Together

we invest for a better future

Standard Life Aberdeen

Half year results 2020

Contents

The Half year results 2020 are published on the Group's website at **www.standardlifeaberdeen.com/hyresults**

Details of forward-looking statements can be found on the inside back cover.

Certain measures, such as fee based revenue, cost/income ratio 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.

All figures are shown on a Continuing operations basis unless otherwise stated.

This symbol indicates further information is available within this report or on the Group corporate website.

For more information visit our
corporate website: **www.standardlifeaberdeen.com**

Half year results 2020

7 August 2020

Resilience and financial strength in volatile markets

Keith Skeoch, Chief Executive, commented:

"Despite exceptional circumstances we have delivered a resilient performance. In the first half of 2020 redemptions have slowed and net inflows have improved, excluding expected LBG withdrawals. Investment performance has been robust and we continue to deliver on our synergy commitments.

"There is no question that the impact of COVID-19 has played a role on our results today, and across our industry, particularly in relation to lower revenue. Our foundations are firm, we have a strong balance sheet which enables us to both invest in our business and maintain our interim dividend of 7.3p.

"We have a strong commitment to responsible investment, and a resolute belief in our purpose 'Together we invest for a better future'. This is reflected in our response to the pandemic, where we have focused on protecting the safety and wellbeing of our people, ensuring we can continue to deliver for our clients and customers, and supporting the communities in which we operate. Our people recognise this and it's reflected in the significant improvement we have seen in our culture over the last 12 months.

"This is my last set of results as Chief Executive of Standard Life Aberdeen, following 21 years with the business – a period where I have seen the business evolve from a mutual life and pensions company to a capital-light global investment house. I am pleased to hand over a business with strong foundations, an enviable capital position, talented people, enduring relationships and big ambitions."

Key points:

Financial

- Fee based revenue of £706m (H1 2019: £815m), 13% lower mainly reflecting 2019 outflows, client preferences changing asset mix in this environment, and Lloyds Banking Group (LBG) tranche withdrawals
- Adjusted operating expenses of £601m (H1 2019: £673m), reduced by 11% due to realisation of synergies and other efficiencies
- Adjusted profit before tax of £195m (H1 2019: £280m), 30% lower largely reflecting lower revenue
- IFRS loss before tax of £498m (H1 2019: £629m profit) reflecting impairment charges relating to goodwill and intangible assets partly offset by gains on sales of Indian investments (HDFC Life and HDFC Asset Management)
- Impact of COVID-19 on H1 2020 results was largely in relation to lower fee based revenue, impairment charges and c£10m savings on discretionary costs
- Strong balance sheet including surplus regulatory capital of £1.8bn, up compared with £1.7bn at FY 2019
- Maintained interim dividend at 7.3p (H1 2019: 7.3p)

Business

- Robust investment performance in volatile markets with 68% of AUM above benchmark over three years
- Net inflows of £0.1bn (excluding LBG tranche withdrawals of £24.9bn) (H1 2019: £15.9bn net outflows)
- Redemptions lower by 27% to £38.1bn (excluding LBG tranche withdrawals) (H1 2019: £52.3bn)
- Gross inflows up 5% at £38.2bn (H1 2019: £36.4bn)
- AUMA of £511.8bn after LBG tranche withdrawals (FY 2019: £544.6bn)

Operational resilience – COVID-19

- Over 95% of our colleagues working from home around the world
- Adopted innovative digital channels for client and customer engagement
- We did not access any UK government support schemes and none of our colleagues were furloughed. We honoured our early careers recruitment and no new redundancy programmes were initiated.
- We significantly increased our charitable support for local communities

Outlook

- COVID-19 and associated shutdowns of economic activity have precipitated significant negative growth shocks across the world
- Contraction phase of crisis comparatively short-lived and we anticipate an element of recovery as restrictions are lifted
- As an active asset manager we can play an important role in society during the recovery, meeting the evolving needs of clients as they plan their financial futures
- While revenue outlook remains challenging for the industry, we continue to focus on what we can control. We will continue to diversify our revenue and reshape our cost base to ensure it is future fit
- Although the future is unpredictable, we believe our mix of customers and channels, continued investment performance, enduring relationships, geographic spread and financial strength will enable us to continue to demonstrate resilience in periods of ongoing uncertainty

	H1 2020	H1 2019
Financial metrics		
Fee based revenue	**£706m**	£815m
Cost/income ratio (excluding associates and joint ventures)	**85%**	83%
Adjusted profit before tax	**£195m**	£280m
IFRS (loss)/profit before tax	**(£498m)**	£629m
Adjusted diluted earnings per share	**7.0p**	8.9p
Diluted earnings per share	**(22.7p)**	26.0p
Interim dividend per share	**7.3p**	7.3p
Business metrics		
Gross inflows	**£38.2bn**	£36.4bn
Net flows		
Excluding LBG	**£0.1bn**	(£15.9bn)
Total	**(£24.8bn)**	(£15.9bn)
AUMA	**£511.8bn**	£544.6bn[1]
Investment performance (AUM) – 3 years[2]	**68%**	60%[1]

Media

A conference call for the media will take place at 8.00am (BST) on 7 August. Participants should dial UK 0800 640 6441/Other locations +44 (0) 203 936 2999 followed by passcode 362740.

Investors and analysts

A presentation for analysts and investors will take place via webcast at 9.00am (BST) on Friday 7 August 2020. To join the webcast go to **www.standardlifeaberdeen.com**. There is also the facility to join the presentation and subsequent Q&A session via a conference call. Participants should dial +44 (0) 203 936 2999 and use passcode 193750.

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

Notes:

[1] Comparative as at 31 December 2019.
[2] Percentage of AUM above benchmark. A full definition is included in the Glossary.

Chief Executive's statement

A purpose-led response to COVID-19

Many months on from when the world first heard of a coronavirus outbreak, I remain extremely proud of how colleagues across the world responded, adapted and continued to serve our clients, customers and communities over this very difficult period. From the start, we put the safety and wellbeing of our colleagues and their families first and by the time the pandemic was reaching its height across our regions, virtually all of our people had successfully transitioned to home working.

What has become apparent is that connectivity, communications and a common purpose and culture have been vital to the success of this transition. The resilience of our IT infrastructure and investment platforms has meant we have been able to deliver consistently for our clients and customers from a home environment. To keep our colleagues supported, connected and informed, we committed to maintaining transparent and regular communications, as well as providing an extensive suite of health and wellbeing support tools.

We have maintained our focus on serving our clients and customers globally, switching to digital channels to maintain relationships, provide continuing customer service, generate sales and win mandates. Realising the heightened impact the pandemic is having on the more vulnerable, we allocated funds and support to local communities most in need in our operational locations across the world.

We are now thinking ahead to how we can best support a sustainable and inclusive economic recovery. As active, long-term investors, we are fully committed to providing support, where appropriate, to the companies we invest in. Environmental, Social and Governance (ESG) is embedded in our investment processes. In response to the challenges presented by COVID-19 we issued a statement explaining our approach to responsible investment and stewardship in these unprecedented times. We have been supportive of companies that have looked after their employees as a priority and have been thoughtful where capital conservation or raising has been needed.

Our objective has been clear from the outset: to build further resilience into our operating model and to ensure greater agility so we can continue to deliver for clients and customers and continue to transform our business in a very different operating environment.

The impact on the global economy has yet to be fully understood. There will clearly be a global recession and some countries will be harder hit than others and some will bounce back more quickly.

Our results clearly show that the main impact of the COVID-19 crisis on our business is through its impact on revenue; unlike many industries, COVID-19 does not impact the fundamental basis of our business. The need for individuals to save and invest for the future, pension funds to provide retirement income, institutions to invest and governments to borrow has not changed and in fact has become more acute. The need to diversify investment risk both geographically and in asset classes is more apparent than ever and our range of asset management capabilities is well matched to this need. The recent politicisation of global trade does not change the investment imperatives. The increased levels of government debt will make it more important than ever that individuals plan for their own future in a more uncertain time. The recent increase in UK personal savings reflects that this is widely understood. Building a culture of saving, and converting savings to investment, is challenging but vital and in the UK we are well positioned to play a leading role. Our existing capabilities in platforms and relationships with financial advisers and the potency and trust of the Standard Life brand for savings uniquely position us to guide customers through financial choices over their life. This difficult and uncertain environment is likely to last for some time and it will be a period when, more than ever, we need to reinforce our purpose – Together we invest for a better future.

We believe COVID-19 will accelerate the key global trends already underway in our industry and already factored into our strategy. We have a strong financial position, geographic and product diversity, and a common culture that positions us well to lean into the challenges and opportunities that this environment provides.

The impact of the COVID-19 pandemic on our half year 2020 results has largely been to reduce fee based revenue, driven by the change in client preferences to less risk-based assets as a result of market volatility, and the fall in equity markets compared to the end of 2019, and on the value of goodwill and intangible assets resulting in impairment charges. There have also been savings of c£10m from lower discretionary costs in this period of COVID-19 restrictions. Our transformation programme remains on track.

We continue to make strong progress in the creation of a common culture. During this period, we rolled out our strategic blueprint to instil a common sense of purpose throughout the business despite the COVID-19 crisis. This roll out has been undertaken digitally and is backed up by the launch of a single intranet iSLA. The latest mood survey[1], taken in mid-July, was very positive with 73% of the survey 'proud to work for Standard Life Aberdeen' and only 7% registering a negative response. These scores represent a dramatic improvement on the sentiment in the 2018 viewpoint survey when only 53% were proud to work for Standard Life Aberdeen.

Resilience in volatile markets

We were encouraged that our investment performance remained robust in the first half of the year, with 68% of assets under management ahead of benchmark over three years. Despite the challenges of remote working we continued to innovate, launching 18 new funds in the first half across a range of capabilities and winning new mandates. We were pleased to see that the number of strategies receiving positive ratings from investment consultants has increased to 51 in the first half from 43 three years ago. We continued to strengthen our ESG franchise, launching funds, winning mandates, and launching a responsible investment campaign in Europe.

1 Survey conducted July 2020 as part of return to workplace considerations.

While the financial markets remain volatile and there is still much uncertainty on the shape and timing of any eventual recovery, the response from our clients in the first half of the year has been measured. This is evidenced by the movement in flows over the period. Redemptions in the first half of £38.1bn, excluding expected Lloyds Banking Group (LBG) tranche withdrawals of £24.9bn, were the lowest seen since the merger. We saw total gross inflows of £38.2bn resulting in net inflows of £0.1bn, excluding the LBG tranche withdrawals. AUMA at 30 June 2020 was £511.8bn, lower than £544.6bn at year end 2019 largely reflecting the LBG tranche withdrawals. Across asset classes we saw a reaction to the uncertain environment and extreme volatility in markets with the shift in risk appetite leading to some reallocation to lower risk assets.

We determined at the start of the year that further enhancing our consumer savings and investment capability in the UK would be a priority for our Platforms and Wealth channel. This involves bringing together the current customer solutions into an integrated proposition and increasing the efficiency of our back office processes. We made progress in the first half launching more attractive pricing features for advisers and customers on our Wrap platform. Responding to the trend for digitalisation in financial products, we are in beta testing for our new 'Choices' app, an open banking engagement tool aimed at younger savers providing direct access to our savings products.

Focus on financial discipline

During these turbulent times, we continue to focus on what we can control. Fee based revenue was down 13% in the first half reflecting the impact of 2019 outflows, changes in asset class mix in the period, LBG tranche withdrawals and falls in markets since the end of 2019. However, we have achieved an improvement in adjusted operating expenses, with costs down 11% year on year. This was driven by synergies realised in the period, as well as other cost efficiencies and other savings due to the impact of COVID-19. We remain on track with our transformation programme and with the delivery of our stated target of £400m annual synergies, £350m by end of 2020 and an additional £50m during 2021.

The lower revenue resulted in adjusted profit of £195m being 30% lower than H1 2019. IFRS loss before tax was £498m due to goodwill and intangible asset impairment charges of £1,049m, primarily reflecting the impact of COVID-19 on financial markets and resulting revenue projections. This was partially offset by the gains on sales of our Indian investments of £651m.

Financial strength in volatile markets

We entered this period of uncertainty in a position of financial strength and during these unprecedented times we have continued to strengthen our position. In the first half we raised £709m in net cash proceeds through the further partial sales of our investments in HDFC Life and HDFC Asset Management. Total shareholder equity at 30 June 2020 is £5.8bn, including surplus regulatory capital of £1.8bn, up from £1.7bn in 2019. In addition, our listed investments had a market value of £3.4bn at 5 August 2020, £3.0bn of which is not recognised in our regulatory capital. This strong financial position is a result of careful stewardship of the balance sheet which has supported investment in the business to diversify revenue and increase efficiency, as well as delivering returns for shareholders. In the current volatile markets our financial strength brings us benefits and provides us with options.

The Board is committed to delivering a dividend that is sustainable over the medium term. At this point in time, our operating performance together with the strength and quality of our balance sheet have enabled the Board to maintain our interim dividend at 7.3p. We also plan to complete the existing £400m share buyback programme (which is 55% complete) during the second half of the year.

As the deterioration and uncertainty in economic conditions that have resulted from the global COVID-19 pandemic are now expected to continue for some time, as part of its normal planning cycle, the Board will be reviewing both the challenges and opportunities for our business in this environment with a view to evaluating our sustainable earnings profile over the medium term.

Outlook

The COVID-19 pandemic and associated shutdowns of economic activity have precipitated significant negative growth shocks across the world. However, the contraction phase of the crisis has also been comparatively short-lived and we anticipate an element of recovery as restrictions are lifted. Nevertheless, the long-term consequences of the crisis will be profound, including a longer-term loss of output, labour market scarring, lower real interest rates, and an altered balance between monetary and fiscal policy. In addition, the Brexit process remains in a transition period up to 31 December 2020 and remains a further source of uncertainty.

There are both challenges and opportunities arising in the current environment. As an active asset manager we can play an important role in society during the recovery, meeting the evolving needs of clients as they plan their financial futures. Through our Platforms and Wealth channel, we can help people plan for their financial futures through our savings and investment products. As active asset managers we can continue to meet the evolving needs of our clients across a broad range of asset classes, strategies and solutions. While the revenue outlook remains challenging for the industry, we will continue to focus on what we can control. We will continue to diversify our revenue and reshape our cost base to ensure it is future fit. Although the future is unpredictable, we believe that our mix of customers and channels, continued investment performance, enduring relationships, geographic spread and financial strength will enable us to continue to demonstrate resilience in periods of ongoing uncertainty.

Chief Executive succession

It was announced on 30 June that Stephen Bird would join the Board and take up the role of Chief Executive Designate on 1 July. Following a handover period, and subject to regulatory approvals, Stephen will succeed me as Group Chief Executive. It has been a real privilege to serve this great company and to have the opportunity to work with such talented people. Over the last 14 years, we have transformed the business from a UK life and pensions house into a global, capital-light investment and savings business. In recent times, we have laid strong foundations for the next stage of growth, built a strong capital position, improved investment performance, invested in our people and our talent, strengthened our leadership team, and made great strides in building a purpose-led culture. The Board has appointed a great successor who will be an excellent leader during the next stages of Standard Life Aberdeen's journey.

Keith Skeoch
Chief Executive

7 August 2020

Analysis of profit

	H1 2020 £m	H1 2019 £m
Fee based revenue	**706**	815
Adjusted operating expenses	**(601)**	(673)
Adjusted operating profit	**105**	142
Capital management	**(13)**	22
Asset management associates and joint ventures	**22**	26
Asset management, Platforms and Wealth	**114**	190
Insurance associates and joint ventures	**81**	90
Adjusted profit before tax	**195**	280
Adjusting items	**(673)**	348
Share of associates' and joint ventures' tax (expense)/credit	**(20)**	1
IFRS (loss)/profit before tax	**(498)**	629
Tax (expense)/credit	**(6)**	10
IFRS (loss)/profit for the period	**(504)**	639

Revenue

	Fee based revenue		Fee revenue yield	
	H1 2020 £m	H1 2019 £m	H1 2020 bps	H1 2019 bps
Institutional and Wholesale	**445**	513	**39.5**	43.4
Strategic insurance partners	**115**	166	**11.0**	12.7
Platforms and Wealth				
Wrap and Elevate	**69**	73	**23.1**	25.6
Wealth	**58**	51	**45.1**	50.6
Fee revenue[1]	**687**	803	**26.8**	28.6
SL Asia[2]	**7**	6		
Performance fees	**12**	6		
Fee based revenue	**706**	815		

1 H1 2019 Fee revenue yield restated to include revenue and assets under advice relating to our 1825 advice business.

2 The sale of SL Asia to Heng An Standard Life (HASL) completed on 30 June 2020. See Note 4.2 in the Financial information section.

Fee based revenue reduced by 13% to £706m (H1 2019: £815m) mainly reflecting 2019 outflows, changes in client preferences to assets with lower fees, in particular the market shift to cash and liquidity in H1 2020 due to the impact of COVID-19 on global financial markets, and the impact of LBG tranche withdrawals. Despite the recent volatility in financial markets, the average daily MSCI World Index was 3% higher in H1 2020 compared to H1 2019, however the average daily FTSE All Share Index was 10% lower.

The revenue yield in Institutional and Wholesale decreased to 39.5bps (H1 2019: 43.4bps) as a result of the lower proportion of higher margin Equity and Multi-asset AUM and the higher proportion of Cash/Liquidity AUM. The lower margin also reflects the £5.5bn win of a lower margin US advisory mandate in Q4 2019.

Fee based revenue from strategic insurance partners reduced due to net outflows, in particular the c£50m impact from LBG reflecting the tranche withdrawals of £41.0bn in H2 2019 and £24.9bn in H1 2020.

The lower fee based revenue in Wrap and Elevate includes the impact of the Elevate reprice in 2019 and the impact of COVID-19 on average UK market levels, partly offset by continued net inflows.

Wealth fee based revenue increased largely due to the acquisition of Grant Thornton's wealth advisory business and BDO Northern Ireland's wealth management business in H2 2019. This was partly offset by the impact of lower UK markets in H1 2020.

Expenses

Adjusted operating expenses decreased by 11% to £601m (H1 2019: £673m) including the benefit of synergies of £34m which included lower staff and premises costs arising through the ongoing integration process. In addition we realised other efficiencies of £57m from transforming our business, through implementing new processes and infrastructure which also allow us to build efficiency in how we work, including c£10m of lower discretionary costs in this period of COVID-19 restrictions.

The cost/income ratio, which includes our share of associates' and joint ventures' profit, was 74% (H1 2019: 72%) reflecting principally the fall in revenue. Excluding our share of associates' and joint ventures' profit, the cost/income ratio was 85% (H1 2019: 83%).

At 30 June 2020, actions have been taken which will deliver £323m of annualised synergies, benefiting H1 2020 operating expenses by £137m (H1 2019: £103m) with further benefits expected in H2 2020 and 2021. Cost synergies have been realised from a reduction in staff costs, rationalisation of premises, and efficiencies in supplier spend, including procurement actions to avoid cost increases.

The related implementation costs, which are included in restructuring expenses, incurred to date are £482m, of which £46m were incurred in H1 2020 (H1 2019: £123m). We expect total implementation costs to remain in line with the previous estimate of £555m to deliver the £400m of annual synergies (£350m by end of 2020 and an additional £50m during 2021).

Capital management

Capital management generated a loss of £13m (H1 2019: profit £22m) due to investment losses of £17m (H1 2019: gains £18m) primarily reflecting negative market movements on seed capital and co-investment fund holdings from the impact of COVID-19 on global financial markets during H1 2020, compared to significant market gains in H1 2019. Net finance costs reduced to £6m (H1 2019: £10m) mainly due to the repurchase of £408m of subordinated debt in 2019. The net interest credit relating to the staff pension schemes reduced to £10m (H1 2019: £14m) reflecting a lower discount rate.

Asset management associates and joint ventures

Our share of adjusted profit reduced by 15% to £22m (H1 2019: £26m) due to our reduced shareholding in HDFC Asset Management following the sale of 3.02% of the shares in December 2019, and also the impact of adverse market conditions. Our percentage ownership of HDFC Asset Management at 30 June 2020 was 21.25% (H1 2019: 29.94%) following a further sale of 5.64% in June 2020 which generated net cash proceeds of £265m. Following this sale, HDFC Asset Management has now achieved the minimum public shareholding requirement in India.

Insurance associates and joint ventures

	Ownership at 30 Jun 2020 %	**H1 2020 £m**	H1 2019 £m
Phoenix	**19.97**	**57**	53
HDFC Life	**10.27**	**9**	24
HASL	**50.00**	**15**	13
Adjusted profit before tax		**81**	90

The share of adjusted profit from insurance associates and joint ventures reduced by 10% to £81m (H1 2019: £90m) mainly due to the reduction in our shareholding in HDFC Life to 10.27% (H1 2019: 23.02%) following the sales of 8.28% in H2 2019 and 4.46% in H1 2020, and the impact on HDFC Life of adverse market conditions. The combined sales of 4.46% in H1 2020 generated net cash proceeds of £444m.

Based on the closing share price at 5 August 2020, the approximate value of our shareholding in Phoenix was £1.0bn (based on our holding of 14.43% following the completion of its acquisition of ReAssure Group plc) and in HDFC Life £1.3bn. Combined with the value of our shareholding in HDFC Asset Management of £1.1bn, this gives a total value of our shareholdings in listed associates of approximately £3.4bn.

IFRS (loss)/profit before tax

The IFRS loss before tax of £498m (H1 2019: profit £629m) mainly reflected the impairments of goodwill and intangibles of £1,049m partially offset by profits on disposal of interests in associates of £651m.

Adjusting items

	H1 2020 £m	H1 2019 £m
Profit on disposal of interests in associates	**651**	443
Restructuring and corporate transaction expenses	**(147)**	(198)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	**(1,175)**	(144)
(Loss on)/reversal of impairment of associates and joint ventures	**(130)**	243
Investment return variances and economic assumption changes	**124**	(18)
Other	**4**	22
Total adjusting items	**(673)**	348

The profit on disposal of interests in associates of £651m relates to £388m from the sale of 4.46% of the shares in HDFC Life and £263m from the sale of 5.64% of the shares in HDFC Asset Management.

Restructuring and corporate transaction expenses were £147m (H1 2019: £198m) primarily reflecting ongoing transformation costs for integration, separation from Phoenix and implementing our simplified operating model. H1 2019 included £49m relating to the repurchase of subordinated debt. Total Phoenix separation costs accounted for to date amount to £204m and include £34m in H1 2020. 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 increased to £1,175m (H1 2019: £144m) due to 2020 impairment charges of £1,049m. The impairment of goodwill of £915m relates to an impairment of asset management goodwill and resulted from the impact on reported revenue and future revenue projections of global equity market falls and a shift in asset mix towards lower margin assets. Both the fall in equity markets and the shift in asset mix were global market impacts primarily resulting from COVID-19. The asset management goodwill is now fully impaired. The impairment of customer relationship and investment management contract intangibles of £134m resulted from the impact of markets, net outflows and a fall in revenue yield on future earnings expectations. Further details are provided in Note 4.11 in the Financial information section.

The impairment of associates and joint ventures of £130m includes £85m reflecting the lower market value of our investment in Phoenix at 30 June 2020 following a reduction in the share price. There was also a £45m impairment relating to our joint venture with Virgin Money. Further details are provided in Note 4.12.

Investment return variances and economic assumption changes gain of £124m relates to our share of Phoenix adjusting items. Further details are provided in Note 4.9.

Tax expense

The total IFRS tax expense attributable to the profit for the period was £6m (H1 2019: credit £10m), including a tax credit attributable to adjusting items of £7m (H1 2019: credit £41m), resulting in an effective tax rate of negative 1% on the total IFRS losses (H1 2019: negative 2%). The difference to the UK corporation tax rate of 19% is mainly driven by the impairment of goodwill which is not deductible for tax purposes. This is partly offset by a lower effective tax rate on the Indian stake sales. The profit on disposal of HDFC Life shares is not subject to tax under India's tax rules and international treaties and the profit on the disposal of HDFC Asset Management shares was subject to tax in India at a lower rate than the UK rate of corporation tax.

The tax expense attributable to adjusted profit before tax totalled £32m (H1 2019: £58m), which includes £19m (H1 2019: £27m) representing equity holders' share of tax which is attributable to our share of the profits of associates and joint ventures. The effective tax rate on total adjusted profit is 16.4% (2019: 20.7%). This is lower than the 19% UK rate primarily due to the reversal of planned reductions in the rate of UK corporation tax. This has a beneficial effect in increasing the value of our deferred tax assets.

Earnings per share

Adjusted diluted earnings per share reduced by 21% to 7.0p (H1 2019: 8.9p). This reflects the 27% reduction in adjusted profit after tax partly offset by the benefit of 6% from the ongoing share buybacks.

Investment performance

% of AUM ahead of benchmark[1]

	1 year		3 years		5 years	
	H1 2020	FY 2019	**H1 2020**	FY 2019	**H1 2020**	FY 2019
Equities	**49**	59	**46**	31	**56**	31
Fixed income	**58**	83	**75**	86	**77**	72
Multi-asset	**61**	68	**57**	46	**51**	61
Alternatives	**76**	89	**80**	98	**100**	100
Real estate	**46**	39	**55**	48	**48**	36
Quantitative	**28**	44	**30**	52	**58**	58
Cash/Liquidity	**91**	91	**90**	88	**89**	88
Total	**62**	74	**68**	60	**65**	67

1 The investment performance calculation covers all funds (including strategic insurance partners) 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.

Three-year investment performance improved during the first half of 2020, with 68% (FY 2019: 60%) of assets under management ahead of benchmark. This reflects continued improvement in three-year performance within Equities and Multi-asset and ongoing strong performance in Alternatives, Fixed income and Cash/Liquidity.

Shorter-term equity performance over one year weakened primarily due to Emerging Markets equities. Most other Equity classes had improved performance, supporting the overall asset class performance over three years.

We are encouraged by the increase in strategies receiving positive ratings from investment consultants, bringing the total to 51 strategies (FY 2019: 46 strategies). The new ratings were in Equities, Fixed income, Private markets and Liability Driven Investment.

Assets under management and administration (AUMA) and flows

AUMA

	H1 2020 £bn	H1 2019[2] £bn	FY 2019 £bn
Opening AUMA	**544.6**	551.5	551.5
Net flows	**0.1**	(15.9)	(17.4)
LBG tranche withdrawals	**(24.9)**	–	(41.0)
Market and other movements	**(8.0)**	43.1	49.0
Corporate actions	**–**	0.7	2.5
Closing AUMA	**511.8**	579.4	544.6

2 H1 2019 has been restated to include opening assets under advice within market and other movements.

AUMA is lower than FY 2019 as a result of a further £24.9bn of LBG tranche withdrawals and the impact of COVID-19 on global financial markets. Institutional and Wholesale AUM increased to £233.6bn (FY 2019: £233.0bn) despite the challenging market conditions.

Gross and net flows

	Gross inflows			Net flows		
	H1 2020 £bn	H2 2019 £bn	H1 2019[1] £bn	**H1 2020 £bn**	H2 2019 £bn	H1 2019[1] £bn
Institutional	**14.0**	13.2	13.9	**1.4**	(7.3)	(6.9)
Wholesale	**11.5**	14.8	5.4	**(2.0)**	1.3	(8.6)
Strategic insurance partners (excluding LBG tranche withdrawals[2])	**9.2**	17.2	9.7	**(1.3)**	2.3	(5.7)
Platforms and Wealth						
Wrap and Elevate	**3.2**	3.6	3.4	**1.1**	1.2	1.1
Wealth	**1.4**	2.0	5.1	**0.7**	0.8	3.9
Eliminations[3]	**(1.1)**	(1.0)	(1.1)	**0.2**	0.2	0.3
Total (excluding LBG tranche withdrawals[2])	**38.2**	49.8	36.4	**0.1**	(1.5)	(15.9)
LBG tranche withdrawals[3]	**–**	–	–	**(24.9)**	(41.0)	–
Total	**38.2**	49.8	36.4	**(24.8)**	(42.5)	(15.9)

1 H1 2019 has been restated to include flows relating to 1825 assets under advice. Wealth includes £3.5bn of inflows from Virgin Money.

2 Net outflows excluding LBG do not include the tranche withdrawals relating to the settlement of arbitration with LBG.

3 Eliminations remove the double count of flows reflected in the asset management and platforms and wealth businesses.

Total net flows benefited from robust investment performance and ongoing innovation, improving to a net inflow of £0.1bn excluding LBG tranche withdrawals (H1 2019: net outflow of £15.9bn). Gross inflows increased by 5% mainly reflecting higher inflows into Cash/Liquidity. Redemptions (excluding LBG tranche withdrawals) reduced significantly to £38.1bn (H1 2019: £52.3bn).

Net outflows for Institutional and Wholesale reduced to £0.6bn (H1 2019: £15.5bn) reflecting the stronger gross inflows and a lower level of Equities and Multi-asset redemptions. Redemptions represented an annualised 22% (H1 2019: 29%) of opening assets.

Net outflows in Strategic insurance partners reflect redemptions from maturing insurance business in long-term run-off, partly offset by gross inflows. The remaining c£4bn of LBG tranche withdrawals are expected to be made by the end of Q1 2021.

The stable net inflows on Wrap and Elevate are encouraging given the impact of COVID-19 on market sentiment and financial markets. Wealth net inflows were lower than H1 2019 which benefited from £3.5bn of inflows from Virgin Money.

Capital and liquidity

Our strong capital position and balance sheet supports ongoing investment in the business and delivering shareholder returns.

Capital

IFRS net assets decreased to £5.8bn (FY 2019: £6.6bn) mainly due to the impairment of the asset management goodwill and intangible assets of £1,049m, and distributions to shareholders. These impacts were partly offset by profits generated from the gain on sale of shares in HDFC Life and HDFC Asset Management.

Intangible assets of £0.6bn (FY 2019: £1.7bn) primarily relate to customer relationships, technology and brands from acquired businesses. Further details are provided in Note 4.11.

The principal defined benefit staff pension scheme, which is closed to future accrual, continues to have a significant surplus of £1.4bn (FY 2019: £1.1bn). Further details are provided in Note 4.15.

We hold £237m (FY 2019: £275m) in newly established investment vehicles which the Group has seeded and co-investments of £78m (FY 2019: £84m). The Group sets limits for investing in seed capital and co-investment activity and regularly monitors exposures arising from these investments.

Within IFRS net assets of £5.8bn there are regulatory capital resources of £2.9bn. Capital requirements are £1.1bn giving surplus regulatory capital of £1.8bn. Further detail on the indicative surplus regulatory capital position is provided in Section 5 and an analysis of movements is set out below.

Analysis of movements in surplus regulatory capital	**H1 2020 £bn**	H1 2019 £bn	FY 2019 £bn
Opening surplus regulatory capital	**1.7**	0.6	0.6
Sources of capital			
Adjusted capital generation	**0.1**	0.2	0.3
HDFC Life and HDFC Asset Management sale proceeds	**0.7**	0.5	1.7
Uses of capital			
Restructuring and corporate transaction expenses (net of tax)	**(0.1)**	(0.2)	(0.3)
Dividends	**(0.2)**	(0.2)	(0.5)
Share buyback programme	**(0.4)**	(0.2)	(0.4)
Other	**–**	0.2	0.3
Closing surplus regulatory capital	**1.8**	0.9	1.7

The £1.8bn indicative capital surplus above includes a deduction to allow for the interim dividend which will be paid in September 2020, and a deduction of £400m for the share buyback announced in February 2020.

Adjusted capital generation

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. Further information is provided in Section 5.

	H1 2020 £m	H1 2019 £m
Adjusted profit after tax	**163**	222
Remove staff pension scheme returns	**(10)**	(14)
Remove associates' and joint ventures' adjusted profit after tax	**(84)**	(89)
Add associates' and joint ventures' dividends received	**34**	51
Adjusted capital generation	**103**	170

Adjusted capital generation reduced as a result of the lower revenue in H1 2020.

Dividends

The Board has declared an interim dividend for 2020 of 7.3p (H1 2019: 7.3p) per share which will be paid on 29 September 2020 to shareholders on the register at close of business on 21 August 2020. The dividend payment is expected to be £159m.

At 30 June 2020 Standard Life Aberdeen plc held £1.4bn of cash and liquid resources and £1.9bn of distributable reserves, which will be used to support the dividend.

Return of capital

On 7 February 2020 we announced a further share buyback of up to £400m and expect that it will complete in the second half of 2020. As at 6 August 2020, we have returned £220m, with 89m shares repurchased at an average price of £2.48 per share.

Cash and liquid resources

Cash and liquid resources remained robust at £2.8bn at 30 June 2020 (FY 2019: £2.7bn) with proceeds from the HDFC Life and HDFC Asset Management share sales more than offsetting the 2020 final dividend and share buyback. Cash and liquid resources includes cash and cash equivalents[1] of £1.4bn (FY 2019: £1.3bn), short-term debt securities (Certificates of Deposit) of £0.9bn (FY 2019: £0.9bn), bonds of £0.3bn (FY 2019: £0.3bn) and holdings in pooled investment funds of £0.2bn (FY 2019: £0.2bn). £1.4bn (FY 2019: £1.4bn) of these cash and liquid resources were held in Standard Life Aberdeen plc.

[1] Excludes cash held as collateral and in relation to unit linked business.

Net cash inflows

Net cash inflows from operating activities were £52m which includes outflows from restructuring costs, net of tax, of £89m.

Cash inflows from investing activities of £776m includes net proceeds of £444m from the sale of shares in HDFC Life and £265m from the sale of shares in HDFC Asset Management.

Cash outflows from financing activities of £572m primarily relate to the purchase of shares as part of the buyback programme of £172m and £320m for dividends paid in the period.

Principal risks and uncertainties

The principal risks that we believe the Group will be exposed to in the second half of 2020 are the same as those outlined in the Annual report and accounts 2019 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; Supplier risk and Financial management process. As we are a people business, COVID-19 has accentuated that aspect of these principal risks.

Key developments in relation to our principal risks

As highlighted in the Chief Executive's statement, we have been managing the impacts of the global COVID-19 pandemic on our business. We undertook analysis into COVID-19 related risks to identify areas where mitigation was required. We have had to manage impacts across all of our Principal Risk categories with particular focus on underlying risks to our customers and clients, our people and our business operations. Over 95% of our colleagues have moved into a home working environment across all our global office locations. While we successfully established new ways of working in March, we have had to manage newly identified COVID-19 specific risks and take extra steps to mitigate them. We have closely monitored our activities and risks during every stage of the crisis and largely maintained client and customer service levels. The most acute challenge was managing the balance between customer service and colleague welfare in the Wrap platform front office which remained open albeit with slower service levels.

We are utilising a regular dashboard to monitor the main areas which COVID-19 has impacted on our operations, with links to the principal risks, as shown below:

Principal Risk	People	Technology		Supplier risk	Regulatory and legal	Business resilience and continuity	Conduct risk
COVID-19 impact	**Welfare and people absence** The safety and welfare of our people continues to be a key priority in our decision making. Absence remains low, with ongoing monitoring performed.	**Technology availability** Resilient IT infrastructure and investment platforms performance. Only minor disruptions to service. This is being monitored and improvement plans are in place.	**Cyber security** We maintain a heightened level of vigilance to risks from cyber intrusion. Dedicated teams (with external expert support) actively monitor and manage this continually evolving risk.	**Key suppliers** Third party services remain stable.	**Regulatory** Continuing to meet regulatory and financial obligations.	**Returning to offices** Majority of our people successfully transitioned to home working. Critical workers able to attend office with protective controls implemented.	**Customers and clients** Continuing to serve our customers and clients remains a priority. There has been only a modest impact on the services we provide.

Short-term operational challenges continue within the business as we progress our transformation programme. Although progress is on track, risks are heightened due to the impacts of COVID-19. Actions are in place to support colleagues and we continue to ensure adequate accountability and ownership for the delivery of our integration and transformation programmes alongside our business as usual activities.

The Brexit process remains in a transition period up to 31 December 2020 and remains a source of uncertainty and risk. We are prepared to manage impacts of a no-deal scenario on our business but remain vigilant to wider impacts on the financial services industry and the UK economy as a whole. We are closely monitoring developments in relation to the negotiations for the UK's future relationship with the EU and actively engage with industry groups such as the Investment Association.

We continue to strengthen our suite of Board Risk Appetite metrics which we track against our Principal Risk categories. These metrics provide our Executives and the Board with clear sight of risks as they emerge and allow our business to identify management actions to mitigate them.

2. Statement of Directors' responsibilities

Each of the Directors, whose names and functions are listed on the Standard Life Aberdeen plc website, **www.standardlifeaberdeen.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 by the EU
- 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 2020 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

Brian McBride was appointed to the Board as a non-executive Director on 1 May 2020. As previously announced, Martin Gilbert stepped down from the Board at the conclusion of the Company's Annual General Meeting on 12 May 2020. The Company also announced the appointment of Stephen Bird on 1 July 2020 as Chief Executive-Designate. Following a handover period, and subject to regulatory approvals, Stephen will succeed Keith Skeoch as Group Chief Executive.

By order of the Board

Sir Douglas Flint
Chairman

7 August 2020

Stephanie Bruce
Chief Financial Officer

7 August 2020

3. Independent review report to Standard Life Aberdeen 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 2020 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 financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU 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 financial report 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half year financial report in accordance with the DTR of the UK FCA.

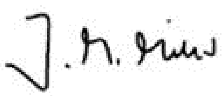
As disclosed in Note 4.1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the Half year financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half year financial report 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

7 August 2020

4. Financial information

IFRS condensed consolidated income statement

For the six months ended 30 June 2020

	Notes	6 months 2020 £m	6 months 2019 £m	Full year 2019 £m
Income				
Investment return	4.4	**(87)**	318	464
Revenue from contracts with customers	4.5	**753**	860	1,743
Insurance contract premium income		**30**	34	66
Profit on disposal of interests in associates		**651**	443	1,542
Other income		**13**	23	178
Total income from continuing operations		**1,360**	1,678	3,993
Expenses				
Insurance contract claims and change in liabilities		**17**	95	156
Change in non-participating investment contract liabilities		**(45)**	197	265
Administrative expenses				
Restructuring and corporate transaction expenses	4.6	**131**	192	374
Impairment of goodwill – asset management		**915**	–	1,569
Other administrative expenses		**868**	821	1,651
Total administrative expenses	4.6	**1,914**	1,013	3,594
Change in liability for third party interest in consolidated funds		**(37)**	5	21
Finance costs		**15**	20	36
Total expenses from continuing operations		**1,864**	1,330	4,072
Share of profit from associates and joint ventures		**136**	38	79
(Loss on)/reversal of impairment of interest in associates and joint ventures	4.12	**(130)**	243	243
(Loss)/profit before tax from continuing operations		**(498)**	629	243
Tax expense/(credit) attributable to continuing operations	4.7	**6**	(10)	28
(Loss)/profit for the period from continuing operations		**(504)**	639	215
Profit for the period from discontinued operations	4.2	**–**	25	56
(Loss)/profit for the period		**(504)**	664	271
Attributable to:				
Equity shareholders of Standard Life Aberdeen plc				
From continuing operations		**(509)**	636	210
From discontinued operations		**–**	25	56
Equity shareholders of Standard Life Aberdeen plc		**(509)**	661	266
Non-controlling interests				
From continuing operations – preference shares	4.14	**5**	3	5
		(504)	664	271
Earnings per share from continuing operations				
Basic (pence per share)	4.8	**(22.7)**	26.3	8.9
Diluted (pence per share)	4.8	**(22.7)**	26.0	8.8
Earnings per share				
Basic (pence per share)	4.8	**(22.7)**	27.3	11.2
Diluted (pence per share)	4.8	**(22.7)**	27.0	11.1

The Notes on pages 23 to 43 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 2020

	Notes	6 months 2020 £m	6 months 2019 £m	Full year 2019 £m
(Loss)/profit for the period		**(504)**	664	271
Less: profit from discontinued operations		**–**	(25)	(56)
(Loss)/profit from continuing operations		**(504)**	639	215
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains/(losses) on defined benefit pension plans		**205**	95	(23)
Share of other comprehensive income of associates and joint ventures		**(16)**	(3)	(17)
Equity holder tax effect of items that will not be reclassified subsequently to profit or loss		**–**	–	–
Total items that will not be reclassified subsequently to profit or loss		**189**	92	(40)
Items that may be reclassified subsequently to profit or loss:				
Fair value gains/(losses) on cash flow hedges		**76**	18	(10)
Exchange differences on translating foreign operations		**40**	(2)	(46)
Share of other comprehensive income of associates and joint ventures		**13**	–	7
Items transferred to the condensed consolidated income statement				
Fair value (gains)/losses on cash flow hedges		**(40)**	(4)	22
Equity holder tax effect of items that may be reclassified subsequently to profit or loss	4.7	**(7)**	(2)	(2)
Total items that may be reclassified subsequently to profit or loss		**82**	10	(29)
Other comprehensive income for the period from continuing operations		**271**	102	(69)
Total comprehensive income for the period from continuing operations		**(233)**	741	146
Profit from discontinued operations	4.2	**–**	25	56
Total comprehensive income for the period from discontinued operations		**–**	25	56
Total comprehensive income for the period		**(233)**	766	202
Attributable to:				
Equity shareholders of Standard Life Aberdeen plc				
From continuing operations		**(238)**	738	141
From discontinued operations		**–**	25	56
Non-controlling interests				
From continuing operations – preference shares		**5**	3	5
		(233)	766	202

The Notes on pages 23 to 43 are an integral part of this IFRS condensed consolidated financial information.

Reconciliation of consolidated adjusted profit before tax to IFRS profit for the period

For the six months ended 30 June 2020

		6 months 2020			6 months 2019			Full year 2019		
	Notes	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Adjusted profit before tax										
Asset management, platforms and wealth		**114**	**–**	**114**	190	–	190	395	–	395
Insurance associates and joint ventures		**81**	**–**	**81**	90	–	90	189	–	189
Adjusted profit before tax	4.3	**195**	**–**	**195**	280	–	280	584	–	584
Adjusted for the following items										
Restructuring and corporate transaction expenses		**(147)**	**–**	**(147)**	(198)	–	(198)	(407)	–	(407)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts		**(1,175)**	**–**	**(1,175)**	(144)	–	(144)	(1,844)	–	(1,844)
Profit on disposal of interests in associates		**651**	**–**	**651**	443	–	443	1,542	–	1,542
(Loss on)/reversal of impairment of associates and joint ventures		**(130)**	**–**	**(130)**	243	–	243	243	–	243
Investment return variances and economic assumption changes		**124**	**–**	**124**	(18)	–	(18)	(25)	–	(25)
Other[1]		**4**	**–**	**4**	22	25	47	158	56	214
Total adjusting items	4.3	**(673)**	**–**	**(673)**	348	25	373	(333)	56	(277)
Share of associates' and joint ventures' tax expense	4.3	**(20)**	**–**	**(20)**	1	–	1	(8)	–	(8)
(Loss)/profit before tax		**(498)**	**–**	**(498)**	629	25	654	243	56	299
Tax (expense)/credit attributable to										
Adjusted profit	4.3	**(13)**	**–**	**(13)**	(31)	–	(31)	(69)	–	(69)
Adjusting items	4.3	**7**	**–**	**7**	41	–	41	41	–	41
Total tax (expense)/credit		**(6)**	**–**	**(6)**	10	–	10	(28)	–	(28)
(Loss)/profit for the period		**(504)**	**–**	**(504)**	639	25	664	215	56	271

[1] The Other adjusting item in Full year 2019 relating to continuing operations includes £140m received in relation to the settlement of arbitration with Lloyds Banking Group.

The Group's key alternative performance measure is adjusted profit before tax. Refer Note 4.9 for further details.

The Notes on pages 23 to 43 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of financial position

As at 30 June 2020

	Notes	30 June 2020 £m	30 June 2019[1] £m	31 December 2019 £m
Assets				
Intangible assets	4.11	**579**	3,312	1,707
Pension and other post-retirement benefit assets	4.15	**1,382**	1,233	1,163
Investments in associates and joint ventures accounted for using the equity method	4.12	**1,409**	1,604	1,509
Property, plant and equipment		**254**	266	266
Deferred tax assets		**111**	80	74
Financial investments	4.16	**2,163**	1,425	2,115
Receivables and other financial assets		**621**	634	560
Current tax recoverable		**8**	8	9
Other assets		**63**	70	55
Assets held for sale		**2**	894	767
Cash and cash equivalents		**1,752**	1,236	1,615
		8,344	10,762	9,840
Assets backing unit linked liabilities (excluding held for sale)				
Financial investments	4.16	**1,313**	1,940	1,528
Receivables and other financial assets		**11**	7	10
Cash and cash equivalents		**72**	48	44
		1,396	1,995	1,582
Total assets		**9,740**	12,757	11,422
Liabilities				
Third party interest in consolidated funds	4.16	**184**	23	119
Subordinated liabilities	4.14	**798**	690	655
Pension and other post-retirement benefit provisions	4.15	**57**	46	55
Deferred income		**64**	71	67
Deferred tax liabilities		**89**	94	87
Current tax liabilities		**18**	19	19
Derivative financial liabilities	4.16	**8**	8	3
Other financial liabilities		**1,217**	1,336	1,315
Provisions		**92**	85	102
Other liabilities		**7**	14	5
Liabilities held for sale		**–**	731	747
		2,534	3,117	3,174
Unit linked liabilities (excluding held for sale)				
Investment contract liabilities	4.16	**990**	1,600	1,152
Third party interest in consolidated funds	4.16	**376**	384	416
Other unit linked liabilities	4.16	**30**	11	14
		1,396	1,995	1,582
Total liabilities		**3,930**	5,112	4,756
Equity				
Share capital	4.13	**317**	337	327
Shares held by trusts	4.13	**(172)**	(113)	(134)
Share premium reserve		**640**	640	640
Retained earnings	4.13	**3,926**	2,994	2,886
Other reserves	4.13	**1,096**	3,685	2,845
Equity attributable to equity holders of Standard Life Aberdeen plc		**5,807**	7,543	6,564
Non-controlling interests				
Ordinary shares		**3**	3	3
Preference shares	4.14	**–**	99	99
Total equity		**5,810**	7,645	6,666
Total equity and liabilities		**9,740**	12,757	11,422

1 In line with the Group's Annual report and accounts for the year ended 31 December 2019, comparatives for 30 June 2019 reflect the presentational change made to show unit linked liabilities and the assets backing these liabilities separately.

The Notes on pages 23 to 43 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 2020

	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 Standard Life Aberdeen 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**
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	4.13	–	–	–	–	–	–	–	–	**–**
Dividends paid on ordinary shares	4.10	–	–	–	(320)	–	(320)	–	–	**(320)**
Dividends paid on preference shares		–	–	–	–	–	–	–	(3)	**(3)**
Reclassification of preference shares to liability	4.14	–	–	–	(1)	–	(1)	–	(101)	**(102)**
Shares bought back on-market and cancelled	4.13	(10)	–	–	(175)	10	(175)	–	–	**(175)**
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		–	–	–	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**	**3,926**	**1,096**	**5,807**	**3**	**–**	**5,810**

	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 Standard Life Aberdeen plc £m	Non-controlling interests		Total equity £m
								Ordinary shares £m	Preference shares £m	
31 December 2018		**353**	**(115)**	**640**	**2,778**	**3,782**	**7,438**	**2**	**99**	**7,539**
Effect of change in accounting policy to IFRS 9[1]		–	–	–	(5)	(7)	(12)	–	–	**(12)**
Effect of change in accounting policy to IFRS 16[1]		–	–	–	(12)	–	(12)	–	–	**(12)**
1 January 2019		**353**	**(115)**	**640**	**2,761**	**3,775**	**7,414**	**2**	**99**	**7,515**
Profit for the period from continuing operations		–	–	–	636	–	636	–	3	**639**
Profit for the period from discontinued operations	4.2	–	–	–	25	–	25	–	–	**25**
Other comprehensive income for the period from continuing operations		–	–	–	92	10	102	–	–	**102**
Total comprehensive income for the period		**–**	**–**	**–**	**753**	**10**	**763**	**–**	**3**	**766**
Issue of share capital	4.13	–	–	–	–	–	–	–	–	**–**
Dividends paid on ordinary shares	4.10	–	–	–	(345)	–	(345)	–	–	**(345)**
Dividends paid on preference shares		–	–	–	–	–	–	–	(3)	**(3)**
Shares bought back on-market and cancelled	4.13	(16)	–	–	(180)	(110)	(306)	–	–	**(306)**
Other movements in non-controlling interests in the period		–	–	–	–	–	–	1	–	**1**
Reserves credit for employee share-based payments		–	–	–	–	21	21	–	–	**21**
Transfer to retained earnings for vested employee share-based payments		–	–	–	11	(11)	–	–	–	**–**
Shares acquired by employee trusts		–	(3)	–	–	–	(3)	–	–	**(3)**
Shares distributed by employee and other trusts and related dividend equivalents		–	5	–	(6)	–	(1)	–	–	**(1)**
30 June 2019		**337**	**(113)**	**640**	**2,994**	**3,685**	**7,543**	**3**	**99**	**7,645**

1 The Group initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information was not restated and the cumulative effect of initially applying these standards is recognised in retained earnings at the date of initial application.

								Non-controlling interests		
	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 Standard Life Aberdeen plc £m	Ordinary shares £m	Preference shares £m	Total equity £m
31 December 2018		**353**	**(115)**	**640**	**2,778**	**3,782**	**7,438**	**2**	**99**	**7,539**
Effect of change in accounting policy to IFRS 9[1]		–	–	–	(5)	(7)	(12)	–	–	**(12)**
Effect of change in accounting policy to IFRS 16[1]		–	–	–	(12)	–	(12)	–	–	**(12)**
1 January 2019		**353**	**(115)**	**640**	**2,761**	**3,775**	**7,414**	**2**	**99**	**7,515**
Profit for the year from continuing operations		–	–	–	210	–	210	–	5	**215**
Profit for the year from discontinued operations	4.2	–	–	–	56	–	56	–	–	**56**
Other comprehensive income for the year from continuing operations		–	–	–	(33)	(36)	(69)	–	–	**(69)**
Total comprehensive income for the year		**–**	**–**	**–**	**233**	**(36)**	**197**	**–**	**5**	**202**
Issue of share capital	4.13	–	–	–	–	–	–	–	–	**–**
Dividends paid on ordinary shares	4.10	–	–	–	(518)	–	(518)	–	–	**(518)**
Dividends paid on preference shares		–	–	–	–	–	–	–	(5)	**(5)**
Shares bought back on-market and cancelled	4.13	(26)	–	–	(390)	(100)	(516)	–	–	**(516)**
Other movements in non-controlling interests in the year		–	–	–	–	–	–	1	–	**1**
Reserves credit for employee share-based payments		–	–	–	–	43	43	–	–	**43**
Transfer to retained earnings for vested employee share-based payments		–	–	–	57	(57)	–	–	–	**–**
Transfer between reserves on impairment of subsidiaries		–	–	–	780	(780)	–	–	–	**–**
Shares acquired by employee trusts		–	(50)	–	–	–	(50)	–	–	**(50)**
Shares distributed by employee and other trusts and related dividend equivalents		–	31	–	(38)	–	(7)	–	–	**(7)**
Transfer from the Standard Life Unclaimed Asset Trust	4.13	–	–	–	1	–	1	–	–	**1**
31 December 2019		**327**	**(134)**	**640**	**2,886**	**2,845**	**6,564**	**3**	**99**	**6,666**

1 The Group initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information was not restated and the cumulative effect of initially applying these standards is recognised in retained earnings at the date of initial application.

The Notes on pages 23 to 43 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 2020

	Notes	6 months 2020 £m	6 months 2019[1] £m	Full year 2019 £m
Cash flows from operating activities				
(Loss)/profit before tax from continuing operations		**(498)**	629	243
Profit before tax from discontinued operations	4.2	**–**	25	56
		(498)	654	299
Change in operating assets		**167**	(278)	158
Change in operating liabilities		**(159)**	190	(291)
Adjustment for non-cash movements in investment income		**5**	2	4
Other non-cash and non-operating items		**517**	(615)	(28)
Dividends received from associates and joint ventures		**34**	51	93
Taxation paid[2]		**(14)**	(20)	(34)
Net cash flows from operating activities		**52**	(16)	201
Cash flows from investing activities				
Purchase of property, plant and equipment		**(6)**	(16)	(28)
Proceeds from sale of property, plant and equipment		**–**	1	2
Acquisition of subsidiaries and unincorporated businesses net of cash acquired		**–**	–	(40)
Disposal of subsidiaries net of cash disposed of		**(8)**	–	–
Acquisition of investments in associates and joint ventures		**–**	–	(51)
Proceeds from contingent consideration assets		**–**	95	63
Payments of contingent consideration liabilities		**(3)**	(7)	(18)
Disposal of investments in associates and joint ventures		**742**	510	1,720
Taxation paid on disposal of investments in associates and joint ventures[2]		**(33)**	–	(22)
Purchase of financial investments		**(328)**	(121)	(590)
Proceeds from sale or redemption of financial investments		**415**	784	800
Purchase of intangible assets		**(3)**	(12)	(15)
Net cash flows from investing activities		**776**	1,234	1,821
Cash flows from financing activities				
Repayment of subordinated liabilities		**–**	(455)	(455)
Payment of lease liabilities		**(18)**	(18)	(32)
Shares acquired by trusts		**(48)**	(3)	(50)
Interest paid		**(11)**	(10)	(39)
Shares bought back on-market and cancelled		**(172)**	(306)	(516)
Preference dividends paid		**(3)**	(3)	(5)
Ordinary dividends paid	4.10	**(320)**	(345)	(518)
Net cash flows from financing activities		**(572)**	(1,140)	(1,615)
Net increase in cash and cash equivalents		**256**	78	407
Cash and cash equivalents at the beginning of the period		**1,347**	957	957
Effects of exchange rate changes on cash and cash equivalents		**16**	2	(17)
Cash and cash equivalents at the end of the period[3]		**1,619**	1,037	1,347
Supplemental disclosures on cash flows from operating activities				
Interest paid		**2**	2	5
Interest received		**24**	19	34
Dividends received		**58**	78	143
Rental income received on investment property		**2**	–	3

[1] Restated. Cash flows in relation to contingent consideration have been classified as investing activities consistent with the approach adopted in the Annual report and accounts for the year ended 31 December 2019. In the 2019 Half year results these cash flows were classified as operating activities.

[2] Total taxation paid for the six months ended 30 June 2020 was £47m (six months ended 30 June 2019: £20m; 12 months ended 31 December 2019: £56m).

[3] Comprises £1,824m (30 June 2019: £1,315m; 31 December 2019: £1,685m) of cash and cash equivalents, including cash and cash equivalents held for sale and backing unit linked liabilities and (£205m) (30 June 2019: (£278m); 31 December 2019: (£338m)) of overdrafts which are reported in other financial liabilities in the IFRS condensed consolidated statement of financial position.

The Notes on pages 23 to 43 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 the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board as endorsed by the European Union (EU).

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 2019 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, which are effective by EU endorsement for annual periods beginning on or after 1 January 2020.

Amendments to existing standards

- Amendments to IFRS 3 *Definition of a business*
- Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest rate benchmark reform*
- Amendments to IAS 1 and IAS 8 *Definition of material*

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.

(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 2019 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 2020		6 months 2019		Full year 2019	
	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	**1.147**	**1.100**	1.143	1.118	1.142	1.180
US Dollar	**1.270**	**1.236**	1.294	1.273	1.280	1.325
Indian Rupee	**93.729**	**93.292**	90.531	87.850	90.106	94.563
Chinese Renminbi	**8.937**	**8.741**	8.777	8.741	8.830	9.228
Hong Kong Dollar	**9.866**	**9.576**	10.145	9.943	10.030	10.322
Singapore Dollar	**1.768**	**1.724**	1.757	1.722	1.745	1.781

(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 2019 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.

- As discussed in the Chief Executive's statement the fundamental basis of our business has not been impacted by COVID-19, although fee based revenue has been reduced as a result of the fall in global equity markets and the shift in client preferences to assets with lower fees. We consider that COVID-19 will accelerate the key global trends already underway in our industry and already factored into our strategy, and that the Group is well placed to manage its business risks successfully.
- The Group has robust cash and liquid resources of £2.8bn at 30 June 2020, which have increased over the period. In addition the Company has a revolving credit facility of £400m as part of our contingency funding plans which is due to mature in 2022 and remains undrawn.
- The Group's indicative regulatory capital surplus was £1.8bn in excess of capital requirements at 30 June 2020. The regulatory capital surplus does not include the majority of the value of the Group's listed associates, which was £3.4bn at 30 June 2020.
- The Group performs regular stress and scenario analysis as described in the Annual report and accounts 2019 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.
- In addition, the Group has performed specific scenario analysis in the period taking into account COVID-19 impacts on revenue, asset mix, flows and listed associates. These scenarios assumed that key equity market indexes held at the lowest levels witnessed during

- the COVID-19 outbreak, with only modest growth during 2021. Liquidity and capital remained robust over the going concern period in these scenarios.
- The Group's operational resilience processes have operated effectively during the period including the provision of services by key outsource providers

Based on a review of the above factors the Directors are satisfied that the Group has and will maintain sufficient resources to enable it to continue operating for at least 12 months from the date of approval of the half year results. Accordingly, the interim financial information has 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) Prior period acquisitions of subsidiaries

On 29 November 2019, 1825 Financial Planning and Advice Limited (a subsidiary of 1825 Financial Planning Limited) purchased the wealth advisory business of Grant Thornton UK LLP through a business acquisition agreement under which the majority of the clients and employees of the wealth advisory business transferred to 1825 Financial Planning and Advice Limited. 1825 Financial Planning and Advice also purchased the wealth management business of BDO Northern Ireland through a similar business acquisition agreement on 1 July 2019.

On 15 February 2019, Aberdeen Asset Management PLC (AAM PLC) completed the purchase of the entire share capital of Orion Partners Holding Limited and Orion Partner Services Inc.

(a)(ii) Prior period acquisitions of joint ventures

On 31 July 2019, as part of the Group's strategic joint venture with Virgin Money, AAM PLC completed the acquisition of 50% (less one share) of Virgin Money Unit Trust Managers Limited (VMUTM) for an upfront cash payment of £40m plus 50% of the capital in the business and certain other costs.

(b) Disposals

(b)(i) Current period disposal of subsidiaries

Standard Life (Asia) Limited (SL Asia)

On 29 March 2017, the Group announced the proposed sale 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 is reported in the Asset management, platforms and wealth segment and HASL is reported within the Insurance associates and joint ventures segment. The sale to HASL of the entire issued share capital of SL Asia was completed on 30 June 2020.

Total consideration received comprised cash of £19m and the Group recognised a gain on disposal of £8m in respect of the sale within 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 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 is based on provisional amounts as allowed under IFRS 3 *Business combinations*.

(b)(ii) Current period disposal of associates

HDFC Life Insurance Company Limited (HDFC Life)

During the six months ended 30 June 2020, the Group completed the following sale of equity shares in HDFC Life on the National Stock Exchange of India Limited and BSE Limited:

- 50,000,000 equity shares in HDFC Life sold through a Bulk Sale on 27 March 2020
- 40,000,000 equity shares in HDFC Life sold through a Bulk Sale on 4 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. The Group's shareholding in HDFC Life at 30 June 2020 is 207,311,893 equity shares or 10.27%.

HDFC Asset Management Company Limited (HDFC Asset Management)

During the six months ended 30 June 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. The Group's shareholding in HDFC Asset Management at 30 June 2020 is 45,228,305 equity shares or 21.25%.

(b)(iii)Prior period disposal of associates

HDFC Life

During 2019, the Group completed the following sales of equity shares in HDFC Life on the National Stock Exchange of India Limited and BSE Limited:

- 92,181,992 equity shares in HDFC Life sold through an Offer for Sale on 12 and 13 March 2019
- 33,032,381 equity shares in HDFC Life sold through an Offer for Sale from 3 to 6 May 2019
- 67,100,000 equity shares in HDFC Life sold through a Bulk Sale on 14 August 2019
- 100,000,000 equity shares in HDFC Life sold through a Bulk Sale on 30 October 2019

In total, 14.49% of the issued equity share capital of HDFC Life was sold for a combined consideration net of taxes and expenses of Rs 135,994m (£1,503m). The combined gain on sale of £1,337m was calculated using the weighted-average cost method.

HDFC Asset Management

During 2019, the Group completed the following sale of equity shares in HDFC Asset Management on the National Stock Exchange of India Limited and BSE Limited:

- 6,422,310 equity shares in HDFC Asset Management sold through an Offer for Sale on 4 and 5 December 2019

Through the sale, 3.02% of the issued equity share capital of HDFC Asset Management was sold for a total consideration net of taxes and expenses of Rs 18,279m (£195m). The gain on sale of £204m before tax was calculated using the weighted-average cost method.

(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 2020, the profit from discontinued operations was £nil. For the six months ended 30 June 2019 and the 12 months ended 31 December 2019, the profit from discontinued operations was £25m and £56m respectively which reflected changes in the value of contingent consideration relating to the sale.

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

The Group's reportable segments are as follows:

Continuing operations:

Asset management, platforms and wealth

This segment primarily relates to our asset management, platforms and wealth activities. Our asset management subsidiaries and our asset management associate in India, HDFC Asset Management, provide a range of investment products and services for individuals and institutional customers through a number of different investment vehicles. Our platforms include the Standard Life branded Wrap and Elevate platforms which provide administration services to advisers. Our Wealth activity primarily relates to: Aberdeen Standard Capital which manages assets for private clients, intermediaries acting for clients, charities and trustees; 1825 which undertakes our financial planning and advice activity; Parmenion which undertakes activities for clients and intermediaries; and our strategic joint venture with Virgin Money (VMUTM). The segment also includes other wholly owned activities of the Group including the corporate centre and related activities and the UK and Ireland Standard Life staff defined benefit pension plans.

Insurance associates and joint ventures

This segment comprises our life insurance associates and joint ventures in India (HDFC Life), the UK (Phoenix) and China (HASL). These businesses offer a range of pension, insurance and savings products to the Indian, UK, European and Chinese markets.

(b) Reportable segments – Group adjusted profit before tax and revenue information

(b)(i) Analysis of Group adjusted profit before tax

Adjusted profit before tax is the key alternative performance measure utilised by the Group's management in their evaluation of segmental performance and is therefore also presented by reportable segment.

6 months 2020	Notes	Asset management, platforms and wealth £m	Insurance associates and joint ventures £m	Total continuing operations £m	Discontinued operations £m	Total £m
Fee based revenue		706	–	706	–	**706**
Adjusted operating expenses		(601)	–	(601)	–	**(601)**
Adjusted operating profit		105	–	105	–	**105**
Capital management		(13)	–	(13)	–	**(13)**
Share of associates' and joint ventures' profit before tax[1]		22	81	103	–	**103**
Adjusted profit before tax		**114**	**81**	**195**	**–**	**195**
Tax on adjusted profit		(13)	–	(13)	–	**(13)**
Share of associates' and joint ventures' tax expense	4.7	(7)	(12)	(19)	–	**(19)**
Adjusted profit after tax		**94**	**69**	**163**	**–**	**163**
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.6	(135)	(12)	(147)	–	**(147)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts[2]		(1,124)	(51)	(1,175)	–	**(1,175)**
Profit on disposal of interests in associates	4.2	263	388	651	–	**651**
Impairment of associates and joint ventures	4.12	(45)	(85)	(130)	–	**(130)**
Investment return variances and economic assumption changes	4.9	–	124	124	–	**124**
Other		8	(4)	4	–	**4**
Total adjusting items		**(1,033)**	**360**	**(673)**	**–**	**(673)**
Tax on adjusting items		7	–	7	–	**7**
Share of associates' and joint ventures' tax expense on adjusting items	4.7	19	(20)	(1)	–	**(1)**
Profit attributable to non-controlling interests (preference shares)		(5)	–	(5)	–	**(5)**
(Loss)/profit for the period attributable to equity shareholders of Standard Life Aberdeen plc		**(918)**	**409**	**(509)**	**–**	**(509)**
Profit attributable to non-controlling interests						
Preference shares				5	–	**5**
Loss for the period				**(504)**	**–**	**(504)**

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

2 Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts includes £1,124m included in administrative expenses, and £51m relating to amortisation of intangibles recognised on the part acquisition of associates and joint ventures and included in Share of profit from associates and joint ventures in the condensed consolidated income statement.

Fee based revenue is reported as the measure of revenue in the analysis of adjusted profit before tax 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.

All interest income, interest expense, depreciation and amortisation from continuing operations relates to the Asset management, platforms and wealth segment.

6 months 2019	Notes	Asset management, platforms and wealth £m	Insurance associates and joint ventures £m	Total continuing operations £m	Discontinued operations £m	Total £m
Fee based revenue		815	–	815	–	**815**
Adjusted operating expenses		(673)	–	(673)	–	**(673)**
Adjusted operating profit		142	–	142	–	**142**
Capital management		22	–	22	–	**22**
Share of associates' and joint ventures' profit before tax[1]		26	90	116	–	**116**
Adjusted profit before tax		**190**	**90**	**280**	**–**	**280**
Tax on adjusted profit		(31)	–	(31)	–	**(31)**
Share of associates' and joint ventures' tax expense	4.7	(11)	(16)	(27)	–	**(27)**
Adjusted profit after tax		**148**	**74**	**222**	**–**	**222**
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.6	(192)	(6)	(198)	–	**(198)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts[2]		(89)	(55)	(144)	–	**(144)**
Profit on disposal of interests in associates	4.2	1	442	443	–	**443**
Reversal of impairment of associates		–	243	243	–	**243**
Investment return variances and economic assumption changes	4.9	–	(18)	(18)	–	**(18)**
Other		22	–	22	25	**47**
Total adjusting items		**(258)**	**606**	**348**	**25**	**373**
Tax on adjusting items		41	–	41	–	**41**
Share of associates' and joint ventures' tax expense on adjusting items	4.7	–	28	28	–	**28**
Profit attributable to non-controlling interests – preference shares		(3)	–	(3)	–	**(3)**
(Loss)/profit for the period attributable to equity shareholders of Standard Life Aberdeen plc		**(72)**	**708**	**636**	**25**	**661**
Profit attributable to non-controlling interests						
Preference shares				3	–	**3**
Profit for the period				**639**	**25**	**664**

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

2 Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts includes £89m included in administrative expenses, and £55m relating to intangibles recognised on the part acquisition of associates and included in Share of profit from associates and joint ventures in the condensed consolidated income statement.

Full year 2019	Notes	Asset management, platforms and wealth £m	Insurance associates and joint ventures £m	Total continuing operations £m	Discontinued operations £m	Total £m
Fee based revenue		1,634	–	1,634	–	**1,634**
Adjusted operating expenses		(1,333)	–	(1,333)	–	**(1,333)**
Adjusted operating profit		301	–	301	–	**301**
Capital management		37	–	37	–	**37**
Share of associates' and joint ventures' profit before tax[1]		57	189	246	–	**246**
Adjusted profit before tax		**395**	**189**	**584**	**–**	**584**
Tax on adjusted profit		(69)	–	(69)	–	**(69)**
Share of associates' and joint ventures' tax expense	4.7	(21)	(25)	(46)	–	**(46)**
Adjusted profit after tax		**305**	**164**	**469**	**–**	**469**
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.6	(379)	(28)	(407)	–	**(407)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts[2]		(1,733)	(111)	(1,844)	–	**(1,844)**
Profit on disposal of interests in associates	4.2	205	1,337	1,542	–	**1,542**
Reversal of impairment of associates		–	243	243	–	**243**
Investment return variances and economic assumption changes	4.9	–	(25)	(25)	–	**(25)**
Other		160	(2)	158	56	**214**
Total adjusting items		**(1,747)**	**1,414**	**(333)**	**56**	**(277)**
Tax on adjusting items		41	–	41	–	**41**
Share of associates' and joint ventures' tax expense on adjusting items	4.7	(5)	43	38	–	**38**
Profit attributable to non-controlling interests – preference shares		(5)	–	(5)	–	**(5)**
(Loss)/profit for the year attributable to equity shareholders of Standard Life Aberdeen plc		**(1,411)**	**1,621**	**210**	**56**	**266**
Profit attributable to non-controlling interests						
Preference shares				5	–	**5**
Profit for the year				**215**	**56**	**271**

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

2 Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts includes £1,733m included in administrative expenses, and £111m relating to intangibles recognised on the part acquisition of associates and joint ventures and included in Share of profit from associates and joint ventures in the condensed consolidated income statement.

4.4 Investment return

Included in investment return from continuing operations of (£87m) (six months ended 30 June 2019: £318m; 12 months ended 31 December 2019: £464m) is (£88m) (six months ended 30 June 2019: £271m; 12 months ended 31 December 2019: £392m) in relation to unit linked business including (£13m) (six months ended 30 June 2019: £70m; 12 months ended 31 December 2019: £107m) relating to operations held for sale. Investment returns relating to 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 2020 £m	6 months 2019 £m	Full year 2019 £m
Asset management			
Management fee income – Strategic insurance partners[1]	**110**	166	312
Management fee income – Other clients[1]	**498**	559	1,122
Performance fees	**12**	6	37
Revenue from contracts with customers for asset management	**620**	731	1,471
Fund platforms			
Fee income	**97**	98	204
Other revenue from contracts with customers	**36**	31	68
Total revenue from contracts with customers from continuing operations	**753**	860	1,743

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

The revenue from contracts with customers is reported within the Asset management, platforms and wealth segment. 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 profit before tax for the Asset management, platforms and wealth segment.

	6 months 2020 £m	6 months 2019 £m	Full year 2019 £m
Revenue from contracts with customers from continuing operations as presented in the condensed consolidated income statement	**753**	860	1,743
Presentation differences			
Commission expenses	**(38)**	(45)	(89)
Other cost of sales	**(13)**	(12)	(26)
Other differences	**4**	12	6
Fee based revenue from continuing operations as presented in the Asset management, platforms and wealth segment	**706**	815	1,634

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 presentation differences relate to amounts presented in a different income line item of the condensed consolidated income statement and charges made to third parties for expenses incurred by the Group.

4.6 Administrative expenses

	6 months 2020 £m	6 months 2019 £m	Full year 2019 £m
Restructuring and corporate transaction expenses	**131**	192	374
Impairment of goodwill – asset management	**915**	–	1,569
Commission expenses	**38**	45	89
Staff costs and other employee-related costs	**297**	320	646
Other impairment losses on intangible assets	**134**	1	2
Impairment losses on disposal group classified as held for sale	**1**	2	–
Impairment losses on property right-of-use assets	**–**	–	16
Other administration expenses	**397**	453	898
	1,913	1,013	3,594
Acquisition costs deferred during the period	**–**	(1)	(2)
Amortisation of deferred acquisition costs	**1**	1	2
Total administrative expenses from continuing operations	**1,914**	1,013	3,594

The 2020 restructuring and corporate transaction expenses mainly relate to merger integration, separation from Phoenix and implementing our simplified operating model. For the purposes of determining adjusted profit from continuing operations, an additional £16m was recognised in the six months ended 30 June 2020 relating to our share of asset management joint venture and insurance associate restructuring and corporate transaction expenses (six months ended 30 June 2019: £6m; 12 months ended 31 December 2019: £33m).

4.7 Tax expense

	6 months 2020 £m	6 months 2019 £m	Full year 2019 £m
Current tax:			
UK	**2**	4	6
Overseas	**44**	11	49
Adjustment to tax expense in respect of prior years	**2**	–	(1)
Total current tax attributable to continuing operations	**48**	15	54
Deferred tax:			
Deferred tax (credit) arising from the current periods	**(54)**	(25)	(26)
Adjustment to deferred tax in respect of prior years	**12**	–	–
Total deferred tax attributable to continuing operations	**(42)**	(25)	(26)
Total tax expense/(credit) attributable to continuing operations	**6**	(10)	28

The share of associates' and joint ventures' tax expense is £20m (six months ended 30 June 2019: (£1m);12 months ended 31 December 2019: £8m) and is included in profit before tax in the IFRS condensed consolidated income statement in Share of profit from associates and joint ventures.

The standard UK corporation tax rate for the accounting period is 19%. In the Spring Budget 2020, the government announced that the standard UK corporation tax rate would remain at 19% from 1 April 2020 rather than reducing to 17% as previously enacted. This new legislation was substantively enacted on 17 March 2020 to repeal the planned reduction in the standard UK corporation tax rate and maintain the rate at 19%.

The Group operates in a large number of territories and during the normal course of business will be subject to audit or enquiry by local tax authorities. At any point in time the Group will also be engaged in commercial transactions the tax outcome of which may be uncertain due to their complexity or uncertain application of tax law. Tax provisions, therefore, are subjective by their nature and require management judgement based on the interpretation of legislation, management experience and professional advice. As such, this may result in the Group recognising provisions for uncertain tax positions. Management will provide for uncertain tax positions where they judge that it is probable there will be a future outflow of economic benefits from the Group to settle the obligation. In assessing uncertain tax positions management considers each issue on its own merits using their judgement as to the estimate of the most likely outcome. When making estimates, management considers all available evidence. This may include forecasts of future profitability, the frequency and severity of any losses, and statutory carry forward and carry back provisions as well as management experience of tax attributes expiring without use. Where the final outcome differs from the amount provided this difference will impact the tax charge in future periods. Management re-assesses provisions at each reporting date based upon latest available information.

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

	6 months 2020 £m	6 months 2019 £m	Full year 2019 £m
Tax relating to fair value losses recognised as cash flow hedges	**15**	3	(2)
Tax relating to cash flow hedge losses transferred to condensed consolidated income statement	**(8)**	(1)	4
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	**7**	2	2
Tax relating to other comprehensive income from continuing operations	**7**	2	2

All of the amounts presented above are in respect of equity holders of Standard Life Aberdeen plc.

4.8 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 the Company 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 2020			6 months 2019			Full year 2019		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Adjusted profit before tax	**195**	**–**	**195**	280	–	280	584	–	584
Tax on adjusted profit	**(13)**	**–**	**(13)**	(31)	–	(31)	(69)	–	(69)
Share of associates' and joint ventures' tax expense	**(19)**	**–**	**(19)**	(27)	–	(27)	(46)	–	(46)
Adjusted profit after tax	**163**	**–**	**163**	222	–	222	469	–	469
Dividend paid on preference shares	**(5)**	**–**	**(5)**	(3)	–	(3)	(5)	–	(5)
Adjusted profit after tax attributable to equity shareholders of the Company	**158**	**–**	**158**	219	–	219	464	–	464
Adjusting items	**(673)**	**–**	**(673)**	348	25	373	(333)	56	(277)
Tax on adjusting items	**7**	**–**	**7**	41	–	41	41	–	41
Share of associates' and joint ventures' tax expense on adjusting items	**(1)**	**–**	**(1)**	28	–	28	38	–	38
(Loss)/profit attributable to equity shareholders of the Company	**(509)**	**–**	**(509)**	636	25	661	210	56	266

	6 months 2020 Millions	6 months 2019 Millions	Full year 2019 Millions
Weighted average number of ordinary shares outstanding	**2,244**	2,420	2,374
Dilutive effect of share options and awards	**30**	29	32
Weighted average number of diluted ordinary shares outstanding	**2,274**	2,449	2,406

	6 months 2020			6 months 2019			Full year 2019		
	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	**(22.7)**	**–**	**(22.7)**	26.3	1.0	27.3	8.9	2.3	11.2
Diluted earnings per share	**(22.7)**	**–**	**(22.7)**	26.0	1.0	27.0	8.8	2.3	11.1
Adjusted earnings per share	**7.0**	**–**	**7.0**	9.0	–	9.0	19.5	–	19.5
Adjusted diluted earnings per share	**7.0**	**–**	**7.0**	8.9	–	8.9	19.3	–	19.3

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 the period. This results in the adjusted diluted earnings per share from continuing operations being calculated using a weighted average number of ordinary shares of 2,244 million.

4.9 Adjusted profit and adjusting items

Adjusted profit before tax is the Group's key alternative performance measure. 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
- 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

Adjusted profit also excludes impacts arising from investment return variances and economic assumption changes in the Group's insurance entities and also in the Group's associate and joint venture insurance entities where they have a policy for determining investment return variances and economic assumption changes. It is calculated based on expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movements in equity holder liabilities. Impacts arising from the difference between the expected return and actual return on investments, and the corresponding impact on equity holder liabilities except where they are directly related to a significant management action, are excluded from adjusted profit and are presented within profit before tax. The impact of certain changes in economic assumptions is also excluded from adjusted profit and is presented within profit before tax.

Dividends payable on preference shares classified as non-controlling interests are excluded from adjusted profit in line with the treatment of ordinary shares. Similarly to preference shares, coupons paid on perpetual debt instruments classified as equity for which interest is only accounted for when paid is excluded from adjusted profit. This includes our share of interest payable on Tier 1 debt instruments held by associates. Coupons payable on perpetual debt instruments classified as equity for which interest is accrued are included in adjusted profit before tax.

(a) Investment return variances and economic assumption changes – insurance entities

Associates and joint ventures insurance entities

Where associates and joint ventures have a policy for determining investment return variances and economic assumption changes, the Group uses the policy of the associate or joint venture for including their results in the Group's adjusted profit. This currently applies only to the Group's investment in Phoenix. The Phoenix policy is described below.

The components of IFRS profit attributable to market movements and interest rate changes which give rise to variances between actual and expected returns on investments backing both owner and policyholder funds, with consistent allowance for the corresponding expected movement in liabilities, as well as the impact of changes in economic assumptions on liabilities, are excluded from adjusted profit. The impact of strategic asset allocation activities, such as investment in higher yielding illiquid assets, is also excluded from adjusted profit.

The expected return on investments backing both owner and policyholder funds is based on opening economic assumptions applied to the funds under management at the beginning of the reporting period. Expected investment return assumptions are derived actively based on market yields on risk-free fixed interest assets at the start of each financial year. Investment return variances, including those relating to owners' funds, also include gains and losses on derivatives held to hedge life company Solvency II surplus positions.

Adjusted profit includes the effect of variance in experience for non-economic items, for example mortality, persistency and expenses, and the effect of changes in non-economic assumptions. It also incorporates the impacts of significant management actions where such actions are consistent with Phoenix's core operating activities (for example, actuarial modelling enhancements and data reviews).

Wholly owned insurance entities

The Group's wholly owned insurance business, SL Asia, was sold on 30 June 2020 (refer Note 4.2). The policy applied to wholly owned insurance entities is similar to that used by Phoenix as described above. The main difference relevant to SL Asia is that Phoenix recognises charges on unit linked business based on expected investment returns, whereas wholly owned insurance entities use actual investment returns.

(b) Other

Other adjusting items for the six months ended 30 June 2020 includes the gain on disposal of SL Asia of £8m – refer Note 4.2.

Other adjusting items for the six months ended 30 June 2019 and 12 months ended 31 December 2019 included £38m and £61m respectively for net fair value movements in contingent consideration of which £25m and £56m was in relation to discontinued operations. The net fair value movements in contingent consideration for the six months ended 30 June 2020 were £nil.

Other adjusting items for the 12 months ended 31 December 2019 included £140m relating to the settlement of arbitration with Lloyds Banking Group, (£16m) in relation to the impairment of property right-of-use assets and £12m in relation to the alignment of the reporting period of HDFC Asset Management.

4.10 Dividends on ordinary shares

	6 months 2020 Pence per share	6 months 2019 Pence per share	6 months 2019 £m	Full year 2019 Pence per share	Full year 2019 £m
Dividends relating to reporting period					
Interim dividend (2020 and 2019)	**7.30**	7.30	173	7.30	173
Final dividend (2019)	**–**	–	–	14.30	320
Total	**7.30**	7.30	173		493
Dividends paid in reporting period					
Current year interim dividend	**–**	–	–	7.30	173
Final dividend for prior year	**14.30**	14.30	345	14.30	345
Total			345		518

Subsequent to 30 June 2020, the Board has declared an interim dividend for 2020 of 7.30 pence per ordinary share (interim 2019: 7.30 pence), an estimated £159m in total (interim 2019: £173m). The dividend is expected to be paid on 29 September 2020 and will be recorded as an appropriation of retained earnings in the financial statements for the year ended 31 December 2020.

4.11 Intangible assets

	30 Jun 2020 £m	30 Jun 2019 £m	31 Dec 2019 £m
Acquired through business combinations			
Goodwill	**85**	2,532	1,000
Brand	**39**	58	48
Customer relationships and investment management contracts	**352**	571	534
Technology	**8**	18	12
Internally developed software	**41**	63	51
Purchased software and other	**3**	–	2
Cost of obtaining customer contracts	**51**	70	60
Total intangible assets	**579**	3,312	1,707

The key estimates and assumptions in relation to intangible assets include the determination of the recoverable amount of goodwill and customer intangibles.

For all intangible assets including goodwill, an assessment is made at each reporting date as to whether there is an indication that the goodwill or intangible asset has become impaired. If any indication of impairment exists then the recoverable amount of the asset is determined. The recoverable amounts are defined as the higher of fair value less costs of disposal (FVLCD) and the value in use (VIU) where the value in use is based on the present value of future cash flows. Where the carrying value exceeds the recoverable amount then the carrying value is written down to the recoverable amount.

For the six months ended 30 June 2020, an impairment of goodwill of £915m (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £1,569m) and an impairment of customer relationships and investment management contracts of £134m (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £nil) has been recognised. Both impairments relate to assets included in the Asset management, platforms and wealth segment. The impairments are included within administrative expenses in the condensed consolidated income statement.

Goodwill

The impairment of £915m relates to an impairment of asset management goodwill, the group of cash-generating units for which is our asset management business excluding HDFC Asset Management and VMUTM (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £1,569m). The impairment resulted from the impact on reported revenue and future revenue projections of global equity market falls and a shift in asset mix towards lower margin assets. Both the fall in equity markets and the shift in asset mix were global market impacts primarily resulting from COVID-19. Additional projections were prepared to take into account these COVID-19 impacts, and uncertainties over future financial markets, and these projections were a key input to the impairment review process. Further details relating to H1 2020 fee based revenue, flows and fee revenue yield are included in the Management report section of these half year results. The asset management goodwill is now fully impaired.

The recoverable amount of this group of cash-generating units at 30 June 2020 was £1,654m, which is based on FVLCD. This is also the carrying value at 30 June 2020. The FVLCD considered a number of valuation approaches, with the primary approach being a price to earnings multiple approach. This is a level 3 measurement as it is measured using inputs which are not based on observable market data. Key assumptions used in the earnings multiples valuation approach were:

- Projected adjusted profits which were based on management forecasts of maintainable earnings and market consensus views. Revenues in the management forecasts reflected past experience and modelling based on assets under management and fee revenue yields by asset class. Equity markets in 2020 were assumed to stay broadly in line with 30 June levels. Expenses in the management forecasts were based on past experience adjusted for planned expense savings.

- Price to earnings multiples which were determined based on market data on multiples of a peer group of comparable European asset managers as at 30 June 2020
- Premiums for control and discounts for lack of liquidity which were determined based on comparable transactions adjusted to remove strategic control premiums
- The expected cost of disposal, which was based on past experience of previous transactions

In addition to the price to earnings multiple approach, other valuation approaches were considered including discounted cash flows and deriving the valuation from the market capitalisation of the Group, which gave a range of reasonable outcomes. The primary valuation approach was within this range of reasonable outcomes and reflects the current market uncertainties.

The recoverable amount of this group of cash-generating units at 31 December 2019 was £2,603m based on VIU, which was assessed by management as being higher than the FVLCD. The VIU continues to be significantly reduced by the IFRS requirement to add back certain expense savings to management's expectation of the level of future operating expenses, as was also the case at 31 December 2019. Considering this, and as a result of the increased market uncertainty in the COVID environment and the impact of reduced reported revenue and future revenue projections, management has now assessed that the FVLCD is higher.

As the asset management goodwill is now fully impaired it is no longer an area where assumptions and other sources of estimation uncertainty have a significant risk of resulting in a material adjustment within the next financial year to the carrying amounts of assets and liabilities.

For the remaining goodwill of £85m (30 June 2019: £48m; 31 December 2019: £85m), which is attributable to a number of smaller cash-generating units in the Asset management, platforms and wealth segment, we concluded that no impairment was required in the period.

Customer relationship and investment management contract intangibles

The recoverable amount for customer relationship intangible assets for which there were indicators of impairment is VIU. In assessing VIU, expected future cash flows are discounted to their present value using a pre-tax discount rate. Judgement is required in assessing both the expected cash flows and an appropriate discount rate which is based on current market assessments of the time value of money and the risks associated with the asset.

The impairment of £134m (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £nil) relates to the Segregated and similar customer relationship intangible asset which was recognised on the acquisition of Aberdeen Asset Management PLC. The impairment resulted from the impact of markets, net outflows and a fall in revenue yield on future earnings expectations. The recoverable amount of this asset which is its VIU is £119m and was calculated using a pre-tax discount rate of 14.8%.

The other key assumptions in the VIU were:

- Future assets under management which were modelled based on past experience of attrition rates and assumed market growth rates tapered to 2% in the longer term
- Fee revenue yields based on past experience adjusted to assume a decline due to changes in asset mix over the projection period
- Operating expense margins based on past experience and management forecasts

The residual useful life as at 30 June 2020 is 9.1 years.

The determination of the Segregated and similar intangible asset recoverable amount is now considered an area where assumptions and other sources of estimation uncertainty have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The following table shows the consequence of illustrative downside sensitivities of key assumptions on the carrying amount of the Segregated and similar customer relationship intangible balance at 30 June 2020. As the period end carrying value is the recoverable amount any downside sensitivity will lead to a further future impairment loss.

	£m
20% increase in net attrition	(15)
20% one-off decrease in AUM at 1 July 2020	(22)
Operating expense margin percentage decreased by 5%	(30)
Discount rate percentage increased by 2%	(6)

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

Investments in associates and joint ventures accounted for using the equity method at 30 June 2020 of £1,409m (30 June 2019: £1,604m; 31 December 2019: £1,509m) includes £928m (30 June 2019: £1,012m; 31 December 2019: £961m) for the Group's Phoenix associate, which is included in the Insurance associates and joint ventures segment.

During the six months ended 30 June 2020 an impairment loss of £85m was recognised on the Group's interest in Phoenix (six months ended 30 June 2019 and 12 months ended 31 December 2019: reversal of impairment £243m). The impairment loss was recognised due to the market value of the Group's interest in Phoenix of £928m as at 30 June 2020 (30 June 2019: £1,022m; 31 December 2019: £1,079m) being significantly below its carrying value. We consider that under IAS 28 the market value of Phoenix represents the best estimate of the present value of future dividends and therefore this market value is used as the VIU. As the VIU is based on the market value, a discount rate is not determined.

During the six months ended 30 June 2020 an impairment loss of £45m was recognised on the Group's interest in VMUTM (six months ended 30 June 2019 and 12 months ended 31 December 2019: £nil). The impairment resulted from a reduction in projected future revenues as a result of a business plan reassessment by the joint venture which took into account the fall in UK equity markets due to COVID-19, and an increase in projected costs to develop a new retail customer proposition. The impairment charge is recognised in the

Asset management, platforms and wealth segment. Following the impairment, the carrying value of the investment in the VMUTM joint venture at 30 June 2020 was £nil which was the recoverable amount. The recoverable amount was based on VIU, the key assumptions for which are the discount rate, terminal growth rate and forecast cash flows. The pre-tax discount rate used was 14.9% and the terminal growth rate used was 2%. Cash flow projections for the five years to 30 June 2025 were based on management approved profit forecasts, with the terminal growth rate used for subsequent years. Profits were adjusted to a cash flow basis, e.g. amortisation and depreciation removed. The VIU cash flow projections take into account expected future capital contributions to the business.

Both the impairment losses set out above are included in loss on impairment of interests in associates and joint ventures in the condensed consolidated income statement.

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

(a) Issued share capital

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

	6 months 2020		6 months 2019		Full year 2019	
Issued shares fully paid	**13 61/63p each**	**£m**	13 61/63p each	£m	13 61/63p each	£m
At start of period	**2,338,723,724**	**327**	2,529,412,224	353	2,529,412,224	353
Shares issued in respect of share incentive plans	**947**	**–**	540	–	1,114	–
Shares bought back on-market and cancelled	**(69,831,713)**	**(10)**	(116,128,848)	(16)	(190,689,614)	(26)
At end of period	**2,268,892,958**	**317**	2,413,283,916	337	2,338,723,724	327

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. The previous buyback of up to £750m through on-market purchases which was approved by shareholders on 25 June 2018 completed in December 2019. During the six months ended 30 June 2020, the Company has bought back and cancelled 69,831,713 shares (six months ended 30 June 2019: 116,128,848 shares; 12 months ended 31 December 2019: 190,689,614 shares). The total consideration was £175m (six months ended 30 June 2019: £306m; 12 months ended 31 December 2019: £516m) which includes transaction costs and any unsettled purchases of shares. At 30 June 2020, there were unsettled purchases of shares for 1,523,060 shares (six months ended 30 June 2019: 847,130 shares; 12 months ended 31 December 2019: none).

This consideration has resulted in a reduction in retained earnings of £175m (six months ended 30 June 2019: £180m; 12 months ended 31 December 2019: £390m), There was no reduction in the special reserve for the share buyback for the six months ended 30 June 2020 (six months ended 30 June 2019: £126m; 12 months ended 31 December 2019: £126m). An amount of £10m (six months ended 30 June 2019: £16m; 12 months ended 31 December 2019: £26m) 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 Standard Life Aberdeen plc that are held by the Standard Life Aberdeen Employee Benefit Trust (SLA EBT), Standard Life Employee Trust (ET), the Aberdeen Asset Management Employee Benefit Trust 2003 (AAM EBT) and, prior to SLA plc issuing its closure instruction to the Trustees on 13 December 2019, the Standard Life Unclaimed Asset Trust (UAT). The SLA EBT was established on 28 March 2019.

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 2020 was as follows:

	6 months 2020	6 months 2019	Full year 2019
Number of shares held by trusts			
Standard Life Aberdeen Employee Benefit Trust	**35,749,816**	–	15,378,831
Standard Life Employee Trust	**25,261,712**	30,446,497	26,685,390
Aberdeen Asset Management Employee Benefit Trust 2003	**8,333,162**	20,257,282	10,579,914
Standard Life Unclaimed Asset Trust	**–**	136,224	–

(c) Retained earnings and other reserves

Other reserves of £1,096m (30 June 2019: £3,685m; 31 December 2019: £2,845m) includes a merger reserve of £483m (30 June 2019: £3,097m; 31 December 2019: £2,317m).The merger reserve includes £470m (30 June 2019: £3,084m; 31 December 2019: £2,304m) in relation to the Group's asset management businesses. Following an impairment of the Company's investments in its asset management entities during the six months ended 30 June 2020, £1,834m (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £780m) was transferred from the merger reserve to retained earnings.

4.14 Non-controlling interests – preference shares and subordinated liabilities

On 4 June 2020, AAM PLC notified the holders of the 5% 2015 Non-voting perpetual non-cumulative redeemable preference shares of its irrevocable intention to redeem the preference shares. Following notification the preference shares were reclassified as subordinated liabilities as an obligation to deliver cash was created. The liabilities were recognised at fair value of £102m with fair value movements since acquisition of £1m being transferred to retained earnings. The fair value included the final dividend paid as part of the redemption. The preference shares were redeemed on 8 July 2020 – refer Note 4.20.

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 2020 £m	6 months 2019 £m	Full year 2019 £m
Current service cost	**29**	32	60
Past service cost	**–**	–	(13)
Net interest income	**(11)**	(15)	(31)
Administrative expenses	**1**	1	2
Expense from continuing operations recognised in the IFRS condensed consolidated income statement	**19**	18	18

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

Pension and other post-retirement benefit assets at 30 June 2020 of £1,382m (30 June 2019: £1,233m; 31 December 2019: £1,163m) includes the following amounts in relation to the Principal plan:

	6 months 2020 £m	6 months 2019 £m	Full year 2019 £m
Present value of funded obligation	**(3,175)**	(2,802)	(2,852)
Fair value of plan assets	**5,263**	4,680	4,609
Effect of limit on plan surplus	**(731)**	(657)	(615)
Net asset	**1,357**	1,221	1,142

(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 2020 %	30 Jun 2019 %	31 Dec 2019 %
Discount rate	**1.50**	2.35	2.05
Rates of inflation			
Consumer Price Index (CPI)	**2.00**	2.15	2.00
Retail Price Index (RPI)	**2.75**	3.15	2.90

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

4.16 Fair value of assets and liabilities

(a) Determination of fair value hierarchy

To provide further information on the approach used to determine and measure the fair value of certain assets and liabilities, 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)

(b) Methods and assumptions used to determine fair value of assets and liabilities including those held for sale

Information on the methods and assumptions used to determine fair values for each major category of instrument measured at fair value is given below. These methods and assumptions include those used to fair value assets and liabilities held for sale, including the individual assets and liabilities of operations held for sale.

Investments in associates at FVTPL, equity securities and interests in pooled investment funds and amounts seeded into funds classified as held for sale
Investments in associates at FVTPL are valued in the same manner as the Group's equity securities and interests in pooled investment funds.

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are generally considered to be quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

The Group's exposure to unlisted equity securities primarily relates to interests in real estate, infrastructure and private equity vehicles. These are valued in accordance with independent professional valuations or International Private Equity and Venture Capital Valuation Guidelines where relevant. The fair value of unlisted investments in infrastructure funds is based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on project earnings. The valuation of these securities is largely based on inputs that are not based on observable market data, and accordingly these instruments are categorised as level 3 instruments within the fair value hierarchy. Where appropriate, reference is made to observable market data.

Interests in pooled investment funds are valued using daily unit prices where they are available. Where the underlying assets require specialist valuation reports (e.g. real estate, infrastructure, private equity) these reports are received from investment managers on a regular basis, usually monthly or quarterly. 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.

Interests in pooled investment funds are assigned to a level of the fair value hierarchy by looking at the frequency of the unit price valuations, whether they are traded in an active market and also the nature of any valuation adjustments. Where daily unit prices are available and reference is made to observable market data these interests will be categorised as level 2. Where the valuations are largely based on inputs derived from unobservable market data these interests will be level 3 instruments.

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.

Derivative financial assets and derivative financial liabilities
The majority of the Group's derivatives are over-the-counter derivatives which are measured at fair value using a range of valuation models including discounting future cash flows and option valuation techniques. The inputs are observable market data and over-the-counter derivatives are therefore categorised as level 2 in the fair value hierarchy.

Exchange traded derivatives are valued using prices sourced from the relevant exchange. They are considered to be instruments quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

Non-performance risk arising from the credit risk of each counterparty has been considered on a net exposure basis in line with the Group's risk management policies. At 30 June 2020, 30 June 2019 and 31 December 2019, the residual credit risk is considered immaterial and no credit risk adjustment has been made.

Debt securities
For debt securities, the Group has determined a hierarchy of pricing sources. The hierarchy consists of reputable external pricing providers who generally use observable market data. If prices are not available from these providers or are considered to be stale, the Group has established procedures to arrive at an internal assessment of the fair value. These procedures are based largely on inputs that are not based on observable market data. A further analysis by category of debt security is as follows:

- **Government, including provincial and municipal, and supranational institution bonds**
  These instruments are valued using prices received from external pricing providers who generally base the price on quotes received from a number of market participants. They are categorised as level 1 or level 2 instruments within the fair value hierarchy depending upon the nature of the underlying pricing information used for valuation purposes.
- **Corporate bonds listed or quoted in an established over-the-counter market including asset-backed securities**
  These instruments are generally valued using prices received from external pricing providers who generally consolidate quotes received from a panel of banks into a composite price. As the market becomes less active the quotes provided by some banks may be based on modelled prices rather than on actual transactions. These sources are based largely on observable market data, and

therefore these instruments are categorised as level 2 instruments within the fair value hierarchy. When prices received from external pricing providers are based on a single broker indicative quote, the instruments are categorised as level 3 instruments.

For instruments for which prices are either not available from external pricing providers or the prices provided are considered to be stale, the Group performs its own assessment of the fair value of these instruments. This assessment is largely based on inputs that are not based on observable market data, principally single broker indicative quotes, and accordingly these instruments are categorised as level 3 instruments within the fair value hierarchy.

- **Other corporate bonds including unquoted bonds, commercial paper and certificates of deposit**
  These instruments are valued using models. For unquoted bonds the model uses inputs from comparable bonds and includes credit spreads which are obtained from brokers or estimated internally. Commercial paper and certificates of deposit are valued using standard valuation formulas. The categorisation of these instruments within the fair value hierarchy will be either level 2 or 3 depending upon the nature of the underlying pricing information used for valuation purposes.

Contingent consideration assets and contingent consideration liabilities
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 and therefore the assets and liabilities are classified as level 3 in the fair value hierarchy. Significant contingent consideration arises under the terms of the sale of Standard Life Assurance Limited to Phoenix in August 2018. The terms include a number of indemnities that give rise to contingent consideration. The indemnities that have the most significant impact on the fair value of this contingent consideration are as follows:

- **Annuity sales practices**
  Under the indemnity if SLAL suffers a loss in excess of the provision it recognised at 31 December 2017 of £248m in relation to annuity sales practices, the Group will pay the excess to Phoenix subject to a £120m cap. If that provision is not fully utilised Phoenix will pay the Group the unutilised amount. The annuity sales practices review is now substantially complete.

  The technique used to value this element of the contingent consideration is to assess the likelihood of an over or under utilisation of the 31 December 2017 provision, by reference to changes in the SLAL provision. During 2019 SLAL released £79m of the provision that it had recognised at 31 December 2017.

- **Persistency**
  If SLAL suffers adverse lapse experience relating to certain UK unit linked products (but excluding unit linked products written in a with profits fund) prior to 31 December 2019, the Group shall make a payment to Phoenix, based on the difference between expected and actual lapse experience, subject to a £75m cap.

  This element of the contingent consideration is valued based on lapse experience data provided by Phoenix.

In addition, the Group is currently engaged in ongoing discussions with Phoenix in respect of disagreements over the operation of certain aspects of the agreements that were entered into at the time of the sale of SLAL to Phoenix and which impact the value of the indemnities and other payments under the transaction terms. Whilst the Group and Phoenix are currently seeking a commercial resolution in respect of such disagreements, it is possible that all or some of these matters (and any other disagreements which may arise from time to time in respect of these agreements) could be escalated to a dispute resolution process provided for in the relevant agreements, which could result, if the Group and Phoenix fail to reach agreement, in either party commencing legal proceedings. Management's estimate of the impact of these discussions on the value of the arrangements entered into with Phoenix at the time of the sale of SLAL to Phoenix has been taken into account in the fair value of the contingent consideration.

Non-participating investment contract liabilities
The fair value of the non-participating investment contract liabilities is calculated equal to the fair value of the underlying assets and liabilities in the funds. Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets and liabilities in which these funds are invested. 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. Therefore, the liabilities are categorised within level 2 of the fair value hierarchy. Where the valuations are largely based on inputs derived from unobservable market data (e.g. real estate, infrastructure and private equity) these liabilities are categorised as level 3 of the fair value hierarchy.

Liabilities in respect of third party interest in consolidated funds
The fair value of liabilities in respect of third party interest in consolidated funds is calculated equal to the fair value of the underlying assets and liabilities in the funds. Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets in which these funds are invested. 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.

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

(c)(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 4.16(d) for fair value hierarchy analysis in relation to assets backing unit linked liabilities).

	As recognised in the condensed consolidated statement of financial position			Classified as held for sale			Total			Fair value hierarchy Level 1			Fair value hierarchy Level 2			Fair value hierarchy Level 3		
	30 Jun 2020 £m	30 Jun 2019[4] £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019[4] £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019[4] £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019[4] £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019[4] £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019[4] £m	31 Dec 2019 £m
Derivative financial assets	**95**	31	19	**–**	–	–	**95**	31	19	**–**	–	–	**95**	31	19	**–**	–	–
Equity securities and interests in pooled investment vehicles	**728**	534	725	**2**	156	2	**730**	690	727	**218**	456	609	**422**	160	36	**90**	74	82
Debt securities[1]	**972**	586	769	**–**	14	14	**972**	600	783	**2**	33	57	**969**	567	725	**1**	–	1
Financial Investments	**1,795**	1,151	1,513	**2**	170	16	**1,797**	1,321	1,529	**220**	489	666	**1,486**	758	780	**91**	74	83
Owner occupied property[2]	**1**	2	2	**–**	–	–	**1**	2	2	**–**	–	–	**–**	–	–	**1**	2	2
Contingent consideration asset[3]	**1**	–	1	**–**	–	–	**1**	–	1	**–**	–	–	**–**	–	–	**1**	–	1
Total assets at fair value	**1,797**	1,153	1,516	**2**	170	16	**1,799**	1,323	1,532	**220**	489	666	**1,486**	758	780	**93**	76	86

1 Excludes debt securities measured at amortised cost of £368m (30 June 2019: £274m; 31 December 2019: £602m) – refer Note 4.16 (e).

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

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

4 Comparatives for 30 June 2019 reflect the presentational change made to show unit linked liabilities and the assets backing these liabilities separately.

Transfers from level 1 to level 2 and from level 2 to level 1 during the six months ended 30 June 2020 were £361m (six months ended 30 June 2019: £42m; 12 months ended 31 December 2019: £7m) and £5m (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £6m) respectively. Transfers from level 1 to level 2 in the period primarily relate to interests in pooled investment vehicles which are priced daily but where the daily price is only offered by the fund manager. 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 4.16 (c)(iii) for details of movements in level 3 assets.

(c)(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 4.16(d) for fair value hierarchy analysis in relation to unit linked liabilities).

	As recognised in the condensed consolidated statement of financial position			Classified as held for sale			Total			Fair value hierarchy: Level 1			Level 2			Level 3		
	30 Jun 2020	30 Jun 2019[2]	31 Dec 2019	**30 Jun 2020**	30 Jun 2019[2]	31 Dec 2019	**30 Jun 2020**	30 Jun 2019[2]	31 Dec 2019	**30 Jun 2020**	30 Jun 2019[2]	31 Dec 2019	**30 Jun 2020**	30 Jun 2019[2]	31 Dec 2019	**30 Jun 2020**	30 Jun 2019[2]	31 Dec 2019
	£m	£m	£m	**£m**	£m	£m	**£m**	£m	£m	**£m**	£m	£m	**£m**	£m	£m	**£m**	£m	£m
Liabilities in respect of third party interest in consolidated funds	**184**	23	119	**–**	16	–	**184**	39	119	**–**	3	–	**184**	36	119	**–**	–	–
Derivative financial liabilities	**8**	8	3	**–**	–	–	**8**	8	3	**–**	2	1	**8**	6	2	**–**	–	–
Contingent consideration liabilities[1]	**11**	71	14	**–**	–	–	**11**	71	14	**–**	–	–	**–**	–	–	**11**	71	14
Total liabilities at fair value	**203**	102	136	**–**	16	–	**203**	118	136	**–**	5	1	**192**	42	121	**11**	71	14

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

2 Comparatives for 30 June 2019 reflect the presentational change made to show unit linked liabilities and the assets backing these liabilities separately.

There were no significant transfers between levels 1 and 2 during the six months ended 30 June 2020 (six months ended 30 June 2019: none; 12 months ended 31 December 2019: none). Refer Note 4.16 (c)(iii) for details of movements in level 3 liabilities.

(c)(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 2020	30 Jun 2019	31 Dec 2019	**30 Jun 2020**	30 Jun 2019	31 Dec 2019	**30 Jun 2020**	30 Jun 2019	31 Dec 2019
	£m	£m	£m	**£m**	£m	£m	**£m**	£m	£m
At start of period	**2**	2	2	**82**	59	59	**1**	1	1
Total gains/(losses) recognised in the condensed consolidated income statement	**(1)**	–	–	**1**	1	2	**–**	–	–
Purchases	**–**	–	–	**13**	16	23	**–**	–	–
Sales	**–**	–	–	**(9)**	(2)	(8)	**–**	–	–
Foreign exchange adjustment	**–**	–	–	**1**	–	–	**–**	–	–
Transfers in to level 3[1]	**–**	–	–	**2**	–	6	**–**	–	–
At end of period	**1**	2	2	**90**	74	82	**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 2020	30 Jun 2019	31 Dec 2019	**30 Jun 2020**	30 Jun 2019	31 Dec 2019
	£m	£m	£m	**£m**	£m	£m
At start of period	**1**	8	8	**(14)**	(29)	(29)
Total amounts recognised in the income statement	**–**	–	56	**–**	38	5
Additions	**–**	–	–	**–**	–	(8)
Settlements	**–**	(95)	(63)	**3**	7	18
Transfer to contingent consideration liability	**–**	87	–	**–**	(87)	–
At end of period	**1**	–	1	**(11)**	(71)	(14)

For the six months ended 30 June 2020, gains of £2m from continuing operations (six months ended 30 June 2019: gains of £15m; 12 months ended 31 December 2019: £nil) 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 £2m (six months ended 30 June 2019: gains of £2m; 12 months ended 31 December 2019: gains of £1m) were recognised in investment return with £nil (six months ended 30 June 2019: gains of £13m; 12 months ended 31 December 2019: losses of £1m) recognised in other income.

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.

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

The table below presents quantitative information about the significant unobservable inputs for non-unit linked level 3 instruments:

	Fair value				
	30 Jun 2020 £m	30 Jun 2019 £m	31 Dec 2019 £m	**Unobservable input at 30 June 2020**	**Input used at 30 June 2020**
Equity securities and interests in pooled investment funds	**90**	74	82	This comprises holdings in approximately 100 separate funds, predominantly by value being interests in real estate, infrastructure and private equity funds. Given the numerous unobservable inputs pertaining to the valuation of the underlying assets in the funds no individual unobservable inputs are considered significant.	N/A
Contingent consideration assets and liabilities	**(10)**	(71)	(13)	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

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

At 30 June 2020 the shareholder is directly exposed to movements in the value of all non-unit linked level 3 instruments. Changing unobservable inputs in the measurement of the fair value of these 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 4.12 (d) below for unit linked level 3 instruments.

(d) 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.

	As recognised in the condensed consolidated statement of financial position			Classified as held for sale[1]			Total			Fair value hierarchy: Level 1			Fair value hierarchy: Level 2			Fair value hierarchy: Level 3		
	30 Jun 2020 £m	30 Jun 2019 £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019 £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019 £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019 £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019 £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019 £m	31 Dec 2019 £m
Financial investments	**1,313**	1,940	1,528	**–**	674	674	**1,313**	2,614	2,202	**787**	2,459	1,991	**506**	155	211	**20**	–	–
Total assets at fair value backing unit linked liabilities	**1,313**	1,940	1,528	**–**	674	674	**1,313**	2,614	2,202	**787**	2,459	1,991	**506**	155	211	**20**	–	–
Investment contract liabilities	**990**	1,600	1,152	**–**	50	49	**990**	1,650	1,201	**–**	–	–	**970**	1,650	1,201	**20**	–	–
Third party interest in consolidated funds	**376**	384	416	**–**	–	–	**376**	384	416	**–**	–	–	**376**	384	416	**–**	–	–
Other unit linked liabilities[2]	**17**	3	6	**–**	–	–	**17**	3	6	**8**	–	–	**9**	3	6	**–**	–	–
Total unit linked liabilities at fair value	**1,383**	1,987	1,574	**–**	50	49	**1,383**	2,037	1,623	**8**	–	–	**1,355**	2,037	1,623	**20**	–	–

1 Financial investments include financial assets backing unit linked liabilities classified as non-participating insurance contracts within liabilities of operations held for sale.

2 Excludes other unit linked liabilities not measured at fair value of £13m (30 June 2019: £8m; 31 December 2019: £8m).

The financial investments backing unit linked liabilities comprise equity securities and interests in pooled investment funds of £1,144m (30 June 2019: £1,761m; 31 December 2019: £1,338m), debt securities of £164m (30 June 2019: £178m; 31 December 2019: £185m) and derivative financial assets of £5m (30 June 2019: £1m; 31 December 2019: £5m).

Transfers from level 1 to level 2 and from level 2 to level 1 during the six months ended 30 June 2020 were £274m (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £nil) and £nil (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £nil) respectively.

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 2020 £m	30 Jun 2019 £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019 £m	31 Dec 2019 £m
At start of period	**–**	–	–	**–**	–	–
Total gains/(losses) recognised in the condensed consolidated income statement	**(1)**	–	–	**1**	–	–
Sales	**–**	–	–	**–**	–	–
Transfers in to level 3[1]	**21**	–	–	**(21)**	–	–
At end of period	**20**	–	–	**(20)**	–	–

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.

(e) 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 2020 £m	30 Jun 2019 £m	31 Dec 2019 £m	**30 Jun 2020 £m**	30 Jun 2019 £m	31 Dec 2019 £m
Assets						
Debt securities	**368**	274	602	**378**	285	614
Liabilities						
Subordinated liabilities	**798**	690	655	**817**	694	688

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

4.17 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 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 and regulatory 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.

Refer Note 4.16 relating to ongoing discussions with Phoenix in respect of disagreements over the operation of certain aspects of the agreements that were entered into at the time of the sale of the UK and European insurance business to Phoenix and which impact the value of indemnities and other related payments under the transaction terms.

4.18 Commitments

(a) Unrecognised financial instruments

As at 30 June 2020, the Group has committed to investing an additional £50m (30 June 2019: £33m; 31 December 2019: £46m) into funds in which it holds a co-investment interest.

(b) Capital commitments

As at 30 June 2020, the Group has capital commitments other than in relation to financial instruments of £12m (30 June 2019: £37m; 31 December 2019: £nil).

4.19 Related party transactions

In the normal course of business, the Group enters into transactions with related parties that relate to insurance and investment management business. 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 2019.

In the six months ended 30 June 2020, for associates accounted for using the equity method, the Group recognised sales primarily in relation to management fees of £62m (six months ended 30 June 2019: £109m; 12 months ended 31 December 2019: £145m) and purchases in relation to services received of £34m (six months ended 30 June 2019: £39m; 12 months ended 31 December 2019: £49m). There were also sales to joint ventures accounted for using the equity method of £2m (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £1m) and purchases from joint ventures of £nil (six months ended 30 June 2019: £nil; 12 months ended 31 December 2019: £1m).

Details of the sale of a subsidiary to a joint venture business are included in Note 4.2.

During the six months ended 30 June 2020, the Group committed to providing £12m of additional funding to a joint venture subject to the fulfilment of specified conditions (30 June 2019: £nil; 31 December 2019: £nil).

4.20 Events after the reporting date

On 8 July 2020 the 5% 2015 Non-voting perpetual non-cumulative redeemable preference shares issued by AAM PLC were redeemed for a total consideration of £102m which included a £2m dividend.

On 22 July 2020 the Group's associate, 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 results in the Group's holding at 30 June 2020 of 19.97% in Phoenix becoming 14.4% of the enlarged Phoenix Group. The Group does not expect any dilution gain recognised in the consolidated income statement as a result of the transaction to be material. The Group will continue to classify the investment in Phoenix as an associate following the dilution resulting from this transaction.

5. Supplementary information

5.1 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 5.3.

<table>
<tr><th>Definition</th><th>Purpose</th></tr>
<tr><td colspan="2">Adjusted profit before tax</td></tr>
<tr><td>Adjusted profit before tax is the Group's key alternative performance measure. 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
• 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
• Impacts arising from investment return variances and economic assumption changes in the Group's insurance entities and also in the Group's associate and joint venture insurance entities where they have a policy for determining investment return variances and economic assumption changes
• Dividends payable on preference shares classified as non-controlling interests are excluded from adjusted profit in line with the treatment of ordinary shares. Similarly to preference shares, coupons paid on perpetual debt instruments classified as equity for which interest is only accounted for when paid is excluded from adjusted profit. This includes our share of interest payable on Tier 1 debt instruments held by associates.
Further details are included in Note 4.9 of the Financial information section.
Fee based revenue is a component of adjusted 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.</td><td>Adjusted 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 profit before tax is consistent with the way that financial performance is measured by management and reported to the Board and executive leadership team. Adjusted profit before tax is also a key input to the adjusted earnings per share measure which is used to assess performance for remuneration purposes.
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.</td></tr>
<tr><td colspan="2">Adjusted capital generation</td></tr>
<tr><td>Adjusted capital generation is part of the analysis of movements in CRD IV 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 excludes the Group's share of associates and joint ventures profit after tax which is replaced by dividends received from these entities.</td><td>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.</td></tr>
</table>

Adjusted profit before tax

Reconciliation of adjusted profit to IFRS profit by component

The key components of adjusted profit before tax are fee based revenue, adjusted operating expenses and share of associates' and joint ventures' profit before tax. These components provide a meaningful analysis of our adjusted results.

The table below provides a reconciliation of movements between adjusted 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	Group adjusted profit	Presentation differences	Adjusting items	Capital management	Share of associates' and joint ventures' tax expense	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
Capital management	(13)	–	–	13	–	–	N/A
Share of associates' and joint ventures' profit before tax	103	–	(77)	–	(20)	6	Share of profit from associates and JVs[1]
Adjusted profit before tax from continuing operations	**195**	**–**	**(673)**	**–**	**(20)**	**(498)**	Profit before tax
Tax on adjusted profit	(13)	–	7	–	–	(6)	Total tax expense
Share of associates' and joint ventures' tax	(19)	–	–	–	19	–	N/A
Adjusted profit after tax from continuing operations	**163**	**–**	**(666)**	**–**	**(1)**	**(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	**163**	**–**	**(666)**	**–**	**(1)**	**(504)**	**Profit for the period**

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

Adjusted profit term	Group adjusted profit	Presentation differences	Adjusting items	Capital management	Share of associates' and joint ventures' tax expense	Group IFRS	IFRS term
H1 2019	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	
Fee based revenue	815	374	467	22	–	1,678	Total income
Adjusted operating expenses	(673)	(374)	(283)	–	–	(1,330)	Total expenses
Capital management	22	–	–	(22)	–	–	N/A
Share of associates' and joint ventures' profit before tax	116	–	164	–	1	281	Share of profit from associates and JVs[2]
Adjusted profit before tax from continuing operations	**280**	**–**	**348**	**–**	**1**	**629**	Profit before tax
Tax on adjusted profit	(31)	–	41	–	–	10	Total tax expense
Share of associates' and joint ventures' tax	(27)	–	–	–	27	–	N/A
Adjusted profit after tax from continuing operations	**222**	**–**	**389**	**–**	**28**	**639**	Profit for the period from continuing operations
Adjusted profit after tax from discontinued operations	–	–	25	–	–	25	Profit for the period from discontinued operations
Adjusted profit after tax	**222**	**–**	**414**	**–**	**28**	**664**	Profit for the period

2 Includes £243m reversal of impairment of interest in associates.

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 2020 was (£88m) (H1 2019: £271m). 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 Group adjusted profit by segment.

The FY 2019 reconciliation of movements between adjusted profit component measures and their closest IFRS equivalent is included on page 244 of the Annual report and accounts 2019.

Phoenix profitability

The table below provides a breakdown for the calculation of our share of adjusted profit before tax from Phoenix of £57m which is included in the Insurance associates and joint ventures reportable segment total of £81m. Phoenix use an operating profit alternative performance measure which is before finance costs, while the Group's adjusted profit is after deducting finance costs.

	H1 2020 100% £m	**H1 2020 19.97% £m**	H1 2019 100% £m	H1 2019 19.98% £m
Operating profit before tax (Phoenix APM)	**361**	**72**	325	65
Finance costs	**(76)**	**(15)**	(63)	(12)
Adjusted profit before tax (Standard Life Aberdeen APM)	**285**	**57**	262	53

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 2020 £m	H1 2019 £m
Adjusted profit after tax	**163**	222
Remove staff pension scheme returns	**(10)**	(14)
Remove associates' and joint ventures' adjusted profit after tax	**(84)**	(89)
Add associates' and joint ventures' dividends received	**34**	51
Adjusted capital generation	**103**	170

Staff pension scheme returns

Staff pension scheme returns are the contribution to adjusted profit before tax from defined benefit pension schemes which are in surplus and reconciled below.

	H1 2020 £m	H1 2019 £m
Total income recognised in the consolidated income statement	**10**	14
Past service costs (included in adjusting items)	**–**	–
Remove IFRS charge relating to schemes in deficit	**–**	–
	10	14

Share of associates' and joint ventures' adjusted profit after tax

An analysis is provided below.

	H1 2020 £m	H1 2019 £m
Share of associates' and joint ventures' adjusted profit before tax – Note 4.3(b)(i)	**103**	116
Share of associates' and joint ventures' adjusted tax expense – Note 4.3(b)(i)	**(19)**	(27)
Share of associates' and joint ventures' adjusted profit after tax	**84**	89

Associates' and joint ventures' dividends received
An analysis is provided below.

	H1 2020 £m	H1 2019 £m
Phoenix	**34**	34
HDFC Life	**–**	9
HDFC Asset Management	**–**	8
Associates' and joint ventures' dividends received	**34**	51

5.2 Surplus regulatory capital

The £1.8bn indicative capital surplus below includes a deduction to allow for the interim dividend which will be paid in September 2020, and a deduction of £400m for the share buyback announced in February 2020.

At 30 June 2020, the indicative regulatory capital position was as follows:

CRD IV Group regulatory capital position	H1 2020 £bn	FY 2019 £bn
Common Equity Tier 1 capital resources	**2.3**	2.2
Tier 2 capital resources	**0.6**	0.6
Total regulatory capital resources	**2.9**	2.8
Total regulatory capital requirements	**(1.1)**	(1.1)
Surplus regulatory capital	**1.8**	1.7

Capital resources includes c£0.3bn from holdings in insurance associates and JVs that will no longer be eligible following changes to the capital regime during 2021.

5.3 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 This is an efficiency measure that is calculated as adjusted operating expenses divided by fee based revenue in the period, and includes the share of associates' and joint ventures' profit before tax.	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 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 4.8 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.
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 customers on. Fee revenue yield has been restated to include revenue and assets under advice relating to our 1825 advice business.

5.3.1 Cost/income ratio from continuing operations

	H1 2020	H1 2019
Adjusted operating expenses (£m)	**(601)**	(673)
Fee based revenue (£m)	**706**	815
Share of associates' and joint ventures' profit before tax (£m)	**103**	116
Total adjusted operating income and share of associates' and joint ventures' profit before tax (£m)	**809**	931
Cost/income ratio (%)	**74**	72
Cost/income ratio excluding our share of associates' and joint ventures' profit before tax (%)	**85**	83

5.3.2 Fee revenue yield (bps)

Analysis by channel

	Average AUMA (£bn)		Fee based revenue (£m)		Fee revenue yield (bps)	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Institutional and Wholesale	**226.8**	238.4	**445**	513	**39.5**	43.4
Strategic insurance partners	**210.7**	262.7	**115**	166	**11.0**	12.7
Platforms and Wealth						
Wrap and Elevate	**60.0**	57.3	**69**	73	**23.1**	25.6
Wealth[1]	**22.6**	17.9	**58**	51	**45.1**	50.6
Eliminations	**(9.9)**	(10.1)	**N/A**	N/A	**N/A**	N/A
Fee revenue yield[1,2]	**510.2**	566.2	**687**	803	**26.8**	28.6
SL-Asia			**7**	6		
Performance fees			**12**	6		
Fee based revenue			**706**	815		

Analysis of Institutional and Wholesale by asset class

	Average AUM (£bn)		Fee based revenue (£m)		Fee revenue yield (bps)	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Equities	**61.2**	73.2	**198**	243	**65.1**	66.9
Fixed income	**46.8**	47.0	**68**	64	**29.2**	27.6
Multi-asset	**32.1**	41.4	**60**	86	**37.6**	41.7
Private markets	**16.6**	15.1	**38**	32	**46.9**	43.4
Real estate	**27.6**	29.5	**64**	71	**46.6**	48.3
Alternatives[3]	**18.5**	12.5	**9**	10	**9.5**	16.2
Quantitative	**3.7**	2.4	**1**	1	**5.5**	10.5
Cash/Liquidity	**20.3**	17.3	**7**	6	**7.0**	7.3
Institutional and Wholesale	**226.8**	238.4	**445**	513	**39.5**	43.4

1 Fee revenue yield calculation excludes revenue of £7m (H1 2019: £6m) for which there are no attributable assets.

2 Restated to include revenue and assets under advice relating to our 1825 advice business. Previously AUMA excluded assets under advice.

3 Alternatives average AUM includes c£12bn (H1 2019: c£7bn) of lower margin advisory mandates. At 30 June 2020 the closing AUM of these mandates was c£13bn.

5.4 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 and customers. 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 customers 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 customers through platform products such as ISAs and SIPPs. AuAdv is a measure of the total assets we advise our customers on, for which there is an ongoing charge.	At FY 2019, we changed our definition of AUMA to include AUAdv as we continue to build scale in the 1825 business. H1 2019 AUMA has been restated and therefore 2019 market and other movements include 1825 AUAdv of £4.0bn as at 1 January 2019.
Net flows Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients and customers. Gross outflows or redemptions is the money withdrawn by clients or customers during the period.	At FY 2019, we changed our definition of AUMA to include AUAdv. H1 2019 net flows have been restated to include flows relating to 1825 AUAdv.

5.4.1 AUMA by channel

6 months ended 30 June 2020	Opening AUMA at 1 Jan 2020 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUMA at 30 Jun 2020 £bn
Institutional	160.6	14.0	(12.6)	1.4	0.5	–	162.5
Wholesale	72.4	11.5	(13.5)	(2.0)	0.7	–	71.1
Strategic insurance partners	235.8	9.2	(35.4)	(26.2)	(5.5)	–	204.1
Platforms and Wealth						–	
Wrap and Elevate	62.6	3.2	(2.1)	1.1	(2.5)	–	61.2
Wealth	23.4	1.4	(0.7)	0.7	(0.9)	–	23.2
Eliminations[1]	(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**

6 months ended 30 June 2019	Opening AUMA at 1 Jan 2019 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[3] £bn	Closing AUMA at 30 Jun 2019 £bn
Institutional	166.7	13.9	(20.8)	(6.9)	10.1	–	169.9
Wholesale	72.5	5.4	(14.0)	(8.6)	5.3	0.7	69.9
Strategic insurance partners	255.0	9.7	(15.4)	(5.7)	20.5	–	269.8
Platforms and Wealth							
Wrap and Elevate	54.2	3.4	(2.3)	1.1	4.5	–	59.8
Wealth[2]	10.9	5.1	(1.2)	3.9	5.4	–	20.2
Eliminations[1]	(7.8)	(1.1)	1.4	0.3	(2.7)	–	(10.2)
Total AUMA	**551.5**	**36.4**	**(52.3)**	**(15.9)**	**43.1**	**0.7**	**579.4**

1 Eliminations remove the double count reflected in the asset management and platforms and wealth businesses.

2 Wealth channel market and other movements include 1825 opening assets under advice of £4.0bn.

3 Corporate actions in the Wholesale channel relate to the acquisition of Orion Partners (£0.7bn).

5.4.2 Quarterly net flows by channel

15 months ended 30 June 2020	3 months to 30 Jun 20 £bn	3 months to 31 Mar 20 £bn	3 months to 31 Dec 19 £bn	3 months to 30 Sep 19 £bn	3 months to 30 Jun 19 £bn
Institutional	**2.4**	(1.0)	–	(7.3)	(4.9)
Wholesale	**(0.2)**	(1.8)	2.3	(1.0)	(2.8)
Strategic insurance partners	**0.3**	(26.5)	(10.8)	(27.9)	(2.7)
Platforms and Wealth					
Wrap and Elevate	**0.4**	0.7	0.6	0.6	0.5
Wealth	**0.5**	0.2	0.4	0.4	0.3
Eliminations	**–**	0.2	–	0.2	0.2
Total net flows	**3.4**	(28.2)	(7.5)	(35.0)	(9.4)

5.5 Institutional and Wholesale AUM

5.5.1 Detailed asset class split

6 months ended 30 June 2020	Opening AUM at 1 Jan 2020 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUM at 30 Jun 2020 £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)	2.1	–	33.7
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
Total fixed income	**46.4**	**6.1**	**(6.6)**	**(0.5)**	**2.2**	**–**	**48.1**
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	4.0	0.1	(0.5)	(0.4)	0.1	–	3.7
Total multi-asset	**34.3**	**1.8**	**(3.4)**	**(1.6)**	**(0.3)**	**–**	**32.4**
Private equity	12.1	0.4	(0.7)	(0.3)	1.1	–	12.9
Private credit and solutions	–	0.3	–	0.3	–	–	0.3
Infrastructure equity	4.0	–	–	–	0.1	–	4.1
Total private markets	**16.1**	**0.7**	**(0.7)**	**–**	**1.2**	**–**	**17.3**
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
Total real estate	**27.9**	**1.0**	**(1.4)**	**(0.4)**	**1.3**	**–**	**28.8**
Total alternatives	**17.7**	**1.2**	**(0.5)**	**0.7**	**1.3**	**–**	**19.7**
Total quantitative	**4.2**	**0.3**	**(1.0)**	**(0.7)**	**0.3**	**–**	**3.8**
Total cash/liquidity	**17.4**	**9.0**	**(2.1)**	**6.9**	**(1.1)**	**–**	**23.2**
Total	**233.0**	**25.5**	**(26.1)**	**(0.6)**	**1.2**	**–**	**233.6**

6 months ended 30 June 2019	Opening AUM at 1 Jan 2019 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUM at 30 Jun 2019 £bn
Developed markets equities	12.9	1.0	(2.0)	(1.0)	2.2	–	14.1
Emerging markets equities	25.0	1.0	(5.9)	(4.9)	3.4	–	23.5
Asia Pacific equities	22.5	1.9	(3.3)	(1.4)	2.2	–	23.3
Global equities	12.5	0.4	(2.4)	(2.0)	1.3	–	11.8
Total equities	**72.9**	**4.3**	**(13.6)**	**(9.3)**	**9.1**	**–**	**72.7**
Developed markets credit	32.1	2.5	(3.1)	(0.6)	2.0	–	33.5
Developed markets rates	5.2	0.2	(1.4)	(1.2)	0.4	–	4.4
Emerging markets fixed income	9.4	1.3	(1.2)	0.1	0.8	–	10.3
Total fixed income	**46.7**	**4.0**	**(5.7)**	**(1.7)**	**3.2**	**–**	**48.2**
Absolute return	21.9	0.4	(6.7)	(6.3)	0.7	–	16.3
Diversified growth/income	1.7	0.3	(0.1)	0.2	0.3	–	2.2
MyFolio	13.9	1.3	(1.1)	0.2	1.1	–	15.2
Other multi-asset	5.5	0.3	(1.0)	(0.7)	1.7	–	6.5
Total multi-asset	**43.0**	**2.3**	**(8.9)**	**(6.6)**	**3.8**	**–**	**40.2**
Private equity	12.3	0.7	(2.1)	(1.4)	0.4	–	11.3
Private credit and solutions	–	–	–	–	0.1	–	0.1
Infrastructure equity	3.7	0.2	–	0.2	(0.1)	–	3.8
Total private markets	**16.0**	**0.9**	**(2.1)**	**(1.2)**	**0.4**	**–**	**15.2**
UK real estate	15.3	0.6	(1.2)	(0.6)	(0.1)	–	14.6
European real estate	12.2	0.6	(0.4)	0.2	–	–	12.4
Global real estate	0.8	0.1	(0.1)	–	0.1	0.7	1.6
Real estate multi-manager	1.4	0.1	(0.2)	(0.1)	–	–	1.3
Total real estate	**29.7**	**1.4**	**(1.9)**	**(0.5)**	**–**	**0.7**	**29.9**
Total alternatives	**12.3**	**1.5**	**(0.5)**	**1.0**	**(0.1)**	**–**	**13.2**
Total quantitative	**2.1**	**0.3**	**(0.3)**	**–**	**0.5**	**–**	**2.6**
Total cash/liquidity	**16.5**	**4.6**	**(1.8)**	**2.8**	**(1.5)**	**–**	**17.8**
Total	**239.2**	**19.3**	**(34.8)**	**(15.5)**	**15.4**	**0.7**	**239.8**

5.6 Analysis of Strategic insurance partners

6 months ended 30 June 2020	Opening AUM at 1 Jan 2020 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUM at 30 Jun 2020 £bn
Phoenix	145.9	3.8	(5.2)	(1.4)	2.9	–	147.4
Lloyds	64.5	2.2	(27.5)	(25.3)	(7.3)	–	31.9
Other	25.4	3.2	(2.7)	0.5	(1.1)	–	24.8
Total	**235.8**	**9.2**	**(35.4)**	**(26.2)**	**(5.5)**	**–**	**204.1**

6 months ended 30 June 2019	Opening AUM at 1 Jan 2019 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions £bn	Closing AUM at 30 Jun 2019 £bn
Phoenix	131.6	4.7	(6.5)	(1.8)	11.0	–	140.8
Lloyds	98.6	4.1	(6.6)	(2.5)	7.4	–	103.5
Other	24.8	0.9	(2.3)	(1.4)	2.1	–	25.5
Total	**255.0**	**9.7**	**(15.4)**	**(5.7)**	**20.5**	**–**	**269.8**

5.7 Analysis of total AUM

5.7.1 AUM by geography

	30 Jun 2020				31 Dec 2019			
	Institutional and Wholesale	Strategic insurance partners	Wealth[1]	Total	Institutional and Wholesale	Strategic insurance partners	Wealth[1]	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
UK	106.3	204.1	17.9	328.3	108.5	235.8	17.7	362.0
Europe, Middle East and Africa (EMEA)	60.3	–	–	60.3	55.8	–	–	55.8
Asia Pacific (APAC)	16.3	–	–	16.3	16.9	–	–	16.9
Americas	50.7	–	–	50.7	51.8	–	–	51.8
Total AUM	233.6	204.1	17.9	455.6	**233.0**	**235.8**	**17.7**	**486.5**

5.7.2 Total AUM by asset class

	30 Jun 2020				31 Dec 2019			
	Institutional and Wholesale £bn	Strategic insurance partners £bn	Wealth[1] £bn	Total £bn	Institutional and Wholesale £bn	Strategic insurance partners £bn	Wealth[1] £bn	Total £bn
Equities	60.3	46.5	–	106.8	69.0	50.3	–	119.3
Fixed income	48.1	72.1	–	120.2	46.4	88.5	–	134.9
Multi-asset	32.4	6.2	14.9	53.5	34.3	10.2	14.2	58.7
Private markets	17.3	0.8	–	18.1	16.1	0.8	–	16.9
Real estate	28.8	8.2	–	37.0	27.9	9.2	–	37.1
Alternatives	19.7	–	–	19.7	17.7	0.6	–	18.3
Quantitative	3.8	45.0	3.0	51.8	4.2	46.7	3.5	54.4
Cash/Liquidity	23.2	25.3	–	48.5	17.4	29.5	–	46.9
Total AUM	233.6	204.1	17.9	455.6	**233.0**	**235.8**	**17.7**	**486.5**

1 Excludes assets under advice of £5.3bn at 30 June 2020 (31 Dec 2019: £5.7bn).

6. Glossary

Aberdeen Asset Management or Aberdeen
Aberdeen Asset Management PLC, or Aberdeen Asset Management PLC and its subsidiaries.

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

Adjusted profit
Adjusted profit before tax is the Group's key alternative performance measure. 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
- 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

Adjusted profit also excludes impacts arising from investment return variances and economic assumption changes in the Group's insurance entities and also in the Group's associate and joint venture insurance entities where they have a policy for determining investment return variances and economic assumption changes. It is calculated based on expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movements in equity holder liabilities. Impacts arising from the difference between the expected return and actual return on investments, and the corresponding impact on equity holder liabilities except where they are directly related to a significant management action, are excluded from adjusted profit and are presented within profit before tax. The impact of certain changes in economic assumptions is also excluded from adjusted profit and is presented within profit before tax.

Dividends payable on preference shares classified as non-controlling interests are excluded from adjusted profit in line with the treatment of ordinary shares. Similarly to preference shares, coupons paid on perpetual debt instruments classified as equity for which interest is only accounted for when paid is excluded from adjusted profit. This includes our share of interest payable on Tier 1 debt instruments held by associates. Coupons payable on perpetual debt instruments classified as equity for which interest is accrued are included in adjusted profit before tax.

Assets under management and administration (AUMA)
AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients and customers. 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 Aberdeen Standard Investments manages on behalf of individual customers and institutional clients. AUM also includes assets managed for corporate purposes.

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

Board
The Board of Directors of the Company.

Capital management
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.

Chief Operating Decision Maker
The executive leadership team.

Company
Standard Life Aberdeen plc.

Cost/income ratio
This is an efficiency measure that is calculated as adjusted operating expenses divided by adjusted operating income, and includes the share of associates' and joint ventures' profit before tax.

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
Responsible for providing overall leadership of the business and comprises: Chief Executive, General Counsel, Chief Financial Officer, Global Head of Distribution, Head of EMEA, Chief of Staff, Chief Investment Officer, Chief HR Officer, Chief Operating Officer, Chief Corporate Affairs Officer, Head of Americas and Head of Asia Pacific.

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 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 customer, 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.

Global absolute return strategies (GARS)

A discretionary multi-asset fund provided under several regulated pooled and segregated structures globally by Aberdeen Standard Investments. The investment objective is to target a level of return over a rolling three-year period equivalent to cash plus 5% a year (gross of fees), and to do so with as little risk as possible.

Group, Standard Life Aberdeen Group or Standard Life Aberdeen

Relates to the Company and its subsidiaries.

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 markets, 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.

Net flows

Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients and customers. Gross outflows or redemptions is the money withdrawn by clients or customers 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 Group's Pillar 3 disclosures are available at **www.standardlifeaberdeen.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.

Pro forma basis

The merger of Standard Life plc and Aberdeen completed on 14 August 2017, with the merger accounted for as an acquisition of Aberdeen by Standard Life plc on that date. Pro forma results for the Group are prepared as if Standard Life Group and Aberdeen had always been merged and are included for comparative periods to assist in explaining trends in financial performance by showing a full 12 months performance for the combined Group for all years.

Reported basis

The merger of Standard Life plc and Aberdeen completed on 14 August 2017, with the merger accounted for as an acquisition of Aberdeen by Standard Life plc on that date. The financial statements for 2017 have been prepared on this basis, with Aberdeen results included only from the date of merger onwards. This is referred to as the Reported basis.

Standard Life

Following completion of the sale of our UK and European insurance business to Phoenix in August 2018, we have retained ownership of the Standard Life brand while also licensing it to Phoenix. The Standard Life brand continues to be a prominent feature of our retail platforms.

Strategic insurance partners

A measure of the assets managed on behalf of a number of strategic partners such as Lloyds Banking Group and Phoenix.

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:

0345 113 0045*

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

Secretary

Kenneth A Gilmour

Registrar

Link Market Services Limited (Link)

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

Preventing unsolicited mail

By law, the Company has to make certain details from its share register publicly available. Because of this, it is possible that some registered shareholders could receive unsolicited mail or phone calls. You could also be targeted by fraudulent 'investment specialists'. Remember, if it sounds too good to be true, it probably is.

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 Standard Life Aberdeen Share Account – by contacting Link, 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 2020	7 August
Ex-dividend date for 2020 interim dividend	20 August
Record date for 2020 interim dividend	21 August
Last date for DRIP elections for 2020 interim dividend	9 September
Dividend payment date for 2020 interim dividend	29 September

Analysis of registered shareholdings at 30 June 2020

Range of shares	Number of holders	% of total holders	Number of shares	% of total shares
1-1,000	64,116	65.26	25,911,515	1.14
1,001-5,000	29,259	29.78	59,460,197	2.62
5,001-10,000	2,744	2.79	18,216,847	0.80
10,001-100,000	1,574	1.60	37,506,925	1.66
#100,001+	557	0.57	2,127,797,474	93.78
Total	**98,250**	**100.00**	**2,268,892,958**	**100.00**

These figures include the Company-sponsored nominee – the Standard Life Aberdeen Share Account – which had 999,362 participants holding 661,193,838 shares.

Notes

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.

Persons receiving this document should not place reliance on forward-looking statements. Neither the Company nor its affiliates assume any obligation to update or correct any of the forward-looking statements contained in this document or any other forward-looking statements it or they may make (whether as a result of new information, future events or otherwise), except as required by law. Past performance is not an indicator of future results and the results of the Company and its affiliates in this document may not be indicative of, and are not an estimate, forecast or projection of, the Company’s or its affiliates’ future results.

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

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 2020 (unless otherwise indicated).

This document has been published by Standard Life Aberdeen plc for information only. It is based on our understanding as at August 2020 and does not provide financial or legal advice.

Standard Life Aberdeen plc is registered in Scotland (SC286832) at 1 George Street, Edinburgh EH2 2LL.

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