

Quilter 2025 Half Year Results

6 August 2025

Steven Levin: Good morning, and welcome to our results presentation for the first half of 2025.

This morning, I will start with our business highlights, our strong flow momentum and the scale of the opportunity ahead. Then I'll spend a bit of time on something that I don't always think is appreciated, the scalability and market leadership of our Affluent business. Finally, I'll say a few words on our strategic priorities and my areas of focus to further improve our business. As usual, Mark will then take us through the financials, then I will summarise as to why recent policy developments are a positive Quilter and we'll end with Q&A.

We've had a good start to 2025. Profits have increased from a very strong 2024 base and flows are much higher. Let me start with the highlights.

Core net flows were much higher, up to £4.5 billion, that's only £700 million less than we achieved in the whole of 2024, and flows into both segments were sharply better year on year. Our operating margin, which has improved steadily, is now at 30% in line with our medium-term goal. Adjusted profit increased 3% to £100 million. That reflects higher revenues, despite a lower contribution from interest on capital, and good cost management alongside business investment. Earnings per share increased 4% to 5.4 pence and the Board has declared an interim dividend of 2 pence, an increase of 18%.

Let's drill down a little bit more into the flows. This slide shows gross new business outflows and net inflow performance for the last three half years. The key points are new business flows have continued to increase in 2025, our flows have returned to more normal levels as both cost of living pressures and consolidate activity has eased. Note that our outflows include regular income drawdowns as well as surrenders, unlike how some of our peers disclose.

The combination of these has led to the excellent improvement in net flows and given the momentum of our business, the current levels of flows, which annualised to around £9 billion, feel sustainable.

And as you can see from this side, we've outperformed our peers again in the first half. We remain the market leader for net inflows in both our Affluent and High Net Worth segments.

So, we're doing well. And as you know, we're operating in attractive markets which benefit from structural growth trends and everything we've seen recently has reinforced our conviction with three key drivers.

First, the complexity of UK tax rules, including recent changes to bring pensions into the inheritance tax net, continues to drive demand for advice from baby boomers who wish to pass on their assets in a tax efficient way.

Secondly, the UK faces a significant retirement funding challenge. As state support diminishes and with future retirees having little or no defined benefit pensions, individuals are going to have to take more personal responsibility for their financial security in retirement. Fundamentally, most people need to invest significantly more.

Finally, policymakers and regulators now recognise the scale of the problem. The focus on targeted support, encouraging long-term investments and other recent initiatives is a constructive first step. We now need to see effective implementation to give people the confidence to make long-term decisions. Our firm belief is that individuals need to invest in diversified portfolios to build capital over time. That's what Quilter is built to deliver. These growth dynamics provide a positive backdrop for our business.

Let's look at the long-term growth trends. As you can see on the left, there's currently about £700 billion on advised Platforms and there's around a trillion pounds managed by High Net Worth firms, including private banks. Independent observers expect UK advice Platform assets to increase by around 70% by the end of 2029 and for High Net Worth assets to grow about 50% over the same period. Clearly that's a very attractive growth opportunity. Our Affluent segment is a highly scalable market leader in what is clearly a high growth market. I'll get into those dynamics shortly.

Our High Net Worth business is more relationship focused, so less naturally scalable. However, we see the opportunity to grow by increasing productivity and operating margin, adding larger accounts and gradually increasing advisors and investment managers.

Let me say a few words on the performance of each segment. Affluent had a very strong first half, net inflows more than doubled, up 132%. That annualises at 9% of opening balances. Revenue was up 6% and cost discipline offset business investment, giving strong adjusted profit growth of 10%.

High Net Worth had its strongest period for net flows in quite a while. Net inflows were up significantly year on year, equivalent to 3% of opening balances. Revenues were stable, reflecting mix shift, and continued investment in the business led to broadly flat first half adjusted profits.

Now I'd like to turn to our Affluent segment and say a few words on the scalability and market leadership we enjoy here.

First, when it comes to managing assets, platforms with their flexibility and ease of use are the natural custodian for household wealth and as the leading advised Platform by both flows and assets with not far off £100 billion in assets, we enjoy a strong competitive position here. Scale matters. I'm particularly pleased about the strong momentum that our Platform has enjoyed over the last year. The chart here shows the progression in gross and net flows by half year over the last 18 months. The Quilter Channel is in green and the IFA channel is in grey. Increased use of our Platform by IFAs means our market share of IFA net flows has been on a sharp upward trajectory since late 2023, reaching around 30% in Q4 2024 and Q1 25.

On the right, I've included a quote which gives you a market view from Lang Cat on our Platform proposition. It summarises how strongly our Platform performed in 2024 and it's clearly doing even better in 2025.

Now we often get asked how independent advisors rate our Platform and this chart sets out some of the data from the recent Investment Trends report. In each case, Quilter is shown in green. Far left you can see the breadth of our independent advisor relationships by primary, secondary and other. Across the market, we enjoy the largest breadth overall and we lead by a number of primary and secondary relationships. In the middle, you can see how that breadth has evolved over time with substantial improvement over the last two years. That's the result of hard work from our distribution team. Finally, on the right you can see the evolution of our net promoter scores over the last five years. This again demonstrates how we've won hearts and minds since the new platform was launched.

Basically, our Platform enables advisors to deliver for their clients, so they like using it and are putting an increasing amount of business with us.

So, our Platform's got great recognition. Our MPS, WealthSelect, is also recognised as a market leader too. As you know, regulation has encouraged an increasing number of independent advisors to focus on advice and to outsource investment solutions. WealthSelect meets these needs very well. Its strong performance and competitive price make it attractive to both our own and independent advisors. That's why we've grown AuMA strongly in the last year. As you can see, we've been vying for the number one position with our nearest peer. These figures are at the end of the first quarter and at the end of June, our AuMA had increased to £21 billion. Again, I've also included some independent views which provide a market perception. So, our Platform, together with WealthSelect, provides a very strong combined proposition that few of our peers can match.

We believe it's not just the Platform per se, but the linkage between our Platform and Solutions and the scalability of the Quilter model that gives our Affluent segment a distinct competitive advantage. Let me explain.

In the first half, we attracted gross flows of around £7.6 billion onto our Platform, a year on year increase of over 36%. That additional flow can be managed through our existing sales and support teams without a notable increase in costs. Where assets are both on our

Platform and in our advice based Solutions, we believe that delivers a better result for both our customers and for us too. And in the first half of 2025, £2.5 billion, or around a third of the gross Platform inflows, went into our Solutions. Again, the cost base of our Solutions business is largely fixed, so additional flow can be managed without a notable uplift in expenses. The crucial thing to understand is that both the Platform and Quilter Solutions are highly scalable. That's why we focus on maximising the assets in each by using multiple distribution channels.

Now let me turn to our three strategic priorities – building distribution, enhancing propositions and being future fit. We've made good progress across the board on all.

First, distribution. It's been a good six months here. We've continued to take market share and encouragingly, we've increased both the number of advisors and advisor firms in the Quilter Channel. So, far this year, 63 advisors have graduated from our Academy and are starting to build their books. Our high performing WealthSelect MPS is now on five third party platforms. We announced the acquisition of Gillen Markets in Ireland, which adds meaningfully to our High Net Worth footprint there.

Next, propositions. We are developing a smooth managed fund proposition which we'll update on in due course. And as you expect, we've been working on a new proposition for targeted support. I'll say more on that later.

And on becoming future fit, we've continued to make progress on our simplification and transformation programmes as well as investing in other growth initiatives.

So, you'll sense the momentum in these areas is really moving Quilter forwards year on year.

Finally, before I hand over to Mark, let me say a few words on my near term priorities. We've nearly completed our second simplification programme. We've delivered £43 million of run rate savings with the rest due by year end. And as I mentioned earlier, in the first half, we completed the merger of our advice and investment management businesses within High Net Worth.

Looking forward, there are four key areas that I'm focused on. First, building the advice business of tomorrow. Our 1,500 or so advisors wrote about £2.5 billion pounds of new business in the first six months of 2025, a broadly similar figure to the prior year. Our advice transformation programme aims to materially increase advisor productivity to drive clients and asset growth to ensure we continue to increase our ability to write new business.

Next, we'll continue to invest in new channels to broaden our distribution, including developing a targeted support proposition to support clients earlier in their wealth journey.

Turning to High Net Worth, Andy McGlone has done a great job of ensuring that we're well placed strategically by repositioning our business to capture more higher value clients and by moving our advisors into our investment business, we're able to serve clients better and at lower cost. I've tasked Andy's successor, John Goddard, who joins in September, to build on that. I want us to offer fully integrated advice and investment solutions to a wider range of High Net Worth clients.

Finally, we will invest more in our brand. As you may have seen, Quilter is the title partner for rugby's Quilter Nation series later this year. That's the start and there's more to follow.

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 comment that our business is in great shape. We delivered a strong financial performance in the first six months of the year. Let me give you the three financial points that tell the story of our half year results.

We delivered solid growth in net management fees of 5% with overall revenue growth at 2% as a result of lower interest income on shareholder capital. Costs were a little higher year on year, as I guided you back in March, reflecting business investments and higher FSCS levies, but our cost discipline and simplification initiatives gave us a percentage point increase in our operating margin, which is now at 30%, and our balance sheet remains in good shape.

Let's get into the detail with my usual analysis of the P&L dynamics. Starting top left, net flows of £4.5 billion in the core business were substantially ahead of 2024. Average AuMA was up 11% on last year. Now against the yearend position of £119.4 billion, what we've actually seen is a contribution from markets after currency headwinds and positive flows. While the sharp but temporary market decline in April had an impact on our revenues, you can't see that in average AuMA, which is based on month end averages.

Top right you can see revenues grew 2% to £337 million in total despite lower interest rates reducing investment revenue.

Costs, bottom left, were up 2% to £237 million reflecting higher FSCS levies and business investment. As a result, adjusted profit increased by 3% to £100 million. That gave an operating margin of 30% and we reported adjusted diluted earnings per share of 5.4 pence, an increase of 4%.

Now getting into the moving parts, let's start with revenue margins, which are in line with guidance. On this slide, each chart shows the average revenue margin for the past four half year periods. In High Net Worth on the left, the margin was down two basis points on the year end, largely reflecting mix and lower client cash balances. In Affluent, the decline in the managed margin largely reflected mix shift with Cirilium Active outflows offset by growth in MPS and other solutions. In line with my previous guidance, I expect the managed margin to fluctuate around the low to mid-30s basis points level with mix being the driver of movements.

And finally, our Platform or administered margin was 23 basis points. The step down on the second half of 2024 run rate appears exaggerated here as a result of rounding along with the revenue impact from the April markets decline.

Let's now turn to revenues by segment. Our High Net Worth revenues were stable. Higher average assets were broadly offset by the lower margin with total revenue increasing by 1%. In the Affluent segment, revenues grew 6%, clearly a good performance. The main contributors were higher net management fees on both administered and managed assets with the lower contribution from investment revenue and advice fees.

Let's now turn to costs. As I flagged at the full year, in 2025 we've stepped up business investment. However, I'm pleased to report that we kept cost growth to just 2% while absorbing inflationary pressures and a quarter of higher National Insurance rates. We reduced base costs marginally as a percentage of revenues, which drove the improvement in the operating margin, while the costs of revenue generating staff and variable compensation remain broadly stable as a percentage of revenues.

The waterfall on the right summarises the main cost changes year on year. Increases came from inflation, higher National Insurance and regulatory levies as well as the investments we've made. Reductions principally came from our simplification programme, which is on track to complete by the end of the year.

In the bar far right, you can see how the overall cost base breaks down by segment. High Net Worth and Affluent segment costs increased by 2% and 4% respectively. These reflected inflation and higher regulatory costs, coupled with investments in Ireland for High Net Worth and investments in NuWealth, the Quilter Academy and other initiatives in Affluent. These increases were partially offset by simplification benefits.

Looking forward, I previously guided for costs to be around £500 million for the year and I believe that will be towards the upper end of my expectations for the group's total expenses this year.

So, putting the segment revenues and group costs together, this slide shows the segmental contribution to group profitability. High Net Worth delivered profit of £24 million, broadly in line with the prior year, and Affluent profits showed a healthy increase of 10% to £79 million.

The operating margin declined marginally in High Net Worth, but improved by a percentage point in Affluent. And as you heard from Steven, this part of our business is very scalable, so there's scope for further improvements here.

Now let me turn to the balance sheet. As you'd expect, we've maintained a strong solvency ratio and cash position. The solvency ratio reduced marginally over the period largely due to the impact of bolt on acquisitions. In terms of cash, you'll note the level of capital contributions into subsidiaries where we've injected cash to fund M&A deals we've announced, and we've capitalised our regulated advice business to cover the potential costs of remediation in respect of ongoing advice.

On the right you can see we've got around £350 million of cash available after payment of the interim dividend. That leaves us with a good buffer to cover contingencies, liquidity management and business investment while retaining balance sheet optionality. So, our balance sheet is in good shape. And as I've already mentioned, we will undertake a full review of our capital requirements and allocation priorities and I expect to update on that with the full year results.

The Board has declared an interim dividend of 2 pence per share. That has been set at a level of one-third of the 2024 total dividend. While that is a year on year increase of 18%, that largely reflects the low base level for the interim dividend in 2024. So, I wouldn't take that increase as an indication of likely full year dividend growth.

Before I get to guidance, let me take a step back and highlight the change we've delivered over the last five years since we sold Quilter International. Average AuMA was essentially flat for the first half of that timeline as flows were weaker than expected and market levels struggled with low growth and macro factors, particularly in 2022. Despite that, we have increased both our adjusted profit and operating margins significantly. What has driven that is modest revenue growth combined with cost discipline. Costs have decreased over the period in nominal terms despite the inflationary environment. That cost discipline has allowed us to manage the revenue margin change experienced across the industry as advisors look to reduce total costs clients pay for advice and investment management services.

Looking forward, we expect the pace of margin deterioration to ease, and while I still expect some revenue margin attrition in line with guidance, we will continue to benefit from our integrated model. That coupled with a better environment for flows and stock market performance should deliver positive outcomes. And with our simplification programmes now drawing to an end, we have significantly realigned the cost profile of our business making our operational infrastructure simpler and more efficient, as we said we would do. While we expect more normal cost growth into next year from inflation and business development, the scalability of the business will deliver improvements in operating margin, so supporting our goal of steady compounding of earnings over time.

Let me finish with our usual guidance slide. Our expectation is for the operating environment to remain constructive and guidance across all the other key line items remain largely unchanged. I spoke earlier about cost expectations for the remainder of the year. That includes brand spend and investment in the business which we anticipate will increase in the second half.

I currently expect these increases in costs to largely offset the higher revenue contributions from our net flow momentum in markets. As a result, we currently anticipate the second half adjusted profit will be broadly equivalent to the first half outturn. And with that, let me hand back to Steven.

Steven Levin: Thanks, Mark.

Right. before I conclude, let me pick up on just how well suited we are to the evolving policy environment that I discussed earlier. First, the ever increasing complexity in UK tax law, and especially recent changes to inheritance tax for pensions, has increased the number of people who need personalised advice.

Second, the evolution towards encouraging a better investment mindset is clearly welcomed. Individuals do need to be encouraged to invest more for retirement and confidence in the stability of the fiscal environment is key to getting them to commit for the longer term, and both these strongly underpin demand for the services that we provide.

And finally, there's now potentially a new growth opportunity emerging from the Advice Guidance Boundary Review, Targeted Support. This is a way of bridging the advice gap and helping people who need but don't currently have access to financial advice or guidance. This is an interesting long-term opportunity for us as we've clearly got the capability and the scale to provide an integrated proposition to meet client needs here.

So, to conclude, we are really pleased with our start to 2025 with strong flow momentum and revenues and profit continuing to move in the right direction. The three messages I'd like to leave you with are, we operate in a large, fragmented and growing market helping us deliver sustainable growth. Our propositions and the breadth of our distribution are both market leading and they're delivering strong inflows and our Platform and Solutions businesses allow us to generate scale efficiencies and operating margin progression. That's why we're confident in our prospects and why we expect to deliver a steady compounding of earnings over the medium-term.

Right, let's open up for questions.

[Pause]

Facilitator: Okay, we'll go to questions and I think we'll go to the phones first. I think for the first was Andy Sinclair from Bank of America Merrill Lynch.

Andy Sinclair: Hi guys, hope you can hear me.

Steven Levin: Yes.

Andy Sinclair: Three from me as usual, please. So, first it's great to see momentum building in the advisor headcount and the Academy generating recruits. Been a few comments about moving the advice business to completely restricted operations. Just can you give us a little bit of an idea of how many independent advisors you have remaining today and maybe just a little bit of colour in terms of how retention rates have been evolving for advisors. So, that's the first question.

Second is well done Mark again, beat on costs again. Just really if you can give a little bit more colour in terms of how much there is still to be done on costs. You're now at a 30% operating margin with hopefully revenues accelerating. Just where do we think we can go from here?

And third was just on the flow mix within the Platform. You mentioned that there's been the noise around pensions. What are you seeing in terms of mix of flows between different products, I guess, for both gross inflows and retention, just any colour you can give us there would be great. Thank you very much.

Steven Levin: Thanks, Andy. So, I'll take the first and the third question, I'll let Mark pick up the second question.

So, on advisor headcount, yes, as you see, we have increased our advisor headcount both through recruitment and through people coming through our Academy, which we're really pleased about. In terms of the number of independent advisors, they're not included, first of all, in the advisor numbers that we give out. The advisor numbers we give out are only the restricted financial planners. We have a very small number of IFAs and we haven't actually recruited new IFAs for at least the last five years, so this is a very small number of IFAs. I don't think it's material sort of either way on that point, Andy, but they're not included in the numbers at all at the moment and any of those that move to restricted will be additions.

Then in terms of the third question about the flow mix, what we've seen is we have seen a small increase in new cash investments and that generally is not the pension side. So, we've been doing very well in insured bonds and because in the first half it's always ISA season, so there's been a bit more mix of ISA in the first half than there was in the second half last year, as I think you would expect in terms of flows. But our pensions business

remains incredibly strong, but what we have started to notice is a small increase or shift in mix I suppose in terms of new cash versus transfers and that's something that we think is going to continue and we've talked about before about the very significant amount of cash sitting in the system that needs to be invested and we've seen the starts of that now.

Mark Satchel: Andy, just in your two –

Andy Sinclair: Sorry, just on that, Steven, sorry, Mark. Just can you give an idea of roughly what the mix is today of cash versus new transfers for pensions?

Steven Levin: The mix of cash is about, cash investments are about 45% and transfers about 55% and that's up a bit from 60:40 to 55:45, that sort of ratios.

Mark Satchel: Okay, Andy, just on your costs, I mean I think we've maintained very good cost discipline and I think we've sort of proven that as a track record now for a good number of years. If you remember back when we were selling businesses and we had stranded costs and everything, we had an optimisation programme that got £60-odd million within that simplification phase, one that was 50 and on simplification phase two, which is another 50 say in total when we're through all of this, it's about £150 million of costs that have taken out with different baseline measures and stuff like that, but in broad terms.

We've £43 million on a run rate basis through the last 50, we've got another £7 million to go which I'm pretty confident we'll achieve by the end of this year. And at the full year results, and actually, I think in the slide deck in the appendices, we've kind of put together there the way that we look at the business model going forward and on the expense side, I'm expecting going into 26/27, etc, that the cost profile of the business more or less will be an increase of inflation plus a few percentage points to reflect ongoing investment within the business, but cost discipline will continue to be something that's maintained and obviously some of that will also be influenced by what's going on in the revenue side and the macro picture and how market performance, etc, is developing too.

Andy Sinclair: Great stuff, well done. Thanks.

Facilitator: Okay, we're going for the next question, please, and just a reminder for those on the line, if you want to ask a question, please press one. The next question comes from Ben Bathurst at RBC.

Ben Bathurst: Morning, I hope you can hear me okay. I've got questions in two areas, if I may. Starting on High Net Worth, Steven, you referenced moving from being principally investment led in that area to offering a more integrated wealth solution. Do you think you'll need more advisor capacity in order to deliver that? And on that subject, could you just give us some

more colour on the starting point there in terms of the percentage of flows into High Net Worth assets currently that are fully integrated? I relate to advice and investment.

And then the second area is just on the capital requirements review for Mark. How broad are the terms of reference for that review? There had been a long-term debate as to whether being part of the Solvency II regime is really suitable for the group given so much of your business is uncovered or not insurance business. Are you planning to tackle that question as part of this review or is that one still for the longer term? Thank you.

Steven Levin: Thanks, Ben. So, on the first question on High Net Worth, yes, we do see the benefits of integrated solutions, basically advice and financial planning together and that is a focus. So, we are increasing the number of advisors and our plan, as I've said, is to increase the number of advisors and the number of investment managers we have over time, but we do actually have capacity at this point in terms of the number of advisors that we currently have.

The details on the exact splits we don't, we haven't actually disclosed that, so I'm not going to give any numbers now. But remember also, a lot of the business that we get is via IFAs. So, the client is getting an integrated advice and investment management solution. What we're doing is we're adding our own advisors as well, so we will have the options of doing business in multiple different ways in our High Net Worth business and that is a key part of our future growth opportunity there. Mark, are you going to pick up the next question?

Mark Satchel: Yeah, yeah. Ben, look, the capital review, if I just to take a step back, will be pretty comprehensive in terms of what you're doing. You had a specific question just around Solvency II there. I have had discussions with both regulators about the regulatory regime in the past, in the fairly recent past actually. The issue that's I think the industry has more generally is that in order for us to come out of the Solvency II regime on an ongoing basis, so in other words that I've got the certainty that we will actually be out of it because waivers can be provided, but they're normally temporary in nature and then you got to reapply which frankly doesn't help me at all in longer term capital planning because you kind of want it to be permanent and a certainty around it, is that it would actually require a rewrite of the Solvency regulations in the UK in order for us to come out of it. On every one of the metrics or virtually every one of the metrics that are measured in order to determine whether a company should be Solvency II regulated or not, we are firmly within the metric that suggests or that says that we are forced into Solvency II regulation. So, there's actually not a, you're actually looking at the regulator applying dispensation. As I say, if that dispensation can't be provided irrevocably, it doesn't really provide sufficient certainty to go ahead with anything or any sort of long-term planning. So, that's where we are. I'm sure I'll probably have those discussions again, but bluntly I can't speak for the regulator, but I'm not necessarily expecting a different outcome to come about as a consequence of that.

Steven Levin: Thank you, Mark.

Ben Bathurst: Thank you for that.

Facilitator: Okay. My next question comes from Enrico Bolzoni at JP Morgan. Please go ahead, Enrico.

Enrico Bolzoni: Hi, good morning all and thank you for taking my questions.

So, I would like to go back once more to the High Net Worth, so a very nice uptick in that flow. Can you give us maybe some extra colour on how you plan to accelerate further growth in this division? I'm just trying to understand if you think that growth will come more from, for example, onboarding new customers or winning more share of wallet with the existing ones. So, any colour there would be helpful also because it's the highest margin division within the business.

And then I also wanted to ask you a bit about your advisor transformation programme that you say will hopefully increase the productivity and generally speaking you say that advisor should be able to service more clients. So, can you help us with some colour on in practical terms what are you doing to increase the productivity of advisors and also you say that it will take a couple of years for this programme to be rolled out. Are we going to see some of the benefits earlier than that or we need to wait a couple of years before that is reflected in flows? Thanks.

Steven Levin: Thank you, Enrico. So, on the first question in terms of High Net Worth, yeah, we're pleased with the improvement we've seen in flows, but we think there's still scope to grow that business further. In terms of growth initiatives, we've got actually multiple initiatives underway. We expect to see new customers coming from our advice part of the business, we have opened up some new channels which we call professional connections, so those are things like Court of Protection which is a specialist area when people get settlements out of court cases and things like that and they need to manage them as an income for life. There are things involving partners of accounting firms that have got very significant investment restrictions, things like that. We're building our businesses to deal with that and those are doing quite well. We have got to focus on charities and other things. So, there's a significant number of channels that we are focused on.

And to your real question, I think, you know there's a mix of new money from existing customers and obviously taking on new customers we're trying to shift our business a little bit more High Net Worth. So, to get some of the, we do have some smaller accounts that we're in the process, we've talked about shifting into MPS Solutions which we think will be better for the customers and will free up time and capacity of our investment managers to take on new clients. So, those are the initiatives we have underway to drive flow growth in our High Net Worth business.

On your second question on the advice transformation programme and advisor productivity, we have got initiatives underway in the short-term and that will deliver improvements in productivity and we have done that. But the more significant changes will come with the completion of the programme which will involve rolling out new technology for the advisors

to use. And specifically the work here is about taking time out of the advice process, automating parts, removing rekeying, removing a whole lot of inefficiencies because advisors, and the average advisor spends about 25% of their time in front of clients and about 75% of their time on administration back office preparing for meetings, etc, and if we can reduce that 75% of the time through better technology, which we absolutely know we can, that can make a meaningful improvement in advisor productivity. So, that is what's going to be coming with the completion of our advisor transformation programme. And that part is, we have said, you know, is a few years away, it's probably still a couple of years off, because we are going to be putting in place an entirely new solution for our advisors to use, which will be a lot more a lot more streamlined. But we do have, as I said, we do have some benefits coming in-between because we are trying to make sure that we continue to deliver small changes until we do the larger scale improvements in a couple of years' time.

Enrico Bolzoni: Thank you.

Facilitator: Okay, the next question on the call comes from David McCann at Deutsche Numis. Go ahead, David.

David McCann: Yeah, morning everyone. Thanks for taking my questions. So, three from me as well, please.

So, firstly on the revenue margin, just coming back to that, Mark, you did say that they were broadly in line with your guidance, but I mean it did look like it dropped sort of two basis points in all three of the areas, first and second half of last year, a bit more than actually sort of year on year. You did give some colour earlier in the remarks, but particularly in the administered part, what's caused this to slip more than the one bit per annum? And you touched on the outlook for the second half being not quite as pronounced as that. Can you just give it a little bit more colour on that? So, what's really driven that number down is what I just really wanted colour on please.

Yeah, the second question, which probably relate to this, at the full year stage you guided to the adjusted operating profit growing probably mid to high single digits percent. Now implicitly in the second half guidance you're now I guess talking about more like low single digits percent. Obviously markets are a bit higher overall since then, the costs look similar at £500 million, if anything maybe a touch lighter, yeah, lower than you were talking about at the full year. So, what's really changed here? Is it just this revenue margin being a bit lower or is there something else to consider?

And then finally you'll have noted that peers obviously did reduce substantially their provision for the ongoing advice redress. You know, you've obviously kept yours flat. Now, I appreciate, not completely like here, you set yours sometime later, you're obviously a little bit less advanced in the process, but they did decide both their experience and updated regulatory guidance. I'm just curious as to why there is apparently no read across a positive sense to you? So, yeah, I guess, why, I mean, did you not feel the need to do something similar with the provision? That would be great. Thank you.

Mark Satchel: Okay, thanks, David. Well, maybe if I just start with the last one first in terms of the provision. We've already had the FCA announcements and some of the public statements that they'd made around the approach to be made on the ongoing advice charges and the skilled person review to take into consideration, we set our provision earlier this year. So, we were at a different point. I mean, we had a year's benefit in terms of that cycling comparison to some of our other industry peer groups. We still need to actually comprehensively get confirmation agreement, whatever from the regulator that the approach that we take into remediation is acceptable, whatever you want to call it, by them. So, we're still going through that process with them. I'm not expecting anything untoward to come out of it. I'm actually thinking or expecting that the basis on which we originally provided is going to be the remediation programme and broadly that will be followed going forward. So, as a consequence of that, there hasn't been any change in high expectation of the provision requirements, so we still believe that the current provision remains appropriate.

You'd have seen at the start of the year, just to make sure that everyone is on the page because I think we had some other questions around this, the provision on the discounted basis for £76 million at the start of the year, we utilised £7 million of that in terms of own internal costs of set up and then there's been an unwind to the discount rate of £1 million which gets you back to 70. So, we haven't actually reduced the provision or anything like that, the provision remains as we previously set it and we still believe that to be appropriate.

On the revenue margins and on administered assets in particular, David, in rounded terms, it's like 1.6 or 1.7 or whatever basis point to client, just give another rounding work from one period to another. I think probably the two things in there that are maybe causing it to maybe be a little bit higher than the rounded 1.0, one is client tiering where more clients have moved into the tiering brackets that result in a slightly lower overall charge for the client. And the other is the growth within our own advisors' clients going on the Platform. Those clients do benefit from the lowest rates generally that are charged on the Platform or that we charge clients on the Platform and the proportion of those have improved a little bit. So, that's kind of, there's a little bit of a nuance amongst those things that's driving some of that.

And then you also spoke about the adjusted profit mid to high single digit and a question around revenue margin. The other thing that I'd probably just add to the points that you made on adjusted profit for this year, we also expect interest rate reductions to start to come into effect later or to start. They've already started, but to continue into the second half of this year and into next year. So, some of those will also have an impact on overall, plus we've got a bit more investment in the business in some of the other initiatives that we've spoken about, the brand building, we're going to have a full year, cost of some of the acquisitions that have been made, the NuWealth proposition, we're going to be investing a bit more in the Advisor Academy as that scale starts to ramp up. We still don't, I mean I've previously spoken that it's going to take sort of two to three years for that to get into the full cost cycle, so I'm expecting a couple of million more from that probably coming through in the second half. It's really sort of taking a collection of a lot of those things together which is what's driving that guidance for the second half of this year.

But in the medium-term, I mean, we did set out at the full year expectations of how you should think about the business model, 5% asset growth, 5% NCCF, 10% increase in average assets, a bit of margin attrition that might mean revenue growth comes down to around 8%, cost at inflation plus a few percentage points, so that might be 4% or 5% cost growth, 8% revenue growth, less than 4%, 5% cost growth is giving 3% or 4% profit growth at 3% or 4% profit growth in terms of its actual and profit increases translates into something that's 10% plus. I mean that's the broad maths of it and that I think still holds.

Facilitator: Okay, if there's nothing else, David, we'll move to the next question on the line which is from Greg Simpson at Exane BNP. Go ahead, Greg.

Greg Simpson: Hi, morning. Thanks for the presentation. Some good exhibits in there. Three from my end.

Firstly, pace of flows has been really impressive. Can you talk a bit about what the mood around advisors and clients is heading into H2? Do you think the 7%, 8% net flow rate could be sustained?

Second question is just with the strong growth in MPS, how does the incremental margin on flows here compared to the 35 basis point margin on Slide 24 for managed solutions in total?

And then thirdly, with Targeted Support, could you maybe share some thoughts on whether it's a risk at all in terms of banks, insurers, BTC platforms being better able to retain clients who may historically have left to get some advice once their financial situation gets more complex? Thank you.

Steven Levin: Thanks, Greg. So, in terms of flows and the mood out there, we're actually pretty positive. We're seeing continued good flows into this quarter, clients are definitely investing more, the sentiment and focus towards the need for advice and investing is good that we're pretty pleased about and, as we said, we're comfortable that the second half should be reflective of the first half. We said we can sort of see a £9 billion flow number for the full year, for example. So, the mood is positive.

The second question on the MPS incremental margins, I don't know, maybe, Mark, do you want to just comment on that one?

Mark Satchel: Yeah. Greg, if you go to Slide 37 in the appendices, we've actually sort of set out there generally the revenue margin that we retain. So, after we've paid away the cost of manufacture to third party fund managers, etc, for Cirilium Active, for Cirilium Blend and Passive, which is a range, depending which one you're in, as well as WealthSelect Active and WealthSelect Blend. So, you can kind of see the difference over there. So, what you retain on Cirilium Active is roughly 65 basis points at the one extreme, what we retain on

say Cirilium Passive is more 25 BPS, and then there's quite a few variations within that. And the experience that we asked, and from the slide also you can see how the funds invested in Cirilium Active have been declining over the last few years and the growth that we've seen within the managed portfolio solutions of WealthSelect and those have been increasing as well as how Cirilium Blend and Passive have also increased over the period. So, the actual assets that are, also the asset transfer that's happening is predominantly from Cirilium Active into the Cirilium Blend Passive or into the WealthSelect, predominantly Blend range actually. That is proving to be more popular with advisors and the clients, and you can get a sense of the relative revenue margin contribution that each of those ranges make from Slide 37.

Steven Levin: Thank you, Mark. And then going to your last question on the risk of Targeted Support, we see Targeted Support as a great opportunity. There are obviously, it can be a scenario that lots of companies choose to participate in. I think it's not typically the area where clients who are getting advice are going to end up not getting advice and getting Targeted Support. We're finding that clients who need advice have got larger investment amounts and advisors are taking them on. The Targeted Support Solutions I think are going to be at more simpler needs. They are definitely not going to be able to provide the holistic advice, so I'm not concerned that there's going to be a sort of material cannibalisation from one to the other and certainly not your point about clients getting Targeted Support at a bank and not getting full financial advice. But in terms of the upside from Targeted Support, there's a huge advice gap or a support gap in the country. There are only four million people who are getting advice and the number quoted often as only 8% or 9% of the population gets advice. So, there's a huge number of people who actually the reality is when you look at the stats, they've got money sitting in cash. That's what they have. There's this sort of £400 billion of excess cash deposits above the long-term averages, that sort of number, those are the people that Targeted Support will really help and there is an opportunity for many people across the value chain. But what is critically important about one of Quilter's USPs is that in a Targeted Support journey, you have to design a journey such that if Targeted Support is not appropriate for that client, you're asking questions and you realise Targeted Support is not appropriate, you have to give them an opt out, you have to stop the journey. And actually, those journeys generally are where the client's got more complex needs and needs advice and Quilter is incredibly well positioned there because we have the scale of our own advice business where we can transfer those clients into a fully advised solution then, so they may want to start Targeted Support and realise actually their needs are more complex. So, that is something that very few companies in the market have in terms of the scale of the number of advisors that we have.

Greg Simpson: Very helpful. Thank you.

Facilitator: Okay? I think that's it on the call bit, a reminder, if you do want to ask a question on the lines, please press *1. We'll go to the webcast where at the moment there are two questions. The first for Mike Christelis at UBS who asked, "Your guidance for 4% to 5% net inflow looks low relative to the last 12 months. Where do you see the downside from the current 7% in the medium-term?"

Steven Levin: Thanks, Mike. So, the guidance we've given is guidance through the cycle. We're clearly doing a lot better than that at the moment and obviously we want to continue that. But there is volatility, there can be in markets. We've decided it's not appropriate for us to revise the guidance and to bounce it up and things like that at this point. I mean, you can obviously make your own forecast, as we've said, we've given our view that we're pretty confident that flow rates are going to continue at this at this level for the rest of the year.

Obviously also what I don't want to be doing is changing the guidance continuously. As market level moves, as our flows in pound terms get bigger and bigger, AUM gets bigger and bigger, I don't want to be having to guide or adjust the guidance all the time. We've just said it's 5% through the cycle, we've delivered that, we've delivered well above that and we will continue to try to deliver well above that. And actually, the real measure, I suppose, for us is how we're doing relative to our peers and relative to our competitors and actually probably the best measure for us is market share and relative performance to peers and as you've seen we've done phenomenally well on that basis and that's actually the thing that we focus on a lot.

Facilitator: And the final question at the moment on the web is from Rahim at Investec who asked, "Can you elaborate a little on the momentum in the MPS offering and whether you see any material benefit from the shift to offering it on third party platforms? What do you believe is the normalised rate of growth going forward? And do you believe there's a cap to your share in this market?"

Steven Levin: Thanks, Rahim. The MPS on third party platforms is a relatively new initiative. We've got it on five platforms now, but they've only been added over the last year really and it takes time to build up support. We're seeing some nice support coming through from advisors. In the medium-term, we expect that to be a really good source of flow and additional assets under management for us, but at this stage it is just in its infancy still and we'll continue to add more platforms and build out that support.

The momentum remains strong. I think it has become a market where MPS is the dominant solution that advisors want for their clients and you've seen that. We've got a phenomenal MPS range. WealthSelect has got 56 different investment options or different flavours, so we really cater to the full range of solutions and we've also got a strong MPS offering in our High Net Worth business. So, we've got a great proposition and the momentum is good.

Facilitator: Okay, I think that's it in terms of questions from the web, there's nothing else on the line. Just have a last check. No, I think that's it then.

Steven Levin: Thank you, everyone. And we will talk to you again in our full year results in March. Thank you.

[End of Transcript]

