

# Schroders

## 2014 Q1 results

Data Pack | May 2014



**Schroders**

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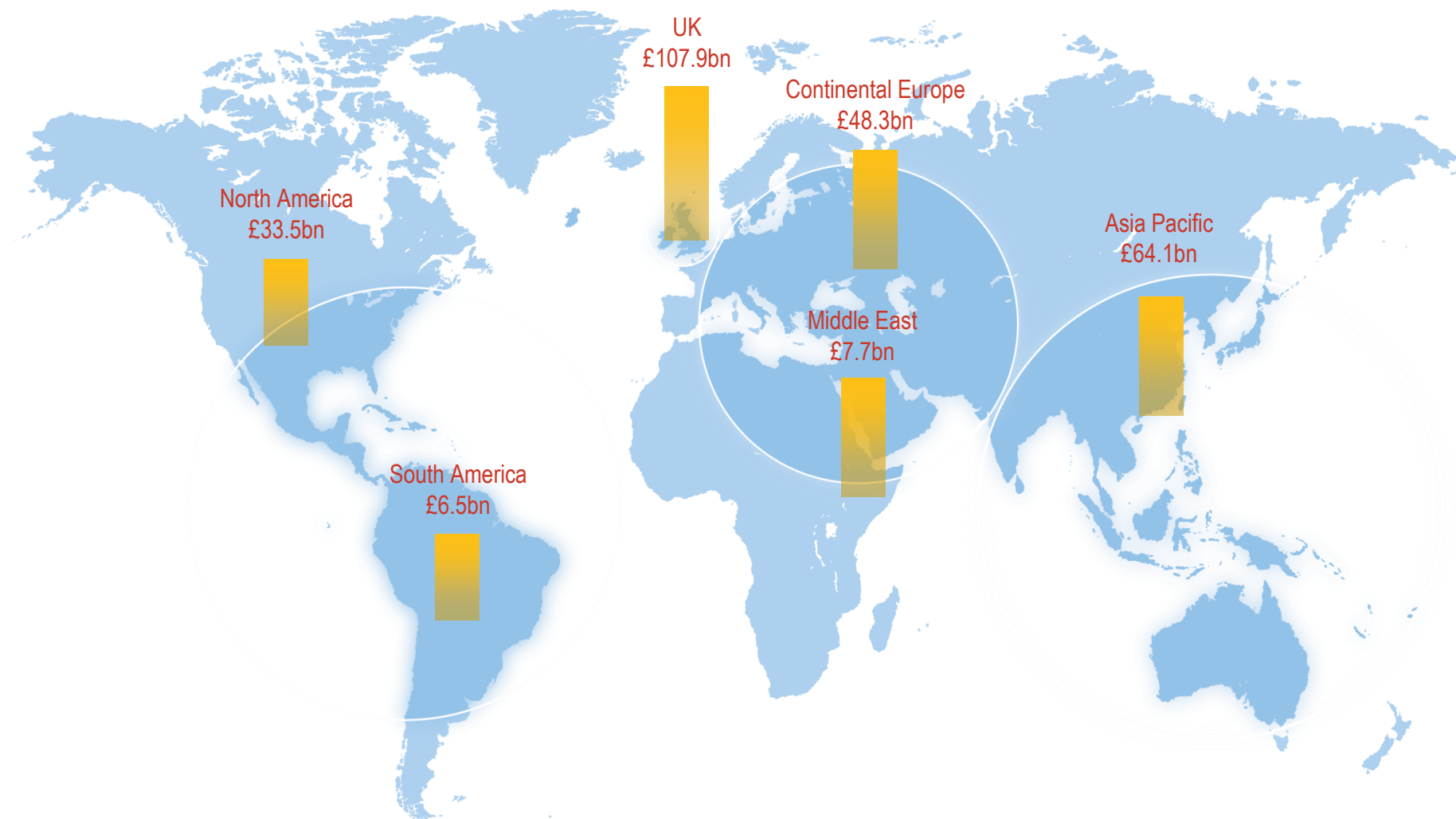
# Assets under management (AUM)

£268.0 billion at 31 March 2014

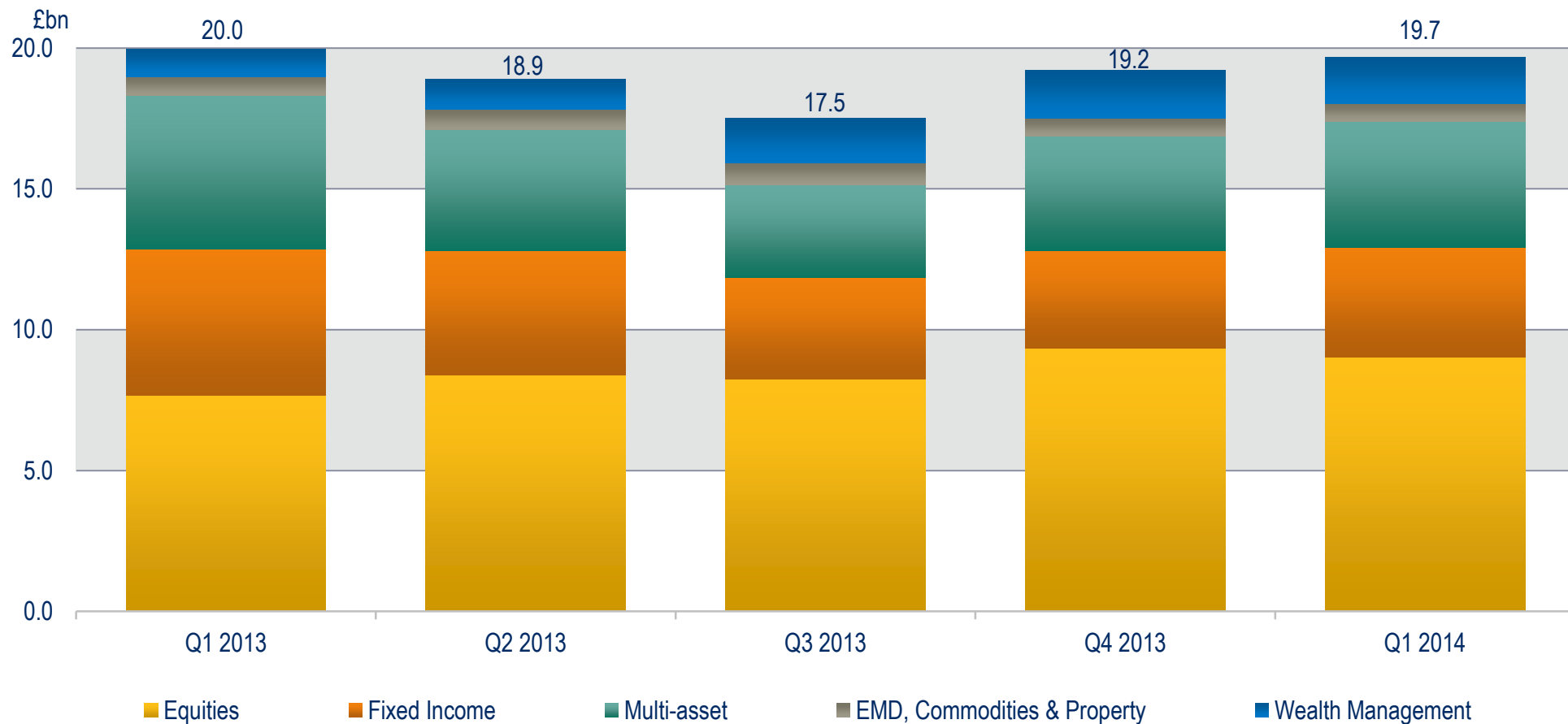
£bn	Asset management		Wealth Management	Total
	Institutional	Intermediary		
31 December 2013	144.3	88.5	30.1	262.9
Net flows	1.0	2.8	–	3.8
Investment returns	1.0	0.2	0.1	1.3
31 March 2014	146.3	91.5	30.2	268.0

# Regional diversification of AUM

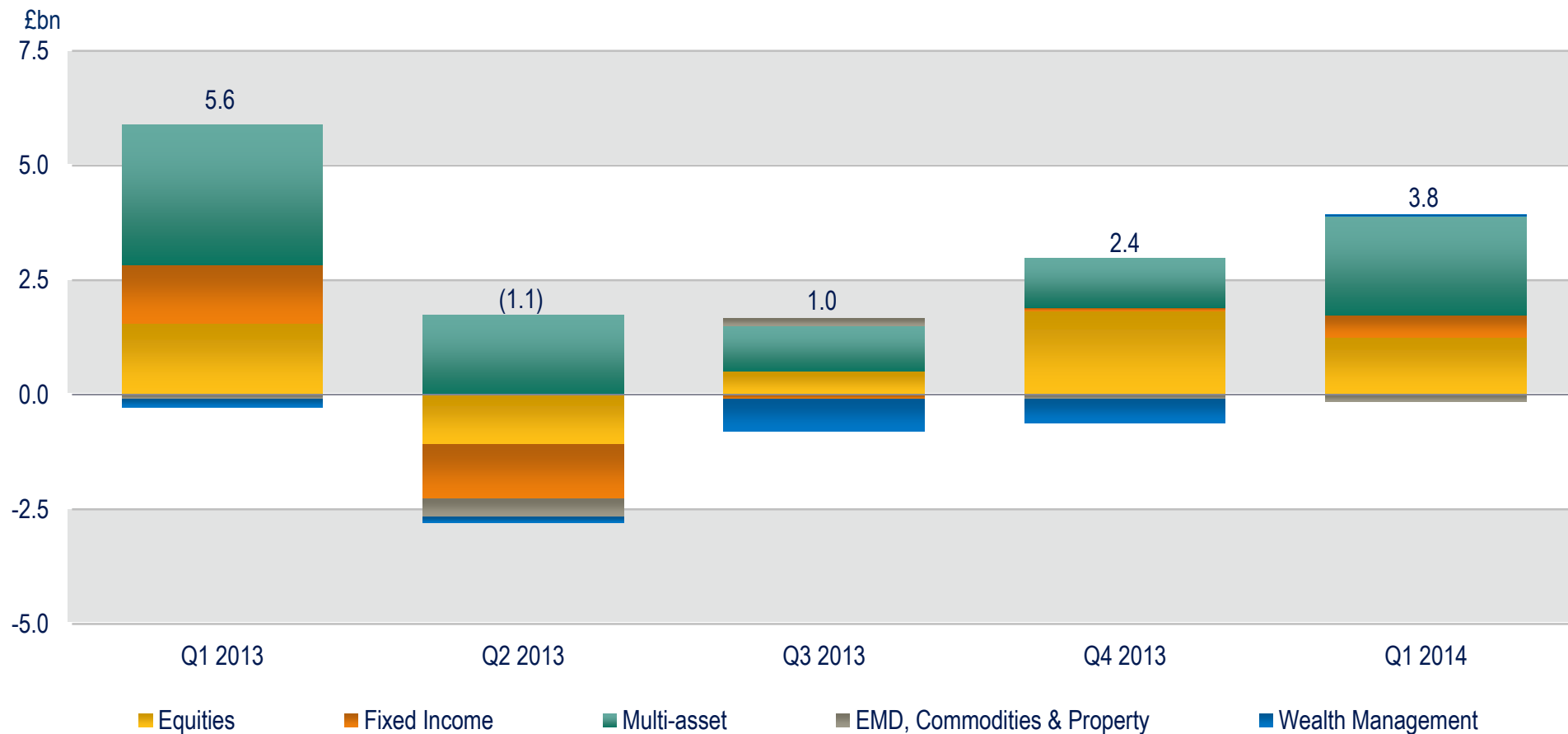
58% of revenues outside UK



# Gross sales

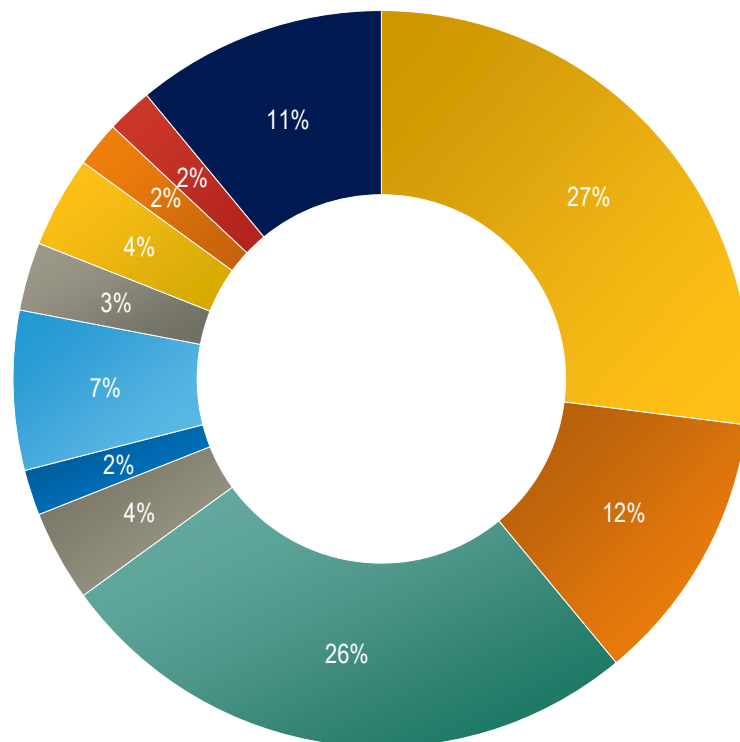


# Net flows



# Currency profile of AUM

Assets under management £268.0 billion



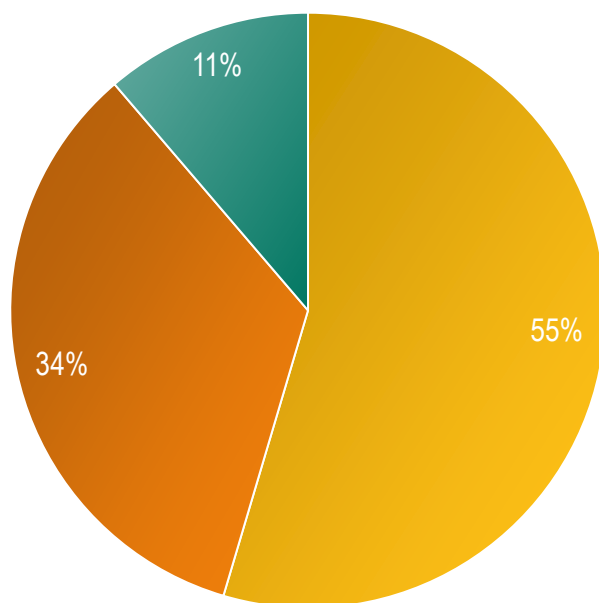
■ GBP ■ EUR ■ USD ■ JPY ■ CHF ■ AUD ■ CNY ■ HKD ■ KRW ■ IDR ■ Other\*

\* Includes the following currencies which individually constitute 1% of AUM: TWD, SGD, BRL, INR, CAD, RUB, THB, SEK, NOK

# Total AUM by channel, region and product

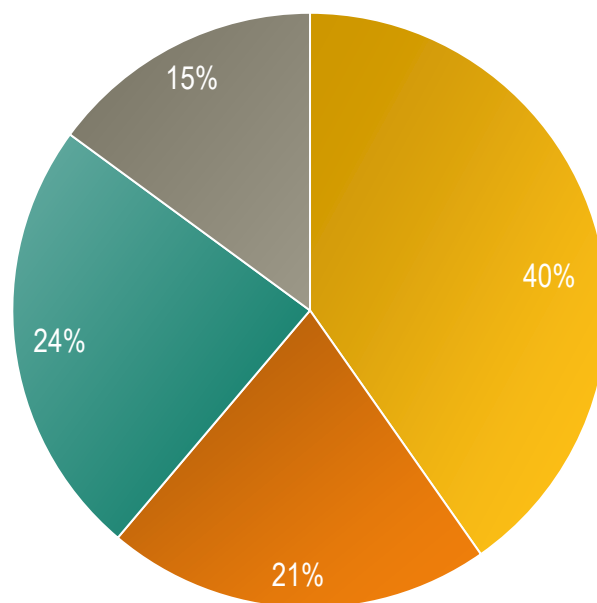
Assets under management £268.0 billion

By channel



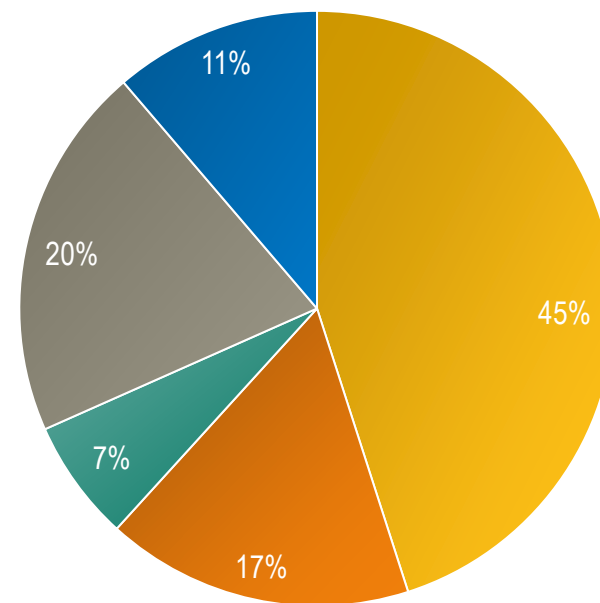
- Institutional
- Intermediary
- Wealth Management

By region\*



- UK
- Continental Europe\*\*
- Asia Pacific
- Americas

By product



- Equities
- Fixed Income
- EMD, Commodities & Property
- Multi-asset
- Wealth Management

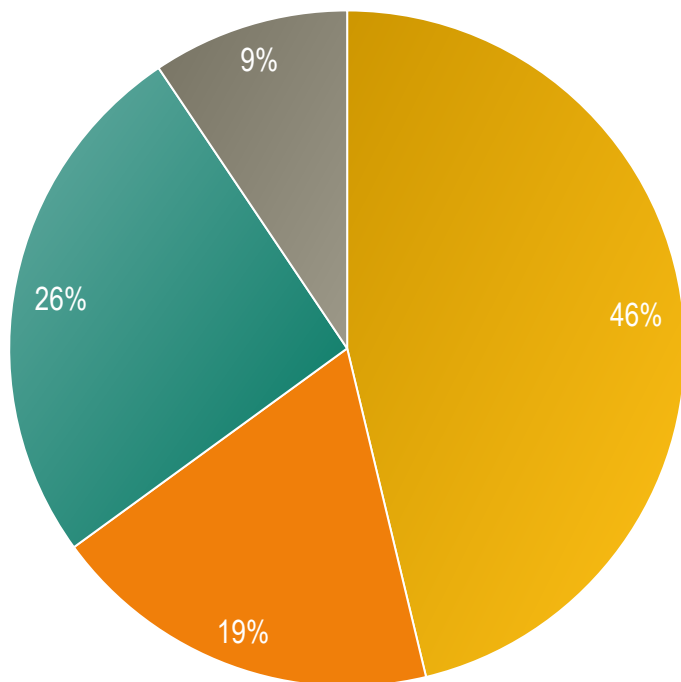
\*By client domicile

\*\*Includes Middle East



# Asset Management AUM by channel and product

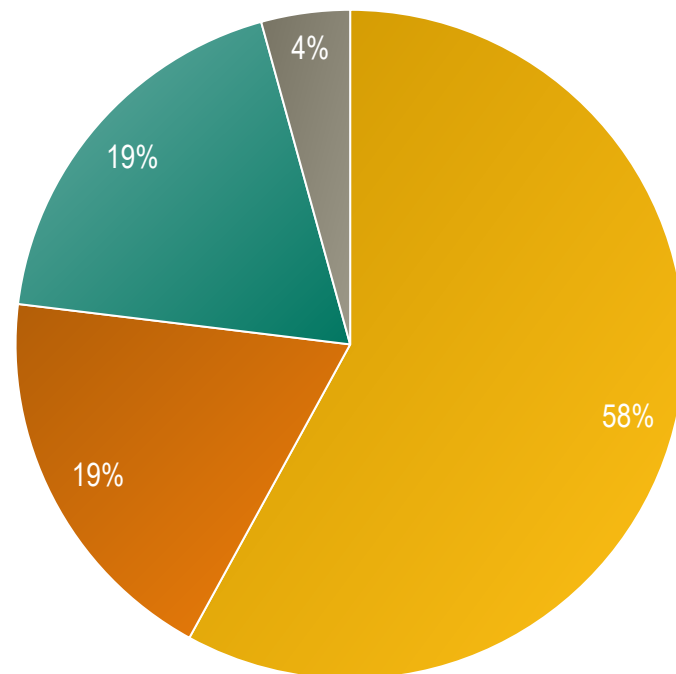
Institutional AUM £146.3bn



■ Equities

■ Fixed Income

Intermediary AUM £91.5bn

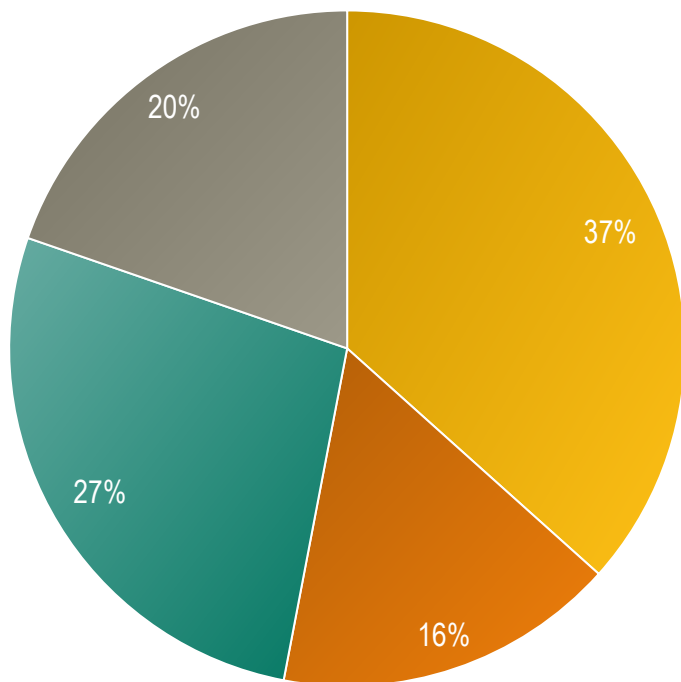


■ Multi-asset

■ EMD, Commodities & Property

# Asset Management AUM by channel and region\*

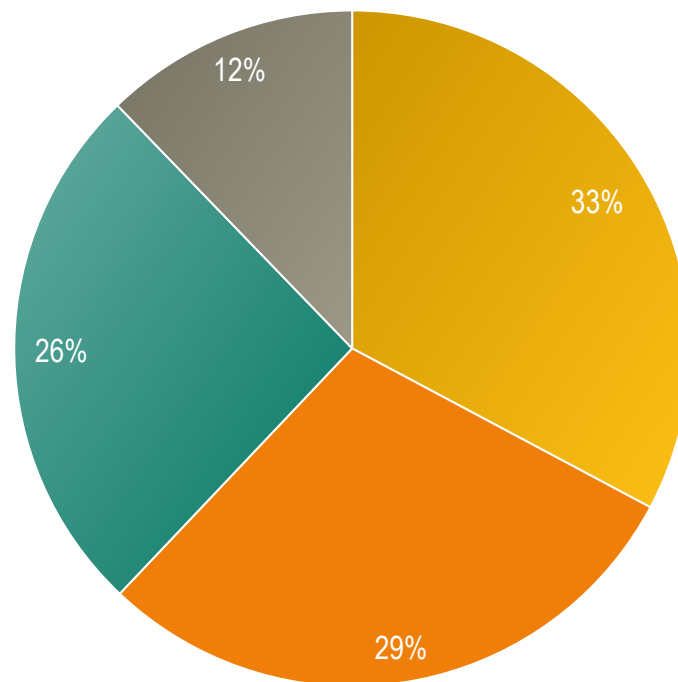
Institutional AUM £146.3bn



■ UK

■ Continental Europe\*\*

Intermediary AUM £91.5bn



■ Asia Pacific

■ Americas

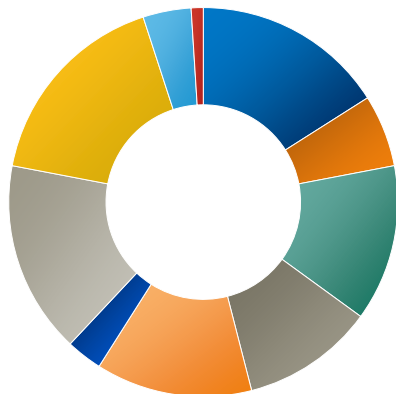
\*By client domicile

\*\*Includes Middle East

# Asset Management AUM – detailed asset class analysis

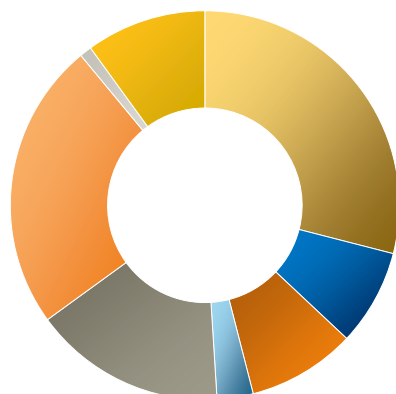
Assets under management £237.8 billion

Equities £120.7bn



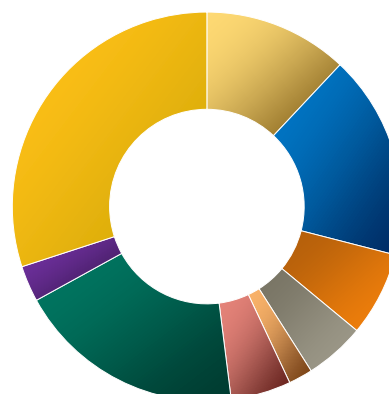
Asia Pacific	16%
Australia	6%
Emerging markets	13%
Europe	11%
Global	13%
Japan	3%
Quantitative equities	16%
UK	17%
US	4%
Other	1%

Fixed Income £44.8bn



Americas	29%
Asia Pacific	8%
Australia	9%
Convertibles	3%
Europe	16%
Global	24%
Insurance-linked	1%
UK	10%

Multi-asset £54.6bn



Americas	12%
Asia Pacific	17%
Australia	7%
Europe	5%
Funds of hedge funds	2%
GAIA range	5%
LDI	19%
Multi-manager	3%
UK	30%

EMD, Commodities and Property £17.7bn

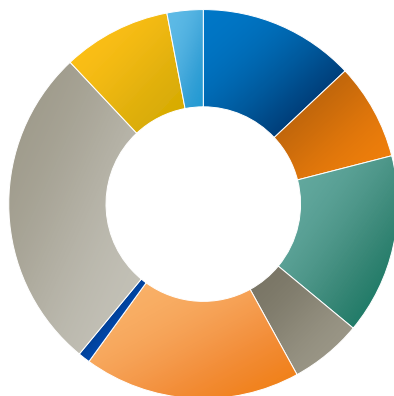


Agriculture and commodities	27%
Emerging market debt	11%
Private equity	6%
Property	56%

# Institutional AUM – detailed asset class analysis

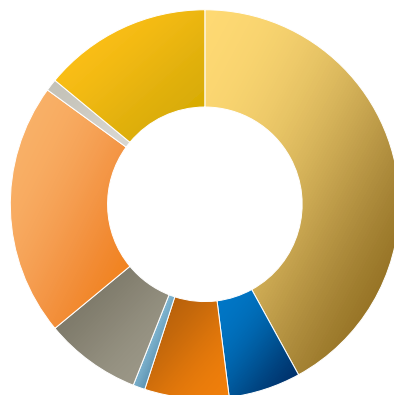
Assets under management £146.3 billion

Equities £67.7bn



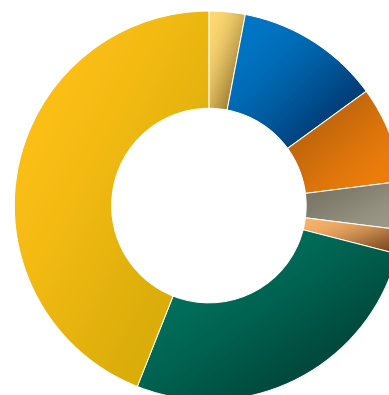
Asia Pacific	13%
Australia	8%
Emerging markets	15%
Europe	6%
Global	18%
Japan	1%
Quantitative equities	27%
UK	9%
US	3%

Fixed Income £27.4bn



Americas	42%
Asia Pacific	6%
Australia	7%
Convertibles	1%
Europe	8%
Global	21%
Insurance-linked	1%
UK	14%

Multi-asset £37.4bn



Americas	3%
Asia Pacific	12%
Australia	8%
Europe	4%
Funds of hedge funds	2%
LDI	27%
UK	44%

EMD, Commodities and Property £13.8bn

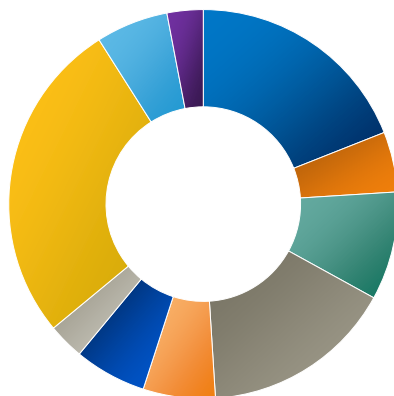


Agriculture and commodities	27%
Emerging market debt	5%
Private equity	7%
Property	61%

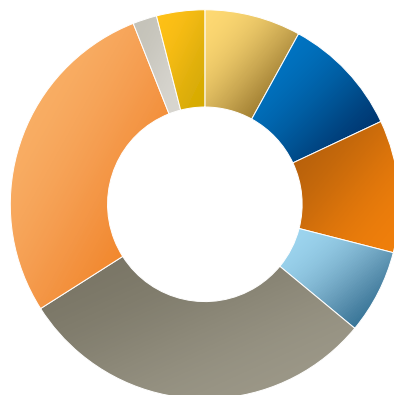
# Intermediary AUM – detailed asset class analysis

Assets under management £91.5 billion

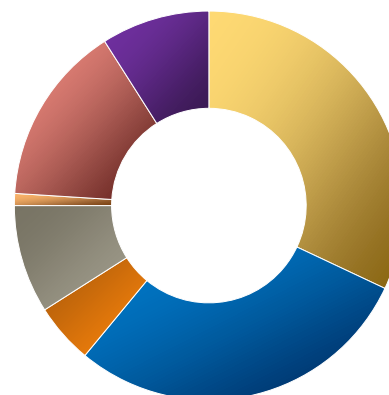
Equities £53.0bn



Fixed Income £17.4bn



Multi-asset £17.2bn



EMD, Commodities and Property £3.9bn



Asia Pacific	19%
Australia	5%
Emerging markets	9%
Europe	16%
Global	6%
Japan	6%
Quantitative equities	3%
UK	27%
US	6%
Multi-manager	3%

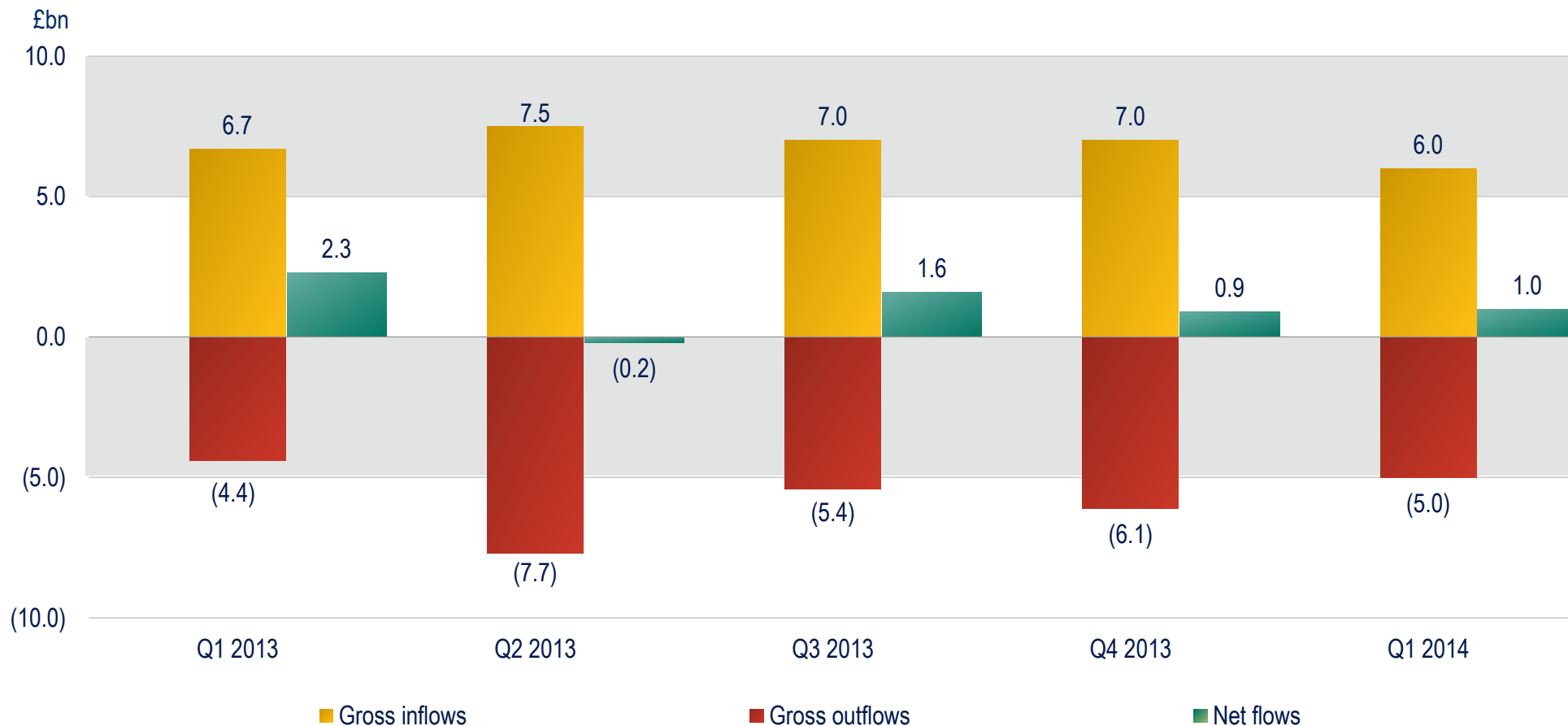
Americas	8%
Asia Pacific	10%
Australia	11%
Convertibles	7%
Europe	30%
Global	28%
Insurance-linked	2%
UK	4%

Americas	32%
Asia Pacific	29%
Australia	5%
Europe	9%
Funds of hedge funds	1%
GAIA range	15%
Multi-manager	9%

Agriculture and commodities	24%
Emerging market debt	32%
Private equity	2%
Property	42%

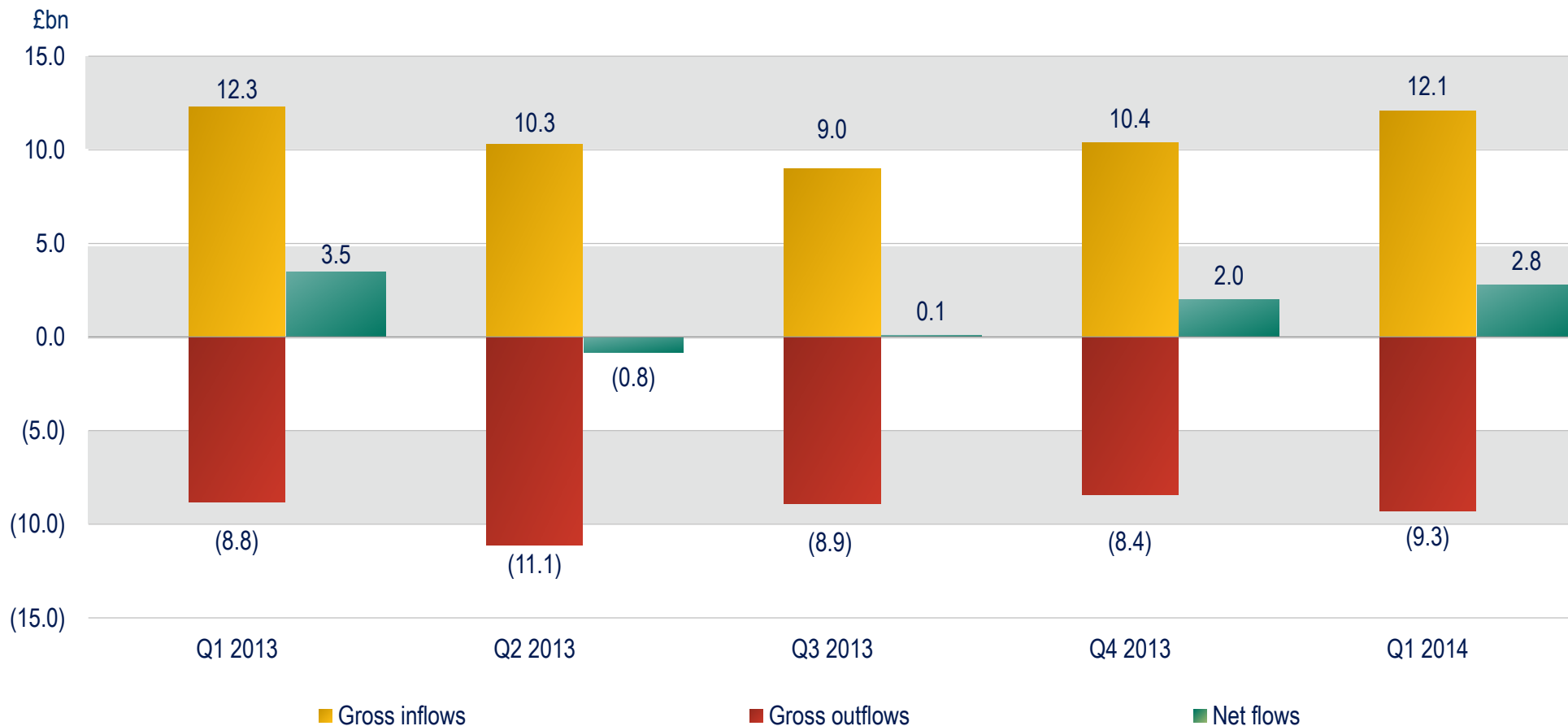
# Institutional

Assets under management: £146.3bn (31 Dec 2013: £144.3bn)



# Intermediary

Assets under management: £91.5bn (31 Dec 2013: £88.5bn)



# Net revenue and margins – Asset Management

Asset Management net revenue £306.2 million (Q1 2013: £289.8 million)

	FY 2013	Q1 2013	Q1 2014
Performance fees – £m	80.2	2.8	6.3
Performance fees on average AUM	3 bps	0 bps	1 bps
Net revenue – £m	1,247.2	289.8	306.2
Net revenue on average AUM	56 bps	56 bps	53 bps
Costs* – £m	784.9	186.6	191.7
Costs* on average AUM	35 bps	36 bps	33 bps
Operating profit* – £m	462.3	103.2	114.5
Operating profit* on average AUM	21 bps	20 bps	19 bps

\*FY 2013 and Q1 2014 exclude exceptional costs



# Cost and return metrics for the Group

	FY 2013	Q1 2013	Q1 2014
<b>Compensation cost: operating revenue ratio*</b>	46%	48%	47%
<b>Bonus: pre-bonus operating profit*</b>	39%	40%	39%
<b>Headcount</b>	3,528	3,059	3,513
<b>Total costs*</b>	919.7	213.5	233.5
<b>Cost: net revenue ratio*</b>	65%	66%	65%
<b>Return on average capital (pre-tax)*</b>	23%	22%	23%
<b>Return on average capital (post-tax)*</b>	19%	16%	19%

- ▶ **Compensation cost: operating revenue ratio**  
= total Group compensation costs divided by Asset Management and Wealth Management net revenues\*\*
- ▶ **Bonus: pre-bonus operating profit**  
= total Group bonus divided by pre-bonus Asset Management and Wealth Management profit before tax\*\*
- ▶ **Cost: net revenue ratio**  
= total Group costs divided by net revenue
- ▶ **Return on average capital (pre-tax)**  
= total Group profit before tax and exceptional items divided by average capital
- ▶ **Return on average capital (post-tax)\*\*\***  
= total Group profit after tax and exceptional items divided by average capital

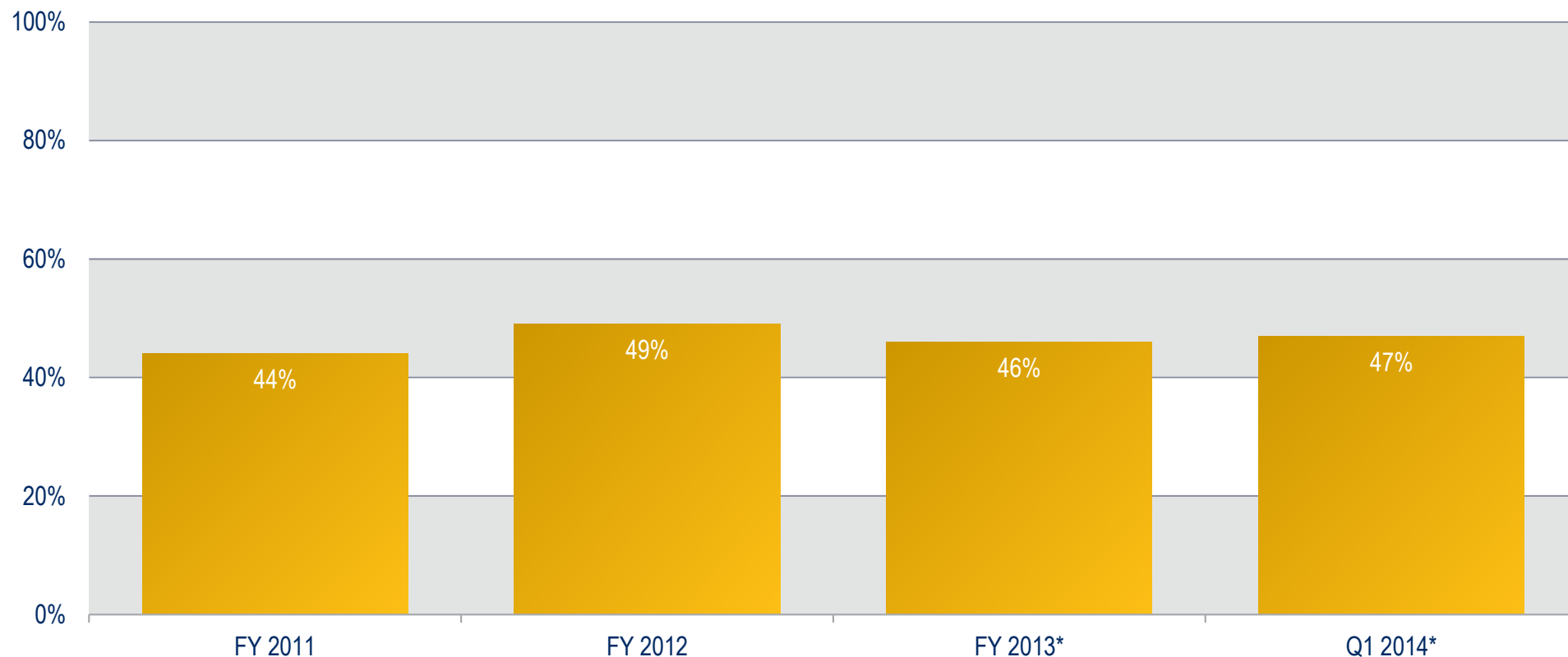
\* FY 2013 and Q1 2014 exclude exceptional costs

\*\* Adjusted by the Remuneration Committee for allowable and disallowable costs and revenues

\*\*\* Q1 2013 and Q1 2014 return on average capital (post-tax) is based on an estimated tax charge for the period

# Key performance indicators

## Compensation cost: operating revenue ratio

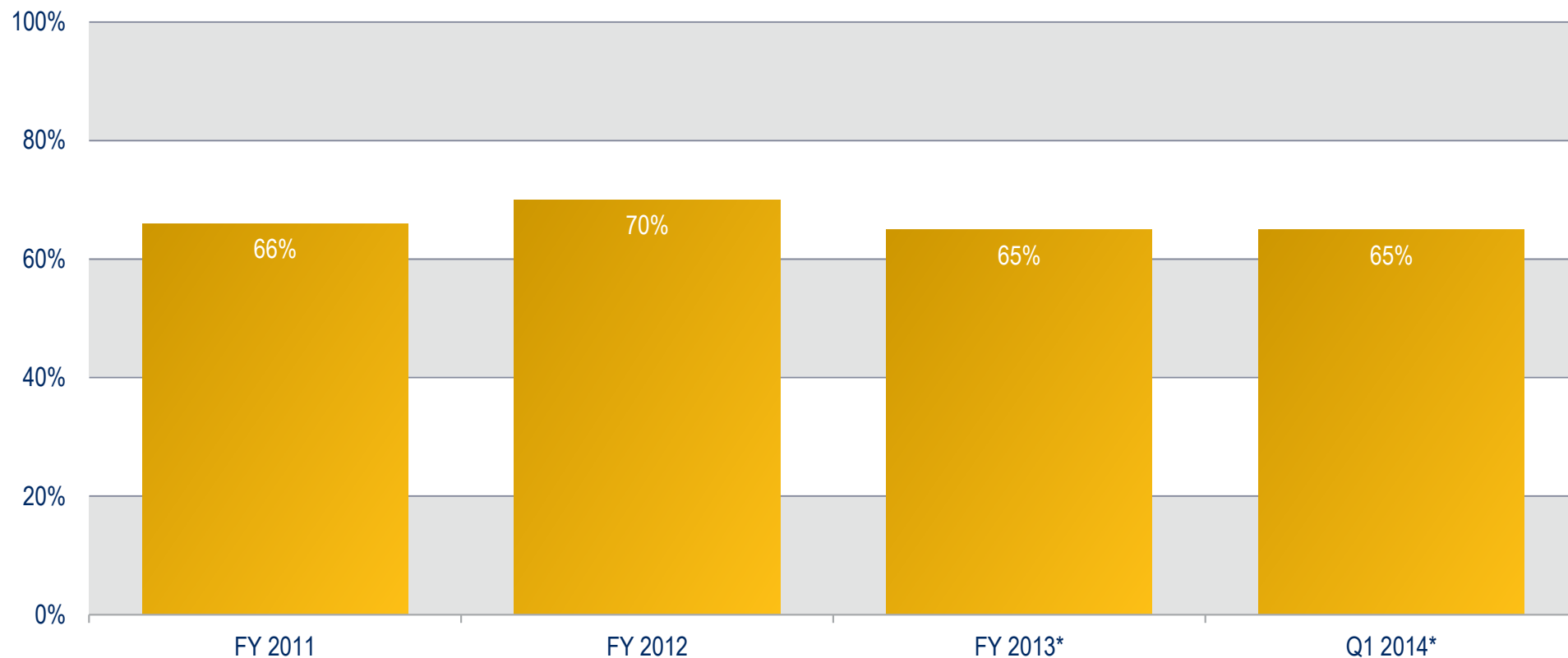


Total Group compensation costs divided by Asset Management and Wealth Management net revenues (adjusted by the Remuneration Committee for allowable and disallowable costs and revenues)

\* FY 2013 and Q1 2014 exclude exceptional costs

# Key performance indicators

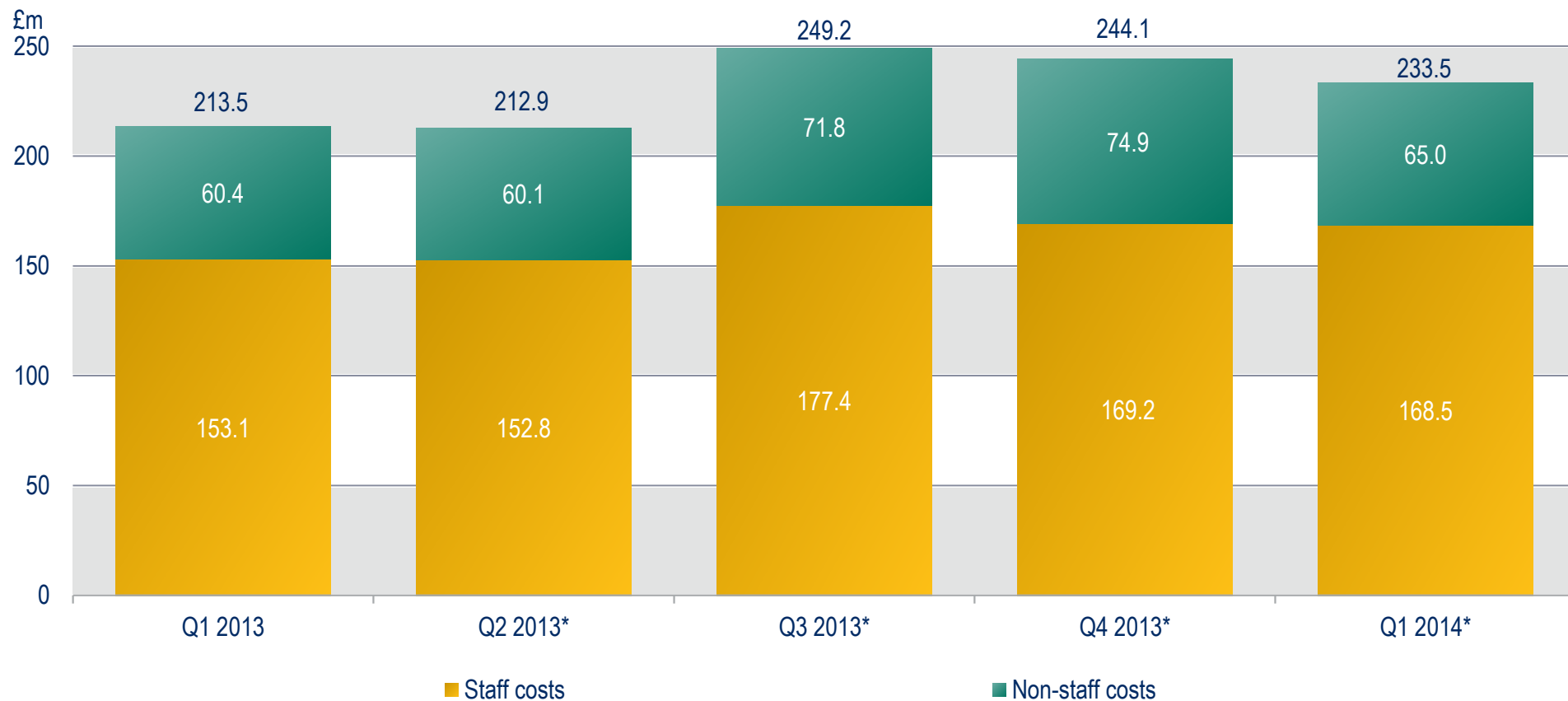
Cost: net revenue ratio



Total Group costs divided by net revenue

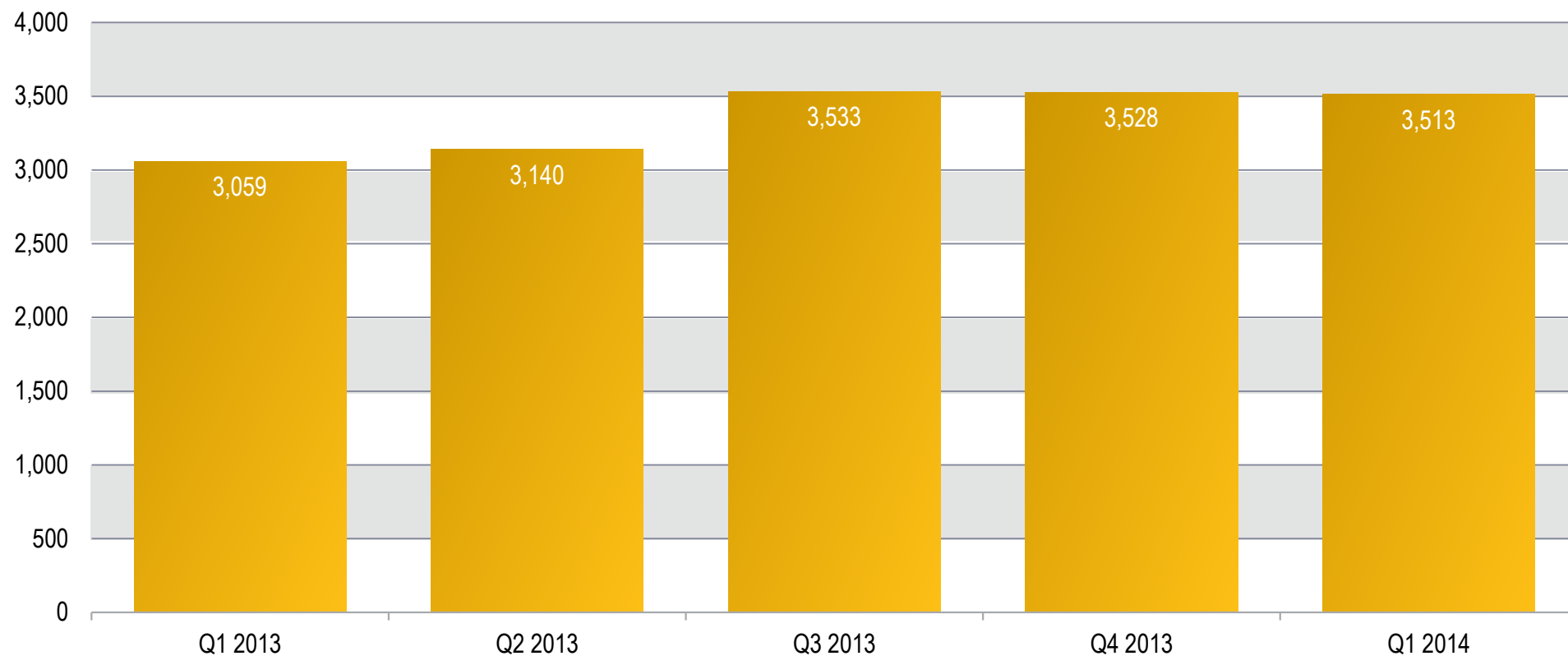
\* FY 2013 and Q1 2014 YTD ratio exclude exceptional costs

# Total costs



\* Excludes exceptional costs

# Headcount



# Income statement progression

## Asset Management profit before tax

£m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Institutional</b>	136.8	138.4	129.9	152.1	136.4
<b>Intermediary</b>	153.0	157.5	185.1	194.4	169.8
<b>Net revenue</b>	289.8	295.9	315.0	346.5	306.2
<b>Costs*</b>	(186.6)	(189.4)	(206.3)	(202.6)	(191.7)
<b>JVs and associates</b>	1.7	0.7	1.2	3.1	2.6
<b>Net finance income/(charge)</b>	0.3	(0.3)	(0.3)	(0.1)	(0.1)
<b>Asset Management profit*</b>	<b>105.2</b>	<b>106.9</b>	<b>109.6</b>	<b>146.9</b>	<b>117.0</b>
<b>Exceptional costs**</b>	–	(0.3)	(2.8)	(10.4)	(3.6)
<b>Asset Management profit after exceptional items</b>	<b>105.2</b>	<b>106.6</b>	<b>106.8</b>	<b>136.5</b>	<b>113.4</b>

\* Excludes exceptional costs

\*\* During Q4 2013 exceptional costs of £4.0m were transferred from the Group segment into Asset Management.

# Income statement progression

## Wealth Management profit/(loss) before tax

£m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Net revenue</b>	26.5	27.0	47.0	49.5	50.3
<b>Costs*</b>	(21.6)	(21.3)	(36.6)	(36.2)	(37.0)
<b>Wealth Management profit*</b>	4.9	5.7	10.4	13.3	13.3
<b>Exceptional costs**</b>	–	–	(2.6)	(28.3)	(3.6)
<b>Wealth Management profit/(loss) after exceptional items</b>	4.9	5.7	7.8	(15.0)	9.7

\* Excludes exceptional costs

\*\* During Q4 2013 exceptional costs of £7.2m were transferred from the Group segment into Wealth Management.

# Income statement progression

Group segment profit/(loss) before tax

£m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Net revenue	6.7	(0.8)	4.0	0.5	2.3
Costs*	(5.3)	(2.2)	(6.3)	(5.3)	(4.8)
JVs and associates**	(0.5)	-	1.4	0.6	0.4
Net finance income	4.0	3.4	2.5	2.2	2.5
Group profit/(loss)*	4.9	0.4	1.6	(2.0)	0.4
Exceptional costs***	-	(6.0)	(10.0)	0.1	(4.6)
Group profit/(loss) after exceptional items	4.9	(5.6)	(8.4)	(1.9)	(4.2)

\* Excludes exceptional costs

\*\* Schroder Ventures Investments Limited only

\*\*\* During Q4 2013 exceptional costs of £4.0m and £7.2m were transferred from the Group segment into Asset Management and Wealth Management segments respectively.



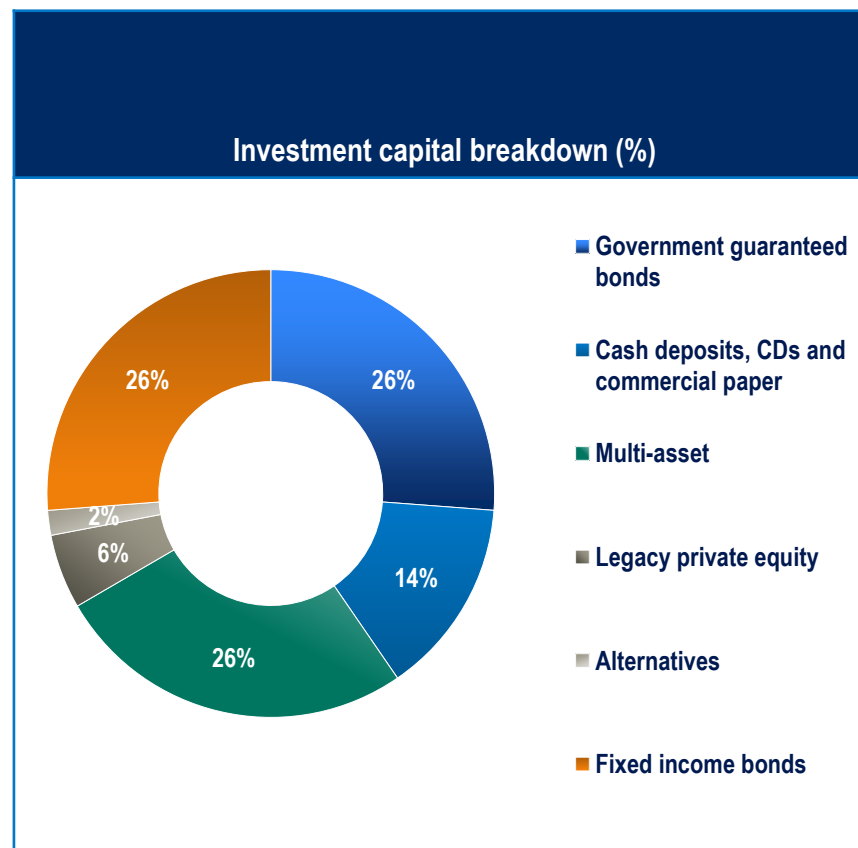
# Movement in capital

£m	2014
<b>Opening balance</b>	<b>2,268.6</b>
Profit before tax and exceptional items	130.7
Exceptional costs	(11.8)
Net fair value movement arising from AFS financial assets	(1.2)
Exchange differences on translation of foreign operations after hedging	(1.4)
Tax	(25.1)
Own shares purchased	(41.6)
Share-based payments	15.4
Actuarial gain on defined benefit pension schemes	7.4
<b>Closing balance</b>	<b>2,341.0</b>

# Group capital allocation

Increase of £72m as at 31 March 2014

£m	FY 2013	Q1 2014
Regulatory capital	603	603
Surplus operating capital	468	398
Seed capital*	182	149
Investment capital*	495	668
Other (intangibles etc.)	521	523
Statutory Group capital	2,269	2,341



\*Not included in AUM

# Forward-looking statements

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 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. 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 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 profit forecast.