Quilter 2024 Full Year Results

5 March 2025

Steven Levin: Good morning, everyone, and welcome to our 2024 Full Year results.

This morning I'll take you through the business highlights and discuss our improved flow momentum. Then I'll cover our strategic priorities and update on our transformation programmes. Finally, I'll say a few words about how we're thinking about the evolution of our business over the next few years. Mark will talk through the financials and then I'll summarise and we'll take questions.

We had an excellent year in 2024. Two years ago, at my first results presentation as CEO, I said that Quilter was less efficient than it could be, and it wasn't delivering the growth it was capable of. The strategy was good, but it needed tight execution. And that's exactly what we've been focusing on. And therefore, I'm really pleased to report strong profit growth and higher operating margins. Quilter is now in much better shape.

Let me start with the key highlights. Adjusted profit increased 17% to £196 million. That reflects robust cost management as well as higher revenues.

Our operating margin at 29% is above our 25% by 2025 target and is broadly in line with our 30% medium term goal.

Core net flows were sharply higher up to over £5 billion.

Earnings per share increased 13% to 10.6 pence and the Board is proposing a dividend for the year of 5.9 pence, an increase of 13%.

So, a year of excellent progress and very strong flow momentum.

Before we get into the detail, let me turn to the ongoing advice review, which we're confident we can resolve without a major impact to our business. As the regulatory process is not yet complete, there is a limit to how much I can say. I'm sure you'll have many questions, but I won't be able to provide further detail beyond the comments that I'm about to make.

I believe that a well-delivered, ongoing advice service should be the foundation of an enduring, trusted relationship between a client and an adviser. As such, we welcome the announcement made by the FCA on 24th February recognising the importance of financial advice in helping people make the most of their money. As you know, a Skilled Person was appointed to undertake the advice review in June last year. That review is well advanced and is expected to complete in the second quarter of this year.

The work we've undertaken has supported our view that apart from a limited number of cases where clients have paid for ongoing service, that this has been provided.

The level of customer complaints we've experienced in this area remains relatively low. We have concluded that in those instances where clients may not have been provided with the expected level of service from their adviser, following the completion of the Skilled Person Review and subsequent discussions with the FCA, that some form of client remediation is likely to be appropriate. Our current best estimate of the cost of undertaking this additional work, together with the potential cost of client remediation, amounts to £76 million including interest. So, we've recognised a provision for this amount. We will do the right thing for our customers.

Let me now take a step back and look at what we've achieved over the last two years. Our adjusted profit before tax has increased by 46%. Our operating margin has improved by seven percentage points. Our core net inflows are up nearly 150%. We're running in line with our 5%

of opening balances target. That's great progress. We are now clearly starting to deliver to our potential.

I'm particularly pleased with the improvement in flow performance last year. You can see a summary of our quarterly performance in 2024 in green and how that compares to 2023 in grey. The key points that I'd like to draw out. We increased new business flows in each quarter of 2024 and we capped the year off with a very strong final quarter. As a result, we've delivered improving trends in net flows through the year with the second half considerably stronger than the first. And I'd add that the first quarter of this year is currently tracking close to the second half run rate. So, assuming that current trends continue, we expect to announce a meaningful year on year uplift in the first quarter flows when we update in April.

Delivering in line with our 5% net inflows target is key, but I also want us to be performing well against other leading players across the market. So, let's turn to that.

I'll start with Affluent. This slide shows the performance of our Platform and leading peers. Gross flows on the left and net flows on the right, both expressed as a percentage of opening assets shown vertically and with the total assets on the horizontal axis. The key takeaway is that we are both the largest advised Platform in terms of scale and the fastest growing and that is a very attractive competitive position.

The improvement in net flows can clearly be seen on this slide. On the left, you can see the cumulative net monthly flows on to the Platform in 2023, and on the right you can see the improvement delivered this year. In 2023, the Quilter Platform generated good net flows, but the IFA net flows were frankly disappointing. The actions we've taken, coupled with a better market, have driven a significant and consistent improvement in IFA net flows. I think our performance in 2024 demonstrates the tangible benefits of our dual distribution model.

We've got two strong distribution channels contributing to Platform flows, which obviously in turn drives flows into our Solutions. In 2024 those two channels delivered gross flows of over £12 billion. That's an increase of over 50% on the prior year. And because our Platform is highly scalable, incremental assets generate a very attractive operating margin. So, we are happy adding assets from IFAs who just want to use our Platform. But of course, we prefer it where assets are both in our Solutions and on our Platform. In 2024, £4.5 billion, or around 40% of the gross platform inflows, went into our Solutions. By channel, that's about 80% of the flows from our advisers and about 20% of those from IFAs. So, while growing, our adviser base is important, growing our relationships with IFA firms is equally important. And I'll say more on that in moment.

But first, let me turn to the Platform based Solutions we offer through Quilter Investors. We offer two approaches. Fund of funds under the Cirilium brand and our WealthSelect Managed Portfolio Service. Regulation has encouraged more independent advisers to outsource investment Solutions and our WealthSelect MPS is one of the largest ranges in the market and meets this need incredibly well. Its strong performance and competitive price make it attractive to both our own and independent advisers and you can see the resulting growth on the right.

On the left, the performance in Cirilium has been a bit more mixed. Cirilium Active has been in outflow, but our Blend and Passive ranges have delivered very good growth. From what we've seen on our Platform, we've retained around three-quarters of the assets we've lost from Cirilium Active in other Quilter Solutions, but the mix effect has reduced our revenue margin on managed assets. Mark's going to comment more on revenue margin guidance later.

Let me now talk to our High Net Worth flows. On the left, you can see we're generating new business inflows pretty much in line with our peer group. When you look at the performance on the right, the net performance, we delivered solid net inflows last year. That said, 2% level of net inflows is not where I want us to be. So, we've got a number of initiatives to help get us up towards the mid-single digit level. I'll discuss those a bit more shortly.

In terms of driving the growth, we do intend to drive a clearer demarcation between our Discretionary Portfolio Service, or DPS, and our Managed Portfolio Service, MPS, for the remainder. Essentially, we're going to move some of our existing lower value DPS clients into MPS. That will lead to some easing of the revenue margin as MPS margins are lower, but it will also free up investment manager capacity to add relationships with new and larger clients, so it's good for growth and operating margin. This will of course be a gradual transition.

Now let me turn to the three strategic priorities we've previously set out to improve our business: Building Distribution, Enhancing Propositions and Driving Efficiency.

I'll start with Distribution in the Quilter channel. There are three strands to helping get our Quilter channel to where it should be. First, we're building the network of tomorrow. We want to improve the productivity of our advisers by giving them the tools to do their jobs better. That's all part of our Advice Transformation Programme. Over the last three years, the work we've done on improving alignment has significantly improved the flows of our advisers coming onto our Platform and into our solutions. And productivity, which we measure as gross flows per adviser, has also improved. That's running at £3.2 million on an annualised basis, up from £2.8 million in 2023. That has been helped by the continued progress on back book transfers, which were around £800 million in 2024, up from £750 million in 2023.

The 1,400 or so advisers across the business wrote about £5 billion of net new business last year, equivalent to 20 – sorry, that was gross – equivalent to 26% of opening balances and better attention led to net flows as a percentage of opening assets increasing by around one and a half percentage points. So very good progress.

Next, we want to recruit the advisers of tomorrow. The waterfall at the top provides a breakdown of the change in our adviser numbers this year. The net decline of 23 in the first half was mainly due to natural attrition and retirements exceeding recruitment. The modest increase in the second half reflected the initiatives we've been working on. We added more firms to the network in 2024 than in the previous year and we saw the reward from our investment in our Academy pay off through a higher number of graduates joining our network firms. We're looking to do more of both of these in 2025.

Finally, we want to support the growth firms of tomorrow. That's why we've continued to invest in our Quilter Partner hubs. By the end of last month, we had nine firms had joined Quilter Partners. We're going to see how those firms progress before making any significant investments, but we're very pleased with how Quilter Partners is doing.

Next, let's look at the IFA channel. Our focus here is twofold. First, to improve our market share of IFA new business, and second, to become the Platform of choice for an even greater number of IFAs.

The chart at the top demonstrates the strength of our competitive position. It summarises IFA transfers between our Platform and peers in 2023 and in 2024. We haven't shown a scale because it's commercially sensitive, but the bars above the line represents net transfers to us, and the bars below the line show transfers from us to others. As you can see, right across the market we gain more from competitor platforms than we lose and pretty much across the board, the level of business transferred to us has increased year on year. So, we're becoming the Platform of choice for more IFAs.

In 2023, the main drag was from consolidators, which are on the right, and pleasingly the outflows from them fell sharply in 2024.

And finally on this slide in the bottom right, we've updated a chart that you've seen before. The green line is our market share of gross new business flows across the market and the black line is our share of stock. You can see that we are clearly taking market share of new business flows and our share of total advised platform assets is now also increasing. That's an excellent outcome for the largest player in the markets. And I think there's still more that we can do.

Next, propositions. We've continued to enhance our proposition. We introduced our CashHub in early 2024. We launched WealthSelect on a number of third party platforms as well. In High Net Worth, we've added specific tailored propositions for partners at leading accounting firms as well as for IFAs who work with family solutions and entrepreneurs. We're also enhancing our investment offering for clients with more complex financial needs. And we're investing to extend our digital capabilities with a new Quilter Cheviot app and with the acquisition of NuWealth.

NuWealth is an exciting long-term project that supports our strategic objective of broadening our client base. It's a small digital operation that we acquired last summer and it will help us solve a problem that the advice industry faces. Many advisers within our ecosystem are having to turn away business because it's uneconomic. That 35-year-old who knocks on the door with £50,000 in savings presents a dilemma. Advisers want to help them, but the revenue an adviser would generate doesn't justify the cost of full face to face advice. With NuWealth, we can give advisers a digital proposition that they can use to support their clients earlier in their wealth journey, incubating them if you like. We are really excited about the opportunity because it's going to build a pipeline of new relationships at a lower client acquisition cost and it also helps support outcomes from the Advice Guidance Boundary Review by delivering advice based solutions to underserved segments. The contribution to flows from NuWealth is likely to be modest for the next few years, but it has a powerful potential over the longer term.

Our proposition enjoys considerable market recognition, notably Platform of the Year and Leading Platform for MPS at the Schroders UK Platform Awards, our Five Star Service Awards from FT Adviser, the Defaqto expert-rated Award for Quilter Cheviot, and as you know, we have extremely strong Trustpilot scores. So, we're getting a lot right, but we can never be complacent.

Let's now review the three broader transformation programmes highlighted on this slide. The most significant remaining work is on the Advice Transformation Programme, which I touched on earlier. It will deliver results over the next two to three years, including better customer experience and higher adviser productivity.

Next, in High Net Worth, we've obtained regulatory approval to offer advice from the Quilter Cheviot legal entity giving clients a seamless integrated service. And on Simplification, we're on track to complete our plans by the end of 2025. We've delivered £35 million of our £50 million cost saving target and will deliver the remainder by the end of this year.

We've made great progress in transforming Quilter and improving the pace of execution. The prospects for this sector remains strong, not least because too many UK consumers over-save and under-invest. They also need to take an increased responsibility for their own financial health as the Government provides less support and as new pension accumulation is almost exclusively in defined contribution arrangements. As the nation's second largest advice business, I want Quilter to play its role in building brighter financial futures for as many households as we can.

With such a strong growth opportunity, we're going to invest further in our brand and in our propositions and in our front office distribution. As a result, our focus is shifting to the core goals you can see on the right.

First, Distribution. Growing our adviser base and active IFA firms remains important, but we want to increase our market share, improve productivity, broaden our client range and maintain net flows at 5%.

Next, we'll continue to innovate and invest in our propositions, like NuWealth, and ensure we remain highly customer centric.

Finally, now that we are close to our 30% operating margin, we're deliberately moving our focus to being future fit. What does that mean? It means completing our simplification programme and then improving our operating margin beyond our target 30% base over time at the same time

as accelerating investment in data, AI and growth initiatives and continuing to instil a high-performance culture in this company. You should expect the operating margin improvement. You shouldn't expect to be linear, of course. It's going to reflect the investment phasing and natural market volatility.

Right, with that, let me hand over to Mark.

Mark Satchel: Thank you, Steven, and good morning everyone.

Let me start by echoing Steven's comments that our business is in great shape. Last year, we experienced a strong financial performance and it's really encouraging to see that driven by revenues and flows and not just cost control.

There are four key points I'd like to make about our 2024 results. One, we've delivered pleasing revenue growth of 7%. Two, the revenue margin of 44 basis points was in line with our guidance. Three, we've maintained cost discipline, which has led to a 17% profit increase and a two percentage point improvement in operating margin. And four, our balance sheet, even after the customer remediation exercise provision, remains in good shape supporting the dividend increase of 13% in line with EPS growth.

What you can see here is that operating leverage drove strong growth in profits and EPS. Let me walk you through the details.

Starting top left, as you already heard from Steven, net flows of £5.2 billion in the core business were substantially ahead of 2023. Our average AuMA was up 11% on last year due to those inflows and supportive market conditions.

And top right, you can see all income categories grew, giving revenues of £670 million in total.

Costs, bottom left, were up 3% to £474 million, so good operating leverage. As a result, we increased adjusted profit by 17% to £196 million. That gave an operating margin of 29%. And we reported adjusted diluted earnings per share of 10.6 pence, an increase of 13%.

Now, getting into the detail, let's start with revenue margins, which landed in line with our guidance. On this slide, each chart shows the second half 2023 run rate, the level in the first half of this year and the second half run rate as we exited 2024. In High Net Worth, on the left, the overall margin was broadly stable. In Affluent, the lower managed margin largely reflected mix shift with Cirilium Active outflows moving into our other solutions. You can see that most of that decline was in the first half with the second half broadly stable. Looking ahead, I expect the managed margin to fluctuate around the low to mid 30 basis points level with mix being the main driver of movements.

Next, our Platform or administered margin was resilient in the second half. The step down in the first half was largely due to removing the platform charge on cash balances in February 2024. Going forward, some of the interest rate benefit we generate on clients' cash will diminish as interest rates begin to ease. My expectation continues to be for a decline in the Platform margin of around a basis point a year.

Let's now turn to revenues by segment. Our High Net Worth business delivered a good performance. The increase in income largely reflected the benefit of higher assets with total revenue increasing by 7%. In the Affluent segment, revenues grew 8%, another good performance, supported by growth across all income categories.

Let's now turn to the detail on costs at both the group and segment level. The efficiencies we've achieved in the last few years are now giving us the capacity to invest in growth. Last year, cost growth was less than half the increase in revenues, despite inflationary headwinds, higher variable staff compensation and growth investment. And as you'll note, the cost of revenue-

generating staff and variable compensation has remained broadly stable as a percentage of revenues. The increase in absolute pound terms was linked to better business performance.

The waterfall on the right summarises the main cost changes year on year. Increases came from inflation as well as the investments we've made. Reductions came from our Simplification programme. In the bar, far right, you can see how the overall cost base breaks down by segment. High Net Worth segment costs were up 5% year on year reflecting front office investment. The Affluent segment increased cost by 3%, primarily reflecting higher staff compensation, partially offset by Simplification benefits. As I look forward, I'd expect 2025 costs of around £500 million, reflecting higher FSCS and National Insurance charges, as well as the investments that Steven spoke about earlier, which I'm confident will drive growth in revenue and profits. Simplification plans will reduce run rate cost by around £15 million this year, although I expect that benefit to be back end loaded.

So, the main contribution from Simplification in 2025 will be the difference between the run rates and in-year level of cost savings in 2024. And of course, overall cost could be potentially a little higher if the revenue environment is stronger and vice versa if markets are more challenging.

So, putting the segment revenues and Group costs together, this slide shows the strong segmental contribution to group profitability. High Net Worth delivered profit of £48 million, up 17%, and Affluent profits rose 19% to £148 million. Operating margin increased by two percentage points in High Net Worth to 21% and three percentage points in Affluent to 35%.

Now let me turn to the balance sheet. As you'd expect, we've maintained a strong solvency ratio and cash position. I've set out the usual graphical walk showing the major movements in the Solvency II ratio and cash positions. The year end solvency ratio reduced over the year with the decline largely due to the ongoing advanced remediation provision, markets and acquisitions, which we have already talked about. In terms of cash, as you can see, we've got around £400 million of cash available in the centre after payment of the final dividend. You'll note that remittances were particularly high last year. That includes upstreaming of the £80 million capital benefit from the change in Solvency II rules that we called out this time last year. The Full Year dividend and the remaining Simplification costs will absorb around £100 million. That leaves us with a good buffer to cover the remediation provision, capital requirements, contingencies, liquidity management and business investment, while retaining balance sheet optionality.

With our balance sheet in good shape, once the Ongoing Advice Review has progressed further, the Board will undertake a full review of our capital requirements and capital allocation priorities.

The Board has declared a final dividend of 4.2 pence per share, which together with the interim dividend of 1.7 pence, takes the total dividend for the year to 5.9 pence. This is a year on year increase of 13%, broadly in line with the increase in EPS. The payout ratio was 59%, roughly in the middle of our 50 to 70% target range.

Let me now say a few words about how we are thinking about the P&L in 2025. In terms of revenues, there's the compounding of AuMA from flows and markets, which at current market levels would lift AuMA by around £10 billion year on year. And they'll obviously be headwinds from lower interest rates. Each 25 basis point cut reduces income by around £4 million on an annualised basis. I've already discussed the items that will push costs up. So, when you put all of that together, and assuming current market and interest rate expectations are broadly maintained, I'd expect mid to high single digit profit growth this year before an acceleration in 2026.

Let me take a step back to conclude. While there's no such thing as a normal year or normal markets, our results in 2024 demonstrate the shape of what we are building and what our medium-term financial model looks like at Quilter. Around 5% growth in AuMA from flows each year, with a similar contribution from markets giving around 10% growth in the asset base then allowing for normal margin attrition, partly from targeted action, should lead to a mid to high single digit percent growth in revenues. And you could expect our traditional cost discipline to

manage expenses to deliver positive jaws. That should lead to a steady compounding of earnings at a strong growth rate over time.

That's what we delivered in 2024 with 17% profit growth, although from what I said earlier, you can conclude that 2025 is unlikely to be quite as strong.

The right hand side of this slide fine-tunes our existing guidance. Assuming no significant geopolitical shocks, we expect a constructive operating environment this year. As I see it, we're starting to see the potential power of the Quilter engine, though there’s a bit more to be done to get us firing perfectly on all cylinders.

And with that, let me hand back to Steven.

Steven Levin: Thank you, Mark. So let me summarise. We're really pleased with our performance in 2024. Flows, revenue and profit all moved sharply in the right direction. Strategically, we're in great shape. The four key messages I'd like to leave you with are, we offer structural growth as a large scale player in an attractive and fragmented UK wealth management market. We've got great differentiated dual channel distribution that delivered significant improvement in flows in 2020 and we can still do better. We believe the whole group will deliver net flows around the 5% figure on average over time. And our medium-term aim is to sustainably operate above our 30% operating margin target while continuing to invest in our business. We're building a business that's fit to deliver on the significant opportunities that we see ahead, and I'm hugely excited by that.

Right, let's open up for questions. Andy?

Andy Sinclair
Bank of America: Thank you very much. Three from me, as usual please.

First, just on that, that £80 million upstream. Should I just think about that as broadly being what will be used to some extent to pay for the advice provision? Should we think of them as broadly as a wash?

Second, adviser headcounts. Well done, a wee bit of growth in H2. Possibly even better on the Academy, actually. The 160 in the Academy now, should we think about around two-thirds of those becoming RFPs in 2025? It looked like that was about the run rate in 2023 and 2024. Is that the right way to think about it? And I guess should that lead to some faster adviser head count growth overall in 25?

And then third was just that you mentioned thinking about uses of excess capital as clarity emerges on the provision. How do you think about debt reduction in that discussion as well? I know you've got some slightly more expensive debt on the balance sheet. Does that come into the thinking for uses of excess capital? Thanks.

Steven Levin: Thanks. I'll take the second question and I'll let Mark answer all the capital and numbers ones.

So just on the adviser headcount. Yes, I think you're right that it's probably around two-thirds of the advisers who are in the Academy should drop through into RFPs. I mean, not everyone completes the programme, so there is a dropout rate for that. And then not all the advisers become RFPs, some of them become mortgage advisers and stuff. So that explains that sort of one-third-ish difference. So that is what. And we’re investing in our Academy, we're investing in recruitment. You know, adviser numbers are important, as I've said, as well, you know, adviser productivity is very important and it is the combination of those two that we look to manage.

Mark Satchel: Andy, you can think about the 80 upstreaming as offsetting the provision if you'd like. We’d rather be retaining the 80 upstreaming rather than having to have a provision, but it's up to you, but that is one way of looking at it and I think some people have mentioned that previously. On capital and debt reduction, the debts that we have in place is a tenure with a five call option. So,

it's kind of term defined. We'd actually pay quite a high premium to actually exit that because it effectively, we need to reimburse the interest that people would have earned over the period anyway and stuff like that. So, it'll probably feature in my discussions with the Board but given that I think we've still got three years or so to run on that, it's more probably of a medium-term consideration rather than a shorter-term consideration.

Andy Sinclair: Thank you very much.

Steven Levin: Behind you, James.

James Allen
Panmure Liberum: Hi, morning. James from Panmure Liberum. Three, if I can.

In terms of the Ongoing Advice Provision, what percentage of clients reviewed during that were assessed to potentially be owed redress?

Second question, growth and advice numbers in H2, despite the Ongoing Advice Review and despite taking longer to on-board new advisers, presumably. What's the pipeline looking like ex the Academy?

And then finally, just in terms of the adviser productivity, what do you see as a steady state adviser productivity number where you strike the balance between productivity in terms of flows, but also providing a good service to those clients? Thanks.

Steven Levin: So yeah, thanks. Thanks, James. So, in terms of the Ongoing Advice, as I said, I'm not going to go into any more detail on any of the numbers today. We've set aside what we believe is the appropriate amount as a provision. There is still some work to complete, but we are confident that the number we set aside is the appropriate amount.

In terms of the question on growth in adviser numbers and the pipeline, we have got a good pipeline of recruitment and we are working on that. I think you know we also see advisers retiring, we've got a very strong retirement programme now, which is better than we had in the past, where advisers can retire and transfer their clients on to other advisers who've got capacity. So, adviser numbers is quite a complicated thing and you need to look at it in a nuanced way because if an adviser retires and hands their client back on to someone else in the network, the adviser numbers will actually go down, but productivity will go up as an example and things and we wouldn't be averse to that and that may often hand the client base over to a younger adviser who's got more energy and can drive it to service the clients and find more opportunities. So, there is that. And it is obviously a market still with a whole lot of consolidation going on. So, we're cautious as to managing the adviser numbers, but obviously we are investing in both the Academy and in our recruitment. So yes, I would agree with most of your comments.

In terms of adviser productivity, I think that, so one part of your question I don't agree with, I mean, our adviser productivity is not about, I'm not concerned that advisers are going to be giving less service to their clients. Advisers have an obligation to provide ongoing service and that is sacrosanct. There is no option to not do that. And certainly, we don't think that advisers are at the stage where they're taking on too many clients and therefore not doing it. I think the issue with adviser productivity is some of the systems that advisers use make the advice process more time-consuming than it needs to be. That's why we've got our Advice Transformation Programme, which as we say, will take a few more years yet, but we see a lot of upside in that in improving the productivity of advisers and allowing them to serve more clients, but to serve more clients appropriately, of course.

The other thing about the adviser productivity in the way we disclose it is there is a bit of a market level in that. So, because a large part of the business that advises rights to transfers of existing pension assets, so if markets are 10% higher, you can get a 10% or probably a 5% improvement because about half, 60% of the business is probably transfers. You could probably

get an improvement in productivity from market effects and that can go vice versa as well. So just to understand that there can be sort of ups and downs in adviser productivity in the measure there because of market levels. But we still think there is potential to drive adviser productivity up in terms of advisers serving more clients with better technology and better efficiency.

Yes, at the back? Rahim, yeah.

Rahim Karim Investec: Good morning, it's Rahim Karim from Investec. Three questions from me as well, if I may.

The first was just with respect to your comments on net flows. You reiterated a number of times 4% to 5%, but then talked about how you were running well ahead of that. So just was hoping if you could help us square that circle and whether that's just a level of prudence that you want us to take away and that you would hope to outperform that or if I'm necessarily missed something.

The second question was just regarding the strong improvements in market share that the Platform has seen over the last 12 months or so. It's something to be congratulated. I was wondering if you had a view on where that might max out or whether consolidation in that space might mean that there's still a lot of room for you to run in terms of your market share, both of stock and flows?

And then the third question was just around capital allocation framework. You talked about bolt on acquisitions. I was wondering if you might allude a little bit to the areas that you were thinking about with respect to the various parts of the business?

Steven Levin: Okay, thanks. Thank you. So, the 4% to 5% is a number that we've talked about as through the cycle. So, if you look at the fourth quarter of last year, we actually delivered net flows at 7%. So, we are not trying to say that 5% is the cap. In fact, I would, you know, in very strong markets and good flow environments, we would expect it to be above that. We're talking about through the cycle. It is obviously also difficult to forecast what sort of market we're going to see long-term. We are very bullish on the demographics in this market. There's too much savings, there is a huge amount of excess cash sitting in savings in the UK environment and we believe that customers can and will invest that and there's a lot of initiatives focused around that. So actually, there is a very strong sort of tailwinds on some of the growth metrics. So that's all we're talking about. It is a through the cycle number.

In terms of the market share improvements, yes, we've had very strong market share improvements in the IFA space. There has been hard work over the last three years and we're very proud about that. I think we do believe that there is still more road to go. I think the pace at which we have sort of captured market share is likely to slow because I don't think that that pace can sort of be necessarily sustained forever. And you're right, the consolidation may actually help and support that, but we think there is still more room to go. But actually, the other way we think about it, sort of linking back to what I said a moment ago, because we have a view that the size of the pie is going to increase quite significantly as well over the years, we think the platform market is going to continue to grow. We think there's going to be more investments coming out of savings and going into longer-term investments, interest rates are coming down, there is a lot of excess cash in the system. We think that our market share that we have gained places us in a very strong position to deliver strong net flows as we start seeing even stronger platform years that we believe we will see in the years ahead.

And on the final question on capital allocation, I'll let Mark.

Mark Satchel: Yeah. Rahim, our framework hasn't changed a whole lot. It's primarily probably in three areas two of which are in distribution, both in DFM and advice space, small acquisitions, some of the capital is also set aside to help fund practice buyout loans, management buyout loans, those sorts of things, but that's where we see a lot of the activity that we've historically done in that area.

And the third area is sort of complementary, digital and other capabilities, and we've seen the acquisition of NuWealth last year as an example of that. None of these are really massive investment amounts for each investment we make, but the small ones all add up and we've been doing quite a few of those over the course of the last year.

Steven Levin: Yes?

Andy Lowe
Citi: Thanks very much. It's Andy Lowe from Citi. Your guidance talks about long-term further increases in the operating profit margin, so I was just curious if we were to allocate your costs across each of your divisions where you see the biggest opportunity across those three divisions.

And then the second question was just on the NuWealth proposition. I'm just curious, it's obviously a new thing for you. How developed do you think competing offerings are across your peer group and is this the case that everyone's been holding back a bit until we get more clarity on the regulation and therefore you're sort of competing in a similar development stage to others on that product?

Mark Satchel: Should I talk about operating margins first? Look, I see it coming across both segments. So, I put out some slides over there talking about the Affluent and the High Net Work operating margin. High Net Worth is at 21% at the moment. I think a DFM sort of structured business should be in the mid-20s and that's what we're targeting there.

And in the Affluent space, I think 35% is kind of a decent starting point. I think it can improve from there. The Affluent part of the business is where you have the most operating leverage. So, the Platform as well as the fund management business within Quilter Investors is where the incremental pound cost to manage more assets is at its lowest and that is where you should expect the most expansion to take place. So, so personally I see the margin improvement coming in both segments, but with the Affluent segments having greater capacity for expansion.

Steven Levin: Questions? No, no.

Mark Satchel: There was a second question on that.

Steven Levin: Oh sorry. Yes, apologies, yes. You will. Sorry, Andy. So yes, on NuWealth, I think in terms of the proposition, I think it's a good proposition. There's not a lot of other players who are looking to do, to use digital offerings to support advisers like we are to help them incubate younger clients, which I think is something we're very excited about, but I'm sure others may try. I think a lot of companies will be looking to how they can make use of the advice guidance boundary opportunities that come. I mean we are involved in sandbox work with the FCA on that and things like that. So, there's a lot of a lot of firms are working on what the opportunities are. It's something we are excited about. But we do think that we've got we've got some good ideas and we are investing accordingly.

Shall we go to the lines? No questions on the lines.

Mark Satchel: Andy's got another one.

Steven Levin: Oh. Okay, we're good. Andy first. Yeah. Okay, other Andy.

Andy Sinclair
Bank of America: Andy Sinclair from Bank of America again. Just when you're looking at the excess capital and time, how do you feel about the dividend payout ratio? Is that something that could be reviewed as well or do you think that is the right number for the longer-term?

Second was just after the inheritance tax changes for pensions in the budget, there's been a bit of chatter, maybe life insurance protection products could become more prevalent. Would you

consider using your balance sheet to write any of those sorts of products or is that something that's just of no interest? Yeah, just those two are fine for me. Thanks.

Steven Levin: Thanks. Alright, I'll take the second question then I'll let Mark talk about dividend. In terms of the IHT changes, I don't think that has increased, certainly the need for advice. We're seeing our advisers getting a lot more engagement from clients about how to manage inheritance tax. There are a range of options. I mean our bond product, for example, is doing very well and that has some uses, trusts, we have a very sophisticated trust range as well. In terms of pure protection, it is not currently our focus to write protection business. We do advise on protection business and we have a panel of protection advisers, protection providers that our advisers use.

Mark Satchel: Andy, on the second, I think that probably will feature. It's probably not a highlight feature, but I think it will feature. You know, I'm expecting that when I go through this with the Board that we'll be looking at the different uses of capital, what we see the opportunities are down the line, how we might deploy it for reinvestments in the business etc, etc, and clearly the dividend pay out policy or pay out ratio will feature within that, but I'm not expecting to be at this stage at any rate to be headlining with that.

John-Paul Crutchley: Okay, there's two questions on the web. The first is from Greg Simpson at BNP Paribas. Firstly, asking, or three questions. Firstly, do you think there is room to improve adviser productivity from the £3.2 million given how this has improved over time?

Secondly, asking about the quantum of back book transfers still remaining to go for.

And thirdly, asking about Platform flows noting that one of our Platform peers yesterday talked about an ambition to turn their outflows into inflows and made a decent fee cut recently. What is your confidence on keeping the current good market share trends that can be sustained?

Steven Levin: Alright. Thank you very much. In terms of the adviser productivity, I think I've probably already commented on that question. We had it from, a similar question from the room. We do believe there is still scope to increase adviser productivity, but we're not going to give a forecast for a number or anything like that.

In terms of the back book transfers, we believe that there is still north of £5 billion of back book that our advisers advise on that is addressable. So, we are confident that we can deliver similar numbers to what we delivered this year and last year for the next few years. And actually, obviously, as you recruit new advisers into the business, especially the new experienced advisers, they obviously will bring their own back books with them type thing. So, the opportunity can be continuously refreshed as you bring in new advisers.

And then on the final question about Platform flows and pricing and other behaviour, stuff like that. Our Platform is very competitively priced. You know, we obviously look at what changes and what pricing is out there in the market and we're very comfortable that our Platform is very well priced and delivers exceptional value.

In terms of the market share, I think one of the points, you know, that slide that we showed which shows where we get our flows from, you can see that we get our flows, we get net inflows from a large number of platforms. It's not concentrated to any one particular source. So, that is what I think is helpful to know. It also it takes, its hard work to win over IFAs and to get them to be new supporters or to move them from a tertiary to secondary or to primary Platform. And they're not looking to change that every month. So actually, you know, once you've gained a strong position of share, actually it's a good position to be in. We can't rest on our laurels at all and we certainly don't and won't, but we're very pleased with the position that we have.

John-Paul Crutchley: One more question from Alex Bowers at Berenberg on MPS Solutions. He says firstly he notes that the market has grown as advisers have adopted, is asking once that's got to a saturated position, how well is Quilter placed to pick up market share from other MPS competitors?

And secondly, he asks the FCA has announced they will start a multi firm review of MPS looking at firms or how firms apply consumer duty. Are Quilter involved in this review and what are your thoughts on this review?

Steven Levin: So, thank you for those questions. I think that our MPS offering, we are sort of the biggest/second biggest at sort of £99 billion. It has got phenomenal performance and a very long-term and consistent track record. We have only recently added MPS to our MPS WealthSelect in particular to other platforms, our QC MPS has been on other platforms for some time. Between our two MPS offerings, we think that there is still significant opportunity because there are obviously assets of advisers who already use WealthSelect on our Platform but have assets on other platforms. I'd love them to move all their assets to us, but IFAs don't always do that. So, the fact that our WealthSelect is now available on some third party platforms as well, and there are assets there that are from advisers who already use WealthSelect, know it well, like it, etc, so that gives us opportunity for growth that we haven't historically had.

And then in terms of the questions on consumer duty in the FCA review, we welcome the FCA review. I think that is an important thing to do. MPS has grown very significantly. There's a rate, there's a large number of people providing MPS services of different sizes and scale. We have got a very significant team, front office team, risk management functions, capabilities, all sorts of things. Research, investment, due diligence, operational due diligence of the managers we have. I'm not sure that everyone out there in the industry is at that level, but it is such an important solution, I think what the FCA are doing makes absolute sense and that has only just been announced in the last few days that it is on the FCA's roadmap, so I don't have formally kicked off yet.

John-Paul Crutchley: That's it.

John-Paul Crutchley: Yeah. There's no questions currently on the phone line, but we're just going to do an announcement to ask people to…

Steven Levin: Alright.

John-Paul Crutchley: Any more now?

Steven Levin: Good. Okay. Okay, we're going to wait. Everyone wait patiently. If you're on the phone and you have a question, speak now.

Alright, if there's nothing, we will end it there. Thank you all very much for coming.

[End of Transcript]