



Schroders

2015 Annual Results

Data Pack | March 2016



Schroders

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Nothing in this presentation should be construed as a forecast, estimate or projection of future financial performance

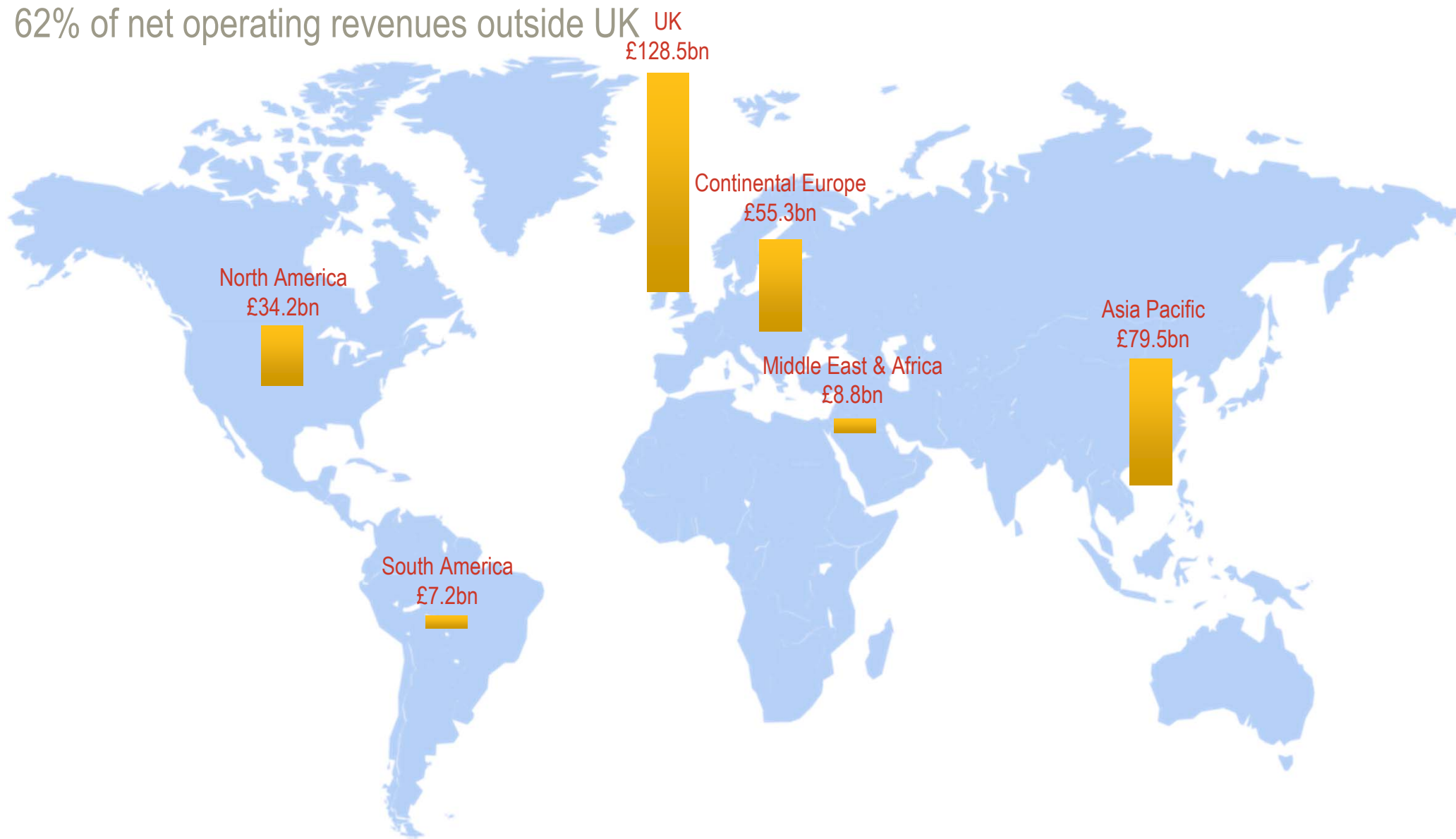
Assets under management (AUM)

£313.5 billion at 31 December 2015

£bn	Institutional	Intermediary	Asset Management	Wealth Management	Total
31 December 2014	171.1	97.8	268.9	31.1	300.0
Net flows	8.8	4.3	13.1	(0.1)	13.0
Investment returns	1.1	(1.2)	(0.1)	0.6	0.5
31 December 2015	181.0	100.9	281.9	31.6	313.5

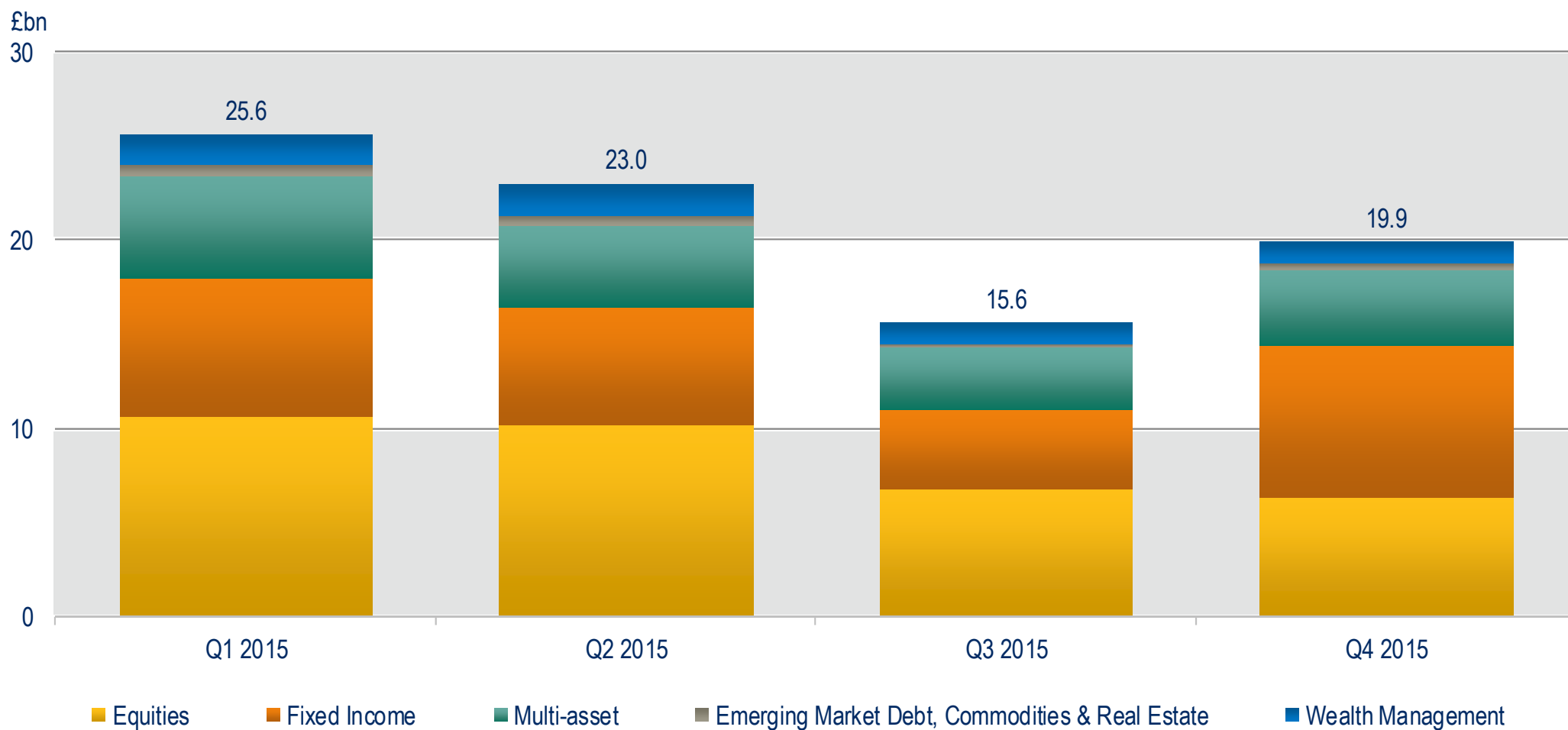
Regional diversification of AUM

62% of net operating revenues outside UK



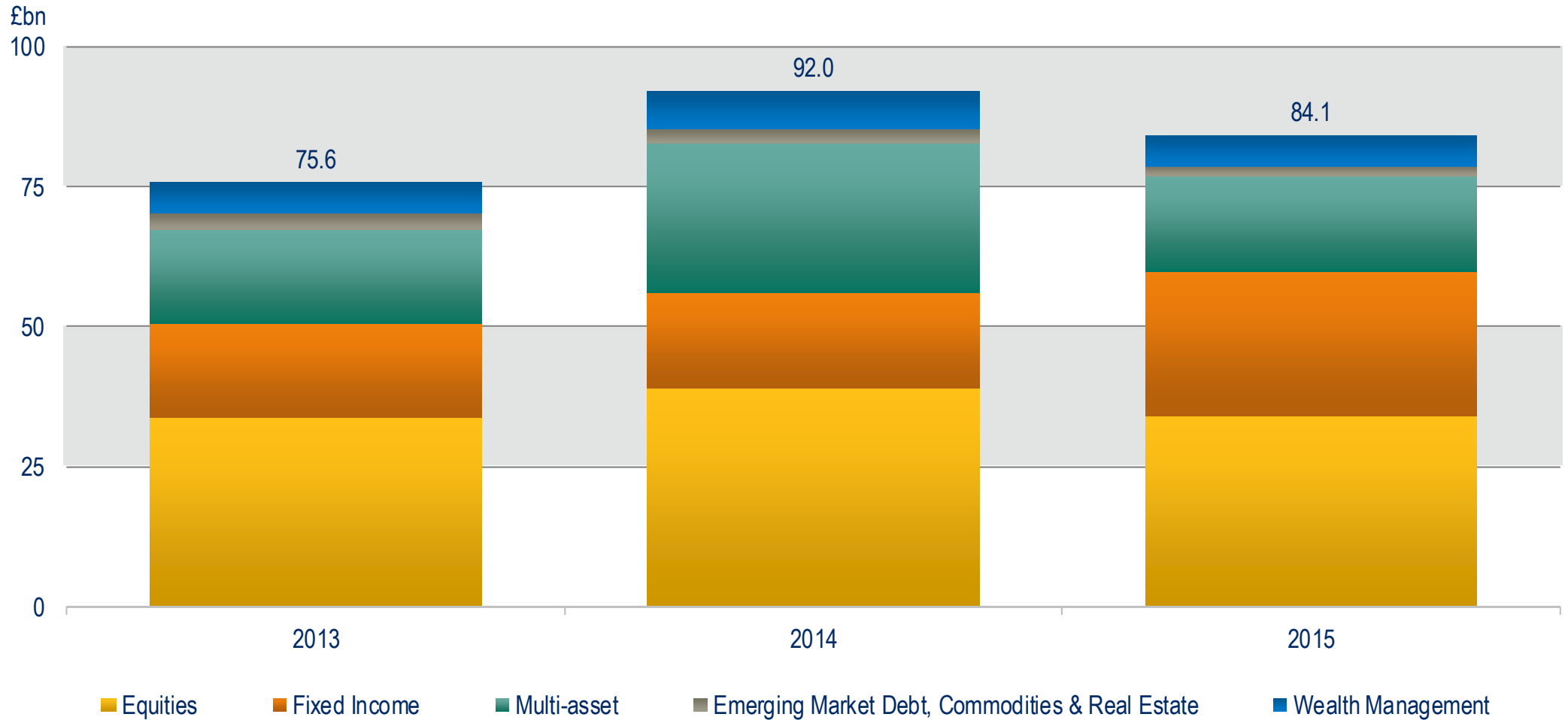
Gross sales

Quarterly



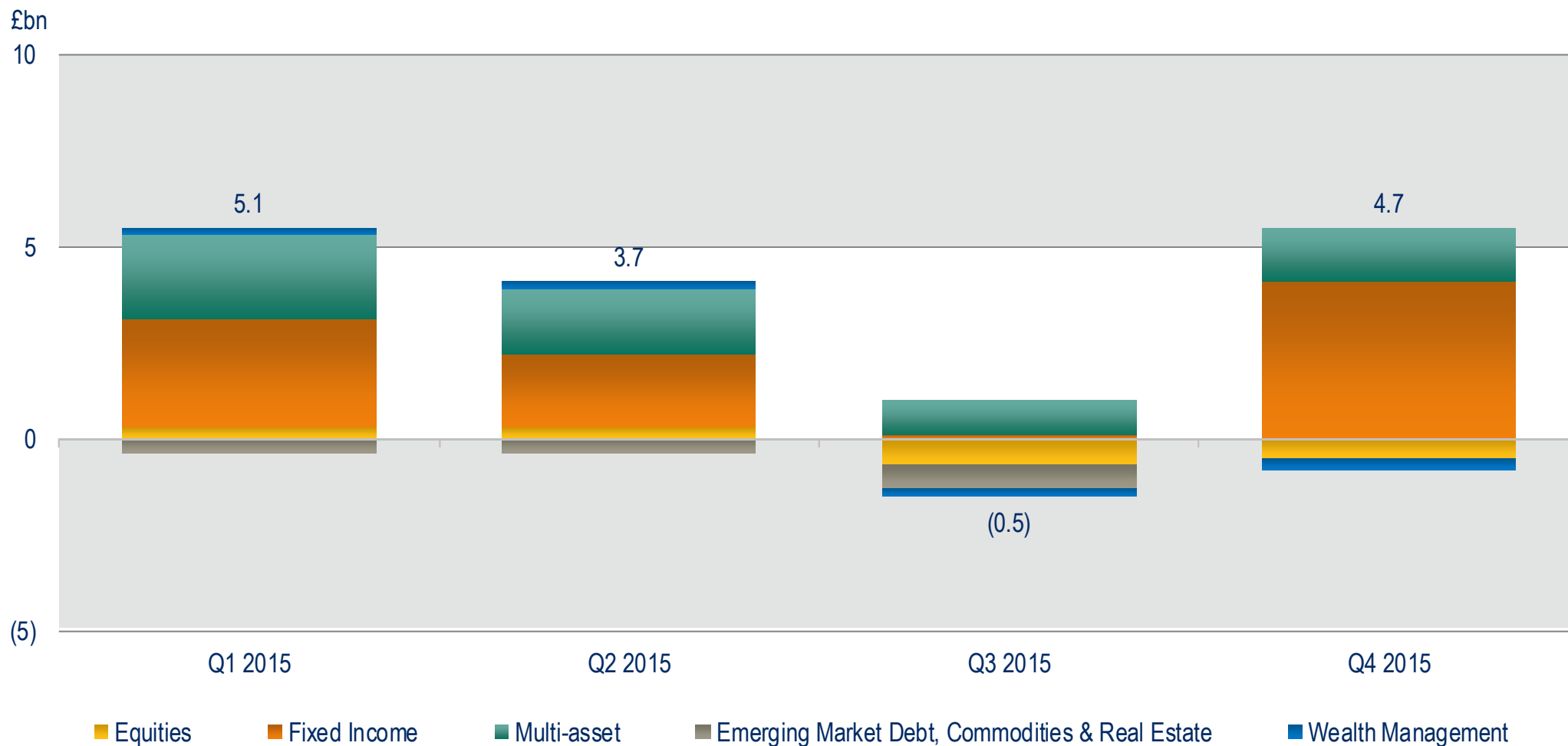
Gross sales

Annually



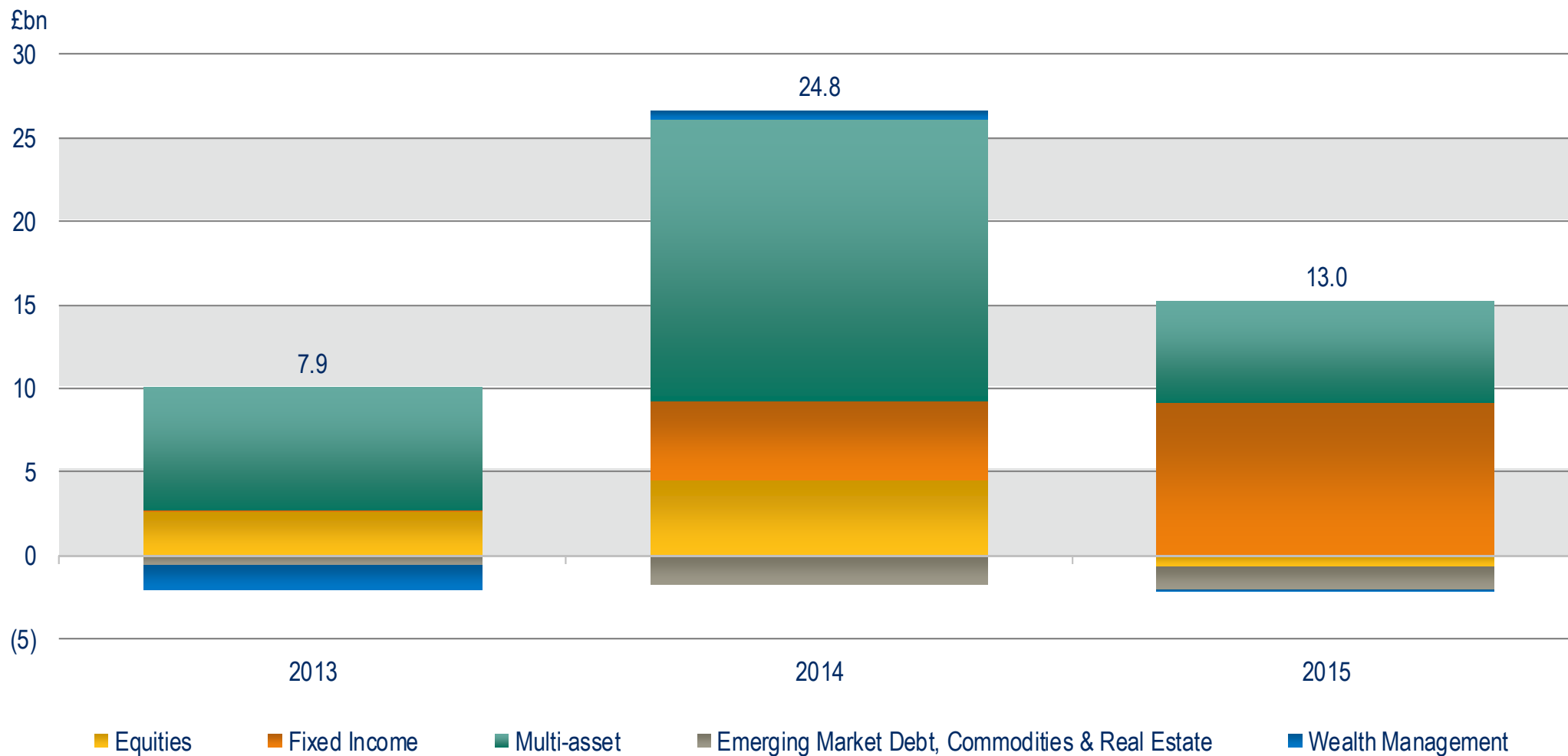
Net flows

Quarterly



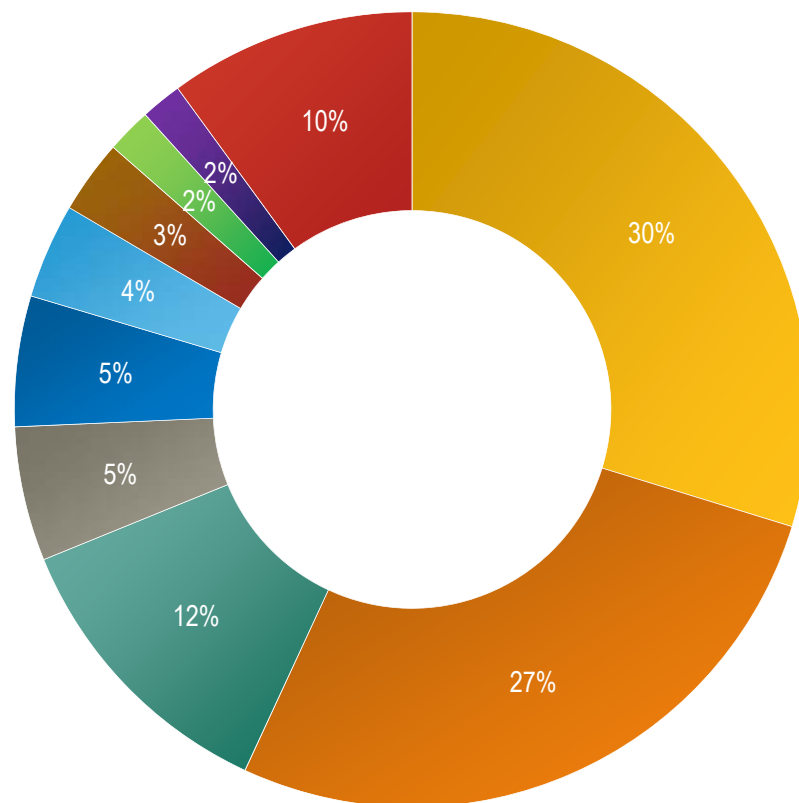
Net flows

Annually



Currency profile of AUM

Assets under management £313.5 billion



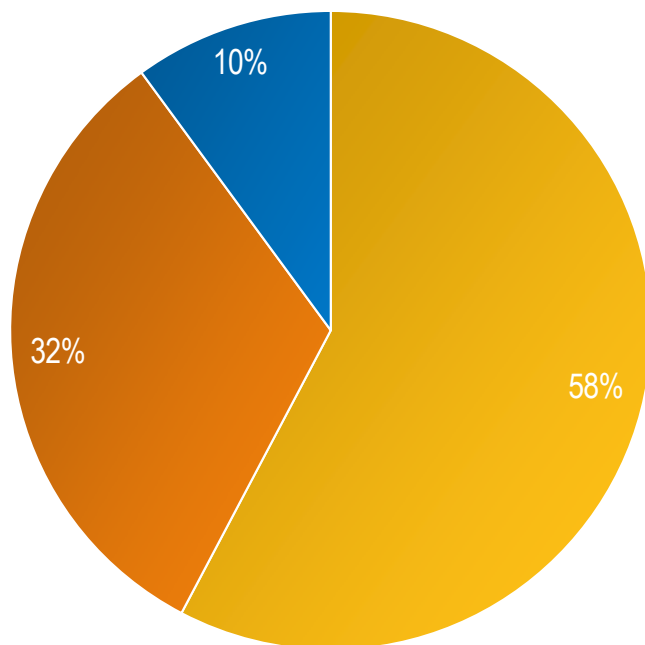
■ GBP ■ USD ■ EUR ■ AUD ■ JPY ■ CNY ■ HKD ■ CHF ■ TWD ■ Other*

* Includes the following currencies which individually constitute 1% of AUM: KRW, IDR, INR, SGD, CAD, SEK, BRL

Total AUM by channel, region and product

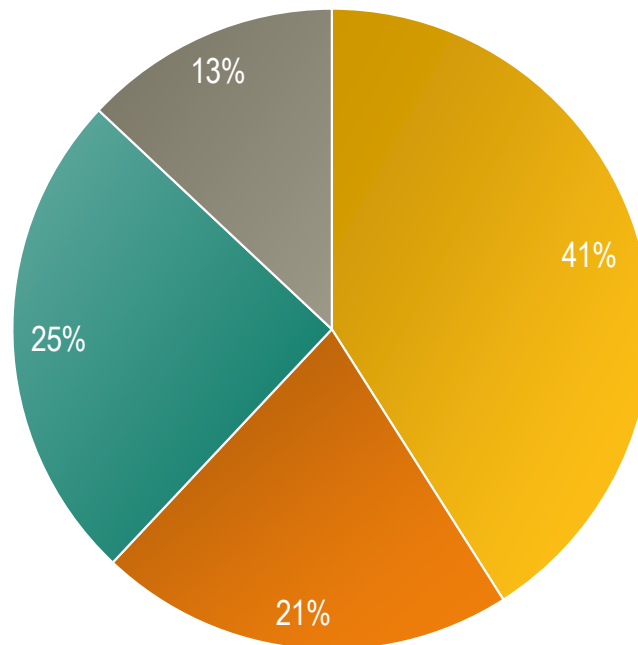
Assets under management £313.5 billion

By channel



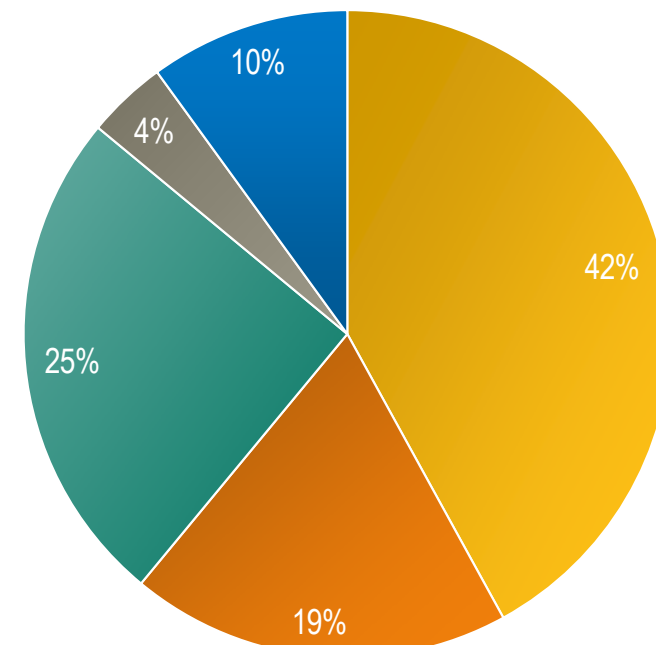
- Institutional
- Intermediary
- Wealth Management

By region*



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

By product

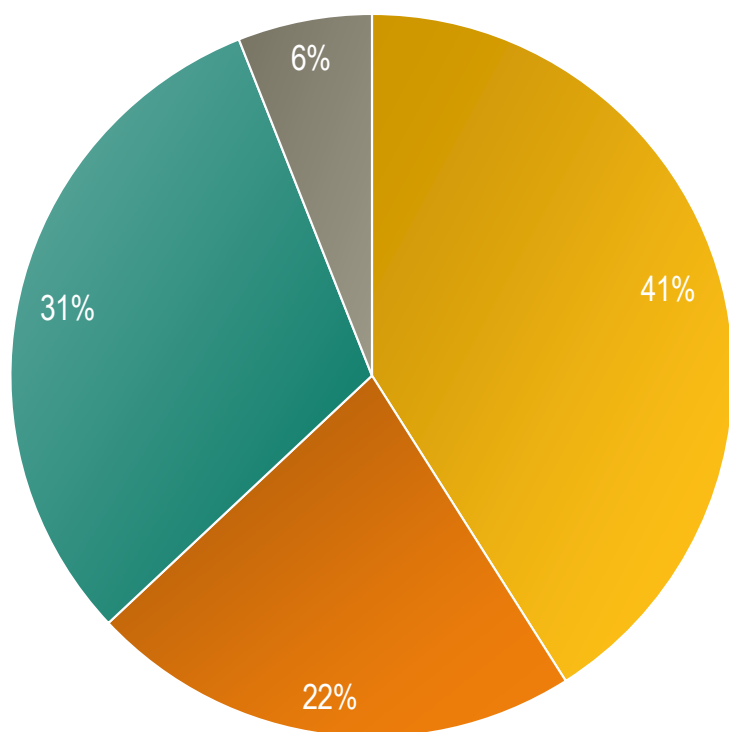


- Equities
- Fixed Income
- Multi-asset
- Emerging Market Debt, Commodities & Real Estate
- Wealth Management

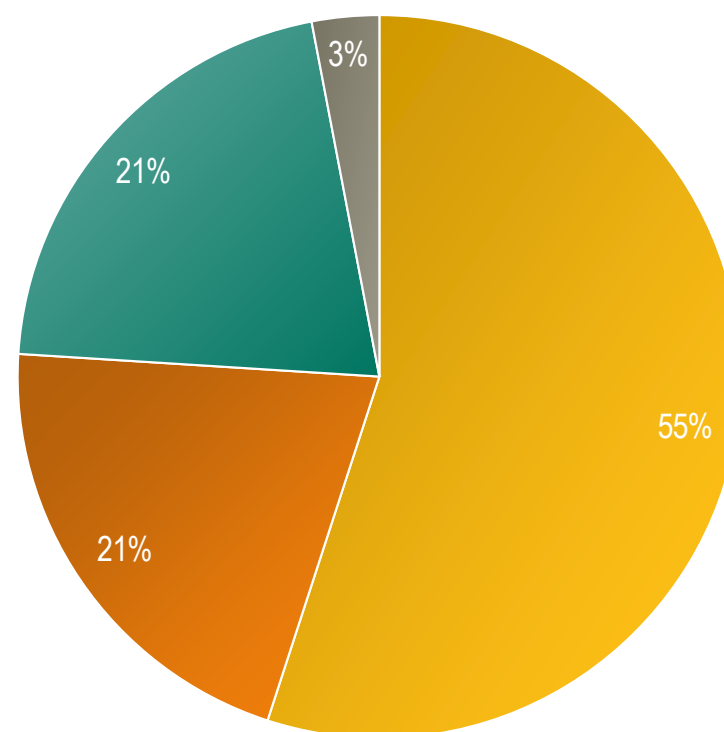
* By client domicile

Asset Management AUM by channel and product

Institutional AUM £181.0bn



Intermediary AUM £100.9bn



■ Equities

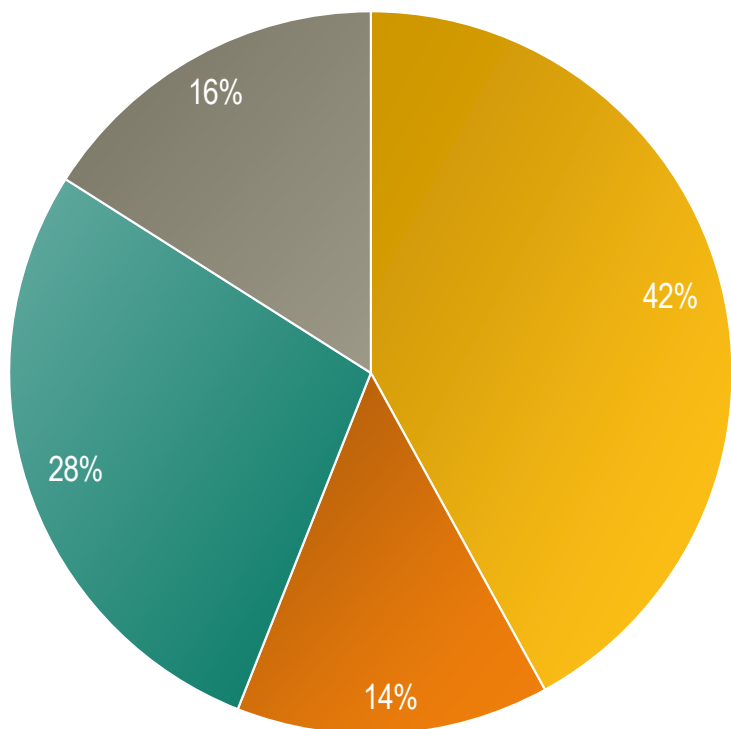
■ Fixed Income

■ Multi-asset

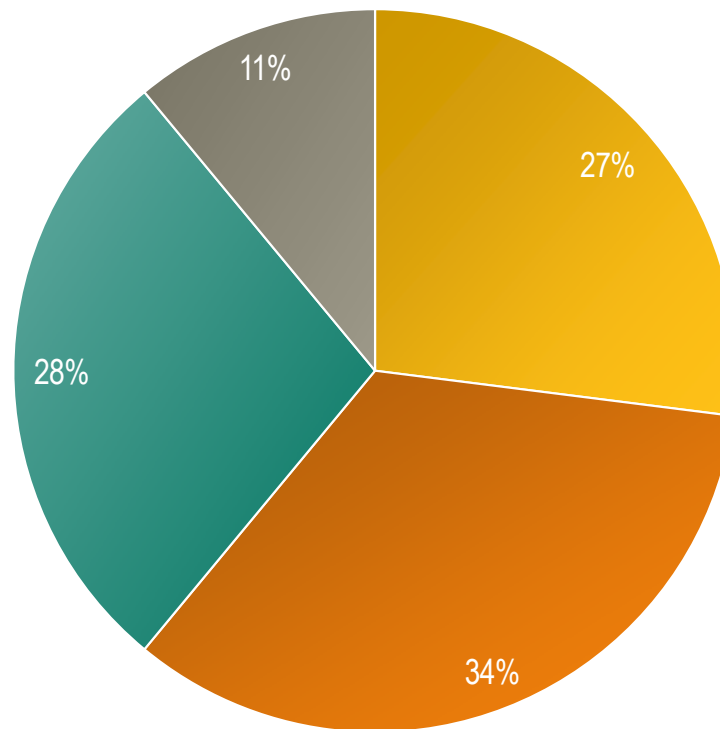
■ Emerging Market Debt, Commodities & Real Estate

Asset Management AUM by channel and region*

Institutional AUM £181.0bn



Intermediary AUM £100.9bn



■ UK

■ Continental Europe, Middle East & Africa

■ Asia Pacific

■ Americas

* By client domicile

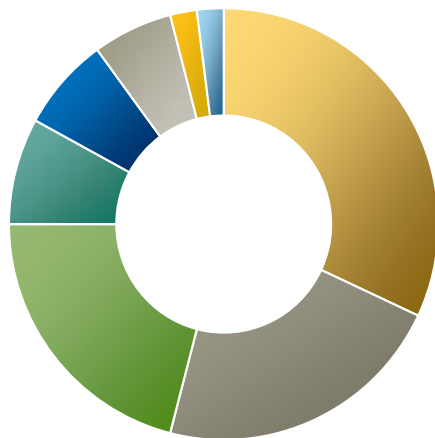
Asset Management AUM – detailed asset class analysis

Assets under management £281.9 billion

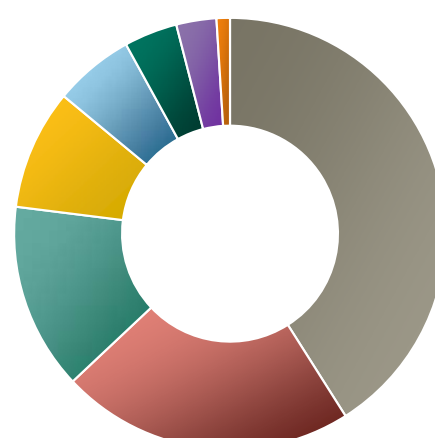
Equities £129.9bn



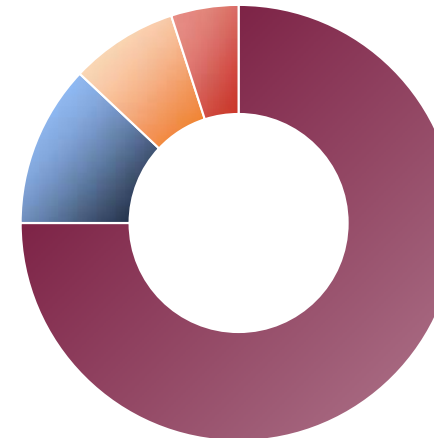
Fixed Income £60.3bn



Multi-asset £78.0bn



Emerging Market Debt, Commodities and Real Estate £13.7bn



■ Asia Pacific	18%
■ Quantitative equities	16%
■ UK	14%
■ Global	13%
■ Emerging markets	12%
■ Europe	11%
■ Japan	6%
■ US	4%
■ Australia	4%
■ Other	2%

■ US	32%
■ Global	22%
■ Europe	21%
■ UK	8%
■ Asia Pacific	7%
■ Australia	6%
■ Convertibles	2%
■ Insurance-linked	2%

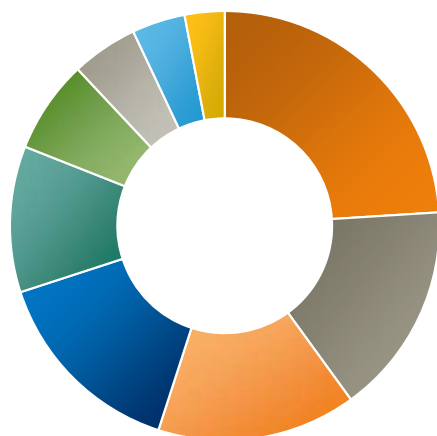
■ Risk controlled growth	41%
■ LDI	22%
■ UK traditional balanced	14%
■ Income	9%
■ Inflation protection	6%
■ GAIA	4%
■ Risk mitigation	3%
■ Wealth preservation	1%

■ Real estate	75%
■ Emerging market debt	12%
■ Agriculture and commodities	8%
■ Private equity	5%

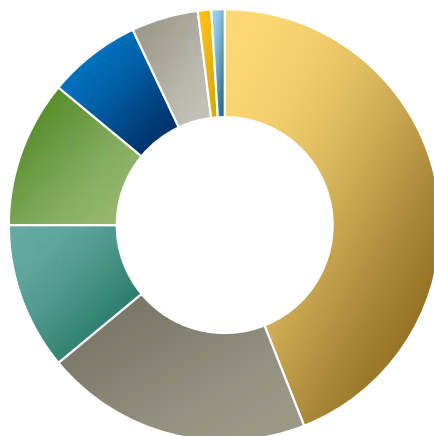
Institutional AUM – detailed asset class analysis

Assets under management £181.0 billion

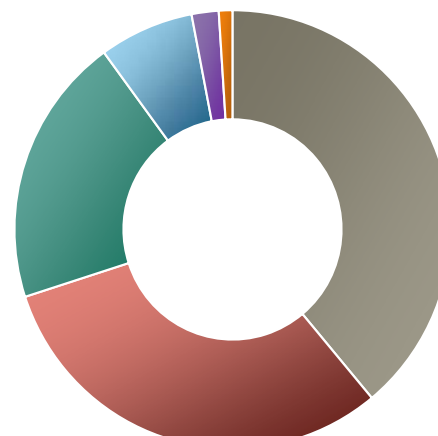
Equities £74.4bn



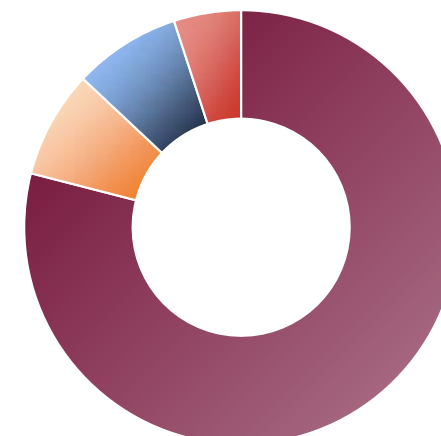
Fixed Income £39.1bn



Multi-asset £56.4bn



Emerging Market Debt, Commodities and Real Estate £11.1bn



Quantitative equities	24%
Global	16%
Emerging markets	15%
Asia Pacific	15%
UK	11%
Europe	7%
Australia	5%
Japan	4%
US	3%

US	44%
Global	20%
UK	11%
Europe	11%
Asia Pacific	7%
Australia	5%
Convertibles	1%
Insurance-linked	1%

Risk controlled growth	39%
LDI	31%
UK traditional balanced	20%
Inflation protection	7%
Risk mitigation	2%
Wealth preservation	1%

Real estate	79%
Agriculture and commodities	8%
Emerging market debt	8%
Private equity	5%

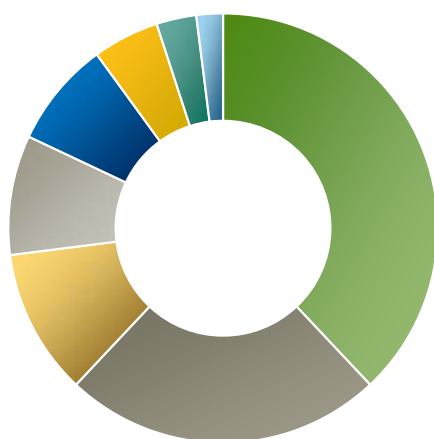
Intermediary AUM – detailed asset class analysis

Assets under management £100.9 billion

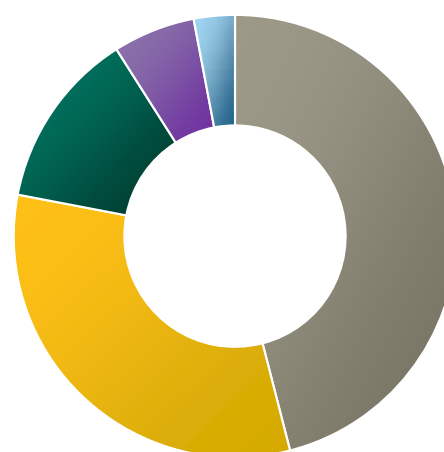
Equities £55.5bn



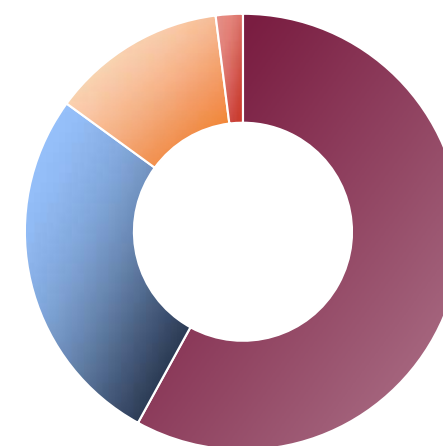
Fixed Income £21.2bn



Multi-asset £21.6bn



Emerging Market Debt, Commodities and Real Estate £2.6bn



■ Asia Pacific	22%
■ UK	17%
■ Europe	17%
■ Japan	10%
■ Global	9%
■ Emerging markets	7%
■ US	6%
■ Quantitative equities	4%
■ Australia	4%
■ Other	4%

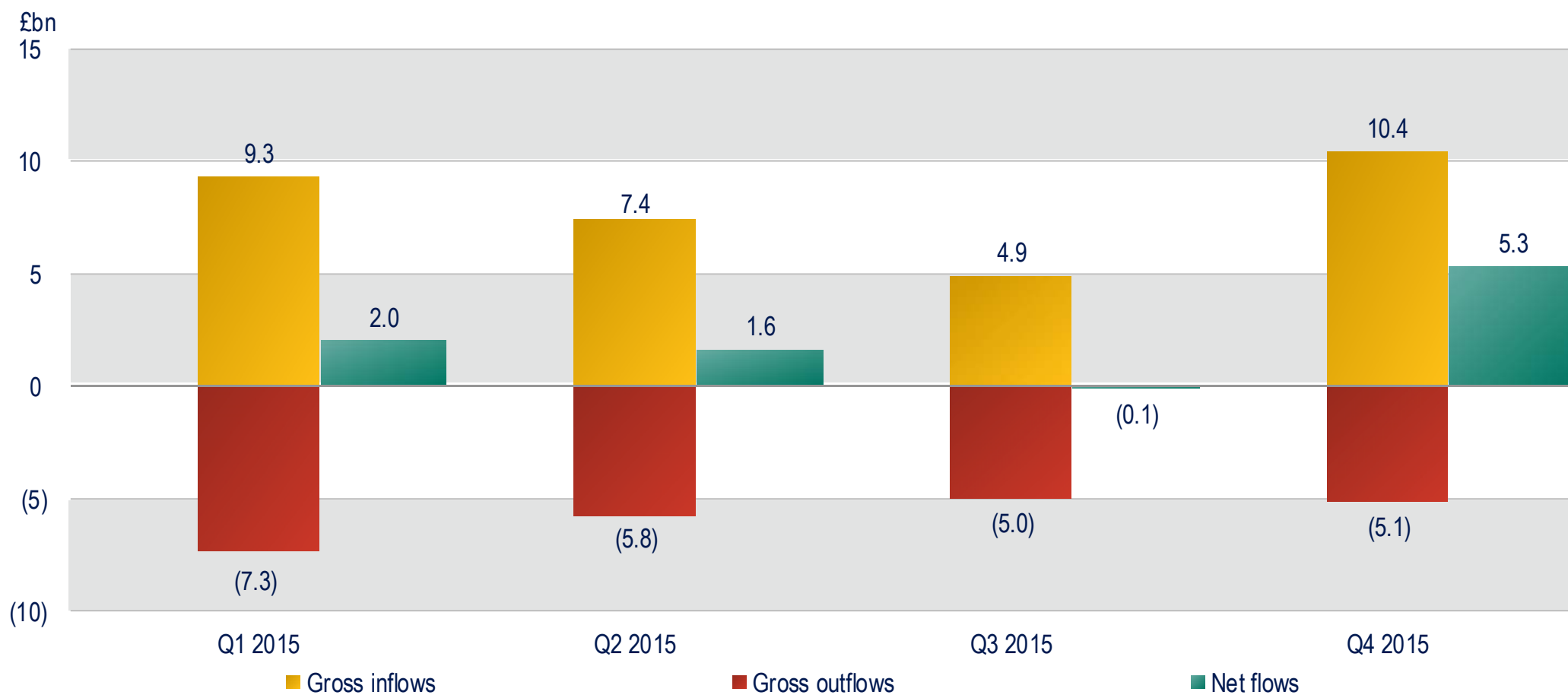
■ Europe	38%
■ Global	24%
■ US	11%
■ Australia	9%
■ Asia Pacific	8%
■ Convertibles	5%
■ UK	3%
■ Insurance-linked	2%

■ Risk controlled growth	46%
■ Income	32%
■ GAIA	13%
■ Risk mitigation	6%
■ Inflation protection	3%

■ Real estate	58%
■ Emerging market debt	27%
■ Agriculture and commodities	13%
■ Private equity	2%

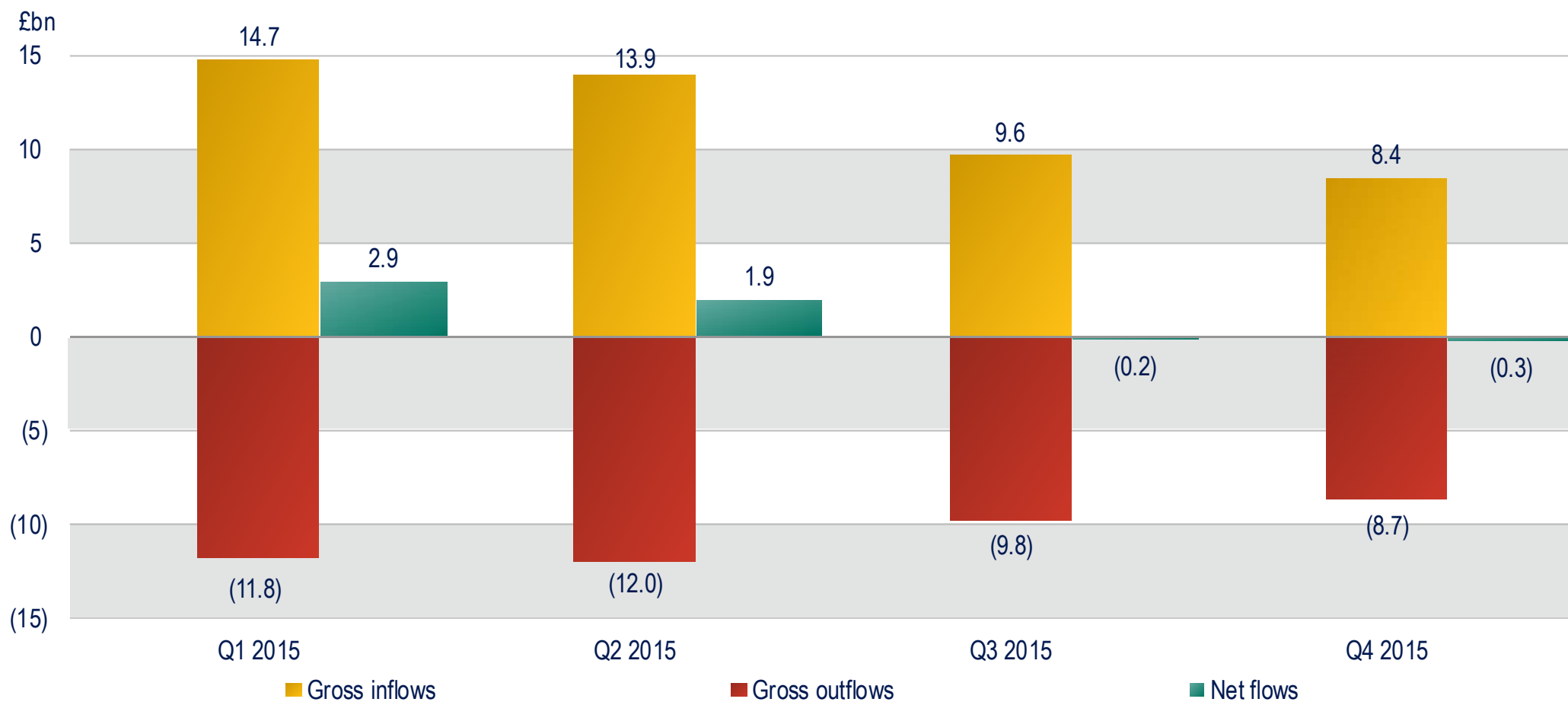
Institutional

Assets under management: £181.0 billion



Intermediary

Assets under management: £100.9 billion



Net operating revenue and margins – Asset Management

Asset Management Net operating revenue £1,393.4 million

	2014	2015
Performance fees - £m	34.2	35.7
Performance fees on average AUM	1 bps	1 bps
Net operating revenue (ex performance fees) - £m	1,253.9	1,357.7
Net operating revenue (ex performance fees) on average AUM	51 bps	49 bps
Net revenue* - £m	1,308.3	1,412.5
Costs* - £m	809.0	872.0
Profit before tax* - £m	499.3	540.5

* Excludes exceptional items

Income statement progression

Asset Management profit before tax

£m	2013	2014	2015
Institutional	550.9	571.7	628.7
Intermediary	687.8	716.4	764.7
Net operating revenue	1,238.7	1,288.1	1,393.4
Net gains on financial instruments and other income	8.1	14.3	6.3
Share of profit of associates and joint ventures	6.7	5.9	12.8
Net revenue	1,253.5	1,308.3	1,412.5
Operating expenses	(784.9)	(809.0)	(872.0)
Asset Management profit before exceptional items	468.6	499.3	540.5
Exceptional items	(13.5)	(17.6)	(12.1)
Asset Management profit after exceptional items	455.1	481.7	528.4

Income statement progression

Wealth Management profit before tax

£m	2013	2014	2015
Net operating revenue	149.6	206.8	207.3
Net gains/(losses) on financial instruments and other income	0.4	6.7	(0.1)
Net revenue	150.0	213.5	207.2
Operating expenses	(115.7)	(151.8)	(145.9)
Wealth Management profit before exceptional items	34.3	61.7	61.3
Exceptional items	(30.9)	(20.4)	(0.8)
Wealth Management profit after exceptional items	3.4	41.3	60.5

Income statement progression

Group segment (loss)/profit before tax

£m	2013	2014	2015
Net operating revenue	0.1	0.3	-
Net gains on financial instruments and other income	22.4	22.7	30.1
Share of profit of associates*	1.5	4.7	8.7
Net revenue	24.0	27.7	38.8
Operating expenses	(19.1)	(23.5)	(30.9)
Group profit before exceptional items	4.9	4.2	7.9
Exceptional items	(15.9)	(10.1)	(7.8)
Group (loss)/profit after exceptional items	(11.0)	(5.9)	0.1

* Includes RWC Partners Limited and Schroder Ventures Investments Limited associates

Net revenue – old basis versus new basis comparison

(before exceptional items)

	2015 (Old basis)			2015 (New basis)	
Revenue	2,035.3	1	→	Revenue	2,043.2
Cost of sales	(442.5)			Cost of sales	(442.5)
Net gains on financial instruments and other income	31.5	2	→	Net operating revenue	1,600.7
Net revenue	1,624.3				
Operating expenses	(1,048.8)	2	→	Net gains on financial instruments and other income	36.3
Operating profit	575.5				
Net finance income	12.7	3	→	Share of profit of associates and joint ventures	21.5
Share of profit of associates and joint ventures	21.5			Net revenue	1,658.5
Profit before tax	609.7			Operating expenses	(1,048.8)
				Profit before tax	609.7

1. Revenue has been updated to include gains made by the UK unit trust manager from buying and selling units (2015: £7.9 million). Previously, these gains were presented within net gains on financial instruments and other income in note 4 of the Group's Annual Report and Accounts.

2. Net finance income has been combined with net gains on financial instruments and other income, excluding gains made by the UK unit trust manager from buying and selling units, and is now included within net revenue. This simplifies the income statement and brings together all returns from financial instruments recognised in the income statement.

3. The Group's share of profits of associates and joint ventures is now included within net revenue.

Cost and return metrics

Total Schroders Group costs

	2013	2014	2015
Compensation cost: net revenue ratio*	45%	44%	44%
Headcount	3,528	3,556	3,784
Total costs*	919.7	984.3	1,048.8
Cost: net revenue ratio*	64%	64%	63%
Return on average capital (pre-tax)*	23%	24%	23%
Return on average capital (post-tax)*	19%	19%	18%

- ▶ 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

** Costs and revenue are subject to adjustments by the remuneration committee

Movement in capital

£m	2015
1 January 2015	2,537.8
Profit before tax and exceptional items	609.7
Exceptional items	(20.7)
Net fair value movement arising from AFS financial assets	(17.5)
Exchange differences on translation of foreign operations after hedging	5.4
Actuarial gain on defined benefit pension schemes	7.3
Tax	(112.7)
Own shares purchased	(51.1)
Share-based payments	63.3
Dividends paid	(226.3)
Other	0.4
31 December 2015	2,795.6

Group capital allocation

Increase of £258 million as at 31 December 2015

£m	December 2014	December 2015
Regulatory capital	673	653
Other operating capital	284	253
Investment capital*	725	942
Seed capital	163	229
Other**	693	719
Statutory Group capital	2,538	2,796

* Includes RWC Partners Limited and Schroder Ventures Investments Limited associates

** Comprises goodwill, intangible assets, pension scheme surpluses, other associates and joint ventures, and deferred tax