Perpetual Limited
ABN 86 000 431 827

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25 August 2022

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

Perpetual FY22 Financial Results

The following announcements to the market are provided:

FY22 Appendix 4E

FY22 ASX Announcement

✓ FY22 Full Year Statutory Accounts

FY22 Results Presentation

FY22 Operating and Financial Review

Appendix 4G

FY22 Corporate Governance Statement

Yours faithfully,

Sylvie Dimarco
Company Secretary
(Authorising Officer)

Financial Statements

For the year ended 30 June 2022

Perpetual Limited
ABN 86 000 431 827
And its controlled entities

Directors' Report for the year ended 30 June 2022

The Directors present their report together with the consolidated financial report of Perpetual Limited, ('Perpetual' or the 'Company') and its controlled entities (the 'consolidated entity'), for the year ended 30 June 2022 and the auditor's report thereon.

Contents of the Directors' Report

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Tony D'Aloisio AM, Chairman and Independent Director
BA LLB (Hons) (Age 72)

Mr D'Aloisio has been an Independent Non-Executive Director of Perpetual since December 2016. Mr D'Aloisio became Chairman of Perpetual in May 2017.

Skills and experience:

Mr D'Aloisio has held leadership roles in listed and non-listed companies. He was CEO and MD at the Australian Securities Exchange from 2004-2006. Mr D'Aloisio was Chief Executive Partner at Mallesons Stephen Jaques between 1992-2004 having first joined the firm in 1977. Mr D'Aloisio was appointed a Commissioner for the Australian Securities and Investments Commission (ASIC) in 2006 and Chairman in 2007 for a four-year term. He was Chairman of the (International) Joint Forum of the Basel Committee on banking supervision from 2009-2011.

Most recently Mr D'Aloisio was Chairman of IRESS Limited (technology). He was a non-executive director of PPB Advisory Pty Ltd 2012-2016 (financial reconstructions) and a non-executive director of ASX listed Boral Limited 2002-2004 as well as a director of the Business Council of Australia 2003-2006 and the World Federation of Exchanges 2004-2006. He was President of the Australian Winemakers Federation 2012-2016.

Currently Mr D'Aloisio is also a director of the Aikenhead Centre for Medical Discovery Pty Ltd and President of the European Capital Markets Cooperative Research Centre as well as Chairman of Aircellar Pty Ltd.

Listed company directorships held during the past three financial years:

- IRESS Limited (from June 2012 to May 2021)

Board Committee memberships:

- Chairman of the Nominations Committee

Mona Aboelnaga Kanaan, Independent Director
BSc (Econ) MBA (Age 54)

Ms Aboelnaga Kanaan has been an Independent Non-Executive Director since 2021.

Skills and experience:

Based in New York, USA, Ms Aboelnaga Kanaan is a seasoned director, entrepreneur and asset management executive having held leadership positions over a distinguished career spanning more than thirty years. She is currently the Managing Partner of K6 Investments LLC, an independent private equity firm which she founded in 2011.

Previously, Ms Aboelnaga Kanaan served as President and CEO of Proctor Investment Managers, a firm she co-founded in 2002 to acquire and scale traditional and alternative asset managers. Ms. Aboelnaga Kanaan sold the firm to National Bank of Canada in 2006, acquired affiliates managing nearly $14 billion in assets under management and continued as Proctor's President and CEO until 2013.

With expertise in public as well as private financial services firms, Ms Aboelnaga Kanaan is currently a Director of Webster Financial Corporation (WBS), FinTech Acquisition Corp VI (Nasdaq: FTVI) and has served as a Board Member of a number of traditional and alternative asset managers in the United States including, Siguler Guff's BDC and Peridiem Global Investors. With a commitment to education and economic empowerment, she also has extensive non-profit board experience in those fields including as an investment committee member of sizeable educational endowments.

Ms Aboelnaga Kanaan holds a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania and an MBA from Columbia University's Graduate School of Business.

Directors (continued)

Mona Aboelnaga Kanaan, Independent Director (continued)

Listed company directorships held during the past three financial years:

- Webster Financial Corporation (from February 2022 following merger with Sterling Bancorp)
- Fintech Acquisition Corp. VI (from February 2021 to present)

Board Committee memberships:

- Member of the Investment Committee
- Member of the People and Remuneration Committee

Gregory Cooper, Independent Director
FIA, FIAA, BEc (Actuarial Studies) (Age 51)

Mr Cooper has been an Independent Non-Executive Director of Perpetual since September 2019.

Skills and experience:

Mr Cooper has more than 26 years of global investment industry experience in the UK, Asia and Australia with a deep understanding of international funds management.

Mr Cooper brings strong financial services and strategy expertise to the Perpetual board predominantly gained from his executive career at Schroders Australia where he was the Chief Executive Officer from 2006 to 2018 with responsibility for Schroders' institutional business across Asia Pacific and then globally and his current non-executive career across the superannuation, banking and technology sectors.

Mr Cooper currently serves as a Non-executive Director of NSW Treasury Corporation, where he also chairs the Investment Committee. He is currently the Chairman of Avanteos Investments Limited (part of the Colonial First State Group). Mr Cooper is a Non-executive Director of Australian Payments Plus Limited and its subsidiaries/ related entities; Catholic Church Insurance, OpenInvest Holdings, the Australian Indigenous Education Foundation and EdStart. Previously Mr Cooper acted as a Non-executive Director to the Financial Services Council and held the position of Chairman from 2014 to 2016.

Board Committee memberships:

- Member of the Audit, Risk and Compliance Committee
- Member of the Investment Committee
- Member of the People and Remuneration Committee

Directors (continued)

Nancy Fox AM, Independent Director
BA JD (Law) FAICD (Age 65)

Ms Fox has been an Independent Non-Executive Director of Perpetual since September 2015.

Skills and experience:

Ms Fox has more than 30 years' experience in financial services, securitisation and risk management gained in Australia, the US and across Asia. A lawyer by training, she was Deputy Chairman of the Board of Taronga Conservation Society Australian until 2021, Managing Director for Ambac Assurance Corporation from 2001 to 2011 and previously Managing Director of ABN Amro Australia from 1997 to 2001.

Ms Fox brings to the Board a deep knowledge of developing and leading successful financial services businesses and extensive experience with securitisation, regulatory frameworks, risk management and governance.

She is currently Chairman of Perpetual Equity Investment Company Limited, a Non-executive Director of Lawcover Pty Ltd, Mission Australia, Aspect Studios Pty Ltd and O'Connell Street Associates.

Listed company directorships held during the past three financial years:

- Perpetual Equity Investment Company Limited (from July 2017 to present)

Board Committee memberships:

- Chair of the People and Remuneration Committee
- Member of the Audit, Risk and Compliance Committee
- Member of the Nominations Committee

Ian Hammond, Independent Director
BA (Hons) FCA FCPA FAICD (Age 64)

Mr Hammond has been an Independent Non-Executive Director of Perpetual since March 2015.

Skills and experience:

Mr Hammond was a partner at PricewaterhouseCoopers for 26 years and during that time held a range of senior management positions including lead partner for several major financial institutions. He has previously been a member of the Australian Accounting Standards Board and represented Australia on the International Accounting Standards Board.

Mr Hammond has a deep knowledge of the financial services industry and brings to the Board expertise in financial reporting, risk management, and mergers and acquisitions. He has provided extensive advisory and audit services to PwC's domestic and global clients in banking, insurance and asset management.

Mr Hammond is a Non-executive Director of Suncorp Group Limited, and Venues NSW, and a Board Member of not-for-profit organisations including Mission Australia and Chris O'Brien Lifehouse.

Listed company directorships held during the past three financial years:

- Suncorp Group Limited (from October 2018 to present)

Board Committee memberships:

- Chairman of the Audit, Risk and Compliance Committee
- Member of the Investment Committee
- Member of the Nominations Committee

Directors (continued)

Fiona Trafford-Walker, Independent Director
BEc, M. Fin (Age 55)

Ms Trafford-Walker has been an Independent Non-Executive Director of Perpetual since December 2019.

Skills and experience:

Ms Trafford-Walker has over 30 years of senior executive and business management experience within the investment industry, bringing extensive knowledge of investment management and a strong institutional and international perspective to the Perpetual board.

Ms Trafford-Walker began her career in institutional investment consulting in 1992, and until December 2019 was an Investment Director at Frontier Advisors (Frontier). At various times during her tenure, she was responsible for the original development and on-going management of Frontier's business, as well as providing investment and governance advice to a number of the firm's clients.

Currently Ms Trafford-Walker is a Non-executive Director of Victorian Funds Management Corporation, Prospa Group Ltd, Link Administration Holdings, Eclipx Group, an Investment Committee Member of the Walter and Eliza Hall Institute and a Strategic Advisor to the QE Advisory Board.

Listed company directorships held during the past three financial years:

- Prospa Group Limited (from March 2018 to present)
- Link Administration Holdings (from October 2015 to present)
- Eclipx Limited (from July 2021 to present)

Board Committee memberships:

- Member of the Investment Committee
- Member of the People and Remuneration Committee

P Craig Ueland, Independent Director
BA (Hons and Distinction) MBA (Hons) CFA (Age 63)

Mr Ueland has been an Independent Non-Executive Director of Perpetual since September 2012.

Skills and experience:

Mr Ueland was formerly President and Chief Executive Officer of Russell Investments, a global leader in multi-manager investing. He previously served as Russell's Chief Operating Officer, Chief Financial Officer, and Managing Director of International Operations, which he led from both London and the firm's headquarters in the US. Earlier in his career he opened and headed Russell's first office in Australia.

Mr Ueland brings to the Board detailed knowledge of global financial markets and the investment management industry, gleaned from more than 20 years as a senior executive of a major investment firm, along with a strong commitment to leadership development and corporate strategy development and execution.

Mr Ueland is a Committee member of the Endowment Investment Committee for The Benevolent Society, is a Board Member of the Stanford Australia Foundation and the Supervisory Board of OneVentures Innovation and Growth Fund II.

Board Committee memberships:

- Chairman of the Investment Committee
- Member of the Audit, Risk and Compliance Committee
- Member of the Nominations Committee

Directors (continued)

Rob Adams
Chief Executive Officer and Managing Director
BBus (Accounting) (Age 56)

Mr Adams has been the Chief Executive Officer and Managing Director of Perpetual since September 2018.

Skills and experience:

Mr Adams is a proven financial services business leader with over 30 years’ experience locally and globally across funds management, financial advice and fiduciary services.

Before Perpetual, Mr Adams was Head of Pan-Asia and a member of the Global Executive Committee of Janus Henderson where he had been for six years. Prior to that, he was Chief Executive of Challenger Funds Management, and was previously CEO of First State Investments UK.

Mr Adams holds a Bachelor of Business degree (Accounting). He is Chairman of the Abbotsleigh Foundation.

Company secretary

Sylvie Dimarco
LLB, GradDipAppCorpGov, FGIA, GAICD

Ms Dimarco was appointed Company Secretary of Perpetual in April 2020.

Skills and experience:

Ms Dimarco joined Perpetual in 2014 and is currently Head of Company Secretariat & Governance at Perpetual. She is also Company Secretary of Perpetual Equity Investment Company Limited (ASX: PIC) and all of Perpetual’s subsidiary boards. She is a member of the Perpetual Limited Continuous Disclosure Committee

Ms Dimarco has over 15 years’ experience in company secretariat practice and administration for listed and unlisted companies. Before Perpetual, she practiced as a commercial lawyer in Sydney and Canberra for 11 years, working in predominantly mid-sized law firms.

Ms Dimarco holds a Bachelor of Laws degree from the University of Sydney and has completed the Governance Institute of Australia’s Graduate Diploma of Applied Corporate Governance. Ms Dimarco is a Graduate of the Australian Institute of Company Directors course.

Directors' Report for the year ended 30 June 2022 (continued)

Directors' meetings

The number of Directors' meetings which Directors were eligible to attend (including meetings of Board Committees) and the number of meetings attended by each Director during the financial year to 30 June 2022 were:

Director	Board		Audit, Risk and Compliance Committee (ARCC)		People and Remuneration Committee (PARC)		Investment Committee		Nominations Committee	
	Eligible to attend	Attended	Member eligible to attend	Attended	Member eligible to attend	Attended	Member eligible to attend	Attended	Member eligible to attend	Attended
Tony D'Aloisio	23	23	-	-	-	-	-	-	-	-
Mona Aboelnaga Kanaan	23	23	-	-	4	4	4	4	-	-
Gregory Cooper	23	23	6	6	7	7	6	6	-	-
Nancy Fox	23	23	6	6	7	7	-	-	-	-
Ian Hammond	23	23	6	6	-	-	6	6	-	-
Fiona Trafford-Walker	23	23	-	-	7	7	6	6	-	-
Craig Ueland	23	23	6	6	-	-	6	6	-	-
Rob Adams	23	23	-	-	-	-	-	-	-	-

Directors from time to time may and do attend committee meetings even though they may not be a member of that committee.

Corporate Governance Statement

Perpetual's Corporate Governance Statement, which meets the requirements of ASX Listing Rule 4.10.3, is located on the Corporate Governance page of Perpetual's website at https://www.perpetual.com.au/about/corporate-governance

Principal activities

The principal activities of the consolidated entity during the financial year were portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, accounting and tax services, investment administration and custody services.

Review of operations

A review of operations is included in the Operating and Financial Review section of the Annual Report.

For the financial year to 30 June 2022, Perpetual reported a net profit after tax attributable to equity holders of Perpetual Limited of $101.2 million compared to the net profit after tax attributable to equity holders of Perpetual Limited for the financial year to 30 June 2021 of $72.9 million.

For the financial year to 30 June 2022, Perpetual reported an underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited of $148.2 million compared to the UPAT attributable to equity holders of Perpetual Limited for the financial year ended 30 June 2021 of $122.8 million.

UPAT attributable to equity holders of Perpetual Limited excludes certain items, that are either significant by virtue of their size and impact on net profit after tax attributable to equity holders of Perpetual Limited, or are determined by the board and management to be outside normal operating activities. 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.

The reconciliation of net profit after tax attributable to equity holders of Perpetual Limited to UPAT attributable to equity holders of Perpetual Limited for the financial year to 30 June 2022 is shown below.

	30 June 2022 $M	30 June 2021 $M
Net profit after tax attributable to equity holders of Perpetual Limited	**101.2**	**72.9**
Significant items after tax		
Expense cloud computing costs[1]	-	0.7
Transaction and integration costs[2]	22.2	32.1
Non-cash amortisation of acquired intangible assets[3]	18.6	13.6
Unrealised losses / (gains) on financial assets[4]	10.9	(6.8)
Accrued incentive compensation liability[5]	(4.7)	10.3
Underlying profit after tax attributable to equity holders of Perpetual Limited	**148.2**	**122.8**

[1] Reflects a restatement of prior year comparatives for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to section 6-4(a) of the financial statements for further details.

[2] Relates to costs associated with the acquisition / establishment of Trillium, Barrow Hanley and other entities. Costs include professional fees, administrative and general expenses and staff costs related to specific retention and performance grants.

[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.

UPAT attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the consolidated entity as determined by the Board and management. UPAT has been calculated in accordance with ASIC's *Regulatory Guide 230 - Disclosing non-IFRS financial information*. UPAT attributable to equity holders of Perpetual Limited has not been audited by our external auditors; however, the adjustments to net profit after tax attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been audited.

COVID-19 continues to have an impact on global economies and financial markets, resulting in significant economic uncertainty and market volatility. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments and regulators. Financial markets are also dealing with the impact of Russia’s invasion of Ukraine and rising inflation and interest rates. The consolidated entity continues to monitor the impact of these factors on its operations, control environment and financial reporting.

Directors' Report for the year ended 30 June 2022 (continued)

Review of operations (continued)

Consistent with the approach applied in the preparation of the half-year financial statements at 31 December 2021, management has evaluated whether there were any additional areas of significant judgment or estimation uncertainty, assessed the impact of market inputs and variables potentially impacted by prevailing conditions on the carrying values of its assets and liabilities, and considered the impact on the consolidated entity's financial statement disclosures. As disclosed in the interim financial report, the consolidated entity's revenues have a high degree of exposure to market volatility which has the potential to lead to a material financial impact. The US operations are similarly exposed to market movements due to the nature of the business. Whilst this has been factored into the preparation of the financial report, the accounting policies and methodologies have been applied on a consistent basis to the half year financial report. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts as development arise.

Dividends

Dividends paid or provided by the Company to members since the end of the previous financial year were:

	Cents per share	Total amount $M	Franked[1]/ Unfranked	Date of payment
Declared and paid during the financial year 2022				
Final 2021 ordinary	96	54.3	Franked	24 Sep 2021
Interim 2022 ordinary	112	63.4	Franked	01 Apr 2022
Total		117.7		
Declared after the end of the financial year 2022				
After balance date, the Directors declared the following dividend:				
Final 2022 ordinary	97	55.0	Franked	30 Sep 2022
Total		55.0		

[1] All franked dividends declared or paid during the year were franked at a tax rate of 30% and paid out of retained earnings.

The financial effect of dividends declared after year end are not reflected in the 30 June 2022 financial statements and will be recognised in subsequent financial reports.

State of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Directors' Report for the year ended 30 June 2022 (continued)

Events subsequent to reporting date

A final dividend of 97 cents per share fully franked was declared on 25 August 2022 and is to be paid on 30 September 2022.

On 25 August, Perpetual announced that it is has entered into a binding Scheme Implementation Deed ("SID") with Pendal Group ("Pendal") (ASX:PDL) under which Perpetual will acquire 100% of shares in Pendal by way of a Scheme of Arrangement ("the Acquisition").

The Scheme is subject to customary conditions and approvals including court, regulatory and Pendal shareholder approval as well as obtaining the appropriate number of Pendal client consents.

Pendal's Board of Directors has unanimously recommended that Pendal shareholders accept Perpetual's offer, in the absence of any superior proposal and subject to independent expert's opinion that the scheme is in the best interests of shareholders.

The acquisition is currently expected to close by late calendar year 2022 or early calendar year 2023, subject to requisite shareholder and regulatory approvals.

The acquisition will be effected via a share exchange with every 7.50 shares of Pendal common stock exchanged for 1 newly issued share in Perpetual and A$1.976 cash per Pendal share. Based on the last closing share price of Perpetual at 24 August 2022 of $30.30, the offer implies an acquisition price of $6.02 for each Pendal share.

The cash component of the offer, totalling $757 million, will be funded via a new debt facility. The new facility will also re-finance the existing debt facility and includes undrawn headroom for liquidity management purposes. The new facility will consist of three core facilities, three acquisition facilities and a bridge loan facility. The core facilities will consist of:

- a multicurrency redrawable loan facility with a maximum commitment of A$175 million or equivalent and a term of three years expiring in November 2025 (Facility Core 1);
- a multicurrency term loan facility with a maximum commitment of USD128 million or and a term of four years expiring in November 2026 equivalent (Facility Core 2); and
- a redrawable Letter of Credit facility with a maximum commitment of A$160 million and a term of three years expiring in November 2025 (Facility Core 3).

The acquisition facilities will consist of:

- a multicurrency redrawable loan facility with a maximum commitment of A$115 million and a term of three years expiring in November 2025 (Facility Acquisition 1);
- a UK pound term loan facility with a maximum commitment of GBP115 million and a term of three years expiring in November 2025 (Facility Acquisition 2); and
- a multicurrency term loan facility with a maximum commitment of USD45 million and a term of four years expiring in November 2026 (Facility Acquisition 3).

The bridge loan facility will have a maximum commitment of A$400 million and a term of two years expiring in November 2024 (Bridge Facility).

Interest expense on the new facilities other than Facility Core 3 will be based on the relevant floating rate benchmark plus a margin. Interest expense on Facility Core 3 is at a flat rate.

As previously indicated, Perpetual will not be raising equity to fund any portion of the cash consideration.

Other than the matters noted above, the Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report that has affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Likely developments

Information about the business strategies and prospects for future financial years of the consolidated entity are included in the Operating and Financial Review. With the exception of the previous disclosure regarding the acquisition, further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity because the information is commercially sensitive.

Environmental regulation

The consolidated entity acts as trustee or custodian for a number of property trusts which have significant developments throughout Australia. These fiduciary operations are subject to environmental regulations under both Commonwealth and State legislation in relation to property developments. Approvals for commercial property developments are required by State planning authorities and environmental protection agencies. The licence requirements relate to air, noise, water and waste disposal. The responsible entity or manager of each of these property trusts is responsible for compliance and reporting under the government legislation.

The consolidated entity is not aware of any material non-compliance in relation to these licence requirements during the financial year.

The consolidated entity has determined that it is not required to register to report under the *National Greenhouse and Energy Reporting Act 2007*, which is Commonwealth environmental legislation that imposes reporting obligations on entities that reach reporting thresholds during the financial year.

Indemnification of Directors and officers

The Company and its controlled entities indemnify the current Directors and officers of the companies against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the consolidated entity, except where the liabilities arise out of conduct involving a lack of good faith. The Company and its controlled entities will meet the full amount of any such liabilities, including costs and expenses. The auditor of the Company is in no way indemnified out of the assets of the Company.

Insurance

In accordance with the provisions of the *Corporations Act 2001,* the Company has a directors and officers' liability policy which covers all Directors and officers of the consolidated entity. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

Directors' interests in registered schemes

As at the date of this report, directors had the following relevant interests in registered schemes made available by the Company or a related body corporate of the Company.

Name	Registered Scheme	Relevant interest (units)
Tony D'Aloisio	Perpetual Credit Income Trust	227,000
	Perpetual Pure Microcap Fund Class A	65,608
	Perpetual Wholesale Industrial Share Fund	149,490
	Perpetual Share Plus Long Short Fund	71,721
	Perpetual Wholesale Global Share Fund	77,156
Ian Hammond	Perpetual Wholesale Geared Australian Fund	133,660
	Perpetual Wholesale Industrial Share Fund	252,942
	Eley Griffiths Group Small Companies Fund	152,591
Nancy Fox	Perpetual Credit Income Trust	10,935
	Perpetual Wholesale Ethical SRI Fund	42,429
	Perpetual Global Innovation Share Fund Class A	93,337
	Perpetual Ethical SRI Credit Fund	28,206
	Trillium Global Sustainable Opportunity Fund	29,847
	Implemented Real Estate Portfolio	23,012
Craig Ueland	Perpetual Pure Credit Alpha Fund Class W	23,670
	Perpetual Global Innovation Share Fund Class A	4,062,542
	Perpetual Pure Equity Alpha Fund	460,803
Rob Adams	Perpetual Industrial Share Fund	47,743
	Perpetual Australian Share Fund	6,296
	Perpetual Wholesale Diversified Income Fund	154,919
	Perpetual Wholesale Plus Global Share Fund	149,981

Chief Executive Officer and Managing Director's and Chief Financial Officer's declaration

The CEO and Managing Director, and the CFO declared in writing to the Board, in accordance with section 295A of the *Corporations Act 2001*, that the financial records of the Company for the financial year have been properly maintained, and that the Company's financial report for the year ended 30 June 2022 complies with accounting standards and presents a true and fair view of the Company's financial condition and operational results. This statement is required annually.

Remuneration Report

Dear Shareholder,

On behalf of your Board, as always it gives me great pleasure to present our Remuneration Report for the financial year ended 30 June 2022 (FY22).

Perpetual's purpose is "enduring prosperity". In our view, this is best achieved by having highly engaged people creating superior client outcomes, which in turn delivers underlying earnings growth for shareholders. Our Remuneration Report provides our shareholders and other stakeholders with a thorough and transparent explanation of how remuneration outcomes for our Key Management Personnel (KMP) align with our recent performance, long-term objectives, and reflect the current economic and labour market context.

Perpetual's performance in FY22

Perpetual delivered strong financial performance in FY22. Underlying Profit After Tax (UPAT) was $148.2m, exceeding prior year by 21% and the Board-approved business plan by 3%. Underlying Earnings Per Share (EPS) of $2.58 represented growth of +18% on prior year.

Perpetual demonstrated growth in UPBT across all four divisions in FY22, reflecting the strength of our diversified business model. Importantly, Perpetual's recent acquisitions translated into shareholder value in FY22. Barrow Hanley exceeded the stated target of 20% underlying EPS accretion in the first full year following acquisition, Trillium Asset Management delivered over A$639m of positive net inflows and the acquisitions of Jacaranda Financial Planning and Laminar Capital, which each completed early in the financial year, are performing ahead of expectations for key growth and financial metrics.

Perpetual takes a long-term view of performance, with the delivery of multi-year strategic priorities of particular importance. Successful delivery of the strategy is assessed by clear annual client, people, growth and financial measures which are aligned to long-term strategic objectives, thereby balancing short-term outcomes with the necessary investments for long-term sustainable growth.

Perpetual's financial results were delivered while continuing to invest in future growth and value-generating initiatives for our core businesses. Perpetual established the first of a suite of Collateralised Loan Obligation (CLO) funds, launched a suite of US Mutual Funds, listed a suite of active ASX ETFs for our Australian and global investment teams and increased our investment in technology relative to FY21.

In FY22 our Australian Equities and Barrow Hanley investment teams delivered strong investment performance relative to agreed benchmarks. More broadly, Perpetual's group Net Promoter Score (NPS) outcome of +49 was improved on the prior year outcome of +44 and exceeded Perpetual's goal of maintaining NPS above +40.

FY22 variable remuneration outcomes

Perpetual continues to use a balanced scorecard that considers short, medium and long-term strategic priorities. Perpetual's group scorecard remains weighted 60% to financial performance measures and 40% to other strategically important non-financial measures that the Board considers to be key lead indicators of future business value creation.

The People and Remuneration Committee (PARC) and the Board spend considerable time each year evaluating the contribution and performance of the CEO and other Executive KMP. In arriving at the proposed Variable Incentive outcomes for Executive KMP, the Board weighed up strong financial performance despite continued pressure on net flows in our asset management businesses, continued delivery on client outcomes, successful implementation of strategy and shareholder alignment and returns. The Board has determined to award the CEO a Variable Incentive award of 106% of target, or 61% of maximum opportunity, with individual outcomes for other Executive KMP averaging 103% of target, or 59% of maximum opportunity. The aggregate

Variable Incentive outcomes approved for the CEO and other Executive KMP align to the bonus funding levels approved more broadly across Perpetual.

External market conditions

FY22 presented dynamic market conditions globally. The COVID-19 pandemic continued to be a driver of volatility in several markets in which Perpetual operates. As we emerged from the pandemic, it became evident that the market for key talent was increasingly competitive. For Perpetual, this resulted in a return to pre-COVID employee turnover rates, challenges in filling some open vacancies and increasing pressure on wages across many parts of the organisation. Perpetual is not alone in facing these market challenges, and in early FY22 we made a number of proactive changes to benefits, leave entitlements and other flexibility initiatives to further enhance the overall employee experience. Despite this investment, Perpetual has remained disciplined in its approach to cost control, with expense growth remaining within guidance.

As foreshadowed in the FY21 Remuneration Report, changes to fixed remuneration and Variable Incentive targets were made for the Executive KMP as part of the July 2021 remuneration review. The aggregate impact of these fixed remuneration adjustments was a 3.2% increase to fixed pay for the Executive team during FY22 (see Section 1.1 for further information).

Looking forward to FY23

Perpetual's long-term success depends on its ability to attract, motivate and retain talented people. The competition for top talent is intensifying both in Australia and overseas. With this in mind, and in recognition that Perpetual is increasingly competing for talent globally, the Board reviewed compensation for Executive KMP and considered whether the current long-term incentive plan should be enhanced. A number of resulting changes will take effect for the performance period commencing FY23, as summarised below:

- Aggregate fixed pay increases of 5.3% have been agreed and will take effect from 1 September 2022, (with no change being made to the CEO's fixed pay). More substantial changes have been made to Variable Incentive targets for some Executive KMP (including the CEO) with effect from 1 July 2022.
- Perpetual will decouple the Hurdled Equity component from the combined Variable Incentive with effect from 1 July 2022. The Hurdled Equity component of the Variable Incentive structure will remain subject to the existing long-term absolute TSR performance hurdle and performance range of 7-10% CAGR, however awards will no longer be subject to the group scorecard assessment prior to allocation. The Cash and Unhurdled Equity components of the Variable incentive will remain unchanged and be subject to the group scorecard assessment. Each Executive KMP will continue to have a target Hurdled Equity amount that will form the starting basis for the Board's determination of each year's allocation. While the Board will retain discretion to adjust individual Executive KMP Hurdled Equity allocations higher or lower each year, it is expected that this change will result in more consistent Hurdled Equity allocations being made to Executive KMP across business cycles – similar to a traditional LTI.

Executive KMP Growth Long Term Incentive

- Perpetual has made a number of strategic acquisitions and investments over the past two years and the next three to five years will be a critical period for Perpetual to realise the scale and benefit of these investments and deliver improved returns for shareholders. In order to support successful integration and implementation across a number of key deliverables, in September 2022, the Company will grant a growth-orientated long-term incentive to Executive KMP. This grant will be subject to meeting a stretch compound annual growth (CAGR) absolute TSR hurdle, with awards that will vest over a period of three to five years, with any vested shares held under restriction for a full 5-year period. See Section 7.6 for further information.

Conclusion

On behalf of the Board, I would like to thank shareholders and other stakeholders for your valuable feedback and ongoing dialogue on our remuneration approach. We are confident that we have balanced shareholder interests whilst also ensuring that our team is appropriately remunerated such that your company has the best possible opportunity to deliver on our strategic goals.

Yours sincerely,

Nancy Fox
Chairman, People and Remuneration Committee

Contents

1. Key Management Personnel

Name	Position	Term as KMP in FY22
Executive KMP		
CEO and Managing Director		
Rob Adams	Chief Executive Officer and Managing Director	Full year
Group Executives		
Amanda Gazal	Chief Operating Officer	Full year
Amanda Gillespie	Group Executive, Perpetual Asset Management Aust.	Full year
Chris Green	Chief Financial Officer	Full year
David Lane	Group Executive, Perpetual Asset Management Int.	Full year
Richard McCarthy	Group Executive, Perpetual Corporate Trust	Full year
Sam Mosse	Chief Risk Officer	Full year
Mark Smith	Group Executive, Perpetual Private	Full year
Non-executive KMP		
Non-executive Directors		
Tony D'Aloisio	Chairman	Full year
Mona Aboelnaga Kanaan	Independent Director	Full year
Gregory Cooper	Independent Director	Full year
Nancy Fox	Independent Director	Full year
Ian Hammond	Independent Director	Full year
Fiona Trafford-Walker	Independent Director	Full year
Craig Ueland	Independent Director	Full year

1.1 Summary of key outcomes for Executive KMP

Executive KMP remuneration changes during FY22

Section 8 of this report provides further information on individual Executive KMP remuneration levels. As foreshadowed in the FY21 Remuneration Report, changes to fixed remuneration and Variable Incentive Targets were made as part of the July 2021 remuneration review. All increases were determined in consideration of relevant market data and trends, as well as to reflect continued development in role and the increasing complexity and breadth of managing a global business.

The aggregate impact of the fixed pay adjustments was a 3.2% increase to the aggregate fixed pay of Executive KMP during FY22. The CEO did not receive a fixed pay change in FY22.

Variable Incentive awards FY22

Section 7 of the Remuneration Report summarises business performance and associated Executive KMP Variable Incentive outcomes, which averaged 103% of target (59% of maximum target) for Executive KMP (excl. CEO) and 106% of target (61% of max) for the CEO in FY22.

Arrangements for Executive KMP who joined or ceased in FY22

No Executive KMP joined or ceased during FY22.

Remuneration changes for FY23

Following a detailed review of KMP remuneration in FY22, several changes to fixed remuneration levels and target Variable Incentive opportunity levels have been agreed for FY23. The Board is attuned to the current competitive landscape and believe the agreed arrangements for FY23 position the group to maintain a stable and motivated Executive team, with particular focus on incentivising our KMP to continue to deliver on our agreed longer term strategic priorities.

Executive KMP target packages for FY23

- Aggregate fixed pay increases of 5.3% have been agreed and will take effect from 1 September 2022. The CEO's fixed remuneration will not change for FY23 and has not been adjusted since his appointment to the role in September 2018.
- More substantial changes to Variable Incentive targets for some Executive KMP (including the CEO) have also been agreed with effect from 1 July 2022. The Board believes that increasing the CEO's target Variable Incentive (from 186% to 219% of fixed pay in total) instead of fixed remuneration increases supports our pay-for-performance philosophy, whilst ensuring market competitiveness against comparable roles in the diversified financial services industry is maintained.

Executive KMP Variable Incentive structure

- For FY22 Perpetual operated a combined Variable Incentive structure for Executive KMP, which consists of a Cash, Unhurdled Equity and Hurdled Equity component (see Section 4 for more detail). Under the combined Variable Incentive, each component of the Variable Incentive structure is subject to a group scorecard assessment at the conclusion of the performance year, which determines the size of the allocation for each Executive KMP member.
- For FY23 (effective for the performance period commencing 1 July 2022), the Hurdled Equity component of the Variable Incentive structure will remain subject to the existing long-term absolute TSR performance hurdle and performance range of 7-10% CAGR, however awards will no longer be subject to the group scorecard assessment prior to allocation. Each Executive KMP will continue to have a target Hurdled Equity amount that will form the starting basis for the Board's determination of each year's allocation. While the Board will retain discretion to adjust individual Executive KMP allocations higher or lower each year, it is expected that this change will result in more consistent allocations being made to Executive KMP across business cycles.

Further detail on this change will be provided in the FY23 Remuneration Report.

Executive KMP Growth Incentive

Perpetual has made a number of strategic acquisitions and investments over the past two years and the next three to five years will be a critical period for Perpetual to realise the scale and benefit of these investments and deliver improved returns for shareholders.

In recognition of this critical period, during FY22 the Board reviewed whether the current long-term incentive compensation program in place for Executive KMP should be modified or enhanced. Effective September 2022, the Company will grant a new growth orientated long-term incentive to Executive KMP (Growth LTI).

- The Growth Incentive aims to further align Executive KMP with the Perpetual shareholder experience through incentivising the delivery of sustained shareholder value from recent strategic investments. Importantly, these awards will only deliver value when absolute TSR *exceeds* the existing 7-10% per annum vesting range in the KMP Hurdled Variable Incentive Awards. The Board believes this represents a significant degree of stretch performance when compared to the TSR achieved by the Company in recent years, which will require ongoing significant expansion in underlying EPS.
- The vesting hurdle for these awards will be CAGR absolute TSR of at least 10% (0% vesting) to 15% (100% vesting). Subject to meeting this hurdle, vesting will occur equally after 3, 4 and 5 years, with any vested equity restricted until year 5.

- The proposed Growth LTI award for the CEO, which will be subject to shareholder approval at the forthcoming AGM, is an award of Hurdled Performance Rights with a fair value[1] of $1.4 million, and for other Executive KMP, aggregate awards with a fair value totalling $4.3 million.

Further details of these awards, including individual allocations and associated hurdles and conditions, are provided in Section 7.6.

1.2 Non-executive Director (NED) fees

NED Fees were changed for FY22 in accordance with advice provided in the 2021 Remuneration Report. No adjustments to Non-executive Director fees are currently being considered for FY23. Further detail is available in Section 9.

Total remuneration available to Non-executive Directors of $2.25 million (the NED Fee Cap) was approved by shareholders at the 2006 Annual General Meeting and has remained unchanged since this date. While total fees paid to NEDs in FY22 of $1,724,665 remain comfortably below the NED Fee Cap, the Board will seek shareholder approval at the FY22 Annual General Meeting to increase the NED Fee Cap to $3.5 million. This resolution aims to provide flexibility for the Board to consider any additional appointments or changes to Board composition as needed to allow for the continued execution of Perpetual's global strategy.

Details of this resolution will be made available in the Company's Notice of Meeting for the forthcoming AGM in October 2022, with full details to be provided in the FY23 Remuneration Report.

[1] Fair value calculations will be performed at the grant date of 1 September, meaning the exact Face Value of each award is yet to be confirmed. The estimated Face Value of the award for the CEO (R Adams) is approximately $4.6m, the estimated Face Value of the award for C Green is approximately $2.3m, and the estimated Face Value for each remaining KMP is approximately $1.95m.

2. Governance

2.1 The People and Remuneration Committee

The People and Remuneration Committee (PARC) is a committee of the Board and is comprised of independent Non-executive Directors. Operating under delegated authority from the Board, the PARC evaluates and monitors people and remuneration practices to ensure that the performance of Perpetual is optimised with an appropriate level of governance while balancing the interests of shareholders, clients and employees. The PARC's terms of reference are available on our website[1]. The terms of reference are intentionally broad, encompassing remuneration as well as the key elements of Perpetual's people and culture strategy. This enables the PARC to focus on ensuring high quality talent management, succession planning and leadership development at all levels of Perpetual.

The PARC met seven times during the year, with attendance details set out on page 7 of this Annual Report. A standing invitation exists to all Directors to attend PARC meetings. At the PARC's invitation, the CEO and the Executive General Manager People and Culture attended meetings, except where matters associated with their own performance evaluation, development or remuneration were considered. The PARC considers advice and views from those invited to attend meetings and draws on services from a range of external sources, including remuneration advisers where considered appropriate.

2.2 Use of external advisers

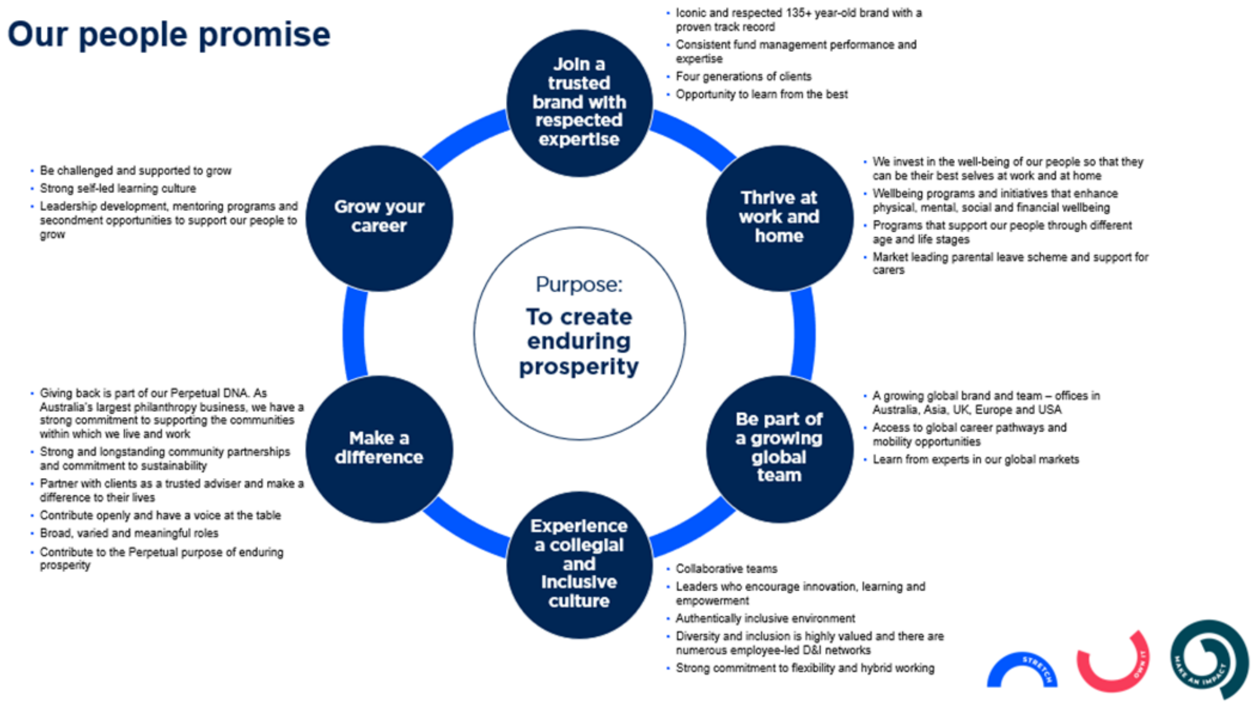
During the year, Aon and Ernst & Young assisted the PARC with providing information on the remuneration competitiveness of the CEO and Executive KMP, which included analysis of the structure of the Executive KMP Variable Incentive plan. The information provided did not include any specific recommendations in relation to the remuneration or fees paid to KMP.

3. Our people

Our people strategy, a key enabler of our business strategy, is focused on attracting and retaining the best talent. The goal of our people strategy is to enable business growth by building the capabilities we need for the future and creating an environment in which our people can thrive. During FY22, bringing to life our Perpetual people promise, Perpetual introduced a number of market-leading benefits that focused on the wellbeing of our people (noting that benefit offerings differ by employee location). This included:

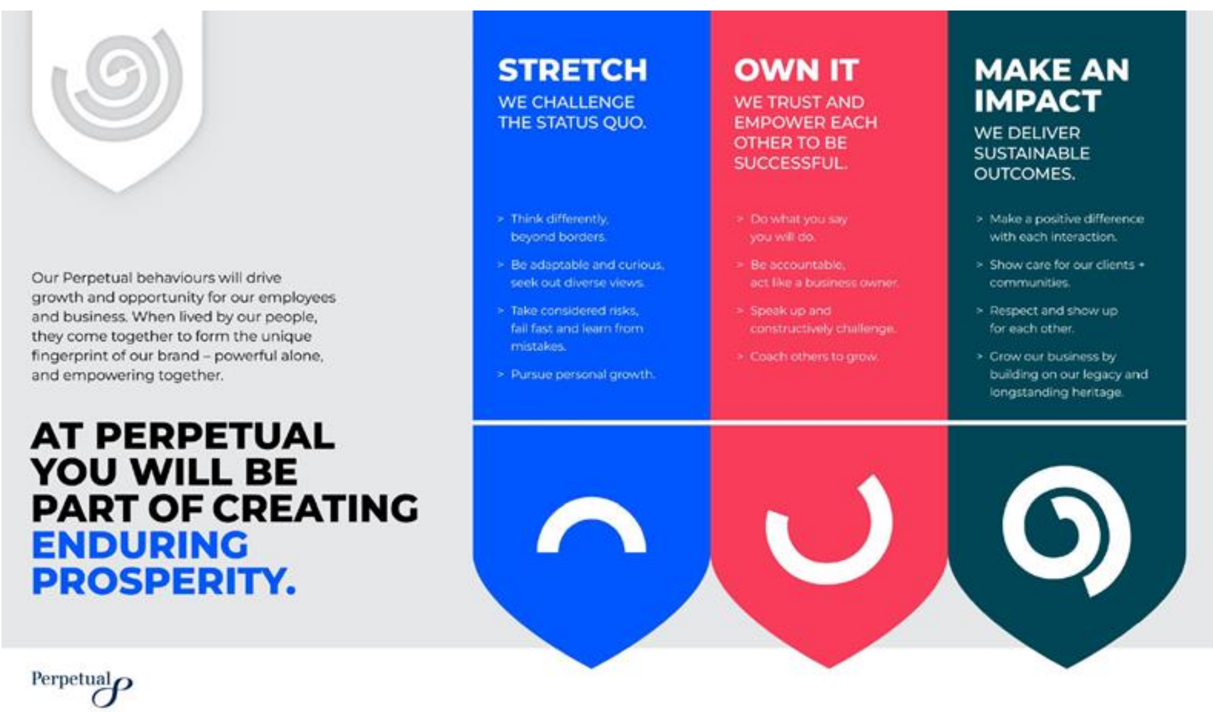
- an additional 2 weeks of wellbeing and community leave per year (on top of existing 4 weeks annual leave)
- 20 weeks of paid parental leave for either caregiver
- an annual financial wellbeing allowance
- free employee access to LinkedIn Learning
- a truly hybrid flexible working model that empowers our people to work where we work best
- a refreshed employee financial advice offering for our people; and
- a new framework to support global mobility assignments.

[1] https://www.perpetual.com.au/~/media/perpetual/pdf/shareholders/role-of-the-board/people_and_remuneration_committee_terms_of_reference_document.ashx



3.1 Refreshing our behaviours for growth

To position Perpetual for further growth and to promote a more innovative and adaptable culture for our business, Perpetual's enterprise behaviours were refreshed in FY22. These behaviours bring to life Perpetual's purpose, vision and values and provide the behavioural expectations for how our people interact with their colleagues, clients and the community.



3.2 Diversity and Inclusion

At Perpetual, we're committed to building diverse and inclusive teams to support our high-performance culture. We believe that an inclusive culture will enable growth and will deliver better outcomes for our people, clients and shareholders.

The Perpetual Board is responsible for endorsement of Perpetual's Diversity and Inclusion (D&I) strategy and Policy, and the PARC has oversight and ongoing responsibility of implementation. Our D&I strategy has been developed by our dedicated diversity and inclusion council. Focus in FY22 has been on progressing the strategy which is supported by a comprehensive roadmap that aims to embed D&I in Perpetual's DNA. The roadmap prioritises key initiatives across our seven employee-led working groups that focus on a range of diverse areas of identity – gender equality, cultural diversity, age and life stages, LGBTQ+, disability, parents and carers and cognitive diversity. Key diversity and inclusion achievements in FY22 are outlined below.

Launched a Market Leading Parental Leave Benefit	• New Parental Leave Benefit launched on 1 July 2022 • Paid leave allowance increased to 20 weeks and primary and secondary carer distinctions removed (gender neutral) • Enhanced flexibility of the policy • New paid leave allowances for fertility treatments (5 days), pre-adoption leave (2 days) and grandparent's leave (1 day)
Established the Perpetual Pride Network	• Perpetual Pride Network formed – 20+ active members • Membership with Out Leadership formally commenced, announced to Perpetual global staff during Pride Month • Developed LGBTQ+ strategy and action plan • Pride Network are engaged and have commenced delivery of LGBTQ+ action plan
Growing Our Female Talent Pipeline	• Perpetual participation in three events with Future IM/Pact • Pilot partnership with F3 (Future Females in Finance) completed and three high-performing participants offered Perpetual mentoring opportunity • Four candidates from Future IM/Pact and F3 program referred to Perpetual's graduate program and will be shortlisted
New Partnership with Uni 2 Beyond	• New partnership with Uni 2 Beyond, offering two internships to individuals with an intellectual disability • Individuals were placed in PCT and PCS for 9 weeks • Interns were also given the opportunity to meet Rob Adams • Extremely positive feedback from the interns' managers and the interns
Recognised as WGEA Employer of Choice for the 5th Consecutive Year	• Recognised as an Employer of Choice for Gender Equality for the fifth consecutive year • Each submission requires organisations to demonstrate a higher standard of achievement and progress towards gender equality outcomes • In addition, Perpetual achieved compliance in the 2021-22 WGEA Compliance Report submission
New Tier of Membership with Jawun	• Perpetual upgraded its membership with Jawun to the 'Transform Partnership' tier • The Transform Partnership means that in 2022 we will have 6 employee secondments, 4 Executive Visits, and 2 female Senior Leaders participate in the 'Stories of Female Leadership' convention. • Celebrated nine years of partnership between Perpetual and Jawun with LinkedIn post and panel event hosted in July 2022 as part of NAIDOC week.

A key focus of our D&I Strategy is building global awareness. Initial steps have been taken to broaden focus beyond our domestic Australian business, notably through Perpetual's partnership with Out Leadership, whose events, development opportunities and educational resources provide a global offering.

	DOMESTIC APPROACH TO D&I	GLOBAL APPROACH TO D&I
FY22	✓ 2022 Enhanced Parental Leave Benefit implementation Plan (Phase 1: Australia) ✓ Grow D&I Partnerships: F3 (Gender Equality), Uni 2 Beyond (Disability) ✓ Program Management of existing D+I partnerships and programs - Jawun (Cultural Diversity), Future IM/Pact (Gender Equality), Parents At Work (Parents + Carers) ✓ Pilot Early Career Female Mentoring Program (Gender Equality) ✓ D+I reporting – enhancements and operating rhythm	✓ Barrow Hanley Analyst Program ✓ New Partnership with Out Leadership & establishment of global Pride Network ✓ Continued focus on Women in Leadership and Asset Mgmt. (AU and Global) ✓ Trillium Active Bystander training and inclusive workplace discussions
FY23	• Inclusive Leadership Program • PAC policy review project with the lens of various D+I pillars • Analysis and development of life stage personas to inform D+I Strategy • Understanding reasonable adjustment considerations for Disability strategy • Exploring job share opportunities at senior levels • Future IM/Pact program for 2023 early career female talent • Commence WGEA Employer of Choice plan for 2023 application	• Parental Leave Benefit Phase 2: global harmonisation • Global inclusion within our Pride Network • Expanded global representation on Diversity Council • Develop cultural diversity profile and metrics

The Perpetual Executive Committee, the PARC and the Perpetual Board regularly review the progress of the D&I strategy, as well as key diversity metrics for the organisation and at the business unit level. These include:

- gender equality metrics (such as women in senior leadership, women in key business line roles, gender representation in talent and development programs, mobility and turnover);
- flexibility utilisation;
- gender pay gap analysis; and
- key employee demographics such as cultural and religious diversity, sexual orientation and disability.

A key component to Perpetual's gender equality strategy is to reduce our organisation-wide gender pay gap (GPG), and maintain gender pay equity on a 'like for like' role basis. The organisation-wide GPG refers to the difference between women's and men's average weekly full-time earnings. The two key levers for decreasing our GPG are (i) increasing the percentage of women in senior leadership roles; and (ii) increasing the percentage of women in asset management and key business-line roles. Perpetual has committed to achieving a 40% 'women in senior leadership' target and a 25% 'women in asset management' target by the end of 2024. Each of these targets is supported by a robust action plan. In addition, Perpetual has committed to a GPG reduction target of 10% by 2024.

4. Our remuneration philosophy and structure

Perpetual's remuneration philosophy is designed to enable the achievement of our business strategy, ensure that remuneration outcomes are aligned with our shareholder, client and community best interests and are market competitive. To that end, we have created a set of guiding principles that direct our remuneration approach.

4.1 Remuneration principles

Our remuneration policy is designed around six guiding principles, which aim to:

1. attract, motivate and retain the desired talent within Perpetual
2. balance value creation for shareholders, clients and employees
3. facilitate the accumulation of equity or investments in product to drive an ownership mentality and long-term alignment of interests

4. embed and encourage sound risk management, behaviours and conduct
5. be simple, transparent, equitable and easily understood and administered; and
6. be supported by a governance framework that avoids conflicts of interest and ensures proper controls are in place.

4.2 Remuneration policy and practice

CEO and other Executive KMP remuneration

Perpetual has implemented a transparent remuneration model that is aligned to our business strategy and supports the attraction and retention of talent. The core elements of our Executive KMP remuneration framework in FY22[1] are unchanged from FY21 and include both fixed and variable incentives as follows[2].

<table>
<tr><td>Fixed</td><td>Fixed remuneration</td><td>Set in consideration of the total target remuneration package and the desired remuneration mix for the role, taking into account the remuneration of market peers, internal relativities and the skill and expertise brought to the role.

Calculated on a “total cost to company” basis, consisting of cash salary, pension, and in Australia, packaged employee benefits and associated fringe benefits tax (FBT).</td><td rowspan="2">Paid as cash</td></tr>
<tr><td rowspan="3">Variable Incentive (if payable)</td><td>Cash</td><td rowspan="3">Each participant has a Variable Incentive target, expressed as a defined $ target amount.

Annual Variable Incentive outcomes are linked to performance against key business metrics directly linked to our strategy.

The Variable Incentive is awarded as a mix of cash and equity.

Equity must be retained for at least four years. The Unhurdled Equity component is awarded as Share Rights, which vest after two years into Restricted Shares for a further two years.

The Hurdled Equity component is awarded in the form of Performance Rights (subject to performance hurdles of absolute total shareholder return) which vests equally over three and four years (with any vested equity tested after three years restricted for a further year).

The emphasis on equity ensures that Variable Incentive outcomes are linked to shareholder experience through reinforcing long-term ownership of Perpetual shares.</td></tr>
<tr><td>Unhurdled Equity</td><td rowspan="2">Awarded as equity</td></tr>
<tr><td>Hurdled Equity</td></tr>
</table>

[1] Changes foreshadowed to CEO and Executive Remuneration in the Chairman’s letter and Section 1 above for FY23 are not described in this section.

[2] Any other contracts are at arm’s length in the normal course of business and on normal commercial terms consistent with other employees and clients. Those transactions may involve investments in Perpetual managed funds and financial advice by Perpetual Private.

Asset Manager remuneration

Perpetual seeks to align asset manager remuneration with longer-term value creation for our clients, which in turn is expected to benefit shareholder outcomes. Asset manager remuneration align to Perpetual's performance-based remuneration philosophy and principles. The remuneration arrangements for asset managers are typically structured to recognise and reward strong investment outcomes to our clients and also align to the growth in revenue or manageable profit of the strategies they support.

- Asset management staff within Trillium, including its UK-based ESG Global Equities team, and Barrow Hanley receive performance based variable remuneration linked to overall business earnings and individual performance. Trillium operates a bonus plan that is determined with reference to the financial performance of the business, with adjustments also made for investment performance, growth goals and other strategic focus areas (which includes risk overlays). Further, to align the interests of key staff with investors, senior Trillium staff are eligible to receive deferred variable incentives as units in Trillium funds that they manage or as Perpetual shares.
- Barrow Hanley operates a bonus plan which is funded primarily via reference to the pre-bonus manageable profit of the boutique. Most investment employees participate in the bonus plan, whereby a set percentage of payments are made in cash and the remaining portion is distributed as unit interests in Barrow Hanley[1].
- PAMA asset managers typically have a portion of their variable remuneration quantitatively determined by performance against investment targets, which is generally assessed over one, two and three years. Portfolio managers managing mature funds and those who are growing businesses may have a portion of their remuneration aligned to other business measures. For example, Perpetual's Australian Equities portfolio managers have their long-term incentives determined through a revenue share that provides a team-based goal and focus.
- Generally, all asset managers have a portion of their variable remuneration awarded as either deferred short-term incentives (STI) or long-term incentives (LTI) each year.
- This cycle of rolling awards ensures retention arrangements are in place and avoids cliff vesting events. For most asset managers, deferred incentives can be invested into either company equity or units in funds that they are responsible for, further aligning asset managers to client outcomes and shareholder interests.

General employee remuneration

Employees receive salary, a competitive retirement and benefit offering and are commonly eligible to receive an STI or bonus.

Performance against the group balanced scorecard and other factors determines the size of the bonus pool for the financial year. Relative divisional performance against a range of inputs then determines the distribution of the bonus pool to each division. An individual's performance rating is determined based on performance against objectives agreed at the commencement of the performance year. An individual's bonus outcome is generally based on this performance rating, which is reflective of performance against targets in an individual scorecard, delivery of goals against Perpetual's behavioural framework and an employee's approach to the management of risk.

Some senior employees are also eligible to participate in a long-term incentive plan. All other Australian-based employees are eligible to participate in the One Perpetual Share Plan whereby eligible employees can be awarded annual grants of up to $1,000 of Perpetual shares subject to Perpetual meeting our group profit target. This scheme is limited to Australian-based staff due to the legal and tax environments in other geographies. In addition, Perpetual

[1] Although Barrow Harrow staff are issued with unit interests each year in the normal course of business, this may not occur every year if previous year allocations have been significant.

offers a comprehensive range of employee benefits across wealth, health and lifestyle categories in the geographies where staff are employed.

5. Managing risk within Perpetual

Risk management continues to be a fundamental focus within our business, with the Perpetual Board having the responsibility and commitment to ensure that Perpetual has a sound risk management framework in place. Perpetual's Risk Group is a centralised corporate function, managed by the Chief Risk Officer, who reports directly to the CEO. The Risk Group has developed risk measurement systems and practices that are utilised when determining "at risk" remuneration. To this effect, risk management is a key performance metric at a group, divisional and individual level.

Risk and behavioural performance

The Board, the PARC and people leaders have a range of mechanisms available to adjust remuneration and incentive outcomes to reflect behavioural, risk or compliance outcomes (both strong and weak) at a group, divisional and individual level. The table below summarises the range of mechanisms available and their intended operation.

Mechanism	Description / intention of the mechanism
Risk dashboards (apply at a Group or divisional level)	Incentive funding can be adjusted (upwards or downwards) following a combined Audit, Risk and Compliance Committee (ARCC) and PARC review of group and divisional risk "dashboards", which are produced by the Risk and Internal Audit functions throughout the year as well as leading into financial year-end.
Behavioural ratings – Perpetual Behaviours and Risk Ratings	Behavioural and risk assessments are collected for most employees at Perpetual – noting that recently acquired businesses often operate their own risk and behavioural frameworks. The behavioural and risk components of the scorecard effectively moderate employee performance outcomes. Behavioural ratings are provided across a four-point scale and can result in either upward or downward adjustments to performance ratings and reward outcomes. Additionally, a discrete risk assessment is undertaken for most employees using a consistent framework covering a range of risk measures and expectations across various seniority levels of the organisation.
Malus provisions or international equivalents (apply to all deferred STI and long-term incentive plans)	These allow for the Board to adjust or lapse any unvested incentive awards where, in the opinion of the Board, the participant has acted fraudulently and/or dishonestly, has breached his or her obligations to the Group, where outcomes have been misstated, or where the Board determines at its sole discretion that outcomes are inappropriate.
Clawback provisions or international equivalents (apply to all deferred STI and long-term incentive plans)	These allow for the Board to reclaim (or "claw back") vested incentives where, in the opinion of the Board, vesting occurred as a result of fraud, dishonesty, a breach of obligations or where outcomes have been misstated. This applies to both current and former employees.
Board discretion (all incentive plans)	Overriding the above mechanisms, the Board, and in some instances management, has discretion to adjust proposed incentive or vesting outcomes, subject to the applicable rules governing each incentive plan. The discretion to vary incentive outcomes from the agreed formulas range from absolute unfettered discretions to more limited discretions which may only be applied in specific circumstances.

In addition to the above mechanisms, Perpetual:

- performs detailed scenario testing on potential outcomes under any new or changed incentive plans
- reviews the alignment between proposed remuneration outcomes and performance achievement for incentive plans on an annual basis; and
- delivers a significant portion of variable remuneration as deferred incentives (for more senior employees) in equity or investments in products to align remuneration outcomes with longer term shareholder and client value.

Link between risk and reward

An employee's approach to managing risk is a key factor when considering his or her yearly performance. Risk management performance measures are overlaid in employee scorecards as per the graphic below. These measures are considered when assessing overall performance and incentive payments.

FY22 risk performance

FY22 full year risk performance results demonstrate continued focus on risk across the Group and are considered positive given the extent of organisational change that has continued over the last 12 months, which has included:

- the integration of onshore acquisitions (Laminar Capital and Jacaranda Financial Planning);
- ongoing transition and expansion of offshore businesses;
- the residual impacts of COVID-19; and
- management of major project activity throughout the business.

Notwithstanding this, there are some isolated metrics across the divisions where improvements are required. Resourcing constraints have remained elevated during the period which have impacted some metrics, arising from the evolving post COVID-19 working environment and supporting the numerous strategic initiatives/projects across the group, accompanied by an increasing complexity of the business through the onshore acquisitions and an increasing global presence. This continues to be closely monitored by Executive KMP.

On balance given the above, and the environment in which we have operated in the past 12 months, no risk adjustments to bonus funding levels were recommended at the group or divisional level. In addition, no adjustments were made to individual Executive KMP Variable Incentive outcomes for FY22 based on risk performance.

Further information on the Board's review of prior year vesting is available in Section 7.7.

Minimum shareholding guideline

A minimum shareholding guideline applies to Executive KMP. The purpose of this guideline is to strengthen the alignment between Executive KMP and shareholders' interests related to the long-term performance of Perpetual. Under this guideline, Executive KMP are expected to establish and hold a minimum shareholding to the value of:

- CEO: 1.5 times fixed remuneration
- Other Executive KMP: 0.5 times fixed remuneration

The value of each vested Restricted Share still held under restriction for the Executive KMP is treated as being equal to 50% of actual value, as this approximates the value of the share in the hands of the Executive after allowing for tax. Unvested shares or rights do not count towards the target holding.

A five-year transition period from the date of appointment to an Executive KMP role gives Executive KMP reasonable time to meet their shareholding guideline. Where the guideline is not met after the required time period, the CEO and other Executive KMP may be restricted from trading vested shares.

As at 30 June 2022, progress towards the minimum shareholding target for each Executive KMP was as follows.

Minimum shareholding guidelines

	Value of eligible shareholdings as at 30 June 2022[1] $	Value of minimum shareholding guideline $	Target date to meet minimum shareholding guideline	Guideline met[2]
Executives				
R Adams	767,212	1,953,945	24 September 2023	
A Gazal	281,118	262,500	7 April 2025	✓
C Green	581,961	337,500	1 October 2013	✓
D Lane	348,018	285,000	10 April 2022	✓
R McCarthy	228,860	270,000	15 October 2023	
S Mosse	149,194	287,500	18 February 2024	
M Smith	741,133	315,740	19 November 2017	✓
A Gillespie	147,259	255,000	18 November 2025	

1. Value is calculated through reference to the closing Perpetual share price at 30 June 2022 of $28.88.
2. Executives have a five year transition period to meet their shareholding requirement.

Hedging and share trading policy

Consistent with Corporations Act obligations, Perpetual's Share Trading Policy prohibits employees and Directors from entering into hedging arrangements in relation to Perpetual shares.

Share dealing approval

Perpetual has a policy for trading in Perpetual shares which stipulates certain trading black-out periods and requires all employees to seek pre-trade approval via an automated platform. A copy of the policy has been lodged with the ASX and appears on Perpetual's website[1].

[1] https://www.perpetual.com.au/about/corporate-governance/informed-market-and-share-dealings.

6. Aligning Perpetual group performance and reward

6.1 Alignment of performance and reward to strategy

In September 2019, Perpetual launched our five-year strategy and purpose of "Enduring Prosperity". Successful delivery of the strategy is defined by clear client, people, strategic and financial measures which link our annual targets with our long-term strategic objectives; that is, balancing short-term financial outcomes with the necessary investments for long-term sustainable growth.

- for our clients, enduring prosperity means pursuing a strategy that is focused on delivering quality products and outstanding service
- for our people, enduring prosperity means empowering them to deliver superior performance and to explore new capabilities and establish a global footprint
- for our shareholders, enduring prosperity means delivering above average, sustainable growth over the medium to long term: and
- for the community, enduring prosperity means delivering a positive contribution to the sustainability of society.

In our view, this is best achieved by having highly engaged people creating superior client outcomes, which in turn delivers underlying earnings growth for shareholders.

Variable remuneration is designed to reward Executive KMP for their performance over the course of the year, provided they have achieved performance standards based on financial and non-financial measures focused on delivering short and long-term value. The variable remuneration structure is designed to drive business strategy with outcomes being aligned to shareholders.

6.2 Features of the Executive KMP Variable Incentive Plan[1]

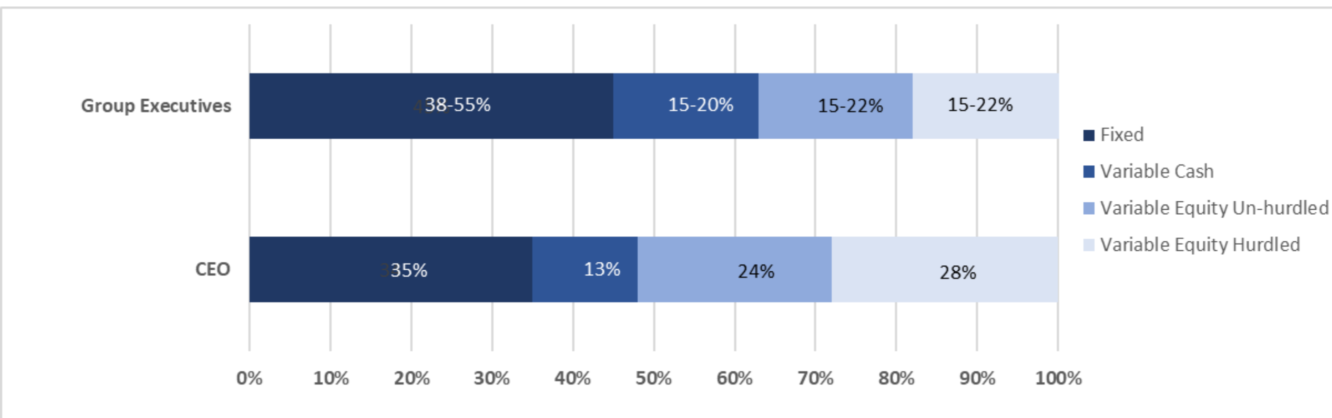
The Variable Incentive plan has a cash component and an equity component split into three parts, unhurdled Share Rights and two tranches of hurdled Performance Rights with three and four year performance testing and vesting schedules. All equity is restricted from sale for a four-year period.

Under the Variable Incentive Plan, the full Variable Incentive, and the total value of Share and Performance Rights granted annually, is subject to a holistic assessment of group, divisional and individual Executive performance at year-end, of which the annual group balanced scorecard is a key input.

Remuneration mix

Executive KMP have a significant portion of their remuneration linked to performance and at risk, with the Board able to risk adjust remuneration if required. There is a strong alignment to long-term incentives for Executive KMP, as Perpetual believes in meaningful equity ownership for this key group.

Total remuneration continues to be determined using a range of factors including Perpetual's market peers. The table below shows the FY22 on-target remuneration mix for Perpetual Executive KMP.[2]

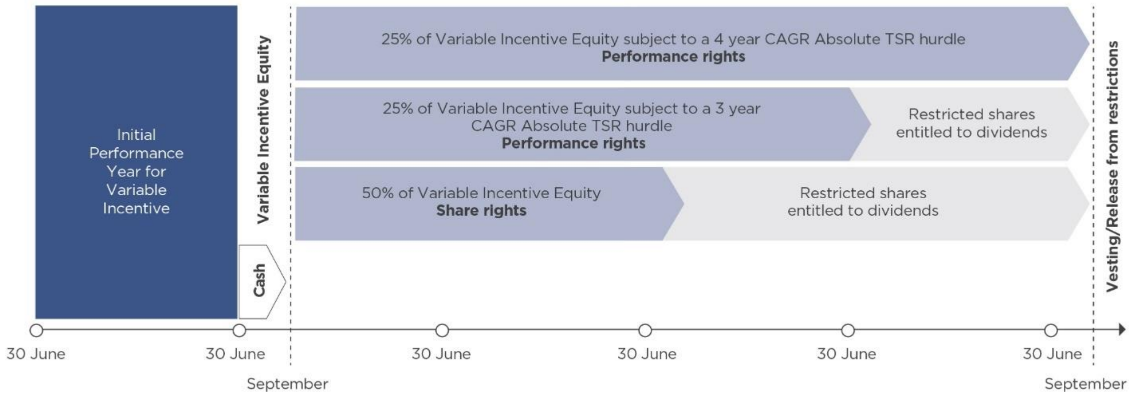


Equity components of the Variable Incentive Plan

The diagram below summarises the structure and vesting schedules of the Executive KMP Variable Incentive plan awards for FY22.

[1] Changes foreshadowed to CEO and Executive Remuneration in the Chairman's letter and section 1 above for FY23 are not described in this section.

[2] Actual remuneration mix will vary from year to year due to promotions and remuneration changes.



The absolute three and four-year TSR performance hurdles will be aligned to the following achievement scale.

Compound annual growth in TSR	Percentage of relevant tranche of Performance Rights that vest
Less than 7% per annum	0%
7% to 10% per annum	Straight-line vesting from 50% to 100%
10% or above per annum	100%

Malus and Clawback provisions give the Board the discretion to claw back vested and unvested equity. The number of Performance Rights granted for FY22 performance will be determined by dividing the relevant variable incentive award dollar amount by the five-day VWAP[1] prior to the grant date. This approach is consistent with the practice adopted every year for Executive KMP awards.

6.3 Approval processes

The Board, through the Chairman of the Board, conducts a formal review of the performance of the CEO and other Executive KMP on an annual basis.

For the CEO, the Chairman, in consultation with the PARC, makes recommendations directly to the Board for approval of the Variable Incentive allocation.

For other Executive KMP, the CEO makes recommendations to the PARC on Variable Incentive allocations. Once recommendations are reviewed and endorsed, the PARC makes recommendations for the Executive KMP to the Board for final approval.

Termination of employment

Treatment on termination of employment is as follows;

EVENT	UNPAID VARIABLE INCENTIVE	RIGHTS	RESTRICTED SHARES
• Resignation • Termination for poor performance	No further variable incentive is payable in respect of the current or prior performance years as at the date of notice.	Forfeited	Retained under the plan with restriction periods continuing to apply.

[1] The Volume Weighted Average share price provides the average price that a security has traded at throughout the day or agreed period.

• Termination by Perpetual on notice	A pro-rated variable incentive based on the period of the performance year completed (excluding notice paid in lieu) and full year performance score will be delivered at the normal time. The Performance Tested Equity Component will be granted as Performance Rights (subject to normal terms and conditions) and the remaining incentive will be paid in cash.	Retained under the plan with restriction periods and hurdles (where applicable) continuing to apply	Retained under the plan with restriction periods continuing to apply.
• Summary dismissal	No further variable incentive is payable in respect of the current or prior performance years as at the date of notice of termination.	Forfeited	Forfeited
• Death	A pro-rated variable incentive based on the period of the performance year completed (excluding notice paid in lieu) and full year performance score will be delivered at the normal time. The Performance Tested Equity Component will be granted as Performance Rights (subject to normal terms and conditions) and the remaining incentive will be paid in cash.	Immediate vesting (subject to Board approval).	Immediate conversion to unrestricted shares (subject to Board approval).
• Mutual agreement • Retirement (requires Board approval)[1] • Redundancy • Total and permanent disablement (TPD)	A pro-rated variable incentive based on the period of the performance year completed (excluding notice paid in lieu) and full year performance score will be delivered at the normal time. The Performance Tested Equity Component will be granted as Performance Rights (subject to normal terms and conditions) and the remaining incentive will be paid in cash.	Retained under the plan with restriction periods and hurdles (where applicable) continuing to apply.	Retained under the plan with restriction periods continuing to apply.

This approach to treatment of incentives on termination of employment in conjunction with the broader plan design strengthens the alignment of interests between Executive KMP and shareholders over the long term. The extended vesting and restriction periods encourage Executive KMP to make decisions that are in the long-term interests of shareholders, with implications of those decisions extending beyond an Executive KMP's tenure at Perpetual while they continue to have shares retained in the plan.

6.4 Dilution Limits for share plans

Shares awarded under Perpetual's employee share plans may be purchased on market or issued subject to Board discretion and the requirements of the Corporations Act 2001 and the ASX Listing Rules.

As at 30 June 2022, the proportion of unvested shares and Performance Rights (excluding unallocated shares as a result of forfeitures) held in Perpetual's employee share plans as a percentage of issued shares was 2.50%. This has increased from FY21's percentage of 2.24%.

[1] In circumstances where the Board concludes at its absolute discretion that a participant is retiring. The Board needs to be satisfied that the Executive does not intend to engage in any work similar to their role at Perpetual. Six months after retirement, the Executive must provide a signed declaration affirming that this requirement has been adhered to, subject to the approval of the Board, otherwise all rights will lapse. The Board may also decide to delay payment of any unpaid variable incentive until this requirement has been satisfied. Restricted shares under the Variable Incentive Plan are not impacted by the six month declaration requirement and will convert to unrestricted shares in accordance with the terms of the Variable Incentive Plan.

7. Variable Reward

7.1 FY22 Variable Incentive outcomes

In determining annual Variable Incentive outcomes for the Executive KMP, the Board seeks to balance shareholder and client outcomes, while encouraging and rewarding Executive KMP for creating sustainable shareholder value. Performance, risk and reward are considered within the context of the longer-term business strategy. The table below provides the total Variable Incentive outcome (both cash and equity portions) received by the Executive KMP for the FY22 performance year.

The Variable Incentive outcomes determined by the Board for the CEO and other Executive KMP for FY22 are, in the Board's judgement, appropriate. These decisions were made in consideration of business performance as measured against the company scorecard, divisional and individual performance.

Name	Variable Incentive Cash	Variable Incentive Unhurdled Equity[1]	Variable Incentive Hurdled Equity[2]	Total Variable Incentive	FY22 Variable Incentive Target	FY22 Variable Incentive (as % of Target)[3]	Maximum Opportunity @ 175% of target[4]	FY22 Variable Incentive (as % of Maximum VI Opportunity)
	$	$	$	$	$	%	$	%
Current Executives								
R Adams	530,000	942,280	1,090,680	2,562,960	2,417,886	106%	4,231,301	61%
A Gazal	150,000	150,000	150,000	450,000	450,000	100%	787,500	57%
C Green	325,000	355,338	355,338	1,035,676	1,035,676	100%	1,812,433	57%
D Lane	300,000	300,000	300,000	900,000	900,000	100%	1,575,000	57%
R McCarthy	300,000	300,000	300,000	900,000	750,000	120%	1,312,500	69%
S Mosse	172,800	172,800	172,800	518,400	480,000	108%	840,000	62%
M Smith	272,051	334,895	334,895	941,841	1,023,740	92%	1,791,545	53%
A Gillespie	225,000	225,000	225,000	675,000	675,000	100%	1,181,250	57%
Total	**2,274,851**	**2,780,313**	**2,928,713**	**7,983,877**	**7,732,302**	**103%**	**13,531,529**	**59%**

1. Variable Incentive equity awarded as Share Rights with tenure based hurdles only.
2. Variable Incentive equity awarded as Performance rights with an absolute Total Shareholder Return hurdle.
3. Represents the total Variable Incentive outcome for FY22 as a percentage of target Variable Incentive.
4. Maximum opportunity Executives may earn under the CEO and Group Executive Variable Incentive Plan.

7.2 FY22 Performance highlights

- Perpetual delivered strong financial performance in FY22. Underlying Profit After Tax (UPAT) was $148.2m, exceeding prior year by +21% and the Board-approved business plan by 3%. Underlying EPS of $2.58 represented growth of +18 % on prior year. Perpetual delivered growth in profit across each division:
    - Perpetual Corporate Trust delivered Underlying Profit Before Tax (UPBT) of $72.6m, representing growth of $8.9m or 13.9% on FY21. Continued organic growth was complemented by the acquisition of Laminar Capital in early FY22, which expanded PCT's product and service line offerings to new and existing clients. PCT's total Funds Under Administration (FUA) was A$1.09 trillion as at 30 June 2022, up 18% on 30 June 2021. PCT's continued growth demonstrates the critical role it performs as a fiduciary, providing important infrastructure to support the Australian banking and financial services markets.
    - Perpetual Private delivered UPBT of $44.3m in FY22, representing growth of $9.3m or 26% on prior year. Perpetual Private delivered a 9th consecutive year of positive net flows, with AUM finishing the year at $17.4b, representing incremental growth of 2% on 30 June 2021, despite a volatile Q4. The acquisition of Jacaranda Financial Planning in early FY22 provided an opportunity for Perpetual Private to add a high-growth business with a high-quality advice model and complimentary culture.

- While Perpetual's Asset Management businesses delivered strong financial performance, challenges in improving group net flows remain. PAM International delivered UPBT of $52.9m in FY22 (growth of $12.1m on FY21), while PAM Australia delivered UPBT of $49.9m (growth of $7.8m on prior year). While net flows across some channels were disappointing, Perpetual continues to invest in new channels and strategies that offer future growth opportunities in FY23 and beyond.
    - Following the successful closing of Barrow Hanley's inaugural Collateralised Loan Obligation (CLO) fund in FY22, Perpetual expects to attract approximately A$2.0 billion (US$1.4 billion) of new flows over the next 12-18 months. The first of three CLO's is currently being constructed and is expected to launch in 1H23.
    - A total of seven US mutual funds were launched in FY22, expanding access for Barrow Hanley and Trillium to broader distribution opportunities in the key US intermediary segment. In addition, as part of a focused effort to better access European and Asian institutional investors, multiple UCITS sub-funds were launched in FY22, with pleasing early interest from investors.
    - A suite of active ASX Exchange Traded Funds (ETFs) were launched for our Australian and global investment teams in FY22, providing important channel diversification for Perpetual and another platform for clients to access Perpetual's range of investment strategies.
    - When considered collectively, despite continued pressure on net flows in FY22, progress against the above strategic priorities and strong UPBT growth in each division were ultimately viewed to be a strong overall result in the context of the current economic environment.

- Perpetual's acquisitions translated into tangible shareholder value in FY22. Barrow Hanley exceeded the stated target of 20% EPS accretion in the first full year following acquisition; Trillium continued to deliver positive net flows and profit growth; while the acquisitions of Jacaranda Financial Planning and Laminar Capital, which were completed early in FY22, are both performing ahead of expectations for key growth metrics and financials.
- Perpetual's group Net Promoter Score (NPS) outcome of +49 was improved on FY21's outcome of +44 and remains above Perpetual's long-term target of +40.
- Perpetual's investment teams delivered strong investment performance relative to agreed benchmarks, particularly in Australian Equities and Barrow Hanley:
    - Barrow Hanley's investment performance was very strong, with 92% of equity strategies and 85% of all strategies outperforming their benchmarks over 3 years to 30 June 2022.
    - 91% of Perpetual's Australian Equities funds were outperforming their benchmarks over the 3 years to 30 June 2022.

7.3 FY22 Company scorecard performance

In FY22, the Perpetual scorecard was weighted 60% to financial measures and 40% to non-financial measures that are designed to deliver value in current and future years, within appropriate risk tolerance levels. We set our balanced scorecard each year based on the business and financial plan approved by the Board that is aligned to our strategy. Under our Variable Incentive plan, our balanced scorecard acts as the starting basis for evaluating current and future value creation with a risk management overlay. This section explains the performance outcomes delivered for FY22.

Strategic Measure	Weight	Full Year Performance	
Financial	**60%**	**Outcome**	**Comments**
Group UPAT[1]	30%	Target: $143.8m Actual: $148.2m **Above plan**	• FY22 UPAT is $4.4m (3%) above plan and $25.4m (21%) above last year's actual outcome of $122.8m. Growth in UPAT was achieved across all four divisions in FY22, with Perpetual Corporate Trust (PCT) growing UPBT by $8.9m (13.9%), Perpetual Private by $9.3m (26%), PAMA by $7.8m (18%) and PAMI by $12.1m (30%).
Perpetual Corporate Trust (PCT) – New business revenue	5%	Target: $14.1m Actual: $20.5m **Above plan**	• PCT delivered an above-plan outcome of $20.5m, driven by key client wins across all business lines. PCT continues to deliver on a clear growth strategy, which includes organic growth, new products and revenue streams, and exploration of appropriate inorganic growth opportunities.
Perpetual Asset Management Australia (PAMA) – Annualised Net Revenue (ANR)	5%	Target: -$1.1m Actual: -$2.8m **Below plan**	• Strong performance in the wholesale channel (+$1.8m ANR) was offset by weaker institutional flows (-$2.5m ANR). Net inflows into the Barrow Hanley Global Equity Fund and Credit and Fixed Income strategies were offset by continued net outflows across a range of large-cap Australian Equity strategies.
Perpetual Asset Management International (PAMI) – Net Flows (+ANR)	5%	Target: -A$0.3b Actual: -A$5.0b **Below plan**	• The FY22 outcome of -A$5.0b is substantially below plan. The headline number was driven primarily by outflows in Barrow Hanley's lower margin Fixed Income and US Equity strategies. Outflows were concentrated primarily on the US institutional channel. Barrow Hanley's International, Global and Emerging Market equity strategies each delivered positive net flows in FY22. • Trillium continued to deliver positive net flows, despite market volatility, delivering full year positive net flows of $0.6b in FY22.
Perpetual Private (PP) – Net Flows	5%	Target: $892m Actual: $999m **Above plan**	• Net Flows of $999m in FY22 represented an above-plan outcome and an outcome that was 28% above the FY21 full year result of $783m. FY22 represented the 9th consecutive year of positive net flows for Perpetual Private. At 30 June 2022, Funds Under Advice for Perpetual Private was $17.4b, up slightly on prior year (30 June 2021: $17.0b). • Net Flows benefited from $470m worth of net inflows from Laminar Capital, representing the potential for relevant products and services to be offered across business lines following recent acquisitions. The FY22 result was delivered despite on-going COVID-19 restrictions which limited face-to-face client meetings. Notable contributions were delivered from Native Title and Philanthropy clients and above-forecast Jacaranda flows. Outflows from legacy low margin clients partially offset the full year result.
Underlying Earnings Per Share (EPS)	10%	Target: $2.54 Actual: $2.58 **Above plan**	• Underlying EPS of $2.58 represented growth of +18% on prior year, driven by underlying profit growth across all business units in FY22. This improvement in underlying EPS in FY22 also translated into an improved dividend per share (DPS). Total dividends of 209cps were declared in respect of FY22, representing growth of 16% on FY21.
Client First	**10%**	**Outcome**	**Comments**

[1] Perpetual reports profit on both a statutory basis (NPAT) and on an underlying (UPAT) basis. As disclosed previously UPAT adjusts NPAT for significant items that are material in nature and do not reflect the normal operating activities and excludes the non-cash tax-effected amortisation of acquisition intangibles. Adjusted items are clearly defined, consistently applied and disclosed in accordance with ASIC Regulatory Guide – 230 – Disclosing "Non IFRS information". UPAT is provided as it is considered useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities. This measure is an appropriate metric for assessing business and Executive performance within the context of the global business strategy.

Strategic Measure	Weight	Full Year Performance	
Maintain client advocacy – external net promoter score (NPS) performance	5%	Target: Maintain above 40 Actual: 49 **Above plan**	• The FY22 outcome of 49 is substantially above prior year (44) and Perpetual's goal of maintaining NPS above 40. The result was driven by improvements across each division: o PAMA: 46 in FY22 (38 in FY21) o PCT: 61 in FY22 (58 in FY21) o Perpetual Private: 42 in FY22 (37 in FY21) • NPS scoring was extended to PAMI in FY22, however not all results were collected prior to 30 June, meaning the numbers have been excluded from the overall results. Benchmark scores for all completed teams as at 30 June were sitting above 70. PAMI NPS outcomes will be included in the headline numbers and divisional breakdown in FY23.
% of funds / mandates meeting investment objectives. Funds Target: 60% Mandates Target: 50%	PAMA 2.5%	Funds: 91% Mandates: 66% **Above plan**	• PAMA's Australian equities investment performance continues to be strong with 91% of equities funds outperforming their benchmarks over the 3 years to 30 June 2022, which positions these strategies well for future flows. • Strong investment performance in PAMA's Australian equities strategies generated a total of A$10.6 million in performance fees for the full year.
	PAMI 2.5%	Funds: 79% **Above plan**	• BH investment performance relative to agreed benchmarks remained very strong in 2022 with 92% (25/27) of investment strategies meeting objectives over 3 years. • Market volatility and sector rotation (including a shift to energy in early 2022), resulted in 29% (2/7) of Trillium Asset Management's funds meeting their performance objectives at 30 June 2022.
Future Fit	**10%**	**Outcome**	**Comments**
Mood monitor	5%	Stable **At plan**	• Employee sentiment remained stable during FY22 despite ongoing management of Covid-19, significant business activity and a higher level of aggregate turnover
High performer voluntary turnover		Target: Less than 11% Actual: 9% **Above plan**	• Retention levels for employees receiving high performance ratings in FY21 have remained substantially below the organisation-wide turnover rate. The full-year outcome of 9% voluntary turnover of top talent represents a strong outcome for FY22. For Perpetual, FY22 represented a return to pre-COVID employee turnover rates, challenges in filling some open vacancies and increasing pressure on wages across many parts of the organisation. In response, Perpetual made a number of proactive changes to benefits, leave entitlements and other flexibility initiatives to further enhance the overall employee experience.
Women in Leadership (WiL)		Target: 38% Actual: 34% **Below plan**	• The year-end outcome of 34% is below plan and represents a move backwards against our stated 2024 WiL representation target of 40%. Despite continued efforts, meaningfully improving female representation in leadership and asset management roles remains a challenge for Perpetual. Renewed focus on female talent development, attraction and retention as well as an enhanced reporting rhythm to increase transparency and accountability to targets have been implemented to drive improvements in FY23.
Delivery of key projects	5%	Board assessment **At plan**	• Of 24 formally funded projects planned to be delivered in FY22, 83% of projects (20 projects in total) were assessed to be meeting business objectives as defined for FY22 (based on objective implementation review

Strategic Measure	Weight	Full Year Performance	
			outcomes). Projects are reviewed quarterly and the project portfolio has been reviewed leading into FY23.
New Horizons	**20%**	**Outcome**	**Comments**
PAMA Gross Flows	5%	Target: AU $3.2b Actual: AU $3.5b **Above plan**	• PAMA Gross Flows of AU $3.5b in FY22 were above the business plan of AU $3.2b. Outperformance was driven through the wholesale channel, with Credit and Fixed Income and Global Equity strategies the strongest performers. Importantly, as part of our focus on investing for future growth a number of initiatives were launched in FY22: o Perpetual launched three active ETFs during FY22 including the PPT Ethical SRI Fund (ASX: GIVE), PPT Global Innovation Share Fund (ASX:IDEA) and the Barrow Hanley Global Share Fund (ASX:GLOB) o Perpetual established an operating model that will facilitate the efficient launch of future active ETFs
PAMI Gross Flows	5%	Target: US $8.2b Actual: US $6.7b **Below plan**	• The successful build-out and early momentum of Perpetual's Global Distribution team was recognised as being critical to Perpetual's momentum in FY22. The inclusion of Gross Flows (in addition to Net Flows) aimed to both (i) increase the overall weighting of growth/ flows in the overall scorecard; and (ii) allow for a sharper focus on sales in new channels and geographies. • The full-year outcome is below plan, with outperformance in the UK and Europe, offset by weaker gross flows in the US Institutional channel. Despite this, several achievements were noted in FY22: o Trillium Asset Management continues to generate strong client interest, with net positive inflows of A$639m in FY22. o Barrow Hanley continues to see strong interest in its various higher margin global equities capabilities, with particularly strong flows into the UK and EU in FY22. o ESG funds continue to offer opportunities for future growth. Following the launch of a Global Value ESG UCITS sub-fund for Barrow Hanley in mid-FY22, two additional ESG UCITS sub-funds were launched in Q4 FY22, providing a platform for future growth into FY23.
BH Underlying EPS accretion (excl. FX)	3.3%	Target > 20% Actual 23.7% **At plan**	• Underlying EPS accretion of 23.7% excl. FX (or 20.4% absorbing the unfavourable FX) exceeded the EPS accretion target set by the Board on announcement of the Barrow Hanley acquisition.
Barrow Hanley and Trillium Manageable Profit vs. Business Plan for FY22	3.3%	Trillium **Above plan** Barrow Hanley **Below plan**	• Trillium delivered strong client, advocacy, and financial performance in FY22. Strong markets and investment performance in early FY22, combined with continued strong flows across the full year translated into a manageable profit result that was above plan in FY22. • Barrow Hanley continued to face outflows in both US Equities and Credit and Fixed Income in FY22. While net inflows into higher margin Global Equity and Emerging Market Equity products helped to offset these headwinds, Barrow Hanley delivered manageable profit that was Below Plan in FY22.

Strategic Measure	Weight	Full Year Performance	
Execution of value-add initiatives to core businesses	3.3%	Board Assessment **At plan**	• Launch of Barrow Hanley's inaugural Collateralised Loan Obligation (CLO) Equity Fund. The business case approved by PPT Board included a commitment to provide seed funding. US$121m of equity was raised, with the first fund expected to deliver AUM of US$400m in FY23. • US Mutual Fund launch. Key component of strategy to diversify Barrow Hanley earnings from institutional clients into the wholesale channel (noting at acquisition Barrow Hanley's client base was 100% institutional). At 30 June 2022 Barrow Hanley has US $476m in AUM. • Perpetual established an Irish UCITS umbrella in FY22, as part of a focused effort to meet European client demand for both Trillium and Barrow Hanley ESG strategies. AUM in this UCITS umbrella exceeded US $500m at 30 June 2022.

7.4 FY22 CEO Variable Incentive commentary

Individual Variable Incentive awards are determined through an assessment of performance against the group balanced company scorecard, divisional performance against agreed priorities and individual performance, which includes an assessment of behavioural expectations for all Executive KMP. Executive KMP must also meet risk and compliance requirements to be eligible to receive a Variable Incentive payment.

The relative weights of Company and Divisional performance reflect our primary focus on delivering strong group outcomes for our shareholders. CEO outcomes are weighted 70% Perpetual group performance and 30% individual performance. Commencing FY22, Executive KMP have a weighting of 60% Perpetual group performance and 40% Division and Individual performance. The combined focus on Perpetual group and divisional/individual performance ensures shared accountability for overall Perpetual performance amongst Executive KMP, balanced with the need to deliver on divisional priorities.

	Perpetual performance	Divisional performance	Individual performance
CEO	70%	0%	30%
Other Executive KMP	60%	40%	

FY22 CEO performance and reward outcomes

The Board has considered the individual contribution of the CEO for FY22 with reference to progress against key strategic and individual priorities agreed at the commencement of the performance year. In addition to overall responsibility for Perpetual's performance against the company scorecard, the CEO had a number of achievements during FY22 which are highlighted below:

- Throughout FY22, the CEO continued to make decisive, balanced and effective decisions regarding the strategic investments required for Perpetual to achieve its global growth objectives and ultimately deliver on its current strategy.
- The CEO continues to build his Executive team, assisting their development and overall team dynamics. In FY22, this involved utilising an external executive assessment programme to identify gaps and opportunities across his team.
- As Perpetual built its global distribution capability, the CEO continued to provide direction and was involved in the sourcing of key staff across US and UK/Europe and has provided regular support to Perpetual's Global Head of Asset Management Distribution.
- The CEO continues to lead Perpetual through a highly uncertain period, achieving consistently high employee sentiment results, driven by an open and transparent internal communication programme. As Chair of Perpetual's D&I Council, he has driven a full review and restructure of the refreshed strategy.

In considering each of the above items, the Board has determined to award the CEO an overall incentive outcome of 106% of target, or 61% of the maximum, in respect of FY22, reflective of both strong group and individual performance.

7.5 Alignment of Variable Incentive outcomes to five-year group performance

One of Perpetual's guiding principles for remuneration is that the remuneration structure should balance value creation for our shareholders, clients and employees. This section displays the degree of alignment between Perpetual group performance and remuneration outcomes for Executive KMP over the last five years. The table below shows Perpetual's five-year performance across a range of metrics and corresponding incentive outcomes.

		FY18	FY19	FY20	FY21	FY22
		30 June 2018	**30 June 2019**	**30 June 2020**	**30 June 2021**	**30 June 2022**
Underlying profit after tax - UPAT[1]	$m	139.0	115.9	95.1	122.8	148.2
Earnings per share - UPAT	cps	297	246	200	218	258
Total dividends paid/payable per ordinary share[2]	cps	**275**	**250**	**155**	**180**	**209**
Closing share price	$	41.6	42.24	29.67	40.05	28.88
1-year TSR	%	-21	8	-26	40	-23
3-year CAGR TSR	%	-1	7	-13	4	-6
4-year CAGR TSR	%	2.1	2.2	-0.7	-3.2	-2.7
5-year CAGR TSR	%	8	3	-3	5	-6
CEO - Variable Incentive as % of target[3,4,5]	%	34	65	60	100	106
CEO - Variable Incentive as % of maximum target[3,4,5]	%	19	37	34	57	61
GE - Average Variable Incentive as % of target[3]	%	76	56	48	93	103
GE - Average Variable Incentive as % of maximum target[3]	%	43	32	27	53	59
CEO % of Variable Incentive Equity awarded as hurdled[6]	%	NA	50	100	50	54
GE % of Variable Incentive Equity awarded as hurdled[6]	%	0	0	100	50	50

1. UPAT & EPS - UPAT from 5 year profile.
2. Dividends paid are for the respective financial year.
3. CEO variable incentive outcomes for FY18 are for Perpetual's previous CEO, Mr Lloyd.
4. Mr Lloyd ceased employment with Perpetual in FY18, and therefore FY18 represents variable incentive cash only given the forfeiture of variable incentive equity for FY18.
5. FY19-FY22 variable incentive outcomes are for Mr Adams.
6. Excludes sign on grants.

Shareholders **Clients**

Three and four-year CAGR TSR disclosed to align with the performance hurdle period of the CEO and Group Executives for FY21.

NPS FY19 rebased from 39 to 40 to reflect new target markets.

7.6 KMP Growth Incentive

Perpetual is undergoing strategic transformation to deliver improved total shareholder returns. Over the past two years, there have been a number of strategic acquisitions and investments across the Company and the next three to five years will be a critical period for Perpetual to realise the scale and benefit of these investments and deliver improved returns for shareholders. In FY22 the Board reviewed whether the current long-term incentive compensation program in place for the Executive KMP team should be enhanced to provide additional incentives for Executive KMP to realise the benefits of these investments and deliver strong returns for shareholders. As a result of this review, the Board decided to award a long-term incentive (Growth LTI) to Executive KMP to deliver growth above the existing KMP Variable Incentive scheme reward's stretch performance. Key terms of the structure are outlined below:

- Under the Growth LTI, a grant of Performance Rights will be made to Executive KMP in September 2022. The threshold for vesting will be set at 10% CAGR in absolute TSR, with 100% vesting at 15% CAGR absolute TSR (noting vesting commences at 0% for delivering 10.0% CAGR absolute TSR). The CAGR absolute TSR performance range for existing Hurdled Equity is 7.0% – 10.0%, meaning value is delivered under this award only where the existing stretch hurdle is exceeded. The Board believes this represents a significant degree of stretch performance when compared to the TSR achieved by the Company in recent years, which will require ongoing significant expansion in underlying EPS.
- The Growth LTI will vest in three equal tranches across 3, 4 and 5 years, subject to meeting the relevant CAGR absolute TSR performance hurdle. Any Performance Rights that vest at 3 and 4 years will be retained as restricted shares until 5 years post the initial grant date. Performance Rights that do not vest are forfeited and not retested. The 5-year performance and restriction period for the LTI award extends the time horizon of Executive KMP long term incentive arrangements to align to the longer-dated timeframe of the Company strategy and provides an alignment mechanism for the core executive team during the integration of these acquisitions and strategic investments.
- All other terms and conditions of the awards will be consistent with the existing Hurdled Equity component of the Executive KMP Variable Incentive. The Board will retain discretion to not vest a portion or all of the award if they are not comfortable that all other terms and conditions of the award have been satisfied (including, but not limited to, compliance with and alignment to the Company's Risk Appetite Statement).
- Individual Growth LTI awards are provided in the below table. The Board has determined individual awards on a Fair Value basis given the degree of stretch embedded in the performance hurdles. The Fair Value calculation will be performed at grant date and will be disclosed in the FY23 Remuneration Report, however an estimate of the Face Value of each award is provided in the footnote below. The Board will continue to allocate awards under the existing Variable Incentive plan on a Face Value basis. The Fair Value amounts in the table below will be expensed over the 3 to 5-year life of the award.
- Further details of the CEO award will be available in the Company's Notice of Meeting for the AGM in October 2022, with full details on the awards made to Executive KMP provided in the FY23 Remuneration Report.

Executive	Growth Long Term Incentive: Fair Value[1]
R Adams	$1,400,000
C Green	$700,000
A Gazal	$600,000
A Gillespie	$600,000
D Lane	$600,000
M Smith	$600,000
R McCarthy	$600,000
S Mosse	$600,000

7.7 Vesting outcomes of prior year equity awards

In September 2021, some Variable Incentive Unhurdled Equity awarded for the FY19 financial year vested for eligible Executive KMP. These awards are now held under restriction for an additional two year period, aligning Executive KMP to shareholder outcomes for a full four-year period.

The current Hurdled Equity structure was introduced for the CEO in FY19. Therefore 50% of the CEO's FY19 Variable Incentive Equity was awarded as unhurdled equity and 50% as hurdled equity with an absolute TSR hurdle and vesting to occur over 3 and 4 years.

Other Executive KMP did not start to participate in this scheme until FY20 and consistent with plan design at the time, the equity component of the grants made to other Executive KMP for FY19 were awarded entirely as unhurdled equity.

The value of this equity at vesting was, on average, 67% of the original Executive KMP's Variable Incentive equity targets (or 38% of the original maximum equity target).

- The overall outcome of 67% of target (or 38% of maximum) occurred despite initial grants being positioned at, on average, 58% of Variable Incentive targets (or 33% of maximum). An increase in the Perpetual share price in the period leading up to vesting in September 2021 increased vesting outcomes for Executive KMP.
- However, the two-year restrictions on dealing and recent declines in Australian and global share markets mean that as at 1 July 2022 these restricted shares were valued at, on average, 47% of the original target or 27% of maximum.

The Board believes this outcome provides appropriate alignment between Executive KMP remuneration and shareholder experience. The Board did not believe it was necessary to adjust FY19 equity vesting outcomes given no hurdle was originally applied to vesting of outcomes, no material risk events were identified and Executive KMP are required to continue to hold the equity for an additional two-year restriction period.

[1] Final fair value calculations will be performed at the grant date of 1 September. The estimated Face Value of the CEO (R Adams) award is $4.6m, the estimated Face Value of the award for the CFO (C Green) is $2.3m, and the estimated Face Value for each remaining KMP is $1.95m. These amounts will be confirmed at the grant date.

8. Data disclosures – Executive KMP

Remuneration of Executive KMP – Statutory Reporting

	Short-term benefits				Post-employment benefits		Equity-based benefits[5]			Termination payments	Total
	Cash salary[1]	Variable Incentive Cash[2]	Non-monetary benefits[3]	Other[4]	Superannuation	Other long- term benefits[6]	Variable Incentive Equity[7]	Shares	Performance rights		
Name	$	$	$	$	$	$	$	$	$	$	$
Current Executives											
R Adams											
2022	**1,277,776**	**530,000**	**-**	**82,196**	**25,000**	**21,722**	**645,029**	**170,988**	**-**	**-**	**2,752,711**
2021	1,147,498	500,000	-	26,867	25,000	21,721	417,525	161,993	-	-	2,300,654
A Gazal											
2022	**493,333**	**150,000**	**-**	**15,878**	**25,000**	**9,575**	**69,329**	**23,074**	**-**	**-**	**786,189**
2021	435,750	116,350	-	9,143	25,000	8,087	25,660	189,136	-	-	809,126
C Green											
2022	**645,858**	**325,000**	**-**	**1,651**	**25,000**	**15,062**	**237,644**	**-**	**-**	**-**	**1,250,215**
2021	592,639	281,125	-	(12,352)	25,000	10,840	270,691	-	-	-	1,167,943
D Lane											
2022	**529,165**	**300,000**	**12,882**	**11,806**	**25,000**	**10,752**	**192,581**	**-**	**-**	**-**	**1,082,186**
2021	493,544	336,000	6,123	5,880	25,000	9,208	171,161	-	-	-	1,046,916
R McCarthy											
2022	**511,667**	**300,000**	**-**	**7,882**	**25,000**	**(11,179)**	**173,222**	**-**	**11,664**	**-**	**1,018,256**
2021	428,566	250,800	-	(2,349)	25,000	(33,206)	119,882	-	54,657	-	843,350
S Mosse											
2022	**545,833**	**172,800**	**-**	**-**	**25,000**	**10,573**	**101,601**	**20,607**	**-**	**-**	**876,414**
2021	472,816	136,285	-	(23,269)	25,000	10,418	56,241	75,835	-	-	753,326
M Smith											
2022	**606,626**	**272,051**	**-**	**21,086**	**25,000**	**10,531**	**207,922**	**-**	**-**	**-**	**1,143,216**
2021	575,045	229,174	-	(17,784)	25,000	10,531	212,860	-	-	-	1,034,826
A Gillespie											
2022	**479,167**	**225,000**	**-**	**10,256**	**25,000**	**10,465**	**82,362**	**-**	**111,558**	**-**	**943,808**
2021	278,825	102,945	-	(10,824)	15,411	8,544	22,704	-	80,168	-	497,773
Total 2022	**5,089,425**	**2,274,851**	**12,882**	**150,755 -**	**200,000**	**77,501 -**	**1,709,690**	**214,669**	**123,222 -**	**- -**	**9,852,995**
Total 2021	4,424,683	1,952,679	6,123	(24,688) -	190,411	46,143 -	1,296,724	426,964	134,825 -	- -	8,453,914

1. Cash salary is the ordinary cash salary received in the year including payment for annual, long service, sick or other types of paid leave taken.
2. Variable Incentive cash payments consist of cash payments to be made in September 2022 for the CEO and Group Executives.
3. Non-monetary benefits represents those amounts salary sacrificed from fixed remuneration to pay for benefits such as leased motor vehicles, car parking, and purchased leave.
4. Other short-term benefits relate to:
- salary continuance and death and total and permanent disability insurance provided as part of the remuneration package; and
- the value of accrued annual leave for FY22 less leave taken which is depicted as cash salary.
5. Share-based remuneration has been valued using the binomial method, which considers the performance hurdles relevant to each issue of equity instruments. The value of each equity instrument has been provided by PricewaterhouseCoopers. Share-based remuneration is the amount expensed in the financial statements for the year and includes adjustments to reflect the most current expectation of vesting of LTI grants with non-market condition hurdles. For grants with non-market conditions including earnings per share hurdles, the number of shares expected to vest is estimated at the end of each reporting period and the amount to be expensed in the financial statements is adjusted accordingly. For grants with market conditions such as total shareholder return hurdles, the number of shares expected to vest is not adjusted during the life of the grant and no adjustment is made to the amount expensed in the financial statements (except if service conditions are not met). The accounting treatment of non-market and market conditions are in accordance with accounting standards.
6. The value of accrued long service leave for FY22 less leave taken, which is depicted as cash salary.
7. Variable incentive equity includes costs incurred in FY22 for the FY18, FY19, FY20, FY21 Variable Incentive equity grants.

Executive KMP Remuneration received FY22

The table below represents the actual remuneration received by the Executive KMP during FY22. This table differs to the statutory remuneration table on page 113 that has been prepared in accordance with the Corporations Act and Australian Accounting Standards. The difference between the two tables is predominantly due to the accounting treatment of the share-based payments.

Name	Total fixed remuneration[1]	Variable Incentive cash[2]	Equity vested during year[3]	Dividends paid on unvested shares during year[4]	Sign-on and relocation benefits	Payments made on termination	Total
	$	$	$	$	$	$	$
Current Executives							
R Adams	1,304,801	500,000	439,555	22,279	-	-	2,266,634
A Gazal	520,076	116,350	177,061	4,672	-	-	818,160
C Green	672,509	281,125	502,545	-	-	-	1,456,179
D Lane	572,276	336,000	236,004	-	-	-	1,144,280
R McCarthy	538,318	250,800	258,298	-	-	-	1,047,416
S Mosse	572,484	136,285	219,474	4,475	-	-	932,718
M Smith	633,277	229,174	347,569	-	-	-	1,210,020
A Gillespie	506,577	102,945	105,697	-	-	-	715,219
Totals	**5,320,318**	**1,952,679**	**2,286,203**	**31,426**	**-**	**-**	**9,590,626**

1. Fixed remuneration consists of cash salary, superannuation, packaged employee benefits and associated fringe benefits tax.
2. Represents the cash portion of Variable Incentive outcome for FY21 paid in September 2021.
3. Represents the value of equity grants awarded in previous years which vested during the year. For Ms Gazal, this relates to sign on shares granted at the commencement of employment. For Mr McCarthy, this represents 3859 Share Rights granted on 1 October 2018 as a Long Term Incentive that vested on 1 October 2021, as well as 3663 Share Rights granted on 1 September 2019 that vested on 1 September 2021. For Mr Smith, Lane and Green the numbers reflect Share Rights granted to KMP in September 2019 which converted to Restricted Shares 2 years after the grant date. The holding lock is removed 4 years after the grant date, as per the terms of the Executive Leadership Team Variable Incentive Plan.
4. Dividends paid during FY22 on sign-on shares granted to Mr Adams on 24 September 2018, Ms Gazal on 7 April 2020 and Ms Mosse on 18 February 2019. Dividends paid to Mr McCarthy relate to deferred STI shares awarded in previous role.

Remuneration components as a proportion of total remuneration

The remuneration components below are determined based on the remuneration of the Executive KMP – Statutory Reporting table on page 113. This table includes fixed remuneration and Variable Incentives – cash and equity.

Name	Fixed remuneration %	Performance linked benefits		Other Equity[1]	Total %
		Variable Incentive Cash %	Variable Incentive Equity %		
Current Executives					
R Adams	51%	19%	23%	6%	100%
A Gazal	69%	19%	9%	3%	100%
C Green	55%	26%	19%	0%	100%
D Lane	54%	28%	18%	0%	100%
R McCarthy	52%	29%	18%	0%	100%
S Mosse	66%	20%	12%	2%	100%
M Smith	58%	24%	18%	0%	100%
A Gillespie	56%	24%	21%	0%	100%

1. Other equity includes sign-on equity for Mr Adams, Ms Gazal and Ms Mosse.

Value of unvested remuneration that may vest in future years

Estimates of the maximum future cost of equity-based remuneration granted by Perpetual should all targets be met in the future.

	30/06/2023[1] Maximum $	30/06/2024[1] Maximum $	30/06/2025[1] Maximum $	30/06/2026[1] Maximum $	30/06/2027[1] Maximum $
CEO and Managing Director					
R Adams	937,521	780,587	238,914	64,502	7,200
Current Group Executives					
A Gazal	102,175	97,884	30,974	8,798	990
A Gillespie	201,596	150,088	40,389	12,332	1,485
C Green	316,131	278,813	82,049	21,218	2,344
D Lane	268,880	235,101	70,205	18,133	1,980
R McCarthy	247,121	225,205	65,982	17,531	1,980
S Mosse	148,815	133,562	38,873	10,163	1,141
M Smith	283,113	253,538	75,562	19,916	2,211

1. The minimum value of the grants is $nil if the performance targets are not met. The values above are determined in accordance with accounting standards. The fair value of granted shares is recognised as an employee expense with a corresponding increase in equity. Fair value is measured at grant date and amortised over the performance and/or service period.

Shareholdings

The table below summarises the movement in holdings of ordinary shares held during the year and the balance at the end of the year, directly, indirectly, or by a related party.

Name	Total shares held at 1 July 2021	Purchases	Vesting of Shares	Vesting of Rights	Sales / Reductions	Shares held personally at 30 June 2022	Shares held nominally at 30 June 2022[1]	Total shares held at 30 June 2022
Current Executives								
R Adams	21,290		-	10,551	-	30,034	1,807	31,841
A Gazal	4,867	-	4,867	-	-	9,734	-	9,734
C Green	18,931	-	-	12,063		30,994	-	30,994
D Lane	12,758		-	5,665	-	18,423	-	18,423
R McCarthy	3,234	-	-	6,522		9,756	-	9,756
S Mosse	-	-	4,661	1,010	-	5,671	-	5,671
M Smith	26,385	7,905	-	8,343	7,905	18,131	16,597	34,728
A Gillespie	2,240	-	-	2,859	-	5,099	-	5,099

1. Shares held nominally are included in the "Total shares held at 30 June 2022" column. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependents and entities controlled, jointly controlled or significantly influenced by the KMP.

Unvested share and Performance rights holdings of the Executive KMP

The table below summarises the Share and Performance Rights holdings and movements by number granted to the Executive KMP by Perpetual, for the year ended 30 June 2022. For details of the fair valuation methodology, refer to section 4-1 of the notes to, and forming part of the financial statements.

Directors' Report for the year ended 30 June 2022 (continued)
Remuneration Report (continued)

Name	Instrument	Grant date	Grant price	Vesting date	Held at 1 July 2021	Movement During the Year[1]			Held at 30 June 2022	Fair value of instrument at grant date
						Granted	Forfeited	Vested		
			$		Number of instruments	Number of instruments			Number of instruments	$
Current Executives										
R Adams[2]	Shares	24 September 2018	42.01	24 September 2022	10,711	-	-	-	10,711	42.01
	Share Rights	2 September 2019	42.01	1 September 2021	10,551	-	-	10,551	-	28.89
	Performance Rights	2 September 2019	42.01	1 September 2022	5,276	-	-	-	5,276	8.22
	Performance Rights	2 September 2019	42.01	1 September 2023	5,275	-	-	-	5,275	8.40
	Performance Rights[4]	1 September 2020	31.15	1 September 2023	21,938	-	-	-	21,938	12.09
	Performance Rights[4]	1 September 2020	31.15	1 September 2024	21,937	-	-	-	21,937	12.42
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		10,780			10,780	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		10,780			10,780	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		21,560			21,560	34.07
		Aggregate value				$ 1,777,838	$ -	$ 439,555		
A Gazal[2]	Shares	7 April 2020	25.86	7 October 2021	4,867		-	4,867	-	25.86
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		1,410			1,410	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		1,410			1,410	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		2,821			2,821	34.07
		Aggregate value				$ 232,578	$ -	$ 177,061		
C Green	Share Rights[3]	2 September 2019	35.30	1 September 2021	12,063	-	-	12,063	-	28.89
	Performance Rights[4]	1 September 2020	31.15	1 September 2023	8,026	-	-	-	8,026	12.09
	Performance Rights[4]	1 September 2020	31.15	1 September 2024	8,025	-	-	-	8,025	12.42
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		3,727			3,727	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		3,727			3,727	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		7,454			7,454	34.07
		Aggregate value				$ 614,657	$ -	$ 502,545		
D Lane[2]	Share Rights[3]	2 September 2019	35.30	1 September 2021	5,665	-	-	5,665	-	28.89
	Performance Rights[4]	1 September 2020	31.15	1 September 2023	6,019	-	-	-	6,019	12.09
	Performance Rights[4]	1 September 2020	31.15	1 September 2024	6,019	-	-	-	6,019	12.42
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		3,357			3,357	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		3,357			3,357	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		6,714			6,714	34.07
		Aggregate value				$ 553,636	$ -	$ 236,004		
R McCarthy[5]	Share Rights	1 October 2018	34.97	1 October 2021	2,859	-	-	2,859	-	34.97
	Share Rights[3]	2 September 2019	35.30	1 September 2021	3,663	-	-	3,663	-	28.89
	Performance Rights[4]	1 September 2020	31.15	1 September 2023	6,019	-	-	-	6,019	12.09
	Performance Rights[4]	1 September 2020	31.15	1 September 2024	6,019	-	-	-	6,019	12.42
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		2,754			2,754	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		2,754			2,754	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		5,509			5,509	34.07
		Aggregate value				$ 454,231	$ -	$ 258,298		
S Mosse[2]	Shares	18 February 2019	35.37	21 September 2021	4,661	-	-	4,661	-	35.37
	Share Rights[3]	2 September 2019	35.30	1 September 2021	1,010	-	-	1,010	-	28.89
	Performance Rights[4]	1 September 2020	31.15	1 September 2023	4,012	-	-	-	4,012	12.09
	Performance Rights[4]	1 September 2020	31.15	1 September 2024	4,012	-	-	-	4,012	12.42
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		1,652			1,652	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		1,652			1,652	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		3,305			3,305	34.07
		Aggregate value				$ 272,489	$ -	$ 219,474		
M Smith	Share Rights[3]	2 September 2019	35.30	1 September 2021	8,343	-	-	8,343	-	28.89
	Performance Rights[4]	1 September 2020	31.15	1 September 2023	6,019	-	-	-	6,019	12.09
	Performance Rights[4]	1 September 2020	31.15	1 September 2024	6,019	-	-	-	6,019	12.42
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		3,421			3,421	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		3,421			3,421	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		6,842			6,842	34.07
		Aggregate value				$ 564,191	$ -	$ 347,569		
A Gillespie[6]	Share Rights	1 October 2018	34.97	1 October 2021	2,859	-	-	2,859	-	34.97
	Share Rights	1 October 2019	31.53	1 October 2022	4,123	-	-	-	4,123	31.53
	Share Rights	1 October 2020	23.82	1 October 2023	6,298	-	-	-	6,298	23.82
	Performance Rights[7]	1 September 2021	41.23	1 September 2024		1,248			1,248	20.14
	Performance Rights[7]	1 September 2021	41.23	1 September 2025		1,248			1,248	17.05
	Share Rights[8]	1 September 2021	41.23	1 September 2023		2,496			2,496	34.07
		Aggregate value				$ 205,820	$ -	$ 105,697		

1. Granted aggregate value is calculated by multiplying the number of instruments by the grant price. Vested and forfeited aggregate value is calculated by multiplying the number of shares by the Perpetual closing share price on the vesting date.
2. Mr Adams' shares, Ms Gazal's shares and Ms Mosse's shares are sign-on shares.
3. Share Rights granted to KMP in September 2017, 2018 & 2019 convert to Restricted Shares 2 years after the grant date. The holding lock is removed 4 years after the grant date, as per the terms of the Executive Leadership Team Variable Incentive Plan. These Share Rights are not included in the Table after vesting.
4. Performance Rights granted to KMP in September 2020 were issued as 2 tranches with a TSR hurdle. T1 is subject to a 3 year performance period before vesting into Restricted Shares for one year. T2 was subject to a 4 year performance period before vesting. Vested Performance Rights with a holding lock are not included in the Table after vesting.
5. Some of Mr McCarthy's shares and Performance rights were granted prior to his KMP appointment date of 15 October 2018. We have included his holdings and movements prior to 15 October 2018 for completeness.
6. All of Ms Gillespie's Share Rights were granted prior to her KMP appointment date of 18 November 2020. We have included these holdings for completeness.
7. Performance Rights granted to KMP in September 2021 were issued as 2 tranches with a TSR hurdle. T1 is subject to a 3 year performance period before vesting into Restricted Shares for one year. T2 was subject to a 4 year performance period before vesting. Vested Performance Rights with a holding lock are not included in the Table after vesting.
8. Share Rights granted to KMP in September 2021 convert to Restricted Shares 2 years after the grant date. The holding lock is removed 4 years after the grant date, as per the terms of the Executive Leadership Team Variable Incentive Plan. These Share Rights are not included in the Table after vesting.

Termination terms for Executive KMP

Following are the Executive KMP contractual arrangements.

Term	Who	Conditions
Duration of contract	All Executive KMP	Ongoing until notice is given by either party
Notice to be provided by the Executive to terminate the employment agreement	CEO and Managing Director Other Executive KMP	9 months 6 months
Notice to be provided by Perpetual to terminate the employment agreement without cause	CEO and Managing Director Other Executive KMP	9 months 6 months
Notice to be provided by Perpetual for summary dismissal	All Executive KMP	No notice
Post-employment restraint	CEO and Managing Director and Other Executive KMP	12 months from the date on which notice of termination was given

The agreements also allow Perpetual to make a payment in lieu of notice, subject to Board approval.

9. Non-executive Director remuneration

9.1 Remuneration policy and data

Perpetual's Remuneration Policy for Non-executive Directors aims to ensure that we attract and retain suitably skilled, experienced and committed individuals to serve on your Board. Non-executive Directors do not receive performance related remuneration and are not entitled to receive performance shares or options over Perpetual shares as part of their remuneration arrangements.

Fee framework

Non-executive Directors receive a base fee. Except for the Chairman, they also receive fees for participating in Board Committees (other than the Nominations Committee), either as Chairman or as a member[1].

As advised in the FY21 Remuneration Report, NED fees were adjusted with an effective date of 1 July 2021. This was the first change to base Chairman and Director fees (other than the temporary reduction in FY21) since an adjustment made leading into FY16.

[1] Any other contracts are at arm's length in the normal course of business and on normal commercial terms consistent with other employees and clients. Those transactions may involve investments in Perpetual managed funds and financial advice by Perpetual Private.

Non-executive Directors' fees	FY21 AUD	FY22 AUD	FY22 USD[1]	FY23 AUD	FY23 USD[1]
Chairman	300,000	340,000		340,000	
Directors	150,000	165,000	180,000	165,000	180,000
Audit, Risk and Compliance Committee Chairman	35,000	35,000		35,000	
Audit, Risk and Compliance Committee member	17,000	17,000	17,000	17,000	17,000
People and Remuneration Committee Chairman	35,000	35,000		35,000	
People and Remuneration Committee member	17,000	17,000	17,000	17,000	17,000
Investment Committee Chairman	25,000	25,000		25,000	
Investment Committee member	13,000	13,000	13,000	13,000	13,000
Nominations Committee member	Nil	Nil	Nil	Nil	Nil
Overseas travel allowance per trip (long-haul)[2]		10,000	10,000	10,000	10,000

1. Apply to US based Directors only.
2. This allowance is paid once for each return overseas trip where the flight time, one way, is at least 8 hours.

The fees detailed above are inclusive of any superannuation or pension contributions, capped at the maximum prescribed under any applicable legislation.

Australian-based Non-executive Directors may receive employer superannuation contributions in one of Perpetual's employee superannuation funds or in a complying fund of their choice. Non-executive Directors can also salary sacrifice superannuation contributions out of their base fee.

Total fees paid to Non-executive Directors in FY22 were $1,724,665. More details are provided in the table on page 48.

Retirement policy

Non-executive Directors who have held office for three years since their last appointment must retire and seek re-election at the Annual General Meeting.

In order to revitalise the Board, Perpetual's Non-executive Directors agree not to seek re-election after three terms of three years. However, the Board may invite a Non-executive Director to continue in office beyond nine years if there is a compelling reason and, as determined by the Board, if in the best interests of shareholders.

Outside of superannuation contributions, no retirement benefits are paid to Non-executive Directors.

Remuneration of the Non-executive Directors (statutory reporting)

Details of Non-executive Director remuneration are set out in the table below.

Name	Short-term benefits Perpetual Board fees[1] $	Post employment benefits Superannuation[2] $	Total[3] $
T D'Aloisio			
2022	**326,432**	**23,568**	**350,000**
2021	248,742	21,258	270,000
G Cooper			
2022	**201,818**	**20,182**	**222,000**
2021	180,235	7,765	**188,000**
N Fox			
2022	**206,364**	**20,636**	**227,000**
2021	177,626	16,874	194,500
I Hammond			
2022	**213,318**	**9,682**	**223,000**
2021	189,000	-	189,000
M A Kanaan[4]			
2022	**280,665**	**-**	**280,665**
2021	2,000	-	2,000
F Trafford-Walker			
2022	**205,000**	**-**	**205,000**
2021	163,973	7,027	171,000
C Ueland			
2022	**198,182**	**18,818**	**217,000**
2021	165,068	15,682	180,750
Total 2022	**1,631,779**	**92,886**	**1,724,665**
Total 2021	1,126,644	68,606	1,195,250

1. All Australian Non-executive Directors travelled to the US during FY22 once. Their fees therefore include the $10,000 overseas travel allowance detailed in the NED fees table.

2. Australian Non-executive Directors can elect to take superannuation contributions in excess of their Superannuation Guarantee Contribution as additional base fees.

3. Non-executive Directors do not receive any non-cash benefits as part of their remuneration.

4. US based Directors do not receive any payments such as pension contributions in addition to Board fees. US fees are shown as the actual AUD cost of USD payments.

Alignment with shareholder interests

The constitution requires Non-executive Directors to acquire a minimum of 500 Perpetual shares on appointment and hold a total of at least 1,000 shares when they have held office for three years. However, Non-executive Directors are encouraged to hold ordinary Perpetual shares equivalent in value to 100% of their annual base fee within a reasonable period of their appointment.

Non-executive Directors do not receive share rights or options and are required to comply with Perpetual's Hedging and Share Trading policies.

Non-executive Director shareholdings

The table below summarises the Non-executive Director movement in holdings of ordinary shares held during the year and the balance at the end of the year. The table includes shares held both in total (directly or indirectly) and held by related parties.

Name	Total shares held at 1 July 2021	Purchases	Sales / Reductions	Shares held personally at 30 June 2022	Shares held nominally at 30 June 2022[1]	Total shares held at 30 June 2022	1,000 shareholding requirement met
	Number of shares						
T D'Aloisio	9,072		-	-	9,072	9,072	✓
G Cooper	5,758	324	-	-	6,082	6,082	✓
N Fox	5,641	317	-	5,958	-	5,958	✓
I Hammond	12,967		-	2,149	10,818	12,967	✓
M Kanaan[2]	-	500	-	500	-	500	*
F Trafford-Walker	1,803	102	-	1,905	-	1,905	✓
C Ueland	7,991		-	3,995	3,996	7,991	✓

1. Shares held nominally are included in the "Total shares held at 30 June 2022" column. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependents and entities controlled, jointly controlled or significantly influenced by the KMP.

2. Ms Kanaan joined the Board on 28 June 2021. The constitution requires Non-executive Directors to acquire a minimum of 500 Perpetual shares on appointment and hold a total of at least 1,000 shares when they have held office for three years.

10. Key terms

Balanced scorecard	The performance measures of financial, client, growth and people as agreed by the Board to assess short and long-term Perpetual Group performance for the purposes of determining the amount of variable remuneration payable (if any).
Cash	Refers to the Cash component of the Variable Incentive plan. The Cash component of the plan is delivered to KMP following the completion of the performance year.
Executive KMP	Executive Key Management Personnel. Those people who have the authority and responsibility for planning, directing and controlling Perpetual's activities, either directly or indirectly. Key Management Personnel disclosed in this Report are the CEO and Managing Director and other Executive KMP (collectively Executive KMP).
Fixed Remuneration	Fixed remuneration consists of cash salary, superannuation, packaged employee benefits and associated fringe benefits tax.
Group	Perpetual Limited and its controlled entities.
Hurdled Equity	The Hurdled Equity component is awarded in the form of Performance Rights (subject to performance hurdles of absolute total shareholder return) equally over three years (with any vested equity restricted for a further year) and four years.
Market peers	For the purposes of benchmarking remuneration practices and levels, Perpetual's market peers refer to listed companies in the diversified financial services industry, excluding major banks and other financial services companies in the Standard & Poor's (S&P)/ASX 200.
Mood Monitor	With the decision not to run a formal engagement survey in FY20, it was decided to implement the Mood Monitor to seek more frequent, in the moment feedback to gauge the mood of employees through regular pulse surveys.
Non-Executive Director (NED)	Non-Executive Directors (NEDs) or Non-Executive KMP are members of a company's board of directors who is not part of the executive team.
NPAT	NPAT is the net profit after tax in accordance with the Australian Accounting Standards.
Performance Rights	Performance Rights are granted under the Hurdled Equity component of the Executive Variable Incentive plan.
Restricted Shares	Once Share Rights are held for a two-year vesting period, and if the vesting conditions are met, are converted to Restricted Shares on a one share for one Share Right basis. Restricted shares are then held for a further two years.
Share Rights	Share Rights are issued around September each year, following the performance period. Share Rights have a two-year vesting period, at which point, if the vesting conditions are met, they are converted to Restricted Shares on a one share for one Share Right basis.
STI	A short-term incentive paid to employees for meeting annual targets aimed at delivering our longer-term strategic plan. Under the STI Plan, employees may be paid a discretionary incentive (less applicable taxes) based on their individual performance as well as business performance. The CEO and Executive KMP participate in their own Variable Incentive plans, and therefore no longer participate in the Group STI plan.
Unhurdled Equity	The Unhurdled Equity component is awarded as Share Rights, which vest after two years into Restricted Shares for a further two years.
UPAT	UPAT is underlying net profit after tax in accordance with the Australian Accounting Standards.
Variable Incentive	Variable Incentive includes both cash and equity components of the CEO and other Executive KMP Variable Incentive Plan.

Directors’ Report for the year ended 30 June 2022 (continued)

Non-audit services provided by the External Auditor

Fees for non-audit services paid to KPMG in the current year were $189,313 (2021: $74,877).

The Board has a review process in relation to any non-audit services provided by the external auditor. The Board considered the non-audit services provided by the auditor and is satisfied that the provision of these non-audit services by the auditor is compatible with, and does not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and are reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor; and

- non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they do not involve reviewing or auditing the auditor’s own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The Lead Auditor's independence declaration for the 30 June 2022 financial year is included at the end of this report.

Rounding off

The Company is of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and, in accordance with that Instrument, amounts in the financial report and the Directors' Report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Tony D’Aloisio
Chairman

Rob Adams
Chief Executive Officer and
Managing Director

Sydney 25 August 2022

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Perpetual Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Perpetual Limited for the financial year ended 30 June 2022, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Brendan Twining
Partner
Sydney
25 August 2022

Financial Statements of Perpetual Limited and its controlled entities for the year ended 30 June 2022

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Financial Statements of Perpetual Limited and its controlled entities for the year ended 30 June 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Section	2022 $M	2021 [1] $M
Revenue	1-2	749.6	652.1
Expenses	1-3	(603.1)	(538.2)
Financing costs		(9.2)	(10.1)
Net profit before tax		**137.3**	**103.8**
Income tax expense	1-4	(36.1)	(30.9)
Net profit after tax		**101.2**	**72.9**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		32.2	(19.1)
Other comprehensive income, net of income tax		**32.2**	**(19.1)**
Total comprehensive income		**133.4**	**53.8**
Total comprehensive income attributable to:			
Equity holders of Perpetual Limited		133.4	53.8
Earnings per share[1]			
Basic earnings per share – cents per share	1-5	179.6	131.4
Diluted earnings per share – cents per share	1-5	176.5	129.6

[1] Prior year comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 59 to 125.

Consolidated Statement of Financial Position as at 30 June 2022

	Section	2022 $M	2021 [1] $M
Assets			
Cash and cash equivalents	3-1	175.4	147.1
Receivables	2-2	122.9	132.7
Current tax assets	1-4	3.6	-
Structured products – EMCF assets	5-1	186.3	163.9
Other assets		10.2	13.7
Total current assets		498.4	457.4
Other financial assets	2-3	152.0	150.4
Property, plant and equipment	2-4	77.8	91.1
Intangibles	2-5	951.7	862.9
Deferred tax assets	1-4	53.6	47.2
Other assets		13.0	7.9
Total non-current assets		1,248.1	1,159.5
Total assets		1,746.5	1,616.9
Liabilities			
Payables		54.0	73.0
Structured products – EMCF liabilities	5-1	187.7	163.3
Current tax liabilities	1-4	-	7.6
Employee benefits	2-7	90.1	91.2
Lease liabilities	2-8	16.4	13.1
Provisions	2-6	5.8	1.6
Other liabilities		15.2	11.4
Total current liabilities		369.2	361.2
Payables		39.7	17.7
Borrowings	3-2	258.4	166.0
Deferred tax liabilities	1-4	14.9	15.6
Employee benefits	2-7	29.3	26.4
Accrued incentive compensation	2-9	48.6	48.0
Lease liabilities	2-8	55.9	70.1
Provisions	2-6	4.7	4.8
Total non-current liabilities		451.5	348.6
Total liabilities		820.7	709.8
Net assets		**925.8**	**907.1**
Equity			
Contributed equity	3-3	817.7	815.3
Reserves	3-4	34.3	2.5
Retained earnings		73.8	89.3
Total equity attributable to equity holders of Perpetual Limited		**925.8**	**907.1**

[1] Prior year comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

The Consolidated Statement of Financial Position is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 59 to 125.

Consolidated Statement of Changes in Equity for the year ended 30 June 2022

$M	Gross contributed equity	Treasury share reserve	Equity compensation reserve	Foreign currency translation reserves	Retained earnings	Total equity attributable to shareholders of Perpetual Limited
Balance at 1 July 2021	854.6	(39.3)	21.3	(18.8)	89.3	907.1
Total comprehensive income/(expense)	-	-	-	32.2	101.2	133.4
Movement on treasury shares	(1.8)	14.6	(13.8)	-	1.0	-
Issue of ordinary shares	5.3	-	-	-	-	5.3
Repurchase of shares on market	-	(15.7)	-	-	-	(15.7)
Equity remuneration expense	-	-	13.4	-	-	13.4
Dividends paid to shareholders	-	-	-	-	(117.7)	(117.7)
Balance at 30 June 2022	**858.1**	**(40.4)**	**20.9**	**13.4**	**73.8**	**925.8**

$M	Gross contributed equity	Treasury share reserve	Equity compensation reserve	Foreign currency translation reserves	Retained earnings	Total equity attributable to shareholders of Perpetual Limited
Balance at 1 July 2020	582.1	(42.3)	19.1	0.3	95.2	654.4
Impact of change in accounting policy[1]	-	-	-	-	(3.5)	(3.5)
Total comprehensive income/(expense)	-	-	-	(19.1)	72.9	53.8
Movement on treasury shares	(0.9)	10.6	(10.1)	-	0.4	-
Issue of ordinary shares	278.4	-	-	-	-	278.4
Transaction costs	(5.0)	-	-	-	-	(5.0)
Repurchase of shares on market	-	(7.6)	-	-	-	(7.6)
Equity remuneration expense	-	-	12.3	-	-	12.3
Dividends paid to shareholders	-	-	-	-	(75.7)	(75.7)
Balance at 30 June 2021	**854.6**	**(39.3)**	**21.3**	**(18.8)**	**89.3**	**907.1**

[1] Opening retained earnings has been adjusted for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 59 to 125.

Consolidated Statement of Cash Flows for the year ended 30 June 2022

	Section	2022 $M	2021 [1] $M
Cash flows from operating activities			
Cash receipts in the course of operations		834.1	669.9
Cash payments in the course of operations		(596.4)	(501.4)
Dividends received		0.5	0.1
Interest received		0.4	0.7
Interest paid		(8.2)	(6.1)
Income taxes paid		(59.6)	(42.6)
Net cash from operating activities	1-7	**170.8**	**120.6**
Cash flows from investing activities			
Payments for property, plant, equipment and software		(15.0)	(13.7)
Payments for investments		(43.1)	(97.3)
Payment for acquisition of a business		(49.8)	(431.0)
Cash acquired as part of acquisition of business		3.5	2.0
Proceeds from sale of investments		35.2	61.1
Net cash used in investing activities		**(69.2)**	**(478.9)**
Cash flows from financing activities			
Proceeds from issue of shares		-	275.1
Transaction costs related to issue of shares		-	(5.0)
Transaction costs related to borrowings		-	(5.4)
Lease financing costs		(14.4)	(15.2)
Receipt from borrowings		75.0	174.6
Repurchase of shares on market		(14.8)	(7.6)
Dividends paid		(112.4)	(72.4)
Net cash (used in) / from financing activities		**(66.6)**	**344.1**
Net increase / (decrease) in cash and cash equivalents		35.0	(14.2)
Cash and cash equivalents at 1 July		147.1	164.1
Effect of movements in exchange rates on cash held		(6.7)	(2.8)
Cash and cash equivalents at 30 June	3-1	**175.4**	**147.1**

[1] Prior year comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

The Consolidated Statement of Cash Flows is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 59 to 125.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Section 1 Group performance

This section focuses on the results and performance of Perpetual as a consolidated entity. On the following pages you will find disclosures explaining Perpetual's results for the year, segmental information, taxation, earnings per share and dividend information.

Where an accounting policy is specific to a single note, the policy is described in the section to which it relates.

1-1 Operating segments

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components and for which discrete financial information is available. All operating segments' operating results are regularly reviewed by the consolidated entity's CEO to make decisions about resources to be allocated to the segment and assess their performance.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax expenses, assets and liabilities.

The following summary describes the operations in each of the reportable segments:

i. Services provided

Perpetual is a global financial services firm operating in Australia, United States, United Kingdom, the Netherlands, Singapore and Hong Kong. Perpetual provides a diverse range of financial products and services including asset management, financial advisory and trustee services via its four business segments, supported by Group Support Services.

Perpetual Asset Management International	provides investment products and services to global retail and institutional clients, including a distribution presence in the United States, United Kingdom, the Netherlands and Hong Kong. Investment management firm, Barrow Hanley Global Investors (Barrow Hanley), and boutique ESG investment management firm, Trillium Asset Management (Trillium), form part of this operating segment to offer a breadth of high-quality global investment capabilities to our clients.
Perpetual Asset Management Australia	provides investment products and services to Australian and New Zealand retail, corporate, superannuation and institutional clients, with investment capabilities spanning Australian equities, credit and fixed income, multi-asset and global equities.
Perpetual Private	Is an advisory services business focused on the comprehensive needs of families, businesses and communities. Support for clients spreads across financial advice, risk, estate administration, trustee services and tax and accounting as well as portfolio management. The business is focused on client service excellence and attracting and retaining exceptional talent to meet those standards in our chosen segments.

1-1 Operating segments (continued)

i. Services provided (continued)

Perpetual Corporate Trust	Provides a broad range of fiduciary, agency and digital products to the debt capital markets and managed funds industries both domestically and internationally. Debt Market Services includes trustee, document custodian, agency, trust management, accounting, standby servicing and reporting solutions. Perpetual Digital provides data services, industry roundtables, and our new Perpetual Intelligence platform-as-a-service products supporting the banking and financial services industry. Managed Funds Services provides services including independent responsible entity, wholesale trustee, custodian, investment management and accounting.
Group Support Services	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 and People & Culture.

ii. Geographical information

The consolidated entity operates in Australia, United States, United Kingdom, the Netherlands, Singapore and Hong Kong. The majority of the consolidated entity's revenue and assets relate to operations in Australia and United States. The Australian operations are represented by Perpetual Asset Management, Australia, Perpetual Private and Perpetual Corporate Trust. The United States operations are represented by Perpetual Asset Management, International. The operations in the United Kingdom, the Netherlands, Singapore and Hong Kong do not meet the definition of an operating segment as at balance date as they represent less than 10 percent of revenue, profit and assets of the Group.

iii. Major customer

The consolidated entity does not rely on any major customer.

Notes to and forming part of the financial statements for the year ended 30 June 2022

1-1 Operating segments (continued)

	Perpetual Asset Management International $M	Perpetual Asset Management Australia[1] $M	Perpetual Private $M	Perpetual Corporate Trust $M	Total Reportable Segment $M	Group Support Services $M	Significant Items $M	Consolidated Income Statement $M
30 June 2022								
Major service lines								
Equities	198.7	131.7	-	-	330.4	-	-	330.4
Cash and fixed income	20.1	32.7	-	-	52.8	-	-	52.8
Other AUM related	0.1	3.3	-	-	3.4	-	-	3.4
Market related	-	-	153.0	-	153.0	-	-	153.0
Non-market related	-	-	55.2	-	55.2	-	-	55.2
Income from structured products	-	1.4	-	-	1.4	-	-	1.4
Debt Market Services	-	-	-	68.7	68.7	-	-	68.7
Managed Funds Services	-	-	-	70.3	70.3	-	-	70.3
Perpetual Digital	-	-	-	19.5	19.5	-	-	19.5
Investment income	-	-	3.0	-	3.0	12.4	-	15.4
Net gain on sale of investments	-	-	-	-	-	4.6	(1.2)	3.4
Unrealised gains/(losses) on financial assets	(0.1)	(1.9)	-	-	(2.0)	(6.8)	(15.1)	(23.9)
Total revenue	218.8	167.2	211.2	158.5	755.7	10.2	(16.3)	749.6
Operating expenses	(162.6)	(108.8)	(151.5)	(75.4)	(498.3)	(21.0)	(17.7)	(537.0)
Depreciation and amortisation	(2.3)	(5.5)	(9.3)	(8.0)	(25.1)	(2.1)	(25.5)	(52.7)
Equity remuneration amortisation	(0.4)	(4.8)	(4.0)	(1.8)	(11.0)	(0.1)	(2.3)	(13.4)
Financing costs	(0.6)	(0.1)	(2.1)	(0.7)	(3.5)	(5.5)	(0.2)	(9.2)
Profit / (loss) before tax	52.9	48.0	44.3	72.6	217.8	(18.5)	(62.0)	137.3
Income tax expense								(36.1)
Net profit after tax								101.2
Reportable segment assets	693.7	229.1	252.8	246.6	1,422.2	324.3		1,746.5
Reportable segment liabilities	(129.8)	(214.3)	(44.0)	(22.9)	(411.0)	(409.7)		(820.7)
Capital expenditure	0.1	2.8	0.1	6.0	9.0	7.6		16.6

1-1 Operating segments (continued)

	Perpetual Asset Management International $M	Perpetual Asset Management Australia[1] $M	Perpetual Private $M	Perpetual Corporate Trust $M	Total Reportable Segment $M	Group Support Services $M	Significant Items $M	Consolidated Income Statement $M
30 June 2021								
Major service lines								
Equities	122.2	132.5	-	-	254.7	-	-	254.7
Cash and fixed income	16.6	28.2	-	-	44.8	-	-	44.8
Other AUM related	0.3	3.4	-	-	3.7	-	-	3.7
Market related	-	-	126.7	-	126.7	-	-	126.7
Non-market related	-	-	57.1	-	57.1	-	-	57.1
Income from structured products	-	1.8	-	-	1.8	-	-	1.8
Debt Market Services	-	-	-	62.4	62.4	-	-	62.4
Managed Funds Services	-	-	-	59.6	59.6	-	-	59.6
Perpetual Digital				12.6	12.6	-	-	12.6
Investment income	-	-	-	0.2	0.2	9.0	-	9.2
Net gain on sale of investments	-	-	-	-	-	4.0	-	4.0
Unrealised gains/(losses) on financial assets	-	0.9	-	-	0.9	4.3	10.3	15.5
Total revenue	139.1	166.8	183.8	134.8	624.5	17.3	10.3	652.1
Operating expenses	(95.8)	(112.7)	(134.2)	(60.8)	(403.5)	(23.3)	(55.4)	(482.2)
Depreciation and amortisation	(1.7)	(5.3)	(10.5)	(8.6)	(26.1)	(1.7)	(15.9)	(43.7)
Equity remuneration amortisations	(0.4)	(5.7)	(3.5)	(1.2)	(10.8)	(0.7)	(0.8)	(12.3)
Financing costs	(0.6)	(0.1)	(0.6)	(0.4)	(1.7)	(3.9)	(4.5)	(10.1)
Profit / (loss) before tax	40.6	43.0	35.0	63.8	182.4	(12.3)	(66.3)	103.8
Income tax expense								(30.9)
Net profit after tax								72.9
Reportable segment assets	627.5	208.0	234.7	205.1	1,275.3	341.6		1,616.9
Reportable segment liabilities	(144.9)	(190.6)	(19.1)	(11.1)	(365.7)	(344.1)		(709.8)
Capital expenditure	-	5.2	0.1	4.7	10.0	13.5		23.5

[1]Segment information for Perpetual Asset Management Australia includes the Perpetual Exact Market Return Fund, refer to section 5-1(i).

	2022 $M	2021 $M
1-2 Revenue		
Revenue from contracts with customers	753.3	621.6
Income from structured products	1.4	1.8
Dividends	0.6	0.1
Interest and unit trust distributions	5.4	9.1
Net realised gains on sale of investments	3.4	4.0
Unrealised (losses) / gains on financial assets	(23.9)	15.5
Other	9.4	-
	749.6	652.1

Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The consolidated entity recognises revenue when it transfers control over a product or service to a customer.

Revenue from contracts with customers

The consolidated entity earns revenue from the provision of financial products and services. These include investment management and administration, financial advisory and trustee services (including responsible entity, superannuation, philanthropic and estate administration).

The majority of the consolidated entity's revenue arises from service contracts where performance obligations are satisfied over time. Customers obtain control of services as they are delivered, and revenue is recognised over time as those services are provided.

Investment management and administration revenue is calculated as a percentage of the funds invested in accordance with the investment mandates or the respective product disclosure statements. Some investment products and mandates include performance fees, which are contingent on achieving or exceeding a defined performance hurdle and the revenue is recognised when it is highly probable that a significant reversal in the cumulative amount of the revenue would not occur. Whilst performance fees are recognised over time, they are typically constrained until meeting or exceeding the performance hurdle due to market volatility.

Revenue from financial advisory services is assessed on a contract by contract basis. Revenue is recognised over the period the services are provided. Revenue may be charged on a fixed fee, fee for service (`time and costs') or as a percentage of assets under administration basis:

- Under fixed fee contracts, revenue is recognised as the related services are provided on a percentage of completion basis, or when specified milestones in the contract have been achieved. Fees received in advance are deferred as a contract liability until the service has been provided.
- Revenue charged under fee for service contracts is recognised based on the amount the consolidated entity is entitled to invoice for services performed to date, based on the contracted rates.

1-2 Revenue (continued)

Revenue from contracts with customers (continued)

Trustee Services are also assessed on a contract by contract basis. Contracts may include a fee to establish a trust, as well as ongoing trustee and other service fees. Establishment fees are recognised when the trust has been established and is based on the standalone value of the service.

A small part of the consolidated entity's revenue is recognised at a point in time, generally when a performance obligation is linked to a particular event (i.e. an application or redemption transaction for a customer). Revenue is recognised when the consolidated entity executes a specific transaction on behalf of the customer.

Income from structured products
Income represents fees earned from managing the Exact Market Cash Funds.

Dividends
Dividend income is recognised in profit or loss on the date the consolidated entity's right to receive payment is established which, in the case of quoted securities, is the ex-dividend date.

Interest and unit trust distributions
Interest income is recognised as it accrues taking into account the effective yield of the financial asset.

Unit trust distributions are recognised in profit or loss as they are received.

Net realised gains on sale of investments
Net gain on sale of investments represents proceeds less costs on sale of financial assets.

Unrealised gains on financial assets
Represents movement in the fair value of the consolidated entity's financial assets classified as Fair Value Through Profit and Loss (FVTPL) during the financial year.

	2022 $M	2021 [1] $M
1-3 Expenses		
Staff related expenses excluding equity remuneration expense	367.8	329.7
Occupancy expenses	6.4	7.1
Administrative and general expenses	162.6	145.1
Distributions and expenses relating to structured products	0.2	0.3
Equity remuneration expense	13.4	12.3
Depreciation and amortisation expense	52.7	43.7
	603.1	538.2

[1] Prior year comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

Accounting policies

Expenses are recognised at the fair value of the consideration paid or payable when services are received.

1-4 Income taxes

	2022 $M	2021[1] $M
Current year tax expense		
Current year tax expense	48.1	38.5
Prior year adjustments	0.8	(2.4)
Total current tax expense impacting income taxes payable	48.9	36.1
Deferred tax expense		
Prior year adjustments	(0.8)	3.4
Temporary differences	(12.0)	(8.6)
Total deferred tax expense	(12.8)	(5.2)
Total income tax expenses	36.1	30.9
Net profit before tax for the year	137.3	103.8
Prima facie income tax expense calculated at 30% (2021: 30%) on profit for the year	41.2	31.1
– Recognition of previously unrecognised capital and revenue losses	(2.5)	(2.5)
– Non-assessable income	(2.8)	-
– Prior year adjustments	-	1.0
– Effect of tax rates in foreign jurisdictions	(1.7)	0.7
– Other non-deductible expenses	1.9	0.6
Total	36.1	30.9
Effective tax rate (ETR)	26.3%	29.8%
Income taxes payable at the beginning of the year	7.6	13.3
Income taxes payable for the financial year	48.9	37.0
Less: Tax paid during the year	(59.6)	(42.6)
Other	(0.5)	(0.1)
Income taxes (receivable) / payable at the end of the year	(3.6)	7.6
Represented in the Statement of Financial Position by:		
Current tax (assets) / liabilities	(3.6)	7.6

[1] Prior year comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

1-4 Income taxes (continued)

Basis of calculation of ETR

The ETR is calculated as total income tax expenses divided by net profit before tax for the year.

The consolidated entity currently has tax obligations in Australia, United States, Singapore, the Netherlands, the United Kingdom (UK) and Hong Kong. Operations in Singapore, the Netherlands, the UK and Hong Kong do not materially impact the calculation of the ETR.

Explanation of variance to the legislated 30% tax rate

The consolidated entity's ETR for the year was 26.3% (2021: 29.8%). The decrease of 3.7% in the effective tax rate compared to the legislated 30% is mainly attributed to the availability of carry-forward capital losses, which offset the realised capital gains received on trust distribution income, and the inclusion in accounting income during the year of an adjustment to the deferred consideration of an acquisition in a previous year which does not constitute assessable income for tax purposes. It is also impacted by lower tax rates applicable to non-Australian jurisdictions. This reduction in income tax expense and ETR is partially reversed by the upward impact of non-deductible expenses.

Capital tax (gains)/losses calculated at 30% tax in Australia

The total tax benefits of realised capital losses are $21,327,854 (30 June 2021: $24,030,718 comprising $3,000,000 (30 June 2021: $3,000,000) recognised in deferred tax assets and $18,327,854 (30 June 2021: $21,030,718) not recognised in deferred tax assets. These are net of realised tax capital gains and losses incurred in the current and/or prior year and are available to be utilised by the Australian income tax consolidated group in future years.

Notes to and forming part of the financial statements for the year ended 30 June 2022

1-4 Income taxes (continued)

Movement in deferred tax balances

2022	Balance 1 July 2021 $M	Recognised in profit or loss $M	Acquired in Business Combination $M	Balance 30 June 2022 $M
Deferred tax assets				
Provisions and accruals	4.7	1.5	-	6.2
Capital expenditure deductible over five years	0.2	-	-	0.2
Employee benefits	29.1	0.7	0.1	29.9
Property, plant and equipment	2.4	0.8	-	3.2
Intangible assets	3.7	(0.2)	-	3.5
Recognised capital losses	3.0	-	-	3.0
Unrealised net capital losses	-	1.0	-	1.0
Lease adjustments AASB 16	4.1	0.3	0.1	4.5
Other items	-	2.1	-	2.1
Deferred tax assets	47.2	6.2	0.2	53.6
Deferred tax liabilities				
Intangible assets	(6.8)	0.8	(5.9)	(11.9)
Lease adjustment AASB 16	-	(0.5)	-	(0.5)
Unrealised net capital gains	(6.1)	6.1	-	-
Capital raising costs	(2.4)	0.3	-	(2.1)
Other items	(0.3)	(0.1)	-	(0.4)
Deferred tax liabilities	(15.6)	6.6	(5.9)	(14.9)
Net deferred tax assets	31.6	12.8	(5.7)	38.7

2021	Balance 1 July 2020 $M	Recognised in profit or loss $M	Acquired in Business Combination $M	Balance 30 June 2021 $M
Deferred tax assets				
Provisions and accruals	6.4	(1.7)	-	4.7
Capital expenditure deductible over five years	1.2	(1.2)	0.2	0.2
Employee benefits	21.3	6.2	1.6	29.1
Property, plant and equipment	2.2	0.2	-	2.4
Recognised revenue losses	-	3.7	-	3.7
Recognised capital losses	3.0	-	-	3.0
Lease adjustments AASB16	5.3	(0.8)	(0.4)	4.1
Other items	0.6	(0.7)	0.1	-
Deferred tax assets	40.0	5.7	1.5	47.2
Deferred tax liabilities				
Intangible assets	(13.9)	7.1	-	(6.8)
Unrealised net capital gains	(0.3)	(5.8)	-	(6.1)
Capital raising costs	(2.7)	0.3	-	(2.4)
Other items	(0.5)	0.2	-	(0.3)
Deferred tax liabilities	(17.4)	1.8	-	(15.6)
Net deferred tax assets	22.6	7.5	1.5	31.6

1-4 Income taxes (continued)

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit
- differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are netted when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Perpetual Limited and its wholly owned Australian entities elected to form an income tax consolidated group as of 1 July 2002. As a consequence, all members of the tax consolidated group are taxed as a single entity and governed by a tax funding agreement. Under the agreement, all wholly owned Australian entities fully compensate Perpetual Limited for any current income tax payable assumed and are compensated by Perpetual Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Perpetual Limited under the income tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the members’ financial statements.

	2022	2021

1-5 Earnings per share

	Cents per share[1]	
Basic earnings per share	179.6	131.4
Diluted earnings per share	176.5	129.6
	$M	**$M**
Net profit after tax attributable to equity holders of Perpetual Limited	101.2	72.9

[1]Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

	Number of shares	
Weighted average number of ordinary shares (basic)	56,356,663	55,458,177
Effect of dilutive potential ordinary shares (including those subject to rights)	990,317	768,479
Weighted average number of ordinary shares (diluted)	57,346,980	56,226,656

Accounting policies

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for shares held by the Company's employee share plan trust.

Diluted EPS is determined by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company's sponsored employee share plan trust and for the effects of all dilutive potential ordinary shares, which comprise shares and options/rights granted to employees under long-term incentive and retention plans.

Notes to and forming part of the financial statements for the year ended 30 June 2022

1-6 Dividends

	Cents per share	Total amount $M	Franked / Unfranked	Date of payment
2022				
Final 2021 ordinary	96	54.3	Franked	24 Sep 2021
Interim 2022 ordinary	112	63.4	Franked	01 Apr 2022
Total amount	208	117.7		
2021				
Final 2020 ordinary	50	28.2	Franked	25 Sep 2020
Interim 2021 ordinary	84	47.5	Franked	26 Mar 2021
Total amount	134	75.7		

All franked dividends declared or paid during the year were franked at a tax rate of 30% and paid out of retained earnings.

The Company's Dividend Reinvestment Plan (DRP) is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares, without transaction costs. Shareholders can elect to participate in or terminate their involvement in the DRP at any time.

Subsequent events

Since the end of the financial year, the Directors declared the following dividend. The dividend has not been provided for and there are no tax consequences.

	Cents per share	Total amount[1] $M	Franked / Unfranked	Date of payment
Final 2022 ordinary	97	55.0	Franked	30 Sep 2022

[1]Calculation based on the estimated ordinary shares on issue at the record date.

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in subsequent financial reports.

Dividend franking account	2022 $M	2021 $M
Amount of franking credits available to shareholders for subsequent financial years	27.8	37.9

The above available amounts are based on the balance of the dividend franking account at 30 June 2022 adjusted for franking credits that will arise from the payment of the current tax liabilities, and franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance date, but not recognised as a liability, is to reduce it to $4,200,000 (2021: $14,638,000).

Accounting policies

Dividends are recognised as a liability in the year in which they are declared.

	2022 $M	2021 [1] $M
1-7 Net cash from operating activities		
Reconciliation of profit for the year to net cash from operating activities		
Profit for the year	101.2	72.9
Items classified as investing/financing activities:		
Profit on sale of investments	(3.4)	(4.0)
Deferred acquisition consideration	16.1	(20.9)
Assets acquired from business combinations	3.5	2.0
Lease financing costs	14.4	15.1
Non-cash items:		
Depreciation and amortisation expense	52.7	43.7
Equity remuneration expense	13.4	12.3
Transfer to foreign currency translation reserve	(32.2)	19.1
Reinvestment of dividends and unit distributions	(4.0)	(4.4)
Accrued fixed asset additions	(1.5)	(1.6)
Mark to market movements on financial assets	23.9	(15.5)
Fair value adjustment to put liability	(4.7)	10.7
Other	(7.4)	(3.3)
(Increase)/decrease in assets		
Receivables	9.8	(40.7)
Current tax assets	(3.6)	-
Other assets	(1.6)	0.4
Deferred tax assets	(6.4)	(7.2)
Increase/(decrease) in liabilities		
Payables	3.0	0.5
Provisions	4.1	(2.5)
Current tax liabilities	(7.6)	(5.7)
Deferred tax liabilities	(0.7)	(1.8)
Employee benefits	1.8	51.5
Net cash from operating activities	170.8	120.6

[1] Prior year comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

Section 2 Operating assets and liabilities

This section shows the assets used to generate Perpetual's trading performance and the liabilities incurred as a result. Liabilities relating to the consolidated entity's financing activities are addressed in section 3.

2-1 Business combinations

The purchase consideration (at present value) for the two acquisitions below totalled approximately $52 million.

Laminar Capital Pty Ltd

On 1 October 2021, Perpetual acquired Laminar Capital Pty Ltd (Laminar), a fixed income specialist providing capital markets, advisory and investment management services to institutional, middle market and high net worth clients. This strategic acquisition accelerates Perpetual Corporate Trust's position as a specialist fiduciary and digital solutions provider to the banking and financial services industry.

Whilst this was a strategic acquisition, it was not material to the Group's assets or results.

Jacaranda Financial Planning Pty Ltd

On 12 August 2021, Perpetual acquired Jacaranda Financial Planning Pty Ltd (Jacaranda), a leading Sydney and Melbourne based boutique wealth advisory firm focused on the high net worth market segment. This strategic acquisition accelerates Perpetual Private's adviser growth strategy and complements its existing private client and family office offering.

Whilst this was a strategic acquisition, it was not material to the Group's assets or results.

	2022 $M	2021 $M

2-2 Receivables

	2022 $M	2021 $M
Current		
Trade receivables	120.4	117.2
Less : Provision for doubtful debts	(3.0)	(3.1)
	117.4	114.1
Other receivables	5.5	18.6
	122.9	132.7

Movements in the provision for doubtful debts are as follows:

	2022 $M	2021 $M
Balance as at beginning of the year	3.1	1.2
Doubtful debts provided for during the year	1.7	2.4
Receivables written off during the year as uncollectible	(1.8)	(0.5)
Balance as at end of the year	3.0	3.1

Movements in the provision for doubtful debts have been recognised in Administrative and general expenses in section 1-3. Amounts charged to the provision account are generally written off when there is no expectation of additional recoveries. In subsequent periods, any recoveries of amounts previously written off are credited against Administrative and general expenses in section 1-3. Based on the analysis at the end of the reporting period, the impairment under the expected credit loss (ECL) method is considered to be immaterial and currently no amount is recognised in the financial statements.

Accounting policies

Receivables comprise trade and other receivables. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for ECL. Collectability of trade receivables is reviewed on an ongoing basis and at balance date, in addition to the ECL, specific impairment losses are recorded for any doubtful debts.

	2022 $M	2021 $M
2-3 Other financial assets		
Non-current		
Listed equity securities	50.2	26.2
Unlisted unit trusts	89.8	120.2
Debt securities	3.4	4.0
Unlisted investment funds	8.6	-
	152.0	150.4

Accounting policies

Financial assets
The consolidated entity's investments in equity securities, unlisted unit trusts, unlisted investment funds and debt securities are classified at Fair Value Through Profit and Loss (FVTPL) with the associated realised and unrealised gains and losses taken to the Income Statement. Refer to section 4-1 (iv).

Fair values for investments in equity securities, unlisted unit trusts and other securities are obtained from quoted market prices in active markets, including market transactions and valuation techniques (such as discounted cash flow models and option pricing models), as appropriate.

Unlisted investment funds represent an equity interest in an unlisted investment fund established to invest its assets primarily in the economic equity interests of multiple collateralised loan obligation (CLO) transactions and warehouse facilities in connection therewith. Fair values for unlisted investment funds are obtained from an independent, third-party fund administrator and are based on the net asset value of the fund at the reporting date.

2-4 Property, plant and equipment

	Plant and equipment $M	Leasehold improvements $M	ROU assets $M	Project work in progress $M	Total $M
Year ended 30 June 2022					
Cost	11.3	61.3	91.4	0.1	164.1
Foreign exchange movement	(0.1)	-	0.9	-	0.8
Accumulated depreciation	(9.7)	(43.7)	(33.7)	-	(87.1)
Carrying amount	1.5	17.6	58.6	0.1	77.8
Movement					
Balance as at 1 July 2021	1.6	21.4	67.6	0.5	91.1
Additions	0.5	-	0.2	0.2	0.9
Additions through business combinations	-	-	1.1	-	1.1
Transfers from work in progress	-	0.6	-	(0.6)	-
Depreciation	(0.7)	(4.4)	(12.1)	-	(17.2)
Foreign exchange movement	0.1	-	1.8	-	1.9
Balance as at 30 June 2022	1.5	17.6	58.6	0.1	77.8

Accounting policies

Recognition and measurement

Property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and impairment losses.

Right-of-use assets represents leased office premises and are initially measured at cost, and subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Project work in progress

Work in progress is measured at cost and relates to assets not yet available for use.

Depreciation

Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation for right-of-use assets is recognised on a straight-line basis over the shorter of the asset’s useful life and the lease term. The estimated useful lives for the current and comparative periods are as follows:

- plant and equipment: 4 - 15 years
- leasehold improvements: 3 - 15 years
- Right-of-use assets: 9 - 20 years.

The residual value, useful life and depreciation method applied to an asset are reassessed at least annually.

Notes to and forming part of the financial statements for the year ended 30 June 2022

2-5 Intangibles

$M	Goodwill	Intangible assets				
		Customer contracts	Capitalised software[1]	Project work in progress[1]	Other	Total
Year ended 30 June 2022						
At cost	601.8	313.1	94.5	25.4	54.5	1,089.3
Foreign exchange movement	14.9	12.2	0.3	-	2.5	29.9
Accumulated amortisation	-	(83.5)	(73.5)	-	(10.5)	(167.5)
Carrying amount	616.7	241.8	21.3	25.4	46.5	951.7
Balance at 1 July 2021	554.5	224.3	19.2	17.3	47.6	862.9
Additions	-	-	-	18.2	-	18.2
Additions through business combinations	39.5	19.7	1.1	-	-	60.3
Transfers	-	-	10.1	(10.1)	-	-
Foreign exchange movement	22.7	19.3	0.3	-	4.1	46.4
Amortisation expense	-	(21.5)	(9.4)	-	(5.2)	(36.1)
Balance as at 30 June 2022	616.7	241.8	21.3	25.4	46.5	951.7
Year ended 30 June 2021						
At cost	562.3	293.4	83.3	17.3	54.5	1,010.8
Foreign exchange movement	(7.8)	(7.1)	-	-	(1.6)	(16.5)
Accumulated amortisation	-	(62.0)	(64.1)	-	(5.3)	(131.4)
Carrying amount	554.5	224.3	19.2	17.3	47.6	862.9
Balance at 1 July 2020	361.3	40.9	21.8	12.1	8.3	444.4
Impact of change in accounting policy	-	-	(5.3)	(2.5)	-	(7.8)
Additions	-	-	0.4	20.0	-	20.4
Additions through business combinations	201.0	205.5	0.2	-	44.5	451.2
Transfers	-	-	12.3	(12.3)	-	-
Foreign exchange movement	(7.8)	(7.1)	-	-	(1.6)	(16.5)
Amortisation expense	-	(15.0)	(10.2)	-	(3.6)	(28.8)
Balance as at 30 June 2021	554.5	224.3	19.2	17.3	47.6	862.9

[1] Prior year comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 6-4(a) for further details.

2-5 Intangibles (continued)

	2022 $M	2021 $M
Goodwill Impairment Testing		
The following cash-generating units have significant carrying amounts of goodwill:		
Perpetual Asset Management International, comprising CGUs:		
- Trillium	50.0	45.9
- Barrow Hanley	214.3	195.7
Perpetual Asset Management Australia, comprising CGU:		
- Australian Equity	3.5	3.5
Perpetual Private	190.2	168.4
Perpetual Corporate Trust	158.7	141.0
	616.7	554.5

The recoverable amount has been determined on a consistent basis across each cash-generating unit (CGU) by using their value in use. The following assumptions have been applied across each CGU:

- The value in use is estimated based on the net present value of future cash flow projections to be realised from each of the CGUs over the next five years plus a terminal value.
- The pre-tax discount rates used in the current year ranged from 14.0% to 15.9% (2021: 14.5% to 16.4%) for Australian CGUs and from 15.0% to 15.4% (2021: 15.6% to 16.1%) for US CGUs.

The forecast cash flows used in impairment testing are based on assumptions as to the level of profitability for each business over a projected five year period. These forecasted cash flows are based on a five year forecast, 3 years of which has been approved by the Board and a further 2 years of management forecasts have been applied. The main drivers of revenue growth are the value of assets under management (AUM) in the Trillium, Barrow Hanley and Australian Equity CGUs, funds under advice (FUA) in the Perpetual Private CGU and securitisation and capital flows in the Perpetual Corporate Trust CGU. A terminal value with a growth rate of 2.5% has also been applied.

Other than the normal operating changes linked to ongoing business initiatives, the assumptions do not include the effects of any future restructuring to which the consolidated entity is not yet committed or of future cash outflows by the consolidated entity which will improve or enhance the consolidated entity’s performance. At the reporting date, there is no reasonable change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

The estimated recoverable amount is greater than the carrying value for each CGU. For the estimated recoverable amount to be equal to the carrying amount, the pre-tax discount rate would have to increase from 14.0% to 26.4% (2021: 14.5% to 37.7%) for Australian CGUs and from 15.0% to 25.3% (2021: 15.6% to 16.6%) for US CGUs.

Accounting policies

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the consolidated entity’s share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill is allocated to cash-generating units and is not amortised, but tested for impairment annually.

Goodwill is measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2-5 Intangibles (continued)

Accounting policies (continued)

Amortisation
For those intangible assets which are amortised, the amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value.

The estimated useful lives in the current and comparative periods are as follows:

- capitalised software: 2.5 - 8 years
- customer contracts and relationships acquired: 5 - 15 years
- non-compete (included in other intangible assets): 3 - 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Software
Certain internal and external costs directly incurred in acquiring and developing software have been capitalised and are amortised over their useful lives. Development costs include only those costs directly attributable to the development phase and are only recognised following completion of a technical feasibility study and where the consolidated entity has an intention and ability to use the asset. Costs incurred on software maintenance are expensed as incurred.

Other intangible assets
Brand names acquired by the consolidated entity are included in other intangible assets. Brand names have an indefinite useful life and are not amortised, but tested for impairment annually. Brand names are measured at cost less accumulated impairment losses.

Other intangible assets acquired by the consolidated entity, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

2-6 Provisions

	2022 $M	2021 $M
Current		
Insurance and legal provision	1.8	0.3
Operational process review provision	3.6	0.2
Make good and other occupancy related provisions	0.4	1.1
	5.8	1.6
Non-current		
Make good and other occupancy related provisions	4.7	4.8
	4.7	4.8

2-6 Provisions (continued)

$M	Carrying amount at 1 July 2021	Additional provision made	Unused amounts reversed	Payments made	Carrying amount at 30 June 2022
Legal provision	0.3	1.7	-	(0.2)	1.8
Operational process review provision	0.2	5.1	-	(1.7)	3.6
Make good and other occupancy related provisions	5.9	0.4	(0.4)	(0.8)	5.1
Total provisions	6.4	7.2	(0.4)	(2.7)	10.5

Accounting policies

A provision is recognised in the Statement of Financial Position when the consolidated entity has a present legal or constructive obligation as a result of a past event that can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Management exercises judgement in estimating provision amounts. It may be possible, based on existing knowledge, that outcomes in the next annual reporting period differ from amounts provided and may require adjustment to the carrying amount of the liability affected.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Legal provision
A provision for litigation is recognised when reported litigation claims arise and are measured at the cost that the consolidated entity expects to incur in settling the claim (refer to section 3-5).

Operational process review
A provision for operational process reviews is recognised when operational errors are identified and represents the cost that the consolidated entity expects to incur in rectification and restitution costs.

Make good and other occupancy related provisions
A provision for make good and other occupancy related provisions is recognised when certain make good conditions exist upon exit of a premises lease. The provision is expected to be settled at the end of the term of the related lease.

2-7 Employee benefits

Aggregate liability for employee benefits, including on-costs

	2022		2021	
$M	**Current**	**Non-current**	**Current**	**Non-current**
Provision for annual leave	8.1	-	5.2	-
Provision for long service leave	8.7	2.5	8.1	2.8
Other employee benefits[1]	70.6	9.9	75.0	10.9
Provision for distribution - Barrow Hanley	2.6	-	2.8	-
Provision for long-term incentive plans	-	16.9	-	12.7
Restructuring provision	0.1	-	0.1	-
	90.1	29.3	91.2	26.4

[1] Short-term incentives (STI) and deferred STI.

The non-current portion of the long service leave provision has been discounted using a rate of 5.3% (2021: 2.7%) which is based on the 10 year corporate bond rate. The provision for long-term incentive plans has been discounted using a range of 3.0% to 3.1% (2021: 1.4% to 1.7%), which is based on the relevant US Treasury note rate that matches the expected payment term.

The number of full time equivalent employees at 30 June 2022 was 1,370 (2021: 1,166).

Accounting policies

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits
The consolidated entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Restructuring
A provision for restructuring is recognised when the consolidated entity has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Provision for long-term incentive plans
The provision for long-term incentive plans relates to schemes operated by Barrow Hanley.

The liability is not dependent on estimate. The liability is dependent on the achievement of future revenue and profit hurdles, which have been measured using management's estimate of likely outcomes. The accrued liability represents the pro-rated portion (based on service provided to date) of the estimated future cash payments, discounted using the relevant US Treasury bond rate. The liability will be reassessed at each reporting period based on the latest consolidated entity's forecasts, with fair value adjustments recognised in profit and loss.

2-8 Lease Liabilities

	2022 $M	2021 $M
Current		
Lease liabilities	16.4	13.1
	16.4	13.1
Non-current		
Lease liabilities	55.9	70.1
	55.9	70.1

Accounting policies

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.

2-9 Accrued Incentive Compensation

	2022 $M	2021 $M
Non-current		
Accrued incentive compensation	48.6	48.0
	48.6	48.0

Barrow, Hanley, a Group Subsidiary, has a profit-sharing plan (the Plan). Under the Plan, Barrow Hanley may award annual bonuses to key employees, a portion of which may be paid to the eligible employees through the issuance of unit interests. The awards of unit interests have a three-year vesting period from the grant date, and the value is determined at grant date based on a predetermined formula. Under the provisions of the Plan, these awards contain a feature whereby shares may be put back to the Parent of Barrow Hanley (Perpetual US Holding Company, Inc) in the future.

Movement in the fair value of the liability is taken to staff related expenses. The liability is re-measured each period until settlement.

Unit interests are also entitled to distributions, which are accrued at each reporting date. An increase to staff related expenses is recorded with the corresponding increase to the liability included in employee benefits.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Section 3 Capital management and financing

This section outlines how Perpetual manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets. Perpetual's objectives when managing capital are to safeguard its ability to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to reduce the cost of capital.

	2022 $M	2021 $M
3-1 Cash and cash equivalents		
Bank balances	158.4	139.6
Short-term deposits	17.0	7.5
	175.4	147.1

Short-term deposits represent rolling 90 day term deposits.

	2022 $M	2021 $M
3-2 Borrowings		
The consolidated entity has access to the following credit facilities:		
Total facility used	258.4	166.0
Facility unused	122.3	189.1

The existing syndicated facility consists of a multi-currency term loan with a maximum commitment of $117 million USD or equivalent (Facility A1), a multi-currency revolving loan facility with a maximum commitment of $78 million USD (Facility A2), a multi-currency revolving loan facility with a maximum commitment of $100 million AUD or equivalent (Facility B) and a bank guarantee facility with a maximum commitment of $135 million AUD. Facilities A1 and A2 attract an interest rate equal to LIBOR plus a margin, Facility B has an interest rate of BBSY plus a margin and Facility C is at a flat rate. All the facilities have a term of three years, expiring in November 2023. The syndicated facility is unsecured and had a weighted average floating interest rate of 2.05% at 30 June 2022, inclusive of the undrawn line fee (30 June 2021: 1.22%).

The consolidated entity utilised Facilities A1 and A2 to fund the purchase of Barrow Hanley in the prior year and the amount borrowed remains outstanding as at 30 June 2022. The loans are held in USD. The consolidated entity drew down on Facility B during the period, primarily to fund the acquisitions of Jacaranda Financial Planning Pty Ltd and Laminar Capital Pty Ltd. The loan is held in AUD. The consolidated entity relies on bank guarantees issued under Facility C to meet its regulatory capital requirements (refer to Section 3-5).

When the syndicated facility was established, the consolidated entity incurred costs of $5.4 million (including underwriting fees). These costs have been capitalised and will be released to profit and loss over the term of the facility. There currently remains $2.4 million of capitalised borrowing costs that have yet to be released to the profit and loss account.

3-2 Borrowings (continued)

The consolidated entity has agreed to various debt covenants including shareholders' funds as a specified percentage of total assets, a maximum ratio of gross debt to EBITDA and a minimum interest cover. The consolidated entity is in compliance with the covenants at 30 June 2022. Should the consolidated entity not satisfy any of these covenants, the outstanding balance of the loans may become due and payable.

The consolidated entity's bank facility is subject to annual review and management intends to refinance the existing facility for a further period prior to the due date.

Accounting policies

Borrowings are initially recognised at fair value net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. The financial liability under the facility has a fair value equal to its carrying amount.

Interest-bearing borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

Financing costs comprise interest payments on borrowings and derivative financial instruments calculated using the effective interest method, and unwinding of discounts on provisions.

	2022 $M	2021 $M
3-3 Contributed equity		
Fully paid ordinary shares 56,713,419 (2021: 56,573,279)	858.1	854.6
Treasury shares 651,437 (2021: 615,080)	(40.4)	(39.3)
	817.7	815.3

	2022		2021	
	Number of shares	$M	Number of shares	$M
Movements in share capital				
Balance at beginning of year	55,958,199	815.3	46,714,750	539.8
Shares issued:				
- Issue of ordinary shares[1]	140,140	5.3	9,184,671	273.4
- Movement on treasury shares	(36,357)	(2.9)	58,778	2.1
Balance at end of year	56,061,982	817.7	55,958,199	815.3

[1]During the period the consolidated entity issued 62,171 ($2.6 million) and 77,969 ($2.7 million) shares in September 2021 and April 2022 respectively to satisfy Dividend Re-investment Plan requirements.

The Company does not have authorised capital or par value in respect of its issued shares.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any surplus capital.

3-3 Contributed equity (continued)

Accounting policies

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased or held by employee share plans and subject to vesting conditions, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity.

	2022 $M	2021 $M
3-4 Reserves		
Foreign currency translation reserve	13.3	(18.9)
General reserve	0.1	0.1
	13.4	(18.8)
Equity compensation reserve	20.9	21.3
	34.3	2.5

Accounting policies

Foreign currency translation reserve
The Foreign Currency Translation Reserve (FCTR) records the foreign currency differences from the translation of the financial information of foreign operations that have a functional currency other than Australian dollars.

Equity compensation reserve
The equity compensation reserve represents the value of the Company's own shares held by an equity compensation plan that the consolidated entity is required to include in the consolidated financial statements. This reserve will be reversed against share capital when the underlying shares vest to the employee. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

	2022 $M	2021 $M
3-5 Commitments and contingencies		
(a) Commitments		
Capital expenditure commitments		
Contracted but not provided for and payable within one year	38.6	3.5

Capital expenditure contracted but not provided for and payable within one year primarily relates to further investments in the unlisted investment fund which is primarily invested in multiple collateralised loan obligation transactions and warehouse facilities in connection therewith.

	2022 $M	2021 $M
3-5 Commitments and contingencies (continued)		
(b) Contingencies		
Contingent liabilities		
Bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to trading activities	1.0	1.0
Bank guarantee in favour of certain Group subsidiaries in relation to the provision of responsible entity services and custodial or depository services	127.8	127.8
Bank guarantee issued in respect of the lease of premises of Perpetual Limited	0.6	0.6
	129.4	129.4

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against entities in the consolidated entity. The consolidated entity does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

Accounting policies

Contingent liabilities
A contingent liability is a possible obligation arising from past events that may be incurred subject to the outcome of an uncertain future event not wholly within the consolidated entity's control.

Section 4 Risk management

Perpetual's activities expose it to a variety of financial and non-financial risks. Financial risks include credit risk, liquidity risk and market risks (including currency risk, interest rate risk and price risk). Key financial exposures are operational risk and a failure to meet regulatory compliance obligations. The nature of the financial risk exposures arising from financial instruments, the objectives, policies and processes for managing these risks, and the methods used to measure them are detailed below.

4-1 Financial risk management

Perpetual recognises that risk is part of doing business and that the ongoing management of risk is critical to its success. The approach to managing risk is articulated in the Risk Management Framework. The Risk Management Framework is supported by the Risk Group, who are responsible for the design and maintenance of the framework, establishing and maintaining group-wide risk management policies, and providing regular risk reporting to the Board, the Audit, Risk and Compliance Committee (ARCC) and the Group Executive Leadership Team. This framework is approved by the Perpetual Board of Directors (the Board) and is reviewed for adequacy and appropriateness on an annual basis.

The Board regularly monitors the overall risk profile of the consolidated entity and sets the risk appetite for the consolidated entity, usually in conjunction with the annual planning process. The Board is responsible for ensuring that management has appropriate processes in place for managing all types of risk, ranging from financial risk to operational risk. To assist in providing ongoing assurance and comfort to the Board, responsibility for risk management oversight has been delegated to the ARCC. The main functions of this Committee are to oversee the consolidated entity’s accounting policies and practices, the integrity of financial statements and reports, the scope, quality and independence of external audit arrangements, the monitoring of the internal audit function, the effectiveness of risk management policies and the adequacy of insurance programs. This Committee is also responsible for monitoring overall legal and regulatory compliance.

The activities of the consolidated entity expose it to the following financial risks: credit risk, liquidity risk and market risk. These are distinct from the financial risks borne by customers which arise from financial assets managed by the consolidated entity in its role as fund manager, trustee and responsible entity.

The risk management approach to, and exposures arising from, the Exact Market Cash Fund (EMCF 1) are disclosed in section 5-1.

i. Credit risk

Credit risk refers to the risk that a customer or counterparty to a financial instrument will fail to meet its contractual obligations resulting in financial loss to the consolidated entity. Credit risk arises principally from the consolidated entity’s cash and trade receivables.

The consolidated entity mitigates its credit risk by ensuring cash deposits are held with high credit quality financial institutions and other highly liquid investments are held with trusts operated by the entity.

The maximum exposure of the consolidated entity to credit risk on financial assets which have been recognised on the Consolidated Statement of Financial Position is the carrying amount, net of any provision for doubtful debts. The table below outlines the consolidated entity's maximum exposure to credit risk as at reporting date.

	2022 $M	2021 $M
Cash and cash equivalents	175.4	147.1
Trade receivables	117.4	114.1
Other receivables and other financial assets	5.5	18.6
Listed equity securities and unlisted unit trusts	140.0	146.4
Unlisted investment fund	8.6	-
Debt securities	3.4	4.0

4-1 Financial risk management (continued)

i. Credit risk (continued)

Details of the assets held in debt securities are listed below:

30-Jun-22	AAA to AA- $M	A+ to A- $M	BBB+ to BBB- $M	Total $M
Debt securities	0.2	0.7	2.5	3.4

Credit risk is managed on a functional basis across the various business segments. As a result of the swap agreements between EMCF 1 and the consolidated entity, the consolidated entity consolidates EMCF 1 and is hence exposed to credit risk on its exposure to the $186.3 million (2021: $163.9 million) of underlying investments held by EMCF 1.

The maximum exposure would only be realised in the unlikely event that the recoverable value of all the underlying investments held by EMCF 1 decline to $nil. Further details of the credit risk relating to EMCF 1 are disclosed in section 5-1.

(a) Investments held by seed fund investments
Perpetual incubates new investment strategies through the establishment of seed funds for the purpose of building investment track records and developing asset management skills before releasing products to Perpetual's investors. Exposure to credit risk arises on the consolidated entity's financial assets held by the seed funds, mainly being debt securities, loans, deposits with financial institutions and derivative financial instruments.

The exposure to credit risk is monitored on an ongoing basis by the funds' investment managers and managed in accordance with the investment mandate of the funds.

(b) Other financial assets
The consolidated entity's exposure to trade receivables is influenced mainly by the individual characteristic of each customer.

Trade receivables are managed by the accounts receivable department. Outstanding fees and receivables are monitored on a daily basis and an aged debtors report is prepared and monitored by Group Finance. Management assesses the credit quality of customers by taking into account their financial position, past experience and other factors.

Credit risk further arises in relation to financial guarantees given to wholly owned subsidiaries. Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval and are monitored on a quarterly basis as part of the consolidated entity's regulatory reporting.

The consolidated entity held cash and cash equivalents of $175.4 million at 30 June 2022 (2021: $147.1 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are predominantly rated 'BBB' or higher, based on Standard & Poor's rating.

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings, if available, or to historical information on counterparty default rates.

4-1 Financial risk management (continued)

i. Credit risk (continued)

(b) Other financial assets (continued)

The tables below provide an aged analysis of the financial assets which were past due but not impaired:

	30 June 2022					30 June 2021				
	Less than 30 days $M	30 to 60 days $M	60 to 90 days $M	More than 90 days $M	Total $M	Less than 30 days $M	30 to 60 days $M	60 to 90 days $M	More than 90 days $M	Total $M
Trade and other receivables	5.0	1.3	1.2	1.8	9.3	3.6	1.6	0.5	1.8	7.5

The nominal values of financial assets which were impaired and have been provided for are as follows:

	2022 $M	2021 $M
Trade and other receivables	3.0	3.1

The impaired financial assets relate mainly to independent customers and investors who are in unexpectedly difficult economic situations, where the consolidated entity is of the view that the full carrying value of the receivable cannot be recovered. The consolidated entity does not hold any collateral against the trade and other receivables.

(c) Unlisted investment fund

The consolidated entity holds an equity interest in an unlisted investment fund established to invest its assets primarily in the economic equity interests of multiple collateralised loan obligation (CLO) transactions and warehouse facilities in connection therewith. Exposure to credit risk arises on the underlying pool of bank loan assets which serve as collateral for the CLO’s.

At 30 June 2022, the underlying pool of bank loan assets were issued by counterparties rated ‘B-‘ or higher, based on Standard & Poor’s rating.

Exposure to credit risk is monitored on an ongoing basis by the funds' investment managers and managed in accordance with the investment mandate of the funds.

ii. Liquidity risk

Liquidity risk is the risk that the financial obligations of the consolidated entity cannot be met as and when they fall due without incurring significant costs.

The consolidated entity’s approach to managing liquidity is to maintain a level of cash or liquid investments sufficient to meet its ongoing financial obligations. The consolidated entity has a robust liquidity risk framework in place which is principally driven by the Capital Management Review (refer to section 4-1(v) for further information).

At 30 June 2022, total base capital requirements were $41 million, as per the Group Treasury Policy, compared to $314 million of available liquid funds.

The consolidated entity manages liquidity risk by continually monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets. In addition, a six month forecast of liquid assets, cash flows and balance sheet is reviewed by the Board on a semi-annual basis to ensure there is sufficient liquidity within the consolidated entity.

Notes to and forming part of the financial statements for the year ended 30 June 2022

4-1 Financial risk management (continued)

ii. Liquidity risk (continued)

The tables below show the maturity profiles of the financial liabilities for the consolidated entity. These have been calculated using the contractual undiscounted cash flows.

	30 June 2022				30 June 2021			
	Less than 1 year $M	1 to 5 years $M	Greater than 5 years $M	Total $M	Less than 1 year $M	1 to 5 years $M	Greater than 5 years $M	Total $M
Liabilities								
Payables	58.1	39.7	-	97.8	73.0	21.7	-	94.7
Borrowings	-	260.8	-	260.8	-	170.3	-	170.3
Lease liabilities	13.8	41.3	6.8	61.9	12.8	50.7	10.3	73.8
	71.9	341.8	6.8	420.5	85.8	242.7	10.3	338.8

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the consolidated entity’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The consolidated entity is subject to the following market risks:

(a) Currency risk

The consolidated entity’s investment of capital in foreign operations - for example, subsidiaries or associates with functional currencies other than the Australian Dollar - exposes the consolidated entity to the risk of changes in foreign exchange rates. Variations in the value of these foreign operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity.

The consolidated entity is exposed to currency risk relating to the United States (USD), United Kingdom (GBP), Singapore (SGD), Europe (EUR) and the Hong Kong (HKD) operations.

Where it is considered appropriate, the consolidated entity takes out economic hedges against larger foreign exchange denominated revenue streams (primarily US Dollar). The primary objective of hedging is to ensure that, if practical, the effect of changes in foreign exchange rates on the consolidated capital ratios are minimised.

Notes to and forming part of the financial statements for the year ended 30 June 2022

4-1 Financial risk management (continued)

iii. Market risk (continued)

(a) Currency risk (continued)

Exposure to currency risk

The summary quantitative data about the consolidated entity's exposure to currency risk as reported to management of the consolidated entity is as follows. The following are financial assets and liabilities in currencies other than the reporting currency of the consolidated entity.

	30 June 2022					30 June 2021		
	USD	GBP	SGD	EUR	HKD	USD	GBP	SGD
	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets and liabilities								
Cash and cash equivalents	72.3	3.3	11.2	1.3	1.3	66.3	1.4	8.8
Receivables	35.0	-	1.6	-	-	34.6	-	0.3
Other financial assets	50.6	-	-	-	-	39.8	-	-
Unlisted investment fund	8.6	-	-	-	-		-	-
Payables	(4.3)	(0.1)	(0.3)	-	(0.1)	(24.1)	(0.1)	(0.2)
Borrowings	(185.8)	-	-	-	-	(170.3)	-	-
Net statement of financial position exposure	(23.6)	3.2	12.5	1.3	1.2	(53.7)	1.3	8.9

The table below demonstrates the impact of a 10% strengthening/(weakening) of the Australian dollar against the currencies noted above at 30 June, on the net profit after tax and equity of the consolidated entity with all other variables held constant:

	30 June 2022		30 June 2021	
	Impact on Net profit after tax	Impact on equity	Impact on Net profit after tax	Impact on equity
	$M	$M	$M	$M
+/- 10%	(4.5)/4.5	0.4/(0.4)	(3.1)/3.1	3.3/(3.3)
AUD weakens by 10%	4.5	(0.4)	3.1	(3.3)

Notes to and forming part of the financial statements for the year ended 30 June 2022

4-1 Financial risk management (continued)

iii. Market risk (continued)

(b) Interest rate risk
Interest rate risk is the risk to the consolidated entity's earnings and capital arising from changes in market interest rates. The financial instruments held that are impacted by interest rate risk consist of cash and borrowings.

The consolidated entity's exposure to interest rate risk arises predominantly on the $383.1 million syndicated facility, of which $260.8 million was drawn as at 30 June 2022 (refer to section 3-2). This loan facility is rolled on a one month, three month or six month term.

The consolidated entity's exposure to interest rate risk for the financial assets and liabilities is set out as follows:

	Floating interest rate $M	Fixed interest rate $M	Non-interest bearing $M	Total $M
At 30 June 2022				
Financial assets				
Cash and cash equivalents	158.4	17.0	-	175.4
Receivables	1.3	-	121.6	122.9
Other financial assets	0.4	3.0	148.6	152.0
	160.1	20.0	270.2	450.3
Financial liabilities				
Payables	-	-	93.7	93.7
Lease liabilities	-	72.3	-	72.3
Borrowings	260.8	-	-	260.8
	260.8	72.3	93.7	426.8
At 30 June 2021				
Financial assets				
Cash and cash equivalents	142.7	4.4	-	147.1
Receivables	1.6	-	131.1	132.7
Other financial assets	-	3.9	146.4	150.3
	144.3	8.3	277.5	430.1
Financial liabilities				
Payables	-	-	90.7	90.7
Lease liabilities	-	83.2	-	83.2
Borrowings	170.3	-	-	170.3
	170.3	83.2	90.7	344.2

4-1 Financial risk management (continued)

iii. Market risk (continued)

(b) Interest rate risk (continued)
The table below demonstrates the impact of a 1% change in interest rates, with all other variables held constant, on the net profit after tax and equity of the consolidated entity.

	30 June 2022		30 June 2021	
	Impact on net profit after tax $M	Impact on equity $M	Impact on net profit after tax $M	Impact on equity $M
+/- 1%	(0.7)/0.7	(0.7)/0.7	(0.2)/0.2	(0.2)/0.2

The impact on net profit after tax for the year would be mainly as a result of an (increase)/decrease in interest expense on borrowings.

(c) Market risks arising from Assets Under Management and Funds Under Advice
The consolidated entity's revenue is significantly dependent on Assets Under Management (AUM) and Funds Under Advice (FUA). Management calculates the expected impact to annualised revenue from a 10% movement in AUM and FUA to be approximately $48.8 million.

(d) Market risks arising from seed funds
The consolidated entity is exposed to equity price risk on investments held by its seed funds. The funds may also be exposed, to a small extent, to the other risks which influence the value of those shares or units (including foreign exchange rates and interest rates).

The asset management divisions' Investment Review Committee is responsible for reviewing and recommending new incubation strategies and ensuring management has appropriate processes and systems in place for managing investment risk for each fund. The funds' specialist asset managers aim to manage the impact of price risks through the use of consistent and carefully considered investment guidelines. Risk management techniques are used in the selection of investments, including derivatives, which are only acquired if they meet specified investment criteria. Daily monitoring of trade restrictions and derivative exposure against limits is undertaken with any breach of these restrictions reported to the Chief Risk Officer.

These funds may be party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates, interest rates and equity indices in accordance with the funds' investment guidelines.

4-1 Financial risk management (continued)

iii. Market risk (continued)

(d) Market risks arising from seed funds (continued)
The seed funds may be exposed to currency risk and interest rate risk. Their investment managers may enter into derivative contracts (such as forwards, swaps, options and futures) through approved counterparties to manage this risk. However, the use of these contracts must be consistent with the investment strategy and restrictions of each seed fund, and agreed acceptable level of risk. These funds are also exposed to interest rate risk on cash holdings. Interest income from cash holdings is earned at variable interest rates and investments in cash holdings are at call.

(e) Market risks arising from the Exact Market Cash Fund
The consolidated entity is further subject to market risks through the Exact Market Cash Fund (EMCF 1). The Fund was established with the purpose of providing an exact return utilising the Bloomberg AusBond Bank Bill Index (the benchmark index) to investors. The impact of EMCF 1 on the consolidated entity's financial results is dependent on the performance of the Fund relative to the benchmark. Unrealised gains/losses are taken through profit and loss.

The risk management approach to, and exposures arising from EMCF 1 are disclosed in section 5-1.

iv. Fair value

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value, by valuation method, at 30 June 2022. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs for the asset or liability that are not based on observable market data.

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
At 30 June 2022				
Financial assets				
Listed equity securities	50.2	-	-	50.2
Unlisted unit trusts	-	89.8	-	89.8
Unlisted investment fund	-	-	8.6	8.6
Structured products - EMCF assets	1.8	184.5	-	186.3
Debt securities	3.4	-	-	3.4
	55.4	274.3	8.6	338.3

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
At 30 June 2021				
Financial assets				
Listed equity securities	26.2	-	-	26.2
Unlisted unit trusts	-	120.2	-	120.2
Structured products - EMCF assets	18.2	145.7	-	163.9
Debt securities	4.0			4.0
	48.4	265.9	-	314.3

Notes to and forming part of the financial statements for the year ended 30 June 2022

4-1 Financial risk management (continued)

iv. Fair value (continued)
The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	2022 $M	2021 $M
Balance at 1 July	-	-
Investments	9.2	-
Capital returns	(0.6)	-
Withdrawals	-	-
Foreign exchange movements	0.7	-
Net change in fair value (unrealised)	(0.7)	-
Balance at 30 June	8.6	-

The investment in the unlisted investment fund, representing equity interests of multiple collateralised loan obligation (CLO) transactions, is classified as a Level 3 fair value instrument as it is an unlisted entity, valued using unobservable inputs. The fair value of the unlisted investment fund has been determined using the net asset value of the fund as at 30 June 2022 obtained from an independent, third-party fund administrator.

For the fair value of the unlisted investment fund, reasonably possible changes at the reporting date to the net asset value of the fund, holding other inputs constant, would have the following effects:

	30 June 2022		30 June 2021	
	Impact on net profit after tax $M	Impact on equity $M	Impact on net profit after tax $M	Impact on equity $M
+/- 10%	0.6 / (0.6)	0.6 / (0.6)	-	-

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the last traded price. Marketable shares included in other financial assets are traded in an organised financial market and their fair value is the current quoted last traded price for an asset. The carrying amounts of bank term deposits and receivables approximate fair value. The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The estimates of fair value where valuation techniques are applied are subjective and involve the exercise of judgement. Changing one or more of the assumptions applied in valuation techniques to reasonably possible alternative assumptions may impact on the amounts disclosed.

The carrying amount of financial assets and financial liabilities, less any impairment, approximates their fair value, except for those outlined in the table below, which are stated at amortised cost.

	2022		2021	
	Carrying amount $M	Fair value $M	Carrying amount $M	Fair value $M
Structured products – EMCF liabilities	187.7	186.3	163.3	163.9

Notes to and forming part of the financial statements for the year ended 30 June 2022

4-1 Financial risk management (continued)

v. Capital risk management

A Capital Management Review is carried out on an annual basis and is submitted to the CFO for review and approval. If changes are required to funding requirements, the capital structure or to the capital management strategy of the consolidated entity, the CFO will present their recommendation to the Board via the Audit, Risk and Compliance Committee. The Group Policy – Treasury ensures that the level of financial conservatism is appropriate for the Company's businesses including acting as custodian and manager of clients' assets and operation as a trustee company. This policy also aims to provide business stability and accommodate the growth needs of the consolidated entity. This policy comprises three parts:

(a) Dividend policy
Dividends paid to shareholders are typically in the range of 60-90% of the consolidated entity's underlying profit after tax attributable to members of the Company, which is line with the new policy announced in December 2020. In certain circumstances, the Board may declare a dividend outside of that range.

(b) Review of capital and distribution of excess capital
A review of the consolidated entity's capital base is performed at least semi-annually and excess capital that is surplus to the consolidated entity's current requirements may potentially be returned to shareholders in the absence of a strategically aligned, value accretive investment opportunity.

(c) Gearing policy
The current gearing policy aims to target an investment grade credit rating by maintaining a corporate debt to capital ratio (corporate debt/(corporate debt + equity)) of 30% or less and EBIT interest cover (EBIT/interest expense) of more than ten times. The gearing ratio is 22.0% as at 30 June 2022 (2021: 15.6%). The EBIT interest cover ratio for the consolidated entity as at 30 June 2022 was 21 times (2021: 21 times).

Accounting policies

The consolidated entity initially recognises receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument. The consolidated entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(a) Financial assets at fair value through profit or loss
Financial assets are mandatorily classified and measured at fair value through profit or loss on initial recognition. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets mandatorily classified at fair value through profit or loss are measured at fair value and changes recognised in profit or loss.

(b) Receivables
Receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less impairment losses.

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the consolidated entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the consolidated entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to and forming part of the financial statements for the year ended 30 June 2022

4-1 Financial risk management (continued)

Accounting policies (continued)

(c) Derivative financial instruments
The consolidated entity holds derivative financial instruments within funds to hedge its interest rate, foreign exchange and market risk exposures.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred.

(d) Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are given to wholly owned subsidiaries, within the consolidated entity. Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval and are monitored on a quarterly basis as part of the consolidated entity's regulatory reporting.

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Section 5 Other disclosures

This section contains other miscellaneous disclosures that are required by accounting standards.

	2022 $M	2021 $M
5-1 Structured products assets and liabilities		
i. Exact Market Cash Fund		
Current assets		
Perpetual Exact Market Cash Fund	186.3	163.9
	186.3	163.9
Current liabilities		
Perpetual Exact Market Cash Fund	187.7	163.3
	187.7	163.3

The Exact Market Cash Fund (EMCF 1) current asset balances reflect the fair value of the net assets held by the Fund. The current liabilities balances represent the consolidated entity's obligation to the Fund's investors. The difference between the current assets and current liabilities balance has been recorded in profit and loss.

EMCF 1 was established with the purpose of providing an exact return that matched the Bloomberg AusBond Bank Bill Index (the benchmark index), or a variant thereon, to investors. The Fund's ability to pay the benchmark return to the investors is guaranteed by the consolidated entity. The National Australia Bank has provided EMCF 1 product with a guarantee to the value of $3 million (2021: $3 million) to be called upon in the event that the consolidated entity is unable to meet its obligations. Due to the guaranteed benchmark return to investors, the consolidated entity is exposed to the risk that the return of EMCF 1 differs from that of the benchmark. The return of EMCF 1 is affected by risks to the underlying investments in the EMCF 1 portfolio, which are market, liquidity and credit risks.

The underlying investments of EMCF 1 are valued on a hold to maturity basis for unit pricing purposes, which is consistent with the way in which Perpetual manages the portfolio.

EMCF 1 use professional investment managers to manage the impact of the above risks by using prudent investment guidelines and investment processes. The investment managers explicitly target low volatility and aim to achieve this through a quality screening process that is designed to assess the likelihood of default and difficult trading patterns during periods of rapid systematic risk reduction.

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-1 Structured products assets and liabilities (continued)

i. Exact Market Cash Funds (continued)

There is a clearly defined mandate for the inclusion of sectors and issuances. In periods of risk reduction, diversification may be narrowly focused on cash and highly liquid investment-grade assets. At times of higher risk tolerance, appropriate diversification should be expected.

Interest rate exposure is limited to +/- 90 days versus the benchmark. The portfolios are constructed with the goal of having a diversified set of securities, while largely retaining the low risk characteristics of a cash investment.

Liquidity risk of EMCF 1 is managed by maintaining a level of cash or liquid investments in the portfolios which is sufficient to meet a level and pattern of investor redemptions (consistent with past experience), distributions or other of the Fund's financial obligations. This is complemented by a dynamic portfolio management process that ensures liquidity is increased when there is an expectation of a deterioration in market conditions. Cash flow forecasts are prepared for the Fund, including the consideration of the maturity profile of the securities, interest and other income earned by the Fund, and projected investor flows based on historical trends and future expectations.

Furthermore, the credit quality of financial assets is managed by EMCF 1 using Standard & Poor's rating categories or equivalent, in accordance with the investment mandate of EMCF 1. The exposure in each credit rating category is monitored on a daily basis. This review process allows assessment of potential losses as a result of risks and the undertaking of corrective actions. The investment managers have undertaken to restrict the asset portfolio of the underlying funds to securities, deposits or obligations with a Standard & Poor's or equivalent 'BBB-' fund credit quality rating or higher.

The investment managers of the underlying Funds invested by EMCF 1 enter into a variety of derivative financial instruments such as credit default swaps and foreign exchange forwards in the normal course of business in order to mitigate credit risk exposure and to hedge fluctuations in foreign exchange rates.

Details of the assets held by the underlying Funds are set out below:

30 June 2022	**AAA to AA- $M**	**A+ to A- $M**	**BBB+ to BBB- $M**	**Total $M**
Corporate bonds and money market securities	66.4	40.5	7.4	114.3
Mortgage and asset backed securities	70.2	-	-	70.2
Cash	1.8	-	-	1.8
	138.4	40.5	7.4	186.3

30 June 2021	**AAA to AA- $M**	**A+ to A- $M**	**BBB+ to BBB- $M**	**Total $M**
Corporate bonds and money market securities	33.1	25.9	6.6	65.6
Mortgage and asset backed securities	80.0	-	-	80.0
Cash	18.3	-	-	18.3
	131.4	25.9	6.6	163.9

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-1 Structured products assets and liabilities (continued)

i. Exact Market Cash Funds (continued)

The table below demonstrates the impact of a 1% change in the fair value of the underlying assets of EMCF 1, due to market price movements, based on the values at reporting date.

	2022 $M	2021 $M
1% increase	1.9	1.6
1% decrease	(1.9)	(1.6)

The actual impact of a change in the fair value of the underlying assets of EMCF 1 on the consolidated profit before tax is dependent on the performance of the Fund relative to the benchmark index. If the Fund's performance is below the benchmark return, then the consolidated entity will be obliged to make payments to the investor. Conversely, if the Fund's performance is higher than the benchmark, then the benefit of the higher performance accrues to the consolidated entity.

In addition, any variance between the consolidated entity's current assets EMCF 1 balance and the consolidated entity's current liabilities EMCF 1 balance would be reflected in profit and loss.

Accounting policies

The EMCF product, consisting of EMCF 1, is consolidated as the consolidated entity is exposed to variable returns and has the power to affect those returns. The swap agreements result in the benchmark rate of return being paid to the unitholders in the Fund. The swap agreements are inter-company transactions between a subsidiary of the Company and the Funds and are eliminated on consolidation.

Assets and liabilities of EMCF 1 are disclosed separately on the face of the Consolidated Statement of Financial Position as structured product assets and structured product liabilities. The benchmark return generated by EMCF 1 and distributions to unitholders are disclosed in section 1-3 Expenses as distributions and expenses related to structured products.

The financial assets represented by the structured products assets balance are accounted for in accordance with the underlying accounting policies of the consolidated entity. These consist of investments that are mandatorily classified at FVTPL.

	2022 $M	2021 $M

5-2 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2022 the parent entity of the consolidated entity was Perpetual Limited.

	2022 $M	2021 $M
Result of the parent entity		
Profit after tax for the year	61.6	96.7
Total comprehensive income for the year	**61.6**	**96.7**
Financial position of the parent entity at year end		
Current assets	523.5	394.4
Total assets	**1,644.4**	**1,536.6**
Current liabilities	438.3	336.0
Total liabilities	**749.7**	**572.4**
Total equity of the parent entity comprising:		
Share capital	817.7	815.3
Reserves	7.3	24.9
Retained earnings	69.7	124.0
Total equity	**894.7**	**964.2**

Parent entity contingencies
The Directors are of the opinion that provisions are not required in respect of any parent entity contingencies, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2022 $M	2021 $M
Uncalled capital of the controlled entities	12.5	12.5

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against the parent entity. The parent entity does not consider that the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

5-2 Parent entity disclosures (continued)

Parent entity guarantees

In November 2020, the Company provided a financial guarantee to secure a syndicated banking facility (refer to section 3-2). The bank facility covers a period of 3 years.

No liability was recognised by the Company in relation to this guarantee as the fair value of this guarantee is considered to be immaterial. The Company does not expect the financial guarantee to be called upon.

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-3 Controlled entities

Name of company	Beneficial interest 2022 %	Beneficial interest 2021 %	Country of incorporation and principal place of business
Perpetual Limited[5]			
Controlled Entities [1]			
Australian Trustees Limited[5]	100	100	Australia
Commonwealth Trustees Pty. Ltd.[2]	100	100	Australia
Fordham Business Advisors Pty Ltd[2]	100	100	Australia
Perpetual Acquisition Company Ltd[5]	100	100	Australia
Perpetual Assets Pty. Ltd.[2]	100	100	Australia
Perpetual Australia Pty Limited[2,5]	100	100	Australia
Perpetual Digital Holdings Pty Limited[2]	100	100	Australia
Perpetual Investment Management Limited	100	100	Australia
Perpetual Mortgage Services Pty Limited[2]	100	100	Australia
Perpetual Services Pty Limited[2]	100	100	Australia
Perpetual Superannuation Limited	100	100	Australia
Perpetual Tax and Accounting Pty Ltd[2]	100	100	Australia
Perpetual Trust Services Limited	100	100	Australia
Perpetual Trustee Company (Canberra) Limited[5]	100	100	Australia
Perpetual Trustee Company Limited[4]	100	100	Australia
Perpetual Trustees Consolidated Limited[5]	100	100	Australia
Perpetual Trustees Queensland Limited[5]	100	100	Australia
Perpetual Trustees Victoria Limited[5]	100	100	Australia
Perpetual Trustees W.A. Ltd[5]	100	100	Australia
Queensland Trustees Pty. Ltd.[2]	100	100	Australia
Trillium ESG Global High Conviction Equity Fund	100	100	Australia
Perpetual Capital Accumulation Portfolio	-	100	Australia
Perpetual Exact Market Cash Fund	100	100	Australia
Perpetual Exact Market Cash Fund No. 2	-	100	Australia
Perpetual Nominees Limited	100	100	Australia
Barrow Hanley US ESG Value	100	100	USA
BHMS All Country World Ex-U.S. Value	100	100	USA
BHMS Credit	100	100	USA
BHMS Global Value Dividend	-	100	USA
BHMS Concentrated U.S. Opportunities	100	100	USA
BHMS US Opportunistic Value DLCV, SCV	100	100	USA
Trillium ESG Global Equity Fund	52	58	USA
BHMS Diversified Small Cap Value Strategy	100	-	USA

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-3 Controlled entities (continued)

Name of company	Beneficial interest 2022 %	Beneficial interest 2021 %	Country of incorporation and principal place of business
Entities under the control of Perpetual Acquisition Company Limited			
The Trust Company Limited	100	100	Australia
Fintuition Pty Limited[2]	100	100	Australia
Fintuition Institute Pty Limited[2]	100	100	Australia
Skinner Macarounas Pty Limited[2]	100	100	Australia
Perpetual US Holding Company, Inc	100	100	USA
PPT Asset Management UK Limited	100	100	UK
Trillium Asset Management UK Limited	100	100	UK
Perpetual Europe Holding Company B.V	100	100	Netherlands
Jacaranda Financial Planning Pty Ltd[6]	100	-	Australia
Perpetual Asia - Hong Kong Ltd[10]	100	-	Hong Kong
PPT Finance UK Ltd[11]	100	-	UK
Entities under the control of PPT Finance UK Ltd			
Barrow Hanley Concentrated Emerging Markets Fund	100	-	Ireland
Trillium ESG Global Conviction Fund	100	-	Ireland
Entities under the control of Perpetual Digital Holdings Pty Limited			
Perpetual Digital Pty Ltd[2]	100	100	Australia
Perpetual Roundtables Pty Limited[2]	100	100	Australia
Perpetual Wholesale Fiduciary Services Pty Ltd	100	100	Australia
Laminar Capital Pty Ltd[7]	100	-	Australia
Entities under the control of Laminar Capital Pty Ltd			
Easterly Asset Management Pty Ltd[8]	100	-	Australia
Laminar Advisory Pty Ltd[9]	100	-	Australia
Entities under the control of Perpetual Trustee Company Limited			
Perpetual Corporate Trust Limited	100	100	Australia
Perpetual Custodians Ltd	100	100	Australia
P.T. Limited	100	100	Australia
Entities under the control of P.T. Limited			
Perpetrust Nominees Proprietary Limited[2]	100	100	Australia
Entities under the control of The Trust Company Limited			
Perpetual (Asia Holdings) Pte. Ltd.	100	100	Singapore
The Trust Company (Australia) Limited	100	100	Australia
The Trust Company (UTCCL) Limited	100	100	Australia
Perpetual CT (Asia) Limited	100	100	Hong Kong
Entities under the control of The Trust Company (Australia) Limited			
The Trust Company (Nominees) Limited	100	100	Australia
The Trust Company (PTAL) Limited	100	100	Australia
The Trust Company (RE Services) Limited	100	100	Australia

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-3 Controlled entities (continued)

Name of company	Beneficial interest 2022 %	Beneficial interest 2021 %	Country of incorporation and principal place of business
Entities under the control of Perpetual US Holding Company, Inc			
Trillium Asset Management Group, LLC	100	100	USA
Perpetual US Services, LLC	100	100	USA
Perpetual US TDC, LLC	100	100	USA
BHMS, LLC	74	74	USA
BHMS Investment GP, LLC	100	100	USA
Entities under the control of Trillium Asset Management Group, LLC			
Trillium Asset Management, LLC	100	100	USA
Trillium Impact GP, LLC	100	100	USA
Entities under the control of Perpetual US TDC, LLC			
Barrow Hanley Concentrated Emerging Markets ESG Opportunities Fund	50	61	USA
Barrow Hanley Emerging Markets Value Fund	100	-	USA
Entities under the control of Perpetual Europe Holding Company B.V			
Perpetual Nertherlands B.V	100	100	Netherlands
Entities under the control of Perpetual (Asia Holdings) Pte. Ltd.			
Perpetual (Asia) Limited	100	100	Singapore
Entities under the control of The Trust Company (RE Services) Limited			
The Trust Company (Sydney Airport) Limited	100	100	Australia
Associates			
Loan RQ Ltd[3]	26	26	Australia

[1] Entities in bold are directly owned by Perpetual Limited.

[2] A small proprietary company as defined by the *Corporations Act 2001* and is not required to be audited for statutory purposes.

[3] The carrying amount of this investment is $nil (2021: $nil).

[4] Perpetual Trustee Company Limited has a branch operation in New Zealand known as Perpetual Trustee Company Limited (New Zealand branch).

[5] Company is a party to the Deed of Cross Guarantee as noted in section 5-4.

[6] Jacaranda Financial Planning Pty Ltd was acquired in August 2021

[7] Laminar Capital Pty Ltd was acquired in October 2021

[8] Easterly Asset Management Pty Ltd was acquired in October 2021

[9] Laminar Advisory Pty Ltd was acquired in October 2021

[10] Perpetual Asia - Hong Kong Ltd was incorporated in November 2021

[11] PPT Finance UK Ltd was incorporated in March 2022

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-4 Deed of cross guarantee

Perpetual Limited and certain wholly owned subsidiaries listed below (collectively, 'the Closed Group') have entered into a Deed of Cross Guarantee ('the Deed') effective 29 June 2017. The effect of the Deed is that Perpetual Limited has guaranteed to pay any deficiency in the event of a winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. The subsidiaries have also given a similar guarantee in the event that Perpetual Limited is wound up.

Pursuant to *ASIC Corporations (wholly owned companies) Instrument 2016/785* ('Instrument'), the wholly owned subsidiaries noted below within the Closed Group are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

The subsidiaries to the Deed forming the Closed Group are;

Perpetual Trustees Consolidated Limited
Perpetual Trustee Company (Canberra) Limited
Perpetual Trustees Victoria Limited
Perpetual Trustees Queensland Limited
Perpetual Trustees WA Limited
Perpetual Australia Pty Limited
Perpetual Acquisition Company Limited
Australian Trustees Limited

A summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position comprising the Closed Group as at 30 June 2022 are set out below.

	Year ended 30 June 2022 $M	**Year ended 30 June 2021 $M**
Revenue	97.3	136.1
Expenses	(42.9)	(37.1)
Financing costs	(8.1)	(5.6)
Net profit before tax	**46.3**	**93.4**
Income tax benefit	14.7	2.5
Net profit after tax	**61.0**	**95.9**
Other comprehensive income, net of income tax	-	-
Total comprehensive income	61.0	95.9
Total comprehensive income attributable to:		
Equity holders of the Company	61.0	95.9

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-4 Deed of cross guarantee (continued)

	2022 $M	2021 $M
Current assets		
Cash and cash equivalents	65.9	55.5
Receivables	278.4	176.6
Current tax assets	4.1	-
Structured Products - EMCF assets	186.3	163.9
Prepayments	5.8	11.0
Total current assets	540.5	407.0
Non-current assets		
Other financial assets	1,083.9	1,044.3
Property, plant and equipment	53.3	62.6
Intangibles	-	0.1
Deferred tax assets	38.9	32.7
Other assets	0.9	-
Total non-current assets	1,177.0	1,139.7
Total assets	1,717.5	1,546.7
Current liabilities		
Payables	288.7	153.3
Structured Products - EMCF liabilities	187.7	163.3
Current tax liabilities	-	5.3
Employee benefits	69.3	64.1
Lease liabilities	11.7	10.4
Provisions	-	1.7
Total current liabilities	557.4	398.1
Non-current liabilities		
Borrowings	258.4	166.0
Deferred tax liabilities	-	1.6
Employee benefits	17.0	13.7
Lease liabilities	37.9	50.3
Provisions	4.6	4.8
Total non-current liabilities	317.9	236.4
Total liabilities	875.3	634.5
Net assets	842.2	912.2
Equity		
Contributed equity	817.7	815.3
Reserves	7.3	24.9
Retained earnings	17.2	72.0
Total equity	842.2	912.2

5-5 Unconsolidated structured entities

Perpetual Limited and its subsidiaries have interests in various structured entities that are not consolidated. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Perpetual has an interest in a structured entity when the Company has a contractual or non-contractual involvement that exposes it to variable returns from the performance of the entity. The Company's interest includes investments held in securities or units issued by these entities and fees earned from management of the assets within these entities.

Information on the Company's interests in unconsolidated structured entities as at 30 June is as follows:

Investment funds - Company managed	**Carrying amount $M**	**Maximum exposure to loss[1] $M**
Year ended 30 June 2022		
Statement of Financial Position line item		
Other financial assets - non-current	96.7	98.3
Year ended 30 June 2021		
Statement of Financial Position line item		
Other financial assets - non-current	98.9	85.2

[1] The maximum exposure to loss is the maximum loss that could be recorded through profit and loss as a result of the involvement with these entities.

Company managed investment funds

The Company manages investment funds through asset management subsidiaries. Control over these managed investment funds may exist since the Company has power over the activities of the fund. However, these funds have not been consolidated because the Company does not have the ability to affect the level of returns and is not exposed to significant variability in returns from the funds. The Company earns management fees from the management of these investment funds which are commensurate with the services provided and are reported in revenue from the provision of services. Management fees are generally based on the value of the assets under management. Therefore, the fees earned are impacted by the composition of the assets under management and fluctuations in financial markets. The revenue earned is included in revenue from the provision of services in section 1-2.

Investment funds are investment vehicles that consist of a pool of funds collected from several investors for the purpose of investing in securities such as money market instruments, debt securities, equity securities and other similar assets. For all investment funds, the Company's maximum exposure to loss is equivalent to the cost of the investment in the fund. Investment funds are generally financed through the issuance of fund units.

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-6 Share-based payments

i. Employee share purchase plans

(a) Long-term Incentive Plan (LTI)

The LTI plan was introduced for the purpose of making future long-term incentive grants to eligible employees.

(b) One Perpetual Share Plan (OPSP)

The OPSP awards eligible employees with annual grants of up to $1,000 worth of Perpetual shares subject to the Company meeting its net profit after tax target. Shares granted under the OPSP cannot be sold or transferred until the earlier of three years from the date the shares are allocated or cessation of employment. Employees who are granted shares have full dividend and voting rights during this time.

For financial accounting purposes, shares granted under the OPSP are deemed to vest immediately because there is no risk of forfeiture. Accordingly, the fair value of the grant is recognised as an expense over the performance period with the corresponding entry directly in equity.

(c) Details of the movement in employee shares

All shares granted under the LTI and OPSP plans in the 2022 financial year were issued at market price. Dividends on employee shares are either received directly by the employees or held in the share plan bank account depending on the likelihood of the shares vesting.

During the year, $13,531,639 (2021: $12,216,989) of amortisation relating to shares, performance rights and share rights was recognised as an expense with the corresponding entry directly in equity.

Shares are granted to eligible employees under the LTI plan. The number of shares granted is determined by dividing the value of the grant by the VWAP of Perpetual shares traded on the ASX in the five business days up to and including the grant date.

The following table illustrates the movement in employee shares during the financial year:

Number	Opening balance 1 July	Vested shares	Shares purchased on market	Shares issued on market	Forfeited shares	Granted shares	Closing balance at 30 June
2022	615,080	(366,205)	402,562	-	(204,479)	204,479	651,437
2021	673,858	(254,406)	195,628	-	(235,557)	235,557	615,080

ii. Rights

During the year, the Company granted $11,057,375 (30 June 2021: $8,919,923) of Share Rights and Performance Rights in accordance with the LTI plan.

Share Rights are granted to Executives under the Variable Incentive Plan. The number of Share Rights granted is determined by dividing the value of the grant by the VWAP of Perpetual shares traded on the ASX in the five business days up to and including the grant date.

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-6 Share-based payments (continued)

ii. Rights (continued)

Performance Rights are granted to eligible employees under the LTI Plan. The number of Performance Rights granted is determined by dividing the value of the LTI grant by the VWAP of Perpetual shares traded on the ASX in the five business days up to and including the grant date, discounted for the non-payment of dividends during the performance period, as calculated by an independent external adviser.

Performance Rights and Share Rights do not receive dividends or have voting rights until they have vested and have been converted into Perpetual shares.

30 June 2022					Movement in number of rights granted				
Grant date	Vest date	Expiry date	TSR hurdle or non-TSR hurdle	Issue price	1 July 2021	Granted	Forfeited	Vested	Outstanding at 30 June 2022
Oct 2016	Oct 2019	Sep 2031	Non TSR	$39.40	1,776	-	-	(1,776)	-
Sep 2017	Sep 2019	Sep 2032	Non TSR	$46.93	21,386	-	-	(21,386)	-
Oct 2017	Oct 2020	Sep 2032	Non TSR	$44.64	6,013	-	-	(3,024)	2,989
Jul 2018	Sep 2021	Sep 2034	Non TSR	$28.70	44,864	-	-	-	44,864
Jul 2018	Sep 2022	Sep 2034	TSR	$8.22	5,276	-	-	-	5,276
Jul 2018	Oct 2022	Oct 2034	Non TSR	$31.53	11,131	-	-	-	11,131
Jul 2018	Sep 2023	Sep 2034	TSR	$8.40	5,275	-	-	-	5,275
Sep 2018	Sep 2020	Sep 2033	Non TSR	$37.03	30,951	-	-	-	30,951
Oct 2018	Oct 2021	Oct 2033	Non TSR	$34.97	246,288	-	(2,593)	(103,279)	140,416
Jul 2019	Sep 2023	Sep 2035	TSR	$12.30	52,034	-	-	-	52,034
Jul 2019	Sep 2024	Sep 2035	TSR	$12.63	52,031	-	-	-	52,031
Oct 2019	Oct 2021	Oct 2034	Non TSR	$33.64	13,811	-	(1,039)	(12,772)	-
Oct 2019	Oct 2022	Oct 2034	Non TSR	$31.53	171,487	-	(11,303)	(2,418)	157,766
Oct 2020	Oct 2023	Oct 2030	Non TSR	$23.82	305,280	-	(18,992)	(1,376)	284,912
Jul 2020	Sep 2023	N/A[1]	Non TSR	$33.72	-	56,701	-	-	56,701
Jul 2020	Sep 2024	N/A[1]	Non TSR	$19.93	-	28,349	-	-	28,349
Jul 2020	Sep 2025	N/A[1]	Non TSR	$16.88	-	28,349	-	-	28,349
Oct 2021	Oct 2024	N/A[1]	Non TSR	$32.66	-	243,177	(5,967)	-	237,210
Dec 2021	Dec 2024	N/A[1]	Non TSR	$34.43	-	4,646	-	-	4,646
					967,603	361,222	(39,894)	(146,031)	1,142,900

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-6 Share-based payments (continued)

ii. Rights (continued)

30 June 2021					Movement in number of rights granted				
Grant date	Vest date	Expiry date	TSR hurdle or non-TSR hurdle	Issue price	1 July 2020	Granted	Forfeited	Vested	Outstanding at 30 June 2021
Oct 2016	Oct 2019	Sep 2031	Non TSR	$39.40	4,059	-	-	(2,283)	1,776
Sep 2017	Sep 2019	Sep 2032	Non TSR	$46.93	21,386	-	-	-	21,386
Oct 2017	Oct 2020	Sep 2032	Non TSR	$44.64	99,981	-	(336)	(93,632)	6,013
Jul 2018	Oct 2020	Oct 2034	Non TSR	$35.76	3,404	-	-	(3,404)	-
Jul 2018	Sep 2021	Sep 2034	Non TSR	$28.70	44,864	-	-	-	44,864
Jul 2018	Oct 2021	Oct 2034	Non TSR	$33.64	2,474	-	(835)	(1,639)	-
Jul 2018	Sep 2022	Sep 2034	TSR	$8.22	5,276	-	-	-	5,276
Jul 2018	Oct 2022	Oct 2034	Non TSR	$31.53	16,411	-	(2,946)	(2,334)	11,131
Jul 2018	Sep 2023	Sep 2034	TSR	$8.40	5,275	-	-	-	5,275
Sep 2018	Sep 2020	Sep 2033	Non TSR	$37.03	30,951	-	-	-	30,951
Oct 2018	Oct 2020	Sep 2033	Non TSR	$37.29	1,417	-	-	(1,417)	-
Oct 2018	Oct 2021	Oct 2033	Non TSR	$34.97	261,311	-	(5,391)	(9,632)	246,288
Jul 2019	Sep 2023	Sep 2035	TSR	$12.30	-	52,034	-	-	52,034
Jul 2019	Sep 2024	Sep 2035	TSR	$12.63	-	52,031	-	-	52,031
Oct 2019	Oct 2021	Oct 2034	Non TSR	$33.64	15,720	-	(1,782)	(127)	13,811
Oct 2019	Oct 2022	Oct 2034	Non TSR	$31.53	190,185	-	(12,540)	(6,158)	171,487
Oct 2020	Oct 2023	Oct 2030	Non TSR	$23.82	-	320,070	(14,394)	(396)	305,280
					702,714	424,135	(38,224)	(121,022)	967,603

[1] Rights either vest or are forfeited on the vesting date, hence there is no expiry date.

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-6 Share-based payments (continued)

ii. Rights (continued)

The fair value of services received in return for Performance Rights and Share Rights granted is based on the fair value of rights granted, measured using a face value approach for scorecard performance conditions, Monte Carlo simulation for TSR performance conditions and the Black Scholes option pricing formula for share rights and EPS performance conditions, with the following inputs:

	Valuation Date 1 Oct 2016	Valuation Date 1 Sep 2017	Valuation Date 1 Oct 2017	Valuation Date 1 Sept 2018	Valuation Date 1 Oct 2018	Valuation Date 1 Oct 2018	Valuation Date 1 Oct 2018	Valuation Date 1 Sep 2019	Valuation Date 1 Sep 2019
Performance period	3 years	2 years	3 years	2 years	1 year	2 years	3 years	1 year	2 years
Share price ($)	46.28	54.70	51.94	43.89	42.40	42.40	42.40	35.55	35.55
Dividend yield (%)	5.5	5.1	5.2	6.4	6.6	6.6	6.6	6.5	6.7
Expected volatility (%)	N/A	25	N/A	20	N/A	N/A	N/A	30	30
Risk free interest rate (%)	N/A	N/A	N/A	N/A	1.93	2.00	2.07	0.70	0.70

	Valuation Date 1 Sep 2019	Valuation Date 1 Oct 2019	Valuation Date 1 Oct 2019	Valuation Date 1 Oct 2019	Valuation Date 1 Sep 2020	Valuation Date 1 Sep 2020	Valuation Date 1 Oct 2020	Valuation Date 1 Oct 2020	Valuation Date 1 Oct 2020
Performance period	3 years	1 year	2 years	3 years	3 years	4 years	1 year	2 years	3 years
Share price ($)	35.55	37.85	37.85	37.85	30.62	30.62	28.40	28.40	28.40
Dividend yield (%)	6.7	5.7	5.9	6.1	5.5	5.5	5.0	5.5	5.9
Expected volatility (%)	30	N/A	N/A	N/A	40	40	N/A	N/A	N/A
Risk free interest rate (%)	0.70	N/A	N/A	N/A	0.27	0.39	N/A	N/A	N/A

	Valuation Date 1 Sep 2021	Valuation Date 1 Sep 2021	Valuation Date 1 Sep 2021
Performance period	2 years	3 years	4 years
Share price ($)	41.66	41.66	41.66
Dividend yield (%)	4.8	5.0	5.0
Expected volatility (%)	30	30	30
Risk free interest rate (%)	0.01	0.44	0.44

Accounting policies

Employee share purchase plans

Share incentive programs allow employees to acquire shares in the Company. The fair value of shares and/or rights granted under these programs is recognised as an employee expense with a corresponding increase in equity. Fair value is measured at grant date and amortised over the period during which employees become unconditionally entitled to the shares.

The fair value of the rights granted is measured using a binomial model, taking into account the terms and conditions upon which the rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of rights that vest except where forfeiture is due to share prices not achieving their threshold for vesting.

5-6 Share-based payments (continued)

Accounting policies (continued)

Deferred staff incentives

The Company grants certain employees shares under long-term incentive, short-term incentive and retention plans. Under these plans, shares vest to employees over relevant vesting periods. To satisfy the long-term incentives granted, the Company purchases or issues shares under the LTI Plan.

The fair value of the shares granted is measured by the share price adjusted for the terms and conditions upon which the shares were granted. This fair value is amortised on a straight-line basis over the applicable performance and vesting period.

The consolidated entity makes estimates of the number of shares that are expected to vest. Where appropriate, revised estimates are reflected in profit or loss with the corresponding adjustment to the equity compensation reserve. Where shares containing a market linked hurdle do not vest, due to total shareholder return not achieving the threshold for vesting, an adjustment is made to retained earnings and equity compensation reserve.

Rights

Performance Rights and Share Rights are issued for the benefit of eligible Perpetual employees pursuant to the LTI Plan.

Unlike Perpetual’s other employee share plans, there will be no treasury shares issued to employees at the rights grant date.

Over the vesting period of the rights, an equity remuneration expense will be amortised to the equity compensation reserve based on the fair value of the rights at the grant date.

On vesting, the intention is to settle the rights with available treasury shares. A fair value adjustment between contributed equity and treasury shares will be recognised to revalue the recycled shares to the fair value of the rights at the vesting date.

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-7 Key management personnel and related parties

Total compensation of key management personnel

	2022 $	2021 $
Short-term	9,159,692	7,485,441
Post-employment	292,886	259,017
Share-based	2,047,581	1,858,563
Other long-term	77,501	46,143
Total	11,577,660	9,649,164

Related party disclosures

Executives have not entered into material contracts with the Company or a member of the consolidated entity since the end of the previous financial year and there were no material contracts involving key management personnel's interests existing at year end. Perpetual services and products, including financial advice by Perpetual Private, are made available to Directors and KMP on normal commercial terms consistent with other employees and clients.

Controlled entities and associates
The consolidated entity has a related party relationship with its key management personnel (see Remuneration Report).

Business transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

5-8 Auditor's remuneration

	2022 $	2021 $
Audit and review services		
Auditors of the Group - KPMG Australia		
Audit and review of financial statements - Group	852,443	685,872
Audit and review of financial statements - controlled entities	205,961	173,130
Audit and review of financial statements - Perpetual Funds[1]	1,992,612	2,046,181
Audit and review of financial statements - Administrator or Trustee[2]	396,797	352,544
	3,447,813	3,257,727
Overseas KPMG Firms		
Audit and review of financial statements - Group	194,513	178,771
Audit and review of financial statements - controlled entities	304,515	188,412
Total audit and review services	3,946,841	3,624,910
Assurance Services		
Auditors of the Group - KPMG Australia		
Regulatory assurance services	255,426	250,175
Other assurance services	470,178	463,509
	725,604	713,684
Overseas KPMG Firms		
Regulatory assurance services	21,160	-
Other assurance services	23,164	43,443
Total Assurance Services	769,928	757,127
Other Services[3]		
Auditors of the Group - KPMG Australia		
Advisory Services	153,558	43,988
Other non-assurance services	35,755	30,889
Total Other Services	189,313	74,877
	4,906,082	4,456,914

[1] These fees are incurred by the consolidated entity on behalf of managed funds and superannuation funds for which Perpetual Investment Management Limited and Perpetual Superannuation Limited act as responsible entity or trustee for and are recovered from the funds via management fees.

[2] These fees are incurred by the consolidated entity on behalf of external funds for which the consolidated entity act as administrator, responsible entity or trustee for and are recovered from the funds via management fees.

[3] Other services primarily relate to the provision of risk and controls gap analysis and agreed upon procedures.

Non-audit services paid to KPMG are in accordance with the Company's auditor independence policy as outlined in Perpetual's Corporate Responsibility Statement.

Notes to and forming part of the financial statements for the year ended 30 June 2022

5-9 Subsequent events

A final dividend of 97 cents per share fully franked was declared on 25 August 2022 and is to be paid on 30 September 2022.

On 25 August, Perpetual announced that it is has entered into a binding Scheme Implementation Deed ("SID") with Pendal Group ("Pendal") (ASX:PDL) under which Perpetual will acquire 100% of shares in Pendal by way of a Scheme of Arrangement ("the Acquisition").

The Scheme is subject to customary conditions and approvals including court, regulatory and Pendal shareholder approval as well as obtaining the appropriate number of Pendal client consents.

Pendal's Board of Directors has unanimously recommended that Pendal shareholders accept Perpetual's offer, in the absence of any superior proposal and subject to independent expert's opinion that the scheme is in the best interests of shareholders.

The acquisition is currently expected to close by late calendar year 2022 or early calendar year 2023, subject to requisite shareholder and regulatory approvals.

The acquisition will be effected via a share exchange with every 7.50 shares of Pendal common stock exchanged for 1 newly issued share in Perpetual and A$1.976 cash per Pendal share. Based on the last closing share price of Perpetual at 24 August 2022 of $30.30, the offer implies an acquisition price of $6.02 for each Pendal share.

The cash component of the offer, totalling $757 million, will be funded via a new debt facility. The new facility will also re-finance the existing debt facility and includes undrawn headroom for liquidity management purposes. The new facility will consist of three core facilities, three acquisition facilities and a bridge loan facility. The core facilities will consist of:

- a multicurrency redrawable loan facility with a maximum commitment of A$175 million or equivalent and a term of three years expiring in November 2025 (Facility Core 1);
- a multicurrency term loan facility with a maximum commitment of USD128 million or and a term of four years expiring in November 2026 equivalent (Facility Core 2); and
- a redrawable Letter of Credit facility with a maximum commitment of A$160 million and a term of three years expiring in November 2025 (Facility Core 3).

The acquisition facilities will consist of:

- a multicurrency redrawable loan facility with a maximum commitment of A$115 million and a term of three years expiring in November 2025 (Facility Acquisition 1);
- a UK pound term loan facility with a maximum commitment of GBP115 million and a term of three years expiring in November 2025 (Facility Acquisition 2); and
- a multicurrency term loan facility with a maximum commitment of USD45 million and a term of four years expiring in November 2026 (Facility Acquisition 3).

The bridge loan facility will have a maximum commitment of A$400 million and a term of two years expiring in November 2024 (Bridge Facility).

Interest expense on the new facilities other than Facility Core 3 will be based on the relevant floating rate benchmark plus a margin. Interest expense on Facility Core 3 is at a flat rate.

As previously indicated, Perpetual will not be raising equity to fund any portion of the cash consideration.

Other than the matters noted above, the Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report that has affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Section 6 Basis of preparation

This section sets out Perpetual's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a single note, the policy is described in the note to which it relates. This section also shows new accounting standards, amendments and interpretations, and whether they are effective in 2022 or later years. We explain how these changes are expected to impact the financial position and performance of Perpetual.

6-1 Reporting entity

Perpetual Limited ('the Company') is domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2022 comprises the Company and its controlled entities (together referred to as 'the consolidated entity') and the consolidated entity's interests in associates**.**

Perpetual is a for-profit entity and primarily involved in portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services.

The financial report was authorised for issue by the Directors on 25 August 2022.

The Company is a public company listed on the Australian Securities Exchange (code: PPT), incorporated in Australia and operating in Australia, United States, United Kingdom, the Netherlands, Singapore and Hong Kong.

The consolidated annual report for the consolidated entity as at and for the year ended 30 June 2022 is available at www.perpetual.com.au.

6-2 Basis of preparation

i. Statement of compliance

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial report of the consolidated entity also complies with *International Financial Reporting Standards (IFRS)* adopted by the International Accounting Standards Board (IASB).

ii. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets which are measured at fair value.

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the majority of the consolidated entity.

The Company is of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest one hundred thousand dollars, unless otherwise stated.

Where necessary, comparative information has been restated to conform to changes in presentation in the current year.

6-2 Basis of preparation (continued)

ii. Basis of preparation (continued)

Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

COVID-19 continues to have an impact on global economies and financial markets, resulting in significant economic uncertainty and market volatility. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments and regulators. Financial markets are also dealing with the impact of Russia's invasion of Ukraine and rising inflation and interest rates. The consolidated entity continues to monitor the impact of these factors on its operations, control environment and financial reporting.

Management has evaluated whether there were any additional areas of significant judgment or estimation uncertainty, assessed the impact of market inputs and variables potentially impacted by prevailing conditions on the carrying values of its assets and liabilities, and considered the impact on the consolidated entity's financial statement disclosures. The consolidated entity's revenues have a high degree of exposure to market volatility which has the potential to lead to a material financial impact. The US operations are similarly exposed to market movements due to the nature of the business. Whilst this has been factored into the preparation of the financial report, the accounting policies and methodologies have been applied on a consistent basis throughout the financial year. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts as developments arise.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies are described below:

(a) Judgements

Information about critical judgements in applying accounting policies in accordance with Australian Accounting Standard *AASB 10 Consolidated Financial Statements* is included in section 5-3 Controlled entities.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ended 30 June 2022 are included in the following notes:

- Section 1-2 Revenue
- Section 1-3 Expenses
- Section 1-4 Income taxes
- Section 2-1 Business combinations
- Section 2-5 Intangibles
- Section 2-6 Provisions
- Section 2-7 Employee benefits
- Section 2-8 Lease liabilities
- Section 2-9 Accrued incentive compensation
- Section 3-5 Commitments and contingencies
- Section 4-1 Financial risk management
- Section 5-1 Structured products assets and liabilities
- Section 5-6 Share-based payments

6-2 Basis of preparation (continued)

ii. Basis of preparation (continued)

(b) Assumptions and estimation uncertainties (continued)

The consolidated entity has considered the impact of prevailing conditions specifically with respect to the recognition of Expected Credit Losses (ECLs) on the consolidated entity's Receivables (Section 2-2), Intangibles and the impairment of goodwill and other intangible assets (Section 2-5), Structured products assets and liabilities (Section 5-1), and Other financial assets (Section 2-3).

Whilst there has been an increase in the estimation uncertainty and the application of further judgement within these areas, they are not considered to have had a material financial impact on these areas.

Measurement of fair values

A number of the consolidated entity's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The consolidated entity has an established control framework with respect to the measurement of fair values. This includes overseeing all significant fair value measurements.

Significant unobservable inputs and valuation adjustments are regularly reviewed. If third party information, such as broker quotes or pricing services, is used to measure fair values, an assessment is made of the evidence obtained from the third parties. This is used to support the conclusion that such valuations meet the requirements of AASB 9 *Financial Instruments*, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit, Risk and Compliance Committee.

When measuring the fair value of an asset or a liability, the consolidated entity uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The consolidated entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Section 2-7 Employee benefits
- Section 2-9 Accrued incentive compensation
- Section 4-1 Financial risk management
- Section 5-1 Structured products assets and liabilities
- Section 5-6 Share-based payments

Notes to and forming part of the financial statements for the year ended 30 June 2022

6-3 Other significant accounting policies

Significant accounting policies have been included in the relevant notes to which the policies relate. Other significant accounting policies are listed below:

i. Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the consolidated entity. The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the consolidated entity's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the associates or, if not consumed or sold, when the consolidated entity's interest in such entities is disposed of.

(c) Collateralised loan obligation (CLO)

Perpetual holds an equity interest in a collateralised loan obligation investment fund (the 'Fund') established to invest its assets primarily in the economic equity interests of multiple CLO transactions and warehouse facilities in connection therewith. The Fund is managed by Barrow Hanley Credit Management L.L.C ('BH Credit').

A significant judgement for Perpetual is whether the Group controls the Fund and is therefore required to consolidate the Fund in the results of the consolidated entity. Control is determined based on the consolidated entity's assessment of decision making authority, rights held by other parties, remuneration and exposure to returns.

In assessing whether the consolidated entity controls the Fund it is necessary to consider whether the consolidated entity acts in capacity of principal or agent for the Fund. In doing so, the consolidated entity has assessed in combination, whether the kick-out rights of third-party investors into the Fund are substantive and the aggregate economic interest of the consolidated entity into the Fund. Based on our assessment, we have determined that the Fund does not require consolidation into the Group.

6-3 Other significant accounting policies (continued)

ii. Foreign currency

(a) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Translation differences on financial assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(b) Foreign operations

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into Australian dollars as follows:

- Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Foreign currency differences are recognised in other comprehensive income. When an international operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss or to non-controlling interest as part of the profit or loss on disposal.

6-3 Other significant accounting policies (continued)

iii. Payables

Payables are non-interest-bearing and are stated at amortised cost, with the exception of contingent consideration recognised in business combinations, which is recorded at fair value at the acquisition date.

Contingent consideration recognised in business combinations is classified as a financial liability and is subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

iv. Impairment

(a) Financial assets (including receivables)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the present value of the cash flows due to the entity in accordance with the contract and the present value of cash flows that the consolidated entity expects to receive.

The consolidated entity has applied the simplified approach under AASB 9 to calculate expected credit losses for Receivables. Under this approach, expected credit losses are calculated based on the life of the instrument. During this process, the probability of the non-payment of the receivables is assessed using the single loss rate approach.

Impairment losses on financial assets measured at amortised cost are recognised in profit or loss and deducted from the gross carrying amount of the assets. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Non-financial assets

The carrying amounts of the consolidated entity’s non-financial assets, other than deferred tax assets (see section 1-4), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the ‘cash-generating unit’ or CGU).

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The consolidated entity's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6-3 Other significant accounting policies (continued)

v. Hedge accounting

A foreign currency exposure arises from a net investment in subsidiaries that have a different functional currency from that of the consolidated entity. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the consolidated entity's functional currency, which causes the amount of the net investment to vary in the consolidated financial statements. This risk may have a significant impact on the consolidated entity's financial statements. The consolidated entity's policy is to hedge these exposures only when not doing so would be expected to have a significant impact on the regulatory capital ratios of the Company and its subsidiaries.

The hedged risk in the net investment hedge is the variability in the US dollar exchange rate against the Australian dollar that will result in a reduction in the carrying amount of the consolidated entity's net investment in the subsidiaries. An economic relationship exists between the hedged net investment and hedging instrument due to the shared foreign currency risk exposure.

The consolidated entity uses foreign currency denominated debt as a hedging instrument. The consolidated entity assesses effectiveness by comparing past changes in the carrying amount of the debt that are attributable to a change in the spot rate with past changes in the investment in the foreign operation due to movement in the spot rate (the offset method).

The consolidated entity's policy is to hedge the net investment only to the extent of the debt principal; therefore, the hedge ratio is established by aligning the principal amount of the debt with the carrying amount of the net investment that is designated. There are no sources of ineffectiveness because changes in the spot exchange rate are designated as the hedged risk.

6-4 Changes in significant accounting policies

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the consolidated entity's financial statements as at and for the year ended 30 June 2021.

(a) Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued an agenda decision on configuration or customisation costs in a cloud computing arrangement (April 2021). This decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. The Group does not have control over the software nor can it restrict others' access to the benefits of the software.

Notes to and forming part of the financial statements for the year ended 30 June 2022

6-4 Changes in significant accounting policies (continued)

(a) Software-as-a-Service (SaaS) arrangements (continued)

Key judgements in applying the accounting policy

In applying the entity's accounting policy, the directors made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements

Determination whether configuration and customisation services are distinct from the SaaS access

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred. Non-distinct configuration and customisation costs are capitalised as a prepayment and expensed over the term of the SaaS contract.

The Group recognised $7.0m (2021: $0.2m) as prepayments in implementing SaaS arrangements.

Impact of change in accounting policy

As a result of adopting the new SaaS policy, associated costs previously capitalised and amortised as software assets but now considered to be SaaS arrangements have been identified.

The change has been applied retrospectively and impacted the financial statements of the consolidated entity as follows:

Consolidated statement of financial position

Year ended 30 June 2021	As previously reported $M	Adjustments $M	As restated $M
Intangible assets	870.6	(7.7)	862.9
Other assets	7.9	-	7.9
Total non-current assets	**1,167.2**	**(7.7)**	**1,159.5**
Total assets	**1,624.6**	**(7.7)**	**1,616.9**
Deferred tax liability	17.9	(2.3)	15.6
Total non-current liabilities	**350.9**	**(2.3)**	**348.6**
Total liabilities	**712.1**	**(2.3)**	**709.8**
Net assets	**912.5**	**(5.4)**	**907.1**
Retained earnings	94.7	(5.4)	89.3
Total equity	**912.5**	**(5.4)**	**907.1**

Notes to and forming part of the financial statements for the year ended 30 June 2022

6-4 Changes in significant accounting policies (continued)

(a) Software-as-a-Service (SaaS) arrangements (continued)

Impact of change in accounting policy (continued)

Consolidated statement of financial position

As at 1 July 2020	As previously reported $M	Adjustments $M	As restated $M
Intangible assets	444.5	(4.9)	439.6
Total non-current assets	**663.5**	**(4.9)**	**658.6**
Total assets	**1,169.1**	**(4.9)**	**1,164.2**
Deferred tax liability	17.4	(1.4)	16.0
Total non-current liabilities	**124.0**	**(1.4)**	**122.6**
Total liabilities	**514.8**	**(1.4)**	**513.4**
Net assets	**654.3**	**(3.5)**	**650.8**
Retained earnings	95.2	(3.5)	91.7
Total equity	**654.3**	**(3.5)**	**650.8**

Consolidated Statement of Profit and Loss and Other comprehensive income

Full Year 30 June 2021	As previously reported $M	Adjustments $M	As restated $M
Administrative and general expenses	140.0	5.1	145.1
Depreciation and amortisation	45.9	(2.3)	43.7
Net Profit before tax	**106.7**	**(2.9)**	**103.8**
Income tax expense	(31.8)	0.9	(30.9)
Net profit after tax	**74.9**	**(2.0)**	**72.9**
Total comprehensive income	**55.7**	**(2.0)**	**53.7**
Earnings per share			
Basic EPS -cents per share	135.0	(3.6)	131.4
Diluted - cents per share	133.2	(3.6)	129.6

Consolidated statement of cash flows

Full Year 30 June 2021	As previously reported $M	Adjustments $M	As restated $M
Cash payments in the course of operations	(493.3)	(8.2)	(501.5)
Net cash from operation activities	**128.7**	**(8.2)**	**120.5**
Payments for property plant, plant equipment and software	(21.9)	8.2	(13.7)
Net cash used in investing activities	**(487.2)**	**8.2**	**(478.9)**

6-5 New standards and interpretations not yet adopted

There are no new standards, amendments to standards, and interpretations effective for the first time in the current financial period that would have a material impact to the consolidated entity.

Directors' declaration

1. In the opinion of the Directors of Perpetual Limited (the ‘Company’):

   (a) the consolidated financial statements and notes set out on pages 55 to 125, and the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the certain wholly owned subsidiaries identified in section 5-4 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and these entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Managing Director and the Chief Financial Officer for the financial year ended 30 June 2022.

4. The Directors draw attention to section 6-2(i) to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at Sydney this 25th day of August 2022.

Tony D’Aloisio
Director

Rob Adams
Chief Executive Officer & Managing Director

Independent Auditor's Report

To the shareholders of Perpetual Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Perpetual Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Consolidated Entity***'s financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Consolidated Entity*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Revenue recognition;
- Valuation of goodwill; and
- Employee remuneration.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Revenue recognition ($753m)	
Refer to Section 1-2 'Revenue' to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Revenue is a Key Audit Matter due to: • its significance to the financial performance of the Consolidated Entity; • the significant audit effort required as a result of: – the various streams of revenue generated from a diverse range of products and services, each with varying fee rates and contractual terms; – the generation of revenue in multiple geographical locations across two of the Consolidated Entity's operating segments; – key inputs used in the calculation of revenue are sourced from several of the Consolidated Entity's third party service organisations which provide custody, investment administration and unit registry services, as well as custodian banks. This required us to understand the key processes and assess the key controls of these service organisations relevant to the Consolidated Entity's revenue recognition; and • involvement of senior team members in assessing the Consolidated Entity's accounting policy for performance fees against the requirements of the accounting standards, for which the Consolidated Entity's revenue recognition policy is dependent on varying contractual terms. Significant revenue streams include fees from: • the provision of investment management services to institutional mandate clients, investment funds and superannuation funds; • trustee and document custodian services; • management and administrative services for securitisation trusts; and • the provision of financial advice and accounting services.	Our procedures included: • Inquiring of the Consolidated Entity to understand processes for key revenue streams, and testing key controls at the Consolidated Entity related to these revenue streams. • Assessing the Consolidated Entity's policies for recognition of revenue against the requirements of the accounting standards. • Testing statistical samples of revenue across each key revenue stream. We performed the following: – Inspected contracts and assessed whether revenue is recognised in accordance with the revenue recognition criteria; – Recalculated the investment management and adviser services revenue recognised based on the various fee rates in the underlying contracts, and the underlying funds under management (FUM) or funds under advice (FUA), sourced from third party service organisation reports or statements from custodial banks. We compared this to invoices and the revenue recognised by the Consolidated Entity; – Agreed securitisation and trustee services revenue to invoices and subsequent cash receipts; and – Agreed financial advice and accounting services revenue to invoices, engagement letters and subsequent cash receipts. • Analysing data within the investment management revenue stream to identify trends and outliers to further inform our work. Examples of outliers included contracts where fees exhibit an inverse movement to FUM flows or client fees falling considerably outside of statistical trends. For outliers identified, we recalculated the revenue recognised based on the underlying contracts and the FUM. We compared this to the revenue recognised by the Consolidated Entity. • Obtaining and reading the Consolidated Entity's third party service organisations GS007 *(Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services)* and SOC 1 (System and Organisation Controls) assurance reports to understand the

	service organisations' processes and assess controls related to investment administration, custody and unit registry. • Assessing the reputation, professional competence and independence of the auditors of the GS007 and SOC 1 assurance reports. • Testing a sample of performance fee revenue recognised to the Consolidated Entity's bank statements. We recalculated the performance fee revenue based on the underlying contractual terms and product performance relative to the benchmark, such as the Reserve Bank of Australia Cash Rate. We compared this to the performance fee revenue recognised by the Consolidated Entity.

KPMG

Valuation of goodwill ($617m)	
Refer to Section 2-5 'Intangibles' to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Consolidated Entity's annual testing of goodwill for impairment is a key audit matter given the: • size of the balance (being 35% of total assets); • net outflow of FUM experienced by certain Cash Generating Units (CGUs) of the Consolidated Entity in the current year. This increases the possibility of goodwill being impaired; • forward-looking assumptions applied by the Consolidated Entity in its value-in-use models, including: – forecast operating cash flows, growth rates and terminal growth rates which are influenced by subjective drivers such as FUM, FUA, securitisation and capital flows. These are difficult to predict as they rely on the Consolidated Entity's expectation of future customer activity and market performance, which can be impacted by economic uncertainties arising from the ongoing geopolitical events; – the Consolidated Entity operating across different geographies with varying pressures on market performance and capital flows, which increases the risk of an inaccurate forecast or wider range of possible outcomes; – discount rates, including CGU specific risk premiums, which are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time; and • we involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Working with our valuation specialists, our procedures included: • Considering the appropriateness of the value in use method applied by the Consolidated Entity to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • Assessing the integrity of the value-in-use models used, including the determination of carrying values and the accuracy of the underlying calculation formulas. • Assessing the accuracy of previous Consolidated Entity forecasts to inform our evaluation of forecasts incorporated in the models. • Comparing the forecast cash flows contained in the value-in-use models to Board approved forecasts and our inquiries with management of the Consolidated Entity for consistency. • Challenging the Consolidated Entity's forecast operating cash flows and growth assumptions in light of the Consolidated Entity's net FUM flows and the ongoing economic uncertainty arising from the geopolitical events in the current year. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations. In doing so, we also considered the differences between industry trends and the Consolidated Entity's operations and used our knowledge of the Consolidated Entity, its past performance, business, customers, committed future plans and our industry experience. • Independently developing a range of discount rates considered comparable with the Consolidated Entity, using publicly available market data for comparable entities, adjusted by CGU specific risk factors. • Performing sensitivity analysis by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range to identify CGUs at higher risk of impairment, assumptions at higher risk of bias and determining where to focus our further procedures. • Assessing the disclosures in the financial report using our understanding of the issues obtained from our testing, and against the requirements of the accounting standards.

Employee remuneration ($381m)	
Refer to Section 1-3 'Expenses', Section 2-7 'Employee benefits', Section 2-9 'Accrued Incentive Compensation', and Section 5-6 'Share-based payments' of the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Employee remuneration is a key audit matter due to: • the size of the balance relative to the Consolidated Entity's results (63% of expenses); • complexities associated with varying share incentive programs and other employee benefits plans across the Consolidated Entity, which increases the risk of interpretational differences against the principles-based criteria contained in the accounting standards; • the involvement of senior team members to assess the valuation methodology, assumptions and inputs, such as the share price and vesting period, used by the Consolidated Entity and its external valuation experts in the valuation of share incentive rights granted during the year; • the involvement of technical accounting specialists to supplement senior team members in assessing the Consolidated Entity's measurement of complex employee benefit plans under the Australian Accounting Standards; • forward-looking assumptions applied by the Consolidated Entity in valuing long-term employee benefit plans, including: – forecast business growth assumptions, which are influenced by subjective drivers such as FUM flows, and are difficult to predict as they rely on the Consolidated Entity's expectation of future customer activity and market performance; – the Consolidated Entity operating across different geographies with varying pressures on market performance and FUM flows, which increases the risk of an inaccurate forecast or wider range of possible outcomes; and • largely manual calculation of equity remuneration expenses, which increases the risk of error.	Our procedures included: • Enquiring of the Consolidated Entity and inspecting a sample of share incentive programs and other employee benefit plans to understand the remuneration process, structure and various share incentive program offerings. • Assessing the Consolidated Entity's accounting policy for share incentive program arrangements and working with our technical accounting specialists to assess the accounting treatment of complex employee benefit plans, against the principles based criteria in the accounting standards. • Evaluating the Consolidated Entity's external valuation expert's scope of work, competence and objectivity with respect to their valuation of share incentive program rights granted during the year. • Assessing the external valuation expert's methodology against industry practice and the requirements of the accounting standards. • Checking the grant date share price and vesting period used in the external expert's valuation against the Consolidated Entity's share price and share incentive program agreements. • Testing a statistical sample of equity remuneration expenses. We checked the various inputs to the Consolidated Entity's manual calculation, such as grants, vests and forfeitures to underlying offer letters, share incentive program agreements and the grant date fair value calculated by the Consolidated Entity's external expert. We recalculated the equity remuneration expense and compared this to the expense recognised by the Consolidated Entity. • Challenging the Consolidated Entity's forecast business growth assumptions and judgement related to whether performance hurdles would be achieved in the measurement of complex employee benefit plans. We did this by comparing forecast growth rates to industry trends and expectations. • Assessing the Consolidated Entity's disclosures of the key terms and valuation assumptions, as required by the accounting standards.

Other Information

Other Information is financial and non-financial information in Perpetual Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's report was the Directors' Report, Corporate Governance Statement, Remuneration Report, Operating and Financial Review and Securities Exchange and Investor Information. The Chairman's report, 2022 Highlights, CEO's Report, 2022 Group Results and Business Unit Overview and 2022 Sustainability Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Consolidated Entity and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Perpetual Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 13 to 50 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Brendan Twining

Partner

Sydney

25 August 2022

Securities exchange and investor information

2022 Annual General Meeting

The 2022 Annual General Meeting of the Company will be held at Perpetual's offices, Level 18, 123 Pitt Street, Sydney on Thursday 20 October 2022 commencing at 10:00am. Shareholders can also participate online.

Securities exchange listing

The ordinary shares of Perpetual Limited are listed on the Australian Securities Exchange (ASX) under the ASX code PPT, with Sydney being the home exchange.

Substantial shareholders

Name	Number of shares	% of interest	Date of last substantial shareholder notification
State Street Corporation and its controlled entities	3,789,604	6.68	22 July 2022
Vanguard Group and its controlled entities	2,836,386	5.00	10 May 2022

Unmarketable parcels of shares

There are 574 shareholders holding less than a marketable parcel of ordinary shares, as at 3 August 2022.

Distribution schedule of holdings as at 3 August 2022	Number of holders	Number of shares
1 – 1,000 shares	16,857	6,657,236
1,001 – 5,000 shares	5,957	12,703,288
5,001 – 10,000 shares	576	4,055,390
10,001 – 50,000 shares	263	4,800,904
50,001 – 100,000 shares	12	896,168
100,001 and over shares	24	27,600,433
Total	23,689	56,713,419

Securities exchange and investor information (continued)

Twenty largest shareholders as at 3 August 2022

Name	Number of ordinary shares	Percentage of issued capital
HSBC Custody Nominees (Australia) Limited[1]	7,716,119	13.61%
JP Morgan Nominees Australia Pty Limited[1]	6,456,245	11.38%
Citicorp Nominees Pty Limited[1]	3,888,290	6.86%
National Nominees Limited[1]	2,375,739	4.19%
BNP Paribas Noms Pty Ltd (DRP)[1]	1,273,388	2.25%
Washington H Soul Pattinson and Company Limited	1,231,982	2.17%
Mutual Trust Pty Ltd	850,852	1.50%
Queensland Trustees Pty Ltd[2] (Long Term Incentive Plan)	638,714	1.13%
Carlton Hotel Ltd	424,964	0.75%
Enbeear Pty Ltd	369,832	0.65%
Pacific Custodians Pty Limited (PPT Plans Ctrl)[1]	292,802	0.52%
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)[1]	276,106	0.49%
First Samuel Ltd ACN 086243567 (ANF ITS MDA Clients A/C)[1]	252,222	0.44%
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd (DRP A.C)[1]	215,352	0.38%
Netwealth Investments Limited (Wrap Services A/C)	175,615	0.31%
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)[1]	168,200	0.30%
J S Millner Holdings Pty Limited	166,300	0.29%
David Davidson Financial Services Pty Ltd (David Davidson Financial Services Unit)	144,108	0.25%
HSBC Custody Nominees (Australia) Limited (NT-COMNWLTH Super Corp A/C)[1]	143,196	0.25%
Dixson Trust Pty Limited	117,391	0.21%
Total	27,177,417	47.93%

[1] Held in capacity as executor, trustee or agent.

[2] The total number of shares held by Queensland Trustees Pty Ltd as trustee of the various Employee Share Plans is 649,425 shares.

Restricted securities

There are no securities subject to voluntary escrow.

Unquoted securities

The Company has the following unquoted rights on issue under its Employee Share Plans:

- 930,145 performance rights

For further information, please refer to Section 5-6 in the Financial Report.

Securities exchange and investor information (continued)

Other information

Perpetual Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Voting rights

Under the Company's Constitution, each member present at a general meeting (whether in person, by proxy, attorney or corporate representative) is entitled:

1. on a show of hands to one vote, and
2. on a poll to one vote for each share held.

If a member is present in person, any proxy of that member is not entitled to vote.

Voting by proxy

Voting by proxy allows shareholders to express their views on the direction and management of the economic entity without attending a meeting in person.

Shareholders who are unable to attend the 2022 Annual General Meeting are encouraged to complete and return the proxy form that accompanies the notice of meeting enclosed with this report.

On-market buyback

There is no current on-market buyback.

Final dividend

The final dividend of 97 cents per share will be paid on 30 September 2022 to shareholders entitled to receive dividends and registered on 9 September 2022, being the record date.

Enquiries

If you have any questions about your shareholding or matters such as dividend payments, tax file numbers or change of address, you are invited to contact the Company's share registry office below, or visit its website at www.linkmarketservices.com.au or email PPT@linkmarketservices.com.au.

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Perpetual Shareholder Information Line:
1300 732 806
Fax: (02) 9287 0303

Locked Bag A14
Sydney South NSW 1235

Any other enquiries which you may have about the Company can be directed to the Company's registered office, or visit the Company's website at www.perpetual.com.au

Principal registered office
Level 18
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Sydney NSW 2000

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Company Secretary
Sylvie Dimarco

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