



ST. JAMES'S PLACE  
WEALTH MANAGEMENT

INTERIM RESULTS

July 2011

# ST. JAMES'S PLACE WEALTH MANAGEMENT



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Mike Wilson  
CHAIRMAN

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David Bellamy  
CHIEF EXECUTIVE

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Andrew Croft  
FINANCE DIRECTOR

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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

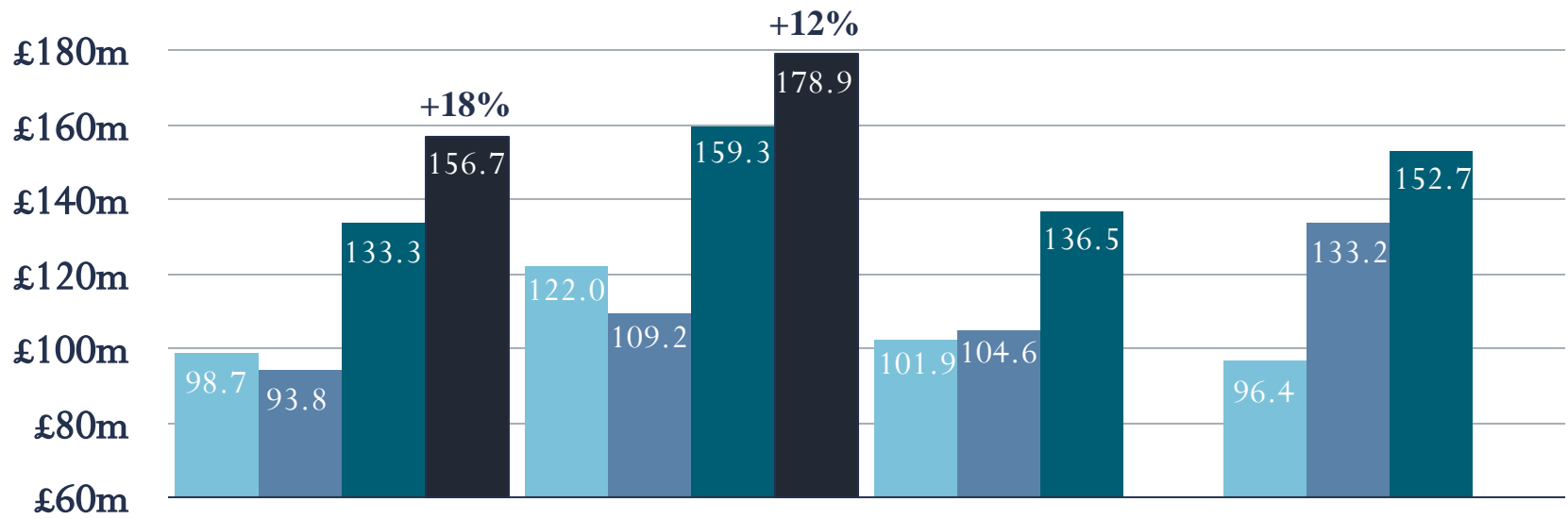
Chief Executive

# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Total new business by quarter

APE (Annual premiums plus 10% of single premiums)

■ 2008 ■ 2009 ■ 2010 ■ 2011

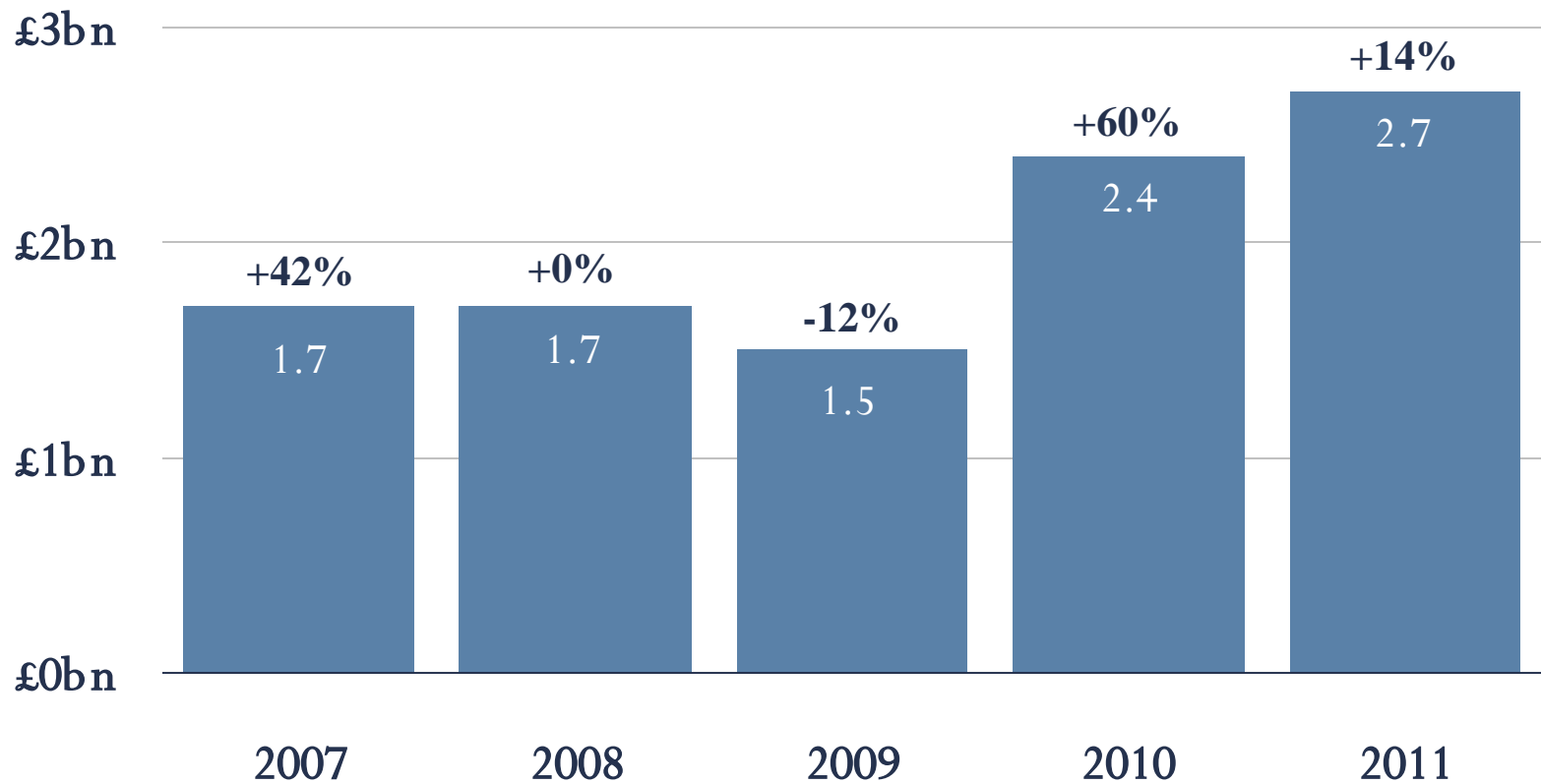


	Q1	Q2	Q3	Q4
2008 over 2007	+1%	+5%	+0%	-15%
2009 over 2008	-5%	-10%	+3%	+38%
2010 over 2009	+42%	+46%	+30%	+15%



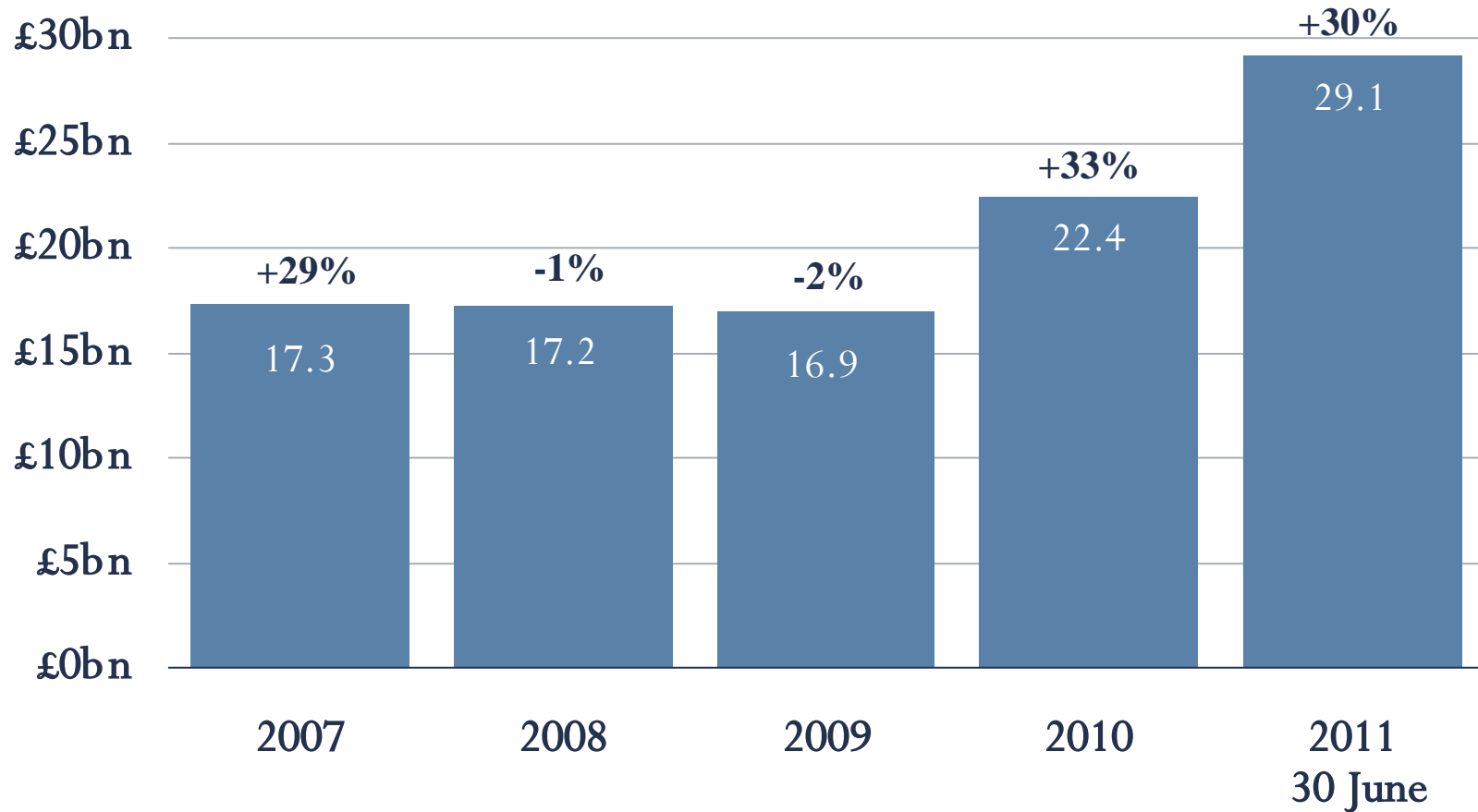
# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Record half year single investments (£'bn)



# ST. JAMES'S PLACE WEALTH MANAGEMENT

17% p.a. compound growth in funds under management over 5 years





# ST. JAMES'S PLACE WEALTH MANAGEMENT

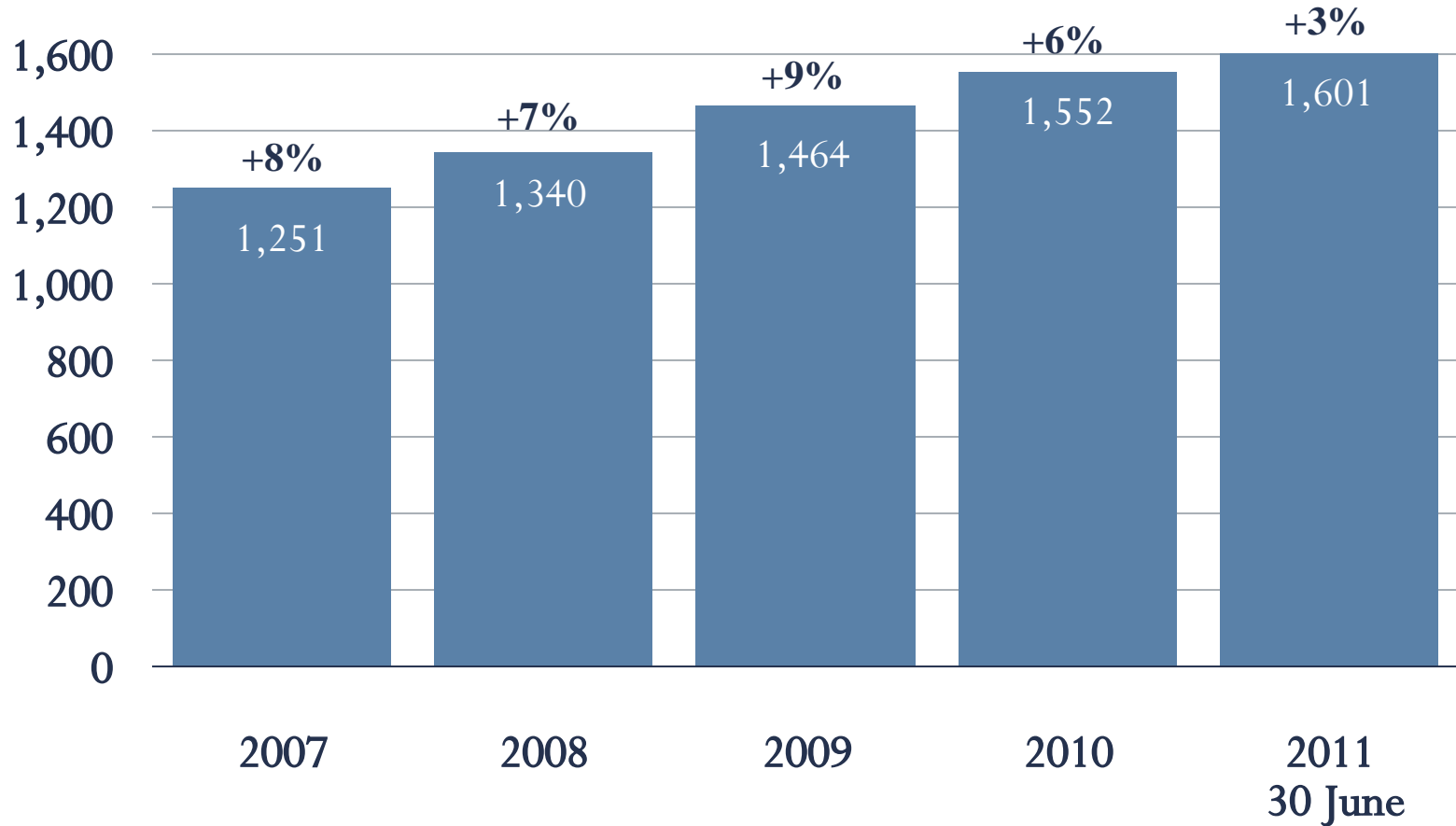
So, an excellent start to the year with;

- APE growth of 15%
- Total single investments of £2.7bn up 14% on 2010
- Net inflows of £1.7bn
- Bringing Funds under Management to £29.1bn



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Growing number of partners



# ST. JAMES'S PLACE WEALTH MANAGEMENT

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- Partnership up 3% to 1601





ST. JAMES'S PLACE  
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ANDREW CROFT

Finance Director

# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Analysis of EEV operating profit

£'m	H1 2011	H1 2010	
New business contribution	127.7	100.9	+27%
Profits from existing business			
– expected	59.1	46.8	
– experience variance	2.8	12.1	
– operating assumption changes	-	-	
Investment income	2.2	1.9	
Life & unit trust operating profit	191.8	161.7	
Distribution	-	5.9	
Other	(8.2)	(5.5)	
Operating profit	183.6	162.1	+13%



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## New business margin

- APE up 15%
- Manufactured business up 16% and represents 93% of the total (2010: 91%)
- Careful management of establishment expenses with growth of only 4.4%
- Equalisation of Partner remuneration across bonds and unit trusts as part of RDR implementation
- Corporation tax reduction (with more to come)

All lead to increased margin



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## New business margin

	H1 2011	H1 2010
On an APE basis	<u>38.1%</u>	<u>34.5%</u>
On a PVNBP basis	<u>4.4%</u>	<u>4.1%</u>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

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# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Analysis of EEV pre-tax result

£'m	H1 2011	H1 2010	
Operating profit	183.6	162.1	
Investment variance	0.9	(84.5)	
Economic assumption change	(1.9)	9.4	
Pre-tax result	<u>182.6</u>	<u>87.0</u>	<i>+110%</i>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## EEV net asset value per share

pence	H1 2011	H1 2010	
<u>Net asset value per share</u>	<u>379.6</u>	<u>294.9</u>	+29%



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## IFRS profit before shareholder tax

£'m	H1 2011	H2 2010	
Life	49.1	27.5	
Unit trust	14.4	8.4	
Distribution	-	5.9	
Other	(8.2)	(5.5)	
<b>Profit before shareholder tax</b>	<b>55.3</b>	<b>36.3</b>	<b>+52%</b>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Analysis of post tax IFRS profit

£'m	H1 2011	H1 2010
Cash result	30.8	18.7
DAC / DIR amortisation	9.2	7.8
DAC / DIR new business	6.4	9.2
PVIF	(1.4)	(1.4)
Share options	(5.9)	(4.9)
Impact of Corporation tax reduction	3.8	-
Other	4.7	(1.0)
Post-tax profit	<u>47.6</u>	<u>28.4</u>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Pre- tax IFRS profit

£'m	H1 2011	H1 2010
Post-tax profit	47.6	28.4
Shareholder tax	7.7	7.9
Pre-tax profit	<u>55.3</u>	<u>36.3</u>
<b>Effective tax rate</b>	<u>13.9%</u>	<u>21.8%</u>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Analysis of shareholder tax charge

£'m	H1 2011	H1 2010
Expected	15.0	10.2
Market related impacts	(2.5)	(2.8)
Other	(1.0)	0.5
Change in corporation tax rate	(3.8)	-
Total tax charge	<u>7.7</u>	<u>7.9</u>
Effective tax rate	<u>13.9%</u>	<u>21.8%</u>
Expected effective tax rate	<u>27.0%</u>	<u>28.0%</u>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## IFRS net asset value per share

pence	H1 2011	H1 2010
<u>Net asset value per share</u>	<u>127.4</u>	<u>116.3</u>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Analysis of post tax cash result

£'m	H1 2011	H1 2010	
Arising on in force business	64.8	52.6	+23%
Arising from new business	(34.0)	(33.9)	+0%
Post tax cash result	<u>30.8</u>	<u>18.7</u>	+65%





# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Arising from in force business

	H1 2011
Estimated business not yet generating positive cash (£'bn)*	9.5
Associated annual post tax cash (£'m)*	66.3

*\* Ignores stock market movements and outflows*



# ST. JAMES'S PLACE WEALTH MANAGEMENT

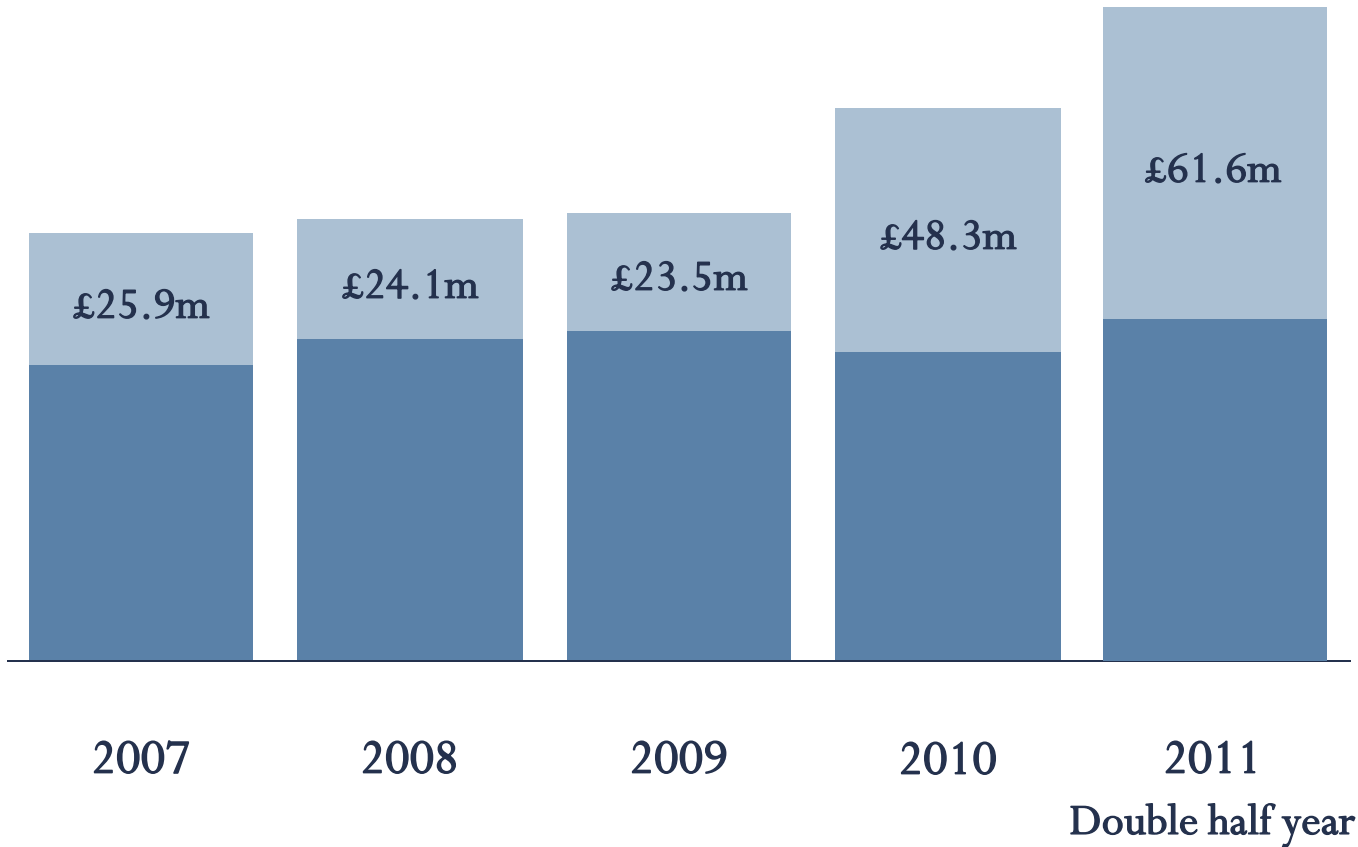
## Return on the investment in new business

	H1 2011	H1 2010
Cost of investment (£'m)	34.0	33.9
Post tax EEV profit (£'m)	96.9	74.7
As a % of gross inflows	1.3%	1.5%
Cash payback period (yrs)	4	5
IRR (net of tax)	23.6%	20.5%



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Underlying post-tax cash result



■ Investment in new business



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Interim dividend

- Two year period of rebasing the dividend and indicated a further significant increase in the 2011 dividend
- Rebalancing the interim dividend to historic trend of 40% of full year dividend
- Therefore we are increasing the interim dividend by 58% to 3.2p per share
- Given notice that Scrip dividend will be replaced at the end of the year with a dividend reinvestment plan



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Capital position

- Total group solvency assets at 30 June 2011 are £314.5 million
- Solvency remains strong
- Solvency II
- Investment policy for solvency assets continues to be prudent



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Sovereign debt holdings

£'m	H1 2011
2.5% UK Treasury Index Linked 26/7/16	11.7
2.5% UK Treasury Index Linked 17/7/24	15.7
2.0% UK Treasury Index Linked 26/1/35	18.8
4.25% UK Treasury 7/12/2055	3.7
3.5% UK Treasury War Loan	12.6
Total	<u>62.5</u>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## AAA Rated Money Market Funds

£'m	H1 2011
BlackRock	43.0
HSBC	45.0
Insight	57.7
Invesco AIM	31.0
RBS	49.9
Total	<u>226.6</u>



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Bank balances

£'m	H1 2011
Barclays	28.1
BNP Paribas	7.0
HSBC	29.3
LBG/Bank of Scotland	39.6
RBS/ NatWest	21.4
Other	0.8
Total	<u>126.2</u>





# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Summary

- New business on an APE basis £335.6 million up 15%
- Establishment expenses of £47.6 million up 4.4%
- EEV new business profit of £127.7 million up 27% with a strong increase in margin
- EEV operating profit at £183.6 million up 13% and total profit of £182.6 million up 110%
- IFRS profit before shareholder tax of £55.3 million up 52%
- Cash result of £30.8 million up 65%
- EEV net asset value per share of 379.5p up 29%
- IFRS net asset value per share of 127.4p up 10%
- Interim dividend of 3.2p per share up 58%





ST. JAMES'S PLACE  
WEALTH MANAGEMENT

DAVID BELLAMY

Chief Executive

# ST. JAMES'S PLACE WEALTH MANAGEMENT

## The Journey

### Today

- Diversified adviser team
- Specialist advisers
- Access to a wide range of asset classes and asset managers
- Whole of market for protection, annuities, mortgages etc
- Access to leading professional advice on trusts, wills etc



# ST. JAMES'S PLACE WEALTH MANAGEMENT

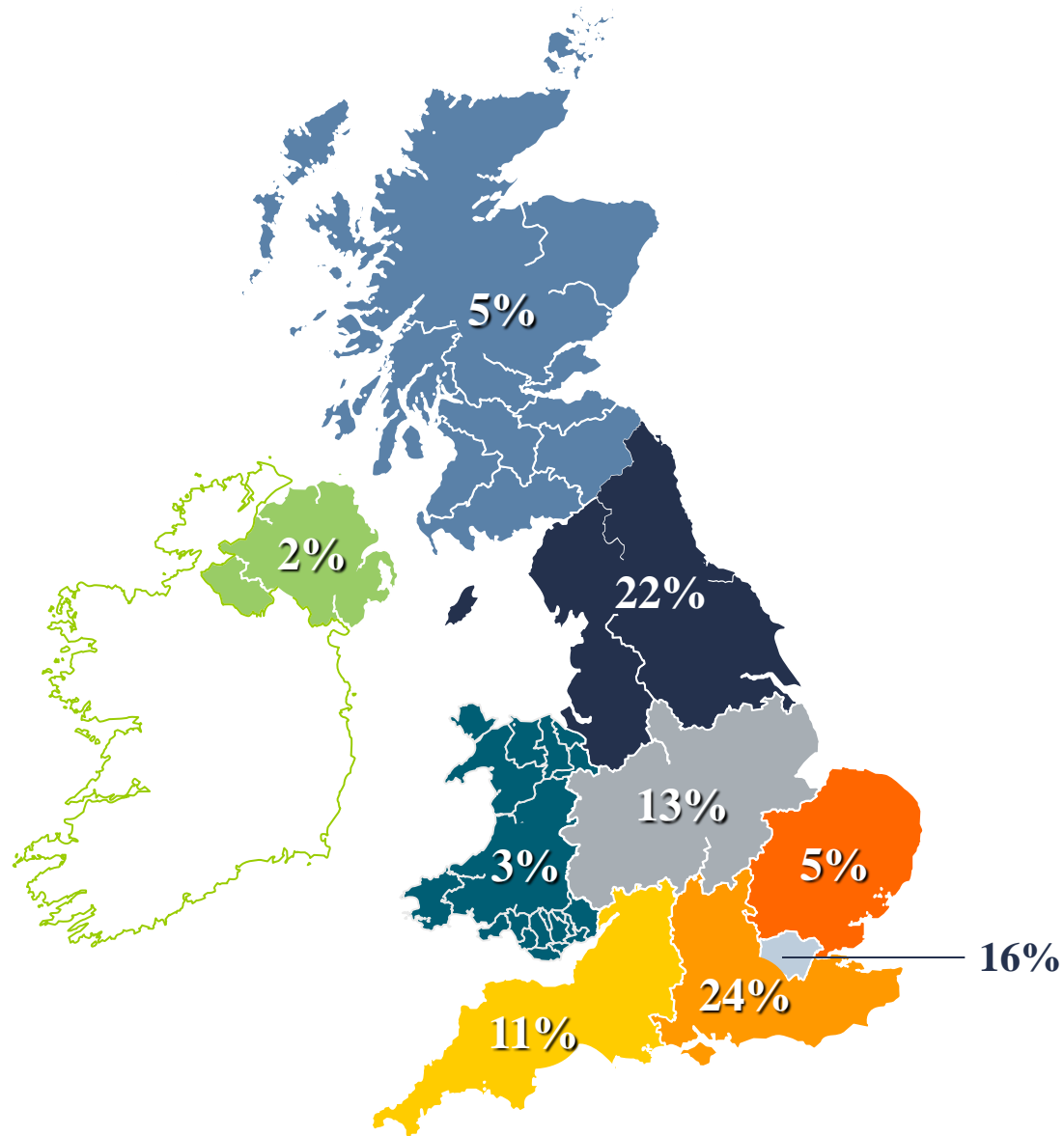
## The St. James's Place Partnership

- 1601 Partners
  - Sole Traders
  - Small Businesses
  - Large Practices
- Strong support team
- Specialised areas of advice
- Average age 48



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Geographic Distribution – Partners – 30 June 2011



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## The St. James's Place Partnership

- 1601 Partners
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  - Small Businesses
  - Large Practices
- Strong support team
- Specialised areas of advice
- Average age 48
- No one partner accounts for more than 1%



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Current Fund Houses



**GAM**



**BLACKROCK**

STATE STREET GLOBAL ADVISORS | SSGA®



**OrchardStreet**  
INVESTMENT MANAGEMENT LLP



HBOS plc



**Schroders**



**OLDFIELD PARTNERS LLP**

S. W. MITCHELL CAPITAL LLP



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## External product providers





# ST. JAMES'S PLACE WEALTH MANAGEMENT

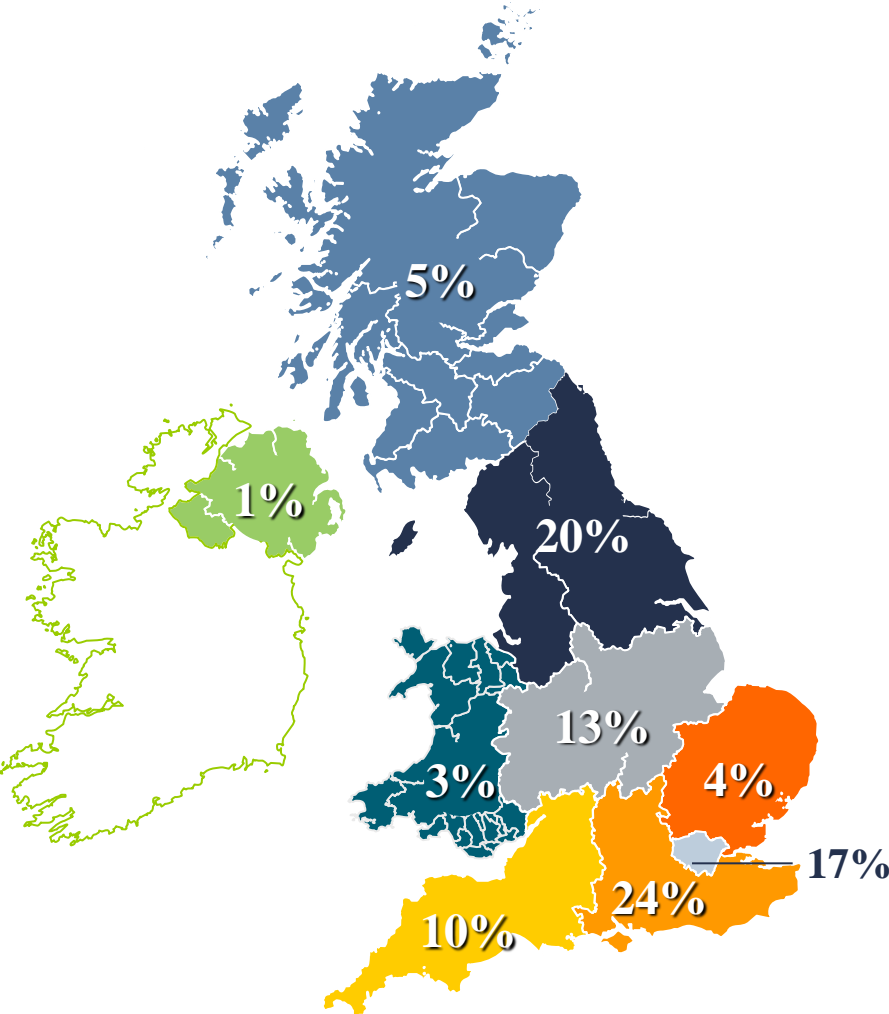
## Diversified Client Base

- Retail investors
- Professional investors
- SME's & PLC's
- Pension Trustees

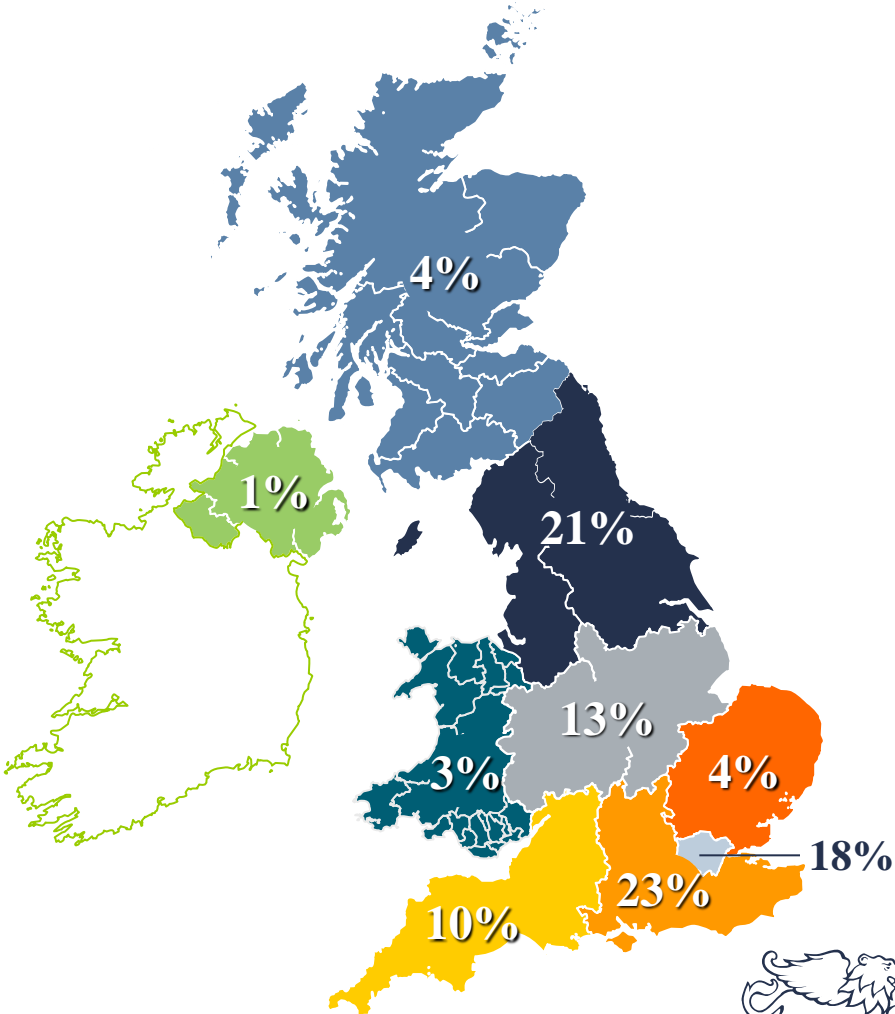


# ST. JAMES'S PLACE WEALTH MANAGEMENT

Funds



New Funds 2011



Overseas Clients: 3%



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Diversified Client Base

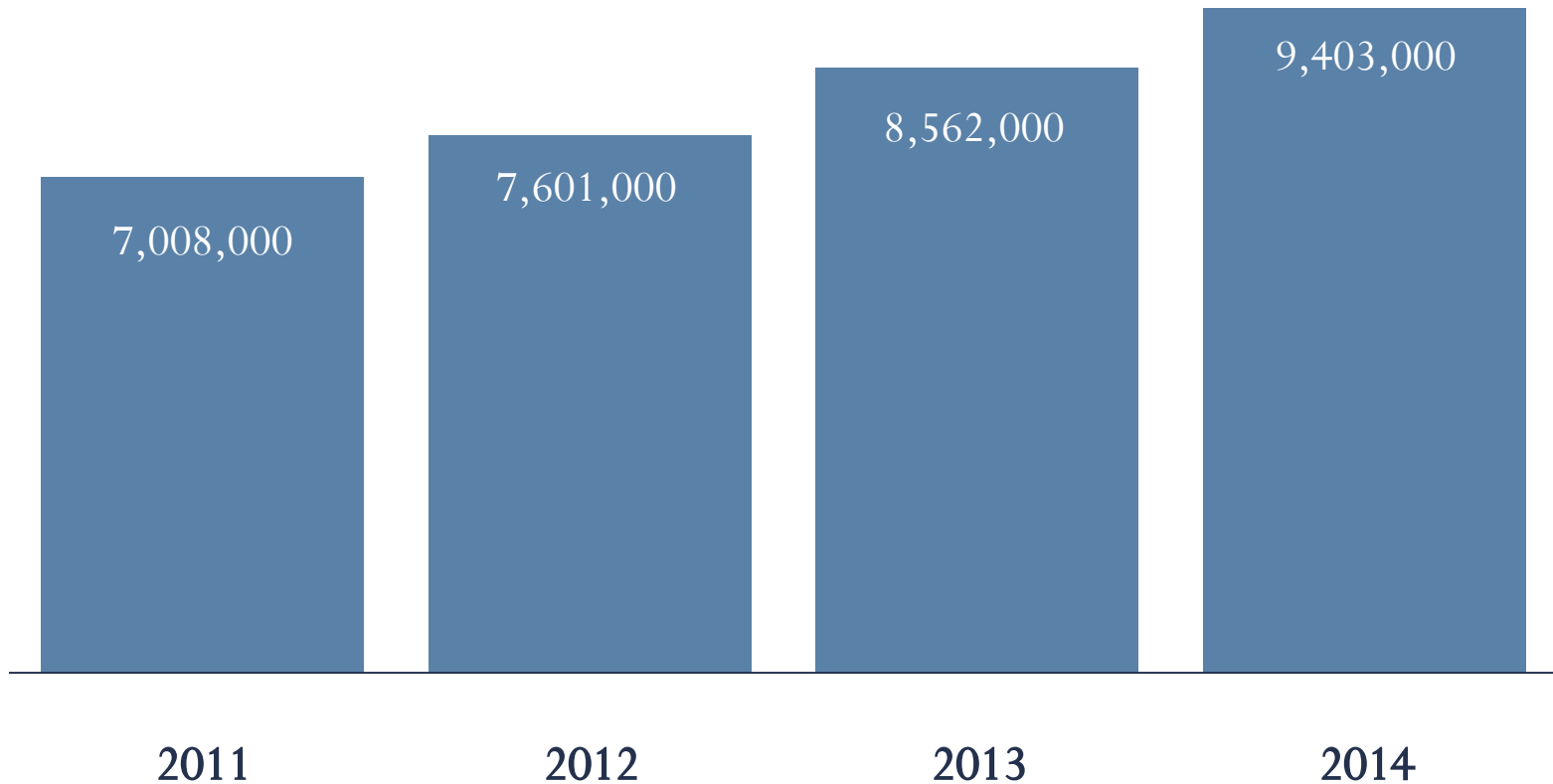
- Retail investors
- Professional investors
- SME's & PLC's
- Pension Trustees
- Average age 55
- Average investment £150,000+
- 140,000 wealth management clients
- No one client represents more than 1% of FUM



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## The SJP Market Place

UK Individuals with between €50k and €5m of liquid assets



*Source: Datamonitor European Wealth Markets Database 2010*



# ST. JAMES'S PLACE WEALTH MANAGEMENT

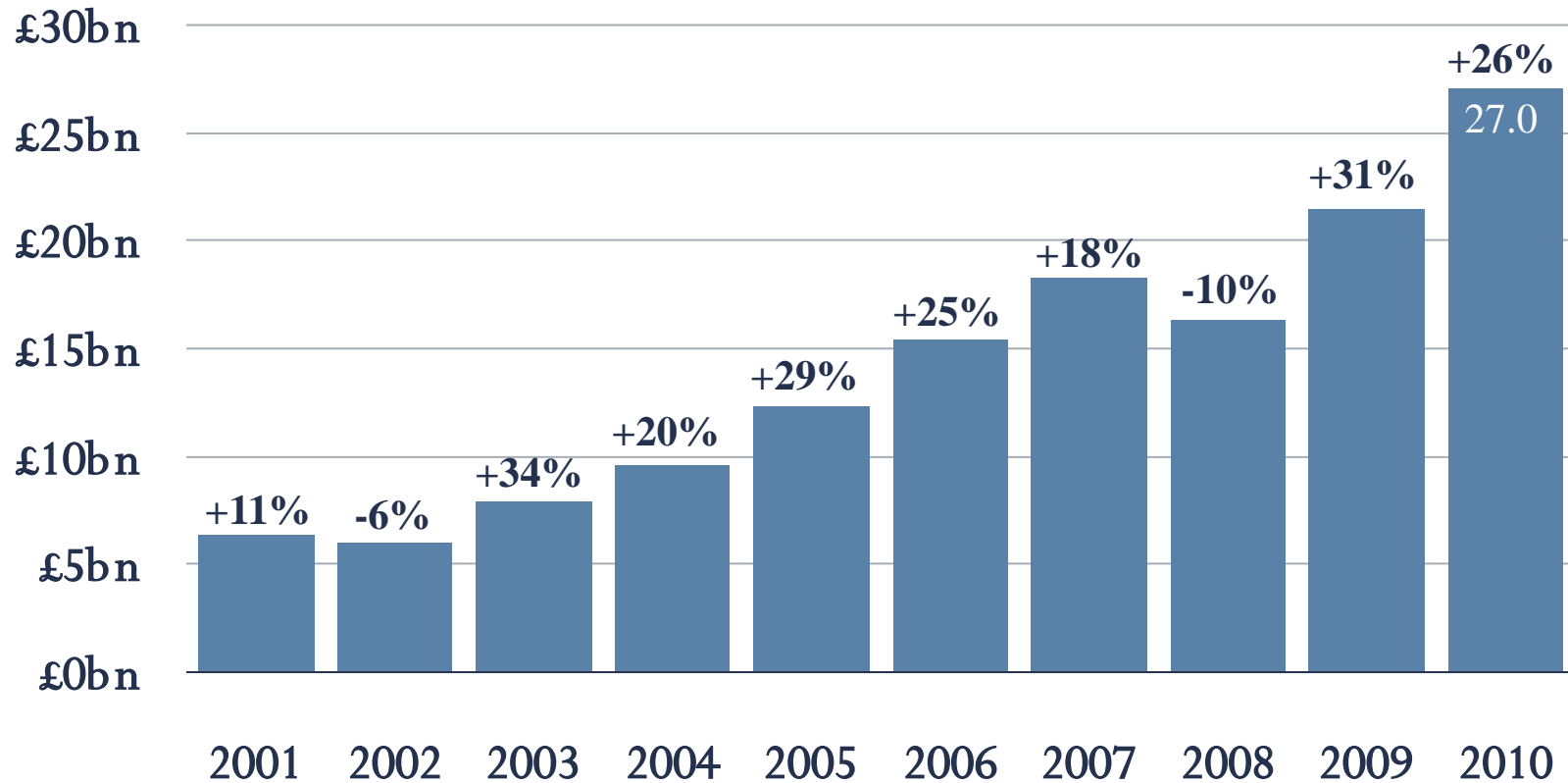
## The Journey

- Diversified Wealth Management business
- Wide range of funds and fund managers
- Whole of market access to protection, annuities and mortgages
- Experienced and qualified adviser team
- Building long term relationships and trust



# ST. JAMES'S PLACE WEALTH MANAGEMENT

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



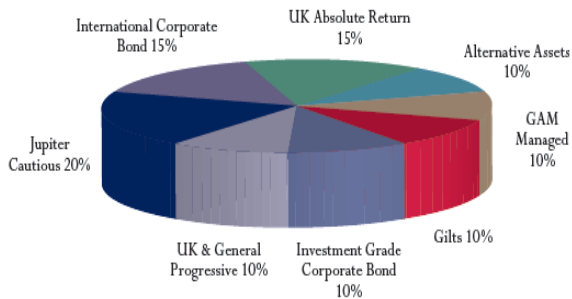
30 June 2011: £29.1 billion



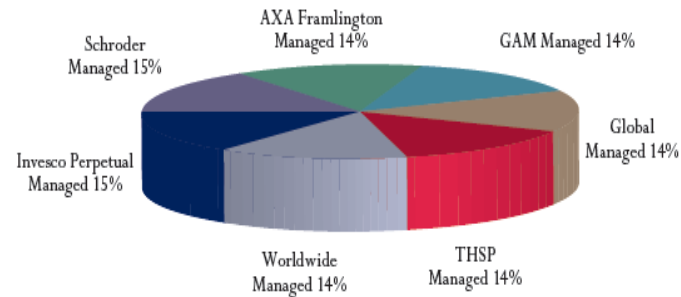
# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Growth Portfolios

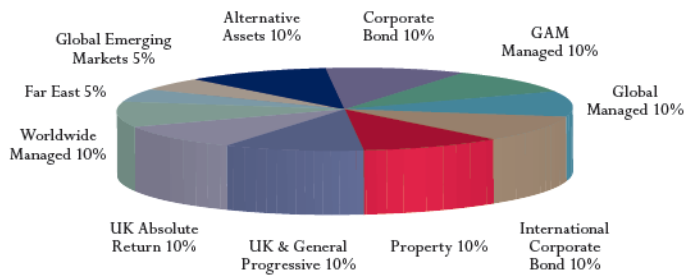
### Conservative



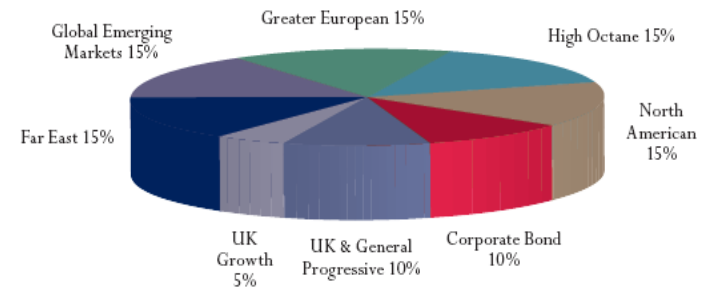
### Managed Funds



### Balanced



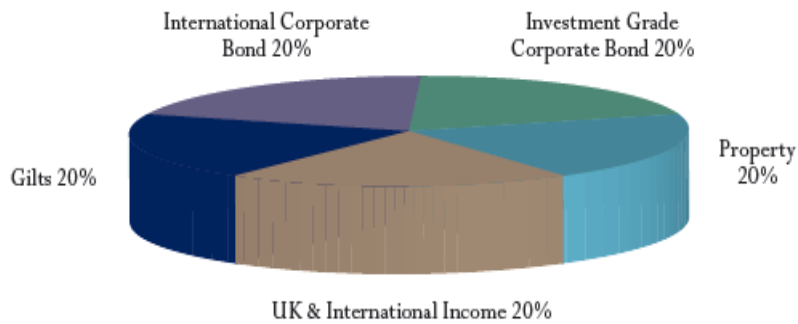
### Adventurous



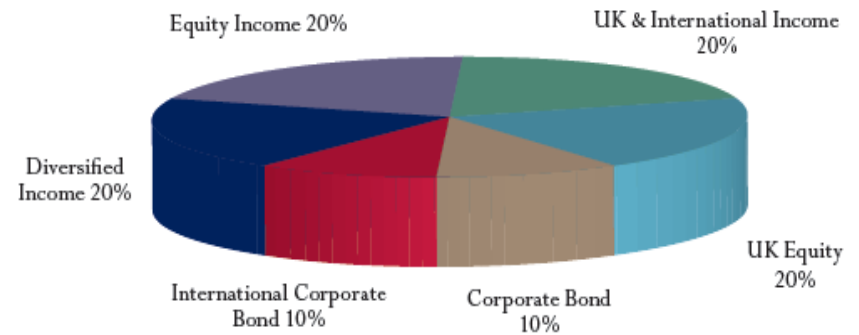
# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Income Portfolios

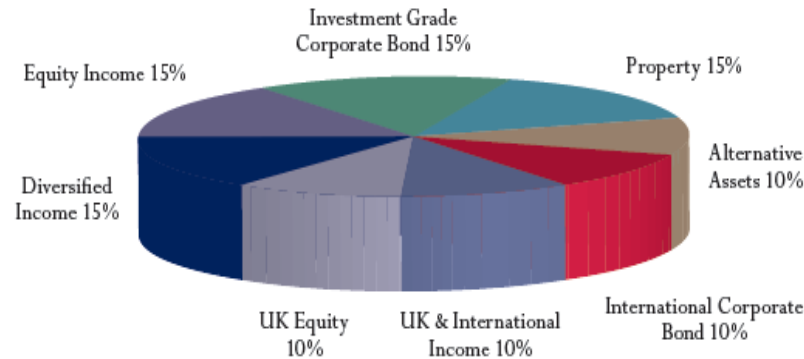
### Immediate Income



### Deferred Income



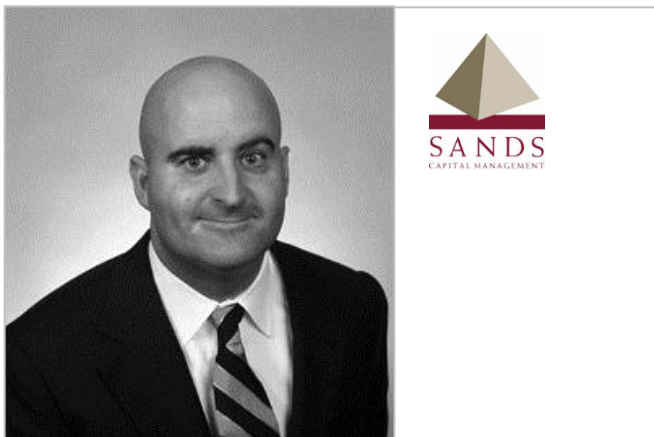
### Balanced Income



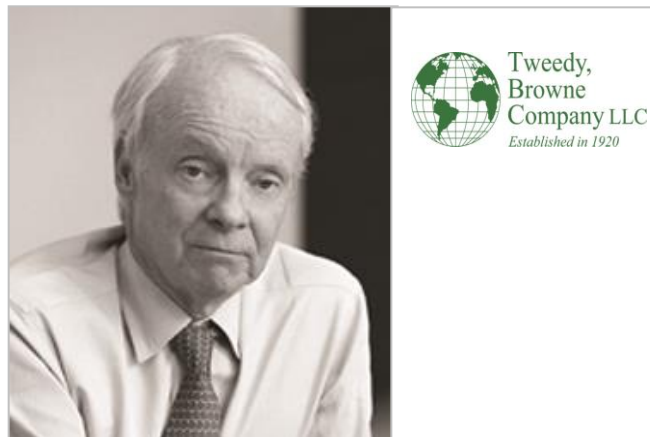


# ST. JAMES'S PLACE WEALTH MANAGEMENT

## New Fund Managers



David Levanson



William Browne



Simon Todd



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Clients

- Core market £50,000 - £500,000
- Attractive high net worth market
- Exploring private client division
- Colin Jelley to lead



# ST. JAMES'S PLACE WEALTH MANAGEMENT Partnership

- Over 80% of the Partnership qualified or close to it
- Re-launching the Academy
- STP programme



# ST. JAMES'S PLACE WEALTH MANAGEMENT

## Ambitious development programme

- In our people
- In our back office
- In our investment approach
- In the Partnership
- And our overall client proposition





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