Standard Life plc
Full year results 2016
24 February 2017

Delivering diversified and sustainable growth

	2016	2015	
Assets under administration (£bn)	**357.1**	307.4	16%
Fee based revenue (£m)	**1,651**	1,579	5%
Operating profit before tax (£m)[1]	**723**	665	9%
Diluted operating EPS (p)[2,3]	**29.5**	26.1	13%
Underlying cash generation (£m)[4]	**502**	459	9%
Profit for the year attributable to equity holders of Standard Life plc (£m)	**368**	276	33%
Full year dividend per share (p)	**19.82**	18.36	8.0%

More detail on our financial performance is available within the supplementary section on page 2 of this release. Unless otherwise stated, all figures are presented on a continuing operations basis[5].

Growing assets by meeting the evolving and diverse needs of our clients and customers

- Increased assets under administration by 16% to £357.1bn with modest net outflows of £2.6bn, representing less than 1% of opening assets, driven largely by our mature books of business
- Growth channels AUA up 20% (up 132% over the last five years to £237.6bn) driven by gross inflows of £38.6bn, net inflows of £4.1bn, the acquisition of Elevate and positive market movements:
  - Institutional and Wholesale AUM up 11%[6] to £137.1bn benefiting from product and client diversification:
    - Institutional net inflows of £1.1bn and Wholesale net outflows of £1.7bn in the most challenging market for the UK mutual fund industry for over 20 years
    - Resilient gross inflows of £27.7bn (2015: £30.5bn[6]) with lower demand for GARS partly offset by a 30%[6] increase in gross inflows to £17.5bn (net inflows £3.7bn) into a broad range of other products
  - Workplace and Retail AUA up 33% to over £100bn benefiting from net inflows of £5.4bn (2015: £5.8bn) and the acquisition of Elevate
- Third party[7] funds above benchmark over 1 year: 20%; 3 years: 76%; 5 years: 88%

Revenue growth and sharpened focus on efficiency driving operational leverage

- Fee based revenue up 5% to £1,651m (95% of total income) with growth channels revenue up 10% to £1,205m (2015: £1,096m) and average revenue yield maintained at 59bps (2015: 59bps)
- Reduced cost/income ratio[8] by 1ppt to 62% and continuing to target a reduction below 60% over the medium term
- Operating profit before tax up 9% to £723m with diluted operating EPS up 13% to 29.5p
- Non-operating items include a provision for non-advised annuity sales practices of £175m but take no account of a possible insurance recovery of up to £100m

Generating cash to drive sustainable growth and returns to shareholders

- Underlying cash generation up 9% to £502m funding further investment in our business, including our investment capabilities and geographic reach as well as the acquisition of Elevate and ongoing buildout of 1825
- Strong holding company cash position of £0.9bn (2015: £1.0bn) after increasing our stake in HDFC Life which is pursuing a combination with Max Life to create the leading private life insurance business in India
- Unbroken 10 year track record of progressive dividends with full year dividend per share up 8.0% to 19.82p

Keith Skeoch, Chief Executive, commented:

"Standard Life continues to make good progress towards creating a world-class investment company. We have increased the pace of strategic delivery, against a backdrop of volatile investment markets, with growth in assets, profits, cash flows and returns to shareholders.

"Despite industry headwinds, we are benefiting from our strengthening global brand and strong long-term relationships with a well diversified range of clients and customers. The acquisition of Elevate has strengthened our leading position in the advised platform market while the increase in the stake in HDFC Life and the proposed combination with Max Life will increase our exposure to the attractive and fast growing Indian market.

"We are already seeing the benefits of targeted investments to further our diversification agenda, including the success of our newer investment solutions, and the sharpened focus on operational efficiency. This increased pace of strategic delivery will ensure that we continue to meet changing client and customer needs, and generate growing and sustainable returns for our shareholders."

Supplementary information
Financial highlights

Profitability	2016 £m	2015 £m
Fee based revenue	1,651	1,579
Spread/risk margin	92	101
Total income	1,743	1,680
Total expenses	(1,159)	(1,115)
Capital management	21	9
Share of associates' and joint ventures' profit before tax	76	56
Underlying performance[9]	**681**	630
Operating assumption and actuarial reserving changes (spread/risk margin)	42	44
One-off contribution to with profits business in Germany (operating expenses)	-	(9)
Operating profit before tax	**723**	665
Tax on operating profit	(127)	(114)
Share of associates' and joint ventures' tax expense	(13)	(13)
Operating profit after tax	**583**	538
Non-operating items	(274)	(257)
Tax on non-operating items	59	37
Singapore included in discontinued operations segment[2]	-	(42)
Profit for the year attributable to equity holders of Standard Life plc	**368**	276
IFRS profit from discontinued operations[2,5]	-	1,147
Total IFRS profit for the year attributable to equity holders of Standard Life plc	**368**	1,423

Underlying performance by business unit	2016 £m	2015 £m
Standard Life Investments	**383**	342
UK spread/risk[10]	74	92
UK excluding spread/risk	207	199
UK Pensions and Savings	**281**	291
Europe Pensions and Savings	**39**	31
Hong Kong	(5)	2
Share of associates' and joint ventures' profit before tax	41	25
India and China	**36**	27
Other	**(58)**	(61)
Underlying performance	**681**	630

Other performance indicators	2016	2015
Operating profit before tax (£m)	723	665
Underlying cash generation (£m)[4]	502	459
Assets under administration (£bn)	357.1	307.4
Net flows (£bn)	(2.6)	6.3

Other financial highlights		2016	2015
Solvency II capital surplus (£bn):	Investor view	3.3[11]	3.3
	Regulatory view	3.1[11]	2.1
Solvency II solvency ratio:	Investor view	214%[11]	222%
	Regulatory view	176%[11]	162%
Profit for the year attributable to equity holders of Standard Life plc (£m)		368	276
Diluted operating EPS (p)[2,3]		29.5	26.1
Diluted EPS (p)[2,3]		18.6	13.4
Basic EPS (p)[2,3]		18.7	13.5
Final dividend per share (p)		13.35	12.34
Full year dividend per share (p)		19.82	18.36

Creating a world-class investment company

Our ambition is to create a world-class investment company: a global business that manages, administers and advises on investments for our customers and clients.

Our business model is simple. We attract assets by meeting the investment needs of our customers and clients. This includes individual investors in our mutual funds and pensions and savings products, as well as financial advisers, employers and a wide range of institutional clients. By growing the assets we look after for our clients and customers we also grew revenue, which combined with tight cost control, allowed us to grow our profits.

Our business is well positioned for the global trends that are shaping the savings and investments landscape. This means we are able to invest for the future to continue to meet the needs of our customers and clients and to generate growing and sustainable returns for our shareholders.

Continuing growth in assets in volatile markets

Assets under administration (AUA) increased by 16% to £357.1bn driven by market movements, including the benefit of weaker Sterling. Gross inflows were resilient at £42.1bn (2015: £43.0bn) but redemptions increased to £44.7bn (2015: £36.7bn) reflecting wholesale markets which were affected by weaker investor sentiment and our short-term investment performance which was impacted by the market reaction to macro-economic and geopolitical events.

Over 90% of these gross inflows came via our growth channels including £39.9bn into our key growth channels. Gross inflows into Institutional and Wholesale were resilient at £27.7bn (2015: £30.5bn[6]) with lower demand for GARS partly offset by continued growth across a broad range of other products which saw gross inflows up 30%[6] to £17.5bn. Since 2012, gross inflows across those asset classes grew by 150% from £7.0bn to £17.5bn, while GARS gross inflows increased 21% to £10.2bn. Gross inflows into Workplace and Retail continued to grow steadily, increasing by 5% to £12.2bn in 2016, and by 58% since 2012.

Key growth channels gross inflows	**2012 £bn**	**2013 £bn**	**2014[6] £bn**	**2015[6] £bn**	**2016 £bn**
Institutional and Wholesale (excluding GARS)	7.0	8.1	12.2	13.5	17.5
GARS	8.4	11.8	10.9	17.0	10.2
Institutional and Wholesale	15.4	19.9	23.1	30.5	27.7
Workplace and Retail	7.7	9.8	9.9	11.6	12.2
Total key growth channels (before eliminations)	**23.1**	**29.7**	**33.0**	**42.1**	**39.9**

Total net outflows of £2.6bn (2015: net inflows £6.3bn) included net inflows of £4.1bn (2015: £14.9bn) from our growth channels. This was offset by net outflows of £6.2bn (2015: £7.9bn) from our mature fee books which are in slow long-term run-off but included a new £1.2bn mandate secured from the Phoenix Group. Flows also reflected ongoing progress in our India and China associate and joint venture life businesses which generated net inflows of £0.4bn (2015: £0.2bn). Scheduled net outflows from annuities amounted to £0.9bn (2015: £0.9bn).

Capitalising on our strengths and opportunities in key markets

Our results for 2016 demonstrate the benefits of a well diversified business, with our broad range of customers and clients responding in different ways to the changing market environment. Looking at each of our key growth channels:

Institutional – delivers record gross inflows

Institutional AUM increased by 13%[6] to £87.0bn helped by net inflows of £1.1bn (2015: £3.3bn) and positive market movements.

Net inflows included record gross inflows of £15.6bn (2015: £11.1bn), demonstrating the quality and breadth of our investment capabilities. We saw strong demand across our broad range of asset classes including fixed income, private equity, real estate and multi-asset although gross inflows into GARS were lower.

Fee based revenue increased by 10%[6] to £360m benefiting from higher AUM. Average revenue yield reduced to 43bps (2015: 48bps) reflecting the transfer of £9.8bn of assets, previously classified as Ignis, into the Institutional channel at an average yield of 19bps.

Wholesale – relatively resilient in a challenging environment for mutual funds

Wholesale AUM increased by 6%[6] to £50.1bn with net outflows of £1.7bn (2015: net inflows £9.3bn) in a challenging environment for mutual funds.

Weaker investor sentiment due to market volatility, the EU referendum result, other political uncertainty and short-term investment performance have impacted global wholesale markets with the UK market seeing the worst net retail sales for 20 years according to Pridham. As a result, our Wholesale channel attracted lower gross inflows and saw an increase in redemptions. Despite this, we have achieved a top 5 gross sales position[12] in the UK market for 17 consecutive quarters and remain well positioned with a share of 4.7%[13] (2015: 5.4%). This included continued strong demand for MyFolio driving AUM up 30% to £10.5bn with c80% distributed via our Pensions and Savings business.

Fee based revenue increased by 8%[6] to £271m with higher AUM and a revenue yield of 68bps[14] (2015: 69bps[14]).

Workplace – growth benefiting from increased regular contributions

Workplace AUA grew 13% to £37.4bn benefiting from net inflows of £1.7bn (2015: £1.9bn) and positive market movements. We also reclassified £1.9bn (2015: £1.6bn) of assets from Workplace to our retail channels during the year to reflect the retail relationship we now have with those customers.

While we have seen fewer large scheme transfers as employers adapt to new pension regulations, our Workplace channel is benefiting from growing contributions into existing schemes which provide a steady and long-term source of growth. Regular contributions into the workplace pensions we administer have increased by 5% to £3.1bn, reflecting our success in attracting new flows through auto enrolment.

Fee based revenue increased by 5% to £185m (2015: £176m) reflecting the growth in AUA while revenue yield increased slightly to 54bps (2015: 53bps) benefiting from the success of Good to Go, our workplace pension solution for SMEs.

Retail – benefiting from our leading adviser platform business

Retail AUA increased by 48% to £62.9bn (2015: £42.6bn) benefiting from net inflows of £3.7bn (2015: £3.9bn) and positive market movements. Growth in Retail AUA also reflects the acquisition of Elevate which added £11.1bn to AUA on completion.

Retail benefited from continued strong net inflows onto our leading Wrap adviser platform of £4.1bn (2015: £4.4bn) with Wrap AUA up 25% to £31.9bn (2015: £25.5bn). These flows were driven by growing demand for pensions offset by lower demand for ISAs and other investments as a result of weaker investor sentiment. We saw more of our customers moving into our drawdown proposition following pension freedoms, with total assets invested increasing by 21% to £16.4bn (2015: £13.6bn).

Fee based revenue increased by 16% to £228m (2015: £196m) due to higher AUA while revenue yield was broadly stable at 46bps[15] (2015: 47bps[15]).

Growth in assets driving increase in fee based revenue

Fee based revenue increased by 5% to £1,651m (2015: £1,579m), benefiting from asset growth across all of our key growth channels – Institutional, Wholesale, Workplace and Retail.

Overall, revenue generated from our growth channels increased by 10% to £1,205m (2015: £1,096m) and benefited from an 11% increase in average assets and a 20% increase in closing assets to £237.6bn (2015: £198.3bn). This more than offset the reduction in revenue from mature books to £446m (2015: £483m). Average fee based revenue yield across our key growth channels remained stable with Standard Life Investments third party[7] business at 53bps[14] (2015: 52bps[14]), Workplace at 54bps (2015: 53bps) and Retail at 46bps[15] (2015: 47bps[15]).

Increased focus on efficiency

During the year, our operating expenses increased by just 3% to £1,159m (2015: £1,124m) while we lowered our cost/income ratio[8] by 1ppt to 62%. This was achieved while continuing to invest in expanding the distribution and global reach of Standard Life Investments, building out 1825 and absorbing the acquisition of the currently loss making Elevate adviser platform acquired in November 2016.

Standard Life Investments has achieved its 45% EBITDA margin target one year early helped by delivery of over £50m of annual cost synergies following the successful integration of Ignis.

Delivering growth in profits, cash generation and dividend

Underlying performance[9] was up 8% to £681m (2015: £630m) and operating profit before tax increased by 9% to £723m (2015: £665m). Given close alignment of operating profit with cash generation, this drove underlying cash generation up 9% to £502m (2015: £459m).

Profit for the year attributable to equity holders was £368m (2015: £276m) reflecting increased operating profit and an increase in non-operating costs. These included recognition of a provision of £175m following the outcome of the FCA's thematic review into non-advised annuity sales. We are working with the FCA to put in place a process to ensure we provide affected customers with appropriate redress.

The Board has proposed a final dividend of 13.35p per share making a total of 19.82p (2015: 18.36p), an increase of 8.0%. We continue to apply our existing progressive pence per share dividend policy taking account of market conditions and the Group's financial performance.

Solvency position remains strong

We remain strongly capitalised, with a stable Solvency II investor view surplus of £3.3bn[11] (2015: £3.3bn), representing solvency cover of 214%[11] (2015: 222%). Our investor view surplus is net of the £0.2bn cost of increasing our stake in HDFC Life during 2016 and the provision for non-advised annuity sales. Regulatory surplus increased to £3.1bn[11] (2015: £2.1bn) following management efforts and changes to the Companies Act allowing us to recognise additional capital from our subsidiaries at Group level.

Our capital surplus is also resilient and largely insensitive to market movements. For example, the investor view surplus of £3.3bn[11] would change by £0.2bn or less following a 20% rise or fall in equities; 100bps rise or fall in fixed interest yields; or a 50bps rise or fall in credit spreads.

Delivering against our strategic objectives

Our strategic objectives are designed to help us capitalise on the global trends shaping the savings and investments landscape and allow us to achieve our world-class ambitions.

Broadening and deepening our investment capability

We have a long-established programme of innovation and product development. During 2016 we continued to broaden and deepen our investment capability to meet client needs and drive sustainable long-term growth:

- Launched 16 new funds across a range of investment capabilities including:
  - European versions of our leading MyFolio fund range and the Enhanced Diversification Growth Fund
  - Emerging Markets Debt and Global Emerging Markets Equity funds launched for Nationwide in the US
  - Global Focused Solutions launched for John Hancock and US institutional clients
- Continued to strengthen our private markets capability and now manage £31bn of assets across private credit, private equity, infrastructure and real estate
- Our Integrated Liability Plus Solutions (ILPS) for small and medium-sized defined benefit pension schemes launched in April 2016 and has already secured over £220m of assets from 34 clients and 8 different consultants

Building an efficient and effective business

We have an established track record of improving both the scalability and efficiency of our business. During 2016, we improved the cost/income ratio[8] by 1ppt to 62% and we continue to sharpen our focus on efficiency to drive further reductions in unit costs and to unlock greater operational leverage.

We believe there are further opportunities to drive down unit costs and add value – for example, through streamlining our customers operations, increasing automation and straight-through processing.

The integration of Elevate into our platform business is also expected to result in efficiencies through leveraging the common services provided to both Wrap and Elevate by FNZ, as well as increasing the Standard Life Investments content available to advisers and their clients on Elevate.

Attracting, retaining and developing talented people

Our people are central to building long-term customer and client relationships, contributing to our businesses' performance, our reputation, profitability and long-term shareholder value. We continued to make progress in 2016:

- Standard Life Investment's Boston office was ranked best medium-sized employer in the 2016 Pensions & Investments' Best Place to Work in Money Management awards
- Recruited over 200 young people through our graduate and youth employment initiatives and 8% of our employees in the UK and Ireland are now aged 25 years old or under, compared with 0.5% in 2010
- Developing the next generation of financial planning professionals with the second intake to our 1825 academy
- Qualified for the Dow Jones Sustainability Index and received a silver rating which puts us among the top 7% of companies globally

Developing strong relationships with customers and clients

We are focused on developing strong relationships with customers and clients both globally through Standard Life Investments and closer to home within our Pensions and Savings business:

- Continued to expand our global reach and now have a presence in 29 locations worldwide and clients in 45 countries:
  - New Tokyo office supports our growth ambitions in Japan, particularly our liability aware offering for insurers
  - The addition of a Singapore office enhances our real estate investment capabilities and regional distribution
- Entered new strategic partnerships with Bosera International and Challenger, allowing us to reach more customers and clients in the growing Chinese and Australian markets respectively
- Our Workplace business has now added over 1 million new customers through auto enrolment since 2012
- Following the acquisition of Elevate, our Retail business now supports over 3,000 adviser businesses with total platform AUA of £44.2bn and net inflows of £4.8bn over the last 12 months
- 1825 completed the acquisitions of a further three quality adviser firms and now has 65 financial planners, advising 8,600 clients on assets of £3.2bn

Growing and diversifying our revenue and profit

Our results for 2016 have demonstrated the benefits of our diversified business model, with our broad range of customers and clients responding in different ways to the changing market environment.

We are well positioned to capture revenue across the value chain by providing our customers and clients with asset management, administration and advice. Our range of investment capabilities continues to expand and we are increasing our penetration into other global markets too. We have also further diversified our sources of revenue and profit with the acquisition of Elevate, growth of 1825 and the increased stake in HDFC Life.

Our associate and joint venture businesses in Asia are becoming an increasingly important contributor to profitability and are a further source of diversification. During the year our share of operating profit before tax from these businesses increased by 36% to £76m (2015: £56m).

Outlook

While optimism across financial markets has recently increased it is clear that the uncertainty that always accompanies economies, politics and markets will remain elevated. This will continue to reinforce the global trends that are shaping the savings and investment landscape, which Standard Life's long-term strategy is designed to take advantage of.

We are already benefiting from our strong long-term relationships with a broad and well diversified range of clients and customers who are responding in different ways to the changing market environment. Targeted investments to further our diversification agenda, together with a sharpened focus on operational efficiency as we drive our cost income ratio to below its current level, will increase our pace of strategic delivery. This will ensure we continue to meet changing client and customer needs, and generate growing and sustainable returns for our shareholders.

For further information please contact:

Institutional equity investors

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Neil Longair*	0131 245 6466 / 07711 357 595
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Steve Hartley*	0131 245 1365 / 07702 934 651
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Retail equity investors

Capita Asset Services*	0345 113 0045

Debt investors

Stephen Percival*	0131 245 1571
Nick Mardon*	0131 245 6371

*Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Newswires and online publications

A conference call for newswires and online publications will take place on Friday 24 February at 7.30am (UK time). Participants should dial +44 (0)20 3059 8125 and quote Standard Life full year results 2016. A replay facility will be available for seven days after the event. To access the replay please dial +44 (0)121 260 4861 followed by the pass code 5121315#.

Investors and analysts

The full year results 2016 analyst and investor presentation will take place on Friday 24 February at 9.00am (UK time). The presentation will take place at Goldman Sachs International, River Court, 120 Fleet Street, London EC4A 2BE. There will also be a live webcast and teleconference starting at 9.00am, both of which will have the facility to ask questions at the end of the formal presentation. Participants should dial +44 (0)20 3059 8125 and quote Standard Life full year results 2016. A replay facility will be available for seven days after the event. To access the replay please dial +44 (0)121 260 4861 followed by 5120542#.

Footnotes

1. Operating profit is IFRS profit before tax adjusted to remove the impact of short-term market driven fluctuations in investment return and economic assumption changes, restructuring costs, amortisation and impairment of intangible assets acquired in business combinations, gain or loss on the sale of a subsidiary, associate or joint venture and other significant one-off items which are not indicative of the long-term operating performance of the Group.
2. Under IFRS 5, Singapore did not constitute a discontinued operation and was included under continuing operations in the IFRS consolidated income statement. Therefore the analysis of Group operating profit includes the reclassification of Singapore results between discontinued and continuing operations. The 2015 Group diluted operating earnings per share from continuing operations excludes Singapore while the Group diluted and basic earnings per share from continuing operations includes Singapore.
3. The Company undertook a share consolidation in 2015 followed by a return of value to shareholders. In accordance with IAS 33, earnings per share were not restated following the share consolidation as there was an overall corresponding change in resources. As a result of the share consolidation, earnings per share from continuing operations for the year ended 31 December 2016 are not directly comparable with the prior year.
4. Underlying cash generation now includes dividends received from our Indian associates. Prior period figures have been restated.
5. Continuing operations excludes the Canadian and Singapore operations reported as discontinued operations in 2015.
6. Adjusted for impact of Ignis which was transferred into Institutional and Wholesale during 2016.
7. Excluding strategic partner life business.
8. Rolling 12 months basis, operating expenses divided by operating income (including share of associates' and joint ventures' profit before tax).
9. Underlying performance is operating profit before tax after excluding the impact of spread/risk operating actuarial assumption changes and specific management actions. A full reconciliation to profit for the year attributable to equity holders of Standard Life plc is presented on page 2 of this release.
10. UK spread/risk margin of £81m (2015: £100m) less spread/risk direct costs of £7m (2015: £8m).
11. Based on draft regulatory returns.
12. Source: Pridham market report Q4 2016.
13. Source: Investment Association Q4 2016.
14. Excludes AUM from HDFC AMC.
15. Excludes revenue from cash balances.

Forward-looking statements

This document may contain certain "forward-looking statements" with respect to Standard Life's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. For example, statements containing words such as "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "pursues", "seeks", "targets" and "anticipates", and words of similar meaning, may be forward-looking. 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 circumstances which may be or are beyond Standard Life's control, including among other things: UK domestic and global political, economic and business conditions (such as the United Kingdom's exit from the European Union); 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; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of competition; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; default by counterparties; information technology or data security breaches; natural or man-made catastrophic events; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Standard Life and its affiliates operate. These may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Standard Life's actual future financial condition, performance and results may differ materially from the plans, goals, strategy and expectations set forth in the forward-looking statements. Persons receiving this document should not place undue reliance on forward-looking statements. Standard Life undertakes no obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make. Past performance is not an indicator of future results and the results of Standard Life in this document may not be indicative of, and are not an estimate, forecast or projection of, Standard Life's future results.

Analysis of flows, AUA and revenue by channel

We analyse our simplified business in three distinct components:

- **Growth channels** which are sources of strong scalable growth and diversification by geography, asset class, product, client and customer. These primarily comprise the Institutional and Wholesale channels of Standard Life Investments, and the Workplace and Retail channels of UK Pensions and Savings.
- **Mature books** of largely legacy pension and insurance business that provide a stable contribution to revenue and profit as well as being a source of financial strength
- Our strategic **associate and joint venture life businesses** in India and China that are sources of future potential growth and diversification

	Gross inflows		Net flows		AUA		Fee based revenue		Fee based revenue yield	
	2016 £bn	2015 £bn	2016 £bn	2015 £bn	2016 £bn	2015 £bn	2016 £m	2015 £m	2016 bps	2015 bps
Institutional	15.6	11.1	1.1	3.3	87.0	67.0	360	314	43	48
Wholesale	12.1	16.8	(1.7)	9.3	50.1	45.9	271	239	68	69
Workplace	4.1	4.1	1.7	1.9	37.4	33.0	185	176	54	53
Retail	8.1	7.5	3.7	3.9	62.9	42.6	228	196	46	47
Wealth	0.8	0.9	(0.1)	0.2	6.8	6.5	49	46	73	73
Ignis[1]	-	2.6	-	(2.5)	-	11.1	-	25	-	19
Europe growth	1.3	1.6	0.5	0.9	11.2	9.6	95	62	93	67
Hong Kong	0.1	0.1	-	0.1	0.6	0.5	17	38	-	-
Eliminations	(3.5)	(3.9)	(1.1)	(2.2)	(18.4)	(17.9)	-	-	-	-
Total growth channels	**38.6**	**40.8**	**4.1**	**14.9**	**237.6**	**198.3**	**1,205**	**1,096**	**59**	**59**
UK mature Retail	0.6	0.7	(2.5)	(2.4)	34.3	32.7	251	259	77	77
Europe mature fee	0.7	0.7	(0.1)	0.2	10.1	8.4	102	115	104	137
Third party strategic partner life business	1.2	0.2	(2.7)	(4.8)	43.8	39.6	69	81	16	19
Other fee including CWP[2]	-	-	(0.9)	(0.9)	0.6	1.3	24	28	-	-
Total mature books fee	**2.5**	**1.6**	**(6.2)**	**(7.9)**	**88.8**	**82.0**	**446**	**483**	**52**	**57**
Total fee	**41.1**	**42.4**	**(2.1)**	**7.0**	**326.4**	**280.3**	**1,651**	**1,579**	**-**	**-**
Spread/risk	0.2	0.2	(0.9)	(0.9)	16.1	14.9	-	-	-	-
Associate and joint venture life businesses	0.8	0.4	0.4	0.2	4.0	2.3	-	-	-	-
Other	-	-	-	-	11.2	10.4	-	-	-	-
Other eliminations	-	-	-	-	(0.6)	(0.5)	-	-	-	-
Total	**42.1**	**43.0**	**(2.6)**	**6.3**	**357.1**	**307.4**	**1,651**	**1,579**	**-**	**-**

1. During 2016 Ignis funds were merged into Standard Life Investments funds and are now reported within Institutional and Wholesale. This has resulted in a transfer of £11.1bn AUM out of Ignis into Institutional (£9.8bn) and Wholesale (£1.3bn) through Market and other movements.
2. Fee based revenue income from investment management expenses charged directly to internal policyholder funds managed by Standard Life Investments for the Standard Life Group. These policyholder funds largely comprise assets across both growth channels and mature books as well as conventional with profits. AUA and flows comprise conventional with profits only.

Assets under administration and net flows

Assets under administration (AUA) is a measure of the total assets administered on behalf of individual customers and institutional clients. It includes those assets for which we provide investment management services, as well as those assets we administer where the customer has made a choice to select an external third party investment manager. As an investment company, AUA and net flows are key drivers of shareholder value.

Assets under administration
12 months ended 31 December 2016

		Opening AUA at 1 Jan 2016 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Dec 2016 £bn
Total growth channels		198.3	38.6	(34.5)	4.1	35.2	237.6
Total mature books fee		82.0	2.5	(8.7)	(6.2)	13.0	88.8
Total mature books spread/risk		14.9	0.2	(1.1)	(0.9)	2.1	16.1
Total other		12.2	0.8	(0.4)	0.4	2.0	14.6
Total AUA		**307.4**	**42.1**	**(44.7)**	**(2.6)**	**52.3**	**357.1**
Growth channels	Institutional	67.0	15.6	(14.5)	1.1	18.9	87.0
	Wholesale	45.9	12.1	(13.8)	(1.7)	5.9	50.1
	Wealth	6.5	0.8	(0.9)	(0.1)	0.4	6.8
	Ignis[1]	11.1	-	-	-	(11.1)	-
	Standard Life Investments	**130.5**	**28.5**	**(29.2)**	**(0.7)**	**14.1**	**143.9**
	Workplace	33.0	4.1	(2.4)	1.7	2.7	37.4
	Retail[2]	42.6	8.1	(4.4)	3.7	16.6	62.9
	UK Pensions and Savings	**75.6**	**12.2**	**(6.8)**	**5.4**	**19.3**	**100.3**
	Europe growth[2]	9.6	1.3	(0.8)	0.5	1.1	11.2
	Pensions and Savings	**85.2**	**13.5**	**(7.6)**	**5.9**	**20.4**	**111.5**
	Hong Kong	0.5	0.1	(0.1)	-	0.1	0.6
	Eliminations[3]	(17.9)	(3.5)	2.4	(1.1)	0.6	(18.4)
	Total growth channels	**198.3**	**38.6**	**(34.5)**	**4.1**	**35.2**	**237.6**
Mature books	UK mature Retail	32.7	0.6	(3.1)	(2.5)	4.1	34.3
	Europe mature fee	8.4	0.7	(0.8)	(0.1)	1.8	10.1
	Third party strategic partner life business	39.6	1.2	(3.9)	(2.7)	6.9	43.8
	Other fee including CWP	1.3	-	(0.9)	(0.9)	0.2	0.6
	Total mature books fee	**82.0**	**2.5**	**(8.7)**	**(6.2)**	**13.0**	**88.8**
	Spread/risk	14.9	0.2	(1.1)	(0.9)	2.1	16.1
	Total mature books	**96.9**	**2.7**	**(9.8)**	**(7.1)**	**15.1**	**104.9**
Associate and joint venture life businesses[4]		2.3	0.8	(0.4)	0.4	1.3	4.0
Other[5]		10.4	-	-	-	0.8	11.2
Other eliminations[3]		(0.5)	-	-	-	(0.1)	(0.6)
Total		**307.4**	**42.1**	**(44.7)**	**(2.6)**	**52.3**	**357.1**

1. During 2016 Ignis funds were merged into Standard Life Investments funds and are now reported within Institutional and Wholesale. This has resulted in a transfer of £11.1bn AUM out of Ignis into Institutional (£9.8bn) and Wholesale (£1.3bn) through Market and other movements.
2. Platform AUA (Wrap, Elevate and Fundzone) of £44.2bn (2015: £26.5bn) comprises £41.7bn (2015: £24.4bn) reported within UK Retail and £2.5bn (2015: £2.1bn) relating to Wrap International Bond reported within Europe growth fee.
3. Certain products are included in both Pensions and Savings growth AUA and Standard Life Investments growth AUM. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments. Comprises £18.4bn (2015: £17.9bn) related to growth channels business eliminations and £0.6bn (2015: £0.5bn) related to other consolidation/eliminations.
4. Market and other movements includes £0.8bn relating to stake increase in HDFC Life in April 2016.
5. Other comprises Assets that do not generate revenue from products of £8.9bn (2015: £7.7bn) and Other corporate assets of £2.3bn (2015: £2.7bn).

Assets under administration and net flows *(continued)*

Assets under administration
12 months ended 31 December 2015

		Opening AUA at 1 Jan 2015 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Dec 2015 £bn
Total growth channels		180.7	40.8	(25.9)	14.9	2.7	198.3
Total mature books fee		87.9	1.6	(9.5)	(7.9)	2.0	82.0
Total mature books spread/risk		16.1	0.2	(1.1)	(0.9)	(0.3)	14.9
Total other		11.9	0.4	(0.2)	0.2	0.1	12.2
Total AUA		**296.6**	**43.0**	**(36.7)**	**6.3**	**4.5**	**307.4**
Growth channels	Institutional	61.4	11.1	(7.8)	3.3	2.3	67.0
	Wholesale	35.5	16.8	(7.5)	9.3	1.1	45.9
	Wealth	6.1	0.9	(0.7)	0.2	0.2	6.5
	Ignis	14.5	2.6	(5.1)	(2.5)	(0.9)	11.1
	Standard Life Investments	**117.5**	**31.4**	**(21.1)**	**10.3**	**2.7**	**130.5**
	Workplace	32.0	4.1	(2.2)	1.9	(0.9)	33.0
	Retail[1]	37.3	7.5	(3.6)	3.9	1.4	42.6
	UK Pensions and Savings	**69.3**	**11.6**	**(5.8)**	**5.8**	**0.5**	**75.6**
	Europe growth[1]	8.7	1.6	(0.7)	0.9	-	9.6
	Pensions and Savings	**78.0**	**13.2**	**(6.5)**	**6.7**	**0.5**	**85.2**
	Hong Kong	0.4	0.1	-	0.1	-	0.5
	Eliminations[2]	(15.2)	(3.9)	1.7	(2.2)	(0.5)	(17.9)
	Total growth channels	**180.7**	**40.8**	**(25.9)**	**14.9**	**2.7**	**198.3**
Mature books	UK mature Retail	33.5	0.7	(3.1)	(2.4)	1.6	32.7
	Europe mature fee	8.5	0.7	(0.5)	0.2	(0.3)	8.4
	Third party strategic partner life business	43.8	0.2	(5.0)	(4.8)	0.6	39.6
	Other fee including CWP	2.1	-	(0.9)	(0.9)	0.1	1.3
	Total mature books fee	**87.9**	**1.6**	**(9.5)**	**(7.9)**	**2.0**	**82.0**
	Spread/risk	16.1	0.2	(1.1)	(0.9)	(0.3)	14.9
	Total mature books	**104.0**	**1.8**	**(10.6)**	**(8.8)**	**1.7**	**96.9**
Associate and joint venture life businesses		2.1	0.4	(0.2)	0.2	-	2.3
Other[3]		10.2	-	-	-	0.2	10.4
Other eliminations[2]		(0.4)	-	-	-	(0.1)	(0.5)
Total		**296.6**	**43.0**	**(36.7)**	**6.3**	**4.5**	**307.4**

1. Platform AUA (Wrap, Elevate and Fundzone) of £26.5bn comprises £24.4bn reported within UK Retail and £2.1bn relating to Wrap International Bond reported within Europe growth fee.
2. Certain products are included in both Pensions and Savings growth AUA and Standard Life Investments growth AUM. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments. Comprises (£17.9bn) related to growth channels business eliminations and (£0.5bn) related to other consolidation/eliminations.
3. Other comprises Assets that do not generate revenue from products of £7.7bn and Other corporate assets of £2.7bn.

Standard Life Investments assets under management and net flows

12 months ended 31 December 2016

		Opening AUM at 1 Jan 2016 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUM at 31 Dec 2016 £bn
Growth AUM	UK	83.2	17.3	(17.2)	0.1	17.3	100.6
	Europe	14.2	4.0	(5.5)	(1.5)	3.5	16.2
	North America	11.7	4.8	(5.5)	(0.7)	1.7	12.7
	Asia Pacific	3.3	0.9	(1.0)	(0.1)	0.6	3.8
	India	7.0	1.5	-	1.5	2.1	10.6
	Ignis[1]	11.1	-	-	-	(11.1)	-
	By geography of client	**130.5**	**28.5**	**(29.2)**	**(0.7)**	**14.1**	**143.9**
	Equities	16.9	3.8	(4.1)	(0.3)	1.3	17.9
	Fixed income	21.8	5.4	(4.3)	1.1	9.1	32.0
	Multi-asset[2]	50.3	11.3	(15.1)	(3.8)	5.0	51.5
	Real estate	8.6	1.1	(1.4)	(0.3)	2.0	10.3
	MyFolio	8.1	2.5	(0.9)	1.6	0.8	10.5
	Other[3]	13.7	4.4	(3.4)	1.0	7.0	21.7
	Ignis[1]	11.1	-	-	-	(11.1)	-
	By asset class	**130.5**	**28.5**	**(29.2)**	**(0.7)**	**14.1**	**143.9**
	Institutional	67.0	15.6	(14.5)	1.1	18.9	87.0
	Wholesale	45.9	12.1	(13.8)	(1.7)	5.9	50.1
	Wealth	6.5	0.8	(0.9)	(0.1)	0.4	6.8
	Ignis[1]	11.1	-	-	-	(11.1)	-
	By channel	**130.5**	**28.5**	**(29.2)**	**(0.7)**	**14.1**	**143.9**
Standard Life Group		83.1	3.5	(5.6)	(2.1)	9.2	90.2
Phoenix Group		39.6	1.2	(3.9)	(2.7)	6.9	43.8
Strategic partner life business AUM		**122.7**	**4.7**	**(9.5)**	**(4.8)**	**16.1**	**134.0**
Standard Life Investments AUM		**253.2**	**33.2**	**(38.7)**	**(5.5)**	**30.2**	**277.9**

12 months ended 31 December 2015

		Opening AUM at 1 Jan 2015 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUM at 31 Dec 2015 £bn
Growth AUM	UK	75.5	15.2	(10.8)	4.4	3.3	83.2
	Europe	11.3	5.4	(2.0)	3.4	(0.5)	14.2
	North America	8.1	5.3	(2.3)	3.0	0.6	11.7
	Asia Pacific	2.0	2.1	(0.9)	1.2	0.1	3.3
	India	6.1	0.8	-	0.8	0.1	7.0
	Ignis	14.5	2.6	(5.1)	(2.5)	(0.9)	11.1
	By geography of client	**117.5**	**31.4**	**(21.1)**	**10.3**	**2.7**	**130.5**
	Equities	15.5	2.6	(2.6)	-	1.4	16.9
	Fixed income	22.0	3.1	(2.8)	0.3	(0.5)	21.8
	Multi-asset[2]	38.6	17.3	(7.8)	9.5	2.2	50.3
	Real estate	7.4	1.1	(0.8)	0.3	0.9	8.6
	MyFolio	5.9	2.6	(0.7)	1.9	0.3	8.1
	Other[3]	13.6	2.1	(1.3)	0.8	(0.7)	13.7
	Ignis	14.5	2.6	(5.1)	(2.5)	(0.9)	11.1
	By asset class	**117.5**	**31.4**	**(21.1)**	**10.3**	**2.7**	**130.5**
	Institutional	61.4	11.1	(7.8)	3.3	2.3	67.0
	Wholesale	35.5	16.8	(7.5)	9.3	1.1	45.9
	Wealth	6.1	0.9	(0.7)	0.2	0.2	6.5
	Ignis	14.5	2.6	(5.1)	(2.5)	(0.9)	11.1
	By channel	**117.5**	**31.4**	**(21.1)**	**10.3**	**2.7**	**130.5**
Standard Life Group		84.6	4.1	(6.1)	(2.0)	0.5	83.1
Phoenix Group		43.8	0.2	(5.0)	(4.8)	0.6	39.6
Strategic partner life business AUM		**128.4**	**4.3**	**(11.1)**	**(6.8)**	**1.1**	**122.7**
Standard Life Investments AUM		**245.9**	**35.7**	**(32.2)**	**3.5**	**3.8**	**253.2**

1. During 2016 Ignis funds were merged into Standard Life Investments funds, transferring £11.1bn AUM through Market and other movements into the following categories – by geography: UK (£11.1bn), by asset class: Fixed income (£5.3bn), Multi-asset (£0.2bn), Real estate (£1.7bn) and Other (£3.9bn), by channel: Institutional (£9.8bn) and Wholesale (£1.3bn).
2. Comprises absolute return strategies, enhanced diversification strategies, risk-based portfolios and traditional balanced portfolios.
3. Comprises cash, private equity, liquidity funds and Wealth. Net inflows from India cash funds £0.4bn (2015: £0.6bn), net inflows from liquidity funds of £0.3bn (2015: £0.7bn).