

Financial Institutions Group
Capital Markets
 Equity – United Kingdom

Overweight (V)

Target price (GBPp)	1,760
Share price (GBPp)	1,407
Potential total return (%)	25.1

Performance	1M	3M	12M
Absolute (%)	-2.0	22.7	51.1
Relative ^A (%)	9.9	22.1	30.6

Index^A FTSE ALL-SHARE

RIC SDR.L
 Bloomberg SDR LN

Market cap (USDm) 5,630
 Market cap (GBPm) 3,831

Enterprise value (GBPm) 2,203
 Free float (%) 58

Note: (V) = volatile (please see disclosure appendix)

11 May 2010

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Issuer of report: HSBC Bank plc

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Schroders (SDR LN)

OW(V): Solid Q1; raising estimates and target price

- **Strong Q1 results driven by record net inflows, solid investment returns, and one-off performance fees**
- **Raising estimates to reflect Q1 figures; we raise EPS estimates for 2010 by 16% and for 2011 and 2012 by 12%**
- **Increasing target price to 1,760p from 1,645p, and reiterating Overweight (V) rating**

Strong earnings beat: The Q1 2010 results were well above our and market estimates, driven by record net fund inflows and positive investment returns, and boosted by an unexpected and substantial one-off performance fee. Net inflows amounted to a record GBP9.7bn (6.5% of end-December AUM), including institutional net inflows of GBP6.0bn, intermediary (retail) net inflows of GBP3.3bn, and private banking net inflows of GBP0.4bn. Together with investment returns of GBP9.8bn (6.6% of end-2009 AUM), Q1 AUM increased 13% to GBP167.9bn as at end-March.

Boosted by one-off performance fee: Asset Management delivered a very strong performance; PBT of GBP88.9m included performance fees of GBP27.2m, the majority of which related to gains from a European property fund which has since been wound up. Private Banking was disappointing; PBT amounted to only GBP1.3m after provisions for bad and doubtful debts of GBP3.3m. Group central items – income from investment capital less central cost items – amounted to positive GBP3.0m, including a GBP3.5m profit contribution from the group's principle associate, Schroder Ventures Investments Limited.

Raising estimates to reflect Q1 out-turn: We are increasing 2010e Asset Management division profits to reflect stronger than previously forecast net inflows, the impact of Q1's unexpected performance fees, and a higher contribution from the group's 30% interest in Bank of Communications Schroder Fund Management. For Private Banking, we are reducing our PBT 2010 forecast, mainly to reflect Q1's unexpected provision for bad debts, and we are reducing our forecast of losses from the Group segment following the better-than-expected Q1 result. In aggregate, we are raising our EPS estimates by 2010 by 16% from 88.7p to 94.4p, and for 2011 and 2012 EPS by 13% to 106.4p and 120.7p, respectively.

Growth potential at reasonable price: Based on our new forecasts, the voting shares trade on PE multiples of 15.9x 2010 and 13.2x 2011. Excluding end-March 2010 investment capital, our estimates imply an underlying group EV/NOPAT of 13.6x for 2010 and 11.1x for 2012, broadly in line with UK-quoted asset management peers. We raise our DCF-based target price to 1,760p from 1,645p, and reiterate our Overweight (V) rating.

The Extel Survey runs from 22 March to 8 May.

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Financials & valuation

Financial statements

Year to	12/2009a	12/2010e	12/2011e	12/2012e
Profit & loss summary (GBPm)				
Revenue	789	1,096	1,287	1,433
EBITDA	174	326	396	450
Depreciation & amortisation	0	0	0	0
Operating profit/EBIT	174	326	396	450
Net interest	11	9	10	12
PBT	138	354	424	481
HSBC PBT	200	354	424	481
Taxation	-42	-106	-127	-144
Net profit	95	247	297	337
HSBC net profit	148	247	297	337

Cash flow summary (GBPm)

Cash flow from operations	380	228	279	317
Capex	-5	-10	-10	-10
Cash flow from investment	-5	-10	-10	-10
Dividends	-85	-92	-101	-110
Change in net debt	-435	-126	-168	-198
FCF equity	372	218	269	307

Balance sheet summary (GBPm)

Intangible fixed assets	0	0	0	0
Tangible fixed assets	6,009	6,009	6,009	6,009
Current assets	2,810	2,937	3,105	3,302
Cash & others	1,503	1,629	1,797	1,994
Total assets	10,289	10,415	10,583	10,780
Operating liabilities	8,593	8,556	8,527	8,498
Gross debt	0	0	0	0
Net debt	-1,503	-1,629	-1,797	-1,994
Shareholders funds	1,648	1,804	2,000	2,228
Invested capital	-1,276	-1,239	-1,210	-1,181

Ratio, growth and per share analysis

Year to	12/2009a	12/2010e	12/2011e	12/2012e
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Y-o-y % change

Revenue	-9.6	38.9	17.4	11.4
EBITDA	-29.2	87.4	21.5	13.7
Operating profit	-29.2	87.4	21.5	13.7
PBT	11.7	157.1	19.9	13.5
HSBC EPS	-29.8	67.4	19.9	13.5

Ratios (%)

Revenue/IC (x)	-0.6	-0.9	-1.1	-1.2
ROIC	-9.5	-18.1	-22.6	-26.3
ROE	9.0	14.3	15.6	15.9
ROA	1.0	2.4	2.8	3.2
EBITDA margin	22.0	29.7	30.7	31.4
Operating profit margin	22.0	29.7	30.7	31.4
EBITDA/net interest (x)				
Net debt/equity	-91.1	-90.3	-89.8	-89.5
Net debt/EBITDA (x)	-8.6	-5.0	-4.5	-4.4
CF from operations/net debt				

Per share data (GBPp)

EPS reported (fully diluted)	34.19	88.70	106.37	120.71
HSBC EPS (fully diluted)	52.99	88.70	106.37	120.71
DPS	31.00	34.00	37.00	39.00
Book value	574.96	629.28	697.70	776.96

Key forecast drivers

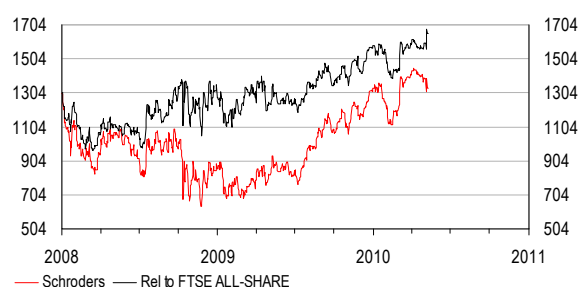
Year to	12/2009a	12/2010e	12/2011e	12/2012e
Revenues/avg AUM (bps)	64	65	65	65
Expenses/avg AUM (bps)	-50	-46	-45	-45
Pretax Opr profit/Avg AUM (bps)	14	19	19	20
Operating profit margin (%)	22	30	31	31
Average AUM (£ bn)	121	167	197	218
Average AUM (% growth)	-3	38	18	11

Valuation data

Year to	12/2009a	12/2010e	12/2011e	12/2012e
EV/sales	3.0	2.0	1.6	1.3
EV/EBITDA	13.4	6.8	5.1	4.1
EV/IC				
PE*	26.6	15.9	13.2	11.7
P/Book value	2.4	2.2	2.0	1.8
FCF yield (%)	9.7	5.7	7.0	8.0
Dividend yield (%)	2.2	2.4	2.6	2.8

Note: * = Based on HSBC EPS (fully diluted)

Price relative



Source: HSBC

Note: price at close of 10 May 2010

Record Q1 profits and fund flows

Summary

Q1 2010 results, announced on 6 May, were well above our the market estimates, driven by record net fund inflows and positive investment returns, and further boosted by an unexpected significant one-off performance fee. Net inflows amounted to a record GBP9.7bn (6.5% of end-December AUM), including institutional net inflows of GBP6.0bn, intermediary (retail) net inflows of GBP3.3bn, and private banking net inflows of GBP0.4bn. Together with investment returns of GBP9.8bn (6.6% of end-2009 AUM), Q1 AUM increased by 13% to GBP167.9bn at end-March.

Asset Management division profit before tax of GBP88.9m included performance fees of GBP27.2m, the majority of which related to gains from a European property fund which has since been wound-up. Private Banking profit before tax amounted to GBP1.3m after provision for bad and doubtful debts of GBP3.3m. Group central items – income from investment capital less central cost items – amounted to positive GBP3.0m, including a GBP3.5m profit contribution from the group's principle associate, Schroder Ventures Investments Limited.

The brief outlook statement was positive but included an air of caution echoed in the group's Q1 conference call. Whilst momentum generated in 2009 had continued into Q1 2010, April has seen some slowing in retail investor demand; although the Institutional pipeline was positive at end-March, with a number of mandates awarded but yet to fund at end-March, it was noted that new Institutional business wins tend to have a Q1 bias. The message was that Q1 was particularly strong and not indicative of run-rate new business flows for the rest of 2010.

Fund flows

Q1 2010 fund flows by channel are summarised below.

Schroders: Quarterly AUM progression

Year to December (GBPm)	1Q09	2Q09	3Q09	4Q09	1Q10
Opening AUM	110.2	103.1	113.3	138.9	148.4
-Institutional flows	-2.4	1.6	3.3	2.4	6.0
-Intermediary flows	0.2	2.3	3.7	3.4	3.3
-Private Banking flows	0.1	0.0	0.0	0.4	0.4
Net inflows	-2.1	3.9	7.0	6.2	9.7
Returns	-5.0	6.3	18.6	3.3	9.8
Closing AUM	103.1	113.3	138.9	148.4	167.9
Net flows/opening AUM	-1.9%	3.8%	6.2%	4.5%	6.5%
Returns/opening AUM	-4.5%	6.1%	16.4%	2.4%	6.6%

Source: Company reports

- ▶ The recovery in net institutional inflows continued in Q1, with GBP6.0bn of net inflows reflecting GBP9.9bn of gross sales (which compares with GBP18.5bn of sales for the whole of 2009) and GBP3.0bn of withdrawals (GBP13.6bn for 2009 as a whole).
- ▶ Gross Intermediary sales (before netting) amounted to GBP10.3bn in Q1, up from GBP9.6bn in Q4 2009, whilst redemptions were GBP7.0bn, up from GBP6.2bn in Q4.

- ▶ The sequential increase in quarterly Intermediary redemptions, shown in the table below, is consistent with management comment that some retail investors – particularly those in Europe and Asia – have begun to lock-in recent profits.

Schroders: Asset Management, gross inflows and outflows

Year to December (GBPm)	Q109	Q209	Q309	Q409	Q110
Intermediary					
Gross sales	4.1	6.6	8.7	9.6	10.3
Gross outflows	-3.9	-4.3	-5.0	-6.2	-7.0
Net sales	0.2	2.3	3.7	3.4	3.3
Institutional					
Gross sales	2.4	4.0	6.1	6.0	9.0
Gross outflows	-4.8	-2.4	-2.8	-3.6	-3.0
Net sales	-2.4	1.6	3.3	2.4	6.0
Total					
Gross sales	6.5	10.6	14.8	15.6	19.3
Gross outflows	-8.7	-6.7	-7.8	-9.8	-10.0
Net sales	-2.2	3.9	7.0	5.8	9.3

Source: Company reports

Income and expenses

- ▶ Excluding performance fees, Q1 Asset Management (AM) net revenues amounted to GBP218m, up 8% on Q4 last year, broadly in line with the growth in average Asset Management division AUM.
- ▶ Combined Institutional and Intermediary AUM increased by 13.5% to GBP154.2bn over the quarter, average AUM by 10% to GBP145.0bn; the net revenue margin before performance fees fell by 1bp to 60bps).
- ▶ Q1 performance fees amounted to GBP27.2m and were reported to be predominantly derived from gains on a European property fund, which has since been wound down. Performance fees are traditionally Q4-weighted, and we regard this Q1 performance fee as essentially a one-off.
- ▶ AM division costs were higher than we forecast but reflected higher-than-expected revenues, boosted by Q1 performance fees.

Schroders: Asset Management division, income and expenses

Year to December (GBPm)	Q109	Q209	Q309	Q409	Q110
Performance fees	0.0	1.7	4.9	27.8	27.2
Net management fees	127.5	148.2	167.8	201.3	217.6
Net revenue	127.5	149.9	172.7	229.1	244.8
Operating expenses	-103.1	-114.1	-122.2	-160.9	-160.1
Operating profit	24.4	35.8	50.5	68.2	84.7
Net finance income	1.4	0.6	0.6	0.6	0.9
JVs & associates	1.8	2.3	4.2	1.6	3.3
Pre-exceptional PBT	27.6	38.7	55.3	70.4	88.9

Source: Company reports

- ▶ Private Banking profits were disappointing, primarily due to an unexpected GBP3.6m provision for bad and doubtful debts. The provision was reported to be due to a number of UK commercial property loans, and not related to the GBP6.3bn single loan-loss provision recorded at Private Banking in Q4 2009. Management was unable to rule out additional provisions relating to UK commercial property loans in future reporting periods.

Schroders: Private Banking division, income and expenses

Year to December (GBPm)	Q109	Q209	Q309	Q409	Q110
Net revenue	26.4	22.8	23.6	24.9	24.3
Operating expenses	-18.1	-16.2	-17.3	-26.0	-23.0
Pre-exceptional PBT	8.3	6.6	6.3	-1.1	1.3

Source: Company reports

Balance sheet

End-March NAV totalled GBP1,609m, allocated to the group's operating divisions and to group investment capital as outlined in the table below.

Schroders: Group NAV, investment capital and NAV by operating divisions

(GBPm)	December 2009	March 2010	Change
Investment capital			
Cash & equivalents	276	158	-118
Liquid debt securities	532	389	-143
Seed capital	141	154	13
Private equity	90	99	9
Other investments	20	73	53
Total investment capital	1,059	873	-186
Private Banking NAV	242	245	3
Asset Management NAV	348	491	143
Group NAV	1,649	1,609	-40

Source: Company reports

Forecast revisions

We are revising our estimates as summarised below:

Schroders: Changes to our forecasts

Year to December (GBPm)	2010e			2011e			2012e		
	Old	New	Change	Old	New	Change	Old	New	Change
Asset Management	292.0	334.9	15%	358.1	401.3	12%	401.3	450.9	12%
Private Banking	22.0	20.1	-9%	27.4	27.0	-2%	35.2	35.0	-1%
Group	-9.2	-1.5	-84%	-9.4	-4.4	-54%	-10.7	-4.8	-55%
Profit before tax	304.8	353.5	16%	376.2	424.0	13%	425.9	481.1	13%
EPS (GBP)	76.5	88.7	16%	94.4	106.4	13%	106.8	120.7	13%
DPS (GBP)	33.0	34.0	3%	35.0	37.0	6%	37.0	39.0	5%
Year-end AUM (GBPbn)	182.7	186.3	2%	203.3	208.1	2%	222.0	228.3	3%

Source: HSBC estimates

- ▶ We are increasing our 2010e Asset Management division profits to reflect stronger than previously forecast net inflows (following the greater-than-expected Q1 out-turn) and the impact of Q1's unexpected performance fees, and a higher contribution from JVs and Associates (principally from the group's 30% interest in Bank of Communications Schroder Fund Management). Our 2011 and 2012 estimates are raised to reflect the higher opening AUM that result from these 2010 changes and also some minor changes to revenue margin assumptions.
- ▶ For Private Banking, we are reducing our 2010 forecast of PBT, mainly to reflect Q1's unexpected provision for bad debts, and also a reduced revenue margin due to a lower than previously expected interest income. We are reducing our forecast of losses from the Group segment following the better-than-expected Q1 result.

Investment summary

As a global asset manager with institutional, intermediary, and private banking businesses, and an equity bias and with strong franchises in the UK, Europe, and Asia, Schroders' investment management activities are well-placed to benefit from our positive 2010 market outlook, we believe. The group's investment capital – in excess of GBP870m at end-March 2009 and including more than GBP150m of seed investments in own funds – could also show substantial gains in a rising market. The recent turnaround in the fortunes of the Institutional division is also good, as it potentially marks the end of 10 years of net outflows due to structural decline in balanced pension fund management. Balance sheet strength should provide strategic flexibility, although there have been no significant acquisitions since the de-merger from the investment bank in 2000.

Valuation

Based on our new EPS forecasts for the group as a whole, ie including returns on investment capital, the voting shares currently trade on PE multiples of 15.9x 2010 and 13.2x 2011. Excluding the group's end-March 2010 investment capital from the current market value to derive the enterprise value of the operating businesses, our estimates imply an underlying group EV/NOPAT of 13.6x for 2010 and 11.1x for 2012.

Schroders: Enterprise value/net operating profit (NOPAT) multiples for the operating businesses (GBPm)

Market value	3,831				
Less: Investment capital	-873				
EV operating businesses	2958				
Year to December	2008	2009	2010E	2011E	2012E
Operating businesses NOPAT*	178	124	218	267	305
EV/NOPAT	16.6x	24.0x	13.6x	11.1x	9.7x

Source: Company data, HSBC estimates. * Asset Management plus Private Banking less Group operating expenses.

We are raising our 12-month, DCF-based target price by 7% to 1,760p from 1,645p, now representing a 25.1% potential return. The key assumptions in our valuation model are: risk-free rate of 4.5%, equity risk premium of 6.2%, and cost of equity of 10.7%. Under our research model, for stocks with a volatility indicator, the Neutral band is 10ppts above and below our hurdle rate for UK stocks of 8%, or -2% to +18% above and below the current share price. Our new 1,760p target implies a potential return of 25.1%, which is above the Neutral band; thus, we reiterate our Overweight (V) rating.

Risks

As Schroders is an equity-oriented asset manager, a material rise or fall in global equity markets would impact revenues and to a greater degree operating profits. Relative fund performance will influence the ability for Schroders to win new business and hence grow AUM organically, and the group net revenue margin will be sensitive to relative flows in or out of high or low margin products. With such a sizable investment portfolio, Schroders also bears substantial direct investment risk, and as a potential buyer of businesses, it is potentially exposed to transaction execution risk.

Schroders: Forecast summary

Year to December (GBPm)	2008	2009	2010e	2011e	2012e	2013e
Net revenues	872.9	788.9	1096.0	1287.1	1433.5	1578.4
Administrative expenses	-627.4	-615.1	-770.3	-891.3	-983.5	-1073.2
Operating profit	245.5	173.8	325.7	395.7	449.9	505.2
Interest/investment income	38.8	10.8	8.5	10.0	11.5	13.0
Associates	6.2	15.6	19.4	18.3	19.7	21.3
Pre-exceptional PBT	290.5	200.2	353.5	424.0	481.1	539.5
Asset Management	249.8	192.0	334.9	401.3	450.9	499.2
Private Banking	39.7	20.1	20.1	27.0	35.0	45.5
Group/Head Office	1.0	-11.9	-1.5	-4.4	-4.8	-5.3
Total	290.5	200.2	353.5	424.0	481.1	539.5
Opening AUM (GBPbn)	139.1	110.2	148.4	186.3	208.1	228.3
Net flows	-9.6	15.0	18.4	9.6	7.3	8.0
Investment returns	-19.3	23.2	19.5	12.2	12.9	14.2
Closing AUM	110.2	148.4	186.3	208.1	228.3	250.5
Adjusted EPS (GBP)	75.5	54.0	88.7	106.4	120.7	135.4
DPS (GBP)	31.0	31.0	34.0	37.0	39.0	41.0

Source: Company data, HSBC estimates

Schroders: Asset Management and Private Banking forecasts

Year to December (GBPm)	2008	2009	2010e	2011e	2012e	2013e
ASSET MANAGEMENT						
Net revenues	748.7	679.2	979.9	1152.6	1283.8	1412.2
Expenses	-518.6	-500.3	-661.4	-769.6	-853.1	-935.3
Operating profit	230.1	178.9	318.5	383.0	430.7	476.9
Investment/other income	13.1	3.2	3.5	4.0	4.5	5.0
Share of joint ventures	6.6	9.9	12.9	14.3	15.7	17.3
Profit before tax	249.8	192.0	334.9	401.3	450.9	499.2
Opening AUM (GBPbn)	129.4	98.5	135.8	171.7	192.6	211.9
Net flows	-10.0	14.5	17.7	9.1	6.8	7.5
Investment returns	-20.9	22.8	18.2	11.8	12.4	13.7
Closing AUM	98.5	135.8	171.7	192.6	211.9	233.1
Average AUM	114.0	109.6	153.7	182.2	202.3	222.5
Flows/opening AUM	-8%	15%	13%	5%	4%	4%
Returns/opening AUM	-16%	23%	13%	7%	6%	6%
Net revenues/avg AUM	0.66%	0.62%	0.64%	0.63%	0.63%	0.63%
Operating profit margin	30.7%	26.3%	32.5%	33.2%	33.5%	33.8%
PRIVATE BANKING						
Net revenues	111.3	97.7	102.1	120.4	135.6	152.2
Expenses	-71.6	-77.6	-81.9	-93.4	-100.6	-106.7
Operating profit	39.7	20.1	20.1	27.0	35.0	45.5
Investment/other income	0.0	0.0	0.0	0.0	0.0	0.0
Share of joint ventures	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	39.7	20.1	20.1	27.0	35.0	45.5
Opening AUM (GBPbn)	9.7	11.7	12.6	14.6	15.5	16.4
Net flows	0.4	0.5	0.8	0.4	0.5	0.5
Investment returns	1.6	0.4	1.3	0.4	0.5	0.5
Closing AUM	11.7	12.6	14.6	15.5	16.4	17.4
Average AUM	10.7	11.7	13.6	15.1	16.0	16.9
Flows/opening AUM	4%	4%	6%	3%	3%	3%
Returns/opening AUM	16%	3%	10%	3%	3%	3%
Net revenues/avg AUM	1.04%	0.84%	0.75%	0.80%	0.85%	0.90%
Operating profit margin	35.7%	20.6%	19.7%	22.4%	25.8%	29.9%

Source: Company data, HSBC estimates

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), and/or strategist(s) who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Tony Cummings

Important disclosures

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This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website at www.hsbcnet.com/research. Details of these short-term investment opportunities can be found under the Reports section of this website.

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Rating definitions for long-term investment opportunities

Stock ratings

HSBC assigns ratings to its stocks in this sector on the following basis:

For each stock we set a required rate of return calculated from the risk free rate for that stock's domestic, or as appropriate, regional market and the relevant equity risk premium established by our strategy team. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the implied return must exceed the required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands are classified as Neutral.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

*A stock will be classified as volatile if its historical volatility has exceeded 40%, if the stock has been listed for less than 12 months (unless it is in an industry or sector where volatility is low) or if the analyst expects significant volatility. However,

stocks which we do not consider volatile may in fact also behave in such a way. Historical volatility is defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility has to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Prior to this, from 7 June 2005 HSBC applied a ratings structure which ranked the stocks according to their notional target price vs current market price and then categorised (approximately) the top 40% as Overweight, the next 40% as Neutral and the last 20% as Underweight. The performance horizon is 2 years. The notional target price was defined as the mid-point of the analysts' valuation for a stock.

From 15 November 2004 to 7 June 2005, HSBC carried no ratings and concentrated on long-term thematic reports which identified themes and trends in industries, but did not make a conclusion as to the investment action that potential investors should take.

Prior to 15 November 2004, HSBC's ratings system was based upon a two-stage recommendation structure: a combination of the analysts' view on the stock relative to its sector and the sector call relative to the market, together giving a view on the stock relative to the market. The sector call was the responsibility of the strategy team, set in co-operation with the analysts. For other companies, HSBC showed a recommendation relative to the market. The performance horizon was 6-12 months. The target price was the level the stock should have traded at if the market accepted the analysts' view of the stock.

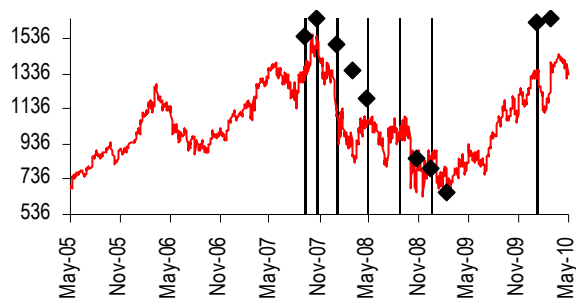
Rating distribution for long-term investment opportunities

As of 10 May 2010, the distribution of all ratings published is as follows:

Overweight (Buy)	49%	(13% of these provided with Investment Banking Services)
Neutral (Hold)	37%	(12% of these provided with Investment Banking Services)
Underweight (Sell)	14%	(10% of these provided with Investment Banking Services)

Share price and rating changes for long-term investment opportunities

Schroders (SDR.L) Share Price performance GBp Vs HSBC rating history



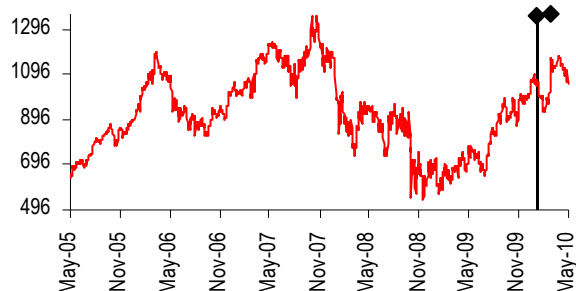
Source: HSBC

Recommendation & price target history

From	To	Date
N/A	Overweight	12 September 2007
Overweight	Neutral	31 October 2007
Neutral	Overweight	09 January 2008
Overweight	Neutral (V)	02 May 2008
Neutral (V)	Overweight (V)	27 August 2008
Overweight (V)	Underweight (V)	18 December 2008
Underweight (V)	Overweight (V)	13 January 2010
Target Price	Value	Date
Price 1	1550	12 September 2007
Price 2	1650	31 October 2007
Price 3	1500	09 January 2008
Price 4	1350	06 March 2008
Price 5	1200	02 May 2008
Price 6	850	29 October 2008
Price 7	800	18 December 2008
Price 8	660	19 February 2009
Price 9	1625	13 January 2010
Price 10	1645	08 March 2010

Source: HSBC

Schroders (SDRt.L) Share Price performance GBP Vs HSBC rating history



Source: HSBC

Recommendation & price target history

From	To	Date
N/A	Overweight (V)	13 January 2010
Target Price	Value	Date
Price 1	1355	13 January 2010
Price 2	1364	08 March 2010

Source: HSBC

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
SCHRODERS	SDR.L	13.29	10-May-2010	2, 6, 7

Source: HSBC

- 1 HSBC* has managed or co-managed a public offering of securities for this company within the past 12 months.
- 2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.
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Additional disclosures

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