

23 July 2021

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

Dear Sir/Madam

### Fourth Quarter 2021 Business Update

Perpetual Limited advises that it has released the quarterly business update for the period ended 30 June 2021 (as attached).

If shareholders or other interested parties have any queries regarding the update, they can contact:

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Yours faithfully



Sylvie Dimarco  
Company Secretary  
(Authorising Officer)

**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.au](http://www.perpetual.com.au)

ASX Announcement

23 July 2021

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

- Perpetual’s total Assets under Management (AUM) was A\$98.3 billion<sup>1</sup> as at 30 June 2021 up 3.1% on the prior period
- Perpetual Asset Management International’s total AUM was A\$73.6 billion, up 2.8% inclusive of Trillium Asset Management (Trillium) and Barrow Hanley Global Investors (Barrow Hanley)
- Perpetual Asset Management Australia’s total AUM was A\$24.7 billion, up 4.2% driven by positive investment markets and an improvement in the net flows profile
- Perpetual Corporate Trust’s Funds under Administration (FUA) of A\$922.8 billion, down 2% largely driven by the scheduled close of the RBA’s Term Funding Facility
- Perpetual Private Funds under Advice (FUA) of A\$17.0 billion, up 6% including A\$0.3 billion positive net inflows for the quarter

Chief Executive Officer and Managing Director, Rob Adams said, “There has been further positive momentum achieved across all our divisions this quarter with a number of key strategic initiatives delivered, positioning us well for solid growth in this new financial year.

“Our asset management teams across the globe have delivered strong performance for our clients over the financial year, with Perpetual’s Australian Equities, Credit & Fixed Income, Multi Asset and Global Innovation capabilities all outperforming their respective benchmarks, and both Trillium and Barrow Hanley continuing to perform well.<sup>2</sup>

“Perpetual Asset Management Australia (PAMA) also successfully launched the ESG Real Return Fund during the quarter. This solution is underpinned by Perpetual and Trillium’s long-standing and proven track record in ESG investing and broadens our Multi Asset and ESG offering. Pleasingly, the fund has already attracted a significant institutional investor and positive interest from potential clients, reinforcing the strong reputation that the Multi Asset team has established in the real return space and demonstrating our ability to leverage the underlying ESG foundations from Perpetual and Trillium.

“It was also particularly pleasing to see that PAMA’s net flows were positive for the quarter.

“We have continued the build-out of our global distribution capability with new appointments now in place in North America and we will soon be announcing the appointment of our Head of European distribution.

<sup>1</sup> Total unaudited AUM translated at AUD:USD 0.75 as at 30 June 2021. PAMA and PAMI AUM is combined

<sup>2</sup> As at 30 June 2021. Past performance is not indicative of future performance. See [www.perpetual.com.au](http://www.perpetual.com.au), [www.barrowhanley.com](http://www.barrowhanley.com) and [www.trilliuminvest.com](http://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. PAMA funds not for distribution or release in the United States

"We are increasingly well-positioned to take the world-class investment capabilities of Trillium and Barrow Hanley to key markets around the world having now established distribution teams in the US, the UK and shortly in Europe.

"Extending Trillium's increased commitment in the UK and European market, respected investor, Ian Warmerdam and his new team opened Trillium's new Edinburgh office and successfully launched the Trillium ESG Global High Conviction Strategy during the quarter. This strategy uniquely combines Trillium's in-depth integrated ESG approach and commitment to advocacy with Ian's proven investment process and is already receiving positive interest from institutional investors.

"It was very pleasing to see another record quarter for Trillium with A\$361 million (US\$274 million) in net flows globally. Trillium's deep history in integrated ESG investing and their unique narrative is clearly resonating with clients.

"Following a period of exceptional investment performance, the key capabilities of Barrow Hanley are increasingly well-positioned for future growth. Whilst it was disappointing to see some outflows from low margin fixed income mandates during the quarter, Barrow Hanley's domestic and global equity capabilities have delivered strong outperformance and the pipeline of opportunities is building as a result.

"Perpetual Corporate Trust (PCT) has had another solid quarter, maintaining its strong position, capitalising on new opportunities across its businesses as well as extending mandates with new clients coming to market. Now that the RBA's Term Funding Facility is winding down, we expect both our bank and non-bank clients to access the public securitisation markets more regularly.

"After another quarter of positive net flows, Perpetual Private (PP) has now achieved eight consecutive years of positive flow growth, driven by continued new flows from our adviser growth strategy, as well as our enhanced family office services. Non-market revenue, particularly from Fordham, has held up well despite the impact of COVID-19 late in the quarter."

Unrealised gains on financial assets<sup>3</sup> were \$3.8 million for the quarter and \$11.3 million for the year. These gains will be excluded from our revised definition of UPAT.<sup>4</sup>

### Expense Guidance

1. Underlying expenses will be approximately 3% higher than FY20 in-line with previous guidance of 1-3%;<sup>5</sup>
2. Perpetual Asset Management International total expenses will add approximately 31% to the FY20 cost base, slightly above previous guidance of 28-30%, due to higher costs associated with employee profit share schemes as a result of higher than expected earnings at Trillium and Barrow Hanley; and
3. Significant items will be approximately \$48 million after tax, slightly lower than previous guidance of \$50-\$55 million due to lower transaction and integration costs and the timing of bolt-on acquisitions.<sup>6</sup>

Expenses were held at these levels despite the acceleration of investment in key growth initiatives during the quarter in response to more favourable operating conditions. This included: additional costs associated with our change of custodian; expanding our digital offering to clients in PCT; launching new investment capabilities; and, the establishment of a new Trillium investment team in Edinburgh.

"We are very pleased with the progress made in delivering on our strategic priorities and the improved positioning of Perpetual to deliver sustained, quality growth into the future. Given the challenges we have all

<sup>3</sup> Unrealised gains are unaudited and are as at 30 June 2021

<sup>4</sup> For further information on the revised UPAT definition refer to the investor presentation lodged with the ASX on 9 December 2020

<sup>5</sup> Expense guidance provided at HY21 Results announcement on 18 February 2021

<sup>6</sup> Significant items unaudited and subject to tax clearance. Some further integration costs are expected to be incurred in FY22. Guidance on those costs will be provided at the Full Year Results announcement on 19 August 2021

faced over the last year, we are thrilled to have received an overall client Net Promoter Score (NPS) of +44 this year; a score of over +40 for the second consecutive year and is reflective of the strength and trust that is evident in our client relationships.<sup>7</sup>

“In addition to further investment in our existing business, we are continuing to identify and explore complementary inorganic opportunities that can build further scale and opportunity across all our divisions,” Mr Adams said.

### **Perpetual Asset Management Australia**

Perpetual Asset Management Australia’s (PAMA) AUM as at 30 June 2021 was \$24.7 billion or 4% higher than at 31 March 2021.

Net flows for the three months ending 30 June 2021 were marginally positive, with institutional flows into Multi Asset offset by outflows from Australian equities. Growth in asset values for the quarter was \$1.0 billion, net of distributions, predominately driven by higher markets.

Total average AUM for the three months ended 30 June 2021 was \$24.0 billion, compared to \$23.1 billion for the March quarter.

Mr Adams said, “The launch of our new ESG Real Return strategy had a very successful start, winning institutional flows and underpinning a solid quarter for PAMA. Encouragingly, we are also seeing good momentum across our global equities solutions and in the listed space, with the Perpetual Equity Investment Company (ASX:PIC) conducting a successful capital raising over the quarter.”<sup>8</sup>

“The two Trillium funds launched in Australia last August continue to perform well, delivering A\$173 million in flows during the period and attracting strong interest.”<sup>9</sup>

“Across the board, our investment teams have delivered strong performance over the financial year, with every PAMA capability producing excess returns by continuing to apply our disciplined investment approach to navigate the challenges and opportunities presented by markets and the ongoing COVID-19 pandemic. In particular, our Australian equity funds have performed exceptionally well relative to their respective benchmarks, which positions us well for the future.”<sup>10</sup>

The performance of our investment capabilities can be found on our website [www.perpetual.com.au/investments/pricing-and-performance](http://www.perpetual.com.au/investments/pricing-and-performance)

### **Perpetual Asset Management International**

Perpetual Asset Management International (PAMI) AUM as at 30 June 2021 was A\$73.6 billion (US\$55.3 billion),<sup>11</sup> up 2.8% from 31 March 2021.

Total average AUM for the three months ending 30 June 2021, was A\$72.6 billion (US\$55.7 billion) compared to A\$67.6 billion for the March quarter.

<sup>7</sup> NPS is a measure of advocacy and is conducted annually by Perpetual. More than 2000 clients completed the survey in May 2021

<sup>8</sup> As at 30 June 2021. See [www.perpetual.com.au](http://www.perpetual.com.au) for relevant fund performance. Past performance is not indicative of future performance. The product disclosure statements (PDS) of any of PAMA’s funds should be considered before deciding whether to acquire or hold units in any fund. The PDSs for all funds are available on Perpetual’s website

<sup>9</sup> Trillium ESG Global Equity Fund and Trillium Global Sustainable Opportunities Fund. Includes investments sourced by the ESG Real Return Fund. Past performance is not indicative of future performance. The product disclosure statement for each of these PAMA funds should be considered before deciding whether to acquire or hold units in any fund. The PDSs for these funds are available on Perpetual’s website [www.perpetual.com.au](http://www.perpetual.com.au)

<sup>10</sup> As at 30 June 2021. See [www.perpetual.com.au](http://www.perpetual.com.au) for relevant fund performance. Past performance is not indicative of future performance. The product disclosure statements (PDS) of any of PAMA’s funds should be considered before deciding whether to acquire or hold units in any fund. The PDSs for all funds are available on Perpetual’s website

<sup>11</sup> Total AUM is translated at AUD:USD 0.75 as at 30 June 2021. AUM is combined and remains subject to customary verification procedures

Net outflows for the three months ending 30 June 2021 were A\$2.4 billion (US\$1.8 billion), driven by outflows from clients in US equities and lower margin fixed income. This was partially offset by net inflows in global equities and A\$3.3 billion (US\$2.5 billion) growth in asset values, driven by continued positive market movement, strong ongoing relative investment performance and a positive currency impact of A\$1.1 billion.

Mr Adams said, "We continue to see the net flow profile growing for Trillium, with strong US flows of A\$188 million (US\$144 million) and total AUM reaching A\$7.7 billion (US\$5.8 billion), representing growth of 37% (A\$2.1 billion) since acquisition.<sup>12</sup>

"During the quarter the Trillium Global Equities fund was upgraded to a 5 Star Morningstar rating<sup>13</sup> in the US, providing our US distribution team with an uplift in client opportunities as a result. The fund is now available on Morgan Stanley's US platform, opening up access to more than 15,000 advisers.<sup>14</sup>

"We are particularly pleased with Barrow Hanley's recent investment performance over the quarter with 92% of equity strategies and 77% of fixed income strategies exceeding benchmark over 1 year.<sup>15</sup> This resurgence in relative performance is leading to positive client conversations across all key Barrow Hanley capabilities.

"We have met important milestones in the continued build-out of our global distribution capability having completed the successful repointing of Barrow Hanley's US distribution team. All 38 distribution team members based in the US are now reporting into Chuck Thompson, Perpetual's Head of US Distribution, providing an improved channel focus and an ability to more effectively leverage our resources across channels over time.

"The newly appointed team of senior investment professionals in the UK have established an office in Edinburgh and are supported by Perpetual's distribution and compliance team in London."

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

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

### **Perpetual Corporate Trust**

Perpetual Corporate Trust's (PCT) Funds under Administration (FUA) was \$922.8 billion<sup>16</sup> down 2% from \$940.3 billion<sup>17</sup> from 31 March 2021.

Mr Adams said, "PCT continues to outperform expectations, winning new business from both existing and new clients in a dynamic market environment. PCT FUA fell marginally during the period due primarily to a drop in Bank RMBS issuance.

"In DMS, pleasingly, Non-Bank RMBS FUA was up 5% as the sector continues to grow in the near-prime and prime mortgage market. Bank FUA was down 3% driven by the banking sector's continued reliance on retail deposits and the RBA's Term Funding Facility (TFF) in preference to the securitisation market. As expected, bank balance sheet securitisation continued to decline as banks re-positioned their financing prior to the scheduled close of the TFF. Total DMS FUA was down 5% compared to the previous period.

<sup>12</sup> 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\$361 million for the quarter are from all sources, across all regions

<sup>13</sup> In the Morningstar World Large Stock category, PORIX (Trillium ESG Global Equity Fund Institutional) received an overall rating of 5 stars based on risk-adjusted returns, 3 year rating of 5 stars out of 282 funds, 5 year rating of 5 stars out of 239 funds, 10 year rating of 5 stars out of 144 funds as of 6/30/21. In the Morningstar World Large Stock category, PORTX (Trillium ESG Global Equity Fund Retail) received an overall rating of 5 stars based on risk-adjusted returns, 3-year rating of 5 stars out of 282 funds, 5 year rating of 5 stars out of 239 funds, 10 year rating of 4 stars out of 144 funds as of 6/30/21. See page 7 for full disclosure

<sup>14</sup> Adviser numbers as at 31 December 2020 reported by Morgan Stanley Wealth Management US

<sup>15</sup> Past performance is not indicative of future performance. The product disclosure statement for each of these strategies should be considered before deciding whether to acquire or hold units. The PDSs for these strategies are available on Barrow Hanley's website [www.barrowhanley.com](http://www.barrowhanley.com)

<sup>16</sup> Includes Singapore FUM translated at the spot rate as at 30 June 2021

<sup>17</sup> Adjusted from stated FUA of A\$942.9 billion stated in Q3 due to warehouse and term deal recalculations

“We expect to see the banking sector return to the securitisation market in FY22 and heightened activity from non-bank lenders now that the funding advantage of the TFF has fallen away.

“MFS FUA was up 4% compared to the previous period. Within MFS, our Singapore business and our Custody book saw solid growth over the quarter, whilst our Responsible Entity FUA grew by 12%, driven primarily by growth in existing client books.

“MFS continued to demonstrate the valuable role of independent Responsible Entity (RE) during the sale of Vitalharvest Freehold Trust (ASX:VTH<sup>18</sup>) as it went through a competitive bidding process, including thoroughly assessing 19 offers and counter-offers over an eight month period. The process delivered an increase of over 70% above the pre-offer trading price for unitholders, demonstrating the increasingly important role of PCT as a leading provider of independent RE services, an area that is growing in demand.

“PCT’s Data and Analytics business will be launching new products in the first half of FY22 which are already generating positive client interest.”

### **Perpetual Private**

Funds under Advice (FUA) for Perpetual Private was \$17.0 billion as at 30 June 2021, 6% higher than at 31 March 2021. The \$0.9 billion increase in FUA was due to \$0.3 billion in positive net flows and \$0.7 billion from positive market and other movements.<sup>19</sup>

Total average FUA for the three months to 30 June 2021 was \$16.6 billion, compared to \$15.7 billion reported for the three months ending 31 March 2021.

Mr Adams said, “In a strong endorsement of our commitment to clients, six of our advisers were recognised in the Australian Barron’s Top 100 Financial Advisers list.<sup>20</sup>

“Our Adviser Growth Strategy, including our enhanced family office services, has led to material positive inflows since the inception of the strategy. We expect that positive flow effect to continue next financial year as new clients continue to migrate to Perpetual. When combined with positive flows from our existing adviser base, it has been another strong quarter for Perpetual Private.

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

### **Perpetual Full Year Results and Market Briefing**

Perpetual will release its financial results for the twelve months ended 30 June 2021 on 19 August 2021.

### **Appendices**

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

### **For more information please contact:**

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<sup>18</sup> Delisted from the ASX 13 July 2021

<sup>19</sup> “Other” includes fiduciary flows and distributions as noted in Perpetual’s Operating and Financial Review as at 31 December 2020

<sup>20</sup> Australian Barrons Top 100 Adviser list, published in The Australian’s The Deal magazine on 18 June 2021



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

### AUM & Flows by Investor Channel in \$Bn

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
Combined View - PAMA & PAMI (AUD)					
Retail	4.5	(0.1)	0.2	-	4.7
Intermediary	18.6	(0.2)	0.8	0.1	19.3
Institutional	71.3	(2.1)	3.1	1.0	73.4
Listed Investment Companies	0.9	0.0	0.0	-	1.0
<b>Total</b>	<b>95.3</b>	<b>(2.3)</b>	<b>4.3</b>	<b>1.1</b>	<b>98.3</b>

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
Perpetual Asset Management, Australia					
Retail	4.5	(0.1)	0.2	-	4.7
Intermediary	12.6	(0.3)	0.5	-	12.7
Institutional	5.7	0.4	0.3	-	6.3
Listed Investment Companies	0.9	0.0	0.0	-	1.0
<b>Total</b>	<b>23.7</b>	<b>0.0</b>	<b>1.0</b>	<b>-</b>	<b>24.7</b>

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
Perpetual Asset Management, International (AUD)					
Intermediary	6.0	0.1	0.4	0.1	6.6
Institutional	65.6	(2.5)	2.9	1.0	67.0
<b>Total</b>	<b>71.6</b>	<b>(2.4)</b>	<b>3.3</b>	<b>1.1</b>	<b>73.6</b>

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
Perpetual Asset Management, International (USD)					
Intermediary	4.6	0.1	0.3	-	4.9
Institutional	50.0	(1.9)	2.2	-	50.3
<b>Total</b>	<b>54.6</b>	<b>(1.8)</b>	<b>2.5</b>	<b>-</b>	<b>55.3</b>

## AUM & Flows by Asset Class in \$Bn

### Combined View - PAMA & PAMI (AUD)

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
Australian Equities	13.8	(0.7)	0.8	-	13.9
US Equities	46.7	(1.4)	2.1	0.7	48.2
Global Equities	13.4	0.4	0.7	0.2	14.7
<b>Total Equities</b>	<b>74.0</b>	<b>(1.7)</b>	<b>3.6</b>	<b>0.9</b>	<b>76.8</b>
Cash & Fixed Interest	20.6	(0.7)	0.6	0.2	20.7
Other	0.8	0.0	0.0	-	0.9
<b>Total all Asset Classes</b>	<b>95.3</b>	<b>(2.3)</b>	<b>4.3</b>	<b>1.1</b>	<b>98.3</b>

### Perpetual Asset Management, Australia

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
Australian Equities	13.8	(0.7)	0.8	-	13.9
Global Equities	1.4	0.3	0.0	-	1.7
<b>Total Equities</b>	<b>15.2</b>	<b>(0.4)</b>	<b>0.8</b>	<b>-</b>	<b>15.6</b>
Cash & Fixed Interest	7.7	0.4	0.1	-	8.3
Other	0.8	0.0	0.0	-	0.9
<b>Total all Asset Classes</b>	<b>23.7</b>	<b>0.0</b>	<b>1.0</b>	<b>-</b>	<b>24.7</b>

### Perpetual Asset Management, International (AUD)

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
US Equities	46.7	(1.4)	2.1	0.7	48.2
Global Equities	12.0	0.1	0.6	0.2	13.0
<b>Total Equities</b>	<b>58.8</b>	<b>(1.2)</b>	<b>2.8</b>	<b>0.9</b>	<b>61.2</b>
Fixed Income	12.9	(1.1)	0.5	0.2	12.4
<b>Total all Asset Classes</b>	<b>71.6</b>	<b>(2.4)</b>	<b>3.3</b>	<b>1.1</b>	<b>73.6</b>

### Perpetual Asset Management, International (USD)

	31-Mar-21	Flows	Other <sup>1</sup>	Foreign Exchange Impacts	30-Jun-21
US Equities	35.6	(1.1)	1.7	-	36.2
Global Equities	9.2	0.1	0.5	-	9.8
<b>Total Equities</b>	<b>44.8</b>	<b>(1.0)</b>	<b>2.2</b>	<b>-</b>	<b>46.0</b>
Fixed Income	9.8	(0.8)	0.4	-	9.3
<b>Total all Asset Classes</b>	<b>54.6</b>	<b>(1.8)</b>	<b>2.5</b>	<b>-</b>	<b>55.3</b>

<sup>1</sup> 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 0.75 at 30 June 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 indirectly 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

**The Morningstar Sustainability Rating** measures how well the companies in a fund's portfolio manage their environmental, social and governance (ESG) risks and opportunities relative to the fund's peers. First, a Morningstar Portfolio Sustainability Score™ ranging from 0 to 100 is derived from an asset weighted average of the underlying company ESG scores quarterly. Next, scored funds are rated monthly: The top 10% receive 5 globes (High), the next 22.5% receive 4 (Above Average), the next 35% receive 3 (Average), the next 22.5% receive 2 (Below Average), and the bottom 10% receive 1 (Low). Sustainability provides company-level analysis used in the calculation of Morningstar's Sustainability Score. A higher score indicates that a fund, on average, has more of its assets invested in companies that score well according to the Sustainability methodology. For details, visit <http://morningstar.com/company/sustainability>.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods