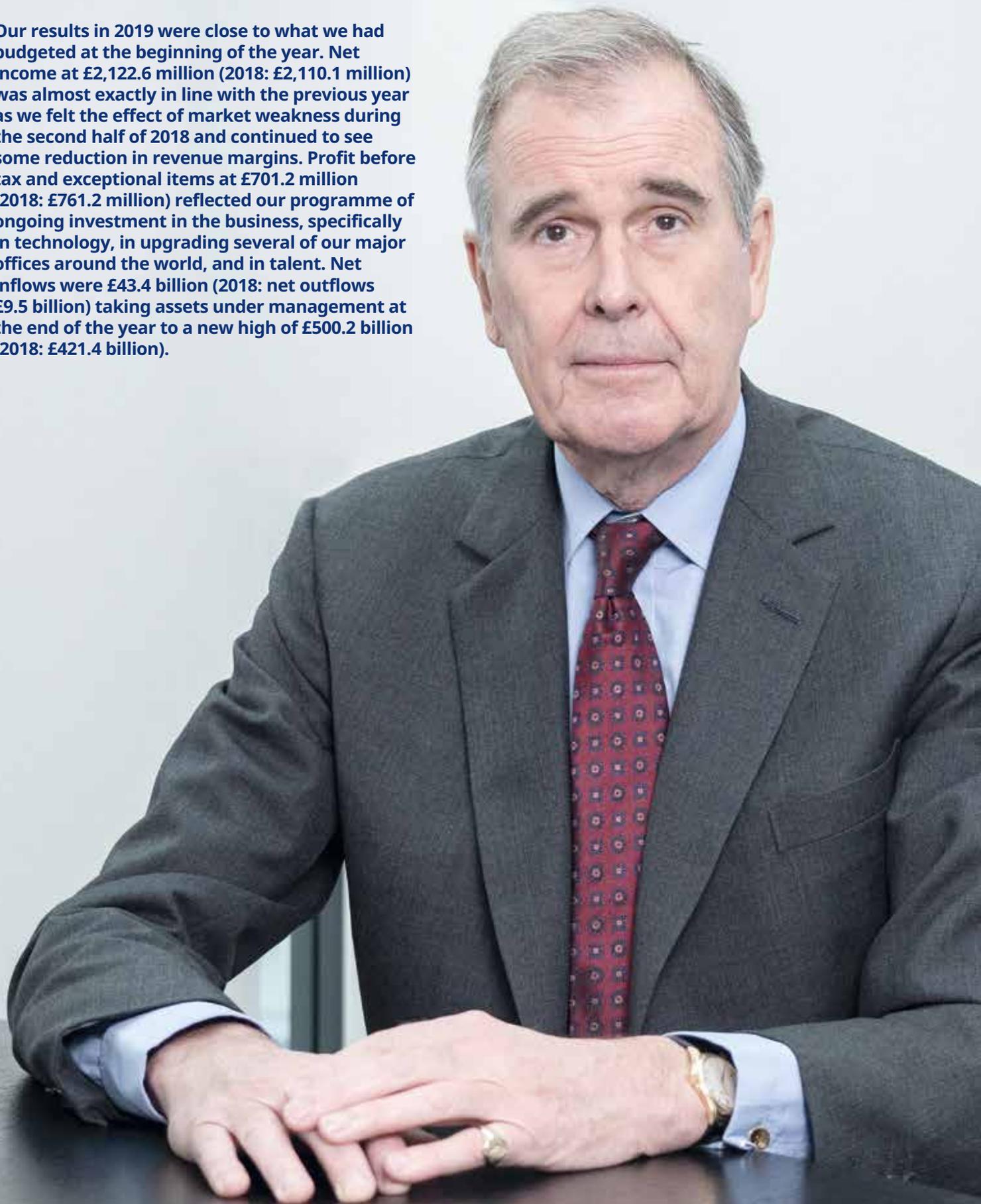


# Investing for the future

**Our results in 2019 were close to what we had budgeted at the beginning of the year. Net income at £2,122.6 million (2018: £2,110.1 million) was almost exactly in line with the previous year as we felt the effect of market weakness during the second half of 2018 and continued to see some reduction in revenue margins. Profit before tax and exceptional items at £701.2 million (2018: £761.2 million) reflected our programme of ongoing investment in the business, specifically in technology, in upgrading several of our major offices around the world, and in talent. Net inflows were £43.4 billion (2018: net outflows £9.5 billion) taking assets under management at the end of the year to a new high of £500.2 billion (2018: £421.4 billion).**



## Dividend

Our policy is to provide shareholders with a progressive and sustainable dividend, maintaining a pay out ratio of around 50 per cent. The Board will recommend to shareholders at the Annual General Meeting an unchanged final dividend of 79 pence per share (2018: 79 pence), taking the full year dividend to 114 pence per share (2018: 114 pence). The final dividend will be paid on 7 May to shareholders on the register at 27 March 2020.

## Our role as asset managers

As one of the largest asset management companies in Europe we have an important role to play in enabling a broad range of investors to meet their financial goals. Whether our clients are pension funds, insurance companies, sovereign wealth funds or individual investors from around the world, we are mindful of the fact that successfully fulfilling our mandate in relation to the £500 billion with which we have been entrusted will have a direct impact on individuals' lives.

We channel capital to companies and governments to support them in investing for growth and actively engage with the companies in which we invest in relation to strategy, risks, management succession, governance and environmental impact. We meet the management of more than 4,000 companies every year to assess progress in these areas.

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 also recognise that we have a wider range of stakeholders including our counterparties and suppliers, society as a whole and our employees. We take that responsibility very seriously and apply the same standards to the management of our own business as we do to the companies in which we invest.

## The Board

We announced in November 2019 that Nichola Pease was stepping down from the Board to take up another opportunity. Nichola had been on the Board for nearly eight years and I would like to thank her for her significant contribution over that time as a member of the Board, as Chair of the Remuneration Committee and as a member of the Audit and Risk Committee.

Matthew Westerman will join the Board as a Non-executive Director on 9 March. Matthew brings significant experience of global financial markets after a distinguished career in investment banking and we look forward to his contribution.

## Our commitment to our stakeholders

### Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors to act in the way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this s.172 requires a director to have regard, amongst other matters, to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.



Further information can be found on pages 61 - 63 of this Report.

Philip Mallinckrodt will retire as a Director at the conclusion of the Annual General Meeting on 30 April having served on the Board for 11 years. Over a total of 24 years he served in a number of senior executive positions and in the last three years as a non-executive Director. I would like to thank Philip for his commitment and contribution to Schroders.

Our stated position is that having two members of the family serving on the Board benefits the company and all its shareholders in aligning interests and reinforcing long term thinking. Consequently, the Nominations Committee consulted with the trustees of the family trusts and other members of the principal shareholder group. Following those consultations, the trustees of the family trusts confirmed their support for Claire Fitzalan Howard to join the Board. The Nominations Committee decided to recommend to the Board her appointment as a Director. Subject to her election by shareholders at the Annual General Meeting, Claire Fitzalan Howard will join the Board and the Nominations Committee at the conclusion of the meeting.

Following these appointments Schroders will have a majority of independent Directors on the Board, in line with our policy.

## Our people

Schroders' success stems from our reputation and values, our diversified business model, our financial strength and, above all, our more than 5,500 people. We remain committed to developing the exceptional pool of talent we have at Schroders around the world and to providing an environment that is open, collaborative and based on merit.

2019 was another year of good progress in most areas of our business and, on behalf of the Board, I would like to thank all our employees for their contribution to this success.

### Michael Dobson

Chairman