

ASX Announcement

21 October 2021

Perpetual Limited
ABN 86 000 431 827

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

Phone +61 9229 9000
www.perpetual.com.au

Perpetual Limited (ASX:PPT) (“Perpetual”) First Quarter Business Update

- Perpetual’s total Assets under Management (AUM) was A\$101.0 billion¹ as at 30 September 2021, up 2.7% on the prior period, with positive net flows of \$0.1 billion
- Perpetual Asset Management International’s AUM was A\$75.5 billion¹, up 2.6%
- Perpetual Asset Management Australia’s AUM was A\$25.5 billion, up 3%
- Perpetual Corporate Trust’s Funds under Administration (FUA) of A\$964.4 billion, up 5%
- Perpetual Private Funds under Advice (FUA) of A\$18.5 billion, up 9%

Chief Executive Officer and Managing Director, Rob Adams said, “We have had a positive start to the financial year with continued momentum across the business and all four divisions reporting solid growth to start the new financial year.

“Our asset management teams have delivered strong performance during the quarter, with another period of outperformance across the majority of our investment capabilities. It was pleasing to see that the combination of our Australian and International asset management businesses experienced positive net flows for the quarter.²

“As a reflection of the strong performance for our clients during the 2021 financial year, Perpetual Asset Management Australia (PAMA) was recently awarded the Zenith Fund Manager of the Year award for 2021.³ We are extremely proud of this award, which recognises the strong relative investment performance across PAMA’s capabilities.

“In Perpetual Asset Management International (PAMI) it was very pleasing to see another quarter of strong net inflows for Trillium Asset Management (Trillium) of A\$261 million (US\$190 million) globally,⁴ while the Trillium ESG Global Equity Fund reached AUM of A\$1.4 billion (US\$1.0 billion)⁵ during the quarter, a genuine milestone for the team.

¹ Total unaudited AUM translated at AUD:USD 0.72 as at 30 September 2021. PAMA and PAMI AUM is combined.

² As at 30 September 2021. Past performance is not indicative of future performance. See www.perpetual.com.au, www.barrowhanley.com and www.trilliuminvest.com for relevant performance. The product disclosure statements (PDS) of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any fund. Also, Target Market Determinations for the PAMA funds are available. PAMA funds are not for distribution or release in the United States.

³ The Zenith Fund Awards were announced on 15 October 2021 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. See Appendix for full disclaimer.

⁴ Total Trillium flows of A\$261 million for the quarter are from all sources, across all regions.

⁵ Total Trillium ESG Global Equity Fund AUM of A\$1.4 billion represents all sources, across all regions. Trillium ESG Global Equity Fund is offered by Trillium Asset Management, LLC.

“In Barrow Hanley Global Investors (Barrow Hanley) we have seen a material improvement in the overall flow profile, particularly in our equities strategies, which saw net inflows of A\$0.5 billion (US\$0.3 billion).

“The expansion of our global distribution capability is progressing well with a number of key appointments during the quarter. To drive our plans for further growth from the institutional channel in the US, we appointed a Head of Institutional Sales for Barrow Hanley and in Europe, our new Head of Distribution has now commenced, focusing on further developing the interest we are seeing for both Trillium and Barrow Hanley across this key market.

“Perpetual Corporate Trust (PCT) has had another strong quarter, building on the momentum from FY21. Adding to the growth realised across all parts of PCT in the quarter, we recently announced the acquisition of Laminar Capital, a fast-growing debt markets and advisory business with a compelling digital capability, which provides us with a unique opportunity to accelerate PCT’s position as a specialist fiduciary and digital solutions provider to the banking and financial services industry.

“Perpetual Private (PP), delivered positive net flows of \$0.2 billion during the quarter and also benefited from the addition of \$0.9 billion in FUA from our acquisition of Jacaranda Financial Planning. We are excited to have the Jacaranda team onboard and look forward to helping them drive growth as we expand their operations along the eastern seaboard.”

Perpetual Asset Management International

PAMI’s AUM as at 30 September 2021 was A\$75.5 billion (US\$54.6 billion),⁶ up 2.6% from 30 June 2021.

Total average AUM for the three months ending 30 September 2021, was A\$75.3 billion (US\$55.3 billion) compared to A\$72.6 billion for the June quarter.

PAMI’s increase in AUM of A\$1.9 billion was due to a positive currency impact of A\$2.9 billion offset by market depreciation of A\$0.9 billion and net outflows of A\$0.1 billion (US \$0.1 billion). Net outflows were largely driven by US Equities and US Fixed Income, which has a lower margin. This was offset by inflows of A\$1.5 billion into higher margin Global Equities strategies.

Mr Adams said, “It was pleasing to deliver the third consecutive quarter of strong positive net flows for Trillium, with total AUM now A\$8.3 billion (US\$6.0 billion), representing growth of 48% (A\$2.7 billion) since the acquisition.⁷ It was also pleasing to see a significant improvement in the net flow profile for Barrow Hanley, and in particular, to see the growing flows into our global equity capabilities.

“In addition to our primary focus on distribution activities, we were also very focused on the development of new capabilities and channels. Our plans to launch a UCITS structure in Europe are progressing well, with a targeted launch in FY22. Being able to offer this structure will open up more opportunities for Barrow Hanley and Trillium to distribute funds to UK, European and Asian based clients.

“Today, Barrow Hanley will announce its plan to launch its first collateralised loan obligation (CLO) fund in this calendar year with support from Perpetual. We intend on providing further support over time to Barrow Hanley’s CLO platform as part of the broader strategy to expand and diversify the firm’s product offering and global reach.⁸

“We have continued to build out our global investment capability with the appointment of new team members to the Trillium asset management team in Edinburgh, who manage the newly launched Trillium ESG Global High Conviction strategy, including an Environmental, Social and Governance (‘ESG’) Research Specialist and an Investment Analyst.

⁶ Total AUM is translated at AUD:USD 0.72 as at 30 September 2021. AUM is combined and remains subject to customary verification procedures

⁷ Trillium AUM was A\$5.6 billion (US\$3.8 billion) on acquisition as at 30 June 2020. See ASX announcement dated 30 June 2020. Total Trillium AUM and flows of A\$261 million for the quarter are from all sources, across all regions

⁸ See Barrow Hanley media release dated 21 October 2021 at www.barrowhanley.com.

“These hires provide the opportunity for Trillium to broaden its product offering and deliver ESG investment and shareholder advocacy to clients globally. In alignment with building out the team and extending capabilities to new markets, a suite of global ESG-focused equities strategies will be launched, backed by our UK and European distribution teams.

Please see Trillium’s investment performance details: <https://trilliuminvest.com>

Please see Barrow Hanley’s investment performance details: <https://www.barrowhanley.com>

Perpetual Asset Management Australia

PAMA’s AUM as at 30 September 2021 was \$25.5 billion, 3% higher than at 30 June 2021.

Net flows for the three months ending 30 September 2021 were \$174 million. Growth in asset values for the quarter was \$0.6 billion, net of distributions, driven by positive investment markets and positive relative investment performance.

Total average AUM for the three months ended 30 September 2021 was \$25.0 billion, compared to \$24.0 billion for the June quarter.

Mr Adams said, “Our investment teams have delivered another quarter of stand-out performance, with the majority of funds producing excess returns relative to their respective benchmarks.⁹

“In addition to receiving the overall Zenith Fund Manager of the Year Award for 2021, our Diversified Real Return Fund won the Multi Asset Real Return award for the third consecutive year, and our Perpetual Share Plus Long Short Fund won the Australian Equities Alternative Strategies category.¹⁰ Both these strategies continue to go from strength to strength and it’s terrific to see this recognised.

“We saw additional flows into our recently launched Multi Asset Real Return ESG Fund, launched in June, and strong flows into our Diversified Income Fund.

“Our Australian equities funds continued to deliver strong performance over the quarter, and we have recently launched a new marketing campaign centred on our Australian equities capability, which has already seen a high level of interest from prospective investors.

“We continue to invest in new capabilities to provide new avenues for growth and we are on track to launch two active ETFs in FY22.”

The performance of our investment capabilities can be found on our website www.perpetual.com.au/investments/pricing-and-performance

Perpetual Corporate Trust

PCT’s FUA was \$964.4 billion¹¹ up 5% from \$922.8 billion from 30 June 2021.

Mr Adams said, “PCT continues to outperform expectations, winning new business from both existing and new clients in a dynamic market environment.

⁹ As at 30 September 2021. Past performance is not indicative of future performance. See www.perpetual.com.au, for relevant performance. The product disclosure statements (PDS) of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any fund. Also Target Market Determination for the PAMA funds are available. PAMA funds are not for distribution or release in the United States.

¹⁰ The Zenith Fund Awards were announced on 15 October 2021 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. See Appendix for full disclaimer.

¹¹ Includes Singapore FUM translated at the spot rate as at 30 September 2021.

“In Debt Markets Services (DMS), non-bank (residential mortgages) RMBS FUA was up 10% as the sector continues to grow and as we see new clients in the ABS sector (business loans, personal loans, payday, auto, credit cards and commercial sector) which grew by 12%.

“As we expected, bank (residential mortgages) FUA increased by 5% driven by the banking sector’s return to the securitisation market due to the end of the RBA’s Term Funding Facility. Total DMS FUA was up 4% compared to the previous quarter.

“Managed Funds Services (MFS) FUA was up 6% compared to the previous period, with custody, wholesale trustee and Singapore, which are focused on real assets, growing strongly.

“In addition to a continuation of growth across all business lines within PCT, the acquisition of Laminar Capital was a highlight for the quarter. This acquisition complements our capabilities perfectly and has led to the creation of a standalone business within PCT - Perpetual Digital, which will bring together all PCT’s digital assets, including Laminar’s digital platform, to create a specialist business focused on providing innovative digital solutions to clients.”

PCT Digital will be reported as a separate segment in our Half Year 22 results.

Perpetual Private

PP’s FUA was \$18.5 billion as at 30 September 2021, 9% higher than at 30 June 2021. The \$1.5 billion increase in FUA was due to \$0.9 billion from the addition of Jacaranda Financial Planning, \$0.2 billion in positive net flows and \$0.4 billion from positive investment markets and other movements.¹²

Total average FUA for the three months to 30 September 2021 was \$17.9 billion, compared to \$16.6 billion reported for the three months ending 30 June 2021.

Mr Adams said, “Our recent acquisition of Jacaranda Financial Planning provides us with a high quality financial planning business that will gain real leverage from PP’s existing business infrastructure and brings strong adviser capability to PP.

“When combined with positive flows from our existing adviser base, it has been another strong quarter. Our Adviser Growth Strategy, including our enhanced family office services, has delivered consistent positive inflows since the inception of the strategy and we expect that to continue.

“It was also pleasing to see that non-market revenue, particularly from Fordham, held up well despite the impact of COVID-19 in the quarter.”

Update to Expense Guidance following IFRIC Assessment and Laminar Capital acquisition

At the FY21 Results Announcement, Perpetual advised that IFRIC¹³ and the treatment of capitalised cloud computing arrangements as an intangible asset would be assessed and adopted by 31 December.

In addition, on 5 October 2021, we announced the completion of the acquisition of Laminar Capital.

The IFRIC assessment is now complete and as a result, significant items relating to integration costs will increase slightly. In addition, there will be increased integration costs related to the Laminar Capital acquisition. These changes will result in an update of significant items to \$42 - \$47 million.¹⁴

¹² “Other” includes fiduciary flows and distributions as noted in Perpetual’s Operating and Financial Review as at 30 June 2021

¹³ Source: International Financial Reporting Standards Interpretations Committee.

¹⁴ Significant items unaudited and subject to tax clearance.

As a result of the Laminar acquisition, excluding PAMI expense growth, guidance will move from 2-4% to 3-5%.¹⁵ The Laminar Capital acquisition will be earnings accretive on an underlying basis in FY22.

Perpetual Investor Day – Thursday 9 December 2021

Perpetual will hold an Investor Day on 9 December 2021 providing an opportunity to learn more about Perpetual's strategy, including updates on our recent acquisitions, the build-out of our Global Distribution team and our future plans to drive growth across our businesses.

The event will take place virtually via webcast and in-person at Perpetual's Head Office, 123 Pitt Street Sydney from 9.00 (AEDT) – 11.30 (AEDT). Registration details to attend the event either in-person or via the webcast will be available soon.

Appendices

- PAMA and PAMI AUM and flows data by channel and asset classes

For more information please contact:

Investors:

Marisa Zammit
Head of Investor Relations
Perpetual Limited
Tel: +61 425 282 805
marisa.zammit@perpetual.com.au

Media:

Jon Snowball
Domestique
+61 477 946 068
jon@domestiqueconsulting.com.au

¹⁵As per guidance at FY21 on 19 August 2021, this guidance excludes performance fees expenses.

Appendix - PAMA and PAMI AUM and flows data by channel and asset class

AUM & Flows by Asset Class in \$Bn

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Combined View - PAMA & PAMI (AUD)					
Australian Equities	13.9	(0.2)	0.4	-	14.0
US Equities	48.2	(0.8)	(0.7)	1.9	48.6
Global Equities	14.7	1.6	(0.2)	0.5	16.6
Total Equities	76.8	0.5	(0.5)	2.4	79.2
Cash & Fixed Interest	20.7	(0.4)	0.2	0.5	20.9
Other	0.9	(0.0)	0.0	-	0.9
Total all Asset Classes	98.3	0.1	(0.3)	2.9	101.0

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Perpetual Asset Management, Australia					
Australian Equities	13.9	(0.2)	0.4	-	14.0
Global Equities	1.7	0.1	(0.0)	-	1.7
Total Equities	15.6	(0.2)	0.4	-	15.8
Cash & Fixed Interest	8.3	0.4	0.2	-	8.8
Other	0.9	(0.0)	0.0	-	0.9
Total all Asset Classes	24.7	0.2	0.6	-	25.5

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Perpetual Asset Management, International (AUD)					
US Equities	48.2	(0.8)	(0.7)	1.9	48.6
Global Equities	13.0	1.5	(0.2)	0.5	14.8
Total Equities	61.2	0.7	(0.9)	2.4	63.5
Fixed Income	12.4	(0.8)	(0.0)	0.5	12.1
Total all Asset Classes	73.6	(0.1)	(0.9)	2.9	75.5

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Perpetual Asset Management, International (USD)					
US Equities	36.2	(0.6)	(0.5)	-	35.1
Global Equities	9.8	1.1	(0.1)	-	10.7
Total Equities	46.0	0.5	(0.6)	-	45.8
Fixed Income	9.3	(0.6)	(0.0)	-	8.7
Total all Asset Classes	55.3	(0.1)	(0.6)	-	54.6

AUM & Flows by Investor Channel in \$Bn

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Combined View - PAMA & PAMI (AUD)					
Retail	4.7	(0.1)	0.1	-	4.7
Intermediary	19.3	0.3	0.3	0.3	20.1
Institutional	73.4	(0.1)	(0.8)	2.6	75.1
Listed Investment Companies	1.0	0.0	0.0	-	1.0
Total	98.3	0.1	(0.3)	2.9	101.0

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Perpetual Asset Management, Australia					
Retail	4.7	(0.1)	0.1	-	4.7
Intermediary	12.7	0.2	0.3	-	13.2
Institutional	6.3	0.1	0.1	-	6.5
Listed Investment Companies	1.0	0.0	0.0	-	1.0
Total	24.7	0.2	0.6	-	25.5

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Perpetual Asset Management, International (AUD)					
Intermediary	6.6	0.1	0.0	0.3	6.9
Institutional	67.0	(0.2)	(0.9)	2.6	68.6
Total	73.6	(0.1)	(0.9)	2.9	75.5

	30-Jun-21	Flows	Other ¹	Foreign Exchange Impacts	30-Sep-21
Perpetual Asset Management, International (USD)					
Intermediary	4.9	0.1	0.0	-	5.0
Institutional	50.3	(0.1)	(0.7)	-	49.6
Total	55.3	(0.1)	(0.6)	-	54.6

¹ Other includes changes in market value of assets, income, reinvestments, distributions, asset class rebalancing within the Group's diversified funds and asset class rebalancing across client holdings
 Numbers may not add up due to rounding
 Asset Class Conversion rate AUD:USD 0.72 at 30 September 2021

Channel definitions: 'Retail' includes AUM from advisers and individual clients who invest with Perpetual directly; 'Intermediary' includes AUM from financial advisers who invest with Perpetual 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; 'Listed investment vehicles AUM' includes the net tangible assets of Perpetual Equity Investment Company ('PIC') and Perpetual Credit Income Trust ('PCI') managed by Perpetual Investments Management Limited

Disclaimer

The Zenith Fund Awards were issued on 15 October 2021 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.