Perpetual Limited
ABN 86 000 431 827

OPERATING AND FINANCIAL REVIEW

For the 6 months
ended 31 December 2018

Notes

Note that in this review:

- 1H19 refers to the financial reporting period for the 6 months ended 31 December 2018
- 2H18 refers to the financial reporting period for the 6 months ended 30 June 2018
- 1H18 refers to the financial reporting period for the 6 months ended 31 December 2017
- with similar abbreviations for previous and subsequent periods.

This is a review of Perpetual's operations for the 6 months ended 31 December 2018 (1H19). It also includes a review of its financial position as at 31 December 2018.

The following information should be read in conjunction with the Group's unaudited consolidated financial statements and associated notes for 6 months ended 31 December 2018.

All amounts shown are stated in Australian dollars unless otherwise noted and are subject to rounding.

Additional information is available on the Group's website www.perpetual.com.au.

A glossary of frequently used terms and abbreviations can be found at the end of the review.

Disclaimer

The following information should be read in conjunction with the Group's unaudited consolidated financial statements and associated notes for the 6 months ended 31 December 2018 and should also be read in conjunction with the audited financial statements and notes thereto contained in the Annual Report for the financial year ended 30 June 2018 (FY18). The Group's unaudited consolidated financial statements for the 6 months ended 31 December 2018 were subject to independent review by KPMG.

No representation or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained in this review (any of which may change without notice). To the maximum extent permitted by law, the Perpetual Group, its Directors, officers, employees, agents and contractors and any other person disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may be suffered through use of or reliance on anything contained in or omitted from this review.

This review contains forward looking statements. These forward-looking statements should not be relied upon as a representation or warranty, express or implied, as to future matters. Prospective financial information has been based on current expectations about future events but is, however, subject to risks, uncertainties, contingencies and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. The Perpetual Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this review, subject to disclosure requirements applicable to the Group.

OPERATING AND FINANCIAL REVIEW

FOR THE 6 MONTHS ENDED 31 DECEMBER 2018

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REVIEW OF GROUP

1 ABOUT PERPETUAL

1.1 OVERVIEW

Perpetual Limited (Perpetual or the Group) is an Australian independent wealth manager operating in Australia and Singapore and provides asset management, financial advice and trustee services. In each of these businesses, Perpetual earns the majority of its revenue from fees charged on assets under either management, advice or administration. Revenue is influenced by movement in the underlying asset values, margin on assets and net client flows. The business model provides Perpetual with recurring revenue streams and leverage to movement in asset values. As a provider of high quality financial services, employment costs comprise the largest component of the Group's expenses.

1.1.1 STRATEGY

Perpetual's strategy seeks to build on the foundation of three core businesses, forming a scalable business model supported by shared central services and a strong brand.

Perpetual Investments aims to build on its strength in active Australian equities' funds management and leverage its capabilities to move into logical, adjacent products and strategies. Building on our strong commitment to value investing, we will be open to investing in additional asset management capabilities in other asset classes or investment styles.

Perpetual Private's strategic objective is to lead in high net worth (HNW) advice and wealth management to its target client segments of 'business owners', 'established wealthy' and 'professionals'. These segments play to our strengths across holistic advice, research, investments, fiduciary and philanthropy. Perpetual Private aims to protect and grow client's wealth over the long term, whilst improving the client experience.

Perpetual Corporate Trust will leverage its market-leading businesses in debt market services and managed fund services to extend into logical adjacencies. Debt Markets Services seeks to maintain its strong position in the provision of trustee, custody and standby services to debt capital and securitisation markets and enhance its service offering through the provision of value-added services via its data management and analytics solutions capability. Managed Funds Services continues to leverage its scale in the market and further extend into adjacencies such as responsible entity and investment management services to managed investment schemes.

1.1.2 OPERATING SEGMENTS & PRINCIPAL ACTIVITIES

Perpetual Investments - supplies investment products and services to private, corporate, superannuation and institutional clients.

Perpetual Private - delivers a range of tailored wealth advice services to high net worth individuals, charities, not-for-profit and other philanthropic organisations. The comprehensive suite of financial advisory services includes financial advice, portfolio management, estate planning and administration, trustee services, as well as tax and accounting services provided by Fordham.

Perpetual Corporate Trust - provides Trustee and fiduciary services to institutional clients including custodial, trustee responsible entity and other ancillary services to Managed Investment Funds in Australia and Singapore, as well as specialised trust management and accounting services to the debt capital markets and investor reporting to the Australian securitisation market.

The business units are supported by **Group Support services** comprising Group Investments, Corporate Services, People & Culture and Marketing & Communications.

1.2 GROUP FINANCIAL PERFORMANCE

PROFITABILITY AND KEY PERFORMANCE INDICATORS

FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M	1H19 v 2H18	1H19 v 1H18
Operating revenue	252.3	266.9	266.8	(5%)	(5%)
Total expenses	(167.0)	(172.2)	(165.3)	3%	(1%)
Underlying profit before tax (UPBT)	85.3	94.8	101.5	(10%)	(16%)
Tax Expense	(25.1)	(27.3)	(30.0)	8%	16%
Underlying profit after tax (UPAT)[1]	60.2	67.4	71.5	(11%)	(16%)
Significant items[5]	-	4.7	(3.5)	NM	NM
Net profit after tax (NPAT)	60.2	72.2	68.1	(17%)	(12%)
Key Performance Indicators (KPI)					
Profitability					
UPBT margin on revenue (%)	34	36	38	(2)	(4)
Shareholder returns					
Diluted EPS on NPAT (cps)	128.2	154.1	145.5	(17%)	(12%)
Diluted earnings per share (EPS)[2] on UPAT (cps)	128.2	144.0	153.0	(11%)	(16%)
Fully franked dividends (cps)	125.0	140.0	135.0	(11%)	(7%)
Dividend payout ratio[3]	96.7	90.3	92.4	6	4
Return on Equity (ROE)[4] on NPAT (%)	18	22	21	(4)	(3)
Return on Equity (ROE)[4] on UPAT (%)	18	21	22	(3)	(4)
Growth ($B)					
Average funds under management (FUM) $B	29.7	31.4	31.6	(5%)	(6%)
Average funds under advice (FUA) $B	14.1	13.8	13.4	2%	5%
Closing Debt Market Services FUA $B	461	450	448	2%	3%
Closing Managed Funds Services FUA $B	256	243	214	5%	19%

1. UPAT attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. Refer to Appendix B for a reconciliation of the adjustments between Statutory Accounts and the OFR. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.
2. Diluted EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue of 46,955,752 for 1H19 (2H18: 46,826,435 and 1H18: 46,761,728 shares).
3. Dividends paid/payable as a proportion of NPAT on ordinary fully paid shares at the end of each reporting period.
4. The return on equity (ROE) quoted in the above table is an annualised rate of return based on actual results for each period. ROE is calculated using the UPAT or NPAT attributable to equity holders of Perpetual Limited for the period, divided by average equity attributable to equity holders of Perpetual Limited, multiplied by the number of such periods in a calendar year in order to arrive at an annualised ROE.
5. Significant items include:

	PROFIT/(LOSS) AFTER TAX		
FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M
Write back of taxation provision - prior years	-	4.7	-
Litigation costs	-	-	(3.5)
Total significant items	**-**	**4.7**	**(3.5)**

1.2.1 FINANCIAL PERFORMANCE

For the 6 months to 31 December 2018, Perpetual's UPAT and NPAT were $60.2 million.

1H19 UPAT was 16% lower than 1H18 and 11% lower than 2H18 principally due to:

- decline in average funds under management, partially offset by growth in average funds under advice
- unrealised losses on investments within the Group Support Services portfolio, partially offset by distributions from unlisted unit trusts
- lower performance fees earned and the impact of prior period distributions within Perpetual Investments, partially offset by
- new business growth within Perpetual Corporate Trust and Perpetual Private, and
- ongoing cost management discipline, noting continued investment in strategic initiatives.

The 1H19 NPAT was 12% lower than 1H18, and 17% lower than 2H18 due to the UPAT result as discussed above and the significant items that occurred in both 1H18 and 2H18.

The key drivers of revenue and expenses at a Group level are summarised below. Analysis of performance for each of Perpetual's business units is provided in Section 2.

1.2.2 REVENUE

The main drivers of total revenue are the value of Funds under Management (FUM) in Perpetual Investments and Funds under Advice (FUA) in Perpetual Private, which are primarily influenced by the level of the Australian equity market. At the end of 1H19, Perpetual Investments' FUM and Perpetual Private's FUA were 73% and 56% exposed to equity markets respectively.

The average S&P/ASX All Ordinaries Price Index (All Ords) in 1H19 was 6,103, flat to the average All Ords in 2H18 of 6,097, and 3% higher than 1H18 when the average All Ords was 5,898[1].

In 1H19, Perpetual generated $252.3 million of total operating revenue, which was $14.5 million or 5% lower than 1H18, and $14.6 million or 5% lower than 2H18. Revenue was negatively impacted by lower levels of FUM which was impacted by net outflows and prior period distributions, partially offset by higher FUA due to continued positive net flows within Perpetual Private and new business growth in Perpetual Corporate Trust.

Performance fees earned in 1H19 were $1.4 million which is $3.9 million or 73% lower than 1H18, and $2.5 million or 63% lower than 2H18.

Management has calculated the expected impact on revenue, across the business, for a 1% movement in the All Ords. Based on the level of the All Ords as at 31 December 2018, a 1% movement impacts annualised revenue by approximately $2 million to $2.5 million.

Note that the above revenue sensitivity is a guide only and may vary due to a number of factors, including but not limited to: the performance of funds under the Group's management and advice; the impact and timing of flows on FUM and FUA – inflows, outflows and distributions; and changes in pricing policy, channel and product mix.

1.2.3 EXPENSES

Total expenses in 1H19 were $167.0 million, $1.7 million or 1% higher than 1H18, comprising:

- continued investment in strategic initiatives, including additional staff costs to support future business growth, and
- an increase in depreciation and amortisation expenses resulting from investments made in the prior years, partially offset by
- lower variable remuneration and ongoing expense management.

Total expenses in 1H19 were $5.2 million or 3% lower than 2H18, comprising:

- lower variable remuneration expenses, and ongoing expense management, partially offset by
- continued investment in strategic initiatives.

1.2.4 SHAREHOLDER RETURNS AND DIVIDENDS

The Board announced a fully franked interim dividend for 1H19 of 125 cents per share to be paid on 29 March 2019.

This represents a payout ratio of 97% and is in line with Perpetual's dividend policy to pay dividends within a range of 80% to 100% of NPAT on an annualised basis and maximising fully franked dividends to shareholders.

The Dividend Reinvestment Plan (DRP) will be operational for the interim dividend. No discount will apply and the DRP will be met by acquiring existing shares on-market. A broker will be appointed to acquire existing shares to satisfy the DRP.

Perpetual's return on equity (ROE) was 18.2% for the period compared with 21.2% in 1H18.

[1] The All Ords closed at 5,709 on 31 December 2018, down 9% on the closing level on 30 June 2018 of 6,290 and 7% down on the closing level on 31 December 2017 of 6,167.

1.3 GROUP FINANCIAL POSITION

BALANCE SHEET

AS AT	1H19[1] $M	2H18[1] $M	1H18[1] $M
Assets			
Cash and cash equivalents	279.8	320.2	270.1
Liquid investments	63.4	75.0	83.7
Goodwill and other intangibles	346.9	327.7	327.8
Other assets	237.7	240.1	176.2
Total assets	**927.8**	**963.0**	**857.8**
Liabilities			
Corporate loan facility	87.0	87.0	87.0
Other liabilities	180.1	214.8	123.7
Total liabilities	**267.1**	**301.8**	**210.7**
Net assets	**660.7**	**661.1**	**647.1**
Shareholder funds			
Contributed equity	521.1	508.7	508.6
Reserves	14.4	24.2	20.0
Retained earnings	125.1	128.3	118.5
Total equity	**660.7**	**661.1**	**647.1**

DEBT METRICS	1H19	2H18	1H18
Corporate debt $M	87.0	87.0	87.0
Corporate debt to capital ratio[2]%	11.6	11.6	11.9
Interest coverage calculation for continuing operations (times)[3]	61x	73x	76x
NTA per share ($)	**6.43**	**6.68**	**6.59**

CASHFLOW FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M
Net cash from operating activities	45.2	113.7	30.6
Net cash used in investing activities	(20.4)	(0.8)	(21.0)
Net cash used in financing activities	(65.2)	(62.9)	(62.9)
Net (decrease)/increase in cash and cash equivalents	(40.5)	49.9	(53.3)

1. Excludes the assets and liabilities for the Perpetual Exact Market Cash Fund (EMCF) structured product.
2. Corporate debt/(corporate debt + equity)
3. EBIT / interest expense

1.3.1 BALANCE SHEET ANALYSIS

Key movements in Perpetual's consolidated balance sheet since 2H18 are described below.

Cash and cash equivalents decreased from $320.2 million at the end of 2H18 to $279.8 million at the end of 1H19, a decrease of $40.5 million or 13%.

Liquid investments decreased to $63.4 million at the end of 1H19 from $75.0 million at the end of 2H18 predominantly due to a decrease in the market value of unlisted unit trust investments.

Goodwill and other intangibles increased by $19.2 million predominantly due to a recent acquisition.

Other assets decreased by $2.4 million predominantly due to a decrease in receivables of $0.4 million and a decrease in deferred tax assets of $9.1 million offset by an increase in property, plant and equipment of $2.8 million, the recognition of a current tax asset for $3.3 million and an increase in other assets of $1.0 million.

Other liabilities decreased by $34.7 million predominantly due to a decrease in employee benefits of $33.9 million, a decrease in provisions of $1.0 million, a decrease in current tax liabilities of $6.0 million and a decrease in deferred tax liabilities of $1.1 million offset by an increase in payables of $7.3 million.

Contributed equity has increased by $12.4 million since 2H18. This increase is primarily attributable to the vesting of shares under employee share plans.

Total reserves have decreased by $9.8 million to $14.4 million at the end of 1H19 predominantly due to a decrease in the equity compensation reserve of $4.9 million and a decrease in the available-for-sale reserve of $5.0 million following the implementation of *AASB 9 Financial Instruments* from 1 July 2018.

1.3.2 CAPITAL MANAGEMENT

Perpetual's principles for its capital management are as follows:

i) maximising returns to shareholders
ii) enabling the Group's strategy
iii) ensuring compliance with the Group's risk appetite statement and regulatory requirements, and
iv) withstanding shocks to the market.

Perpetual maintains a conservative balance sheet with low gearing levels. As part of its capital management strategy, the Group continually reviews options to ensure that it is optimising its use of capital and maximising returns to shareholders.

The Group uses a risk-based capital model to assess its capital requirements. The model requires capital to be set aside for operational, credit and market risk and any known capital commitments.

At the end of 1H19, total base capital requirements were $171 million compared to $332 million of available liquid funds.

During 1H19, the Group has maintained its balance sheet strength through:

- continuing to maintain the overall credit quality of the Group's risk assets
- maintaining committed debt facilities of $130 million, drawn to $87 million as at 31 December 2018, and
- continued discretionary expense management within each business unit and group support services.

1.3.3 LIQUIDITY

The Group actively manages liquidity risk by preparing cash flow forecasts for future periods, reviewing them regularly with senior management, maintaining a committed credit facility, and engaging regularly with its debt providers.

In 1H19, cash and cash equivalents decreased by $40.5 million compared to a decrease of $53.3 million in 1H18. This represents a net increase in cash flow of $12.8 million, principally due to:

- net cash from operating activities increased by $14.6 million on 1H18
- net cash used in investing activities decreased by $0.6 million on 1H18 primarily due to a decrease in payments for investments of $19.4 million on the comparable period offset by an increase in payments for property, plant and equipment of $7.3 million and an increase in payments for the acquisition of businesses of $13.1 million, and
- net cash used in financing activities increased by $2.3 million on 1H18 due to an increase in dividend payments.

1.3.4 DEBT

At the end of 1H19, Perpetual's gross corporate debt remained unchanged at $87 million compared to 2H18. The Group's gearing ratio remained stable at 11.6% (2H18: 11.6%) and remains well within Perpetual's stated risk appetite limit of 30%.

Perpetual's corporate debt is currently sourced from a long-term banking relationship with the National Australia Bank. Perpetual's gross corporate debt remains unchanged at $87 million with a further $43 million undrawn facility available to the Group. Repayment of the $87 million is not due before October 2020.

The facility is subject to annual review and the Group meeting certain debt covenants including shareholder funds as a percentage of total assets, and maximum ratio of gross debt to EBITDA. The Group complied with all of the relevant covenants throughout the year.

1.4 REGULATORY DEVELOPMENTS AND BUSINESS RISKS

1.4.1 REGULATORY DEVELOPMENTS

The financial services industry continues to be subject to legislative and regulatory reform which affects or could affect the Group's operations. The following discussion provides an overview of key regulatory reforms and their impact on the Group where known.

Royal Commission

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry commenced in February 2018.

The Commissioner's final report was delivered to Government on 1 February 2019. The report sets out 76 policy recommendations that are expected to form the basis of regulatory changes. The Group is working through the matters raised in the Commissioner's final report. At the time of writing no matters require a remediation provision.

Governance

Recent regulatory change and guidance to industry is increasingly focussed on governance, culture and accountability. In addition, the Royal Commission has introduced a new benchmark of "community expectations". Whilst the Group remains in compliance with existing governance requirements, any material changes to existing regulation may impact on Perpetual practices. Recent examples include:

- APRA's findings associated with its post-implementation review of APRA's superannuation prudential framework with guidance published in May and July 2018
- ASIC's intended product design and distribution obligations
- The APRA CBA Prudential Inquiry report and recommendations
- The Productivity Commission's report on Efficiency and Competitiveness in the Superannuation Industry, and
- The ASX Consultation Paper: Review of the ASX Corporate Governance Council's Principles and Recommendations (3rd edition).

Transparency

There is increasing focus on disclosure and reporting standards. Recent examples include the implementation of ASIC Regulatory Guide - RG 97, the implementation of the ATO Common Reporting Standard requirements and the FSC Asset

Stewardship Standard. Despite the operational challenges and associated cost with implementation, the Group considers increased transparency a reflection of good culture and governance and continues to implement in accordance with the respective timetables.

New Investment Vehicle Structures and Schemes

Schemes such as the introduction of the Corporate Collective Investment Vehicles and the Asia Region Funds Passport have the potential to attract greater offshore investment. As draft legislation is released, the Group is assessing relevant opportunities given its existing capabilities.

1.4.2 BUSINESS RISKS

Risk management framework

Perpetual's approach to risk management is based on a risk appetite statement set by the Perpetual Board, which outlines the risk boundaries and minimum expectations of Perpetual Management. The Board's Audit, Risk and Compliance Committee (ARCC) is responsible for overseeing Perpetual's risk management process. Perpetual has a dedicated Group Risk function, which has day to day responsibility for the design, implementation and maintenance of Perpetual's risk management framework, and an independent Internal Audit department. In recognition of the importance of sound risk management, a new Group Executive Risk & Compliance role has been introduced as a member of the Executive leadership team in February 2019 to lead the Group's governance functions.

The risk management framework is underpinned by the 'Three Lines of Defence model'. This model sees the first line, being business unit management, accountable for the day-to-day identification and management of risks. Perpetual's Group risk and Group Compliance functions represent the second line and are responsible for overseeing first line activities. Internal audit provides independent assurance, representing the third line, and reports to the ARCC.

The Group's risk management framework and the Three Lines of Defence model are designed to manage and formulate responses to the key business risks faced by the Group which are set out on the following page.

The primary mitigants in place to manage these risks include Perpetual's policies, risk and compliance frameworks, clearly defined behaviours and performance assessment process, education and compliance training, defined governance processes and delegation of authorities.

1.4.3 KEY BUSINESS RISKS

The key business risks faced by Perpetual are set out below

Risk Category	Risk Description/Impact	Risk Mitigants
Compliance, Legal & Conduct	The risk that Perpetual breaches its compliance and legal obligations, leading to regulatory enforcement action, reputation damage, litigation, fines, breach of contract or adverse outcomes generally.	• Independent legal and compliance team, and training across teams • Compliance obligations are documented and monitored • Independent issues assessment
	Manifestation of behaviours and practices (conduct) that are considered unethical or unacceptable, including actions that compromise the best interests of Perpetual's clients and the integrity of the market place.	• Clearly defined expected behaviours of all individuals that form part of the performance assessment process • Implementation of the Three Lines of Defence risk practices • Whistleblowing arrangements managed by an independent vendor • Enterprise people, risk and compliance training arrangements
Financial	Risk of inappropriate use of Perpetual financial resources, drivers of financial performance are not well understood or managed to expectations, or financial results inappropriately accounted for or disclosed.	• Budget planning process • Reconciliation and review processes • Regular income and expense reviews • Internal and external auditors
	Exposure to, or reliance on, revenue streams linked to equity markets resulting in potentially volatile earnings (revenue diversity and asset pricing market risk).	• Diversification of revenue sources • Active management of the cost base
	Impact upon profitability due to the loss of key clients.	• Constant focus on servicing clients to the highest standards and acting in clients' best interests • Strong investment governance processes which support transparent and timely reporting to clients
Investment	The risk of loss resulting from ineffective investment strategies, management or structures resulting in sustained underperformance relative to peers and benchmarks.	• Well defined and disciplined investment processes and philosophy for selection • Established investment governance structure in place • Independent mandate monitoring and reporting
Operational	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes (but is not limited to) process, fraud and business continuity risks.	• Clearly defined policies, procedures, roles and responsibilities • Controls testing in the form of control self-assessment • Business continuity planning program • Independent assurance
	Cyber risk, including the risk of loss (both data and financial) resulting from unauthorised access to and/or tampering with Perpetual's IT systems or data.	• Defined information security program and IT security policies • Implementation of operational security technology (including firewalls and antivirus) • Security (penetration) testing of key systems
Outsourcing	The risk that services performed by external service providers are not managed in line with the servicing contract or the operational standards required, resulting in potential negative impacts to shareholders and/or customers.	• Partnered with well-regarded and proven strategic partners • Outsourced relationships are managed at a senior level • Outsourcing and vendor management framework, with legal contracts • Service level standards monitored
People	Exposure to changes in personnel, particularly in key investment management roles.	• Succession planning, talent identification programs, remuneration benchmarking, reporting to the People and Remuneration Committee • Alignment of remuneration outcomes, including asset manager (portfolio manager and investment analyst) remuneration, to longer term value creation for shareholders and clients • Employee engagement monitoring
	Exposure of staff, customers and suppliers to work health and safety (WH&S) issues with potential detrimental impact.	• Well defined WH&S policies, procedures and training • WH&S Committee • Incident and injury management processes

Risk Category	Risk Description/Impact	Risk Mitigants
Reputation	The risk arising from negative perception on the part of both existing and prospective clients, employees, counterparties, shareholders, investors, regulators or other stakeholders that can adversely affect Perpetual's ability to maintain existing, or establish new client relationships and business operations.	• Application of risk appetite statement • Effective risk management framework that sets out how risk is managed • Effective issues management processes to respond to events that may arise • Media monitoring • Net Promoter Score measurement and reporting
	The risk arising from failing to meet community expectations.	• Board working group to review and provide guidance to Board on best practice • Community expectations assessment incorporated into product and project approvals and Board papers
Strategic	Adverse strategic decisions, ineffective implementation of strategic decisions, a lack of responsiveness to industry changes or exposure to economic, market or demographic considerations that affect Perpetual's market position and client value proposition.	• Considered strategic and business planning processes • Strategic measures cascaded through performance management • Application of Risk Appetite Statement in strategic decision-making

1.5 OUTLOOK

The long-term outlook for the Group is bolstered by the growing need for investments, advice and income in retirement. At the same time, external environmental factors, such as regulatory and political uncertainty, and market volatility can pose near-term challenges facing not just Perpetual but also the broader financial services industry.

The current environment provides both opportunity and risk for the Group. Perpetual's business model positions it well to pursue opportunities, both organic and inorganic, across all three business lines. In addition our focussed business model and disciplined approach within Perpetual Private provides opportunities following the issuance of the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Given the sensitivity of Perpetual's revenue and profitability to movements in Australian equity markets, net flows, and investment performance, near-term results are subject to significant variability, particularly during periods of high market volatility as experienced during 1H19.

SECTION 2
REVIEW OF BUSINESSES

2 REVIEW OF BUSINESSES

The results and drivers of financial performance in 1H19 for the three Perpetual business units are described in the following sections. A description of revenues and expenses at the Group Support Services level is also provided.

2.1 PERPETUAL INVESTMENTS

2.1.1 BUSINESS OVERVIEW

Perpetual Investments is one of Australia's most highly regarded investment managers, offering a broad range of investment, superannuation and retirement savings products. The business manages investments across a range of asset classes, including Australian and global equities, fixed income and multi asset strategies. It services a diverse range of client types, from large institutional investors through to smaller retail investors.

2.1.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M	1H19 v 2H18	1H19 v 1H18
Revenue by asset class					
> Equities	88.0	96.7	100.6	(9%)	(13%)
> Cash and fixed income	13.9	13.8	13.0	1%	7%
> Other FUM related	3.7	4.0	3.9	(8%)	(5%)
> Other non-FUM related	0.2	0.2	0.1	8%	117%
Total Revenue	**105.8**	**114.6**	**117.6**	**(8%)**	**(10%)**
Operating expenses	(54.3)	(55.6)	(54.9)	2%	1%
EBITDA	**51.5**	**59.1**	**62.7**	**(13%)**	**(18%)**
Depreciation and amortisation	(1.4)	(1.2)	(1.3)	(18%)	(10%)
Equity remuneration expense	(3.6)	(3.5)	(3.4)	(3%)	(6%)
Profit before tax	**46.5**	**54.4**	**58.1**	**(15%)**	**(20%)**

In 1H19, Perpetual Investments reported profit before tax of $46.5 million, $11.6 million or 20% lower than 1H18 and $7.9 million or 15% lower than 2H18.

Average FUM decreased from prior year to $29.7 billion with the impact of net outflows and prior period distributions, partially offset by equity markets. The cost to income ratio in 1H19 was 56% compared to 51% in 1H18 and 53% in 2H18.

2.1.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Investments generated revenue of $105.8 million in 1H19, $11.8 million or 10% lower than in 1H18 and $8.8 million or 8% lower than 2H18. The key factors that impacted revenue in 1H19 included:

- lower average FUM due to the impact of net outflows and the impact of prior period distributions
- lower equities performance fees earned in 1H19 compared to both 1H18 and 2H18, and
- when compared to 1H18 lower equity markets.

Average FUM revenue margins in 1H19 were 71 basis points (bps), 3 bps lower than in 1H18 and 2 bps lower than 2H18. Excluding performance fees earned, underlying average margins remained constant at 70 bps.

Movements in average margins usually result from changes in the mix of FUM between lower-margin institutional and higher-margin retail investors, as well as changes in the mix of asset classes such as cash (generally lower margin) and equities (generally higher margin) and the contribution of performance fees earned.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation and equity remuneration, for Perpetual Investments in 1H19 were $59.3 million, $0.3 million lower than 1H18 and $1.0 million or 2% lower than in 2H18.

The decrease in expenses was mainly due to lower equity performance fee expenses and lower variable remuneration expenses, partially offset by increased staff costs.

2.1.4 FUNDS UNDER MANAGEMENT

Revenue margin

FOR THE PERIOD	1H19 bps	2H18 bps	1H18 bps	1H19 v 2H18	1H19 v 1H18
By asset class:					
> Equities	81	82	83	(1)	(2)
> Cash and fixed income	39	40	39	(1)	-
> Other FUM related	78	82	80	(4)	(2)
Average revenue margin	**71**	**73**	**74**	**(2)**	**(3)**

Performance fees ($M)

FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M	1H19 v 2H18	1H19 v 1H18
By asset class:					
> Equities	0.3	2.7	4.1	(89%)	(93%)
> Cash and fixed income	1.1	1.2	1.2	-	(5%)
Total performance fees	**1.4**	**3.9**	**5.3**	**(63%)**	**(73%)**

Closing FUM summary ($B)

	FUM MOVEMENTS				NET FLOWS		
	1H19	Net flows	Other[1]	2H18	1H19	2H18	1H18
Institutional	8.4	(0.8)	(0.5)	9.7	(0.8)	(1.2)	(0.8)
Intermediary (master trust and wrap)	14.1	(0.4)	(1.0)	15.5	(0.4)	(0.2)	-
Retail	4.8	(0.2)	(0.3)	5.3	(0.2)	(0.3)	-
Listed investment company	0.4	0.1	-	0.3	0.1	-	-
All distribution channels	**27.7**	**(1.3)**	**(1.8)**	**30.8**	**(1.3)**	**(1.7)**	**(0.8)**
Australian equities	18.0	(1.3)	(1.6)	20.9	(1.3)	(1.9)	(0.9)
Global equities	1.3	-	-	1.3	-	(0.1)	0.1
Listed investment company	0.4	0.1	-	0.3	0.1	-	-
Equities	19.7	(1.2)	(1.6)	22.5	(1.2)	(2.0)	(0.8)
Cash and fixed income	7.1	-	(0.2)	7.3	-	0.3	-
Other	0.9	(0.1)	-	1.0	(0.1)	-	-
All asset classes	**27.7**	**(1.3)**	**(1.8)**	**30.8**	**(1.3)**	**(1.7)**	**(0.8)**

[1] Includes changes in asset values, income, reinvestments, distributions, and asset class rebalancing within the Group's diversified funds.

The drivers of revenue margins by asset class are described below:

Equities: Revenues represent fees earned on Australian and global equities products. Revenue in 1H19 was $88.0 million, a decrease of $12.6 million on 1H18, and a decrease of $8.7 million on 2H18. Revenue was negatively impacted by lower performance fees earned and by lower average FUM as a result of prior period distributions and net outflows. The average margin in 1H19 was 81 bps, 2 bps lower than 1H18 and 1 bps lower than 2H18, mainly due to lower performance fees and changes in channel mix.

Cash and fixed income: Revenues are derived from the management of cash and fixed income products. Revenue in 1H19 was $13.9 million, an increase of 7% on 1H18, and 1% on 2H18 primarily due to higher average FUM. The revenue margin in 1H19 was 39 bps compared to 39 bps in 1H18 and 40bps in 2H18.

Other FUM related: Revenue includes management fees for sub-advisory mandates and external funds on the WealthFocus platform. Revenue in 1H19 was $3.7 million, a decrease of 5% on 1H18 and 8% on 2H18.

Other non-FUM related: Revenue includes the interest earned on operational bank accounts across the business.

FUM

Perpetual Investments FUM as at 31 December 2018 was $27.7 billion, with net outflows of $1.3 billion during 1H19.

2.2 PERPETUAL PRIVATE

2.2.1 BUSINESS OVERVIEW

Perpetual Private provides a range of advice and trustee services for high net worth individuals in the target segments of 'business owners', 'established wealthy' and 'professionals'. It had $13.7 billion of FUA at the end of 1H19.

Perpetual Private aims to be the leading provider of advice and wealth management for high net worth individuals, families, businesses and not-for-profit organisations. A key part of Perpetual Private is its philanthropic business and Perpetual is one of Australia's largest managers of philanthropic funds, with $2.5 billion in FUA for charitable trusts and endowment funds as at the end of 1H19.

2.2.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M	1H19 v 2H18	1H19 v 1H18
Market related revenue	60.5	59.5	61.0	2%	(1%)
Non-market related revenue	32.1	34.2	31.8	(6%)	1%
Total revenues	92.6	93.7	92.8	(1%)	-
Operating expenses	(63.6)	(64.8)	(63.6)	2%	-
EBITDA	**29.0**	**28.9**	**29.2**	**-**	**(1%)**
Depreciation and amortisation	(4.8)	(4.6)	(4.4)	(6%)	(9%)
Equity remuneration expense	(1.5)	(1.3)	(1.6)	(15%)	6%
Profit before tax	**22.6**	**23.0**	**23.1**	**(2%)**	**(2%)**
Funds under advice ($B)					
Closing FUA	$13.7B	$14.1B	$13.7B	(3%)	-
Average FUA	$14.1B	$13.8B	$13.4B	2%	5%
Market related revenue margin	86bps	86bps	91bps	0bps	(5bps)

In 1H19, Perpetual Private reported profit before tax of $22.6 million, $0.5 million or 2% lower than in 1H18, and $0.4 million or 2% lower than in 2H18. When compared to 1H18, this decrease was primarily due to lower market related revenue impacted by the timing of rebates which elevated revenues in 1H18.

Perpetual Private experienced continued new client growth within the high net worth segment in 1H19. The cost to income ratio in 1H19 was 76% compared to 75% in both 1H18 and 2H18.

2.2.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Private generated revenue of $92.6 million in 1H19, $0.2 million lower than in 1H18, and $1.1 million or 1% lower than in 2H18.

The main drivers of revenue in 1H19 compared to 1H18 and 2H18 were:

- growth in average FUA due to positive net flows
- changes in margin as detailed below, and
- higher non-market related revenue compared to 1H18 is primarily due to growth in Fordham (tax and accounting), and $0.9 million lower compared to 2H18 mainly due to lower estate administration revenue.

Perpetual Private's market related revenue margin was 86 bps in 1H19 compared to 91 bps in 1H18 due primarily to changes in portfolio mix, legacy book repricing and timing of rebates impacting 1H18. Revenue margins in 1H19 were flat to 2H18 and broadly consistent with historical levels.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation and equity remuneration, for Perpetual Private in 1H19 were $70.0 million, $0.3 million higher than in 1H18, and $0.7 million or 1% lower than 2H18.

The movement compared to 1H18 was primarily due to higher amortisation partially offset by lower remuneration, and when compared to 2H18 due to the above and seasonality of expenses.

2.2.4 FUNDS UNDER ADVICE

AT END OF	1H19 $B	Net flows $B	Other[1] $B	2H18 $B	1H18 $B
Total FUA	13.7	0.1	(0.5)	14.1	13.7

[1] Includes reinvestments, distributions, income and asset growth.

Perpetual Private's FUA at the end of 1H19 was $13.7 billion, flat to 1H18 and $0.4 billion or 3% lower than 2H18, primarily due to lower equity markets and distributions, partially offset by positive net flows.

2.3 PERPETUAL CORPORATE TRUST

2.3.1 BUSINESS OVERVIEW

Perpetual Corporate Trust is a leading provider of corporate trustee services, comprising the following:

- **Debt Markets Services** – provides trustee, agency, trust management, accounting, document custody and standby servicing to the debt capital and securitisation markets, acts as the Australian data warehouse for investor and regulatory reporting and provides digital solutions for the Banking and Financial Services industry, and
- **Managed Funds Services** – provides outsourced responsible entity, custody, trustee and investment management services from both our Singapore and Australia office across a variety of asset classes including fixed income, equity, property, infrastructure, private equity, emerging markets and hedge funds.

2.3.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M	1H19 v 2H18	1H19 v 1H18
Debt Markets Services	28.9	29.6	27.9	(2%)	4%
Managed Funds Services	24.7	24.1	21.7	3%	14%
Total revenues	53.6	53.7	49.6	-	8%
Operating expenses	(27.0)	(27.3)	(25.9)	1%	(4%)
EBITDA	**26.6**	**26.4**	**23.7**	**1%**	**12%**
Depreciation and amortisation	(3.6)	(3.4)	(3.1)	(5%)	(14%)
Equity remuneration expense	(0.6)	(0.3)	(0.7)	(90%)	21%
Profit before tax	**22.4**	**22.8**	**19.8**	**(1%)**	**13%**

In 1H19, Perpetual Corporate Trust reported profit before tax of $22.4 million, $2.6 million or 13% higher than in 1H18, and $0.4 million or 1% lower than 2H18. The cost to income ratio in 1H19 was 58% compared to 60% in 1H18 and 58% in 2H18.

2.3.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Corporate Trust generated total revenues of $53.6 million in 1H19, $4.0 million or 8% higher than in 1H18, and $0.1 million lower than 2H18. The main drivers of the improvement by business line are as detailed below.

In 1H19, Debt Markets Services revenue was $28.9 million, $1.0 million or 4% higher than in 1H18, and $0.7 million or 2% lower than in 2H18. The primary driver for the increase on 1H18 was continued growth in the product extensions. (Document custody, trust management and data services). The decrease on 2H18 was driven by seasonality.

In 1H19, Managed Fund Services revenue was $24.7 million, $3.0 million or 14% higher than 1H18, and $0.6 million or 3% higher than in 2H18. The increase compared to 1H18 and 2H18 was primarily due to continued market activity within its core commercial property and managed investment funds segments.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation and equity remuneration, for Perpetual Corporate Trust in 1H19 were $31.2 million, $1.4 million or 5% higher than in 1H18, and $0.2 million or 1% higher than 2H18.

The primary driver of the increase in expenses was the continued investment in strategic initiatives.

2.3.4 FUNDS UNDER ADMINISTRATION

AS AT	1H19 $B	2H18 $B	1H18 $B	1H19 v 2H18	1H19 v 1H18
Market Securitisation					
RMBS - bank	60.0	65.8	59.5	(10%)	1%
RMBS - non bank	60.4	56.6	53.0	6%	14%
CMBS and ABS	43.1	42.7	45.8	1%	(6%)
Balance Sheet Securitisation					
RMBS - repos	205.4	199.7	204.0	3%	-
Covered bonds	77.5	70.1	68.1	10%	14%
Debt Markets Services - Securitisation[1]	446.4	434.9	430.4	3%	4%
Other Debt Market Services	14.8	15.4	17.9	(4%)	(17%)
Total Debt Market Services	461.2	450.3	448.3	2%	3%
Managed Fund Services	255.8	242.9	214.2	5%	19%
Total FUA	**717.1**	**693.2**	**662.4**	**3%**	**8%**

1 Includes warehouse and liquidity finance facilities.

At the end of 1H19, Securitisation FUA in the Debt Markets Services business was $446.4 billion, an increase of $16 billion or 4% on 1H18, and an increase of $11.5 billion or 3% on 2H18.

- Positive net issuance with growth in FUA across RMBS – non bank, RMBS – repos and covered bonds, partially offset by a decrease in RMBS – bank FUA
- RMBS runoff was largely consistent with 2H18 levels.

1H18 and 2H18 Debt Markets Services – Securitisation FUA composition has been adjusted to correct a mis-classification of a number of smaller RMBS – repo transactions identified during 1H19. In both 1H18 and 2H18, RMBS – repo FUA have been adjusted upwards by $7.8 billion, RMBS – bank FUA have been adjusted downwards by $5.4 billion and RMBS – non bank FUA have been adjusted downwards by $2.4 billion.

At the end of 1H19, Managed Fund Services FUA was $255.8 billion, an increase of $41.6 billion or 19% on 1H18, and $12.9 billion or 5% on 2H18, primarily driven by growth in the custody business.

2.4 GROUP SUPPORT SERVICES

2.4.1 BUSINESS OVERVIEW

Group Support services comprising Group Investments, Corporate Services, People & Culture, Marketing & Communication and provides technology, property, legal, risk and financial management, and human resources support to the business units.

Costs retained by Group Support Services reflect costs that management deems to be associated with corporate functions rather than reportable business segment activity. These include costs associated with the Board of Directors and 50% of the costs associated with the Group Executives of each of the Group Support Services business units (CEO, Corporate Services, People and Culture and Marketing and Communications). Costs and revenues associated with the capital structure of the Group, including interest income, financing costs and ASX listing fees are also retained within Group Support Services.

2.4.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H19 $M	2H18 $M	1H18 $M	1H19 v 2H18	1H19 v 1H18
Interest Income	3.3	3.1	3.1	8%	7%
Other Income	(3.1)	1.8	3.7	(267%)	NM
Total Revenue	**0.3**	**4.9**	**6.8**	**(95%)**	**(96%)**
Operating expenses	(5.8)	(9.3)	(5.4)	37%	(9%)
EBITDA	**(5.6)**	**(4.4)**	**1.5**	**27%**	**NM**
Depreciation and amortisation	(0.1)	(0.2)	(0.3)	34%	60%
Equity remuneration expense	0.8	0.5	0.6	(62%)	(43%)
Interest expense	(1.4)	(1.3)	(1.3)	(3%)	(6%)
Profit before tax	**(6.2)**	**(5.4)**	**0.5**	**16%**	**NM**

2.4.3 DRIVERS OF PERFORMANCE

Revenue

In 1H19, revenue from the Group's cash holdings and principal investments was $0.3 million, $6.5 million lower than in 1H18, and $4.6 million lower than 2H18, predominantly due to a decrease in the market value of unlisted unit trust investments, partially offset by distribution income.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense for Group Support Services in 1H19 were $6.5 million, $0.2 million or 2% higher than in 1H18 due to higher staff costs, and $3.8 million or 37% lower than in 2H18 primarily due to expense management and equity remuneration reversals.

SECTION 3
APPENDICES

3.1 APPENDIX A: SEGMENT RESULTS

PERIOD	1H19					2H18					1H18				
	Perpetual Investments $M	Perpetual Private $M	Perpetual Corporate Trust $M	Group Support Services $M	Total $M	Perpetual Investments $M	Perpetual Private $M	Perpetual Corporate Trust $M	Group Support Services $M	Total $M	Perpetual Investments $M	Perpetual Private $M	Perpetual Corporate Trust $M	Group Support Services $M	Total $M
Operating revenue	105.8	92.6	53.6	0.3	252.3	114.6	93.7	53.7	4.9	266.9	117.6	92.8	49.6	6.8	266.8
Operating expenses	(54.3)	(63.6)	(27.0)	(5.8)	(150.8)	(55.6)	(64.8)	(27.3)	(9.3)	(157.0)	(54.9)	(63.6)	(25.9)	(5.4)	(149.8)
EBITDA	**51.5**	**29.0**	**26.6**	**(5.6)**	**101.5**	**59.1**	**28.9**	**26.4**	**(4.4)**	**110.0**	**62.7**	**29.2**	**23.7**	**1.5**	**117.1**
Depreciation and amortisation	(1.4)	(4.8)	(3.6)	(0.1)	(9.9)	(1.2)	(4.6)	(3.4)	(0.2)	(9.3)	(1.3)	(4.4)	(3.1)	(0.3)	(9.1)
Equity remuneration	(3.6)	(1.5)	(0.6)	0.8	(4.9)	(3.5)	(1.3)	(0.3)	0.5	(4.6)	(3.4)	(1.6)	(0.7)	0.6	(5.2)
EBIT	**46.5**	**22.6**	**22.5**	**(4.9)**	**86.7**	**54.4**	**23.0**	**22.8**	**(4.0)**	**96.1**	**58.1**	**23.1**	**19.8**	**1.8**	**102.8**
Interest expense	-	-	(0.1)	(1.4)	(1.4)	-	-	-	(1.3)	(1.3)	-	-	-	(1.3)	(1.3)
UPBT	**46.5**	**22.6**	**22.4**	**(6.2)**	**85.3**	**54.4**	**23.0**	**22.8**	**(5.4)**	**94.8**	**58.1**	**23.1**	**19.8**	**0.5**	**101.5**

3.2 APPENDIX B: BRIDGE FOR 1H19 STATUTORY ACCOUNTS AND OFR

UPAT represents Perpetual's measure of the results for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with the ASIC's Regulatory Guide 230 – Disclosing non-IFRS financial information has been followed when presenting this information. UPAT attributable to equity holders of Perpetual Limited has not been audited by the Group's external auditors, however, the adjustments have been extracted from the books and records that have been audited. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

		OFR adjustments	
	1H19 Statutory Accounts $'000	**EMCF[1] $'000**	**1H19 OFR $'000**
Revenue	255,126	(2,805)	252,321
Staff related expenses excluding equity remuneration expense	(90,207)		(90,207)
Occupancy expenses	(9,074)		(9,074)
Administrative and general expenses	(51,546)		(51,546)
Distributions and expenses relating to structured products	(2,805)	2,805	-
Equity remuneration expense	(4,890)		(4,890)
Depreciation and amortisation expense	(9,888)		(9,888)
Financing costs	(1,420)		(1,420)
Net profit before tax	**85,296**	**-**	**85,296**
Income tax expense	(25,095)	-	(25,095)
Net profit after tax	60,201	-	60,201
Net profit after tax consolidated entity	**60,201**	**-**	**60,201**
Net profit after tax attributable to equity holders of Perpetual Limited	**60,201**	**-**	**60,201**

1 Income from the EMCF structured products is recorded on a net basis, for statutory purposes Revenue and distributions are adjusted to reflect the gross revenue and expenses of these products.

3.3 APPENDIX C: AVERAGE FUNDS UNDER MANAGEMENT

Average FUM by asset class

FOR THE PERIOD	1H19 $B	2H18 $B	1H18 $B	1H19 v 2H18	1H19 v 1H18
Australian equities	19.8	21.7	22.3	(9%)	(11%)
Global equities	1.4	1.5	1.3	(7%)	8%
Listed investment company	0.3	0.3	0.3	-	-
Total equities	**21.5**	**23.5**	**23.9**	**(9%)**	**(10%)**
Cash and fixed income	7.2	6.9	6.7	4%	7%
Other	1.0	1.0	1.0	-	-
Total average FUM	**29.7**	**31.4**	**31.6**	**(5%)**	**(6%)**

3.4 APPENDIX D: FULL TIME EQUIVALENT EMPLOYEES

AT END OF	1H19	2H18	1H18
Perpetual Investments	161	173	162
Perpetual Private	396	410	402
Perpetual Corporate Trust	196	192	187
Group Support Services	163	160	159
Total operations	**915**	**936**	**910**
Permanent	898	913	899
Contractors	17	23	11
Total operations	**915**	**936**	**910**

3.5 APPENDIX E: DIVIDEND HISTORY

Perpetual's dividend policy is to a payout ratio range of between 80-100% of net profit after tax on an annualised basis. An extended history of Perpetual's dividends paid including the dividend reinvestment price can be found via this link:https://www.perpetual.com.au/about/shareholders/dividend-history

Year	Dividend	Date paid	Dividend per share	Franking rate	Company tax rate	DRP price
FY19	Interim	29 Mar 2019	125 cents	100%	30%	Not determined at time of publication
FY18	Final	8 Oct 2018	140 cents	100%	30%	$42.20
FY18	Interim	26 Mar 2018	135 cents	100%	30%	$50.34
FY17	Final	29 Sep 2017	135 cents	100%	30%	$52.33
FY17	Interim	24 Mar 2017	130 cents	100%	30%	$51.86
FY16	Final	28 Sep 2016	130 cents	100%	30%	$45.93
FY16	Interim	24 Mar 2016	125 cents	100%	30%	$42.93
FY15	Final	25 Sep 2015	125 cents	100%	30%	$40.61
FY15	Interim	27 Mar 2015	115 cents	100%	30%	$54.20
FY14	Final	3 Oct 2014	95 cents	100%	30%	$45.54
FY14	Interim	4 Apr 2014	80 cents	100%	30%	$49.83

3.6 GLOSSARY

ABS	Asset backed securities
ADI	Authorised Deposit-taking Institution
All Ords	All Ordinaries Price Index
ANR	Annualised Net Revenue
ARCC	Audit, Risk and Compliance Committee
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
B	Billion
bps	Basis point (0.01%)
CMBS	Commercial mortgage backed securities
cps	Cents per share
DMS	Debt Markets Services
DPS	Dividend(s) per share
DRP	Dividend Reinvestment Plan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation of intangible assets, equity remuneration expense, and significant items
EMCF	Perpetual Exact Market Cash Fund
EPS	Earnings per share
FTE	Full time equivalent employee
FUA	Funds under advice or funds under administration
FUM	Funds under management
Group	Perpetual Limited and its controlled entities (the consolidated entity) and the consolidated entity’s interests in associates
HNW	High net worth
M	Million
MFS	Managed Funds Services
NM	Not meaningful
NPAT	Net profit after tax
OFR	Operating and Financial Review
PCT	Perpetual Corporate Trust
PI	Perpetual Investments
PP	Perpetual Private
RBA	Reserve Bank of Australia
RMBS	Residential mortgage-backed securities
ROE	Return on equity
S&P	Standard & Poor’s
UPAT	Underlying profit after tax
UPBT	Underlying profit before tax
VWAP	Volume weighted average price

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