SHOWCASE 2017 **TRANSCRIPT**

15 November 2017

Bruce Hemphill: Good afternoon and a warm welcome to those of you here in London and to those of you listening in on the phones and on the webcast to the showcase for Old Mutual Wealth. As always, the presentations are also up on the website and we'll publish the transcripts at a later date. Now I'm delighted to see so many of you here today, and a special welcome to those of you who've made the journey from afar. If you also attended or viewed the webcast of the Old Mutual Ltd Showcase in Johannesburg, I'm doubly grateful for the time that you're taking to get to know these businesses.

As I said two weeks ago, I arrived at Old Mutual exactly two years ago to run a global financial services business, and I never thought I'd be standing here today talking to you about a managed separation process, but fortunately I'm now more convinced than ever that this is the right thing to do. Rob Leith, our Director of Managed Separation, gave a more detailed presentation at the Old Mutual Ltd showcase, which I'll quickly summarise.

Both Old Mutual Wealth and Old Mutual Ltd remain very much on track to list in 2018, and we hope to commence proceedings at the earliest opportunity after the group's full year 2017 results in March. Old Mutual Wealth will have its primary listing in London and it'll also have a listing on the JSE. We've made material progress in the managed separation process and in completing the major separation steps. Two weeks ago the future Old Mutual Ltd, which will carry forward the Old Mutual brand, presented itself to the investment community for the first time. And there we've reshaped the board and the management team, and sharpened the strategy. The new CEO and CFO have tackled the issues head on, and there is now a great management team in place in all the business segments. People in the team are intensely focused on leveraging their great franchise, achieving cost leadership and delivering cash returns. OML will have its primary listing in Johannesburg with additional listings on certain other African exchanges. It'll still be listed in London but as a standard listing. As you know, OML owns a 54 percent stake in Nedbank, which is already listed on the JSE. I've said many times that I believe Nedbank is a very well managed bank. It is strongly capitalised and it provides very good risk adjusted returns. It has a strong core South African franchise and it has good growth opportunities in the rest of Africa.

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Now we announced two weeks ago that following the unbundling of most of its shares, OML will retain a strategic minority shareholding of 19.9 percent in Nedbank as the foundation of the continued partnership between the two businesses, and that this will be the final step in the managed separation. I know there have been some questions about this so let me be clear. OML will continue to maintain its 54 percent stake for several months after its listing next year to allow its own register to settle. Only then will it reduce its shareholding in Nedbank, and this reduction will be achieved by way of a distribution of Nedbank shares to OML shareholders at that time, rather than a sell down in the market to minimise market disruption. Now the impact of indexation on Nedbank will be meaningful. Post the distribution by OML, Nedbank's free float will increase significantly from 46 percent to around 80 percent, and so its weighting in both the JSE and the global MSCI indexes will rise materially. Both Nedbank and OML have been busy marketing to those investor bases in the last couple of months, and this'll continue through the rest of the managed separation and obviously beyond.

We've made further progress in our strategy in recent weeks by executing on various corporate finance transactions. We've substantially sold down our stake in OMAM and that business is now independent. We completed the sale of the second tranche of the Omam shapes to H&A last week and received gross proceeds of $251 million, and last night we announced the launch of a public offering of our remaining 5.5 percent stake. We're also in the process of further reducing PLC debt and, as you know, we've completed the Kotak sale in India. We continue to engage with our regulators to obtain the various approvals for the wider managed separation process, and while the discussions have been constructive and all indications are positive, that is the one part of the process that we as management don't control.

But let's get back to the reason we're all here today, to talk about the UK wealth management business. And Paul and his team will take you through the individual business segments, which we believe are well positioned and have strong growth prospects. You'll also hear about how they work together to provide a compelling investment proposition built around high quality advice as the core of the model. The Q3 trading update showed that retail investment conditions in the UK are very strong, with Old Mutual Global Investors topping the tables for net retail sales according to the Pridham Report. Now the one part of Old Mutual Wealth that we'll not be talking about today is the single strategy business within OMGI. As you know, we announced to the market that we are assessing, together with OMGI management, both internal and external structures for this business, and as that process has not yet concluded, we will not be commenting further on it today, and all the numbers which you will see today exclude it. And we will of course update the market on the conclusion of that work as soon as we're able to do so.

Now before I hand over to Paul, let me share some of my views on the business. Old Mutual Wealth is a leading UK wealth manager and is well positioned in one of the

world's largest wealth management markets, and one that continues to grow. It provides advice led investment solutions to its customers, who have ever increasing needs for good financial advice, as the UK government steps back and expects individuals to take on more responsibility for their retirement. The business has transformed over the last five years from an old model retail financial services business to a modern one. It has done this through organic growth, acquisitions and disposals, and it has further opportunities to deliver scale benefits through distribution and through its multi-asset and discretionary fund management capabilities. It is now making good progress on the crucial IT transformation project, and I'm pleased that the guidance on costs and timeline to completion remains unchanged.

Old Mutual Wealth is gluing together the pieces that have been assembled, making sure that the growth is sustainable and that the business functions as a coherent whole, and today's brand update reinforces this message. Old Mutual Wealth's compelling strategy is expected to drive profitable growth from integrated flows. However, given the recent trajectory in the total cost base, the next phase of shareholder value creation must be supported by a focused and targeted approach to business optimisation and driving positive jaws. I'm confident that we now have the right board and management team in place to take the business forward, and I believe that Plc shareholders will get a great asset and one that is really well positioned in a fast growing market. And with that I'll now hand over to Paul Feeney. Thank you.

Paul Feeney: Thank you Bruce. Good afternoon everybody. My name is Paul Feeney and I'm the Chief Executive of Old Mutual Wealth. For the last five years we've been growing inside of a listed group. We've only been partly visible. Today, as we start to emerge from Old Mutual's shadow, I hope you'll see, perhaps for the first time, our true potential. Since I became CEO back in 2012, we've been building a business that offers a winning combination of advice, solutions and platforms, and that gives customers and advisers choice across all of them, a business that we believe offers a compelling investment opportunity, and we're already one of the leaders in a growing market. And we see significant potential as we move from business building to business integration, as Bruce has just mentioned. But perhaps most importantly, it's a business with customers and good customer outcomes at its heart. So thank you for joining us today. Over the next few hours we want to tell you about our journey and about where we're going. We want to tell you about how our business works, and most importantly, I want you to meet our team.

Let's start with a quick snapshot of Old Mutual Wealth. Today we are one of the UK's leading integrated wealth management businesses. We've got nearly a million customers, and we have a full service model, offering financial advice, investment solutions and platform services in the UK and internationally. We operate in one of the largest wealth markets in the world, and it's a growing market, and importantly we've got leading positions across this market. We're delivering good customer outcomes through strong, long term investment management performance, and we're also winning awards for excellent customer service. We believe that our combination of

capabilities and scale is unique. And this is delivering for us financially. We've got a strong track record of asset and revenue growth. Our assets under management and administration are now well over £100 billion, and they grew by 21 percent over the 12 month period to June 2017. This has translated into double digit total revenue growth year on year and, down the line, there'll be opportunities to deliver operating leverage by growing revenues and focusing on costs. We also have a strong balance sheet. There's further work to do on this so we can't give you all of the detail today, but our solvency ratio is over 170 percent and we anticipate only a prudent level of leverage at listing. And we expect this to lead to strong and improving cash generation, which will help us to deliver attractive shareholder returns in the future.

But to understand how we got here, let me take you back to when we started our journey. Now this is important because it will help you understand where and how we decided to position ourselves in the market. So our first choice was where to play. It's a large and growing market with £3 trillion of liquid investable assets, and if you segment the UK market, as we have in the pyramid on the right, it breaks down into three parts. The vast majority of the UK population, 45 million adults, sit in the bottom part of the pyramid, what we might regard as mass retail. This is also where auto-enrolment is targeted, lots of pots of small amounts of money. Now it's hard for us to compete here. The product is price controlled and it's a scale game, where the winners will have the lowest marginal costs. It's where passive funds are most likely to dominate. In contrast, at the top end of the market are the high net worth individuals, with £5 million or more of investable assets, and we do have a number of clients in this space but it is principally the domain of the private banks. It's highly credit driven and these clients have more complex financial needs. In the middle is affluent Britain, investable assets of £100,000 to £5 million, £1.7 trillion of liquid investable assets. This is where we decided to play, and we needed to work out how best to fully capture the opportunity that we saw. We focused on three customer needs, the need for advice, for solutions and providing the right structure for these via our platform. All this must be underpinned by customer choice, because customers gain confidence from choice.

So first a business centred around advice. We wanted to build a wealth manager for people who need a bit of help, help to plan for their financial futures, and that means trusted financial advice, which can be delivered through either a restricted or an independent financial adviser. In the vast majority of situations we believe that restricted advice, which ensures a consistent range of good outcomes for the customer, is the best answer. There'll always be a role for truly independent advice, particularly for someone with complex financial needs, but it's only for a small minority. Secondly, delivering solutions. People need a solution to deliver that plan, and by solution I don't mean the latest in vogue fund but something that can deliver an outcome in line with their objectives. Thirdly, the right platforms and wrappers. It's also important that customers can ensure their investments are held in the form which maximises the tax benefits available to them as UK citizens, and ensures flexibility, whether that's a pension, an ISA, an overseas portfolio bond or a direct investment, and these should be delivered in a simple, straightforward and low cost manner. Finally customer choices, people need choice, not unlimited, confusing choice but a sensible number of alternatives. But what

does that mean? So when I arrived at Old Mutual, somebody came up to me and said, "Paul, we've only got 2,000 funds on our platform. Our leading competitors have got 3,000 funds. We need to hurry up and catch up." Anyway, it made me stop and think, is that what our customers need from us, another thousand funds? Is that what any of us really need? We called ourselves a fund supermarket, but these businesses were actually fund warehouses. We needed to offer quality, researched choice and a better proposition. We also wanted to be available to customers in whatever way they wanted. As the world moves to more open systems, we knew that having an open, accessible, multichannel model was the only way to go. It means that a client, with their own financial adviser, can access our wealth solutions, or they can use one of our advisers to access those solutions. It's a major differentiator for us. But we were a long way away from our aspirational model when we started. At that time most of our profit came from nine subscale European life assurance operations and our UK heritage business, which were predominantly closed to new business. We had a very nascent UK based asset management capability, which lacked scale and was barely profitable back then. We had the Skandia platform in the UK, and we also had an unfocused international business, operating in over 100 markets across the world. From these assets we had to create a company that aligned with our strategic vision and choices, and it also had to make sense in a regulatory environment that was being fundamentally reshaped by initiatives like the retail distribution review, auto enrolment, platform regulation and pensions freedoms. So we rebuilt our firm. We sold all of our European life assurance operations for around £600 million, and we bought businesses with proceeds from the disposals pretty much offsetting what we'd spent on acquisitions. First we acquired Intrinsic, a market leader in the advice space. This was a really important step for us. We then added Sesame Wealth and Careus. Intrinsic is now the second largest financial advice business in the whole of the United Kingdom, with over 200,000 advice customers. And in the first half of 2017, £1.8 billion of our flows came through our own advice channel, and this number's growing. Having a direct relationship with these customers is a significant advantage for us. It helps us know what they really want, and we can design solutions around that. Andy Thompson will explain why Intrinsic is so central to our model a little later. Then we built out our multi-asset business, starting with Cirilium, and we've built the multi-asset solutions business pretty much from scratch. We've now got around £14 billion of assets under management in this part of our business, and we've been growing at pace. In fact it's the fastest growing part of our business. Paul Simpson will explain later how the business is positioned, how it's performed and how well it fits with advice. Finally, we acquired Quilter Cheviot, one of the UK's leading discretionary wealth management businesses. We can now service customers as their wealth increases and their needs develop, toward the top end of the pyramid that I showed you a little earlier. Martin Baines will talk more about the Quilter Cheviot business and the potential it offers us.

Meanwhile, what happened to the remaining parts of the original Skandia business? Well, we've invested in our UK platform and we've repositioned and refocused our international business. They both had strong market positions but needed investment to modernise technology and processes and to position them well for continued growth. Both businesses have grown assets at double digit rates over the last few years. In the UK

we believe the platform investment with FNZ should be a catalyst for further growth. Steven Levin and Peter Kenny will tell you how both of these businesses are being transformed.

So we've done a huge amount to reshape this business over the last five years, and we now have a business that we believe can win in UK wealth management, and it is winning. You can see this in our Q3 numbers. Year to date new business flows were 72 percent ahead of the comparable period in 2016, and that gives us the top ranked position for net retail sales in Q3 2017, according to the Pridham Report.

Here's a simple schematic that demonstrates how our model works and what makes our model unique. As I've already said, there's three things customers need from their wealth manager, advice, solutions and structures or wrappers, which are provided on platforms, all underpinned by choice. Customer choice is core to our model, because it goes to the heart of how people access the investment and retirement solutions that they need. And as you can see along the columns, there are two ways a customer can choose to access our model, either through an Old Mutual Wealth adviser, what we call the advised channel, or through a third party adviser, what we call the open market channel.

So let me just spend a moment explaining how this model works. First the Old Mutual Wealth advised channel. What you can see in the middle of the slide here is that we've got about 200,000 advised customers in this channel. These customers are supported by almost 1,600 restricted financial advisers. They advise on a range of solutions, both from Old Mutual Wealth and from third parties. Our advisers can use our platform but they also have access to two other third party platforms if they are more appropriate for a customer's requirements. Choice. Second, the open market channel. Here customers can access our products after advice from third party advisers. Across the open market channel, we've got over 700,000 customers who are predominantly served by over 4,000 independent financial advisers that actively use our platform. Again they can access our investment solutions or third party ones. They can also use other platforms as well as our own. More choice. The combination of these two routes gives us greater market breadth. It also helps validate the strength of our own investment solutions, which is important. In our model customers have a flexibility to choose just the services that they want. Our fees and solutions are not bundled, and what they pay for each aspect of a service is entirely transparent whichever route they choose. Over the course of this afternoon we'll show you how our businesses work together to deliver good customer outcomes and to drive strong client inflows.

Now there's one part of our current business portfolio that is missing from this slide, as Bruce mentioned, the single strategy part of OMGI. Let me explain why. As we signalled in September, we are considering the best strategic outcome for this business, because it is different to the rest of the business. Back at the interim results we broke up the flows between multi-asset and single strategy for the first time, and today we're showing you

how the underlying stock of assets under management and profits have grown for both. Our single strategy business is performing well for us, with both assets under management and profits growing strongly. This business has been a great contributor to growing the brand and the franchise. But as you can see on the slide, it's primarily reliant on wholesale and institutional market distribution. In fact only around 20 percent of its assets have come from Old Mutual Wealth relationships. We won't say much more on this today, but this is why we've decided to position it as a separate and distinct segment, and why we have left it out of scope for this presentation. We'll update the market on our conclusions here as soon as we can.

Now, I said upfront, Old Mutual Wealth has established strong positions across all the key segments of the wealth management value chain. As you can see, we are the second largest business in advice. From a standing start three years ago, we've built the UK's largest investment solutions business, certainly by flows and largely by assets. We have a top five discretionary wealth manager for high net worth individuals, and we have the second largest advised UK wealth platform. We're also one of the largest UK offshore wealth platforms. These positions set us up really well for the future. What's really exciting is that these markets are all growing, and we're well placed to take advantage of that growth for three reasons. The first reason is the need for financial advice. There are just 25,000 financial advisers to cover the entire adult population of the UK. To put that into perspective, financial advisers are outnumbered by six to one by lawyers and nearly 12 to one by accountants. Now no disrespect to any accountants or lawyers, but is it really right that we need so much more accountancy and legal advice than financial advice for our futures? For me, it demonstrates the scale of the financial advice gap that exists in this country between what is needed and what is available. And as the world gets more complex and as the onus for long term savings falls more on the individual, people increasingly need high quality insightful financial advice from someone they can trust. The next reason is the growth of solutions. On the slide here, Boston Consulting Group predict that the largest growing asset type over the next three years is going to be solutions. And the final reason that we believe we can win is that the UK platforms market continues to grow at a tremendous rate, driven by the structural changes in the retirement market here in the UK. If you want to win in UK wealth management, you have to win in the retirement space. Across that space there is a huge flow out of traditional life and pensions products, things like annuities, endowments and structured products. We're also seeing people switching from defined benefit to defined contribution. All of this is going to continue, and it's driving a lot of growth in the segments in which we play. People want modern, flexible, simple and transparent retirement solutions, and today these are delivered on platforms. That's why a platform is absolutely essential as part of an integrated wealth management service. Platforms are key to capturing these flows.

We're proud of our business and excited by the growth opportunities that exist, but having individually-strong businesses isn't enough by itself to drive success. It's how these businesses work together to build better solutions and drive what we call integrated flows that matters. We talk of integrated flows being money that originates in one part of the business and is managed and administered by another part of the business. Those flows

can happen anywhere between the different parts of our business, between advice, solutions and platforms.

As this table shows, there are new flows which originate from Intrinsic advisers and are managed by our multi-asset business. In the first half of this year, these totalled £1.1bn. Of this, around half were held on our platform, the £0.5bn in the table, and half on other platforms. Integrated can also mean flows from third party advisers that are on both the platform and in our own investment solutions, and that was another £0.5bn in the first half of the year. Then were the flows from advice, largely from Old Mutual Wealth Private Client Advisers, or PCA, as we call it, and from our platforms into Quilter Cheviot, which added another £200m in the first half. Adding all of these together, you get the £2.3bn of integrated flows, which we reported in the first half. Over the last three years, over the last three halves, we've grown the size of these integrated flows period-on-period. And then when we add flows, which QC source directly, as well as platform flows, we get to our total flows, or net flows, of £3.7bn, which we announced at the half-year. Tim will come back to these numbers later on.

Our vision is to be the UK's leading wealth manager, and our mission is to help people have financially-secure lives, to help people prosper. To achieve this, we deliver sound and insightful advice from someone you can trust, we deliver the right retirement and investment solutions tailored to your risk profile and your time horizon, and we're delivering strong long-term investment performance. 70% of our multi-asset funds are above their peer median and we deliver all this on a platform with awards to support it. It's this combination that gives us longstanding relationships with our customers.

Our business is well-positioned for the opportunities ahead. If we did nothing more than capture our share of a growing market, we'd continue to grow steadily. Clearly, though, we plan on doing much better than that. We're going to increase the number of our restricted financial advisers and we'll help them enhance productivity to drive greater integrated flows into the business. We're building out and growing our range of investment solutions because we know that markets and customer needs are evolving. We're enhancing our platform. This is on track to come onstream by the end of 2018 or early 2019, just as we told the market. It will give us a significantly enhanced offering. We've been winning in this market with one hand tied behind our backs, given the fact that our existing platform lacks some key capabilities, but our service proposition has more than compensated for this. Finally, by increasing integration, we will drive greater incremental customer flows. Getting our businesses to work more closely together, whether it's our investment solutions wrapped into our retirement offering, or it's Quilter Cheviot working more closely with our international business, it will all help to drive this business forward. We talked at our full-year results about our target to grow net client cash flow at more than 5% of opening assets. We are committed to this target with or without the single strategy business, and we may even exceed this in the near-term, as we have for the last couple of periods.

I've set out the opportunity, so I want to say a few words about risk. As we operate in a highly-regulated industry, risk management is an important part of our business and something we can never be complacent about. It is fair to say you cannot be a good wealth manager running money for customers unless you are focused on risk management. So, for us, risk management is an essential part of business management. I've grouped some of the key risk areas that we focus on on this slide: market and geo-political risk; regulatory change and conduct risks; and operational and investment performance risks. While we are mindful of the first, such risks are largely beyond our control, so, while it is important to ensure that our business is robust enough to deal with the unexpected, it is the latter two we seek to manage most intensively. The key point I'd make is that, while there's no way to avoid all risk in any business, we do have the systems and processes in place to manage and mitigate risk and ensure organisational resilience. In particular, we are very mindful of potential shifts in the regulatory landscape, vital for any business that is built on giving advice. Andy will cover how we manage, mitigate and embed monitoring and review processes into our advice business model. Finally, operational risk is something we're also very conscious of. We've spent a considerable amount of money in recent periods to upgrade and improve our technological and infrastructure capacity and, of course, our platform transformation programme is just the largest and most visible example of the work we are undertaking here.

Clearly, we are currently focused on preparing for listing this business and this is taking up much of our time right now, but let's talk about what else needs to be done. We must deliver our platform transformation. That's a given. In recent years, we've been business-building, putting in place the key components to deliver strong, top-line revenue growth. We've shown that we can capture flows, grow assets and increase revenues, but there is more that we want and need to do. Once we are listed, our focus will shift towards business optimisation, making sure that the businesses are working even better together for the benefit of our customers, and that we are delivering operating leverage for our shareholders. We're currently running with an operating margin of around 28%. We believe that we can improve this over the medium-term by reducing duplication, driving tangible benefits from our IT investment and delivering business efficiencies. Tim will give you his perspective on this later, but, to manage your expectations, we're not going to give you financial guidance on this today. Through all of this, we must not forget that excellent service underpins our business model.

So, in summary, we believe that this business has an exciting future. We've built a leading, full service wealth manager in a large and growing market. We're delivering excellent long-term investment performance. Our multi-channel proposition offers choice and drives integrated flows. We've got clear plans to continue to drive revenue growth and we believe there are opportunities to improve operating leverage, and we'll be well-capitalised with improving cash generation to drive shareholder returns, but there is one more thing that I haven't mentioned yet. We want to create the leading wealth management business in the UK market. We have one business, one strategy, and that means we need to have one brand.

I'm delighted to announce that our new brand is Quilter. This will be a single brand across our entire business. Quilter traces its origins to an investment partnership founded above a coffee house in the heart of the City of London in 1771, and it's a brand that stands for quality, for personal service, for dependability; values that remain at the heart of our business today. While we won't do any more than introduce it to you today, we look forward to telling you much more about our vision for Quilter in the months ahead. Here's a short video to introduce our new brand to you.

[Video plays]

Paul Feeney: Thank you. As you can see, we are very excited about the opportunity ahead. Before I hand over to the team, let me highlight how we're going to be running and reporting on the business going forward, because that's how we've structured the rest of the day. From separation, we intend to have two segments: Advice and Wealth Management; and Wealth Platforms. The Advice and Wealth Management segment will include Intrinsic, which we intend to rebrand to Quilter Financial Planning, the multi-asset business will become Quilter Investors, and Quilter Cheviot will retain its name. For the purposes of today's presentation, you will see our multi-asset business referred to as Old Mutual Wealth Investors. The Wealth Platform segment will include the UK platform, which will become Quilter Wealth Solutions, and our international business will become Quilter International. Our Heritage life assurance business will become Quilter Life Assurance.

We'll show revenues and revenue drivers at these six entity levels, but we'll only report expenses and profits for the two segments. We'll also report corporate head office and single strategy separately if we retain it. This will simplify our reporting and better-represent the structure and dynamics of our business, aligning our reporting with our operating model. The two segments have different financial profiles. Advice and Wealth Management is faster-growing, capital-light and predominantly management-fee-based. It includes the ICAAP entities in our model. The Wealth Platform segment is growing more steadily, predominantly because it includes the Heritage business, which, as you know, is in run-off. It broadly reflects the Solvency II insurance-related entities in the group. At the back of your pack, we've provided a restatement of our historic figures on this basis, and Tim will talk to the detail of the numbers later to help you build your models.

Right, with that, I'll now hand over to the Advice and Wealth Management team, Andy Thompson, Paul Simpson and Martin Baines, to talk you through their respective businesses, which, as you can see from the slide, have been real growth engines for us. Andy.

Andy Thompson: Good afternoon. I'm Andy Thompson, Chief Executive of Advice. Over the next 20 minutes, I want to focus on our advice business, a leading and growing business that is delivering for customers and fuelling the growth of Old Mutual Wealth.

Now, I've been in the advice industry for approaching 30 years as an adviser, a manager, a business owner and, latterly, as CEO of our advice business, and what has become clear to me is that if you want great customer outcomes, there is no substitute for professional face-to-face advice.

Our industry has seen some dramatic changes in recent years, particularly the Retail Distribution Review (RDR). It was a pivotal moment for financial advice. It raised the professionalism of advisers and it really focused our industry on delivering value for customers. It also created a window of opportunity and I believe that those of us who seized it, have the potential to lead the way for many years to come. We've grown rapidly since RDR to become the UK's second-largest advice business and, as you can see on the left-hand slide, we've emerged from the pack to be St James's Place's only credible scale competitor. The RDR disruption ended cross-subsidisation, affecting many of our competitors' business models. Some were acquired or merged, and others ceased trading altogether, but our strategy enabled us to seize the opportunity. We've been able to increase the number of restricted financial planners both organically and through acquisition.

Now, as the two charts on the right show, since 2014 we've delivered strong growth against a backdrop of a constrained market. We've increased the number of restricted advisers we have by 24%, while the number of CF30s in the broader market remained flat. The growth that we've achieved puts clear water between us and the pack. We now have a real strategic advantage which we believe will be hard for others to replicate.

Now, we're an advice business and we serve our customers, and we do that through three different advice models. So, if I start at the bottom, our mortgage and protection business was established back in 2006 and it's a really valuable entry point for both customers and advisers. Many customers look for mortgage and protection advice in their early 30s, and this gives us a real opportunity to build those long-term relationships even before they've become net savers. Advisers often start their careers in the mortgage space where fewer qualifications are needed, and, as they build that experience, they can then progress to giving full financial advice. Since 2013, over 100 of our advisers have made that transition. Moving up one, the firms that sit within our financial adviser network. This is the real engine room of our business, driving growth and delivering flows into Old Mutual Wealth. As you can see in the chart on the right, our financial advisers have a broad distribution of customers, with over two thirds in the mass affluent space. Old Mutual Wealth Investors design solutions for these customers, which means that we are well-aligned. In 2015, we set up Private Client Advisers (PCA) to serve the affluent and high net worth customers aligning with Quilter Cheviot. Again, looking

at the chart, you can see that over 38% of PCA assets are held by customers who have entrusted us with more than £1m of their wealth. PCA advisers operate on an employed basis under the Old Mutual Wealth brand, which means that we control the customer relationship. So, three different models closely-aligned with the broader wealth business and each serving our target segment in the pyramid that Paul just showed to you earlier.

So, why do advisers join us? Well, the breadth of our advice offering is a major reason, together with the strength and stability that Old Mutual Wealth offers. We have a shared culture that puts the customer first, and that's backed up with a robust oversight framework that keeps their customers and their businesses safe. We offer solutions designed specifically with their customers in mind and we perform all of the due diligence on products and providers for them. We also take away the hassle of technology by providing them with the systems that they can simply plug into. Finally, our experience of supporting advisers means that we can help them as they grow, particularly through our field management team. These factors are powerful and drivers of our growth.

We have a strong track record of buying businesses with the right customer-base, adviser profile and cultural fit to grow our network. Below the arrow you can see the two businesses, Sesame and Caerus, that we've purchased since 2014, and above the arrow you can see the businesses we've acquired to create PCA. Here, what we're doing is creating hubs around the UK, buying local advice businesses that match our customer profile and, where appropriate, the Quilter Cheviot geographical footprint. We're careful to integrate these businesses effectively. Advisers rapidly move onto our IT systems and transition to our processes. Turning to the bar chart, you can see that the acquisition of 350 CF30 advisers accounts for about 40% of our growth in Restricted Financial Planners (RFPs) since 2014. The orange block is the 267 independent advisers who have been attracted to our restricted advice proposition and have switched across. We've also recruited new firms and individuals into the network, with net organic recruitment of RFPs, the light green block, has averaged a 10% compound annual growth rate since 2014. This combination of organic and acquisition growth has made us a fast-growing advice business and this will be very difficult for others to replicate.

We've built a strong national footprint by recruiting and supporting advisers across the UK. We also have a younger age demographic. About 53% of our advisers are under 50, compared to 46% across the broader industry. So, why's that important? Well, clearly, they'll be around longer but, actually, as they gain experience and they work with us over time, their productivity increases, as this next slide shows. Our restricted advisers, typically, have previous industry experience, but nearly two-thirds of them have been with us for less than five years. What we do know is that once they're with us, they tend to stay. Firms leaving our network only result in a loss of around 2.5% of our RFPs per annum. Now, in many ways, our model is still maturing and that means real opportunities for growth as advisers and their customers become more established with our proposition and our investment solutions. With the exception of the period around Brexit, average adviser productivity has been consistently growing since we joined the wealth business.

The average RFP has delivered £1.6m of net annualised integrated flows in the first half of 2017. This has been exceptionally strong, fuelled by both markets and demand for pensions, including defined benefit transfers. I'll talk a little bit more about those in the moment but, first, let's look at our advice process.

I said earlier that we have a fundamental belief in professional face-to-face advice to deliver great customer outcomes, and our process is all about enabling those relationships. So, if I go clockwise from top right, relationships must be based on a deep understanding; a deep understanding of the customer and their needs. That way, we will be able to agree a long-term financial plan. That plan can be implemented and then regularly reviewed. We want to ensure that our customers remain on-track to achieve their goals, building, protecting, maximising and, ultimately, transferring wealth. Our advice process gives customers real transparency about how and when they are charged. Advisers charge an explicit initial advice fee at the implementation stage and, where required, customers enter into a clear contract for ongoing advice. Over 200,000 of our customers are now contracted in this way, and that's resulted in ongoing revenue doubling since 2015. These customers realise the benefit of an ongoing relationship with a trusted adviser.

So, our customer first approach means that we are delivering positive outcomes for them. We operate with stringent governance controls and processes designed to consistently measure our advice risk, and we list these activities of the left of the slide. It starts with the selection and onboarding of advisers. We, then, ensure they get the ongoing training and assessment to build that positive adviser culture. Our independent oversight ensures we closely monitor and manage any potential conflicts of interest with the broader business. On the right, rigorous checking of advice cases is critical to managing advice risk. It ensures we are delivering demonstrably suitable advice for customers. You can see in the funnel that we've checked over 19,000 advice cases in the first half of this year, the majority of those on a pre-approval basis, and that means that any unsuitable advice is stopped before it impacts on the end customer. As we can see below, this means that the number of customer complaints we deal with is low, just 0.3% of our total in-force advice cases. Our record with the Ombudsman is also good. Where any complaints are referred, 21% are upheld and that's significantly better than the industry average of 36%. Complaints are a critical benchmark for our business and we're committed to continuous learning and improvement in this area.

A good example of this risk management in-process is around defined benefit pension transfers. We make sure that all DB advice is from specially-qualified advisers, that it's subject to pre-approval before the advice is given to the customer, and we refuse to execute any pension switch that we do not deem to deliver the best outcome for the customer, and that includes insistent customers.

We are also creating positive outcomes by delivering tailored investment solutions. We are able to bring an intimate knowledge of the customer and their needs to the broader

wealth business, and it's that insight that means that we can develop investment solutions that are specifically for our customers. Cirilium, Generation, Creation have all been designed in this way, and Paul Simpson will explain more shortly. We monitor these solutions for suitability and value, and to ensure that the performance meets or exceeds expectations. Nine years ago, we commissioned the Cirilium funds, a range of multi-asset portfolios designed for our customers. Through a period of immense economic and market turmoil, Cirilium investors have seen consistent outperformance and reduced volatility. Taking the moderate portfolio as an example, those who invested when we launched have seen returns 66% higher than the sector average and over 60% higher than the FTSE 100 has delivered over that same period. So, by putting together a high-quality solution and a trusted adviser relationship, we make sure that customers experience the journey that has been promised; a safe, controlled advice business that is focused on delivering positive outcomes for its customers.

Our advice business is also a fundamental driver behind Old Mutual Wealth's overall growth. Advice is currently going through a period of investment. However, our medium-term business plan is to run advice at break-even with the profits from the flows we create being realised in other parts of the business. Advice has delivered £1.1bn of net client cash flow into Old Mutual Wealth Investors in the first half of 2017, more than double the prior year. Flows into Quilter Cheviot, primarily from PCA, have tripled from £36m to £107m in the same period, and advice flows into the UK platform have seen a 50% increase over the last year from £0.4bn to £0.6bn. In total, £1.8bn of integrated flows in just the last six months; real evidence of Advice delivering.

So, we've seen the financial impact, but how does that actually work in practice. Martin and I visited our PCA office in Birmingham just a couple of weeks ago. It opened in late spring and the team there have been working closely with their Quilter Cheviot colleagues. They can see that combining expert financial planning and investment management is a potent stimulant for business growth. And it was great. It was great to really see that shared focus in terms of delivering for customers, and you really feel that strong sense of partnership building between the advisers and the investment managers working together on both new and existing customers. We've already seen 40 customer referrals in that office and a strong early conversion rate is building a genuine sense of excitement. The combined model is clearly starting to work and we will replicate it elsewhere.

So, what of the future? How do we continue to deliver growth in the advice space? Well, our focus is on three main areas: increasing the number of Restricted Financial Planners; increasing adviser productivity; and delivering for our customers. So, taking each in turn, Restricted Financial Planners are the engine room of our business. The fragmented market place gives us further acquisition opportunities to bring more into both financial advisers and PCA. We've also established The Financial Adviser School to encourage a steady stream of new entrants into the market, with 100 students enrolled or graduated already. In the network space, adviser retention is key and that's why we set up a practice buyout scheme in 2015 to provide an exit for retiring advisers and,

importantly, a safe transition for their customers. Increasing productivity comes down to three elements: demand in the market; inherent growth in our restricted model; and increased support across Old Mutual Wealth. Paul spoke earlier about the opportunities generated by pensions freedom. In the past, a customer at retirement, at that point of maximum wealth, would, generally, have taken an annuity and, often, the advice relationship would cease. But that is now changing rapidly with the number and size of drawdown cases outstripping annuities. Increased demand for advice and, yet as we've seen, there's limited supply. I've already spoken about the potential productivity gains that we hope to see with the increase in maturity and growth in the number of RFPs, and the build-out of PCA, with its close alignment with Quilter Cheviot, will see further opportunities.

Ultimately, the reason we are here is to deliver for our customers. Customer experience, though, is not just determined by their relationship with their adviser, but also by the relationship and interaction they have with their solution providers. And a real key benefit of our business is our potential to join this up more effectively. As we move towards business optimisation, it should enable us to deliver coordinated and enhanced experiences for our customers that touch multiple parts of the group. Our deep understanding of the end-customer means that, with our partners in Old Mutual Wealth investors and Quilter Cheviot, we can create a wider range of managed business solutions, each designed and built specifically with the target customer in mind. And, our scale, both as an advice business, and as Old Mutual Wealth, can help us really deliver value for customers.

So, in summary, we are a leading, and growing integrated advice business, that's consistently delivering for customers, and fuelling of Old Mutual Wealth. I believe RDR and pensions freedom will drive the need for top quality, trusted advice. And, we are well-positioned to take advantage of that demand. We've seized the RDR opportunity, and others will struggle to follow in this constrained market. We deliver for customers, we've got well-controlled advice processes, and there's inherent growth potential built into our still maturing business. And, finally, advice is firmly at the heart of Old Mutual Wealth. PCA's close alignment with Quilter Cheviot, financial advisers' partnership with Old Mutual Wealth Investors means continued, strong, integrated flows, across the Group. With that, let me hand you over to Paul Simpson. Thank you very much.

Paul Simpson: Well, thank you Andy, and good afternoon everyone. So, I'm Paul Simpson, I'm the CEO of Old Mutual Wealth Investors. I've worked in the City for about 30 years, and I've spent the last 15 years of my career in investment management, running absolute return funds, typically with a quantitative, or systematic, sort of, bias. Old Mutual Wealth Investors is the manufacturing arm, at the heart of Old Mutual Wealth. Our mission is to provide institutional quality, multi-asset solutions to the retail market, and to manufacture the high-quality products that provide the outcomes our advisers, and customers, expect. Now, I'm happy to position us as a manufacturer, it's an accurate description of what we do, and I think the analogy helps in understanding our role. Although, it might look like a relatively new venture, Old Mutual Wealth Investors is already a large, well-resourced and successful business in its own right. Old Mutual Wealth Investors is a product of

targeted management actions, selective M&A, and strong organic growth as we will show. We are two years into a substantial modernisation programme to ensure we remains a sophisticated, and technologically advanced investment management firm. Now, I believe we have a very attractive set of opportunities ahead, and a clear strategy, both to capture those opportunities, and to make a meaningful contribution to the Group.

As said, we're already a leading provider of investment solutions in the UK multi-asset market. Now, it's a huge market, with some 200 billion of assets under management, in the UK alone, and growing at over nine percent per annum. The continued growth of this market, over the long-term, is being driven by the savings gap, the changing demographics, and, increasingly, by regulation, which pushes investors, and, more importantly, their advisers, towards multi-asset solutions. In the UK these trends have been strengthened by the recent pension reforms, and the collapse of annuity rates. We'll revert to this later. Within the UK, we punch above our weight. The Pridham Report ranked us as first for both gross and net flows for the first half of 2017. So, we're winning market share, and gaining on a number of our peers. Now, our success has not been easily achieved, it comes from having invested and made key decisions over recent years. We've grown our AUM by around 28% compound in the last two years. And, we've seen a considerable growth in in-flows overs this period. Currently, the business has some 14 billion of assets under management. Now, we've achieved this by being aligned with the investor and adviser needs. And, for us, this is the power of the Old Mutual Wealth model. We're now seeing the benefits of our investment in technology, and process through improved margins. Our margins have gone from 45 basis points in 2016, to 48 in 2017. But, what do we actually mean by investment and modernisation? So, we've been running a significant change programme to develop our team, our process, and our product range. Between 2012 and 2015, we invested to give us scale, and critical mass. Since then, we focused more on a series of management changes to re-shape the business, and position it for future growth. We've also applied quant approaches, and academic insights to change multi-asset investment for the better. So, multi-manager investing was, and, in some houses, probably still is, a rather sleepy corner of the investment market. But, we believe that multi-asset investing has much to gain from the application of quantitative discipline, and much to gain from importing best practice techniques. So, let me give you two examples of that investment, both of which Andy mentioned earlier: Cirilium and Generation. In December 2014, we purchased the Cirilium premium multi-asset fund range from Hendersons in parallel with the Intrinsic transaction. We institutionalised that product, building scale around the proposition, we added a co-manager, the support of the research team, we applied a suite of decision-support tools and apps, and the wider investment team offer idea-generation and validation.

The result is that we've kept performance high, and managed strong NCCF growth. And, Cirilium continues to deliver for our customers. As a result, our key adviser community continues to recommend the product, not least, because these funds are consistently top quartile performers.

Turning to Generation, this is a new product that we re-launched in October 2015, in response to the UK pensions freedom reforms. So, following the relaxation of the pension

rules, a clear market need emerged for a specific decumulation type of product, something for those who don't want an annuity. Advisers were able to identify the specific needs of their customers, and Intrinsic brought that insight to us. Working with their key people, we were better able to design the product. So Generation was one of the first true decumulation products available. Its performance since then, and its fit with the advice process, have seen it raise assets. So, these examples give you a flavour of the capability and scalability of the platform we now have in place. Thanks to our investment and modernisation programme, we can now grow substantially, with only modest additional costs, whilst maintaining our performance, which I'll say more about in a moment. But, first, let's look in more detail at the team, and the technology that we now have in place. So, we've invested in an experienced team, adding Portfolio Managers and Technologists. We are organised as specialists covering specific investment areas; fund research, direct investment, relative value and quant. We've developed decision-support, risk, and optimisation tools, to modernise our processes and give us scale. On the slide at the bottom, you can see some of the tools that we now use to support the team. So, I can confidently say that we are effective users of technology. It's given us the ability to adapt rapidly to market events, and to capitalise on investment and product opportunities. We also work closely with, and share ideas with Quilter Cheviot's fundamental research team. This combination of an industrial process and our intellectual property creates a scalable platform that offers significant operational leverage as we grow.

What's it done for our investment performance? So, over the last three years, we've delivered strong out-performance for our clients, across the range of products. The top table, on the right, there, shows Cirilium has maintained a top quartile performance over six months, 12 months, three years, it rather speaks for itself. And Foundation, and Generation have, generally, out-performed their targets. Interestingly, the two periods of under-performance you see in Generation occurred before we modernised the investment process. Overall, of those funds measured against peers, 70% have performed above median over a three-year period. And, of those measured against an index, or a target, 80% have out-performed, again, over a three-year period. Ultimately, customers are drawn to investments that deliver against expectations, both in terms of overall performance, and peace of mind through reduced volatility. So, for us, our focus on outcomes is the best advert for what we do. And, it's this union of tailored advice, and performance through products, and that makes Old Mutual Wealth such a fierce competitor. The challenge for us is to ensure that we always have the right product-set, as the environment changes. This is driven by customer needs, whether they be for accumulation products, decumulation, international products, or managed portfolio services. We work closely with our colleagues in the Advice and Platform businesses to identify and track those needs. And, being present in Advice, across the range of clients, from mass-affluent, through affluent, to high-net-worth, gives us a huge advantage in understanding client needs. Some of our key competitors don't have that spread, particularly at the upper end of the spectrum. You can see our current product suite there on the slide, and where it fits in relation to each other. So, we already have a compelling range, and we expect to add to it. The quality of our platform enables us to build and support multiple products. We can now create products to suit lifestyles, degrees of wealth, attitude to risk, price-points, and we can build them rapidly. So, I think

this would be a strong business in any environment, but we believe the current opportunity set, is particularly attractive.

So, as I mentioned, the UK multi-asset market has grown at nine percent compound over the last five years. And, we expect this to continue. So, we see five main drivers: Number One is that asset returns are likely to be lower, going forwards, or may be lower, and risks more correlated. After all, we've been in a very benign investment environment for a long time now. We can't expect that to continue. Only the more advanced asset managers will succeed, and consistently meet their objectives. Two, advice risk and regulation will drive flows into solutions. Advisers are increasingly picking pre-packaged solutions, aligned to their attitude to risk tools. We already have a wide range of suitable products, across different price-points. Three, there will be an increased need for a decumulation and income products. We have a head-start with our Generation range, and we expect to add further products. Four, alternative investment and absolute-return products will become more mainstream. Our absolute-return and quantitative heritage gives us a clear advantage here. And, we're looking at developing further product in this space. And, five, we think we'll see continued innovation in passives, which will, actually, allow us to implement our active views, but with more precision. So, overall, we are well-placed to capitalise on these changes. We have tilted our activities, and R&D budget towards those areas that we see the highest growth potential. And, that puts our interest firmly on the right-hand side of the slide, there, multi-asset propositions, absolute return funds, and retirement solutions.

I want to look at the investment process, and how it may differ from that of others. So, we have a robust and repeatable investment process that is founded in our extensive use of technology. We, actually, try to add alpha at almost every stage. And, most firms do strategic asset allocation, and most do manager selection, but we think we're different in a couple of key areas. So, in addition to strategic asset allocation, we apply advanced optimisation techniques, learning from our skills and investment in quantitative strategies. And, going beyond manager selection, we can invest directly when we think we have a technological edge, or a skillset that will enable us to do better. We have a strong risk framework, which is built into every stage of the process, to add independent risk oversight. And, finally, we have our own internally driven execution model, for adding alpha. So our use of technology, gives us scalability, repeatability, and quality assurance. Using the analogy of a, sort of, modern robot car plant, we can manufacture a range of solutions, flexibly, efficiently, and at scale. And, this means that we can support the rest of the business with exactly the products that the outcomes, our clients need. Old Mutual Wealth Investors, is embedded within Old Mutual Wealth and sits as the product manufacturer, at the heart of the process. In the first half of 2017, we sourced around a third of our NCCF from the open market channel. That provides useful, further validation of the quality of our products, and the other two thirds from the advice channels. This means that we are leveraging the distribution capabilities of the rest of the business, at really a minimum cost. Our products form an integral part of the overall proposition, offered to integrated and open market advisers. It means that we in Investors need only a modest number of product specialists and client service staff. So, the closer we are to the client-facing businesses, and the more attuned we are to the advice process, the more successful we will be. And, because of this, I expect all our future products to be

developed jointly with other parts of the business. So, I hope you can see how our manufacturing capabilities, and internal relationships, mean that the whole is bigger than the sum of the parts. The outcomes benefit our customers, and the capacity for enterprise value-creation benefits our future shareholders.

I mentioned at the beginning, that we have clear plans to capitalise on future growth opportunities, and these are in three broad areas. Firstly, we have aligned our propositions to customer needs, to capture maximum flow from within the business. And, whilst this is already largely achieved in the case of Intrinsic, and the UK wealth platforms with the established fund ranges, I can see that we have more work to do with QC and international. Our current set-up allows us to scale-up easily, as the broader business grows. Secondly, we can capitalise on the demographic and tactical trends in the market. We've already tilted our business towards higher growth operations, and we expect to develop more attractive and high-margin products such as decumulation and absolute return funds. We see significant further potential here, for developing new products that the advisers and customers need based on our collective insight within the business. And, lastly, we see opportunities to help develop our distribution, again, across the broader business.

So, we have a very clear sense of direction. With a fixed number of people, and a growing asset base, we can improve profitability significantly. So, we have the potential to materially increase assets under management with only a relatively modest increase in costs.

So, in a sentence, our objective is to maximise our utility to Old Mutual Wealth, maximise our common enterprise value-creation, whilst minimising our risks and resource consumption. So, I believe that asset management is at heart a simple business, profit is asset times margin, less costs. And, we we've focused on efficiencies through cost savings, as well as growth of assets, maximising the potential for operating leverage. So, in summary, we already are a leader in the UK multi-asset solutions market. We're embedded in a great franchise, and we're attuned to our clients' needs. We've modernised, we have clear plans, and we're well-placed to make the most of the attractive opportunities ahead. I hope you found that helpful, and let me now handover to Martin Baines, to tell you about Quilter Cheviot.

Martin Baines: So, thank you, Paul. And, good afternoon. I'm Martin Baines, and I've been Chief Executive of Quilter Cheviot since 2003. I've been at the helm through a number of ownership changes, culminating in Quilter Cheviot becoming part of Old Mutual Wealth in 2015. It was around five years ago that I met Paul Feeney, and he explained his vision for the Old Mutual Wealth business. Two years later, as we were considering options for the future of Quilter Cheviot, we discovered that Paul had already gone a long way to achieving his vision. No mean feat in the space of just a few years. Amazing job. Quilter Cheviot became the final, major part of the Old Mutual Wealth jigsaw, and the acquisition has since prospered. We've grown assets under management, and are working closely with PCA, the broader Intrinsic business, and the international business. But, we're still only at the start of the story. So, I'm going to give you an overview of the business, tell you how Quilter Cheviot fits within the Old Mutual Wealth proposition, and talk about that potential.

So, Quilter Cheviot is a top-tier, discretionary wealth manager, with 22 and a half billion pounds of assets under management, as at the end of June this year. We tend to look after the high-net-worth clients, towards to the top of the pyramid that Paul showed you earlier. We have over 500 staff, including 159 Investment Managers. Together, we look after 43,000 clients, over 43,000 clients, and over 2,500 Financial Advisers, across the whole of the market. Quilter Cheviot has a strong record of consistent, positive net flows. As you can see from the graph, this has increased assets under management from 17.2 billion, at the time of acquisition in 2015, to 22 and a half billion at the half-year mark. Very simply, there are three key drivers behind our success. First, we have a well-established investment offering, with strong, consistent investment performance against our peers. It is under-pinned by a central investment process, and in-house research capability. Second, we build lasting relationships with our clients. And, third, we have an excellent franchise in the Financial Adviser channel, one we've nurtured over many years. Few discretionary fund managers have such deep experience in dealing with advisers, and that is why we're such a good fit within Old Mutual Wealth. But, first, let's look at the market we operate in.

As the dark green bars in this chart show, the 473 billion discretionary wealth market is growing at around 11%, per annum. This is being driven by a number of factors. Chief amongst these is real asset appreciation, coupled with low inflation. Regulatory change has had a number of impacts, as Andy covered earlier, the Retail Distribution Review forced Financial Advisers to review their business models. They started outsourcing specialist services, like discretionary fund management. Given our strong position in the Financial Adviser market, the more they outsource this, the more we should benefit. At its heart, Quilter Cheviot is a discretionary investment manager. We focus on bespoke mandates for each and every client. It's a simple business model, that we've stuck to, and developed over the last 25 years. We've adapted our discretionary portfolio service to a variety of customer types, with private clients at the core. On the top left, you can see that we've focused heavily on the gathering of discretionary fee-paying assets, now, some 93% of our total assets under management. This focus has enabled us to build scale, without the distraction of multiple business lines. On the top right, we built out our regional office network during the 1990s, and you can see that we have attracted significant business from the UK's major cities. Approximately half of our total assets under management are now managed outside of London. That network has also enabled us to service large Financial Adviser relationships efficiently. The chart in the bottom left, shows that almost 60% of our total assets under management have been sourced directly from clients. Interestingly, our flow of new business is skewed towards to the other way, towards Financial Adviser introductions. Moving to the bottom right, this chart shows the assets under management by customer type. The majority is represented by private clients. We're also growing our management of SIPP, Trust, and Charity business. And, in most cases, we're working with the same underlying clients here, it's simply the wrapper that's different. Whatever the wrapper, it's always with a discretionary focus. This discretionary focus, and our strong, regional footprint has helped us to achieve peer-leading growth, and still serve a broad range of customer types. So, where does this business come from? We source our business from a diverse range of channels. Many of our peers focus almost solely on the direct channel. The direct channel is very important to us, but, as you can see, over the last three and a half years, 67% of our net client cash flows have come from Financial Advisers in the UK. As well as the UK footprint, we also

have investment management teams in Jersey and Dublin. Our Jersey office is the hub for Quilter Cheviot's international operations. Having a strong presence there also keeps us close to the various Trust companies on the island, and gives us the opportunity to leverage their international distribution. In 2016, we opened a distribution office in Dubai, expanding internationally, using Jersey as the hub. The Dubai team has already delivered strong flows, and they've started to work closely with our international colleagues, who Peter will tell you about, more about, shortly. It's a great template for the further collaboration and growth.

Turning to the chart on the top right, our business is built on relationships. A differentiator for our business, in fact, something we insist on, is that our clients talk directly to the people managing their money. It's our Investment Managers that manage the relationship, as well as the portfolio. These relationships are long-term, they span generations, and are founded on trust and integrity. It's the quality of these relationships, coupled with our investment performance, that has given us such a stable, loyal, and consistent client-base. We've also been investing in business development to help broaden our sourcing of new clients and increase flows. All of our Investment Managers are actively involved in prospecting for new business. Looking at the Business Development team more closely, 20 of the 32 members are dedicated solely to maintaining and building our relationships with Financial Advisers. Why? Keeping close relationships with Financial Advisers is key to our success. We have worked hard to be the partner of choice for Advisers looking for discretionary private wealth management. We've had an established presence in this channel since the early 2000s, giving us first-mover advantage. While it's hard to be sure, I believe that we were one of the first discretionary management, discretionary fund managers to set up a dedicated team in this market. In addition to the relationships that we have within Intrinsic, we have relationships with over 2,500 Financial Advisers nationwide. And, we expect Financial Advisers to remain our fastest growing distribution channel in the medium-term. We take our relationships with Financial Adviser groups very seriously, I frequently meet with the larger ones, and we ensure that we have touch-points at all levels, from CEO, through to the Senior Managers, and the Sales teams. Now, as I've mentioned, our Investment Managers meet directly with their clients, wherever they're based. Our relationships with Financial Advisers have depth and tenure. We've built relationships with a number of Financial Adviser groups, as you can see, some of the logos on our slide. And, 48% of our Adviser base has had a relationship with us for more than 10 years. That Adviser base is well diversified, with no great concentration risk within any one Adviser group. It means that we have a stable flow profile. So, the commitment of our people to the Adviser market over 20 years, together with our regional footprint, has built us a very strong position. You can see why our experience in this market makes us an ideal fit within Old Mutual Wealth. Since joining, we have started to develop the opportunities with our colleagues at PCA, and the broader Intrinsic business, which I'll cover shortly.

Of course, one of the key reasons Advisers want to work with us, is our investment performance, and I'll just touch on that. We produce strong and consistent performance, versus our peers, something we're proud of. You can see it in the box diagram, which is based on data from ARC, a respected, independent body. ARC uses actual client returns, submitted by more than 50 discretionary investment management firms, to

measure performance. In our core offering, the ARC PCI balanced asset, the top row on the chart, we are the top, we are top quartile over five and 10 years. Our proposition is underpinned by a strong governance framework and controls, and a single, structured investment process. This targets consistent and replicable returns for the client. What we offer is very different from the multi-asset solutions that Paul's just talked about. Quilter Cheviot offers a bespoke investment portfolio for clients, and it has a very strong appeal to a particular market. We also have a dedicated research team of 16 Equity and Fund Research Analysts, it covers a large universe, across direct equities, collective funds, and fixed interest. There are sector specialists, who access external and proprietary research, and each aims to provide best-of-breed recommendations. As Paul mentioned, this team shares insights with his multi-asset team. So, Quilter Cheviot focuses on customer service, and building long-term relationships, both with direct clients, and Financial Advisers. This is backed by a structured investment process, which has resulted in strong, and consistent performance, versus our peers.

So, how does all this contribute to Old Mutual Wealth? Now, this is my favourite slide, because it demonstrates what a natural fit we are for the Group. The three charts on the right show the potential that exists. They show the increase in assets under management from customers that we share with Intrinsic, with PCA, and with International. As I've mentioned, we are well used to managing and coordinating scalable relationships, working with their distribution teams, and understanding their sensitivities. We see the relationship with PCA as particularly important. Not only do we already have 278 million under management for PCA, but we are also working closely together to find new Financial Adviser firms to acquire.

Martin Baines: Perhaps surprisingly, we've found that our IFA relationships have welcomed us joining Old Mutual Wealth. Premier Planning is a great example. It is a Midlands-based Financial Adviser, that Quilter Cheviot had had a strong relationship with for about 14 years. Its client bank is predominantly made up of high-net-worth clients. We were keen to grow the assets held by their clients. We introduced PCA to Premier, we introduced Premier to PCA last year, and PCA bought the business in February of this year. We have a number of other Financial Adviser firms talking to us, right now, in this vein. This is a great example of Quilter Cheviot and PCA working together to identify opportunities. Our flows from IFAs have increased, year-on-year, over the last three years. Overall, the potential for Quilter Cheviot within Old Mutual Wealth is exciting. We are only at the start of this journey, and Old Mutual Wealth is already Quilter Cheviot's largest single source of new business. And, all of this from a standing start in 2016. We are seeing encouraging growth in assets under management, in flows, and in revenues. That growth is a powerful antidote to the revenue margin pressure that you'll be very familiar with across the industry. A number of factors have led to a decline in revenue margin, including the success in securing larger portfolio mandates, and rising portfolio values pushing portfolios into lower fee bandings. Whilst larger portfolios may reduce overall margin, the new flow is highly accretive in terms of profits. Technical changes, post-RDR, around Unit Trust trail, and a low interest rate environment, have also had an impact. However, as the last few weeks have shown, things can change, with the first interest rate rise in the UK for 10 years. So, before I finish, let's look at the key drivers, and opportunities for growth.

Looking forwards, we see a number of growth drivers. As I have mentioned, PCA is an area of focus with real potential for future growth. Relationships with financial advisers have been at the core of our business model for over 20 years and the team is well versed in building enduring large-scale relationships. The same applies to our work with the International business where Quilter Cheviot is a natural fit for their solutions. The opining of our Dubai office has been a successful template and we're considering an additional office in the Far East. The UK IT re-platforming project is a great opportunity for us. Our discretionary portfolio service will become a core part of the offering; it'll give much wider access to our service. We will continue to strengthen our relationships with existing financial advisers and attract new ones. There are also opportunities to grow our assets under management by making bolt-on acquisitions of small books of business. We completed one earlier this year; we bought Attivo Investment Management which had £300 million under management. There are also still one or two major UK cities that we don't yet cover so we'll continue to look for appropriate opportunities to build out our footprint.

With the growth that we are currently enjoying we're constantly on the lookout for new talent and we've attracted some high quality individuals from our peers. For them, our brand, our performance and the growth opportunities we offer are very attractive. Talking of the brand, which Paul mentioned earlier, of course the increased exposure that we will be getting shortly can only help us. Quilter Cheviot has always been a strong growing standalone business. Since joining Old Mutual Wealth the opportunities for growth have risen substantially. As you can see, the results are already starting to show.

So in conclusion, Quilter Cheviot is a leading discretionary investment manager. What I really like about our business is that it's very stable and has a strong financial record. We have a solid base of business rooted in long term client relationships. The simplicity of our business model coupled with our distribution capabilities in the financial adviser market makes us a natural fit for the Old Mutual Wealth proposition. Being part of it is helping us attract and build new flows within the business and, as I've said, we see particular opportunities as Andy's team builds out PCA.

Finally, we are also very well positioned to take advantage of the trend as financial advisers outsource discretionary fund management. I am really pleased about the growth that we're starting to see as our businesses work more closely together.

And with that, I'll hand you back to Paul and he'll wrap up this session.

Paul Feeney: Thanks, Martin. So we've taken you through the advice and wealth management segment and the opportunities that we've got here. This business segment has delivered double digit revenue growth and is well positioned for the structural changes that we're seeing right across the market. Driving closer linkage and integration between the PCA business and Quilter Cheviot is a significant opportunity for us to build on.

Now, I'm sure you've got lots of questions so Andy, Paul and Martin are going to join me up here on the stage for a Q&A session on what you've just heard about. So please bear in mind that Tim will be talking through the financials of the business later on so we can pick up on your numbers questions a little later. Now, also we've got roving microphones around the place so if you could please wait 'til you have the microphone and if you could state your name and institution it would help for the record. So, guys, let's come on up and then we will take the first question. Andy, you had your hand up first, we'll start with you, and then we'll go to Greig closely behind you.

Andy Sinclair: Thanks. Andy Sinclair from B of A Merrill Lynch. Firstly, within the Old Mutual investors multi manager solutions I just wonder if you can give us an idea of the frequency of those changing funds within that and the average discount effectively on the underlying price of those funds, and actually if you can mention as well how much OMGI within that. That's all question one. Secondly, you talk about 'advice growth' and 'adviser recruitment', what sort of size of adviser firms would you be looking to acquire and what rate of growth in the coming years? And, third and finally, I just wondered if you could give us actually an idea of what customer charges can be expected across each of these three business lines that you've talked about so far. Thanks.

Paul Feeney: The customer charges across each of the three?

Andy Sinclair: Across each of advice, Old Mutual investors, say, Cirilium and Quilter Cheviot. Thanks.

Paul Feeney: Okay. Okay, so I'm going to obviously bring in my colleagues in a moment, Paul and Andy, but the first three questions, Paul, I think are aimed at you. Frequency with which we change funds, what kind of discount do we get on the funds that you're purchasing within your portfolios and how much of the portfolios include OMGI funds?

Paul Simpson: I have to confess, I don't really fully understand your first question.

Andy Sinclair: It's a multi manager fund, effectively how long would funds tend to stay in that if you had an underlying fund, is this something you change often or is it something that tends to stay for a long time?

Paul Simpson: Well it's a combination of underlying funds, segregated mandates and some direct investments. Overall of course it's growing continuously so from that point of view it's being rebalanced relatively frequently. As for underlying manager changes, it's periodic, I wouldn't give the impression it's a frequent activity. On the second question, it's obviously a series of commercial negotiations which we wouldn't ordinarily reveal but

you can imagine that, given the scale we are at, we do achieve attractive commercial terms. And I'll be honest, I've forgotten the third question.

Paul Feeney: What percentage within our portfolios would individual single manager OMGI funds be?

Paul Simpson: Yes, I mean, we have used them because of their frequently good quality and if we think it's going to give us a beneficial customer outcome overall we do invest in OMGI funds. I don't have that data with me today, I can always circle back with you later if you wish.

Paul Feeney: Okay, so thanks, Andy. The second question was to Andy. What size of adviser firms would you target?

Andy Thompson: So really across the range. So I think, as we said earlier, we've kind of got the three types of growth really which has been acquisition in the network space. Now, really that has been a kind of a singular opportunity, there's probably limited scope for further opportunities there, both in terms of the number of scale players left in the market and obviously the need to ensure that we get the right ones in terms of that cultural, customer and adviser fit. In terms of the PCA business, then that's slightly less constrained. These tend to be regional-based firms, typically on a smaller scale where they're growing the existing hubs. It can be relatively small, you know, two or three hundred customers at a time, that fit the brand and the quality that we're looking for. Where we're clearly launching or entering into a new site or hub, then larger in terms of that. The organic recruitment is everything from individual advisers that predominantly go into existing firms through to kind of small and medium sized firms. In terms of kind of the rate of growth ahead, then I think, as we explained, you know, the constrained marketplace that we're in means limited opportunities but it's an area that we have excelled in and remains a focus of ours to grow the number of RFPs.

Paul Feeney: Okay. And your third question, customer charges across wealth, I think one of the things we do where we believe we're different is you only pay for what you use, and we're very transparent on our charges so you could just use our financial advice, just pay for that, just for the plan, you could just use our retirement services and you could just pay for that, and you could just use our investment solutions, just pay for that, or you could do a combination. Also, they're tiered. So some people are more…very price conscious, they may end up with more of a passive-based or global partners portfolio which is somewhat…more lower priced, or if they're more performance-based they may end up with more of a Cirilium or go anywhere open market solution which is somewhat higher priced but has superb performance. So we'll show the full price for what they choose but we'll also show every individual price broken down by the plan. So it can be different depending on the services they provide. Okay, I think we'll move to Greig. Thank you.

Greig Paterson: Good morning. Greig Paterson, KBW. Three quick numbers questions and then one very material question. One is – and I've been asking this for a while – the 350 odd acquired advisers, could you tell us what your cumulative purchase price was for that so we can get some kind of feel how much it costs to purchase a new adviser? The second thing is, given that the FCA is looking at DB transfers, I wonder if you can hazard a guess or tell us what portion of the net client cash funds in the first nine months were associated with DB transfers. And the third question is with reference to Slide 49. I wonder if you can give us the percentage of funds above benchmark and above peer median on a one year time horizon so we can get a feel for where the trend is. And, finally, in terms of Quilter, MiFID II, I wondered what the implications of MiFID II are in terms of your cost structure, etc, and whether there's going to be special in-house research implications.

Paul Feeney: Okay. So the rest of you can now go home while we just answer the following because this'll take most of the afternoon, I think. Thanks, Greig. So well first of all, 350 acquired advisers, I mean, we've not... I don't think we announced what we purchased Caerus for or Sesame Wealth for, did we?

Male Speaker: No.

Paul Feeney: No. We're very happy with the prices that we paid. We haven't announced the prices that we paid for obviously competitive reasons, you know, in the market, but we're very pleased with the performance of them. In terms of DB transfers, do you want to take that, how... You've spoken a little bit about how we do that but what percentage of your business within Intrinsic?

Andy Thompson: Yeah, no, happy to talk about that. I think pensions in general have been... as you know I talked about an exceptional H1 in terms of flows and pensions in general are certainly behind that. DB are part of that but a minority, they're not a significant piece of that. I think that's around a couple of things I said. The first thing is we are fairly selective where we play in that market and, you know, approximately 10% of our financial advisers are licensed to operate within that arena. We pre-check all of the advice and we, as I say, have structured our advice processes to those areas where we are confident that's it's demonstrably in the customers' best interest.

Paul Feeney: And then we had a question on percentage... I think it was percentage... of funds above benchmark on a one year basis, correct? Okay.

Greig Paterson: Slide 49.

Paul Simpson: Okay, yeah. So in the pack we concentrated on funds that are at least three years old so they have enough history to be useful. Again, you've rather caught me out, I haven't

brought the one year number with me; I do have them but I don't have them to hand, so I can get back to you later on that. Okay. And MiFID II, what implications, Martin, do you see for MiFID II for the QC business?

Martin Baines: I think the question was particularly around cost but, like everybody else, we've been planning for MiFID II, we have the work streams in place and obviously, for those in the room who aren't aware, it comes in in early January, so... But we don't see anything particularly worrying in terms of cost. It will add some costs but at this stage I'm not going to comment specifically on the research side.

Paul Feeney: Okay. I'll go to the gentleman there with the glasses and then we'll go to Ravi in front, in the interests of microphone efficiency.

Colm Kelly: Thank you. Colm Kelly, UBS. Two questions and both related to the growth. So the growth target on the net client cashflow of 5% does appear somewhat conservative relative to what direct peers are generating currently, well what your own business is generating currently, and when we look at the... you know, you talk very confidently, and rightly so, around the growth in the market, the BCG slide, evidencing the potential growth when you look at your positioning to increased market share, increased productivity. Aside from the natural buffers you would want to contain within that target, what specifically is leading to the conservatism within that target? That's the first question. The second question, again related to the growth, so again there's a lot of scope, or appears to be, to increase the number of advisers but also the productivity of those advisers. Is the IT and systems capability... Can you just talk about the potential for that to be a factor in terms of scaling up and generating growth, how you intend to manage that going forward? Have you any indications around the ongoing cost aside from the FNZ guidance around systems, IT capability, or not? Thank you.

Paul Feeney: Okay. Thanks, Colm. I'll take the first one. I mean, Steven is going to come up and talk a little bit later about... shortly actually... about our UK platform and I'll sure he'll talk about the platform transformation programme with FNZ and that opportunity, but we'll touch on it here. In terms of growth of 5% per annum net, 5% growth on client cash flow of opening assets per year, yes, you're right, you know, we have beaten that over the last couple of periods. This is a target we're putting out to the market across the cycle really. You know, Paul mentioned markets have been relatively benign, we all know this, you know, we're not sure what the markets are going to be like in the future, we would like a target that we feel... We think 5% is a good target. I mean, if we're growing assets at that level per annum that's a really good growth rate. But we're also aware that we can't just project forward on what has been fairly benign environment. So that's all that's behind that really, there's nothing more than that. In terms of the platform and growth and... I think there was two parts to your question there, one is as we bring new advisers on, you know, is our platform a restriction on that? No, certainly not. Certainly the growth rate of the platform, as you'll hear, there are certain propositions which we cannot yet supply, which we will be able to supply, and I think, without stealing Steven's

thunder, we're... He's going to talk about that shortly so he may be able to give you some more colour on that in a few minutes, Colm. Ravi, I think you had a question.

Ravi Tanna: Thank you. It's Ravi Tanna from Goldman Sachs. I just had two questions, please. So the first one is, in terms of that flow target of 5%, are you agnostic as to which channel the money flows through? Because obviously there's very different profit profiles in each part of the business with some being potentially break even and others much more profitable. And the second one was just on the restricted advice. Historically you talked about wanting to migrate the business towards more restricted advisers, I just wonder whether you had any departure from that view and you're more open to having independent advisers, given your multi channel approach, or whether you're still firmly in the mindset of shifting in that direction. Thank you.

Paul Feeney: Okay. Okay, in terms of agnostic on which channel, relatively... I mean, clearly our goal is to drive integrated flows. If we have integrated flows through the open market channel or integrated flows through the advice channel then certainly along those we're relatively agnostic. In terms of more restricted advisers, I think if you look... I forget what... What was the number when you joined us, Intrinsic joined us? How many restricted advisers did we have at the time?

Andy Thompson: Around about 700 or 800 around the time of acq.

Paul Feeney: It's nearly grown by... is it … I don't want to give a statistic. It's grown a lot, okay!? There's investment bankers in the room! It's grown a lot over that period of time. So yeah, we see that growing further and we see helping to increase the productivity of that channel an important further growth lever for us. Do you want to add anything to that, Andy?

Andy Thompson: Yeah, I would just say it ends up being customer-driven. So fundamentally, you know, what we believe in is face to face advice, we're very happy to support and want to support all types of advice. What we want to do is ensure that the customer's getting the best. So the reason that you've seen that migration across – and we'd expect to see that continue – is that as we work with our partners across the group we expand the solutions that specifically target our customers, we really enhance that restricted franchise and make it more appropriate for more customers, which will in turn lead advisers to choose to make that move.

Paul Feeney: And clearly in the open market channel we support... you know, we've said over 4,000 active independent financial advisers who use our platforms, you know, invest in our investment solutions, and that give us, as you've seen, really good breadth across the market and drives again more integrated flows for our business. Thank you. Next question. Jon?

Jon Hocking: Thank you. Jon Hocking from Morgan Stanley. I've got two questions, please. Firstly, I think you said, Paul, that the pure advice piece sort of runs at a sort of break even model and I'm guessing the admin piece and the platform is sort of break-even-ish with some leverage that will kick in at some point. So maybe I'm wrong there. But on the asset management piece how dependent is the profitability on how much gets allocated into Cirilium type funds and how does the margin depend on the solutions chosen by clients? That's the first question. And then, secondly, a couple of questions on the discretionary business. I just wondered, Martin, how bespoke are the portfolios that the clients end up choosing within Quilter? And then sort of linked to that, is there any opportunity of you working more closely with the multi manager business in terms of understanding better the sort of risk budgets within portfolio construction, etc, and coming up with a sort of enhancement to the discretionary product? Thank you.

Paul Feeney: Okay. Jon, I'll take the first part of your first question and obviously I'm going to hand over to Martin for the discretionary part. First of all, yes, advice is, you know, pure advice profits at the moment, we make a slight loss on pure advice. Overall it's a significant contributor to our business on advice alone. On platforms, no, we make very strong profits on our platform businesses. Back in 2012 our UK platform didn't make any money, profits, but now it's making... and Steven's going to talk to you about this in a moment, the strong profits. In terms of how much are we dependent on flows going into Cirilium, well I don't think 'dependency' is the word but simply our strategy is to drive integrated flows, and that means providing integrated propositions that our clients actually want to buy. And Paul showed you a whole range of propositions that we have and we manage the margin across those propositions. So certainly it's not dependent on Cirilium. We've seen Generation, Creation, WealthSelect, a managed portfolio service, Compass and Voyager internationally, discretionary portfolio service as you move higher up the market; no, I think we've got a very good breadth of multi-asset solutions. So, Martin, do you want to take the question on Quilter and how bespoke is each of their discretionary portfolios?

Martin Baines: Yes, I'm afraid there's no simple answer to that. There's a variety of bespoking, clients can come to us with ethical considerations, they might come to us with large holdings from the disposal of a business, but if you drew the sort of bell curve you'd see that obviously most of our clients fall into the sort of balanced mandate category but we do offer the ability to, say, bespoke the portfolios to a greater or lesser extent. So I wish there was a more precise answer to that but... In terms of our work with Paul and his team, that's ever increasing and we share talent and we share insight. Do you want to comment a little bit more on that, Paul?

Paul Simpson: Yes, at the moment our relationship mostly works on manager research. So going back historically there were two separate manager research teams, that's obviously relatively inefficient. QC had the bigger presence so we combined them into one and, you know,

we take insight and share knowledge from them. I'm sure there is further work to do, as you said in the slides, and there is potential there for technology transfer from one to the other as we go through time – that's part of the optimisation process going forwards, obviously.

Martin Baines: Yeah. I think it's part of the ongoing process as we, QC gets closer and closer and works more closely with... whether it's PCA or whether it's the international business, and this is on the to-do list. So for me it's great. I'm relatively new and we've got all these new areas that we didn't have before where we can work with Group.

Paul Feeney: Okay, thank you. Any further questions? A question there, gentleman there, and then immediately behind.

Chris Turner: Thank you. Good afternoon, it's Chris Turner from Berenberg. Two questions, if I may. Firstly, back all the way – it seems like a long time ago – back on Slide 13 we talked about the OMGI single strategy business and pointing out that only 20% of that AUM was from integrated flows. Clearly, the Quilter business is far below even that so should we think about 20% being kind of a medium-term aspiration for integrated flows from Quilter? And then, secondly, I think I caught you say – and apologies if I got this wrong – but I think you said the adviser business is currently loss-making and looking to break even, does that cause problems potentially with the review the regulator's carrying out if you're subsiding advice that suggests you buy some other Old Mutual products? Thank you.

Paul Feeney: Thank you. Certainly you should not extrapolate across the single strategy to Quilter Cheviot. Quilter Cheviot joined us in February 2015 or something and if you look at our PCA I think, as Martin mentioned, it's already the largest distributor or supporter of Quilter Cheviot in the UK – that's not bad from a completely standing start, I think. So in terms of adviser, yes, you know, Intrinsic, the advice business, at the moment is operating at that or a little bit around that level, perhaps a little bit below that level. We're completely open with our regulators and the regulator understands where we are with the business, they understand you know, where we're going to go, and Andy understands where we need to go. So, no, we're... and, quite frankly, I'm totally delighted with Intrinsic and how that's worked for us as well, so... Okay, at the back, thank you.

Paul McGinnis: It's Paul McGinnis from Shore Capital. Just to extend that question a bit further in terms of the FCA seems to be of the view, rightly or wrongly, that consumers of retail, consumers as a whole are paying too much in overall layers of charges. So just one aspect of adviser pricing is when an adviser, whether it be in-house or third party, is referring business to the discretionary manager, my understanding is that the adviser continues to generate an ongoing fee for that, maybe around about 50 basis points a year, in addition to the DFM fee. Do you think when the FCA looks at this industry in the round it might decide, "Well there seems to be some double charging going on here," and that

the particular aspect, the adviser's ongoing fee, might be one of the more vulnerable areas and, if so, might that have some implications for your distribution model?

Paul Feeney: Okay, so you're talking about fees where we have an external open market adviser who's –

Paul McGinnis: or Internal….

Paul Feeney: - is providing flows to...? I mean, for us, our fees are all explicit with the client, a separate fee contract with the client for what the client pays. In terms of... But, Martin, do you want to...?

Martin Baines: Sure. I mean, look, if an adviser introduces a business to us there's the ability to take an adviser charge. We charge for what we do and the adviser takes a charge for what they do. I'm not in the mind of the regulator so I can't really comment on what they're thinking but this business is growing and... I don't know whether you want to add anything further from an internal perspective?

Andy Thompson: They're really distinct activities. So advisers aren't getting paid because they're great at picking funds, if they were, they'd be fund managers, you know, advisers are getting paid because they're great at giving advice. That's all about working with their customers on the long term financial planning, ensuring that they're in the right wrappers that meet their requirements, the tax opportunities that they can get, and giving that comfort and security and insurance along that journey. So they're two very distinct activities, both that I think will continue to be paid for separately in a transparent manner.

Paul Feeney: Mm. Paul, just to give you a quick anecdote on that, if I may. So I have my financial adviser and I'm with Quilter Cheviot and I pay my financial adviser and I pay Quilter Cheviot – I'm delighted. So I've said we're building a wealth manager for people who need a bit of help. So right through the financial crisis, 2007, 2008, I sat down and looked at my own PA investments and I have to say pretty much I made the right decisions right through that period on most of those investments. I just didn't implement any of them, okay? It's a mess. But with my financial adviser and with my discretionary portfolio it's done incredibly well. So I'm a happy customer anyway. Thank you. There was a gentleman at the back there and then we'll come to the lady here just in the middle. Thank you.

Dan Garrod: Good afternoon, I'm Dan Garrod from Barclays. A couple of quick questions from me. I'm afraid I'm going to go back to the FCA study, just as a follow-up from that. I think as part of the asset management market study and the platform market study they sort of came up with this stat, that about a third of retail customers are not in the cheapest sort

of share classes of funds so effectively they're paying direct for sort of advice and distribution and they're also paying into fund share classes that carry still trail, I guess. Would you have confidence that your proportion was significantly lower than that, that its legacy trail with your... I appreciate you're saying your current fee structure is very transparent in a post MiFID world but is there any sort of issue around legacy, clients pre 2013, I guess? And the second question was around follow-up on adviser recruitment. Presumably, you'd be delighted with newsflow of banks getting into hiring advisers once more. That's always been a very healthy recruitment ground for adviser networks. I think you also sort of mentioned the ability to take mortgage advisers and turn them into RFPs, so is that likely to be a continued area of focus? Thank you.

Paul Feeney: Well I'm going to ask Andy to take the second question. And in terms of the first question, Paul could answer it but I think I'll just take the first one. So, I mean, across our platform, our retail advice platform in the UK, to our knowledge and from the information that we have, we have the greatest share of individual share classes at the lowest price of anyone in the market, and clearly we're selecting those from the platform. So we're very happy with that. Again, our model is built around transparency and simplicity for telling clients clearly what they're buying, what they're purchasing at an individual level, so I don't feel we have concerns around that. So, Andy, do you want to talk about adviser recruitment, banks, mortgage advisers?

Andy Thompson: No, definitely. So, yes, we were grateful beneficiaries of the banks and sad to see them exit advice at RDR for many reasons but certainly that one; they did do the heavy lifting for a good number of years of bringing fresh advisory blood into the industry. We and some of our peers have had to start to look to pick that up and that's really where the Financial Advisers School comes in which, whilst young at the moment, we see as being an important initiative going forward. But, yes, also, you know, the mortgage business is also significantly beneficial for us in that in terms of a future flow of advisers that come through those ranks and move into financial advice.

Paul Feeney: Okay. The lady here in the front here.

Haley Tam: Hi, it's Haley Tam from Citi. Just two questions, please. The first one's actually for you, Andy, Slide 15, the 25,000 advisers. What number do you expect that could go to? I'd just be interested to hear about that. And then, secondly, for Martin on Quilter Cheviot, what proportion of your AUM on Slide 60 actually comes from third party advisers and, given the rebranding that's been announced today, have you consulted with those advisers at all about any impact on their willingness to deal with Quilter Cheviot in the future? Thanks.

Paul Feeney: Okay, thank you, Haley. So 25,000 advisers. How far do I think that could go? What do I think it could go to? I don't know. I can tell you we're doing our bit. We've set up the Financial Adviser School which is a school for... it's not just for advisers to come in to Old

Mutual Wealth, it's to help people change industries, see financial advice as a proper profession, which it is, and come out... We've got graduates coming out of university, we've got people changing career coming through our Financial Advisers School, I even met an artist the other day going through it. I'll keep an eye on him but... So I think we're trying to do our bit with it. It's not enough. I don't know what the number would be. I look back - I can go back 10, 15, 20 years - to the numbers, there were financial advisers in the UK, significantly higher. I actually think though RDR certainly raised the bar in terms of qualifications and quality of advisers in this country so we'd like to grow from that higher bar, but there needs to be more though, we believe there needs to be more than there is. In terms of proportion of AUM from third party customers, Martin, and brand?

Martin Baines: Yeah, look, we've historically had the majority of our clients being direct clients and I said in the slides earlier they're incredibly important for us. We can only see upside in terms of brand recognition within the market from the Quilter name. In terms of our advisers, again, as it said on the slide, the flow is skewed towards the financial adviser channel and we've spent a very long time building deep enduring relationships with the adviser groups. There was a limit to what we could share in the short term but you can rest assured we've been in communication today and we're talking with them right now. What I would say, if you look at the PCA relationship with... and Andy and I both referenced it in our presentations... on certain occasions this has allowed us to give an opportunity to advisers that we didn't have before so they can actually become part of Group if they're looking for that particular solution. So actually there is upside to being part of Group in terms of providing a solution that wasn't there before and that is working really well. Andy, do you want to add anything to that, or...? I think we covered it in our presentation.

Andy Thompson: Yeah...

Paul Feeney: Okay, I think we'll close questions from the floor there. Do we have any from the webcast? (Pause)

JP Crutchley: Paul, just one question from the web just asking about the integration between the OMW Investors business and Quilters and whether that could be closer in the future and whether that would allow duplicate costs to be removed.

Paul Feeney: They already work very closely together. I mean, Paul, Martin, you know, work very closely on the research side and what have you, but clearly we're going to look at opportunities there and going forward and Paul and Martin will look for them themselves.

Martin Baines: I mean, look, there's certainly an opportunity but that's not why we're doing this, we're doing it from a growth perspective, and that's where I see the advantages of working

together predominantly. But, you know, we've talked about costs and we've clearly got focus on it but this is about the growth opportunity that exists.

Paul Simpson: Yeah, I totally agree. We should work together more closely going forward, there's potentially some technology transfer. I don't think it's driven predominantly by cost saving, I think it's more driven by business engineering, efficiency and supporting growth.

Paul Feeney: Okay, so any last questions? Any questions from the phones? No? Okay, we're going to have a 15 minute break outside, get some coffee and tea, and then I'll see you back then. Thank you.

Paul Feeney: Okay, welcome back, everybody. It now gives me great pleasure to introduce the second part of our day. We're going to focus on our Wealth Platforms' business both here in the UK and internationally. These are businesses that have been more longstanding components of our business, and they remain significant contributors to our profit and cash flow generation. They're businesses that support both our advisers and third party independent advisers. In the first half of this year we attracted £2.1 billion onto our UK platform of which £0.5 billion came from our advice network and £1.6 billion from third party advisers. Internationally we attracted £400 million of new money in the first half of this year as well.

So, Steven and Peter run these businesses and will take you through what we've done to transform them over the last few years, and why they have the potential to deliver further growth for us. So, without further ado, Steven, over to you.

Steven Levin: Thank you, Paul.

Good afternoon, everyone. I'm Steven Levin and I'm CEO of our UK platform and heritage business. I've spent my whole career working in the asset management and retail wealth management space across a number of markets. We find ourselves in very interesting times in the UK at the moment. With the end of the defined benefit pension era, individuals are increasingly taking greater responsibility for their own financial futures. The demand for advice is strong, and with the arrival of pension freedoms, people are engaging much more with their investments.

This afternoon, I'm going to spend the majority of my time covering the UK platform market which is absolutely central to our integrated wealth management model. But before I do so, I'd like to spend a few moments on our Heritage business as the dynamics here are somewhat different.

The Heritage business is predominantly a closed book of products sold over the last 30 years. These products have generally been closed to new business at some point in the last decade. The business does, however, actually also include our open protection range of products.

On the slide you'll see reference to our institutional business which we announced this morning that we'll closing to new business. It is not core to our strategy, and it's actually very low margin. We expect that this book of business is going to run off over the next couple of years. The rest of the Heritage business is running off at around 15% per annum.

Like all our customers, those in our Heritage business have a choice of where they invest their money. We've taken steps over the years to ensure that they receive timely and accurate information about their investments. When they reach retirement we hope that these customers will take advantage of pension freedoms moving onto the flexible drawdown products that we have on our platform.

While this business is in run off, it's been a source of profit for the broader Wealth business over the last few years providing capital for us to invest in other areas. We are managing the value and the cost base of this business as it continues to run off.

Now, delivering fair outcomes for our closed book customers has been a key area of regulatory scrutiny in recent years. Products designed in the 70s and 80s don't always live up to the expectations that we have now. As you are aware, a number of issues have been identified through the FCA's Thematic Review into Longstanding Customers. We've been working with the regulator to ensure that we're adopting today's standards for yesterday's products and we expect all of these matters to be resolved during 2018. We can't give any more of an update on this process today as we're still ongoing with the FCA on this. And we will update you further when we can.

Let us now turn to the Platform market. Put simply, a platform is a vehicle to hold and consolidate investments. They provide custody services and online tools. They simplify what can be a very complex world and they're the most widely used solution for modern financial planning. Customers can have all their holdings in one place in tax efficient wrappers. They can go online for valuations giving them access to their financial information when they want it.

For advisers, the platform is an extension of their office. It provides them the tools to support them help their customers reach appropriate financial decisions and it also makes investing more efficient and transparent for their customers.

I'm going to explore the benefits of platforms to customers and advisers in a little bit more detail later, but I'd like to just turn to the market itself. This is a very attractive market. There are over £540 billion of assets on platforms in the UK. 60% or around £320 billion of that is in the retail advice space, which is where we do business. The transparency and the flexibility of platforms have helped them grow significantly, by gathering assets as customers consolidate investments from older style pensions and savings products as they mature. And they're also capturing the lion's share of new UK retail savings flows.

Overall, the market's been growing at more than 20% per annum for the last few years largely driven, I think, by the pensions freedom and choice regulations. Customers are moving and consolidating pots of pension assets ahead of and at retirement and they are moving these onto platforms where they can find flexible drawdown products such as ours.

Our UK platform ranks in the top three in both retail advised assets and net flows. Our leading position in this market is not a surprise, I think given because we've been in this market from the very, very start. Over the years we've built our platform through a stream of innovations, things like award-winning portfolio construction tools for advisers, like UScan, and launching managed portfolio services like WealthSelect which have also proven to be very successful.

There are currently more than 20 platforms in the UK market and most commentators expect that there will be a period of consolidation in the years ahead. Many platforms are subscale in an industry where scale really counts. We're in a strong position to benefit from future consolidation in the industry.

Pricing in the platform market is a hot topic and one that's worth spending a little bit of time on. Our integrated model and the scale benefits that we have mean that we're able to compensate for some of the pricing pressure that we're seeing in the market.

Across the industry though, there are headwinds on the margin side from increased competition and regulation, things like RDR, MiFID 2, the FCA platform market study which is the most recent, are probably all likely to create increased competition and an impact on margins. However, as you can see from the graph, our revenues have continued to grow. We offer attractive pricing to our customers by aggregating all of their investments on the platform across all of our products, giving them the benefit of a sliding scale. We also aggregate assets for charging purposes across family members to give better outcomes and to drive loyalty for our customers. All of these do actually impact on our revenue margins, but they have a positive impact on the scale, the leverage and the persistency of our business.

And then the benefits of our integrated model, as I've said, and the scale, mean that we believe we are well positioned relative to our competitors.

Now let's have a look at the actual products that sit on our Platform. Pensions are the fastest growing product on our platform today. As you can see in the pie chart on the left, over 40% of our customers' assets are invested in personal pensions, and the impact of pension freedoms on our flows has been dramatic with over 82% of our net client cash flow in 2016 coming from pensions.

And then working clockwise round the rest of the pie chart you will see that ISAs and General Investment Accounts are the other large product categories that we have. General Investment Accounts are products that are – they're unwrapped products that are utilised by customers when they've made use of all of their pension and tax – and ISAs, sorry – tax allowances.

So, why are the customers actually investing in our products? I'd like to turn to that for a moment. We have over 400,000 customers on our platform with an average investment of £112,000, and this has been growing, as you can see. They're typically over 50, many of these customers have more than one product with us, and they value financial advice. We have a range of investment choices and excellent investment solutions to help our customers achieve their financial goals.

But let's look at why they use our platform as opposed to others out there. I think there are five main reasons for this. First, the ease of use of our platform. Customers can have all of the elements of their financial plan in one place and they can access all that information online. It's very easy for customers to invest, transfer, and top up their investments through our platform wrappers.

Second, our charging structure is clear and competitive. We have one charge that reduces as assets grow and we make no additional charges for drawdown or any other investment transactions and, as I've said, we also offer client linking for immediate families. And then, very importantly, 80% of the funds on our Platform are offered at the lowest price available in the market. We've achieved this by using our scale and our distribution reach to ensure that we negotiate the best possible terms from fund groups.

Third, we have a leading pensions offering. Stepping into retirement can be daunting financially. Our personal pension product in particular is extremely flexible. It offers ten different ways for people to take an income in retirement. And what this means is it helps people enjoy their retirement and manage their income in a tax-efficient way with all the flexibility that they need to handle life's uncertainties.

Fourth, we have an award-winning service proposition. Our customers value the expertise of our people. They want helpful people, knowledgeable staff, who can simplify the complex and deal with things efficiently.

And then finally, the strength and reputation of our brand gives customers peace of mind.

Of course, all of the customers we have have come through financial advisers. As you've already heard today, we operate a multi-channel model supporting both our own advisers and third-party advisers. We've got almost 1,600 restricted advisers through the Intrinsic network that Andy has spoken about earlier. And clearly owning an advice business is critical to our integrated model and we've had great success working with Intrinsic over the years and being part of their panel of preferred providers.

In the first half of this year, Intrinsic contributed 29% of the platform's net flows and assets from Intrinsic now comprise about £4 billion of assets on our platform.

In the open market we've got over 4,000 active adviser relationships. This channel is still the biggest for us, it's the bulk of our flows and our assets and administration. Advisers have to be able to demonstrate that they are recommending a suitable provider for their customers and they work through a checklist of criteria to do this. Our platform stacks up very well against the suitability criteria that advisers use. In a recent Investment Trends survey it showed that our Platform is the Platform of Choice for more advisers than any other platform in the market, and this is something that we're immensely proud of.

So, why do advisers so frequently recommend our Platform above others? First, we provide a range of tools and support and technology for advisers which helps them meet their clients' needs in an efficient way.

Second, we really focus on helping advisers navigate through complexity. We've got some of the best trained specialists in the field helping advisers understand the impact of new regulations, the technical elements of new products, and things like that, and this is a big value add for them.

Third, we have a comprehensive range of investment solutions, trusts and wrappers that help advisers meet all of their financial planning goals of their customers. Then, our size and scale gives advisers confidence that we're a trusted partner for the long-term.

And then finally, we offer award-winning service. So the awards that I'm most proud of are the Defaqto awards where we were the only company in 2017 to receive a Gold rating across all the elements of our proposition, that's pension, platform, onshore bond and protection.

So, a recurring theme through everything that you've heard today is that integrated solutions are key to the Old Mutual Wealth strategy. And the platform has obviously got a pivotal role to play here. So, both our advice business and our multi-asset business, they use the Platform but not because it's Old Mutual Wealth owned, but because of the reasons I've given earlier, so we excel at what we do.

So, in the first half of 2017, flows from Intrinsic contributed 29% of the platform's net flows, and they now represent 80% of our assets and administration. A significant proportion of the platform flows, that's 37% in the first half of the year, are flowing into the investment solutions that Paul spoke about earlier – WealthSelect, Cirilium, Generation and Creation. And in addition, we saw £400 million of net switches from other funds on our platform into these investment solutions.

Currently just over 14% of the platform assets are invested in Old Mutual Investment Solutions. When we deliver the Platform Transformation Programme it'll include enhanced DFM functionality and so as Martin spoke about earlier, when we do this it'll provide us the opportunity to capture a greater share of DFM business through Quilter Cheviot.

So, as you've heard, our strategy gives customers choice. It's choice about how they're advised, who they invest with, and the investment solutions that they ultimately take. And the platform supports this choice and it offers accessibility to all of our customers. And then, equally importantly, the platform provides the vehicle for integrating the wider Old Mutual Wealth offering.

Our new Platform is going to build on this further. So, let me give you an update on that.

Our current platform has been built up over 20 years. It's not one system, it's a number of systems that work together. Given the age of this platform and the outdated software, it does make maintenance and development expensive and does create some resilience risk. After initially working with IFDS, in May this year, we announced that we had contracted with FNZ to supply us with a new modern platform. We're adopting a proven system that will provide enhanced functionality, integrated systems, increased straight through processing, and scalability for the years ahead.

It also increases the variable proportion of our cost base which is important.

Now, all large IT programs are complex, however, I'm very pleased to say that we're very happy with the early progress that we've made. We're putting the final touches on our requirements with FNZ, the configuration of the base system is complete, and FNZ has begun development of the areas where enhancements are required to support our full proposition. And this is all in line with our plans. In addition, we've also started the work to integrate the FNZ solution to our other business systems. Our build and test work will continue through 2018. The key message here is that while it is still early days, the programme remains on track and is running to budget. We expect to deliver in 2018, late 2018, or early 2019 for new business, with migration to follow swiftly thereafter. And we expect to do this within the £120 to £160 million budget that we set out in May.

The re-platforming though is not simply a matter of modernising our technology. It will significantly expand our offering. As you can see on the chart, it will enable us to fill key propositional gaps such as adding a SIPP and wider market assets, offering cash accounts, and adding a junior ISA to our ISA range. And throughout the project we've taken great care not to dilute the things that we're known for, so these are the benefits for customers and advisers that I've spoken about, our technical support, our customer and our adviser contact centre, and our award-winning tools and online portals.

So, we see three key growth drivers for our platform. One, the underlying platform market is growing and as we've been able to grow in line with the market ahead of the delivery of our new platform, we can reasonably expect this growth to continue after its launch. Second, the new platform significantly increases our range of products and functionality and it therefore only strengthens our position with our customers. Thirdly, we expect to gain more new business from our existing adviser base and bringing new advisers onboard to support us.

All of this means our Platform is well placed to go from strength to strength.

So, let me conclude. While Heritage is in fun off, platforms are absolutely central to today's wealth management offerings. Pension freedoms are driving further growth in the markets. We have a strong proposition, excellent adviser relationships, and award-winning customer service. Our new platform is on track and on budget and will significantly enhance this offering.

Thank you for your attention. I'd now like to hand over to Peter who's going to tell you more about our International business. Thanks, Peter.

Peter Kenny: Thank you, Steven. Good afternoon, ladies and gentlemen. I'm Peter Kenny, MD for the International Business.

It is my pleasure this afternoon to give you an overview of this part of Old Mutual Wealth. I feel very privileged to be leading this business because for many years I admired it from afar whilst working with some of its competitors. In more recent times during my period as a non-exec on the Board of its Regulator, I was left in no doubt that this business ranks very strongly amongst its international peer group. This is a multi award-winning business with an enviable track record of stable, steady profit contribution to the group. We administer £18 billion in assets for 110,000 customers served by 700 employees. We're headquartered in the Isle of Man, a political and economically stable jurisdiction boasting over 30 years of economic growth. The Isle of Man is a very well-regulated jurisdiction which provides investors with significant comfort. Interestingly it is not part of the EU, and as such we're not unduly distracted by ongoing Brexit negotiations.

We have a business in Dublin regulated by the Central Bank of Ireland which affords us access to the European Market under freedom of services legislation.

The business has evolved over the years largely in sync with the locations of British expats. That is what explains our global footprint, with regulated offices in Hong Kong, Singapore and the UAE, as you can see on the map here, and it wouldn't be a presentation about the International business if it didn't have a map.

But what is really exciting about this business is that we are transforming from being a traditional life assurance company to being a modern life wrapped platform. As Steven described earlier, the role of a platform is to attract, consolidate and drive investment flows to our wealth management business. The international platform enables us to do exactly that but in more markets than just the UK. These are markets where we believe there is a growing appetite for modern integrated wealth management solutions and an increasing global regulatory emphasis on good customer outcomes.

The name International, hmm, perhaps a little misleading. Over 60% of our business is focused on supporting the international investment needs of our UK customers, be they resident investors, high net worth or expatriates. The remaining 40% of our business is focused on supporting the international investment needs of non-UK customers. These customers are expatriates of other nationalities, international high net worth investors, and investors who have a need to invest outside of the borders of their home country. All cross-border investors.

So, we complement the UK business by providing international tax efficient wealth management solutions to UK clients. And we offer modern wealth management solutions in other international centres serving customers with similar needs.

Let's look at how we do that.

The investment needs of our customers and their individual circumstances can often be complex, however, we have a single effective solution that solves a number of these issues. At the core of our offering is a personal portfolio bond which is a modern, multicurrency, tax efficient wrapper which can hold an extensive range of investments. The investment solutions we offer range from multi asset funds managed by Old Mutual Wealth Investors, discretionary asset management services managed by Quilter Cheviot, and third-party solutions. This means that customers can invest in a wide range of assets, mutual funds, shares, bonds, structured products. But they can also transfer in any existing investment portfolio they may have.

You can see on the right-hand side that the flows into our wealth management businesses to date have been pretty modest. However, we only started late last year. We see a real opportunity to grow integrated flows from the International business. QC and Old Mutual Wealth Investors are finding a real sweet spot in the international market. As independent financial adviser firms turn to them, as they de-risk their business models in the face of regulatory change. As Martin mentioned earlier, we have had particular success in Dubai driving flows to Quilter Cheviot. And we are keen to replicate that success elsewhere and we're in discussions with QC about that very thing.

So, why do these customer groups in the UK and internationally invest in a portfolio bond through the international platform? Three reasons. Tax efficiency, portability and security. Tax efficiency appeals to UK residents who have exhausted their tax efficient limits for ISAs and pensions. They can use an international portfolio bond to invest and withdraw 5% tax free per annum. But let me be clear. Offshore bonds do not avoid tax, but they offer investors choice and flexibility around when that tax is paid. Portability appeals to working UK expatriates. They need a multi-currency investment platform that will work for them while they travel with their careers and allow them to retain tax efficient benefits when they return to the UK. Security appeals to UK and high net worth investors who need to invest their money in an economically and politically stable jurisdiction. They're looking for tax efficient intergenerational wealth transfer, which is an awful long word in a time bound presentation like this, or estate planning, as we like to call it. So the tax efficiency comes from the legal construct of the wrapper. Portability comes from the multi-currency multi-jurisdictional reach of the platform, and the security comes from the stability in the Isle of Man and the integrity of our wealth management solutions, and of course being part of Old Mutual Wealth.

Before I turn to our focus areas, let me take you through our revenue model. Almost 60 percent of our revenues are not market linked. So our revenue model is a little different to any other part of the group and provides for more stable and resilient revenue in times of down markets. So this means that revenue basis points is perhaps a less relevant metric for this particular business. In addition, the majority of our revenues are non-sterling denominated, giving us some currency diversification.

Our focus is on developing deeper roots in a few core markets. It will enable us to drive growth while retaining tight control of quality. As Paul mentioned earlier, we had a broad footprint with activity in over 100 countries. That would have required a significantly bigger map. Today we are focusing on our core international regulated markets. Outside the UK these are Singapore, Hong Kong, the UAE and Europe. In March 2016 we acquired a large independent financial advice firm in Singapore, AAM Advisory, making us the number one international platform there. We are number four in the UK, we are number three in Hong Kong, we have a very established position in the UAE. In all these markets, customer service and risk management are key.

Looking at customer service first, the investment that we've made in our platform means that customers and advisers can go online and not only check the value of their portfolios but they can also trade underlying investments such as funds and shares. Our regional offices enable us to provide service to our customers in their time zone, their language and with an understanding of their culture. This is critical for good customer service. We are now reorganising our back office into regional cells so they can face off to their respective regions and provide a more joined-up service. These activities are transforming our customer service and they're also giving us real operational leveraging opportunity.

Turning to risk management, financial crime is one of the single biggest risks in the international cross-border marketplace. We have a seasoned team of professionals in our risk and regulation unit who work continually to assess the financial crime ratings of the countries in which we operate. They maintain close and transparent relationships with our various regulators. We have an enhanced due diligence process in place for high value cases, where we forensically evidence the origin of wealth. All our new customers are rigorously checked to ensure they carry no regulatory, political or reputational risk. We know our reputation depends upon flawless execution here. As an ex-Board member of a Regulator, I take great comfort from the work of this team and I've yet to see better in the international market.

So looking forward, we have considerable opportunity for growth. Regulatory change is an opportunity, because I believe we are better positioned for it. When we started the transformation journey a few years ago, we ceased selling regular premium products which attract high front end commissions. Instead we focused on single premium investment bonds. We are therefore much less sensitive to the impact of commission disclosure in the forthcoming regulatory change. Secondly, we support the direction of travel. As Paul said, culturally we are passionate about better customer outcomes. As

we look externally, our focus is going to be growing our footprint in the high net worth segments of the geographic markets we've chosen. Looking internally, we can make much more of the distribution that we have within the broader Wealth business, and of course we're going to be doing much more with QC because it's fantastic.

So in summary, the International business has undergone a significant transformation in recent years. We have a clear focus on fewer regulated markets. We have a scalable business with a core product offering which has broad appeal to our chosen customer segments. We have a revenue model that is resilient in downward markets. We have a business that offers geographic and economic diversity, which complements our UK business. We have a growing share in the UK resident offshore market and a strong position in our selected international markets. And that, ladies and gentlemen, is the International business. I will hand you back to Paul for wrap-up and Q and A on the Wealth Platform businesses. Thank you.

Paul Feeney: Many thanks, Peter, Steven. As I said earlier, platforms are at the heart of what we do. I'm excited by the scale of the opportunity for both of these businesses. They're growth businesses and we continue to invest in them. And as you've heard, the proposition at both is being transformed. UK platforms, through improved capabilities, which will come on stream from our platform transformation programme, and international, through significant streamlining, greater focus on a narrower, but deeper, footprint and a proposition that makes sense for our customers.

Right, Steven and Peter will join me now on the stage for a Q and A session to cover their respective businesses. So who's got the first question? Dan?

Dan Garrod: Good afternoon, Dan Garrod at Barclays, a couple of questions from me. First for Steven, you mentioned that, with in excess of 35 platforms in the UK, you thought consolidation was inevitable, but the barriers to that have typically been that people cite transfer of assets from one platform to the other to another can be a tactical event that requires advice on each individual transfer. So your thoughts on whether there are any ways around those sort of issues, I guess particularly if the platform is backed by different underlying technology, that would be helpful. And then secondly just also to Steven, the revenue margin, I guess you indicate that your customers are not that price sensitive, but you've seen a little bit of downwards direction from 39 to 34 basis points, was it, on your slide. Is that just average size of balance increasing that's causing that? Is it just slide scale together or are there other factors at play there? Any thoughts, thank you.

Paul Feeney: Okay, thanks Dan. Well, luckily I have got Steven here with me so I'm going to pass both of those questions to you. First one Steven, 35 platforms, consolidation.

Steven Levin: So consolidation is hard in the platform market, I think you are right. We have seen a few examples of that already. I mean, there have been a couple of deals. In terms of – it doesn't always work that you need to have a taxable event. That applies more to bond products. But still from a platform perspective, for two platform companies to merge you've got to be able to demonstrate that all the customers are better off, so that means equalising charging strategies and things like that, which can be quite complicated. It can also throw up the opportunity for advisers to – or the need for advisers to re-look at whether the customers are on the right platform. So I think consolidation can be hard. And then one of the other things that people expect may happen in industry is that some platforms may not continue to invest enough to keep their platforms more modern and relevant, and so we may see some platforms actually just starting to potentially wither on the vine, some of the smaller platforms that can't continue to invest in the industry. I think both of those would actually give opportunities for a business like ourselves, disruption in the market I think is a great opportunity for flow to come towards us.

In terms of the revenue side, as I was trying to indicate on the slide, the average basis point of revenue on our platform has been coming down for a few reasons. It is because of – there were some charges at RDR in the sunset clause that came in there. There have been changes as a result of the increase in average case size on our platform, and as that continues to drive upwards, and that's a benefit for our customers. And then also as we continue to roll out features like the client based charging or family charging and things like that, which give discounts for our customers, create stickiness and loyalty, but that has been explaining some of the reason why the actual basis point has been coming down, but we think that's a better outcome for customers and is also a loyalty factor for ourselves.

Paul Feeney: Okay, thank you. Next question?

Andrew Crean: Good afternoon, it's Andrew Crean from Autonomous. A couple of questions. For your restricted advisers, can you talk a little bit about how much your platform is a primary platform or to what degree are they playing lip service to the parent company? And then secondly, I'm not entirely sure I understand why the international business is core to the group and why you are the best owner of that business. Perhaps you could supply a bit of information about the embedded value of it.

Paul Feeney: Okay, thank you Andrew. Well, I'll ask Steven to take the first question, please, platforms and RFPs as the primary platform. And Andy, feel free to –

Steven Levin: If I may, I may actually ask Andy to answer that question. I think he should talk to his advisers.

Andy Thompson: So I think this goes back to, exactly as we've said before, it starts with the customers. So what we do is we segment the customers that we deal with and we look across the platforms that we operate with as to where it's most applicable. So what we find is that somewhere between about 50 and 60 percent of platform flows tend to go onto the Old Mutual Wealth platform.

Paul Feeney: Okay. So the second question, Andrew, I think I'll take that one over, if I may. International business, is it core? Why is it core? Yes, it's core. I think it's a pretty poor proposition to say to our wealth customers in the UK, "We can be your full service wealth manager from the beginning right through to the end. Just don't leave the shores of Briney." I think that's a pretty weak proposition. And as you've seen, over 60 percent, 64 percent or something, of the actual asset base is UK clients and we're serving their international needs. At the same time, as we're doing that and we've followed those across, whether they've gone to Hong Kong or they've gone to the UAE or what have you, we also have the opportunity to provide a cross border wealth management service for similar ex-patriates or people who need that service. So I think that makes complete sense to me. The model is exactly the same. We're a little bit later – so we're further down the line with the UK model because we started sooner and we had to – if you like, we had to get that one really bedded down first, but the model is exactly the same. The strategy is the same. It's growing very well for us. It's delivering great cash and profit contribution for us, and we think it's core to our service. Thank you. Next question?

Greig Paterson: Greig Paterson, KBW. One question. Steve, in terms of – you've got a player, an Interactive Investor out there that's come with his £80 fixed charge and is buying up other platforms, and I mean, that's a real threat to your – I mean, they're pushing those fixed fee things and are getting a lot of positive client in-flow. So I'm wondering what the threat is to your model and whether you're going to have to move to that at some point?

Steven Levin: So that pricing model, for example, is not just a single fixed fee. They have a lot of transactional charges. There are a few platforms who have adopted what is a fixed platform price but then there are transactional fees on just about everything you do. Alternatively, our platform pricing model is a single basis points charge, which decreases as you invest more money and there are no other charges, so it is very simple and very clear, and we think that is the appropriate model. We also think that, you know, businesses like the one you're talking about, Greig, are focused more on direct investing, D to C sort of players. We are in the retail advice space, which I think is a different market. But we obviously monitor things closely and we're comfortable that the pricing model we've got is right. It actually reflects the risks, the capital allocations and all those things. A lot of the actual costs on a platform are related to the size of the assets.

Paul Feeney: Okay. Gentleman over here and then we'll come to Andy.

Chris Turner: Thank you, it's Chris Turner from Berenberg, two questions if I may. The first one, you clearly give financial advice, you have a platform. What is your view on bringing the two together in terms of robo advice and of the WealthFunds, and the Nutmegs of this world? Generally what's your view on that? And then secondly, a dull but hopefully important question, which is of the 120 to 160 million of costs for the platform, how much of that is going to be capitalised, how much expense and how much is 2018, how much 2019, please?

Paul Feeney: Okay, so the first question, Chris, just so I'm clear on it, are you asking about robo advice, where it fits in, or are you asking…?

Chris Turner: I guess two parts. One is it is a threat to your human physical advice business, and then secondly is it an opportunity? Is it a functionality you could add at a later date?

Paul Feeney: Okay. I certainly don't think it's a threat, but do you want to have a chat?

Steven Levin: Yeah, so we think that is an opportunity. We personally believe that – in advice, as we very clearly said – and that robo advice models need to be built in conjunction with financial advisers. We don't think that the models that are going to succeed are pure robo advice models but rather the hybrid ones where you work in partnership with advisers, and we're already starting to do some of that, but that is an opportunity for the future. In terms of the question about the platform transformation costs, none of the costs are capitalised. They're all expensed. I don't have the splits between 2018 and 2019.

Chris Turner: Will they all fall in '18-'19? Nothing will leak into '20? Or is that – none of the costs will fall into 2020?

Paul Feeney: Well, I don't think we've given that guidance yet. The guidance we've given, Chris, is 120 - 160 and we're sticking to that. Thank you. And then Andy first and then we'll go back to Ravi then.

Andy Sinclair: Thanks. Andy Sinclair from B of A Merrill Lynch, two quick questions. Firstly, within the international client base, how many are US nationals or US taxpayers? And secondly, just if I could ask on Heritage, your thoughts on Heritage ownership longer term? Thanks.

Paul Feeney: Okay. So Peter, US taxpayers, have you got any comment on that?

Peter Kenny: Yes I do, and the answer is no comment. No, in the sense that we do not sell our products to US nationals and we have no activities inside the United States. That does not answer your question as to how many customers do we have who are UK taxpayers, because of course –

Paul Feeney: US taxpayers, I think you said, Andy, US.

Peter Kenny: US, yes, because of course folk could have purchased our products whilst they were resident elsewhere and now may be resident in the US, but we do not sell our products to US nationals.

Paul Feeney: And on Heritage, I think I'll just take that one myself, Andy. Look, Heritage is - you know, it's a great business for us. It is cash generative. We like the business. We're certainly listing with that business. As all our businesses, we will, you know, look at options down the line, but quite frankly we've got no plans at all for the sale of that business.

Ravi Tanna: Ravi Tanna from Goldman Sachs. It was just the one question, please. It's really a clarification, I suppose. When you set the 120 to 160 platform cost guidance, I think at that time you said you'd paused some of the work on the Heritage platform and that you'd be coming back to it. I was just wondering whether that's still due to come or that's been put aside indefinitely?

Steven Levin: So the Heritage business is – it's on a stable platform and at this stage we have no plans to re-platform that business. We will monitor it over time but right now there is no plan to outsource or re-platform that business.

Paul Feeney: Okay, do we have any questions from the web?

JP Crutchley: In fact a related question to that from the web saying now that the scope of the IT project no longer includes the outsourcing of Heritage, how do you expect to manage costs down in that business as the assets run off?

Paul Feeney: Okay, Steven?

Steven Levin: So we've been doing that successfully so far and we believe we can continue to do that. The reason and the way that happens is for some of the costs that we have, they are the costs of the functions across Old Mutual Wealth and they naturally get

reallocated based on the businesses that are growing versus the businesses that are in run off. So a portion of the costs will be carried by the growing businesses unless by the Heritage business as it runs off. The other thing is that one of the big costs obviously in the Heritage business is the cost of the people, and as the book shrinks, we have fewer policies to service, therefore we can re-look at the headcount that we have in that business. So that is how we have been managing the costs on the Heritage business.

Paul Feeney: Okay. And just to end with a – do we have any questions from the phones? No? In which case, thank you, guys. We're going to have another 15 minute break, back in 15 minutes, a bit more cake. I'll see you then.

[Break]

Tim Tookey: Well, good afternoon everyone and welcome back. We're on the home straight and I'm conscious that I stand between you and the final Q and A session, and indeed the drinks that will follow that, so I'll do my very best to keep this interesting.

As you know, I joined the business as a Non Exec Director in February. I became an Executive Director in May and was approved by the regulators to become CFO in August. And all the reasons why I wanted to join the Old Mutual Wealth Board have turned out to be true, and that's the people, many of whom you've met today, and the strategy, which you've heard about from Paul. And I believe that the strategy is the right one. To create a modern wealth manager with good solid wealth solutions that customers want against a backdrop of the state providing less and less. Now there's more that we can do to evolve the business, and I will allude to some of that later.

Now in covering how I see the business and setting out some insight on how we look at business performance, I'm going to walk through the re-segmentation of the business that we've announced today, talk more about both flow and revenue margin drivers at a business and overall level, and provide some insight on our current and future cost drivers as we mature as a business. I'll also share with you some colour on our approach to our day one balance sheet, which continues to evolve. But to manage your expectations, my comments on balance sheet and cash will be more conceptual until this work is completed next year. So let's get stuck in.

As we flagged in our RNS, on separation we'll be reducing the number of reported segments to align with our overall future wealth model, which you've heard about today. I say 'on separation' because when Bruce and Ingrid present the full year 2017 results for the current Old Mutual Group, they will still use our existing segmentation, although we will of course cover the 2017 results on our new basis as well. Now, there's a lot of detailed information available in here and in the appendix to today's deck to help you prepare your models for the future, so I won't labour this in detail now. In the

main we've simply lifted and dropped our old segments into one of either Advice and Wealth Management or Wealth Platforms. The business, which has been split different ways, is OMGI, for obvious reasons, with a multi-asset part, Old Mutual Wealth Investors, now sitting within advice and wealth management where it most naturally fits. OMGI's single strategy sits outside as a separate segment for the time being at least.

And we've outlined on this slide the key metrics for both of our key segments, as well as the corporate head office, and the total, before the inclusion of OMGI single strategy. You can see from this that Advice and Wealth Management is the smaller higher growth business, and Wealth Platforms is the larger, more profitable of the two. I should remind you again at this point that all numbers you see are before any external financing costs.

Before I go any further, I thought it might be helpful to put our recent Q3 numbers into this new segmentation, and as you can see, that like all of our peers, we had a softening in net flows around the time of the Brexit vote and its immediate aftermath. And since then we've grown flow steadily with integrated flows increasing each quarter since Q2 2016. And really importantly, the proportion coming from Advice and Wealth Management, whilst still smaller, is growing steadily. We've deliberately again stripped out OMGI single strategy numbers from this.

Now this segmentation is all very well, but let's look at what drives the revenue in each segment and within that in each business in turn, starting with Advice and Wealth Management and within this I'll start with Advice. Now as we heard from Andy, we have a great track record of growing our number of restricted advisers and increasing the productivity of those advisers, which drives advice revenue. Relatively straightforward, I suggest. We've shown on this slide, NCCF per adviser as a measure for productivity. Now there are some limitations to this metric given the maturity of our business and the advice acquisitions that we've made. So I would caution you, as Andy said, that the 1.6 you see here in H1 2017 is an exceptional number, so you should not extrapolate from here. We continue to refine this metric, but the key message here is that we are focused on taking actions to continually improve productivity. And remember, our advice business plays a pivotal role in driving revenue in other parts of our business. In many cases the flows go into our investment solutions, managed by Old Mutual Wealth Investors, and this increases assets under management, generating income. Where the flows are held on the UK platform, it also increases assets under administration and revenue there too. Adding Old Mutual Wealth Investors to the slide, those flows from our growing number of advisers increase NCCF into Old Mutual Wealth Investors. And whilst not on this slide, remember that in H1 2017 approximately 70 percent of their NCCF came from our adviser network. The strength of this relationship and our strong investment performance gives us the best chance of delivering good customer outcomes and retaining these as assets under management. Margins have improved in this business as it has reached scale and become more efficient. Bear in mind also that the Old Mutual Wealth Investors business enjoys these revenues largely without the cost of distribution, which sits in the Advice business.

And lastly on this slide, Quilter Cheviot. When I look back at the first half, the 0.6 billion of NCCF is really encouraging. The revenue drivers for this business come from strong steady flows, which grow assets over time. As Martin showed us, a number of factors have led to a decline in revenue margin, including the success in securing larger portfolio mandates and rising portfolio values, pushing portfolios into lower fee bandings. But the critical point to appreciate here is the relationships with clients, which leads to a very strong persistency rate.

So on this summary slide, I've shown how Advice and Wealth Management really is the powerhouse of the business now, with Advice driving flows into all parts of our business, and a 21 per cent year on year increase in revenues and assets is testament to that.

Let me now give you some more colour on the Wealth Platforms segment, where of course the dynamics and drivers are different. As Steven told us, the UK Platform provides administration and support to over 4,000 active independent financial advisers, as well as the Intrinsic advisers who use it. At over £45 billion, it has a huge volume of assets under administration. And Steven's already talked about the revenue margin trends in the Platform and how the recent reductions have been due to both Old Mutual Wealth-specific and industry headwinds. However, notwithstanding these, we have continued to grow the absolute level of revenues from the platform. And as you've also heard from Steven, critical for us is the service proposition to our advisers and their clients, as well as the technical adviser support that we provide, and this supports a high asset retention rate. To be successful here, you need both scale and efficiency. Today we certainly have the former and we're getting better at the latter. But we have a fantastic opportunity to grow revenue when we enhance our capabilities with the new platform, and we see this as a real area for optimism and optimisation in the future.

Now you can see I've added international, and it's quite a different model. As Peter explained, we're focused on growing our core markets, where we want deeper penetration. And the premium charging approach provides some income resilience. What's really important to understand is that this is predominantly not a margin model like the UK platform.

And finally in this segment, Heritage, which of course, by its nature, has very different dynamics. The Heritage business has been remarkable in how it has held its AUA through strong investment performance, albeit in buoyant markets. That said, we do expect this business to continue to run off at about 15% per annum. And let me remind you about the Institutional element which Steven mentioned earlier. We've now fully closed that book, which currently represents a third of AUA of Heritage, so while we do expect this to run off more quickly, it's a low revenue margin part of the Heritage book, so the expected profit impact is very low. This will mean revenue margins for Heritage will actually increase as the Institutional book runs off.

And pulling those three elements together, you can see that the Wealth Platform segment has grown assets at 16%, while revenues have grown at 4% per annum, notwithstanding that the Heritage book is running off. The drop in revenue margin of some 6 basis points is the result of the various factors in the constituent businesses which we have just covered.

Having spoken about each segment, I want to try and draw it all together for you, and I want to talk you carefully through this slide, because our diversified model allows flows to be sourced from both the advised and open-market channels, and both are absolutely critical in sourcing flows. Now, all our numbers here are for H1 2017, and let me just ask you that in your packs you delete the word "and Heritage outflows" that's sitting here on your printed version. But if you're watching on the webcast, you don't need to because the webcast is up to date. But now let's start on this slide proper, on the left-hand side.

New flows from Intrinsic advisers that are managed by Old Mutual Wealth investors are £1.1 billion. Of these, around half are held on our Platform, the £0.5 billion that you see here, and half, of course, are on other platforms. Then there are flows from Advice and the Platforms into QC which added another £200 million. And you've heard today, this is largely from Old Mutual Wealth Private Client Advisers, PCA. We also consider flows that come to us from those over 4,000 active IFAs into Old Mutual Wealth Investors and held on our Platform as integrated flows. That's the second of the £0.5 billion numbers that you see there for H1. Adding all this together, you get to the £2.3 billion of integrated flows which Paul showed you earlier, and that's one of the numbers that's really important to me. But let's keep going and add the flows which QC source directly, and you get to £2.7 billion of integrated and managed flows. Now, between the £2.7 and the £3.7 billion net flows for the first half, we have two important items: flows onto our Platform which are then managed by third parties, and of course the elimination of double counting to ensure we capture flows only once.

So, having explained the various revenue drivers at a business level, let me make some general comments on revenues across the Group. Now, clearly the strength of the growth is coming from the Advice and Wealth Management segment, with the 21% year-on-year growth you saw a few slides back. And as we saw a moment ago, the Wealth Platform segment has grown at 4% per annum, notwithstanding that Heritage book is running off. This gives an overall revenue growth rate of 10%. The overall revenue margins shown in the bubbles above the graphs are a blend of the different margins in each business, each with different dynamics, as I've just spoken about. I've commented on the segment-level revenue margins and the difference here is the business mix between the segments. Importantly, one of the benefits of our integrated model is that it gives us some mitigation against these business-specific margin headwinds. Overall though, revenue growth is clearly something we are seeking to continue in the future. However, whilst not giving you any performance guidance today, we do not expect to see an extrapolation of this revenue margin trend into the future. But if you stand back and look at this overall revenue trend, I think it is strong for

a group formed over the last five years. It shows that we really are well placed in this growing market. And it's testament to the way that different parts of the business have started to work together to provide great service and grow assets.

Now, I'm conscious we've got to this point, and this is really the first time that we have really talked about total profits on the new perimeter. So, let me now move onto AOP. We have been in business building rather than business optimisation mode. This means that the AOP trend is different to the patterns we've seen on revenue. And the increased investment in business initiatives actually led to a reduced AOP in 2016. On the basis of the new perimeter, 2016 AOP was £208 million. Now, I do appreciate that this requires a bit of recalibration, so we've provided more information in the appendix to help you understand the bridge from the old to the new perimeter.

We've seen that revenues have grown very strongly across the business, so the pressure on AOP has really come from investment and other expenses and so we should look at this in more detail. And first off, I'll explain the movements in expenses in 2016 before making some comments on the future. Now, this slide shows the split of our historic expenses using our new segmentation. Expenses have grown in both segments, so let me talk about the key drivers of cost growth in each. In Advice and Wealth Management, we saw the bigger growth in expenses year on year. Now this was primarily due to our continued investment in the build-out of distribution. This segment also experienced a larger increase in variable incentives, costs directly connected to the strong growth in revenue that we've seen, and I'll come back to those in a moment. The increase in Wealth Platforms, while lower, was driven by the continued modernisation and transformation of our platform businesses. And we also incurred some costs in legacy and more heritage areas. Across both segments we saw increased cost to support general business growth as we matured and developed during 2016. This included investments in our current IT and operational infrastructure, as well as the strengthening of second and third lines. And we also began to build out capabilities to stand alone as a listed company.

So, as we said earlier, and to manage your expectations, going forward we expect to provide expense information at a segment rather than an individual business level. Again, we've provided more information in the appendix to help you understand the new segmentation. So, why are we doing this? Well, going forward we see segment one, Advice and Wealth Management, increasingly becoming one business in terms of how we service our customers. For example, as Andy mentioned, some of our PCA clients have started to meet with their adviser and investment manager together. And as we do this, it becomes less and less meaningful to consider expenses at an individual business level, particularly as we look to optimise this. Looking at expenses at a segment level both helps to improve alignment across the business, as well as encourage greater efficiencies. More on that in a moment.

Let me walk you through the increase in total expenses from 2015 to 2016. So, the first £20 million, on the left, was really the increased cost to support general business growth as we matured and developed in 2016. It included investments in our current IT and operational infrastructure, as well as the strengthening of our second and third line functions I just mentioned. A further £14 million was the increase in variable incentives, costs directly connected to the growth in revenue. Maybe you'll let me call these good costs, as the overall impact on profits is what we want to see more of. And the £5 million change in the cost of the executive team is the same item that you've previously seen and which Paul explained at the time. So, business costs were therefore up 10%, in line with the revenue increase we saw a few slides back. But the biggest brick in the chart is £25 million for investment in the business during the year, and this is the aggregate impact of a number of investments we made into Advice and Old Mutual Wealth Investors. So, we built out Private Client Advisers, which grew to having £1 billion of assets under advice from a standing start at the beginning of 2016. And while we expect PCA costs to increase again in 2017, we believe it will break-even as a standalone advice business before we get to listing. And that's before you consider the contributions it makes to revenues in QC and Old Mutual Wealth Investors.

And we also invested in the buildout of Intrinsic's financial adviser network, and from what you've heard today, I think you'll let me put a favourable tick beside those investments. There was an increased charge for the Intrinsic retention in relation to the original acquisition of that scheme, and I hope we've more than demonstrated the success and importance of that acquisition today. And there was a modest increase in multi-asset investment in respect of the continued buildout of the investments business, and that was largely back office-type investments.

Now I want to talk briefly about future expenses. At interims, we explained the increase in H1 2017 costs compared to the first half of 2016, and all of the explanations that we gave then will continue to impact on our cost base in H2 2017 and indeed for 2018. So, bearing that in mind and the changes in our expense base to exclude the OMGI single strategy business, let me remind you what the key impacts are that you should take into consideration when you think about 2017 in total. Starting top left, with the half-year expense for 2017 and crudely doubling these will get you to a full-year cost run rate of about £500 million. To that you should also take into account the incremental investment that we continue to make in the existing business, things like complying with MiFID II and GDPR, and the investment we're making in new business. We acquired Caerus in June of this year. We've added further PCA acquisitions in both H1 and in H2. And we will have some dis-synergies from managing our multi-asset business separately. We also have the estimated costs of being both standalone and a listed company. Now these continue to be in line with the amounts previously disclosed by Ingrid back in March and ourselves in August. Now, we know that we're not at a full-year run rate for these standalone and listed costs in 2017, but we will be in 2018 and, as ever, please excuse me, but I must caveat that we will continue to refine these costs as we get closer to separation. And finally, we've not included in 2017 any impact for the change in account treatment of future LTIPs, nor any financing cost. And not including those is consistent with what Ingrid said in March.

If we look briefly forward to 2018, we will be at a full-year run rate for standalone costs, and a full year's worth of costs for Caerus and Old Mutual Wealth Investors. We will also have continuing spend on PCA though, as I've said, its revenues will more than compensate for this.

Standing back and looking at revenue and expense trends side by side, on the one hand, we're very proud and happy with the revenue progress made in the first chapter of our story. In how Paul and his team have built the business and the flows it is generating. Our model clearly resonates with advisers and customers. But, and it's a big but, the right-hand side of the slide shows a heavy cost base for a business of our size, and I recognise that logic says there's an opportunity here. Attention now needs to move from business building to business optimisation. Phase one was forming the company, investing, building scale, proving the business model works and getting ready to be standalone. The focus now needs to shift for phase two, where we will look at optimisation and improved efficiency. We are an inherently more complex business by the nature of our model compared to some of our peers. And our cost base reflects that, apart from the focus on supporting customers and on generating asset flows, the model's never really being fully put together or optimised.

Now, on this slide, I've drawn together the various historic metrics which can be found elsewhere in the pack to make some general comments on our current operating margin and some areas where there may be opportunities to improve it in the future. A number of things strike me. Expense margins in basis point terms have actually been stable while we've been investing in the business because the additional costs have come at a time when we've seen market and asset growth, so therefore expenses have come straight through to impact the overall operating margin. Going forward, as the business matures and the pace of investment tails off, we know that we must make improvements in expense management to support operating margins over time. Now, given the focus on listing and business growth, none of this work has yet been planned or costed, so I cannot allude to the size of any business optimisation opportunity in any way because the work just hasn't been done and I won't be able to give any further insights early next year either. Sorry.

In phase two, we need to be focused on driving greater efficiencies by improving processes and optimising infrastructures, by identifying and removing any areas of duplication or inefficient hand-offs. And, of course, we'll look forward to take full advantage of the new platform in 2019 in terms of more efficient processes and a broader product range. As CFO, I'm clear that post listing the focus will change to identifying areas of optimisation and improvement as we want to deliver a more profitable business for shareholders alongside delivering strongly for customers in the future.

Talking of the future and moving on, an important part of preparing for that future is to have a strong day one balance sheet. Now, this work continues, working very closely with Ingrid and the Plc team, who are looking to manage a set of simultaneous equations regarding the capital and liquidity considerations of the overall Old Mutual Plc group and each component part of it. Now, there are a lot of moving parts here and a number of stakeholders, both here and in South Africa. I'm not in a position to give you the full answer today because it's still being worked through. However, I can talk to you a bit more about what I'm looking to achieve through this work. Firstly, well-capitalised operating companies, whether that's measured on a Solvency II or an ICAAP basis. Now this is already the case today, and of course, we expect it to continue. Secondly, I expect that we will hold the majority of our capital and cash buffers at our holdco level, mirroring what Old Mutual plc does today. This will allow us sufficient funding flexibility to deliver the remainder of the platform transformation, as well as to deploy liquidity where it is optimal for the business. And most importantly, of course, we must hold enough resources to withstand a severe stress scenario. I do expect us to pick up a prudent amount of leverage at listing, and I've spoken to many of you about this over the last few months. To me, a prudent level of leverage is one that will not constrain the business going forward. I can't quantify exactly what that is today, and I will of course talk much more about this and our capital and liquidity policies next time.

Before I conclude, let me give you a few remarks on how I think about the sources and uses of cash. Fundamentally, on an underlying basis, this should be a highly cash-generative business, and in general we should expect a high conversation of post-tax AOP into cash. That said, we have had and will have a number of demands for the use of that cash, as shown on the right. There will be the costs of our group head office segment, as well as the costs of servicing whatever leverage we decide is appropriate. We'll also need to retain cash to support our regulatory capital position, which naturally grows as we grow. And there will be some level of future investment, although not at the levels that we have seen in the recent past. All of this will be factored in when considering the cash available for distribution. And I must reiterate here that our Board has not yet discussed dividend policy at all, so I'm not keeping anything from you. Whatever that dividend policy is, it will recognise that we are still a young company, taking its first tentative steps into the public markets and with some continuing demands on cash in the short to medium term. In fact, it is in that context that we're particularly keen to listen to the views of current and indeed prospective shareholders, and analysts, I suppose, as we meet you over the next few months.

Phew. We've made it. Let's conclude. We are a young business, with a fabulous track record in growing our top line and increasing our assets under management and under administration. We have two core segments, higher growth asset [*Editor's update*: Advice] and Wealth Management, and the steadier-growth higher-cash Wealth Platforms. The nature of our model gives us some revenue margin resilience. Our costs will increase in the short term, and we know that we have a lot to do to improve our cost profile as we mature. And we will come to market as a well-capitalised business with only a prudent level of leverage. I am confident that Old Mutual Wealth, or Quilter

Plc, as we will be known, will be a strong underlying growth and cash-generative business. I look forward to speaking to you again in the spring to put much more flesh on the bones of what we've covered today, to bring you up to date with our full-year 2017 results and to set out our financial guidance for the future. And with that, I'll hand you back to Paul for the final wrap-up of what you've heard today. Thank you.

Paul Feeney: Cheers, Tim. Thank you. Right, I'd just like to summarise what you've heard today, and then we'll have time for a final Q&A session before you can join the team for some drinks. You'll recall this slide from earlier on, and I make no apology for showing it again because it goes to the heart of how we operate and why we believe that our model is different. The point we have made throughout this afternoon is that there are three things that customers need from their wealth manager. They need advice, they need solutions and they need structures, with these underpinned with customer choice. This philosophy is fundamental to our multi-channel access model. It's the proposition we offer and it's what we do, with advice at the centre of it, either through an Old Mutual Wealth adviser or through a third party adviser. So, our strategy is to be the UK's leading wealth manager by delivering advice, solutions and the right wealth structures, underpinned with customer choice and consistently high-quality service. And by delivering that, we believe that we can offer our shareholders a very attractive investment proposition.

We've built a leading full-service wealth manager in a large and growing market. We're delivering excellent long-term investment performance. Our multi-channel proposition offers choice and drives integrated flows. We've got clear plans to continue to drive top-line revenue growth. And we believe there are more opportunities to improve operating leverage over time. And we'll be well capitalised, with improving cash generation to drive shareholder returns. And we're really excited about taking this forward under our new brand, Quilter.

So, now, Q&A. I suspect that you'll want to focus on the financials that Tim's just laid out, but the rest of the team are still here in the front row, so if there's any questions you've got on any other aspect of what we've discussed today, we'll be happy to take them. But you've heard enough from me. We'll go there first and then we'll come to Jon.

Ben Bathurst: Yeah, hi, it's Ben Bathurst from SocGen. In Tim's section there, he gave the advice revenue figures and said that they're offset by costs. I just wondered if you could comment on how exactly the advisers are paid and maybe give an idea about within that model the extent to which they're incentivised to grow AUM.

Paul Feeney: Shall I take that? Actually, Andy, you're right here. Let's give this man a microphone. Thank you.

Andy Thompson: So, advisers are paid by their customers, so it's a straightforward arrangement between the customer and the adviser, and that's what determines the revenues that they receive. Clearly in our PCA business it's slightly different in the sense that PCA contracts with the customer. The advisers within that business are employed. What we don't have is any effective incentivisation or bias towards any recommendations towards in-house Old Mutual funds. That's purely between the adviser and the customer to make the most suitable recommendation.

Paul Feeney: Thank you. So, Jon, Andy, do you want to pass that round?

Jon Hocking: Thank you. Jon Hocking, Morgan Stanley. I've got three questions, please. Just firstly on the profitability of the platforms. So you've given the, I think if I'm reading it correctly, the expense numbers as sort of in the low 30s of basis points, which is similar to revenue margin on the UK go-forward platform, but then you've got much higher fees to funds on the Heritage business and then the international business you've explained is partly financed through loadings rather than basis points. Could you give us some idea about the shape of the profitability between the three platforms? Is it that the heritage business and international are profitable and the domestic business isn't, or how should we think about the mix of profits between those three businesses?

And then secondly, on the IT project, once we get the sort of FNZ platform up and running, is it reasonable to assume that the cost/income ratio for the go-forward UK business will come down, so are you going to get a step change in operating efficiency when that platform is live?

And then just finally, again, related to the new platform, the sort of functionality chart you've put up in the previous presentation, there's some fairly basic stuff which the existing platform doesn't do for advisers, so no junior ISA, no SIPP, no ETFs, etc. What proportion of advisers do you think will start using the platform that aren't currently, once you address that functionality issue? I think you've talked about 50% to 60% penetration of your own platform with your own restricted advisers. Is it possible to push that up very materially? Thank you.

Tim Tookey: Shall I take 1 to 12 and you take the rest? Thanks, Jon. Look, in terms of the platforms, I mean I can help you out if we look at the past, but going forward we're going to report expenses and profits at a segment level, although we'll continue to talk about revenue drivers at the three individual components. So, if I look at the past of it, if I think if I look at UK platform, for example, at half year, its profits were up 50%, so that was a very strong performance despite, if you like, having a restricted degree of functionality of it. But remember the emphasis Steven put on the service model we have and the dedicated technical support we have for advisers and that, which is really, really critical

as part of that, so I think that's a very creditable performance, if you like, despite some of those issues in there.

As far as international is concerned, I think if I look back at calendar 2016 then you've probably got about 20% of our overall AOP came from international, so that's obviously another very profitable business in its own right, and heritage has similarly been profitable, so there's no one weak part of those three businesses in there, but we do see them increasingly as one when we think about managing wealth platforms as a segment. So, that will help you with the past, I guess, and you can find more information in the interims report. But, going forward, we will just be talking about profit at the segment level.

Secondly, you went on to talk about FNZ. So, it's absolutely true and it was one of the points on Steven's slide, that the FNZ contract is a variable pay, so it's done by basis points on AUM, and there are some massive advantages for us in that. I mean, clearly, as it grows, then there's some scaling in it, but, also, it builds into it the cost of regulatory change, you know. Previously, with our own platform or, indeed, what we might have been building, all of that regulatory cost to change would have come to us, and now that's all built in and incorporated so that, if you like, it insulates us against a, sort of, massive unknown, so I'm really pleased with the way that the team have put together that contract and the construct of it. In terms of any step change in cost, I'm going to defer you to whatever kind of financial guidance we give in the spring for that, but we're very comfortable with the commercial contract we've got in place, and it's one that's lower risk to implement and will put us on a much better footing going forward. You're right to draw out the functionality points of it, but, I mean, do you want Andy to talk about ….?

Paul Feeney: No, I think on the functionality part, I think you're quite right… No, there is a gap between what we can do now and what we're going to be able to. We offer three platforms. One is our own platform. We offer two other platforms on the restricted proposition, to our restricted advisers, and you're right, 60%-odd of it's probably coming through to us. The advisers will choose, quite frankly, but when we have got SIPPS, when we have got investment trust, when we have got wider market assets, when we can do the Junior ISA, when we can do that, clearly, we'll fill those gaps, but, quite frankly, like anything, I don't expect it to happen overnight. You know, I don't expect it to happen overnight at all, but one thing we will not do, we will not limit our proposition because there are some things that we don't do. We'll give the customer the right proposition and the adviser the right proposition to bring to the customer, and we'll fill in the gaps when we can. Okay. Andy, and then we're going to go across to the lady over there.

Andy Sinclair: Thanks. It's Andy Sinclair from BofA Merrill Lynch. Firstly, I just wondered if I could ask a question on Solvency II ratio. Sorry. The ratio of 177% that you've stated, I just wanted to confirm. I think you said that's at half-year 2017, so that's excluding any proforma

debt issuance or equity issuance. Just a point of confirmation there. Secondly, looking back to slide 116 on the margin deterioration, I just wondered if you could confirm how much of that is due to the Heritage changes that went through in 2016? Thanks.

Tim Tookey: So, answer to question one is yes, and answer to question one is no. Definitely, 177% is the actual at half-year. It's not proforma'd in any way, and we'll talk about capital and everything when we're back in the spring. So, there's nothing lurking in there in terms of any hidden debt figure that is a proforma. That is, actually, what we've actually reported at the half-year. In terms of the impact of the Heritage… I don't have that information at my fingertips, I'm afraid… Actually, I think I can help, because in the numbers we're showing today, we're normalised, so we've adjusted. When you get into the appendices, Andy, you'll find we're talking today about normalised results, so the one-off impact of the Heritage fee restructure has, therefore, been taken out, so I don't think you'll find the distortion left in there.

Jackie Cavanaugh: Hi. It's Jackie Cavanaugh from Putnam Investments. I have two questions. One, could you talk about the 50% or 40% of your adviser flows that don't go onto your platform, and how do you make money out of them, and what per cent don't touch an Old Mutual product at all. So, I guess, how would you police them or why do you take the reputational risk of having them if they're not providing profitability to OML? Then, my second question, I guess, would be for Andrew on your comment on no bias towards OML products. So, this has, obviously, been a sore spot or a touch point for the regulator, broadly, for the industry. How do you prove that or demonstrate that to the regulator as they look into this issue?

Paul Feeney: Okay. I'll take the first one. 50% that don't go onto our platform -ish, okay? We've already said, and we've been very upfront. There are services and products, which we do not presently have on our platform, that we can't provide on our platform. So, a SIPP, for instance, which is a big part of the market. The reason we don't do a SIPP, it's not that we couldn't do the wrapper, it's that our platform at the moment can only hold assets that are priced once a day. If the asset can be priced intraday, our platform right now does not hold it, so that means a stock, a bond, investment trust, ETF, things like that, things you can hold in a SIPP. So, do we say to advisers, 'You cannot provide a SIPP,' if that's relevant for the customer? Of course not. We provide that, but we have to provide that on another platform. So, there's no reason for us to penalise those advisers because they're doing the right thing for customers, if they're using that product which we can't personally provide on another platform. We're going to provide it. We just can't do it right now. So, I think, you know, those ratios, kind of, join up pretty well.

So, that's the first question, and then in terms of no bias towards Old Mutual Wealth product, now, clearly, for our restricted advisers, there's a restricted panel. They can't sell anything, you know, anywhere. It's a researched panel, but within that researched panel, there is no incentivisation, I think it was Andy was saying. There is no

remuneration or incentivisation bias to come towards an Old Mutual Wealth product compared to one other. So, a classic example might be to take our personal pension compared to a SIPP, which we don't provide, which is on somebody else's platform. That would be a complete no-no. So, how do we do it? First of all, we ensure that the remuneration systems don't have that bias. We operate independent boards, so Intrinsic has got an independent chairman and board, and we also have independent investment oversight committees, so we have a lot of checks and balances in all this, and, of course, we share all this with the regulator. Thank you.

So, Ravi and then Eamon at the back.

Ravi Tanna: Thank you. It's Ravi Tanna from Goldman Sachs. I have three questions, please. The first one was back on the advice side of the business. I guess, Tim, you spoke about moving into business optimisation mode and, kind of, alluded to the fact that a lot of the cost of investing is behind you now, but you've also spoken earlier today about wanting to grow the adviser force. So, I just wanted to understand better what's a realistic idea of how quickly that adviser force can grow now that you're more constrained from a cost perspective, and will that look different to history? The second question, and I appreciate you may not be able to answer this yet, but on the Solvency II balance sheet, I guess, in May, you did inject equity in from the Group, and I was wondering whether that's done now in terms of balance sheet preparation from an equity perspective. Then, the third one was in respect of operating margins and, again, you've talked about 28%. I know, historically, it was… you know, you had, at some stage, hoped to reach between 30 and 40%. Where are we on that journey, given all of the costs you're talking through over the next couple of years, please?

Paul Feeney: Okay, thank you.

Tim Tookey: Shall I kick off with number two? Unless you want to.

Paul Feeney: No, no, go for it.

Tim Tookey: You can have a go at Solvency II.

Paul Feeney: No, no. I'll see how you do.

Tim Tookey: I think the boy will be having fun if he did that on Solvency II, but I'll have a go at that first.

Paul Feeney: We'll see how you do.

Tim Tookey: So, you're right. What we showed at June did reflect everything that had happened in the first half of the year. As far as the balance sheet that we come to market at, that's something that we're yet to resolve with group, but it's ongoing work, and this is a joint working programme. I talk about the simultaneous equations because we know that we can't come to market unless Ingrid can resolve the group balance sheet, and she can't resolve the group balance sheet unless the South African bit is done, and you end up with a three-way simultaneous equation. Is that possible? I was never very good with numbers.

Paul Feeney: He tells me now.

Tim Tookey: So, all that's to come, okay, but we will be talking a lot more about the balance sheet, about capital, about policies and everything when we're back in the spring.

Paul Feeney: Okay. I'll give you a seven out of ten for that.

Tim Tookey: He's written down six.

Paul Feeney: Business optimisation. How quickly could we grow an adviser force when we move into phase two of business optimisation? I don't think you should assume that business optimisation means that we won't grow our front-end of our business and, in fact, if you look at what we've done in terms of business-building over the last few years, we showed on the charts there that 50% of all of our net flows now are integrated flows, well, from nothing a few years ago, so we're very happy with that and we expect that to continue. I think what we haven't done as much as… So, the front-end is getting optimised, you know, working together. I think we just need to make sure that the back-end is doing the same, and I think that's what we're talking about now in terms of moving into business optimisation.

Tim Tookey: Yeah, we're certainly not talking about having no investment going forward. I mean, I was very careful to talk about investment, but at a lower pace, and I'm talking pound note pace, than in the past. I mean, you've heard Martin talk about both regional opportunities within Quilter Cheviot, for example, as well as you've heard about Andy still wanting to think about how he could grow the adviser count. So, we're just recognising that, from nowhere five years ago, phase one need come to an end, as phase one comes to an end, phase two is going to be much more about optimising what we've got, rather than continue to grow in a way that, if you like, gives us fantastic revenue growth but doesn't look pretty at the profit line. You know, we want to now change that, but the business model is proven and that's the most valuable thing of what Paul has led the team to achieve in the last few years.

Paul Feeney: And your final question, Ravi, in terms of operating margin. You're right, we're about 28% now on a fully-costed basis, about 28%, and we were talking about slightly higher margins, but one of the things we should all remember is, if you go back a couple of years, we didn't have Intrinsic. So, you know, basically – I don't know exactly the revenues – but if you've got 400 revenues and 200 costs, you've got, you know, profit. If you add, then, another 100 revenues and another 100 costs, it doesn't change the profit line, but it does change your operating margin quite considerably, and, of course, then, even if the profit does come up, it still changes your operating margin down because you've added on quite a large chunk of revenue and the same amount of cost, purely on the revenue line, so it's just something… Now, of course, it's driving our growth and it's driving our profit growth, but it does drop your operating margin a bit, but, no, we think we can do better, you know, but can we get to it right now? No, we can't. Everybody's working flat out to get this business listed, so once we get that out of the way, that's where we're going to turn our attention. Thank you. Blair?

Blair Stewart: Thanks very much. It's Blair Stewart from BAML. Two questions, I think, probably for Andy. Once the platform has been revamped and, I guess, there's less reason for advisers to use alternative platforms, what can you do to incentivise them to use the Old Mutual platform, because that seems to be a big opportunity, and are there regulatory issues in doing so? Secondly, just, again, from an operational constraint, you know, at what size does the advisory force start to get slightly too large and unwieldy, would you say? Thank you.

Andy Thompson: So, taking the first one of those, I think the first thing I'd say is, actually, it's a pretty good platform now, so the reason it's getting such good flows from us at the moment is because it's meeting customer needs, so a lot of what we're talking about is the future-proofing of that platform and, yes, it does add some additional functionality. I think, as Paul said, that will be driven in terms of where the flows go, in terms of how that then meets customer needs, and advisers making those decisions on an individual suitability basis with that particular customer.

In terms of the how big is too big question, then I think that's an interesting one. I think if you think about the two models that we've got in terms of the network and then the, sort of, PCA one, then in terms of PCA, that's around creating that national coverage. You can see that we certainly don't yet match the geographical footprint that QC do, so I think that's a, kind of, obvious direction of travel over the longer-term, and, in terms of the network space, much more of a, sort of, business to business, and so there probably aren't too many constraints in terms of size on that. As I said earlier, I think the biggest constraint will just come from the size of the market and that, broadly speaking, you're not seeing new advisers enter the market.

Male Speaker: What's the reason for using another platform?

Andy Thompson: So, the reasons for using another platform would be the individual suitability for that customer. So, for instance, it may well be Steven talked about the price points that we have with our platform. Different platforms have different price points, which may make it a more suitable answer. The existing customer may already be on another platform and, therefore, meeting a further need is best done through an existing one, or sometimes is just about the particular features and benefits that appeal to that customer.

Paul Feeney: Please, over there, Colm.

Colm Kelly: Thank you. Colm Kelly, UBS. Two questions. One related to the DFM market and Quilter Cheviot. You, obviously, got top two positions in three of the five core markets in which you're looking to play, DFM being one of the exceptions. So, just thoughts around consolidation in the DFM market. Is there any constraint similar to, or, as discussed ,around consolidation on the platform market, etc? Secondly, then, just on the re-platforming. Obviously, you've talked about the opportunities in terms of expanding the product range. Once that's complete, maybe can we get some detail on the opportunity for cost saves on an ongoing basis once that's completed, given peers are generating some benefits from similar exercises currently? Thank you.

Paul Feeney: Okay. Well, just in terms of the DFM market, we are incredibly pleased with where we are with Quilter Cheviot. You know, I think, at the half-year, £22.5bn funds under management, which I think on the chart shows us at fourth or fifth, I can't remember, something like that in the DFM market. Yes, you know, Martin's done one relatively small acquisition so far. It was about a £300m [*Editor's edition:* of FUM] acquisition of Attivo. These things, I'm sure, will come up from time to time, but we do also believe that there are great growth opportunities within our business, within Old Mutual Wealth. Private Client Advisers is a fantastic business, you know, we've grown from nothing two years ago - we didn't have a PCA business two years ago - to the largest supporter of Quilter Cheviot in the UK in that space of time, so I think that shows you what the opportunity we've got ourselves, quite frankly, is.

Tim Tookey: Shall I carry on with the second one?

Paul Feeney: And the second one. Sorry, yes.

Tim Tookey: So, I referred to the re-platforming and this gives us what I called optimism and optimisation opportunities. We will go looking for those, but we are not going to detract from operating absolute top quality client service and technical support to IFAs. If we want to encourage the degree of IFA penetration that our platform has, then we will be true to our values of providing them with great support and everything else, but we will

do that alongside looking at the opportunities that come from the straight-through processing, the higher proportion of business flows that should come through that, and we will look to manage the cost bases appropriately from that. In terms of the specifics, we're not going to get into that today, I'm afraid.

Paul Feeney: Okay. Thank you. So, Eamonn, at the back, yes.

Eamonn Flanagan: It's okay, Paul. I didn't take it personally earlier.

Paul Feeney: No, I'm sorry. I couldn't see you back there, Eamon, you know.

Eamonn Flanagan: Some of these guys are bigger than me. Two questions. The first one, I think, is straightforward. Forgive my ignorance, Tim, but you referred on slide 124 to a part of the UK platform business, which is Solvency II, a Solvency II entity. What are you referring to there?

Tim Tookey: So, that's the life and pensions business which is in the… There are two entities that make up the UK platform business, one of which is a life and pensions entity, which is regulated under Solvency II.

Eamonn Flanagan: Okay. I think I'll just stand up. The second question. You referred to what you thought were excellent persistency figures within Quilter Cheviot of 91%. My mathematics suggests that that's a 9% lapse rate. I think that's at least twice as high as one of your big competitors, so I thought the whole idea of Quilter Cheviot and its USP was the strength of the relationships, so I'm just puzzled as to why that lapse rate is so high.

Tim Tookey: I think that's a great retention rate, to be able to hold onto that kind of business when you're growing it, when you've been through a change of ownership and sometimes the uncertainty that creates. I think, to me, that's testament to the relationship focus that the business has with it, so I, personally, think that's a very good retention rate.

Paul Feeney: I think we're talking about asset persistency, as well, though, Eamonn.

Tim Tookey: Yes, some people will measure persistency rates differently. We're doing ours by assets because assets generate income. If you use a different measure, by client numbers, then you might have a client who takes 90% of their money away but they would still feature as a client. So, if you do it by client count, you could end up with a very different persistency rate. My preferred measure, which is in line with how Martin measures it, is to look at AUM, and if you're servicing your customers right, you should be looking to hold onto the AUM that you start the period at if you ignore movements in

the markets, so I think it's a very pure way of looking at it. I prefer the purer measures. I mean, another good one is Andy's productivity measure, which we do want to try and refine. That's net client cash flows, not gross. There's no point having a great client cash flow and then you abandon your customers and all the money disappears again. You know, net client cash flow, for me, is a much better measure. So, we're trying to use pure ones that actually help us manage the business.

Eamonn Flanagan: Yes, I think there is consistency with the measure here, but I'm just puzzled where do you think that money goes to, then, and why it leaves Quilter Cheviot.

Paul Feeney: Well, why don't we ask Martin. Let's give Martin a…

Martin Baines: Hi. Okay. Clients leave us for a number of reasons. So, we do allow clients to die. We do analyse these rates and we don't see a lot moving to competition, and also these numbers do flex over time, depending on the time periods and other metrics you put in, but you can see from some of the numbers the length of time that we have relationships with our financial adviser groups, the generational nature of the clients, so, you know, it depends over what time periods you're taking these numbers. But As Tim said, we think it's a pretty good persistency rate across our client base.

Paul Feeney: Okay. Andrew at the back, there.

Andrew Crean: Hello, it's Andrew Crean at Autonomous. Can I just take you up on the expenses? I think you looked at the 2016 expenses and said, you know, the underlying rate of expense was 10%, which matched up against the 10% growth in revenues in a bull market. Are you, kind of, indicating that 10% would be a normal go-forward rate of expense growth to plan with?

Tim Tookey: No, I wasn't. I'm simply making a comment there about looking at expense basis points and how they've stayed relatively flat. I'm making a comment that if you look at our absolute pound note growth in costs, it's high. I'm not going to dodge that, but we have been in business-building mode and if you look at, if you like, at the latent cost growth within the business and you just separate out one thing, and I don't want to get into an underlying, underlying, underlying type measure, but we have been consciously building and investing in PCA and in the adviser network, and in Old Mutual Wealth Investors, and it's just that single item that I pulled out into that separate brick, and then, if you like, I'm making an observation that then the cost growth is in line with the revenue growth. I'm certainly not trying to guide you to expense growth in 2017 or in the future using that percentage.

Andrew Crean: Are you going to give any guidance as to what the steady state of growth might be?

Tim Tookey: I've given you quite a lot of information today on how I'm looking at how 2017 is shaping up. It's coming out exactly in line with our own expectations and with budget, so I'm very happy with the level of control over it, and how costs are being incurred. In terms of the future, then, to the extent we give guidance on it, then that will be something that we do in the spring, but I know this is something we get a lot of questions over, so it's the one area where I just wanted to talk about how I'm looking at 2017 as a whole, which I hope people found helpful.

Paul Feeney: Okay. JP, do we have any questions from the web?

JP Crutchley: There are two quick questions from the web, actually. One follows on from the expense point, which is probably a phase 2 answer and answer from Tim, saying 'can you give any expectations around positive jaws into the rest of this year and next year, or is more investment spend required?' and then the second question is more strategic on the potential sale of the single strategy business asking whether that is not potentially worth more within the group where it benefits from a distribution network and the platform.

Paul Feeney: Do you want to take the first?

Tim Tookey: Shall I take the first? I think, JP, and for the person on the web, I'd probably give a very similar answer to the one I've just given. I don't think I've got anything that'll be helpful to add, but if he or she wants to send something in that's more specific, we'll happily look at that separately.

Paul Feeney: Yeah. In terms of the single manager business. It's a great business. It's grown from very small levels a number of years ago to what it is now. Is it worth more within the group or outside the group? Look, it's a great business, great people, but it's a different business. It's a very different business to what we've been talking about today in terms of our integrated model, so we're looking at external options, internal options. If we retain it, it will be retained as a very distinct and separate business, or we'll have an external option, but we'll get back to you when we've concluded that.

Okay. So, nothing on the phones? I think, my goodness, we might be there. Look, guys. Well, I hope you found today helpful and that you can now begin to see our true potential. We've got a leading position and a clear plan in a huge and growing market. We look forward to sharing more with you in the spring but, right now, let's go and have a drink.

[End of Transcript]