

Schroders

Half-year results 2018

Data Pack



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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

£bn	Institutional	Intermediary	Asset Management	Wealth Management ¹	Total AUM	AUA	AUMA ²
1 January 2018	255.8	134.0	389.8	45.9	435.7	11.3	447.0
Net flows	0.2	(0.2)	-	1.2	1.2		
Acquisitions and disposals ³	1.6	-	1.6	(0.5)	1.1		
Investment returns	(0.4)	(1.7)	(2.1)	(0.2)	(2.3)		
30 June 2018	257.2	132.1	389.3	46.4	435.7	13.7	449.4

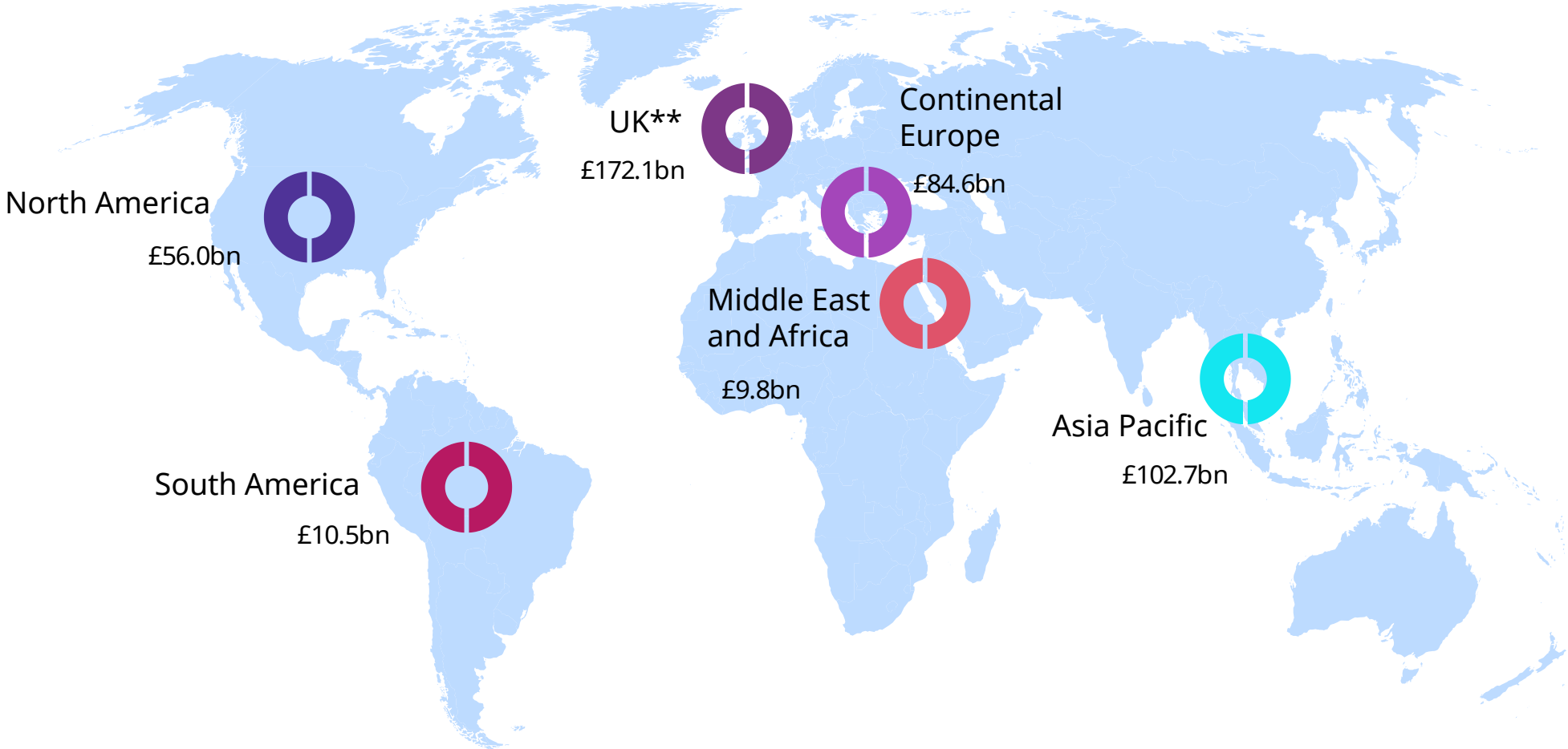
¹ Wealth Management flows exclude income drawdowns included within investment returns.

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

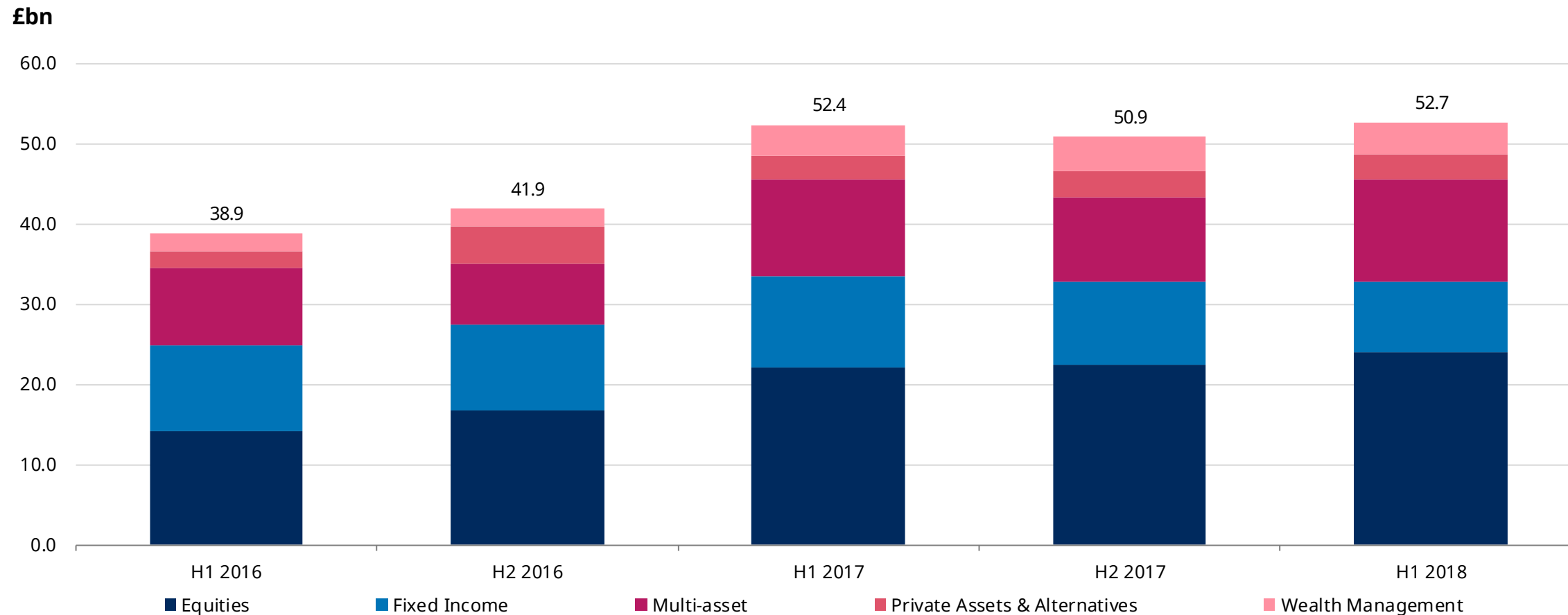


* By client domicile.

** A further £13.7bn of assets under administration are located in the UK.

Gross sales*

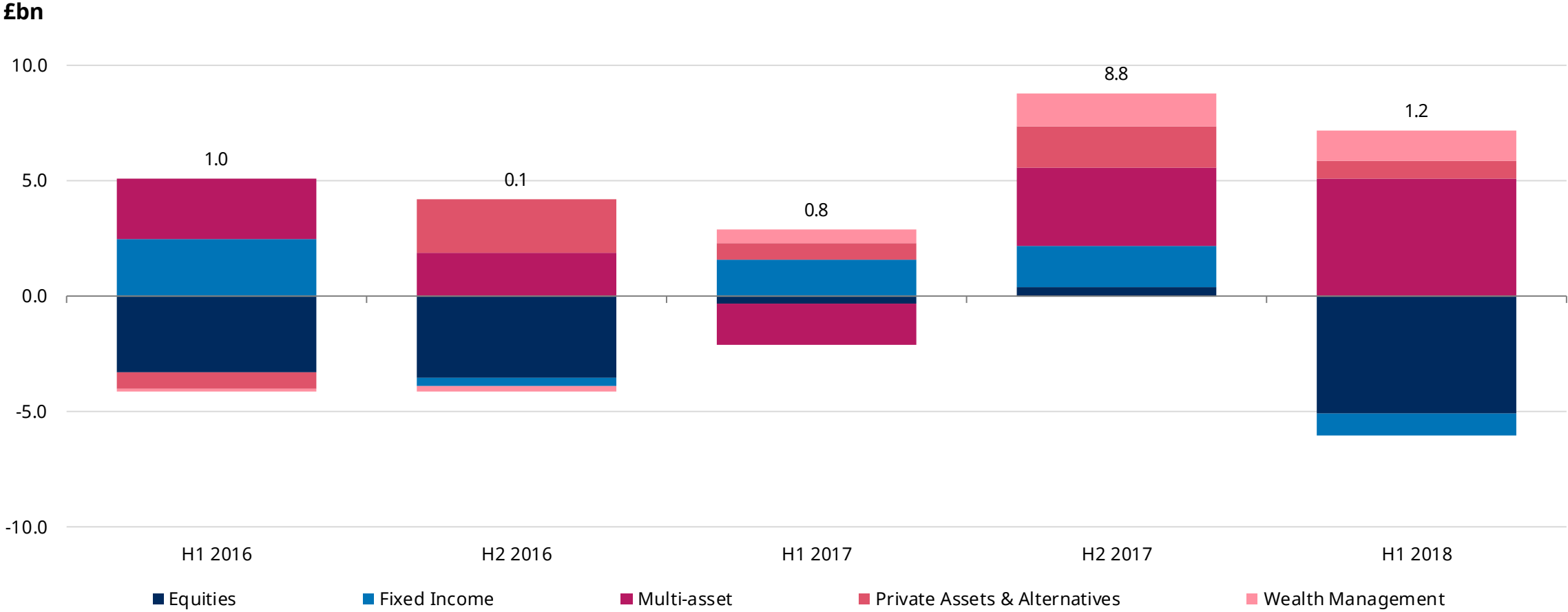
Half-yearly



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

Net flows*

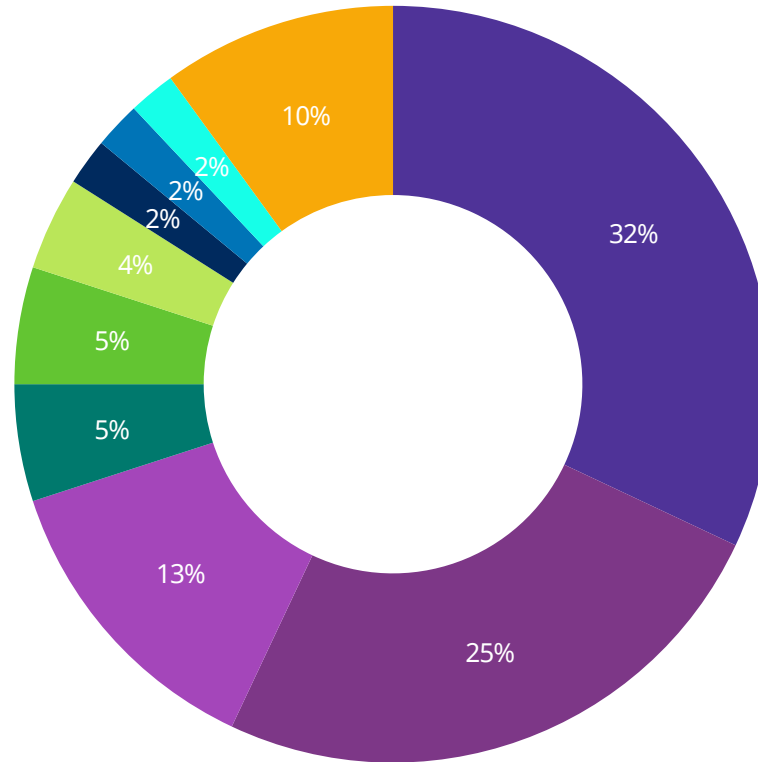
Half-yearly



* 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* ■ GBP ■ EUR ■ CNY ■ JPY ■ AUD ■ KRW ■ TWD ■ CHF ■ Other**

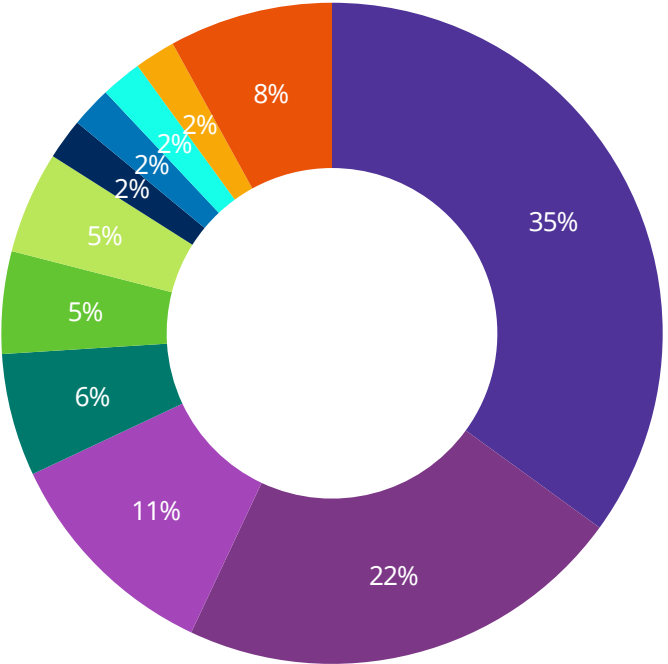
* USD includes other currencies pegged to USD, including HKD.

** Includes the following currencies which individually constitute 1% of AUM: INR, IDR, SGD, CAD, BRL, SEK.

Currency profile of Asset Management AUM

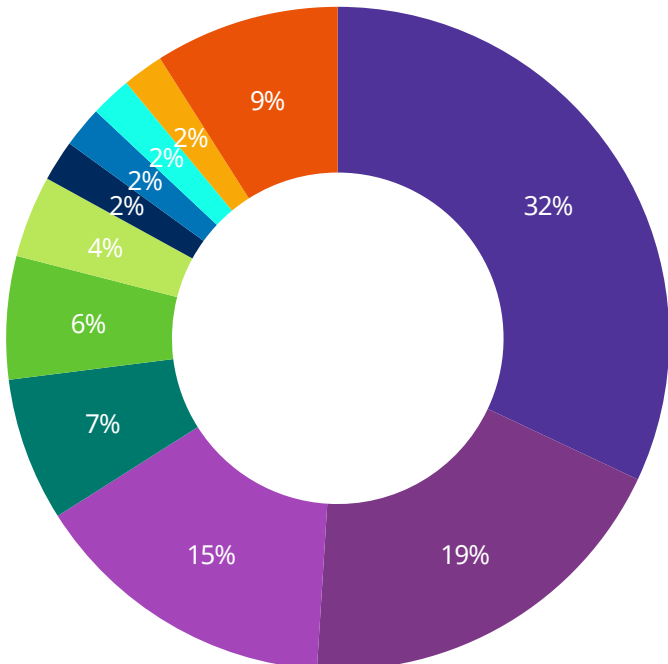
Asset Management AUM £389.3 billion

Institutional £257.2bn



- USD*
- GBP
- EUR
- CNY
- AUD
- JPY
- KRW
- TWD
- CHF
- INR
- Other

Intermediary £132.1bn



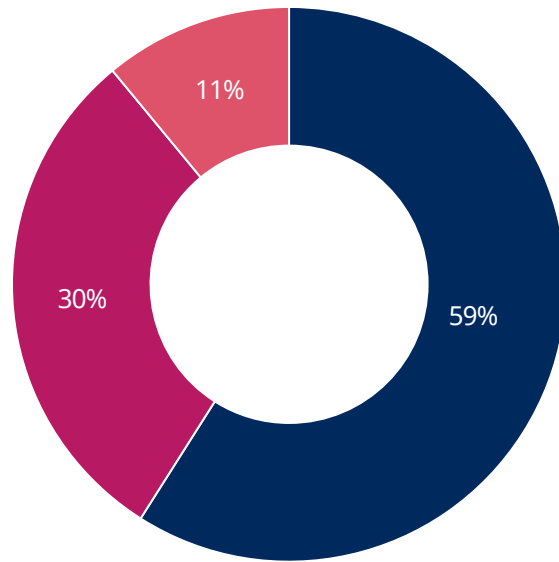
- USD*
- EUR
- GBP
- JPY
- CNY
- AUD
- KRW
- TWD
- IDR
- SGD
- Other

* USD includes other currencies pegged to USD, including HKD.

Total AUM by channel, region and product

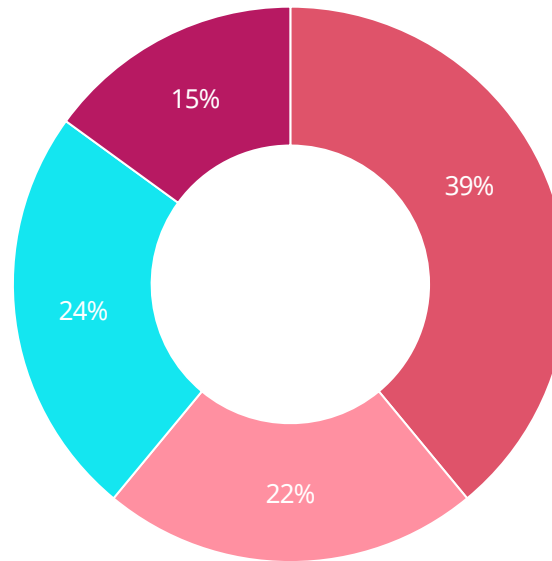
Assets under management £435.7 billion

By channel



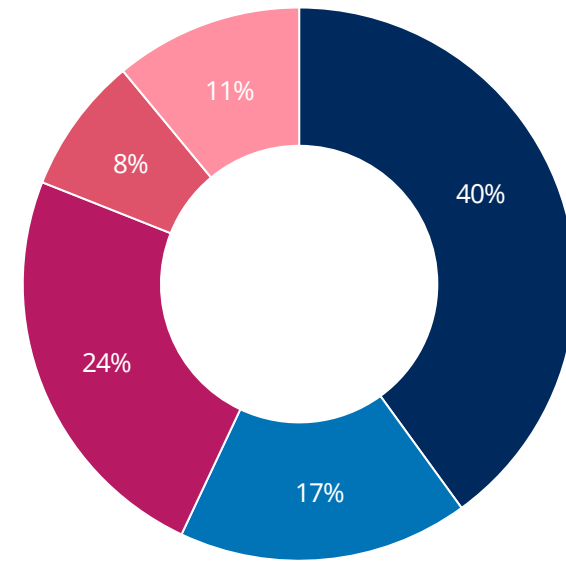
- Institutional
- Intermediary
- Wealth Management

By region*



- UK
- Continental Europe, Middle East & Africa
- Asia Pacific
- Americas

By product



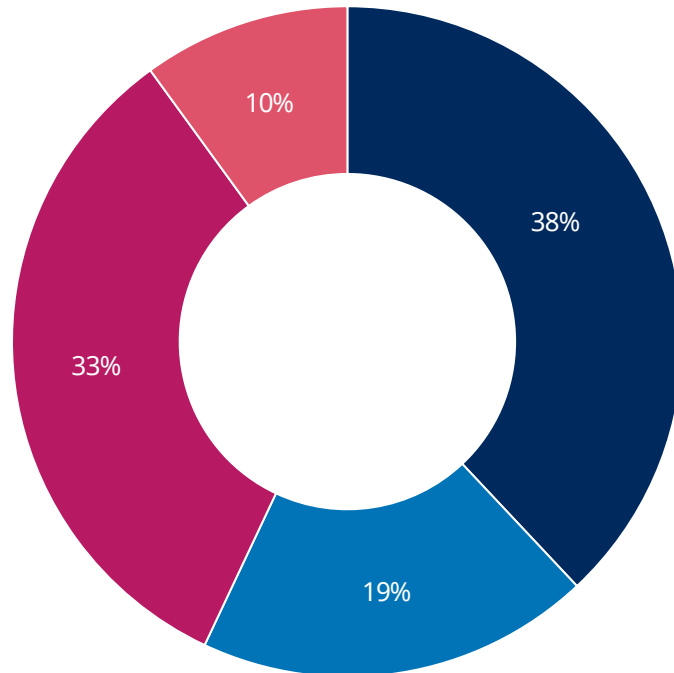
- Equities
- Fixed Income
- Multi-asset
- Private Assets & Alternatives
- Wealth Management

* By client domicile.

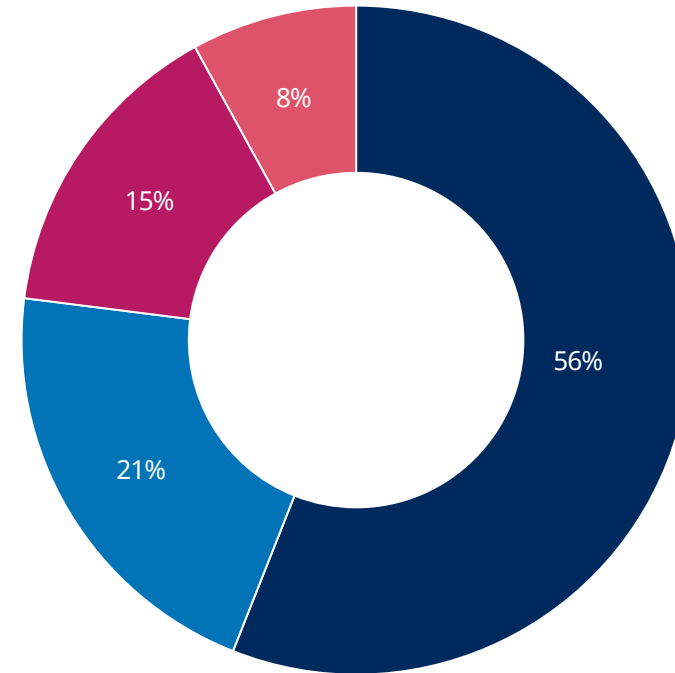
Asset Management AUM by channel and product

Assets under management £389.3 billion

Institutional AUM £257.2bn



Intermediary AUM £132.1bn

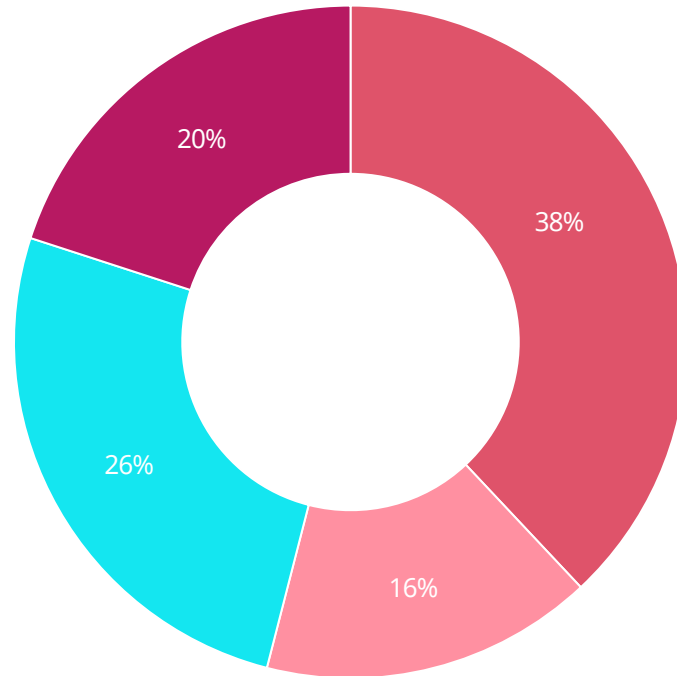


■ Equities ■ Fixed Income ■ Multi-asset ■ Private Assets & Alternatives

Asset Management AUM by channel and region*

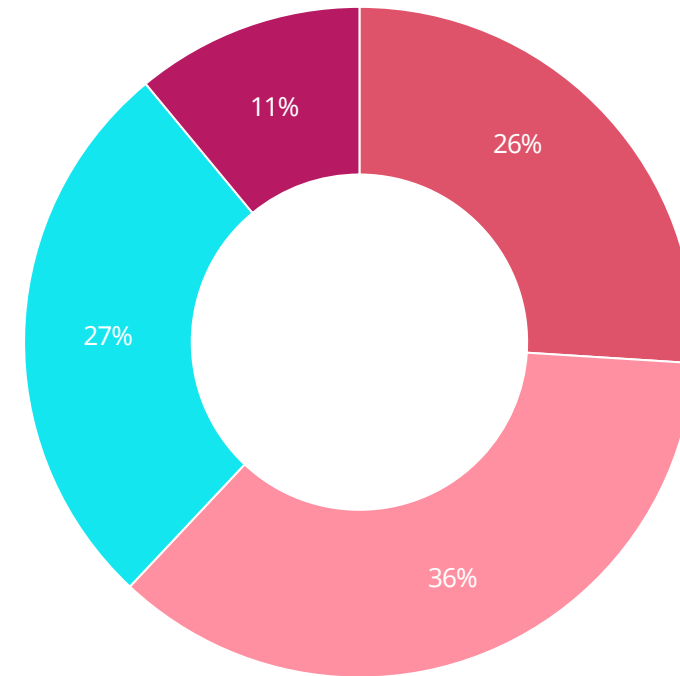
Assets under management £389.3 billion

Institutional AUM £257.2bn



■ UK ■ Continental Europe, Middle East & Africa

Intermediary AUM £132.1bn



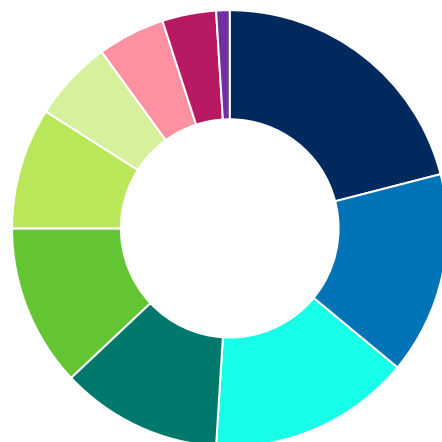
■ Asia Pacific ■ Americas

* By client domicile.

Asset Management AUM – detailed asset class analysis

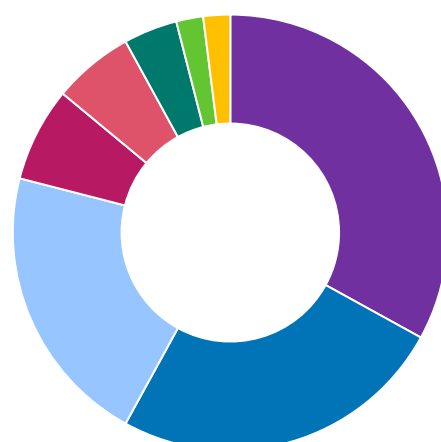
Assets under management £389.3 billion

Equities £173.1bn



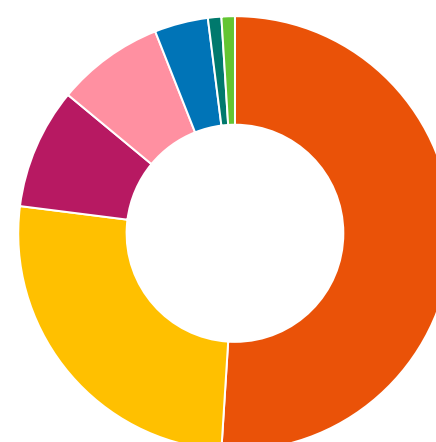
■ Asia Pacific	21%
■ Global	15%
■ Emerging markets	15%
■ Quantitative equities	12%
■ Europe	12%
■ UK	9%
■ Japan	6%
■ US	5%
■ Australia	4%
■ Other	1%

Fixed Income £76.2bn



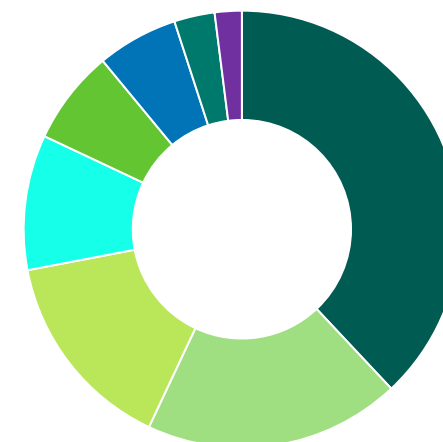
■ US	33%
■ Europe	25%
■ Global	21%
■ Asia Pacific	7%
■ UK	6%
■ Australia	4%
■ Convertibles	2%
■ Emerging market bonds	2%

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

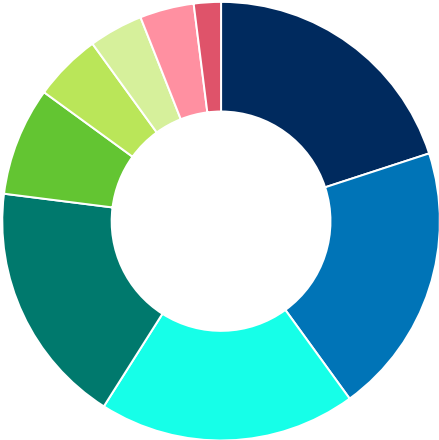


■ Real estate	38%
■ Private equity	19%
■ Securitised credit	15%
■ GAIA	10%
■ Emerging market debt	7%
■ Insurance-linked	6%
■ Infrastructure finance	3%
■ Commodities	2%

Institutional AUM – detailed asset class analysis

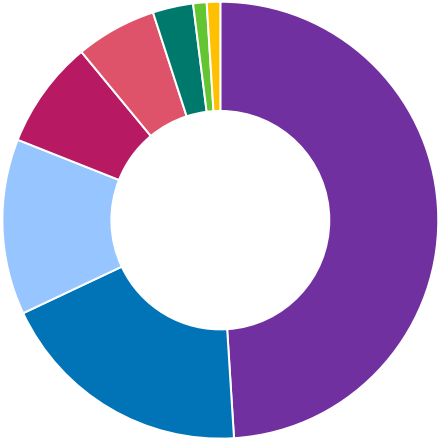
Assets under management £257.2 billion

Equities £99.8bn



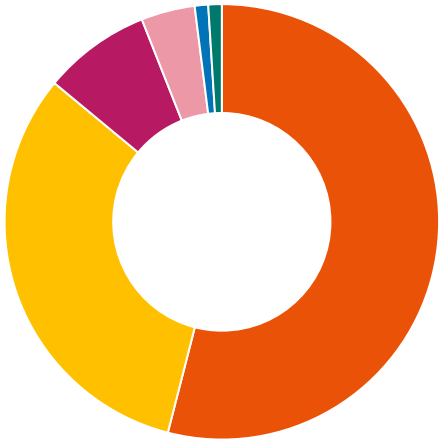
■ Global	20%
■ Emerging markets	20%
■ Asia Pacific	19%
■ Quantitative equities	18%
■ Europe	8%
■ UK	5%
■ Australia	4%
■ Japan	4%
■ US	2%

Fixed Income £47.9bn



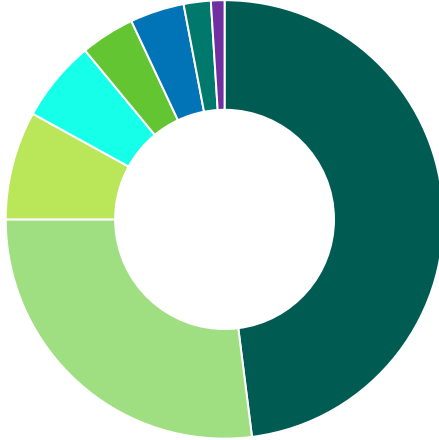
■ US	49%
■ Global	19%
■ Europe	13%
■ UK	8%
■ Asia Pacific	6%
■ Australia	3%
■ Emerging market bonds	1%
■ Convertibles	1%

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

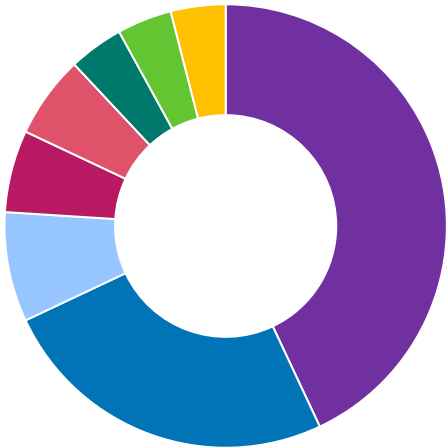
Assets under management £132.1 billion

Equities £73.3bn



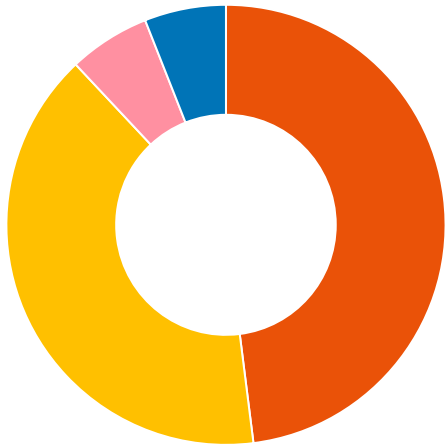
■ Asia Pacific	24%
■ Europe	16%
■ UK	13%
■ Japan	10%
■ US	9%
■ Emerging markets	9%
■ Global	8%
■ Quantitative equities	5%
■ Australia	3%
■ Other	3%

Fixed Income £28.3bn



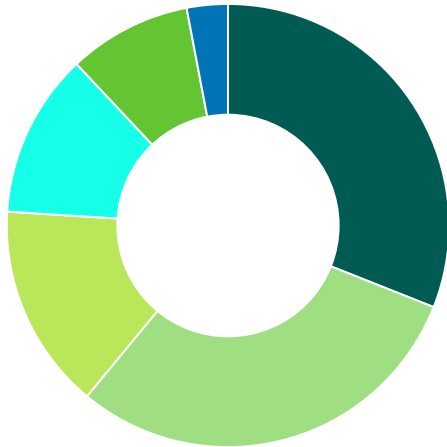
■ Europe	43%
■ Global	25%
■ Asia Pacific	8%
■ Australia	6%
■ US	6%
■ Convertibles	4%
■ UK	4%
■ Emerging market bonds	4%

Multi-asset £20.3bn



■ Income	48%
■ Risk controlled growth	40%
■ Inflation protection	6%
■ Risk mitigation	6%

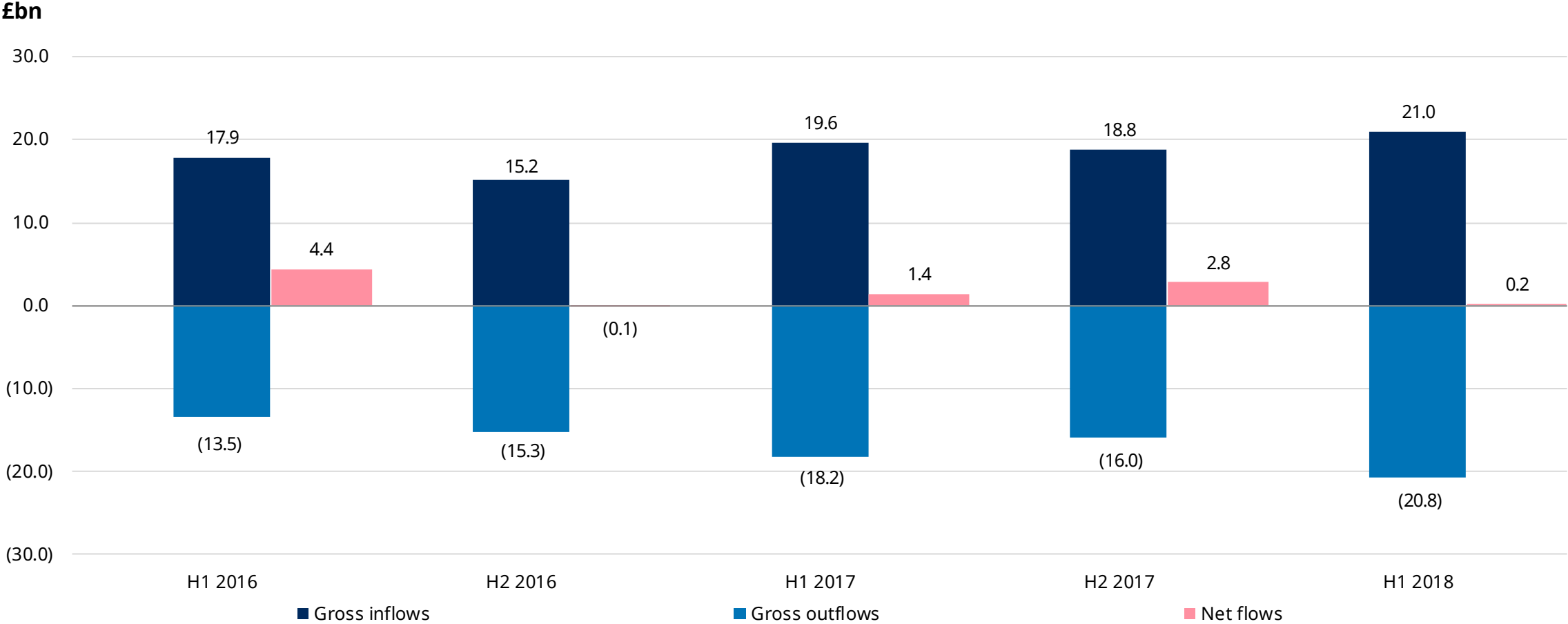
Private Assets & Alternatives £10.2bn



■ GAIA	31%
■ Securitised credit	30%
■ Real estate	15%
■ Emerging market debt	12%
■ Insurance-linked	9%
■ Commodities	3%

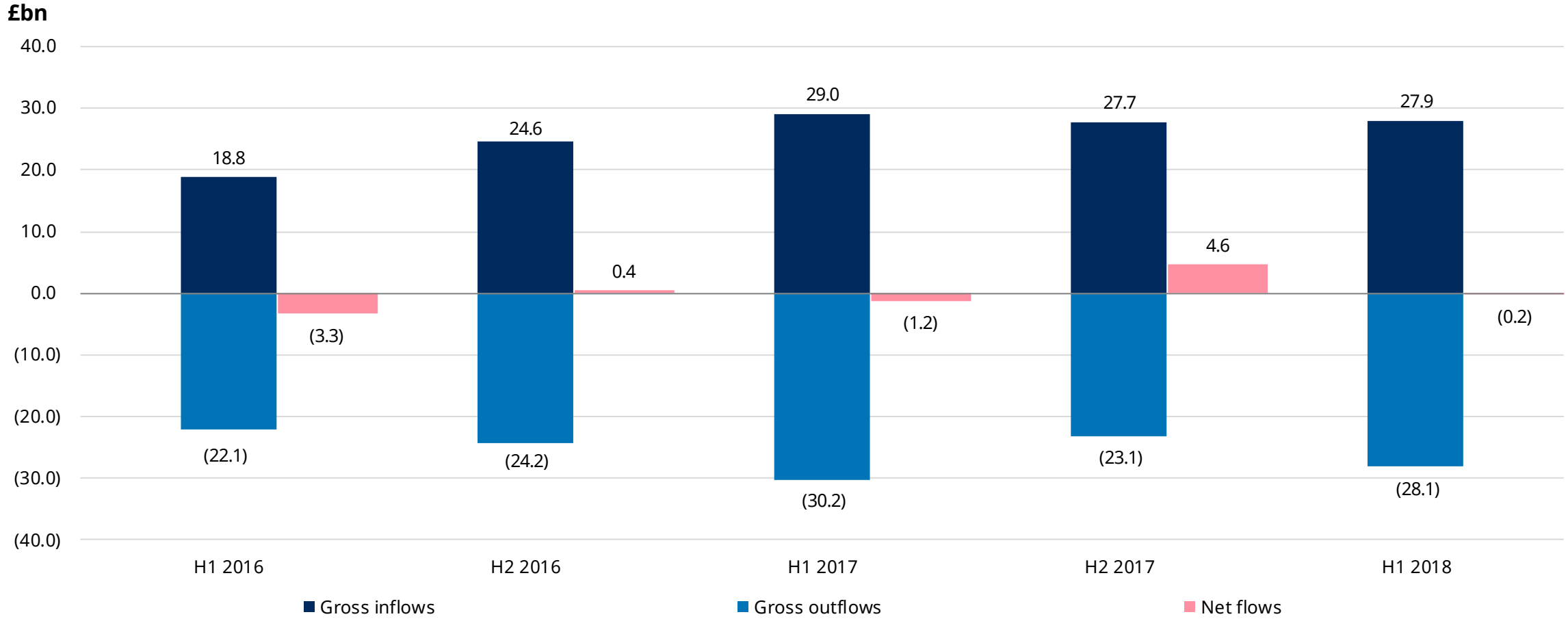
Institutional – AUM flows

Assets under management £257.2 billion



Intermediary – AUM flows

Assets under management £132.1 billion



Net operating revenue and margins – Asset Management

Asset Management net operating revenue £911.1 million

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

* Excludes exceptional items.

Income statement progression

Asset Management profit before tax

£m	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
<i>Institutional</i>	316.1	376.4	372.8	441.2	432.5
<i>Intermediary</i>	371.7	425.3	436.5	492.8	478.6
Net operating revenue	687.8	801.7	809.3	934.0	911.1
Net gains/(losses) on financial instruments and other income	12.6	15.6	(1.3)	(4.9)	1.5
Share of profit of associates and joint ventures	8.5	8.2	12.0	8.8	8.9
Net income	708.9	825.5	820.0	937.9	921.5
Operating expenses	(451.3)	(510.7)	(509.4)	(542.6)	(574.1)
Asset Management profit before exceptional items	257.6	314.8	310.6	395.3	347.4
Exceptional items	(8.5)	(10.0)	(9.6)	(7.6)	(15.2)
Asset Management profit after exceptional items	249.1	304.8	301.0	387.7	332.2

Income statement progression

Wealth Management profit before tax

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

Income statement progression

Group segment profit/(loss) before tax

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

* Comprises RWC Partners Limited and Schroder Ventures Investments Limited associates.

Cost and return metrics

Total Schroders Group costs

	2017	H1 2017	H1 2018
Total compensation ratio*	43%	44.0%	43.5%
Headcount	4,619	4,299	4,861
Total costs (£m)*	1,268.6	612.9	689.0
Ratio of total costs to net income*	61%	63%	63%

Total compensation ratio

= compensation costs divided by net income**

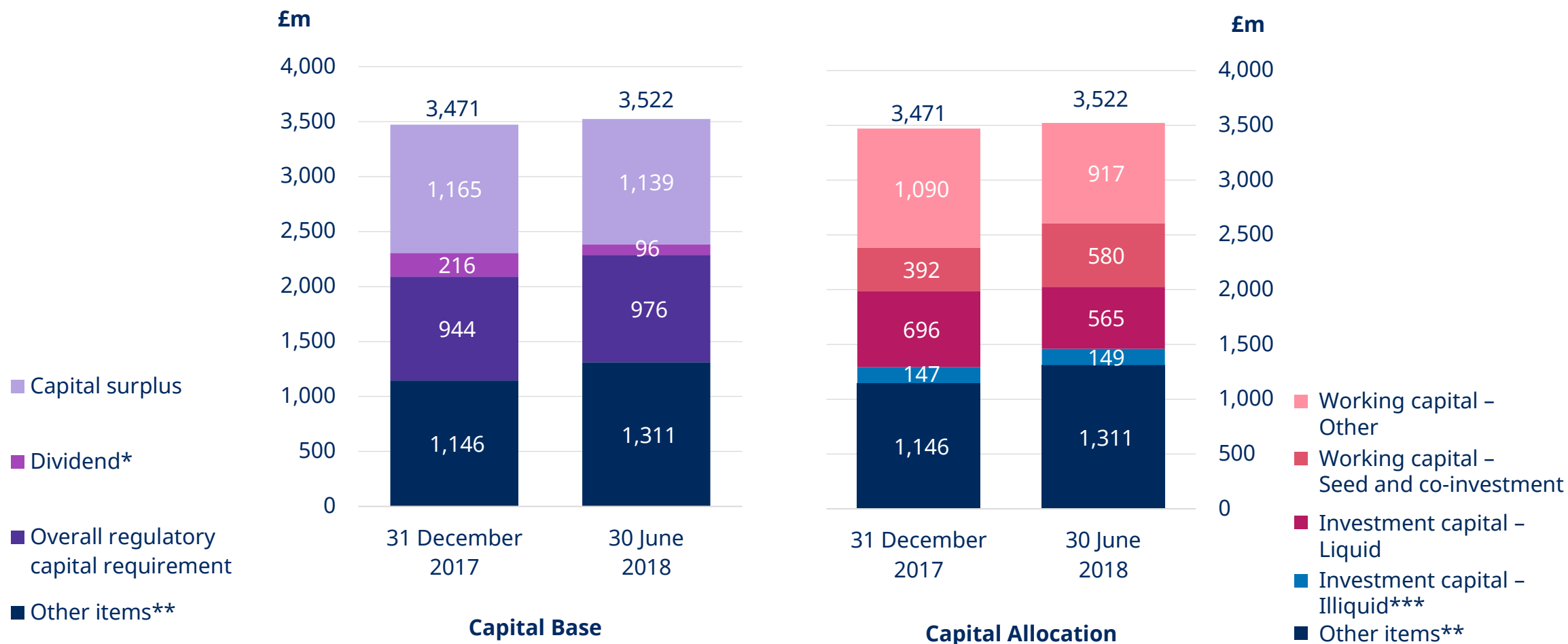
Ratio of total costs to net income

= costs divided by net income

* Excludes exceptional items.

** Costs and income are subject to adjustments by the remuneration committee.

Group Capital



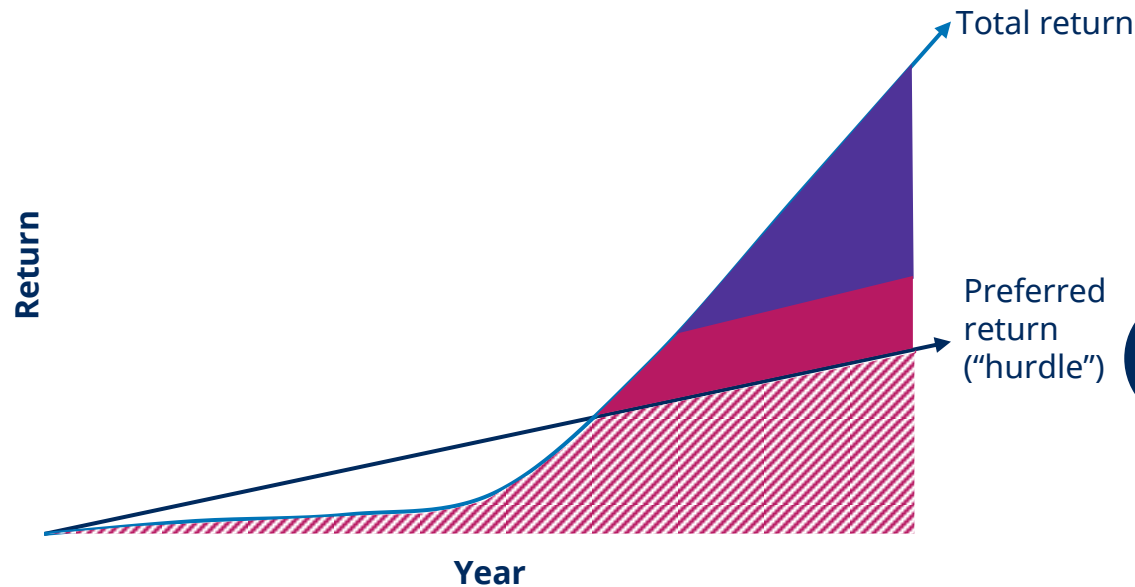
* 2017 final dividend / 2018 interim dividend proposed.

** 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



▨ Investor return

■ Catch-up phase

■ Shared return

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.