

Press Release

Schroders plc

Half-year results to 30 June 2021 (unaudited) 29 July 2021

- We delivered strong results with profit before tax and exceptional items of £407.5 million in the first six months of 2021.
- Client investment performance¹ remained strong with 87% of assets outperforming their relevant comparator over one year, 75% over three years and 82% over five years, demonstrating the value of our active investment management approach.
- We generated net new business of £17.9 billion, as assets under management increased 6% to a new high of £700.4 billion. Excluding joint ventures and associates, we generated net new business of £10.5 billion and assets under management reached £602.4 billion.
- Given the strong performance of the business, the Board has recommended an interim dividend of 37 pence per share, which represents a 6% increase.

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Change	Year ended 31 December 2020 £m
Net income	1,244.5	1,003.9	+24%	2,179.2
Operating expenses	(837.0)	(697.7)	+20%	(1,476.9)
Profit before tax and exceptional items	407.5	306.2	+33%	702.3
Profit before tax	373.9	280.1	+33%	610.5
Profit after tax	304.6	222.7	+37%	486.0
Basic earnings per share before exceptional items (pence)	118.5	85.8	+38%	200.8
Basic earnings per share (pence)	107.7	78.7	+37%	172.4
Dividend per share (pence)	37.0	35.0	+6%	114.0

Peter Harrison, Group Chief Executive, commented:

"The business performed strongly during the first half of the year, delivering a 33% increase in profits. These results reflect the benefit of our organic growth initiatives, strong investment performance and our leadership position in sustainability."

Assets under management reached a new high of £700 billion underpinned by demand for our higher margin equity focused mutual funds, especially from clients in the US and Continental Europe. Our investment teams delivered excellent investment performance for our clients again with 82% of assets outperforming over five years. Providing our clients around the globe with investment solutions that meet their needs remains central to success."

Markets have benefitted from a combination of low interest rates, quantitative easing and a belief that inflationary pressures are transitory. If these pressures persist, or indeed the recovery in economic growth disappoints, we would expect increased market volatility. We are confident our business will continue to generate value for our clients, shareholders and wider stakeholders."

¹ Please refer to page 6 for more information about client investment performance.

Management statement

Our continued strong investment performance and established client relationships have enabled us to deliver strong results in the first half of 2021. Profit before tax and exceptional items increased 33% to £407.5 million (H1 2020: £306.2 million). The breadth and depth of our product range allowed us to take advantage of greater investor risk appetite, particularly in Europe and the US, as demand for mutual funds and higher margin equity products increased.

We have continued to deliver excellent investment performance for our clients. Over one, three and five years 87%, 75% and 82% of assets respectively outperformed their relevant comparator. In the performance sensitive areas of equities and fixed income, 84% and 97% of assets outperformed over one year².

Our leadership position in sustainability and strong investment performance contributed to positive client inflows of £17.9 billion in the first half of 2021. This was led by continued client demand for Mutual Funds, with net new business of £6.4 billion, and private asset products with Schroders Capital generating £2.9 billion of net new business, as well as continued momentum across our joint ventures and associates, which contributed £7.4 billion of net inflows.

Carbon neutrality is a business imperative. That is why we have set ourselves a target to achieve a net zero outcome and ask the same of the companies in which we invest. Climate solutions is an area where we can demonstrate our continued leadership position in sustainability and impact and respond to what our clients are asking for. Most recently we have invested in Natural Capital Research, a data-led science-based organisation whose innovative mapping tool identifies natural capital assets, such as land and forestry, that can be used most effectively to offset carbon. Through this partnership we will strengthen our solutions approach for our clients and support them as they seek to progress on their sustainability journeys and pursue net zero portfolios. At the same time, we are working towards having the majority of the assets in our main Continental European fund range managed within either "Article 8" or "Article 9" funds under the EU's Sustainable Finance Disclosure Regulation (SFDR) later this year.

Our strategy of delivering growth through building closer relationships with our end-clients in Wealth Management, expanding our capabilities in Private Assets and growing our Asset Management business through geographical expansion, strategic partnerships and leadership in sustainable investing remains unchanged. We remain committed to delivering against it. We have also continued to invest in organic growth initiatives in China and North America, as well as to build out our UK regional wealth capabilities.

The Group's assets under management including joint ventures and associates rose by 6% and closed the period at a new high of £700.4 billion (FY 2020: £663.0 billion). Excluding joint ventures and associates, our assets under management increased by 5%, reaching £602.4 billion, despite an FX headwind (£9.0 billion) but supported by positive investment returns (£26.5 billion).

Net operating revenues before exceptional items were 18% higher than the previous period at £1,149.7 million (H1 2020: £971.6 million) driven by higher average assets under management of £585.3 billion (H1 2020: £501.2 billion) and the demand for higher margin products such as equity mutual funds and private assets.

Joint ventures and associates contributed £43.4 million in the first half of the year (H1 2020: £27.6 million). The Group also generated good returns from its balance sheet activities and co-investments with net gains on financial instruments and other income of £51.4 million (H1 2020: £4.7 million). As a result, net income increased by 24% to £1,244.5 million (H1 2020: £1,003.9 million).

Total operating costs before exceptional items were £837.0 million (HY 2020: £697.7 million), representing a total cost to net income ratio of 67% (H1 2020: 70%). Non-compensation costs were broadly flat at £264.8 million (H1 2020: £247.5 million).

² A year-on-year comparison is available on page 6.

Asset Management

Asset Management net income before exceptional items increased 23% to £1,024.1 million (H1 2020: £835.6 million). The segment benefitted from the continued strong performance of our joint ventures and associates which contributed £37.9 million (H1 2020: £19.8 million). Profit before tax and exceptional items was £334.5 million (H1 2020: £260.3 million). Profit before tax but after exceptional items was £319.6 million (H1 2020: £253.2 million).

Private Assets & Alternatives

The positive momentum of our Private Assets & Alternatives business area continued into the first half of 2021. Despite the headwind from strengthening sterling, positive flow momentum and investment performance supported good growth in assets under management, which closed the period at £48.2 billion (FY 2020: £46.1 billion). Schroders Capital, the new brand of our private markets business, generated net new business of £2.9 billion with a further £2.7 billion of capital commitments not yet recognised in assets under management. Alternatives ended the period with net outflows of £0.4 billion. The net operating revenue margin excluding performance fees and carried interest was 61 basis points (FY 2020: 63 basis points). Including performance fees and carried interest, the net operating revenue margin was 67 basis points (FY 2020: 65 basis points).

Solutions

Assets under management ended the period at £193.6 billion (FY 2020: £192.3 billion), representing a small increase from the year end. The net operating revenue margin excluding performance fees decreased to 14 basis points (FY 2020: 15 basis points) due to the full year effect of the latest tranches of the Lloyds mandate, which funded in the first half of 2020. The Solutions business experienced net outflows in the first half of the year of £0.4 billion (H1 2020: £42.7 billion inflows), driven by the expected run-off from the Scottish Widows mandates.

Mutual Funds

The first half of the year was characterised by particularly strong demand for our Mutual Fund product suite, with net inflows of £6.4 billion (H1 2020: net outflows of £4.8 billion). Demand was particularly high for our thematic equity products from Continental European clients and for the Hartford Schroders fund range from US-based clients. Assets under management in Mutual Funds at 30 June 2021 were £114.8 billion (FY 2020: £104.2 billion), representing an increase of 10% over the period. The demand for higher margin equity products mitigated industry fee pressures and led to net operating revenue margin excluding performance fees increasing to 74 basis points (FY 2020: 71 basis points).

Institutional

The Institutional business benefitted from improving investor appetite and saw net inflows of £1.0 billion (H1 2020: net outflows of £0.7 billion), as outflows from APAC-based clients were offset by inflows from US-based clients into Fixed Income products. Institutional assets under management increased by 6%, reaching £169.5 billion (FY 2020: £159.8 billion). The net operating revenue margin excluding performance fees remained flat at 31 basis points (FY 2020: 31 basis points).

Asset management joint ventures and associates

Our asset management joint ventures and associates contributed £37.9 million (H1 2020: £19.8 million) to the Group's net income during the first half of the year.

Our existing BOCOM Schroders associate in China continued to perform strongly. Our 30% share of profits nearly doubled, reaching £32.6 million (H1 2020: £16.9 million). The move towards higher margin equity products contributed to our share of net operating revenue increasing to £46.6 million in the first half of 2021 (H1 2020: £29.9 million).

Revenues from our partnership with Axis in India, of which we own 25%, increased by 37% versus the first half of last year. As a result, our share of profit after tax increased to £4.1 million (H1 2020: £2.6 million).

Wealth Management

We continued to see good momentum across the Wealth Management business, with good revenue growth and continued client demand in the first half of 2021.

Net income increased 15% to £214.9 million (H1 2020: £187.6 million), principally driven by higher management fees. Profit before tax and exceptional items was up 10% at £66.5 million (H1 2020: £60.3 million).

Client demand for our Wealth offering remained good as we generated net new business of £1.0 billion in the first half of the year (H1 2020: £1.3 billion). Of this, £0.6 billion of net inflows were from Schroders Wealth clients and £0.3 billion were through Benchmark Capital. Schroders Personal Wealth gained momentum in the first half of the year and saw net inflows of £0.1 billion, as the level of client referrals continued to increase.

Total assets under management in Wealth Management ended the period at £76.3 billion (FY 2020: £72.0 billion). The net operating revenue margin before performance fees remained flat at 56 basis points (FY 2020: 56 basis points).

Group

The Group segment generated profit before tax and exceptional items of £7.7 million, £21.3 million higher than the prior year (H1 2020: loss of £13.6 million), driven by higher returns on investment capital.

Dividend

Reflecting the Group's strong capital position and financial performance, the Board has declared an interim dividend of 37.0 pence per share (H1 2020: 35.0 pence per share). The dividend will be paid on 23 September 2021 to shareholders on the register at 20 August 2021.

Outlook

The strong performance we have delivered in the first half of the year benefitted from the organic investments we have made and the net new business momentum we have generated in higher margin areas. We are mindful that markets have benefitted from a combination of low interest rates, quantitative easing and a belief that inflation is transitory. If inflationary pressures persist, or indeed the recovery in economic growth disappoints, we would expect increased market volatility, with an inevitable impact on our business.

Given our leadership position in sustainability combined with our strong investment performance and brand, we are well positioned to service clients around the world with the investment solutions they need. We continue to see long-term growth opportunities. We are confident our business will continue to generate value for our clients, shareholders and wider stakeholders.

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Copies of this announcement are available on the Schroders website: www.schroders.com. Peter Harrison, Group Chief Executive, and Richard Keers, Chief Financial Officer, will host a webcast for the investment community to discuss the Group's Half-year results at 9.00 a.m. GMT on Thursday, 29 July 2021. Once registered on <https://www.schrodersevents.com/hyr2021> a link to the Zoom call will be shared via email. A replay will be available from midday on Thursday, 29 July 2021 at <https://www.schroders.com/en/investor-relations/>.

Please visit <https://www.schroders.com/en/investor-relations/> to learn how we handle personal data.

Forward-looking statements

This announcement and the Schroders website may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'believes', 'expects', 'aims', 'confident', 'will have', 'will be', 'will ensure', 'likely', 'estimates' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this announcement or in the Annual Report and Accounts or on the Schroders website should be construed as a forecast, estimate or projection of future financial performance.

Additional information

Assets under management (AUM)

As at 30 June 2021

£bn	Private Assets & Alternatives	Solutions	Mutual Funds	Institutional	Asset Management	Wealth Management	Total excl. JVs & Associates	JVs & Associates	Group total
31 December 2020	46.1	192.3	104.2	159.8	502.4	72.0	574.4	88.6	663.0
Gross inflows	5.6	9.4	27.8	14.6	57.4	4.7	62.1	82.7	144.8
Gross outflows	(3.1)	(9.8)	(21.4)	(13.6)	(47.9)	(3.7)	(51.6)	(75.3)	(126.9)
Net flows	2.5	(0.4)	6.4	1.0	9.5	1.0	10.5	7.4	17.9
Acquisitions	-	-	-	-	-	-	-	0.1	0.1
Investment returns ¹	(0.4)	1.7	4.2	8.7	14.2	3.3	17.5	1.9	19.4
30 June 2021	48.2	193.6	114.8	169.5	526.1	76.3	602.4	98.0	700.4

¹ Includes currency movements which decreased AUM by £9.4 billion.

Client investment performance

Client investment performance is a measure of how investments are performing relative to a benchmark or other comparator. It is calculated internally by Schroders to give shareholders and financial analysts general guidance on how our invested assets are performing. The data is aggregated and is intended to provide information for comparison to prior reporting periods only. It is not intended for clients or potential clients investing in our products. All calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is a net of fees competitor ranking. When a product's investment performance is disclosed in product or client documentation it is specific to the strategy or product. Performance will either be shown net of fees at the relevant fund share-class level or it will be shown gross of fees with a fee schedule for the strategy supplied.

	Percentage of assets outperforming		
	One year	Three years	Five years
To 30 June 2021	87%	75%	82%
To 31 December 2020	75%	72%	81%
To 31 December 2019*	70%	70%	72%

* Restated to include additional Solutions and Wealth Management assets.

The calculation includes virtually all applicable assets under management that have a complete track record over the one year, three years and five years reporting periods, respectively. Where performance figures are stated to 31 December 2019 they have been restated to include Wealth Management and Solutions assets in line with the five business areas aligned to our strategic priorities.

Applicable assets under management does not include our joint ventures and associates and excludes £44.2 billion of assets, principally comprising those managed by third parties or held on an execution-only basis, hotel assets managed by Algonquin, as well as Wealth Management assets held on a custody-only or advisory basis.

Performance is calculated relative to the relevant comparator for each investment strategy as summarised below. These fall into one of four categories, the percentages for each of which refer to the three year calculation:

- For 74% of assets included in the calculation, the comparator is the relevant benchmark.
- If the relevant comparator is to competitor rankings, the relative position of the fund to its peer group on a like-for-like basis is used to calculate performance. This applies to 10% of assets in the calculation.
- Assets for which the relevant comparator is an absolute return target are measured against that absolute target. This applies to 9% of assets in the calculation.
- Assets with no specific outperformance objective, including those with a buy and maintain objective, that are measured against a cash alternative, if applicable. This applies to 7% of assets in the calculation.

Consolidated income statement

	Notes	30 June 2021 (unaudited)			30 June 2020 (unaudited)		
		Before exceptional items £m	Exceptional items ² £m	Total £m	Before exceptional items £m	Exceptional items ² £m	Total £m
Six months ended							
Revenue	3	1,418.5	-	1,418.5	1,190.7	-	1,190.7
Cost of sales	3	(268.8)	-	(268.8)	(219.1)	-	(219.1)
Net operating revenue		1,149.7	-	1,149.7	971.6	-	971.6
Net gain on financial instruments and other income	4	51.4	(5.9)	45.5	4.7	5.6	10.3
Share of profit of associates and joint ventures	10	43.4	(5.4)	38.0	27.6	(6.5)	21.1
Net income		1,244.5	(11.3)	1,233.2	1,003.9	(0.9)	1,003.0
Operating expenses	5	(837.0)	(22.3)	(859.3)	(697.7)	(25.2)	(722.9)
Profit before tax		407.5	(33.6)	373.9	306.2	(26.1)	280.1
Tax	6	(71.3)	2.0	(69.3)	(61.3)	3.9	(57.4)
Profit after tax¹		336.2	(31.6)	304.6	244.9	(22.2)	222.7
Earnings per share							
Basic	7	118.5p	(10.8)p	107.7p	85.8p	(7.1)p	78.7p
Diluted	7	116.6p	(10.6)p	106.0p	84.4p	(6.9)p	77.5p

¹ Non-controlling interest is presented in the Consolidated statement of changes in equity.

² Please refer to notes 2 and 3 for a definition and further details of exceptional items.

Consolidated statement of comprehensive income

Six months ended	Notes	30 June 2021 (unaudited) £m	30 June 2020 (unaudited) £m
Profit after tax¹		304.6	222.7
Items that may or have been reclassified to the income statement:			
Net exchange differences on translation of foreign operations after hedging		(43.4)	95.9
Net (loss)/gain on financial assets at fair value through other comprehensive income	4	(0.9)	0.8
Tax on items taken directly to other comprehensive income	6	0.2	(1.5)
		(44.1)	95.2
Items that will not be reclassified to the income statement:			
Net actuarial (loss)/gain on defined benefit pension schemes	12	(0.4)	5.3
Tax on items taken directly to other comprehensive income	6	0.1	(0.6)
		(0.3)	4.7
Other comprehensive income for the year, net of tax¹		(44.4)	99.9
Total comprehensive income for the year¹		260.2	322.6

¹ Non-controlling interest is presented in the Consolidated statement of changes in equity.

Consolidated statement of financial position

	Notes	30 June 2021 (unaudited) £m	31 December 2020 (audited) £m
Assets			
Cash and cash equivalents		3,690.0	3,469.6
Trade and other receivables	9	1,071.8	840.3
Financial assets	9	2,788.8	2,871.8
Associates and joint ventures	10	420.7	405.2
Property, plant and equipment		566.2	590.9
Goodwill and intangible assets	11	1,168.2	1,208.0
Deferred tax		37.4	32.9
Retirement benefit scheme surplus	12	168.9	168.2
		9,912.0	9,586.9
Assets backing unit-linked liabilities			
Cash and cash equivalents		712.4	746.3
Financial assets		11,994.0	11,339.9
	9	12,706.4	12,086.2
Total assets		22,618.4	21,673.1
Liabilities			
Trade and other payables	9	1,203.7	927.7
Financial liabilities	9	4,158.8	4,085.2
Lease liabilities		378.7	397.2
Current tax		62.4	21.5
Provisions		26.4	26.4
Deferred tax		3.0	31.5
Retirement benefit scheme deficits		11.0	11.5
		5,844.0	5,501.0
Unit-linked liabilities	9	12,706.4	12,086.2
Total liabilities		18,550.4	17,587.2
Net assets		4,068.0	4,085.9
Total equity¹		4,068.0	4,085.9

¹ Non-controlling interest is presented in the Consolidated statement of changes in equity.

Consolidated statement of changes in equity

		Attributable to owners of the parent								
		Share capital	Share premium	Own shares	Net exchange differences reserve	Associates and joint ventures reserve	Profit and loss reserve	Total	Non-controlling interest	Total equity
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Six months ended 30 June 2021 (unaudited)	Notes									
At 1 January 2021		282.5	124.2	(159.8)	165.6	133.6	3,456.7	4,002.8	83.1	4,085.9
Profit for the period		-	-	-	-	38.0	260.5	298.5	6.1	304.6
Other comprehensive income ¹		-	-	-	(42.9)	-	(1.0)	(43.9)	(0.5)	(44.4)
Total comprehensive income for the period		-	-	-	(42.9)	38.0	259.5	254.6	5.6	260.2
Own shares purchased	14	-	-	(65.5)	-	-	-	(65.5)	-	(65.5)
Share-based payments		-	-	-	-	-	30.1	30.1	-	30.1
Tax in respect of share schemes	6	-	-	-	-	-	1.7	1.7	-	1.7
Other movements ²		-	-	-	-	-	(25.5)	(25.5)	(1.6)	(27.1)
Dividends	8	-	-	-	-	-	(217.3)	(217.3)	-	(217.3)
Transactions with shareholders		-	-	(65.5)	-	-	(211.0)	(276.5)	(1.6)	(278.1)
Transfers		-	-	58.7	-	(27.1)	(31.6)	-	-	-
At 30 June 2021		282.5	124.2	(166.6)	122.7	144.5	3,473.6	3,980.9	87.1	4,068.0

¹ Other comprehensive income reported in the net exchange differences reserve comprises the net foreign exchange loss on the translation of foreign operations net of hedging. Other comprehensive income reported in the profit and loss reserve comprises the post-tax actuarial loss on the Group's retirement benefit scheme surplus and post-tax fair value movements on financial assets at fair value through other comprehensive income.

² Other movements include amounts relating to the purchase of additional interests in subsidiaries.

Consolidated statement of changes in equity

	Notes	Attributable to owners of the parent								Total equity £m
		Share capital £m	Share premium £m	Own shares £m	Net exchange differences reserve £m	Associates and joint ventures reserve £m	Profit and loss reserve £m	Total £m	Non-controlling interest £m	
Six months ended 30 June 2020 (unaudited)										
At 1 January 2020		282.5	124.2	(169.1)	128.4	106.1	3,308.8	3,780.9	66.6	3,847.5
Profit for the period		-	-	-	-	21.1	196.5	217.6	5.1	222.7
Other comprehensive income ¹		-	-	-	95.1	-	4.0	99.1	0.8	99.9
Total comprehensive income for the period		-	-	-	95.1	21.1	200.5	316.7	5.9	322.6
Own shares purchased	14	-	-	(55.5)	-	-	-	(55.5)	-	(55.5)
Share-based payments		-	-	-	-	-	26.4	26.4	-	26.4
Tax in respect of share schemes	6	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Other movements		-	-	-	-	0.1	-	0.1	(1.0)	(0.9)
Dividends	8	-	-	-	-	-	(216.0)	(216.0)	(0.1)	(216.1)
Transactions with shareholders		-	-	(55.5)	-	0.1	(189.9)	(245.3)	(1.1)	(246.4)
Transfers		-	-	56.5	-	(14.7)	(41.8)	-	-	-
At 30 June 2020		282.5	124.2	(168.1)	223.5	112.6	3,277.6	3,852.3	71.4	3,923.7

¹ Other comprehensive income reported in the net exchange differences reserve comprises the net foreign exchange gain on the translation of foreign operations net of hedging. Other comprehensive income reported in the profit and loss reserve comprises the post-tax actuarial gain on the Group's retirement benefit scheme surplus and post-tax fair value movements on financial assets at fair value through other comprehensive income.

Consolidated cash flow statement

	Notes	Six months ended 30 June 2021 (unaudited) £m	Six months ended 30 June 2020 (unaudited) £m
Net cash from operating activities	15	392.6	638.4
Cash flows from investing activities			
Net (acquisition)/disposal of businesses, associates and joint ventures		(16.1)	27.5
Net acquisition of property, plant and equipment and intangible assets		(37.1)	(41.7)
Acquisition of financial assets		(821.4)	(828.3)
Disposal of financial assets		1,041.6	1,140.5
Non-banking interest received		4.2	8.8
Distributions received from associates and joint ventures		0.8	-
Net cash from investing activities		172.0	306.8
Cash flows from financing activities			
Purchase of subsidiary shares		(30.1)	-
Lease payments		(24.8)	(18.2)
Acquisition of own shares	14	(65.5)	(55.5)
Dividends paid	8	(217.3)	(216.1)
Other flows		(0.3)	(0.3)
Net cash used in financing activities		(338.0)	(290.1)
Net increase in cash and cash equivalents		226.6	655.1
Opening cash and cash equivalents		4,215.9	3,632.9
Net increase in cash and cash equivalents		226.6	655.1
Effect of exchange rate changes		(40.1)	60.1
Closing cash and cash equivalents		4,402.4	4,348.1
Closing cash and cash equivalents consists of:			
Cash and cash equivalents available for use by the Group		3,606.7	3,473.8
Cash held in consolidated pooled investment vehicles		83.3	51.2
Cash and cash equivalents presented within assets		3,690.0	3,525.0
Cash and cash equivalents presented within assets backing unit-linked liabilities		712.4	823.1
Closing cash and cash equivalents		4,402.4	4,348.1

Explanatory notes to the financial statements

1. Presentation of the financial statements

(a) Basis of preparation

The condensed consolidated financial statements for the half year ended 30 June 2021 (the Half-year financial statements) have been prepared in accordance with UK adopted International Accounting Standard 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The Half-year financial statements should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2020. The Group's accounting policies, areas of significant judgement and the key sources of estimation uncertainty are consistent with those applied to the consolidated financial statements as at, and for, the year ended 31 December 2020.

The 2020 annual financial statements of the Group were prepared in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union. The 2021 annual financial statements will be prepared in accordance with UK adopted IFRS.

The Half-year financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the Act). Within the notes to the Half-year financial statements, all current and comparative data covering periods to (or as at) 30 June is unaudited. Data given in respect of the year ended 31 December 2020 is audited. The statutory accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not contain a statement made under Section 498 of the Act.

(b) Future accounting developments

The Group did not implement the requirements of any Standards or Interpretations that were in issue but were not required to be adopted by the Group at the half year. No other Standards or Interpretations have been issued that are expected to have an impact on the Group's Half-year financial statements.

(c) Going concern

The Group has considerable financial resources, a broad range of products and a geographically diversified business. As a consequence, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for twelve months from the date the Half-year results is approved. They therefore continue to adopt the going concern basis in preparing these Half-year financial statements.

2. Exceptional items

Exceptional items are significant items of income and expenditure that have been separately presented by virtue of their nature to enable a better understanding of the Group's financial performance. Exceptional items principally relate to items arising from acquisitions (including associates and joint ventures) undertaken by the Group, including amortisation of acquired intangible assets.

3. Segmental reporting

(a) Operating segments

The Group has three segments: Asset Management, Wealth Management and the Group segment. The Asset Management segment principally comprises investment management including advisory services in respect of equity, fixed income, multi-asset solutions and private assets and alternatives products. The Wealth Management segment principally comprises investment management, wealth planning and financial advice, platform services and banking services. The Group segment principally comprises the Group's investment capital and treasury management activities, corporate development and strategy activities and the management costs associated with governance and corporate management.

Segmental information is presented on the same basis as that provided for internal reporting purposes to the Group's chief operating decision maker, the Group Chief Executive. The Wealth Management segment includes the Group's proportional share of the income and expenses of its 49.9% interest in Schroders Personal Wealth (SPW) on an individual account line basis. This reflects the basis on which the Group monitors the performance of the business. The adjustment column re-presents the results of SPW on a post-tax basis within share of profit of associates and joint ventures in accordance with the accounting standards.

Operating expenses includes an allocation of costs between the individual segments on a basis that aligns the charge with the resources employed by the Group in respect of business functions. This allocation provides management with the relevant information as to the business performance to effectively manage and control expenditure.

Half-year financial statements

3. Segmental reporting (continued)

	Asset Management	Wealth Management	Group	Segmental total	Adjustments	Group total
Six months ended 30 June 2021	£m	£m	£m	£m	£m	£m
Revenue	1,234.5	219.8	-	1,454.3	(35.8)	1,418.5
Cost of sales	(260.3)	(15.5)	-	(275.8)	7.0	(268.8)
Net operating revenue	974.2	204.3	-	1,178.5	(28.8)	1,149.7
Net gain on financial instruments and other income	12.0	10.1	34.8	56.9	(5.5)	51.4
Share of profit of associates and joint ventures	37.9	0.5	-	38.4	5.0	43.4
Net income	1,024.1	214.9	34.8	1,273.8	(29.3)	1,244.5
Operating expenses	(689.6)	(148.4)	(27.1)	(865.1)	28.1	(837.0)
Profit before tax and exceptional items	334.5	66.5	7.7	408.7	(1.2)	407.5
Exceptional items presented within net income:						
Net gain on financial instruments and other income	(5.9)	-	-	(5.9)	-	(5.9)
Associates and joint ventures amortisation of acquired intangible assets and other costs	-	(5.4)	-	(5.4)	-	(5.4)
	(5.9)	(5.4)	-	(11.3)	-	(11.3)
Exceptional items presented within operating expenses:						
Amortisation of acquired intangible assets	(6.6)	(12.1)	-	(18.7)	-	(18.7)
Other expenses	(2.4)	(1.2)	-	(3.6)	-	(3.6)
	(9.0)	(13.3)	-	(22.3)	-	(22.3)
Profit before tax and after exceptional items	319.6	47.8	7.7	375.1	(1.2)	373.9

Half-year financial statements

3. Segmental reporting (continued)

Six months ended 30 June 2020	Asset Management £m	Wealth Management £m	Group £m	Segmental total £m	Adjustments £m	Group total £m
Revenue	1,029.6	191.7	-	1,221.3	(30.6)	1,190.7
Cost of sales	(209.7)	(11.3)	-	(221.0)	1.9	(219.1)
Net operating revenue	819.9	180.4	-	1,000.3	(28.7)	971.6
Net gain on financial instruments and other income	(4.1)	6.6	5.7	8.2	(3.5)	4.7
Share of profit of associates and joint ventures	19.8	0.6	-	20.4	7.2	27.6
Net income	835.6	187.6	5.7	1,028.9	(25.0)	1,003.9
Operating expenses	(575.3)	(127.3)	(19.3)	(721.9)	24.2	(697.7)
Profit before tax and exceptional items	260.3	60.3	(13.6)	307.0	(0.8)	306.2
Exceptional items presented within net income:						
Net gain on financial instruments and other income	5.6	-	-	5.6	-	5.6
Associates and joint ventures amortisation of acquired intangible assets and other costs	-	(6.5)	-	(6.5)	-	(6.5)
	5.6	(6.5)	-	(0.9)	-	(0.9)
Exceptional items presented within operating expenses:						
Amortisation of acquired intangible assets	(6.5)	(11.2)	-	(17.7)	-	(17.7)
Other expenses	(6.2)	(1.3)	-	(7.5)	-	(7.5)
	(12.7)	(12.5)	-	(25.2)	-	(25.2)
Profit before tax and after exceptional items	253.2	41.3	(13.6)	280.9	(0.8)	280.1

3. Segmental reporting (continued)

(b) Net operating revenue by fee type is presented below:

Six months ended 30 June 2021	Asset Management £m	Wealth Management £m	Group £m	Segmental total £m	Adjustments £m	Group total £m
Management fees	1,164.7	193.1	-	1,357.8	(35.8)	1,322.0
Performance fees	31.0	0.1	-	31.1	-	31.1
Carried interest	29.7	-	-	29.7	-	29.7
Other fees	9.1	21.2	-	30.3	-	30.3
Wealth Management interest income earned	-	5.4	-	5.4	-	5.4
Revenue	1,234.5	219.8	-	1,454.3	(35.8)	1,418.5
Fee expense	(242.9)	(15.4)	-	(258.3)	7.0	(251.3)
Change in financial obligations in respect of carried interest	(17.4)	-	-	(17.4)	-	(17.4)
Wealth Management interest expense incurred	-	(0.1)	-	(0.1)	-	(0.1)
Cost of sales	(260.3)	(15.5)	-	(275.8)	7.0	(268.8)
Net operating revenue	974.2	204.3	-	1,178.5	(28.8)	1,149.7

Six months ended 30 June 2020	Asset Management £m	Wealth Management £m	Group £m	Segmental total £m	Adjustments £m	Group total £m
Management fees	1,003.4	158.4	-	1,161.8	(30.6)	1,131.2
Performance fees	17.4	0.5	-	17.9	-	17.9
Carried interest	2.5	-	-	2.5	-	2.5
Other fees	6.3	21.4	-	27.7	-	27.7
Wealth Management interest income earned	-	11.4	-	11.4	-	11.4
Revenue	1,029.6	191.7	-	1,221.3	(30.6)	1,190.7
Fee expense	(208.2)	(8.5)	-	(216.7)	1.9	(214.8)
Change in financial obligations in respect of carried interest	(1.5)	-	-	(1.5)	-	(1.5)
Wealth Management interest expense incurred	-	(2.8)	-	(2.8)	-	(2.8)
Cost of sales	(209.7)	(11.3)	-	(221.0)	1.9	(219.1)
Net operating revenue	819.9	180.4	-	1,000.3	(28.7)	971.6

3. Segmental reporting (continued)

(c) Net operating revenue by region is presented below based on the location of clients:

	UK	Continental Europe & Middle East	Asia Pacific	Americas	Segmental total	Adjustments	Group total
Six months ended 30 June 2021	£m	£m	£m	£m	£m	£m	£m
Management fees	440.2	421.6	317.3	178.7	1,357.8	(35.8)	1,322.0
Performance fees	0.4	0.6	14.6	15.5	31.1	-	31.1
Carried interest	-	29.7	-	-	29.7	-	29.7
Other fees	18.3	6.6	5.3	0.1	30.3	-	30.3
Wealth Management interest income earned	4.8	0.6	-	-	5.4	-	5.4
Revenue	463.7	459.1	337.2	194.3	1,454.3	(35.8)	1,418.5
Fee expense	(39.2)	(103.8)	(89.1)	(26.2)	(258.3)	7.0	(251.3)
Change in financial obligations in respect of carried interest	-	(17.4)	-	-	(17.4)	-	(17.4)
Wealth management interest expense incurred	(0.1)	-	-	-	(0.1)	-	(0.1)
Cost of sales	(39.3)	(121.2)	(89.1)	(26.2)	(275.8)	7.0	(268.8)
Net operating revenue	424.4	337.9	248.1	168.1	1,178.5	(28.8)	1,149.7

	UK	Continental Europe & Middle East	Asia Pacific	Americas	Segmental total	Adjustments	Group total
Six months ended 30 June 2020	£m	£m	£m	£m	£m	£m	£m
Management fees	382.7	351.7	288.7	138.7	1,161.8	(30.6)	1,131.2
Performance fees	3.1	4.0	3.6	7.2	17.9	-	17.9
Carried interest	-	2.5	-	-	2.5	-	2.5
Other fees	18.4	5.1	4.2	-	27.7	-	27.7
Wealth Management interest income earned	9.5	1.5	0.4	-	11.4	-	11.4
Revenue	413.7	364.8	296.9	145.9	1,221.3	(30.6)	1,190.7
Fee expense	(28.1)	(85.2)	(86.0)	(17.4)	(216.7)	1.9	(214.8)
Change in financial obligations in respect of carried interest	-	(1.5)	-	-	(1.5)	-	(1.5)
Wealth management interest expense incurred	(2.6)	(0.2)	-	-	(2.8)	-	(2.8)
Cost of sales	(30.7)	(86.9)	(86.0)	(17.4)	(221.0)	1.9	(219.1)
Net operating revenue	383.0	277.9	210.9	128.5	1,000.3	(28.7)	971.6

4. Net gain on financial instruments and other income

	30 June 2021			30 June 2020		
	Income statement £m	Other comprehensive income £m	Total £m	Income statement £m	Other comprehensive income £m	Total £m
Six months ended						
Net gain on financial instruments at fair value through profit and loss	28.1	-	28.1	18.6	-	18.6
Net gain arising from fair value movements	-	(0.8)	(0.8)	-	1.0	1.0
Net transfers on disposal	0.1	(0.1)	-	0.2	(0.2)	-
Net gain on financial assets at fair value through other comprehensive income	0.1	(0.9)	(0.8)	0.2	0.8	1.0
Net finance income	(1.1)	-	(1.1)	2.1	-	2.1
Other income	18.4	-	18.4	(10.6)	-	(10.6)
Net gain on financial instruments and other income¹	45.5	(0.9)	44.6	10.3	0.8	11.1
Net gain on financial instruments held to hedge employee deferred cash awards – presented within operating expenses	15.8	-	15.8	3.2	-	3.2
Change in financial obligations in respect of carried interest – presented within cost of sales	(17.4)	-	(17.4)	(1.5)	-	(1.5)
Net gain on financial instruments and other income – including amounts presented elsewhere	43.9	(0.9)	43.0	12.0	0.8	12.8

¹ Includes a debit of £5.9 million (H1 2020: £5.6 million credit) of exceptional items.

5. Operating expenses

Operating expenses includes:

	30 June 2021 £m	30 June 2020 £m
Six months ended		
Salaries, wages and other remuneration	519.5	396.4
Social security costs	43.8	35.4
Pension costs	27.8	27.1
Employee benefits expense	591.1	458.9
Net gain on financial instruments held to hedge deferred cash awards	(15.8)	(3.2)
Employee benefits expense - net of hedging	575.3	455.7

The employee benefits expense includes a charge of £3.1 million (H1 2020: £5.5 million) that is presented within exceptional items mainly in relation to deferred compensation costs arising from prior acquisitions completed by the Group.

6. Tax expense

Analysis of tax charge reported in the income statement:

Six months ended	30 June 2021	30 June 2020
	£m	£m
UK current year charge	45.1	31.6
Rest of the world current year charge	40.3	29.2
Adjustments in respect of prior year estimates	16.2	(0.2)
Total current tax	101.6	60.6
Origination and reversal of temporary differences	(9.3)	(4.2)
Effect of changes in corporation tax rates	(0.8)	-
Adjustments in respect of prior year estimates	(22.2)	1.0
Total deferred tax	(32.3)	(3.2)
Tax charge reported in the income statement	69.3	57.4

The tax charge for the half year to 30 June 2021 is calculated based on a forecast full year effective tax rate for the Group which is then applied to the actual profits for the half year.

Analysis of tax (credit)/charge reported in other comprehensive income:

Six months ended	30 June 2021	30 June 2020
	£m	£m
Current tax charge on movements in financial assets at fair value through other comprehensive income	-	0.1
Deferred tax (credit)/charge on actuarial (loss)/gain on defined benefit pension scheme	(0.1)	0.9
Deferred tax (credit)/charge on other movements through other comprehensive income	(0.2)	1.4
Deferred tax credit resulting from changes in corporation tax rates	-	(0.3)
Tax (credit)/charge reported in other comprehensive income	(0.3)	2.1

Analysis of tax (credit)/charge reported in equity:

Six months ended	30 June 2021	30 June 2020
	£m	£m
Current tax credit on Equity Compensation Plan and other share-based remuneration	(1.0)	(0.1)
Deferred tax (credit)/charge on Equity Compensation Plan and other share-based remuneration	(0.5)	0.5
Deferred tax credit resulting from changes in corporation tax rates	(0.2)	(0.1)
Tax (credit)/charge reported in equity	(1.7)	0.3

The UK corporation tax rate is currently 19%. The UK Chancellor announced in the March 2021 Budget that the rate will increase to 25% from April 2023. The rate increase was substantively enacted in May 2021 and the UK deferred tax balances have accordingly been revalued.

7. Earnings per share

Reconciliation of the figures used in calculating basic and diluted earnings per share:

	30 June 2021	30 June 2020
Six months ended	Number Millions	Number Millions
Weighted average number of shares used in the calculation of basic earnings per share	277.1	276.1
Effect of dilutive potential shares – share options	4.5	4.5
Effect of dilutive potential shares – contingently issuable shares	-	-
Weighted average number of shares used in the calculation of diluted earnings per share	281.6	280.6

The pre-exceptional earnings per share calculations are based on profit after tax excluding non-controlling interest of £7.8 million (H1 2020: £8.0 million). After exceptional items, the profit after tax attributable to non-controlling interest was £6.1 million (H1 2020: £5.1 million).

8. Dividends

	30 June 2021		30 June 2020	
Six months ended	£m	Pence per share	£m	Pence per share
Prior year final dividend paid	217.3	79.0	216.0	79.0

The Board has declared an interim dividend of 37.0 pence per share (interim dividend 2020: 35.0 pence), amounting to £101.3 million (H1 2020: £95.6 million) in total. The dividend will be paid on 23 September 2021 to shareholders on the register at 20 August 2021.

The Group did not pay any dividends to holders of non-controlling interests in subsidiaries of the Group during the six months ended 30 June 2021 (H1 2020: £0.1 million), resulting in total dividends paid of £217.3 million (H1 2020: £216.1 million).

The Company offers a dividend reinvestment plan (DRIP). The last date for shareholders to elect to participate in the DRIP for the purposes of the 2021 interim dividend is 2 September 2021. Further details are available on the Group's website.

9. Fair value measurement disclosures

Estimates and judgements

The Group holds financial instruments that are measured at fair value. The fair value of financial instruments may be derived from readily available sources or may require some estimation. The degree of estimation involved depends on the individual financial instrument and is reflected in the fair value hierarchy below. The hierarchy also reflects the extent of judgements used in the valuation but this does not necessarily indicate that the fair value is more or less likely to be realised. Judgements may include determining which valuation approach to apply as well as determining appropriate assumptions. For level 2 and 3 financial instruments, the judgement applied by the Group gives rise to an estimate of fair value. The approach to determining the fair value estimate of level 2 and 3 financial instruments is set out below, with no individual input giving rise to a material component of the carrying value for the Group. The fair value levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities and principally comprise investments in pooled investment vehicles, quoted equities and government debt and exchange-traded derivatives;
- Level 2 fair value measurements are those derived from prices that are not traded in an active market but are determined using valuation techniques, which make maximum use of observable market data. The Group's level 2 financial instruments principally comprise foreign exchange contracts, certain debt securities and asset and mortgage backed securities. Valuation techniques may include using a broker quote in an inactive market or an evaluated price based on a compilation of primarily observable market information utilising information readily available via external sources. For funds not priced on a daily basis, the net asset value which is issued monthly or quarterly is used; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. The Group's level 3 financial assets principally comprise investments in private equity funds that are measured by applying appropriate valuation techniques in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018. Level 3 financial assets also include investments in property investment vehicles that operate hotel businesses. These are valued based on the expected future cash flows that could be generated from the hotel business. The Group's financial liabilities categorised as level 3 principally consist of obligations arising from contingent consideration, third party liabilities related to carried interest arrangements and other financial liabilities arising from prior acquisitions completed by the Group. The carrying values of level 3 financial liabilities are typically derived from an estimate of the expected future cash flows required to settle the liability.

9. Fair value measurement disclosures (continued)

The Group holds certain assets and liabilities at fair value. Their categorisation within the fair value hierarchy is shown below:

	30 June 2021				Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	Not at fair value £m	
Financial assets at amortised cost:					
Loans and advances to banks	-	-	-	171.0	171.0
Loans and advances to clients	-	-	-	560.5	560.5
Debt securities	-	-	-	55.9	55.9
	-	-	-	787.4	787.4
Financial assets at fair value through other comprehensive income:					
Debt securities	334.2	323.4	-	-	657.6
	334.2	323.4	-	-	657.6
Financial assets at fair value through profit or loss:					
Debt securities	116.6	167.7	4.7	-	289.0
Pooled investment vehicles	478.1	36.3	121.8	-	636.2
Equities	344.8	8.0	42.1	-	394.9
Derivative contracts	13.7	10.0	-	-	23.7
	953.2	222.0	168.6	-	1,343.8
Financial assets	1,287.4	545.4	168.6	787.4	2,788.8
Trade and other receivables	2.7	-	-	1,069.1	1,071.8
Assets backing unit-linked liabilities	10,235.1	1,565.5	25.6	880.2	12,706.4
	11,525.2	2,110.9	194.2	2,736.7	16,567.0
Financial liabilities at amortised cost:					
Client accounts	-	-	-	3,554.4	3,554.4
Deposits by banks	-	-	-	93.8	93.8
Other financial liabilities	-	-	-	5.0	5.0
	-	-	-	3,653.2	3,653.2
Financial liabilities at fair value through profit or loss:					
Derivative contracts	3.2	14.1	-	-	17.3
Other financial liabilities	365.4	-	122.9	-	488.3
	368.6	14.1	122.9	-	505.6
Financial liabilities	368.6	14.1	122.9	3,653.2	4,158.8
Trade and other payables	208.5	-	-	995.2	1,203.7
Unit-linked liabilities	12,618.5	11.0	-	76.9	12,706.4
	13,195.6	25.1	122.9	4,725.3	18,068.9

9. Fair value measurement disclosures (continued)

	31 December 2020				
	Level 1 £m	Level 2 £m	Level 3 £m	Not at fair value £m	Total £m
Financial assets at amortised cost:					
Loans and advances to banks	-	-	-	206.5	206.5
Loans and advances to clients	-	-	-	477.9	477.9
Debt securities	-	-	-	107.9	107.9
	-	-	-	792.3	792.3
Financial assets at fair value through other comprehensive income:					
Debt securities	343.0	246.5	-	-	589.5
	343.0	246.5	-	-	589.5
Financial assets at fair value through profit or loss:					
Loans and advances to clients	-	4.1	-	-	4.1
Debt securities	99.0	168.0	6.2	-	273.2
Pooled investment vehicles	668.5	62.8	108.8	-	840.1
Equities	293.7	21.5	23.3	-	338.5
Derivative contracts	0.6	33.5	-	-	34.1
	1,061.8	289.9	138.3	-	1,490.0
Financial assets	1,404.8	536.4	138.3	792.3	2,871.8
Trade and other receivables	3.1	-	-	837.2	840.3
Assets backing unit-linked liabilities	9,459.7	1,728.6	28.1	869.8	12,086.2
	10,867.6	2,265.0	166.4	2,499.3	15,798.3
Financial liabilities at amortised cost:					
Client accounts	-	-	-	3,550.3	3,550.3
Deposits by banks	-	-	-	72.8	72.8
Other financial liabilities	-	-	-	5.5	5.5
	-	-	-	3,628.6	3,628.6
Financial liabilities at fair value through profit or loss:					
Derivative contracts	3.9	29.1	-	-	33.0
Other financial liabilities	279.9	-	143.7	-	423.6
	283.8	29.1	143.7	-	456.6
Financial liabilities	283.8	29.1	143.7	3,628.6	4,085.2
Trade and other payables	178.0	-	-	749.7	927.7
Unit-linked liabilities	11,963.8	58.9	-	63.5	12,086.2
	12,425.6	88.0	143.7	4,441.8	17,099.1

9. Fair value measurement disclosures (continued)

The fair value of financial assets at amortised cost approximates to their carrying value. No financial assets were transferred between levels during 2021 (2020: none).

Movements in assets and liabilities categorised as level 3 during the period were:

	30 June 2021			31 December 2020		
	Financial assets £m	Assets backing unit-linked liabilities £m	Financial liabilities £m	Financial assets £m	Assets backing unit-linked liabilities £m	Financial liabilities £m
At 1 January	138.3	28.1	143.7	134.9	29.5	155.1
Exchange translation adjustments	(3.6)	(0.7)	(4.3)	3.0	(0.9)	4.6
Net gain or loss recognised in the income statement	28.1	4.4	26.7	4.1	3.4	14.6
Additions	15.0	-	0.4	23.3	2.1	18.4
Disposals	(9.2)	(6.2)	(43.6)	(27.0)	(6.0)	(49.0)
At 30 June/31 December	168.6	25.6	122.9	138.3	28.1	143.7

10. Associates and joint ventures

	30 June 2021			31 December 2020		
	Associates £m	Joint ventures £m	Total £m	Associates £m	Joint ventures £m	Total £m
At 1 January	211.0	194.2	405.2	200.2	197.8	398.0
Exchange translation adjustments	(0.3)	-	(0.3)	2.0	(0.1)	1.9
Additions	0.3	5.9	6.2	0.2	2.5	2.7
Disposals	(0.8)	-	(0.8)	(34.3)	-	(34.3)
Profit/(loss) for the period after tax	37.1	0.9	38.0	48.5	(5.4)	43.1
Gains recognised in other comprehensive income	-	-	-	0.1	-	0.1
Other movements in reserves	-	-	-	0.2	-	0.2
Distributions of profit	(27.4)	(0.2)	(27.6)	(5.9)	(0.6)	(6.5)
At 30 June/31 December	219.9	200.8	420.7	211.0	194.2	405.2

11. Goodwill and intangible assets

	Goodwill £m	Acquired intangible assets £m	Software £m	Total £m
Cost				
At 1 January 2021	811.7	362.8	413.2	1,587.7
Exchange translation adjustments	(16.0)	(6.2)	(1.5)	(23.7)
Additions	-	0.8	27.4	28.2
Disposals	-	-	(1.6)	(1.6)
At 30 June 2021	795.7	357.4	437.5	1,590.6
Accumulated amortisation				
At 1 January 2021	-	(220.2)	(159.5)	(379.7)
Exchange translation adjustments	-	2.5	1.1	3.6
Amortisation charge for the period	-	(18.7)	(29.2)	(47.9)
Disposals	-	-	1.6	1.6
At 30 June 2021	-	(236.4)	(186.0)	(422.4)
Carrying amount at 30 June 2021	795.7	121.0	251.5	1,168.2

	Goodwill £m	Acquired intangible assets £m	Software £m	Total £m
Cost				
At 1 January 2020	761.8	326.0	340.6	1,428.4
Exchange translation adjustments	16.6	5.4	0.6	22.6
Additions	33.3	31.4	73.9	138.6
Disposals	-	-	(1.9)	(1.9)
At 31 December 2020	811.7	362.8	413.2	1,587.7
Accumulated amortisation				
At 1 January 2020	-	(182.7)	(112.3)	(295.0)
Exchange translation adjustments	-	(1.2)	(0.6)	(1.8)
Amortisation charge for the year	-	(36.3)	(48.5)	(84.8)
Disposals	-	-	1.9	1.9
At 31 December 2020	-	(220.2)	(159.5)	(379.7)
Carrying amount at 31 December 2020	811.7	142.6	253.7	1,208.0

12. Retirement benefit obligations

Movements in respect of the assets and liabilities of the UK defined benefit scheme, Schroders Retirement Benefits Scheme (the Scheme), are:

	Six months ended 30 June 2021	Year ended 31 December 2020
	£m	£m
At 1 January	1,077.2	1,001.5
Interest on assets	7.5	20.7
Remeasurement of assets	(25.3)	91.5
Benefits paid	(17.1)	(36.5)
Fair value of plan assets	1,042.3	1,077.2
At 1 January	(909.0)	(865.2)
Interest cost	(6.3)	(17.8)
Actuarial gains/(losses) due to change in demographic assumptions	1.0	(0.6)
Actuarial gains/(losses) due to change in financial assumptions	33.2	(74.8)
Actuarial (losses)/gains due to experience	(9.4)	12.9
Benefits paid	17.1	36.5
Present value of funded obligations	(873.4)	(909.0)
Net assets	168.9	168.2

The amount recognised in the Consolidated statement of comprehensive income includes a £0.1 million gain in respect of other defined benefit schemes.

The principal assumptions used for the Scheme are:

	Six months ended 30 June 2021	Year ended 31 December 2020
	%	%
Discount rate	1.9	1.4
RPI inflation rate	3.1	2.8
CPI inflation rate	2.5	2.2
Future pension increases (for benefits earned before 13 August 2007)	3.0	2.7
Future pension increases (for benefits earned after 13 August 2007)	2.1	2.0
Average number of years a current pensioner is expected to live beyond age 60:	Years	Years
Men	28	28
Women	29	29
Average number of years future pensioners currently aged 45 are expected to live beyond age 60:	Years	Years
Men	29	29
Women	30	30

The last completed triennial valuation of the Scheme was carried out as at 31 December 2017. The funding level at that date was 115% on the technical provisions basis and no contribution to the Scheme was required (2020: nil). The next triennial valuation is due as at 31 December 2020 and will be completed by 31 December 2021.

13. Share capital and share premium

	Number of shares Millions	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2021	282.5	226.0	56.5	282.5	124.2
At 30 June 2021	282.5	226.0	56.5	282.5	124.2

	Number of shares Millions	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2020	282.5	226.0	56.5	282.5	124.2
At 30 June 2020	282.5	226.0	56.5	282.5	124.2

14. Own shares

Own shares include the Group's shares (both ordinary and non-voting ordinary) that are held by employee benefit trusts.

Movements in own shares during the period were as follows:

	30 June 2021 £m	30 June 2020 £m
At 1 January	(159.8)	(169.1)
Own shares purchased	(65.5)	(55.5)
Awards vested	58.7	56.5
At 30 June	(166.6)	(168.1)

During the period 1.8 million own shares (H1 2020: 2.3 million own shares) were purchased and held for hedging share-based awards. 2.2 million shares (H1 2020: 2.1 million shares) awarded to employees vested during the period and were transferred out of own shares.

15. Reconciliation of net cash from operating activities

	30 June 2021 £m	30 June 2020 £m
Profit before tax	373.9	280.1
Adjustments for income statement non-cash movements:		
Depreciation of property, plant and equipment and amortisation of intangible assets	82.3	78.6
Net gain on financial instruments	(26.6)	(22.0)
Share-based payments	30.1	26.4
Net charge/(release) for provisions	0.5	(6.8)
Other non-cash movements	(7.9)	4.7
	78.4	80.9
Adjustments for which the cash effects are investing activities:		
Net finance income	1.1	(2.1)
Interest expense on lease liabilities	5.4	6.2
Share of profit of associates and joint ventures	(38.0)	(21.1)
	(31.5)	(17.0)
Adjustments for statement of financial position movements:		
(Increase)/decrease in loans and advances within Wealth Management	(69.4)	34.9
Increase in trade and other receivables	(202.2)	(83.0)
Increase in deposits and client accounts within Wealth Management	70.7	649.3
Increase/(decrease) in trade and other payables, other financial liabilities and provisions	233.1	(45.3)
	32.2	555.9
Adjustments for Life Company and consolidated pooled investment vehicles movements:		
Net (increase)/decrease in financial assets backing unit-linked liabilities	(654.1)	373.3
Net increase/(decrease) in unit-linked liabilities	620.2	(522.8)
Net increase/(decrease) in cash within consolidated pooled investment vehicles	35.6	(30.7)
	1.7	(180.2)
Tax paid	(62.1)	(81.3)
Net cash from operating activities	392.6	638.4

Key risks

Consistent with other asset management and wealth management businesses, we are exposed to a range of risks. These risks, if not managed properly, increase the possibility of the Group not being able to meet its objectives and may lead to losses. Other risks, such as those inherent in taking active investment decisions on behalf of clients, are the risks we are in business to take.

We have assessed our key risks disclosed in the Group's 2020 Annual Report and Accounts (Key risks and mitigations). Notwithstanding the Covid-19 pandemic, the key risks to which the Group will be exposed in the second half of 2021 are expected to be substantially the same as those described in the 2020 Annual Report and Accounts. They comprise strategic risks, business risks and operational risks.

We believe that we remain well-positioned to manage the challenges that may arise from these key risks and from the current market environment including those related to the Covid-19 pandemic and Brexit.

Directors' responsibility statement

On behalf of the Directors, I confirm to the best of my knowledge that the Half-year results:

- Have been prepared in accordance with UK adopted International Accounting Standard 34, which give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- Include a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7, namely important events that have occurred during the first six months of the financial period and their impact on the Half-year financial statements, as well as a description of the principal risks and uncertainties faced by the Group and the undertakings included in the consolidation taken as a whole for the remaining six months of the financial year; and
- Include, as required by Disclosure Guidance and Transparency Rule 4.2.8, a fair review of material related party transactions that have taken place in the first six months of the financial period and any material changes to the related party transactions described in the last Annual Report and Accounts.

A list of current Directors is maintained on the Schroders plc website: www.schroders.com.

On behalf of the Board

Richard Keers

Chief Financial Officer

28 July 2021

Independent review report to Schroders plc

Introduction

We have been engaged by Schroders plc (the 'Company') to review the condensed consolidated financial statements for the half-year ended 30 June 2021 ('Half-year financial statements'), which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated cash flow statement and Explanatory notes to the Half-year financial statements. We have read the other information contained in the Half-year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Half-year financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the Half-year financial statements in the Half-year results for the six months ended 30 June 2021 are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting", and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group will be prepared in accordance with UK adopted International Financial Reporting Standards ('IFRSs'). The Half-year financial statements included in the Half-year results have been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Responsibilities of the Directors

The directors are responsible for preparing the Half-year results in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Auditor's Responsibilities for the review of financial information

In reviewing the Half-year results, we are responsible for expressing to the Company a conclusion on the Half-year financial statements in the Half-year results. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the 'Basis for Conclusion' paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London

28 July 2021