Operating and Financial Review

For the 12 months ended 30 June 2021

Perpetual Limited
ABN 86 000 431 827

Trust is earned.

Perpetual

Notes

Note that in this review:

- FY21 refers to the financial reporting period for the 12 months ended 30 June 2021
- 1H21 refers to the financial reporting period for the 6 months ended 31 December 2020
- 2H21 refers to the financial reporting period for the 6 months ended 30 June 2021

with similar abbreviations for previous and subsequent periods.

This is a review of Perpetual's operations for the 12 months ended 30 June 2021 (FY21). It also includes a review of its financial position as at 30 June 2021.

The following information should be read in conjunction with the Group's audited consolidated financial statements and associated notes for FY21.

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

Operating and Financial Review
For the 12 months ended 30 June 2021

Contents

Review Of Group 4

1 About Perpetual 4

1.1 Overview 4

1.2 Group Financial Performance 6

1.3 Group Financial Position 9

1.4 Regulatory Developments and Business Risks 12

1.5 Outlook 16

Review Of Businesses 17

2 Review Of Businesses 17

2.1 Perpetual Asset Management International 17

2.2 Perpetual Asset Management Australia 20

2.3 Perpetual Private 23

2.4 Perpetual Corporate Trust 25

2.5 Perpetual Group Support Services 27

Appendices 28

3 Appendices 29

3.1 Appendix A: Segment Results 29

3.2 Appendix B: Bridge For FY21 Statutory Accounts and OFR 31

3.3 Appendix C: Perpetual Average Assets Under Management 32

3.4 Appendix D: Full Time Equivalent Employees 32

3.5 Appendix E: Dividend History 33

3.6 Glossary 34

1 About Perpetual

1.1 Overview

Perpetual Limited (Perpetual) is a global financial services firm operating in asset management, financial advisory and trustee services. Perpetual services a global client base from its offices in Australia as well as its international offices in the United States, United Kingdom, the Netherlands and Singapore, as well as a presence in Hong Kong. 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 vision is to be the "most trusted in financial services"[1].

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.

In pursuing its growth strategy, the Group has determined the following strategic imperatives:

- Client first – delivering exceptional products and outstanding service;
- Future fit – a scalable business platform that empowers our people to deliver high performance; and
- New horizons – adding new capabilities and building a global footprint.

Perpetual Asset Management's vision is to create a market leading global business of high-quality asset management capabilities delivered by the two operating segments of Perpetual Asset Management International (PAMI) and Perpetual Asset Management Australia (PAMA). Perpetual Asset Management provides a foundation for sustained quality growth by offering world-class investment capabilities, expanding its global distribution footprint and investment in a contemporary and scalable global business.

Perpetual Private's vision is to empower families, businesses and communities to achieve their aspirations by delivering advisory service excellence. With a client centred fiduciary heritage, Perpetual Private reaches into segments where client goals are aligned to a "protect first" and then "grow" investment philosophy.

Perpetual Corporate Trust's vision is to be the leading fiduciary and digital solutions provider to the banking and financial services industry, with a mission to support the delivery of its client's strategy through the provision of service excellence and digital solutions. Perpetual Corporate Trust builds on its strategy of enabling client success and focuses on leveraging its long-standing relationships and enable its clients with innovative and automated digital solutions to help them meet business challenges today and into the future.

[1] Measured as part of an annual brand strengths survey with the Perpetual Private target market and the Perpetual Asset Management Australia retail target market.

1.1.2 Operating Segments & Principal Activities

Perpetual Asset Management International provides investment products and services to global retail and institutional clients, including a distribution presence in the United States, United Kingdom, the Netherlands and Hong Kong. Investment management firm, Barrow Hanley Global Investors (Barrow Hanley), and boutique ESG investment management firm, Trillium Asset Management (Trillium), form part of this operating segment to offer a breadth of high-quality global investment capabilities to our clients.

Perpetual Asset Management Australia provides investment products and services to domestic retail, corporate, superannuation and institutional clients, with investment capabilities spanning Australian equities, credit and fixed income, multi-asset and global equities.

Perpetual Private is an advisory services business focused on the comprehensive needs of families, businesses and communities. Support for clients spreads across financial advice, portfolio management, risk, estate administration, trustee services and tax and accounting. The business is focused on client service excellence and attracting and retaining exceptional talent to meet those standards in our chosen segments.

Perpetual Corporate Trust provides a broad range of fiduciary, agency and digital products to the debt capital markets and managed funds industries both domestically and internationally. **Debt Market Services** includes trustee, document custodian, agency, trust management, accounting, standby servicing and reporting solutions. It also includes **Data & Analytics Solutions,** which provides data services, industry roundtables, and our new Perpetual Intelligence platform-as-a-service products supporting the banking and financial services industry. **Managed Funds Services** includes responsible entity, wholesale trustee, custodian, investment management and accounting. **Singapore** products include trustee, agency and escrow services.

The business units are supported by **Group Support Services** comprising Group Investments, CEO, Finance, Corporate Affairs, Marketing, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Project & Change Management, Operations, Product and People & Culture.

1.2 Group Financial Performance

Profitability And Key Performance Indicators

FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	FY21 v FY20
Operating revenue	640.6	490.5	150.0	31%
Total expenses	(469.4)	(350.9)	(118.5)	(34%)
Underlying profit before tax (UPBT)	**171.2**	**139.6**	**31.6**	**23%**
Tax expense	(47.1)	(41.0)	(6.1)	(15%)
Underlying profit after tax (UPAT)[1]	**124.1**	**98.6**	**25.5**	**26%**
Significant items[2]	(49.2)	(16.6)	(32.6)	(197%)
Net profit after tax (NPAT)	**74.9**	**82.0**	**(7.1)**	**(9%)**

1. Underlying profit after tax (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. UPAT 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. Please note: FY20 UPAT has been re-presented based on the revised definition of UPAT (refer to Appendix A and Appendix B for further details).
2. Significant items include (refer to Appendix A and Appendix B for further details):

	PROFIT/(LOSS) AFTER TAX						
FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Transaction and Integration costs	(32.1)	(1.9)	(30.2)	(11.2)	(20.9)	(1.9)	-
- Trillium	(2.9)	(1.9)	(1.1)	(1.5)	(1.4)	(1.9)	-
- Barrow Hanley	(28.8)	-	(28.8)	(9.6)	(19.2)	-	-
- Other	(0.3)	-	(0.3)	(0.1)	(0.2)	-	-
Non-cash amortisation of acquired intangibles	(13.6)	(4.1)	(9.5)	(9.1)	(4.5)	(1.8)	(2.4)
Unrealised gains/losses on financial assets	6.7	(1.0)	7.7	3.3	3.5	(0.6)	(0.4)
Accrued incentive compensation liability	(10.2)	-	(10.2)	(8.8)	(1.5)	-	-
Operating Model Review costs	-	(9.6)	9.6	0.0	(0.0)	(5.0)	(4.6)
Total significant items	**(49.2)**	**(16.6)**	**(32.6)**	**(25.8)**	**(23.4)**	**(9.2)**	**(7.4)**

KEY PERFORMANCE INDICATORS (KPI)	FY21 $M	FY20 $M	FY21 v FY20	FY21 v FY20
Profitability				
UPBT margin on revenue (%)	27	28	(2)	
Shareholder returns				
Diluted earnings per share (EPS)[1] on NPAT (cps)	133.2	172.8	(39.6)	(23%)
Diluted earnings per share (EPS)[1] on UPAT (cps)	220.6	207.7	12.9	6%
Dividends (cps)	180.0	155.0	25.0	16%
Franking rate (%)	100	100	-	
Dividend payout ratio[2] (%)	82	75	7	
Return on Equity (ROE)[3] on NPAT (%)	9.6	12.5	(2.9)	
Return on Equity (ROE)[3] on UPAT (%)	15.8	15.0	0.8	
Growth				
Perpetual average assets under management (AUM) $B[4]	75.8	31.6	44.2	140%
Average funds under advice (FUA) $B	15.4	14.7	0.7	5%
Closing Debt Markets Services FUA $B	582.9	656.1	(73.2)	(11%)
Closing Managed Funds Services FUA $B	339.9	285.8	54.1	19%

1. Diluted EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue of 56,226,656 for FY21 (FY20: 47,797,356). The weighted average number of ordinary shares used in the basic and diluted earnings per share calculation for the current and comparative period were adjusted retrospectively in accordance with AASB 133 Earnings per Share following the issues of new shares at a discount to market value during the period.
2. Dividends paid / payable as a proportion of UPAT on ordinary fully paid shares at the end of each reporting period.
3. 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.
4. Refer to Appendix C for a breakdown by operating segment.

1.2.1 Financial Performance

For the 12 months to 30 June 2021, Perpetual's UPAT was $124.1 million and NPAT was $74.9 million.

FY21 UPAT was 26% higher than FY20[1] principally due to Perpetual Asset Management International and its acquisitions of Barrow Hanley and Trillium and higher performance fees within Perpetual Asset Management Australia. This was partially offset by the decline in average assets under management within Perpetual Asset Management Australia driven by net outflows and the impact of prior period distributions.

FY21 NPAT was 9% lower than FY20, due to higher significant items (refer to Appendix A and Appendix B), partially offset by the improved UPAT result as discussed above.

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

1.2.2 Revenue

The main drivers of total revenue in Perpetual Asset Management International and Perpetual Asset Management Australia are the value of assets under management (AUM), which are primarily influenced by the level of the US, Global and Australian equity markets. Perpetual Private's main driver of total revenues are funds under advice (FUA) and for Perpetual Corporate Trust it is funds under administration (FUA).

In FY21, Perpetual generated $640.6 million of total operating revenue, which was $150.0 million or 31% higher than FY20. Revenue growth was primarily driven by the newly formed operating segment of Perpetual Asset Management International through the acquisitions of Barrow Hanley and Trillium, higher performance fees within Perpetual Asset Management Australia and continued growth within Perpetual Corporate Trust. This was partially offset by the impact of net outflows within Perpetual Asset Management Australia.

Performance fees earned in FY21 were $20.7 million, $17.3 million higher than FY20[2].

Note that revenue sensitivity 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 exposure to currency volatility; the impact and timing of flows on AUM and FUA[3] – inflows, outflows and distributions; and changes in pricing policy, channel and product mix.

1.2.3 Expenses

Total expenses in FY21 were $469.4 million, $118.5 million or 34% higher than FY20, impacted by:

- the operating expenses of the acquisitions of Barrow Hanley and Trillium, as well as expenses related to the distributions on employee owned units in Barrow Hanley;
- higher variable remuneration driven by both group wide short term incentive schemes and performance fee share;
- continued investment into technology and costs related to the transition of Perpetual's custodian and administrator provider;
- partially offset by operating model benefits.

1.2.4 Shareholder Returns and Dividends

The Board announced a final fully franked ordinary dividend for FY21 of 96 cents per share to be paid on 24 September 2021.

This represents a payout ratio of 76% for the 6 months ended 30 June 2021 and, when combined with the interim dividend of 84 cents per share paid on 26 March 2021, represents a payout ratio of 82% of UPAT for the 12 months ended 30 June 2021. This is in line with Perpetual's dividend policy to pay dividends within a range of 60% to 90% of UPAT on an annualised basis and maximising returns to shareholders.

The Dividend Reinvestment Plan (DRP) will be operational for the final dividend. No discount will apply and the DRP will be met by issuing new shares.

Perpetual's return on equity (ROE) on NPAT was 9.6% for the period compared with 12.5% in FY20.

Perpetual's return on equity (ROE) on UPAT was 15.8% for the period compared with 15.0% in FY20.

---

[1] FY20 UPAT and significant items have been re-presented based on the revised definition of UPAT (refer to Appendix A and Appendix B for further details).
[2] Includes performance fees earned by Perpetual Asset Management International, Perpetual Asset Management Australia and Perpetual Private. Please note that FY20 and earlier disclosures of performance fees included Perpetual Asset Management Australia only.
[3] FUA refers to both funds under advice in Perpetual Private and funds under administration in Perpetual Corporate Trust.

1.3 Group Financial Position

BALANCE SHEET AS AT	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Assets				
Cash and cash equivalents	147.1	172.1	164.1	261.7
Receivables	132.7	117.5	92.0	98.7
Structured products - EMCF assets	163.9	216.2	236.4	239.9
Liquid investments	150.4	133.7	80.7	79.1
Goodwill and other intangibles	870.7	870.3	444.5	373.4
Tax assets	47.2	35.5	40.0	29.0
Property, plant and equipment	91.1	98.6	89.5	99.5
Other assets	21.5	21.4	21.9	23.8
Total assets	**1,624.6**	**1,665.3**	**1,169.1**	**1,205.1**
Liabilities				
Payables	90.7	75.9	90.2	47.1
Structured products - EMCF liabilities	163.3	215.7	236.2	239.5
Tax liabilities	25.5	18.4	30.7	25.0
Employee benefits	117.6	79.0	66.1	41.7
Lease liabilities	83.2	89.9	82.7	93.0
Provisions	6.4	7.5	8.9	7.9
Borrowings	166.0	219.4	-	87.0
Accrued incentive compensation	48.0	41.4	-	-
Other liabilities	11.4	12.0	-	-
Total liabilities	**712.1**	**759.2**	**514.8**	**541.2**
Net assets	**912.5**	**906.1**	**654.3**	**663.9**
Shareholder funds				
Contributed equity	815.3	820.8	539.8	536.8
Reserves	2.5	(10.9)	19.4	14.0
Retained earnings	94.7	96.2	95.2	113.1
Total equity	**912.5**	**906.1**	**654.3**	**663.9**

DEBT METRICS	FY21 $M	FY20 $M	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Corporate debt $M[1]	170.3	-	170.3	224.6	-	87.0
Corporate debt to capital ratio%[2]	15.8%	-	15.8%	19.9%	-	11.6%
Interest coverage calculation for continuing operations (times)[3]	21x	33x	21x	30x	33x	42x
NTA per share ($)[4]	**0.22**	**3.95**	**0.22**	**0.42**	**3.95**	**5.97**

CASHFLOW FOR THE PERIOD	FY21 $M	FY20 $M	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Net cash from operating activities	128.8	149.8	105.1	23.7	85.6	64.2
Net cash used in investing activities	(487.2)	(73.2)	(14.5)	(472.7)	(44.2)	(29.0)
Net cash from/(used in) financing activities	344.1	(212.1)	(119.0)	463.1	(139.0)	(73.1)
Effective movements in exchange rates on cash held	(2.8)	-	3.3	(6.1)	-	-
Net (decrease)/increase in cash and cash equivalents	**(17.1)**	**(135.5)**	**(25.1)**	**8.0**	**(97.6)**	**(37.9)**

1. Corporate Debt represents the gross corporate debt excluding the offset of capitalised debt costs.
2. Corporate debt / (corporate debt + equity).
3. EBIT / gross interest expense in accordance with banking covenants.
4. Calculation includes lease assets and liabilities. The decrease in NTA per share is due to an increase in shares on issue from the Group's equity raise and SPP during the year, as well as an increase in intangible assets from the acquisitions of Barrow Hanley and Trillium.

1.3.1 Balance Sheet Analysis

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

Receivables increased by $40.7 million primarily due to an increase of $31.8 million in accrued income from the Perpetual Asset Management division during the year.

Structured products - EMCF assets decreased by $72.5 million primarily due to the closure of the Perpetual Exact Market Cash Fund No. 2 during the year.

Liquid investments increased by $69.7 million to $150.4 million primarily due to additional seed fund investments in connection with the Barrow Hanley and Trillium acquisitions.

Goodwill and other intangibles increased by $426.2 million due to the acquisition of Barrow Hanley.

Structured products - EMCF liabilities decreased by $72.9 million primarily due to the closure of the Perpetual Exact Market Cash Fund No. 2 during the year.

Employee benefits increased by $51.5 million primarily due to a $41.0 million increase in the provision for short-term incentives during the year.

Borrowings increased by $166.0 million due to the drawdown of $170.3 million in debt to fund the acquisition of Barrow Hanley, partially offset by capitalised debt costs of $4.3 million.

Accrued incentive compensation balances reflect a profit-sharing plan relating to key employees at Barrow Hanley and was added to the balance sheet upon completion of the acquisition.

Contributed equity has increased by $275.5 million, primarily due to the institutional share placement and share purchase plan during the year. The equity raises resulted in proceeds of $270.1 million (net of costs).

1.3.2 Capital Management

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

- maximising returns to shareholders;
- enabling the Group's strategy;
- ensuring compliance with the Group's risk appetite statement and regulatory requirements; and
- 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 FY21, total base capital requirements were $49 million compared to $368 million of available liquid funds.

During FY21, the Group has maintained its balance sheet strength through:

- continuing to maintain the overall credit quality of the Group's risk assets;
- refinancing during the period and entering into new syndicated facility arrangements. Arrangements consist of a multi-currency term loan with a maximum commitment of $US117 million or equivalent, a multi-currency revolving loan facility with a maximum commitment of $US78 million or equivalent, a multi-currency revolving loan facility with a maximum commitment of $100 million or equivalent and a bank guarantee facility with a maximum commitment of $135 million to be used primarily for satisfying regulatory requirements; and
- continued management of discretionary expenses within each business unit and support group.

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 FY21, cash and cash equivalents decreased by $17.1 million to $147.1 million as at 30 June 2021. This decrease was driven by the cash outflows associated with additional seed investments and the acquisition of Barrow Hanley and the associated transaction and integration costs following completion. These outflows were partially offset by cash inflows from the institutional share placement, share purchase plan and the drawdown of debt.

1.3.4 Debt

Perpetual's corporate debt as at 30 June 2021 was $170.3 million following the implementation of a syndicated facility in November 2020. The facility was drawn to fund the acquisition of Barrow Hanley and a repayment of $US45 million was made by Perpetual against the outstanding loans in March 2021. An additional $189.1 million of debt facilities remain undrawn as at 30 June 2021. $132.4 million of bank guarantees have been issued under the syndicated facilities. The bank guarantees are not shown on the balance sheet.

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

The Group's gearing ratio is 15.8% (FY20: 0%) at the end of FY21.

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 globally.

The following summarises key regulatory change projects that commenced in the last reporting period or are set to commence in this period.

Australia

Modern Slavery

The Group has implemented a Modern Slavery risk framework. The scope of work included assessing the Modern Slavery risks in the operations and supply chains of the Group. Perpetual Limited, Perpetual Investment Management Limited and Perpetual Trustee Company Limited have jointly issued a Modern Slavery Statement for the Financial Year ending 30 June 2020, outlining their approach to identify and assess the risks of modern slavery and the actions taken to manage those risks.

Design and Distribution Obligations

The Group has a project underway to implement the requirements of the Design and Distribution Obligations across Perpetual's product and distribution arrangements by the legislative effective date of 5 October 2021.

Financial Accountability Regime (FAR)

The Government has released the draft FAR exposure draft legislation for consultation which will replace the Banking Executive Accountability Regime (BEAR) and apply to all APRA regulated entities, including Registrable Superannuation Entity (RSE) licensees such as Perpetual Superannuation Limited.

Based on the exposure draft, the FAR will apply to Perpetual Superannuation Limited and its significant related entities on the later of 18 months after commencement or 1 July 2023. The FAR will be jointly administered by APRA and ASIC. There are penalties for both entities and individuals if they contravene their FAR obligations.

The Group will implement a project to consider the impact of the regime and ensuring compliance in line with the proposed start date of the FAR regime.

Financial Services Royal Commission

The legislation implementing a number of recommendations of the Hayne Royal Commission, received Royal Assent in December 2020. The most significant changes impacting the Group are the changes to the breach reporting regime. The amendments significantly expand the obligation to lodge breach reports and include prescriptive requirements as to timing of lodgement of breach reports. We continue to work on implementation of these changes into our existing breach reporting process by the commencement date of 1 October 2021.

In addition, ASIC Regulatory Guide 271 in respect of internal dispute resolution comes into effect on 5 October 2021. The guide explains what financial firms must do to have an internal dispute resolution system in place that meets ASIC's standards and requirements. We have a project underway to implement these requirements by the effective date.

Compensation Scheme of Last Resort

The Government has released exposure draft legislation to implement a Compensation Scheme of Last Resort, which will result in the Group bearing an additional levy for some of its financial services businesses.

Collective Corporate Investment Vehicles (CCIVs)

The Government has announced its intention to implement CCIVs by 1 January 2022. The Group will be watching this proposed legislation with interest.

Payment Times Reporting Act

The Group is on track to submit its first reports to the Payment Terms Regulator by 30 September 2021.

International

Singapore – MAS Guidelines on Technology Risk Management

The Monetary Authority of Singapore (MAS) has issued revised Guidelines on Technology Risk Management. An in-depth gap analysis is currently being conducted to ensure compliance.

1.4.2 Business Risks

Risk management framework

Perpetual is committed to managing its key risks through robust corporate governance, embedding risk into decision-making processes and risk management into business practices. Perpetual's commitment is reflected in the design and implementation of its Risk Management Framework (RMF) and Risk Appetite Statement (RAS) set by the Perpetual Board. Perpetual's RAS outlines the risk boundaries and minimum expectations of Perpetual Management and aims to promote a culture of risk ownership by all employees at Perpetual. The Board's Audit, Risk and Compliance Committee (ARCC) is responsible for overseeing Perpetual's risk management process. Perpetual has dedicated Risk and Compliance functions, led by the Chief Risk Officer, which have day to day responsibility for the design, implementation and maintenance of Perpetual's risk management framework, and an independent Internal Audit department.

The RMF is underpinned by the 'Three Lines of Defence model' to implement best practice risk management globally. This model sees the first line, being business unit management, accountable for the day-to-day identification, ownership and management of risks. Perpetual's Risk, Compliance and Client Advocacy functions represent the second line and are responsible for overseeing first line activities. Internal Audit provides independent assurance, representing the third line, and has an independent reporting line to the Chair of 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 below.

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

1.4.3 Risks Relating to COVID-19

COVID-19 continues to have an impact on global economies and financial markets, resulting in significant economic uncertainty and market volatility. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments and regulators. The consolidated entity continues to monitor the impact of COVID-19 on its operations, control environment and financial reporting as developments arise.

This has resulted in several of the risk categories below to be heightened as the Group continues to respond to the challenges introduced by the pandemic. Perpetual's Pandemic Response Plan was developed in line with regulatory guidance and defines an escalating series of response measures based on the World Health Organisation and Government pandemic alert levels. The plan was activated in January 2020 and has seen us implement enhanced measures as the pandemic worsened. Key measures include:

- Perpetual's crisis management processes have been activated with multiple teams established to monitor all aspects of the response including key risks, safety, business continuity, technology, business performance and fund liquidity;
- remote working from home has been successfully implemented across all jurisdictions;
- travel restrictions remain in place;
- enhanced hygiene and cleaning practices have been implemented in Perpetual's offices;
- heightened monitoring of material service providers is in place to ensure they are responding effectively; and
- enhanced monitoring and oversight by the Perpetual Executive Committee and the Perpetual Limited Board has been developed to identify, monitor and manage key business risks that have escalated through COVID-19.

Globally, Perpetual's operations in all regions remain fully functional with each office responding to local government restrictions and the majority of staff able to work from home remotely when required. Plans are being developed in all regions to define the post-COVID work environment.

1.4.4 Key Business Risks

The key business risks faced by Perpetual are set out below.

Risk Category	Risk Description/Impact	Risk Mitigants
Strategic	Risk arising from adverse strategic decisions, improper 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 and monitoring
People	Risk arising from an inability to attract, engage and retain quality and appropriate people to execute Perpetual's business strategy, 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 • Diversity and Inclusion Strategy (which includes flexible / hybrid working arrangements) • Employee engagement monitoring
	Risk arising from an inability to safeguard our people, clients and suppliers from 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
Financial	Risk that the strength of Perpetual's balance sheet, profitability or liquidity are inadequate for its business activities. This includes inappropriate accounting, financial reporting, or related disclosures.	• Budget planning process • Reconciliation and review processes • Regular income and expense, debt and equity 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
	Impacts on profitability due to currency fluctuations	• Treasury Risk Management Framework • The US dollar denominated debt has been designated as a net investment hedge in a foreign operation and provides a natural hedge for US denominated business lines
Investment	Risk arising from ineffective investment strategies relative to peers and benchmarks, non-adherence to investment style and investment governance or inadequate management of market, credit and liquidity risks within the funds or client accounts.	• Well defined and disciplined investment processes and philosophy for selection • Established investment governance frameworks in place • Robust pre-and post-trade investment compliance • Independent fund and mandate monitoring and reporting
Operational	Risk arising from inadequate or failed internal processes, systems, people or from external events. This includes (but is not limited to) process, fraud or an event which disrupts business continuity.	• Clearly defined policies, procedures, roles and responsibilities • Controls testing in the form of control self-assessment • Effective issues management processes to respond to events that may arise • Business continuity planning and disaster recovery programs • Independent assurance
Information Technology & Cyber Security	Risk arising from failed, corrupted, breached or inadequate information systems resulting from inadequate infrastructure, applications, cloud services, security controls and support. includes (but is not limited to) loss of confidentiality, integrity and availability of sensitive or critical data as well as business disruption resulting from a cyber security event or failure of technology service provider to meet business requirements.	• Defined information security program and IT security policies • Implementation of operational security technology (including firewalls and antivirus) • Security (penetration) testing of key systems • Information security response plans • Business continuity planning and disaster recovery programs • Independent assurance

Risk Category	Risk Description/Impact	Risk Mitigants
Outsourcing	Risk that Perpetual enters into inappropriate servicing arrangements and/or services performed by external service providers, including related and third parties, are not managed in line with the servicing contract or the operational standards.	• Partnered with well-regarded and proven strategic partners • Outsourced relationships are managed at a senior level • Outsourcing and vendor management framework • Legal contracts / service level agreements in place and monitored • Independent assurance
Environmental, Social & Governance	Risk arising from inadequate or inappropriate environmental, social and governance (ESG) considerations in business and decision-making.	• Partnered with well-regarded, environmental and socially responsible partners • Acquisition of Trillium has increased ESG Investment capability and reinforced our commitment to ESG • Established and well-defined governance framework • Well defined and disciplined ESG investment processes and philosophy for selection • Mandated training on Perpetual's Code of Conduct and behaviours expected of all staff
Compliance & Legal	Risk that Perpetual breaches its compliance and legal obligations (including licence conditions and client commitments).	• Independent legal and compliance team, and training across teams • Compliance obligations are documented and monitored • Clearly defined policies, procedures, roles and responsibilities • Controls testing in the form of control self-assessment • Independent assessment of issues for compliance implications • Independent assurance
Conduct	Risk arising from conduct by Perpetual's directors, employees or contractors that is unethical or does not align with Perpetual's values, policies or expected behaviours or, the expectation of Perpetuals internal and external stakeholders.	• Effective risk management framework that sets out how risk is managed, including Three Lines of Defence risk model and application of risk appetite statement which outlines the risk behaviours expected of all Perpetual directors, employees and contractors • Mandated training on relevant Code of Conduct and Risk Management Framework and behaviours of all staff that form part of the performance assessment process • Partnered with well-regarded, environmental and socially responsible partners • Media monitoring • Net Promoter Score measurement and reporting • Whistleblowing arrangements managed by an independent vendor

1.5 Outlook

The strength of the Perpetual brand, built over generations as a leading provider of fiduciary services, has created a confidence and trust that gives the Group a solid foundation for future growth.

Perpetual's strategy seeks to build on the foundation of its market leading asset management, wealth management and trustee businesses by extending into world class capabilities and building a contemporary and scalable global business. This has been accelerated in FY21 by the acquisitions of US based asset managers Barrow Hanley Global Investors and Trillium Asset Management and significant investment into global distribution to support Perpetual's asset management business.

Our proven advice model and strong fiduciary heritage provides us with unique competitive advantages at a time when the advice industry is undergoing significant change. This has enabled us to attract new talent and to grow our adviser base. We continue to grow longstanding relationships across our corporate trust offerings, which will be further deepened as we continue to provide product and service innovation.

Each of our operating divisions is well-placed to deliver for our clients through investment in new products and innovative solutions, while driving strong performance from our existing capabilities. Together with our strong balance sheet, unique combination of businesses and the execution of our global distribution strategy, Perpetual is well positioned to deliver growth now and into the future.

We will continue to provide quarterly business updates on the underlying drivers of our business, the execution of our strategy and market conditions.

Part 2
Review Of Businesses

2 Review Of Businesses

The results and drivers of financial performance in FY21 for the four Perpetual operating segments are described in the following sections. A description of revenues and expenses at the Group Support Services level is also provided.

Perpetual Asset Management, our asset management division, is reported under its two operating segments Perpetual Asset Management International and Perpetual Asset Management Australia.

2.1 Perpetual Asset Management International

2.1.1 Business Overview

Perpetual Asset Management International is a newly formed operating segment and includes all asset management operations outside of Australia and New Zealand.

PAMI provides world class investment capabilities through two subsidiary asset management boutiques, Trillium and Barrow Hanley. With a strong presence in the US, complemented by a growing presence in the UK, Europe and Asia, PAMI is focused on meeting the needs of the institutional and retail investors outside of Australia and New Zealand.

2.1.2 Financial Performance

In Australian Dollars

FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	FY21 v FY20	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Revenue by asset class								
- Equities[1]	121.9	N/A	121.9	N/A	89.4	32.5	N/A	N/A
- Fixed Income	16.9	N/A	16.9	N/A	11.5	5.5	N/A	N/A
- Other[1]	0.3	N/A	0.3	N/A	0.0	0.3	N/A	N/A
Total revenue	**139.2**	**N/A**	**139.2**	**N/A**	**100.9**	**38.3**	**N/A**	**N/A**
Operating expenses	(95.8)	N/A	(95.8)	N/A	(69.4)	(26.3)	N/A	N/A
EBITDA	**43.4**	**N/A**	**43.4**	**N/A**	**31.5**	**11.9**	**N/A**	**N/A**
Depreciation and amortisation	(1.7)	N/A	(1.7)	N/A	(0.9)	(0.8)	N/A	N/A
Equity remuneration expense	(0.4)	N/A	(0.4)	N/A	0.2	(0.6)	N/A	N/A
Interest expense	(0.6)	N/A	(0.6)	N/A	(0.5)	(0.1)	N/A	N/A
Underlying profit before tax	**40.7**	**N/A**	**40.7**	**N/A**	**30.3**	**10.5**	**N/A**	**N/A**

1. 1H21 Equities and Other revenue has been re-presented to correct a mis-classification of revenue.

The financial performance includes Trillium (completion date of 30 June 2020) and Barrow Hanley (completion date of 17 November 2020).

In FY21, Perpetual Asset Management International reported underlying profit before tax of $40.7 million. FY21 revenue was $139.2 million and FY21 total expenses were $98.4 million.

Average AUM revenue margins in FY21 were 30 bps both including and excluding performance fees earned.

Equities average margins in FY21 were 32 bps. The reduction in margins in 2H21 compared to 1H21 was mainly due to the acquisition of Barrow Hanley in November 2020.

Fixed Income average margins of 21 bps includes performance fees earned. The reduction in margins in 2H21 compared to 1H21 was driven by performance fees in 1H21. Underlying average margins in Fixed Income (excluding performance fees earned) were 18 bps.

2.1.3 Assets Under Management

Revenue margin

FOR THE PERIOD	FY21 bps	FY20 bps	FY21 v FY20	2H21 bps	1H21 bps	2H20 bps	1H20 bps
By asset class:							
- Equities	32	N/A	32	31	37	N/A	N/A
- Fixed income	21	N/A	21	18	33	N/A	N/A
Average revenue margin	**30**	**N/A**	**30**	**29**	**36**	**N/A**	**N/A**

Performance fees in Australian Dollars

FOR THE PERIOD	FY21 \$M	FY20 \$M	FY21 v FY20	2H21 \$M	1H21 \$M	2H20 \$M	1H20 \$M
By asset class:							
- Equities	(0.3)	N/A	N/A	(0.3)	-	N/A	N/A
- Fixed income	2.3	N/A	N/A	0.0	2.3	N/A	N/A
Total performance fees	**2.0**	**N/A**	**N/A**	**(0.2)**	**2.3**	**N/A**	**N/A**

PAMI closing AUM summary in Australian Dollars

AT END OF	AUM MOVEMENTS					NET FLOWS			
	FY21 \$B	Net flows \$B	Other[1] \$B	Foreign Exchange Impacts \$B	FY20 \$B	2H21 \$B	1H21 \$B	2H20 \$B	1H20 \$B
Institutional	67.0	(4.1)	71.7	(1.9)	1.4	(3.5)	(0.6)	-	-
Intermediary	6.6	0.2	2.5	(0.4)	4.2	0.3	(0.1)	-	-
All distribution channels	**73.6**	**(3.9)**	**74.2**	**(2.3)**	**5.6**	**(3.2)**	**(0.7)**	**-**	**-**
US equities	48.2	(2.8)	48.4	(1.4)	4.0	(2.3)	(0.5)	-	-
Global equities	13.0	(0.1)	11.9	(0.4)	1.6	(0.1)	(0.0)	-	-
Equities	**61.2**	**(2.9)**	**60.4**	**(1.8)**	**5.6**	**(2.4)**	**(0.6)**	**-**	**-**
Fixed income	12.4	(1.0)	13.8	(0.5)	-	(0.9)	(0.1)	-	-
All asset classes	**73.6**	**(3.9)**	**74.2**	**(2.3)**	**5.6**	**(3.2)**	**(0.7)**	**-**	**-**

PAMI closing AUM summary in US Dollars

AT END OF	AUM MOVEMENTS					NET FLOWS			
	FY21	Net flows	Other[1]	Foreign Exchange Impacts	FY20	2H21	1H21	2H20	1H20
	$B	$B	$B	$B	$B	$B	$B	$B	$B
Institutional	50.3	(3.2)	52.5	-	1.0	(2.7)	(0.5)	-	-
Intermediary	4.9	0.2	1.9	-	2.9	0.2	(0.0)	-	-
All distribution channels	**55.3**	**(3.0)**	**54.4**	**-**	**3.8**	**(2.5)**	**(0.5)**	**-**	**-**
US equities	36.2	(2.2)	35.6	-	2.7	(1.8)	(0.4)	-	-
Global equities	9.8	(0.1)	8.8	-	1.1	(0.1)	(0.0)	-	-
Equities	**46.0**	**(2.3)**	**44.4**	**-**	**3.8**	**(1.8)**	**(0.4)**	**-**	**-**
Fixed income	9.3	(0.8)	10.1	-	-	(0.7)	(0.1)	-	-
All asset classes	**55.3**	**(3.0)**	**54.4**	**-**	**3.8**	**(2.5)**	**(0.5)**	**-**	**-**

1. Includes changes in market value of assets, income, reinvestments, distributions and asset class rebalancing within the Group's diversified funds and Barrow Hanley AUM of $61.9 billion ($US45.0 billion) converted at AUD:USD 0.73 at the date of completion.

AUM

Perpetual Asset Management International AUM as at 30 June 2021 was $US 55.3 billion or $73.6 billion. Both Barrow Hanley (increase of 10% in $US) and Trillium (increase of 50% in $US) have contributed strong AUM growth since the respective acquisition dates.

Outflows in the institutional channel were driven by US Equities and low margin fixed income mandates managed by Barrow Hanley, which was partially offset by strong net flows for Trillium.

2.2 Perpetual Asset Management Australia

2.2.1 Business Overview

Perpetual Asset Management Australia is one of Australia's most respected and longstanding active investment managers, focused on the needs of Australian and New Zealand investors. PAMA is a dynamic, active manager, offering an extensive range of specialist investment capabilities including Australian and global equities, credit and fixed income, multi-asset as well as environmental, social and governance (ESG) focused products.

2.2.2 Financial Performance

FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	FY21 v FY20	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Revenue by asset class								
- Equities	132.5	136.5	(4.0)	(3%)	70.7	61.7	61.2	75.3
- Cash and fixed income	29.8	32.0	(2.3)	(7%)	14.6	15.1	15.6	16.4
- Other AUM related	3.4	5.0	(1.6)	(31%)	1.2	2.2	2.2	2.7
- Other non-AUM related	0.0	0.1	(0.0)	(53%)	0.0	0.0	0.0	0.0
Total revenue[1]	**165.7**	**173.5**	**(7.8)**	**(5%)**	**86.6**	**79.1**	**79.0**	**94.5**
Operating expenses	(112.5)	(104.5)	(8.0)	(8%)	(57.4)	(55.1)	(54.2)	(50.3)
EBITDA[1]	**53.2**	**69.0**	**(15.8)**	**(23%)**	**29.2**	**24.0**	**24.8**	**44.2**
Depreciation and amortisation	(5.3)	(6.4)	1.1	18%	(2.7)	(2.6)	(3.1)	(3.3)
Equity remuneration expense	(5.7)	(6.8)	1.2	17%	(2.8)	(2.9)	(3.2)	(3.6)
Interest expense	(0.1)	(0.1)	0.1	54%	(0.0)	(0.1)	(0.1)	(0.1)
Underlying profit before tax[1]	**42.2**	**55.6**	**(13.4)**	**(24%)**	**23.7**	**18.5**	**18.4**	**37.2**

1. FY20 Total Revenue, EBITDA and Underlying profit before tax have been re-presented based on the revised definition of UPAT (refer to Appendix A and Appendix B for further details)

In FY21, Perpetual Asset Management Australia reported underlying profit before tax of $42.2 million, $13.4 million or 24% lower than FY20.

The decrease on FY20 was largely driven by a decline in average AUM to $23.5 billion due to net outflows and prior period distributions and product repricing, partially offset by higher performance fees and higher average equity markets.

The cost to income ratio in FY21 was 75% compared to 68% in FY20.

2.2.3 Drivers of Performance

Revenue

Perpetual Asset Management Australia generated revenue of $165.7 million in FY21, $7.8 million or 5% lower than in FY20.

The decrease in revenue on FY21 was mainly driven by lower average AUM due to the impact of net outflows and prior period distributions and product repricing, partially offset by higher performance fees and higher average equity markets.

Average AUM revenue margins in FY21 were 71 basis points (bps), 2 bps higher than FY20 driven by strong performance fees earned. Excluding performance fees earned, underlying average margins of 63 bps decreased by 5 bps compared to FY20. The margin decrease excluding performance fees is mainly driven by change in mix towards lower margin products in cash and fixed income and the impact of repricing. Movements in average margins usually result from changes in the mix of AUM between lower-margin institutional and higher-margin retail investors, as well as changes in the mix of asset classes such as cash and fixed income (generally lower margin) and equities (generally higher margin) and the contribution of performance fees earned.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense, for Perpetual Asset Management Australia in FY21 were $123.5 million, $5.6 million or 5% higher than in FY20.

The increase in expenses on FY20 was mainly due to higher variable remuneration mainly driven by performance fee share and costs related to the transition of its custodian and administrator provider, partially offset by synergies resulting from the creation of Perpetual Asset Management International and FY20 operating model benefits.

2.2.4 Assets Under Management

Revenue margin

FOR THE PERIOD	FY21 bps	FY20 bps	FY21 v FY20	2H21 bps	1H21 bps	2H20 bps	1H20 bps
By asset class:							
- Equities	94	85	9	95	92	85	85
- Cash and fixed income	35	39	(4)	37	33	36	43
- Other AUM related	43	59	(16)	31	57	56	62
Average revenue margin	**71**	**69**	**2**	**74**	**68**	**66**	**72**

Performance fees

FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	2H21 $M	1H21 $M	2H20 $M	1H20 $M
By asset class:							
- Equities	16.2	1.6	940%	10.9	5.2	1.8	(0.3)
- Cash and fixed income	2.0	1.6	24%	1.2	0.8	0.7	0.8
Total performance fees	**18.1**	**3.1**	477%	**12.1**	**6.0**	**2.6**	**0.5**

PAMA closing AUM summary

AT END OF	AUM MOVEMENTS				NET FLOWS			
	FY21 $B	Net flows $B	Other[1] $B	FY20 $B	2H21 $B	1H21 $B	2H20 $B	1H20 $B
Institutional	6.3	(1.0)	1.0	6.3	0.4	(1.5)	-	(0.2)
Intermediary	12.7	(1.4)	2.4	11.7	(0.6)	(0.8)	(0.8)	(1.0)
Retail	4.7	(0.3)	1.0	4.0	(0.1)	(0.2)	(0.3)	(0.3)
Listed Investment Vehicles	1.0	0.0	0.2	0.8	0.0	0.0	-	-
All distribution channels	**24.7**	**(2.8)**	**4.6**	**22.8**	**(0.3)**	**(2.5)**	**(1.1)**	**(1.5)**
Australian equities	13.9	(2.6)	3.9	12.6	(1.0)	(1.6)	(0.6)	(2.5)
Global equities	1.7	0.2	0.4	1.1	0.3	(0.1)	(0.1)	-
Equities	**15.6**	**(2.4)**	**4.3**	**13.7**	**(0.7)**	**(1.7)**	**(0.7)**	**(2.5)**
Cash and fixed income	8.3	(0.3)	0.2	8.4	0.5	(0.8)	(0.4)	1.1
Other[2]	0.9	(0.0)	0.1	0.8	0.0	(0.0)	-	(0.1)
All asset classes	**24.7**	**(2.8)**	**4.6**	**22.8**	**(0.3)**	**(2.5)**	**(1.1)**	**(1.5)**

1. Includes changes in market value of assets, income, reinvestments, distributions and asset class rebalancing within the Group's diversified funds.
2. FY20 closing AUM has been re-presented for Trillium, which is now reported under Perpetual Asset Management International AUM.

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

Equities: Revenues represent fees earned on Australian and Global equities products. Revenue in FY21 was $132.5 million, a decrease of 3% on FY20. FY21 Revenue was negatively impacted by lower average AUM compared to FY20 as a result of net outflows and prior period distributions, and repricing, partially offset by higher performance fees and higher average equity markets. The average margin in FY21 was 94 bps, 9 bps higher than FY20 due to higher performance fees.

Cash and fixed income: Revenues are derived from the management of cash and fixed income products. Revenue in FY21 was $29.8 million, a decrease of 7% on FY20. The decrease was mainly driven by the impact of prior year net outflows in higher margin products and the impact of repricing in FY21. The FY21 revenue margin of 35 bps decreased by 4 bps when compared to FY20 mainly driven by change in mix towards lower margin product and the impact of repricing.

Other AUM related: Revenue mainly includes management fees for external funds on the WealthFocus platform. Revenue in FY21 was $3.4 million, a decrease of $1.6 million on FY20 driven by repricing.

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

AUM

Perpetual Asset Management Australia's AUM as at 30 June 2021 was $24.7 billion, an increase of $1.9 billion on FY20. Net outflows of $2.8 billion during FY21 were offset by positive performance and higher equity markets.

Points of note in relation to the AUM and flows data for FY21:

- outflows in the institutional channel were primarily in Australian Equities and cash and fixed interest (low margin enhanced cash mandate), partially offset by inflows into the newly launched ESG Real Return fund in the final quarter of FY21; and
- outflows in the intermediary channel were primarily in Australian Equities.

2.3 Perpetual Private

2.3.1 Business Overview

Perpetual Private is an advisory services business focused on the comprehensive needs of families, businesses and communities.

Perpetual Private aims to empower families, businesses and communities to achieve their aspirations by delivering advisory service excellence. Perpetual Private utilises a targeted client segment approach to grow its FUA by offering quality advice and wealth management services to established wealthy, business owners, medical practitioners and other professionals, not for profit organisations and native title trusts. During the year, the business enhanced its family office service through the creation of a new team of specialists dedicated to ultra-high net worth clients and family offices.

Perpetual Private is one of Australia's largest managers of philanthropic funds. Philanthropy and fiduciary services remain an important part of our heritage and contributor to our business. Funds under advice for charitable trusts and endowments funds was $3.6 billion at the end of FY21.

2.3.2 Financial Performance

FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	FY21 v FY20	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Market related revenue	126.7	122.1	4.6	4%	65.6	61.1	59.3	62.8
Non-market related revenue	57.1	60.9	(3.8)	(6%)	29.0	28.1	30.1	30.7
Total revenues	183.8	183.0	0.8	0%	94.5	89.2	89.5	93.5
Operating expenses	(134.2)	(135.3)	1.1	1%	(67.9)	(66.3)	(68.5)	(66.8)
EBITDA	**49.6**	**47.7**	**1.9**	**4%**	**26.7**	**23.0**	**20.9**	**26.8**
Depreciation and amortisation[1]	(10.5)	(10.7)	0.2	2%	(5.0)	(5.5)	(4.9)	(5.8)
Equity remuneration expense	(3.5)	(3.4)	(0.1)	(3%)	(1.9)	(1.7)	(2.0)	(1.4)
Interest expense	(0.6)	(1.0)	0.4	43%	(0.1)	(0.5)	(0.5)	(0.5)
Underlying profit before tax[1]	**35.0**	**32.6**	**2.5**	**8%**	**19.7**	**15.3**	**13.6**	**19.0**
Funds under advice ($B)								
Closing FUA	$17.0B	$14.3B	$2.8B	19%	$17.0B	$15.5B	$14.3B	$15.2B
Average FUA	$15.4B	$14.7B	$0.7B	5%	$16.1B	$14.7B	$14.4B	$14.9B
Market related revenue margin	82bps	83bps	(1bps)		81bps	83bps	82bps	84bps

1. FY20 Depreciation and amortisation and Underlying profit before tax have been re-presented based on the revised definition of UPAT (refer to Appendix A and Appendix B for further details)

In FY21, Perpetual Private reported underlying profit before tax of $35.0 million, $2.5 million or 8% higher than FY20.

The increase on FY20 was mainly driven by higher market related revenue due to higher average equity markets and positive net flows (supported by the Adviser Growth Strategy), operating model benefits and Priority Life. This was partially offset by non-market related revenue impacted by the economic slow-down as a result of COVID-19 and the low interest rate environment.

Perpetual Private experienced continued new client growth within the high net worth segment in FY21, supported by the Adviser Growth Strategy. The cost to income ratio in FY21 was 81% compared to 82% in FY20.

2.3.3 Drivers of Performance

Revenue

Perpetual Private generated revenue of $183.8 million in FY21, $0.8 million higher than FY20.

Market related revenue was $126.7 million, $4.6 million or 4% higher than FY20. The increase compared to FY20 was mainly due to higher average equity markets and positive net flows, partially offset by legacy product repricing and lower fiduciary income fees.

Non-market related revenue was $57.1 million, $3.8 million or 6% lower than FY20. The decrease was mainly driven by the impact of lower interest rates and the economic slow-down on Fordham and transactional revenue compared to FY20 (especially 1H20), partially offset by Priority Life (acquisition completed in November 2019).

Perpetual Private's market related revenue margin was 82 bps in FY21 compared to 83 bps in FY20.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense, for Perpetual Private in FY21 were $148.7 million, $1.7 million or 1% lower than FY20. The impact of FY20 operating model benefits and lower remediation costs related to legacy matters, were partially offset by continued investment in supporting future business growth, such as Adviser Growth Strategy, Priority Life and family office services.

2.3.4 Funds under advice

Perpetual Private's FUA at the end of FY21 was $17.0 billion, $2.8 billion or 19% higher than FY20, primarily due to higher equity markets and positive net flows, supported by the Adviser Growth Strategy.

AT END OF	FY21	Net flows	Other[1]	FY20	2H21	1H21	2H20	1H20
	$B	$B	$B	$B	$B	$B	$B	$B
Total FUA	17.0	0.8	2.0	14.3	17.0	15.5	14.3	15.2

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

2.4 Perpetual Corporate Trust

2.4.1 Business Overview

Perpetual Corporate Trust is the leading provider of corporate trustee, agency, custody and digital solutions to the managed funds and debt capital markets industry comprising of the following:

- **Debt Market Services –** provides a holistic suite of products which include trustee, agency, trust management, accounting, document custody and standby servicing solutions to the Australian debt capital markets and securitisation industry. Debt Market Services includes the **Data & Analytics Solutions** business which provides a holistic and growing number of products including Data Services (RBA & ESMA regulatory, investor and intermediary reporting), Perpetual Roundtables (benchmarking, industry and client portfolio insights) and our new Perpetual Intelligence platform-as-a-service products providing a multitude of digital solutions to the banking and financial services industry.
- **Managed Funds Services –** provides independent responsible entity, custodian, wholesale trustee, investment management and accounting. Singapore products include trustee, agency and escrow services. Managed Funds Services has a global client base serviced from our Singapore and Australian offices, administrating a broad range of asset classes including property and infrastructure, debt, fixed income, equity, private equity, emerging markets, and hedge funds.

2.4.2 Financial Performance

FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	FY21 v FY20	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Debt Market Services	75.0	69.9	5.1	7%	38.2	36.9	36.7	33.2
Managed Funds Services	59.8	55.6	4.2	8%	31.0	28.8	28.0	27.6
Total revenues	134.9	125.5	9.3	7%	69.2	65.6	64.7	60.8
Operating expenses	(60.9)	(58.2)	(2.7)	(5%)	(31.5)	(29.3)	(31.3)	(26.9)
EBITDA	**74.0**	**67.3**	**6.6**	**10%**	**37.7**	**36.3**	**33.4**	**33.9**
Depreciation and amortisation[1]	(8.6)	(7.1)	(1.5)	(21%)	(4.2)	(4.4)	(3.1)	(4.0)
Equity remuneration expense	(1.2)	(1.0)	(0.1)	(11%)	(0.7)	(0.5)	(0.6)	(0.4)
Interest expense	(0.4)	(0.5)	0.1	16%	(0.2)	(0.2)	(0.2)	(0.3)
Underlying profit before tax[1]	**63.8**	**58.6**	**5.1**	**9%**	**32.6**	**31.2**	**29.4**	**29.2**

1. FY20 Depreciation and amortisation and Underlying profit before tax have been re-presented based on the revised definition of UPAT (refer to Appendix A and Appendix B for further details)

In FY21, Perpetual Corporate Trust reported underlying profit before tax of $63.8 million, $5.1 million or 9% higher than FY20. The cost to income ratio in FY21 was 53% compared to 53% in FY20.

2.4.3 Drivers Of Performance

Revenue

Perpetual Corporate Trust generated revenue of $134.9 million in FY21, $9.3 million or 7% higher than FY20. The main drivers of the improvement by business line were as detailed below.

In FY21, Debt Market Services revenue was $75.0 million, $5.1 million or 7% higher than FY20. The primary drivers for the increase on FY20 were underlying growth in securitisation revenue particularly from RMBS non bank clients and in lower margin RMBS repos due to our bank clients' access to the RBA's term funding facility. This was partially offset by lower securitisation revenue from RMBS bank clients.

In FY21, Managed Funds Services revenue was $59.8 million, $4.2 million or 8% higher than FY20. The increase was mainly driven by growth from both local and overseas clients for custodian and responsible entity solutions. Revenue was also supported by higher asset prices.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration, and interest expense, for Perpetual Corporate Trust in FY21 were $71.1 million, $4.2 million or 6% higher than FY20.

The increase in expenses on FY20 was mainly driven by costs to support increased client volumes, higher variable remuneration and investment in digital platforms.

2.4.4 Funds Under Administration

AS AT	FY21 $B	FY20 $B	FY21 v FY20	FY21 v FY20	2H21 $B	1H21 $B	2H20 $B	1H20 $B
Public Market Securitisation								
RMBS - bank (ADI)[1]	56.9	72.9	(16.0)	(22%)	56.9	65.5	72.9	69.4
RMBS - non bank[1]	63.9	58.5	5.5	9%	63.9	56.9	58.5	52.0
CMBS and ABS	39.5	41.9	(2.4)	(6%)	39.5	39.5	41.9	43.0
Balance Sheet Securitisation								
RMBS - repos	331.4	384.3	(52.9)	(14%)	331.4	367.7	384.3	240.8
Covered bonds	72.9	80.5	(7.6)	(9%)	72.9	80.3	80.5	77.7
Debt Market Services - Securitisation[2]	**564.6**	**638.0**	**(73.5)**	**(12%)**	**564.6**	**609.8**	**638.0**	**482.9**
Corporate and Structured Finance	18.3	18.1	0.3	2%	18.3	18.5	18.1	15.5
Total Debt Market Services	**582.9**	**656.1**	**(73.2)**	**(11%)**	**582.9**	**628.3**	**656.1**	**498.4**
Custody	173.4	158.1	15.3	10%	173.4	163.9	158.1	147.1
Wholesale Trustee	79.4	64.3	15.1	23%	79.4	75.1	64.3	63.5
Responsible Entity	48.2	28.9	19.3	67%	48.2	32.2	28.9	30.7
Singapore	38.9	34.6	4.3	13%	38.9	36.7	34.6	32.7
Managed Funds Services	**339.9**	**285.8**	**54.1**	**19%**	**339.9**	**307.9**	**285.8**	**274.1**
Total FUA	**922.8**	**941.9**	**(19.1)**	**(2%)**	**922.8**	**936.2**	**941.9**	**772.5**

1. Prior year RMBS – bank (ADI) and RMBS – non bank FUA has been re-presented during 1H21 to correct a mis-classification of a number of RMBS – bank and non bank clients. The correction had no impact on the total Public Market Securitisation FUA.
2. Includes warehouse and liquidity finance facilities.

At the end of FY21, Securitisation FUA in the Debt Market Services business was $564.6 billion, a decrease of $73.5 billion or 12% on FY20. The movement was driven by:

- Decrease in lower margin RMBS – repos (bank internal securitisation trusts) supporting our bank clients' access to the RBA's committed liquidity facility and term funding facility;
- Lower issuances across RMBS – bank (ADI) compared to FY20; and
- RMBS (bank and non bank) runoff rates in FY21 have been higher than in FY20 driven by increased re-financing activity in the Australian mortgage market.

At the end of FY21, Managed Funds Services FUA was $339.9 billion, an increase of $54.1 billion or 19% on FY20. The increase was driven by growth in all segments.

2.5 Perpetual Group Support Services

2.5.1 Business Overview

Group Support Services consist of Group Investments, CEO, Finance, Corporate Affairs, Marketing, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Project & Change Management, Operations, Product and People & Culture. It provides technology, operations, vendor management, marketing, property, legal, risk, 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. 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.

2.5.2 Financial Performance

FOR THE PERIOD	FY21 $M	FY20 $M	FY21 v FY20	FY21 v FY20	2H21 $M	1H21 $M	2H20 $M	1H20 $M
Interest Income	0.4	3.1	(2.7)	(86%)	0.2	0.2	1.1	2.0
Other Income[1]	16.7	5.4	11.3	208%	8.5	8.2	2.2	3.2
Total revenue[1]	17.1	8.5	8.6	101%	8.7	8.4	3.3	5.3
Operating expenses	(21.5)	(10.6)	(10.9)	(103%)	(12.8)	(8.6)	(6.7)	(3.9)
EBITDA[1]	**(4.4)**	**(2.1)**	**(2.3)**	**(110%)**	**(4.1)**	**(0.3)**	**(3.4)**	**1.4**
Depreciation and amortisation	(1.7)	(2.1)	0.4	19%	(1.0)	(0.6)	(0.7)	(1.4)
Equity remuneration expense	(0.7)	(0.7)	0.0	7%	(0.4)	(0.3)	(0.4)	(0.3)
Interest expense	(3.9)	(2.4)	(1.5)	(62%)	(1.6)	(2.2)	(0.9)	(1.5)
Underlying profit before tax[1]	**(10.6)**	**(7.2)**	**(3.3)**	**(46%)**	**(7.2)**	**(3.4)**	**(5.4)**	**(1.8)**

1. FY20 Other Income, Total Revenue, EBITDA and Underlying profit before tax have been re-presented based on the revised definition of UPAT (refer to Appendix A and Appendix B for further details).

2.5.3 Drivers of Performance

Revenue

In FY21, revenue from the Group's cash holdings and principal investments was $17.1 million, $8.6 million or 101% higher than in FY20. The increase was driven by higher distribution income received from unit trust investments held for investing in product (IIP) and seed fund investments, partially offset by lower interest income.

Unrealised gains of investing in product (IIP) were higher in FY21 than in FY20.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense for Group Support Services in FY21 were $27.6 million, $11.9 million or 76% higher than in FY21.

The primary drivers of the increase in expenses were related to distributions on employee owned units in Barrow Hanley, additional expenses related to consolidated seed funds in connection with acquisitions, higher variable remuneration, and higher interest expense.

Part 3
Appendices

3 Appendices

3.1 Appendix A: Segment Results

PERIOD	FY21					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M
Operating revenue	139.2	165.7	183.8	134.9	17.1	640.6
Operating expenses	(95.8)	(112.5)	(134.2)	(60.9)	(21.5)	(424.8)
EBITDA	**43.4**	**53.2**	**49.6**	**74.0**	**(4.4)**	**215.8**
Depreciation and amortisation	(1.7)	(5.3)	(10.5)	(8.6)	(1.7)	(27.7)
Equity remuneration	(0.4)	(5.7)	(3.5)	(1.2)	(0.7)	(11.4)
EBIT	**41.3**	**42.2**	**35.6**	**64.2**	**(6.7)**	**176.6**
Interest expense	(0.6)	(0.1)	(0.6)	(0.4)	(3.9)	(5.5)
UPBT	**40.7**	**42.2**	**35.0**	**63.8**	**(10.6)**	**171.2**
Significant Items Pre Tax	**(68.1)**	**0.9**	**(2.1)**	**(3.5)**	**8.4**	**(64.5)**
Reportable Segment NPBT	**(27.4)**	**43.1**	**33.0**	**60.3**	**(2.2)**	**106.7**

PERIOD	2H21					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M
Operating revenue	100.9	86.6	94.5	69.2	8.7	359.9
Operating expenses	(69.4)	(57.4)	(67.9)	(31.5)	(12.8)	(239.1)
EBITDA	**31.5**	**29.2**	**26.7**	**37.7**	**(4.1)**	**120.9**
Depreciation and amortisation	(0.9)	(2.7)	(5.0)	(4.2)	(1.0)	(13.9)
Equity remuneration	0.2	(2.8)	(1.9)	(0.7)	(0.4)	(5.6)
EBIT	**30.7**	**23.7**	**19.8**	**32.8**	**(5.5)**	**101.4**
Interest expense	(0.5)	(0.0)	(0.1)	(0.2)	(1.6)	(2.4)
UPBT	**30.3**	**23.7**	**19.7**	**32.6**	**(7.2)**	**99.0**
Significant Items Pre Tax	**(40.9)**	**0.6**	**(1.0)**	**(1.8)**	**4.5**	**(38.7)**
Reportable Segment NPBT	**(10.7)**	**24.2**	**18.7**	**30.8**	**(2.7)**	**60.3**

PERIOD	1H21					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M
Operating revenue	38.3	79.1	89.2	65.6	8.4	280.6
Operating expenses	(26.3)	(55.1)	(66.3)	(29.3)	(8.6)	(185.7)
EBITDA	**11.9**	**24.0**	**23.0**	**36.3**	**(0.3)**	**94.9**
Depreciation and amortisation	(0.8)	(2.6)	(5.5)	(4.4)	(0.6)	(13.9)
Equity remuneration	(0.6)	(2.9)	(1.7)	(0.5)	(0.3)	(5.9)
EBIT	**10.6**	**18.5**	**15.8**	**31.4**	**(1.2)**	**75.2**
Interest expense	(0.1)	(0.1)	(0.5)	(0.2)	(2.2)	(3.1)
UPBT	**10.5**	**18.5**	**15.3**	**31.2**	**(3.4)**	**72.1**
Significant Items Pre Tax	**(27.2)**	**0.3**	**(1.0)**	**(1.7)**	**3.9**	**(25.8)**
Reportable Segment NPBT	**(16.7)**	**18.8**	**14.3**	**29.5**	**0.5**	**46.4**

PERIOD	FY20					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M
Operating revenue	-	173.5	183.0	125.5	8.5	490.5
Operating expenses[1]	-	(104.5)	(135.3)	(58.2)	(10.6)	(308.6)
EBITDA	**-**	**69.0**	**47.7**	**67.3**	**(2.1)**	**181.9**
Depreciation and amortisation[1]	-	(6.4)	(10.7)	(7.1)	(2.1)	(26.3)
Equity remuneration	-	(6.8)	(3.4)	(1.0)	(0.7)	(12.0)
EBIT	**-**	**55.7**	**33.6**	**59.2**	**(4.9)**	**143.6**
Interest expense[1]	-	(0.1)	(1.0)	(0.5)	(2.4)	(4.0)
UPBT[1]	**-**	**55.6**	**32.6**	**58.6**	**(7.2)**	**139.6**
Significant Items Pre Tax[1]	**-**	**(2.1)**	**(2.4)**	**(3.5)**	**(15.0)**	**(23.0)**
Reportable Segment NPBT[1]	**-**	**53.5**	**30.1**	**55.2**	**(22.2)**	**116.6**

PERIOD	2H20					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M
Operating revenue	-	79.0	89.5	64.7	3.3	236.5
Operating expenses[1]	-	(54.2)	(68.5)	(31.3)	(6.7)	(160.8)
EBITDA	**-**	**24.8**	**20.9**	**33.4**	**(3.4)**	**75.7**
Depreciation and amortisation[1]	-	(3.1)	(4.9)	(3.1)	(0.7)	(11.8)
Equity remuneration	-	(3.2)	(2.0)	(0.6)	(0.4)	(6.2)
EBIT	**-**	**18.4**	**14.1**	**29.7**	**(4.5)**	**57.7**
Interest expense[1]	-	(0.1)	(0.5)	(0.2)	(0.9)	(1.7)
UPBT[1]	**-**	**18.4**	**13.6**	**29.4**	**(5.4)**	**56.0**
Significant Items Pre Tax[1]	**-**	**(2.1)**	**(0.8)**	**(1.7)**	**(7.8)**	**(12.5)**
Reportable Segment NPBT[1]	**-**	**16.3**	**12.8**	**27.7**	**(13.2)**	**43.5**

PERIOD	1H20					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M
Operating revenue	-	94.5	93.5	60.8	5.3	254.1
Operating expenses[1]	-	(50.3)	(66.8)	(26.9)	(3.9)	(147.8)
EBITDA	**-**	**44.2**	**26.8**	**33.9**	**1.4**	**106.2**
Depreciation and amortisation[1]	-	(3.3)	(5.8)	(4.0)	(1.4)	(14.5)
Equity remuneration	-	(3.6)	(1.4)	(0.4)	(0.3)	(5.8)
EBIT	**-**	**37.3**	**19.5**	**29.5**	**(0.3)**	**85.9**
Interest expense[1]	-	(0.1)	(0.5)	(0.3)	(1.5)	(2.3)
UPBT[1]	**-**	**37.2**	**19.0**	**29.2**	**(1.8)**	**83.6**
Significant Items Pre Tax[1]	**-**	**(0.0)**	**(1.6)**	**(1.7)**	**(7.2)**	**(10.5)**
Reportable Segment NPBT[1]	**-**	**37.2**	**17.4**	**27.5**	**(9.0)**	**73.1**

1. FY20 Operating revenue, EBITDA, Depreciation and amortisation, EBIT, UPBT, Significant items Pre Tax and Net Profit before tax have been re-presented based on the revised definition of UPAT.

3.1.1 Breakdown of Significant Items Pre Tax

PERIOD	FY21						2H21						1H21					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Transaction and Integration costs[1]	(42.1)	-	-	(0.1)	(0.3)	(42.5)	(20.1)	-	-	(0.1)	(0.0)	(20.1)	(22.1)	-	-	-	(0.3)	(22.4)
Trillium	(3.8)	-	-	-	-	(3.8)	(2.1)	-	-	-	-	(2.1)	(1.6)	-	-	-	-	(1.6)
Barrow Hanley	(38.4)	-	-	-	-	(38.4)	(17.9)	-	-	-	-	(17.9)	(20.5)	-	-	-	-	(20.5)
Other	-	-	-	(0.1)	(0.3)	(0.3)	-	-	-	(0.1)	(0.0)	(0.1)	-	-	-	-	(0.3)	(0.3)
Non-cash amortisation of acquired intangibles[2]	(12.7)	-	(2.1)	(3.5)	-	(18.2)	(9.4)	-	(1.0)	(1.7)	-	(12.2)	(3.3)	-	(1.0)	(1.7)	-	(6.1)
Unrealised gains/losses on financial assets[3]	-	0.9	-	-	8.6	9.5	-	0.6	-	-	4.4	5.0	-	0.3	-	-	4.2	4.5
Accrued incentive compensation liability[4]	(13.3)	-	-	-	-	(13.3)	(11.5)	-	-	-	-	(11.5)	(1.8)	-	-	-	-	(1.8)
Significant Items Pre Tax	**(68.1)**	**0.9**	**(2.1)**	**(3.5)**	**8.4**	**(64.5)**	**(40.9)**	**0.6**	**(1.0)**	**(1.8)**	**4.5**	**(38.7)**	**(27.2)**	**0.3**	**(1.0)**	**(1.7)**	**3.9**	**(25.8)**

1. Relates to costs associated with the acquisitions of Barrow Hanley and Trillium. Costs include professional fees, administrative and general expenses and staff costs related to deal specific retention and performance grants.
2. Relates to the amortisation expense on intangible assets acquired through business combinations. Comparative has been re-presented to align with the Company's new definition of UPAT.
3. Relates to unrealised mark to market gains and losses on EMCF, seed fund investments and financial assets held for regulatory purposes.
4. This liability reflects the value of employee owned units in Barrow Hanley.

3.2 Appendix B: Bridge For FY21 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 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 reviewed. 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.

Post completion of Barrow Hanley acquisition in November 2020, the definition of UPAT was revised to reflect changes to the Group's operating cash flows from both existing and future opportunities. As shown in the table below, FY21 reporting adjusted NPAT for the four types of significant items:

- those that are material in nature and in Perpetual's view do not reflect normal operating activities;
- non-cash tax-effected amortisation of acquired intangibles (FY20 has been re-presented);
- tax-effected unrealised gains/losses on financial assets, this excludes unrealised gains/losses on financial assets held as a hedge to the Investing in Product scheme (FY20 has been re-presented); and
- accrued incentive compensation liability.

		OFR adjustments							
	FY21 Statutory Accounts	EMCF[1]	Transaction and Integration costs			Non-cash amortisation of acquired intangibles	Unrealised gains/losses on financial assets	Accrued incentive compensation liability	FY21 OFR
			Trillium	Barrow Hanley	Other				
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	652,075	(294)	-	-			(11,208)		640,573
Staff related expenses excluding equity remuneration expense	(329,673)		182	20,387	(3)			13,314	(295,793)
Occupancy expenses	(7,072)			3	(42)				(7,111)
Administrative and general expenses	(139,977)		1,042	16,681	372				(121,882)
Distributions and expenses relating to structured products	(294)	294							-
Equity remuneration expense	(12,349)		823	98					(11,428)
Depreciation and amortisation expense	(45,929)			4		18,212			(27,713)
Financing costs	(10,116)		1,715	1,209			1,707		(5,485)
Total expenses	(545,410)	294	3,762	38,382	327	18,212	1,707	13,314	(469,412)
Net profit before tax	**106,665**	**-**	**3,762**	**38,382**	**327**	**18,212**	**(9,501)**	**13,314**	**171,161**
Income tax expense	(31,796)		(844)	(9,544)	(2)	(4,601)	2,770	(3,087)	(47,104)
Net profit after tax	**74,869**	**-**	**2,918**	**28,838**	**325**	**13,611**	**(6,731)**	**10,227**	**124,057**
Significant Items (net of tax)									
Transaction and Integration costs									
- Trillium									(2,918)
- Barrow Hanley									(28,838)
- Other									(325)
Non-cash amortisation of acquired intangibles									(13,611)
Unrealised gains/losses on financial assets									6,731
Accrued incentive compensation liability									(10,227)
Net profit after tax attributable to equity holders									**74,869**

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: Perpetual Average Assets Under Management

FOR THE PERIOD in Australian Dollars	FY21 $B	FY20 $B	FY21 v FY20	FY21 v FY20	2H21 $B	1H21 $B	2H20 $B	1H20 $B
By asset class:								
- US equities	29.6	N/A	29.6	N/A	45.5	13.6	N/A	N/A
- Global equities	8.0	N/A	8.0	N/A	11.9	4.1	N/A	N/A
- Fixed income	8.0	N/A	8.0	N/A	12.6	3.4	N/A	N/A
PAMI average AUM[1]	**45.6**	**N/A**	**45.6**	**N/A**	**70.1**	**21.0**	**N/A**	**N/A**
By asset class:								
- Australian equities	12.9	14.8	(1.9)	(13%)	13.5	12.3	13.3	16.4
- Global equities	1.2	1.2	0.0	3%	1.4	1.1	1.1	1.3
- Cash and fixed income	8.5	8.2	0.3	4%	7.8	9.2	8.6	7.7
- Other	0.8	0.8	(0.0)	(2%)	0.8	0.8	0.8	0.9
PAMA average AUM	**23.5**	**25.0**	**(1.5)**	**(6%)**	**23.5**	**23.4**	**23.8**	**26.3**
PP average AUM	**6.8**	**6.6**	**0.2**	**3%**	**7.1**	**6.5**	**6.5**	**6.7**
Total average AUM	**75.8**	**31.6**	**44.2**	**140%**	**100.7**	**51.0**	**30.3**	**33.0**

FOR THE PERIOD in US Dollars	FY21 $B	FY20 $B	FY21 v FY20	FY21 v FY20	2H21 $B	1H21 $B	2H20 $B	1H20 $B
By asset class:								
- US equities	22.5	N/A	22.5	N/A	35.0	10.1	N/A	N/A
- Global equities	6.1	N/A	6.1	N/A	9.2	3.0	N/A	N/A
Total equities	**28.6**	**N/A**	**28.6**	**N/A**	**44.1**	**13.1**	**N/A**	**N/A**
Fixed income	6.1	N/A	6.1	N/A	9.7	2.5	N/A	N/A
PAMI average AUM[1]	**34.7**	**N/A**	**34.7**	**N/A**	**53.8**	**15.6**	**N/A**	**N/A**

1. Average AUM for FY21 and 1H21 include Barrow Hanley as per November 2020.

3.4 Appendix D: Full Time Equivalent Employees

AT END OF	2H21	1H21[1]	2H20	1H20
Perpetual Asset Management, International	156	147	-	-
Perpetual Asset Management, Australia	88	82	90	86
Perpetual Private[1]	360	360	379	352
Perpetual Corporate Trust[1]	205	203	161	149
Group Support Services[1]	358	356	369	342
Total operations	**1,166**	**1,148**	**999**	**929**
Permanent	1,163	1,142	974	907
Contractors	3	5	25	22
Total operations	**1,166**	**1,148**	**999**	**929**

1. 1H21 FTE reflects transfer of functions such as document custody and standby servicing from Group Support Services to Perpetual Corporate Trust and functions such as client administration from Perpetual Private to Group Support Services.

3.5 Appendix E: Dividend History

Perpetual's dividend policy is to a payout ratio range of between 60% and 90% of UPAT 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
FY21	Final	24 Sep 2021	96 cents	100%	30%	Not determined at time of publication
FY21	Interim	26 Mar 2021	84 cents	100%	30%	$32.34
FY20	Final	25 Sep 2020	50 cents	100%	30%	$28.54
FY20	Interim	27 Mar 2020	105 cents	100%	30%	$28.06
FY19	Final	30 Sep 2019	125 cents	100%	30%	$36.70
FY19	Interim	29 Mar 2019	125 cents	100%	30%	$41.62
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

3.6 Glossary

AASB	Australian Accounting Standards Board
ABS	Asset backed securities
ADI	Authorised deposit-taking institution
All Ords	All Ordinaries Price Index
APRA	Australian Prudential Regulatory Authority
ARCC	Audit, Risk and Compliance Committee
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollars
AUM	Assets under management
B	Billion
BEAR	Banking Executive Accountability Regime
bps	Basis point (0.01%)
CCIV	Collective Corporate Investment Vehicles
CEO	Chief executive officer
COVID-19	Coronavirus disease
CMBS	Commercial mortgage backed securities
cps	Cents per share
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
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
FAR	Financial Accountability Regime
FTE	Full time equivalent employee
FUA	Funds under advice (for Perpetual Private) or funds under administration (for Perpetual Corporate Trust)
Group	Perpetual Limited and its controlled entities (the consolidated entity) and the consolidated entity's interests in associates
HNW	High net worth
IFRS	International Financial Reporting Standards
IIP	Investing in Product
IT	Information technology
KPI	Key performance indicator
M	Million
MAS	Monetary Authority of Singapore
NM	Not meaningful
NPBT	Net profit before tax
NPAT	Net profit after tax
NTA	Net tangible asset
N/A	Not applicable

OFR	Operating and Financial Review
PAMA	Perpetual Asset Management Australia
PAMI	Perpetual Asset Management International
PCT	Perpetual Corporate Trust
PP	Perpetual Private
RAS	Risk Appetite Statement
RBA	Reserve Bank of Australia
RMBS	Residential mortgage-backed securities
RMF	Risk Management Framework
ROE	Return on equity
RSE	Registrable Superannuation Entity
SREIT	Singapore real estate investment trust
UK	United Kingdom
UPAT	Underlying profit after tax
UPBT	Underlying profit before tax
US	United States
USD	US Dollars
WH&S	Work health and safety

NEW SOUTH WALES
Angel Place
Level 18, 123 Pitt Street
Sydney NSW 2000

QUEENSLAND
Central Plaza 1
Level 15, 345 Queen Street
Brisbane QLD 4000

AUSTRALIAN CAPITAL TERRITORY
Level 9, Nishi Building
2 Phillip Law Street
Canberra ACT 2601

VICTORIA
Level 28 and 29 Rialto South Tower, 525 Collins Street
Melbourne VIC 3000

SOUTH AUSTRALIA
Level 11, 101 Grenfell Street
Adelaide SA 5000

WESTERN AUSTRALIA
Exchange Tower
Level 29, 2 The Esplanade
Perth WA 6000

SINGAPORE
16 Collyer Quay #07-01
Singapore 049318

CHICAGO
155 N Wacker Drive
Suite 4250
Chicago, IL 60606
USA

AMSTERDAM
Apollolaan 151,
1077AR Amsterdam
Netherlands

TRILLIUM ASSET MANAGEMENT:

Boston
Two Financial Center
60 South Street, Suite 1100
Boston, MA 02111
USA

San Francisco
160 Spear Street, Suite 250
San Francisco, CA 94105
USA

Portland
721 NW Ninth Avenue, Suite 250
Portland, OR 97209
USA

London
20 North Audley Street
London W1K 6LX
United Kingdom

Edinburgh
15 Queen Street
Edinburgh EH2 1JE
United Kingdom

BARROW HANLEY GLOBAL INVESTORS:

Dallas
2200 Ross Avenue, 31st Floor
Dallas, TX 75201
USA

Hong Kong
Unit 22, Level 10 BOC
Group Life Assurance Tower
139 Des Voeux Road Central
Central Hong Kong