

Aberdeen Group plc

Q3 2026 trading update

Call transcript

21 October 2026

Jason Windsor – Chief Executive Officer

Good morning everyone and thank you for joining Siobhan and me for our Q3 call.

I'll start with a brief comment on each of the businesses, before handing over to Siobhan to take you through the detail, and we'll finish with Q&A.

In the quarter, we have remained firmly focused on delivering against our strategy and building on the progress we have made throughout the year.

Group AUMA was £579bn at the end of September, which is up 4% year-to-date from £556bn, mainly reflecting positive markets.

Once again, strong growth in **interactive investor** continued in the quarter, underlining the ongoing appeal of ii's customer proposition. Testament to this is net inflows, up 32%, and a continued increase in customer engagement. ii's record of delivery continues with the recent full launch of ii Advice, ii360 - our advanced trading platform - and also our enhanced Premium Service.

In **Adviser,** AUMA was up 5% year to date, with net outflows of £0.7bn, in line with Q2. So as we said, getting to net positive is taking longer than we anticipated. One positive I'd like to highlight is the increasingly better performance of Wrap: with gross flows of £4.1bn year-to-date, that's the highest for 5 years. Wrap, as you know, is our critical go-to-market proposition and is gaining much greater market support. We are confident that, with our strengthened management team, the changes we are making will successfully position the business to meet the needs of a rapidly evolving IFA market.

In **Investments**, we have seen good momentum across key strategic growth areas. I'd just like to highlight how pleased I was to welcome the Herald team, to have added the MFS assets, and that Tritax Big Box REIT successfully raised £350m in a primary offering.

Now, as you know, earlier this month we sold half of our Standard Life stake, generating around £430m. This is consistent with our strategic focus on simplifying the Group.

We have a long-standing relationship with Standard Life. Our 10.3% shareholding was very large and now, with just above 5%, we retain a significant shareholding, and we remain a key asset management partner.

Just looking ahead into the final quarter, we remain confident in delivering our full year 2026 Group targets of adjusted operating profit of at least £300m and net capital generation of around £300m.

And with that, I will now hand over to Siobhan

Siobhan Boylan – Chief Financial Officer

Thanks Jason, and good morning everyone.

Starting with **interactive investor**, where growth remains very strong. Total customers reached 533 thousand, up 8% year-on-year, with SIPP customers increasing 34% to 131 thousand. In a seasonally quieter quarter, net inflows were £2.5bn, up 32%, with year-to-date net inflows of £9.3bn, 58% higher than the prior year.

Trading activity remains on average higher than last year, following the elevated trading in the first half, with daily average retail trades of 28 thousand, up 6% compared with Q3 last year.

Record net flows over the 9-month period, coupled with positive markets, were reflected in AUMA of £112bn, up 19% year-to-date. Customer cash balances were £8.3bn.

In **Adviser,** net flows remain challenging, with net outflows of £0.7bn in Q3 unchanged relative to Q2 but slightly weaker year-on-year. Within this we saw higher gross inflows into Wrap and continued inflows into MPS. AUMA across the Adviser business of £85bn was up 5% year-to-date, reflecting positive markets.

We have seen good traction in Aberdeen SIPP following its launch in December 2025, with AUM now nearly £1.5bn. We also completed the insourcing of customer service teams in July, giving us greater control of the end-to-end customer experience. We saw continued improvement in our net promoter and CSAT scores.

In **Investments**, within our **Institutional & Retail Wealth** segment, net inflows excluding liquidity were £1.0bn, compared with £0.2bn in Q3 last year. This included net inflows of £0.9bn in fixed income, £1.1bn in real assets and £0.8bn in alternatives. Real assets growth included positive inflows relating to our partnership with Border to Coast and rail infrastructure projects, while net flows into alternatives primarily reflected positive commodity ETFs.

Equities remained a headwind in Q3, with net outflows of £1.9bn, although we have seen positive momentum and net flows across our GEM income product range.

Insurance Partners had net outflows of £2.5bn in the quarter, which largely reflects Standard Life's heritage business in run-off.

Investments AUM was £393bn with the reduction in Q3 driven by outflows and adverse markets. This was partly offset by the acquisitions of Herald Investment Trust and the MFS closed-end funds.

Turning, lastly, to the **Group**. As Jason referenced, earlier this month we reduced our stake in Standard Life, generating around £430m. We intend to deploy these proceeds in accordance with our capital allocation policy.

Consistent with this policy, and as indicated at our half year results, we have notified relevant bondholders that we will redeem £210m of Additional Tier 1 debt at its first call date in December 2026.

We are confident in the delivery of the Group's Full year 2026 targets of adjusted operating profit of at least £300m and net capital generation of c.£300m.

I will now hand over to the operator, and Jason and I will be happy to take your questions.

Q&A

Hannah Leivdal, Citi: Good morning and thank you for the presentation. I just have three questions if I may please. Two on capital and then the last one on ii.

So firstly, could you please talk a bit more about the rationale for the [Standard Life] stake sale? I appreciate that you would've lost the board seat anyway and that the commercial agreement is different to the shareholding. However, the obvious question is still why sell the stake, especially given the merger with Aegon UK and when Standard Life is starting to enter into strategic partnerships with other managers too, it just seems a bit like a risk to me.

And the other question on capital is that, following the stake sale, you'll be approaching £1bn of surplus capital versus the lower end of your target capital coverage range, even after repaying the AT1. So how confident are you of deploying that capital to support growth and is it reasonable to assume that the preference is to deploy the capital into the wealth part of the business?

And then the last question on ii. Cash balances have fallen to 7% of AUA, which is the lowest proportion possibly ever, but certainly for years. And I don't want to over-extrapolate one quiet Q3, but wondering whether you've seen any change to customer behaviour regarding cash and whether your thoughts on a normal level of cash have evolved over time. Thank you.

Jason Windsor: Good morning, Hannah. We'll take them in the order that you asked them.

So, the rationale for the sale. When we looked at it, Standard Life had had a good run in terms of its share price, and having an allocation of what was the best part of £1 billion to one company, it felt like it was an opportunity to put that more in proportion with the level of the trading relationship - which we do enjoy with them and we do value. So, we thought it was a good chance to put that more into balance.

You shouldn't infer anything from that about our lack of support to them or our relationship on the asset management side. As you say, and what I said was, we do see the Aegon opportunity as an opportunity for us and we continue to work with Standard Life in that regard.

I'll let Siobhan comment a bit more on capital, but from a priority perspective. I think I've said this, certainly at the ii round table and when we've had other conversations, that if there were available opportunities to deploy capital, particularly in the world of ii, we would pursue them. There aren't. And so, we continue to trade very well, we continue to monitor, we continue to think that through. But that would be a priority, as would investing in the business where we see good returns and good growth more generally.

As for the overall capital position, Siobhan, do you mind commenting on that?

Siobhan Boylan: Thank you for your question, Hannah. We're quite comfortable, as we said, to travel at the top end of the range. We will continue to be disciplined in our capital deployment. And, as we've said, we will pay down debt and then invest to grow in the business. As you can see today, we have notified our bond holders, so we're doing the first part of that. And we've got more to do in the future as well. So hopefully that covers the question on capital.

If I can come to the cash balances in ii - they are £8.3bn. I think it's around 7.5% [of AUA], so it is slightly lower. We have seen people hold more in gilts, at the moment, due to rates, and we are earning more from a rate perspective. So, whilst the balance is slightly lower, and we did see people holding higher cash in the first half as they took time to deploy into assets, we're quite comfortable with the mix that we've got there.

Hubert Lam, Bank of America: Hi, good morning. Thanks for taking my questions. I've got three of them. Firstly, on the Standard Life stake, so you have another 5% that's left. What are your plans for that? Do you plan on keeping it or could you monetise that also in the future?

A second question also relates to the question around the proceeds from the stake sale. So, you've already earmarked half of it to pay off the Tier 1 debt. Would you also consider paying off some or all of the Tier 2 debt? And would you consider also doing a share buyback, if possible?

And lastly on equities, I saw that there's another almost two billion of outflows in the quarter, despite your commentary being a little bit more positive, or more constructive, on the outlook. Can you just talk about the outflows in the quarter from equities, what's driven that and how you think about the trajectory in the next quarters? Thank you.

Jason Windsor: Okay, I'll kick off with a couple of comments on Standard Life. I think Siobhan covered the excess capital point already. To your direct question, no, we're not considering selling the other 5%. But, of course, we could if we had another use of capital that was superior. It is a liquid stake as we've shown. But there's no consideration of that. And as I said a moment ago, we do feel that that puts us more into balance with the trading relationship that we have and we are continuing to work with Standard Life across multiple projects.

I think from a use of proceeds perspective, we've said all along that we want to lower debt. The last couple of years, we haven't had any debt to reduce. And whilst I just said we would look at alternatives to invest in the business, of course, if there aren't any, we'll think about other things that we could do. And once we've got the debt into a position that we're more comfortable with, of course, things like capital return to shareholders would come onto the agenda. It's just not something that we're flagging today.

Siobhan Boylan: Just to reiterate that, we said in both the full year results and the half year, we see our [medium-term] debt at around the £450m range. You can see what we've done with our AT1. We have got a Tier 2 bullet, so we will look at that. As the first application of capital proceeds, we will continue to apply our capital allocation policy in a disciplined way.

If I can touch on the equities, we have seen outflows in the quarter. To give you a bit more colour around that - some of that is due to asset allocation, a little bit on performance - but actually if I look underneath at the equities in our emerging markets, and particularly in GEM, we've had a billion of gross inflows extra from this time last year come into that range. So, we can see the improvement in investment performance translating, as we've spoken about, into pipeline and converting. So, within the book, we are seeing some positive movements there.

Enrico Bolzoni, J.P. Morgan: Thank you for the presentation and for taking my question. I just have one. With inflation that is growing again in the UK, I was thinking about your pricing structure with ii and the fact that you have a flat fee that doesn't benefit from a natural inflation hedge as assets grow. So, I was wondering how should we think about pricing there and operating margin within the ii business in a cycle where we see a bit of inflation again for maybe another couple of years in the UK?

Jason Windsor: We reset pricing earlier this year and we would expect that to serve us well for some time. The key thing in ii, for us, is the asset growth that we have enjoyed, both from net flows being well over 10% of AUA and from market growth, is operating leverage is significant. So, we can see the cost-to-asset ratio has fallen quarter after quarter, and we continue to track that as a point of our competitiveness and our profitability. So, inflation, of course over time we'll keep an eye on it, but I wouldn't anticipate any near-term adjustment to our pricing structure.

Charles Bendit, Rothschild Redburn: Hi there. Thank you for taking my questions. I have three, please. The first one is on the Investments revenue margin. Just wondering whether the mix of flows in Q3, with equity outflows and then inflows into real assets, alts and fixed income, gives us a lower exit rate for the Investments revenue margin at the end of Q3? And, whether we should expect any change versus expectations for the full year?

And then the second question, thank you very much for the colour on equity outflows. Just wondering whether you are able to give us any colour on how the three-year performance metric has evolved since the half year and whether it's good enough yet to start turning equity flows around in FY27?

And then my third question is around the Adviser segment where you have year-to-date outflows, but the target was more than 1 billion positive net inflows. I think you highlighted, Jason, in your comments, some positive momentum on Wrap. So, when do you think we can expect Adviser to return to net inflows? Is it redemptions or gross inflows that's the bigger problem here? And is there any requirement, do you think, for more price cuts to put this platform on a more competitive footing?

Jason Windsor: Okay, let me kick off in reverse order then Siobhan can comment on revenue margins and the equity outflows.

I think on Adviser, I thought I had removed that target when I announced that Noel was stepping down and Rich was taking his place. We have not been specific on our expectations for that for a couple of calls now. I think, I said openly, it's taking us longer and it's been heavier going for us to get back to positive net flows in the Adviser business. Couple of reasons: we haven't quite got the

commercials, the way we face into the market, right and I think we've addressed that now we've got Rich and a new sales team up and running. We've got, as I said, some evidence of progress on Wrap in terms of gross flows, which is our key go-to-market [proposition], but we've still got redemptions that are above trend. And we've got Elevate, which is supported by many IFAs, but has continued to be a harder nut to crack for us to get that back to positive or, certainly, back to break even. Work continues there, but we do continue to support that and we do see some signs of improvement.

I'll just comment on investment performance, which is broadly in line with the half year. We don't give an update [at Q3], but I think the improvement that we saw in the half year has continued in Q3. As ever, it's not everywhere, but the key emerging markets equity strategies, which Siobhan mentioned a moment ago, have continued to perform well, and that's an important underpin to our growth in that strategy.

Siobhan Boylan: Yes, if you look at the three-year track record, it is remaining stable in equities. On the investment margin, revenue margin, we aren't changing our guidance today, so we expect the margin to be in line with the 19 basis points that we've previously guided.

Ben Bathurst, RBC: Thank you. Good morning. I've got questions in two areas, if I may. Starting with a couple around MPS, you called out net inflows in Adviser into MPS in the statement. Clearly, you took the decision to retain that service when you sold the broader DFM business a few years back. I wondered, are you seeing MPS gain momentum? And can you give an indication of what proportion of your overall MPS assets sit on Aberdeen platforms?

And then just linking back to the surplus capital theme, could you look to gain further scale in MPS by acquisitions, do you think? I think there is a long tail of subscale providers in that market.

And then final question, just around recent trading, maybe you could give a comment on what you've seen in the first two, three weeks of Q4. Has there been any discernable change in behaviour in the run up to the budget?

Jason Windsor: I'll start on the last question then, Siobhan, if you wouldn't mind picking up the two points on MPS.

Actually, thankfully not. If you look at the run into the last two budgets, we did see considerable speculation and redemptions. We're not flagging that this time around. There's only a week to go - and it's sort of helpful it's in October, not November, there's less time to speculate. So actually, we're expecting slightly calmer waters this year, certainly compared to last year.

Siobhan Boylan: I'll pick up the two on MPS. So, we have seen some positive momentum. It is relatively small in the size of our book, but what we have seen is some improvement there, so that momentum is coming through in the flows. And, certainly, if we look at MPS businesses, if there were some attractive businesses, then we would look at those as well. But the MPS business is moving in the right direction, and some of the activity we made last year in acquiring some talent in that space has helped move us forward.

Michael Werner, UBS: Thank you very much. We have certainly seen a sharp rise in interest rates and yields over the past couple of weeks, and it's eased up a little bit more recently, but just from a flow perspective in the investment side, have you seen any material changes in trend in terms of either gross inflows or redemptions?

Siobhan Boylan: As you would expect, the yields have hit the market movements quite substantially, and you can see that in our numbers. In terms of flows, our credit portfolios have been performing reasonably well, so there's been no major change in business in that regard.

Jason Windsor: As I alluded to a moment ago, away from Investments, ii has kicked off October well, and, I haven't got the Adviser numbers for October, but we had a pretty decent September. So, as I said, there's nothing that we're flagging right now. Of course, there is still a high degree of volatility out there right now.

Gregory Simpson, BNP Paribas: Can you comment on the level of international dealing within ii? How that's been trending given it's quite a big factor in terms of your trading fees, that mix?

And then secondly, can you give us an update on the latest thinking about the cost base into year end, given the market backdrop we've seen for this year, the latest around inflation and other things, just to check if there's any incremental changes there. Thank you.

Jason Windsor: The trading has been pretty consistent. If I look at the split between the UK and the US, the US actually picked up a little bit during Q2 and Q3 as a percentage. You saw overall trades fall a little bit into Q3, but that was slightly less so in terms of on the equity side. So, actually, if anything, then Q3 is a slight pickup in the US relative to the UK.

Siobhan Boylan: And in terms of cost guidance, we haven't made any update today, so you should re-look at the half year. In terms of inflation, clearly we are watching that, but we also are continuing to be making sure that we are being efficient and looking at where we can reduce costs, take those costs out, as well. So, the full year targets remain unchanged and guidance remains unchanged.

Close

Jason Windsor: Thank you all very much for joining. Appreciate your time. Hopefully we've been clear as to where we see the business through Q3 and into Q4. We've reiterated our guidance for the year and we continue to be confident in the outlook for 2026. And we see that setting us up for a better 2027. We look forward to briefing you on that as we take those steps forward. But for now, thank you very much for joining.

Transcript ends

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