



# Full Year 2022 Results

8 March 2023

Quilter

# Disclaimer

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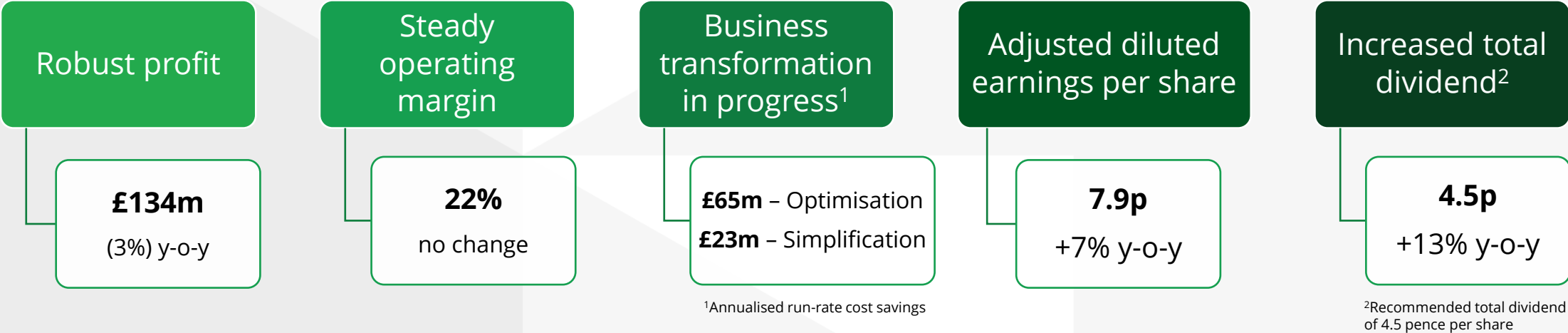
# Business update

Steven Levin  
8 March 2023

Quilter

# Results overview - robust delivery in challenging markets

## Quilter highlights FY 2022:



# Business reshaped towards a UK centric focus since Listing

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**Refocused on High Net Worth  
and Affluent segments  
Two scale distribution channels**

**Market leading platform  
built on robust technology**

**Significant cost reduction  
programmes**

**Capital discipline  
c.£1bn returned to shareholders  
since Listing**

## Industry context – secular growth with cyclical challenges

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**UK Wealth market has strong secular growth potential**

**Cyclical equity and bond market headwinds in 2022**

**Economic downturn, higher interest rates, cost-of-living challenges impacting flows**

**Adviser consolidation causing market disruption**

# Quilter: strategically well positioned across the UK wealth industry

*Three broadly equal revenue streams from our three core franchises*

High Net Worth c.£200m

Affluent c.£400m

## Strategic focus:

- Improving productivity
- Adding Investment Managers and Advisers

High Net Worth  
Discretionary investment  
management and advice

## Strategic focus:

- Greater RFP alignment
- Eliminate IT duplication
- Simplification, business integration and cost reduction

Quilter channel  
Advice, platform administration  
and investment solutions

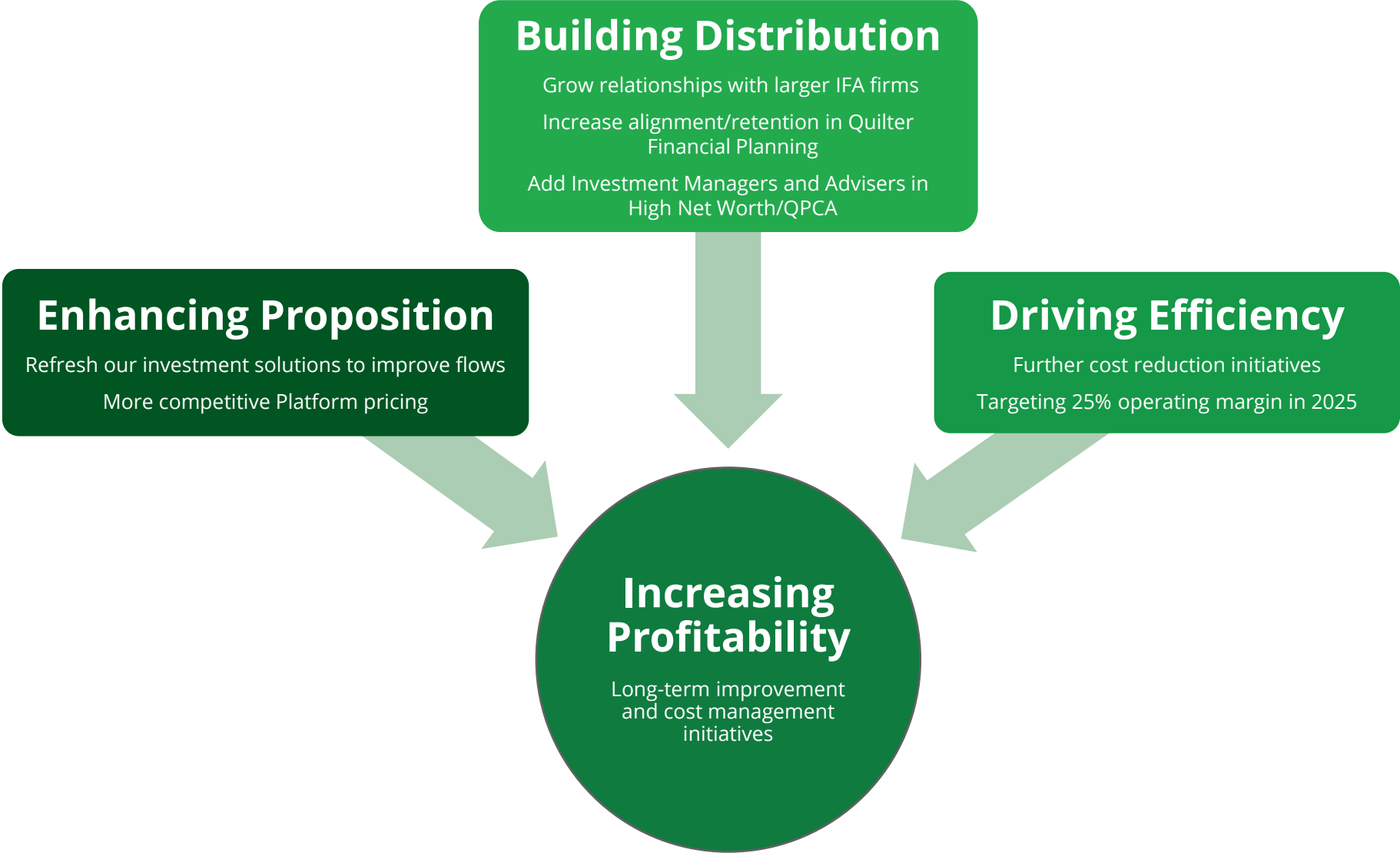
IFA channel  
Platform administration and  
investment solutions

## Strategic focus:

- Grow base of larger firms
- Increase strategic partnerships

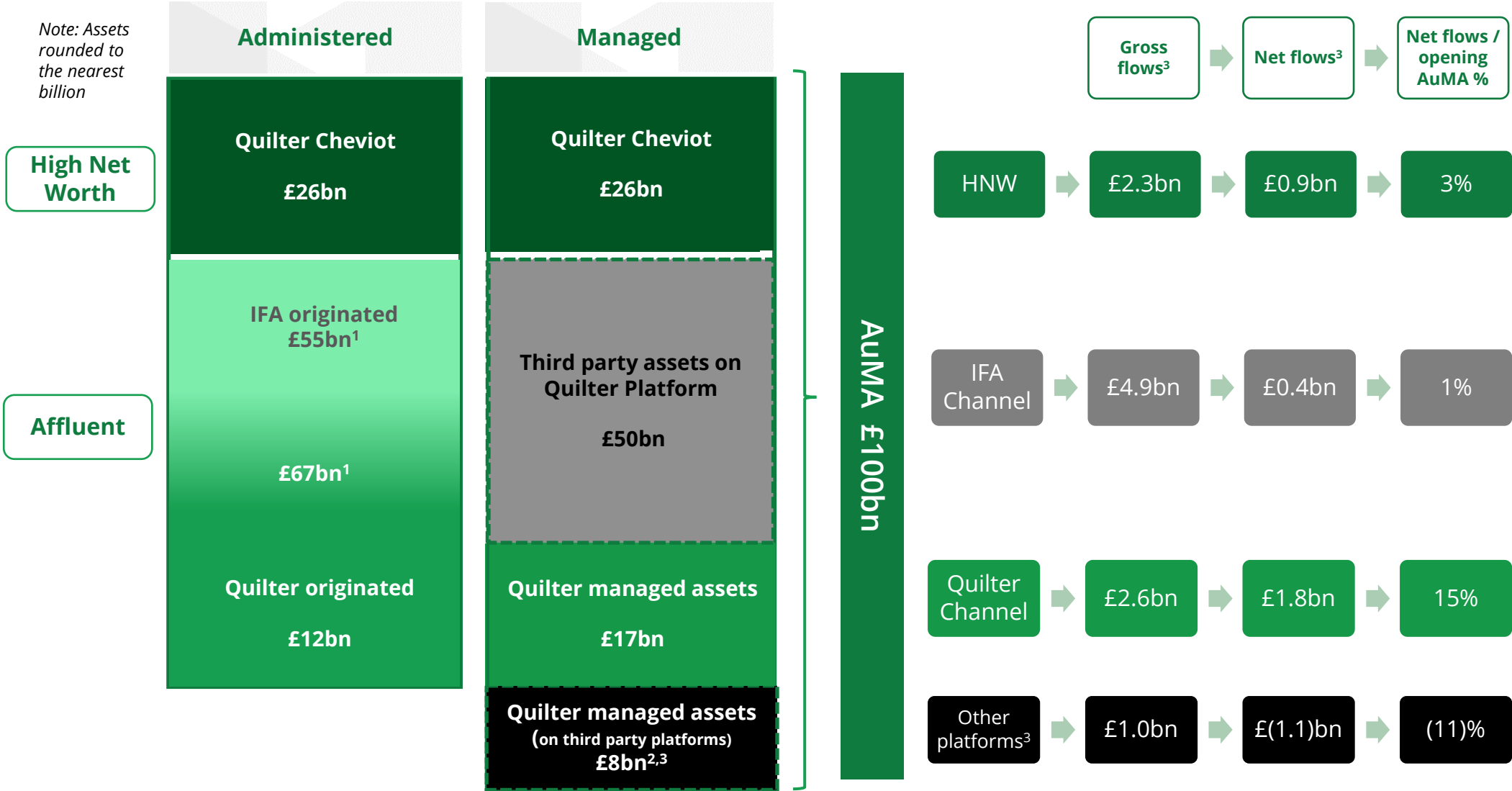
Quilter

# Planned actions to drive business improvement





# Quilter FY 2022 AuMA

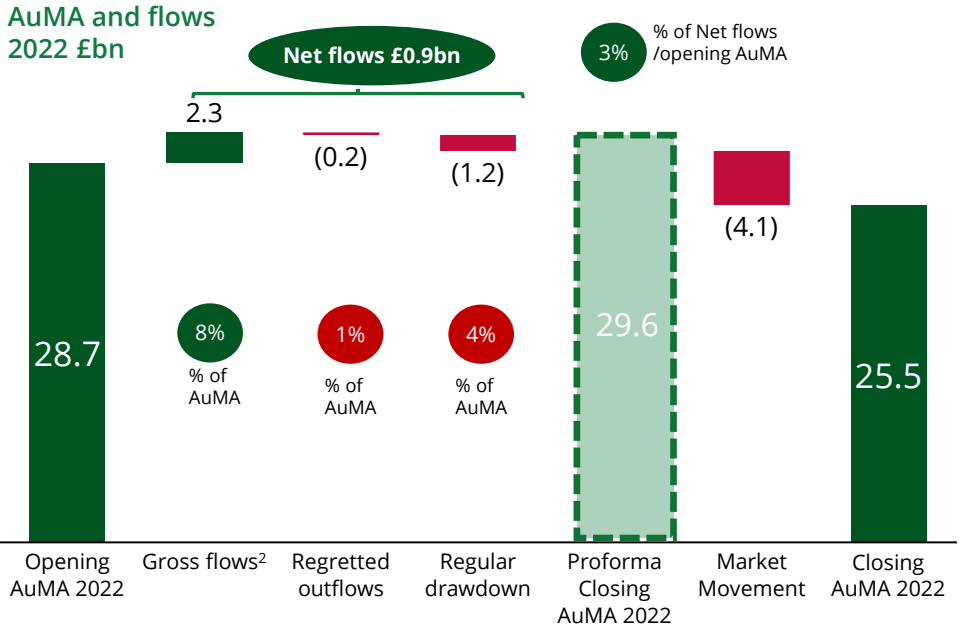
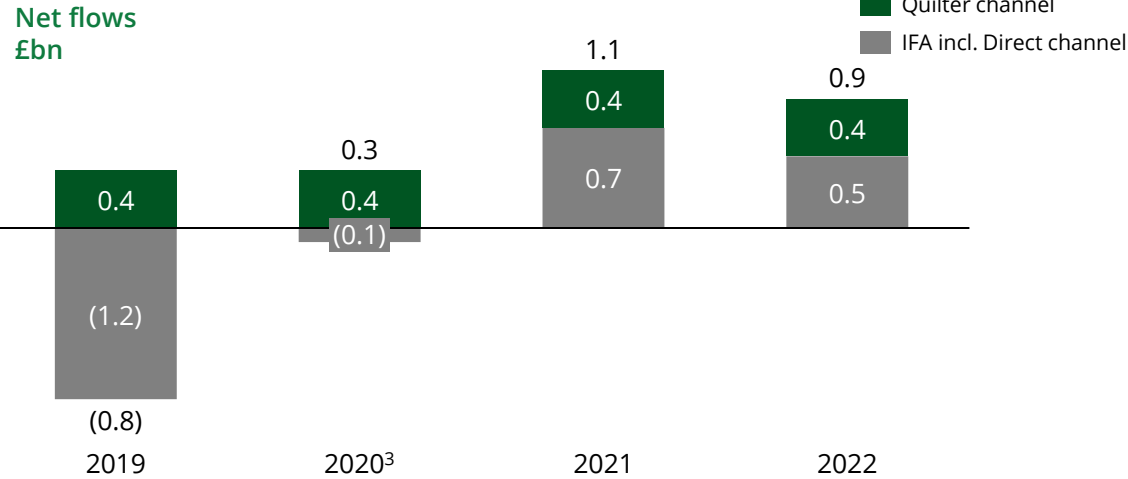
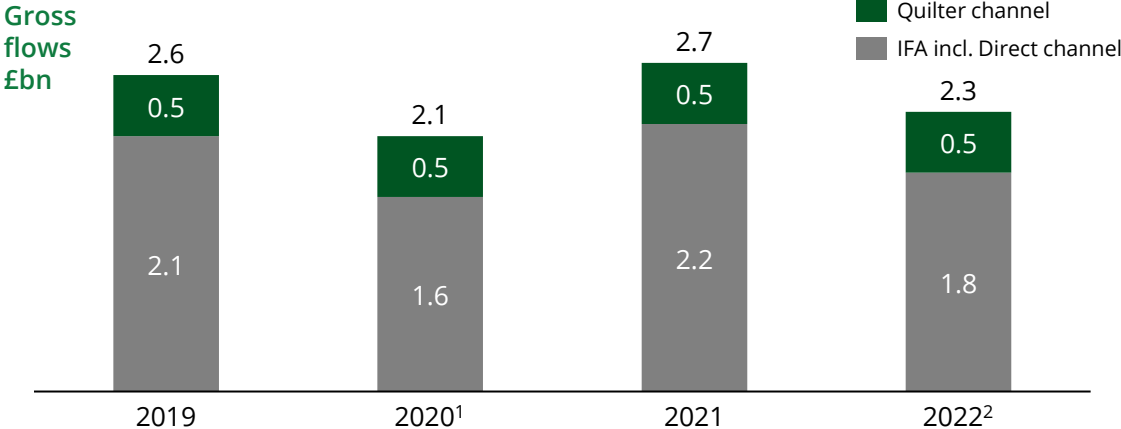


<sup>1</sup>Includes c.£1bn of "non-core" assets

<sup>2</sup>Includes c.£2bn of "non-core" assets

<sup>3</sup>Includes Inter-segment dual assets reflect funds sold by Quilter Cheviot and managed by Quilter Investors and the Quilter Cheviot bespoke Managed Portfolio Solutions (MPS) available to advisers on the Quilter Investment Platform. This is excluded from total AuMA to ensure no double count takes place. Of which £(0.3)bn relates to gross flows, £(0.2)bn to net flows and £(0.8)bn to AuMA

# High Net Worth flows – resilient and stable

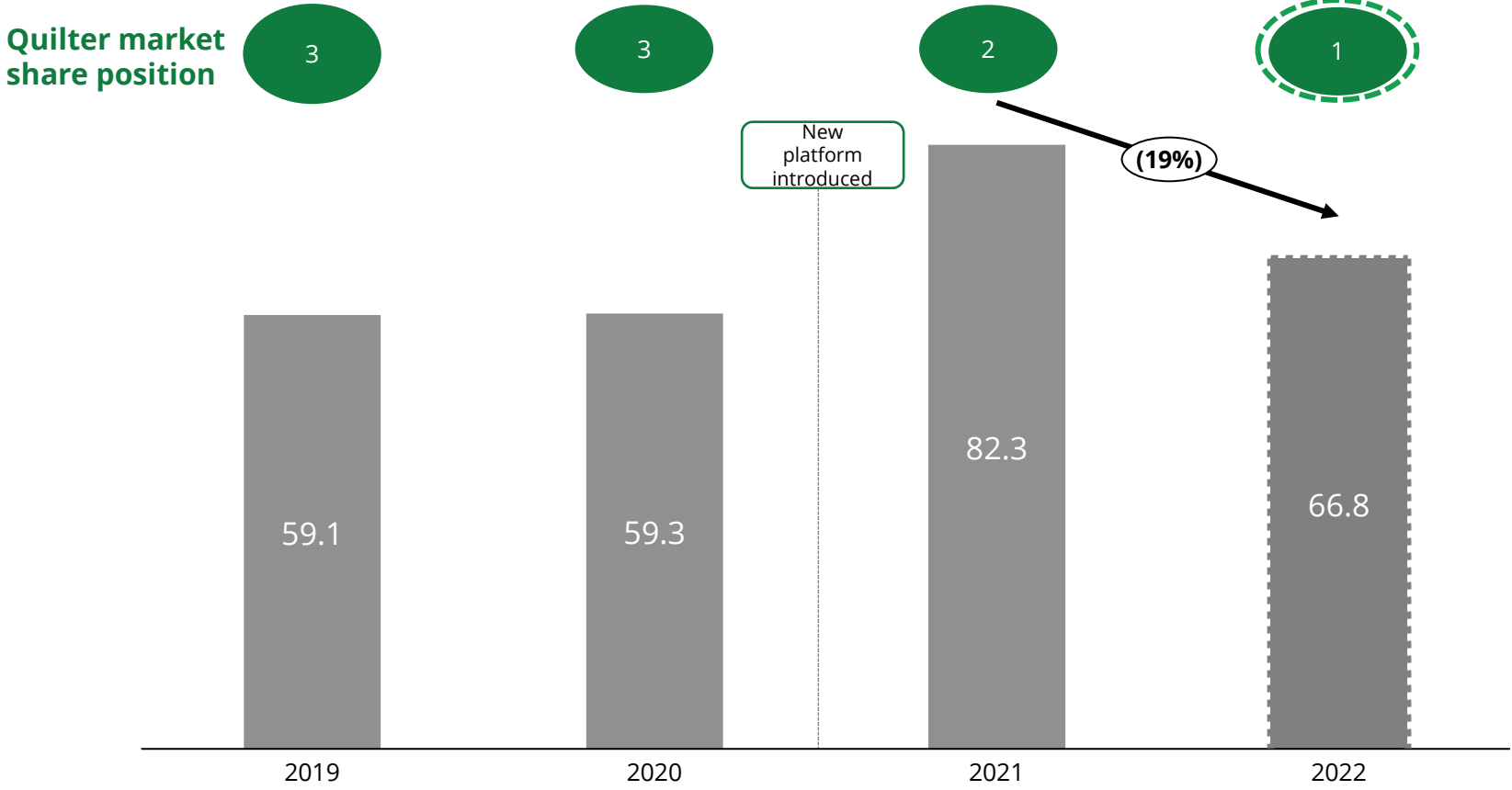


- Net flows compare favourably to peers
- Wealthy clients reluctant to make new investments given market volatility
- Expect mid single digit flow growth over the medium-term

<sup>1</sup>IFA channel 2020 gross flows rounded to £1.6bn for casting purposes  
<sup>2</sup>Quilter channel 2022 gross flows rounded to £0.5bn for casting purposes  
<sup>3</sup>Quilter channel 2020 net flows rounded to £0.4bn for casting purposes

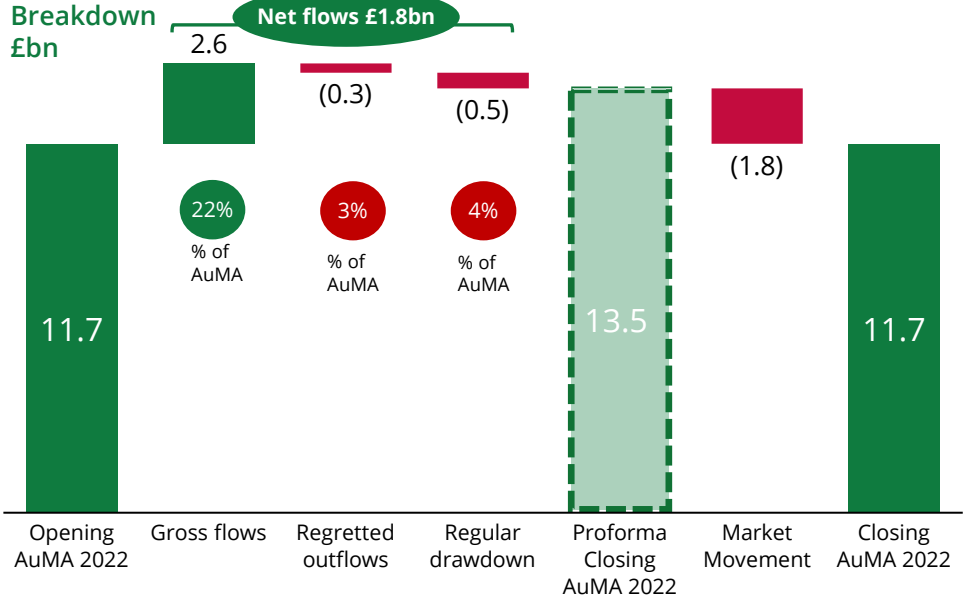
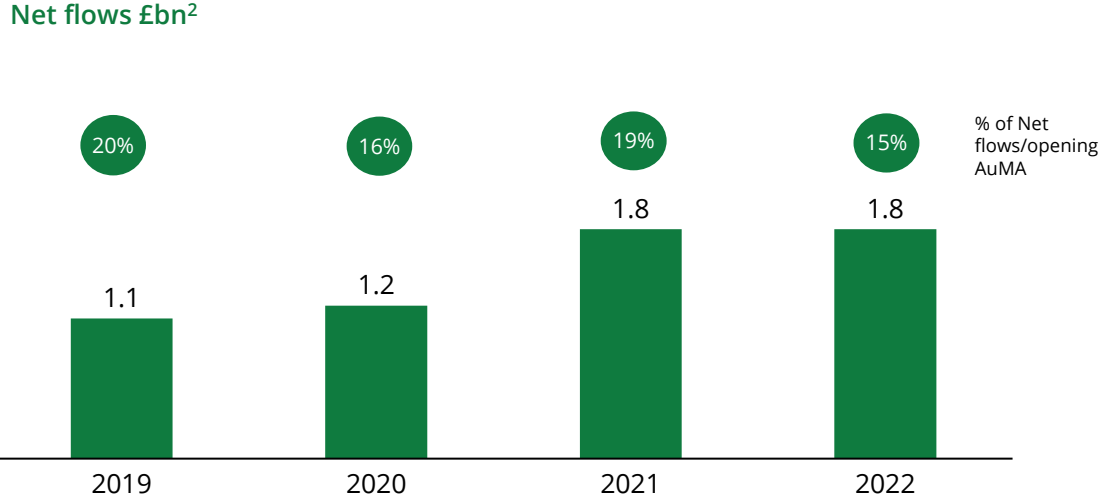
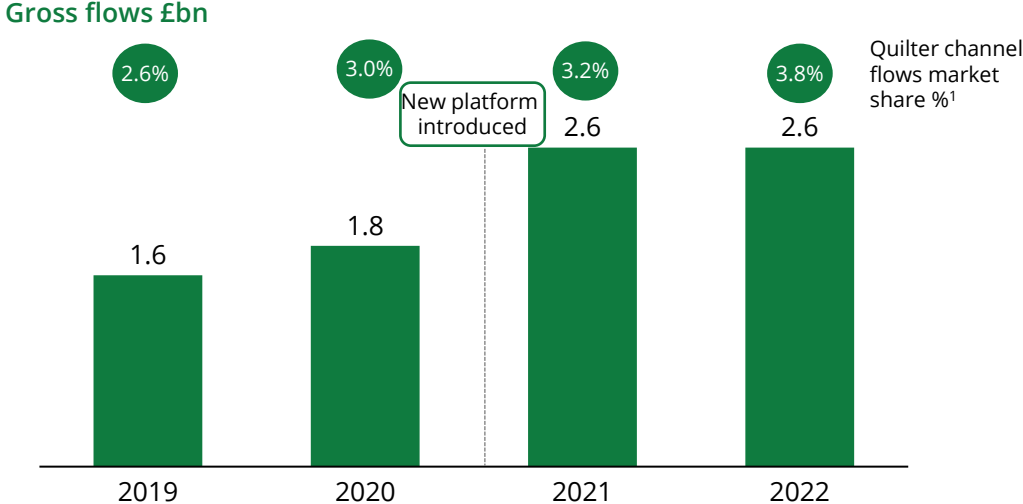
# Retail Market gross flows – 2022 a challenging year

Total retail advised market gross platform flow £bn



➤ Gross flow market share rank moved from 3<sup>rd</sup> to 1<sup>st</sup> following introduction of new platform

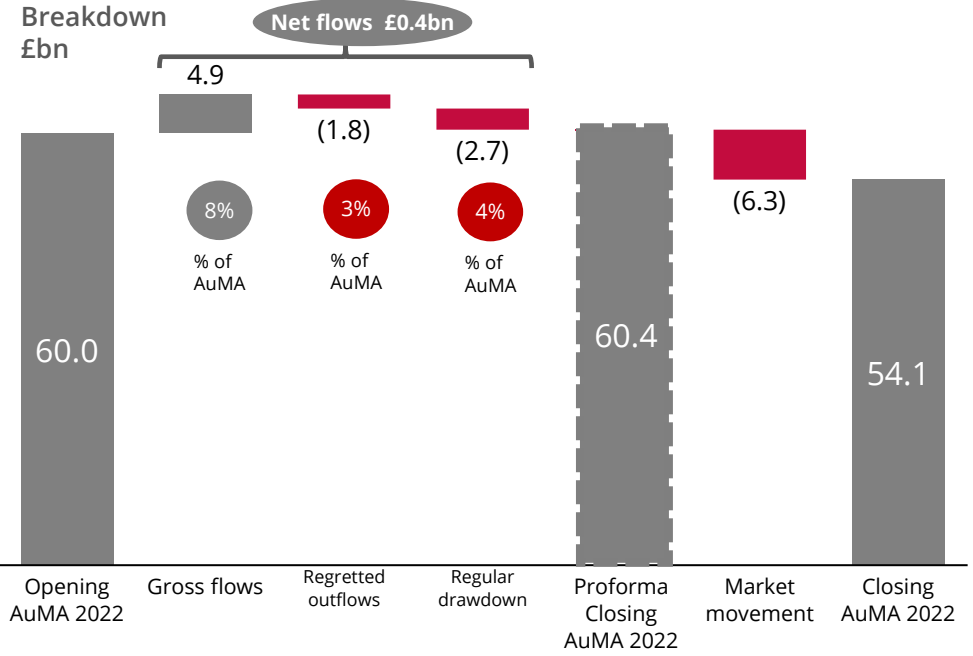
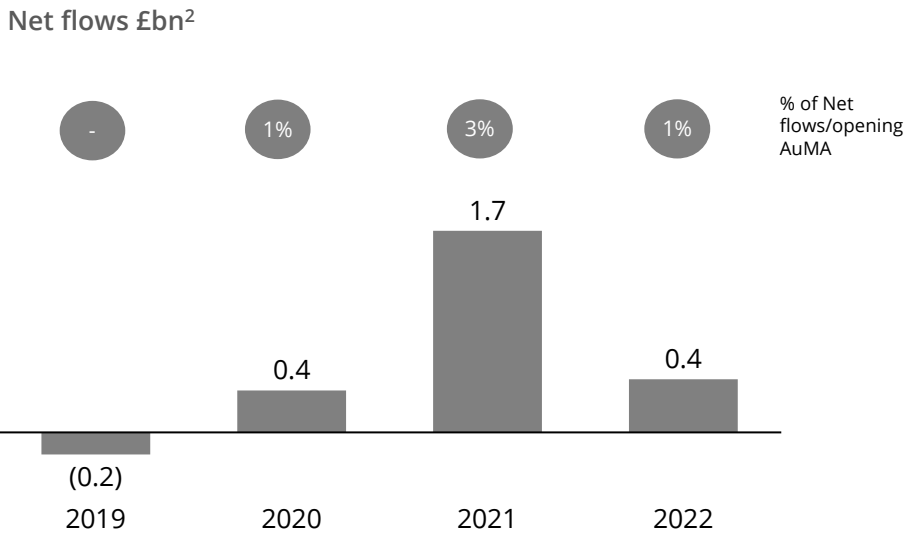
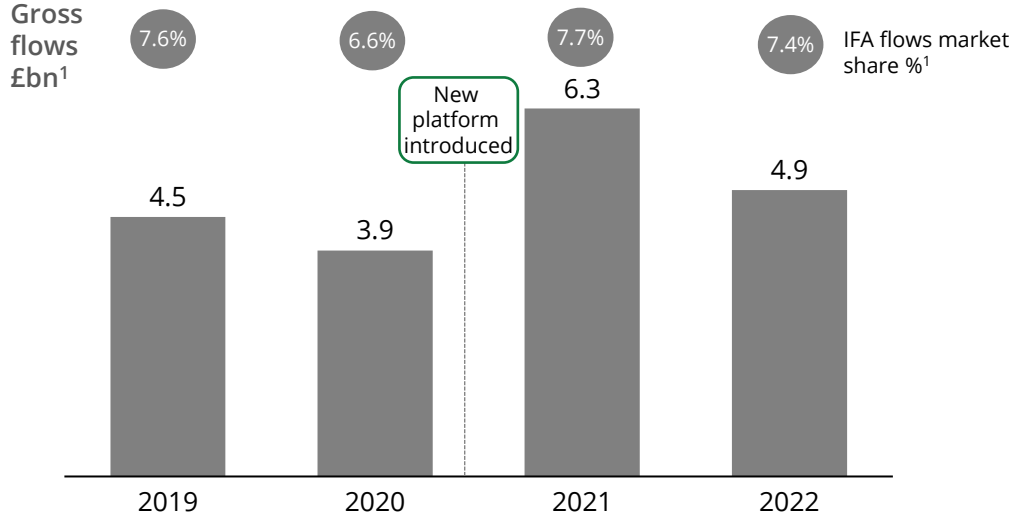
# Quilter channel Platform flows – continued strong performance



- Net flows 15% of opening AuMA
- Stable year on year total gross/net flows despite market decline
- Regular and regretted outflow in line with long-term trends
- Continue to target low to mid teens net flows as a percentage of opening assets under advice, over time

<sup>1</sup>Based on Quilter channel gross flows as a percentage of total retail gross flows per Fundscape reports – 2019 to 2022  
<sup>2</sup>Historical data for 2019 to 2021 includes adviser fees within outflows

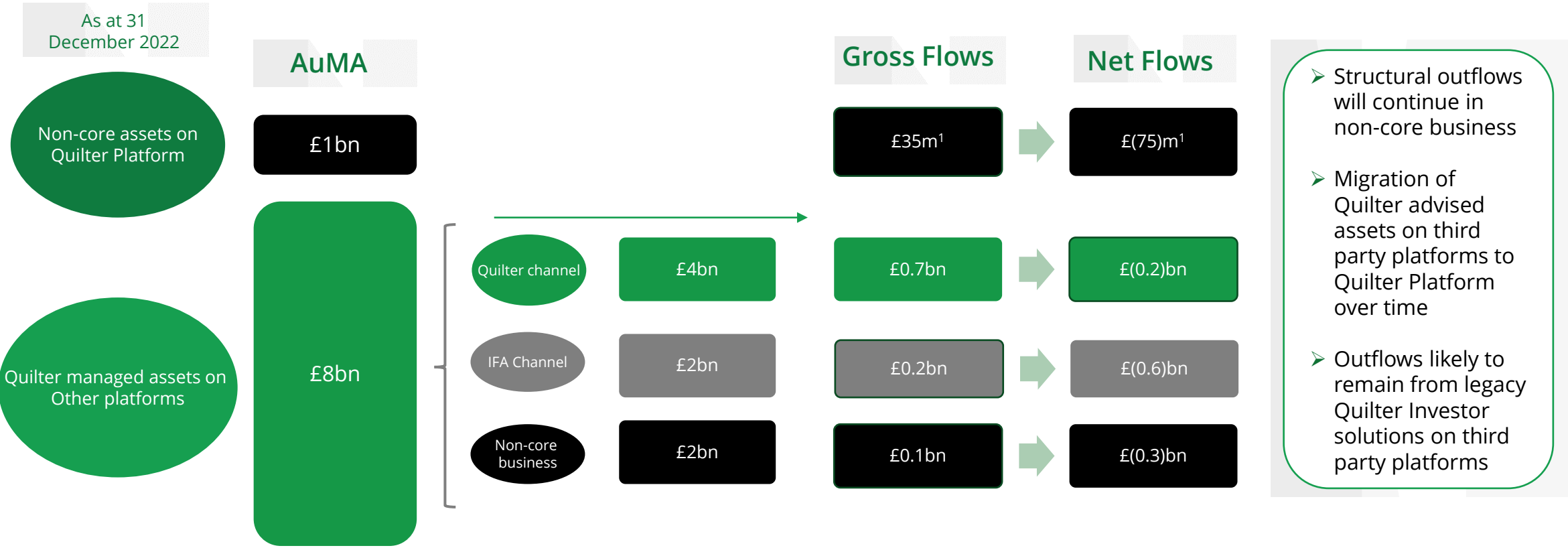
# IFA Platform flows – key focus for improvement



- Improvement in gross flows since introduction of new platform
- Regretted and regular outflow in line with long-term trends
- Net flows highly sensitive to market volume
- Higher IFA channel gross flows will support net flows

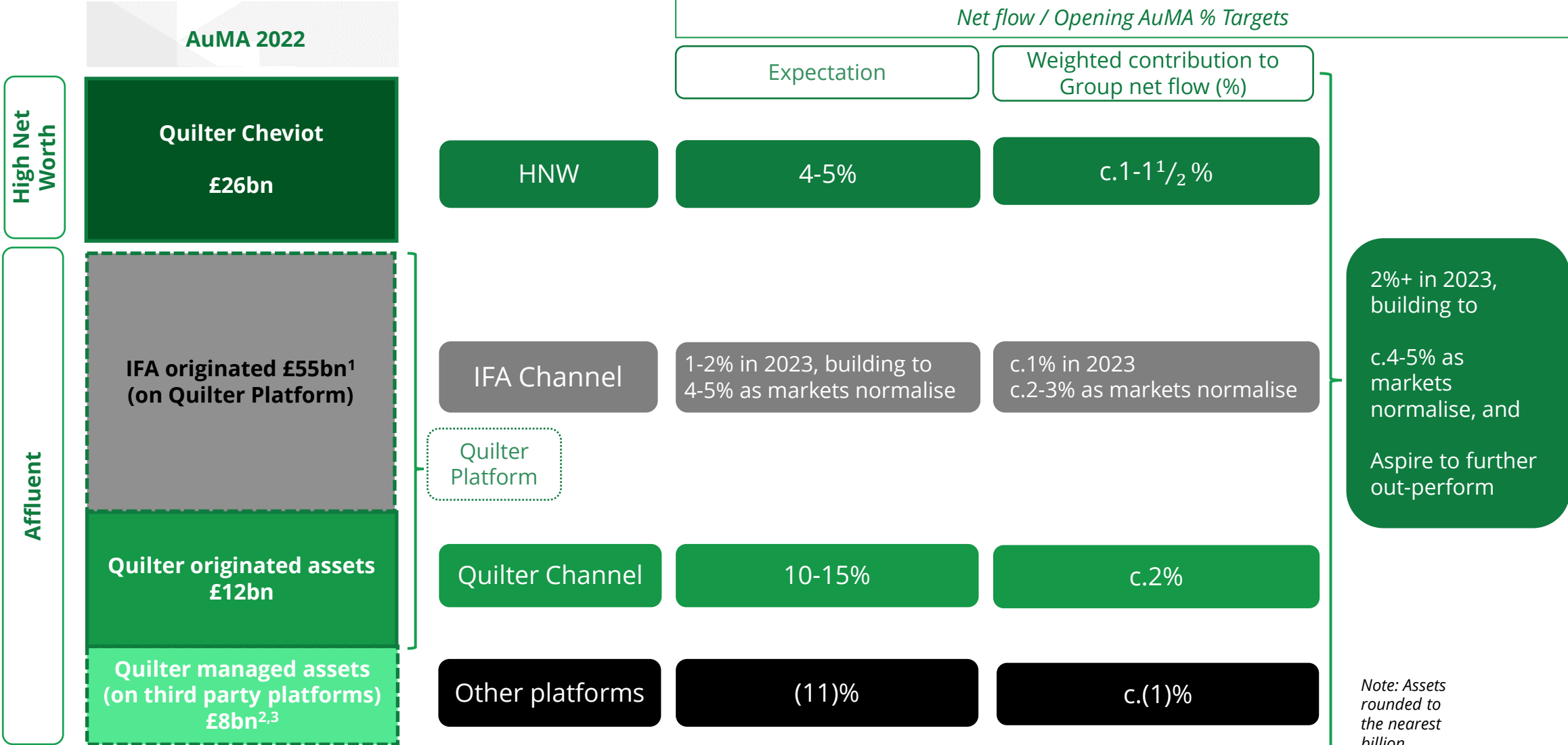
<sup>1</sup>Based on Quilter IFA platform gross flows as a percentage of total retail gross flows per Fundscape reports – 2019 to 2022  
<sup>2</sup>Historical data for 2019 to 2021 includes adviser fees

# Non-core business and other platforms



Note: Assets rounded to the nearest billion  
<sup>1</sup>Flows are less than £0.1bn, therefore expressed in millions

# Group flow expectations – driving incremental improvement



<sup>1</sup>Includes c.£1bn of "non-core" assets

<sup>2</sup>Includes c.£2bn of "non-core" assets

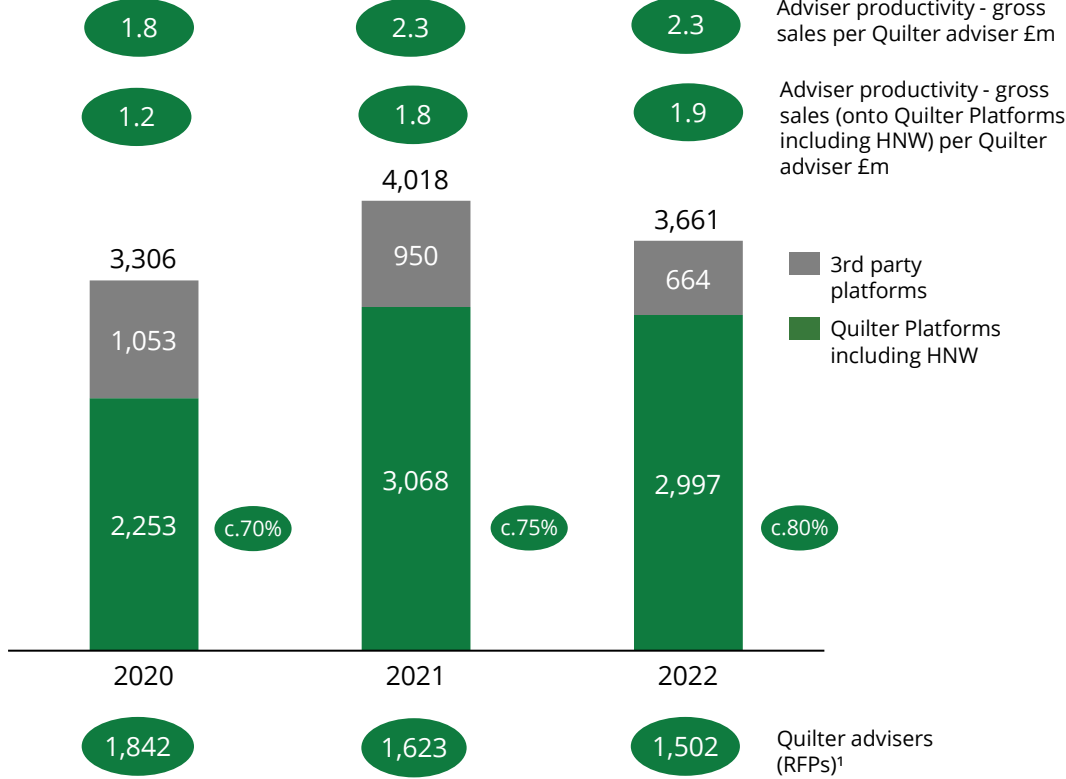
<sup>3</sup>Inter-segment dual assets reflect funds sold by Quilter Cheviot and managed by Quilter Investors and the Quilter Cheviot bespoke Managed Portfolio Solutions (MPS) available to advisers on the Quilter Investment Platform. £0.8bn excluded from total AuMA to ensure no double count takes place

Note: Assets rounded to the nearest billion

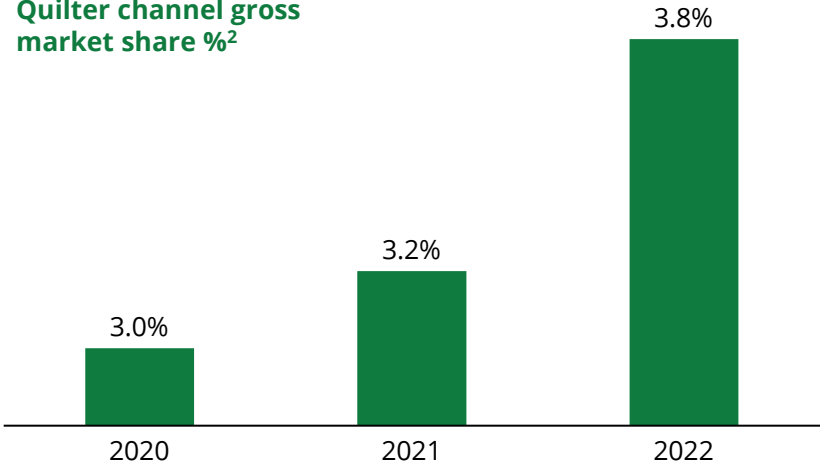


# Focus on driving Quilter channel growth and adviser productivity

## Gross sales Quilter channel £m



## Quilter channel gross market share %<sup>2</sup>



- Focus on strategic alignment and propositions within Quilter Financial Planning, as well as adviser growth
- Investing in our systems to improve quality and adviser experience
- Reducing leakage and removing complexity
- Driving adviser productivity and flows

1. Includes RFPs who are part of the Affluent and High New Worth segments  
 2. Based on Quilter channel gross flows as a percentage of total retail gross flows per Fundscape reports – 2020 to 2022



# What we are driving for

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## Operating margin

- 25% in 2025
- 30% longer term goal

## Net flows / opening AuMA

- Incremental improvement in 2023, targeting 2%+ flows
- 4-5% net flows / opening AuMA when markets normalise, and aspire to build momentum further



# Financial review

Mark Satchel  
8 March 2023

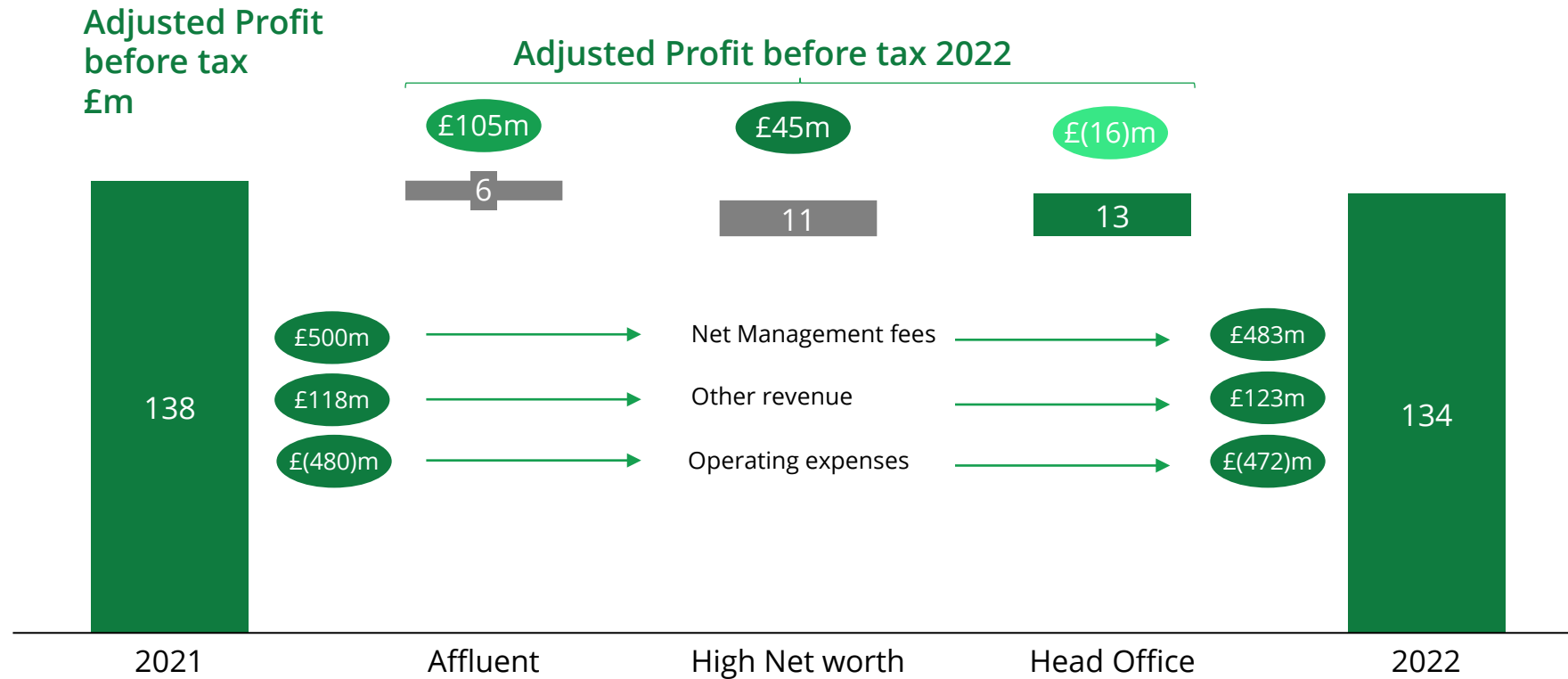
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# FY 2022 results: summary

- Improved persistency of 92% (FY21: 91%)
- Revenue margins in line with guidance
- Cost discipline
- Remain well capitalised

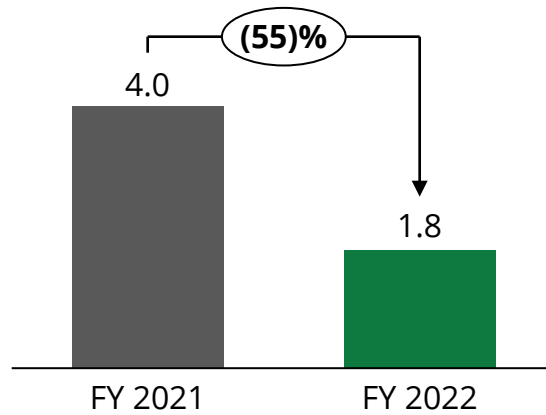
Key financials		FY 2022		FY 2021	Δ
Continuing operations					
Net flows / Opening AuMA	%	2	4	(2)ppt	
Adjusted profit before tax	£m	134	138	(3)%	
IFRS profit after tax	£m	175	23	n/a	
Operating margin	%	22	22	Unch	
Adjusted diluted earnings per share	p	7.9	7.4	+7%	
Key performance indicators		FY 2022		FY 2021	Δ
AuMA	£bn	99.6	111.8	(11)%	
Total Restricted Financial Planners ("RFPs")	#	1,502	1,623	(7)%	
Investment Managers ("IMs")	#	179	170	+5%	

# Adjusted profit before tax summary

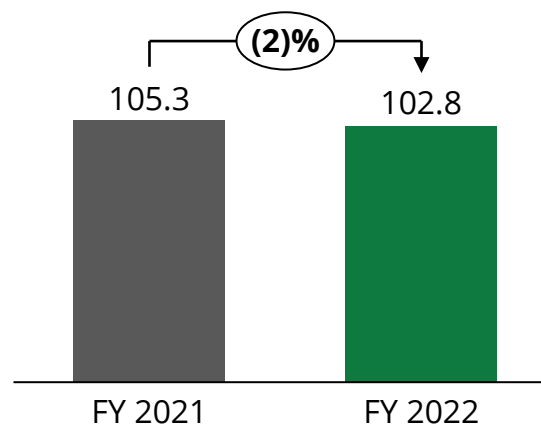


# Cost discipline supporting adjusted profit

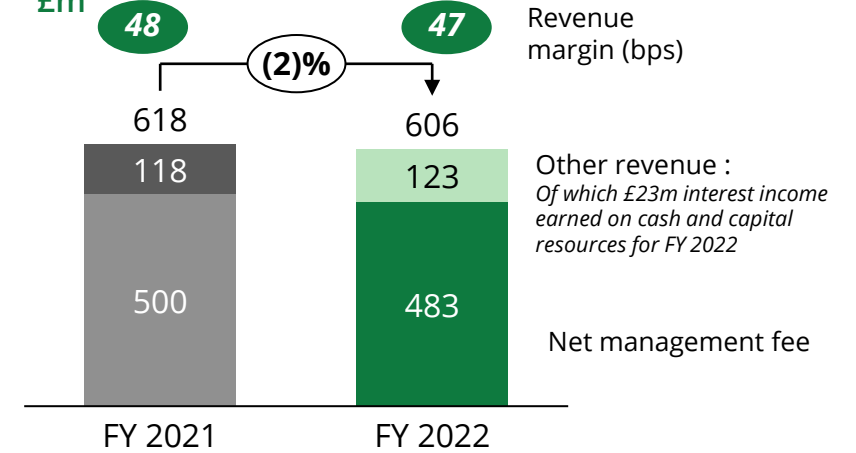
Net flows  
£bn



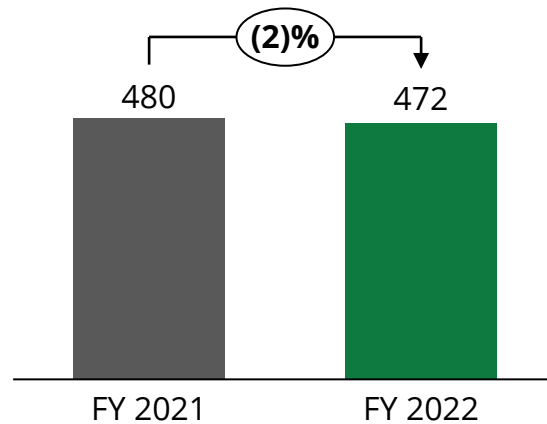
Average AuMA  
£bn



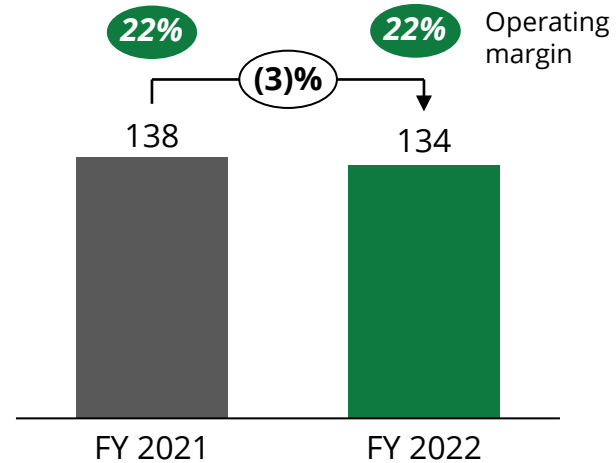
Revenue  
£m



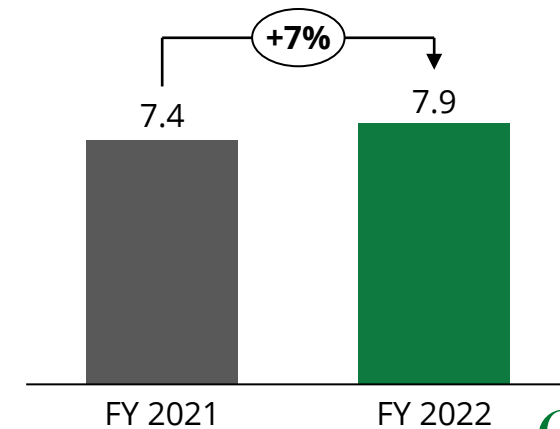
Expenses  
£m



Adjusted profit before tax  
£m

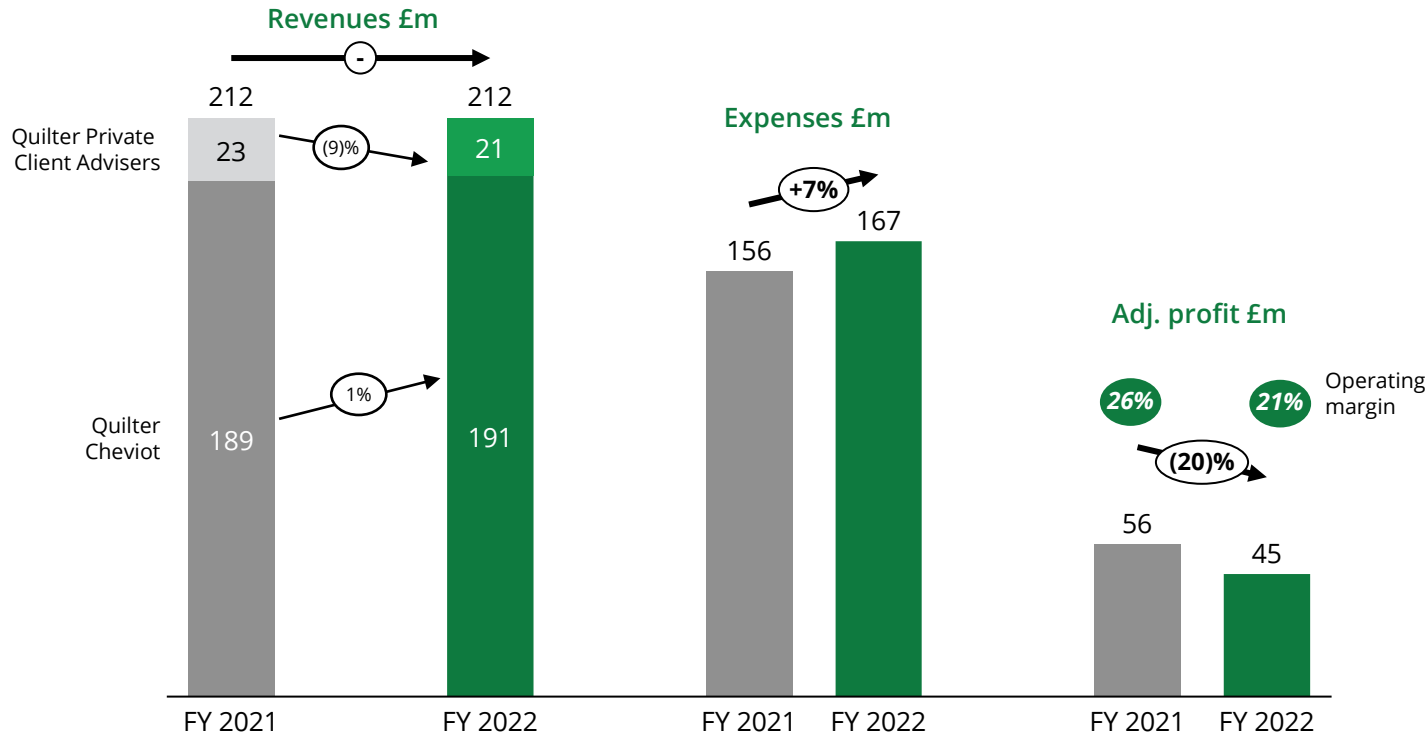


Adjusted diluted EPS  
Pence



Note: Historical figures exclude contribution from Quilter International

# High Net Worth: investing for growth

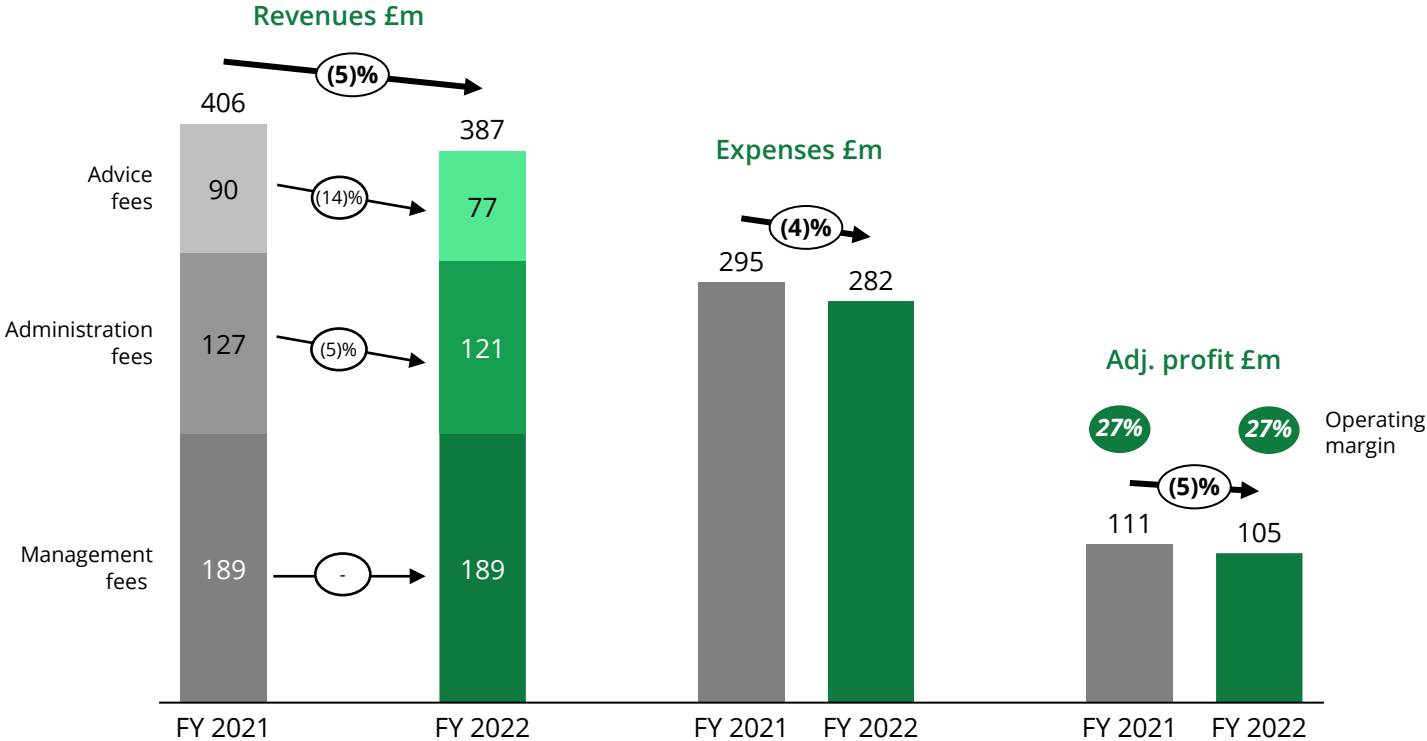


## FY 2022 highlights

- Stable revenue within High Net Worth
- Investment Manager headcount increased by 9 year-on-year

Note: Past performance is not a guide to future performance and may not be repeated. UK: Suitable for professional clients

# Affluent: resilient performance in challenging markets

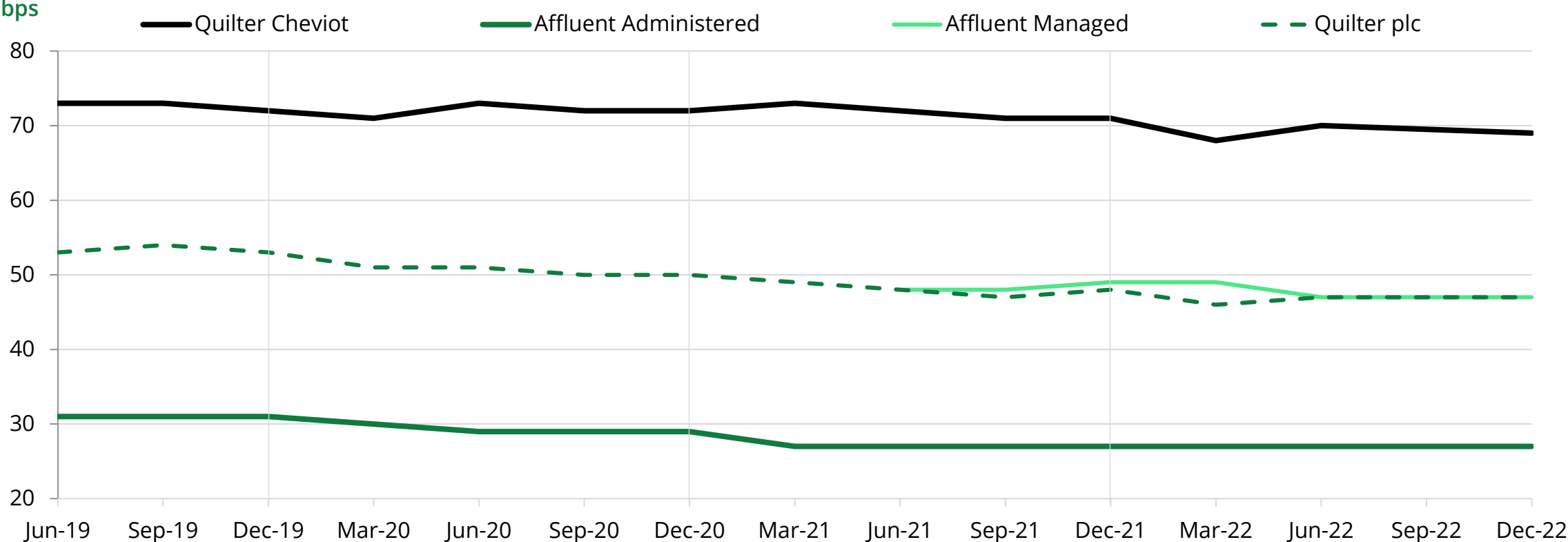


## FY 2022 highlights

- Solid financial performance supported by strong cost management
- Changed management of Cirilium Active
- Significant expansion of our Wealth Select investment propositions

# Revenue margin progression broadly in line with guidance

## Revenue margin



- **Revenue margins in line with guidance**
- High Net Worth managed assets broadly stable around 70bps
- Affluent managed trending down to low to mid 40s bps, following Cirilium reprice
- Affluent administered assets trending down one basis point p.a.

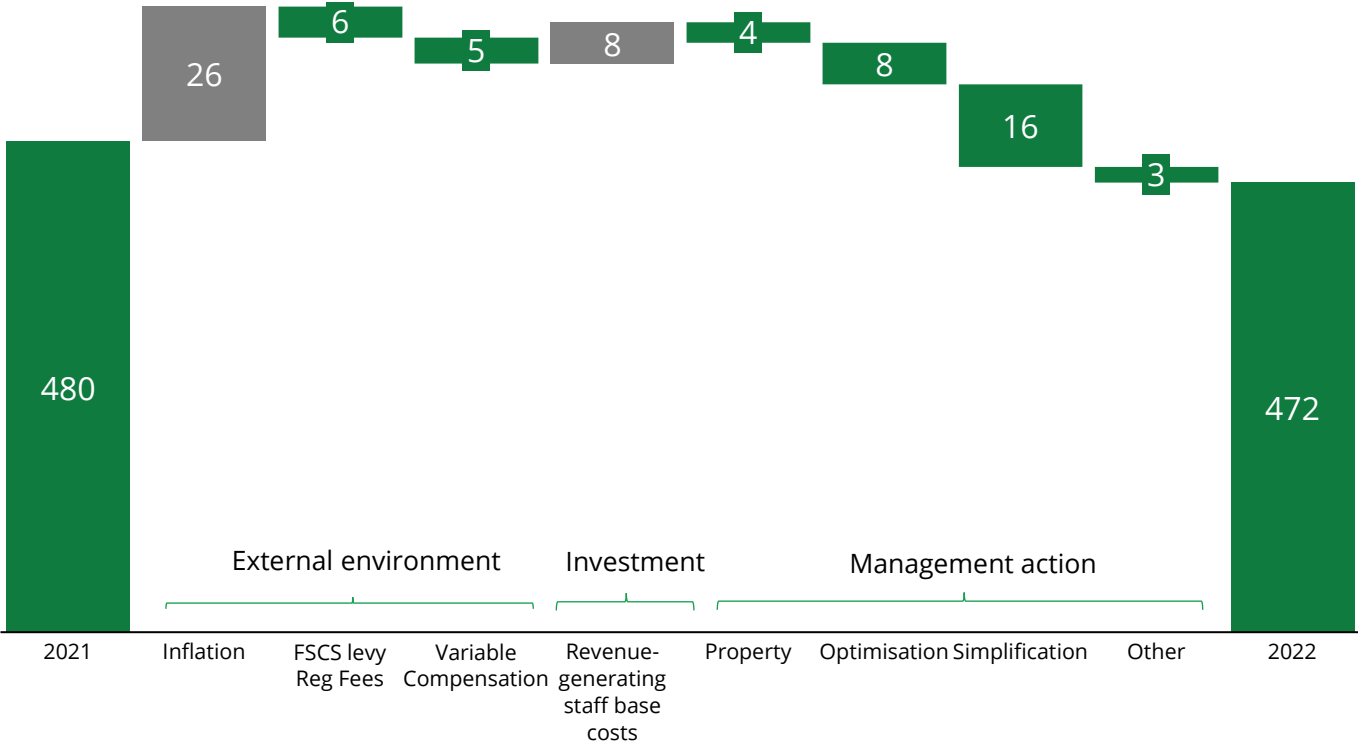
Note: Quilter plc revenue margin progression excludes any contribution from Quilter International



# Expense discipline contributing to lower cost outcome

	Cost analysis (£m)		As a percentage of revenues	
	FY 2022	FY 2021	FY 2022	FY 2021
Support staff costs	118	127		
Operations	22	27		
Technology	35	42		
Property	31	31		
Other base costs <sup>1</sup>	30	25		
<b>Sub-total base costs</b>	<b>236</b>	<b>252</b>	<b>39%</b>	<b>41%</b>
Revenue-generating staff base costs	92	83	15%	13%
Variable staff compensation	75	80	12%	13%
Other variable costs <sup>2</sup>	46	36	8%	6%
<b>Sub-total variable costs</b>	<b>213</b>	<b>199</b>	<b>35%</b>	<b>32%</b>
Regulatory/ PI costs	23	29	4%	5%
<b>Total operating expenses</b>	<b>472</b>	<b>480</b>	<b>78%</b>	<b>78%</b>

FY 2022 expense progression £m

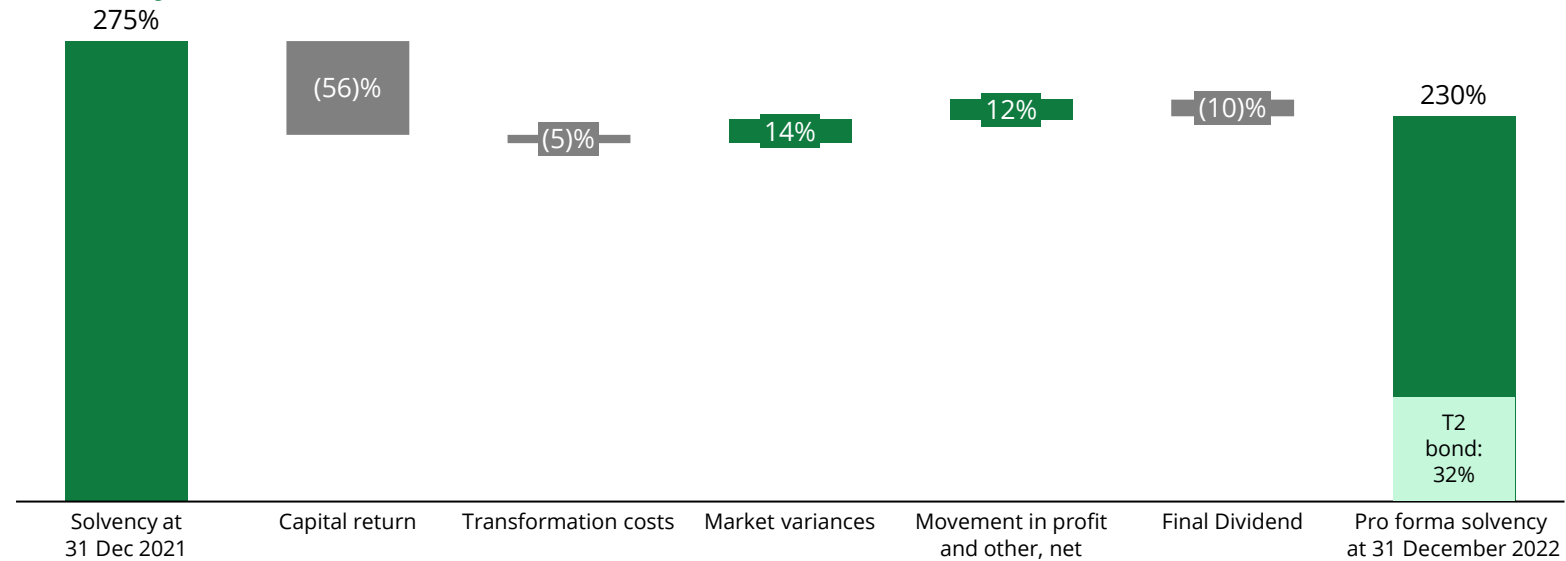


<sup>1</sup>Other base costs includes depreciation and amortisation, audit fees, shareholder costs, listed-related costs and governance

<sup>2</sup>Other variable costs includes FNZ costs, development spend and corporate functions variable costs

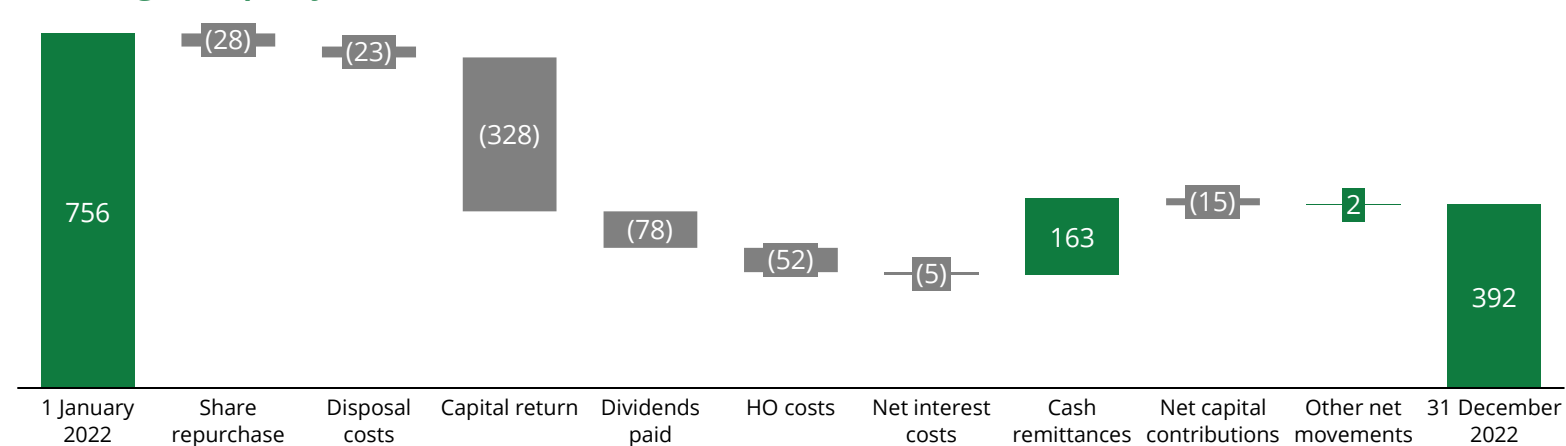
# Strong solvency ratio and cash position

## Solvency II ratio



- Strong Pro forma Solvency II ratio
- January - issue of £200 million of 8½% Fixed Rate Reset Subordinated Notes due April 2033, with a call option from January 2028

## Holding company cash £m



- c.£120m of holding company cash reserved for
  - Final dividend
  - Business Simplification costs
  - Select growth investment

Note: Solvency II chart figures may not sum to totals due to rounding

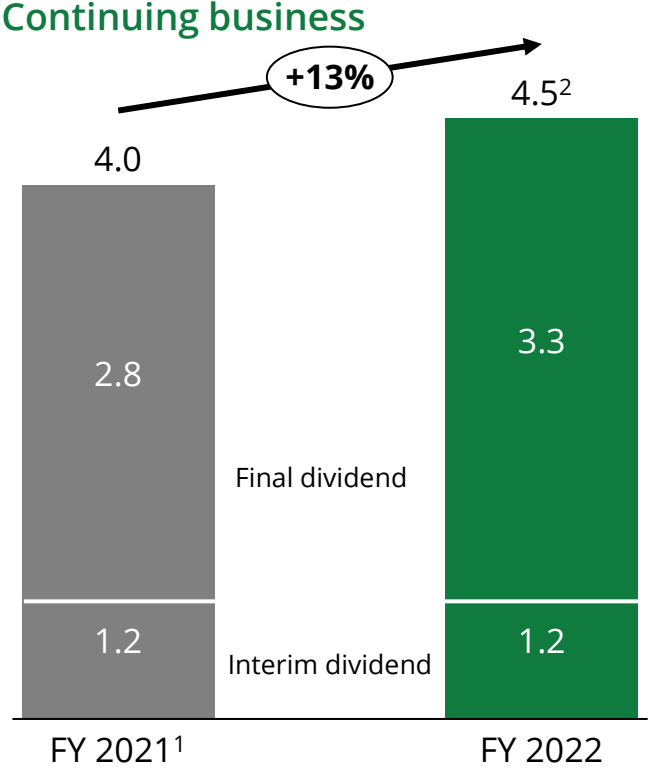
# FY 2022 dividend and capital returns

## Dividend

- Recommended FY 2022 dividend of 4.5p, up 13% on a continuing basis
- Improved dividend pay-out ratio of 57% versus 2021
- Board expects to continue moving up the pay-out range, over time

## Return of Quilter International proceeds

- £328m capital return via 'B' share mechanism and share consolidation
- 6 for 7 share consolidation completed: 1.404 billion issued shares
- c.25% decline in shares outstanding since Listing in 2018

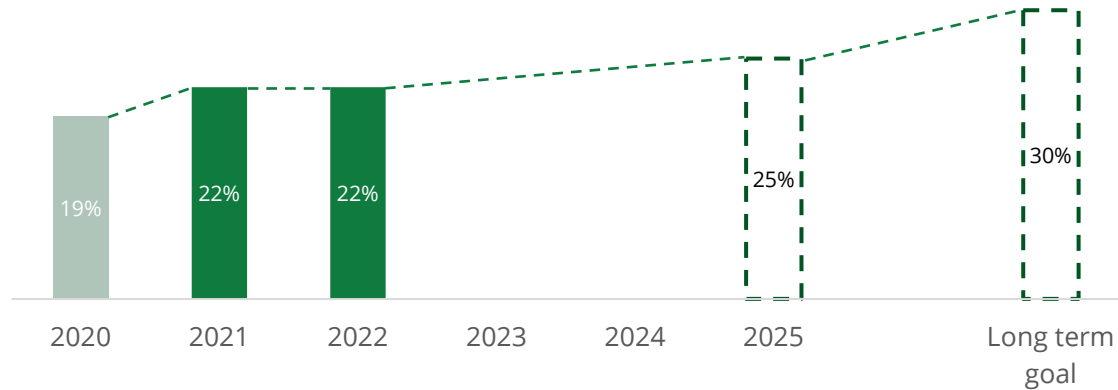


<sup>1</sup>FY 2021 total dividend of 4.0 pence per share for continuing business. FY 2021 total dividend including Quilter International is 5.6 pence per share, of which 1.6 pence per share in respect of Quilter International contribution

<sup>2</sup>Recommended total dividend per share

# Stable operating margin and EPS progression

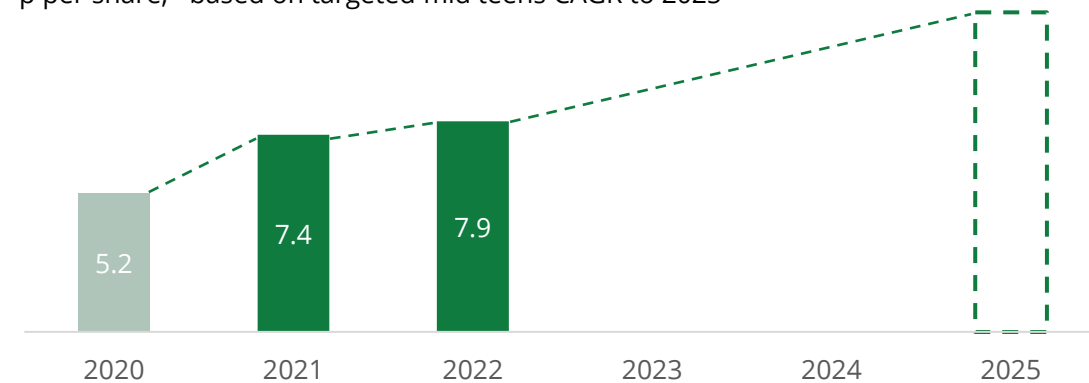
## Stable operating margin with positive forward trends



- Stable operating margin of 22%, in line with the prior year
- Revised target of 25% in 2025, with 30% still our aspiration

## Adjusted diluted EPS momentum: indicative trajectory\*

p per share, \*based on targeted mid teens CAGR to 2025



- Compound growth of 23% from 2020, representing a strong performance versus mid-teens target

# Group targets / 2023 guidance

	Capital Market Day Targets	Revised Group target
Net flows	<ul style="list-style-type: none"> <li>➤ Target net inflow growth of at least 6% of opening AuMA per annum through the cycle, with a higher percentage growth rate from the Affluent segment</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>c.4-5% of opening AuMA per annum as markets normalise, and aspire to build momentum further</b></li> </ul>
Revenue margins	<ul style="list-style-type: none"> <li>➤ High Net Worth managed assets (Quilter Cheviot) broadly stable around 70 bps</li> <li>➤ Affluent managed assets mix dependent, between low 40s to mid 40s bps</li> <li>➤ Affluent administered assets (Quilter Platform) trending down c.1bp p.a</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>High Net Worth managed assets (Quilter Cheviot) stable around 70 bps</b></li> <li>➤ <b>Affluent managed asset mix dependent – trending down to low 40’s bps</b></li> <li>➤ <b>Affluent administered assets (Quilter Platform) trending down c.1 bp p.a</b></li> </ul>
Operating margin	<ul style="list-style-type: none"> <li>➤ Targeting steady improvement to at least 25% in 2023 and 30%+ in 2025, assuming 5% market growth, net flows in line with Group target, and delivery of Simplification cost targets</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Targeting 25% in 2025 and build to 30% in the longer term thereafter</b></li> </ul>
Dividend	<ul style="list-style-type: none"> <li>➤ <b>Policy pay-out range increased to 50% to 70% of post-tax, post-interest adjusted profit</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Unchanged</b></li> </ul>
Below the line items	<ul style="list-style-type: none"> <li>➤ <b>c.£55m cost to achieve in respect of Simplification, £17m spent to date</b></li> <li>➤ <b>c.£35m revenue/capability investment</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Targets remain with additional cost reduction initiatives under consideration</b></li> </ul>
2023 guidance		
Net flows	<ul style="list-style-type: none"> <li>➤ <b>2%+ in 2023, building to medium-term targets</b></li> </ul>	
Revenue margins	<ul style="list-style-type: none"> <li>➤ <b>Platform pricing initiative leading to an additional basis point decline over next 18 months</b></li> </ul>	

## 2022 in summary

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**Robust results in a challenging market**

**Strong balance sheet supporting shareholder returns**

**Strategically well placed across the UK wealth management sector**

**Repositioning business from a position of strength**



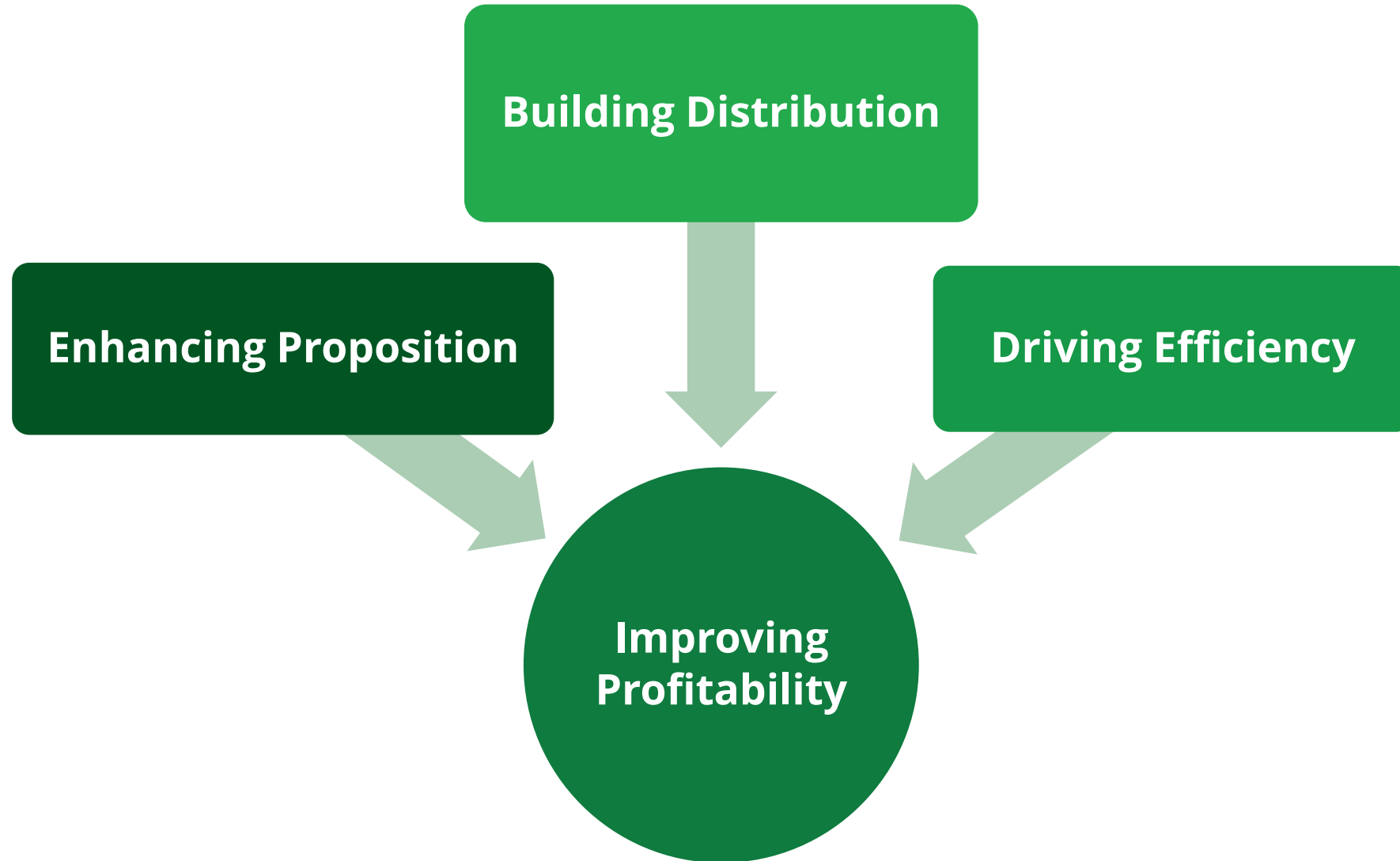
# Concluding remarks

Steven Levin  
8 March 2023

Quilter

# Our 2023 priorities

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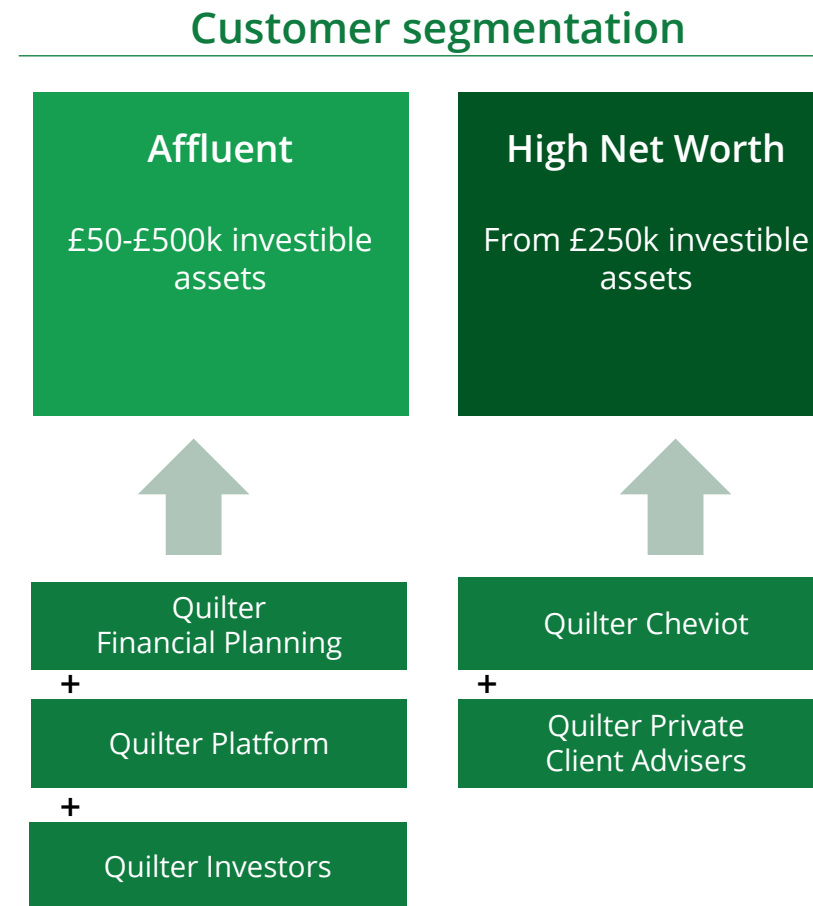
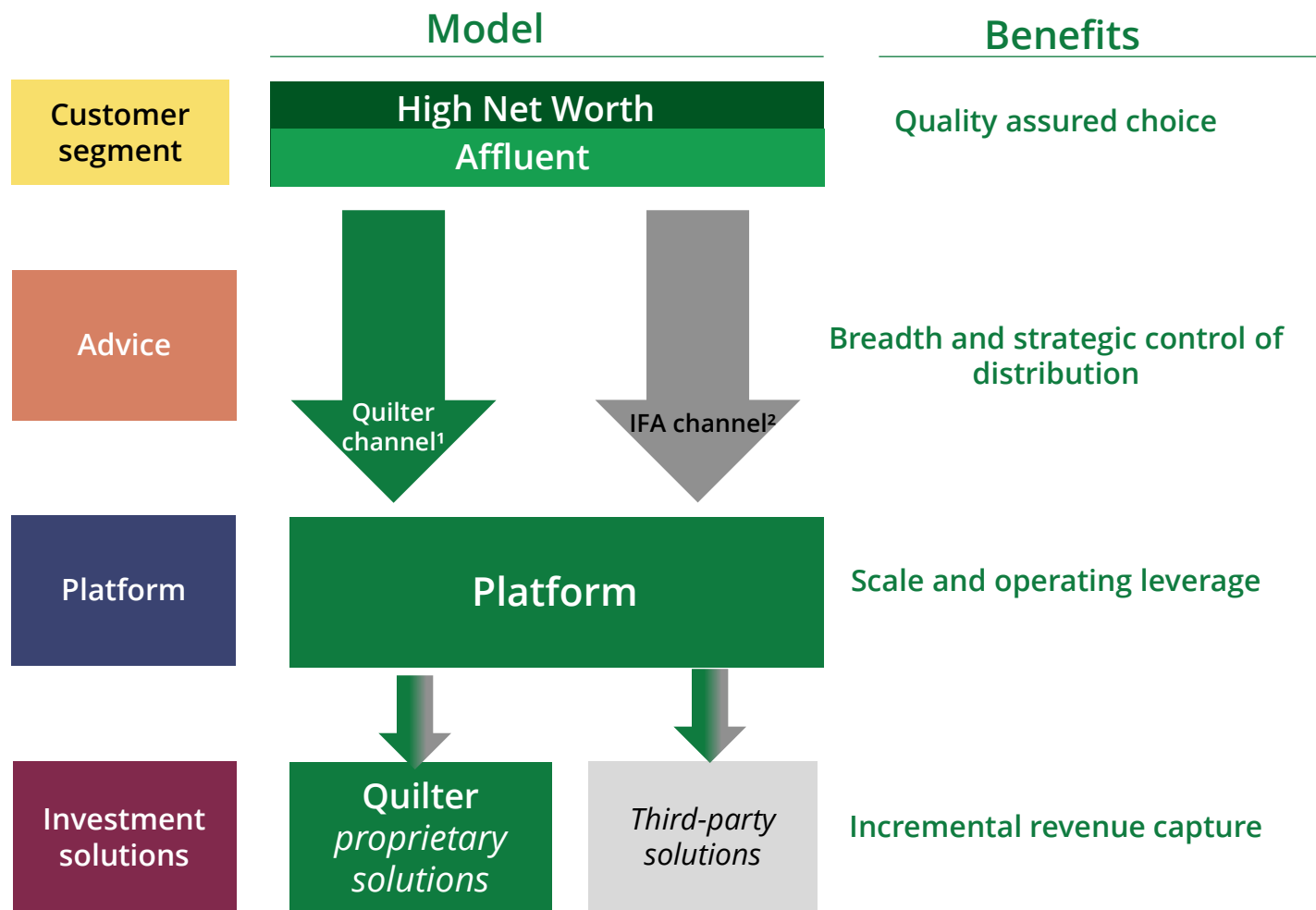


# Appendix

8 March 2023

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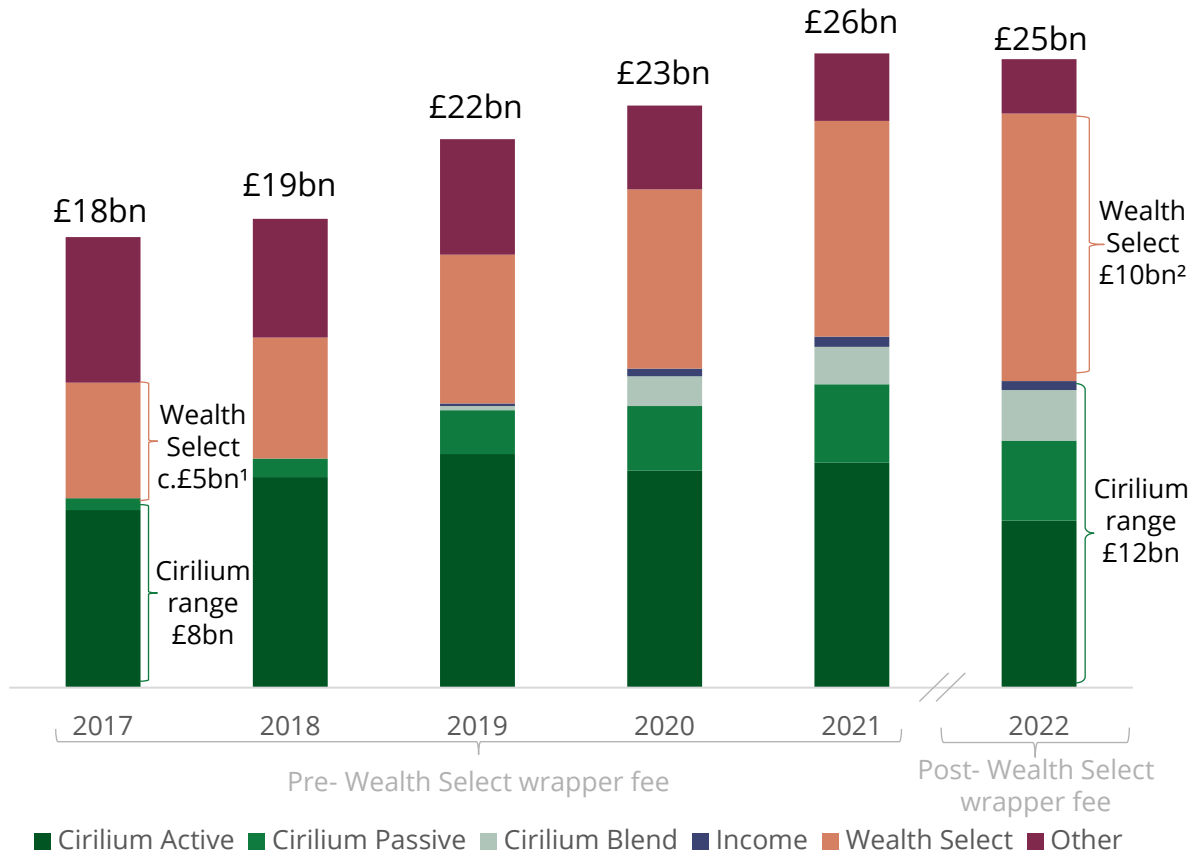
# Quilter: a differentiated model with clear benefits to clients and shareholders



1. Restricted financial planners (“RFPs”) within Affluent and High net worth segments: 1,502 as at 31 December 2022  
 2. Channel includes Direct clients within High Net Worth

# Affluent Managed performance

## Investment performance from largest product in a challenging market



- Strong performance across all strategies in 2022, with exception of Cirilium Active. Cirilium fund range now under single team
- Cirilium Active (£7bn)
  - 10-year track record remains strong
- Cirilium Passive (£3bn)
  - Strong 3- and 5-year performance
- Cirilium Blend (£2bn)
  - Strong performance with all funds 1st or 2nd quartile since inception
- WealthSelect (£10bn)
  - MPS with strong and consistent track record

Note: numbers rounded to billions. FY 2022 figures represent restated Affluent Managed assets and include total WealthSelect AuM; prior periods reflect Quilter Investors managed assets and do not include WealthSelect AuM not directly managed by Quilter Investors

1. 2017 to 2021 does not include WealthSelect AuM which is not directly managed by Quilter Investors

2. Includes WealthSelect AuM which is not directly managed by Quilter Investors after a wrapper fee was applied to the assets from June 2022

# Movement in assets and flows

2022 YTD gross flows, net flows & AuMA (£bn), unaudited	AuMA* as at 31 December 2021	Gross flows* (£m)	Net Flows* (£m)	AuMA* as at 31 December 2022	Of which managed by Quilter AuM as at 31 December 2022
<b>AFFLUENT SEGMENT</b>					
Quilter channel	11.7	2,554	1,823	11.7	7.8
IFA channel	60.0	4,926	445	54.1	9.2
Non-core business	1.5	35	(75)	1.2	-
Sub-total (Quilter Platform)	73.2	7,515	2,193	67.0	17.0
<b>Via other platforms</b>					
Quilter channel <sup>1</sup>	4.9	664	(187)	3.7	3.7
IFA channel	2.5	242	(621)	2.0	2.0
Non-core businesses	2.7	114	(260)	2.2	2.2
Sub-total	10.1	1,020	(1,068)	7.9	7.9
<b>Total Affluent Segment</b>	<b>83.3</b>	<b>8,535</b>	<b>1,125</b>	<b>74.9</b>	<b>24.9</b>
<b>HIGH NET WORTH SEGMENT</b>					
Quilter channel	2.5	443	353	2.4	2.4
IFA channel incl. Direct	26.2	1,827	539	23.1	23.1
<b>Total High Net Worth Segment</b>	<b>28.7</b>	<b>2,270</b>	<b>892</b>	<b>25.5</b>	<b>25.5</b>
<b>Inter-segment dual assets<sup>1</sup></b>	<b>(0.2)</b>	<b>(276)</b>	<b>(230)</b>	<b>(0.8)</b>	<b>(0.2)</b>
<b>Quilter plc</b>	<b>111.8</b>	<b>10,529</b>	<b>1,787</b>	<b>99.6</b>	<b>50.2</b>
<b>AuMA breakdown:</b>					
Affluent administered only	55.9	4,894	1,027	50.0	
Affluent managed and administered	17.3	2,621	1,166	17.0	
Affluent external platform	10.1	1,020	(1,068)	7.9	
Quilter channel	19.1	3,661	1,989	17.8	
IFA channel	88.5	6,719	133	78.4	
Non-core business	4.2	149	(335)	3.4	

<sup>1</sup>Inter-segment dual assets reflect funds sold by Quilter Cheviot and managed by Quilter Investors and the Quilter Cheviot bespoke MPS solution available to advisers on the Quilter Investment Platform. This is excluded from total AuMA to ensure no double count takes place.

# Quilter Investors: investment performance

As at 31 December 2022

	Fund vs IA Sector comparator	1Y	3Y	5Y	10Y	Since inception <sup>1</sup>
<b>Conservative</b>	Cirilium Conservative Portfolio	3	3	3	1	1
	Cirilium Conservative Blend Portfolio	1	1			1
	WealthSelect Managed Active 3	1	1	1		1
	WealthSelect Managed Blend 3	1	1	1		1
<b>Balanced</b>	Cirilium Balanced Portfolio	4	3	4	1	1
	Cirilium Balanced Blend Portfolio	1	1			1
	WealthSelect Managed Active 4	1	1	1		1
	WealthSelect Managed Blend 4	1	1	1		1
	WealthSelect Managed Active 5	1	1	1		1
	WealthSelect Managed Blend 5	1	1	1		1
<b>Moderate</b>	Cirilium Moderate Portfolio	3	3	4	2	1
	Cirilium Moderate Blend Portfolio	1	2			2
	WealthSelect Managed Active 6	1	1	2		1
	WealthSelect Managed Blend 6	1	2	2		1
	WealthSelect Managed Active 7	1	1	1		1
	WealthSelect Managed Blend 7	1	1	1		1
<b>Dynamic</b>	Cirilium Dynamic Portfolio	4	4	4	2	1
	Cirilium Dynamic Blend Portfolio	2	2			2
	WealthSelect Managed Active 8	1	1	1		1
	WealthSelect Managed Blend 8	1	1	1		1
	WealthSelect Managed Active 9	1	1	1		1
	WealthSelect Managed Blend 9	2	1	1		1
<b>Adventurous</b>	Cirilium Adventurous Portfolio	4	3	3		3
	Cirilium Adventurous Blend Portfolio	2	2			2
	WealthSelect Managed Active 10	1	2	3		3
	WealthSelect Managed Blend 10	2	3	3		3

## Investment performance

- Strong performance in 2022. All strategies outperformed their comparators, except Cirilium Active
- Cirilium fund range brought under a single team to better align to our solutions with customers needs

Note: Cirilium Passive is not measured against an IA comparator and hence does not appear in this table.

1. Cirilium Active launched on 2nd June 2008, with the Adventurous portfolio launching in June 2017. Cirilium Blend launched on 27th July 2019 and WealthSelect launched on 28th February 2014.

# High Net Worth: investment performance

## Investment performance in a challenging market

Quilter Cheviot performance vs. ARC Sterling PCI Index, at 30 September 2022

3 year	<i>Relative % vs ARC PCI</i>	Balanced	Steady Growth	Equity Risk
	Quilter Cheviot	(2.5)%	2.0%	4.0%
	ARC PCI	1.3%	3.2%	5.5%
	<i>Relative</i>	<i>(3.8)%</i>	<i>(1.2)%</i>	<i>(1.5)%</i>

5 year	<i>Relative % vs ARC PCI</i>	Balanced	Steady Growth	Equity Risk
	Quilter Cheviot	5.5%	12.2%	15.4%
	ARC PCI	8.2%	12.7%	16.8%
	<i>Relative</i>	<i>(2.7)%</i>	<i>(0.5)%</i>	<i>(1.4)%</i>

10 year	<i>Relative % vs ARC PCI</i>	Balanced	Steady Growth	Equity Risk
	Quilter Cheviot	47.2%	65.6%	82.8%
	ARC PCI	44.8%	63.8%	80.6%
	<i>Relative</i>	<i>+2.4%</i>	<i>+1.8%</i>	<i>+2.2%</i>

## Investment performance

2022 was a challenging year for investment performance

- Over three years, slipped into 3rd ARC quartile although the cumulative difference between 2nd and 3rd quartile is just over 1.2%
- Good outperformance over 10 year period

Note: Past performance is not a guide to future performance and may not be repeated. UK: Suitable for professional clients.



Quilter