

18 February 2021

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

## Perpetual Half Year Financial Results

The following announcements to the market are provided:

- Appendix 4D
- ✓ **1H21 ASX Announcement**
- 1H21 Results Briefing
- Half Yearly Report and Accounts
- Operating and Financial Review – 31 December 2020

Yours faithfully,



Sylvie Dimarco  
Company Secretary  
(Authorising Officer)

18 February 2021

ASX Announcement

## Perpetual Reports First Half 2021 Results

- Perpetual Limited's total Assets under Management (AUM) was A\$89.2<sup>1</sup> billion following completion of the acquisition of Barrow, Hanley, Mewhinney & Strauss (Barrow Hanley)
- 1H21 UPAT<sup>2</sup> of A\$52.6 million, reflecting the implementation of transformational acquisitions
- Fully franked interim dividend of A\$0.84 cents per share, representing a 90% payout ratio
- Improved investment performance in Perpetual Asset Management Australia across all capabilities
- Strong underlying performance in Perpetual Asset Management International driven by recent acquisitions and strong outperformance across key equity capabilities in Barrow Hanley and Trillium Asset Management (Trillium)
- Perpetual Private maintained its steady momentum through continued growth in adviser network, positive net flows and increasing exposure to the High Net Wealth segment
- Continued strong performance in Perpetual Corporate Trust, with all three businesses again recording solid growth
- Strong balance sheet and diversified business model positioned well to continue to pursue organic growth and capitalise on further inorganic growth opportunities

Perpetual Limited (Perpetual) (ASX:PPT) today announced its results for the six months ended 31 December 2020 (1H21), recording an underlying profit after tax (UPAT) of A\$52.6 million, down 11% on the prior corresponding period and up 33% on second half 2020 (2H20). 1H21 operating revenue was up 10% on the prior corresponding period to A\$280.6 million, primarily driven by the newly formed international asset management division and completed acquisitions.

The Board has determined to pay a fully franked interim dividend of A\$0.84 cents per share, representing a payout ratio of 90%.

Commenting on the half year performance, Perpetual CEO and Managing Director, Mr Rob Adams, said, "We continue to make strong progress in executing our strategy. Our Asset Management teams have remained true-to-label, delivering solid performance for the period across all capabilities, including Australian equities in particular. Our first half was bookended by the completion of our strategic acquisitions of Trillium and then a 75% interest in Barrow Hanley. These acquisitions combine with the successful build-out of our US distribution team, to be transformational milestones for Perpetual as we continue to build world-class investment and distribution capabilities to provide greater diversification by business line, geography and asset class.

"Our two newly formed asset management divisions, Perpetual Asset Management Australia (PAMA) and Perpetual Asset Management International (PAMI) delivered improved investment performance, materially benefiting from the current shift towards value stocks that began in late 2020. Improved performance across both Perpetual's and Barrow Hanley's equities teams augurs well for improvement in our net flows into the future, further aided by the build-out of our US distribution and recently reshaped Australian distribution team.

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<sup>1</sup>Total AUM translated at AUD:USD 0.77 as at 31 December 2020. PAMA and PAMI AUM is combined and remains subject to customary verification procedures. Barrow Hanley AUM is net of clients who have terminated or confirmed their intention to terminate.

<sup>2</sup> 1H20 and 2H20 UPAT and Significant Items have been restated based upon the revised definition of UPAT. For further information refer to Appendix A and B of the Operating and Financial Review for the six months ended 31 December 2020.

“Our diversified business model continues to deliver solid performance, with Perpetual Private’s adviser growth strategy delivering positive net flows for the 15<sup>th</sup> consecutive half, while Perpetual Corporate Trust (PCT) has continued its growth trajectory, capitalising on new opportunities across its three businesses.”

## **Business Unit Overview**

### **Perpetual Asset Management Australia**

Perpetual Asset Management Australia, previously known as Perpetual Investments, recorded an underlying profit before tax (UPBT) of A\$18.5 million for the half ended 31 December 2020, 1% higher than 2H20, mainly driven by higher performance fees and higher equity markets. Average AUM of A\$23.4 billion was lower than 1H20 due to net outflows, which included a A\$1.7 billion redemption from a low margin institutional enhanced cash mandate, as well as lower average equity markets and prior period distributions. Our Australian equities and cash and fixed income strategies delivered excess returns against their relevant benchmarks.<sup>3</sup> PAMA AUM was A\$22.7 billion as at 31 December 2020.

Mr Adams said, “Whilst our net flows for the period were disappointing, Perpetual’s investment teams have performed strongly for our clients during the half. Maintaining a disciplined focus and commitment to an active approach has enabled our funds to navigate market volatility and finish the half strongly. We have seen solid performance across all our capabilities, Australian equities in particular, with over 90% of funds outperforming their relevant benchmarks over the period.”<sup>3</sup>

“The launch of two Trillium ESG strategies in Australia during the half has generated significant interest, given the strong focus on ESG investing across retail and institutional channels. Each strategy has performed strongly against its benchmark, with the Trillium ESG Global Equity Fund and the Trillium Global Sustainable Opportunities Fund outperforming their benchmarks since inception by 3.8% by 8.4%, respectively.”<sup>4</sup>

### **Perpetual Asset Management International**

Perpetual Asset Management International, created during the half following the acquisitions of Trillium<sup>5</sup> and Barrow Hanley, recorded a UPBT of A\$10.5 million for the half ended 31 December 2020. PAMI AUM was A\$66.5 billion (US\$51.2 billion)<sup>6</sup> as at 31 December 2020.

Perpetual’s acquisition of a 75% interest in Barrow Hanley completed on 17 November 2020. Since then, Barrow Hanley has delivered significant excess returns across all capabilities<sup>7</sup> as markets shifted favourably towards value in the final months of the year, positioning it well for future growth.

Mr Adams said, “Investor interest in Trillium’s range of strategies is high as capital flows toward ESG investments accelerate globally. The strong performance of Trillium’s investment strategies, combined with completion of a successful brand refresh during the period, have ensured their unique offering continues to gain traction and we are confident that positive net flows will build over time. Similarly,

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<sup>3</sup> Past performance is not indicative of future performance. As at 31 December 2020. Refer to the 1H21 Investor Presentation for information on PAMA fund performance over the period.

<sup>4</sup> Past performance is not indicative of future performance. Inception date 4 August 2020. The product disclosure statements (PDS) for the Trillium ESG Global Equity Fund and the Trillium Global Sustainable Opportunities Fund, each issued by Perpetual Investment Management Limited, should be considered before deciding whether to acquire or hold units in the respective fund. Each PDS is available on our website [www.perpetual.com.au](http://www.perpetual.com.au). The two Trillium strategies offered in Australia have comparable investment strategies to the equivalent Trillium strategies offered to US investors. The US strategies are offered by Trillium Asset Management, LLC.

<sup>5</sup> Acquired 30 June 2020.

<sup>6</sup> Total AUM translated at AUD:USD 0.77 as at 31 December 2020. AUM is combined and remains subject to customary verification procedures. Barrow Hanley AUM net of clients who have terminated or confirmed their intention to terminate.

<sup>7</sup> As at 31 December 2020. Refer to the 1H21 Investor Presentation for information on PAMI fund performance.

with strong relative performance over the last quarter, investor interest in Barrow Hanley's key strategies is on the rise."

### **Perpetual Corporate Trust**

Perpetual Corporate Trust's UPBT for the half was A\$31.2 million, 7% higher than the prior corresponding period. The result was driven by continued growth across PCT's key business lines. Funds under administration (FUA) was A\$936.2 billion, up 21% from the prior corresponding period driven mainly from supporting our bank clients' access to the RBA's term funding facility.

Mr Adams said, "Our core market-leading Debt Market Services (DMS) and Managed Fund Services (MFS) businesses achieved strong gains during the half, extending mandates with both new and existing clients to deliver positive growth in FUA.

"Our Data and Analytics Solutions continues to win new client mandates across data services and roundtables. We have built a strong pipeline of new client opportunities with additional new products launching in the second half."

### **Perpetual Private**

Perpetual Private (PP) generated UPBT of A\$15.3 million, 19% lower than the prior corresponding period and 13% higher than 2H20, driven by the ongoing economic slowdown and low interest rate environment. Funds under Advice was A\$15.5 billion, up 2% on the prior period driven by positive market performance and strong net flows coming from our successful adviser growth strategy.

Mr Adams said, "Whilst the environment has impacted the result this half, we continue to successfully execute our strategy, attracting high quality advisers and transitioning their clients to the trusted Perpetual brand.

"We continue to take advantage of the current market dislocation to attract new specialists to the team. As recently announced, we have enhanced our family office suite of services for our clients and appointed a new team of five key specialists who have deep expertise and a proven track record in supporting ultra-high net worth clients and family offices.

"During the half, Perpetual Private also continued its strong support of the community, particularly for non-government and charitable organisations who are providing valuable assistance to communities impacted by COVID-19 lockdowns."

### **Outlook**

Commenting on the outlook, Mr Adams said, "We have commenced the second half with positive momentum across our businesses. While uncertainty persists in the global economy due to COVID-19, investor confidence is improving and market conditions have recently accelerated a shift to both value investing and the ever-increasing focus on ESG factors from asset owners across channels and geographies. These are both favourable trends for which Perpetual is very well-positioned to benefit from in the future.

"Each of our operating divisions are well-placed to deliver for our clients through investment in new products and innovative solutions, while driving performance from our existing capabilities. Together with our strong balance sheet, diversified model and the continued progress with our global distribution strategy, Perpetual is positioned to drive improved organic growth, and to capitalise on further acquisition opportunities that meet our strict criteria."

-Ends-

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