

## Schroders plc

### Interim management statement

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#### 2 May 2013

Schroders plc today issues its interim management statement covering the three months to 31 March 2013.

- **Profit before tax £115.0 million (Q1 2012: £95.5 million)**
- **Net inflows £5.6 billion (Q1 2012: £1.6 billion)**
- **Total assets under management £236.5 billion (31 December 2012: £212.0 billion)**

Michael Dobson, Chief Executive, commented: *“It has been a strong quarter and these results reflect the benefit of our diversified business. Competitive investment performance led to net inflows in Institutional and Intermediary and across all asset classes and regions. We continue to broaden and develop the business both in the UK and internationally, including the proposed acquisition of Cazenove Capital to strengthen our Private Banking business and add complementary strategies and skills in Asset Management. We are confident that the business is well positioned for further growth over the long term.”*

#### Asset Management

Asset Management net revenue for the quarter was £289.8 million (Q1 2012: £250.8 million) including performance fees of £2.8 million (Q1 2012: £6.0 million). Profit before tax was £105.2 million (Q1 2012: £88.6 million). Net inflows were £5.8 billion (Q1 2011: £1.7 billion), comprising £2.3 billion in Institutional and £3.5 billion in Intermediary, and assets under management at the end of March were £219.2 billion (31 December 2012: £195.7 billion).

#### Private Banking

Private Banking net revenue was £26.5 million (Q1 2012: £27.1 million) and profit before tax was £4.9 million (Q1 2012: £6.4 million). Net outflows were £0.2 billion and assets under management at the end of March were £17.3 billion (31 December 2012: £16.3 billion).

## **Group segment**

Profit before tax in the Group segment was £4.9 million (Q1 2012: £0.5 million). Shareholders' equity increased to £2.2 billion (31 December 2012: £2.1 billion).

## **Acquisitions**

On 25 March 2013, we announced an offer to acquire Cazenove Capital Holdings ('Cazenove Capital'), a leading independent wealth management and investment funds business with assets under management at 31 March 2013 of £19.1 billion<sup>1</sup>. Subject to Cazenove Capital shareholder and regulatory approvals the transaction is expected to complete in July 2013.

On 2 April 2013, we completed the acquisition of STW Fixed Income, a US investment-grade fixed income manager with assets under management at 31 March 2013 of £7.3 billion.<sup>2</sup>

## **Outlook**

We saw significant retail investor demand in the first quarter on the back of buoyant equity markets. While we do not expect demand to continue at this level, we remain well placed for continued growth in Intermediary and Institutional and we see good potential in Private Banking and Wealth Management through the combination with Cazenove Capital.

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<sup>1</sup> Source: Cazenove Capital website.

<sup>2</sup> Not included in 31 March assets under management.

Michael Dobson, Chief Executive, and Kevin Parry, Chief Financial Officer, will host a conference call for the investment community, to discuss the first quarter interim management statement at 9am BST on Thursday, 2 May 2013.

The conference call telephone number is 0800 694 1515 (International: +44 (0)1452 584 053), conference ID 48419924. For individuals unable to participate in the conference call, a telephone replay will be available until 1 June 2013. Please telephone 0800 953 1533 (International: +44(0) 1452 550 000), conference ID 48419924#.

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**Forward-looking statements**

This interim management statement may contain certain forward-looking statements with respect to the financial condition, 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 they relate to events and depend upon circumstances in the future and you should not place undue reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'believes', 'expects', 'aims', or 'anticipates' or the negative of these terms and 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 interim management 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 interim management statement should be construed as a forecast, estimate or projection of future financial performance.

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## Appendix

### Assets under management

	Institutional £bn	Intermediary £bn	Private Banking £bn	Total £bn
<b>31 December 2012</b>	<b>123.7</b>	<b>72.0</b>	<b>16.3</b>	<b>212.0</b>
Net flows	2.3	3.5	(0.2)	5.6
Investment returns	10.8	6.9	1.2	18.9
<b>31 March 2013</b>	<b>136.8</b>	<b>82.4</b>	<b>17.3</b>	<b>236.5<sup>3</sup></b>

### Financial information

	Asset Management £m	Private Banking £m	Group £m	Total £m
<b>Q1 2013</b>				
<b>Net revenue</b>	<b>289.8</b>	<b>26.5</b>	<b>6.7</b>	<b>323.0</b>
Operating expenses	(186.6)	(21.6)	(5.3)	(213.5)
<b>Operating profit</b>	<b>103.2</b>	<b>4.9</b>	<b>1.4</b>	<b>109.5</b>
Net finance income	0.3	-	4.0	4.3
Share of profit/(loss) of associates and joint ventures	1.7	-	(0.5)	1.2
<b>Profit before tax</b>	<b>105.2</b>	<b>4.9</b>	<b>4.9</b>	<b>115.0</b>

	Asset Management £m	Private Banking £m	Group £m	Total £m
<b>Q1 2012</b>				
<b>Net revenue</b>	<b>250.8</b>	<b>27.1</b>	<b>4.8</b>	<b>282.7</b>
Operating expenses	(164.2)	(20.7)	(8.0)	(192.9)
<b>Operating profit/(loss)</b>	<b>86.6</b>	<b>6.4</b>	<b>(3.2)</b>	<b>89.8</b>
Net finance income	-	-	3.8	3.8
Share of profit/(loss) of associates and joint ventures	2.0	-	(0.1)	1.9
<b>Profit before tax</b>	<b>88.6</b>	<b>6.4</b>	<b>0.5</b>	<b>95.5</b>

<sup>3</sup> Does not include STW Fixed Income assets under management of £7.3 billion as at 31 March 2013.