

Tracking our strategic progress

To ensure that we are delivering against our strategy, we track progress against a number of key performance indicators.

Client investment performance (%)

68%

We target at least 60% of our AUM to outperform its stated comparator over rolling three-year periods.



Investment performance over a three-year period remained strong in 2019, with 68% of assets outperforming their stated comparator. We have been above our target for each of the past five years.

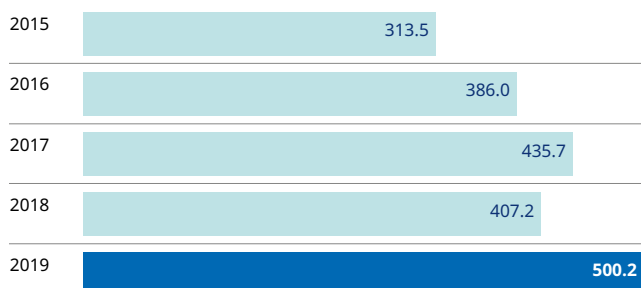
Five-year investment outperformance was 71% and the one-year figure was 68%.

 More details on our performance reporting can be found on pages 25 and 196.

Assets under management (£bn)

£500.2bn

We aim to grow AUM over time in excess of market growth through positive investment outperformance and net new business. As a sterling denominated reporter, currency movements may also impact asset levels.



AUM increased by 23% in 2019 to £500.2 billion.

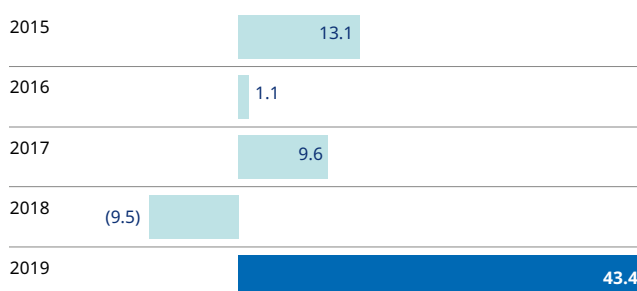
Rising markets increased AUM by £56.3 billion while currency movements, notably a strengthening of sterling, reduced assets by £12.9 billion.

We generated net new business of £43.4 billion and acquisitions added £6.2 billion of AUM.

Net new business (£bn)

£43.4bn

We seek to generate positive net new business across the Group.



We generated record net new business in 2019 of £43.4 billion. The first tranches of the Scottish Widows mandate were transferred towards the end of the year, which contributed to net inflows into Solutions strategies of £34.5 billion. Private Assets & Alternatives generated £2.8 billion of net inflows.

Mutual Funds and Institutional saw net outflows as the traditional asset management industry continued to face challenges.

Wealth Management continued to perform strongly, with net inflows of £14.7 billion.

Retention of key talent (%)

94%

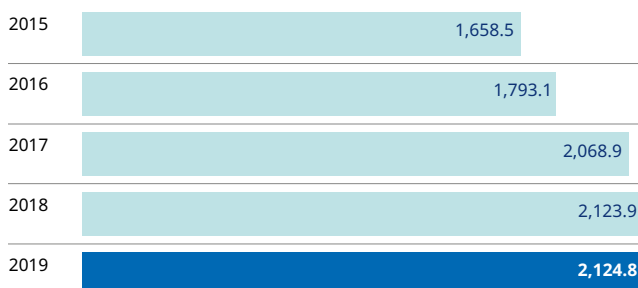
Developing and retaining talented people is key to our ongoing success. We actively monitor our retention of those employees who have been rated as either outstanding or exceed expectations in their annual performance review.



Our retention of highly-rated employees has consistently been more than 90%. This represents a committed and engaged workforce, which is aligned with Schroders' values.

Net income* (£m)**£2,124.8m**

Net income comprises net operating revenue, which is primarily revenues generated from AUM less cost of sales, net gains on financial instruments, share of profit of associates and joint ventures, and other income. We aim to grow net income over time.



Net income increased £0.9 million from 2018 to £2,124.8 million.

Changes in business mix offset higher average AUM, resulting in a decrease in net operating revenue. This was offset by increased other income, driven by share of profits of associates and joint ventures and net gains on financial instruments.

Ratio of total costs to net income* (%)**67%**

We target a 65% ratio of total costs to net income through the market cycle, recognising that in weaker markets the ratio may be higher than our long-term target.



In 2019, our ratio of total costs to net income was 67%, having previously been better than our target for each of the prior five years. This ratio increased as we continued to strategically invest in the future growth of the business.

Basic earnings per share* (p)**201.6p**

We aim to grow earnings per share consistently, recognising the potential impact of market volatility on results in the short term.



In 2019, basic earnings per share before exceptional items was 201.6 pence.

* Before exceptional items

Dividend per share (p)**114p**

Our policy is to provide shareholders with a progressive and sustainable dividend, maintaining a payout ratio of around 50%. For more information, see page 27.



The Board is recommending a final dividend of 79 pence per share, bringing the total dividend for the year to 114 pence per share. This represents a payout ratio of 57%.