



ST. JAMES'S PLACE
WEALTH MANAGEMENT

ANNUAL RESULTS 2010

February 2011

ST. JAMES'S PLACE WEALTH MANAGEMENT



Mike Wilson
CHAIRMAN

David Bellamy
CHIEF EXECUTIVE

Andrew Croft
FINANCE DIRECTOR



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MIKE WILSON

Chairman

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Agenda

Introduction

MIKE WILSON

Business Update

DAVID BELLAMY

Financials

ANDREW CROFT

Outlook

DAVID BELLAMY

Q&A





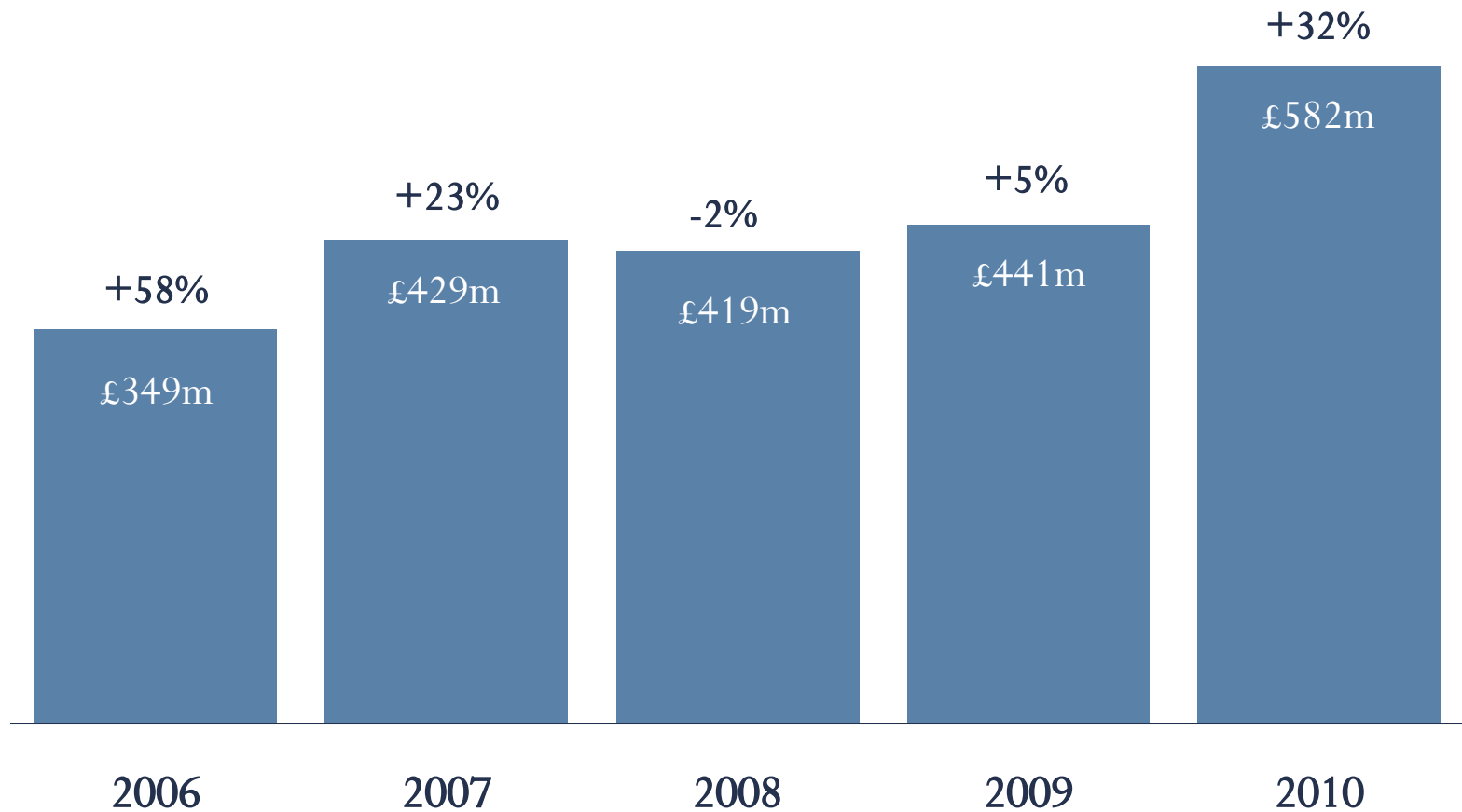
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DAVID BELLAMY

Chief Executive

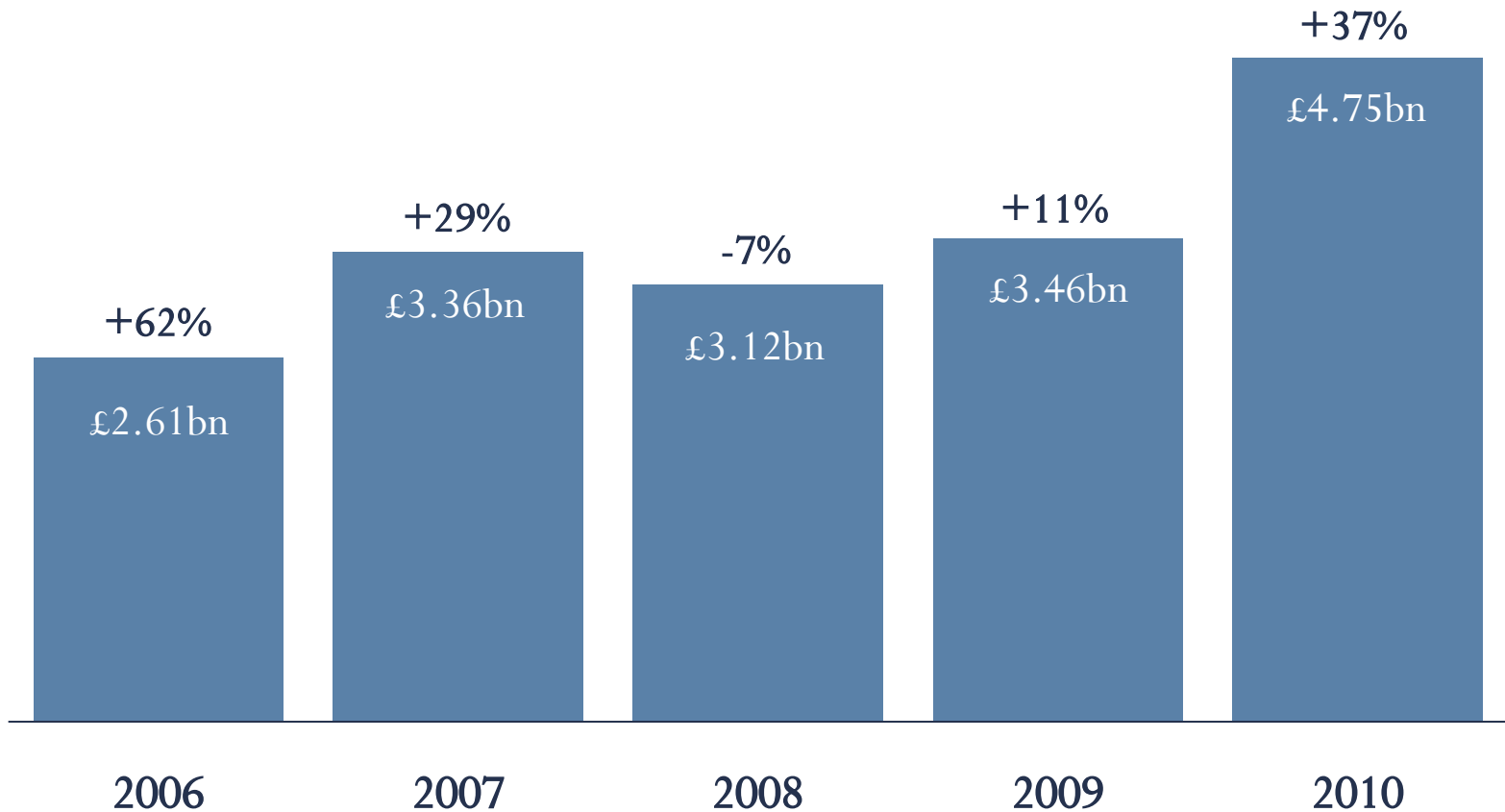
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Record new business (APE)



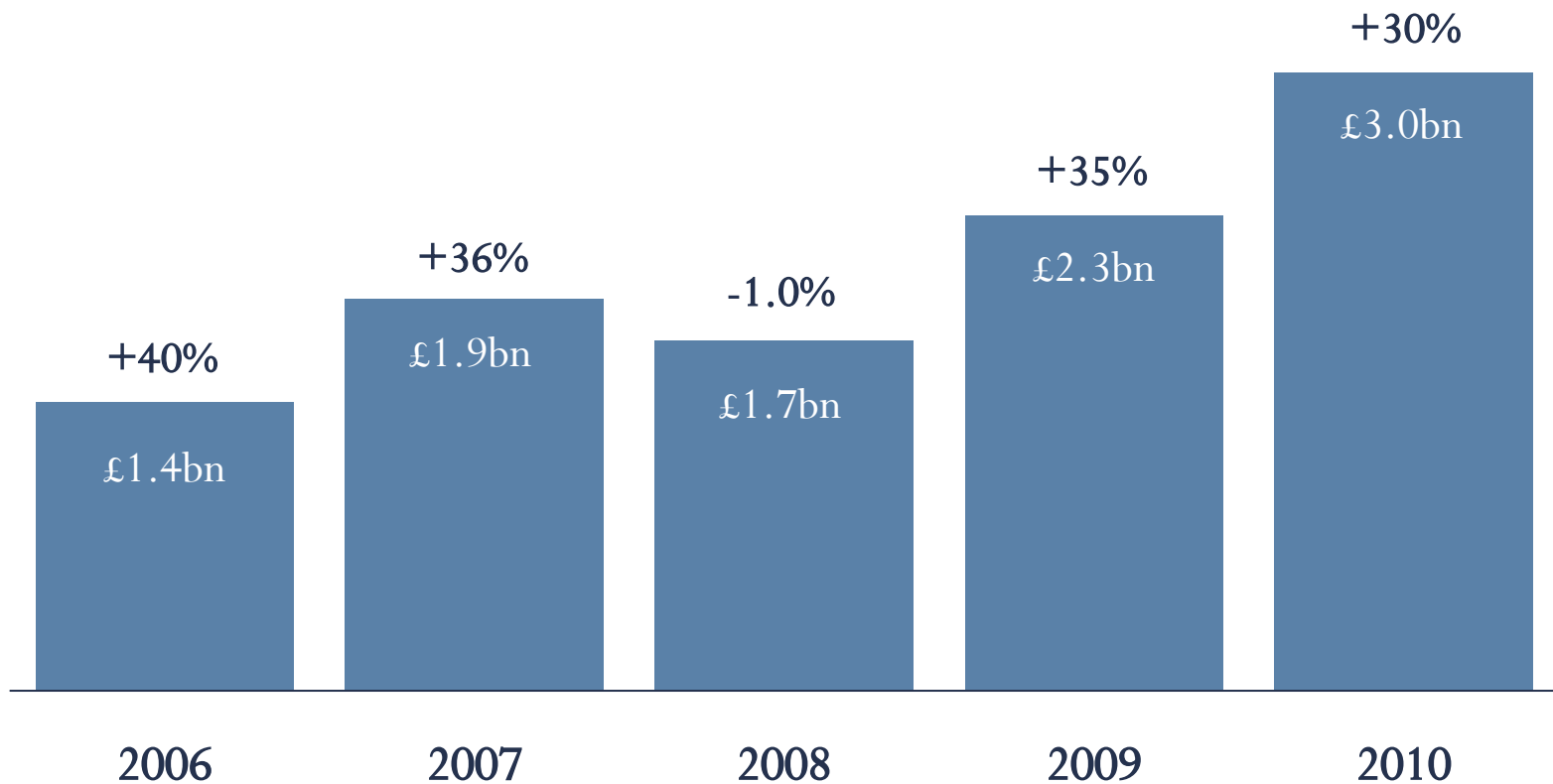
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Record single investments



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Growing net inflow of funds under management



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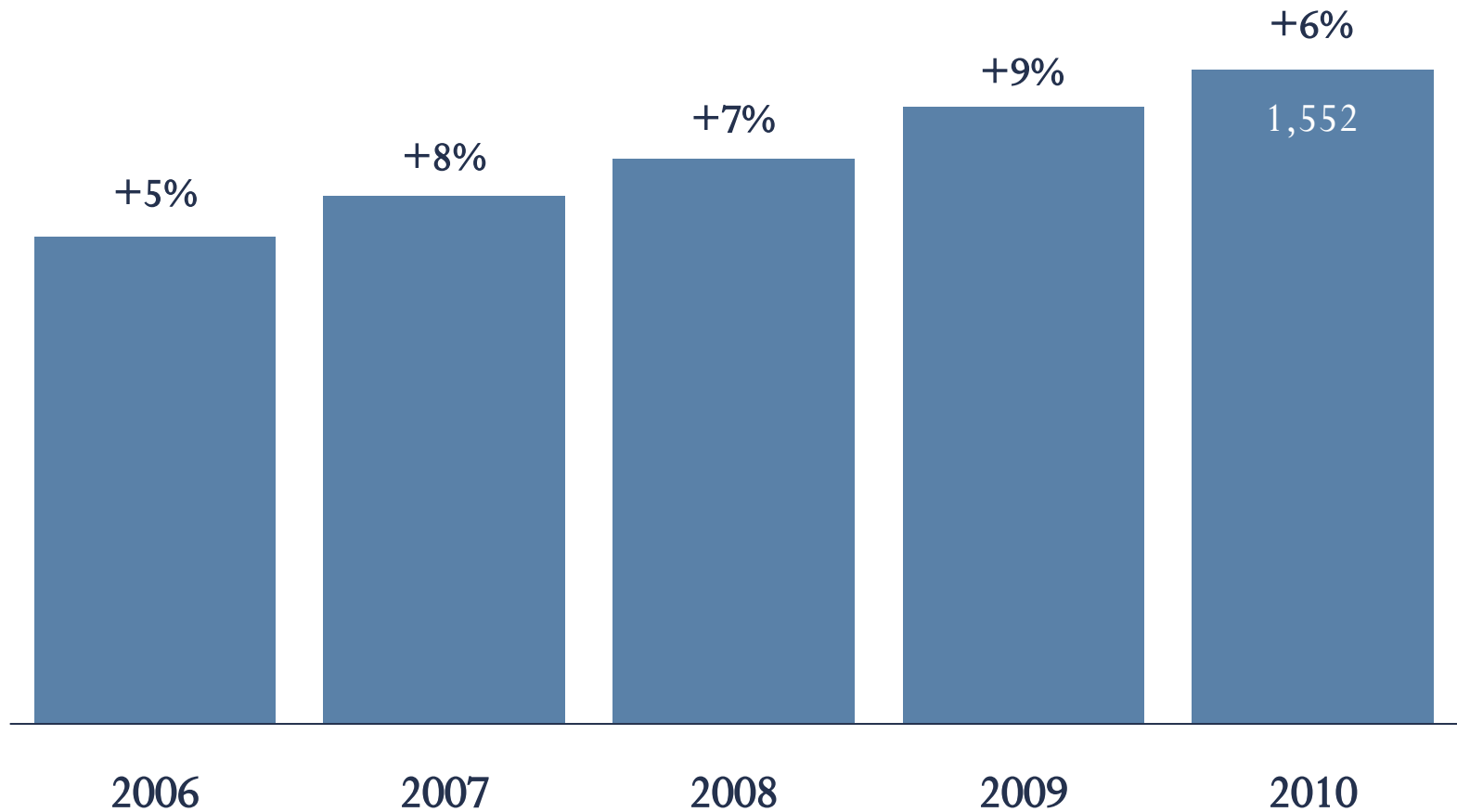
Consistent performance

- Unique culture
- Unique distribution – the Partnership
- Distinct investment management approach



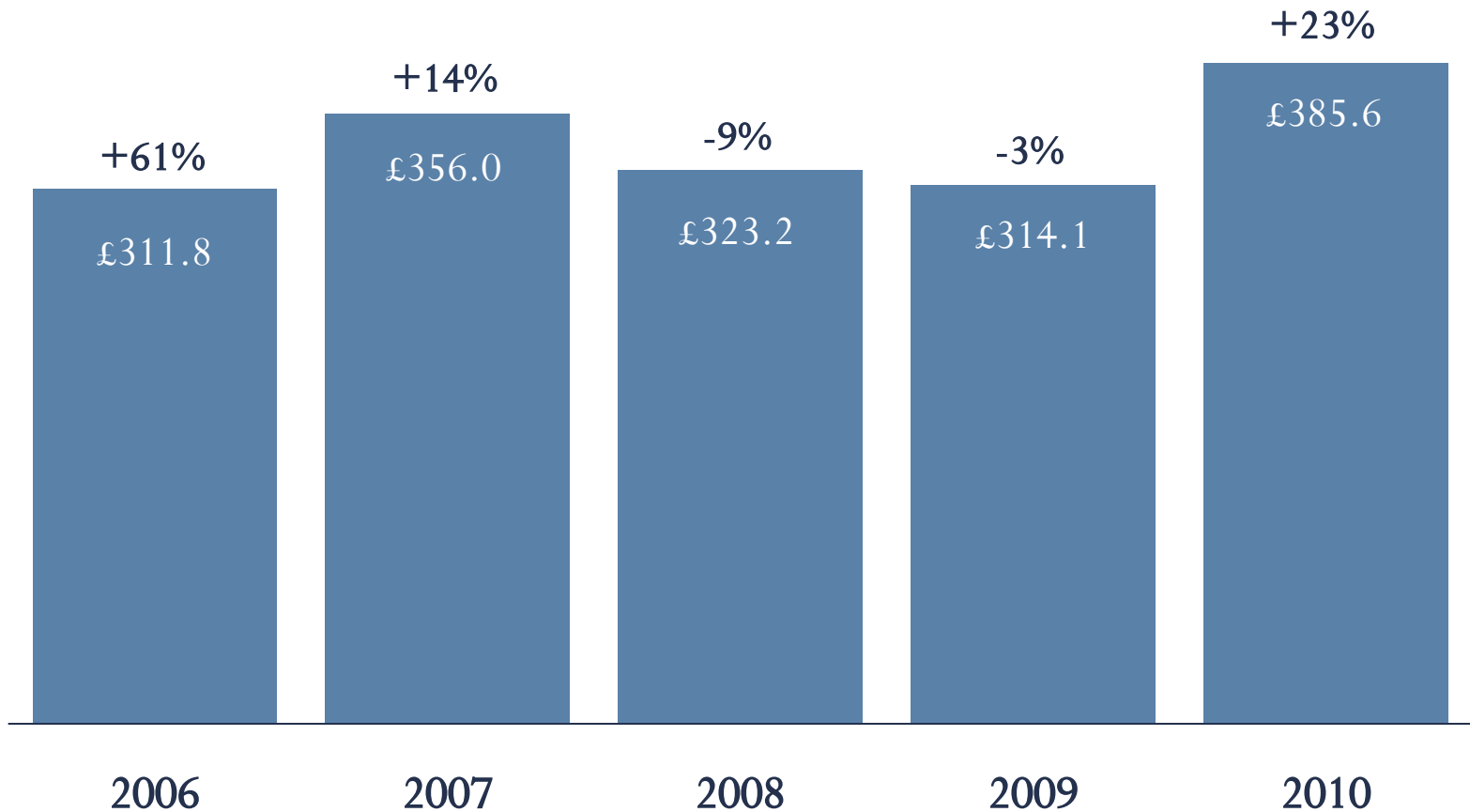
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Five strong years of Partner recruitment (number of partners)



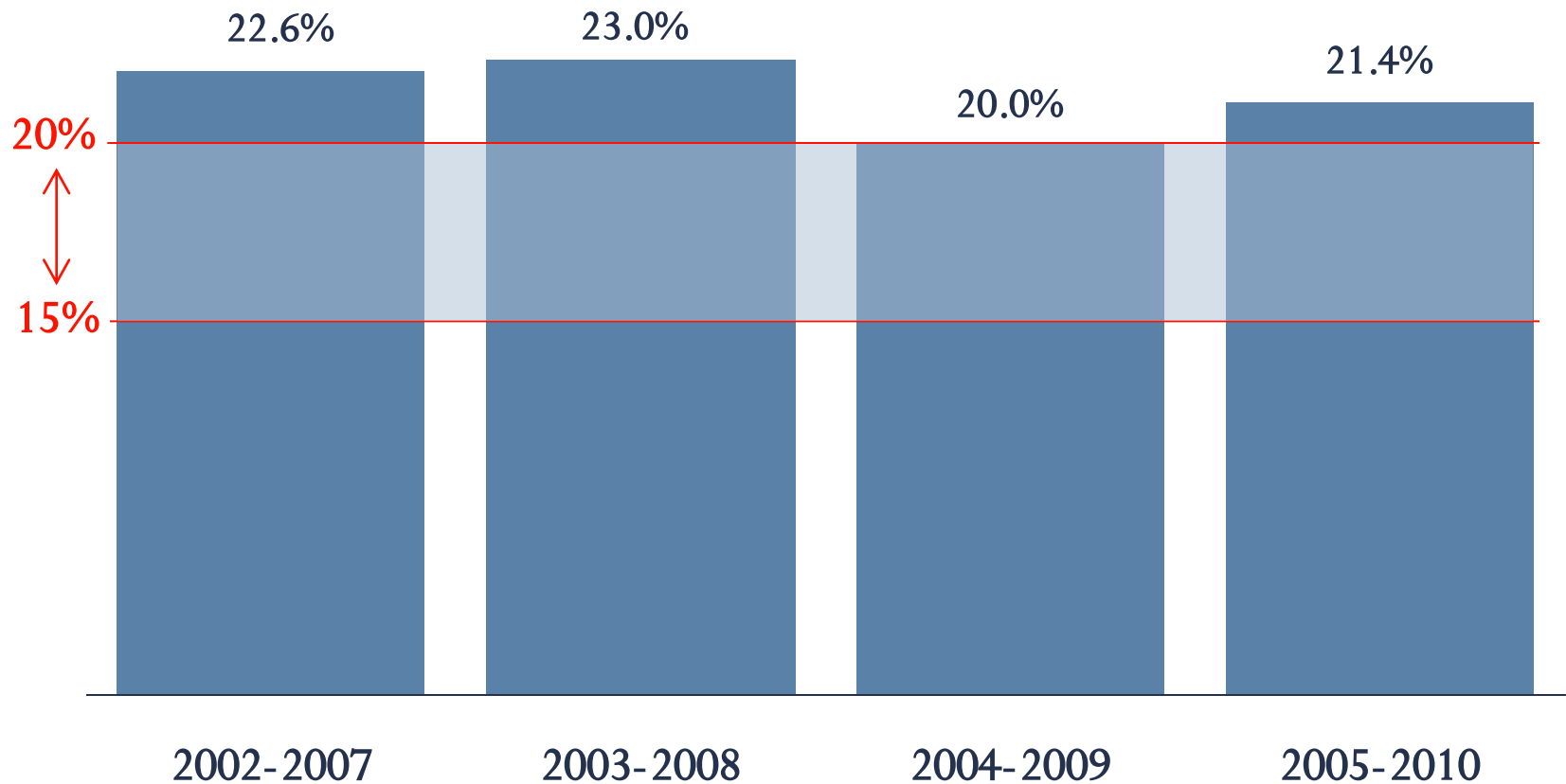
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Record levels of productivity (APE per Partner - £'000s)



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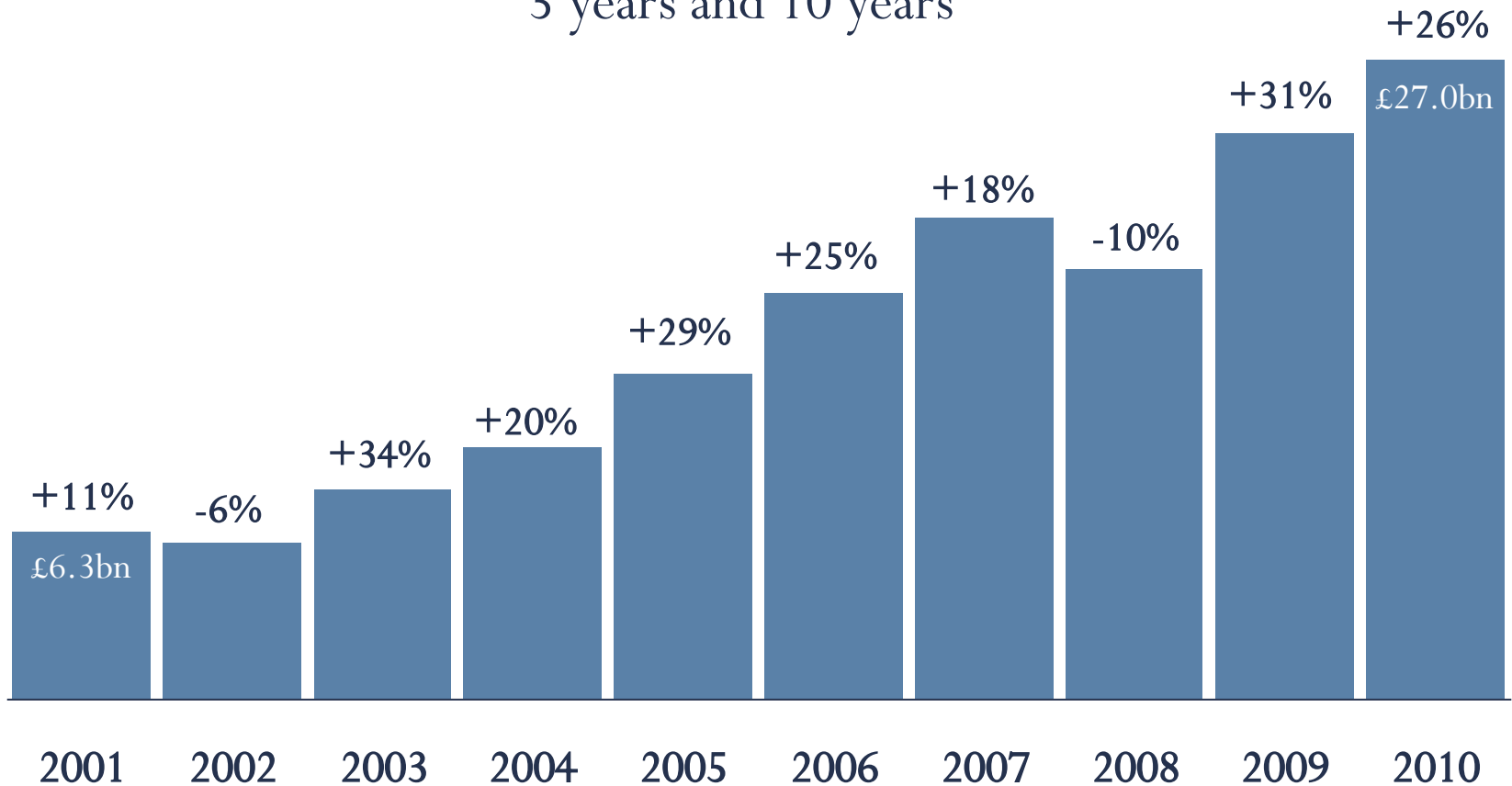
Compound APE Growth – rolling five years



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Funds under management

17%p.a. compound growth over the last
5 years and 10 years





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ANDREW CROFT

Finance Director

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Analysis of EEV operating profit

£'m	2010	2009	
New business contribution	217.8	155.4	+40%
Profits from existing business			
– expected	93.5	78.3	
– experience variance	26.4	11.6	
– operating assumption changes	(3.4)	(1.5)	
Investment income	4.2	5.6	
Life & unit trust operating profit	338.5	249.4	+36%
Distribution	5.8	(7.5)	
Other	(11.7)	(13.0)	
Operating profit	332.6	228.9	+45%



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New business margin

	2010	2009
On an APE basis	<u>37.4%</u>	<u>35.3%</u>
On a PVNBP basis	<u>4.4%</u>	<u>4.3%</u>



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Analysis of EEV pre-tax result

£'m	2010	2009
Operating profit	332.6	228.9
Investment variance	117.6	148.2
Economic assumption change	4.8	(13.9)
Pre-tax result	<u>455.0</u>	<u>363.2</u>



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Taxation

£'m	2010	2009	
Pre- tax result	455.0	363.2	
Taxation	(120.1)	(98.1)	
Change in corporation tax rate	17.7	-	
Post-tax result	<u>352.6</u>	<u>265.1</u>	+33%



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EEV net asset value per share

Pence	2010	2009	
Net asset value per share	352.9	284.5	+24%



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IFRS

£'m	2010	2009	
Life	72.8	53.6	
Unit trust	17.3	16.8	
Distribution	5.8	(7.5)	
Other	(11.7)	(13.0)	
Profit before shareholder tax	84.2	49.9	+69%



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IFRS net asset value per share

Pence	2010	2009	
Net asset value per share	120.6	112.0	+8%



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Analysis of post-tax cash result

£'m	2010	2009	
Arising on in force business	109.7	88.8	+24%
Arising from new business	(61.4)	(65.3)	-6.0%
Post tax cash result	<u>48.3</u>	<u>23.5</u>	+106%



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Return on in force

- Where product structure uses surrender penalties the business is cash neutral in the first six years
- This relates to £8.8 billion of new business added in last six years, which is not yet generating positive cash earnings*
- Over £61.0 million of post tax cash earnings per annum in future*

* Ignores stock net movements and out flows



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Return on investment in new business

	2010	2009
As % of gross inflow of FUM	1.3%	1.9%
As % of net inflow of FUM	2.0%	2.8%
Cash payback	5 yrs	6 yrs
IRR (net of tax)	19.6%	16.4%



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Cash outlook

- Average funds under management growing
- $\frac{1}{3}$ of funds under management not yet generating income
- Proportion of re-investment to acquire new business increasing at a lower rate than the return from in-force
- Cash result to continue to grow strongly in 2010 and future years



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Dividend

- Rebasing the dividend over the next two years
- Thereafter dividend to progressively grow in line with the underlying business performance
- Proposed final dividend to increase by 49% to 3.975 pence per share
- Therefore full year dividend of 6.0 pence per share an increase of 33%



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Capital position

- Total group solvency assets at 31 December 2010 are £295.6 million
- Solvency remains strong
- Investment policy for solvency assets continues to be prudent
- Solvency II QIS5 outcome



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Summary

- EEV new business profit up 40%
- EEV operating profit up 45%
- IFRS profit before shareholder tax up 69%
- Cash result up 106%
- Full year dividend up 33%





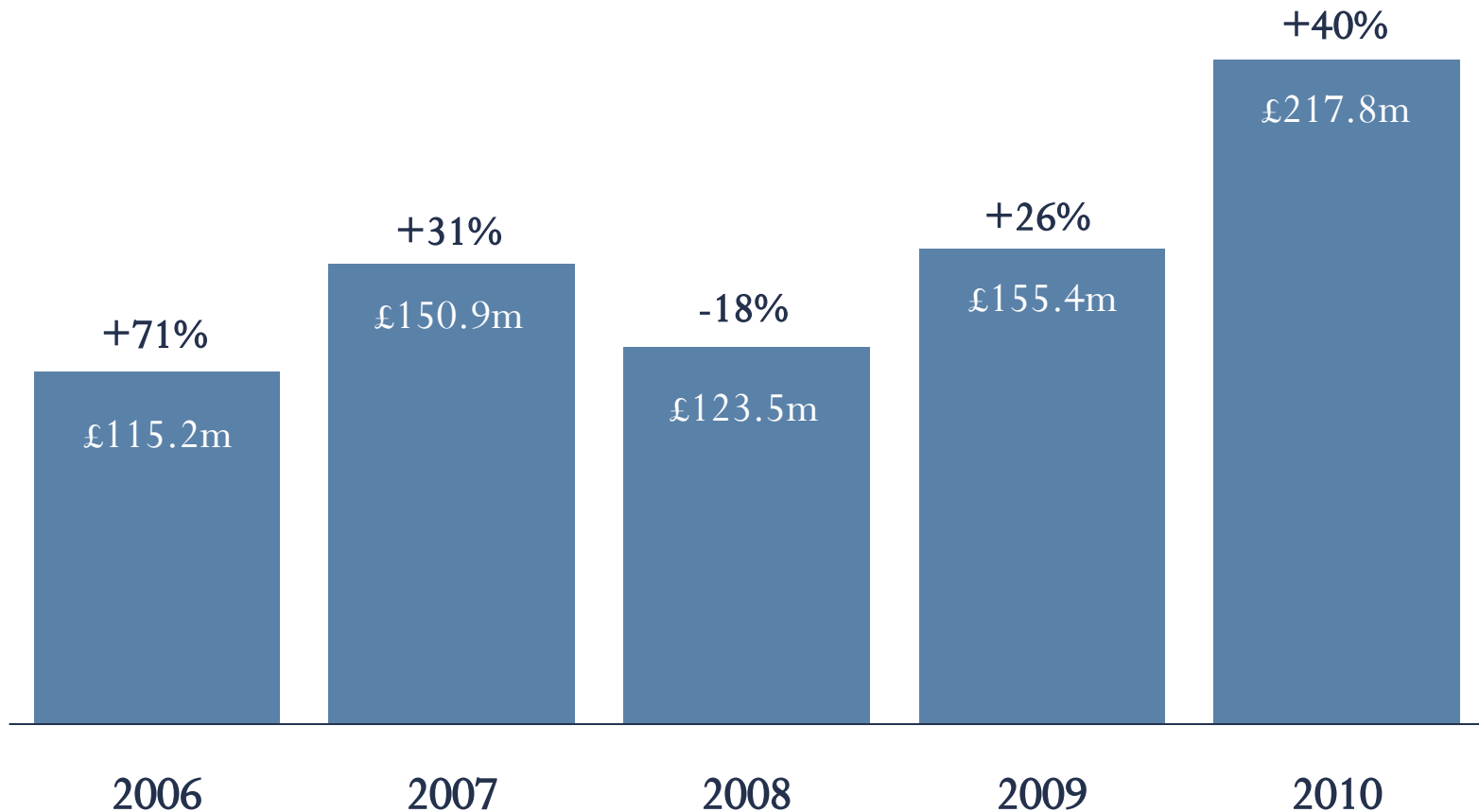
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DAVID BELLAMY

Chief Executive

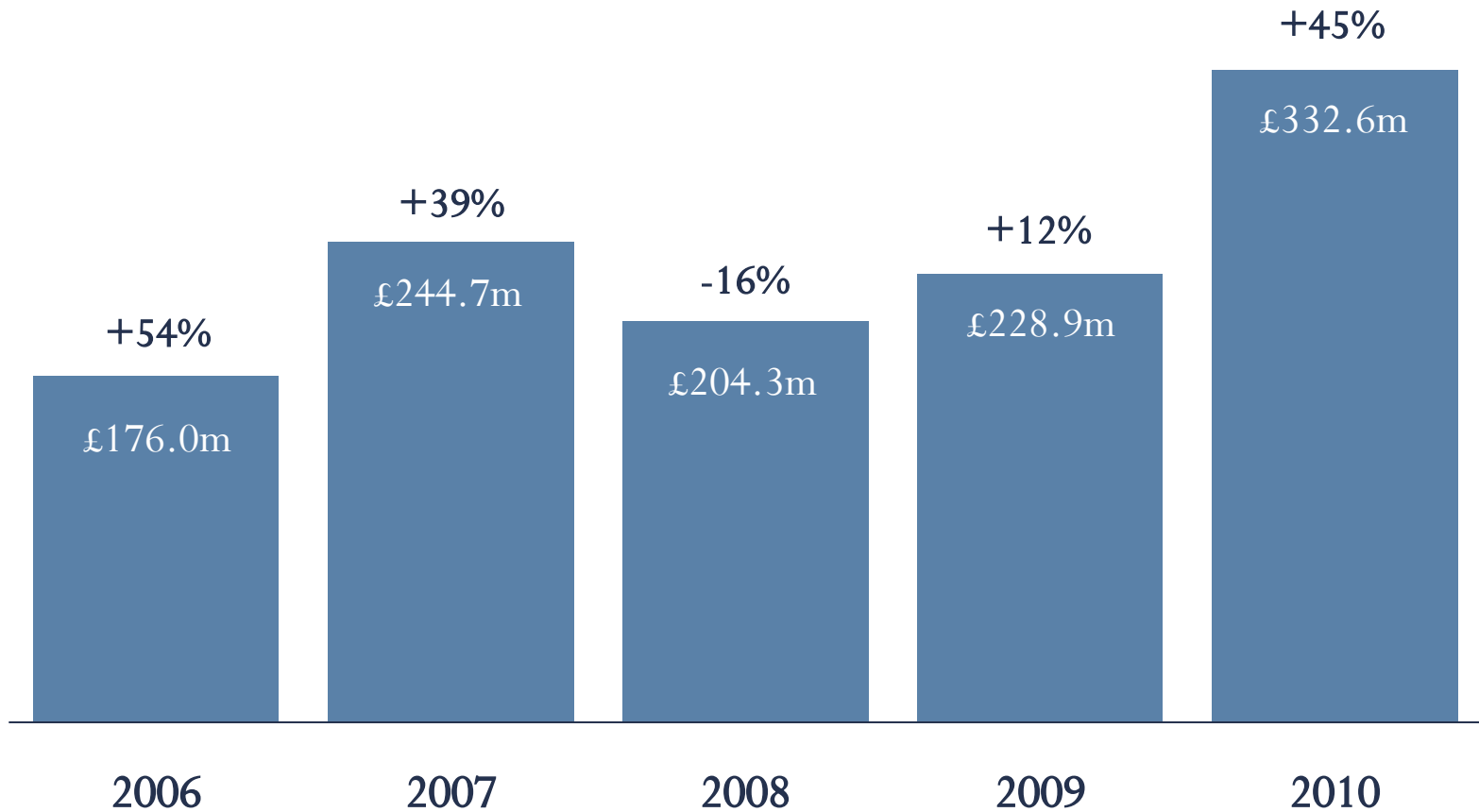
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Record EEV new business profit



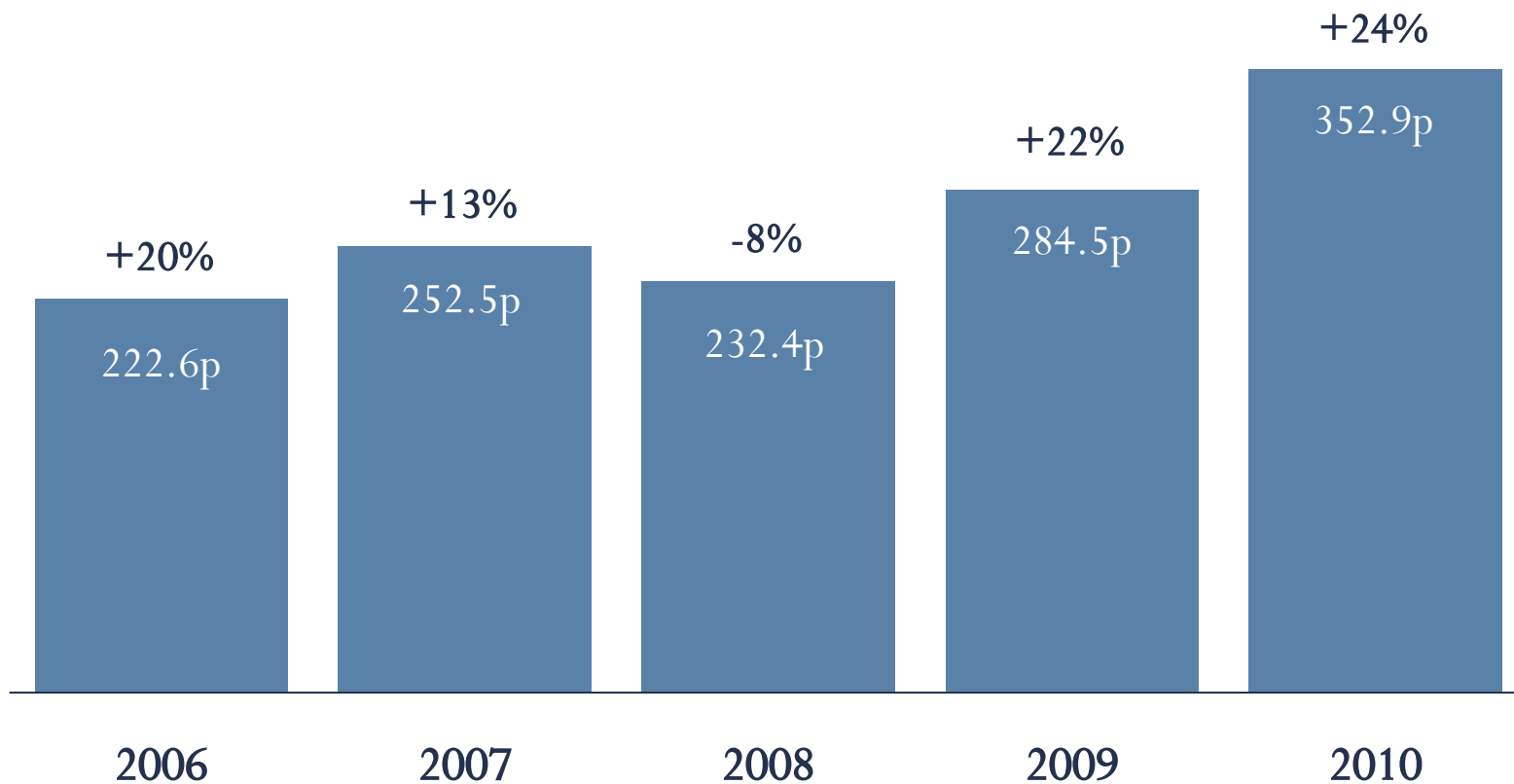
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Record EEV operating profit



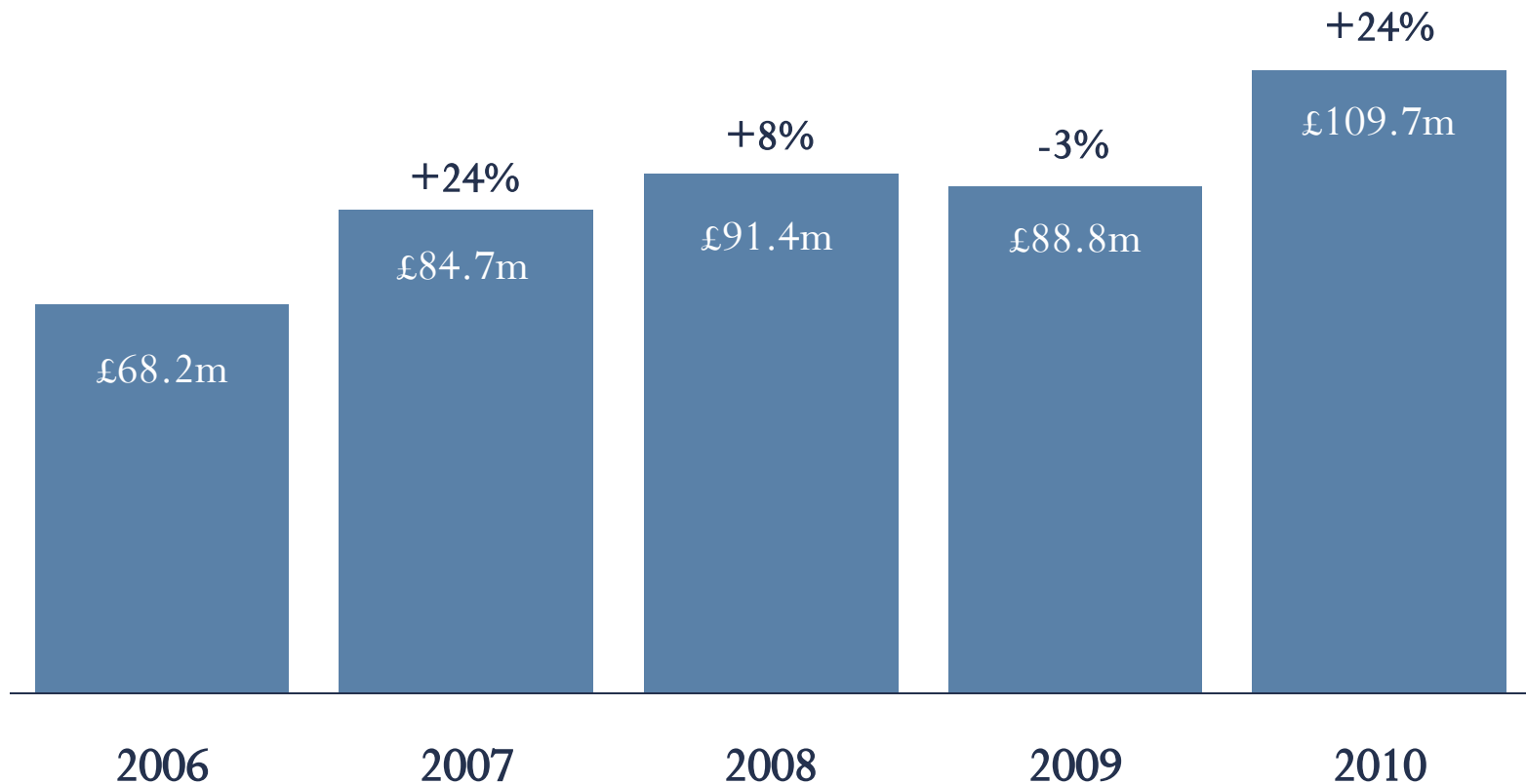
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Growth in EEV Net Asset Value per share



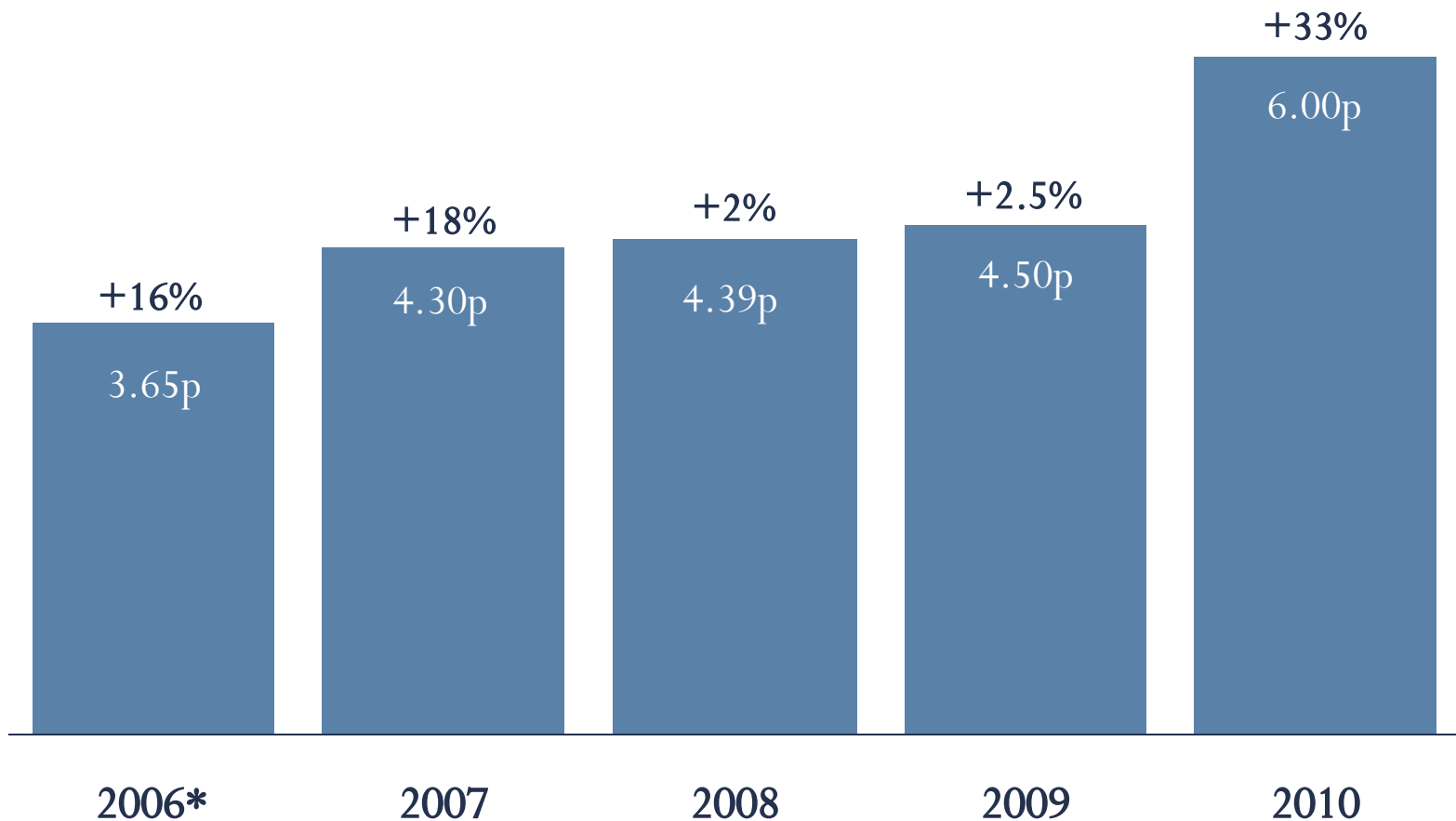
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Underlying post tax cash arising from inforce business



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Continual dividend growth



* Plus special dividend of 6.35 pence



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Retail Distribution Review

- Professional qualifications
- Adviser charging (customer agreed remuneration)
- Status disclosure (independent vs restricted)



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Professional qualifications

- Making excellent progress
- 750+ qualified at Diploma level
- 300+ within 1 exam
- 350+ within 2 exams

Ahead of schedule



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Adviser remuneration

- Now have clarity
- Product charges and remuneration structure
RDR compliant
- Additional disclosure required



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Current disclosure

How much will the advise cost?

- *For arranging this plan and providing ongoing servicing throughout its term, we will provide your adviser's practice with direct remuneration and administrative services. These have been valued at £ in the first year, followed by a variable amount depending on the value of your fund. For example, if the value of your fund grows at the Mid Rate then the amounts would be £ in the second year and £ in the tenth year*
- *The amounts are paid out of the deductions shown and are included in the illustrations above. They depend on the size of the contribution, the term of the plan the value of your fund*



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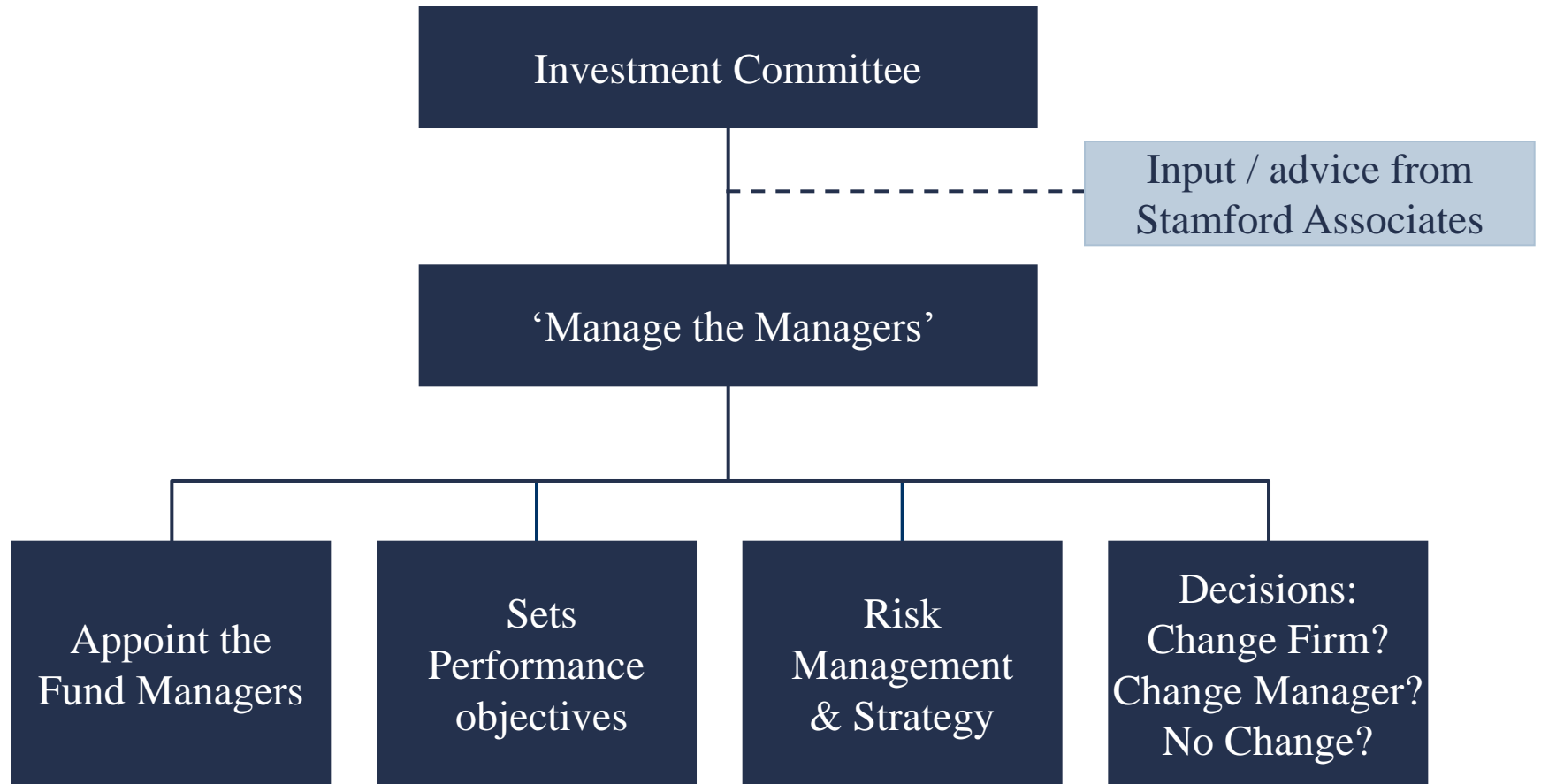
Industry consequences

- More transparency required
- Margin pressure
- Labels (e.g. “Independent” “Restricted”) still causing tensions
- Potential reduction in adviser population
- Competition for distribution
- Reduced access to advice
- Individuals who do get access will get a better service
- Familiar brands may attract market share



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Our approach to investment management



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Stamford Associates

Research Fund
Manager Market

Monitor Managers
and Portfolios

Advise Investment
Committee

Access to
Whole Market

Qualitative &
Quantitative

Focus on Future
Outperformance

- Analyse & identify talented managers
- Gather intelligence

- Number crunching
- Monitor activity
- Behavioural psychology
- Workplace analysis

- Recommend:
- Potential changes
 - New managers



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New Fund Managers 2010



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Current Fund Houses



S. W. MITCHELL CAPITAL LLP



OLDFIELD PARTNERS LLP



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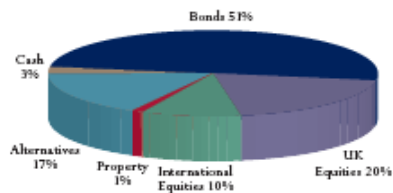
Growth Portfolios

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 commercial property and equities

Portfolio asset mix:



Fund mix:

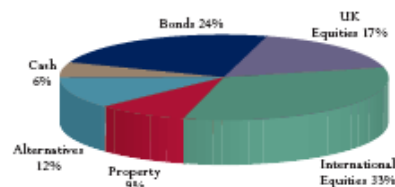
Jupiter Cautious (Cautious)	20%
International Corporate Bond	15%
UK Absolute Return	15%
Alternative Assets	10%
GAM Managed (Recovery)	10%
Gilts	10%
Investment Grade Corporate Bond	10%
UK & General Progressive	10%

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:

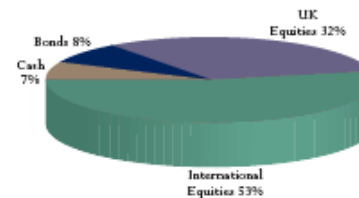
	Onshore	Offshore
Alternative Assets	10%	11%
Corporate Bond	10%	11%
GAM Managed (Recovery)	10%	11%
Global Managed (Global)	10%	11%
International Corporate Bond	10%	11%
Property	10%	0%
UK & General Progressive	10%	11%
UK Absolute Return	10%	11%
Worldwide Managed (Worldwide Opportunities)	10%	11%
Far East	5%	6%
Global Emerging Markets	5%	6%

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:

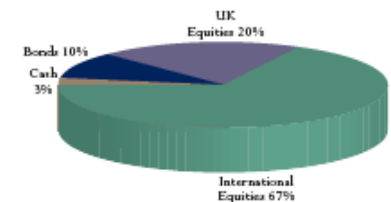
Invesco Perpetual Managed (Strategic Managed)	15%
Schroder Managed (Managed Growth)	15%
AXA Framlington Managed (Balanced Managed)	14%
GAM Managed (Recovery)	14%
Global Managed (Global)	14%
THSP Managed (International)	14%
Worldwide Managed (Worldwide Opportunities)	14%

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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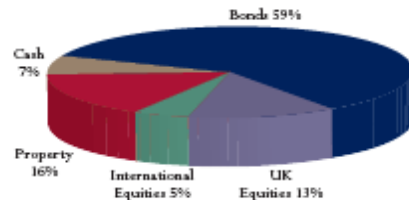
Income Portfolios

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:

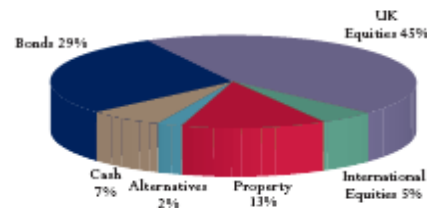
	Onshore	Offshore
Gilts	20%	20%
International Corporate Bond	20%	20%
Investment Grade Corporate Bond	20%	20%
Property	20%	0%
UK & International Income	20%	20%
Equity Income	0%	10%
UK Growth	0%	10%

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:

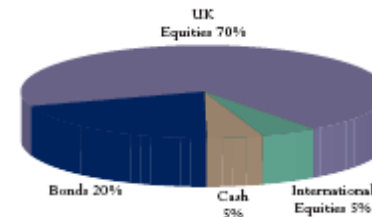
	Onshore	Offshore
Diversified Income (Allshare Income)	15%	17%
Equity Income	15%	17%
Investment Grade Corporate Bond	15%	17%
Property	15%	0%
Alternative Assets	10%	12%
International Corporate Bond	10%	13%
UK & International Income	10%	12%
UK Equity (Income Distribution/UK High Income)	10%	12%

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)	20%
Equity Income	20%
UK & International Income	20%
UK Equity (Income Distribution/UK High Income)	20%
Corporate Bond	10%
International Corporate Bond	10%



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St. James's Place Gilts Life

Date as of 30 November 2010

Investment Objective
Aims to provide attractive returns through a combination of growth and income by investing in a portfolio of UK Gilts.

Fund Commentary as 30 September 2010
Confidence in the global economic recovery continued to decline in the third quarter of 2010 as unemployment data stayed stubbornly high in many developed countries. The UK was not immune to this and Gilt yields declined significantly during the quarter as the bond markets discounted the possibility of another round of quantitative easing (QE). In August, the projections for GDP growth and inflation in the medium term were both lowered by the Bank of England, as house prices dipped once again. Although, on the face of it, such adjustments might have motivated further growth and inflation in the medium term, the Monetary Policy Committee (MPC) became concerned that extending QE in the face of persistent above-target inflation would put its credibility at risk. However, by the end of the quarter the increasing likelihood of QE in the US had led the market to believe that the MPC would inevitably have to join in for another round. With high levels of economic uncertainty we continue to expect the Gilt market to stay volatile.

Top Ten Holdings as 30 November 2010

UK 8.750% 25-Aug-2012	11.7%
UK 5.750% 07-Jun-2012	9.0%
UK 2.750% 22-Jun-2015	8.8%
UK 5.750% 07-Jun-2012	5.2%

Portfolio Structure as 30 November 2010

■ Maturity 3 to 10 Years, 26.0%
■ Maturity 10 to 30 Years, 11.1%
■ Maturity Greater than 30 Years, 13.8%
■ Maturity 1 to 3 Years, 13.0%
■ Maturity 3 to 5 Years, 36.1%

Portfolio Manager: **Mark Sookan (pictured) and Paul Grainger**
Wellington Management Company LLP

BACK MENU

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BALANCED PORTFOLIO (Balanced (Medium Risk))

Asset Allocation

UK Equities	16%
Property	7%
International Equities	34%
Cash	7%
Bonds	34%
Alternatives	12%

BALANCED PORTFOLIO

- 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.

FUND RISK RATINGS EXPLAINED

BACK MENU



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In Summary

- Consistent performance
- Investing for the future
- Product structures are “RDR Compliant”
- Strengthened our Investment proposition
- Substantially increased dividend
- Strong reputation and well placed



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Highlights

- New business growth up 32%
- EEV new business profit of £217.8 million up 40%
- EEV operating profit at £332.6 million up 45%
- IFRS profit before shareholder tax of £84.2 million up 69%
- Cash result of £48.3 million up 106%
- EEV net asset value per share of 352.9p
- IFRS net asset value per share of 120.6p
- Funds under management at £27.0bn up 26%
- Final dividend of 3.975p per share up 49% providing for full year dividend of 6.0p per share up 33%





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