Delivering strategic progress

Progress across strategic initiatives
Targeted acquisitions to further reposition business
Record inflows across both Asset and Wealth Management
Greater granularity in reporting
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income(^1)</td>
<td>£2,124.8m</td>
<td>£2,123.9m</td>
<td>0%</td>
</tr>
<tr>
<td>Ratio of total costs to net income</td>
<td>67%</td>
<td>64%</td>
<td>–</td>
</tr>
<tr>
<td>Profit before tax(^1)</td>
<td>£701.2m</td>
<td>£761.2m</td>
<td>(8)%</td>
</tr>
<tr>
<td>AUM</td>
<td>£500.2bn</td>
<td>£407.2bn</td>
<td>23%</td>
</tr>
<tr>
<td>Net new business</td>
<td>£43.4bn</td>
<td>£(9.5)bn</td>
<td>–</td>
</tr>
<tr>
<td>Basic EPS(^1)</td>
<td>201.6p</td>
<td>215.8p</td>
<td>(7)%</td>
</tr>
<tr>
<td>Total dividend per share</td>
<td>114p</td>
<td>114p</td>
<td>–</td>
</tr>
</tbody>
</table>

\(^1\) Before exceptional items.

- Progress across strategic initiatives
- Targeted acquisitions to further reposition business
- Record inflows across both Asset and Wealth Management
- Greater granularity in reporting
Grow Asset Management

Closer relationships with end clients

Expand Private Assets & Alternatives

¹ Before exceptional items.
Wealth management and financial planning for ultra high net worth, high net worth, affluent and charity clients

Investment opportunities available in private markets, such as real estate, private equity and infrastructure, as well as alternative investments

Provision of complete solutions and partnerships, including liability offsets and risk mitigation

Branded mutual funds provided through intermediary network for retail clients

Index-relative investment components for institutions and sub-advisory mandates
Strategically-aligned view of the business

Wealth Management
Private Assets & Alternatives
Solutions
Mutual Funds
Institutional

<table>
<thead>
<tr>
<th>Category</th>
<th>Assets under management (£bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth Management</td>
<td>66.7</td>
</tr>
<tr>
<td>Private Assets &amp; Alternatives</td>
<td>44.2</td>
</tr>
<tr>
<td>Solutions</td>
<td>142.8</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>102.4</td>
</tr>
<tr>
<td>Institutional</td>
<td>144.1</td>
</tr>
</tbody>
</table>
Changing composition of our assets

Assets under management (£bn)

- Institutional
- Mutual Funds
- Wealth Management
- Private Assets & Alternatives
- Solutions

Now over 50% of AUM
Strategically-aligned view of the business

- Wealth Management
- Private Assets & Alternatives
- Solutions
- Mutual Funds
- Institutional

Net operating revenue (£m):
- Wealth Management: 302.1
- Private Assets & Alternatives: 300.2
- Solutions: 226.1
- Mutual Funds: 734.8
- Institutional: 502.0

(Schroders)
Strategically-aligned view of the business

Net new business (£bn)

- Wealth Management: 14.7
- Private Assets & Alternatives: 2.8
- Solutions: 34.5
- Mutual Funds: (1.5)
- Institutional: (7.1)
Closer relationships with end clients through Wealth Management

Launch of Schroders Personal Wealth, £13.7bn AUM at year end

Positive flows into Cazenove and Benchmark Capital

Acquisition of ThirdRock in Singapore

114% increase in assets and 46% increase in revenues since 2015
**Expand Private Assets & Alternatives**

- **5 year revenue CAGR of 16%**
- **£2.8bn net inflows, diversified across investment desks**
- **Ongoing demand for alternative sources of returns**
- **Strategic acquisitions in impact investing & real estate**
- **Five year asset growth of 128%, revenue growth of 112%**
Grow asset management through Solutions

- Ongoing client demand for high longevity strategies
- Over £45bn of cumulative net flows in the last five years
- Assets increased 114% and revenues by 90% in five years
- 2019 saw £34.5bn of net new business, led by Scottish Widows

5-year revenue CAGR of 14%

- 2015: £60bn
- 2016: £80bn
- 2017: £100bn
- 2018: £120bn
- 2019: £140bn

Cumulative net flows (rhs)
“Risk off” environment in Mutual Funds

Risk off backdrop at start of 2019

- Redemptions from equity funds, rotated into fixed income

Resilient performance in 2019 with only £1.5bn of net outflows

- Assets up 38%, revenues up 25% over last five years

5 year revenue CAGR of 5%

AUM
Cumulative net flows (rhs)
Institutional business facing headwinds

33% increase in AUM and 14% in revenues over five years

2019 net outflows of £7.1bn, driven by equity redemptions

Opportunities to expand geographical footprint

Commitment to sustainability across 100% of managed assets
Repositioning towards higher longevity areas
Shift to higher longevity products reducing gross outflows

Outflows as percentage of opening AUM

- 2013: 30%
- 2014: 25%
- 2015: 20%
- 2016: 15%
- 2017: 15%
- 2018: 15%
- 2019: 15%
Net flows by asset class

- **Fixed Income**
  - Diversified inflows across channels and desks
  - Strong demand for Global, European, US and EMD strategies

- **Multi-asset**
  - Positive flows into solutions
  - Demand for risk-controlled growth and LDI mandates

- **Private Assets & Alternatives**
  - Further diversification in product range
  - Demand led by securitised credit and private equity

- **Equities**
  - Positive flows through Scottish Widows mandate
  - Structural pressures and ‘risk off’ impacting equities
Net flows by region

- **UK**
  - Strong client demand in solutions
  - Uncertainty earlier in the year weighed on retail sentiment

- **Asia Pacific**
  - Mutual fund demand led by key markets
  - Outflows from Australia and Japan

- **EMEA**
  - ‘Risk off’ across region for mutual funds
  - Demand for private assets

- **Americas**
  - Institutional outflows across region
  - Hartford flows of £0.5bn, AUM now at £6.8bn
Profit before tax and exceptional items

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax and</td>
<td>£761.2m</td>
<td>£701.2m</td>
</tr>
<tr>
<td>exceptional items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>£93.4m</td>
<td>£87.5m</td>
</tr>
<tr>
<td>Net income</td>
<td>£670.8m</td>
<td>£606.9m</td>
</tr>
<tr>
<td>Compensation costs</td>
<td>(3.0m)</td>
<td>(24.0m)</td>
</tr>
<tr>
<td>Non-compensation costs</td>
<td>(6.8m)</td>
<td>(36.9m)</td>
</tr>
<tr>
<td>Profit before tax and</td>
<td>£606.9m</td>
<td>£624.6m</td>
</tr>
<tr>
<td>exceptional items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(76.6m)</td>
<td></td>
</tr>
<tr>
<td>Profit before tax and</td>
<td>£495.7m</td>
<td></td>
</tr>
<tr>
<td>after exceptional items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic EPS(^1)</td>
<td>-7% to 201.6p</td>
<td></td>
</tr>
<tr>
<td>Final dividend of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>79p taking total dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to 114p</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Profit after tax

-£9m to £495.7m

Basic EPS\(^1\)

-7% to 201.6p

Final dividend of 79p taking total dividend to 114p

Before exceptional items
Development of average AUM

FY-18 average AUM: £433.1bn
FY-19 average AUM: £441.8bn

Average AUM +2%
Closing AUM of £500.2bn
Markets impact on average AUM

- FY-18 average AUM: £433.3bn
- FY-19 average AUM: £443.0bn

Market impact:
+2.2%
FX impact on average AUM

FY-18 average AUM: £434.1bn
FY-19 average AUM: £436.9bn

FX impact

+0.6%
Net income

Net income

2018

2019

Group Asset Management Wealth Management

Net income 2,124

Markets 43

FX 14

Mix (50)

Net new business (51)

Performance fees and net carried interest 18

Acquisitions 21

Associates and joint ventures* 9

Other income 8

Segmental net income 2,136

SPW Adjustment 11

Group net income 2,125

£m

£7m

33

45

310

1,781

1,801

290

* Excludes SPW, which is proportionally consolidated

Net income

+ £0.9m to £2,125m
## Total net operating revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance fees and net carried interest</th>
<th>Net new business</th>
<th>Annualised net new revenue (NNB and ANNR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,931.8</td>
<td>(78.4)</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>2,015.7</td>
<td>(55.0)</td>
<td>0</td>
</tr>
<tr>
<td>2019</td>
<td>1,992.1</td>
<td>73.1</td>
<td>0</td>
</tr>
</tbody>
</table>

* Includes £12.8m relating to the proportional consolidation of SPW

### Average AUM

- **+ 2%**

### Net operating revenue margin

- **45bps**
  - FY 2018: 47bps

### 2020 tailwind from 2019 NNB

- **+ £6m**
  - FY 2018: £35m headwind

---

1Excluding performance fees and carried interest
Wealth Management net operating revenue

Net operating revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Management fees</th>
<th>Transaction fees</th>
<th>Net banking interest income</th>
<th>Performance fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>266.9</td>
<td>21.4</td>
<td>40.8</td>
<td>0.9</td>
<td>228.9</td>
</tr>
<tr>
<td>2018</td>
<td>281.9</td>
<td>26.8</td>
<td>38.5</td>
<td>0.4</td>
<td>251.8</td>
</tr>
<tr>
<td>2019</td>
<td>302.1*</td>
<td>24.0</td>
<td>37.6</td>
<td>0.9</td>
<td>364.7</td>
</tr>
</tbody>
</table>

* Includes £12.8m relating to the proportional consolidation of SPW

Excluding performance fees and carried interest

Average AUM

+ 12%

Net operating revenue margin

59bps

FY 2018: 61bps

Net operating revenue

+7%
Asset Management net operating revenue

**Average AUM**

+ 1%

**Net operating revenue margin**

43bps

**FY 2018:** 45bps

---

1Excluding performance fees and carried interest
Private Assets and Alternatives

Net operating revenue

**Net operating revenue margin**

63bps

FY 2018: 66bps

**Annualised revenue impact of flows over two years:**

+ £29m

---

**Excluding performance fees, net carried interest and real estate transaction fees.**
Solutions

Net operating revenue margin

21bps
FY 2018: 22bps

Annualised revenue impact of flows over two years:

+ £10m
Mutual Funds and Institutional

Mutual Funds
Net operating revenue margin\(^1\)
73bps
FY 2018: 75bps

Institutional
Net operating revenue margin\(^1\)
32bps
FY 2018: 33bps

\(^1\)Excluding performance fees
Net income up

£0.9m to £2,125m
## Associates and Joint Ventures

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SPW$^1$</td>
<td>BoCom</td>
</tr>
<tr>
<td><strong>Profit (£m)$^2$</strong></td>
<td>3.8</td>
<td>66.5</td>
</tr>
<tr>
<td><strong>Group's share of profit (£m)$^2$</strong></td>
<td>1.9</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>NNB (£bn)</strong></td>
<td>3.8</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>AUM (£bn)</strong></td>
<td>54.6</td>
<td>13.6</td>
</tr>
</tbody>
</table>

$^1$SPW's AUM is managed by the Group and included in the Group's AUM

$^2$Before exceptional items

Share of profit of associates and joint ventures$^2$: **+53% to £30.5m**
Net income

£m

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>1,801</td>
<td>2,125</td>
</tr>
<tr>
<td>Markets, FX and mix</td>
<td>33</td>
<td>45</td>
</tr>
<tr>
<td>Performance fees and net</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>carried interest</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Net new business</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>2018</td>
<td>2,124</td>
<td>2,125</td>
</tr>
<tr>
<td>2019</td>
<td>2,136</td>
<td>2,125</td>
</tr>
</tbody>
</table>

*Excludes SPW, which is proportionally consolidated

Net income up

£0.9m to £2,125m
Operating expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation costs</td>
<td>£903.3</td>
<td>£927.3</td>
</tr>
<tr>
<td>Non-compensation costs</td>
<td>£459.4</td>
<td>£496.3</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>£97.5</td>
<td>£74.4</td>
</tr>
</tbody>
</table>

**Total compensation ratio:**

- **44%**
- FY 2018: 43%

**Ratio of total cost to net income:**

- **67%**
- FY 2018: 64%
Non-compensation costs

Average AUM
£bn

2015 2016 2017 2018 2019
307.7 346.6 410.8 433.1 441.8
10.2 10.3 9.4 10.6 11.2

Non-compensation costs as bps of average AUM

Schroders
Change in Group Capital

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening capital</td>
<td>£3,621.2</td>
<td>£3,847.5</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>£495.7</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(£69.3)</td>
<td></td>
</tr>
<tr>
<td>Gain on partial sale of UK WM business</td>
<td>£153.6</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(£314.7)</td>
<td></td>
</tr>
<tr>
<td>Other (comprehensive)</td>
<td></td>
<td>(£39.0)</td>
</tr>
</tbody>
</table>

Group capital up £226.3m to £3,847.5m
Composition of Group Capital

Final dividend proposed for respective year
Comprises items that are inadmissible for regulatory purposes, principally goodwill, intangible assets and pension scheme surplus

1 Final dividend proposed for respective year
2 Comprises items that are inadmissible for regulatory purposes, principally goodwill, intangible assets and pension scheme surplus
Net income: £2,123.9m to £2,124.8m

Ratio of total costs to net income: 67%

Profit before tax: £761.2m to £701.2m

Basic EPS: -7% to 201.6p

Final dividend of 79p taking total dividend to 114p

1Before exceptional items.
Peter Harrison
Group Chief Executive
Outlook for 2020 and beyond

Structural changes to group increasing resilience

Focused strategy, global footprint and diversified business model to deliver long-term value for clients and shareholders

Increased market volatility likely to continue

Wide range of growth opportunities, particularly in Solutions, Private Assets and Wealth

Retain focus on repositioning business towards high quality, high longevity areas
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