

# Schroders

## Annual 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)

£421.4 billion at 31 December 2018

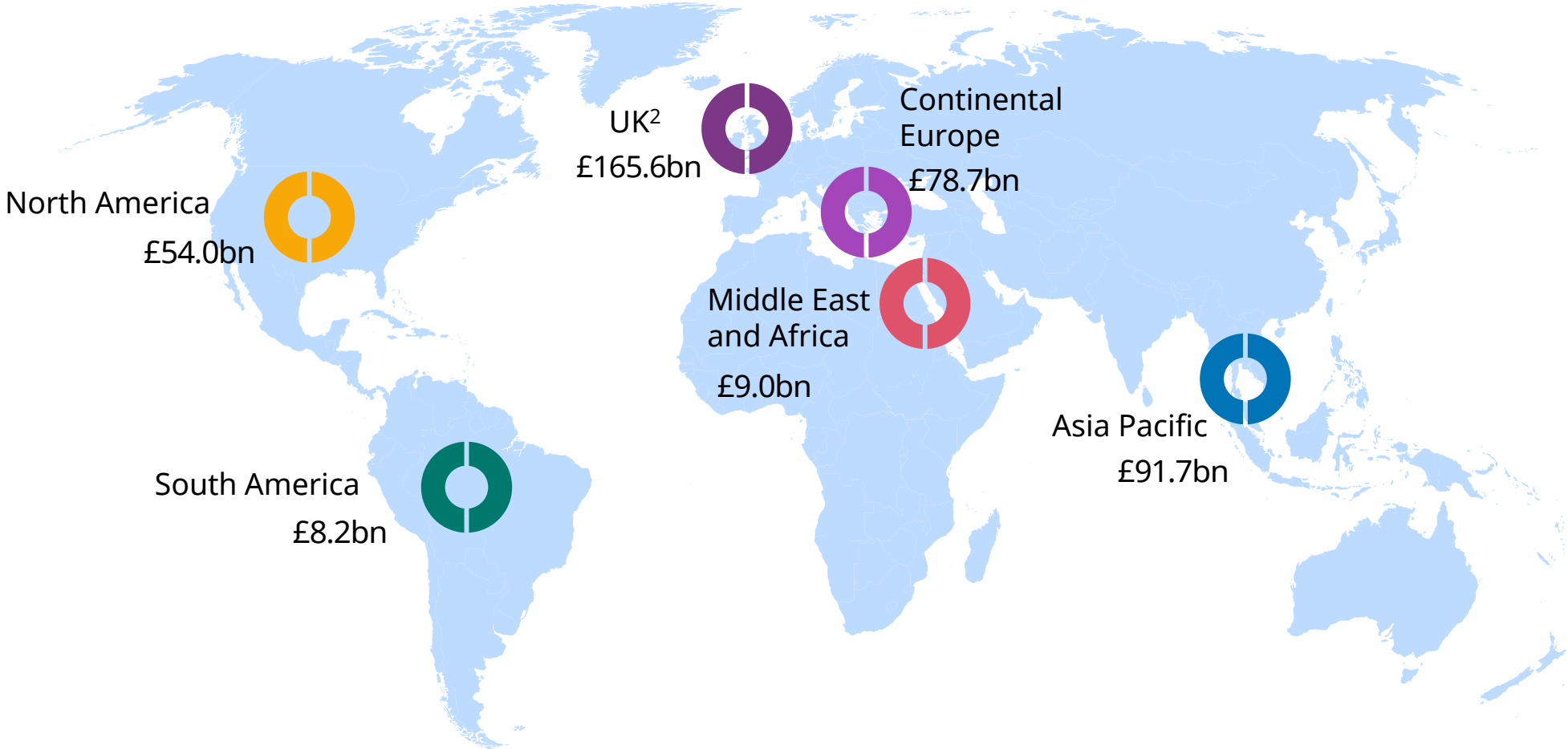
£bn	Institutional	Intermediary	Asset Management	Wealth Management	Total AUM	AUA	AUMA <sup>1</sup>
<b>1 January 2018</b>	<b>255.8</b>	<b>134.0</b>	<b>389.8</b>	<b>45.9</b>	<b>435.7</b>	<b>11.3</b>	<b>447.0</b>
Net flows	(6.6)	(4.6)	(11.2)	1.7	(9.5)		
Acquisitions or disposals <sup>2</sup>	1.6	-	1.6	(1.0)	0.6		
Investment returns	(8.5)	(8.2)	(16.7)	(2.9)	(19.6)		
<b>31 December 2018</b>	<b>242.3</b>	<b>121.2</b>	<b>363.5</b>	<b>43.7</b>	<b>407.2</b>	<b>14.2</b>	<b>421.4</b>

<sup>1</sup> Assets under management and administration comprise assets managed or advised on behalf of clients (assets under management or AUM) and assets where Schroders solely provides administrative support through the Benchmark Capital business (assets under administration or AUA).

<sup>2</sup> The acquisition within Asset Management relates to the purchase of Algonquin Management Partners S.A.

# Regional diversification of AUM<sup>1</sup>

66% of net operating revenues earned outside UK

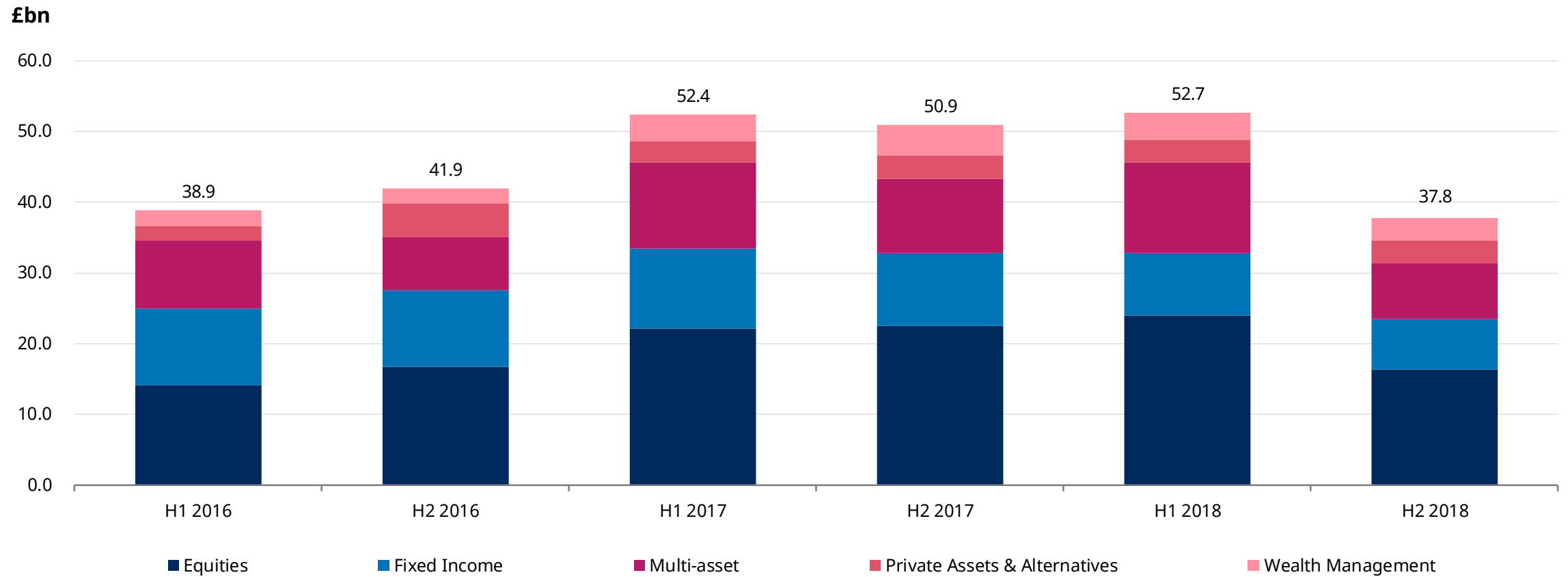


<sup>1</sup> By client domicile.

<sup>2</sup> A further £14.2bn of assets under administration are located in the UK.

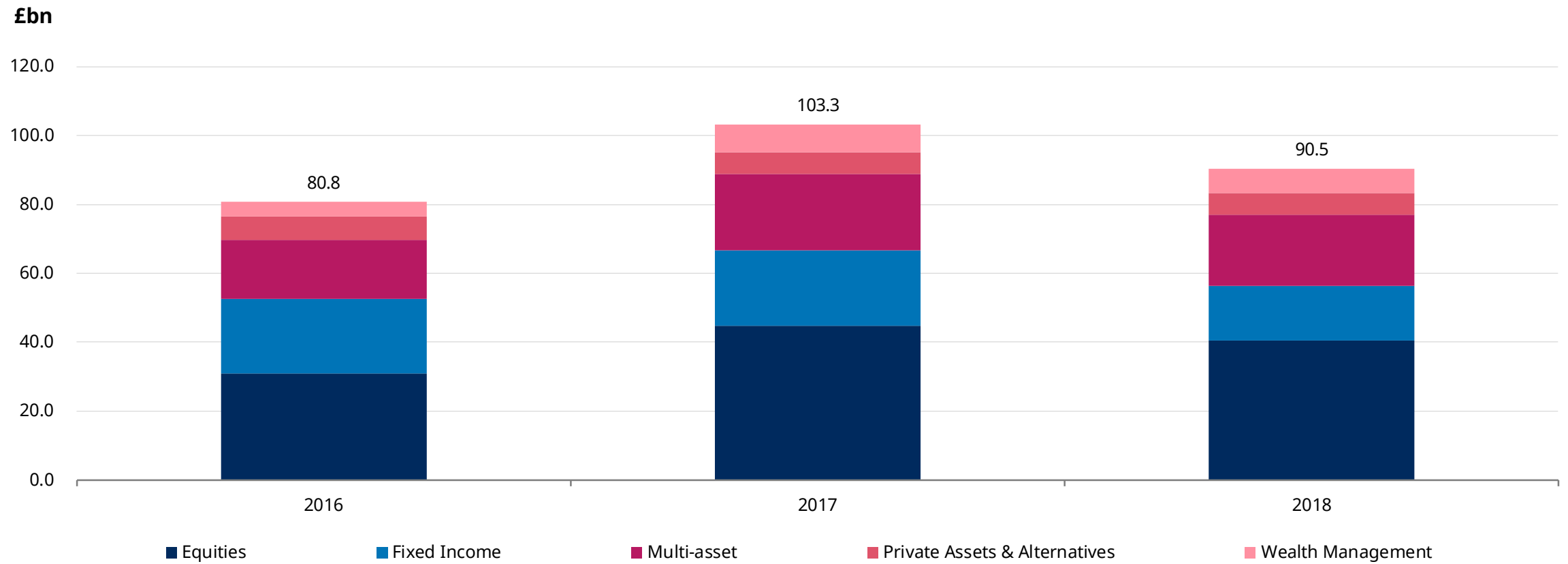
# Gross flows

## Half-yearly



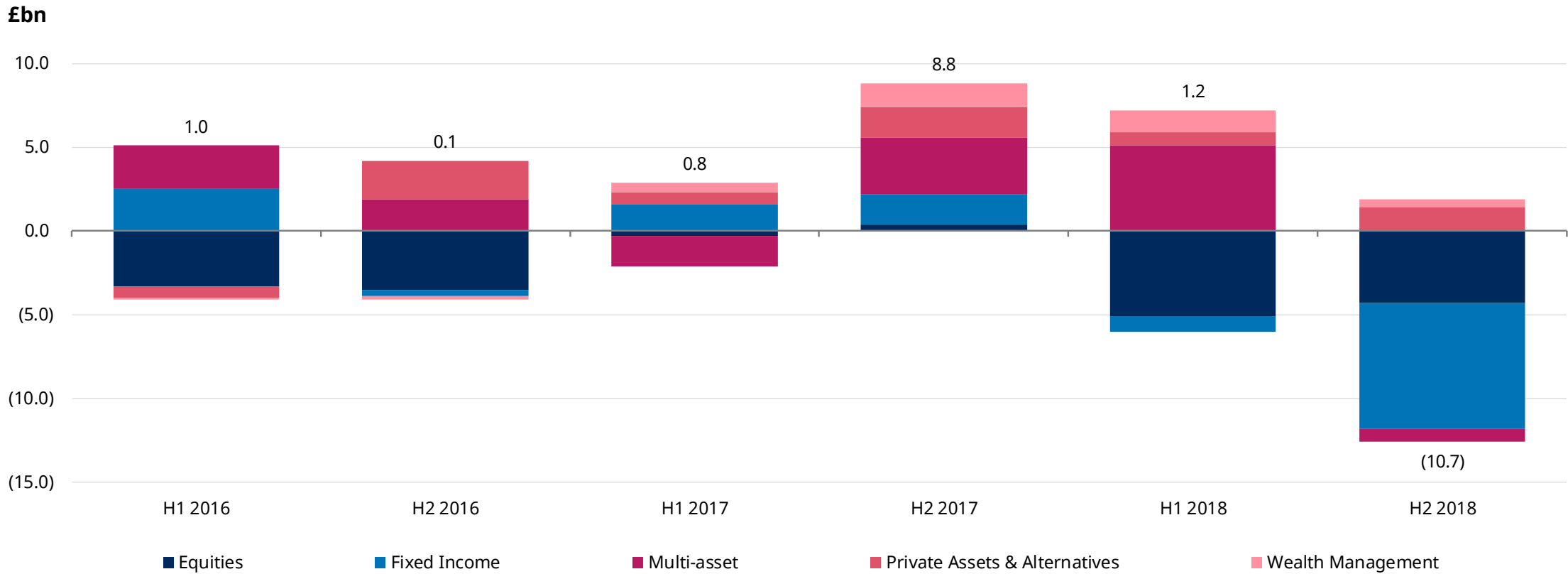
# Gross flows

## Annually



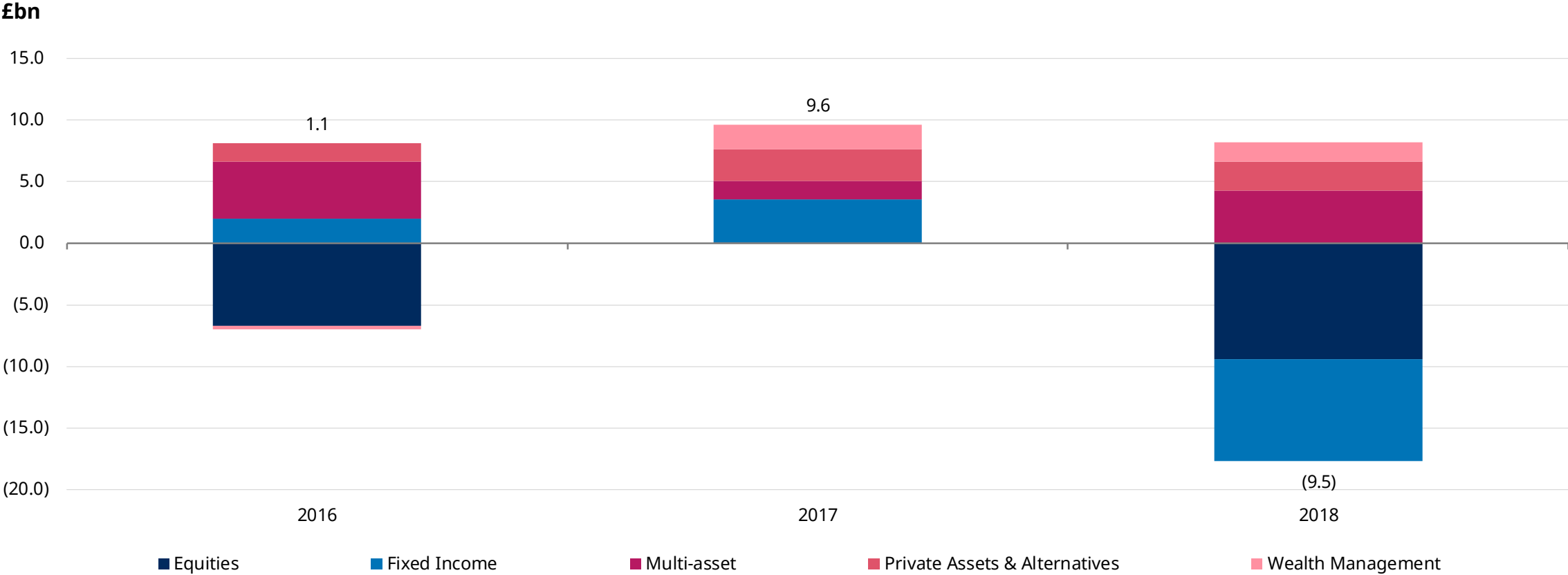
# Net flows

## Half-yearly



# Net flows

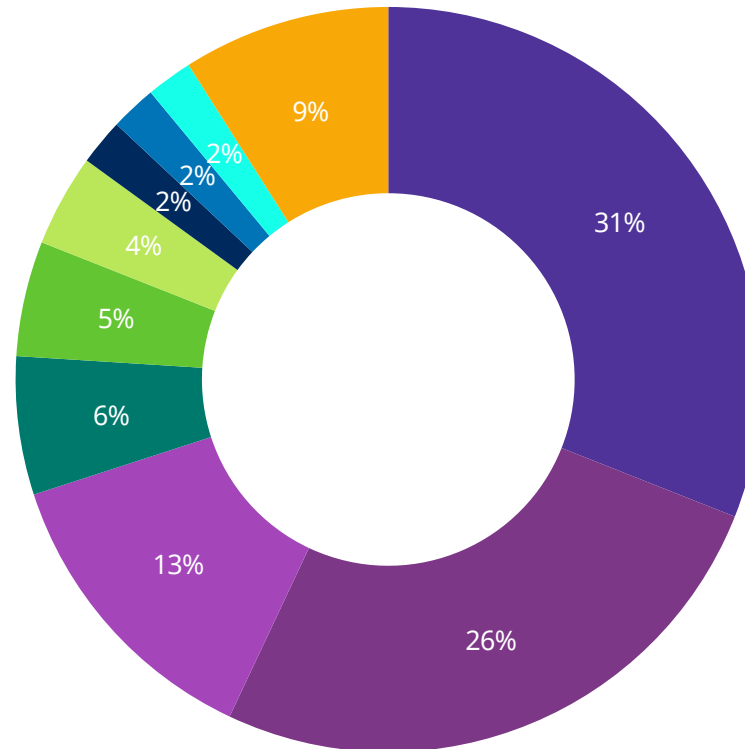
## Annually





# Currency profile of AUM

Assets under management £407.2 billion



■ USD<sup>1</sup> ■ GBP ■ EUR ■ CNY ■ JPY ■ AUD ■ KRW ■ CHF ■ TWD ■ Other<sup>2</sup>

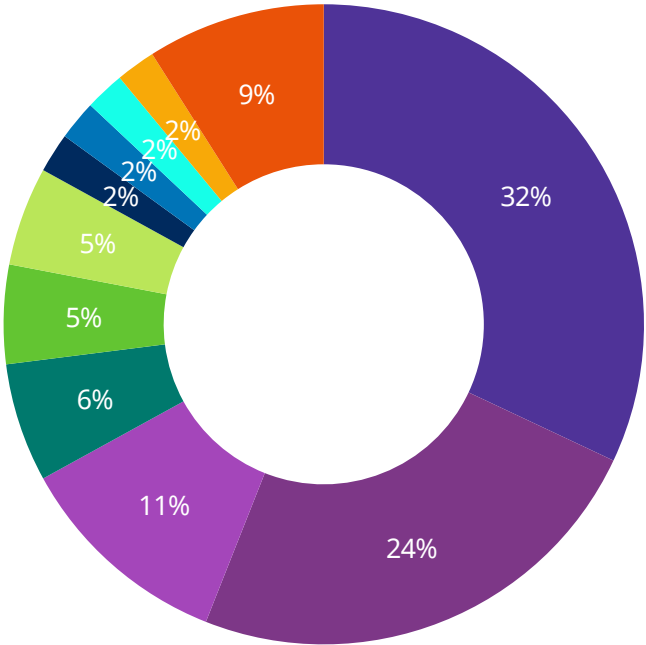
<sup>1</sup> USD includes other currencies pegged to USD, including HKD.

<sup>2</sup> Includes the following currencies which individually constitute 1% of AUM: IDR, INR, SGD, BRL, CAD, SEK.

# Currency profile of Asset Management AUM

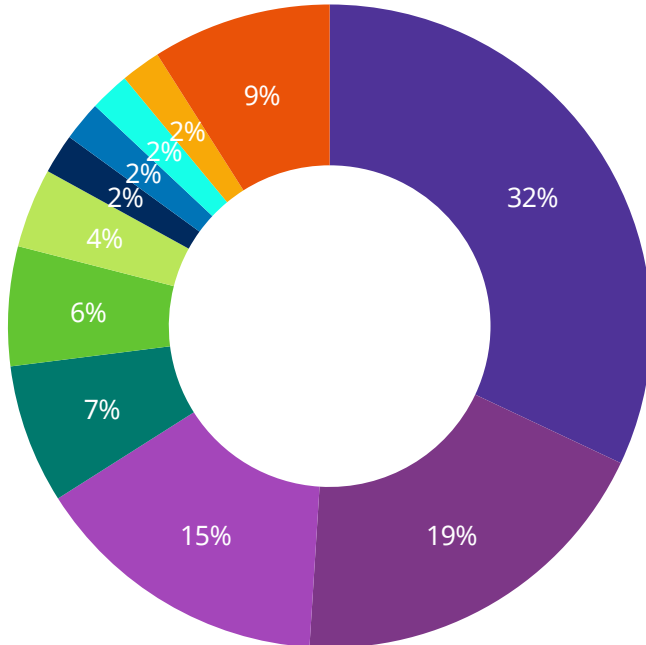
Asset Management AUM £363.5 billion

**Institutional £242.3bn**



- USD<sup>1</sup>
- GBP
- EUR
- CNY
- AUD
- JPY
- KRW
- CHF
- TWD
- INR
- Other

**Intermediary £121.2bn**



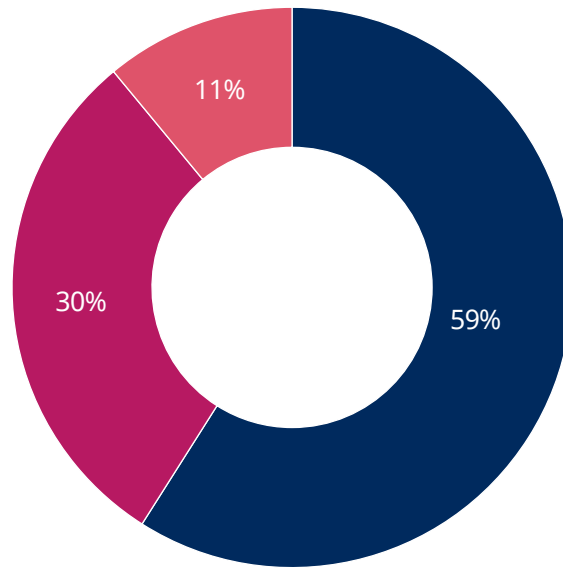
- USD<sup>1</sup>
- EUR
- GBP
- JPY
- CNY
- AUD
- IDR
- SGD
- KRW
- TWD
- Other

<sup>1</sup> USD includes other currencies pegged to USD, including HKD.

# Total AUM by channel, region and product

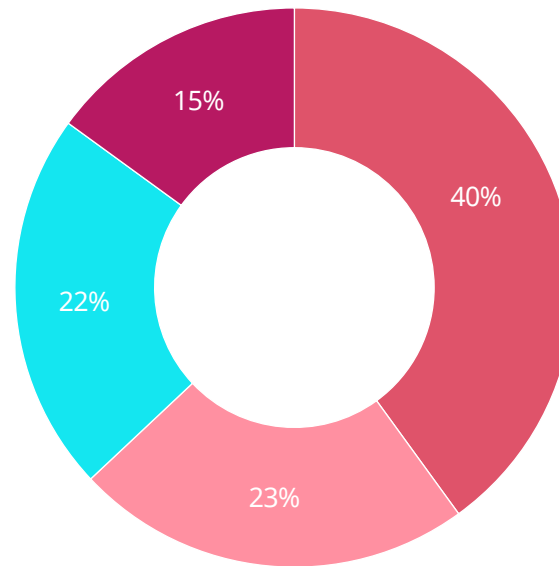
Assets under management £407.2 billion

### By channel



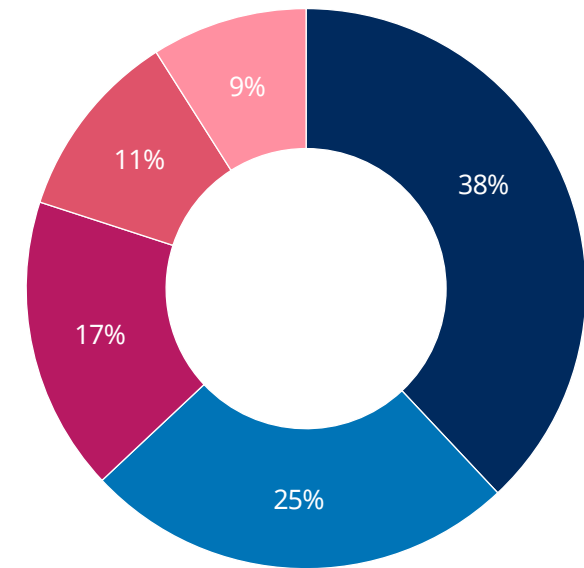
- Institutional
- Intermediary
- Wealth Management

### By region<sup>1</sup>



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

### By product



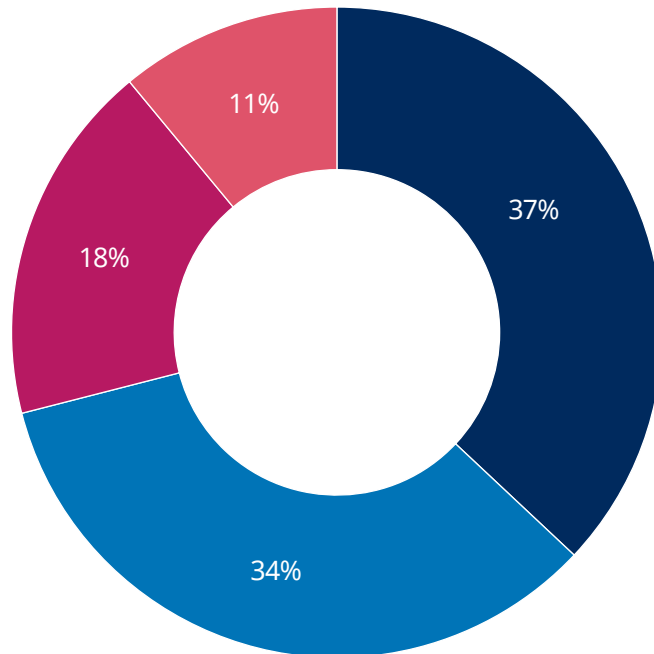
- Equities
- Multi-asset
- Fixed Income
- Wealth Management
- Private Assets & Alternatives

<sup>1</sup> By client domicile.

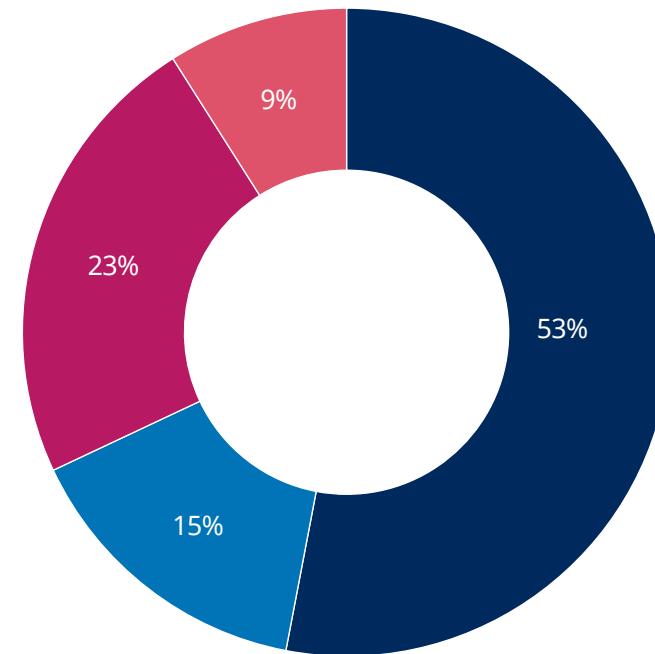
# Asset Management AUM by channel and product

Assets under management £363.5 billion

Institutional AUM £242.3bn



Intermediary AUM £121.2bn

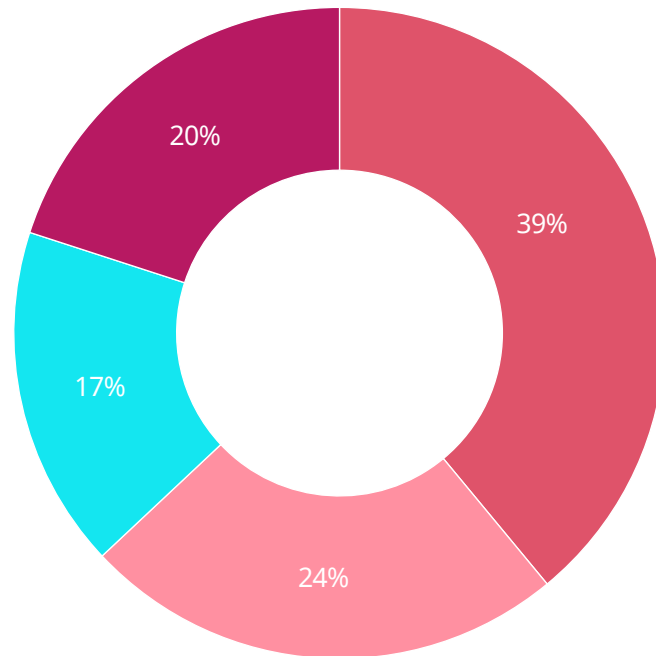


■ Equities   ■ Multi-asset   ■ Fixed Income   ■ Private Assets & Alternatives

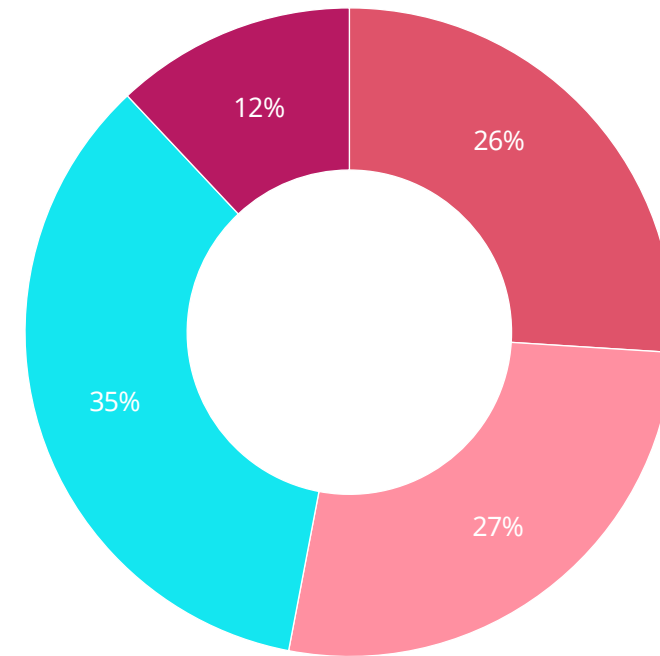
# Asset Management AUM by channel and region<sup>1</sup>

Assets under management £363.5 billion

Institutional AUM £242.3bn



Intermediary AUM £121.2bn



■ UK

■ Asia Pacific

■ Europe, Middle East & Africa

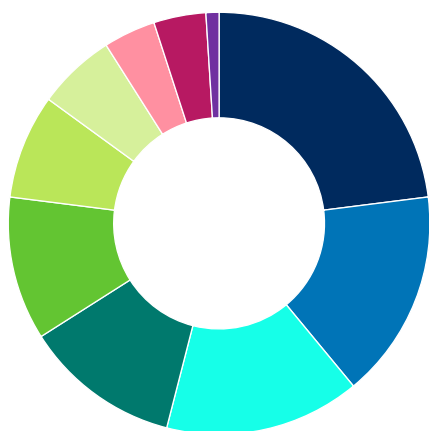
■ Americas

<sup>1</sup> By client domicile.

# Asset Management AUM – detailed asset class analysis

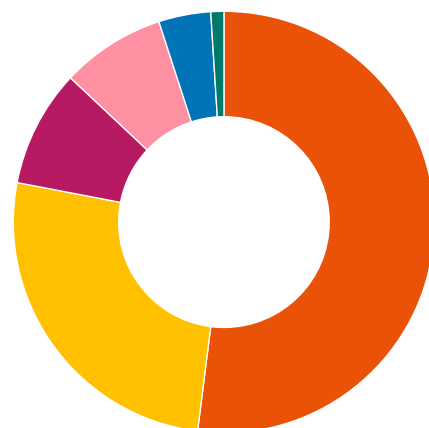
Assets under management £363.5 billion

**Equities £154.7bn**



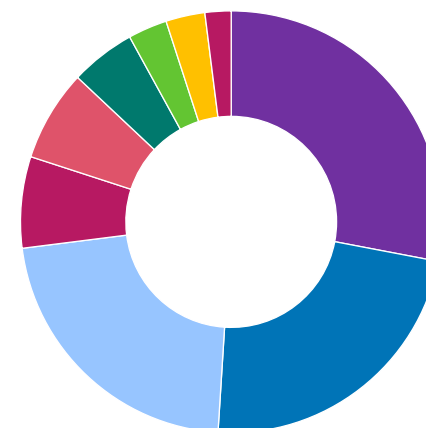
■ Asia Pacific	23%
■ Emerging markets	16%
■ Global	15%
■ Quantitative equities	12%
■ Europe	11%
■ UK	8%
■ Japan	6%
■ US	4%
■ Australia	4%
■ Other	1%

**Multi-asset £100.5bn**



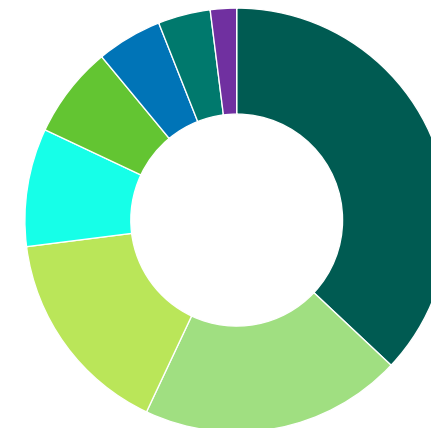
■ Risk controlled growth	52%
■ LDI	26%
■ Risk mitigation	9%
■ Income	8%
■ Inflation protection	4%
■ Multi-asset advanced beta	1%

**Fixed Income £70.3bn**



■ US	28%
■ Global	23%
■ Europe	22%
■ Asia Pacific	7%
■ UK	7%
■ Australia	5%
■ Emerging market bonds	3%
■ Custom Bond Beta	3%
■ Convertibles	2%

**Private Assets & Alternatives £38.0bn**

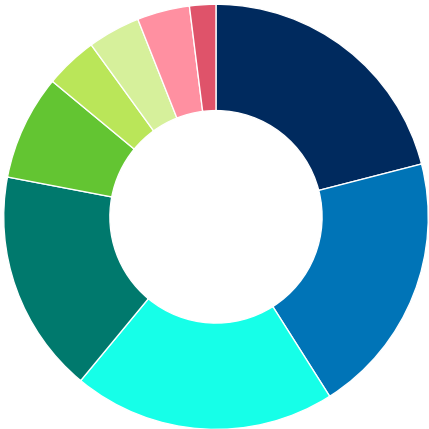


■ Real estate	37%
■ Private equity	20%
■ Securitised credit	16%
■ GAIA	9%
■ Emerging market debt	7%
■ Insurance-linked	5%
■ Infrastructure finance	4%
■ Commodities	2%

# Institutional AUM – detailed asset class analysis

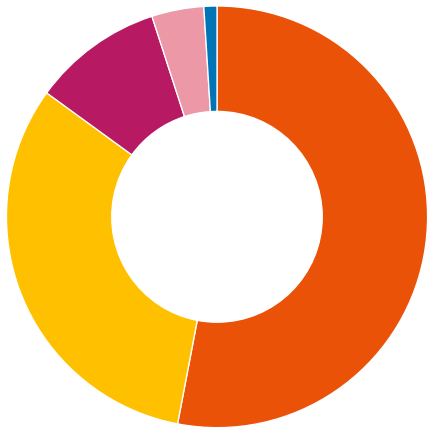
Assets under management £242.3 billion

**Equities £89.9bn**



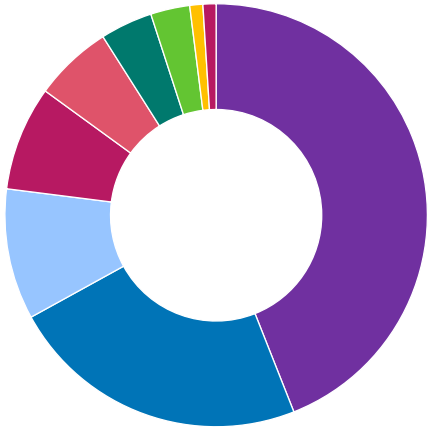
■ Emerging markets	21%
■ Global	20%
■ Asia Pacific	20%
■ Quantitative equities	17%
■ Europe	8%
■ UK	4%
■ Japan	4%
■ Australia	4%
■ US	2%

**Multi-asset £82.3bn**



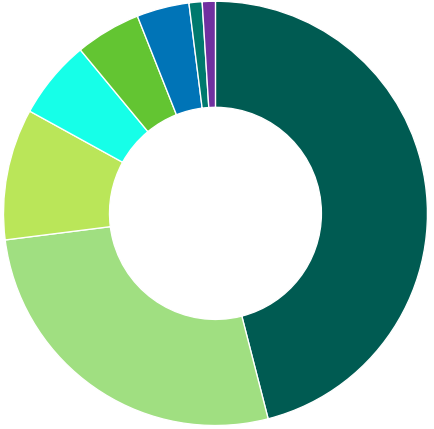
■ Risk controlled growth	53%
■ LDI	32%
■ Risk mitigation	10%
■ Inflation protection	4%
■ Multi-asset advanced beta	1%

**Fixed Income £42.6bn**



■ US	44%
■ Global	23%
■ Europe	10%
■ UK	8%
■ Asia Pacific	6%
■ Custom Bond Beta	4%
■ Australia	3%
■ Emerging market bonds	1%
■ Convertibles	1%

**Private Assets & Alternatives £27.5bn**



■ Real estate	46%
■ Private equity	27%
■ Securitised credit	10%
■ Emerging market debt	6%
■ Infrastructure finance	5%
■ Insurance-linked	4%
■ Commodities	1%
■ GAIA	1%

# Intermediary AUM – detailed asset class analysis

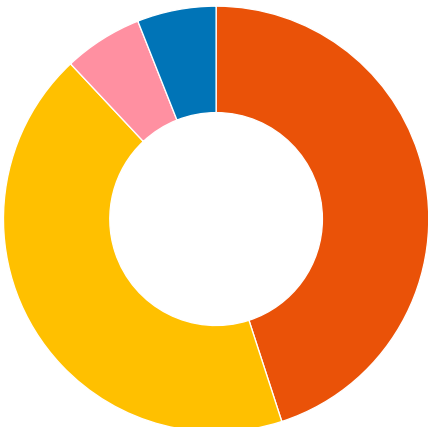
Assets under management £121.2 billion

**Equities £64.8bn**



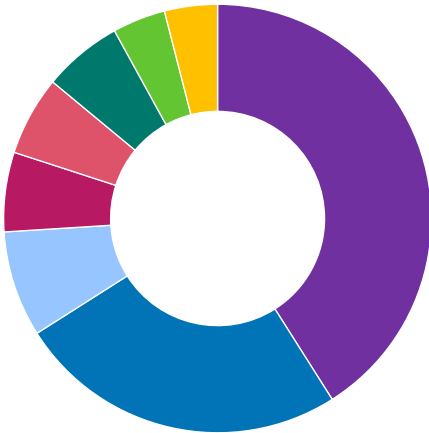
■ Asia Pacific	26%
■ Europe	14%
■ UK	12%
■ Emerging markets	11%
■ Japan	9%
■ Global	9%
■ US	8%
■ Quantitative equities	5%
■ Australia	3%
■ Other	3%

**Multi-asset £18.2bn**



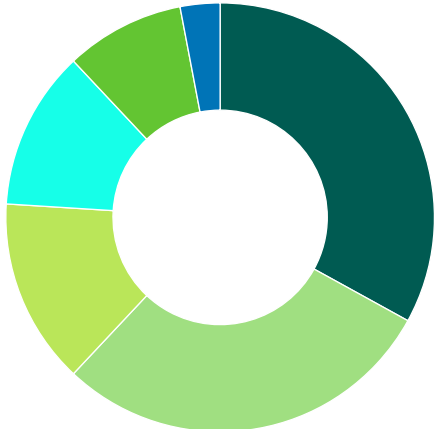
■ Income	45%
■ Risk controlled growth	43%
■ Inflation protection	6%
■ Risk mitigation	6%

**Fixed Income £27.7bn**



■ Europe	41%
■ Global	25%
■ Asia Pacific	8%
■ Australia	6%
■ US	6%
■ Emerging market bonds	6%
■ UK	4%
■ Convertibles	4%

**Private Assets & Alternatives £10.5bn**

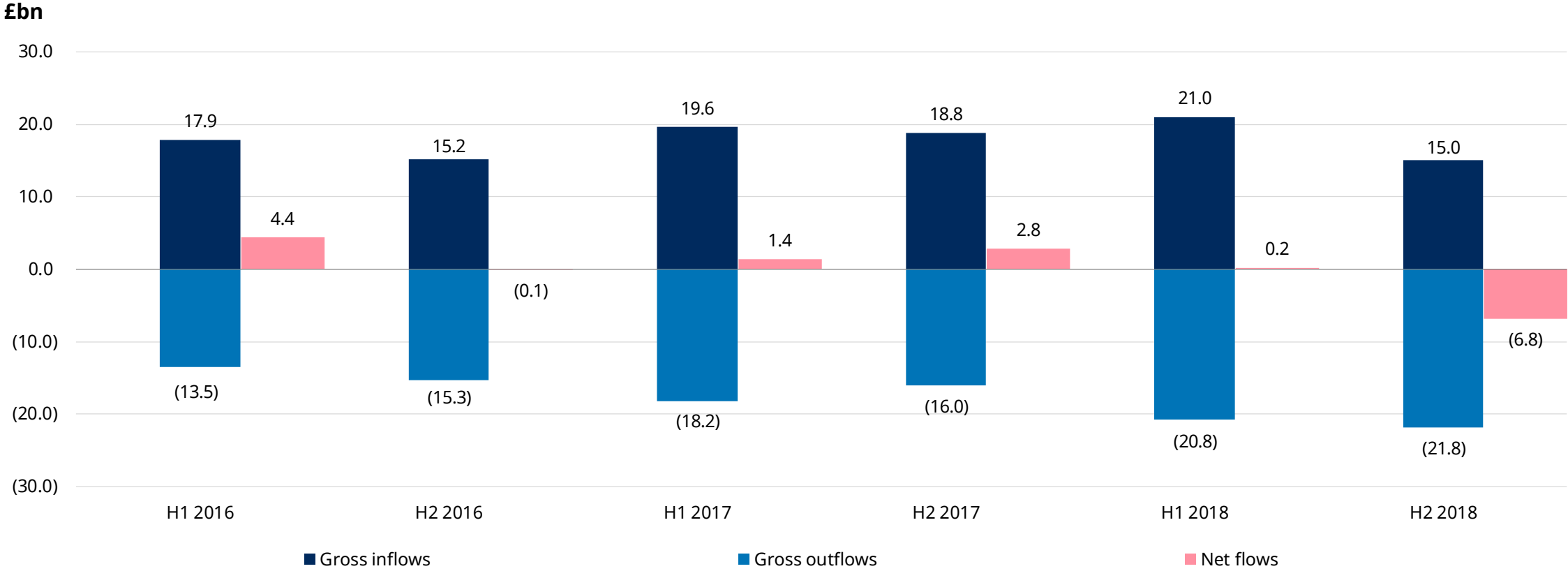


■ Securitised credit	33%
■ GAIA	29%
■ Real estate	14%
■ Emerging market debt	12%
■ Insurance-linked	9%
■ Commodities	3%



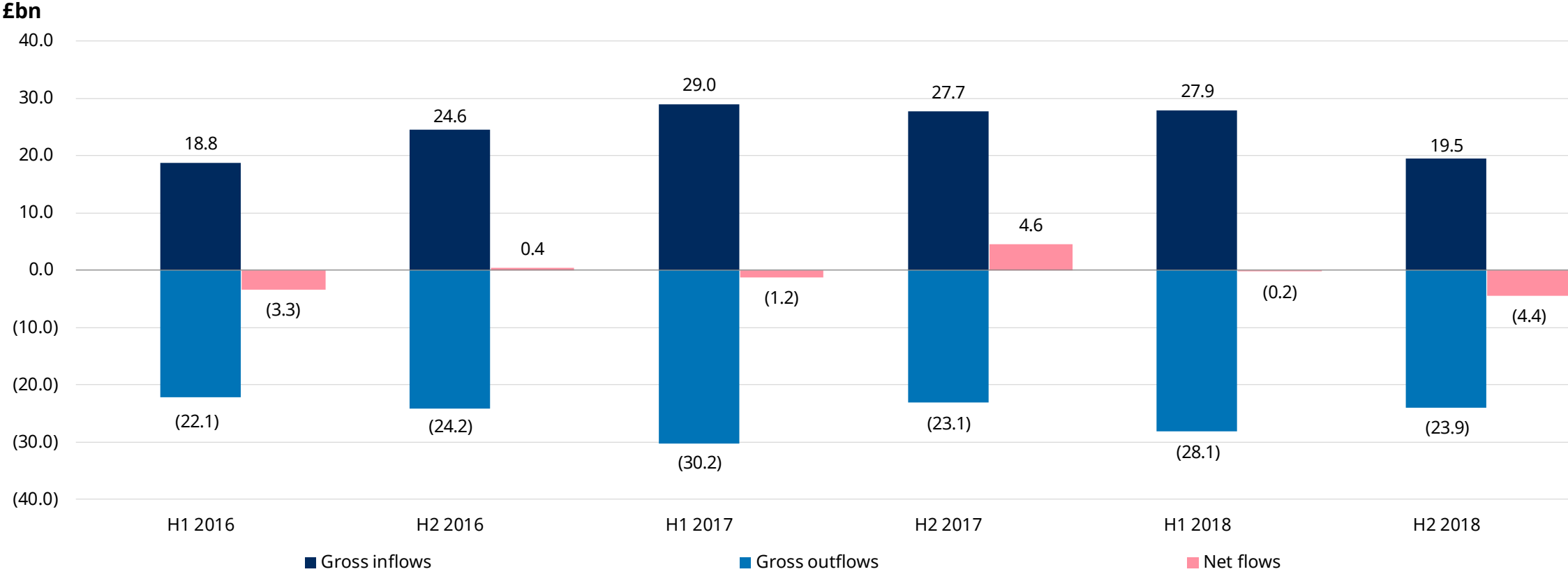
# Institutional – gross and net flows

Assets under management £242.3 billion



# Intermediary – gross and net flows

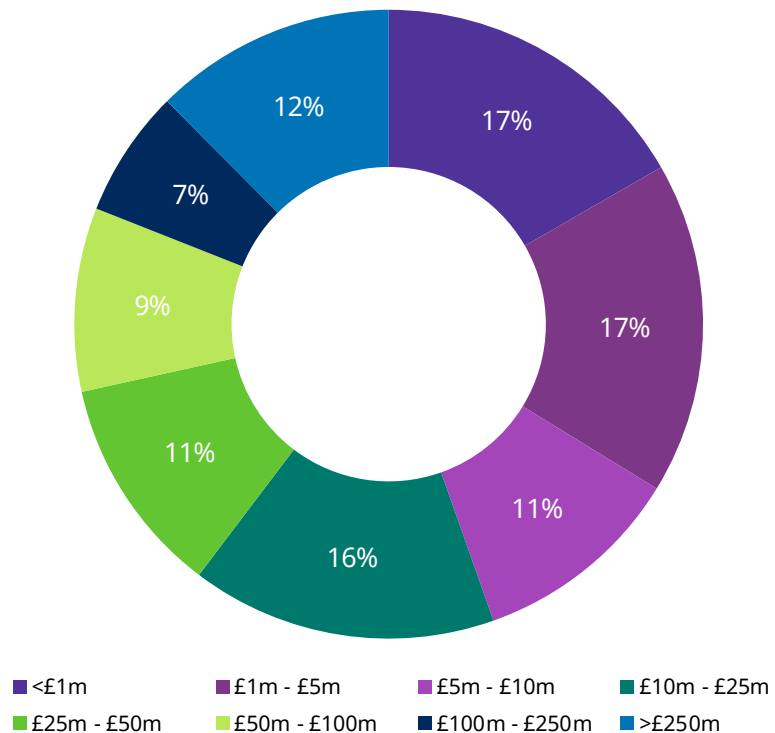
Assets under management £121.2 billion



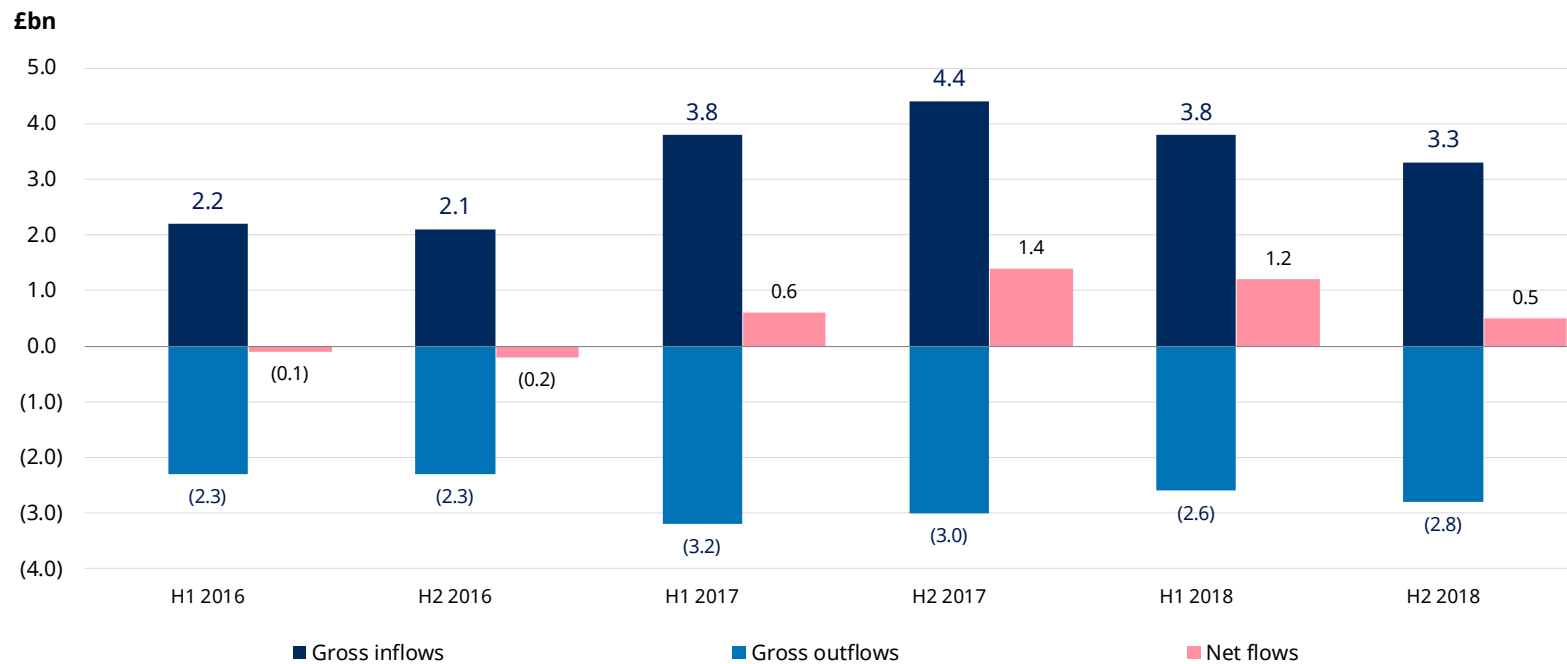
# Wealth Management

## Assets under management £43.7 billion

### Clients by portfolio size



### Gross and net flows



# Net operating revenue and margins – Asset Management

Asset Management net operating revenue £1,788.8 million

£m	2017	2018
Performance fees - £m	77.5	26.2
Net Carried interest - £m	-	28.4
Performance fees and carried interest on average AUM	2 bps	1 bps
Net operating revenue (ex performance fees and carried interest) - £m	1,665.8	1,734.2
Net operating revenue (ex performance fees and carried interest) on average AUM	45 bps	45 bps
Net income - £m	1,757.9	1,801.2
Operating expenses - £m	(1,052.0)	(1,130.4)
<b>Profit before tax - £m</b>	<b>705.9</b>	<b>670.8</b>

1 Excluding exceptional items.

# Income statement progression

## Asset Management profit before tax

£m	2016	2017	2018
<i>Institutional</i>	692.5	814.0	851.3
<i>Intermediary</i>	797.0	929.3	937.5
Net operating revenue	1,489.5	1,743.3	1,788.8
Net gain/(loss) on financial instruments and other income	28.2	(6.2)	(3.3)
Share of profit of associates and joint ventures	16.7	20.8	15.7
<b>Net income</b>	<b>1,534.4</b>	<b>1,757.9</b>	<b>1,801.2</b>
<b>Operating expenses</b>	<b>(962.0)</b>	<b>(1,052.0)</b>	<b>(1,130.4)</b>
<b>Asset Management profit before exceptional items</b>	<b>572.4</b>	<b>705.9</b>	<b>670.8</b>
<b>Exceptional items</b>	<b>(18.5)</b>	<b>(17.2)</b>	<b>(82.6)</b>
<b>Asset Management profit after exceptional items</b>	<b>553.9</b>	<b>688.7</b>	<b>588.2</b>

# Income statement progression

## Wealth Management profit before tax

£m	2016	2017	2018
Net operating revenue	223.3	266.9	281.9
Net gain on financial instruments and other income	0.7	6.3	7.5
Share of profit of associates and joint ventures	-	0.1	0.4
<b>Net income</b>	<b>224.0</b>	<b>273.3</b>	<b>289.8</b>
<b>Operating expenses</b>	<b>(157.6)</b>	<b>(183.0)</b>	<b>(196.4)</b>
<b>Wealth Management profit before exceptional items</b>	<b>66.4</b>	<b>90.3</b>	<b>93.4</b>
<b>Exceptional items</b>	<b>(10.1)</b>	<b>(22.9)</b>	<b>(25.4)</b>
<b>Wealth Management profit after exceptional items</b>	<b>56.3</b>	<b>67.4</b>	<b>68.0</b>

# Income statement progression

## Group segment profit before tax

£m	2016	2017	2018
Net gain on financial instruments and other income	29.9	35.1	29.1
Share of profit of associates	4.8	2.6	3.8
<b>Net income</b>	<b>34.7</b>	<b>37.7</b>	<b>32.9</b>
<b>Operating expenses</b>	<b>(28.8)</b>	<b>(33.6)</b>	<b>(35.9)</b>
<b>Group profit/(loss) before exceptional items</b>	<b>5.9</b>	<b>4.1</b>	<b>(3.0)</b>
<b>Exceptional items</b>	<b>2.0</b>	<b>-</b>	<b>(3.3)</b>
<b>Group profit/(loss) after exceptional items</b>	<b>7.9</b>	<b>4.1</b>	<b>(6.3)</b>

# Cost and return metrics

## Total costs<sup>1</sup>

	2016	2017	2018
Total compensation ratio <sup>1</sup>	44%	43%	43%
Headcount	4,145	4,619	5,039
Total costs (£m) <sup>1</sup>	1,148.4	1,268.6	1,362.7
Ratio of total costs to net income <sup>1</sup>	64%	61%	64%

### Total compensation ratio

= compensation costs divided by net income<sup>2</sup>

### Ratio of total costs to net income

= total costs divided by net income

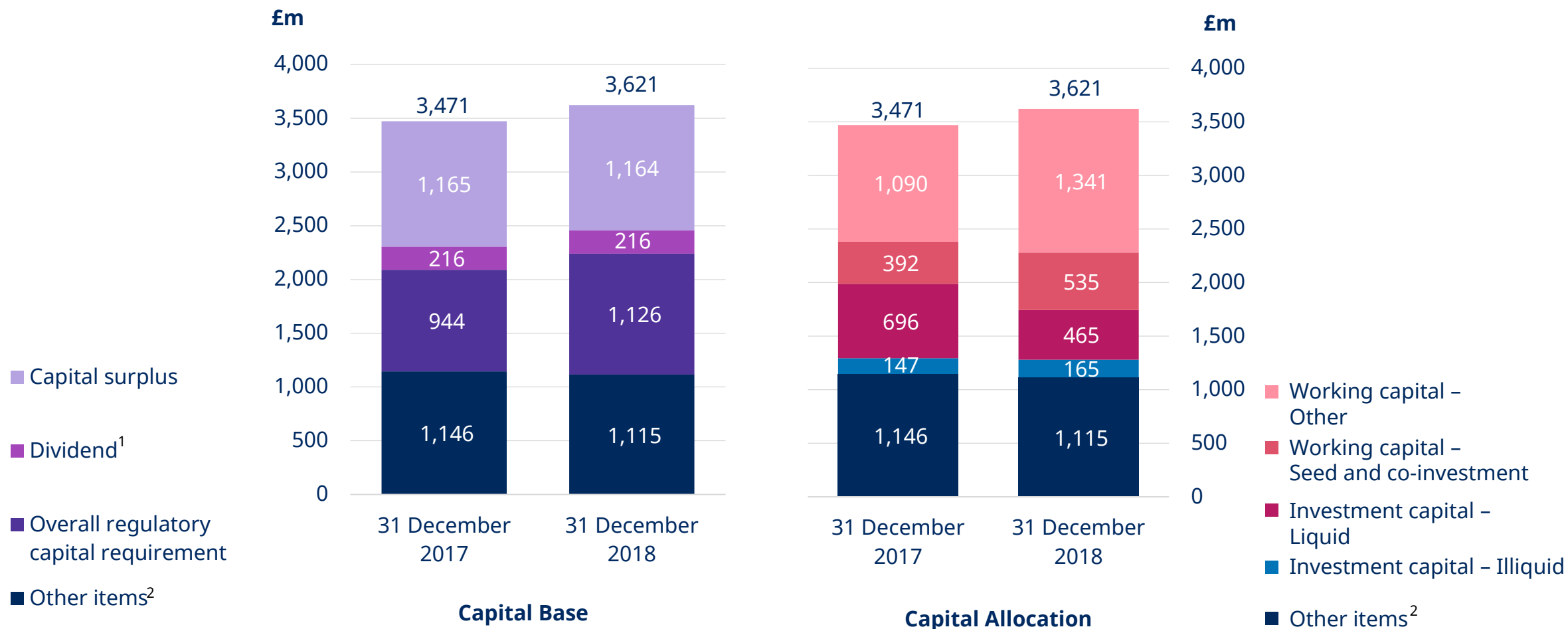
<sup>1</sup> Excluding exceptional items.

<sup>2</sup> Costs and income are subject to adjustments by the Remuneration Committee.



# Group Capital

Increase of £150m in the year ended 31 December 2018



<sup>1</sup> Final dividend proposed for the respective year.

<sup>2</sup> Comprises regulatory deductions, principally goodwill, intangible assets, pension scheme surplus, associates and joint ventures, deferred taxation.