

Perpetual Limited  
ABN 86 000 431 827

Angel Place,  
Level 18, 123 Pitt Street  
Sydney NSW 2000  
Australia

+61 9229 9000  
perpetual.com.au

29 January 2024

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

*Via electronic lodgment*

### **Second Quarter FY24 Business Update**

Perpetual Limited advises that it has released the quarterly business update for the period ended 31 December 2023 (as attached).

The release of this announcement was authorised by the Board.

**Yours faithfully**



Sylvie Dimarco  
Company Secretary

29 January 2024

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## Second Quarter FY24 Business Update

### **Asset Management AUM up 1% to A\$213.9b, supported by positive market movements** **Continued growth in Corporate Trust and Wealth Management**

Perpetual Limited (Perpetual) (ASX:PPT) today released its second quarter business update for the period ending 31 December 2023.

Chief Executive Officer and Managing Director, Rob Adams said, "The December quarter was a difficult period for active asset managers globally, being the worst quarter in 15 years for active equity fund flows<sup>1</sup>. Whilst the net outflows of A\$4.3 billion in our Asset Management business was disappointing, it was pleasing to see our total assets under management (AUM) rise slightly to A\$213.9 billion, highlighting the benefit of our exposure to global markets, as well as the resilience the business has through its exposure to various markets, currencies, and client-types. Reflecting this, heritage Pandal Group AUM has been stable at approximately A\$110 billion since acquisition in January 2023.

"In the quarter, it was pleasing to see Barrow Hanley continue to build its positive flow momentum, delivering another positive quarter, with A\$0.3 billion in net inflows most notably in higher margin global equity and global emerging markets equity strategies. Acquired in November 2020<sup>2</sup>, Barrow Hanley's investment teams have delivered strong outperformance, and when combined with Perpetual's increased global distribution presence, delivered A\$1.4 billion in positive net inflows in 2023, led by growing demand for its global and international equities strategies.

"Importantly, investment performance across the Group remains strong, with 78% of strategies outperforming their benchmarks over the three-year time horizon<sup>3</sup>, which positions us well as equity markets rebound.

"We remain focused on completing the integration of Pandal. Pleasingly, we are ahead of schedule in delivering the promised A\$80 million of run-rate expense synergies. While our overall target of A\$80 million is unchanged, we are ahead of our interim target of achieving 50% by January 2024.

"Finally, in our Corporate Trust business, both our Debt Markets Services and Managed Funds Services businesses continue to perform well in a higher interest rate environment, proving their resilience through market cycles. Our Wealth Management business also saw continued growth, supported by stronger markets."

<sup>1</sup> Sourced from Morningstar

<sup>2</sup> Perpetual acquired a 75% interest in Barrow Hanley. Completion of the acquisition was announced on 18 November 2020.

<sup>3</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 Pandal funds are available on [www.pandalgroup.com](http://www.pandalgroup.com) or 1300 346 821. Refer to Perpetual's, Pandal's, Barrow Hanley's, J O Hambro's, TSW's or Trillium's websites for further performance information.

## Asset Management

Total AUM<sup>4</sup> was A\$213.9 billion at 31 December 2023, compared to A\$211.7 billion at 30 September 2023. Net outflows were A\$4.3 billion and currency movements impacted total AUM negatively by A\$7.1 billion. These were offset by a A\$13.7 billion increase in AUM from positive market movements through the quarter. Average AUM was A\$209.6 billion compared to A\$215.6 billion in the September quarter.

- **Barrow Hanley's** AUM was A\$73.0 billion, up 3.0% on the September quarter. The increase in AUM was driven by net inflows of A\$0.3 billion and favourable equity market movements of A\$5.7 billion, partially offset by negative currency movements (A\$3.8 billion). Global and international strategies attracted strong investor interest through the quarter, delivering net inflows of A\$1.0 billion. Emerging markets also saw interest with \$0.1 billion in net inflows. US equities reported net outflows of A\$0.9 billion, mainly in the Large Cap Value equity strategy.
- **J O Hambro Capital Management's (JOHCM)** AUM was A\$39.8 billion, down 1.5% compared to the September quarter, driven by total net outflows of A\$1.7 billion and the impact of currency movements (A\$1.2 billion), largely offset by favourable equity market movements (A\$2.3 billion). Notable outflows were reported in Global equity strategies, with the Global Opportunities and Global Select strategies combined reporting net outflows of ~A\$0.5 billion. The International Select strategy, available through US mutual funds, saw net outflows of A\$0.4 billion, a moderation on previous quarters. The Asia ex-Japan All Cap strategy was impacted by a single client redemption, reporting A\$0.4 billion in net outflows.
- **Pendal Asset Management's** AUM was A\$42.0 billion, up 2.3% compared to the September quarter, driven by net outflows of A\$0.9 billion which were more than offset by positive markets of A\$1.9 billion. Net outflows were mainly in cash, which reported ~A\$0.5 billion in net outflows during the quarter due to client asset allocation shifts.
- **Perpetual Asset Management's** AUM was A\$20.3 billion, up 1.1% compared to the September quarter, impacted by net outflows of A\$0.3 billion, offset by higher markets. Net outflows were mainly in Australian equities and multi-asset strategies, while fixed income saw positive net inflows.
- **Trillium's** AUM was A\$10.0 billion, 2.6% higher than in the September quarter, driven by positive markets of A\$0.9 billion. Net outflows were A\$0.1 billion, mainly in the Sustainable Opportunities and ESG Core strategies.
- **TSW's** AUM was A\$28.7 billion, down 2.5% on the September quarter, with lower currency and net outflows of A\$1.6 billion impacting. Net outflows were largely via various sub-advised accounts in the International Equity strategy. Equity market movements of A\$2.4 billion offset the impact of a lower currency (A\$1.5 billion).

Investment performance information can be found in each of Perpetual's, Pendal's, Barrow Hanley's, J O Hambro's, TSW's or Trillium's websites.

## Corporate Trust

- Corporate Trust's total Funds Under Administration (FUA) was A\$1.2 trillion as at 31 December 2023, up 1% on the previous quarter.
- In the Debt Market Services (DMS) division, FUA was A\$715 billion, up 2% (A\$14.3 billion) compared to the previous quarter. Non-bank securitisation saw growth of 4% in the quarter and banks also returned to the securitisation market as they looked to replace the TFF funding<sup>5</sup>. Asset Backed Securities (ABS) continued to increase with issuances from both bank and non bank lenders.
- The Managed Funds Services (MFS) division's FUA was A\$482 billion, up A\$0.9 billion or 0.2% compared to the previous quarter as capital flows and valuations were stable. All

<sup>4</sup> For AUM in the US region, a conversion rate of AUD:USD - 0.68 at 31 December 2023 was used, for EUKA AUM, a conversion rate of AUD:GBP - 0.54 at 31 December 2023 was used.

<sup>5</sup> TFF funding is the Reserve Bank of Australia's Term Funding Facility.

segments saw an increase in FUA, except for Singapore which declined by 5.1% due to client asset sales and an unfavourable FX impact.

- In Perpetual Digital, the quarter saw the onboarding of the Treasury and Finance Intelligence (TFI) product for a non-bank client as well as a new client win for the ABS product. The Fixed Income Intelligence product, launched in the September quarter with its first client, has seen positive organic growth and will launch a new international fixed income capability in the March quarter.

### Wealth Management

- Wealth Management's total Funds Under Advice (FUA) was A\$19.1 billion as at 31 December 2023, up 4% compared to the prior quarter's FUA of A\$18.4 billion, underpinned by positive market movements of A\$0.7 billion. Total average FUA for the three months to 31 December 2023 was A\$18.4 billion, compared to A\$18.7 billion in the September quarter.
- Through the quarter, net flows were flat. Native Title and not-for-profit segments saw higher than average outflows to fund client community payments and projects.

### FY24 Expense Guidance and 1H24 expense items

FY24 total expense growth is expected to be at the upper end of Perpetual's original guidance of between 27% - 31% (including 12 months of Pendal's expenses), noting that weakness in the Australian dollar benefits our offshore revenues, but applies upward pressure on our international expense base.

For 1H24 (6-month period ending 31 December 2023), we note the following in relation to expenses:

- Interest expense is expected to be approximately A\$30 million;
- The underlying profit tax rate is expected to be between 27.5% and 28.5% for 1H24; and,
- Due to a change of methodology to align Pendal's offshore accounting practices with Perpetual's existing approach, in 1H24 there will be A\$4.1 million of expenses reclassified from the revenue line to the expense line. The 2H23 equivalent was A\$5.2 million. The change does not impact underlying profit.

Significant items post tax for 1H24 are expected to be within the range of A\$60 million to A\$65 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.

### Pendal Group integration update

The integration of Pendal Group has progressed well, with synergies tracking ahead of plan. Perpetual confirms that it has achieved more than its target of 50% of A\$80 million<sup>6</sup> synergies in year 1 (January 2024). Further information will be announced as part of Perpetual's half year results on 28 February 2024.

### Strategic Review

During the quarter, Perpetual's Board announced a strategic review of Perpetual's Corporate Trust and Wealth Management businesses. The review formally commenced in December and a progress update will be provided at our half year results.

### 2024 Half Year Results

Perpetual's half year results will be announced on Wednesday 28 February 2024. Webcast and conference call details will be released to the ASX in the coming weeks.

-Ends -

<sup>6</sup> Perpetual's target is to deliver \$80 million in run-rate synergies by January 2025.

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)

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

|                              | 30-Sep-23    | Flows        | Other <sup>1</sup> | Foreign Exchange Impacts <sup>2</sup> | 31-Dec-23    |
|------------------------------|--------------|--------------|--------------------|---------------------------------------|--------------|
| <b>Boutique</b>              |              |              |                    |                                       |              |
| Barrow Hanley                | 70.9         | 0.3          | 5.7                | (3.8)                                 | 73.0         |
| JOHCM                        | 40.4         | (1.7)        | 2.3                | (1.2)                                 | 39.8         |
| Pendal Asset Management      | 41.0         | (0.9)        | 1.9                | -                                     | 42.0         |
| Perpetual Asset Management   | 20.1         | (0.3)        | 0.5                | -                                     | 20.3         |
| Trillium Asset Management    | 9.7          | (0.1)        | 0.9                | (0.5)                                 | 10.0         |
| TSW                          | 29.5         | (1.6)        | 2.4                | (1.5)                                 | 28.7         |
| <b>Total Perpetual Group</b> | <b>211.7</b> | <b>(4.3)</b> | <b>13.7</b>        | <b>(7.1)</b>                          | <b>213.9</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 A conversion rate of AUD:USD - 0.68 at 31 December 2023 and a conversion rate of AUD:GBP - 0.54 at 31 December 2023 were used.

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

| Combined View - All Regions  |                        | 30-Sep-23    | Flows        | Other <sup>1</sup> | Foreign Exchange Impacts <sup>2</sup> | 31-Dec-23    |
|------------------------------|------------------------|--------------|--------------|--------------------|---------------------------------------|--------------|
| Equities                     | Australia              | 28.2         | (0.4)        | 1.7                | 0.0                                   | 29.5         |
|                              | Global / International | 69.2         | (1.6)        | 5.3                | (3.1)                                 | 69.9         |
|                              | UK                     | 9.0          | (0.3)        | 0.2                | (0.1)                                 | 8.8          |
|                              | US                     | 52.0         | (1.2)        | 4.3                | (2.8)                                 | 52.2         |
|                              | Europe                 | 1.4          | (0.1)        | 0.1                | (0.0)                                 | 1.4          |
|                              | Emerging Markets       | 8.4          | 0.0          | 0.4                | (0.4)                                 | 8.4          |
| Total Equities               |                        | 168.1        | (3.5)        | 12.1               | (6.4)                                 | 170.2        |
| Fixed Income                 | Australia              | 10.1         | (0.1)        | 0.3                | 0.0                                   | 10.3         |
|                              | US                     | 9.8          | 0.0          | 0.7                | (0.5)                                 | 10.0         |
| Total Fixed Income           |                        | 19.9         | (0.0)        | 1.0                | (0.5)                                 | 20.3         |
| Multi Asset                  |                        | 9.4          | (0.2)        | 0.4                | (0.2)                                 | 9.5          |
| Other                        |                        | 0.9          | (0.0)        | 0.1                | (0.0)                                 | 0.9          |
| <b>Total Group (ex cash)</b> |                        | <b>198.2</b> | <b>(3.8)</b> | <b>13.5</b>        | <b>(7.1)</b>                          | <b>200.9</b> |
| Cash                         |                        | 13.5         | (0.6)        | 0.1                | 0.0                                   | 13.0         |
| <b>Total Perpetual Group</b> |                        | <b>211.7</b> | <b>(4.3)</b> | <b>13.7</b>        | <b>(7.1)</b>                          | <b>213.9</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 A conversion rate of AUD:USD - 0.68 at 31 December 2023 and a conversion rate of AUD:GBP - 0.54 at 31 December 2023 were used.

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

| Australia       |                        | 30-Sep-23 | Flows | Other <sup>1</sup> | Foreign Exchange Impacts <sup>2</sup> | 31-Dec-23 |
|-----------------|------------------------|-----------|-------|--------------------|---------------------------------------|-----------|
| Equities        | Australia              | 28.2      | (0.4) | 1.7                | -                                     | 29.5      |
|                 | Global / International | 3.3       | 0.1   | 0.1                | -                                     | 3.4       |
|                 | Emerging Markets       | 1.0       | 0.0   | 0.0                | -                                     | 1.0       |
| Total Equities  |                        | 32.5      | (0.3) | 1.8                | -                                     | 33.9      |
| Fixed Income    | Australia              | 10.1      | (0.1) | 0.3                | -                                     | 10.3      |
| Multi Asset     |                        | 6.7       | (0.1) | 0.2                | 0.0                                   | 6.8       |
| Other           |                        | 0.6       | (0.0) | 0.0                | 0.0                                   | 0.7       |
| Total ex. cash  |                        | 49.9      | (0.5) | 2.3                | (0.0)                                 | 51.7      |
| Cash            |                        | 13.5      | (0.6) | 0.1                | 0.0                                   | 13.0      |
| Total Australia |                        | 63.3      | (1.0) | 2.4                | (0.0)                                 | 64.7      |

Note: Numbers may not add up due to rounding

| Americas       |                        | 30-Sep-23 | Flows | Other <sup>1</sup> | Foreign Exchange Impacts <sup>2</sup> | 31-Dec-23 |
|----------------|------------------------|-----------|-------|--------------------|---------------------------------------|-----------|
| Equities       | Global / International | 51.3      | (1.1) | 4.5                | (2.8)                                 | 52.0      |
|                | US                     | 52.0      | (1.2) | 4.3                | (2.8)                                 | 52.2      |
|                | Emerging Markets       | 7.4       | (0.0) | 0.4                | (0.4)                                 | 7.3       |
| Total Equities |                        | 110.6     | (2.3) | 9.2                | (6.0)                                 | 111.5     |
| Fixed Income   | US                     | 9.8       | 0.0   | 0.7                | (0.5)                                 | 10.0      |
| Multi Asset    |                        | 2.8       | (0.1) | 0.2                | (0.2)                                 | 2.7       |
| Other          |                        | 0.2       | (0.0) | 0.0                | (0.0)                                 | 0.2       |
| Total ex cash  |                        | 123.4     | (2.4) | 10.1               | (6.7)                                 | 124.4     |
| Cash           |                        | -         | -     | -                  | -                                     | -         |
| Total Americas |                        | 123.4     | (2.4) | 10.1               | (6.7)                                 | 124.4     |

| EUKA           |                        | 30-Sep-23 | Flows | Other <sup>1</sup> | Foreign Exchange Impacts <sup>2</sup> | 31-Dec-23 |
|----------------|------------------------|-----------|-------|--------------------|---------------------------------------|-----------|
| Equities       | Global / International | 14.6      | (0.6) | 0.7                | (0.3)                                 | 14.5      |
|                | UK                     | 9.0       | (0.3) | 0.2                | (0.1)                                 | 8.8       |
|                | Europe                 | 1.4       | (0.1) | 0.1                | (0.0)                                 | 1.4       |
|                | Emerging Markets       | 0.1       | 0.1   | 0.0                | (0.0)                                 | 0.1       |
| Total Equities |                        | 25.0      | (0.9) | 1.1                | (0.4)                                 | 24.8      |
| Multi Asset    |                        | -         | 0.0   | 0.0                | 0.0                                   | -         |
| Total ex cash  |                        | 25.0      | (0.9) | 1.1                | (0.4)                                 | 24.8      |
| Cash           |                        | -         | -     | -                  | -                                     | -         |
| Total EUKA     |                        | 25.0      | (0.9) | 1.1                | (0.4)                                 | 24.8      |

Note: Numbers may not add up due to rounding

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

2 A conversion rate of AUD:USD - 0.68 at 31 December 2023 and a conversion rate of AUD:GBP - 0.54 at 31 December 2023 were used.

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

|                                  | 30-Sep-23    | Flows        | Other <sup>1</sup> | Foreign Exchange Impacts <sup>2</sup> | 31-Dec-23    |
|----------------------------------|--------------|--------------|--------------------|---------------------------------------|--------------|
| <b>Australia</b>                 |              |              |                    |                                       |              |
| Institutional                    | 20.5         | (0.2)        | 2.4                | -                                     | 22.7         |
| Intermediary & Retail            | 25.6         | (0.2)        | 0.9                | -                                     | 26.3         |
| Westpac                          | 3.8          | (0.1)        | (0.9)              | -                                     | 2.7          |
| <b>Total Australia (ex-cash)</b> | <b>49.9</b>  | <b>(0.5)</b> | <b>2.3</b>         | <b>-</b>                              | <b>51.7</b>  |
| Cash                             | 13.5         | (0.6)        | 0.1                | -                                     | 13.0         |
| <b>Total Australia</b>           | <b>63.3</b>  | <b>(1.0)</b> | <b>2.4</b>         | <b>-</b>                              | <b>64.7</b>  |
| <b>EUKA</b>                      |              |              |                    |                                       |              |
| Institutional                    | 13.4         | (0.4)        | 0.6                | (0.2)                                 | 13.4         |
| Intermediary                     | 11.7         | (0.6)        | 0.5                | (0.2)                                 | 11.4         |
| <b>Total EUKA</b>                | <b>25.0</b>  | <b>(0.9)</b> | <b>1.1</b>         | <b>(0.4)</b>                          | <b>24.8</b>  |
| <b>Americas</b>                  |              |              |                    |                                       |              |
| Institutional                    | 102.7        | (1.9)        | 9.9                | (5.7)                                 | 105.0        |
| Intermediary                     | 20.6         | (0.5)        | 0.3                | (1.0)                                 | 19.4         |
| <b>Total Americas</b>            | <b>123.4</b> | <b>(2.4)</b> | <b>10.1</b>        | <b>(6.7)</b>                          | <b>124.4</b> |
| <b>Total Perpetual Group</b>     | <b>211.7</b> | <b>(4.3)</b> | <b>13.7</b>        | <b>(7.1)</b>                          | <b>213.9</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 A conversion rate of AUD:USD - 0.68 at 31 December 2023 and a conversion rate of AUD:GBP - 0.54 at 31 December 2023 were used.

**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.