Quilter 2026 Half Year Results - Transcription

6 August 2026

Steven Levin: Good morning, everyone, and welcome to our 2026 interim results. And if you haven't already seen it in the wild, I hope you enjoyed the intro with our new TV ad for, "Money needs a plan". Right, onto business. I'll start with a review of the first-half highlights and our flow performance. Then Mark will take us through the financials. I'll conclude with the growth outlook for our business and why we are very well placed. Then I'll take questions.

I'm very pleased with our performance in the first half of 2026. Core net flows were up to a record £6 billion. That's up over 30% on last year and 2025 was a record too, so we've accelerated further from a strong base. Net flows were 9% of opening assets, up a percentage point on last year, despite the sharp increase in assets from market growth. Our operating margin was stable at 30%, despite elevated business investment and lower interest rates reducing the income we generated on shareholder capital. Adjustment profit increased 12% to £112 million, good momentum and a strong result.

Earnings per share increased 13% to 6.1 pence, and the Board has declared an interim dividend of 2.1 pence, a third of last year's total dividend, in line with our revised distribution policy. And we are progressing well with our share buyback programme. We're just under 70% done, with the remainder to be completed before the end of the year.

Let's turn to the detail of flows, starting with the group picture. This slide shows the trend in gross new business, outflows and net inflows for the first half over the last year four years. Gross flows of £11.9 billion in 2026, on the left, continue to demonstrate the strong business momentum, with compound growth of 29% over the last three years. 2026 gross flows were more than double 2023. The strength of our dual channel model is clear. Outflows, in the middle, have been broadly consistent over the period and so we've seen an excellent growth in net flows, on the right, where the compound growth rate is over 100%. Net inflows of 9% of opening assets are up a percentage point on last year, and you don't need me to tell you that this is peer-leading performance. These strong flows are no accident. They're the direct result of the strategic progress we've made, building great propositions and investing in distribution. And that's why I believe the momentum we are delivering is sustainable. I'll say more about this later.

Now let me drill a little deeper into flows by proposition. And the message you should take away from this is that we are delivering excellent franchise growth and market leadership. Let's start with the Platform. Our assets under administration currently stand at £118 billion. That's up from £69 billion in June '23, a compound growth rate of 19%. Over the same period, our Platform gross new business flows have grown by around 140% from £4 billion to just under £10 billion, with our market share of new business rising to 18% from 12%. That has driven a high single-digit compound growth rate in fee income and an acceleration in fee income growth over the last year to 17%.

I'm often asked what drives this improved performance, and this slide gives some context. First, our Quilter advisers have become more productive and are increasingly aligned to delivering our Platform and our Solutions. The graph on the left shows that while the number of advisers in our network has been largely stable over the last few years, their productivity has improved significantly, from £2.7 million a year to £3.9 million per adviser. And that has meant that the amount of new business they generate onto our Platform has increased by around 70% over the period.

Secondly, we have broadened and deepened our relationship with IFA firms. That reflects market recognition of the quality of our propositions. The graph on the right breaks down IFA firms by the amount of flow they generate onto our platform. The two key takeaways are the absolute number of firms generating significant flow has increased, and we are seeing faster growth from firms generating higher flows. Let me just focus on the ones that are growing the fastest. In 2023, we had 100 firms generating over £10 million of flows. In 2025, we had 252, a 152% increase. And that moment has continued to build this year, which is why we continue to see the strong growth in new business flows.

And it's clear that this flow performance comes from a position of market leadership. We are the largest and fastest-growing platform amongst the large advised industry players. We've shown this slide before, and we've updated it for the first-quarter data, the most recent we've got for the whole industry. And from the Q2 reporting we've seen to date, this is a trend that's continuing. The vertical axis is the first-quarter gross new business flows in billions. The horizontal axis is the net flows as a percentage of opening assets. And platform size is represented by the size of the bubble. The market is clearly consolidating by flows into a handful of winners. The net flows into the top-three platforms have averaged over 100% of total industry flows for the last three years. And as you can see, we are the market leader. So, not surprisingly, our performance is recognised by industry observers. The quote at the top is from Fundscape, whose detailed research on the platform industry earlier this year highlighted Quilter as one of their expected industry winners.

Turning to our Solutions business, we've built the leading fund manager for advised platform flows. We offer both MPS and Fund of Funds solutions, with MPS increasingly the preferred investment vehicle for most of the industry. As you can see, we've delivered compound growth of 37% in our WealthSelect MPS since June 2023. Our market share of industry assets, in the green bubbles, has continued to grow. And on the right, you can see a marked pickup in revenues this year. What's clear is that our solutions revenues have been held back in recent years by assets switching from active to passive, and Fund of Funds into MPS, in line with industry trends. Today, the impact of that has largely worked itself through. So, going forward, we expect revenue growth to correlate more strongly with asset growth.

Now, if we dig a bit deeper into MPS, here too we enjoy market leadership. This slide shows the larger MPS players across the industry at the end of the Q1, the most up-to-date industry data. We are clearly the largest and, again, one of the fastest-growing. The story behind flows into our MPS is not just about distribution through our own advisers. It may not be widely appreciated, but our MPS was originally built to meet the needs of independent financial advisers. In fact, around 56% of our MPS assets are from our IFA distribution channel. So, this product is clearly meeting the needs of this market.

Turning now to Quilter Cheviot, we've had a strong start to the year. AuM has grown by 11% compound over the last three years. Gross new business inflows have been trending up nicely, you can see the pickup this year, and overall they've increased by 16% compound since 2023. And we've grown revenues by 5% compound over that time and, again, we've seen a marked pickup over the last 12 months. But I believe we can do more. I want to achieve a net inflow rate of at least mid-single-digit levels and an operating margin in the mid 20s. We're applying the lessons learnt from repositioning of our Platform and Solutions businesses to these operations. We've sharpened our position in the market, supported by new propositions. And earlier this year we've successfully restructured the financial planning force in Quilter Cheviot to drive adviser productivity, and we're starting to see the benefits of this. And, of course, we'll continue to invest to make this a stronger business, with the acquisition of Gillen Markets an example of that.

So, in conclusion, we've got an incredibly strong, fast-growing franchise, and we're the market leader in places where scale matters. As you can see from the stats on this slide, virtually all the flows generated from our adviser network go onto our platform. Across the top 30 IFA firms using our platform, our market share of new business has increased by 22 percentage points. And that's why we're taking about 50% of the total net flows being generated across the industry. In Quilter Solutions, we've now got 13% of the MPS market. And Quilter Cheviot remains number one in net flows versus our listed peers. We're seeing increasing market consolidation of flows into a handful of the strongest industry players, a breakaway pack, if you will, and Quilter is the leader of that pack.

Right, over to Mark for the financials.

Mark Satchel: Thank you, Steven, and good morning, everyone. We delivered continued strong financial performance in the first half of 2026. Let me start with three key messages. One, we achieved revenue growth of 12%. That was driven by excellent growth of 16% in net management fees, and 6% growth in other revenue, with that partly offset by lower interest income on shareholder capital. Two, costs are inline with the guidance I set out in March as we continue to invest in the growth of the business. And three, our balance sheet remains in very good shape, with a strong solvency position and healthy level of holding company cash.

Let's get into the detail with my usual analysis about P&L dynamics. Starting top left, core net flows of £6 billion were, as you heard from Steven, 32% higher than an already strong comparator in 2025. Flows and positive markets meant that average AuMA was up 21%. Top right, you can see revenues grew 12% to £379 million. Costs, bottom left, were up 13% to £267 million, reflecting inflation and business investment. As a result, adjusted profit increased by 12% to £112 million, with a stable operating margin of 30%. And we reported adjusted diluted earnings per share of 6.1 pence, an increase of 13%.

Let's now turn to revenue by segment. In the Affluent segment, revenues grew 13%, a good performance. Pleasingly, net management fees were higher on both administered and managed assets, growing 17% and 21% respectively. Margins were in line with guidance and, as a reminder, revenue margin attrition in the Affluent businesses has resulted from three adviser and client-led factors. First, in our Solutions business, the success of WealthSelect reflects what has been a market-wide shift from Fund of Funds towards MPS. Second, in the Platform, our strong flows from both large IFAs and Quilter partner firms are generally at a lower margin than stock. And third, as average client holdings on the Platform have also grown around 50% over the last three years to around £210,000 today, together with the effect of family linking, the impact of tiered client charges has reduced the margin. But these dynamics are positive outcomes for the business. More customers and more money on both the Platform and in our Solutions, which has driven the year-on-year growth in net management fees.

Our High Net Worth revenues also achieved good growth. Net management fees grew 12% to £111 million, and advice fees grew 20% to £12 million. Revenue margins in High Net Worth were near stable year on year. The revenue margin will be higher than the Affluent Platform and Solutions business lines by nature of the more bespoke, higher-touch proposition.

Turning now to costs. I'm pleased to report that the Group operating margin remained flat even while total costs increased year on year as we invested in the future growth of the business. The table on the left is our usual first-half 2026 on first-half 2025 comparison. The waterfall on the right summarises the main cost changes from H2 '25 as my cost guidance for this year was based off the second-half 2025 run rate. The main cost changes in the first half of the year came from inflation and investment into the business. These included costs associated with building out our data and technology functionality, and continued support to grow our brand presence, Quilter Invest and the Quilter Academy. Reductions principally came from the final benefits of our simplification programme, which we completed at the end of 2025.

In terms of my expectations for the full year, I continue to be comfortable with the cost guidance I provided back in March. This gets you to a figure somewhere between £530 to £540 million, with the actual outcome likely towards the higher end of the range, provided market-sensitive revenues remain at current levels. Again, I underline that the current rate of investment, excluding acquisition activity, won't increase to this extent every year. Our longer-term guidance of inflation plus a few percentage points remains unchanged. I firmly believe that we should be able to get our operating margin to the mid 30s, though I'm not putting a timeline to that.

So, putting the segment revenues and Group costs together, this slide shows the segmental contribution to Group profitability. In Affluent, we maintained strong growth trajectory, with profit up 9% to £86 million. And High Net Worth delivered profit of £29 million, up a very healthy 21% year on year. The operating margin improved by 2 percentage points in High Net Worth. In Affluent, the operating margin declined by 1 percentage point as it incurred most of the increased branding and other investment costs. As we've underline before, this part of our business is very scalable, so, ultimately, we expect an improvement in operating margin over time. Across the business we know there is more operating leverage to come as we focus on the management of our cost base, alongside strategic investment to drive growth and further efficiency.

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 increased marginally over the period, with financing costs and the interim dividend offset by IFRS profit and the benefit of market variances. In terms of cash, we returned £54 million in the period through the share buyback programme. And we made capital contributions of £71 million, reflecting the cost of funding the EBT, as well as our ongoing investment within the business to support our distribution capabilities. This was offset by cash remittances from subsidiaries. On the right, you can see we've got around £360 million of cash available before the payment of the interim dividend and the conclusion of the £100 million share buyback programme. That leaves us with a sensible buffer to cover contingencies, liquidity management and business investment while retaining balance sheet optionality. So, our balance sheet remains in good shape.

The Board declared an interim dividend of 2.1 pence per share. That's a third of last year's total cash dividend in line with our revised distribution policy, and that represents an increase of 5% on the 2025 interim dividend. And as at 31 July, we had completed over £68 million of the £100 million surplus capital being returned via share buyback this year.

Let me conclude with our usual guidance slide. As you'll notice, we have updated our long-term guidance on net flows. We are frequently asked if the 4% to 5% ambition for the Group remains relevant as our flow performance over the past three years has seen us continually exceed that guidance. We've materially beaten that again this reporting period. From the position of strength we have placed ourselves in, our expectation is that we should continue to achieve peer-leading net flows, which we expect to be above 4% to 5% for the foreseeable future. More broadly, our expectation is for the operating environment in the second half of 2026 to remain constructive and our revenue margin guidance is unchanged. I spoke earlier in detail about cost expectations for the remainder of the year. We anticipated a higher revenue contribution in the second half from the benefit of our first-half flows momentum and positive markets. So, assuming steady markets, we currently anticipate that second-half adjustment profit will be around a mid-single-digit percentage point above that of the first half.

Let me finish by summarising my three key points from our results. First, we delivered solid growth in overall revenue, driven by increased net management fees. Second, costs are in line with guidance as we continue to support investment for future growth, with a stable operating margin. And thirdly, our balance sheet remains in very good shape, providing a strong base to support our growth ambitions, as well as provide returns to shareholders.

And, with that, let me hand back to Steven.

Steven Levin: Thank you, Mark. I'll kick off this last section with a reminder. Everything at Quilter starts with advice. As our new TV advert shows, we firmly believe that money needs a plan. And we cover the waterfront of UK advised wealth through two customer propositions, our scaled Platform and market-leading MPS, together with our Fund of Fund solutions, and a bespoke investment service built around high-touch relationships provided by our investment managers, who offer personalised portfolios in Quilter Cheviot. Across our scaled businesses, our Platform has delivered net inflows of 10% of opening assets over the last two years, with AuA up 28% over the last 12 months. And our Solutions business has also delivered a 28% increase in AuM over the last year, with net inflows equivalent to 10% of opening assets. Our bespoke proposition, which is inherently less scalable given it's high-touch nature, delivered a 17% increase in AuM.

As I covered earlier, we are leaders in a market that has strong growth potential, as independent data on this slide shows. Fundscape expect the platform industry to grow at 13% compound to 2030. And with industry assets increasingly concentrating into a handful of leaders, we expect to outperform that growth rate. And, as you can see on the right, the discretionary wealth industry is expected to grow at around 6% compound over the same period, and here too we expect to outperform.

The four key drivers underpinning this growth are increasing consolidation of flows in the industry to a handful of market leaders; the need to encourage a higher level of investment by UK households to ensure a good standard of living in retirement; a widening of the remit of the advice industry to help create a nation of investors through targeted support, simplified advice and improvements in adviser productivity; and the expected level of intergenerational wealth transfer over the next 20 to 30 years, with financial advice needed to support this happening in a tax-efficient manner.

So, we've got a strong competitive position in a market with a huge growth opportunity. That's an attractive position to be in. And we see significant opportunity from investment in technology and AI tools to drive our business harder. There are two areas of focus. Improving adviser productivity, which will bring more assets onto our Platform and into our Solutions, and reengineering our business to drive down the cost of serving clients. As you saw from the first part of my presentation, our work to improve adviser productivity has delivered clear improvement in flows. We've now rolled out market-leading AI tools which are saving advisers time, improving their efficiency, supporting better client journeys and more accurate targeting. And the next stage is the end-to-end adviser ecosystem that I told you about back in March. We'll be rolling this out over the next 12 months or so. This will help adviser firms to run more profitably and serve more clients. And we'll help our clients, enhancing their experience with smoother, more intuitive digital advice. The goal is full end-to-end technology integration between our platform and the tools that the advisers need, and seamless client data management.

Secondly, we can improve operationally across Quilter. While both our Platform and Solutions businesses are already highly scalable, the technology investments we're making will make them even more so, reducing the marginal cost of managing incremental assets. We're embedding AI across our entire business, and we see opportunities to deliver further scale benefits.

So, let me conclude with our equity story. Quilter is the market leader, with compelling propositions in an attractive market with structural growth opportunities. Our dual channel distribution model is translating this into peer-leading flow performance. Flows are concentrating in the winners, which supports our operating margin progression. And technology and AI investments offer further opportunities for efficiency and the potential to drive operating margin to at least the mid 30s in time. And we're confident that we will continue to deliver attractive returns for shareholders.

Thank you. Let's open up to questions.

JP Crutchley: Okay. We'll go to questions now, and we'll start with questions on the lines before taking any questions on the web. Operator, can we take the first question on the telephones, please?

Operator: Thank you. The first question is from Andrew Lowe with Citi. Please go ahead.

Andrew Lowe: Hi. Thanks for taking my question. There's been lots of noise about increasing competition for advisers in the first half of the year. What are you seeing here? And have you been losing any advisers to Soderberg, who seem to be making headlines about their hiring? If you could quantify what your adviser churn is within your restricted financial planning business, that would be really helpful and just help us to understand how H1 compares to prior years. That would be great. Thanks.

Steven Levin: Thanks, Andy. So, look, the market is a competitive market and always has been, but we have not seen any material change in our churn rates, more advisers leaving us. We've guided before that, you know, we're not going to give the exact number, but we've guided before that it's around 10% of which advisers leave through retirements and through moves in the market in a year. We have shown good net growth over the last reporting period, as we have prior. That comes through our adviser academy and through the net adviser recruitment that we're doing. We have a net positive adviser recruitment of bringing in experienced advisers as well to our business, so we're not seeing any material changes to the behaviours that we have seen in the past.

Andrew Lowe: Great. Thanks so much.

Steven Levin: Next question?

Operator: Thank you. Next question is from Ben Bathurst from RBC Capital Markets. Please go ahead.

Ben Bathurst: Morning. Thanks for taking my question, actually in two areas, if I may. Just starting on capacity, thanks for the disclosure in terms of the growth in number of IFA firms that you're working with on slide seven. Presumably there's also an opportunity for you to improve the concentration of assets that you manage typically for IFAs. I wondered if you could just give an idea around where that sits currently and where you think it might be able to get to. And is there scope, do you think, for MPS to catch up with the Platform in terms of the typical concentration? And then secondly, if I may, on the FY26 guidance, I just wondered, to what extent does the guidance that you've given this morning incorporate scope to revisit the economics of the client cash and discretionary portfolios in Quilter Cheviot, just in the way that we've seem some of your DFM peers announce in recent months? And are there any moving parts there that we should be aware of? Thank you.

Steven Levin: Thanks, Ben. I'll take those questions. So, the first question, in terms of, and you used the term capacity, we talk about share of wallet and market share. So, we're very pleased with how we're doing in the IFA space. You can see our market share improving and has been over multiple time periods. One of the things that's really a big focus for us is becoming the primary platform for more and more advisers. And, again, you can see from some of the data that we've shown, that slide that you referred to does show how we are starting to increase significantly the number of large advisers using our platform, and that is a deeper share of wallet. We still think there's a lot of opportunity to go further there, so that job is not done. But that has built a very good base for us and I think that bodes really well for the future because those advisers, once advisers have really adopted you as their primary platform and are putting 40%, 50%, 60%, 70% of their market share, using you as their core, they really build their business and their processes around your platform. And it's quite hard to unseat them, and that's why we've worked so hard at that, because we think it is a great position to be in. In terms of… but we do, to be clear, that is still a big focus of ours, to carry on, to become the primary platform for even more advisers. And there are advisers where we're the second or the third choice, and obviously our sales team's focus is to make our platform the first choice for those advisers.

In terms of the MPS market share, so the MPS market share is at 13%, I guess, and you're talking about the Platform at 18%. I think, realistically, that number will be lower than the Platform one. We do want to drive it higher, and we think that we can, but some of the very large advice firms will run their own models and will run their own MPS offerings and things like that, and that is one of the areas that they will then not outsource. The medium-size and the small-sized firms, absolutely, that is the core market for products at WealthSelect, and we do phenomenally well, and we're continuing to push that upwards. But because there are a group of advisers who are specifically part of their strategy, and the large ones running the MPS models for their core clients, I don't think you'll ever be able to catch the MPS share to the Platform market share.

Oh, sorry, apologies, the next question. Sorry, Ben. The next question was about the guidance, and specifically about the cash in QC. So, maybe just to take that question in full and then I'll come to the guidance part of it. So, in terms of client cash in Quilter Cheviot, first of all, we're very comfortable with the value that we provide to our clients and we think we have an excellent outcome to clients, if you look at the rates that clients get, including with any charges that there are on cash. And we're very transparent in also how we disclose things. But we are reviewing some of the stuff that the FCA has said in terms of their positioning, in terms of the consultation paper that they've got out. And we're looking at some of the operational client impacts of making some tweaks to that model, and we are working through that at the moment. But, from a financial and guidance perspective, we don't expect that any changes will have a material impact at all, and they are included in the guidance.

Ben Bathurst: Okay. Great. Thank you.

Operator: Thank you. Next question is from Alex Bowers with KBW. Please go ahead.

Alex Bowers: Hi. Can I just ask a question about the IFA Platform space and the level of competition you're seeing in the space and whether there's an impact on pricing, or any pricing changes from any of your other competitors in the space? And then the second question was just on… I think in the statement you flagged the recent change in UK political leadership as potentially linked to speculation ahead of the October budget. Is there anything you can say in relation to that around potential impact of that on flows in H2? Thanks.

Steven Levin: Thanks, Alex. So, in terms of competition in the platform space and pricing behaviour, you know, it is a competitive market. But, as we've shown and you can see from the data yourself, it is a market where clearly winners are emerging, and we are the front of that pack and clearly the winner in the market. That is something that we work very hard to achieve, and it comes down to a range of things. Actually, when you look specifically at what drives customer and adviser behaviour, price is not the most important thing. Typically, it is about service, it is about proposition, it is about support. Price is on the list generally, but in most surveys price will come in at number four on the list, for example. We offer a great-value platform, but I think platform that just try to pull the price lever, if your proposition doesn't stack up, I don't think that's really going to work and be effective. But obviously it is a competitive market so we think we offer very good value. But we're not seeing, I think, any material changes in the behaviour because of other competitor activity. You've really got to have a good platform to win adviser support. I think also, very importantly, since the consumer duty and some of the more maturing of the market, actually, advisers are realising that it is all about value, and value is a much more… value for money. It is much more complicated nuance than just what is the exact basis-point price. So, I think that is important to understand.

In terms of the UK politics and speculation and impact on flows, look, what we really want is we want stability, and that's why we've made a comment and we've said that we believe that if you want to encourage an investment in the market and to look after individuals and provide a strong and resilient UK economy, I think what you really need is you need consistency and stability. Continuous speculation is very unhelpful. And continuous changes in long-term regimes, like pension regimes, which are a long-term commitment, effectively a contract between the government and the citizens about how tax works on pensions, that's not something that should be changed every year or speculated that it's going to be changed every year. And that's really, really important.

Having said that, our business is an advised business, and while we did see an increase last year in outflows at the time of some market speculation because of particularly speculation about the tax-free cash in pensions. You've seen our numbers for last year; our net numbers were still incredibly strong. I think that D2C businesses find it a bigger impact than the advised businesses because advisors do talk to their clients, and clients, if they do want to react to something they're reading in the newspaper which is speculative, advisers, in most cases, are able to explain and give clients the right answer, which is not to act on speculation. We in fact have published some research, just for interest, where we surveyed a whole load of people in the pension market and I think 60 or two-thirds of the people who withdrew money out of their pensions in last year's budget cycle, the speculation, regret it. So, that's really important. But that is what we're talking about. I can't be absolutely certain about what impact there could or may be on flows, but I think given our advised business, we're the most resilient to it but we do strongly encourage stability in the market.

Alex Bowers: Thank you.

Operator: Thank you. Next question is from James Allen with Berenberg. Please go ahead.

James Allen: Hi. Morning, guys. Two questions from me, if I can. First one, how do you measure the return on the increased marketing investment in areas like the Quilter Nations Series, given presumably the returns there are not as easy to measure as if you were a D2C platform, for example, where you just measure based on customer growth. Obviously, you've got the advisers which maybe sit in between. Second question, the MPS market feels like it's becoming more competitive and there are some smaller firms trying to undercut to get their flows moving in the right direction. Is that putting more pressure on fees in the MPS product range than maybe you had seen in previous years?

Mark Satchel: Yeah. Okay. Thanks very much, James. It's Mark here. I'll just comment firstly on the marketing spend. Look, the measurement and one of the key things that we're doing is trying to get better consumer awareness of our brand. So, we do look at prompted and unprompted consumer awareness and scores like that, and we can see significant tick-ups. And we've seen… we've had experience of that before. We think that exposure gives us a lot of retail consumer brand awareness. It also helps with persistency and those sort of things, but to get down to actual hard numbers, I'm sure you can appreciate, which I think is the point of your question, it's actually very hard to measure in actual absolute terms the data that you can use to measure that. So, that's how we look at it.

And our brand awareness coming through from it has been exceptionally encouraging. But you've got to keep spending in order to keep that brand awareness up, which is what we have had experience on before, you remember, when we sponsored RFU in 2016 to about 2020, that sort of period. So, we've got experience of this. We can see how trends, it helps trends improve both in persistency and in new customer acquisition. But it's hard, I can't give you a precise number on it.

Steven Levin: Thanks. Thanks, Mark. James, just to add to that, you know, we've got a business called Quilter Invest, which is now in the space of helping customers directly with targeted support and things like that. So, the brand investment, which, as Mark says, is the start of a journey, the brand investment will help that business as well, which is really important for us.

In terms of your second question about the MPS market and becoming more competitive, look, we're very comfortable with the strength of our MPS propositions, both in WealthSelect and in QC, we've got very good investment performance. We've been doing this for a long time. And the value that we offer is excellent. I think that we're not seeing any specific challenge or pressure on fees. Our MPS actually does offer very good value. Because of our size and scale we're able to negotiate very good pricing with the underlying managers, and the customers get the benefit of that. So, we think that our MP is offering fantastic value. We do our value assessments every year and it's got great performance. And it's also got very strong reporting nicely integrated into our Platform, all sorts of things, so we are very confident about the strength of our MPS propositions.

Next question?

Operator: Thank you. Next question is from Christiane Holstein from Bank of America. Please go ahead.

C Holstein: Oh, good morning. Thank you for taking my questions. My first one is on adviser productivity. So, 3.9 billion is quite a strong step up already. I just wanted to ask if this is already the benefits of AI or what else has been driving this? And then I just wanted to check, do you still continue to expect AI to essentially double adviser productivity over the medium term? Then my second question was just on some peer commentary that they've been seeing case volumes increase, although case size declined just driven by the macro and political uncertainty in the UK at the moment. I was just wondering, how does this compare to what you've been seeing? And if you're seeing different, what has been driving this? Thank you.

Steven Levin: Thanks. Thanks very much. So, the adviser productivity number has actually… there is some AI in there, but very small because of in terms of when we rolled out some of our AI tools for advisers, which was only at the beginning of this year. But that productivity number has been driving up over multiple years, so it is mostly down to focusing on quality advisers. It is about some other non-AI changes we've made to advice processes and systems. It is about the back book transfers and getting advisers to focus on consolidating assets from non-Quilter platforms onto Quilter platforms and things like that. That's been the historic driver or drivers of that adviser productivity growth over the last few years. We think the AI benefit is still to come, and some of the other benefits of the new technology that we're going to be putting in place for advisers, some of which is AI, some of which is not, some is just better process and avoiding rekeying and really simplifying and streamlining advisers' time.

The comment about can adviser productivity double, you know, we do believe that that can happen. That's not necessarily in the 3.9 million number. We talk about that in the number of clients that advisers would have, for example. Advisers in the UK serve 100 to 150 clients, on average. They spend about two-thirds of their time not in front of clients. Those are some of the stats that are out there. We think that with better technology and AI, you can reduce the amount of time that advisers are spending not with clients, and that will give them the opportunities to increase adviser productivity materially. Now, we're not giving an exact number and, you know, the objective is to turn 150 into 180 first, and then 200, you know, those sorts of step-ups, so 10%, 15%, 20% gains in productivity would be fantastic. Over time, that may amount to a doubling of adviser productivity.

But the one further point just to point out is I wouldn't do an exact translation from that onto the pound number of adviser productivity because the advisers, as they get more productive, they'll start picking up probably smaller clients, and that will be how the advice gap is dealt with. So, serving clients that are currently a bit too small to get face-to-face advice, that's one of the benefits and one of the things we think will happen. So, it won't be an exact one-for-one translation when you go into a pound basis, as I'm sure you can imagine. But still, it is a very significant opportunity. It is easier for us to increase adviser productivity by 15% or 20% than to increase adviser numbers given, you know, the lack of advisers in the market as an example, so that's why it's such a big focus for us.

In terms of your question about case size versus volumes, that was a bit of a surprise to us, what you're referring to you saw elsewhere. We have seen an increase in both case number and in case sizes. And that is what we would have expected because the vast majority of business in the industry is transfers of existing pension assets. That's about 60% of the flow. And transfers of existing assets are related to market levels, and market levels are up. So, it should be expected that with the rising market levels, people consolidating pensions as they're nearing 50s, talking to an advisor, consolidating the pensions they've got from their accumulated, all over, scattered around from working lifetimes, getting ready for the draw-down, we would expect that those case sizes would be increasing. And that is what we have seen.

C Holstein: Great. Thank you.

Operator: Thank you. Next question is from Michael Sanderson with Barclays. Please go ahead.

M Sanderson: Good morning. Thank you for taking my question. So, just a couple, if possible. First of all, when we were talking about the margin pieces, you obviously pulled out the three different themes, and tiering effects being the last stage. I was wondering, do you quantify or are you able to quantify the impact of tiering effects in what, if we see another 10% growth in AuA, what that means straight through to the revenue piece if we tried to split out the other pieces, the factoring at the margin at the moment? And the second one, you obviously made reference to the Quilter Invest proposition, and very recently launched, but I guess, from my perspective, just interesting to know early messaging you might say around that and where we should see that flow through and where you would hope to see that in the various metrics that you are talking to on an ongoing basis, please. Thank you.

Mark Satchel: So, Mike, just on the margin and the tiering and what a 10% increase, I don't have precise numbers in front of me to actually quote you now. I mean, it has… it obviously has a slight impact, and it reduces overall. What we also find is having quite a big impact in a positive way, or we certainly see it in a positive way, is the family linking capabilities that we have on our Platform. And I was quoting earlier on in my script just some of what's happening in some of the averages across individual accounts, and you put that into the family linked accounts, which actually forms quite a considerable proportion of the book, there you're having some even bigger impacts. But if we do have another 10% increase in average client levels, well, there will be a slight reduction in the margin as a consequence of that. But it also depends on the profile of when they actually get different tiering levels, because they kick in at different, so that's the thing. So, I'm not able to give you a precise number on that at the moment, but that's more or less some of the dynamics that we've seen in the tiering.

Steven Levin: Thank you, Mark. And then the second question on Quilter Invest, so it is… Quilter Invest is something we're really excited about, but it is obviously very early days. We've just launched targeted Support a few months ago, and it is something that we are expecting to see grow over time, but ultimately this is a fledgeling operation. In terms of where you will see this in metrics, I think probably just to be realistic, Quilter Invest is a ten-year strategy for us. It's not something that you're materially going to see over the next one or two or three years, especially given the size of our current established channels, which are very big and very fast-growing. So, Quilter Invest is something that's really interesting for us, but you need to just understand the context. It's starting out very, very small. When we bought the business, it had a negligible client base. It had a proposition that we are building on and using that as a foundation to build something from.

Next question?

M Sanderson: Thank you.

Operator: Thank you. Next question is from Greg Simpson with BNP Paribas. Please go ahead.

Greg Simpson: Yeah, morning. I guess there still is a bit of a market debate about the impact of AI on financial advice demands. I was wondering if you could maybe talk about the kind of client growth Quilter is currently seeing in percentage terms, and maybe the mix of flows between existing and new clients? And then the second question, there was a recent article about Quilter changing the fee model a little bit for the national advice arm, I think, including cutting initial charges by about 1%. I just wanted to check in what drove that decision, and do you think it could impact adviser retention and productivity if they may be earning a bit less for new flows? Thank you.

Steven Levin: Thanks. Thanks for those questions. Look, we don't disclose the exact client number growth, but I can tell you that it is very good. We have, and in fact we've added more clients last year and this period than we did over the prior period, so we are continuing to see very strong client growth. We're not seeing an impact of AI on client growth or any of those things, and we don't really expect that that's going to become an issue in the future. In terms of the little bit… your other question about the split between new clients and top-ups, it's about half-half in terms of the flows, in terms of where money comes from, money from brand-new clients versus money top-ups and regular investments from existing clients.

Then your second question was… I forgot to write it down. Oh, QFP, yes. So, to be honest, actually there was a very small change that was over-reported by the press when we made that change. We have a set of tramlines for advisers and we made some minor tweaks to it, and it was reported as we've increased our fees and things. And I think that actually it was a bit of a red herring. It hasn't been a material change.

Greg Simpson: Very clear. Thank you.

Operator: Next question is from Vivek Raja from Investec. Please go ahead.

Vivek Raja: Thank you. Thank you, gentlemen, for your presentation. I wanted to ask about targeted Support. Appreciate it's early days. I wonder, what are you doing that you think is different to your competitors in terms of addressing that market opportunity? And also, as the government changes once again, I just wonder how does your discussion with the policymaker about what they want to achieve with targeted support change? How do you think that that might change? Thanks.

Steven Levin: Thanks. I'll take those questions, and I may answer the second one first. So, in terms of the new government, look, we believe that the new stakeholders are just as focused as the previous chancellor on growing the number of investors in the country on the benefits of targeted support and really addressing things. And we've got consistency in things like the City Minister as well, which is helpful and supportive. So, we haven't heard a lot, but we have no indications that there's any difference in focus. You know, the Treasury pushed and supported a retail investment advertising campaign, which we're a part of. Again, we believe that that will continue to be really important and we hope and look to expect to see the government continue to support things like that. I mean, that hasn't directly… we haven't seen anything positive or negative to that. We have no indications that anything there will change. And certainly the industry is very committed to continuing to work with government to make sure that we get people to invest more, because that is very good for the country and it is very good for people and people retiring.

In terms of targeted support and differences to competitors, look, I don't think there are that many differences. I think most of the companies that are out there doing targeted support and those that are still coming are focusing on the cash to investment journey. That seems to be the most prevalent journey. And in that journey it really is about designing a simple process, making sure you screen out people who've got debt and issues where they shouldn't be investing. But people who've got excess cash, to take them through a simple journey to help them invest, figure out how much they can invest, and then help them pick a fund. So, that's what we're doing and, to be fair, a lot of other people are doing that. Some people have slightly different models. Some people are trying to do it with various screens that you enter with structured questions. Others are trying with AI chatbot-type approaches, etc. But ultimately, I mean the cash to investment and helping the client pick the right risk-profiled fund is the predominant targeted support use, which is what we're doing.

There are some other companies that are doing things in targeted support space about pensions, drawdowns and things that would be more appropriate for D2C businesses, or businesses with very big orphan books, which is not us. But, having said that, we think targeted support is very big opportunity. I don't think it's one were you have to be unique to be able to take advantage of that opportunity. The one thing that we are doing differently though, I think is important about targeted support, which we've said before, is we are doing this in partnership with advisers. And the benefit there is that where a client comes to an adviser and they've got too little money to invest, to get advice, sorry, to get full face-to-face advice, a client with £20,000, for example, who wants help to invest, what actually we've built our targeted support offering such that advisers can refer them to Quilter Invest. The client can invest that way. But the adviser keeps sight of that client. The client will be ring-fenced. And if the client ever wants help, they get referred straight back to that adviser and we guarantee the advisers that we will never try to service those clients on an advise basis because they've introduced them to us and things like that. And effectively, it's our adviser incubation model, which is getting very positive feedback from advisers and very good early signs of take-up from advice firms. We think that is something that is compelling and unique about our offering and one of the things we're excited about.

Vivek Raja: Thank you very much.

Operator: Thank you. Next question is from David McCann with Deutsche Bank. Please go ahead.

D McCann: Morning, guys. Two questions from me that haven't already been asked. The first one is on the revenue margin guidance. You touched in the remarks, Mark, that the guidance is overall unchanged, but if I look at the first-half movements in the actual margins achieved, you know, the pace of decline did appear to be higher than the 1bp that you traditionally have talked about in the admin fees. It was probably more like 2bp annualised. And similarly, the Solutions margin was close to the low 30s and tracking towards the low 30s, so both have been under a little bit of pressure in the first half. So, maybe you can talk about the drivers there that have caused that. And does that 1bp guidance in the admin margin, for example, still hold going forward. That's question one. And secondly, within Quilter Cheviot, the number of RFPs reported did fall quite meaningfully in the first half from 64 at the year end to 47, so what's gone on there? Thanks.

Mark Satchel: Thanks, David. David, on the revenue margin guidance, I mean the trend that we've seen is pretty much in line with our guidance and it's still what we expect, but there obviously are a few factors that'll come into it, and I touched on a few of those in the presentation earlier. There are going to be mix effects, which are often client and adviser-led, and that's particularly relevant when it comes to the Quilter Investor propositions, you know, whether they're going into WealthSelect or Cirilium, and we've provided quite a bit of disclosures around the various movements over there, so that drives quite a bit of that. So, then within those, whether it's blend, active or passive solutions that they're choosing, and increasingly, and we've been saying this for a while now, we see more advisers and clients choosing the blend or the passive solutions within WealthSelect rather than Cirilium active at the other extreme. And that does have an impact on the margins overall.

We're in the low 30s on that now. I think I had guided towards that sort of level within Quilter Investors for a while now. On the Platform, there's probably been a little bit of a pickup, and I'm talking in decimal places here in terms of the 1 basis point in comparison to guidance, which we do see a little bit of fluctuation in the guidance in comparison to actual, and that has been largely driven by the increase in average holdings, which I also commented on in my script. And really, the guidance around that, if we see continued increased stock market gains coming through, which is increasing average client holdings quite significantly, then we'll probably be a little bit worse than the guidance that I've guided towards. If market levels are more or less where they currently are, then I expect my guidance to hold. And there's going to be some fluctuation and degree of fluctuation around that. Some of it is within our control and some of it a factor of market movements, which overall is positive for the business if we get any more pounds, actual pound notes for the assets that we're managing. That's what I'm expecting there.

Steven Levin: Yeah. Thanks, Mark. But, David, the key is the operating margin in our business and the operating leverage. So, you know, even if market levels go up faster and it means 1 tends to 2 or something, as an example, basis points over a period, that is not a massive concern for us because of the operating leverage in our business. And we believe we can drive that up further, as we've said, because of the benefits and opportunities with things like AI and the core scale anyway.

In terms of your QC RFP question, that was what we actually talked about at the first half. If you recall, in March, we talked about how we were doing some restructuring of our advisers within QFP, sorry, within QC, QCFP. We have lots of acronyms here, with QC Financial Planners. And that was where we looked and we did a productivity review, there were some changes made, and 12 advisers left as a result of that process. And that happened in between March and June, and that is the delta. But that has improved the quality of our business. It has driven up productivity. We want to make sure that the advisers are the right advisers for QC, and that is the review that we've done. But it is what we told you about.

D McCann: Great. Thank you. And just to quickly follow up on that, so, would you anticipate that… has it implications for the advice revenues in that segment in the future? Or with the productivity review, would you say that's going to be negligible?

Steven Levin: No, I think it is in fact… revenues are in fact going to go up. I mean, those were advisers who weren't covering the costs of their seats. The productivity as advisers was very, very low, and so we do not expect any negative impact on revenue, but there is a positive impact on costs for that thing, so in the scheme of things it is a small benefit. But certainly, I mean that is, again, within our guidance, but you don't need to be too concerned about that. The other point is, obviously, we're looking to grow adviser numbers from this. It's about getting the right people. Within QC we focus a little bit less on the absolute headcount, but we focus on the quality, whether that is with RFPs and with investment managers. And that is really what we're doing. We're making sure we have absolutely the best people for that market and for the types of clients that we should be dealing with in that market. And that's what we're doing within QC.

D McCann: Okay. Thank you.

JP Crutchley: Okay, we have two questions or two participants in the questions on the web. The first is for Michael Christelis, a two-part question, firstly asking what current level of RFP assets under advice are sitting on other platforms, i.e. what's the current back book on other platforms? And, secondly, also then asking about the current pipelines of investment managers who may join Quilter Cheviot and how does that look relative to recent years given that some peers have been going through regulatory issues?

Steven Levin: Okay. Thanks. Thanks, Mike. So, the first question in terms of assets on other platforms, that is, well, it's a few billion. We still guide towards about a billion a year of flows from other platforms, and we expect that will continue. The number that is on other platforms moves up and down a bit based on the bits that you've moved on, but new advisers that are joining our network. So, when new advisers join, they obviously join if there is experienced advisers with assets elsewhere and then those assets move over time. So, it is a few billion, and it seems to stay at about that number, and we seem to bring about a billion in a year through those transfers.

The second question on pipeline of QC IMs. As I said a moment ago, I mean a real focus is on getting the good quality of IMs. So, there is turmoil, as you point out, in the market. That does create an opportunity for us, which we are obviously working at. We are really focused though on making sure we get and that we add really strong, really high-quality IMs to our business. It's not a numbers-chasing game, but it's a quality-chasing game for us. But, yes, we do see that there are opportunities and that is something that we are working on.

JP Crutchley: Second question from Abid Hussain at Panmure Liberum, one on productivity and one on margins. The first on productivity, your Quilter channel productivity has jumped to 3.9 million per adviser, up 18% year on year. How much further can that go before you hit a natural ceiling? And what is the read-across for Cheviot Investment Manager productivity as you apply the same playbook here? And a second question on margins, which I'll come to after that one.

Steven Levin: Okay. Alright. Sorry. So, look, I think we've already commented a bit on that 3.9 million number. We do see upside still to that for a range of reasons. We've talked about the number of… we talk about adviser productivity. But we have also said before, and just to be clear and to repeat, there are two elements within that 3.9 that are worth noting. One element, as I said before, is because a large part of the business is transfers, so there is a market level in that. And the market levels are, you know, markets are up. So, if markets go up 10%, that number can easily go up by probably 5% to 6% just because of market levels, because about 50% or 60% of the assets are transfers. Vice versa the other way. So, just note, obviously, if there's a stock market crash, I would expect the 3.9 to go down the other way, so that's just how some of that stuff works. So, that's one of the drivers.

And the other thing is we are recruiting new advisers from our adviser academy, and the faster growth that we get from advisers from our academy, obviously academy advisers come in with a lower productivity, but we're also continuing to recruit experienced advisers as well, so I'm not guiding that it's going to be down, but I'm just saying that there are multiple factors within it. But, having said that, we still believe that there is positive upside in that number, but it may be, depending on market cycles, it may move around a bit from time to time.

In terms of your next question on Quilter Cheviot, that is a… so that's what's the equivalent for IMs. As I touched on, we do track that, but that's not a number we're talking about externally today. But that is one of our big focus areas is about driving up productivity and efficiency of our own advisers within QC. One of the things we've talked about in the past that we've been doing is we have got some clients who are sitting in discretionary portfolios who we believe would be better served because they're at the smaller end in MPS portfolios, and we're busy moving them within QC at the moment. That reduces revenue margin but actually increases operating margin for us because of the cost dynamics, and it frees up capacity of our investment managers to take on more real discretionary DFM clients, the larger clients, etc. So, those are the types of initiatives that we are doing that will then drive up adviser or IM assets, AuM per IM, for example, which would be how we would look at that. So, that is our focus there too.

JP Crutchley: Second point from Abid was on operating margin. The move from a 30% operating margin today to at least a mid-30s ambition is worth roughly £40 million of profit on current revenues material earnings upside before any growth. What's the realistic timeframe to get there and which levers, AI, scale, mix do the heavy lifting?

Mark Satchel: Abid, I'll pick up on that one. Our op margin is obviously a function of a numerator and a denominator in profit and revenues, and there are a combination of factors that influence both, some of which impacts both of them. Net flow is obviously a big part of it, and our distribution capabilities and the ability to carry on attracting very strong net client cash flow contributes towards it. Market performance, obviously, and the underlying asset base given that most of our revenue is generated through a basis points charge on the assets that we manage obviously has a big impact on it. And then our containment of costs, and I've guided there in terms of what the expectations are there. Now, some of those things are very much in our control, some are partially in our control, and some we have very little control over, and it really depends on the timing and the interplay of those. But when we've set out this guidance, I'm not expecting it's going to be in the immediate future, I'm not expecting it's going to be in the long-term future, it's going to be somewhere in between. But, again, that's going to be dependent on the market conditions and what happens more at a macro level rather than anything else.

JP Crutchley: Okay. One, I think, final question on the web at the moment from Nick Judge at Man Group, noting the great set of flows, but also noting that the revenue-generating staff-based costs were up 18% in the half. Does that suggest competition for advisers is elevated currently, or is that more reflective of the quantum advisers you're hiring, so just trying to get an indication for that.

Mark Satchel: Yeah, so most of that revenue-generating staff-based cost isn't really around advisers, because most of our advisers are self-employed given the network model that we have. A lot of that is more or less to do with other revenue-generating staff like the investment managers. We also put the distribution teams within that line in terms of the external disclosures that we make, etc. So, what it's actually… and you would have seen that the number of IMs, for example, has gone up slightly. We also acquired a small business in Dublin which is included in there. It doesn't have a material impact on it, but it does shift it a little bit more. And we have been increasing our focus on distribution activities and hiring in those sort of areas. So, it's just more reflective of a lot more of the other strategies that we've already spoken about, Nick, in terms of the investments we're making and where we're channelling our efforts. And in some respects, you're going to see costs that we're incurring in terms of increasing the people that actually have the direct interaction with clients and advisers and improving revenues as kind of being, if I could put in inverted commas, good costs or certainly better costs to have than maybe in other parts of the business and actually reflective of the effort that we're putting into those areas.

JP Crutchley: Okay. That's it from the web. If there's no other questions on the phones, I think we're probably at an end. I don't know if you want to summarise, Steven.

Steven Levin: Yeah, thank you very much. I mean, we're very pleased with how we've performed in the first half, and thank you all for your support.

END OF TRANSCRIPT