

23 February 2023

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

Via electronic lodgement

Perpetual Half Year Financial Results

Please find attached the following announcements for release to the market:

Appendix 4D

✓ **1H23 ASX Announcement**

1H23 Results Presentation

Half Yearly Report and Accounts

Operating and Financial Review – 31 December 2022

This release has been authorised by the Board of Directors of Perpetual Limited.

Yours faithfully



Sylvie Dimarco
Company Secretary

23 February 2023

Perpetual Reports First Half 2023 Results

Solid performance despite market conditions

- Strong underlying performance across all divisions, despite market conditions, underpinned by strong revenues in Perpetual Corporate Trust in particular, and Perpetual Private
- 1H23 operating revenue of \$388.3 million, up 1% on the prior corresponding period (pcp)
- 1H23 UPAT¹ of A\$67.0 million, within guidance range of between \$65 million to \$70 million
- 1H23 NPAT of \$26.8 million, includes significant items relating to transaction costs for the Pental acquisition and compares to 1H22 NPAT of \$59.3 million
- Total interim dividend of 90 cents per share includes:
 - 1Q23 dividend of 35 cents per share announced on 3 January 2023 and paid on 8 February 2023²
 - 2Q23 dividend of 55 cents per share to be paid on the 31 March 2023²
- Total Assets under Management (AUM) were A\$93.7 billion³, up 4% on the prior half driven by strong investment performance and a rebound in equity markets
- Strong relative investment performance in PAMA and PAMI with 89% of all strategies outperforming their benchmarks over three years⁴
- Strong profit growth in Perpetual Corporate Trust, with growth across all segments
- Performance of Perpetual Private supported by continued positive net inflows and a rebound in non-market linked revenue
- Transformational acquisition of Pental Group completed on schedule post period, with integration and synergy objectives confirmed and on schedule

Perpetual Limited (Perpetual) (ASX:PPT) today announced its results for the six months ended 31 December 2022 (1H23). While 1H23 operating revenue was up slightly on the prior corresponding period (1H22) to A\$388.3 million, underlying profit after tax (UPAT) of A\$67.0 million was down due to the decline in average equity markets and net fund outflows during the half impacting Perpetual's asset management businesses, an increased level of investment in growth areas across the business and inflationary pressures.

¹ UPAT is NPAT adjusted to remove significant items which do not reflect the normal operating activities and are material in nature. Refer to the Operating and Financial Review (OFR) for the six months ended 31 December 2022 for the definition of UPAT and reconciliation with NPAT.

² See dividend section for further explanatory notes.

³ PAMA and PAMI AUM is combined.

⁴ Past performance is not indicative of future performance. See www.perpetual.com.au for relevant performance of all strategies. The product disclosure statements (PDS) of any of the strategies should be considered before deciding whether to acquire or hold units in any funds. Target Market Determinations for the PAMA funds are available. PAMA funds are not for distribution in the United States.

The Board has determined to pay a total interim dividend of 90 cents per share for 1H23, compared to 112 cents per share in 1H22. The total interim dividend⁵ includes a special 1Q23 dividend of 35 cents per share and a 2Q23 dividend of 55 cents per share. The 1Q23 special dividend represents a payout ratio of 81% and was paid from Perpetual's earnings for the September quarter 2022 to Perpetual shareholders on the register at 10 January 2023, while the 2Q23 dividend represents a payout ratio of 80% and is paid from the combined earnings of Perpetual and Pental for the December quarter 2022, to the now combined shareholder base. The 2Q23 dividend will be 40% franked. Future franking levels will be driven by the percentage of Australian earnings as a proportion of total group earnings.

Commenting on the half year performance, Perpetual CEO and Managing Director, Mr Rob Adams, said, "Our first half financial performance was solid in the context of a challenging period for asset managers globally. The Group's underlying profit result for the period reflects the varying level of equity market exposure within our business divisions. Underpinned by strong execution, our unique combination of businesses is providing earnings resilience and enabling investment in our growth programs.

"While our two asset management divisions were understandably most impacted by lower average equity markets compared with 1H22 and net outflows over the period, our portfolio management teams have continued their trend of strong relative investment outperformance with 89% of all funds ahead of their benchmarks over the three years to 31 December. Our investment performance across our various global equity strategies has been particularly pleasing, and over A\$2.5 billion in net inflows across our global equity capabilities at both Perpetual Asset Management Australia (PAMA) and Perpetual Asset Management International (PAMI) have been delivered in 1H23. Pleasingly, we continue to see interest in our ESG global equities offerings within Trillium Asset Management following the launch of a number of ESG UCITS strategies available to European and Asian investors in 2H22.

"Perpetual Corporate Trust (PCT) remains a strong performer within Perpetual's unique portfolio of businesses, delivering growth across its three business segments, including momentum in Perpetual Digital across existing and new clients.

"Perpetual Private (PP) saw continued client growth as client contact and marketing events returned to pre COVID-19 levels. PP delivered positive net flows for the nineteenth consecutive half, while the strong performance of the Fordham business partially offset the impact of lower average equity markets on market-related revenue.

"After the end of 1H23, we were delighted to welcome Pental shareholders and employees to Perpetual following the completion of our transformational acquisition. The combination of these two iconic Australian firms has created a global multi-boutique asset manager of scale, with an enhanced global distribution footprint, strengthened ESG presence and diverse investment capabilities. We are progressing well with the integration and establishing the optimal operating model which will support the delivery of \$60 million of pre-tax expense synergies."

⁵ The special dividend for 1Q23 was paid to shareholders on the register as at 10 January 2022 (excluding Pental shareholders not on the register at that date). The 2Q23 interim dividend per share is based on 112 million shares on issue as at 20 February 2023.

Overview of Results

FOR THE PERIOD	1H23	2H22	1H22	1H23 v	1H23 v
	\$M	\$M	\$M	2H22	1H22
Operating revenue	388.3	382.8	384.9	1%	1%
Total expenses	(298.3)	(291.2)	(275.3)	(2%)	(8%)
Underlying profit before tax (UPBT)	90.0	91.6	109.6	(2%)	(18%)
Tax expense	(23.0)	(22.5)	(30.5)	(2%)	25%
Underlying profit after tax (UPAT)^a	67.0	69.1	79.1	(3%)	(15%)
Significant items ^b	(40.3)	(27.3)	(19.8)	(48%)	(104%)
Net profit after tax (NPAT)	26.8	41.9	59.3	(36%)	(55%)

- a. Underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. Refer to Appendix B of the Operating and Financial Review for a reconciliation of the adjustments between Statutory Accounts and the OFR. UPAT attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.
- b. Significant items include transaction and integration costs, non-cash amortisation of intangibles, unrealised gains/losses on financial assets and accrued incentive compensation liability. For more information, please see the Operating and Financial Review.

Business Unit Overview

Perpetual Asset Management International

PAMI recorded a UPBT of A\$12.7 million for the half-ended 31 December 2022, driven by lower average equity markets compared to 1H22, net outflows and continued investment in distribution. AUM was A\$71.6 billion (US\$48.5 billion)⁶ as at 31 December 2022, down from A\$77.2 billion (US\$56.2 billion) on the prior year. Average AUM was A\$71.1 billion, 6% lower than A\$75.4 billion in 1H22.

Mr Adams said, "In the context of difficult global equity markets relative to the same period in FY22, PAMI continued to execute on our long-term strategy to grow our global asset management business. Trillium recorded its fourth consecutive half year of net inflows, building on its growth in AUM, with over A\$2 billion in net inflows since acquisition⁷. While flows in US equities remained challenging, both businesses saw strong flows into their global equity strategies and 100% of Barrow Hanley's equity strategies outperforming their benchmarks over three years, which augurs well for the future⁸.

"Through the half year we also continued to invest in our distribution, marketing and product capability which included the launch of two new UCITS⁹ sub-funds as well as the appropriate support functions to enable future growth across key markets and channels."

Perpetual Asset Management Australia

PAMA recorded UPBT of A\$23.4 million for the half-ended 31 December 2022, 11% lower than 1H22, primarily driven by lower average equity markets, partially offset by strong investment performance and

⁶ AUM translated at AUD:USD 0.68 as at 31 December 2022. Flows and market movements are converted at the month end exchange rate of 0.64 for October, 0.67 for November, and 0.68 for December 2022.

⁷ The acquisition of Trillium was completed in June 2020.

⁸ Past performance is not indicative of future performance. See www.perpetual.com.au for relevant performance of all strategies. The product disclosure statements (PDS) of any of the strategies should be considered before deciding whether to acquire or hold units in any funds. Target Market Determinations for the PAMA funds are available. PAMA funds are not for distribution in the United States.

⁹ UCITS refers to undertakings for collective investment in transferable securities.

lower variable remuneration. AUM was A\$22.1 billion as at 31 December 2022, down from A\$25.6 billion on the prior year. Average AUM was A\$22 billion compared with A\$25.2 billion in 1H22.

Mr Adams said, “While the market environment impacted overall AUM in PAMA compared with 1H22, our investment teams continued to deliver excellent investment performance for our clients, with 92% of funds outperforming their benchmark over 3 years³.

“This performance has been delivered through a period of change in our Australian equities team, with Vince Pezzullo promoted to Head of Equities and Anthony Aboud to Deputy Head of Equities following the departure of Paul Skamvougeras during the half. The appointments of these two long serving and highly respected managers continues Perpetual’s strong track record of managing succession within our Australian asset management business. Pleasingly, the business was awarded Fund manager of the year for 2022 by both Zenith and Lonsec¹⁰.”

Perpetual Corporate Trust

PCT’s UPBT for the half was A\$41.7 million, an increase of 12% on the prior corresponding period. The strong performance was driven by continued growth across all three of PCT’s business lines. Funds under administration (FUA) was A\$1.14 trillion as at 31 December 2022 up 15% from the prior corresponding period.

Mr Adams said, “Perpetual Digital has experienced good momentum, drawing on the strength and breadth of Perpetual’s range of intelligence and data-oriented products, combined with Laminar Capital’s specialist offering. Perpetual Digital is seeing traction with new and existing clients, validating its emergence as a standalone digital business segment.

“Our Debt Market Services (DMS) business continues to be a strong and stable contributor within PCT, delivering growth in the securitisation and covered bonds segments. In the Managed Fund Services (MFS) division, there was solid growth in the commercial property market which positively impacted the Custody and Wholesale Trustee areas, while in Singapore we grew our client base which drove higher revenue in that region.”

Perpetual Private

PP delivered UPBT of A\$22.1 million, 8% lower than the prior corresponding period, driven by lower average equity markets and continued investment in business growth, partially offset by the strong performance of Fordham and the higher interest rate environment which improved returns on cash. This drove an improvement in PP’s non-market-linked revenues of 14% compared with the prior corresponding period. Funds Under Advice at 31 December 2022 was A\$17.9 billion, down from A\$19.0 billion at the end of 1H22.

Mr Adams said, “PP recorded its nineteenth consecutive half of positive net inflows, supported by the strong performance from Fordham and Jacaranda, whose new business events are attracting new clients across the eastern seaboard.

“Our support of the communities we serve continued during the half, particularly for non-government and charitable organisations, as well as through the Native Title segment where we are now trustee of 25 Native Title agreements.”

¹⁰ The Zenith Fund Awards were announced on 14 October 2022 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. See Appendix the full disclaimer at the end of this announcement for further details. For important information regarding Lonsec ratings and awards visit: <https://www.lonsec.com.au/logo-disclosure>.

Pendal Integration Update

The acquisition of Pendal Group was successfully completed on 23 January 2023 with 98% of consenting clients¹¹ approving the transaction. The combined group has \$202 billion AUM as at 31 December 2022¹² with a global footprint, a diverse portfolio of asset classes, and built upon a model which leverages the advantages of a boutique backed by institutional grade infrastructure.

Mr Adams said, “Our global leadership team and dedicated integration office has been in place since day one post-completion and is fully focused on implementing an operating model that will ensure seamless client continuity and sensible, informed rationalisation across resources, product and cost efficiencies to unlock synergies and drive long-term growth.”

Perpetual reaffirms the target of achieving \$60 million in pre-tax synergies by the end of January 2025 and expects to realise approximately 50% of that target in the first 12 months of ownership. Integration costs are expected to be \$110 million with majority of those incurred in the next 18 months.

Dividends

The Board has determined to pay a partially franked (40%) 2Q23 dividend of 55 cents per share for period from 1 October 2022 to 31 December 2022, bringing total dividends for 1H23 to 90 cents per share. Total dividends for the period include a special 1Q23 dividend of 35 cents per share the period 1 July to 30 September 2022 (1Q23), which was announced on 3 January 2022 and paid on 8 February 2023.

The 2Q23 dividend represents a payout ratio of 80% of UPAT and is paid from the combined earnings of Perpetual and Pendal for the period from 1 October 2022 to 31 December 2022.

The total interim dividend of 90 cents per share represents a payout ratio of 81% of UPAT¹³ and is within the Board’s targeted payout range of 60% to 90% UPAT on an annualised basis.

The dividend payout ratio is expected to be around 75% for the final FY23 dividend. Future dividend franking levels will be driven by the percentage of Australian earnings as a proportion of total earnings.

Outlook

Commenting on the outlook, Mr Adams said, “While the macroeconomic and geopolitical conditions continue to pose challenges for the global financial services industry, the outlook for Perpetual remains positive. As a larger, more diversified business, we now have significant scale, particularly in global distribution and ESG investing, and a truly global presence, which will enable us to better navigate the challenges in our chosen markets and drive our future growth.

“Perpetual has started the second half well following the completion of the Pendal acquisition with growing positive momentum across all divisions. Our new executive team are fully focused on delivering the expected benefits of the newly combined group and we are excited about the future growth opportunities those benefits will present to our clients, our people and our shareholders.

-Ends-

¹¹ Being Pendal clients, by client revenue, whose consent was required to the change of control.

¹² Combined group AUM includes publicly disclosed AUM from both Pendal and Perpetual for 31 December 2022, plus a reclassification of JOHCM’s emulated portfolios amounting to ~\$1.3 billion. This aligns to Perpetual’s methodology. Note that the acquisition of Pendal was completed in January 2023, however 31 December 2022 publicly disclosed AUM data has been used to describe the combined group AUM.

¹³ The payout ratio is based on Perpetual’s earnings for 1Q23 and Perpetual and Pendal’s earnings for 2Q23.

Investor Briefing

Perpetual will hold an investor briefing to present its results at 11:30am AEDT today.

If you would like to join the briefing, please either join the webcast or register for the teleconference below:

Webcast: <https://edge.media-server.com/mmc/p/3jks5uma>

Teleconference: <https://register.vevent.com/register/Bld3d359681e574290bbcaeeeee84d8c3e8>

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About Perpetual

Perpetual Limited ("Perpetual") is an ASX listed (ASX:PPT) global financial services firm operating a multi-boutique asset management business, as well as wealth management and trustee services businesses.

Perpetual owns leading asset management brands including Perpetual, Pental, Barrow Hanley, J O Hambro, Regnan, Trillium and TSW.

Perpetual's private wealth business services high-net worth clients, not for profits, and small businesses through brands such as Perpetual Private, Jacaranda Financial Planning and Fordham.

Perpetual's corporate trust division provides services to managed funds, the debt market and includes a growing digital business, encompassing Laminar Capital.

Headquartered in Sydney, Perpetual services its global client base from offices across Australia as well as internationally from Asia, Europe, the United Kingdom and United States.

Disclaimer: The Zenith Fund Awards were issued on 14 October 2022 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.