

2015 ANNUAL GENERAL MEETING

Addresses to Shareholders

5 November 2015

Perpetual Limited
ABN 86 000 431 827 AFSL 236643

Perpetual 

FY15 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Year in Review

Perpetual performed strongly during the 2015 financial year. Underlying profit after tax was up 25%; net profit after tax was up 50% and, we paid a fully franked dividend of 240 cents per share, up 37% on the previous year. Over the last three years our dividend has grown almost 40% a year (in cents per share).

We achieved a significant milestone with the completion of our Transformation 2015 (T15) strategy.

We have simplified and refocused the business and are continuing to grow. An example of this is the launch of the Perpetual Equity Investment Company (PIC). The first AGM for that new company is this afternoon. The launch was an important step in highlighting our ability to offer self-directed clients the Perpetual product they were looking for. Raising more than \$250m, it was the largest listing of its type since the Global Financial Crisis.

The disciplined execution of our proven investment process meant that despite market pressure to deploy capital quickly, the Portfolio Manager was able to buy preferred assets at better value during recent market volatility. As at the end of September, PIC had exceeded its benchmark and had a Net Tangible Asset value ahead of the \$1 listing price, this is a significant achievement.

One of the other significant growth initiatives of Transformation 2015 was the acquisition of The Trust Company. The integration activities were completed this year substantially ahead of schedule and resulted in an additional \$6m in synergies being delivered.

We have delivered financial results any business would be proud of across all three business divisions, and we have achieved this despite a volatile market and changing economic conditions.

Pleasingly, we completed the Transformation 2015 journey ahead of time and with all targeted benefits realised. Every step of the way we delivered for our shareholders, our clients, and our people.

Various world events have lead to uncertainty and we are seeing this reflected in equity markets around the world. We are experiencing a lower interest rate environment and lower growth expectations, which continues to impact on investor and business confidence.

We are well positioned for an increasingly uncertain environment, the business is performing well, our balance sheet is strong and the gearing is low.

Our strategy for the future

The company's new Lead & Grow strategy has been fully endorsed by the Board. It is a true growth strategy that retains our core values at its heart.

We intend to **lead** in our core, **extend** into natural adjacencies, and due to our strong position **explore** new initiatives. One of the first key **extend** initiatives is global equities and Geoff will provide you with an update in his address.

Our people

This year our employee engagement levels were excellent. We achieved this by investing in our people by focusing on training, technology, productivity and importantly, leadership development – all the things we can influence to enhance the performance and career satisfaction of our people.

Higher people engagement means we can attract, keep and develop the best people. This in turn means we can provide clients with the best independent solutions and products.

Remuneration

Later in the meeting, you will be asked to vote on the company's remuneration report; however I would like to share a few thoughts with you now.

Appropriately recognising and rewarding our people is an important aspect of attracting and retaining the best talent, in a highly competitive financial services market. The Board believes the remuneration framework we have in place aligns the interests of shareholders and staff through the market cycles we experience.

Our 25% increase in underlying profit this year, and strong performance across the business during the last four years, has been delivered by our staff. Shareholders have received the benefit of the improved performance and consequently the rewards to staff this year have correspondingly increased.

The Board constantly monitors the remuneration framework to ensure there is a clear alignment between shareholder returns and employee remuneration.

Board Succession

This year marks the retirement of Elizabeth Proust and Paul Brasher from the Board of Directors. They have both made outstanding contributions in a time of transformational change for the company. On behalf of all shareholders I wish to thank them for their significant contributions to the growth and governance of the company during their time on the Board.

Board succession planning is an ongoing activity. As a consequence of Elizabeth's retirement I am pleased to inform you that Ms Sylvia Falzon has been appointed as the new chair of the People and Remuneration Committee.

I am delighted to welcome Ian Hammond and Nancy Fox to the Board, each bringing different and complementary skills to the table. Their deep sector knowledge and leadership experience will be of great value as we implement our Lead & Grow strategy.

Summary

Being part of an organisation with a rich 129 year history is something to be proud of. Perpetual has endured and thrived through two world wars, the depression,

recessions and a global financial crisis. The Board and the Perpetual team are all committed to building this business to ensure it is even stronger than it is today.

As we look to the future, shareholders can be confident we have a business with strong financials, a clear strategy and the right people to implement it. Disciplined execution will remain a hallmark of our approach to all that we do.

I would like to personally thank Geoff, the Executive Leadership Team, and all of Perpetual's people and business partners on a job well done. Thanks also to my Board colleagues for their professionalism and dedication throughout the year. Your hard work and significant contribution have helped to get us where we are today.

I'd like to thank you the shareholders for your continued support.

I would now like to invite Geoff Lloyd to share his business update, and provide you with further insight to the Lead & Grow Strategy. I look forward to speaking with you at the conclusion of the meeting.

Thank you.

FY15 ANNUAL GENERAL MEETING

CEO & MD ADDRESS

Good morning and thank you Chairman.

Overview

As we announced on 27 August, we delivered a strong result for 2015, across each of Perpetual's businesses – Perpetual Investments, Perpetual Private and Perpetual Corporate Trust.

For the past three years, the disciplined delivery of our strategy has resulted in consistent and sustainable growth across all key metrics. Underlying Profit After Tax (UPAT), Net Profit After Tax (NPAT), earnings per share (EPS) and dividend growth have all been strong.

Our Transformation 2015 (T15) program where we simplified and refocused the business is now complete. It was delivered ahead of time, realised all targeted synergies, and established a strong business model and platform for growth. T15 has set us up well for the future, creating a business that delivers more for our clients and shareholders.

The Trust Company acquisition was one of many important growth initiatives of T15. Pleasingly, as the Chairman noted, the integration was delivered substantially ahead of schedule and achieved synergies of \$21m, ahead of the original target of more than \$15m.

Perpetual is now a much stronger, simpler and more profitable business.

All three of our businesses are performing well and the strong momentum and growth we established in T15 are being accelerated through our new strategy - Lead & Grow which I'll talk more on today.

Strong earnings and returns

Throughout the year the business has performed well with all key financial metrics showing growth. UPAT is up 25%, NPAT of \$122.5m is up 50%, and we paid a fully franked final dividend of 125 cents per share. This takes the total fully franked dividend for the year, to 240 cents per share, up 37% on last year.

We continue to invest in the business, but we've also been able to increase dividends to shareholders at a time when we know investors are looking for yield.

Let's look now at the growth in our three main businesses.

Delivering growth

Focusing first on **Perpetual Investments**, it has the consistent performance, proven process, people, brand and reputation that clients are looking for across Australian and global equities, multi-asset strategies and credit.

Our strategy under Lead & Grow is to maintain our leadership in core Australian equities as well as further exploiting growth opportunities in satellite strategies including: long only, long/short, absolute return and concentrated strategies.

Global equities is a key focus for growth moving forward and is a natural extension into a growing asset class with attractive margins. We have a strong performance track record, almost \$700m in Funds Under Management (FUM), and an ambitious target of \$1bn in FUM in the first three years.

We believe investors remain prepared to pay an appropriate premium for long-term, consistent outperformance and we'll take this philosophy into our global equities strategy.

Turning now to our high net worth business, **Perpetual Private**, profit before tax was up more than 70%, which is evidence our segmented approach is working.

We are deepening our commitment to segments such as business owners, established wealthy and professionals. For business owners, our transformed professional services business Fordham has increased referrals into Perpetual Private by 60% on last year. The established wealthy segment includes pre and post retirees, not-for-profit organisations, native title trusts and represented persons. It represents approximately 25% of the high net worth market and is where Perpetual has such deep history. Professionals is our third key focus segment and our first priority within that is medical specialists, where we are building on the NSW-based capability we acquired some time ago.

With our strong leadership and reputation, depth and breadth of offer, there is a real opportunity to win more clients and grow Perpetual Private.

Perpetual Corporate Trust holds a unique leadership position in securitisation and real asset markets and a growing franchise in responsible entity services. While continuing to focus on growth in Fund Services and Trust Services, we will leverage our leadership into high margin adjacencies.

For example, in July of this year ABSPerpetual went live allowing issuers to meet the RBA's new repo-eligibility reporting requirements. We are providing data for 90% of issuers, and some \$350bn in financial assets are being reported through this service already.

Our enhancements represent a major investment in the future of the sector and, with our clients, we're exploring further revenue opportunities utilising the quality data. We may also look to expand to markets beyond securitisation.

Let's now look at the main drivers of growth in these three businesses.

Major drivers

The main drivers of our increased returns to shareholders were markets, positive net flows, and net new clients. All three of our businesses contributed to this result which is important in the context of potentially lower equity market returns, and higher market volatility.

Investment markets have been volatile in 2015 and Perpetual Private and Perpetual Investments were only modestly assisted by the markets, which had an increase of just over 5%.

The volatility continues but it brings opportunity for active value managers like Perpetual.

In Perpetual Investments, while net flows were lower than in FY14, they are largely a reflection of client rebalancing, and larger distributions to investors in our flagship retail funds.

The handover of Head of Equities from Matt Williams to Paul Skamvougeras has gone well. Paul and Deputy Head of Equities, Nathan Parkin have a terrific opportunity to grow the talent within the team and continue to deliver consistent returns to investors.

In Perpetual Private, growth continues in our high net worth advice business. We closed the year with a solid increase in net new clients. And those new clients have average funds under advice (FUA) of \$4.5million.

Perpetual Corporate Trust is also now a more balanced business. Growth in Trust Services is being driven by an improvement in securitisation markets, and our funds under administration grew by 24%.

Fund Services is growing on the back of inbound capital flows into Australian property and infrastructure, and our revenue here grew by more than 60% last year.

We have strong momentum in Perpetual Corporate Trust.

Sustained dividend growth

We're also very proud of the size and continued growth in our dividend, particularly in comparison to our peers. From the financials you will have noticed that while continuing to deliver strong dividend growth, we've also been investing in Perpetual.

The significant investment we made in T15 was worth it and helped set us up for future growth. We have an experienced team; a lean, focused business model; a clear focus on client segments and needs; and a range of key partnerships which bring the right capability to Perpetual and our clients.

I'd now like to share an update on the next chapter of Perpetual's strategy, Lead & Grow.

Lead & Grow

Our new strategy is a natural evolution of T15 and we draw on the critical strategic choices that underpinned it. Three core businesses forming a scalable business model, sharing central services and a strong brand.

This is our 'strategy on a page'. It is the way we articulate the next phase for Perpetual for all our stakeholders, particularly our people, who will be critical to the success of the strategy.

Lead & Grow has three key objectives to capture sustainable growth. We will:

- **Lead** in each of our core businesses
- **Extend** into natural adjacencies and
- **Explore** new markets and ventures which allow us to leverage our market insight, core capabilities, clients and cost base.

70% of our time and effort will be dedicated to **leading** in our core markets and segments, given the compelling opportunities that exist.

How we measure ourselves remains unchanged from T15. It is all about people, clients and shareholders. Lead & Grow is underpinned by our vision and values – to be “Australia’s largest and most trusted independent wealth manager”.

The inclusion of “most trusted” directly reflects the sentiments expressed to us by our clients, and we believe it’s a competitive differentiator.

Conclusion

In concluding today, I wanted to reflect on the fact our people and business partners have worked hard, delivered on the T15 strategy and positioned us well for the future.

We are pleased with the strong growth momentum across our business as we embark on the next phase of our strategy, Lead & Grow.

Heightened market volatility may affect client confidence but we have a good strategy, an experienced team and a strong business model which will see us through.

I’d like to thank the Board, the Executive Leadership Team and all of our people at Perpetual for their discipline and commitment to our clients, our shareholders and each other in delivering the 2015 results.

5 November 2015

PERPETUAL LIMITED

2015 ANNUAL GENERAL MEETING

MR GEOFF LLOYD

Chief Executive Officer and
Managing Director

ABN 86 000 431 827

Perpetual 

FY15 OVERVIEW

STRATEGY DELIVERING SUSTAINED GROWTH

Strong results for FY15 with increased returns to shareholders

- NPAT up 50%**
- DPS up 37%**

Transformation 2015 strategy complete and benefits achieved

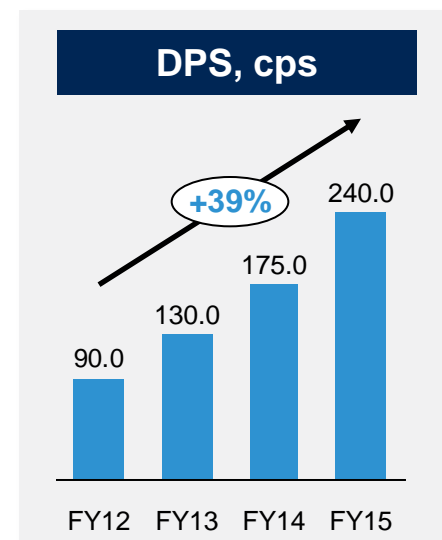
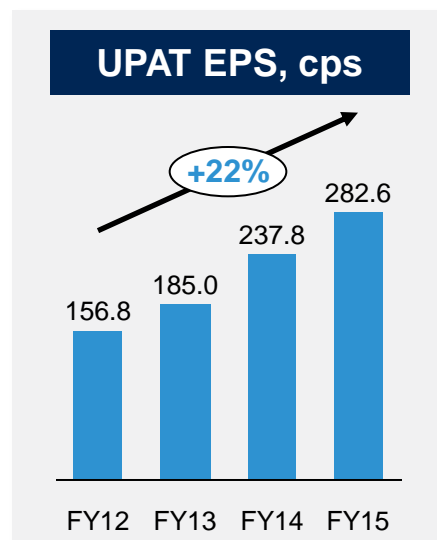
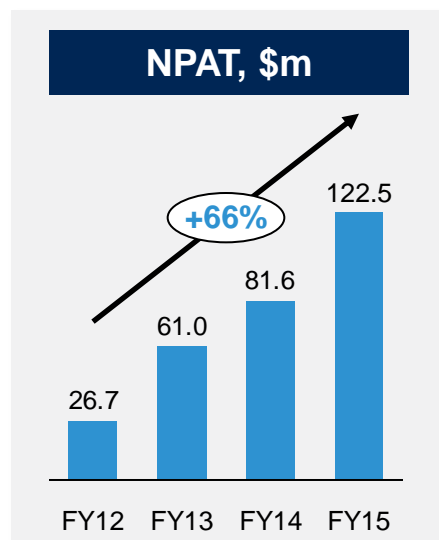
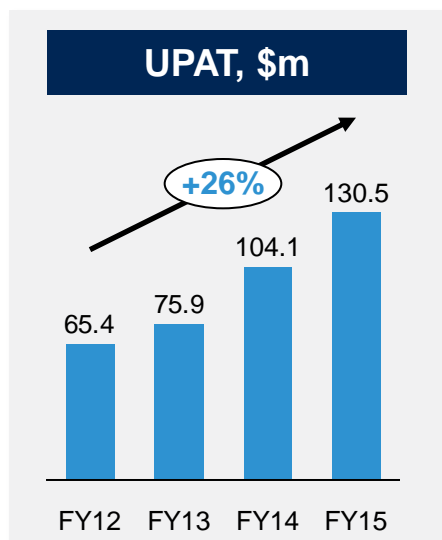
The Trust Company integration complete ahead of time with additional synergies

Revenue momentum in all three business units

Lead & Grow strategy underway and accelerating growth agenda

FY15 OVERVIEW

T15 STRATEGY DELIVERED STRONG EARNINGS AND RETURNS



Perpetual Investments
PBT +11%

Perpetual Private
PBT +74%

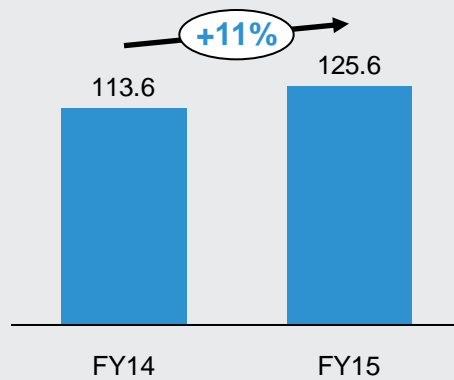
Perpetual Corporate Trust
PBT +22%

Note: Percentage increases represented are CAGR.

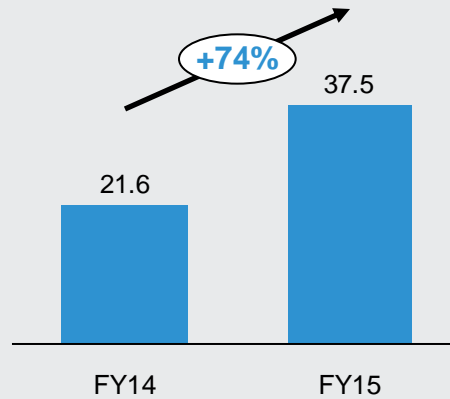
2015 FULL YEAR RESULTS

ALL 3 BUSINESSES DELIVERING GROWTH

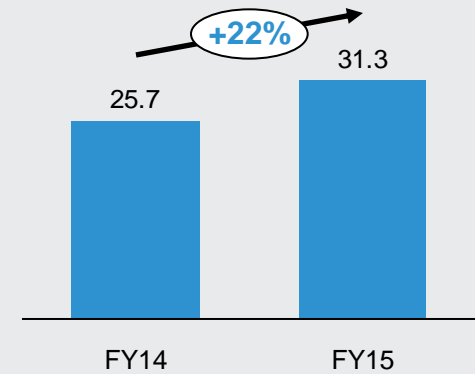
PERPETUAL INVESTMENTS PBT, \$m



PERPETUAL PRIVATE PBT, \$m



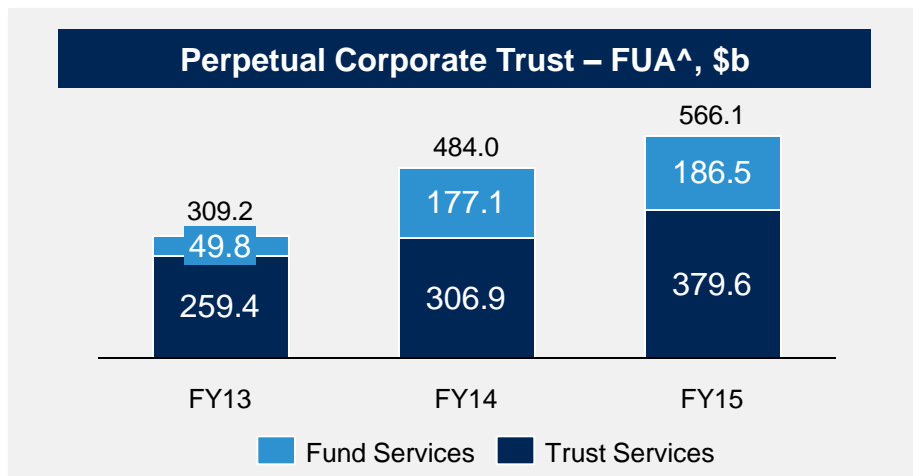
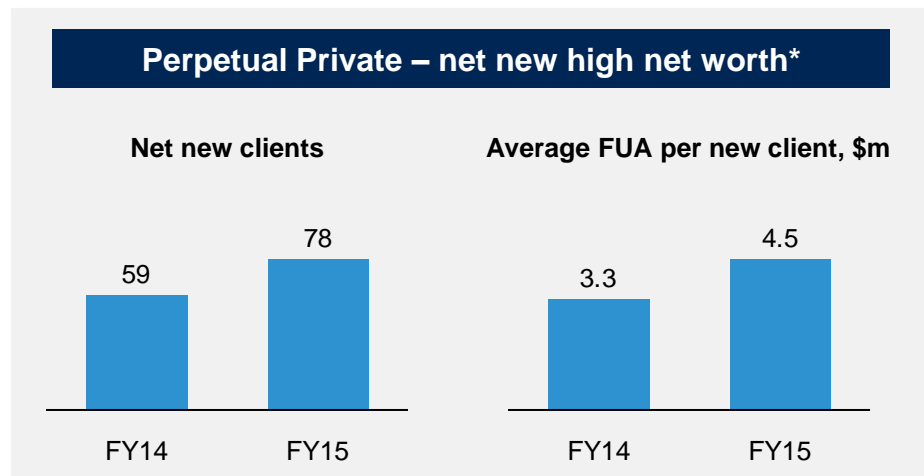
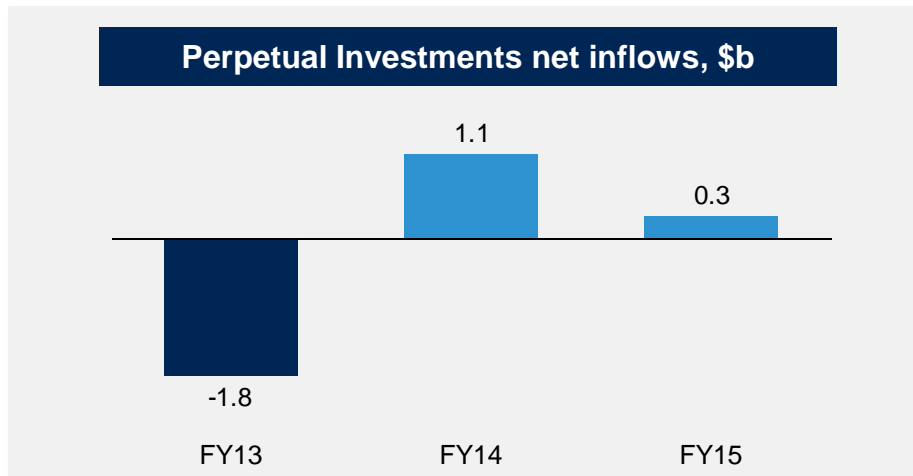
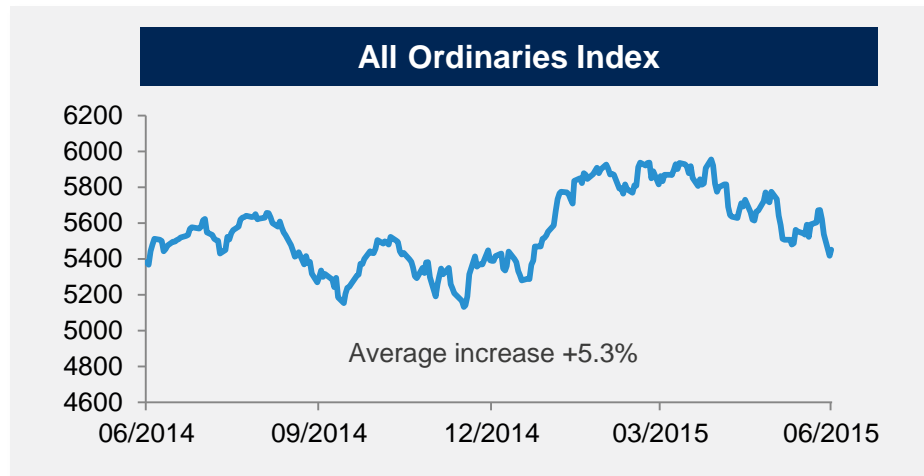
PERPETUAL CORPORATE TRUST PBT, \$m



COST DISCIPLINED MAINTAINED

FY15 RESULTS – GROWTH HIGHLIGHTS

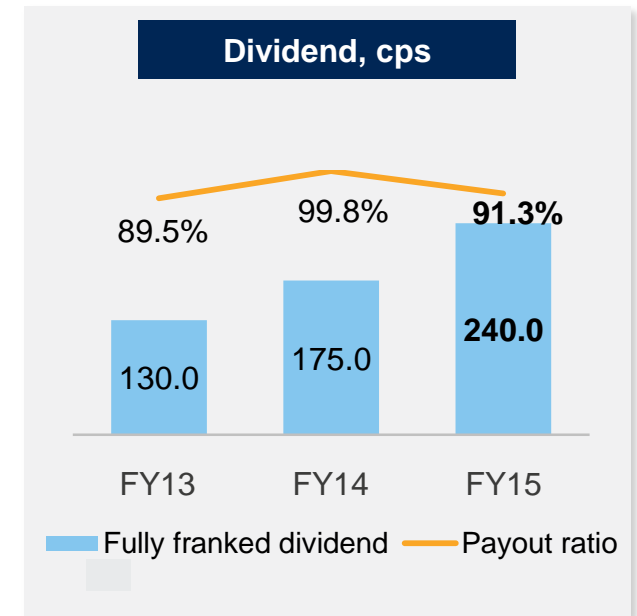
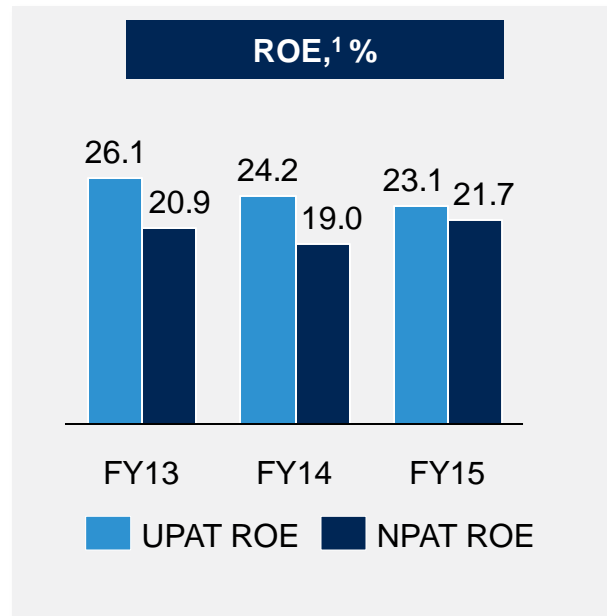
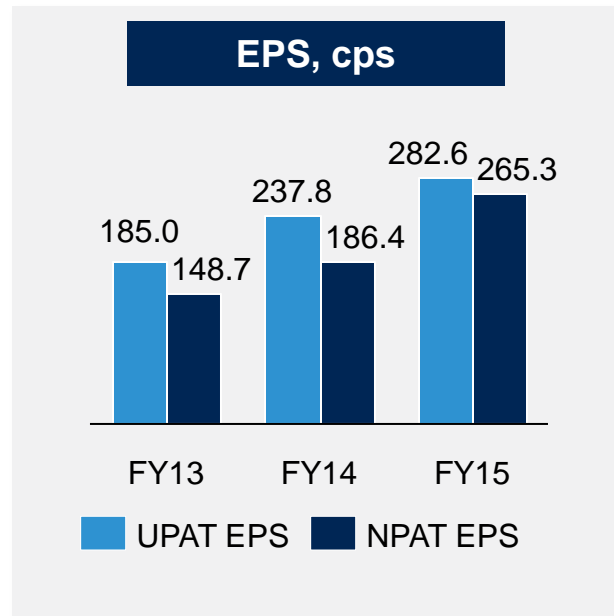
MAJOR DRIVERS MARKETS, FLOWS AND NEW CLIENTS



* High net worth clients must have a portfolio balance with Perpetual Private of at least \$1m.
 ^ FUA is funds under administration.

FINANCIAL PERFORMANCE

SUSTAINED DIVIDEND GROWTH OVER THREE YEARS



Fully franked dividend of
240 cps

Payout ratio² of
91.3%

Dividend paid on
25 September

¹ ROE is calculated using UPAT or NPAT attributable to equity holders of Perpetual Limited for the period divided by average equity attributable to equity holders of Perpetual Limited.

² Dividends paid/payable as a proportion of NPAT.

STRATEGY



LEAD in core businesses



EXTEND into adjacent markets



EXPLORE new opportunities

GOALS

PEOPLE

Employee Engagement

CLIENTS

Client Advocacy

SHAREHOLDERS

NPAT growth

Vision

Australia's largest
and **most trusted**
independent
wealth manager

Values



Excellence

Delivering exceptional outcomes



Integrity

Doing what's right



Partnership

Succeeding together

FY15 SUMMARY

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