

Schroders

Half-year results 2019

Data pack



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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)

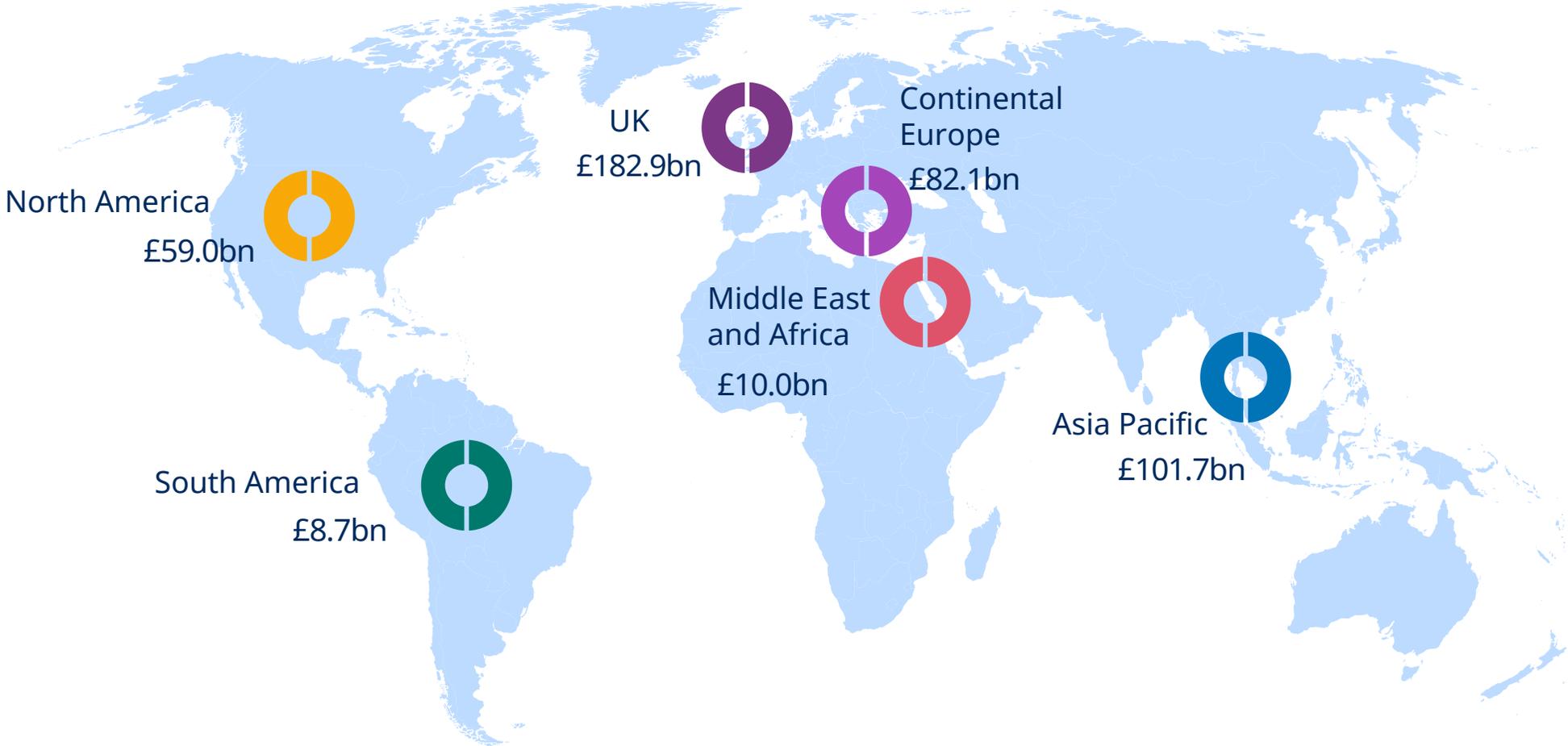
£444.4 billion at 30 June 2019

£bn	Institutional	Intermediary	Asset Management	Wealth Management	Total AUM
<b>1 January 2019</b>	<b>242.3</b>	<b>121.2</b>	<b>363.5</b>	<b>43.7</b>	<b>407.2</b>
Net flows	0.3	(2.4)	(2.1)	0.9	(1.2)
Acquisitions <sup>1</sup>	1.0	-	1.0	2.3	3.3
Investment returns	20.4	10.9	31.3	3.8	35.1
<b>30 June 2019</b>	<b>264.0</b>	<b>129.7</b>	<b>393.7</b>	<b>50.7</b>	<b>444.4</b>

<sup>1</sup> The acquisition within Asset Management relates to the purchase of Blue Asset Management. The acquisitions within Wealth Management relate to the purchase of the wealth management business of Thirdrock Group (£1.7bn), along with two other business combinations completed during the period.

# Regional diversification of AUM<sup>1</sup>

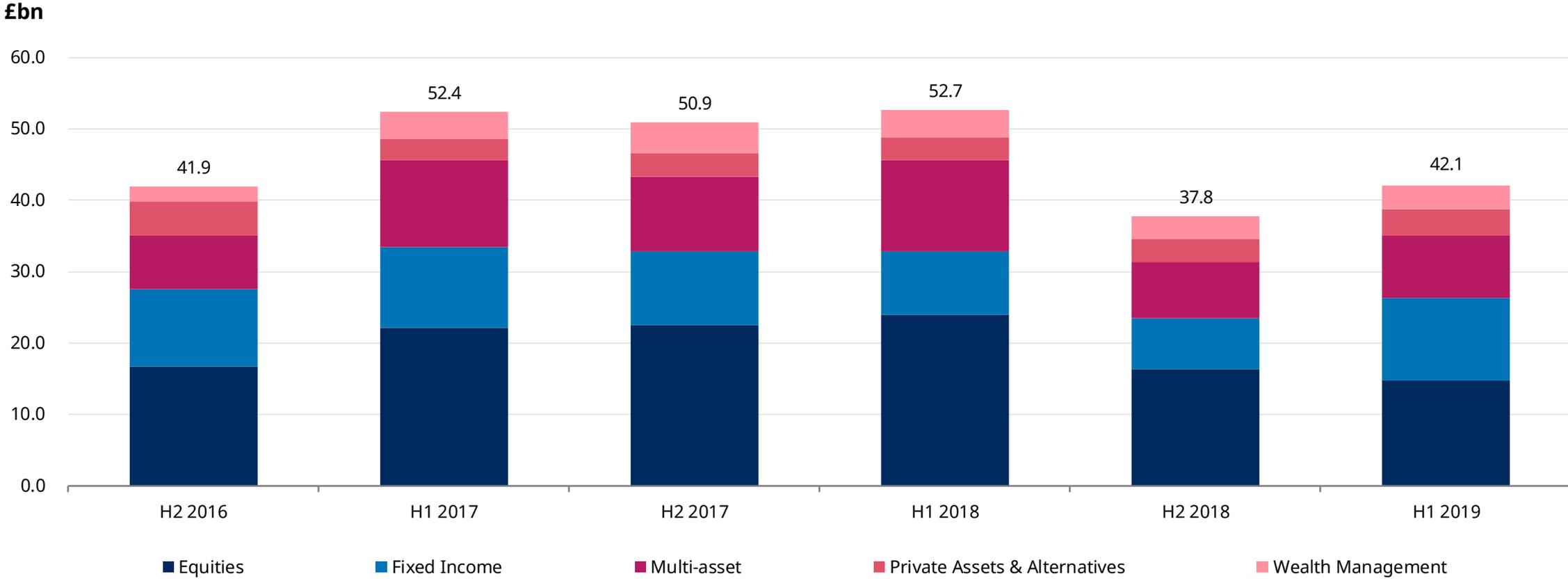
65% of net operating revenues earned outside UK



<sup>1</sup> By client domicile.

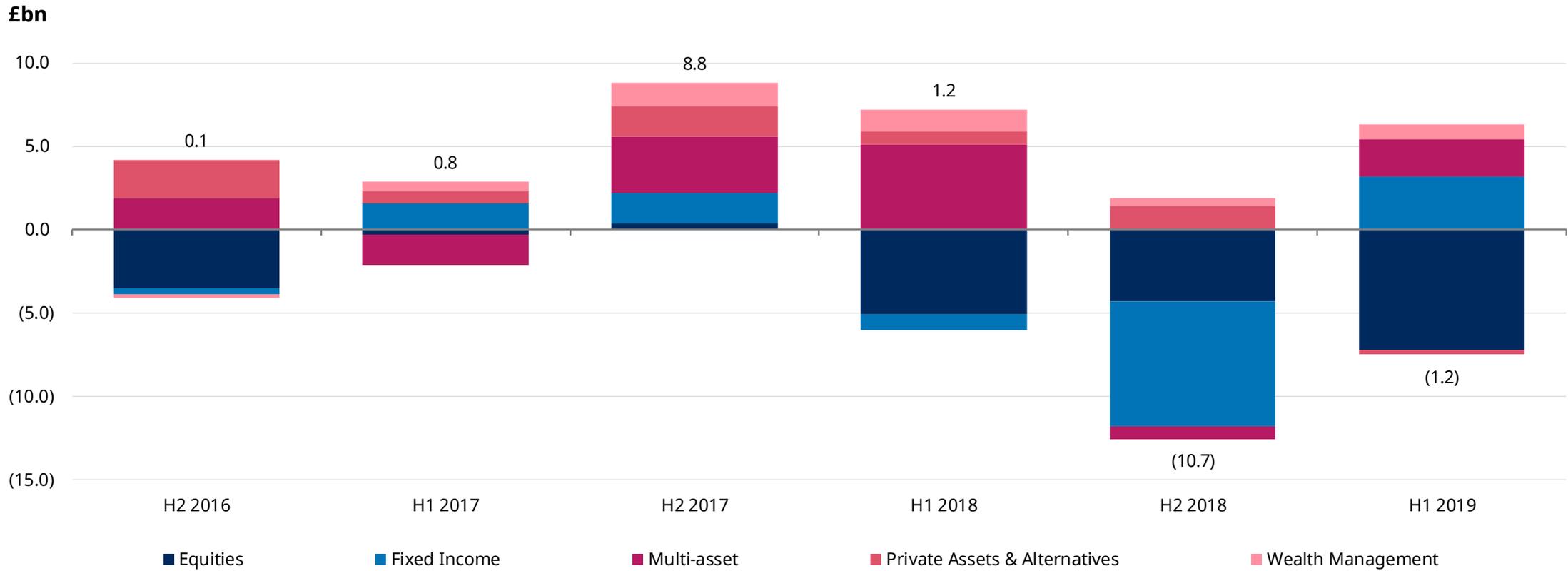
# Gross flows

## Half-yearly



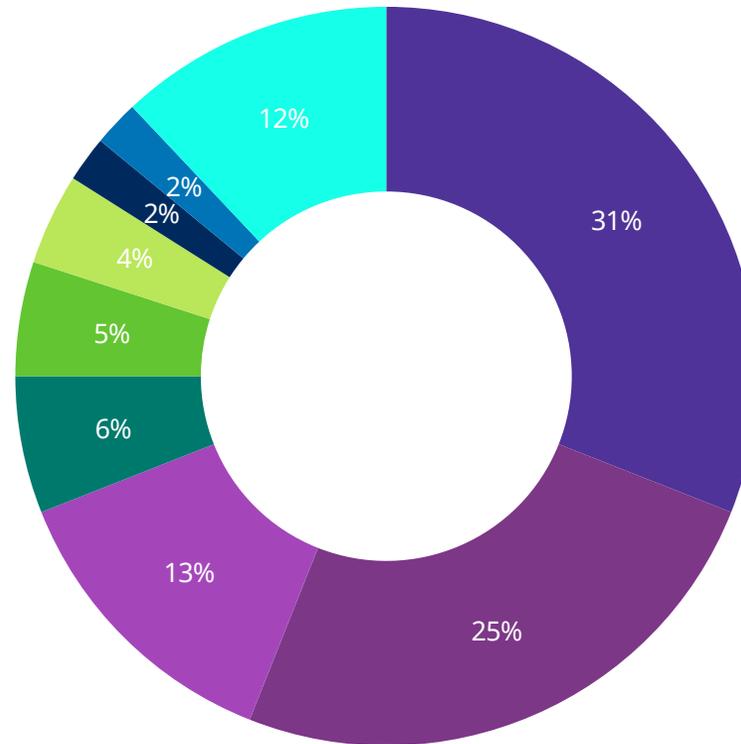
# Net flows

## Half-yearly



# Currency profile of AUM

Assets under management £444.4 billion



■ USD<sup>1</sup> ■ GBP ■ EUR ■ CNY ■ JPY ■ AUD ■ CHF ■ KRW ■ Other<sup>2</sup>

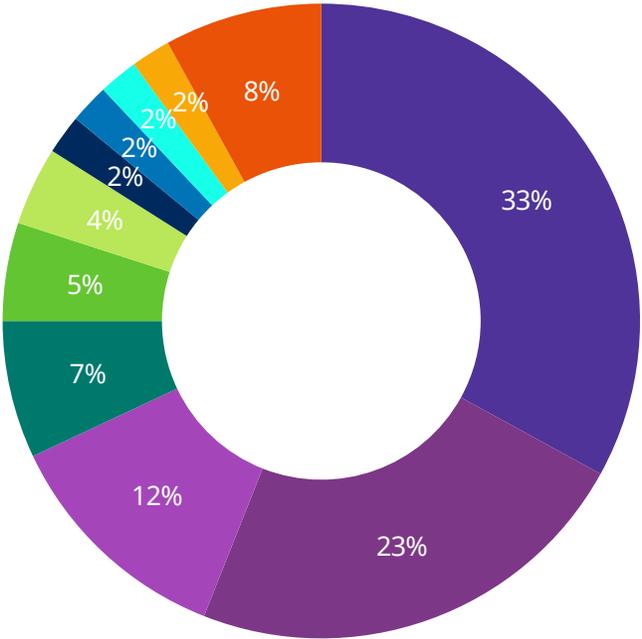
1 USD includes other currencies pegged to USD, including HKD.

2 Includes the following currencies which individually constitute 1% of AUM: TWD, IDR, INR, SGD, BRL, CAD, RUB.

# Currency profile of Asset Management AUM

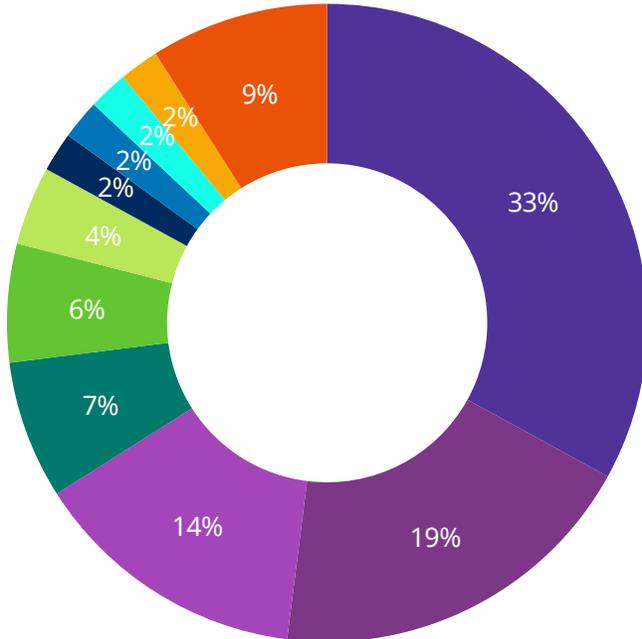
Asset Management AUM £393.7 billion

**Institutional £264.0bn**



- USD<sup>1</sup>
- GBP
- EUR
- CNY
- AUD
- JPY
- CHF
- KRW
- INR
- TWD
- Other

**Intermediary £129.7bn**



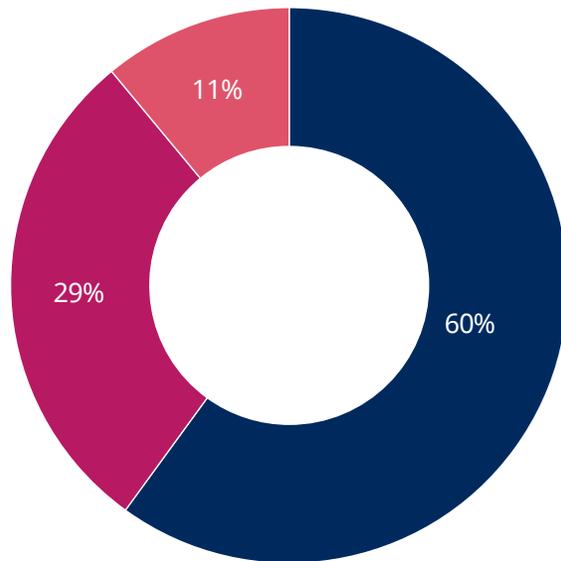
- USD<sup>1</sup>
- EUR
- GBP
- CNY
- JPY
- AUD
- IDR
- SGD
- KRW
- TWD
- Other

<sup>1</sup> USD includes other currencies pegged to USD, including HKD.

# Total AUM by channel, region and product

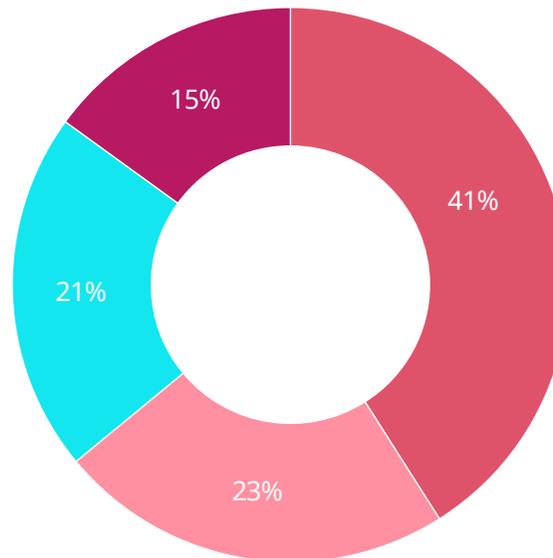
Assets under management £444.4 billion

### By channel



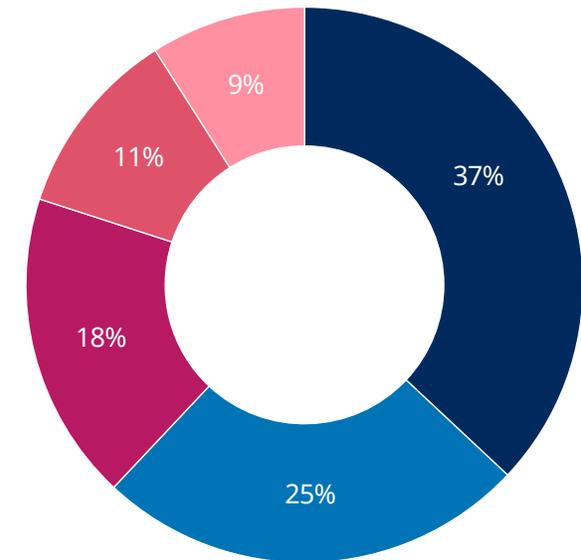
- Institutional
- Intermediary
- Wealth Management

### By region<sup>1</sup>



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

### By product



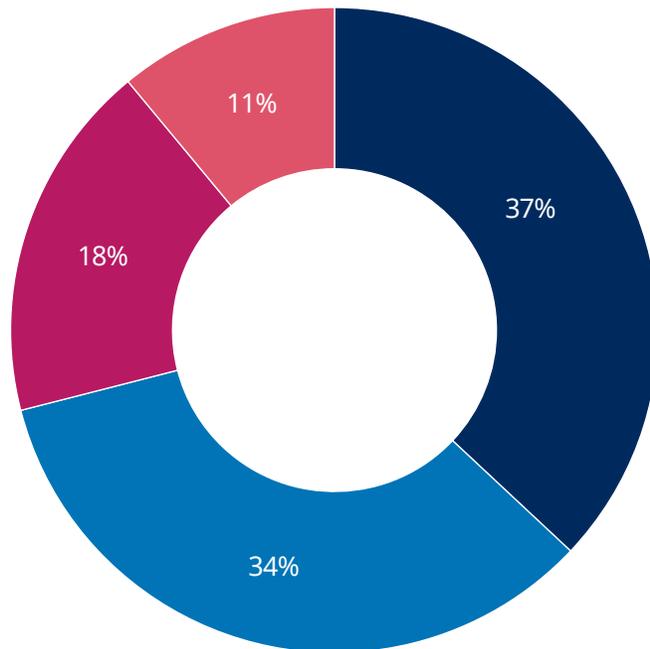
- Equities
- Multi-asset
- Fixed Income
- Wealth Management
- Private Assets & Alternatives

<sup>1</sup> By client domicile.

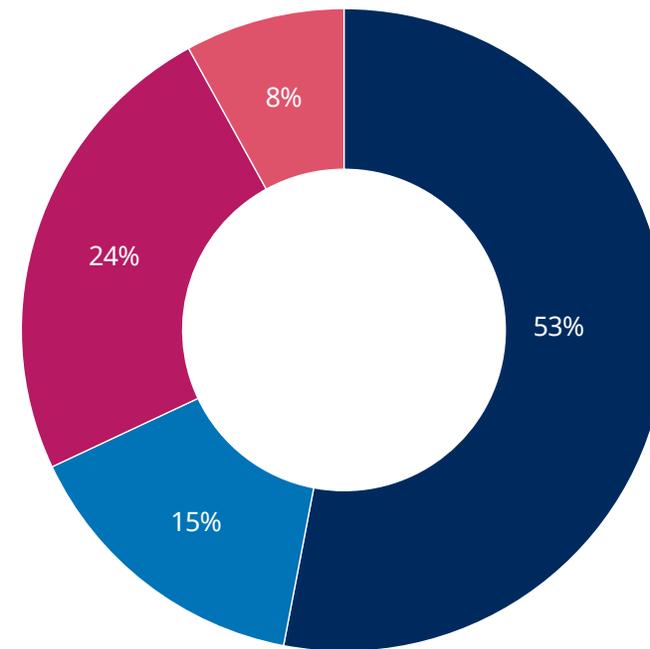
# Asset Management AUM by channel and product

Assets under management £393.7 billion

Institutional AUM £264.0bn



Intermediary AUM £129.7bn

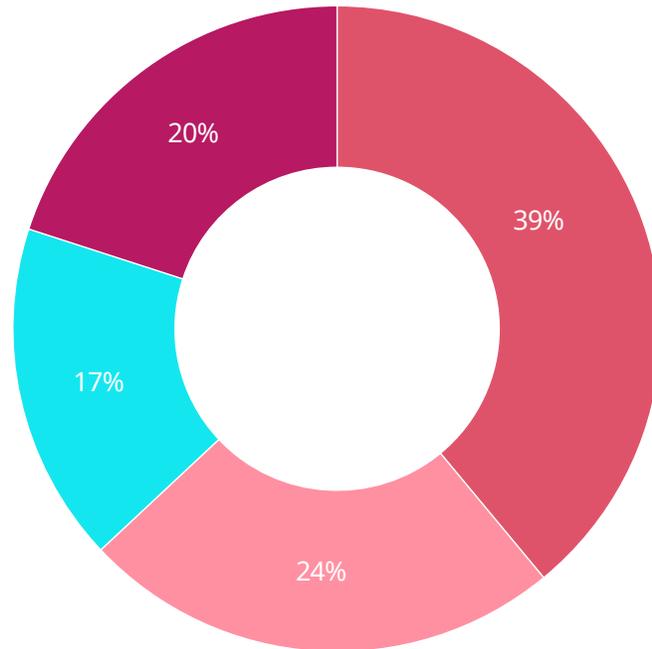


■ Equities   ■ Multi-asset   ■ Fixed Income   ■ Private Assets & Alternatives

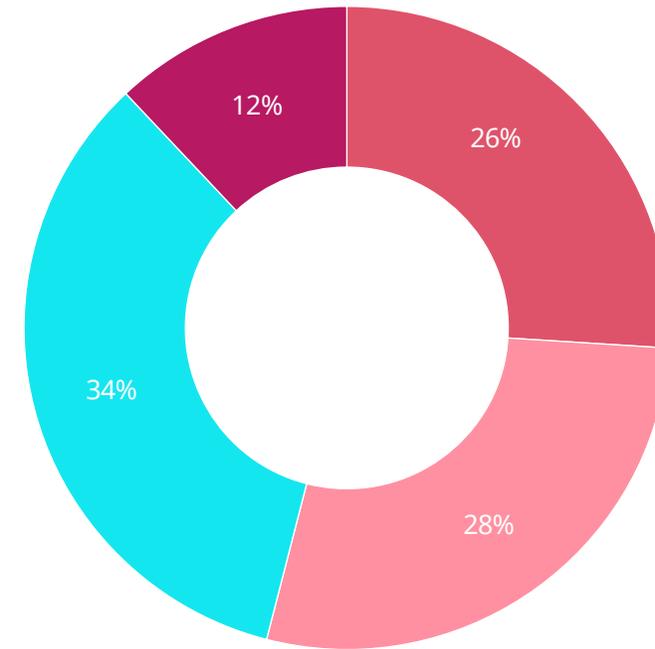
# Asset Management AUM by channel and region<sup>1</sup>

Assets under management £393.7 billion

Institutional AUM £264.0bn



Intermediary AUM £129.7bn



■ UK

■ Asia Pacific

■ Europe, Middle East & Africa

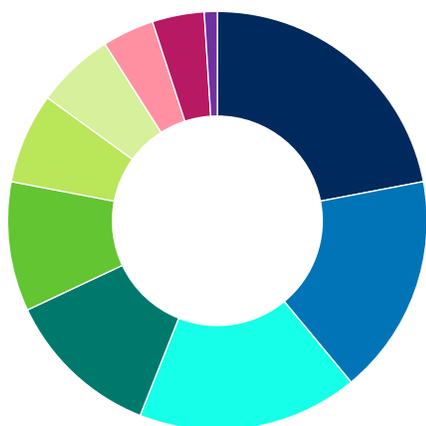
■ Americas

<sup>1</sup> By client domicile.

# Asset Management AUM – detailed asset class analysis

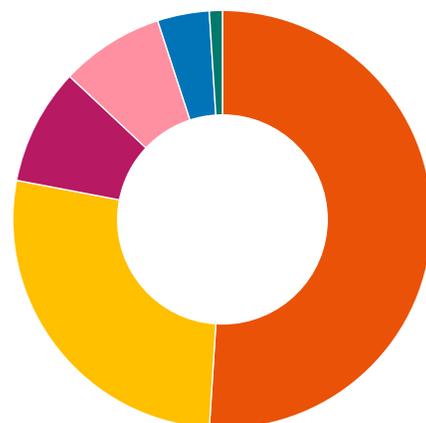
Assets under management £393.7 billion

**Equities £166.2bn**



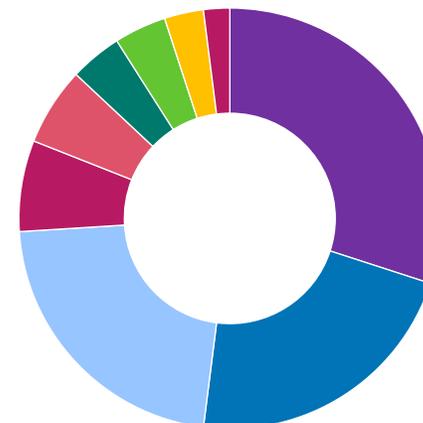
■ Asia Pacific	22%
■ Global	17%
■ Emerging markets	17%
■ Quantitative equities	12%
■ Europe	10%
■ UK	7%
■ Japan	6%
■ US	4%
■ Australia	4%
■ Other	1%

**Multi-asset £109.7bn**



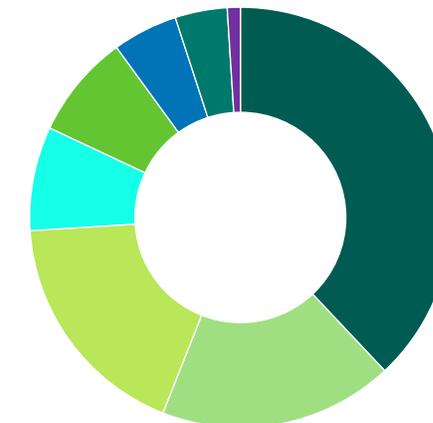
■ Risk controlled growth	51%
■ LDI	27%
■ Risk mitigation	9%
■ Income	8%
■ Inflation protection	4%
■ Multi-asset advanced beta	1%

**Fixed Income £78.5bn**



■ US	30%
■ Global	22%
■ Europe	22%
■ Asia Pacific	7%
■ UK	6%
■ Emerging market bonds	4%
■ Australia	4%
■ Convertibles	3%
■ Custom Bond Beta	2%

**Private Assets & Alternatives £39.3bn**

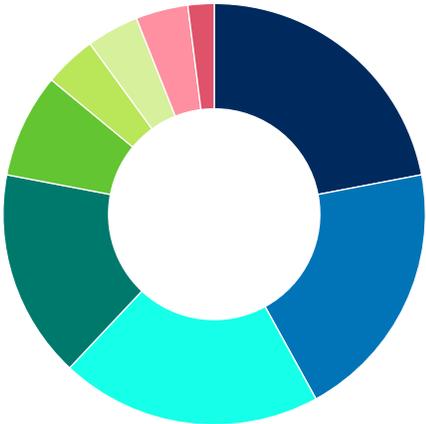


■ Real estate	38%
■ Private equity	18%
■ Securitised credit	18%
■ GAIA	8%
■ Emerging market debt	8%
■ Insurance-linked	5%
■ Infrastructure finance	4%
■ Commodities	1%

# Institutional AUM – detailed asset class analysis

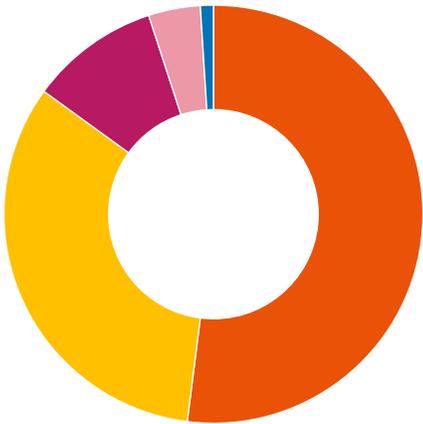
Assets under management £264.0 billion

**Equities £98.5bn**



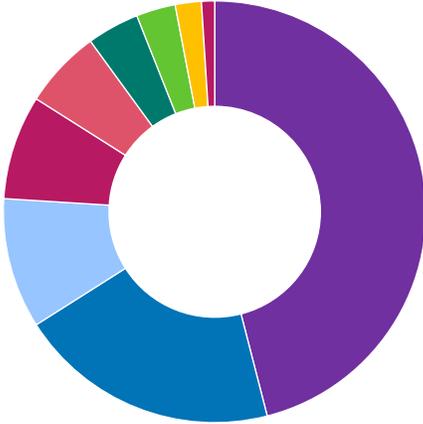
■ Global	22%
■ Emerging markets	20%
■ Asia Pacific	20%
■ Quantitative equities	16%
■ Europe	8%
■ Australia	4%
■ UK	4%
■ Japan	4%
■ US	2%

**Multi-asset £89.8bn**



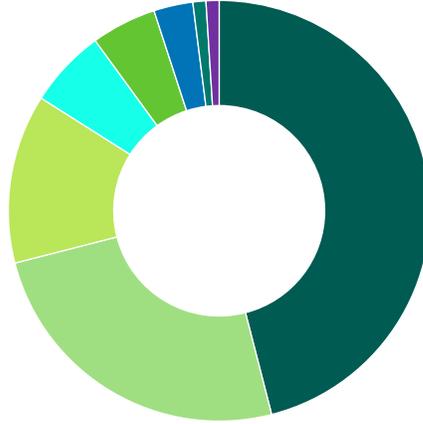
■ Risk controlled growth	52%
■ LDI	33%
■ Risk mitigation	10%
■ Inflation protection	4%
■ Multi-asset advanced beta	1%

**Fixed Income £47.0bn**



■ US	46%
■ Global	20%
■ Europe	10%
■ UK	8%
■ Asia Pacific	6%
■ Custom Bond Beta	4%
■ Australia	3%
■ Convertibles	2%
■ Emerging market bonds	1%

**Private Assets & Alternatives £28.7bn**

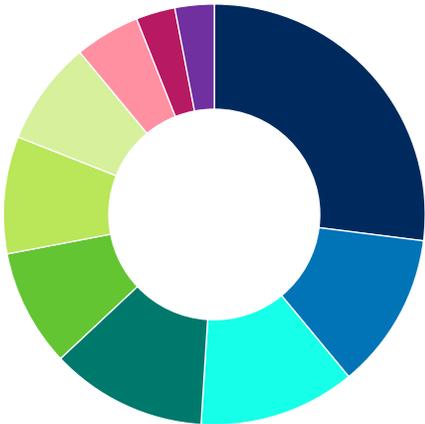


■ Real estate	46%
■ Private equity	25%
■ Securitised credit	13%
■ Emerging market debt	6%
■ Infrastructure finance	5%
■ Insurance-linked	3%
■ GAIA	1%
■ Commodities	1%

# Intermediary AUM – detailed asset class analysis

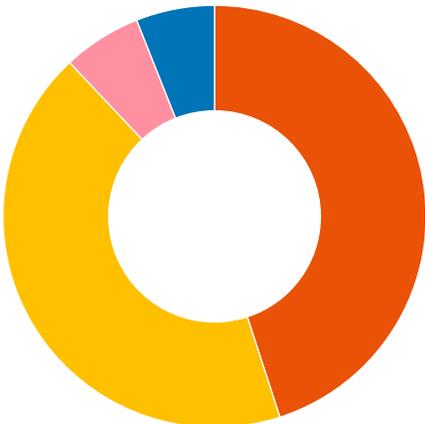
Assets under management £129.7 billion

**Equities £67.7bn**



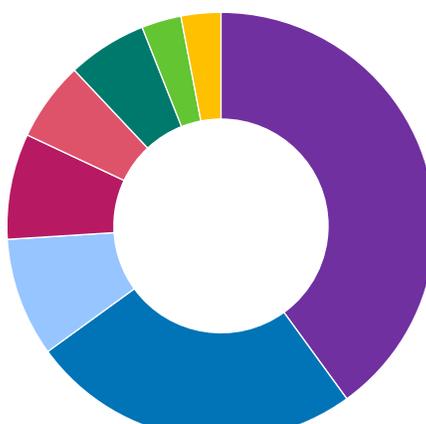
■ Asia Pacific	27%
■ UK	12%
■ Emerging markets	12%
■ Europe	12%
■ Japan	9%
■ Global	9%
■ US	8%
■ Quantitative equities	5%
■ Australia	3%
■ Other	3%

**Multi-asset £19.9bn**



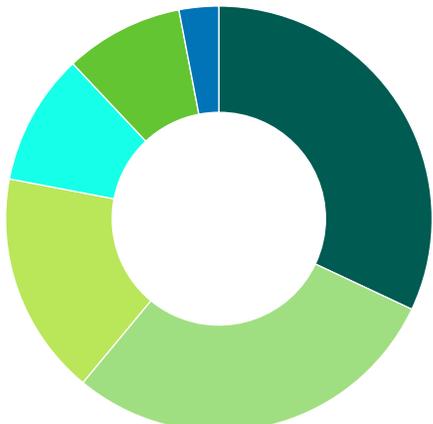
■ Income	45%
■ Risk controlled growth	43%
■ Inflation protection	6%
■ Risk mitigation	6%

**Fixed Income £31.5bn**



■ Europe	40%
■ Global	25%
■ Emerging market bonds	9%
■ Asia Pacific	8%
■ Australia	6%
■ US	6%
■ UK	3%
■ Convertibles	3%

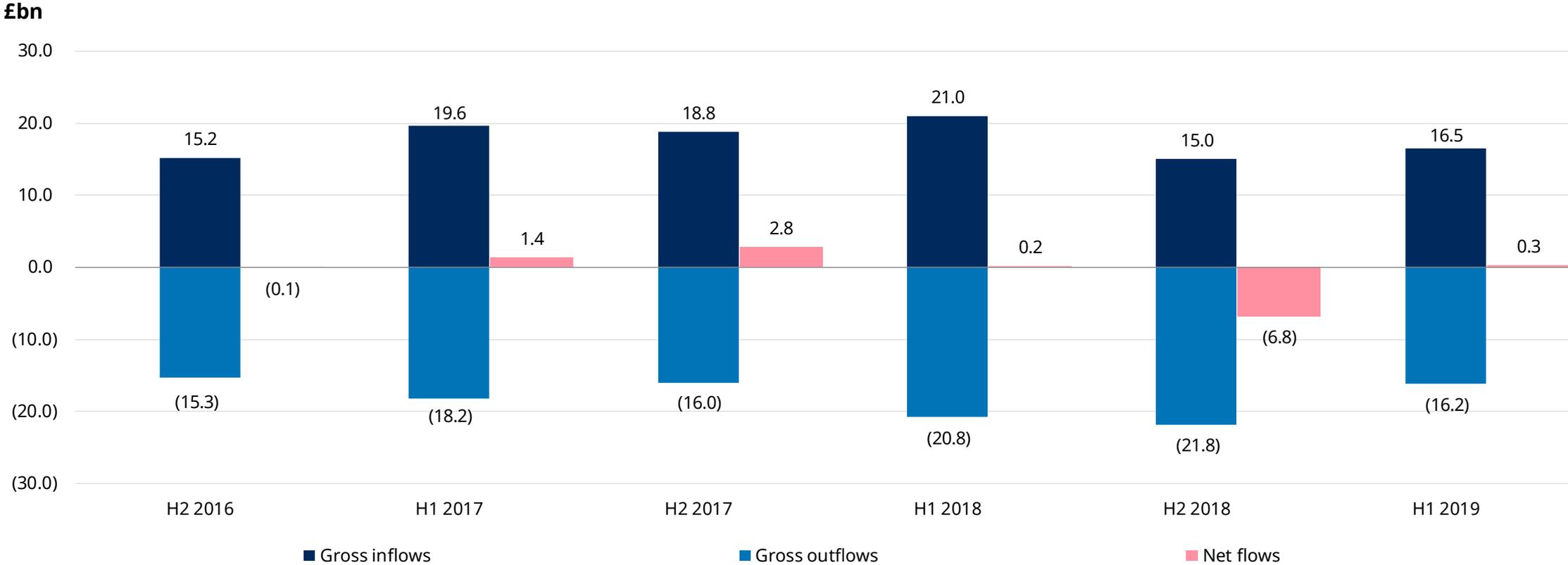
**Private Assets & Alternatives £10.6bn**



■ Securitised credit	32%
■ GAIA	29%
■ Real estate	17%
■ Emerging market debt	10%
■ Insurance-linked	9%
■ Commodities	3%

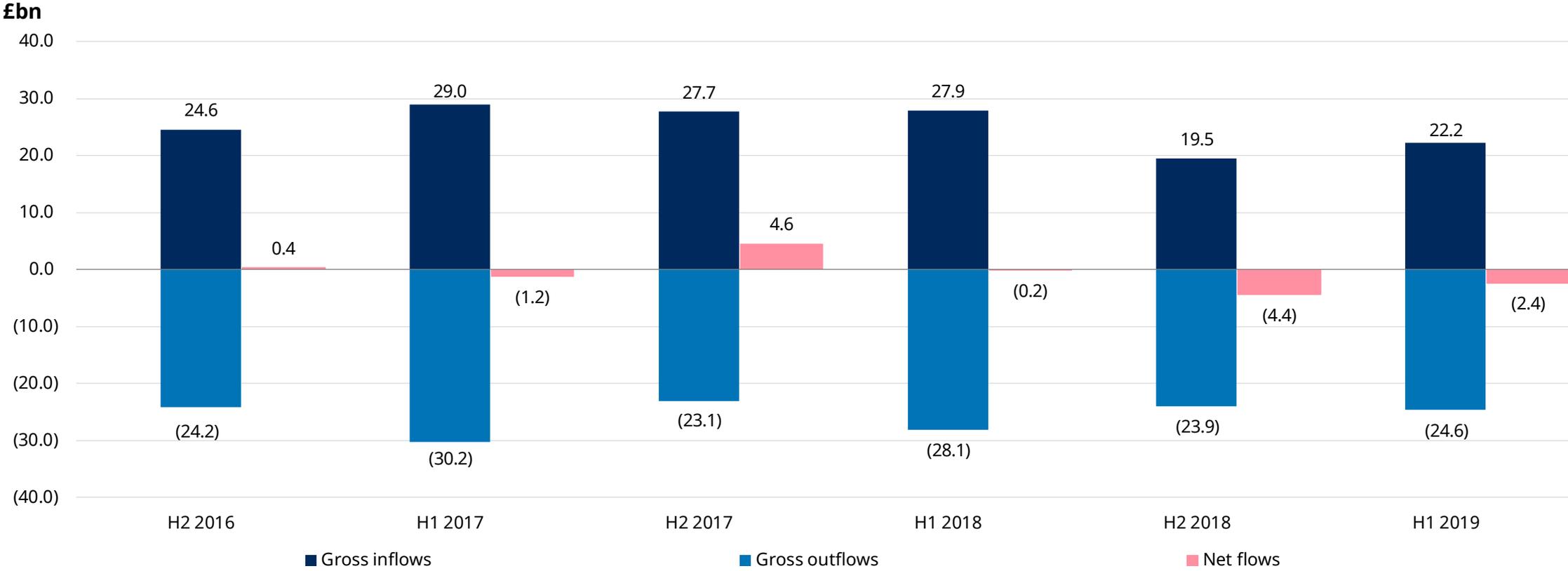
# Institutional – gross and net flows

Assets under management £264.0 billion



# Intermediary – gross and net flows

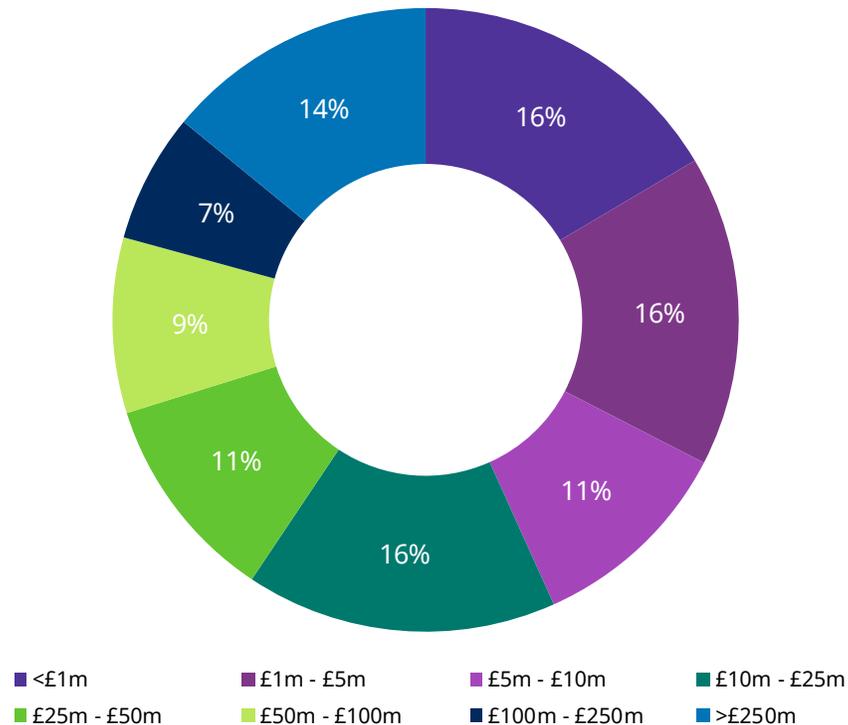
Assets under management £129.7 billion



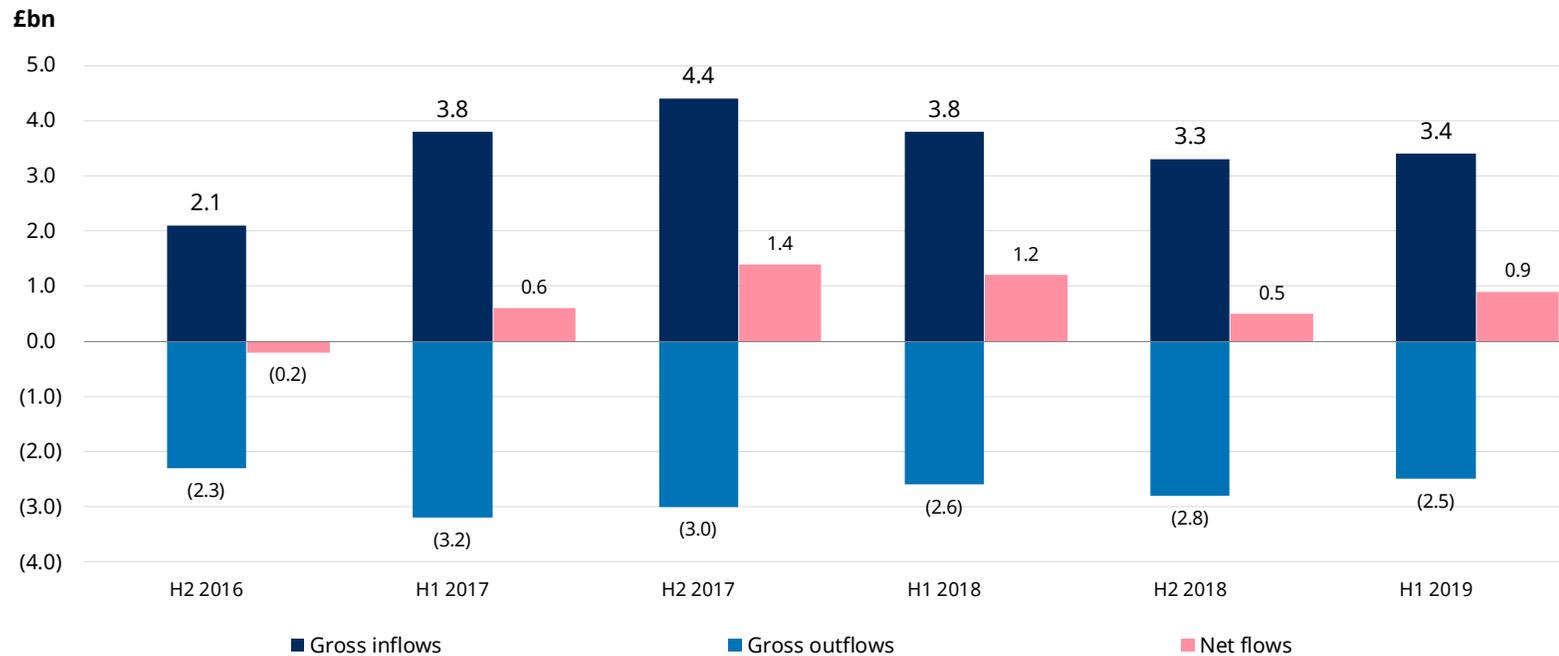
# Wealth Management

## Assets under management £50.7 billion

### Clients by portfolio size



### Gross and net flows



# Net operating revenue and margins – Asset Management

Asset Management net operating revenue £852.9 million

£m	FY 2018	H1 2018	H1 2019
Performance fees and net carried interest - £m	54.6	35.4	27.3
Net operating revenue (ex performance fees and net carried interest) - £m	1,734.2	875.7	825.6
Net operating revenue margin (ex performance fees and net carried interest) on average AUM	45 bps	45 bps	44 bps
Net income - £m	1,801.2	921.5	864.6
Operating expenses - £m	(1,130.4)	(574.1)	(572.2)
<b>Profit before tax<sup>1</sup> - £m</b>	<b>670.8</b>	<b>347.4</b>	<b>292.4</b>

1 Excludes exceptional items.

# Income statement progression

## Asset Management profit before tax

£m	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
<i>Institutional</i>	372.8	441.2	432.5	418.8	419.6
<i>Intermediary</i>	436.5	492.8	478.6	458.9	433.3
Net operating revenue	809.3	934.0	911.1	877.7	852.9
Net (loss)/gain on financial instruments and other income	(1.3)	(4.9)	1.5	(4.8)	0.5
Share of profit of associates and joint ventures	12.0	8.8	8.9	6.8	11.2
<b>Net income</b>	<b>820.0</b>	<b>937.9</b>	<b>921.5</b>	<b>879.7</b>	<b>864.6</b>
<b>Operating expenses</b>	<b>(509.4)</b>	<b>(542.6)</b>	<b>(574.1)</b>	<b>(556.3)</b>	<b>(572.2)</b>
<b>Asset Management profit before tax and exceptional items</b>	<b>310.6</b>	<b>395.3</b>	<b>347.4</b>	<b>323.4</b>	<b>292.4</b>
<b>Exceptional items</b>	<b>(9.6)</b>	<b>(7.6)</b>	<b>(15.2)</b>	<b>(67.4)</b>	<b>(8.0)</b>
<b>Asset Management profit before tax and after exceptional items</b>	<b>301.0</b>	<b>387.7</b>	<b>332.2</b>	<b>256.0</b>	<b>284.4</b>

# Income statement progression

## Wealth Management profit before tax

£m	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
Net operating revenue	130.8	136.1	139.9	142.0	140.4
Net gain on financial instruments and other income	2.9	3.4	3.7	3.8	3.2
Share of profit of associates and joint ventures	-	0.1	0.2	0.2	0.4
<b>Net income</b>	<b>133.7</b>	<b>139.6</b>	<b>143.8</b>	<b>146.0</b>	<b>144.0</b>
<b>Operating expenses</b>	<b>(88.2)</b>	<b>(94.8)</b>	<b>(95.1)</b>	<b>(101.3)</b>	<b>(100.8)</b>
<b>Wealth Management profit before tax and exceptional items</b>	<b>45.5</b>	<b>44.8</b>	<b>48.7</b>	<b>44.7</b>	<b>43.2</b>
<b>Exceptional items</b>	<b>(9.1)</b>	<b>(13.8)</b>	<b>(10.8)</b>	<b>(14.6)</b>	<b>(13.1)</b>
<b>Wealth Management profit before tax and after exceptional items</b>	<b>36.4</b>	<b>31.0</b>	<b>37.9</b>	<b>30.1</b>	<b>30.1</b>

# Income statement progression

## Group segment profit/(loss) before tax

£m	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
Net gain on financial instruments and other income	18.6	16.5	18.8	10.3	21.5
Share of profit of associates	2.1	0.5	2.0	1.8	2.5
<b>Net income</b>	<b>20.7</b>	<b>17.0</b>	<b>20.8</b>	<b>12.1</b>	<b>24.0</b>
<b>Operating expenses</b>	<b>(15.3)</b>	<b>(18.3)</b>	<b>(19.8)</b>	<b>(16.1)</b>	<b>(19.2)</b>
<b>Group profit/(loss) before tax and exceptional items</b>	<b>5.4</b>	<b>(1.3)</b>	<b>1.0</b>	<b>(4.0)</b>	<b>4.8</b>
<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.3)</b>	<b>-</b>
<b>Group profit/(loss) before tax and after exceptional items</b>	<b>5.4</b>	<b>(1.3)</b>	<b>1.0</b>	<b>(7.3)</b>	<b>4.8</b>

# Cost and return metrics

## Total Schroders Group costs

	2018	H1 2018	H1 2019
Total compensation ratio <sup>1</sup>	43%	43.5%	44.0%
Headcount	5,039	4,861	5,339
Total costs (£m) <sup>1</sup>	1,362.7	689.0	692.2
Ratio of total costs to net income <sup>1</sup>	64%	63%	67%

### Total compensation ratio

= compensation costs divided by net income<sup>2</sup>

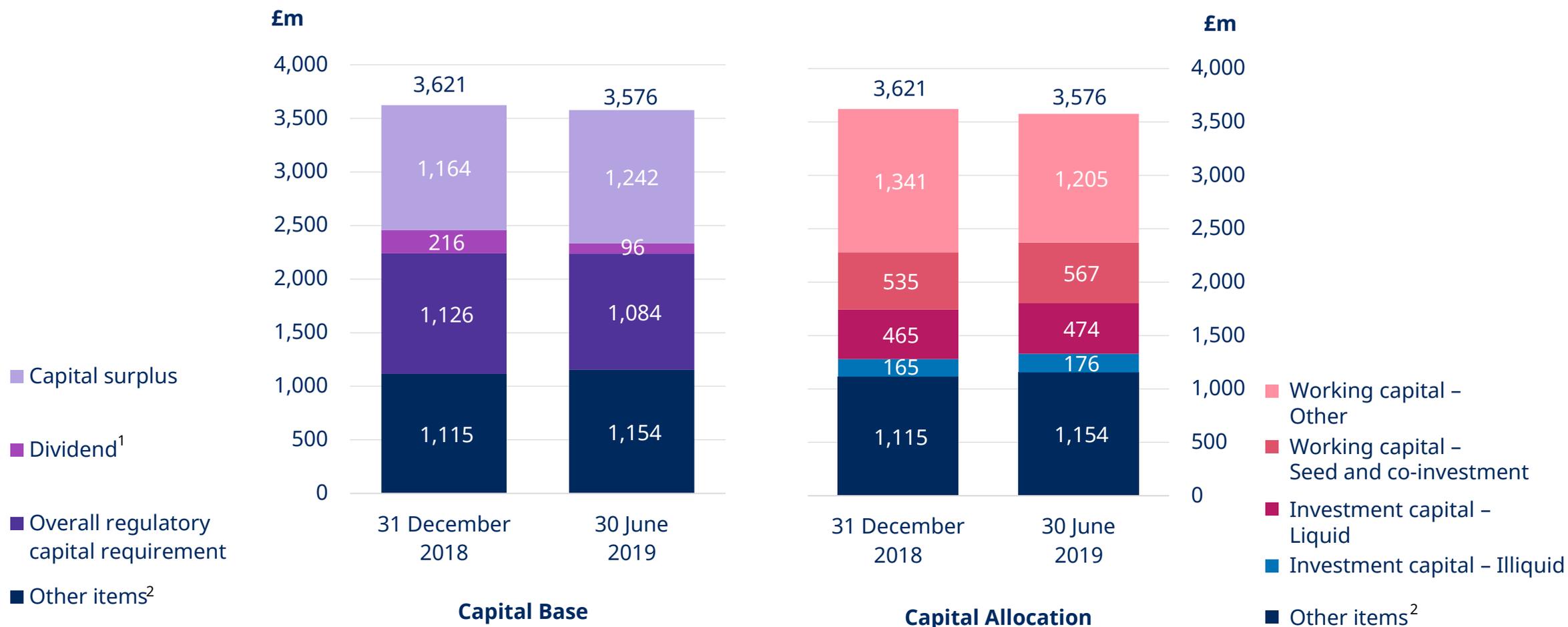
### Ratio of total costs to net income

= costs divided by net income

1 Excludes exceptional items.

2 Costs and income are subject to adjustments by the Remuneration Committee.

# Group capital



1 Final 2018 dividend / 2019 interim dividend proposed.

2 Comprises regulatory deductions, principally goodwill, intangible assets, pension scheme surplus, associates and joint ventures, deferred taxation.