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abrdn plc Full year results 2024

Part 1 of 7

4 March 2025

Growing in Wealth, Repositioning Investments

Creating solid foundations for growth as a leading Wealth & Investments group

Increased profits in all three businesses in 2024, with strong progress in transforming our cost base

Taking action to unlock value from our DB pension plan

Committing to new targets for FY 2026

Summary results

Performance indicators	2024	2023	Change
Adjusted net operating revenue	**£1,321m**	£1,398m	(6)%
Adjusted operating expenses	**£(1,066)m**	£(1,149)m	7%
Adjusted operating profit	**£255m**	£249m	2%
Net capital generation	**£238m**	£178m	34%
IFRS profit/(loss) before tax	**£251m**	£(6)m	
IFRS profit for the year	**£248m**	£12m	
Adjusted diluted earnings per share	**15.0p**	13.9p	8%
Diluted earnings per share	**13.0p**	0.1p	
AUMA	**£511.4bn**	£494.9bn	3%
Net flows	**£(1.1)bn**	£(17.6)bn	94%
Net flows excluding liquidity[1]	**£(6.1)bn**	£(13.9)bn	56%
Investment performance - 1 year[2]	**77%**	55%	22ppts
Investment performance - 3 years[2]	**60%**	51%	9ppts
Full year dividend per share	**14.6p**	14.6p	-

1. Excludes Institutional & Retail Wealth liquidity net inflows of £5.0bn (2023: outflows £3.7bn).
2. Percentage of AUM performing. Calculations for investment performance use a closing AUM weighting basis and are made gross of fees except where the stated comparator is net of fees. The scope of the investment performance calculation has been extended to cover all funds that aim to track or outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected. 2023 comparative has been restated. As at 31 December 2024, 80% (31 December 2023 restated: 75%) of AUM is covered by this metric.

Jason Windsor, Chief Executive Officer, said:

"The Group grew profit in 2024 for the first time in three years, with each business increasing its contribution. As our momentum shifts to growth, we have a clear focus on improving client experience and shareholder returns. We have strengthened and streamlined our senior leadership team and, with our sharper focus, we are committing to better results again in 2025 and 2026.

"Our position in the fast-growing UK Wealth market is exciting. interactive investor had excellent performance in 2024, achieving the number one position in the UK D2C market for net flows, and we expect continuation of this growth. Adviser is in the number two position in an attractive growth market. While outflows persisted through 2024, we are working hard to re-establish market leading service levels. We have a strengthened Adviser leadership team in place, with a clear plan of action, to deliver necessary improvements to return to growth.

"Investments saw a significant turnaround in flows compared to 2023, and improved investment performance. Xavier Meyer is now leading the repositioning of Investments to become a specialist asset manager, focused on its strengths in Real Assets, Credit and Specialist Equities - in each of which we have good competitive positions and clear growth prospects.

"Alongside our results, we are setting out our strategy to become a leading Wealth & Investments group, with new 2026 targets that underline the potential for the profitable growth we see in all of our businesses. Together with active capital management - and by further lowering restructuring spend - we are able to maintain the historic dividend per share from materially higher, and sustainable capital generation.

"This is a Group to be proud of, with a promising future. We will deliver by looking forward with confidence and removing distractions. To that end, we are changing our name to aberdeen group plc. This is a pragmatic decision marking a new phase for the organisation, as we focus on delivering for our customers, people and shareholders."

Strategy overview

Leading Wealth & Investments group, enabling clients to be better investors

- Three clear priorities: transforming performance; improving client experience; and strengthening talent and culture.
- Each of our three businesses has scale positions and headroom for growth:
  - **interactive investor:** Sustain efficient growth by building on our differentiated proposition and investing in the ii brand.
  - **Adviser:** Return to net inflows by enhancing our proposition and delivering leading client service.
  - **Investments:** Step change in profitability, specialising in areas of strength and driving improved efficiency.
- Well-positioned for market growth opportunities in the fast-growing UK wealth sector and growing global demand for specialist asset management capabilities.
- New Group targets for FY 2026, reflecting growth potential and building on our momentum:
  - **Adjusted operating profit to increase to at least £300m in FY 2026;** an increase of at least c.18% from 2024.
  - **Net capital generation expected to increase to c.£300m in FY 2026;** an increase of c.26% from 2024.
- Better performing businesses and a simplified Group will support reinvestment into growth areas, improve capital generation and support our current dividend policy.

2024 Business performance overview

interactive investor	**Strong growth in interactive investor, with investment to sustain momentum** • Adjusted net operating revenue 3% lower at £278m (2023: £287m) due to the sale of abrdn Capital in 2023. Excluding this, revenue was up 7%, with continued customer growth and increased engagement reflected in higher treasury income, subscription fees, as well as trading and FX fees. • Average cash margin was 229bps (2023: 236bps); average cash margin for 2025 is expected to be in the region of 200-220bps. • Adjusted operating profit up 2% at £116m (2023: £114m) despite increased investment to improve brand awareness and create additional capacity for continued growth. • AUMA up 17% to £77.5bn (2023: £66.0bn), with net growth of 8% in total customers to 439k (2023: 407k) and 29% in SIPP customers to 81k (2023: 62k). • Net inflows almost doubled to £5.7bn (2023: £2.9bn), representing 8.6% of opening AUMA, with the business ranking as number one for UK D2C net flows for the year.
Adviser	**Increased earnings in Adviser with service improvement a key priority to return to net inflows** • Adjusted net operating revenue up 6% at £237m (2023: £224m), reflecting the 12-month benefit of a revised distribution arrangement with Phoenix for the Wrap SIPP (2024: £27m, 2023: £15m). • Treasury income increased to £33m (2023: £31m), with an average cash margin of 263bps (2023: 228bps). Average cash margin in 2025 expected to be c.225bps. • Adjusted operating profit up 7% to £126m (2023: £118m). Expenses benefited from a third-party outsourcing discount of £17m (2023: £16m). • AUMA up 2% to £75.2bn (2023: £73.5bn), with positive markets more than offsetting net outflows, which remained elevated at £3.9bn (2023: outflows £2.1bn).
Investments	**Cost savings in Investments leading to an uplift in profit, with significant improvement in net flows** • Adjusted net operating revenue 9% lower at £797m (2023: £878m), reflecting net outflows from higher margin products and changes in asset mix. Net revenue margin of 21.3bps (2023: 23.5bps). • Adjusted operating expenses were 11% lower at £736m (2023: £828m) reflecting strong progress in transformation cost savings and the benefit of disposals made in H2 2023 and H1 2024. • Adjusted operating profit up 22% to £61m (2023: £50m). Revenue headwinds offset by efficiency savings. • Excluding liquidity, gross inflows in Institutional & Retail Wealth 31% higher at £25.5bn (2023: £19.5bn) reflecting strong inflows in quantitative strategies, real assets and fixed income. • Investments AUM up 1% to £369.7bn. Total net outflows improved to £4.0bn (2023: outflows £19.0bn) with higher gross inflows and significant reduction in redemptions. Institutional & Retail Wealth returned to a net inflow in the year of £0.3bn (2023: outflows £17.9bn). • Investment performance improved to 60% of AUM above benchmark over three years (2023: 51%) and 77% over one year (2023: 55%).

Chief Executive's Overview

Overview

I was delighted to be appointed as CEO of the Group in September and stepped into this role with a sense of determination and optimism about the challenges and opportunities ahead.

Since taking the role, the depth of talent, and the commitment to our clients and customers, has shone through. We are working hard to deliver better outcomes for all of our stakeholders, and I would like to thank our clients, colleagues and shareholders for their support.

In 2024, we reported adjusted operating profit of £255m (2023: £249m), with all three businesses contributing higher profits than last year. This was driven by cost discipline, better markets and a strong performance by interactive investor.

The reasons for my optimism are clear. First, the performance in 2024 has strengthened our foundations with significant headroom for growth. As we move through 2025 and beyond, we are well positioned as a Wealth & Investments group with two leading businesses in the fast-growing UK Wealth sector, alongside a specialist asset management business that is repositioning its focus on its strengths and where it sees opportunities to drive growth globally. This is underpinned by a commitment to continuous improvements in efficiency, technology and talent.

We intend to deliver through a relentless focus on execution, with clarified accountabilities measured by extended KPIs. Across the Group, we are already driving improvement by removing distractions, simplifying the business, eliminating unnecessary drags on profitability, and focusing management time on the right areas.

Our strategic priorities and FY 2026 targets

As part of our strategy update, each of our businesses has set a clear strategic objective and targets for FY 2026:

- **interactive investor**: Sustain efficient growth by building on our differentiated proposition and investing in the ii brand. Consistent with this focus, we are targeting continued customer growth of 8% per year and further improvement in our cost/AUMA ratio to less than 20bps (from 22bps in 2024).

- **Adviser**: Return to net inflows by enhancing our proposition and delivering leading client service. For FY 2026 we are targeting a net promoter score of at least +40 (up from +34 in 2024) and at least £1bn of net inflows.

- **Investments**: Step change in profitability by repositioning to areas of strength and opportunity, and driving improved efficiency. Building on the improvements already achieved, we are targeting 70% of our overall AUM to be performing over three years in FY 2026 (up from 60% in 2024), with adjusted operating profit increasing to at least £100m - an increase of over 60% compared to 2024.

Our three Group priorities that I set out at Half year remain unchanged. We are focused on transforming performance, improving the client experience, and strengthening talent and culture.

Alongside, we continue to simplify the business, focusing on where we have competitive advantage. We made progress in 2024 with a number of non-core divestments, and we have commenced a review of strategic options for our Finimize business.

We are also announcing new Group targets for FY 2026, building on the momentum achieved in 2024:

- **Adjusted operating profit** to increase to at least £300m in FY 2026; an increase of at least c.18% from 2024. This is expected to reflect a significant uplift in contribution from interactive investor along with growth in Investments, partly offset by the impact of the previously announced repricing in Adviser.

- **Net capital generation** is expected to increase to c.£300m in FY 2026; an increase of c.26% from 2024.

Better performing businesses and a simplified Group will support reinvestment into growth areas, improve capital generation and support our dividend policy. Combined with the further strengthening of our capital position through the deployment of our pension surplus, this presents what I believe is a compelling route to creating greater value for the Group.

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People and leadership

In the Annual report and accounts published today, Sir Douglas Flint's Chairman's Statement includes an update on the commencement of a Chairman succession plan. This follows the work Sir Douglas led to refresh the Board last year, and the announcement last week of the appointment of Siobhan Boylan as Group Chief Financial Officer ("CFO") (as noted below).

Delivering on our ambitions will take real determination. In November, I reshaped the senior executive team, including setting up a streamlined Group Operating Committee to improve the pace of decision-making, and an extended, more commercial, Executive Leadership Team. By putting the right talent in the right roles, we are now well placed to accelerate progress against our strategic priorities.

As our new Chief Operating Officer, Richard Wilson is tasked with driving the organisation harder, improving operational efficiency along with sustaining the impressive growth in interactive investor. The first focus of our new CEO of Investments, Xavier Meyer, is our clients - bringing them better experience, service and product performance.

On 28 February, we announced the appointment of Siobhan Boylan as Group CFO, subject to regulatory approval. Siobhan's skillset and experience are highly relevant and complementary to the rest of the leadership team and I know she will make a significant impact when she joins this summer.

New corporate name

We are announcing today that we will change the Company's name to **aberdeen group plc**. We do not intend to make any changes to our subsidiary legal entity names or the names of our underlying funds (including the CUSIPs or ISINs) at this time, and our LSE ticker will remain ABDN. We will now start to use "aberdeen" as the principal trading identity for our Investments and Adviser businesses.

Overview of 2024 performance

Cost discipline, better markets and a strong performance by interactive investor enabled us to improve adjusted operating profit to £255m (2023: £249m), with all three businesses reporting higher profits than last year.

It is important to make clear, however, this is well below the level of profitability we aspire to, and we see much more potential across the Group.

Overall, we reported a transformationally higher IFRS profit before tax of £251m (2023: loss £6m) which includes higher adjusted operating profit, the gain on sale of the European-headquartered Private Equity business of £92m and lower restructuring and corporate transaction expenses of £100m (2023: £152m).

AUMA is up 3% on last year to £511.4bn with total Group outflows of £1.1bn, representing a substantial improvement on 2023 when outflows were £17.6bn. As well as strong customer and AUMA growth in interactive investor, this was supported by market conditions, which more than offset the impact of the sale of our European-headquartered Private Equity business.

The transformation programme we launched in January 2024 has surpassed the year one targets we set out, delivering £70m of in-year cost savings and over £100m of savings on an annualised basis. We remain on track to deliver a reduction in run-rate costs of at least £150m by the end of 2025, with a commitment to continually seek further efficiencies.

interactive investor: Strong performance with excellent foundations for sustained growth

interactive investor has undoubtedly delivered the strongest performance across the Group this year. A focus on organic growth saw total customer numbers increase by 8% to 439k. This helped to deliver net inflows totalling £5.7bn compared to £2.9bn in 2023, making it number one in the UK for D2C flows across the year, and contributed to a 17% increase in AUMA to £77.5bn. Trading and FX revenues also rose sharply, with retail trades up by almost 30%. Around a quarter of all UK retail share trading and a third of UK retail international trading last year were transacted through interactive investor.

Adjusted operating profit in interactive investor was £116m (2023: £114m), an increase on last year despite the sale of the discretionary fund management business and the transfer of MPS to Adviser.

A number of key actions contributed to interactive investor's growth in 2024. Greater investment in the ii brand and marketing delivered improved customer awareness. This was supported by strong structural growth across the D2C market, which we expect to continue. Growth has also been driven by a series of proposition enhancements. In 2024, we launched a new Managed ISA and introduced ii Community, which offers a social platform for users to connect with, and learn from, other investors. With a Managed SIPP (designed with aberdeen Investments), ii advice (a digital advice service) and ii360 (an advanced trading platform), all expected to launch in 2025, we look to further broaden our customer appeal.

By leveraging our excellent technology base and disruptive pricing model to deepen and widen customer engagement, we are well placed to enjoy the compound effects of gaining a growing share of a growing market.

Adviser: Actions being taken to achieve client service leadership, reverse outflows and return to growth

Adjusted operating profit in Adviser was up 7% to £126m (2023: £118m). Markets also helped support a small rise in AUMA to £75.2bn (2023: £73.5bn).

While the increase in profit is welcome, the picture on flows was disappointing, with elevated redemptions leading to net outflows of £3.9bn (2023: outflows £2.1bn). Adviser remains at number two in the UK market by AUA and serves over 50% of the UK's IFAs. Returning to growth is our key priority and a range of actions has already been put in place to achieve this.

We made an important shift on pricing, becoming more competitive as we seek to take advantage of a structurally growing market. We also made important enhancements to our proposition, with the launch of our Money Market MPS option in February 2024, followed by our cash savings solution on the Wrap platform in July.

Adviser has also strengthened its sales and distribution capabilities. A new Chief Distribution Officer has been appointed, one of several senior appointments to strengthen the Adviser leadership team.

We have acknowledged that aspects of our client service have not been as strong as they should and we have undertaken a range of measures to address this. This work has resulted in much shorter delivery times in critical areas like sign-ups and transfers. Our customer feedback scores have improved over the year, and we expect to make further progress in 2025.

Adviser holds an enviable position in an attractive market and, through these actions, we are focused on re-establishing a leadership position in the market, with a growing and profitable business.

Investments: Significant growth in net flows, with cost discipline and markets offsetting changes in asset mix

2024 brought more favourable market conditions than experienced in recent years, helping Investments AUM to rise slightly from £366.7bn to £369.7bn, despite the sale of the European-headquartered Private Equity business and other corporate actions (£(6.6)bn).

Net outflows reduced significantly from £19.0bn in 2023 to £4.0bn, with Institutional & Retail Wealth flows improving by over £18bn to an overall net inflow of £0.3bn, reflecting a material reduction in redemptions and a 31% improvement in gross flows excluding liquidity to £25.5bn. While outflows in equities remained a sectoral challenge, this was offset by good momentum in our alternatives, quantitative and liquidity strategies. Insurance Partners net outflows increased to £4.3bn (2023: outflows £1.1bn) principally relating to run-off in the heritage business.

The ongoing trend toward passive strategies continues to put pressure on margins. In this environment, cost discipline has been critical, and we have delivered a reduction in adjusted operating expenses in Investments of 11%, helping to deliver an increase in adjusted operating profit to £61m (2023: £50m).

Investment performance is improving, with the overall percentage of AUM performing over three years at 60% (2023: 51%), with even stronger performance over one year at 77% (2023: 55%). Further work remains on equities performance, largely due to the weighting of our business toward emerging markets and Asia. Our programme of improvements is beginning to gain traction, with performance in multi-asset and equities showing welcome increases over the one-year period.

Momentum is shifting in Investments, and there is potential to unlock substantial profitable growth over time. With the changes to the executive team and a sharper strategic focus, we are now better placed to realise the potential of our Investments business.

As we move ahead, we will preserve and optimise our offering in core areas, while repositioning Investments to focus on the specific capabilities where we have competitive advantage and clear market opportunities, namely Real Assets, Credit and Specialist Equities. We also expect to build scale in important areas of the business (e.g. Insurance, Closed End Funds and Institutional Solutions), and expand further in Private Markets and Wholesale, where we see attractive growth opportunities. At the same time, we will redouble efforts to achieve greater efficiency, with automation of more processes, to drive better results.

Capital allocation and dividend

Our commitment to disciplined capital management was maintained in 2024, finishing the year with indicative CET1 of £1.5bn (2023: £1.5bn), and coverage of 139% (2023: 139%). Part of delivering better performance lies in simplifying the business, and the non-core divestments we made through the year delivered an overall gain on disposals of £100m, which supported our transformation.

Adjusted capital generation of £307m (2023: £299m) covered our dividend 1.2x. Net capital generation was £238m (2023: £178m), up by a significant 34%.

As we have previously highlighted, the Group's defined benefit pension plan has been successfully managed over the years, resulting in a significant surplus. We have now reached agreement with the Trustee to use part of the surplus to fund the cost of providing defined contribution benefits to current employees. We expect this to deliver a significant annual boost to capital generation of c.£35m starting from July 2025 (we expect no impact on adjusted operating profit). This agreement enables the Group to unlock value from the plan, while largely maintaining the surplus and retaining optionality.

We understand the importance of the dividend to our shareholders. The Board's intention is to pay a total annual dividend of 14.6p per share until it is covered at least 1.5x by adjusted capital generation. Our commitment to growing capital generation to support the dividend is evidenced by our new target of c.£300m net capital generation in 2026, an increase of c.26% on 2024.

Sustainability

As an organisation of over 4,000 people, with clients and customers across the globe, we have a responsibility to make a positive impact on the communities we live and work in. With this in mind, we have refined our sustainability strategy in 2024, with a focus on ensuring transparency, accountability and clarity of purpose. Our approach is now based around three pillars: environmental transition, inclusive growth and responsible business.

As an investor, we have been factoring sustainability into our approach for many years. As well as considering ESG as part of our standard investment processes, we offer a broad range of sustainability focused products, informed by deep research and expertise.

Our commitment to inclusion saw our gender pay gap further reduce this year, and we have also published ethnicity pay gap data for the first time. Going into 2025, we plan to develop our inclusive growth pillar further with a strategy focused on the "lifelong ladder" of saving and investment. Financial education and employability are at the heart of this strategy as we believe these are issues on which we and our partners can have the greatest impact.

Looking ahead

Across our markets there are compelling long-term structural growth drivers which we are well placed to leverage - changing demographics, generational wealth transfers, and the growing need for people to secure their own financial futures - and these drivers are likely to continue for several years to come.

Our ambition is to be the UK's leading Wealth & Investments group, with fast growing direct and advised wealth platforms and a specialist asset manager that operates worldwide with strength in areas of market growth, all driven by excellent client service, technology and talent.

We have substantial headroom for growth in each of our businesses. In parallel, we are simplifying our business, focusing on where we have competitive advantage.

Success will demand a relentless focus on execution. I am confident we have the right team to meet this challenge. We are setting out clear plans for all three businesses, together with ambitious 2026 targets which will enable us to provide evidence of our progress, as we transform the Group to achieve its full potential.

Chief Financial Officer's Overview

"2024 was a year of significant progress, underpinned by consistent delivery and execution. I am pleased by the success of the first year of our cost transformation programme and the benefits this is already delivering. Looking ahead, I am confident we can build on this progress and complete the transformation plans we have in place, in turn helping us to unlock the significant potential in the Group. Supported by our strong balance sheet and diversified three-business model, we have strong foundations for sustainable and profitable growth."

Ian Jenkins
Interim Chief Financial Officer

Overview

We have delivered an increase in adjusted operating profit, both at Group level and across all three of our Wealth & Investment businesses. Notably, this included our Investments business, despite the geopolitical and structural challenges which impacted the sector as a whole, and disposals which impacted both our Investments business and ii.

During the year, we also made significant progress in improving our efficiency which remains a priority for the Group. The associated savings achieved in the year, coupled with the clear strengths of our diversified business model, have enabled us to deliver improved financial performance.

At the start of 2024, we announced our transformation programme with the target of achieving at least £150m of annualised cost savings by the end of 2025. I am pleased to reaffirm my confidence in this target, and to highlight some of the key benefits delivered by the programme during 2024. With improved financial discipline now embedded in each of the businesses, we are seeing benefits across the Group.

The programme has delivered £106m of annualised savings in 2024, with £70m reflected in our financial performance for the year. This exceeded our initial expectations and has driven a 7% reduction in our adjusted operating expenses to £1,066m (2023: £1,149m).

Our transformation is not only about removing cost, but also about strategically investing in technology, processes and our people. Amongst other improvements, we have rationalised our fund range for our clients, focusing on fewer, scalable products and removing small and unprofitable funds.

The clear progress we have made in transforming our cost base, particularly in Investments, has created a leaner, more efficient business with a clear path to profitable growth.

Our balance sheet remains strong. This has been crucial in enabling us to fund our transformation programme and invest in the business while continuing to support our dividend. Throughout 2024, we have continued to simplify our business, including through disposals which generated gains on sale of £100m. These included the sale of our Virgin Money joint venture and our European-headquartered Private Equity business in April, threesixty in July and the partial sale of Focus Business Solutions in December.

In summary, I am confident that the actions we have taken in 2024 are creating stronger foundations to deliver better outcomes for our clients, colleagues and shareholders.

Profit

Adjusted operating profit was up 2% to £255m (2023: £249m). This included a 2% increase in ii to £116m (2023: £114m), a 7% increase in Adviser to £126m (2023: £118m) and a 22% increase in Investments to £61m (2023: £50m).

IFRS profit before tax was £251m, a significant improvement (2023: loss £6m). This comprised adjusted operating profit of £255m, adjusted net financing costs and investment return of £99m (2023: £81m), and an overall loss from adjusting items of £103m (2023: loss of £336m).

Adjusting items in 2024 included restructuring and corporate transaction expenses of £100m (2023: £152m), primarily relating to our transformation programme. Adjusting items benefited from a £100m profit on disposal of subsidiaries and interests in joint ventures (2023: £79m), principally relating to the sale of our European-headquartered Private Equity business in April 2024. Adjusting items also included a loss of £27m on the fair value of significant listed investments (2023: loss of £178m), reflecting the 5% reduction in the Phoenix share price in 2024. Our share of profit in the HASL joint venture increased to £26m (2023: £3m) including investment-related gains due to favourable investment market conditions.

Adjusted net operating revenue

Adjusted net operating revenue was 6% lower at £1,321m (2023: £1,398m). This included the impact of net outflows and changes to asset mix in Investments, and a net reduction from corporate actions in Investments and ii.

At ii, adjusted net operating revenue was 3% lower at £278m (2023: £287m), or 7% (£19m) higher adjusting for the sale of abrdn Capital, which included the MPS business that transferred to Adviser in May 2023.

The improvement in underlying revenue in ii was driven by strong organic customer growth, increased trading activity, and stronger treasury income. Trading revenue increased 46% to £70m (2023: £48m) reflecting higher trading and FX activity. Subscription revenue, gross of marketing incentives, of £60m (2023: £58m) reflected continued strong organic customer growth. Treasury income increased 3% to £138m, reflecting continued growth in average cash balances as well as the continued high interest rate environment. Fee income reduced to £25m (2023: £57m) primarily as a result of the sale of abrdn Capital and the associated transfer of MPS to Adviser.

In our Adviser business, adjusted net operating revenue was up 6% to £237m (2023: £224m). This was primarily due to the full 12-month benefit from the revised Wrap SIPP distribution agreement as well as higher treasury income. Total Adviser revenue in 2024 comprised £169m of platform charges (2023: £169m), £33m of treasury income (2023: £31m) and £37m of other income (2023: £26m).

In Investments, adjusted net operating revenue was 9% lower at £797m (2023: £878m), driven by a continuation of trends seen in recent years. These included changes to asset mix, with net outflows from higher margin asset classes, mainly equities, partially offset by strong inflows into lower margin asset classes such as quantitative strategies and liquidity. Across our Institutional & Retail Wealth business AUM amounted to £210.5bn at 31 December 2024 (2023: £211.2bn) with the small reduction driven by the sale of our European-headquartered Private Equity business. Excluding this sale and other corporate actions, AUM increased by 3% in the year, driven by positive market movements and net inflows. Total net flows across our I&RW business improved by over £18bn, with a small net inflow of £0.3bn in 2024 compared to an outflow of £17.9bn in 2023.

Our relationship with Phoenix is significant to our Investments business, with Insurance Partners AUM up 2% to £159.2bn. Underlying this trend, positive market movements more than offset net outflows of £4.3bn principally relating to run-off in the heritage business.

Adjusted operating expenses

Adjusted operating expenses decreased by 7% to £1,066m (2023: £1,149m).

This principally reflected transformation savings of £70m, which exceeded the original £60m cost reduction target for 2024 given at the time the transformation programme was announced.

The impact of the transformation programme is most evident in our Investments business with adjusted operating expenses reducing by 11% to £736m (2023: £828m). These cost savings were driven by lower staff costs, including the net benefit from corporate transactions, lower outsourcing and professional fees, project and change spend and property costs. These reductions were partially offset by the impact of staff cost inflation.

At ii, operating expenses reduced 6% to £162m (2023: £173m), primarily reflecting the sale of abrdn Capital. Excluding the impact of this sale, expenses increased by £14m or 9%. This was driven by increased investment in the ii brand, marketing, product development and our people to support continued organic growth.

In Adviser, adjusted operating expenses increased 5% to £111m (2023: £106m) reflecting continued investment in our proposition. Expenses in 2024 benefited from a temporary third-party outsourcing discount of £17m.

The 2024 in-year savings result in annualised run-rate savings from our transformation programme of over £100m. This gives us confidence in achieving the programme's overall target of delivering total annualised run rate savings of at least £150m by the end of 2025. However, the programme we have put in place is cost-led rather than cost-only, and we will continue to strategically invest in the business to deliver sustainable and profitable growth, as well as better outcomes for our clients and colleagues.

Capital

We maintain a strong capital position. This provides us with resilience during periods of economic uncertainty and volatility, such as those seen in the last few years of heightened geopolitical risk and elevated inflation.

In 2024, we remained disciplined in our capital allocation, delivering continued returns to our shareholders via dividends while strategically investing in our businesses to support sustainable profitable growth.

We have continued to simplify our business through the sale of non-core businesses, with disposals generating a total of £74m of capital in 2024. In April, we completed the sale of our European-headquartered Private Equity business for £92m and, in December completed the sale of 80% of Focus Business Solutions via a management buyout. This follows significant simplification in 2023, which included the further disposals of our listed Indian stakes, and our US Private Equity and Venture Capital business. In September 2024, we also completed the acquisition of closed-end funds from First Trust Advisors to build further on our capabilities in the CEF market where we have significant scale.

We intend to maintain our disciplined approach to capital:

- We are committed to delivering on the actions outlined in our transformation programme including at least £150m of Group annualised cost savings by the end of 2025. Associated implementation costs in 2024 were £73m with total implementation costs expected to be around £150m by the time the programme concludes. As in 2024, CET1 surplus capital will be deployed to fund the restructuring in 2025.
- We will continue to invest in our business in a disciplined way, with a high bar used to assess organic growth investments and a highly selective approach to inorganic opportunities.
- It remains the Board's intention to pay a total annual dividend of 14.6p (with interim and final dividends of 7.3p per share), until it is covered at least 1.5 times by adjusted capital generation (currently covered 1.18 times).
- Over the short term, the dividend will largely be supported by adjusted capital generation and our surplus capital.

Outlook

As reflected in our 2024 results, we have improved the efficiency of the Group, making significant advances toward right-sizing our cost base, particularly in the Investments business. Each of our businesses are at different stages of their development and none has yet achieved its full potential. However, we are pleased with the progress we have made. Profitability has increased in all of our core businesses, and we are confident in our growth plans for each.

Looking forward, we expect interest rates to reduce in 2025. While the pace of that reduction remains uncertain, falling rates in the UK are expected to lead to a gradual reduction of the cash margins earned in ii and Adviser. Nevertheless, we expect growth in treasury income in ii helped by continued growth in cash balances. Revenue in ii is also expected to benefit from increased customer activity, including further use of the platform's global trading and FX capabilities.

Other factors expected to impact revenue in 2025 include the previously announced Adviser platform repricing to improve its competitive positioning. We also expect the impact of changes in asset mix in 2024 and ongoing market dynamics to result in a slight reduction in revenue margins in Investments in 2025.

Against this backdrop, we expect to make further progress in driving efficiency improvements and right-sizing our cost base, principally through our transformation programme.

Our balance sheet and capital generation benefit from our stake in Phoenix and the surplus in our defined benefit staff pension plan.

We have reached agreement with the Trustee of the defined benefit pension plan to utilise part of the existing surplus to fund the cost of providing defined contribution benefits to current employees. This is expected to result in an annual benefit of c.£35m to net capital generation from July 2025, with an annual review of other options including an insurance buyout. This agreement enables the Group to unlock value from the plan, while largely maintaining the surplus and retaining optionality.

Looking beyond 2025, we continue to see long-term structural growth in the UK savings and wealth industry, which we are well-positioned to capture. In addition, while market conditions are expected to remain challenging for active asset managers generally, we see a number of areas of attractive opportunities that our Investments business is well-placed to serve.

New targets

We are announcing a number of FY 2026 targets, which reflect the increasing momentum in the Group. This includes ambitious targets for adjusted operating profit of at least £300m and net capital generation of c.£300m, reflecting our confidence in the Group's potential for profit growth and sustainability of the dividend. The Group targets are underpinned by ambitions for each of our three Wealth & Investments businesses:

- At interactive investor, we will focus on sustaining organic growth, with customer numbers continuing to increase by 8% per year, in line with this year's impressive rate. As this growth is delivered, we expect key measures of efficiency to improve, reflecting the scalability of the business. We are therefore targeting a cost/AUMA ratio of less than 20bps in FY 2026.
- We aim to deliver over £1bn of net inflows at Adviser in FY 2026 while maintaining a Net Promoter Score of over +40, reflecting our focus on delivering leading client service.
- Finally, we are targeting a step change in profitability in Investments, aiming for adjusted operating profit of over £100m for FY 2026, supported by investment performance of over 70% on a 3-year basis.

We believe none of our businesses is yet operating at its full potential, despite 2024 having been a year of progress and positive realignment.

By continuing this momentum through 2025 and delivering on our 2026 targets, I am confident we can deliver improved outcomes for our clients, colleagues and shareholders.

Annual report and accounts 2024

The Annual report and accounts 2024 has been published today and is available at **www.abrdn.com/fyresults**. This press release contains certain information that has been extracted from the Annual report 2024.

Media and analyst calls

A conference call for media will take place today at 07:30am (GMT). To access the conference call, you will need to pre-register at:

https://event.loopup.com/SelfRegistration/registration.aspx?booking=LfUQcY4WJrh3kfBguyWqxOtUFNaY0FcxHp4tLZe1wFI=&b=2389e96d-457b-46a8-bebb-fec356d5b031

A presentation for analysts and investors will follow at 08:30am (GMT). To view the webcast of the presentation please go to **www.abrdn.com/en-gb/corporate/investors**

For a PDF version of the full Annual Report and Accounts 2024, please click here:

http://www.rns-pdf.londonstockexchange.com/rns/1958Z_1-2025-3-4.pdf

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*Calls may be monitored and/or recorded. Call charges will vary.

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