

PERFORMING IN CHALLENGING TIMES



Schroders' results in 2020 demonstrated the resilience of our business model in the face of some unprecedented challenges.

Net operating revenue at £2,059.6 million (2019: £2,052.4 million) was in line with the previous year, as was profit before tax and exceptional items at £702.3 million (2019: £701.2 million). At a time of volatile financial markets and unpredictable investor demand, it was very pleasing to achieve high levels of net new business at £42.5 billion (2019: £43.4 billion) and assets under management ended the year at a new high of £574.4 billion (2019: £500.2 billion).

Dividend

Our policy is to provide shareholders with a progressive and sustainable dividend, targeting a pay out ratio of around 50 per cent. Last year, at a time when many companies were cutting or cancelling their dividends as a result of the pandemic, the Board maintained both the final dividend in relation to 2019 and the interim dividend for 2020.

In view of our confidence in the resilience of the business and the capital position, the Board will recommend to shareholders at the Annual General Meeting an unchanged final dividend of 79 pence per share (2019: 79 pence), taking the full year dividend to 114 pence per share (2019: 114 pence), representing a pay out ratio of 57 per cent. The final dividend will be paid on 6 May to shareholders on the register at 26 March 2021.

Our responsibility

Our business philosophy is based on the belief that if we deliver for our clients, by offering them investment capabilities which successfully protect and enhance their capital, then we will deliver for our shareholders, by creating long term shareholder value. We recognise that we have a wider range of stakeholders including our employees, our counterparties and suppliers, and society as a whole. In 2020 we worked particularly hard to discharge that responsibility to all our stakeholders.

For clients, over 80 per cent of assets under management have outperformed their benchmarks over five years, and we continued to enhance our digital offering which was important as we could not meet clients face to face during much of 2020.

Our Annual General Meeting, held virtually, was open to all shareholders.

We were able to seamlessly switch to remote working because of the major investment we have made in technology in recent years and we have not furloughed any staff during the pandemic.

Our operational platform was resilient and we enjoyed an excellent relationship with regulators throughout the year.

We engaged actively with the companies in which we invest to see if there were particular areas where we could be supportive in a very challenging environment.

“Our business philosophy is based on the belief that if we deliver for our clients, we deliver for our shareholders.”

Executive directors waived a proportion of their awards under the long term incentive plan and all directors donated part of their salaries or fees to charity. Employees as a whole donated £0.9 million to Covid related charities globally. The Company itself increased its charitable contribution during the year to £4.9 million.

The Board

Matthew Westerman and Claire Fitzalan Howard joined the Board as Non-executive directors in March and April 2020 respectively. The Board comprises 11 directors, the majority of whom are independent in line with our policy, and we now have an almost equal balance between men and women on the Board.

Given the unprecedented circumstances in which we found ourselves, the Board met 19 times during the year to receive regular trading updates from management in addition to our normal Board agenda.

Our people

Schroders' success is built on our reputation and values, our diversified business model, our financial strength and above all on the quality, professionalism and commitment of our people. This was never more so than in 2020 and, although there is still much for us to do as an organisation as we confront high levels of disruption and market volatility, we could not have delivered these results, served our clients, or contributed to wider society in the way we have if our employees had not risen to the challenge of these extraordinary times. On behalf of the Board as a whole, I would like to thank them for what they have done and continue to do for Schroders.

Michael Dobson
Chairman

George Mallinckrodt KBE 1930 – 2021

George (Gowi) Mallinckrodt dedicated more than half a century to Schroders. Joining the business in 1954, he served on the Board for 31 years, including 11 years as Executive Chairman until 1995, before retiring in 2008.

Gowi had a profound impact on Schroders over many years, covering the Company's listing, the sale of the investment bank and the growth of asset and wealth management that is the business today.

His passion for Schroders and his commitment to the firm will be remembered by us all.