



Aberdeen Group plc

Half year results 2025

Presentation transcript

30 July 2025

Jason Windsor – Chief Executive Officer

Good morning and thank you for joining Aberdeen's results presentation for the first half of 2025. I am here today with Siobhan Boylan, our very new Group CFO, who only joined us last week. Siobhan brings over thirty years of experience in financial services, and I am delighted to welcome her to Aberdeen.

Okay, let me get into the results presentation. I am going to kick us off with an overview of the Group's strategic and operational progress in the first half. I will then hand over to Siobhan, who will get into more detail on financial performance and comment on the outlook. And we'll follow up with Q&A. Let me start with a reminder of the Group's ambition.

Our ambition is to be the UK's leading Wealth & Investments group

Let me start with a reminder of the Group's ambition. As I set out in March, our ambition is to be the UK's leading Wealth & Investments group. We are starting from a strong base.

Both of our Wealth businesses – interactive investor and Aberdeen Adviser – offer long-term savings and investments to UK customers. This market has excellent long-term growth potential, driven by the UK population's clear need for great value savings, retirement and investment propositions.

ii was number one by flows in the UK direct-to-consumer market last year. And after another strong performance in H1, ii now serves over 460k customers. ii's excellent service and exceptional value for customers is at the heart of its continued success.

Adviser is the second largest platform, and serves around half of the UK's advice firms, and around 400,000 end customers. We have taken the necessary decision to reprice to ensure Adviser is competitive. And with service levels now restored, and getting better, and with the platform working well – we have set the conditions for Adviser to return to growth.

Our Investments business operates worldwide with AUM of £368bn and has many talented individuals. We believe there are significant opportunities for specialist active asset managers in a transitioning industry, driven by clients' continued need for high quality and distinctive investment solutions. We have been repositioning the business to focus on our strengths and where we see market growth – whilst we further improve efficiency.

All of this is underpinned by a continued focus on client service, technology and talent – more to come on this in a moment. So, turning to our progress in the first half.

Good progress in a year of transition

We are making good progress against the strategic priorities that we set out in March. Under a new executive leadership team, we are delivering through a focus on execution, simplifying the business, and strengthening our talent.

I see 2025 very much as a year of transition for Aberdeen, building a business capable of long-term sustainable growth.

The strong performance of interactive investor in particular – combined with cost discipline across the Group – saw total adjusted operating profit remain broadly flat on H1 last year.

We're a long-term player with a long-term focus. Despite the period of significant macro and geopolitical volatility we saw in the last 6 months – our business has not only proven resilient from a profitability perspective but also laid the foundations for the future. And I'd like to take a moment to thank my colleagues for their skill in navigating this challenging backdrop on behalf of their clients.

Let me now provide a quick overview of our performance, which Siobhan will cover later in a bit more detail.

Strong profit growth in ii, with Adviser reflecting repricing, and a resilient performance in Investments

Taking the businesses in turn...interactive investor continues to go from strength to strength – with operating profit up 25% year-on-year at £69m, whilst maintaining a laser-like focus on efficiency.

In Adviser, the repricing we implemented to enhance our market competitiveness had the expected impact on adjusted operating profit – which reset down by 35% to £42m in the half. This was a necessary step to set the conditions for future growth, and to support Adviser's return to net inflows.

In Investments, we delivered on our transformation program, which mitigated the impact of lower revenues in the half and improved the efficiency of our platform. Adjusted operating profit remained resilient at £35m, £1m higher than the same period last year.

Taken together, we saw adjusted operating profit in the first half of £125m, which compares to £128m in the same period last year. And pleasingly, net capital generation was up 7% in the half to £111m. This supports the dividend, which has been maintained at 7.3 pence per share for the interim. Now, let me take you through the operational highlights from each of the businesses, starting with interactive investor.

interactive investor – sustaining growth

As a reminder, in March we set out the strategic priority for **ii** which was to *sustain efficient growth by building on our differentiated proposition and investing in the **ii** brand*. We also set out the 2026 targets shown on the left-hand side of the slide.

I was pleased to welcome many of you to Manchester last month to the **ii** spotlight event. Richard and his team provided a very insightful deep dive into the business and our exciting new propositions.

I am pleased to say that we have made good progress on all fronts in the first half of 2025. Total customer numbers were up 9% year-on-year to 461k with high value SIPP customers up 27% to 92k. Earlier this month, we completed the integration of Jarvis's retail book and we expect an additional 20k customers by the end of the second half.

Market volatility, particularly in early April, contributed to an increase in customer trading. This activity, taken in combination with our ongoing customer growth, meant daily average retail trades were up 23% compared to the first half of last year.

This sustained growth in customers has been supported by higher customer awareness, reflecting greater and more targeted marketing spend, and of course, customer recommendations. Brand awareness of **ii** is now 30%, up from 25% a year ago – so better but with more to do....

Increased customer numbers have helped **ii** achieve record net inflows of £4bn – up nearly 30% versus the same period last year.

I am delighted that **ii** continues to earn strong market and consumer recognition. We have now won *Which? Recommended SIPP* award for 4 years in a row, alongside many other accolades.

In terms of proposition development, **ii** Community, our new social trading platform, now has over 22k members.

We are excited about the second half – not only do we expect continued growth in customers, but also our new, innovative propositions to serve more customer needs.

These include: **ii** 360, a new platform to support more sophisticated investors; **ii** Advice – our simple, digital advice service – which brings something different and better to the financial guidance market; and, following the success of our Managed ISA last year, we'll be launching a Managed SIPP again designed with Aberdeen Investments to provide more support and guidance for investors who want the convenience of a ready-made package.

These enhancements, combined with the exceptional service and value the platform offers, mean we are well placed to sustain efficient growth and to enjoy the compound effects of gaining a growing share of a growing market.

Adviser – ongoing focus on client service excellence and proposition

Turning now to Adviser. Our strategy for Adviser is to *return to net inflows by enhancing our proposition and delivering leading customer service*, and we set clear targets as shown on the slide.

2025 is about completing the foundational work, to return to growth with three key areas:

First, a strengthened Adviser leadership team – which is now in place.

Second, the necessary decision to enhance our competitiveness with lower pricing, which is obviously painful from a P&L perspective. This has been rolled out to all Wrap clients by Q1 this year.

And finally, Service. As I highlighted on our Q1 call, service levels have been restored, and indeed they improved further in Q2. Our Net Promoter Score was +43 in the first half, up from +34 last year. Other processes, including average speed to answer calls, have also improved, as we continue to invest in the client experience.

During the first half, we continued to refine our partnership strategy with IFAs, to capture growth and drive a healthy pipeline. Our approach is based around a personalised service and support model, and continuous improvement in the integration between our platform and our clients.

In the first half, Adviser had net outflows of £(0.9)bn – compared to net outflows of £(2.0)bn in the first half 2024, and £(1.9)bn in second half of last year. In Q2 2025 outflows were £(0.3)bn, which compares to £(1.1)bn in Q2 last year.

So, while I would never celebrate outflows, the flow trend is showing some encouraging signs.

We remain focused on returning the business to positive inflows as soon as possible, and to get back to winning.

Investments – repositioning for profitable long-term growth

Moving on to Investments. Our strategy for Investments is to *deliver a step change in profitability by repositioning to areas of strength and opportunity and driving improved efficiency*. Consistent with this focus, the business showed steady progress in the first half.

3-year Investment performance versus benchmark has improved to 71%, up from 60% at full year 2024, which is slightly ahead of our 2026 target. Of course, we should not forget there is still more work to do to improve equity performance, in particular, in Asia.

Under Xavier Meyer, we have further strengthened the Investments leadership team, with the appointment of John McCareins as the new Chief Client Officer. With the right leadership team in place, we're executing against our strategy and targets, and positioning the business to succeed in a rapidly changing market.

The ongoing trend towards passive strategies continues to put pressure on revenues and margins. We are responding with a market leading Quant proposition, and by always focusing on improving efficiency, including renegotiating third-party contracts, simplifying processes, and leveraging technology and AI.

In terms of flows, we are seeing encouraging trends in Institutional & Retail Wealth, which represents almost 60% of our investment business by AUM. Excluding liquidity, gross inflows in I&RW were £9.3bn higher than last year at £21.9bn. This was driven mainly by our success in Quants and Fixed Income, this is the highest level of gross inflow for over two years.

Insurance Partners saw net outflow of £4.5bn in the half and looking forward we expect our mix of business with Phoenix to evolve.

We continued to accelerate in Wholesale and Private Markets, which are areas of specific opportunity that we flagged to you in March. During H1, we launched two active ETFs – which actually listed on the LSE yesterday, and we won a Long-Term Asset Fund mandate with Scottish Widows. You may also have seen our Fund Finance launch, a strategy which has raised over £500m year-to-date.

Transformation on track to deliver >£150m savings by the end of 2025

Turning now to progress on our transformation programme. The programme has continued to deliver very well against the targets we outlined at the start of 2024, driving significant savings and bringing benefits to our clients and colleagues, and setting up Aberdeen for the future.

We are on track to hit our target of *at least* £150m of annualised savings by the end of this year. As at the end of H1, we've achieved £137m of that.

Under the leadership of Richard Wilson, our Group COO, we are beginning to realise tangible improvements in operational efficiency – driven by streamlined processes, enhanced operating models, increased automation, and more strategic deployment of technology and AI.

These improvements in efficiency are, in turn, creating additional capacity for us to invest in the business, to drive long-term profitable growth while still delivering a significant reduction in overall expenses. Continued focus here, beyond meeting the programme's target, is critical to meeting our profitability ambitions.

And lastly, let me cover my strategic priorities and the Group targets.

Delivering against our strategic priorities and Group targets

My final slide shows the three priorities I set out one year ago, which are all about execution and delivery and we have made good progress across all three.

I have already talked about how we are '**Transforming Performance**', including focusing on where we have competitive advantage, growing fast in interactive investor, turning around flows in Adviser, and targeting a step change in profitability in Investments.

In terms of '**Improving the Client Experience**', my overriding objective will always be to support our clients to achieve their investing goals, be it through improving investment performance or winning in UK Wealth by differentiating through client experience. We will continue to invest wisely in our platforms to maintain our competitive edge.

And third – '**Strengthening our Talent and Culture**'. This has been, and will remain, very important to me. The leaderships teams at Group, in Adviser and in Investments have been overhauled, adding some key people into critical roles. We need our people to have belief and confidence in Aberdeen and a culture that is always looking at ways of being better for our clients. We are heading in the right direction.

So, before I close, a quick reminder of our Group targets. We're targeting at least £300m of adjusted operating profit in 2026. And together with the much lower expected restructuring costs, and the new pension arrangement we outlined in March, we're targeting net capital generation of around £300m in 2026, which, of course, will support the ongoing dividend.

These targets are ambitious, but whilst my team and I have our feet on the ground, we do have real ambition for this Group. I will now hand over to Siobhan, who will provide more details on our financial performance.

Siobhan Boylan – Chief Financial Officer

Thanks Jason and good morning, everyone. I'm delighted to be here. It's an exciting time to be joining, with lots to do and I look forward to meeting many of you in the coming weeks and months.

So, let me provide a summary of the key financial highlights from the first half.

Delivering a resilient performance in H1 2025

We're seeing good progress across the Group. In interactive investor we have sustained the strong performance reported in recent periods. In Adviser we have seen a significant improvement in flows, and in Investments our Institutional & Retail Wealth business has seen encouraging gross flows.

We are also focused on improving efficiency, with adjusted operating expenses down 7%, benefiting from the ongoing Transformation savings Jason has already covered.

Adjusted operating profit at £125m has been broadly steady, with strong growth in **ii**, and continued cost discipline in Investments offsetting the impact of the strategic repricing in Adviser.

Net capital generation is up 7% to £111m. This does not yet take into account the action taken to unlock the value from our DB pension surplus, which we announced at our full year results and will deliver c.£35m of annual benefit from the second half onwards.

And finally, we have maintained our dividend of 7.3 pence per share.

H1 2025 financial performance – overview

Turning to the Group's financial performance in a bit more detail.

Adjusted operating profit of £125m was 2% lower than the prior year. This is a resilient performance, given heightened market volatility in the first half and the previously announced repricing and the end of the outsourcing discount in Adviser.

Adjusted net operating revenue is 6% lower at £628m, with strong growth in **ii** being offset by Adviser and a continued change in the asset mix in Investments.

Progress in the Transformation programme has helped deliver a 7% reduction in adjusted operating expenses to £503m after taking into account increased investment in **ii** to support long-term growth.

IFRS profit before tax of £271m is 45% higher than in H1 last year. This significant improvement principally reflects a gain in the market value of our Phoenix stake.

Adjusted capital generation is up 1% to £145m, with net capital generation up 7% to £111m benefiting from lower restructuring expenses.

interactive investor – 25% increase in profits and record net inflows

Turning now to performance in our 3 core businesses in a bit more detail and starting with **ii**. The strong organic growth seen in previous periods has continued, with total customers increasing by 9% year-on-year. This includes a notable 27% increase in customers with a SIPP – which we know tend to be higher value on average.

Net flows are up 29% to £4.0bn, with net flows of £2.4bn in the second quarter benefiting from a strong tax year end. This, along with the benefit of positive markets, means AUMA is up 9% compared to the end of 2024.

Revenue is up 12% to £154m. Within this, trading revenue was up 36% to £45m, reflecting customers' increasing engagement with the platform's trading capabilities as well as elevated activity levels during the period of heightened market volatility.

Treasury income is up 10% to £75m, with the average cash margin of 221bps at the upper end of guidance.

Subscription revenue is flat, despite the increase in customers, reflecting continued investment in acquisition such as the use of promotional offers and greater uptake of our *Essentials* pricing package.

Revenue from Advice in the Financial Planning business was 8% lower at £12m.

Higher expenses reflect investment in brand awareness, technology developments and the business's capacity to support future growth.

Operating profit has increased by £14m or 25% compared to the first half last year, with the scalability of the business reflected in an improved cost-to-asset ratio of 21bps compared to 24bps in H1 2024.

Adviser – Improving flows, lower profit reflects actions to return to growth

Now switching to Adviser. Restored service levels, enhanced platform functionality and our competitive repricing have led to a significant improvement in net outflows which are lower by £1.1bn compared to the first half last year.

As a result of the actions taken, revenue was 14% lower at £102m. The actions were necessary to return the business to sustainable growth, including the rolling out of repricing to the back book earlier this year as well as additional strategic pricing initiatives for large cases.

Revenue was also impacted by the sale of threesixty last year. As a result of these factors, the revenue margin in the business was 4bps lower at 27.4bps.

The treasury margin was 257bps, compared with 263bps for the first half of 2024.

We previously communicated that Adviser would see an end to a temporary third-party outsourcing discount. This has now ended, and together with investment in the client proposition, this has led to higher expenses overall. This was partly offset by the sale of threesixty.

Taken together these factors resulted in a reduced operating profit of £42m.

Investments – Resilient performance benefiting from efficiency focus

On to our Investments business. In our Institutional & Retail Wealth business, net flows excluding liquidity were up £3.8bn versus the first half of last year at £1.8bn.

For Investments overall, AUM was broadly flat, with positive markets largely offsetting net outflows from the heritage Insurance Partners business which is in structural run-off.

Changes to the asset mix have resulted in a reduction in the revenue margin. At £371m, revenue in Investments was 9% lower than H1 2024. The impact of lower revenues was offset by positive markets and cost savings as the business continues to focus on improving efficiency.

Adjusted operating profit was £1m higher at £35m.

Net capital generation benefiting from lower restructuring expenses

Turning now to capital. Net capital generation is up 7% at £111m. Breaking that down, adjusted capital generation is up 1% at £145m while net restructuring and corporate transaction expenses were down 15% to £34m compared to £40m in the first half of last year.

While not yet reflected in the results we are reporting today, we are now able to unlock value from our DB pension surplus to fund our DC pension contributions. This will result in a c.£35m annual increase in net capital generation, starting in the second half of this year.

Strong capital base and additional assets

And now if we turn to look at our capital base. We continue to benefit from a strong capital position with CET1 of £1.5 billion, covering 139% of our regulatory requirement.

This is further enhanced by £0.8 billion of gross AT1 and tier two debt, £0.5 billion of which contributes to that regulatory capital.

In addition, we have £1.5 billion of net assets not included in capital. This comprises a £0.8 billion IAS 19 surplus as well as our £0.7 billion stake in Phoenix from which we received £56 million in dividends last year.

2025 financial guidance and outlook

And finally, I would now like to provide some guidance regarding our expectations for full year 2025.

In interactive investor, investment has created capacity for sustained growth in customers, net flows, revenue and profit. The cash margin for full year 2025 is now expected to be between 210 and 220bps.

As already highlighted, the revenue margin in Adviser has been impacted by the rolling out of the platform repricing to the back book earlier this year. This and other strategic pricing initiatives are expected to be reflected in a revenue margin of c.27bps for the full year.

In Investments, we now expect the revenue margin for FY 2025 to be c.20bps due to ongoing changes to asset mix.

We have clear plans to grow in our focus areas in Institutional & Retail Wealth and expect our business mix with Phoenix to evolve over time.

Expenses in Investments will continue to benefit from Transformation savings and we are on track to deliver at least £150m of annualised cost savings by the end of this year.

Thank you and I'll now pass back to Jason.

Jason Windsor – Chief Executive Officer

Thank you, Siobhan and thanks everyone for joining us. That brings us to the end of the presentation. As I mentioned at the start of the call, we will be hosting a conference call with our analysts at 8.15am.

Q&A

Enrico Bolzoni, JP Morgan: I have a few questions on Adviser, where there has been a pronounced improvement in the flow picture. Can you give us some colour on what the exit rate was in the quarter in terms of redemptions? Do you see that improving further as we enter the third quarter? How do you see your target of achieving at least a billion in flows by next year? Do you think you are running a bit ahead of schedule there?

My second question is on Investments. Performance seems to be improving, and the flow momentum seems to have improved as well. Can you give us some colour in terms of pipeline and the possibility of you winning additional mandates over the coming quarters?

Jason Windsor: In Adviser, we've seen steady progress this year and month-on-month. We've seen lower outflows and slightly higher inflows – more on the outflows than the inflow side in terms of movement in the percentage sense. You can see the little chart in the presentation. It does show nicely the quarterly progression from around a billion out per quarter last year and then the improvement this year.

We're not changing our flow target for 2026. We still think that's actually quite ambitious to go from a business that was losing a billion a quarter into a net inflow position next year. There's still a lot of work to do and it takes time. And that's work with IFAs to build their confidence, to get out there and

strike the relationships – and it is a lot of shoe leather frankly, going out around the country, meeting people, building confidence, and getting them back onto the platform.

On Investments, we've had a good first half. There were some ups and downs – as you've seen – through that. So, the net figure in IRW – as we mentioned – was £0.4 billion, but gross flows are up. Strong growth in fixed income and quants in particular. You can see that in the numbers.

I think we've seen a better Q2 in equities than we had in Q1, but it's still in outflow. We're continuing to work on that and – as I talk about often – we're trying to change the shop front to get the product that people want to buy in front of them. And deliver new things into the marketplace so that we can create growth across the waterfront. And we can see that the pipeline is good. I wouldn't say spectacular. We are continuing to – I use the term shoe leather again – it's about getting out there, being proud about our performance, our products, building those long-term relationships and being really focused on growth over the next three to five years.

Siobhan Boylan: And just to add some colour on Adviser, clearly the focus on the Net Promoter Score being +43, getting that consistency, will encourage the gross inflows. But as you see, it is a step change in the outflows that is driving this performance.

Hubert Lam, Bank of America: Three questions from me. Costs were better in the first half, I'm just wondering how should we think about the full year now in terms of costs?

The second question is about the fee margin in Adviser, 27.4bps is quite a bit lower than expected. How should we think about this for the full year and into 2026?

And lastly, investment performance was a bit mixed. Equities is still pretty lackluster. Has that been a deterrent in terms of new flows going into equities? What are your thoughts around performance and where do you think it can get?

Jason Windsor: On the cost side we've hit £137m run rate. So that's not all through into the P&L, just to be clear. So, of the £150m transformation target, that's a gross target. It doesn't all flow through. And you can see there's a little chart in the presentation – you can see the half by half progress on absolute cost reduction through that. We've got momentum into the second half from the actions that we've already taken. I think that the second half broadly is going to be a repeat of the first in terms of trends. And you can see that – in terms of profitability and trends – with more cost out supporting the level of profitability. And we've got confidence in that.

We are investing to grow though in our select areas. We are not pulling costs out everywhere. We're making a decision to be more efficient, we're reducing inefficiencies, taking out waste, being selective. But in **ii**, in Adviser, and in our growth areas in Investments, we are supporting and growing the business.

But I would expect a similar trend in 2025, second half to the first. I would then see cost efficiency being absolutely critical to our success in 2026 and beyond. There's going to be no slacking off of our focus on being an efficient platform. Why? That's what I see – and I know Siobhan would agree with me, and Richard Wilson would agree with me, and the whole leadership team – that is our source of competitiveness. And as we look further forward, we can continue to invest in the business by being absolutely focused on efficiency.

I'll do the performance one. You're right, clearly we're not sitting still. Our challenges are mainly in the Asian product – which is in the GEM product – by scale of AUM. That's what comes through. We've been faithful to our style. I know Peter Branner, the CIO, has implemented numerous improvement initiatives working with the equity team – which are working. 'Quality' has underperformed as a style, as a factor, the last 12 months or so, particularly in China and across parts of Asia.

But we've got really good performance in our GEM income product and in our Smaller Companies product, in both UK and Europe, in some of our thematic products. Equities are still a broad church for us, and we've got things that are selling and are at the front of the queue in terms of the shop window. We've got other things that we're continuing to be faithful to our investment style and deliver to the client what they bought.

Siobhan Boylan: And just to touch on the revenue margin – so, as we indicated at the beginning of the year, we did expect to see some repricing to the back book – that was about 3bps. You can see that coming through in the numbers. And if I look forward, I'd expect the 27bps to be – and we've given guidance on that – that would be through into 2025 and onwards. So that gives you an indication of the impact on the revenue margin.

Mandeep Jagpal, RBC: Three questions from me. First one is you stated today that you expect the business mix with Phoenix to evolve over time. Could you remind us of what this evolution is and whether it'll have a notable impact on the outlook for either flows or margins? I guess I'm thinking here in the context of their future capital JV they have with another asset manager, which will attract a large portion of the higher margin DC flows.

And then on I&RW follow up question, growth flows are particularly strong. Are you able to provide any details on which client channels these flows are coming from? So, retail versus institutional and regionally? Trying to get a sense here of where the improvement in flow performance is coming from.

And then just a modelling question, the £35m benefit to capital regeneration from the DB scheme. How should we model this in terms of H1, H2 and in future years and should we only expect half the amount in FY25?

Jason Windsor: Phoenix is continuing to implement its own strategy. We've seen an evolution of that over time. Big picture, from equities, they've largely moved from active to passive. I think we'll see that probably continue – so that's part of the evolution. They've also got no appetite at all to run policy-holder assets themselves. So, we will continue to support them and be their strategic partner on the policy-holder side. They've got some appetite on the shareholder assets – if I can use that term – which is the balance sheet, fixed income assets from annuities, to manage that in-house. So that will be a feature as we look further forward. I've not got any specifics to guide you to, but I think we'll see directionally more on the policy-holder side, and slightly less on the shareholder side.

On the I&RW flows, the large wins in fixed income were in Europe from big institutions, they were major institutional wins. The quants were mainly in the UK and was mainly from large insurance companies. We did have some nice little wins out of the US in equities, and we had some nice wins out of Asia, but they were more in the hundreds of millions rather than the billions. I'm not going to name check everything – but the big flows were those European and UK institutional flows.

Siobhan Boylan: And then finally on the modelling of the DB pension scheme surplus, so it should be £35m, that's the full year effect. So, in the second half, you'd expect to see half of that come through.

Nicholas Herman, Citi: Three questions from my side please. So, on Adviser, can you talk about the competitive dynamics in that market? Is it still as strong as it has been in the past? And are you therefore seeing flows momentum getting progressively easier as you've implemented your self-help in terms of service?

Second one, on costs. What areas are you and Richard working on to develop potential additional cost savings and when do you think you might be in a position to communicate that work to the market?

And then the final question I had is in on interactive investor cash balances, which are around 8% of AUA. Beyond rates, can you remind us of the factors that will drive the variance in your cash margin guidance? Then on the cash balances side, how are you thinking about the outlook from that 8% evolving today given tailwinds from growing SIPP penetration versus potentially evolving customer client allocations?

Jason Windsor: I haven't got any great statement of insight unfortunately on the Adviser competitive dynamics, there are some qualified competitors, people who have got different strategies, whether they're offering more integrated propositions – which some do, without getting into names, you can work out who that is. We pride ourselves on our independence and we partner with IFAs as an independent partner – and that's our differentiation. We've got an MPS product that we will be seeking to expand into that marketplace. We've undershot – I think – we know where we ought to be in that, so that's an opportunity for us to compete.

But the sources of competition are – clearly – service number one – and we've really got our act together in that regard. We've invested in the platform – we've got a modern platform, and we've worked really hard the last 12 months to improve that and we're going to go further. We want to go from meeting people's expectations to delighting them. That's going to take us some time. There's going to be effort required and skill required, but that's what we're aiming to do, to differentiate ourselves, to beat the competition. Because frankly they're quite good. Some of these guys, I mean I don't mind saying that. So, to get out there and win, you've got to be really good and we're absolutely up for that.

On the cost side, it's a little bit everywhere. With Richard's new leadership and new vigour for the programme, we had a plan, the £150m plan, which we are pretty much through, though we haven't finished, and we always said it was at least £150m.

We've not been as sharp as we could have been with third parties. And that applies to some of our big outsource providers, to some IT arrangements, to some market data, and that's where some of the big bills are. The headcount is down a little bit, in line with plans, but the big source of this is absolutely not the headcount. And we've been taking it out of operations, IT, and last year we largely took out the functional cost. There might be a little bit more to do on that.

We will continue to ask ourselves questions about how do we do better? How do we automate wherever we can, how do we use data more intelligently to support the front office? Within transformation, it's not just about cost out, it is about better. And we think we can do both, particularly on the automation and use of data side.

Siobhan Boylan: And it's about cost culture as well; it's about being efficient across the platforms. Clearly, we need to invest, but it is in certain areas, there is a focus on achieving those cost targets and beyond.

Jason Windsor: On the **ii** cash balances, they popped up slightly at Q1. I think people hadn't quite invested. I think the broad trend would be in line with customer and AUA growth across the piece. I think you're right, SIPPs are slightly higher tilted to cash, probably more like 10% than just over 8% for the overall book. So, I mean obviously SIPPS are growing, it's sort of three times the overall book, so that will flow through slightly, but it's not going to be a huge factor. I think on average the cash will grow in that range that we've seen, maybe ticking up just slightly as a percentage of AUA and – as you say – the margin is what it is. We hit I think 2.2% in the first half. We are not going to be miles off of that. We'll probably be in the 2.1 to 2.2% area for the second half.

Nicholas Herman: That's helpful. Back on the cost point, I mean when you announced your 'at least £150m' target, you were pretty insistent that you could deliver those with very limited revenue attrition, and it sounds like with any incremental cost saves you're repeating that message.

Jason Windsor: Absolutely. I like to say we're re-engineering the business – rather than swinging through it to take out capacity – such that we can provide a business that's got a much more efficient operational platform, and it allows us to grow. So, it's about taking out waste, automating, being faster, and allowing the business to add value when we add new assets.

Charles Bendit, Redburn Atlantic: I had a follow up on the Phoenix relationship. In addition to the active to passive shift, I think you mentioned that there was some appetite on Phoenix's part to manage some shareholder assets in-house i.e. assets in the underlying annuity business. Can you just remind us what the split here is between policyholder and shareholder assets in terms of existing business that Aberdeen manages for Phoenix?

And then the second question was on flows. Besides quant, it looks like the standout was a large gross inflow contribution from DM credit. Just wondering if you could give us some colour around this. Was it single mandate driven, broad based demand? Is the strategy meaningfully outperforming peers or is the category just strongly in favour at the moment?

Jason Windsor: I don't know exactly the answer to your first question. I think that they've got about £30 billion of annuities. We probably run half of that give or take. So, it's about 10–15%. I'm going to guess, it's in that range of assets that back annuities. It's more a question for them than for me, but that's not going to be far off.

On the credit side – we had a couple of large mandates that came through there, which were significant and there were a number of wins that were smaller. There was one just over a billion and then the rest were in the sort of hundreds of millions through that. Was your question just on DM credit, just to be clear?

Charles Bendit, Redburn Atlantic: My question was on DM credit because it looked like – unlike the other categories – it saw a £5bn gross inflow in the period.

Jason Windsor: Yes, there was one “billion” mandate and then a number in the half a billion or several hundred million category.

Gregory Simpson, BNPP Exane: First question is **ii** cost, which were up 4% year-on-year, the cost-income ratio is now at 55%. Can you talk a bit more about the outlook for cost growth given there's a pipeline for new products and some of your peers have talked about not wanting to over-earn too much on margins, so just any thoughts on whether **ii** is doing the right amount of marketing for instance?

Second one on **ii**. Again, if I look at the account fee line, it's been this kind of £26 million per half level for the last three and a half years. That's despite good customer growth. So, can you maybe flesh out a bit more what's going on and when we can expect that to converge better with customer growth?

And then thirdly on Investments you've got \$13 billion of US ETF AUM. I think a lot of that is in commodities. Can you maybe talk a bit about the competitive position and how Aberdeen is seeing the outlook in what's really quite a competitive marketplace?

Jason Windsor: I'll take the second question first. The easy part to answer is the outlook. I think from the second half onwards we'll start to trend more toward customer growth. We've seen a little bit of change in product mix and the way that incentives have gone through as we've stepped up marketing. I think I said this on previous calls, there's a sort of a one-off effect as we up the marketing that is offset to subscriptions, but from the second half and into 2026, I expect that number to trend more in line with customer growth.

I think we talked – Richard more precisely and his team talked – in Manchester about the brand and marketing investment that we've made. We stepped that up materially last year and then a little bit further this year. We're broadly comfortable with the level that we're at. We continue to see real upside in the brand awareness of **ii** across the whole marketplace in different areas. So, we do see

real return on that investment in brand from the base that we're at and that will be a good fillip to the growth outlook of the business.

On your specific question around the proposition growth, that's already kind of in the numbers, so there's nothing new. We've been building them, we don't capitalise a lot, so that's actually already in the figures. We will continue to spend money as they go from build to operate, but that's what you'd expect. So, I'm not expecting a step up.

In fact – I touched on this without saying explicitly – efficiency – and we measure that in **ii** by the cost-to-asset ratio, is absolutely a core part of our success. The business is very, very good at managing its efficiency and we'll continue to do that. We think that places us well and that allows us to offer that very attractive price point for customers.

On the US side, you're right, most of that is in the commodity product. I mean it's been a remarkable success for us. There were points during Q2, we were taking in \$80 to \$100 million a day as it has been tracking up quite nicely. I don't have a lot to say about it. I mean it is clearly playing in a market with real tailwinds and it's a well-structured, well-managed product at a good price point.

Bruce Hamilton, Morgan Stanley: Firstly, on revenue synergies within the business. You mentioned the Managed SIPP at **ii**, that's going to be provided by Aberdeen. Have you identified other areas that you can drive revenues through cross-sell across the three divisions?

Secondly, on the pension surplus, obviously we're going to get this nice benefit running through from the second half onwards, but is there any scope for a more substantial one-off capital return and just understanding where we are on the process in terms of getting the approvals that might be necessary or is that not the way you want to move forward?

And then finally, on active ETFs, can you just remind us which products you've rolled out and how you're thinking about the pipeline for new products there?

Jason Windsor: The revenue side of the synergies across the business are on the Managed ISA side. We've seen a good launch of the Managed ISA through interactive investor, which it is not solely provided by Aberdeen Investments – ultimately **ii** is responsible for the product – but they provide the skill in the multi-asset structuring and provide some of the componentry. That will be a similar product structure for the SIPP, which will be launching in the second half.

We've also launched the two ETFs that we listed in London yesterday onto **ii**. I'm not going to expect the floodgates to open on that. But we continue to be able to get our products – in the right way –

into the market because of the distribution asset that we have. Within Adviser – I touched on this a moment ago – we've got an MPS offering. We had MPS within Adviser and Investments. We've moved it all into Investments. That is now where the skillset sits. And we've definitely got plenty of runway to improve our MPS – and the team in Adviser are acutely aware of that. So there's much further that we can do.

On the pension surplus, we stay vigilant as to moves by the Chancellor to change the run-on regime. There's nothing specific out there. So that's an opportunity that we can't assess properly until it comes up. As I've said to you, that might lead to some capital being released from the surplus, but I think that's part of the objective that the Chancellor is trying to achieve.

On the more traditional buyout side – as I've said – we don't have the tax clearance that we would need to pursue that. So, it's not an option available to us currently. If that changed, that would then be thrown into the mix. But we're quite comfortable with the arrangement that we've reached. We're not inclined to sort of chop and change, but there is value now coming through to shareholders from that significant surplus, which has built up over many years.

On the ETFs, the US is in more of a transition to active ETFs. We're not huge in the US but we've moved to active ETFs where it makes sense. The two that we launched a few months ago in Europe, and they listed in London yesterday, are a future supply chain ETF and future raw materials product. So, they're both run by the equity team here in the UK. We continue to be keen to provide that product to those that want to invest through an ETF. We still see a lot of demand for SICAVs or OEICs in Europe – to be clear. Distribution is more teed up around that. So, whilst it's important that we have that offering, we will continue with the more classic products as well.

Michael Werner, UBS: Just one from me regarding interactive investor, obviously market volatility towards the end of Q1, beginning of Q2, led to very strong trading activity and we saw that in the daily average trades. But as we exit Q2 and enter Q3, has there been evidence of investor or trading fatigue? Where do you see the trading activity as we go through the second half of this year as a result?

Jason Windsor: You're right, we did see quite a pickup in that period. I think we were up about 23–24% on the daily average retail trade volumes vs H1 last year. I think there's certainly no slow down versus trend. If we take trend as being last year, I think we'd expect it to remain – at least consistent with the growth in AUA and with customer numbers. Which is therefore 10-ish percent growth – customers slightly below, assets slightly above that. But no, we've not seen – in July at least – a discernible step down. And it's probably slightly elevated relative to the figures from last year.

Q&A ends

Well, thank you very much everybody for joining. We really do appreciate you joining, listening to the presentation and the Q&A. We think we've had a good first half. As I said, we're set up to continue into the second half.

We're absolutely focused on delivering the growth ambition that we've set out in those targets. So, expect to hear more from us on that topic. And I look forward to seeing you all in due course. Thank you.

Transcript ends

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