

2018 ANNUAL GENERAL MEETING

Addresses to Shareholders

1 November 2018

Perpetual Limited
ABN 86 000 431 827

Perpetual 

PPT FY18 ANNUAL GENERAL MEETING

Chairman

Tony D'Aloisio AM

In a moment, I will ask Rob Adams our recently appointed CEO to deliver his first address to you. Before I do that, however, I would like to expand on three matters in my letter to shareholders in the Annual Report:

Firstly, since our last AGM we changed CEO. As you know this is one of the most important decisions for a board and I am pleased to say that your Board has handled this change well. There was adequate time to conduct an internal and external search including looking overseas in the United Kingdom and Hong Kong. During this time, our businesses continued to be properly run and managed by Geoff, and later Chris Green as Acting CEO, along with the executive team. The transition has been completed and Rob has fully settled in.

Importantly, Rob's appointment has been well received by the market and by our teams in Perpetual and, as he meets with them, our shareholders. Rob's strong background in asset management has assisted him in getting the confidence of our asset managers who can see benefits with Rob's experience particularly in assisting and leading them through the difficulties with the current cycle.

Rob is a leader with extensive experience both locally and internationally not only in funds management but also in financial advice and fiduciary services.

He is known as a leader of highly successful teams and has developed businesses through both organic and inorganic growth in his more than three decades of experience.

He is a person of utmost integrity with a likeable style and approach.

In welcoming Rob, I wish to also thank Geoff Lloyd who so ably led the company through significant transformation and delivering excellent shareholder returns.

Secondly, since we last met we have continued to deliver results. The disciplined and well managed transition in leadership, thank you to our leaders and staff, assisted in achieving pleasing results for Financial Year 2018 (FY18). Highlights were NPAT was up 2% and the dividend up 4% and fully franked. On a return to shareholders our compound annualised Total Shareholder Return over five years is a healthy 8%, although compounded over the last three years it is slightly in the negative.

The strength of the FY18 result lies in our diversified business and in our people and clients. Both our net promoter score for client referrals and our people engagement scores went up.

Perpetual Private and Perpetual Corporate Trust delivered double-digit profit growth, with new client wins in their core segments and extension initiatives. In addition, both divisions are investing in modernisation initiatives to deliver digital solutions, productivity gains and an improved client experience.

Perpetual Investments (PI) remains one of Australia's most highly-regarded investment managers. Despite challenging conditions for PI, we remain true to label in relentlessly executing on our proven value investment process. Market conditions continue to favour growth over our value investment style impacting net flows and investment performance.

While our net flows could be better, we are pleased we had increased support for our extension strategies in FY18 with improved momentum in our multi asset business and strong support for our fixed income offerings, most notably the Pure Credit Alpha Fund.

Importantly as we look forward, the appointment of a new CEO with Rob's experience provides us with an opportunity with a new set of eyes to assess the strategies we have been pursuing, and to assess all our businesses. The Board and the senior team are looking forward to working with Rob on initiatives and strategies to grow our businesses and improve performance.

The Board is fully aware our share price has come under pressure particularly in the last six months. There are a number of factors at play such as the fall in the financials driven by negative sentiment towards the sector. Our competitors have not been immune either. Many of the market factors and sentiment at play we cannot influence. Rest assured your Board and Rob and his executive team are focused on those matters we can influence to improve performance including improving our net flows, and continuing to profitably grow our diversified businesses.

The final matter I wanted to comment on is the Royal Commission. I outlined in my letter to shareholders, we are monitoring the Commission and its work, and will of course fully cooperate with any requests for information.

We have also set up a Board and senior management subcommittee chaired by one of our directors, Philip Bullock, with the objective of rechecking our processes against possible changes to standards that may come out of the Commission's work and recommendations.

The Perpetual brand of trust and integrity has been built over a long period and with that a strong culture to support this trust and integrity.

Our new CEO and executives have a mandate from the Board to examine fresh opportunities which are emerging as companies assess, rationalise, and possibly sell off aspects of their operations as they respond to the Royal Commission's outcomes.

On behalf of the Board, thank you to you our shareholders for your continued support and we will continue to do our best to further your interests.

PPT FY18 ANNUAL GENERAL MEETING

CEO and MANAGING DIRECTOR

Rob Adams

Good morning ladies and gentlemen and thank you Chairman. It is a privilege to be addressing you all at my first Perpetual AGM as your CEO and Managing Director.

The key driver for me accepting this role was the obvious strength of Perpetual's brand and reputation, and the opportunities these strengths will provide us over the long-term. I do believe Perpetual's brand delivers us a unique competitive advantage which I aim to better exploit for our clients, and for our shareholders.

Since starting in the role six weeks ago, I have had the pleasure of spending time with many of our people, our clients, and our shareholders. Those interactions have only strengthened my views regarding our brand, and the positive prospects for our long-term future.

Today I will recap Perpetual's financial results for the 2018 Financial Year, discuss our key strategic priorities, and share my early observations on the business.

Results overview

As an industry and at Perpetual, over the last 12 months we have experienced significant change and that's likely to continue.

Despite the current environment, our business remains well positioned and it is important to note that throughout the year, Perpetual continued to see client demand for quality active investment management, professional financial advice, and corporate trustee services.

Our diversified service offering underpinned the increased profit delivered for shareholders in the 2018 Financial Year.

Much of the Financial Year has been a period of transition for Perpetual, with the announcement of Geoff Lloyd stepping down as CEO, and then the announcement of my appointment in May. More recently, we announced the appointment of Chris Green to the role of CFO, following Gillian Larkins' resignation.

Speaking from experience, these periods of transition can feel prolonged. I would like to acknowledge Perpetual's leadership team and all of our people for remaining focused and fully committed to delivering for our clients and our shareholders during this time.

That commitment was evidenced in the 2018 results with Net Profit After Tax of \$140.2 million, a 2% increase on the previous year.

The resultant increased dividend for our shareholders of \$2.75, up 4% on last year, provided a sixth consecutive year of dividend growth.

Our people and client goals were also achieved during the course of the year. I firmly believe sustainable quality growth comes from highly engaged people delivering great outcomes for clients.

In that regard, our client advocacy, or Net Promoter Score, increased a further 3 points this year to 39. That's Perpetual's highest ever result and we are confident it positions us well within the industry.

It also demonstrates our clients remain highly satisfied and are strong advocates for Perpetual.

I have spent time with clients across each of our three businesses and have heard this advocacy first-hand.

I have been extremely impressed with the quality and depth of Perpetual's client relationships, and these relationships are one of our greatest assets. I believe there is more we can do to better leverage such relationships over time.

At 73%, our Employee Engagement score is also the highest Perpetual has seen. Everyone is proud of the result and it maintains Perpetual's top quartile position on this critical measure.

The culture of the organisation is widely talked about outside of Perpetual – which speaks volumes – and I had certainly heard of it before taking on this role.

I have set an aim to personally meet all Perpetual people in my first 100 days and have already spent time with more than 300 of them.

From a first-hand perspective, I can say the Perpetual culture is apparent from the moment you step in the building.

There is a positive energy, a sharp focus, and a genuine commitment to delivering for our clients that cannot be manufactured.

A generosity of spirit, a willingness to help, and an unyielding determination to ensure clients have the best possible experience. The team has needed to draw on that determination this year, and will need to again as our industry faces various headwinds.

Perpetual Investments

Our Perpetual Investments business was certainly impacted by some of those headwinds in the last year.

Fund flows across the industry have been impacted by recent market volatility and through the early findings of the Royal Commission.

Investment market conditions throughout the year continued to favour growth investing over value investing. This has indeed been one of the longest periods in which growth and momentum investing have dominated markets, marking back to at least 2010.

We understand investment markets are cyclical and there will be a turning point where greater market volatility will provide more opportunities to buy quality companies at attractive valuations.

However, during the 2018 Financial Year low volatility reduced these opportunities and it has been a difficult period for value managers such as Perpetual.

Our investment teams have remained very disciplined in their approach and Perpetual is well-positioned to capitalise when the inflection point arrives, the start of which we may be witnessing right now.

Despite these challenges, and our negative net flows, Perpetual Investments has managed to maintain its market position in Australian Equities over the last 12 months. The business delivered Profit Before Tax of \$112.5 million, representing 56% of Group Profit Before Tax.

Perpetual Private

The business saw record flows for the 2018 financial year delivering 10 consecutive halves of positive net flows, now advising on more than \$14bn of assets.

Achieving double-digit profit growth of 14% for the year, Perpetual Private's Profit Before Tax was \$46.1 million, equating to 23% of the Group total.

The business continued to focus on its targeted segmentation strategy with strong results – bringing on 120 new high net worth clients in the established wealthy segment, which is now the leading source of Funds under Advice.

Perpetual Private achieved this in a challenging year for the advice industry with the Royal Commission on foot, structural shifts, including the sell-off of bank-owned wealth businesses, and a consumer trust deficit. I am confident our business model in Perpetual Private will stand us in good stead during such a time of change.

Perpetual Corporate Trust

In Perpetual Corporate Trust, securitisation issuance remained solid across all asset classes with a 21% growth in volumes over the year.

There was continued strong growth in our core Debt Markets and Managed Fund Services businesses, further strengthening our market position.

Pleasingly, there was also momentum in new extension offerings for clients, including our Data & Analytics Solutions business. The diversification within the Perpetual Corporate Trust business is contributing to its success.

Like Perpetual Private, Perpetual Corporate Trust also delivered double-digit profit growth, resulting in a 16% year-on-year increase, with Profit Before Tax of \$42.6 million for the year accounting for 21% of Group Profit Before Tax.

CEO priorities

The Company's 2018 financial results demonstrate the solid foundation of our business. Whilst we are well positioned, there are clear priority areas for Perpetual's continued success.

Among a range of immediate focus areas, I have three top priorities:

1. Firstly, our Leadership team. We need a strong and stable leadership team with the skills and capability to take the business forward in challenging times.

This is a core focus of mine. I am delighted Chris Green has moved into the CFO role after 12 years leading our Corporate Trust business. Chris is an exceptional executive, with deep corporate knowledge and we have already developed a good working relationship.

Over the next few weeks I look forward to announcing our new Group Executive for Perpetual Corporate Trust, replacing Chris, as well as elevating Risk and Compliance to a Group Executive role on the Executive Leadership Team.

With my team in place, we will continue to work hard to define and execute our strategy with a focus on driving growth across our portfolio of businesses.

2. Secondly, we will concentrate on delivering sustained, quality growth.

Our 132-year history of providing fiduciary investment services has created strength and confidence in the Perpetual brand. In a period when trust in financial services has declined, Perpetual's brand has strengthened.

Perpetual has a true competitive advantage which I feel we can better leverage.

I firmly believe our brand will present us with both organic and inorganic opportunities across each of our three businesses, and I intend to see Perpetual realising the benefit of these opportunities as they arise.

Specifically, for Perpetual Investments this will mean looking to add new, high-quality, world-class investment capabilities that are contemporary and relevant to institutional and retail investors, both in Australia and internationally.

There is great scope to provide a broader suite of investment strategies to clients given our brand and the depth and breadth of our relationships, many of which have lasted decades.

Perpetual Private has a clearly differentiated business model, with quality, professional advice provided through our fee-for-service approach. We are focused on specific client-types, including the high net worth segment, business owners, medical practitioners, the Not-For-Profit sector, and our Native Title clients.

As mentioned, the advice industry in Australia is going through difficult times and the dislocation across the sector is set to continue. We believe our disciplined and focused business model is likely to be one of the few beneficiaries of this dislocation, as we seek to further grow Perpetual Private over time.

We are market-leading in Perpetual Corporate Trust which positions us well for continued growth, whilst fostering new revenue streams through the ongoing development of our data services business.

Naturally, we will be cautious and disciplined in our assessment and pursuit of any new opportunities across our portfolio of businesses, with an unerring focus on quality and growth potential.

3. Thirdly, I believe we can better leverage our strong brand and reputation which are true assets for this company.

I expect to see the Perpetual brand will be more on the front foot and we will continue to improve all aspects of our client relationships and our clients' experience with us. This will enable us to develop new, stronger, and deeper client relationships.

Further, as the financial services landscape continues to evolve, we will seek to explore and develop new distribution channels to potentially open new avenues of growth.

In summary, I expect us to be leveraging our greatest asset to deliver more to our clients and to our shareholders.

The Chairman highlighted the recent decline in our share price. My team and I are deeply committed to doing all that is within our control to drive total return to our shareholders over time. With a renewed focus on delivering quality growth across all of our businesses as I have just described, I am confident we can achieve this.

During my first six weeks as CEO I have engaged with key stakeholders of Perpetual including our people, our clients, our suppliers and our shareholders.

I have relished the opportunity to hear from passionate supporters of Perpetual and I have spent a considerable amount of time listening, sharing and understanding context.

As mentioned, I am one-third into my commitment to meet every person in Perpetual as part of my onboarding.

I am uncompromisingly committed to investing in our people.

I know it's their industry experience, skills and ideas, when combined with our innate understanding of the privilege we have to provide fiduciary services to our clients, that helps us deliver. This truly is a people business.

I will drive hard to continue building on our strengths and striving for leadership positions in providing quality active investment management services, professional financial advice, and industry-leading corporate trustee services.

Perpetual is well-positioned to navigate a path that will deliver on the promise of our brand over the long-term.

I thank Tony and the Board for the opportunity to lead this fine company and will direct all my energy to delivering for our clients, our people and our shareholders.

Thank you.

PPT FY18 ANNUAL GENERAL MEETING

People and Remuneration Committee Chairman

Sylvia Falzon

Good morning fellow shareholders, ladies and gentlemen.

As Chairman of the People and Remuneration Committee, it is my pleasure to present to you a summary of the key remuneration outcomes delivered at Perpetual in the 2018 Financial Year.

Our focus continues to be setting, measuring and rewarding both short and long-term performance outcomes linked to our strategy. Our goals across Financial, Growth, People and Client dimensions are underpinned by clear risk management expectations.

In this, the second year of operation of the variable incentive remuneration plan, we have continued to consult with key stakeholders in relation to the structure of the plan and the outcomes following our 2018 Financial Year results. Feedback has been largely positive, particularly in relation to the outcomes delivered to our Executives in light of business performance over this period. I would like to thank these stakeholders for their time and feedback.

To reiterate, we created a model with better alignment between our Executives and shareholders by aiming to increase share ownership earlier where stretch performance targets have been met. These measures are comprised of both financial and non-financial measures and assessed based on short and longer term performance. Overall, we believe the model is appropriately delivering on our Pay for Performance objectives and alignment to our shareholder experience.

As previously mentioned by our Chairman and CEO, Perpetual Private and Perpetual Corporate Trust continued to deliver strong growth over the performance period. Perpetual Investments on the other hand continued to face headwinds. We again achieved strong results for our people and client measures. What this means is our people are highly engaged and committed to serving our clients and doing what is right, and our clients in turn are continuing to be strong advocates of Perpetual. We believe the combination of these positive outcomes, places Perpetual in a good position to deliver long-term sustainable growth into the future.

Our overall 2018 Financial Year outcomes for executives are down on the prior year by an average of 15 percentage points, resulting in incentives being paid to our Group Executives in the range of 74%-78% of target versus 76%-98% in the 2017 Financial Year. Your Board believes these outcomes are reflective of the performance delivered by the Executive team across all measures.

During the year, we introduced a change to the variable incentive of our new CEO and Managing Director, Rob Adams. To further align reward with long term performance outcomes, we introduced an additional hurdle on 50% of his variable equity incentive. The detail of these arrangements was set out in the ASX appointment announcement and covered in our recently published remuneration report. Your Board, through the People & Remuneration Committee, will review the alignment of executive incentive structures over the coming year given the change adopted for our new CEO for the 2019 Financial Year.

While our Remuneration Report focuses on the Remuneration outcomes of our Executive Team, we also take the opportunity to highlight details of our approach to remunerating our employees. This includes the benefits of working at Perpetual and the importance of behaviours and risk management in our assessment of performance, and the allocation of variable reward.

We incorporate the assessment of risk in three ways:

- At a Group and divisional level through collective risk goals,
- At an individual level via Perpetual's behavioural framework which has been in place since 2014, and
- Via the Board's ability to exercise discretion over any element of remuneration.

We understand the importance of providing clarity and transparency in relation to our Executive remuneration and continue our commitment, particularly in the context of the current operating environment, to engage all stakeholders and take on feedback.

Thank you for your support.

1 November 2018

PERPETUAL LIMITED
**2018 ANNUAL
GENERAL MEETING**

ABN 86 000 431 827

Perpetual 


MR TONY D'ALOISIO AM
Chairman


Perpetual 

MR ROB ADAMS
Chief Executive Officer and
Managing Director

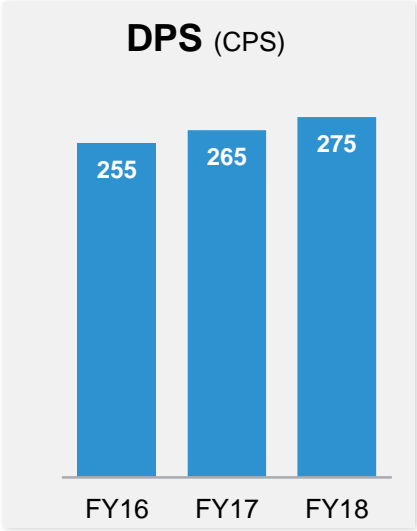
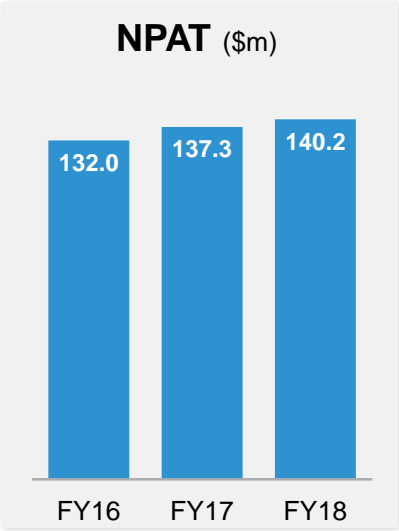
Perpetual 

FY18: DIVERSIFICATION DELIVERING TO STAKEHOLDERS

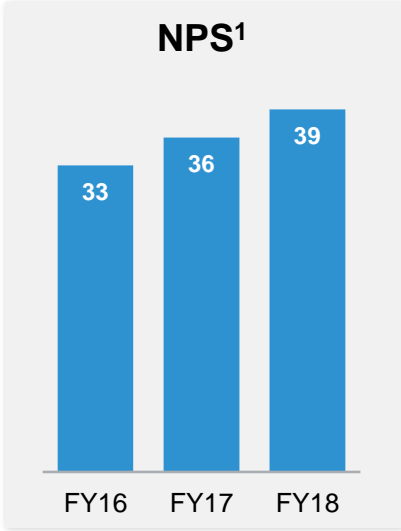
\$140.2 m
NPAT  **2%** on FY17

\$2.75
DPS  **4%** on FY17

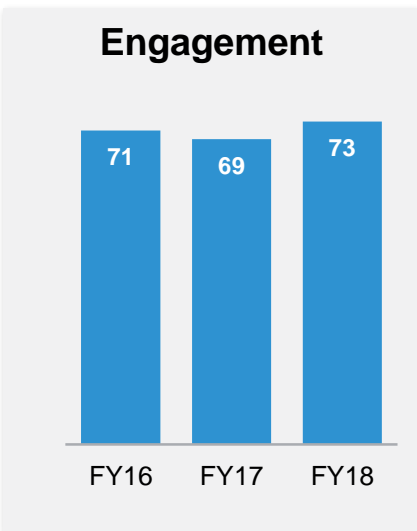
Shareholders



Clients



People



1. NPS FY17 Actual outcome: 38, re-baselined for new target markets: 36

FY18 OVERVIEW: DIVERSIFIED BUSINESS WITH CLEAR FOCUS

VISION: Australia's largest and most trusted independent wealth manager

PERPETUAL INVESTMENTS

\$30.8b
FUM



Offering investment products across a range of asset classes and distribution channels

PERPETUAL PRIVATE

\$14.1b
FUA



Delivering tailored financial and advisory services to high net worth individuals and philanthropic institutions

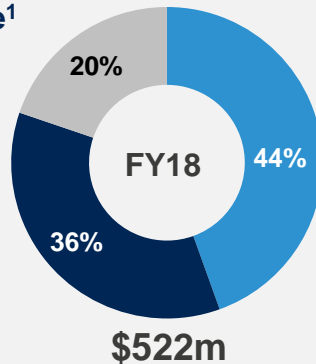
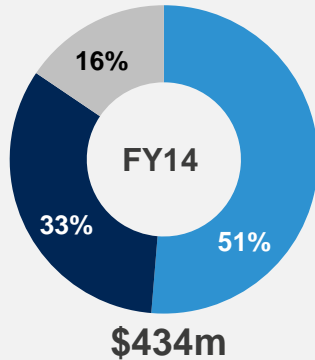
PERPETUAL CORPORATE TRUST

\$693b
FUA

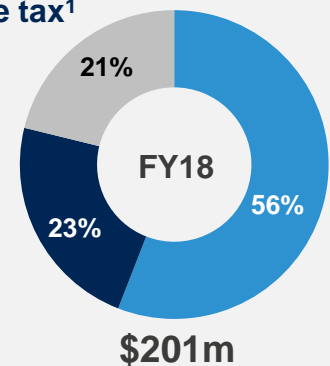
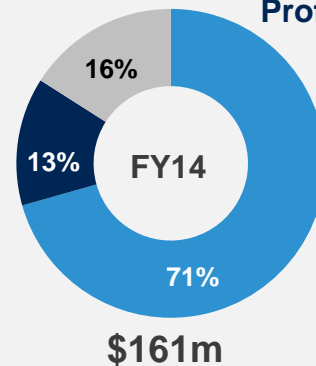


Providing trustee and fiduciary services to institutional clients

Revenue¹



Profit before tax¹



■ Perpetual Investments ■ Perpetual Private ■ Perpetual Corporate Trust

¹ Excludes Group Support Services

CEO EARLY PRIORITIES



**Leadership
Team**



Growth



**Brand and
Reputation**

1 November 2018

PERPETUAL LIMITED
**2018 ANNUAL
GENERAL MEETING**

ABN 86 000 431 827

Perpetual 

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