

Schroders

Welcome to the Schroders investor day



Peter Harrison,
Group Chief Executive
October 2017

For professional investors only, not for retail clients

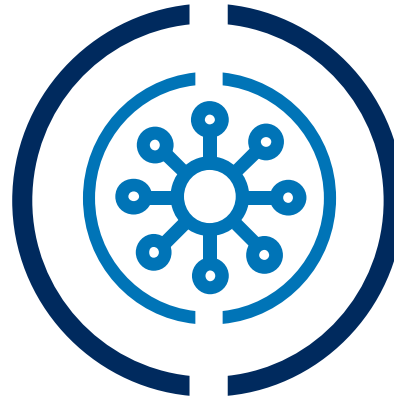
An industry at a crossroads



Scale

£418bn of assets under
management and
administration

£974m of net income



Diversification

41 offices across 27 countries

Over 600 funds

Over 50 investment desks



Financial strength

£1bn of investment capital

Over £400m of seed capital
employed

Adapting our business to the changing world

1

Exploiting new growth opportunities

2

Investing in technology across the firm

3

Focusing on specialist capabilities

4

Long term engagement with our clients



Today's agenda

Start	End	Topic	Presenter
08.55	09.00	Introduction and welcome	Peter Harrison
09.00	09.30	A global perspective & continental Europe	John Troiano
09.30	10.00	Asia Pacific	Lieven Debruyne
10.00	10.30	North America	Karl Dasher
10.30	10.50	Break	
10.50	11.05	Growth through product innovation	Richard Mountford
11.05	11.20	Emerging Markets capabilities	Alan Ayres
11.20	11.35	Income capabilities	Rupert Rucker
11.35	11.45	Investing in data	Peter Harrison
11.45	12.15	Channelling the data deluge	Mark Ainsworth & Ben Wicks
12.15	12.45	Summary and Q&A	Peter Harrison & Richard Keers

Global perspective & continental Europe

Investor day



John Troiano,
Global Head of Distribution

October 2017

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Agenda

1

A diversified global business

2

Continued growth in continental Europe

3

Long-standing committed local presence

4

Key market trends

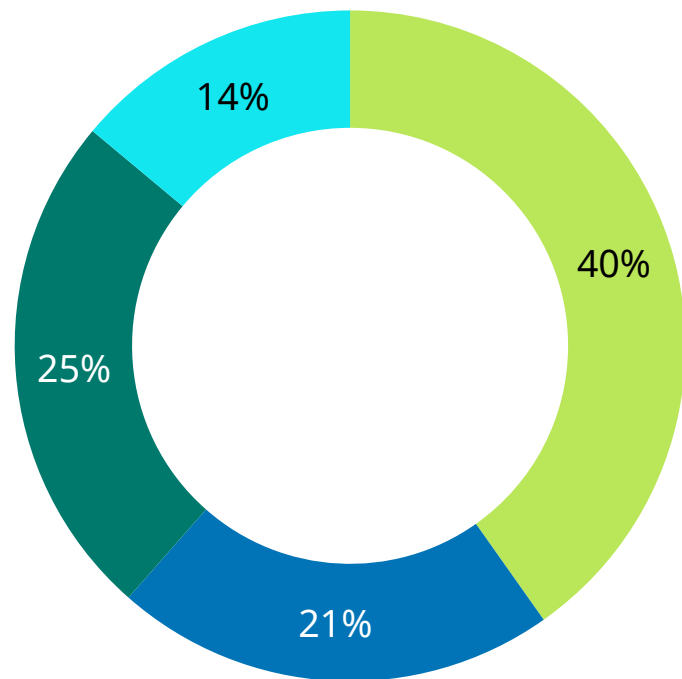
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Drivers of future growth

A diversified global business

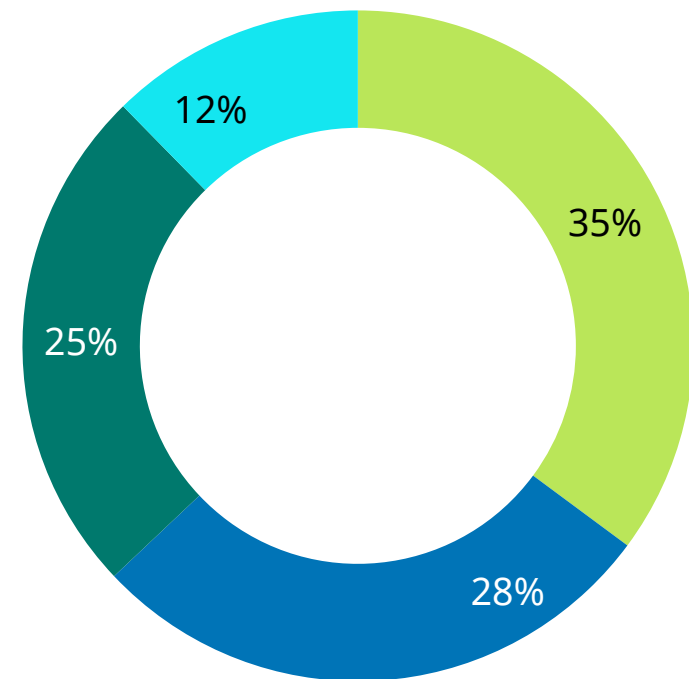
Assets and net operating revenue at H1 2017

Assets under management - £406.9bn



■ UK ■ EMEA ■ Asia Pacific ■ Americas

Net operating revenue* - £940.1m



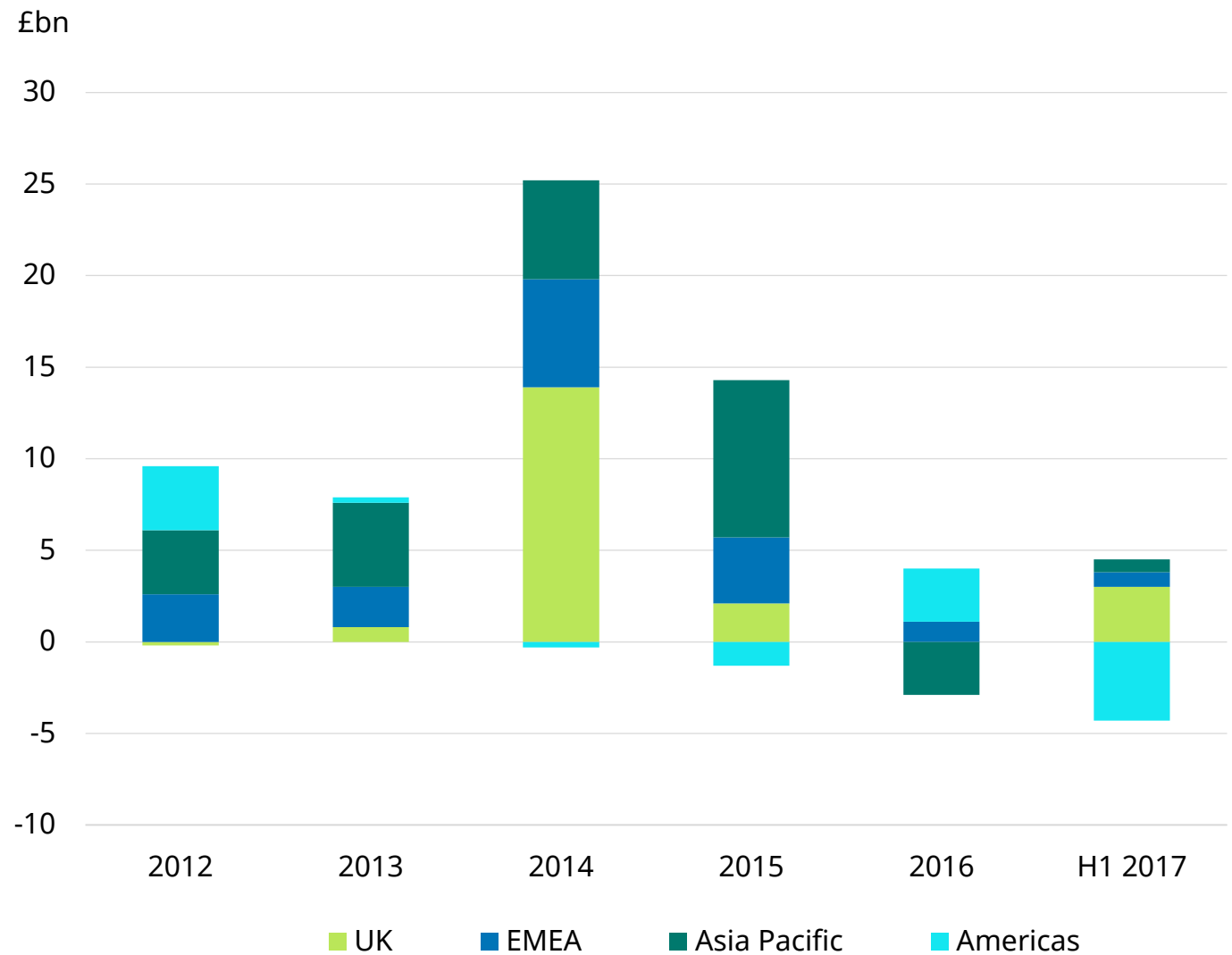
■ UK ■ EMEA ■ Asia Pacific ■ Americas

Source: Schroders as at 30 June 2017. * Pre-exceptional net operating revenue.

Diversified inflows

Driving growth

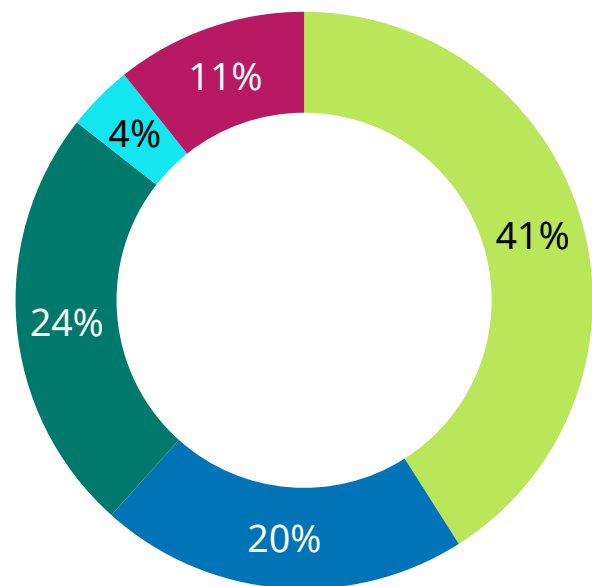
- Cumulative net inflows of more than £55bn since 2012
- Strong contributions from Asia Pacific
- Turnaround in Americas



Diversified across asset classes

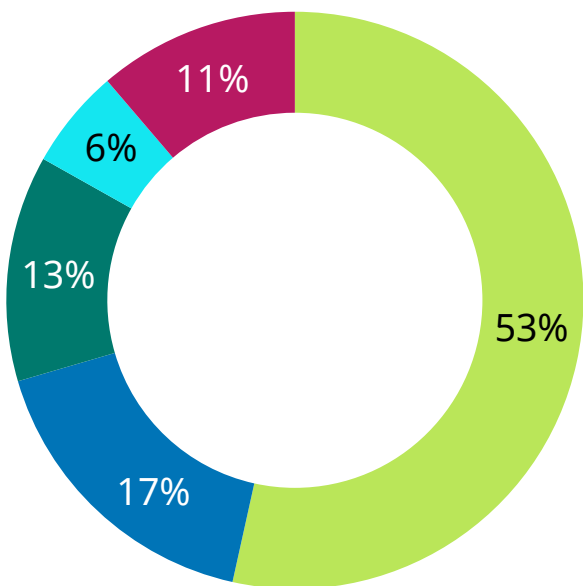
Assets and net operating revenue at H1 2017

Assets under management - £406.9bn



- Equities
- Multi-asset
- Wealth Management
- Fixed Income
- EMD, Comms and Real Estate

Net operating revenue* - £940.1m

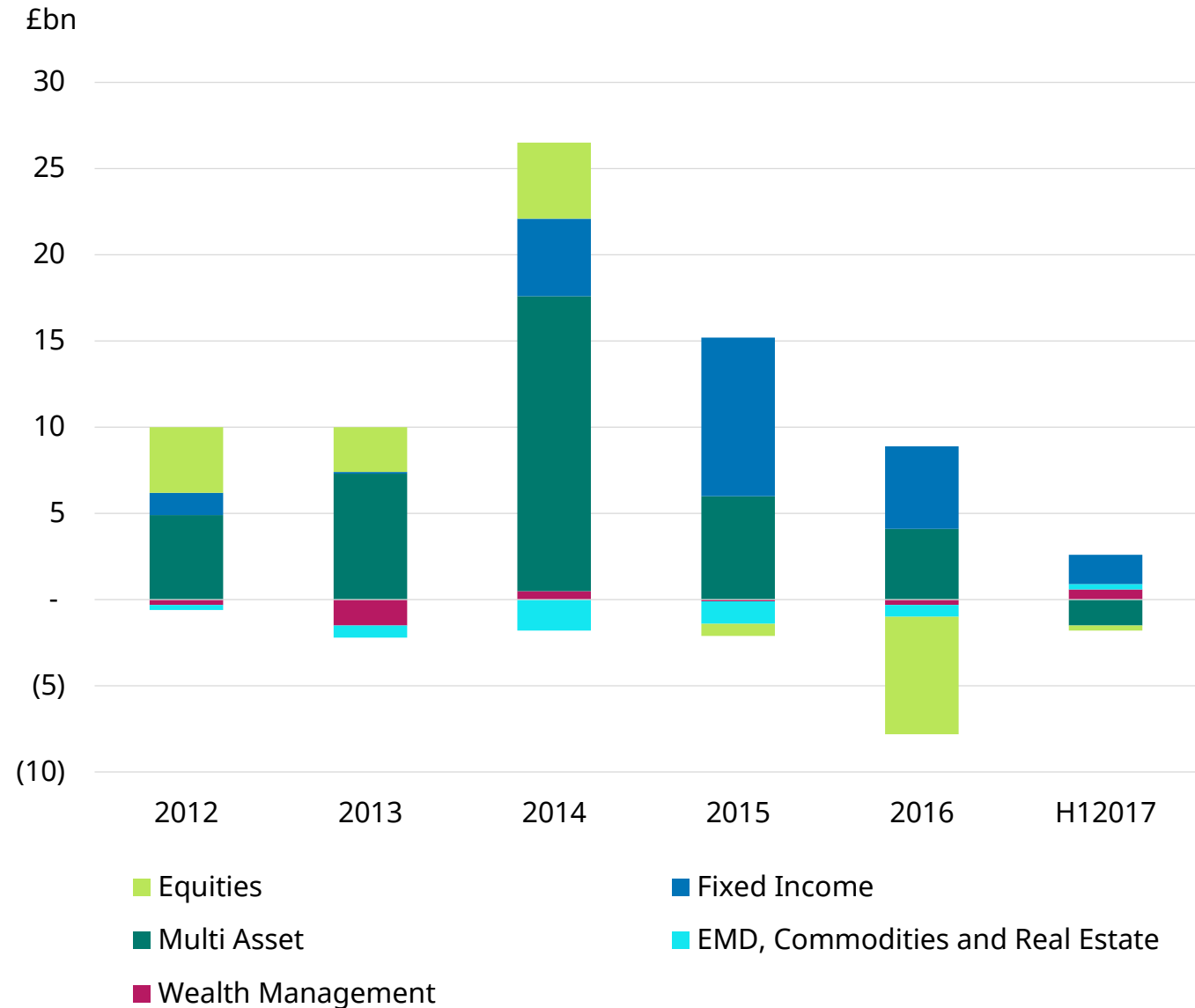


- Equities
- Multi-asset
- Wealth Management
- Fixed Income
- EMD, Comms and Real Estate

Source: Schroders as at 30 June 2017. * Pre-exceptional net operating revenue

Net inflows across asset classes

- Multi-asset generated £38bn of net new business since 2012
- Significant contribution from Fixed Income



New global brand

In response to a changing world

- Evolution of global client demand
- As we move closer to the client, brand importance grows
- Necessity to evaluate all our capabilities:
 - What do we want to be known for?

Schroders

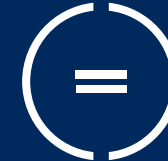
Cazenove
Capital



Retirement



High Alpha
Equity



Absolute
Return



Emerging
Markets



Private
Assets



Income



Risk
Management



Multi-
Asset



Sustainability



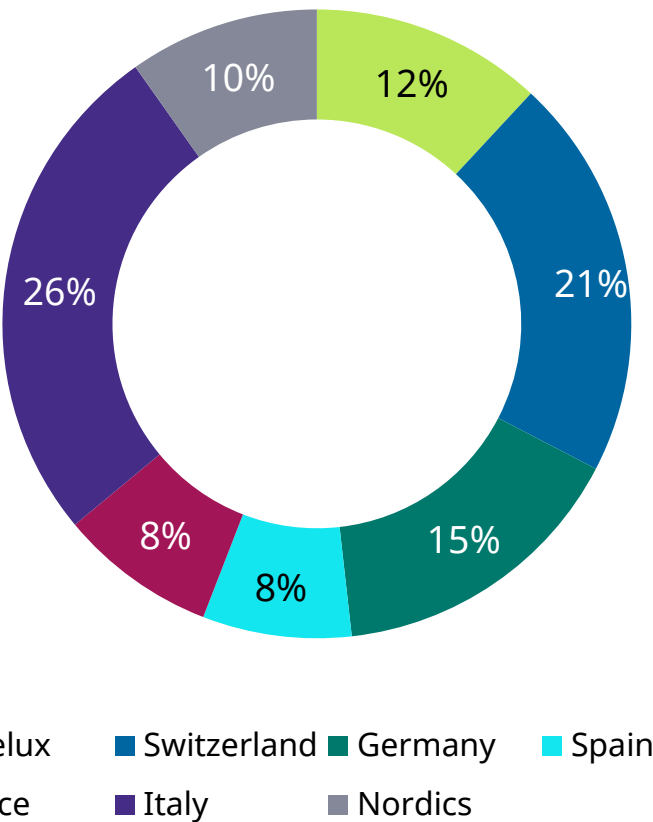
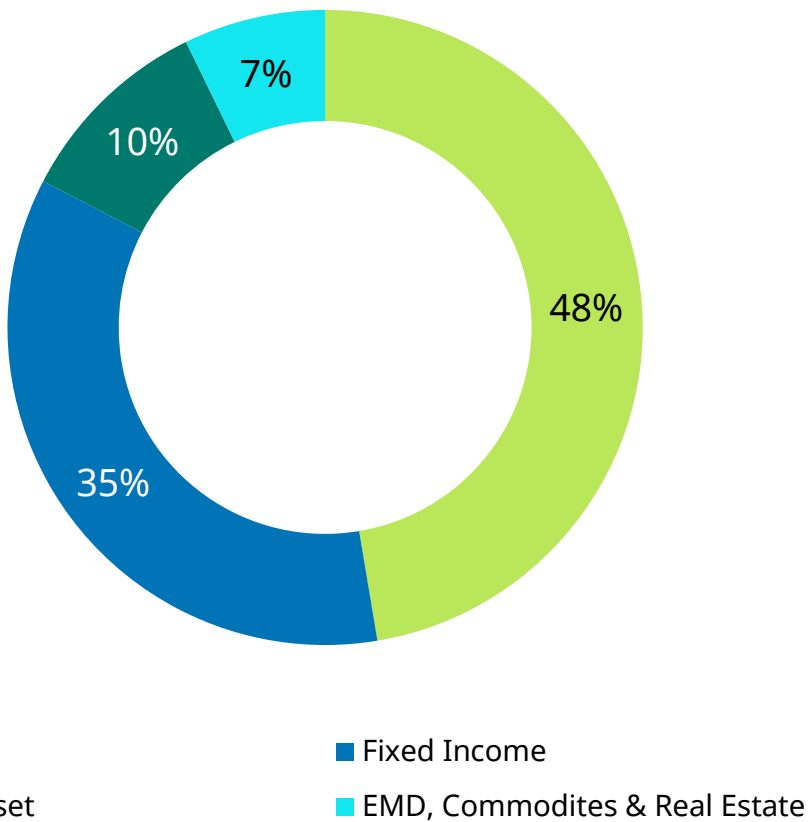
Credit

Schroders

Continental European diversification

Broad product range across local offices

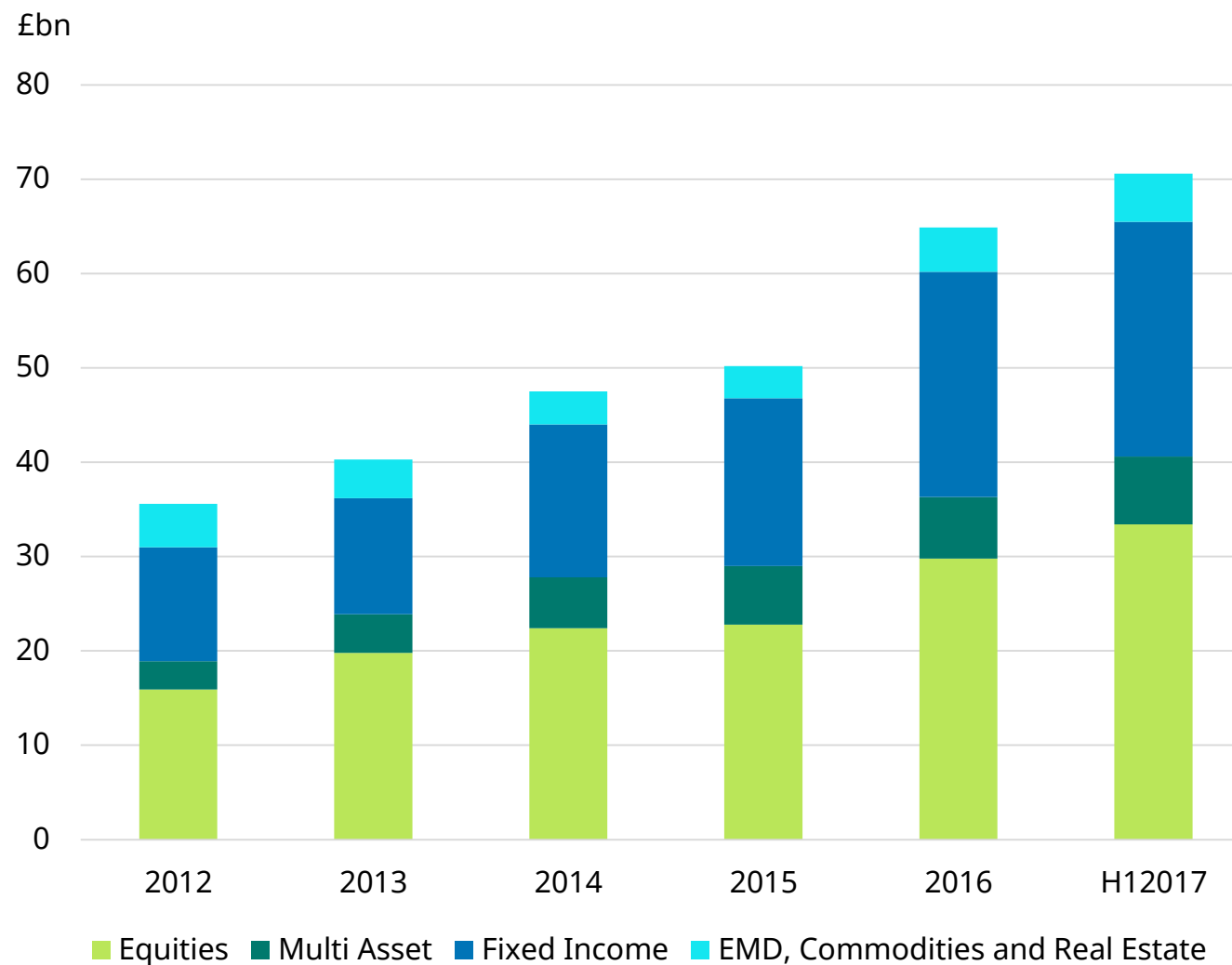
Assets under management - £71bn



Source: Schroders as at 30 June 2017.

A consistent growth story

- £71bn Asset Management AUM
 - 63% Intermediary
 - 37% Institutional
- Cumulative 5 year net new business of £16.4bn
- Broad, diversified product range
- High margins, shorter longevity



Source: Schroders as at 30 June 2017. 5 year NNB as at 31 December 2016.

Continental Europe

Significant and established presence across the region

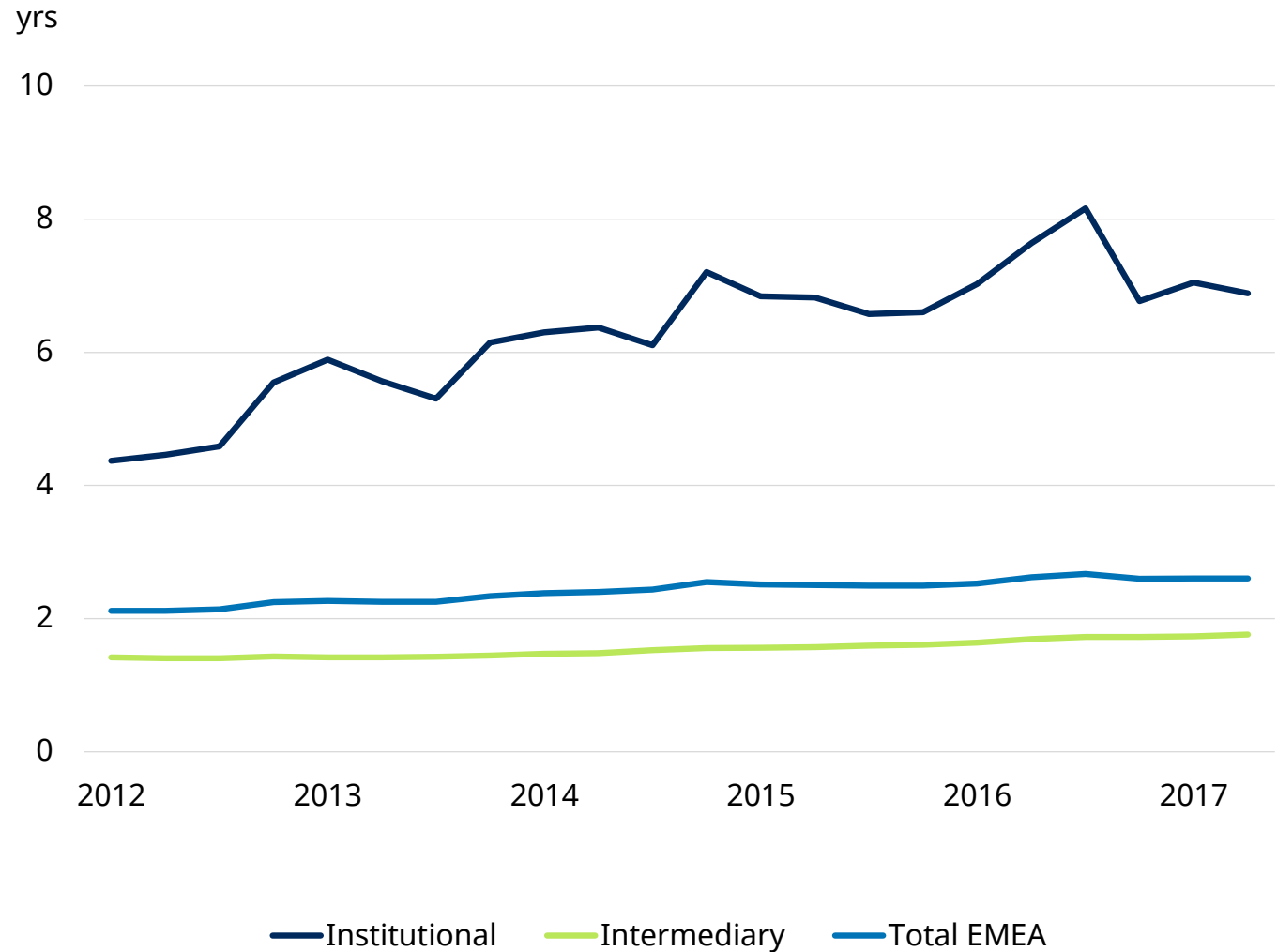
- Over 460 people across 10 offices
- Committed to local presence
- Growing investment presence
- Estimated £2.9trn available assets
- Schroders' estimated market share:
 - 5% Intermediary
 - 1% Institutional



Investment and distribution centres
Distribution centres

Client longevity

- Lowest longevity across group, due to high proportion of Intermediary assets
- Steady improvement in longevity
- Important strategic objective



Key market trends

Intermediary

Trends



Changing position of asset managers



Shifting product demand



Regulation

Consequences

- Moving closer to the individual
- Preferred partnerships
- Shift from advisory to discretionary

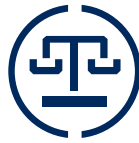
- Higher spend on marketing and brand
- Continued investment in technology
- High alpha products
- Multi-asset demand

- Increased reporting requirements
- Evolving market structures

Key market trends

Institutional

Trends



Outsourcing by insurance companies



Changes in market demand

Consequences

- Concentration of the pension funds market
- Demand for solutions, LDI and multi-asset

- Growth of passive and ETFs
- Need for high alpha alternatives
- Search for yield and private assets expansion
- Sustainable investments

Key drivers for future growth



Growing
Institutional
market share



Insurance
sub-channel



Private assets



Maximising
existing
Intermediary
business



Opportunities in
new markets



Lieven Debruyne,
CEO - Asia Pacific
October 2017

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Agenda

1

The opportunity for growth

2

Our business and achievements

3

Strategic initiatives and drivers for future growth

A growth region

The Asia Pacific growth opportunity in asset management is unparalleled



- Three of world's most populous, high-growth economies
- Generating 2/3rds of global economic growth



- Asia Pac markets 1/3rd of world economy
- China world's 2nd largest equity market, 3rd largest bond market



- Asset management industry, at only 15% of global, is lagging



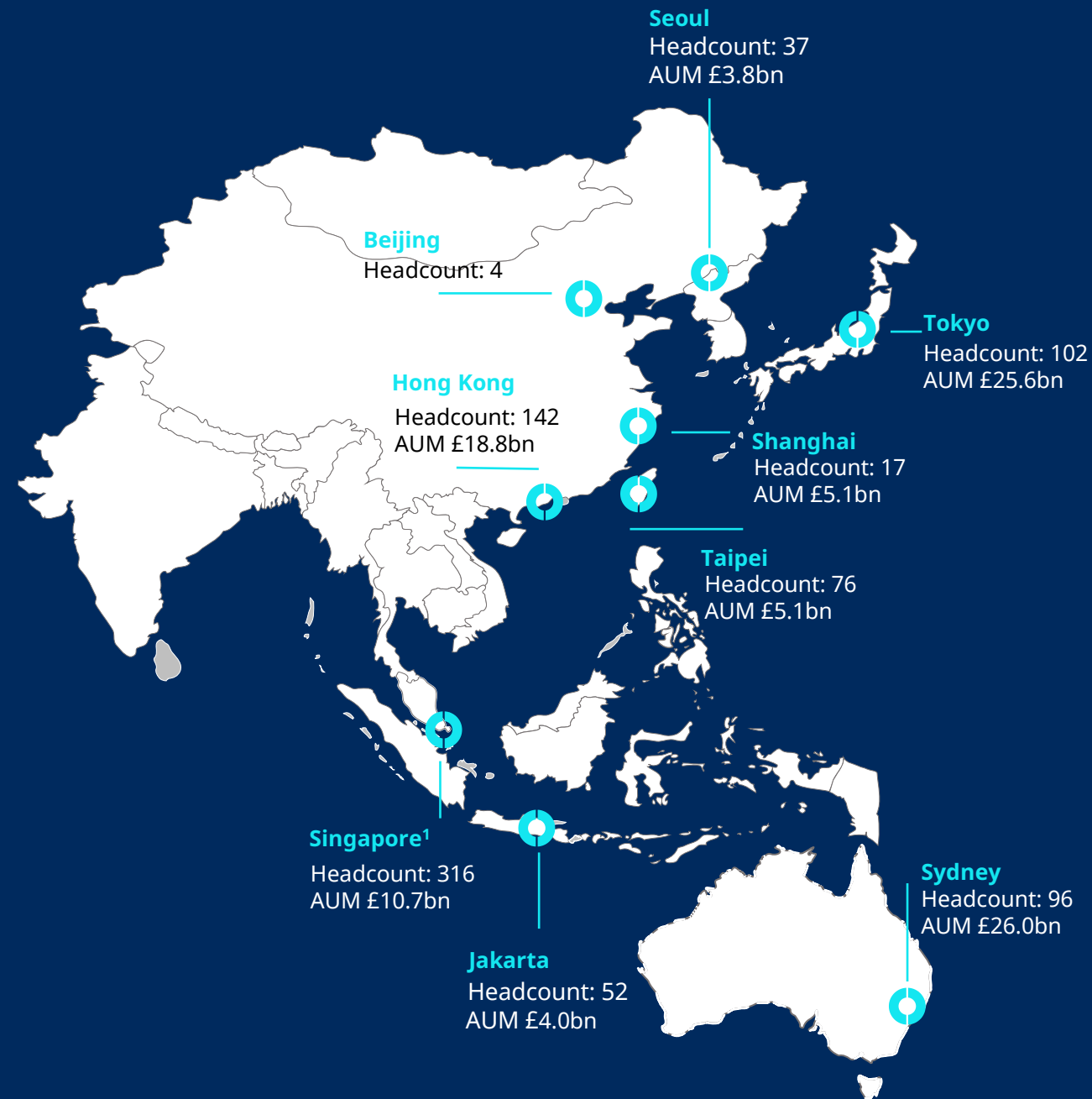
- Double digit industry growth increasingly driven by wealth and retirement savings

Source: Schroders as at 30 June 2017.

Asia Pacific business

Established and industry leading

- First office opened in **1965**
- **850** people across **9** offices
- Complete footprint across the region
- Offices have investment, operational as well as distribution capabilities

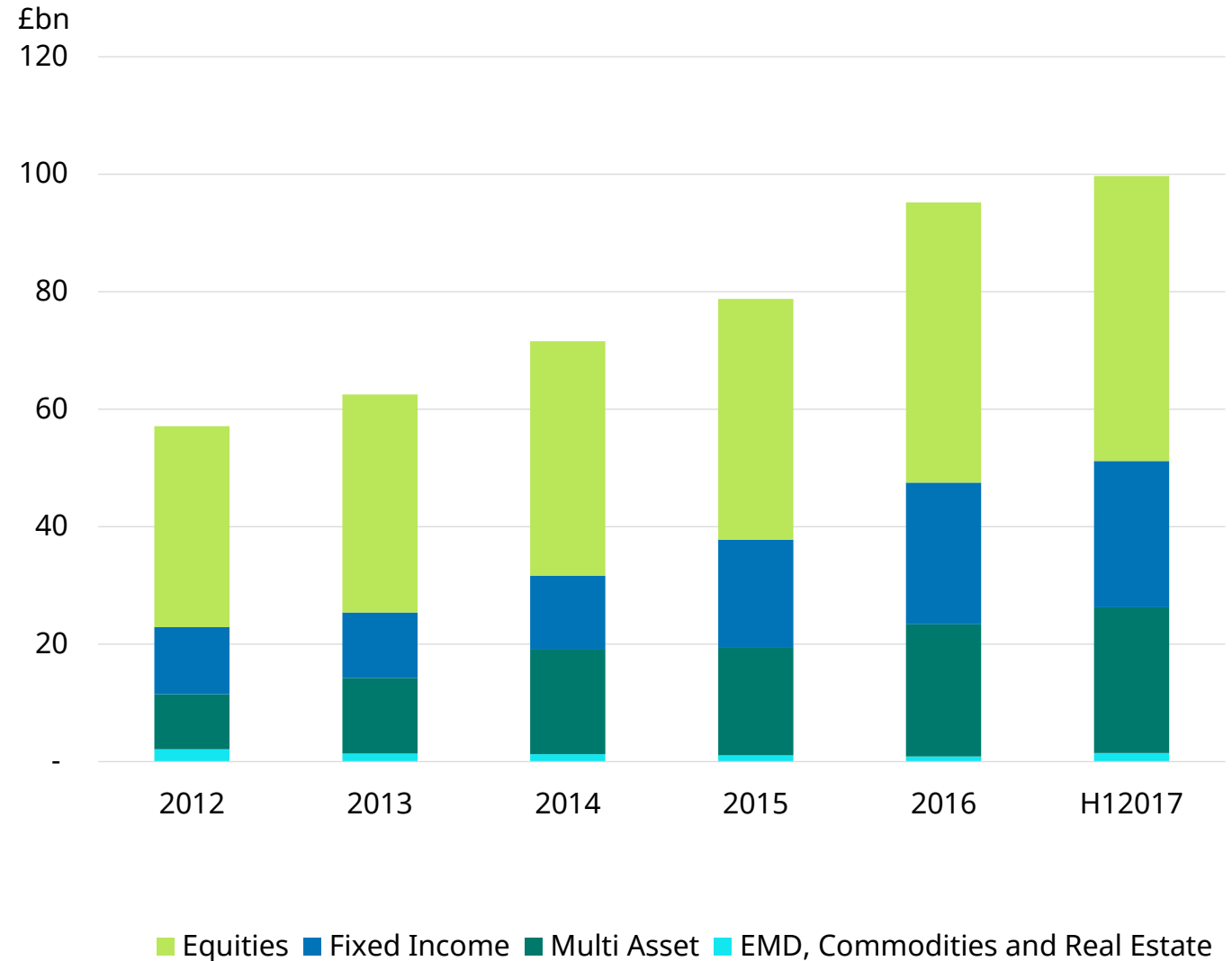


Source: Schroders as at 30 June 2017. ¹ Includes Singapore, Malaysia and Thailand.

Asia Pacific business

Strong organic growth

- **£100bn** assets under management
 - 65% Institutional
 - 35% Intermediary
- Cumulative **5 year** net new business of **£19bn**
- **50%** growth in revenue since 2012
- Broad, diversified product range with Multi-asset driving growth



Source: Schroders as at 30 June 2017. 5 year NNB as at December 2016.



Market leading business

Large market share in almost all markets

Country	Schroders estimated size of market available to third parties £bn	Schroders Intermediary market share at 31.12.2016 %	Schroders Institutional market share at 31.12.2016 %
Australia	803	3.1	3.5
China ¹	469	8.3	0.8
Hong Kong	420	7.8	2.9
Indonesia	25	14.0	18.8
Japan	3,041	1.0	0.8
Korea	601	0.6	0.6
Singapore ²	129	9.8	5.2
Taiwan	197	2.7	2.1

Sources for market size: Schroders as at 31 December 2016 estimates using various industry sources. To be used as representative only. Schroders AUM is shown excluding Joint Ventures ¹ China data for offshore QDII funds. ²Includes Malaysia & Thailand

Three successful joint ventures

China BoCom JV



- Since start in 2006 AuM has grown rapidly to £56bn
- Strong cooperation across different business initiatives

India Axis JV



- AuM increased fivefold in 5 years to £7bn
- 10th largest asset manager (from 16th 5 years ago)

Japan Nippon Life (Nissay) JV



- Key strategic partnership with market leading institution in Asia's largest market

Source: Schroders as at 30 June 2017.

Strategic growth initiatives



1

China

Asia's fastest
growing market
opening up

2

Japan

Potential to grow
market share in
region's largest
market

3

**Structural growth
opportunities**

Maintain leading
positions elsewhere



China

Growth in fastest growing major asset management market

The market

- Already region's second largest market
- Further opening of market and capital account progressing rapidly
- Nascent asset management industry

Our strategy

- Build on our strong market position: # 1 in outbound business, # 5 in inbound flows*
- Accelerate development of wholly-owned business
- Further grow domestic investment capability
- Capture opportunity through Mutual Recognition approval
- Expand institutional QDII business, especially in insurance channel
- Grow the BoCom Schroder JV local to local business

*Source: Z Ben Advisors



Japan

Grow market share in region's largest market

The market

- Move into riskier assets continues under Abenomics
- JFSA focus on fiduciary responsibilities and customer-oriented business conduct
- Tax incentivised saving, especially around retirement, expanding

Our strategy

- Materially grow our relatively small market share by capturing both intermediary as well as institutional opportunity
- Expand our intermediary business by aligning our product, pricing and servicing model with the regulatory changes
- Grow institutional business with financial institutions and DB pensions
- Maintain position as a top three Japanese equity manager



Structural growth opportunities

Maintaining leading positions in other markets



Well-designed active management platform best suited to meet regional demand



Wealth and retirement trends drive growth in retail investments and changes in servicing



Insurance and pensions segment in institutional market driving growth



Strong demand for fixed income, multi-asset solutions and alternatives

Growth will continue but drivers will change

- Asia Pacific offers unparalleled growth opportunities
- China and Japan offer transformational growth opportunities
- Investment capabilities to expand as capital markets develop further
- Joint Ventures important part of our regional strategy





Karl Dasher,
CEO of North America
and co head of Fixed Income
October 2017

An aerial photograph of the New York City skyline at dusk, featuring the Freedom Tower and other skyscrapers. The image is partially obscured by a dark blue vertical bar on the right side.

North America

Key opportunity for significant growth

1

Size and nature of the opportunity

2

Our business today and progress we've made

3

Strategic initiatives and drivers of future growth

The prize

North America represents the largest market opportunity in the world

Headwinds

- Growth of passive
- Regulatory pressure and fee compression

Tailwinds

- Significant opportunity for growth given market share of 0.2%
- Ongoing demand for risk and liability management fits our capabilities in Fixed income, Multi-asset and Portfolio solutions
- Outlook for active management in International and EM equities remains robust

	2015 Assets ¹ (£bn)	Annual growth 1990-2015 (%)	Annual growth 2016-2020 (%)
Pension and retirement assets	15,101	+7.9%	+5.9%
Endowments and foundations	1,842	+8.7%	+5.8%
Retail assets	9,733	+9.1%	+6.3%
Total professionally managed assets	26,676	+8.3%	+6.0%

Source: The future of the Money Management Industry (Michael Goldstein and Beth Segers, 2016) 1. converted using exchange rate of \$1.3: £1

U.S. Institutional market is large and mature

We believe that success requires a segmented approach

- The US Institutional market is approximately \$21trn in AUM across all plan types
- Largest growth segments projected from Taft-Hartley and Defined Contribution

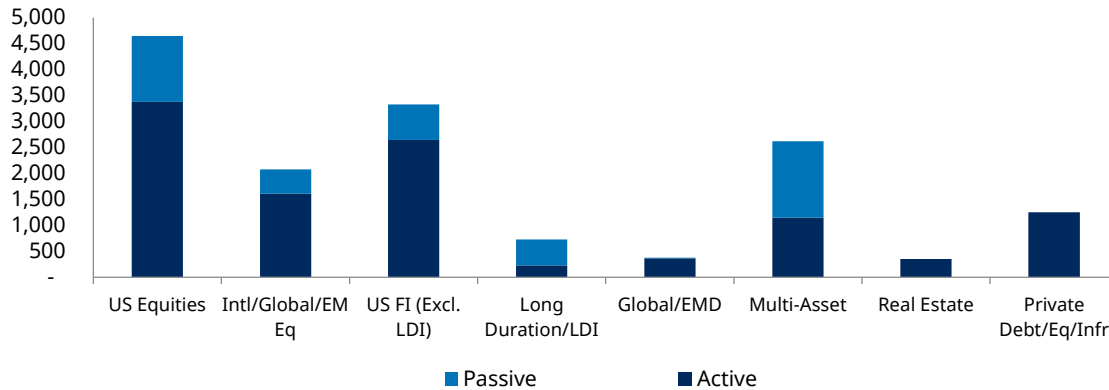
Market segment	2016, US\$	2017E, US\$	Projected five year CAGR
Corporate defined contribution	5,153	5,392	4.5%
401(k) plans	4,604	4,825	4.7%
State and local government defined benefit	3,212	3,289	2.0%
Corporate defined benefit	2,584	2,628	1.5%
Taft-Hartley	755	809	7.2%
Taft-Hartley defined benefit	531	562	5.9%
Taft-Hartley defined contribution	224	247	10.1%
Insurance general accounts*	5,864	6,044	3.1%
Not-for-profit / Governmental defined contribution	1,363	1,449	6.5%
403(b)	931	990	6.5%
457 plans	295	313	6.2%
401(a)	136	146	6.9%
Foundations	904	943	4.2%
Endowments	544	579	5.7%
Total institutional markets	20,379	21,133	3.6%

Source: Cerulli, 2016. *\$1.6 trillion of Insurance general accounts are outsourced

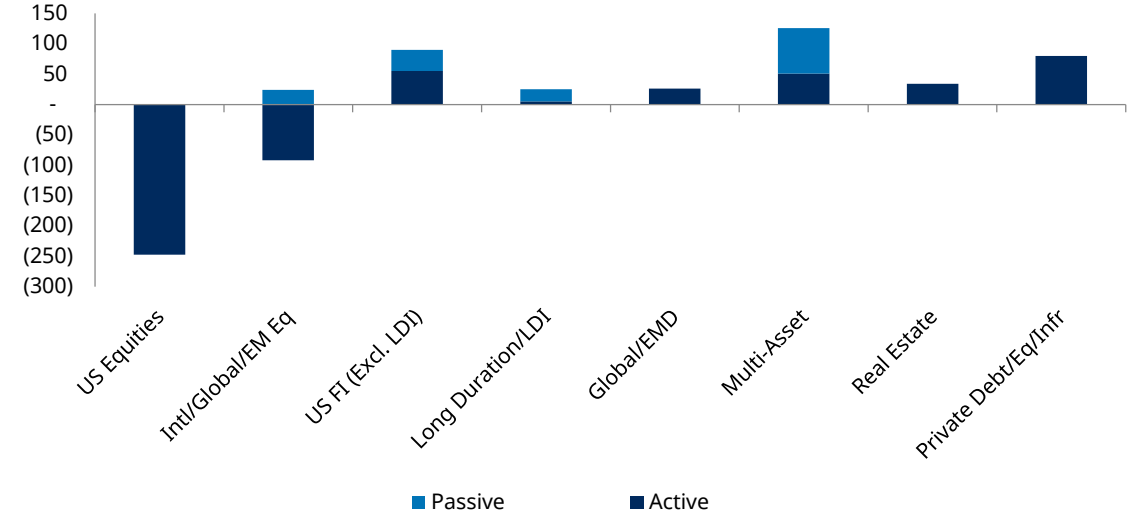
U.S. Institutional addressable market

\$11trn in actively managed assets and \$900bn in gross flow to active strategies

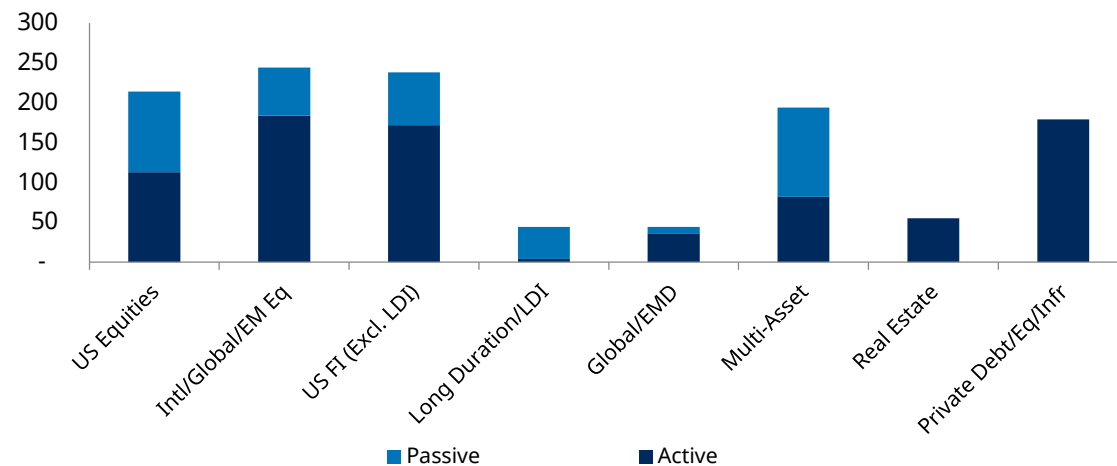
Current AUM(\$B) Allocation of US Institutions



Annual Net Flows (\$B) of US Institutions



Annual Gross Flows of US Institutions



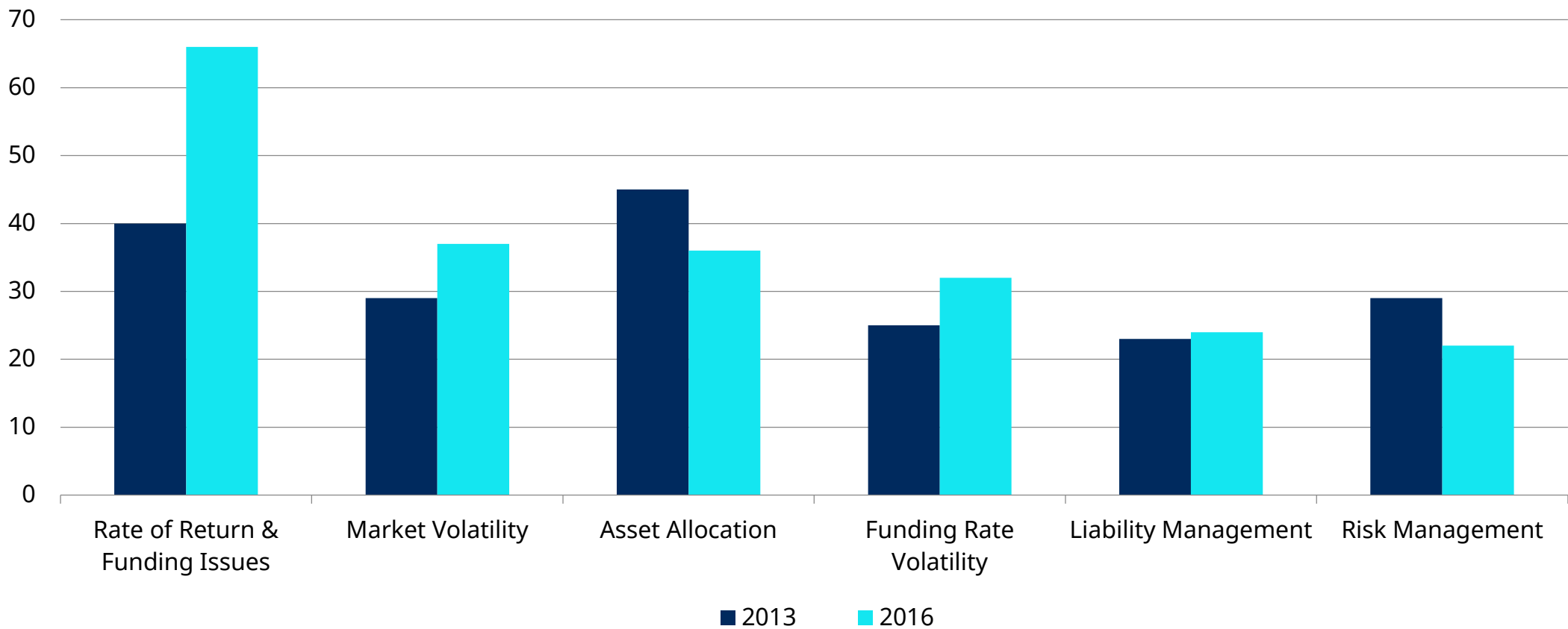
- Active management still dominant AUM
- Outflows from active public equity markets fund passive and private asset growth
- Our share is low, gross flow matters the most

Source: ICI, Empirical Research, Callan DC Index, Intersec, Eager Davis, Cerulli, Greenwich Assoc., and Schroders estimate

Institutional Investors top six strategic issues: 2016

Plan focus is shifting to meeting return targets

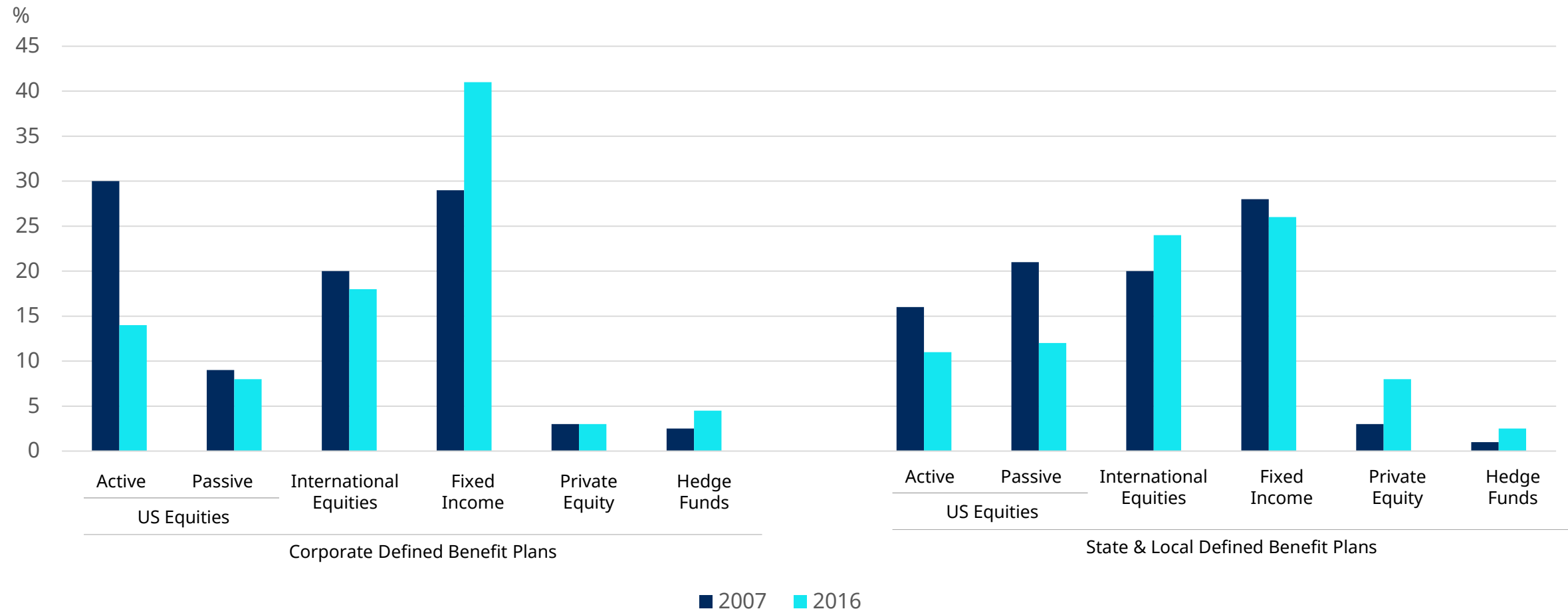
Still need a balance on risk and return



Source: Greenwich Associates Survey of Institutional Investors, 2016

A tale of two cities...

Corporate DB de-risking at the margins; Govt. DB increasingly return-seeking



Source; FMMI, 2016

% Decrease

11% ←
6% ←

PRIVATE EQUITY

11% ←
8% ←

PRIVATE DEBT

25% ←
10% ←

REAL ESTATE

12% ←
11% ←

INFRASTRUCTURE

22% ←
23% ←

NATURAL RESOURCES

% Increase

→ 40%
→ 48%

→ 57%
→ 62%

→ 24%
→ 36%

→ 38%
→ 53%

→ 26%
→ 19%

- Investors' plans for coming year
- Investors' allocation plans longer term

Private assets are in increasing demand

Most pronounced in public funds and endowments and foundations

Hedge Funds have been in net outflows and demand has slowed as returns were challenged

Product gaps:

- Private debt
- Real estate that is aligned with clients expectations for higher returns

While we have a broad palette of solutions, we tailor to each market

Each market has a sweet-spot that presents opportunity

	Public Plan DB	Corporate DB	Defined Contribution	Endowments & Foundations	Insurance Gen Acct	Taft-Hartley
Major market trends	<p>Seeking higher returns, unique propositions</p> <p>High Alternatives allocation</p>	<p>De-risking</p> <p>Majority of plans closed or frozen</p> <p>Open plans seeking higher returns</p>	<p>Target Date gets all the flow and growth; Custom Target Date components</p>	<p>High embedded Alternatives</p> <p>Natural audience for ESG</p>	<p>Sustained low rates, and threat of rising rates are both biggest concerns</p>	<p>Largest allocation to US equities from plan types</p> <p>Move towards Multi-Asset Solutions</p>
Schroders strategy focus	<ul style="list-style-type: none"> - Private Assets - Multi-Asset - Intl/EM Equities - Credit-Focused FI 	<ul style="list-style-type: none"> - Long-Duration/LDI - Intl/EM Equities 	<ul style="list-style-type: none"> - Credit-Focused FI - Multi-Asset - Intl/EM Equities - US Small/SMID 	<ul style="list-style-type: none"> - ESG / Sustainability products - Private Assets - Credit-Focused FI 	<ul style="list-style-type: none"> - Core Fixed Income - Credit-Focused FI - Private Assets - EMD 	<ul style="list-style-type: none"> - Multi-asset - US Small/SMID



North America strategy

Three strategic thrusts

1

Partner in Intermediary

- Hartford partnership
- Intermediated wealth management solutions
- Offshore

2

Invest in Institutional direct

- Meaningful increase in Institutional consultant advocacy
- Segmented approaches to Taft Hartley, Canadian, Sub-advisory and Insurance
- Developing deeper DC strategy

3

Deepen our US-domiciled capabilities

- STW and Brookfield securitized credit acquisitions
- Adveq integration
- Organic build in EMDR and Solutions



Hartford partnership

The business case was compelling

The rationale

1

10x distribution
capability

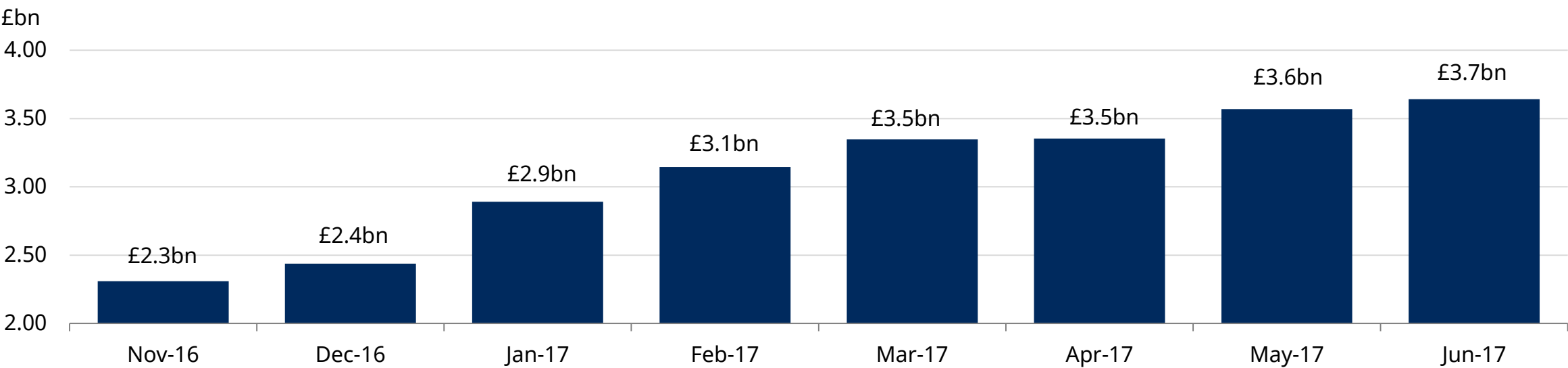
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P&L impact – partnership is
immediately accretive

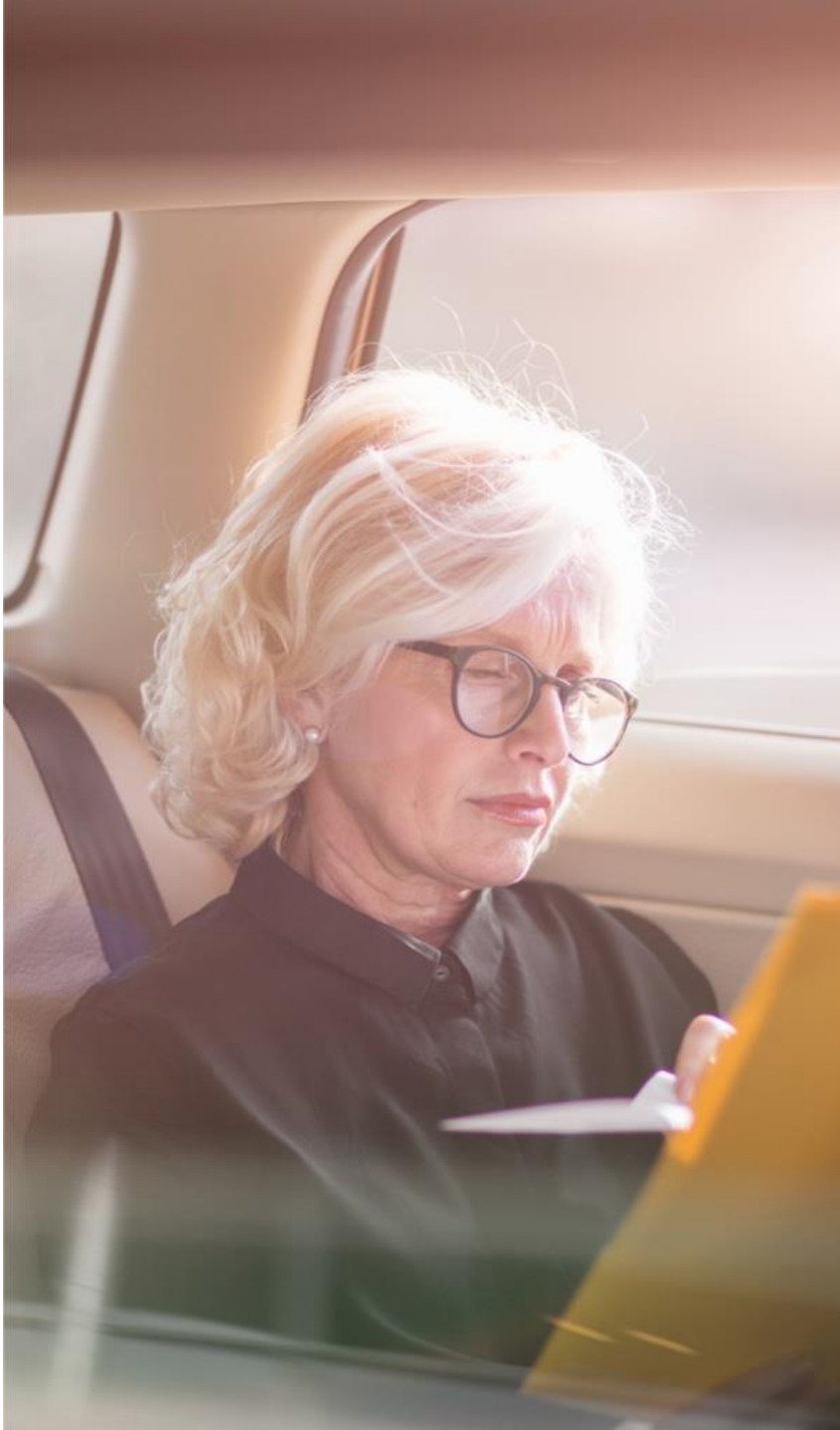
3

Significant product
development opportunities

Progression of AUM since inception - including £1.1bn NNB over 8 months through June 2017



Source: Schroders as at 30 June 2017



Investing in Institutional

Focused, tailored approach

- Substantial increase in commitment to consultant relations
- Increasing success with specialist sales focus on insurance outsourcing and Taft-Hartley
- Evolving capacity to distribute less liquid assets
 - Hedge funds
 - Private equity (Schroder Adveq), debt, and real estate
- Opportunities in DC
 - Canadian DC in early stages, but growing at 10% p.a.
 - US opportunity in custom target date and Intermediated DC

We are not just a distribution hub

Progression of our North America business

2012

£19bn

Investment AUM¹

£24bn

Distribution AUM²

6%

% Asset Management
revenue manufactured
by North America

8%

% Asset Management
revenue sourced by
North America

187

Total number of North
America employees

2017

£50bn

Investment AUM¹

£48bn

Distribution AUM²

10%

% Asset Management
revenue manufactured
by North America

11%

% Asset Management
revenue sourced by
North America

289

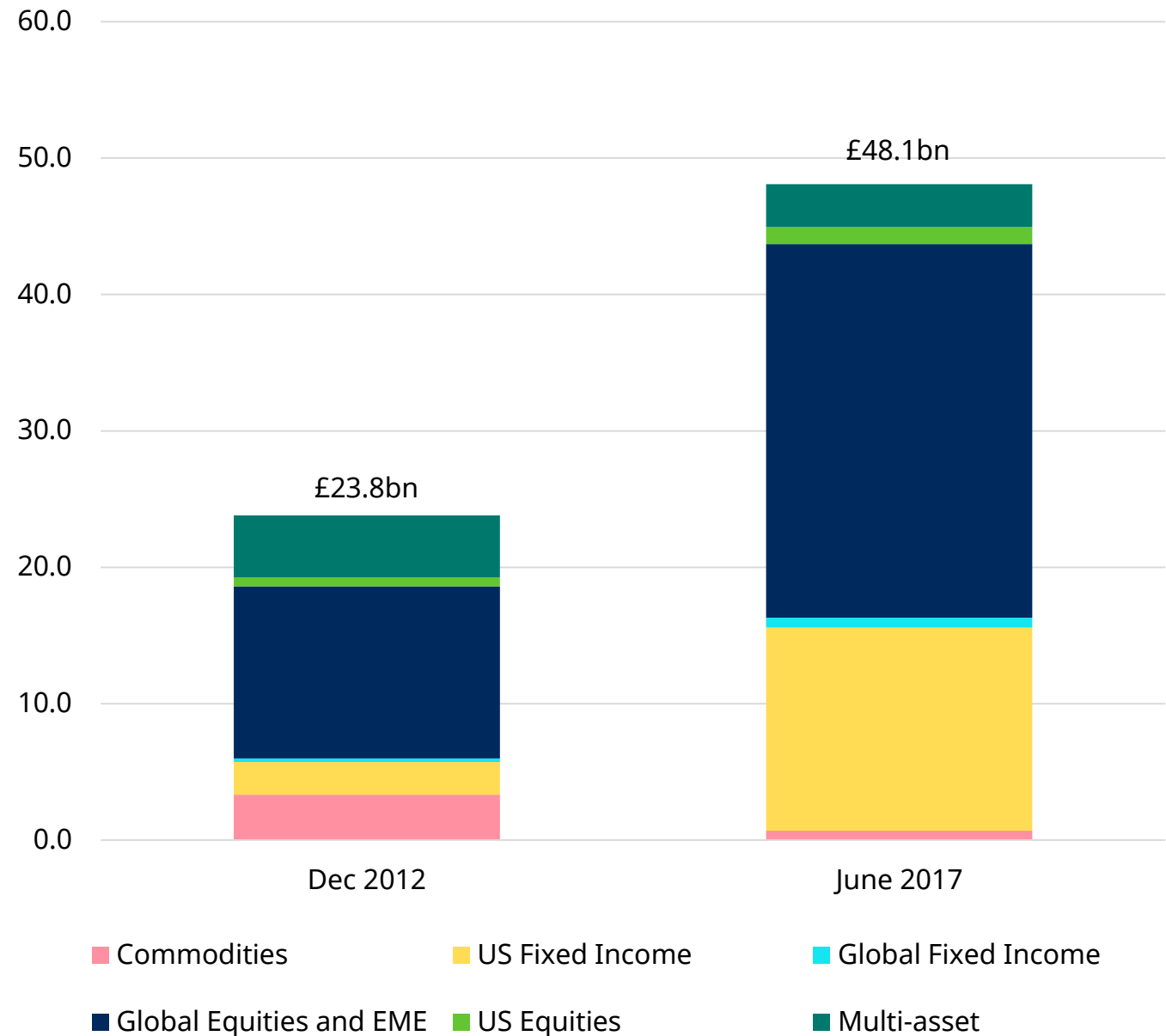
Total number of North
America employees

Source: Schroders as at 30 June 2017 1. Investment AUM is assets manufactured by US Investment desks and sold to US and global clients. 2. Distribution AUM is assets sourced from US and Canada clients across a global product suite

Schroders

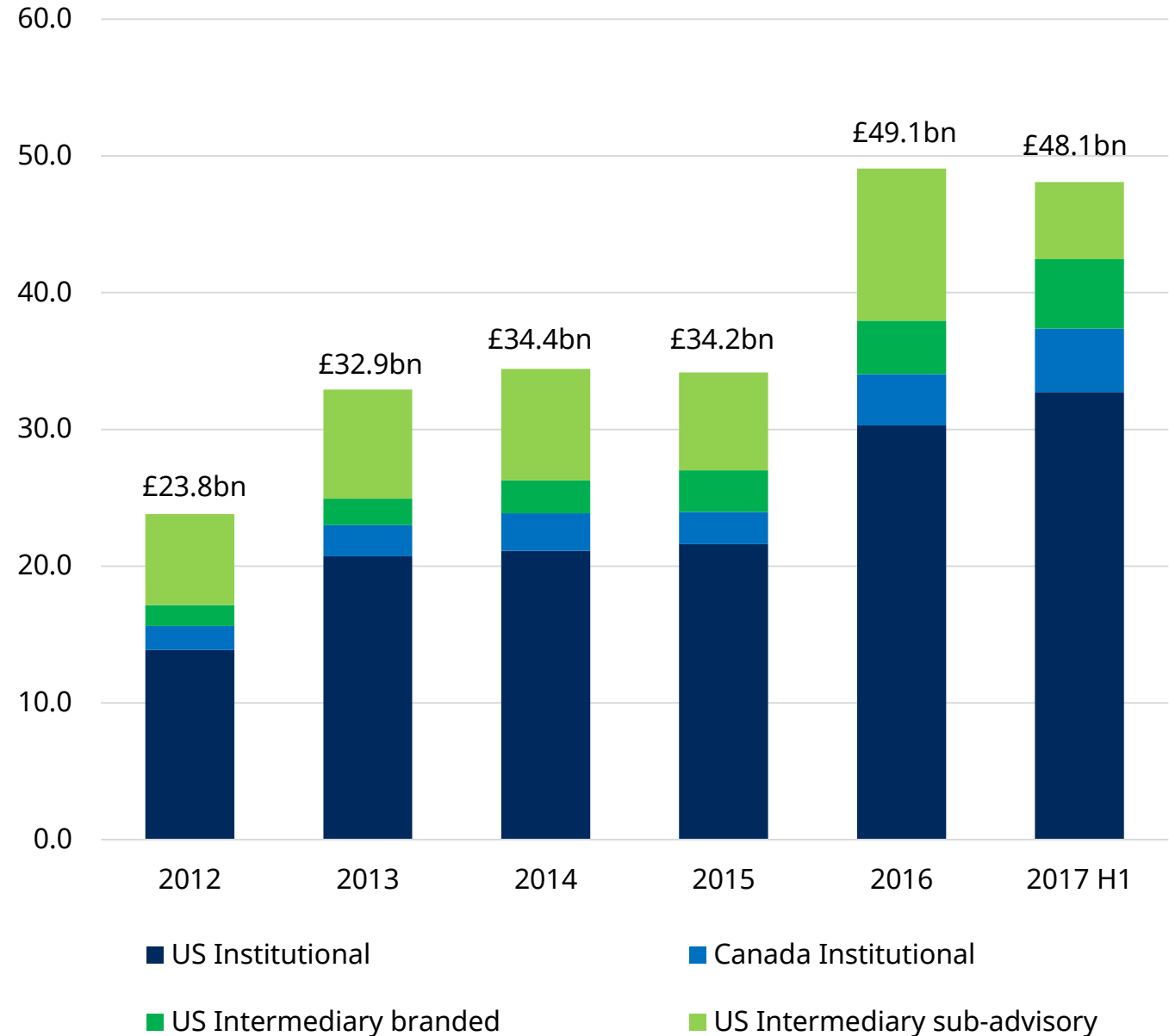
Quality growth

Broad, diversified
product range with US
Fixed Income
increasingly driving
growth



Distribution AUM

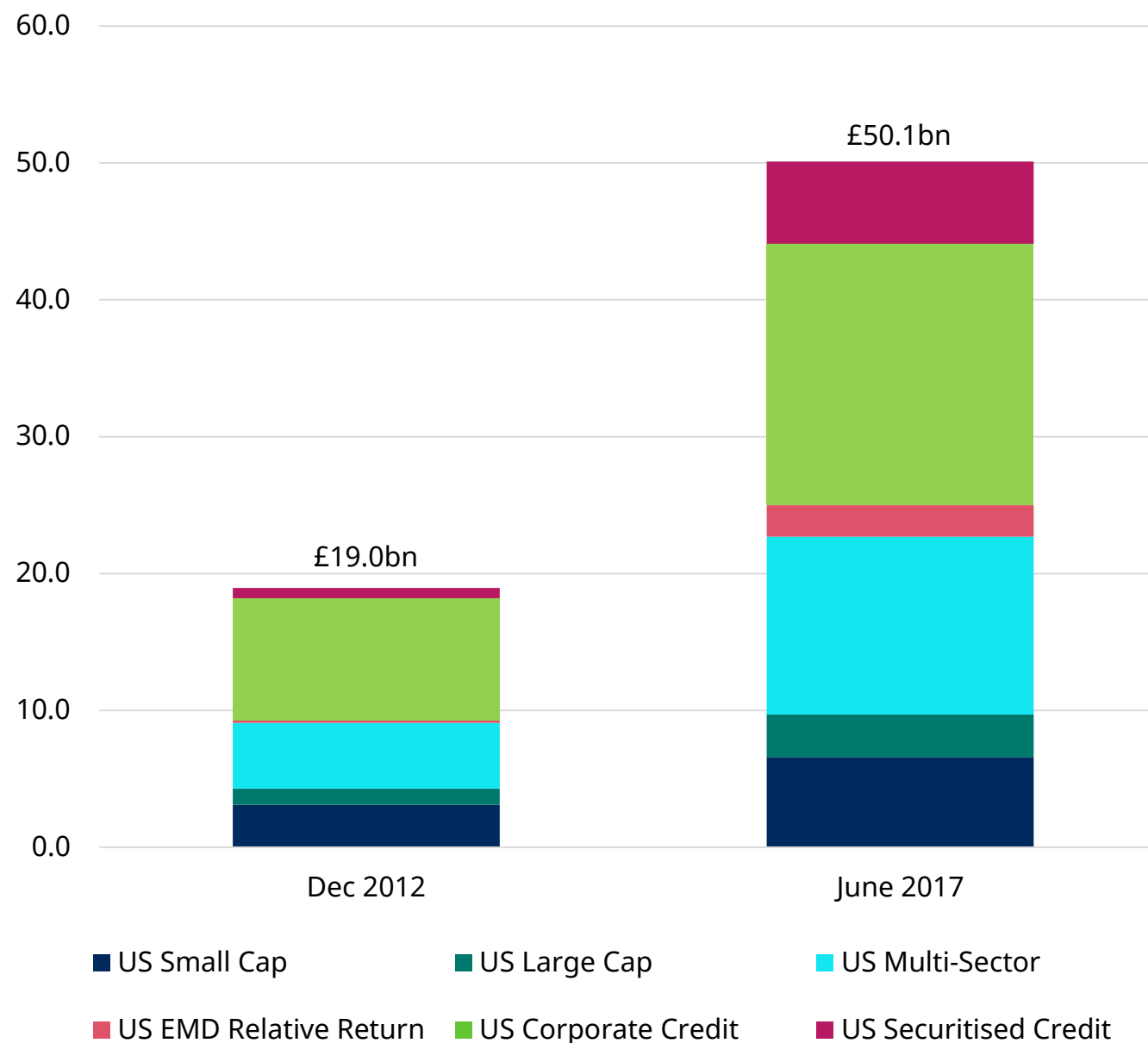
Robust growth in North America Institutional. In Intermediary, Hartford is building momentum in Branded, offsetting loss of Prudential in sub-advisory



Source: Schroders as at 30 June 2017

Contributing globally

Organic growth bolstered through acquisitions of STW and Brookfield's US Securitized Credit team



Brand alignment and building collaboration

Our relocation to
7 Bryant Park is a
significant leap forward

- Our new headquarters in New York
- We have high profile street level branding in iconic midtown location with high footfall
- Collaboration and enhanced cross-functional communication were integral to the design
- A light, bright and professional place of business will help to retain the best talent



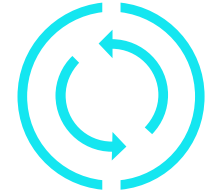
Key actions looking forward



Maintain momentum in Hartford partnership and further develop direct to UHNW advisor initiative



Continue development of “market of markets” tailored approach to US Institutional market



Continue to deepen our Private Asset offering with primary focus on Adveq integration with US business and corporate development pipeline



Richard Mountford,
Global Head of Product Division

October 2017

For professional investors only, not for retail clients

Delivering valuable client outcomes

Using the power of active management



Solutions generation

Outcome-based solutions

Customised and bespoke solutions

Asset allocation solutions



Investment outperformance

Requires active management

Generates significant alpha

Inefficient markets



Active engagement

Improving societal impact

Supporting retirement provision

Allocating capital effectively

Product strategy

Diverse pipeline, aligned with strategic goals



Solutions

- Income
- Absolute & total return
- Inflation
- Balance sheet
- Pension derisking
- Active ETF platform



Alpha generation

- GAIA range
- Emerging Markets
- China
- Credit
 - European
 - Global
 - Securitised



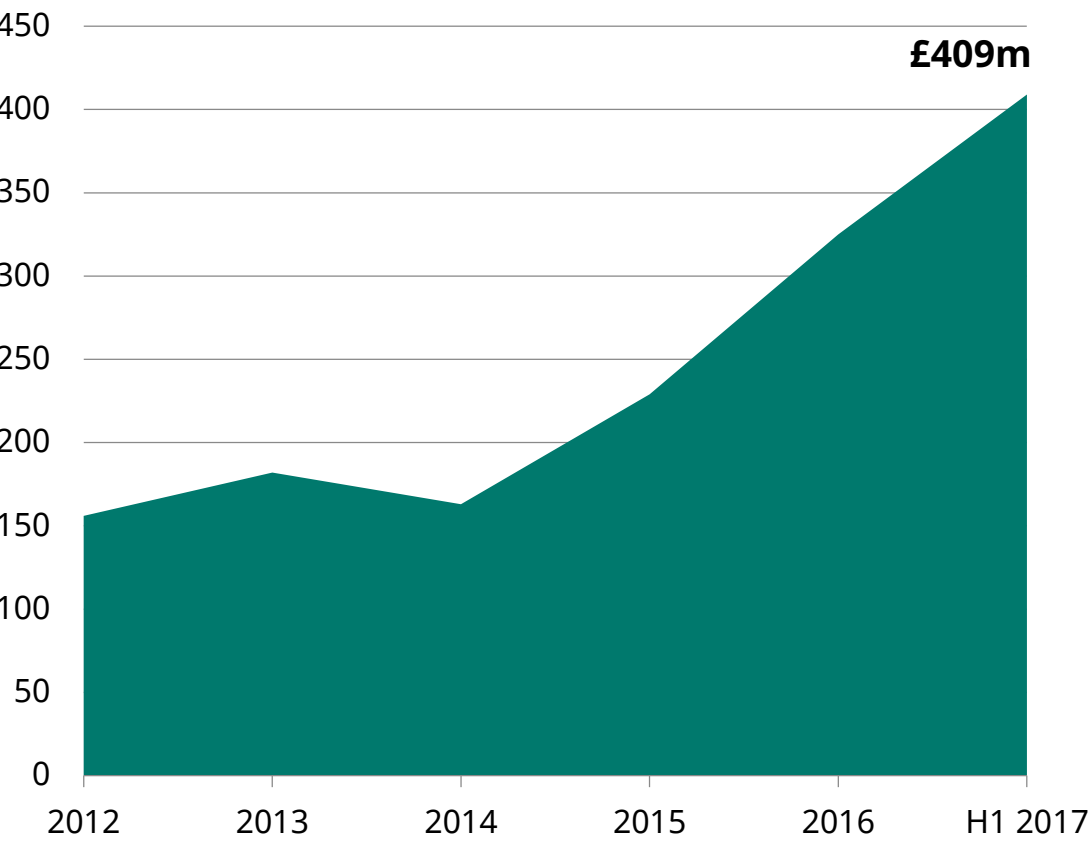
Requires active management

- Private Assets
 - Real Estate
 - Private Equity
 - Infrastructure debt
 - ILS
 - Direct lending

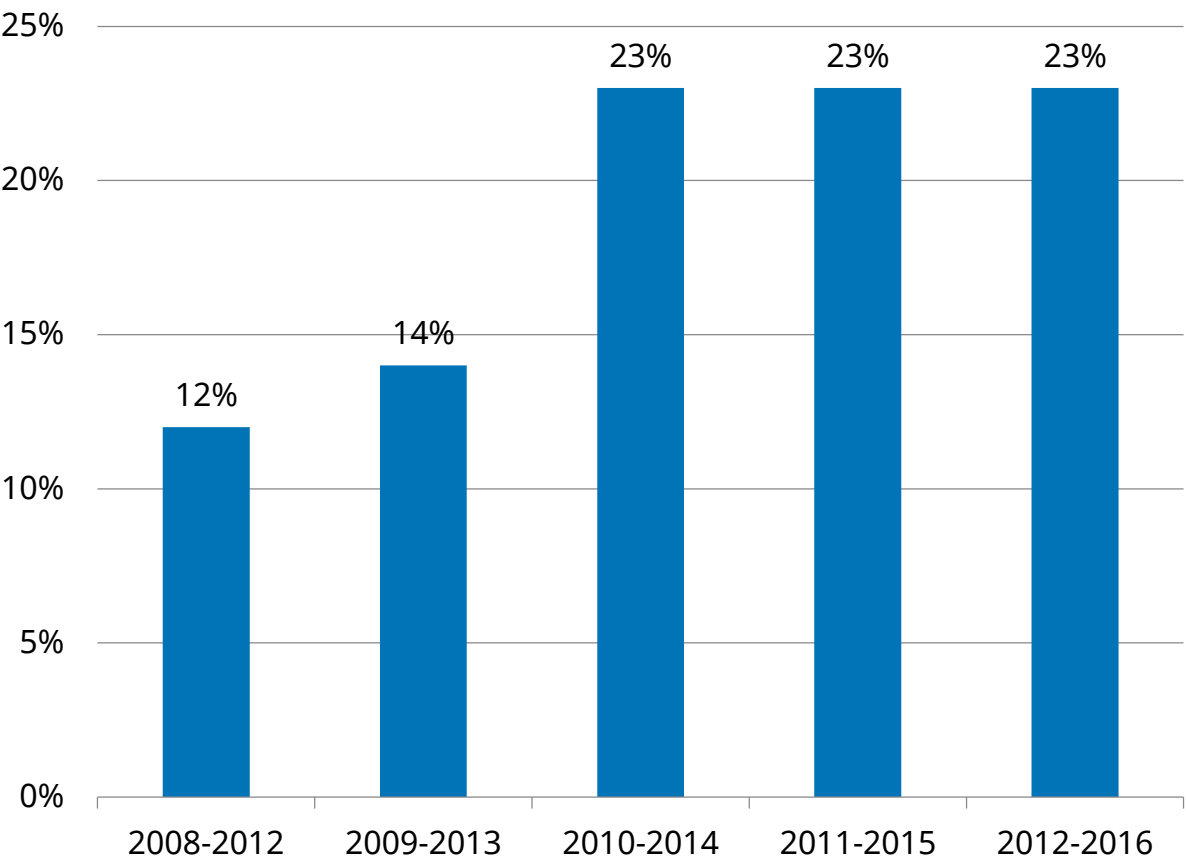
Client demand changing quicker than ever

Commitment to investing for future growth

Seed capital employed (£m)



New products' contribution to revenue* (%)



Source: Schroders as at 30 June 2017. * Refers to the proportions of revenues generated from products launched within the preceding five year period.

Innovative & entrepreneurial product development

To meet clients' changing needs



Opportunity to deliver a valuable outcome for our clients

+



High or growing level of client need

+



Current or future capabilities

- Areas of significant and growing client need
- Secular growth
- Persistent demand for active managers
- Existing areas of strength or those we aspire to be known for

What do we want to be known for?

Broad, diverse capabilities





Alan Ayres, Emerging markets
product director

October 2017

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Agenda

1

Our footprint

2

Demand for Emerging Markets

3

Why active for Emerging Markets

4

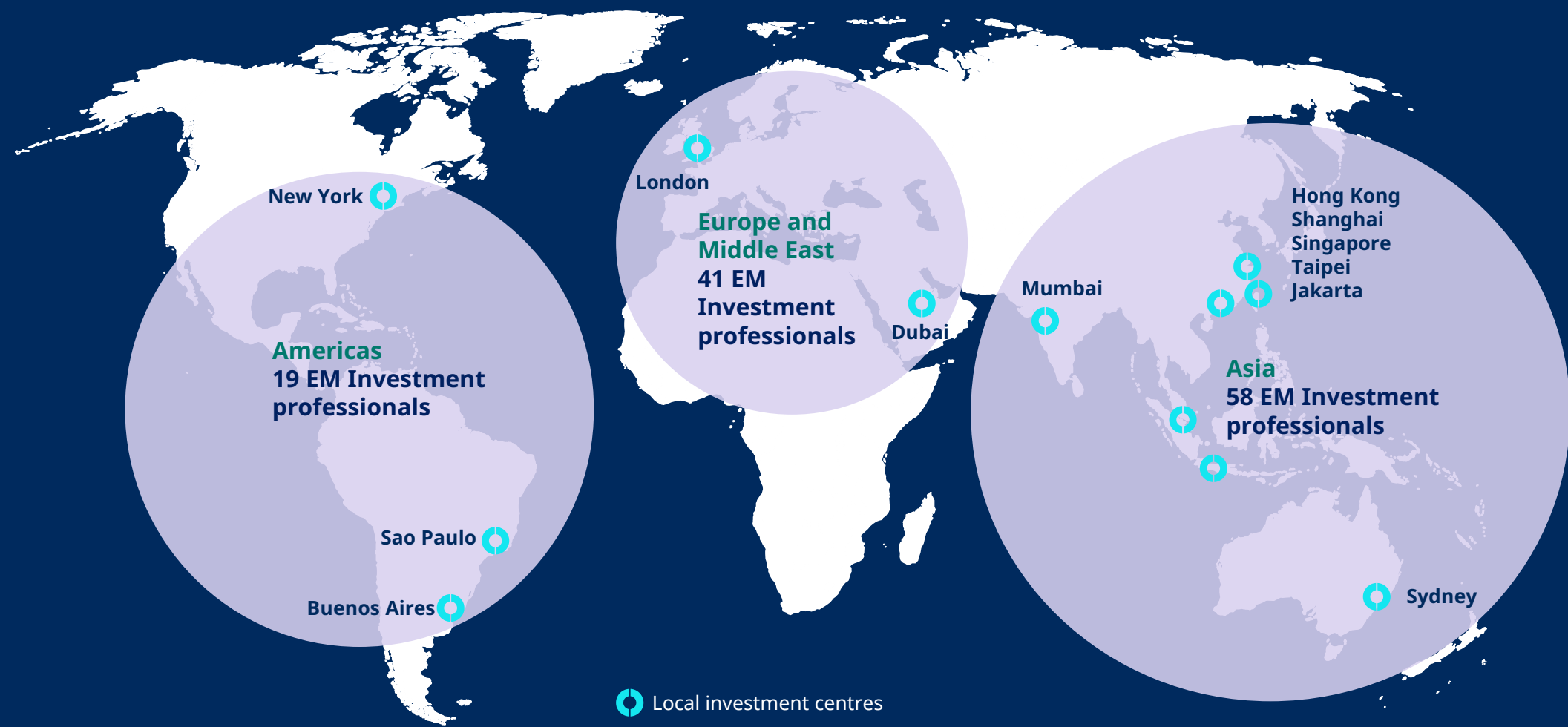
Our track record

5

Next steps

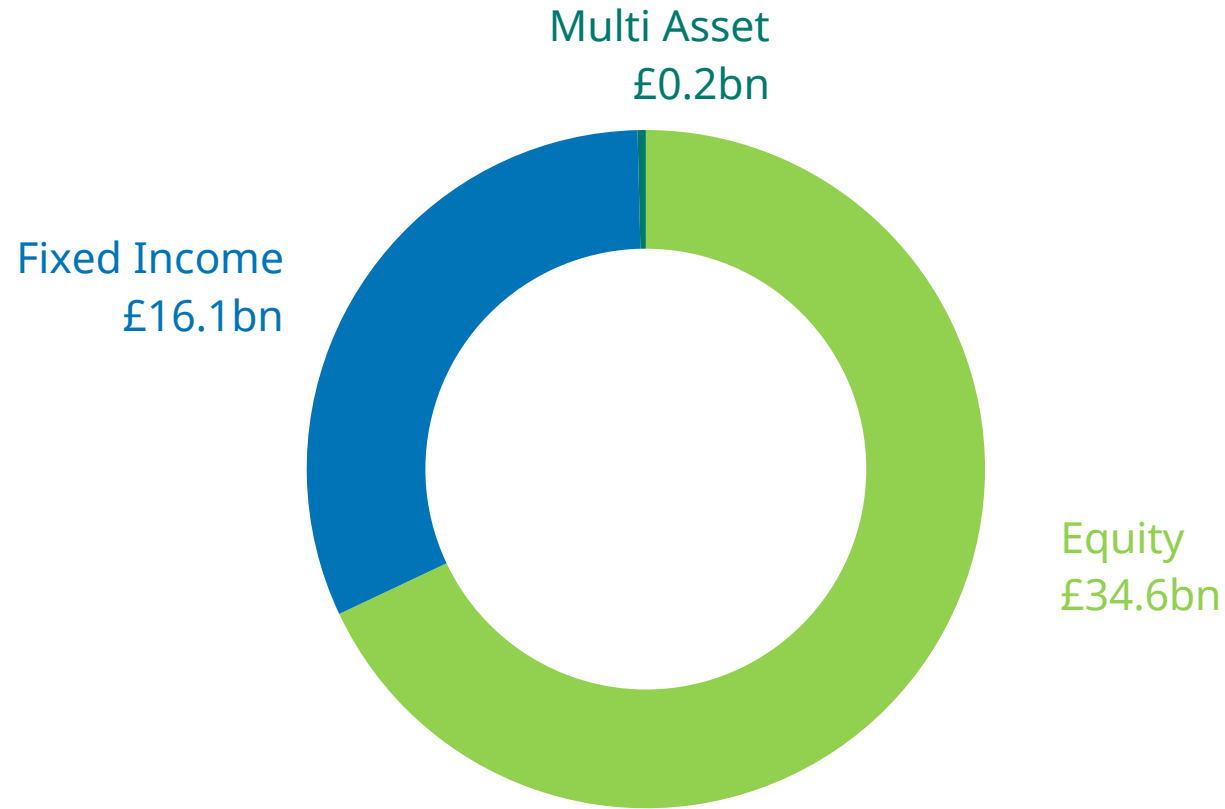
Deep roots in emerging markets

118 investment professionals



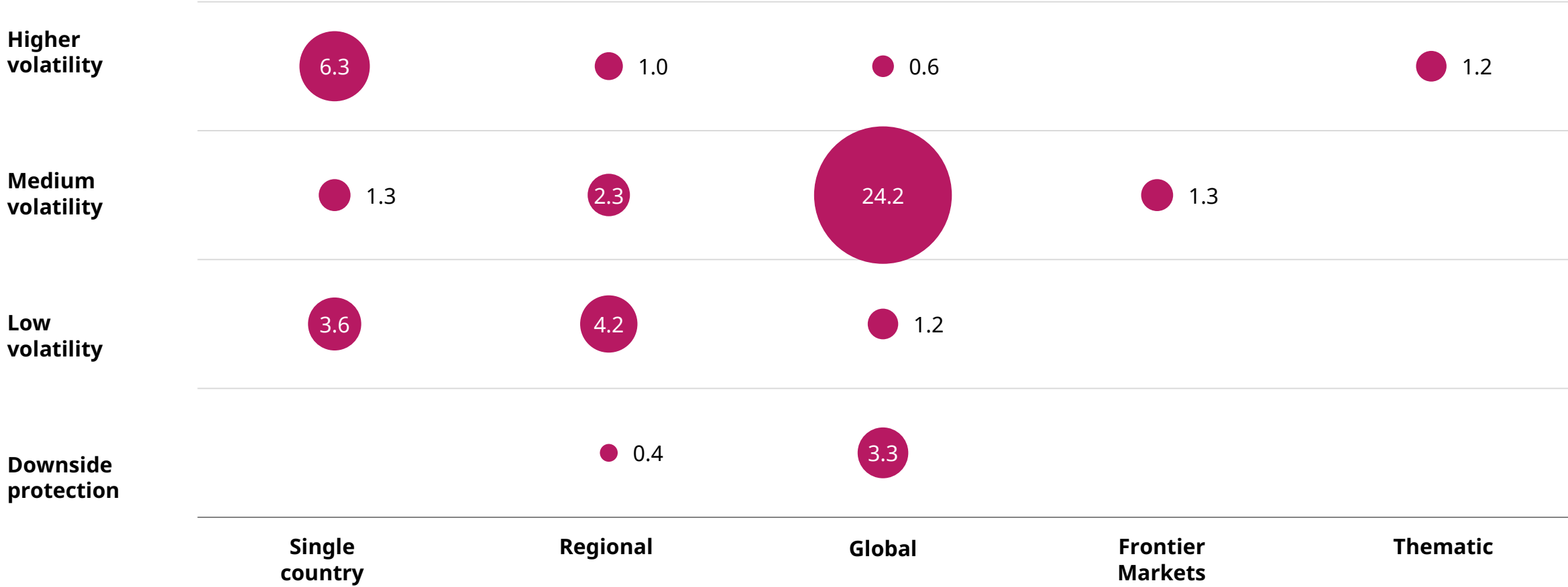
Source: Schroders as at 30 June 2017

A traditional view of our capabilities



£50.9 billion as at 30 June 2017

An alternative view of our capabilities

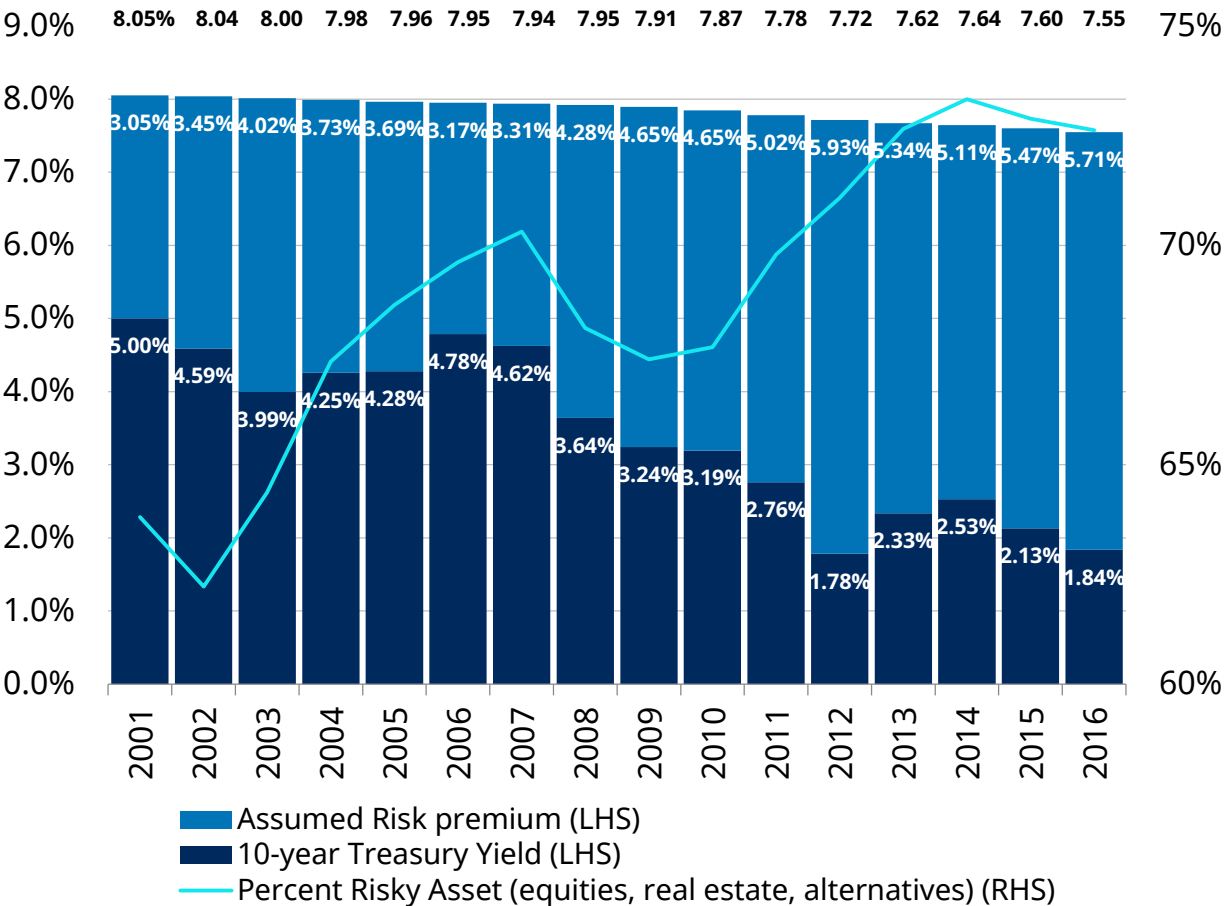


£50.9 billion as at 30 June 2017

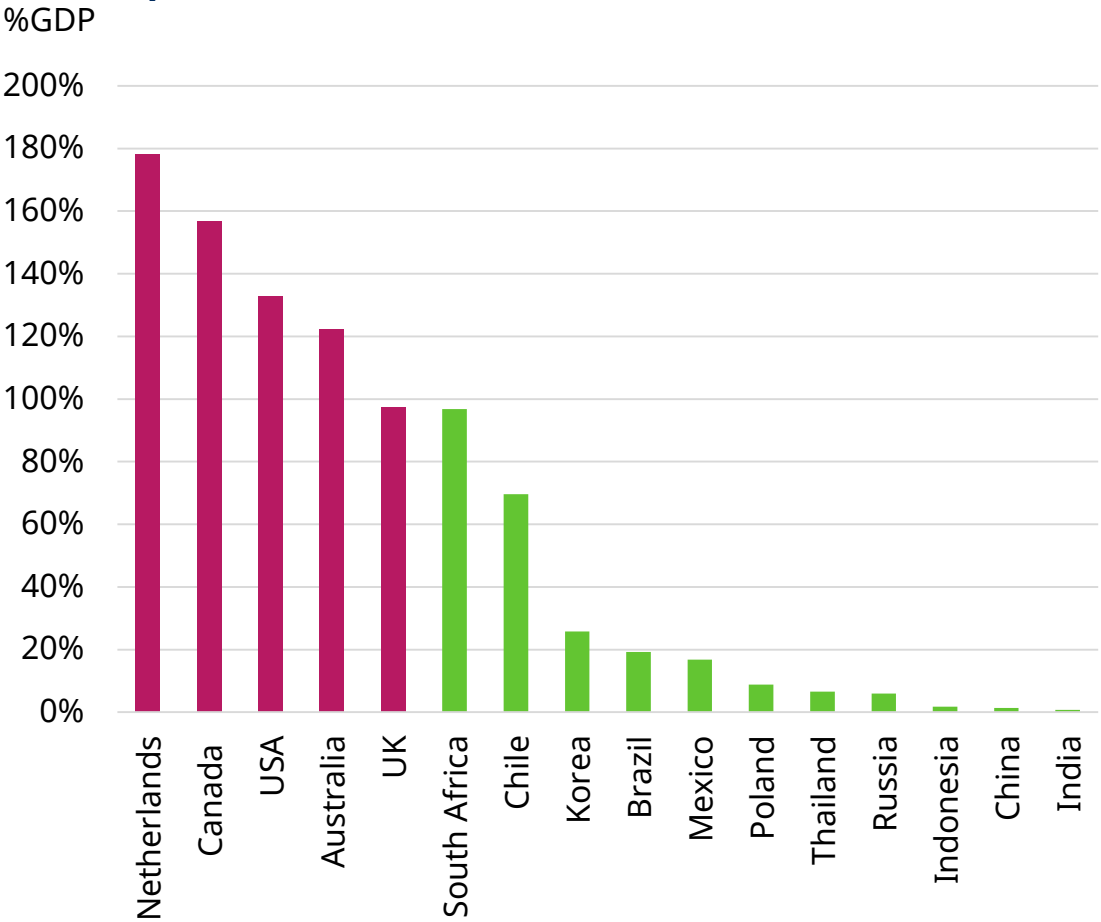
Source: Schroders as at 30 June 17

Likely to remain in demand

Risk taking, assumed returns and assumed premia over riskless assets¹



Private pension investment, 2015²

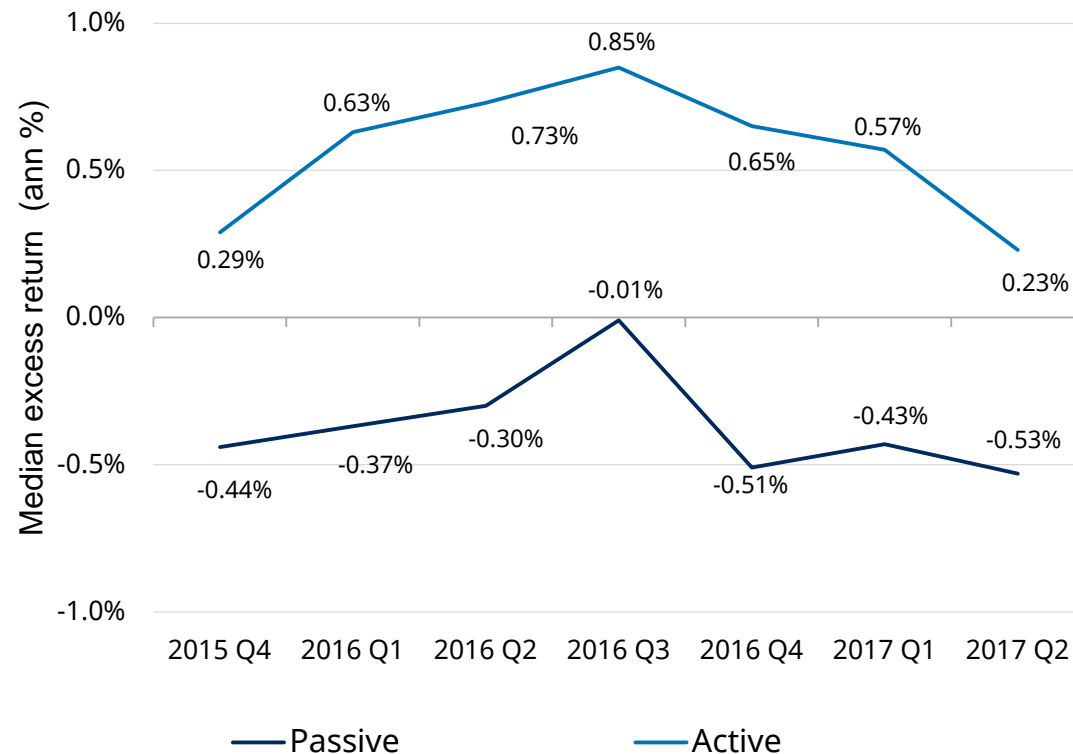


Source: ¹Based on US pension fund data from Public Plans database. Calendar year treasury yields based on average of daily yields sourced from Bloomberg.
²OECD, Global Pension Statistics, Pension Markets in Focus, 2016. Private pension is defined as a pension plan administered by an institution other than general government (Source: Private pensions, OECD classification and glossary, 2005). Latest data available.

An active approach is the rational choice

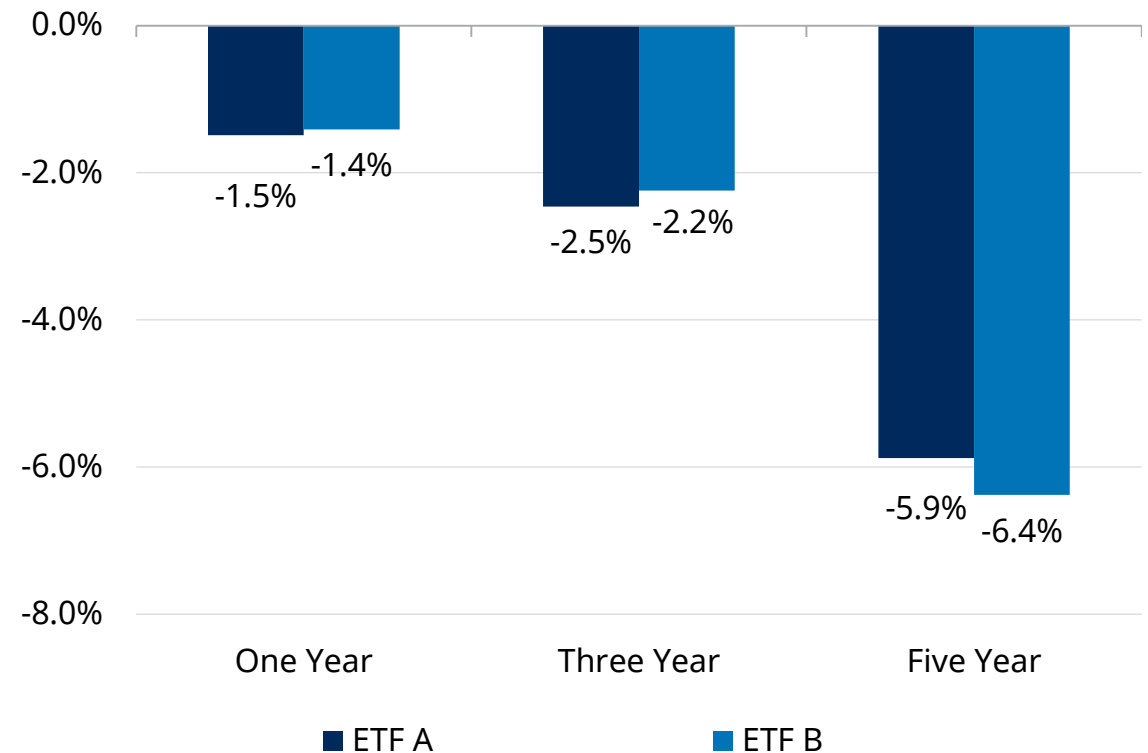
EM Equity ETFs

Active vs passive EM Equity – Median trailing 5y excess return to benchmark (net of fees)¹



EM Bond ETFs

Cumulative underperformance of EMD ETFs vs. Stated Benchmarks²



¹Source: Morningstar. US domiciled, mutual funds and ETFs (ex. FoF) benchmarked against the MSCI EM (USD) index. Returns are based on the cheapest share class per fund and are net of fees.

²Source: Bloomberg; as of 30 June, 2017; ETF A's benchmark is the JPM EMBI Global Core. ETF B's index is the DBIQ EM USD Liquid Balanced Index.

Performance shown reflects past performance which is no guarantee of future results. Past performance is no guarantee of future results. Actual results will vary.

Our track record

As at 30 June 2017

Emerging Markets assets

	1 year	3 years	5 years
% of assets which outperformed*	83%	88%	92%

Luxembourg-domiciled mutual funds

	1 year	3 years	5 years
% of assets in 1 st or 2 nd quartile**	80%	72%	77%

Source: Schroders, Morningstar, Lipper. Data as at 30 Jun 2017.

* Based on emerging market funds/portfolios which represent over 95% of total Emerging Markets capability AUM which have a complete track record over the time periods. Performance is calculated gross of fees relative to the relevant stated comparator for each fund or portfolio.

** Based on Morningstar and Lipper rankings. Includes 22 emerging market funds within the Luxembourg domiciled Schroder International Selection Fund range (A share class, net of fees).

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.



Future plans

Growth drivers

01

Deliver our EM capabilities, not just our products

02

Expand product range

03

Build bespoke solutions to deliver client specific outcomes



Rupert Rucker,
Income product director

October 2017

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A nighttime photograph of a cityscape, likely Tokyo, featuring a wide river (Tokyo Bay) and a bridge (Shiba Crossing Bridge) in the foreground. The city lights are reflected in the water, and the sky is a mix of blue and purple hues.

Agenda

1

What is the client need?

2

Why Schroders for income?

3

Our diverse product range



**What is the client
need?**

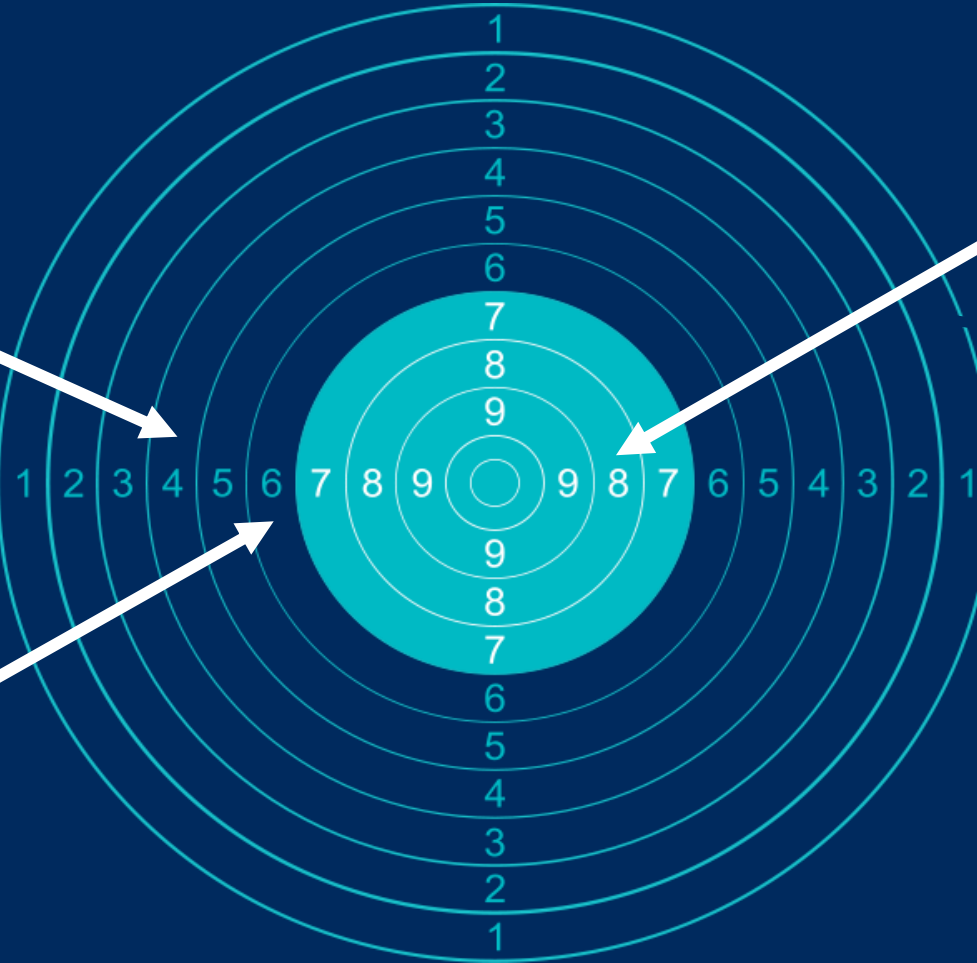
**High income remains a
priority for majority of
investors**

And their expectations remain high

87% want at least 4% income

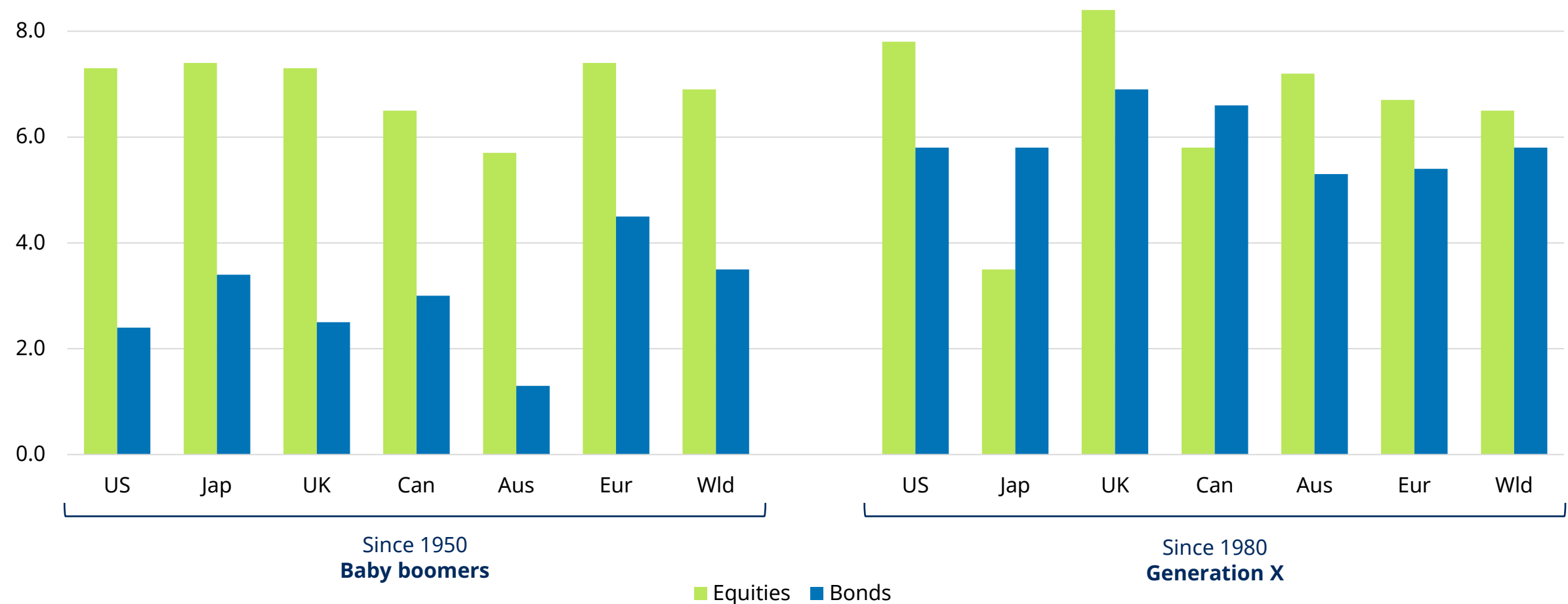
41% seek at least 8%

54% are looking for 6% or more



The high return world we grew up in

Annualised real returns on equities and bonds (%)



Source: Elroy Dimson, Paul Marsh, and Mike Staunton, Triumph of the Optimists, Princeton University Press, 2002, and subsequent research. Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

Those were the days

UK National Savings Certificate –
issued in 1986

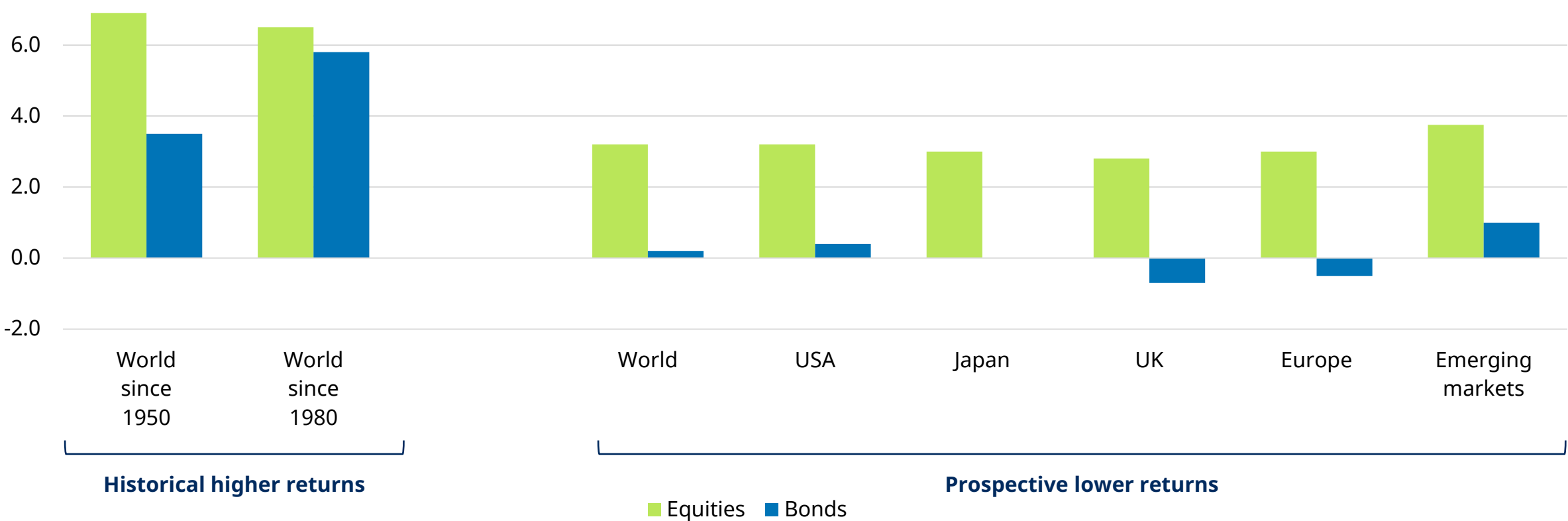
UK inflation in 1986
was 3.4%



Looking forward from 2017

Have expectations changed? We are still in a lower return world

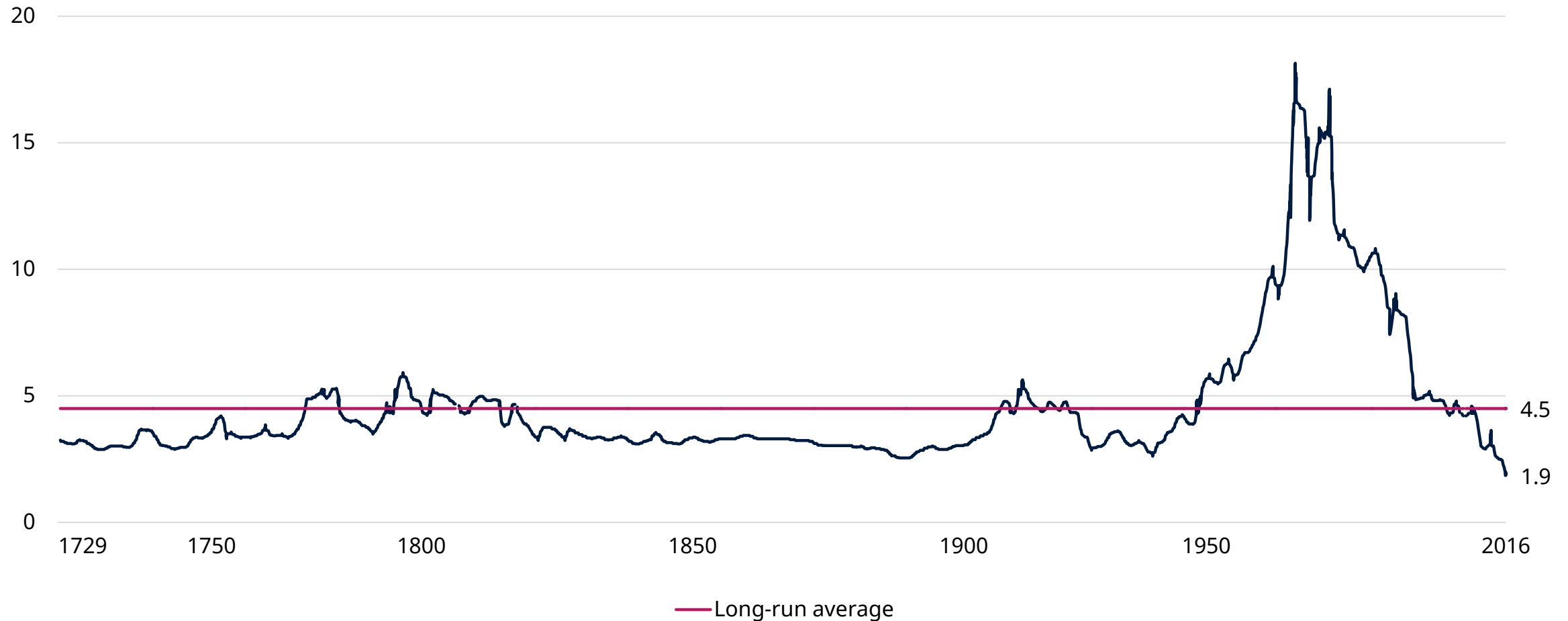
Annualised real returns on equities and bonds (%)



Source: Elroy Dimson, Paul Marsh, and Mike Staunton, Triumph of the Optimists, Princeton University Press, 2002, and subsequent research. Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Any forecasts included are not guaranteed and are for information purposes only. Forecasts and assumptions may be affected by external economic or other factors.

What yield is 'normal'?

300 years of UK bond yields



Source: Elroy Dimson, Paul Marsh, and Mike Staunton, *Triumph of the Optimists*, Princeton University Press, 2002, and subsequent research. Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

How can Schroders help?

1st

Innovation -
Maximiser, Multi-
Asset Income and
fixed distribution
share classes

30

Income solutions
across all asset
classes including
equity, fixed income,
real estate, private
assets and multi-
asset funds

30+

Years' experience of
investing in income
producing assets

EXPERT

Deriving regular,
reliable income
requires expert
active management

Our diverse product range, with AUM of £25bn

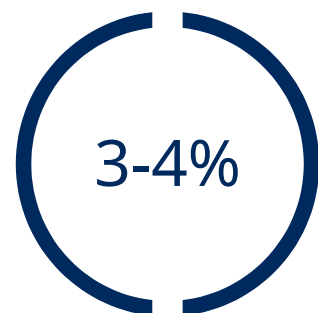
Offering yields of 3% - 7%



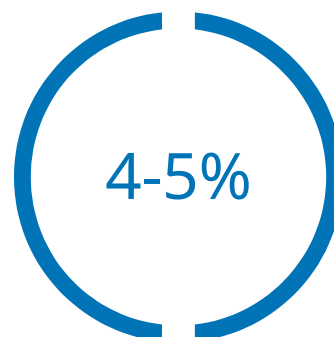
Source: Schroders as at 30 June 2017. Income targets and returns are gross of fees, not guaranteed and subject to review and change dependent on market conditions

Income targets not asset classes

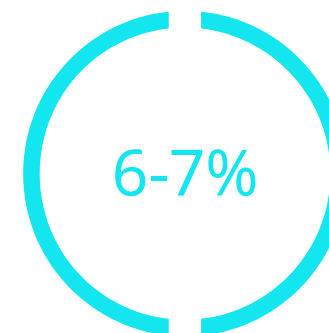
Different journeys and risks



- European Equity Yield
- Global Equity Yield
- Asia Equity Yield
- Cat Bond
- Global Cities
- Asia Pacific Cities
- Global Bond Multi sector



- Global Multi -Asset Income
- Emerging Multi- Asset Income
- Asia Asset Income
- Global Credit Income
- Euro High Yield
- US Dividend Maximiser



- Global High Income
- Global High Yield
- Emerging Market Bonds
- Global Dividend Maximiser
- Europe Dividend Maximiser
- Asia Dividend Maximiser

Different risks and journeys

Source: Schroders as at 30 June 2017. Income targets and returns are gross of fees, not guaranteed and subject to review and change dependent on market conditions

The Intent

Growth drivers

01

Deliver income targets consistently through active management

02

Fit investors with the right investment journey, leading to increased longevity

03

Product development - new products, share classes, vehicles, etc.



Peter Harrison,
Group Chief Executive
October 2017

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Investments in technology across all areas of the business



Investment

- Established Data Insights
- Implementing Aladdin



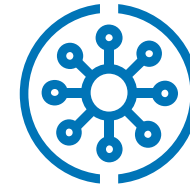
Distribution

- Single web platform
- Client behaviour analytics



Product

- Marketing intelligence
- Data-led approach to product design



Infrastructure

- Global end-to-end processes
- Innovative approach to management data



Mark Ainsworth,
Head of Data Insights and Analysis
Ben Wicks,
Head of Research Innovation

October 2017

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The changing landscape of financial analysis

CFA finance exams to grill hopefuls on AI, big data and robo-advice

Institute is reshaping its course to meet employer demand for fintech skills

MAY 10, 2017 by: **Cat Rutter Pooley**



Digitisation

+



Transparency

+



Computing Power



Data Growth



Insight Opportunity

The Data Insights Unit - mission statement

Evolution is not optional

Driving data for fundamental insights



Going beyond
what is currently
available



Making sense
of data so
our Investors
can act



Working in
partnership with
Investment
teams

Schroders' approach to data insights

Fast-growing and inspirational skillset

Data Insights Unit established October 2014

17-strong team of data scientists and engineers with >170 years data analytics experience



Psychology



Physics



Bioinformatics



Computer
Science



Operations
Research



Mathematics &
Statistics



Motor
Racing



Investment



Defence



Geospatial



Media



Machine
Learning

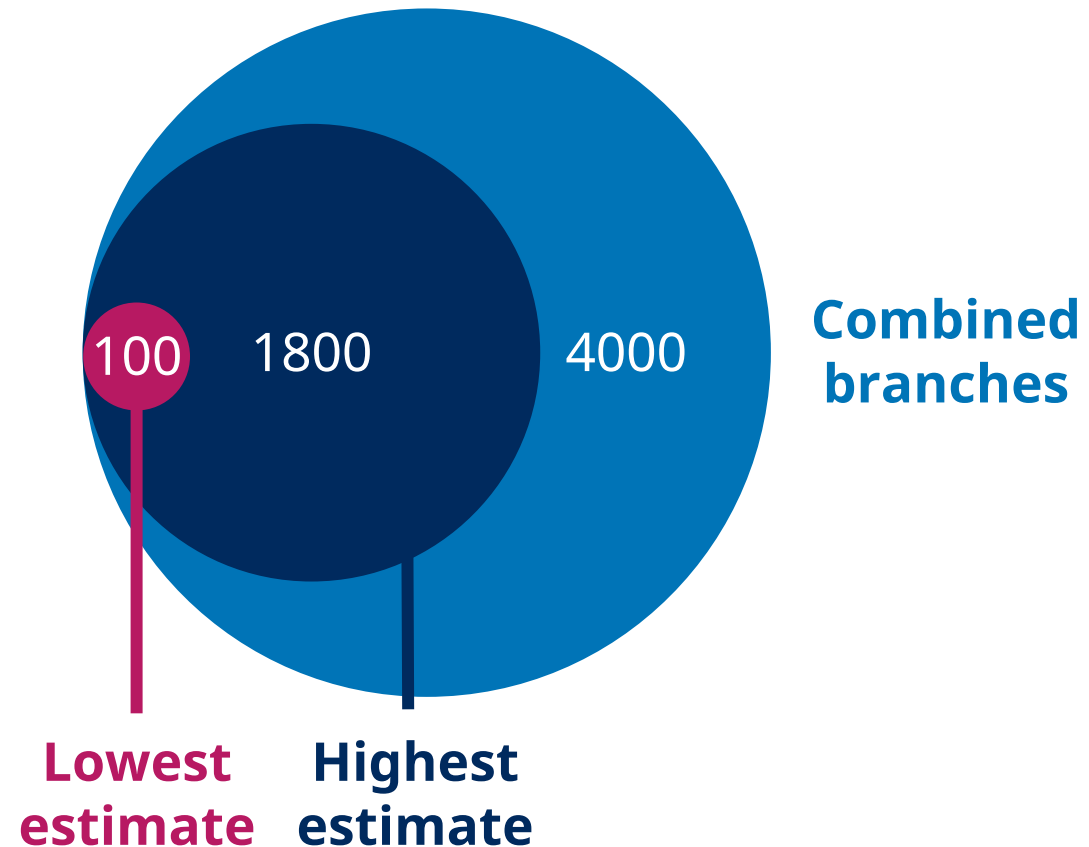
Data in action



Geodata: rapid insight into complex questions

Merger analytics - Ladbrokes/Coral

Investor question: How many stores will Ladbrokes and Coral have to divest post-merger?



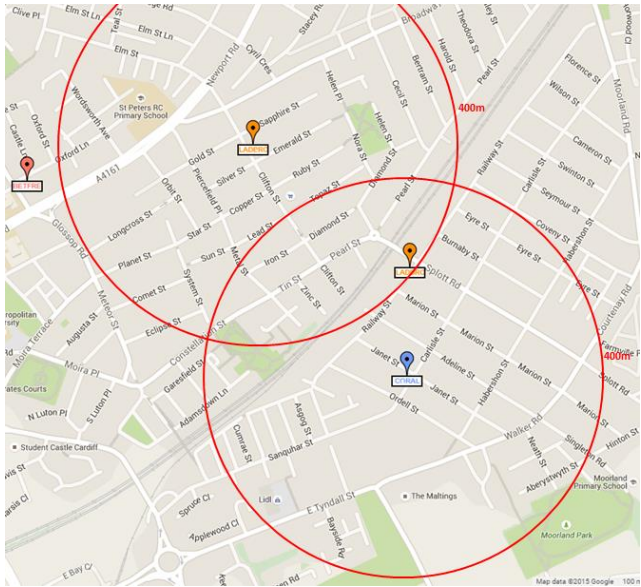
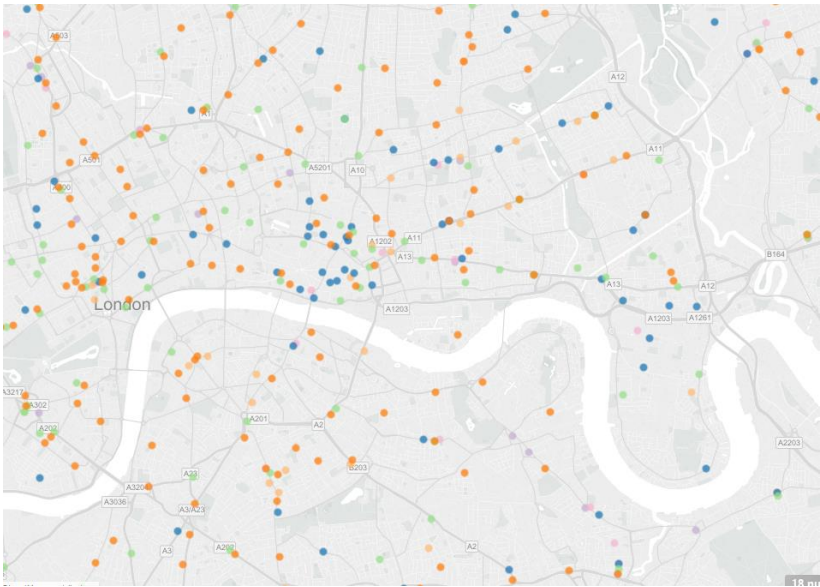
Source: Schroders. Companies shown are for illustrative purposes only and are not a recommendation to buy or sell any security.



Geodata: rapid insight into complex questions

Merger analytics - Ladbrokes/Coral

Answer: Instant modelling of divestment potential post-merger based on store-by-store analysis



June 2015	Predicted stores to close (out of 4,000):	400
May 2016	Regulator's judgement of required closures:	350-400

Source: Schroders, <https://www.gov.uk/cma-cases/ladbrokes-coral-group-merger-inquiry>

Consumer spending data

Brexit response

Investor question: How is the economy faring after the shock EU Referendum result?

Referendum on the United Kingdom's membership of the European Union	
Vote only once by putting a cross <input checked="" type="checkbox"/> in the box next to your choice	
Should the United Kingdom remain a member of the European Union or leave the European Union?	
Remain a member of the European Union	<input type="checkbox"/>
Leave the European Union	<input type="checkbox"/>

BBC News on 30 June 2016 (one week after referendum):

"There may already have been an impact on the economy or the public finances but we do not yet have data showing that....

We're not going to get any reliable figures on that for a while. ...

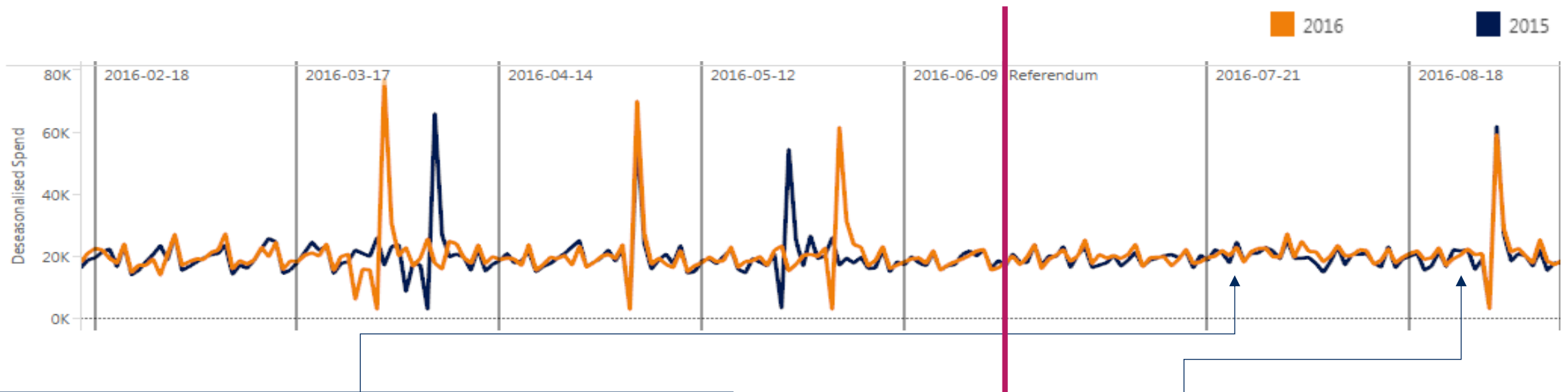
although uncertainty linked to the fact that the referendum was happening at all, probably will make a difference."

Source: Schroders

Consumer spending data

Brexit response

Answer: Alternative data, gathered daily and quickly, showed discretionary spending to be fine



Post Brexit Indicators

More headlines below from our tracking of Alternative Data sources for indications of the impact of Brexit. **The key message is that UK consumer spending in some core discretionary areas remains (surprisingly) firm since Brexit, in our sample.**

Schroders internal research, 25 July 2016

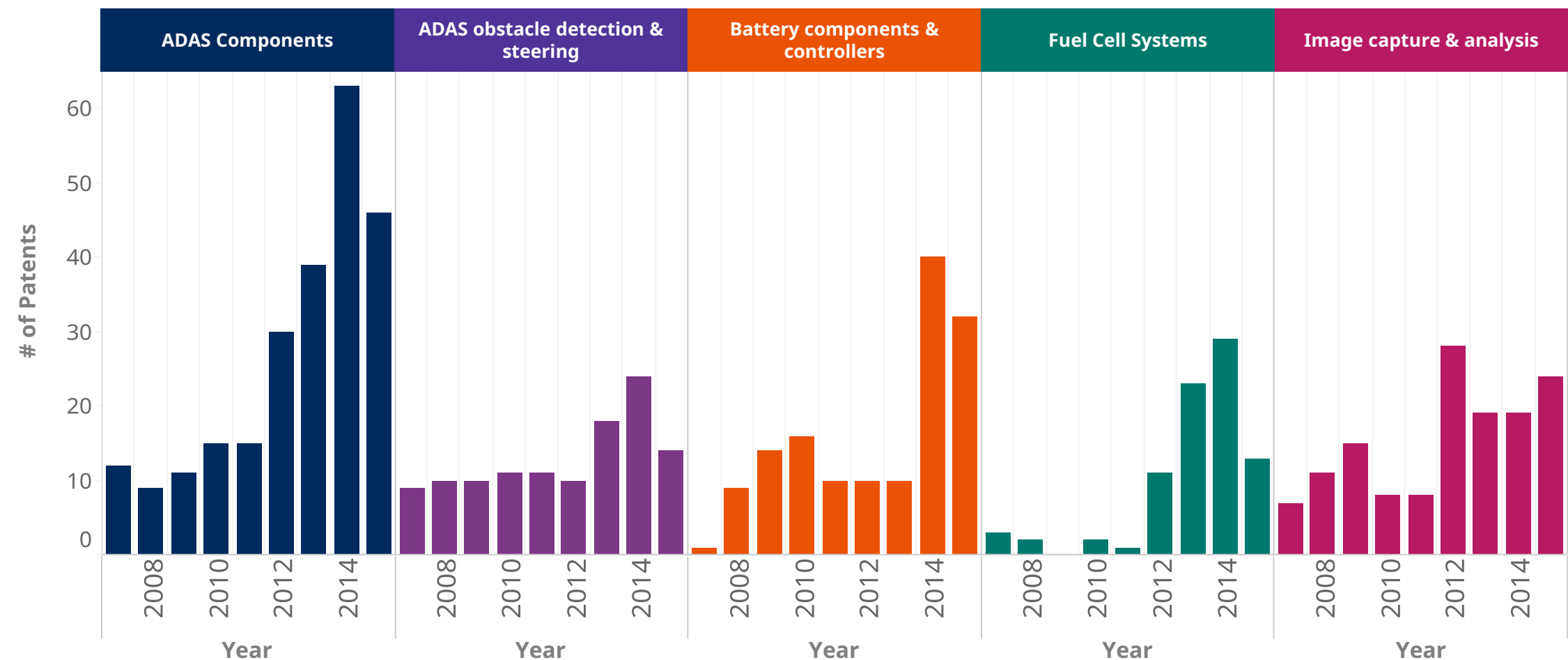
Britain's vote to leave the EU has had little immediate impact on the people's spending habits, according to new figures that suggest more money was splashed out on clothes, meals out and day trips in July

The Guardian, 8 August 2016

Unique insight into industrial R&D

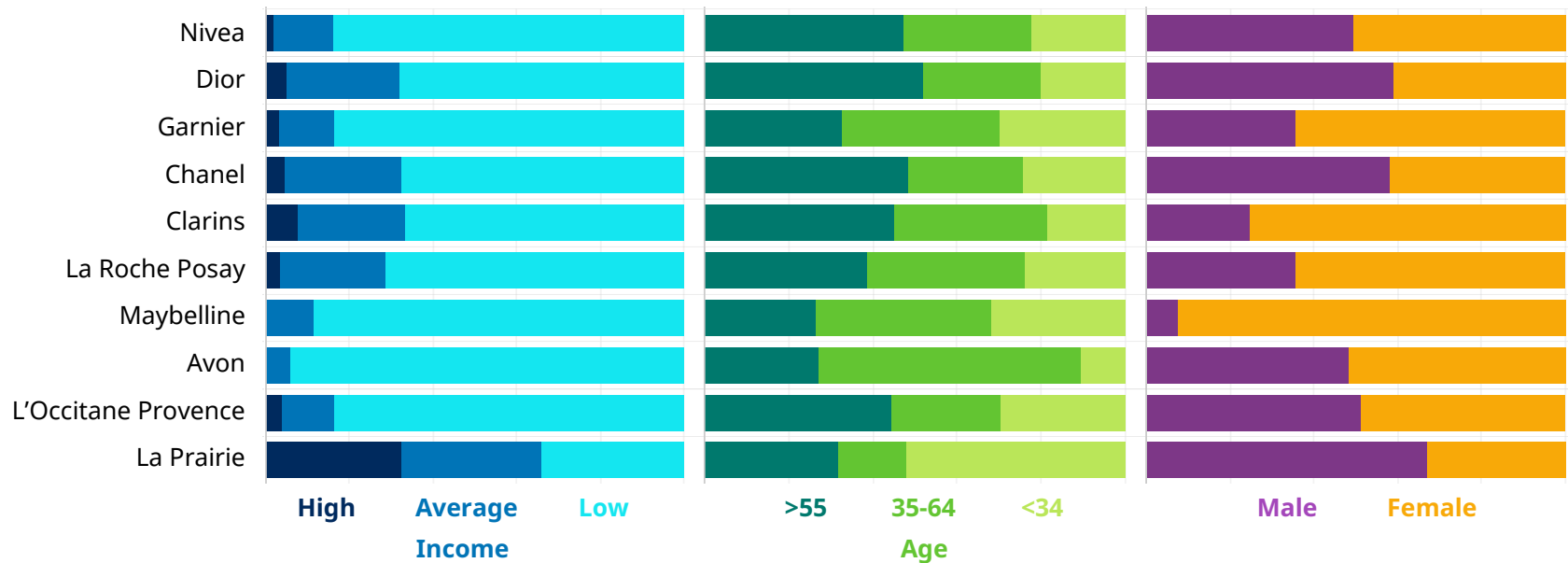
Turning documents to data

Answer: Patent evolution for an auto manufacturer



Source: Schroders

Question: Is a corporate brand managing to attract the demographic it is targeting?



Answer:

- 13 billion rows of data revealing attitudes towards **brands across the globe** updated **daily**
- Capability to dissect customers by **demographic profile**, **purchase history** and **brand perception**

Source: Schroders. Companies shown are for illustrative purposes only and are not a recommendation to buy or sell any security.

Understanding
brand strength

Comprehensive
understanding of
purchasing behaviour



Conclusion

- Substantial investment in data science
- Focus on long-term alpha
- Deep, two-way integration
- Datasets multiplier effect
- Fundamental insights, not black-box signals
- Scale advantage



Peter Harrison,
Group Chief Executive
October 2017

For professional investors only, not for retail clients



Global, diversified
presence...

...with plentiful growth
opportunities



Thank you

Important information

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