

Schroders plc

Trading Update

16 May 2006

Schroders plc is today issuing a trading update for the three months to 31 March 2006.

The Group made a good start to the year with pre-tax profit of £71.4 million for the first quarter compared to £50.4 million for the same period in 2005.

Asset Management Results

Asset Management revenues for the quarter were £152.8 million (Q1 2005: £123.5 million). Costs were £102.9 million (Q1 2005: £89.2 million) and profit was £49.9 million (Q1 2005: £34.3 million).

Private Banking Results

Private Banking revenues for the quarter were £20.4 million (Q1 2005: £17.4 million), costs were £16.7 million (Q1 2005: £15.7 million) and profit was £3.7 million (Q1 2005: £1.7 million).

Private Equity and Group Results

Profit from Private Equity was £7.2 million (Q1 2005: £10.5 million). Group net income was £10.6 million (Q1 2005: £3.9 million).

Funds under Management

From an opening position of £122.5 billion at 1 January 2006, funds under management rose 4.8 per cent in the quarter to £128.4 billion. Net business outflows were £0.2 billion in the quarter, with net inflows of £1.9 billion in the Retail business and £0.2 billion in Private Banking offset by net outflows in the Institutional business of £2.3 billion.

Schroders completes acquisition of NewFinance Capital

The acquisition of NewFinance Capital, the London-based manager of funds of hedge funds, was completed on 3 May 2006 following receipt of regulatory approval from the Financial Services Authority.

Results from this business will be included for the first time in the Group's 2006 Interim results.

Summary

Profitability was strong in the quarter on the back of higher equity markets, a further improvement in margins, increased profits in Private Banking and gains on Group investments.

Net new business saw a return to strong inflows in Retail during the quarter, broadly balanced by outflows in Institutional. Net inflows in emerging market and European equities were offset by net reductions in Japanese and Pan-Pacific equity mandates.

Interim results for 2006 will be announced on 11 August.

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Forward-looking statements

This trading update contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Schroders plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this trading update should be construed as a profit forecast.