Full year 2016 results

- Strong results in challenging conditions
- Positive net new business
  - Institutional
  - North America
- 7% increase in dividend to 93 pence
- Acquisitions and partnerships in line with strategic growth drivers

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>% change</th>
</tr>
</thead>
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<td>7%</td>
</tr>
<tr>
<td>3 year outperformance</td>
<td>72%</td>
<td>74%</td>
<td>-</td>
</tr>
</tbody>
</table>

*Basic earnings per share before exceptional items
Strong investment performance

- Strong, and improving, investment performance across asset classes:
  - Fixed Income
  - Multi-asset
  - Real Estate
  - Emerging Market Debt
  - Equities

![Chart showing investment performance across asset classes:]

- Fixed Income: 53% (1 year), 75% (3 years), 76% (5 years)
- Multi-asset: 72% (3 years), 74% (5 years)
- Real Estate: No data provided
- Emerging Market Debt: No data provided
- Equities: No data provided

2016 Full Year Results | March 2017
Net new business by channel
Flows led by Institutional demand

- Continued inflows in Institutional
  - North America
  - UK
- Intermediary sentiment affected by macro uncertainty
- Small outflows in Wealth Management

*Excludes Friends Life mandate win of £12bn in December 2014
Net new business by region

Global diversification proves resilient

- Strong new business in Europe and North America
- Mixed picture in Asia Pacific
  - Japan net inflows
  - Australia net outflows
- Net inflows in UK Institutional

*Excludes Friends Life mandate win of £12bn in December 2014
Net new business by asset class
Macro concerns subdue risk appetite

- Risk-off environment driven by macro uncertainty
- Continued demand for Fixed Income
- Strong sales in Multi-asset
- Equity outflows – but with exceptions

*Excludes Friends Life mandate win of £12bn in December 2014
A diversified and stable business
With increasing asset class diversification

Equities | Fixed Income | Multi-asset | EMD, Commodities and Real Estate | Wealth Management
A diversified and stable business
But a year-on-year increase in pre-exceptional profits
Schroders
2016 Full Year Results

2 March 2017

Richard Keers | Chief Financial Officer
Profit before tax and exceptional items
Profit before tax and exceptional items up 6% to £644.7m

£m

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>609.7</td>
<td>644.7</td>
</tr>
<tr>
<td>Exceptional items</td>
<td></td>
<td>(132.4)</td>
</tr>
<tr>
<td>Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>477.3</td>
<td>512.3</td>
</tr>
<tr>
<td>and before exceptional items</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Asset Management
- 2015: £540.5
- 2016: £572.4

Wealth Management
- 2015: £61.3
- 2016: £66.4

Net income
- 2015: £134.6
- 2016: £168.4

Compensation costs
- 2015: (57.6)
- 2016: (42.0)

Other costs
- 2015: (42.0)
- 2016: (42.0)

Group segment
- 2015: £7.9
- 2016: £5.9

Compensation costs
- 2015: (57.6)
- 2016: (42.0)

Other costs
- 2015: (42.0)
- 2016: (42.0)

Profit before tax and exceptional items
- 2015: £609.7
- 2016: £644.7

Tax
- 2016: (132.4)

Exceptional items
- 2016: (22.1)

Net income
- 2016: £134.6

Compensation costs
- 2016: (57.6)
- 2016: (42.0)

Other costs
- 2016: (42.0)

Profit before tax and exceptional items
- 2016: £644.7

Tax
- 2016: (132.4)

Exceptional items
- 2016: (22.1)

Profit after tax and before exceptional items
- 2016: £512.3

Profit after tax and exceptional items
- 2016: £490.2

2015 2016

2016 Full-Year Results | March 2017
Assets under management and administration (AUMA)
AUMA up 27% to £397.1bn

£bn

AUM 314bn
Intermediary 101
Institutional 181

2015

Wealth Management 32
Acquisitions 7
Acquisitions of AUA 11
FX 42
Markets 22
Net new business 1
Wealth Management 40

2016

AUMA 397bn
Intermediary 120
Institutional 226

Assets under management and administration (AUMA) up 27% to £397.1bn.

AUMA up 27% to £397.1bn

AUM 314bn
Intermediary 101
Institutional 181

2015

Wealth Management 32
Acquisitions 7
Acquisitions of AUA 11
FX 42
Markets 22
Net new business 1
Wealth Management 40

2016

AUMA 397bn
Intermediary 120
Institutional 226
Net income

Net income up 8% to £1,793m

£m

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>1,659</td>
<td>1,793</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>207</td>
<td>224</td>
</tr>
<tr>
<td>Asset Management</td>
<td>1,413</td>
<td>1,534</td>
</tr>
<tr>
<td>Group segment</td>
<td>39</td>
<td>35</td>
</tr>
</tbody>
</table>

- Acquisitions: 10
- Markets and re-pricing: (14)
- Net new business: (11)
- Performance fees: 5
- Net gains on financial instruments and other income: 22
- Net income: 1,793

Net operating revenue up £112m
Institutional net operating revenue

- Average AUM up £27 billion from FY 2015
- Net operating revenue margin excluding performance fees 32bps (FY 2015: 34bps)
- Closing AUM at record high of £226.3 billion
Intermediary net operating revenue

- Average AUM up £7 billion from FY 2015
- Net operating revenue margin excluding performance fees 73bps (FY 2015: 74bps)
- Closing AUM at record high of £120.1 billion
Wealth Management net operating revenue

- Net banking interest up £5.1 million
- Net operating revenue margin excluding performance fees 65bps (FY 2015: 65bps)
- Closing AUM at record high of £39.6 billion
## Operating expenses

**Costs in line with projections**

<table>
<thead>
<tr>
<th>£m</th>
<th>2015</th>
<th>2016</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>AM &amp; Group</strong></td>
<td><strong>WM</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Compensation costs</td>
<td>734.0</td>
<td>688.5</td>
<td>103.1</td>
<td>791.6</td>
</tr>
<tr>
<td>Non-compensation costs</td>
<td>314.8</td>
<td>302.3</td>
<td>54.5</td>
<td>356.8</td>
</tr>
<tr>
<td><strong>Operating expenses (excluding exceptional items)</strong></td>
<td>1,048.8</td>
<td>990.8</td>
<td>157.6</td>
<td>1,148.4</td>
</tr>
<tr>
<td>Exceptional expenses</td>
<td>18.5</td>
<td>13.1</td>
<td>10.1</td>
<td>23.2</td>
</tr>
<tr>
<td><strong>Operating expenses (including exceptional items)</strong></td>
<td>1,067.3</td>
<td>1,003.9</td>
<td>167.7</td>
<td>1,171.6</td>
</tr>
<tr>
<td>Headcount</td>
<td>3,784</td>
<td>3,382</td>
<td>763</td>
<td>4,145</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
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<tbody>
<tr>
<td><strong>Total compensation ratio</strong></td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td><strong>Total cost ratio</strong></td>
<td>63%</td>
<td>64%</td>
</tr>
</tbody>
</table>
## Analysis of Group Capital

Increase of £357m as at 31 December 2016

<table>
<thead>
<tr>
<th></th>
<th>£m 2015</th>
<th>£m 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory capital</td>
<td>653</td>
<td>814</td>
</tr>
<tr>
<td>Other operating capital</td>
<td>253</td>
<td>65</td>
</tr>
<tr>
<td>Investment capital*</td>
<td>942</td>
<td>1,059</td>
</tr>
<tr>
<td>Seed capital*</td>
<td>229</td>
<td>325</td>
</tr>
<tr>
<td>Other items**</td>
<td>719</td>
<td>890</td>
</tr>
<tr>
<td>Statutory Group capital</td>
<td>2,796</td>
<td>3,153</td>
</tr>
</tbody>
</table>

- **Strong capital position**
- **Continued investment in seed capital**

*Not included in AUM
**Comprises goodwill, intangible assets, pension scheme surplus, other associates and joint ventures, and deferred tax.
## Summary

**Strong results in challenging conditions**

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* Basic earnings per share before exceptional items
Schroders
2016 Full Year Results

2 March 2017

Peter Harrison | Group Chief Executive
## A changing industry

### A number of well-publicised headwinds

<table>
<thead>
<tr>
<th>Headwinds</th>
<th>Tailwinds</th>
</tr>
</thead>
<tbody>
<tr>
<td>High market valuations with low interest rates</td>
<td>Wealth accumulation in Asia Pacific</td>
</tr>
<tr>
<td>Pricing pressures</td>
<td>Derisking opportunity</td>
</tr>
<tr>
<td>Regulatory scrutiny</td>
<td>Technological advances</td>
</tr>
<tr>
<td>Growth of passives</td>
<td>Growth of savings in private assets</td>
</tr>
<tr>
<td>Political upheaval</td>
<td></td>
</tr>
</tbody>
</table>
Opportunities for growth are plentiful
Directly addressing structural headwinds

- Product Innovation and Solutions
  - New product division
  - Independent solutions team
- Fixed Income and Multi-asset
  - Securitised credit
- North America
  - Hartford Funds

2016 Full Year Results | March 2017
North America

- Positive developments in 2016
- Strategic partnership with Hartford Funds
- Securitised credit team
- Institutional derisking opportunities
Opportunities for growth are plentiful
Directly addressing structural headwinds

Product Innovation and Solutions
- New product division
- Independent solutions team

Fixed Income and Multi-asset
- Securitised credit

North America
- Hartford Funds

Asia Pacific
- Japanese growth
- Strong market share

Technology
- Investment platform
- Data Insights and innovation

Wealth Management
- C. Hoare & Co
- Benchmark Capital
Wealth Management

- **Benchmark Capital**
  - Best in class technology
  - High quality, competitively priced Multi-asset funds
  - Significantly enhance service offering

- **C. Hoare & Co**
  - c.1,800 clients with £2.3bn AUM

- **Assets under management £39.6bn**

- **Assets under administration £11.1bn**
Opportunities for growth are plentiful
Directly addressing structural headwinds

<table>
<thead>
<tr>
<th>Product Innovation and Solutions</th>
<th>Fixed Income and Multi-asset</th>
<th>North America</th>
<th>Asia Pacific</th>
<th>Technology</th>
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<th>Private Assets</th>
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<td>Hartford Funds</td>
<td>Japanese growth</td>
<td>Investment platform</td>
<td>C. Hoare &amp; Co</td>
<td>Infrastructure and Real Estate</td>
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<td>Independent solutions team</td>
<td></td>
<td></td>
<td>Strong market share</td>
<td>Data Insights and innovation</td>
<td>Benchmark Capital</td>
<td>Secquaero</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NEOS</td>
</tr>
</tbody>
</table>
Summary and outlook

- Identify and focus on core franchises
- Market uncertainty and industry challenges are set to continue
- Well placed to build on success
  - Highly diversified business
  - Strong financial position
  - Willingness to invest for future growth
- Organic and inorganic opportunities
- Changes to quarterly reporting
Forward looking statement

These presentation slides 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’, ‘confident’, ‘will have’, ‘will be’, ‘will ensure’, ‘estimates’ or ‘anticipates’ or the negative of these terms or other similar terms are intended to identify such forward-looking statements.

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