

17 January 2019

Charles Stanley Group PLC

Trading update for the three months ended 31 December 2018

Charles Stanley Group PLC (“Charles Stanley” or “the Group”) today issues a trading update for the quarter ended 31 December 2018.

Total Funds under Management and Administration (“FuMA”) at 31 December 2018 were £22.8 billion representing a decrease of 8.8% on the £25.0 billion at 30 September 2018. The fall in funds reflects the sharp fall in equity markets seen in the quarter. Over the same period the MSCI WMA Private Investor Balanced Index fell by 7.9% whilst the FTSE 100 index was down 10.4%.

FuMA in every service type were negatively impacted by the challenging market conditions. Nevertheless the Group continued to deliver stable inflows in the quarter, particularly in the higher margin Discretionary service, which grew by £0.2bn, equivalent to an annualised net organic growth rate of 6.1%. Advisory Managed and Advisory Dealing continued the trend of transferring funds to other service types, whilst Execution-only funds were flat excluding market movements.

Core Business revenues for the year-to-date rose by 3.4% to £115.1 million from £111.3 million. Revenues for the quarter showed a slight improvement against the prior year, up 0.3% despite the drop in assets. Fee income increased 1.9% due to strong growth achieved by the Financial Planning and Charles Stanley Direct divisions, up 26.7% and 27.3% respectively, compensating for small declines in the Investment Management Services and Asset Management divisions.

Commission income for the quarter was down £2.1m with trading activity by volume 17% lower by comparison to the prior year. This was in part compensated for by £1.7m higher interest income, reflecting higher interest rates than a year ago.

Paul Abberley, Chief Executive Officer of Charles Stanley, said: “Despite difficult market conditions in Q3, which have had a significant negative impact on headline Funds under Management and Administration, I am pleased to report that we continued to win new Discretionary mandates and that Financial Planning and Charles Stanley Direct delivered strong increases in revenues. We will continue to invest in scaling these divisions as part of our holistic wealth management proposition.”

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Notes to editors:

Charles Stanley traces its origins back directly to 1792 and is one of the oldest firms on the London Stock Exchange. Charles Stanley today provides holistic wealth management services to private clients, charities and smaller institutions. These are delivered by over 400 professionals located in 25 offices throughout the UK, both direct to clients and to intermediaries. Our services include investment portfolio management and financial planning, supported by in-house administration to enhance the quality of service provided. In addition, Charles Stanley Direct provides an award winning direct to customer execution-only dealing platform for equities and funds.

FUNDS UNDER MANAGEMENT AND ADMINISTRATION

	<i>Dec 18</i> <i>£bn</i>	<i>Sep 18</i> <i>£bn</i>	<i>Mar 18</i> <i>£bn</i>
Discretionary funds	12.2	13.2	12.3
Advisory managed funds	1.5	1.7	1.8
Total managed funds	13.7	14.9	14.1
Advisory dealing funds	1.2	1.4	1.4
Execution only funds	7.9	8.7	8.3
Total administered funds	9.1	10.1	9.7
Total FuMA	22.8	25.0	23.8
MSCI WMA Private Investor Balanced Index	1,484	1,612	1,527

The change in FuMA since 30 September 2018 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 October 2018	13.2	1.7	1.4	8.7	25.0
New clients	0.2	-	-	0.2	0.4
Transfers	-	(0.1)	(0.1)	0.2	-
Net inflow/(outflow) from existing clients	-	-	-	(0.2)	(0.2)
Lost clients	-	-	-	(0.2)	(0.2)
Net inflow/(outflow) of funds	0.2	(0.1)	(0.1)	-	-
Market movement	(1.2)	(0.1)	(0.1)	(0.8)	(2.2)
Funds at 31 December 2018	12.2	1.5	1.2	7.9	22.8

REVENUE

The tables below set out the revenues of the Group for the quarter ended 31 December 2018 and the year-to-date to 31 December 2018 along with the prior year comparatives on a like-for-like basis.

Quarter ended 31 December 2018

	<i>Investment Management Services £m</i>	<i>Asset Management £m</i>	<i>Financial Planning £m</i>	<i>Charles Stanley Direct £m</i>	Core Business £m
Fee income	22.6	1.5	1.9	1.4	27.4
Commission	7.2	0.2	-	0.3	7.7
Interest income	1.9	-	-	0.4	2.3
Total	31.7	1.7	1.9	2.1	37.4

Quarter ended 31 December 2017

	<i>Investment Management Services £m</i>	<i>Asset Management £m</i>	<i>Financial Planning £m</i>	<i>Charles Stanley Direct £m</i>	Core Business £m
Fee income	22.7	1.6	1.5	1.1	26.9
Commission	9.2	0.2	-	0.4	9.8
Interest income	0.5	-	-	0.1	0.6
Total	32.4	1.8	1.5	1.6	37.3

Year-to-date 31 December 2018

	<i>Investment Management Services £m</i>	<i>Asset Management £m</i>	<i>Financial Planning £m</i>	<i>Charles Stanley Direct £m</i>	<i>Core Business £m</i>	<i>Held For Sale £m</i>	Total £m
Fee income	68.8	4.8	5.4	3.6	82.6	-	82.6
Commission	25.6	0.7	-	1.1	27.4	-	27.4
Interest income	4.2	-	-	0.9	5.1	-	5.1
Total	98.6	5.5	5.4	5.6	115.1	-	115.1

Year-to-date 31 December 2017

	<i>Investment Management Services £m</i>	<i>Asset Management £m</i>	<i>Financial Planning £m</i>	<i>Charles Stanley Direct £m</i>	<i>Core Business £m</i>	<i>Held For Sale¹ £m</i>	Total £m
Fee income	66.4	4.4	4.4	2.9	78.1	0.5	78.6
Commission	30.3	0.7	-	1.1	32.1	-	32.1
Interest income	0.9	-	-	0.2	1.1	-	1.1
Total	97.6	5.1	4.4	4.2	111.3	0.5	111.8

¹Held For Sale represents revenue from EBS Management PLC, which was sold by the Group on 31 May 2017.