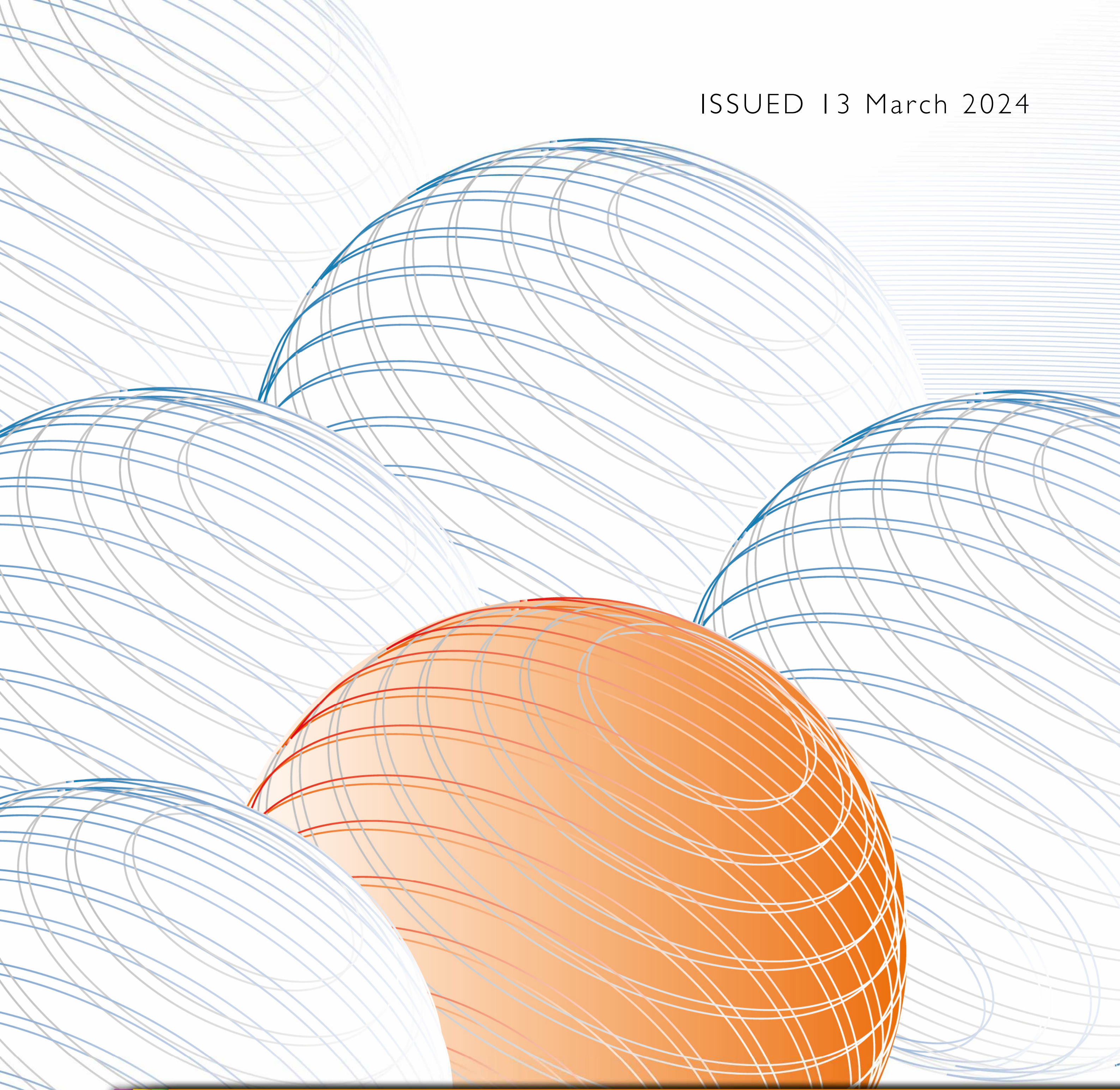
ISSUED 13 March 2024



DFM SECTOR

abrdn MPS

FINANCIAL STRENGTH ASSESSMENT

Analysis by AKG Financial Analytics Ltd

Accessible • Comparative • Independent

AKG

ABOUT THIS FINANCIAL STRENGTH ASSESSMENT

This AKG report and the analysis and ratings contained within it provide assessment of financial strength and associated considerations. Financial Strength is focused on the ability of a company to deliver ongoing operational capability in the interest of its customers and in line with their fairly held expectations. AKG's perspective in the assessment of financial strength is wholly that of a customer of a product or service. From that foundation, this analysis is specifically designed to inform financial advisers and assist in their required understanding of a company's operational financial strength.

Given the underlying customer perspective, the financial strength of companies needs to be focused at an operational level, specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met. This contrasts to credit rating, which will be undertaken at group or parent company level where investment or debt placement etc. is made.

Further details on how analysis is undertaken is provided at the end of this report and may also be obtained from AKG.

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CONTACT INFORMATION

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Rating & Assessment Commentary

Rating & Assessment Commentary

RATINGS

Overall Financial Strength

AKG B+
FINANCIAL STRENGTH RATED
DFM SECTOR VERY STRONG
ABRDN PORTFOLIO SOLUTIONS LIMITED

Supporting Ratings

	Service	Image & Strategy	Business Performance
abrdn Portfolio Solutions Limited	★★★★	★★★★	★★★

SUMMARY

- abrdn Portfolio Solutions Ltd (aPS) provides a multi-asset investment Manager Portfolio Service (MPS)
- The MPS was carved out and retained from the sale of abrdn Capital Ltd (aC), abrdn's former discretionary investment management service, to LGT Wealth Management
- The sale of the discretionary business was seen as a strategic decision by abrdn plc, given its view of the scale that would be required to reach broader discretionary proposition goals as a distinct business
- The MPS business is seen as an important growth channel that aligns well with the way the UK personal investment market is developing
- The team responsible for MPS has moved to sit within abrdn's Adviser vector in order to maximise opportunities available through that business' distribution model
- The Adviser vector is focused on an Adviser Experience Programme to meet the demands and expectations of advisers, and to position itself at the forefront of the sector
- At 31 December 2023, AuMA on abrdn MPS was £2.6bn
- In 2023, abrdn announced the introduction of 'adviserOS', which will see the current platforms Wrap, Elevate and Fundzone simplified together on one common tech stack. Following this, it is expected that the current names for the platforms will be replaced by a singular name
- adviserOS enhances and differentiates abrdn's offering, developing broader capability to meet challenges faced by advisers, by supplementing traditional platform capability with an integrated range of value added integrations, services and solutions to improve adviser efficiency. The aim will be to provide flexibility and choice within a singular service architecture

COMMENTARY

Financial Strength Ratings

abrdn Portfolio Solutions Limited

The financial strength of aPS is closely linked to that of the wider group (abrdn plc and its subsidiaries) for which it provides a strategically important integrated component.

Parent abrdn plc itself has continued to perform resiliently in financial terms despite the challenging market conditions; the focus here is very much aligned to the strategic aspirations, driving operational efficiencies from merger integration and business simplification, and allowing investment for growth across the propositions. The group continues to hold a 50% stake in a joint venture in China, providing access to a fast growing market. Previously the group had investment in an Indian venture, but sold the entirety of its shares in 2023. abrdn retains a stake in Phoenix Group Holdings plc (PGH, Phoenix). The relationship with Phoenix continues to evolve, being simplified and extended, with Phoenix now having acquired the Standard Life brand, and transitional service arrangements moving to abrdn companies. A shareholding of around 11% of PGH is still held by abrdn plc, with a value of £554m at 30 June 2023.

abrdn plc has strategically sold down its shares in associates during between 2019 and 2023, which has helped maintain dividend payment levels and solvency surplus. Its capital resource requirements were reduced significantly with the divestment of its insurance operations and a considerable surplus has been maintained since - as at 31 December 2022 it held £0.7bn in excess of its requirement of £1.1bn. At 30 June 2023, this surplus had increased to £1.0bn.

In May 2022, abrdn plc purchased 100% of the issued share capital of Antler Holdco Limited (Antler), the parent company for the Interactive Investor group (ii) of companies. ii is the no.1 UK subscription-based trading platform and the no.2 UK direct investing platform, by assets under administration. The cash outflow at the completion of the acquisition was £1,496m, which comprised consideration of £1,485m and payments of £11m made by abrdn to fund the settlement of ii transaction liabilities as part of the transaction. The acquisition of ii provides abrdn with direct entry to the high-growth digitally enabled direct investing market, accessing new customer segments and capabilities. This is expected to allow abrdn customers to choose from a wide spectrum of wealth services, spanning self-directed investing through to high-touch financial advice, depending on their specific needs over their financial life.

In February 2023, the group agreed the sale of abrdn Capital Ltd (aC), excluding the MPS part, to LGT. The sale completed on 31 August 2023, following satisfaction of certain conditions including receipt of customary regulatory approvals. The sale involved the transfer of approximately £6.1bn in AuM (as at 31 December 2022) and approximately 140 employees. The agreed purchase price to be paid at completion was £140m, subject to certain adjustments, principally reflecting activity in the period to completion. The sale is expected to result in an IFRS profit on disposal of subsidiaries of approximately £60m and an IFPR regulatory capital benefit of approximately £120m.

Although the group's overall surplus capital reduced during 2022, this reflected the ii acquisition. The Adviser platform vector is benefiting from the group's strategic approach and specifically, the simplification and consistency that should occur from adviserOS and the consolidation of platforms onto one stack.

At 30 June 2023, the group reported AuMA of £496bn.

aPS, which was part of the DFM business, was felt to be better aligned to abrdn's group strategy and was carved out and retained prior to completion of the sale of aC to LGT Wealth Management UK LLP. abrdn views MPS as an important growth channel that aligns to the way that the UK personal investment market is developing. The MPS team was moved to sit within abrdn's Adviser vector in order to maximise opportunities available through that business' distribution model. The business sold to LGT delivered c.£40m in revenue in 2022, of which the MPS business was a part, and at that point served around 4,000 clients.

Service Rating

abrdn believes it has the scale and capacity to provide excellent levels of relationship and administrative support. For MPS, an advisers' primary point of contact will be a member of the business development team who manages the relationship and act as the first port of call for all abrdn matters.

The business also factors in that financial planners integrate technology and systematic methods to help construct their financial plans and ensure that their service is delivered efficiently. abrdn has aligned its MPS to many of the tools and systems advisers use to deliver desired client outcomes.

By combining abrdn MPS and abrdn platforms, the business believes it can leverage the continuous platform development to enhance client outcomes. New platform updates are expected to make the MPS adviser journey more intuitive and easier to use. MPS website content has been revamped and includes Consumer Duty Support.

An on-going review of support required for the MPS solution has resulted in creation of additional dedicated MPS Operational roles being created. This is to further assist the advisers who use the abrdn MPS.

In 2023, the MPS was awarded a Gold DFM service rating by Defatqo.

Image & Strategy Rating

The sale of aC and the resulting focus of MPS as a proposition in its own right, although unexpected, fit with ongoing group divestments as abrdn tried to simplify itself. The MPS market has shown itself to be a high growth area, but has been becoming increasingly competitive, with a constant stream of new entrants and reducing margins as businesses compete for clients. aPS will need to develop its strategy to ensure it can offer a compelling MPS proposition, on more than just the price point, and this is likely where it can leverage the wider vector, with its significant wider existing adviser relationships and platform use, and group expertise.

To provide a wider platform availability, the core MPS solutions are now on eight platforms, of which six are external with the latest being Aegon.

In February 2024, aPS introduced its Money Market MPS, a propositional development aimed at widening investment selection and in response to the current high interest rate environment.

abrdn plc, via its Standard Life background, has a long pedigree in the UK in terms of long term savings, investments and pensions, and is committed to its platform proposition as key to the continued growth in its UK retail business. The group is accelerating its Adviser Experience Programme to meet the demands and expectations of advisers and to position itself at the forefront of the sector.

Overall, there is an emphasis within the abrdn business on ease of client experience and an aspiration for this to form a core part of the business image and a differentiated advantage, especially now going forward under the 'abrdn' brand.

The new brand, which received significant attention, including criticism, on announcement, was rolled out across the organisation throughout 2022.

Its overarching objective was to simplify and thus ultimately help in optimising client and customer experience through a singular distinctive brand. Something which was required given the complexity and pace of the group's development in recent years. Expediency in which had resulted in a less than optimal brand position(s).

Aspiration for the new abrdn brand includes: benefits in establishing a master brand across all lines of business, to derive value from sponsorships and partnerships; .com .co.uk domains and better search ranking; as well maintaining a degree of heritage link, whilst representing a measure of change and disruption.

Business Performance Rating

Data available for assessment is at 31 December 2022, when aPS was named Cumberland Place Financial Management Ltd. Financials for this period on the Cumberland Place entity are now relatively insignificant, and not relevant to MPS/aPS performance or insights for the same period.

aC, since renamed LGT Wealth Management Ltd, during the period to 31 December 2022 when the MPS business would have been part of this entity, reported a decrease in revenue to £43.0m [2021: £46.6m]. PBT decreased to £7.9m [2021: £8.8m] and AuM decreased to £8.4bn [2021: £8.9bn].

abrdn plc overall reported AuMA down from £542.1bn to £500.0bn as at 31 December 2022. Gross inflows of £69.0bn were offset by redemptions of £106.9bn with a resultant net outflow of £37.9bn. Corporate actions, including those related to the acquisition of interactive investor, provided an inflow of £54.5bn, however these were offset by negative market movements of £58.7bn.

abrdn reported group net operating revenue of £1,456m, down by 3.9% on 2021 [£1,515m], with net operating revenue in the Adviser vector (where the platform business sits) contributing £185m or 12.7% of total group revenue [2021: £178m, 11.7%].

abrdn plc's adjusted operating profit before tax decreased from £323m to £263m in the year, down by 18.6% predominantly due to the impact of adverse markets on revenues. On an IFRS basis, there was a PBT loss of £615m [2021 profit: £1,115m] primarily reflecting impairments of goodwill and intangibles in the Investments vector of £369m, restructuring and corporate transaction expenses of £214m and losses of £187m from the change in fair value of significant listed investments.

During 2022, the group returned £0.6bn to shareholders, £0.3bn through buybacks and £0.3bn in dividends. A similar level of return is planned for 2023.

Group & Parental Context

BACKGROUND

abrdn plc was formed in August 2017 as Standard Life Aberdeen plc from the merger of Standard Life plc and Aberdeen Asset Management plc and is a UK based financial services group focused on providing long-term savings and investment solutions on a global basis. The group is structured around three businesses, Investments; Adviser; and Personal.

The Life Insurance Company of Scotland was founded in Edinburgh in 1825. It was renamed as The Standard Life Assurance Company (SLAC) in 1832 and reincorporated as a mutual assurance company in 1925. Standard Life Investments was established in 1998 and Standard Life entered the offshore market with the launch of the Dublin based subsidiary, Standard Life International Ltd in January 2006. Following the demutualisation of SLAC and the flotation of Standard Life plc on the London Stock Exchange on 10 July 2006, Standard Life Assurance Ltd (SLAL) operates in the UK alongside its now considerably smaller subsidiary, Standard Life Pension Funds Ltd (SLPF). Under the terms of deal with Phoenix, however, these life businesses were sold out from the group, with this completing at the end of August 2018.

SLSL provides the abrdn Wrap. In November 2016, it purchased platform Elevate from AXA, acquiring the share capital of AXA Portfolio Services Ltd which it then renamed as Elevate Portfolio Services Ltd (EPSL),. Other key group businesses are abrdn funds, the group's fund management arm, which also acquired Ignis Asset Management from Phoenix in July 2014, and aC (formerly Aberdeen Standard Capital Ltd), the discretionary fund manager, which acquired the private client business of Newton Management Ltd in September 2013. Standard Life's Canadian business was sold to Manulife in January 2015. In May 2015, Standard Life acquired Pearson Jones from Skipton Building Society. This was then rebranded as 1825 and now operates as a restricted national advice service. abrdn subsequently announced (then trading as 1825) the acquisitions of regional financial planning businesses The Munro Partnership, Baigrie Davies, Jones Sheridan, Private Client Management, Fraser Heath, BDO Northern Ireland Wealth Management and Grant Thornton Wealth Advisory Business to further bolster the 1825 proposition.

Aberdeen Asset Management was founded in 1983 and listed in 1991. In 2005, it acquired the UK and US institutional businesses of Deutsche Asset Management, including a unit linked group pension vehicle, renamed as Aberdeen Asset Management Life and Pensions Ltd. Certain parts of Credit Suisse's Global Investors fund management business were acquired in July 2009 and Aberdeen Asset Management also acquired parts of RBS Asset Management in 2010. April 2014 saw the acquisition of Scottish Widows Investment Partnership. In January 2016, the purchase of the platform provider Parmenion Capital Partners LLP, along with its online advice business sister company, Self Directed Holdings Ltd, was completed.

In February 2018, Scottish Widows and Lloyds Banking Group's Wealth businesses announced that they were reviewing their asset management arrangements and that they had therefore given notice to SLA to terminate their partnership agreements with Aberdeen Asset Management plc. This includes long-term contracts for the management of over £100bn of assets. An arbitration tribunal ruled that Lloyds Banking Group did not have the right to end the contract early, and as a result, abrdn continued to manage Scottish Widows' property and tracker funds until April 2022, with compensation paid to abrdn for loss of profit on the portion of assets that transfer before this time.

In February 2018, SLA also announced the sale of its UK and European insurance business and an enhanced long-term strategic partnership with Phoenix Group. At the same time, it confirmed that it would retain its adviser platforms (Wrap, Elevate and Parmenion). The acquisition completed in August 2018 with SLAL acquired by Phoenix, with part consideration by way of shares; the shareholding reduced when PGH acquired Reassure, which involved the issuing of new shares, and abrdn plc now holds in total approximately 10.7% of the issued share capital of PGH. Aberdeen Asset Management Life and Pensions Ltd was retained by abrdn and renamed Aberdeen Standard Investments Life and Pensions Ltd, and more recently to abrdn Life and Pensions Ltd.

The strategy with respect to Parmenion was changed as one of the first decisions by then new group CEO Stephen Bird, and its sale to private equity firm Preservation Capital Partners for £102m was completed in July 2021.

A new partnership agreement between abrdn and Phoenix was signed in February 2021, making various amendments including: extension of the asset management agreement for 10 years at least; abrdn to acquire back the Wrap SIPP and

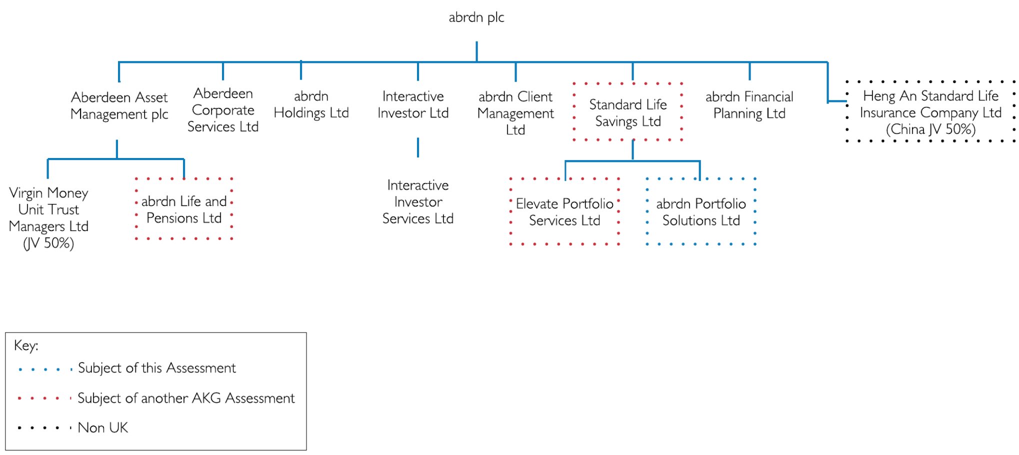
Wrap Onshore Bond tax wrappers; sale of the Standard Life brand to Phoenix; with abrdn to retain its shareholding in PGH (detailed at 10.7% in latest Phoenix disclosures).

SLA changed its name to abrdn plc in July 2021.

In May 2022, abrdn purchased 100% of the issued share capital of Antler Holdco Limited (Antler), the parent company for the Interactive Investor group of companies for a total consideration of £1,496m. The acquisition of ii provides abrdn with direct entry to the high-growth digitally enabled direct investing market, accessing new customer segments and capabilities.

In February 2023, the group agreed the sale of aC, its discretionary fund management business, to LGT, albeit with the carved out retention of the MPS proposition as part of, and for further development in, the adviser vector. The sale completed on 31 August 2023, following satisfaction of certain conditions including receipt of customary regulatory approvals. The sale involves the transfer of approximately £6.1bn in AuM (as at 31 December 2022) and approximately 140 employees. The remaining MPS business is provided by abrdn Portfolio Solutions Ltd.

GROUP STRUCTURE (SIMPLIFIED)



Company Analysis: abrdn Portfolio Solutions Limited

BASIC INFORMATION

Ownership & Control
abrdn plc

Year Established
2014

Country of Registration
UK

Head Office
280 Bishopsgate, London, EC2M 4AG

Contact
https://www.abrdn.com/en-gb/intermediary/investment-solutions/managed-portfolio-service/contact-us

Key Personnel

Role	Name
Chair	Sir D Flint
abrdn Group Chief Executive	S Bird
abrdn Group Chief Financial Officer	J Windsor
Chief Executive Officer, Adviser	N T Butwell
Chief Operating Officer, Adviser	K Watson
Commercial & Strategy Director	J Black
Chief Executive Officer, aPS, MD Sales, Adviser	R Bignall
Head of Investment Sales	J Stacey
Head of Investments	D P Ripton
MPS Marketing Lead	I Brodie
Head of Marketing	E Matheson
Head of Proposition	P Greenhill

Company Background
aPS can trace its heritage from the former aC.

ASC was incorporated as Standard Life Wealth Ltd (SLW) in 2007 and retained that name and the trading brand until January 2019. Its immediate parent company is Standard Life Investments (Holdings) Ltd (SLIH) and its ultimate parent company is SLA. SLW was transferred from Standard Life plc to SLIH for £123m in 2014 because of the deeper operational and investment link between the wealth business and the asset management business resulting from its acquisition of Newton Private Clients.

On 27 September 2013, ASC (then SLW) acquired NPC, resulting in combined AuA of £5.5bn. The acquisition included the Jersey based subsidiary of Newton Management Ltd, Newton International Investment Management Ltd, which was renamed as Standard Life Wealth International Ltd (SLWI). SLWI was subsequently renamed Aberdeen Standard Capital International Ltd in line with ASC re-branding, and the offshore business of AAM, Aberdeen Private Wealth Management Ltd, was merged with it.

ASC was re-named in line with the group re-branding approach in 2021, to aC, and the international business was renamed to abrdn Capital International Ltd.

On 28 February 2023, LGT Wealth Management UK LLP announced an agreement with abrdn plc to acquire its discretionary fund management business, aC. This deal completed on 4 September 2023, with the MPS carved out and retained by abrdn.

The retained MPS business was put within abrdn Portfolio Solutions Ltd, this entity being previously known as Cumberland Place Financial Management Ltd until 21 April 2023, previously operating as a discretionary function elsewhere in the group.

OPERATIONS

Governance System and Structure

The board of abrdn plc states that it 'expects the group to be a leader in corporate governance activities through its own actions and through its stewardship activities'. In recent years, a large focus was placed on ensuring that the leadership and governance processes remained strong and effective during the sale to the Phoenix Group. The organisation reports that multi-layered governance and operational liaison structures have worked effectively.

The abrdn board is responsible for the adequacy of the risk management arrangements of the group and alongside the corporate transformation, it has continued to evolve and strengthen the Enterprise Risk Management (ERM) framework and embed it in the activities of the group. This helps to ensure that the framework is keeping pace with industry standards and is appropriate for the risk profile of the business.

abrdn operates a matrix structure with global functions providing key services to each of the business units, including platforms. In terms of platform corporate governance and risk management, aPS is managed within the Adviser growth vector within the following structure:

- aPS Board- Organises the direct affairs of aPS in a manner that seeks to promote long-term sustainable success
- Adviser Control Forum- Ensures the risk & control environment in the Adviser business is appropriately assessed, monitored, controlled and governed using the common taxonomy and methodology within the abrdn ERM framework
- Investment Oversight Group- Oversees the aPS investment philosophy, investment process and investment risk across aPS portfolios, where aPS provide investment management services under an investment management agreement or equivalent mandate
- Adviser Conduct and Consumer Duty Working Group- Supports the Adviser CEO, other relevant Board members and the Adviser Executive Team in discharging their Conduct Risk and Consumer Duty obligations

The introduction of the Investment Oversight Group is an example where there is now much more focus and engagement within the aPS entity, that did not previously exist within aC in its former state.

The regulatory own funds and capital requirements are disclosed at a group level within its annual regulatory reporting i.e. in the presentation of the IFPR disclosures which is at group level only.

Risk Management

aPS benefits from a strong control environment, achieved through the abrdn group's ERM framework which enables a risk-based approach to managing the business and integrates concepts of strategic planning, operational management and internal controls. An ICARA (Internal Capital and Risk Assessment) supports the implementation of the ERM Framework and is how abrdn identifies, assesses, controls and monitors the risks that inform its capital requirements specifically.

abrdn's Risk and Compliance function is responsible for the design and implementation of the ERM framework. The ERM framework continually evolves to meet the changing needs of the group and to make sure it keeps pace with industry best practice and the risk profile of the business.

A 'three lines of defence' model of risk management is operated by the group, with clearly defined roles and responsibilities for committees and individuals. This ensures that there is clear accountability for risk-taking within the individuals' areas of responsibility. Most risks arise in the business and that's where they are managed and owned. aPS takes ownership of risks including implementation of processes to monitor and control these risks aligned to the ERM framework.

During 2022, key improvements to the ERM framework included:

- Refinements to risk appetites
- Extending the risk taxonomy
- Enhancing its Conflicts of Interest framework
- Renewing its policy register

The principal risks and uncertainties facing aPS are integrated into the principal risks and uncertainties of the group and are not managed separately. Group risks include:

- Strategic
- Financial
- Conduct
- Regulatory and legal
- Process execution and trade errors
- People
- Technology
- Security and resilience
- Fraud and financial crime
- Change management
- Third party management
- Financial management process

Administration
The aPS portfolios are fully integrated into the capability of the abrdn platforms.

The group has historically invested significantly in its platform service capabilities, based on electronic self-service and maximising 'straight through processing' with a focus on the end customers. Development is ongoing, with recent additions in areas such multi factor authentication, e-signatures, a new client portal and the use of Salesforce technology in the Client Engagement Hub.

abrdn continues to enhance the proposition through the Adviser Experience Programme. The second phase delivered improved products with a Flexi-ISA and multiple Personal Portfolios; alongside a range of enhancements designed to improve adviser experience. This included a redesigned user-interface, new client reporting, adoption of a 'client centric' data model and enhanced integration service for valuations and adviser charging.

The next phase of the Adviser Experience Programme will deliver a fully online abrdn SIPP, supporting greater online functionality and retirement planning capability and provided directly by the abrdn group.

Within the aPS team, the strategy is running the proposition as efficient, scalable and with as low a risk to the business as possible. There are a number of projects underway to enhance the efficiency in processes, including a MPS Model Management system which introduces a more robust and controlled environment, and process automation around rebalancing and factsheet automation.

Benchmarks
In 2023 abrdn achieved the highest industry ratings from Defaqto. Specifically, MPS retained a 5 Star rating, held since 2013, as well as the Gold DFM Service Rating. The abrdn MPS also retained its 5 Diamond, performance-based rating.

Outsourcing
Within the adviser vector, there is one significant outsource arrangement; FNZ provides the following services for Wrap (as well as for Elevate and FundZone platforms):

- Technology provider - provides software, hardware and hosting of technology
- Custodian - regulated service providing custody of mutual fund assets under its own regulatory permissions

In 2022, the FNZ relationship evolved further with FNZ taking on Wrap's operations. As part of a programme, transitional service arrangements with Phoenix Group were exited, with the aim to deliver an increasingly personalised and efficient service to clients as part of the Adviser Experience Programme.

Other third party providers include:

- Financial Express - KIIDs, Fund Factsheets, Fund data provision
- Origo - Unipass Identity Provider, Origo Transfers Service, Integration Hub & Unipass Mailock (Secure email encryption)
- Okta - Identity Management
- HSBC & Winterflood - provide abrdn Wrap with stockbroker services to buy and sell any of the securities which are available on the Wrap Platform

STRATEGY

Market Positioning
abrdn MPS combines the Discretionary Portfolio Management team's expertise with that of the wider abrdn business, including Portfolio Engineers and Multi-Asset Solutions experts. abrdn's scale allows wide access to asset managers when it comes to fund selection, from global firms to niche specialists. Its research is underpinned by a team of equity and credit analysts undertaking over 3,000 company meetings a year, and covering over 2,100 companies.

Portfolios are offered to Retail Investors via FCA Authorised Financial Advisers only, through various wrappers, subject to Platform availability, including Individual Savings Accounts (ISAs), Pensions, General Investment Account (GIA), onshore or offshore Bonds.

Previously within the personal vector, in 2023 the MPS was moved to the adviser vector to maximise the opportunities available through this vector's distribution model.

A dedicated investment team's full focus is to anticipate, monitor and respond to changing economic conditions and market events. Investment opportunities are optimised and continually monitored and rebalanced to provide consistent, risk adjusted outcomes for investors. The business is also focused on providing flexible tailored solutions to meet bespoke needs, and the future introduction of a cash MPS is evidence of adapting to the needs of its clients.

FNZ technology is playing a pivotal role in supporting the growth ambitions of the adviser vector to develop as an 'advised solutions' platform business; as a step within this, Elevate's operations transferred to FNZ in early 2021. In addition, the group's strategic partnership with Phoenix continues to evolve and simplify as previously mentioned.

As part of an attempt to deliver new features, advice solutions and technology enhancements, abrdn launched its Adviser Experience Programme in 2021 to ensure its platforms remain 'best in class'. The first phase has introduced Amazon Web Services and the Salesforce Service Cloud to support the operations teams in delivering a fully flexible service at scale.

The next phase of its Adviser Experience Programme was kicked-off in 2022. Despite some challenges around timescales, a range of enhancements have been made to make its operating system more flexible and faster to use, including improved client reporting and better design.

In May 2023, abrdn announced that 'adviserOS' will see the current platforms Wrap, Elevate and Fundzone sit together on one common technology stack. adviserOS claims to simplify processes, prioritise service and deliver end-to-end technology enhancements around advisers' needs. For Wrap and Fundzone customers, they will upgrade to the adviserOS first, in 2024, with Elevate advisers will then be upgraded at a later to be confirmed date. The new technology model will be based around an iterative approach, rather than historical big upgrades. This is expected to provide more regular improvements of current platform technology to clients, and enable a more dynamic offering around additional business solutions.

At 30 June 2023, abrdn managed £496bn of assets.

Proposition
The abrdn MPS is a range of portfolio strategies with a choice of management styles and risk levels to meet clients' investment needs.

There are three investment styles applied across four portfolio ranges:

- abrdn Active MPS- Aims to achieve a total return from both income and capital growth through a diversified portfolio of collective investment funds over the long term
- abrdn Sustainable MPS- Aims to achieve a total return from both income and capital growth through a diversified portfolio of collective investment funds over the long term. It focuses on sustainable, ethical and impact funds
- abrdn Index MPS- Aims to generate growth primarily through a diversified portfolio of index tracker funds over the long term
- abrdn Sustainable Index MPS- Aims to generate growth primarily through the use of sustainable, ethical and impact index tracker funds over the long term

Within each portfolio range there are five risk assessed models. Each of the five models is aligned to an investment objective and attitude to risk, so there is a suitable option for most clients - from the most conservative to those willing to accept higher risk for potentially more reward. All portfolios offer automatic, quarterly rebalancing, with 'Sustainable' options incorporating ESG, stewardship, avoiding harm and impact themes.

Additionally, there is an 'abrdn tailored MPS', which is a bespoke option. Clients can state their preference between active & passive, blends or exclude assets.

This option also allows for co-branded literature while continuing to benefit from the aPS dedicated investment team and face to face meetings.

The business also factors in that financial planners integrate technology and systematic methods to help construct their financial plans and ensure that their service is delivered efficiently. abrdn has aligned its MPS to many of the tools and systems advisers use to deliver great client outcomes, including:

- Risk mapping: Dynamic Planner, Synaptic, FinaMetrica, Defaqto, Oxford Risk and EV
- Investment analysis: FE Analytics
- Access: abrdn Wrap, abrdn Elevate, Aegon, Aviva, Fidelity, Quilter, Transact, Wealthtime

KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2022

Own Funds Disclosures

			Dec 22 £ 000's
Available own funds			1,259
Own funds requirement (OFR)			668
Excess own funds			591
OFR coverage ratio (%)			188

Capital disclosures for the period ending 31 December 2022, when the entity now known as aPS was named Cumberland Place Financial Management Ltd and not applicable to current MPS/aPS business, are solely presented for completeness.

The transfer of business from aC to aPS was completed on 21 April 2023, and the directors stated the company would receive the necessary capital injection from abrdn plc, to ensure it retained an adequate coverage.

Parent SLSL stated the regulatory capital it held as at 31 December 2022 exceeded its capital requirement at the time with a surplus of £160.0m [2021: £163.4m], and its Capital Resource Requirement coverage was 692% [807%].

From 1 January 2022, the group has been supervised under the Investment Firms Prudential Regime (IFPR). Prior to this date, the group was supervised under the CRD IV regulatory regime. The group's regulatory capital position under IFPR is determined by consolidating the eligible capital and reserves of the group (subject to a number of deductions) to derive regulatory capital resources, and comparing this to the group's regulatory capital requirements.

Total regulatory capital resources available to meet total regulatory capital requirements was £1.8bn [2021: £2.9bn], against total regulatory capital requirements of £1.1bn [2021: £1.1bn]. The CET1 ratio was stated as 408% [2021: 774%]. 2021 figures are comparative, as if the group had been supervised under IFPR at this date.

Statement of Financial Position

	Dec 20 £ 000's	Dec 21 £ 000's	Dec 22 £ 000's
Assets	3,718	2,128	1,707
Current liabilities	(2,573)	(778)	(448)
Long-term liabilities	(1)	(1)	0
Net assets	1,144	1,349	1,259

Statement of Changes in Equity

	Dec 20 £ 000's	Dec 21 £ 000's	Dec 22 £ 000's
Equity at start of period	1,182	1,144	1,349
Movement due to:			
Share capital and premium	0	(1,225)	0
Retained earnings	(39)	1,430	(89)
Other	0	0	0
Equity at end of period	1,144	1,349	1,259

The data presented in the tables is at 31 December 2022, when aPS was named Cumberland Place Financial Management Ltd. Previous financials on the Cumberland Place entity are now insignificant, and not really relevant to MPS/aPS, but are presented for completeness.

SLSL reported a decrease in assets at the end of 2022, from £321.5m to £295.9m, primarily due to a £21.0m decrease in cash, and repayment of cash equivalents. Current liabilities increased by £3.8m, despite a decrease of a bank overdraft from £7.1m to £2.7m.

There were no capital movements during the year, and with retained profit of £40.6m offset by dividends paid of £70.0m [2021: nil], SLSL's total equity decreased to £270.3m [2021: £299.7m].

Income Statement

	Dec 20 £ 000's	Dec 21 £m	Dec 22 £ 000's
Revenue	3,226	1	58
Other operating income	0	0	0
Operating expenses	(3,281)	(1)	(176)
Operating profit (loss)	(55)	0	(117)
Other gains (losses)	1	0	7
Profit (loss) before taxation	(54)	0	(110)
Taxation	15	0	21
Profit (loss) after taxation	(39)	0	(89)
Other comprehensive income	0	0	0
Dividends	0	0	0
Retained profit (loss)	(39)	0	(89)

Financial Ratios

	Dec 20 %	Dec 21 %	Dec 22 %
Operating margin	(2)	(35)	(201)
Pre-tax profit margin	(2)	(42)	(188)
Employee costs as a % of revenue			

The data presented in the tables is at 31 December 2022, when aPS was named Cumberland Place Financial Management Ltd. Previous financials on the Cumberland Place entity are now insignificant, and not relevant to MPS/aPS, but are presented for completeness.

SLSL reported its revenue in 2022 (fee income largely, for the provision of investment management and administration services) increased by 4.6% to £145.8m. Income increased by £6.4m largely due to improved cash margin of £7.4m, aligned with increases to Bank of England interest in 2022.

abrdn reported group net operating revenue of £1,456m, down by 3.9% on 2021 [£1,515m], with net operating revenue in the Adviser vector (where the MPS business sits) contributing £185m or 12.7% of total group revenue [2021: £178m, 11.7%].

abrdn's adjusted operating profit before tax decreased from £323m to £263m in the year, down by 18.6% predominantly due to the impact of adverse markets on revenues. On an IFRS basis, there was a PBT loss of £615m [2021 profit: £1,115m] primarily reflecting impairments of goodwill and intangibles in the Investments vector of £369m, restructuring and corporate transaction expenses of £214m and losses of £187m from the change in fair value of significant listed investments.

During 2022, the group returned £0.6bn to shareholders, £0.3bn through buybacks and £0.3bn in dividends. A similar level of return is planned for 2023.

Statement of Cash Flows

	Dec 20 £ 000's	Dec 21 £ 000's	Dec 22 £ 000's
Net cash generated from operating activities			
Net cash used in investing activities			
Net cash used in financing activities			
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at end of period	3,196	1,815	1,629

Assets under Management (AuM)

	Dec 20 £m	Dec 21 £m	Dec 22 £m
Assets at start of period			
Inflows			
Outflows			
Net market and other movement			
Assets at end of period			
Growth rate (%)			
Net inflows as % of opening AuM			

The data presented in the tables is at 31 December 2022, when aPS was named Cumberland Place Financial Management Ltd. Previous financials on the Cumberland Place entity are now relatively insignificant, and not relevant to MPS/aPS, but are presented for completeness.

SLSL is not required to produce a cash flow statement. Cash decreased by £16.6m to £167.7m largely due to retained profit and profit on sale of Origo for £5.7m, offset by dividends paid, and as at the financial year end stood at £167.7m [2021: £184.3m].

abrdn plc overall reported AuMA down from £542.1bn to £500.0bn as at 31 December 2022. Gross inflows of £69.0bn were offset by redemptions of £106.9bn with a resultant net outflow of £37.9bn. Corporate actions, including those related to the acquisition of interactive investor, provided an inflow of £54.5bn, however these were offset by negative market movements of £58.7bn.

Guide

INTRODUCTION

For over 30 years AKG has particularly focused on the financial strength requirements of financial advisers, who when acting on behalf of their clients, need to ascertain a company's ability to deliver sustained provision.

From this customer perspective, the financial strength of companies needs to be focused at an operational level, specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company (not some higher corporate entity) that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met.

It is also important to understand the sector approach (comparative peer groups) that is adopted in financial strength assessment and rating process.

At AKG, this is again driven by the end customer perspective and the fact that assessment is designed solely for this purpose, i.e. as a component in helping customers' advisers to select between comparable companies competing to deliver relevant products or services.

AKG's focus and approach has remained consistent over the years since it commenced assessment and rating support for the market. However, coverage, format and presentation has rightly evolved over this period, in line with the needs and expectations of assessment and rating users in the market. And AKG considers further changes on a continual basis.

Further details including an explanation of what is included in the assessment reports and coverage can be found online at https://www.akg.co.uk/information/reports/dfm.

AKG's process for assessment and rating is to use a balanced scorecard of measures and comparative information, relevant to the companies contained within each peer group. This is gathered via Public Information only for non-participatory assessments and public information plus company interactions with companies for participatory assessments. Further details on AKG's process can be found at https://www.akg.co.uk/information/reports.

This includes further information on the different participatory and non-participatory basis and for companies wishing to learn more about participatory assessment AKG is pleased to outline this and welcomes contact.

This is a participatory assessment.

RATING DEFINITIONS

Overall Financial Strength Rating
The objective is to provide a simple indication of the general financial strength of a company from the perspective of those financial advisers who when acting on behalf of their clients need to ascertain a company's ability to deliver sustained operational provision of products or services.

The overall rating inherently reflects the mix of business within the company, since different types of customer or policyholder have different requirements and expectations, and the company may have particular strengths and weaknesses in respect of its key product or service areas. However, it also takes account of comparison across the sector in which it is assessed.

The rating takes into account those of the following criteria which are relevant (depending upon the company's mix of business in-force): capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

Rating Scale	A	B+	B	B-	C	D	▣
	Superior	Very Strong	Strong	Satisfactory	Weak	Very Weak	Not applicable

Service Rating
The objective is to assess the quality of the organisation's service to the intermediary market in respect of the brand concerned.

Criteria taken into account include: performance in surveys, awards and benchmarking exercises (external and internal), the organisation's philosophy, service charters, the extent of investments designed to improve service, and feedback from intermediaries.

Rating Scale	★★★★★	★★★★	★★★	★★	★	▣
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Image & Strategy Rating
The objective is to assess the effectiveness of the means by which the organisation currently positions itself to distribute its products for the brand concerned and the plans it has to maintain and/or develop its position.

Criteria taken into account include: overall trends in the company's market share position, brand visibility and reputation, feedback from intermediaries and industry commentators, and AKG's view of the company's general strategy.

Rating Scale	★★★★★	★★★★	★★★	★★	★	▣
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Business Performance Rating
This review is an assessment of how the company and the brand has fared against its peers, and how it is perceived externally. Effectively this is how it has performed recently in the market. Whilst it will include performance indicators from the most recent available statutory reporting (report and accounts and SFCRs in the case of insurance companies, for example) it will also draw on other recent key performance elements before and after such disclosure, up to the point at which the assessment is undertaken.

Criteria taken into account include: increase/decrease in market shares, expense containment, publicity good or bad, press or market commentary, regulatory fines, and competitive position.

Rating Scale	★★★★★	★★★★	★★★	★★	★	▣
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

ABOUT AKG

AKG is an independent organisation. Originally established as an actuarial consultancy AKG has, for over 30 years, specialised in the provision of assessment, ratings, information and market assistance to the financial services industry.

As the market has evolved over this period, the range of entities considered by AKG has expanded. Consequently, AKG has brought additional skill sets into its operations. This has meant the inclusion of accounting, corporate finance, IT and market intelligence experience, alongside actuarial resources, to deliver an expanded professional capability.

Today AKG's core purpose is in the provision of financial analysis and review services to support the wider financial services sector and its customers.

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