SET TO LEAD AND GROW

CHAIRMAN'S UPDATE A LOOK BEHIND THE NUMBERS



Dear Shareholder

This year marked the end of our Transformation 2015 (T15) strategy. T15 included a whole range of initiatives. What's most pleasing is that every step of the way the team delivered on what was promised to shareholders, the market and clients.

MEETING OUR PROMISE TO SHAREHOLDERS

The prudent balance sheet decisions we made during T15 meant we were able to live up to our implied promise to shareholders. In the past year, to take just one example, we freed up significant regulatory capital – capital we were able to put to better use for our shareholders. We have a strong balance sheet that gives us scope to invest in growing our business. But it also provides additional protection for shareholders in a world full of uncertainty.

Careful capital management – and the underlying strength of our businesses – also means we are better able to provide shareholders with a growing income stream. Since FY12, our dividend has grown nearly 40% a year (in cents per share). We know what a consistent dividend means to shareholders, and we always aim to deliver a solid dividend so long as we can achieve it in a prudent and conservative way.

BEING TRUE TO OURSELVES

The company's new Lead & Grow strategy, that Geoff Lloyd outlines in his report, is a true growth strategy. But we start on that growth path

with our core values very clear in our mind. Recent moves in our new listed investment company are an example of that.

"Higher people engagement means we can attract, keep and develop the best people.

That in turn means we can gain, keep and grow more clients. It's a compelling, virtuous circle."

The launch of the Perpetual Equity Investment Company was an important step, highlighting our ability to offer self-directed clients the Perpetual product they were looking for. We raised over \$250 million in the biggest listing of its type since the Global Financial Crisis. Yet it's the way we invested that capital that's important. Despite some market pressure to put capital to work straight away, the Portfolio Manager, Vince Pezzullo, kept a relatively large cash balance, and was able to buy his preferred assets at better value during the recent bout of market volatility.

That's the discipline that has made our team a leader in Australian equities over the long term. It's the prudent Perpetual approach we will be taking as we expand global equities and other offerings as part of Lead & Grow.





CEO'S REPORT

A MILESTONE YEAR FOR PERPETUAL

"We made significant, businesschanging moves that slimmed and focused Perpetual and created a business that delivers more for its clients and shareholders."



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GROWING WITH OUR CLIENTS

We are building Lead & Grow to address what we think are the vital needs of our clients. Our global equities initiative is all about expanding the investment horizons of Australian investors. Australia is around 2% of the global economy, our market is fast becoming too small for the size of our national superannuation savings, and I believe our people and our skills make us a logical alternative for Australian investors seeking global diversification.

It's a similar story in the data services division of Perpetual Corporate Trust. This year we were able to meet a challenge the RBA posed to our clients by developing a powerful data solution that both meets client needs and strengthens the long-term prospects of our business.

INVESTING IN OUR PEOPLE

In his letter, Geoff highlights our excellent staff engagement levels. We focused on that outcome across our business, investing in development, training, technology, productivity, leadership – all the things we can manage to enhance the performance and career satisfaction of our people.

Higher people engagement means we can attract, keep and develop the best people. That in turn means we can gain, keep and grow more clients. It's a compelling, virtuous circle.

STAYING SHARP

The Perpetual Board and management team are all focusing on our Lead & Grow

strategy. But we're also thinking about the attitudes and mindsets needed to ensure we are where our clients need us to be – not just now – but in the future. That means continuous improvement and being ready to test new offerings in the marketplace.

It also means fighting for our place. We have an enviable reputation in one of the world's biggest financial services markets. But it's a market where competition is getting stronger every day.

We're all part of a business that's thrived for 129 years. It's important we continue to grow our skills and our people so that we can hand this business onto the next generation even stronger than it is today.

BOARD SUCCESSION

This year marks the retirement of Elizabeth Proust and Paul Brasher from the Board of Directors. They made outstanding contributions during a time of transformative change for the company – and I thank them.

I'm also delighted to welcome Ian Hammond and Nancy Fox to the Board. Their deep sector knowledge and leadership experience will be of great value as we implement our Lead & Grow strategy.

PETER SCOTT
Chairman

11%

PERPETUAL INVESTMENTS' PROFIT BEFORE TAX WAS 11% HIGHER THAN IN FY14 \$4.5m

IN PERPETUAL PRIVATE, THE AVERAGE NEW CLIENT BALANCE ROSE TO \$4.5 MILLION IN FY15 24%

FUA IN THE TRUST SERVICES AREA OF PERPETUAL CORPORATE TRUST GREW 24% IN FY15

Dear Shareholder

The year just completed marks a milestone for Perpetual. It is the bridge between T15, a three-year program to reshape the business, and Lead & Grow – a new strategy that builds on our strengths to further grow the business for the benefit of our shareholders, clients and people.

During T15 we made significant, business-changing moves that slimmed and focused Perpetual and created a business that delivers more for its clients and shareholders.

Delivering more for our clients is what our new Lead & Grow strategy is all about. It is a growth strategy based around a simple but powerful strategic approach:

- lead in our core businesses
- extend into logical adjacencies
- explore new territories which allow us to leverage our market insight, core capabilities, clients and cost base.

I believe the company's move from T15 to Lead & Grow is already evident in this year's results. Not just in the numbers we delivered, but in some of the major strategic initiatives that were developed by each division and will now form a key part of the Lead & Grow strategy.

PERPETUAL INVESTMENTS

In FY15, Perpetual Investments' profit before tax was \$125.6 million, 11% higher than in FY14. That profit was only marginally boosted by equity markets, which were up by on average just over 5%. The improvement was driven by the performance – and therefore performance fees – achieved by our fund managers and from increases in funds under management.

Leading, now growing - through global equities

With a leading capability in Australian equities, our move into global equities is a natural extension into a growing asset class with attractive margins. We have a strong track record, \$700 million under management now and a target of \$1 billion by the third anniversary of the new Perpetual Global Share Fund.

We're growing our global equity business by building on our strengths. We have brought the team strength up to seven analysts but crucially, all global analysts sit within our larger equity team of 21, sharing insights and ideas.

PERPETUAL PRIVATE

In Perpetual Private, our high net worth advice business, profit before tax was up over 70%. As evidence that our targeted segment approach is working, last year the business had 75 net new clients. It now has more than \$13 billion under advice.

Leading, now growing - through even deeper client focus

In Perpetual Private we specialise – focusing on select groups of clients and providing exemplary, specialist service. We are further deepening our commitment to segments like business owners, the established wealthy and professionals, and developing our relationships with existing clients by offering a wider suite of products and services.

Our capability in strategic advice, tax and accounting, trustee services, estate planning and philanthropy means that our focus on these segments will grow our business and deliver considerable financial and personal value to our clients.

PERPETUAL CORPORATE TRUST

Perpetual Corporate Trust is an Australian leader in securitisation and real asset markets. In FY15, growth in Trust Services was driven by an improvement in securitisation markets, with funds under administration up 24%. Our Fund Services franchise is growing on the back of inbound capital flows into Australian property and infrastructure and, pleasingly, last year that revenue grew by over 60%.

Leading, now growing - through data services

Perpetual Corporate Trust has been the leading provider of asset backed securities information since 1997. As part of Lead & Grow, we are leveraging this position to meet market needs. The RBA's new repo-eligibility reporting requirements were a significant challenge for the local securitisation market. That challenge was seen as an extension opportunity for Perpetual Corporate Trust.

Via our data services solution, ABSPerpetual, we are providing for some 90% of issuers in the market and more than \$350 billion in financial assets are being reported on. Over the longer term, ABSPerpetual gives us the ability to extend into new products such as analytics and reporting, into new business models like subscription and fee-for-service and potentially into partnership with new clients in markets beyond securitisation.

OUR PEOPLE DRIVE OUR GROWTH

There's no doubt the last three years has been a time of significant and lasting change for Perpetual. Yet we never lost focus on our people. The success we've had is the result of the dedication, passion and skill of our team – our focus on getting the right people into the right roles, and investing in our team and our leaders. The result of that work – and it is hard, vital work – is a team that's constantly thinking about their clients and their needs.

That's why, even as we face a period of time where market returns may come down and volatility rise, we can look forward with confidence. I believe we have the people and the disciplines to run the business prudently for our shareholders under any market conditions.

That's also why, in a year when we have many positive numbers to reflect on, a major rise in our staff engagement – to near best-in market levels – gave me so much pleasure. Because a deeply motivated, highly-skilled team with real client focus is what drives results for our business and returns for our shareholders.

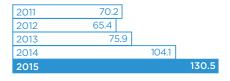


GEOFF LLOYDChief Executive Officer
and Managing Director

2015 HIGHLIGHTS

UNDERLYING PROFIT AFTER TAX

Year ended 30 June (\$m)



NET PROFIT AFTER TAX (NPAT)

Year ended 30 June (\$m)

2011		62.0		
2012	26.7			
2013		61.0		
2014			81.6	
2015				122.5

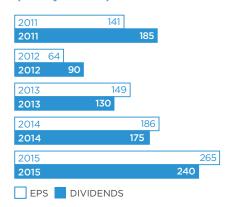
RETURN ON EQUITY ON NPAT

Year ended 30 June (\$m)

2011		17.1	
2012	8.4		
2013		20	0.9
2014		19.0	
2015			21.7

EARNINGS PER SHARE (EPS) ON NPAT VS. DIVIDENDS

Year ended 30 June (cents per share)





RUSINESS

- Perpetual completes Transformation 2015 including the delivery of more than the targeted savings and an operating model set for scalable growth.
- The integration of The Trust Company concludes, ahead of time, ahead of plan and with sustained business benefits.
- Perpetual launches its Global Share Fund to meet growing demand from Australian investors.
- Perpetual Investments' first listed investment company, the Perpetual Equity Investment Company Limited, raises more than \$250 million, well exceeding its initial target.



COMMUNITY

- Perpetual launches IMPACT
 Philanthropy, bringing together
 the best thinking from The Trust
 Company and Perpetual to help
 clients' charitable investments
 achieve maximum benefit.
- Sofie Laguna is announced the winner of the Miles Franklin Literary Award 2015 for her novel, The Eye of the Sheep. Perpetual is trustee of the award.
- Perpetual announces its new Reconciliation Action Plan, recognising the importance of Indigenous development.



PEOPLE

- Paul Skamvougeras is promoted to Head of Equities to succeed Matt Williams. The appointment was the sixth consecutive internal appointment to the role.
- Perpetual employee engagement lifts
 15 points to near Best Employer levels.



RECOGNITION

- Winner, Best Australian Share Fund in Money Magazine's Best of the Best Awards 2015, with two funds awarded Gold in the category.
- Winner, Money Management/ Lonsec Fund Manager of the Year, SMA portfolio award.

CONTACT DETAILS

Perpetual Shareholder Information Line

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Fax +61 2 8256 1461

SHAREHOLDER CALENDAR

Final Dividend Payment 25 September 2015

Annual General Meeting 5 November 2015

Interim profit and dividend announcement

25 February 2016

Please note that dates are subject to change.

AGM DETAILS

Thursday, 5 November 2015 10:00 am AEDT Perpetual, Level 12, 123 Pitt Street Sydney NSW 2000, Australia

Find out more, visit our new website www.perpetual.com.au