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23 February 2023

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

Via electronic lodgement

Perpetual Half Year Financial Results

Please find attached the following announcements for release to the market:

- Appendix 4D
- 1H23 ASX Announcement
- 1H23 Results Presentation
- Half Yearly Report and Accounts
- ✓ **Operating and Financial Review – 31 December 2022**

This release has been authorised by the Board of Directors of Perpetual Limited.

Yours faithfully

Sylvie Dimarco
Company Secretary

Operating and Financial Review

For the 6 months ended 31 December 2022

Perpetual Limited
ABN 86 000 431 827

Trust is earned.

Perpetual

Notes

Note that in this review:

- 1H23 refers to the financial reporting period for the 6 months ended 31 December 2022
- 2H22 refers to the financial reporting period for the 6 months ended 30 June 2022
- 1H22 refers to the financial reporting period for the 6 months ended 31 December 2021

with similar abbreviations for previous and subsequent periods.

This is a review of Perpetual's operations for the 6 months ended 31 December 2022 (1H23). It also includes a review of its financial position as at 31 December 2022.

The following information should be read in conjunction with the Group's unaudited consolidated financial statements and associated notes for 1H23.

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

Operating and Financial Review
For the 6 months ended 31 December 2022

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1 About Perpetual

1.1 Overview

Perpetual Limited (Perpetual) is a global financial services firm operating in asset management, financial advisory and trustee services. Perpetual services a global client base from its offices in Australia as well as its international offices in the United States, United Kingdom, the Netherlands, Singapore and Hong Kong. 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] and purpose is to create enduring prosperity for clients, communities and shareholders. Across Perpetual's three core businesses – Perpetual Asset Management, Perpetual Private and Perpetual Corporate Trust – the overall aim is to protect and grow clients' wealth, knowing that by doing so Perpetual can make a difference in their lives.

The defining acquisition of Pendal Group (Pendal) which completed on 23 January 2023, is a significant milestone in Perpetual's long history, bringing together two of Australia's oldest and most respected active asset management brands to create a diversified global asset management business of substantial scale. The combination represents an opportunity to deliver on our respective strategic ambitions significantly sooner than would otherwise occur. The successful acquisition has seen Perpetual substantially grow its asset management business, creating a leading global multi boutique asset management firm focused on active asset management, with a truly global distribution footprint and leading ESG investment strategies, better positioned to manage industry headwinds and to drive future growth.

As a larger and more diversified quality business investing for future growth, Perpetual's transformational strategy is designed to deliver sustained future growth across all of Perpetual's businesses via targeted organic and inorganic growth opportunities and targeted integration to enable a fit for purpose and scalable operating model. This includes continued focus on expanding its global asset management capabilities and distribution footprint, establishing a leadership position in ESG investing and building on the foundations of its industry leading wealth management and trustee businesses, enabled by a scalable business model, shared central services and a strong brand.

In pursuing its growth strategy, the Group remains committed to the following strategic imperatives:

- Client first – delivering exceptional products and outstanding service;
- Future fit – a scalable business platform that empowers our people to deliver high performance; and
- New horizons – adding new capabilities and building a global footprint.

Perpetual's unique combination of market leading businesses, further bolstered by the Pendal acquisition, provides the group with diversification of earnings, a broad array of growth opportunities, and a level of downside earnings protection in times of market volatility through non-market linked revenues.

Perpetual Asset Management's (PAM) vision is to create a market leading global multi-boutique asset management business, with world-class investment capabilities. Perpetual Asset Management provides a foundation for sustained quality growth by offering globally relevant investment capabilities, expanding its global distribution footprint and investment in a contemporary and scalable global multi-boutique model. The completed Pendal acquisition will accelerate the build out of our global asset management business with greater scale and presence across major markets, with capacity for strong growth. The strategy of the combined Group will remain focused on bringing together the best elements of both the pure boutique model and the traditional institutional model to deliver a leading global multi-boutique offering to market.

[1] Measured as part of an annual brand strengths survey with the Perpetual Private target market and the Perpetual Asset Management Australia retail target market.

Perpetual Private's vision is to empower families, businesses and communities to achieve their aspirations by delivering advisory service excellence. With a client centred fiduciary heritage, Perpetual Private reaches into segments where client goals are aligned to a "protect first" and then "grow" investment philosophy.

Perpetual Corporate Trust's vision is to be the most trusted fiduciary and the leading digital solutions provider to the banking and financial services industry, with a mission to support the delivery of its client's strategy through the provision of service excellence and digital solutions. Perpetual Corporate Trust builds on its strategy of enabling client success by leveraging its long-standing relationships and supporting its clients with innovative and automated digital solutions to help them meet business challenges today and into the future.

1.1.2 Operating Segments & Principal Activities

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, 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.

As part of the integration of Pendal, Perpetual Asset Management will in the future operate under the regional segments of Australia, Americas and EUKA (Europe, UK and Asia).

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.

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 SaaS products supporting the banking and financial services industry. **Managed Funds Services** provides services including independent responsible entity, wholesale trustee, custodian, investment management and accounting.

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.

1.2 Group Financial Performance

Profitability and Key Performance Indicators

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
Operating revenue	388.3	382.8	384.9	1%	1%
Total expenses	(298.3)	(291.2)	(275.3)	(2%)	(8%)
Underlying profit before tax (UPBT)	**90.0**	**91.6**	**109.6**	**(2%)**	**(18%)**
Tax expense	(23.0)	(22.5)	(30.5)	(2%)	25%
Underlying profit after tax (UPAT)[1]	**67.0**	**69.1**	**79.1**	**(3%)**	**(15%)**
Significant items[2]	(40.3)	(27.3)	(19.8)	(48%)	(104%)
Net profit after tax (NPAT)	**26.8**	**41.9**	**59.3**	**(36%)**	**(55%)**

1. Underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. Refer to Appendix B for a reconciliation of the adjustments between Statutory Accounts and the OFR. UPAT attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.
2. Significant items include (refer to Appendix A and Appendix B for further details):

	PROFIT/(LOSS) AFTER TAX		
FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M
Transaction and Integration costs	(34.6)	(5.7)	(16.5)
- Trillium	(1.8)	(1.7)	(1.4)
- Barrow Hanley	(4.7)	(2.5)	(14.4)
- Pendal	(26.6)	-	-
- Other	(1.5)	(1.6)	(0.8)
Non-cash amortisation of acquired intangibles	(10.0)	(9.0)	(9.5)
Unrealised gains/losses on financial assets	1.0	(10.2)	(0.7)
Accrued incentive compensation liability	3.4	(2.3)	7.0
Total significant items	**(40.3)**	**(27.3)**	**(19.8)**

KEY PERFORMANCE INDICATORS (KPI)	1H23	2H22	1H22	1H23 v 2H22	1H23 v 1H22
Profitability					
UPBT margin on revenue (%)	23	24	28	(1)	(5)
Shareholder returns					
Diluted earnings per share (EPS)[1] on NPAT (cps)	46.1	72.8	103.6	(37%)	(56%)
Diluted earnings per share (EPS)[1] on UPAT (cps)	115.4	120.3	138.1	(4%)	(16%)
Dividends (cps)[4]	90.0	97.0	112.0	(7%)	(20%)
Special dividend - Franking rate (%)	100	-	-	-	-
Interim/Final - Franking rate (%)	40	100	100	(60)	(60)
Special dividend payout ratio[5] (%)	81	-	-	-	-
Interim/Final dividend payout ratio[6] (%)	80	80	80	0	(0)
Return on Equity (ROE)[2] on NPAT (%)	5.9	9.1	13.0	(3.2)	(7.1)
Return on Equity (ROE)[2] on UPAT (%)	14.8	15.0	17.3	(0.2)	(2.5)
Growth					
Perpetual average assets under management (AUM) $B[3]	100.4	106.1	108.4	(5%)	(7%)
Average funds under advice (FUA) $B	17.8	18.4	18.3	(3%)	(3%)
Closing Debt Markets Services FUA $B	693.9	682.2	630.9	2%	10%
Closing Managed Funds Services FUA $B	449.9	410.1	359.5	10%	25%

1. Diluted EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue of 58,099,004 for 1H23 (2H22: 57,346,980 and 1H22: 57,259,782).
2. The return on equity (ROE) quoted in the above table is an annualised rate of return based on actual results for each period. ROE is calculated using the UPAT or NPAT attributable to equity holders of Perpetual Limited for the period, divided by average equity attributable to equity holders of Perpetual Limited, multiplied by the number of such periods in a calendar year in order to arrive at an annualised ROE.
3. Refer to Appendix C for a breakdown by operating segment.
4. Made up of special dividend of 35c paid on 8 Feb 2023 and interim dividend of 55c to be paid on 31 March 2023.
5. Payout ratio of 81% calculated on Perpetuals earnings from 1 July 2022 – 30 September 2022.
6. Payout ratio of 80% calculated based on the combined earnings of Perpetual and Pendal for the period 1 October 2022 – 31 December 2022.

1.2.1 Financial Performance

For the 6 months to 31 December 2022, Perpetual's UPAT was $67.0 million and NPAT was $26.8 million.

1H23 UPAT was 15% lower than 1H22 principally due to:

- Lower average assets under management within Perpetual Asset Management International, Perpetual Asset Management and Perpetual Private mainly due to lower average equity markets together with net outflows mainly in Perpetual Asset Management International;
- Continued investment in the global build-out of our asset management business to support organic business growth;
- Higher interest expense following the rises in official interest rates late in 2H22;
- Partially offset by:
  - Continued growth in Perpetual Corporate Trust across all three service lines, along with the establishment of Perpetual Digital following the acquisition of Laminar Capital in 1H22;
  - Higher Perpetual Private non-market related revenue related to Fordham and the higher interest rate environment.

1H23 UPAT was 3% lower than 2H22 principally due to the decrease in average AUM from lower equity markets and the impact of net outflows primarily within Perpetual Asset Management International. This has been offset by stronger growth within Perpetual Corporate Trust and Perpetual Private's non-market related revenue.

1H23 NPAT was 55% lower than 1H22, due to lower UPAT as mentioned above and higher significant items driven by the Pendal acquisition (refer to Appendix A and Appendix B).

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

1.2.2 Revenue

The main driver of revenue in Perpetual Asset Management International and Perpetual Asset Management Australia is the value of assets under management (AUM), which is primarily influenced by the level of the US, other international and Australian equity markets. Perpetual Private's main driver of revenue is funds under advice (FUA) and for Perpetual Corporate Trust it is funds under administration (FUA). Revenue is sensitive to a number of factors, including but not limited to: the performance of funds under the Group's management and advice; the exposure to currency volatility; the impact and timing of flows on AUM and FUA[1] – inflows, outflows and distributions; and changes in pricing policy, channel and product mix.

In 1H23, Perpetual generated $388.3 million of total operating revenue, which was $3.4 million or 1% higher than 1H22. Revenue growth was primarily driven by growth in Perpetual Corporate Trust, Perpetual Private non-market, Group Investments and foreign exchange movement, partially offset by markets impacted revenue across Perpetual Asset Management and Perpetual Private and net outflows mainly in Perpetual Asset Management International.

Performance fees earned in 1H23 were $7.2 million, $0.9 million lower than 1H22[2].

1.2.3 Expenses

Total expenses in 1H23 were $298.3 million, $23.0 million or 8% higher than 1H22, impacted by:

- Continued investment in the global build-out of our asset management business to support organic business growth;
- Normalisation of employment costs from tight labour markets experienced in 1H22;
- Foreign exchange movement;

[1] FUA refers to both funds under advice in Perpetual Private and funds under administration in Perpetual Corporate Trust.
[2] Includes performance fees earned by Perpetual Asset Management International, Perpetual Asset Management Australia and Perpetual Private.

- Higher interest expense following official interest rate rises;
- Partially offset by lower variable remuneration.

Excluding the impacts of higher interest rates and foreign exchange movements, expense growth would have been 4% on 1H23.

1.2.4 Shareholder Returns and Dividends

The Board announced a special fully franked dividend of 35 cents for the period 1 July to 30 September 2022, representing a 81% payout ratio on UPAT, to be paid on 8 February 2023 as contemplated under the Pendal Scheme Implementation Deed.

The Board also announced an interim 40% franked ordinary dividend for 1H23 of 55 cents per share to be paid on 31 March 2023. This represents a payout ratio of 80%, calculated using the combined UPAT of both Perpetual and Pendal for the 3 months from 1 October to 31 December 2022.

This is in line with Perpetual's dividend policy to pay dividends within a range of 60% to 90% of UPAT on an annualised basis and maximising returns to shareholders.

The Dividend Reinvestment Plan (DRP) will be operational for the interim dividend. No discount will apply and the DRP will be met by issuing new shares.

Perpetual's return on equity (ROE) on NPAT was 5.9% for the period compared with 13.0% in 1H22.

Perpetual's return on equity (ROE) on UPAT was 14.8% for the period compared with 17.3% in 1H22.

1.3 Group Financial Position

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

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

CASHFLOW FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M
Net cash from operating activities	(1.6)	135.5	35.4
Net cash used in investing activities	(6.3)	(20.8)	(48.5)
Net cash from/(used in) financing activities	(41.8)	(68.7)	2.1
Effective movements in exchange rates on cash held	7.9	(1.5)	(5.2)
Net (decrease)/increase in cash and cash equivalents	**(41.8)**	**44.5**	**(16.2)**

1. Corporate debt represents the gross corporate debt excluding the offset of capitalised debt costs.
2. Corporate debt / (corporate debt + equity).
3. EBIT / gross interest expense in accordance with banking covenants.
4. Calculation includes lease assets and liabilities.

1.3.1 Balance Sheet Analysis

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

- **Structured products - EMCF assets** decreased by $11.9 million due to a net decrease in units on issue;
- **Structured products - EMCF liabilities** decreased by $12.2 million broadly in line with the decrease in the units on issue;
- **Employee benefits** decreased by $36.2 million following the payment of short-term incentives during the period;
- **Borrowings** increased by $18.6 million primarily due to an additional drawdown of $25.0 million in debt to fund various strategic initiatives during the year, offset by additional capitalised debt raising costs;
- **Other liabilities** increased by $18.3 million primarily due to the accrual of a special dividend;
- **Retained earnings** decreased by $47.8 million primarily due to payment of the FY22 final dividend and accrual of a special dividend.

1.3.2 Capital Management

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

- maximising returns to shareholders;
- enabling the Group's strategy;
- ensuring compliance with the Group's risk appetite statement and regulatory requirements; and
- withstanding shocks to the market.

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

The Group uses a rolling forecast of net cash to assess its capital requirements. The model requires capital to be set aside for forecast net cash outflows (rolling 3 month period) offset by heavily discounted revenue forecasts, and any known capital commitments. At the end of 1H23, total base capital requirements were $34 million compared to $225 million of available liquid funds.

During 1H23, the Group has maintained its balance sheet strength through:

- continuing to maintain the overall credit quality of the Group's risk assets;
- maintaining syndicated debt facility arrangements. Arrangements consist of a multi-currency revolving loan with a maximum commitment of $175 million AUD or equivalent, a multi-currency term loan facility with a maximum commitment of $128 million USD or equivalent, and an AUD redrawable bank guarantee facility with a maximum commitment of $160 million AUD; and
- continued management of discretionary expenses 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 1H23, cash and cash equivalents decreased by $41.8 million to $133.6 million as at 31 December 2022. This decrease was predominantly driven by payment of the final FY22 dividend, offset by inflows from the additional drawdown of debt and operating cash activities.

1.3.4 Debt

Perpetual's corporate debt as at 31 December 2022 was $288.9 million compared to $260.8 million at the end of FY22. An additional $25 million of debt was drawn in 1H23 to fund various strategic initiatives. An additional $75.0 million of debt facilities remain undrawn as at 31 December 2022. $143.5 million of bank guarantees have been issued under the syndicated facilities. The bank guarantees are not shown on the balance sheet.

The facility is subject to the Group meeting certain debt covenants including shareholder funds as a percentage of total assets, a maximum ratio of gross debt to EBITDA and a minimum interest cover. The Group complied with all the relevant covenants throughout the period. The Group's gearing ratio is 24.7% (FY22: 22.0%) at the end of 1H23.

1.4 Regulatory Developments and Business Risks

1.4.1 Regulatory Developments

The financial services industry continues to be subject to legislative and regulatory reform which affects or could affect the Group's operations globally.

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

Australia

Financial Accountability Regime ('FAR') Bill 2022

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

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

The current Government introduced Financial Accountability Regime Bill 2022 ('the 2022 Bill') to the House of Representatives on 8 September 2022, the content of which being almost identical to the lapsed 2021 Bill.

The 2022 Bill was tabled at the Senate on 25 October 2022. The Group is currently awaiting further developments in order to consider impact of the regime on the Group.

Greenwashing Guidance

On 14 June 2022, ASIC released an information sheet (22/141MR) for issuers of managed funds and superannuation products to help issuers avoid 'greenwashing' when offering or promoting sustainability-related products.
The Group has conducted gap analysis and has updated disclosure documents, marketing materials and related collateral as appropriate, to ensure alignment with the ASIC guidance.

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

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

From 8 July 2022, "Responsible Entities" (as defined in the Acts) of certain designated critical infrastructure assets are required to prepare reports about critical cyber security incidents, that is a cyber security incident which has a significant impact on the availability of an asset within 12 hours of becoming aware of the incident; and other cyber security incidents (i.e., a cyber security incident which has a relevant impact on an asset) within 72 hours of becoming aware of the incident.

From 8 October 2022, 'reporting entities' (being Responsible Entities and direct interest holders of certain designated critical infrastructure assets) are required to give the following information to the Register:

- with respect to Responsible Entities – operational information about the critical infrastructure asset; and
- with respect to direct interest holders – interest and control information about the direct interest holder and the critical infrastructure asset.

The Group has sought clarification from the regulator as to the application of these Acts to the Group's activities and has engaged an external legal firm for further counsel on applicability.

ASIC Derivative Transaction Reporting Rules

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

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

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

Quality of Advice Review

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

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

The proposals outlined some potentially significant changes, including:

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

The final report was provided to Government on 16 December 2022. Consideration of the report is now a matter for government and the Group is currently awaiting further updates in order to consider the impact of any changes to the Group.

International

EU - Sustainable Finance Action Plan and Sustainable Disclosure Regulation (SFDR)

Level 1 of requirements under SFDR went into effect on 10 March 2021. After notable delays, Level 2 of the SFDR came into effect on 1 January 2023.SFDR's function is to make disclosure of the financial products' performance on ESG issues compulsory for asset managers as part of a wider push for the EU to leverage the power of capital markets to meet its emissions reduction targets. In the lead-up to Level 2 implementation, the industry expressed concerns over the lack of clarity surrounding requirements for Article 9 funds, specifically how sustainable investment should be defined. This uncertainty resulted in a large number of firms downgrading their Article 9 funds to Article 8 as a precautionary measure. Perpetual continues to engage external compliance consultants to assist with ensuring ongoing compliance with the new requirements.

UK - Consumer Duty

In July 2022, the FCA set out rules and guidance for a new Consumer Duty that will set higher and clearer standards of consumer protection across financial services. The rules will come into force on 31 July 2023 for new and existing products or services that are open to sale or renewal. The scope of the Duty is wide as it covers indirect as well as direct relationships with retail clients. A key area of change is the Duty's price and value outcome, which has a much wider scope than the FCA's existing value assessment rules for authorised fund managers (AFMs). It will now cover all firms that manufacture or distribute products for retail customers, which means that distributors, MiFID investment managers and AIFMs managing funds with end retail customers will be required to demonstrate that they are providing fair value. Perpetual is working with external consultants to review the impact of the duty on our business and embed it effectively during the implementation period.

UK – Appointed Representatives

On 8 December 2022, the FCA introduced important changes to the regime governing Appointed Representatives (ARs), which carries out regulated activity for which an authorised firm is responsible. The new rules are a response to the perception that ARs have not been adequately regulated and created a risk of harm to consumers. The rule changes clarify and enhance principals' responsibilities for ARs. Under the new rules, principals (TAM UK) will have to submit a notification to the regulator detailing the nature of regulated activities that the AR (Perpetual Asset Management UK Ltd) is permitted to undertake. In addition, principals must conduct an annual review of the activities, management and overall financial position of the AR, and this is required to be signed off by the principal's board of directors. The requirement for the annual review does not come into effect until 8 December 2023. Perpetual is currently working with external consultants to prepare the annual review document and implement any changes necessary to the AR monitoring framework.

US – SEC Advisor Advertisement Rule Changes

Amended Rule 206(4)-1 is a modernised marketing rule that impacts advertising and marketing for registered Investment Advisors, and came into effect on 4 November 2022.

US – ESG Disclosures for Investment Advisers and Investment Companies

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

US – Tailored Shareholder Reports for Mutual Funds

In October 2022, the SEC adopted rule and form amendments (first proposed in August 2020) for mutual funds and exchange-traded funds that will substantially impact the content and scope of disclosure for shareholder reports, as well as amendments that will require fee comparability in fund advertising. These amendments reflect the SEC's goal of requiring funds to present key information to shareholders clearly and concisely.

US - other proposed rules

In October 2022, the SEC proposed a new rule under the US Advisers Act, imposing due diligence, recordkeeping and reporting obligations on investment advisers who outsource certain key "covered functions" of the adviser's business to third parties, including affiliates. If adopted, the proposal will impose additional costs and operational risks on US investment advisers.

In November 2022, the SEC proposed significant changes to the rules governing liquidity risk management and swing pricing for US mutual funds. The most significant features include: (i) mandated swing pricing for all US mutual funds (other than money market funds) based on a complex framework set forth in the proposal and (ii) several major changes to the liquidity risk management framework for such funds, including expanding the types of assets that will be categorized in the illiquid investment category for purposes of the framework. If adopted in their current form, the proposed changes will cause significant and fundamental changes to core aspects of US mutual funds, including to fund management and certain investment strategies, such as bank loan funds.

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

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

1.4.2 Business Risks

Risk management framework

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

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

The Group's RMF and 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 below.

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

1.4.3 Key Business Risks

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

Risk Category	Risk Description/Impact	Risk Mitigants
Strategic	Risk arising from adverse strategic decisions, improper implementation of strategic decisions, a lack of responsiveness to industry changes or exposure to economic, market or demographic considerations that results in a poorly designed and/or executed strategy impacting Perpetual's market position and client value proposition.	• Considered strategic and business planning processes, including well-defined Mergers and Acquisitions (M&A) Framework • Strategic measures cascaded through performance management • Application of Risk Appetite Statement in strategic decision-making and monitoring • Ongoing monitoring by Perpetual's Executive Committee (ExCo) and reporting to Perpetual's Board on strategic execution and achievement of intended benefits
People	Risk arising from an inability to attract, engage, mobilise and retain quality and appropriate people to execute Perpetual's business strategy, particularly in key investment management roles.	• Succession planning, talent identification programs, retention strategies, remuneration benchmarking and reporting to the People and Remuneration Committee • Alignment of remuneration outcomes, including asset manager (portfolio manager and investment analyst) remuneration, to longer term value creation for shareholders and clients • Employee engagement monitoring
	Risk arising from an inability to safeguard our people, clients and suppliers from work health and safety (WH&S) issues with potential detrimental impact.	• Well-defined WH&S policies, procedures and training • WH&S Committee • Incident and injury management processes • Employee Assistance Program • Employee engagement monitoring
Financial	Risk that the strength of Perpetual's balance sheet, profitability or liquidity are inadequate for its business activities. This includes inappropriate accounting, financial reporting, or related disclosures.	• Budget planning process • Reconciliation and review processes • Regular income and expense, debt and equity 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 • Ongoing monitoring of key balance sheet metrics
	Impacts on profitability due to currency fluctuations.	• Treasury Risk Management Program • The US denominated debt has been designated as a net investment hedge in a foreign operation and provides a natural hedge for US denominated business lines
Investment	Risk arising from ineffective investment strategies relative to peers and benchmarks, non-adherence to investment style and investment governance or inadequate management of market, credit and liquidity risks within the funds or client accounts.	• Well defined and disciplined investment processes and philosophy for selection • Established investment governance frameworks in place • Robust pre-and post-trade investment compliance • Independent fund and mandate monitoring and reporting
Operational	Risk arising from inadequate or failed internal processes, systems, people or from external events. This includes (but is not limited to) processing errors, fraud or an event which disrupts business continuity.	• Clearly defined policies, procedures, roles and responsibilities • Controls testing in the form of control self-assessment • Effective issues management processes to respond to events that may arise • Business continuity planning and disaster recovery programs • Independent assurance • Robust Insurance program covering all material insurable risks to the Perpetual Group

Risk Category	Risk Description/Impact	Risk Mitigants
Information Technology	Risk arising from failed, corrupted, or inadequate information systems resulting from inadequate infrastructure, applications, cloud services and support. Includes (but is not limited to) loss of integrity and availability of critical data as well as business disruption resulting from a failure of technology or IT service provider to meet business requirements.	• Continued execution of technology modernisation programs • Business continuity planning and disaster recovery programs • Independent assurance
Cyber Security	Risk arising from breached information systems resulting from inadequate infrastructure, applications, cloud services, security controls and support. Includes (but is not limited to) loss of confidentiality, integrity and availability of sensitive or critical data, or inappropriate retention of data, as well as business disruption resulting from a cyber security event.	• Continued execution of technology modernisation programs • Defined information security program and IT security policies • Implementation of operational security technology (including firewalls and antivirus) • Security (penetration) testing of key systems • Information security response plans • Business continuity planning and disaster recovery programs • Independent assurance • Cyber Insurance
Outsourcing	Risk that Perpetual enters into inappropriate servicing arrangements and/or services performed by external service providers, including related and third parties, are not managed in line with the servicing contract or the operational standards.	• Partnered with well-regarded and proven strategic partners • Outsourced relationships are managed at a senior level • Outsourcing and vendor management framework • Legal contracts / service level agreements in place and monitored • Independent assurance
Environmental, Social & Governance	Risk arising from inadequate or inappropriate integration of environmental, social and governance (ESG) considerations in strategic, business and investment decision-making.	• Development and implementation of a sustainability strategy framework – Perpetual's Prosperity Plan and 'Planet', 'People', 'Communities' and 'Governance' commitments • Partnered with well-regarded, environmental and socially responsible partners • Continued build out of ESG Investment capability across Perpetual's global business reinforcing our commitment to ESG • Well-defined and embedded governance framework • Sustainable Finance Disclosure Regulation (SFDR) implementation
Compliance & Legal	Risk that Perpetual breaches its regulatory and legal obligations (including licence conditions and client commitments).	• Independent legal and compliance team, and training across teams • Compliance obligations are documented and monitored • Clearly defined policies, procedures, roles and responsibilities • Controls testing in the form of control self-assessment • Independent assessment of issues for compliance implications • Independent assurance
Conduct	Risk arising from conduct by Perpetual's directors, employees or contractors that is unethical or does not align with Perpetual's values, policies or expected behaviours or, the expectation of Perpetual's internal and external stakeholders.	• Effective Risk Management Framework that sets out how risk is managed, including Three Lines of Defence risk model and application of Perpetual's Risk Appetite Statement which outlines the risk behaviours expected of all Perpetual directors, employees and contractors • Mandated training on Perpetual's Code of Conduct and Risk Management Framework and behaviours of all staff that form part of the performance assessment process • Partnered with well-regarded, environmental and socially responsible partners • Media monitoring • Net Promoter Score measurement and reporting • Whistleblowing arrangements managed by an independent vendor

1.5 Outlook

While the macroeconomic and geopolitical conditions continue to pose challenges for the global financial services industry, the outlook for Perpetual remains positive. Perpetual's unique combination of businesses provides the Group with diversification of earnings and growth opportunities, and a level of downside earnings protection in times of market volatility through our non-market linked revenues in Perpetual Corporate Trust and Perpetual Private. In addition, the strength of the Perpetual brand, built over generations as a leading provider of fiduciary services, has created a confidence and trust that gives the Group a strong foundation for future growth.

Perpetual enters the second half of the financial year with positive momentum across each division. The successful acquisition of Pendal is a significant milestone in Perpetual's long history, bringing together two businesses with premium brands and aligned multi-boutique approaches, to create a leading global asset manager leveraging the build-out of our global asset management business over the last two years.

The completed Pendal acquisition creates a global leader in multi-boutique asset management with significant scale, diversified investment strategies, world-class ESG capabilities and a stronger global distribution capability, complemented by high-quality wealth management and trustee businesses.

The Perpetual Corporate Trust business continues to deliver consistent growth in its core offerings, and the newly created Perpetual Digital business is well positioned to support our clients' needs and provide additional channels for earnings growth opportunities. Positive net flows and revenue growth is also expected in Perpetual Private through its differentiated advice model and new capabilities via the integration and expansion of Jacaranda Financial Planning.

Perpetual remains focused on its strategy to deliver disciplined growth with a larger balance sheet and proven track record of acquiring and integrating complementary capabilities that, together, deliver greater shareholder returns. Following the Pendal acquisition, Perpetual enters a new chapter in its history, as a significantly stronger asset management business with diverse but complementary corporate trust and private wealth businesses. We will be focused on a successful integration of Pendal and continuing to drive growth across all divisions over time.

We will continue to provide quarterly business updates on the underlying drivers of our business, the execution of our strategy and market conditions.

Part 2
Review of Businesses

2 Review of Businesses

The results and drivers of financial performance in 1H23 for the four Perpetual operating segments are described in the following sections. A description of revenues and expenses at the Group Support Services level is also provided.

Perpetual Asset Management, our asset management division, is reported under its two operating segments Perpetual Asset Management International and Perpetual Asset Management Australia.

2.1 Perpetual Asset Management International

2.1.1 Business Overview

Perpetual Asset Management International (PAMI) is the operating segment that includes all asset management operations outside of Australia and New Zealand.

PAMI provides world-class investment capabilities through two US based subsidiary asset management boutiques;

- Barrow Hanley - global asset manager with a consistent long-term track-record of value investing; and
- Trillium - pioneering environmental, social and governance (ESG) investment firm with a 40-year history

With a strong presence in the US, complemented by a growing presence in the UK, Europe and Asia, PAMI is focused on meeting the needs of institutional and retail investors outside of Australia and New Zealand.

2.1.2 Financial Performance

In Australian Dollars

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
Revenue by asset class					
- Equities	96.6	100.0	98.7	(3%)	(2%)
- Fixed Income	8.8	8.9	11.1	(2%)	(21%)
- Other	0.4	0.0	0.0	-	-
Total revenue	**105.8**	**109.0**	**109.8**	**(3%)**	**(4%)**
Operating expenses	(91.0)	(86.2)	(76.4)	(6%)	(19%)
EBITDA	**14.8**	**22.8**	**33.5**	**(35%)**	**(56%)**
Depreciation and amortisation	(1.2)	(1.1)	(1.1)	(6%)	(6%)
Equity remuneration expense	(0.5)	(0.4)	(0.1)	(45%)	(660%)
Interest expense	(0.3)	(0.3)	(0.3)	(3%)	2%
Underlying profit before tax	**12.7**	**21.0**	**31.9**	**(39%)**	**(60%)**

In 1H23, Perpetual Asset Management International reported underlying profit before tax of $12.7 million which was $19.2 million or 60% lower than 1H22 and lower by $8.2 million or 39% than 2H22. This was largely driven by lower average AUM and the continued build out of global distribution and key functions to support the growth of the business, partially offset by a net favourable foreign exchange movement.

2.1.3 Drivers of Performance

Revenue

1H23 revenue of $105.8 million decreased by $4.0 million or 4% lower than 1H22 and $3.2 million or 3% lower than 2H22. This was largely driven by a lower average AUM in Barrow Hanley and Trillium due to lower global markets and net outflows, partially offset by foreign exchange movements.

Expenses

1H23 expenses of $93.1 million increased by $15.2 million or 20% higher 1H22 and $5.0 million or 6% higher than 2H22. This was largely driven continued investment in global distribution capability and key functions to support the growth in the business, together with the impact of foreign exchange rate movements.

2.1.4 Assets Under Management

PAMI closing AUM summary in Australian Dollars

	AUM MOVEMENTS					NET FLOWS		
AT END OF	1H23	Net flows	Other[1]	Foreign Exchange Impacts	2H22	1H23	2H22[2]	1H22
	$B	$B	$B	$B	$B	$B	$B	$B
Institutional	64.2	(2.4)	3.4	1.1	62.2	(2.4)	(3.3)	(2.3)
Intermediary	7.4	0.1	0.2	0.1	7.0	0.1	0.0	0.3
All distribution channels	**71.6**	**(2.4)**	**3.6**	**1.2**	**69.2**	**(2.4)**	**(3.3)**	**(2.0)**
US equities	43.8	(4.4)	3.3	0.8	44.2	(4.4)	(3.2)	(2.3)
Global equities	18.7	2.1	0.6	0.2	15.8	2.1	1.1	1.7
Equities	**62.5**	**(2.3)**	**3.9**	**1.0**	**60.0**	**(2.3)**	**(2.1)**	**(0.5)**
Fixed income	9.0	(0.1)	(0.2)	0.2	9.2	(0.1)	(1.1)	(1.4)
All asset classes	**71.6**	**(2.4)**	**3.6**	**1.2**	**69.2**	**(2.4)**	**(3.3)**	**(2.0)**

PAMI closing AUM summary in US Dollars

	AUM MOVEMENTS					NET FLOWS		
AT END OF	1H23	Net flows	Other[1]	Foreign Exchange Impacts	2H22	1H23	2H22[2]	1H22
	$B	$B	$B	$B	$B	$B	$B	$B
Institutional	43.6	(1.5)	2.3	-	42.8	(1.5)	(2.3)	(1.7)
Intermediary	5.0	0.0	0.2	-	4.8	0.0	0.0	0.2
All distribution channels	**48.5**	**(1.5)**	**2.5**	**-**	**47.6**	**(1.5)**	**(2.3)**	**(1.5)**
US equities	29.7	(2.9)	2.2	-	30.4	(2.9)	(2.3)	(1.7)
Global equities	12.7	1.4	0.4	-	10.9	1.4	0.8	1.3
Equities	**42.4**	**(1.4)**	**2.6**	**-**	**41.2**	**(1.4)**	**(1.5)**	**(0.4)**
Fixed income	6.1	(0.0)	(0.1)	-	6.3	(0.0)	(0.8)	(1.1)
All asset classes	**48.5**	**(1.5)**	**2.5**	**-**	**47.6**	**(1.5)**	**(2.3)**	**(1.5)**

1. Includes changes in market value of assets, income, reinvestments, distributions and asset class rebalancing within the Group's diversified funds.
2. Prior period flows have been adjusted due to misclassification.

AUM

Perpetual Asset Management International AUM as at 31 December 2022 was $71.6 billion, an increase of $2.4 billion on 2H22. The increase was driven by $3.6 billion of investment performance and recent improvement in capital markets and strengthening of foreign exchange rates, partially offset by $2.4 billion net outflows, largely in Barrow Hanley.

Outflows were largely in the institutional channel and were predominantly driven by low margin US Equity mandates managed by Barrow Hanley, partially offset by net inflows and strong performance in Trillium.

Revenue margin

FOR THE PERIOD	1H23 bps	2H22 bps	1H22 bps	1H23 v 2H22	1H23 v 1H22
By asset class:					
- Equities	31	32	31	(0)	0
- Fixed income	19	18	19	2	0
Average revenue margin	**30**	**30**	**29**	**(0)**	**1**

Performance fees in Australian Dollars

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
By asset class:					
- Equities	0.7	(0.3)	(0.0)	1.0	0.7
- Fixed income	-	-	-	-	-
Total performance fees	**0.7**	**(0.3)**	**(0.0)**	**1.0**	**0.7**

Average AUM revenue margins in 1H23 at 30 bps have remained relatively stable over the period.

2.2 Perpetual Asset Management Australia

2.2.1 Business Overview

Perpetual Asset Management Australia (PAMA) is one of Australia's most respected and longstanding active investment managers, focused on the needs of Australian and New Zealand investors. PAMA is a dynamic, active manager, offering an extensive range of specialist investment capabilities including Australian and global equities, credit and fixed income, multi-asset as well as environmental, social and governance (ESG) focused products.

2.2.2 Financial Performance

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
Revenue by asset class[1]					
- Equities	57.2	65.2	66.5	(12%)	(14%)
- Cash and fixed income	17.2	17.4	16.6	(1%)	4%
- Other AUM related	1.5	1.6	1.6	(7%)	(7%)
- Other non-AUM related	0.2	-	-	-	-
Total revenue	**76.2**	**84.2**	**84.8**	**(9%)**	**(10%)**
Operating expenses	(48.2)	(55.6)	(53.0)	13%	9%
EBITDA	**28.0**	**28.5**	**31.8**	**(2%)**	**(12%)**
Depreciation and amortisation	(2.9)	(2.9)	(2.7)	(2%)	(10%)
Equity remuneration expense	(1.7)	(2.1)	(2.7)	20%	39%
Interest expense	(0.0)	(0.0)	(0.0)	5%	14%
Underlying profit before tax	**23.4**	**23.6**	**26.4**	**(1%)**	**(11%)**

1. 1H22 revenue re-presented between Equities and Other AUM related by $0.3M

In 1H23, Perpetual Asset Management Australia reported underlying profit before tax of $23.4 million, $3.0 million or 11% lower than 1H22, and $0.2 million or 1% lower than 2H22.

The decrease on 1H22 and 2H22 was largely driven by a decrease in average AUM to $22.0 billion due to lower equity markets, prior year distributions and marginal impact from net outflows, combined with lower performance fees. This was partially offset by investment performance and lower variable remuneration.

The cost to income ratio in 1H23 was 69% compared to 69% in 1H22 and 72% in 2H22. The cost to income ratio is influenced by lower average AUM, countered by variable remuneration and disciplined cost management.

2.2.3 Drivers of Performance

Revenue

Perpetual Asset Management Australia generated revenue of $76.2 million in 1H23, $8.6 million or 10% lower than in 1H22 and $8.0 million or 9% lower than 2H22.

The decrease in revenue on 1H22 and 2H22 was mainly driven by lower average AUM from lower average equity markets, prior year distributions and marginal impact from net outflows, combined with lower performance fees. This was partially offset by investment performance.

Australian Equities strategies generated $2.0 million in performance fees in 1H23 from the Pure Equity Alpha fund, compared to $4.6 million in 1H22 and $6.1 million in 2H22, including fees for the Pure Microcap fund.

Average AUM revenue margins in 1H23 were 69 basis points (bps), 1 bps higher than 1H22 and 2 bps higher than 2H22, driven by change in mix towards higher margin asset classes, partly offset by lower performance fees earned. Excluding performance fees earned, underlying average margins of 67 bps were 5 bps higher than 1H22 and 4 bps higher than 2H22, due to change in mix towards higher margin asset classes, primarily due to the withdrawal of a low margin Enhanced Cash mandate at the end of 2H22.

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

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

Expenses

Total expenses for Perpetual Asset Management Australia in 1H23 were $52.8 million, $5.6 million or 10% lower than in 1H22 and $7.8 million or 13% lower than 2H22.

The decrease in expenses on 1H22 and 2H22 was mainly due to lower variable remuneration including the impact of lower performance fees paid.

2.2.4 Assets Under Management

PAMA closing AUM summary

	AUM MOVEMENTS				NET FLOWS		
AT END OF	1H23	Net flows	Other[1]	2H22	1H23	2H22	1H22
	$B	$B	$B	$B	$B	$B	$B
Institutional	3.7	(0.4)	0.2	3.9	(0.4)	(2.4)	(0.0)
Intermediary	13.2	0.0	0.7	12.4	0.0	0.4	0.4
Retail	4.3	(0.1)	0.3	4.1	(0.1)	(0.1)	(0.1)
Listed Investment Vehicles	0.9	0.0	0.0	0.9	0.0	0.0	0.0
All distribution channels	**22.1**	**(0.5)**	**1.3**	**21.3**	**(0.5)**	**(2.2)**	**0.3**
Australian equities	12.1	(0.7)	1.1	11.7	(0.7)	(0.3)	(0.6)
Global equities	1.7	0.3	0.0	1.3	0.3	0.0	0.2
Equities	**13.7**	**(0.4)**	**1.1**	**13.0**	**(0.4)**	**(0.3)**	**(0.5)**
Cash and fixed income	7.6	(0.1)	0.2	7.5	(0.1)	(1.8)	0.8
Other	0.7	(0.0)	(0.0)	0.8	(0.0)	(0.0)	(0.0)
All asset classes	**22.1**	**(0.5)**	**1.3**	**21.3**	**(0.5)**	**(2.2)**	**0.3**

1. Includes changes in market value of assets, income, reinvestments, distributions and asset class rebalancing within the Group's diversified funds.

AUM

Perpetual Asset Management Australia's AUM as at 31 December 2022 was $22.1 billion, an increase of $0.8 billion on 2H22. The increase was driven by investment performance and recent improvement in equity markets, partly offset by net outflows of $0.5 billion.

Points of note in relation to the AUM and flows data for 1H23:

- the intermediary channel experienced inflows into Global Equities and Diversified Real Return, offset by the loss of a $0.4 billion Australian Equities intermediary mandate, which was part of a broader strategic review by the client to consolidate its platform.

Revenue margin

FOR THE PERIOD	1H23 bps	2H22 bps	1H22 bps	1H23 v 2H22	1H23 v 1H22
By asset class[1]					
- Equities	84	88	86	(4)	(2)
- Cash and fixed income	45	38	37	7	8
- Other AUM related	41	39	38	2	3
Average revenue margin	**69**	**68**	**67**	**1**	**2**

1. 1H22 revenue margin re-presented between Equities and Other AUM related

Performance fees

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
By asset class					
- Equities	2.0	6.1	4.6	(4.1)	(2.6)
- Cash and fixed income	0.5	0.6	0.6	(0.1)	(0.1)
Total performance fees	**2.5**	**6.7**	**5.1**	**(4.2)**	**(2.7)**

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

Equities: Revenue represent fees earned on Australian and Global equities products. Revenue in 1H23 was $57.2 million, a decrease of 14% on 1H22 and 12% on 2H22. 1H23 revenue was impacted by a decrease in average AUM from lower average equity markets, prior year distributions and marginal impact from net outflows, combined with lower performance fees. This was partially offset by the impact of investment performance. The average margin in 1H23 was 84 bps, 2 bps lower than 1H22 and 4 bps lower than 2H22 due to lower performance fees.

Cash and fixed income: Revenue is derived from the management of cash and fixed income products. Revenue in 1H23 was $17.2 million, an increase of 4% on 1H22 and a decrease of 1% on 2H22. The increase on 1H22 was mainly driven by the semi-annualised impact of 1H22 net inflows in higher margin fixed income products. The decrease on 2H22 was mainly driven by the impact of 2H22 and 1H23 net outflows. The 1H23 revenue margin of 45 bps increased by 8 bps compared to 1H22 and 7 bps compared to 2H22, mainly driven by change in mix away from Enhanced Cash towards higher margin products, for example, the Diversified Income Fund.

Other AUM related: Revenue mainly includes management fees for external funds on the WealthFocus platform. Revenue in 1H23 was $1.5 million, $0.1 million or 7% lower than in 1H22 and 2H22, driven by slightly lower average AUM.

2.3 Perpetual Private

2.3.1 Business Overview

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

Perpetual Private aims to empower families, businesses and communities to achieve their aspirations by delivering advisory service excellence. Perpetual Private utilises a targeted client segment approach to grow its FUA by offering quality advice and wealth management services to established wealthy, ultra-high net worth clients and family offices, business owners, medical practitioners and other professionals, not for profit organisations and Indigenous communities. Perpetual Private acquired Jacaranda Financial Planning, a leading Sydney and Melbourne based boutique advisory firm focused on the high net worth market segment in August 2021.

Perpetual Private is one of Australia's largest managers of philanthropic funds. Philanthropy and fiduciary services remain an important part of our heritage and contributor to our business. Funds under advice for charitable trusts and endowments funds was $3.3 billion at the end of 1H23.

2.3.2 Financial Performance

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
Market related revenue	73.8	75.1	77.9	(2%)	(5%)
Non-market related revenue	33.2	29.1	29.1	14%	14%
Total revenues	107.0	104.3	107.0	3%	(0%)
Operating expenses	(77.6)	(75.9)	(75.6)	(2%)	(3%)
EBITDA	**29.3**	**28.3**	**31.4**	**3%**	**(7%)**
Depreciation and amortisation	(4.8)	(4.7)	(4.7)	(2%)	(2%)
Equity remuneration expense	(2.2)	(2.2)	(1.8)	1%	(23%)
Interest expense	(0.2)	(1.1)	(1.0)	79%	76%
Underlying profit before tax	**22.1**	**20.4**	**23.9**	**9%**	**(8%)**
Funds under advice ($B)					
Closing FUA	$17.9B	$17.4B	$19.0B	3%	(6%)
Average FUA	$17.8B	$18.4B	$18.3B	(3%)	(3%)
Market related revenue margin	83bps	82bps	85bps	1bps	(2)bps

In 1H23, Perpetual Private reported underlying profit before tax of $22.1 million, $1.8 million or 8% lower than 1H22 and $1.7 million or 9% higher than 2H22.

The decrease on 1H22 was mainly driven by lower equity markets and higher expenses driven by continued investment in supporting future business growth partly offset by strong Fordham performance and a higher interest rate environment.

The increase on 2H22 was mainly driven due to improved equity markets, strong Fordham performance and a higher interest rate environment partly offset by higher expenses driven by continued investment in supporting future business growth.

Perpetual Private experienced continued new client growth within the not-for-profit segment in 1H23, supported by the organic growth of the business as well as continued contributions from Jacaranda in the pre retiree segment. The cost to income ratio in 1H23 was 79% compared to 77% in 1H22 and 79% in 2H22.

2.3.3 Drivers of Performance

Revenue

Perpetual Private generated revenue of $107.0 million in 1H23, flat with 1H22 and 2.7 million or 3% higher than 2H22.

Market related revenue was $73.8 million, $4.1 million or 5% lower than 1H22 and $1.3 million or 2% lower than 2H22. The decrease on 1H22 and 2H22 was due to lower average equity markets as well as repricing of the Select Super portfolio in March 2022.

Non-market related revenue was $33.2 million, $4.1 million or 14% higher than 1H22 and 2H22. The increase was mainly driven by strong Fordham performance and a higher interest rate environment.

Perpetual Private's market related revenue margin was 83 bps (78 bps excluding performance fees) in 1H23 compared to 85 bps in 1H22 (82 bps excluding performance fees) due to Select Super repricing and 82 bps in 2H22 (79 bps excluding performance fees).

Expenses

Total expenses for Perpetual Private in 1H23 were $84.8 million, $1.8 million or 2% higher than 1H22 and $0.9 million or 1% higher than 2H22. The increase in expenses on 1H22 and 2H22 was mainly driven by continued investment in supporting future business growth.

2.3.4 Funds under advice

Perpetual Private's FUA at the end of 1H23 was 17.9 billion, $1.1 billion or 6% lower than 1H22 primarily due to lower equity markets. Perpetual Private's FUA at the end of 1H23 was $0.5 billion or 3% higher than 2H22 due to investment performance and recent improvement in equity markets.

AT END OF	1H23 $B	Net flows $B	Other[1] $B	2H22 $B	1H22 $B
Total FUA	17.9	0.2	0.3	17.4	19.0

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

2.4 Perpetual Corporate Trust

2.4.1 Business Overview

Perpetual Corporate Trust (PCT) is the leading provider of corporate trustee, agency, custody and digital solutions to the managed funds and debt capital markets industry comprising of the following:

Debt Market Services - provides a holistic suite of products which include trustee, agency, trust management, accounting, document custody and standby servicing solutions to the global debt capital markets and securitisation industry.

Managed Funds Services - provides services including independent responsible entity, custodian, wholesale trustee, investment management and accounting. Singapore products include trustee, agency and escrow services. Managed Funds Services has a global client base serviced from our Singapore and Australian offices, administrating a broad range of asset classes including property and infrastructure, debt, fixed income, equity, private equity, emerging markets and hedge funds.

Perpetual Digital - Perpetual Digital combines PCT's existing digital assets and the platform of Laminar Capital, acquired in October 2021, to provide innovative solutions to PCT clients. Perpetual Digital provides a holistic and growing number of products including Data Services (RBA & ESMA regulatory, investor and intermediary reporting), Perpetual Roundtables (benchmarking, industry and client portfolio insights) and our new Perpetual Intelligence SaaS products providing a multitude of digital solutions to the banking and financial services industry. Laminar Capital, a specialist debt markets and advisory business, includes the Treasury Direct Platform and the new specialised capability of Laminar's ESG Risk Score.

2.4.2 Financial Performance

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
Debt Market Services	38.3	35.6	33.1	8%	16%
Managed Funds Services	39.0	36.8	33.5	6%	16%
Perpetual Digital	11.3	9.6	9.9	18%	14%
Total revenues	88.7	82.0	76.6	8%	16%
Operating expenses	(41.7)	(41.0)	(34.4)	(2%)	(21%)
EBITDA	**46.9**	**40.9**	**42.1**	**15%**	**11%**
Depreciation and amortisation	(4.1)	(4.0)	(4.0)	(0%)	(2%)
Equity remuneration expense	(1.0)	(1.1)	(0.7)	11%	(45%)
Interest expense	(0.3)	(0.3)	(0.4)	3%	35%
Underlying profit before tax	**41.7**	**35.5**	**37.1**	**17%**	**12%**

In 1H23, Perpetual Corporate Trust reported underlying profit before tax of $41.7 million, $4.6 million or 12% higher than 1H22 and $6.2 million or 17% higher than 2H22. The cost to income ratio in 1H23 was 53% compared to 52% in 1H22 and 57% in 2H22.

2.4.3 Drivers Of Performance

Revenue

Perpetual Corporate Trust generated revenue of $88.7 million in 1H23, $12.1 million or 16% higher than in 1H22 and $6.7 million or 8% higher than 2H22. The main drivers of the improvement by business line were as detailed below.

In 1H23, Debt Markets Services revenue was $38.3 million, $5.2 million or 16% higher than in 1H22 and $2.7 million or 8% higher than 2H22. The primary drivers for the increase on 1H22 and 2H22 were underlying growth in the securitisation portfolio from new and existing clients particularly from non-bank RMBS and ABS clients, higher document custody volumes and additional new clients in trust management.

In 1H23, Managed Funds Services revenue was $39.0 million, $5.5 million or 16% higher than 1H22 and $2.3 million or 6% higher than 2H22. The increase was primarily due to continued market activity within commercial property, both in Australia and Singapore.

In 1H23, Perpetual Digital revenue was $11.3 million, $1.4 million or 14% higher than 1H22 and $1.7 million or 18% higher than 2H22. The increase was primarily due to the acquisition of Laminar Capital together with continued growth from new and existing clients.

Expenses

Total expenses for Perpetual Corporate Trust in 1H23 were $47.1 million, $7.6 million or 19% higher than 1H22 and $0.6 million or 1% higher than 2H22.

The increase in expenses on 1H22 and 2H22 was mainly driven by costs to support investment in new SaaS products to digitally transform PCT's operating legacy technology systems and new products to clients, increased client volumes, operating costs of Laminar Capital and regulatory requirements.

2.4.4 Funds Under Administration

AT END OF	1H23 $B	2H22 $B	1H22 $B	1H23 v 2H22	1H23 v 1H22
Public Market Securitisation					
RMBS - bank (ADI)	54.3	57.4	57.7	(6%)	(6%)
RMBS - non bank	83.0	78.4	70.1	6%	18%
CMBS and ABS	61.7	52.3	45.5	15%	35%
Balance Sheet Securitisation					
RMBS - repos	393.1	398.9	366.1	(1%)	7%
Covered bonds	83.4	76.3	73.2	8%	14%
Debt Market Services - Securitisation[1]	**675.5**	**663.4**	**612.7**	2%	10%
Corporate and Structured Finance	18.4	18.8	18.2	(2%)	1%
Total Debt Market Services	**693.9**	**682.2**	**630.9**	2%	10%
Custody	229.6	212.0	187.9	8%	22%
Wholesale Trustee	117.2	100.6	83.1	14%	41%
Responsible Entity	51.6	49.5	46.0	4%	12%
Singapore	51.5	48.0	42.5	7%	21%
Managed Funds Services	**449.9**	**410.1**	**359.5**	9%	25%
Total FUA	**1,143.8**	**1,092.3**	**990.4**	**4%**	**15%**

1. Includes warehouse and liquidity finance facilities.

At the end of 1H23, Securitisation FUA in the Debt Market Services business was $693.9 billion, an increase of $63.0 billion or 10% on 1H22 and an increase of $11.7 billion or 2% on 2H22. The movement was driven by continued growth in the ABS and CMBS segments, as well as RMBS – non bank.

At the end of 1H22, Managed Funds Services FUA was $449.9 billion, an increase of $90.4 billion or 25% on 1H22 and an increase of $39.8 billion or 9% on 2H22. The increase was driven by growth mainly across Wholesale Trustee, Custody and Singapore.

2.5 Perpetual Group Support Services

2.5.1 Business Overview

Group Support Services consist of Group Investments, CEO, Finance, Corporate Affairs, Marketing, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Project & Change Management, Operations, Product and People & Culture. It provides technology, operations, vendor management, marketing, property, legal, risk, financial management and human resources support to the business units.

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

2.5.2 Financial Performance

FOR THE PERIOD	1H23 $M	2H22 $M	1H22 $M	1H23 v 2H22	1H23 v 1H22
Interest Income	0.9	0.2	0.1	421%	772%
Other Income	9.8	3.2	6.7	203%	47%
Total revenue	10.7	3.4	6.8	213%	58%
Operating expenses	(10.9)	(8.4)	(12.6)	(29%)	14%
EBITDA	**(0.2)**	**(5.0)**	**(5.8)**	**(96%)**	**96%**
Depreciation and amortisation	(1.2)	(1.0)	(1.1)	(28%)	(12%)
Equity remuneration expense	(0.3)	0.3	(0.4)	199%	(21%)
Interest expense	(8.1)	(3.1)	(2.4)	(159%)	(245%)
Underlying profit before tax	**(9.9)**	**(8.8)**	**(9.7)**	**(12%)**	**(2%)**

2.5.3 Drivers of Performance

Revenue

In 1H23, Group Investments revenue was $10.7 million, $3.9 million or 58% higher than 1H22 and $7.3 million or 213% higher than 2H22. The increase was mainly due to movement in the investing in product (IIP) portfolio, higher investment income and higher distribution income received from unit trust investments held in seed funds.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expenses for Group Support Services in 1H23 were $20.6 million, $4.1 million or 25% higher than in 1H22 and $8.3 million or 68% higher than in 2H22. The increase in total expenses was predominantly due to the higher interest rate expense following official interest rate rises commencing in late 2H22.

Part 3
Appendices

3 Appendices

3.1 Appendix A: Segment Results

PERIOD	1H23						2H22						1H22					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Operating revenue	105.8	76.2	107.0	88.7	10.7	388.3	109.0	84.2	104.3	82.0	3.4	382.8	109.8	84.8	107.0	76.6	6.8	384.9
Operating expenses	(91.0)	(48.2)	(77.6)	(41.7)	(10.9)	(269.5)	(86.2)	(55.6)	(75.9)	(41.0)	(8.4)	(267.2)	(76.4)	(53.0)	(75.6)	(34.4)	(12.6)	(252.0)
EBITDA	**14.8**	**28.0**	**29.3**	**46.9**	**(0.2)**	**118.9**	**22.8**	**28.5**	**28.3**	**40.9**	**(5.0)**	**115.6**	**33.5**	**31.8**	**31.4**	**42.1**	**(5.8)**	**132.9**
Depreciation and amortisation	(1.2)	(2.9)	(4.8)	(4.1)	(1.2)	(14.2)	(1.1)	(2.9)	(4.7)	(4.0)	(1.0)	(13.7)	(1.1)	(2.7)	(4.7)	(4.0)	(1.1)	(13.6)
Equity remuneration	(0.5)	(1.7)	(2.2)	(1.0)	(0.3)	(5.7)	(0.4)	(2.1)	(2.2)	(1.1)	0.3	(5.4)	(0.1)	(2.7)	(1.8)	(0.7)	(0.4)	(5.6)
EBIT	**13.1**	**23.4**	**22.4**	**41.9**	**(1.8)**	**99.0**	**21.3**	**23.6**	**21.5**	**35.8**	**(5.7)**	**96.5**	**32.2**	**26.4**	**24.9**	**37.5**	**(7.3)**	**113.8**
Interest expense	(0.3)	(0.0)	(0.2)	(0.3)	(8.1)	(9.0)	(0.3)	(0.0)	(1.1)	(0.3)	(3.1)	(4.9)	(0.3)	(0.0)	(1.0)	(0.4)	(2.4)	(4.1)
UPBT	**12.7**	**23.4**	**22.1**	**41.7**	**(9.9)**	**90.0**	**21.0**	**23.6**	**20.4**	**35.5**	**(8.8)**	**91.6**	**31.9**	**26.4**	**23.9**	**37.1**	**(9.7)**	**109.6**
Significant Items Pre Tax	(15.3)	0.2	(2.8)	(1.1)	(26.1)	(45.0)	(21.2)	(1.4)	(3.0)	(0.9)	(13.1)	(39.6)	(19.8)	(0.8)	(2.0)	(1.8)	(0.0)	(24.4)
Reportable Segment NPBT	**(2.6)**	**23.7**	**19.3**	**40.5**	**(36.0)**	**45.0**	**(0.2)**	**22.2**	**17.4**	**34.6**	**(21.9)**	**52.0**	**12.1**	**25.6**	**22.0**	**35.3**	**(9.7)**	**85.2**

3.1.1 Breakdown of Significant Items Pre-Tax

PERIOD	1H23						2H22						1H22					
	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total	Perpetual Asset Management International	Perpetual Asset Management Australia	Perpetual Private	Perpetual Corporate Trust	Group Support Services	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Transaction and Integration costs[1]	(8.6)	(0.1)	(1.3)	(0.5)	(27.2)	(37.7)	(10.2)	-	(1.6)	(0.3)	-	(12.2)	(16.7)	(0.2)	(0.6)	(0.1)	0.0	(17.7)
Trillium	(2.0)	-	-	-	-	(2.0)	(1.6)	-	-	-	-	(1.6)	(2.0)	-	-	-	-	(2.0)
Barrow Hanley	(6.6)	-	-	-	-	(6.6)	(8.7)	-	-	-	-	(8.7)	(14.8)	-	-	-	-	(14.8)
Pendal	-	-	-	-	(27.2)	(27.2)	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(0.1)	(1.3)	(0.5)	-	(2.0)	-	-	(1.6)	(0.3)	-	(1.9)	-	(0.2)	(0.6)	(0.1)	0.0	(0.9)
Non-cash amortisation of acquired intangibles[2]	(11.0)	-	(1.5)	(0.6)	-	(13.1)	(10.3)	-	(1.5)	(0.6)	-	(12.3)	(10.1)	-	(1.4)	(1.7)	-	(13.1)
Unrealised gains/losses on financial assets[3]	-	0.4	-	-	1.2	1.5	-	(1.4)	-	-	(13.1)	(14.5)	-	(0.6)	-	-	(0.0)	(0.6)
Accrued incentive compensation liability[4]	4.3	-	-	-	-	4.3	(0.6)	-	-	-	-	(0.6)	7.0	-	-	-	-	7.0
Significant Items Pre Tax	(15.3)	0.2	(2.8)	(1.1)	(26.1)	(45.0)	(21.1)	(1.4)	(3.1)	(0.9)	(13.1)	(39.6)	(19.8)	(0.8)	(2.0)	(1.8)	(0.0)	(24.4)

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

3.2 Appendix B: Bridge For 1H23 Statutory Accounts and OFR

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

Post completion of Barrow Hanley acquisition in November 2020, the definition of UPAT was revised to reflect changes to the Group's operating cash flows from both existing and future opportunities. As shown in the table below, 1H23 reporting adjusted NPAT for the four types of significant items:

- those that are material in nature and in Perpetual's view do not reflect normal operating activities;
- non-cash tax-effected amortisation of acquired intangibles;
- tax-effected unrealised gains/losses on financial assets, this excludes unrealised gains/losses on financial assets held as a hedge to the Investing in Product scheme; and
- accrued incentive compensation liability.

	1H23 Statutory Accounts	EMCF[1]	Transaction and Integration costs				Non-cash amortisation of acquired intangibles	Unrealised gains/losses on financial assets	Accrued incentive compensation liability	1H23 OFR
			Trillium	Barrow Hanley	Pendal	Other				
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Revenue	393.2	(2.1)	-	(0.0)	-	-	-	(2.8)	-	388.3
Staff related expenses excluding equity remuneration expense	(189.5)			0.4	0.4	1.6			(4.3)	(191.4)
Occupancy expenses	(4.2)									(4.2)
Administrative and general expenses	(104.8)		-	3.6	26.7	0.5				(74.0)
Distributions and expenses relating to structured products	(2.1)	2.1								-
Equity remuneration expense	(6.8)		1.0	-	0.1					(5.7)
Depreciation and amortisation expense	(27.3)						13.1			(14.2)
Financing costs	(13.5)		1.0	2.6	-			1.1		(8.8)
Total expenses	(348.3)	(2.1)	(2.0)	(6.6)	(27.2)	2.1	13.1	1.1	(4.3)	(298.3)
Net profit before tax	**45.0**	**-**	**2.0**	**6.6**	**27.2**	**2.1**	**13.1**	**(1.7)**	**(4.3)**	**90.0**
Income tax expense	(18.2)	-	(0.2)	(1.9)	(0.6)	(0.6)	(3.1)	0.7	0.9	(23.0)
Net profit after tax	**26.8**	**-**	**1.8**	**4.7**	**26.6**	**1.5**	**10.0**	**(1.0)**	**(3.4)**	**67.0**
Significant Items (net of tax)										
Transaction and Integration costs										
- Trillium										(1.8)
- Barrow Hanley										(4.7)
- Pendal										(26.6)
- Other										(1.5)
Non-cash amortisation of acquired intangibles										(10.0)
Unrealised gains/losses on financial assets										1.0
Accrued incentive compensation liability										3.4
Net profit after tax attributable to equity holders										**26.8**

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: Perpetual Average Assets Under Management

FOR THE PERIOD in Australian Dollars	1H23 $B	2H22 $B	1H22 $B	1H23 v 2H22	1H23 v 1H22
By asset class:					
- US equities	45.3	47.6	49.0	(5%)	(8%)
- Global equities	16.6	15.7	14.3	6%	16%
- Fixed income	9.2	10.2	12.0	(9%)	(23%)
PAMI average AUM	**71.1**	**73.5**	**75.4**	**(3%)**	**(6%)**
By asset class:					
- Australian equities	12.2	13.4	13.8	(8%)	(11%)
- Global equities	1.4	1.5	1.6	(5%)	(14%)
- Cash and fixed income	7.6	9.2	8.9	(18%)	(14%)
- Other	0.8	0.8	0.9	(10%)	(12%)
PAMA average AUM	**22.0**	**24.9**	**25.2**	**(12%)**	**(13%)**
PP average AUM	**7.3**	**7.7**	**7.8**	**(5%)**	**(7%)**
Total average AUM	**100.4**	**106.1**	**108.4**	**(5%)**	**(7%)**

FOR THE PERIOD in US Dollars	1H23 $B	2H22 $B	1H22 $B	1H23 v 2H22	1H23 v 1H22
By asset class:					
- US equities	30.3	34.3	35.9	(12%)	(15%)
- Global equities	11.1	11.3	10.5	(1%)	6%
Total equities	**41.4**	**45.5**	**46.3**	**(9%)**	**(11%)**
Fixed income	6.2	7.3	8.8	(16%)	(30%)
PAMI average AUM	**47.6**	**52.9**	**55.1**	**(10%)**	**(14%)**

3.4 Appendix D: Full Time Equivalent Employees

AT END OF	1H23	2H22	1H22
Perpetual Asset Management International	186	184	164
Perpetual Asset Management Australia	79	81	81
Perpetual Private	419	419	371
Perpetual Corporate Trust	299	286	234
Group Support Services	428	400	378
Total operations	**1,411**	**1,370**	**1,228**
Permanent	1,378	1,346	1,211
Contractors	33	25	16
Total operations	**1,411**	**1,370**	**1,228**

3.5 Appendix E: Dividend History

Perpetual's payout ratio is in line with Perpetual's dividend policy to pay dividends within the range of 60% and 90% of UPAT on an annualised basis. An extended history of Perpetual's dividends paid including the dividend reinvestment price can be found via this link: https://www.perpetual.com.au/about/shareholders/dividend-history

Year	Dividend	Date paid	Dividend per share	Franking rate	Company tax rate	DRP price
FY23	Interim	31 Mar 2023	55 cents	40%	30%	Not determined at time of publication
FY23	Special	8 Feb 2023	35 cents	100%	30%	$26.08
FY22	Final	30 Sep 2022	99 cents	100%	30%	$25.18
FY22	Interim	1 Apr 2022	112 cents	100%	30%	$34.67
FY21	Final	24 Sep 2021	96 cents	100%	30%	$41.31
FY21	Interim	26 Mar 2021	84 cents	100%	30%	$32.34
FY20	Final	25 Sep 2020	50 cents	100%	30%	$28.54
FY20	Interim	27 Mar 2020	105 cents	100%	30%	$28.06
FY19	Final	30 Sep 2019	125 cents	100%	30%	$36.70
FY19	Interim	29 Mar 2019	125 cents	100%	30%	$41.62
FY18	Final	8 Oct 2018	140 cents	100%	30%	$42.20
FY18	Interim	26 Mar 2018	135 cents	100%	30%	$50.34
FY17	Final	29 Sep 2017	135 cents	100%	30%	$52.33
FY17	Interim	24 Mar 2017	130 cents	100%	30%	$51.86

3.6 Glossary

AASB	Australian Accounting Standards Board
ABS	Asset backed securities
ADI	Authorised deposit-taking institution
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
AUD	Australian Dollars
AUM	Assets under management
B	Billion
BEAR	Banking Executive Accountability Regime
bps	Basis point (0.01%)
CCIV	Collective Corporate Investment Vehicles
CEO	Chief executive officer
CLO	Collateralised Loan Obligation
CMBS	Commercial mortgage backed securities
COVID-19	Coronavirus disease
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
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
FAR	Financial Accountability Regime
FCA	Financial Conduct Authority
FTE	Full time equivalent employee
FUA	Funds under advice (for Perpetual Private) or funds under administration (for Perpetual Corporate Trust)
Group	Perpetual Limited and its controlled entities (the consolidated entity) and the consolidated entity's interests in associates
GBP	British Pounds
HKD	Hong Kong Dollars
HNW	High net worth
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
IIP	Investing in Product – portfolio managers can invest deferred incentives into units in their own funds, aligning deferred remuneration to client outcomes
IT	Information technology
KPI	Key performance indicator
M	Million
MAS	Monetary Authority of Singapore

NM	Not meaningful
NPBT	Net profit before tax
NPAT	Net profit after tax
NTA	Net tangible asset
N/A	Not applicable
OFR	Operating and Financial Review
PAMA	Perpetual Asset Management Australia
PAMI	Perpetual Asset Management International
PCT	Perpetual Corporate Trust
PP	Perpetual Private
RAS	Risk Appetite Statement
RBA	Reserve Bank of Australia
RMBS	Residential mortgage-backed securities
RMF	Risk Management Framework
ROE	Return on equity
RSE	Registrable Superannuation Entity
SaaS	Software-as-a-Service
SFDR	Sustainable Finance Action Plan and Sustainable Disclosure Regulation
SGD	Singapore Dollars
SREIT	Singapore real estate investment trust
UK	United Kingdom
UPAT	Underlying profit after tax
UPBT	Underlying profit before tax
US	United States
USD	United States Dollars
WH&S	Work health and safety

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