



ST. JAMES'S PLACE

HALF-YEAR RESULTS
JULY 2020



01

ANDREW CROFT
Chief Executive

AGENDA

Andrew Croft
INTRODUCTION

Craig Gentle
FINANCIALS

Ian Gascoigne
THE PARTNERSHIP

Andrew Croft
BUSINESS UPDATE AND OUTLOOK

Q&A

STRONG FIRST QUARTER

Gross inflows

£4.04 billion

UP 12%

Net inflows

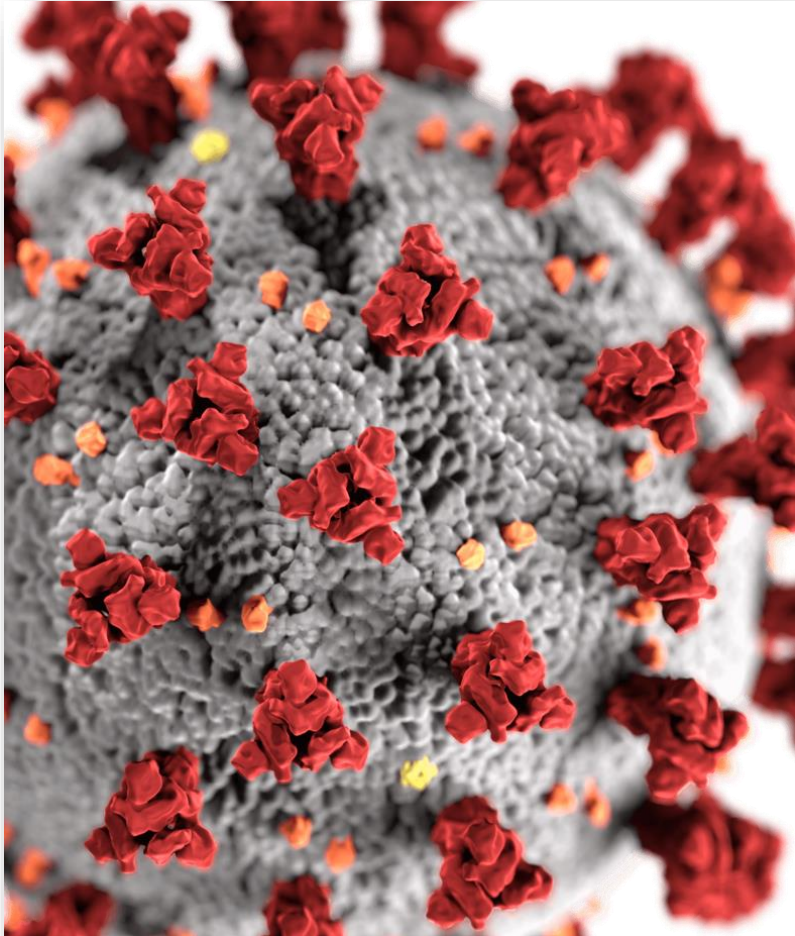
£2.37 billion

UP 9%

Continuing strong retention

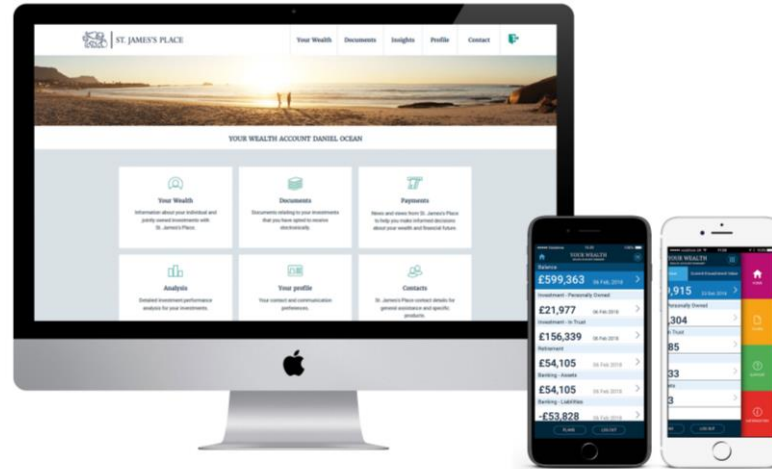
**Annualised growth
of 8.1% on opening FUM**

SECOND QUARTER

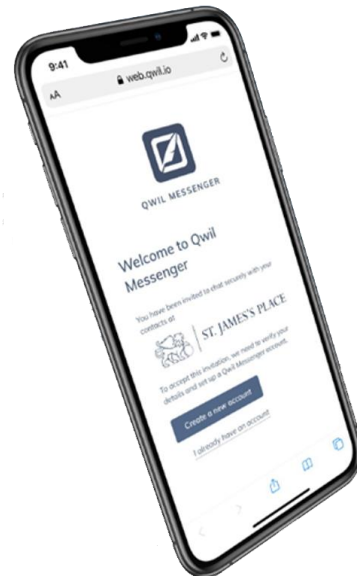


- Rapid adaptation to UK lockdown and social distancing measures
- Operational resilience underpinned by investment in 'Bluedoor' admin platform
 - Electronic business processing capabilities
 - Enhanced self-serve admin functionality for advisers
- Partnership exhibited agility to continue serving clients
 - Greater use of digital communication channels
 - Focus on providing support to clients at a difficult time

INNOVATIVE SOLUTIONS



MORE THAN **47%** OF FORMS SENT VIA DOCUSIGN ARE BEING RETURNED BY CLIENTS WITHIN AN HOUR AND MORE THAN **75%** WITHIN A DAY



Qwil Messenger

A NEW TOOL FOR PARTNERS AND CLIENTS TO CHAT AND SHARE DOCUMENTS SECURELY



SECOND QUARTER

Gross inflows
 £3.22 billion
15% lower

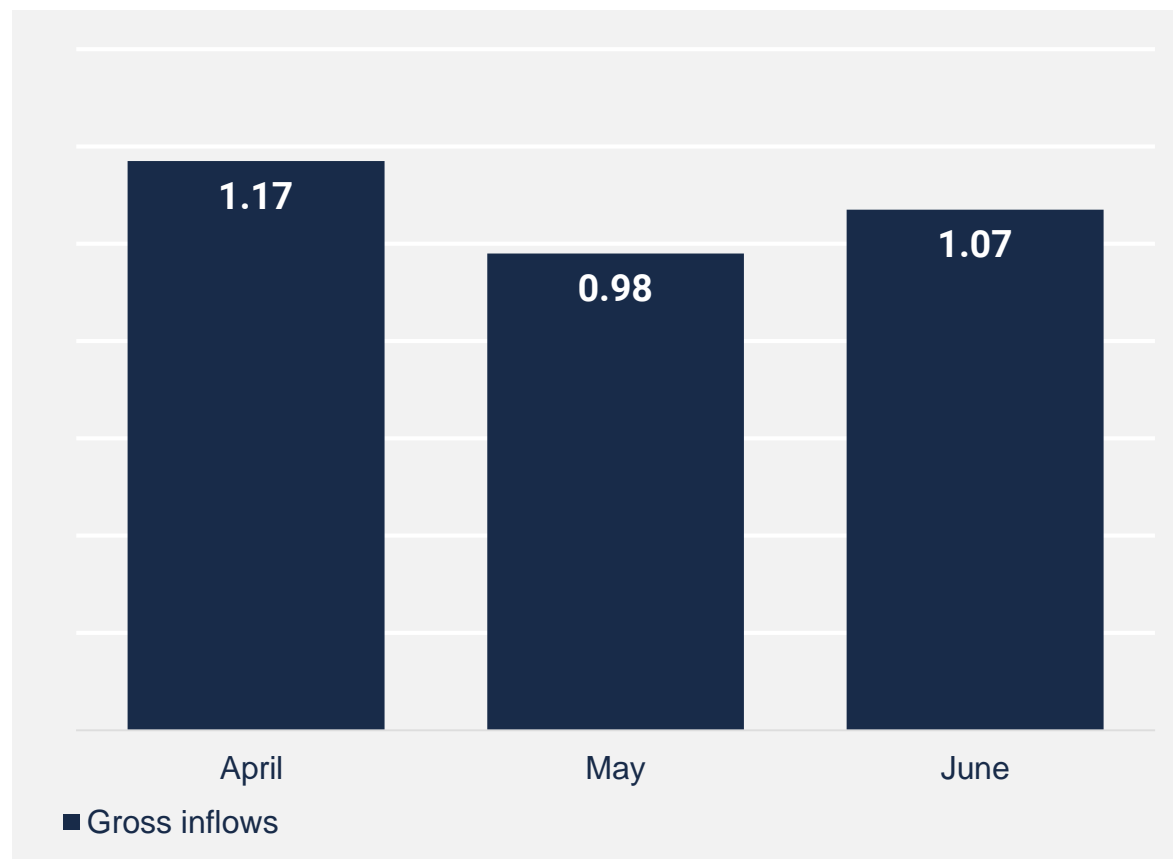
Net inflows
 £2.15 billion
Just 5% lower

Total gross inflows (six months)
 £7.26 billion
down only 2%

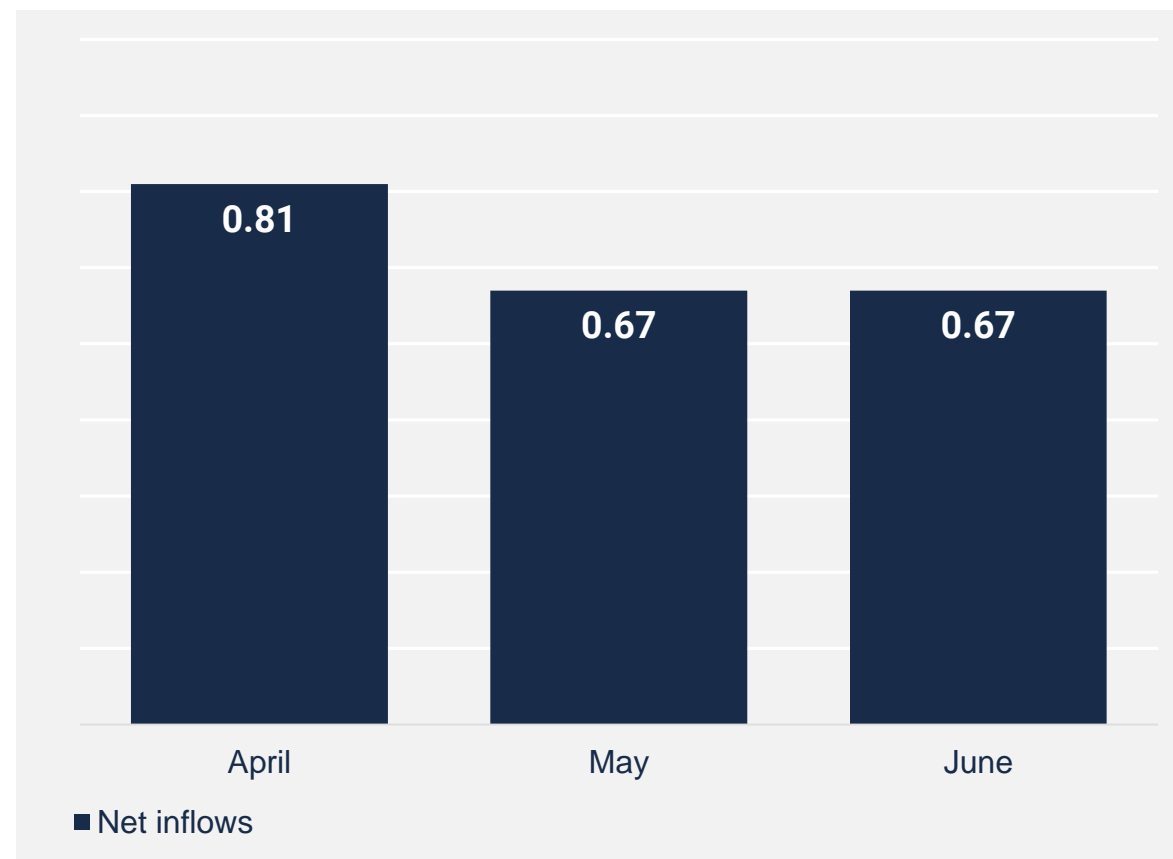
Total net inflows (six months)
 £4.52 billion
up 2%

Q2 MONTHLY FLOWS

Gross inflows - £'Billion

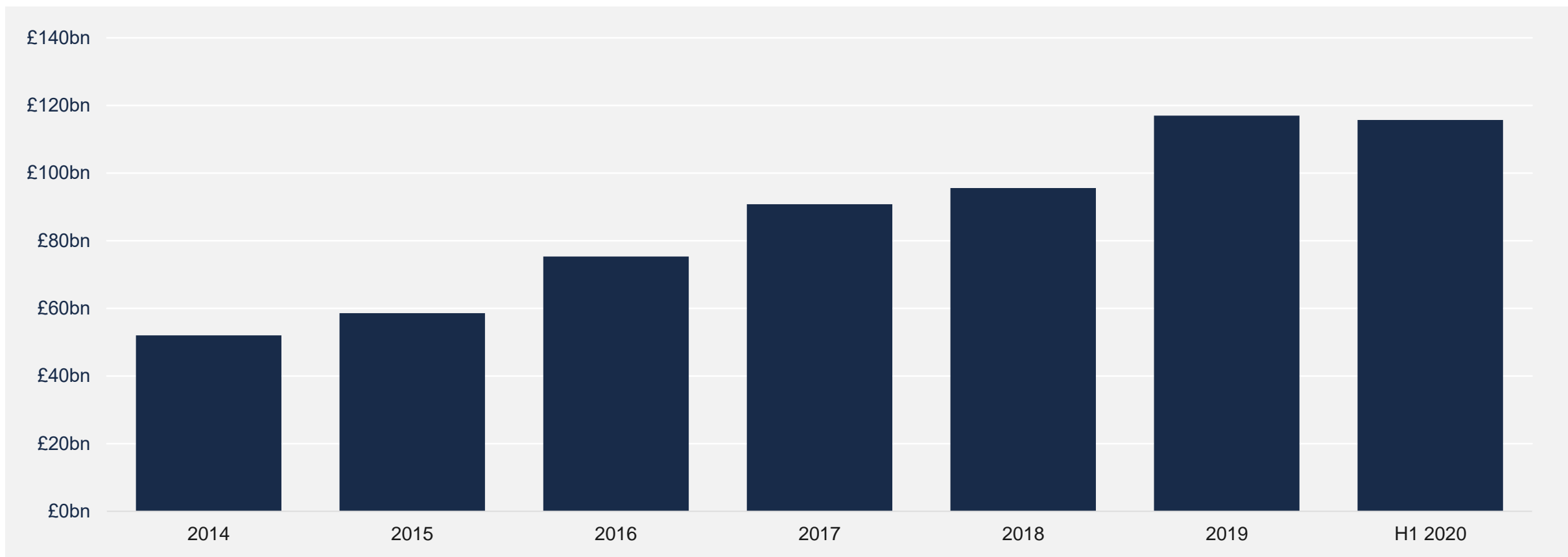


Net inflows - £'Billion



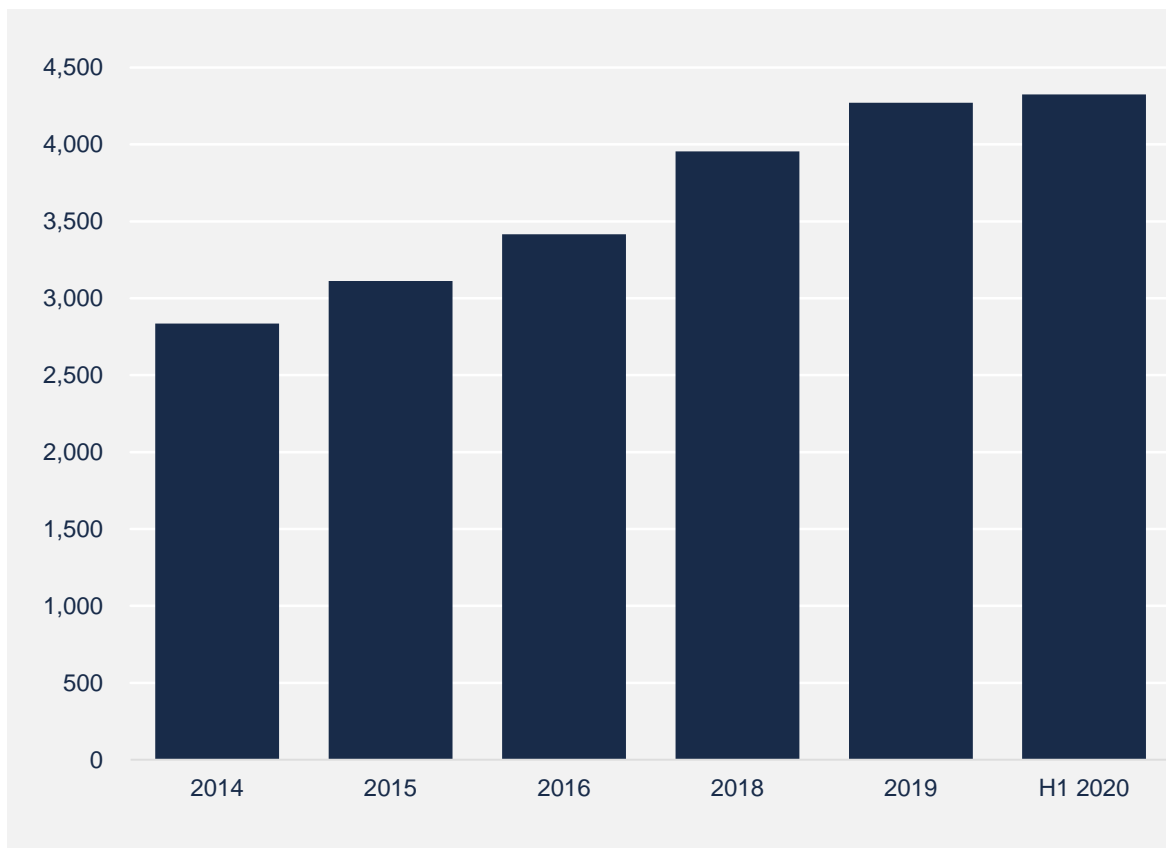
FUNDS UNDER MANAGEMENT

FUM £115.7 billion



ADVISER GROWTH

Total advisers up 1.2% to 4,324



- Total adviser numbers up 1.2% in H1 reflecting decision to moderate recruitment activity
- Scale of Partnership 6% larger than a year ago
- Adapted recruitment activity – shift to digital
- Academy programme moved to online delivery and new entrants deferred until later in the year

HELPING OUR COMMUNITY

- We remain committed to those individuals, small businesses and charities that need our support
- Through the St. James's Place Charitable Foundation, over £2 million has been donated in COVID-19 related support.
- COVID-19 appeal has raised over £550,000 from the SJP community
- The Partnership and colleagues encouraged and supported in their contributing time to local community efforts



02

CRAIG GENTLE
Financials

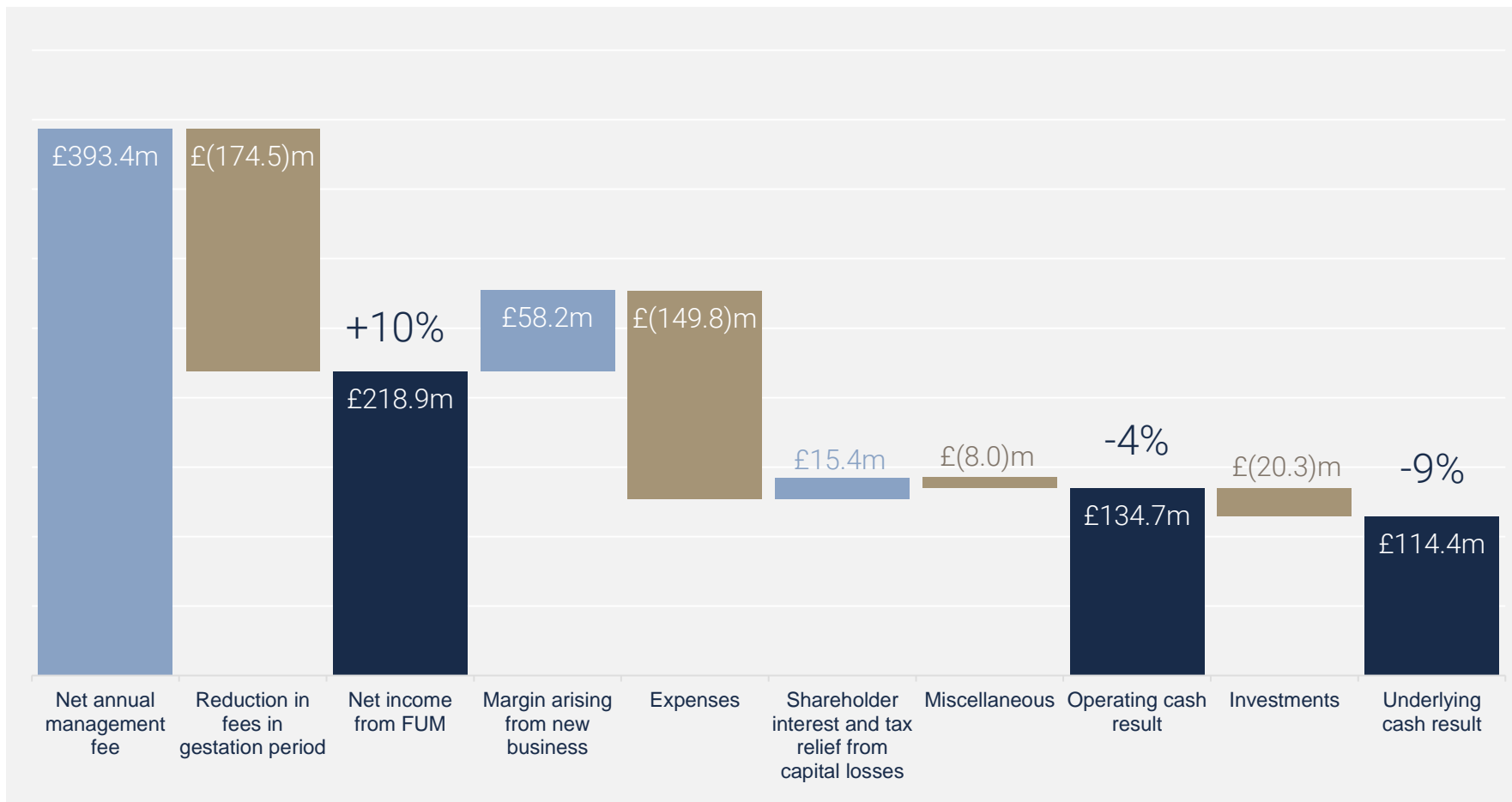
AGENDA

Cash result

Embedded value and solvency

Dividends

UNDERLYING CASH RESULT



Growth in net income from FUM reflects new business activity and maturing FUM, offsetting negative investment market impacts

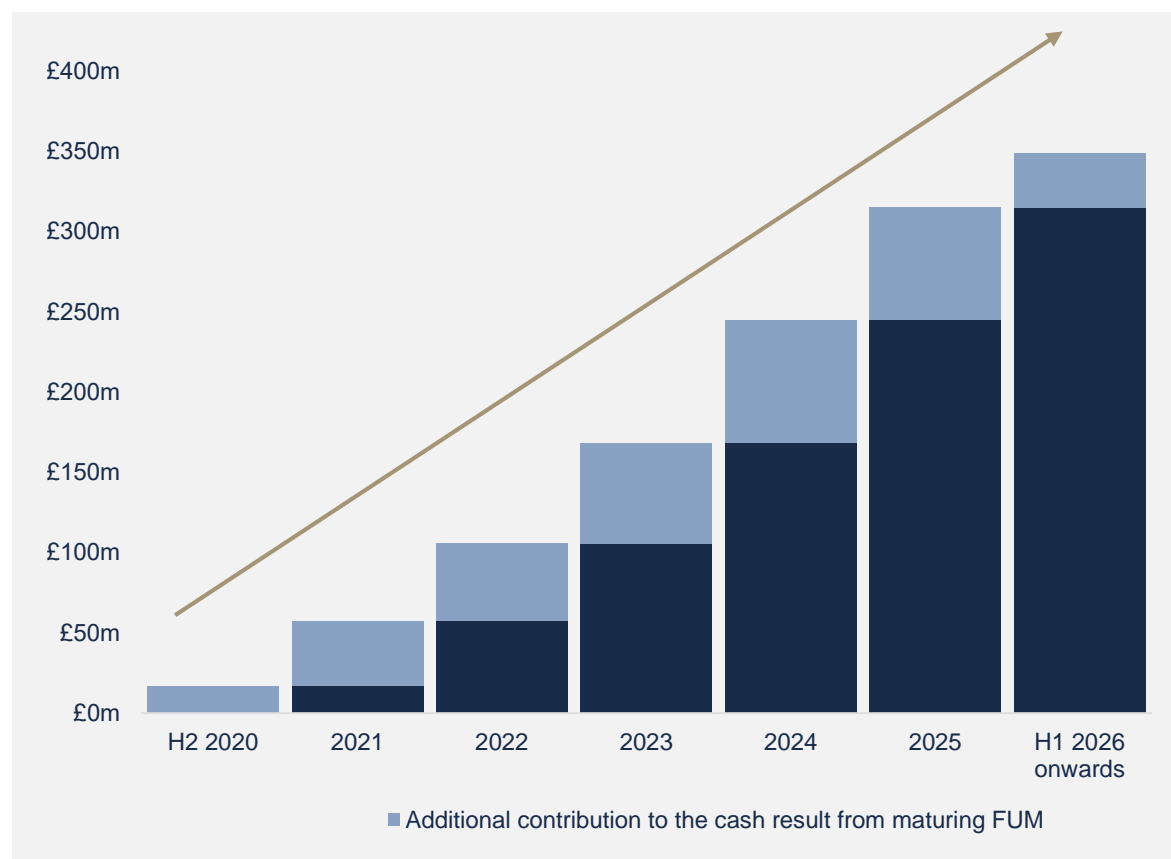
New business margin impacted by lower volumes and modest operational gearing effect

Continued long-term investment into the business balanced with disciplined approach to discretionary expenses

Elevated FSCS levy for 2020

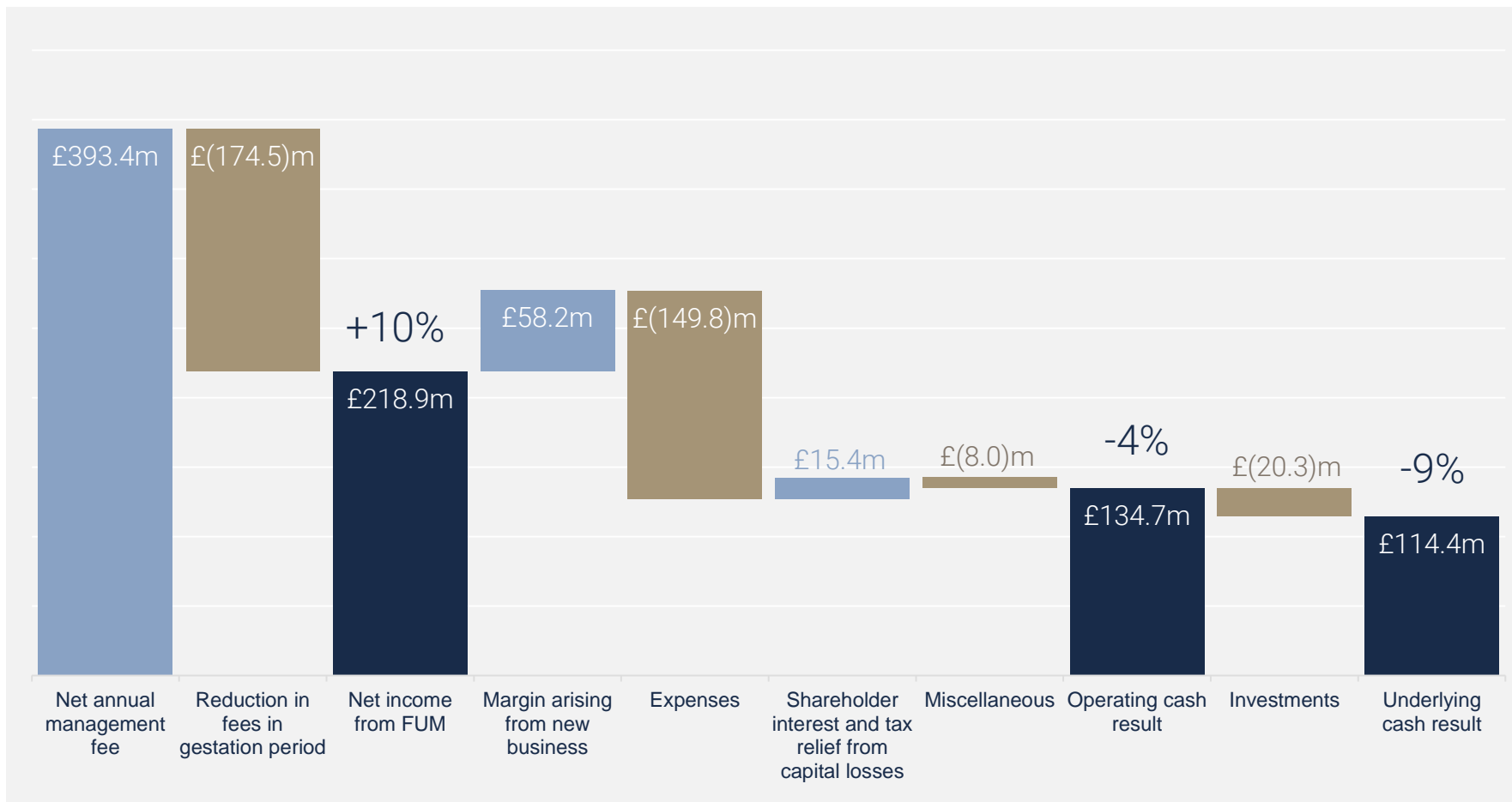
GESTATION FUM – UNDERPINNING FUTURE RETURNS

Contribution to the Cash result from maturing FUM



- FUM in gestation provides visibility around growth in net income from FUM
- By 2026, the annual contribution to the post-tax cash result of FUM currently in gestation would be circa.£350 million
- Current balance of £39.4 billion of gestation FUM to contribute over £1 billion of additional total income over the next six years

UNDERLYING CASH RESULT



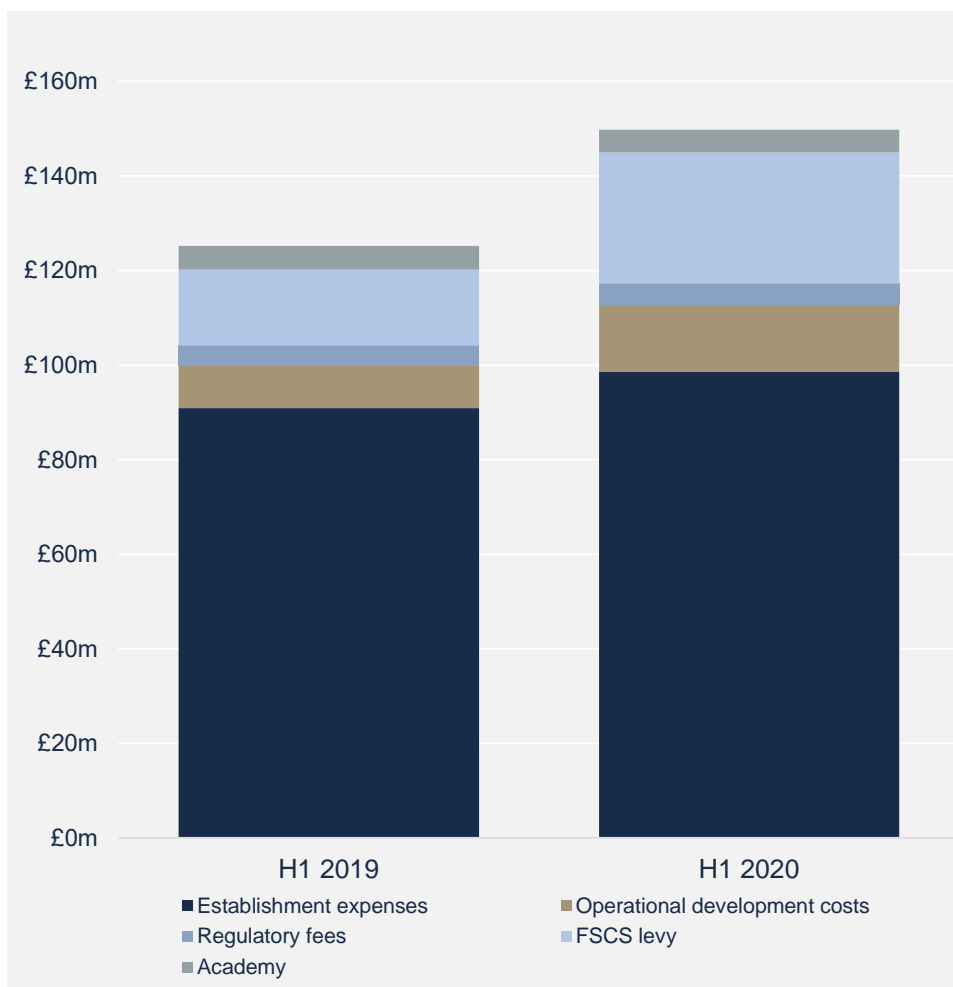
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EXPENSES



- 8% growth in establishment expenses, lower than guided:
 - disciplined approach to discretionary expense; large majority of expense base relates to people and property
 - expect full year establishment expense growth of 8%
- Operational development costs accelerated to enhance both short-term and long-term capabilities:
 - Facilitation of remote working practices including Qwill, DocuSign, Digital ID etc
 - Roll-out of Salesforce to more than 2,500 Partner businesses now underway
- Academy investment lower as new intakes postponed

FSCS LEVY

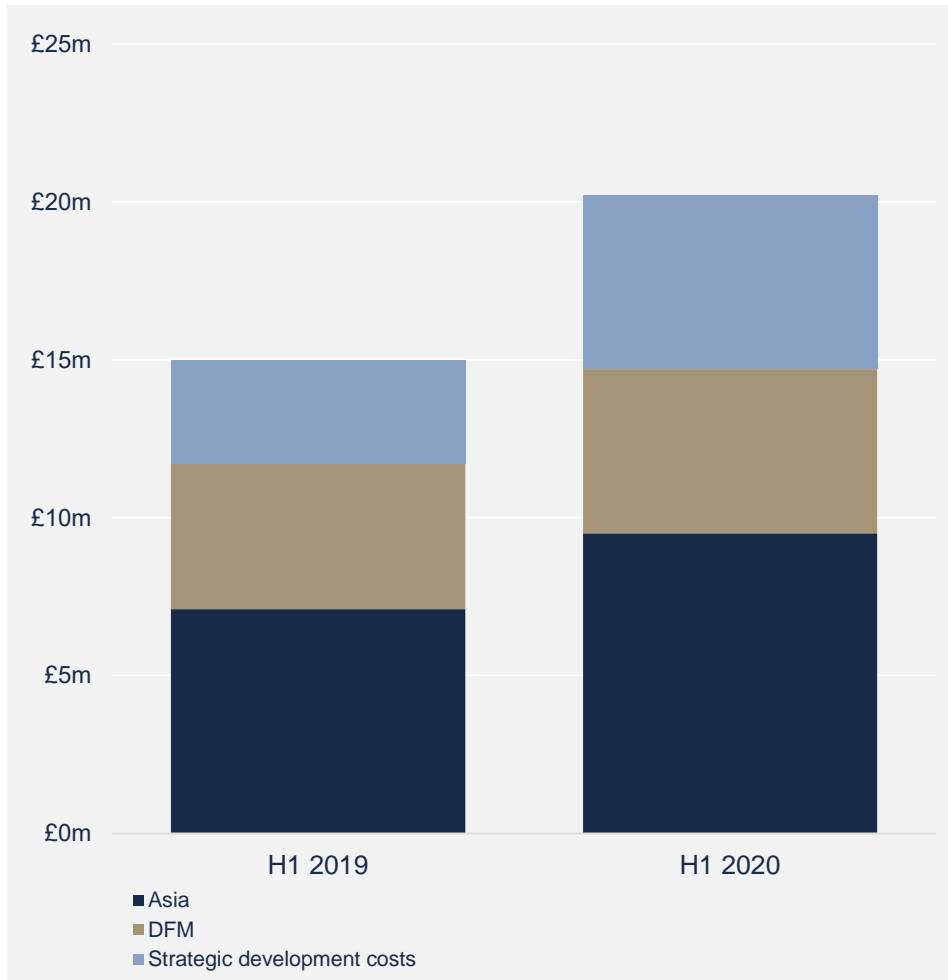
- FSCS levy even higher in 2020, up circa. 25% versus full year charge for 2019
- Reflects continued market failures, triggering FSCS claims
- We welcome FCA goal to re-design the funding system, agreeing with the sentiment that:

“...all too often, the polluter doesn't pay. The cost of bad behaviour by firms which then fail is usually mutualised through the FSCS, rather than borne by the wrongdoers”

TAX RELIEF FROM CAPITAL LOSSES

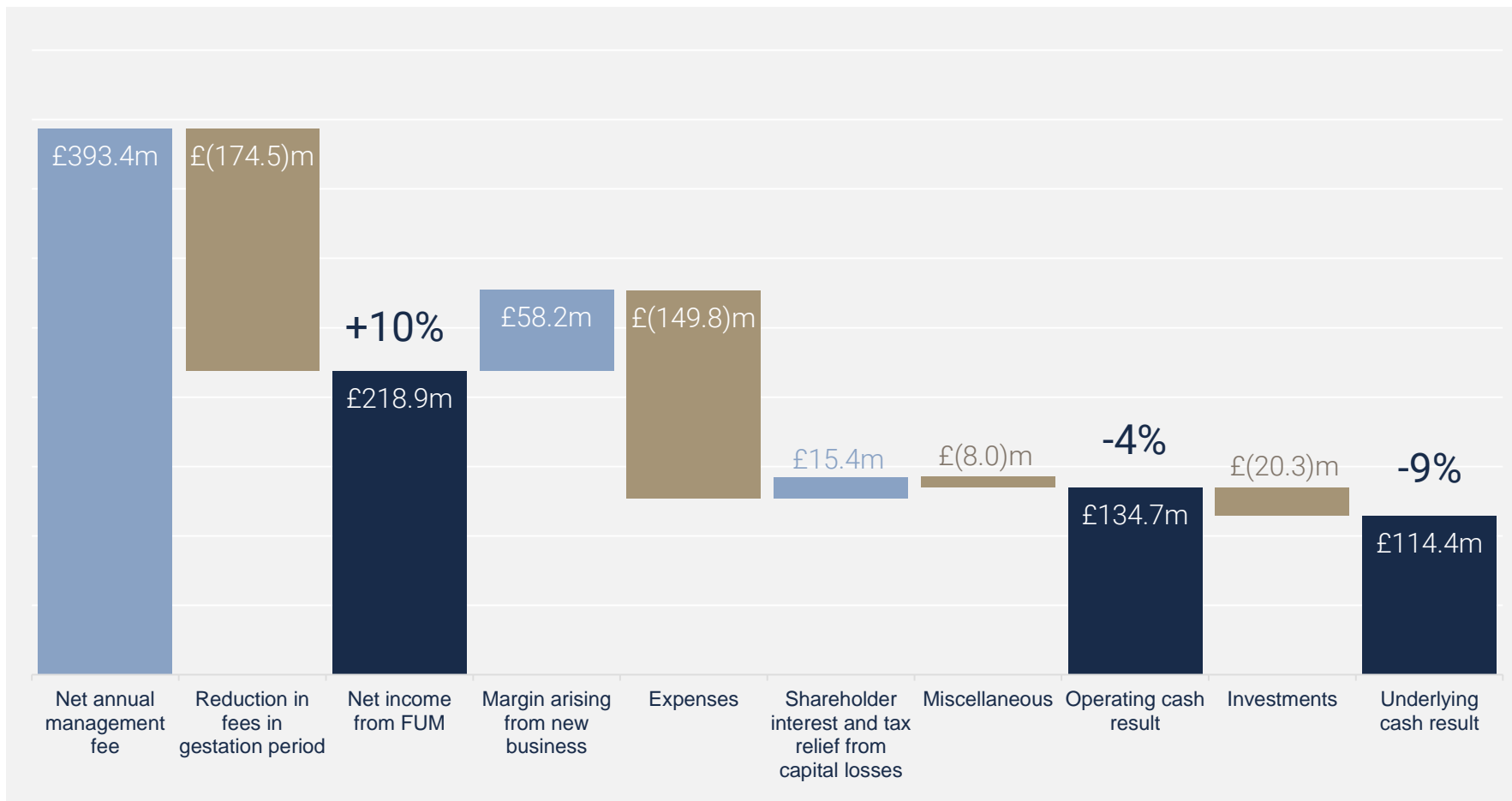
- Half year calculation of utilisation significantly inflated by H1 market movements
- Only year-end calculation triggers a cashflow
 - Expect utilisation to be in the range of circa. £8-10 million as previously guided
- We have therefore recorded £10 million utilisation within the underlying cash result with £18 million 'excess' recorded within H1 variance that should unwind in H2

INVESTMENTS



- SJP Asia impacted by a more challenging revenue environment
 - Strong focus on cost control
 - Estimate full year net investment similar to 2019
- Rowan Dartington building FUM per investment executive
 - Market declines and volatility have impacted income
 - Estimate full year net investment similar to 2019
- Strategic development costs include investment into reconfiguring more than 2,500 Partner business websites

UNDERLYING CASH RESULT



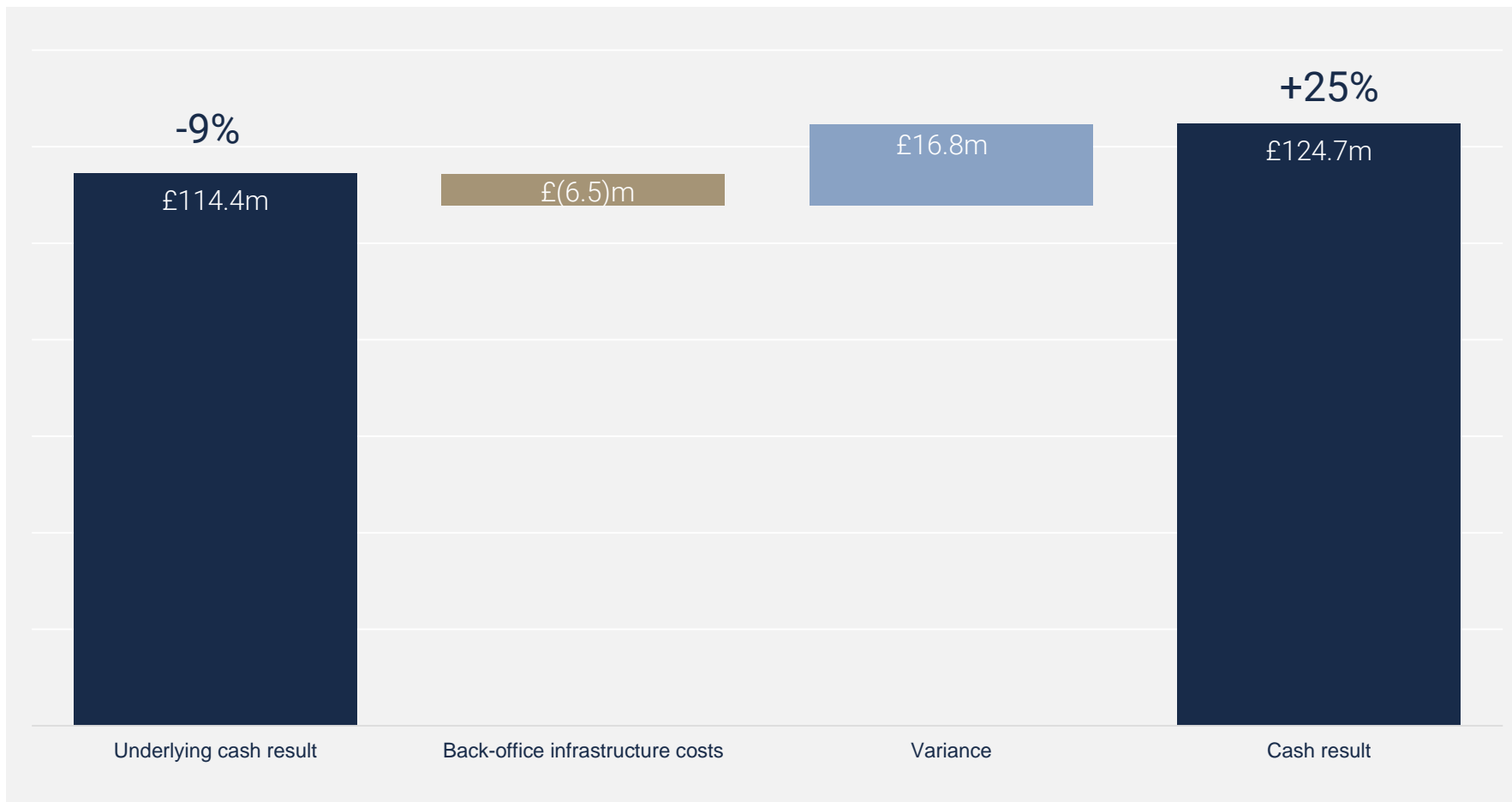
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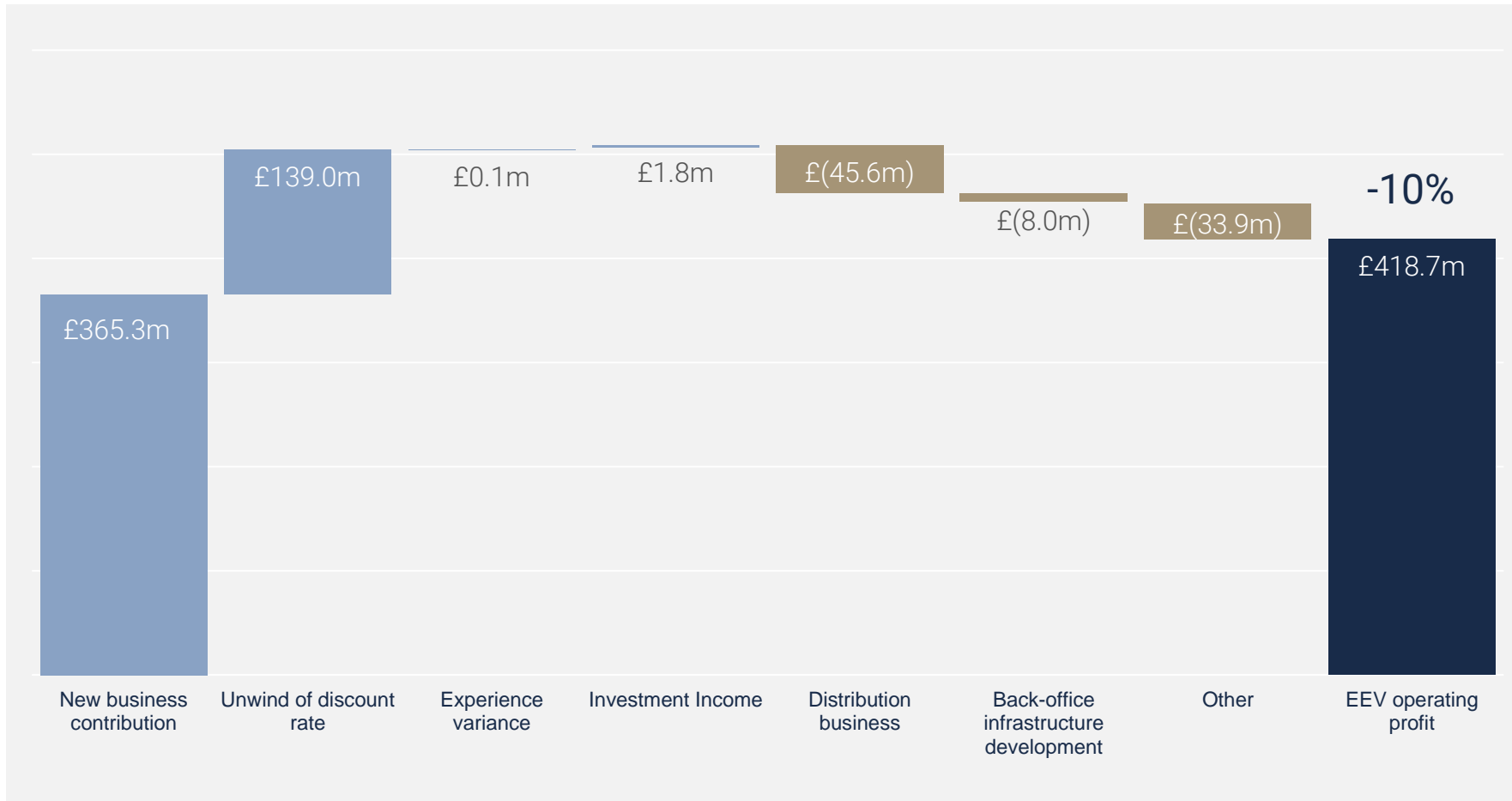
CASH RESULT



Variance includes £18 million temporary benefit of excess tax loss utilisation – expected to unwind in H2 2020

Expect back-office infrastructure costs of circa. £10 million in 2020

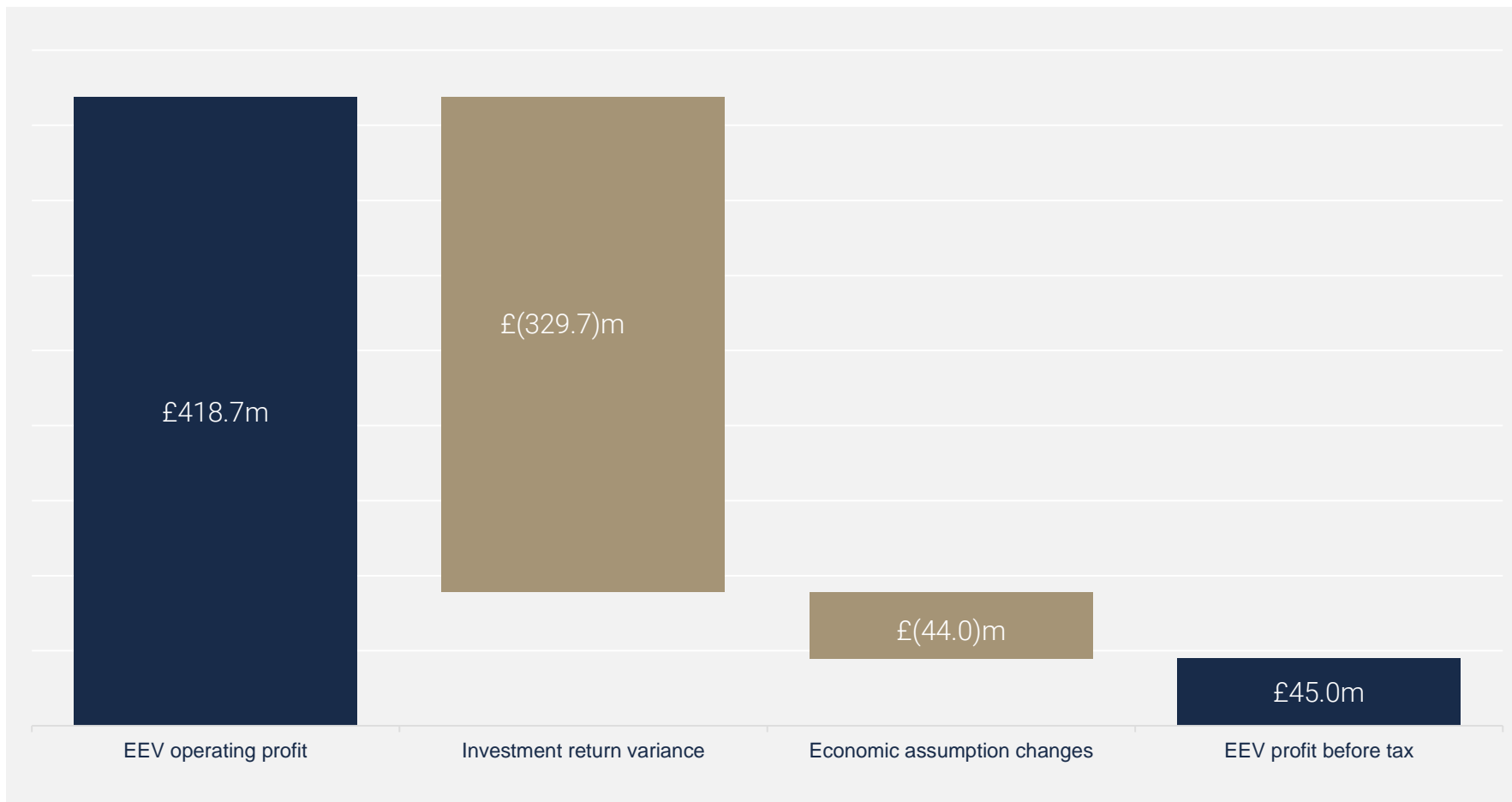
EMBEDDED VALUE



New business contribution 5% lower year on year, reflecting more modest volumes and higher expenses

Positive persistency experience offset by modest reduction in pensions regular contributions

EMBEDDED VALUE



Negative investment variance of £329.7 million reflecting market weakness in H1

EEV NAV per share of £12.78

COMBINED LIFE COMPANY SOLVENCY POSITION

Year	H1 2020	H1 2019	FY 2019
Net assets in excess of client liabilities	554.4	442.5	337.7
Management solvency buffer	320.0	355.0	320.0
Underlying SII ratio	115%	114%	112%
Effect of equity dampener	6%	1%	-
Impact of policyholder tax asymmetry	3%	-	-
Reported SII ratio	124%	115%	112%

- Solvency continues to be managed on the basis of holding assets to match client unit-linked liabilities plus the MSB
- Solvency position remains strong and appropriate for a simple, unit-linked business, in line with our target of **110%** for the UK insurance company
- H1 solvency position benefits from equity dampener and impact of policyholder tax asymmetry. Underlying position is consistent year on year

DIVIDEND RECAP

- Encouraged that signs of 'normal' life returning to the UK, but fears remain over possible second wave and consequent impact on economies and investment markets globally
- Board remains satisfied with decision in April to withhold 11.22 pence of dividends
- Will reassess this retention once it is possible to assess the full impact of COVID-19
- In line with previous guidance, there is no interim dividend declared with the half year results but the Board will consider dividends for 2020 in light of the full year results in February 2021



03

IAN GASCOIGNE
Managing Director



04

ANDREW CROFT
Chief Executive

BUSINESS RESILIENCE



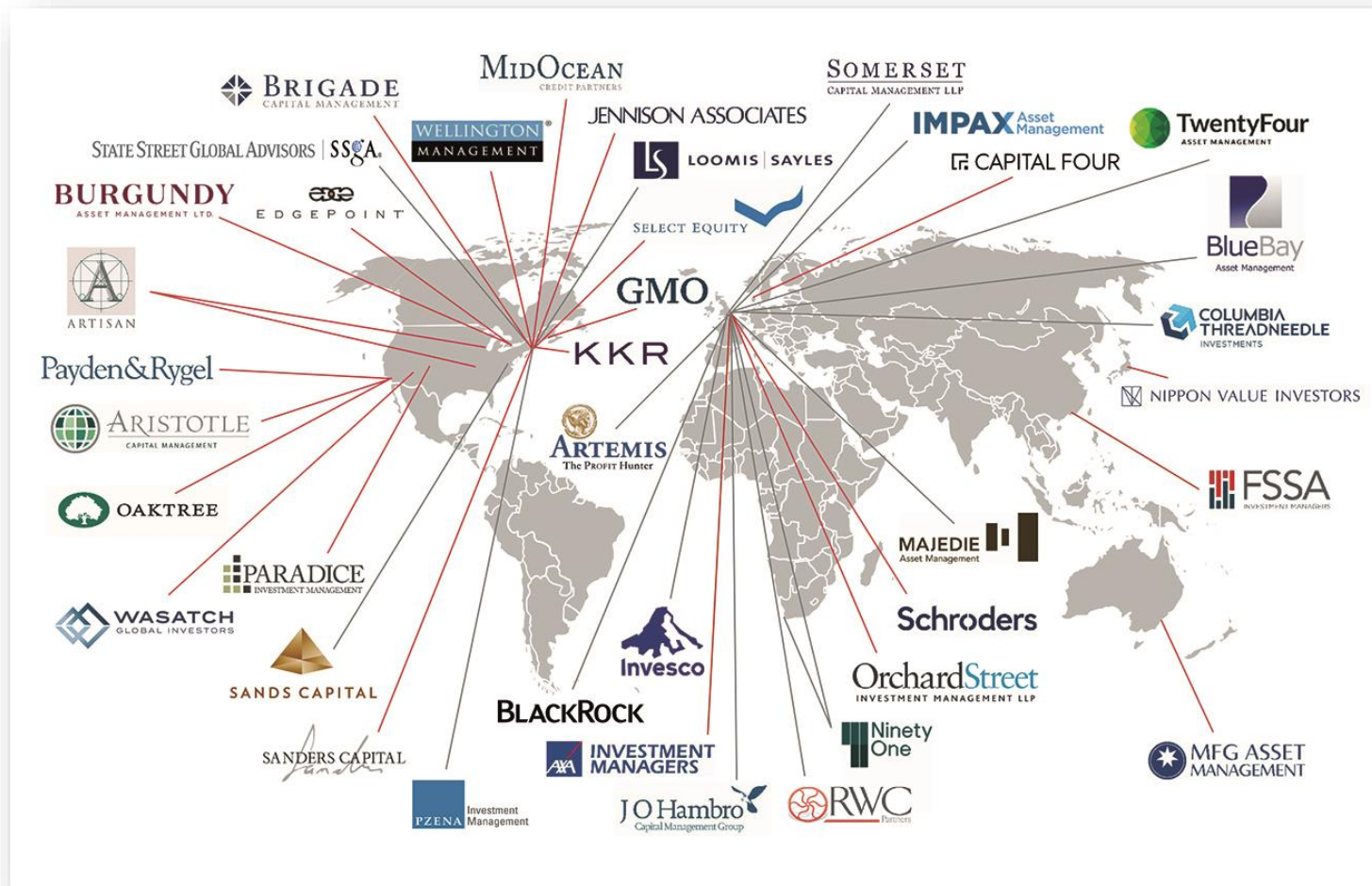
- Gross inflows of £7.3 billion; net inflows of £4.5 billion
- Funds under management closed at £115.7 billion, only 1% lower YTD
- Underlying cash result £114.4 million
- Embedded value operating profit of £418.7 million
- EEV net asset value - £12.78 per share

SUPPORTING CLIENTS THROUGH VALUED ADVICE

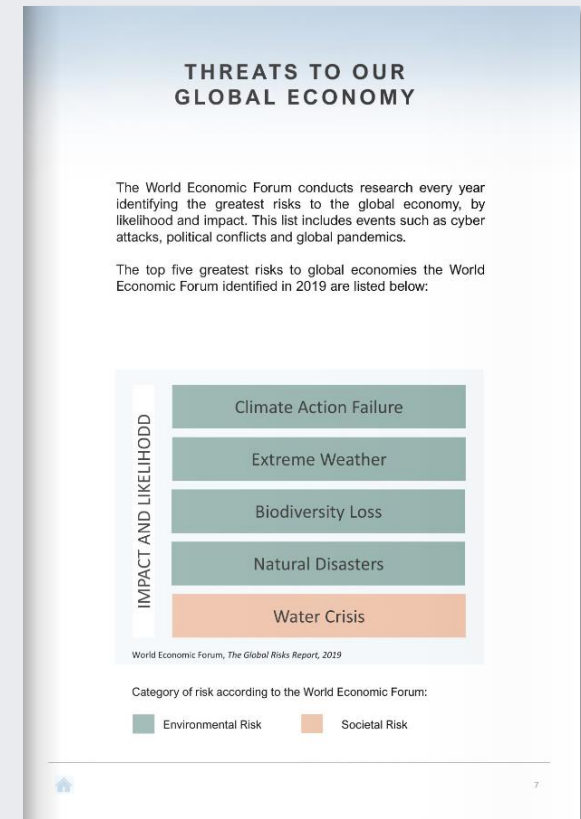
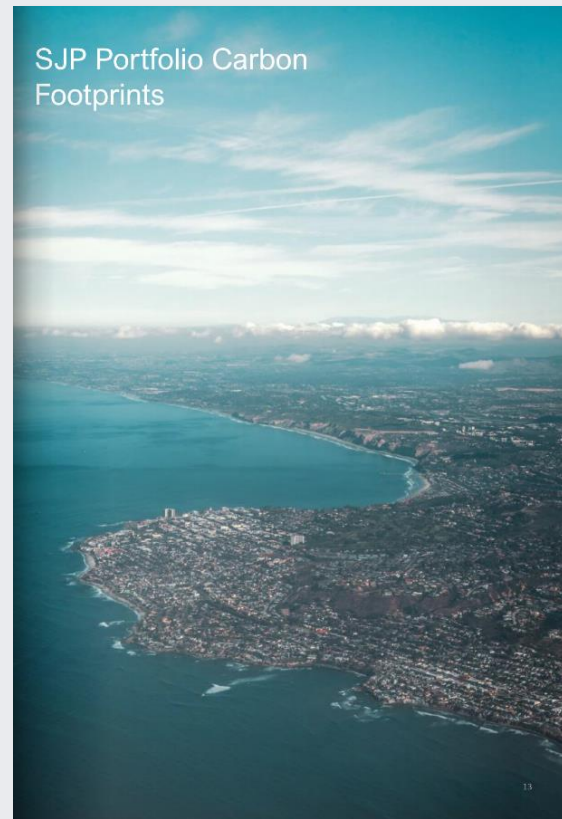
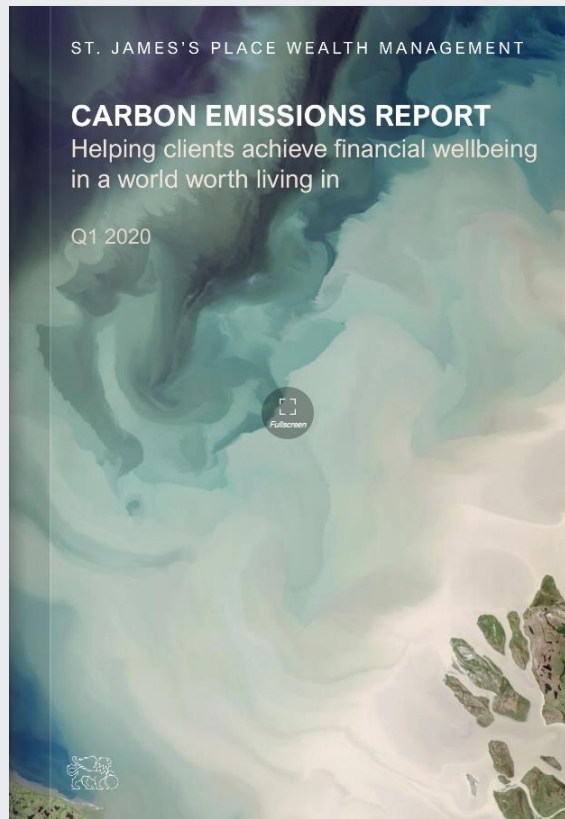
- First half environment demonstrated value of trusted, long-term financial advice:
 - Personal, timely communications
 - Behavioural coaching
 - Diversifying investment risk

- Complements wider benefits, including:
 - Long-term financial planning
 - Utilising personal tax allowances
 - Intergenerational wealth planning

GLOBAL INVESTMENT MANAGEMENT EXPERTISE



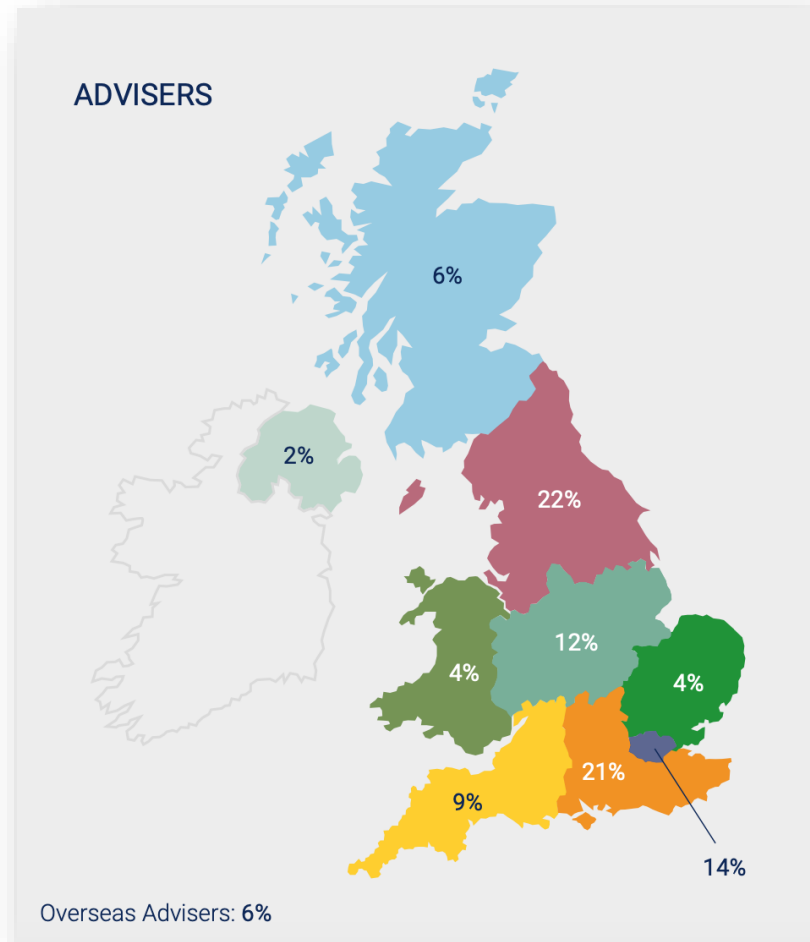
CARBON EMISSIONS REPORT



AN AWARD WINNING PROPOSITION



RECOVERY FROM LOCKDOWN BEGINS...



- Tentative, phased re-opening of SJP offices – majority now open with remainder reopening in August/early September
- 85% of Partner businesses operate from own offices (or from home) across the UK
- Careful return to face-to face advice supported by technology – not replaced by technology.

OUTLOOK

- Anticipate period of recuperation for UK over the summer
- Expect value of Q3 new business to be similar or slightly lower than Q2
- Hopeful of momentum building through Q4 2020
- Another year of major net inflows, despite challenge of external environment

ATTRACTIVE LONG-TERM MARKET OPPORTUNITY

Savings gap

Advice gap

**Perfect environment
for a client focused
advice business**

- Large and growing market of mass affluent individuals
- Responsibility for retirement income shifting from state to individual
- Challenge of low interest rate environment
- Financial planning complex and requires skill to navigate pension, savings and taxation
- Intergenerational transfer of wealth
- Meanwhile, supply of financial advisers is constrained

EMERGING STRONGER

New ways of working, face-to-face enhanced by a greater use of technology

Continued investment in the Academy

COVID-19 disruption provides recruitment opportunity

Planning for client funds under management of £200 billion

SUMMARY

Number of advisers up 1.2% to 4,324

£4.5 billion of net inflows, 8% of opening funds under management (annualised)

Funds under management of £115.7 billion

Underlying cash result of £114.4 million

EEV operating profit of £418.7 million



Q&A
