

Schroders

HALF YEAR RESULTS

1 August 2024

Peter Harrison

Group Chief Executive

Richard Oldfield

Chief Financial Officer



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Steady growth in assets validates strategic pivot

- ✓ Assets under management reached a new high of £773.7 billion
- ✓ Wealth Management performed strongly and generated 7% advised organic growth
- ✓ Schroders Capital generated positive NNB across all four pillars of private equity, private debt and credit alternatives, infrastructure and real estate
- ✓ Mutual Funds NNB improved throughout H1 and Institutional NNB supported by flows from Solutions mandates
- ✓ Return to asset growth in JVs and associates with solid NNB of £7.8 billion
- ✓ Operating expenses down 1% year-on-year as a result of 2023 efficiency initiatives and continued cost discipline

Our strategy has provided resilience

	H1 2023	Change	H1 2024
AUM (£bn)	726.1	7%	773.7
Net new business inc. joint ventures and associates (£bn)	0.4	–	3.9
Net operating revenue excl. performance fees and net carried interest (£m)	1,137.2	(1%)	1,122.2
Net operating income (£m)	1,211.9	(3%)	1,175.2
Operating profit (£m)	341.4	(8%)	315.0
Basic operating EPS (pence)	16.8	(13%)	14.7
Interim dividend per share (pence)	6.5	–	6.5

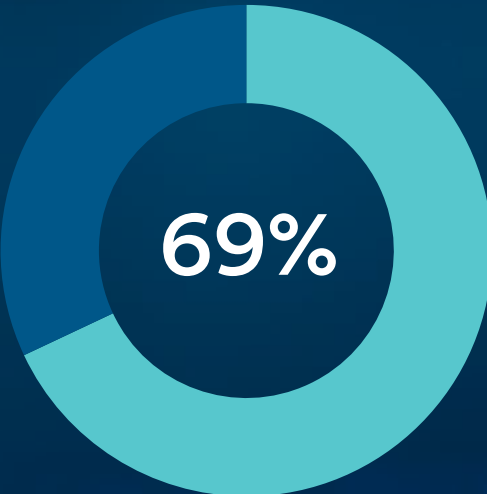
Strategic growth areas continue to deliver

Mutual Funds NNB improving throughout the first half

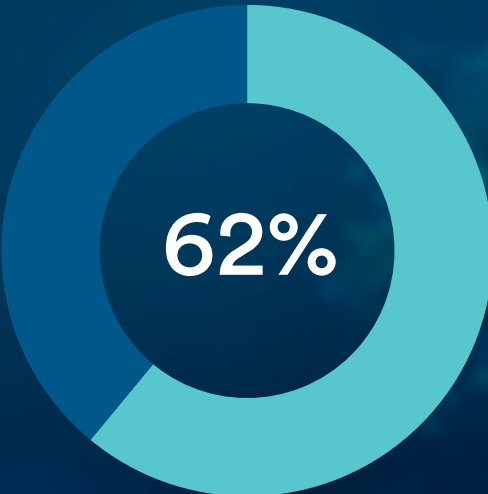
Results achieved despite £17.8 million reduction in performance fees

Delivering positive client outcomes

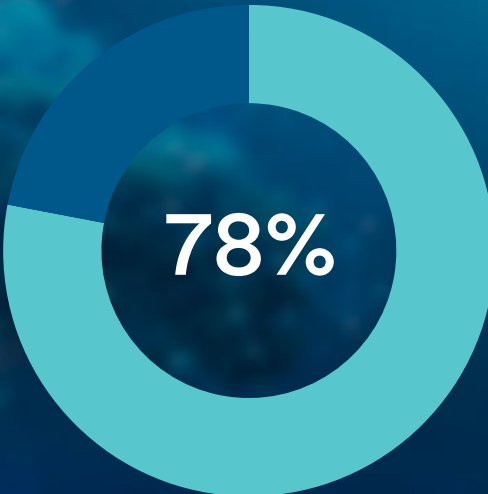
Uptick in client investment performance figures over one, three and five years



outperforming over 1 year



outperforming over 3 years



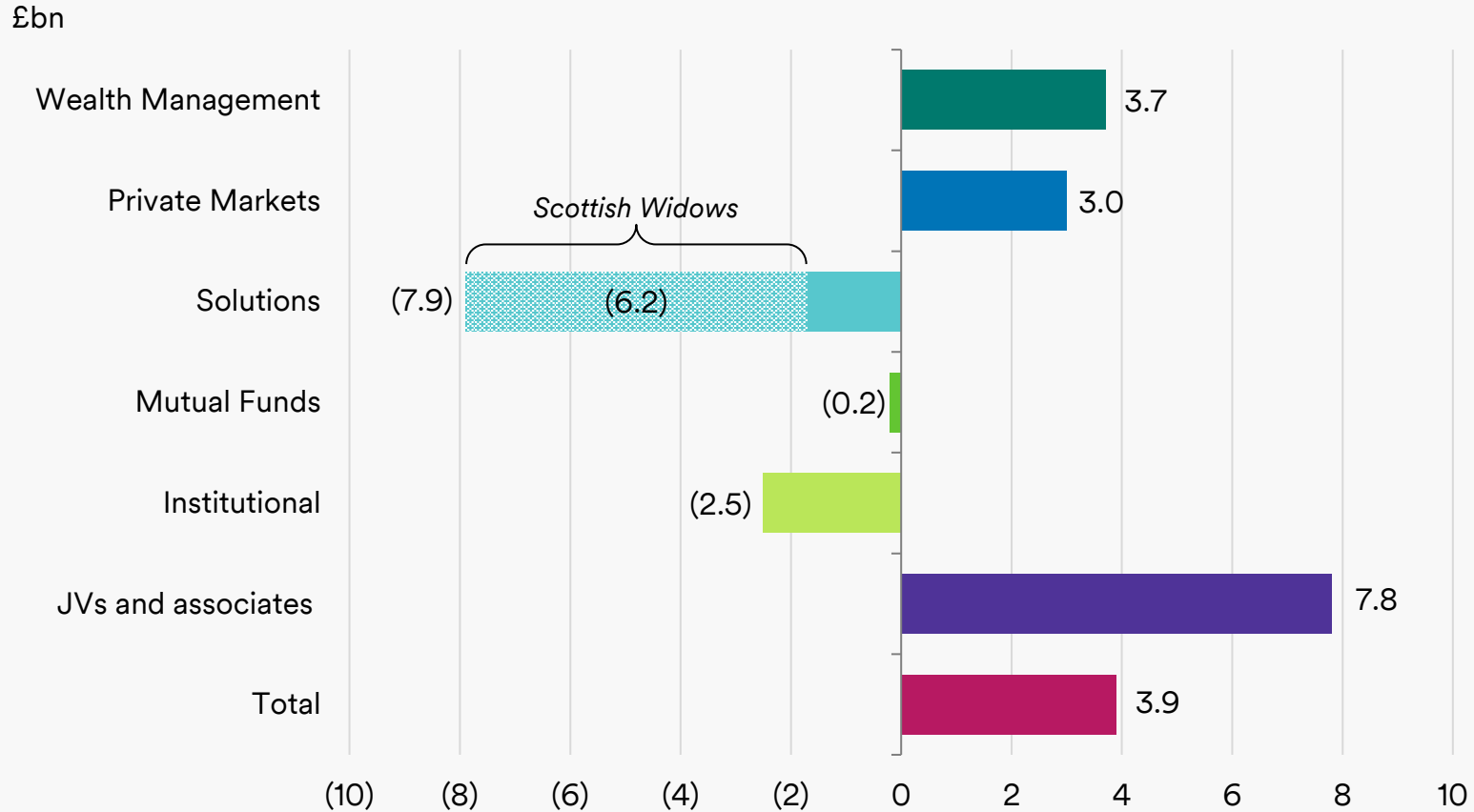
outperforming over 5 years

Note: Please refer to page 9 of the Half Year 2024 Press Release on our investor relations website for more information about client investment performance.

Diverse sources of positive flows

£3.9 billion of positive flows despite large outflow in Solutions

NNB by business area



Inflows of £3.9 billion in H1 despite impact of Scottish Widows outflow

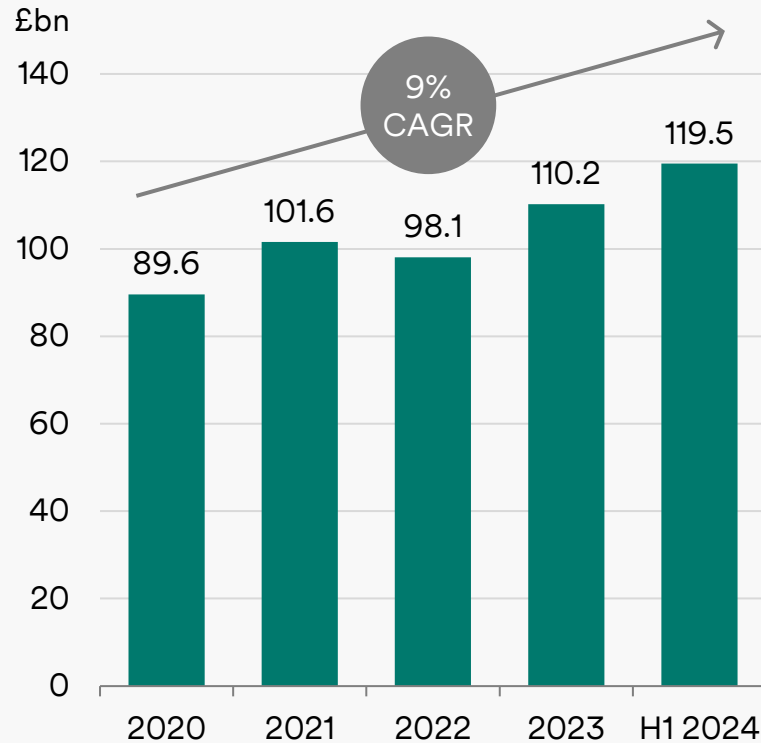
Return to growth in JVs and associates contributes £7.8 billion of NNB

Wealth Management and Private Markets continue to contribute positively

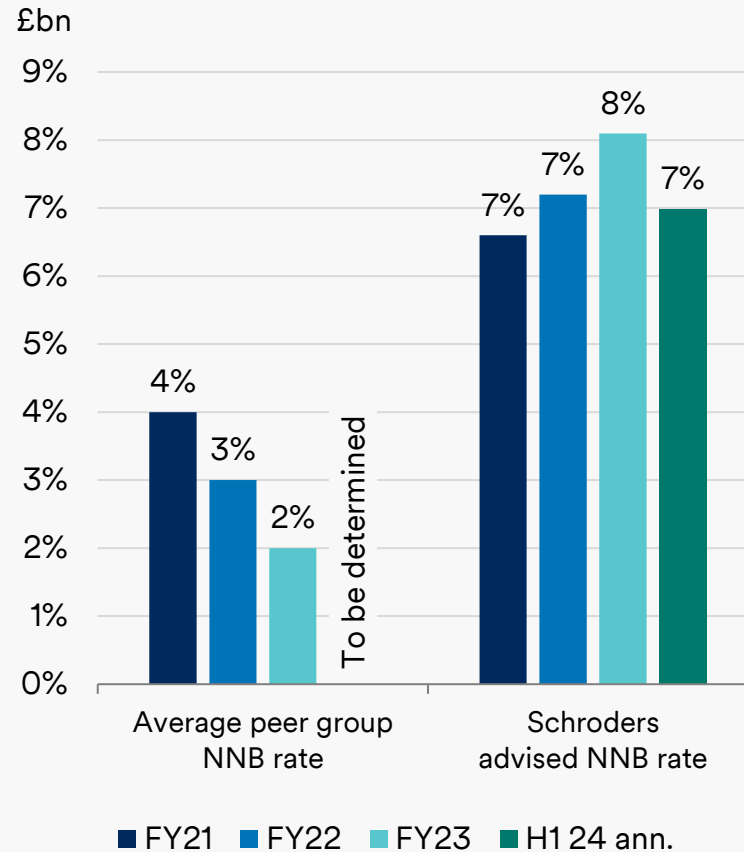
Wealth Management performs strongly

On track to deliver targets set at Capital Markets Day in June 2023

Wealth Management AUM



Wealth Management NNB rate vs peers¹



Leading advised 7% annualised organic growth rate

H1 operating profit up 10% to £83.7 million

Wealth Management makes up 27% of Group operating profit

Wealth Management NNB rate including SPW of 6%, in line with guidance

¹Peer group of listed wealth managers including Quilter, St James' Place, Rathbones and Brooks MacDonald.

A unique Wealth Management offering

Strength and breadth of the platform driving continued growth



Wealth Management has delivered market-leading growth

We have wealth solutions for clients from mass affluent to ultra-high-net-worth, through our three businesses

Cazenove Capital

- ✓ AUM: £72.7 billion, 223 advisers
- ✓ UK's largest charity manager by investment assets¹
- ✓ Continued strong 7% growth rate

Focused growth segments:

1. **Charities:** Group sustainability expertise
2. **UHNW:** breadth of services, private markets
3. **Finance and city professionals:** trusted brand
4. **Business owners:** strong referral network

Incremental new business opportunities in collaboration with Solutions and Private Markets

Benchmark

- ✓ AUM: £32.6 billion, 1,158 advisers²
- ✓ £184 million AUM per associate, up 30% since CMD in June 2023
- ✓ Leveraging award-winning model portfolio service, Schroder Investment Solutions

Schroders Personal Wealth JV

- ✓ AUM: £15.0 billion, 323 advisers
- ✓ New client investment size up 10% y-o-y
- ✓ Reached over 55,000 clients from strong referral pipeline from Lloyds Banking Group

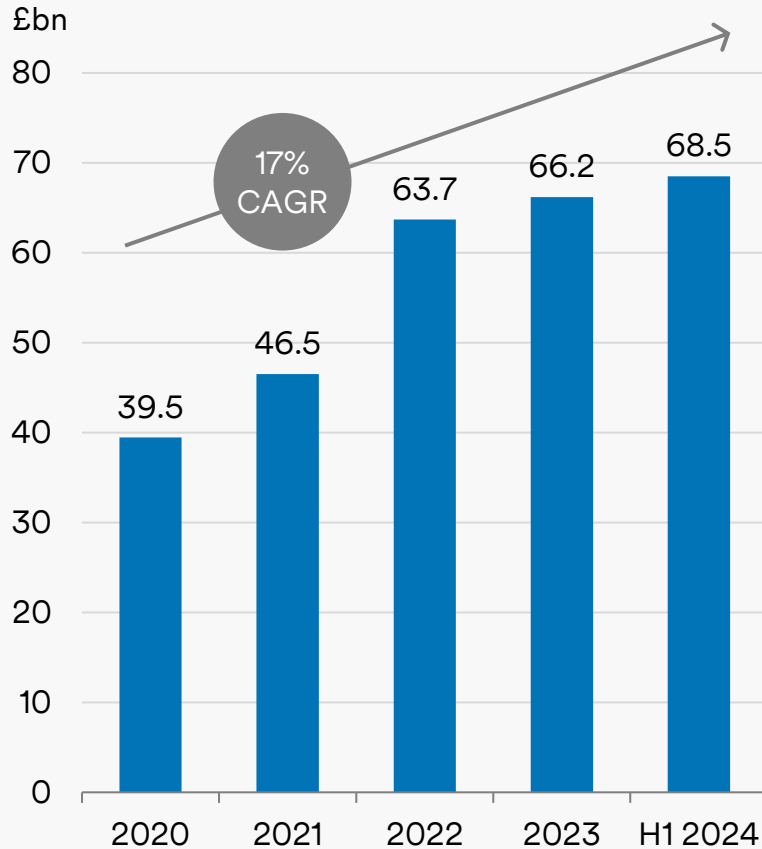
Total Wealth Management AUM of £134.5 billion also includes £14.2 billion managed SPW AUM. AUM is recognised where separate contractual client relationships exist that generate incremental revenues for the Group.

¹Excluding cash deposits. Source: Charity Finance Magazine, 2023 Annual Fund Management Survey. ²Platform advisers.

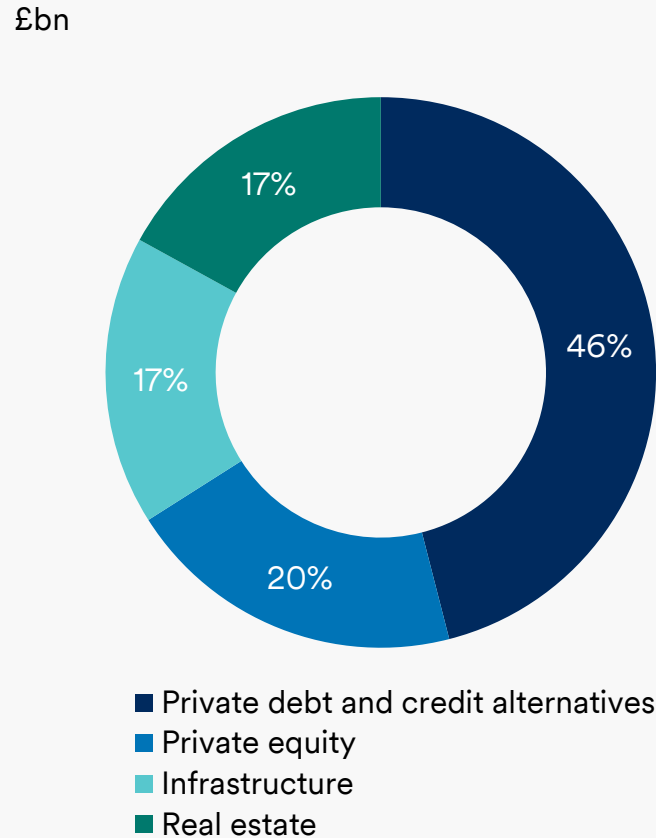
Broad-based growth in Schroders Capital

Seizing opportunities created by structural trends

Private Markets AUM development



Private Markets NNB by pillar



Increased gross fundraising to £5.2 billion (H1 23: £4.5 billion)¹

£4.1 billion non-fee earning dry powder to be deployed

Competitive fundraising rate² of 16% (H1 23: 13%)

Successful private equity realisations include exits for 11.1x and 9.0x MoIC³

¹Prior year gross fundraising restated as externally managed GAIA funds and real estate securities reclassified out of Private Markets and into Public Markets and Solutions. ²Fundraising rate represents annualised gross fundraising/opening AUM. ³Multiple on invested capital.

The launch of Future Growth Capital, a new UK investment manager



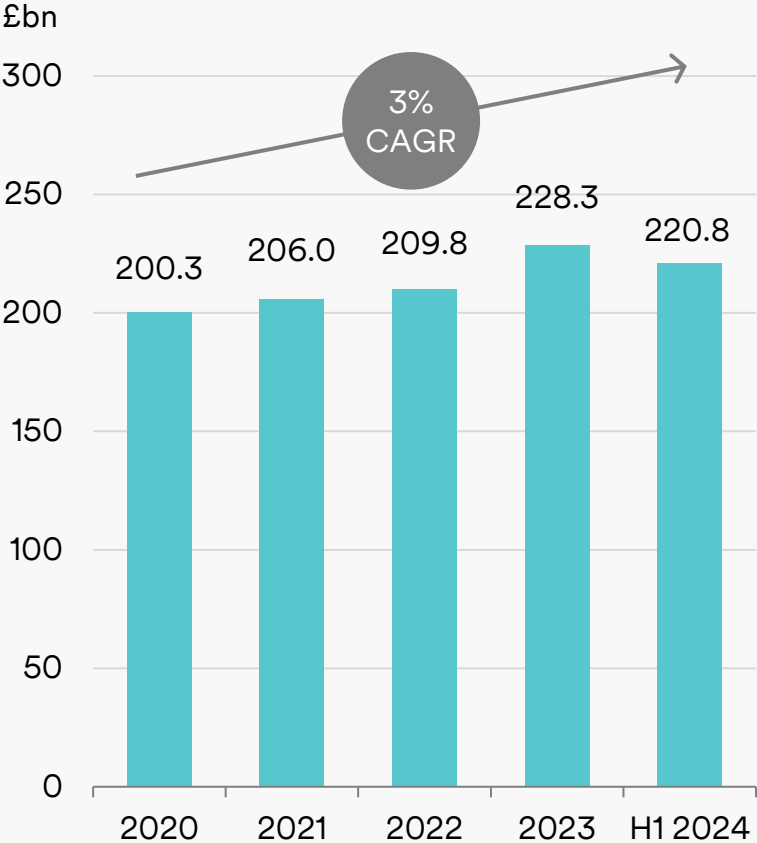
Strategic partnership with Phoenix Group will unlock investment opportunities in private markets for millions of pensions savers

- ✓ New capability for Schroders Capital offering multi-private asset solutions to DC pension savers
- ✓ Provides secure long-term flows, with initial £1 billion commitment from Phoenix Group
- ✓ Set to deploy £2.5 billion over three years, and £10-20 billion into private markets over the next decade
- ✓ Cements leadership in the democratisation of private assets with launch of two new LTAFs
- ✓ Supports CMIT goals and Mansion House Compact to promote growth and create jobs in the UK
- ✓ Seeking regulatory approval: aiming for completion in the Autumn

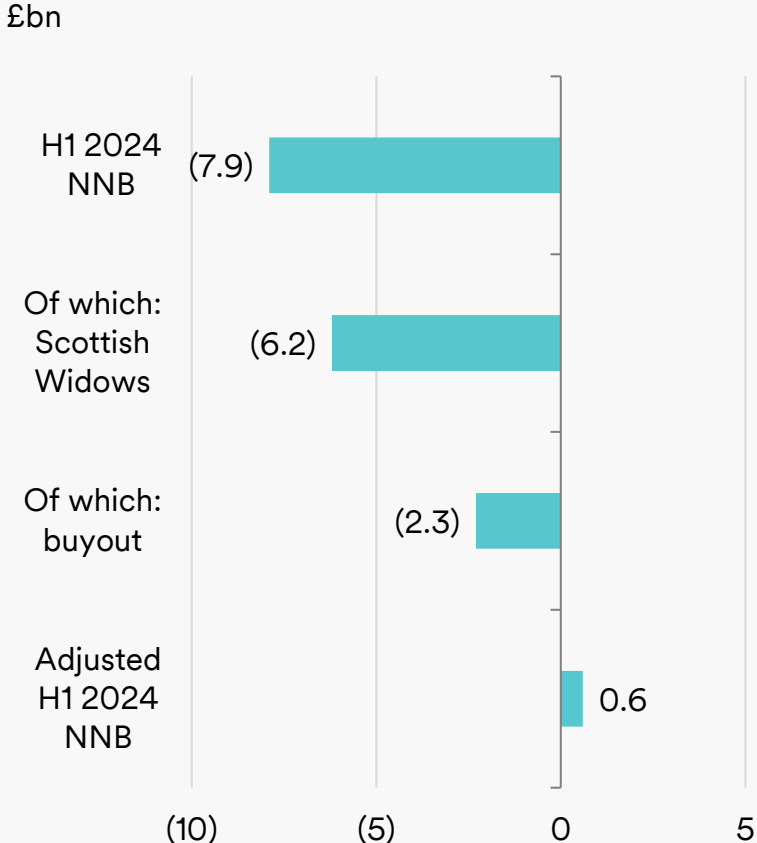
Solutions outflows partially offset by new mandate wins

AUM impacted by multi-asset and Scottish Widows outflows

Solutions AUM development



Solutions NNB



Solutions mandate extensions driving NNB into Public and Private Markets

Successfully supported £2.3 billion of buyouts for six clients

£3.9 billion equity downside protection mandate onboarded

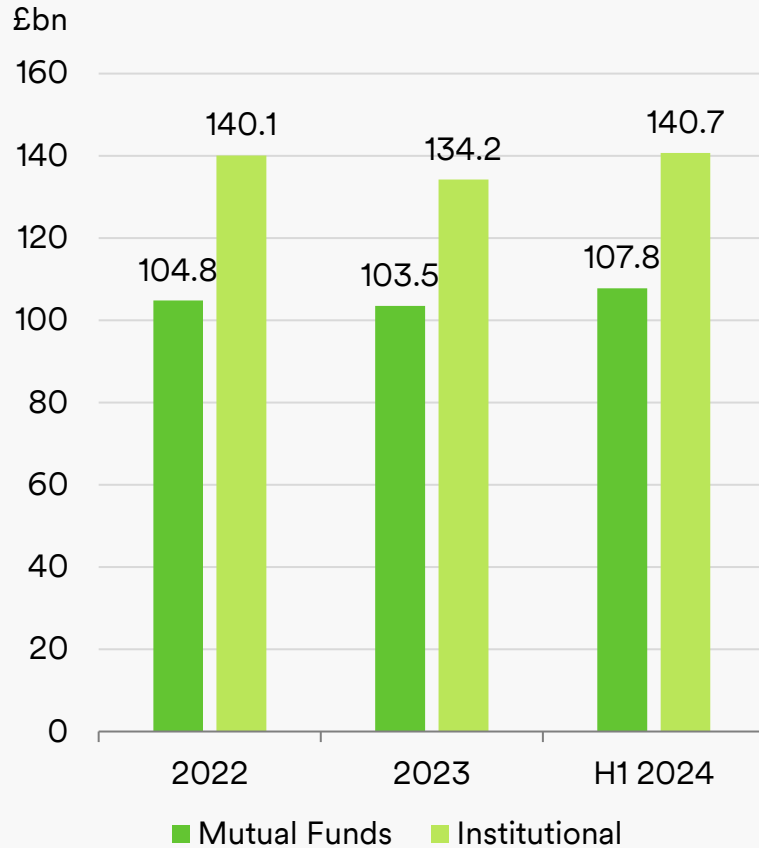
Led the UK Lifetime Savings Initiative with the PMI¹ with the aim of creating a more sustainable national savings model

¹ Pensions Management Institute.

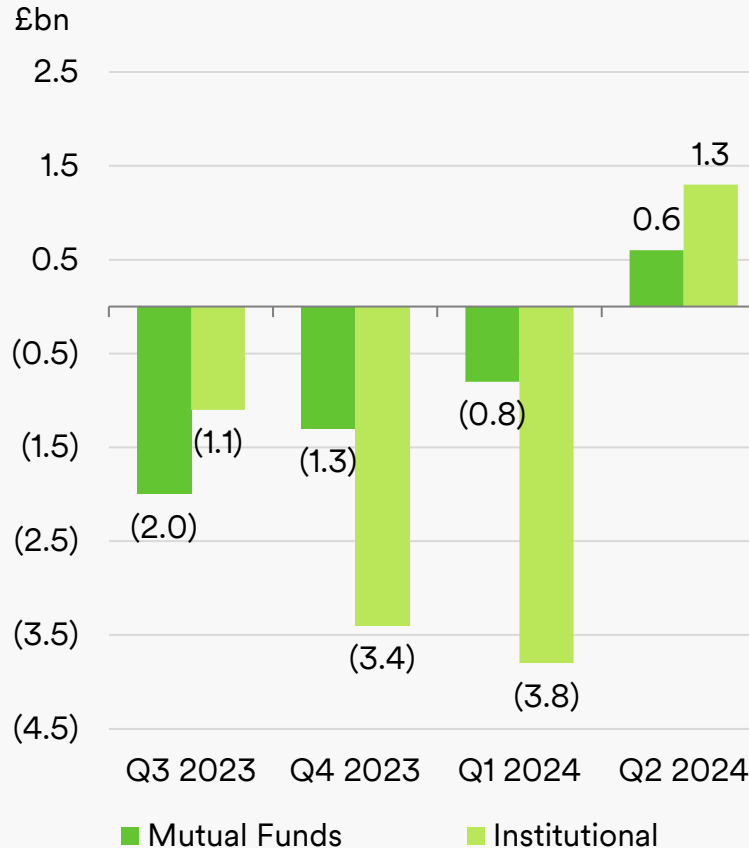
Public Markets reflect broader industry rotation

Outflows from regional equities partially offset by positive fixed income NNB

Public Markets AUM progression



Public Markets NNB progression



Hartford funds in top 10% for active and passive flows in H1

EMEA and US both generating positive Mutual Fund NNB

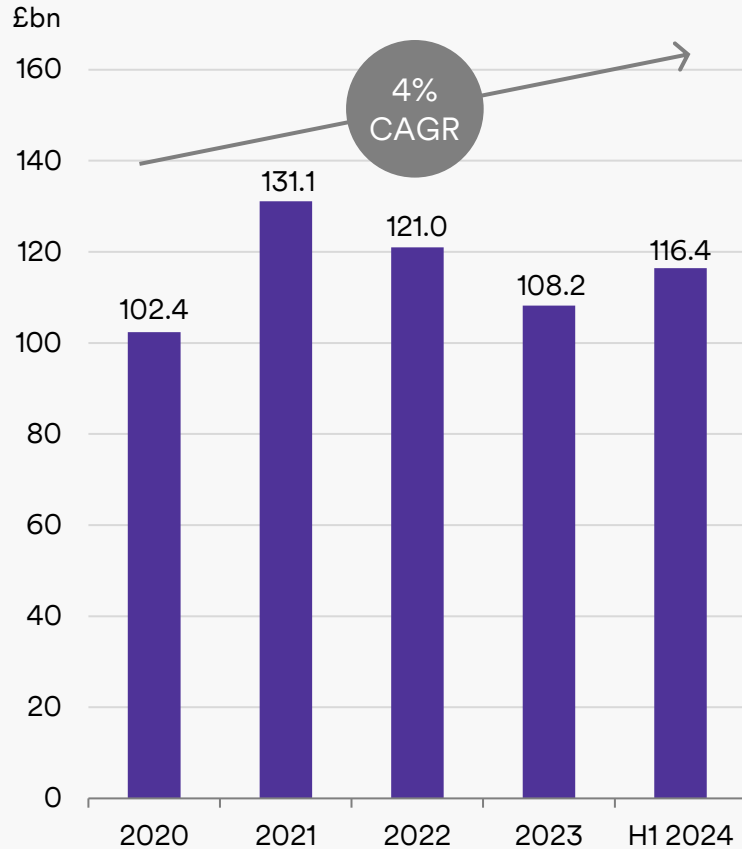
Institutional NNB driven by regional equity outflows, partially offset by inflows into global equity and fixed income strategies

Institutional supported by Solutions mandate flows

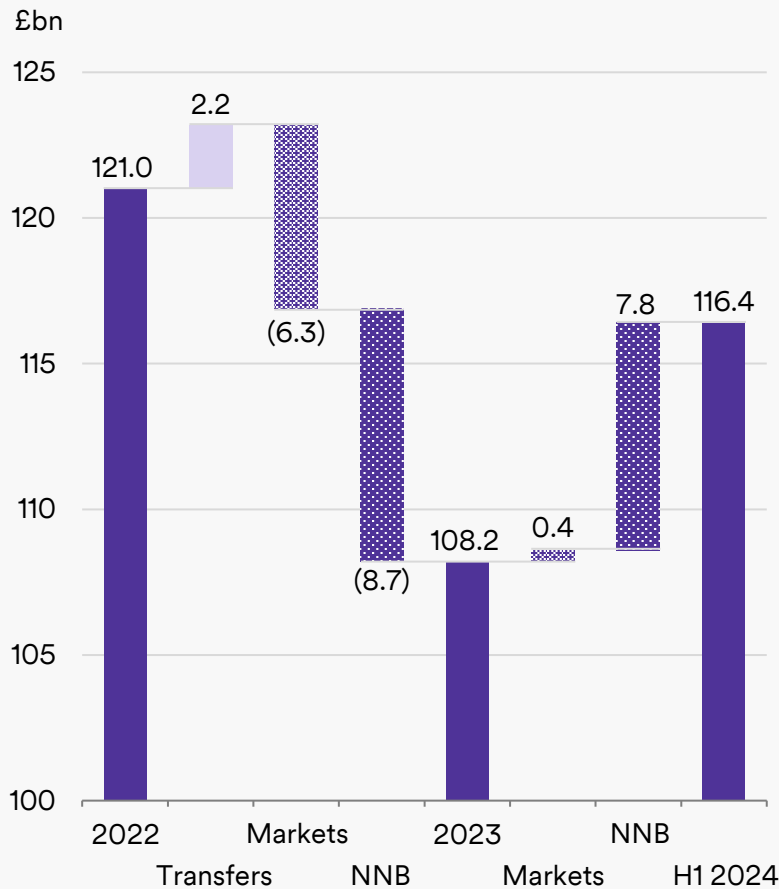
Encouraging return to growth in JVs and associates

NNB of £7.8 billion predominantly from BOCOM FMC JV

JVs and associates AUM



JVs and associates AUM progression



Axis AMC has 5% market share

Schroders ranked 5th overall for foreign asset managers in China¹

BOCOM FMC JV launched four new funds in H1 2024

NNB rate of 14% in H1 2024

¹Z-Ben 2024 China rankings report.

Innovation in action



Successfully launched Gen AI Investment Analyst for private equity team



Leadership in democratisation of private assets continues with launch of semi-liquid UK Venture and Growth LTAF



Increasing uptake of on-desk AI usage, with many unique use cases across the global workforce



Rolled out Benchmark Adviser app to improve adviser experience and streamline service

Schroders

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Richard Oldfield

Chief Financial Officer



Results summary

Results benefitted from Wealth Management & Private Markets growth

	H1 2023	H2 2023	H1 2024
Net operating revenue (£m)	1,169.8	1,164.6	1,137.0
Net operating income (£m)	1,211.9	1,207.1	1,175.2
Operating expenses (£m)	(870.5)	(887.5)	(860.2)
Operating profit (£m)	341.4	319.6	315.0
Profit before tax (£m)	275.6	212.0	276.3
Basic operating EPS (pence)	16.8		14.7
Dividend per share (pence)	6.5		6.5

Wealth Management and Private Markets continue to show solid growth

New business mix led to a softening of average fee margins in Mutual Funds and Institutional

Focus on cost control alongside continued investment in growth initiatives

Net operating income

Income impacted by FX, new business mix and performance related fees

Net operating income bridge



Management fees stable on a constant currency basis

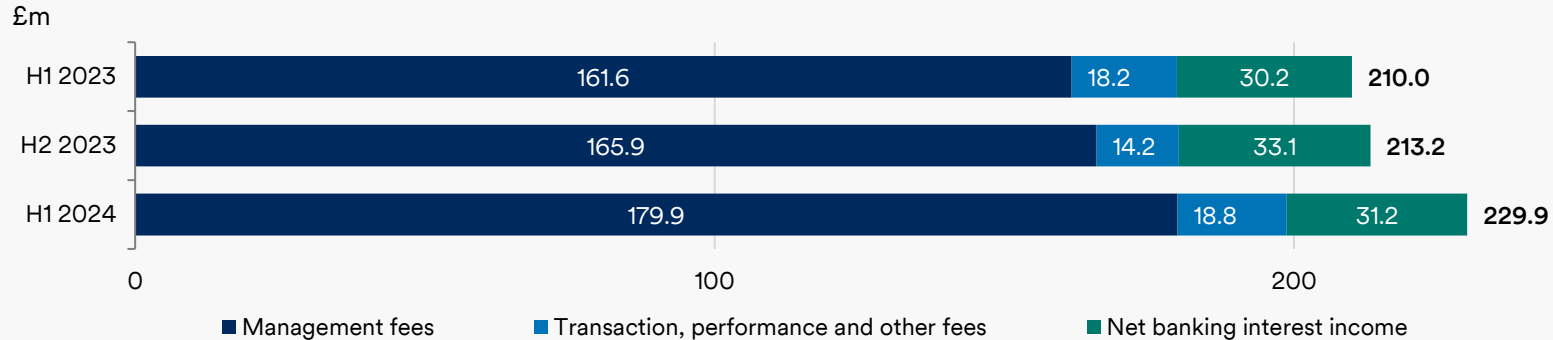
NNB movement reflects both the flow impacts from 2023 and 2024 new business mix

Returns from associates and JVs impacted by Chinese market

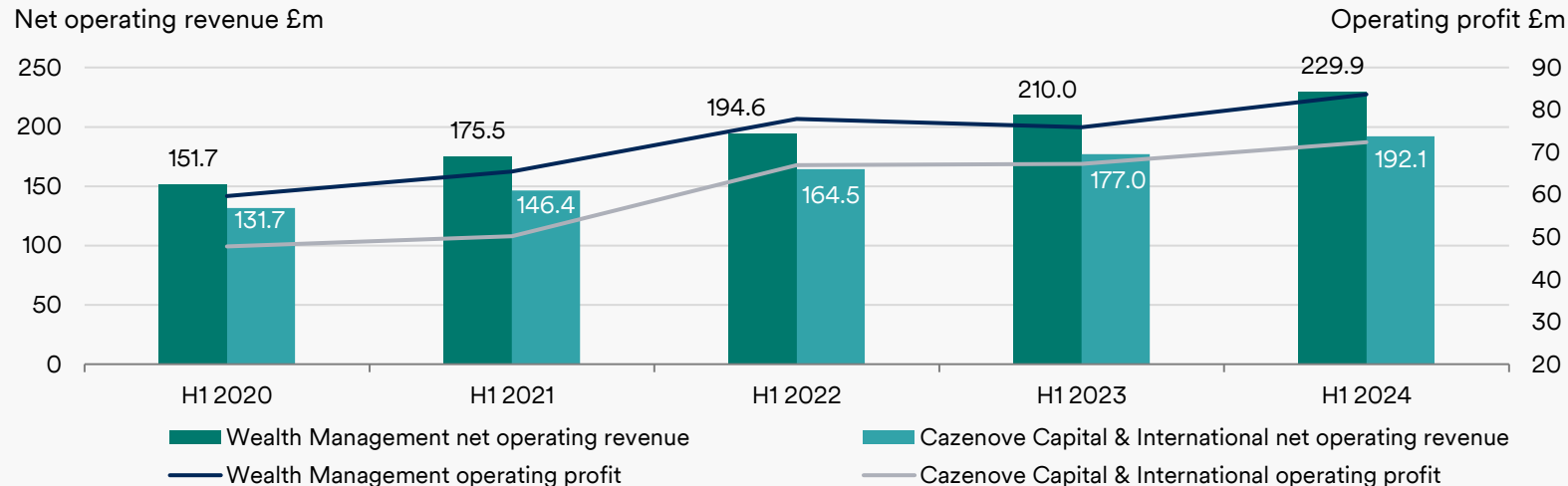
Wealth Management

Excellent growth despite slower allocations to risk assets as higher rates persist

Net operating revenue



5-year net operating revenue¹ and operating profit



¹Prior year numbers reflect any restatements.

Contributed 27% of Group's operating profit

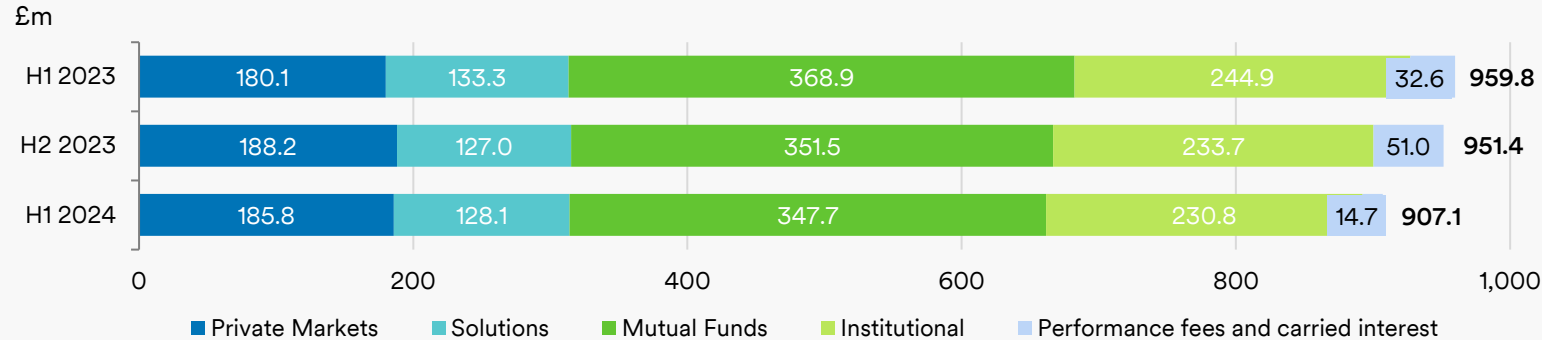
Leading in sustainability and access to high quality products, both of which are supported by the broader Group

Net operating income up 11%

Asset Management

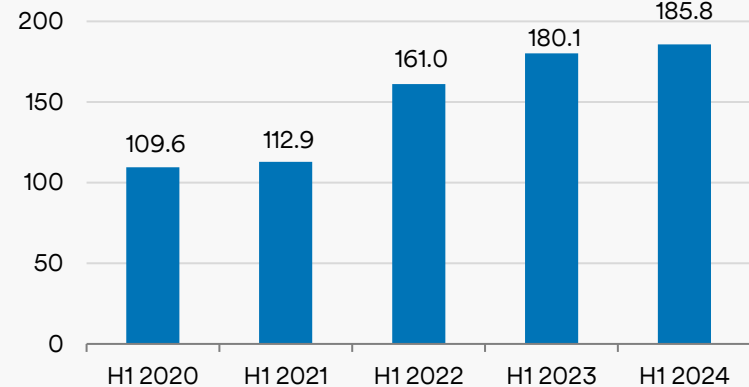
Softening in fee margins principally due to new business mix

Net operating revenue by business area



Private Markets

Net operating revenue¹ excluding performance fees and carried interest, £m



Solutions

2024 AUM bridge, £bn



4% growth in private markets management fees

Mix of flows resulted in softening in average fee margins in Mutual Funds and Institutional

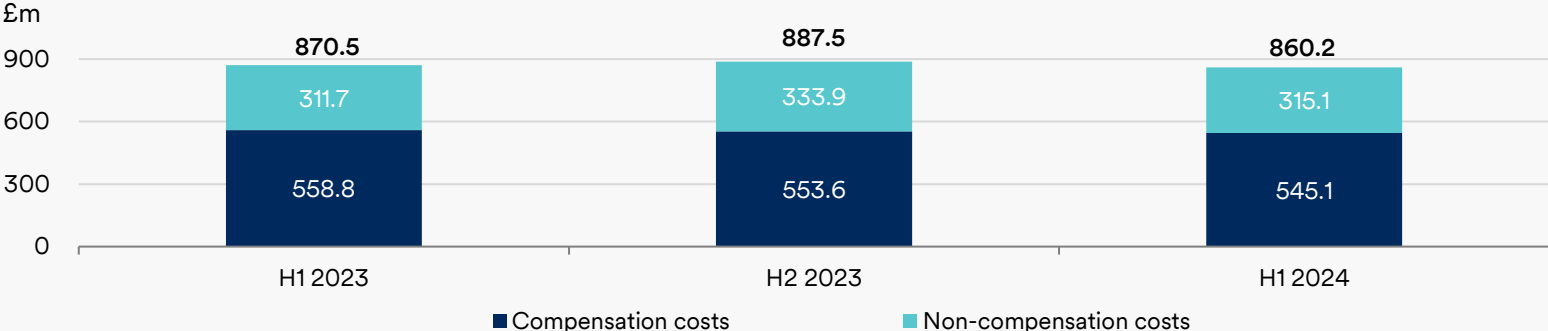
Performance fees and carried interest reduced by £18m

¹Prior year numbers reflect any restatements due to business areas transfers.

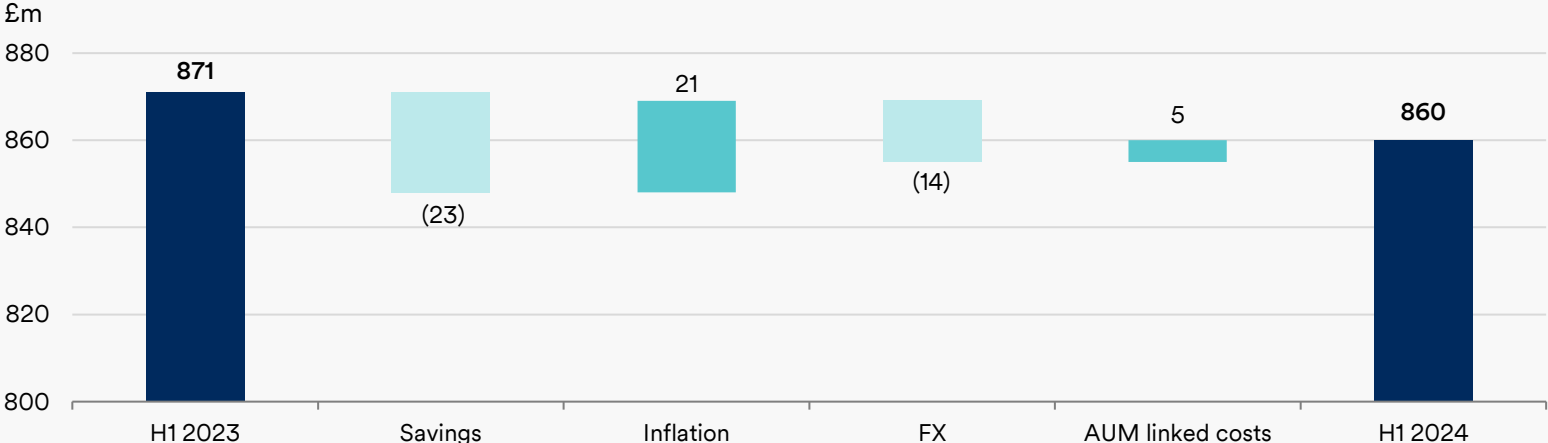
Operating expenses

Disciplined cost focus alongside continued investment in growth initiatives

Total operating expenses



Operating expenses bridge



Operating expenses down 1%

2023 efficiency initiatives enabled us to reduce costs, despite inflationary pressures and continued investment into growth strategies

c.7% of H1-24 expenses relate to investment in growth and change initiatives¹

¹Includes depreciation of prior period investments.

Group Capital composition

Capital position with increased flexibility

Capital base

£m

	FY 2023	H1 2024
Equity capital base	4,464	4,411
Regulatory deductions ¹	(2,158)	(2,186)
Dividend ²	(233)	(101)
Overall regulatory capital requirement	(1,443)	(1,470)
Equity capital surplus	630	654
Subordinated debt	-	250
Total capital surplus	630	904

**Additional financial flexibility
and capital diversification
through debt issuance**

**Capital allocation policy
remains unchanged**

¹Regulatory deductions principally comprise goodwill, intangible assets and pension scheme surplus.

²Final/interim dividend proposed for the respective year/period.

Profit before tax

Confidence in strategy

£m

	H1 2023	H2 2023	H1 2024
Operating profit	341.4	319.6	315.0
Central costs	(23.4)	(29.5)	(28.2)
Net gain on financial instruments and interest income	23.9	31.8	20.5
Acquisition costs and related items ¹	(42.8)	(47.2)	(31.0)
Profit before restructuring costs	299.1	274.7	276.3
Restructuring costs ²	(23.5)	(62.7)	-
Profit before tax	275.6	212.0	276.3

Basic operating EPS 14.7p
H1 2023: 16.8p

Basic EPS 12.9p
H1 2023: 13.6p

Interim proposed dividend 6.5p
H1 2023: 6.5p

¹Include deal costs associated with corporate transactions and costs associated with the integration of acquired businesses as well as amortisation of acquired intangible assets.

²Restructuring costs are one-off in nature and primarily comprise compensation-related costs.

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Outlook



Outlook for 2024 and beyond



Execution of our strategy has enabled us to deliver net inflows and asset growth



Remain focused on delivering growth in Wealth Management, Private Markets and Solutions



Net new business mix and ongoing pricing pressure has led to softer margins and outlook



Our diversified business model will enable us to deliver for clients and shareholders over the long term

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Questions



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Thank you



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 'to deliver', 'targets', 'plans', 'sees', 'believes', 'foresee', 'expects', 'aims', 'confident', 'will have', 'will be', 'will ensure', 'likely', 'estimates' or 'anticipates' or the negative of these terms or 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 statement. 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 these presentation slides should be construed as a forecast, estimate or projection of future financial performance.

