

# Strategic focus for sustainable long-term growth

We remain focused on our long-term strategy to invest for growth across the business. We have prioritised three key areas as strategic opportunities: growing Asset Management, expanding our capabilities in Private Assets and building closer relationships with our end clients. Achievement in these areas will be delivered by our five business priorities set out below.

Strategic opportunities	Business priorities	Build and maintain long-term client relationships	Offer a range of innovative products	
 <p><b>Growing Asset Management</b></p>  <p><b>Building closer relationships with our end clients</b></p>  <p><b>Expanding capabilities in Private Assets</b></p>	<p><b>Why it's important</b></p> <p>By building close partnerships with our clients, we gain a deeper understanding of their needs, helping us develop products to meet their needs over time, leading to greater client longevity and new business opportunities.</p> <p>The service we provide as well as the insights we develop means we are well placed to build enduring relationships based on trust, as we focus on delivering positive outcomes.</p> <p>One of our strategic priorities is to focus on developing closer relationships with our end clients, particularly in Wealth Management. This allows us to reduce the impact of intermediation between us as manufacturers and our clients.</p>	<p>Providing innovative products and solutions to meet the complex needs of our clients is crucial to our future growth.</p> <p>Our clients are increasingly looking for solutions that can provide a specific outcome tailored to their personal needs, rather than just offering exposure to a market or asset class. Our range of strategic capabilities is designed to help our clients create better futures.</p> <p>We continually look to expand our product offering and move into new areas of investment expertise. In recent years, we have also focused particularly on developing our capabilities in Private Assets.</p>		
	<p><b>Key performance indicators</b></p>	<ul style="list-style-type: none"> <li>– Net new business</li> <li>– Net income</li> </ul>	<ul style="list-style-type: none"> <li>– Net new business</li> <li>– Net income</li> </ul>	
	<p><b>Progress through 2019</b></p>	<ul style="list-style-type: none"> <li>– Generated record net inflows of £43.4 billion</li> <li>– On-boarded £44.6 billion of assets through the relationship with Lloyds Banking Group</li> <li>– Launched Schroders Personal Wealth to the wider market with £13.7 billion of AUM at 31 December 2019</li> <li>– Acquisition of wealth management business ThirdRock in Singapore</li> </ul>	<ul style="list-style-type: none"> <li>– Continued focus on sustainability, including moving into impact investing through the acquisition of BlueOrchard</li> <li>– Expansion of Private Assets capabilities with the acquisitions of Blue Asset Management and BlueOrchard</li> <li>– Increased seed and co-investment to support new products</li> <li>– Launched 41 new products, focusing on strategically important growth areas, including sustainability and Private Assets</li> </ul>	
	<p><b>Growth opportunities</b></p>	<ul style="list-style-type: none"> <li>– Attract and retain business with clients, particularly in strategically important growth areas</li> <li>– Increase client longevity through focus on products and client relationships</li> <li>– Transfer remainder of Scottish Widows mandate</li> <li>– Collaborate with Schroders Personal Wealth</li> </ul>	<ul style="list-style-type: none"> <li>– Continue to develop our strategic capabilities in line with changing client demand</li> <li>– Maintain our focus on sustainability and commitment to developing new products</li> <li>– Expanding Private Assets capabilities, diversifying our business away from public markets</li> </ul>	
<p><b>Key risks</b></p>				
	<p> Find out about these risks and how our strategy mitigates them from page 44.</p>			

### Deliver consistent outcomes for clients

As an active investment manager, we are committed to delivering consistent outcomes for our clients over the long term.

While many of our strategies seek to outperform a stated benchmark or peer group, client demand is increasing for outcome-oriented solutions, which provide a specific result such as income or risk management.

Delivering outperformance or achieving a predefined outcome increases value for our clients and builds trust in our business.

- Client investment performance
- Net new business
- Net income

- 68% of our assets outperformed their stated comparator over three years. More details on our performance reporting can be found on pages 18, 25 and 196
- Developed our ability to deliver complex, risk-managed solutions to meet client needs

- Continue to deliver high levels of investment performance for clients
- Provide value for money and build trusted relationships with our clients

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### Invest in leading technology

Our business inherently involves processing and analysing data to achieve a desired outcome. It is critical to our ongoing success that we have leading technology to support this.

Technology can be better used to innovate, improving productivity and efficiency. In doing so, we can continue to evolve and develop our business, adding value for our clients and other stakeholders.

Our philosophy of investing in the future growth of our business includes an emphasis on embracing technology and comes with a focus on cost discipline through the cycle.

- Ratio of total costs to net income
- Client investment performance

- Having implemented a new front office technology platform, we have worked to optimise processes globally
- Continued investment in technology solutions across the business

- Continue to invest in technology across the Group
- Ongoing investment in robotics and automation
- Maintain cost discipline through focus on ratio of total costs to net income through the cycle

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### Develop and retain talented people

Developing and retaining a diverse and talented workforce is key to the delivery of our business model.

We invest heavily in our people, offering opportunities to grow their knowledge, skills and capabilities. We also focus on providing them with a positive working environment that supports productivity, innovation and collaboration.

In supporting our people to operate at their very best, we are able to deliver positive outcomes for our stakeholders.

- Retention of key talent

- 94% retention rate of highly-rated employees
- 91% of employees proud to be associated with Schrodgers
- Female representation in senior management roles ended the year at 32%
- 40% of employees have been with us for six years or more

- Maintain strong retention rate for highly-rated employees
- An increased target to reach 35% for female representation in senior management roles by 2022
- New target of 28% female representation in roles immediately below GMC

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