

St. James's Place Group Databook

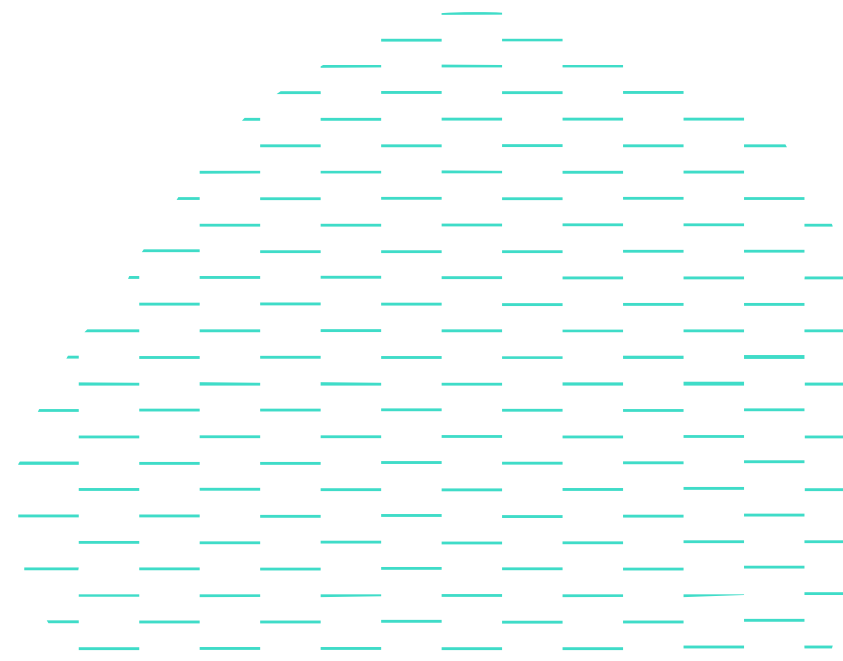
Half Year Reporting 2025



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1. Additional FUM information

- ◆ Discretionary fund management (DFM) FUM was £3.53 billion at 30 June 2025 (30 June 2024: £3.53 billion, 31 December 2024: £3.49 billion), gross inflows were £0.12 billion for the period (six months to 30 June 2024: £0.14 billion, year to 31 December 2024: £0.24 billion) and outflows were £0.10 billion (six months to 30 June 2024: £0.12 billion, year to 31 December 2024: £0.24 billion).
- ◆ SJP Asia and Middle East (AME) FUM was £1.95 billion at 30 June 2025 (30 June 2024: £1.77 billion, 31 December 2024: £1.90 billion), gross inflows were £0.14 billion for the period (six months to 30 June 2024: £0.11 billion, year to 31 December 2024: £0.26 billion) and outflows were £0.08 billion (six months to 30 June 2024: £0.11 billion, year to 31 December 2024: £0.22 billion).

The following table shows our sustained net inflows and the progression of FUM over recent periods.

	Opening FUM	Net inflows	Investment return	Closing FUM
Period	£'Billion	£'Billion	£'Billion	£'Billion
Six months to 30 June 2025	190.2	3.8	4.5	198.5
Year to 31 December 2024	168.2	4.3	17.7	190.2
Year to 31 December 2023	148.4	5.1	14.7	168.2
Year to 31 December 2022	154.0	9.8	(15.4)	148.4
Year to 31 December 2021	129.3	11.0	13.7	154
Year to 31 December 2020	117.0	8.2	4.1	129.3

2. Reconciliation of Cash result expenses to IFRS expenses

Whilst certain expenses are recognised in separate line items on the face of the Cash result, expenses which vary with business volumes, such as payments to Partners and third-party administration expenses, and expenses which relate to investment in specific areas of the business such as DFM, are netted from the relevant income lines rather than presented separately. In order to reconcile to the IFRS expenses presented on the face of the condensed consolidated statement of comprehensive income, the expenses netted from income lines in the Cash result need to be added in, as do certain IFRS expenses which by definition are not included in the Cash result. In addition, all expenses need to be converted from post-tax, as they are presented in the Cash result, to pre-tax, as they are presented under IFRS.

Expenses presented on the face of the Cash result before and after tax are set out below.

	Six months ended 30 June 2025			Six months ended 30 June 2024			Year ended 31 December 2024		
	Before tax	Tax rate	After tax	Before tax	Tax rate	After tax	Before tax	Tax rate	After tax
	£'Million	Percentage	£'Million	£'Million	Percentage	£'Million	£'Million	Percentage	£'Million
Controllable expenses	206.7	25.00%	155.0	193.2	25.00%	144.9	388.9	25.00%	291.7
Regulatory fees and FSCS levy	26.6	25.00%	20.0	20.4	25.00%	15.3	28.7	25.00%	21.5
Charge structure implementation costs	50.8	25.00%	38.1	33.3	25.00%	25.0	79.3	25.00%	59.5
Total expenses presented separately on the face of the Cash result	284.1		213.1	246.9		185.2	496.9		372.7

The total expenses presented separately on the face of the Cash result before tax then reconcile to IFRS expenses as set out below.

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
	£'Million	£'Million	£'Million
Total expenses presented separately on the face of the Cash result before tax	284.1	246.9	496.9
Expenses which vary with business volumes			
Other performance costs	83.1	76.4	171.0
Payments to Partners	618.3	551.5	1,134.8
Investment expenses	53.3	54.2	115.7
Third-party administration	90.1	84.3	172.1
Ongoing Service Evidence provision release	(84.5)	-	-
Other	40.6	46.3	63.4
Expenses relating to investment in specific areas of the business			
Asia expenses	8.2	9.2	22.7
DFM expenses	15.2	15.4	27.4
Total expenses included in the Cash result	1,108.4	1,084.2	2,204.0
Reconciling items to IFRS expenses			
Amortisation of DAC and PVIF, net of additions	2.0	11.0	21.3
Equity-settled share-based payment expenses	5.2	2.1	11.2
Insurance contract expenses presented elsewhere ¹	(0.8)	(0.5)	(1.1)
Other ¹	0.4	0.7	1.3
Total IFRS Group expenses before tax	1,115.2	1,097.5	2,236.7

¹ The June 2024 comparatives have been represented to better reflect the nature of the expenses.

Expenses which vary with business volumes

Other performance costs vary with the level of new business and the operating profit performance of the business.

Payments to Partners, investment expenses and **third-party administration costs** are met through charges to clients, and so any variation in them from changes in the volumes of new business or the level of the stock markets does not impact Group profitability significantly.

Each of these items is recognised within the most relevant line of the Cash result, which is determined based on the nature of the expense. In most cases, this is either the net annual management fee or margin arising from new business lines.

Ongoing Service Evidence provision release of £84.5 million reflects the impact of revising our redress methodology to better align it with the FCA's new industry guidance and our experience from the project to date.

Other expenses include the operating costs of acquired financial adviser businesses, donations to the St. James's Place Charitable Foundation and complaints costs.

Expenses relating to investment in specific areas of the business

AME expenses and **DFM expenses** both reflect disciplined expense control during the year.

In the Cash result, AME and DFM expenses are presented net of the income they generate in the AME – net investment and DFM – net investment lines.

Reconciling items to IFRS expenses

DAC amortisation, net of additions, PVIF amortisation and equity-settled share-based payment expenses are the primary expenses which are recognised under IFRS but are excluded from the Cash result.

Expenses associated with insurance contract expenses are included in the Cash result but are shown within the Insurance service expense rather than the expenses line under IFRS 17.

3. Movement in DAC, DIR and PVIF

Movements in DAC, DIR and PVIF are explained and analysed as follows:

IFRS requires certain upfront expenses incurred and income received to be deferred. The deferred amounts are initially recognised on the statement of financial position as a DAC asset and DIR liability, which are subsequently amortised to the condensed consolidated statement of comprehensive income over a future period.

The impact of accounting for DAC, DIR and PVIF in the IFRS result is that there is an accounting timing difference between the emergence of accounting profits and actual cash flows. The following table presents the impact of each of these items on profit before shareholder tax.

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
	£'Million	£'Million	£'Million
Amortisation of DAC	(26.4)	(31.6)	(63.4)
DAC on new business for the year	26.1	22.3	45.2
Net impact of DAC	(0.3)	(9.3)	(18.2)
Amortisation of DIR	67.0	71.0	141.9
DIR on new business for the year	(73.8)	(57.0)	(120.0)
Net impact of DIR	(6.8)	14.0	21.9
Amortisation of PVIF	(1.6)	(1.6)	(3.2)
Movement in period before shareholder tax	(8.7)	3.1	0.5

We are in the final stages of implementing our new charging structure. Under the new structure we will see the removal of initial product fees, and as a result there will be immaterial income being deferred from the point of implementation onwards. Most of the existing DIR liability at that point will amortise over a period of 6 years.

4. Operational readiness prepayment asset

The operational readiness prepayment asset arose from the investment made into our back-office infrastructure project, as we capitalised Bluedoor development costs. The asset stood at £242.4 million at 30 June 2025 (30 June 2024: £272.3 million, 31 December 2024: £256.3 million).

It has been amortising through the IFRS statement of comprehensive income and the Cash result since 2017 and will continue to do so over the remaining life of the contract, which at 30 June 2025 is c.9.5 years. The movement schedule below demonstrates how the operational readiness prepayment has developed over the past two years.

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
	£'Million	£'Million	£'Million
Cost			
At 1 January	450.1	450.1	450.1
Additions during the period	-	-	-
At 30 June	450.1	450.1	450.1
Accumulated amortisation			
At 1 January	(193.8)	(166.6)	(166.6)
Amortisation during the period	(13.9)	(11.2)	(27.2)
At 30 June	(207.7)	(177.8)	(193.8)
Net book value	242.4	272.3	256.3

The amortisation expense is recognised within third-party administration expenses in the IFRS result, and within the net annual management fee line of the Cash result. It is more than offset by the lower tariff charges on Bluedoor compared to the previous system, which grew as the business grew, benefiting both the IFRS and Cash results.

5. European Embedded Value (EEV)

Wealth management differs from most other businesses, in that the expected shareholder income from client investment activity emerges over a long period in the future. We therefore supplement the IFRS and Cash results by providing additional disclosure on an EEV basis, which brings into account the net present value of the expected future cash flows. We believe that a measure of the total economic value of the Group's operating performance is useful to investors.

As in previous reporting, our EEV continues to be calculated on a basis determined in accordance with the EEV principles originally issued in May 2004 by the CFO Forum and supplemented both in October 2005 and, following the introduction of Solvency II, in April 2016. Many of the principles and practices underlying EEV are similar to the requirements of Solvency II, and we have sought to align them as closely as possible.

The following table and accompanying notes summarise the profit before tax of the combined business.

		Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
	Note	£'Million	£'Million	£'Million
New business contribution	1	458.6	399.6	801.0
<i>Profit from existing business</i>				
– unwind of the discount rate	2	377.4	297.1	580.8
– experience variance	3	(23.4)	(76.1)	(136.1)
– operating assumption change	4	–	–	(20.8)
Investment income		14.4	12.5	32.5
Funds management EEV operating profit		827.0	633.1	1,257.4
Distribution business	5	(29.9)	(35.9)	(77.3)
Other	6	(56.5)	(51.3)	(86.0)
EEV operating profit before exceptional items		740.6	545.9	1,094.1
Exceptional item: Charge structure	7	51.2	247.2	(49.1)
Exceptional item: Ongoing Service Evidence provision release	8	84.5	–	–
EEV operating profit after exceptional items		876.3	793.1	1,045.0
Investment return variance	9	(23.2)	437.9	533.7
Economic assumption changes	10	27.9	(2.0)	23.5
EEV profit before tax		881.0	1,229.0	1,602.2
Tax		(217.7)	(304.6)	(390.5)
EEV profit after tax		663.3	924.4	1,211.7

A reconciliation between EEV operating profit before tax and IFRS profit before tax is provided in Note 3 Segment reporting within the IFRS condensed consolidated financial statements.

Notes to the EEV result

1. The **new business contribution** for the year at £458.6 million (six months to 30 June 2024: £399.6 million, year to 31 December 2024: £801.0 million) was 15% higher than the prior period, predominantly reflecting the increase in new business volumes.
2. The **unwind of the discount rate** for the year was higher at £377.4 million (six months to 30 June 2024: £297.1 million, year to 31 December 2024: £580.8 million), primarily reflecting a higher value of in-force business.
3. The **experience variance** during the year was negative £23.4 million (six months to 30 June 2024: negative £76.1 million, year to 31 December 2024: negative £136.1 million), with the period-on-period movement principally reflecting improved lapse experience across most product lines.
4. The **impact of operating assumption changes** in the year was £nil (six months to 30 June 2024: £nil, year to 31 December 2024: negative £20.8 million).
5. The **distribution business** loss includes the positive gross margin arising from advice income less payments to advisers, offset by the costs of supporting the Partnership and building distribution capabilities in AME. The reported loss has reduced due to strong new business performance.
6. **Other** represents a number of miscellaneous items including development expenditure, the costs of running our Academy and the cost of redress associated with client complaints.

7. The **exceptional item: charge structure** reflects refinements to the modelling of the charging structure changes announced during 2023, resulting in a profit of £51.2 million (six months to 30 June 2024: £247.2 million profit, year to 31 December 2024: £49.1 million loss).
8. The **exceptional item: Ongoing Service Evidence provision release** reflects the impact of revising our redress methodology for our historic ongoing service evidence review, bringing us into better alignment with new industry guidance issued by the FCA around ongoing financial advice services, and our experience from the project to date.
9. The **investment return variance** reflects the capitalised impact on the future annual management fees resulting from the difference between the actual and assumed investment returns. Given the size of our FUM, a small difference can result in a large positive or negative variance.

The typical investment return on our funds during the year was 2.6% after charges, compared to the assumed investment return of 2.8%. This resulted in an investment return variance of £23.2 million (six months to 30 June 2024: positive £437.9 million, year to 30 December 2024: positive £533.7 million).

10. The positive economic assumption changes variance of £27.9 million arising in the period (six months to 30 June 2024: negative £2.0 million, year to 31 December 2024: positive £23.5 million) reflects a small improvement in expected long-term real yields.

6. EEV new business margin

The largest single element of the EEV operating profit (analysed in the previous section) is the new business contribution. The level of new business contribution generally moves in line with new business levels.

To demonstrate this link, and aid understanding of the results, we provide additional analysis of the new business margin (the margin). This is calculated as the new business contribution divided by the gross inflows, and is expressed as a percentage.

This table presents the margin before tax from our manufactured business.

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
Investment			
New business contribution (£'Million)	72.2	48.0	115.4
Gross inflows (£'Billion)	1.5	1.0	2.4
Margin (%)	4.7%	4.8%	4.8%
Pension			
New business contribution (£'Million)	277.3	258.5	527.2
Gross inflows (£'Billion)	6.5	5.6	12.1
Margin (%)	4.3%	4.6%	4.4%
Unit trust and DFM			
New business contribution (£'Million)	109.1	93.1	158.4
Gross inflows (£'Billion)	2.5	1.9	3.9
Margin (%)	4.4%	4.8%	4.0%
Total business			
New business contribution (£'Million)	458.6	399.6	801.0
Gross inflows (£'Billion)	10.5	8.5	18.4
Margin (%)	4.4%	4.7%	4.4%
Post-tax margin (%)	3.3%	3.5%	3.3%

7. EEV economic assumptions

The principal economic assumptions used within the cash flows are set out below.

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
Risk-free rate	4.7%	4.3%	4.8%
Inflation rate	3.2%	3.6%	3.6%
Risk discount rate	7.7%	7.3%	7.8%
Future investment returns:			
– Gilts	4.7%	4.3%	4.8%
– Equities	7.7%	7.3%	7.8%
– Unit-linked funds	6.9%	6.5%	7.0%

The risk-free rate is set by reference to the yield on ten-year gilts. Other investment returns are set by reference to the risk-free rate.

The inflation rate is derived from the implicit inflation in the valuation of ten-year index-linked gilts. This rate is increased to reflect higher increases in earnings-related expenses.

8. EEV sensitivities

This table shows the estimated impact on the reported value of new business and EEV to changes in various EEV-calculated assumptions. The sensitivities are specified by the EEV principles and reflect reasonably possible levels of change. In each case, only the indicated item is varied relative to the restated values.

	Note	Change in new business contribution		Change in EEV
		Pre-tax	Post-tax	Post-tax
		£'Million	£'Million	£'Million
Value at 30 June 2025		458.6	346.6	9,318.9
100bps reduction in risk-free rates, with corresponding change in fixed interest asset values	1	(3.3)	(2.6)	(40.9)
10% increase in withdrawal rates	2	(27.0)	(20.3)	(397.9)
10% reduction in market value of equity assets	3	-	-	(779.3)
10% increase in expenses	4	(5.2)	(4.0)	(76.8)
100bps increase in assumed inflation	5	(5.7)	(4.3)	(70.8)

Notes to the EEV sensitivities

1. This is the key economic basis change sensitivity. The business model is relatively insensitive to change in economic basis. Note that the sensitivity assumes a corresponding change in all investment returns but no change in inflation.
2. The 10% increase is applied to the withdrawal rate. For instance, if the withdrawal rate is 8% then a 10% increase would reflect a change to 8.8%.
3. For the purposes of this sensitivity all unit-linked funds are assumed to be invested in equities. The actual mix of assets varies and in recent years the proportion invested directly in UK and overseas equities has exceeded 70%.
4. For the purposes of this sensitivity only non-fixed elements of the expenses are increased by 10%.
5. This reflects a 100bps increase in the assumed RPI underlying the expense inflation calculation.

	Change in new business contribution		Change in EEV
	Pre-tax	Post-tax	Post-tax
	£'Million	£'Million	£'Million
100bps reduction in risk discount rate	67.9	51.0	931.2

Although not directly relevant under a market-consistent valuation, this sensitivity shows the level of adjustment which would be required to reflect differing investor views of risk.

9. Analysis of the EEV result

The table below provides a summarised breakdown of the embedded value position at the reporting dates.

	30 June 2025	30 June 2024	31 December 2024
	£'Million	£'Million	£'Million
Value of in-force business	7,776.7	7,367.0	7,401.9
Solvency II net assets	1,542.2	1,251.1	1,440.6
Total embedded value	9,318.9	8,618.1	8,842.5

	30 June 2025	30 June 2024	31 December 2024
	£'Million	£'Million	£'Million
Net asset value per share	17.43	15.71	16.25

The EEV result above reflects the specific terms and conditions of our products. Our pension business is split between two portfolios. Our current product, the Retirement Account, was launched in 2016 and incorporates both pre-retirement and post-retirement phases of investment in the same product. Earlier business was written in our separate Retirement Plan and Drawdown Plan products, targeted at each of the two phases separately, and therefore has a slightly shorter term and lower new business margin.

Our experience is that much of our Retirement Plan business converts into Drawdown Plan business at retirement, but, in line with the EEV guidelines, we are required to defer recognition of the additional value from the Drawdown Plan until it crystallises. If instead we were to assess the future value of Retirement Plan business (beyond the immediate contract boundary) in a more holistic fashion, in line with Retirement Account business, this would result in an increase of approximately £270.0 million to our embedded value at 30 June 2025 (30 June 2024: £255.0 million, 31 December 2024: £279.0 million).

Alternative performance measure (APM)	Definition	Why is this measure used?
Total embedded value	<p>A discounted cash flow valuation methodology, assessing the long-term economic value of the business.</p> <p>Our embedded value is determined in line with the European Embedded Value (EEV) principles originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II.</p>	<p>Life business and wealth management business differ from most other businesses, in that the expected shareholder income from the sale of a product emerges over a long period in the future. We therefore supplement the IFRS and Cash results by providing additional disclosure on an embedded value basis, which brings into account the net present value of expected future cash flows, as we believe that a measure of the total economic value of the Group is useful to investors.</p>



10. Solvency II balance sheet

An analysis of the Solvency II position for our Group, split by regulated and non-regulated entities at the period-end, is presented in the table below.

	30 June 2025				30 June 2024	31 December 2024
	Life	Other regulated	Other	Total	Total	Total
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Solvency II net assets	462.8	480.8	598.6	1,542.2	1,251.1	1,440.6
Value of in-force (VIF)	3,081.2	-	-	3,081.2	2,664.9	2,992.4
Risk margin	(392.6)	-	-	(392.6)	(320.2)	(373.0)
Own funds (A)	3,151.4	480.8	598.6	4,230.8	3,595.8	4,060.0
Solvency capital requirement (B)	(2,002.0)	(144.9)	-	(2,146.9)	(1,913.2)	(2,104.1)
Solvency II free assets	1,149.4	335.9	598.6	2,083.9	1,682.6	1,955.9
Solvency ratio	157%	332%	-	197%	188%	193%

We target a solvency ratio of 130% for St. James's Place UK plc, our largest insurance subsidiary.



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