



ST. JAMES'S PLACE
WEALTH MANAGEMENT

———— FEBRUARY 2013 ————



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ST. JAMES'S PLACE
WEALTH MANAGEMENT



Review of 2012





New business

- Total single investments of £5.88 billion – up 13%
- Total new business on an APE basis of £743.3 million – up 16%
- Our own business represents 86% of the total

Funds under management

- Net inflow of funds under management of £3.3 billion – up 4%
- Continue to retain 95% year on year
- Funds under management of £34.8 billion – up 22% over the year



Partnership

- Partnership numbers 1,788 – up 8%

Profits

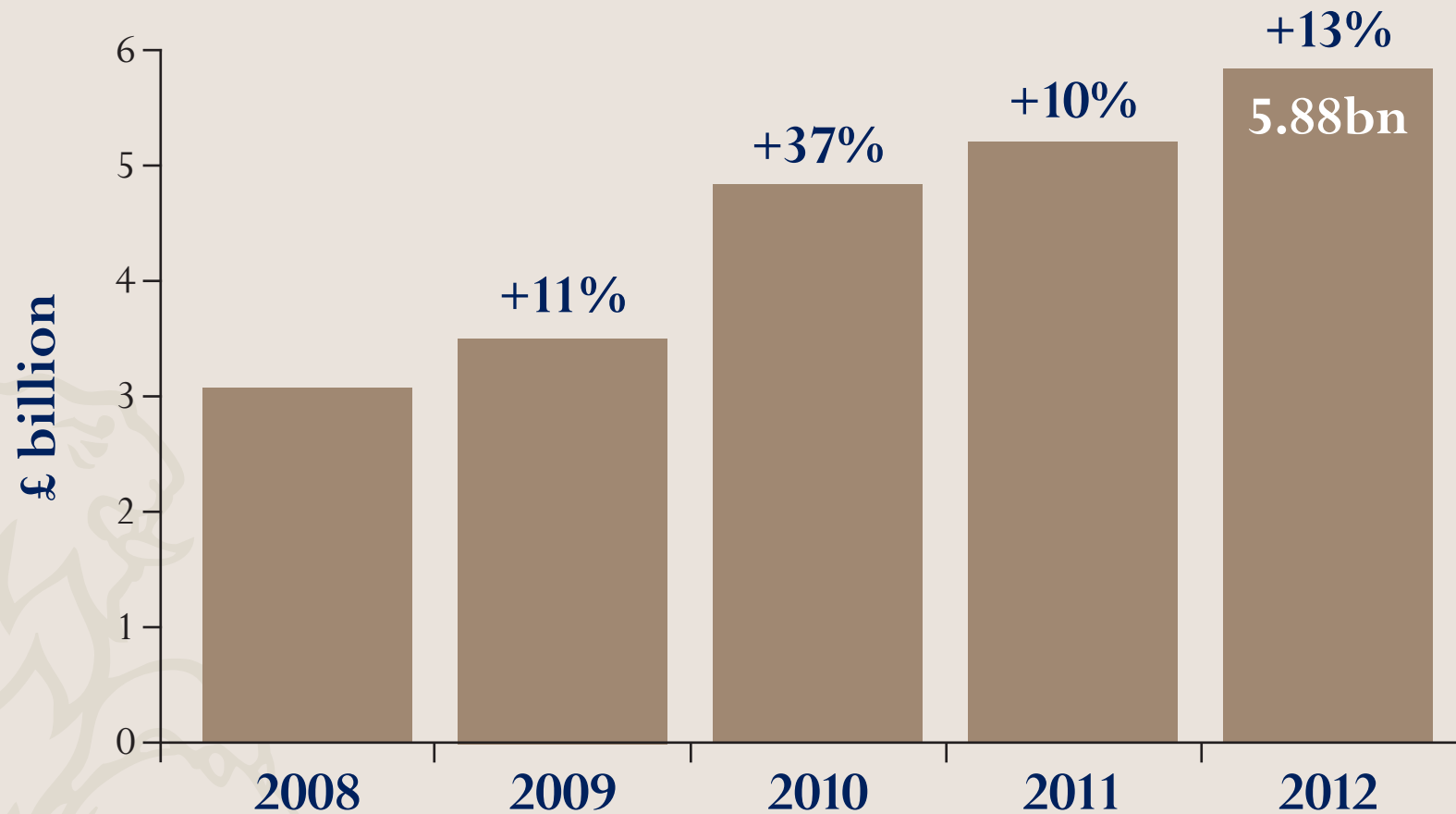
- EEV new business profit £276.8 million – up 13%
- EEV operating profit £365.9 million – down 2%
- IFRS operating profit £134.6 million – up 23%

Other financials

- EEV net asset value of 461 pence per share – up 20%
- The cash result of £91.7 million – up 37%
- Full year dividend of 10.64 pence – up 33%

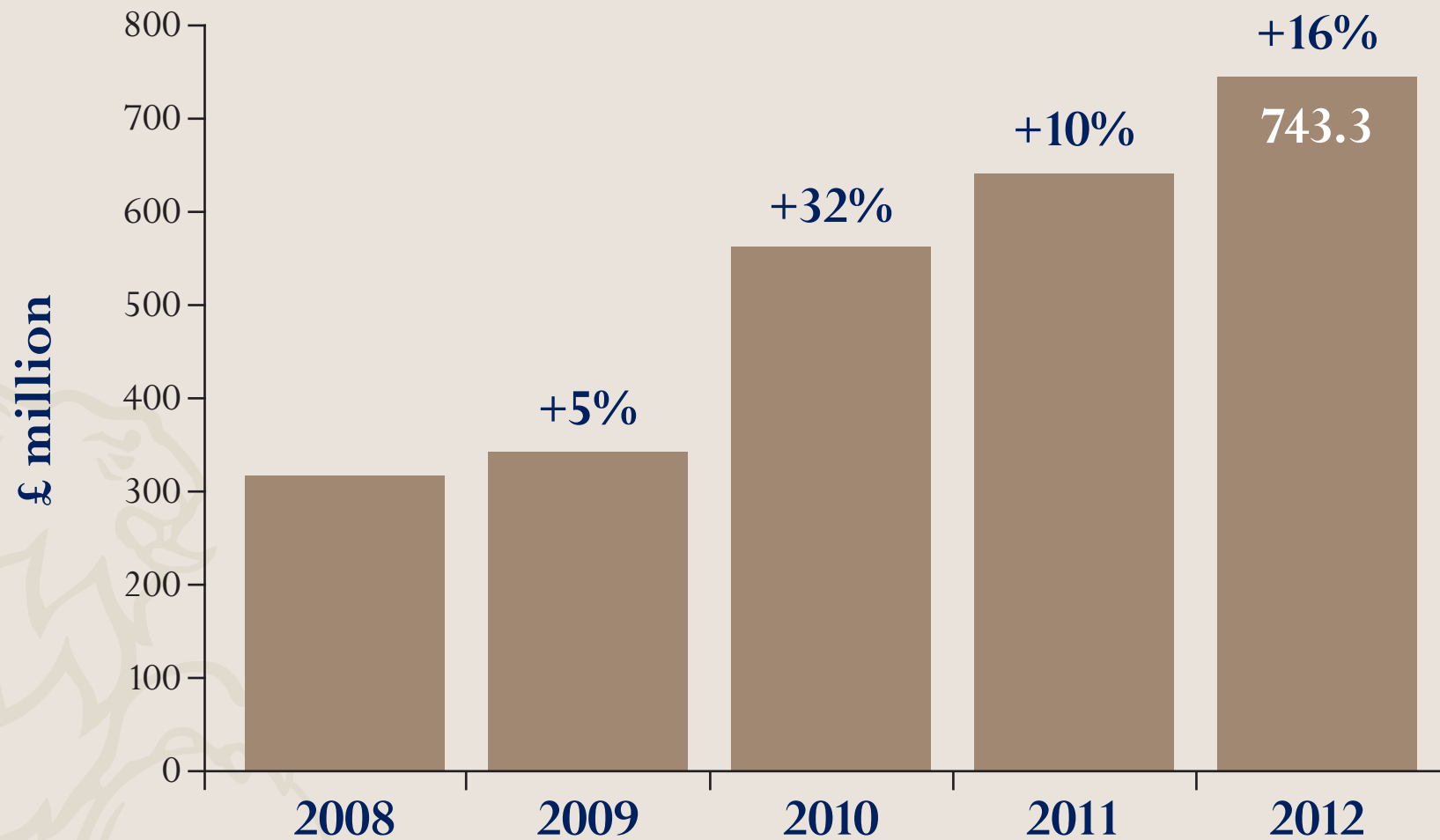


Record single investments





Record new business (APE)

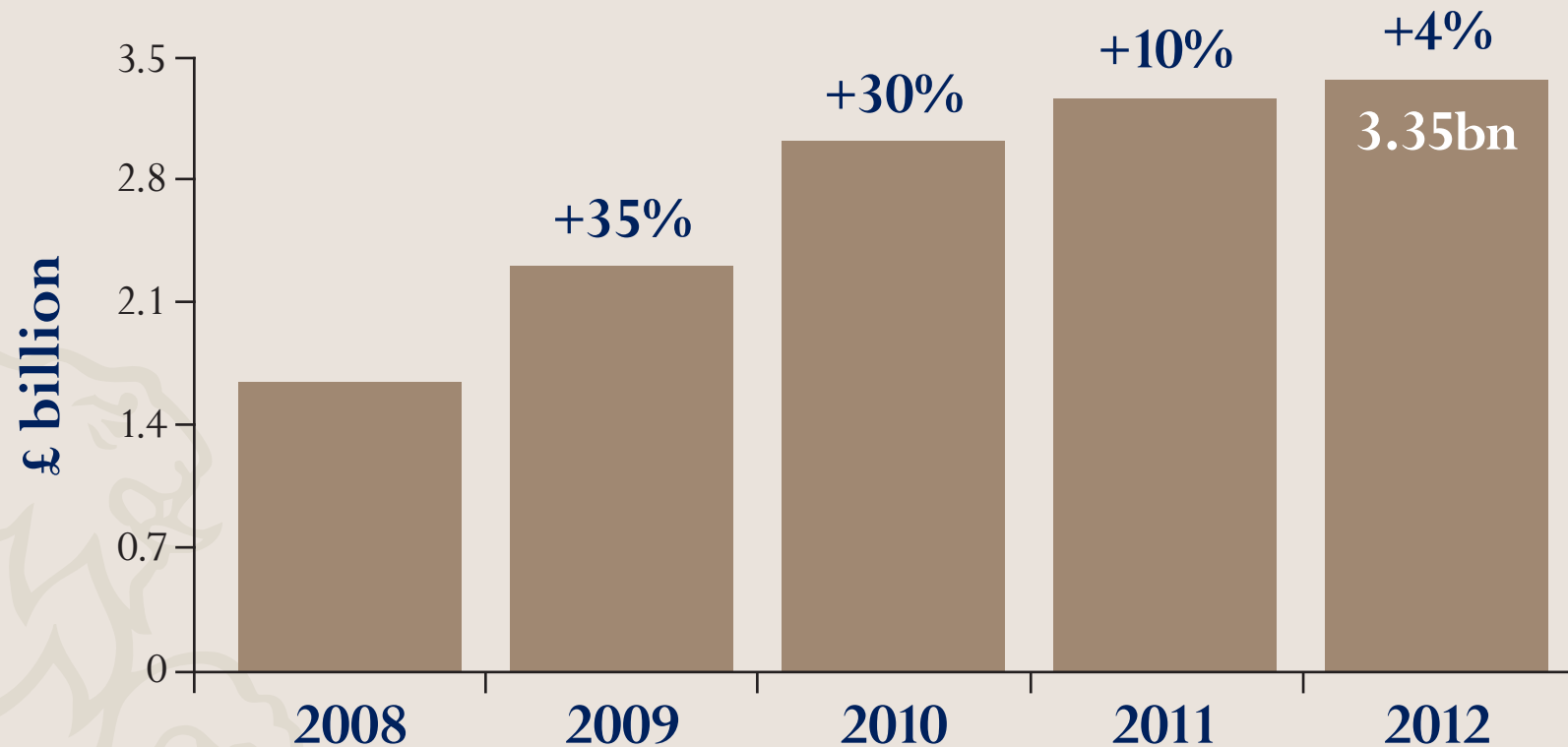




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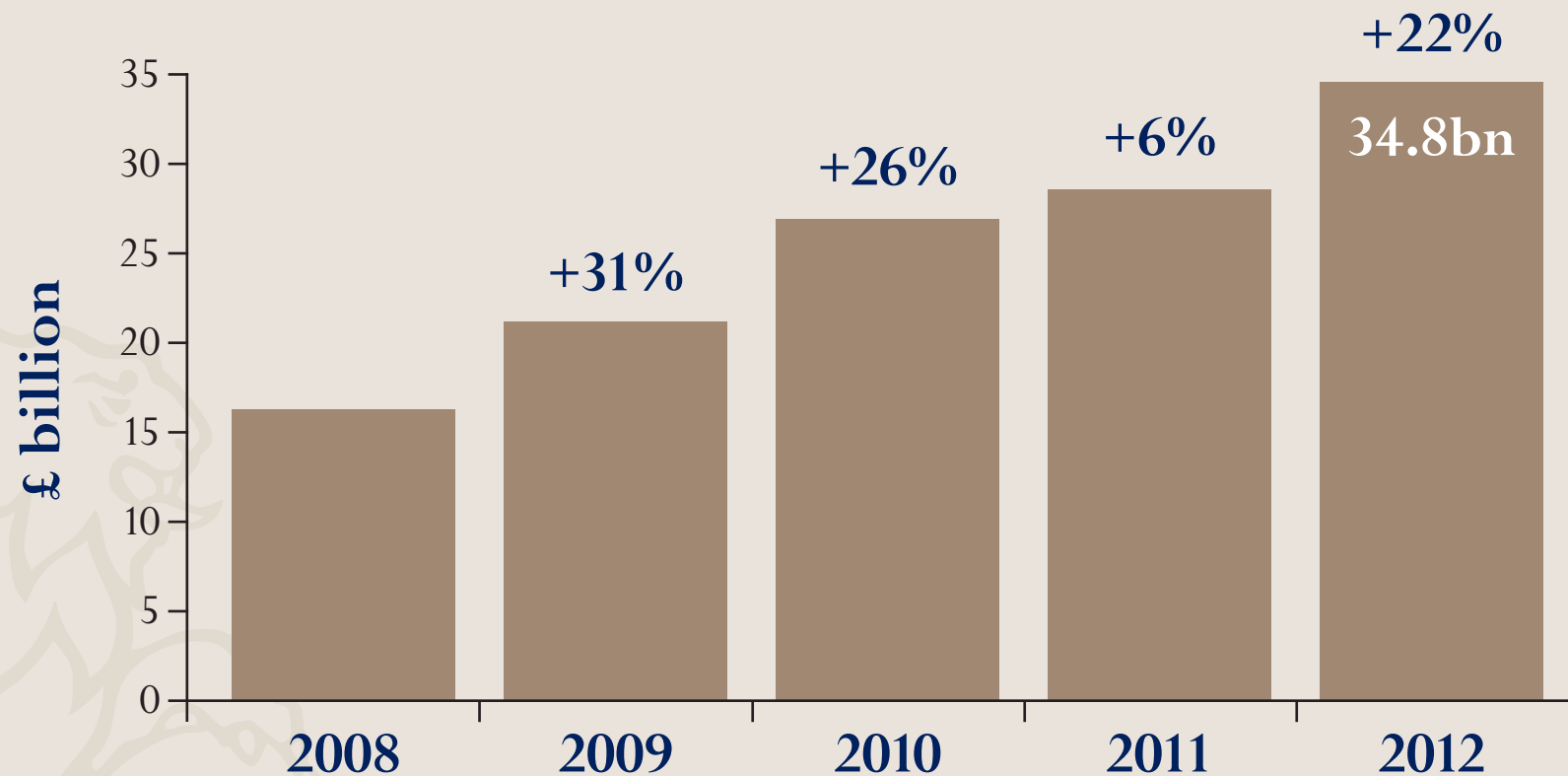
Growing net inflow of funds under management





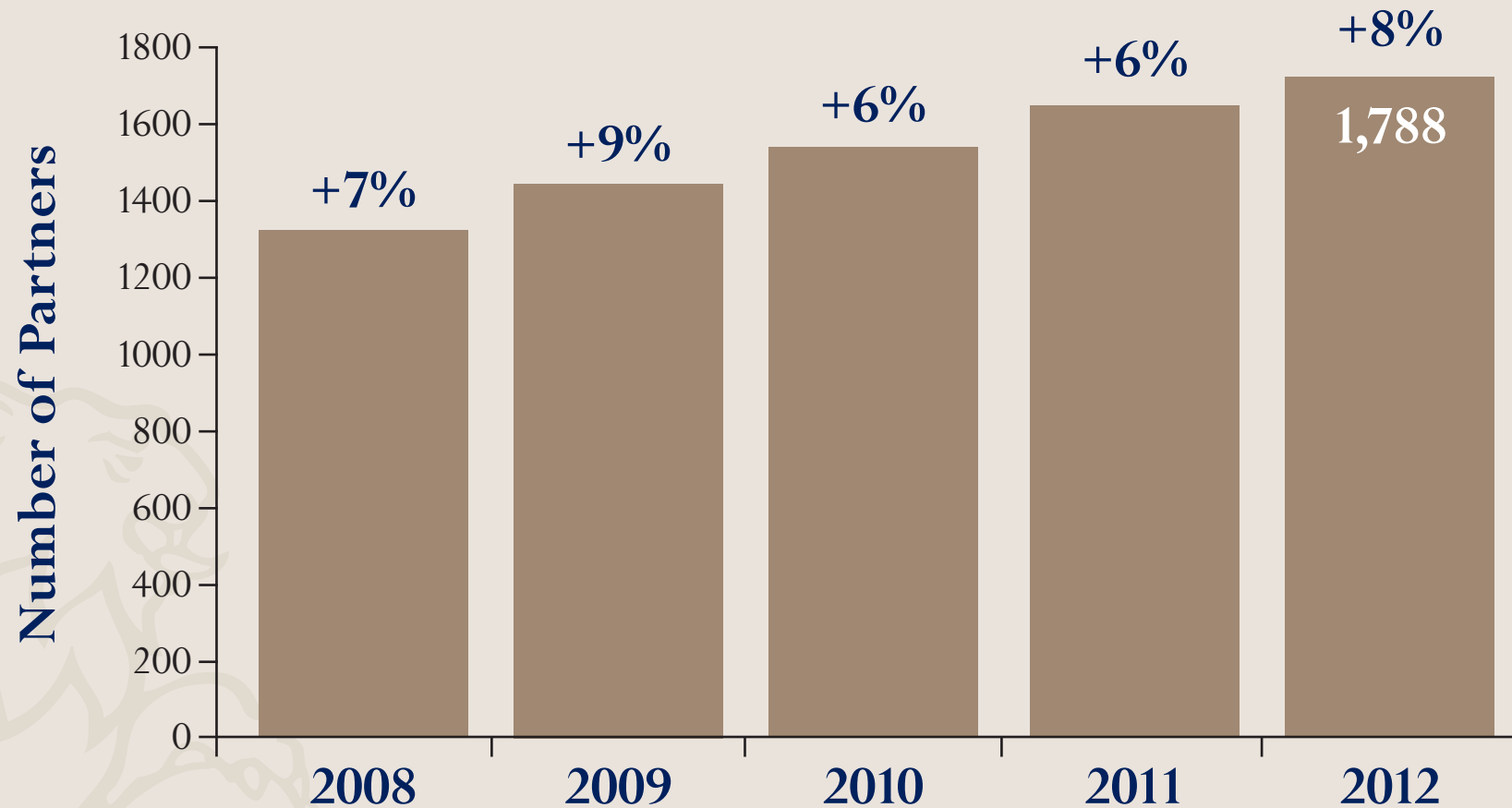
Funds under management

19% p.a. compound growth over the last 10 years



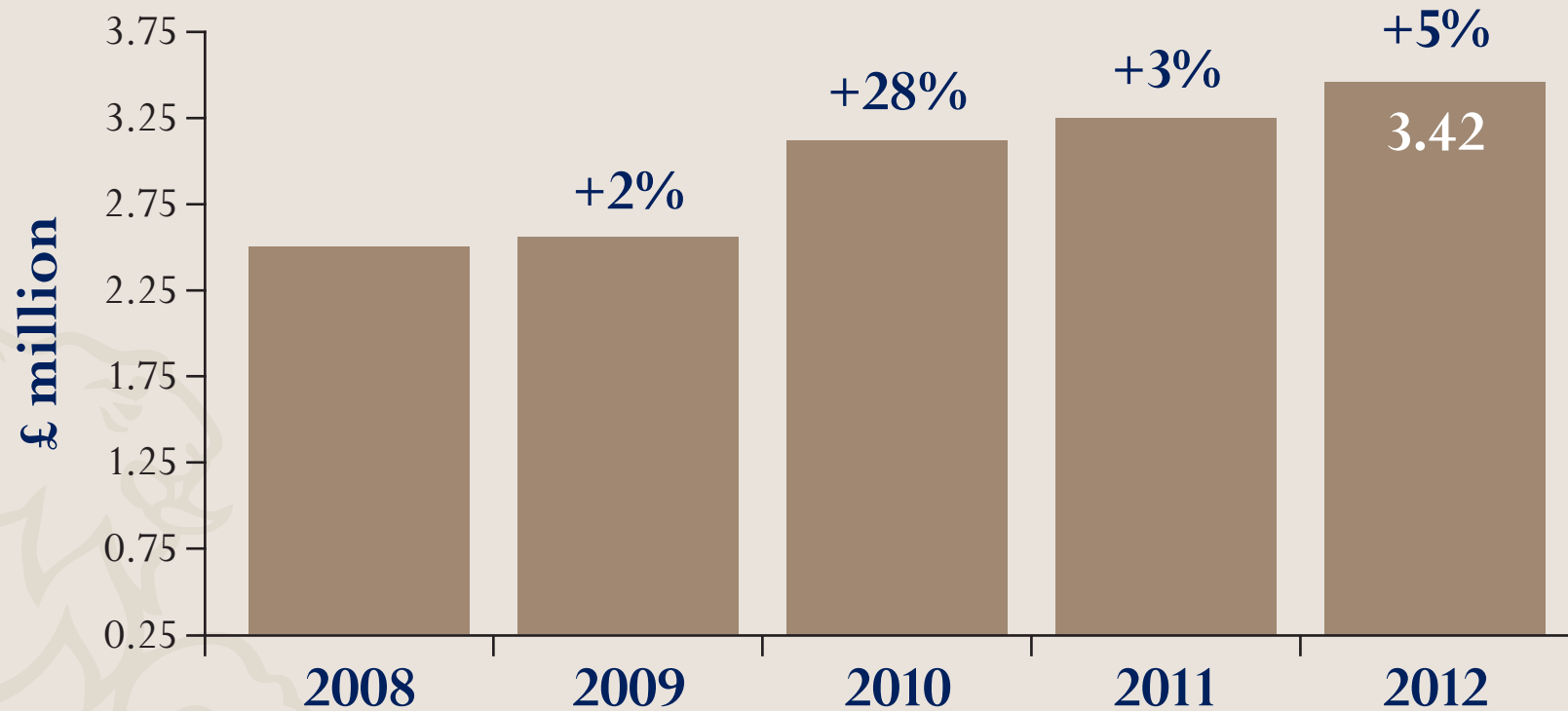


Five strong years of Partner recruitment



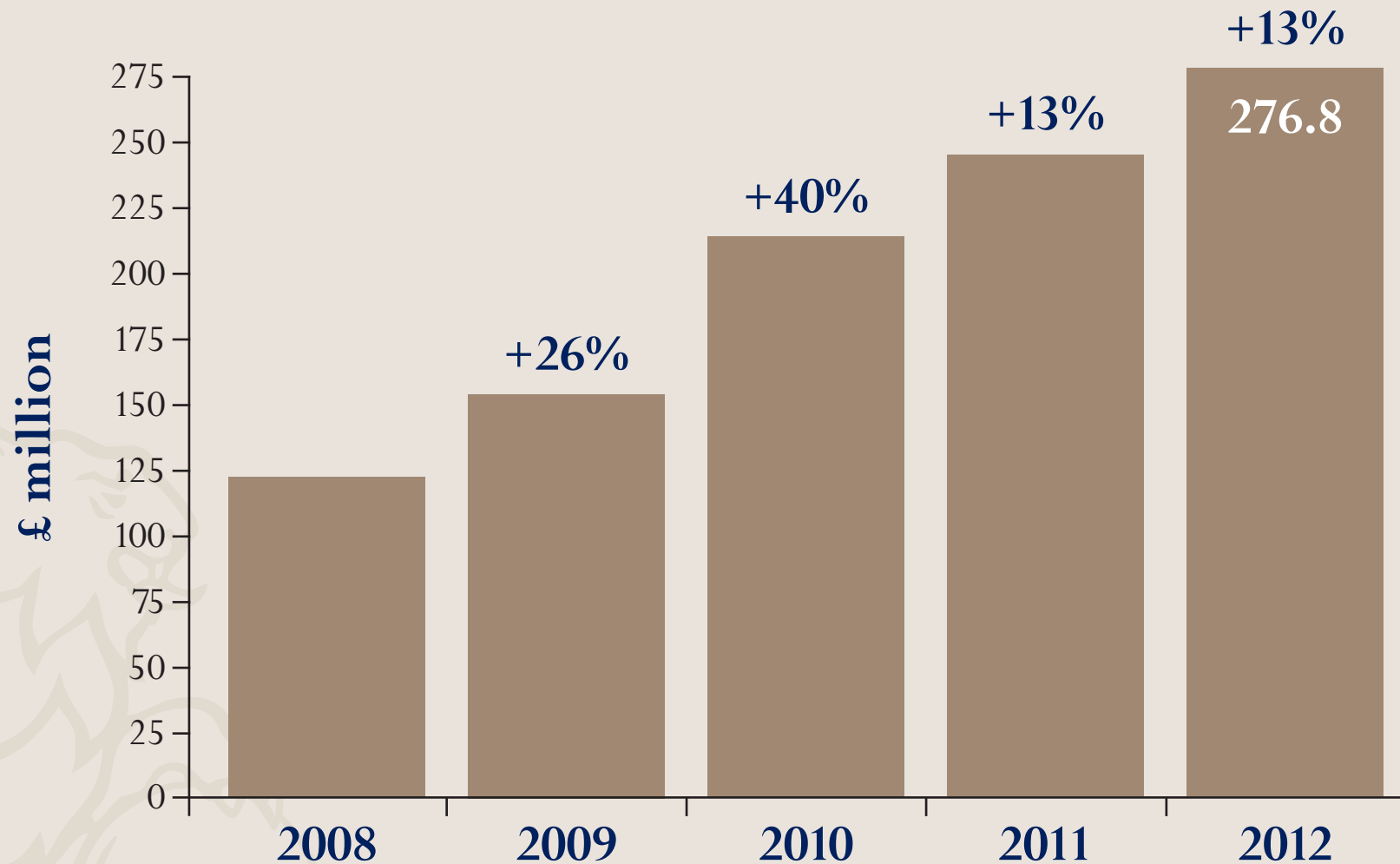


Productivity (single investment per Partner)



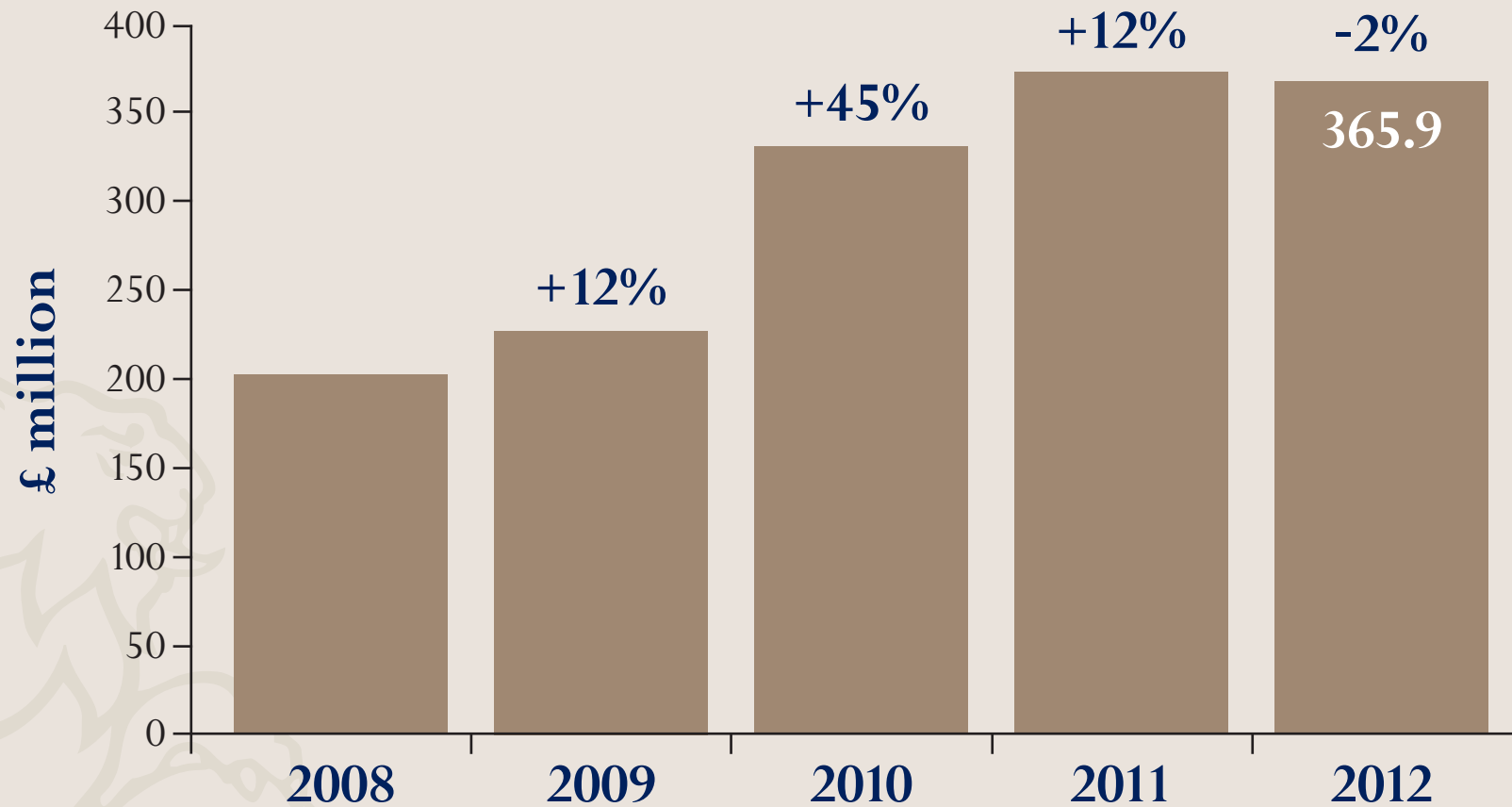


Record EEV new business profit



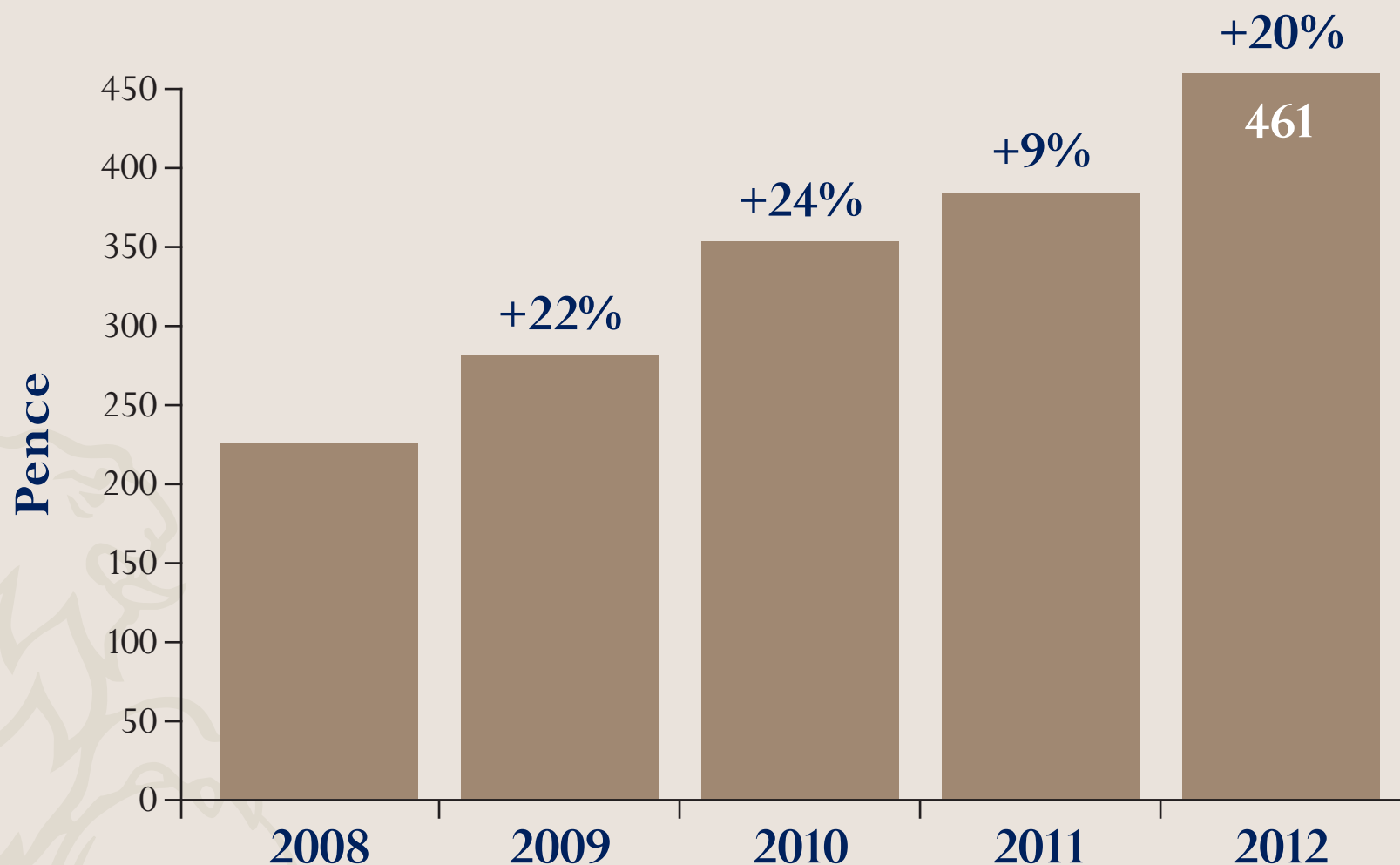


EEV operating profit





Growth in EEV Net Asset Value per share





Continual dividend growth



*Plus special dividend of 6.35 pence



ST. JAMES'S PLACE
WEALTH MANAGEMENT



Strategy





St. James's Place: Overview

- Leading UK Wealth Management Company
 - Established 1991
 - UK listed with market cap of c.£2.4 billion
 - In excess of £34 billion in FUM
 - Target market £50k to £5 million free investable assets
- Differentiated business model
 - Provider and distributor
 - Own dedicated distribution – the Partnership
 - Distinct investment management approach
- Well positioned to benefit from long-term market growth
 - Favourable demographic trends
 - Increasing tax burden
 - Long term face-to-face provision of high quality advice
 - Succession planning ensuring clients have long-term support & service



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Whole of Market approach

We take responsibility for the due diligence on all the products and companies we make available to our clients.

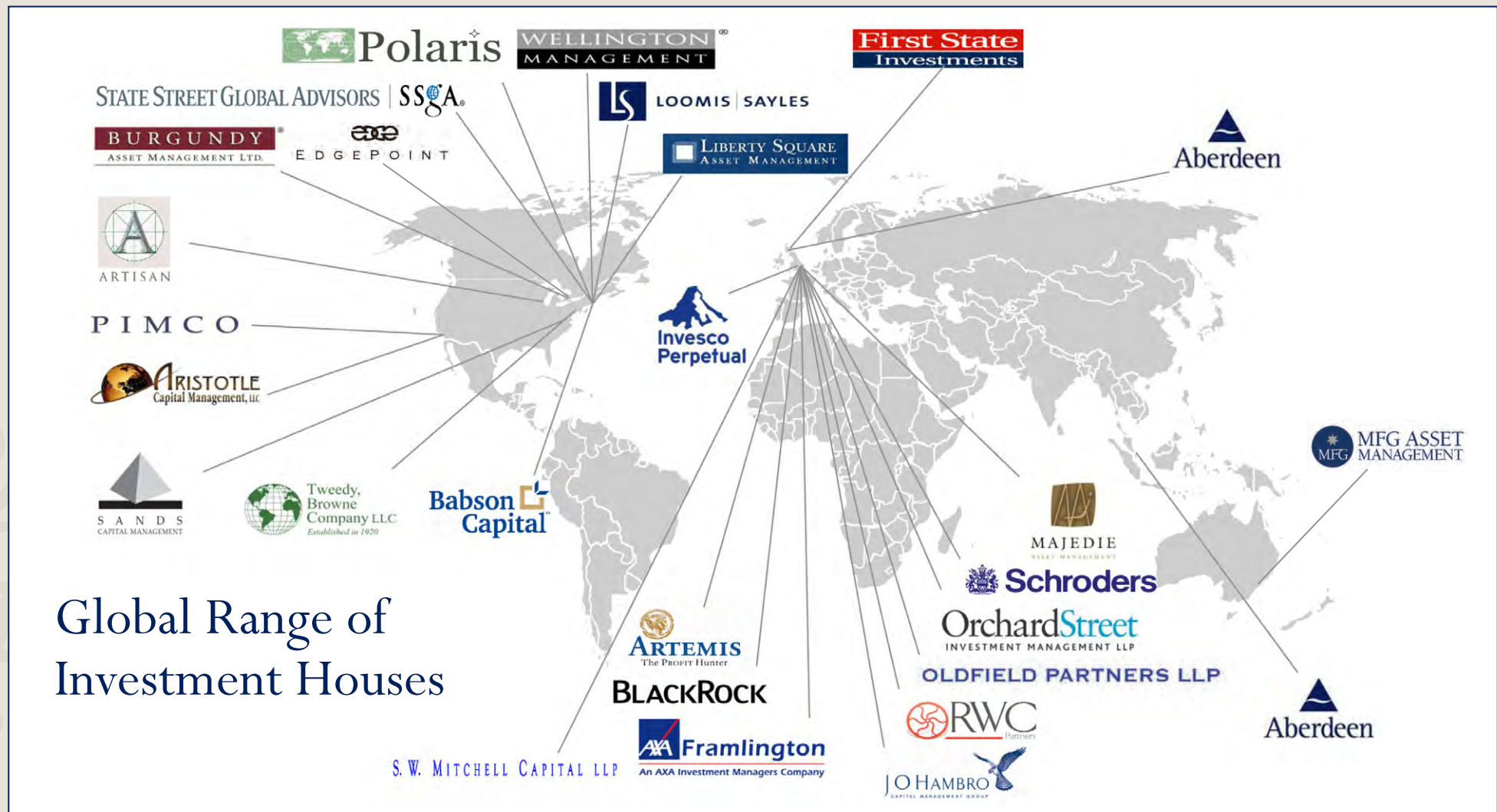




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Global Investment Management Expertise





The Growth Model

Target: 15-20% pa

NEW BUSINESS

CAPACITY

Number of Partners

PRODUCTIVITY

New Business per Partner



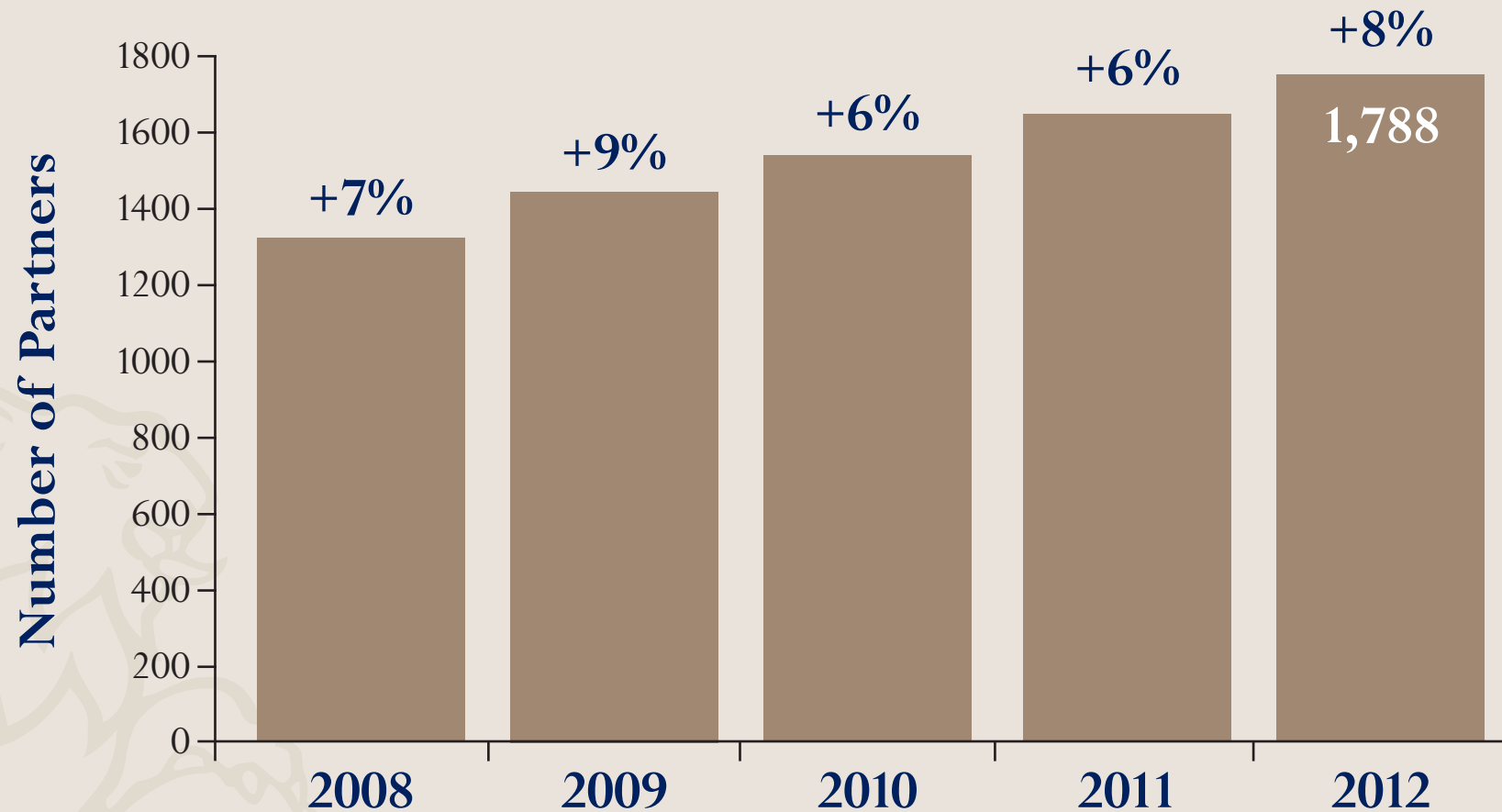
Dedicated distribution – the Partnership

- High quality self-employed team of c.1800 advisors
 - Average age is 48
 - Above average productivity
 - 90%+ per annum retention rate
- Aim to grow Partner number by 5% to 7% per annum
- Aim to increase productivity each year



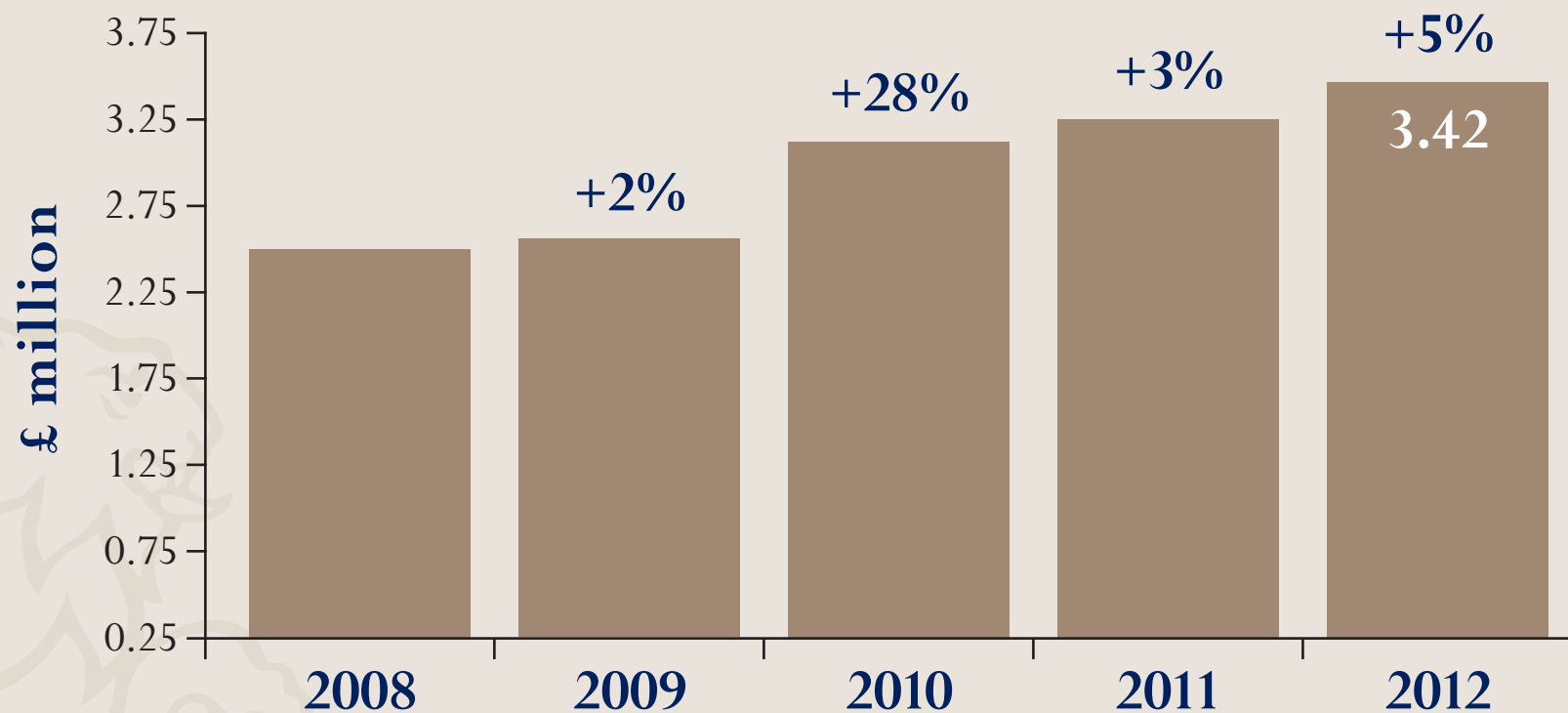


Growing number of Partners



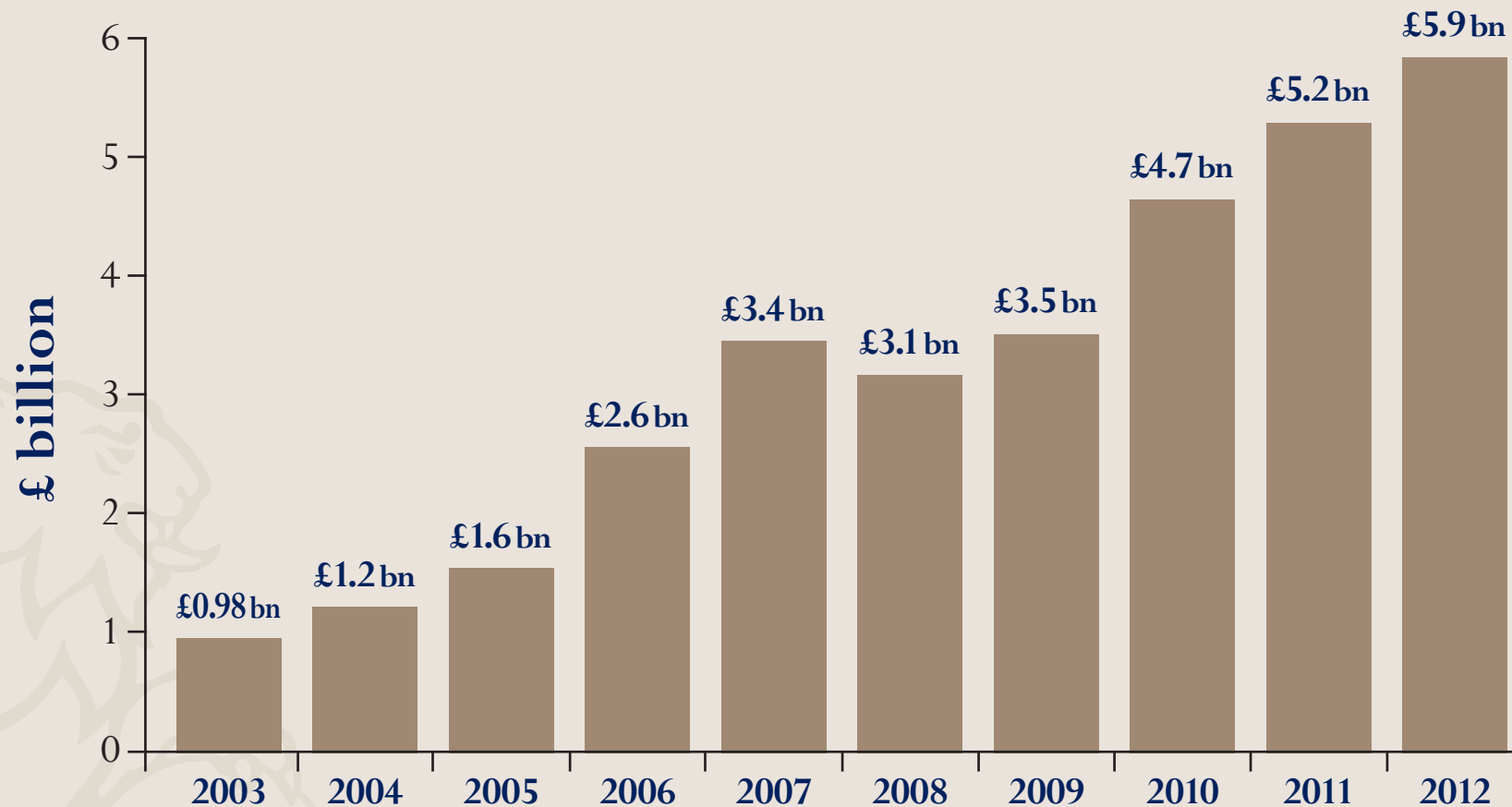


Productivity (single investment per Partner)





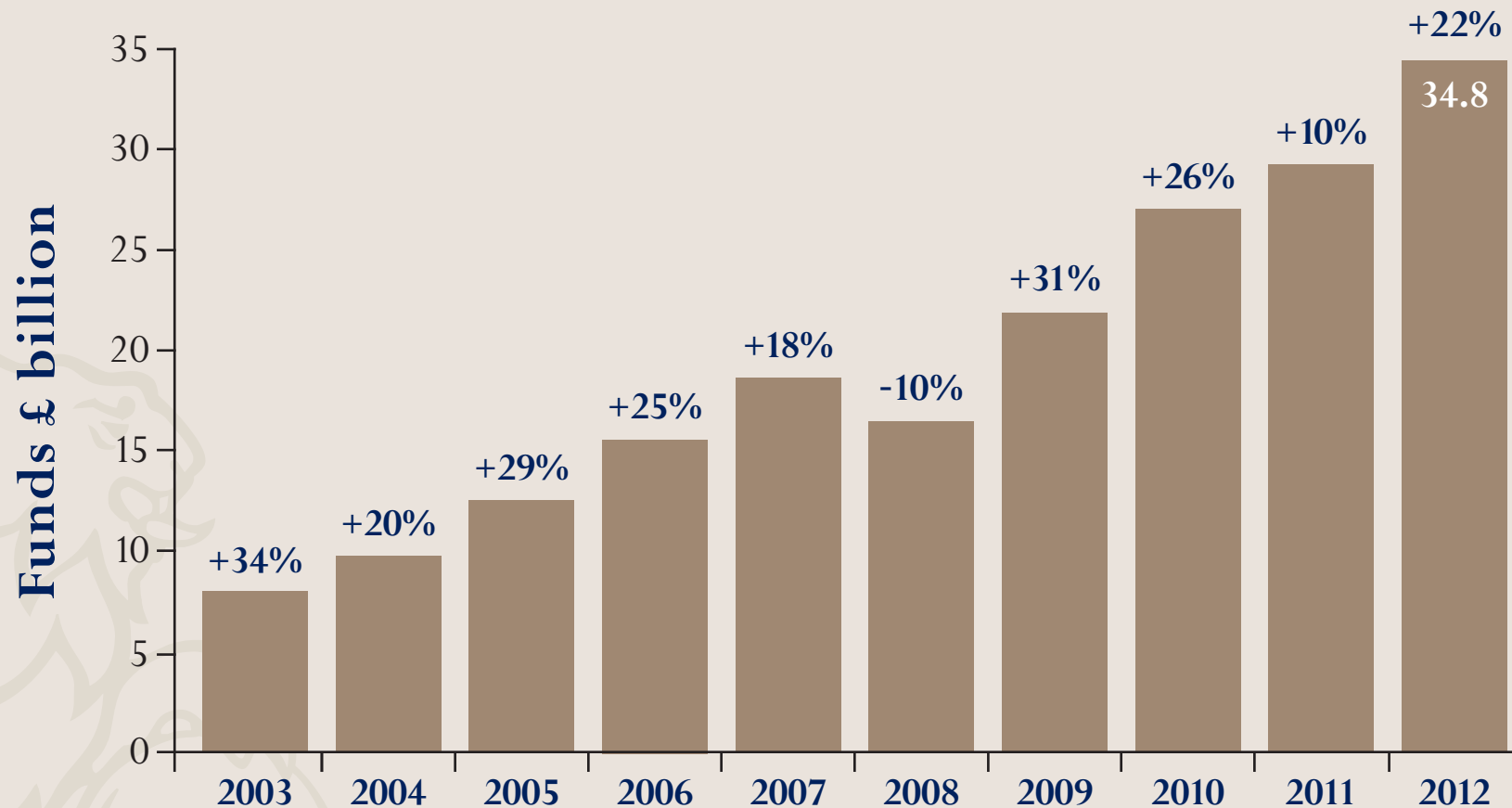
Single premium gross investments





Funds under management

19% p.a. compound growth over the last 10 years





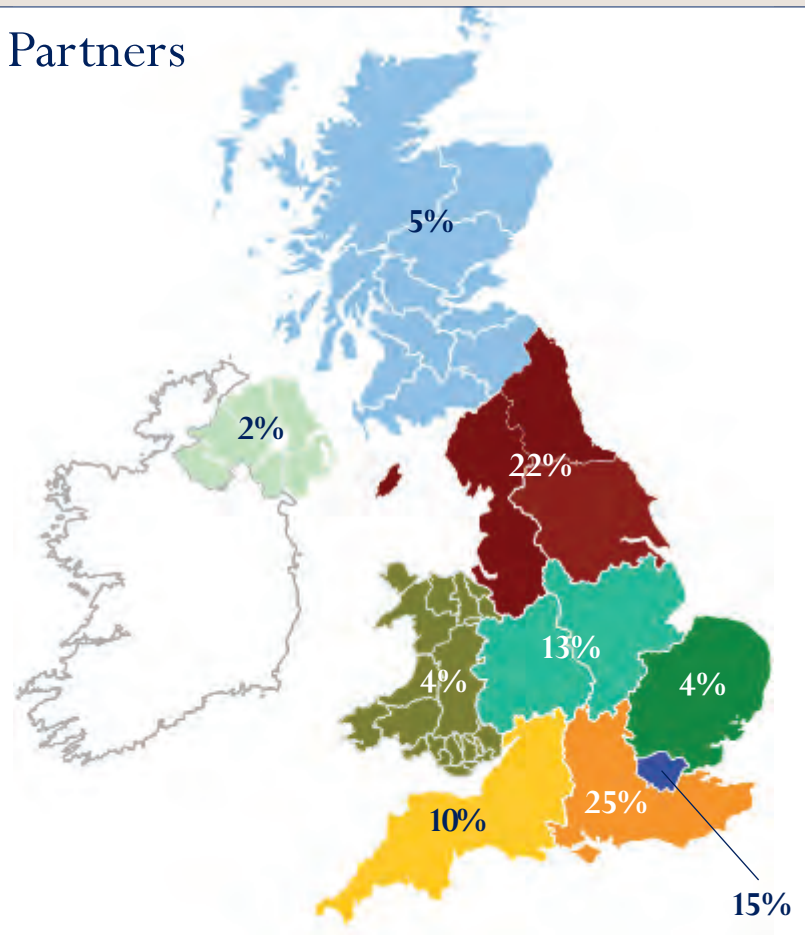
ST. JAMES'S PLACE
WEALTH MANAGEMENT



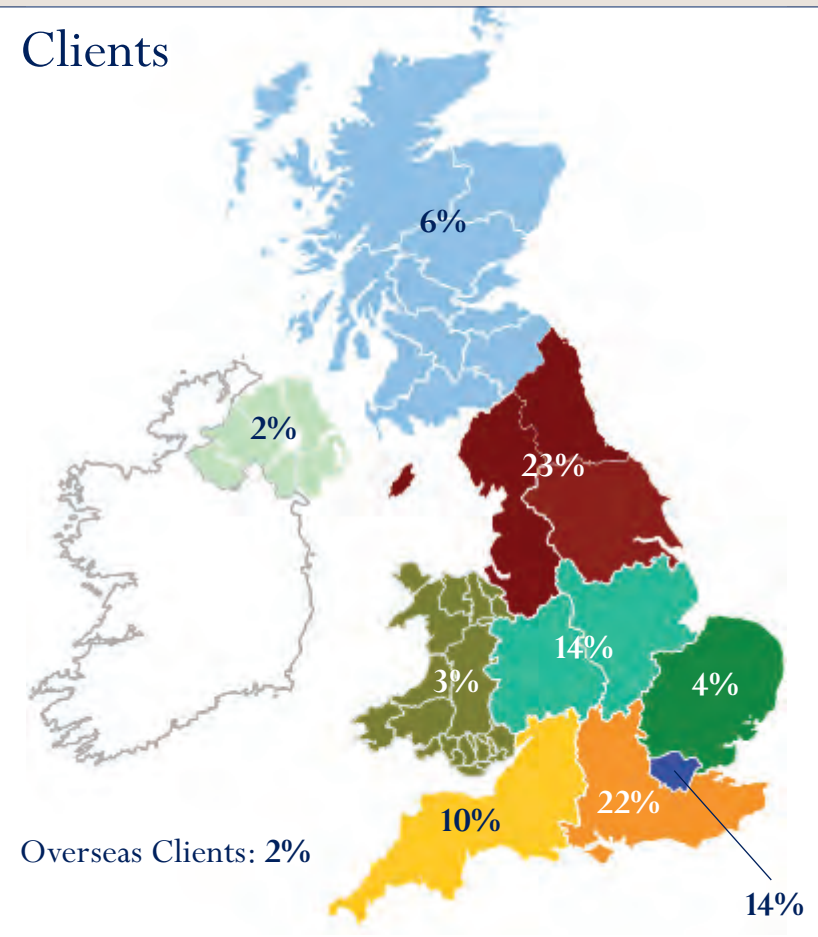
Geographic Distribution

31 December 2012

Partners



Clients



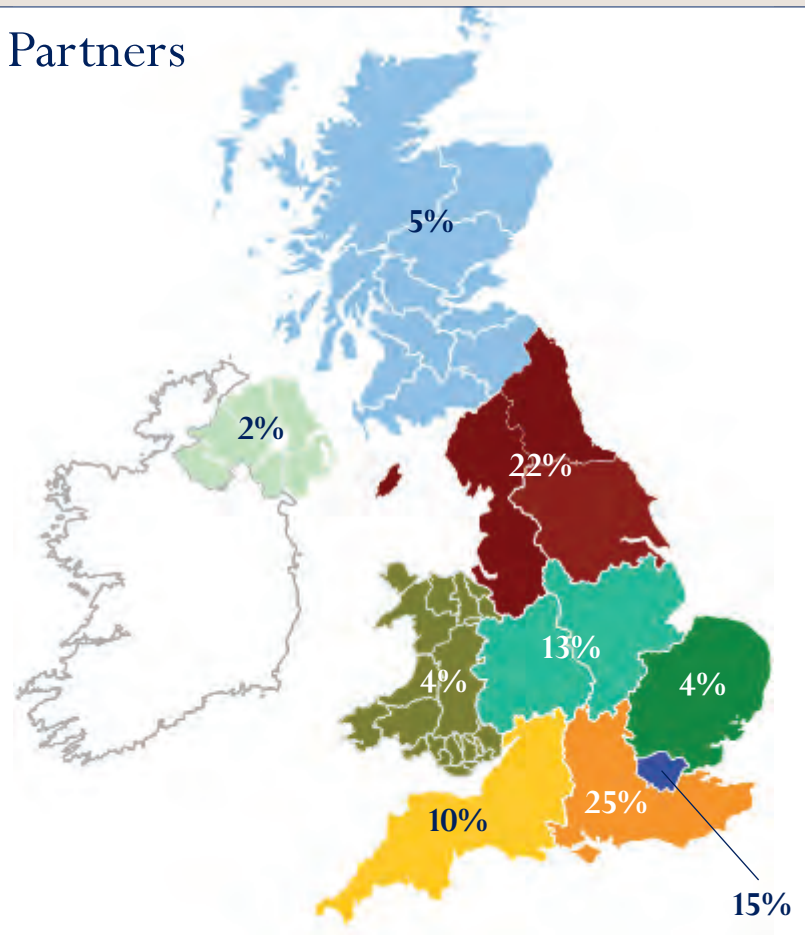
Overseas Clients: 2%



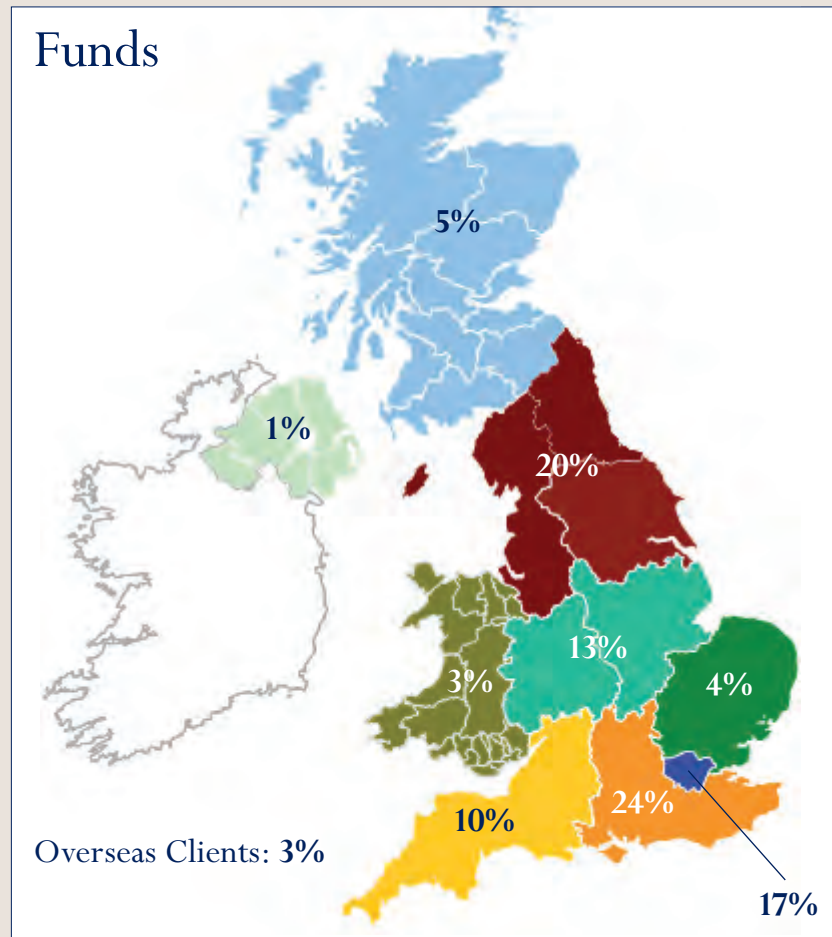
Geographic Distribution

31 December 2012

Partners



Funds



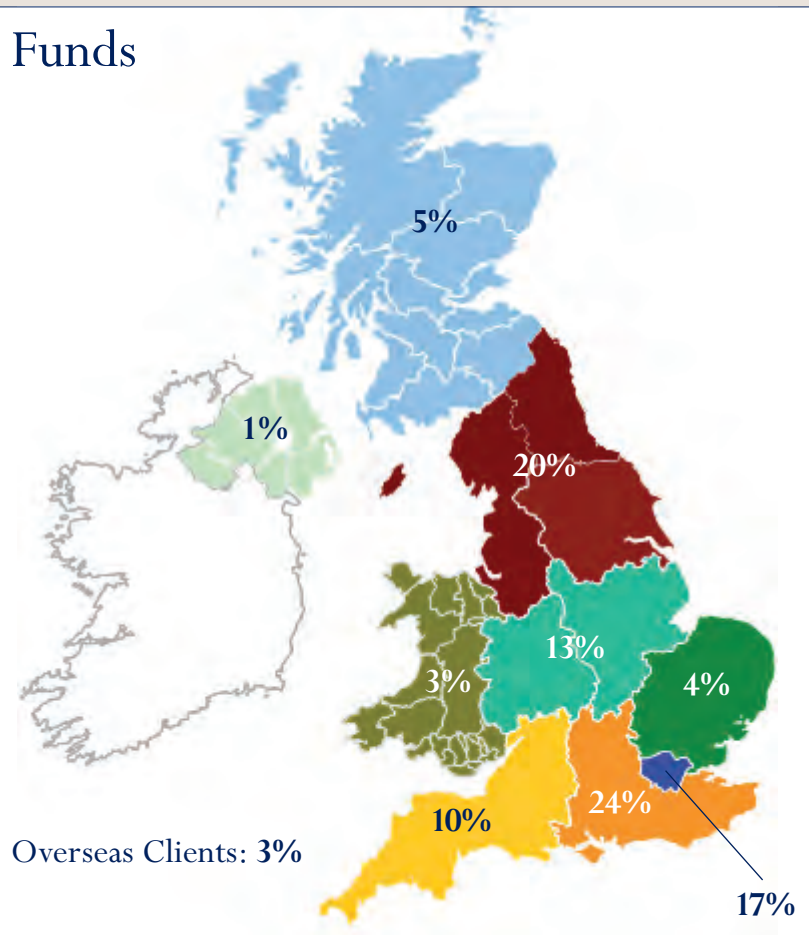
Overseas Clients: 3%



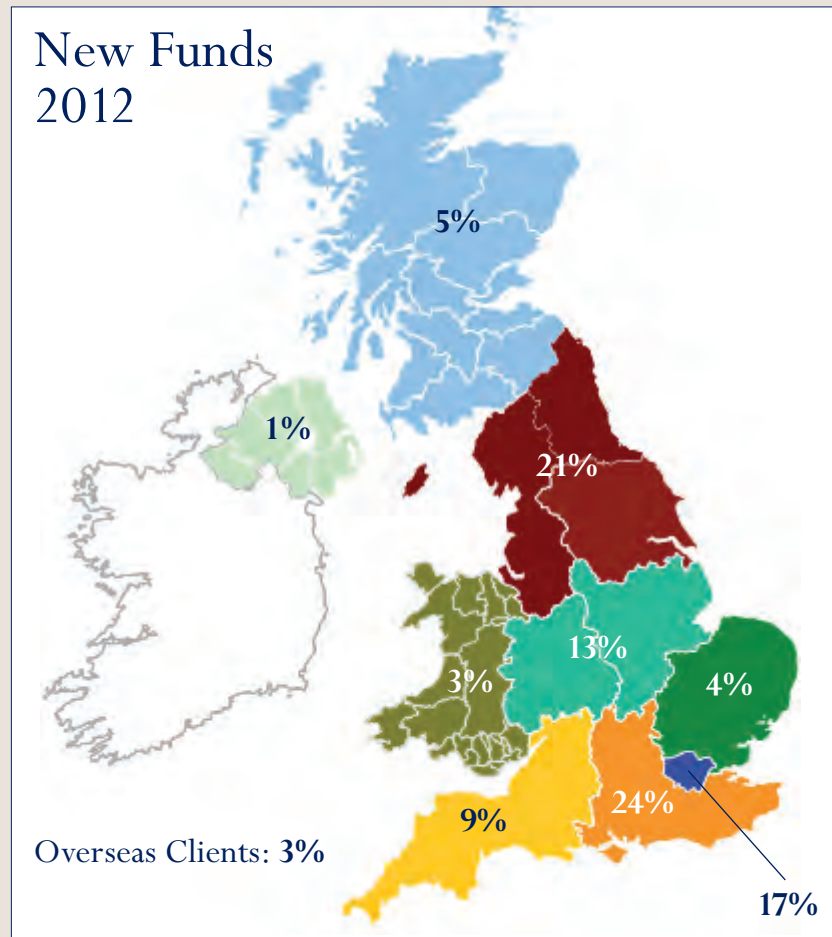
Geographic Distribution

31 December 2012

Funds



New Funds
2012

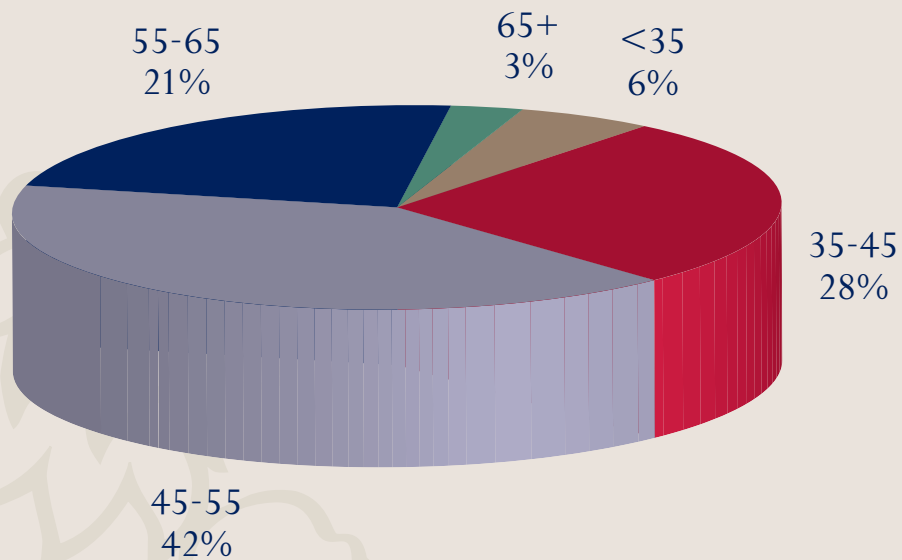




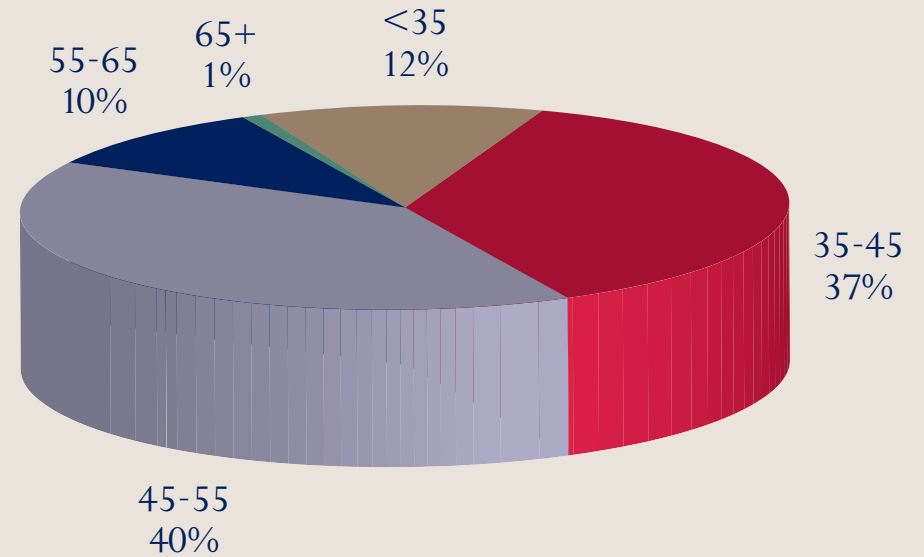
Partners by age band

31 December 2012

Existing Partners



New Partners





Benefits of our own distribution

- New business and expenses are more predictable
- Spread of production — no one adviser more than 1% of new business
- Less exposed to market pressures
- Greater control over quality of new business
- Low lapse rates
- Ability to build and maintain distribution led culture
- Planned adviser succession
- Better retention of funds under management
- Ability to build stronger client advocacy



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WEALTH MANAGEMENT



Investment Management



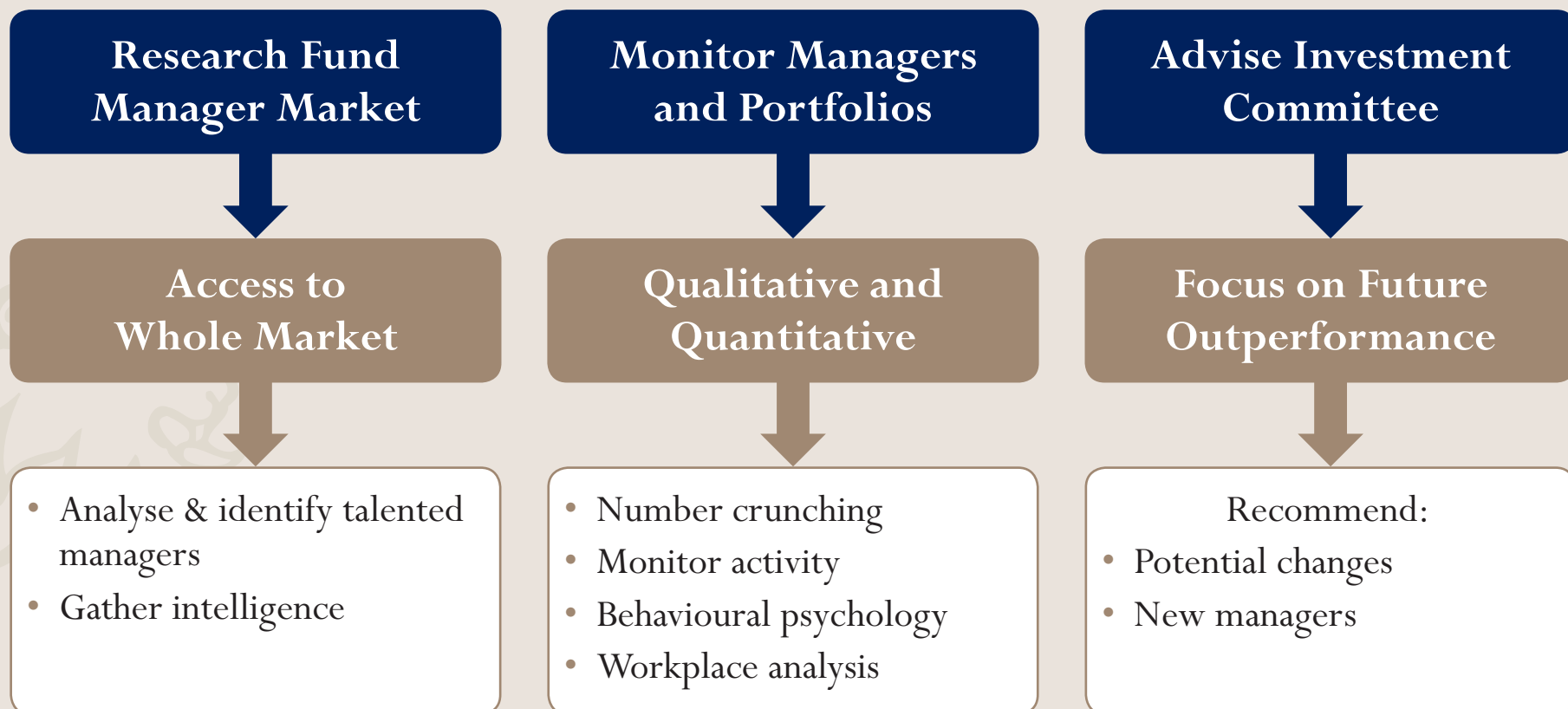


Our approach to investment management





Stamford Associates Independent Investment Consultancy





Independent guidance and expertise

Vivian Bazalgette,
Chairman



Vice Chairman of the Governors of Dulwich College, a member of the Advisory Board of Greenwich Hospital and advises the BAE Systems PLC Pension Fund and the Investment Committee of the Nuffield Foundation.

Sarah Bates



Chairman of Stena Line (UK) Pension Fund Trustees and of the Cancer Research UK Pension Fund Investment Committee. Formerly Chairman of the Association of Investment Companies.

Peter Dunscombe



Previously Chief Investment Officer of the BBC Pension Fund advising on investment strategies and portfolio development. Non-executive member of the investment committees of The Pensions Trust and Reed Elsevier Pension Fund.

Win Robbins



Trustee Director of Now Pensions Trust. Trustee for Landesbanken Baden-Wuerttemberg Pension Fund. Director of City Merchants High Yield Trust.



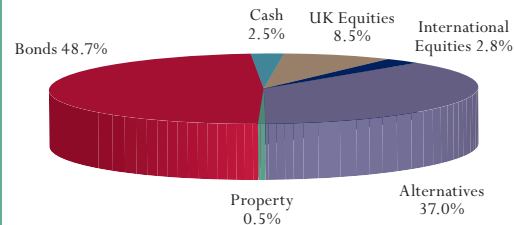
Growth Portfolios

DEFENSIVE PORTFOLIO

Low risk

- Aims to provide a positive return after charges over a rolling five-year period
- Invests primarily in bonds, equities and alternative assets
- Offers resilience to significant macroeconomic and market events

Portfolio asset mix:



Fund mix:

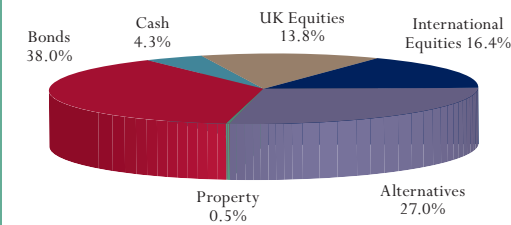
Index Linked Gilts	15%
Multi Asset	15%
UK Absolute Return	15%
Alternative Assets	10%
Gilts	10%
International Corporate Bond	10%
Investment Grade Corporate Bond	10%
Global Managed (Global)	5%
UK & International Income	5%
UK Equity (UK High Income)	5%

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 equities

Portfolio asset mix:



Fund mix:

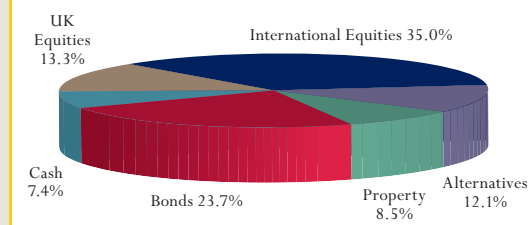
Global Equity	15%
Multi Asset	15%
UK & General Progressive	15%
Alternative Assets	10%
Index Linked Gilts	10%
International Corporate Bond	10%
Investment Grade Corporate Bond	10%
UK Absolute Return	10%
Corporate Bond	5%

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%
Global Equity	10%	11%
Global Managed (Global)	10%	11%
International Corporate Bond	10%	11%
Investment Grade Corporate Bond	10%	11%
Multi Asset	10%	11%
Property	10%	0%
UK & General Progressive	10%	11%
Worldwide Managed (Worldwide Opportunities)	10%	11%
Far East	5%	6%
Global Emerging Markets	5%	6%



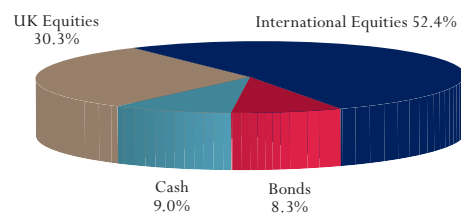
Growth Portfolios (cont.)

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:

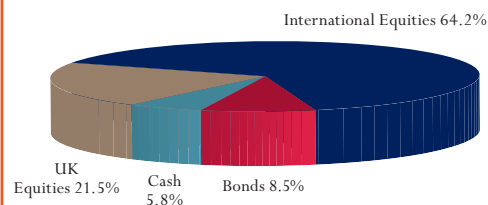
Invesco Perpetual Managed (Strategic Managed)	15%
Schroder Managed (Managed Growth)	15%
AXA Framlington Managed (Balanced Managed)	14%
International Equity	14%
Global Managed (Global)	14%
Global Equity	14%
Worldwide Managed (Worldwide Opportunities)	14%

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%



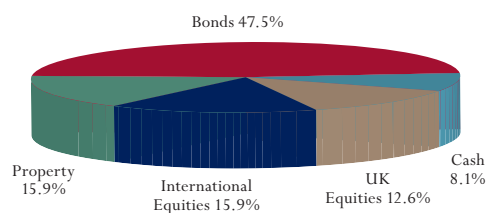
Income Portfolios

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:

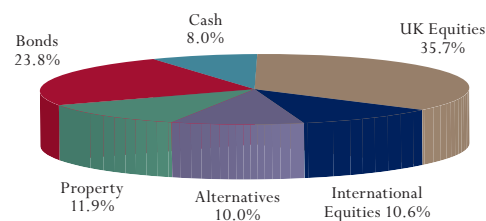
	Onshore	Offshore
Property	20%	0%
Global Equity Income	15%	15%
UK & International Income	15%	15%
Corporate Bond	10%	10%
Gilts	10%	10%
Index Linked Gilts	10%	10%
International Corporate Bond	10%	10%
Investment Grade Corporate Bond	10%	10%
Equity Income	0%	10%
UK Growth	0%	10%

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:

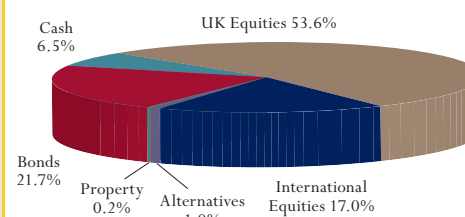
	Onshore	Offshore
Property	15%	0%
Diversified Income (Allshare Income)	10%	12%
Equity Income	10%	12%
International Corporate Bond	10%	12%
Investment Grade Corporate Bond	10%	12%
Global Equity Income	10%	12%
UK & International Income	10%	12%
UK Equity (Income Distribution/UK High Income)	10%	12%
Multi Asset	10%	10%
Corporate Bond	5%	6%

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:

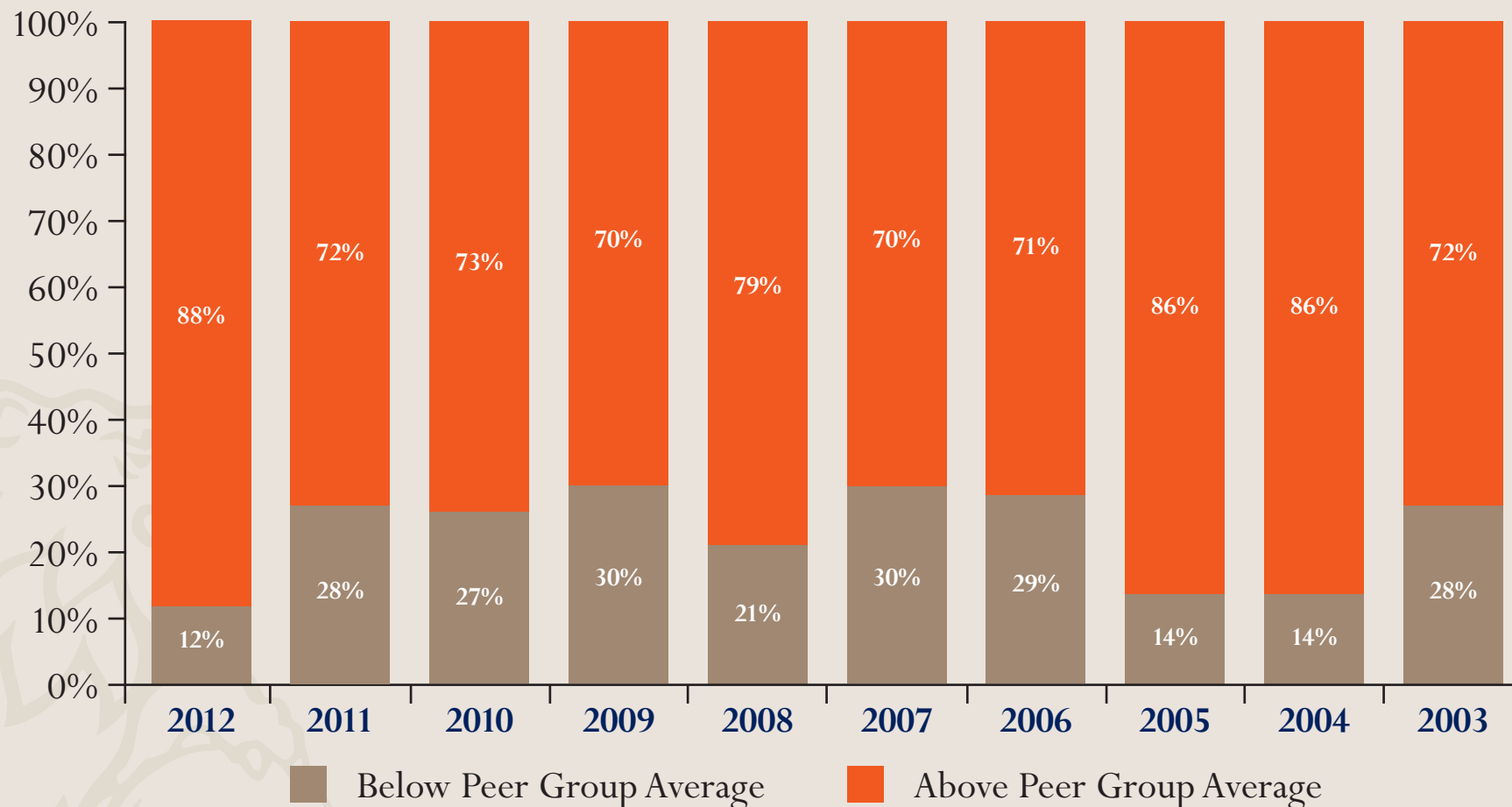


Fund mix:

Diversified Income (Allshare Income)	15%
Equity Income	15%
Global Equity Income	15%
UK & International Income	15%
UK Equity (Income Distribution/UK High Income)	15%
Corporate Bond	10%
International Corporate Bond	10%
Alternative Assets	5%



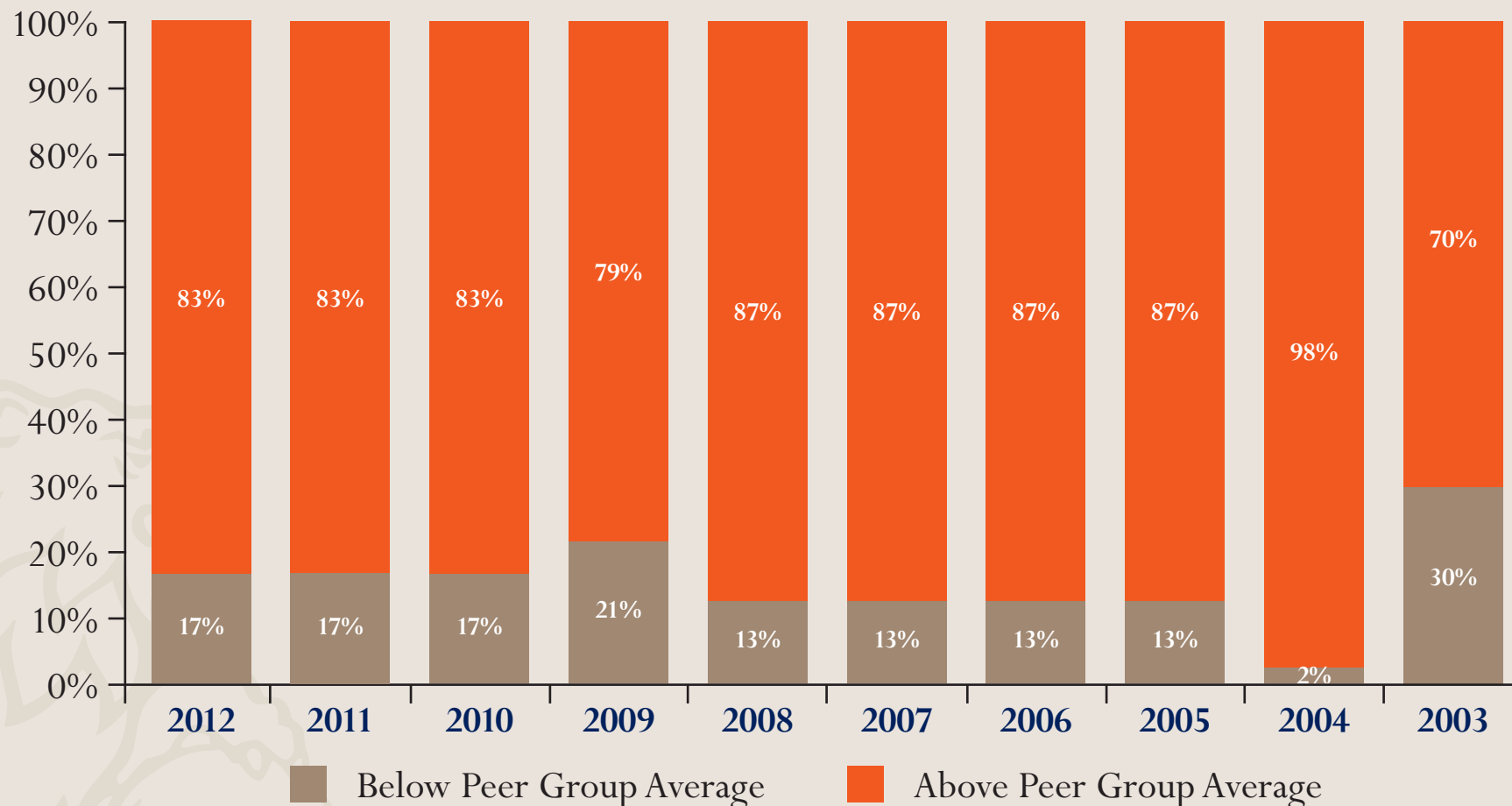
Weighted 5-year Rolling Performance To 31 December 2012 (excluding Money Market & Alternative Assets)



Past performance is not indicative of future performance. The value of an investment with St. James's Place can fall as well as rise. You may get back less than the amount invested.



Weighted 10-year Rolling Performance To 31 December 2012 (excluding Money Market & Alternative Assets)



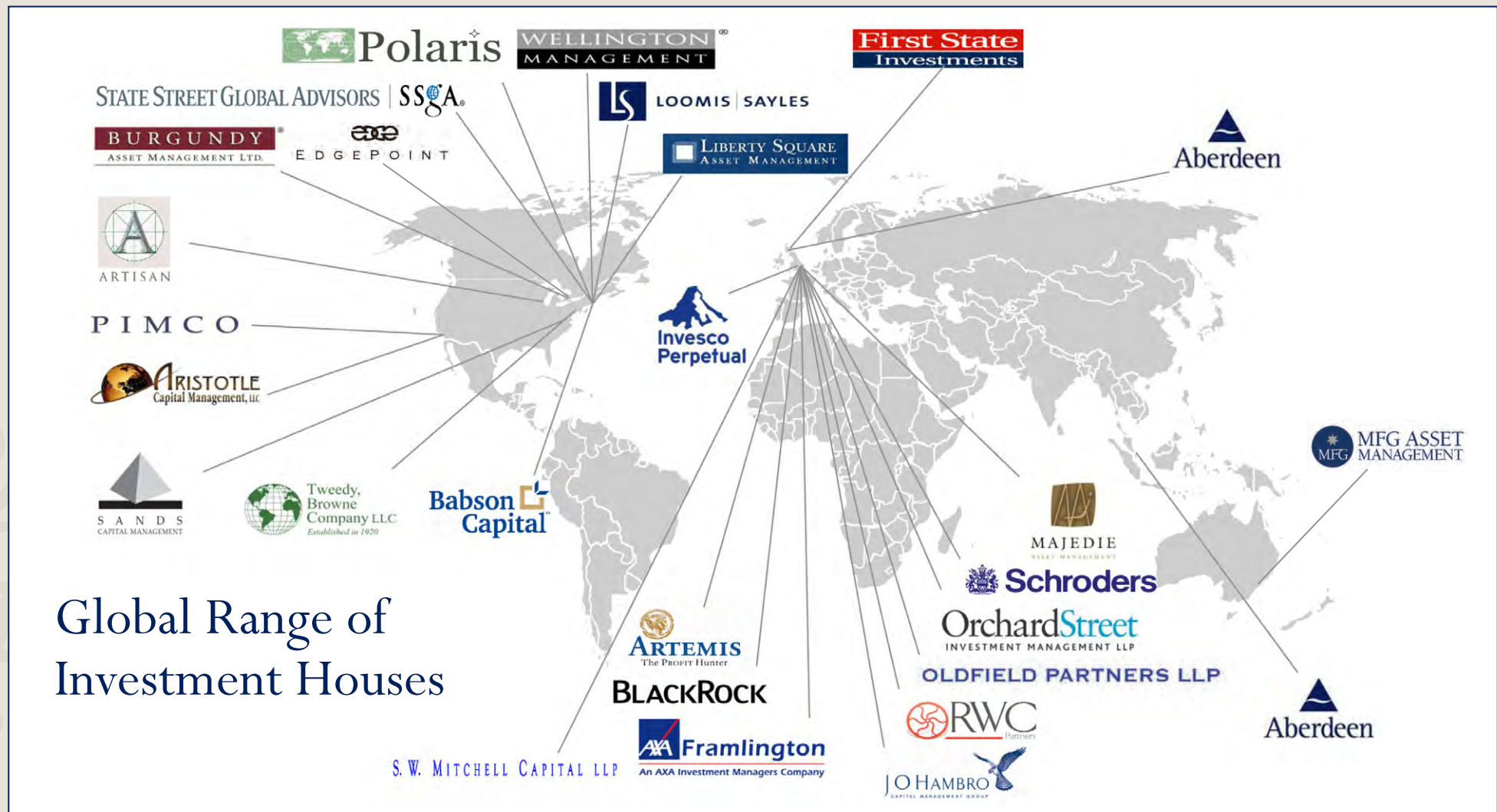
Past performance is not indicative of future performance. The value of an investment with St. James's Place can fall as well as rise. You may get back less than the amount invested.



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WEALTH MANAGEMENT



Global Investment Management Expertise





Benefits of investment management approach

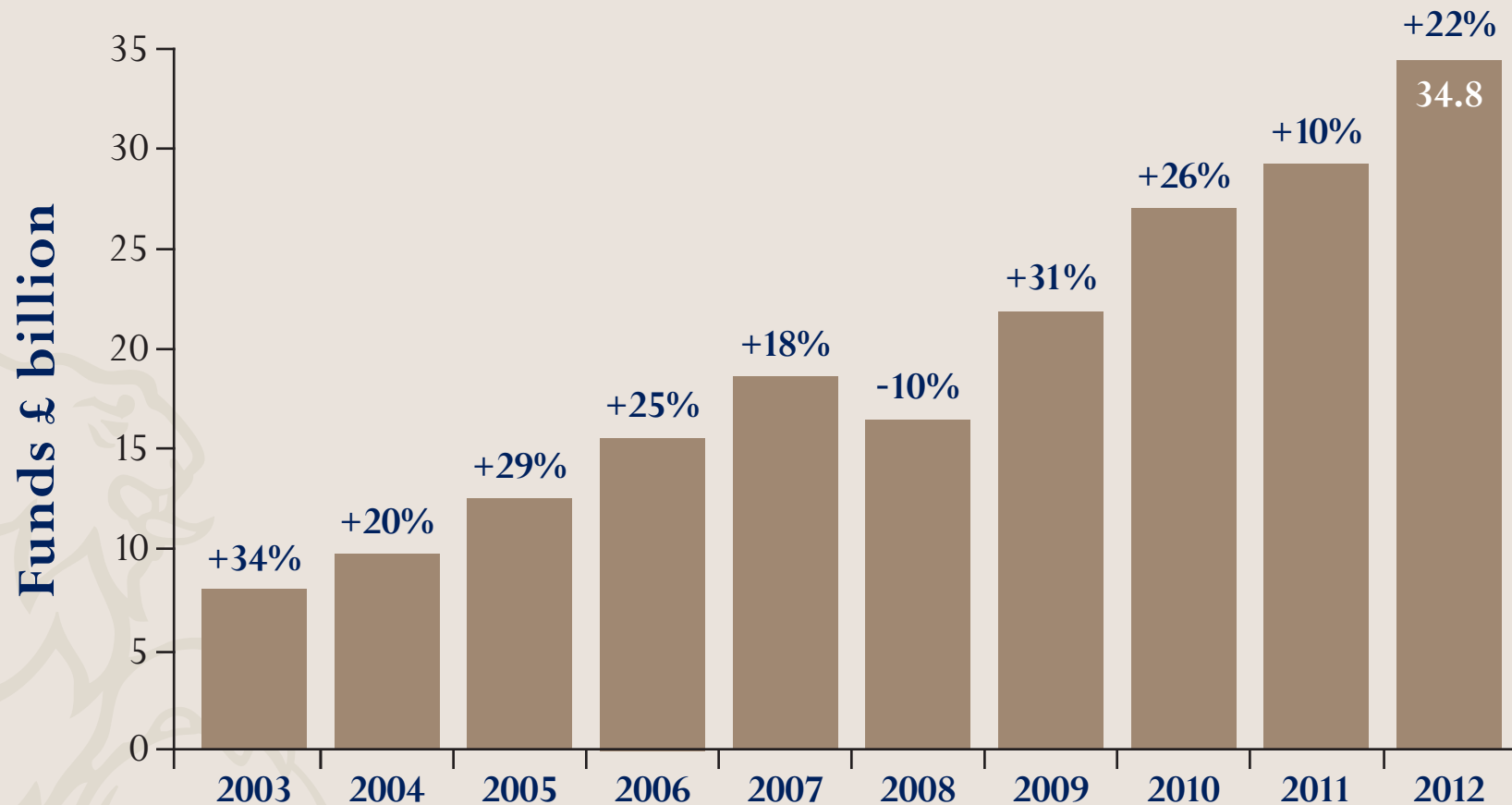
- No in-house managers, so no conflict of interest
- Benefit from Investment Committee experience & expertise
- Ability to appoint the best fund managers with wholesale purchasing power
- Continuous monitoring plus quarterly reviews
- Easy to change manager – reduced churn
- Any manager change is implemented for all clients
- Free switching for clients
- Significantly improved retention of funds





Funds under management

19% p.a. compound growth over the last 10 years



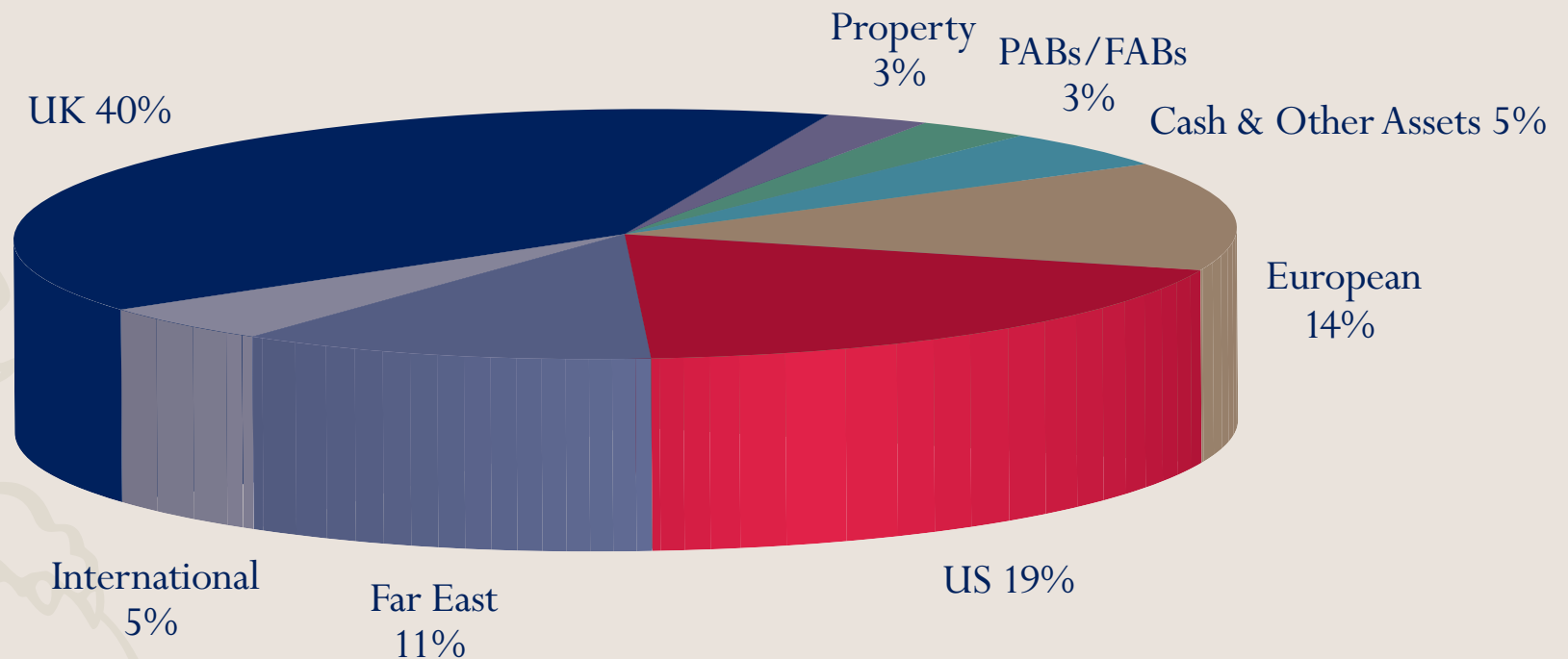


ST. JAMES'S PLACE
WEALTH MANAGEMENT



Funds Under Management: shown by Asset Class and Region

31 December 2012





Summary

- Established and respected business
- Experienced and stable management team
- Experienced and stable advisory team –
‘The Partnership’
- Proven track record of growth
- Resilient in tough markets
- Favourable demographics





ST. JAMES'S PLACE
WEALTH MANAGEMENT



Our Clients





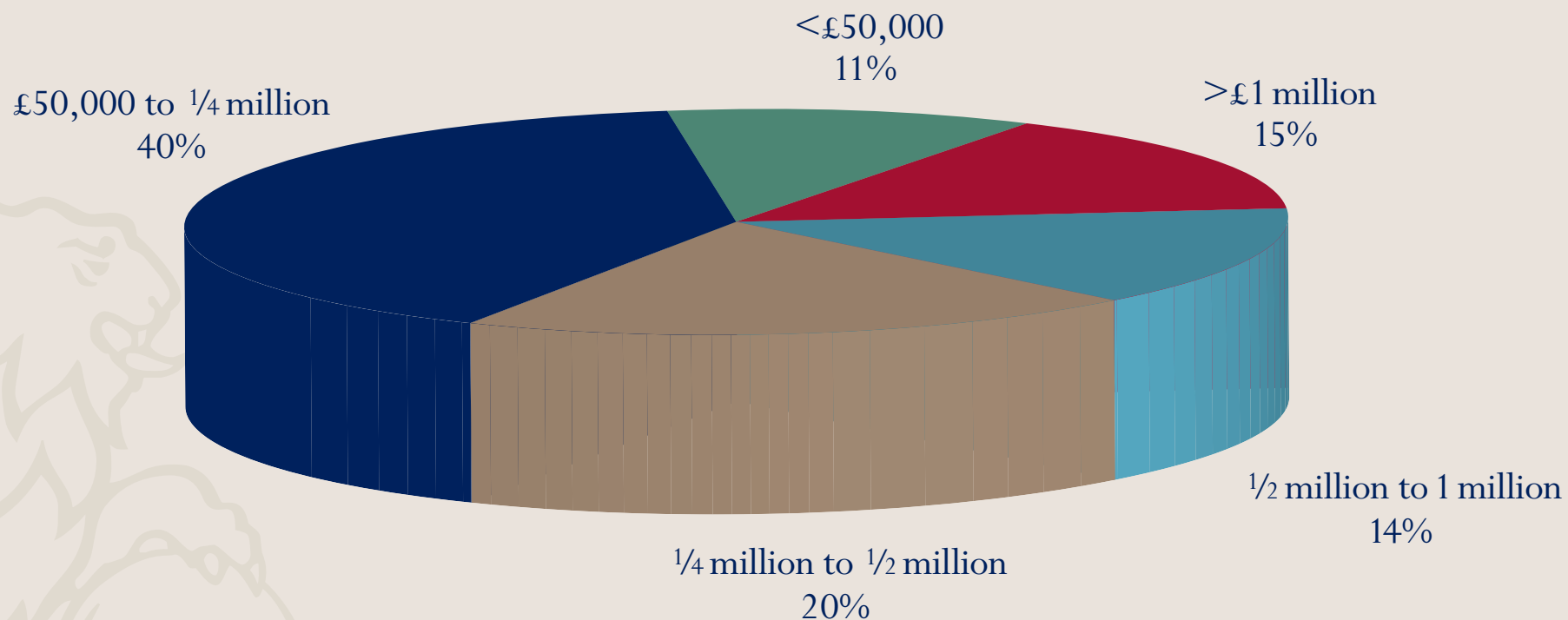
ST. JAMES'S PLACE
WEALTH MANAGEMENT



FUM by Value of Clients

31 December 2012

FUM by Client Band

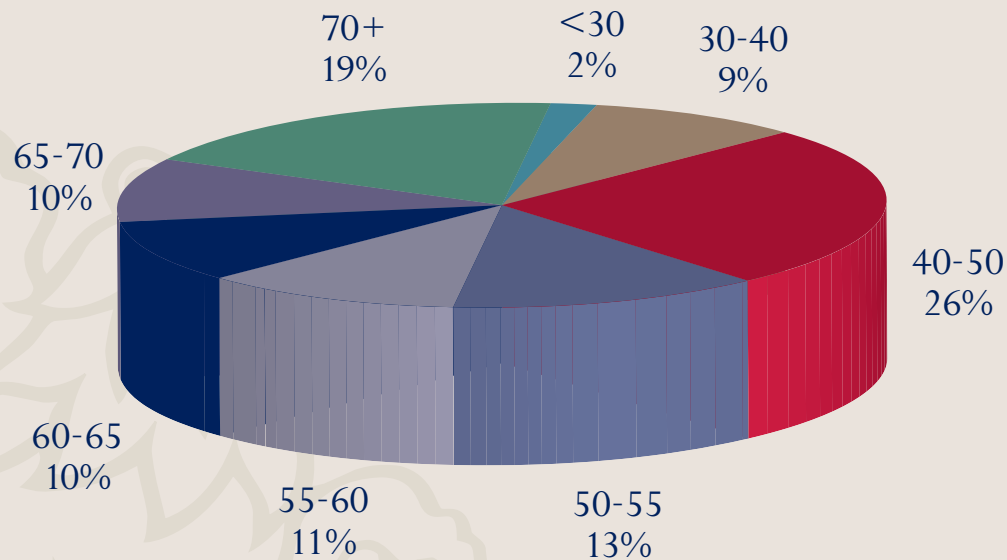




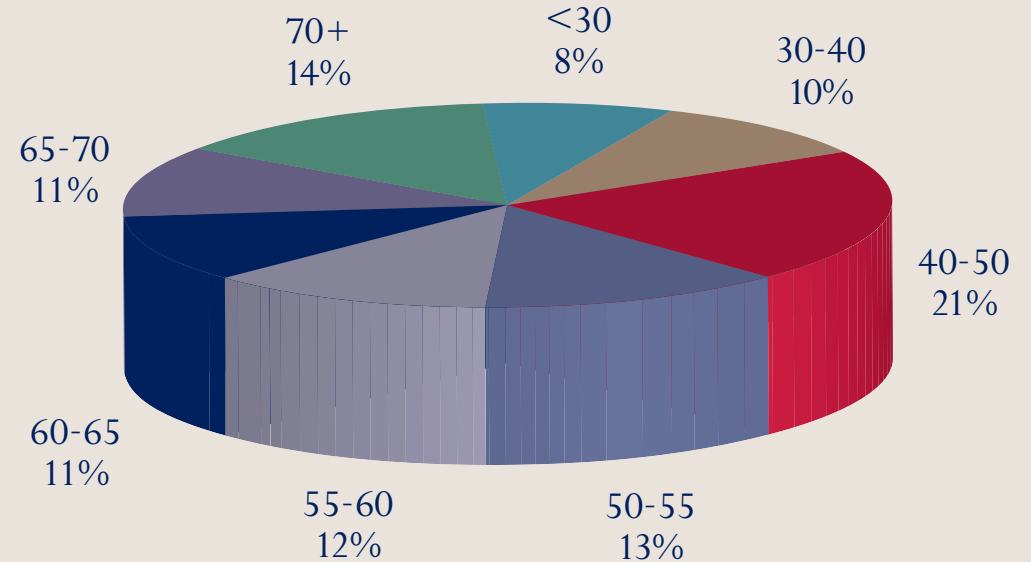
New and Retained Clients by Age Band

31 December 2012

Existing Clients by Age Band



New Clients by Age Band





What our clients think*

- 73% of clients scored their overall satisfaction with St. James's Place as 8 or more out of 10
- 25% of clients scored us 10 out of 10
- 76% of clients agree that we provide excellent service
- 67% of clients rated 8 or more out of 10 for the way in which we communicate with them
- 68% of clients likely to recommend St. James's Place to others
- 75% of clients would invest with St. James's Place again if making that decision today (scoring 8 or more out of 10)

**Client survey carried out by Ledbury Research – October 2012.*



ST. JAMES'S PLACE
WEALTH MANAGEMENT



Clients vote us Wealth Manager of the Year for the third time





Clients Service Standards Charter

We will:

- Fully understand our clients' financial circumstances
- Identify our clients' goals and objectives
- Liaise with other professionals and experts as needed
- Formulate advice and make recommendations
- Provide a full explanation of all our costs, charges and advice fees
- Provide advice backed by the St. James's Place Advice Guarantee
- Communicate with our clients and provide an ongoing service as agreed by them



Our market

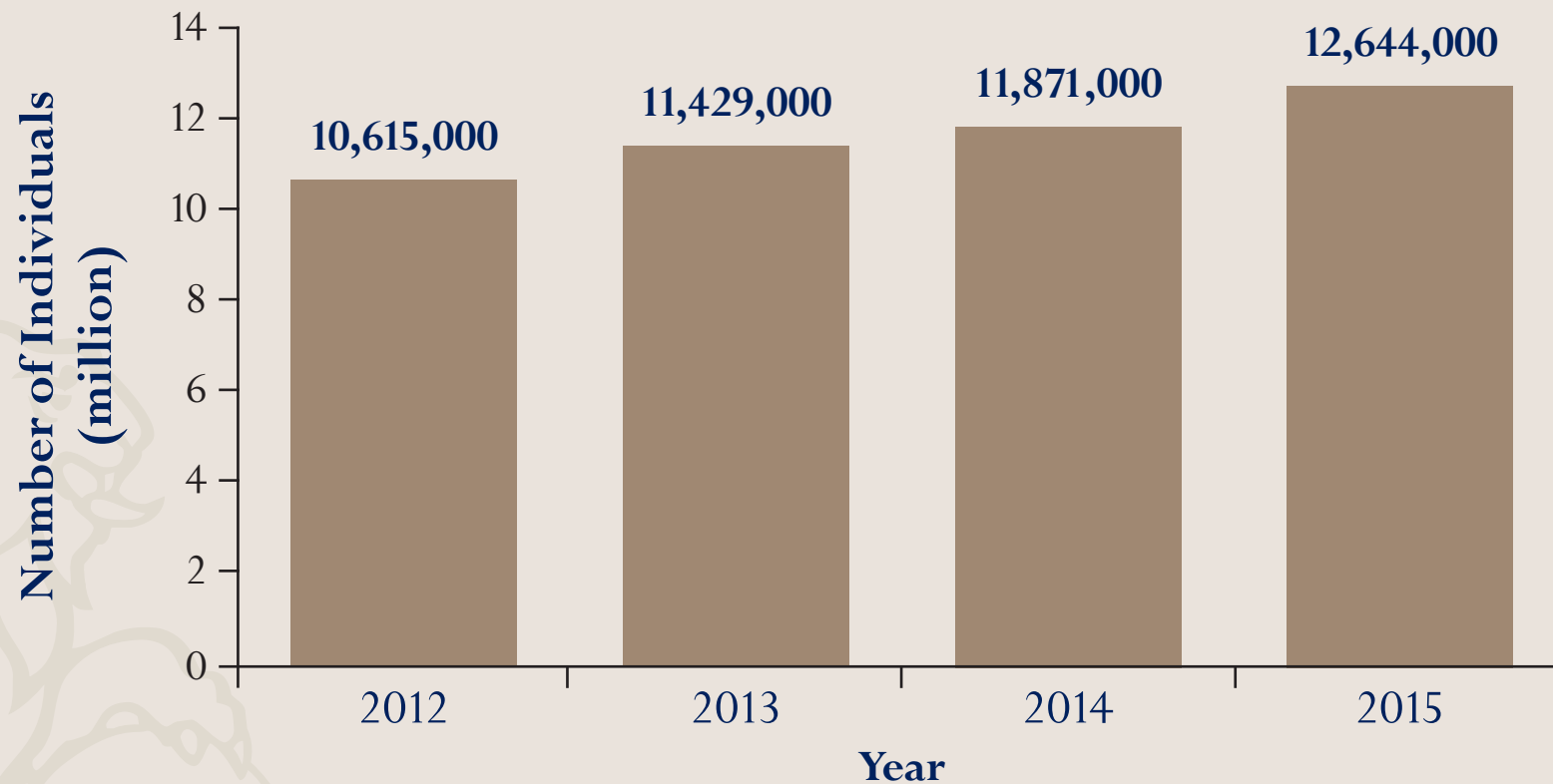
- The market is big
- Favourable demographics
- The tax burden is increasing
- UK high net worth individuals want face-to-face advice





The SJP Market Place

UK individuals with between £100k and £5m of net worth held

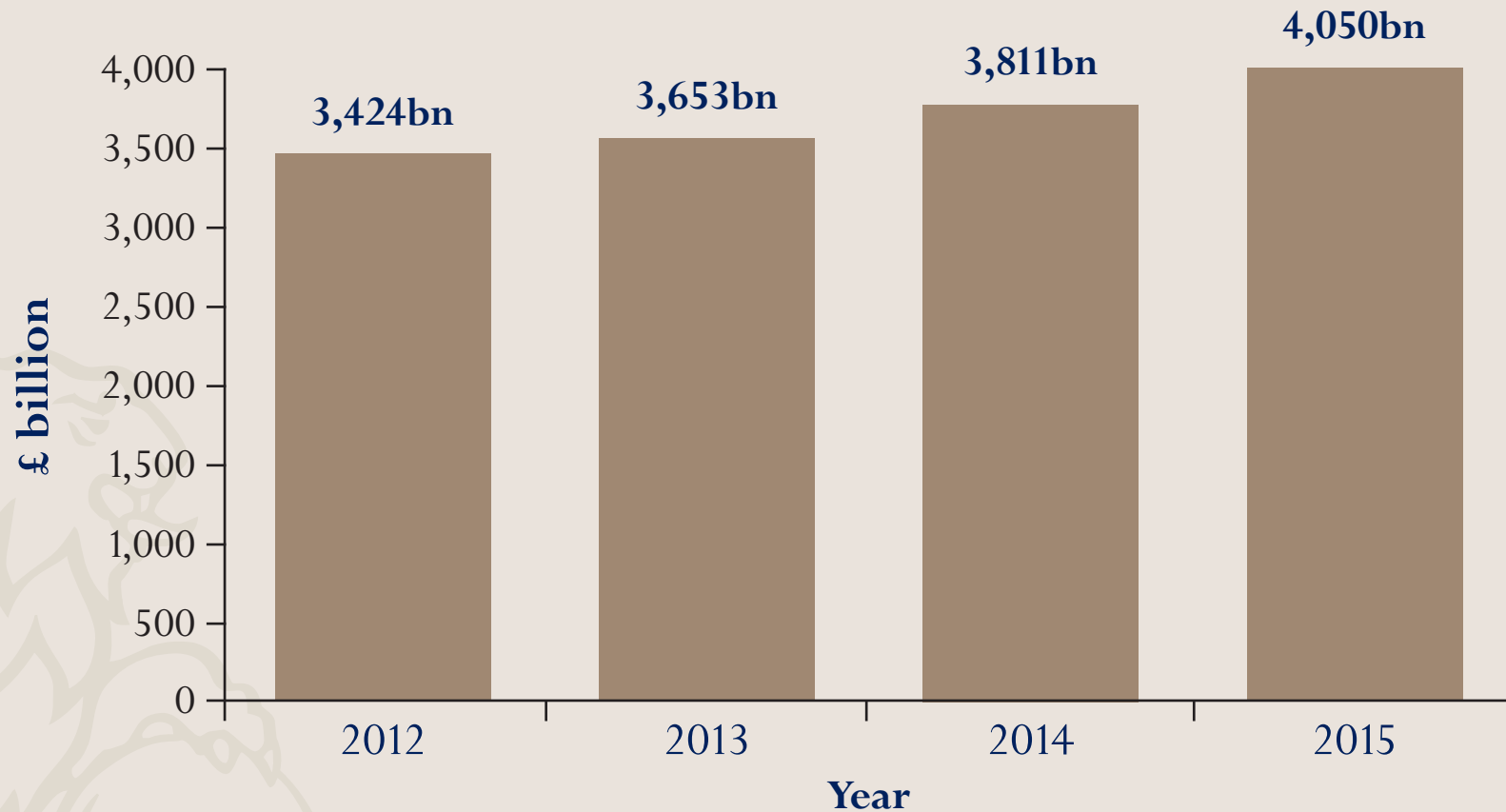


Source: Ledbury Research



The SJP Market Place

Amount of net worth held by UK individuals with between £100k and £5m



Source: Ledbury Research



The SJP Opportunity

- ISAs
 - Cash £200 bn (Sept 2012 - HMRC)
 - Stocks & shares £190 bn (Sept 2012 - HMRC)
- Building Society deposits £215 bn (30/06/12 - Building Societies Association)
- Mutual lenders and deposit takers £250 bn (30/06/12 - Building Societies Association)
- Bank deposits £696 bn (Nov 2012 - British Banking Association)
- Mutual funds £632 bn (Oct 2012 - IMA)



The SJP Opportunity

- Pensions
 - 52% of open defined benefit schemes expect to close to new members within 5 years. (*National Association of Pension Funds, 23 January 2009*)
 - More than 59% of UK workers are not confident that they will have enough money during retirement. (*Club VITA survey*)
 - Almost 1.7 million are relying on property to fund their retirement. (*USwitch*)



The SJP Opportunity

- More than 10 million people in the UK today can expect to live to see their 100th birthday. *(DWP December 2010)*
- Nearly a fifth of people alive now in the UK will survive until they are at least 100. *(DWP December 2010)*
- There isn't going to be enough money for all these idle people, we're constantly told; pensions are inadequate and our social care needs will ruin us. *(Daily Telegraph, 30 December 2011)*



ST. JAMES'S PLACE
WEALTH MANAGEMENT

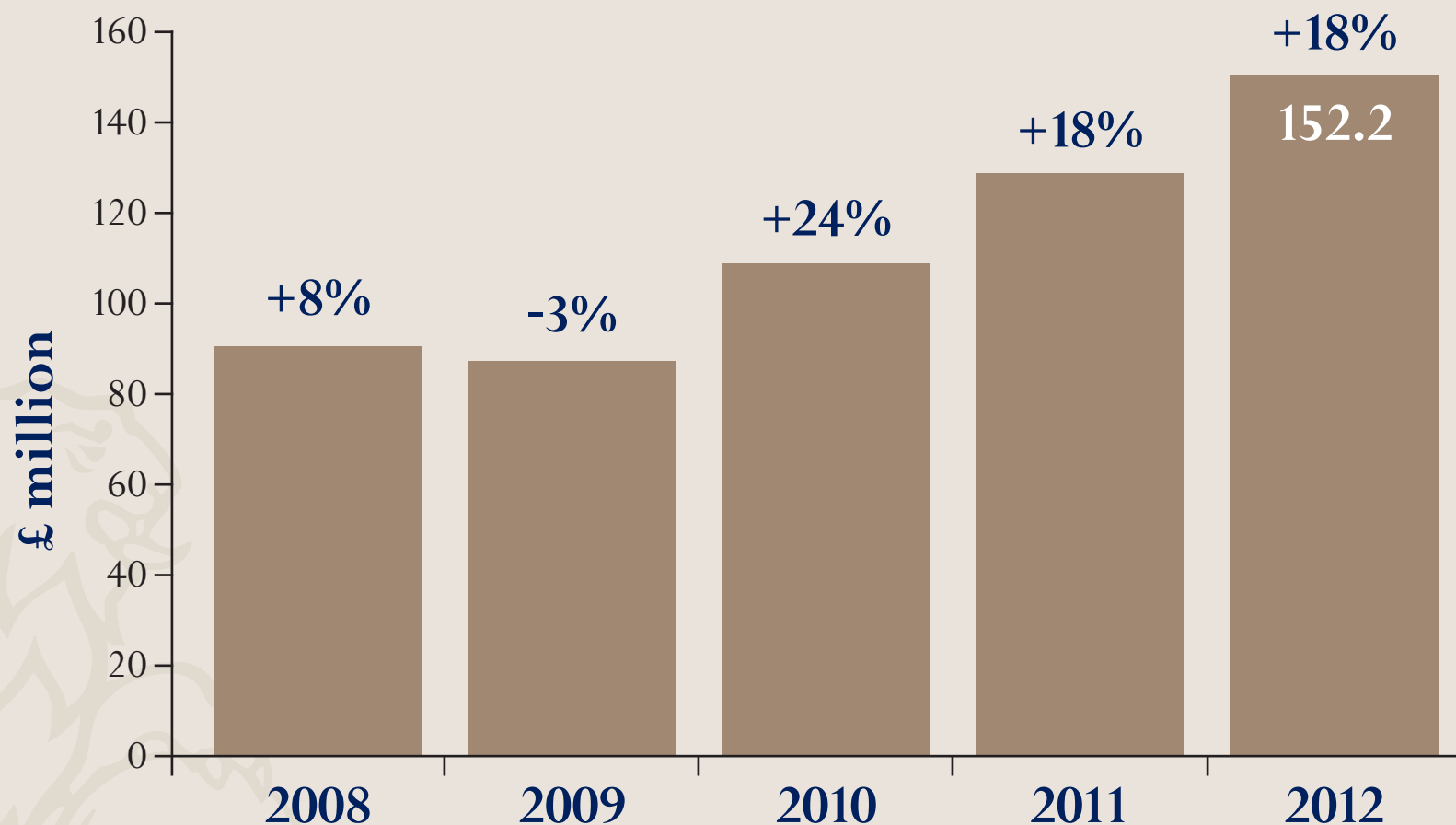


Cash & Dividends Profile





Underlying post-tax cash arising from inforce business





Return on inforce

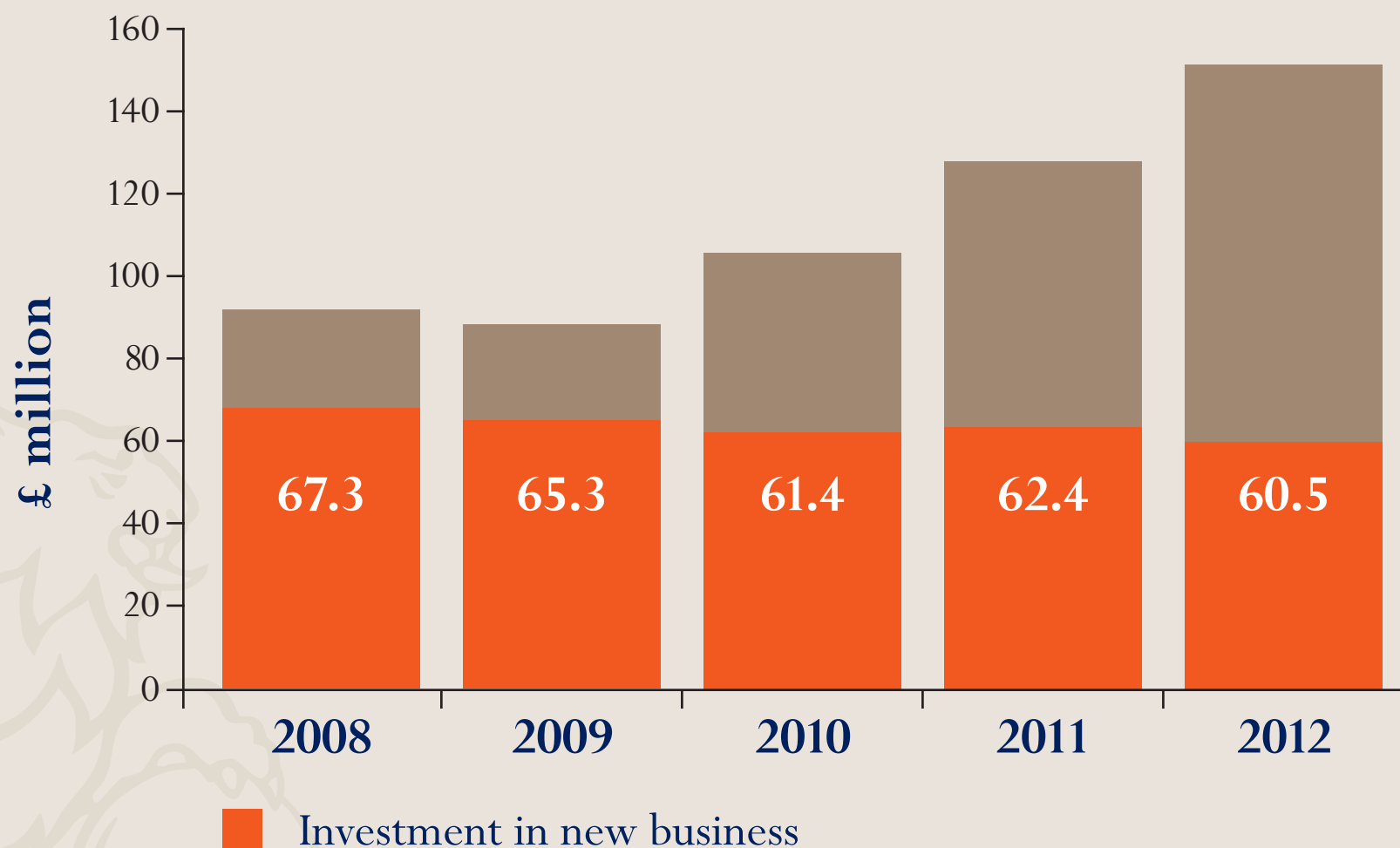
- Where product structure uses penalties the business is cash neutral in first six years
- This relates to £11.3 billion of new business added in last six years which is not yet generating positive cash earnings*
- This amounts to £85 million of post-tax cash earnings per annum in future*

Year	£ Billion
2007	1.6
2008	1.4
2009	1.6
2010	2.1
2011	2.2
2012	2.4
Total	11.3*

**Ignores stock net movements and outflows*



Underlying post-tax cash result



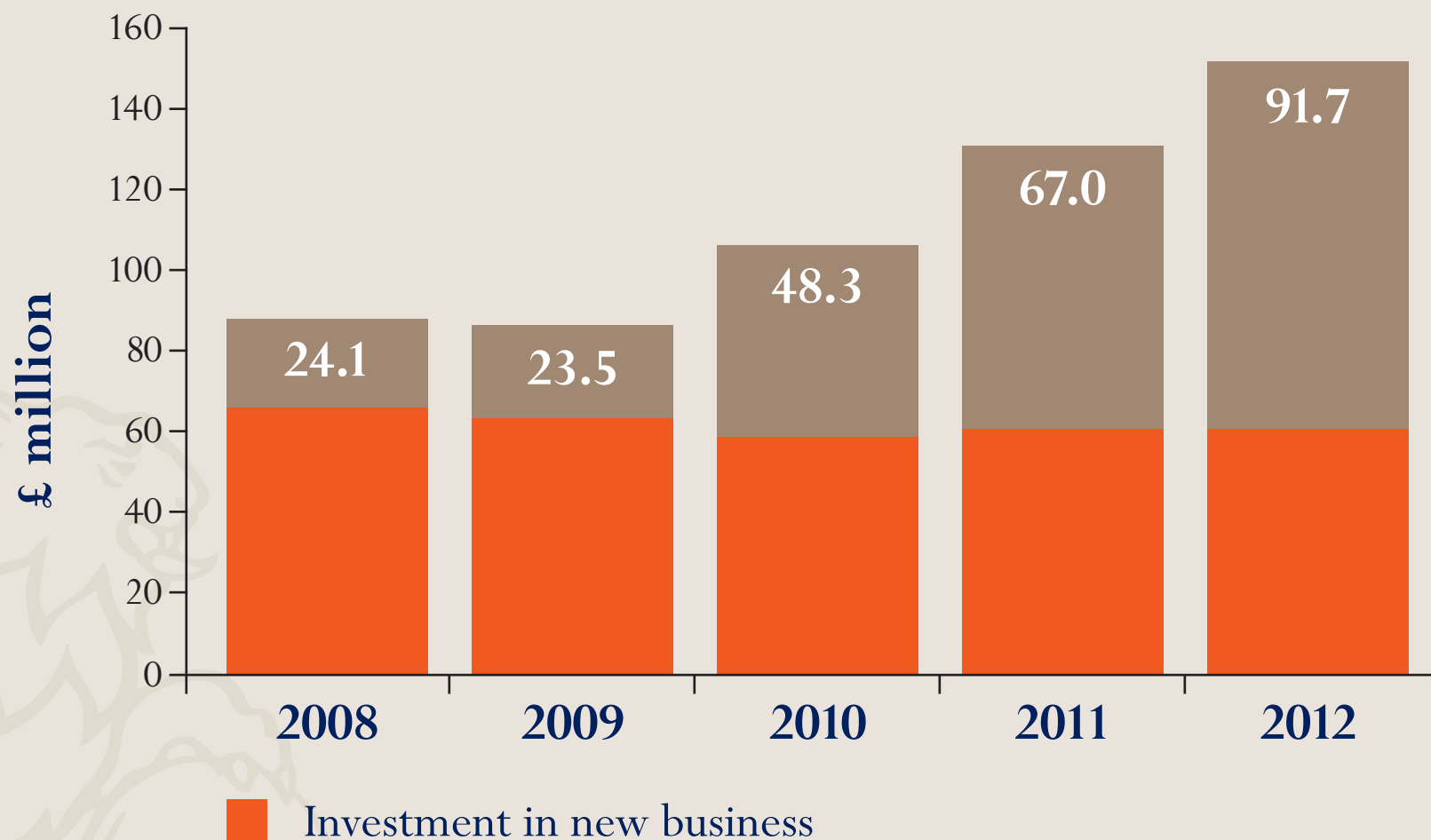


Investment in new business

	2012	2011
Post-tax new business cost (£m)	(60.5)	(62.4)
Post-tax EEV new business profit (£m)	218.3	191.1
Margin (% of APE)	37.2%	38.3%
IRR (net of tax)	22.5%	20.6%
Cash payback period	4 Years	5 Years
As % of gross inflows of FUM	1.1%	1.2%



Underlying net post-tax cash result





Continual dividend growth



*Plus special dividend of 6.35 pence



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Post RDR





The advice market – transparent... but not simple

The table illustrates the fees a client may have to consider when trying to compare advice and products based on publicly available information for a variety of firms and providers.

Advice	Initial advice fee	% of initial investment OR Hourly rate (£)	Tiered fee based on amount invested + VAT
			Rate may depend on seniority of adviser
	Ongoing advice fee	% of Funds Under Management OR Hourly rate (£)	Tiered fee based on fund value
			Rate may depend on seniority of adviser
	Administration fee	% of Funds Under Management OR Prescribed fees (£)	Amount based on fund value
			Amount may depend on activity
Platform/Admin	Annual charge (%)	Tiered fee based on fund value	
	Account fee (£)	Amount will depend on platform provider	
	Transaction charges	% of Funds Under Management OR Prescribed fees (£)	Amount per transaction
			Tiered fee based on transaction size
Insurance Company	Wrapper charges	Amount based on fund value	
	Administration fee	Amount will depend on insurance company	
Fund Management	Annual management charges (£)	Amount based on value of funds under management	
	Additional miscellaneous costs	Amount based on value of funds under management	



Basic comparison with other options

	Advice	Platform	Asset management	Total Bps
Direct to customer platform	0	50-75	75	125-150
'Traditional' IFA/platform combination	60-80	25-50	75	160-205
St. James's Place		Bundled		160-190

Source: Barclays research, company data



ST. JAMES'S PLACE
WEALTH MANAGEMENT



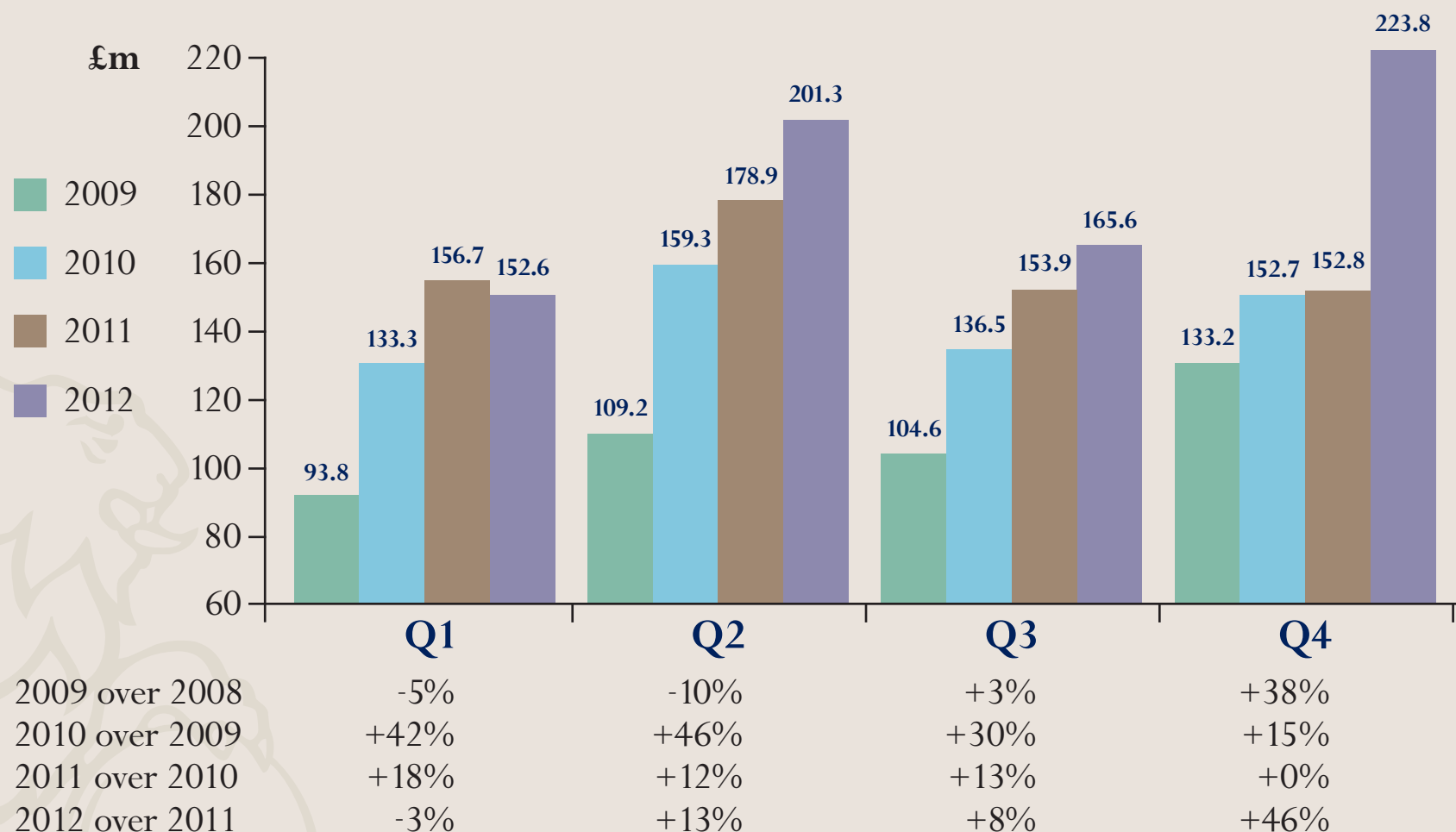
Appendices





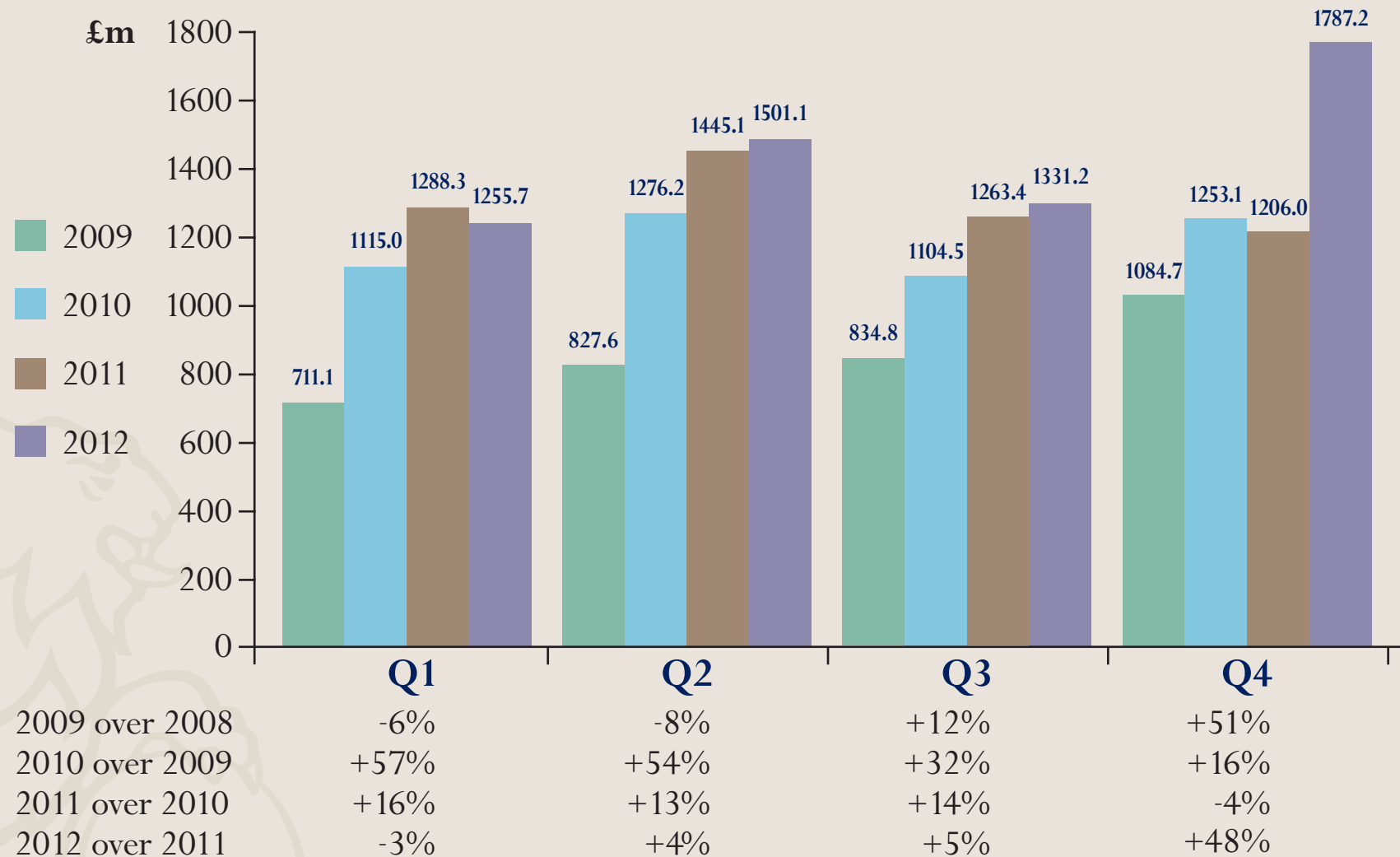
Total new business by quarter

APE (Annual premiums plus 10% of single premiums)



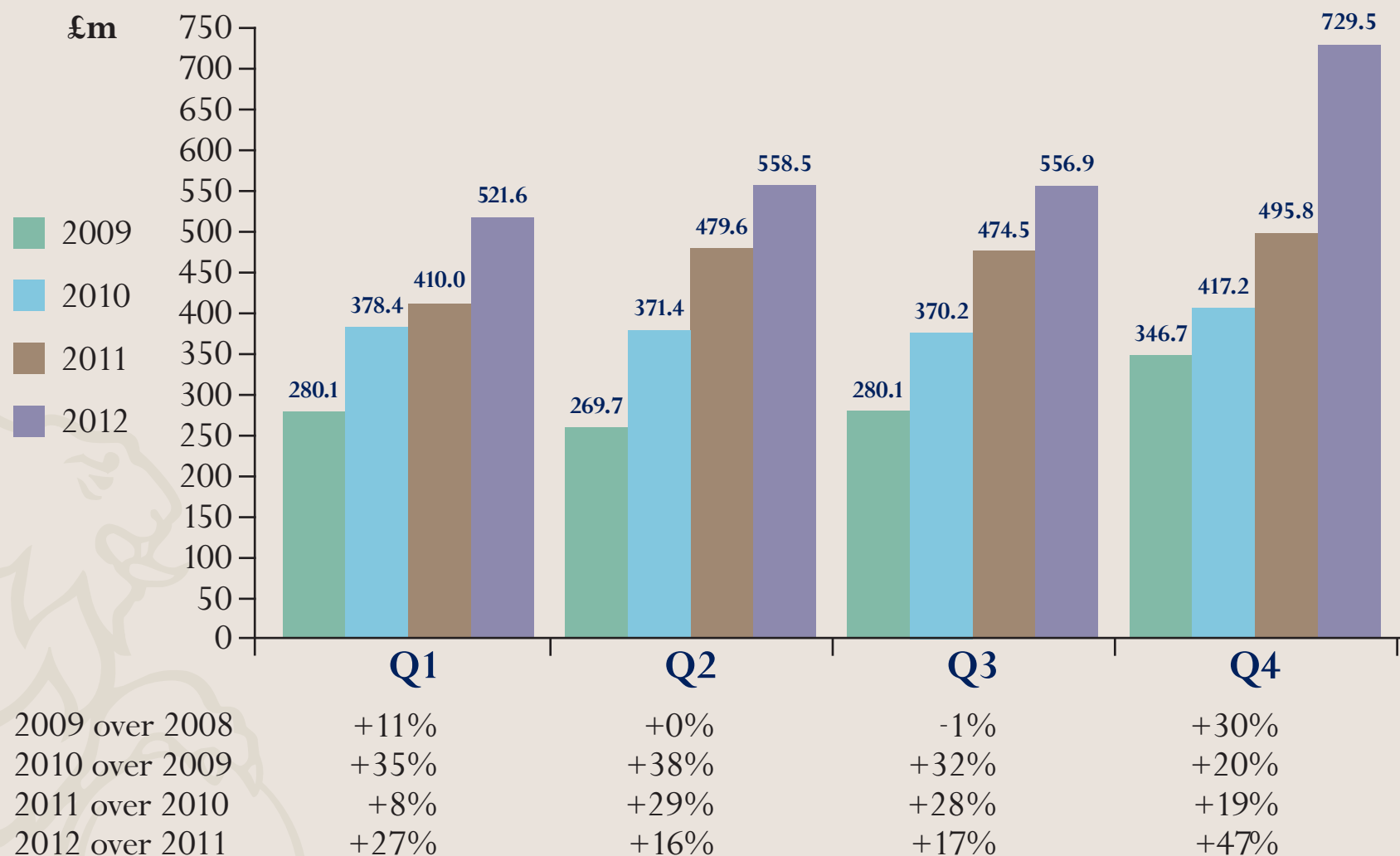


Single investments by quarter



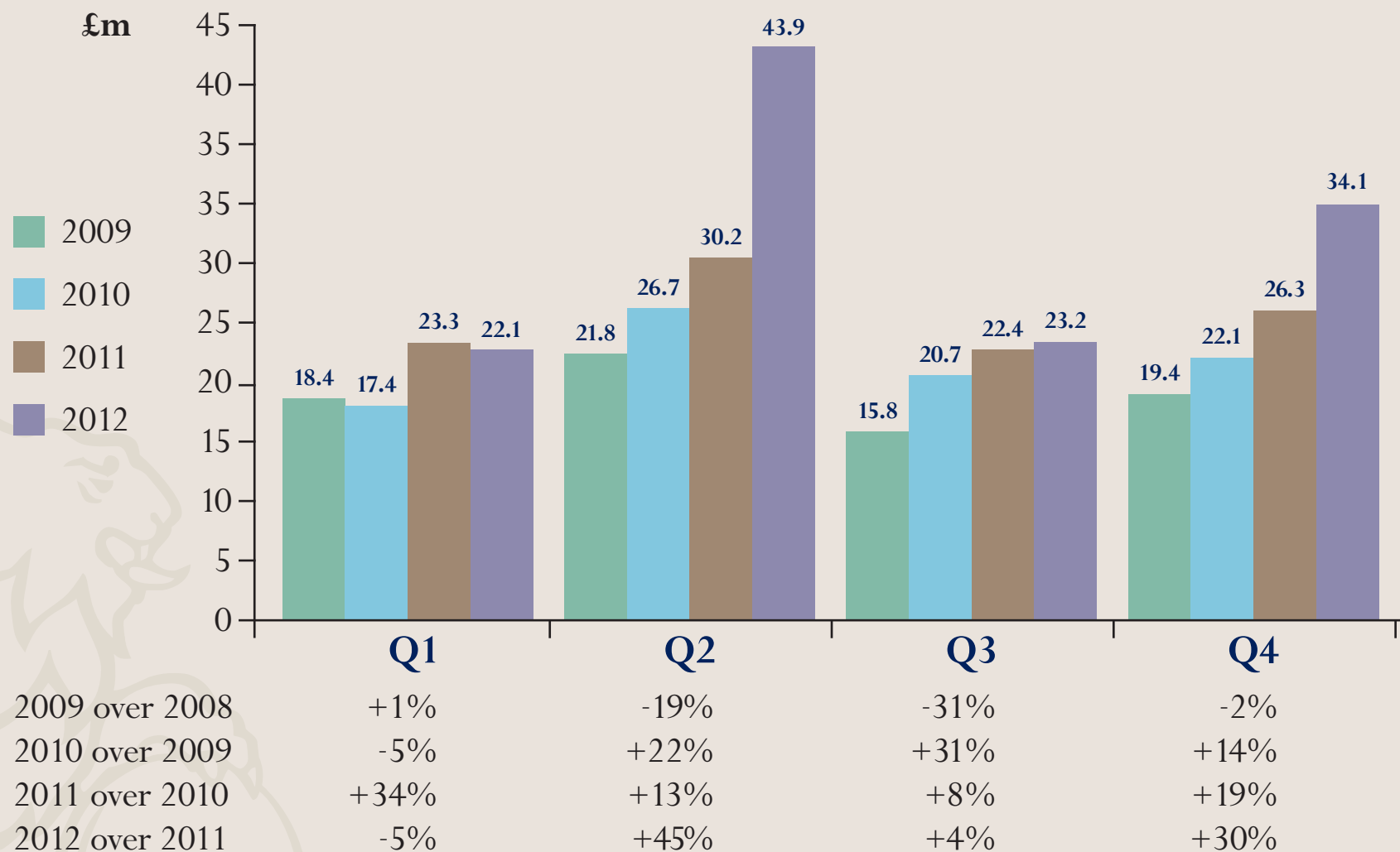


Pensions: single investments by quarter





Pensions: regular investments by quarter





Fund flow information

£ billion	2012	2011
FUM at start	28.5	27.0
New money invested	5.6	5.2
Investment return	3.0	(1.8)
	<u>37.1</u>	<u>30.4</u>
Regular income withdrawals/maturities	(0.7)	(0.5)
Surrenders/part surrenders	<u>(1.6)</u>	<u>(1.4)</u>
FUM at close	<u>34.8</u>	<u>28.5</u>
Implied surrender rate as % of average FUM	<u>4.9%</u>	<u>5.2%</u>



Analysis of EEV life, pension & unit trust pre-tax operating profit

£ million	2012	2011
New business contribution	276.8	246.0
Profits from existing business		
- expected	96.0	91.2
- experience variance	4.6	38.1
- operating assumption changes	(4.3)	0.6
Investment income	3.4	2.8
Operating profit	<u>376.5</u>	<u>378.7</u>



Pre-tax EEV profit

£ million	2012	2011
Life, pension & unit trust	376.5	378.7
Distribution	5.3	6.1
Other operations	(15.9)	(13.3)
Total operating profit	365.9	371.5
Investment variance	190.4	(180.4)
Economic changes	(3.7)	(0.3)
Pre-tax result	552.6	190.8



ST. JAMES'S PLACE
WEALTH MANAGEMENT



EEV Net Asset Value per share

Pence	2012	2011
NAV per share	<u>461.0</u>	<u>385.0</u>





Pre-tax IFRS profit

£ million	2012	2011
Life	111.7	89.1
Unit trust	33.5	27.8
Distribution	5.3	6.1
Other operations	(15.9)	(13.3)
Profit before shareholder tax	<u>134.6</u>	<u>109.7</u>



ST. JAMES'S PLACE
WEALTH MANAGEMENT



IFRS Net Asset Value per share

Pence	2012	2011
NAV per share	<u>150.4</u>	<u>137.5</u>





Capital position as at 31 December 2012

£ million	Life	Other Regulated	Other	Total
Solvency position				
Solvency net assets	<u>199.1</u>	<u>29.4</u>	<u>175.0</u>	<u>403.5</u>
Solvency requirement	<u>43.8</u>	<u>14.0</u>		
Solvency ratio	<u>455%</u>	<u>210%</u>		



Group expenses

£ million	2012	2011
Paid from policy margins		
Partner remuneration	307.0	276.7
Investment expenses	89.4	92.5
3rd party administration	32.6	33.5
	<u>429.0</u>	<u>402.7</u>
Direct expenses		
Other production related costs	59.5	54.5
Establishment expenses	102.4	95.0
FSA/FSCS	12.0	8.0
Development costs	10.3	4.5
Contribution from 3rd party product sales	(21.4)	(13.5)
	<u>162.8</u>	<u>148.5</u>
	<u>591.8</u>	<u>551.2</u>



Our Shareholders

1.	LBG	57.4%
2.	M&G	5.3%
3.	Baillie Gifford	4.1%
4.	Threadneedle	2.8%
5.	Kames Capital	2.5%
6.	Allianz Global	1.6%
7.	AXA Framlington	1.6%
8.	Legal & General	1.5%
9.	Franklin Templeton	1.0%
10.	Norges Bank	1.0%

As at 30 January 2013



Analyst following

- Alan Devlin
- Chris Esson
- Oliver Steel
- Colin Simpson
- Kevin Ryan
- Ashik Musaddi
- Neil Welch
- Blair Stewart
- Ben Bathurst
- Barclays Capital
- Credit Suisse
- Deutsche Bank
- Goldman Sachs
- Investec
- JP Morgan Cazenove
- Macquarie
- BoA Merrill Lynch
- Nomura
- David McCann
- Marcus Barnard
- Barrie Cornes
- Stuart Duncan
- Gordon Aitken
- Eamonn Flanagan
- James Pearce
- Jon Hocking
- Karl Morris
- Numis
- Oriel Securities
- Panmure Gordon
- Peel Hunt
- RBC Capital Markets
- Shore Capital
- UBS
- Morgan Stanley
- KBW



February 2013