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Schroders 2015 H1 Results | 30 July 2015
# Assets under management (AUM)

£309.9 billion at 30 June 2015

<table>
<thead>
<tr>
<th>£bn</th>
<th>Institutional</th>
<th>Intermediary</th>
<th>Asset Management</th>
<th>Wealth Management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2014</td>
<td>171.1</td>
<td>97.8</td>
<td>268.9</td>
<td>31.1</td>
<td>300.0</td>
</tr>
<tr>
<td>Net flows</td>
<td>3.6</td>
<td>4.8</td>
<td>8.4</td>
<td>0.4</td>
<td>8.8</td>
</tr>
<tr>
<td>Investment returns*</td>
<td>0.8</td>
<td>(0.2)</td>
<td>0.6</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>30 June 2015</td>
<td>175.5</td>
<td>102.4</td>
<td>277.9</td>
<td>32.0</td>
<td>309.9</td>
</tr>
</tbody>
</table>

* The strengthening of sterling since 31 December 2014 had the effect of reducing assets under management by £6.4 billion.
Regional diversification of AUM
61% of net revenues outside UK

- North America: £34.4bn
- South America: £7.3bn
- UK: £126.7bn
- Continental Europe: £54.3bn
- Asia Pacific: £78.1bn
- Middle East: £9.1bn
Gross sales

Q1 2014: 19.7
Q2 2014: 18.3
Q3 2014: 19.6
Q4 2014: 34.4
Q1 2015: 25.6
Q2 2015: 23.0

Equities | Fixed Income | Multi-asset | Emerging Market Debt, Commodities & Real Estate | Wealth Management
---|---|---|---|---
£bn
Currency profile of AUM
Assets under management £309.9 billion

* Includes the following currencies which individually constitute 1% of AUM: KRW, IDR, INR, SGD, BRL, THB, CAD
Total AUM by channel, region and product
Assets under management £309.9 billion

By channel
- Institutional: 33%
- Intermediary: 10%
- Wealth Management: 57%

By region*
- UK: 42%
- Continental Europe**: 20%
- Asia Pacific: 25%
- Americas: 13%

By product
- Equities: 43%
- Fixed Income: 25%
- Multi-asset: 25%
- Emerging Market Debt, Commodities & Real Estate: 17%
- Wealth Management: 10%

* By client domicile
** Includes Middle East

7 Schroders 2015 H1 Results | 30 July 2015
Asset Management AUM by channel and product

Institutional AUM £175.5bn

- Equities: 31%
- Fixed Income: 44%
- Multi-asset: 6%
- Emerging Market Debt, Commodities & Real Estate: 19%

Intermediary AUM £102.4bn

- Equities: 21%
- Fixed Income: 56%
- Multi-asset: 3%
- Emerging Market Debt, Commodities & Real Estate: 20%
Asset Management AUM by channel and region*

Institutional AUM £175.5bn

Intermediary AUM £102.4bn

* By client domicile
**Includes Middle East

UK
Continental Europe**
Asia Pacific
Americas
Asset Management AUM – detailed asset class analysis

Assets under management £277.9 billion

Equities £134.4bn

- Asia Pacific: 18%
- Quantitative equities: 16%
- UK: 14%
- Global: 13%
- Emerging markets: 12%
- Europe: 10%
- Japan: 6%
- Australia: 5%
- US: 4%
- Other: 2%

Fixed Income £53.8bn

- Americas: 28%
- Global: 23%
- Europe: 20%
- UK: 10%
- Australia: 8%
- Asia Pacific: 7%
- Convertibles: 3%
- Insurance-linked: 1%

Multi-asset £75.5bn

- UK: 35%
- LDI: 22%
- Asia Pacific: 17%
- Americas: 10%
- Australia: 7%
- Europe: 6%
- GAIA range: 3%

Emerging Market Debt, Commodities and Real Estate £14.2bn

- Real estate: 68%
- Emerging market debt: 14%
- Agriculture and commodities: 13%
- Private equity: 5%
Institutional AUM – detailed asset class analysis
Assets under management £175.5 billion

**Equities £77.3bn**
- **Quantitative equities**: 25%
- **Emerging markets**: 16%
- **Global**: 15%
- **Asia Pacific**: 15%
- **UK**: 11%
- **Europe**: 7%
- **Australia**: 5%
- **US**: 3%
- **Japan**: 3%

**Fixed Income £33.4bn**
- **Americas**: 40%
- **Global**: 22%
- **UK**: 14%
- **Europe**: 10%
- **Australia**: 7%
- **Asia Pacific**: 5%
- **Convertibles**: 1%
- **Insurance-linked**: 1%

**Multi-asset £53.6bn**
- **UK**: 47%
- **LDI**: 30%
- **Asia Pacific**: 11%
- **Australia**: 7%
- **Europe**: 3%
- **Americas**: 2%

**Emerging Market Debt, Commodities and Real Estate £11.2bn**
- **Real estate**: 74%
- **Agriculture and commodities**: 11%
- **Emerging market debt**: 9%
- **Private equity**: 6%
Intermediary AUM – detailed asset class analysis

Assets under management £102.4 billion

- Equities £57.1bn
- Fixed Income £20.4bn
- Multi-asset £21.9bn
- Emerging Market Debt, Commodities and Real Estate £3.0bn

Emerging Market Debt, Commodities and Real Estate £3.0bn

- Asia Pacific 48%
- Emerging market debt 33%
- Agriculture and commodities 17%
- Private equity 2%

Equities £57.1bn

- Asia Pacific 23%
- UK 18%
- Europe 14%
- Global 10%
- Japan 9%
- Emerging markets 8%
- US 6%
- Quantitative equities 4%
- Australia 4%
- Other 4%

Fixed Income £20.4bn

- Europe 36%
- Global 25%
- Americas 12%
- Australia 9%
- Asia Pacific 8%
- Convertibles 5%
- UK 3%
- Insurance-linked 2%

Multi-asset £21.9bn

- Asia Pacific 35%
- Americas 29%
- Europe 25%
- GAIA range 14%
- UK 11%
- Australia 6%
- Other 5%

Emerging Market Debt, Commodities and Real Estate £3.0bn

- Real estate 48%
- Emerging market debt 33%
- Agriculture and commodities 17%
- Private equity 2%
Institutional flows
Assets under management: £175.5 billion (31 December 2014: £171.1 billion)
Intermediary flows

Assets under management: £102.4 billion (31 December 2014: £97.8 billion)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross Inflows</th>
<th>Gross Outflows</th>
<th>Net Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2014</td>
<td>12.1</td>
<td>(9.3)</td>
<td>2.8</td>
</tr>
<tr>
<td>Q2 2014</td>
<td>11.2</td>
<td>(10.2)</td>
<td>1.0</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>11.8</td>
<td>(10.5)</td>
<td>1.3</td>
</tr>
<tr>
<td>Q4 2014</td>
<td>11.9</td>
<td>(10.3)</td>
<td>1.6</td>
</tr>
<tr>
<td>Q1 2015</td>
<td>14.7</td>
<td>(11.8)</td>
<td>2.9</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>13.9</td>
<td>(12.0)</td>
<td>1.9</td>
</tr>
</tbody>
</table>
Net revenue and margins – Asset Management

Asset Management net revenues £694.3 million (H1 2014: £621.0 million)

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>H1 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance fees - £m</td>
<td>34.2</td>
<td>8.3</td>
<td>5.9</td>
</tr>
<tr>
<td>Performance fees on average AUM</td>
<td>1 bps</td>
<td>1 bps</td>
<td>1 bps</td>
</tr>
<tr>
<td>Net revenue (ex performance fees) - £m</td>
<td>1,269.3</td>
<td>612.7</td>
<td>688.4</td>
</tr>
<tr>
<td>Net revenue (ex performance fees) on average AUM</td>
<td>52 bps</td>
<td>52 bps</td>
<td>49 bps</td>
</tr>
<tr>
<td>Costs* - £m</td>
<td>809.0</td>
<td>391.2</td>
<td>431.1</td>
</tr>
<tr>
<td>Costs* on average AUM</td>
<td>33 bps</td>
<td>33 bps</td>
<td>31 bps</td>
</tr>
<tr>
<td>Operating profit* - £m</td>
<td>494.5</td>
<td>229.8</td>
<td>263.2</td>
</tr>
<tr>
<td>Operating profit* on average AUM</td>
<td>20 bps</td>
<td>19 bps</td>
<td>19 bps</td>
</tr>
</tbody>
</table>

* Excludes exceptional items
### Income statement progression

#### Asset Management profit before tax

<table>
<thead>
<tr>
<th>£m</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional</strong></td>
<td>136.4</td>
<td>137.4</td>
<td>143.9</td>
<td>165.1</td>
<td>162.0</td>
<td>148.4</td>
</tr>
<tr>
<td><strong>Intermediary</strong></td>
<td>169.8</td>
<td>177.4</td>
<td>185.6</td>
<td>187.9</td>
<td>186.5</td>
<td>197.4</td>
</tr>
<tr>
<td><strong>Net revenue</strong></td>
<td>306.2</td>
<td>314.8</td>
<td>329.5</td>
<td>353.0</td>
<td>348.5</td>
<td>345.8</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>(191.7)</td>
<td>(199.5)</td>
<td>(211.6)</td>
<td>(206.2)</td>
<td>(216.4)</td>
<td>(214.7)</td>
</tr>
<tr>
<td><strong>Net finance charge</strong></td>
<td>(0.1)</td>
<td>(0.3)</td>
<td>(0.4)</td>
<td>(0.3)</td>
<td>(0.7)</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>JVs and associates</strong></td>
<td>2.6</td>
<td>3.1</td>
<td>2.2</td>
<td>(2.0)</td>
<td>2.3</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Asset Management profit before exceptional items</strong></td>
<td>117.0</td>
<td>118.1</td>
<td>119.7</td>
<td>144.5</td>
<td>133.7</td>
<td>137.3</td>
</tr>
<tr>
<td><strong>Exceptional items</strong></td>
<td>(3.6)</td>
<td>(6.0)</td>
<td>(3.6)</td>
<td>(4.4)</td>
<td>(3.0)</td>
<td>(3.0)</td>
</tr>
<tr>
<td><strong>Asset Management profit after exceptional items</strong></td>
<td>113.4</td>
<td>112.1</td>
<td>116.1</td>
<td>140.1</td>
<td>130.7</td>
<td>134.3</td>
</tr>
</tbody>
</table>

* Share of profit from the associate RWC Partners Limited for the year was reclassified from the Asset Management segment to the Group segment in Q4 2014
## Income statement progression

Wealth Management profit before tax

<table>
<thead>
<tr>
<th>£m</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>50.3</td>
<td>50.2</td>
<td>61.7</td>
<td>51.3</td>
<td>52.2</td>
<td>53.3</td>
</tr>
<tr>
<td>Costs</td>
<td>(37.0)</td>
<td>(37.2)</td>
<td>(38.8)</td>
<td>(38.8)</td>
<td>(37.3)</td>
<td>(38.2)</td>
</tr>
<tr>
<td>Wealth Management profit before exceptional items</td>
<td>13.3</td>
<td>13.0</td>
<td>22.9</td>
<td>12.5</td>
<td>14.9</td>
<td>15.1</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(3.6)</td>
<td>(5.3)</td>
<td>(6.7)</td>
<td>(4.8)</td>
<td>(1.9)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Wealth Management profit after exceptional items</td>
<td>9.7</td>
<td>7.7</td>
<td>16.2</td>
<td>7.7</td>
<td>13.0</td>
<td>13.0</td>
</tr>
</tbody>
</table>
## Income statement progression

**Group segment (loss)/profit before tax**

<table>
<thead>
<tr>
<th>£m</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>2.3</td>
<td>4.8</td>
<td>2.4</td>
<td>1.9</td>
<td>3.1</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>(4.8)</td>
<td>(7.9)</td>
<td>(5.3)</td>
<td>(5.5)</td>
<td>(6.9)</td>
<td>(7.2)</td>
</tr>
<tr>
<td><strong>Net finance income</strong></td>
<td>2.5</td>
<td>2.8</td>
<td>3.1</td>
<td>3.2</td>
<td>3.6</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Associates</strong>*</td>
<td>0.4</td>
<td>-</td>
<td>0.1</td>
<td>4.2</td>
<td>1.2</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Group profit/(loss) before exceptional items</strong></td>
<td>0.4</td>
<td>(0.3)</td>
<td>0.3</td>
<td>3.8</td>
<td>1.0</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Exceptional items</strong></td>
<td>(4.6)</td>
<td>(4.5)</td>
<td>(2.3)</td>
<td>1.3</td>
<td>(3.0)</td>
<td>(2.4)</td>
</tr>
<tr>
<td><strong>Group (loss)/profit after exceptional items</strong></td>
<td>(4.2)</td>
<td>(4.8)</td>
<td>(2.0)</td>
<td>5.1</td>
<td>(2.0)</td>
<td>1.3</td>
</tr>
</tbody>
</table>

* Share of profit from the RWC Partners Limited associate for the year reclassified from the Asset Management segment to the Group segment in Q4 2014.
Cost and return metrics

Total Schroders Group costs

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>H1 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation cost: net revenue ratio*</td>
<td>45%</td>
<td>47%</td>
<td>45%</td>
</tr>
<tr>
<td>Headcount</td>
<td>3,556</td>
<td>3,540</td>
<td>3,685</td>
</tr>
<tr>
<td>Total costs*</td>
<td>984.3</td>
<td>478.1</td>
<td>520.7</td>
</tr>
<tr>
<td>Cost: net revenue ratio*</td>
<td>64%</td>
<td>66%</td>
<td>65%</td>
</tr>
<tr>
<td>Return on average capital (pre-tax)*</td>
<td>24%</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>Return on average capital (post-tax)*</td>
<td>19%</td>
<td>18%</td>
<td>19%</td>
</tr>
</tbody>
</table>

- Compensation cost: net revenue ratio
  = compensation costs divided by net revenues**

- Cost: net revenue ratio
  = costs divided by net revenue

- Return on average capital (pre-tax)
  = profit before tax divided by average capital

- Return on average capital (post-tax)
  = profit after tax divided by average capital

* Excludes exceptional items
** Adjusted by the Remuneration Committee for allowable and disallowable costs and revenues
## Movement in capital

<table>
<thead>
<tr>
<th>£m</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2014</td>
<td>2,537.8</td>
</tr>
<tr>
<td>Profit before tax and exceptional items</td>
<td>305.7</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(15.4)</td>
</tr>
<tr>
<td>Net fair value movement arising from AFS financial assets</td>
<td>7.6</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations after hedging</td>
<td>(12.4)</td>
</tr>
<tr>
<td>Tax</td>
<td>(49.7)</td>
</tr>
<tr>
<td>Own shares purchased</td>
<td>(40.9)</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>32.4</td>
</tr>
<tr>
<td>Actuarial loss on defined benefit pension schemes</td>
<td>(7.6)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(147.3)</td>
</tr>
<tr>
<td>30 June 2015</td>
<td>2,610.2</td>
</tr>
</tbody>
</table>
## Group capital allocation

Increase of £72 million since 31 December 2014

<table>
<thead>
<tr>
<th>£m</th>
<th>FY 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory capital</td>
<td>673</td>
<td>695</td>
</tr>
<tr>
<td>Other operating capital</td>
<td>284</td>
<td>116</td>
</tr>
<tr>
<td>Investment capital*</td>
<td>725</td>
<td>957</td>
</tr>
<tr>
<td>Seed capital</td>
<td>163</td>
<td>154</td>
</tr>
<tr>
<td>Other**</td>
<td>693</td>
<td>688</td>
</tr>
<tr>
<td>Statutory Group capital</td>
<td>2,538</td>
<td>2,610</td>
</tr>
</tbody>
</table>

* Includes RWC Partners Limited and Schroder Ventures Investments Limited associates

** Comprises goodwill, intangible assets, pension scheme surplus, other associates and joint ventures and deferred tax
Forward-looking statements

This presentation 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’, ‘will have’, ‘will be’, ‘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 presentation. 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 presentation should be construed as a forecast, estimate or projection of future financial performance.