

Schroders

2021 Full-Year Results

Peter Harrison
Group Chief Executive

3 March 2022



Marketing material for
professional clients only

Financial performance benefitting from strategic growth initiatives

	2021	2020	Change
Net income ¹ (£m)	2,568.8	2,179.2	+18%
Ratio of total costs to net income ¹	67%	68%	(1%)
Profit before tax¹ (£m)	836.2	702.3	+19%
AUM (£bn)	731.6	663.0	+10%
Net new business (£bn)	35.3	26.7 ²	-
Basic EPS (pence)	220.8	172.4	+28%
Total dividend per share (pence)	122	114	+7%



Wealth Management, Private Assets and innovative new products generated high organic NNB growth whilst we demonstrated cost discipline.

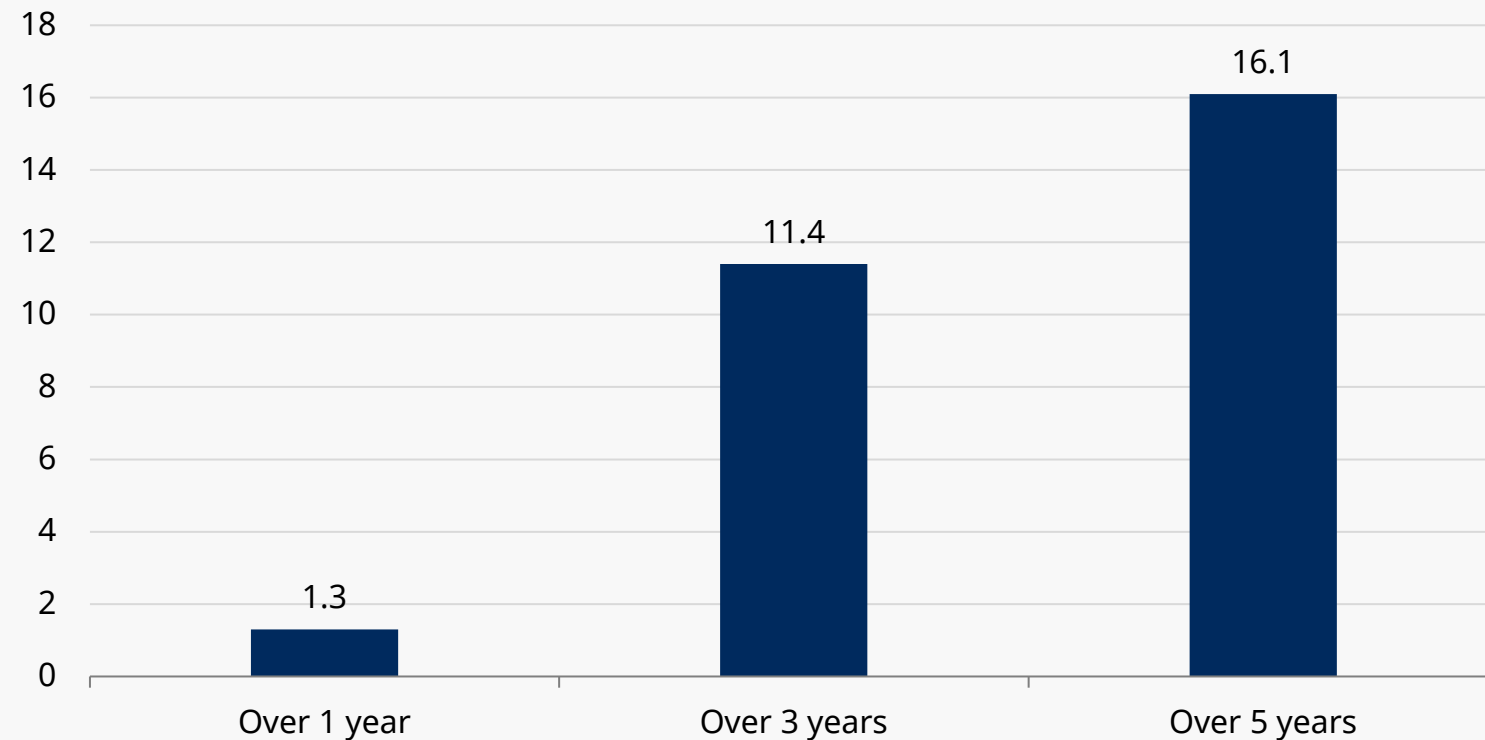
¹Before exceptional items.

²Excluding £28.2bn from SWIFT.

Delivering strong active investment performance for our clients

Weighted average relative outperformance of 25 largest funds net of fees

Cumulative %



74%

outperforming over 1 year

79%

outperforming over 3 years

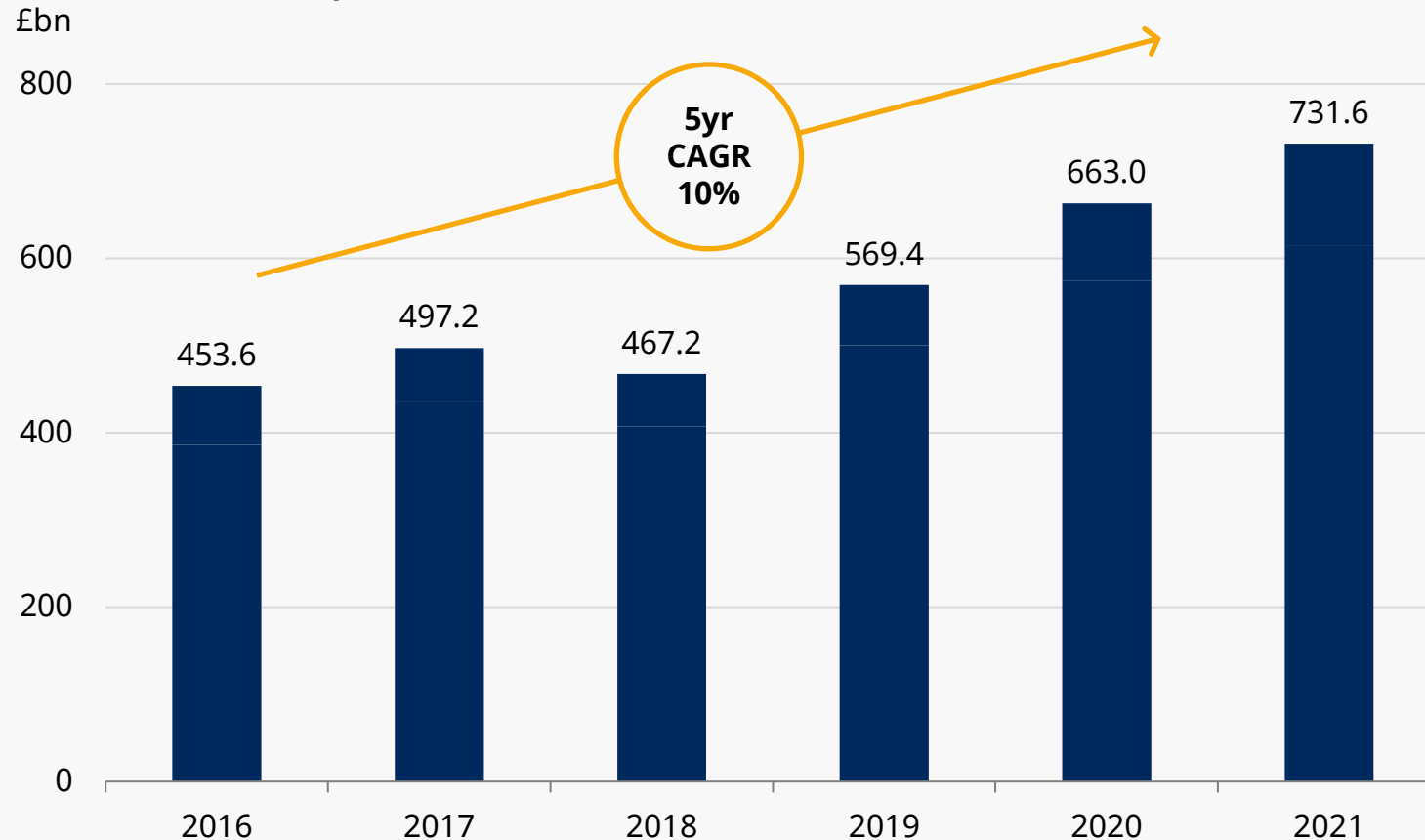
78%

outperforming over 5 years

£731.6bn of AUM and 10% yoy growth

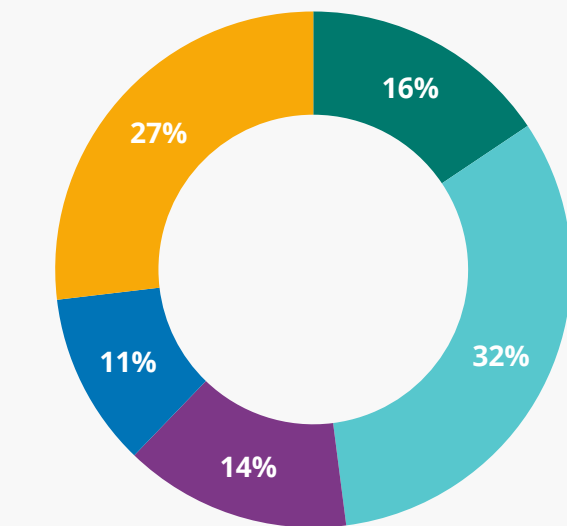
Continued diversification towards higher growth areas

Historic AUM development



Revenue diversification by business area

Including performance fees and carried interest



- Private Assets and Alternatives
- Mutual Funds
- Wealth Management
- Solutions
- Institutional

Investing for growth

Strong track record of delivering against our strategic growth initiatives



Closer proximity to consumers

- Grow Wealth Management offering
- Avoid disintermediation and increase client longevity



Grow Asset Management

- Grow Solutions
- Lead in sustainability and Impact
- Revamp product set to offer contemporary products
- Expand geographic reach



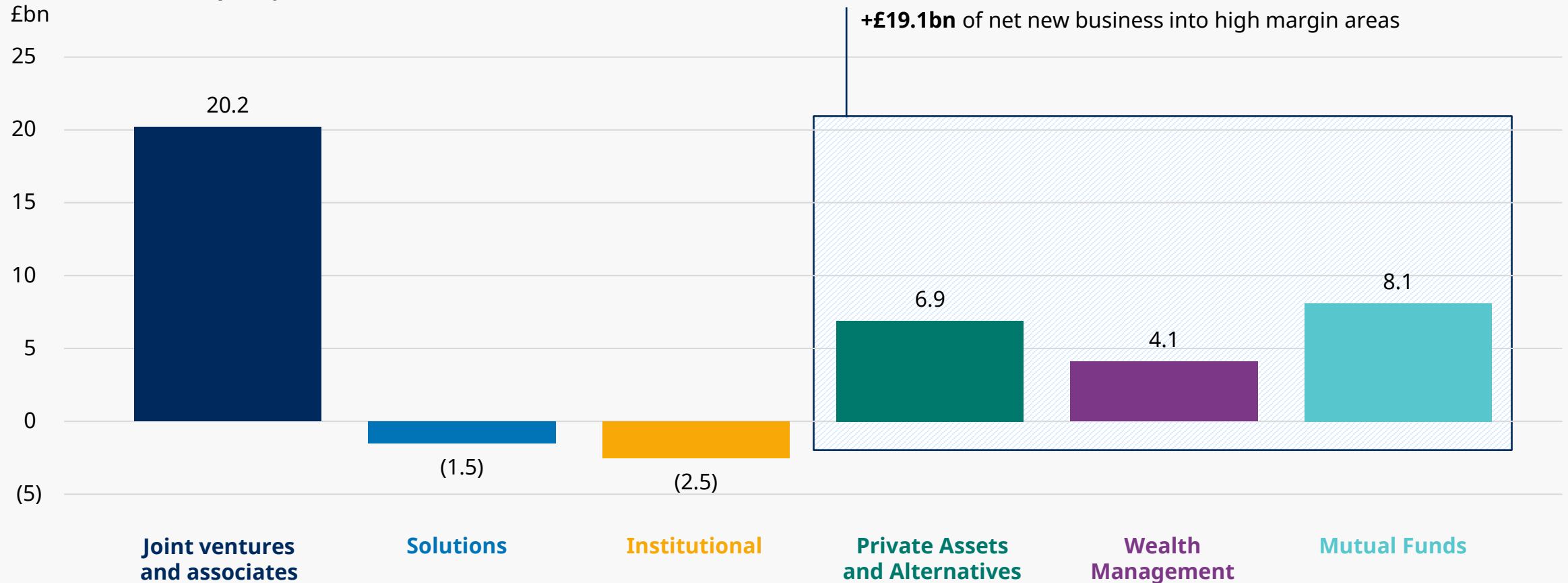
Expand Private Assets and Alternatives

- Rebalance business towards private markets
- Increase revenue margins and client longevity

£35.3bn of net new business generated in 2021

Equivalent to a 5% organic growth rate

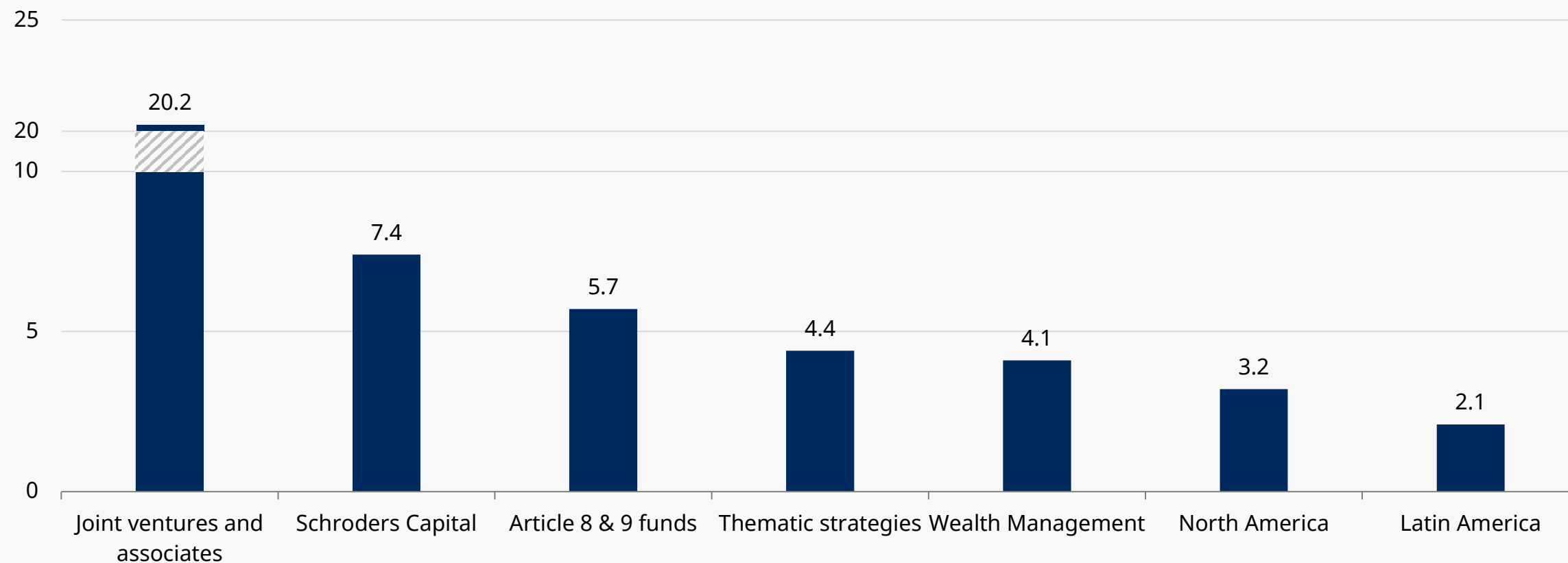
Net new business split by business area



Our strategic initiatives have made a significant contribution to this year's results

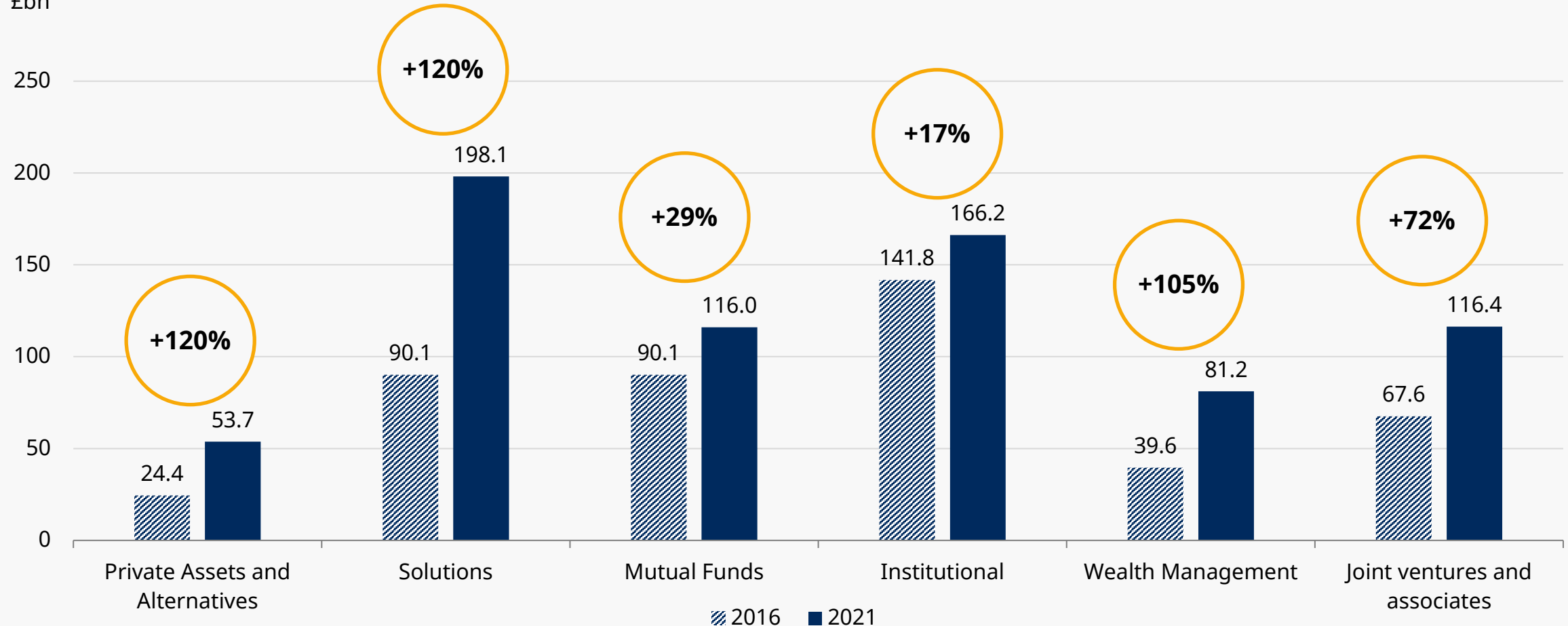
Net new business by growth initiative

£bn



Long-term growth across our business areas

5-year AUM growth split by business area
£bn

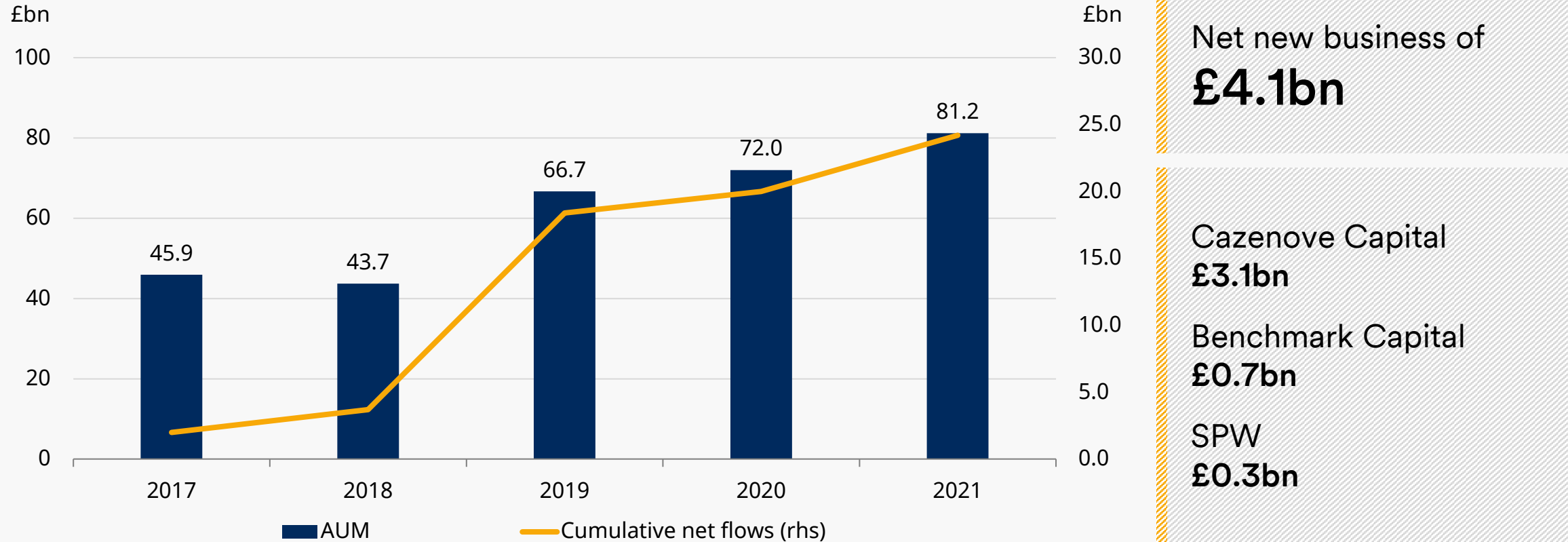




Closer proximity to consumers

Wealth Management achieved an organic growth rate of 6%

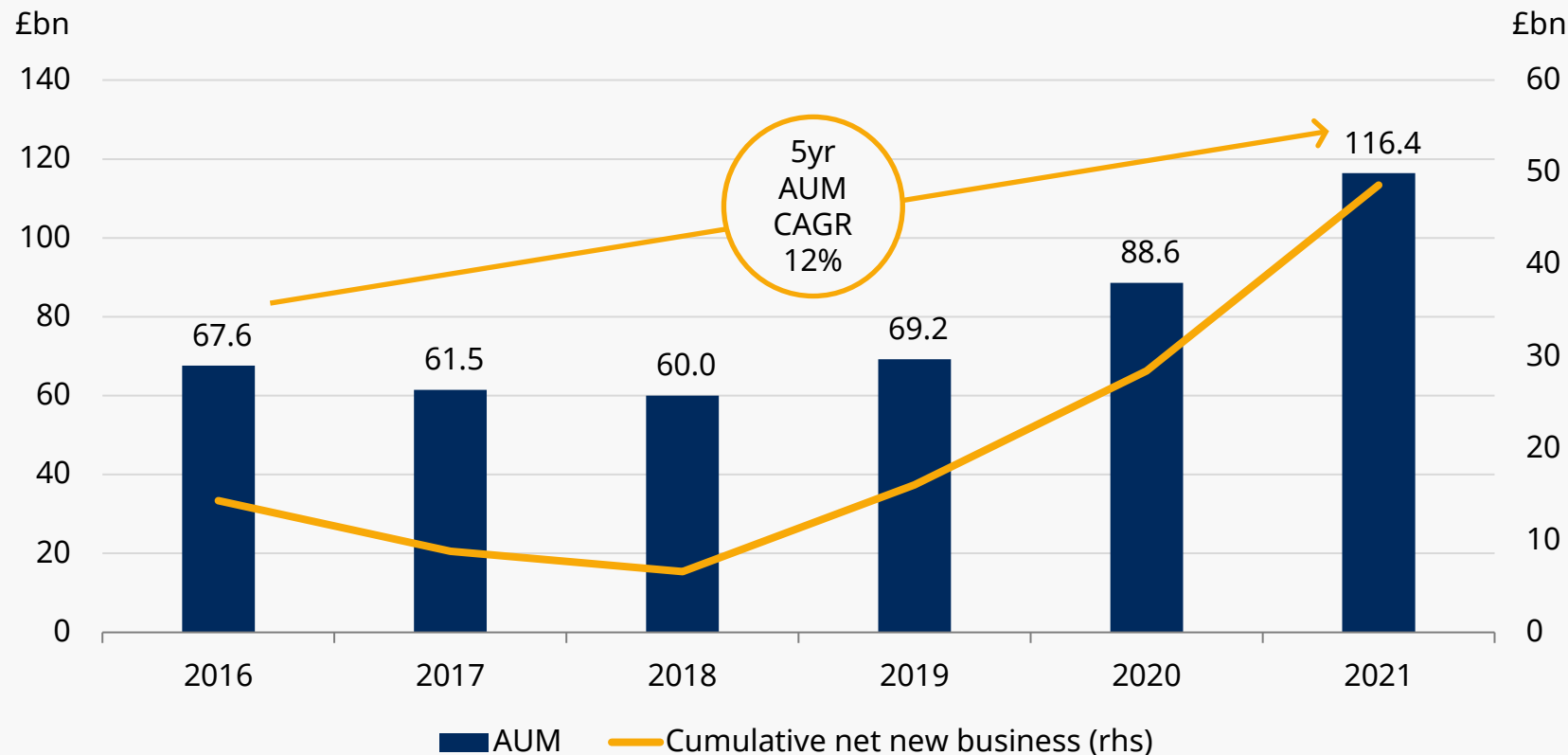
Annual AUM and cumulative net flows





Participating in high growth markets via our JVs & Associates

Annual AUM and cumulative net flows



Axis' market share now
6.7% and 7th
largest by AUM

BOCOM FMC
venture AUM up
32% yoy

WMC
licence to operate
received in January 2022

A leader in the transition to a sustainable world

Positively contributing to profits



For our clients



For our business

£5.7bn of Article 8 & 9 net new business in 2021	Published our path to Net Zero for our business and for our investments		A- rating by CDP
Agreed to acquire 75% of Greencoat Capital A leading European renewable infrastructure manager	£60.5bn of AUM in Article 8 & 9 funds	MSCI ESG Rating of AAA in the top 3% of our sector with a consistent score for more than 5 years	Largest asset manager (by AUM) to have a validated science- based target
2,000+ engagements with companies in 2021	Signatory to the Natural Capital Investment Alliance	94% retention of highly-rated employees	95% proud to work for Schroders
		Sustainalytics ESG risk rating of 18.7 Low risk and in the top 14% for diversified financials	

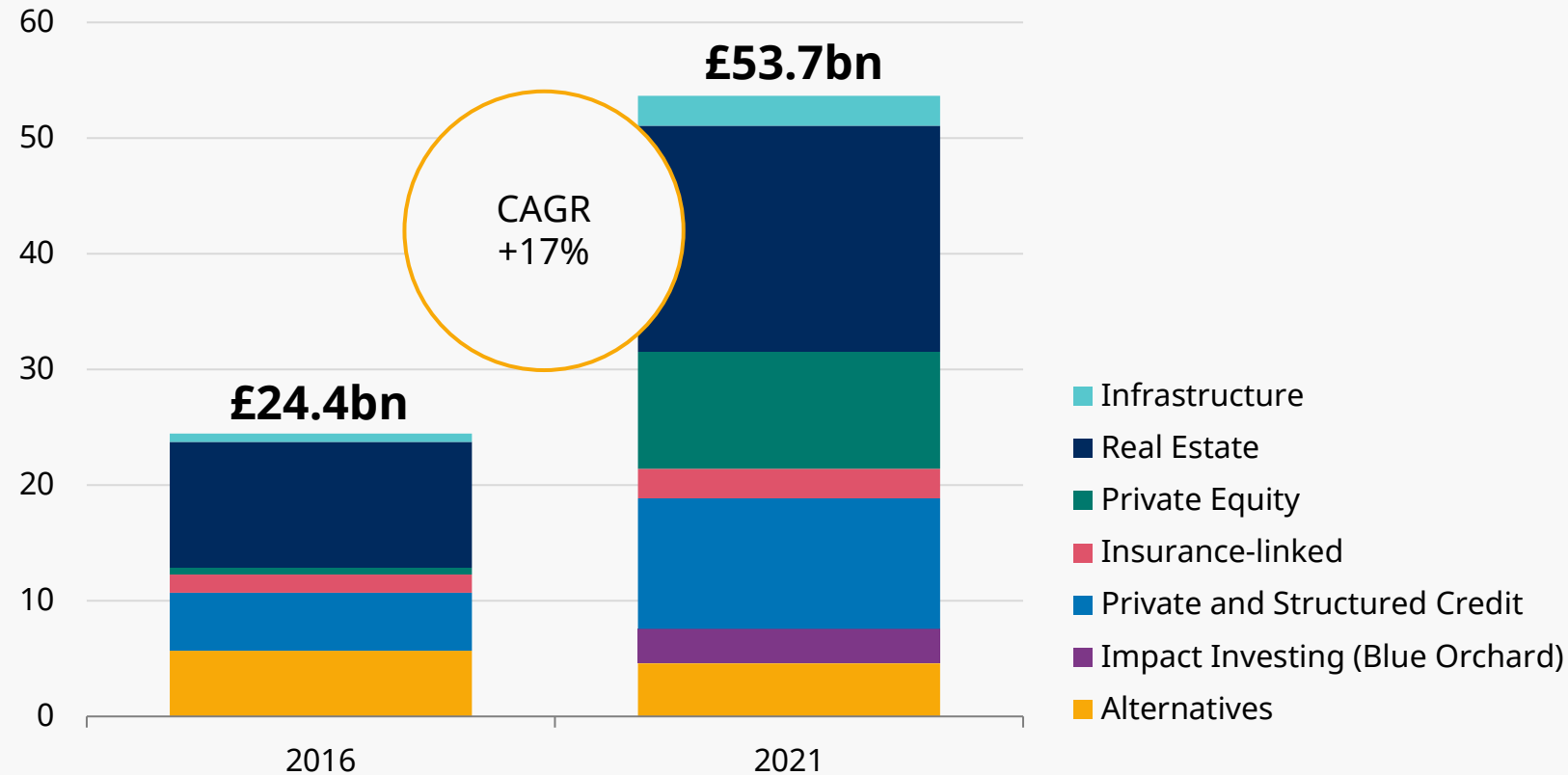


Expand Private Assets & Alternatives

Private Assets and Alternatives AUM up 16% yoy driven by strong NNB

Assets under management

£bn



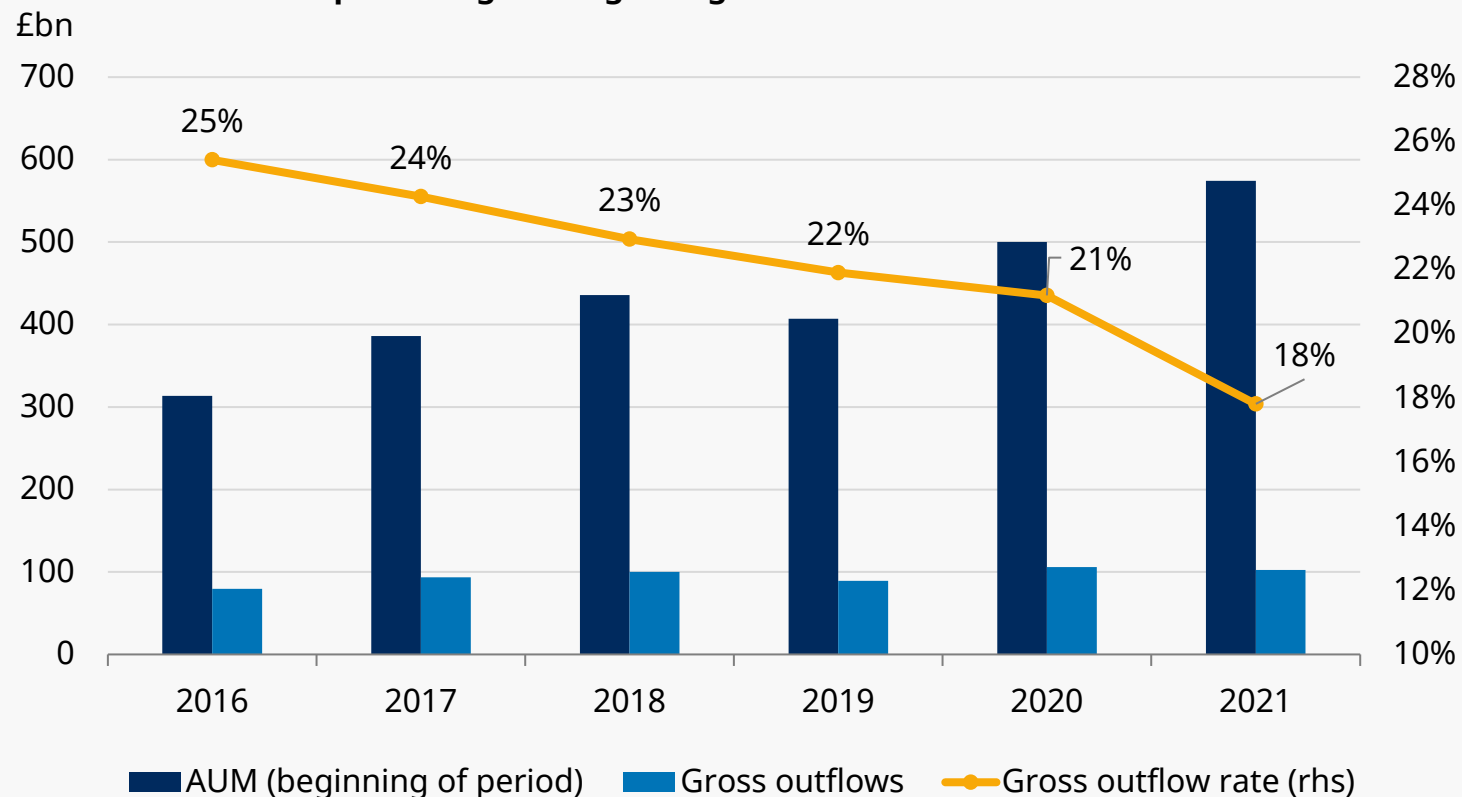
Private Assets and Alternatives generated **£6.9bn** of NNB

Schroders Capital generated **£7.4bn** of NNB

£2.5bn of dry powder (not included in AUM)

Diversification towards higher longevity areas is paying off

Gross outflows as a percentage of beginning AUM



Gross outflow rate
dropped to
18%

Longevity of
4.1 years
in 2016

Longevity of
5.3 years
in 2021

Strategic acquisitions to generate future growth



River & Mercantile's
solutions business
£43.1bn of AUM

Leading fiduciary management business in the UK

- Enables further Solutions growth
- Well respected team with a strong track record
- Access to high growth pension fund market
- Stable flow picture

Completed January 2022



Greencoat Capital
£6.8bn of AUM

Leading European renewable infrastructure manager

- Supporting the energy transition towards net zero
- Enhances our leadership position in sustainability
- Significant growth opportunities in the US and Europe

Completion expected Q2 2022



Cairn Real Estate
€1.3bn of AUM

Dutch Real Estate manager

- Expand our Real Estate offering in key European growth market
- Pan-European Real Estate capability

Completed January 2022

The virtuous cycle of investing for growth

Building a platform that unlocks other opportunities



Closer proximity to consumers

- UK regional Wealth build-out
- Family office capability
- Schroders Personal Wealth



Grow Asset Management

- River & Mercantile's solutions business
- Continued ESG and impact leadership
- Strong pipeline of ESG fund launches
- Onshore China build out
- WMC venture with BOCOM



Expand Private Assets and Alternatives

- Strength of Schroders Capital's platform set for growth
- Cairn
- Greencoat Capital

Strategy in action

Schroders



Record AUM of
£731.6bn
+10% year-on-year

Basic EPS increased
28% to 220.8p

Launched **14 new**
sustainable funds
in 2021



Acquiring 75% of
Greencoat Capital
£6.8bn AUM

Benchmark
profits up 89%
year on year

Latin America now
exceeds £11bn of AUM
and **£2.1bn of NNB**

£35.3bn
of net inflows



£19.1bn
of NNB into higher
margin business areas

95%
of people proud to be
associated with Schroders



Article 8 & 9 funds
£60.5bn of AUM
£5.7bn of NNB

Wealth Management
6%
organic growth rate

Schroders Capital
£7.4bn of NNB

79% of assets
outperforming
over 3 years

SPW
NNB now positive

Thematic strategies
£10.3bn of AUM
£4.4bn of NNB

Americas now
£100bn of AUM



River & Mercantile's
solutions business
adding **£43.1bn of AUM**

Strategic acquisition of
Cairn **€1.3bn**

WMC venture
approved to start
operating

Schroders

2021 Full-Year Results

Richard Keers
Chief Financial Officer

3 March 2022



Marketing material for
professional clients only

Profit before tax and exceptional items reached a new high of £836.2 million

	2021	2020	Change
	£m	£m	
Net income	2,568.8	2,179.2	18%
Operating expenses	1,732.6	1,476.9	17%
Profit before tax and exceptional items	836.2	702.3	19%

Profit after tax¹
+28% to £623.8m

Average AUM²
+15% to £597.0bn

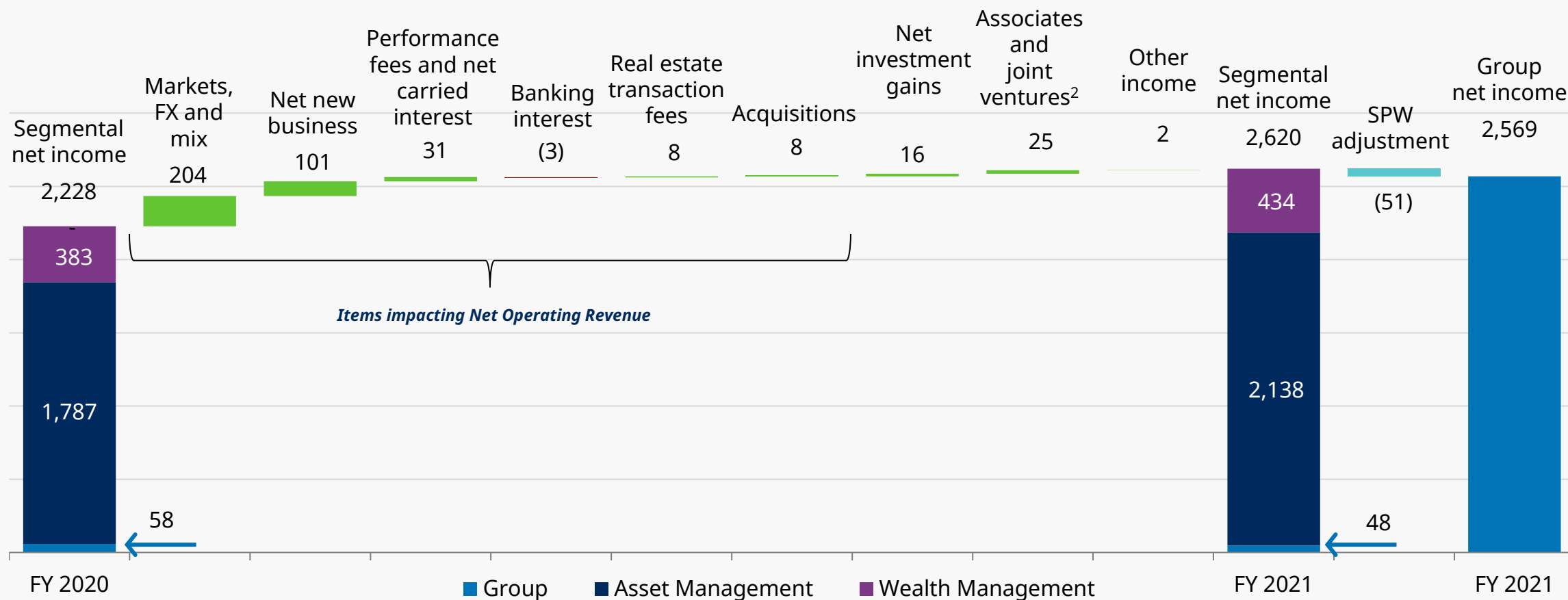
Note: Financial summary table is before exceptional items.

¹After exceptional items.

²Excluding Asset Management associates and joint ventures.

Net income increased by 18% from £2.2bn to £2.6bn¹

Net income bridge £m

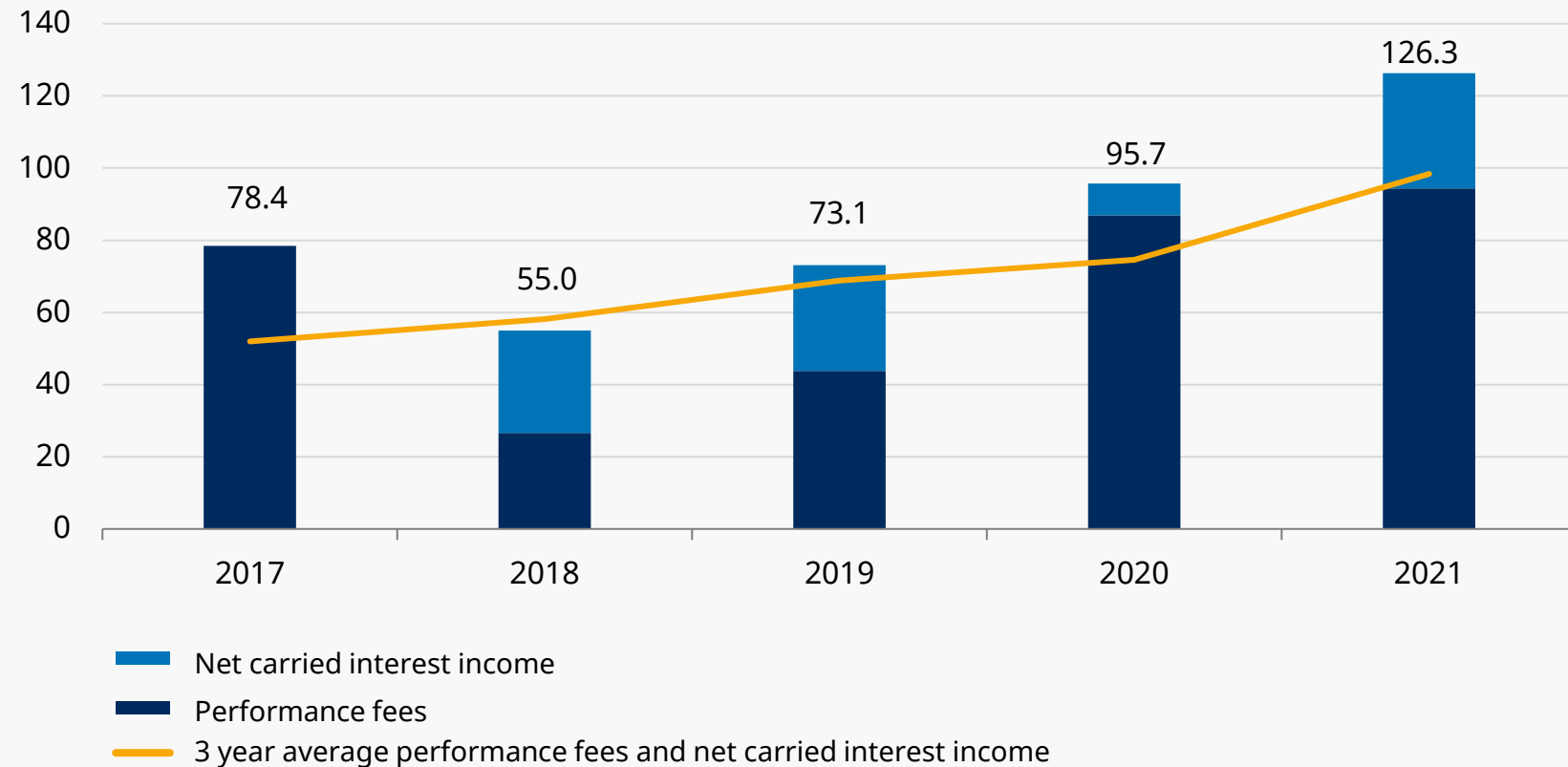


¹Before exceptional items.

²Before exceptional items and excluding SPW, which is proportionally consolidated within Wealth Management.

Another year of generating strong performance fees and net carried interest income

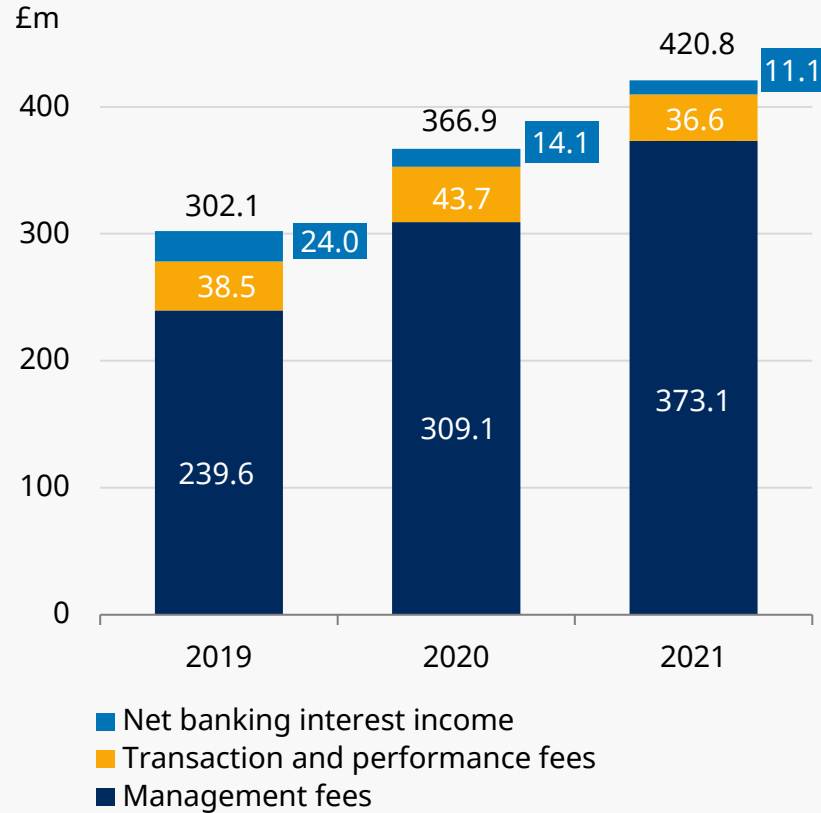
Five year performance
£m



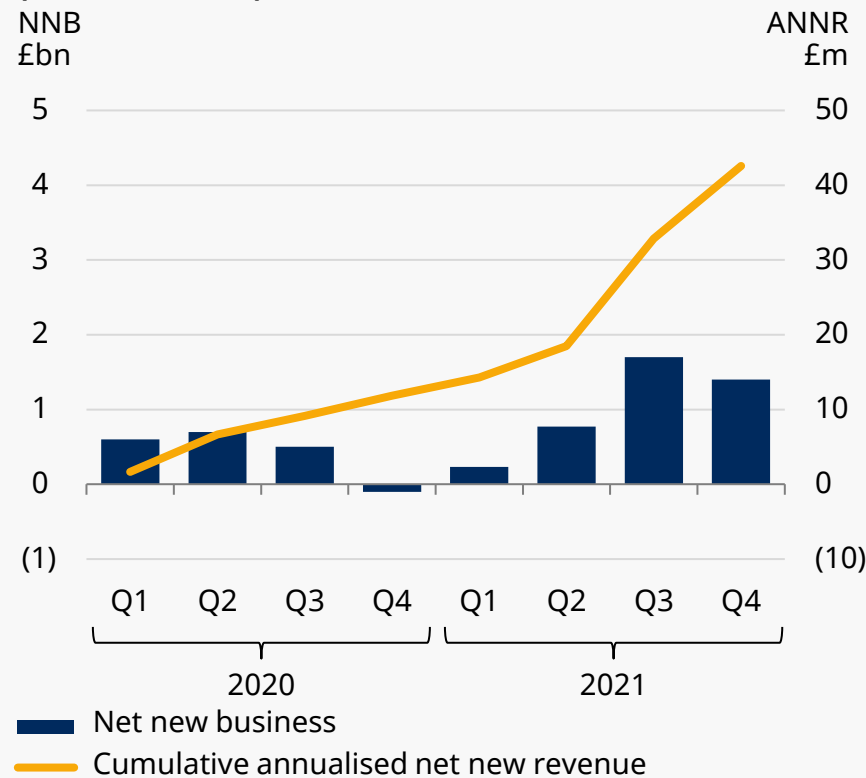
Three year
rolling average
£98.4m
up from £74.6m

Wealth Management net operating revenue up 15%

Net operating revenue¹



Net new business and annualised net new revenue (NNB and ANNR)



Net operating revenue margin²

55bps

FY 2020: 56bps

²Excluding performance fees.

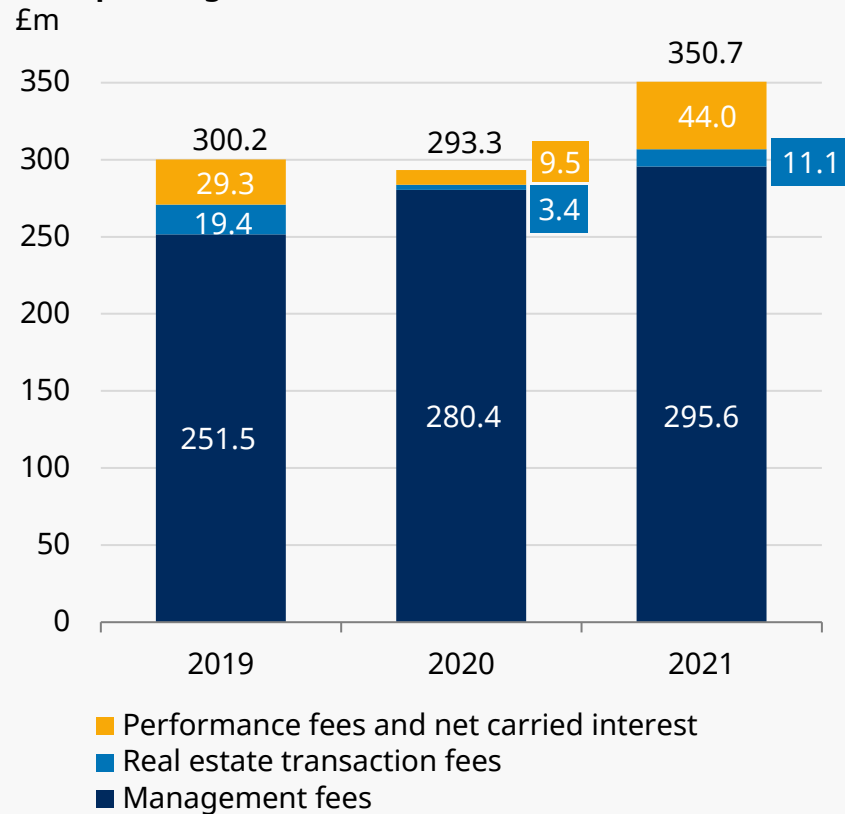
Average AUM

£76.1bn

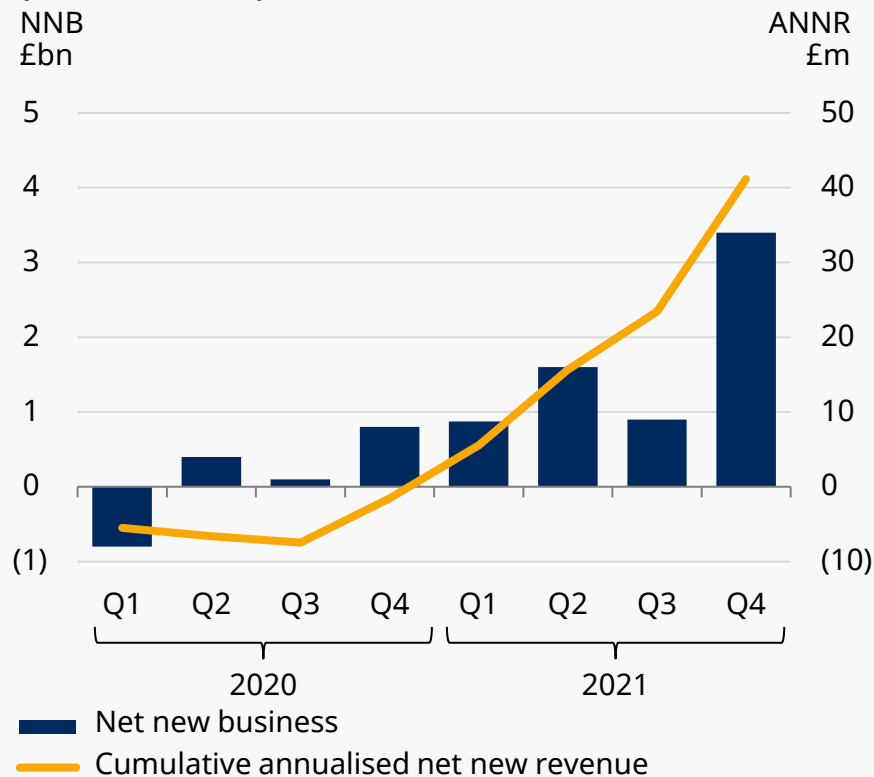
FY 2020: £65.1bn

Private Assets and Alternatives net operating revenue up 20%

Net operating revenue



Net new business and annualised net new revenue (NNB and ANNRR)



Net operating revenue margin¹

62bps

FY 2020: 62bps

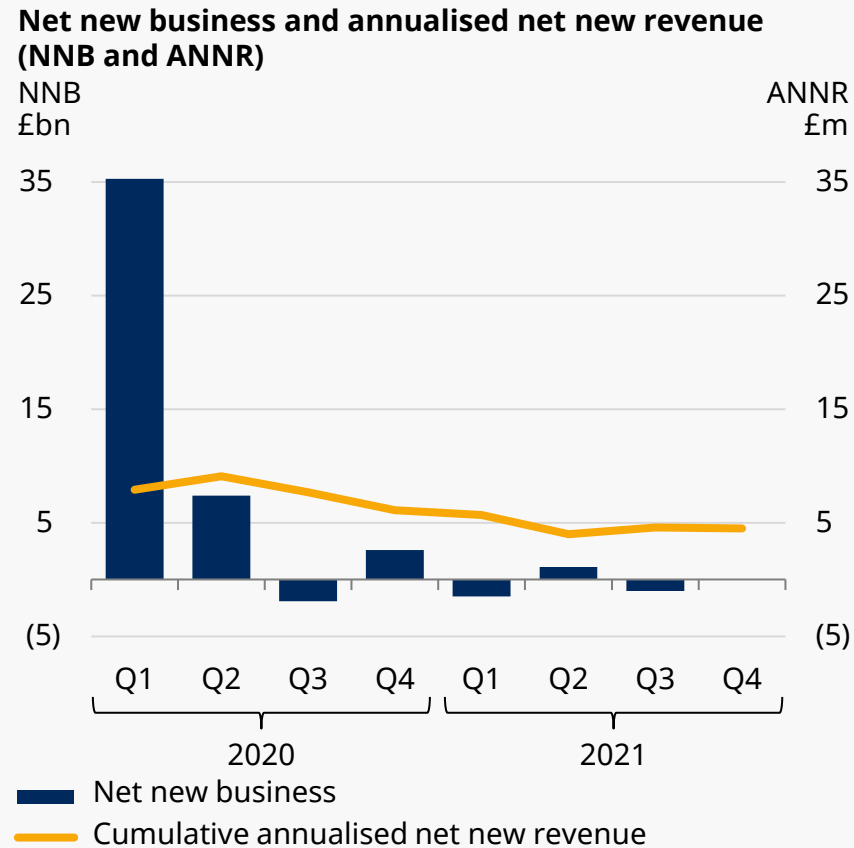
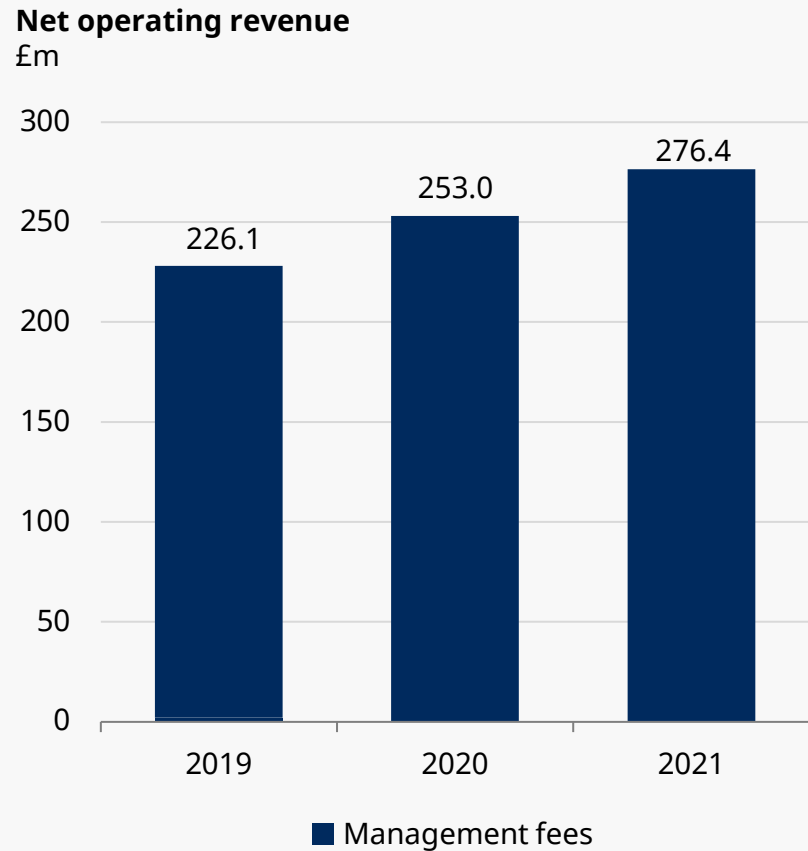
¹Excluding performance fees and net carried interest.

Average AUM

£49.1bn

FY 2020: £45.0bn

Solutions net operating revenue up 9%

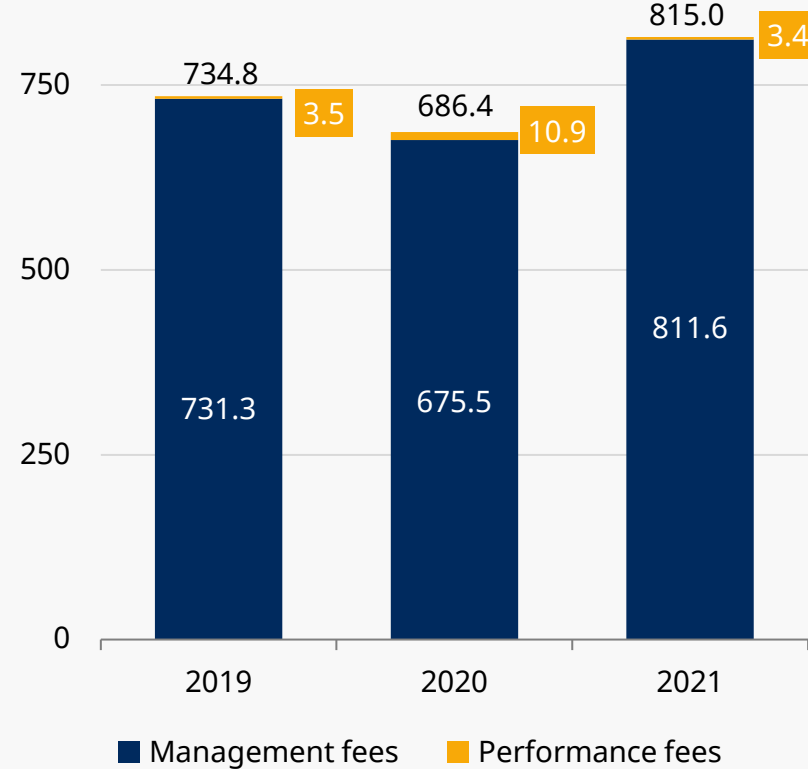


Net operating
revenue margin
14bps
FY 2020: 15bps

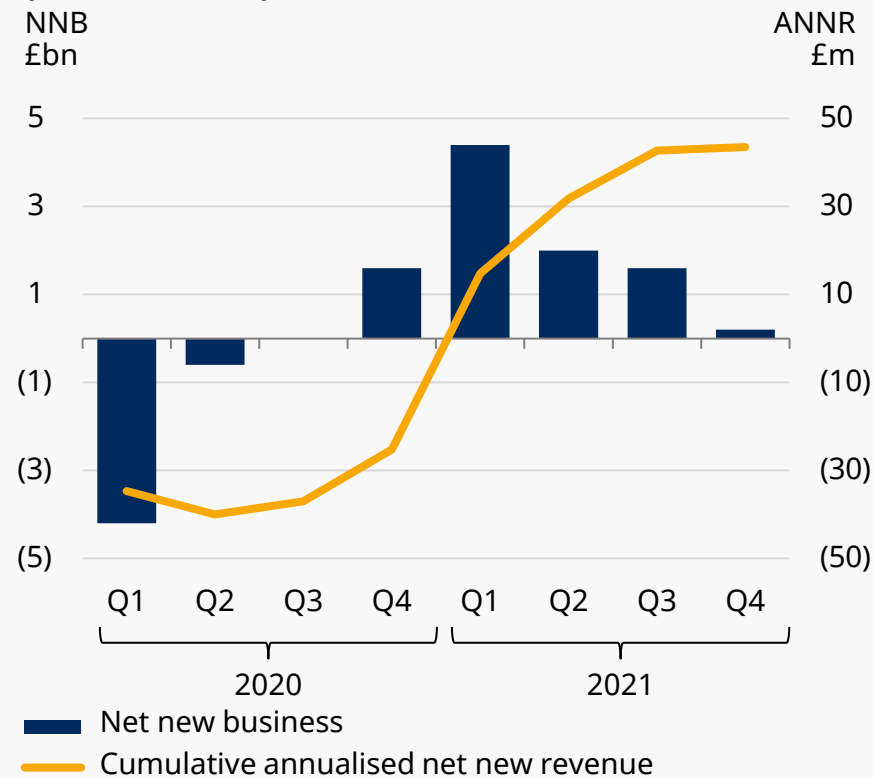
Average AUM
£193.2bn
FY 2020: £172.8bn

Mutual Funds net operating revenue up 19%

Net operating revenue
£m



Net new business and annualised net new revenue
(NNB and ANNR)



Net operating
revenue margin¹

72bps

FY 2020: 71bps

¹Excluding performance fees.

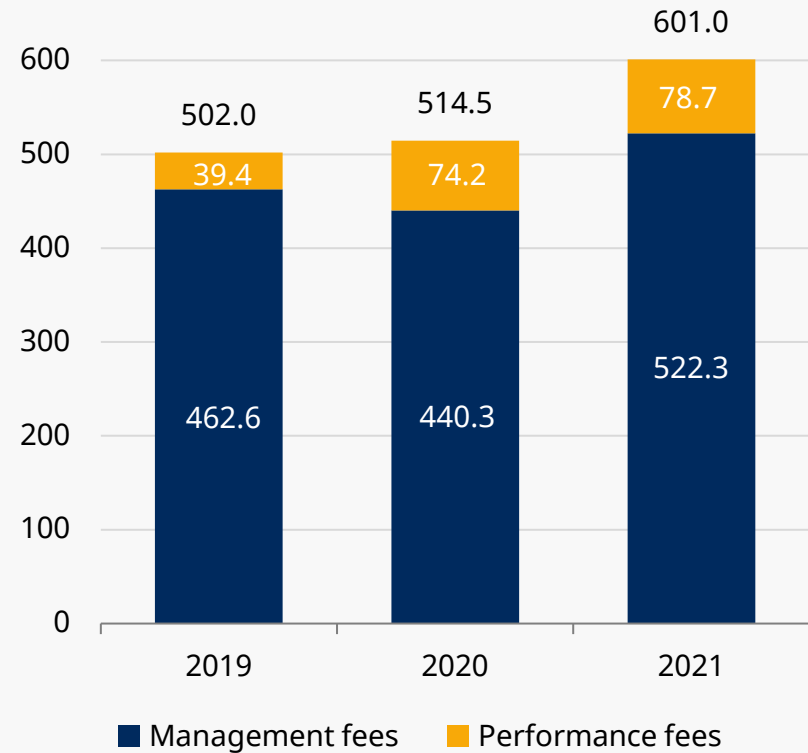
Average AUM

£112.8bn

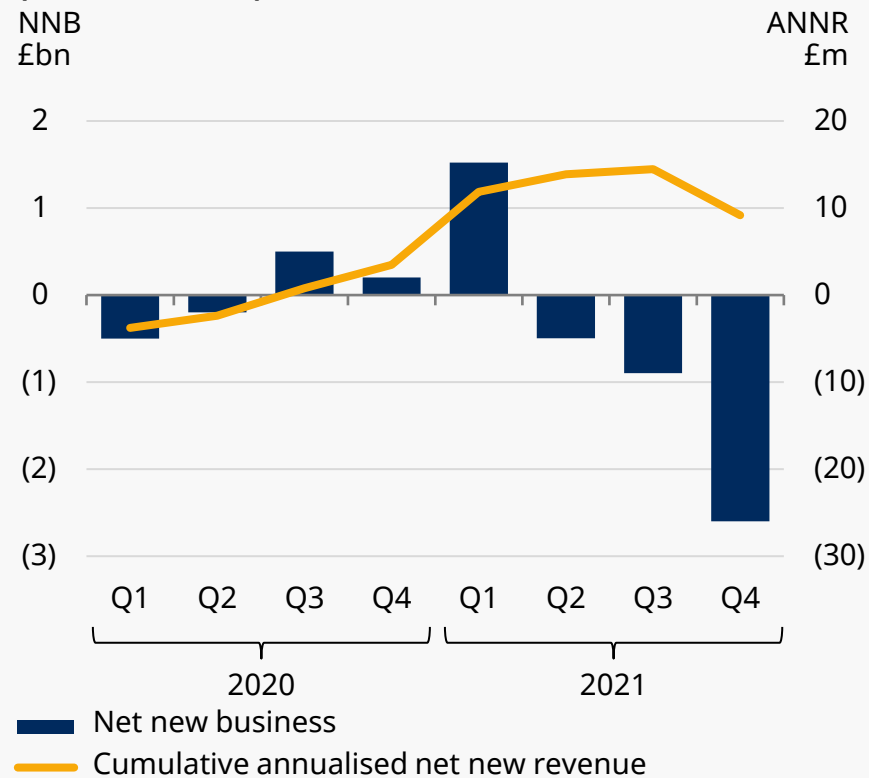
FY 2020: £94.5bn

Institutional net operating revenues up 17%

Net operating revenue
£m



Net new business and annualised net new revenue
(NNB and ANNRR)



Net operating
revenue margin¹

31bps

FY 2020: 31bps

¹Excluding performance fees.

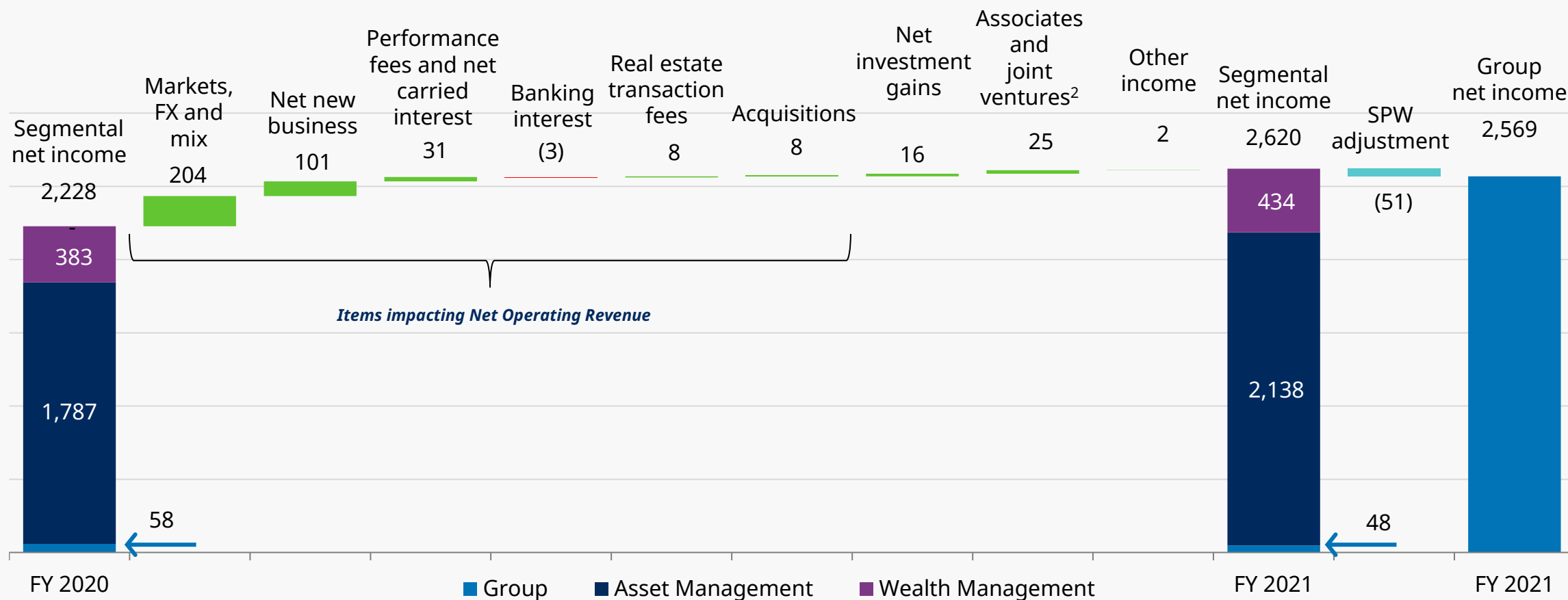
Average AUM

£165.9bn

FY 2020: £143.4bn

Net income increased by 18% from £2.2bn to £2.6bn¹

Net income bridge £m

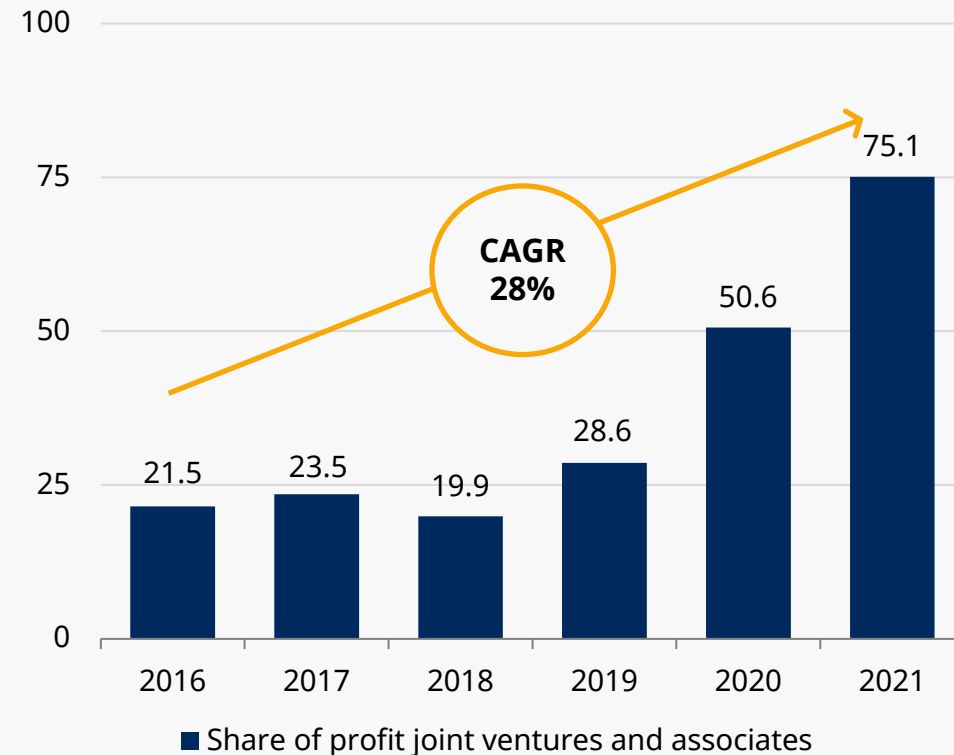


¹Before exceptional items.

²Before exceptional items and excluding SPW, which is proportionally consolidated within Wealth Management.

Share of profit of joint ventures and associates up 48%

Share of profit joint ventures and associates and AUM
£m



	FY 2021			
	BoCom	Axis	Other	Total
Total Revenue (£m)	355.2	79.4	95.5	530.1
Total Profit (£m)	201.4	36.7	22.2	260.3
Group's share of profit (£m)	60.4	9.2	5.5	75.1
Contribution to Group's PAT				11%
Revenue margin ¹				39bps
AUM £bn				116.4

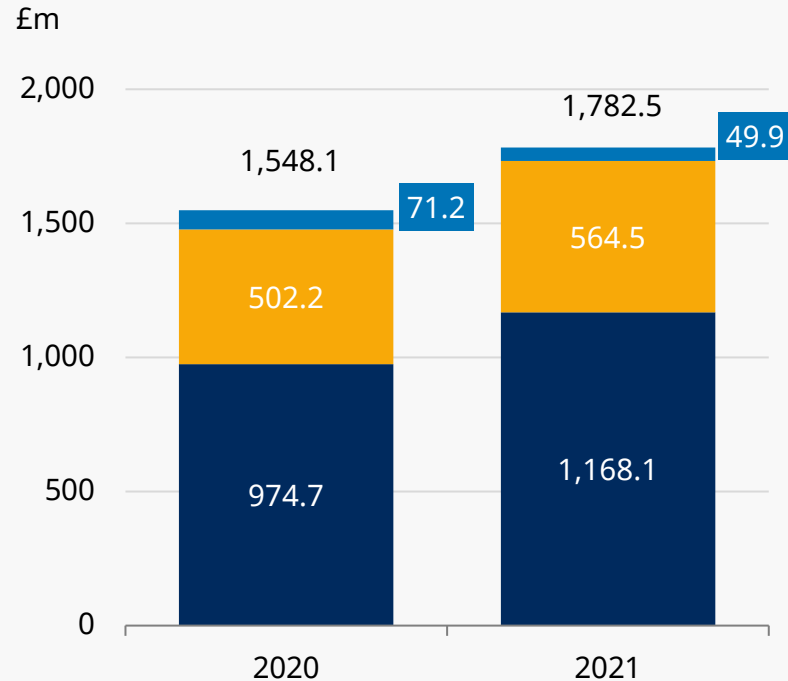
	FY 2020			
	BoCom	Axis	Other	Total
Total Revenue (£m)	263.3	57.4	57.4	378.1
Total Profit (£m)	141.7	22.7	8.1	172.5
Group's share of profit (£m)	42.5	5.7	2.4	50.6
Contribution to Group's PAT				9%
Revenue margin ¹				35bps
AUM £bn				88.6

Note: Joint ventures and associates share of profit is before exceptional items and excluding SPW, which is proportionally consolidated within Wealth Management.

¹Includes performance fees.

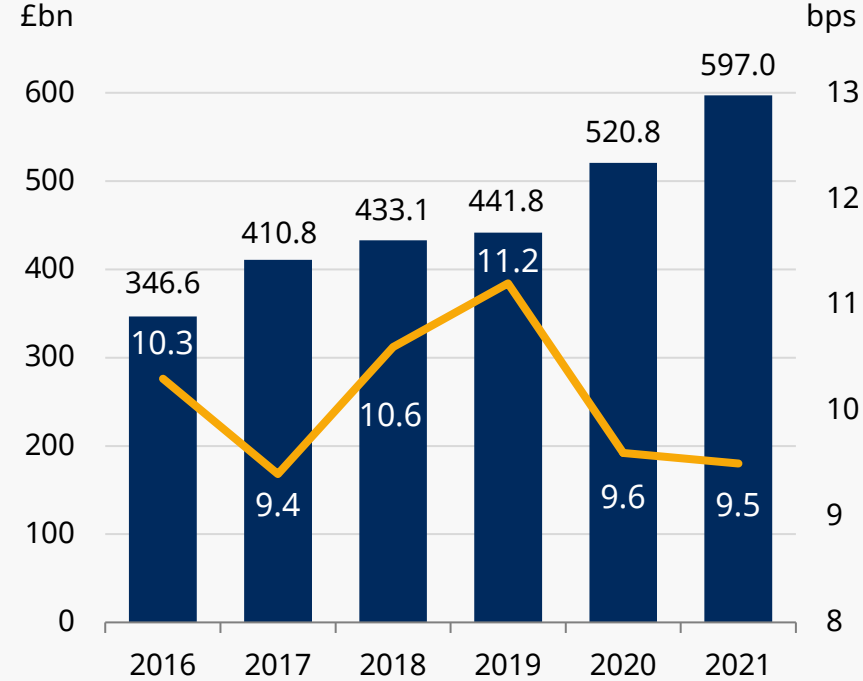
Cost income ratio improved by 1% over the year

Operating expenses



■ Compensation costs ■ Non-compensation costs
■ Exceptional items

Average AUM¹ and non-compensation costs²



■ Average AUM
— Non-compensation costs as percentage of average AUM

Total compensation ratio
45%

FY 2020: 45%

Ratio of total cost to net income
67%

FY 2020: 68%

¹Excluding associates and joint ventures.

²Before exceptional items.

Cloud migration programme

Investing for future operational leverage



Benefits



Improved speed to market



Better data and insights



Enhanced cyber security



Reduced emissions



Financial impact



Migrate majority of estate within 2 years



Significant reduction in on-premise infrastructure



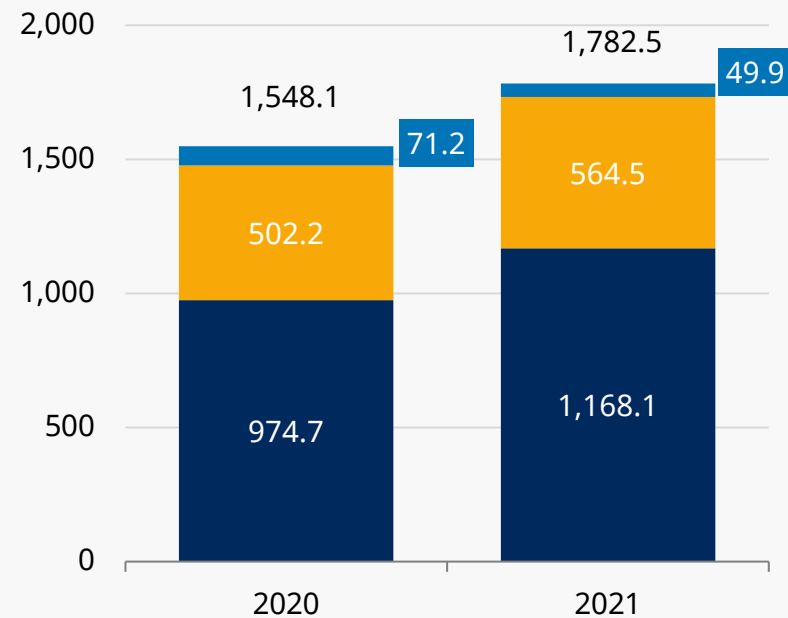
Will drive a saving of c. £15m p.a. from 2024



Improved operational leverage

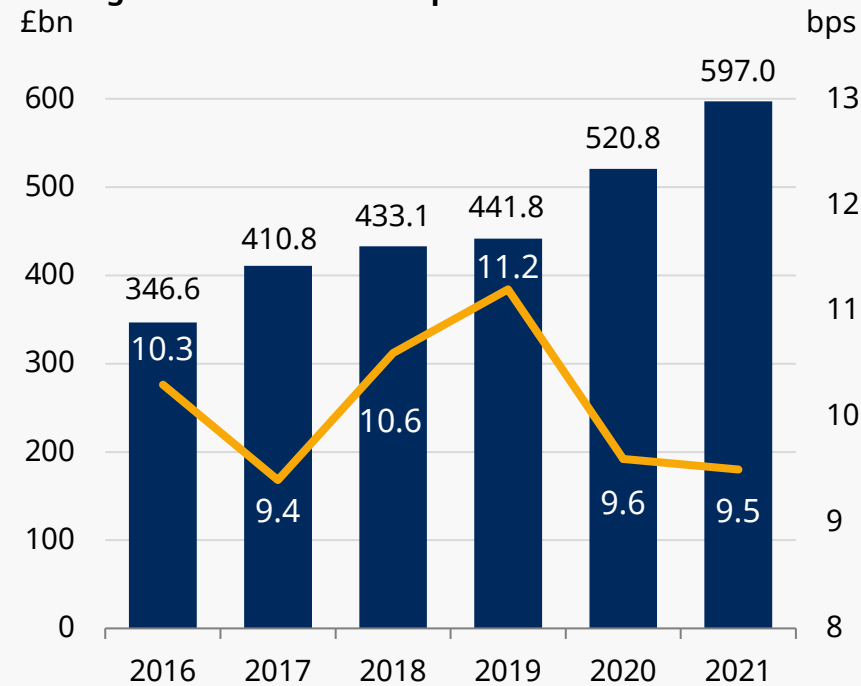
Cost income ratio improved by 1% over the year

Operating expenses
£m



■ Compensation costs ■ Non-compensation costs
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Average AUM¹ and non-compensation costs²
£bn



■ Average AUM
— Non-compensation costs as percentage of average AUM

Total compensation ratio
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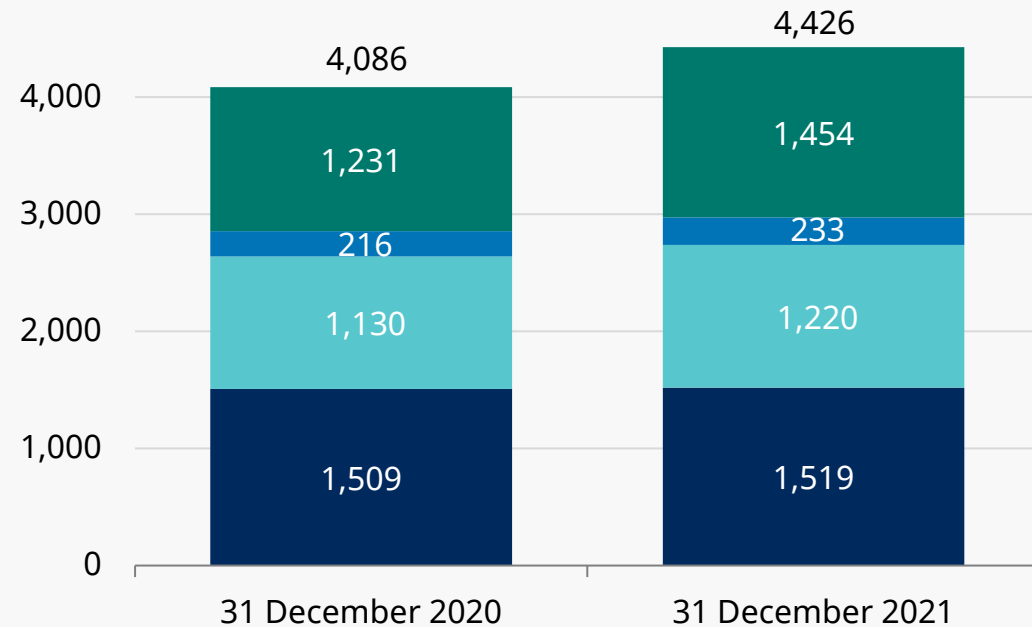
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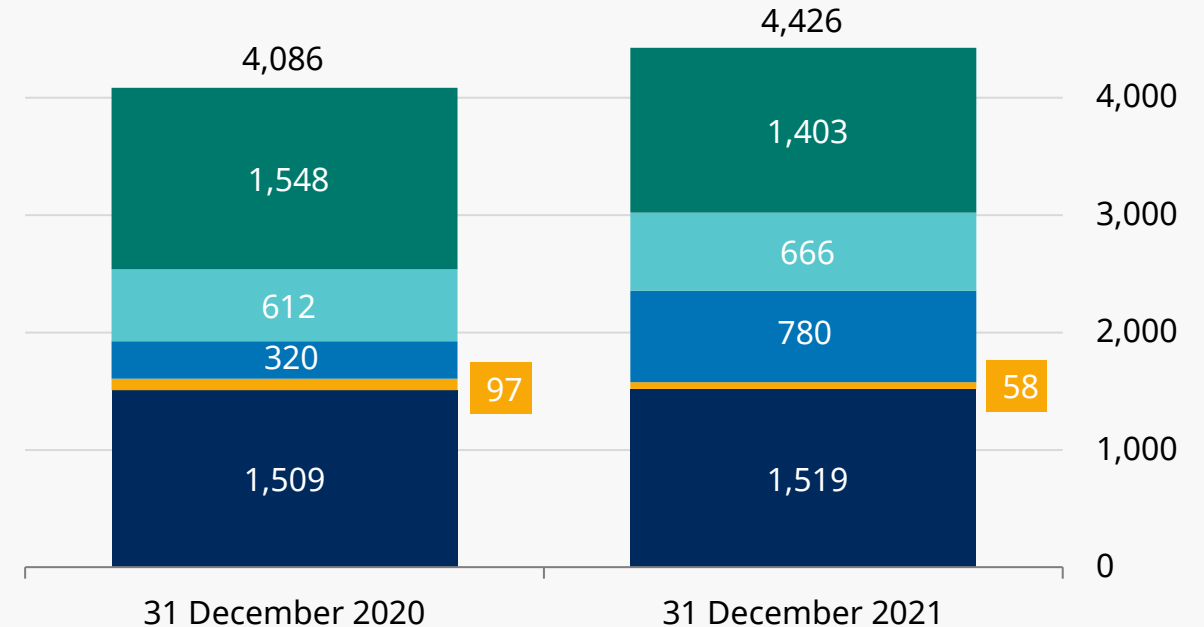
A strong capital position

Capital base
£m



■ Capital surplus
■ Dividend¹
■ Overall regulatory capital requirement
■ Other items²

Capital allocation
£m



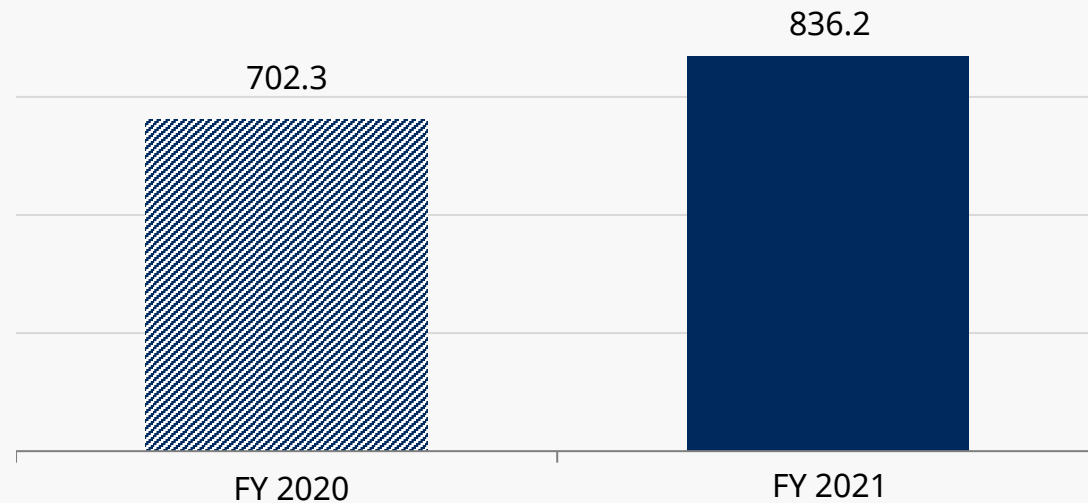
■ Working capital – regulatory and other
■ Working capital – seed and co-investment
■ Investment capital – liquid
■ Investment capital – illiquid
■ Other items²

¹Final dividend proposed for the respective year.

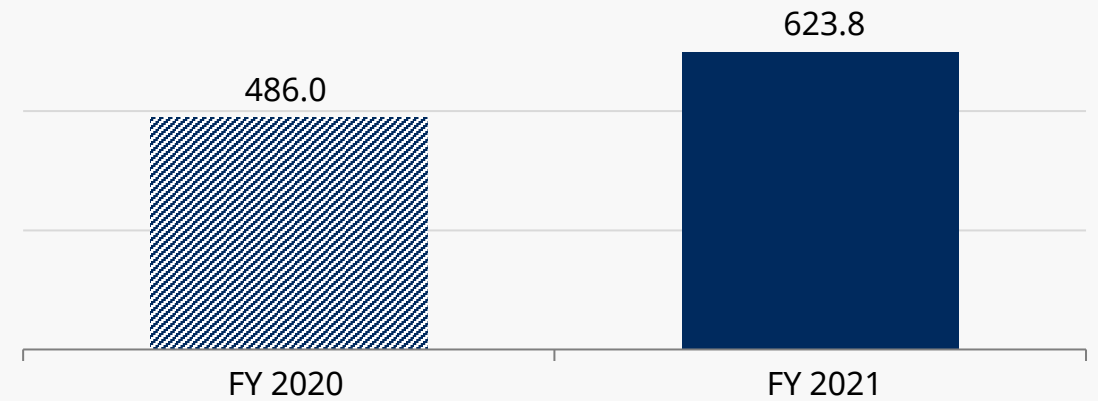
²Comprises items that are inadmissible for regulatory purposes, principally goodwill, intangible assets, minority interest in certain subsidiaries and pension scheme surplus.

A strong set of results for 2021

Profit before tax¹
£m



Profit after tax²
£m



Basic EPS²
+28% to 220.8p



Final dividend increased to
85p

¹Before exceptional items.
²After exceptional items.

Schroders

Outlook and questions

Peter Harrison
Group Chief Executive

3 March 2022



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Outlook for 2022 and beyond

Schroders

Schroders Capital
to generate £7-10 billion of
net new business p.a.

Wealth set to generate
5% net new business p.a.

WMC launched and
JVs and associates in
secular growth

Mutual fund products
are now highly attractive:
sustainability, thematic

Schroders Solutions
building a strong pipeline

The macro environment is
always uncertain

Forward looking statement

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