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## Schroders, SLA and other asset managers "too slow to adapt to trends"

Schroders PLC (LON:SDR) and Standard Life Aberdeen PLC (LON:SLA) have both been downgraded by Citigroup as analysts see the UK asset managers have been "slower than other sectors to respond to unfavourable structural trends".

With Schroders shares up by more than a third last year and Standard Life's up more than a quarter, the analysts said the traditional asset managers "can't keep defying gravity".

### READ: Standard Life Aberdeen needs to cut dividend, says analyst

While the European sector is diversified and offers "solid growth", as a deep-dive analysis on fund flows shows, the sluggishness in responding to structural trends means analysts expect "pressures to build due to shrinking active asset pool, fee margin pressure and limited cost flex".

Seeing three key themes ahead for the coming years of "commoditisation [...] competition [...] consolidation", Citi predicts the winners will be "those with scale, niche focus, or strong captive distribution networks".

Analysts do not seem to see that at some of the UK-listed operators, saying it was "relatively more cautious" on them.

As a result Schroders was downgraded to 'sell' from 'neutral', and SLA to 'neutral' from 'overweight', given the risks perceived for earnings and their valuation multiples.

Coverage was also initiated on Ashmore Group PLC (LON:ASHM) and Man Group Ltd (LON:EMG) both with 'neutral' ratings.

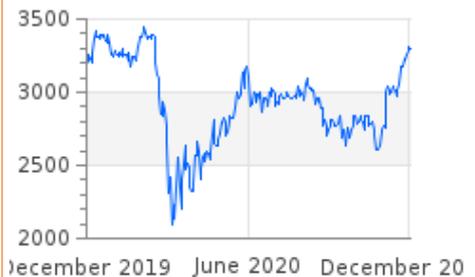
Citi's top picks in the sector are France's Amundi and Germany's DWS.

After early falls, shares in Schroders were up 1% to 3,247.8p by mid-morning on Friday, while SLA's and Ashmore's were searching for direction at 311.2p and 563.5p, with Man Group doing the best, up 2% at 153.35p, following a wider financials sector trend of moving strongly higher early in the session.

**Price:** 3299

**Market Cap:** £9.32 billion

### 1 Year Share Price Graph



### Share Information

**Code:** SDR

**Listing:** LSE

<b>52 week</b>	<b>High</b>	<b>Low</b>
	<b>3465</b>	<b>1711</b>

**Sector:** Financial Services

**Website:** www.schroders.com

### Company Synopsis:

Schroders&nbsp;plc is an asset management company. The segments of the Company are Asset Management, Private Banking, Private Equity and Group. Asset Management comprises investment management, including advisory services, property, life company business and alternative assets. &nbsp;.

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