

ABERDEEN ASSET MANAGEMENT PLC
TRADING UPDATE – NINE MONTHS TO 30 JUNE 2016

Highlights

- Assets under management £301.4 billion (31 March 2016: £292.8 billion)
- Net outflows of £8.9 billion during the quarter, offset by £17.5 billion of asset appreciation
- Outperformance from equity capabilities year to date

Martin Gilbert, Chief Executive of Aberdeen Asset Management, comments:

“We continue to benefit from the diversified asset and client base of the business. Currency, exposure to a broad mix of assets and good investment performance outweighed the net outflows the business experienced this quarter.

“There are many uncertainties out there, including the shape of the UK’s future relationship with the EU, which might undermine market confidence. We remain well placed to take advantage, on behalf of our clients, of any weakness and will continue to focus on fundamentals rather than be distracted by market noise.”

Assets under management and flows

The principal movements are summarised in the following table. To provide additional clarity, we have set out separately the multi asset, quantitative strategies and alternatives asset classes which have previously been reported as components of our Aberdeen Solutions capability.

	Equities £bn	Fixed income £bn	Multi asset £bn	Quant strategies £bn	Alternatives £bn	Property £bn	Total £bn
AuM at 31 March 2016	78.3	66.9	84.9	21.3	21.8	19.6	292.8
Net new business flows	(2.9)	(1.0)	(1.7)	(0.6)	(1.2)	(1.5)	(8.9)
Markets and performance	2.7	2.9	2.1	1.3	-	-	9.0
Exchange movements	5.1	1.8	0.2	0.1	0.9	0.4	8.5
AuM at 30 June 2016	83.2	70.6	85.5	22.1	21.5	18.5	301.4

Market backdrop

The last week of June saw considerable market volatility as investors reacted to the result of the UK referendum on EU membership, with initial weakness in the days after the vote then overtaken by a strong recovery which has continued into July. The weakening of sterling against most major currencies, aided by resilient markets and good investment performance, has contributed to the increased value of our AuM. While the eventual shape of the UK’s new relationship with the EU will inevitably remain uncertain until political negotiations follow their course, Aberdeen is well positioned operationally, with well-established and substantial businesses both in the UK and in Luxembourg.

The UK open-end property funds sector was particularly affected following the referendum, as investors’ concerns about the impact on property values in London and elsewhere increased, and these concerns were exacerbated following the decision by competitor funds to suspend dealing. Aberdeen was well prepared for such uncertainty, with a high level of cash held within the UK Property Fund, the only Aberdeen fund with exposure to these issues. We introduced a week long suspension to enable our investors to consider the action

we took to protect the interests of long term investors while enabling sellers to exit the Fund at a price more reflective of the short term market conditions.

New business flows and investment performance

The business recorded overall net outflows of £8.9 billion during the quarter. Net outflows from equities showed a small improvement on the previous quarter, partly reflecting investors' comfort with their current exposure to emerging markets. Equity investment performance has continued to recover strongly, as markets have again begun to favour the high quality stocks that populate our portfolios.

We have continued to expand our diversified multi asset offering. In June we launched the Aberdeen-Global Multi Asset Growth Fund in Luxembourg, which mirrors our flagship Diversified Growth Fund (DGF) in the UK. The DGF's differentiated approach and good performance continue to attract interest from pension funds and consultants, with further positive ratings confirmed this quarter.

We experienced a large outflow from alternatives in the quarter due to a change in strategy by an institutional investor in one of the recently acquired funds.

The property team won further new commitments for new fund launches, which will be realised in future periods. However, as we highlighted in the interim statement, the latest quarter has seen some withdrawals of Nordic mandates by institutional investors.

Outlook

We expect some continuing volatility in UK and European equity markets as the political negotiations around Brexit proceed. However, broader equity markets have been reasonably resilient, as have other asset classes. Against this backdrop, our commitment to controlling costs and driving efficiencies in our business is undiminished.

We remain confident in our teams' ability to identify long term opportunities which will deliver positive long term outcomes for our clients across our range of investment capabilities.

For further information please contact:

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Management will host a conference call for analysts and institutions at 09:00 BST today

Participants:

Confirmation Code: 2455489
Local - London, United Kingdom: +44(0)20 3427 1919
National free phone - United Kingdom: 0800 279 5004
Or URL <http://edge.media-server.com/m/p/zsk9dfyh>

7 Day Conference call Replay:

Replay Passcode: 2455489
Local - London, United Kingdom: (0)20 3427 0598
National free phone - United Kingdom: 0800 358 7735
National free phone - United States of America: 1866 932 5017

ASSETS UNDER MANAGEMENT AT 30 JUNE 2016

	31 Mar 16 £bn	30 Jun 16 £bn
Equities	78.3	83.2
Fixed income	66.9	70.6
Multi asset	84.9	85.5
Quantitative strategies	21.3	22.1
Alternatives	21.8	21.5
Property	19.6	18.5
	292.8	301.4

NEW BUSINESS FLOWS FOR 9 MONTHS TO 30 JUNE 2016

	Qtr to 31 Dec 15 £m	Qtr to 31 Mar 16 £m	6 mths to 31 Mar 16 £m	Qtr to 30 Jun 16 £m	9 mths to 30 Jun 16 £m
Gross inflows:					
Equities	2,121	2,992	5,113	2,213	7,326
Fixed income	5,559	3,568	9,127	4,600	13,727
Multi asset	1,936	1,711	3,647	1,612	5,259
Quantitative strategies	429	215	644	271	915
Alternatives	79	272	351	44	395
Property	791	1,784	2,575	484	3,059
	10,915	10,542	21,457	9,224	30,681
Outflows:					
Equities	8,470	6,462	14,932	5,137	20,069
Fixed income	5,127	6,255	11,382	5,598	16,980
Multi asset	4,451	3,090	7,541	3,292	10,833
Quantitative strategies	1,015	1,165	2,180	898	3,078
Alternatives	247	314	561	1,225	1,786
Property	697	899	1,596	1,952	3,548
	20,007	18,185	38,192	18,102	56,294
Net flows:					
Equities	(6,349)	(3,470)	(9,819)	(2,924)	(12,743)
Fixed income	432	(2,687)	(2,255)	(998)	(3,253)
Multi asset	(2,515)	(1,379)	(3,894)	(1,680)	(5,574)
Quantitative strategies	(586)	(950)	(1,536)	(627)	(2,163)
Alternatives	(168)	(42)	(210)	(1,181)	(1,391)
Property	94	885	979	(1,468)	(489)
	(9,092)	(7,643)	(16,735)	(8,878)	(25,613)

NEW BUSINESS FLOWS FOR 9 MONTHS TO 30 JUNE 2016 – EQUITIES

	Qtr to 31 Dec 15 £m	Qtr to 31 Mar 16 £m	6 mths to 31 Mar 16 £m	Qtr to 30 Jun 16 £m	9 mths to 30 Jun 16 £m
Gross inflows:					
Asia Pacific	1,099	806	1,905	831	2,736
Global emerging markets	710	1,637	2,347	780	3,127
Europe	9	145	154	53	207
Global & EAFE	136	218	354	154	508
UK	51	40	91	83	174
US	116	146	262	312	574
	<u>2,121</u>	<u>2,992</u>	<u>5,113</u>	<u>2,213</u>	<u>7,326</u>
Outflows:					
Asia Pacific	2,969	2,205	5,174	1,618	6,792
Global emerging markets	1,639	1,571	3,210	1,332	4,542
Europe	42	188	230	42	272
Global & EAFE	3,678	2,245	5,923	1,949	7,872
UK	73	172	245	113	358
US	69	81	150	83	233
	<u>8,470</u>	<u>6,462</u>	<u>14,932</u>	<u>5,137</u>	<u>20,069</u>
Net flows:					
Asia Pacific	(1,870)	(1,399)	(3,269)	(787)	(4,056)
Global emerging markets	(929)	66	(863)	(552)	(1,415)
Europe	(33)	(43)	(76)	11	(65)
Global & EAFE	(3,542)	(2,027)	(5,569)	(1,795)	(7,364)
UK	(22)	(132)	(154)	(30)	(184)
US	47	65	112	229	341
	<u>(6,349)</u>	<u>(3,470)</u>	<u>(9,819)</u>	<u>(2,924)</u>	<u>(12,743)</u>

NEW BUSINESS FLOWS FOR 9 MONTHS TO 30 JUNE 2016 – FIXED INCOME

	Qtr to 31 Dec 15 £m	Qtr to 31 Mar 16 £m	6 mths to 31 Mar 16 £m	Qtr to 30 Jun 16 £m	9 mths to 30 Jun 16 £m
Gross inflows:					
Asia Pacific	16	19	35	28	63
Australia	96	96	192	117	309
Convertibles	52	10	62	2	64
Emerging markets	174	231	405	296	701
Europe	60	26	86	20	106
Global	54	204	258	95	353
High yield	223	200	423	217	640
Money market	3,573	2,373	5,946	2,206	8,152
UK	1,181	346	1,527	1,445	2,972
US	130	63	193	174	367
	5,559	3,568	9,127	4,600	13,727
Outflows:					
Asia Pacific	69	210	279	80	359
Australia	496	303	799	1,013	1,812
Convertibles	43	30	73	10	83
Emerging markets	355	1,126	1,481	237	1,718
Europe	364	42	406	226	632
Global	127	173	300	132	432
High yield	478	303	781	366	1,147
Money market	1,805	2,331	4,136	1,873	6,009
UK	1,302	578	1,880	1,391	3,271
US	88	1,159	1,247	270	1,517
	5,127	6,255	11,382	5,598	16,980
Net flows:					
Asia Pacific	(53)	(191)	(244)	(52)	(296)
Australia	(400)	(207)	(607)	(896)	(1,503)
Convertibles	9	(20)	(11)	(8)	(19)
Emerging markets	(181)	(895)	(1,076)	59	(1,017)
Europe	(304)	(16)	(320)	(206)	(526)
Global	(73)	31	(42)	(37)	(79)
High yield	(255)	(103)	(358)	(149)	(507)
Money market	1,768	42	1,810	333	2,143
UK	(121)	(232)	(353)	54	(299)
US	42	(1,096)	(1,054)	(96)	(1,150)
	432	(2,687)	(2,255)	(998)	(3,253)