2011 Results
Good performance in a difficult market

- Profit before tax £407.3m (2010: £406.9m)
- Earnings per share 115.9p (2010: 111.8p)
- Dividend 39.0 pence per share (2010: 37.0 pence)
- 70% of funds outperforming over 3 years
- Net new business £3.2bn (2010: £27.1bn)
- Assets under management £187.3bn (2010: £196.7bn)
2011 Results

Earnings quality

- Record profit from operating businesses £413.2m (2010: £391.1m)
- Asset Management management fee revenue up 8.8%
  - profit before tax £389.4m (2010: £381.0m)
- Sharp rebound in Private Banking profit to £23.8m (2010: £10.1m)
- Net revenue margins at 57bps (2010: 60bps) reflect growth in Institutional
- Investment in organic growth: added 180 people
- Compensation: revenue ratio improved to 44% (2010: 45%)
- Cost: net revenue ratio improved to 66% (2010: 67%)

Net revenue margins are excluding performance fees
Investment performance
Long term remains strong, short term improving

Three-year investment performance to 31 December 2011

Quartile rankings to 31 January 2012

<table>
<thead>
<tr>
<th>Fund</th>
<th>1 year</th>
<th>3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro Bond</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Euro Corporate Bond</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Asian Local Currency Bond</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Global Bond</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>UK Alpha Plus</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>UK Income</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>UK Income Maximiser</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>UK Mid-250</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>European Special Situations</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>European Alpha Plus</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Japanese Equity</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Emerging Asia</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Asian Equity Yield</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Emerging Market Equities</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>QEP Global Active Value</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>QEP Global Core</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Global Equity Yield</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>International Alpha (EAFE)</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Emerging Market Debt</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Diversified Growth Fund</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Schroders. Performance relative to benchmark or peer group to 31 December 2011 and 31 January 2012.
Institutional

Assets under management: £108.4bn (2010: £106.4bn)

- Net inflows £6.8bn
- Strong performance in UK, Asia, US
  - Multi-asset, Equities, Fixed Income
- Small net outflows in Europe
  - Alternatives
- £12.9bn of net new business in Multi-asset, Fixed Income 2010/11
- Growth in SWF, insurance channels
- Net revenue margins 39bps (2009: 40bps)
- Average longevity 5.3 years (2009: 4.2 years)
Intermediary

Assets under management: £62.9bn (2010: £74.1bn)

- Net outflows £3.8bn
  - European retail redemptions
  - funds closed for capacity reasons
  - short term performance
  - demand concentrated in few asset classes

- Outflows in Europe, Asia

- Net inflows in UK

- >30% of new business in insurance and long term savings channels

- Net inflows 2012 YTD
New product launches 2011-2012
Meeting investor demand

- **Outcome-orientated**
  - European Total Return Equities
  - Absolute Return Bond
  - UK Strategic Bond for IFAs

- **Multi-asset**
  - Dynamic Multi-asset: default option for DC pension funds
  - Asian Asset Income
  - Global Multi-asset Income

- **Equities**
  - Brazilian Equities
  - QEP Global Emerging Markets
  - Emerging Markets Small Cap Discovery
  - UK Core ‘RDR-ready’ range
  - US Alpha Plus

- **Fixed Income**
  - Global High Income Bond
  - EMD Relative Return
  - Global Unconstrained Bond
Private Banking

Assets under management: £16.0bn (2010: £16.2bn)

- Net inflows £0.2bn
- Revenues up 11% at £114.3m (2010: £103.3m)
- Costs down 3% to £90.5m (2010: £93.2m)
- Profits more than doubled to £23.8m (2010: £10.1m)
Schroders
2011 Annual Results
Kevin Parry
Chief Financial Officer
8 March 2012
Key figures

Profit before tax (£m)

Costs: net revenue ratio (%)

Earnings per share (pence)

Dividend per share (pence)

*Before exceptional items of 2009: £62.7m; 2008: £167.4m relating to cost reductions and losses on financial assets.
Profit before tax

£m

2010

PBT 407

Net revenue 3
Net revenue
Decrease of £3m

£m

Net revenue 1,156
- Net new business 64
- Markets and FX 24
- Performance fees 36
- Group revenue 55

Private Banking 114
Group Segment 57*
Asset Management 996

Net revenue 1,153
- Group Segment -3
- Asset Management 1,042

*Includes intersegment elimination £5m
Profit before tax

£m

2010

PBT 407
Asset Management 381

Group Segment 16
Private Banking 10

Net revenue 3
Compensation costs 6

2011

PBT 407
Asset Management 389

Net finance Income 5
Joint ventures and associates 14

Private Banking 24
Group Segment -6
Institutional net revenues

Analysis of £61m increase in fees on 2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Management fees</th>
<th>Performance fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>253</td>
<td>33</td>
</tr>
<tr>
<td>2010</td>
<td>366</td>
<td>67</td>
</tr>
<tr>
<td>2011</td>
<td>427</td>
<td>27</td>
</tr>
</tbody>
</table>

£m

£m

2010 Management fees 366
2010 NNB 21
2011 NNB 14
Markets/FX 26
2011 Management fees 427

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Intermediary net revenues

Analysis of £21m increase in fees on 2010

- 2010 Management fees £557
- 2010 NNB £25
- 2011 NNB £2
- Markets/FX £2
- 2011 Management fees £578
Institutional and Intermediary net revenues

AM net revenue margins

Margin reduction
- Sales channel mix
- Asset class mix
- Transaction fees

Sales channel mix: £253m, £366m, £427m
Asset class mix: £62bps, 63bps, 58bps
Transaction fees: £1m, £67m, £27m

Institutional and Intermediary net revenues
Institutional net revenue margins
Performance fees
Institutional management fees
Intermediary management fees

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## Group segment

**Investment capital, governance, management and other**

<table>
<thead>
<tr>
<th>Segment disclosure</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>51.8</td>
<td>(3.2)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(46.7)</td>
<td>(12.8)</td>
</tr>
<tr>
<td><strong>Net finance income/(charges)</strong></td>
<td>6.4</td>
<td>14.8</td>
</tr>
<tr>
<td><strong>Share of associates and JVs</strong></td>
<td>4.3</td>
<td>(4.7)</td>
</tr>
<tr>
<td><strong>Group segment profit/(loss)</strong></td>
<td><strong>15.8</strong></td>
<td><strong>(5.9)</strong></td>
</tr>
<tr>
<td><strong>Governance, management and other</strong></td>
<td>(29.9)</td>
<td>(15.5)</td>
</tr>
<tr>
<td><strong>Investment capital</strong></td>
<td>45.7</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Group segment</strong></td>
<td>15.8</td>
<td>(5.9)</td>
</tr>
</tbody>
</table>
## Group segment
### Governance, management and other

<table>
<thead>
<tr>
<th>Economic view</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>PE operations (pre-sale) and sale</td>
<td>5.0</td>
<td>-</td>
</tr>
<tr>
<td>Deferred remuneration mark to market and FX</td>
<td>6.3</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Pension fund credits</td>
<td>7.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Property and other provisions</td>
<td>(16.5)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Variable items</td>
<td>1.8</td>
<td>12.8</td>
</tr>
<tr>
<td>Costs</td>
<td>(31.7)</td>
<td>(28.3)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(29.9)</strong></td>
<td><strong>(15.5)</strong></td>
</tr>
</tbody>
</table>
## Group segment

### Investment capital returns

<table>
<thead>
<tr>
<th>Segment</th>
<th>2010 £m</th>
<th>Return</th>
<th>2011 £m</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actively managed portfolio of surplus capital</td>
<td>21.6</td>
<td>3.1%</td>
<td>11.1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Seed capital</td>
<td>15.7</td>
<td>(3.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legacy PE, property and associate</td>
<td>8.4</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total return</strong></td>
<td><strong>45.7</strong></td>
<td></td>
<td><strong>9.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

Seed capital AFS loss £2.6m (2010: loss £5.8m)
Legacy portfolio AFS loss £14.4m (2010: gain £7.1m)
Operating expenses

<table>
<thead>
<tr>
<th>£m</th>
<th>2010</th>
<th>2011</th>
<th>2011 VS 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>505.5</td>
<td>499.8</td>
<td>(5.7)</td>
</tr>
<tr>
<td>Other costs</td>
<td>251.0</td>
<td>247.9</td>
<td>(3.1)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>17.5</td>
<td>14.1</td>
<td>(3.4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>774.0</td>
<td>761.8</td>
<td>(12.2)</td>
</tr>
<tr>
<td>Compensation cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>operating revenue ratio</td>
<td>45%</td>
<td>44%</td>
<td>(1%)</td>
</tr>
<tr>
<td>Cost: net revenue ratio</td>
<td>67%</td>
<td>66%</td>
<td>(1%)</td>
</tr>
</tbody>
</table>
### Tax charge and earnings per share

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>£406.9m</td>
<td>£407.3m</td>
<td>£0.4m</td>
</tr>
<tr>
<td>Tax</td>
<td>(£95.7)m</td>
<td>(£91.5)m</td>
<td>£4.2m</td>
</tr>
<tr>
<td>Effective tax rate(%)</td>
<td>23.5%</td>
<td>22.5%</td>
<td>(1%)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>£311.2m</td>
<td>£315.8m</td>
<td>£4.6m</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>111.8p</td>
<td>115.9p</td>
<td>4.1p</td>
</tr>
<tr>
<td>Dividend</td>
<td>32.0p</td>
<td>39.0p</td>
<td>7.0p</td>
</tr>
</tbody>
</table>
Movement in Group capital

£m

- Profit after tax: 316
- Share purchases: 122
- Dividends: 105
- Other: 13

Group capital:
- 2010: 1,800
- 2011: 1,902
### Group capital allocation

#### Investment capital breakdown (%)

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management &amp; Private Banking operational capital</td>
<td>864</td>
<td>884</td>
<td></td>
</tr>
<tr>
<td>Investment capital*</td>
<td>774</td>
<td>837</td>
<td></td>
</tr>
<tr>
<td>Other (intangibles etc.)</td>
<td>162</td>
<td>181</td>
<td></td>
</tr>
<tr>
<td>Statutory Group capital</td>
<td>1,800</td>
<td>1,902</td>
<td></td>
</tr>
</tbody>
</table>

* Not included in AUM

* Schroders 2011 Annual Results | 8 March 2012
Outlook

- More positive tone in markets
  - net inflows YTD in Institutional, Intermediary
- Financial markets and investor demand remain uncertain
- Competitive three and five year performance
- Exciting range of new products
- Continued investment in organic growth
  - Talent
  - Infrastructure
  - New markets
Awards

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