

Building a sustainable business for the long term

Despite political uncertainties in many parts of the world, investment markets performed well in 2017 and it was a record year for Schroders. Profit before tax and exceptional items increased 24% to £800.3 million (2016: £644.7 million) and profit before tax was up 23% to £760.2 million (2016: £618.1 million). We generated net new business of £9.6 billion (2016: £1.1 billion) and assets under management and administration ended the year up 13% at £447.0 billion (2016: £395.3 billion).

Dividend

Our policy is to increase dividends progressively in line with the trend in profitability and to maintain a payout ratio of approximately 50%. Consequently, the Board will recommend to shareholders at the Annual General Meeting a final dividend of 79 pence per share (2016: 64 pence), an increase of 23%.

The final dividend will be paid on 3 May 2018 to shareholders on the register at 23 March 2018. The full year dividend of 113 pence per share (2016: 93 pence) represents an increase of 22%.

Our role as asset managers

As one of the largest investment firms in Europe we play a vital role in helping a broad range of investors meet their financial goals.

Our objective is to create and preserve value for institutions and individuals. In so doing, we actively channel capital to companies to support them in investing for growth and, as shareholders, we use our ownership rights on behalf of clients to engage with our investee companies in relation to strategy, risks, management succession, governance and environmental impact.

Through this we are aware that we can play a broader role, beyond our clients and shareholders, to the benefit of a wider range of stakeholders and we take this responsibility very seriously, applying the same standards to the management of our own business as we do to companies in which we invest.

The Board

In 2017, the Board focused on major topics including the five year strategic outlook for the business, risks to our strategy, product strategy, capital, talent and succession planning, and remuneration strategy. The Board pays great attention to the culture of the firm which we believe, built over many years, represents a key competitive advantage. We consider culture in many aspects of our Board discussions, including when reviewing acquisition opportunities where cultural alignment is a major factor in our decision making.

In November, the Board met in New York for an in depth review of our positioning and strategy in the North American market, which we believe represents an important growth opportunity for the Company.

Philip Howard, our Senior Independent Director and Chairman of the Remuneration Committee, will retire as a Director at the Annual General Meeting in April having completed nine years on the Board. Philip has been an exemplary non-executive Director, giving a great deal of his time to the business outside of Board meetings and providing a highly constructive level of challenge and support to the management team. We will miss his deep experience and insights and on behalf of the Board I would like to thank him for his very significant contribution.

We remain committed to providing an environment that is open, collaborative and based on merit, where everyone has the opportunity to realise their potential

We were delighted to announce earlier this year that Sir Damon Buffini would join the Board effective 1 February 2018. Damon has a track record of success in the field of private equity, supporting a wide range of growing companies, and we look forward to benefiting from his experience in relation to our overall range of growth opportunities and particularly in the field of private assets which is one of our priorities.

Ian King, who joined the Board in January 2017, will succeed Philip Howard as Senior Independent Director and Nichola Pease will succeed Philip as Chairman of the Remuneration Committee. Nichola's long experience in the asset management industry and her membership of the Remuneration Committee since 2014 will ensure a smooth transition for this key role.

Our people

Schroders' success is based on our diversified business model, our financial strength and in particular on our values and our people. We were therefore pleased to see that in our 2017 employee opinion survey 94% of our employees said they were proud to be associated with Schroders, and we again had very low levels of staff turnover.

We remain committed to developing the extraordinary pool of talent we have at Schroders across the world and providing an environment that is open, collaborative and based on merit, where everyone has the opportunity to deliver their best and realise their potential.

To all our employees, those who have been with the firm for many years and recent joiners, whether mid career or at the beginning of their career, I would like to extend the Board's thanks for their contribution to the achievement of a record year in 2017.

Michael Dobson

Chairman

