely institutional
fund fees**



* Source: FCA Asset Management Market Study Interim Report



The Value of Advice



ST. JAMES'S PLACE WEALTH MANAGEMENT



Would recommend

96%



Value for money

98%



Satisfaction with level of
Partner contact

92%



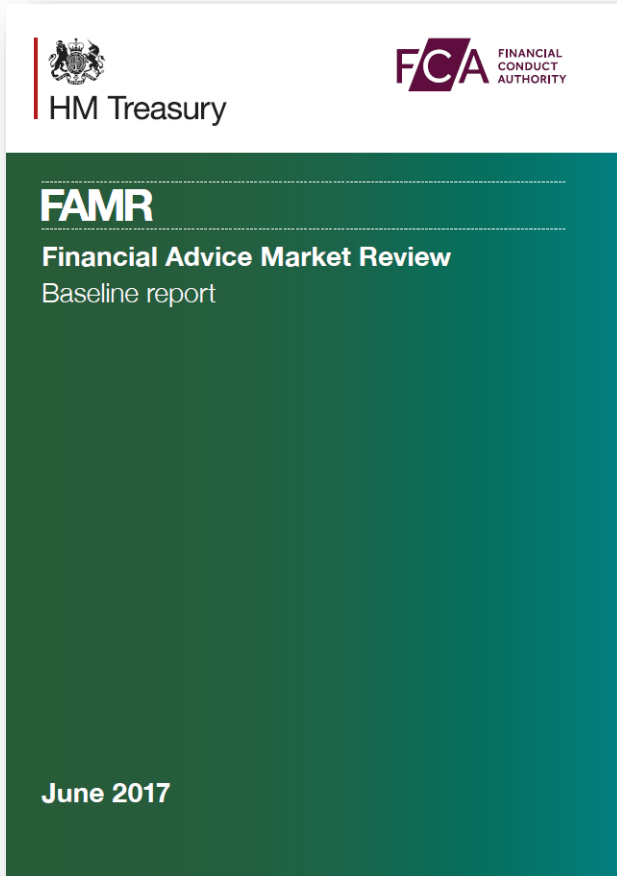
Overall satisfaction

94%



ST. JAMES'S PLACE WEALTH MANAGEMENT

The value of Financial Advice



ST. JAMES'S PLACE WEALTH MANAGEMENT

'This report demonstrates the very real value of financial advice for the consumer.'

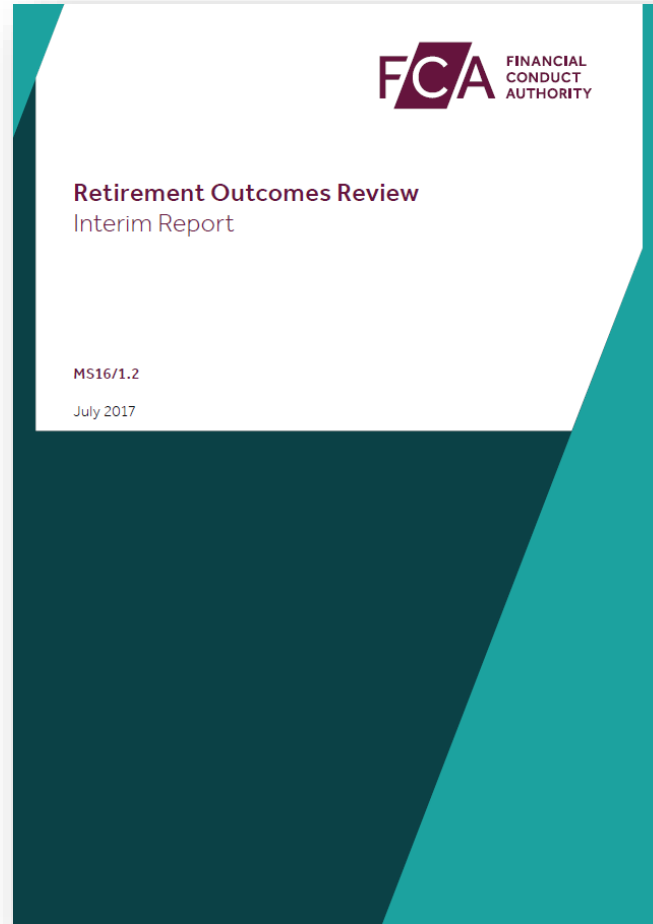
'...those who take advice are likely to accumulate more financial and pension wealth, supported by increased saving and investing in equity assets, while those in retirement are likely to have more income, particularly at older ages.'

'...advisers are good value for money – the benefits of advice outweigh any costs associated with it.'



ST. JAMES'S PLACE WEALTH MANAGEMENT

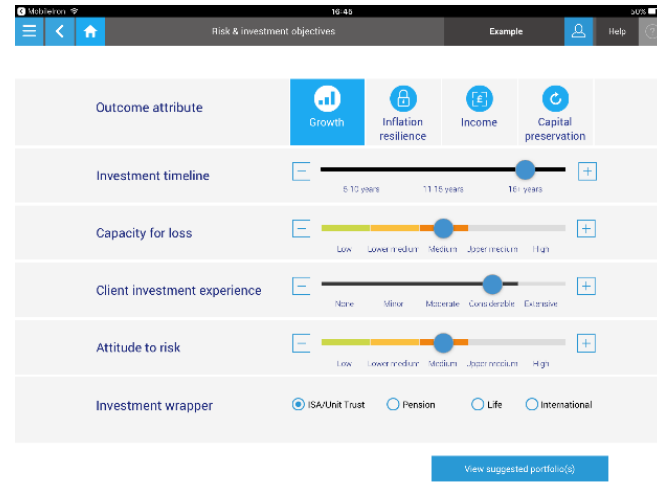
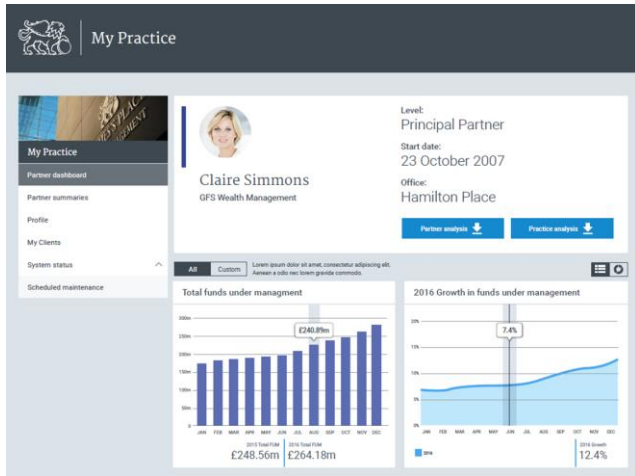
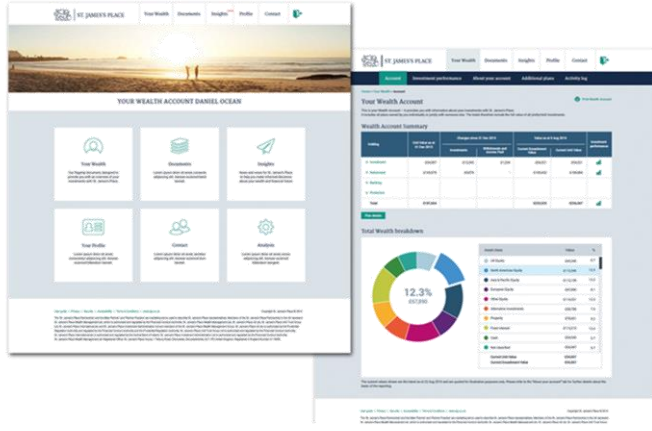
Need for Advice





ST. JAMES'S PLACE
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ST. JAMES'S PLACE WEALTH MANAGEMENT Technology



ST. JAMES'S PLACE WEALTH MANAGEMENT
BLUEDOOR



ST. JAMES'S PLACE WEALTH MANAGEMENT

Other Initiatives



ST. JAMES'S PLACE
PRIVATE CLIENTS



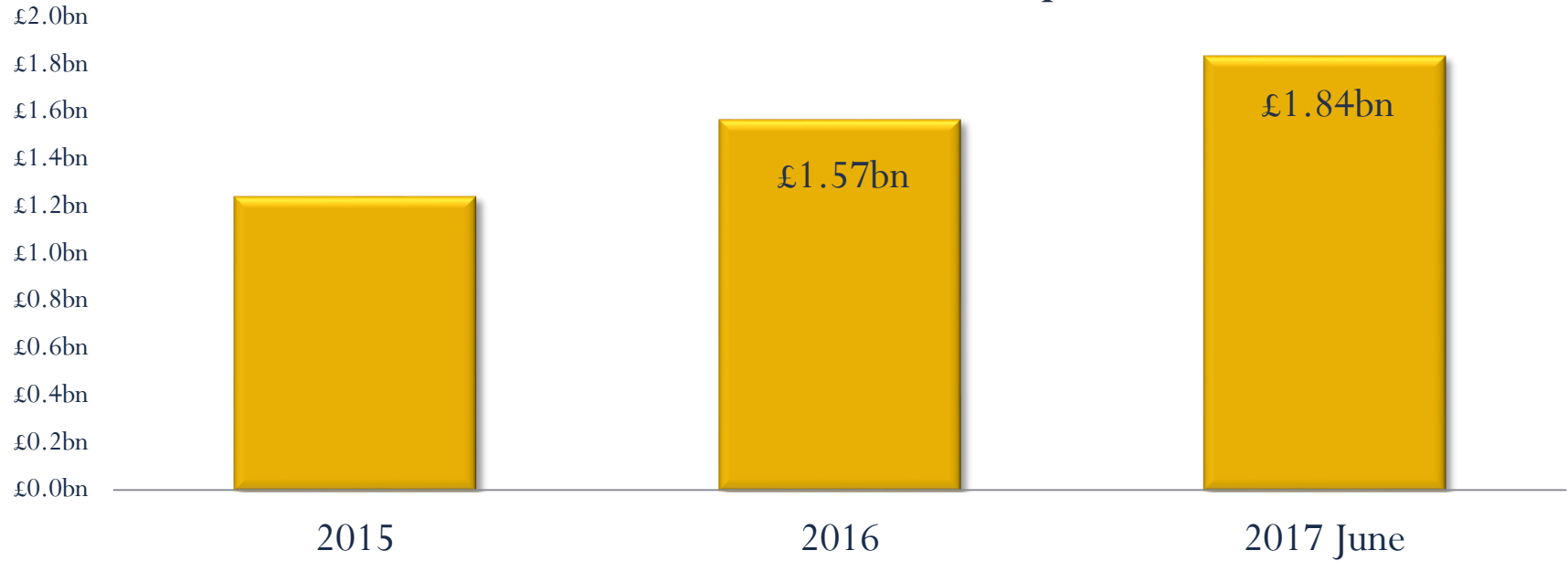
Rowan
Dartington



ST. JAMES'S PLACE WEALTH MANAGEMENT

Rowan Dartington

Over 12 months - Funds under Management up 35%
- Investment Executives up 21%



ST. JAMES'S PLACE WEALTH MANAGEMENT

Other Initiatives



ST. JAMES'S PLACE
PRIVATE CLIENTS



ST. JAMES'S PLACE
ASIA

 Rowan
Dartington

PRIVATE BANKING PANEL

 WEATHERBYS
PRIVATE BANK

 Cater Allen
PRIVATE BANK

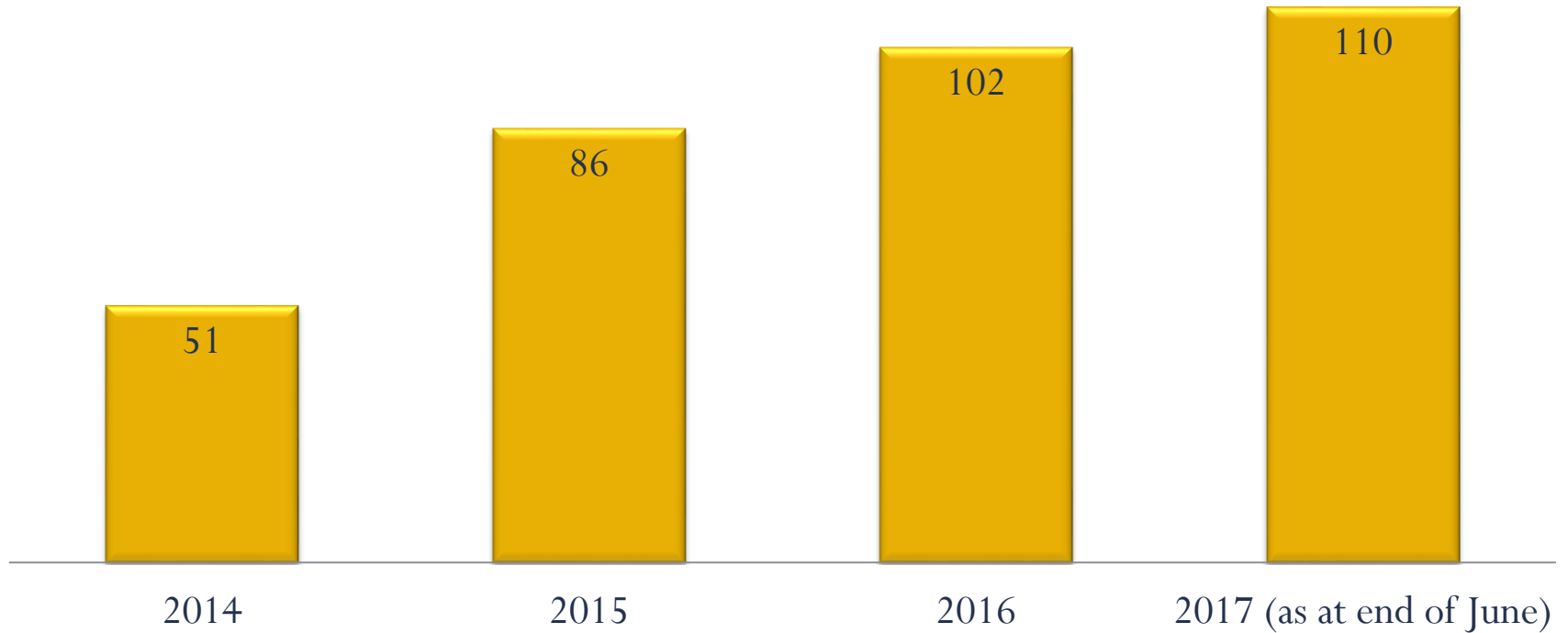
 Hampden & Co.
BANKERS

CASH MANAGEMENT


FLAGSTONE
INVESTMENT MANAGEMENT

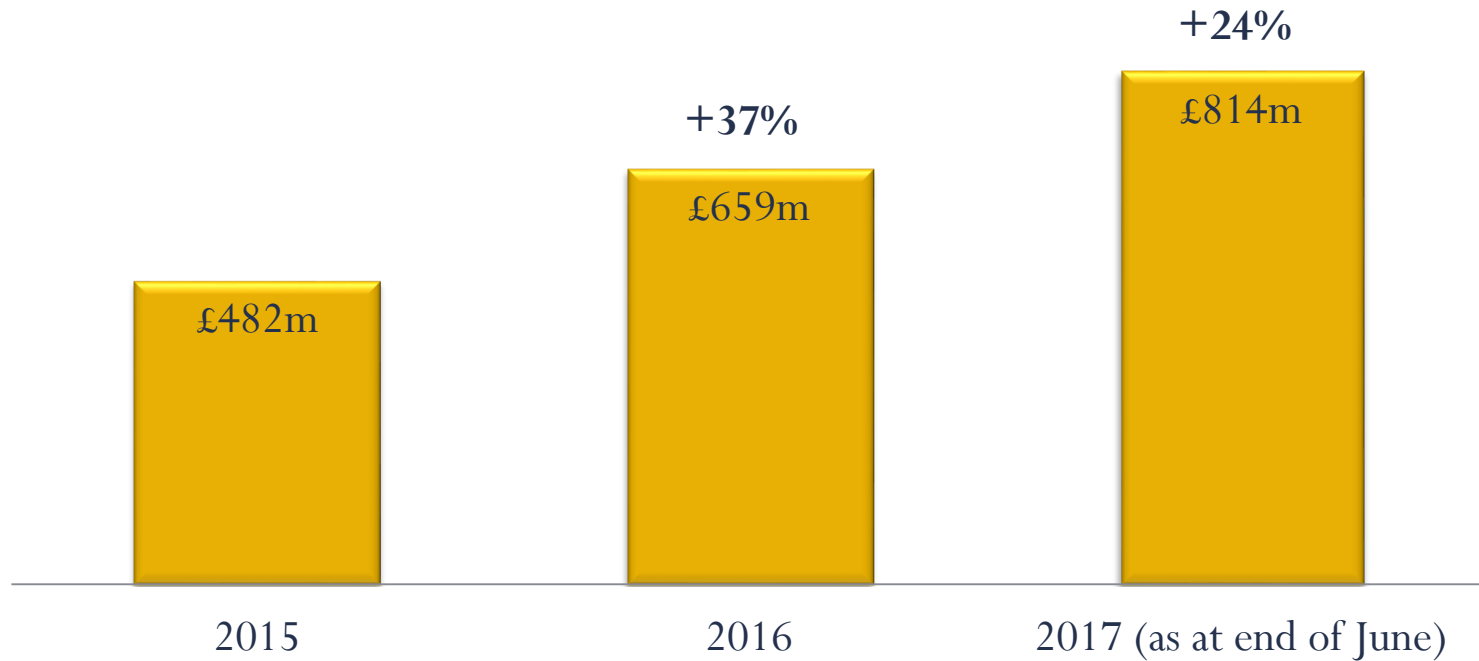
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Asia – Number of Advisers



ST. JAMES'S PLACE WEALTH MANAGEMENT

Asia – Funds Under Management





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WEALTH MANAGEMENT

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Summary of Results

- Gross inflows up 30%
- Net inflows up 40%
- Adviser numbers up 3.7%
- Funds under Management at £83bn
- Embedded value operating profit up 40%
- IFRS profit before tax up 32%
- Underlying cash result up 30%
- Interim dividend up 25%

