



**ST. JAMES'S PLACE**  
WEALTH MANAGEMENT

Share trading data as at 1 May 2012	
Ticker (London)	STJ
Market Capitalisation	£1.7bn
Price	333p
12-month Price Range	294p-376p
Dividend Yield (12/11)	2.1%
Fiscal Year End	December

St. James's Place Plc is a FTSE 250 financial services group that provides high quality wealth management services to businesses and individuals across the UK. With around 140,000 wealth management clients and £31bn in funds under management, St. James's Place is well established as one of the UK's leading wealth managers. The strength of the Group's adviser-led approach to wealth management, twinned with a proven investment management proposition, leaves St. James's Place uniquely positioned to benefit from favourable long-term demographic and market opportunities in wealth management.

St. James's Place announced in February its 2011 results, reporting 10% growth in total new business to £642.3m (on an APE basis), a 12% rise in group EEV operating profits to £371.5m, a 30% increase in IFRS profit before shareholder tax to £109.7m, and 6% growth in partnership numbers to 1,649. In addition, the cash result for 2011 was £67.0m, an increase of 39% reflecting the increasing maturity of the business and the impact of higher stock market levels during the year. Driven by strong new business flows and excellent fund retention, net inflows totalled £3.3bn in 2011.

**THE MARKET PLACE**

There are currently more than 7m individuals in the UK with between €50,000 and €5m in liquid assets. This segment currently controls an aggregate €1,260bn in liquid assets, a figure forecast to grow to €1,720bn by 2014.

The UK population is ageing while the state and corporate sectors are shifting the burden of retirement onto individuals. These favourable demographics, twinned with an ever-increasing tax burden, will create further demand for high quality wealth management services over the longer term.

**PROPRIETARY DISTRIBUTION MODEL**

Key to the success of St. James's Place is the group's own dedicated distribution network, known as the Partnership, which benefits from the strength of the St. James's Place brand. With more than 1,600 high-quality and experienced advisor businesses which are focused on establishing long term client relationships, the group has been able to consistently achieve predictable and high quality new business flows, as well as sustainable asset accumulation through exceptional fund retention and strong client advocacy.

The drivers of growth in new business sales are two-fold: increasing the capacity and the productivity of the partnership. The partnership has grown in size for seven successive years while APE per partner has increased steadily over time. While the size of the partnership has continued to expand, the UK IFA population has been in decline for a number of years and this is forecast to continue. With demand for high quality face-to-face advice set to rise, the growing partnership represents a compelling competitive advantage for St. James's Place.

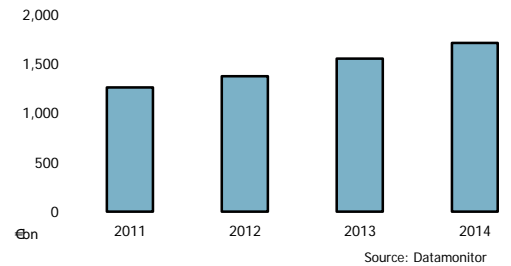
**DISTINCT INVESTMENT MANAGEMENT APPROACH**

St. James's Place has a distinctive approach to investment management. The Group has no in-house team of investment managers, believing that no single investment house can have a monopoly of investment expertise. Instead St. James's Place selects a number of leading external managers to manage its broad range of funds. The cornerstone of this approach is the Investment Committee who 'manage the fund managers' on behalf of clients. In addition, St. James's Place retains an independent investment consulting firm, Stamford Associates, which plays a crucial role in selection and management. This approach provides St. James's Place with both the flexibility to respond to market conditions as they change and also the confidence that it is employing the best fund managers for its clients. St. James's Place also outsources administrative and back office functions.

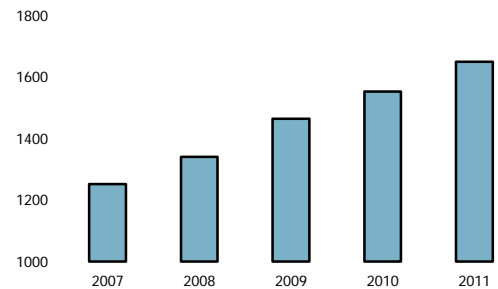
**FUNDS UNDER MANAGEMENT**

The combination of new business sales growth, positive investment returns and consistently strong fund retention rates, has seen St. James's Place grow funds under management by 13% per annum over the past five years.

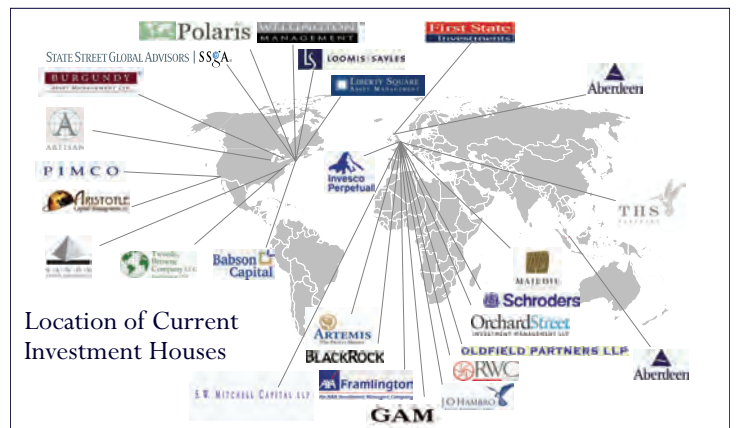
Total liquid assets held by UK individuals with €50k-€5m



Number of Partners



Global fund chart



## DELIVERING GROWTH

In spite of the difficult market conditions that have prevailed through much of the past five years, St. James's Place has delivered 13% compound annual growth over this period, only marginally lower than the Group's target of 15- 20% pa growth over the longer term.

Reflecting confidence in the cash earnings of the business as the in-force book continues to mature, St. James's Place announced with its 2011 results a 33% increase in the 2011 full year dividend, the second successive year of strong growth. The Group expects to deliver a similar significant increase in the 2012 dividend with growth thereafter hoped to progress in line with the underlying growth of the business.

## STRONG CAPITAL POSITION

The Group operates with a robust balance sheet. St. James's Place has regulatory capital well in excess of solvency requirements with positive cash flow. The Group maintains a prudent investment policy for managing solvency assets - being predominantly in cash and fixed interest securities. The group does not offer options or guarantees on its investment products, is not exposed to longevity risk through an annuity book and uses a prudent reassurance programme to manage the mortality and morbidity risks.

## FINANCIAL REPORTING

St. James's Place reports its financial results twice yearly at the half and full year stage. In addition the company updates its new business sales and funds under management quarterly, via the interim management statements.

Results are reported on both a statutory, IFRS, basis as well as on a European embedded value basis (EEV) which aims to reflect the future value of in-force life business accruing to shareholders in the income statement and balance sheet. Deeming the latter to provide a more meaningful basis for long term performance analysis, the Group's key financial performance measures are growth in: new business profits, EPS and net asset value per share on an EEV basis as well as growth in sales on an annual premium equivalent (APE) basis and funds under management.

## RETAIL DISTRIBUTION REVIEW

St. James's Place remains confident that the Retail Distribution Review (RDR) will have little material impact on the business going forward. The company is ahead of schedule in its plans for partners to obtain the required professional qualifications with more than 80% of the Partnership already diploma qualified and another 11% within one or two examinations of doing likewise. With regard to product charging, the FSA has confirmed that its current structure is RDR compliant, while the remuneration disclosure requirements will not be significantly different from current practice.

As a vertically integrated business that acts as both distributor and manufacturer, St. James's Place is well placed to take advantage of the opportunities that RDR will present going forward.

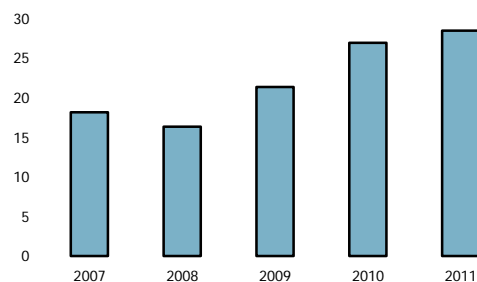
## LLOYDS BANKING GROUP RELATIONSHIP

Lloyds Banking Group (LBG) is a majority shareholder in St. James's Place, controlling c.60% of the equity. However, the company operates independently of LBG and the relationship is conducted on an arm's length basis. There is currently one LBG appointed non-executive director on the St. James's Place Board.

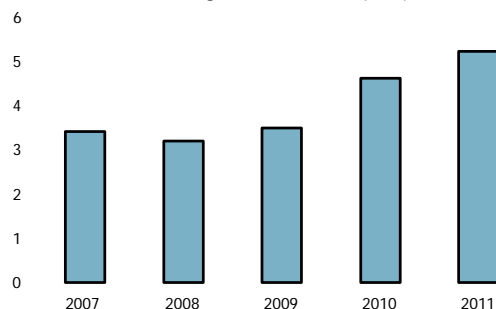
## EXPERIENCED MANAGEMENT TEAM

St. James's Place is led by a very experienced executive management team, which comprises David Bellamy (Chief Executive), Andrew Croft (Chief Financial Officer), Ian Gascoigne (Managing Director) and David Lamb (Managing Director).

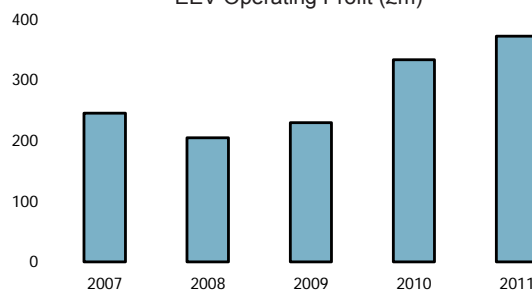
Funds Under Management (£bn)



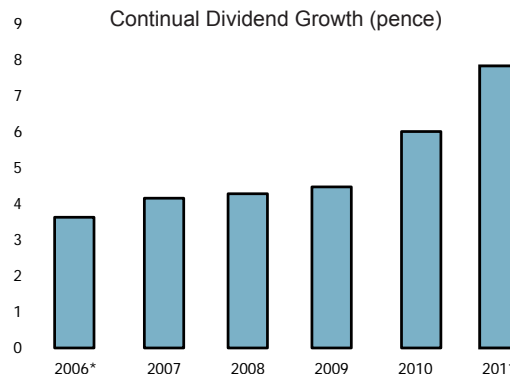
Record Single Investments (£bn)



EEV Operating Profit (£m)



Continual Dividend Growth (pence)



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