

ASX Announcement

**27 January 2022**

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## Perpetual Limited (ASX:PPT) (“Perpetual”) Second Quarter Business Update

- Perpetual’s total Assets under Management (AUM) was A\$102.8 billion<sup>1,2</sup> as at 31 December 2021, up 1.8% on the prior period
- Perpetual Asset Management International’s AUM was A\$77.2 billion<sup>2</sup>, up 2.3%
- Perpetual Asset Management Australia’s AUM was A\$25.6 billion, up 0.4%
- Perpetual Corporate Trust’s Funds under Administration (FUA) were A\$990.4 billion, up 3%
- Perpetual Private Funds under Advice (FUA) were A\$19.0 billion, up 3%
- 1H22 Underlying Profit After Tax expected to be in the range of \$77 million to \$81 million<sup>3</sup>. FY22 expense guidance reaffirmed.

### CEO Commentary

Chief Executive Officer and Managing Director, Rob Adams said, “The focused execution of our strategy is continuing to deliver results this quarter, with further growth in assets across all divisions of Perpetual, including steady growth in Perpetual Corporate Trust (PCT) and Perpetual Private (PP) and another quarter of positive flows in Perpetual Asset Management Australia (PAMA) - the third consecutive quarter of net inflows for PAMA. It is pleasing to see the positive momentum continuing to build across all areas of Perpetual.

We have continued to fast-track the build-out of our global distribution team to support the growth of Perpetual Asset Management International (PAMI) and it was particularly pleasing to see another quarter of strong growth for Trillium, which has now reached a record A\$9.2 billion in AUM<sup>2,4</sup>, growing by over 70% in US dollar terms<sup>5</sup> since acquisition in June 2020.

“Barrow Hanley experienced net outflows of A\$2.2 billion<sup>2</sup>, mainly in lower margin US equity and fixed income strategies. However, consistent with our expectations at the time of acquisition, Barrow Hanley’s Global Equities strategies continue to attract new flows and we have a strong pipeline of interest from clients

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<sup>1</sup> PAMA and PAMI AUM is combined.

<sup>2</sup> Total unaudited AUM translated at AUD:USD 0.7271 as at 31 December 2021.

<sup>3</sup> Underlying Profit After Tax is unaudited

<sup>4</sup> As at 31 December 2021. Total Trillium AUM of A\$9.2 billion represents all sources, across all regions. Past performance is not indicative of future performance. See [www.perpetual.com.au](http://www.perpetual.com.au) and [www.trilliuminvest.com](http://www.trilliuminvest.com) for relevant performance. The product disclosure statements (PDS) of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any fund. Also, Target Market Determinations for the PAMA funds are available. PAMA funds are not for distribution or release in the United States.

<sup>5</sup> As at 31 December 2021, Trillium’s AUM from all sources, all regions, had grown by 73.5% in US dollar terms or 63.9% in Australian dollars, since acquisition.

globally. As we saw with Trillium, we anticipate continued investment in Barrow Hanley's distribution capability will improve the flows profile over time.

"In line with our strategy to deliver on client needs, we are making it easier for investors to access our funds through a range of structures in both PAMA and PAMI. In December, we launched two Barrow Hanley mutual funds in the US, opening access to the US\$36 trillion intermediary market<sup>6</sup>, to Barrow Hanley capabilities for the first time in their 40-year history. With the mutual fund structure now in place, we have the foundations to launch additional vehicles for both Barrow Hanley and Trillium as we broaden the distribution channels for both businesses.

"In PAMA, we launched two active exchange-traded funds (Active ETFs) during the quarter, making it easier for retail investors to access our specialist investment capabilities in ESG and global innovation.

"The launch of these new offerings in the US and Australia, combined with continued strong investment performance and a market dynamic now clearly favouring a rotation to value, is delivering strong interest in our investment capabilities across the group.

"Pleasingly, we have made excellent progress in the integration of our most recent acquisitions of Jacaranda Financial Planning in PP and Laminar Capital in PCT and we are pleased with the positive client engagement and new opportunities ahead of us.

"We have positive momentum across all divisions, with our earnings guidance today showing strong growth in our business in the first half of FY22, and we are confident that our strategy, combined with current market conditions, positions us well for continued growth."

## Perpetual Asset Management International

- PAMI's AUM was A\$77.2 billion (US\$56.2 billion<sup>7</sup>) as at 31 December 2021, up 2.3% on the prior quarter. The higher AUM was driven by positive market movements of A\$4.0 billion<sup>7</sup>, offset by net outflows of A\$1.9 billion<sup>7</sup> (US\$1.4 billion) and a negative foreign exchange impact of A\$0.3 billion<sup>7</sup>. Average AUM was A\$75.4 billion (US\$54.9 billion), compared to A\$75.3 billion (US\$55.3 billion) in the September quarter.
- Trillium delivered its fifth consecutive quarter of positive net flows<sup>8</sup>, totalling A\$326 million<sup>7</sup> (US\$235 million) for the December quarter. Over the last 12 months, Trillium has attracted A\$1.2 billion<sup>7,8</sup> in positive flows (US\$858 million) across all regions, with growth across both Global and US equities strategies. Trillium's total AUM<sup>9</sup> across all regions was A\$9.2 billion<sup>7</sup> (US\$6.7 billion) at 31 December 2021, compared to A\$5.6 billion (US\$3.8 billion) at the announcement of the acquisition<sup>10</sup>.
- PAMI's total net outflows of A\$1.9 billion<sup>7</sup> (US\$1.4 billion) were principally driven by outflows in lower margin US equities and US fixed income strategies. This was partially offset by inflows into Global equity strategies, which continue to attract interest from clients globally.
- A mutual fund platform was established in the US, opening up the US retail channel to Barrow Hanley for the first time. This platform will allow both Barrow Hanley and Trillium to access the intermediary segment of the US market via Perpetual's new mutual fund capability. The Barrow Hanley International Value and Barrow Hanley Emerging Markets Value mutual funds were launched during the quarter, with more mutual fund launches planned in the coming calendar year. Perpetual's US retail sales team will continue its expansion to support these launches.

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<sup>6</sup> Research conducted by Cerulli Associates, May 2021. See also page 63 of the 2020 Investor Day presentation, which includes research on the US Intermediary market.

<sup>7</sup> AUM translated at AUD:USD 0.7271 as at 31 December 2021..

<sup>8</sup> Trillium net flows from all sources, across all regions.

<sup>9</sup> Trillium AUM of A\$9.2 billion is from all sources, across all regions.

<sup>10</sup> As at 31 January 2020, the date the acquisition was announced.

- During the quarter, Barrow Hanley also opened the Collateralised Loan Obligation (CLO) offering to investors, which is the first in a series of CLO structures planned. The first CLO fund is expected to close in the March quarter (3Q22) and over A\$1.1 billion (US\$800 million) of CLOs are expected to be issued over the next 18 months.

Please see Trillium's investment performance details: <https://trilliuminvest.com>

Please see Barrow Hanley's investment performance details: <https://www.barrowhanley.com>

### **Perpetual Asset Management Australia**

- PAMA's AUM was \$25.6 billion as at 31 December 2021, up 0.4% on the prior quarter, driven by net inflows of \$128 million. This represented the third consecutive quarter of positive net flows for PAMA. Average AUM was \$25.3 billion as at 31 December 2021, compared to \$25.0 billion for the September quarter.
- Net flows of \$128 million were the result of solid flows into Cash and Fixed Income funds and Multi Asset funds of \$0.4 billion, particularly in the Diversified Income Fund, and positive flows into global equity capabilities of \$0.1 billion. These inflows were partly offset by \$0.4 billion in outflows in Australian Equities, mainly in the institutional channel.
- In line with PAMA's strategy to bring contemporary solutions to market and make it easier for clients to access Perpetual's funds, two Exchange Traded Managed Funds (commonly referred to as Active ETFs) were launched in the quarter: the Perpetual Ethical SRI Fund (Managed Fund) (ASX:GIVE); and the Perpetual Global Innovation Share Fund (Managed Fund) (ASX:IDEA). The Active ETFs are new quoted unit classes of existing managed funds, both of which support the increasing demand from investors to access ESG and innovation thematic.

The performance of our investment capabilities can be found on our website [www.perpetual.com.au/investments/pricing-and-performance](http://www.perpetual.com.au/investments/pricing-and-performance)

### **Perpetual Corporate Trust**

- PCT's total Funds Under Administration (FUA) grew by 3% in the quarter to \$990.4 billion as at 31 December 2021.
- In the Debt Market Services division (DMS), FUA was up 4% compared to the previous quarter. Within DMS, there was notable growth in balance sheet securitisation, which grew by 7% in the quarter, and the ABS sector (business loans, personal loans, payday, auto, credit cards and commercial sector) which grew by 3%.
- In the Managed Funds Services division, FUA was flat compared to the previous period, with Custody and Singapore experiencing 1% and 2% growth respectively and Wholesale Trustee down by 3% but with positive momentum in the business.
- As previously announced, during the quarter Perpetual created a standalone division within PCT called Perpetual Digital. Perpetual Digital combines PCT's existing digital assets, including the platform of recently acquired Laminar Capital to provide innovative solutions to PCT clients. It will be reported as a separate segment within PCT in our 1H22 results.

## Perpetual Private

- PP's total Funds Under Advice (FUA) was \$19 billion as at 31 December 2021, 3% higher than 30 September 2021. Total average FUA for the three months to 31 December 2021 was \$18.6 billion compared to \$17.9 billion in the September quarter.
- The \$0.5 billion increase in FUA was due to \$0.3 billion in positive net flows and \$0.2 billion from positive investment markets and other movements.
- The integration of Jacaranda, which was acquired by PP in August 2021, is progressing as expected, with the financial services licence transition completed in December 2021. Jacaranda's FUA was \$1 billion as at 31 December 2021.

## Earnings and expense guidance

Based on preliminary unaudited financials for the half year ending 31 December 2021, the company expects its Underlying Profit After Tax for 1H22 to be in the range of \$77 million to \$81 million.

In addition, we reaffirm our FY22 operating expense growth guidance<sup>11</sup> of between 18% - 22%, with a skew to 2H22.

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<sup>11</sup> As per guidance at FY21 on 19 August 2021, and the update in the Q1 2022 announcement dated 21 October 2021, this guidance excludes performance fee expense.

## Appendix - PAMA and PAMI AUM and flows data by channel and asset class

### AUM and Flows by Asset Class (\$Bn)

Combined View - PAMA & PAMI (AUD)	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Dec-21
Australian Equities	14.0	(0.4)	(0.0)	-	13.6
US Equities	48.6	(1.5)	3.5	(0.2)	50.4
Global Equities	16.6	0.3	0.2	(0.1)	17.0
Total Equities	79.2	(1.6)	3.7	(0.2)	81.1
Cash & Fixed Interest	20.9	(0.2)	0.3	(0.1)	20.8
Other	0.9	(0.0)	0.0	-	0.9
<b>Total all Asset Classes</b>	<b>101.0</b>	<b>(1.8)</b>	<b>3.9</b>	<b>(0.3)</b>	<b>102.8</b>

Perpetual Asset Management, Australia	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Dec-21
Australian Equities	14.0	(0.4)	(0.0)	-	13.6
Global Equities	1.7	0.1	(0.2)	-	1.6
Total Equities	15.8	(0.3)	(0.2)	-	15.2
Cash & Fixed Interest	8.8	0.4	0.2	-	9.5
Other	0.9	(0.0)	0.0	-	0.9
<b>Total all Asset Classes</b>	<b>25.5</b>	<b>0.1</b>	<b>(0.0)</b>	<b>-</b>	<b>25.6</b>

Perpetual Asset Management, International (AUD)	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	31-Dec-21
US Equities	48.6	(1.5)	3.5	(0.2)	50.4
Global Equities	14.8	0.2	0.4	(0.1)	15.4
Total Equities	63.5	(1.3)	3.9	(0.2)	65.9
Fixed Income	12.1	(0.7)	0.1	(0.1)	11.4
<b>Total all Asset Classes</b>	<b>75.5</b>	<b>(1.9)</b>	<b>4.0</b>	<b>(0.3)</b>	<b>77.2</b>

Perpetual Asset Management, International (USD)	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	31-Dec-21
US Equities	35.1	(1.1)	2.6	-	36.7
Global Equities	10.7	0.2	0.3	-	11.2
Total Equities	45.8	(0.9)	2.9	-	47.9
Fixed Income	8.7	(0.5)	0.1	-	8.3
<b>Total all Asset Classes</b>	<b>54.6</b>	<b>(1.4)</b>	<b>3.0</b>	<b>-</b>	<b>56.2</b>

<sup>1</sup> Other includes changes in market value of assets, income, re investments, distributions and asset class rebalancing within the Group's diversified funds

<sup>2</sup> Conversion rate AUD:USD 0.7271 as at 31 December 2021.

## AUM and Flows by Investor Channel (\$Bn)

Combined View - PAMA & PAMI (AUD)	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Dec-21
Retail	4.7	(0.0)	0.0	-	4.7
Intermediary	20.1	0.5	0.4	(0.0)	21.0
Institutional	75.1	(2.2)	3.5	(0.3)	76.1
Listed	1.0	0.0	(0.0)	-	1.0
<b>Total</b>	<b>101.0</b>	<b>(1.8)</b>	<b>3.9</b>	<b>(0.3)</b>	<b>102.8</b>

Perpetual Asset Management, Australia	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Dec-21
Retail	4.7	(0.0)	0.0	-	4.7
Intermediary	13.2	0.3	(0.0)	-	13.4
Institutional	6.5	(0.1)	0.0	-	6.5
Listed	1.0	0.0	(0.0)	-	1.0
<b>Total</b>	<b>25.5</b>	<b>0.1</b>	<b>(0.0)</b>	<b>-</b>	<b>25.6</b>

Perpetual Asset Management, International (AUD)	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Dec-21
Intermediary	6.9	0.2	0.5	(0.0)	7.6
Institutional	68.6	(2.1)	3.5	(0.3)	69.6
<b>Total</b>	<b>75.5</b>	<b>(1.9)</b>	<b>4.0</b>	<b>(0.3)</b>	<b>77.2</b>

Perpetual Asset Management, International (USD)	30-Sep-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Dec-21
Intermediary	5.0	0.2	0.3	-	5.5
Institutional	49.6	(1.6)	2.7	-	50.6
<b>Total</b>	<b>54.6</b>	<b>(1.4)</b>	<b>3.0</b>	<b>-</b>	<b>56.2</b>

<sup>1</sup> Other includes changes in market value of assets, income, reinvestments, distributions, asset class rebalancing within the Group's diversified funds and asset class rebalancing across client holdings  
Numbers may not add up due to rounding

Asset Class Conversion rate AUD:USD 0.7271 as at 31 December 2021.

**Channel definitions:** 'Retail' includes AUM from advisers and individual clients who invest with Perpetual directly; 'Intermediary' includes AUM from financial advisers who invest with Perpetual via external platform providers; 'Institutional' includes AUM from industry superannuation funds and clients who invest large sums directly and under advisory mandates and separately managed accounts; 'Listed AUM' includes the net tangible assets of Perpetual Equity Investment Company ('PIC') and Perpetual Credit Income Trust ('PCI') managed by Perpetual Investments Management Limited, and Active ETFs.