

27 April 2023

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

Via electronic lodgment

Third Quarter 2023 Business Update

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

The release of this announcement was authorised by Chief Executive Officer under delegated authority from the Board.

Yours faithfully



Sylvie Dimarco
Company Secretary

About Perpetual

Perpetual is an independent financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. For further information, go to www.perpetual.com.

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Third Quarter Business Update

AUM of A\$210 billion, up 4% on pcp¹

Driven by positive markets, FX and improvement in total net flows

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

Chief Executive Officer and Managing Director, Rob Adams said, “Our update today brings together Perpetual and Pental Group’s (Pental) asset management businesses for the first time since the acquisition completed in January, to report total assets under management (AUM) of A\$210 billion, an increase of 4% on our pro-forma AUM as at 31 December 2022¹. Across the Group, combined total net flows were close to flat at A\$0.1 billion² in net outflows for the quarter, assisted by strong net inflows for Barrow Hanley which, for the first time since the acquisition in November 2020, delivered positive net inflows of A\$0.9² billion over the period.

“As we bring Perpetual and Pental’s asset management businesses together, it has been pleasing to see the strength of our relationships combined with a generally strong relative investment performance profile, leading to an improved net flow profile for the new Group. Barrow Hanley’s positive net flows were particularly pleasing, and with 100%³ of their equity-based strategies outperforming their respective benchmarks over 1 and 3 years, their pipeline continues to build.

“Across the broader Group, the strength and diversity of our capabilities is demonstrated by 85% of our strategies³ having outperformed their benchmark over the important three-year time horizon. This performance backdrop is positive for our newly combined global distribution team which will improve distribution reach for all of our boutiques over time.

“We are pleased with the progress we are making on integrating Pental Group into our business and have today announced in a separate update an increased estimate of net-synergies which we expect to deliver over the coming two years from A\$60 million to A\$80 million⁴.

“Looking ahead, we expect the macro environment and general market conditions to remain challenging. This will impact each of our asset management boutiques differently, given the variety of investment approaches we now have across the Group. Whilst we are only three months post the acquisition of Pental, we expect the benefits of bringing these businesses together will help better navigate the current environment.

¹ Compared to pro-forma 31 December 2022 AUM of A\$202 billion released in Perpetual’s 1H23 investor presentation.

² Flows include Perpetual, Barrow Hanley and Trillium flows for the March quarter and Pental, TSW, JOHCM and Regnan flows for the period 12 January 2023 – 31 March 2023. Flows converted from USD and GBP at the month end exchange rates.

³ Outperformance based on strategies with over A\$100 million in AUM and provided on a gross of fees basis. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. The disclosure document or product disclosure statement (PDS) of any of the investment strategies should be considered before deciding whether to acquire or hold units in any strategy. Target Market Determinations for the Perpetual funds are available on www.perpetual.com.au or calling 1800 022 033. Target Market Determinations for the Pental Funds are available on www.pentalgroup.com or 1300 346 821. Refer to Perpetual’s, Pental’s, Barrow Hanley’s or Trillium’s websites for further performance information.

⁴ Please see separate announcement today titled “Update on Pental Integration” for further information. Synergies will be achieved at a run-rate level by January 2025 (two years post acquisition completion).

Importantly, our Corporate Trust business continues to prove its resilience through market cycles, and our Wealth Management⁵ business remains a strong performer as a leading private wealth advisor in the Australian market.”

Asset Management

Americas

- Americas AUM was A\$121.2 billion⁶ (US\$81.4 billion) as at 31 March 2023. The increase in AUM from A\$70.4 billion⁶ (US\$47.8 billion) at 31 December 2022, was largely driven by the inclusion of AUM acquired through Pental of A\$47.0 billion⁶ (US\$32.5 billion), positive market movements of approximately A\$2.0 billion⁶ (US\$1.5 billion), positive foreign exchange movements of A\$2.4 billion⁶ and net outflows of A\$0.5 billion² (US\$0.4 billion). Average AUM was A\$112.0 billion⁶ (US\$76.6 billion) for the March quarter.
- In the Americas, which now includes AUM managed by Barrow Hanley, Trillium, TSW, J O Hambro Capital Management US (JOHCM) and Regnan, net outflows were A\$0.5 billion² (US\$0.4 billion) for the quarter. Barrow Hanley had its first quarter of positive inflows since acquisition (A\$0.9 billion⁶ or US\$0.6 billion), with inflows in global equities and emerging market equities outstripping outflows in US equities. Net flows in the Americas also benefitted from the launch of Barrow Hanley’s Collateralised Loan Obligation (CLO) capability in the quarter, which amounted to A\$0.5 billion⁶ (US\$0.3 billion).
- Across equities strategies, net outflows were A\$1.0 billion⁶ (US\$0.7 billion) driven by outflows in US equities of A\$1.4 billion⁶ (US\$0.9 billion), mainly in Barrow Hanley, and outflows in global equities in JOHCM and TSW strategies, partially offset by net inflows into Barrow Hanley’s global and emerging markets strategies.
- Following the end of the March quarter, JOHCM was advised of the termination of a sub advisory mandate for their International Select strategy of approximately A\$1.0 billion⁶ (US\$0.7 billion), which will be accounted for in the fourth quarter AUM update.

Australia

- Australia’s AUM was A\$63.9 billion as at 31 March 2023, including A\$39.6 billion acquired through Pental, market movements of approximately A\$1.5 billion and net inflows for the quarter of A\$0.5 billion. Average AUM was A\$57.3 billion.
- Net inflows of A\$0.5 billion² included net inflows of A\$1.0 billion in cash, mainly into Pental cash strategies, and global equities strategies net inflows of A\$0.2 billion offset by net outflows in Australian equities of A\$0.3 billion and net outflows of A\$0.4 billion in fixed income, mainly from one client in the intermediary channel.

Europe, UK and Asia

- AUM was A\$25.3 billion⁶ (£13.7 billion) as at 31 March 2023. The increase in AUM largely came from AUM acquired through Pental of A\$23.7 billion⁶ (£13.5 billion) and positive foreign exchange movements of A\$1.2 billion. Average AUM was A\$20.9 billion⁵ (£11.7 billion).
- Net outflows were A\$0.1 billion² (£0.05 billion), with new client wins in JOHCM’s global opportunities strategy driving inflows in global equities of A\$0.3 billion⁶ (£0.1 billion), offset by outflows in UK and emerging market equities.

⁵ Formerly Perpetual Private.

⁶ For AUM under the Americas region, a conversion rate of AUD:USD - 0.6712 at 31 March 2023 was used, for EUKA AUM, a conversion rate of AUD:GBP - 0.5415 at 31 March 2023 was used. Note a small amount of EUKA AUM is converted from USD to AUD.

Corporate Trust

- Corporate Trust's total Funds Under Administration (FUA) was A\$1.16 trillion as at 31 March 2023, up 1% on the previous quarter.
- In the Debt Market Services (DMS) division, FUA was down 0.2% (A\$1.6 billion) compared to the previous quarter. Non-bank lenders continue to access the market, with activity relatively stable over the quarter, while bank securitisation was softer due to the slowing residential property market, with most banks choosing to access their own retail deposit bases for funding rather than the securitisation market. Asset Backed Securitisation (ABS) and Commercial Mortgage Backed Securitisation (CMBS) FUA was stable.
- The Managed Funds Services (MFS) division's FUA was up A\$14.2 billion or 3% compared to the previous quarter. Capital flows and valuations were stable in the Real Asset business, Custody grew by 3%, and Singapore by 10% due to additional new clients onboarded from a portfolio acquisition. Responsible Entity Services FUA was up 2% and Wholesale Trustee up 1%.
- In Perpetual Digital, we continue to see a solid level of client interest in our capabilities, including Laminar Capital's Treasury Direct SAAS offering.

Wealth Management

- Wealth Management's total Funds Under Advice (FUA) was A\$18.4 billion as at 31 March 2023, 3% or A\$0.5 billion higher than A\$17.9 billion reported in 31 December 2022 with net inflows of A\$0.1 billion and a A\$0.4 billion impact from positive market movements. Total average FUA for the three months to 31 March 2023 was A\$18.3 billion, compared to A\$17.9 billion in the December quarter.
- Net inflows were A\$0.1 billion, with continued contributions from Jacaranda, Native Title and philanthropy sector clients.

FY23 Expense Growth Guidance

Perpetual expects FY23 expense growth to be in the range of 37% to 39%⁷, including Pandal expenses since completion. Excluding Pandal, Perpetual stand-alone expense growth would have remained at the top end of the previously guided range of 4% to 6%⁶.

Investor call

Perpetual will hold an investor call this morning at 10:00am AEST to discuss the quarterly update and its separate announcement today regarding the integration of Pandal.

Investors wishing to dial into the call should register using the following link:
<https://register.vevent.com/register/Bl46ac78a4d8c4b6aa1f750f20b0be70e>

The call will be recorded and available on Perpetual's website soon after.

-Ends -

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⁷ Note that expense growth is subject to fluctuations in variable remuneration, foreign exchange movements, and interest rates.

Appendix - AUM and flows data by channel and asset class, by region

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

Combined View - All Regions		31-Dec-22	Pendal AUM (as at 11 January 2023) ¹	Flows ²	Other ³	Foreign Exchange Impacts ⁴	31-Mar-23
Equities	Australia	11.5	17.4	(0.3)	0.8	0.0	29.4
	Global / International	18.1	47.2	0.1	2.2	1.9	69.4
	UK	-	8.7	(0.2)	(0.1)	0.4	8.8
	US	43.8	7.5	(1.4)	(0.8)	0.8	50.0
	Europe	-	1.3	0.0	0.0	0.1	1.5
	Emerging Markets	1.8	4.8	0.5	0.1	0.1	7.5
Total Equities		75.2	87.0	(1.2)	2.2	3.3	166.5
Fixed Income	Australia	4.9	6.7	(0.4)	0.3	0.0	11.5
	US	9.0	0.1	0.6	0.3	0.1	10.2
Total Fixed Income		13.9	6.9	0.2	0.6	0.1	21.7
Multi Asset		3.0	6.7	(0.1)	0.1	0.1	9.8
Other		0.7	0.2	(0.0)	0.0	0.0	0.8
Total Group (ex cash)		92.8	100.7	(1.1)	2.9	3.5	198.9
Cash		0.9	9.5	1.0	0.1	0.0	11.5
Total Group		93.7	110.2	(0.1)	3.0	3.5	210.4

Australia		31-Dec-22	Pendal AUM (as at 11 January 2023)	Flows ²	Other ³	Foreign Exchange Impacts ⁴	31-Mar-23
Equities	Australia	11.5	17.4	(0.3)	0.8	0.0	29.4
	Global / International	1.4	1.1	0.2	0.1	0.0	2.9
	Emerging Markets	-	0.9	0.0	0.0	0.0	1.0
Total Equities		12.9	19.5	(0.1)	1.0	0.0	33.3
Fixed Income	Australia	4.9	6.7	(0.4)	0.3	0.0	11.5
Multi Asset		3.0	3.7	(0.0)	0.2	0.0	6.9
Other		0.7	0.1	(0.0)	0.0	0.0	0.7
Total ex. cash		21.5	30.0	(0.6)	1.4	0.0	52.4
Cash		0.9	9.5	1.0	0.1	0.0	11.5
Total Australia		22.3	39.6	0.5	1.5	0.0	63.9

Note: Numbers may not add up due to rounding

- 1 Pendal AUM now includes JOHCM emulated portfolios (A\$1.3 billion at 11 January 2023) which were previously excluded from Pendal's AUM statements. The inclusion aligns with Perpetual's methodology.
- 2 Flows include Perpetual, Barrow Hanley and Trillium flows for the March quarter and Pendal, TSW, JOHCM and Regnan flows for the period 12 January 2023 – 31 March 2023.
- 3 Other includes changes in market value of assets, income, re investments and distributions.
- 4 Conversion rate AUD:USD at 31 March 2023 was 0.6712. Conversion rate AUD:GBP at 31 March 2023 was 0.5415.

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

		31-Dec-22	Pendal AUM (as at 11 January 2023)	Flows ²	Other ³	Foreign Exchange Impacts ⁴	31-Mar-23
Americas							
Equities	Global / International	15.7	32.9	(0.4)	2.4	1.2	51.9
	US	43.8	7.5	(1.4)	(0.8)	0.8	50.0
	Emerging Markets	1.8	3.6	0.7	0.1	0.1	6.3
Total Equities		61.4	44.0	(1.0)	1.7	2.1	108.1
Fixed Income	US	9.0	0.1	0.6	0.3	0.1	10.2
Multi Asset		-	2.8	(0.1)	(0.0)	0.1	2.7
Other		-	0.1	(0.0)	(0.0)	0.0	0.1
Total ex cash		70.4	47.0	(0.5)	2.0	2.4	121.2
Cash		-	-	-	-	-	-
Total Americas		70.4	47.0	(0.5)	2.0	2.4	121.2

		31-Dec-22	Pendal AUM (as at 11 January 2023) ¹	Flows ²	Other ³	Foreign Exchange Impacts ⁴	31-Mar-23
EUKA							
Equities	Global / International	0.9	13.1	0.3	(0.3)	0.7	14.6
	UK	-	8.7	(0.2)	(0.1)	0.4	8.8
	Europe	-	1.3	0.0	0.0	0.1	1.5
	Emerging Markets	0.0	0.3	(0.1)	(0.0)	0.0	0.2
Total Equities		0.9	23.5	(0.1)	(0.4)	1.2	25.1
Multi Asset		-	0.2	(0.0)	(0.0)	0.0	0.2
Total ex cash		0.9	23.7	(0.1)	(0.4)	1.2	25.3
Cash		-	-	-	-	-	-
Total EUKA		0.9	23.7	(0.1)	(0.4)	1.2	25.3

Note: Numbers may not add up due to rounding

- 1 Pendal AUM now includes JOHCM emulated portfolios (A\$1.3 billion at 11 January 2023) which were previously excluded from Pendal's AUM statements. The inclusion aligns with Perpetual's methodology.
- 2 Flows include Perpetual, Barrow Hanley and Trillium flows for the March quarter and Pendal, TSW, JOHCM and Regnan flows for the period 12 January 2023 – 31 March 2023.
- 3 Other includes changes in market value of assets, income, re investments and distributions.
- 4 Conversion rate AUD:USD at 31 March 2023 was 0.6712. Conversion rate AUD:GBP at 31 March 2023 was 0.5415.

Explanatory notes to new AUM by asset class tables:

Equities:

- Asia Equities: previously disclosed by Pendal, is now included in "Global / International Equities"
- Property: previously disclosed by Pendal, has been split into "Global / International Equities" or "Australian Equities"
- Barrow Hanley's Emerging Markets strategies moved from Perpetual's previous disclosure line of Global equities to "Emerging Markets"
- JOHCM emulated portfolio AUM: has now been incorporated into "UK Equities" and "Global/International Equities"

Fixed Income:

- Creation of two new reporting lines – 1) Fixed Income – Australia and 2) Fixed Income - US
- Cash and Fixed Income (PAMA) previously disclosed by Perpetual has been separated into "Fixed Income – Australia" and "Cash"
- Fixed Income previously disclosed by Pendal has been assigned to either "Fixed Income – Australia" or "Fixed Income – US"
- Fixed Income (Barrow Hanley) previously disclosed by Perpetual in PAMI, will be included in "Fixed Income – US"

Multi-Asset

- Creation of a new reporting line for Multi-Asset
- AUM previously allocated to Australian Equities, Global Equities, Cash & Fixed Interest and Other in Perpetual's disclosures has been moved to its own asset class.
- Multi-asset includes Pendal's previously disclosed multi-asset AUM

Cash:

- Cash and Fixed Income, previously disclosed by Perpetual, has been split and the "Cash and Enhanced Cash" component moved to the "Cash" asset class

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

	31-Dec-22	Pendal AUM (as at 11 January 2023)	Flows ¹	Other ²	Foreign Exchange Impacts	31-Mar-23
Australia						
Institutional	3.2	13.5	0.0	0.5	0.0	17.3
Intermediary & Retail	18.3	7.7	(0.3)	0.6	0.0	26.2
Westpac	-	8.8	(0.3)	0.3	0.0	8.9
Total Australia (ex-cash)	21.5	30.0	(0.6)	1.4	0.0	52.4
Cash	0.9	9.5	1.0	0.1	0.0	11.5
Total Australia	22.3	39.6	0.5	1.5	0.0	63.9
EUKA						
Institutional	0.9	11.6	0.2	(0.3)	0.6	13.1
Intermediary	-	12.1	(0.3)	(0.2)	0.6	12.2
Total EUKA	0.9	23.7	(0.1)	(0.4)	1.2	25.3
Americas						
Institutional	63.1	34.3	(0.3)	1.4	1.9	100.4
Intermediary	7.4	12.7	(0.2)	0.6	0.5	20.8
Total Americas	70.4	47.0	(0.5)	2.0	2.4	121.2
Total Perpetual Group	93.7	110.2	(0.1)	3.0	3.5	210.4

Note: Numbers may not add up due to rounding

- Flows include Perpetual, Barrow Hanley and Trillium flows for the March quarter and Pendal, TSW, JOHCM and Regnan flows for the period 12 January 2023 – 31 March 2023.
- Other includes changes in market value of assets, income, re investments and distributions.
- Conversion rate AUD:USD at 31 March 2023 was 0.6712. Conversion rate AUD:GBP at 31 March 2023 was 0.5415.

Channel definitions: 'Retail' includes AUM from advisers and individual clients who invest with Perpetual or Pendal directly or in Perpetual's listed vehicles which includes Perpetual Equity Investment Company ('PIC') and Perpetual Credit Income Trust ('PCI') managed by Perpetual Investments Management Limited, and Active ETFs; 'Intermediary' includes AUM from financial advisers who invest with Perpetual or Pendal via external platform providers; 'Institutional' includes AUM from industry superannuation funds and clients who invest large sums directly and under advisory mandates and separately managed accounts; 'Westpac' includes AUM from entities within Westpac Banking Corporation, predominantly BT, that invest under advisory agreements or directly into Pendal Funds.