Half year results 2021

August 2021

abrdn.com

Contents

The Half year results 2021 are published on the Group's website at **www.abrdn.com/hyresults**

Details of forward-looking statements can be found on page 70.

Certain measures, such as fee based revenue, cost/income ratio, adjusted operating profit and adjusted profit before tax are not defined under International Financial Reporting Standards (IFRS) and are therefore termed alternative performance measures (APMs). Further details on APMs are included in Supplementary information in Section 5.

Standard Life Aberdeen plc became abrdn plc on 2 July 2021.

All movements shown are compared to H1 2020 unless otherwise stated.

Strong start to the year, with progress on strategic priorities

Stephen Bird
Chief Executive Officer

“We have made a strong start to the year and our three-year growth plan.

These results, the first as abrdn plc, show a 52% increase in adjusted operating profit. Each of our three growth vectors have delivered higher revenue and profits, contributing to the highest overall rates of growth since the merger.

Our strategy is about focusing on client needs. The improved flows into our strategically-important products and services show that we are answering client demand. The majority of the outflows that we are seeing are lower margin.

Low interest rates and central bank interventions have created supportive market conditions from which we have benefited. Market volatility is expected to continue due to COVID-19 and its unequal effects in different parts of the world.

We have made good progress in simplifying and focusing our business. The leadership team is now in place to drive the growth we seek through our strategic priorities. Our capital strength gives us the ability to invest in these priorities.

We have a clarity of focus under our new brand and are better positioned to have impact at scale as a global business. We are at the beginning of the journey and we are moving at pace to build our new future.”

Half year results 2021

Strong start to the year, creating momentum for our growth ambitions

- Fee based revenue 7% higher and adjusted operating profit 52% higher than prior year which are the highest rates of growth since merger.
- Net outflows reduced to £5.6bn, including liquidity net outflows of £3.7bn. Excluding liquidity flows, which are volatile, net outflows were £1.9bn representing a significant improvement over prior periods and less than 10% of outflows at the low point in H2 2018.
- Consequently the impact on revenue from net outflows (excluding LBG) is less than 0.5% compared with 3% in H1 2020.
- AUMA of £532bn (FY 2020: £535bn) broadly flat as reductions due to flows and corporate actions were partially offset by positive market movements.

- Delivered improved operational leverage with cost/income ratio of 79%, 6ppts lower than prior year.
- Higher adjusted operating profits in all vectors – 61% higher in Adviser, 33% higher in Investments and Personal has recorded a small profit for first time.
- IFRS profit before tax of £113m, reflecting higher adjusted operating profit and significantly lower impairments than H1 2020.

- Adjusted diluted EPS of 7.0p is 3.7p higher, benefiting from the increase in adjusted profit after tax and the share buybacks in 2020.
- Adjusted capital generation increased by £73m to £176m, reflecting strong profit performance.
- Strengthened capital position with surplus regulatory capital increasing to £2.8bn (FY 2020: £2.3bn), including £0.7bn benefit from sale of 4.99% in HDFC Life.
- Interim dividend of 7.3p in line with our dividend policy.

Good progress in our growth vectors

- Gross flows (excluding liquidity) in Institutional and Wholesale were 21% higher than H1 2020 at £20.0bn.
- Institutional and Wholesale has seen best net flows performance (excluding liquidity) since merger of (£0.8bn).
- Liquidity gross flow in Institutional and Wholesale reduced from £9bn in H1 2020 to £2bn in H1 2021 reflecting client response to volatile markets.
- Strong client demand for private markets[1] investments drove net inflows to £3.2bn, a 10-fold increase on prior year.
- Investment performance is 66% of AUM above benchmark over three years (FY 2020: 66%).
- Strengthened ESG product offering with launch of range of SFDR Article 9 climate funds.

- Adviser net flows increased to £2.0bn (H1 2020: £1.1bn), the highest flows in three years. Launched new adviser experience programme to accelerate our market-leading position.
- Personal had record net flows of £0.5bn with Aberdeen Standard Capital reaching record AUMA of £8.7bn.

Simplified the business, investing to focus on strategic priorities and client needs

- Changed company name and rebranded to abrdn plc in July.
- Achieved major milestone in investment platform integration with over 1,300 portfolios and c£460bn of AUM migrated onto one investment platform in July. Remain on track to deliver targeted £400m of synergies by end 2021.
- Continued to simplify the business by completing sale of Parmenion and Nordics real estate business and exiting from the Indonesian market.
- Modernised our real assets franchise by completing the acquisition of a majority interest in Tritax.
- Simplified and extended our strategic partnership with Phoenix as announced in February.

Key indicators for half year 2021

Fee based revenue up 7%

Cost/income ratio 79%

IFRS profit before tax £113m

	H1 2021	H1 2020	Change
Financial indicators			
Fee based revenue	**£755m**	£706m	7%
Cost/income ratio	**79%**	85%	(6ppts)
Adjusted operating profit	**£160m**	£105m	52%
Adjusted capital generation	**£176m**	£103m	71%
IFRS profit/(loss) before tax	**£113m**	(£498m)	
Adjusted diluted earnings per share	**7.0p**	3.3p	112%
Diluted earnings per share	**4.7p**	(22.7p)	
Interim dividend per share	**7.3p**	7.3p	
Business indicators			
Gross flows	**£36.0bn**	£38.2bn	(6%)
Net flows	**(£5.6bn)**	(£24.8bn)	
Net flows excluding liquidity and LBG[2]	**(£1.9bn)**	(£6.8bn)	72%
AUMA	**£532bn**	£535bn[3]	(1%)
Investment performance (AUM) – 3 years[4]	**66%**	66%[3]	

1 Private markets comprises real assets, private equity, private credit and alternatives.

2 Excluding Institutional and Wholesale liquidity net flows of (£3.7bn) (H1 2020: £6.9bn) and LBG tranche withdrawals of £nil (H1 2020: £24.9bn). Liquidity flows are low margin and volatile in nature. LBG tranche withdrawals relate to the settlement of arbitration with LBG in 2019.

3 At 31 December 2020.

4 Percentage of AUM above benchmark over three years. Further details on the calculation of investment performance are provided in Supplementary information.

Outlook

- Outlook remains unchanged as set out in our full year 2020 results in March.
- Arrest revenue decline in near term, inflecting to a high single digit three-year revenue CAGR over the period ending 2023.
- Target to exit 2023 at cost/income ratio of c70%.
- Disciplined approach to capital allocation with a focus on building returns for shareholders.
- Rebased dividend of 14.6p per annum until adjusted capital generation reaches 1.5x cover.

Media

A conference call for the media will take place at 7:45am (BST) on 10 August 2021. To access the conference call, you will need to pre-register at **https://cossprereg.btci.com/prereg/key.process?key=PQJ8XB894**

Investors and analysts

A presentation for analysts and investors will take place via webcast at 8:45am (BST) on 10 August 2021. To view the webcast live please go to **www.abrdn.com**. There is also the facility to join the presentation and subsequent Q&A session via a conference call.

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

Chief Executive Officer’s statement

We’re creating the future, starting now

Fee based revenue	Cost/income ratio	Net flows improvement
up 7%	79%	72%[1]

Creating momentum for growth

At our full year results in March we outlined our strategy to return the business to growth. It is a client led strategy, focused on the three growth vectors of our business: Investments, Adviser and Personal.

We set near term goals to put us on the right path towards our financial targets – arrest the decline in revenue, and improve our operating leverage. We have made a strong start towards achieving those two objectives.

We have delivered the highest rates of revenue and earnings growth since the merger with fee based revenue 7% higher at £755m, adjusted operating profit 52% higher at £160m, and a 6ppts improvement in our cost/income ratio to 79%.

IFRS profit before tax improved to £113m due to the increase in adjusted operating profit and significantly lower impairments than the prior year.

Market conditions have been supportive, particularly when viewed against the same period last year.

We are at the start of our growth journey and there is clear evidence of our progress. For example, in relation to investment flows:

- Our overall business drove a 72% improvement in net flows from (£6.8bn) to (£1.9bn) and within that our Investments vector delivered a 48% improvement from (£8.8bn) to (£4.6bn)[1].
- Adviser net flows in the first half already equal the full year 2020.
- Personal had its record net flows in the first half.

We still have considerable room for improvement. When it comes to investment performance, for example, there are areas of standout performance, such as China A shares. However, we are not yet delivering consistent performance in all of our strategies and we are tackling this head on.

The clarity of focus that we are bringing to the business is reflected in our new brand. We have launched abrdn as our new single global brand and are progressing through a phased roll out programme. All core client facing touchpoints will be completed by the end of the year.

The new unified identity replaces five previous brands, each of which were supported by individual marketing costs. We are now better positioned to have impact at scale, as a global business.

We are taking bold, clear actions across our three businesses. We have the right people in the right roles. And we have the financial firepower to match our ambitions. We are investing in each of our three businesses in order to accelerate our growth. It is through this disciplined investment that we will drive the returns our shareholders expect.

Our leadership

The first six months of the financial year has seen the build out of the new management team tasked with driving growth in the business. Our new operational structure creates clear lines of responsibility and accountability, aligned to the objectives for each of the three vectors.

- Caroline Connellan is joining us as CEO of Personal Wealth.
- Noel Butwell is CEO of Adviser.
- René Buehlmann joined as CEO Asia Pacific (Investments) in March.
- Chris Demetriou has started his new role as CEO UK, EMEA and Americas (Investments).

Investments

Our business can only grow if the Investments vector is performing. It is our biggest and most important business. To create long-term momentum in Investments, we need to ensure that we are developing product lines aligned to the fastest areas of growth in the industry.

In the first six months of this year, we have had a particular focus on Asia, private markets and ETFs.

Asia is both a global destination for investment, and home to a large and growing institutional and retail savings market. With René Buehlmann’s arrival, our Asian strategy is therefore focused on three broad themes:

- Accelerating distribution in the region with a strong wholesale focus.
- Strengthening our leading Asian investment expertise, in particular around sustainability.
- Focusing on improving distribution of global products to regional clients.

[1] Excludes Institutional and Wholesale liquidity net flows and LBG tranche withdrawals.

We have a strong global reputation for our Asian asset management capabilities with £46bn under management in long-standing strategies such as China A shares, Asia Pacific Equity and Frontier Markets Bond Fund.

We are proud to have won recognition for our successful China A shares strategy which has attracted a total of $5bn AUM since launch in 2015.

In terms of Asian distribution, our focus on developing wholesale is yielding results. We have taken a big step forward through a new partnership with Citibank. abrdn products are now available on Citibank's recently launched digital banking and investment platform in Hong Kong and will shortly become available in Singapore and the US.

Private markets and alternatives are a central plank of the abrdn growth story. As a result of a strategic review of our capabilities in this high growth asset class, we have tightened and modernised our focus. We are bringing together our real estate and infrastructure capabilities under a £37bn AUM real assets franchise within Institutional and Wholesale. The acquisition of Tritax is a great example of our ambitions in real assets, bringing with it exposure and expertise in the fast-growing logistics and e-commerce real estate market. Since we completed the purchase in April they have had a successful fund raising beating their target by over 10%.

Private credit is one of the highest growth areas of private markets and we have seen consistent growth in our business. We plan to grow the business further through our relationship with Phoenix and expand our geographic capabilities. Private equity will be managed and built as a discrete global business.

Within alternatives our US precious metals ETF franchise has seen strong growth since we bought into the market three years ago, with AUM almost trebling to c$7bn. ETFs have been one of the biggest drivers of industry wholesale flows in the US and we are now expanding our suite of products in the US and internationalising into Europe including a new industrial metals fund aligned to the global 'electrification' theme.

Adviser

We were again ranked the number 1 UK adviser platform for AUA and gross flows in Fundscape's Q1 2021 report. We continue to develop our offering to meet the needs of our IFA clients, helping them do more for their customers.

In May, we announced an adviser experience programme which will bring a series of new features, advice solutions and technology enhancements that will be delivered throughout 2021 and 2022.

Our push to drive the business further will accelerate in the second half, as we brand the platforms business under the abrdn name. This will coincide with the launch of a new adviser interface with simplified navigation and interactive dashboard.

Personal

Our discretionary fund management business delivered a strong performance hitting record AUMA of £8.7bn and the strongest ever first half for net inflows.

Caroline Connellan will be joining us to lead Personal Wealth later this year. She will be instrumental in driving our personal wealth strategy and we will invest in this vector to bring it to relevance and scale in the UK.

We are accelerating our technological capabilities in Personal through the agreement to purchase EXO Investing Limited (EXO). EXO's automated ETF-based wealth management proposition, driven by artificial intelligence, will help abrdn develop an industry-leading technology solution for investors.

The products and services we offer through our discretionary asset management and financial planning businesses will be rebranded under the abrdn name in the second half of the year.

Investing responsibly

We have joined the Net Zero Asset Managers initiative group supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. We also accelerated our own climate change commitments to achieve a 50% reduction in operational emissions by 2025.

Following our compliance with EU SFDR level one we are converting our range of SICAV funds to comply with SFDR Article 8 and 9. We expect a four-fold increase in converted funds in the next 12 months to around 80 funds. In July we launched a suite of climate funds aimed at supporting clients' shift to net zero with equity, bond and multi-asset funds in the range.

Finishing transformation and simplifying the business

In July we completed the migration of over 1,300 portfolios and over £460bn public markets AUM onto one global investment platform. This major technological milestone, which was a huge cross-functional effort, allows our investment teams to focus wholly on investment performance and outcomes. The remaining elements of transformation are on track. We have delivered £382m of annualised synergies by the end of H1 2021 and are on track to meet our target of £400m by the end of the year.

During the first half we successfully completed the sales of the Nordics real estate activity and Parmenion, which raised proceeds of c£100m. We also closed our Indonesian office. This all allows us to focus our efforts and resources in the areas of greater growth potential.

Investing to grow

We have a strong capital position. As at 30 June 2021, our regulatory capital resources were £3.9bn – including £0.7bn from the sale of a further 4.99% in HDFC Life.

This gives us the capacity to invest more in our business to accelerate growth. Each of the three growth vectors has a distinct investment plan.

For Investments we will invest in further embedding advanced data analytics in our investment process and in closing the performance gap to best-in-class; building our business in Asia; increasing our private markets capabilities, and growing seed capital to fuel our wholesale channel.

In our Adviser vector we will continue to invest in the technology needed to support our adviser experience programme. Key to this is making our platforms even easier for advisers and their customers to use.

For our smallest vector, Personal, we have been clear that growth will be through further acquisitions to get scale. We also need to invest in technology to grow our direct-to-consumer (D2C) savings and wealth offering.

We will be disciplined in the deployment of capital.

Our working environment

Our people have largely continued to work from home so far this year and the further lifting of COVID-19 restrictions in the UK is positive news. This gives us the green light to take the next step in moving away from the default of 'home working' towards a new phase in our working arrangements. We are really looking forward to welcoming colleagues back into our offices. Our offices will remain our primary place to go when we need to physically interact with colleagues to collaborate, connect and coach. Outside the UK, we continue to follow government guidance across our global regions regarding the return to office approach. I want to thank all our people for their continued resilience and determination to serve our clients well in these challenging circumstances.

Looking forward

Our outlook is the same as we provided in our full year 2020 results in March. We are aiming to improve our operating leverage by arresting revenue decline in the near term, inflecting to a high single digit three-year revenue CAGR over the period to 2023. In the medium term costs will grow, reflecting a more variable base to track performance. As stated in March, we are targeting to exit 2023 at a cost/income ratio of c70%.

We take a disciplined approach to capital allocation with a focus on building returns for shareholders. Dividends have been rebased to a sustainable level of 14.6p and we intend to grow the dividend once it is 1.5x covered by adjusted capital generation.

abrdn's new client led growth strategy is rooted in understanding client outcomes, driven by their needs, wants and aspirations. Our new brand symbolises the transition underway to bring clarity of focus, a renewed sense of purpose and the drive for sustainable growth for shareholders, clients and colleagues.

We are at the start of the journey. At abrdn we are building a new future, starting from now.

Stephen Bird
Chief Executive Officer
10 August 2021

Performance overview

Fee based revenue
£755m

Adjusted operating profit
£160m

IFRS profit before tax
£113m

Analysis of profit	**H1 2021 £m**	H1 2020 £m
Fee based revenue	**755**	706
Adjusted operating expenses	**(595)**	(601)
Adjusted operating profit	**160**	105
Adjusted net financing costs and investment return[1]	**3**	(13)
Adjusted profit before tax[2]	**163**	92
Adjusting items including results of associates and joint ventures[2]	**(50)**	(590)
IFRS profit/(loss) before tax	**113**	(498)
Tax expense	**(11)**	(6)
IFRS profit/(loss) for the period	**102**	(504)

Our IFRS profit before tax increased to £113m. This improvement includes the benefit of higher adjusted operating profit in the current year, and the impact in the prior year of losses on impairments of goodwill and intangibles of £1,049m. Adjusted operating profit of £160m increased by 52% largely due to higher revenue, as markets and flows both improved.

Segmental performance[3]	**Adjusted operating profit**		**AUMA**		**Net flows**	
	H1 2021 £m	H1 2020 £m	**H1 2021 £bn**	FY 2020 £bn	**H1 2021 £bn**	H1 2020 £bn
Investments	**126**	95	**457**	457	**(8.3)**	(1.9)
Adviser	**37**	23	**72**	67	**2.0**	1.1
Personal	**4**	(4)	**14**	13	**0.5**	0.1
Corporate/strategic	**(7)**	(9)	**–**	8	**0.3**	0.6
Eliminations			**(11)**	(10)	**(0.1)**	0.2
Total (excluding LBG tranche withdrawals)	**160**	105	**532**	535	**(5.6)**	0.1
LBG tranche withdrawals					**–**	(24.9)
Total	**160**	105	**532**	535	**(5.6)**	(24.8)

1 Capital management has been renamed Adjusted net financing costs and investment return.

2 Adjusted profit before tax now excludes the share of profit from associates and joint ventures. Comparatives have been restated. See Supplementary information for more information.

3 Segmental performance in this report is now shown on a vector basis. 2020 comparatives have been restated on this basis. See further details in Note 4.3 and in Supplementary information.

Investments

Adjusted operating profit £126m

AUM £457bn

Net flows (£8.3bn)

	Total		Institutional and Wholesale		Insurance	
	H1 2021	H1 2020	**H1 2021**	H1 2020	**H1 2021**	H1 2020
Fee based revenue[1]	**£613m**	£581m				
Adjusted operating expenses	**(£487m)**	(£486m)				
Adjusted operating profit	**£126m**	£95m				
Cost/income ratio	**79%**	84%				
Fee revenue yield	**26.3bps**	25.8bps	**39.4bps**	39.3bps	**10.1bps**	11.0bps
AUM[2]	**£457bn**	£457bn	**£252bn**	£252bn	**£205bn**	£205bn
Gross flows	**£31.1bn**	£34.7bn	**£22.0bn**	£25.5bn	**£9.1bn**	£9.2bn
Redemptions	**(£39.4bn)**	(£61.5bn)	**(£26.5bn)**	(£26.1bn)	**(£12.9bn)**	(£35.4bn)
Net flows	**(£8.3bn)**	(£26.8bn)	**(£4.5bn)**	(£0.6bn)	**(£3.8bn)**	(£26.2bn)
Net flows excluding liquidity[3]	**(£4.6bn)**	(£33.7bn)	**(£0.8bn)**	(£7.5bn)	**(£3.8bn)**	(£26.2bn)
Net flows excluding liquidity and LBG[3,4]	**(£4.6bn)**	(£8.8bn)	**(£0.8bn)**	(£7.5bn)	**(£3.8bn)**	(£1.3bn)

1 Includes performance fees of £22m (H1 2020: £12m).

2 Comparative as at 31 December 2020.

3 Institutional and Wholesale liquidity net flows excluded.

4 Flows excluding Lloyds Banking Group (LBG) do not include the tranche withdrawals of £nil (H1 2020: £24.9bn) relating to the settlement of arbitration with LBG.

Investments financial indicators in the half year period

- Fee based revenue was 6% higher than H1 2020 as a result of the benefits from favourable market levels on AUM, a diminishing impact on revenue from net outflows, improved yields and a £10m increase in performance fees. Performance fees of £22m in this period were primarily generated from emerging market equities and real assets.
- Adjusted operating profit was £31m (33%) higher than prior period, reflecting higher revenue and overall costs being held flat. As a consequence the cost/income ratio improved to 79%, 5 percentage points (ppts) lower than prior year.

Institutional and Wholesale indicators

- Fee based revenue before performance fees was 8% higher (H1 2021: £490m, H1 2020: £454m) reflecting growth in all asset classes except fixed income and multi-asset.
- Revenue yield remained broadly stable at 39.4bps.
- Headwinds were evident in fixed income and multi-asset revenues where, in contrast to equity market growth, bond markets weakened as inflationary pressures have fuelled an increase in bond yields.
- In this period, there was a diminishing impact on revenue from the impact of net outflows. This reflects 82% of the net outflows being liquidity which are lower margin. The volatility in this asset class reflects corporate clients using their cash balances through the pandemic period.
- Net flows excluding liquidity improved by £6.7bn to (£0.8bn). In particular there were £3.2bn of net flows into private markets.
- Sales activity in terms of gross flows excluding liquidity (H1 2021: £20.0bn, H1 2020: £16.5bn), increased by 21%. Liquidity gross flows reduced from £9bn to £2bn after the exceptional inflows in 2020. Our pipeline remains strong, with mandates awarded not yet funded of £4.2bn including fixed income, liquidity and multi-asset.

Insurance indicators

- Fee based revenue before performance fees at £101m (H1 2020: £115m) is 12% lower than prior year, mainly reflecting the impact of the LBG exits in 2020. The remaining withdrawals of c£34bn of LBG assets are expected to complete in H1 2022.
- The revenue yield also reduced in this period reflecting the higher margin LBG exits, particularly fixed income and multi-asset.
- There are typically net outflows to meet underlying policyholder requirements from the existing book of business. We support our insurance clients to develop their open book, particularly in the bulk purchase annuity market and defined contribution pension schemes. In this half year period, the level of new bulk purchase annuity activity completed across the market was lower.
- Sales activity in terms of gross flows was broadly flat. The pipeline of mandates awarded not yet funded of £4.1bn, includes fixed income, quantitative and equities.
- The primary client, Phoenix, represents 83% of the Insurance AUM.

Investment performance[1]

% of AUM ahead of benchmark

1 year
65%
(FY 2020: 71%)

3 years
66%
(FY 2020: 66%)

5 years
65%
(FY 2020: 68%)

1 Calculations for investment performance are made gross of fees except where the stated comparator is net of fees. Further details about the calculation of investment performance are included in the Supplementary information section.

Three-year investment performance is 66% of AUM covered by this metric ahead of benchmark (FY 2020: 66%).

- Equity performance weakened over one, three and five years with 65% (FY 2020: 74%) of AUM ahead of benchmark over three years. The underperformance in European and Japanese equities reflects challenging market conditions for the long-term quality investing approach. This is partly offset by the outperformance in our key franchises in Asia and Emerging Market equities.
- Multi-asset performance has fallen slightly in this period, with 31% (FY 2020: 33%) of AUM ahead of benchmark over three years. We delivered improved performance in MyFolio and our absolute return mandates continue to deliver outperformance against benchmark over one, three and five years.
- Performance in fixed income, liquidity and alternatives remain strong. Real asset performance improved benefiting from repositioning in Real Estate portfolios.

Adviser

Adjusted operating profit £37m

AUMA £72bn

Net flows £2.0bn

	H1 2021	H1 2020
Fee based revenue	**£87m**	£69m
Adjusted operating expenses	**(£50m)**	(£46m)
Adjusted operating profit	**£37m**	£23m
Cost/income ratio	**57%**	67%
Fee revenue yield	**25.3bps**	23.1bps
AUMA[1]	**£72bn**	£67bn
Gross flows	**£4.6bn**	£3.2bn
Redemptions	**(£2.6bn)**	(£2.1bn)
Net flows	**£2.0bn**	£1.1bn

[1] Comparative as at 31 December 2020.

Adviser indicators in this half year period

- Fee based revenue at £87m is 26% higher than prior year, reflecting a £12m benefit for the half year period from reduced charges with effect from 1 January 2021 following simplification of the arrangements with Phoenix, and the benefit of higher flows and market levels.
- Average assets are £69bn, 15% higher than prior year.
- The revenue yield overall has increased reflecting the benefit of the new arrangements with Phoenix which more than offset the impact of the repricing completed in 2019 and 2020.
- Adjusted operating profit at £37m was 61% higher than prior year. The resulting cost/income ratio improved by 10ppts to 57%.
- Flows in this channel have been strong such that the net flows in H1 2021 already equal the full year net flows in 2020.
- Our platforms retained our number one position on gross flows[2] as sales activity increased by 44% on prior year.
- AUMA increased to £72bn through the combination of increased flows to the platform and higher markets. This represents an increase of 8% since 31 December 2020.

[2] Source: Adviser platform gross flows, Fundscape Q1 2021.

Personal

Adjusted operating profit £4m

AUMA £14bn

Net flows £0.5bn

	H1 2021	H1 2020
Fee based revenue	**£41m**	£38m
Adjusted operating expenses	**(£37m)**	(£42m)
Adjusted operating profit/(loss)	**£4m**	(£4m)
Cost/income ratio	**90%**	111%
Fee revenue yield	**55.9bps**	56.1bps
AUMA[1,2]	**£14bn**	£13bn
Gross flows	**£1.0bn**	£0.6bn
Redemptions	**(£0.5bn)**	(£0.5bn)
Net flows	**£0.5bn**	£0.1bn

1 Comparative as at 31 December 2020.

2 Includes assets that are reflected in both Aberdeen Standard Capital and Advice businesses. This impact (30 Jun 2021: £1.2bn) is removed within eliminations.

Personal indicators in this half year period

- Fee based revenue at £41m is 8% higher than prior year, including the benefit of increased customer activity across the market. There has also been a 6% increase in Aberdeen Standard Capital client numbers to c15,000 benefiting from the relationship with 1825.
- The revenue yield overall has remained broadly stable with average assets of £14bn, 11% higher than prior year.
- The vector has made a small profit this period, largely reflecting a one-off benefit of c£3m. Excluding this one-off benefit, the underlying performance is £5m higher than prior year at £1m. The resulting cost/income ratio improved to 90%.
- Flows in this channel were strong such that the gross flows have increased by 67% compared to H1 2020 and net flows are at record levels for Aberdeen Standard Capital and 1825.
- AUMA is 8% higher in the half year, reflecting the higher net flows into the business and higher market values.

Corporate/strategic

	H1 2021	H1 2020
Fee based revenue	**£14m**	£18m
Adjusted operating expenses	**(£21m)**	(£27m)
Adjusted operating loss	**(£7m)**	(£9m)

This segment comprises certain corporate costs (c£7m in H1 2021) and the Parmenion and SL Asia businesses which were held for sale. The sale of Parmenion completed in June 2021 and the sale of SL Asia completed in June 2020. The adjusted operating loss was broadly stable at £7m.

Following the completion of the sale of Parmenion this segment will comprise only certain corporate costs in H2 2021.

Overall performance for half year to June 2021

Improved operating leverage from both revenue growth and management of costs

Adjusted operating profit
£160m

IFRS profit before tax
£113m

Adjusted capital generation
£176m

Fee based revenue

The revenue increase of 7% to £755m (H1 2020: £706m) reflects:

- Positive impact from markets.
- Increased performance fees.
- Diminishing impact from net outflows excluding LBG to less than 0.5% compared to 3% in H1 2020[1].

Adjusted operating expenses

Costs decreased by £6m to £595m (H1 2020: £601m) reflecting:

- Reductions in non-staff costs of £11m, including savings on outsourcing costs, travel and premises, offset by inflation and FX impacts.
- Higher staff and other related costs of £5m, reflecting increased accruals for variable compensation and inflation, partially offset by lower staff numbers.
- Cost/income ratio improved to 79% (H1 2020: 85%).

[1] Reflects the estimated impact on fee based revenue as a result of net outflows in both the current and prior period, as a percentage of prior period revenue.

Synergies

- By 30 June 2021, actions have been taken which are expected to deliver £382m of annualised synergies, benefiting H1 2021 operating expenses by £157m (H1 2020: £137m) with further benefits expected in H2 2021.
- We remain on track to meet the overall synergy target of £400m in 2021.
- Costs incurred to date to deliver these synergies are £542m, of which £27m were incurred in H1 2021 (H1 2020: £46m). These costs are included within restructuring expenses and our estimate for total costs relating to these synergies remains at £555m.

Adjusted net financing costs and investment return

Adjusted net financing costs and investment return generated a profit of £3m (H1 2020: loss £13m) from:

- Investment gains of £5m (H1 2020: losses £17m) including seed capital and co-investment fund holdings.
- Increased net finance costs of £11m (H1 2020: £6m) reflecting a lower rate of return on cash and liquid assets.
- Net interest credit relating to the staff pension schemes of £9m (H1 2020: £10m).

Adjusting items including results of associates and joint ventures

	H1 2021 £m	H1 2020 £m
Profit on disposal of interests in associates	**68**	651
Profit on disposal of subsidiaries	**84**	8
Restructuring and corporate transaction expenses	**(113)**	(131)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	**(51)**	(1,124)
Change in fair value of significant listed investments	**(72)**	–
Dividends from significant listed investments	**35**	–
Other	**32**	–
Adjusting items	**(17)**	(596)
Share of (loss)/profit from associates and joint ventures	**(33)**	136
Loss on impairment of interest in associates and joint ventures	**–**	(130)
Total adjusting items including results of associates and joint ventures	**(50)**	(590)

The profit on disposal of interests in associates of £68m relates to a one-off accounting gain following the reclassification of our Phoenix shareholding from an associate to an investment measured at fair value. This reclassification resulted from the changes to the commercial agreements announced in February 2021. See Note 4.13. Our shareholding in Phoenix remains at 14.4%. The H1 2020 profit of £651m related to the sale of shares in HDFC Life and HDFC Asset Management (see Note 4.2).

Profit on disposal of subsidiaries of £84m primarily relates to the sale of Parmenion which completed on 30 June 2021. See Note 4.2.

Restructuring and corporate transaction expenses were £113m, primarily reflecting ongoing transformation costs for integration, separation from Phoenix and implementing our simplified operating model. Total Phoenix separation costs accounted for to date amount to £300m and include £18m in H1 2021. Our estimate of the total of these one-off separation costs we expect to incur remains £310m.

The amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts reduced to £51m as there were no impairments in H1 2021, compared to impairments of goodwill and customer relationship intangibles of £1,049m in H1 2020.

The change in fair value of significant listed investments of (£72m) represents the impact of movements in the share price on our holdings in HDFC Life during H1 2021 and in Phoenix from 23 February 2021, and the impact of our stake sale in HDFC Life in June 2021.

Dividends from significant listed investments relates to our shareholdings in HDFC Life and Phoenix that were previously associates and were reclassified on 3 December 2020 and 23 February 2021 respectively. Following the reclassification, dividends received are now recognised as income within our financial statements. H1 2021 of £35m relates to dividends received from Phoenix.

Other adjusting items of £32m include a £25m net release of deferred income. See Note 4.16.

Share of (loss)/profit from associates and joint ventures

The share of (loss)/profit from associates and joint ventures reduced to a loss of £33m (H1 2020: profit £136m).

	H1 2021 £m	H1 2020 £m
Phoenix	**(56)**	83
HDFC Life	**–**	10
HASL	**10**	13
HDFC Asset Management	**14**	32
Virgin Money UTM	**(1)**	(2)
Share of (loss)/profit from associates and joint ventures	**(33)**	136

The Phoenix loss to 22 February 2021 resulted from investment return variances from equity market and interest rate rises and is more than offset by the £68m gain on reclassification discussed previously.

The lower share of HDFC Asset Management profit was mainly due to H1 2020 including a one-off tax benefit of £18m. The reduction in HASL was due mainly to lower profits on group business sales in H1 2021.

Impairment of associates and joint ventures

The impairment of associates and joint ventures was £nil (H1 2020: £130m). H1 2020 impairments are discussed in Note 4.13.

Tax expense

The total IFRS tax expense attributable to the profit for the period was £11m (H1 2020: £6m), including a tax credit attributable to adjusting items of £2m (H1 2020: credit £7m), resulting in an effective tax rate of 10% on the total IFRS profit (H1 2020: negative 1%). The difference to the UK corporation tax rate of 19% is mainly driven by:

- Revaluation of elements of the Group's deferred tax balances due to future UK tax rises.
- Dividends received from our investment in Phoenix not being subject to tax.
- One-off gains on disposal of subsidiaries where the taxable gains were less than the accounting gains.
- Fair value movements in significant listed investments not being subject to tax.

The tax expense attributable to adjusted profit is £13m (H1 2020: £13m). The effective tax rate on total adjusted profit is 8% (H1 2020: 14.1%). This is lower than the 19% UK rate primarily due to the future increase in the legislated rate of UK corporation having a beneficial effect by increasing the value of our deferred tax assets.

Assets under management and administration (AUMA) and flows

	H1 2021 £bn	H1 2020 £bn	FY 2020 £bn
Opening AUMA	**534.6**	544.6	544.6
Net flows	**(5.6)**	0.1	(3.1)
LBG tranche withdrawals	**–**	(24.9)	(25.9)
Market and other movements	**9.0**	(8.0)	19.0
Corporate actions	**(6.2)**	–	–
Closing AUMA	**531.8**	511.8	534.6

Our corporate actions in H1 2021 reflect our focus on simplifying and enhancing our capabilities to meet future client demand:

- Sale of Parmenion which simplifies our platforms business, reducing AUM by £9bn.
- Sale of our domestic real estate business in the Nordics region removing complexities from our business. This transaction reduced AUM by £3bn.
- Acquisition of majority interest in Tritax to strengthen our combined offering in the growing logistics real estate market, supplementing AUM by £6bn at the acquisition date.

Capital and liquidity

Adjusted capital generation

Adjusted capital generation of £176m remains closely aligned with adjusted profit after tax as shown below.

	H1 2021 £m	H1 2020 £m
Adjusted profit after tax[1]	**150**	79
Less net interest credit relating to the staff pension schemes	**(9)**	(10)
Add dividends received from associates, joint ventures and significant listed investments	**35**	34
Adjusted capital generation	**176**	103

1 Adjusted profit after tax now excludes the share of profit from associates and joint ventures. Comparatives have been restated. See Supplementary information for more information.

Net movement in surplus regulatory capital

Capital indicators in this half year period were:

- Increase of £0.7bn from the sale of a 4.99% stake in HDFC Life in June 2021.
- Increase of £0.1bn from the sale of Parmenion.
- Reduction of £0.2bn from the acquisition of Tritax.
- The resulting position was a further strengthened capital surplus of £2.8bn.
- The majority of the value of listed stakes is excluded from the capital position.
- Adjusting for the expected impact of the Investment Firms Prudential Regime (IFPR), the indicative pro forma regulatory capital surplus is c£1.7bn at 30 June 2021.

Surplus regulatory capital less an appropriate buffer is the key measure of available resources, rather than cash.

Analysis of movements in surplus regulatory capital	**H1 2021** **£bn**	H1 2020 £bn	FY 2020 £bn
Opening surplus regulatory capital	**2.3**	1.7	1.7
Sources of capital			
Adjusted capital generation	**0.2**	0.1	0.3
HDFC Life and HDFC Asset Management sale proceeds	**0.7**	0.7	0.9
Parmenion sale proceeds	**0.1**	–	–
Uses of capital			
Restructuring and corporate transaction expenses (net of tax)	**(0.1)**	(0.1)	(0.2)
Dividends	**(0.2)**	(0.2)	(0.3)
Acquisition of Tritax	**(0.2)**	–	–
Share buyback programme	**–**	(0.4)	(0.4)
Other	**–**	–	0.3
Closing surplus regulatory capital	**2.8**	1.8	2.3

The Group's capital resources include c£0.8bn from holdings in insurance entities that it is expected will no longer be eligible following the implementation of the IFPR from 1 January 2022. The IFPR is also expected to introduce constraints on the proportion of the minimum capital requirement that can be met by each tier of capital. As a result, it is estimated that c£0.3bn of existing Tier 2 capital, whilst continuing to be reported within the Group's capital resources, would not be available to meet the current minimum capital requirement from 1 January 2022.

Cash and liquid resources and distributable reserves

Cash and liquid resources remained robust at £2.2bn at 30 June 2021 (FY 2020: £2.5bn) which excludes the net proceeds from the HDFC Life share sale which settled on 1 July 2021. These resources are high quality and mainly invested in cash, money market instruments and short-term debt securities. Further information on cash and liquid resources, and a reconciliation to IFRS cash and cash equivalents, is provided in Supplementary information.

At 30 June 2021 abrdn plc had £2.0bn (FY 2020: £2.1bn) of distributable reserves.

IFRS net cash inflows

- Net cash outflows from operating activities were £128m (H1 2020: inflows £52m) which includes outflows from restructuring costs, net of tax, of £97m (H1 2020: £89m). Outflows were higher in H1 2021 due to working capital movements.
- Net cash inflows from investing activities of £243m (H1 2020: £776m) with the reduction primarily due to 2020 including proceeds from the HDFC Life and HDFC Asset Management stake sales.
- Cash outflows from financing activities of £260m (H1 2020: £572m) with the reduction reflecting lower dividends paid in the period and the 2020 share buyback.

The cash inflows and outflows described above resulted in closing cash and cash equivalents of £1,202m as at 30 June 2021 (FY 2020: £1,358m).

IFRS net assets

IFRS net assets were broadly stable at £6.7bn (FY 2020: £6.8bn) with dividends paid in the period partly offset by profits.

- Intangible assets increased to £0.7bn (FY 2020: £0.5bn) as a result of the Tritax acquisition, partially offset by amortisation. Further details are provided in Note 4.12.
- The principal defined benefit staff pension scheme, which is closed to future accrual, continues to have a significant surplus of £1.5bn (FY 2020: £1.5bn). Further details are provided in Note 4.15.
- Financial investments were stable at £3.2bn (FY 2020: £3.1bn) with the £1.0bn increase from the Phoenix reclassification from an associate to an investment, being largely offset by the £0.7bn sale of HDFC Life and lower holdings of certificates of deposit. Financial investments also include holdings of £252m (FY 2020: £277m) in newly established investment vehicles which the Group has seeded and co-investments of £84m (FY 2020: £86m).

Earnings per share

Adjusted diluted earnings per share increased by 112% to 7.0p (H1 2020: 3.3p) due to the 90% increase in adjusted profit after tax and the benefit from 2020 share buybacks. Diluted earnings per share increased to 4.7p (H1 2020: (22.7p)) reflecting the factors above and the impact in the prior year of losses on impairments of goodwill and intangibles.

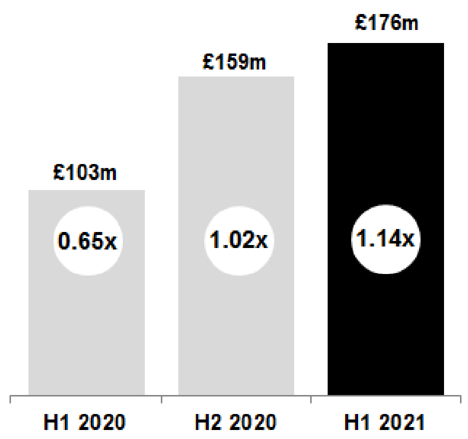
Dividends

As disclosed in the Annual report and accounts 2020, it is the Board's current intention to maintain the total annual dividend at 14.6p (with the interim and final both at 7.3p per share), until it is covered at least 1.5 times by adjusted capital generation, at which point the Board will seek to grow the dividend in line with its assessment of the underlying medium term growth in profitability.

The Board has accordingly declared an interim dividend for 2021 of 7.3p (H1 2020: 7.3p) per share which will be paid on 28 September 2021 to shareholders on the register at close of business on 20 August 2021. The dividend payment is expected to be £154m.

Adjusted capital generation in the half year of £176m, was 1.14 times the dividend payment.

The adjusted capital generation trend and dividend coverage is shown below:



Principal risks and uncertainties

The principal risks that we believe the Group will be exposed to in the second half of 2021 are the same as those set out in the Annual report and accounts 2020 comprising: Strategic risk; Financial risk; Conduct risk; Regulatory and legal risk; Process execution and trade errors; People; Technology; Business resilience and continuity; Fraud and financial crime; Change management; Third party management and Financial management process.

Key developments in relation to our principal risks

The progress made in simplifying the business is leading to an overall reduction in operational risk and strategic risk in particular. That said, developments in the external environment continue to create new challenges.

The move to a unified brand addresses a key strategic risk that has existed post-merger and the sale of SLAL to Phoenix. Effective execution of the rebrand is central to our future success and we are focused on developing strong brand identity and a dynamic and cohesive culture across the firm.

COVID-19 continues to impact ways of working. With vaccination roll-out now well advanced in the UK and internationally, we are working on a cautious, phased return to office and using new ways of working to benefit our customers and clients and our people.

Short-term operational challenges continue as we approach completion of our transformation programme. Progress is on track but risks have been elevated by COVID-19 impacts on some key third parties.

We maintain heightened vigilance for cyber intrusion and financial crime, with dedicated teams actively monitoring and managing cyber security risks as they evolve, with the support of external specialists.

As a global active fund manager we are working hard to integrate climate change and ESG considerations in our investment activities, noting that the proliferation of new standards internationally, particularly on disclosure and reporting, presents market-wide implementation challenges.

We continue to monitor the evolving UK/EU relationship, given the potential for disruption to cross-border portfolio management delegation and the certainty of growing regulatory divergence over time.

2. Statement of Directors' responsibilities

Each of the Directors, whose names and functions are listed on the abrdn plc website, **www.abrdn.com**, confirms to the best of his or her knowledge and belief that:

- The International Financial Reporting Standards (IFRS) condensed consolidated income statement, the IFRS condensed consolidated statement of comprehensive income, the IFRS condensed consolidated statement of financial position, the IFRS condensed consolidated statement of changes in equity and the IFRS condensed consolidated statement of cash flows and associated notes, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

- The interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the IFRS condensed consolidated financial information and a description of the principal risks and uncertainties for the remaining six months of the year.
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

- As per principle N of the UK Corporate Governance Code, the Half year results 2021 taken as a whole, present a fair, balanced and understandable assessment of the Company's position and prospects.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Changes to Directors during the period

On 6 August, the Company announced the appointment of Hannah Grove as a non-executive Director with effect from 1 September 2021 and that Melanie Gee would stand down from the Board at the conclusion of her second term of appointment on 31 October 2021.

By order of the Board

Sir Douglas Flint
Chairman

10 August 2021

Stephanie Bruce
Chief Financial Officer

10 August 2021

3. Independent review report to abrdn plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the Half Year Results for the six months ended 30 June 2021 which comprises the IFRS condensed consolidated income statement, IFRS condensed consolidated statement of comprehensive income, Reconciliation of consolidated adjusted profit before tax to IFRS profit for the period, IFRS condensed consolidated statement of financial position, IFRS condensed statement of changes in equity, IFRS condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Year Results for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Half Year Results and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The Half Year Results is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Results report in accordance with the DTR of the UK FCA.

The latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the Half Year Results in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the Half Year Results based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Jonathan Mills
for and on behalf of KPMG LLP

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

10 August 2021

4. Financial information

IFRS condensed consolidated income statement

For the six months ended 30 June 2021

	Notes	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Income				
Investment return	4.4	**71**	(87)	163
Revenue from contracts with customers	4.5	**853**	753	1,527
Insurance contract premium income		**–**	30	31
Profit on disposal of interests in associates		**68**	651	1,858
Other income	4.6	**92**	13	30
Total income from continuing operations		**1,084**	1,360	3,609
Expenses				
Insurance contract claims and change in liabilities		**–**	17	17
Change in non-participating investment contract liabilities		**66**	(45)	56
Administrative expenses				
Restructuring and corporate transaction expenses	4.7	**106**	131	297
Impairment of goodwill – asset management		**–**	915	915
Other administrative expenses		**729**	868	1,608
Total administrative expenses	4.7	**835**	1,914	2,820
Change in liability for third party interest in consolidated funds		**22**	(37)	(3)
Finance costs		**15**	15	30
Total expenses from continuing operations		**938**	1,864	2,920
Share of profit from associates and joint ventures		**(33)**	136	194
(Loss) on impairment of interests in associates and joint ventures	4.13	**–**	(130)	(45)
Profit/(loss) before tax from continuing operations		**113**	(498)	838
Tax expense/(credit) attributable to continuing operations	4.8	**11**	6	(15)
Profit/(loss) for the period from continuing operations		**102**	(504)	853
Loss for the period from discontinued operations	4.2	**–**	–	(15)
Profit/(loss) for the period		**102**	(504)	838
Attributable to:				
Equity shareholders of abrdn plc				
From continuing operations		**102**	(509)	848
From discontinued operations		**–**	–	(15)
Equity shareholders of abrdn plc		**102**	(509)	833
Non-controlling interests				
From continuing operations – preference shares		**–**	5	5
		102	(504)	838
Earnings per share from continuing operations				
Basic (pence per share)	4.9	**4.8**	(22.7)	38.5
Diluted (pence per share)	4.9	**4.7**	(22.7)	37.9
Earnings per share				
Basic (pence per share)	4.9	**4.8**	(22.7)	37.8
Diluted (pence per share)	4.9	**4.7**	(22.7)	37.2

The Notes on pages 29 to 52 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of comprehensive income

For the six months ended 30 June 2021

	Notes	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Profit/(loss) for the period		**102**	(504)	838
Less: loss from discontinued operations		**–**	–	15
Profit/(loss) from continuing operations		**102**	(504)	853
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains/(losses) on defined benefit pension plans		**(33)**	205	280
Share of other comprehensive income of associates and joint ventures		**12**	(16)	(13)
Equity holder tax effect of items that will not be reclassified subsequently to profit or loss	4.8	**4**	–	2
Total items that will not be reclassified subsequently to profit or loss		**(17)**	189	269
Items that may be reclassified subsequently to profit or loss:				
Fair value gains/(losses) on cash flow hedges		**(2)**	76	(3)
Exchange differences on translating foreign operations		**(25)**	40	(8)
Share of other comprehensive income of associates and joint ventures		**(8)**	13	13
Items transferred to the condensed consolidated income statement				
Fair value (gains)/losses on cash flow hedges		**3**	(40)	13
Realised foreign exchange losses		**1**	–	6
Share of other comprehensive income of associates and joint ventures		**(9)**	–	–
Equity holder tax effect of items that may be reclassified subsequently to profit or loss	4.8	**(1)**	(7)	(2)
Total items that may be reclassified subsequently to profit or loss		**(41)**	82	19
Other comprehensive income for the period from continuing operations		**(58)**	271	288
Total comprehensive income for the period from continuing operations		**44**	(233)	1,141
Loss from discontinued operations	4.2	**–**	–	(15)
Total comprehensive income for the period from discontinued operations		**–**	–	(15)
Total comprehensive income for the period		**44**	(233)	1,126
Attributable to:				
Equity shareholders of abrdn plc				
From continuing operations		**44**	(238)	1,136
From discontinued operations		**–**	–	(15)
Non-controlling interests				
From continuing operations – preference shares		**–**	5	5
		44	(233)	1,126

The Notes on pages 29 to 52 are an integral part of this IFRS condensed consolidated financial information.

Reconciliation of consolidated adjusted profit to IFRS profit for the period
For the six months ended 30 June 2021

	Notes	**6 months 2021 £m**	6 months 2020 restated[1] £m	Full year 2020 restated[1] £m
Investments		**126**	95	186
Adviser		**37**	23	48
Personal		**4**	(4)	(5)
Corporate/strategic		**(7)**	(9)	(10)
Adjusted operating profit	4.3	**160**	105	219
Adjusted net financing costs and investment return		**3**	(13)	21
Adjusted profit before tax	4.3	**163**	92	240
Adjusted for the following items				
Restructuring and corporate transaction expenses		**(113)**	(131)	(316)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts		**(51)**	(1,124)	(1,180)
Profit on disposal of interests in subsidiaries		**84**	8	8
Profit on disposal of interests in associates		**68**	651	1,858
Change in fair value of significant listed investments		**(72)**	–	65
Dividends from significant listed investments		**35**	–	–
Other		**32**	–	14
Adjusting items	4.3	**(17)**	(596)	449
Share of profits from associates and joint ventures		**(33)**	136	194
Impairment of associates and joint ventures		**–**	(130)	(45)
Total adjusting items including results of associates and joint ventures	4.3	**(50)**	(590)	598
Profit/(loss) before tax		**113**	(498)	838
Tax (expense)/credit attributable to				
Adjusted profit	4.3	**(13)**	(13)	(38)
Adjusting items	4.3	**2**	7	53
Total tax (expense)/credit		**(11)**	(6)	15
Profit/(loss) for the period from continuing operations		**102**	(504)	853
(Loss) for the period from discontinued operations	4.2	**–**	–	(15)
Profit/(loss) for the period		**102**	(504)	838

[1] Comparatives for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 have been restated in relation to changes to the Group's reportable segments and the change to the Group's adjusted profit alternative performance measure. Refer Notes 4.3 and 4.10 for further details.

Refer Note 4.10 for further details on adjusted profit.

The Notes on pages 29 to 52 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of financial position
As at 30 June 2021

	Notes	30 June 2021 £m	30 June 2020 restated[1] £m	31 December 2020 £m
Assets				
Intangible assets	4.12	**674**	579	501
Pension and other post-retirement benefit assets	4.15	**1,454**	1,382	1,474
Investments in associates and joint ventures accounted for using the equity method	4.13	**381**	1,409	1,371
Property, plant and equipment		**208**	254	236
Deferred tax assets		**146**	111	131
Financial investments	4.17(b)(d)	**3,152**	2,163	3,110
Receivables and other financial assets	4.10(b)	**1,521**	621	621
Current tax recoverable		**8**	8	9
Other assets		**134**	63	46
Assets held for sale		**–**	2	19
Cash and cash equivalents		**1,341**	1,752	1,519
		9,019	8,344	9,037
Assets backing unit linked liabilities				
Financial investments	4.17	**1,396**	1,313	1,395
Receivables and other unit linked assets		**13**	11	8
Cash and cash equivalents		**32**	72	38
		1,441	1,396	1,441
Total assets		**10,460**	9,740	10,478
Liabilities				
Third party interest in consolidated funds	4.17	**101**	184	77
Subordinated liabilities		**632**	798	638
Pension and other post-retirement benefit provisions	4.15	**51**	57	55
Deferred income	4.16	**10**	64	73
Deferred tax liabilities		**83**	89	66
Current tax liabilities		**22**	18	15
Derivative financial liabilities	4.17	**15**	8	13
Other financial liabilities		**1,341**	1,443	1,177
Provisions		**63**	92	93
Other liabilities		**8**	7	6
Liabilities of operations held for sale		**–**	–	11
		2,326	2,760	2,224
Unit linked liabilities				
Investment contract liabilities	4.17	**1,034**	990	1,042
Third party interest in consolidated funds	4.17	**399**	376	388
Other unit linked liabilities	4.17	**8**	30	11
		1,441	1,396	1,441
Total liabilities		**3,767**	4,156	3,665
Equity				
Share capital	4.14	**305**	317	306
Shares held by trusts	4.14	**(173)**	(172)	(170)
Share premium reserve	4.14	**640**	640	640
Retained earnings	4.14	**4,877**	3,700	4,970
Other reserves	4.14	**1,041**	1,096	1,064
Equity attributable to equity holders of abrdn plc		**6,690**	5,581	6,810
Non-controlling interests				
Ordinary shares		**3**	3	3
Total equity		**6,693**	5,584	6,813
Total equity and liabilities		**10,460**	9,740	10,478

[1] Comparatives for 30 June 2020 have been restated in relation to accounting for share buybacks. Refer Note 4.1(a)(iii) for further details of the restatement.

The Notes on pages 29 to 52 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of changes in equity

For the six months ended 30 June 2021

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc £m	Non-controlling interests - ordinary shares £m	Total equity £m
1 January 2021		**306**	**(170)**	**640**	**4,970**	**1,064**	**6,810**	**3**	**6,813**
Profit for the period from continuing operations		–	–	–	102	–	102	–	**102**
Other comprehensive income for the period from continuing operations		–	–	–	(34)	(24)	(58)	–	**(58)**
Total comprehensive income for the period		–	–	–	**68**	**(24)**	**44**	**–**	**44**
Issue of share capital	4.14	–	–	–	–	–	–	–	**–**
Dividends paid on ordinary shares	4.11	–	–	–	(154)	–	(154)	–	**(154)**
Share buyback	4.14	(1)	–	–	–	1	–	–	**–**
Other movements in non-controlling interests in the period		–	–	–	5	–	5	–	**5**
Reserves credit for employee share-based payments		–	–	–	–	24	24	–	**24**
Transfer to retained earnings for vested employee share-based payments		–	–	–	24	(24)	–	–	**–**
Shares acquired by employee trusts		–	(37)	–	–	–	(37)	–	**(37)**
Shares distributed by employee and other trusts and related dividend equivalents		–	34	–	(37)	–	(3)	–	**(3)**
Aggregate tax effect of items recognised directly in equity		–	–	–	1	–	1	–	**1**
30 June 2021		**305**	**(173)**	**640**	**4,877**	**1,041**	**6,690**	**3**	**6,693**

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings restated[1] £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc restated[1] £m	Non-controlling interests: Ordinary shares £m	Non-controlling interests: Preference shares £m	Total equity restated[1] £m
1 January 2020		**327**	**(134)**	**640**	**2,886**	**2,845**	**6,564**	**3**	**99**	**6,666**
Loss for the period from continuing operations		–	–	–	(509)	–	(509)	–	5	**(504)**
Other comprehensive income for the period from continuing operations		–	–	–	202	69	271	–	–	**271**
Total comprehensive income for the period		**–**	**–**	**–**	**(307)**	**69**	**(238)**	**–**	**5**	**(233)**
Issue of share capital	4.14	–	–	–	–	–	–	–	–	**–**
Dividends paid on ordinary shares	4.11	–	–	–	(320)	–	(320)	–	–	**(320)**
Dividends paid on preference shares		–	–	–	–	–	–	–	(3)	**(3)**
Reclassification of preference shares to liability		–	–	–	(1)	–	(1)	–	(101)	**(102)**
Share buyback[1]	4.14	(10)	–	–	(401)	10	(401)	–	–	**(401)**
Reserves credit for employee share-based payments		–	–	–	–	26	26	–	–	**26**
Transfer to retained earnings for vested employee share-based payments		–	–	–	20	(20)	–	–	–	**–**
Transfer between reserves on impairment of subsidiaries	4.14	–	–	–	1,834	(1,834)	–	–	–	**–**
Shares acquired by employee trusts		–	(48)	–	–	–	(48)	–	–	**(48)**
Shares distributed by employee and other trusts and related dividend equivalents		–	10	–	(11)	–	(1)	–	–	**(1)**
30 June 2020		**317**	**(172)**	**640**	**3,700**	**1,096**	**5,581**	**3**	**–**	**5,584**

1 Comparatives for 30 June 2020 have been restated in relation to accounting for share buybacks. Refer Note 4.1(a)(iii) for further details of the restatement.

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc £m	Non-controlling interests Ordinary shares £m	Non-controlling interests Preference shares £m	Total equity £m
1 January 2020		**327**	**(134)**	**640**	**2,886**	**2,845**	**6,564**	**3**	**99**	**6,666**
Profit for the year from continuing operations		–	–	–	848	–	848	–	5	**853**
Loss for the year from discontinued operations		–	–	–	(15)	–	(15)	–	–	**(15)**
Other comprehensive income for the year from continuing operations		–	–	–	282	6	288	–	–	**288**
Other comprehensive income for the year from discontinued operations		–	–	–	–	–	–	–	–	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**1,115**	**6**	**1,121**	**–**	**5**	**1,126**
Issue of share capital	4.14	–	–	–	–	–	–	–	–	**–**
Dividends paid on ordinary shares	4.11	–	–	–	(479)	–	(479)	–	–	**(479)**
Dividends paid on preference shares		–	–	–	–	–	–	–	(3)	**(3)**
Reclassification of preference shares to liability		–	–	–	(1)	–	(1)	–	(101)	**(102)**
Share buyback	4.14	(21)	–	–	(402)	21	(402)	–	–	**(402)**
Reserves credit for employee share-based payments		–	–	–	–	64	64	–	–	**64**
Transfer to retained earnings for vested employee share-based payments		–	–	–	38	(38)	–	–	–	**–**
Transfer between reserves on impairment of subsidiaries	4.14	–	–	–	1,834	(1,834)	–	–	–	**–**
Shares acquired by employee trusts		–	(54)	–	–	–	(54)	–	–	**(54)**
Shares distributed by employee and other trusts and related dividend equivalents		–	18	–	(21)	–	(3)	–	–	**(3)**
31 December 2020		**306**	**(170)**	**640**	**4,970**	**1,064**	**6,810**	**3**	**–**	**6,813**

The Notes on pages 29 to 52 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of cash flows
For the six months ended 30 June 2021

	Notes	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Cash flows from operating activities				
Profit/(loss) before tax from continuing operations		**113**	(498)	838
Loss before tax from discontinued operations	4.2	**–**	–	(15)
		113	(498)	823
Change in operating assets		**(184)**	167	817
Change in operating liabilities		**(46)**	(159)	(991)
Adjustment for non-cash movements in investment income		**5**	5	6
Other non-cash and non-operating items		**(2)**	517	(646)
Dividends received from associates and joint ventures		**–**	34	80
Taxation paid[1]		**(14)**	(14)	(33)
Net cash flows from operating activities		**(128)**	52	56
Cash flows from investing activities				
Purchase of property, plant and equipment		**(4)**	(6)	(13)
Proceeds from sale of property, plant and equipment		**3**	–	–
Acquisition of subsidiaries and unincorporated businesses net of cash acquired		**(61)**	–	–
Disposal of subsidiaries net of cash disposed of		**81**	(8)	(8)
Acquisition of investments in associates and joint ventures		**(7)**	–	(5)
Proceeds in relation to contingent consideration		**54**	–	3
Payments in relation to contingent consideration		**(26)**	(3)	(48)
Disposal of investments in associates and joint ventures		**–**	742	914
Taxation paid on disposal of investments in associates and joint ventures[1]		**–**	(33)	(33)
Purchase of financial investments		**(58)**	(328)	(521)
Proceeds from sale or redemption of financial investments		**321**	415	737
Acquisition of intangible assets		**(60)**	(3)	(12)
Net cash flows from investing activities		**243**	776	1,014
Cash flows from financing activities				
Repayment of subordinated liabilities and preference shares		**–**	–	(100)
Payment of lease liabilities		**(15)**	(18)	(35)
Shares acquired by trusts		**(37)**	(48)	(54)
Interest paid		**(14)**	(11)	(30)
Share buyback		**(40)**	(172)	(361)
Preference dividends paid		**–**	(3)	(5)
Ordinary dividends paid	4.11	**(154)**	(320)	(479)
Net cash flows from financing activities		**(260)**	(572)	(1,064)
Net (decrease)/increase in cash and cash equivalents		**(145)**	256	6
Cash and cash equivalents at the beginning of the period		**1,358**	1,347	1,347
Effects of exchange rate changes on cash and cash equivalents		**(11)**	16	5
Cash and cash equivalents at the end of the period[2]		**1,202**	1,619	1,358
Supplemental disclosures on cash flows from operating activities				
Interest paid		**1**	2	2
Interest received		**10**	24	30
Dividends received		**54**	58	122
Rental income received on investment property		**2**	2	3

1 Total taxation paid for the six months ended 30 June 2021 was £14m (six months ended 30 June 2020: £47m; 12 months ended 31 December 2020: £66m).

2 Comprises £1,373m (30 June 2020: £1,824m; 31 December 2020: £1,560m) of cash and cash equivalents, including cash and cash equivalents held for sale and backing unit linked liabilities and (£171m) (30 June 2020: (£205m); 31 December 2020: (£202m)) of overdrafts which are reported in other financial liabilities in the IFRS condensed consolidated statement of financial position.

The Notes on pages 29 to 52 are an integral part of this IFRS condensed consolidated financial information.

Notes to the IFRS condensed consolidated financial information

4.1 Accounting policies

(a) Basis of preparation

The IFRS condensed consolidated half year financial information has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority.

The accounting policies for recognition, measurement, consolidation and presentation as set out in the Group's Annual report and accounts for the year ended 31 December 2020 have been applied in the preparation of the IFRS condensed consolidated half year financial information except as noted below.

(a)(i) New standards, interpretations and amendments to existing standards that have been adopted by the Group

The Group has adopted the following new International Financial Reporting Standards (IFRSs), interpretations and amendments to existing standards adopted by the UK for annual periods beginning on or after 1 June 2020 and 1 January 2021.

Amendments to existing standards

- Amendments to IFRS 16 COVID-19-related rent concessions.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest rate benchmark reform – phase 2.*

The Group's accounting policies have been updated to reflect these amendments. Management considers the implementation of the above amendments to existing standards has had no significant impact on the Group's financial statements.

(a)(ii) Anticipated-acquisition method

When the Group grants a put option to holders of non-controlling interests at the date of acquiring control of a subsidiary, the Group has elected as its accounting policy to apply the principles of the anticipated-acquisition method. This accounting policy choice was not relevant in previous periods, but is relevant to the accounting for the Tritax acquisition (refer Note 4.2(a)(i)).

Under this accounting policy a non-controlling interest is not recognised in the Group's total equity. Instead a financial liability is recognised at the date of acquisition, which is included as part of the consideration paid in determining goodwill. The subsidiary is fully consolidated as if the non-controlling interests had been acquired at the date of acquisition. Subsequent changes in the value of the financial liability are recognised in the condensed consolidated income statement and are attributable to the equity shareholders of abrdn plc.

This accounting policy choice is considered a critical judgement in applying accounting policies (and is an addition to the critical judgements in applying accounting policies disclosed in the Group's Annual report and accounts for the year ended 31 December 2020).

(a)(iii) Restatement – share buybacks

At 30 June 2020 and 31 December 2020, the Company had irrevocable contractual obligations with a third party to purchase the Company's own shares of £226m and £40m respectively. At 31 December 2020, this obligation was recognised as a part of the share buyback reduction to retained earnings for the year of £402m, with a corresponding £40m liability included within other financial liabilities. However, as disclosed in Note 26 of the Group financial statements section of the Annual report and accounts 2020, the accounting treatment adopted in the Half year results 2020 did not appropriately recognise a reduction to retained earnings and a corresponding liability within other financial liabilities for the £226m irrevocable contractual obligation at 30 June 2020. The retained earnings and other financial liabilities at 30 June 2020 have been restated to correct this. The change in the amounts previously presented is as summarised in the table below.

IFRS condensed consolidated statement of financial position	**30 June 2020 As previously presented £m**	30 June 2020 Reclassification £m	30 June 2020 Restated £m
Other financial liabilities	**1,217**	226	1,443
Total liabilities	**3,930**	226	4,156
Retained earnings	**3,926**	(226)	3,700
Total equity attributable to equity shareholders of abrdn plc	**5,807**	(226)	5,581
Total equity	**5,810**	(226)	5,584

IFRS condensed consolidated statement of changes in equity	**30 June 2020 As previously presented £m**	30 June 2020 Reclassification £m	30 June 2020 Restated £m
Movement in retained earnings for share buybacks	**(175)**	(226)	(401)
Retained earnings	**3,926**	(226)	3,700
Total equity attributable to equity shareholders of abrdn plc	**5,807**	(226)	5,581
Total equity	**5,810**	(226)	5,584

This restatement has had no impact on 30 June 2020 reported profit, earnings per share, regulatory capital or cash flows. There is no impact of this correction on any other previous reporting periods.

(b) IFRS condensed consolidated half year financial information

This IFRS condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act. Additionally, the comparative figures for the financial year ended 31 December 2020 are not the Company's statutory accounts for that financial year. The statutory accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The IFRS condensed consolidated half year financial information has been reviewed, not audited.

(c) Exchange rates

The income statements and cash flows, and statements of financial position of Group entities that have a different functional currency from the Group's presentation currency have been translated using the following principal exchange rates:

	6 months 2021		6 months 2020		Full year 2020	
	Income statement and cash flows (average rate)	**Statement of financial position (closing rate)**	Income statement and cash flows (average rate)	Statement of financial position (closing rate)	Income statement and cash flows (average rate)	Statement of financial position (closing rate)
Euro	**1.156**	**1.165**	1.147	1.100	1.127	1.117
US Dollar	**1.39**	**1.381**	1.270	1.236	1.292	1.367
Indian Rupee	**102.046**	**102.680**	93.729	93.292	95.602	99.880
Chinese Renminbi	**8.979**	**8.926**	8.937	8.741	8.905	8.940
Hong Kong Dollar	**10.789**	**10.728**	9.866	9.576	10.024	10.599
Singapore Dollar	**1.852**	**1.857**	1.768	1.724	1.778	1.807

(d) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Management report and in the Annual report and accounts 2020 Strategic report. This includes details on our liquidity and capital positions and our principal risks, including the impact of COVID-19 on these principal risks.

In preparing these half year results on a going concern basis, the Directors have considered the following matters and have taken into account the uncertainty created by COVID-19.

- The fundamental basis of our business has not been impacted by COVID-19. We consider that COVID-19 will accelerate the key global trends already underway in our industry and already factored into our strategy which are discussed further in the Annual report and accounts 2020 Strategic report on pages 10 to 11, and that the Group is well placed to manage its business risks successfully.
- The Group has robust cash and liquid resources of £2.2bn at 30 June 2021, which does not include the £653m net proceeds from the sale of shares in HDFC Life which settled on 1 July. In addition the Company has a revolving credit facility of £400m as part of our contingency funding plans which is due to mature in 2024 and remains undrawn.
- The Group's indicative regulatory capital surplus was £2.8bn in excess of capital requirements at 30 June 2021. The regulatory capital surplus does not include the majority of the value of the Group's listed associate (HDFC Asset Management) or the Group's significant listed investments in HDFC Life and Phoenix.
- The Group performs regular stress and scenario analysis as described in the Annual report and accounts 2020 Viability statement. The market stresses considered in these analyses are considerably more severe than experienced as a result of COVID-19, and the diverse range of management actions available meant the Group was able to withstand these extreme stresses.
- The Group's operational resilience processes have operated effectively during the period including the provision of services by key outsource providers. We have put in place additional processes to monitor key outsource providers during this remote working environment.

Based on a review of the above factors the Directors are satisfied that the Group and Company have and will maintain sufficient resources to enable them to continue operating for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis. There were no material uncertainties relating to this going concern conclusion.

4.2 Acquisitions and disposals

(a) Acquisitions

(a)(i) Current period acquisitions of subsidiaries

Tritax Management LLP (Tritax)

On 1 April 2021, Aberdeen Asset Management PLC (AAM PLC) purchased 60% of the membership interests in Tritax, a specialist logistics real estate fund manager. The initial cash consideration payable at the completion of the acquisition was £64m. Subject to the satisfaction of certain conditions, an additional contingent deferred earn-out is expected to be payable to acquire the remaining 40% of membership interests in Tritax should the selling Tritax partners choose to exercise three put options in each of years ended 31 March 2024, 2025 and 2026. The amount payable is linked to the EBITDA of the Tritax business in the relevant period. The Group will also have the right to purchase any outstanding membership interests at the end of the five-year period through exercising a call option.

Tritax has been accounted for under the anticipated-acquisition method (refer Note 4.1(a)(ii)).

Tritax has therefore been fully consolidated from 1 April 2021 and no non-controlling interest has been recognised in the Group's total equity in relation to the 40% of the membership interests in Tritax subject to the put and call options. A contingent consideration financial liability has been recognised at fair value in relation to the earn-out payments (under the put and call options) and the expected non-discretionary allocation of profit payments to the holders of the 40% membership interests up to the date of the exercise of the options. This contingent consideration financial liability is included in the table below as part of the consideration paid.The acquisition of Tritax strengthens the Group's combined offering in the growing logistics real estate market and fulfils the Group's strategy of providing deep sector specialism for our clients in this key growth area. The assets under management of Tritax were £6bn at the completion date.

At the acquisition date the consideration, net assets acquired and resulting goodwill from the Tritax acquisition were as follows:

1 April 2021	**£m**
Cash consideration	64
Fair value of contingent consideration[1]	155
Consideration[2]	**219**
Fair value of net assets acquired	
Customer relationships and investment management contracts	71
Property, plant and equipment	2
Receivables and other financial assets	6
Cash and cash equivalents	3
Other assets	1
Total assets	83
Other financial liabilities	11
Deferred tax liabilities	17
Total liabilities	28
Goodwill	**164**

1 The fair value of contingent consideration includes £113m relating to the fair value of the earn-out payments (under the put and call options) and £42m relating to the fair value of the expected non-discretionary allocation of profit payments to the holders of the 40% membership interests up to the date of the exercise of the options. These are calculated by reference to earnings before interest, taxes, depreciation, and amortisation (EBITDA). The earn-out payments could range from £nil to £140m. The expected distribution of profit payments to the holders of the 40% membership interests up to the date of the exercise of the options could range from £nil and have no maximum value.

2 Not included in the consideration is an additional payment in 2023 of up to £25m for an earn-up linked to EBITDA for the years ended 31 March 2022 and 2023. The expected payment is being accrued over two years as remuneration and is included in other administrative expenses in the IFRS condensed consolidated income statement.

Customer relationships and investment management contracts intangible assets primarily relate to Tritax's investment management contracts with Tritax Big Box REIT plc and Tritax Euro Box plc which are listed closed-end real estate funds. The useful life for these intangible assets has been assessed as 13 years. The other key assumptions in measuring the fair value of these intangible assets at acquisition date were as follows:

- Revenue growth – this assumption was based on the fund growth (from markets and investment performance) included in the Tritax business plan as adjusted for the impact of fund raisings which commenced prior to the acquisition date. Management fee rates are assumed to stay in line with current rates.
- Operating margin – this assumption was based on the current operating margins adjusted for expected cost synergies.
- Discount rate – this assumption was based on a market participant weighted average cost of capital.

As the investment management contracts relate to closed-end funds, the straight line method of amortisation is considered appropriate for these intangibles.

The key assumptions used to value the contingent consideration at the date of acquisition are the same as the inputs used to value this contingent consideration liability at 30 June 2021 and set out in Note 4.17(b)(iv). The valuation assumes that the timing of the exercise of the earn out put options between 2024, 2025 and 2026 would be that which is most beneficial to the holders of the put options.

The goodwill arising on acquisition is mainly attributable to expected cash flows from future fund raisings for existing and new funds and products, which are not included in the valuation of the investment management contract intangibles, revenue synergies from the Group's distribution capabilities and existing real estate investment management expertise, and the quality and experience of the Tritax executive team and employees. The goodwill is not expected to be deductible for tax purposes.

The amounts of revenue from contracts with customers and profit contributed to the Group's condensed consolidated income statement for the six months ended 30 June 2021 from the acquired Tritax business were £7m and £nil respectively. The profit contributed excludes amortisation of intangible assets acquired through business combinations. If the acquisition had occurred on 1 January 2021, the Group's total revenue from contracts with customers for the period would have increased by £7m to £860m and the profit would have been unchanged.

Transaction costs were not material and were accounted for as part of restructuring and corporate transaction expenses in the 12 months ended 31 December 2020.

(b) Disposals

(b)(i) Current period disposal of subsidiaries

Parmenion Capital Partners LLP (Parmenion)
On 9 March 2021, the Group announced the sale of Parmenion to Preservation Capital Partners. Parmenion is reported in the Corporate/strategic segment (previously asset management, platforms and wealth segment). The sale was completed on 30 June 2021.

The gain on sale, which is included in other income in the condensed consolidated income statement for the six months ended 30 June 2021 was calculated as follows:

	£m
Total assets of operations disposed of	(36)
Total liabilities of operations disposed of	13
Net assets of operations disposed of	**(23)**
Cash consideration (less transaction costs) and outstanding loan[1]	75
Fair value of earn-out payments	21
Gain on sale before tax	**73**

1 Following the completion of the sale, the intercompany loan from abrdn plc to Parmenion of £9m which previously eliminated on consolidation is now recognised as an asset of the Group.

The taxable gain which arose on the sale has been computed in accordance with the tax rules applicable to UK partnerships.

Parmenion was classified as an operation held for sale at 31 December 2020.

Nordics real estate business
On 31 May 2021, the Group completed the sale of its Nordics real estate business to DEAS Asset Management A/S through a number of share and asset sale agreements. The disposal is not considered material to the Group.

(b)(ii) Prior period disposal of subsidiaries

Standard Life (Asia) Limited (SL Asia)
On 30 June 2020, the Group completed the sale of the entire issued share capital of its wholly owned Hong Kong insurance business, SL Asia, to the Group's Chinese joint venture business, Heng An Standard Life Insurance Company Limited (HASL). SL Asia was reported in the Corporate/Strategic segment (previously the Asset management, platforms and wealth segment) and HASL is not included in the Group's reportable segments (previously reported within the Insurance associates and joint ventures segment). Refer Note 4.3 for further details.

Total consideration received comprised cash of £19m and the Group recognised a gain on disposal of £8m in respect of the sale within other income from continuing operations in the condensed consolidated income statement for the six months ended 30 June 2020. On disposal a gain of £8m was recycled from the translation reserve and was included in determining the gain on sale.

Prior to the completion of the sale, SL Asia was classified as an operation held for sale.

The accounting for the acquisition of SL Asia by HASL at 30 June 2020 was based on provisional amounts as allowed under IFRS 3 *Business combinations*.

(b)(iii) Current period reclassification of associates and other related transactions

Phoenix Group Holdings plc (Phoenix)
On 23 February 2021, the Group announced details of the simplification and extension of the strategic partnership between the Group and Phoenix. The key details were:

- The Group announced the purchase of certain products in the Phoenix Group's savings business offered through abrdn's Wrap platform, comprising a self-invested pension plan (SIPP) and an onshore bond product; together with the Phoenix Group's trustee investment plan (TIP) business for UK pension scheme clients. The assets relating to these businesses at 31 December 2020 were £38bn and are included in the Group's AUMA. The transaction is targeted to complete in late 2022 and is subject to regulatory and court approvals. The upfront consideration paid by the Group in February 2021 was £62.5m, which will be offset in part by payments from Phoenix to the Group relating to profits of the business prior to completion of the legal transfer. The net amount of consideration paid up to 30 June 2021 is included in prepayments in the condensed consolidation statement of financial position and in acquisition of intangible assets in the condensed consolidated statement of cash flows.
- The sale of the 'Standard Life' brand to Phoenix, replacing the existing agreement to licence the brand for no fee to Phoenix, the transfer of related brand employees to Phoenix, and the transfer of workplace pensions marketing staff to Phoenix who were employed by the Group but provided services to Phoenix. The sale of the brand, the staff transfers, and a related £32m payment from the Group to Phoenix took place in May 2021. Refer Note 4.16 for details of the release of related deferred revenue.
- The strategic asset management partnership with Phoenix has been extended and will now operate for at least 10 years up to February 2031.
- The resolution of legacy issues with Phoenix relating to the operation of certain aspects of the agreements that were entered into at the time of the sale of SLAL to Phoenix and which impacted the value of certain indemnities and other payments under the transaction terms. The impact of the resolution of these legacy matters was included in the 2020 results and resulted in the Group receiving a cash inflow of £34m in February 2021. Refer Note 4.17 (b)(iv).

Following the changes to the commercial agreements set out above, in particular in relation to the licencing of the 'Standard Life' brand, our judgement is that Phoenix should no longer be accounted for as an associate with effect from 23 February 2021. The Group's shareholding in Phoenix, which remains at 14.4%, has therefore been reclassified from an investment in associates accounted for using the equity method to equity securities measured at fair value. A reclassification gain of £68m is included in the profit on disposal of interests in associates for the six months ended 30 June 2021 as the fair value on 22 February 2021 of £1,023m was higher than the previous carrying value as an associate of £964m. On disposal, other comprehensive income gains of £9m were recycled from retained earnings and included in determining the gain on sale.

The Group's shareholding in Phoenix is now considered, along with HDFC Life (refer Note 4.2(b)(iv)), as a significant listed investment for the purpose of determining the Group's adjusted profit. Refer to Note 4.10(b) for other changes in the Group's significant listed investments in the six months ended 30 June 2021.

(b)(iv) Prior period disposal and reclassification of associates

Profit on disposals of interests in associates for the six months ended 30 June 2020 of £651m includes £388m of gains in relation to the sale of equity shares in HDFC Life and £263m of gains in relation to the sale of equity shares in HDFC Asset Management.

Profit on disposals of interests in associates for the 12 months ended 31 December 2020 of £1,858m includes £1,591m of gains in relation to the sale of equity shares in HDFC Life and its reclassification from an investment in associate, £263m of gains in relation to the sale of equity shares in HDFC Asset Management and a £4m dilution gain in Phoenix.

HDFC Life

During 2020, the Group completed sales of equity shares in HDFC Life on the National Stock Exchange of India Limited and BSE Limited. The gains on sales and the gain on reclassification from an associate to an equity investment can be summarised as follows:

	2020 £m
Gain on sale of 50,000,000 equity shares in HDFC Life sold through a Bulk Sale on 27 March 2020	206
Gain on sale of 40,000,000 equity shares in HDFC Life sold through a Bulk Sale on 4 June 2020	182
Gains on disposals of HDFC Life for the six months ended 30 June 2020	**388**
Gain on sale of 27,772,684 equity shares in HDFC Life sold through a Bulk Sale on 3 December 2020	152
Gain on reclassification of remaining 179,539,209 equity shares in HDFC Life from an associate to equity investment on 3 December 2020	1,051
Gains on disposals and reclassification of HDFC Life for the 12 months ended 31 December 2020	**1,591**

In the six months to 30 June 2020, in total, 4.46% of the issued equity share capital of HDFC Life was sold for a combined total consideration net of taxes and expenses of Rs 41,526m (£444m). The combined gain on sale of £388m was calculated using the weighted-average cost method. On disposal a loss of £3m was recycled from the translation reserve and was included in determining the gain on sale.

In the 12 months to 31 December 2020, in total, 5.83% of the issued equity share capital of HDFC Life was sold for a combined total consideration net of taxes and expenses of Rs 58,561m (£616m). The combined gain on sale of £540m was calculated using the weighted-average cost method. On disposal a loss of £5m was recycled from the translation reserve and was included in determining the gain on sale.

Following the 3 December 2020 sale, the Group's shareholding in HDFC Life was 179,539,209 equity shares or 8.89% and HDFC Life is no longer considered to be an associate of the Group. The Group's investment in HDFC Life was reclassified from an investment in associates accounted for using the equity method to equity securities measured at fair value. A reclassification gain of £1,051m was included in the profit on disposal of interests in associates for the year ended 31 December 2020 as the fair value on 3 December 2020 of £1,168m was higher than the previous carrying value as an associate of £111m. On reclassification a loss of £6m was recycled from the translation reserve and was included in determining the gain.

HDFC Asset Management

During 2020, the Group completed the following sale of equity shares in HDFC Asset Management on the National Stock Exchange of India Limited and BSE Limited:

- 12,000,000 equity shares in HDFC Asset Management sold through an Offer for Sale on 17 and 18 June 2020.

Through the sale, 5.64% of the issued equity share capital of HDFC Asset Management was sold for a total consideration net of taxes and expenses of Rs 25,404m (£265m). The gain on sale of £263m before tax was calculated using the weighted-average cost method. On disposal a loss of £3m was recycled from the translation reserve and was included in determining the gain on sale.

Phoenix

On 22 July 2020, Phoenix, announced the completion of its acquisition of ReAssure Group plc. Under the terms of the transaction, Phoenix issued 277,277,138 new ordinary shares as part consideration for the acquisition. Completion of the transaction resulted in the Group's holding in Phoenix becoming 14.43% of the enlarged Phoenix Group. A dilution gain of £4m was recognised within the Profit on disposal of interests in associates in the condensed consolidated income statement as a result of the transaction.

(c) Discontinued operations

The condensed consolidated income statement profit, other comprehensive income and cash flows from discontinued operations relate solely to the UK and European insurance business which was sold in 2018 to Phoenix. For the six months ended 30 June 2021, the profit from discontinued operations was £nil (six months ended 30 June 2020: £nil). For the 12 months ended 31 December 2020, the loss from discontinued operations was £15m which reflected changes in the value of contingent consideration relating to the sale including the impact of the resolution of certain legacy issues with Phoenix, refer section (b)(iii) above. For the six months ended 30 June 2021, net cash flows from discontinued operations of £34m are included in net cash flows from investing activities (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: (£42m)). There was no other comprehensive income from discontinued operations for the six months ended 30 June 2021 (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: £nil).

4.3 Segmental analysis

The Group's reportable segments have been identified in accordance with the way in which the Group is structured and managed. IFRS 8 *Operating Segments* requires that the information presented in the financial statements is based on information provided to the 'Chief Operating Decision Maker' which for the Group is the executive leadership team.

(a) Basis of segmentation

(a)(i) Current reportable segments

The Group's reportable segments are as follows:

Investments
Our global asset management business which provides investment solutions for Institutional, Wholesale and Insurance clients.

Adviser
Our market-leading UK financial adviser business which provides services through the Wrap and Elevate platforms to wealth managers and advisers.

Personal
Our Personal business which combines our financial planning business 1825, our digital direct-to-consumer services and discretionary fund management services provided by Aberdeen Standard Capital.

Corporate/strategic
This segment mainly comprises certain corporate costs and businesses held for sale (Parmenion, the sale of which was completed on 30 June 2021, and SL Asia which was sold in June 2020).

The segments are reported to the level of adjusted operating profit and therefore, as described in section a(ii) below, no longer include the results relating to the Group's associates and joint ventures.

(a)(ii) Changes to reportable segments

Previously, we reported our results under two reportable segments.

- **Asset management, platforms and wealth** which comprised all wholly owned business, HDFC Asset Management our Indian asset management associate, and the Virgin Money joint venture.
- **Insurance associates and joint ventures** which comprised our life assurance associates and joint ventures – HDFC Life, Phoenix and HASL.

The business is now operating under three growth vectors of Investments, Adviser and Personal as set out in section (a)(i) above and accordingly, in 2021, the Group changed the way we report the performance of the business to the executive leadership team.

Reportable segments are now reported to the level of adjusted operating profit in line with the updated management reporting, and therefore our share of the results of associates and joint ventures are no longer part of the Group's reportable segments.

Comparative amounts for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 have been prepared on the same basis as the six months ended 30 June 2021 to allow more meaningful comparison.

(b) Reportable segments – adjusted profit and revenue information

(b)(i) Analysis of adjusted profit

Adjusted operating profit is presented by reportable segment in the table below.

6 months 2021	Notes	Investments £m	Adviser £m	Personal £m	Corporate/ strategic £m	Total £m
Fee based revenue		613	87	41	14	**755**
Adjusted operating expenses		(487)	(50)	(37)	(21)	**(595)**
Adjusted operating profit		**126**	**37**	**4**	**(7)**	**160**
Adjusted net financing costs and investment return[1]						**3**
Adjusted profit before tax						**163**
Tax on adjusted profit						**(13)**
Adjusted profit after tax						**150**
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.7					**(113)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts						**(51)**
Profit on disposal of interests in subsidiaries	4.2					**84**
Profit on disposal of interests in associates	4.2					**68**
Change in fair value of significant listed investments						**(72)**
Dividends from significant listed investments						**35**
Other	4.10					**32**
Adjusting items						**(17)**
Share of profit from associates and joint ventures[2]						**(33)**
Total adjusting items including results of associates and joint ventures						**(50)**
Tax on adjusting items						**2**
Profit for the period						**102**

1 Capital management has been renamed Adjusted net financing costs and investment return.

2 Share of associates' and joint ventures' profit comprises the Group's share of results of HDFC Asset Management, HASL, VMUTM and Phoenix (until 22 February 2021).

Fee based revenue is reported as the measure of revenue in the analysis of adjusted operating profit and relates to revenues generated from external customers. Refer Note 4.5 for a reconciliation of fee based revenue to revenue from contracts with customers.

6 months 2020	Notes	Investments £m	Adviser £m	Personal £m	Corporate/ strategic £m	Total £m
Fee based revenue		581	69	38	18	**706**
Adjusted operating expenses		(486)	(46)	(42)	(27)	**(601)**
Adjusted operating profit		**95**	**23**	**(4)**	**(9)**	**105**
Adjusted net financing costs and investment return[1]						**(13)**
Adjusted profit before tax						**92**
Tax on adjusted profit						**(13)**
Adjusted profit after tax						**79**
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.7					**(131)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts						**(1,124)**
Profit on disposal of interests in subsidiaries	4.2					**8**
Profit on disposal of interests in associates	4.2					**651**
Adjusting items						**(596)**
Share of profit from associates and joint ventures[2]						**136**
Impairment of associates and joint ventures	4.13					**(130)**
Total adjusting items including results of associates and joint ventures						**(590)**
Tax on adjusting items						**7**
Profit attributable to non-controlling interests (preference shares)						**(5)**
Loss for the period attributable to equity shareholders of abrdn plc						**(509)**
Profit attributable to non-controlling interests						
Preference shares						**5**
Loss for the period						**(504)**

1 Capital management has been renamed Adjusted net financing costs and investment return.

2 Share of associates' and joint ventures' profit comprises the Group's share of results of HDFC Life, HDFC Asset Management, Phoenix, HASL and VMUTM.

Full year 2020	Notes	Investments £m	Adviser £m	Personal £m	Corporate/ strategic £m	Total £m
Fee based revenue		1,176	137	80	32	**1,425**
Adjusted operating expenses		(990)	(89)	(85)	(42)	**(1,206)**
Adjusted operating profit		**186**	**48**	**(5)**	**(10)**	**219**
Adjusted net financing costs and investment return[1]						**21**
Adjusted profit before tax						**240**
Tax on adjusted profit						**(38)**
Adjusted profit after tax						**202**
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.7					**(316)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts						**(1,180)**
Profit on disposal of interests in subsidiaries	4.2					**8**
Profit on disposal of interests in associates	4.2					**1,858**
Change in fair value of significant listed investments						**65**
Other	4.10					**14**
Adjusting items						**449**
Share of profit from associates and joint ventures[2]						**194**
Impairment of associates and joint ventures	4.13					**(45)**
Total adjusting items including results of associates and joint ventures						**598**
Tax on adjusting items						**53**
Profit attributable to non-controlling interests (preference shares)						**(5)**
Profit for the year attributable to equity shareholders of abrdn plc from continuing operations						**848**
Loss for the year from discontinued operations	4.2					**(15)**
Profit for the year attributable to equity shareholders of abrdn plc						**833**
Profit attributable to non-controlling interests						
Preference shares						**5**
Profit for the year						**838**

1 Capital management has been renamed Adjusted net financing costs and investment return.

2 Share of associates' and joint ventures' profit comprises the Group's share of results of HDFC Asset Management, Phoenix, HASL, VMUTM and HDFC Life (until 3 December 2020).

4.4 Investment return

Included in investment return from continuing operations of £71m (six months ended 30 June 2020: (£87m); 12 months ended 31 December 2020: £163m) is £92m (six months ended 30 June 2020: (£88m); 12 months ended 31 December 2020: £49m) in relation to unit linked business including £nil (six months ended 30 June 2020: (£13m); 12 months ended 31 December 2020: (£13m)) relating to operations held for sale. Investment returns relating to our life insurance subsidiary unit linked business are for the account of policyholders and are excluded from adjusted operating income as they have an equal and opposite effect on IFRS income and IFRS expenses in the condensed consolidated income statement.

4.5 Revenue from contracts with customers

The following table provides a breakdown of total revenue from contracts with customers:

	6 months 2021 £m	6 months 2020 restated[1] £m	Full year 2020 restated[1] £m
Investments			
Management fee income – Institutional and Wholesale[2]	**525**	481	971
Management fee income – Insurance[2]	**97**	110	216
Performance fees and carried interest	**51**	12	30
Other revenue from contracts with customers	**34**	12	24
Revenue from contracts with customers for the investments segment	**707**	615	1,241
Adviser	**88**	87	169
Personal	**41**	38	80
Corporate/strategic – Parmenion fund platform fee income	**17**	13	37
Total revenue from contracts with customers	**853**	753	1,527

1 The breakdown of revenue from contracts with customers for the six months ended 30 June 2020 and 12 months ended 31 December 2020 have been restated in line with the changes to the Group's reportable segments. Refer Note 4.3 for further details.

2 In addition to revenues earned as a percentage of AUM, management fee income includes certain other revenues such as registration fees.

The following table provides a reconciliation of revenue from contracts with customers as presented in the condensed consolidated income statement to fee based revenue, as presented in the analysis of adjusted operating profit (see Note 4.3(b)) for each of the Group's reportable segments:

	Investments			Adviser			Personal			Corporate/strategic		
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
Revenue from contracts with customers	**707**	615	1,241	**88**	87	169	**41**	38	80	**17**	13	37
Presentation differences												
Commission expenses	**(43)**	(35)	(71)	**–**	(1)	–	**–**	–	–	**(3)**	(2)	(6)
Other cost of sales	**(29)**	–	–	**(1)**	(13)	(27)	**–**	–	–	**–**	–	–
Other differences	**(22)**	1	6	**–**	(4)	(5)	**–**	–	–	**–**	7	1
Fee based revenue	**613**	581	1,176	**87**	69	137	**41**	38	80	**14**	18	32

Commission expenses and other costs of sales are netted against fee based revenue in the segment reporting but are included within expenses in the condensed consolidated income statement. Other cost of sales includes amounts payable to employees and others relating to carried interest and performance fee revenue. Other differences primarily relate to amounts presented in a different income line item of the condensed consolidated income statement and items classified as adjusting items by the Group and for the six months ended 30 June 2021 primarily relate to the release of deferred income (refer Note 4.16).

4.6 Other Income

The Group's other income for the six months ended 30 June 2021 of £92m (six months ended 30 June 2020: £13m; 12 months ended 31 December 2020: £30m) includes the £73m gain on the sale of Parmenion (refer Note 4.2). Other income for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 included the £8m gain on the sale of SL Asia (refer Note 4.2).

4.7 Administrative expenses

	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Restructuring and corporate transaction expenses	**106**	131	297
Impairment of goodwill – asset management	**–**	915	915
Commission expenses	**46**	38	77
Other costs of sales	**30**	13	27
Staff costs and other employee-related costs	**305**	297	625
Other impairment losses on intangible assets	**–**	134	149
Impairment losses on disposal group classified as held for sale	**–**	1	1
Impairment losses on property right-of-use assets	**5**	–	2
Other administration expenses	**342**	384	725
	834	1,913	2,818
Acquisition costs deferred during the period	**–**	–	–
Amortisation of deferred acquisition costs	**1**	1	2
Total administrative expenses from continuing operations	**835**	1,914	2,820

The 2021 restructuring and corporate transaction expenses of £106m mainly relate to ongoing transformation costs for integration, separation from Phoenix and implementing our simplified operating model. For the purposes of determining adjusted profit from continuing operations restructuring and corporate transaction expenses are £113m, as they also include £7m relating to the impairment of internally generated software and property, plant and equipment assets as a result of restructuring which are included in other administrative expenses in the table above (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: £19m).

4.8 Tax expense

	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Current tax:			
UK	**3**	2	(1)
Overseas	**13**	44	55
Adjustment to tax expense in respect of prior years	**6**	2	9
Total current tax attributable to continuing operations	**22**	48	63
Deferred tax:			
Deferred tax (credit) arising from the current periods	**(13)**	(54)	(76)
Adjustment to deferred tax in respect of prior years	**2**	12	(2)
Total deferred tax attributable to continuing operations	**(11)**	(42)	(78)
Total tax expense/(credit) attributable to continuing operations	**11**	6	(15)

On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. The effect of this change in the rate of UK corporation tax at this date was to increase the deferred tax assets and deferred tax liabilities in the statement of financial position by £23m and £12m respectively and increase the tax credit in the income statement by £11m.

Tax relating to components of other comprehensive income is as follows:

	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Tax relating to defined benefit pension plan deficits	**(4)**	–	(2)
Equity holder tax effect relating to items that will not be reclassified subsequently to profit or loss	**(4)**	**–**	(2)
Tax relating to fair value losses recognised as cash flow hedges	**–**	15	(1)
Tax relating to cash flow hedge losses transferred to condensed consolidated income statement	**1**	(8)	3
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	**1**	7	2
Tax relating to other comprehensive income from continuing operations	**(3)**	7	–

All of the amounts presented above are in respect of equity holders of abrdn plc.

4.9 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period excluding shares owned by the employee trusts that have not vested unconditionally to employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees.

Adjusted earnings per share is calculated on adjusted profit after tax attributable to ordinary equity holders of abrdn plc, i.e. adjusted profit net of dividends paid on preference shares.

The following table shows details of basic, diluted and adjusted earnings per share for the period:

	6 months 2021 £m	6 months 2020 restated[1] £m	Full year 2020 restated[1] £m
Adjusted profit before tax	**163**	92	240
Tax on adjusted profit	**(13)**	(13)	(38)
Adjusted profit after tax	**150**	79	202
Dividend paid on preference shares	**–**	(5)	(5)
Adjusted profit after tax attributable to equity shareholders of abrdn plc	**150**	74	197
Total adjusting items including results of associates and joint ventures	**(50)**	(590)	598
Tax on adjusting items	**2**	7	53
Profit/(loss) attributable to equity shareholders of abrdn plc from continuing operations	**102**	(509)	848
Loss for the period from discontinued operations	**–**	–	(15)
Profit/(loss) attributable to equity shareholders of abrdn plc	**102**	(509)	833

1 Comparatives for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 have been restated in relation to changes to the Group's reportable segments and the change to the Group's key alternative performance measure. Refer Notes 4.3 and 4.10 for further details.

	6 months 2021 Millions	6 months 2020 Millions	Full year 2020 Millions
Weighted average number of ordinary shares outstanding	**2,115**	2,244	2,202
Dilutive effect of share options and awards	**41**	30	37
Weighted average number of diluted ordinary shares outstanding	**2,156**	2,274	2,239

	6 months 2021			6 months 2020 Restated[2]			Full year 2020 Restated[2]		
	Continuing operations Pence	**Discontinued operations Pence**	**Total Pence**	Continuing operations Pence	Discontinued operations Pence	Total Pence	Continuing operations Pence	Discontinued operations Pence	Total Pence
Basic earnings per share	**4.8**	**–**	**4.8**	(22.7)	–	(22.7)	38.5	(0.7)	37.8
Diluted earnings per share	**4.7**	**–**	**4.7**	(22.7)	–	(22.7)	37.9	(0.7)	37.2
Adjusted earnings per share	**7.1**	**–**	**7.1**	3.3	–	3.3	8.9	–	8.9
Adjusted diluted earnings per share	**7.0**	**–**	**7.0**	3.3	–	3.3	8.8	–	8.8

2 Comparatives for adjusted earnings per share and adjusted diluted earnings per share for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 have been restated in relation to the change to the Group's key alternative performance measure. Refer Note 4.10 for further details.

In accordance with IAS 33, no share options and awards were treated as dilutive for the six months ended 30 June 2020 due to the loss attributable to equity holders of abrdn plc from continuing operations in that period. This resulted in the adjusted diluted earnings per share from continuing operations being calculated using a weighted average number of ordinary shares of 2,244 million.

4.10 Adjusted profit and adjusting items

Adjusted profit excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.
- Profit or loss arising on the disposal of a subsidiary, joint venture or associate accounted for using the equity method.
- Change in fair value of/dividends from significant listed investments (see (b) below).
- Fair value movements in contingent consideration.
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group.

In addition, adjusted profit excludes the Group's share of profit from associates and joint ventures and impairment losses recognised/reversed on investments in associates and joint ventures. These items are included in the reconciliation of consolidated adjusted profit to IFRS profit for the period based on the values included in the IFRS condensed consolidated income statement.

(a) Changes to the Group's adjusted profit

The Group has changed the definition of adjusted profit in 2021.

Previously adjusted profit included the pre-tax adjusted results from the Group's associates and joint ventures accounted for using the equity method. Adjusting items previously also included adjusting items in relation to the results from the Group's associates and joint ventures.

The reason for the change is to make the results more understandable, following the reclassification of HDFC Life and Phoenix from associates to equity investments.

Comparative information on adjusted profit for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 have been prepared on the same basis as the six months ended 30 June 2021 to allow more meaningful comparison.

A reconciliation to previously reported information is included in Section 5, Supplementary Information.

(b) Significant listed investments

Following the reclassification of HDFC Life and Phoenix from associates to equity securities, fair value movements on these investments are included as adjusting items. Excluding fair value movements on significant listed investments for the purpose of adjusted profit is aligned with our treatment of gains on disposal for these holdings when they were classified as associates.

Dividends from significant listed investments are also included as adjusting items, as such dividends result in fair value movements.

In addition to fair value movements, the other changes to the Group's significant listed investments in the six months ended 30 June 2021 were as follows:

- The reclassification of Phoenix (refer Note 4.2(b)(iii) for further details).
- The Group's holding in HDFC Life reduced by 4.99% to 3.89% following the sale of 100,845,104 equity shares in HDFC Life through a Bulk Sale on 29 June 2021. The total consideration net of taxes and expenses was £653m. The sale settled on 1 July 2021 and the consideration of £653m was included in receivables and other financial assets at 30 June 2021 of £1,521m (30 June 2020: £621m; 31 December 2020: £621m).

(c) Other

Other adjusting items for the six months ended 30 June 2021 includes a net release of deferred income of £25m, refer Note 4.16. Other adjusting items for the 12 months ended 31 December 2020 included £5m for net fair value movements in contingent consideration relating to continuing operations. There were no net fair value movements in contingent consideration relating to continuing operations for the six months ended 30 June 2021 or 30 June 2020.

4.11 Dividends on ordinary shares

	6 months 2021 Pence per share	6 months 2020 Pence per share	6 months 2020 £m	Full year 2020 Pence per share	Full year 2020 £m
Dividends relating to reporting period					
Interim dividend (2021 and 2020)	**7.30**	7.30	159	7.30	159
Final dividend (2020)	**–**	–	–	7.30	154
Total	**7.30**	7.30	159	14.60	313
Dividends paid in reporting period					
Current year interim dividend	**–**	–	–	7.30	159
Final dividend for prior year	**7.30**	14.30	320	14.30	320
Total			320		479

Subsequent to 30 June 2021, the Board has declared an interim dividend for 2021 of 7.30 pence per ordinary share (interim 2020: 7.30 pence), an estimated £154m in total (interim 2020: £159m). The dividend is expected to be paid on 28 September 2021 and will be recorded as an appropriation of retained earnings in the financial statements for the year ended 31 December 2021.

4.12 Intangible assets

	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m
Acquired through business combinations			
Goodwill	**249**	85	85
Brand	**20**	39	30
Customer relationships and investment management contracts	**346**	352	314
Technology	**–**	8	3
Internally developed software	**15**	41	17
Purchased software and other	**1**	3	3
Cost of obtaining customer contracts	**43**	51	49
Total intangible assets	**674**	579	501

The additions in intangible assets in the six months ended 30 June 2021 predominately relate to the acquisition of Tritax. Refer Note 4.2 for further details.

No impairments of intangible assets were recognised for the six months ended 30 June 2021. For the six months ended 30 June 2020 and 12 months ended 31 December 2020, an impairment of goodwill of £915m and an impairment of customer relationships and investment management contracts of £134m were recognised. In addition, an impairment of internally developed software of £14m was recognised for the 12 months ended 31 December 2020 (six months ended 30 June 2020: £nil). All impairments relate to assets included in the Investments segment (previously the Asset management, platforms and wealth segment) and were included within administrative expenses in the condensed consolidated income statement.

4.13 Investments in associates and joint ventures accounted for using the equity method

	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m
Associates			
Phoenix Group Holdings plc (Phoenix)	**–**	928	1,008
HDFC Asset Management Company Limited (HDFC Asset Management)	**127**	122	116
HDFC Life Insurance Company Limited (HDFC Life)	**–**	125	–
Other	**10**	10	10
Joint ventures			
Heng An Standard Life Insurance Company Limited (HASL)	**237**	224	236
Other	**7**	–	1
Total investments in associates and joint ventures accounted for using the equity method	**381**	1,409	1,371

The Group's interests in Phoenix and HDFC Life were reclassified from investments in associates accounted for using the equity method to equity securities measured at fair value on 23 February 2021 and 3 December 2020 respectively. Refer Note 4.2 for further details of the reclassifications and details of the partial disposals of HDFC Asset Management, HDFC Life and Phoenix in 2020.

Loss on impairment of interests in associates and joint ventures in the condensed consolidated income statement was £nil in the six months ended 30 June 2021, £130m in the six months ended 30 June 2020 (of which £85m related to Phoenix and £45m to Virgin Money Unit Trust Managers (VMUTM)), and £45m in the 12 months ended 31 December 2020 (of which £45m related to VMUTM).

4.14 Issued share capital and share premium, shares held by trusts, retained earnings and other reserves

(a) Issued share capital and share premium

The movement in the issued ordinary share capital of the Company is:

	6 months 2021			6 months 2020			Full year 2020		
	Ordinary share capital		Share premium	Ordinary share capital		Share premium	Ordinary share capital		Share premium
Issued shares fully paid	**13 61/63p each**	**£m**	**£m**	13 61/63p each	£m	£m	13 61/63p each	£m	£m
At start of period	**2,194,115,616**	**306**	**640**	2,338,723,724	327	640	2,338,723,724	327	640
Shares issued in respect of share incentive plans	**960**	**–**	**–**	947	–	–	2,188	–	–
Shares bought back on-market and cancelled	**(13,392,862)**	**(1)**	**–**	(69,831,713)	(10)	–	(144,610,296)	(21)	–
At end of period	**2,180,723,714**	**305**	**640**	2,268,892,958	317	640	2,194,115,616	306	640

All ordinary shares in issue in the Company rank *pari passu* and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the Company.

On 7 February 2020, the Company announced a share buyback of up to £400m through on-market purchases which commenced on 10 February 2020 and was completed on 12 February 2021. During the six months ended 30 June 2021, the Company bought back and cancelled 13,392,862 shares (six months ended 30 June 2020: 69,831,713 shares; 12 months ended 31 December 2020: 144,610,296 shares). The total consideration was £41m (six months ended 30 June 2020: £175m; 12 months ended 31 December 2020: £362m) which includes transaction costs and any unsettled purchases of shares already transacted. At 30 June 2021, there were no unsettled purchases of shares (six months ended 30 June 2020: 1,523,060 shares; 12 months ended 31 December 2020: 507,757 shares).

The share buyback has resulted in a reduction in retained earnings of £nil (six months ended 30 June 2020: £401m (restated – refer Note 4.1(a)(iii) for further details); 12 months ended 31 December 2020: £402m). At 30 June 2021, there were no irrevocable contractual obligations with a third party to purchase the Company's own shares. At 30 June 2020 and 31 December 2020, there were irrevocable contractual obligations with a third party to purchase the Company's own shares of £226m and £40m respectively. These obligations were recognised as a part of the share buyback reduction to retained earnings of £401m (as restated) and £402m, for the six months ended 30 June 2020 and 12 months ended 31 December 2020 respectively with corresponding liabilities of £226m (as restated) and £40m included within other financial liabilities. An amount of £1m (six months ended 30 June 2020: £10m; 12 months ended 31 December 2020: £21m) has been credited to the capital redemption reserve relating to the nominal value of the shares cancelled.

The Company can issue shares to satisfy awards granted under employee incentive plans which have been approved by shareholders.

(b) Shares held by trusts

Shares held by trusts relates to shares in abrdn plc that are held by the Standard Life Aberdeen Employee Benefit Trust (SLA EBT), Standard Life Employee Trust (ET) and the Aberdeen Asset Management Employee Benefit Trust 2003 (AAM EBT).

The SLA EBT, ET and AAM EBT purchase shares in the Company for delivery to employees under employee incentive plans. Purchased shares are recognised as a deduction from equity at the price paid for them. Where new shares are issued to the SLA EBT, ET or AAM EBT the price paid is the nominal value of the shares. When shares are distributed from the trust their corresponding value is released to retained earnings.

The number of shares held by trusts at 30 June 2021 was as follows:

	6 months 2021	6 months 2020	Full year 2020
Number of shares held by trusts			
Standard Life Aberdeen Employee Benefit Trust	**39,279,020**	35,749,816	37,667,681
Standard Life Employee Trust	**23,083,609**	25,261,712	23,773,359
Aberdeen Asset Management Employee Benefit Trust 2003	**3,294,476**	8,333,162	6,294,765

(c) Retained earnings and other reserves

Other reserves of £1,041m (30 June 2020: £1,096m; 31 December 2020: £1,064m) includes a merger reserve of £483m (30 June 2020: £483m; 31 December 2020: £483m).The merger reserve includes £470m (30 June 2020: £470m; 31 December 2020: £470m) in relation to the Group's asset management businesses. There were no movements in the merger reserve in the six months ended 30 June 2021. During the six months ended 30 June 2020 and the 12 months ended 31 December 2020, £1,834m was transferred from the merger reserve to retained earnings following an impairment of the Company's investments in its asset management entities.

4.15 Pension and other post-retirement benefit provisions

The Group operates a number of defined benefit pension plans, the largest of which is the UK Standard Life Group plan (principal plan) which is closed to future accrual. The Group also operates two other UK defined benefit plans, which are closed to future accrual, the Ireland Standard Life plan, which has fewer than 10 employees accruing future benefits, and a number of smaller funded and unfunded defined benefit plans in other countries.

For the UK plans the trustees set the plan investment strategy to protect the ratio of plan assets to the trustees' measure of technical provisions. Technical provisions represent the trustees' prudent view of the amount of assets needed to pay future benefits. The investment strategy does not aim to protect the IAS 19 surplus or ratio of plan assets to the IAS 19 measure of liabilities.

(a) Analysis of amounts recognised in the IFRS condensed consolidated income statement

The amounts recognised in the IFRS condensed consolidated income statement for defined contribution and defined benefit plans are as follows:

	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Current service cost	**28**	29	59
Past service cost	**–**	–	–
Net interest income	**(10)**	(11)	(23)
Administrative expenses	**2**	1	3
Expense from continuing operations recognised in the IFRS condensed consolidated income statement	**20**	19	39

(b) Analysis of amounts recognised on the IFRS condensed consolidated statement of financial position

Pension and other post-retirement benefit assets at 30 June 2021 of £1,454m (30 June 2020: £1,382m; 31 December 2020: £1,474m) includes the following amounts in relation to the principal plan:

	6 months 2021 £m	6 months 2020 £m	Full year 2020 £m
Present value of funded obligation	**(2,775)**	(3,175)	(3,015)
Fair value of plan assets	**4,987**	5,263	5,253
Effect of limit on plan surplus	**(774)**	(731)	(783)
Net asset	**1,438**	1,357	1,455

(c) Principal assumptions

The key economic assumptions for the principal plan which are based in part on current market conditions are as follows:

	30 Jun 2021 %	30 Jun 2020 %	31 Dec 2020 %
Discount rate	**2.00**	1.50	1.45
Rates of inflation			
Consumer Price Index (CPI)	**2.65**	2.00	2.40
Retail Price Index (RPI)	**3.15**	2.75	2.90

The changes in economic assumptions over the period reflect changes in both corporate bond prices and market implied inflation.

The population of corporate bond prices used at 30 June 2021 and 31 December 2020 excludes bonds issued by UK universities which is a change in methodology for calculating the discount rate and therefore a change to the accounting estimate compared to 30 June 2020. Refer to Note 34(e) of the Group's Annual report and accounts for the year ended 31 December 2020 for more information.

The inflation assumption reflects the future reform of RPI effective from 2030 and this is the primary driver of the increase in the CPI assumption between 30 June 2020 and 31 December 2020. Refer to Note 34(g)(i) of the Group's Annual report and accounts for the year ended 31 December 2020 for more information.

4.16 Deferred income

As detailed in Note 4.2(b)(iii), in May 2021 the Group transferred workplace pensions marketing staff to Phoenix, who were employed by the Group but provided services to Phoenix, and made an associated payment of £32m to Phoenix. As a result, the Group released related deferred income of £57m in May 2021. The release of deferred income has been recognised in revenue from contracts with customers in the condensed consolidated income statement net of the £32m payment.

4.17 Fair value of assets and liabilities

(a) Fair value hierarchy

In determining fair value, the following fair value hierarchy categorisation has been used:

- **Level 1:** Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2:** Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Fair values measured using inputs that are not based on observable market data (unobservable inputs).

Information on the methods and assumptions used to determine fair values for equity securities and interests in pooled investment funds, debt securities and derivatives measured at fair value is given below:

	Equities and interests in pooled investment funds[1,2]	**Debt securities**	**Derivatives**[3]
Level 1	Equity instruments listed on a recognised exchange valued using prices sourced from their primary exchange.	Debt securities listed on a recognised exchange valued using prices sourced from their primary exchange.	Exchange traded derivatives valued using prices sourced from the relevant exchange.
Level 2	Pooled investment funds where daily unit prices are available and reference is made to observable market data.	Debt securities valued using prices received from external pricing providers based on quotes received from a number of market participants. Debt securities valued using models and standard valuation formulas based on observable market data[4].	Over-the-counter derivatives measured using a range of valuation models including discounting future cash flows and option valuation techniques.
Level 3	These relate primarily to interests in private equity, real estate and infrastructure funds which are valued at net asset value. Underlying real estate and private equity investments are generally valued in accordance with independent professional valuation reports or International Private Equity and Venture Capital Valuation Guidelines where relevant. The underlying investments in infrastructure funds are generally valued based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on project earnings. Where net asset values are not available at the same date as the reporting date, these valuations are reviewed and, where appropriate, adjustments are made to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting period. Other unlisted equity securities are generally valued at indicative share prices from off market transactions.	Debt securities valued using prices received from external pricing providers based on a single broker indicative quote. Debt securities valued using models and standard valuation formulas based on unobservable market data[4].	N/A

1 Investments in associates at FVTPL are valued in the same manner as the Group's equity securities and interests in pooled investment funds.

2 Where pooled investment funds have been seeded and the investment in the funds have been classified as held for sale, the costs to sell are assumed to be negligible. The fair value of pooled investment funds held for sale is calculated as equal to the observable unit price.

3 Non-performance risk arising from the credit risk of each counterparty is also considered on a net exposure basis in line with the Group's risk management policies. At 30 June 2021, 31 December 2020 and 30 June 2020, the residual credit risk is considered immaterial and no credit risk adjustment has been made.

4 If prices are not available from the external pricing providers or are considered to be stale, the Group has established procedures to arrive at an internal assessment of the fair value.

The fair value of liabilities in respect of third party interest in consolidated funds and non-participating investment contracts are calculated equal to the fair value of the underlying assets and liabilities.

Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets and liabilities:

- For third party interest in consolidated funds, when the underlying assets and liabilities are valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 2. Where the underlying assets and liabilities are not valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 3.
- For non-participating investment contracts, the underlying assets and liabilities are predominately categorised as level 1 or 2 and as such, the inputs into the valuation of the liabilities are observable and these liabilities are predominately categorised within level 2 of the fair value hierarchy. Where the underlying assets are categorised as level 3, the liabilities are also categorised as level 3.

In addition, contingent consideration assets and contingent consideration liabilities are also categorised as level 3 in the fair value hierarchy. Contingent consideration assets and liabilities have been recognised in respect of acquisitions and disposals. Generally valuations are based on unobservable assumptions regarding the probability weighted cash flows and, where relevant, discount rate.

(b) Fair value hierarchy for assets and liabilities measured at fair value other than assets backing unit linked liabilities and unit linked liabilities

(b)(i) Fair value hierarchy for assets measured at fair value in the statement of financial position other than assets backing unit linked liabilities

The table below presents the Group's assets, other than assets backing unit linked liabilities, measured at fair value by level of the fair value hierarchy (refer Note 4.17(c) for fair value hierarchy analysis in relation to assets backing unit linked liabilities).

				Fair value hierarchy								
		Total			Level 1			Level 2			Level 3	
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
Derivative financial assets	**6**	95	18	**–**	–	–	**6**	95	18	**–**	–	–
Equity securities and interests in pooled investment vehicles[1]	**2,259**	730	1,981	**1,749**	218	1,422	**414**	422	458	**96**	90	101
Debt securities[2]	**626**	972	787	**2**	2	2	**623**	969	784	**1**	1	1
Financial Investments	**2,891**	1,797	2,786	**1,751**	220	1,424	**1,043**	1,486	1,260	**97**	91	102
Owner occupied property[3]	**1**	1	1	**–**	–	–	**–**	–	–	**1**	1	1
Contingent consideration asset[4]	**21**	1	28	**–**	–	–	**–**	–	–	**21**	1	28
Total assets at fair value	**2,913**	1,799	2,815	**1,751**	220	1,424	**1,043**	1,486	1,260	**119**	93	131

1 Includes £975m (30 June 2020: £nil; 31 December 2020: £nil) and £526m (30 June 2020: £nil; 31 December 2020: £1,216m) for the Group's listed equity investments in Phoenix and HDFC Life respectively, both of which are classified as significant listed investments (refer Note 4.10) and £nil (30 June 2020: £2m; 31 December 2020: £1m) for equity securities and interests in pooled investment vehicles classified as held for sale.

2 Excludes debt securities measured at amortised cost of £261m (30 June 2020: £368m; 31 December 2020: £325m) – refer Note 4.17(d).

3 Presented in Property, plant and equipment in the condensed consolidated statement of financial position.

4 Presented in Receivables and other financial assets in the condensed consolidated statement of financial position.

There were no significant transfers from level 1 to level 2 during the six months ended 30 June 2021 (six months ended 30 June 2020: £361m; 12 months ended 31 December 2020: £355m). There were also no significant transfers from level 2 to level 1 during the six months ended 30 June 2021 (six months ended 30 June 2020: £5m; 12 months ended 31 December 2020: £7m). Transfers from level 1 to level 2 for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 primarily related to interests in pooled investment vehicles which are priced daily but where the daily price is only offered by the fund manager. As disclosed in the prior year, the Group now considers these investments to be level 2. All other transfers relate to assets where changes in the frequency of observable market transactions resulted in a change in whether the market was considered active. Refer Note 4.17(b)(iii) for details of movements in level 3 assets.

(b)(ii) Fair value hierarchy for liabilities measured at fair value in the statement of financial position other than unit linked liabilities

The table below presents the Group's liabilities, other than unit linked liabilities, measured at fair value by level of the fair value hierarchy (refer 4.17(c) for fair value hierarchy analysis in relation to unit linked liabilities).

	Total			Fair value hierarchy Level 1			Level 2			Level 3		
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
Liabilities in respect of third party interest in consolidated funds	**101**	184	77	**–**	–	–	**101**	184	77	**–**	–	–
Derivative financial liabilities	**15**	8	13	**–**	–	2	**15**	8	11	**–**	–	–
Contingent consideration liabilities[1]	**164**	11	6	**–**	–	–	**–**	–	–	**164**	11	6
Total liabilities at fair value	**280**	203	96	**–**	–	2	**116**	192	88	**164**	11	6

[1] Presented in Other financial liabilities in the condensed consolidated statement of financial position.

There were no significant transfers between levels 1 and 2 during the six months ended 30 June 2021 (six months ended 30 June 2020: none; 12 months ended 31 December 2020: none). Refer Note 4.17(b)(iii) for details of movements in level 3 liabilities.

(b)(iii) Reconciliation of movements in level 3 instruments

The movements during the period of level 3 assets and liabilities held at fair value, excluding unit linked assets and liabilities and assets and liabilities held for sale, are analysed below.

	Owner occupied property			Equity securities and interests in pooled investment funds			Debt securities		
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
At start of period	**1**	2	2	**101**	82	82	**1**	1	1
Total gains/(losses) recognised in the condensed consolidated income statement	**–**	(1)	–	**5**	1	2	**–**	–	–
Purchases	**–**	–	–	**5**	13	29	**–**	–	–
Sales and other adjustments	**–**	–	(1)	**(11)**	(9)	(13)	**–**	–	–
Foreign exchange adjustment	**–**	–	–	**(4)**	1	–	**–**	–	–
Transfers in to level 3[1]	**–**	–	–	**–**	2	1	**–**	–	–
At end of period	**1**	1	1	**96**	90	101	**1**	1	1

[1] Transfers are deemed to have occurred at the end of the calendar quarter in which they arose.

	Contingent consideration asset			Contingent consideration liabilities		
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
At start of period	**28**	1	1	**(6)**	(14)	(14)
Total amounts recognised in the income statement	**–**	–	(12)	**–**	–	2
Additions	**21**	–	–	**(155)**	–	–
Settlements	**(34)**	–	39	**6**	3	6
Other movements	**(3)**	–	–	**–**	–	–
Transfer to contingent consideration liability	**9**	–	–	**(9)**	–	–
At end of period	**21**	1	28	**(164)**	(11)	(6)

The additions in the six months ended 30 June 2021 relate to the disposal of Parmenion and the acquisition of Tritax. Refer Note 4.2 for further details.

For the six months ended 30 June 2021, gains of £5m (six months ended 30 June 2020: gains of £2m; 12 months ended 31 December 2020: losses of £13m) were recognised in the IFRS condensed consolidated income statement in respect of non-unit linked assets and liabilities held at fair value classified as level 3 at the period end, excluding assets and liabilities held for sale. Of this amount, gains of £5m (six months ended 30 June 2020: gains of £2m; 12 months ended 31 December 2020: gains of £2m) were recognised in investment return, no gains or losses were recognised in other income (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: £nil), or in respect of discontinued operations (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: losses of £15m).

Transfers of equity securities and interests in pooled investment funds and debt securities into level 3 generally arise when external pricing providers stop providing a price or where the price provided is considered stale. Transfers of equity securities and interests in pooled investment funds and debt securities out of level 3 arise when acceptable prices become available from external pricing providers.

(b)(iv) Significant unobservable inputs in level 3 instrument valuations

The table below identifies the significant unobservable inputs in relation to equity securities and interests in pooled investment funds categorised as level 3 instruments at 30 June 2021 with a fair value of £96m (30 June 2020: £90m; 31 December 2020: £101m).

	Fair value					
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**Valuation technique**	**Unobservable input**	**Range (weighted average)**
Private equity, real estate and infrastructure funds	**80**	75	85	Net asset value	Net asset value statements provided for five significant funds (fair value >£5m) and a large number of smaller funds.	A range of unobservable inputs is not applicable as we have determined that the reported NAV represents fair value at the end of the reporting period.
Other unlisted equity securities	**16**	15	16	Indicative share price	Recent off market capital raising transactions.	A range of unobservable inputs is not applicable as we have determined that the indicative share price from off market transactions represents fair value at the end of the reporting period.

The table below identifies the significant unobservable inputs in relation to contingent consideration assets and liabilities categorised as level 3 instruments at 30 June 2021 with a fair value of (£143m) (30 June 2020: (£10m); 31 December 2020: £22m).

	Fair value £m	Valuation technique	Unobservable input	Input used
30 June 2021 Contingent consideration assets and liabilities	**(143)**	Probability weighted cash flow and where applicable discount rates	Unobservable inputs relate to probability weighted cash flows and, where relevant, discount rates. The most significant unobservable inputs relate to assumptions used to value the contingent consideration related to the acquisition of Tritax. For Tritax a number of scenarios were prepared, around a base case, with probabilities assigned to each scenario (based on an assessment of the likelihood of each scenario). The value of the contingent consideration was determined for each scenario, and these were then probability weighted, with this probability weighted valuation then discounted from the payment date to the balance sheet date. It was assumed that the timing of the exercise of the earn out put options (refer Note 4.2(a)(i)) between 2024, 2025 and 2026 would be that which is most beneficial to the holders of the put options.	The base scenario for Tritax contingent consideration used a revenue compound annual growth rate (CAGR) from 2021 to 2026 of 21%, with other scenarios using a range of revenue growth rates around this base. The base scenario used a cost/income ratio of c50% with other scenarios using a range of cost/income ratios around this base. The risk adjusted contingent consideration cash flows have been discounted using a primary discount rate of 1.9%.
30 Jun 2020 Contingent consideration assets and liabilities	(10)	Probability weighted cash flows and where applicable discount rates	Unobservable inputs relate to probability weighted cash flows and, where relevant, discount rates. The most significant unobservable inputs relate to assumptions used to value the contingent consideration related to the sale of SLAL to Phoenix, in particular those related to:	
			– SLAL's annuity sales practices provision.	Expected amount receivable based on the SLAL release of the provision that it recognised at 31 December 2017.
			– Future lapse rates on relevant UK unit linked products of SLAL.	Expected amount payable based on lapse experience data for 2018 and 2019 provided by Phoenix.
			– Management's assessment of the outcome of ongoing discussions with Phoenix in respect of disagreements over the operation of certain aspects of the governing contracts that were entered into at the time of the sale of SLAL to Phoenix.	Our assessment of the expected resolution taking into account our legal advice.
31 Dec 2020 Contingent consideration assets and liabilities	22	Probability weighted cash flows	Unobservable inputs relate to probability weighted cash flows; and where relevant, discount rates. The most significant unobservable inputs relate to assumptions used to value the contingent consideration related to the sale of SLAL to Phoenix.	Amount expected to be received from Phoenix at 31 December 2020. This was in line with the £34m received in February 2021. Refer note 4.2(b)(iii). The residual fair value relates to a number of smaller contingent consideration liabilities for which the input used is expected payments based on earn-out terms and indemnity assessments.

(b)(v) Sensitivity of level 3 instruments measured at fair value on the statement of financial position to changes in key assumptions

At 30 June 2021 the shareholder is directly exposed to movements in the value of all non-unit linked level 3 instruments. As noted above, the most significant unobservable inputs for level 3 instruments relate to assumptions used to value the contingent consideration related to the purchase of Tritax. Sensitivities are provided in the table below.

Assumption	Change in assumption	Consequential increase/(decrease) in contingent consideration liability
Revenue compound annual growth rate (CAGR) from 2021 to 2026	Decreased by 5%	(£25m)
	Increased by 5%	£18m
Cost/income ratio	Decreased by 5%	£9m
	Increased by 5%	(£12m)
Discount rate	Increased by 1%	(£7m)

Changing unobservable inputs in the measurement of the fair value of the other level 3 financial assets and financial liabilities to reasonably possible alternative assumptions would not have a significant impact on profit attributable to equity holders or on total assets. No level 3 instruments are held in in consolidated structured entities. See Note 4.17(c) for unit linked level 3 instruments.

(c) Fair value hierarchy for assets backing unit linked liabilities and unit linked liabilities measured at fair value

The table below presents the Group's assets backing unit linked liabilities and unit linked liabilities measured at fair value by level of the fair value hierarchy.

	Total			Fair value hierarchy Level 1			Level 2			Level 3		
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
Financial investments	**1,396**	1,313	1,395	**908**	787	832	**488**	506	545	**–**	20	18
Total assets at fair value backing unit linked liabilities	**1,396**	1,313	1,395	**908**	787	832	**488**	506	545	**–**	20	18
Investment contract liabilities	**1,034**	990	1,042	**–**	–	–	**1,034**	970	1,024	**–**	20	18
Third party interest in consolidated funds	**399**	376	388	**–**	–	–	**399**	376	388	**–**	–	–
Other unit linked liabilities[1]	**7**	17	9	**2**	8	7	**5**	9	2	**–**	–	–
Total unit linked liabilities at fair value	**1,440**	1,383	1,439	**2**	8	7	**1,438**	1,355	1,414	**–**	20	18

1 Excludes other unit linked liabilities not measured at fair value of £1m (30 June 2020: £13m; 31 December 2020: £2m).

The financial investments backing unit linked liabilities comprise equity securities and interests in pooled investment funds of £1,240m (30 June 2020: £1,144m; 31 December 2020: £1,244m), debt securities of £152m (30 June 2020: £164m; 31 December 2020: £145m) and derivative financial assets of £4m (30 June 2020: £5m; 31 December 2020: £6m).

There were no significant transfers from level 1 to level 2 during the six months ended 30 June 2021 (six months ended 30 June 2020: £274m; 12 months ended 31 December 2020: £309m). There were also no significant transfers from level 2 to level 1 during the six months ended 30 June 2021 (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: £nil). Transfers from level 1 to level 2 for the six months ended 30 June 2020 and the 12 months ended 31 December 2020 primarily related to interests in pooled investment vehicles which are priced daily but where the daily price is only offered by the fund manager. As disclosed in the prior year, the Group now considers these investments to be level 2. All other transfers relate to assets where changes in the frequency of observable market transactions resulted in a change in whether the market was considered active.

The movements during the period of level 3 unit linked assets and liabilities held at fair value are analysed below.

	Equity securities and interests in pooled investment funds			Investment contract liabilities		
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
At start of period	**18**	–	–	**(18)**	–	–
Total gains/(losses) recognised in the condensed consolidated income statement	**–**	(1)	(2)	**–**	1	2
Sales	**(18)**	–	(1)	**18**	–	1
Transfers in to level 3[1]	**–**	21	21	**–**	(21)	(21)
At end of period	**–**	20	18	**–**	(20)	(18)

1 Transfers are deemed to have occurred at the end of the calendar quarter in which they arose.

Unit linked level 3 assets relate to holdings in real estate funds. No individual unobservable input is considered significant. Changing unobservable inputs in the measurement of the fair value of these unit linked level 3 financial assets and liabilities to reasonably possible alternative assumptions would have no impact on profit attributable to equity holders or on total assets.

Transfers of unit linked assets and liabilities to level 3 generally arise when external pricing providers stop providing prices for the underlying assets and liabilities in the funds or where the price provided is considered stale.

(d) Financial assets and financial liabilities not carried at fair value

The table below presents estimated fair values of financial assets and financial liabilities whose carrying value does not approximate fair value.

	As recognised in the consolidated statement of financial position			Fair value		
	30 Jun 2021 £m	30 Jun 2020 £m	31 Dec 2020 £m	**30 Jun 2021 £m**	30 Jun 2020 £m	31 Dec 2020 £m
Assets						
Debt securities	**261**	368	325	**267**	378	335
Liabilities						
Subordinated liabilities	**632**	798	638	**683**	817	688

The carrying value of all other financial assets and financial liabilities measured at amortised cost approximates their fair value.

4.18 Contingent liabilities and contingent assets

Legal proceedings, complaints and regulations

The Group is subject to regulation in all of the territories in which it operates investment management and insurance businesses. In the UK, where the Group primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The Group, like other financial organisations, is subject to legal proceedings, complaints, regulatory and tax discussions, reviews and challenges in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made, a provision is established based on management's best estimate of the amount that will be payable. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly investigate, and no provisions are held for such matters. It is not possible to predict with certainty the extent and timing of the financial impact of legal proceedings, complaints and related regulatory matters.

4.19 Commitments

(a) Unrecognised financial instruments

As at 30 June 2021, the Group has committed to investing an additional £50m (30 June 2020: £50m; 31 December 2020: £35m) into funds in which it holds a co-investment interest.

(b) Capital commitments

As at 30 June 2021, the Group has capital commitments other than in relation to financial instruments of £6m (30 June 2020: £12m; 31 December 2020: £7m). In addition, commitments relating to future acquisitions are disclosed in Note 4.2(b)(iii).

4.20 Related party transactions

In the normal course of business, the Group enters into transactions with related parties that relate to investment management and insurance businesses. There have been no changes in the nature of these transactions during the period to those reported in the Group's Annual report and accounts for the year ended 31 December 2020.

In the six months ended 30 June 2021, for associates accounted for using the equity method, the Group recognised sales primarily in relation to management fees of £36m (six months ended 30 June 2020: £93m[1]; 12 months ended 31 December 2020: £195m) and purchases in relation to services received of £2m (six months ended 30 June 2020: £34m; 12 months ended 31 December 2020: £79m). There were also sales to joint ventures accounted for using the equity method of £2m (six months ended 30 June 2020: £2m; 12 months ended 31 December 2020: £10m) and purchases from joint ventures of £nil (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: £nil).

During the six months ended 30 June 2021, the Group committed to providing £6m of additional funding to a joint venture subject to the fulfilment of specified conditions (six months ended 30 June 2020: £12m; 12 months ended 31 December 2020: £12m). The capital contributions to this joint venture during the six months ended 30 June 2021 were £7m (six months ended 30 June 2020: £nil; 12 months ended 31 December 2020: £5m) with an outstanding commitment of £6m at 30 June 2021 (30 June 2020: £12m; 12 months ended 31 December 2020: £7m).

1 Comparative for the six months ended 30 June 2020 restated to include sales where the selection of the Group as the asset manager is made by the underlying policyholder.

5. Supplementary information

5.1 Key performance indicators

Key performance indicators (KPIs) are defined as the measures by which the development, performance or position of the business can be measured effectively. The KPIs that we use may not be directly comparable with similarly named measures used by other companies.

5.2 Alternative performance measures

We assess our performance using a variety of measures that are not defined under IFRS and are therefore termed alternative performance measures (APMs). The APMs that we use may not be directly comparable with similarly named measures used by other companies. We have presented below reconciliations from these APMs to the most appropriate measure prepared in accordance with IFRS. All APMs should be read together with the IFRS condensed consolidated income statement, IFRS condensed consolidated statement of financial position and IFRS condensed consolidated statement of cash flows, which are presented in the Financial information section of this report. Ratios are presented in Section 5.4.

KPI KPIs are defined as the measures by which the development, performance or position of the business can be measured effectively.

Definition	Purpose
Adjusted operating profit KPI Adjusted operating profit before tax is the Group's key APM. Adjusted operating profit includes the results of the Group three growth vectors: Investments, Adviser; and Personal along with the Corporate/Strategic segment. It excludes the Group's adjusted net financing costs and investment return, the results from the Group's associates, joint ventures and discontinued operations. Adjusted operating profit also excludes the impact of the following items: • Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change. • Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts. • Profit or loss arising on the disposal of a subsidiary, joint venture and associates accounted for using the equity method. • Change in fair value of/dividends from significant listed investments. • Fair value movements in contingent consideration in relation to continuing operations. • Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group. Further details are included in Note 4.10 of the Financial information section. Fee based revenue is a component of adjusted operating profit and includes revenue we generate from asset management charges (AMCs), platform charges and other transactional charges. Fee based revenue is shown net of fees, costs of sale, commissions and similar charges. Refer to Note 4.5 of the Financial information section.	Adjusted operating profit has replaced adjusted profit before tax as the Group's key APM. Adjusted operating profit reporting provides further analysis of the results reported under IFRS and the Directors believe it helps to give shareholders a fuller understanding of the performance of the business by identifying and analysing adjusting items. Adjusted operating profit is consistent with the way that financial performance is measured by management and reported to the Board and executive leadership team. Fee based revenue is shown net of commission, costs of sale and similar charges so as to show the net charges received on AUMA and provides the basis for reporting of the fee revenue yield financial ratio.
Adjusted profit before tax In addition to the results included in adjusted operating profit above, adjusted profit before tax includes adjusted net financing costs and investment return. Adjusted profit before tax now excludes the share of profit from associates and joint ventures and 2020 comparatives have been restated on this basis.	Adjusted profit before tax is a key input to the adjusted earnings per share measure.
Adjusted capital generation KPI Adjusted capital generation is part of the analysis of movements in CRDIV regulatory capital. Adjusted capital generation is calculated as adjusted profit after tax less returns relating to pension schemes in surplus, which do not benefit regulatory capital. It also includes dividends from associates, joint ventures and significant listed investments.	This measure aims to show how adjusted profit contributes to regulatory capital, and therefore provides insight into our ability to generate capital that is deployed to support value for shareholders.

Definition	Purpose
Cash and liquid resources Cash and liquid resources are IFRS cash and cash equivalents (netted down for overdrafts), money market instruments and holdings in money market funds. It also includes surplus cash that has been invested in liquid assets such as high quality corporate bonds, gilts and pooled investment funds. Seed capital and co-investments are excluded.	The purpose of this measure is to demonstrate how much cash and invested assets we hold and can be readily accessed.

5.2.1 Adjusted operating profit and adjusted profit

Reconciliation of adjusted operating profit and adjusted profit to IFRS profit by component

The key components of adjusted operating profit are fee based revenue and adjusted operating expenses. These components provide a meaningful analysis of our adjusted results. The table below provides a reconciliation of movements between adjusted operating profit component measures and relevant IFRS terms. A reconciliation of Fee based revenue to the IFRS item Revenue from contracts with customers is provided in Note 4.5 of the Financial information section.

Adjusted profit term H1 2021	Group adjusted profit £m	Presentation differences £m	Adjusting items £m	Adjusted net financing costs and investment return £m	Associates and joint ventures £m	Group IFRS £m	IFRS term
Fee based revenue KPI	755	179	147	3	–	1,084	Total income
Adjusted operating expenses	(595)	(179)	(164)	–	–	(938)	Total expenses
Adjusted operating profit	**160**	**–**	**(17)**	**3**	**–**	**146**	
Adjusted net financing costs and investment return	3	–	–	(3)	–	–	N/A
N/A	–	–	–	–	(33)	(33)	Share of profit from associates and JVs
Adjusted profit before tax from continuing operations	**163**	**–**	**(17)**	**–**	**(33)**	**113**	**Profit before tax**
Tax on adjusted profit	(13)	–	2	–	–	(11)	Total tax expense
Adjusted profit after tax from continuing operations	**150**	**–**	**(15)**	**–**	**(33)**	**102**	Profit for the period from continuing operations
Adjusted profit after tax from discontinued operations	–	–	–	–	–	–	Profit for the period from discontinued operations
Adjusted profit after tax	**150**	**–**	**(15)**	**–**	**(33)**	**102**	**Profit for the period**

Adjusted profit term	Group adjusted profit	Presentation differences	Adjusting items	Adjusted net financing costs and investment return	Associates and joint ventures	Group IFRS	IFRS term
H1 2020	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	
Fee based revenue	706	4	663	(13)	–	1,360	Total income
Adjusted operating expenses	(601)	(4)	(1,259)	–	–	(1,864)	Total expenses
Adjusted operating profit	**105**	**–**	**(596)**	**(13)**	–	**(504)**	
Adjusted net financing costs and investment return	(13)	–	–	13	–	–	N/A
N/A	–	–	–	–	6	6	Share of profit from associates and JVs[1]
Adjusted profit before tax from continuing operations	**92**	–	**(596)**	**–**	6	**(498)**	**Profit before tax**
Tax on adjusted profit	(13)	–	7	–	–	(6)	Total tax expense
Adjusted profit after tax from continuing operations	79	–	(589)	–	6	(504)	Profit for the period from continuing operations
Adjusted profit after tax from discontinued operations	–	–	–	–	–	–	Profit for the period from discontinued operations
Adjusted profit after tax	**79**	**–**	**(589)**	**–**	**6**	**(504)**	**Profit for the period**

1 Includes £130m impairment of interests in associates and joint ventures.

This reconciliation includes a number of reconciling items which arise due to presentation differences between IFRS reporting requirements and the determination of fee based revenue and adjusted operating expenses. Fee based revenue and adjusted operating expenses exclude items which have an equal and opposite effect on IFRS income and IFRS expenses in the consolidated income statement. This particularly relates to income and expenses of unit linked funds, where investment returns are for the account of policyholders. Investment return from unit linked business in H1 2021 was £92m (H1 2020: (£88m)). Other presentation differences also include commission and other cost of sales expenses which are presented in expenses in the consolidated income statement but are netted against fee based revenue in the analysis of adjusted operating profit.

Reconciliation to previously disclosed information

H1 2020 as previously disclosed		Asset management associates and joint ventures	Insurance associates and joint ventures		H1 2020 on revised basis
	£m	£m	£m	£m	
Fee based revenue	706	–	–	706	Fee based revenue
Adjusted operating expenses	(601)	–	–	(601)	Adjusted operating expenses
Adjusted operating profit	**105**	**–**	**–**	**105**	**Adjusted operating profit**
Capital management	(13)	–	–	(13)	Adjusted net financing costs and investment return
Share of associates' and joint ventures' profit before tax	103	(22)	(81)	–	N/A
Adjusted profit before tax	**195**	**(22)**	**(81)**	**92**	**Adjusted profit before tax**
Tax on adjusted profit	(13)	–	–	(13)	Tax on adjusted profit
Share of associates' and joint ventures' tax expense	(19)	7	12	–	N/A
Adjusted profit after tax	**163**	**(15)**	**(69)**	**79**	**Adjusted profit after tax**
Adjusted for the following items					Adjusted for the following items
Restructuring and corporate transaction expenses	(147)	4	12	(131)	Restructuring and corporate transaction expenses
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	(1,175)	–	51	(1,124)	Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts
Profit on disposal of interests in subsidiaries	8	–	–	8	Profit on disposal of interests in subsidiaries
Profit on disposal of interests in associates	651	–	–	651	Profit on disposal of interests in associates
Impairment of associates and joint ventures	(130)	45	85	–	N/A
Change in fair value of significant listed investments	–	–	–	–	Change in fair value of significant listed investments
Investment return variances and economic assumption changes	124	–	(124)	–	N/A
N/A	–	–	–	–	Dividends from significant listed investments'
Other	(4)	–	4	–	Other
Total adjusting items	**(673)**	**49**	**28**	**(596)**	**Adjusting items**
N/A	–	30	106	136	Share of profit from associates and joint ventures
N/A	–	(45)	(85)	(130)	Impairment of associates and joint ventures
N/A	**(673)**	**34**	**49**	**(590)**	**Total adjusting items including results of associates and joint ventures**
Tax on adjusting items	7	–	–	7	Tax on adjusting items
Share of associates' and joint ventures' tax expense on adjusting items	(1)	(19)	20	–	N/A
Loss attributable to non-controlling interests (preference shares)	(5)	–	–	(5)	Loss attributable to non-controlling interests (preference shares)
Loss for the period attributable to equity shareholders of abrdn plc	**(509)**	**–**	**–**	**(509)**	**Loss for the period attributable to equity shareholders of abrdn plc**
Loss attributable to non-controlling interests					Loss attributable to non-controlling interests
Preference shares	5	–	–	5	Preference shares
Loss for the period	**(504)**	–	–	**(504)**	**Loss for the period**

FY 2020 as previously disclosed		Asset management associates and joint ventures	Insurance associates and joint ventures		FY 2020 on revised basis
	£m	£m	£m	£m	
Fee based revenue	1,425	–	–	1,425	Fee based revenue
Adjusted operating expenses	(1,206)	–	–	(1,206)	Adjusted operating expenses
Adjusted operating profit	**219**	**–**	**–**	**219**	**Adjusted operating profit**
Capital management	21	–	–	21	Adjusted net financing costs and investment return
Share of associates' and joint ventures' profit before tax	247	(44)	(203)	–	N/A
Adjusted profit before tax	**487**	**(44)**	**(203)**	**240**	**Adjusted profit before tax**
Tax on adjusted profit	(38)	–	–	(38)	Tax on adjusted profit
Share of associates' and joint ventures' tax expense	(38)	12	26	–	N/A
Adjusted profit after tax	**411**	**(32)**	**(177)**	**202**	**Adjusted profit after tax**
Adjusted for the following items					Adjusted for the following items
Restructuring and corporate transaction expenses	(355)	10	29	(316)	Restructuring and corporate transaction expenses
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	(1,287)	–	107	(1,180)	Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts
Profit on disposal of interests in subsidiaries	8	–	–	8	Profit on disposal of interests in subsidiaries
Profit on disposal of interests in associates	1,858	–	–	1,858	Profit on disposal of interests in associates
Impairment of associates and joint ventures	(45)	45	–	–	N/A
Change in fair value of significant listed investments	65	–	–	65	Change in fair value of significant listed investments
Investment return variances and economic assumption changes	46	–	(46)	–	N/A
N/A	–	–	–	–	Dividends from significant listed investments
Other	78	–	(64)	14	Other
Total adjusting items	**368**	**55**	**26**	**449**	**Adjusting items**
N/A	–	42	152	194	Share of profit from associates and joint ventures
N/A	–	(45)	–	(45)	Impairment of joint ventures
N/A	**368**	**52**	**178**	**598**	**Total adjusting items including results of associates and joint ventures**
Tax on adjusting items	53	–	–	53	Tax on adjusting items
Share of associates' and joint ventures' tax expense on adjusting items	21	(20)	(1)	–	N/A
Profit attributable to non-controlling interests (preference shares)	(5)	–	–	(5)	Profit attributable to non-controlling interests (preference shares)
Profit for the year attributable to equity shareholders of abrdn plc	**848**	**–**	**–**	**848**	**Profit for the year attributable to equity shareholders of abrdn plc**
Profit attributable to non-controlling interests					Profit attributable to non-controlling interests
Preference shares	5	–	–	5	Preference shares
Profit for the year	**853**	**–**	**–**	**853**	**Profit for the year**

5.2.2 Adjusted capital generation

The table below provides a reconciliation of movements between adjusted profit after tax and adjusted capital generation. A reconciliation of adjusted profit after tax to IFRS profit for the period is included earlier in this section.

	H1 2021 £m	H1 2020 £m
Adjusted profit after tax[1]	150	79
Less net interest credit relating to the staff pension schemes	(9)	(10)
Add dividends received from associates, joint ventures and significant listed investments	35	34
Adjusted capital generation	**176**	103

1 H1 2020 restated to exclude the share of associates and joint ventures adjusted profit after tax.

Net interest credit relating to the staff pension schemes

The net interest credit relating to the staff pension schemes are the contribution to adjusted profit before tax from defined benefit pension schemes which are in surplus and reconciled below:

	H1 2021 £m	H1 2020 £m
Total income recognised in the consolidated income statement	9	10
Net interest credit relating to the staff pension schemes	**9**	10

Dividends received from associates, joint ventures and significant listed investments

An analysis is provided below:

	H1 2021 £m	H1 2020 £m
Phoenix	35	34
Dividends received from associates, joint ventures and significant listed investments	**35**	34

5.2.3 Cash and liquid resources

The table below provides a reconciliation between IFRS cash and cash equivalents and cash and liquid resources. Seed capital and co-investments are excluded.

	H1 2021 £bn	FY 2020 £bn
Cash and cash equivalents per the IFRS condensed consolidated statement of financial position	**1.3**	1.5
Bank overdrafts	(0.2)	(0.2)
Debt securities excluding third party interests[1]	0.9	1.0
Corporate funds held in absolute return funds	0.2	0.2
Cash and liquid resources	**2.2**	2.5

1 Excludes £59m (FY 2020: £54m) relating to seeding.

5.3 Surplus regulatory capital

The £2.8bn indicative capital surplus below includes a deduction to allow for the interim dividend which will be paid in September 2021.

At 30 June 2021 the indicative regulatory capital position was as follows:

	H1 2021	FY 2020
CRD IV Group regulatory capital position	**£bn**	£bn
Common Equity Tier 1 capital resources	**3.4**	2.9
Tier 2 capital resources	**0.5**	0.5
Total regulatory capital resources	**3.9**	3.4
Total regulatory capital requirements	**(1.1)**	(1.1)
Surplus regulatory capital	**2.8**	2.3

The Group's capital resources include c£0.8bn (FY 2020: c£0.8bn) from holdings in insurance entities that it is expected will no longer be eligible following the implementation of the Investment Firm Prudential Regime (IFPR) from 1 January 2022. The IFPR is also expected to introduce constraints on the proportion of the minimum capital requirement that can be met by each tier of capital. As a result, it is estimated that c£0.3bn of existing Tier 2 capital, whilst continuing to be reported within the Group's capital resources, would not be available to meet the current minimum capital requirement from 1 January 2022.

5.4 Financial ratios

We also use a number of financial ratios to help assess our performance and these are also not defined under IFRS. Details of our main financial ratios and how they are calculated are presented below:

Definition	Purpose and changes
Cost/income ratio KPI This is an efficiency measure that is calculated as adjusted operating expenses divided by fee based revenue in the period.	This ratio is used by management to assess efficiency and reported to the Board and executive leadership team. This ratio is also a measure used to assess performance for remuneration purposes.
Adjusted diluted earnings per share KPI Adjusted diluted earnings per share is calculated on adjusted profit after tax. The weighted average number of ordinary shares in issue is adjusted during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees. Details on the calculation of adjusted diluted earnings per share are set out in Note 4.9 of the Financial information section.	Earnings per share is a commonly used financial metric which can be used to measure the profitability and capital efficiency of a company over time. We also calculate adjusted diluted earnings per share to illustrate the impact of adjusting items on the metric. This ratio is used by management to assess performance and reported to the Board and executive leadership team.
Adjusted diluted capital generation per share Adjusted diluted capital generation per share is calculated as adjusted capital generation divided by the weighted average number of diluted ordinary shares outstanding.	This ratio is a measure used to assess performance for remuneration purposes.
Fee revenue yield (bps) The fee revenue yield is calculated as annualised fee based revenue (excluding performance fees, SL Asia, Focus and Threesixty) divided by monthly average fee based assets.	The average revenue yield on fee based business is a measure that illustrates the average margin being earned on the assets that we manage, administer or advise our clients on. Fee revenue yield is now presented on a vector basis reflecting changes in our strategy. This includes changes in the allocation of fee based revenue, a reconciliation is provided in Section 5.4.4.
Investment performance KPI Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmark. Calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is net of fees. The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected, such as private equity, execution only mandates and Aberdeen Standard Capital, as well as replication tracker funds which aim to perform in line with a given index.	As an asset managing business this measure demonstrates our ability to generate investment returns for our clients.

5.4.1 Cost/income ratio

	H1 2021	H1 2020
Adjusted operating expenses (£m)	**(595)**	(601)
Fee based revenue (£m)	**755**	706
Cost/income ratio (%)	**79**	85

5.4.2 Adjusted diluted capital generation per share

A reconciliation of adjusted capital generation to adjusted profit after tax is included in 5.2.2 above.

	H1 2021	H1 2020
Adjusted capital generation (£m)	**176**	103
Weighted average number of diluted ordinary shares outstanding (millions) – Note 4.9	**2,156**	2,244
Adjusted diluted capital generation per share (pence)	**8.2**	4.6

In accordance with IAS 33, no share options and awards were treated as dilutive for the six months ended 30 June 2020 due to the loss attributable to equity holders of the Company from continuing operations in that period. See Note 4.9.

5.4.3 Fee revenue yield (bps)[1]

	Average AUMA (£bn)		Fee based revenue (£m)		Fee revenue yield (bps)	
	H1 2021	H1 2020	**H1 2021**	H1 2020	**H1 2021**	H1 2020
Investments						
Institutional and Wholesale[2]	**249.4**	230.1	**490**	454	**39.4**	39.3
Insurance	**202.0**	210.7	**101**	115	**10.1**	11.0
Adviser	**69.0**	60.0	**87**	69	**25.3**	23.1
Personal[2]	**13.7**	12.3	**41**	38	**55.9**	56.1
Parmenion[3]	**7.2**	7.0	**14**	11	**38.1**	33.4
Eliminations	**(10.9)**	(9.9)	**N/A**	N/A	**N/A**	N/A
Fee revenue yield[2]	**530.4**	510.2	**733**	687	**27.6**	26.8
SL Asia			**–**	7		
Performance fees			**22**	12		
Fee based revenue			**755**	706		

Analysis of Institutional and Wholesale by asset class[4,5]

	Average AUM (£bn)		Fee based revenue (£m)		Fee revenue yield (bps)	
	H1 2021	H1 2020	**H1 2021**	H1 2020	**H1 2021**	H1 2020
Equities	**69.7**	61.2	**225**	198	**64.8**	65.1
Fixed income	**47.4**	47.0	**67**	68	**28.7**	29.5
Multi-asset	**34.4**	32.4	**58**	64	**34.1**	39.8
Private equity	**11.0**	12.3	**31**	27	**56.1**	43.6
Real assets	**34.2**	31.6	**82**	75	**48.5**	47.6
Alternatives[6]	**20.0**	18.5	**12**	9	**12.6**	9.5
Quantitative	**6.0**	6.8	**2**	2	**6.5**	4.8
Liquidity	**26.7**	20.3	**10**	7	**7.8**	7.0
Institutional and Wholesale	**249.4**	230.1	**487**	450	**39.4**	39.3

1 Fee revenue yield is now presented on a vector basis and H1 2020 has been restated on this basis. See Section 5.4.4 for more information.

2 Institutional and Wholesale fee revenue yield excludes revenue of £3m (H1 2020: £4m) and Personal fee revenue yield excludes revenue of £3m (H1 2020: £3m), for which there are no attributable assets.

3 Parmenion is included in the Corporate/strategic vector.

4 Excludes revenue of £3m (H1 2020: £4m), for which there are no attributable assets.

5 Analysis by asset class has been revised following a strategic review of our private markets capabilities. The changes reflect the creation of a real assets franchise, which brings together our real estate and infrastructure businesses, and consolidation of our private credit capabilities within fixed income. Comparatives have been restated on this basis.

6 Alternatives average AUM includes c£12bn (H1 2020: c£12bn) of lower margin advisory mandates.

Analysis of Adviser revenue yield

Fee based revenue (gross basis) includes revenue passed to the product provider as shown below in other cost of sales. The cost of sales are netted against fee based revenue as presented in 5.4.3 above. The fee revenue yield presented on a gross basis in the table below represents the average bps charge payable by clients.

	Average AUMA (£bn)		Fee based revenue (£m)		Fee revenue yield (bps)	
	H1 2021	H1 2020	**H1 2021**	H1 2020	**H1 2021**	H1 2020
Fee based revenue (net of cost of sales)	**69.0**	60.0	**87**	69	**25.3**	23.1
Add: Other cost of sales – Note 4.5	**N/A**	N/A	**1**	13	**N/A**	N/A
Fee based revenue (gross of cost of sales)	**69.0**	60.0	**88**	82	**25.6**	27.4

5.4.4 Fee based revenue – reconciliation to previously disclosed information

H1 2020 as previously disclosed	Fee based revenue £m	Methodology change £m	Reallocation of technology business and Virgin Money revenue £m	Parmenion reallocation £m	Fee based revenue £m	H1 2020 on revised basis
						Investments
Institutional and Wholesale	445	4	5	–	454	Institutional and Wholesale
Strategic insurance partners	115	–	–	–	115	Insurance
Platforms and Wealth						
Wrap and Elevate	69	–	–	–	69	Adviser
Wealth	58	(4)	(5)	(11)	38	Personal
	–	–	–	11	11	Parmenion
Eliminations	N/A	–	–	–	N/A	Eliminations
	687	**–**	**–**	**–**	**687**	
SL Asia	7	–	–	–	7	SL Asia
Performance fees	12	–	–	–	12	Performance fees
Fee based revenue	**706**	**–**	**–**	**–**	**706**	**Fee based revenue**

5.4.5 Investment performance

	1 year		3 years		5 years	
% of AUM ahead of benchmark[1]	**H1 2021**	FY 2020	**H1 2021**	FY 2020	**H1 2021**	FY 2020
Equities	**55**	73	**65**	74	**45**	62
Fixed income	**75**	78	**85**	81	**93**	85
Multi-asset	**47**	61	**31**	33	**43**	36
Real assets	**63**	41	**56**	37	**52**	44
Alternatives	**26**	95	**98**	95	**98**	93
Quantitative	**88**	32	**16**	17	**39**	24
Liquidity	**88**	94	**87**	89	**87**	87
Total	**65**	71	**66**	66	**65**	68

1 The investment performance calculation covers all funds (including Insurance) that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected. Calculations for investment performance are made gross of fees except where the stated comparator is net of fees. Further details about the calculation of investment performance are included in the Glossary.

5.5 Assets under management and administration and flows

Definition	Purpose and changes
AUMA	
AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients. It includes assets under management (AUM), assets under administration (AUA) and assets under advice (AUAdv). AUM is a measure of the total assets that we manage on behalf of individual and institutional clients. AUM also includes captive assets managed on behalf of the Group including assets managed for corporate purposes. AUA is a measure of the total assets we administer for clients through platform products such as ISAs and SIPPs. AUAdv is a measure of the total assets we advise our clients on, for which there is an ongoing charge.	The amount of funds that we manage, administer or advise directly impacts the level of fee based revenue that we receive. AUMA is now presented on a vector basis and H1 2020 comparatives have been restated on this basis. See Section 5.9 for a reconciliation to previously disclosed information.
Net flows	
Net flows represent gross flows less redemptions. Gross flows are new funds from clients. Redemptions is the money withdrawn by clients during the period.	The level of net flows that we generate directly impacts the level of fee based revenue that we receive. Net flows are now presented on a vector basis and H1 2020 comparatives have been restated on this basis.

5.5.1 Analysis of AUMA[1]

6 months ended 30 June 2021	Opening AUMA at 1 Jan 2021 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[3] £bn	Closing AUMA at 30 Jun 2021 £bn
Investments							
Institutional	171.7	9.1	(12.5)	(3.4)	0.8	2.5	171.6
Wholesale	80.0	12.9	(14.0)	(1.1)	1.6	–	80.5
Insurance	205.2	9.1	(12.9)	(3.8)	3.1	–	204.5
Adviser	67.0	4.6	(2.6)	2.0	3.3	–	72.3
Personal[2]	13.3	1.0	(0.5)	0.5	0.6	–	14.4
Parmenion	8.1	0.7	(0.4)	0.3	0.3	(8.7)	–
Eliminations[2]	(10.7)	(1.4)	1.3	(0.1)	(0.7)	–	(11.5)
Total AUMA	**534.6**	**36.0**	**(41.6)**	**(5.6)**	**9.0**	**(6.2)**	**531.8**

6 months ended 30 June 2020	Opening AUMA at 1 Jan 2020 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUMA at 30 Jun 2020 £bn
Investments							
Institutional	160.6	14.0	(12.6)	1.4	0.5	–	162.5
Wholesale	76.1	11.5	(13.5)	(2.0)	0.2	–	74.3
Insurance	235.8	9.2	(35.4)	(26.2)	(5.5)	–	204.1
Adviser	62.6	3.2	(2.1)	1.1	(2.5)	–	61.2
Personal[2]	12.8	0.6	(0.5)	0.1	(0.2)	–	12.7
Parmenion	6.9	0.8	(0.2)	0.6	(0.2)	–	7.3
Eliminations[2]	(10.2)	(1.1)	1.3	0.2	(0.3)	–	(10.3)
Total AUMA	**544.6**	**38.2**	**(63.0)**	**(24.8)**	**(8.0)**	**–**	**511.8**

1 AUMA is now presented on a vector basis and H1 2020 has been restated on this basis. See Section 5.9 for more information.

2 Eliminations remove the double count reflected in Investments, Adviser and Personal. The Personal vector includes assets that are reflected in both Aberdeen Standard Capital and Advice businesses. This double count is also removed within Eliminations.

3 Corporate actions relate to the acquisition of a majority interest in Tritax on 1 April 2021 supplementing Institutional AUM by c£6bn at the acquisition date. This is partially offset by the disposal of our domestic real estate business in the Nordics region on 31 May 2021 which reduced AUM by c£3bn. The sale of Parmenion completed on 30 June 2021.

5.5.2 Quarterly net flows[1]

15 months ended 30 June 2021	3 months to 30 Jun 21 £bn	3 months to 31 March 21 £bn	3 months to 31 Dec 20 £bn	3 months to 30 Sep 20 £bn	3 months to 30 Jun 20 £bn
Investments					
Institutional	**(0.7)**	(2.7)	1.4	0.4	2.4
Wholesale	**(0.5)**	(0.6)	(0.4)	(0.5)	(0.2)
Insurance	**(1.5)**	(2.3)	(2.6)	(4.0)	0.3
Adviser	**0.9**	1.1	0.5	0.3	0.4
Personal	**0.3**	0.2	(0.1)	–	0.2
Parmenion	**0.2**	0.1	0.2	0.2	0.3
Eliminations	**–**	(0.1)	0.2	0.2	–
Total net flows	**(1.3)**	**(4.3)**	**(0.8)**	**(3.4)**	**3.4**

5.6 Institutional and Wholesale AUM[2]

Detailed asset class split

6 months ended 30 June 2021	Opening AUM at 1 Jan 2021 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUM at 30 Jun 2021 £bn
Developed markets equities	14.7	1.7	(2.0)	(0.3)	1.5	–	15.9
Emerging markets equities	19.0	1.1	(2.0)	(0.9)	1.0	–	19.1
Asia Pacific equities	26.6	2.7	(3.0)	(0.3)	0.2	–	26.5
Global equities	8.9	0.8	(0.8)	–	0.6	–	9.5
Total equities	**69.2**	**6.3**	**(7.8)**	**(1.5)**	**3.3**	**–**	**71.0**
Developed markets credit	32.2	2.9	(4.4)	(1.5)	(1.5)	–	29.2
Developed markets rates	2.8	0.3	(0.2)	0.1	(1.8)	–	1.1
Emerging markets fixed income	12.2	2.3	(2.2)	0.1	1.3	–	13.6
Private credit	1.0	0.7	–	0.7	0.6	–	2.3
Total fixed income	**48.2**	**6.2**	**(6.8)**	**(0.6)**	**(1.4)**	**–**	**46.2**
Absolute return	11.5	0.4	(1.1)	(0.7)	(0.6)	–	10.2
Diversified growth/income	0.6	–	(0.1)	(0.1)	–	–	0.5
MyFolio	15.6	1.1	(1.4)	(0.3)	2.0	–	17.3
Other multi-asset	10.0	0.6	(0.7)	(0.1)	(3.0)	–	6.9
Total multi-asset	**37.7**	**2.1**	**(3.3)**	**(1.2)**	**(1.6)**	**–**	**34.9**
Total private equity	**10.9**	**1.3**	**(0.5)**	**0.8**	**0.3**	**–**	**12.0**
UK real estate	9.2	0.7	(0.5)	0.2	3.2	5.8	18.4
European real estate	12.1	0.6	(0.2)	0.4	0.7	(3.3)	9.9
Global real estate	1.8	0.2	(0.2)	–	–	–	1.8
Real estate multi-manager	1.6	0.1	(0.1)	–	(0.6)	–	1.0
Infrastructure equity	5.3	0.6	(0.3)	0.3	–		5.6
Total real assets	**30.0**	**2.2**	**(1.3)**	**0.9**	**3.3**	**2.5**	**36.7**
Total alternatives	**19.5**	**1.4**	**(0.6)**	**0.8**	**–**	**–**	**20.3**
Total quantitative	**6.4**	**0.5**	**(0.5)**	**–**	**(0.4)**	**–**	**6.0**
Total liquidity	**29.8**	**2.0**	**(5.7)**	**(3.7)**	**(1.1)**	**–**	**25.0**
Total	**251.7**	**22.0**	**(26.5)**	**(4.5)**	**2.4**	**2.5**	**252.1**

1 AUMA is now presented on a vector basis and H1 2020 has been restated on this basis. See Section 5.9 for more information.

2 Analysis by asset class has been revised following a strategic review of our private markets capabilities. The changes reflect the creation of a real assets franchise, which brings together our real estate and infrastructure businesses, and consolidation of our private credit capabilities within fixed income. Comparatives have been restated on this basis.

6 months ended 30 June 2020[1]	Opening AUM at 1 Jan 2020 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUM at 30 Jun 20 £bn
Developed markets equities	14.7	2.0	(2.0)	–	(1.6)	–	13.1
Emerging markets equities	21.6	0.9	(4.0)	(3.1)	(1.9)	–	16.6
Asia Pacific equities	23.3	1.9	(2.5)	(0.6)	(0.2)	–	22.5
Global equities	9.4	0.6	(1.9)	(1.3)	–	–	8.1
Total equities	**69.0**	**5.4**	**(10.4)**	**(5.0)**	**(3.7)**	–	**60.3**
Developed markets credit	32.2	3.7	(4.3)	(0.6)	1.6	–	33.2
Developed markets rates	3.3	0.3	(0.6)	(0.3)	0.2	–	3.2
Emerging markets fixed income	10.9	2.1	(1.7)	0.4	(0.1)	–	11.2
Private credit	–	0.3	–	0.3	0.5	–	0.8
Total fixed income	**46.4**	**6.4**	**(6.6)**	**(0.2)**	**2.2**	–	**48.4**
Absolute return	12.7	0.3	(1.5)	(1.2)	0.6	–	12.1
Diversified growth/income	1.9	0.1	(0.3)	(0.2)	–	–	1.7
MyFolio	15.7	1.3	(1.1)	0.2	(1.0)	–	14.9
Other multi-asset	4.2	–	(0.5)	(0.5)	0.4	–	4.1
Total multi-asset	**34.5**	**1.7**	**(3.4)**	**(1.7)**	**–**	–	**32.8**
Total private equity	**11.8**	**0.4**	**(0.7)**	**(0.3)**	**0.9**	**–**	**12.4**
UK real estate	13.4	0.3	(0.9)	(0.6)	–	–	12.8
European real estate	12.1	0.6	(0.3)	0.3	0.7	–	13.1
Global real estate	1.0	0.1	(0.1)	–	0.6	–	1.6
Real estate multi-manager	1.4	–	(0.1)	(0.1)	–	–	1.3
Infrastructure equity	4.2	–	–	–	0.1	–	4.3
Total real assets	**32.1**	**1.0**	**(1.4)**	**(0.4)**	**1.4**	**–**	**33.1**
Total alternatives	**17.7**	**1.2**	**(0.5)**	**0.7**	**1.3**	**–**	**19.7**
Total quantitative	**7.8**	**0.4**	**(1.0)**	**(0.6)**	**(0.3)**	**–**	**6.9**
Total liquidity	**17.4**	**9.0**	**(2.1)**	**6.9**	**(1.1)**	**–**	**23.2**
Total	**236.7**	**25.5**	**(26.1)**	**(0.6)**	**0.7**	**–**	**236.8**

5.7 Analysis of Insurance

6 months ended 30 June 2021	Opening AUM at 1 Jan 2021 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUM at 30 Jun 2021 £bn
Phoenix	171.5	6.0	(9.9)	(3.9)	1.1	–	168.7
Lloyds	31.8	3.1	(2.9)	0.2	2.2	–	34.2
Other	1.9	–	(0.1)	(0.1)	(0.2)	–	1.6
Total	**205.2**	**9.1**	(12.9)	**(3.8)**	**3.1**	**–**	**204.5**

6 months ended 30 June 2020	Opening AUMA at 1 Jan 2020 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUMA at 30 Jun 2020 £bn
Phoenix[2]	169.7	6.7	(7.8)	(1.1)	1.9	–	170.5
Lloyds	64.5	2.2	(27.5)	(25.3)	(7.3)	–	31.9
Other[2]	1.6	0.3	(0.1)	0.2	(0.1)	–	1.7
Total	**235.8**	**9.2**	**(35.4)**	**(26.2)**	**(5.5)**	**–**	**204.1**

1 AUMA is now presented on a vector basis and H1 2020 has been restated on this basis. See Section 5.9 for more information.

2 Following the acquisition of ReAssure by the Phoenix Group in 2020, ReAssure is now included within Phoenix for the analysis of Insurance AUM. H1 2020 has been restated on the same basis.

5.8 Analysis of total AUM (excluding Parmenion)[1]

5.8.1 AUM by geography

	30 Jun 2021				31 Dec 2020			
	Institutional and Wholesale	**Insurance**	**Personal[2]**	**Total**	Institutional and Wholesale	Insurance	Personal[2]	Total
	£bn	**£bn**	**£bn**	**£bn**	£bn	£bn	£bn	£bn
UK	115.5	204.5	8.7	328.7	116.5	205.2	7.8	329.5
Europe, Middle East and Africa (EMEA)	65.0	–	–	65.0	65.9	–	–	65.9
Asia Pacific (APAC)	18.0	–	–	18.0	16.8	–	–	16.8
Americas	53.6	–	–	53.6	52.5	–	–	52.5
Total AUM	**252.1**	**204.5**	**8.7**	**465.3**	**251.7**	**205.2**	**7.8**	**464.7**

5.8.2 AUM by asset class[3]

	30 Jun 2021				31 Dec 2020			
	Institutional and Wholesale	**Insurance**	**Personal[2]**	**Total**	Institutional and Wholesale	Insurance	Personal[2]	Total
	£bn	**£bn**	**£bn**	**£bn**	£bn	£bn	£bn	£bn
Equities	71.0	53.2	–	124.2	69.2	48.8	–	118.0
Fixed income	46.2	64.1	–	110.3	48.2	69.0	–	117.2
Multi-asset	34.9	7.2	8.7	50.8	37.7	7.0	7.8	52.5
Private equity	12.0	1.8	–	13.8	10.9	1.8	–	12.7
Real assets	36.7	8.2	–	44.9	30.0	8.3	–	38.3
Alternatives	20.3	–	–	20.3	19.5	–	–	19.5
Quantitative	6.0	47.6	–	53.6	6.4	45.0	–	51.4
Liquidity	25.0	22.4	–	47.4	29.8	25.3	–	55.1
Total AUM	**252.1**	**204.5**	**8.7**	**465.3**	**251.7**	**205.2**	**7.8**	**464.7**

1 AUMA is now presented on a vector basis and H1 2020 has been restated on this basis. See Section 5.9 for more information.

2 Excludes assets under advice of £5.7bn at 30 June 2021 (FY 2020: £5.5bn).

3 Analysis by asset class has been revised following a strategic review of our private markets capabilities. The changes reflect the creation of a real assets franchise, which brings together our real estate and infrastructure businesses, and consolidation of our private credit capabilities within fixed income. Comparatives have been restated on this basis.

5.9 AUMA – Reconciliation to previously disclosed information

H1 2020 as previously disclosed	**Closing AUMA £bn**	**Parmenion reallocation £bn**	**Virgin Money reallocation £bn**	**Closing AUMA £bn**	**H1 2020 on revised basis**
					Investments
Institutional	162.5	–	–	162.5	Institutional
Wholesale	71.1	–	3.2	74.3	Wholesale
Strategic insurance partners	204.1	–	–	204.1	Insurance
Platforms and Wealth					
Wrap and Elevate	61.2	–	–	61.2	Adviser
Wealth	23.2	(7.3)	(3.2)	12.7	Personal
		7.3	–	7.3	Parmenion
Eliminations	(10.3)	–	–	(10.3)	Eliminations
Total AUMA	**511.8**	**–**	**–**	**511.8**	**Total AUMA**

6. Glossary

Adjusted net financing costs and investment return

Adjusted net financing costs and investment return (previously named Capital management) is a component of adjusted profit and relates to the return from the net assets of the shareholder business, net of costs of financing. This includes the net assets in defined benefit staff pension plans and net assets relating to the financing of subordinated liabilities.

Adjusted operating expenses

Adjusted operating expenses is a component of adjusted operating profit and relates to the day-to-day expenses of managing our business.

Adjusted operating profit

Adjusted operating profit is the Group's key alternative performance measure. Adjusted operating profit includes the results of the Group three growth vectors: Investments, Adviser; and Personal along with the Corporate/Strategic segment.

It excludes the Group's adjusted net financing costs and investment return, the results from the Group's associates, joint ventures and discontinued operations.

Adjusted operating profit also excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.
- Profit or loss arising on the disposal of a subsidiary, joint venture and associates accounted for using the equity method.
- Change in fair value in/dividends from significant listed investments.
- Fair value movements in contingent consideration in relation to continuing operations.
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group.

Adjusted profit before tax

In addition to the results included in adjusted operating profit above, adjusted profit before tax includes adjusted net financing costs and investment return.

Assets under management and administration (AUMA)

AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients. It includes assets under management (AUM), assets under administration (AUA) and assets under advice (AUAdv). AUMA does not include assets for associates and joint ventures.

AUM is a measure of the total assets that we manage on behalf of individual and institutional clients. AUM also includes assets managed for corporate purposes.

AUA is a measure of the total assets we administer for clients through our Platforms. AUAdv is a measure of the total assets we advise our clients on, for which there is an ongoing charge.

Board

The Board of Directors of the Company.

Chief Operating Decision Maker

The Executive leadership team.

Company

abrdn plc.

Cost/income ratio

This is an efficiency measure that is calculated as adjusted operating expenses divided by fee based revenue.

CRD IV

CRD IV is the European regulatory capital regime (comprising the Capital Requirements Directive and Capital Requirements Regulation) that applies to investment firms.

Director

A director of the Company.

Earnings per share (EPS)

EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as share options awarded to employees.

Effective tax rate

Tax expense/(credit) attributable to equity holders' profit divided by profit before tax attributable to equity holders' profits expressed as a percentage.

Executive leadership team

Our Executive leadership team (ELT) leads the business across our regions and functions and is responsible for executing and monitoring progress on the delivery of our business plans. The ELT also ensures we meet our obligations to our clients, people, shareholders, regulators and partners.

Fair value through profit or loss (FVTPL)

FVTPL is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains or losses on assets or liabilities measured at FVTPL are recognised directly in the income statement.

FCA

Financial Conduct Authority of the United Kingdom.

Fee based revenue

Fee based revenue is a component of adjusted operating profit and includes revenue we generate from asset management charges (AMCs), platform charges and other transactional charges. AMCs are earned on products such as mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the client, with our major indirect exposure to rising or falling markets coming from higher or lower AMCs. Fee based revenue is shown net of fees, costs of sale, commissions and similar charges. Costs of sale include revenue from fund platforms which is passed to the product provider.

Fee revenue yield (bps)
The average revenue yield on fee based business is a measure that illustrates the average margin being earned on the assets under management, administration or advice. It is calculated as annualised fee based revenue (excluding performance fees, SL Asia, Focus and Threesixty) divided by monthly average fee based assets.

Group or abrdn
Relates to the Company and its subsidiaries.

Growth vectors
We provide services across three growth vectors:

- **Investments:** Asset management investment solutions for institutional, wholesale and insurance clients.
- **Adviser:** Our Wrap and Elevate adviser platforms.
- **Personal:** Comprises our 1825 financial planning and advice business and our Aberdeen Standard Capital discretionary investment management business.

ICAAP
Internal Capital Adequacy Assessment Process. The ICAAP is the means by which the Group assesses the level of capital that adequately supports all of the relevant current and future risks in its business.

International Financial Reporting Standards (IFRS)
International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB).

Investment performance
Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmark. Calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is net of fees. Benchmarks differ by fund and are defined in each fund's Investment Management Agreement (for example, the benchmark for our GARS unit trust fund is six-month GBP LIBOR). The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected, such as private equity, execution only mandates and Aberdeen Standard Capital, as well as replication tracker funds which aim to perform in line with a given index. Investment performance is calculated as if Standard Life Group and Aberdeen had always been merged.

LBG tranche withdrawals
On 24 July 2019, the Group announced that it had agreed a final settlement in relation to the arbitration proceedings between the parties concerning LBG's attempt to terminate investment management arrangements under which assets were managed by members of the Group for LBG entities. In its decision of March 2019, the arbitral tribunal found that LBG was not entitled to terminate these investment management contracts. The Group had continued to manage approximately £104bn (as at 30 June 2019) of assets under management (AUM) for LBG entities during the period of the dispute. Approximately two thirds of the total AUM (the transferring AUM) will be transferred to third party managers appointed by LBG through a series of planned tranches from 24 July 2019. During this period, the Group will continue to be remunerated for its services in relation to the transferring AUM.

Net flows
Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients. Gross outflows or redemptions is the money withdrawn by clients during the period.

Phoenix or Phoenix Group
Phoenix Group Holdings plc or Phoenix Group Holdings plc and its subsidiaries.

Pillar 1
Under CRD IV, Pillar 1 focuses on fixed overhead requirements and the Group's exposure to credit and market risks in respect of risk-weighted assets, and sets a minimum requirement for capital based on these measures.

Pillar 2
The requirement for companies to assess the level of additional capital held against risks not covered in Pillar 1.

Pillar 3
This complements Pillar 1 and Pillar 2 with the aim of improving market discipline by requiring companies to publish certain details of their risks, capital and risk management. The latest available Group's Pillar 3 disclosures are published at **www.abrdn.com/annualreport**

Platform
An investment platform (e.g. Wrap or Elevate) which is essentially a trading platform enabling investment funds, pensions, direct equity holdings and some life assurance contracts to be held in the same administrative account rather than as separate holdings.

Subordinated liabilities
Subordinated liabilities are debts of a company which, in the event of liquidation, rank below its other debts but above share capital.

7. Shareholder information

Registered office

1 George Street
Edinburgh
EH2 2LL
Scotland

Company registration number: SC286832

For shareholder services call:
0371 384 2464*

*Calls are monitored/recorded to meet regulatory obligations and for training and quality purposes. Call charges will vary.

Secretary
Kenneth A Gilmour

Registrar
Equiniti

Note – Equiniti is the registrar for shareholder data. Our employee share plan data is administered by Link Market Services.

Auditors
KPMG LLP

Solicitors
Slaughter and May

Brokers
JP Morgan Cazenove
Goldman Sachs

Shareholder services

We offer a wide range of shareholder services. For more information, please:

- Contact our registrar, Equiniti, who manage this service for us. Their details can be found on the back cover.
- Visit our share portal at **www.abrdnshares.com**

Sign up for Ecommunications

Signing up means:

- You'll receive an email when documents like the Annual report and accounts, Half year results and AGM guide are available on our website.
- Voting instructions for the Annual General Meeting will be sent to you electronically.

Set up a share portal account

Having a share portal account means you can:

- Manage your account at a time that suits you.
- Download your documents when you need them.

To find out how to sign up, visit **www.abrdnshares.com**

Preventing unsolicited mail

By law, the Company has to make certain details from its share register publicly available. As a result it is possible that some registered shareholders could receive unsolicited mail, emails or phone calls. You could also be targeted by fraudulent 'investment specialists', clone firms or scammers posing as government bodies e.g. HMRC, FCA. Frauds are becoming much more sophisticated and may use real company branding, the names of real employees or email addresses that appear to come from the company. If you get a social or email message and you're unsure if it is from us, you can send it to **emailscams@abrdn.com** and we'll let you know.

You can also check the FCA warning list and warning from overseas regulators, however, please note that this is not an exhaustive list and do not assume that a firm is legitimate just because it does not appear on the list as fraudsters frequently change their name and it may not have been reported yet.

www.fca.org.uk/consumers/unauthorised-firms-individuals

www.iosco.org/investor_protection/?subsection=investor_alerts_portal

You can find more information about share scams at the Financial Conduct Authority website **www.fca.org.uk/consumers/scams**

If you are a certificated shareholder, your name and address may appear on a public register. Using a nominee company to hold your shares can help protect your privacy. You can transfer your shares into the Company-sponsored nominee – the abrdn Share Account – by contacting Equiniti, or you could get in touch with your broker to find out about their nominee services.

If you want to limit the amount of unsolicited mail you receive generally, please visit **www.mpsonline.org.uk**

Financial calendar

Half year results 2021	10 August
Ex-dividend date for 2021 interim dividend	19 August
Record date for 2021 interim dividend	20 August
Last date for DRIP elections for 2021 interim dividend	8 September
Dividend payment date for 2021 interim dividend	28 September

Analysis of registered shareholdings at 30 June 2021

Range of shares	Number of holders	% of total holders	Number of shares	% of total shares
1-1,000	63,137	65.37%	25,429,057	1.16%
1,001-5,000	28,558	29.57%	58,367,716	2.68%
5,001-10,000	2,743	2.84%	18,268,854	0.84%
10,001-100,000	1,587	1.64%	39,078,701	1.79%
#100,001+	563	0.58%	2,039,579,386	93.53%
Total	**96,588**	**100.00%**	**2,180,723,714**	**100.00%**

These figures include the Company-sponsored nominee – the Standard Life Aberdeen Share Account – now renamed the abrdn Share Account – which had 988,109 participants holding 663,992,725 shares.

8. Forward-looking statements

This document may contain certain 'forward-looking statements' with respect to the financial condition, performance, results, strategy, targets, objectives, plans, goals and expectations of the Company and its affiliates. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements are prospective in nature and are not based on historical or current facts, but rather on current expectations, assumptions and projections of management about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. For example but without limitation, statements containing words such as 'may', 'will', 'should', 'could', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'hopes', 'plans', 'pursues', 'ensure', 'seeks', 'targets' and 'anticipates', and words of similar meaning (including the negative of these terms), may be forward-looking. These statements are based on assumptions and assessments made by the Company in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate.

By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and/or depend on circumstances which may be or are beyond the Group's control, including among other things: the direct and indirect impacts and implications of the coronavirus COVID-19 on the economy, nationally and internationally, and on the Group, its operations and prospects; UK domestic and global political, economic and business conditions (such as the UK's exit from the EU); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by the Company or its affiliates and/or within relevant industries; the value of and earnings from the Group's strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches (including the Group being subject to cyberattacks); operational information technology risks, including the Group's operations being highly dependent on its information technology systems (both internal and outsourced); natural or man-made catastrophic events (including the impact of the coronavirus COVID-19); climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its targets); exposure to third party risks including as a result of outsourcing; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities (including changes in response to the coronavirus COVID-19 and its impact on the economy); and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations (including changes to the regulatory capital requirements that the Group is subject to or changes in connection with the coronavirus COVID-19) in the jurisdictions in which the Company and its affiliates operate. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, objectives and expectations set forth in the forward-looking statements.

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Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it. All figures and share price information have been calculated as at 30 June 2021 (unless otherwise indicated).

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