Perpetual GROUP

Perpetual Limited
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24 August 2023

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

Perpetual FY23 Financial Results

The following announcements to the market are provided:

- FY23 Appendix 4E
- FY23 ASX Announcement
- FY23 Full Year Statutory Accounts
- FY23 Results Presentation
- ✓ FY23 Operating and Financial Review
- Appendix 4G
- FY23 Corporate Governance Statement

Yours faithfully,

Sylvie Dimarco
Company Secretary
(Authorising Officer)

Operating and Financial Review

For the 12 months ended 30 June 2023

Perpetual Limited
ABN 86 000 431 827

Perpetual GROUP

Notes

Note that in this review:

- FY23 refers to the financial reporting period for the 12 months ended 30 June 2023
- 1H23 refers to the financial reporting period for the 6 months ended 31 December 2022
- 2H23 refers to the financial reporting period for the 6 months ended 30 June 2023

with similar abbreviations for previous and subsequent periods.

This is a review of Perpetual's operations for the 12 months ended 30 June 2023 (FY23). It also includes a review of its financial position as at 30 June 2023.

The following information should be read in conjunction with the Group's audited consolidated financial statements and associated notes for FY23.

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

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

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

Disclaimer

The following information should be read in conjunction with the Group's audited consolidated financial statements and associated notes for the 12 months ended 30 June 2023 contained in the Annual Report for the financial year ended 30 June 2023 (FY23). The Group's audited consolidated financial statements for the 12 months ended 30 June 2023 were subject to an independent audit by KPMG.

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

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

Operating and Financial Review
For the 12 months ended 30 June 2023

Contents

1 About Perpetual

1.1 Overview

Perpetual Limited (Perpetual) is a diversified global financial services firm operating in asset management, wealth management 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, Europe, and Asia. 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. The recent acquisition of Pendal Group brings together two of Australia's most respected active asset management brands to create a global leader in multi-boutique asset management with approximately A$200 billion in assets under management.

1.1.1 Strategy

Perpetual's vision is to create enduring prosperity for its clients, people, communities and shareholders. Perpetual creates enduring prosperity by offering trusted services in Asset Management, Wealth Management and Corporate Trust.

Perpetual's long history has led to the evolution of our businesses, leading us to have a unique combination of businesses that positions us well to navigate global markets and to deliver positive outcomes to our clients. This combination includes material exposure to non-market linked revenues; exposure to a broad array of investment capabilities across regions, global markets and global thematics.

Asset Management's vision is to be a market leading global multi-boutique asset management business, with world-class differentiated active investment capabilities designed to meet the evolving needs of our clients in our chosen markets (US, Europe, UK, Asia and Australia). The Pendal Group acquisition has brought to Asset Management complementary strengths in key strategies, regions and operating capabilities. Combined with Perpetual's pre-existing asset management business, the Pendal acquisition provides a global, scalable growth platform for Asset Management.

Wealth Management's vision is to empower families, businesses and communities to achieve their aspirations by delivering advisory service excellence. With a trusted fiduciary heritage, Wealth Management assists clients with a "protect" and "grow" investment philosophy for managing their wealth as their income and needs change over a lifetime.

Corporate Trust's vision is to be the most trusted fiduciary and the leading 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. Corporate Trust builds on its strategy of enabling client success by leveraging its long-standing relationships and supporting its clients with innovative and automated digital solutions to help them meet business challenges today and into the future.

To support our strategy in each of these businesses, Perpetual Group have committed to the following strategic imperatives:

Strategic imperatives		
Client First	**Simplify**	**Sustainable Growth**
• Deliver trusted advice and stewardship	• Complete successful integration and synergy realisation	• Unlock benefits of multi-boutique model and distribution network

• Provide a high quality client experience • Deliver strong investment performance • Be an Employer of choice to attract and retain the best talent • Set strong industry standards in all that we do	• Seek areas of simplification across portfolio of businesses • Focus on areas where the Group adds value • Maintain focus on building a simple, efficient, secure and scalable platform • Drive proactive risk management and strong governance standards	• Leverage strengths in sustainable investing to build competitive advantage • Targeted investment in growth engines • Continue build out of innovative digital solutions

1.1.2 Operating Segments & Principal Activities

Asset Management is a global multi-boutique asset management business offering an extensive range of specialist and differentiated investment capabilities through six boutique and seven brands in key regions globally. Within Australia, Perpetual and Pendal Group have a broad range of capabilities across Australian and global equities, credit, fixed income, multi-asset and ESG. We have an established and growing presence in the US, UK and Europe through Barrow Hanley, J O Hambro Capital Management (J O Hambro), Trillium and Thompson, Siegel and Walmsley (TSW). Trillium and Regnan, specialist ESG-focused asset management businesses, provide leading global sustainable and impact-driven investment strategies in equities, fixed income and multi-asset.

The **Wealth Management** business consists of Perpetual Private and three other distinct specialist businesses (Fordham, Priority Life and Jacaranda), offering a unique mix of wealth management, advice and trustee services to individuals, families, businesses, not-for-profit organisations and Indigenous communities throughout Australia. Each of the businesses offer a diverse range of capabilities: Perpetual Private provides strategic advice on superannuation and retirement planning, general investment, asset protection, insurance, tax management, estate planning, aged care, social security, succession planning and philanthropy; Fordham acts exclusively for private business owners and their families to manage their businesses and build and protect their wealth; and Jacaranda Financial Planning provides high quality investment and strategic advice to the high-net-worth pre-retiree segment of the wealth management market. Priority Life is a specialist insurance business focused on meeting the needs of medical specialists and other professionals across Australia.

Our **Corporate Trust** business is a leading provider of fiduciary and digital solutions to the banking and financial services industry in Australia and Singapore. It administers securitisation portfolios, investment and debt structures to protect the interests of our clients' investors. Corporate Trust supports clients locally and overseas with a unique offering through five key service offerings: Debt Market Services; Managed Fund Services; Perpetual Asia, headquartered in Singapore; Perpetual Digital, which provides data services and software-as-a-service products; and Laminar Capital, which provides fixed income dealing, treasury and advisory services to government organisations, superannuation funds, local councils, authorised deposit-taking institutions (ADIs), not-for-profits, wealth managers and sophisticated investors.

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, People & Culture and Sustainability.

1.2 Group Financial Performance

Profitability and Key Performance Indicators

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 v FY22	FY23 v FY22
Operating revenue	1,013.8	767.7	246.1	32%
Total expenses	(794.6)	(566.5)	(228.1)	(40%)
Underlying profit before tax (UPBT)	**219.2**	**201.2**	**18.0**	**9%**
Tax expense	(56.0)	(53.0)	(3.0)	(6%)
Underlying profit after tax (UPAT)[1]	**163.2**	**148.2**	**15.0**	**10%**
Significant items[2]	(104.2)	(47.0)	(57.2)	(122%)
Net profit after tax (NPAT)	**59.0**	**101.2**	**(42.2)**	**(42%)**

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.
2. Significant items include (refer to Appendix A and Appendix B for further details):

	PROFIT/(LOSS) AFTER TAX							
FOR THE PERIOD	FY23 $M	FY22 $M	FY23 v FY22	FY23 v FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Transaction and Integration costs	(80.0)	(22.2)	(57.8)	(260%)	(45.4)	(34.6)	(5.7)	(16.5)
- Trillium	(3.5)	(3.0)	(0.5)	(16%)	(1.7)	(1.8)	(1.7)	(1.4)
- Barrow Hanley	(5.4)	(16.8)	11.4	68%	(0.7)	(4.7)	(2.5)	(14.4)
- Pendal Group	(63.1)	-	(63.1)	-	(36.5)	(26.6)	-	-
- Other	(8.0)	(2.4)	(5.6)	(238%)	(6.5)	(1.5)	(1.6)	(0.8)
Non-cash amortisation of acquired intangibles	(40.6)	(18.6)	(22.0)	(119%)	(30.6)	(10.0)	(9.0)	(9.5)
Unrealised gains/losses on financial assets	16.4	(10.9)	27.3	250%	15.4	1.0	(10.2)	(0.7)
Accrued incentive compensation liability	(0.0)	4.7	(4.7)	101%	(3.4)	3.4	(2.3)	7.0
Total significant items	**(104.2)**	**(47.0)**	**(57.2)**	**(122%)**	**(63.9)**	**(40.3)**	**(27.3)**	**(19.8)**

KEY PERFORMANCE INDICATORS (KPI)	FY23	FY22	FY23 v FY22	FY23 v FY22
Profitability				
UPBT margin on revenue (%)	22	26	(5)	
Shareholder returns				
Diluted earnings per share (EPS)[1] on NPAT (cps)	71.1	176.5	(105.4)	(60%)
Diluted earnings per share (EPS)[1] on UPAT (cps)	196.6	258.4	(61.9)	(24%)
Dividends (cps)[4]	155.0	209.0	(54.0)	(26%)
Franking rate (%)[5]	40	100	(60)	
Dividend payout ratio (%)[6]	78	80	(2)	
Return on Equity (ROE)[2] on NPAT (%)	3.6	11.0	(7.5)	(68%)
Return on Equity (ROE)[2] on UPAT (%)	9.9	16.2	(6.3)	(39%)
Growth				
Perpetual average assets under management (AUM) $B[3]	154.0	107.2	46.7	44%
Average funds under advice (FUA) $B	18.1	18.3	(0.2)	(1%)
Closing Debt Markets Services FUA $B	691.1	682.2	8.9	1%
Closing Managed Funds Services FUA $B	471.4	410.1	61.3	15%

1. Diluted EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue of 83,014,616 for FY23 (FY22: 57,346,980).
2. 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.
3. Refer to Appendix C for a breakdown by operating segment.
4. Made up of special dividend of 35c paid on 8 Feb 2023, interim dividend of 55c paid on 31 March 2023 and final dividend of 65c to be paid on 29 September 2023.
5. The franking rate for the special dividend paid on 8 February 2023 was 100%. Both the interim and final dividends for 2023 were paid using a 40% franking rate.
6. The payout ratio of 78% on full year UPAT includes the 3 months of Pendal earnings from 1 October 2022 to 31 December 2022. The payout ratio on 2H23 UPAT was 76%.

1.2.1 Financial Performance

For the 12 months to 30 June 2023, Perpetual's UPAT was $163.2 million and NPAT was $59.0 million.

FY23 UPAT was 10% higher than FY22 principally due to:

- Acquisition of the Pendal Group through the boutiques of Pendal, J O Hambro and TSW
- Continued growth in Corporate Trust across all three service lines
- Higher Wealth Management non-market related revenue relating to Fordham & Priority Life and the higher interest rate environment
- Reduction in variable remuneration
- Partially offset by:
    - Lower average assets under management within Perpetual Asset Management and Barrow Hanley, driven mainly due to prior period outflows;
    - Continued investment in the global build-out of the asset management business to support organic business growth; and
    - Higher interest expense following the debt raise to partially fund the Pendal Group acquisition and rises in official interest rates over the period.

FY23 NPAT was 42% lower than FY22, due to higher significant items driven by the Pendal Group acquisition (refer to Appendix A and B).

The key drivers of revenue and expenses at the 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 driver of revenue in Asset Management is the value of assets under management (AUM), which is primarily influenced by the level of the US, European and Australian equity markets. Wealth Management's main driver of revenue is funds under advice (FUA) and for Corporate Trust it is funds under administration (FUA). Revenue is sensitive 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[1] – inflows, outflows and distributions; and changes in pricing policy, channel and product mix.

In FY23, Perpetual generated $1,013.8 million of total operating revenue, which was $246.1 million or 32% higher than FY22. Revenue growth was primarily driven by the Pendal Group acquisition. Further growth was delivered through Corporate Trust across all three of its service lines, Wealth Management non-market, Group Investments and foreign exchange movement, partially offset by markets impacted revenue across Asset Management and Wealth Management and net outflows mainly in Asset Management.

Performance fees earned in FY23 were $15.2 million, $0.9 million lower than FY22[2].

1.2.3 Expenses

Total expenses in FY23 were $794.6 million, $228.1 million or 40% higher than FY22, impacted by:

- Acquisition of the Pendal Group;
- Continued investment in the global build-out of our asset management business to support organic business growth;
- Normalisation of employment costs from tight labour markets experienced in FY22;
- Foreign exchange movement;

1. FUA refers to both funds under advice in Wealth Management and funds under administration in Corporate Trust.

2. Includes performance fees earned by Asset Management and Wealth Management.

- Higher interest expense following official interest rate rises and the funding costs relating to the Pendal Group acquisition;
- Partially offset by lower variable remuneration.

1.2.4 Shareholder Returns and Dividends

The Board announced a final 40% franked ordinary dividend for 2H23 of 65 cents per share, to be paid on 29 September 2023. This represents a payout ratio of 76% of 2H23 UPAT and 78% of full year UPAT (inclusive of Pendal UPAT for the 3 months from 1 October to 31 December 2022 in addition to post acquisition earnings).

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 interim dividend. No discount will apply and the DRP will be met by issuing new shares.

Perpetual's return on equity (ROE) on NPAT was 3.6% for FY23 compared to 11.0% in FY22.

Perpetual's return on equity (ROE) on UPAT was 9.9% for FY23 compared to 16.2% in FY22.

1.3 Group Financial Position

BALANCE SHEET AS AT	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Assets				
Cash and cash equivalents	263.2	133.6	175.4	130.9
Receivables	209.9	132.3	122.9	144.5
Structured products - EMCF assets	163.9	174.4	186.3	189.2
Liquid investments	291.4	149.9	152.0	154.8
Goodwill and other intangibles	2,717.8	948.8	951.7	929.2
Tax assets	149.2	64.3	57.2	48.9
Property, plant and equipment	104.9	71.3	77.8	84.8
Other assets	41.7	30.0	23.2	23.2
Total assets	**3,942.0**	**1,704.6**	**1,746.5**	**1,705.5**
Liabilities				
Payables	118.6	102.9	93.8	90.0
Structured products - EMCF liabilities	164.2	175.5	187.7	189.2
Derivative financial instruments	-	11.3	-	-
Tax liabilities	166.2	15.9	14.9	19.2
Employee benefits	219.3	83.2	119.4	90.2
Lease liabilities	90.9	65.8	72.3	78.3
Provisions	9.4	10.9	10.5	10.0
Borrowings	734.4	277.0	258.4	248.1
Accrued incentive compensation	50.7	46.3	48.6	45.6
Other liabilities	16.3	33.5	15.2	15.6
Total liabilities	**1,570.0**	**822.3**	**820.7**	**786.2**
Net assets	**2,372.0**	**882.3**	**925.8**	**919.3**
Shareholder funds				
Contributed equity	2,190.5	828.1	817.7	815.6
Reserves	184.4	28.2	34.3	8.8
Retained earnings	(2.9)	26.0	73.8	94.9
Total equity	**2,372.0**	**882.3**	**925.8**	**919.3**

DEBT METRICS	FY23 $M	FY22 $M	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Corporate debt $M[1]	745.0	260.8	745.0	288.9	260.8	251.4
Corporate debt to capital ratio%[2]	23.9%	22.0%	23.9%	24.7%	22.0%	21.5%
Interest coverage calculation for continuing operations (times)[3]	8x	34x	8x	14x	34x	23x
NTA per share ($)[4]	**(2.63)**	**(1.14)**	**(2.63)**	**(1.59)**	**(1.14)**	**(0.52)**

CASHFLOW FOR THE PERIOD	FY23 $M	FY22 $M	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Net cash from/(used in) operating activities	134.8	170.9	136.4	(1.6)	135.5	35.4
Net cash used in investing activities	(244.0)	(69.3)	(237.7)	(6.3)	(20.8)	(48.5)
Net cash from/(used in) financing activities	221.6	(66.6)	263.4	(41.8)	(68.7)	2.1
Effective movements in exchange rates on cash held	(24.6)	(6.7)	(32.5)	7.9	(1.5)	(5.2)
Net increase/(decrease) in cash and cash equivalents	**87.8**	**28.3**	**129.6**	**(41.8)**	**44.5**	**(16.2)**

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.

1.3.1 Balance Sheet Analysis

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

- **Goodwill and other intangibles** increased by $1,766.1 million due to the acquisition of Pendal Group during the year;
- **Borrowings** increased by $476.0 million primarily due to an additional drawdown of $480.6 million in debt to fund the acquisition of Pendal Group, offset by $10.5 million of additional capitalised debt raising costs; and
- **Contributed Equity** increased by $1,372.8 million primarily due to $1,359.9 million of shares issued on market in January 2023 as compensation to Pendal Group shareholders.

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
- maintaining liquidity lines and cash balance well in excess of regulatory and working capital requirements

Perpetual maintains a conservative balance sheet with relatively 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.

During FY23, the Group has maintained its balance sheet strength through:

- continuing to maintain the overall credit quality of the Group's risk assets;
- maintaining syndicated debt facility arrangements. Arrangements consist of a multi-currency revolving loan with a maximum commitment of $175 million AUD or equivalent, a multi-currency term loan facility with a maximum commitment of $128 million USD or equivalent, and an AUD redrawable bank guarantee facility with a maximum commitment of $160 million AUD, a multi-currency revolving loan facility with a maximum commitment of $215 million AUD, a UK pound term loan facility with a maximum commitment of £115 million GBP or equivalent and a multi-currency term loan facility with a maximum commitment of $45 million USD or equivalent.

The Group uses a rolling forecast of net cash flows to assess its capital requirements. The model requires capital to be set aside for forecast net cash outflows (3 month average of a rolling 12 month forecast) offset by heavily discounted revenue forecasts, and any known capital commitments. At the end of FY23, Perpetual Group held $423 million of available liquid funds, well in excess of the total base capital requirements of $70 million.

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 FY23, cash and cash equivalents increased by $87.8 million to $263.2 million as at 30 June 2023. This increase was predominantly driven by inflows from the drawdown of debt and operating cash activities. These were partially offset by outflows associated with the acquisition of Pendal Group and the payment of the final FY22 and interim FY23 dividends.

1.3.4 Debt

Perpetual's corporate debt as at 30 June 2023 was $745.0 million compared to $260.8 million at the end of FY22. An additional $506.6 million of debt was drawn in FY23 (excluding the $150.0 million bridge facility drawdown and repayment). $25.0 million was used to fund various strategic initiatives and $480.6 million to fund the Pendal Group acquisition. An additional $125.0 million of debt facilities remain undrawn as at 30 June 2023. $153.2 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 23.9% (FY22: 22.0%) at the end of FY23.

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

Financial Accountability Regime (FAR) Bill 2023

The previous Government had proposed to extend the Banking Executive Accountability Regime ('BEAR') to all APRA regulated entities, including RSE licensees - the Financial Accountability Regime ('FAR').

The Financial Accountability Regime Bill 2021 ('the lapsed 2021 Bill') had been introduced by the former government on 28 October 2021, however was dissolved following dissolution of the 46th Parliament in light of the election in May 2022.

The current Government has introduced the Financial Accountability Regime Bill 2023 ('the 2023 Bill'), the contents of which are similar to the lapsed 2021 Bill. The 2023 Bill has passed the House of Representatives and is currently before the Senate.

The Group is currently awaiting further developments in order to consider impact of the regime on the Group.

Greenwashing Guidance

On 14 June 2022, ASIC released an information sheet (INFO 271) for issuers of managed funds and superannuation products to help issuers avoid 'greenwashing' when offering or promoting sustainability-related products. Following this, ASIC released a further report (Report 763 – *ASIC's recent greenwashing interventions*) in May 2023, disclosing the 35 interventions it has made in response to its greenwashing surveillance, and 'how and why' ASIC has taken action against greenwashing.

The Group has conducted gap analysis and has updated disclosure documents, marketing materials and related collateral as appropriate, to ensure alignment with the ASIC guidance.

Security Legislation Amendment (Critical Infrastructure) Act 2021 (formerly 2020) and Security Legislation Amendment (Critical Infrastructure Protection) Act 2022 ('the Acts')

The Acts propose an enhanced regulatory framework over physical facilities, supply chains, information technologies and communication networks, which if destroyed, degraded, or rendered unavailable for an extended period, would significantly impact the social or economic wellbeing of the nation, or affect Australia's ability to conduct national defence and ensure national security.

The Group has sought clarification from the regulator as to the application of these Acts to the Group's activities, and has concluded that it is not captured as a "Responsible Entity" (as defined in the Acts).

ASIC Derivative Transaction Reporting Rules

On 20 December 2022, ASIC released the new derivative transaction reporting rules, which will take effect from the deferred date of 21 October 2024.

The new rules follow two rounds of consultation, in November 2020 (CP 334) and May 2022 (CP 361), containing significant changes to the way transactions are to be reported and how reporting entities should approach its reporting.

The Group will review the changes and conduct an impact assessment to establish the scope of change.

Quality of Advice Review

The Quality of Advice Review is a government undertaking, led by Michelle Levy, into ways to streamline the regulation of quality financial advice, consistent with recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, whilst acknowledging the significant difficulty that many Australians face in accessing affordable financial advice.

On 11 March 2022, the Government released the final terms of reference and on 25 March 2022, invited submissions for feedback on the Issues Paper from industry on how the regulatory framework could simplify and better enable the provision of high quality, accessible and affordable financial advice for retail clients. After considering feedback on the Issues Paper, a Proposals Paper was released on 29 August 2022 to seek further feedback and assist the Reviewer in the preparation of a final report. The Group did not make a submission.

The proposals outlined some potentially significant changes, including:

- A much broader definition of 'Personal Financial Advice' and removing the concept of 'General Advice';
- Far less prescription in the provision of personal advice and who may provide it, removing complexity with reduced red tape for simpler personal advice, including:
    - removing the obligation to provide Statements of Advice and Records of Advice;
    - removal of the annual Fee Disclosure Statement and replaced with annual written consent from the client to deduct fees;
- Removal of the safe harbour steps and Best Interests Duty and replaced with an obligation to provide 'good advice'.

The final report was provided to Government on 16 December 2022. The Government responded to the report on 13 June 2023 as part of its Delivering Better Financial Outcomes package, indicating it will adopt the bulk of Quality of Advice review recommendations including to reduce red tape for simpler personal advice as set out above, and continue to consult industry and consumer stakeholders on the broader definition of 'Personal Financial Advice', the removal of the concept of 'General Advice' and the introduction of the good advice duty. The Group continues to consider the impact of any changes to the Group.

Review of Modern Slavery Act 2018

On May 2023, the final review report on the Modern Slavery Act 2018, led by Professor John McMillan, was tabled in Parliament, following an initial 3 month public consultation on the Issues Paper released in August 2022. Topics included the impact of the Modern Slavery Act and administration and enforcement of compliance with the reporting requirement. The report made 30 recommendations for government consideration, including amendments to the Act, such as the threshold and scope of entity reporting, introducing penalties for specific non-compliance, expanding guidance material, and the role of the Anti-Slavery Commissioner in relation to the Act.

The Group recognises the significance of the changes, if approved, and continues to monitor progress through Parliament.

International

EU - Sustainable Financial Disclosure Regulation (SFDR)

SFDR level 2 came into force on 1 January 2023 which requires mandatory implementation of the Regulatory Technical Standards (RTS). Previously under Level 1 firms could use the "comply or explain" principle. The RTS lays out the detailed annual reporting disclosure requirements that in-scope firms must comply with. The goal of making the RTS mandatory is to ensure the market gets all the information they need to make informed decisions, and that they understand the sustainability of financial products. RTS reporting requirements include principle adverse impact (PAI) indicators, pre-contractual disclosures, periodic disclosures and website disclosures. In addition, on 30 June 2023 firms were required to publish PAI statements regarding sustainability factors on their websites. The Group engaged external compliance consultants to assist with ensuring compliance with the new requirements.

UK - Consumer Duty

Consumer Duty rules will come into force on 31 July 2023 open products and services (and 31 July 2024 for closed products). The Consumer Duty consists of a new Consumer Principle that requires firms to act to deliver good outcomes for retail customers. These outcomes are focussed on products and services, price and value, consumer understanding and consumer support. Supported by cross-cutting rules requiring firms to act in good faith, avoid causing foreseeable harm and enable and support customers to pursue their financial objectives. The Duty will cover products and services sold to retail clients which extends to firms that are involved in the manufacture or supply of products and services even if they do not have a direct relationship with the end consumer. The Group continues to assess the impact and scope of the Duty on the services and products offered and has identified measures to embed it effectively, where applicable.

UK – Appointed Representatives

On 8 December 2022, the Financial Conduct Authority (FCA) introduced important changes to the regime governing Appointed Representatives (ARs), which carries out regulated activity for which an authorised firm is responsible. The new rules are a response to the perception that ARs have not been adequately regulated and created a risk of harm to consumers. The rule changes clarify and enhance principals' responsibilities for ARs. The Group is currently working on an annual review document and embedding any changes necessary to the AR monitoring framework.

UK – Investment Research Review

The Investment Research Review was launched on 9 March 2023 and commissioned by the government to independently review investment research and its contribution to UK capital markets competitiveness. In particular, the review covered the impact of the current legislative and regulatory environment on the provision and quality of research including the MiFID II unbundling rules. Many in the industry have noted there has been a decline in investment coverage in the UK and that the pricing of research in the UK post-MiFID II is "broken". Some preliminary comments and recommendations made by buy-side and sell-side firms include: a research platform to help generate research, allowing more options to pay for research, and allowing greater access to investment research for retail investors. The review is due to run until June 2023 with recommendations to be made following this.

UK – Sustainability Disclosure Requirements (SDR) and FCA Anti-Greenwashing Rule

The FCA has published a consultation paper detailing new SDR designed to enforce a new classification and labelling system for sustainable investment products. In addition, the FCA has also proposed a new Anti-Greenwashing rule intended to go live by the end of the year. This rule will apply to all FCA authorised firms and require them to ensure that the naming and marketing of financial products / services in the UK is clear, fair and not misleading, and consistent with the sustainability profile of the product or service. At the core of the FCA's proposals are sustainable investment labels, classifying investment products into three different types: sustainable focus, sustainable impact and sustainable improvers.

The Group is currently reviewing the impact of the rules and considering materiality to our business. In particular, we are considering whether any funds would qualify for a sustainable label and assessing whether any fund names need to be amended to comply with naming and marketing rules.

US – SEC Advisor Advertisement Rule Changes

Amended Rule 206(4)-1 is a modernised marketing rule that impacts advertising and marketing for registered Investment Advisors, and came into effect on 4 November 2022. The rule changes have been implemented by the Group's US businesses.

US – ESG Disclosures for Investment Advisers and Investment Companies

The SEC proposed amendments to rules and disclosure forms to promote consistent, comparable, and reliable information for investors concerning funds' and advisers' incorporation of ESG factors. An extended public comment period closed 1 November 2022. If the proposed rules are adopted, the Group will work through implementation with its US businesses.

US – Tailored Shareholder Reports for Mutual Funds

In October 2022, the SEC adopted rule and form amendments (first proposed in August 2020) for mutual funds and exchange-traded funds that will substantially impact the content and scope of disclosure for shareholder reports, as well as amendments that will require fee comparability in fund advertising. These amendments reflect the SEC's goal of requiring funds to present key information to shareholders clearly and concisely. The rules came into effect on 24 January 2023 with an 18 month transition period, with the exception of a rule addressing representations of fees and expenses that could be materially misleading which does not have a transition period.

US - other proposed rules

In October 2022, the SEC proposed a new rule under the US Advisers Act, imposing due diligence, recordkeeping and reporting obligations on investment advisers who outsource certain key "covered functions" of the adviser's business to third parties, including affiliates. If adopted, the proposal will impose additional costs and operational risks on US investment advisers. In November 2022, the SEC proposed significant changes to the rules governing liquidity risk management and swing pricing for US mutual funds. The most significant features include: (i) mandated swing pricing for all US mutual funds (other than money market funds) based on a complex framework set forth in the proposal and (ii) several major changes to the liquidity risk management framework for such funds, including expanding the types of assets that will be categorized in the illiquid investment category for purposes of the framework. If adopted in their current form, the proposed changes will cause significant and fundamental changes to core aspects of US mutual funds, including to fund management and certain investment strategies, such as bank loan funds.

The Group continues to monitor these proposed rule changes.

Singapore – MAS Business Continuity Management ('BCM') Guidelines June 2022

MAS has released updated BCM Guidelines ('Guidelines'), which aim to share industry best practices, as well as emphasise the need for financial institutions ('FI') to take an end-to-end service-centric view in ensuring the continuous delivery of critical business services to their customers. The guidelines have incorporated public feedback from two rounds of consultations, as well as key learnings from the COVID-19 pandemic. The extent and degree to which an FI implements the Guidelines should be commensurate with the nature, size, risk profile and complexity of its business operations. FI's should meet the new Guidelines and establish a BCM audit plan within 12 months following its issuance (June 2023). The first BCM audit should be conducted within 24 months of the Guidelines' issuance (by June 2024). The Group continues to work through implementation with its Singapore businesses.

1.4.2 Business Risks

Risk management framework

Perpetual's approach to risk management globally is based on a Risk Appetite Statement set by the Perpetual Board, which outlines the risk boundaries and minimum expectations of Perpetual Management. The Board's Audit, Risk and Compliance Committee (ARCC) is responsible for overseeing Perpetual's risk management process. Perpetual has dedicated Risk and Compliance functions, led by the Chief Risk and Sustainability Officer, which have day to day responsibility for the design, implementation and maintenance of Perpetual's Risk Management Framework (RMF), and an independent Internal Audit department.

The RMF is underpinned by the 'Three Lines of Accountability model' (3LOA). This model sees the first line, being business unit management, accountable for the day-to-day identification, management and ownership 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 RMF and 3LOA 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 risk and compliance training, defined governance processes and delegation of authorities.

1.4.3 Key Business Risks

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

Risk Category	Risk Description/Impact	Risk Mitigants
Strategy and Execution	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 results in a poorly designed and/or executed strategy impacting Perpetual's market position and client value proposition.	• Considered strategic and business planning processes, including well-defined Mergers and Acquisitions (M&A) Framework and Integration Programs • Strategic measures cascaded through performance management • Application of Risk Appetite Statement in strategic decision-making and monitoring • Ongoing monitoring by Perpetual's Executive Committee (ExCo) and reporting to Perpetual's Board on strategic execution and achievement of intended benefits
Management of Change	Risks arising from ineffectively managing the portfolio of change and/or the design and execution of delivering and embedding change associated with Perpetual's strategic priorities and/or business initiatives. Risk includes impacts to the realisation of benefits; and/or ability to deliver change initiatives to plan or expectations; and/or unintended consequences for our people, clients and/or business.	• Well-defined and embedded change management governance, practices, processes, systems, and training • Adequate resourcing of change management initiatives • Ongoing monitoring and reporting on a portfolio view of change across the organisation, including change experience and post implementation reviews
People	Risk arising from an inability to attract, engage, mobilise and retain experienced, quality people at appropriate levels to execute Perpetual's business strategy, particularly in key investment management roles.	• Succession planning, talent identification programs, retention strategies, remuneration benchmarking and reporting to the People and Remuneration Committee • Alignment of remuneration outcomes, including asset manager (portfolio manager and investment analyst) remuneration, to longer term value creation for shareholders and clients • Employee engagement monitoring
	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 • Employee Assistance Program • Employee engagement monitoring
Financial, Market and Treasury	Risk that the strength of Perpetual's balance sheet, profitability or liquidity are inadequate for its business activities.	• Budget planning process • Reconciliation and review processes • Regular income and expense, debt and equity reviews
	Risk that Perpetual breaches its regulatory, legal, tax and/or financial reporting obligations. Risk includes incorrect interpretation of requirements across jurisdictions resulting in inappropriate financial accounting, reporting, lodgements and transfer pricing risk or related disclosures.	• Tax Governance Policy • Tax Risk Management Policy • Internal and external auditor
	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 • Ongoing monitoring of key balance sheet metrics
	Impacts on profitability due to currency fluctuations	• Treasury Risk Management Program • The US and UK denominated debt has been designated as a net investment hedge in a foreign operation and provides a natural hedge for US and UK denominated business line

Risk Category	Risk Description/Impact	Risk Mitigants
Investment	Risk arising from non-adherence to investment style and/or investment governance, ineffective investment strategies and/or in adequate management of investment risks (including market, credit and liquidity) within the funds or client accounts that results in underperformance relative to peers, objectives, and benchmarks.	• 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
Product and Distribution	Risk that products and client solutions fail to remain contemporary and do not meet clients' expectations resulting in an inability to deliver budgeted fund and revenue inflows. Risk that the design and/or execution of the distribution strategy is ineffective, resulting in a failure to positively identify, engage, retain and grow new and/or existing channels.	• Well-defined product and distribution strategy aligned with overall group strategy • Established product governance frameworks in place • Approved business case for all new products including how the product will comply with regulatory obligations • Conflicts of Interests framework Avoidance of business practices and partnerships which may result in adverse outcomes
Business Resilience, Operational and Fraud	Risk arising from inadequate, failed or disrupted processes, systems or people due to internal or external events. This includes (but is not limited to) processing errors, 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 • Robust Insurance program covering all material insurable risks to the Perpetual Group • Risk awareness programs regarding the potential for fraud or financial crime events
Information Technology (IT)	Risk arising from failed, corrupted, or inadequate information systems resulting from inadequate infrastructure, applications, cloud services and support. Includes (but is not limited to) loss of integrity and availability of critical data as well as business disruption resulting from a failure of technology or IT service provider to meet business requirements.	• Continued execution of technology modernisation programs • Business continuity planning and disaster recovery programs • Independent assurance
Cyber / Data Security	Risk arising from breached 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, or inappropriate retention of data, as well as business disruption resulting from a cyber security event.	• Defined information security strategy, programs and IT security policies • Implementation of operational security technology (including firewalls and antivirus) • Dedicated Security Operations Centre (providing 24x7 coverage) • Establishment of global mandate for security across the Perpetual Group • Security assurance testing of key systems (including penetration testing, red teaming and vulnerability management) • Information security response plans and regular testings • Business continuity planning and disaster recovery programs • Independent assurance • Information security risk awareness programs • Ongoing, automated phishing training and testing of employees • Third party IT due diligence processes • Cyber Insurance

Risk Category	Risk Description/Impact	Risk Mitigants
Outsourcing	Risk that Perpetual servicing arrangements and/or services performed by external service providers, including related and third parties, are not appropriate and/or 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
Sustainability and Responsible Investing	Risk arising from inadequate or inappropriate integration of sustainability-related considerations in strategic, business and investment decision-making. Includes the risk of not meeting the evolving stakeholder expectations, such as products to meet client needs, 'greenwashing' or meeting disclosure requirements.	• Development and implementation of a sustainability strategy framework – Perpetual's Prosperity Plan and 'Planet', 'People', 'Communities' and 'Governance' commitments • Partner with well-regarded, environmental and socially responsible partners • Continued build out of ESG Investment capability across Perpetual's global business reinforcing our commitment to sustainability and responsible investing • Well-defined and embedded governance framework • Sustainable Finance Disclosure Regulation (SFDR) implementation
Compliance and Legal	The risk that Perpetual breaches its compliance and legal obligations (including licence conditions and client commitments). Risk includes an inability to effectively respond to regulatory change.	• Independent legal and compliance team, and training across teams • Compliance obligations are documented and monitored • Issues and beach management framework • Controls testing in the form of control self-assessment • 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 Perpetual's internal and external stakeholders.	• Effective Risk Management Framework that sets out how risk is managed, including Three Lines of Accountability risk model and application of Perpetual's Risk Appetite Statement which outlines the risk behaviours expected of all Perpetual directors, employees and contractors • Mandated training on Perpetual's Code of Conduct, Conflicts of Interest and Risk Management Framework and behaviours of all staff that form part of the performance assessment process • Media monitoring • Net Promoter Score measurement and reporting • Whistleblowing arrangements managed by an independent vendor

1.5 Outlook

While the macroeconomic and geopolitical conditions continue to pose challenges for the global financial services industry, the outlook for Perpetual Group remains positive. Perpetual's unique combination of quality businesses provides the Group with diversification of earnings and growth opportunities, and resilience in times of market volatility through our non-market linked revenues in Corporate Trust and Wealth Management.

In addition, 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 strong foundation for future growth.

Asset Management

The operating environment for Asset Management is expected to continue to be challenging with investor caution towards equities, asset allocation shifts and higher interest rates impacting globally. While economic uncertainty remains a challenge, we believe this market environment creates opportunities for Perpetual's asset managers to explore diverging trends and views and capitalise on select opportunities to drive investment outperformance against benchmark. A key feature and strength of Perpetual's multi-boutique model is that Perpetual doesn't hold a "house" view, and therefore each boutique's ability to deliver value to investors is not constrained by views held by any other boutique within our stable. From a distribution and operational perspective, the successful acquisition of Pendal Group has brought together two complementary businesses and provided Perpetual with a global, multi-boutique business with a distribution presence in all our key chosen markets, and a scalable platform to enable growth. Our focus in the near term is to fully realise the potential of the combined businesses through successful integration, synergy realisation and simplifying the management structure to allow us to focus on growing our market presence, particularly in the US and Europe.

Wealth Management

Positive momentum in Wealth Management, benefitting from expanded products and services driving growth in non-market-linked revenues. Continued growth is expected in the Wealth Management business through its differentiated advice model and new capabilities via the integration and expansion of Jacaranda Financial Planning and investment in its digital capability to support scale.

Corporate Trust

Continued organic growth in Corporate Trust, despite short-term headwinds in mortgage and commercial property sectors. The Corporate Trust business continues to deliver consistent growth in its core offerings while the Perpetual Digital business is well positioned to support our clients' needs and maintain its earnings growth rate.

Unique combination of businesses

Perpetual remains focused on its strategy to deliver sustainable growth across our unique combination of quality businesses. We will be focused on the successful integration of the Pendal Group, improving net flows, unlocking benefits from simplifying and delivering returns on investments made across our quality portfolio.

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 FY23 for the three Perpetual Group operating segments are described in the following sections. A description of revenues and expenses at the Group Support Services level is also provided.

2.1 Asset Management

2.1.1 Business Overview

Following the acquisition of the Pendal Group in January of 2023, the Asset Management segment was formed to combine global investment capabilities into a single segment, consisting of our six boutique managers:

Previously reported Perpetual Asset Management Australia and International boutiques

- **Perpetual Asset Management** – is one of Australia's most respected and longstanding active investment managers, focused on the needs of Australian and New Zealand retail and institutional investors. Perpetual Asset Management is a dynamic, active manager, offering an extensive range of specialist investment capabilities including Australian and global equities, Australian credit and fixed income, multi-asset as well as environmental, social and governance (ESG) focused products
- **Barrow Hanley** - a US based diversified investment management firm offering value-focused investment strategies spanning global equities, US equities and fixed income. The business is 75% owned by Perpetual with the remaining interest in the firm held by employees
- **Trillium Asset Management** – based out of the US, offering ESG investment management strategies and products. The firm has been a value-led, impact driven and ESG-focused asset management business since its foundation in 1982. Trillium combines impactful investment solutions with active ownership. The firm manages equity, fixed income, and alternative investment solutions for institutions, intermediaries, high net worth individuals, as well as charitable and non-profit organisations with the goal to provide both positive impact and long-term value to these clients.

New boutiques added through the Pendal Group acquisition

- **Pendal**[1] – one of Australia's largest active fund managers with offices in Sydney and Melbourne managing assets across Australian and global equities, sustainable and ethical, multi-asset, bond, income and defensive strategies
- **J O Hambro Capital Management (J O Hambro)** [1] - a boutique investment management business with offices in London, Singapore, Munich, Paris, New York, Boston and Berwyn specialising in the active management of equities across a range of global and regional equity strategies, multi-asset, global impact and sustainable strategies
- **Thompson, Siegel and Walmsley (TSW)** - a US-based value-oriented investment management and advisory company, operating primarily in the long-only equity (International and US) and fixed income asset classes.

1.Includes Regnan branded funds

2.1.2 Financial Performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 v FY22	FY23 v FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Management Fees by asset class[1]								
- Equities	508.4	313.2	195.2	62%	358.5	150.0	156.2	157.0
- Cash and fixed income	49.6	44.2	5.4	12%	29.8	19.7	21.6	22.7
- Multi Asset	27.5	15.9	11.6	73%	19.8	7.8	7.6	8.3
- Other AUM related	3.3	2.9	0.4	13%	2.1	1.2	1.4	1.5
Total AUM related Management Fees	**588.8**	**376.3**	**212.6**	**56%**	**410.2**	**178.7**	**186.8**	**189.5**
Performance Fees by asset class								
- Equities	9.5	10.3	(0.8)	(8%)	6.8	2.7	5.7	4.6
- Cash and fixed income	1.1	1.2	(0.1)	(10%)	0.6	0.5	0.6	0.6
- Other AUM related	0.6	-	0.6		0.6	-	-	-
Total Performance fees	**11.1**	**11.5**	**(0.4)**	**(4%)**	**8.0**	**3.2**	**6.4**	**5.1**
Non-AUM related revenue	**0.5**	**0.0**	**0.5**	**2730%**	**0.3**	**0.2**	**0.0**	**0.0**
Total revenue	**600.4**	**387.8**	**212.7**	**55%**	**418.4**	**182.0**	**193.2**	**194.6**
Operating expenses	437.7	271.2	166.4	61%	298.5	139.2	141.9	129.4
EBITDA	**162.8**	**116.5**	**46.2**	**40%**	**119.9**	**42.8**	**51.3**	**65.2**
Depreciation and amortisation	13.2	7.8	5.4	69%	9.0	4.2	4.0	3.8
Equity remuneration expense	15.5	5.2	10.3	198%	13.3	2.2	2.4	2.8
Interest expense	1.4	0.7	0.7	92%	1.0	0.4	0.4	0.4
Underlying profit before tax	**132.7**	**102.8**	**29.9**	**29%**	**96.5**	**36.1**	**44.5**	**58.3**

1. Revenue by asset class now presents Multi Asset separately from Equities and Cash and Fixed Income.

In FY23, Asset Management reported underlying profit before tax of $132.7 million which was $29.9 million or 29% higher than FY22. This was driven by the acquisition of Pendal Group through the boutiques of J O Hambro, Pendal and TSW.

The cost to income ratio in FY23 was 78% compared to 73% in FY22. The cost to income ratio increase was due to the global build out of distribution and key functions together with the acquisition of the Pendal Group.

2.1.3 Drivers of Performance

Revenue

Asset Management generated revenue of $600.4 million in FY23, an increase of $212.7 million or 55% higher than FY22. The increase was mainly driven by the contribution of Pendal Group boutiques. Pre-existing boutiques revenue was lower due to lower average AUM from lower markets and net outflows, partially offset by foreign exchange movements.

AUM related Management fees increased $212.6 million or 56% to $588.8 million in FY23 mainly due to the contribution of Pendal Group, predominantly within the Equities asset class.

Performance fees of $11.1 million were earned in FY23, $0.4 million or 4% lower than FY22. Performance fees were mainly generated across the following funds:

- Perpetual Asset Management Pure Equity Alpha Fund
- Perpetual Pure Microcap Fund
- Pendal Opportunities Microcap Fund
- Perpetual Exact Market Return Fund
- Pendal SIV Emerging Companies Fund
- J O Hambro Asia ex Japan All Cap Fund

Other non-AUM related revenue includes interest earned on operational accounts.

Revenue Margin

FOR THE PERIOD	FY23 bps	FY22 bps	FY23 v FY22	FY23 v FY22	2H23 bps	1H23 bps	2H22 bps	1H22 bps
By asset class[1]								
- Equities	44	42	2	5%	46	41	42	42
- Cash and fixed income	22	25	(3)	(12%)	19	27	25	24
- Multi Asset	45	45	(0)	(0%)	43	53	44	46
- Other AUM related	6	7	(1)	(18%)	5	7	7	7
Average revenue margin	**41**	**39**	**2**	**5%**	**42**	**39**	**39**	**39**

1. Revenue margin now presents Multi Asset separately from Equities and Cash and Fixed Income.

Average revenue margins for FY23 have increased by 2 bps to 41bps largely due to the contribution of Pendal Group AUM with higher margins within Equities.

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

Equities: Revenue represent fees earned on Australian, Global/International, UK, US, European and Emerging Markets equities products. Revenue in FY23 was $517.9 million. The average margin in FY23 was 44 bps, 2 bps higher than FY22 due to the contribution of Pendal Group AUM.

Cash and fixed income: Revenue is derived from the management of cash and fixed income products. Revenue in FY23 was $50.6 million. The FY23 revenue margin of 22 bps decreased by 3bps compared to FY22 due to proportionately higher AUM from Pendal Group products.

Multi Asset: Revenue in FY23 was $27.5 million. The FY23 revenue margin of 22 bps was stable compared to FY22.

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

FY23 expenses of $467.8 million increased by $182.9 million or 64% higher than FY22. This was driven by Pendal Group expenses, combined with growth in the pre-existing boutiques driven by continued investment in global distribution capability and other key functions, the impact of foreign exchange rate movements, partially offset by lower variable remuneration including the impact of lower performance fees paid.

2.1.4 Assets Under Management

Closing AUM summary

		AUM MOVEMENTS						NET FLOWS			
AT END OF		FY23	Pendal AUM (as at 11 January 2023)	Net flows	Other[1]	Foreign Exchange Impacts	FY22	2H23	1H23	2H22	1H22
		$B	$B	$B	$B	$B	$B	$B	$B	$B	$B
Equities	Australia	28.9	17.4	(1.6)	2.0	-	11.2	(0.9)	(0.7)	(0.3)	(0.7)
	Global / International	69.8	47.2	(0.8)	4.7	3.2	15.6	(2.5)	1.7	1.0	1.7
	UK	8.8	8.7	(0.3)	(0.4)	0.7	-	(0.3)	-	-	-
	US	52.3	7.5	(6.5)	4.9	2.2	44.2	(2.1)	(4.4)	(3.2)	(2.3)
	Europe	1.5	1.3	0.1	(0.0)	0.1	-	0.1	-	-	-
	Emerging Markets	8.1	4.8	1.8	0.3	0.2	1.0	1.0	0.8	0.2	0.2
Total Equities		**169.4**	**87.0**	**(7.5)**	**11.5**	**6.5**	**71.9**	**(4.8)**	**(2.7)**	**(2.3)**	**(1.1)**
Fixed Income	Australia	10.2	6.7	(1.8)	0.3	-	5.0	(1.6)	(0.2)	0.2	0.6
	US	10.0	0.1	0.2	0.1	0.4	9.2	0.3	(0.1)	(1.1)	(1.4)
Total Fixed Income		**20.2**	**6.9**	**(1.6)**	**0.3**	**0.4**	**14.1**	**(1.3)**	**(0.3)**	**(1.0)**	**(0.9)**
Multi Asset		9.7	6.7	(0.5)	0.4	0.1	3.0	(0.4)	(0.0)	(0.5)	0.3
Other		0.8	0.2	(0.1)	0.0	0.0	0.7	(0.1)	(0.0)	(0.0)	(0.0)
Total asset classes (ex-cash)		**200.1**	**100.7**	**(9.6)**	**12.2**	**7.1**	**89.7**	**(6.6)**	**(3.0)**	**(3.7)**	**(1.7)**
Cash		12.0	9.5	1.5	0.2	-	0.7	1.4	0.1	(1.7)	0.0
Total asset classes[2]		**212.1**	**110.2**	**(8.1)**	**12.5**	**7.1**	**90.4**	**(5.2)**	**(2.9)**	**(5.4)**	**(1.7)**
Institutional		136.8	59.4	(7.1)	13.7	5.2	65.5	(4.1)	(3.0)	(4.1)	(2.4)
Intermediary & Retail		59.3	32.4	(2.1)	2.9	1.8	24.3	(2.1)	(0.0)	0.3	0.7
Westpac		4.0	8.8	(0.4)	(4.4)	-	-	(0.4)	-	-	-
Total distribution channels (ex-cash)		**200.1**	**100.7**	**(9.6)**	**12.2**	**7.1**	**89.7**	**(6.6)**	**(3.0)**	**(3.7)**	**(1.7)**
Cash		12.0	9.5	1.5	0.2	-	0.7	1.4	0.1	(1.7)	0.0
Total distribution channels		**212.1**	**110.2**	**(8.1)**	**12.5**	**7.1**	**90.4**	**(5.2)**	**(2.9)**	**(5.4)**	**(1.7)**

1. Includes changes in market value of assets, income, reinvestments, distributions and asset class rebalancing within the Group's diversified funds.
2. AUM by asset class now presents Multi Asset separately from Equities and Cash and Fixed Income. Prior period flows have been adjusted due to misclassification.

AUM

Asset Management AUM as at 30 June 2023 was $212.1 billion. The acquisition of the Pendal Group contributed $110.2 billion. The YOY increase excluding Pendal Group's opening AUM, was $11.5 billion driven by investment performance and improvement in capital markets together with strengthening of foreign exchange rates. This was partially offset by $8.1 billion net outflows, predominantly across US Equities strategies.

Outflows were predominantly in the institutional channels and US Equity mandates managed by Barrow Hanley, J O Hambro and TSW, partially offset by net inflows and strong performance in Trillium.

2.2 Wealth Management

2.2.1 Business Overview

Wealth Management (formerly known as Perpetual Private) is one of Australia's leading wealth management businesses focused on the comprehensive needs of families, businesses, and communities.

Wealth Management aims to empower families, businesses, and communities to achieve their aspirations by delivering advisory service excellence. Wealth Management utilises a targeted client segment approach to grow its FUA by offering quality advice and wealth management services to established wealthy, ultra-high net worth clients and family offices, business owners, medical practitioners and other professionals, not for profit organisations and Indigenous communities.

Wealth Management 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.

2.2.2 Financial Performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 v FY22	FY23 v FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Market related revenue	145.1	153.0	(7.9)	(5%)	71.3	73.8	75.1	77.9
Non-market related revenue	72.3	58.3	14.0	24%	39.1	33.2	29.1	29.1
Total revenue	217.4	211.2	6.2	3%	110.4	107.0	104.3	107.0
Operating expenses	(155.4)	(151.5)	(3.9)	(3%)	(77.8)	(77.6)	(75.9)	(75.6)
EBITDA	**62.0**	**59.7**	**2.3**	**4%**	**32.6**	**29.3**	**28.3**	**31.4**
Depreciation and amortisation	(9.1)	(9.3)	0.2	2%	(4.3)	(4.8)	(4.7)	(4.7)
Equity remuneration expense	(4.6)	(4.0)	(0.6)	(15%)	(2.4)	(2.2)	(2.2)	(1.8)
Interest expense	(1.3)	(2.1)	0.8	39%	(1.1)	(0.2)	(1.1)	(1.0)
Underlying profit before tax	**47.0**	**44.3**	**2.7**	**6%**	**24.9**	**22.1**	**20.4**	**23.9**
Funds under advice ($B)								
Closing FUA	$18.5B	$17.4B	$1.1B	6%	$18.5B	$17.9B	$17.4B	$19.0B
Average FUA	$18.1B	$18.3B	$(0.2)B	(1%)	$18.4B	$17.8B	$18.4B	$18.3B
Market related revenue margin	80bps	84bps	-	(4bps)	77bps	83bps	82bps	85bps

2.2.3 Drivers of Performance

In FY23, Wealth Management reported underlying profit before tax of $47.0 million, $2.7 million or 6% higher than FY22.

The increase on FY22 was mainly driven by strong Fordham performance, insurance revenue growth from Priority Life and a higher interest rate environment, partly offsetting lower equity markets and higher expenses driven by continued investment in supporting future business growth.

In FY23, Wealth Management experienced continued new client growth within the Native Title segment, Not for Profit segment and Priority Life. This was supported by the organic growth of the business as well as continued contributions from Jacaranda in the pre-retiree segment. The cost to income ratio in FY23 was 78% compared to 79% in FY22.

Revenue

Wealth Management generated revenue of $217.4 million in FY23, $6.2 million or 3% higher than FY22.

Market related revenue was $145.1 million, $7.9 million or 5% lower than FY22. The decrease on FY22 was mainly due to lower average equity markets, lower performance fees as well as repricing of the Select Super portfolio in March 2022. Performance fees revenue in FY23 was $4.1 million, $1.8 million lower than FY22.

Non-market related revenue was $72.3 million, $14.0 million or 24% higher than FY22. The increase was mainly driven by strong Fordham performance, higher insurance revenue driven by Priority Life and a higher interest rate environment. Priority Life gross written premiums in FY23 passed $50 million of gross written premium, $5 million higher than FY22.

Wealth Management's market related revenue margin was 80 bps (78 bps excluding performance fees) in FY23 compared to 84 bps in FY22 (80 bps excluding performance fees) due to Select Super repricing.

Expenses

Total expenses for Wealth Management in FY23 were $170.4 million, $3.4 million or 2% higher than FY22. The increase in expenses on FY22 was mainly driven by continued investment in staff and technology to support future business and an earnout payment in Priority Life due of an outperformance in the revenue of the business (part of the deferred earnout of the consideration of the acquisition in November 2019).

2.2.4 Funds under advice

Wealth Management's FUA at the end of FY23 was 18.5 billion, $1.1 billion or 6% higher than FY22 primarily due to positive net flows in the Native Title and not for profit segments, investment performance and some improvement in equity markets. Net flows of $0.4 billion was $0.6 billion lower than FY23 due to $0.5 million Laminar flows in FY22. Funds under advice for charitable trusts and endowments funds was $3.3 billion. Wealth Management's Native Title business passed $1 billion in FUA in FY23.

AT END OF	FY23	Net flows	Other[1]	FY22	2H23	1H23	2H22	1H22
	$B	$B	$B	$B	$B	$B	$B	$B
Total FUA	18.5	0.4	0.7	17.4	18.5	17.9	17.4	19.0

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

2.3 Corporate Trust

2.3.1 Business Overview

Corporate Trust (CT) is the leading provider of corporate trustee, agency, custody and digital solutions to the banking and financial services markets 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 global debt capital markets and securitisation industry.

Managed Funds Services – provides services including 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 commercial property (office, industrial, retail and infrastructure), debt, fixed income, equity, private equity, emerging markets and hedge funds.

Perpetual Digital – Perpetual Digital combines CT's existing digital assets and the platform of Laminar Capital, acquired in October 2021, to provide innovative solutions to CT clients. Perpetual Digital 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 SaaS products providing a multitude of digital solutions to the banking and financial services industry. Laminar Capital, a specialist debt markets and advisory business, includes the Treasury Direct SaaS Platform.

2.3.2 Financial Performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 v FY22	FY23 v FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Debt Market Services	77.2	68.7	8.5	12%	38.9	38.3	35.6	33.1
Managed Funds Services	77.4	70.3	7.1	10%	38.3	39.0	36.8	33.5
Perpetual Digital	23.4	19.5	3.9	20%	12.1	11.3	9.6	9.9
Total revenue	178.0	158.5	19.5	12%	89.3	88.7	82.0	76.6
Operating expenses	(85.1)	(75.4)	(9.7)	(13%)	(43.4)	(41.7)	(41.0)	(34.4)
EBITDA	**92.9**	**83.1**	**9.8**	**12%**	**45.9**	**46.9**	**40.9**	**42.1**
Depreciation and amortisation	(8.4)	(8.0)	(0.3)	(4%)	(4.3)	(4.1)	(4.0)	(4.0)
Equity remuneration expense	(2.4)	(1.8)	(0.6)	(35%)	(1.4)	(1.0)	(1.1)	(0.7)
Interest expense	(0.5)	(0.7)	0.2	23%	(0.3)	(0.3)	(0.3)	(0.4)
Underlying profit before tax	**81.6**	**72.6**	**9.0**	**12%**	**40.0**	**41.7**	**35.5**	**37.1**

In FY23, Corporate Trust reported underlying profit before tax of $81.6 million, $9 million or 12% higher than FY22 with growth cross all three revenue lines. The cost to income ratio was stable at 54%.

2.3.3 Drivers Of Performance

Revenue

Corporate Trust generated revenue of $178 million in FY23, $19.5 million or 12% higher than in FY22. The main drivers of the improvement by business line were as detailed below.

In FY23, Debt Markets Services revenue was $77.2 million, $8.5 million or 12% higher than in FY22. The primary drivers for the increase on FY22 were underlying growth in the securitisation portfolio from new and existing clients due to higher average FUA from non-bank RMBS and ABS sectors, higher document custody volumes and additional new clients in trust management.

In FY23, Managed Funds Services revenue was $77.4 million, $7.1 million or 10% higher than FY22. The increase was primarily due to continued market activity within commercial property (office, industrial, retail and infrastructure) and fixed income.

In FY23, Perpetual Digital revenue was $23.4 million, $3.9 million or 20% higher than FY22. The increase was primarily due to the acquisition of Laminar Capital together with continued growth from new and existing clients.

Expenses

Total expenses for Corporate Trust in FY23 were $96.4 million, $10.5 million or 12% higher than FY22.

The increase in expenses on FY22 was mainly driven by costs to support investment in new SaaS products to digitally transform Corporate Trust's operating legacy technology systems and new products to clients, increased client volumes, operating costs of Laminar Capital and regulatory requirements.

2.3.4 Funds Under Administration

AT END OF	FY23 $B	FY22 $B	FY23 v FY22	FY23 v FY22	2H23 $B	1H23 $B	2H22 $B	1H22 $B
Public Market Securitisation								
RMBS - bank (ADI)	52.4	57.4	(5.1)	(9%)	52.4	54.3	57.4	57.7
RMBS - non bank	79.3	78.4	0.9	1%	79.3	83.0	78.4	70.1
ABS & CMBS	60.7	52.3	8.5	16%	60.7	61.7	52.3	45.5
Balance Sheet Securitisation								
RMBS - repos	393.3	398.9	(5.6)	(1%)	393.3	393.1	398.9	366.1
Covered bonds	89.2	76.3	12.9	17%	89.2	83.4	76.3	73.2
Debt Market Services - Securitisation[1]	**674.9**	**663.4**	**11.5**	**2%**	**674.9**	**675.5**	**663.4**	**612.7**
Corporate and Structured Finance	16.2	18.8	(2.6)	(14%)	16.2	18.4	18.8	18.2
Total Debt Market Services	**691.1**	**682.2**	**8.9**	**1%**	**691.1**	**693.9**	**682.2**	**630.9**
Custody	244.5	212.0	32.5	15%	244.5	229.6	212.0	187.9
Wholesale Trustee	115.7	100.6	15.1	15%	115.7	117.2	100.6	83.1
Responsible Entity	52.1	49.5	2.7	5%	52.1	51.6	49.5	46.0
Singapore	59.0	48.0	11.0	23%	59.0	51.5	48.0	42.5
Managed Funds Services	**471.4**	**410.1**	**61.3**	**15%**	**471.4**	**449.9**	**410.1**	**359.5**
Total FUA	**1,162.5**	**1,092.3**	**70.2**	**6%**	**1,162.5**	**1,143.8**	**1,092.3**	**990.4**

1. Includes warehouse and liquidity finance facilities.

At the end of FY23, Debt Market Services business was $691.1 billion, an increase of $8.9 billion or 1% on FY22. The movement was driven by continued growth in the ABS and CMBS segments, as well as Covered Bonds and continued slowing of RMBS sector due to higher cash rate.

At the end of FY23, Managed Funds Services FUA was $471.4 billion, an increase of $61.3 billion or 15% on FY22. The increase was driven by growth mainly across real assets products Wholesale Trustee, Custody and Singapore.

2.4 Group Support Services

2.4.1 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, People & Culture and Sustainability. 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 and expense, financing costs, ASX listing fees and distributions of employee-owned units of acquired entities are also retained within Group Support Services.

2.4.2 Financial Performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 v FY22	FY23 v FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Interest Income	3.9	0.3	3.6	1377%	3.0	0.9	0.2	0.1
Other Income	14.1	9.9	4.2	43%	4.3	9.8	3.2	6.7
Total revenue	18.0	10.2	7.8	77%	7.3	10.7	3.4	6.8
Operating expenses	(25.7)	(21.0)	(4.6)	(22%)	(14.7)	(10.9)	(8.4)	(12.6)
EBITDA	**(7.7)**	**(10.9)**	**3.2**	**29%**	**(7.4)**	**(0.2)**	**(5.0)**	**(5.8)**
Depreciation and amortisation	(2.3)	(2.1)	(0.2)	(10%)	(1.1)	(1.2)	(1.0)	(1.1)
Equity remuneration expense	(0.4)	(0.1)	(0.4)	(468%)	(0.1)	(0.3)	0.3	(0.4)
Interest expense	(31.7)	(5.5)	(26.2)	(477%)	(23.6)	(8.1)	(3.1)	(2.4)
Underlying profit before tax	**(42.1)**	**(18.5)**	**(23.6)**	**(127%)**	**(32.2)**	**(9.9)**	**(8.8)**	**(9.7)**

2.4.3 Drivers of Performance

Revenue

In FY23, Group Investments revenue was $18.0 million, $7.8 million or 77% higher than FY22. The increase was mainly due to movement in the investing in product (IIP) portfolio, higher distribution income received from unit trust investments held in seed funds, partially offset by a decrease in the net gain on sale of seed funds.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expenses for Group Support Services in FY23 were $60.1 million, $31.4 million or 109% higher than in FY22. The increase in total expenses was predominantly due to higher interest expense following interest rate rises commencing in late 2H22 together with funding costs for the Pendal Group acquisition.

Part 3
Appendices

3 Appendices

3.1 Appendix A: Segment Results

PERIOD	FY23					2H23					1H23				
	Asset Management	Wealth Management	Corporate Trust	Group Support Services	Total	Asset Management	Wealth Management	Corporate Trust	Group Support Services	Total	Asset Management	Wealth Management	Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Operating revenue	600.4	217.4	178.0	18.0	1,013.8	418.4	110.4	89.3	7.3	625.5	182.0	107.0	88.7	10.7	388.3
Operating expenses	(437.7)	(155.4)	(85.1)	(25.7)	(703.9)	(298.5)	(77.8)	(43.4)	(14.7)	(434.4)	(139.2)	(77.6)	(41.7)	(10.9)	(269.5)
EBITDA	**162.8**	**62.0**	**92.9**	**(7.7)**	**310.0**	**119.9**	**32.6**	**45.9**	**(7.4)**	**191.1**	**42.8**	**29.3**	**46.9**	**(0.2)**	**118.9**
Depreciation and amortisation	(13.2)	(9.1)	(8.4)	(2.3)	(33.0)	(9.0)	(4.3)	(4.3)	(1.1)	(18.7)	(4.2)	(4.8)	(4.1)	(1.2)	(14.2)
Equity remuneration	(15.5)	(4.6)	(2.4)	(0.4)	(22.9)	(13.3)	(2.4)	(1.4)	(0.1)	(17.2)	(2.2)	(2.2)	(1.0)	(0.3)	(5.7)
EBIT	**134.1**	**48.3**	**82.1**	**(10.4)**	**254.1**	**97.6**	**25.9**	**40.2**	**(8.6)**	**155.1**	**36.5**	**22.4**	**41.9**	**(1.8)**	**99.0**
Interest expense	(1.4)	(1.3)	(0.5)	(31.7)	(34.9)	(1.0)	(1.1)	(0.3)	(23.6)	(25.9)	(0.4)	(0.2)	(0.3)	(8.1)	(9.0)
UPBT	**132.7**	**47.0**	**81.6**	**(42.1)**	**219.2**	**96.5**	**24.9**	**40.0**	**(32.2)**	**129.2**	**36.1**	**22.1**	**41.7**	**(9.9)**	**90.0**
Significant Items Pre Tax	**(134.3)**	**(5.8)**	**(1.9)**	**12.0**	**(130.0)**	**(119.3)**	**(3.0)**	**(0.8)**	**38.0**	**(85.0)**	**(15.0)**	**(2.8)**	**(1.1)**	**(26.1)**	**(45.0)**
Reportable Segment NPBT	**(1.6)**	**41.2**	**79.7**	**(30.1)**	**89.2**	**(22.7)**	**21.9**	**39.2**	**5.8**	**44.2**	**21.1**	**19.3**	**40.5**	**(36.0)**	**45.0**

PERIOD	FY22					2H22					1H22				
	Asset Management	Wealth Management	Corporate Trust	Group Support Services	Total	Asset Management	Wealth Management	Corporate Trust	Group Support Services	Total	Asset Management	Wealth Management	Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Operating revenue	387.8	211.2	158.5	10.2	767.7	193.2	104.3	82.0	3.4	382.8	194.6	107.0	76.6	6.8	384.9
Operating expenses	(271.2)	(151.5)	(75.4)	(21.0)	(519.2)	(141.9)	(75.9)	(41.0)	(8.4)	(267.2)	(129.4)	(75.6)	(34.4)	(12.6)	(252.0)
EBITDA	**116.5**	**59.7**	**83.1**	**(10.9)**	**248.5**	**51.3**	**28.3**	**40.9**	**(5.0)**	**115.6**	**65.2**	**31.4**	**42.1**	**(5.8)**	**132.9**
Depreciation and amortisation	(7.8)	(9.3)	(8.0)	(2.1)	(27.2)	(4.0)	(4.7)	(4.0)	(1.0)	(13.7)	(3.8)	(4.7)	(4.0)	(1.1)	(13.6)
Equity remuneration	(5.2)	(4.0)	(1.8)	(0.1)	(11.0)	(2.4)	(2.2)	(1.1)	0.3	(5.4)	(2.8)	(1.8)	(0.7)	(0.4)	(5.6)
EBIT	**103.5**	**46.4**	**73.3**	**(13.0)**	**210.2**	**44.9**	**21.5**	**35.8**	**(5.7)**	**96.5**	**58.6**	**24.9**	**37.5**	**(7.3)**	**113.8**
Interest expense	(0.7)	(2.1)	(0.7)	(5.5)	(9.0)	(0.4)	(1.1)	(0.3)	(3.1)	(4.9)	(0.4)	(1.0)	(0.4)	(2.4)	(4.1)
UPBT	**102.8**	**44.3**	**72.6**	**(18.5)**	**201.2**	**44.5**	**20.4**	**35.5**	**(8.8)**	**91.6**	**58.3**	**23.9**	**37.1**	**(9.7)**	**109.6**
Significant Items Pre Tax	**(43.1)**	**(5.0)**	**(2.7)**	**(13.1)**	**(64.0)**	**(22.5)**	**(3.1)**	**(0.9)**	**(13.1)**	**(39.6)**	**(20.6)**	**(2.0)**	**(1.8)**	**(0.0)**	**(24.4)**
Reportable Segment NPBT	**59.7**	**39.2**	**69.9**	**(31.6)**	**137.2**	**22.0**	**17.3**	**34.7**	**(21.9)**	**52.0**	**37.6**	**22.0**	**35.3**	**(9.7)**	**85.2**

3.1.1 Breakdown of Significant Items Pre-Tax

PERIOD	FY23					2H23					1H23				
	Asset Management	**Wealth Management**	**Corporate Trust**	**Group Support Services**	**Total**	**Asset Management**	**Wealth Management**	**Corporate Trust**	**Group Support Services**	**Total**	**Asset Management**	**Wealth Management**	**Corporate Trust**	**Group Support Services**	**Total**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Transaction and Integration costs[1]	(89.2)	(2.9)	(0.7)	(5.2)	(98.0)	(80.6)	(1.6)	(0.2)	22.0	(60.3)	(8.6)	(1.3)	(0.5)	(27.2)	(37.7)
Trillium	(4.0)				(4.0)	(2.0)	-	-	-	(2.0)	(2.0)				(2.0)
Barrow Hanley	(7.6)				(7.6)	(1.0)	-	-	-	(1.0)	(6.6)				(6.6)
Pendal Group[2]	(77.6)				(77.6)	(77.6)	-	-	27.2	(50.4)	-			(27.2)	(27.2)
Other	-	(2.9)	(0.7)	(5.2)	(8.8)	0.1	(1.6)	(0.2)	(5.2)	(6.9)	(0.1)	(1.3)	(0.5)	-	(1.9)
Non-cash amortisation of acquired intangibles[3]	(46.2)	(2.9)	(1.2)	-	(50.3)	(35.1)	(1.4)	(0.6)	-	(37.1)	(11.1)	(1.5)	(0.6)		(13.2)
Unrealised gains/losses on financial assets[4]	1.1	-		17.2	18.3	0.7	-	-	16.0	16.7	0.4	-	-	1.2	1.6
Accrued incentive compensation liability[5]	-				-	(4.3)	-	-	(0.0)	(4.3)	4.3	-	-	0.0	4.3
Significant Items Pre Tax	**(134.3)**	**(5.8)**	**(1.9)**	**12.0**	**(130.0)**	**(119.3)**	**(3.0)**	**(0.8)**	**38.0**	**(85.0)**	**(15.0)**	**(2.8)**	**(1.1)**	**(26.0)**	**(45.0)**

1. Relates to costs associated with the acquisition/establishment of Barrow Hanley, Trillium, Pendal Group and other entities. Costs include professional fees, administrative and general expenses and staff costs related to specific retention and performance grants.
2. 1H23 costs have been restated to show all costs related to Pendal Group acquisition under Asset Management.
3. Relates to amortisation expense on customer contracts and non-compete agreements acquired through business combinations.
4. Relates to unrealised mark to market gains and losses on EMCF, seed fund investments and financial assets held for regulatory purposes.
5. This liability reflects the value of employee owned units in Barrow Hanley.

3.2 Appendix B: Bridge for FY23 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, FY23 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;
- 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; and
- accrued incentive compensation liability.

	OFR adjustments									
	FY23 Statutory Accounts	EMCF[1]	Transaction and Integration costs				Non-cash amortisation of acquired intangibles	Unrealised gains/losses on financial assets	Accrued incentive compensation liability	FY23 OFR
			Trillium	Barrow Hanley	Pendal Group	Other				
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Revenue	1,034.1	(5.0)			5.9			(21.2)		1,013.8
Staff related expenses excluding equity remuneration expense	(524.8)			(1.7)	25.7	2.8			-	(498.0)
Occupancy expenses	(10.6)									(10.6)
Administrative and general expenses	(237.4)			6.8	33.8	1.5				(195.3)
Distributions and expenses relating to structured products	(5.0)	5.0								-
Equity remuneration expense	(39.2)		2.1	0.1	9.5	4.6				(22.9)
Depreciation and amortisation expense	(83.2)			-			50.3			(33.0)
Financing costs	(44.8)		1.9	2.4	2.7	-		2.9		(34.9)
Total expenses	(945.0)	5.0	4.0	7.6	71.7	8.9	50.3	2.9	-	(794.6)
Net profit before tax	**89.1**	**-**	**4.0**	**7.6**	**77.6**	**8.9**	**50.3**	**(18.3)**	**-**	**219.2**
Income tax expense	(30.1)	-	(0.5)	(2.2)	(14.5)	(0.9)	(9.7)	1.9	-	(56.0)
Net profit after tax	**59.0**	**-**	**3.5**	**5.4**	**63.1**	**8.0**	**40.6**	**(16.4)**	**-**	**163.2**
Significant Items (net of tax)										
Transaction and Integration costs										
- Trillium										(3.5)
- Barrow Hanley										(5.4)
- Pendal Group										(63.1)
- Other										(8.0)
Non-cash amortisation of acquired intangibles										(40.6)
Unrealised gains/losses on financial assets										16.4
Accrued incentive compensation liability										-
Net profit after tax attributable to equity holders										**59.0**

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

3.3 Appendix C: Average Assets Under Management

FOR THE PERIOD in Australian Dollars		FY23 $B	FY22 $B	FY23 v FY22	FY23 v FY22	2H23 $B	1H23 $B	2H22 $B	1H22 $B
Equities	Australia	19.8	12.8	7.0	54%	28.0	11.7	12.7	13.0
	Global / International	40.3	15.1	25.2	167%	64.1	16.5	15.7	14.5
	US	47.9	48.3	(0.4)	(1%)	50.6	45.3	47.6	49.0
	UK	4.1	-	4.1	100%	8.2	-	-	-
	Europe	0.7	-	0.7	100%	1.3	-	-	-
	Emerging Markets	4.0	0.7	3.3	100%	6.9	1.1	0.8	0.6
Total Equities		**116.8**	**77.0**	**39.8**	**52%**	**159.1**	**74.5**	**76.8**	**77.2**
Fixed income	Australia	7.9	4.8	3.1	64%	10.9	4.9	5.0	4.6
	US	9.6	11.1	(1.5)	(14%)	9.9	9.2	10.2	12.0
Multi Asset		6.1	3.5	2.6	74%	9.3	2.9	3.5	3.6
Other		0.8	0.8	(0.0)	(2%)	0.8	0.7	0.8	0.8
Total Asset Management Average AUM (ex Cash)		**141.1**	**97.2**	**44.0**	**45%**	**190.0**	**92.3**	**96.2**	**98.2**
Cash		5.8	2.3	3.5	149%	10.7	0.8	2.3	2.4
Total Asset Management Average AUM		**146.9**	**99.5**	**47.4**	**48%**	**200.7**	**93.1**	**98.4**	**100.6**
Wealth Management average AUM		**7.5**	**7.7**	**(0.3)**	**(4%)**	**7.6**	**7.3**	**7.7**	**7.8**
Total Group average AUM		**154.4**	**107.2**	**47.1**	**44%**	**208.3**	**100.4**	**106.1**	**108.4**

3.4 Appendix D: Full Time Equivalent Employees

AT END OF	2H23	1H23	2H22	1H22
Asset Management	522	266	265	245
Wealth Management	468	419	419	371
Corporate Trust	307	299	286	234
Group Support Services	571	428	400	378
Total operations	**1,870**	**1,411**	**1,370**	**1,228**
Permanent	1,845	1,378	1,346	1,211
Contractors	24	33	25	16
Total operations	**1,870**	**1,411**	**1,370**	**1,228**

3.5 Appendix E: Dividend History

Perpetual's payout ratio is in line with Perpetual's dividend policy to pay dividends within the range of 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
FY23	Final	29 Sep 2023	65 cents	40%	30%	Not determined at time of publication
FY23	Interim	31 Mar 2023	55 cents	40%	30%	$21.39
FY23	Special	8 Feb 2023	35 cents	100%	30%	$26.08
FY22	Final	30 Sep 2022	97 cents	100%	30%	$25.18
FY22	Interim	1 Apr 2022	112 cents	100%	30%	$34.67
FY21	Final	24 Sep 2021	96 cents	100%	30%	$41.31
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

3LOA	Three Lines of Accountability model
ABS	Asset backed securities
ADI	Authorised deposit-taking institution
All Ords	All Ordinaries Price Index
AM	Asset Management
APRA	Australian Prudential Regulatory Authority
ARs	Appointed Representatives
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
BCM	Business Continuity Management
BEAR	Banking Executive Accountability Regime
bps	Basis point (0.01%)
CEO	Chief executive officer
CMBS	Commercial mortgage-backed securities
COVID-19	Coronavirus disease
cps	Cents per share
CT	Corporate Trust
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
ExCo	Perpetual's Executive Committee
FAR	Financial Accountability Regime
FCA	Financial Conduct Authority
FI	Financial Institutions
FTE	Full time equivalent employee
FUA	Funds under advice (for Wealth Management) or funds under administration (for Corporate Trust)
Group	Perpetual Limited and its controlled entities (the consolidated entity) and the consolidated entity's interests in associates
GBP	British Pounds
IFRS	International Financial Reporting Standards
IIP	Investing in Product – portfolio managers can invest deferred incentives into units in their own funds, aligning deferred remuneration to client outcomes
IT	Information technology

J O Hambro	J O Hambro Capital Management
KPI	Key performance indicator
M	Million
M&A	Mergers and Acquisitions
MAS	Monetary Authority of Singapore
NPBT	Net profit before tax
NPAT	Net profit after tax
NTA	Net tangible asset
OFR	Operating and Financial Review
PAI	Principle adverse impact
Pendal	Pendal Asset Management
Pendal Group	Acquired 23rd January consisting of the Pendal, J O Hambro and TSW boutiques
RAS	Risk Appetite Statement
Regnan	A trading name of J O Hambro specialising in impact investment
RBA	Reserve Bank of Australia
RMBS	Residential mortgage-backed securities
RMF	Risk Management Framework
ROE	Return on equity
RSE	Registrable Superannuation Entity
RTS	Regulatory Technical Standards
SaaS	Software-as-a-Service
SDR	Sustainable Disclosure Requirements
SEC	Securities and exchange commission
SFDR	Sustainable Finance Disclosure Regulation
TSW	Thompson, Siegel and Walmsley
UK	United Kingdom
UPAT	Underlying profit after tax
UPBT	Underlying profit before tax
US	United States
USD	United States Dollars
WH&S	Work health and safety

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