Quilter Showcase Transcript

26 April 2018

Glyn Jones: Good morning everybody and welcome to the Quilter Showcase II. I'm Glyn Jones, the Chairman of Quilter. I joined the Board in October 2016 as its first independent chairman to help steer the separation of the business out from Old Mutual Group and to ensure that Quilter would be ready to stand alone as a public company. I joined because I believed in the compelling vision that Paul had set out to build a modern wealth management business and the very clear potential to become an industry leader in a structurally attractive and growing market. I think we've made tremendous progress over the last 15 to 18 months and I truly believe we are ready to list. Today's presentation will get into the detail but, by way of introduction, I want to highlight some of the key achievements over the last 15 to 18 months that has prepared us a list. So, we've refreshed and strengthened the Board, and I'll say a little bit about that in a moment. We've added to the bench-strength of the executive team. We've focussed the business around two key segments, advice and wealth management, primarily measured by Assets under Management and Wealth Platforms, primarily measured by Assets under Administration. We sold the attractive, but non-core, single strategy business and have strengthened the multi-asset investment solutions capability. We significantly addressed some legacy issues, including the platform transformation and the recommendations from the FCA's Thematic Review. We've established a strong day one balance sheet and we've strengthened governance, risk management and controls. I believe we now have a well-managed business, with a strong focus on good customer outcomes that has attracted strong net client cash flows. We're not the finished article, but we are in a very strong position with a very bright future ahead.

So, let me now briefly touch on the Quilter Board. We have a strong Board with an appropriate mix of industry and functional skills and experience of public markets. I expect to announce our Senior Independent Director who is awaiting regulatory approval. The appointment pre-listing or at-listing will ensure that we are fully compliant with the UK Corporate Governance Code at listing.

Over the course of today, you'll be hearing primarily from Paul Feeney, our CEO, and Tim Tookey, our CFO, but a number of other senior executives are also here and are available to answer questions. Paul will set out our compelling investment case and provide further detail on our business model. Paul and Tim together will focus on our two operating segments, their differentiators and how the economic model works in each. Later in the session, Tim will run us through the financials, focussing on 2017 results, our day one balance sheet and our future guidance and targets. So, without further ado, let me pass you over to our CEO, Paul Feeney. Paul.

Paul Feeney: Thank you, Glyn. Good morning everyone. Thank you for joining us today for our second Showcase event. After what feels like a very long run-up, we're finally getting on with the official process of listing. We published our Prospectus last week, and this morning, Tim and

I will endeavour to bring some colour to the detailed descriptions and numbers that you'll find there. Now, I do, of course, encourage you to read the Prospectus as it contains far more detail than we could hope to cover today. Now, this slide shows the running order for today and I've made sure we've got plenty of time for Q&A.

So, what will we cover today? Well, we introduced our business at our first event in November, so the purpose of today is to provide a recap on our investment case, to drill into how our model works in a bit more granularity, and add quite a lot of detail in those areas that you and shareholders said that you wanted to understand better. We'll provide an update on some of our more strategic development areas, including the Platform Transformation Programme and the sale of Single Strategy. And we'll take you through our balance sheet, dividend policy and financial guidance.

So, why Quilter? In summary, we are a purpose-built, full-service UK wealth manager which provides a compelling proposition to customers. We've got leading positions across one of the largest wealth management markets in the world, and it's a structural growth market. Our multi-channel, integrated business model is unique, providing wider market access and greater client choice. And we've proven our model by delivering strong, top-line growth. And all that is underpinned by excellent investment performance and client service. We've got a strong balance sheet and, combined with our cash generation, we believe we'll be able to drive attractive shareholder returns. Essentially, we're a proven business with a proven track record that has already achieved scale in a growing market, with great momentum for future growth. Now, over the next few slides, I'll go into each of these five areas, and add colour to the ground that we covered in November.

First, we are a full-service wealth manager. We believe that means providing the three things that customers need from their wealth manager – financial planning and advice, platforms or wrappers, and investment solutions. And we provide all of these and we underpin them all with choice, which starts with how customers access our model, through either our advised channel or our open market channel. We'll discuss this model in detail today. We'll explain how it provides genuine choice that works for customers and their advisers.

Second, we have leading positions in our core markets. In the UK, we are the second largest advice business and the second largest advised wealth platform business, and we are the clear leader in multi-manager net sales. All of this sets us up well for the future, because our markets are growing. And, as I mentioned, this growth is structural, coming from both increased demand as the state steps back and from a reduction in supply. Now, I'll come back to these supply and demand factors a little later.

Third, we have consistently delivered good investment performance over an extended period, and that strong performance, together with our broad multi-channel proposition, has driven an increase in both absolute flows and specifically integrated flows. That's a topic we'll be talking about much more this morning.

Fourth, we said in November that the success of the model has already been proven through the top line growth over 2015 and 2016. And we saw further proof of that in 2017. That gives us great confidence in the outlook for our business. So, let me highlight our three key targets which are pivotal to us growing profits and profitability. One, we will continue to target 5% net client cash flow on opening assets, excluding Heritage. And, if supportive markets continue, we should exceed this target in 2018. Two, we expect the rate of revenue margin decline to slow and for it to become increasingly stable. And three, we are targeting a 30% pre-optimisation, pre-interest operating margin in 2020. More about all of these over the course of today.

The final element of our investment case is our strong balance sheet. Now, Tim clearly will take you through how this has been built later. The key point, though, is that we've got a strongly capitalised business at listing, and we're well placed to support our ongoing projects and to complete the FCA's Thematic Review. We'll have long-term debt of £200 million and improving cash generation, allowing a dividend pay-out target range of 40-60% of post-tax operating earnings. The first dividend will be the final 2018 ordinary dividend. Separately, the Board will consider a distribution from the excess Single Strategy sale proceeds once they are received. Now, this balance sheet is deliberately conservative to make sure that we start life as a public company in good shape. OK, so that was a whistle-stop reminder of our investment case. Let's now drill into things in a bit more detail.

Our business model is unique, and the feedback from analysts and investors is that you would like us to work through it again in more detail. Now, this is music to our ears because our model goes to the very heart of what we are about, so let me build it up for you over the next few slides. Now, you've seen this picture before with the three components of what we believe is needed to provide a full-service wealth management offering – advice to develop suitable financial plans, platforms and wrappers to manage those plans tax efficiently, and tailored investment solutions. We're able to provide all of these – advice through Quilter Financial Planning and our Private Client Adviser business, what we call PCA, on and offshore wealth platforms, and a range of tailored investment solutions through Quilter Cheviot and Quilter Investors. When customers take more than one of those services from us, we call these integrated flows.

So, flows can come into our business through both our advised and open market channels. Tim will speak a lot more about these later, but I'll walk you through the principles here, and I'll reference those little numbers in yellow that you can see on the chart, as we'll use them later to describe the flows which the model generates. Let's start with the advised side of the business, where the flows are always, by definition, integrated. First, a PCA or Quilter Financial Planning adviser may recommend that their client invests directly in a Quilter Cheviot discretionary portfolio. That's the yellow number one that you can see on the left-hand, bottom side of the chart there. Second, those same advisers may, of course, recommend investment in our Quilter Investors' multi-asset solutions. Depending upon the customer's circumstances, accessing those solutions might be best achieved through a third party's platform. That's yellow number two in the middle. For instance, they could do that because they might be accessing a SIPP which we presently don't offer. Or perhaps the adviser may recommend the use of the Quilter Platform. That's yellow 3A. And where it's then invested in our investment solutions, that's included in 3B on the bottom right of the chart. Now, I'm only partway through bringing the model to life, but already you can see it's driven by our desire to give customers and their advisers' choices. So, let's see some more choices and how they work.

So, moving to the open market channel, here we work with independent third party financial advisers and their customers to capture incremental demand outside of our own network. Those advisers may recommend the use of our platform to hold their clients' investments, and the investments can be invested either in our solutions, yellow 4, where they count as integrated flows, or in third-party funds, which is yellow 5. And finally, yellow 6, independent financial advisers can recommend the use of Quilter Cheviot directly, or indeed, in some cases, Quilter Cheviot sources flows direct from private clients. Now, you may remember from November that this split of Quilter Cheviot flows is roughly two-thirds from advisers and one-third direct.

This slide brings all of that together. It shows the total integrated, non-integrated and direct flows for 2017, excluding Heritage. As you can see along the bottom, we had £5.2 billion of integrated flows, £4.4 billion of non-integrated flows and £0.7 billion directly sourced. As I said, Tim will come back to this diagram and the little yellow numbers a bit later because we want to share with you the different ranges of returns we earn through each channel.

So, having taken you through the model, now let's put ourselves in the mind of the customer and what they pay at each point. Now, what we're showing on the left-hand side of this chart is the full range of possible customer charges levied in the market for each element of the wealth management process. And, as you can see, theoretically, there's a very wide range in potential fees, dependent on the needs of the customer and the size of their financial investment and the solutions that they and their adviser choose. So, if we just take investment solutions at the bottom, at the very low end you could find a simple passive fund, say a UK FTSE 100 tracker, for around 6 basis points, whilst at the other end of the spectrum would be a very sophisticated, absolute return, performance-fee based product. Now, these ranges are clearly very wide and cover all types of investment, not just those relevant to us as a wealth manager, focused on affluent and high net worth customers. More useful perhaps is a recent Grant Thornton report which gave an estimated total annual fee of 256 basis points for a UK investor buying financial advice and investment products. Now, I should be clear, these are market charges, they're not our specific charges, but hopefully it gives you a feel for the overall market dynamic. Tim will build on this later and translate it into our revenue model. But what makes our model different is what you see on the right-hand side of this chart. From the customer's perspective, the unbundled nature of our model provides them with choice at every stage. We provide them with full transparency on what is paid to whom and flexibility to change where needed, and we provide them with solutions which specifically meet their needs. So, all the way through, a focus on customer choices and on delivering good customer outcomes.

And that flexibility isn't just about charging structures. Our full-service model, with a range of solutions, enables us to support our customers throughout their life, servicing their needs for around 60 years, starting when they are building and consolidating their wealth, perhaps in their 30s and 40s with wealth accumulation products, through retirement with decumulation products, and even when they need to plan for intergenerational wealth transfer. And it's a large pool of possible customers. Our focus on the affluent segment of the market means we are focussed on around five million adults in the UK with combined liquid wealth of around £1.7 trillion.

And this market continued to be impacted by constrained demand and constrained supply despite growing demand in the market. You'll be familiar with many of the dynamics on this slide, so I'll just comment on the ones I've shaded here. In terms of supply, RDR triggered a reduction in the number of financial advisers despite growing needs, so investment advice is in short supply. And on the right, looking at demand, the on-going shift in responsibility for long-term savings and retirement provision from the state or companies to individual customers increasingly means that customers need to make their own financial plans. Changes in legislation and regulation, including Pension Freedoms, have increased the complexity that people face, further increasing their need for professional financial advice. In addition, demographic changes and the savings gap, support an increasing demand for wealth solutions, itself supported themselves by the existing government policy to stimulate higher savings. Pensions' reform increases the opportunity for wealth managers to retain and to continue to advise on and manage customers' funds beyond the savings phase into the retirement phase.

And we believe that our scale and leading market positions will enable us to benefit from these strong structural growth dynamics and capture an increased share of the market. Now, we're not the only ones serving this market, but we are unique in our scale and in the breadth of our capabilities. In fact, we are the only one of each of our peers able to provide each of restricted and independent financial advice, on and offshore wealth platforms, multi-asset and discretionary investment capabilities. And we provide all of these services on an industrial scale, in an industry where scale matters for profitability.

And the final reason we really believe in our model is that it is suited to the way the world is moving, in terms of industry and regulatory change. Pensions' reforms mean that wealth managers need to provide flexibility, which we clearly do. Our platform enables us to deal with the ongoing changes which recent governments have made in the pensions and savings space. The recent FCA reviews in both asset management and platforms, aim to enhance competition and improve customer outcomes. And our open, transparent and unbundled model is absolutely aligned with those objectives. And of course, we have the scale and expertise to adapt to the changes which arise from the likes of MIFID II and GDPR. So, that brings me to the end of this introductory section and sets the context of why we believe that Quilter provides such a powerful investment opportunity. Quilter is a business with a proven track record that has already achieved scale in a growing market with great momentum for future growth.

Right, let's look at the agenda and see where we are. We'll now drill into each of our two major segments, starting with Advice and Wealth Management. And rather than leave all of the financials to the end, we'll pick these up as we discuss each segment. So, Tim will join me on the stage shortly to allow him to jump in at the right moment. And when we get to questions, Andy Thompson, Martin Baines and Paul Simpson are all here. So, Andy, can you stand up please? Andy runs our advice business. Sit down. Paul, can you please stand up?

(Laughing)

Paul runs our multi-asset business, Quilter Investors. And Martin, can you please stand up? Martin runs our discretionary wealth management business, Quilter Cheviot. Thank you. That's been very good.

(Laughing)

So, a quick reminder of what makes up Advice and Wealth Management. Three business areas, our advice business made up of Quilter Financial Planning and Private Client Advisers or PCA, our discretionary wealth management business, Quilter Cheviot, and our multi-asset business, Quilter Investors. Now, our advice business is the second largest in the UK, and we've seen an average compound annual growth rate of 13% in advisers since 2015. That's come through organic and inorganic growth, and we look after them pretty well. Quilter Investors is one of the fastest growing UK multi-asset businesses. As you can see here, we've delivered a 31% compound annual growth rate since 2015, and that's both in assets under management and revenues, with just under £17 billion of assets under management at the end of 2017. Quilter Cheviot is a top five UK discretionary wealth manager. It now has nearly £24 billion of assets under management. And here, we've got relationships with over 2,600 financial advisers who place their clients' business with us.

So, anyway, let's come back to the model for our advised channel and look at how the flows work. So, to recap, our advisers can recommend that their clients invest directly in a Quilter Cheviot discretionary portfolio. Those same advisers can also recommend to their clients to invest in our Quilter Investors multi-asset solutions, or other third-party products. Those client investments can then be held on either our platform or a third-party platform. Finally, Quilter Cheviot has its own relationships with independent financial advisers from which it sources high net worth clients, as well as its own direct relationships with clients, and together, these continue to be a significant source of new business.

Now, there are two ways in which we look to drive net cash flow in this channel, increasing the number of our advisers and increasing their productivity. So, here we show how, for PCA and Quilter Financial Planning, we've steadily increased the number of advisers and also markedly improved their productivity since 2016. Now, by productivity here, we mean the average level of integrated net client cash flow delivered per adviser. This is because we have been investing in distribution, and as that distribution seasons, we see an improvement in the effectiveness of restricted financial planners. Our most productive financial advisers – no surprise – tend to be those who've been with us for around three years. And our least productive – again, no surprise – are the ones who have joined us most recently, as they are still being trained on Quilter products and processes. Now, you should expect some continued volatility in this productivity number as we continue to grow our distribution. In contrast, Quilter Cheviot is a more stable, more mature business. We have seen modest growth in Investment Managers since 2016, but note a real improvement in productivity here, too.

Looking forward, for Quilter Cheviot, we see the linkage with our PCA business being an important driver of growth. Those of you who saw our November showcase may remember Martin Baines describing this as his favourite slide. That's because it shows the potential that exists. We've updated it now for full year 2017 flows, and the flows into Quilter Cheviot from each of Quilter Financial Planning, Private Client Advisers and International continue to grow, just as we predicted. Martin said then that we see the relationship with PCA as particularly important, and you can see that the bottom-left chart does show a substantial year-on-year increase. And Quilter Cheviot continues to work closely with PCA to find new financial adviser firms to acquire. Given PCA's relative newness, we see plenty of room for growth and we're excited by this opportunity.

The targeted investment and acquisition of distribution saw us grow adviser numbers in 2017 from both the seven PCA acquisitions we made and the purchase of Caerus. We intend to continue to grow our advice business and this will be done in two ways. Firstly, through the investment in people, and secondly, through targeted acquisitions. The precise timing and amount of potential investments is difficult to predict. However, for the three years from 2018 to 2020, we currently estimate making total investments which will impact our annual expense base to the tune of £20-30 million. These are investments in distribution and distribution capabilities which are generally adviser and adviser-related and which we expense against operating profit. Secondly, we expect targeted acquisitions of distribution of up to £20 million per annum. Now, these require balance sheet accounting as they are driven principally by acquisitions of intangible assets and goodwill.

So, we have been adding strength in distribution which begs the question, what is the proposition we offer to adviser firms? One of the key themes for the industry, which the regulator has been very focused on, is the professionalism of advice. In today's increasingly complex world, it is hard for a small one-or-two person IFA operation to offer whole-of-market advice. What we offer is the support to allow advisers to focus on what they do best, providing high quality advice and an appropriate level of choice to their customers. Essentially, we take away the noise and distractions and give them the tools they need. We offer them a broad range of solutions to deliver a strong client proposition, supported by investment in technology and digital capabilities to meet customer needs. We also provide ongoing training and development to ensure that they remain up-to-date in their skills and knowledge. And we also provide a means for individuals in firms to exit when the time comes for them to retire through our practice buy-out model. We are committed to enhancing the number and quality of financial advisers across the industry. That's why, in 2016, we invested in our Financial Adviser School. This is designed to train the financial advisers of tomorrow. At the end of 2017, we had 83 students enrolled with 42 having graduated to date.

We have a great adviser proposition, but don't just take it from me. Let's hear how it works from the horse's mouth. So, here is a short video where you will hear the perspectives of both a restricted adviser and a Private Client Adviser discussing the benefits that they believe they and their clients get as a result of being part of Quilter.

(Video plays)

Rosie Hooper: There are loads of reasons for joining the company, really for good client outcomes. My clients love spending time with me face-to-face. Now I've got the support of my administrators and the paraplanning team behind me, I've freed up a lot more time to actually spend with the clients, which is the part of the job I love.

David Braithwaite: Being part of the Intrinsic network has really benefitted us for a couple of reasons. Firstly, it’s the confidence in having that backing behind us that we can get on and do our job, but also, it’s stability, as well. It’s nice to be part of a bigger group that gives us confidence when we’re sitting in front of our clients. It’s impacted our efficiency and scalability as a business for a couple of reasons. First of all, the technology that we’re using and implementing. The faster that we can process business from point A to point B for the clients and for ourselves has got to be a good thing, but it also helps you when you're in front of the clients, that technology, to make you look good. The other thing it actually does is gives you the confidence with the products that you're actually looking to recommend to the clients, as well, so that you can go out there with ease and with confidence and know that, absolutely, what you're doing is what you believe in.

Joshua Mathieson: My experience graduating from the Financial Adviser School was an exhilarating one. It not only catapulted me into a career that I now love and thrive from, but it also supported me as opposed to studying on my own. Despite already having my Level 4 Diploma via the Financial Adviser School, I have the vision of going on to being chartered which PCA encourage, and I think not only does that benefit myself, but it also benefits PCA and, more importantly, my clients.

Rosie Hooper: My clients have been really impressed and they’ve felt reassured with the strong governance that we have in place. They like the fact that they come to me and I have also then got a big team that works beside me.

David Braithwaite: Governance and control and risk is what we all deal with every day in our businesses. The good thing about Intrinsic and the network as a whole is that, with the compliance backup that we have, we are kept safe.

Rosie Hooper: Since joining the company a year ago, the clients have been really happy with the speed of service. It’s really important to them that we meet their expectations. They like the fact that we communicate with them in a clear and concise manner. That’s important to me as well as the client. And I'm finding my referrals have really started to increase. The clients obviously value the experience they get with us, and therefore, they want to refer to their friends. They want them to have that great experience, as well.

David Braithwaite: Being part of Quilter will help me maximise the potential of my business going forward because I like to be part of something that’s growing and changing. I think clients also like change. They like to see progress. So, when they start seeing the new branding coming out, we've got a great story to tell the clients and they could be on part of that journey with us all.

(Video ends)

Tim Tookey: You're not done yet, Paul.

Paul Feeney: Yeah, I know (laughing).

Tim Tookey: Paul, good morning.

Paul Feeney: Good morning, Tim. Good morning, it's nice to meet you. So, you heard those advisers touch on compliance and risk management, which is central to our processes. There are three principal risks that we manage every day. First, the risk around the advice we give. We manage that through ensuring rigorous screening of the individual advisers who join us, and ongoing training and review once they have joined. We also continually sample and monitor the quality of advice they provide. In areas of particular sensitivity, such as DB to DC transfers, we also pre-screen and post-review the advice that we give. And if the advice is "not to transfer", then we will not accept that client investment, even if the client insists. Secondly, we are focused on managing the acquisition of adviser firms. We have been doing this for quite a while now, so we've got a disciplined acquisition process and very clear post onboarding training and migration processes. These processes ensure that the restricted financial planners understand and move effectively to our restricted proposition, where that is right for the customer. Finally, managing conflicts of interest is very important to us and we build that into our governance and control processes. The choices we offer customers through our model help here, but we are very careful indeed to ensure conflicts are avoided. For example, whilst we naturally seek to build flows and assets, and integrated flows are more valuable to us, no adviser is ever incentivised to favour our platform or any of our own funds. Far more important is providing the highest quality advice and seeking to deliver good customer outcomes. Clear evidence of our focus on risk management comes through in our low complaints data. We gave statistics on this in November and, as you can see at the top of the slide, we have continued to see very low levels of complaints and challenges by the Ombudsman.

I've said before, delivering the right solution to customers is a key part of our proposition. That proposition is designed to specifically meet the needs of our customers. At the top end is our discretionary portfolio service for investors with more than £200,000 to invest. Here, a dedicated investment manager will structure a portfolio on a bespoke basis around a client's investment horizon and risk appetite. Next, we offer a range of multi-asset funds like Cirilium, Creation, Generation and Compass which are designed to meet specific customer needs. Finally, we offer the WealthSelect managed portfolio service which provides an active investment management solution with portfolios constructed and managed by specialists within Quilter Investors.

So, that's an overview of the solutions, but how have they performed? Well, as you can see from this slide, the investment performance has been good. Our discretionary and multi-asset funds have both delivered superior performance for customers over a long period and over a range of risk profiles. This really matters to us, given it drives value for those customers, so we spend a lot of our time focusing on this, as you'd expect.

So, let me bring our Advice and Wealth Management strategy all together here before handing off to Tim to walk you through the numbers. First, delivering good customer outcomes is at the heart of what we do, and that means delivering appropriate investment solutions and strong, long-term investment performance. To date, we have delivered strong performance across our investment solutions. In the future, we'll develop more products to meet the needs of customers, including decumulation solutions and income and absolute return solutions. Secondly, we want to continue to build out the number of restricted advisers in Quilter Financial Planning and in PCA through recruitment, small acquisitions and through training and retention. Taking each of these, we believe that the fragmented market place gives us further recruitment and acquisition opportunities to bring more restricted advisers into both the network and into PCA. The establishment of the Financial Adviser School has enabled us to start training new restricted advisers and we expect this to continue. And, as part of our focus on the retention of advisers, we have developed a successful practice buy-out scheme. This adviser growth will be supplemented, in Quilter Cheviot, by pursuing targeted investment manager recruitment to expand our regional coverage, and we'll also strengthen the co-ordination between these investment managers and PCA, as PCA grows. Thirdly, we want to continue to enhance our adviser productivity by taking advantage of both the demand in the market and the inherent growth in the restricted model, and by driving greater linkage and coordination across our business. And, with that, let me hand over to Tim.

Tim Tookey: Thanks very much, Paul. So, how does Advice and Wealth Management generate revenue? Well, there are some similarities in the revenue drivers across this segment, given that they all have an AUMA component. There are also some differences. For example, within the advice business, top left, we pick up just an element of the initial advice fee agreed between the Quilter Financial Planning adviser and the customer on the initial advised inflow. The rest of the fee goes to the adviser as their remuneration. Then, on an ongoing basis, we earn a proportion of the fees based on the assets under advice, in return for which we provide support and administration services, training and technology and compliance services to the adviser. In the network, the advice fee earned by us can range from 15-20%, and it varies by firm and the nature of support provided. We only reflect within our revenues our proportion of the fees which belong to us. Contrast this to PCA, where we, of course, retain the full initial and ongoing advice fee as the advisers are employed by us. And there are also fees charged in the mortgage and protection business, on the business they write supporting their customers. Generally speaking, income from Quilter Financial Planning and PCA is reported as other revenue. Moving across to the wealth management businesses, Quilter Investors and Quilter Cheviot, there are no initial fees, and it is purely an assets times margin model which sees us retain 100% of the fees to the business. Let me scale the contributions from these businesses very roughly for 2017. We got about a quarter of our Advice and Wealth Management revenue from advice, a quarter from Quilter Investors and about half from Quilter Cheviot.

If that's how revenue is generated, let's see how the drivers that Paul outlined have come to life over the last three years. In Advice, on the left, the growth in advisers has led to a strong growth in Quilter Financial Planning and PCA's revenue, which is supported by increasing productivity levels. A compound annual growth rate in the number of advisers of 13% and increases in productivity have driven an increase in advice revenue of double that, growing by 27% on a compound basis. In the centre, I show Quilter Investors, where you really see the benefits of scale coming through, with revenue growth rates of 31% matching asset growth. Remember that Quilter Investors doesn't pay acquisition costs, and also bear in mind that the absolute revenue and resultant margin is driven by the choice of funds selected by the advisers with their customers. And, in 2017, we have benefitted from the strong flows into our higher earning products. Finally, Quilter Cheviot, which has performed strongly since we bought it in early 2015. Its revenue growth to £163 million last year is excellent for a relationship-based business, and has been fuelled by the strong increase in productivity and investment performance that Paul just showed us. And I spoke in November about margin trend in this part of the business being as a result of a number of things – changes in business mix, tiering impacts as customers grow their assets with us, and more customers moving to all-inclusive fees.

Putting all of this together and using the same metrics as we showed you in November, there is a lot of detail here and more than we have time to go through now. But if I canter down the page, the key takeaways are that we are successfully growing advisers in PCA and Quilter Financial Planning and making them more productive, generating not just growing advice revenues, but strong integrated flows into Quilter Cheviot and especially into Quilter Investors. You can really see the benefit of that significant increase in integrated flows which Paul showed earlier coming through in the step-up in Quilter Investors net flows between £0.7 billion in 2015 and £3.3 billion in 2017, and a near doubling of assets to £16.9 billion over the same two-year period, all of this at an improved revenue margin. If I look at Quilter Cheviot, we have seen consistent NCCF, strong growth in assets, and high client asset retention at 92%. All of this supports our goal of providing good customer outcomes and confirms that our model resonates well with advisers and customers.

In profit terms, this has given us a very satisfactory growth in profits when you bear in mind that this is the area of most expense growth, given our investment in PCA and the advice network. We are very satisfied that the investments that we have made over time are clearly delivering in terms of flows and driving the operating profit progression. Going forward, looking at our overall flow target and given the continued growth of inflows into Quilter Investors as a result of our planned adviser growth, we expect a higher proportion of the targeted 5% NCCF over opening AUMA to come from this segment compared to that from Wealth Platforms. And, given these expected relatively higher levels of NCCF growth and the scalability of Quilter Investors' cost base, we believe there is a greater opportunity to deliver operating margin improvement in the Advice and Wealth Management segment than in Wealth Platforms. A fantastic business, with great potential and momentum.

Now, that brings us to the end of the Advice and Wealth Management segment and we'll now open it up to questions on what you've heard so far. As the leaders of the business areas in this segment, Andy, Paul and Martin, you've already seen them and they are available to answer questions. As you know, there is public process now running which should end with Quilter being listed. As a result, there are legal restrictions over what we can say in answering questions, but with that backdrop, we will try and be as helpful as we can.

Paul Feeney: Thanks, Tim. So, we're going to take questions on what you've heard so far. Do remember that we're going to talk about the Wealth Platforms segment a bit later today, so if you could maybe keep your questions 'til we've actually covered that section. Also, we're going to go through balance sheet, liquidity cash and dividends later today. So, when you do ask a question, please could you wait for the mic and then just say your name and which organisation you're from? So who has the first question? Please, Gregory.

Greg Simpson: Hi, good morning. It's Greg Simpson from Exane. Slide 20 is useful in giving a kind of industry-wide average for advice fees paid by, I guess, the typical person. I'm just wondering if you can give some colour as to what a typical customer of yours might pay all-in when they go through the full integrated route. And then, the second question would be could you give some colour on adviser retention per year? What percentage of advisers leave each year, either for retirement or leaving to a different firm? Thanks.

Paul Feeney: Sorry, just the last one, Gregory?

Greg Simpson: What proportion of your adviser base leaves in a given year, leaves by either retiring or going elsewhere? Thanks.

Paul Feeney: OK, I'll take the first question, I'll touch on the second one, then I might just bring Andy in, as well, who runs our adviser base. In terms of typically what they might pay for an integrated proposition, first of all, our model is unbundled. It's very transparent and it's very clear, so people only pay for what they take. So, they pay for advice, they pay for their wrappers and they pay for investment solutions. Also, it depends on what they – we don't have a one size fits all approach. So, we have a range of investment solutions, active and passive, so it'll depend on the client's own sensitivity to pricing or fee sensitivity. What we showed on Slide 20 was the range in the market, as you say. It could be very typically, people wouldn't go for a six bases point, single asset class fund and nor would they go for a single, absolute return fund. It's going to be somewhere in the middle. So, our pricing really depends on what they take, but we would expect to be somewhere in the middle of the pack. That's kind of where we expect to be. In terms of adviser retention, you've seen we've had good adviser growth.

In terms of the firms that we bring on, they do have themselves – they manage productivity and that will, in any given year, lead to some advisers leaving. But Andy, do you want to add some colour to that?

Andy Thompson: Yeah, happy to. Clearly, as a network business, what we do is we focus on the firms. So, our core competence is recruiting those firms and retaining those firms. Within that, as Paul says, they will hire and let go advisers in terms of managing their own business, so that, we have less control. In terms of the firms, we have a very strong and attractive proposition that allows us to bring those firms in and keep them, so our loss of restricted firms is sub-2%, so really low.

Paul Feeney: Next question. Ravi.

Ravi Tanna: Thanks very much, it's Ravi Tanna from Goldman Sachs. I have three questions, please. The first one was just, you've talked about, I think it was 15-20% revenue from the network in terms of the advice fees. Has that been stable over time or has it fluctuated? And is that fixed in terms of contractually fixed? That was the first one. The second one, back in the November Showcase, you'd referenced the fact that you were aspiring to hit breakeven for the advice business overall, in terms of FCA requirements and cross-subsidisation. I was just wondering what the progress has been with the business from a profitability perspective. And then, the third one is just on the SIPP functionality that you referenced, I was wondering if there's been progress around making that available to customers. Thanks.

Paul Feeney: I'll take the first one, then I'll probably bring Tim in on the second one, in terms of a breakeven target for advice business, and I'll take the third one. So, the 15-20%, clearly it's contractual in terms of the percentage we take for different services, but it's not fixed in the sense it's just a straight 15 or straight 20. So, depending on what the adviser firms are advising on, we may take a higher percentage on certain product lines and a lower percentage on other product lines. So, you will see it change a little bit with mix. But it has been relatively stable, although it does change a little bit with mix. In terms of breakeven target for advice, we certainly still have a breakeven target for advice. Tim, do you want to take up how we're progressing on that?

Tim Tookey: Great.

Paul Feeney: Fantastic, there we go.

Tim Tookey: There we go.

Paul Feeney: That's great. How much am I paying you again? Anyway, go ahead (laughing).

Tim Tookey: Now, we said in November that we had a target to get advice for breakeven. I can't actually remember the timeframe that we gave for it, but progress is good and we're delighted with how the advice business is performing. Remember that advice is just part of the overall business model, so whilst those regulatory bits that you mention, Ravi, are very, very important, the real value comes to us from what advice generates in terms of integrated flows across the business, and I will show you how we value that later on this morning. It's a very positive story.

Paul Feeney: Actually, in a moment, I'm going to bring Steven in, as well, just on the SIPP one. But we're making very good progress. That's something we'll have from day one, our SIPP functionality. Do you want to talk about how we're going to do that, Steven?

Steven Levin: I haven't been mic'd up yet.

Paul Feeney: So, Steven, as everyone knows, runs our UK Platform and Heritage business.

Steven Levin: Thanks. So, we'll go into the SIPP and all the platform transformation a little bit later in the next section, but in terms of the short answer is we will be enhancing the platform with SIPP functionality when we launch the new platform, as we have said before.

Paul Feeney: Next question. Andy.

Andy Sinclair: Thanks, it's Andy Sinclair from BofA Merrill Lynch. Sorry to go back to charges again, but just if I could specifically ask about the advice element, I just wondered if you could give us an idea of the average initial and ongoing charges that the customer receives or pays for, actually, just the financial advice element. Secondly, just on your six blobs or buckets or whatever we call them of integrated flows, which of those integrations, effectively, is the most profitable for you? Which is the one that means the most to be able to get that integrated element of the flows? And thirdly, just on the practice buy-out scheme for advisers, I just wondered on firstly expected spend on that per annum, and secondly, is there a minimum time after businesses are brought in before you'd be willing to effectively be buying them out?

Paul Feeney: Thank you, Andy. So, charges, average initial and ongoing – we can bring Andy in in a moment, but basically, it will differ depending on what we are advising on. So, if we were advising on a DB to DC transfer, it's a much more complicated process, it's a lot more resource, and we may charge a higher average ongoing fee for that. But, Andy, do you want to put some flavour on that particular question?

Andy Thompson: Yeah, happy to. So, I think you'd see absolutely typical to the ranges that you see in the market. So, ongoing advice is typically charged across the market anywhere between 0.5-1%. What's the driver on that? As Paul says, it's the range of services that are offered. It's also to do with the amount of assets that that individual customer has, so it sits anywhere in that range.

Paul Feeney: In terms of integrated flows, which flows are more profitable to us, quite frankly, flows which flow into our investment solutions are the most profitable ones. All integrated flows are profitable, but the ones most profitable are those. And, in terms of the practice buy-out model, how much to date and minimum time, there's no minimum time, but I think we'd be a bit peeved if we'd taken a firm on and they wanted to immediately do a PBO. We've done a number of them already and we're very happy with it. It's not large in terms of overall capital, overall spend. We enable it. We're not buying the firms ourselves. We enable the practice buy-out to happen. Andy, do you have anything further to add on that?

Andy Thompson: So, it's been an increasing element, I think. We've done 30-plus of these to date. And the key area for us here is, is it going to work for the customer? So, Paul's absolutely right, you absolutely have to get the timing right. So, have we established that the firm that are taking the customers are robust and able to deal with those customers? And that is the biggest driver in terms of facilitating the practice buy-out.

Paul Feeney: Thank you. Andrew?

Andrew Crean: Morning, it's Andrew Crean at Autonomous. A couple of questions. I think I'm right in saying at Quilter Financial Planning, you aim to run at breakeven rather than trying to make money out of it. What's the ambitions on PCA? And then, secondly, within Quilter Cheviot, could you say what proportion of its new monies are coming from your financial planning, PCA and your international businesses and how much are coming from third parties?

Paul Feeney: So, in terms of Quilter Financial Planning, yes, the objective really pretty much is to run it at breakeven, you're quite right. PCA will be the first part of the Quilter Financial Planning business because it's obviously a part of the Quilter Financial Planning business which breaks even. So, I don't think we're far off.

Andrew Crean: (Inaudible).

Paul Feeney: Sorry, Andrew, could you just use the –

Andrew Crean: Is it your aim to actually make a profit on the PCA side, seeing as it's an employed business?

Paul Feeney: We believe we will, but we're not doing it, clearly, just for the advisory profits. The Wealth Solutions profits are more profitable. In terms of QC, what proportion comes from third-party versus our own? I don't know if – did we put the slide up? I think we've shown that.

Tim Tookey: Yeah, that's a very good slide.

Paul Feeney: Yeah, we've got about 400 million from PCA at the moment, about 400 million from our international business and about 500 million from Quilter Financial Planning, and if you think, we didn't have PCA two years ago, so we're very pleased with that.

Tim Tookey So, have a look at Slide 29, Andrew, and you'll find the flows into QC from each of those three elements you mention. And then, in one of my final slides, you'll see the overall QC, NCCF. The delta will be what comes from other places.

Paul Feeney: Any further questions, please?

Wajahat Rizvi: Hi, good morning. Wajahat Rizvi from Deutsche Bank. Just a question on FCA, it's like they're looking at vertical integration more and more, so are you able to demonstrate that your integrated flows are better for the customers than the unbundled flows, and do they actually receive better value with that? And, on that, on your platforms, have you been able to negotiate a discount on funds which you offer? And if you have, what would be the level of those discounts?

Paul Feeney: So, a discount on the platform for what?

Wajahat Rizvi: For external funds which you offer. So, do you use your distribution capability to negotiate discounts? Thank you.

Paul Feeney: Thank you. First of all, we are completely aligned with what the regulator wants, which is good customer outcomes. We started this whole business saying real solutions for real people. We really are looking at good customer outcomes. Vertical integration is really our business model, our full-service management model. It's about making it easy for the customer. Don't forget, our model is unbundled. It's completely clear and transparent. So, the client can get that ease. We want them to feel valued, that the process was easy and they had peace of mind. We want them to have a fair price at good value, and that's what we believe we're offering, and we believe that's also what the FCA and the regulators want. Platforms for external funds, yes, our platform, we believe, has got the greatest number of discounted funds than any other platform in the market, so we believe that we have used our buying power to do that. We think you'd be hard-pushed to find a similar range of funds at a lower price anywhere in the UK.

Tim Tookey: Can I add something? I think, although we're at risk of straying into the platforms bit which is the bit to come after coffee – and hopefully there are some biscuits out there because I need one – but I think one of the advantages you get of the model in the unbundling is really, really important because it goes to the heart of your question about the regulator and how they look at the models. By being unbundled and by being able – as Paul said in the slide where he said look at the right-hand side, customers pay for what they use and they don't pay for what they don't use. Because the platform is available, not just to nearly 2,000 of our own advisers, but over 4,000 adviser firms actively use our platform which has got our funds on it, as well as the – it's like being benchmarked every day. It's like having 4,000 firms out there benchmarking your platform, your service, your pricing, your fund availability, your fund costs, your fund performance every day. And that provides a huge amount of constant benchmark and challenge of the model, and I think that's a real advantage of the unbundled and transparent and multi-channel approach that gives us, in my words, what I would call a high degree of regulatory resilience because we're up to that kind of level of challenge and scrutiny every day.

Paul Feeney: Right, we're going to take one more question from the floor here, please, and then we'll take one – we'll ask JP about the web, if we've got questions from the web.

Gurjit Kambo: Hi, good morning. It's Gurjit Kambo, JPMorgan. Just in terms of your multi-asset and multi-manager offering, I think you sort of used the two terms interchangeably. Can you describe briefly what is multi-manager and multi-asset and how do you pick the benchmarks to use?

Paul Feeney: Very simply, multi-asset, we do sometimes use the terms a bit interchangeably. From an investment point of view, they're very similar. But multi-manager really is fully unitised. You would have a fund of funds, would be multi-manager. Multi-asset would be where you're interspersing single stocks, so unitised, non-unitised, either in a portfolio or from our basis. That would be multi-asset. The gentleman just there, just very quickly, I'll take your question since the hands both went up simultaneously.

Harry Botha: Thank you. It's Harry Botha from Avior Capital Markets. Just two questions quickly, please. On the adviser acquisitions, you talked about the improvements in productivity. Is that linked to advisers moving over existing business into your products or platform, or is it just, I guess, the advisers getting to know your business and practices to improve productivity? And then, do you earn any revenue out of the practice buy-out? Is there any impact on your, say, other revenue? Thanks.

Paul Feeney: On the first one, productivity is the function of a number of things. One is certainly advisers getting more au fait and more experience on their own propositions. So, as I said, advisers who have been with us the longest are our most productive advisers. The ones the shortest are our least productive advisers. So, that's the main thing. Certainly, advisers will move clients' assets across where it is the right thing to do for the customer, only where it's the right thing to do for the customer. So, we do see some of that, but the key element for us is simply advisers getting more au fait with our proposition. In terms of PBO, Tim, can you add on?

Tim Tookey: Yeah, there's a small amount of income because we're obviously lending to one firm that is acquiring the business from the other, and we would do that at a sensible commercial rate, but it's not significant.

Paul Feeney: Can I just take a – JP, do we have any questions from the web?

John-Paul Crutchley: Just one question at the moment, Paul, one from Mike Christelis at UBS asking if we can give a breakdown or more granularity, on the 5% NCCF target in terms of how that is driven between adviser growth and productivity of existing advisers.

Tim Tookey: I'll do that. Hello, Mike? Down the lens. So, Mike, it'll be a combination of the two. We'd be very happy to actually see both contribute, so if we had higher advisers with higher productivity, that'd be fine. But if we have unproductive advisers, then we would choose to support the advisory firms in moving those on and focus on the ones that are more productive. So, it'll be a combination of them both and we don't break down the target between the two.

Paul Feeney: Go on, one last one (laughing). Go on. Arnaud, go ahead.

Arnaud Giblat: Thanks for taking the question. Arnaud Giblat from Exane. I'll just ask one. Could you give us maybe a bit more granularity in terms of the longevity of the assets you gather per channel?

Tim Tookey: Longevity of the assets that we bring on?

Arnaud Giblat: Yeah.

Tim Tookey: Yeah, I've actually got some data on that later on, but pretty much across the platforms as well as the Quilter Cheviot business, we'd be at 90%, but some of them are trending 88, 89, 90. You'll see some of the data in the second section and, if you don't spot it as we go through, catch me in the second break and I'll show you. But we average 90% across the business as a whole, which is a brilliant position.

Paul Feeney: I think it was 92% for last year and that's asset retention. We have a higher client retention than that. That is simply asset retention. So, very good. Right, we're going to break there for coffee and we'll see you in 15 minutes.

(Music plays)

Paul Feeney: Welcome back, everybody. We now want to turn to the Wealth Platforms business. And again, when we get to questions, Steven Levin – there he is. Sit down now, Steven. Peter Kenny, not quite as rapturous a round, but anyway…

(Laughing)

Paul Feeney: …will be here to answer questions for us. So, Steven obviously runs UK Platform and Heritage and Peter runs our International business. So, as a reminder, three business areas make up our Wealth Platforms segment. Taking each in turn, our UK Platform is the second largest adviser platform in the UK. It administers over £50 billion of funds and has continued to attract assets strongly, with a compound annual growth rate of 21% since 2015. As I have said before, the structural changes in the retirement market means that the platform market is growing at pace, and it's a part of the industry where you need scale to succeed. And scale, of course, is what we enjoy. This business will be known in the platform market as Quilter Wealth Solutions, but for simplicity, calling it what it is, today we'll refer to this as the UK Platform. Second, we have our International business. As we set out in November, we've significantly restructured and sharpened the focus here. It used to be in over 100 markets. We have exited the vast majority of these and it now has a clear focus on our markets where we have deeper roots. In those markets, we are serving UK expats and UK-based higher net worth individuals who have used up their ISA and pension allowances. And, of course, we're also serving high net worth clients in the local markets. Finally, we have our Heritage Life book. Now, as you know, this is a business in run-off. Policies are declining by around 15% per annum. But assets under management have declined at a far slower rate, as investment performance and market movements have clearly been supportive. We still see this as a good business and it continues to be a strong contributor to earnings and cash flow. So, when it comes to you modelling this part of Quilter, remember that we have announced that we are withdrawing from the Institutional life market where our book of about £5 billion is expected to move out over the next one to two years. This book is very low margin with only modest profit contribution.

Let's now look at how customers come to the Platform business. Our platforms business receives customer flows from either our own financial advisers or through independent financial advisers. The flows that are received can either be invested in our own investment solutions or in third-party solutions. What is important is that the platform is at the heart of our unbundled model, in that it accepts flows from both within and from outside our distribution channels and allows them to be managed by our own internal solutions or by third-party providers.

As I said earlier, thanks to structural shifts in the retirement market, the Platforms market has been growing much faster than the overall pool of UK market wealth assets, achieving 19% CAGR over the last two years. And our UK Platform has been growing even faster than that, at 21%, as you saw just a couple of slides back. But what is a platform? It's a vehicle that provides the right structure or wrapper for a customer and their investments. It provides access to investment solutions and it delivers the critical back office support and functionality including custody, settlement and reporting that customers and their advisers need.

Now, this slide looks at where we are with customer flows with our current UK platform. There are over 8000 firms that access our platform. Now, that includes PCA and Quilter Financial Planning, obviously, but we've also got over 4000 active independent adviser firms on the platform today. Of these, around the top 20% by number represent over 80% of assets under administration and practically all of our NCCF. Those firms value our range of tools and support, our comprehensive range of investment solutions, trusts and wrappers and our award-winning service. We intend to broaden and deepen our relationships with this group, and the expanded product range and functionality of our new UK platform, which we'll tell you more about later, is one of the keys to unlocking this. Increasing integrated flows and usage of Quilter Investors' investment solutions is also a key objective for us, subject, as ever, to them being the most suitable in any case for customers. Now, let me ask Tim to pick up on some of the numbers.

Tim Tookey: Great, thanks, Paul. So, turning to the financials in this segment, we continue to achieve really strong flows and asset retention in both the UK and international platforms. This is evidence of the focus and dedicated service model supporting key accounts. The UK Platform, in particular, is incredibly well established in the IFA space. It's able to attract flows from both these advisers and increasingly from advisers in Quilter Financial Planning. As Paul said, the platform is absolutely central to our model and gives us scale and efficiency, while its charging structure gives us transparency, which, as you've heard, is one of our differentiators. In fact, transparency of charges, of fund performance and of service standards, as I said before the break, it's like having your offering being constantly benchmarked by thousands of advisers. This keeps us on our toes and also serves to support good customer outcomes. All of the success you see here is on our existing platform and we're looking forward to building on this when the new platform comes on stream, so let's talk about that now.

The headline is that the new platform is on time, on track and on budget. We are tightly managing the costs of the new programme and spent £21 million in 2017, and we expect to spend around £75 million this year. We are delighted with the progress made since May last year when the new programme was launched, but be in no doubt that this is a completely different project to the previous one, with an adopt not adapt approach at its core. This is not a new build. The excellent progress we are making is testament to the disciplined approach to this programme. All material FNZ code has been delivered for testing and we are now in detailed module testing, soon to move in to end-to-end testing phases. As a result, we have absolutely no need to revise any of the guidance previously given, so let me reiterate that we continue to plan for a soft launch of the enhanced customer and adviser proposition by late 2018 or early 2019 with migration of existing advisers and customers to follow swiftly thereafter.

I don't want you just to take my word for how well the programme is going and what it will deliver. We have a short video to update you on the programme in which you will hear from two IFAs about why they are excited about the new platform, and you will also hear from the Chief Executive of FNZ, Adrian Durham, about why he is confident in the delivery of this programme.

(Video plays)

Steven Levin: Our current platform has been built up over the last 20 years. What we are doing now is moving to a new set of technology to allow us to continue to innovate as we evolve into Quilter. It's absolutely essential to work with the right partner in a significant platform transformation programme. With FNZ, we have a partner that has got a very close, strategic alignment to us with a very similar mission in terms of helping customers achieve their financial goals. They have also got a proven track record at delivering systems and migrations in the UK market.

Adrian Durham: We have a very close-knit team. In fact, we really have a single team between our two companies with some very talented people on both sides. I think we've also progressed beyond that. The initial build and delivery has actually been completed, as well. So, we have here now a fully working platform that is going into its test phase.

Steven Levin: The re-platforming is much more than just a modernisation of our technology. For our customers, it'll bring significantly enhanced propositions to them. So, for example, we'll be adding cash accounts, expanding our ISA offering, providing access to wider market assets such as ETFs and investment trusts, and significantly improving the online customer portal.

Jason Betteridge: My team, at the end of the day, are always saying to me that they love using the Old Mutual platform because they know where to go, they know what to access and they can get their job done quickly, which aids helping my business be successful. The improvements are only going to enhance our relationship and provide more flexibility to clients.

Steven Levin: We've worked with our advisers and listened to their feedback, so one of the key things is that we will maintain all the areas of our current platform that are really valued by advisers, so that's the ease of use of our online portals, the level of our technical support and the quality of our service. But then, we'll be adding and enhancing the offering in areas that are really important to them, so for example, improved back office integration to adviser systems, enhanced DFM functionality and improved reporting for advisers.

Carl Lamb: Platforms play a very important role in our business. It's all about having a very smooth transition from beginning to end. The current platform has effectively capped the level of business we can currently put onto that platform, and moving forward, once the new platform is up and running, we expect our, if you like, inflows into Old Mutual Wealth should increase quite considerably.

Adrian Durham: Platforms are primarily about delivering greater efficiency and greater client engagement for financial advisers. So, we've focused hugely on the digital experience for financial advisers, and that means that we expect that their business really will be made more efficient by moving to this approach. What we provide here is the core operating platform that really reflects all of the things that Old Mutual Wealth needs to do in this space in order to be in business. What we then provide is the ability for you to build all of the services that differentiate you in the marketplace, and based on having delivered over 50 of these in the last decade and seeing both examples of what good and what bad looks like, I can say with total confidence that this is what good looks like.

(Video ends)

Paul Feeney: So, back in November, we showed you this tick chart. It illustrates the extent of the new functionality which we will get when the new platform comes on stream. And that better functionality and enhanced product proposition is why we are really excited about the new UK platform. We do really believe that it will drive a strong, competitive benefit and increasingly allow us to become the platform of choice for more advisers.

And that will allow us to further tap into what we believe is largely untapped potential for growth. We showed you these polo mints, as we call them, in the autumn, and we have updated them for full year 2017. And what this shows, is that while 27% of our UK Platform flows come from our restricted advisers at present, top left, this represents only 9%, bottom left, of platform stock at present, so this is a real opportunity. And, similarly, while a significant proportion of platform flows are flowing into our own Investment Solutions, this is less than a fifth of platform stock, so clear opportunity here, as well.

Before we look at Heritage, I want to pick up on our International operations. Here, we've significantly simplified and reshaped the business for future growth. We are focusing our business around our key markets in Asia, the Middle East and, of course, the UK, and we have two main areas of customer focus in these markets. First, servicing the needs of UK based, higher net worth customers who typically have exhausted their ISA and pension allocations, by allowing them to utilize a tax efficient portfolio bond. And second, following the UK expat overseas, so they can continue their relationship with Quilter when they leave the UK and pick it up again when they return home. And we're also serving high net worth clients in the local markets. Going forward, we will increasingly focus on the linkages between the International team who are based in the Isle of Man and the Quilter Cheviot team via their offices in Jersey and London. Now, I was out in Dubai recently to see how the operation was working on the ground. And I was delighted to see real and effective cooperation between the Quilter Cheviot and International parts of our business. Notably, we have seen almost 400 new customers join the business, Quilter Cheviot, since QC Dubai opened less than two years ago, the vast majority of that coming from our international operations. That's real cooperation. That's what I want to see. The teams emphasised to me that customers say what matters to them is tax efficiency, portability and security, just as Peter Kenny spoke about in November. We think that what we're doing in Dubai is a great model which can potentially be rolled out in other markets, and we think there is a big opportunity to improve the level of professionalism of advice in some of these markets. We look forward to sharing more about this with you as our plans evolve.

As I just mentioned, Peter spoke in November about there being three reasons why customers invest in a portfolio bond through the international platform. Tax efficiency appeals to UK residents who have exhausted their tax efficient limit for ISAs and pensions. They can use international portfolio bonds to invest and withdraw 5% tax-free per annum. Now, let me be clear, offshore bonds do not avoid tax, but they offer investors choice and flexibility around when tax is paid, in accordance with tax legislation. Portability appeals to working UK expats. They need a multi-currency investment platform that will work for them while they travel with their careers and allow them to retain tax efficient benefits when they return back to the UK. Security appeals to UK and international high net worth investors who need to invest their money in economically and politically stable jurisdiction. In uncertain times, we see a continuing and growing need for all of these.

So, to summarise the key growth drivers across our Wealth Platforms business, we continue to focus on delivering good customer outcomes, high quality service and appropriate solutions. The new platform will offer SIPP functionality, cash accounts, a Junior ISA, ETFs, investment trusts, and an enhanced discretionary fund management functionality, thereby improving the product breadth and functionality that we can offer clients and their advisers. And we will deepen relationships with our largest and most important advisers and so aim to improve adviser engagement and productivity. Tim?

Tim Tookey: Thanks. Let's remind ourselves what the revenue model is for the Wealth Platforms segment. Relatively straightforward, as you would expect, being fee margin against average assets under administration. International also uses this model to an extent, but remember that a proportion, actually around 54% in 2017, of the International revenue arises on a premium charging basis. And whilst this gives us a degree of resilience in turbulent markets, it does mean that revenue margin is not necessarily always aligned with investment performance. So, revenue is split around 60/40 between the UK and International platforms, and while the UK Platform continues to be slightly bigger, we see opportunities for International to become more integrated with the rest of the business.

Looking at the trend then over the last three years for these businesses, you see a very pleasing growth in assets and in revenue in each of these two businesses, and particularly when you consider the margin pressures at play in the UK space. As we told you in November, the revenue margin here is impacted by case size. In other words, a mix effect of larger client case sizes benefiting from lower pricing. In addition, we have continued to see pricing pressure in the platform market. Trends in International include the impact of the high proportion of premium charging. I am very pleased with the asset growth and revenue growth shown on the right-hand side, but of course the revenue margin decline is a natural consequence of around half of the business being on this premium charging basis.

Again, I've pulled out the same metrics you saw in November, now with the full year 2017 added in, and the takeaways are consistent. Flows and assets are up in the UK, notwithstanding the limited capabilities of our current platform, and we are all keen to grow this further using our new UK platform. And we have a robust International business that provides diversification, income resilience and is benefiting from our focus in our key markets. Let me say a few words on Heritage. We've shown again here the same metrics as we did in the autumn. Despite being a business in run-off, assets have barely moved over the three-year period…

And that comes through in the revenue chart you see here. The run-off of the book has almost been offset by strong investment performance. A reminder, though, that we have now closed the Institutional life book and expect it to run-off over the next one to two years, albeit it is a very low revenue margin book. The remainder of the Heritage book is running off at about 15% per annum. Bear in mind that Heritage's revenue profile includes revenue from our Protection business which is why it has remained relatively stable over recent periods. And, in terms of the profit profile, 2016 benefitted from £20 million of uplift from assumption changes, which if you adjust out, gives you a smoother profit profile. Looking at MCEV, the decrease between 2015 and 2016 reflected the impact of the fee restructure charges following the FCA Thematic Review, coupled with changes in expense assumptions. It was broadly unchanged in 2017 and while there are a number of movements in the year, including benefits from positive investment return and positive demographic assumption changes with respect to pension maturities and a capital injection, these were offset by the impact of the provision for the voluntary customer remediation. Overall, we continue to regard Heritage as a good, and well performing business. It is a store of value to us and provides us with satisfactory returns within operating profit and a relatively predictable cash flow.

Whilst I am on Heritage, let me give you an update on the Thematic Review. Using the guidance provided by the FCA as part of their Thematic Review, we have undertaken detailed and comprehensive product reviews of certain legacy products. As a result of these, we have decided to start a voluntary remediation programme to certain customers in those products and we made a provision in our 2017 statutory results for the cost of this. Separately, with regard to the FCA's investigation, we are still in the information provision stage, and we continue to work openly with them on it. I ought to remind you that we have not made any provision for any fine that the FCA may set.

Overall, then, for the three businesses that make up the Wealth Platforms segment, the results are a blend of the growth in the UK and International platforms, where revenue has grown to £290 million and profits are up to £92 million, offset against the natural profile of the Heritage book which, by definition, is in run-off. But in aggregate, a very satisfactory performance across the businesses, with well understood drivers of future performance.

So, having concluded Wealth Platforms, we will again open it up to questions on this segment, and remember that Steven and Peter are also here.

Paul Feeney: So, we're now on the Wealth Platforms segment. Who's got the first question? Gurjit.

Gurjit Kambo: Hi, Gurjit, JPMorgan. In terms of the broader platform which will have ETFs on there, SIPPs, etc., would we expect that to perhaps lead to an uplift in some NCCFs? But also, could there be some margin pressure if you see increased ETFs coming onto that platform in terms of the integrated business? That's the first question. And, secondly, is there any real concentration within the larger firms that you indicated earlier?

Paul Feeney: I'll take that one, Gurjit. With a new proposition, I think we've got a rainbow of propositions in terms of ETFs, investment trusts, all that. But don't forget that the charge is at the platform level, not the product level, so that will not reduce our fee level on the platform.

Gurjit Kambo: (Inaudible).

Paul Feeney: Sorry, could we just get the mic so we can hear the –

Gurjit Kambo: Just in terms of the underlying investment solution, if more clients are going into perhaps ETFs, in your multi-manager if you're using perhaps some sort of ETF solution, would that business mix affect margin for the whole client –

Paul Feeney: We offer ETFs within our investment solutions right now. Often, we'll offer ETFs. It's very rare will someone come on our platform and just buy an ETF, so they're really buying solutions to a large extent. But we already provide ETFs within our investment solutions, and in terms of concentration, Gurjit, your second question, one thing we did is to advise a concentration. Is that what your question was about? The top 20% of firms, as we just said, really are about 80% of our assets on the platform, and at the moment, virtually all of our net client cash flow, so there's a concentration within those 20% of firms which we've shown. I forget what slide it was on, but you're right. Any further questions, other questions? Please, Andrew.

Andrew Crean: Hi there, it's Andrew Crean at Autonomous again. In terms of the future spend on building the platform, I think you said you'd spent 75 million, but it looked as though you were going to spend 120-160 million overall, which meant that the spend in '19 could be anywhere between 24 and 64 million. It's quite a large range, that. Could you narrow it at all?

Tim Tookey: Yeah. Oh, sorry.

Paul Feeney: Go ahead. No, go ahead.

Tim Tookey: We'll toss for it.

Paul Feeney: Give it a go. It's numbers. Give it a go.

Tim Tookey: It's my turn. Andrew, what I was really wanting to do was give analysts some clarity over the amount of spend that we expected to have in 2018. So, the desire really was to give clarity over the cash outflow and, therefore, the expense that will be charged against adjusted profit going forward. I'm sure your maths is impeccable in terms of what that leaves us as the range, but we're not changing the overall cost guidance for the programme. The 120-160 range still absolutely stands true. What we've shown in 2017 is very, very tight discipline over the costs that we're spending. That level of discipline continues, absolutely it continues. So, rather than trying to be specific about '19, what I wanted to do was give people clarity over the cash outflow we expected in '18, and that's as far as we're going to go.

Paul Feeney: Ravi.

Ravi Tanna: Thank you. Ravi Tanna, Goldman Sachs. Just a couple of questions, please. At a group level, I think you've referenced revenue margin pressures slowing, but then there are quite a few different dynamics that you've already touched on across the different types of platforms and the advice business. I was wondering if you could elaborate a little bit, please, because obviously, revenue margin pressure on the UK platform is one area of expectation, I suppose. And then, secondly and somewhat related, to what extent is the migration to restricted advice built into your expectations around keeping the revenue margins stable? And do you have a target for restricted advisers within the business? Thanks.

Paul Feeney: Target? There are three questions there, really for RFPs. I'll probably bring Tim in in a moment, but revenue margin slowing, one thing you did see, we did say that we expect our revenue margin decline to slow and become increasingly stable and that's exactly what you've seen. You saw it '15-'16, you've seen it '16-'17. We have seen that revenue margin decline continue to slow and we do expect that to continue. Of course, there's pressure in individual parts of the chain and you've heard me say before, the greatest revenue margin pressure is in the part of the chain furthest from the customer. That's probably the platform side. But again, we're also seeing that flow as we've seen the sunset clause issue work through, as well. And also, our model gives an inherent hedge to margin pressure in any one part of the chain. We're not immune, but it does give the hedge to that. In terms of migration to restricted, if it's built-in, yes, it's built-in. One of the hedges, in terms of margin stability, is flow integration, revenue integration. So, integrated flows are higher revenue flows and, as you've seen, we've seen those grow quite substantially. Also, we mentioned earlier on that, as we said in November, we're coming out of the Institutional Life market which is very low margin business, but we've got £5 billion of assets there that will actually increase our margin overall, once that business has gone. And the third level target for RFPs, we haven't published any target for restricted financial planners. There are three areas particularly that we're targeting to grow our restricted financial planner base. One is ongoing recruitment, and you've seen that we've been very successful to date on that. Secondly is targeted acquisitions, perhaps not at the same rate and pace as we've had to date, but targeted acquisitions. And the third is our financial adviser school which we continue to grow and bring new graduates through. And so, those three together give us confidence that we'll be able to continue to grow our restricted financial planners.

Tim Tookey: Do you want me to add something?

Paul Feeney: No, I think I've done it.

Tim Tookey: You were going to hand it off. Nine out of ten, boss.

Paul Feeney: Thanks (laughing). Andy.

Andy Sinclair: Thanks. It's Andy Sinclair from BofA Merrill Lynch again with three questions. Firstly, on the new platform launch, do you expect the new platform launch to lead to any changes on your revenue margins on the platform that customers are charged? Secondly, I just wondered, with FNZ's launch of the Barclays platform recently which had a few issues along the way, just what lessons have been learnt there on implementation? And thirdly, I just wondered about consolidation in the platform space. There still are a number of platforms out there, some a bit subscale. What's your willingness to participate in consolidation? Thanks.

Paul Feeney: Thanks, Andy. I'll bring Steven in in a moment. But a new platform will increase revenue margin. It will increase our proposition. It will increase our functionality. It will give us greater competitive advantage. We're spending money to get it in and I expect that investment to be rewarded, so the main thing I expect to see is greater – I expect to see flow. Now, I can't tell you what markets are going to be like in a year or two, but I do expect our competitive position and therefore our market share to improve. That's what I expect. In terms of FNZ, of course, I'm not going to –

Andy Sinclair: But not expecting to change the charging structure, per se, on launch of the new platform?

Paul Feeney: No, it doesn't change our charging structure. Our propositions are our propositions. It will increase the number of propositions we've got and that we can charge for, but it's not going to change our charging structure. In terms of FNZ, obviously, we don't comment on competitors, but we do learn from them. And we believe that we've learnt a lot in that area. Do you want to, Steven, come in and say some of the things which might be different to how we're doing things?

Steven Levin: Yeah, so we don't really want to talk about what's happened elsewhere, but as Paul said, we are very, very close to it, so we're watching what has happened and there have been a few migrations of FNZ platforms, but also of other platforms that have been in the market, some are about to happen, etc. So, we keep quite close to what's going on there, and one of the interesting things is we look at and we get to the root cause of what has created some issues that we have seen across the market. And we are very careful to design our migration approach, such that we think we'll be able to successfully avoid any of those things that have caused issue with sometimes how customers have responded, or sometimes how some companies have chosen to make changes at the same time when they do their migration, for example, to the authentication systems and how customers log in, which actually has often caused additional complications because customers, they don't know how to log in, they call the call centres. There are quite a few snowball effects that we have seen across some platforms across the industry, so we're using those as lessons and learnings to how we design our migration approach.

Paul Feeney: Thank you. And one other point there, Andy, is don't forget, we're dealing just with FNZ. We own our technology at the moment. We're moving onto their technology. We're not dealing with two platform providers, an existing one, outsourced to another one. It's just us, so it's potentially an easier relationship. Consolidation in the platform market, yeah, we're seeing it. There are a lot of platforms out there, too many in my personal view, in the market. Not all will survive. We are the second largest advice platform in the entire market. Actually, in terms of a single platform, because the largest has a number of platforms when you add them up, in terms of a single platform, we are the largest. So, we're seeing that happen. It's difficult consolidating platforms, but we will see that happen over the coming years. We'll see water find its own level in this market. But we are one of the leaders in the market. Please can you say again name and firm?

Marcus Barnard: Yeah, Marcus Barnard from Numis. At the start, you commented you were going to exit the Heritage business. I guess that's just an intention at the moment, but you've got more plans as to how you're going to exit? I'm presuming it's going to be a sale. And following on from that, what will you do with the proceeds? Presumably pay down debt, special dividend, acquisitions, the usual sort of thing? I wonder if you'd give me some more comments on that.

Paul Feeney: Sure.

Marcus Barnard: Thank you.

Paul Feeney: You're certainly better informed than I am, Marcus…

(Laughing)

Paul Feeney: …about my business because we have got no plans to sell the Heritage business. It's been a good business. It continues to be a good business for us. We are listing with the business. And so, that's where we are.

Tim Tookey: Yeah, you might have been confused where the Institutional Life book is a book that we expect to run off over the next one to two years. So, that's about a third by asset size of the Heritage portfolio, so it's about 5 billion of the 15, but very, very, very, very low revenue margin business, and therefore, you will hardly see a beat in the profit line as that book runs off.

Paul Feeney: Next question? Gregory?

Greg Simpson: Hi, it's Greg from Exane again. Just two questions. The first will be on Slide 60, the cost space of the platform and International business has grown at 12%. Could you spend a bit of time talking about how you see that evolving? And does the FNZ migration change the cost space of the platform in any way? And then the second one, just quickly, was some platforms make revenue from net interest income. Does that apply to you? Some fund platforms make revenues from net interest income, from net interest and client cash. Does that apply to you? Is there any rate sensitivity? Thanks.

Tim Tookey: On the cost piece, I'm going to cover costs in a little bit more detail in the next section. But if you think back to August last year, we gave quite a level of cost granularity around costs we were incurring and sort of stabilising the existing platforms that we have, and that's nothing to do with the UK platform transformation. And, of course, it is also the area where there's been quite a lot of regulatory change, so implementing things like GDPR, for example, that is more complicated in those scale businesses that we have in there. So, there's quite a lot of granularity given in the August presentation in those areas, so that's where a lot of the cost growth has come from in the platform space. Remember, of course, also that you've seen fantastic growth in the flows in the platforms, and servicing over 4,000 active IFA firms, and the very significant inflows that we've had from business there. That's a really important part of our business and enables us to enjoy scale and increase efficiency over time.

Paul Feeney: Other question?

Tim Tookey: Oh sorry, on net interest income? No.

Paul Feeney: No. Ravi?

Ravi Tanna: Thanks, Ravi Tanna, Goldman Sachs. It's just a point of clarification. On the platform transformation project, the 120-160, I think that applies to the UK. In the past, you talked about having additional spend on the Heritage book and that's been put on pause or on hold. I was wondering if that had been put on hold indefinitely or if there's additional spend that will be required at any stage in relation to that book.

Tim Tookey: So, any cost that we're – sorry, am I taking over?

Paul Feeney: No, go ahead.

Tim Tookey: Any costs that we incur in there are dealt with above the line. The only costs that go outside of adjusted profit going forwards are those associated with the UK platform transformation, so costs are insignificant. Although, when I talk about stabilisation platform costs, that includes, obviously, the Heritage platform.

Paul Feeney: Please, Wajahat.

Wajahat Rizvi: Hi, Wajahat, Deutsche Bank. Just a very quick clarification on these FCA investigations. Do you have any sort of insurance protection in there which may protect you from some of the fines if they come your way?

Paul: To fund what?

Wajahat Rizvi: Do you have any sort of insurance or anything else which may protect you from any fines if the FCA decide to go down that way?

Paul Feeney: No. Are there any questions from the web?

John-Paul Crutchley: Thanks, Paul. We've got two questions from the web. One, again, from Mike Christelis at UBS, asking for an indication of the level of solvency to own funds of the Heritage book at the end of 2017, and the second from Larissa at Deutsche Bank asking about the 69 million provision for remediation, and was this included in operating profits or below the line earlier this year?

Paul Feeney: Tim.

Tim Tookey: To Larissa's question, no, the provision was charged outside of adjusted operating profit within our 2017 statutory results. And to Mike, no, we don't give that level of granularity breakdown of our Solvency II capital requirements or capital resources, I'm afraid. Sorry.

Paul Feeney: So, if there are no further questions on the Wealth Platforms segment, I think we will take a five-minute comfort break, come back and we'll get into the financials. Thanks, guys.

(Music plays)

Tim Tookey: Slight problem is I can't see the autocue, but we'll get there in a minute. I might just stand on Steven's shoulders. So, welcome back to the final session of our presentation, and it's me again, but we're on numbers now.

So, I will now pull together what we've heard today. 2017 performance feels like old news already, so I won't dwell too long on that but we will pull out some key trends. I'll talk a bit about how the model comes together and drives integrated flows. I'll provide some further colour on our cost base and how we will be thinking about it post separation and listing. I want to give some further information on the balance sheet, capital and liquidity disclosures which we gave at Prelims, as well as our dividend policy, and I'll conclude with a recap on our financial guidance. So, let's crack on.

A lot of information has been published within our listing documentation as well as in the reported results, but it is worth understanding the different reporting bases that we're using. At the top is the normalised basis of reporting, which we showed you in November. And on this basis, you can see that we have maintained our profit level at £209 million and delivered an operating margin of 29% despite the intense investment over the same period. Adding back the normalisation adjustments, which, by definition, are only in prior years, takes us to our operating profit on a standalone basis which is the basis that the prospectus has to be prepared on. This will be renamed as adjusted profit going forward. For completeness, we've also shown the adjustments to get to the IFRS results here and you can find out more detail on those in the appendices to the 2017 results published a few weeks ago.

So, looking at 2017, you see our proven business model is delivering very strong NCCF, top left, well above our target. This, together with strong investment performance, has driven our closing assets under management and administration up to over £114 billion, top right. And that has contributed to revenue growth, bottom left, meaning that despite the investment in the business we have kept our profits steady, and that's bottom right. Now, this steady profit performance is especially pleasing as we continued investing in distribution in the year, spending an additional £12 million this way. And, of course, we have absorbed considerable extra costs related to becoming standalone and ready for listing. I'll come back to that investment and the operating margin impacts in a few minutes...

…but P&L performance starts with assets and assets starts with net flows which have been consistently positive for a long period now. Even the quarter after the Brexit referendum gave us hardly a hiccup. So, you can see that we have enjoyed consistent progression of net flows over the past two years, and each quarter has been in line with or stronger than the last. We may not be able to expect this pattern to continue indefinitely, but through providing high quality advice, by offering suitable products for every life stage of our customers, available through high quality platforms and by delivering strong investment performance, we are truly well positioned to deliver good customer outcomes and attract positive flows.

In fact, it is that combination that shows through here when I add investment performance to those net flows and show how this translates into asset growth. Overall, this slide is perhaps the best illustration of the benefit that we have had from supportive markets over the same period, the benefit of strong investment performance that we are delivering for our customers in growing assets by at least 10% year on year, which of course supports growing revenue. There is lots of noise in the market about volatility and we are not immune to that. But notwithstanding this, we believe that we have a proven model and we are reiterating today our NCCF target. We are targeting medium-term growth in net flows of 5% of opening assets under management and administration excluding Heritage on an annual basis.

So, back to our multi-channel model, which is the source of those flows. Paul showed you this slide earlier and explained where the various flows can come from. What I have done here is put real numbers for 2017 against each of the different types of flows, so you can see their relative contribution. And remember that this is a model geared around providing choice at all stages. In looking at it this way, you can see that one of the principal benefits of our full-service multi-channel model is that it enables our advisers and platform to support customers however they want to interact with us. This flexibility has generated the integrated, non-integrated and direct flows that you can see across the bottom of the slide. After eliminations for the double-counting of flows which are integrated, these numbers make up the £7.6 billion of total NCCF excluding Heritage, and there is not a single part of our business that isn't making a meaningful contribution to our net flow result.

Looking at trends over the last three years, we have achieved strong growth in integrated flows – that's the dark green elements of the bars – whilst non-integrated flows continue to make a major contribution to giving us scale and allowing us to become more efficient. And across our businesses, excluding Heritage, asset retention rates have been maintained at 90% as we discussed earlier today, which is very satisfactory indeed. We often get asked about how the flows work across our business. Now, the previous slide showed that in huge detail, but here on the right-hand side I have provided a summary breakdown of how the different flows for 2017 work in the numbered yellow numbers that we have seen several times today to give you a sense of the optionality and flexibility provided by our model. Integrated flows for 2017 were £5.2 billion. Non-integrated flows were £5.1 billion, and they are a significant and valuable source of revenue for us. And whilst each of these numbers is before eliminations, these provide us with a scale and allow us to improve our efficiency.

I used the word valuable in talking to the last slide. Let's explore that right now on this slide which is a really an important one for me because it demonstrates the revenue contribution benefits of our multi-channel model. Going through it slowly, we have two channels, advised and open market. And looking across it horizontally, you see what a typical customer would pay. Paul showed us the breakdown of this earlier, and remember that the total is broadly similar across either channel. Sorry if I sound like a stuck record, but remember a great advantage of our model is that the customer only pays for what they use. We are absolutely clear that the decisions are the advisers' responsibility with their customers. Our model provides the advisers and customers with the propositions by which they can implement those decisions and choices. So, if I look now at the two vertical bars, left one first, where the customer and their adviser have chosen to take more services from us, integrated flows. Quilter will earn a greater proportion of the revenue, but the total cost is the same or lower to the customer. Our model simply gives us the opportunity to provide more services to them. I'm not going to comment on every number here, but let's touch on a few. In the left-hand bar you can see the financial advice range of income to us as 15 to 75 basis points. That's 75 basis points if the client uses one of our PCA advisers or 15 basis points, if they use a Quilter Financial Planning adviser where we take, say, 20% of the advice fee, 15 basis points being 20% of 75 basis points. Further down that bar, we can see that our income from investment solutions varies hugely depending upon the fund chosen and the use of our scale advantage to drive down the costs of the underlying funds. In the open channel, that's the right-hand bar, we still earn valuable income and contributions from the services we provide to the adviser and their customer, but the proportion of the income that we take is lower. This is fine. It's about choice and it also ensures that the customer gets the right outcome for them. In the advised channel, we have a higher earnings opportunity as we can earn an advice fee on top of the platform and the investment fee, and as a result the revenue margins are higher than through the open market channel. And the revenue margin range simply reflects the different investment choices available.

This slide pulls together the revenue margins we spoke about earlier in each segment into the overall Quilter revenue margin, which you can see sat at 56 basis points for 2017. Back in the autumn, I said that the revenue margin decline that we had seen in recent periods was expected to slow, and that is what we saw, with a 3 basis points decline '17 on '16, compared to a five basis points decline '16 on '15. In absolute terms, this has meant 11% compound growth in revenue over the three years to £728 million with Advice and Wealth Management taking an increasing proportion of that year on year. Going forwards and based on our expectations for volumes and mix of flows, we believe that the rate of revenue margin decline should slow and revenue margins should become increasingly stable. Now, revenue is about two things. Firstly, we're confident that most of the pricing adjustments have happened, and that's why we are giving the forward-looking revenue margin guidance. But secondly, the business that we have built is capturing profitable volume in a market with strong structural growth drivers. This gives us confidence in our revenue-generating capability.

Turning to the other side of the income statement, we have broken down the expense base both by segment and by expense type. Now, expense growth has been higher in Advice and

Wealth Management, reflecting our investment in advice and the growth of our multi-asset capabilities. Investment in Wealth Platforms has been focused on stabilizing our IT environment, organic growth as well as increased regulatory spend. Now, I have only provided limited costs breakdown here for 2017, because this really isn't the story. The story is about our management of cost growth.

Back in the autumn, I showed a slide which set out how H1 2017 expenses were expected to evolve for full year 2017 and beyond. Total 2017 expenses were finalised in line with those expectations with continued investment in the areas that I set out then. Now, I can appreciate that expense growth has caused some angst amongst followers, so I want to show you how I think about future costs. And to do that, let me use the next staircase slide to look into the future.

Looking forward, let's see how 2017's expense base is currently expected to develop from here. Now, there are three key components to cost growth outside of inflation and normal business growth, of course. Firstly, the balance of recurring costs to operate on a standalone basis. We estimated that these would increase the cost base by £25-30 million per annum and we stand by that estimate today. We saw £16 million of these recurring costs in 2017 so there is the balance of that to consider. Secondly, there is the new Quilter performance share plan. This plan is of a traditional type where costs are taken to the income statement. This is expected to rise on a phased basis to £15 million per annum by 2020, so £5 million in '18, £10 million in '19, etc. And we have said we will continue to invest in distribution, albeit at a lower level than previously, and we expect the incremental impact of this on the annual expense base to be £20-30 million over the next three years. This is the P&L type of investment that Paul referred to earlier when talking about how we would continue to grow in this area. Including costs for inflation and normal business growth, but excluding interest costs, we have set an operating margin target of 30% by 2020 which takes all of these additional expense movements into account.

So, we've been through revenue and then expenses, so the operating profit evolution is of course the product of that. And, overall, we are pleased with the performance this year. In building out the model, we have proven our ability to deliver strong flows. Expenses have increased but this has been deliberate, targeted and managed absolutely in line with our plans and exactly as I set out in November. In that context, we are happy to have achieved a 20% operating – sorry, a 29%. 20%, I wouldn't have been very happy, I can tell you that. 29% operating margin in 2017. Let me explain why, using a simple example. We saw an increase in expenses of £16 million in respect of standalone costs. Now, these are not really new costs to the Old Mutual plc group, they are costs now being incurred by us rather than by PLC. Just that single category of expense increase accounted for a two percentage points decrease in our operating margin. Simplistically, you can put two-thirds of the operating margin decline down to these costs transferring into the Quilter cost base. And remember that we have up to a further £14 million of standalone costs to come here, which based upon 2017 would suggest a further two basis points operating margin reduction to 27%.

Very simply, this slide pulls together in one place the revenue, expenses and AOP by segment for 2017 that you've seen across the last several slides to show it in one neat place for you.

I will say a bit more about optimisation in a moment, but I want to put it in context of business trends over the last few years. On a segmental level, the business performed in line with expectations and the guidance we provided in November. We have seen strong growth in revenue, but an overall decline in revenue margin. This is set against strong operating margin performance in Advice and Wealth Management and the scale contribution from Quilter Investors being an integral and important part of that. And, in Wealth Platforms, it includes the impact of the premium based charging in International. We have set out our operating margin target of 30% by 2020 before interest and any optimisation initiatives. You might say an increase from 29 to 30% is not significant, but it is after the impact of the expected standalone costs and the new LTIP expense increases that I have just mentioned, and the continued cost of investment in our advice businesses where the margin impact of that investment is clearly dilutive.

In November, both Paul and I spoke about how, after listing we will shift our focus from business-building to business-optimisation. At that time, I commented that Phase 1 had been focused on forming the company, investing, building scale, proving the business model works and getting ready to be standalone. The focus now needs to shift for phase 2 where we will look at optimisation and improved efficiency. Our business has come together through targeted acquisitions, and while we have increasingly optimised ourselves in terms of how we serve customers, we have not focused on optimising the underlying businesses. After listing, we will seek opportunities to optimise the business in order to benefit from the significant market opportunities that we see. Our intention is to identify and develop optimisation initiatives over the course of the rest of this year with a view to providing an update to the market with our prelim results in March 2019.

We believe that there are opportunities in terms of working together more efficiently, co-ordinating and sharing resources within and across segments, removing duplication or repeat processes, and developing centres of excellence. We will be looking at how the business operates, its structures and its operating model. We want to simplify hand-offs, increase straight-through processing, achieve even higher standards of customer service and take full advantage of our investment in technology spend, automating activity wherever possible. We are very clear, though, that optimisation does not mean untargeted squeezing of the cost base or doing anything that damages the cultures that have made our business successful in recent years. Quilter is a customer-focussed, customer service business. We want to build on that and not destroy it.

Shortly after results day, I was able to meet with many of our largest investors, and a number of them independently asked me what future below-the-line items might be. So, I hope this slide is helpful in clarifying that for everybody. Going forward, we expect to exclude, as in the past, debt interest costs and amortisation of intangibles. Other items have a specific time period for which they are incurred and then clearly fall away to zero. These include the UK Platform Transformation programme costs, one-off managed separation costs, and the costs of the FCA thematic review, including any potential fine. And then, perhaps I should include here that this may be where we record the costs of implementing any future optimisation initiatives.

In a minute, I want to get onto the balance sheet, but before I do, a word on executive and senior management incentives. Our short-term incentives will be driven 60% by the financial performance of Quilter. To ensure management and shareholder interests are aligned, the financial incentive will be measured against IFRS pre-tax profit excluding amortisation of intangible assets and policyholder tax. This will ensure management are fully exposed to costs associated with completing the managed separation, and perhaps more importantly, the platform transformation programme. As far as the long-term scorecard is concerned, both measures are financially driven as shown on the right, with 70% of any award being driven by compound annual growth in earnings per share. Now, the earnings component of this is fully defined in the prospectus but is closely aligned to today's AOP. This is to ensure that management focus on growing the profit number which is expected to drive the value of the company.

Let's pause here for breath. I've taken you through the 2017 numbers, the integrated model and given you as much guidance as I can on costs. Let me now move on to cover capital, liquidity and cash flow dynamics.

Back in the autumn, I said our day one balance sheet focus was to ensure we came to market with a strong capital and liquidity position, and I am very pleased that that's exactly what we have achieved. On results day, Paul spoke about the steps we have taken to ensure we are independently funded as a standalone business. Now, the rules around this and making the required statements on working capital in the prospectus published last week are such that we can only rely on committed facilities which are unconditionally available. So, this excludes the proceeds and solvency benefit we expect when the sale of the single strategy business completes later this year. In order to come to market as a standalone company, we have therefore issued a Tier 2 bond for £200 million and we fully drew down on a new £300 million senior unsecured term loan. Adjusting our reported year-end Solvency II position for these would give us a pro-forma Solvency II ratio of 171% at 31 December 2017. We are clear that the actions we have taken provide us with sufficient free cash to complete all our committed strategic investments, including the UK Platform Transformation Programme, and to allow for further potential costs associated with the FCA's Thematic Review, including for a potential fine which may be levied by the FCA, and in respect of which no provision has yet been made.

I appreciate that the impact of the debt market activity we have done means that we expect to maintain a solvency position in excess of our policy in the near-term, so let me take you through exactly what we have done since the year-end and our rationale for doing so using this waterfall. Starting on the far left and our actual position at the end of 2017, we had debt of a little under £800 million, all of which was intercompany with the Old Mutual Group. As part of a series of internal transactions, £566 million of this intercompany debt, which already counted towards our Solvency II capital, has been equitised, with the effect of it being cancelled and replaced with equity in the form of share capital and a merger reserve. After £16 million of ordinary course transactions, the intercompany balance was reduced to £200 million, and we have fully repaid that balance through our existing liquidity resources, the Tier 2 bond issue and the new term loan which we took out at the end of February. The impact of all of this is that we expect to bring Quilter to market with £500 million of debt, of which the £300 million term loan will be repaid using the proceeds from the sale of the Single Strategy business when that sale completes. Our long-term leverage level should therefore be £200 million, which is broadly equivalent to a leverage level of once times our 2017 AOP, and I am fine with that.

Going back to the Solvency II position, and for those of you who want to see the detailed movements since the half year, here it is. With the overall benefit from the Tier 2 bond and the term loan, our proforma year-end position would have been 171%. I believe this is a strong capital position to be in and it is before we factor in the sale of the Single Strategy business, which should provide a substantial benefit to the Solvency II position before we consider any possible distribution. More on that in a moment.

Before I get onto cash, many of you will want to know what our net assets and net tangible assets look like on a go forward basis. Here for the record is a simple waterfall that shows the impact of the inter-company equitisation on the net assets which we disclosed with results a few weeks ago and removes goodwill and intangible assets to give a net tangible assets of £889 million. Clearly, neither the bond nor the term loan have any effect on these positions. I have shown various return metrics with details set out in the slide footer. To pick one, the 2017 ROE based on TNAV is 21%. Now, this is calculated using 2017 post tax AOP, less a proforma interest cost based on the long-term Tier 2 bond, and that's obviously divided then into the TNAV of £889 million shown on the slide.

Turning to cash generation, in the autumn, I shared with you an approach that I envisaged we might take to articulating cash generation and uses within Quilter post listing. We've refined that framework and used it to build our guidance for future cash generation and its inter-relationship with the dividend policy. Let me walk you through it. We will be continuing to use the concept of free cash that has been used by Old Mutual plc for a number of reporting periods. This is based upon operating profit on a post-tax basis for all of the segments within our continuing operations. As in previous periods, and assuming broadly stable market conditions, free cash is after normal movements in regulatory capital requirements, but is before the items excluded from operating profit including debt interest costs, and before any further acquisitions of distribution or distribution capability. Using this framework, in 2017, free cash generated from continuing operations was 83% of post-tax operating profit. As stated in the prospectus issued last week, the Directors believe we will continue to expect conversion of approximately 80% of post-tax operating profit from continuing operations into cash.

Using this framework, let me show an illustration, and yes, it is just an illustration. This is not the full story of 2017 cash flows by a long way. So, if I took 2017 adjusted operating profit, deducted tax using the overall 2017 effective rate, and generated my 80% cash conversion, I would have generated approximately £146 million of cash. Now, I said that free cash was before the items excluded from operating profit. We've given quite specific and careful guidance on each of those core elements today. The UK Platform Transformation programme is effectively prefunded with cash resources already on the balance sheet so that does not need to be a future drain on cash generated from operations.

For future items around debt interest, one-off managed separation costs and future acquisitions, we've given specific guidance today. Netting these off at the level we have guided would show an illustrative cash generation of about £87 million, and you can see that our guided dividend range of 40-60% of post-tax operating earnings is in line with the level of cash generated from this illustration. Note also that the one-off managed separation costs are only a short-term cost. Clearly, there is scope to increase the cash generation over the long term by growing flows, assets, income and profits, improving our efficiency and also through potentially exceeding the 80% cash conversion target.

Everything you've heard today about our business comes together in what we believe is an exciting opportunity to deliver shareholder value. And, clearly, a core part of that value is delivered through our dividend policy. We set out that policy a few weeks ago and it's fully set out in the prospectus, so I won't read it out to you again. The Board have approved this policy and we think this is an appropriate and sensible policy for Quilter as it comes to market. It balances the relative youth of Quilter with scope to improve returns as the business grows and echoes our commitment to develop Quilter such that it delivers for both customers and shareholders alike. In terms of the use of the proceeds from the sale of Single Strategy, we have said that the Board will consider a distribution from surplus sale proceeds. The size of any return will take into account, amongst other things, the repayment in full of the senior unsecured term loan, the costs associated with the sale, and the costs associated with the establishment of the standalone Quilter Investors multi-asset business. So, I naturally cannot commit to a distribution or to any quantum today.

Moving on, we have not spoken at all today about the Single Strategy business sale as it's not part of the long-term Quilter business. As we disclosed in December, we expect a total consideration of about £600 million, of which circa £570 million will be paid at completion. Given the book value of £227 million including goodwill, we expect that Quilter's net asset value will increase by approximately £360 million on completion, before costs and before closing adjustments. As you saw in our reported results, we benefited from the Single Strategy's profits generated in 2017, but we will have no benefit from 2018 profits. There will be a Transitional Services Agreement in place to allow for services between the respective businesses for a period of time. And, while there are a number of conditions precedent to completion, including regulatory approvals and other closing conditions, all is progressing well and in line with our plans.

I'll pass you back to Paul in a minute to sum up, but before I do, let me get back to our guidance. For those of you who have started to look at the prospectus we published last week, you will have found pieces of guidance in various places throughout that document. Here and on the next slide, we have brought the various points together, in micro sized font which I know you cannot read on the screen but which is hopefully useful to have in one place in your takeaway slide packs. Within this, the key guidance and targets from my perspective are the following – NCCF of 5% of opening AuMA, excluding Heritage, per annum and over the medium term, the overall revenue margin decline to slow in the near-term and become increasingly stable, and an operating margin of 30% excluding interest costs for 2020 after the impact of the additional expenses that we have set out, but before the benefits of any optimisation initiatives, And approximately 80% conversion into cash of post-tax operating earnings, partially utilised to fund debt servicing costs, the remaining separation costs and targeted acquisitions in distribution. Finally, in terms of below the line costs, we provided information on the 2017 platform transformation costs, as well as the one off costs of managed separation.

And so, in summary, a very successful 2017 continuing the excellent top line growth trend of recent years. Our model is working well for us to drive that revenue. There is continued pressure on costs to support separation, but we are focussed on optimising the business post-listing. The standalone business has a strong balance sheet, a strong proforma solvency position and we expect improving cash flow dynamics to support our new dividend policy and deliver attractive shareholder returns. And on that note, I will pass you back to Paul for the final wrap-up.

Paul Feeney: Thank you, Tim.

So, just to recap, here's our business model again. As you have heard today, it is set up to deliver choice and good outcomes to customers with them only paying for the parts of the value chain that they use. Moreover, because we have an open unbundled model, each element of our business model faces direct price competition in the market and this not only ensures that pricing is fair to customers, it also prevents the cross subsidisation that can cause problems with regulators.

We have delivered a strong track record in terms of growth and we expect this journey to continue by

1) Delivering good customer outcomes through appropriate investment solutions and excellent customer service which will continue to make Quilter an attractive destination for clients;

2) Building out adviser growth both organically and inorganically through modest acquisitions to broaden our reach;

3) Improving adviser productivity through training and technology as well as implementing our UK platform transformation to improve platform functionality; and

4) Delivering business optimisation through greater scale and efficiency.

So, to conclude, I want to return to the investment case slide where we started this morning. We are a full service, full purpose wealth management business which provides a compelling proposition for customers. We have leading positions across one of the largest wealth management markets in the world and it's a structural growth market. Our multi-channel, integrated business model is unique, providing wider market access and greater client choice. And we have proven our model by delivering strong AUM, NCCF and revenue growth, all underpinned by excellent investment performance and client service, and we are confident in our ability to grow profits and profitability. We have a strong balance sheet, and combined with our improving cash generation, we believe we will be able to drive attractive shareholder returns.

Right, that's our story, and we are incredibly excited by it and hope that you understand why after joining us today. So, let's move to questions. Tim

Tim Tookey: I haven't got any questions.

Paul Feeney: You haven't got any questions? That's very good because I've run out of answers (laughing). First question, please.

Arnaud Giblat: Hi, it's Arnaud from Exane. One quick question. So, your free cash generation is 80% of operating profits, and if I understand well, 20% of the cash is consumed by reg cap increase. I'm wondering if, later on, there's not an opportunity to move perhaps towards a CRD IV type capital regime which could generate higher free cash flow, if that would be the case. Maybe could you give us a bit more colour as to what the plans are? Thank you.

Paul Feeney: Tim, do you want to take that one?

Tim Tookey: Yeah, thank you. So, you're right, one of the key movements between, if you like, 100% and 80%, is the normal regulatory capital movements that we get in the business, that's a blend of capital being released from business that's the running off from Heritage versus the capital requirements that we have in each of our two businesses. And that's where the linkage into the future comes, so the business that we continue to write going forwards, a lot of that is still under solvency to regulation. We've got no plans at the moment to change the construct or the vehicles that we use to do that. This enables us to provide a full range of products and insurance-based products for our customers going forwards, so no plans to move to a different regime going forwards, so I can't give you any insights into the type of analysis you're hypothetically envisaging, I'm afraid.

Paul Feeney: Ravi?

Ravi Tanna: Thanks. Ravi Tanna, Goldman Sachs. A couple of questions, please. I guess I was wondering if you could give us any guidelines or sense around a medium-term view, where you'd hope to land or run the business from a solvency perspective and from a debt leverage perspective. And then, the second one was just around if you're able to share the latest liquidity position, please.

Tim Tookey: Thank you. I'll take those in turn. So, medium-term solvency. No, we haven't given a medium-term capital solvency level. We obviously do have a policy. We are not disclosing that policy. What I have done to try and help you understand our thinking on this is be very clear that the 171% is above where our policy is, and I wanted to do that for a couple of reasons. Firstly, I wanted to be really clear with people that we have, in the balance sheet and therefore in the numerator, prefunded our strategic investments. Obviously, the biggest one of those is the UK platform transformation. So, that is, if you like, bloating the solvency ratio at the moment. I also wanted to take solvency off the agenda for people who were wanting to look at the business as part of it. We wanted to take solvency off by having a strong balance sheet. We wanted to take liquidity off by having a proven level of balance sheet and the appropriate cash to run the business, even in the event of a severe but plausible shock, and still be able to carry on with our committed strategic investments around the platform. So, on that basis, I can get to the second part of your question which is around leverage. So, I'm very comfortable at that kind of leverage that we've got in there. Now, clearly, the bond is a ten-year bond so you can see we're going to be carrying that amount of leverage going forward compared to last year. It was about once times last year's AOP, but I would like to think it would become a smaller proportion because growing profitability, something we're rather focussed on in the business as we move into the next phase of that. And, in terms of today's liquidity, I don't have an absolute figure for you. What I can tell you, though, is that we haven't drawn and wouldn't see that, under normal conditions, would we see a need to draw on the revolving credit facility that we put in place at the end of February. So, you can expect therefore that the proceeds of the monies that we took on that chart when we issued debt and drew that and repaid the rest of it into the company, that's still sitting on the balance sheet.

Ravi Tanna: Thank you.

Paul Feeney: Further questions? Andrew.

Andrew Crean: Yes, a couple of questions. Firstly, the sensitivity of your earnings to markets will be relatively high. Have you done any stress testing on '17 earnings if markets had fallen 10%? And also, your 30% margin ambition, what is that set up on? What sort of market movement is that?

Paul Feeney: Which margin ambition, sorry?

Andrew Crean: The 30% margin.

Paul Feeney: 30%, sorry, yeah.

Andrew Crean: That's the first question. Second question, I know you've ducked this one before, but there is some speculation about your Heritage business. Your Heritage business, I suspect represents about a third of your 182 million cash available or free capital available. That, potentially, in a sales position could cause a problem in terms of putting a whole – your dividend is laid up against the current position, as opposed to a forward-looking position.

Tim Tookey: Okay. So I'm not worried about the proportion that Heritage is, and you say that could give us a problem because we're not selling Heritage. So, I'm really pleased to say we've got an action plan that will deal with the problem you highlight by not having an action plan. So, that should be alright, Andrew. I think we're okay on that.

Andrew Crean: That's a solid statement which will last?

Tim Tookey: You can see it. It's in the business. It's in the core part of the business. We've said we're very happy with the way heritage is performing. It's a great store of value to us and I've got nothing more to add on it at this stage, thank you. In terms of sensitivity, look, I know it's a big book, but if you found the prospectus over here and you looked at the bottom right-hand corner of page 173, you would find some sensitivity movements to movements in equity. I think if you look at a 10% swing in property and equity movements as a single unit shock, you'd see a £32 million pre-tax profit sensitivity. If I did the same on interest rates for last year, a 1% shift either way in interest rates is about £10 million or it might be 12, I can't remember. 12 might have been last year and 10 for this year. So, page 173, interest rates I think are over the page on 174.

Paul Feeney: I think one thing just on sensitivity I would say, as well, we're not an equity fund and we're not an asset manager. So, Tim's pointed to the page, but if you look at us, you'll see that we've got a far more diversified portfolio. We are a market-based business. There's no getting around that. But we are a far more diversified market-based business. And also, the other element of sensitivity is flow. And if you look at the flows that we have achieved, if you go back to, remarkably, nearly two years ago now when Brexit was announced, we hardly had a hiccup. In terms of flows and the asset management industry, it was completely opposite. So, that was because we had thousands of financial advisors on the phones and sitting down with their clients saying, "Don't panic. This is exactly why you're in a multi-asset portfolio." These give us greater stability.

Tim Tookey: That's the real answer. Mine was a bit dull compared to that answer, wasn't it? But I have had my page numbers confirmed as correct.

Paul Feeney: Please, Gurjit, and then to Andrew.

Gurjit Kambo: Hi, just one quick question. In terms of the advice channel and the open market channel, clearly on the open market channel, you don't get the financial advice margin or revenues. Is there any sort of cost offset for that? Is there available comp that the advice channel would get?

Paul Feeney: We don't get the advice income and we don't pay the advice costs. So, in the open market channel, clearly, all the advisory fees and costs are for the advisors who are not part of our network. In terms of our own network, we do get the advice revenue, but we also get the advice costs. We've said it's kind of a breakeven-ish type of thing. So, a lot of the profit therefore from our own advisory business arrives in our manufacturing units. Ed?

Andy Sinclair: I'll wait then.

Paul Feeney: Sorry, I did say Andy first. Sorry, Andy first.

Andy Sinclair: Thanks, just a couple of –

Paul Feeney: Got to learn to share there, Andy.

Andy Sinclair: Just a couple of questions from me. So, firstly, just on the dividend ratio target range, what factors make you think about where you'll sit, particularly in the target range? Is it just a case of start towards the lower end and mature up over time as the business evolves or is there a solvency factor that makes you think about what it is? What drives your thinking about where you sit in the target range? And secondly, it was just on the platform charge, possibly something I missed earlier, but do clients pay a lower charge for the platform if they come through one of your own financial advisors as opposed to if they go through an independent route? Thanks.

Paul Feeney: Do you want the first one? I'll take the second one.

Tim Tookey: I'll take the first bit. So, we had quite a lot of deliberations with the Board about how to frame and guide an appropriate policy for this, but remember that what we said in the autumn and I've echoed today is Quilter's a young company. We've achieved financial independence and standalone balance sheet strength from our parent for the first time at the end of February. So, although we're a substantial business and a profitable business, I think it's prudent to come to market with a prudent dividend start range of where we're going to be, and we've said very clearly our expectations will be at the bottom end of that range for the final dividend for 2018 which will be the first normal dividend that we will pay. There's no solvency constraint on that, Andy, to your points in there. You can see the balance sheet is very strong indeed. But that gives the board quite a lot of flexibility to review the range and where we're in the range over time. But I wanted people to be clear where we were going to start and also to set my 2017 cash illustration against that. So, I think on that basis, the board have taken a balanced approach to it. There's plenty of scope, as I said, from driving flows into assets, assets into revenue, revenue into profit, to grow the absolute number that, then, the range is applied to. So, I think there's a quite interesting potential dividend story in there in absolute terms.

Paul Feeney: So, Andy, your question was in terms of a platform charge and is it lower through our own advised channels? The answer is yes, but that is because, if you look at our advised channel, of all of the advised businesses in the market, including the open market, we get the most business through our own advisory business. If a business out there or a network out there in the open market could provide that sort of flow to our business on the same level, we'd be very happy to give them that charge. So, I think it's an economic basis to it, as well. It's not just because it's our own business, it's also because that's the economic value we derive. Ed first and then – no, no.

Ed Houghton: It's Ed Houghton from Bernstein. I wonder if you can help me understand this. You clearly like integrated flows. I understand why, but if I understand correctly, your adviser businesses are not incentivised to direct administered assets onto platform or into Quilter, and you're not looking to make money from the adviser businesses, although PCA may, if I understood you correctly. So, why do you own these businesses and why are you looking to grow them?

Paul Feeney: We own these businesses because, if you look at – we have said, first of all, the three things that we believe customers need, so it does start with what we believe customers need. They need good, strong, financial advice and financial plan to get them from where they are to where they need to get to. They need to ensure that they're in the right wrappers to make sure that they can grow those investments most tax efficiently, and then they need to have the right investment solutions according to their risk profile and time it right. Those are the three things fundamentally that people need. So, the flow has come in this market, in the UK market, fundamentally through advisory businesses, far more than any other type of channel. Without the flow, you don't get the assets. So, fundamentally, a lot of our profits from owning our advisory business arise in our manufacturing units, if you want to have a corporate term – arise in our investment management units, whether Quilter Cheviot, Quilter Investors, or indeed our investment platform. So, it's a highly profitable, high-growth part of our business. But if you looked at these on a standalone basis, I can tell you, when we first bought Intrinsic, I went along to the board and they said, "You want to spend how much money and how much money does it make, Paul?" So, an individual part of the business, why would you do it? You do it because we're not trying to be separate businesses. We're trying to be one business with peer-leading capabilities that we integrate to provide an integrated proposition to our customers, and that we also provide that choice. So, we own it for the simple reason that, first of all, it's what clients need, otherwise we're only providing a part of the customer proposition. And secondly, it's highly profitable to the Quilter business, even if not profitable particularly within its own advisory fees.

Ed Houghton: So, you want the integrated flows, but you can't incentivise the advisers to give them to you?

Paul Feeney: Don't forget, these are restricted advisers. They can advise off the proposition that they are allowed to advise off. We have a wide restricted proposition. It's not a one size fits all, but at the same time, it's not unlimited choice. And I personally believe that's wrong. You should have better choice. I think most people want better choice, not unlimited choice and not no choice. That's what we do in most other walks of our lives. So, we provide better choice but it is limited, and off that limited panel, if you will, they can choose. And clearly, our products and services feature on that limited panel. I think that was all your – thank you. Further questions? Any questions, JP, from the web? Wow, we got there. Thank you very much, folks. It's been great being on the final furlong. We've got a couple of hurdles still to clear 'til we list the business, which we're aiming to do on the 25th June. I just want to thank you very much for your time today. I know how busy all of you are. We have an exciting business.

We're really excited about the future. As I say, we hope that you've felt today was a valuable exercise and we'll see you on the road. I think there's food and drinks outside, so we'll wander out there. Thank you. Thanks, everybody.

End