



Perpetual Limited
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20 January 2023

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

Via electronic lodgment

Second Quarter 2023 Business Update

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

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

Yours faithfully

Sylvie Dimarco
Company Secretary (Authorising Officer)

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.

ASX Announcement

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

- Transformational acquisition of Pental Group approved, with completion on track for 23 January 2023. Pental achieved approval from approximately 98% of clients¹ by revenue, whose consent was required to the change in ownership
- Perpetual’s total Assets Under Management (AUM) were A\$93.7 billion² at 31 December 2022, 4% higher than the prior period, benefiting from positive market movements which were partially offset by negative currency movements and outflows
- Strong investment performance with 100%³ of Barrow Hanley investment strategies and 100%³ of Australian equities strategies outperforming their benchmarks over three years⁴
- Perpetual Asset Management International’s AUM was A\$71.6 billion, up 4.5%, lifted by positive market movements and positive net flows into global equity strategies, partially offset by negative currency movements and outflows in US equities
- Perpetual Asset Management Australia’s AUM was A\$22.1 billion, a 3.9% increase on the prior quarter, assisted by a rebound in markets
- Perpetual Corporate Trust continues to deliver steady growth, with total Funds Under Administration up 1% to A\$1.14 trillion
- Perpetual Private’s Funds Under Advice were A\$17.9 billion, up 4% in the quarter due to positive market movements, and supported by continued positive net flows
- 1H23 Underlying Profit After Tax is expected to be in the range of \$65 million to \$70 million

CEO Commentary

Chief Executive Officer and Managing Director, Rob Adams said, “It was a significant quarter for Perpetual, as we have now received Pental shareholder and court approval for the acquisition of Pental Group which means we are on track for completion this coming Monday 23 January 2023. The acquisition will see Perpetual substantially grow its asset management business, creating a leading global multi boutique asset management firm focused on active asset management, with a truly global distribution footprint and leading ESG investment strategies, better positioned to manage industry headwinds and to drive future growth.

¹ Based on consent received as at 9 January 2023.

² PAMA and PAMI AUM is combined.

³ Based on gross performance which is before fees and assumes reinvestment of distributions.

⁴ Past performance is not indicative of future performance. The disclosure document or product disclosure statement (PDS) of any of the investment strategies should be considered before deciding whether to acquire or hold units in any strategy. Target Market Determinations for the PAMA funds are available on www.perpetual.com.au or calling 1800 022 033. Refer to Perpetual’s or Barrow Hanley’s website for further performance information.

“Despite what was a very tough operating environment in 2022 for asset managers, Perpetual has ended the December quarter in a strong position. All areas of our business experienced growth in the quarter.

“Across our asset management business, we benefited from a rebound in equities markets in the quarter and while at a headline level we reported net outflows of A\$1.2 billion, we saw continued and solid interest in our global equities capabilities across both Perpetual Asset Management International (PAMI) and Perpetual Asset Management Australia (PAMA). In PAMI, Barrow Hanley delivered net inflows of A\$1.1 billion⁵ (US\$0.8 billion) into its global equities strategies and Trillium experienced its strongest quarter of net inflows in global equities since acquisition. In PAMA, we saw solid and growing interest from advisers in our global equities offering, contributing to A\$0.2 billion in inflows.

“US equities continued to be a tough segment for our business, consistent with industry trends where clients have allocated away from domestic equities given the Federal Reserve’s tightening cycle. Barrow Hanley experienced net outflows of A\$2.6 billion^{5,6} (US\$1.7 billion) in its US equities strategies, impacted particularly by a single client loss of A\$1.8 billion⁶ (US\$1.1 billion). Despite these outflows, relative investment performance across Barrow Hanley funds continues to be very strong and in December, Barrow Hanley recorded its strongest month of net inflows since Perpetual acquired Barrow Hanley in November 2020.

“In Australia, following being awarded ‘Fund Manager of the year’ at the Zenith Fund Awards 2022⁷ as announced in the last quarter’s update, this quarter PAMA was awarded ‘Fund Manager of the Year’ at the Lonsec 2022 Fund Awards⁸. The awards for PAMA and its strategies are testament to the quality of our investment teams and the results they are producing for our clients, providing us with a strong foundation to market our capabilities to new investors in 2023. Also in the quarter, within our Australian Equities team Vince Pezzullo was appointed Head of Equities, taking over from Paul Skamvougeras and Anthony Aboud promoted to Deputy Head of Equities. Our Australian Equities team continues to be one of the largest and most experienced investment teams in the country and is well positioned under Vince and Anthony’s leadership.

“More broadly, Perpetual benefits from its diverse portfolio of businesses, covering asset management, private wealth and corporate trust, setting us apart from our listed peers.

“In Perpetual Corporate Trust (PCT), we continue to deliver steady growth across debt markets services, managed funds services and digital capabilities, with Funds Under Administration (FUA) up 1% during the quarter. In the debt market services business unit, asset backed and commercial backed securities grew 12% and as a segment, is now larger than our bank RMBS book, while the non-bank RMBS book was up 1%. In managed funds services we saw stable FUA despite a decline in asset values in our responsible entity business flowing from the September quarter. Our new digital offerings continue to see solid client interest with a number of mandates across the banking and financial services industry.

“Perpetual Private (PP) also performed well, with inflows from not-for-profit clients, as well as new clients in Jacaranda Financial Planning.

“From the end of January, Perpetual enters a new chapter in its history, as a significantly stronger asset management business with diverse but complementary corporate trust and private wealth businesses. We will be laser focused on a successful integration of Pandal and continuing to drive growth across all divisions.

“Whilst the year ahead brings with it some economic and market uncertainty, the company has started 2023 in a strong position. We look forward to welcoming Pandal shareholders to our company following implementation on 23 January 2023.”

⁵ AUM and pipeline 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.

⁶ Flows from Barrow Hanley and Trillium are from all sources, all regions.

⁷ 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 for full disclaimer.

⁸ For important information regarding Lonsec ratings and awards visit: <https://www.lonsec.com.au/logo-disclosure>.

Perpetual Asset Management International

- PAMI's AUM was A\$71.6 billion⁵ (US\$48.5 billion) as at 31 December 2022, up 4.5% on the prior quarter. The increase in AUM was largely driven by positive market movements of approximately A\$7.9 billion⁵ (US\$5.1 billion), offset by negative foreign exchange movements of A\$3.8 billion and net outflows of A\$1.0 billion⁵ (US\$0.6 billion). Average AUM was A\$71.9 billion⁵ (US\$47.2 billion), compared to A\$70.3 billion⁵ (US\$48.0 billion) in the September quarter.
- Trillium saw positive total net inflows⁶ of A\$0.5 billion⁵ (US\$0.3 billion), while Barrow Hanley experienced total net outflows⁶ of A\$1.2 billion⁵ (US\$0.8 billion), driven by outflows in lower margin US equities.
- Both Trillium and Barrow Hanley saw positive net flows⁶ into global equities strategies, with Barrow Hanley delivering net inflows of A\$1.4 billion⁷ (US\$0.9 billion), and Trillium delivering A\$0.6 billion⁷ (US\$0.4 billion) in net inflows during the quarter.
- Barrow Hanley's relative investment performance was strong with all strategies outperforming their benchmarks over the three years to 31 December 2022^{3,9}.

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\$22.1 billion as at 31 December 2022, a 4% increase on the prior quarter, mainly due to favourable market movements, partially offset by net outflows predominantly from the institutional channel. Average AUM was A\$22.1 billion as at 31 December 2022, compared to A\$21.9 billion in the September quarter.
- There was solid interest in Barrow Hanley's global equities strategies in Australia, with A\$0.2 billion in new monies attracted from the intermediary channel during the quarter. Australian Equities saw net outflows of A\$0.3 billion, primarily due to a A\$0.2 billion outflow from the institutional channel.
- During the quarter, Vince Pezzullo was promoted to Head of Equities, taking over from Paul Skamvougeras. Vince Pezzullo takes over the portfolio management of the Concentrated Equity Fund, in addition to the existing funds he manages. Anthony Aboud was appointed Deputy Head of Equities and continues to manage the SHARE-PLUS Long-Short, Pure Equity Alpha and Industrial Share Funds. Sean Roger was appointed Deputy Portfolio Manager of the Pure Equity Alpha Fund and continues as Deputy Portfolio Manager of the SHARE-PLUS Long-Short Fund.
- PAMA received a number of awards through the quarter including Fund Manager of the Year in the Lonsec 2022 Fund Awards and Fund Manager of the Year⁸ for the second consecutive year at the Zenith Fund Awards 2022⁷.
- Australian equities relative investment performance was strong, with all equities strategies outperforming their benchmarks over the three years to 31 December 2022^{3,9}.

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

⁹ Past performance is not indicative of future performance. The disclosure document or product disclosure statement (PDS) of any of the investment strategies should be considered before deciding whether to acquire or hold units in any strategy. Target Market Determinations for the PAMA funds are available on www.perpetual.com.au or calling 1800 022 033. Refer to Perpetual's or Barrow Hanley's website for further performance information.

Perpetual Corporate Trust

- PCT's total Funds Under Administration (FUA) was A\$1.14 trillion as at 31 December 2022, up 1% on the previous quarter.
- In the Debt Market Services (DMS) division, FUA was up A\$9.9 billion or 1% compared to the previous quarter. There was continued momentum in the Asset Backed Securitisation (ABS) and Commercial Mortgage Backed Securitisation (CMBS) segments, together growing 12%, with a strong pipeline and further growth in the covered bonds segment, which was up 6%. Non-bank lenders continued to access the market, with activity relatively stable over the quarter (FUA up 1%). Bank RMBS issuance was softer due to banks choosing to access their own retail deposit bases for funding rather than the securitisation market.
- The Managed Funds Services (MFS) division's FUA was up A\$1.4 billion or 0.3% compared to the previous quarter. Capital flows and valuations were stable in the Real Asset business (commercial buildings, industrial and logistics assets and student accommodation in Australia and New Zealand), with Wholesale Trustee FUA flat and growth of 1% in custody assets. Singapore saw growth of 3% due to client growth during the quarter with FUA now greater than A\$50 billion despite no new S-REIT deals coming to the market. Responsible Entity services FUA was down 5%, as a result of market movements in the value of assets held by managed funds.
- Perpetual Digital attracted business from 10 new clients in the quarter, including mandates from mortgage and auto lenders. Separately, Laminar has individually won business from 15 new clients across councils, bank and non-bank lenders. These clients will be onboarded in the coming 12-18 months.

Perpetual Private

- PP's total Funds Under Advice (FUA) were A\$17.9 billion as at 31 December 2022, 4% or A\$0.7 billion higher than A\$17.2 billion reported in 30 September 2022. Average FUA for the three months to 31 December 2022 was A\$17.9 billion, compared to A\$17.7 billion in the September quarter.
- PP experienced approximately A\$0.1 billion in positive net flows during the quarter, with continued contributions from Jacaranda and the Not-for-Profit sector, as well as a A\$0.6 billion increase in FUA due to positive market movements.

Update on the proposed acquisition of Pental Group

On 25 August 2022, Perpetual announced that it had entered a Scheme Implementation Deed to acquire Pental Group (ASX:PDL). All necessary regulatory approvals and approximately 98% of Pental clients¹ by revenue, whose consent was required to the change in ownership were also received¹⁰ and implementation is on track for Monday 23 January 2023, at which time Pental will become part of the Perpetual Limited group.

Earnings, expense and Pental transaction significant items guidance

Based on preliminary unaudited financials for the half year ending 31 December 2022, the company expects its Underlying Profit After Tax for 1H23 to be in the range of \$65 million to \$70 million.

Given the acquisition of Pental Group is yet to complete, Perpetual is not able to provide full year expense guidance for the combined group at this time. However, on a standalone basis, Perpetual remains on track to deliver FY23 expense growth at the higher end of its previously stated expense guidance¹¹. We expect to be

¹⁰ A key condition for the Scheme of Arrangement was a minimum of 82.5% positive client consents.

¹¹ As disclosed on 25 August 2022 and 19 October 2022.



able to provide guidance for the combined group for FY23 as part of our March quarter business update, to be released in April 2023.

Significant items relating to transaction costs for the Pental acquisition are expected to be between A\$25.5 million to A\$27.5 million pre-tax for 1H23. These costs are part of Perpetual's estimated transaction costs of A\$40 million previously announced on 25 August 2022.

Perpetual's first half 2023 result announcement

Perpetual will report its 1H23 results on Thursday, 23 February 2023. The announcement is expected to cover both Perpetual's results for the period ending 31 December 2022, as well as high level pro-forma information on the combined group, including details on assets under management by asset class as at 31 December 2022, as well as synergies and leverage position.

Webcast and conference call details will be released to the ASX in the coming weeks.

-Ends -

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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)	30 Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
Australian Equities	11.6	(0.3)	0.8	-	12.1
US Equities	43.5	(2.7)	5.4	(2.4)	43.8
Global Equities	16.9	2.0	2.4	(0.9)	20.4
Total Equities	72.0	(1.0)	8.6	(3.3)	76.3
Cash & Fixed Income	17.0	(0.2)	0.3	(0.5)	16.7
Other	0.7	(0.0)	0.0	-	0.7
Total all Asset Classes	89.8	(1.2)	8.9	(3.8)	93.7

Perpetual Asset Management, Australia	30 Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
Australian Equities	11.6	(0.3)	0.8	-	12.1
Global Equities	1.2	0.2	0.2	-	1.7
Total Equities	12.8	(0.1)	1.0	-	13.7
Cash & Fixed Income	7.7	(0.1)	0.0	-	7.6
Other	0.7	(0.0)	0.0	-	0.7
Total all Asset Classes	21.3	(0.2)	1.0	-	22.1

Perpetual Asset Management, International (AUD)	30 Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
US Equities	43.5	(2.7)	5.4	(2.4)	43.8
Global Equities	15.7	1.7	2.2	(0.9)	18.7
Total Equities	59.2	(0.9)	7.6	(3.3)	62.5
Fixed Income	9.3	(0.0)	0.3	(0.5)	9.0
Total all Asset Classes	68.5	(1.0)	7.9	(3.8)	71.6

Perpetual Asset Management, International (USD)	30 Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
US Equities	28.0	(1.7)	3.5	-	29.7
Global Equities	10.1	1.2	1.5	-	12.7
Total Equities	38.1	(0.6)	4.9	-	42.4
Fixed Income	6.0	(0.0)	0.2	-	6.1
Total all Asset Classes	44.0	(0.6)	5.1	-	48.5

Note: Numbers may not add up due to rounding

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

² Conversion rate AUD:USD at 31 December 2022 was 0.678150.

AUM and Flows by Investor Channel (\$Bn)

Combined View - PAMA & PAMI (AUD)	30-Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
Retail	4.1	(0.1)	0.3	-	4.3
Intermediary	19.5	0.3	1.1	(0.4)	20.5
Institutional	65.2	(1.4)	7.5	(3.4)	67.9
Listed	0.9	0.0	0.0	-	0.9
Total	89.8	(1.2)	8.9	(3.8)	93.7

Perpetual Asset Management, Australia	30-Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
Retail	4.1	(0.1)	0.3	-	4.3
Intermediary	12.5	0.1	0.6	-	13.2
Institutional	3.8	(0.3)	0.2	-	3.7
Listed	0.9	0.0	0.0	-	0.9
Total	21.3	(0.2)	1.0	-	22.1

Perpetual Asset Management, International (AUD)	30-Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
Intermediary	7.1	0.1	0.6	(0.4)	7.4
Institutional	61.4	(1.1)	7.3	(3.4)	64.2
Total	68.5	(1.0)	7.9	(3.8)	71.6

Perpetual Asset Management, International (USD)	30-Sep-22	Flows	Other ¹	Foreign Exchange Impacts ²	31-Dec-22
Intermediary	4.5	0.1	0.4	-	5.0
Institutional	39.5	(0.7)	4.7	-	43.6
Total	44.0	(0.6)	5.1	-	48.5

Note: Numbers may not add up due to rounding

¹ 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.

² Conversion rate AUD:USD at 31 December 2022 was 0.678150.

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.

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.