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20 February 2020

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

Perpetual Half Year Financial Results

The following announcements to the market are provided:

Appendix 4D

1H20 ASX Announcement

1H20 Results Briefing

Half Yearly Report and Accounts

✓ **Operating and Financial Review – 31 December 2019**

Yours faithfully,

Chris Green
Company Secretary
(Authorising Officer)

Perpetual Limited
ABN 86 000 431 827

OPERATING AND FINANCIAL REVIEW

For the 6 months
ended 31 December 2019

Notes

Note that in this review:

- 1H20 refers to the financial reporting period for the 6 months ended 31 December 2019
- 2H19 refers to the financial reporting period for the 6 months ended 30 June 2019
- 1H19 refers to the financial reporting period for the 6 months ended 31 December 2018
- with similar abbreviations for previous and subsequent periods.

This is a review of Perpetual's operations for the 6 months ended 31 December 2019 (1H20). It also includes a review of its financial position as at 31 December 2019.

The following information should be read in conjunction with the Group's unaudited consolidated financial statements and associated notes for 1H20.

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

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

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

Disclaimer

The following information should be read in conjunction with the Group's unaudited consolidated financial statements and associated notes for the 6 months ended 31 December 2019 and should also be read in conjunction with the audited financial statements and notes thereto contained in the Annual Report for the financial year ended 30 June 2019 (FY19). The Group's unaudited consolidated financial statements for the 6 months ended 31 December 2019 were subject to independent review by KPMG.

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

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

OPERATING AND FINANCIAL REVIEW

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

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REVIEW OF GROUP

1. ABOUT PERPETUAL

1.1 OVERVIEW

Perpetual Limited (Perpetual or the Group) is an Australian independent wealth manager operating in Australia and Singapore and provides asset management, financial advice and trustee services. In each of these businesses, Perpetual earns the majority of its revenue from fees charged on assets under either management, advice or administration. Revenue is influenced by movement in the underlying asset values, margin on assets and net client flows. The business model provides Perpetual with recurring revenue streams and leverage to movement in asset values. As a provider of high-quality financial services, employment costs comprise the largest component of the Group's expenses.

1.1.1 STRATEGY

Perpetual's vision is to be the 'most trusted in financial services'[1].

Perpetual's strategy seeks to build on the foundation of three core businesses, forming a scalable business model supported by shared central services and a strong brand.

In pursuing its growth strategy, the Group has determined the following strategic priorities:

- deepen our client relationships and improve our clients' experience
- promote a culture of innovation and empowerment to be nimble and increase productivity
- embed digital solutions in how we work together and interact with our clients and
- identify and execute the right inorganic opportunities to deliver quality growth.

Perpetual Investments aims to build on its strength in active funds management and leverage its capabilities to move into logical, adjacent products and strategies. Building on our strong commitment to value investing, we are open to investing in additional asset management capabilities in other asset classes and/or investment styles, both in Australia and globally.

Perpetual Private's strategic intent is to lead in high net worth (HNW) advice and wealth management to its target client segments of 'business owners', 'established wealthy' and 'professionals'. These segments play to our existing strengths across holistic advice, research, investments, fiduciary and philanthropy. Perpetual Private's philosophy aims to protect and grow client's wealth over the long term, whilst improving the client experience.

Perpetual Corporate Trust will leverage its market-leading businesses in Debt Markets Services and Managed Funds Services. Debt Markets Services seeks to maintain its strong position in the provision of trustee, custody and standby services to debt capital and securitisation markets and enhance its service offering through the provision of value-added services via its data management and analytics solutions capability. Managed Funds Services continues to leverage its scale in the market and further extend into adjacencies such as responsible entity and investment management services to managed investment schemes.

1.1.2 OPERATING SEGMENTS & PRINCIPAL ACTIVITIES

Perpetual Investments - supplies investment products and services to retail, corporate, superannuation and institutional clients.

Perpetual Private - delivers a range of tailored wealth advice services to high net worth individuals, charities, not-for-profit and other philanthropic organisations. The comprehensive suite of financial advisory services includes financial advice, portfolio management, estate planning and administration, trustee services, as well as tax advice and accounting services provided by Fordham.

Perpetual Corporate Trust - provides a broad range of products, including trustee, agency, custody and data analytics solutions to domestic and global banking and financial services clients in the debt capital markets and managed funds industry.

The business units are supported by **Group Support Services** comprising Group Investments, Finance, Corporate Affairs, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Operations, Product and People functions.

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1. Measured as part of an annual brand strengths survey with the Perpetual Private target market and the Perpetual Investments retail target market.

1.2 GROUP FINANCIAL PERFORMANCE

PROFITABILITY AND KEY PERFORMANCE INDICATORS

FOR THE PERIOD	1H20 $M	2H19 $M	1H19 $M	1H20 v 2H19	1H20 v 1H19
Operating revenue	253.5	261.8	252.3	(3%)	0%
Total expenses	(173.8)	(184.9)	(167.0)	6%	(4%)
Underlying profit before tax (UPBT)	79.7	76.9	85.3	4%	(7%)
Tax expense	(23.5)	(21.1)	(25.1)	(11%)	6%
Underlying profit after tax (UPAT)[1]	56.2	55.7	60.2	1%	(7%)
Significant items (Operating Model Review costs)	(4.6)	0.0	0.0	NM	NM
Net profit after tax (NPAT)	51.6	55.7	60.2	(7%)	(14%)

Key Performance Indicators (KPI)	1H20	2H19	1H19	1H20 v 2H19	1H20 v 1H19
Profitability					
UPBT margin on revenue (%)	31	29	34	2	(2)
Shareholder returns					
Diluted earnings per share (EPS)[2] on NPAT (cps)	109.2	118.1	128.2	(8%)	(15%)
Diluted earnings per share (EPS)[2] on UPAT (cps)	119.0	118.1	128.2	1%	(7%)
Fully franked dividends (cps)	105.0	125.0	125.0	(16%)	(16%)
Dividend payout ratio[3] (%)	95	100	97	(5)	(2)
Return on Equity (ROE)[4] on NPAT (%)	15.6	16.8	18.2	(1.2)	(2.6)
Return on Equity (ROE)[4] on UPAT (%)	16.9	16.8	18.2	0.1	(1.3)
Growth ($B)					
Average funds under management (FUM) $B	26.3	27.8	29.7	(5%)	(11%)
Average funds under advice (FUA) $B	14.9	14.2	14.1	5%	6%
Closing Debt Markets Services FUA $B	498	495	461	1%	8%
Closing Managed Funds Services FUA $B	274	270	256	2%	7%

1. Underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. Refer to Appendix B for a reconciliation of the adjustments between Statutory Accounts and the OFR. UPAT attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.
2. Diluted EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue of 47,236,124 for 1H20 (2H19: 47,072,370 and 1H19: 46,955,752 shares).
3. Dividends paid / payable as a proportion of NPAT on ordinary fully paid shares at the end of each reporting period.
4. The return on equity (ROE) quoted in the above table is an annualised rate of return based on actual results for each period. ROE is calculated using the UPAT or NPAT attributable to equity holders of Perpetual Limited for the period, divided by average equity attributable to equity holders of Perpetual Limited, multiplied by the number of such periods in a calendar year in order to arrive at an annualised ROE.

1.2.1 FINANCIAL PERFORMANCE

For the 6 months to 31 December 2019, Perpetual's UPAT was $56.2 million and NPAT was $51.6 million.

1H20 UPAT was 7% lower than 1H19 principally due to:

- decline in average funds under management within Perpetual Investments driven by net outflows, the impact of prior period distributions and lower performance fees earned
- increased investment in inorganic and organic strategic initiatives
- partially offset by higher equity markets
- growth in average funds under advice within Perpetual Private, and
- new business growth within Perpetual Corporate Trust.

1H20 UPAT was 1% higher than 2H19 driven by lower variable remuneration, lower issuance costs connected with the listed investments strategy and lower costs incurred in pursuing the Group's inorganic strategy, partially offset by lower revenue.

1H20 NPAT was 14% lower than 1H19 and 7% lower than 2H19, due to the UPAT result as discussed above and the previously disclosed Operating Model Review costs during 1H20.

The key drivers of revenue and expenses at Group level are summarised below. Analysis of performance for each of Perpetual's business units is provided in Section 2.

1.2.2 REVENUE

The main drivers of total revenue are the value of funds under management (FUM) in Perpetual Investments and funds under advice (FUA) in Perpetual Private, which are primarily influenced by the level of the Australian equity market. At the end of 1H20, Perpetual Investments' FUM and Perpetual Private's FUA were 66% and 58% exposed to equity markets respectively.

The average S&P/ASX All Ordinaries Price Index (All Ords) in 1H20 was 6,780, up 8% on the average All Ords in 2H19 of 6,286, and 11% higher than 1H19 when the average All Ords was 6,103[1].

In 1H20, Perpetual generated $253.5 million of total operating revenue, which was $1.2 million higher than 1H19, and $8.3M or 3% lower than 2H19. Revenue was negatively impacted by lower levels of FUM which was driven by net outflows and prior period distributions within Perpetual Investments, partially offset by higher equity markets, higher FUA due to continued positive net flows within Perpetual Private and new business growth in Perpetual Corporate Trust.

Performance fees earned in 1H20 were $0.5 million which was $0.9 million or 62% lower than 1H19, and $1.5 million or 74% lower than 2H19.

Management has calculated the expected impact on revenue, across the business, for a 1% movement in the All Ords. Based on the level of the All Ords as at 31 December 2019, a 1% movement impacts annualised revenue by approximately $2 million to $2.5 million.

Note that the above revenue sensitivity is a guide only and may vary due to a number of factors, including but not limited to: the performance of funds under the Group's management and advice; the impact and timing of flows on FUM and FUA – inflows, outflows and distributions; and changes in pricing policy, channel and product mix.

1.2.3 EXPENSES

Total expenses in 1H20 were $173.8 million, $6.8 million or 4% higher than 1H19, comprising:

- costs incurred in pursuing the Group's inorganic strategy and organic strategic initiatives
- further remediation costs related to legacy matters
- partially offset by impact of operating model benefits.

Total expenses in 1H20 were $11.1 million or 6% lower than 2H19, comprising:

- lower issuance costs connected with the listed investments strategy
- lower variable remuneration and
- impact of operating model benefits.

1.2.4 SHAREHOLDER RETURNS AND DIVIDENDS

The Board announced a fully franked interim dividend for 1H20 of 105 cents per share to be paid on 27 March 2020.

This represents a payout ratio of 95% and is in line with Perpetual's dividend policy to pay dividends within a range of 80% to 100% of NPAT on an annualised basis and maximising fully franked dividends to shareholders.

The Dividend Reinvestment Plan (DRP) will be operational for the interim dividend. No discount will apply and the DRP will be met by acquiring existing shares on-market. A broker will be appointed to acquire existing shares to satisfy the DRP.

Perpetual's return on equity (ROE) on NPAT was 15.6% for the period compared with 18.2% in 1H19.

1. The All Ords closed at 6,802 on 31 December 2019, up 2% on the closing level on 30 June 2019 of 6,699 and up 19% on the closing level on 31 December 2018 of 5,709.

1.3 GROUP FINANCIAL POSITION

AS AT	1H20[1] $M	2H19[1] $M	1H19[1] $M
Assets			
Cash and cash equivalents	261.7	299.6	279.8
Liquid investments	79.1	69.7	63.4
Goodwill and other intangibles	373.4	345.8	346.9
Other assets	251.4	185.1	237.7
Total assets	**965.6**	**900.1**	**927.8**
Liabilities			
Corporate loan facility	87.0	87.0	87.0
Other liabilities	214.7	150.9	180.1
Total liabilities	**301.7**	**237.9**	**267.1**
Net assets	**663.9**	**662.2**	**660.7**
Shareholder funds			
Contributed equity	536.8	519.2	521.1
Reserves	14.0	20.0	14.4
Retained earnings	113.1	123.0	125.1
Total equity	**663.9**	**662.2**	**660.7**

DEBT METRICS	1H20	2H19	1H19
Corporate debt $M	87.0	87.0	87.0
Corporate debt to capital ratio[2] %	11.6	11.6	11.6
Interest coverage calculation for continuing operations (times)[3]	42x	57x	61x
NTA per share ($)[4]	**5.97**	**6.47**	**6.43**

CASHFLOW FOR THE PERIOD	1H20 $M	2H19 $M	1H19 $M
Net cash from operating activities	64.2	87.5	45.2
Net cash used in investing activities	(29.0)	(7.4)	(20.4)
Net cash used in financing activities	(73.1)	(60.3)	(65.2)
Net (decrease)/increase in cash and cash equivalents	**(37.9)**	**19.9**	**(40.5)**

1. Excludes the assets and liabilities for the Perpetual Exact Market Cash Fund (EMCF) structured product.
2. Corporate debt / (corporate debt + equity).
3. EBIT / gross interest expense in accordance with banking covenants.
4. Calculation includes lease assets and liabilities.

1.3.1 BALANCE SHEET ANALYSIS

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

Cash and cash equivalents decreased from $299.6 million at the end of FY19 to $261.7 million at the end of 1H20, a decrease of $37.9 million or 13%.

Liquid investments increased to $79.1 million at the end of 1H20 from $69.7 million at the end of FY19 predominantly due to an increase in the market value of unlisted unit trust investments.

Goodwill and other intangibles increased by $27.6 million predominantly due to the acquisition of Priority Life.

Other assets increased by $66.3 million to $251.4 million primarily due to the addition of lease assets as required by AASB16 and partially offset by a decrease in sundry debtors.

Other liabilities increased by $63.8 million to $214.7 million due to the addition of the lease liabilities as required under AASB16, partially offset by decreases in current and non-current provisions.

Contributed equity has increased by $17.6 million, due primarily to the vesting of shares under employee share plans and the issue of shares as part of acquisition consideration.

Total reserves have decreased by $6.0 million to $14.0 million in 1H20 predominantly due to a decrease in the reserve for treasury shares.

1.3.2 CAPITAL MANAGEMENT

Perpetual's principles for its capital management are as follows:

i) maximising returns to shareholders

ii) enabling the Group's strategy

iii) ensuring compliance with the Group's risk appetite statement and regulatory requirements and

iv) withstanding shocks to the market.

Perpetual maintains a conservative balance sheet with low gearing levels. As part of its capital management strategy, the Group continually reviews options to ensure that it is optimising its use of capital and maximising returns to shareholders.

The Group uses a risk-based capital model to assess its capital requirements. The model requires capital to be set aside for operational, credit and market risk and any known capital commitments.

At the end of 1H20, total base capital requirements were $173 million compared to $316 million of available liquid funds.

During 1H20, the Group has maintained its balance sheet strength through:

- continuing to maintain the overall credit quality of the Group's risk assets
- maintaining committed debt facilities of $130 million, drawn to $87 million as at 31 December 2019 and
- continued discretionary expense management within each business unit and support group.

1.3.3 LIQUIDITY

The Group actively manages liquidity risk by preparing cash flow forecasts for future periods, reviewing them regularly with senior management, maintaining a committed credit facility, and engaging regularly with its debt providers.

In 1H20, cash and cash equivalents decreased by $37.9 million compared to a decrease of $40.5 million in 1H19. The reduction in the net cash outflow of $2.6 million is principally due to:

- net cash from operating activities increased by $19.0 million on 1H19
- net cash used in investing activities increased by $8.6 million on 1H19 primarily due to a decrease in net proceeds from the sale of investments of $13.0 million and an increase in payments for the acquisition of a business of $5.2 million, partially offset by a decrease in payments for property plant and equipment of $9.6 million
- net cash used in financing activities increased by $7.9 million on 1H19 due to the reclassification of lease payments to financing activities upon adoption of AASB16 which was partially offset by lower dividend payment.

1.3.4 DEBT

Perpetual's gross corporate debt remains unchanged at $87 million with a further $43 million undrawn facility available to the Group. Repayment of the $87 million is not due before October 2021.

The facility is subject to annual review and the Group meeting certain debt covenants including shareholder funds as a percentage of total assets, and maximum ratio of gross debt to EBITDA. The Group complied with all the relevant covenants throughout the period.

The Group's gearing ratio remained stable at 11.6% (1H19: 11.6%) at the end of 1H20 and remains well within Perpetual's stated risk appetite limit of 30%.

1.4 REGULATORY DEVELOPMENTS AND BUSINESS RISKS

1.4.1 REGULATORY DEVELOPMENTS

The following summarises key regulatory change projects that commenced in the last reporting period or are set to commence this period.

Modern Slavery Statement

The Group has commenced a project to implement a modern slavery risk assessment framework. It will cover the modern slavery risks in the structure, operations and supply chains of any of its entities and trusts with at least $100 million in consolidated revenue. Perpetual Limited will issue a Modern Slavery Statement by 31 December 2020 for its controlled entities.

Ending Grandfathered Conflicted Remuneration

The Group has commenced a project to phase out grandfathered conflicted remuneration arrangements across Perpetual's products lines and distribution channels. Grandfathered conflicted remuneration will end on 31 December 2020.

Design and Distribution Obligations

The Group has commenced work to understand the requirements and assess potential impacts of the Design and Distribution Obligations to Perpetual's products and distribution arrangements. Given the breadth and scope of the change, which comes into effect on 5 April 2021, and the strategic alignment with Perpetual's digital and analytical capabilities, it is expected that the Group will resource this as a project.

Financial Adviser Standards and Ethics Authority (FASEA)

The Group has completed a gap analysis to assess compliance with educational standards and plans are in place to address any gaps prior to 1 January 2023. The Code of Ethics commenced on 1 January 2020, and all Financial Advisers will comply with the Code.

Exposure Draft Legislation – Protecting Consumers (2020 Measures) Bill

On 31 January 2020 the Government released draft legislation for consultation in relation to 22 recommendations and two additional commitments arising from the Financial Services Royal Commission (FSRC). The Government has requested that responses to the consultation be submitted by 28 February 2020. The Group is considering the impact of this legislation on the business and will make submissions if appropriate.

1.4.2 BUSINESS RISKS

Risk management framework

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

The risk management framework is underpinned by the 'Three Lines of Defence model'. This model sees the first line, being business unit management, accountable for the day-to-day identification and management of risks. Perpetual's Risk and Compliance functions represent the second line and are responsible for overseeing first line activities. Internal Audit provides independent assurance, representing the third line, and has an independent reporting line to the Chair of the ARCC.

The Group's risk management framework and the Three Lines of Defence model are designed to manage and formulate responses to the key business risks faced by the Group which are set out on the following page.

The primary mitigants in place to manage these risks include Perpetual's policy, risk and compliance frameworks, clearly defined behaviours and performance assessment process, education and compliance training, defined governance processes and delegation of authorities.

1.4.3 KEY BUSINESS RISKS

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

Risk Category	Risk Description/Impact	Risk Mitigants
Compliance, Legal & Conduct	The risk that Perpetual breaches its compliance and legal obligations, leading to reputation damage, litigation, fines, breach of contract or adverse regulatory outcomes.	• Independent legal and compliance team, and training across teams • Compliance obligations are documented and monitored • Independent issues assessment
	Manifestation of behaviours and practices (conduct) that are considered unethical or unacceptable, including actions that compromise the best interests of Perpetual's clients and the integrity of the market place.	• Clearly defined expected behaviours of all individuals that form part of the performance assessment process • Implementation of the Three Lines of Defence risk practices • Whistleblowing arrangements managed by an independent vendor • Enterprise people, risk and compliance training arrangements
Financial	Risk of inappropriate use of Perpetual financial resources, drivers of financial performance are not well understood or managed to expectations, or financial results inappropriately accounted for or disclosed.	• Budget planning process • Reconciliation and review processes • Regular income and expense reviews • Internal and external auditors
	Exposure to, or reliance on, revenue streams linked to equity markets resulting in potentially volatile earnings (revenue diversity and asset pricing market risk).	• Diversification of revenue sources • Active management of the cost base
	Impact upon profitability due to the loss of key clients.	• Constant focus on servicing clients to the highest standards and acting in clients' best interests • Strong investment governance processes which support transparent and timely reporting to clients
Investment	The risk of loss resulting from ineffective investment strategies, management or structures resulting in sustained underperformance relative to peers and benchmarks.	• Well defined and disciplined investment processes and philosophy for selection • Established investment governance structure in place • Independent mandate monitoring and reporting
Operational	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes (but is not limited to) process, fraud and business continuity risks.	• Clearly defined policies, procedures, roles and responsibilities • Controls testing in the form of control self-assessment • Business continuity planning and disaster recovery programs • Independent assurance
	Cyber risk, including the risk of loss (both data and financial) resulting from unauthorised access to and/or tampering with Perpetual's IT systems or data.	• Defined information security program and IT security policies • Implementation of operational security technology (including firewalls and antivirus) • Security (penetration) testing of key systems
Outsourcing	The risk that services performed by external service providers are not managed in line with the servicing contract or the operational standards required, resulting in potential negative impacts to shareholders and/or customers.	• Partnered with well-regarded and proven strategic partners • Outsourced relationships are managed at a senior level • Outsourcing and vendor management framework, with legal contracts • Service level standards monitored
People	Exposure to changes in personnel, particularly in key investment management roles.	• Succession planning, talent identification programs, remuneration benchmarking, reporting to the People and Remuneration Committee • Alignment of remuneration outcomes, including asset manager (portfolio manager and investment analyst) remuneration, to longer term value creation for shareholders and clients • Employee engagement monitoring

Risk Category	Risk Description/Impact	Risk Mitigants
	Exposure of staff, customers and suppliers to work health and safety (WH&S) issues with potential detrimental impact.	• Well defined WH&S policies, procedures and training • WH&S Committee • Incident and injury management processes
Reputation	The risk arising from negative perception on the part of both existing and prospective clients, employees, counterparties, shareholders, investors, regulators or other stakeholders that can adversely affect Perpetual's ability to maintain existing or establish new client relationships and business operations.	• Application of risk appetite statement • Effective risk management framework that sets out how risk is managed • Effective issues management processes to respond to events that may arise • Media monitoring • Net Promoter Score measurement and reporting
Strategic	Adverse strategic decisions, ineffective implementation of strategic decisions, a lack of responsiveness to industry changes or exposure to economic, market or demographic considerations that affect Perpetual's market position and client value proposition.	• Considered strategic and business planning processes • Strategic measures cascaded through performance management • Application of Risk Appetite Statement in strategic decision-making

1.5 OUTLOOK

Whilst there are several external environmental factors that present challenges to all participants in the Australian financial services industry, the medium to long term outlook for Perpetual is positive. The strength of the Perpetual brand, built over generations as a leading provider of fiduciary services, has created a confidence and trust that gives the Group a solid foundation for future growth.

Perpetual's diversified business model provides the Group with a variety of sources of revenue, by capability type and client type, which assists in managing the potential volatility that can result from movements in financial markets, net flows and relative investment performance. Given the potential for significant variability of near-term results that may occur as a result of the markets which the Group operates in and the nature of the services we provide, we are deeply cognisant of the variety of risks that may impact our business and we incorporate an active approach to risk management in everything that we do.

Perpetual's strategy aims to further diversify the business by adding new investment capabilities, being open to investment styles other than a value-driven approach and expanding our geographic reach. Our proven advice model provides us with unique competitive advantages at a time when the advice industry in Australia is undergoing significant change. Our relationships across our corporate trust offerings are long term and high quality, as we provide further product and service innovation to further deepen those relationships.

SECTION 2
REVIEW OF BUSINESSES

2 REVIEW OF BUSINESSES

The results and drivers of financial performance in 1H20 for the three Perpetual business units are described in the following sections. A description of revenues and expenses at the Group Support Services level is also provided.

2.1 PERPETUAL INVESTMENTS

2.1.1 BUSINESS OVERVIEW

Perpetual Investments is a highly regarded investment manager, with a strong heritage of managing retail and institutional client assets, offering a broad range of investment, superannuation and retirement savings products. The business manages investments across a range of asset classes, including Australian and global equities, fixed income and multi asset strategies. It services a diverse range of client types, from large institutional investors through to smaller retail investors.

2.1.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H20 $M	2H19 $M	1H19 $M	1H20 v 2H19	1H20 v 1H19
Revenue by asset class					
- Equities[1]	75.3	81.5	88.4	(8%)	(15%)
- Cash and fixed income	16.4	15.1	13.9	9%	18%
- Other FUM related	2.7	2.5	3.3	8%	(18%)
- Other non-FUM related	-	0.1	0.2	(100%)	(100%)
Total Revenue	**94.5**	**99.2**	**105.8**	**(5%)**	**(11%)**
Operating expenses[2]	(52.2)	(60.8)	(54.3)	14%	4%
EBITDA	**42.3**	**38.4**	**51.5**	**10%**	**(18%)**
Depreciation and amortisation[2]	(1.4)	(1.2)	(1.4)	(12%)	(1%)
Equity remuneration expense	(3.6)	(3.7)	(3.6)	3%	(0%)
Interest expense[2]	(0.1)	-	-	NM	NM
Profit before tax	**37.2**	**33.5**	**46.5**	**11%**	**(20%)**

1. Equities revenue includes sub-advisory mandates previously included under Other FUM related. Prior periods have been restated.
2. Effective 1 July 2019, the Group adopted AASB 16, *Leases.* On adoption, the Group elected the modified retrospective approach, with the effect of the initial application recognised in retained earnings at 1 July 2019. Comparatives have not been restated.

In 1H20, Perpetual Investments reported profit before tax of $37.2 million, $9.3 million or 20% lower than 1H19, and $3.7 million or 11% higher than 2H19.

Average FUM decreased from prior year to $26.3 billion due to net outflows and prior period distributions, partially offset by higher equity markets. The cost to income ratio in 1H20 was 61% compared to 56% in 1H19 and 66% in 2H19.

2.1.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Investments generated revenue of $94.5 million in 1H20, $11.3 million or 11% lower than in 1H19 and $4.8 million or 5% lower than in 2H19. The key factors that impacted revenue in 1H20 included:

- lower average FUM due to the impact of net outflows and prior period distributions
- lower equities performance fees earned in 1H20 compared to both 1H19 and 2H19
- partially offset by higher equity markets and growth associated with the listed investments strategy.

Average FUM revenue margins in 1H20 were 72 basis points (bps), 1 bp higher than in 1H19 and in 2H19. Excluding performance fees earned, underlying average margins of 72 bps increased by 2 bps compared to 1H19 and 2H19.

Movements in average margins usually result from changes in the mix of FUM between lower-margin institutional and higher-margin retail investors, as well as changes in the mix of asset classes such as cash (generally lower margin) and equities (generally higher margin) and the contribution of performance fees earned.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense, for Perpetual Investments in 1H20 were $57.3 million, $2.1 million or 3% lower than in 1H19, and $8.5 million or 13% lower than in 2H19.

The decrease in expenses on 1H19 was mainly due to lower variable remuneration expenses and operating model benefits. Compared to 2H19, costs incurred in pursuing the Group's inorganic strategy and issuance costs connected with the listed investment strategies were lower in 1H20.

2.1.4 FUNDS UNDER MANAGEMENT

Revenue margin

FOR THE PERIOD	1H20 bps	2H19 bps	1H19 bps	1H20 v 2H19	1H20 v 1H19
By asset class:					
- Equities[1]	85	83	82	2	3
- Cash and fixed income	43	41	39	2	4
- Other FUM related	62	66	70	(4)	(8)
Average revenue margin	**72**	**71**	**71**	**1**	**1**

Performance fees ($M)

FOR THE PERIOD	1H20 $M	2H19 $M	1H19 $M	1H20 v 2H19	1H20 v 1H19
By asset class:					
- Equities	(0.3)	1.2	0.3	(1.5)	(0.6)
- Cash and fixed income	0.8	0.8	1.1	(0.0)	(0.3)
Total performance fees	**0.5**	**2.1**	**1.4**	**(1.5)**	**(0.9)**

Closing FUM summary ($B)

	FUM MOVEMENTS				NET FLOWS		
	1H20	Net flows	Other[2]	2H19	1H20 $B	2H19 $B	1H19 $B
Institutional	7.0	(0.2)	0.2	7.0	(0.2)	(2.2)	(0.8)
Intermediary (master trust and wrap)	13.8	(1.0)	0.3	14.5	(1.0)	(0.9)	(0.4)
Retail	4.7	(0.3)	0.1	4.9	(0.3)	(0.3)	(0.2)
Listed investment vehicles	0.8	-	-	0.8	-	0.4	0.1
All distribution channels	**26.3**	**(1.5)**	**0.6**	**27.2**	**(1.5)**	**(3.0)**	**(1.3)**
Australian equities	15.4	(2.5)	0.4	17.5	(2.5)	(3.0)	(1.2)
Global equities	1.3	-	-	1.3	-	(0.2)	-
Equities	16.7	(2.5)	0.4	18.8	(2.5)	(3.2)	(1.2)
Cash and fixed income	8.7	1.1	0.1	7.5	1.1	0.2	-
Other	0.9	(0.1)	0.1	0.9	(0.1)	-	(0.1)
All asset classes[1]	**26.3**	**(1.5)**	**0.6**	**27.2**	**(1.5)**	**(3.0)**	**(1.3)**

1. From 1 July 2019 Equities closing FUM includes sub-advisory mandates. Both closing FUM and average revenue margin prior period comparatives have been restated.
2. Includes changes in asset values, income, reinvestments, distributions, and asset class rebalancing within the Group's diversified funds

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

Equities: Revenues represent fees earned on Australian and global equities products. Revenue in 1H20 was $75.3 million, a decrease of 15% on 1H19, and a decrease of 8% on 2H19. Revenue was negatively impacted by lower average FUM as a result of net outflows and prior period distributions and lower performance fees earned, partially offset by higher equity markets. The average margin in 1H20 was 85 bps, 3 bps higher than 1H19 and 2 bps higher than 2H19, mainly due changes in channel mix, partially offset by lower performance fees.

Cash and fixed income: Revenues are derived from the management of cash and fixed income products. Revenue in 1H20 was $16.4 million, an increase of 18% on 1H19, and 9% on 2H19, primarily due to higher average FUM. The revenue margin in 1H20 of 43 bps increased by 4 bps when compared to 1H19 and by 2 bps compared to 2H19 mainly driven by the Credit Income Trust.

Other FUM related: Revenue mainly includes management fees for external funds on the WealthFocus platform. Revenue in 1H20 was $2.7 million, a decrease of 18% on 1H19 and an increase of 8% on 2H19.

Other non-FUM related: Revenue includes the interest earned on operational bank accounts across the business.

FUM

Perpetual Investments FUM as at 31 December 2019 was $26.3 billion, with net outflows of $1.5 billion during 1H20. Points of note in relation to the FUM and flows data for 1H20:

- outflows in the institutional and intermediary channels were primarily in Australian Equities
- inflows within cash and fixed income driven by the lower margin enhanced cash mandates (mainly in late 1H20).

2.2 PERPETUAL PRIVATE

2.2.1 BUSINESS OVERVIEW

Perpetual Private provides a range of advice and trustee services for high net worth individuals in the target segments of 'business owners', 'established wealthy' and 'professionals'.

Perpetual Private aims to be the leading provider of advice and wealth management for high net worth individuals, families, businesses and not-for-profit organisations. A key part of Perpetual Private is its philanthropic business and Perpetual is one of Australia's largest managers of philanthropic funds, with $3.0 billion in FUA for charitable trusts and endowment funds as at the end of 1H20.

2.2.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H20 $M	2H19 $M	1H19 $M	1H20 v 2H19	1H20 v 1H19
Market related revenue	62.8	59.9	60.5	5%	4%
Non-market related revenue	30.7	33.5	32.1	(8%)	(4%)
Total revenues	93.5	93.4	92.6	0%	1%
Operating expenses[1]	(67.1)	(68.3)	(63.6)	2%	(5%)
EBITDA	**26.4**	**25.1**	**29.0**	**5%**	**(9%)**
Depreciation and amortisation[1]	(7.1)	(4.9)	(4.8)	(45%)	(48%)
Equity remuneration expense	(1.4)	(1.7)	(1.5)	15%	7%
Interest expense[1]	(0.5)	-	-	NM	NM
Profit before tax	**17.4**	**18.5**	**22.6**	**(6%)**	**(23%)**
Funds under advice ($B)					
Closing FUA	$15.2B	$14.8B	$13.7B	3%	11%
Average FUA	$14.9B	$14.4B	$14.1B	4%	6%
Market related revenue margin	84bps	83bps	86bps	1bps	(2bps)

1. Effective 1 July 2019, the Group adopted AASB 16, *Leases*. On adoption, the Group elected the modified retrospective approach, with the effect of the initial application recognised in retained earnings at 1 July 2019. Comparatives have not been restated.

In 1H20, Perpetual Private reported profit before tax of $17.4 million, $5.3 million or 23% lower than in 1H19, and $1.2 million or 6% lower than in 2H19.

This was mainly due to increased investment in strategic initiatives, including acquisition expenses related to Priority Life and additional staff costs to support future business growth. One-off remediation costs also contributed to the expense growth.

Perpetual Private experienced continued new client growth within the high net worth segment in 1H20. The cost to income ratio in 1H20 was 81% compared to 76% in 1H19 and 80% in 2H20.

2.2.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Private generated revenue of $93.5 million in 1H20, $0.9 million or 1% higher than in 1H19 and $0.1 million higher than in 2H19.

Market related revenue was $62.8 million, $2.3 million higher than in 1H19, and $2.9 million higher than in 2H19. Growth in average FUA due to stronger equity markets and continued positive net flows were partially offset by the impact of legacy book repricing.

Non-market related revenue was $30.7 million, $1.3 million lower than 1H19, and $2.8 million lower than 2H19, driven by the impact of lower interest rates and estate administration revenue, partially offset by Priority Life.

Perpetual Private's market related revenue margin was 84 bps in 1H20 compared to 86 bps in 1H19, and 83 bps in 2H19. The reduction compared to 1H19 was primarily driven by legacy book repricing.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense, for Perpetual Private in 1H20 were $76.1 million, $6.2 million or 9% higher than in 1H19, and $1.2 million or 2% higher than in 2H19.

The increase was primarily due to Priority Life acquisition expenses, additional staff costs to support future business growth (Advisor Growth Strategy) and remediation costs related to legacy matters, partially offset by operating model benefits.

2.2.4 FUNDS UNDER ADVICE

AT END OF	1H20	Net Flows	Other[1]	2H19	1H19
	$B	$B	$B	$B	$B
Total FUA	**15.2**	0.1	0.3	**14.8**	**13.7**

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

Perpetual Private's FUA at the end of 1H20 was $15.2 billion, $1.5 billion or 11% higher than 1H19, and $0.4 billion or 3% higher than 2H19, primarily due to higher equity markets and positive net flows, partially offset by distributions.

2.3 PERPETUAL CORPORATE TRUST

2.3.1 BUSINESS OVERVIEW

Perpetual Corporate Trust is a leading provider of corporate trustee services, comprising the following:

- **Debt Markets Services** – provides trustee, agency, trust management, accounting, document custody and standby servicing to the Australian debt capital and securitisation markets. In addition, our data and analytics solutions business acts as the Australian data warehouse and delivers business intelligence solutions for investor and regulatory reporting, as well as digital benchmarking and insights.
- **Managed Funds Services** – provides outsourced responsible entity, custody, trustee and investment management services, to domestic and global clients, from both our Singapore and Australia office across a variety of asset classes including fixed income, equity, property, infrastructure, private equity, emerging markets and hedge funds.

2.3.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H20 $M	2H19 $M	1H19 $M	1H20 v 2H19	1H20 v 1H19
Debt Markets Services	33.2	32.7	28.9	2%	15%
Managed Funds Services	27.6	26.6	24.7	4%	12%
Total revenues	60.8	59.3	53.6	3%	13%
Operating expenses[1]	(27.1)	(29.6)	(27.0)	8%	(0%)
EBITDA	**33.7**	**29.7**	**26.6**	**14%**	**27%**
Depreciation and amortisation[1]	(5.5)	(3.9)	(3.6)	(42%)	(55%)
Equity remuneration expense	(0.4)	(0.5)	(0.6)	8%	23%
Interest expense[1]	(0.3)	(0.1)	(0.1)	(144%)	(398%)
Profit before tax	**27.5**	**25.2**	**22.4**	**9%**	**23%**

1. Effective 1 July 2019, the Group adopted AASB 16, *Leases*. On adoption, the Group elected the modified retrospective approach, with the effect of the initial application recognised in retained earnings at 1 July 2019. Comparatives have not been restated.

In 1H20, Perpetual Corporate Trust reported profit before tax of $27.5 million, $5.1 million or 23% higher than in 1H19, and $2.2 million or 9% higher than in 2H19. The cost to income ratio in 1H20 was 55% compared to 58% in 1H19 and 57% in 2H19.

2.3.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Corporate Trust generated revenue of $60.8 million in 1H20, $7.2 million or 13% higher than in 1H19, and $1.5 million or 3% higher than in 2H19. The main drivers of the improvement by business line compared were as detailed below.

In 1H20, Debt Markets Services revenue was $33.2 million, $4.3 million or 15% higher than in 1H19. The primary drivers for the increase on 1H19 were the impact of the acquisition of RFi Analytics and underlying growth in the securitisation portfolio. The increase of $0.5M or 2% to 2H19 was driven by underlying growth in the securitisation portfolio, partially offset by seasonality.

In 1H20, Managed Funds Services revenue was $27.6 million, $2.9 million or 12% higher than 1H19, and $1.0 million or 4% higher than 2H19. The increase was primarily due to continued market activity within its core commercial property and managed investment funds segments, together with higher asset prices.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration, and interest expense, for Perpetual Corporate Trust in 1H20 were $33.3 million, $2.1 million or 7% higher than in 1H19 and $0.7 million or 2% lower than in 2H19.

The primary driver of the increase in expenses on 1H19 were the impact of the acquisition of RFi Analytics and increased amortisation related to investment into the digital transformation of core trustee operating systems. The decrease on 2H19 was primarily due to timing of investment in strategic initiatives, lower variable remuneration and operating model benefits.

2.3.4 FUNDS UNDER ADMINISTRATION

AS AT	1H20 $B	2H19 $B	1H19 $B	1H20 v 2H19	1H20 v 1H19
Public Market Securitisation					
RMBS - bank	54.2	53.1	60.0	2%	(10%)
RMBS - non bank	67.2	62.4	60.4	7%	11%
CMBS and ABS	43.0	43.3	43.1	(1%)	(0%)
Balance Sheet Securitisation					
RMBS - repos	240.8	243.3	205.4	(1%)	17%
Covered bonds	77.7	78.3	77.5	(1%)	0%
Debt Markets Services - Securitisation[1]	482.9	480.4	446.4	1%	8%
Other Debt Markets Services	15.5	14.5	14.8	6%	4%
Total Debt Markets Services	498.4	494.9	461.2	1%	8%
Custody	147.1	151.7	145.1	(3%)	1%
Wholesale Trustee	63.5	58.1	57.5	9%	10%
Responsible Entity	30.7	29.2	24.6	5%	25%
Singapore	32.7	30.6	28.7	6%	14%
Managed Funds Services	274.1	269.7	255.8	2%	7%
Total FUA	**772.5**	**764.5**	**717.1**	**1%**	**8%**

1. Includes warehouse and liquidity finance facilities.

At the end of 1H20, Securitisation FUA in the Debt Markets Services business was $482.9 billion, an increase of $36.6 billion or 8% on 1H19. The increase of $2.5 billion or 1% on 2H19 was mainly driven by

- Positive net issuance with growth in FUA across RMBS – non bank and RMBS – bank FUA, partially offset by a decrease in RMBS – repos
- RMBS runoff in 1H20 has been slightly slower than 2H19

At the end of 1H20, Managed Funds Services FUA was $274.1 billion, an increase of $18.2 billion or 7% on 1H19. The increase of $4.4 billion or 2% on 2H19 was driven by Wholesale Trustee, Singapore and Responsible Entity, partially offset by lower FUA in Custody.

2.4 GROUP SUPPORT SERVICES

2.4.1 BUSINESS OVERVIEW

Group Support Services consist of Group Investments, CEO, Finance and Corporate Affairs, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Operations, Product and People functions and provides technology, property, legal, risk and financial management, and human resources support to the business units.

Costs retained by Group Support Services reflect costs that management deems to be associated with corporate functions rather than reportable business segment activity. These include costs associated with the Board of Directors and 50% of the costs associated with the Group Executives of each of the Group Support Services business units. Costs and revenues associated with the capital structure of the Group, including interest income, financing costs and ASX listing fees are also retained within Group Support Services.

2.4.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	1H20 $M	2H19 $M	1H19 $M	1H20 v 2H19	1H20 v 1H19
Interest Income	2.0	3.0	3.3	(33%)	(39%)
Other Income[1]	2.7	6.8	(3.1)	(61%)	188%
Total revenues	4.7	9.8	0.3	(52%)	1737%
Operating expenses[2]	(1.5)	(8.5)	(5.8)	83%	75%
EBITDA	**3.2**	**1.3**	**(5.6)**	**152%**	**158%**
Depreciation and amortisation[2]	(3.8)	(0.1)	(0.1)	(4258%)	(3464%)
Equity remuneration expense	(0.3)	(0.3)	0.8	(5%)	(140%)
Interest expense[2]	(1.5)	(1.2)	(1.4)	(17%)	(7%)
Profit before tax	**(2.4)**	**(0.4)**	**(6.2)**	**(552%)**	**62%**

1. Other Income includes realised gains and losses on investments, distributions and assets designated at 'fair value through profit and loss' (FVTPL).
2. Effective 1 July 2019, the Group adopted AASB 16, *Leases*. On adoption, the Group elected the modified retrospective approach, with the effect of the initial application recognised in retained earnings at 1 July 2019. Comparatives have not been restated.

2.4.3 DRIVERS OF PERFORMANCE

Revenue

In 1H20, revenue from the Group's cash holdings and principal investments was $4.7 million, $4.4 million higher than in 1H19, and $5.1 million lower than in 2H19. The increase to 1H19 was driven by lower unrealised losses of seed funds, investing in product (IIP) and underlying assets on model portfolios, partially offset by lower interest income and distribution income received from unit trust investments held for IIP and seed fund investments.

The decrease to 2H19 was driven by lower unrealised gains of seed funds, investing in product (IIP) and underlying assets on model portfolios and interest income, partially offset by higher distribution income received from unit trust investments held for IIP and seed fund investments.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense for Group Support Services in 1H20 were $7.1 million, $0.6 million higher than in 1H19, and $3.1 million lower than in 2H19.

The primary driver of the increase in expenses on 1H19 were enterprise wide investment including technology uplift and higher variable remuneration, partially offset by receipt of one-off insurance claims. The decrease on 2H19 is due to lower regulatory expenses and remediation costs.

SECTION 3
APPENDICES

3.1 APPENDIX A: SEGMENT RESULTS

PERIOD	1H20					2H19					1H19				
	Perpetual Investments	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Investments	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Investments	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Operating revenue	94.5	93.5	60.8	4.7	253.5	99.2	93.4	59.3	9.8	261.8	105.8	92.6	53.6	0.3	252.3
Operating expenses[1]	(52.2)	(67.1)	(27.1)	(1.5)	(147.8)	(60.8)	(68.3)	(29.6)	(8.5)	(167.2)	(54.3)	(63.6)	(27.0)	(5.8)	(150.8)
EBITDA	**42.3**	**26.4**	**33.7**	**3.2**	**105.7**	**38.4**	**25.1**	**29.7**	**1.3**	**94.6**	**51.5**	**29.0**	**26.6**	**(5.6)**	**101.5**
Depreciation and amortisation[1]	(1.4)	(7.1)	(5.5)	(3.8)	(17.9)	(1.2)	(4.9)	(3.9)	(0.1)	(10.1)	(1.4)	(4.8)	(3.6)	(0.1)	(9.9)
Equity remuneration	(3.6)	(1.4)	(0.4)	(0.3)	(5.8)	(3.7)	(1.7)	(0.5)	(0.3)	(6.2)	(3.6)	(1.5)	(0.6)	0.8	(4.9)
EBIT	**37.3**	**17.9**	**27.8**	**(0.9)**	**82.0**	**33.5**	**18.5**	**25.3**	**0.9**	**78.2**	**46.5**	**22.6**	**22.5**	**(4.9)**	**86.7**
Interest expense[1]	(0.1)	(0.5)	(0.3)	(1.5)	(2.3)	-	-	(0.1)	(1.2)	(1.4)	-	-	(0.1)	(1.4)	(1.4)
UPBT	**37.2**	**17.4**	**27.5**	**(2.4)**	**79.7**	**33.5**	**18.5**	**25.2**	**(0.4)**	**76.9**	**46.5**	**22.6**	**22.4**	**(6.2)**	**85.3**

1. Effective 1 July 2019, the Group adopted AASB 16, *Leases.* As a result, the Group as a lessee, has recognised right of use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments. On adoption, the Group elected the modified retrospective approach, with the effect of the initial application recognised in retained earnings at 1 July 2019. Comparatives have not been restated.

3.2 APPENDIX B: BRIDGE FOR 1H20 STATUTORY ACCOUNTS AND OFR

UPAT represents Perpetual's measure of the results for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with the ASIC's Regulatory Guide 230 – Disclosing non-IFRS financial information has been followed when presenting this information. UPAT attributable to equity holders of Perpetual Limited has not been audited by the Group's external auditors, however, the adjustments have been extracted from the books and records that have been audited. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

Bridge for 1H20 Statutory Accounts and OFR

		OFR adjustments		
	1H20 Statutory Accounts	**EMCF[1]**	**Significant items**	**1H20 OFR**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	254,836	(1,334)		253,502
Staff related expenses excluding equity remuneration expens	(89,923)			(89,923)
Occupancy expenses	(2,508)			(2,508)
Administrative and general expenses	(55,403)			(55,403)
Distributions and expenses relating to structured products	(1,334)	1,334		-
Equity remuneration expense	(5,792)			(5,792)
Depreciation and amortisation expense	(17,856)			(17,856)
Operating model review costs	(6,604)		6,604	-
Financing costs	(2,329)			(2,329)
Total expenses	(181,749)	1,334	6,604	(173,811)
Net profit before tax	**73,087**	**-**	**6,604**	**79,691**
Income tax expense	(21,519)		(1,981)	(23,500)
Net profit after tax	51,568	-	4,623	56,191
Net profit after tax consolidated entity	**51,568**	**-**	**4,623**	**56,191**
Net profit after tax attributable to equity holders of Perpetual Limited	**51,568**	**-**	**4,623**	**56,191**
Significant Items (net of tax)				(4,623)
Net profit after tax attributable to equity holders				**51,568**

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

3.3 APPENDIX C: AVERAGE FUNDS UNDER MANAGEMENT

Average FUM by asset class

FOR THE PERIOD	1H20 $B	2H19 $B	1H19 $B	1H20 v 2H19	1H20 v 1H19
Australian equities	16.4	18.2	20.1	(10%)	(18%)
Global equities	1.3	1.4	1.4	(7%)	(7%)
Total equities	**17.7**	**19.6**	**21.5**	**(10%)**	**(18%)**
Cash and fixed income	7.7	7.3	7.2	5%	7%
Other	0.9	0.9	1.0	-	(10%)
Total average FUM	**26.3**	**27.8**	**29.7**	**(5%)**	**(11%)**

3.4 APPENDIX D: FULL TIME EQUIVALENT EMPLOYEES

Total FTE employees

AT END OF	1H20[1]	2H19	1H19
Perpetual Investments	86	168	161
Perpetual Private	352	417	396
Perpetual Corporate Trust	149	203	196
Group Support Services	342	172	163
Total operations	**929**	**960**	**915**
Permanent	907	931	898
Contractors	22	29	17
Total operations	**929**	**960**	**915**

1. 1H20 FTE split reflects transfer of functions such as operations, product and fund accounting from the business units into the new function reporting into the Chief Operating Officer (COO) within Group Support Services.

3.5 APPENDIX E: DIVIDEND HISTORY

Perpetual's dividend policy is to a payout ratio range of between 80% and 100% of net profit after tax on an annualised basis. An extended history of Perpetual's dividends paid including the dividend reinvestment price can be found via this link: https://www.perpetual.com.au/about/shareholders/dividend-history

Year	Dividend	Date paid	Dividend per share	Franking rate	Company tax rate	DRP price
FY20	Interim	27 Mar 2020	105 cents	100%	30%	Not determined at time of publication
FY19	Final	30 Sep 2019	125 cents	100%	30%	$36.70
FY19	Interim	29 Mar 2019	125 cents	100%	30%	$41.62
FY18	Final	8 Oct 2018	140 cents	100%	30%	$42.20
FY18	Interim	26 Mar 2018	135 cents	100%	30%	$50.34
FY17	Final	29 Sep 2017	135 cents	100%	30%	$52.33
FY17	Interim	24 Mar 2017	130 cents	100%	30%	$51.86
FY16	Final	28 Sep 2016	130 cents	100%	30%	$45.93
FY16	Interim	24 Mar 2016	125 cents	100%	30%	$42.93
FY15	Final	25 Sep 2015	125 cents	100%	30%	$40.61
FY15	Interim	27 Mar 2015	115 cents	100%	30%	$54.20

3.6 GLOSSARY

ABS	Asset backed securities
All Ords	All Ordinaries Price Index
APRA	Australian Prudential Regulatory Authority
ARCC	Audit, Risk and Compliance Committee
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
B	Billion
bps	Basis point (0.01%)
CMBS	Commercial mortgage backed securities
cps	Cents per share
DPS	Dividend(s) per share
DRP	Dividend Reinvestment Plan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation of intangible assets, equity remuneration expense, and significant items
EMCF	Perpetual Exact Market Cash Fund
EPS	Earnings per share
FASEA	Financial Adviser Standards and Ethics Authority
FTE	Full time equivalent employee
FUA	Funds under advice or funds under administration
FUM	Funds under management
FVTPL	Fair value through profit and loss
Group	Perpetual Limited and its controlled entities (the consolidated entity) and the consolidated entity's interests in associates
HNW	High net worth
IIP	Investing in Product
KPI	Key Performance Indicators
M	Million
NM	Not meaningful
NPAT	Net profit after tax
NTA	Net tangible asset
OFR	Operating and Financial Review
PCT	Perpetual Corporate Trust
PI	Perpetual Investments
PP	Perpetual Private
RMBS	Residential mortgage-backed securities
ROE	Return on equity
S&P	Standard & Poor's
UPAT	Underlying profit after tax
UPBT	Underlying profit before tax
WH&S	Work health and safety

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