

ABERDEEN ASSET MANAGEMENT PLC
TRADING UPDATE – THREE MONTHS TO 31 DECEMBER 2016
Highlights

- Assets under management £302.7 billion (30 September 2016: £312.1 billion)
- Net outflows of £10.5 billion, partly offset by £3.3 billion asset appreciation
- Bulk of net outflows were largely low margin and anticipated
- £2.2 billion reduction in AuM due to rationalisation of US Fixed Income business
- Growing interest in our wider range of capabilities

	Equities £bn	Fixed Income £bn	Multi asset £bn	Alternatives £bn	Quant strategies £bn	Property £bn	Total £bn
AuM at 30 Sep 2016	89.1	70.0	89.9	21.8	22.8	18.5	312.1
Net flows	(6.6)	(1.1)	(1.4)	(0.2)	(0.5)	(0.7)	(10.5)
Business rationalisation	-	(2.2)	-	-	-	-	(2.2)
Markets, performance & FX	0.6	(0.9)	1.4	0.9	1.2	0.1	3.3
AuM at 31 Dec 2016	83.1	65.8	89.9	22.5	23.5	17.9	302.7

Martin Gilbert, Chief Executive of Aberdeen, commented:

“Investor sentiment had been improving steadily in the early part of the quarter, but stalled following the US presidential election result with investors putting asset allocation decisions on hold. Encouragingly, despite the market volatility our equity strategies produced strong returns for the year.”

“While growing interest in a number of our strategies is likely to continue to be masked, in the short-term, by significant withdrawals by a small number of clients, I am encouraged by the progress being made. Overall Aberdeen remains in good shape, we have a strong balance sheet, a global client base and wide range of capabilities to meet the needs of investors.”

Gross inflows during the quarter were £10.2 billion (quarter to 30 September 2016: £8.4 billion). The bulk of the net outflows were lower margin and included the two large redemptions (£4.2 billion) of active equity mandates from a UK wealth manager and a Sovereign Wealth Fund that we reported in our 2016 results announcement, as well as anticipated structural outflows from certain institutional clients. A further £2.4 billion is scheduled to be withdrawn from lower-margin portfolios during the current quarter, in addition to the normal level of structural outflows.

In October, we decided to rationalise our US Fixed Income business by focusing on our US credit and Total Return Bond strategies, which we consider to provide greater opportunities for growth, and to withdraw from managing US Core and Core-Plus mandates. Consequently, we have seen an AuM reduction of £2.2 billion during the quarter, and we expect a further reduction of approximately £1 billion in the early part of 2017.

We continue to make encouraging progress across all asset classes, with a healthy level of client interest and demand. In particular, we are beginning to see traction for our multi-asset strategies, as illustrated by the proposed transfer of a closed-end fund mandate to be managed by Aberdeen's Diversified Multi-Asset team.

Our core equity strategies have produced strong performance against their respective benchmarks in 2016, with performance particularly strong in the period before the US election result, while our fixed income strategies continued to produce solid returns.

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ASSETS UNDER MANAGEMENT AT 31 DECEMBER 2016

	30 Sep 16	31 Dec 16
	£bn	£bn
Equities	89.1	83.1
Fixed income	70.0	65.8
Multi asset	89.9	89.9
Alternatives	21.8	22.5
Quantitative strategies	22.8	23.5
Property	18.5	17.9
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	312.1	302.7

OVERALL NEW BUSINESS FLOWS FOR 3 MONTHS TO 31 DECEMBER 2016

	3 mths to	3 mths to
	Sep 16	Dec 16
	£m	£m
Gross inflows:		
Equities	3,323	2,999
Fixed income	2,096	4,042
Multi asset	1,990	2,171
Alternatives	75	281
Quantitative strategies	250	249
Property	618	420
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	8,352	10,162
Outflows:		
Equities	4,206	9,597
Fixed income	5,596	5,179
Multi asset	3,511	3,588
Alternatives	369	458
Quantitative strategies	900	743
Property	957	1,086
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	15,539	20,651
Net flows:		
Equities	(883)	(6,598)
Fixed income	(3,500)	(1,137)
Multi asset	(1,521)	(1,417)
Alternatives	(294)	(177)
Quantitative strategies	(650)	(494)
Property	(339)	(666)
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	(7,187)	(10,489)

NEW BUSINESS FOR 3 MONTHS TO 31 DECEMBER 2016 – EQUITIES

	3 mths to Sep 16 £m	3 mths to Dec 16 £m
Gross inflows:		
Asia Pacific	1,010	1,063
Global emerging markets	1,834	1,144
Europe	10	5
Global & EAFE	145	198
UK	43	40
US	281	549
	3,323	2,999
Outflows:		
Asia Pacific	1,783	3,928
Global emerging markets	1,244	1,485
Europe	46	81
Global & EAFE	883	3,816
UK	114	115
US	136	172
	4,206	9,597
Net flows:		
Asia Pacific	(773)	(2,865)
Global emerging markets	590	(341)
Europe	(36)	(76)
Global & EAFE	(738)	(3,618)
UK	(71)	(75)
US	145	377
	(883)	(6,598)

NEW BUSINESS FOR 3 MONTHS TO 31 DECEMBER 2016 – FIXED INCOME

	3 mths to Sep 16 £m	3 mths to Dec 16 £m
Gross inflows:		
Asia Pacific	48	32
Australia	197	171
Convertibles	5	23
Emerging markets	333	269
Europe	34	6
Global	67	131
High yield	91	114
Money market	983	1,660
UK	313	1,342
US	25	294
	2,096	4,042
Outflows:		
Asia Pacific	33	85
Australia	133	115
Convertibles	20	25
Emerging markets	600	552
Europe	54	27
Global	322	399
High yield	695	355
Money market	2,343	1,645
UK	918	1,802
US	478	174
	5,596	5,179
Net flows:		
Asia Pacific	15	(53)
Australia	64	56
Convertibles	(15)	(2)
Emerging markets	(267)	(283)
Europe	(20)	(21)
Global	(255)	(268)
High yield	(604)	(241)
Money market	(1,360)	15
UK	(605)	(460)
US	(453)	120
	(3,500)	(1,137)