



ST. JAMES'S PLACE
WEALTH MANAGEMENT

INTERIM RESULTS

July 2010

ST. JAMES'S PLACE WEALTH MANAGEMENT



Mike Wilson
CHAIRMAN

David Bellamy
CHIEF EXECUTIVE

Andrew Croft
FINANCE DIRECTOR



ST. JAMES'S PLACE
WEALTH MANAGEMENT

MIKE WILSON

Chairman

ST. JAMES'S PLACE WEALTH MANAGEMENT

Agenda

Introduction

MIKE WILSON

Business Update

DAVID BELLAMY

Financials

ANDREW CROFT

Outlook

DAVID BELLAMY

Q&A





ST. JAMES'S PLACE
WEALTH MANAGEMENT

DAVID BELLAMY

Chief Executive

ST. JAMES'S PLACE WEALTH MANAGEMENT

Total new business by quarter

APE (Annual premiums plus 10% of single premiums)

■ 2007 ■ 2008 ■ 2009 ■ 2010

2007 over 2006	+41%	+26%	+20%	+10%
2008 over 2007	+1%	+5%	+0%	-15%
2009 over 2008	-5%	-10%	+3%	+38%
2009 over 2010	+42%	+46%		



ST. JAMES'S PLACE WEALTH MANAGEMENT

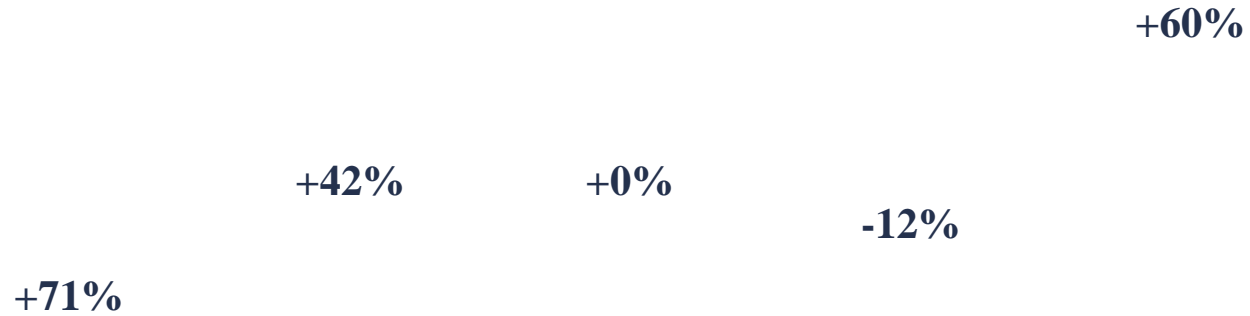
Strong growth across the board

- Manufactured business is up 47% (to 91% of total)
- Investment business is up 66%
 - Unit trusts / ISAs up 70%
 - Onshore / Offshore Bonds up 62%
- Single premium pensions is up 36%



ST. JAMES'S PLACE WEALTH MANAGEMENT

Record half year single investments (£'bn)



ST. JAMES'S PLACE WEALTH MANAGEMENT

Strong retention rate of funds under management

*annualised



ST. JAMES'S PLACE WEALTH MANAGEMENT

Growing first half net inflow of funds under management (£'bn)



ST. JAMES'S PLACE WEALTH MANAGEMENT

Half year funds under management (£'bn)



16% p.a compound growth



ST. JAMES'S PLACE WEALTH MANAGEMENT

Growing number of partners



ST. JAMES'S PLACE WEALTH MANAGEMENT

Exceptional performance

- APE of £292.6 million up 44%
- Total single investments of £2.4 billion up 60%
- Continued strong retention of client funds
- Net inflows of £1.5 billion up 50%
- Funds under Management of £22.4 billion





ST. JAMES'S PLACE
WEALTH MANAGEMENT

ANDREW CROFT

Finance Director

ST. JAMES'S PLACE WEALTH MANAGEMENT

Highlights

- New business on an APE basis £292.6 million up 44%
- EEV new business profit of £100.9 million up 65%
- EEV operating profit at £162.1 million up 60%
- IFRS profit before shareholder tax of £36.3 million up 82%
- Cash result of £18.7 million up from £0.6 million
- EEV net asset value per share of 294.9p
- IFRS net asset value per share of 116.3p
- Interim dividend of 2.025p per share up 10%



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of EEV operating profit

£'m	H1 2010	H1 2009	
New business contribution	100.9	61.3	+65%
Profits from existing business			
– expected	46.8	37.6	
– experience variance	12.1	9.0	
– operating assumption changes	-	1.6	
Investment income	1.9	2.4	
Life & unit trust operating profit	161.7	111.9	
Distribution	5.9	(5.0)	
Other	(5.5)	(5.9)	
Operating profit	162.1	101.0	



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of EEV pre-tax result

£'m	H1 2010	H1 2009
Operating profit	162.1	101.0
Investment variance	(84.5)	(63.2)
Economic assumption change	9.4	(10.4)
Pre-tax result	<u>87.0</u>	<u>27.4</u>



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of adjusted post tax cash result

£'m	H1 2010	H1 2009	
Net annual management fee	83.7	56.4	
Unwind of surrender penalties	(27.5)	(20.4)	
	56.2	36.0	+56%
New business strain	(5.1)	(5.5)	
Establishment expenses	(35.7)	(35.3)	
Shareholder interest	1.5	2.0	
Development costs	(2.0)	-	
Miscellaneous	3.8	3.4	
	18.7	0.6	



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of IFRS profit

£'m	H1 2010	H1 2009
Cash result	18.7	0.6
DAC / DIR amortisation	7.8	7.7
DAC / DIR new business	9.2	9.7
PVIF	(1.4)	(1.3)
Share options	(4.9)	(5.2)
Other	(1.0)	4.5
	28.4	16.0
Taxation	7.9	4.0
Pre-tax profit	36.3	20.0



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of cash result + IFRS result

£'m	H1 2010	H1 2009	
Cash (post tax)			
Arising on in force business	52.6	35.9	+47%
Arising from new business	(33.9)	(35.3)	
Post tax Cash result	<u>18.7</u>	<u>0.6</u>	
IFRS (pre-tax)			
Arising on in force business	67.9	52.0	+31%
Arising from new business	(31.6)	(32.0)	
Pre tax IFRS results	<u>36.3</u>	<u>20.0</u>	



ST. JAMES'S PLACE WEALTH MANAGEMENT

Return on in force business

- Majority of return comes from fees from funds under management less the unwind & surrender penalties
- Unwind & surrender penalty occurs in first six years
- Consequently the return on new funds added in the last six years is not yet fully contributing to the cash result



ST. JAMES'S PLACE WEALTH MANAGEMENT

Single premium investment (£'bn)



ST. JAMES'S PLACE WEALTH MANAGEMENT

Single premium investment (£'bn)



ST. JAMES'S PLACE WEALTH MANAGEMENT

Return on in force

- Some £7.3 billion of new business added in last six years not yet generating positive cash earnings*
- Over £50 million of post tax cash earnings per annum in future*

* Ignores stock net movements and out flows



ST. JAMES'S PLACE WEALTH MANAGEMENT

Analysis of cash result + IFRS result

£'m	H1 2010	H1 2009	
Cash (post tax)			
Arising on in force business	52.6	35.9	+47%
Arising from new business	(33.9)	(35.3)	
Post tax Cash result	<u>18.7</u>	<u>0.6</u>	
IFRS (pre-tax)			
Arising on in force business	67.9	52.0	+31%
Arising from new business	(31.6)	(32.0)	
Pre tax IFRS results	<u>36.3</u>	<u>20.0</u>	



ST. JAMES'S PLACE WEALTH MANAGEMENT

Return on the investment in new business

Post tax value of expected profit	£74.7m
Investment as a % of gross new FUM	1.5%
Investment as a % of net inflow of FUM	2.3%
Cash payback period	5-6 years
IRR (net of tax)	20.5%



ST. JAMES'S PLACE WEALTH MANAGEMENT

Interim dividend

Increased by 10% to

2.025 pence



ST. JAMES'S PLACE WEALTH MANAGEMENT

Capital position

- Total group solvency assets at 30 June 2010 are £281.2 million
- Solvency remains strong
- Investment policy for solvency assets continues to be prudent
- Solvency II





ST. JAMES'S PLACE
WEALTH MANAGEMENT

DAVID BELLAMY

Chief Executive

ST. JAMES'S PLACE WEALTH MANAGEMENT

The Opportunities

- Increasing tax burden
- Sustained low interest rates
- People not confident they have enough for retirement
- Migration from DB pensions to DC continues
- Fewer advisers (200,000 – 1990; 50,000 – 2010)



ST. JAMES'S PLACE WEALTH MANAGEMENT

Our strategy

- Broadening the investment proposition
- Focusing on the drivers for growth
 - Partner productivity
 - Partner numbers
- Preparing for the future



ST. JAMES'S PLACE WEALTH MANAGEMENT

UK Absolute Return Fund



Mark Lyttleton



Nick Osborne

BLACKROCK



ST. JAMES'S PLACE WEALTH MANAGEMENT

Global Emerging Markets Fund



Jonathan Asante



ST. JAMES'S PLACE WEALTH MANAGEMENT

International Corporate Bond Fund



Jill Fields



Zak Summerscale



ST. JAMES'S PLACE WEALTH MANAGEMENT

New Fund Managers – April 2010



Mark Lyttleton



Nick Osborne



Jonathan Asante



Jill Fields



Zak Summerscale

Over £200 million



ST. JAMES'S PLACE WEALTH MANAGEMENT

Retail distribution review

- Well placed
- Positive impact on recruitment
- Positive impact on retention
- Positive momentum towards Diploma +



ST. JAMES'S PLACE WEALTH MANAGEMENT

“Can I just say that the support from the Company has been first class. I know from speaking to ex colleagues working with other institutions that we're ‘streets ahead’ of anyone else in the sector”

“Support from across the board at SJP has been superb... I pity some of my IFA mates that I speak with – they are finding this considerably challenging / frustrating”

“All I can say is that thank God I didn't choose to join an IFA that couldn't provide the same support net. I fear for the IFA sector as it approaches RDR”

“I'm particularly impressed with the way the company has approached the RDR challenge.... I've spoken to a number of IFA's recently who haven't as yet given any attention at all to RDR!”



ST. JAMES'S PLACE WEALTH MANAGEMENT

Half year productivity (APE per Partner)

£,000s

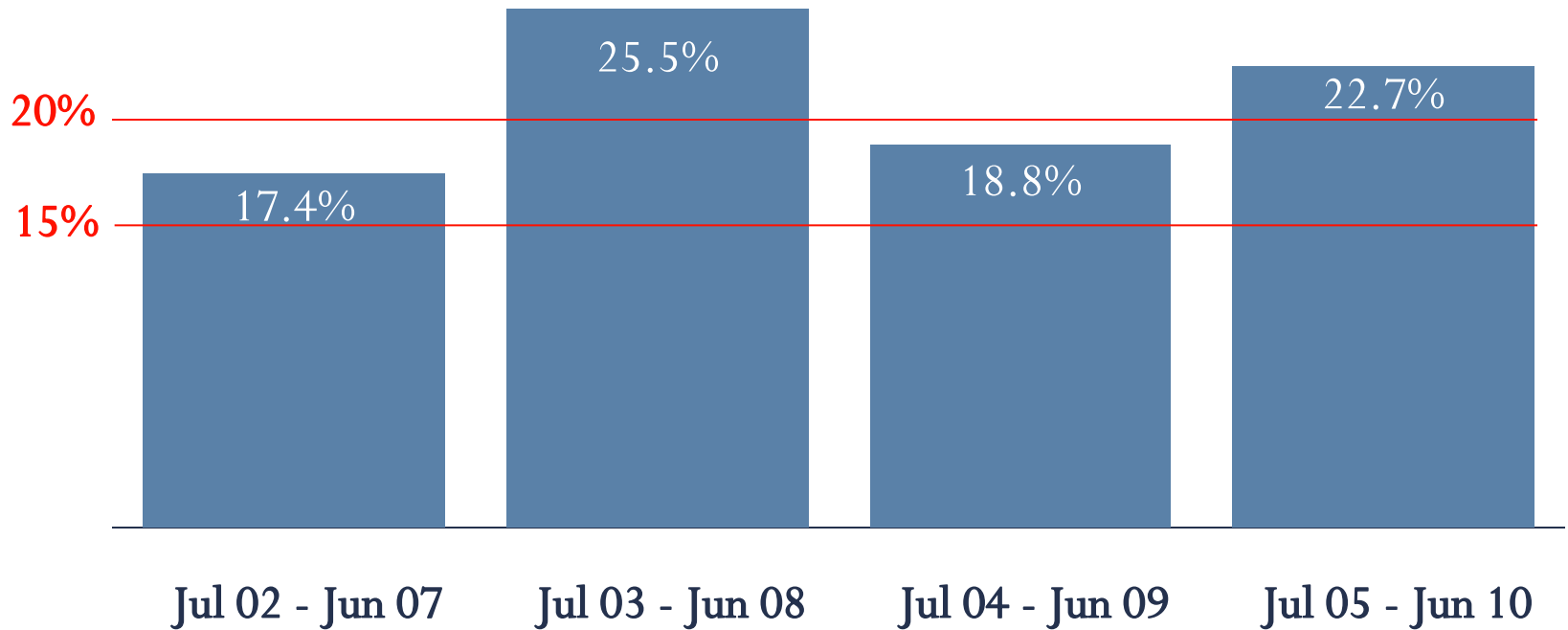
+33%



ST. JAMES'S PLACE WEALTH MANAGEMENT

Compound APE Growth – rolling five years

Growth



ST. JAMES'S PLACE WEALTH MANAGEMENT

Quality of earnings

- No one Partner represents more than 1% of our earnings
- No one client or corporate investor represents more than 1% of our earnings
- The business growth is pretty much across all our wrappers
- Over 75% of the business is repeat business or referral
- Around 95% of the clients' funds are retained year on year



ST. JAMES'S PLACE WEALTH MANAGEMENT

Summary

- APE up 44%
- Single investments up 60%
- Manufactured business at 91%
- Net inflows up 50%
- Funds under management of £22.4 billion
- EEV Operating Profit up 60%
- IFRS Profit before tax up 82%
- Interim dividend up 10%





ST. JAMES'S PLACE
WEALTH MANAGEMENT