Q2 2015 Earnings Call

Company Participants

- Andrew Martin Croft, CFO, Executive Director & Head-Investor Relations
- David Charles Bellamy, Chief Executive Officer & Executive Director
- David John Lamb, Managing Director & Business Development Director
- Ian Stewart Gascoigne, Managing Director & Sales Director

Other Participants

- Alan G. Devlin, Analyst
- Andrew J. Sinclair, Analyst
- Andy Hughes, Analyst
- Ashik Musaddi, Analyst
- Lance M. Burbidge, Analyst
- Oliver G. Steel, Analyst
- Paul C. De'Ath, Analyst
- Ravi Tanna, Analyst

MANAGEMENT DISCUSSION SECTION

David Charles Bellamy {BIO 14025555 <GO>}

Morning everyone. Good to see you all here and thank you all for coming. Today, we've released another set of very strong results across all the key measures of our business, reinforcing the predictability and strength of the model and building on our success in recent years. We've also announced the acquisition of a discretionary fund management business, Rowan Dartington, to build on our client proposition and broaden our reach into the wealth management market.

To give you a little more of the detail, we'll follow the same process as is usual at our interim results meetings. I'll run through the new business and establishment results for the first six months of the year, hand over to Andy who will give us his usual in-depth review of our financial performance covering profits, cash flows and dividends. And finally, I'll take some time looking at other aspects of the business, with a little extra color and comment about the future, and of course the background to this morning's announcement regarding our acquisition of Rowan Dartington. I'll then ask Andy and I, along with Ian and David, to join us up on stage so that we can take any questions you have at the end of the presentations.

Before I go any further though, I am delighted to welcome Graham Coxell here today. It's a very flattering photo, Graham. You'll see the real version sat here in the corner, so you can get to know him afterwards. He'll be around to speak, should if you have any questions.

Now before I get into the numbers and our performance in the first six months of the year, a few words on the change in reporting from APE. For years now, APE has been the traditional measure of new business used by life assurance companies. It's sensibly tried to combine new regular premium contracts with single premium contracts, so as to give one new business measure. Inevitably, the emphasis was on new regular premiums, because that was the predominant structure of life assurance contracts.

Regular premium contracts are a relatively small part of our business and are largely only related to pension contributions, so it's time to move to what we believe are better indicators of the performance of our business. The obvious ones are gross and net inflows, given they are the key drivers for our funds under management. So we intend to focus on those measures going forward, as opposed to APE.

Ironically, though, had we been reporting on an APE basis, we'd be telling you now that APE was 23% up in quarter two and 18% up for the first six months of this year. But we're not reporting on that basis anymore, so that's sort of irrelevant.

What is relevant are our new fund flows, and they are our new investments, that's new money invested into our investment bonds, unit trusts, ISAs and pension wrappers, are up 17% in the three months ending June at £2.3 billion, bringing the total year to date figure to £4.4 billion, up 15%. That equates to St. James's Place attracting over £35 million every working day in the first six months of 2015.

Our retention rates are once again very strong and have been maintained at an annualized rate of 95% of the opening funds. Consequently, net inflows are also strong at £2.7 billion. That's an annualized 10% of the opening funds under management and 9% growth over 2014, despite a volatile market. Our funds weren't immune from that volatility either, and at June 30 stood at £55.5 billion, up 6.7% year-to-date but some £7.9 billion higher than this time last year.

Turning to the partnership growth, the various initiatives put in place in recent years are paying dividends when it comes to growth in partner and adviser numbers. Through a combination of normal recruitment efforts in the UK, new recruitment in the Far East and the continued success of the Academy, we've reported growth in partner numbers of 2.9% and growth in total adviser numbers of 4.7%; excellent growth in just six months.

And finally, productivity. Productivity of our partners and adviser teams continued to move in line with our aspirations. The annual productivity, annualized productivity per partner thus far this year is up 8% and per adviser is up 6%. Our stated aspirations are to achieve circa 5% to 7% growth in productivity per annum, and so we're very much on track to achieve that again this year.

So another strong set of numbers, delivering what I've previously described as predictable growth in all of our key measures thus far in 2015.

I'll pause there, hand over to Andy to explain how this performance impacts on the financial performance of the group, and then I'll come back a little later. Andy?

Andrew Martin Croft {BIO 5711239 <GO>}

Morning, everyone. David has covered the strong business performance in the first half of the year, and unsurprisingly this has translated into a strong financial performance. This has enabled the Board to increase the interim dividend by 20% and state our intention to increase the final dividend at the same rate.

Now in addition, we'll continue to invest in the business, through our normal partner and adviser recruitment, by extending the Academy into the regions, expanding our operations in Asia, developing our client proposition, including this morning's announcement on the acquisition of Rowan Dartington, and by continuing the strategic investment into our back office infrastructure. So, a strong financial performance whilst continuing to sow the seeds for the future.

The one negative to report, which is not a business performance point, is the significant increase in the FSCS levy, and let's get this negative out of the way first. We expect our required contribution to the FSCS levy for the current year to be some £20 million, an increase of £13.1 million compared with last year. This increased contribution has adversely impacted all the profit measures, and you can see the effect on the key metrics on this slide. So not an insignificant impact on the half year numbers, not helped by the accounting requirement to take the full year expected cost in the first half of the year. Although, this does obviously mean there should be no further cost in the second half of the year.

Now, looking at recent history, our contribution to the FSCS levy has averaged some £5.5 million per annum. Now, unfortunately, recent failures of unregulated collective investment schemes held in SIPP wrappers has resulted in the significant increase to £20 million in this year. However, hopefully, in future years it will return to a more normalized level.

Now, whilst we acknowledge the importance of providing a financial services safety net, the unpredictability, size and the fairness of the allocation is an extreme frustration, not least as we do not advise on unregulated collectives nor do we administer SIPPs that hold these products. We therefore welcome the recently announced consultation on the operation of the levy and will participate in the debate.

Now, let's move on to the results and in a departure from my normal order of events I will start with the IFRS result. Now, we provide the profit before shareholder tax, which was £67 million for the period, and also an underlying profit, which removes movements in the intangible assets and liabilities known as DAC, DIR and PVIF. The combined effect of these intangibles reduced the profit by £5.9 million in 2015, whilst they increased the profit by £4.1 million in the prior year, so an overall adverse movement of £10 million.

It's important to note that these movements do not reflect the performance of the business, but rather the unwind of historical accounting. And adjusting for these items gives an underlying profit of £72.9 million, and let's just look at this number in a bit more detail.

There are two key variances between the reporting periods. Firstly, as already discussed, the increase in the FSCS levy has had a major distortive effect on the result. And secondly, the cost of the strategic investment in the back office infrastructure was £9.1 million in the first half of the year, with a similar amount expected in the second half.

This project, known as Blue Door, is progressing well, albeit it's taking a little longer and costing more than originally envisaged. We recently transferred some of our pensions business onto the new platform and are also processing new unit trust and ISA clients on the system.

We expect to migrate the existing unit trust and ISA clients later this year, with the remaining business now starting to migrate during 2016. We remain confident this project will pay for itself many times over during the term of the contract, and we should start to crystallize benefits in the near future. And if we adjust the underlying profit for these two variances, then the operating performance for the period was £102 million compared with £89.3 million, growth of 14%.

Now, as I have said many times before, the IFRS result neither provides an easy guide to current or future cash flows, nor does it reflect the total economic value of the business. This is precisely why we complement the IFRS reporting with both the cash and the EEV result.

So let's look at the EEV result. The new business contribution for the period, at £205.9 million, was up 14%, in line with the growth in gross inflows. We provide the new business margin, being the new business contribution divided by the gross inflow, and you'll see that this margin has remained stable at 4.7% over the two periods. We also analyze the margin between life, pensions and unit trust ISA. The change in margin between the different business lines principally reflects the allocation of overheads in proportion to the change in business mix.

The unwind of the discount rate, at £85.9 million, reflects the 1.2% lower opening discount rate derived from the equally lower yield on UK 10-year gilts at the start of the year. This 1.2% reduction in the unwind rate has reduced the result by some £21 million. We continue to see better than assumed retention of client funds, which has provided for a further £16.4 million positive experience variance, whilst investment income contributed a small £2.4 million. The distribution business recorded a loss of £23.5 million, with the increase in the loss year-on-year predominantly down to the impact of the FSCS levy.

Now, we are a vertically integrated business, which means that our distribution arm always has the support of the broad shoulders of the group to bear such unexpected negatives as the FSCS levy. Other businesses will struggle. It also means that the result should be assessed at the group level and not individual accounting segments.

Other contributed a loss of £21.8 million, which includes the cost of expensing share options, corporate initiatives and the costs associated with the back office infrastructure project I covered earlier. So the total operating profit for the period was therefore £265.3 million.

The investment return of our funds exceeded the assumed return, resulting in a positive £24.1 million investment variance. And taking this into account, together with a small economic assumption change, the total EEV profit for the period was £289.1 million, providing for a net asset value per share of 683.7 pence, up 13%.

The recently announced reduction in future corporation tax will be reflected in the second half of the year and is expected to increase the embedded value by some £40 million to £45 million, adding some 7 pence to 8 pence to this reported NAV per share.

Turning now to the important cash result. Firstly, as you know, in addition to the total cash result, which was £81.8 million, we show an underlying cash result after adjusting for the Blue Door costs and other variances. The underlying cash result for the six months was £84.9 million, and let's review this in a bit more detail. Firstly, the net income from funds under management, at £135 million, was 19% higher. This reflects not only the higher funds under management, but also the funds maturing from the gestation period and contributing to the cash result for the first time.

If you recall, a proportion of the new business has an early withdrawal charge which unwinds in the first six years. Consequently, this business does not make a meaningful contribution to the cash result until year seven. We refer to this six-year window as the gestation period and, as you can see on the current slide, £17.1 billion of our funds under management, or roughly a third, remains in this gestation period. And as these funds under management emerge from the six-year window, they will start to contribute to the cash result, a total latent post-tax annual cash contribution of £131.3 million.

The margin arising from new business in the six months was £20.5 million, some 13% higher than last year and more or less in line with the new business inflow. We are not experiencing margin pressure and, as noted earlier when looking at the EEV new business contribution, the margin remained stable.

Establishment expenses in the six months were £54.7 million, up 10%. Development expenses were £8.7 million, and the combined regulatory fees and FSCS levy increased significantly. The cash arising from utilization of capital losses was £8.3 million, higher than our expected £2 million to £3 million for a six-month period. I do, however, recommend you continue to model £2 million to £3 million for each half year.

Other, including shareholder interest, operating costs in Asia and miscellaneous items, contributed £3 million for the period. So the total underlying cash result of £84.9 million was up 8% over the previous period. However, if we were to adjust the result for the post-tax additional FSCS levy in the current year, then the 2015 result would have been £95.5 million, growth of 22%. As you know, it is this underlying cash result that the Board focuses on when considering my next topic, the dividend.

Now, I said at the start of this presentation that the strong business performance in the first half of the year had translated into a strong underlying financial performance, and this has indeed been the case. In particular, the underlying cash result has continued to grow, and adjusting for the additional FSCS levy, the result was up 22%.

This outcome was supported by funds under management maturing from the gestation period, a dynamic that will continue in future years. This performance, together with the outlook, provides the Board with the confidence to increase the interim dividend by 20% to 10.72p per share, and furthermore state our intention to increase the full-year dividend at a similar rate.

So, in summary, our core business and its financials are in good shape. As well as increasing the return to shareholders, we continue to invest in the business for the future.

And I now hand you back to Dave to cover this in more detail.

David Charles Bellamy {BIO 14025555 <GO>}

Thank you, Andy. Elevating IFRS to part one of your talk is almost a sign that you're on the turn. Thank you for that. I hope these figures help reinforce the fundamental message we want to give you today, which is that we're in great shape, feeling very positive about our business and its future prospects. We have strong momentum in recruitment and inflows, excellent client engagement and retention and predictable underlying cash flow and profits. We've been pretty much in line with our expectations and aspirations.

Before I talk a little more about the rationale for our latest acquisition, I thought I'd give you a brief update on the other initiatives so you can see how things are progressing in recent months. Firstly, St. James's Place Asia, which is in good health. Since the acquisition of the Henley Group just over a year ago, we've completed the rebranding, restructured the investment proposition and have set about growing the business.

As I said in February, it will take some time for our overseas operations to make a material contribution to the Group, but in time it will. In the short term, we're focusing on growing our distribution and I'm pleased to report that recruitment in Asia is going very well. Adviser numbers are up 37% since the start of the year, albeit from a small base, such that we at the half year now have 70 fully qualified advisers with a very healthy pipeline of recruits.

Alongside the growth in adviser numbers, despite the fact it's relatively early days, we've attracted over £27 million of new single investments and are confident that our relationship based proposition is well positioned to attract further interest in the months and years ahead. The other initiative launched earlier this year, the St. James's Place Money Management Account, is similarly attracting good levels of interest amongst our clients.

To-date, clients have secured short-term funding facilities of around £32 million secured against their investments with us. Whilst there's no direct financial benefit to this Group, I have no doubt that this additional service to clients will support our already strong retention of funds under management and attract more clients and partners alike.

Turning now then to the acquisition of Rowan Dartington, today's announcement signals our entry into the broader wealth management marketplace, giving us access to further opportunities to grow our funds under management. As you know, this is a marketplace we've been looking at for some time, and I'm delighted to welcome Graham and his team to the St. James's Place Group.

The discretionary fund management market is different to our traditional market, but there are some strong parallels. It's a marketplace that serves its clients by building long-term relationships with them, providing known personal contacts and building bespoke portfolios aligned with clients' medium-term needs.

Interestingly, these bespoke portfolios are being supported by centralized investment propositions, enabling the portfolio managers to concentrate on the relationship. Where it's different to our current model is mainly in the investment offering, which can accommodate individual equities and in some cases more specialist investments than we've traditionally offered.

To give you some idea of the size of the marketplace, it's estimated that some £400 billion of client funds are managed by about 100 DFM businesses. The top 10 firms cover some £280 billion of funds under management, or over two-thirds of the marketplace, with the remaining 90 or so firms accounting for the rest. Those firms also have over 3,000 investment advisers between them who have direct relationships with their clients.

The acquisition of Rowan Dartington is an important strategic move for us, and whilst it's a relatively small business today, it will provide us with the opportunity to build a real presence in this market. It's a respected business with a good following and a perfect platform to build on.

Culturally, the business is a great fit too. It has an experienced management team, a focus on client service and relationships, and it provides the opportunity for some real synergies. Let me share just three.

Firstly, it's not an entirely new market for us. Our partners have and do come into contact with clients who have such portfolios today. When they do and when appropriate, we will have referred them to Quilter Cheviot for this element of their wealth, and over the last five years we've introduced over £600 million of funds in this way.

Following this acquisition, such introductions would clearly stay within the Group with the obvious benefits, and it will help us attract more funds under management to the Group. Secondly, with the support and backing of the St. James's Place business, Graham's very confident he'll be able to attract further advisers to Rowan Dartington and so accelerate their growth aspirations. And of course, Rowan Dartington will have access to the strength of the St. James's Place partnership.

And lastly, we know that since the Retail Distribution Review, several IFAs have sought the service of DFM businesses to support their own investment propositions to clients. Those IFAs should now find SJP a more complete solution to their needs, and hence we open up a bigger recruitment market for ourselves. So a timely acquisition, entirely consistent with our commitment to our long-term relationship based model, providing further opportunities for growth in both our distribution capabilities and client funds.

Insofar as the partnership is concerned, you'll have seen from the results that we continue to attract good quality advisers and have a healthy pipeline for the second half of the year. Our business acquisition managers continue to do an excellent job in attracting some great businesses to the partnership, and often with more than one adviser. Hence the stronger growth we're seeing in adviser numbers than partner numbers.

We're also seeing much more evidence of existing partners investing in their own practices by recruiting advisers to work with them and increasing their support teams, and that bodes really well for continued growth and succession in their businesses. Some of that succession is also being supported through our next generation Academy, where we've seen over 40 advisers complete the process and who are now operating as fully qualified advisers in their respective practices. A further 47 are still in the Academy and will hopefully graduate in the next year or two.

Elsewhere in the mainstream Academy, we've seen 25 students, that's second career students with an average age of around 38, graduate in the first half of this year and expect a similar number to graduate in the second half. Today, we have 150 active members in the Academy and anticipate a further 50 joining in September via a combination of our London program, our first program in the Midlands and our second program this year in the northwest.

As we've said many times before, growth in our business is driven by two key drivers, the number of partners and the productivity per partner, and what I hope today demonstrates is that we're well placed for both drivers. Growth in the number of partners and advisers is being incredibly well served by our initiatives in the Far East, the Academy, the next generation Academy, the development of existing partner practices and now with the addition of the DFM market. Similarly, growth in productivity is supported by broadening our wealth management offerings together with the new money management service launched earlier this year.

At our Capital Markets Day in April, Chris Ralph, our Chief Investment Officer, spoke about our investment approach, the role of our investment committee, our consultants, and of course the results they're achieving. How we look after our clients' money lies at the heart of our business, and for some they will ultimately judge us on the returns we achieve for them. Recognizing this, we've developed an investment report which provides each of our clients with their own bespoke measure of returns, bringing together all of their investments with us and after all of their charges. Aggregating those results across all of our clients lets us and them see how we're doing, and this next slide shows the results for one, three and five years for all of the St. James's Place clients, measured against the ARC private client universe. A level of performance which we feel delivers what our clients expect, and the results are all net of all of our costs, including advice fees.

This next slide shows who the ARC universe is. As you can see, it's a very broad church including most, if not all, of the key wealth and investment managers, so a credible comparison. Of course, underlying the results are the individual performances of the fund managers themselves and the portfolios that our clients invest in. A few years ago, we introduced model portfolios, and today most clients choose to invest in one of those portfolios or a slight variation of them.

Looking at their performance shows us that the added value seen at the client level is replicated by the portfolios. We've achieved out performance in the last three years in seven out of the eight portfolios of between 1.1% per annum and 4% per annum, depending on the risk and the asset class chosen.

So our record of delivery is clear, but what's also clear is the need for us to continually develop that proposition and enhance our range of funds to meet the needs of clients into the future. That's why we plan to make some further changes in the next few months that will expand our offering in the high yield and credit markets with the launch of two new funds, a diversified bond fund, which as the name suggests will be a global bond fund focused on opportunities in the credit markets, and a second new fund which will be a strategic income fund aimed at being a genuinely high income fund with a yield of circa 5% per annum after charges earned by accessing U.S., European and emerging market high yield debt markets.

These are specialist areas of the market and therefore we will seek to select partners who are best placed to access opportunities that are not widely used in a typical bond portfolio. The two new funds should work well for clients seeking alternative sources of income in retirement and should provide additional investment capacity and flexibility for us in the bond markets. Both funds should be available in the final quarter of this year.

Let me finish now with a few words on the pensions market. As you know, the Chancellor has initiated a three-month consultation period on the subject of pensions and tax relief. The basic question posed by the consultation is should the UK continue with its EET system of relief or move to a TEE approach, which would be closer to the ISA regime.

Our view is very straightforward. What's important is that people are encouraged to save for their retirement. We welcome the desire for simplicity, though. Years of constant change in the pensions arena means that pensions are very complicated now. We're concerned that a fundamental shift now, which would probably require seven years of transition to move to a new world, would make life even more complicated and with no guarantee that it would achieve the desired result, which is further encouragement for people to save for retirement.

So we'll urge the Chancellor to retain the current tax relief based incentives, but simplify them. We believe that a flat rate of tax relief, say 25% or 30%, coupled with an annual contribution limit would be a better way to reduce the cost to the treasury and introduce a fairer and simpler system for all. This seems to be a view shared by many industry commentators, and so we'll actively engage in the consultation process to reinforce our message.

Following the pension freedom initiatives earlier this year, we've seen little activity amongst our clients that would suggest that they are behaving any differently. Fewer people are seeking annuities now and more are looking for drawdown solutions, but that trend was developing in any event. Relatively few clients have cashed in their pension funds.

So, for us, overall, very little change and pretty much business as usual. We believe that the majority of our clients want to stay invested for as long as is possible. They know about mortality risk and, as you'll remember from the client survey we released at the end of Q1, 75% of our clients see their number one concern as outliving their wealth.

Our experience to date reinforces that feedback. So we'll stay very focused on helping our clients look after and add value to their wealth, whether it's in a pension's wrapper, a unit trust wrapper, ISAs or bonds. Serving our clients well and staying very engaged with and delivering value to them, thereby giving them peace of mind, is what really matters. That continues to be our ultimate focus, and I hope that the results we've released today demonstrate that if we continue to do that, we will also serve our other stakeholders really well.

Thank you for your attention. I'm now going to ask Ian and David to join Andy up on the platform, and we're happy to take any questions you have on today.

Q&A

A - David Charles Bellamy {BIO 14025555 <GO>}

Who would like to bowl the first question? Ashes started about 15 minutes ago, by the way, so I thought I'd get in that little, didn't work, did it. Okay. Where's the first question? Down here. Ashik, you have the mic.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Hi. Good morning, everyone, and thank you. A couple of questions. One, can you give us some more thoughts on your bolt-on acquisitions? It's clearly going in the right direction, Asia, followed by this Money Management and then Rowan Dartington. So any thoughts on how much more can we expect in the coming, say, couple of years and would that be costing money to shareholders?

That would be the first. Secondly, you mentioned that you have a clear view on the pension reform, the consolidation that is going on, and you're actively engaged. But let's say what if we actually move to a TEE regime, then what are your back-up plans in the sense how do you plan to still hold or still manage to get the flows even in that scenario?

A - David Charles Bellamy {BIO 14025555 <GO>}

Okay. We'll start with a couple of easy questions then. Dave, do you want to talk about pensions first and then we'll come back to the broader acquisition piece that Ashik had, so just talk about where we are in terms of pensions and tax relief and our thinking.

A - David John Lamb {BIO 15016583 <GO>}

Yes, okay. First of all, I can't remember how many years, 35, probably 40 years in this business; we talk about pensions every year. So, don't be surprised if we're here again this time next year talking about pensions changes. What's interesting this time around, there are two drivers. One is I think fairness and the other one is about cost of tax relief and where it's being spent, so the treasury.

If we go the TEE route, in other words the ISA type route, it's certainly simpler at the back end in terms of accessing funds, but it doesn't encourage people to actually put money away for a time, which is one of the key drivers of this, because people are going to be living longer and need to save for retirement. And because of that, we're fairly relaxed about whether they put their money into an ISA or a unit trust or a pension plan.

If they get the advantages from the government to put it into a TEE structure, which is what they're saying they might do, it's a consideration, then I think we can take advantage of that as well. We have seen since 2008 the maximum amount of money you can put into a pension slide down a scale from the £235,000 level to £10,000 from next April, so we know we're on this journey. But on the other hand, we don't see in the market generally everyone maximizing their ISA contributions or maximizing their pensions contributions. There is a lot of scope here, and it's funny how they do it. It could actually broaden the footprint of pensions going forward. Because if you think about the current regime where you get higher rate tax relief, that applies if you're a higher rate tax earner; anyone can have an ISA. You don't have to have earnings.

So if they broaden out the approach so you get benefits for putting money away for retirement, it appeals to the broader population, those who have earnings as well as those who don't have earnings, we've actually got a bigger market to go for. So there's all to play for in the consultation. We're going to engage and we'll see where it takes us. But we'll be talking about pensions next year, I promise you.

A - David Charles Bellamy {BIO 14025555 <GO>}

Yes, I agree with that. I think in terms of what's plan B, we don't sense the need for a plan B. This is going to be an evolution for us in any event. And when we saw maximum contribution levels coming down from £215,000 down to £40,000 and now down to £10,000 for the high earners, what we've seen, as you will have seen from the figures over the last few years, is more money coming into our unit trusts and ISA. And the fundamental of people saving for the long term and trying to take on that risk of am I - the mortality risk, I think is a big driver for why people are saving.

And we're fairly comfortable that we've got the breadth of wrappers to deal with this. But I agree with David. Pensions will be on the agenda for some time. I think having had direct conversations with the treasury, we can, there is a consistency coming across from them, and in today's paper a quote from Ros Altmann that there is genuinely an open mind about this topic. There is a real concern that we mustn't throw the baby out with the bathwater because pensions tax has become very complicated, and I think we're all of the same mind. So we'll see how things develop.

In terms of acquisitions going forward, we were talking about this over coffee a few minutes ago, that it was only 18 months ago that Lloyds finally disposed of its final 20%. Up until then, St. James's Place had been paddling its own canoe and doing its own thing and fine, and suddenly in the last 18 months we've broadened our proposition, as you say, Ashik, in a number of different ways.

I think right now, with the investment in Blue Door, those things that Andy put up on his slides, we've got enough going on inside this organization for us to deal with. And we'll settle down the relationship with Rowan Dartington, which we're really excited about. We'll get the overseas operation up and running.

We've still got the Middle East that we're toying with, but again that will be back end of this year, early part of next year before we get really serious about that, and we'll see how things go over the next year or two, probably a big enough agenda right now.

Oliver. Do you always sit in the same seat when you come here? It just feels like it.

Q - Oliver G. Steel {BIO 6068696 <GO>}

It's reserved, I think. Now, I'm sorry, I'm going to ask a slightly negative question, but the results are good enough, I think, that you can stand it. Which is that the, if I look through the expenses, whether they're establishment expenses or other expenses, they actually just seem to be creeping up rather more than you've previously indicated. So establishment expenses seem to be up a bit over 10%. You previously guided to 8% to 10%. Blue Door is costing you more. Development costs seem to be above the annual run rate that you were giving. You're introducing a share option scheme to the partners and that sort of thing. So I'm just wondering, just on each of those four elements, can you, do you accept that you're above previous guidance and what is the future guidance?

Sorry, that's question one. Question two is slightly just technical. You've put the Asia loss into the in-force column in the cash flow. Is that the total Asia loss or is, are you generating a profit or loss on the new business as well?

And then the third question is on Rowan Dartington. What is that platform like? Do you have to invest in that, or is it big enough and scalable to suit your expectations?

A - David Charles Bellamy {BIO 14025555 <GO>}

Andy, do you want to kick off with just a talk about the previous guidance you have given on expenses and why it's different now?

A - Andrew Martin Croft {BIO 5711239 <GO>}

I sort of knew that this was coming my way, I guess. If you recall, we'll do the establishment expenses because that's the biggest number there. The key drivers I've said to establishment expenses in the past is the infrastructure of the business to support the partnership. So what drives establishment expenses is the increase in the size of the partnership, increase in volumes in the business and some inflation, principally staff inflation and professional services staff inflation.

So what you're seeing over the last couple of years is that establishment expenses are going up greater than our expectation. It's because the adviser recruitment at the half year is 4.7%. So that's the main reason for the establishment expenses being slightly higher. The only other pressure we tend to see in expenses is regulatory driven, more risk people, more compliance people, that sort of thing, as well as of course the FSCS levy. Do you want to cover the...?

A - David Charles Bellamy {BIO 14025555 <GO>}

I think in terms of, there was a slight leaning towards that, as you say, negative side to the question for us. An awful lot of these initiatives are investments, and if we call the investment into Blue Door a little bit under because it's a bit more complicated, it's a bit more ambitious for us and it costs a bit more money, for us that will still be money well spent and we will see the returns, as Andy's already talked about, come through. They just may be delayed a fraction.

The Rowan Dartington platform, you can talk to Graham afterwards, is fine. We have no plans to change that platform or spend any money on that platform in the foreseeable future. All of our efforts are going onto our Blue Door platform that we're importing for the back office, and we're not about to change anything about Rowan Dartington's platform vis-a-vis the Blue Door thing.

So these things will be kept separate. It is a scalable platform and we're very positive about it, so nothing for you to be concerned about there. I think in terms of the other investments, Gaz, I don't know whether you want to talk about the partner share scheme, which again we see very much as an investment. But do you want to just touch base on that?

A - Ian Stewart Gascoigne {BIO 4439479 <GO>}

Yeah, I mean the, the partner share scheme, we've not had a share scheme for about five years. They've always been a very important part of the business, a kind of cornerstone of the way we work with partners, so they get a share in the success of the company. The share scheme is designed to both incentivize high quality business and at the same time acts as a retention tool over a three to four-year period. It's the first of a series of schemes we'll be rolling out. And for the partners who've been here a long time and for partners who are fairly new to us, it's a very important message that the management sends to the partnership about our relationship with them. We call it a partnership and it is very important that the people who do the business feel they get a share in the success of the company, and that's one of the unique things about the business. So it is a, I see it as a very strong investment in our distribution.

Secondly, I also see it will open up an opportunity in terms of recruitment conversations with people we – this is a management team that delivers on the shares, and that bodes very well for conversations we'll be having over the next 12 months with potential new joiners.

A - David Charles Bellamy {BIO 14025555 <GO>}

Just a bit of qualification on the series of share schemes. When we went to the shareholders in May at our AGM, we sought approval for the next 10 years to have equity participation. And what we have done here is put in place a scheme for the next three years, so we don't plan on any change to that. But what we've got across the years four to 10 is the potential, once these equity schemes start to vest, to reinvest in the partnership.

And as Ian said, we have no doubt we're doing this on very commercial grounds, that we will achieve extra growth and probably retain and recruit advisers that we wouldn't otherwise have done. And so we're very focused that this will add value as well as, of course, be mindful of the fact that the vertical integration marketplace is getting a little bit more competitive.

And the questions that were raised this time, six months ago when we met, were very much in that there are more people out there now playing into this space, and we mustn't be complacent insofar as our own world is concerned. Have we picked up all of those points that you...

A - Andrew Martin Croft {BIO 5711239 <GO>}

You've got the Asia one to come, haven't you? So the Asia number is the total P&L impact of the Asian operations. Interesting point, should it be in in-force or the acquisition column; I'll take that away. That's a fair question.

Q - Oliver G. Steel {BIO 6068696 <GO>}

Actually, the one thing you didn't cover was the relevant costs, which I think are mainly the Academy. Should we just double that for the full year...

A - David Charles Bellamy {BIO 14025555 <GO>}

Yeah, I think that would be fair, actually.

Q - Oliver G. Steel {BIO 6068696 <GO>}

Thanks.

A - David Charles Bellamy {BIO 14025555 <GO>}

Thanks, Oliver. Right, in behind, I think.

Q - Andy Hughes {BIO 15036395 <GO>}

Hi, Andy Hughes at Macquarie. I'm just curious about the acquisition of Rowan Dartington. I mean obviously, if I was to quote the strength of the Group in the past, it's that you've basically avoided all the blowups in the industry on the asset side and kept a very clean and sort of simple approach to these businesses. How are you going to impose that kind of risk control on this business, or are you not going to change it and leave it to be independent? And does that kind of represent a deviation from the historic strategy? So could you comment a bit on that? And then in terms of what this means for IFA recruitment going forwards in terms of how we should think about things and volumes, are there a bunch of IFAs out there waiting for this to happen or is it going to be a slow build from here? Thank you.

A - David Charles Bellamy {BIO 14025555 <GO>}

Do you want to take the second?

A - Ian Stewart Gascoigne {BIO 4439479 <GO>}

Yes. I don't want to make any over promise and under deliver in terms of recruitment volumes. We are very pleased with our recruitment activity and the levels of recruitment that we are operating on in the first half of the year. Hopefully that will continue. One acquisition isn't going to make a massive difference to the good work we are doing. However, it will allow us to talk to a sector of the market who so far has not been too keen to speak to us because we haven't got this on our product shelves. So I don't want to over inflate it, but it's not going to damage it, put it that way.

Q - Andy Hughes {BIO 15036395 <GO>}

Can you just guide as to how big, what proportion of the market that might be you have been missing out - so any idea?

A - Ian Stewart Gascoigne {BIO 4439479 <GO>}

Well, there's a market of 3,000 advisers in the DFM space at the moment that we don't really speak too. There is lot of people in the high net worth banking arena who are interested in SJP but, again, without this product they are not too keen. So there are one or two areas that we are hopeful of some fruitful conversations.

A - David Charles Bellamy {BIO 14025555 <GO>}

I think going, turning onto the Rowan Dartington, thanks, Ian, business, Graham, we've worked with Graham, we've known Graham for several years. We know a little bit about their business. One of the things I said in my presentation was, culturally they're a great fit, that they have the same focus on client relationship, client service, because we all know in our business, if we don't look after our clients well, and that means managing the risk and giving them the peace of mind, they won't stay with us, they won't give us more business and they won't refer us to other people.

That is essentially how Graham and his management team are wired as well. So I have no doubt that when Graham comes up alongside our executive team, as he will, that we will speak of the same priorities and the same focus. I don't have any concerns about the lack of control over this business. Of course, we need to, whilst maintaining a degree of autonomy, make sure that the St. James's Place Group stands for the same thing and achieves the same end result when it comes to the relationship and the reputation amongst its clients. So it's a big topic for us, but a topic we are very comfortable with.

Q - Andy Hughes {BIO 15036395 <GO>}

Is this going to be reported separately, because obviously some of the stock broking fee revenues will be very different to the historical numbers, and so have you any thoughts on how you might report these numbers going forwards?

A - Andrew Martin Croft {BIO 5711239 <GO>}

We haven't totally bottomed that out, but it would make sense to obviously report this as a separate line. The easiest one to think about is the funds under management, the billion. So today we show life, pensions, unit trust, ISAs total, I just see it as being life, pensions, unit trust, ISAs DFM total, and we'll evolve it from there.

Q - Andy Hughes {BIO 15036395 <GO>}

Thank you very much.

A - David Charles Bellamy {BIO 14025555 <GO>}

Thanks, Andy. Who is next? Right. Just pass the mic back, by the looks of it.

Q - Lance M. Burbidge {BIO 3978332 <GO>}

Thanks. It is Lance Burbidge from Autonomous. Couple of questions. Firstly, on pensions again, I'm afraid; I noticed that the margin is probably about 30% lower on pensions than your other products. Does that conveniently compensate for tax relief going into those products so you're kind of indifferent as to where the flows go, so you don't really care? And I suppose the biggest fear that I have for you is that workplace ISAs become the norm, so how would you deal with that if that is where the government went?

A - David Charles Bellamy {BIO 14025555 <GO>}

David, if you want to?

A - David John Lamb {BIO 15016583 <GO>}

Yes. We already advise clients in terms of workplace pensions today, so whilst we don't have products in the auto enrollment market, we do the advice and we use people like NOW:Pensions and NEST. If there was a strong move towards workplace ISAs, we have a footprint there can adapt to take advantage of what changes there. I think we need to wait and see how those changes play out, if they play out in that direction, because one of the things about assuming that's, basically there are two options, TEE or continuous variation, as Dave was saying about the current EET process. If you go to the TEE process, it doesn't tackle defined benefit schemes.

So a big elephant in the room here in terms of cost of tax relief is the final salary pension scheme area. So when you talk to the treasury, one of the things they're trying to balance out is workplace ISAs don't tackle people on final salary pension schemes because they're all public employees. So it is not a black and white conversation. So I think there's a long way to go down this track.

And I think that's very important, because companies like ourselves and the rest of the market will be engaged in that process. There is not going to be a sudden overnight change. David talked about a seven-year type transition if we go somewhere different. We're not starting with a blank sheet of paper here. The market will be very broad and very big for some time to come.

A - David Charles Bellamy {BIO 14025555 <GO>}

But we understand the concern about the workplace piece, but, and I hope this doesn't sound complacent, but our business is based on relationships and engaging with the individuals concerned, and for me, and we've seen the, not the threat but the challenges of stakeholder pensions, of NEST scheme, of auto enrolment and those things coming along. That's fine for what I guess you might consider to be the broader marketplace. I don't want to say mass market because it sounds derogatory, but it is fine for that marketplace. That is not the marketplace we operate in as a matter of course.

We have a different sort of relationship with our clients who significantly in an ISA world, for example, tend to give us much more of their wealth. 80%, 90% of our client's maximum fund their ISAs. Whatever is going on in the workplace in terms of group benefits and employee benefits doesn't seem to affect that relationship we have with our clients, and I don't really think workplace pensions or workplace ISAs are going to change them too much.

A - Andrew Martin Croft {BIO 5711239 <GO>}

The pensions margin,

A - David Charles Bellamy {BIO 14025555 <GO>}

Oh yeah, the pensions margin, sorry.

A - Andrew Martin Croft {BIO 5711239 <GO>}

I don't think he was going to let us get away with it if we didn't answer it, actually. The main reason is a durational point, because we are selling pensions to older people that are doing transfers in. The embedded value is still assuming a mass lapse at age 75 with annuities, and it is something that we are going to have to have a look at in the second half of the year. So it's a bit of a fluid margin point, I think, there.

A - David Charles Bellamy {BIO 14025555 <GO>}

Who's next? So we've got a couple over here. Yes, microphone behind you, so we've got two or three here.

Q - Ravi Tanna {BIO 16926941 <GO>}

Thanks very much. It's Ravi here from Goldman Sachs. Just a couple of questions, please. First of all, on the UK pension freedoms, I think you've given a sense that by and large it hasn't really impacted too much. Just wanted to pick up specifically on partner productivity both in the last quarter and generally, whether there has been more conversations had with clients? It doesn't seem to have impacted gross flows at all, but I was just hoping for an update as to that side of things.

The second one was just around another one on Asia, in terms of, it's a relatively small number coming through the cash P&L. I'm just trying to get a sense of the shape of that cost and growth going forward, please. And then thirdly, on the discretionary fund management side, just trying to understand whether the change in ownership of Quilter Cheviot's had any impact around that relationship, or is there only bearing on the decision to start up with Rowan this time around?

A - David Charles Bellamy {BIO 14025555 <GO>}

Okay. Well, let me deal with the last point first and then your first point, and then I'll hand over to Andy.

The change of ownership of Quilter's, no, not really. It would be wrong for me to say, had no impact at all in terms of the rationale for us to do something in this marketplace, but we have been looking at the discretionary marketplace for probably four years now, and I mean serious discussions around the board table of about that's the natural thing for us to get into.

Whilst we were 60% owned by Lloyd's, frankly, we didn't really have the motivation to do that much in terms of acquisitions anywhere, so the last 18 months have been a much more active time for us and that's when we start to get serious. And it's coincidental that the Quilter's piece was effectively up for sale and went and joined Old Mutual. The fact that Old Mutual do want to be like St. James's Place of course has an influence here, but it is not the driver for why we've gone into this marketplace and it is not the driver for why we picked Rowan Dartington. It is coincidental that the timing was what it was.

I think going back to your first point, I think productivity is, and it has picked up in the second quarter of this year quite significantly. If you look to the first-quarter figures, our gross inflows, our APE as we were reporting then, was something like 11%, 12% for Q1, and Q2 has been a much stronger quarter. A lot more engagement amongst our partners. I don't know that that's necessarily isolated or specific to pension freedom.

I think we are in a really good marketplace. Our reputation is stronger. Our track record is good. There's fewer advisers. There are more people that want peace of mind. That's what we give. And I think there is a step up in terms of the engagement our partners are having with their clients, the number of referrals that they are getting from their clients and the momentum in this business, which is why we are trying, I hope with some success, to give you that sort of message that we are in an incredibly good place and feeling very positive about the future. The run rate, the momentum, both in recruitment and new business, is what it is.

So I don't think that's isolated to pension freedom, but there are some complications around the place. As John Owen was saying to me this morning, the news yesterday about wills being challenged and changed and overturned in court, that will be opportunities to go and talk to people about the extent to which they have had good advice wrapped around their inheritance, their wills, and so on. That's the marketplace we are in. In terms of the accounting, if you want to hand over, Andy.

A - Andrew Martin Croft {BIO 5711239 <GO>}

Yes. So, you should see Asia as a startup business, in effect. So we are investing in that operation. Very similar to the establishment expense question earlier, the more advisers we are putting on, the higher the costs that will be going through there. If you wanted some guidance which I'm willing to stand behind for your models, then I would use the first half as a proxy to model going forward. As you say, a fairly small number.

Q - Ravi Tanna {BIO 16926941 <GO>}

Thanks.

Q - Paul C. De'Ath

Hi. Paul De'Ath from RBC. Just a couple of questions. Firstly going back to pensions, but sort of, arguably, a slightly more positive view on it. With the impending tapering at the higher end on the annual contributions, do you expect to see any kind of uptick over the next six months or so as you advise more people to maximize the contributions that they can make over the next period, or does the additional rate band not have that much of an impact on your business? And the second point is just on competition. And you probably wouldn't view this as competition, but we've just seen Blackrock cut their passive tracker fees down to 7 basis points. Do you see that putting any further pressure on fee margins and why?

A - David John Lamb {BIO 15016583 <GO>}

Shall I pick that up?

A - David Charles Bellamy {BIO 14025555 <GO>}

It looked like you were keen to, so I assume you want to, yeah.

A - David John Lamb {BIO 15016583 <GO>}

Well, the good news is we paid less than that to Blackrock for our passive fund with them, but I've also gone in contact already saying if you are going down in the market, you are going down for us. So that conversation has started.

On the pensions activity one, I think what's interesting here is that, it's a bit like the previous question. The pension's flexibility and the tapering in the next 12 months is definitely getting people looking at pensions. Okay? So whether it's the wills challenged in the courts yesterday or the current news flow around pensions, activity is up in terms of partners seeing clients.

And what's interesting is that the area of pensions which is biggest and biggest going forward, of course, is drawdown and drawdown is a marketplace where our footprint is growing fastest in, in terms of pensions market, and it is the fastest part of the pensions market that is growing at the moment because as people do, as David said earlier on, people are doing less and less annuities. That has always been the case at SJP. It is more the case now in the market generally. In which case, they're looking for a home for investments for the longer term, when they get with accumulated funds, so that's the big market that's yet to mature. It is quite an exciting time going forward on pensions.

Q - Andrew J. Sinclair {BIO 17749036 <GO>}

Morning. It's Andy Sinclair from BofA Merrill. Three quick questions, please. So, firstly going back to Rowan Dartington, just wondered what levels of growth you expect for the number of investment advisers? And again, going back to the disclosure question, will that be separate from partner and adviser numbers going forwards?

Secondly, on the 77 bps guidance for cash margins on funds under management, will that change with the recently announced UK corporation tax changes?

And thirdly, you've previously mentioned, I think, going to 75% payout of underlying cash for the dividend. I just wondered, is that still the plan and if you can give any more details on the timeline? Thanks.

A - David Charles Bellamy {BIO 14025555 <GO>}

Well, we'll deal with the last two first. Andy, do you want to...?

A - Andrew Martin Croft {BIO 5711239 <GO>}

Yeah, you're correct. The 75% guidance stays in place. How quick we get there is probably going to be determined by that FSCS levy that we talked about earlier on because that will impact the underlying cash result, although we are sort of looking through that levy increase in terms of setting the dividend.

In terms of the 77 bps, yes, that will change with the corporation tax rate changes, but of course, they are staggered over a number of years. And the first one was the Rowan Dartington one.

A - David Charles Bellamy {BIO 14025555 <GO>}

Yeah. Too early to get into any guidance and say, gee, where we're going with this. The key thing that we wanted to get across was just the opportunity in this marketplace. Ian has already talked about the 3,000 advisers plus, and I think it's actually more than that. We were a bit cautious on our numbers in this that operate in the discretionary fund space, there's investment executives, portfolio managers, call them what you will. And the sheer scale of that marketplace. It's £400 billion, Rowan Dartington has got a good platform to build into that market and the opportunities are there for us, but we are not ready yet or not prepared to commit to, and this is what we are looking at. Pretty much as our Asia business. We are confident that we can grow and add value to this business and add value to these other businesses. So we'll take it as it comes and give you a bit more clarity when things have settled down a bit.

Q - Andrew J. Sinclair {BIO 17749036 <GO>}

Good. Thanks.

A - David Charles Bellamy {BIO 14025555 <GO>}

Any others? There's some other over here then, David and....

Can you just give us a sense of what the current profitability of that business is like, and also any view on the, or any comment, rather, on the price you paid for that business? Thank you.

Do you want to take that?

A - Andrew Martin Croft {BIO 5711239 <GO>}

In terms of the price, it is in the report and accounts somewhere. It's an initial consideration of just over £19 million and there's some deferred consideration over future years of another £15 million-ish. So, about £34 million in total, which is about 3% of funds under management.

Q - Andrew J. Sinclair {BIO 17749036 <GO>}

Part shares, part...

A - Andrew Martin Croft {BIO 5711239 <GO>}

Yes, that will be part shares, part cash. In terms of the profitability, at a gross level, the margins are very similar to what we earn, but clearly we've got the scale so our corporate overheads are spread over larger funds under management, so at a net level, they wouldn't be as profitable as us. But we couldn't give them some purchasing leverage. Again, a bit like Asia, though, where we're not doing a profit, this is an investment for the future and we will invest in that business going forwards.

Q - David Charles Bellamy {BIO 14025555 <GO>}

Okay, I get that, but it sounds like it is profitable at the moment, unlike Asia, so there will be a very small positive contribution. So it is not another Asia-like cost.

A - Andrew Martin Croft {BIO 5711239 <GO>}

No, but we will be investing into it, David, so we will put different sums of money in there, to help with your questions.

Q - David Charles Bellamy {BIO 14025555 <GO>}

Okay. The question earlier was on this would you put investment into the business, and I thought the answer then was no. So there will be some investment going in?

A - Andrew Martin Croft {BIO 5711239 <GO>}

Yes, but you are talking low millions, I would imagine.

Q - David Charles Bellamy {BIO 14025555 <GO>}

Okay. This could be similar to the Asia then in terms of the...?

A - Andrew Martin Croft {BIO 5711239 <GO>}

Yes, yes.

Q - David Charles Bellamy {BIO 14025555 <GO>}

Okay. And this will hit the numbers from the Q3 numbers in terms of the funds under management?

A - Andrew Martin Croft {BIO 5711239 <GO>}

Well, this is all subject to regulatory approval. So, regulatory approval could take three, four months, so we we'd expect this to be completed by the end of the year. So....

A - David Charles Bellamy {BIO 14025555 <GO>}

Yes, it's probably not going to have much of an impact in, our timeline, looking at the way the regulatory change of control procedures work, is probably towards the end of 2015 when this completes. The investment, just to pick up on any confusion, David, is that what Andy's talking about here is that, and it gets back to the last question, really, how many advisers can you attract into Rowan Dartington, what's the pace of growth that you can stimulate in that business.

We could either leave Rowan Dartington to do its own thing with its own cash flows and its own overheads, or we can say we want to accelerate growth in that business. And we can get in behind the recruitment, we can get in behind the investment proposition, we can get in behind the support.

We are about to unleash 2,900 advisers into the discretionary fund management market. That could bring some business streams on Rowan Dartington, which is not about platform, not about the structure of the system, but just about the pace of growth, and that's pretty much our gift now. And that's what Andy means by just being mindful of the fact that we may want to invest into this business, not in technology terms but in terms of the way in which we grow it.

And perhaps, I get there will be some, well, hopefully significant other benefits elsewhere in the Group that we'll be seeing though the normal P&L, but it sounds like there is going to be a high likely...

Well, there is in the conversation, yeah, we're going to have and it would be wise to assume that we are going to be investing in that way, scaled generally.

Okay. Thank you.

Q - Alan G. Devlin {BIO 5936254 <GO>}

Alan Devlin with Barclays. A couple of questions. Just first of all on the Asia recruitment, is that number sustainable and where are you recruiting from, what type of people are you recruiting from, because I imagine that market is harder to recruit?

And then the second question on Blue Door, can you remind us of when the investment from Blue Door should start to decline and when we should start to see the benefits of the investment? Thanks.

A - David Charles Bellamy {BIO 14025555 <GO>}

Sure. Well, we will give those to Ian and David, because Ian clearly oversees all the HR activity and David is heading up the Blue Door project.

A - Ian Stewart Gascoigne {BIO 4439479 <GO>}

The good news on Asia is traditionally Henley, before we purchased it, recruited non-industry people who we'd exported into Asia or industry people who are exported from the UK who wanted to start a new career in Asia. Since we have been involved, and maybe it is the attraction of the brand, but we've been very successful. The majority of the recruits that David mentioned are experienced industry people already in those jurisdictions. So that that's, they hit the ground running, compared with a longer build up time. Obviously, 37% growth compound isn't sustainable over the next 10 years, even at SJP, but we're optimistic that we will be growing that business.

A - David Charles Bellamy {BIO 14025555 <GO>}

We set ourselves a bit of a goal, didn't we, when we I think became public on this that – started with 50 advisers, would expect to have 150 advisers over the next three or four years. That's the sort of scope of, and we've got off to a good start and the momentum's going, but such is our way. And when we get to that number, we will be, reset our goal objectives and take it on from there. So fairly confident and quite pleased with the way that is going thus far. David, do you want to talk about Blue Door and when we reach the promised land?

A - David John Lamb {BIO 15016583 <GO>}

So we are already writing new business on Blue Door at the moment and, as Andy said in his talk, we will be migrating some more of our in-force unit trust and ISA business later this year onto Blue Door, which means we'll start seeing the financial benefits of that block of business coming through next year for the restructured tariff.

We're still investing in the other sides of the product range, so in 2016 we'll start delivering on the retirement account and pension side of the business and then you will start seeing the benefits and the revised tariff on that coming through at the back end of 2016, and in 2017 we should wrap up the rest of our business. So, next two or three years, you're going to see broadly the similar pace in terms of where we're in terms of Blue Door, but the benefits starting to come from next year onward.

A - David Charles Bellamy {BIO 14025555 <GO>}

And that's a David Lamb forecast, not a David Bellamy forecast.

A - David John Lamb {BIO 15016583 <GO>}

Difference is I gave you no numbers.

A - David Charles Bellamy {BIO 14025555 <GO>}

Any other questions? We will take one more question, if there is one out there. Otherwise, we will call it a wrap and we'll resume back over coffee. Anymore? Okay. Listen, thank you very much for your attention and for your time, and thank you to my colleagues for dealing with the questions. Thank you.

Operator

This concludes today's call, ladies and gentlemen. If you'd like to hear any parts of its again, a recording will be available shortly. Thank you for joining. You may now disconnect your lines.