

**27 July 2023**Angel Place,  
Level 18, 123 Pitt Street  
Sydney NSW 2000,  
AustraliaPhone +61 9229 9000  
www.perpetual.com.au

## Fourth Quarter Business Update

### AUM of A\$212.1 billion, up A\$1.7 billion

Perpetual Limited (Perpetual) (ASX:PPT) today released its fourth quarter business update for the period ending 30 June 2023.

Chief Executive Officer and Managing Director, Rob Adams said, “We have continued to focus on integrating Pental Group into our business and while we are only six months in, we have already made solid progress in delivering the synergy benefits of the acquisition which are tracking to plan.

“Importantly, through the quarter we were pleased to complete our global distribution leadership team restructure following the appointment of a new Head of Distribution for the America’s region, Mickey Janvier, who commenced in June and brings strong experience, relationships and proven business building capabilities to an important region for our asset management business.

“As foreshadowed in our third quarter business update, the macro environment has remained challenging and is driving general caution towards equities, particularly in the US. Disappointingly, we experienced mandate losses from a client in each of JO Hambro Capital’s International Select strategy (previously announced in our third quarter business update) and Pental’s Fixed Interest strategy respectively which contributed to Group net outflows.

“Investment performance across the Group remains strong with 79%<sup>1</sup> of the Group’s strategies outperforming their benchmarks over the important three-year time horizon. In particular, we have seen very strong investment performance in Perpetual Asset Management, in Australia, and Barrow Hanley and TSW in the US. Our new business pipeline is healthy and growing with Barrow Hanley having recently won new client mandates totalling approximately A\$1.5 billion which are expected to fund in the current quarter.

“In our Corporate Trust business, performance in key parts of the business remains resilient as we face into the potential for a softer mortgage and property market and Perpetual Digital continues to attract new, significant clients. Our Wealth Management<sup>2</sup> business continues to be a solid performer as a leading private wealth advisor in the Australian market, delivering another quarter of positive net flows.”

### Asset Management

Total assets under management (AUM)<sup>3</sup> were A\$212.1 billion, an increase of A\$1.7 billion or 0.8% compared to the prior quarter. Positive markets and strong investment performance contributed to an uplift in AUM of approximately A\$4.5 billion and positive foreign exchange movements contributed A\$2.4 billion. Net outflows were A\$5.1 billion, mainly in global and international equities strategies and fixed income.

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<sup>1</sup> Outperformance presented on a gross of fees basis. Investment performance of the strategies may differ once fees and costs are taken into account. 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 Perpetual funds are available on [www.perpetual.com.au](http://www.perpetual.com.au) or calling 1800 022 033. Target Market Determinations for the Pental Funds are available on [www.pentalgroup.com](http://www.pentalgroup.com) or 1300 346 821. Refer to Perpetual’s, Pental’s, Barrow Hanley’s or Trillium’s websites for further performance information.

<sup>2</sup> Formerly Perpetual Private.

<sup>3</sup> For AUM in the US region, a conversion rate of AUD:USD - 0.6630 at 30 June 2023 was used, for EUKA AUM, a conversion rate of AUD:GBP - 0.525 at 30 June 2023 was used.

- Barrow Hanley's** AUM was A\$69.8 billion, up 5% on the March quarter. The increase in AUM was driven by strong investment performance and positive markets (A\$2.7 billion) as well as favourable foreign exchange movements (A\$0.9 billion), offset by net outflows of A\$0.3 billion. Net outflows were experienced in US equities and fixed income strategies and were partially offset by a continued solid level of interest in Barrow Hanley's global and emerging markets capabilities across all regions with net inflows of A\$0.6 billion. US equities experienced net outflows of A\$0.6 billion, a moderation compared to previous quarters. Fixed income strategies experienced net outflows of A\$0.3 billion. Following the launch of Barrow Hanley's first Collateralised Loan Obligation (CLO) in the previous quarter, the second in a series of CLOs is expected to be launched in 1H24. Barrow Hanley has also recently won new business totalling approximately A\$1.5 billion which we expect to fund in the September quarter.
- J O Hambro Capital Management's (JOHCM)** AUM was A\$41.2 billion compared to A\$42.1 billion in the March quarter, driven by net outflows of A\$2.3 billion which were partially offset by positive market movements and a favourable exchange rate movement. Net outflows in the Europe, UK and Asia (EUKA) region were A\$0.7 billion mainly in global equities and multi-asset strategies, with the exception of the Global Opportunities strategy which continues to attract new inflows, as well as European equities and the Regnan water and waste strategy which also saw net inflows. In the US, outflows were A\$1.6 billion mostly in the International Select strategy which had A\$1.1 billion in mandate losses from one client, previously announced in our third quarter business update. Outflows in US pooled funds of A\$0.4 billion moderated compared to previous quarters.
- Pendal Asset Management's** AUM was A\$40.3 billion in the quarter, down 2% compared to the March quarter, driven by net outflows of A\$1.2 billion which were partially offset by strong investment performance and positive market movements of A\$0.4 billion. Net outflows were a result of one large mandate loss in fixed interest. During the quarter, Pendal retained A\$6.8 billion of AUM as part of the Westpac sale of its Advance business to Mercer Super Trust. This AUM (less the proportion held in cash) is now reflected in the Institutional channel reporting in our AUM by channel statement below.
- Perpetual Asset Management's** AUM was A\$20.6 billion down 2% compared to the March quarter, impacted by net outflows of \$0.4 billion and distributions. Net outflows were mainly in Australian equities strategies and cash and fixed income strategies, offset slightly by net inflows into multi-asset strategies.
- Trillium's** AUM was A\$10.0 billion, an increase of 3% on the March quarter, with stronger markets offsetting net outflows. Net outflows were A\$0.1 billion in both global and US equities strategies, impacted by lower inflows mainly in the US.
- TSW's** AUM was A\$30.1 billion, up 1% on the March quarter, with investment performance and stronger markets as well as favourable foreign exchange movements offsetting net outflows. Net outflows were A\$0.9 billion, mainly in International Equities strategies which were impacted by asset allocation shifts from clients within the sub-advisory channel. US equities strategies saw mixed results, with inflows into TSW Large Cap Value strategy offset by outflows in the TSW Mid Cap Value strategy.

## Corporate Trust

- Corporate Trust's total Funds Under Administration (FUA) was A\$1.16 trillion as at 30 June 2023, flat on the prior quarter.
- In the Debt Market Services (DMS) division, FUA was down 0.2% (A\$1.2 billion) compared to the previous quarter. Banks returned to the securitisation market during the quarter as they looked to replace the TFF<sup>4</sup> funding. Non-bank securitisation was softer in both RMBS and ABS as a result of heightened competition and higher cost of funds in the securitisation market.
- The Managed Funds Services (MFS) division's FUA was up A\$7.3 billion or 1.6% compared to the previous quarter. Within MFS, Custody FUA grew in Credit and Fixed Income assets as a result of both existing business growth and a new client win with Laminar, while Singapore FUA also

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<sup>4</sup> TFF refers to the RBA's Term Funding Facility (<https://www.rba.gov.au/mkt-operations/term-funding-facility/overview.html>).

increased as a result of existing SREIT client growth and new clients acquired in 1H23. Wholesale Trustee (servicing offshore investors) saw reduced capital flow and valuations which resulted in a decline in FUA. Responsible Entity Services FUA was down slightly due to a restatement of the prior quarters RE FUA as well as lower fund flows.

- During the quarter, Perpetual Digital won a new, large non-bank client for its Treasury and Finance Intelligence product. In addition, the onboarding of a large wealth manager onto the Laminar Capital SaaS platform was completed. This, in combination with MFS Custody, will deliver a unique value proposition to the fixed income market, with revenues expected to commence in 1Q24.

## Wealth Management

- Wealth Management's total Funds Under Advice (FUA) was A\$18.5 billion as at 30 June 2023, 1% higher than A\$18.4 billion at 31 March 2023 with net inflows of A\$0.1 billion. Total average FUA for the three months to 30 June 2023 was A\$18.6 billion, compared to A\$18.3 billion in the March quarter.
- Net inflows were A\$0.1 billion, with continued contributions from Native Title and philanthropy sector clients. Native Title FUA reached a record A\$1 billion in FUA through the quarter.
- Fordham, which specialises in accounting and financial services, and PriorityLife, a specialist risk advisory business to the medical sector, both saw a strong level of client engagement through the quarter.

## IT Security Incident

During the quarter some of Perpetual's services were impacted by an extended outage following an IT security incident on a system provided by a third-party provider. The third party provides unit registry and administration services to Perpetual's Asset Management and Wealth Management divisions' investment funds, WealthFocus and Select products. These funds and products are distributed in Australia and cover investments, superannuation and pension schemes. Most services have now been restored, however work is ongoing to restore the client portal, myPerpetual, which is expected in the next few weeks. Throughout the outage, transactions continued to be queued and processed with unit pricing reflective of the day that applications were received and accepted.

There was no impact to any Perpetual client investments or its own systems. Perpetual's listed products institutional mandates, Pandal Group businesses, Perpetual Corporate Trust, Perpetual Private Wrap and products distributed offshore were unaffected.

## FY23 Expense Guidance

Total expense growth for FY23 is expected to be approximately 40%<sup>5</sup>. This includes Pandal's expenses from 12 January 2023 to 30 June 2023. It also includes a number of one-off expense items such as expenses related to the IT security incident and outperformance in Wealth Management's PriorityLife business, resulting in an earnout<sup>6</sup>. As previously noted, expense growth fluctuates depending on variable remuneration, foreign exchange movements and interest rates. Interest rate increases as well as a stronger US dollar relative to Australian dollar through the quarter also contributed to higher expenses.

## Pandal Group integration update

The integration of Pandal Group continues to progress well, with synergies tracking to plan. We expect to release more information on this as part of our FY23 results.

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<sup>5</sup> Previous guidance was 37% to 39% expense growth. Note that expense growth was also subject to fluctuations in variable remuneration, foreign exchange movements and interest rates.

<sup>6</sup> As part of the deferred earnout of the consideration for the acquisition in November 2019.

## Significant Items<sup>7</sup>

Significant items post tax<sup>7</sup> for FY23 are expected to be within the range of A\$99.4 million to A\$106.6 million. This includes transaction and integration costs, costs relating to acquired intangibles amortisation, unrealised gains/losses on financial assets, as well as fair value movements on accrued incentive compensation.

## Performance fees

During the quarter, performance fees of A\$3.2 million were earned, mainly in Pendal strategies.

Performance fees for the Group in FY23 totaled A\$15.2 million. This includes A\$11.1 million in performance fees earned in the asset management businesses and A\$4.1 million from investment strategies in the Wealth Management business.

## FY23 Results Announcement

Perpetual will be announcing its FY23 results on Thursday 24<sup>th</sup> August 2023. There will be an investor briefing at 11:30am AEST that day to present the results.

Investors wishing to dial into the results briefing should register here: <https://edge.media-server.com/mmc/p/fkxnodqy>

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## For more information please contact:

### Investors:

Susie Reinhardt  
Head of Investor Relations  
Perpetual Limited  
+61 2 9125 7047  
[susie.reinhardt@perpetual.com.au](mailto:susie.reinhardt@perpetual.com.au)

### Media:

Jon Snowball  
Domestique  
+61 477 946 068  
[jon@domestiqueconsulting.com.au](mailto:jon@domestiqueconsulting.com.au)

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<sup>7</sup> Subject to finalisation of audit.

## Appendix - AUM and Flows by Boutique (A\$Bn)

	31-Mar-23	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	30-Jun-23
<b>Boutique</b>					
Barrow Hanley	66.6	(0.3)	2.7	0.9	69.8
JOHCM	42.1	(2.3)	0.4	1.0	41.2
Pendal Asset Management	41.2	(1.2)	0.4	0.0	40.3
Perpetual Asset Management	21.1	(0.4)	(0.1)	-	20.6
Trillium Asset Management	9.7	(0.1)	0.3	0.1	10.0
TSW	29.8	(0.9)	0.8	0.4	30.1
<b>Total Perpetual Group</b>	<b>210.4</b>	<b>(5.1)</b>	<b>4.5</b>	<b>2.4</b>	<b>212.1</b>

Note: Numbers may not add up due to rounding

1 Other includes changes in market value of assets, income, re investments and distributions.

2 Conversion rate AUD:USD at 30 June 2023 was 0.663. Conversion rate AUD:GBP at 30 June 2023 was 0.525.

## AUM and Flows by Asset Class (A\$Bn) (Total group)

Combined View - All Regions		31-Mar-23	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	30-Jun-23
Equities	Australia	29.4	(0.6)	0.1	0.0	28.9
	Global / International	69.4	(2.7)	1.8	1.1	69.6
	UK	8.8	(0.1)	(0.2)	0.3	8.8
	US	50.0	(0.6)	2.4	0.7	52.4
	Europe	1.5	0.0	(0.0)	0.0	1.5
	Emerging Markets	7.5	0.4	0.2	0.1	8.1
<b>Total Equities</b>		<b>166.5</b>	<b>(3.6)</b>	<b>4.3</b>	<b>2.2</b>	<b>169.4</b>
Fixed Income	Australia	11.5	(1.2)	(0.1)	0.0	10.2
	US	10.2	(0.3)	(0.0)	0.1	10.0
<b>Total Fixed Income</b>		<b>21.7</b>	<b>(1.6)</b>	<b>(0.1)</b>	<b>0.1</b>	<b>20.2</b>
Multi Asset		9.8	(0.3)	0.1	0.0	9.7
Other		0.8	(0.0)	0.0	0.0	0.8
<b>Total Group (ex cash)</b>		<b>198.9</b>	<b>(5.5)</b>	<b>4.3</b>	<b>2.4</b>	<b>200.1</b>
Cash		11.5	0.4	0.1	0.0	12.0
<b>Total Group</b>		<b>210.4</b>	<b>(5.1)</b>	<b>4.5</b>	<b>2.4</b>	<b>212.1</b>

Note: Numbers may not add up due to rounding

1 Other includes changes in market value of assets, income, re investments and distributions.

2 Conversion rate AUD:USD at 30 June 2023 was 0.663. Conversion rate AUD:GBP at 30 June 2023 was 0.525.

## AUM and Flows by Asset Class (A\$Bn) (Australia, Americas and EUKA)

Australia		31-Mar-23	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	30-Jun-23
Equities	Australia	29.4	(0.6)	0.1	0.0	28.9
	Global / International	2.9	0.1	0.1	0.0	3.1
	Emerging Markets	1.0	0.0	0.0	0.0	1.0
Total Equities		33.3	(0.5)	0.3	0.0	33.0
Fixed Income	Australia	11.5	(1.2)	(0.1)	0.0	10.2
Multi Asset		6.9	(0.0)	0.0	0.0	6.9
Other		0.7	(0.0)	0.0	0.0	0.7
<b>Total ex. cash</b>		<b>52.4</b>	<b>(1.8)</b>	<b>0.2</b>	<b>0.0</b>	<b>50.8</b>
Cash		11.5	0.4	0.1	0.0	12.0
<b>Total Australia</b>		<b>63.9</b>	<b>(1.5)</b>	<b>0.4</b>	<b>0.0</b>	<b>62.8</b>

Note: Numbers may not add up due to rounding

Americas		31-Mar-23	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	30-Jun-23
Equities	Global / International	51.9	(2.4)	1.8	0.7	51.9
	US	50.0	(0.6)	2.4	0.7	52.4
	Emerging Markets	6.3	0.4	0.2	0.1	6.9
Total Equities		108.1	(2.6)	4.4	1.4	111.3
Fixed Income	US	10.2	(0.3)	(0.0)	0.1	10.0
Multi Asset		2.7	(0.1)	0.1	0.0	2.8
Other		0.1	(0.0)	0.0	0.0	0.1
<b>Total ex cash</b>		<b>121.2</b>	<b>(3.0)</b>	<b>4.5</b>	<b>1.6</b>	<b>124.2</b>
Cash		-	-	-	-	-
<b>Total Americas</b>		<b>121.2</b>	<b>(3.0)</b>	<b>4.5</b>	<b>1.6</b>	<b>124.2</b>

EUKA		31-Mar-23	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	30-Jun-23
Equities	Global / International	14.6	(0.4)	(0.1)	0.4	14.6
	UK	8.8	(0.1)	(0.2)	0.3	8.8
	Europe	1.5	0.0	(0.0)	0.0	1.5
	Emerging Markets	0.2	(0.0)	(0.0)	0.0	0.2
Total Equities		25.1	(0.5)	(0.3)	0.8	25.1
Multi Asset		0.2	(0.2)	(0.0)	0.0	-
<b>Total ex cash</b>		<b>25.3</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>0.8</b>	<b>25.1</b>
Cash		-	-	-	-	-
<b>Total EUKA</b>		<b>25.3</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>0.8</b>	<b>25.1</b>

Note: Numbers may not add up due to rounding

3 Other includes changes in market value of assets, income, re investments and distributions.

4 Conversion rate AUD:USD at 30 June 2023 was 0.663. Conversion rate AUD:GBP at 30 June 2023 was 0.525.

## AUM and Flows by Region and Channel (A\$Bn)

	31-Mar-23	Flows	Other <sup>1</sup>	Foreign Exchange Impacts <sup>2</sup>	30-June-23
<b>Australia</b>					
Institutional	17.3	(1.4)	5.0	0.0	20.9
Intermediary & Retail	26.2	(0.3)	(0.1)	0.0	25.9
Westpac	8.9	(0.1)	(4.7)	0.0	4.0
<b>Total Australia (ex-cash)</b>	<b>52.4</b>	<b>(1.8)</b>	<b>0.2</b>	<b>0.0</b>	<b>50.8</b>
Cash	11.5	0.4	0.1	0.0	12.0
<b>Total Australia</b>	<b>63.9</b>	<b>(1.5)</b>	<b>0.4</b>	<b>0.0</b>	<b>62.8</b>
<b>EUKA</b>					
Institutional	13.1	(0.1)	(0.1)	0.4	13.2
Intermediary	12.2	(0.5)	(0.2)	0.4	11.9
<b>Total EUKA</b>	<b>25.3</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>0.8</b>	<b>25.1</b>
<b>Americas</b>					
Institutional	100.4	(2.5)	3.5	1.3	102.7
Intermediary	20.8	(0.5)	0.9	0.3	21.6
<b>Total Americas</b>	<b>121.2</b>	<b>(3.0)</b>	<b>4.5</b>	<b>1.6</b>	<b>124.2</b>
<b>Total Perpetual Group</b>	<b>210.4</b>	<b>(5.1)</b>	<b>4.5</b>	<b>2.4</b>	<b>212.1</b>

Note: Numbers may not add up due to rounding

- 1 Other includes changes in market value of assets, income, re investments and distributions. Note that Other includes AUM that has shifted to the institutional channel reflecting the Westpac sale of its Advance business to Mercer Super Trust.
- 2 Conversion rate AUD:USD at 30 June 2023 was 0.663. Conversion rate AUD:GBP at 30 June 2023 was 0.525.

**Channel definitions:** 'Retail' includes AUM from advisers and individual clients who invest with Perpetual or Pandal directly or in Perpetual's listed vehicles which includes Perpetual Equity Investment Company ('PIC') and Perpetual Credit Income Trust ('PCI') managed by Perpetual Investments Management Limited, and Active ETFs; 'Intermediary' includes AUM from financial advisers who invest with Perpetual or Pandal 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; 'Westpac' includes AUM from entities within Westpac Banking Corporation, predominantly BT, that invest under advisory agreements or directly into Pandal Funds.