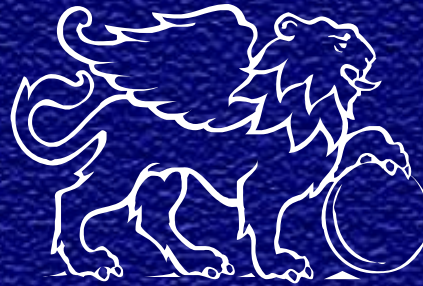


ST. JAMES'S PLACE
WEALTH MANAGEMENT

INTERIM RESULTS

July 2008

ST. JAMES'S PLACE WEALTH MANAGEMENT



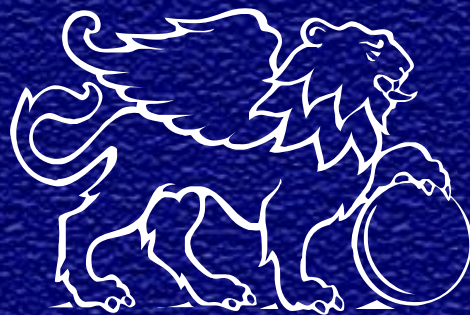
Mike Wilson
CHAIRMAN

David Bellamy
CHIEF EXECUTIVE

Andrew Croft
FINANCE DIRECTOR

Ian Gascoigne
SALES DIRECTOR

David Lamb
BUSINESS DEVELOPMENT DIRECTOR



ST. JAMES'S PLACE
WEALTH MANAGEMENT

MIKE WILSON
Chairman

ST. JAMES'S PLACE WEALTH MANAGEMENT

Agenda

Introduction

MIKE WILSON

Financials

ANDREW CROFT

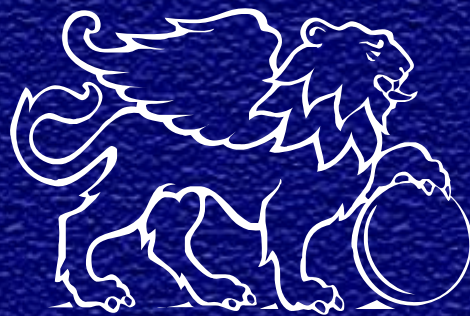
Business update

DAVID BELLAMY

Summary

MIKE WILSON





ST. JAMES'S PLACE
WEALTH MANAGEMENT

ANDREW CROFT
Finance Director

ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of Pre-Tax Result

£'m	2008	2007
Underlying operating profit	114.2	111.8
One off tax benefit	-	8.9
	<u>114.2</u>	<u>120.7</u>
Investment variance	(175.7)	24.3
Economic assumption change	(0.5)	(11.4)
Pre-tax result	<u>(62.0)</u>	<u>133.6</u>



ST. JAMES'S PLACE WEALTH MANAGEMENT

Investment Variance

- Heavy falls in world stock markets in first six months (e.g. FTSE 100 down 12.9%)
- Actual return more than 12% below assumed rate
- This is a short term time period
- Looking at variance over the last five years the actual increase in our funds has exceeded the assumption by 14%, or 2.5% per annum



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of Operating Profit

£'m	2008	2007
New business contribution	65.3	71.5
Profits from existing business		
–expected	51.4	43.6
–experience variance	1.0	6.3
–operating assumption changes	-	(0.2)
Investment income	4.0	3.5
Life & unit trust operating profit	121.7	124.7
Share option expense	(9.0)	(5.9)
Other	1.5	1.9
Operating profit	114.2	120.7



ST. JAMES'S PLACE WEALTH MANAGEMENT

Margin

- Margin is still strong
- Manufactured business 84% compared with 88%
- Increased proportion of pension business
- Expense gearing



ST. JAMES'S PLACE WEALTH MANAGEMENT

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ST. JAMES'S PLACE WEALTH MANAGEMENT

Movement in Funds Under Management

£'bn	HY 2008	FY 2007
Opening funds under management	18.2	15.4
New money invested	1.5	3.1
Investment return	(1.8)	0.9
	17.9	19.4
Regular income withdrawals / maturities	(0.2)	(0.3)
Surrender / part surrenders	(0.5)	(0.9)
Closing funds under management	17.2	18.2
Implied surrender rate as % of average funds under management	5.0%	5.4%



ST. JAMES'S PLACE WEALTH MANAGEMENT

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ST. JAMES'S PLACE WEALTH MANAGEMENT

Movement in Net Asset Value per share as at 30 June

Pence	2008	2007
Opening net asset value per share	252.5	222.6
Increase from operations	18.9	19.2
Investment income	271.4	241.8
Decrease/increase from market & economic assumption changes	(29.2)	2.1
Change in tax rate	-	4.2
Payment of dividend	(2.6)	(8.6)
Other	1.5	0.1
Closing net asset value per share	241.1	239.6



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of Adjusted Post Tax Cashflow

£'m	2008	2007
Net annual management fee	66.4	60.3
Unwind of surrender penalties	(27.3)	(21.8)
Loss/profit arising on new business	(6.5)	(4.7)
Establishment expenses	(35.7)	(32.5)
Investment income	4.9	4.5
Miscellaneous	10.4	7.3
Underlying cash flow	<u>12.2</u>	<u>13.1</u>



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of Adjusted Post Tax Cashflow (cont'd)

£'m	2008	2007	
Arising on in force business	48.6	44.4	+10%
Arising from new business	(36.4)	(31.3)	
	<u>12.2</u>	<u>13.1</u>	



ST. JAMES'S PLACE WEALTH MANAGEMENT

Dividend

Interim dividend 1.84 pence up 5%



ST. JAMES'S PLACE WEALTH MANAGEMENT

Capital Position as at 30 June 2008

£'m	Life	Other Regulated	Other	Total
Solvency position				
Solvency net assets	<u>142.9</u>	<u>28.4</u>	<u>80.5</u>	<u>251.8</u>
Solvency requirement	<u>38.0</u>	<u>14.6</u>		
Solvency ratio	<u>376%</u>	<u>195%</u>		

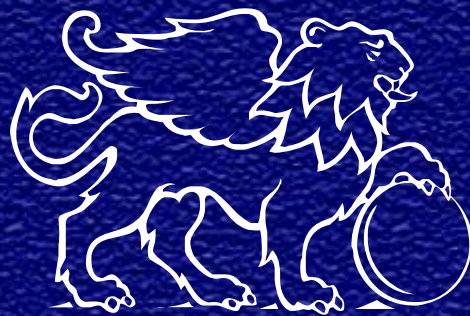


ST. JAMES'S PLACE WEALTH MANAGEMENT

Capital Position as at 30 June 2008 (cont'd)

£'m	Life	Other Regulated	Other	Total
Analysis of solvency net assets				
UK Govt. backed debt	19.1	-	-	19.1
Other Govt. backed debt	24.6	-	-	24.6
AAA rated money market funds	120.1	-	18.0	138.1
Bank balances	43.0	57.1	13.0	113.1
Fixed assets	-	-	9.9	9.9
Actuarial reserves	(57.8)	-	-	(57.8)
Other assets/liabilities	(6.1)	(28.7)	39.6	4.8
Solvency net assets	142.9	28.4	80.5	251.8
IFRS adjustments	218.8	(9.1)	3.7	213.4
IFRS net assets	361.7	19.3	84.2	465.2





ST. JAMES'S PLACE
WEALTH MANAGEMENT

DAVID BELLAMY
Chief Executive

ST. JAMES'S PLACE WEALTH MANAGEMENT

New Business Results

- Quarter 2 up +5% (APE)
- Best ever quarter
- Year to date +3%



ST. JAMES'S PLACE WEALTH MANAGEMENT

New Business Results

- Onshore & Offshore Bonds 11% lower
- Pensions up 15% (+21% for Q2)
- Unit Trusts 8% lower
- ISA sales up 4%
- Total business up 3%



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New Business Results

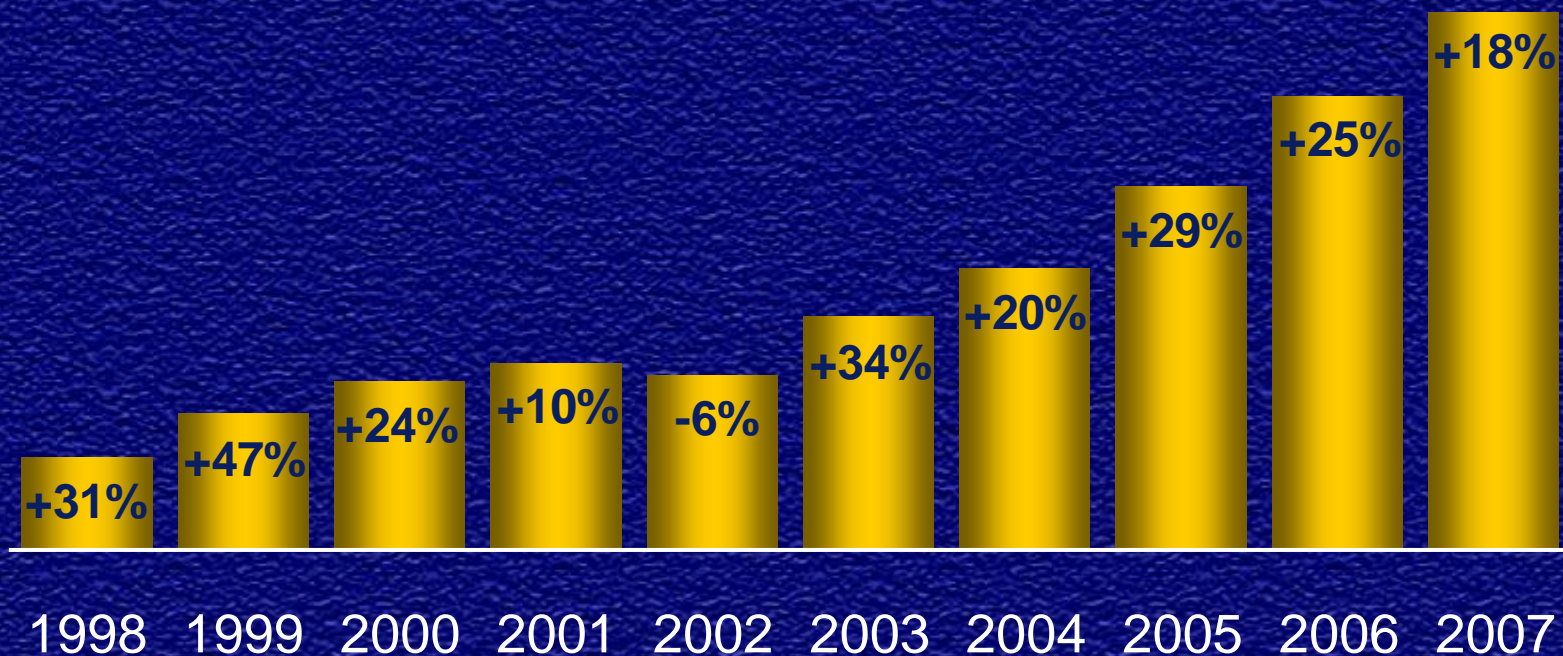
- New single investments £1.7bn
- Underlying retention rate of 95%
- Funds under Management £17.2bn
- Further Funds under Advice £1.6bn



ST. JAMES'S PLACE WEALTH MANAGEMENT

Funds Under Management (£bn)

25%p.a. compound growth over the last
5 years and 23%p.a. over 10 years

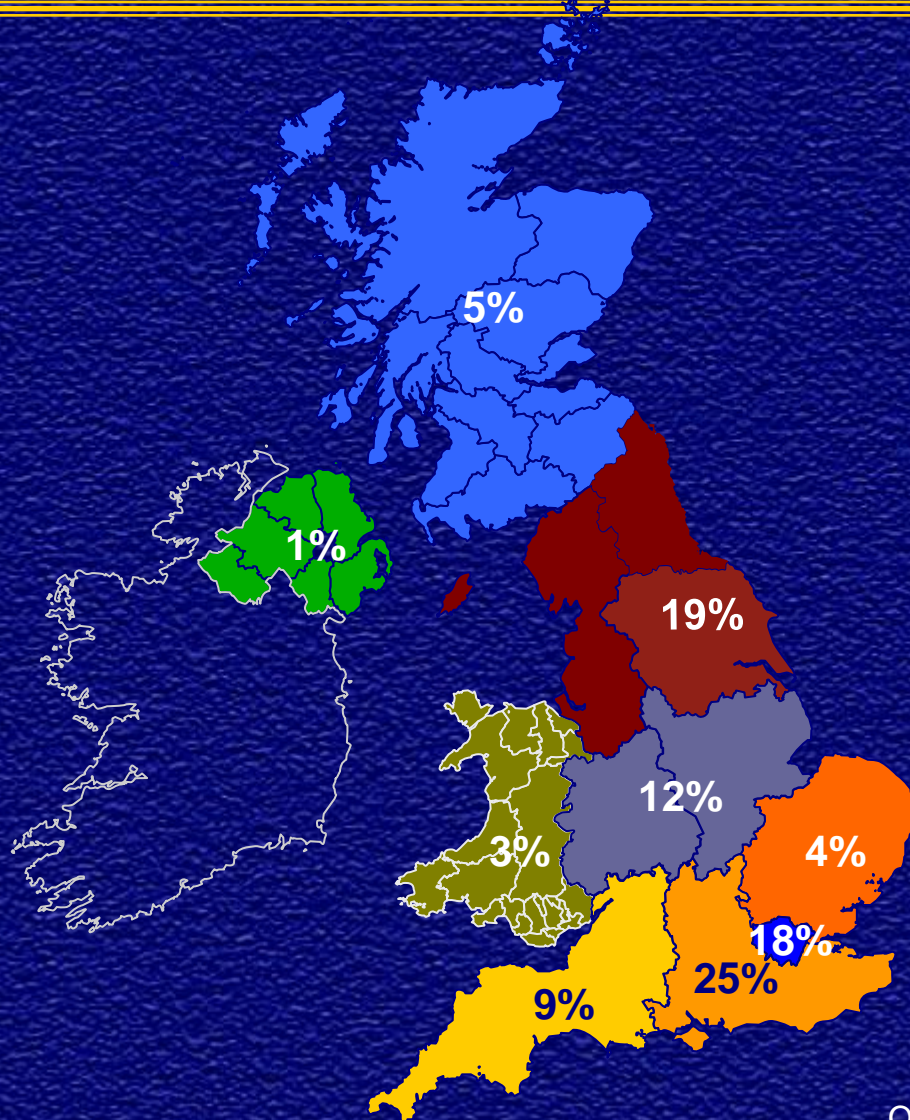


£17.2bn as at 30 June 2008



ST. JAMES'S PLACE WEALTH MANAGEMENT

Distribution of Client FuM

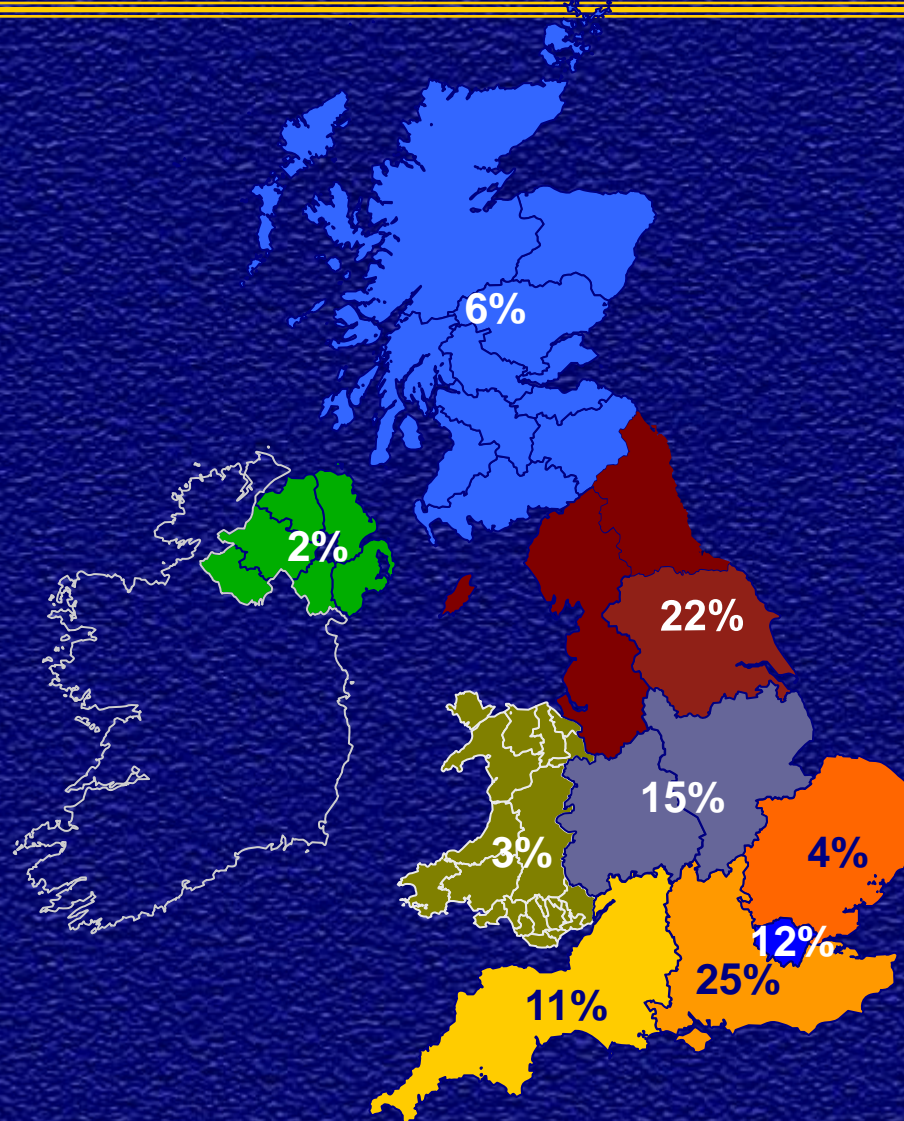


Overseas Clients 4%



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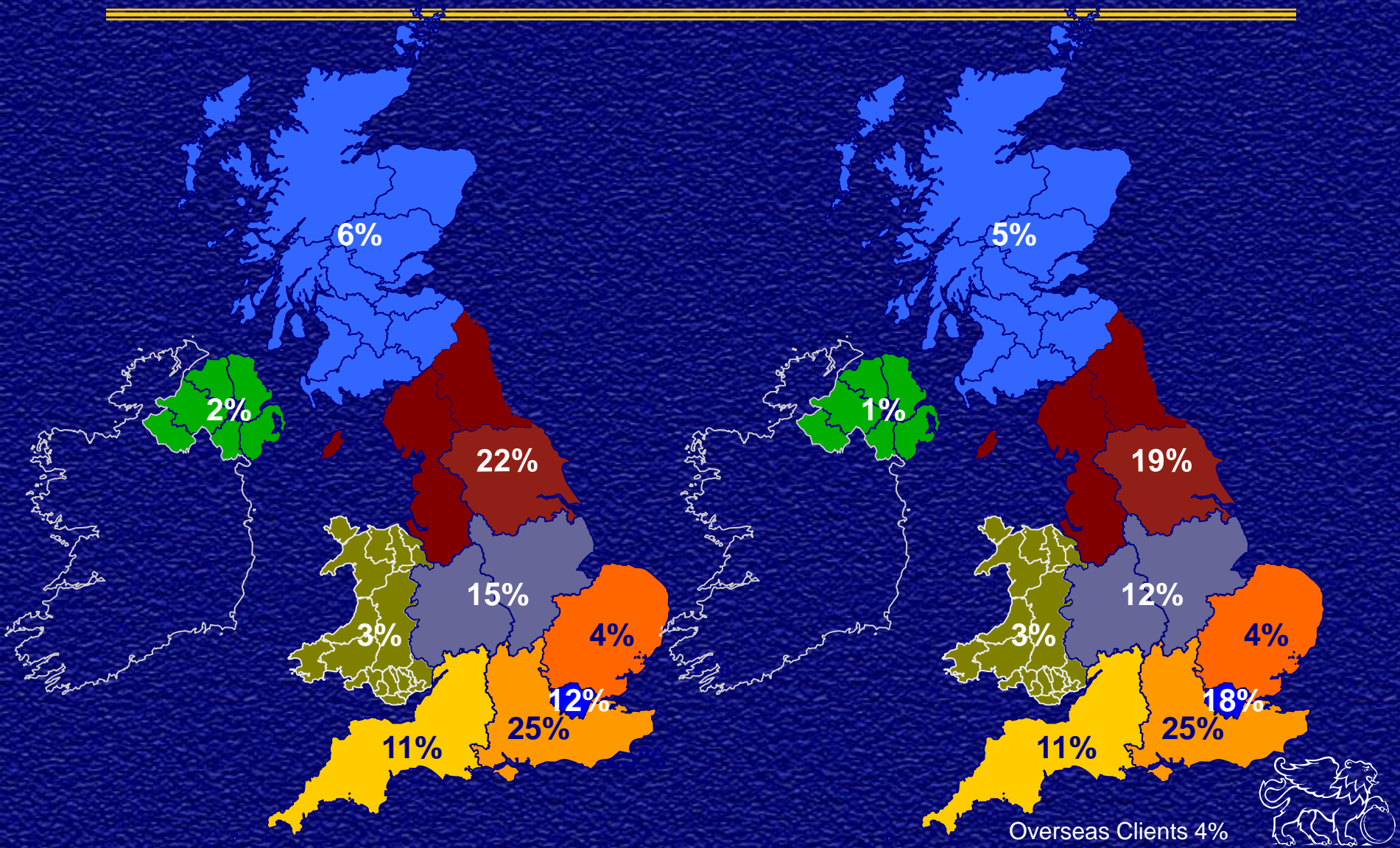
Geographic Distribution of Partners



ST. JAMES'S PLACE WEALTH MANAGEMENT

Partners

Client FuM



ST. JAMES'S PLACE WEALTH MANAGEMENT

St. James's Place Partnership

- Partner numbers
 - up 3.2% YTD to 1291
 - up 8.8% since last June
- Academy pilot progressing well



WINNER

BEST WEALTH MANAGER

ST. JAMES'S PLACE WEALTH MANAGEMENT

**INVESTORS
CHRONICLE**

FT

FINANCIAL
TIMES

**Wealth
Management**
AWARDS 2008

Award winning wealth management...
...as voted by our clients.



ST. JAMES'S PLACE WEALTH MANAGEMENT

Strength of relationships

- 75% new business from clients and referrals
- 95% retention of Funds under Management



ST. JAMES'S PLACE WEALTH MANAGEMENT

New Initiatives

- Cash Unit Trusts
- New Corporate Bond Fund mandate
 - Invesco Perpetual
- Alternative Asset Fund
- Access to Hedge Funds
- Monaco/Spain

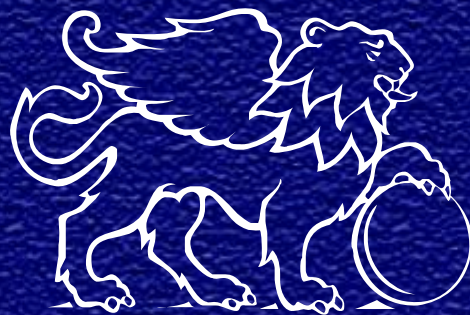


ST. JAMES'S PLACE WEALTH MANAGEMENT

Summary

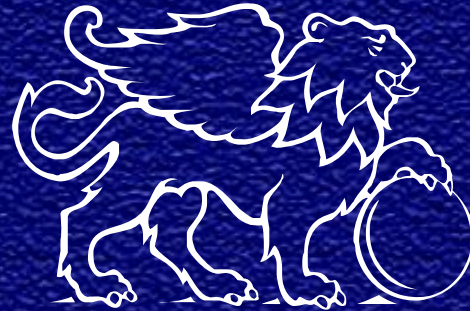
- New Business of £220.7m (up 3%)
- Highest ever quarter
- Group operating profit at £114.2m
- Partnership numbers at 1291 (up 3.2%)
- Investing for the future





ST. JAMES'S PLACE
WEALTH MANAGEMENT

MIKE WILSON
Chairman



ST. JAMES'S PLACE
WEALTH MANAGEMENT

