



Perpetual Limited  
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21 April 2022

ASX Limited  
ASX Market Announcements Office  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

*Via electronic lodgment*

### **Third Quarter 2022 Business Update**

Perpetual Limited advises that it has released the quarterly business update for the period ended 31 March 2022 (as attached).

The release of this announcement was authorised by Chief Executive Officer under delegated authority from the Board.

**Yours faithfully**

A handwritten signature in black ink that reads "Sylvie Dimarco".

Sylvie Dimarco  
Company Secretary

#### **About Perpetual**

Perpetual is an independent financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. For further information, go to [www.perpetual.com](http://www.perpetual.com).

ASX Announcement

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

- Perpetual Corporate Trust’s Funds under Administration (FUA) exceeds the A\$1 trillion milestone, with FUA of A\$1.05 trillion, up 7%
- Perpetual Private’s positive net flows continue, while recently acquired Jacaranda Financial Planning is performing ahead of expectations
- Perpetual’s total Assets under Management (AUM) were A\$97.9 billion<sup>1,2</sup> as at 31 March 2022, 4.8% lower than the prior period, primarily due to a negative foreign currency impact and outflows from Barrow Hanley’s lower margin strategies
- Strong investment performance continues to build, with 92% of Barrow Hanley strategies and 75% of Australian equity strategies outperforming their benchmarks over three years
- Perpetual Asset Management International benefitted from strong net flows in global equities strategies and continued growth in Trillium funds, which have seen more than A\$1 billion<sup>2</sup> in net inflows over the past 12 months<sup>3</sup>
- Perpetual Asset Management Australia on track to deliver its strongest year of positive inflows in the intermediary channel in 7 years
- FY22 expense guidance reaffirmed
- A disciplined focus on both organic and complementary inorganic investment opportunities will continue, supported by a strong balance sheet, and a track record of positive execution and improvement in net flows

### CEO Commentary

Chief Executive Officer and Managing Director, Rob Adams said, “We continue to make strong progress in executing the Group’s strategic priorities and as a result we successfully reached a number of major milestones over the quarter including Perpetual Corporate Trust (PCT) exceeding A\$1 trillion in FUA for the first time, within Perpetual Asset Management International (PAMI), Barrow Hanley reporting its first month of positive inflows in US equities in many years, and Perpetual Asset Management Australia (PAMA) achieving its best 12-month run rate of net inflows from the intermediary channel since 2016.

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

<sup>2</sup> AUM translated at AUD:USD 0.75 as at 31 March 2022. AUM from all sources, all regions.

<sup>3</sup> As at 31 March 2022

“What differentiates Perpetual from others in the market is our unique combination of businesses, which brings diversification of earnings and growth potential, plus a level of downside protection in times of market volatility, and our track record in successfully identifying and executing the right investment opportunities across our business lines.

“The ongoing investment in our global distribution capability is delivering results for PAMI and providing new opportunities for both Trillium and Barrow Hanley. While Barrow Hanley experienced net outflows of US\$733 million (A\$1 billion<sup>4</sup>) over the period due to outflows in lower margin US equities and fixed income strategies, its global equities strategies continued to attract significant net flows of US\$555 million (A\$748 million<sup>4</sup>) in the quarter. This positive momentum, combined with a growing new business pipeline, including circa US\$700 million (A\$933 million<sup>4</sup>) of committed investments<sup>5</sup>, and a favourable environment for value style investors, provides us with confidence that total net flows for Barrow Hanley will turn positive in the short to medium term, ahead of plan.

“Trillium reported its sixth consecutive quarter of positive flows, despite having low exposure to energy stocks which outperformed strongly over the period. Trillium’s strength of offering and position in the market as an ESG leader, supported by Perpetual’s global distribution capability, is reflected in the A\$1 billion<sup>4</sup> (US\$745 million) in net inflows reported over the last 12 months.

“Our investment in new products across both PAMI and PAMA is also generating strong interest. The recently launched Global Value ESG UCITS<sup>6</sup> structure for Barrow Hanley now has AUM of A\$613 million<sup>4</sup> (US\$460 million) and through our newly created US mutual fund structure, we have added five Barrow Hanley mutual funds to the two that were launched in December, further opening access to the US\$36 trillion intermediary market<sup>7</sup> to Barrow Hanley for the first time in its history<sup>8</sup>.

“The recently launched exchange-traded managed funds (Active ETFs) in PAMA are generating positive interest and attracting new investors who now have simple and easy access to our specialist investment capabilities in both Australian equities ESG and global innovation.

“There has also been excellent progress in the integration of our acquisitions of Jacaranda Financial Planning in Perpetual Private (PP) and Laminar Capital in PCT, both of which are performing ahead of our expectations and will be earnings accretive in FY22. PCT’s newly created Perpetual Digital division is attracting strong client interest with three new products launched in the quarter and a positive product development pipeline.

“Our business is in a strong position to continue to invest in future growth, supported by the strength in our balance sheet and our proven track record of acquiring and integrating complimentary capabilities. We remain focused on driving continued organic growth, whilst assessing multiple inorganic opportunities in a disciplined manner. We enter the next quarter with continued positive momentum across our businesses.”

## Perpetual Asset Management International

- PAMI’s AUM was A\$72.5 billion<sup>4</sup> (US\$54.5 billion) as at 31 March 2022, down 6.1% on the prior quarter. The lower AUM was largely driven by a negative foreign exchange impact of A\$2.3 billion<sup>4</sup>, investment market declines, and total net outflows of A\$1.0 billion<sup>4</sup> (US\$0.7 billion). Average AUM was A\$75.3 billion<sup>4</sup> (US\$54.4 billion), compared to A\$75.4 billion<sup>4</sup> (US\$54.9 billion) in the December quarter.
- Trillium experienced net inflows of A\$63 million<sup>4</sup> (US\$45 million) with positive flows into US intermediary channels partially offset by private client redemptions, some of which was in support of

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<sup>4</sup> AUM translated at AUD:USD 0.75 as at 31 March 2022. Flows for Barrow Hanley and Trillium are from all sources, all regions.

<sup>5</sup> These commitments are expected to be funded in Q4 FY22

<sup>6</sup> UCITS stands for Undertakings for the Collective Investment in Transferable Securities.

<sup>7</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>8</sup> Refer to Barrow Hanley announcement dated 13 April 2022 for details of the conversion of six commingled private funds into five registered mutual fund vehicles.

charities assisting Ukraine. Barrow Hanley's net outflows were A\$1 billion<sup>4</sup> (US\$734 million), driven by outflows in lower margin US equities and US fixed income strategies. Net flows into Barrow Hanley's higher margin global equity capabilities were A\$748 million<sup>4</sup> (US\$555 million) over the quarter.

- Following the establishment of a mutual fund platform in the US in the December quarter, 7 mutual funds have been successfully launched, including 5 in early April. These vehicles expand access for Perpetual and Barrow Hanley to broader distribution opportunities across the US intermediary and institutional channels. Barrow Hanley also launched its first UCITS fund during this quarter which saw inflows of circa A\$613 million<sup>4</sup> (US\$460 million).
- Barrow Hanley's inaugural Collateralised Loan Obligation (CLO) equity fund successfully closed this quarter. The CLO offering provides investors with uniquely diversified exposure to high quality corporate loans, while also providing them with an inflation hedge. This is a new and large market opportunity for Barrow Hanley. The successful equity funding will support the first three in a series of CLO funds, which we expect will attract approximately A\$1.6 billion<sup>4</sup> (US\$1.2 billion) of new flows into our CLO strategy over the next year.
- Barrow Hanley's investment performance has been very strong with 92% of funds outperforming their benchmarks over the 3 years to 31 March 2022.

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 A\$25.3 billion as at 31 March 2022, down 0.9% on the prior quarter. Average AUM was stable at A\$25.3 billion as at 31 March 2022, in line with the December quarter.
- Net outflows for the quarter were A\$0.3 billion, impacted by ongoing market volatility and geopolitical uncertainty. Outflows were driven by institutional clients in Australian equities and multi asset strategies. We saw continued positive flows from higher margin intermediary clients. As a result, the intermediary channel is on track to deliver its strongest 12 month net flows in 7 years.
- Over the quarter, the Perpetual Diversified Real Return Fund was named the Multisector Fund of the Year at the Morningstar Fund Manager of the Year Award<sup>9</sup>, highlighting the strength of the PAMA Multi Asset investment team and capability.
- Australian equities investment performance was strong with 75% of equities funds outperforming their benchmarks over the 3 years to 31 March 2022.
- As at 31 March 2022, PAMA's Australian equities strategies generated A\$6.1 million in performance fees for the second half of FY22 (1H22 A\$4.6 million) mainly from the Pure Equity Alpha and Microcap funds.

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)

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<sup>9</sup> Morningstar Awards 2022 (c). Morningstar, Inc. All Rights Reserved. **Awarded to** Perpetual Diversified Real Return Fund for Australian Fund Manager of the Year, Multisector, Australia.

## Perpetual Corporate Trust

- PCT's total Funds Under Administration (FUA) reached a major milestone of over A\$1 trillion this quarter, with FUA of A\$1.05 trillion as at 31 March 2022. This continued growth demonstrates the critical role that PCT performs in its role as a fiduciary and providing important infrastructure to support the Australian banking and financial services market.
- In the Debt Market Services division (DMS), FUA was up 5% compared to the previous quarter driven by growth in bank balance sheet securitisation as well as continued strong growth in the non-bank RMBS sector, slightly offset by banks' limited issuance in the public securitisation market. The residential mortgage market continued to show strong growth over the quarter.
- The Managed Funds Services division's (MFS) FUA was up 10% compared to the previous period, reporting two major milestones during the quarter with Custody reaching over A\$200 billion in FUA and Wholesale Trustee reaching A\$100 billion in FUA, delivering 9% and 20% growth respectively in the quarter. Strong growth in the real assets sector over the period was a key component of this growth.
- Perpetual Digital, which includes the newly acquired Laminar Capital, launched three new products within the Perpetual Intelligence platform, including Trust Management Intelligence, Funding Optimisation Intelligence and Deal Room Intelligence. Together these products provide additional avenues for earnings growth in this new segment.

## Perpetual Private

- PP's total Funds Under Advice (FUA) was A\$18.7 billion as at 31 March 2022, 2% lower than 31 December 2021. Total average FUA for the three months to 31 March 2022 was A\$18.4 billion compared to A\$18.6 billion in the December quarter.
- The A\$0.3 billion decrease in FUA was due to A\$0.2 billion in positive net flows led by Laminar, highlighting revenue synergies associated with the acquisition, offset by A\$0.5 billion predominantly relating to the impact of negative investment market movements.
- Jacaranda Financial Planning is performing ahead of expectations demonstrating the growing demand for advice by the pre-retiree sector. Plans to expand across the eastern seaboard this calendar year remain on track.

## Earnings and expense guidance

We reaffirm our FY22 operating expense growth guidance<sup>10</sup> of between 18% - 22%, which reflects investments we are making to drive future growth across our business globally.

- Ends -

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<sup>10</sup> As per guidance at 1H22 on 24 February 2022. This guidance excludes performance fee expenses.

**For more information please contact:**

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## 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)	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Mar-22
Australian Equities	13.6	(0.2)	0.3	-	13.7
US Equities	50.4	(1.3)	(0.6)	(1.5)	47.1
Global Equities	17.0	0.8	(0.3)	(0.5)	17.1
Total Equities	81.1	(0.7)	(0.6)	(1.9)	77.8
Cash & Fixed Income	20.8	(0.5)	(0.9)	(0.3)	19.2
Other	0.9	(0.0)	0.0	-	0.9
<b>Total all Asset Classes</b>	<b>102.8</b>	<b>(1.2)</b>	<b>(1.4)</b>	<b>(2.3)</b>	<b>97.9</b>

Perpetual Asset Management, Australia	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Mar-22
Australian Equities	13.6	(0.2)	0.3	-	13.7
Global Equities	1.6	(0.0)	(0.2)	-	1.4
Total Equities	15.2	(0.2)	0.1	-	15.1
Cash & Fixed Income	9.5	(0.0)	(0.0)	-	9.4
Other	0.9	(0.0)	0.0	-	0.9
<b>Total all Asset Classes</b>	<b>25.6</b>	<b>(0.3)</b>	<b>(0.0)</b>	<b>-</b>	<b>25.3</b>

Perpetual Asset Management, International (AUD)	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	31-Mar-22
US Equities	50.4	(1.3)	(0.6)	(1.5)	47.1
Global Equities	15.4	0.8	(0.1)	(0.5)	15.7
Total Equities	65.9	(0.5)	(0.7)	(1.9)	62.7
Fixed Income	11.4	(0.4)	(0.8)	(0.3)	9.8
<b>Total all Asset Classes</b>	<b>77.2</b>	<b>(1.0)</b>	<b>(1.5)</b>	<b>(2.3)</b>	<b>72.5</b>

Perpetual Asset Management, International (USD)	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	31-Mar-22
US Equities	36.7	(0.9)	(0.4)	-	35.4
Global Equities	11.2	0.6	(0.0)	-	11.8
Total Equities	47.9	(0.3)	(0.4)	-	47.1
Fixed Income	8.3	(0.3)	(0.6)	-	7.3
<b>Total all Asset Classes</b>	<b>56.2</b>	<b>(0.7)</b>	<b>(1.0)</b>	<b>-</b>	<b>54.5</b>

Note: Numbers may not add up due to rounding

<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 0.75 as at 31 March 2022.

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

Combined View - PAMA & PAMI (AUD)	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Mar -22
Retail	4.7	(0.1)	(0.1)	-	4.6
Intermediary	21.0	0.2	(0.5)	(0.2)	20.5
Institutional	76.1	(1.3)	(0.8)	(2.1)	71.9
Listed	1.0	0.0	(0.0)	-	1.0
<b>Total</b>	<b>102.8</b>	<b>(1.2)</b>	<b>(1.4)</b>	<b>(2.3)</b>	<b>97.9</b>

Perpetual Asset Management, Australia	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Mar-22
Retail	4.7	(0.1)	(0.1)	-	4.6
Intermediary	13.4	0.2	(0.0)	-	13.6
Institutional	6.5	(0.4)	0.1	-	6.2
Listed	1.0	0.0	(0.0)	-	1.0
<b>Total</b>	<b>25.6</b>	<b>(0.3)</b>	<b>(0.0)</b>	-	<b>25.3</b>

Perpetual Asset Management, International (AUD)	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Mar-22
Intermediary	7.6	0.0	(0.6)	(0.2)	6.9
Institutional	69.6	(1.0)	(0.9)	(2.1)	65.7
<b>Total</b>	<b>77.2</b>	<b>(1.0)</b>	<b>(1.5)</b>	<b>(2.3)</b>	<b>72.5</b>

Perpetual Asset Management, International (USD)	31-Dec-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	31-Dec-21
Intermediary	5.5	0.0	(0.4)	-	5.2
Institutional	50.6	(0.7)	(0.6)	-	49.3
<b>Total</b>	<b>56.2</b>	<b>(0.7)</b>	<b>(1.0)</b>	-	<b>54.5</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 0.75 as at 31 March 2022 .

**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.