

16 April 2020

Charles Stanley Group PLC
("Charles Stanley" or the "Group")

**Fourth Quarter Trading Update
and Coronavirus Update**

Charles Stanley, the wealth management services group, today issues a trading update for the fourth quarter of its financial year, covering the three months ended 31 March 2020, and comments on the impact of the global coronavirus crisis.

The Group's primary concern at this critical time is the welfare of its staff and customers. Management continues to monitor government guidelines and has taken action to ensure the health and well-being of all staff while continuing to provide the full range of Charles Stanley's services to customers.

Trading Update

Total Funds under Management and Administration ("FuMA") at 31 March 2020 decreased by 20.2% to £20.2 billion over the three months from 31 December 2019 (£25.3 billion). This reflected the tumultuous impact on global markets of the Covid-19 virus. In March 2020, when the coronavirus was designated a global pandemic, FuMA declined by 13.4%. The Group's average FuMA for the year ended 31 March 2020 was stable at £24.2 billion (2019: £24.3 billion).

Despite the steep decline in FuMA during the quarter, Group revenues for the quarter rose by 12.6% to £44.8 million from £39.8 million in the same period in 2019. This reflected higher fees and commissions, which have more than offset reduced FuMA and lower interest income after a cut in base rates.

Group revenues for the year ended 31 March 2020 increased by 11.4% to £172.9 million (unaudited) (2019: £155.2 million (audited)). Fees, commission and interest income were all higher year-on-year owing to the benefits of the repricing exercise the Group completed a year ago, higher trading volumes, especially after the General Election in December 2019, and higher average interest rates.

Outlook, Financial Strength and Impact of Coronavirus

Given current trading conditions and the uncertain length and depth of the disruption to global economies, including the UK's 'lockdown', it is difficult to predict accurately what the outcome for the new financial year might be. However, comparatives for the financial year to 31 March 2021 are expected to be far less favourable relative to the year just ended. This reflects the sharp decline in market values and cuts to interest rates since February, albeit commission income is currently holding up well since greater market volatility is leading to more trading.

The Board is confident about the strength of the Group's balance sheet and liquidity position. As at 31 March 2020, the Group had total cash balances (including treasury bills) of £93.5 million (unaudited), no borrowings and a strong regulatory capital solvency ratio of 186%.

Timing of Results

The Board previously indicated its intention to announce audited results for the year ended 31 March 2020 on 28 May 2020. This remains the intention although the additional pressures resulting from the enhanced review processes required of all auditors, and the remote-working environment, may mean that the audit timetable is extended. As is customary, the Board will make a decision about the level of the final dividend for the year ended 31 March 2020 at that time and in light of prevailing circumstances.

Paul Abberley, Chief Executive Officer of Charles Stanley, said:

“The rapid spread of the Covid-19 virus across the globe over recent weeks and months has resulted in unprecedented emergency measures by governments and paralysed national economies. At this extraordinary time, our primary concerns are the health and well-being of our staff and continued support of our clients.

“The response across the Group has been exemplary. I would especially like to mention our IT department, whose hard work has kept the firm fully operational throughout.

“Current trading is challenging, and at this exceptional time, it is difficult to predict what the outcome for the 2021 financial year might be. However, the Group has a very strong balance sheet with significant capital resources and no borrowings. This places us in a very robust position to navigate the current situation and emerge strongly. We are therefore confident about prospects for the business.”

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Notes to editors:

Charles Stanley provides holistic wealth management services to private clients, charities, trusts and institutions. Its origins trace back to 1792 and it is one of the oldest firms on the London Stock Exchange. The Company has a national presence, with 27 locations and 850 professionals. Its wealth management services are provided direct to clients and to intermediaries.

FUNDS UNDER MANAGEMENT AND ADMINISTRATION

| | <i>Mar 2020</i> <i>£bn</i> | <i>Dec 2019</i> <i>£bn</i> | <i>Sep 2019</i> <i>£bn</i> |
|---|-------------------------------|-------------------------------|-------------------------------|
| Discretionary funds | 12.0 | 14.4 | 13.9 |
| Advisory managed funds | 1.2 | 1.4 | 1.5 |
| Total managed funds | 13.2 | 15.8 | 15.4 |
| Advisory dealing funds | 1.0 | 1.2 | 1.2 |
| Execution-only funds | 6.0 | 8.3 | 8.0 |
| Total administered funds | 7.0 | 9.5 | 9.2 |
| | | | |
| Total FuMA | 20.2 | 25.3 | 24.6 |
| | | | |
| MSCI WMA Private Investor Balanced Index | 1,423 | 1,679 | 1,665 |

The change in FuMA since 31 December 2019 is explained in more detail in the table below:

| | Discretionary managed £bn | Advisory managed £bn | Advisory dealing £bn | Execution- only £bn | Total £bn |
|--|---------------------------------|----------------------------|----------------------------|---------------------------|--------------|
| Funds at 1 January 2020 | 14.4 | 1.4 | 1.2 | 8.3 | 25.3 |
| | | | | | |
| New clients | 0.2 | - | - | 0.2 | 0.4 |
| Transfers | - | - | - | - | - |
| Net outflows from existing clients | - | - | - | (0.2) | (0.2) |
| Lost clients | (0.1) | - | - | (0.6) | (0.7) |
| | | | | | |
| Net inflows/(outflows) of funds | 0.1 | - | - | (0.6) | (0.5) |
| | | | | | |
| Market movement | (2.5) | (0.2) | (0.2) | (1.7) | (4.6) |
| | | | | | |
| Funds at 31 March 2020 | 12.0 | 1.2 | 1.0 | 6.0 | 20.2 |

REVENUE

The table below set out the unaudited revenues of the Group for the quarter ended 31 March 2020 along with the audited prior year comparatives on a like-for-like basis.

Quarter ended 31 March 2020

| | <i>Investment Management Services</i> | <i>Financial Planning</i> | <i>Charles Stanley Direct</i> | <i>Underlying revenue</i> |
|---------------|---|-------------------------------|-----------------------------------|-------------------------------|
| | <i>£m</i> | <i>£m</i> | <i>£m</i> | <i>£m</i> |
| Fees | 27.3 | 2.6 | 1.4 | 31.3 |
| Commission | 10.8 | - | 0.6 | 11.4 |
| Interest turn | 1.5 | - | 0.6 | 2.1 |
| Total | 39.6 | 2.6 | 2.6 | 44.8 |

Quarter ended 31 March 2019

| | <i>Investment Management Services¹</i> | <i>Financial Planning</i> | <i>Charles Stanley Direct</i> | <i>Underlying revenue</i> |
|---------------|---|-------------------------------|-----------------------------------|-------------------------------|
| Fees | 25.0 | 2.0 | 1.2 | 28.2 |
| Commission | 8.9 | - | 0.3 | 9.2 |
| Interest turn | 1.9 | - | 0.5 | 2.4 |
| Total | 35.8 | 2.0 | 2.0 | 39.8 |

¹The figures have been restated to reflect the amalgamation of the Asset Management division into the Investment Management Services division with effect from 1 April 2019.

Year ended 31 March 2020

| | <i>Investment Management Services</i> | <i>Financial Planning</i> | <i>Charles Stanley Direct</i> | <i>Underlying revenue</i> |
|---------------|---|-------------------------------|-----------------------------------|-------------------------------|
| | <i>£m</i> | <i>£m</i> | <i>£m</i> | <i>£m</i> |
| Fees | 109.6 | 8.7 | 5.6 | 123.9 |
| Commission | 38.1 | - | 1.7 | 39.8 |
| Interest turn | 7.1 | - | 2.1 | 9.2 |
| Total | 154.8 | 8.7 | 9.4 | 172.9 |

Year ended 31 March 2019

| | <i>Investment Management Services¹</i> | <i>Financial Planning</i> | <i>Charles Stanley Direct</i> | <i>Underlying revenue</i> |
|---------------|---|-------------------------------|-----------------------------------|-------------------------------|
| Fees | 98.1 | 7.3 | 4.8 | 110.2 |
| Commission | 35.3 | - | 1.4 | 36.7 |
| Interest turn | 6.8 | - | 1.5 | 8.3 |
| Total | 140.2 | 7.3 | 7.7 | 155.2 |

¹The figures have been restated to reflect the amalgamation of the Asset Management division into the Investment Management Services division with effect from 1 April 2019.