



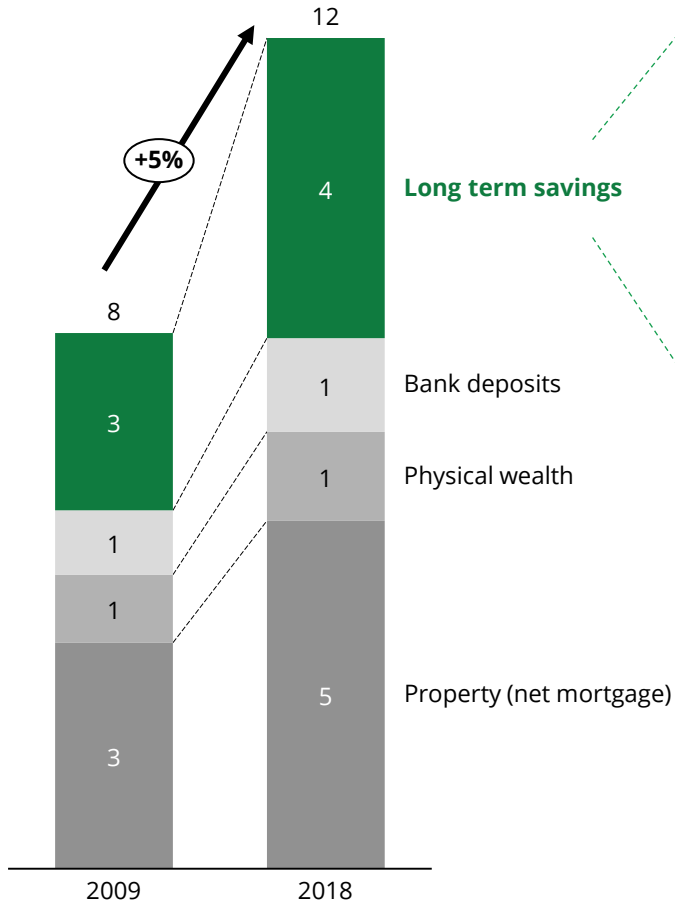
# ABSA Financials Conference: “Distribution”

Etienne Burger – Strategy Director  
*October 2019*

Quilter

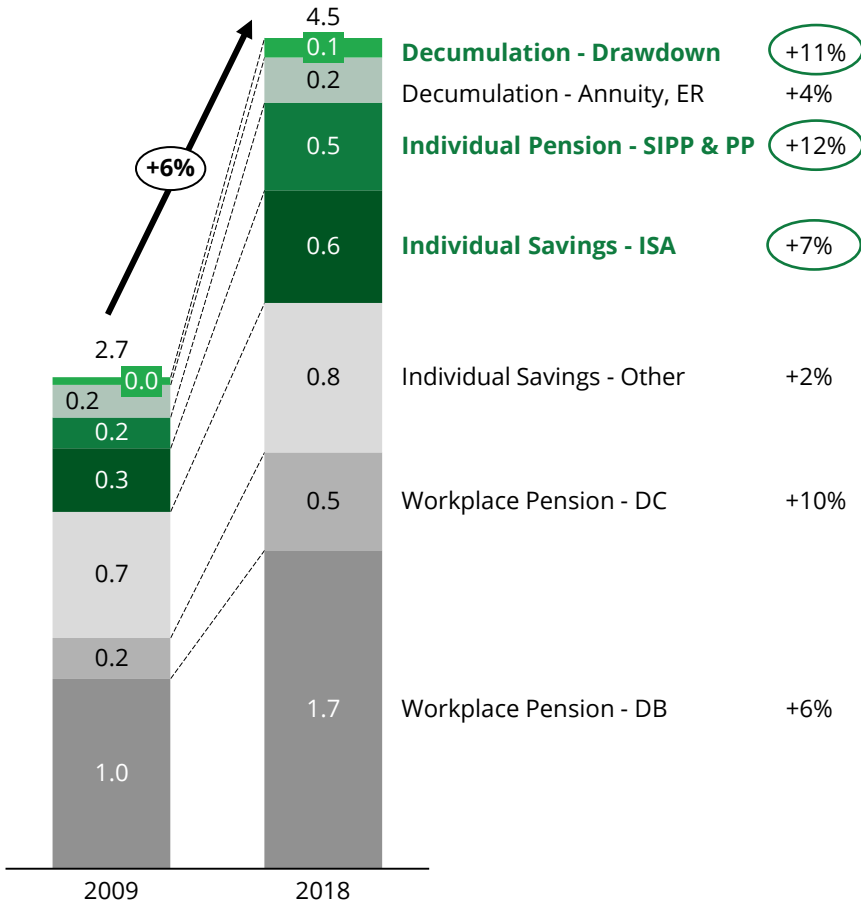
# Large and growing UK wealth market

## UK national wealth<sup>1</sup>



## Long-term savings market<sup>2</sup>

(AUM, £trn)



- Growth driven by structural trends, including:
  - Demographics
  - Need for financial advice
  - Pensions and investment consolidating onto Platforms

- Growing and changing market provides opportunity to support clients through their savings and investment life cycle

1. Source: ONS, NMG UK Stock & Flow Model. 2018 figures based on estimates  
 2. Note: Property Wealth is defined as any property owned, both main residence plus any other land or property owned in the UK or abroad, net of outstanding mortgage value. Physical Wealth is defined as household contents, possessions and valuables owned, such as antiques, artworks, collections and any vehicles owned by individuals. Pensions excludes retained rights in pension schemes and pensions expected from former spouse/partner. Individual Savings - Other includes Onshore and Offshore bonds, endowments, direct shares and unwrapped funds. ER = Equity Release; Workplace pension - DB includes Bulk annuities

# Regulatory and fiscal changes driving disruption

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## Pension reform

- Provides customers with opportunity for **consolidation and flexibility** to manage retirement assets
- Demand and complexity driving **need for advice**
- Increased **longevity of client relationships** for wealth managers versus compulsory annuitisation

## Government initiatives

- **Auto-enrolment** increasing flows into pensions, albeit slowly – future customers for wealth managers
- Increase in **ISA allowances** and introduction of JISA and NISA and Junior SIPPS
- Continually **changing tax and allowances** on savings, pension and IHT driving need for advice

## FCA thematic reviews

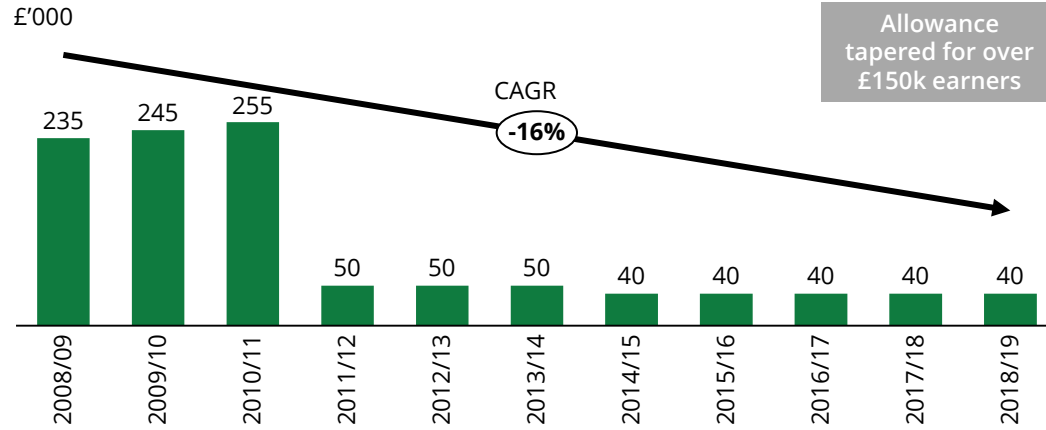
- **Asset management market study** remedies focussed on driving competitive pressure in asset management, investor value for money and effectiveness of intermediaries
- **Investment Platform study** focused on improving competition and better consumer outcomes
- **DB pension transfer advice** proposals designed to improve quality of advice and help consumers get better value for their pensions

## MiFID II, GDPR & SMCR

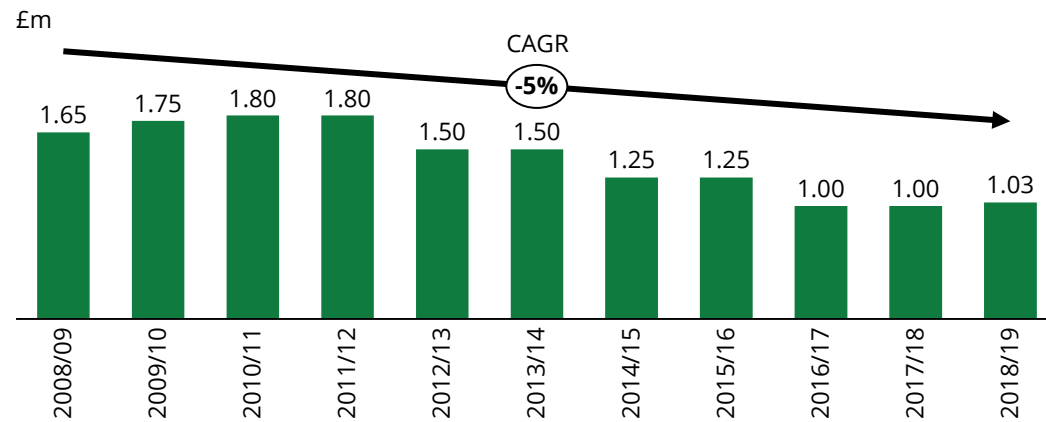
- Further **increase in regulatory burden** for advisers, particularly low scale players and new entrants
- MiFID II further **increase transparency** for customers
- GDPR clarifies existing requirements and **increases costs of non-compliance**
- SMCR strengthens individual accountability within the financial services industry

# Fiscal changes driving complexity, changing client behaviour and need for advice

## Annual pension allowance

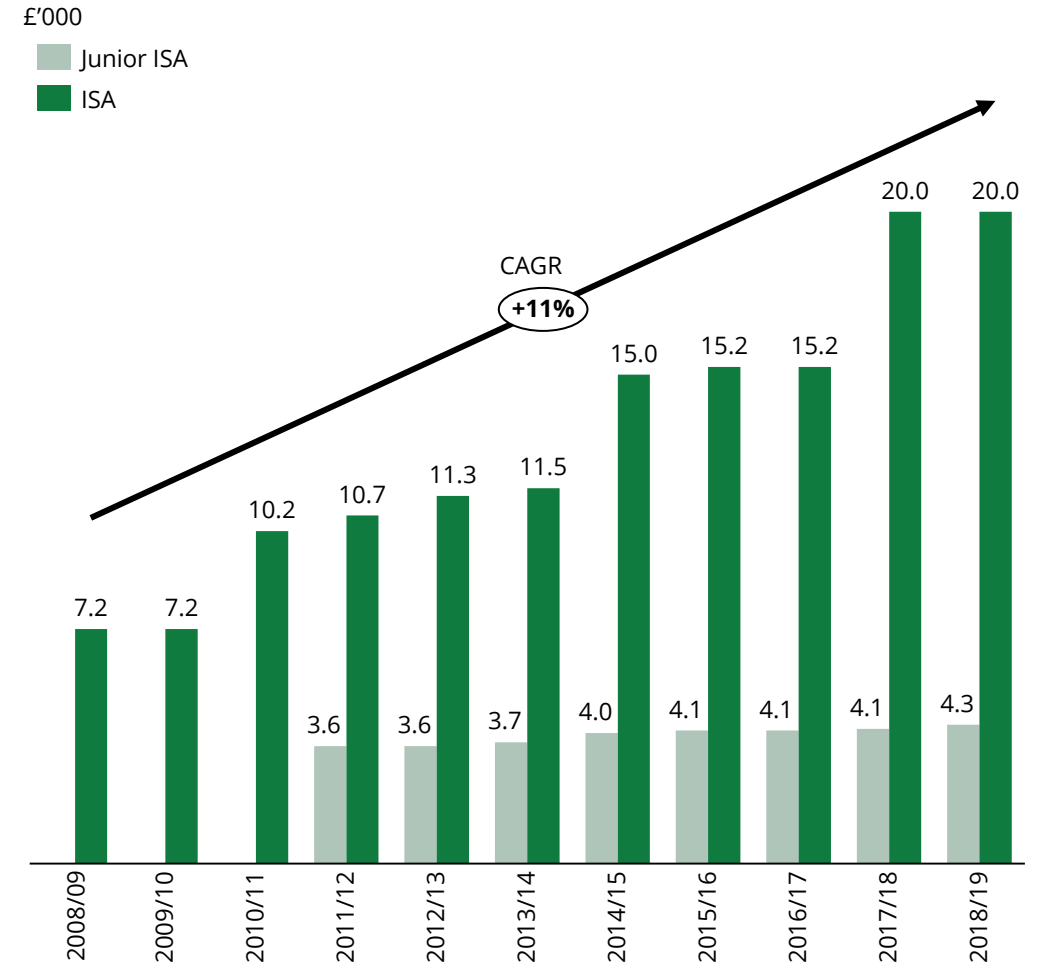


## Pension lifetime allowance



Source: HMRC

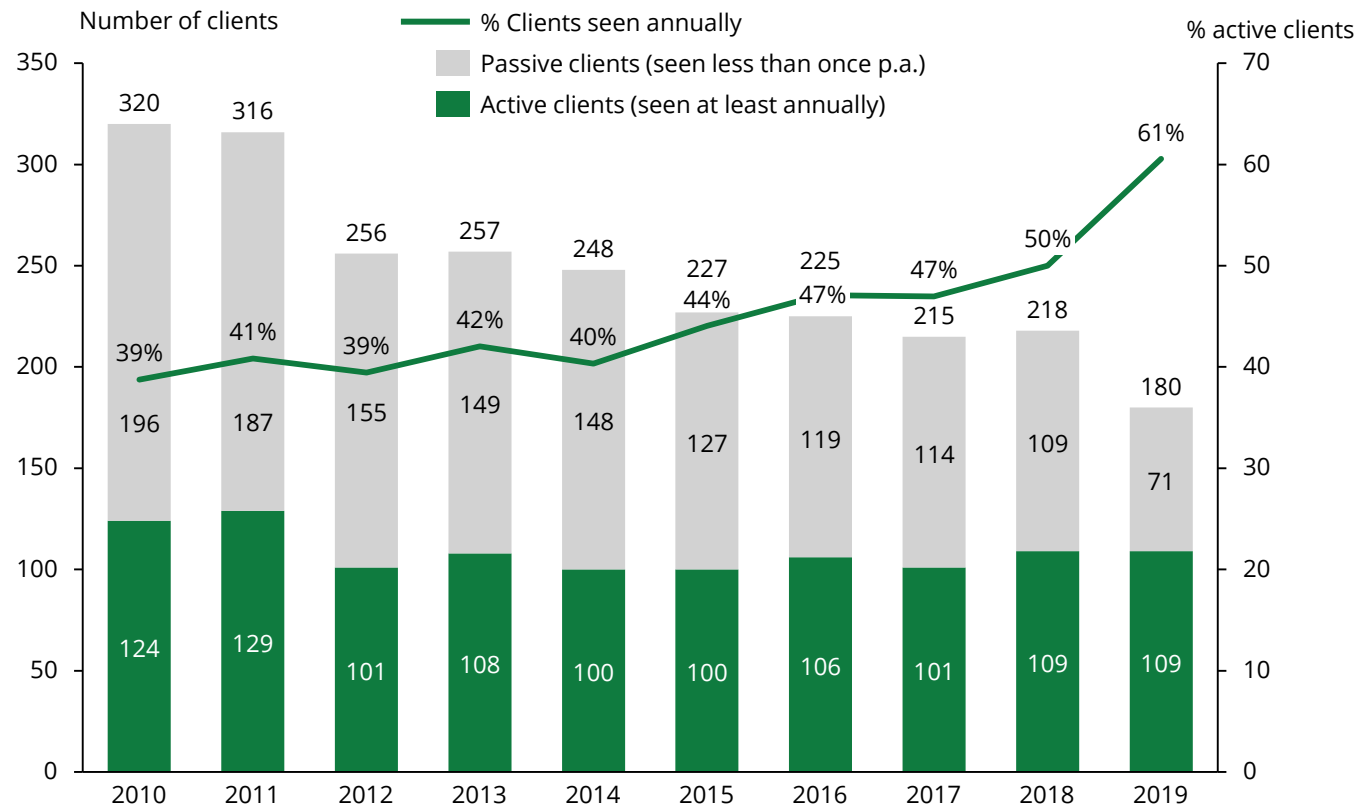
## ISA annual allowance



# Advice: shift in how advisers serve their clients

Regulatory and market changes driving better quality of advice for fewer clients

## Adviser average client portfolio<sup>1</sup>



- Adviser trend to serve fewer active clients:
  - Change in compensation model from commission to fees
  - Smaller number of those with higher investable assets
  - Opportunity to serve customers' wealth needs for longer
  
- Potentially more customers left without access to advice... at a time when the need for advice is increasing

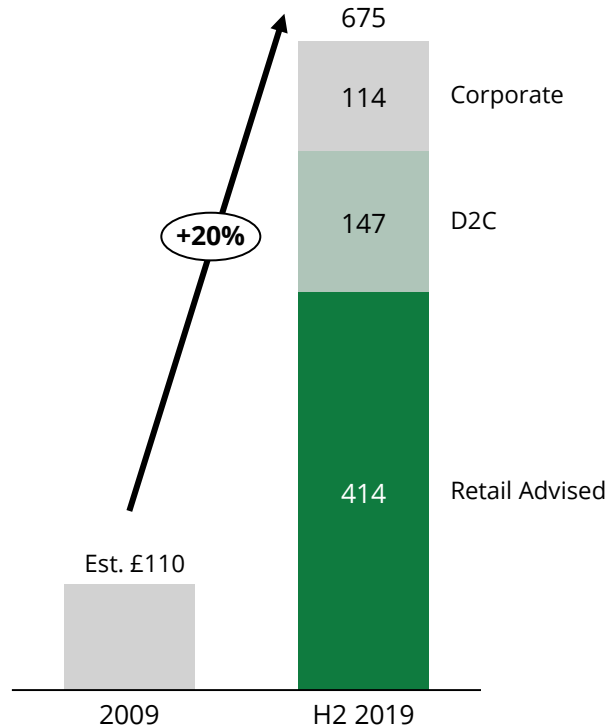
1. Source: Investment Trends. March 2019 UK Adviser Technology & Business Report, based on a survey of 1,216 advisers. Passive clients considered to be those the adviser sees less than once a year; Active clients considered to be those the adviser sees as least annually. Based on annual survey of c.600-800 advisers

# Platform: Savings and investments consolidating onto Platforms, particularly pensions

## Pensions and investments consolidating onto platforms

### Total UK platform market

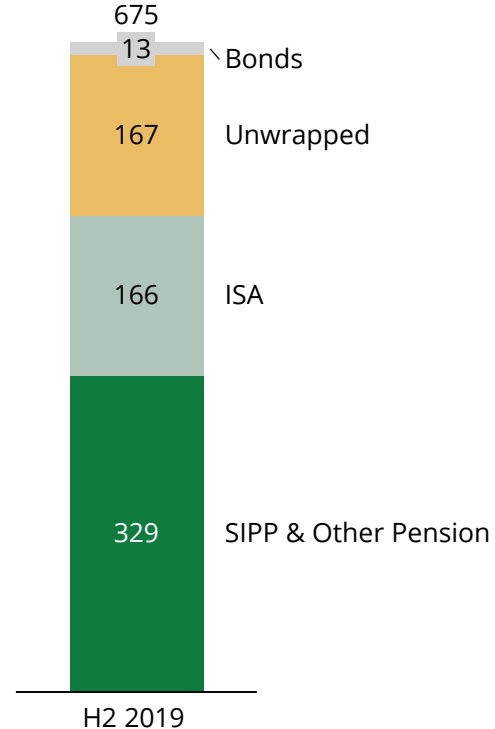
AUA £bn<sup>1</sup>



## Pension is 'anchor' product on Platform

### Fund platforms by product

AUA £bn<sup>2</sup>



## Platforms play an important role in modern wealth management

### For Advisers

- Tools and technical support
- Customer relationships in one place
- Deliver back office functionality
- Custody, settlement and reporting

### For Customers

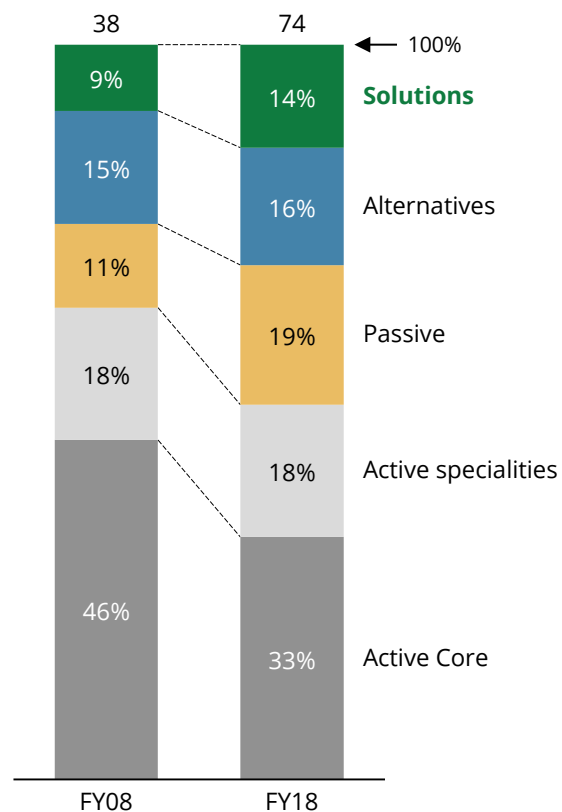
- Holdings in one place
- Tax-efficient wrappers
- Customer service including reporting and transactions

1. Source: Platform 2009 Total Platform AuM £92bn excluding D2C; Fundscape 2019 Q2  
 2. Source: Fundscape 2019 Q2

# Investment Solutions: continued growth in outcome-based, client-focussed solutions

## Global AuM split<sup>1</sup>

% / US\$ trn



## Quilter Solutions

### Discretionary portfolio service

- Dedicated Quilter investment manager to design bespoke portfolios
- Tailored approach considering client personal investment objectives, attitude and risk tolerance
- Service for clients with more than £200k to invest

### Managed portfolio service ("MPS")

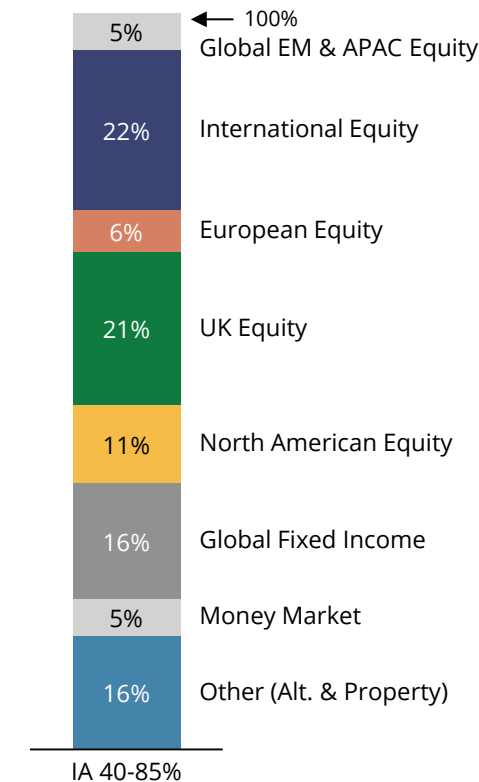
- Outsourcing portfolio construction and management to Quilter's multi-asset investment specialists
- Active and Passive Blend portfolios that risk-matched portfolios from Global Partner fund ranges

### Multi Asset funds

- Range of multi-asset funds including Cirilium Active, Passive and Blend
- Fund range differs in terms of breadth of investment proposition
- Customer needs include accumulation, decumulation, income & international

## Typical asset allocation<sup>2</sup>

Typical 40-85% mixed asset fund asset allocation

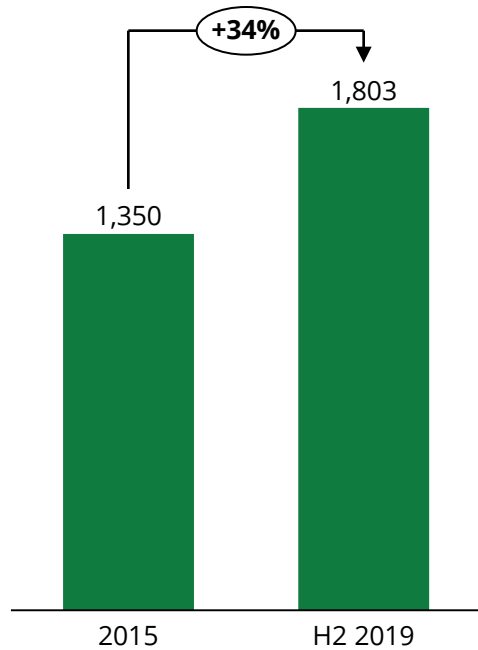


1. Source: BCG Global Asset Management Benchmarking 2019; Solutions Includes target-dated, global asset allocation, flexible, income, liability-driven, and traditional balanced investments. Alternatives includes hedge funds, private equity, real estate, infrastructure, commodities, private debt, and liquid alternative mutual funds (such as absolute return, long and short, market-neutral, and trading-oriented); private equity and hedge fund revenues do not include performance fees. Active specialties includes equity specialties (foreign, global, emerging markets, small and mid caps, and sectors) and fixed-income specialties (emerging markets, global, high yield, and convertibles). Active core Includes actively managed domestic large-cap equity, domestic government and corporate debt, money market, and structured products.

2. Financial Express Analytics, Sept. 2019

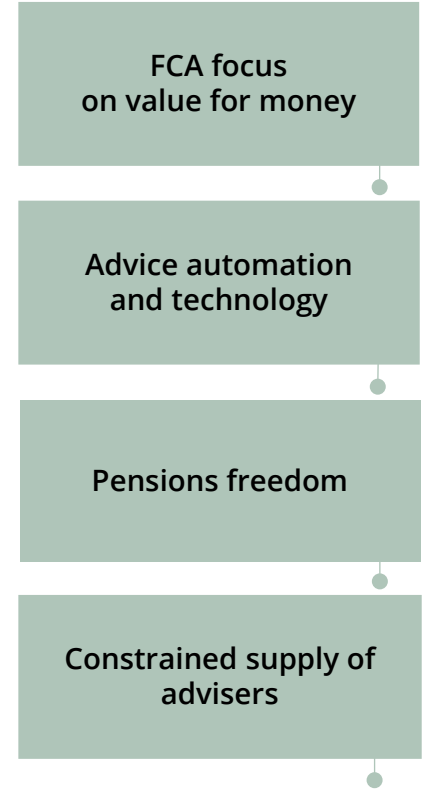
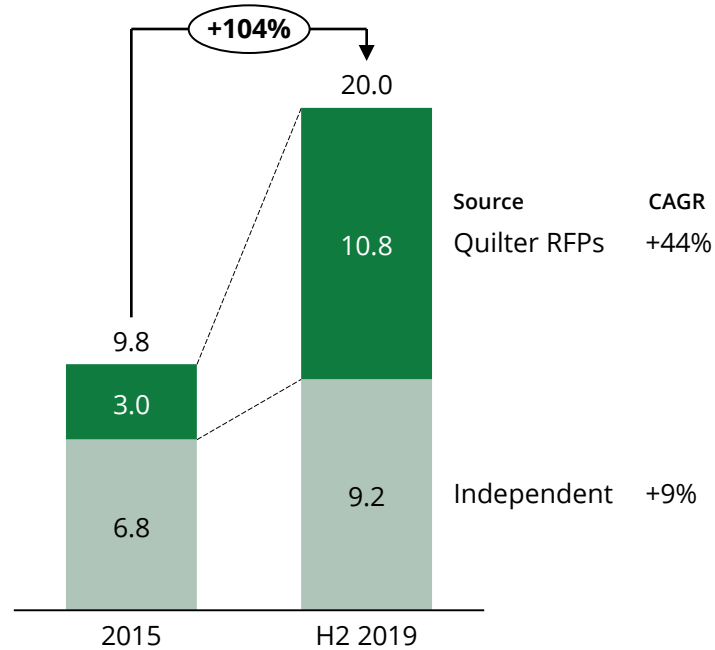
# Quilter growth in Advice

## Quilter RFPs



## Quilter Investors' AuM

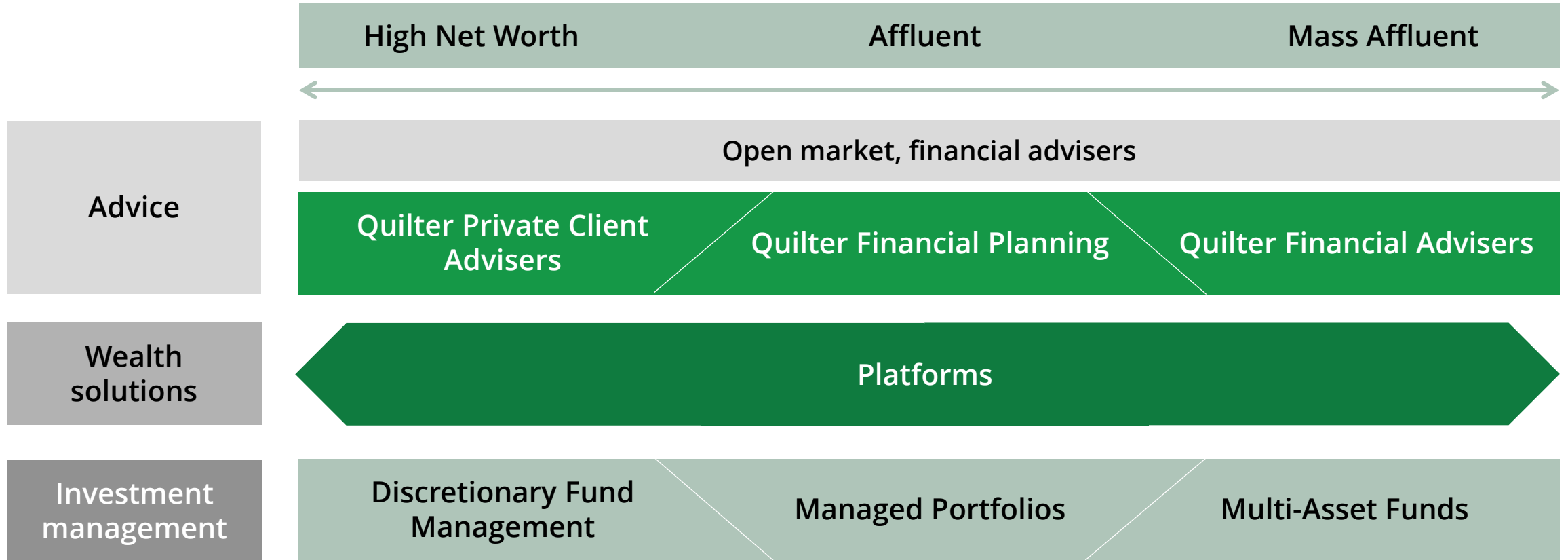
£bn





# Quilter's multi-channel advice-led model

An open, transparent, full-service model serving customers across the wealth spectrum





# 2019 Interim results

John-Paul Crutchley – Head of IR

Quilter

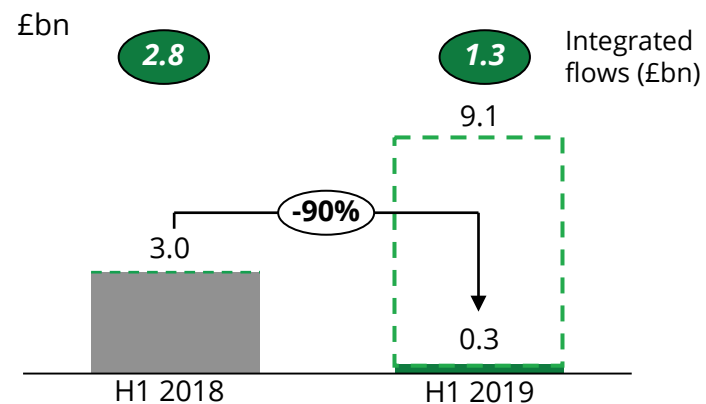
# H1 2019 highlights: financial, strategic and operational progress

Financial	Strategic	Operational
<p><b>Solid financial performance</b></p> <p>Adjusted profit up 5% to £115m in a challenging flow environment</p>	<p><b>Investing in advice</b></p> <p>Charles Derby Group &amp; Lighthouse plc acquisitions consolidate our position as the second largest advisory business in the UK</p>	<p><b>PTP progressing well</b></p> <p>UK Platform upgrade well advanced – confident in delivery</p>
<p><b>Strong capital</b></p> <p>Solvency II ratio 181% Recommended interim dividend of 1.7 pence per share<sup>1</sup></p>	<p><b>Focussing business perimeter</b></p> <p>Agreed sale of Quilter Life Assurance to ReAssure for £425m</p>	<p><b>Good optimisation progress</b></p> <p>Programme delivery driving operating margin improvement</p>

1. Including 0.43 pence per share in respect of QLA's first half profit contribution.

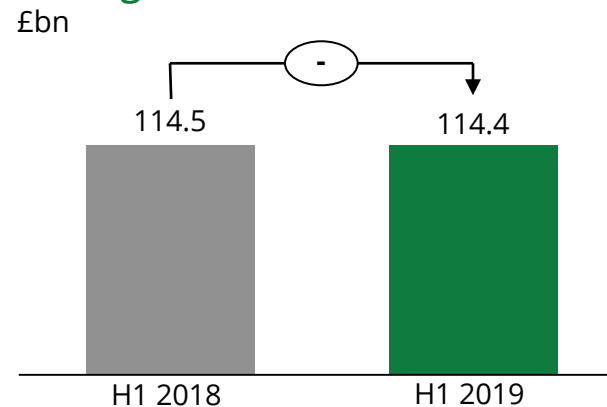
# Resilient performance in H1 2019

## NCCF<sup>1</sup>

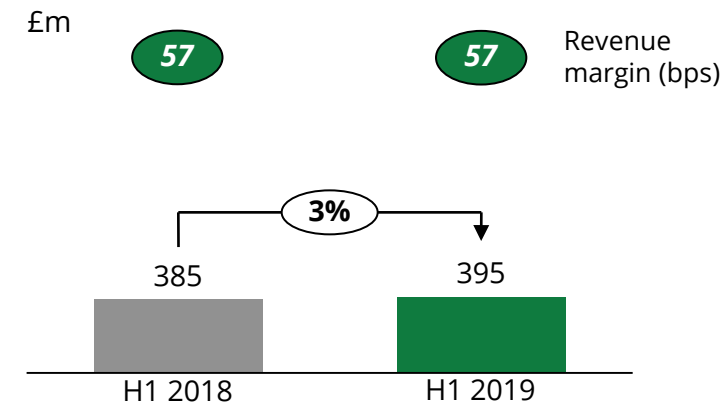


Market movement contribution

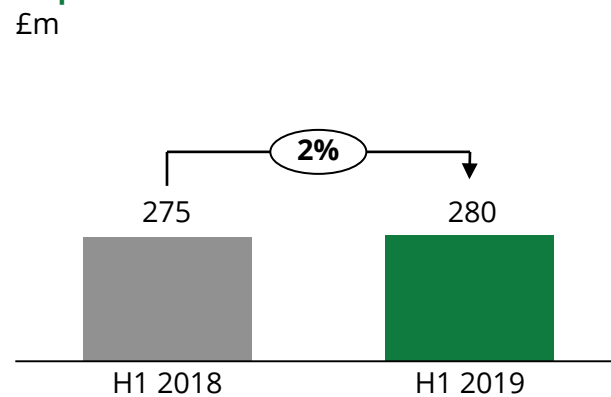
## Average AuMA<sup>2</sup>



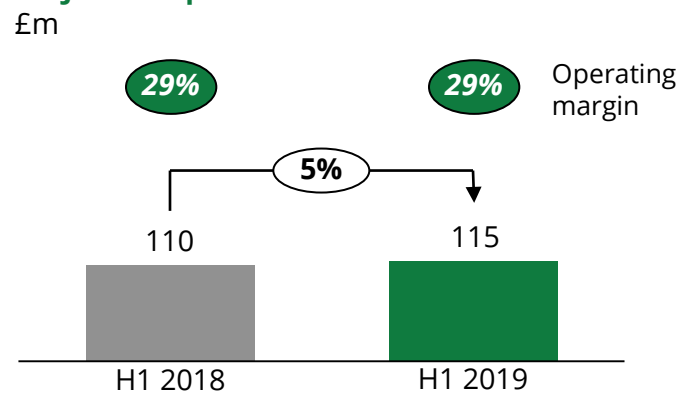
## Revenue<sup>2</sup>



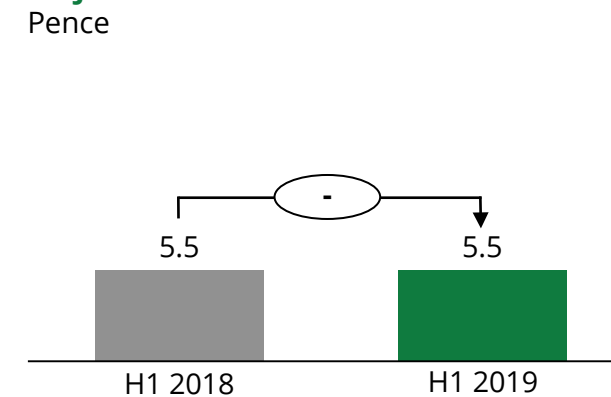
## Expenses<sup>2</sup>



## Adjusted profit before tax<sup>2</sup>



## Adjusted diluted EPS<sup>2</sup>



1. Excluding Quilter Life Assurance (QLA).
2. Including Quilter Life Assurance (QLA).

# Quilter investment case

A unique combination of capabilities, scale and market positions

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1

Full service wealth manager providing choice and delivering good customer outcomes

2

Leading positions across one of the world's largest wealth markets with strong structural growth drivers

3

Multi-channel proposition and investment performance driving integrated flows and long term customer and adviser relationships

4

Attractive top-line growth and the opportunity for operating leverage

5

Strong balance sheet with low gearing and improving cash generation to drive shareholder returns

# Disclaimer

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This presentation should be read in conjunction with the announcement published by Quilter plc on 5 August 2019.

This presentation may contain certain forward-looking statements with respect to certain Quilter plc's plans and its current goals and expectations relating to its future financial condition, performance and results.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Quilter plc's control including amongst other things, international and global economic and business conditions, the implications and economic impact of several scenarios of the UK leaving the EU in relation to financial services, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Quilter plc and its affiliates operate. As a result, Quilter plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Quilter plc's forward looking statements.

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Quilter

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