



# Investor presentation

Winter 2020

Quilter



# Investment overview and Quilter's journey to date

Quilter

# Quilter: a leading, UK-centric full-service wealth manager

- ✓ Leading UK and cross-boarder wealth manager with £100bn+ of customer assets
- ✓ Advice-led investment solutions for customers in the UK and selected international markets
- ✓ LSE and JSE listed, ~£2.3bn market cap<sup>1</sup>
- ✓ A proven track-record, with scale in a growing market and momentum for future profit growth

Key Performance Indicators from continuing operations, excluding QLA		H1 2020	H1 2019	Δ
<b>Financial:</b>				
NCCF	%	1.1	0.3	+267%
NCCF/opening AuMA	%	2	1	-
Integrated flows	£bn	1.4	1.4	-
AuMA	£bn	107.4	107.3	-
Asset retention	%	92%	88%	+4ppt
Adjusted profit before tax <sup>2</sup>	£m	71	89	(20%)
<i>A&amp;WM adjusted profit before tax</i>	£m	41	50	(18%)
<i>WP adjusted profit before tax</i>	£m	47	56	(16%)
IFRS profit/(loss) after tax	£m	44	(32)	-
Operating margin	%	21	26	(5ppt)
<b>Non-financial:</b>			FY 2019	
Restricted Financial Planners ('RFPs')	#	1,808	1,799	+9
Investment Managers ('IMs')	#	169	167	+2

1. Based on October 2020 average share price.

2. Includes Head Office adjusted profit before tax of £(17)m in H1 2020 and H1 2019.

# Quilter has scale and leading position in chosen capabilities

## Comparison with listed UK peers

	Total AuMA <sup>1</sup> (£bn)
<b>Quilter</b>	<b>£110bn<sup>3</sup></b>
<b>St. James's Place</b>	£119bn
<b>Standard Life Aberdeen<sup>4</sup></b>	£512bn
<b>Hargreaves Lansdown</b>	£107bn
<b>Rathbones</b>	£51bn
<b>AJ Bell</b>	£57bn
<b>Brewin Dolphin</b>	£47bn
<b>Integrafin</b>	£41bn

Advice		Platforms		Solutions	
Restricted (CF30's) <sup>2</sup>	Independent advisers	Advised Platform	International	Multi-asset	Discretionary
✓ 1,808	✓ 4,000+ firms	✓ £58bn AuA	✓ £21bn AuA	✓ £21bn AuM	✓ £24bn AuM
✓ 4,324		<i>Restricted only platform</i>		✓	<i>Rowan Dartington</i>
110	✓	✓		✓	<i>SL Wealth</i>
167		<i>Direct platform</i>		✓	
<i>n.a.</i>					✓
<i>n.a.</i>		✓ <i>Direct &amp; Restricted</i>			
430					✓
<i>n.a.</i>		✓			

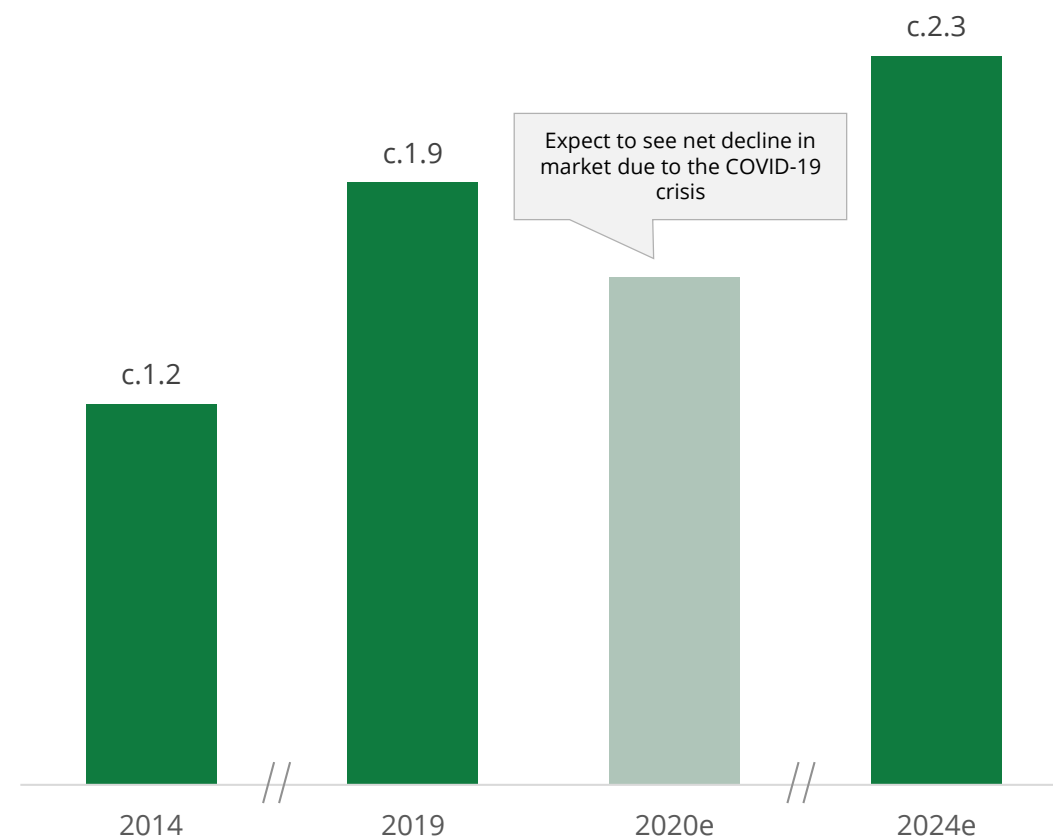
✓ Indicates capability **and** scale within capability

1. Includes closing AuA and / or closing AuM for competitors as at 30 June 2020, Standard Life Aberdeen and Brewin as at 30 June 2020.
2. Quilter and SJP figures as at 30 June 2020; SLA as quoted in its 2019 Annual Report and Accounts; HL and BRW figures as quoted in FT Top 100 financial advisers 30 June 2018 which includes all CF30's, not only financial advisers.
3. Total Quilter closing AuMA includes intra-group eliminations.
4. Platform & Wealth-only assets total £84.4bn as at 30 June 2020.

# Industry dynamics: operate in an industry with secular growth potential

- Fifth largest wealth management market in the world<sup>1</sup>
- A large and growing industry with continued secular growth drivers
  - Savings responsibility shifted to the individual
  - Aging population with inter-generational wealth transfer
  - Shift from DB to DC
  - End of compulsory annuitisation
  - Increase in accessibility from Pensions Freedom
- Current trends reaffirming need for Advice in the UK
- Pandemic's fall-out disrupted many industries globally, including potential headwinds for UK Wealth
  - Wealth taxes
  - Pension allowance changes
  - Lower asset returns

UK long-term savings market forecast<sup>2</sup>  
AuMA £trn



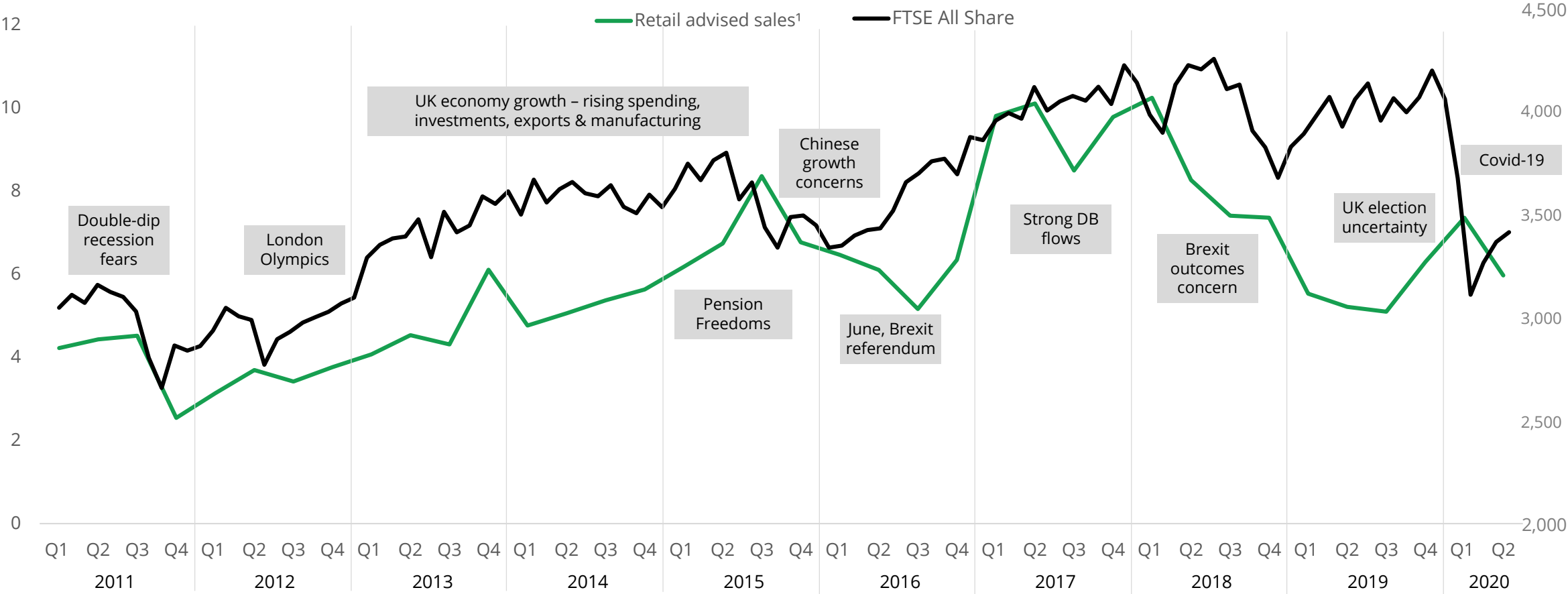
1. Source: Credit Suisse, Global Wealth Databook 2019.

2. Source: FCA, Platforum, Pimfa, PAM Directory, Oliver Wyman estimates; Includes assets managed by financial advisers, wealth managers and held on platforms. Does not include occupational pensions or annuities.

# Industry dynamics: Robust saving trends through market cycles and Covid-19 downturn

UK Platform industry net client cash flow<sup>1</sup> (LHS) vs FTSE All Share (RHS)

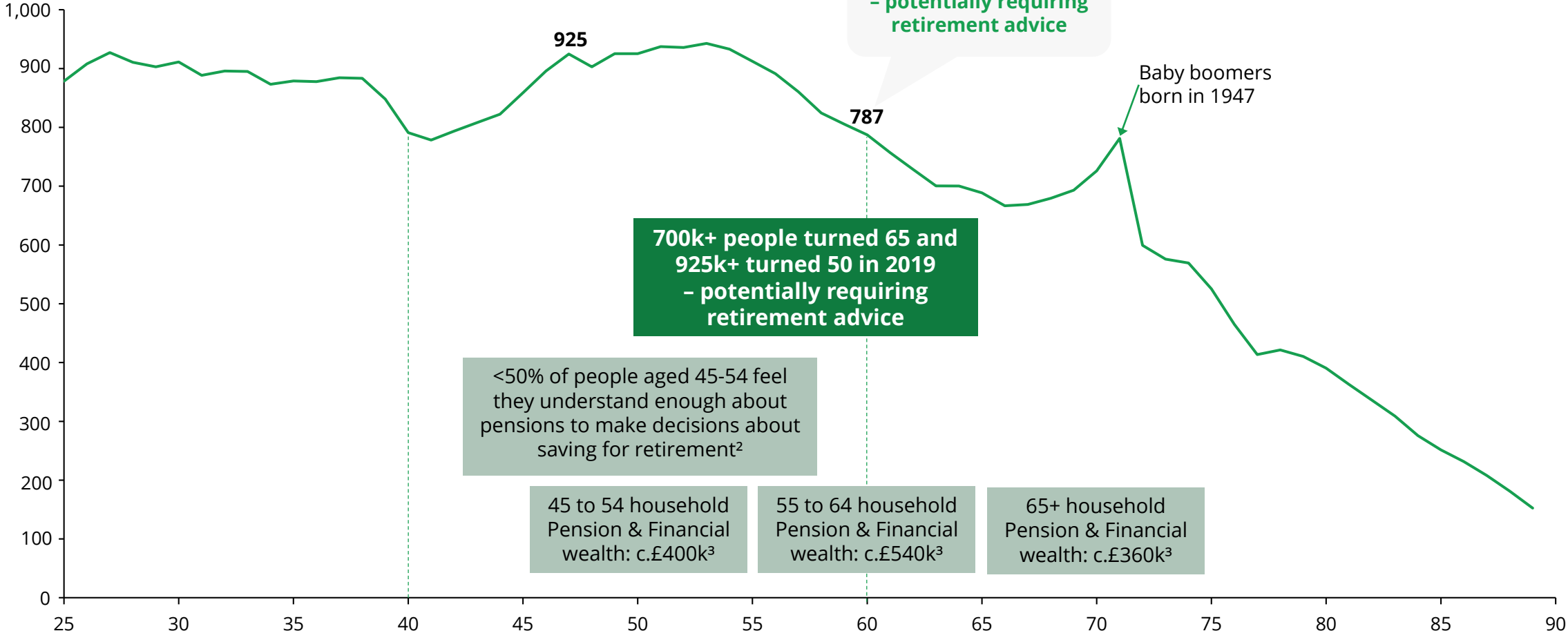
£bn // £



1. Source: Fundscape – Platinum Database.

# Industry drivers: Retirement demographics continuing advice demand

UK England & Wales Population<sup>1</sup>  
('000 by age year, 2018)



1. Source: ONS.  
 2. Source: ONS "Early indicator estimates from Wealth and Assets Survey", published August 2020.  
 3. Source: ONS "Total wealth in Great Britain: April 2016 to March 2018", published December 2019. Pension Wealth and 'net' Financial wealth excludes physical wealth (assets) and net property wealth.

# Regulatory and fiscal changes driving disruption

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## Pension reform

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

## Government initiatives

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

## FCA thematic reviews

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

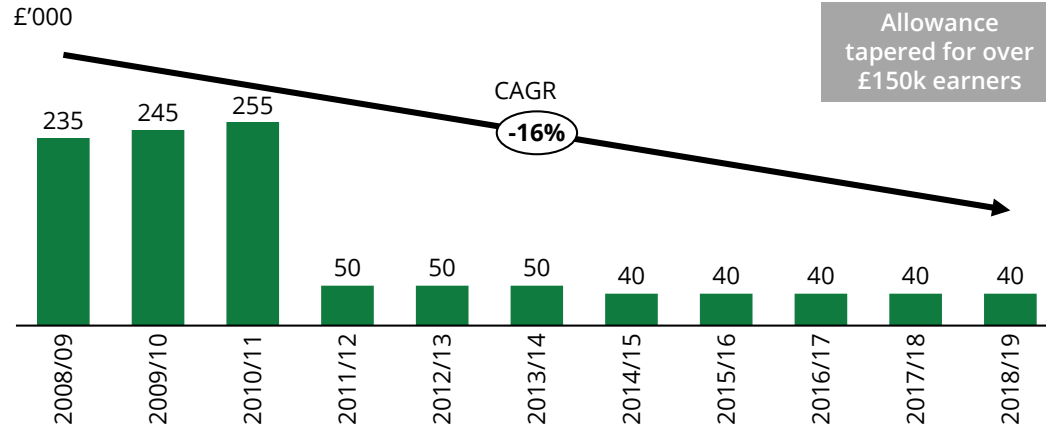
## MiFID II, GDPR & SMCR

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

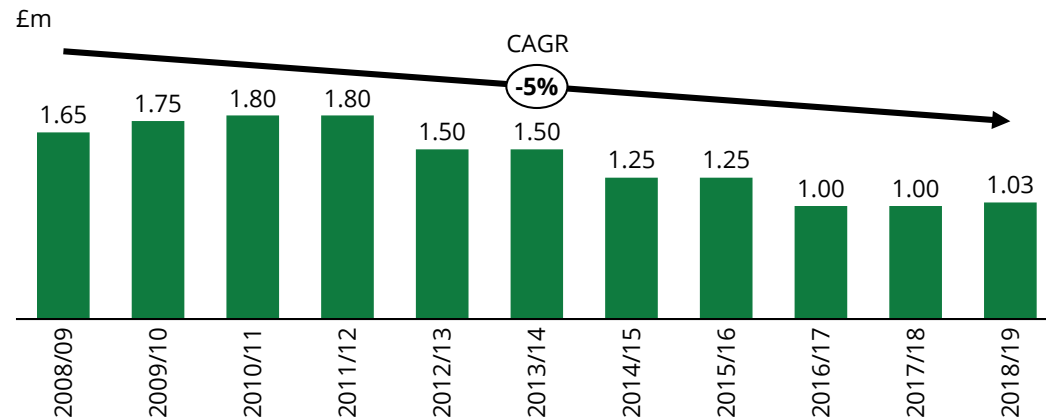


# Fiscal changes driving complexity, changing client behaviour and need for advice

## Annual pension allowance

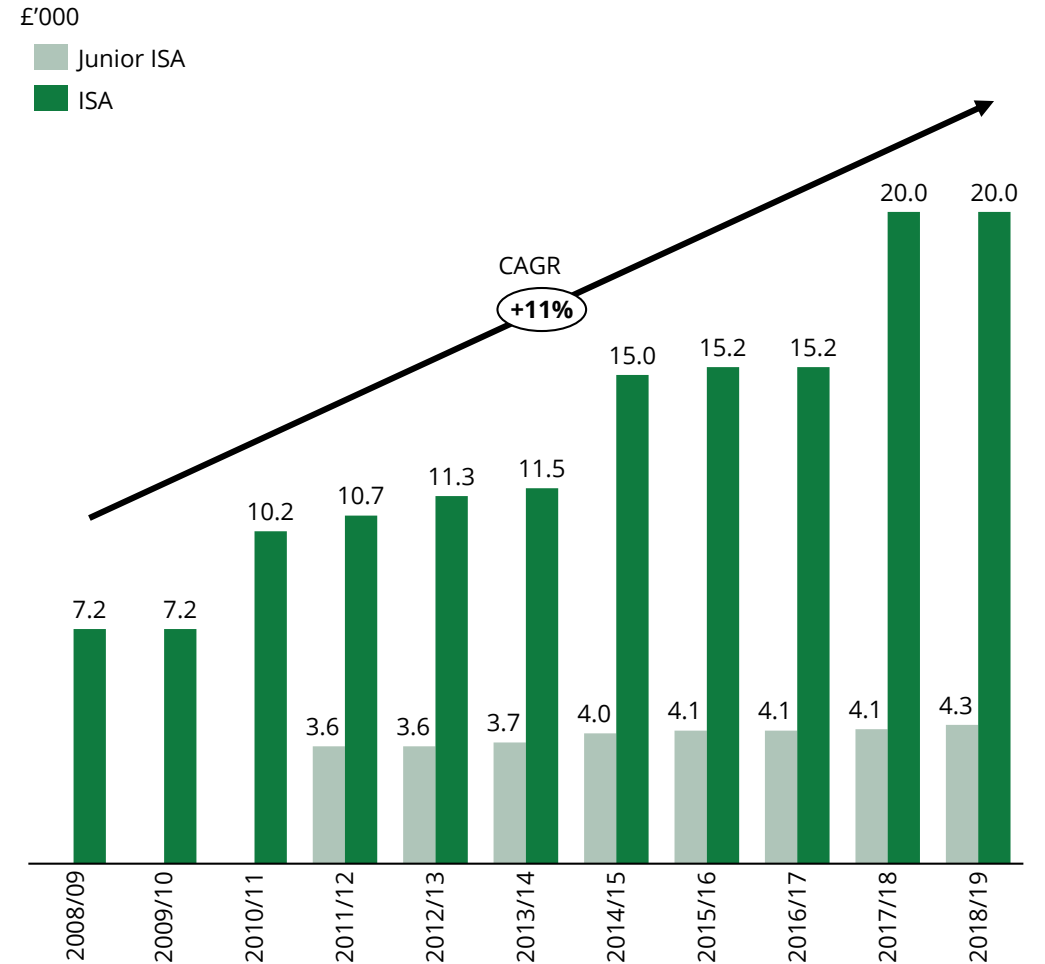


## Pension lifetime allowance



Source: HMRC

## ISA annual allowance



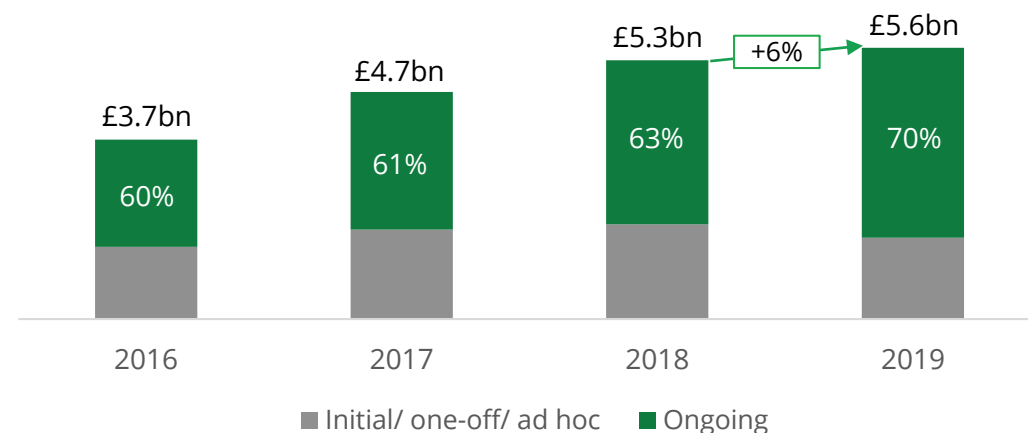
# Continued strong demand for Advice as cost of delivery increases

- Adviser trend to serve fewer active clients continues:
  - Compensation model from commission to fees
  - New model built on ongoing client servicing
  - Focused on smaller number of clients with higher investable assets
  - Demographics support opportunity to serve customers' wealth needs for longer
  
- Regulatory environment making it harder for independents
  - Pandemic demonstrating benefits of network such as Quilter
  - Regulatory oversight and higher PII costs
  
- Fast, scale growth harder as larger firms scarcer to acquire
  - 90% financial adviser firms have fewer than 5 advisers<sup>1</sup>

1. Source: FCA, Retail Intermediary Market Study 2019.

## Market total revenue from adviser charges<sup>1</sup>

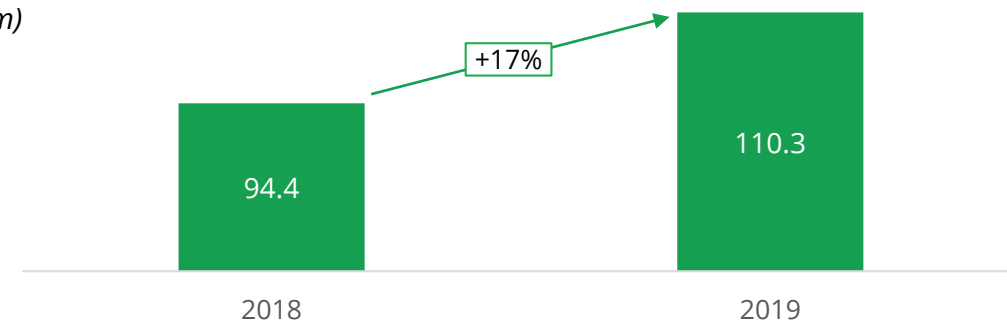
Revenues on investment advice and related charges



## PII premiums paid by financial adviser firms<sup>1</sup>

Increases reflect changes in Ombudsman award limits and claims experienced by market

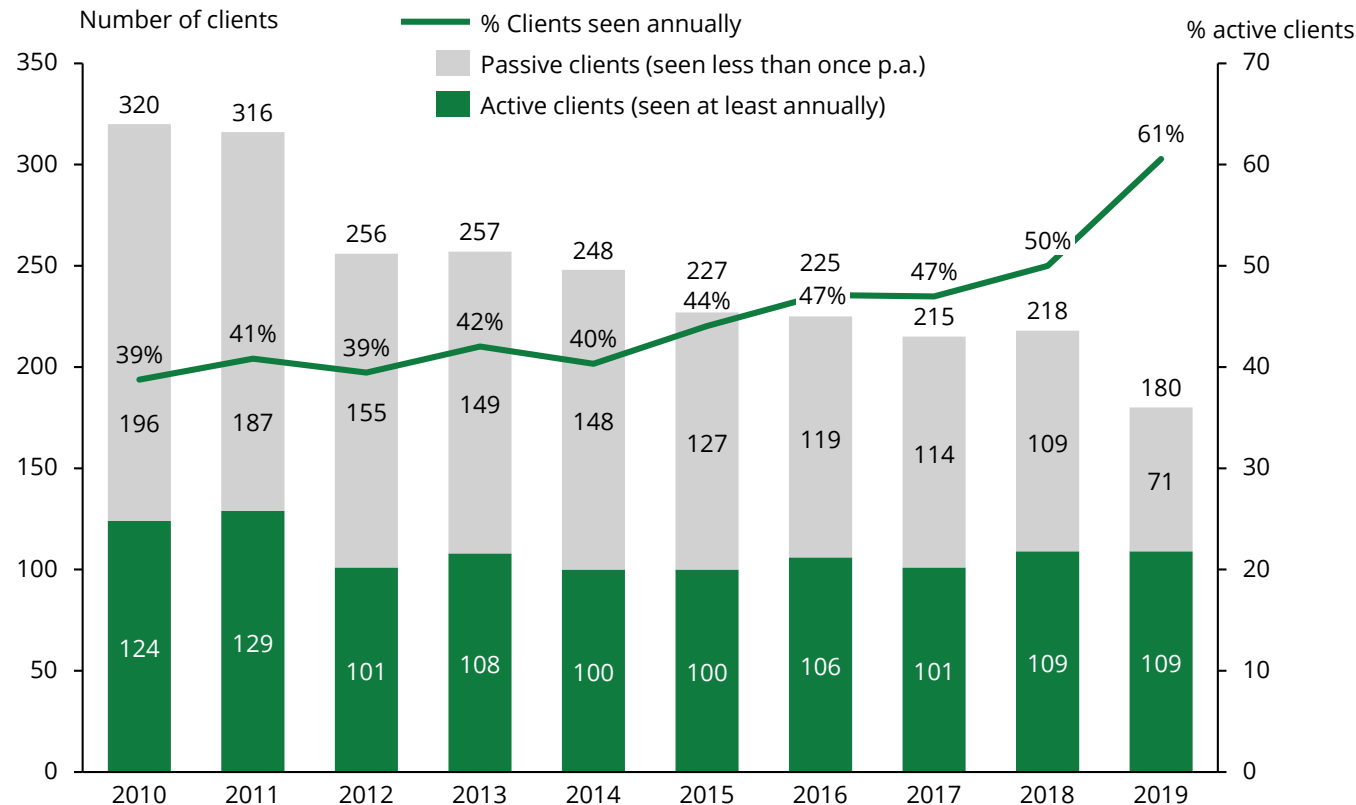
Total annualised PII premiums: growth exceeding revenues (£m)



# Advice: shift in how advisers serve their clients

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

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



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

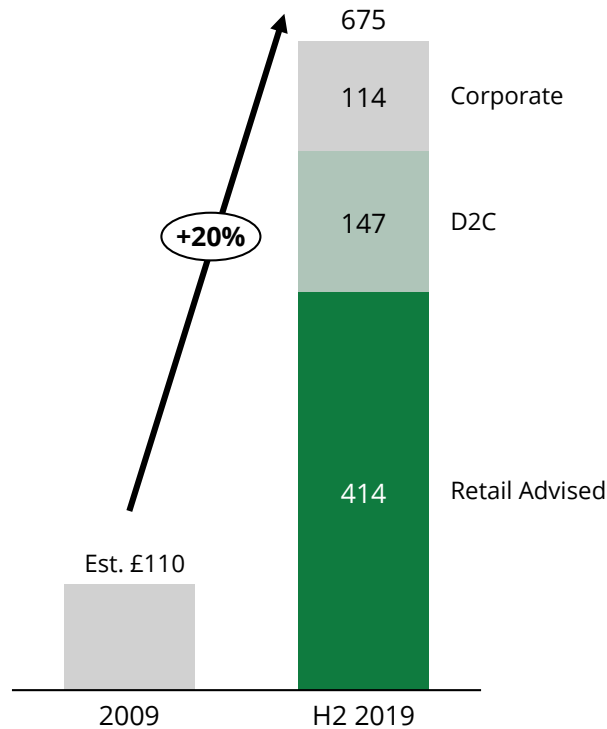
1. Source: Investment Trends. March 2019 UK Adviser Technology & Business Report, based on a survey of 1,216 advisers. Passive clients considered to be those the adviser sees less than once a year; Active clients considered to be those the adviser sees as least annually. Based on annual survey of c.600-800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

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

## Pensions and investments consolidating onto platforms

### Total UK platform market

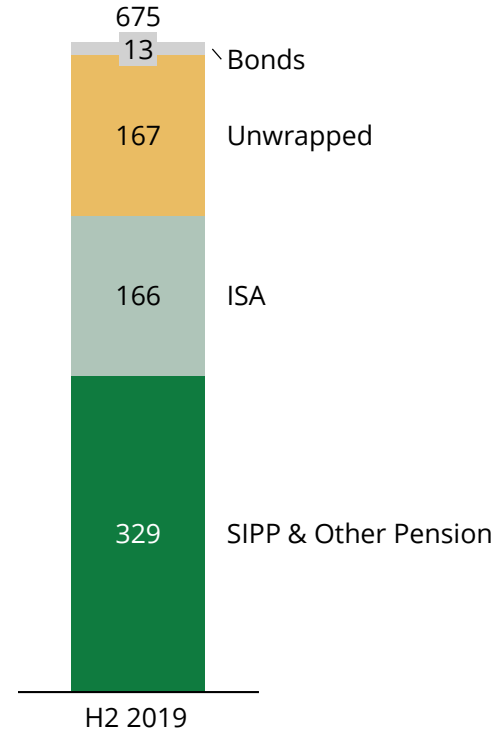
AUA £bn<sup>1</sup>



## Pension is 'anchor' product on Platform

### Fund platforms by product

AUA £bn<sup>2</sup>



## Platforms play an important role in modern wealth management

### For Advisers

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

### For Customers

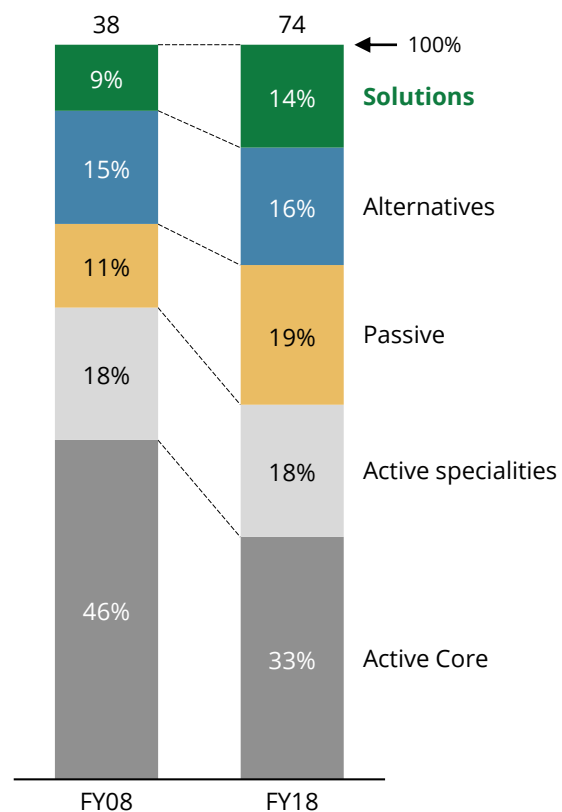
- Holdings in one place
- Tax-efficient wrappers
- Customer service including reporting and transactions

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

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

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

% / US\$ trn



## Quilter Solutions

### Discretionary portfolio service

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

### Managed portfolio service ("MPS")

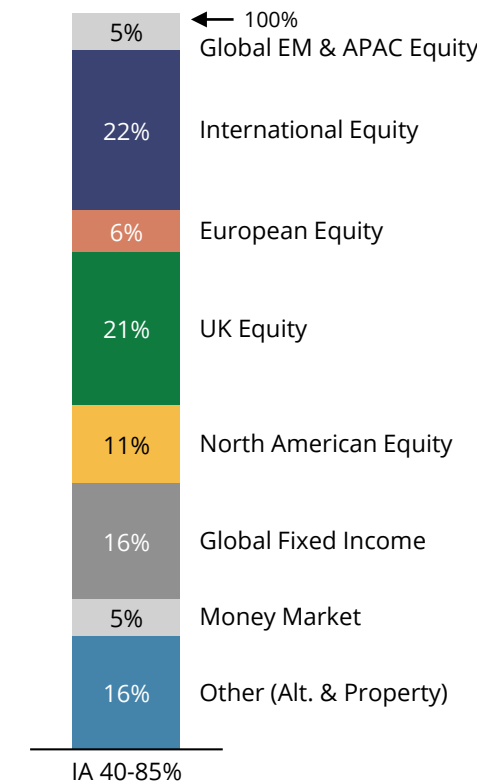
- Outsourcing portfolio construction and management to Quilter's multi-asset investment specialists
- Active and Passive Blend portfolios that risk-matched portfolios from Global Partner fund ranges

### Multi Asset funds

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

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

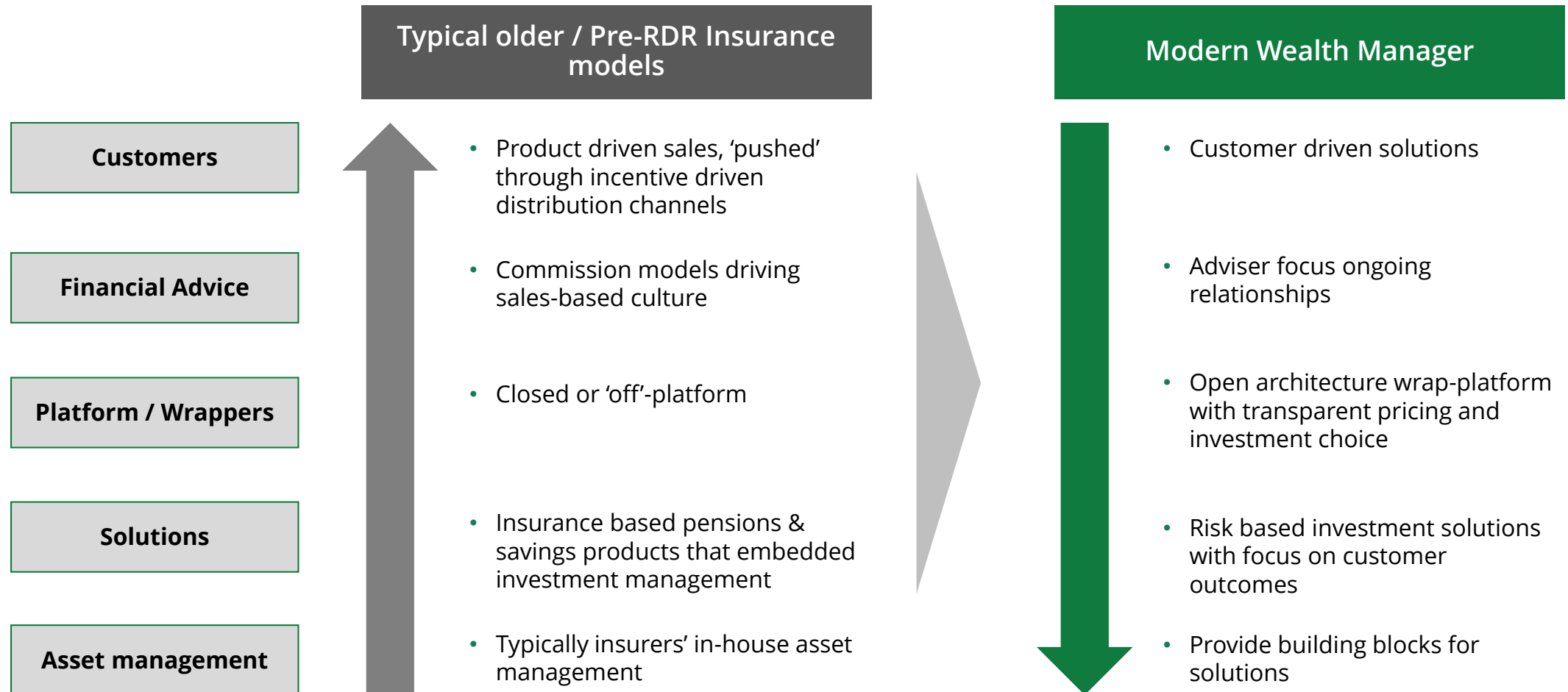
Typical 40-85% mixed asset fund asset allocation



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

2. Financial Express Analytics, Sept. 2019

# Industry dynamics: Business models adapted to changing regulation and evolving value chain



# Quilter has adapted its business model

## Our journey to deliver a modern UK focussed wealth manager

### UK & European Life Assurer

Italy
Switzerland
Austria
Poland
Germany
France
Liechtenstein
Luxembourg
Finland
OMGI
Heritage
Wealth Platforms

2012



### Modern UK-focussed wealth manager

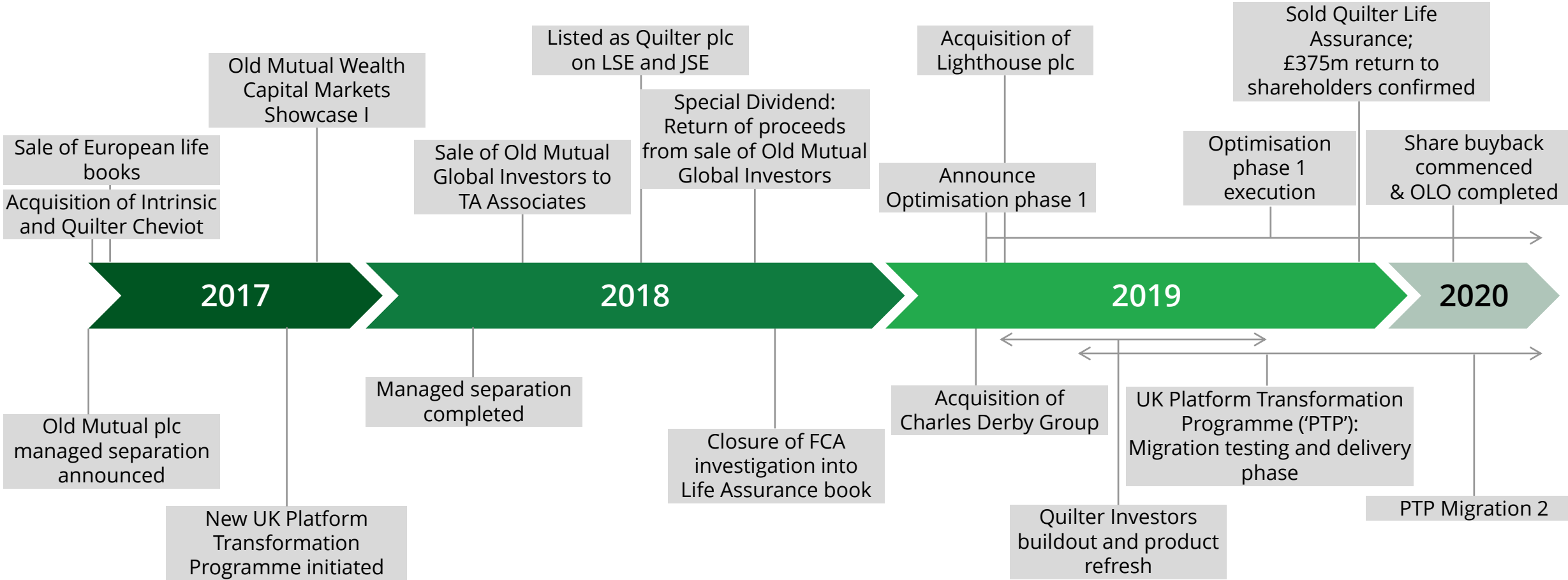
Acquired and built Advice Network & National
Built multi-asset solutions business
Acquired Quilter Cheviot
Investing in Platform transformation  Growing UK & International platforms

Today

### Our transition to becoming 'one Quilter'

- Sold European life books, single strategy asset management business
- Acquired Intrinsic, Sesame, Caerus, Charles Derby and Lighthouse
- Acquired Quilter Cheviot and built Quilter Investors
- Initiated new UK Platform Transformation Programme and entered migration testing/delivery phases
- Announced and completed 'managed separation' from Old Mutual
- Listed as Quilter plc on LSE and JSE
- Largely re-branded businesses to 'Quilter'
- FCA investigation into Quilter Life Assurance closed and business sold to ReAssure
- Initiated Optimisation phase 1

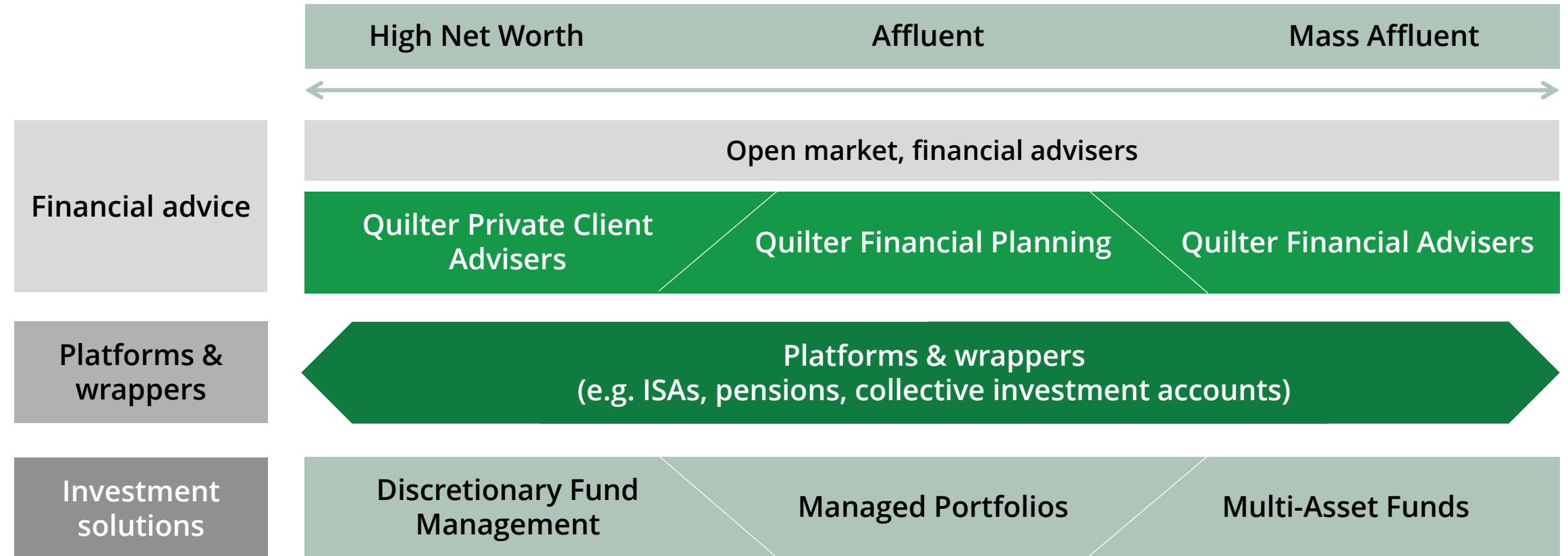
# Our journey to deliver a focussed UK wealth management business



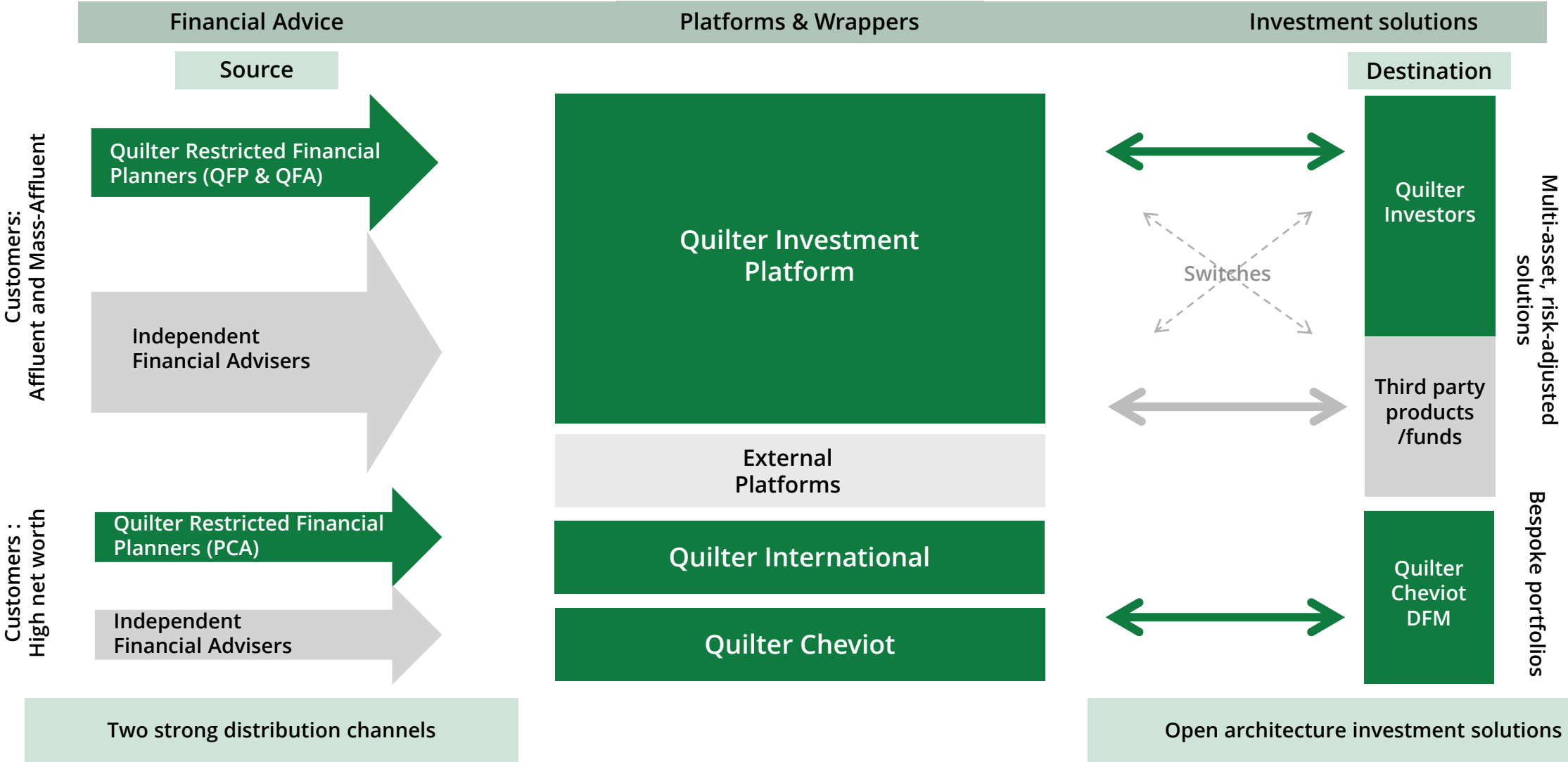


# Quilter's multi-channel advice-led model

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



# Business model in action





**Performance**

**Quilter**

# H1 2020 highlights: delivering through disruption

## Financial performance

- £71m adjusted profit before tax: Pleasing outturn in a challenging environment
- Stable gross flows, resilient integrated flows, significantly improved net flows
- Strong rebound in AuMA from March lows, closing at £107.4bn at end-June

## Strategic progress

- Significant Platform migration scheduled for Q4 2020
- Lighthouse acquisition integration progressing well, in line with plan
- Key management changes announced to drive next stage of Quilter's growth

## Operational improvement

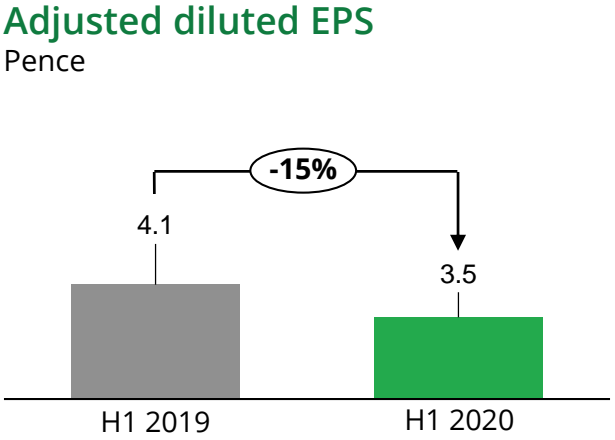
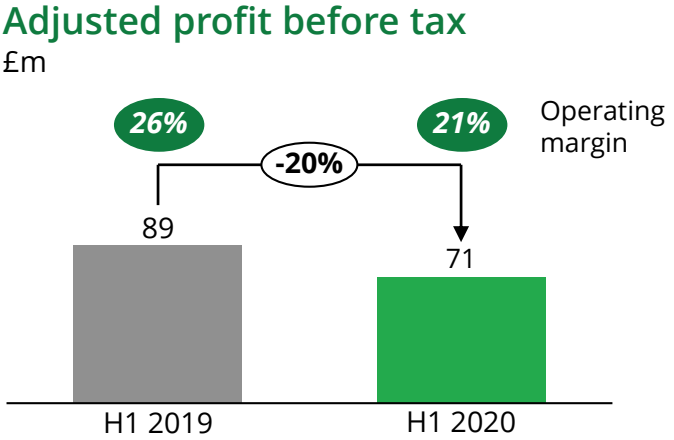
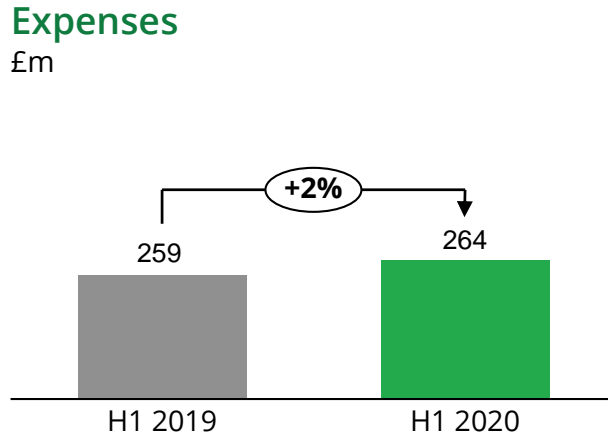
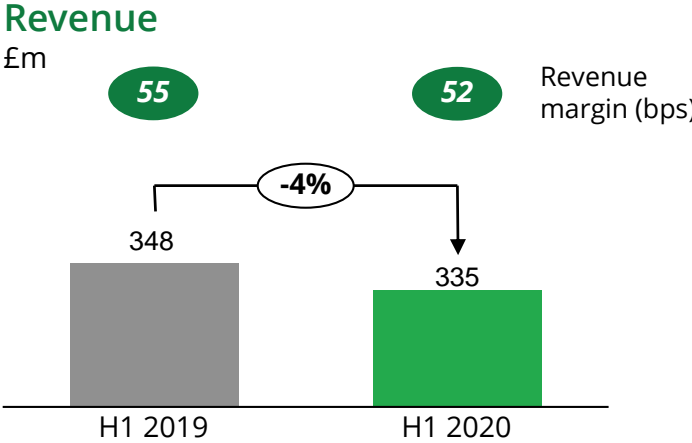
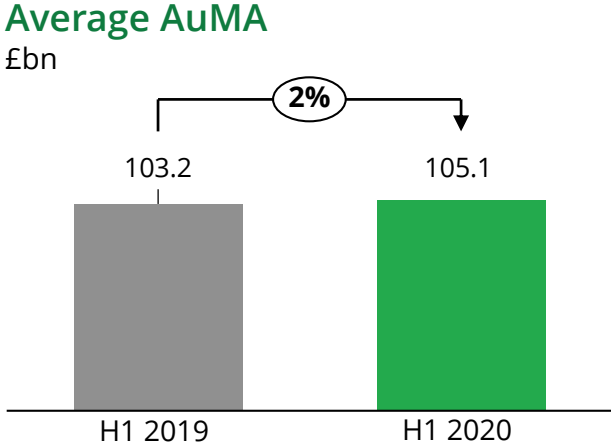
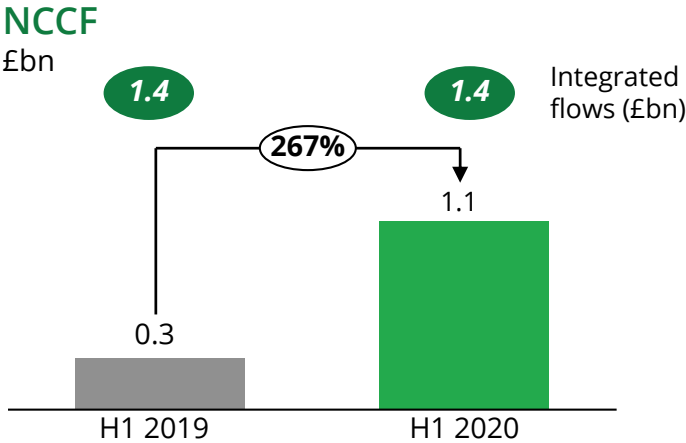
- Optimisation initiatives on track to deliver c.£50m cost saves
- Incremental tactical cost reduction of c.£30m in 2020
- Added new investment managers and Restricted Financial Planners
- Technology upgrades and new system enhancements implemented, remotely

# What drives our business: H1 2020 results

	Advice and Wealth Management £44.1bn			Wealth Platforms £76.6bn		Head office
AuMA <sup>1</sup>						
Revenue	£197m			£136m		£2m
AuMA	Financial Planning	Quilter Cheviot £23.3bn	Quilter Investors £20.8bn	Wealth Solutions £56.2bn	Quilter International £20.4bn	
NCCF		£0.2bn	£0.3bn	£1.0bn	£0.2bn	
Revenue	£56m	£86m	£55m	£80m	£56m	
Revenue margin		73bps	53bps	29bps	53bps	
Expense	£156m			£89m		£19m <sup>2</sup>
Total expense base drivers: 44% Front office & operations; 17% IT & development; 21% Support services; 12% Variable compensation; 6% Other						
Adjusted Profit	£41m Y-o-Y growth: (18%)			£47m Y-o-Y growth: (16%)		(£17m)
<b>£71m</b> Y-o-Y growth: (20%)						

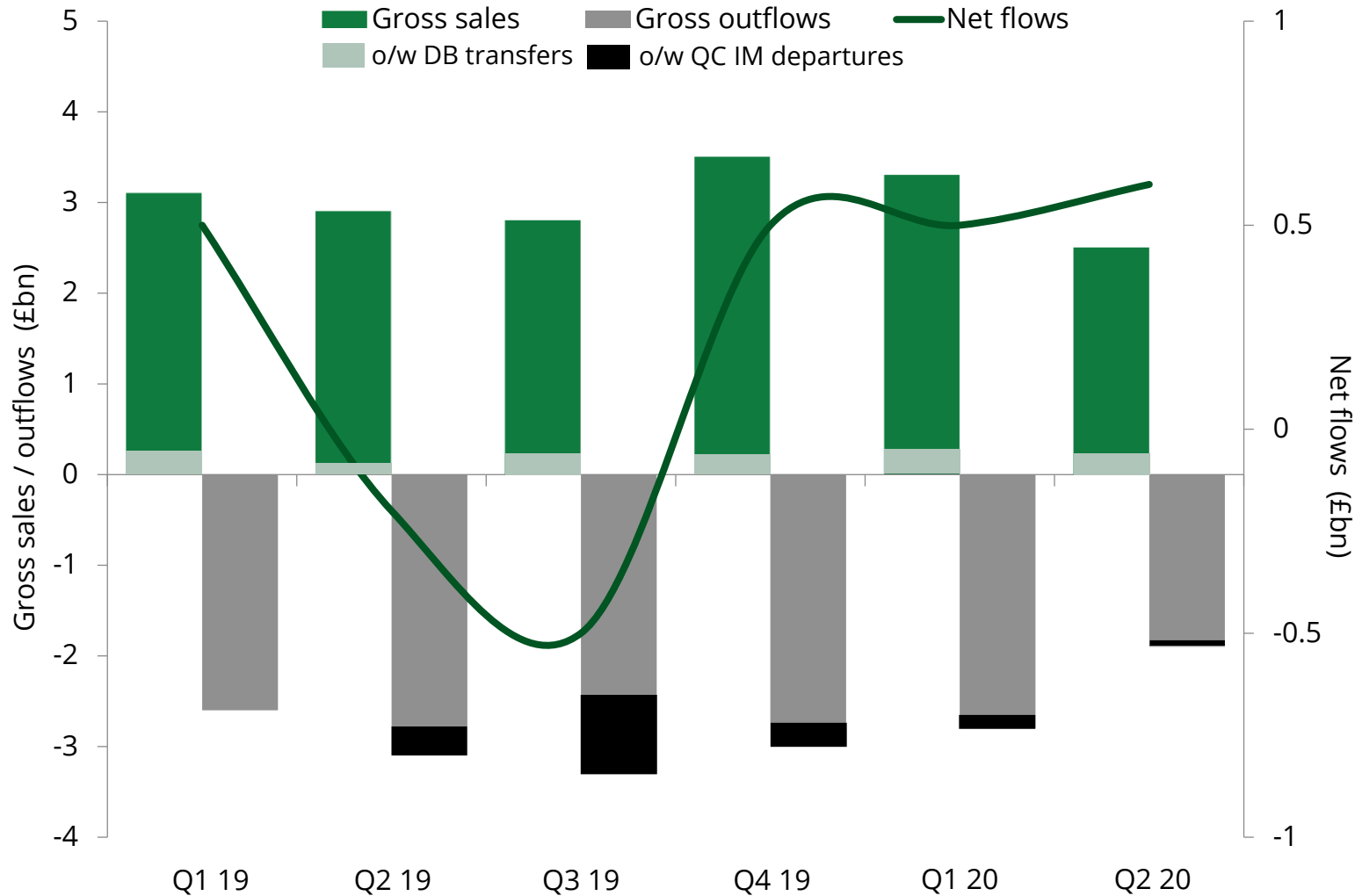
1. Group AUMA totals £107.4bn after (£13.3bn) elimination of intra-Group items.
2. Includes head office and recurring standalone expenses but excludes debt interest costs.

# H1 2020: Resilient performance



Note: All figures exclude contributions from Quilter Life Assurance ("QLA") which was sold to ReAssure plc on 31 December 2019.

# 2020: Improving net flows



- Substantial improvement in net flows: from £0.3bn to £1.1bn
- Stable gross sales and integrated flows
- Advisers highly engaged with clients, supporting them navigate volatility and uncertain times
- COVID-19 accelerated industry-wide trend for switching to Passive/Blend solutions
- Welcomed FCA announcement on plans to reform DB transfer market – wholly consistent with existing Quilter practice

Note: All figures exclude QLA.

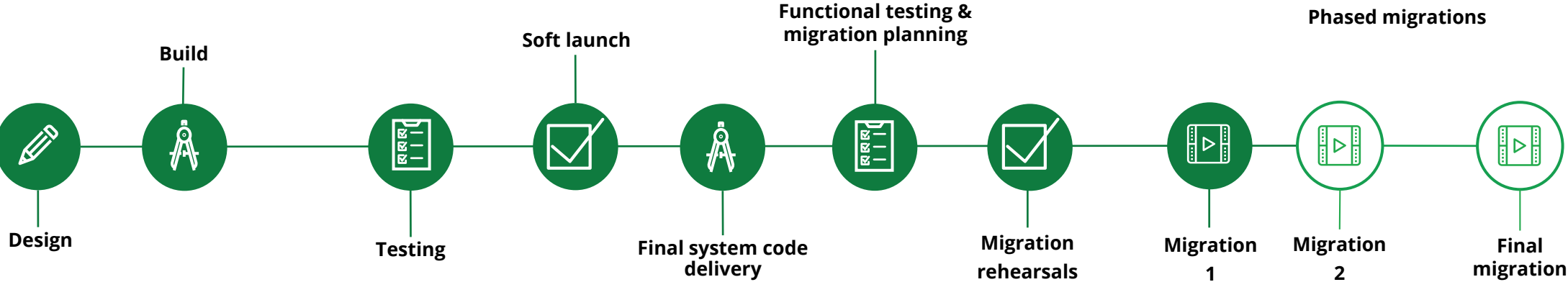


# Business initiatives

Quilter



# UK Platform Transformation Programme



**First migration successfully undertaken**

- New platform continues to operate well and at scale  
Continued focussed support for advisers and customers
- Adviser feedback driving system improvements
- Lessons learnt from first migration incorporated into further migration planning

**Adviser engagement and readiness key to final migrations**

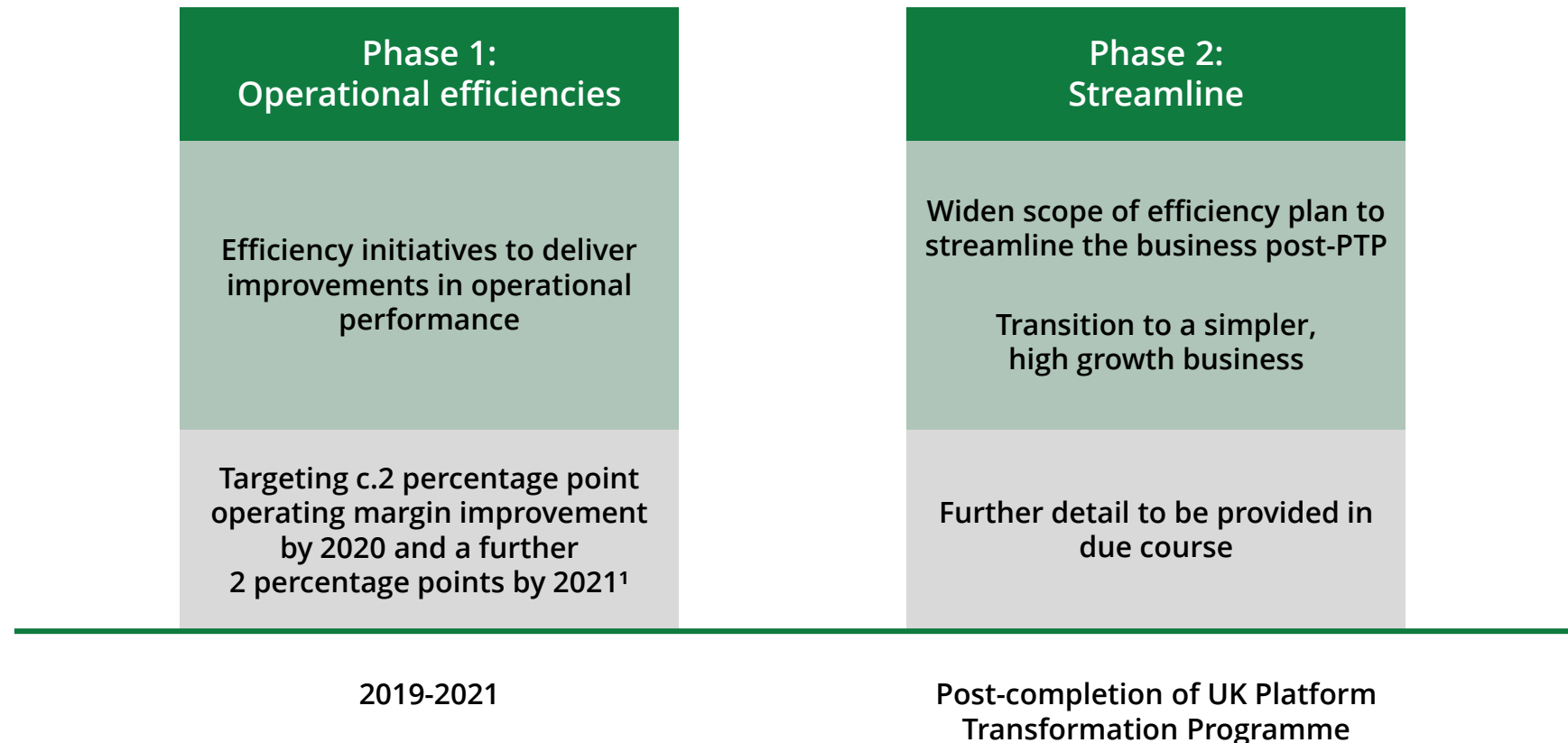
- Second migration of c.2,000 adviser firms to capture majority (c.75%) of AuA and include QFP
- Final migration represents c.5,500 adviser firms with c.15% of AuA
- Total programme costs expected to be c.£200 million

Successful migration of customers and advisers is the gateway to a strong business relationship over time ... new platform will be the beating heart of Quilter

● Complete ○ To come

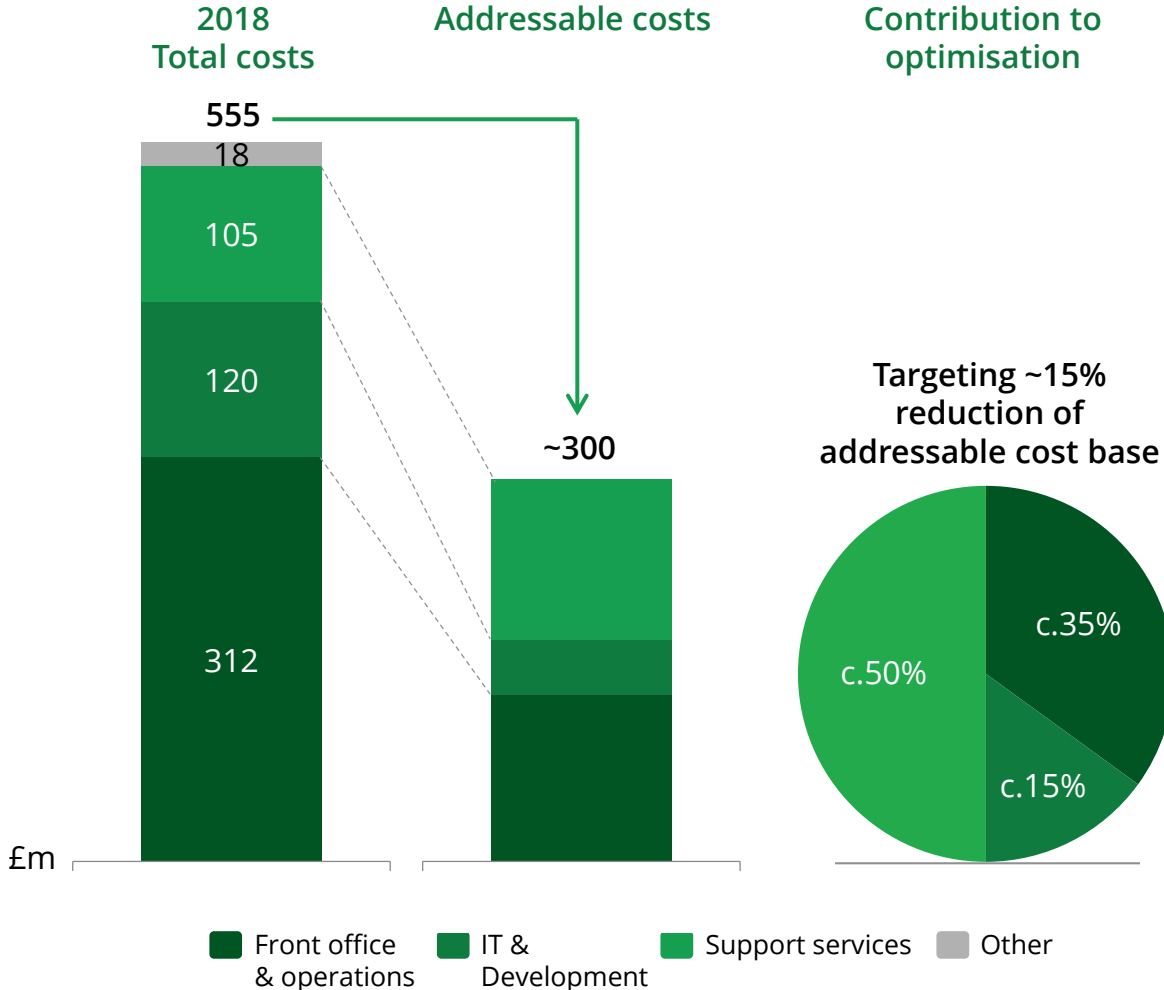
# Optimisation: A phased, multi-year programme

Laying the path to Quilter becoming the best version of itself that it can be



1. The Group noted in its 1Q 20 Trading Statement, published 21 April 2020, that it no longer expects to meet its targeted 27% operating margin for 2020 due to lower market levels leading to lower AuMA and hence revenues. It should equally be noted 2021's operating margin target will be subject to market performance.

# Optimisation focussed on addressable cost base



## Optimisation: A phased, multi-year approach

<b>Phase:</b>	<b>1. Operational efficiencies</b>
<b>Programme of activity:</b>	<ul style="list-style-type: none"> <li>Efficiency initiatives to deliver improvements in operational performance</li> <li>Support services focussed</li> </ul>
<b>Impact/outcome:</b>	<ul style="list-style-type: none"> <li>Targeting c.2 percentage point improvement in operating margin by 2020 and a further 2 percentage points by 2021<sup>1</sup></li> <li>c.£75m<sup>2</sup> one-off costs to deliver</li> </ul>
<b>Timeline:</b>	2019-2021

1. The Group noted in its 1Q 20 Trading Statement, published 21 April 2020, that it no longer expects to meet its targeted 27% operating margin for 2020 due to lower market levels leading to lower AuMA and hence revenues. It should equally be noted 2021's operating margin target will be subject to market performance.  
 2. Includes £7m incurred in 2018.

# Optimisation Phase 1: £14m achieved in H1 20

What we have done	What we have left to do
<ul style="list-style-type: none"><li>➤ Simplification and unification of central support functions commenced</li><li>➤ Quick win tactical efficiencies delivered</li><li>➤ Staff restructuring initiated; day-rate contractor reductions and third-party contracts renegotiated</li><li>➤ System changes to support further rationalisation commenced; robotics introduced in Quilter International</li><li>➤ Odd-lot Offer and legal entity rationalisation</li></ul>	<ul style="list-style-type: none"><li>➤ Fully transform our support functions into centres of excellence</li><li>➤ General ledger and integrated HR and Procurement system implementation</li><li>➤ Automate more of the Advice process</li><li>➤ Standardise processes and automate operations as appropriate</li></ul>

Optimisation initiatives to support two percentage point improvement in 2021 operating margin vs 2020 outturn

# Buyback programme update and dividend outlook

## Return of QLA sale net proceeds: Share buyback programme

Share buyback – Tranche 1	
Total shares purchased	43.2 million
Total cash consideration	£50.2 million
Average share price	116.14p

Share buyback – Tranche 2a	
<i>as at 7 August 2020</i>	
Total shares purchased	17.8 million
Total headroom remaining	c.£49 million
Average share price to date	144.10p

Share buyback – Tranche 2b	
Total cash consideration	£50 million

Subject to further Board consideration: decision based on prevailing market and business conditions following completion of Tranche 2a

FCA application for Buyback programme Tranche 3 to be submitted in due course

## Interim dividend

	2020	2019
Interim dividend	1.0p	1.7p <sup>1</sup>
Pay-out ratio <sup>2</sup>	41%	46%

- 2020 interim dividend within dividend payout range
- Cautious position given significant macro and business uncertainties for H2 2020
- Decision on overall 2020 pay-out ratio to be taken at FY20 Results – dependent on market conditions, share buyback progress and business outlook, in line with policy

1. Inclusive of 0.43p contribution from Quilter Life Assurance.  
2. Annualised.

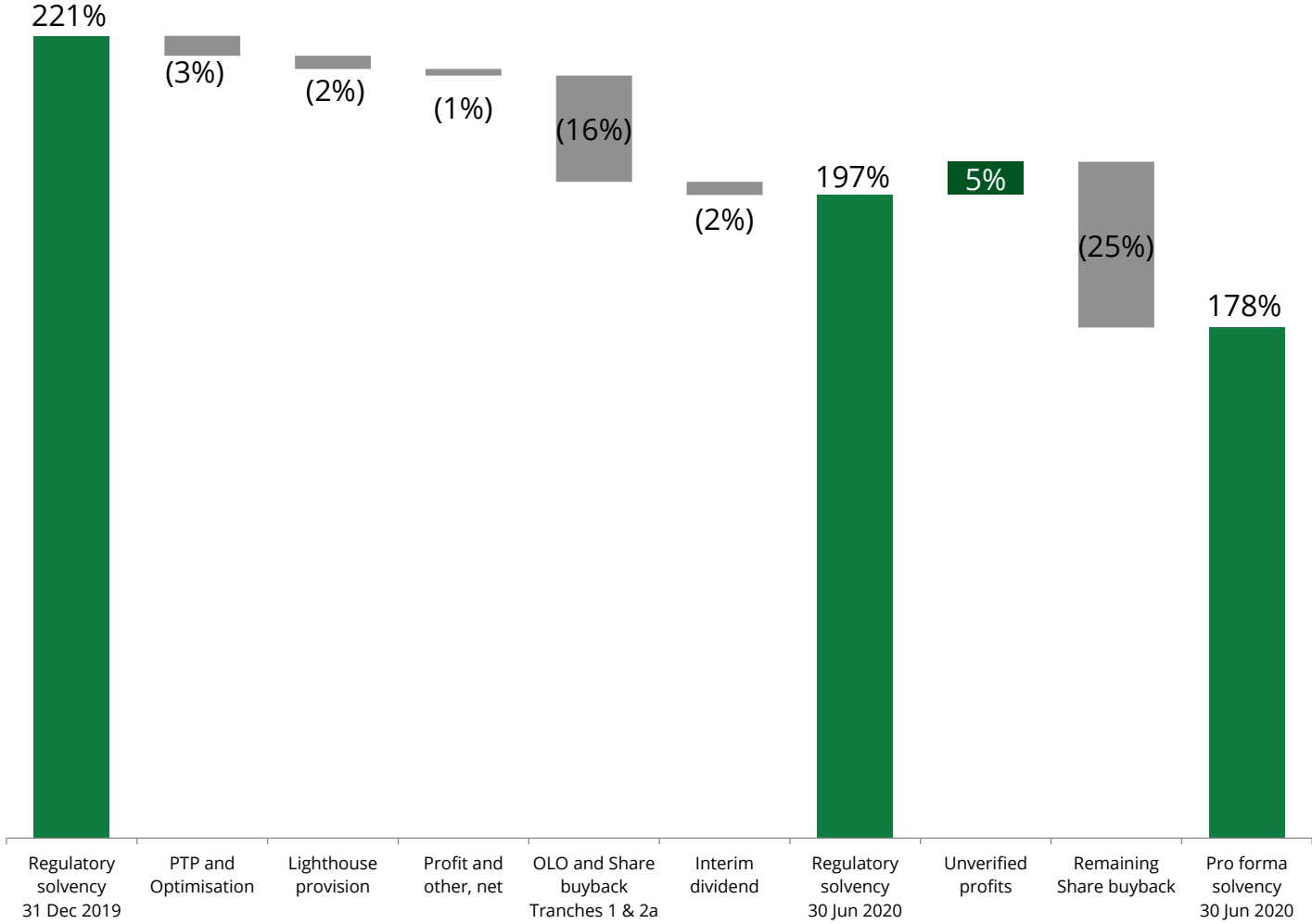


Cash and capital

Quilter

# Continued strong solvency position

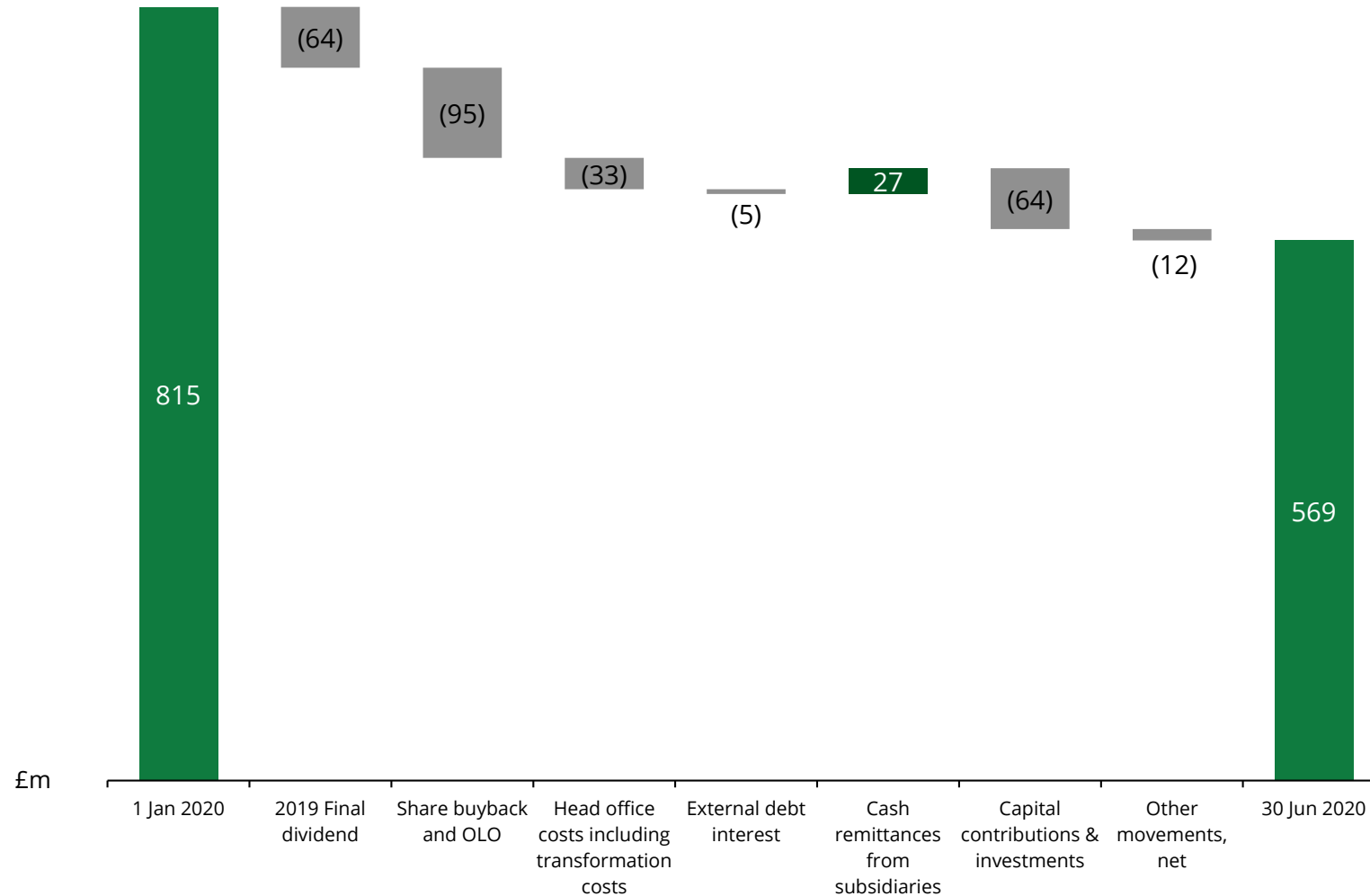
## Solvency II ratio



- Solvency II ratio reduced principally due to Share Buyback and Odd-lot Offer
- Provides capacity for strategic investments
- Liquidity a greater constraint than capital
- Strong capital position versus peers

Note: Percentages may not sum to the totals shown due to rounding.

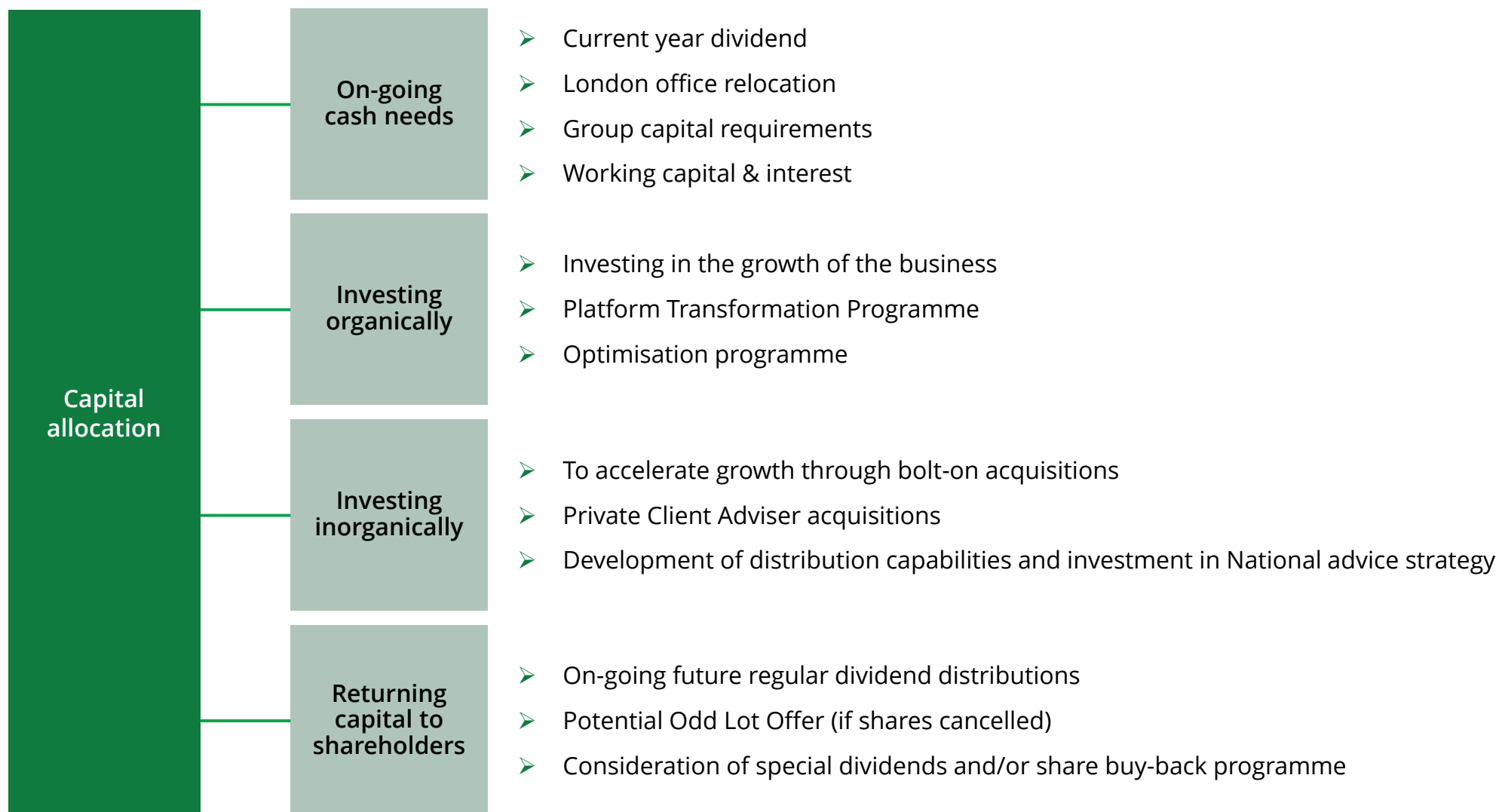
# Holding company cash



- Planned future expenditures include:
  - Dividends
  - Continued return of net proceeds from QLA sale, via share buyback
  - PTP and Optimisation expenses
  - London property fit-out



# Capital management philosophy





# Investment case and 2020 outlook

Quilter

# Quilter investment case

A unique combination of capabilities, scale and market positions

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1

Full-service wealth manager providing choice and delivering good customer outcomes

2

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

3

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

4

Attractive top-line growth and the opportunity for operating leverage

5

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

## Key focus for H2 20 and beyond ...

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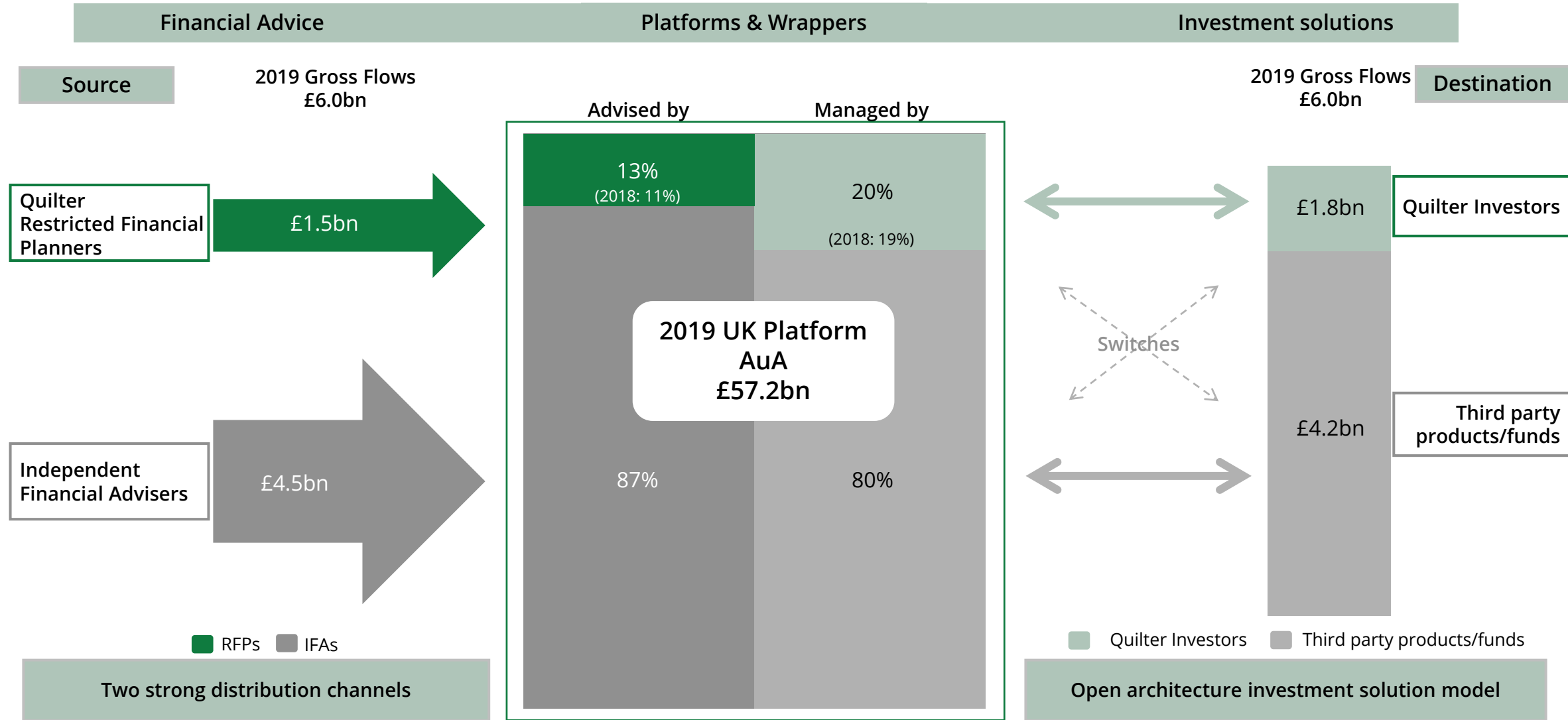
- Continue to support advisers, employees and communities through disruption
- Complete Platform Transformation Programme
- Integrate acquisitions and deliver flow growth
- Execute Optimisation plans to drive operating leverage
- Return £375 million to shareholders



**Appendix**

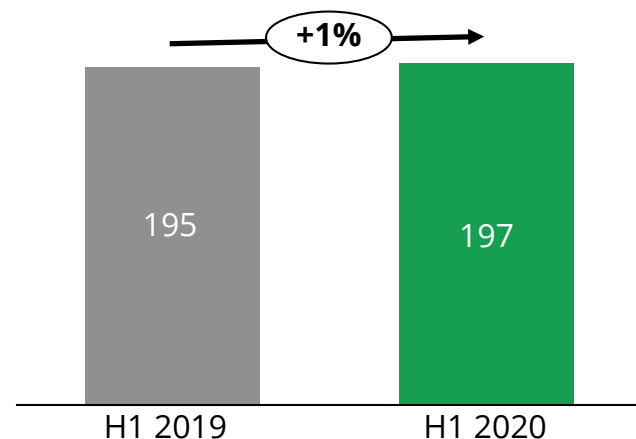
**Quilter**

# The new UK Platform is the heart of Quilter

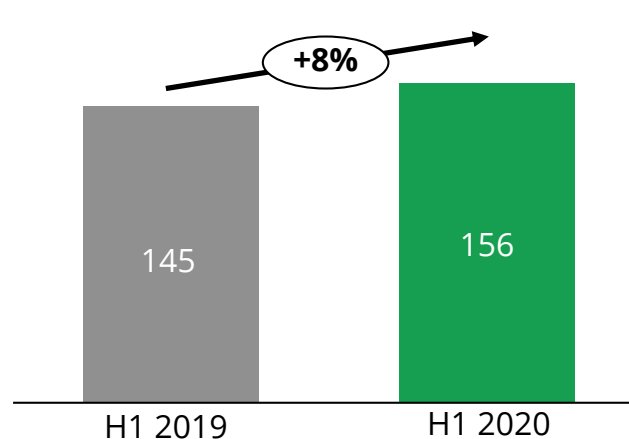


# H1 2020: Advice and Wealth Management

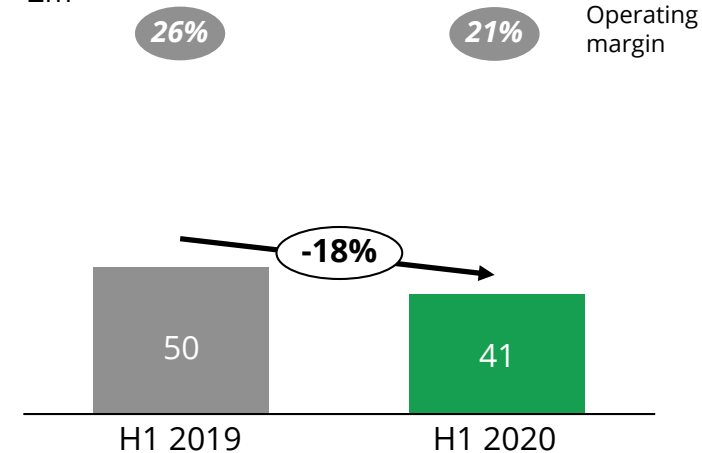
Revenue  
£m



Expenses  
£m



Adjusted profit  
£m



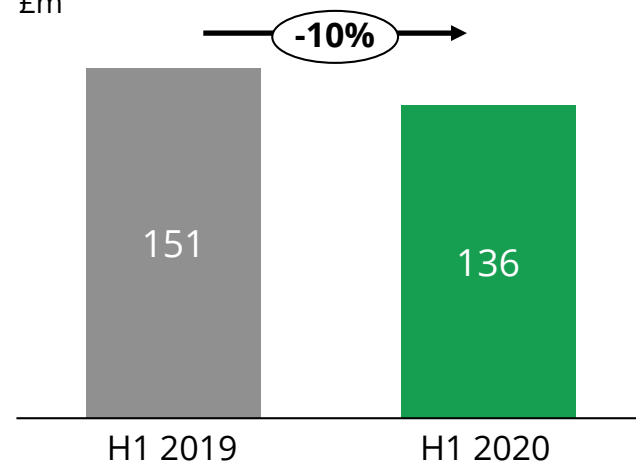
- Flows benefited y-o-y from reduction in Quilter Cheviot outflows and switching into Quilter Investors' Passive/Blend solutions
- Marginally lower RFP productivity as focussed on supporting clients through market turmoil
- Increased QFP revenues from acquisitions offset by reduction in Mortgage and Protection sales and opportunities to attract new clients through lockdown
- Increased expenses as absorbed full impact of H1 2019's Advice acquisitions
- Revenue margin trended down, as previously-guided impact of sales in Quilter Investors' passive/blend solutions gained momentum

KPIs		H1 2020	H1 2019
Revenue margin	bps	64	67
NCCF	£bn	0.5	-
NCCF / Opening AuM <sup>1</sup>	%	2	-
Closing AuM	£bn	44.1	44.7
Average AuM	£bn	43.3	43.1

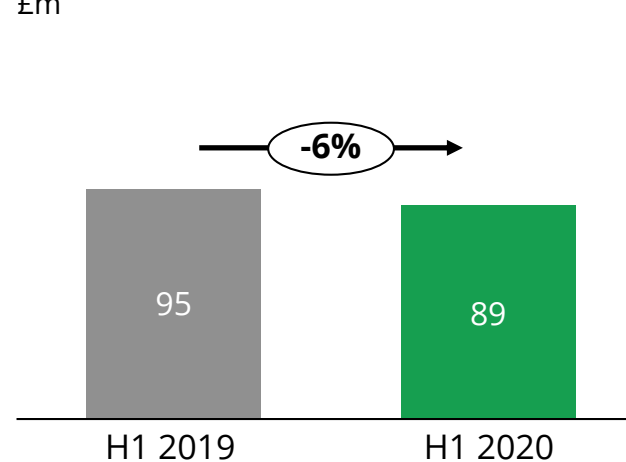
1. Annualised

# H1 2020: Wealth Platforms

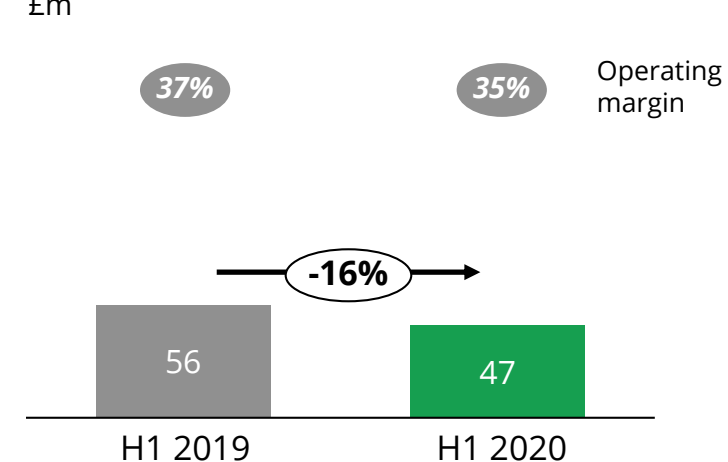
Revenue  
£m



Expenses  
£m



Adjusted profit  
£m



- Lower revenues primarily due to Quilter Investment Platform's previously announced repricing and adverse FX and lower interest rates in Quilter International
- Good cost control and optimisation initiatives lowered cost base
- Asset retention remained strong, improving year-on-year

KPIs		H1 2020	H1 2019
Revenue margin	bps	36	39
NCCF	£bn	1.2	0.6
NCCF / Opening AuA <sup>1</sup>	%	3	2
Closing AuA	£bn	76.6	74.8
Average AuA	£bn	74.5	71.6

1. Annualised.



# Updated financial guidance

	Previous guidance	Updates to guidance
Optimisation & operating margin target (pre-tax)	<ul style="list-style-type: none"> <li>➤ <b>Optimisation:</b> £75m one-off costs to deliver optimisation phase 1 initiatives, with c.50% incurred by end of 2019</li> <li>➤ <b>Target:</b> Targeting c.2 percentage point improvement in operating margin by 2020 (27%) and a further 2 percentage points by 2021 (29%), assuming broadly normal market performance from around current levels, together with steady net flows</li> <li>➤ Coronavirus-induced correction makes this a challenge if market levels remain depressed</li> </ul>	<ul style="list-style-type: none"> <li>➤ Moved away from 2020 guidance in March due to significant COVID-19 driven market decline</li> <li>➤ Optimisation initiatives to support two percentage point operating margin improvement in 2021 versus 2020 outturn</li> </ul>
Tax rate	<ul style="list-style-type: none"> <li>➤ Corporate tax rate to remain below UK marginal rate, due to profit mix and lower tax rate in International</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
Share count	<ul style="list-style-type: none"> <li>➤ Shares in respect of staff share schemes expected to vest over the next two years. OLO shares housed in Treasury to fund future staff share schemes. Future share awards then satisfied through on-market purchases</li> <li>➤ Buyback shares to be cancelled at purchase</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
London relocation	<ul style="list-style-type: none"> <li>➤ Relocation anticipated to increase property costs by £10m in 2020 while we incur some dual-running costs, and c.£5m of ongoing additional costs thereafter</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
UK Platform Transformation Programme	<ul style="list-style-type: none"> <li>➤ Costs incurred to be approximately £185m in total over the programme</li> </ul>	<ul style="list-style-type: none"> <li>➤ Total project costs expected to be c.£200 million based on current migration timetables</li> </ul>

# Updated financial guidance continued

	Previous guidance	Updates to guidance
Net client cash flow	<ul style="list-style-type: none"> <li>➤ <b>Target:</b> NCCF of 5% of opening AuMA (excluding QLA) per annum over medium-term</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change to target over the medium-term – expect to build back to target following PTP completion and once impact of COVID-19 market volatility fades</li> </ul>
Revenue margin	<ul style="list-style-type: none"> <li>➤ Continue to expect gradual decline given Platform repricing and expectation for normalisation of Quilter Investors' margin progression</li> </ul>	<ul style="list-style-type: none"> <li>➤ Broad direction remains unchanged</li> </ul>
Managed separation & standalone costs	<ul style="list-style-type: none"> <li>➤ Standalone listed group operating costs now reflected in cost base at full run-rate</li> <li>➤ Remaining £4m managed separation costs to be incurred in 2020, principally re-branding</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
LTIP costs	<ul style="list-style-type: none"> <li>➤ New Quilter Performance Shareplan will result in additional LTIP staff costs in 2018 and later years</li> <li>➤ LTIP costs to increase steadily on a phased basis to approximately £15m per annum by 2020</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>

# Updated financial guidance continued

	Previous guidance	Updates to guidance
Debt costs	<ul style="list-style-type: none"> <li>➤ £200m subordinated debt at 4.478%</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
Cash conversion	<ul style="list-style-type: none"> <li>➤ Approximately 80% of post-tax operating profit from continuing operations into free cash, partially used to fund debt servicing costs and targeted distribution acquisitions</li> <li>➤ Distribution acquisitions expected to be up to £20m p.a.</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> <li>➤ No change</li> </ul>
Dividend	<ul style="list-style-type: none"> <li>➤ Board to walk up target 40-60% pay-out ratio from point of Listing</li> <li>➤ Expect 2020 dividend pay-out ratio to be at the top end of target pay-out range</li> <li>➤ Dividend per share growth dependant on share buyback pace</li> </ul>	<ul style="list-style-type: none"> <li>➤ Decision on overall 2020 pay-out ratio to be taken at FY20 Results – dependent on market conditions, share buyback progress and business outlook, in line with policy</li> </ul>
Capital	<ul style="list-style-type: none"> <li>➤ Subordinated debt security issued to ensure sufficient capital and liquidity to maintain strong capital ratios and free cash balances to withstand severe but plausible stress scenarios</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
Other items		
Seasonal dynamics	<ul style="list-style-type: none"> <li>➤ FSCS levies paid in first half of year</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>

# Environmental, Social & Governance credentials

Quilter's ESG strategy is set out in our Shared Prosperity Plan

Theme	2025 commitments	Lead KPIs	UN SDGs
Financial wellbeing	<ul style="list-style-type: none"> <li>➤ Improve access to financial guidance and advice for customers</li> <li>➤ Promote financial wellbeing for all our colleagues</li> <li>➤ Empower young people to manage their money well for life</li> </ul>	<ul style="list-style-type: none"> <li>➤ Financial Adviser School graduates</li> <li>➤ Colleagues in share save scheme</li> <li>➤ Number of young people benefiting from financial education</li> </ul>	 
Inclusive growth	<ul style="list-style-type: none"> <li>➤ Create an inclusive culture at work that embraces diversity</li> <li>➤ Enable colleagues and communities to thrive in work</li> <li>➤ Empower customers to be more engaged in their financial future</li> </ul>	<ul style="list-style-type: none"> <li>➤ % of women in senior management</li> <li>➤ Colleague engagement NPS score</li> <li>➤ % customers digital access</li> </ul>	 
Responsible investment	<ul style="list-style-type: none"> <li>➤ Embed responsible investment principles across our business</li> <li>➤ Exercise active stewardship of our customers' assets</li> <li>➤ Reduce the environmental intensity of our activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ PRI score</li> <li>➤ Voting &amp; engagement</li> <li>➤ Tonnes CO<sub>2</sub>e per colleague</li> </ul>	 
Responsible business conduct	<ul style="list-style-type: none"> <li>➤ Operate responsibly</li> </ul>	<ul style="list-style-type: none"> <li>➤ % colleagues code of conduct training</li> </ul>	



FTSE4Good  
Included in FTSE4Good  
Index Series



ESG rating: BBB



ESG risk rating:  
22.1/100

Signatory of:



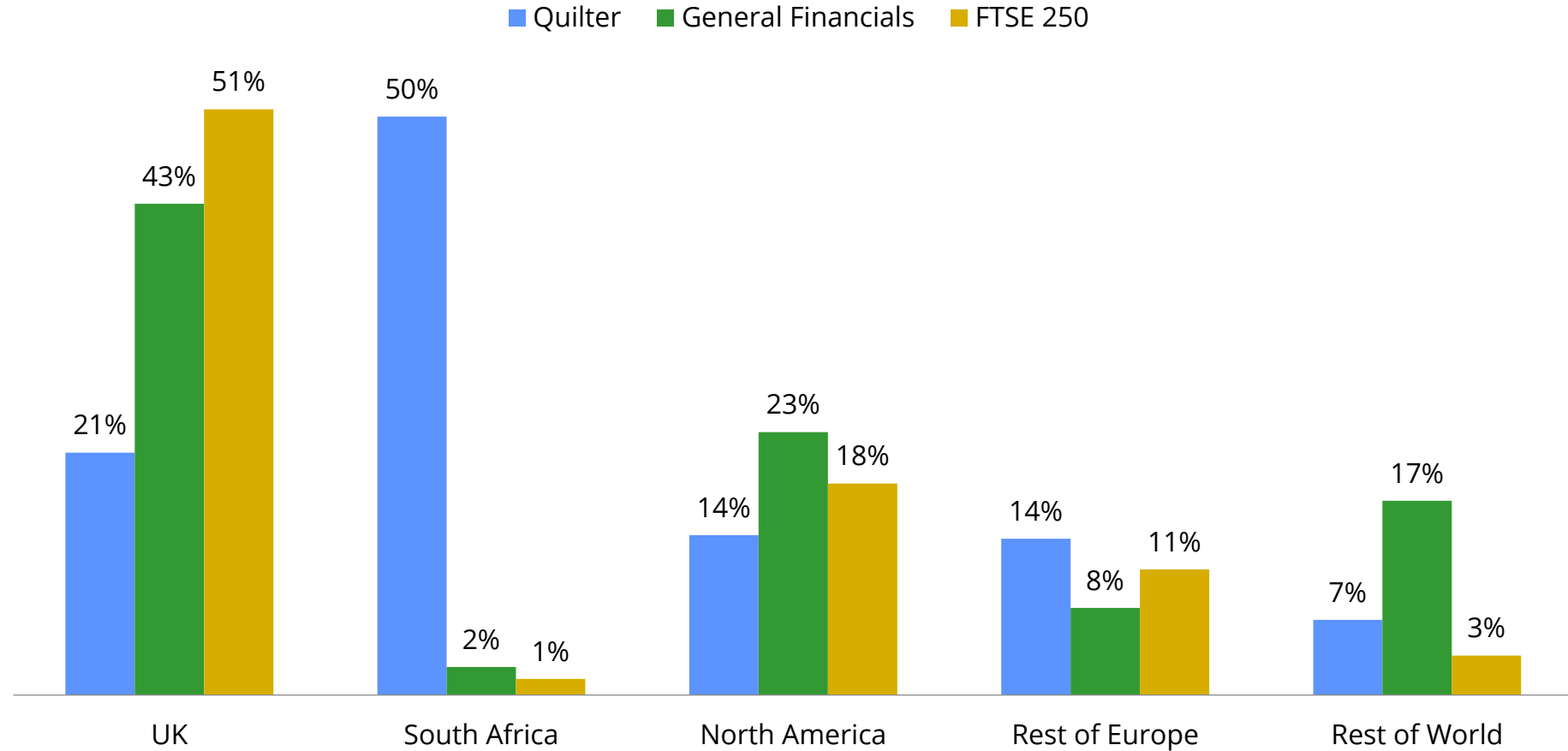
Rated A  
(Strategy & Governance)



Environmental  
stewardship score: B-

# Register structure by geography

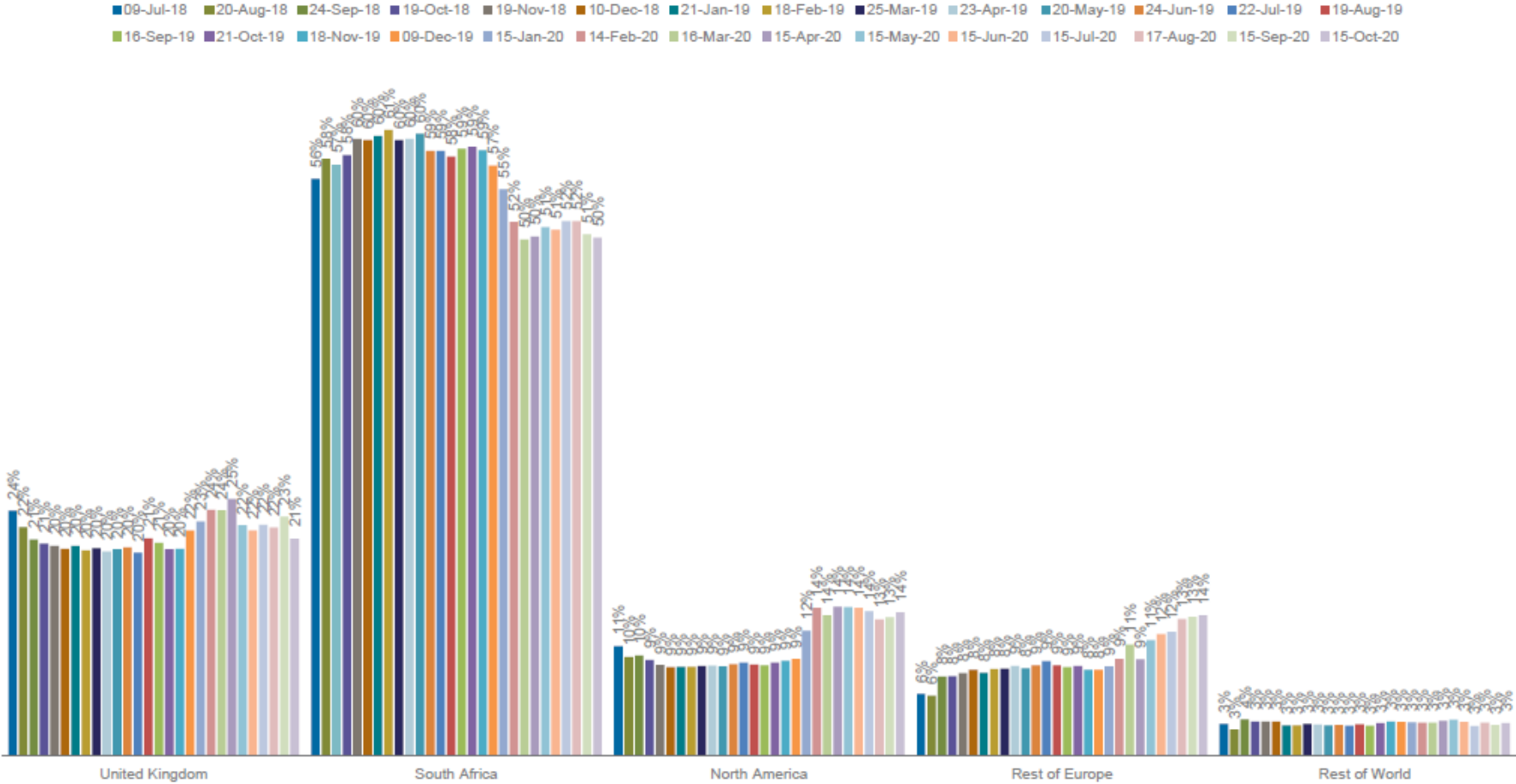
## Company analysis vs key benchmark data



As at 15 October 2020

# Register structure over time

## Company analysis over time



As at 15 October 2020

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# Disclaimer

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Quilter