



# Schroders

## 2016 Annual Results

Data Pack | March 2017



**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 and administration (AUMA)

£397.1 billion at 31 December 2016

£bn	Institutional	Intermediary	Asset Management	Wealth Management	Total AUM	AUA	AUMA
1 January 2016	181.0	100.9	281.9	31.6	313.5		
Acquisitions*	1.9	1.4	3.3	3.4	6.7		
Net flows	4.3	(2.9)	1.4	(0.3)	1.1		
Investment returns**	40.0	20.7	60.7	4.0	64.7		
Transfers***	(0.9)	-	(0.9)	0.9	-		
31 December 2016	226.3	120.1	346.4	39.6	386.0	11.1	397.1

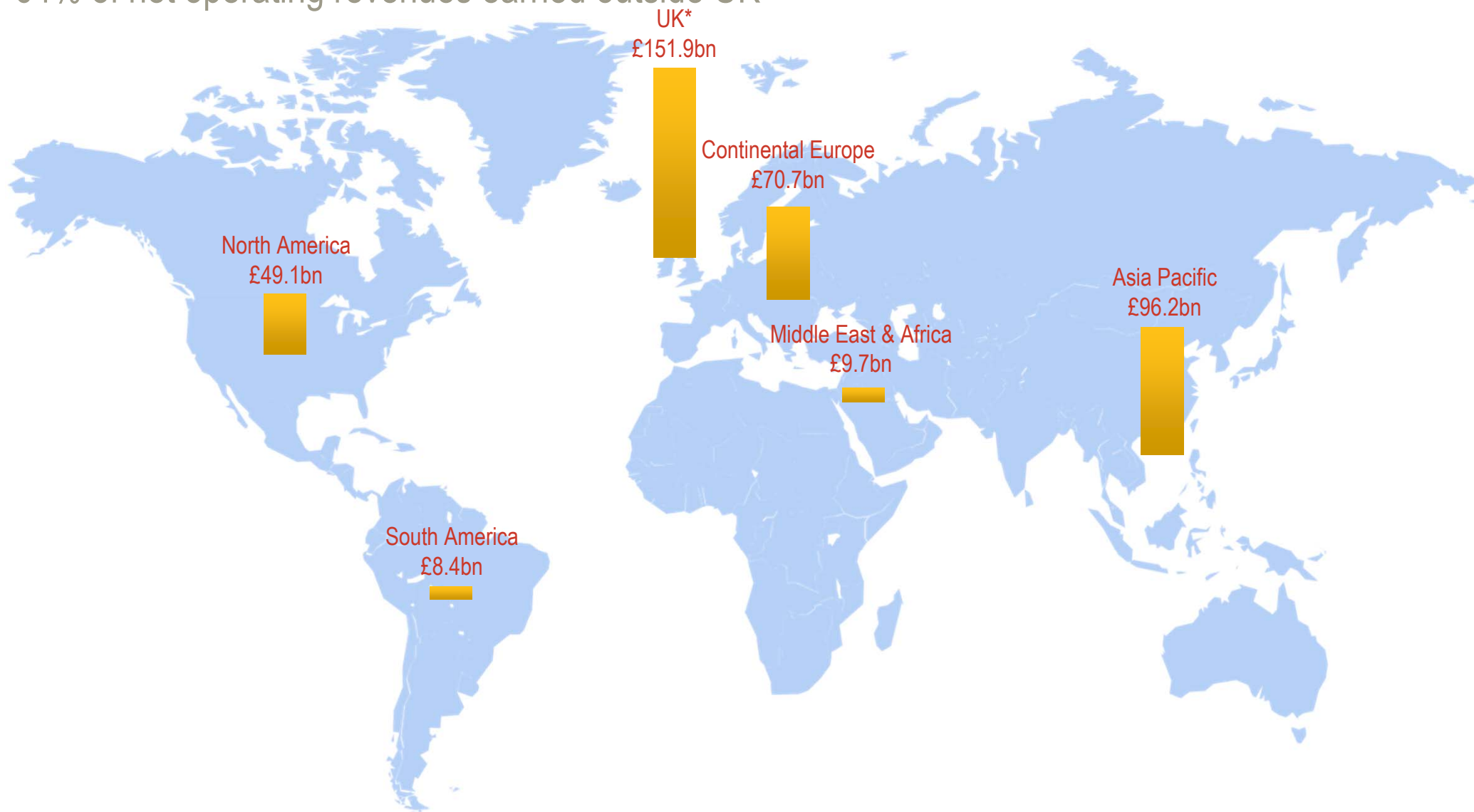
\* Asset Management acquisition relates to the purchase of the securitised credit business in North America. The Wealth Management acquisition relates to the purchase of an interest in Benchmark Capital.

\*\* The weakening of Sterling since 1 January 2016 had the effect of increasing total assets under management by £42bn.

\*\*\* Relates to the transfer of charities assets from Asset Management to Wealth Management.

# Regional diversification of AUM

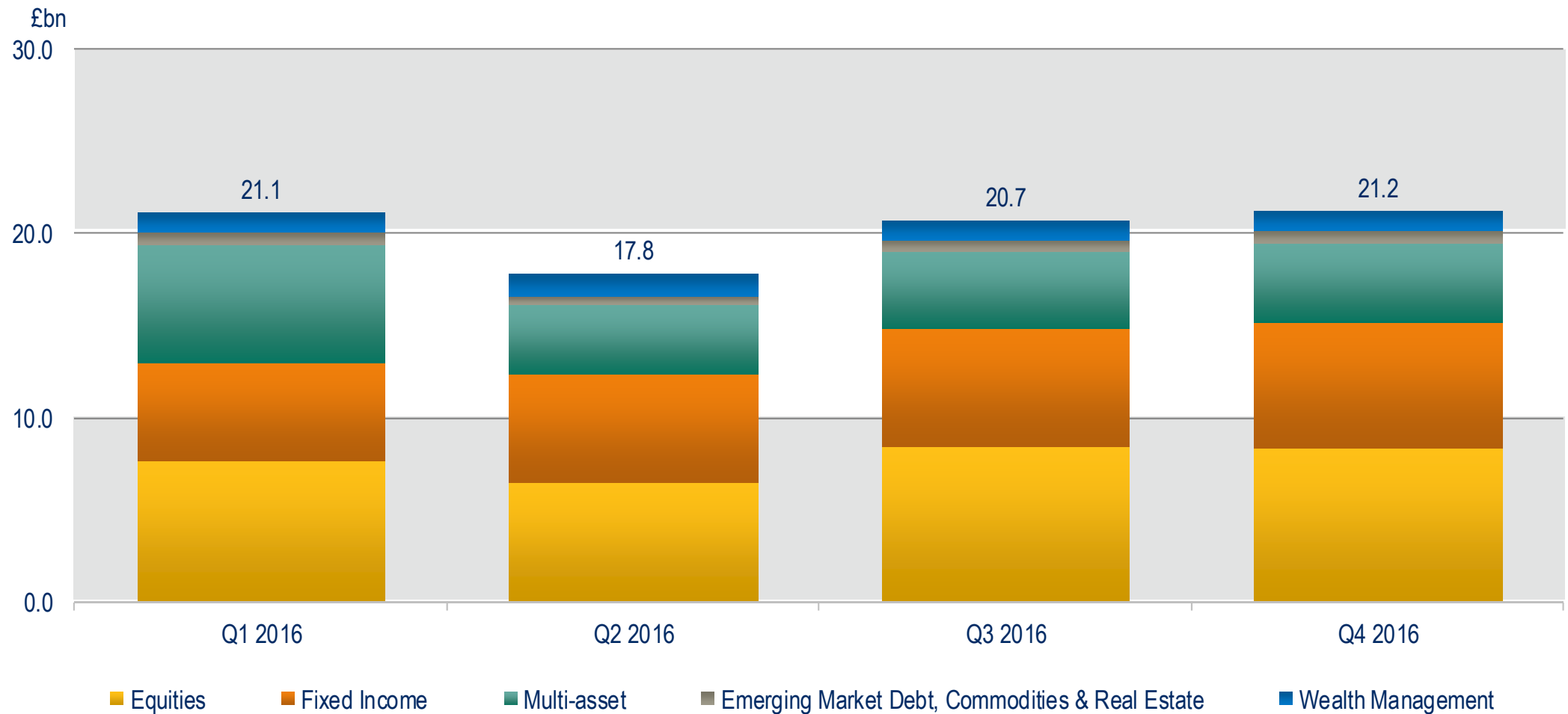
64% of net operating revenues earned outside UK



\* A further £11.1bn of assets under administration are located in the UK.

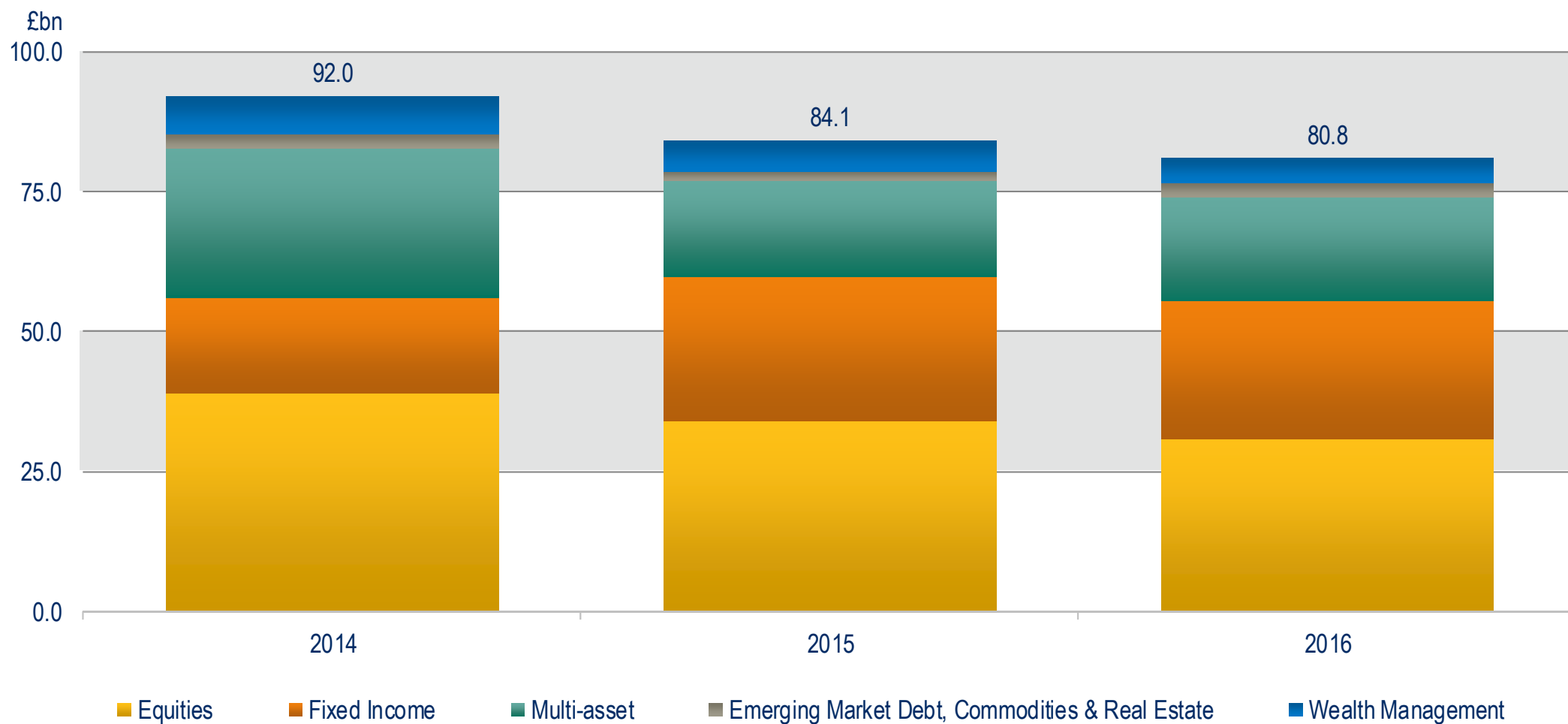
# Gross sales

Quarterly



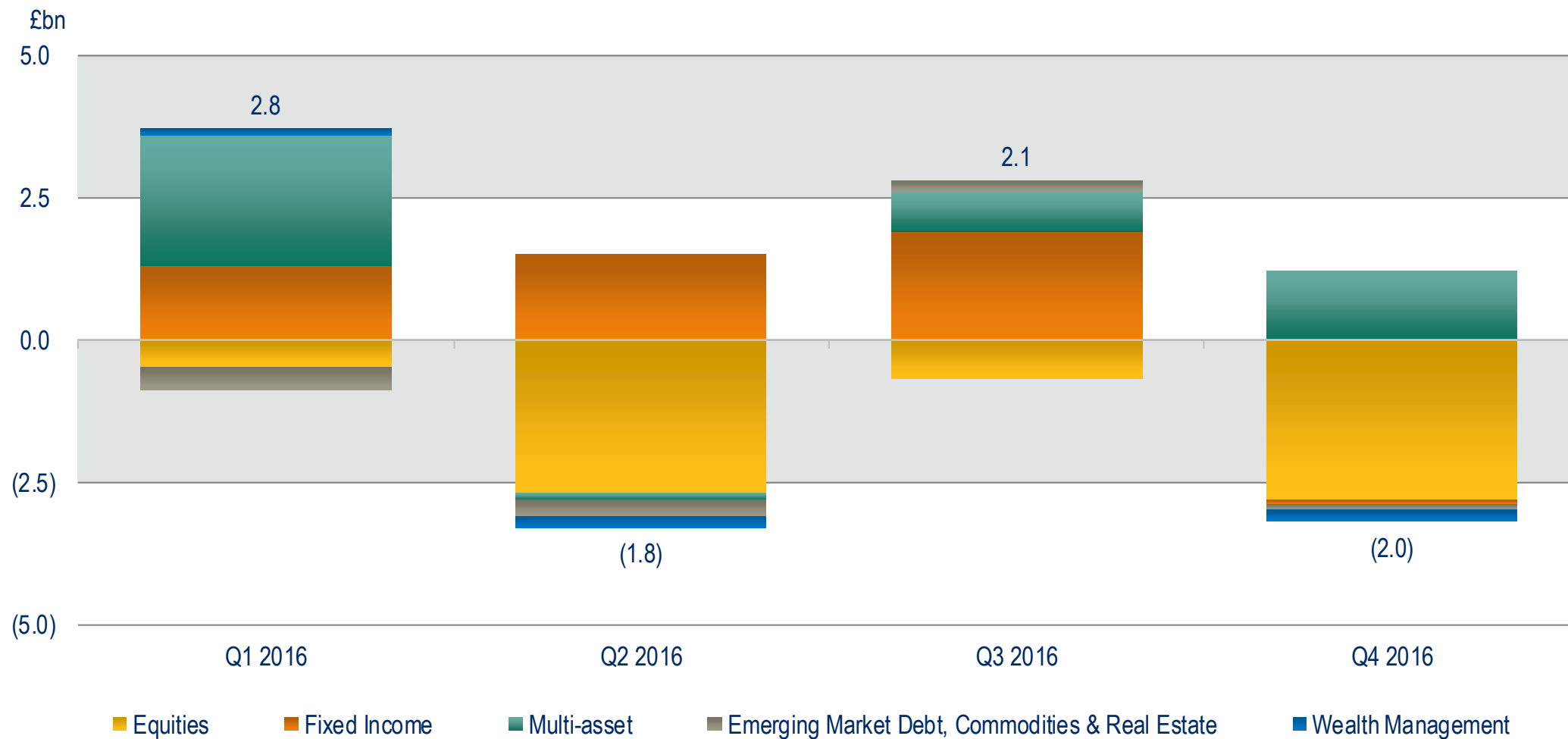
# Gross sales

Annually



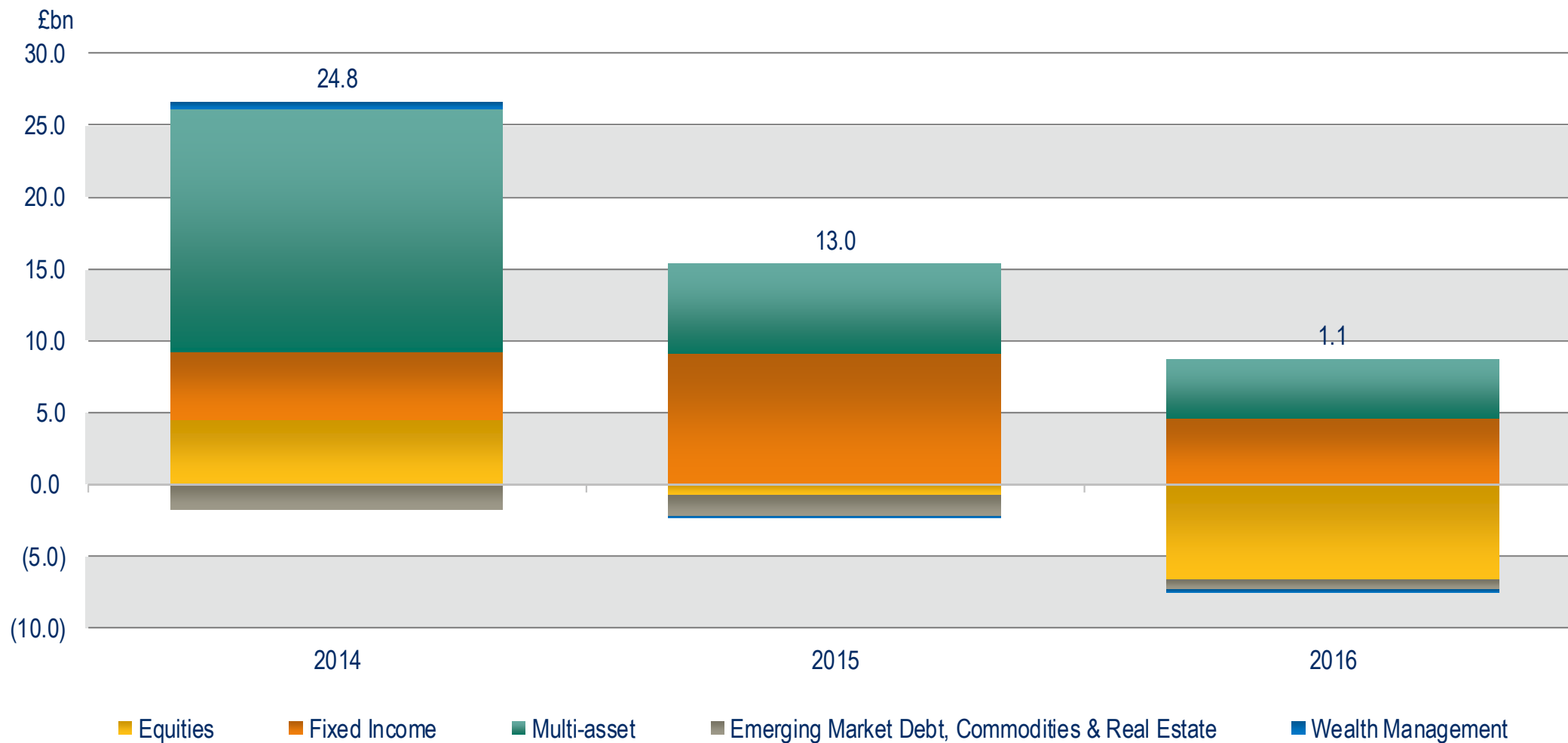
# Net flows

Quarterly



# Net flows

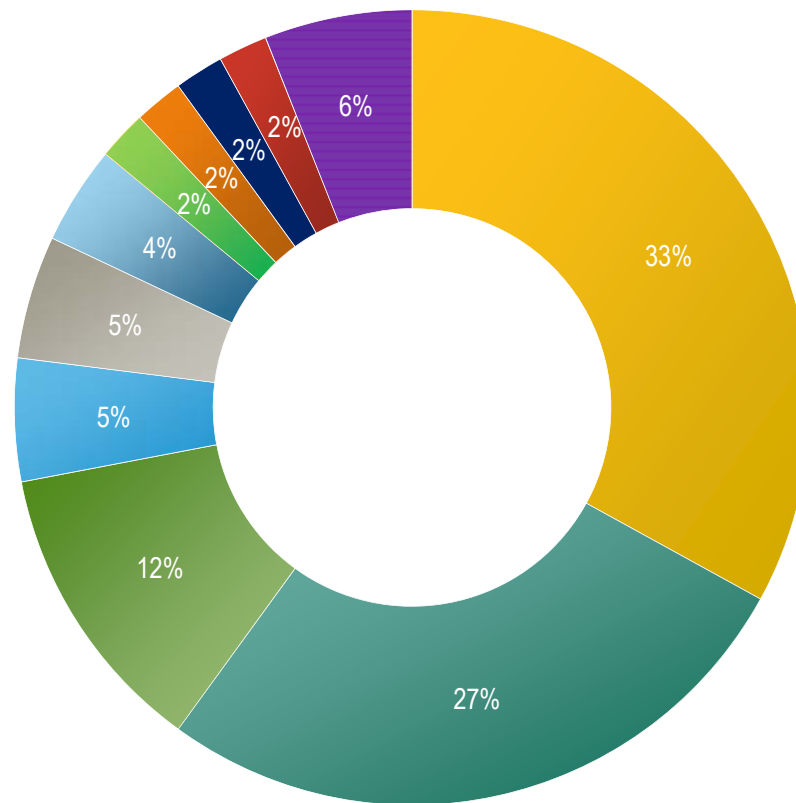
Annually





# Currency profile of AUM

Assets under management £386.0 billion



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

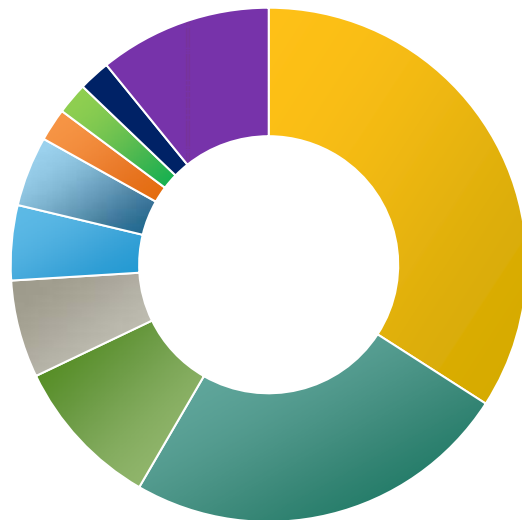
\* USD includes other currencies pegged to USD, including HKD.

\*\* Includes the following currencies which individually constitute 1% of AUM: BRL, INR, SGD.

# Currency profile of Asset Management AUM

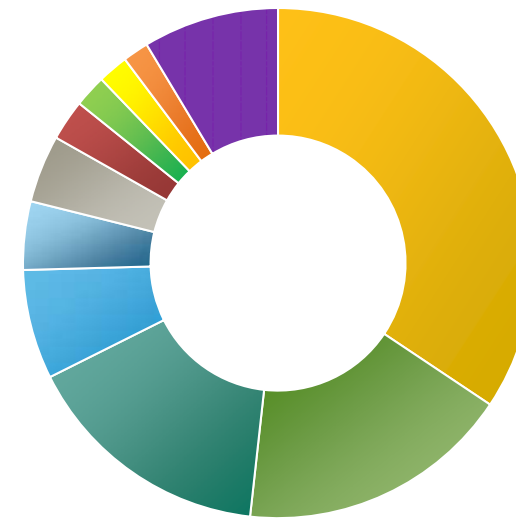
Asset Management AUM £346.4 billion

Institutional £226.3bn



USD*	34%
GBP	24%
EUR	10%
AUD	6%
JPY	5%
CNY	4%
KRW	2%
TWD	2%
CHF	2%
Other	11%

Intermediary £120.1bn



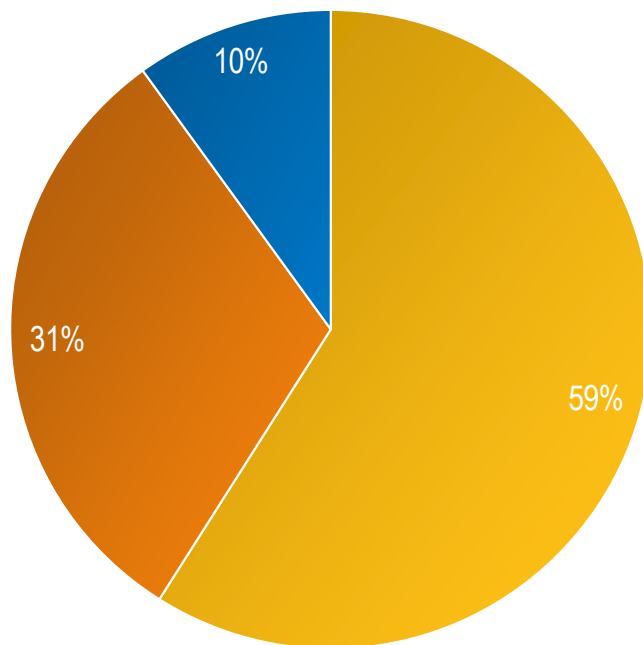
USD*	34%
EUR	17%
GBP	16%
JPY	7%
CNY	4%
AUD	4%
IDR	3%
TWD	2%
SGD	2%
KRW	2%
Other	9%

\* USD includes other currencies pegged to USD, including HKD.

# Total AUM by channel, region and product

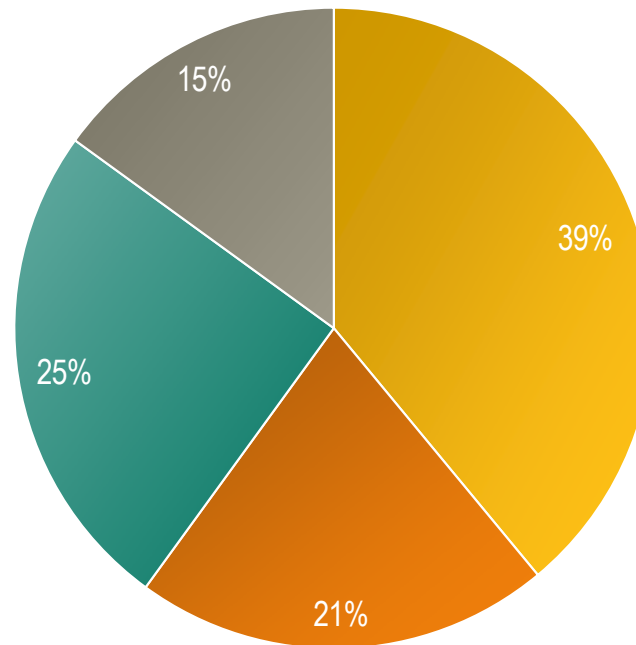
Assets under management £386.0 billion

By channel



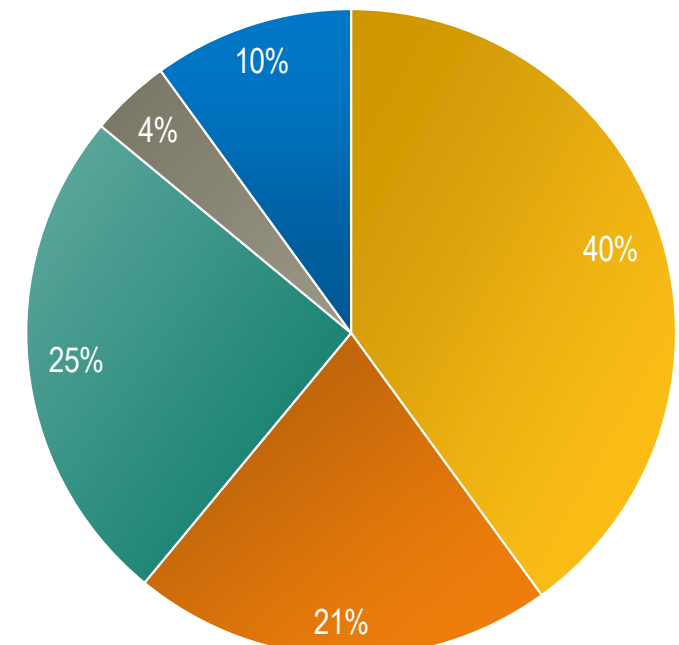
- Institutional
- Intermediary
- Wealth Management

By region\*



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

By product

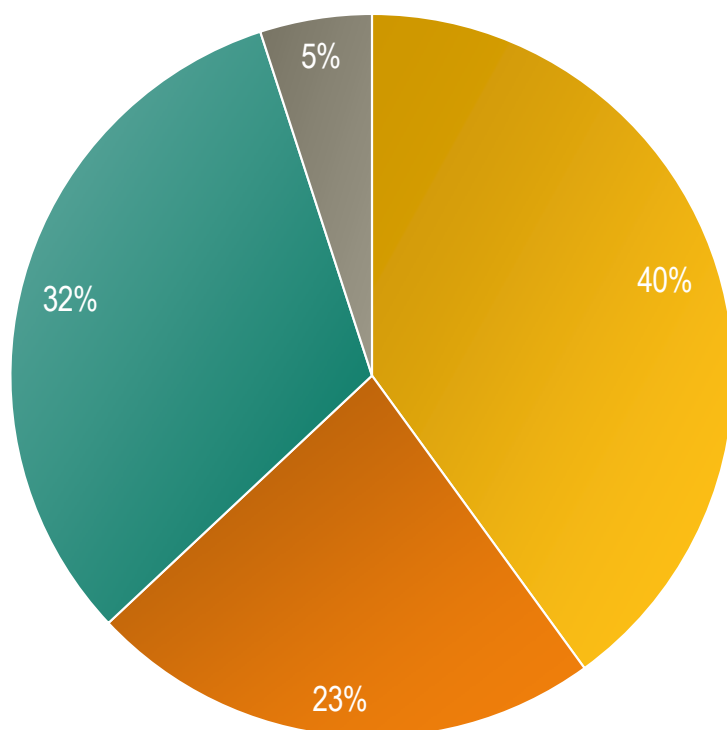


- Equities
- Fixed Income
- Multi-asset
- Emerging Market Debt, Commodities & Real Estate
- Wealth Management

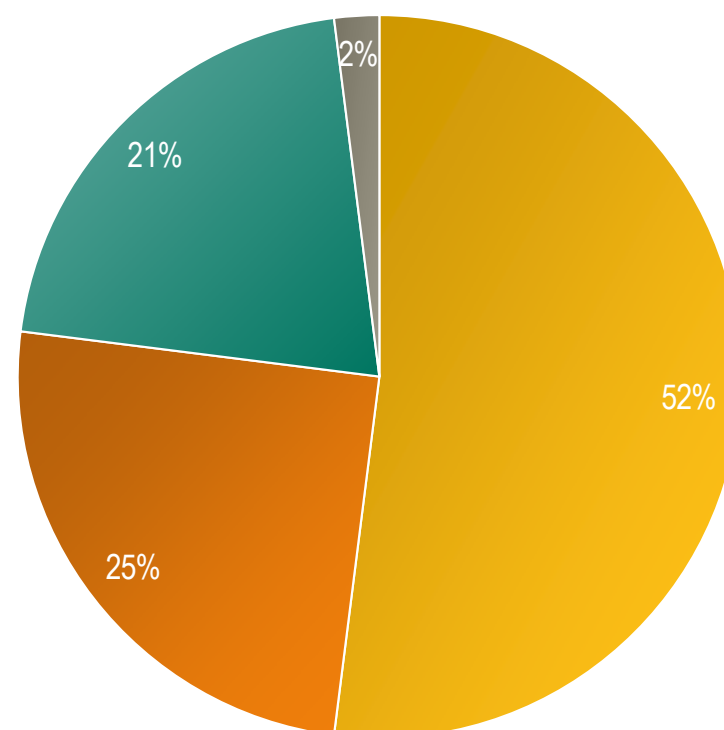
\* By client domicile.

# Asset Management AUM by channel and product

Institutional AUM £226.3bn



Intermediary AUM £120.1bn



■ Equities

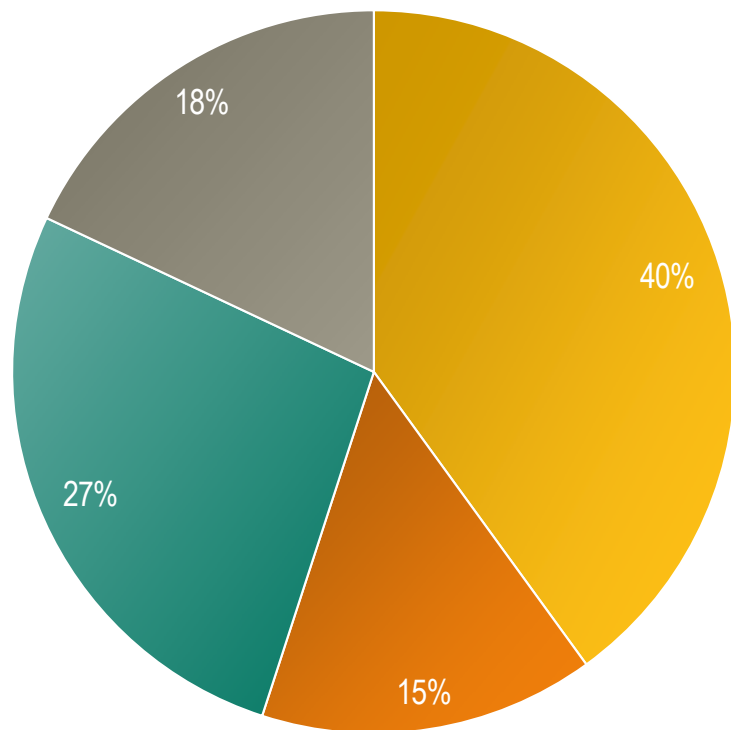
■ Fixed Income

■ Multi-asset

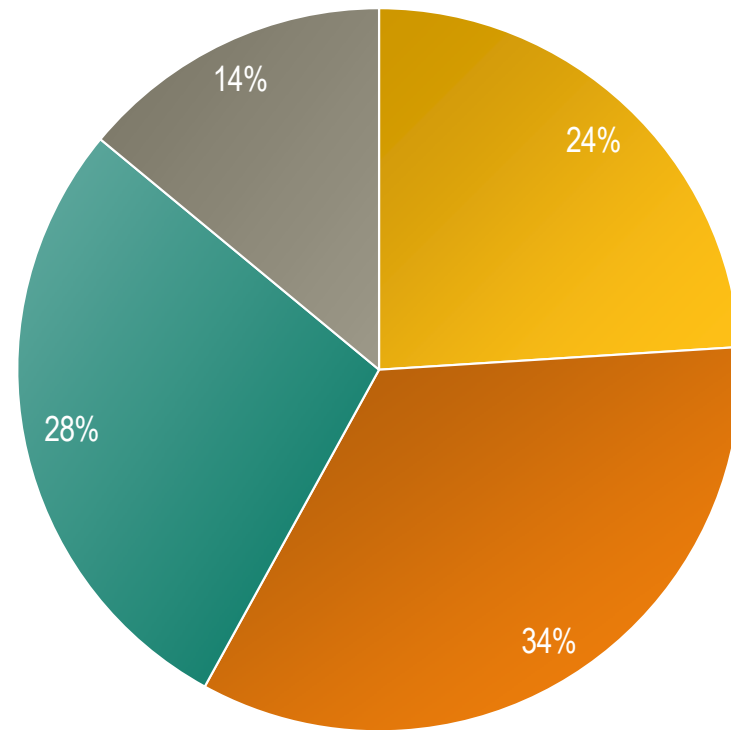
■ Emerging Market Debt, Commodities & Real Estate

# Asset Management AUM by channel and region\*

Institutional AUM £226.3bn



Intermediary AUM £120.1bn



■ UK

■ Continental Europe, Middle East & Africa

■ Asia Pacific

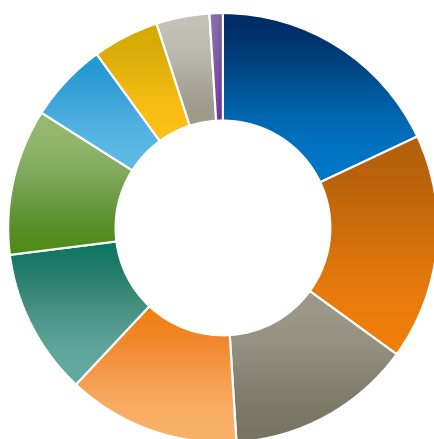
■ Americas

\* By client domicile.

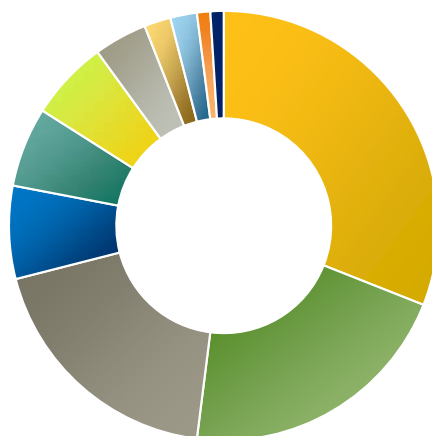
# Asset Management AUM – detailed asset class analysis

Assets under management £346.4 billion

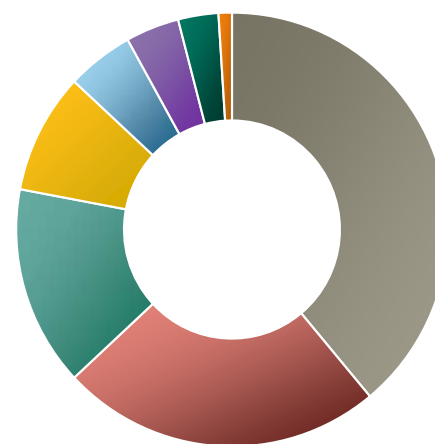
Equities £153.7bn



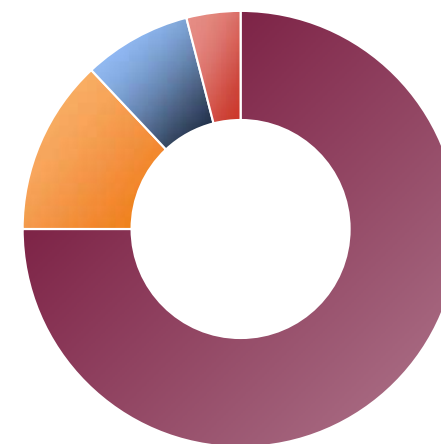
Fixed Income £82.0bn



Multi-asset £96.2bn



Emerging Market Debt, Commodities and Real Estate £14.5bn



Asia Pacific	18%
Quantitative equities	17%
Global	14%
Emerging markets	13%
UK	11%
Europe	11%
Japan	6%
US	5%
Australia	4%
Other	1%

US	31%
Europe	21%
Global	19%
Asia Pacific	7%
UK	6%
Securitised Credit	6%
Australia	4%
Convertibles	2%
Insurance-linked	2%
Emerging market bonds	1%
Infrastructure Finance	1%

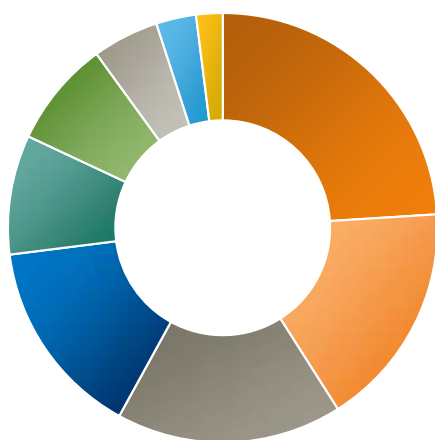
Risk controlled growth	39%
LDI	24%
UK traditional balanced	15%
Income	9%
Inflation protection	5%
Risk mitigation	4%
GAIA	3%
Wealth preservation	1%

Real estate	75%
Emerging market debt	13%
Agriculture and commodities	8%
Private equity	4%

# Institutional AUM – detailed asset class analysis

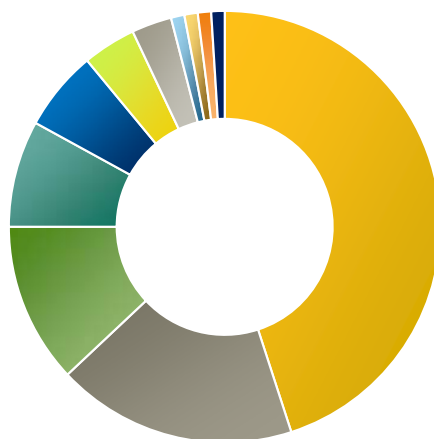
Assets under management £226.3 billion

Equities £91.2bn



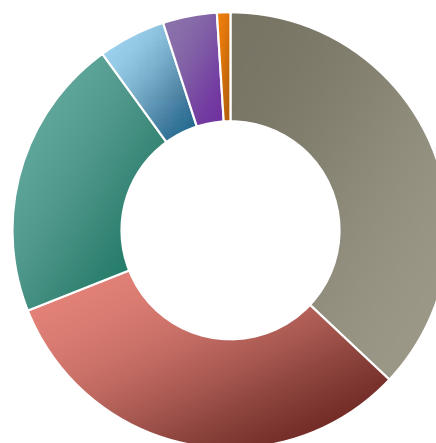
Quantitative equities	24%
Emerging markets	17%
Global	17%
Asia Pacific	15%
UK	9%
Europe	8%
Australia	5%
Japan	3%
US	2%

Fixed Income £52.3bn



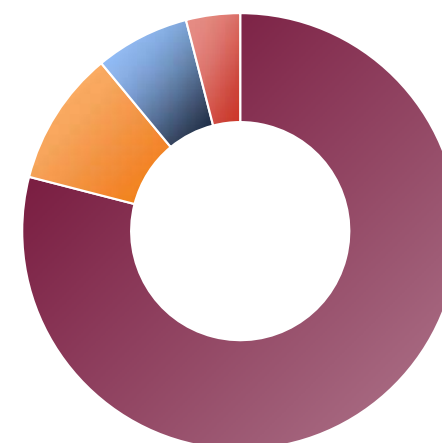
US	45%
Global	18%
Europe	12%
UK	8%
Asia Pacific	6%
Securitised Credit	4%
Australia	3%
Insurance-linked	1%
Convertibles	1%
Emerging market bonds	1%
Infrastructure Finance	1%

Multi-asset £71.0bn



Risk controlled growth	37%
LDI	32%
UK traditional balanced	21%
Inflation protection	5%
Risk mitigation	4%
Wealth preservation	1%

Emerging Market Debt, Commodities and Real Estate £11.8bn

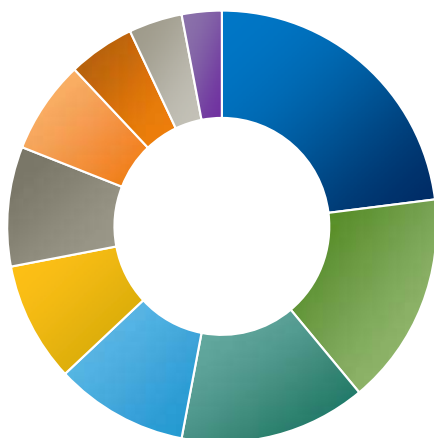


Real estate	79%
Emerging market debt	10%
Agriculture and commodities	7%
Private equity	4%

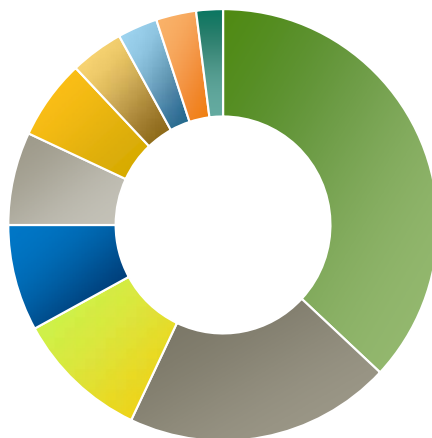
# Intermediary AUM – detailed asset class analysis

Assets under management £120.1 billion

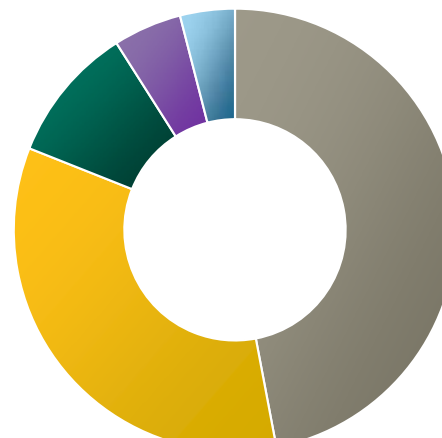
Equities £62.5bn



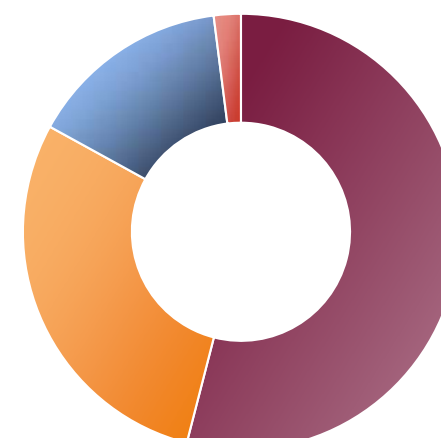
Fixed Income £29.7bn



Multi-asset £25.2bn



Emerging Market Debt, Commodities and Real Estate £2.7bn



Asia Pacific	23%
Europe	16%
UK	14%
Japan	10%
US	9%
Global	9%
Emerging markets	7%
Quantitative equities	5%
Australia	4%
Other	3%

Europe	37%
Global	20%
Securitised Credit	10%
Asia Pacific	8%
Australia	7%
US	6%
Convertibles	4%
Insurance-linked	3%
Emerging market bonds	3%
UK	2%

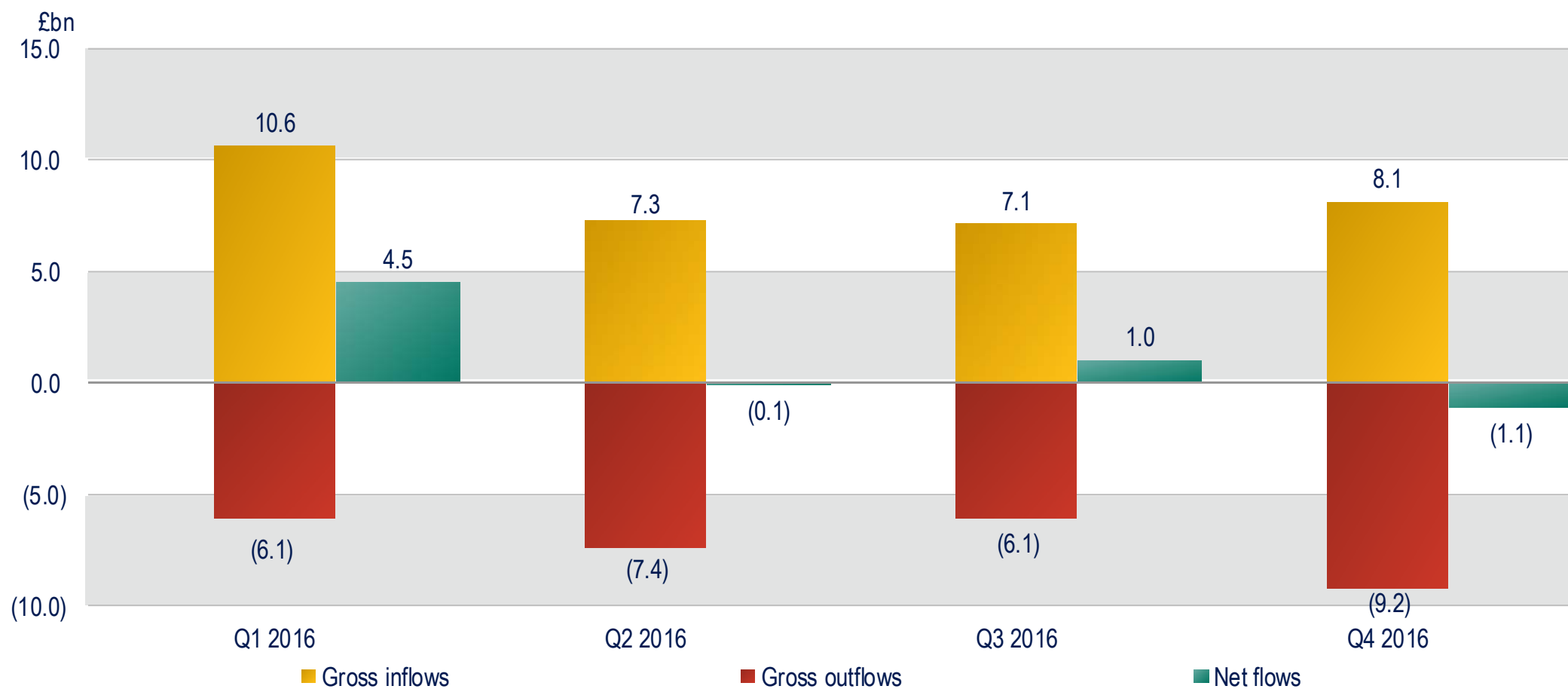
Risk controlled growth	47%
Income	34%
GAIA	10%
Risk mitigation	5%
Inflation protection	4%

Real estate	54%
Emerging market debt	29%
Agriculture and commodities	15%
Private equity	2%



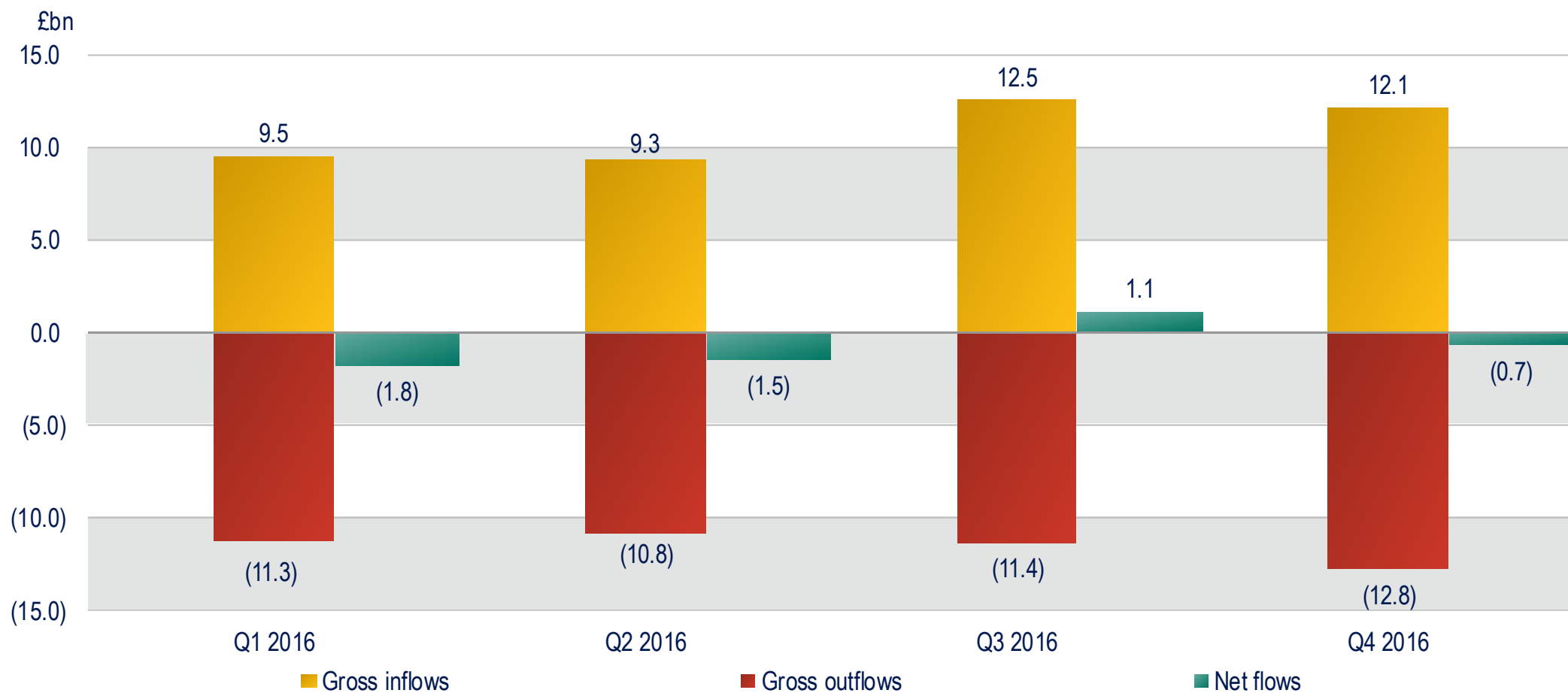
# Institutional

Assets under management: £226.3 billion



# Intermediary

Assets under management: £120.1 billion



# Net operating revenue and margins – Asset Management

Asset Management Net operating revenue £1,489.5 million

	2015	2016
Performance fees - £m	35.7	38.8
Performance fees on average AUM	1 bps	1 bps
Net operating revenue (ex performance fees) - £m	1,357.7	1,450.7
Net operating revenue (ex performance fees) on average AUM	49 bps	46 bps
Net income* - £m	1,412.5	1,534.4
Operating expenses* - £m	872.0	962.0
Profit before tax* - £m	540.5	572.4

\* Excludes exceptional items.

# Income statement progression

## Asset Management profit before tax

£m	2014	2015	2016
Institutional	571.7	628.7	692.5
Intermediary	716.4	764.7	797.0
Net operating revenue	1,288.1	1,393.4	1,489.5
Net gains on financial instruments and other income	14.3	6.3	28.2
Share of profit of associates and joint ventures	5.9	12.8	16.7
Net income	1,308.3	1,412.5	1,534.4
Operating expenses	(809.0)	(872.0)	(962.0)
Asset Management profit before exceptional items	499.3	540.5	572.4
Exceptional items	(17.6)	(12.1)	(18.5)
Asset Management profit after exceptional items	481.7	528.4	553.9

# Income statement progression

## Wealth Management profit before tax

£m	2014	2015	2016
Net operating revenue	206.8	207.3	223.3
Net gains/(losses) on financial instruments and other income	6.7	(0.1)	0.7
Net income	213.5	207.2	224.0
Operating expenses	(151.8)	(145.9)	(157.6)
Wealth Management profit before exceptional items	61.7	61.3	66.4
Exceptional items	(20.4)	(0.8)	(10.1)
Wealth Management profit after exceptional items	41.3	60.5	56.3

# Income statement progression

Group segment (loss)/profit before tax

£m	2014	2015	2016
Net operating revenue	0.3	-	-
Net gains on financial instruments and other income	22.7	30.1	29.9
Share of profit of associates*	4.7	8.7	4.8
Net income	27.7	38.8	34.7
Operating expenses	(23.5)	(30.9)	(28.8)
Group profit before exceptional items	4.2	7.9	5.9
Exceptional items	(10.1)	(7.8)	2.0
Group (loss)/profit after exceptional items	(5.9)	0.1	7.9

\* Includes RWC Partners Limited and Schroder Ventures Investments Limited associates.

# Cost and return metrics

## Total Schroders Group costs

	2014	2015	2016
Total compensation ratio*	44%	44%	44%
Headcount	3,556	3,784	4,145
Total costs*	984.3	1,048.8	1,148.4
Total cost ratio*	64%	63%	64%
Return on average capital (pre-tax)*	24%	23%	22%
Return on average capital (post-tax)*	19%	18%	17%

- ▶ Total compensation ratio  
= compensation costs divided by net income\*\*
- ▶ Total cost ratio  
= costs divided by net income
- ▶ 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 income are subject to adjustments by the remuneration committee.

# Movement in capital

£m	2016
1 January 2016	2,795.6
Profit before tax and exceptional items	644.7
Exceptional items	(26.6)
Net movement and recycling arising from AFS financial assets and Associates	7.9
Exchange differences on translation of foreign operations after hedging	101.3
Tax	(130.0)
Own shares purchased	(59.1)
Share-based payments	51.5
Shares issued	5.0
Actuarial loss on defined benefit pension schemes	(2.0)
Dividends paid	(236.6)
Other movements	1.1
31 December 2016	3,152.8
Non controlling interest	(14.4)
Capital attributable to the parent	3,138.4



# Group capital allocation

Increase of £357 million as at 31 December 2016

£m	December 2015	December 2016
Regulatory capital	653	814
Other operating capital	253	65
Investment capital*	942	1,059
Seed capital	229	325
Other**	719	890
Statutory Group capital	2,796	3,153

\* Includes RWC Partners Limited and Schroder Ventures Investments Limited associates.

\*\* Comprises goodwill, intangible assets, pension scheme surplus, other associates and joint ventures, and deferred tax.