

Schroders
capital

7 June 2021



SCHRODERS IN FOCUS

Private Assets

The significance of Private Assets for Schroders

WELCOME

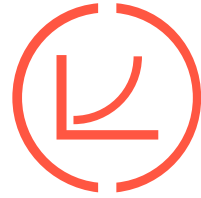


PETER HARRISON
Group Chief Executive

Why growing Private Assets and Alternatives is of strategic importance to us



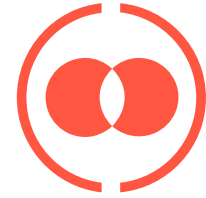
Further diversifying
Group revenues



Increasing margins
and longevity of
assets



Area of high
sustained client
demand

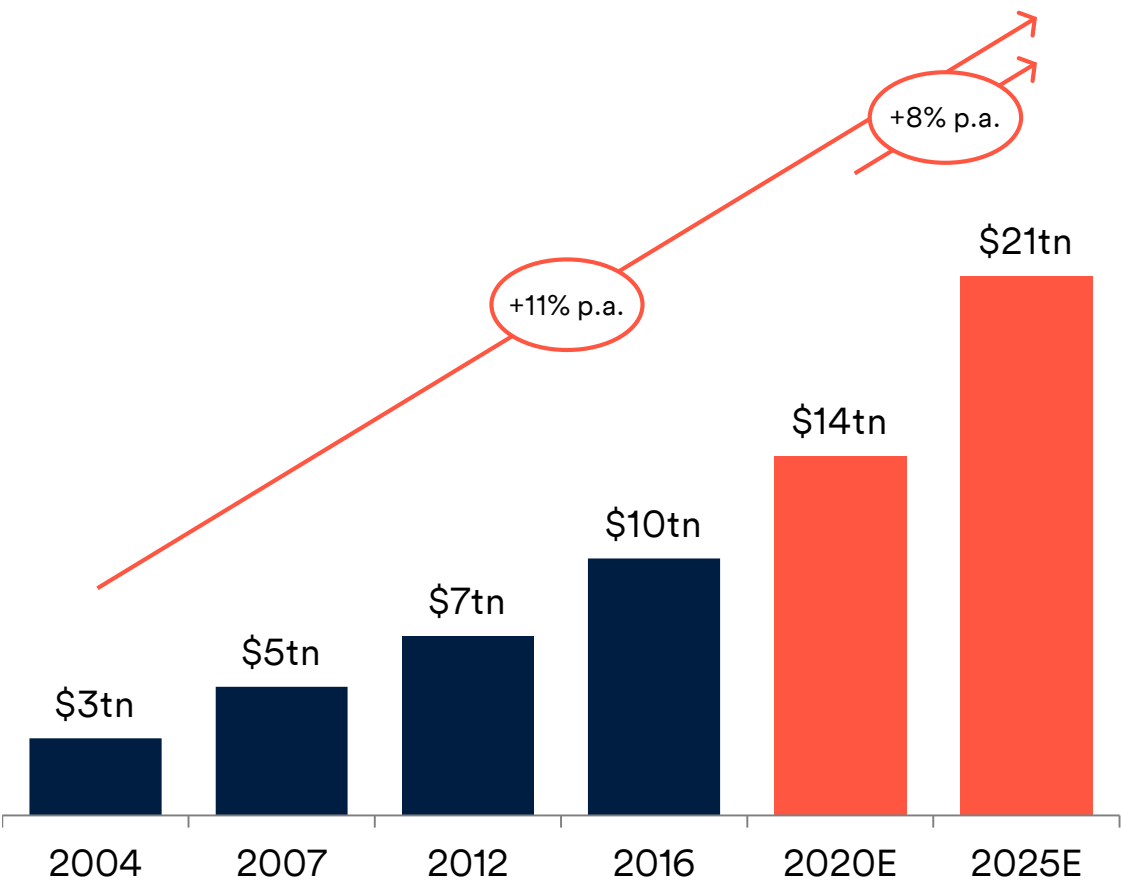


Growing Solutions
by enabling public /
private combinations

*OVER THE PAST 5 YEARS,
WE HAVE BUILT A BUSINESS CAPABLE OF GENERATING
£6–9BN OF NET NEW BUSINESS PER YEAR*

The opportunity in Private Assets and Alternatives is substantial

Alternative asset management industry, AUM \$tn



And we are well positioned to capture the institutional and retail demand

	Institutional	Individual investors
Opportunity	Institutional AUM in private markets: ~\$14tn (2020E)	Individual investors: 42% of total AUM
Allocation	Institutional allocations: +1.3% in 2021 to 14.1%	Individual investor allocations to private markets: 5%
Schroders' presence	Schroders Institutional AUM: £369bn (2020A)	Schroders intermediary AUM: £134bn (2020A)

Source: BCG Global Asset Management 2020, McKinsey Global Private Markets Review 2021, Schroders Institutional Investor Study 2020.

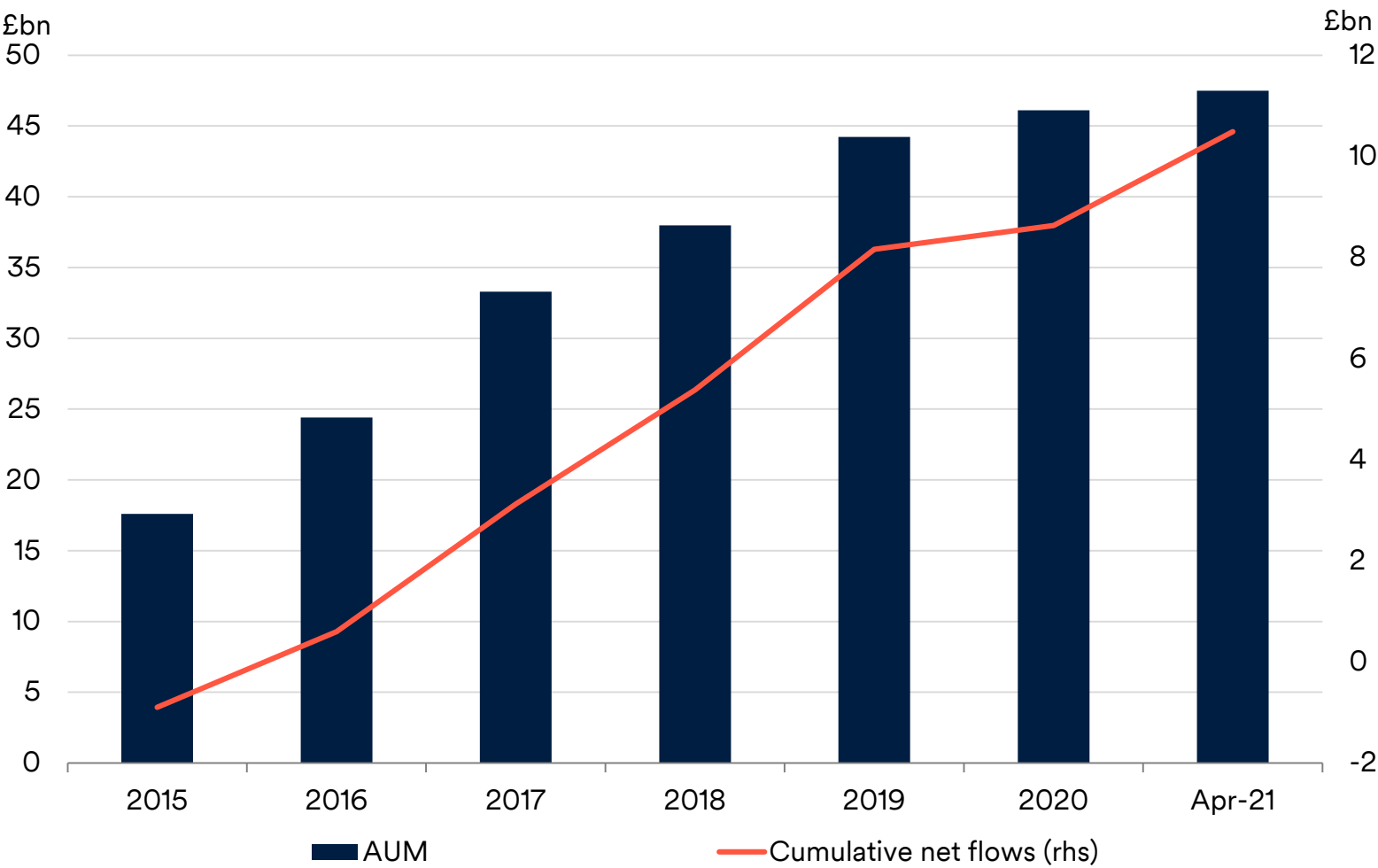
We have been executing on our private markets plan since 2015



Source: Schroders Capital, May 2021.

Continuing our strategic pivot into higher margin and higher client longevity areas...

Private Assets and Alternatives AUM development and cumulative net flows



£48BN AUM

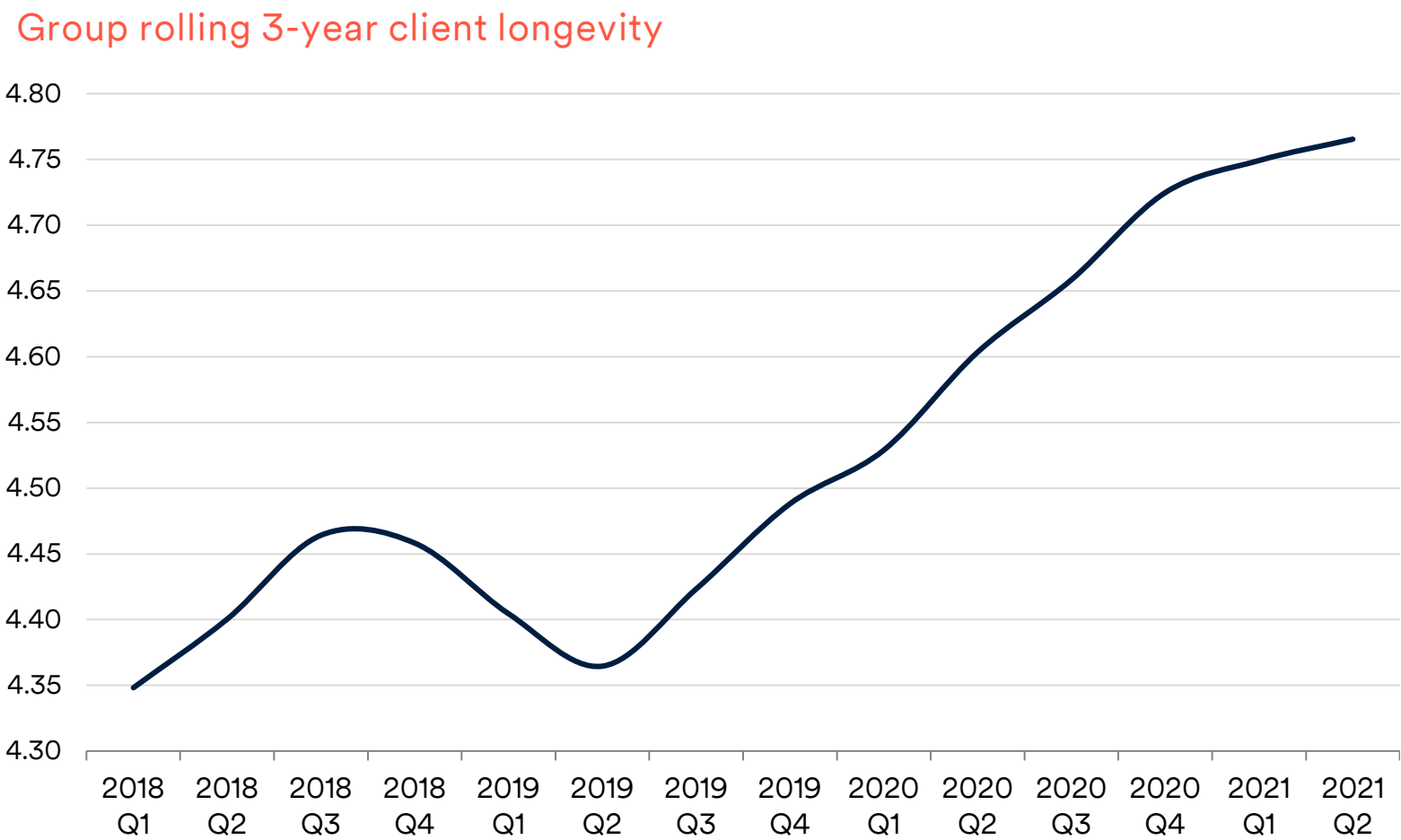
21% 5 YEAR AUM CAGR

*£2.9BN OF YTD NET
INFLOWS
(as at May-21)*

*£2.3BN ADDITIONAL
COMMITMENTS NOT YET
RECOGNISED IN FLOWS
(as at May-21)*

*66BPS REVENUE MARGINS
incl. performance fees and
carried interest (2020)*

Growing Private Assets and Alternatives is driving up group longevity

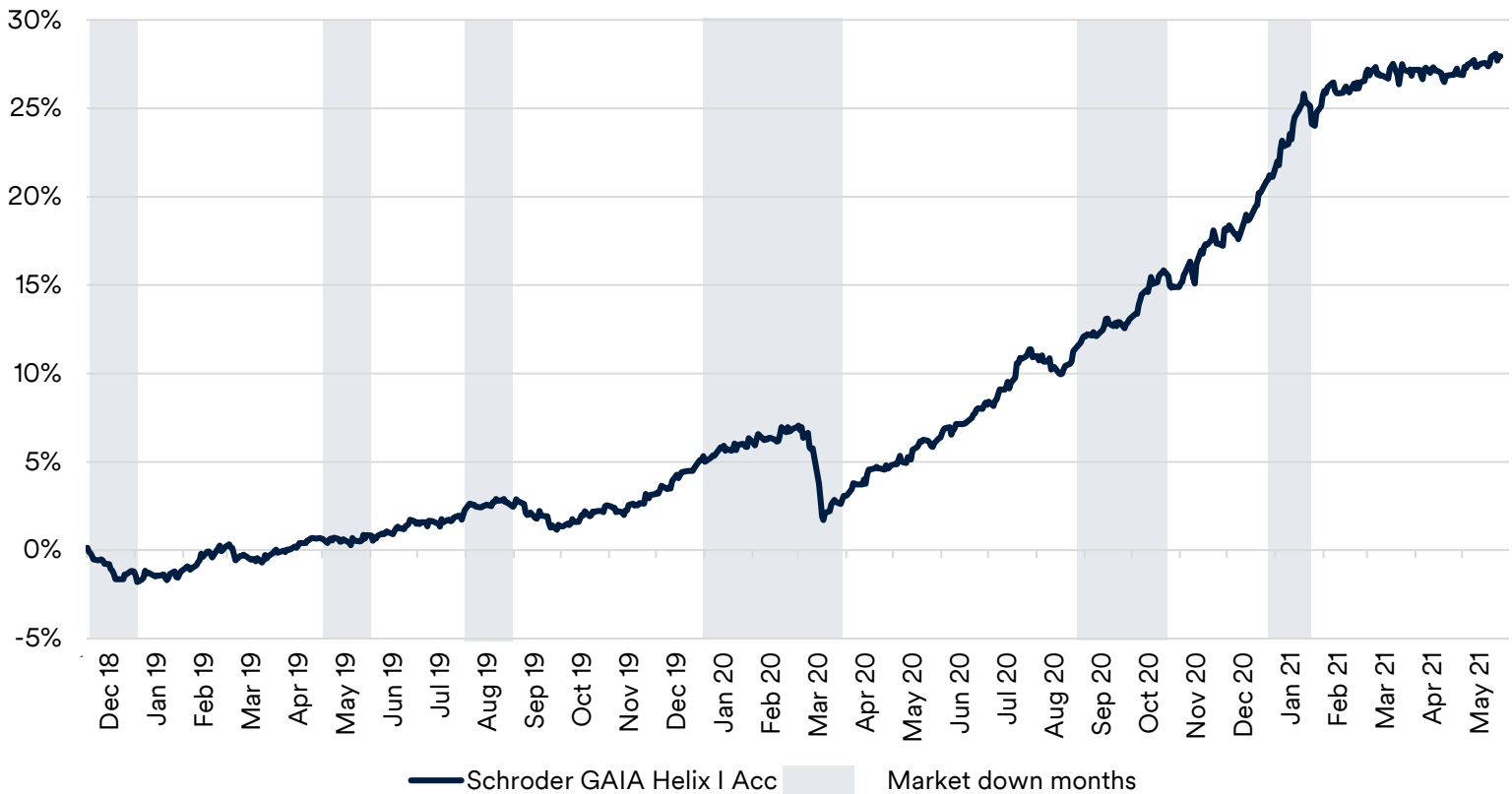


*PRIVATE ASSETS
AND ALTERNATIVES*

*3 YEAR CLIENT
LONGEVITY IN
EXCESS OF 7 YEARS*

Diversified Alternatives business delivering outperformance over time

Helix cumulative fund performance since inception, I-share class

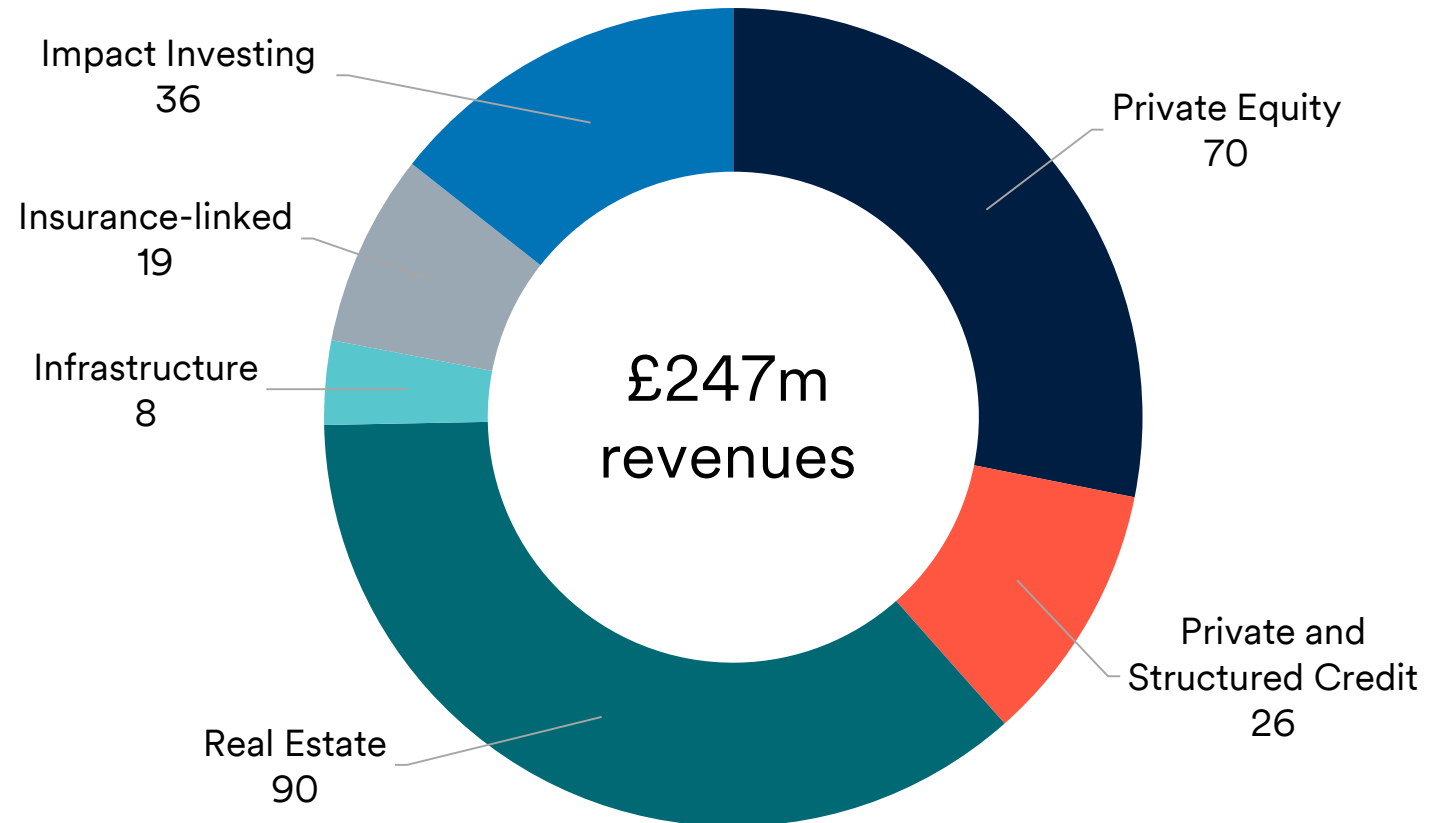


Source: Bloomberg, as at 26 May 2021.

- ➡ Liquid Alternatives produced in-house, e.g. Helix
- ➡ 3rd party Alternatives platform (GAIA) with £2.8bn of AUM as at Apr-21
- ➡ Providing access to top selection of 3rd party managers
- ➡ Incubation of in-house strategies and access to world class Alts managers
- ➡ GAIA is the 3rd largest Alternatives platform in Europe

A comprehensive Private Assets business

Revenues by split by Private Asset verticals excluding Alternatives, £m



*STRONG INVESTMENT
PERFORMANCE*

*ABILITY TO DEMOCRATISE
PRIVATE ASSETS*

*LEVERAGE SUSTAINABILITY
POSITION*

*LARGE NUMBER OF
MATURING PRODUCTS*

Introducing Schroders Capital

OUR GROWTH STRATEGY



GEORG WUNDERLIN
Global Head of Private Assets

A diversified and scalable private markets platform set for growth...

Schroders capital

£43bn

Assets under management

Private Equity £9.1bn

Small and mid-sized buyout in Europe and US as well as Growth investment in Asia and Global venture capital

Securitised Products £9.4bn

Full spectrum of securitised assets and asset-related private debt in data-rich credit sectors across the US, Europe and APAC

Real Estate £16.7bn

Operational excellence, hospitality and sustainability expertise driving performance across the value chain in Europe and Asia

Infrastructure £2.1bn

Essential infrastructure in Europe across the capital structure

Insurance-linked Securities £2.5bn

Uncorrelated long-term returns across life and non-life insurance risk globally

Impact Investing £2.7bn

A global impact investment capability dedicated to generating lasting positive changes and attractive returns

30+

investment capabilities

250+

investment professionals

451

employees

82%

of assets outperforming over 5 years

> 11 years

3 year avg. client longevity (2020)

Note: AUM as at April 2021 (excludes non fee-earning dry powder).

...driven by our world-class leadership team



22 yrs
Industry

Georg Wunderlin
Global Head of Private Assets



27 yrs
Industry

Peter Arnold
Co-Head of Private Asset Sales



25 yrs
Industry

Peter Arnold
Chief Operating Officer



24 yrs
Industry

Rainer Ender
Global Head of Private Equity



15 yrs
Industry

Philipp Müller
CEO BlueOrchard



25 yrs
Industry

Sophie van Oosterom
Global Head of Real Estate



23 yrs
Industry

Chantale Pelletier
Global Head of Infrastructure



19 yrs
Industry

Nick Pont
Head of Product Strategy - Private Debt



23 yrs
Industry

Nils Rode
Chief Investment Officer



25 yrs
Industry

Stephan Ruoff
Global Head of ILS



27 yrs
Industry

Michelle Russell-Dowe
Global Head of Securitised Products and Asset Based Finance



32 yrs
Industry

David Seex
Co-Head Private Asset Sales
Head of Private Assets Solutions



15 yrs
Industry

Ed Smith
Head of Private Assets Legal



26 yrs
Industry

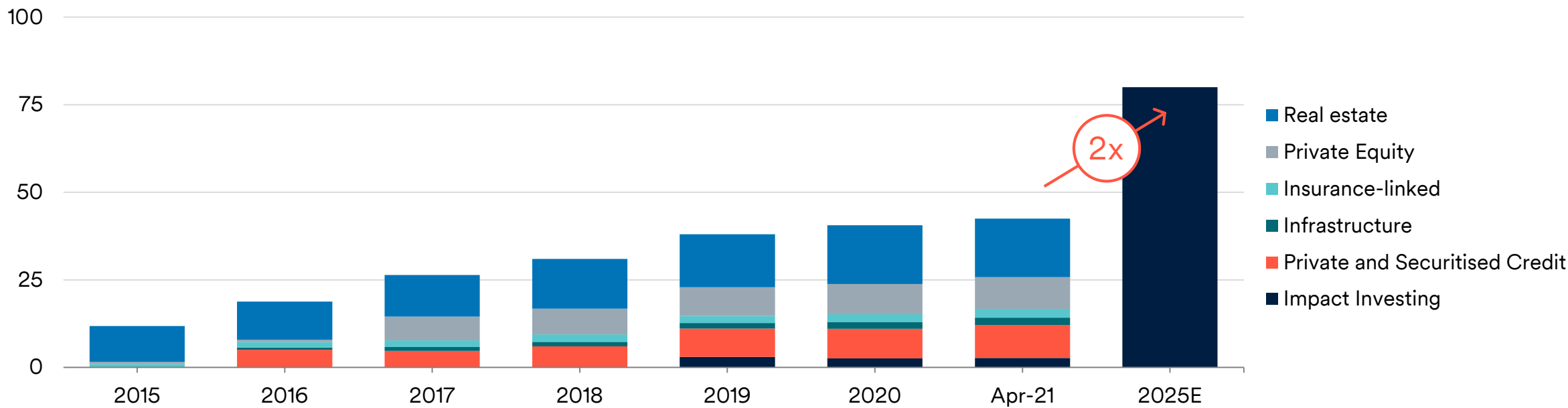
Maria Teresa Zappia
Head of Sustainability and Impact

328 years
Combined experience
in Private Assets

We have grown twice as fast as the market since 2016

Ambition to double again in the next five years

Schroders Capital AUM
Fee earning AUM £bn



28%
5 YEAR AUM CAGR

c. 45%
OF AUM IN CLOSED-
END VEHICLES

£3.9BN
GROSS INFLOWS
AS AT MAY-21

£2.8BN
NNB
AS AT MAY-21

We are well positioned to profit from the fundamental trends shaping private markets in the next decade

Sustainability is now a paradigm shift where leadership in Impact Investing is the path to capturing the New Private Markets



Maria Teresa Zappia
Head of Sustainability and Impact

Competitiveness in private markets requires scale, operational excellence and integrated ESG approach



Sophie van Oosterom
Global Head of Real Estate

Individual investors are the new source of demand for private markets and private equity is their first port of call



Rainer Ender
Global Head of Private Equity

The zero rate environment calls for new ways to deliver income to our clients where private debt and Securitised Credit are centre stage



Nick Pont
Head of Product Strategy - Private Debt

Client needs and expectations have institutionalised and seek to partner with consolidated global platforms able to deliver their franchise end-to-end



David Seex
Co-Head Private Asset Sales
Head of Private Assets Solutions

Capturing the sustainability and impact opportunity

OUR GROWTH STRATEGY



MARIA TERESA ZAPPIA

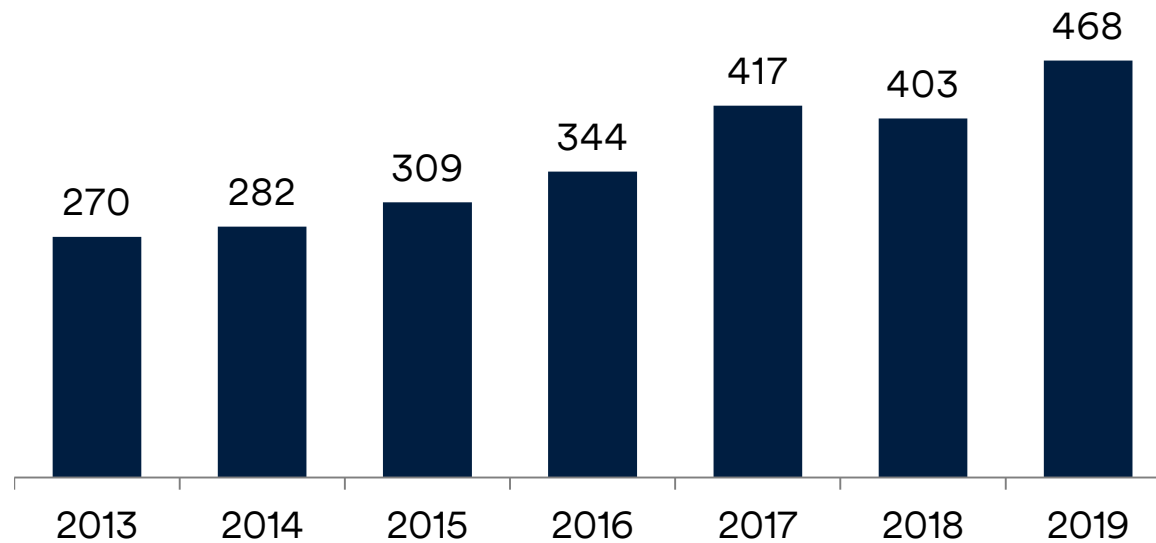
Head of Sustainability and Impact

The market opportunity

Sustainability and impact investing represents a paradigm shift

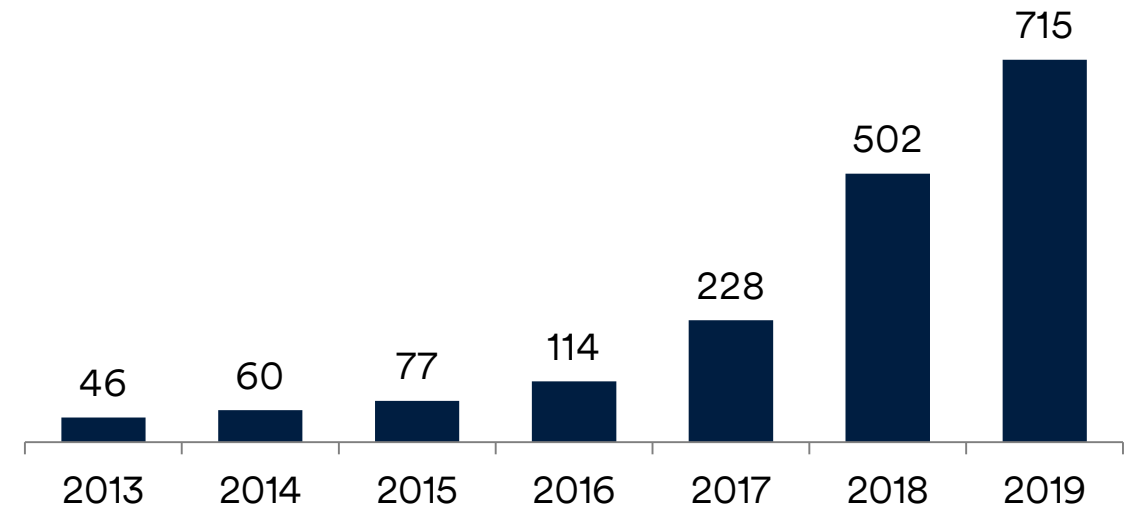
ESG-Committed* Private Capital

Fundraising by year of final close \$bn



Impact Investing industry: continuous strong growth

Impact Investing AUM (public and private markets) \$bn



ESG as “impact”

About 40% of asset owners have planned and/or consider to focus on carbon and impact measurement and reporting as part of their ESG approaches in private markets

Source: Preqin, Global Impact Investing Network (GIIN) 2014-2020.

*Asset managers that are incorporating ESG into their business, defined either as having an ESG policy, or belonging to a relevant association, such as GRESB, PRI, or SASB.

**Bfinance ESG Asset Owner Survey: How are investors changing? Feb. 2021.

BlueOrchard: An impact and sustainability powerhouse

PRIVATE DEBT

PRIVATE EQUITY

LISTED DEBT

SUSTAINABLE INFRASTRUCTURE

£2.7bn

Of AUM across private
assets classes (as at Apr-21)

90 countries

across emerging and
frontier markets

20 years

experience in
Impact Investing



1st

and largest microfinance
fund worldwide

110+ **49%**
staff female

Sophisticated **private**,
institutional and
public sector clients

Financial inclusion climate
finance education finance
women empowerment

7 OFFICES

GENEVA

LIMA

LUXEMBOURG

NAIROBI

SINGAPORE

TBILISI

ZURICH

Source: BlueOrchard. Map indicates all investments by country as of 31 December 2020 since inception, figures as of 31 December 2020.

Our BlueOrchard COVID-19 blended finance impact fund

Collaboration between partners



U.S. International Development Finance Corporation



Investment works





Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



Eidgenössisches Departement für Wirtschaft, Bildung und Forschung WBF
Staatssekretariat für Wirtschaft SECO



Addressing SDGs



No poverty



Gender Equality




Decent work and economic growth




Reduced inequalities


Expected impact (per each \$100m)



60 million jobs to be maintained



3 million micro-entrepreneurs to be served



20 financial institutions to be financed

Leveraging sustainability and impact capabilities across Schroders Capital's products

Impact Investing (BlueOrchard)



Real Estate



300+

Asset class specific ESG metrics across the entire private assets portfolio

OPIM

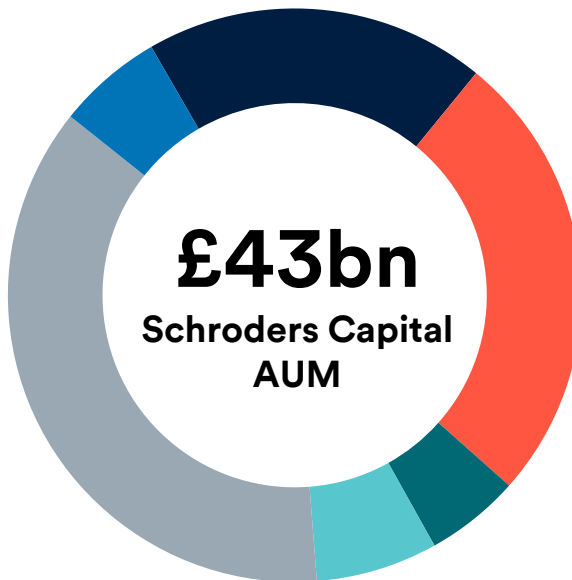
A transparent sustainability and impact investment framework based on best practices*

5

dedicated private assets ESG specialists

6

impact management and measurement team resources



Private Equity



Securitised Products



Insurance-linked Investments



Infrastructure



*Operating Principles for Impact Management see: www.impactprinciples.org.

From allocation to operating expertise

OUR GROWTH STRATEGY



SOPHIE VAN OOSTEROM
Global Head of Real Estate

From allocation to expertise:

Exciting market dynamics provide opportunity to excel

MARKET SHIFT INVESTMENT APPROACH



Increased allocation to Real Estate equity and debt



Shift to operational expertise



ESG and Impact focus



SCHRODERS INVESTED FOR GROWTH



Expanded breadth and depth of platform



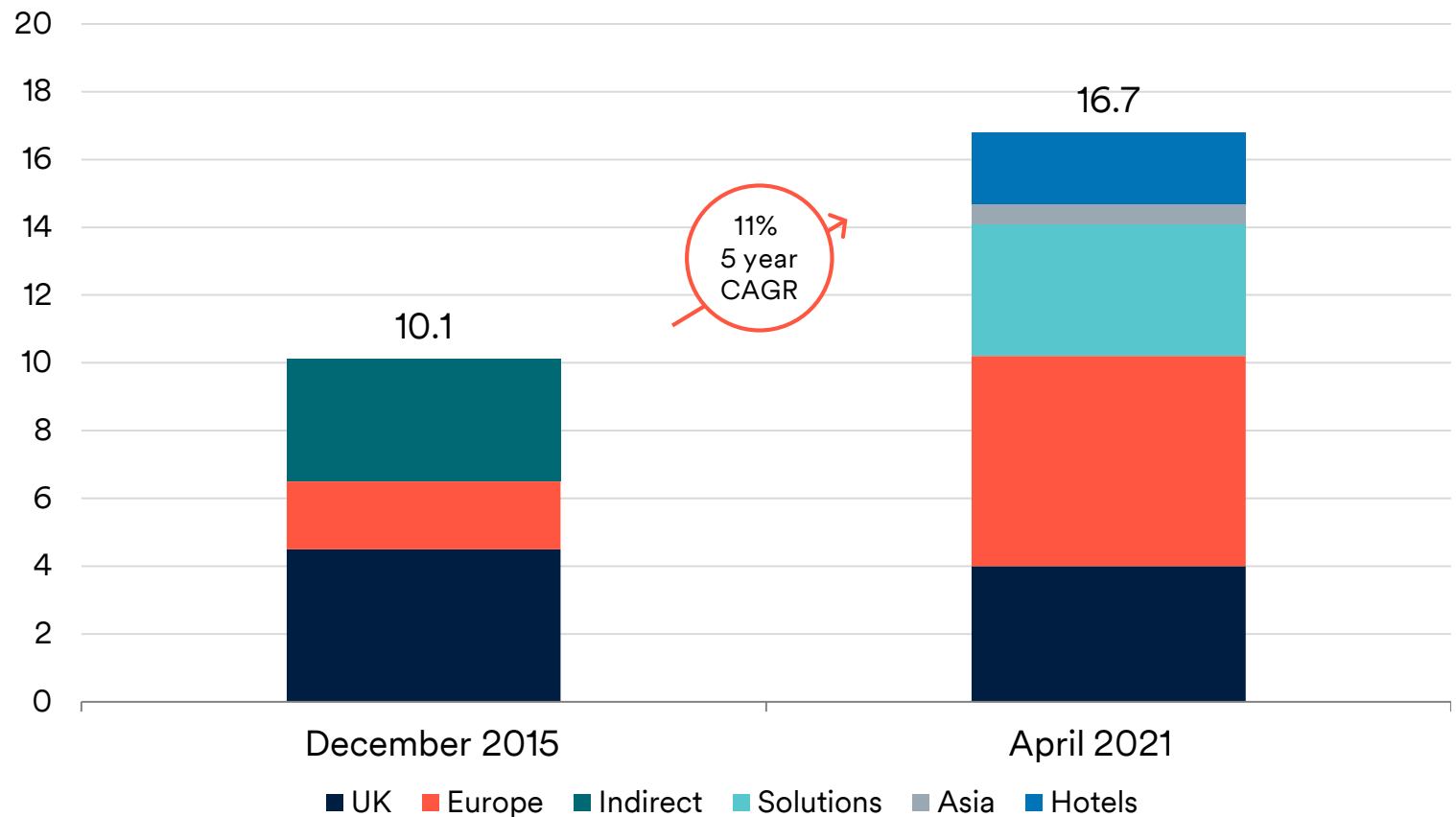
Add on acquisitions with operational excellence



Integrated ESG and Impact approach

Schroders Capital Real Estate positioned for success

RE AUM development, £bn



Source: Schroders.

£17bn
Real Estate AUM

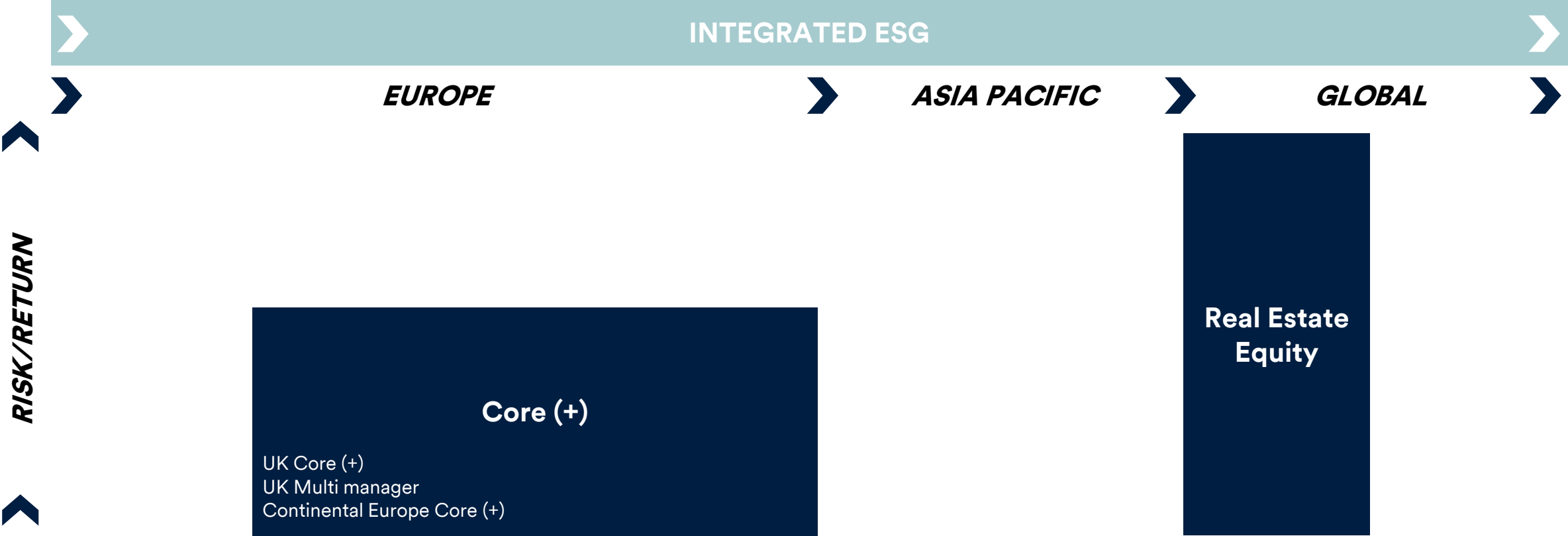
220+
employees

20
countries invested

12
RE offices globally

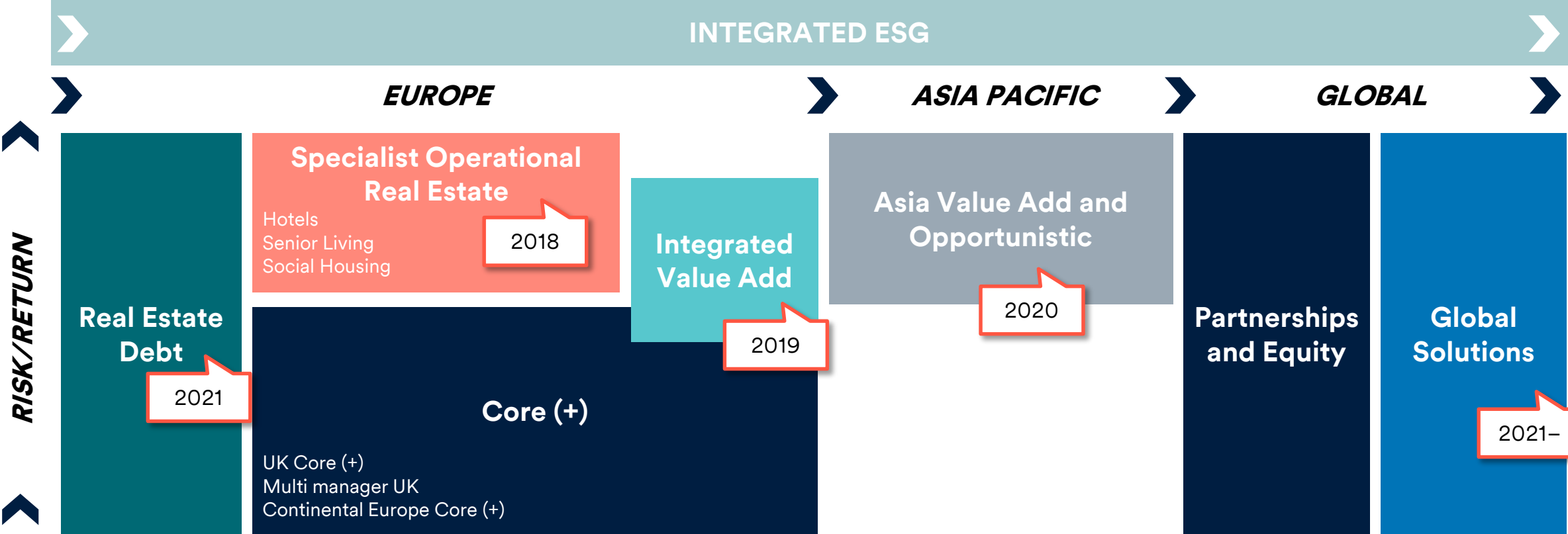
c.400
properties managed

From being a trusted partner in Real Estate in 2015...



Source: Schroders, February 2021.

...to being a global real estate solution provider with a hospitality and sustainability mindset in 2021



Source: Schroders, February 2021.

ESG is in our collective DNA



Risk monitoring

- Leverage proprietary Schroders technology
- Measure impact of environment on our portfolio
- Measure impact of our portfolio on environment
- Regulatory framework



Mitigate impact and output

- Targeted investment to mitigate impact of our portfolio on environment
- Leverage 20 years of impact expertise
- Net Zero pathway all assets



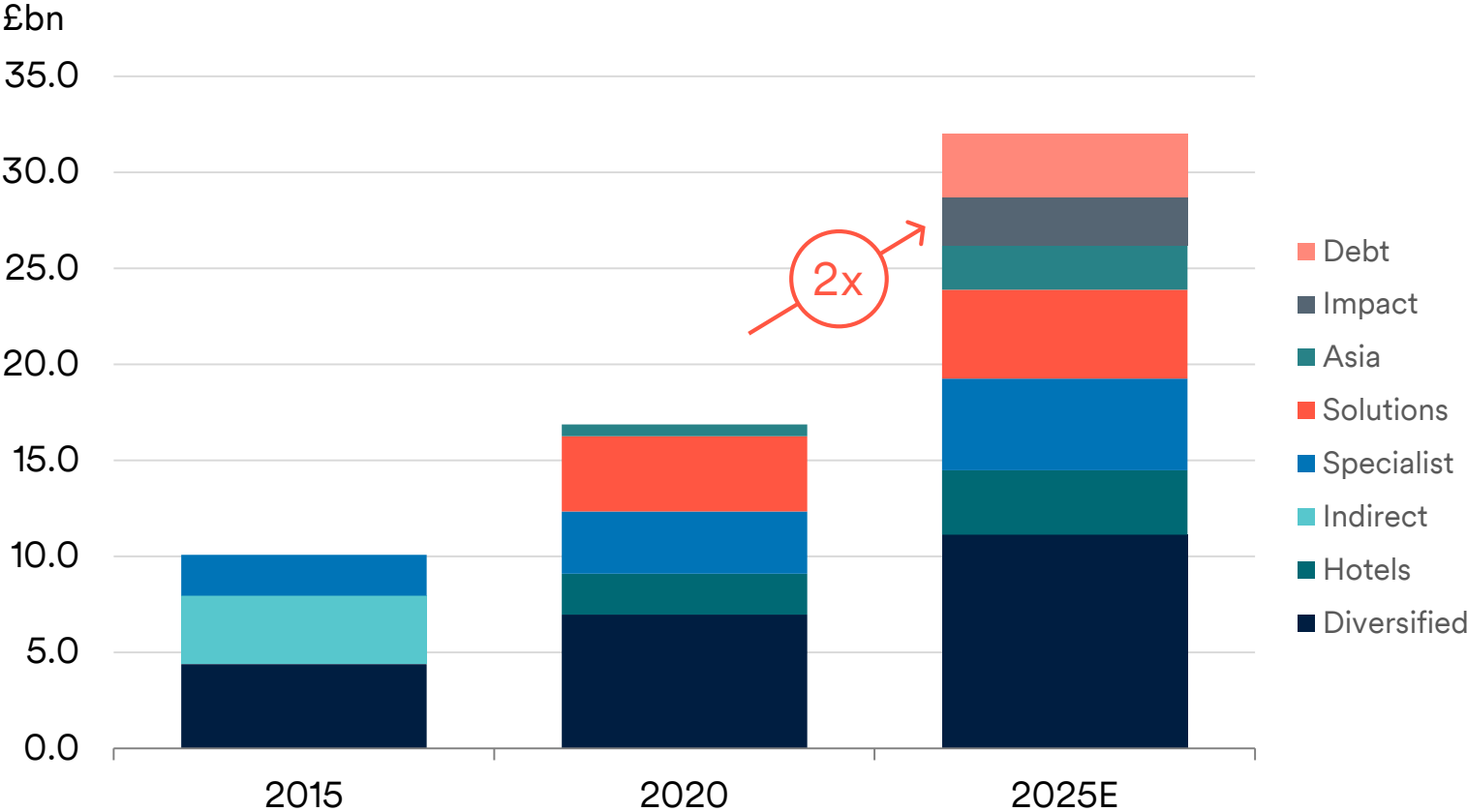
Impact investing

- Collaboration with Blue Orchard
- 750bn+ market size
- Deliver social impact alongside financial gains
- Launch of new Impact fund series UK and Europe

Integrated ESG approach across the entire value chain

Perfectly positioned to realise full potential

Real Estate AUM development



Source: Schroders Capital, June 2021.

BUILDING ON OUR STRENGTHS



Global Solutions leverage on breadth and depth of platform



Building on expertise
Specialist and value-add strategies: hotels, residential and Asia leading
Real Estate debt offer



Impact investing a key growth initiative across UK and Europe

Democratising super returns

OUR GROWTH STRATEGY



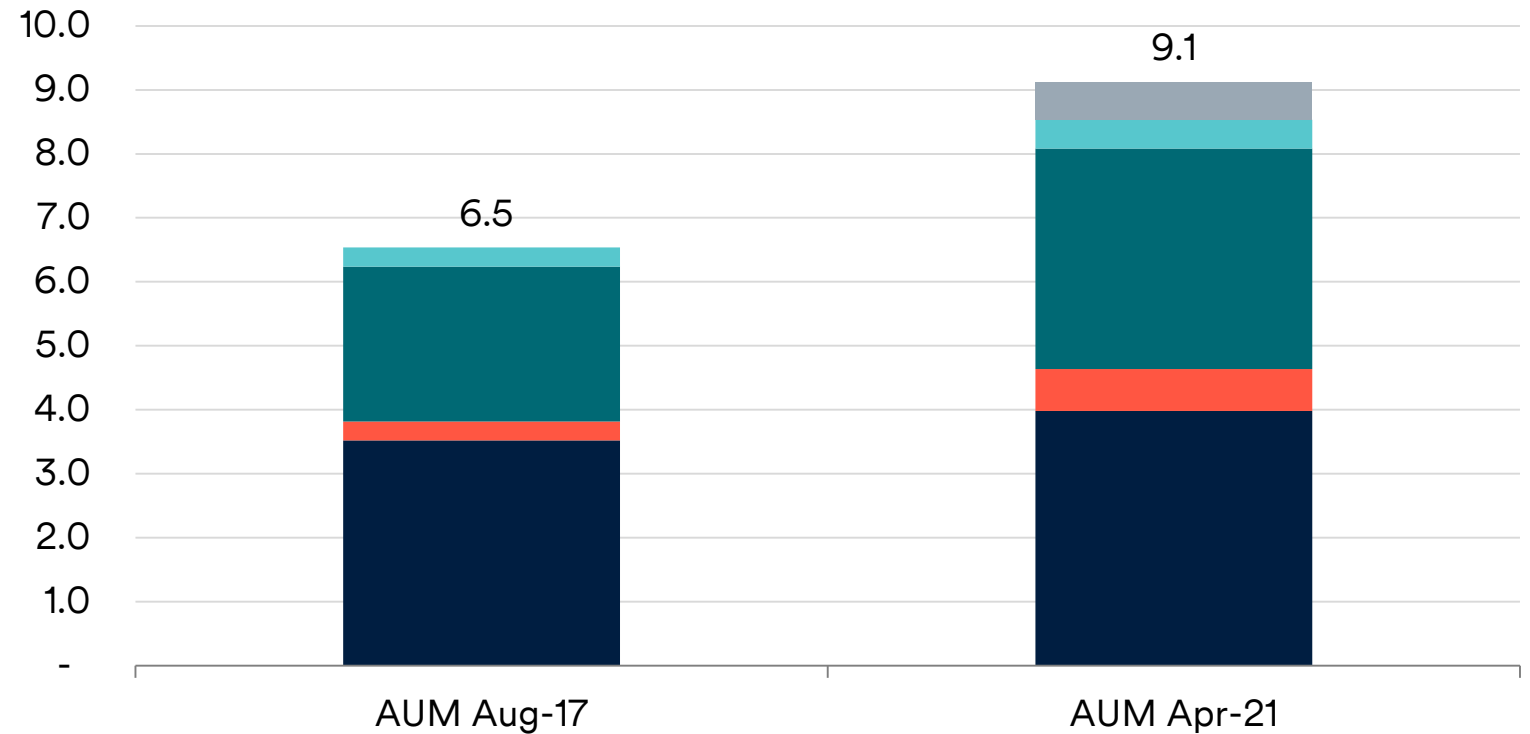
RAINER ENDER

Global Head of Private Equity

Schroders Private Equity platform strength and growth

Private Equity AUM development

£bn



■ Integrated Funds ■ Transactional Funds ■ Integrated Mandates
■ Transactional Mandates ■ Democratisation Products

STABLE TEAM

*DIFFERENTIATED
INVESTMENT STRATEGY*

STRONG TRACK RECORD

ESG EMPHASIS

DATA SCIENCE

Global Private Equity platform that has proven itself for more than 20 years

GEOGRAPHY

- North America
- Europe
- Asia
- Rest of World

SEGMENT

- Venture
- Growth
- Buyout
- Turnaround

INDUSTRY

- Technology
- Healthcare
- Consumer
- Business Services
- Industrial

TYPES

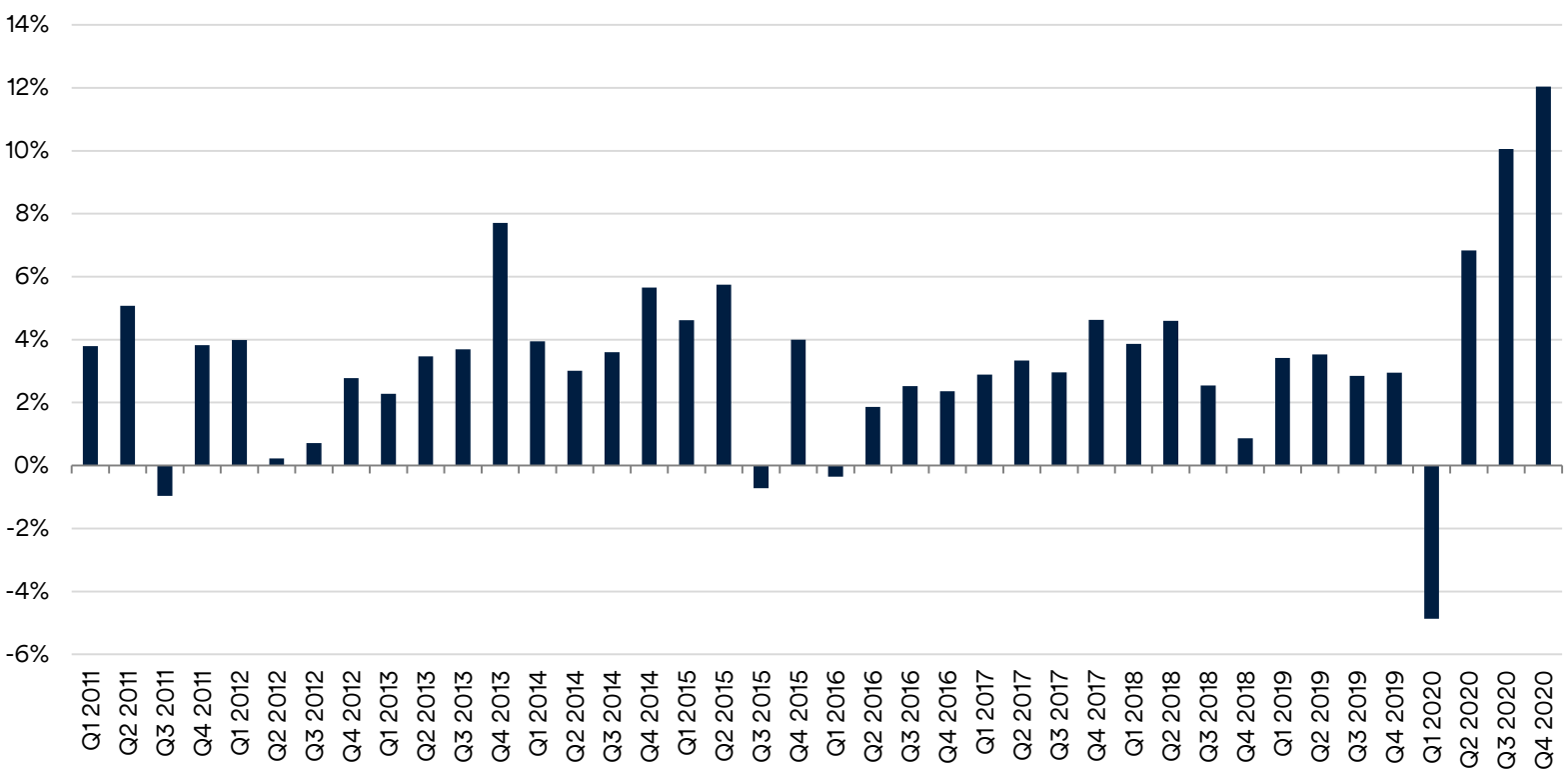
- Direct Investments
- Co-Investments
- Secondaries
- Primaries

Strong network with specialised private equity managers around the globe

50% of investment volume through direct investments, co-investments and secondary transactions

Our track record across all our investments has clearly delivered

Quarterly results of all Schroders Capital Private Equity investments



Source: Schroder Adveq.

19% NET IRR ACROSS ALL INVESTMENTS SINCE 2010...

... WITH 7% P.A. OUTPERFORMANCE OVER MSCI WORLD (PME)

31% NET IRR ON REALIZED DIRECT AND CO-INVESTMENTS

25% PERFORMANCE IN 2020

LESS THAN HALF OF THE MSCI WORLD VOLATILITY

Generating strong follow-on growth over the last 4 years

Comparison of our Private Equity platform May 2017 vs. May 2021

	Pre-acquisition May 2017	Today as part of Schroders May 2021
Investment Committee	unchanged	
Investment strategy	unchanged	
Products	Limited Partnerships	Broadened product range
Client origin	Predominantly Germany and Switzerland	Increasingly international
Client type	Institutional only	Institutional and Intermediary
Funds raised previous 2 years	£1.2bn (May 2015–2017)	£3.0bn (May 2019–2021)

Growing portfolio of products addressing the democratisation of Private Equity

Live Products

Already represent £675m
AUM with 100bps margin

Gaia II SPE
Semi-liquid fund

Launched in
Sep 2019

Schroder UK Public
Private Trust

Taken over in
Dec 2019

Schroder British
Opportunities Trust

IPO in
Nov 2020

Schroder BSC
Social Impact Trust

IPO in
Dec 2020

Product Plans

Further semi-liquid funds

Targeting different client
markets with different
investment strategies

Combining Public/Private

Cross-over strategy
Overcome structural
segmentation

Multiple Private Assets

Combine Debt and Equity
Yield focus

Private Debt: Navigating The Zero

OUR GROWTH STRATEGY

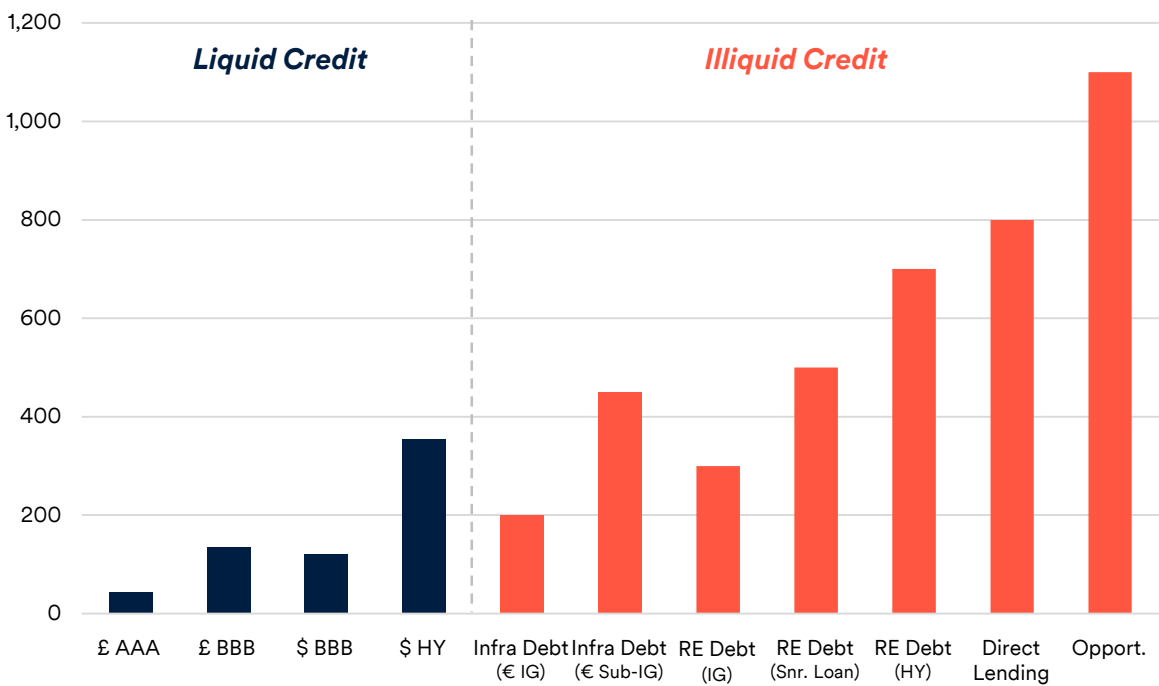


NICK PONT

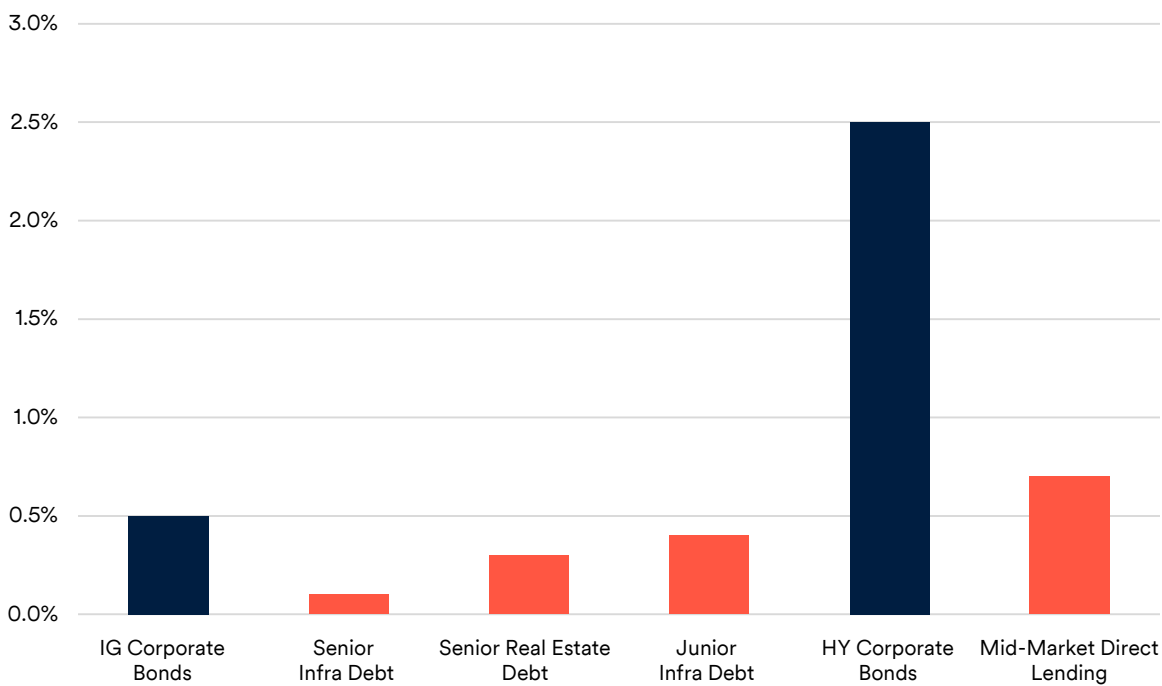
Head of Product Strategy - Private
Debt

#TheZero is driving investors to reallocate to private debt

Interest rate spread (bps)



Historical loss rates (net of recoveries)



Source: Ares Management Corporation, Bank of America Merrill Lynch, Callan Associates, Cass Business School, CBRE, De Montfort University, Moody's, Preqin, S&P LCD and Schroders, 2020.
Note: IG and HY corporate bond credit loss rates incorporate default losses (default rates adjusted for recovery rates) and price changes arising from changes in credit quality (net downgrade losses). Figures are shown for illustrative purposes only and may not be reflective of credit spreads or default experience on any individual investment or portfolio.

Schroders Capital expanding private debt capability is delivering diversification, core income and true excess return

Private Debt capability

Securitized Credit

Complete range from benchmark aware to private credit and debt

Infrastructure Debt

IG Euro & Sterling, Junior Euro & Sterling

ILS

Cat. Bond, All and Life ILS

Impact Investing

Microfinance, EM infrastructure debt

Real Estate Debt

IG, Senior Loan & HY

Corporate Loans (Aus.)

Nascent

Diversified Illiquid Income Solutions

Multi-Private Credit Fund (MPCF)

Target client segments

Pensions, Endowments, Consultants,
Insurance, Banks

Insurance, Pensions

Insurance, Pensions, Intermediary

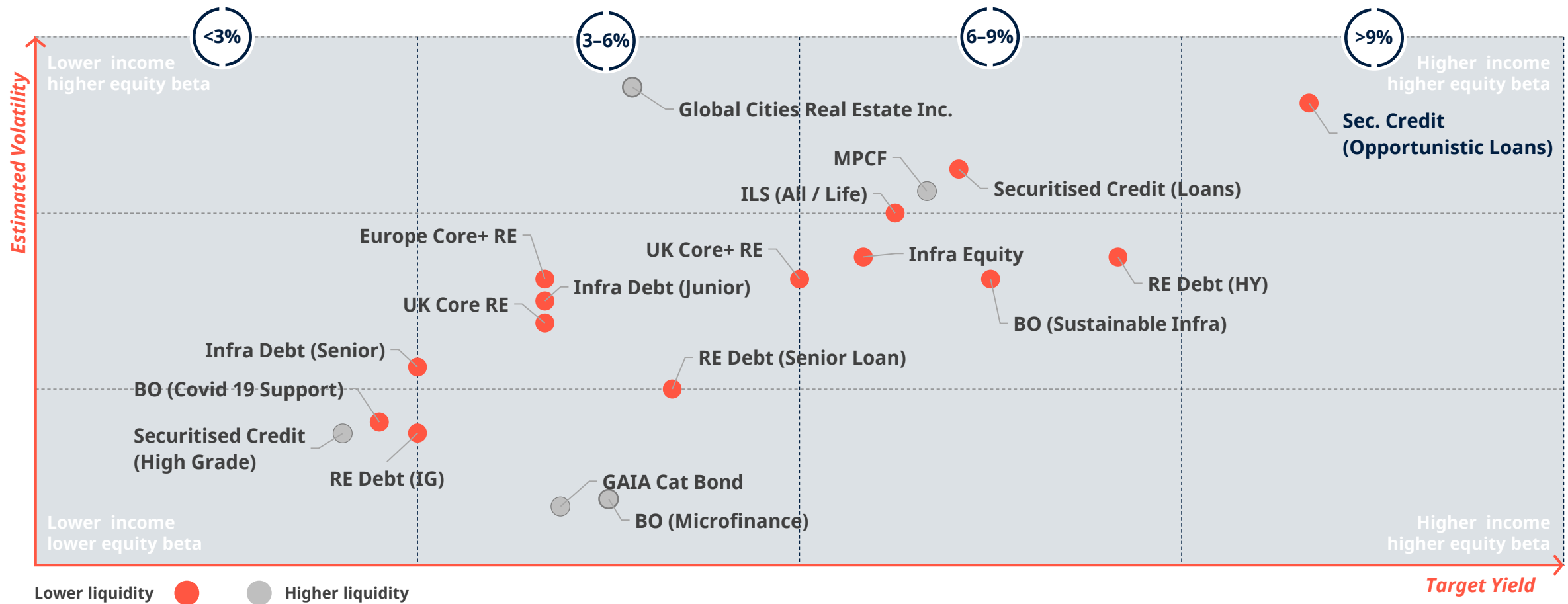
Institutional (inc. DFIs),
Intermediary

Insurance, Pensions

Superannuation, Insurance

UK DB pensions

Providing access to full continuum of private asset income streams



Source: Schroders Capital.

Schroders Capital well positioned with expanding private debt capability

Capability		Scale of platform	Success to date
Securitized Credit <i>Complete range from benchmark aware to private credit and debt</i>	▶	AUM £9.4bn	<i>\$1.5bn raised in Focus II in 2020</i>
Infrastructure Debt <i>IG Euro & Sterling, Junior Euro & Sterling</i>	▶	AUM £1.5bn	<i>Julie II on track for target raise of >€1bn</i>
ILS <i>Cat. Bond, All ILS and Life ILS</i>	▶	AUM £2.5bn	<i>World's largest Cat Bond fund</i>
Impact Investing <i>Microfinance, EM infrastructure debt</i>	▶	AUM £2.6bn	<i>World's largest Microfinance fund</i>
Real Estate Debt <i>IG, Senior Loan & HY</i>	▶	Nascent	<i>Team in place/fundraising starting 2H21</i>
Corporate Loans (Aus.)	▶	Nascent	<i>Team in place/fundraising starting 2H21</i>
Diversified Illiquid Income Solutions <i>Multi-Private Credit Fund (MPCF)</i>	▶	Nascent	<i>Team in place/fundraising starting 2H21</i>

Source: Schroders Capital AUM as at April 2021 (excludes non fee-earning dry powder)

Leveraging our capability to meet our clients needs

OUR GROWTH STRATEGY



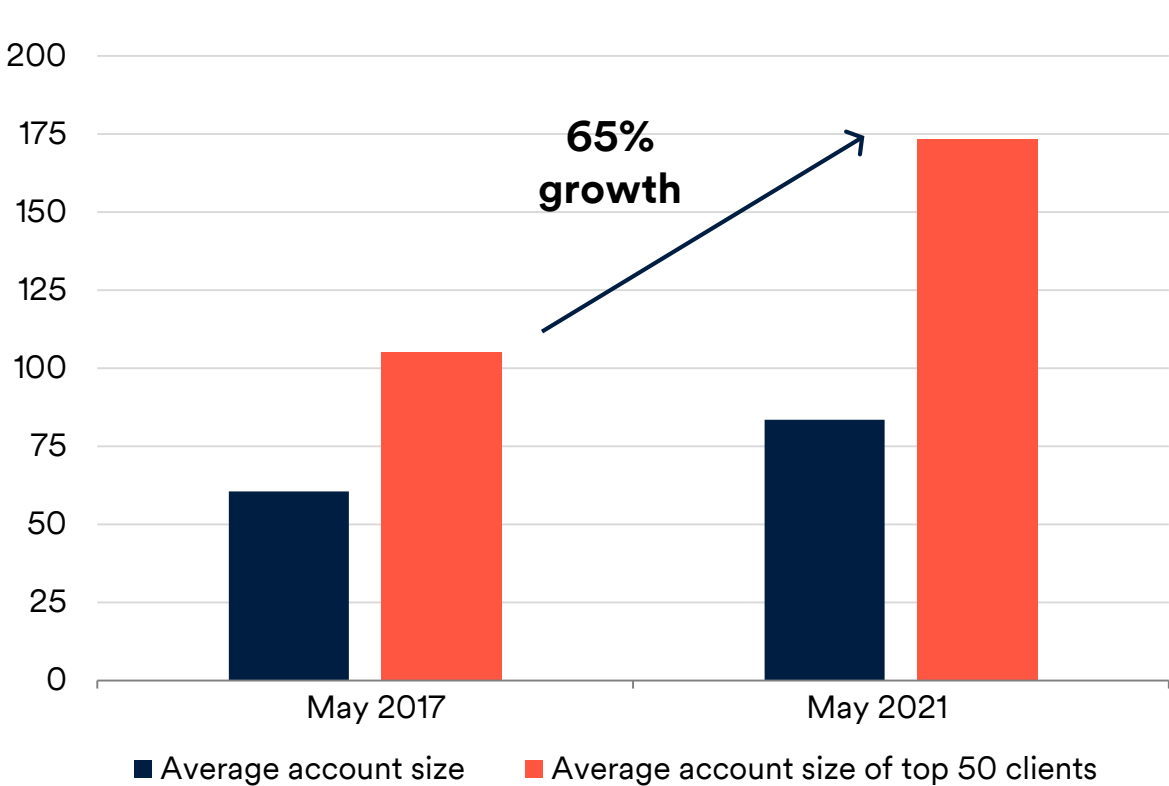
DAVID SEEX

Co-Head Private Asset Sales
and Head of Private Assets
Solutions

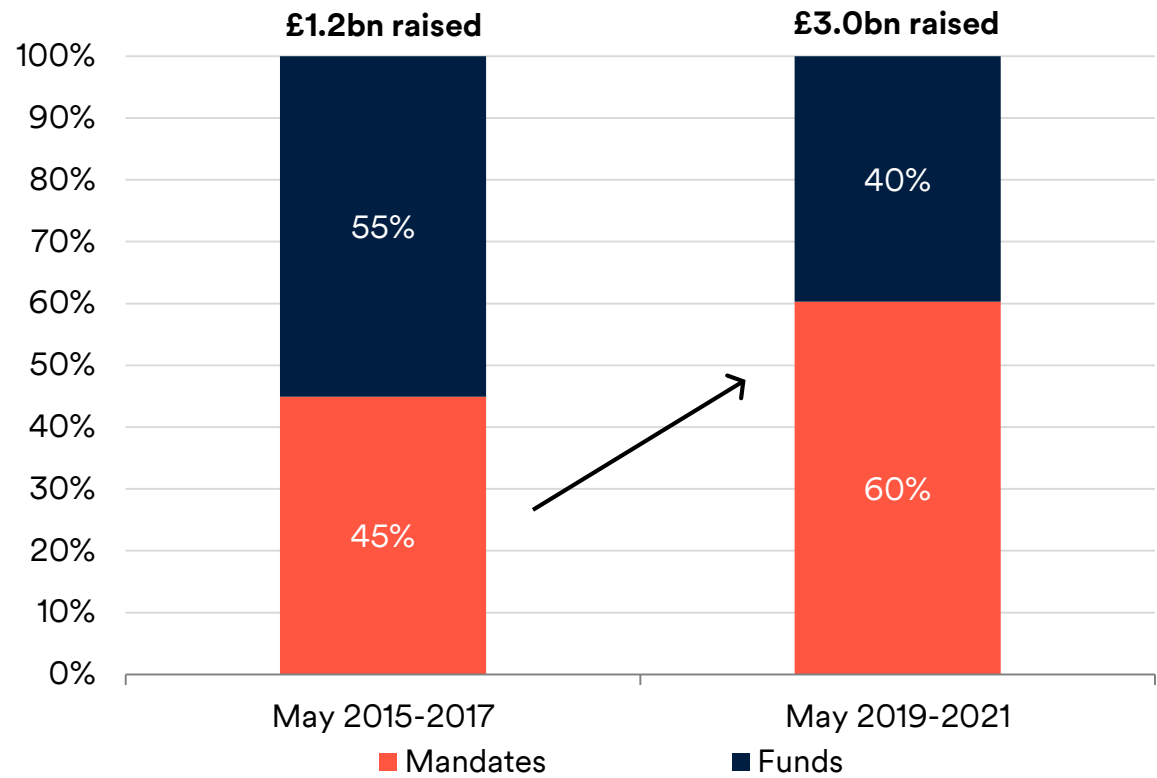
Institutions want fewer but more strategic relationships

Illustration: Schroders Capital Private Equity

Average account size 2017 vs. 2021 (£m)



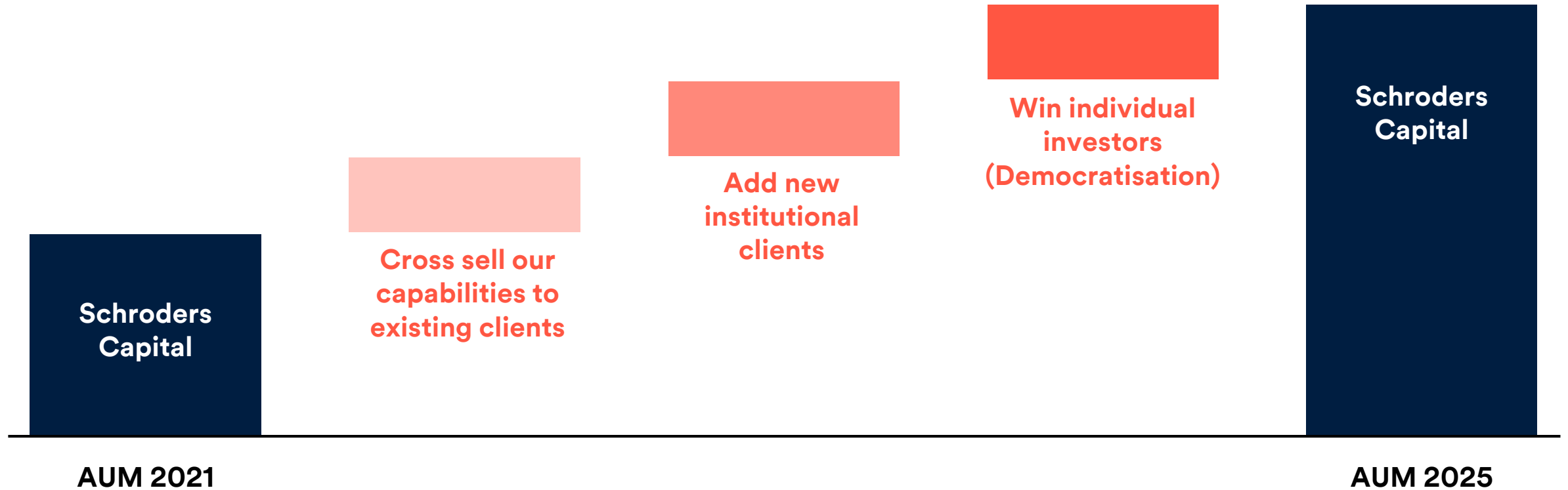
Product flows vs. mandates



Source: Schroders Capital, May 2021.
Righthand chart references the two years prior to Schroders acquisition in 2017, and then the two most recent years (2019-2021/current).

Our client base is our foundation for growth

A structured path to doubling of AUM



Leveraging the entire organisation

Global client network

4,000+

Schroders Institutional client relationships

676

Schroders Insurance clients

900+

Schroders Capital clients

Global distribution network

582

Schroders global Distribution professionals

29

Schroders Capital sales professionals

34

Global offices around the world

Strong intermediary business

£133.5bn

Schroders intermediary AUM

Schroders
Personal Wealth

30,000 mass affluent and HNW clients

Schroders Wealth
Management

£73bn wealth management business

Schroders Solutions mindset

£192bn

Schroders Solutions business

£22bn

Schroders Capital Solutions business

4 key takeaways



Cross sell to our
existing private
markets clients



Use innovation and
investment edge to
win new clients



Adopt a **solutions
approach** and leverage
the whole Schroders
organisation



Democratize
Private Assets

*DOUBLE AUM
IN THE NEXT
FIVE YEARS*

Summary

OUR GROWTH STRATEGY



GEORG WUNDERLIN
Global Head of Private Assets

We are set to double our AUM by 2025

A strong and fast-growing business today...



28% AUM CAGR since 2015



Able to generate £5-8bn of net new business p.a. out of the £6-9bn for Private Assets and Alternatives



Operating at a 3-year client longevity in excess of 11 years

... perfectly positioned to achieve future ambitions



30+ capabilities covering all asset-classes, pursuing a disciplined build-out



Edge in growth segments: Impact, income, democratization, solutions



Attractive home to Private Asset talent as proven by M&A and organic growth

THANK YOU



*BUILDING
CHANGE*

Schroders
capital