Half-year results 2018
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Nothing in this presentation should be construed as a forecast, estimate or projection of future financial performance.
## Assets under management and administration (AUMA)

### £449.4 billion at 30 June 2018

<table>
<thead>
<tr>
<th>£bn</th>
<th>Institutional</th>
<th>Intermediary</th>
<th>Asset Management</th>
<th>Wealth Management¹</th>
<th>Total AUM</th>
<th>AUA</th>
<th>AUMA²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 2018</td>
<td>255.8</td>
<td>134.0</td>
<td>389.8</td>
<td>45.9</td>
<td>435.7</td>
<td>11.3</td>
<td>447.0</td>
</tr>
<tr>
<td>Net flows</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>1.2</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions and disposals³</td>
<td>1.6</td>
<td>-</td>
<td>1.6</td>
<td>(0.5)</td>
<td>1.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment returns</td>
<td>(0.4)</td>
<td>(1.7)</td>
<td>(2.1)</td>
<td>(0.2)</td>
<td>(2.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 June 2018</td>
<td>257.2</td>
<td>132.1</td>
<td>389.3</td>
<td>46.4</td>
<td>435.7</td>
<td>13.7</td>
<td>449.4</td>
</tr>
</tbody>
</table>

1. Wealth Management flows exclude income drawdowns included within investment returns.
2. Assets under management and administration comprise assets managed or advised on behalf of clients (assets under management) and assets where Schroders solely provides administrative support through the Benchmark Capital business (AUA).
3. The acquisition within Asset Management relates to the purchase of Algonquin Management Partners S.A. The Wealth Management disposal relates to the sale of the Italian Wealth Management business.
Regional diversification of AUM*

66% of net operating revenues earned outside UK

* By client domicile.
** A further £13.7bn of assets under administration are located in the UK.
Gross sales*
Half-yearly

* Gross sales and net flows have been represented to separately report information for Private Assets & Alternatives.
Net flows*
Half-yearly

* Gross sales and net flows have been represented to separately report information for Private Assets & Alternatives.
Currency profile of AUM

Assets under management £435.7 billion

* USD includes other currencies pegged to USD, including HKD.
** Includes the following currencies which individually constitute 1% of AUM: INR, IDR, SGD, CAD, BRL, SEK.
Currency profile of Asset Management AUM

Asset Management AUM £389.3 billion

Institutional £257.2bn

- USD*: 35%
- GBP: 22%
- EUR: 11%
- CNY: 6%
- AUD: 5%
- JPY: 5%
- KRW: 2%
- TWD: 2%
- CHF: 2%
- INR: 2%
- Other: 8%

Intermediary £132.1bn

- USD*: 32%
- EUR: 19%
- GBP: 15%
- JPY: 7%
- CNY: 6%
- AUD: 4%
- KRW: 2%
- TWD: 2%
- IDR: 2%
- SGD: 2%
- Other: 9%

* USD includes other currencies pegged to USD, including HKD.
Total AUM by channel, region and product
Assets under management £435.7 billion

By channel
- Institutional: 59%
- Intermediary: 30%
- Wealth Management: 11%

By region*
- UK: 39%
- Continental Europe, Middle East & Africa: 22%
- Asia Pacific: 24%
- Americas: 8%

By product
- Equities: 40%
- Fixed Income: 17%
- Multi-asset: 11%
- Private Assets & Alternatives: 24%
- Wealth Management: 8%

* By client domicile.
Asset Management AUM by channel and product

Assets under management £389.3 billion

Institutional AUM £257.2bn

Intermediary AUM £132.1bn
Asset Management AUM by channel and region*

Assets under management £389.3 billion

Institutional AUM £257.2bn
- Continental Europe, Middle East & Africa: 38%
- UK: 26%
- Asia Pacific: 16%
- Americas: 20%

Intermediary AUM £132.1bn
- Continental Europe, Middle East & Africa: 26%
- Asia Pacific: 36%
- Americas: 27%
- UK: 11%
Asset Management AUM – detailed asset class analysis

Assets under management £389.3 billion

**Equities £173.1bn**
- Asia Pacific: 21%
- Global: 15%
- Emerging markets: 15%
- Quantitative equities: 12%
- Europe: 12%
- UK: 9%
- Japan: 6%
- US: 5%
- Australia: 4%
- Other: 1%

**Fixed Income £76.2bn**
- US: 33%
- Europe: 25%
- Global: 21%
- Asia Pacific: 7%
- UK: 6%
- Australia: 4%
- Convertibles: 2%
- Emerging market bonds: 2%

**Multi-asset £104.2bn**
- Risk controlled growth: 51%
- LDI: 26%
- Income: 9%
- Risk mitigation: 8%
- Inflation protection: 4%
- Multi-asset advanced beta: 1%
- Wealth preservation: 1%

**Private Assets & Alternatives £35.8bn**
- Real estate: 38%
- Private equity: 19%
- Securitised credit: 15%
- GAIA: 10%
- Emerging market debt: 7%
- Insurance-linked: 6%
- Infrastructure finance: 3%
- Commodities: 2%
Institutional AUM – detailed asset class analysis

Assets under management £257.2 billion

**Equities £99.8bn**
- Global 20%
- Emerging markets 20%
- Asia Pacific 19%
- Quantitative equities 18%
- Europe 8%
- UK 5%
- Australia 4%
- Japan 4%
- US 2%

**Fixed Income £47.9bn**
- US 49%
- Global 19%
- Europe 13%
- UK 8%
- Asia Pacific 6%
- Australia 3%
- Emerging market bonds 1%
- Convertibles 1%

**Multi-asset £83.9bn**
- Risk controlled growth 54%
- LDI 32%
- Risk mitigation 8%
- Inflation protection 4%
- Multi-asset advanced beta 1%
- Wealth preservation 1%

**Private Assets & Alternatives £25.6bn**
- Real estate 48%
- Private equity 27%
- Securitised credit 8%
- Emerging market debt 6%
- Insurance-linked 4%
- Infrastructure finance 4%
- Commodities 2%
- GAIA 1%
Intermediary AUM – detailed asset class analysis

Assets under management £132.1 billion

Equities £73.3bn
- Asia Pacific: 24%
- Europe: 16%
- UK: 13%
- Japan: 10%
- US: 9%
- Emerging markets: 9%
- Global: 8%
- Quantitative equities: 5%
- Australia: 3%
- Other: 3%

Fixed Income £28.3bn
- Europe: 43%
- Global: 25%
- Asia Pacific: 8%
- Australia: 6%
- US: 6%
- Convertibles: 4%
- UK: 4%
- Emerging market bonds: 4%

Multi-asset £20.3bn
- Income: 48%
- Risk controlled growth: 40%
- Inflation protection: 6%
- Risk mitigation: 6%

Private Assets & Alternatives £10.2bn
- GAIA: 31%
- Securitised credit: 30%
- Real estate: 15%
- Emerging market debt: 12%
- Insurance-linked: 9%
- Commodities: 3%
Institutional – AUM flows
Assets under management £257.2 billion
Intermediary – AUM flows

Assets under management £132.1 billion

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H2 2016</th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross inflows</td>
<td>18.8</td>
<td>24.6</td>
<td>29.0</td>
<td>27.7</td>
<td>27.9</td>
</tr>
<tr>
<td>Gross outflows</td>
<td>(22.1)</td>
<td>(24.2)</td>
<td>(30.2)</td>
<td>(23.1)</td>
<td>(28.1)</td>
</tr>
<tr>
<td>Net flows</td>
<td>(3.3)</td>
<td>0.4</td>
<td>(1.2)</td>
<td>4.6</td>
<td>(0.2)</td>
</tr>
</tbody>
</table>

£bn

Gross inflows
Gross outflows
Net flows
## Net operating revenue and margins – Asset Management

Asset Management net operating revenue £911.1 million

<table>
<thead>
<tr>
<th>£m</th>
<th>FY 2017</th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance fees - £m</td>
<td>77.5</td>
<td>13.2</td>
<td>15.8</td>
</tr>
<tr>
<td>Carried interest - £m</td>
<td>-</td>
<td>-</td>
<td>19.6</td>
</tr>
<tr>
<td>Performance fees and carried interest on average AUM</td>
<td>2 bps</td>
<td>1 bps</td>
<td>2 bps</td>
</tr>
<tr>
<td>Net operating revenue (ex performance fees and carried interest) - £m</td>
<td>1,665.8</td>
<td>796.1</td>
<td>875.7</td>
</tr>
<tr>
<td>Net operating revenue (ex performance fees and carried interest) on average AUM</td>
<td>45 bps</td>
<td>45 bps</td>
<td>45 bps</td>
</tr>
<tr>
<td>Net income* - £m</td>
<td>1,757.9</td>
<td>820.0</td>
<td>921.5</td>
</tr>
<tr>
<td>Operating expenses* - £m</td>
<td>(1,052.0)</td>
<td>(509.4)</td>
<td>(574.1)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong> - £m</td>
<td><strong>705.9</strong></td>
<td><strong>310.6</strong></td>
<td><strong>347.4</strong></td>
</tr>
</tbody>
</table>

* Excludes exceptional items.
# Income statement progression

## Asset Management profit before tax

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2016</th>
<th>H2 2016</th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating revenue</td>
<td>316.1</td>
<td>376.4</td>
<td>372.8</td>
<td>441.2</td>
<td>432.5</td>
</tr>
<tr>
<td>Net gains/(losses) on financial instruments and other income</td>
<td>12.6</td>
<td>15.6</td>
<td>(1.3)</td>
<td>(4.9)</td>
<td>1.5</td>
</tr>
<tr>
<td>Share of profit of associates and joint ventures</td>
<td>8.5</td>
<td>8.2</td>
<td>12.0</td>
<td>8.8</td>
<td>8.9</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>708.9</td>
<td>825.5</td>
<td>820.0</td>
<td>937.9</td>
<td>921.5</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(451.3)</td>
<td>(510.7)</td>
<td>(509.4)</td>
<td>(542.6)</td>
<td>(574.1)</td>
</tr>
<tr>
<td><strong>Asset Management profit before exceptional items</strong></td>
<td>257.6</td>
<td>314.8</td>
<td>310.6</td>
<td>395.3</td>
<td>347.4</td>
</tr>
<tr>
<td><strong>Exceptional items</strong></td>
<td>(8.5)</td>
<td>(10.0)</td>
<td>(9.6)</td>
<td>(7.6)</td>
<td>(15.2)</td>
</tr>
<tr>
<td><strong>Asset Management profit after exceptional items</strong></td>
<td>249.1</td>
<td>304.8</td>
<td>301.0</td>
<td>387.7</td>
<td>332.2</td>
</tr>
</tbody>
</table>
## Income statement progression

### Wealth Management profit before tax

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>H1 2016</th>
<th>H2 2016</th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating revenue</td>
<td></td>
<td>107.1</td>
<td>116.2</td>
<td>130.8</td>
<td>136.1</td>
<td>139.9</td>
</tr>
<tr>
<td>Net gains on financial instruments and other income</td>
<td>0.1</td>
<td>0.6</td>
<td>2.9</td>
<td>3.4</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Share of profit of associates and joint ventures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td>107.2</td>
<td>116.8</td>
<td>133.7</td>
<td>139.6</td>
<td>143.8</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td>(74.8)</td>
<td>(82.8)</td>
<td>(88.2)</td>
<td>(94.8)</td>
<td>(95.1)</td>
</tr>
<tr>
<td>Wealth Management profit before exceptional items</td>
<td>32.4</td>
<td>34.0</td>
<td>45.5</td>
<td>44.8</td>
<td>48.7</td>
<td></td>
</tr>
<tr>
<td>Exceptional items</td>
<td></td>
<td>(4.0)</td>
<td>(6.1)</td>
<td>(9.1)</td>
<td>(13.8)</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Wealth Management profit after exceptional items</td>
<td>28.4</td>
<td>27.9</td>
<td>36.4</td>
<td>31.0</td>
<td>37.9</td>
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</tr>
</tbody>
</table>
## Income statement progression

### Group segment profit/(loss) before tax

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H2 2016</th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gains on financial instruments and other income</td>
<td>14.3</td>
<td>15.6</td>
<td>18.6</td>
<td>16.5</td>
<td>18.8</td>
</tr>
<tr>
<td>Share of profit of associates*</td>
<td>3.6</td>
<td>1.2</td>
<td>2.1</td>
<td>0.5</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>17.9</td>
<td>16.8</td>
<td>20.7</td>
<td>17.0</td>
<td>20.8</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(14.2)</td>
<td>(14.6)</td>
<td>(15.3)</td>
<td>(18.3)</td>
<td>(19.8)</td>
</tr>
<tr>
<td>Group profit/(loss) before exceptional items</td>
<td>3.7</td>
<td>2.2</td>
<td>5.4</td>
<td>(1.3)</td>
<td>1.0</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>1.1</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Group profit/(loss) after exceptional items</strong></td>
<td>4.8</td>
<td>3.1</td>
<td>5.4</td>
<td>(1.3)</td>
<td>1.0</td>
</tr>
</tbody>
</table>

* Comprises RWC Partners Limited and Schroder Ventures Investments Limited associates.
## Cost and return metrics

### Total Schroders Group costs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total compensation ratio*</td>
<td>43%</td>
<td>44.0%</td>
<td>43.5%</td>
</tr>
<tr>
<td>Headcount</td>
<td>4,619</td>
<td>4,299</td>
<td>4,861</td>
</tr>
<tr>
<td>Total costs (£m)*</td>
<td>1,268.6</td>
<td>612.9</td>
<td>689.0</td>
</tr>
<tr>
<td>Ratio of total costs to net income*</td>
<td>61%</td>
<td>63%</td>
<td>63%</td>
</tr>
</tbody>
</table>

### Notes

- **Total compensation ratio** = compensation costs divided by net income
- **Ratio of total costs to net income** = costs divided by net income

* Excludes exceptional items.
** Costs and income are subject to adjustments by the remuneration committee.
## Group Capital

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Base</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital surplus</td>
<td>£1,146</td>
<td>£1,139</td>
</tr>
<tr>
<td>Dividend*</td>
<td>£216</td>
<td>£96</td>
</tr>
<tr>
<td>Overall regulatory capital requirement</td>
<td>£944</td>
<td>£976</td>
</tr>
<tr>
<td>Other items**</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£3,471</td>
<td>£3,522</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Allocation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working capital - Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working capital - Seed and co-investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment capital - Liquid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment capital - Illiquid***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items**</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£3,471</td>
<td>£3,522</td>
</tr>
</tbody>
</table>

### Notes

* 2017 final dividend / 2018 interim dividend proposed.
** Comprises goodwill, intangible assets, pension scheme surplus, other associates and joint ventures, deferred taxation.
***Includes RWC Partners Limited and Schroder Ventures Investment Limited associates.
Carried interest

Illustration

Rights to carried interest are earned once a preferred return to investors has been achieved.

Schroders receives all of the return in the “catch-up” phase until total returns are split in accordance with the investor agreement, typically 90/10 in favour of investors.

Returns above the catch-up phase are allocated on the same 90/10 basis.

A proportion of Schroders carried interest earned is assigned to third parties (financial obligation).

Carried interest is received when fund distributions exceed the preferred return but accounting rules require the carried interest and the financial obligation to be recognised on a realised and unrealised valuation basis.