

2017 ANNUAL GENERAL MEETING

Addresses to Shareholders

2 November 2017

Perpetual Limited
ABN 86 000 431 827

Perpetual 

PPT FY17 ANNUAL GENERAL MEETING

Chairman

Tony D'Aloisio AM

This morning, on behalf of our Board I will highlight some key points made in the Chairman's letter in the annual report. Importantly, in that letter I thanked Geoff and the management team and all our people at Perpetual for their commitment to this great company. I also thanked you our shareholders for your support.

There are four key areas I will address today:

First, the Board is pleased that for you our shareholders the business has delivered a solid result in the 2017 financial year with net profit after tax (NPAT) of \$137.3 million up 4% on last year, and revenue of \$515.4 million, also up 4%. This comes on top of the strong results of the past few years.

The total dividend for this financial year was 265 cents fully franked, up 4% on last year, and representing a payout ratio of 90% of NPAT. This is aligned to the Board's policy of keeping within a payout range of 80%-100% of statutory NPAT on an annualised basis.

With substantial cash on our balance sheet and a low level of debt, Perpetual's financial position remains strong.

Secondly, your Board remains focused on long-term sustainable earnings leveraging the three strong businesses we have. As a value investor Perpetual Investments faced challenging investment conditions in FY17. However, our focus remains on delivering for our clients over the long-term. Pleasingly, Morningstar named five of Perpetual's funds in the top 10 performing Australian Equity funds over the last 10 years, in research released in April.

Thirdly, the Board understands the importance of retaining and motivating our people. Since joining I have been pleased to see a genuine and tangible commitment to getting the best out of our people. Whether through market based remuneration policies, engagement or development opportunities our people feel supported, and they're telling us so. The recognition for our outstanding workplace flexibility program at the Australian HR Awards in 2017 was further confirmation we're on the right track to continue to attract and retain the talent we need.

Fourthly, your Board knows the importance of driving executive performance and alignment to rewards for shareholders. This is achieved through a balanced scorecard across Financial, Growth, People and Client goals, and through its rigorous review and assessment during the year against those objectives.

Last year we implemented a new Executive Variable Incentive Plan which was designed to more closely align executive and shareholder interests, primarily through share ownership. Our Board and the People and Remuneration Committee under its Chairman Sylvia Falzon, showed a real preparedness to ensure the framework aligns to Perpetual and the business strategy.

We believe our new arrangements achieve a fair balance between long and short term incentives, and align to shareholder interests. As the arrangements are new we will monitor them carefully; we have engaged with and will continue to listen to feedback from our

shareholders and proxy advisers. We will also continue to examine this further to see if any changes are required.

The remuneration report is one of the items we will vote on today.

And one other matter I will address before handing to Geoff relates to Brickworks.

Shortly after the end of the financial year this case was decided against Perpetual. The case had been running for several years and revolved around the cross shareholding of two companies, Brickworks and Soul Pattinson, which Perpetual as a value manager believed was restricting the share value of those companies. Your Board weighed up how the costs of the case should be borne and decided it was in Perpetual's long-term commercial interests to bear some of those costs, roughly half, and the other half borne by the unitholders of the funds.

We announced to the market in early August, the cost impact to NPAT forecast for FY18 is a one off non-recurring item of \$3.5m.

I have worked with many Boards over the years and as the incoming Chairman I have been very pleased with its depth, quality and experience, and say to you our shareholders that you are in good hands.

Thank you again for your support.

PPT FY17 ANNUAL GENERAL MEETING

CEO and Managing Director

Geoff Lloyd

Good morning and thank you Chairman. It is good to see you all again at this year's AGM.

Overview

Perpetual delivered a solid result for shareholders this year despite variable market conditions, investor sentiment and an unprecedented period of uncertainty. Two years in, our Lead & Grow strategy continues to deliver for our shareholders and our people.

The 2017 financial year was the fifth consecutive year we delivered an increased dividend for shareholders. While this is a great outcome, importantly, we also continued to invest in our business for future growth.

I am pleased to be able to share with you today an overview of our result.

Strategy delivering for stakeholders

As many of you know, our Lead & Grow strategy is about delivering outcomes for our shareholders, our clients and our people. This year, we are pleased with the results across all key measures.

Net profit after tax is up 4% on FY16; and our Dividend is up 4% on last financial year; and UPAT is also up 7% on last financial year.

In relation to clients, our client advocacy score, or NPS, is up 5 points on last year's high result. And our employee engagement is in the top quartile for businesses in Australia and New Zealand for the third year in a row.

Our teams are proud of these results as all divisions have made active contributions to these outcomes.

A more diverse business

Our vision is to be Australia's largest and most trusted independent wealth manager. Ensuring we are a diversified portfolio of businesses is key to that objective.

We've been carefully working towards meaningful diversification, and over the last five years, we have grown the business overall, and across each division.

As we were nearing capacity in our leading Australian equities business within Perpetual Investments, we have invested for many years to develop Perpetual Private and Perpetual Corporate Trust.

This diversification makes us much better positioned for future growth.

Drivers are markets, flows and new clients

Our key business drivers are markets, flows and new clients.

While the average All Ords for FY17 was up 8%, market conditions and investor sentiment have remained both variable, and unpredictable. We expect FY18 to be similar.

Perpetual Investments

Unsurprisingly in this environment, for a quality and value manager, Perpetual Investments' net inflows were down on FY16. The change was predominantly from the institutional channel.

However, the Perpetual Investment team remains focused as it should be on quality, value and consistency of philosophy. Complementing this is a well-resourced, committed and stable team.

Perpetual Investments maintained its market share and leading position in Aussie equities over the last five years. Performance remains key and last year all but one of our Australian equities funds finished at or above benchmark.

Importantly, 88% of our funds were in the first or second quartile over five years, and 100% over seven years.

We've made good progress building out our global equities capability and now have \$1.3 billion of international equities managed across all of Perpetual Investments.

For the global share fund specifically, performance has been very strong over the last 12 months and is above benchmark for 1, 3 and 5 years.

You'll note we released our FY18 Q1 FUM statement in October announcing Perpetual Investments' funds under management were \$31.0 billion as at 30 September, down \$0.4 billion on the previous quarter.

Perpetual Private

For Perpetual Private, our targeted segmentation strategy for high net worth clients delivered 18% PBT growth, 6% revenue growth, and eight consecutive halves of net client growth. That's a very strong result.

Perpetual Private is one of Australia's most respected and fastest growing advice businesses servicing the high net worth market.

We have continued to focus on our target segments of:

- business owners
- established wealthy and
- professionals.

Fordham, our accounting and advisory business, focuses on the business owners segment. It is the leading referral source for Perpetual Private for the second straight year.

Through the 2017 financial year Fordham's revenue grew by 25%, we appointed seven new partners, brought on more than 300 new clients, and achieved a client advocacy score of 72. This is an outstanding result.

Perpetual Corporate Trust

Perpetual Corporate Trust again performed well delivering growth of 8% in PBT and a 6% increase in revenue. Securitisation markets and inbound capital flows to property and infrastructure have driven this strong result.

FY17 was one of the strongest years for securitisation issuance since the GFC.

We are a clear market leader in Debt Market Services and we are now also a leader in Managed Fund Services.

Growth in the Debt Market Services business was delivered through first to market extensions in data capability. Our ABS Perpetual Business Intelligence mortgage analytics platform is an example of this. Developed with clients to help them manage risk in their mortgage portfolios, there is much greater opportunity to grow revenues as services are built out.

So with that snapshot of the conditions faced and the different drivers for each of the businesses, you can see the clear value of our focus on diversification in the group result this year.

Dividend

For the fifth consecutive year we have delivered an increased dividend for shareholders.

Perpetual aims to pay dividends within a range of 80-100% of statutory NPAT on an annualised basis, and maximise fully franked dividends.

We have delivered this income to shareholders while continuing to invest in our business for growth.

We have invested to both protect the core and to drive sustainable revenues across the business.

That is after all, the key to a reliable growth outlook despite unpredictable market conditions.

Ready for the future

The business is performing well and we have laid a solid foundation for growth. We have good momentum across our three key divisions, a stable and committed leadership team and a healthy balance sheet ready for opportunities.

Continued unpredictability may impact markets and our clients, but we have positioned the business well to navigate through these challenges.

We have a deep heritage for growing and protecting our clients' wealth, a strong and well respected brand, and proven investment process that delivers over the long term.

Perpetual has delivered a good financial result for shareholders in FY17, whilst continuing to invest in the business. But just as importantly, we've put a lot more runs on the board to underpin a more diversified, and more reliable outlook for growth across all divisions.

I'd like to thank the Board, the Executive Leadership Team and all of our team at Perpetual for their hard work and commitment to delivering for our clients, our people and shareholders.

Thank you.

PPT FY17 ANNUAL GENERAL MEETING

People and Remuneration Committee Chairman

Sylvia Falzon

Thank you Tony and good morning fellow shareholders, ladies and gentlemen.

As Chairman of the People and Remuneration Committee I would like to address the meeting.

At Perpetual, our people are key to driving the success of our organisation and in turn value for our shareholders. So the way in which we attract, motivate and retain our talent today and into the future underpins this success.

People are attracted to work and stay at Perpetual for a range of reasons. One of those reasons is the company provides a remuneration framework that is fair, transparent and rewards for performance. Last year I addressed this meeting to introduce our new Variable Incentive Plan for our Executive team; the reasons for the change, the key features and, more importantly, what we hoped the new model would achieve.

Today is about sharing with you the outcomes of the new Variable Incentive Plan after its first year in operation.

As highlighted in my covering letter to the FY17 Remuneration Report, your Board and Executive team believe this new model will drive long-term alignment between you our shareholders and our Executive team – through the ownership of Perpetual shares.

At this point, I would like to talk a little about why getting shares, if awarded, in the hands of our executives sooner actually matters. In a nutshell, it means our executives experience what you experience and their focus is on making decisions that, over the long term, will help drive growth in our share price. By building a portfolio of Perpetual shares, we believe this is a way in which our executives get to ‘walk in your shoes’.

After the first year of operation as we reflect on what we set out to achieve, we are pleased our new model is delivering the desired outcomes.

To briefly recap, our previous short and long-term incentives are now combined into one simplified variable remuneration plan. A significant portion of the incentive, if awarded, is delivered to the Executive in equity which remains under lock for a further four years. We believe by more closely aligning our Executives to shareholders, we will continue to build sustainable growth in our share price and dividend stream.

The new plan seeks to reward long-term value creation for shareholders while attracting, retaining and motivating our Executives to execute on our Lead & Grow strategy. The Board believes the new plan will:

- accelerate ownership of equity - subject to Board-approved stretch targets - and encourage long-term decision making through an ownership mindset;

- achieve closer alignment of variable incentives to performance against key business metrics that are more meaningful and controllable, linked to our strategy, and contain appropriate levels of stretch;
- deliver greater differentiation of reward for over and under achievement against Board approved targets;
- reduce complexity and increase transparency; and
- strengthen retention of our Executives.

Over the course of the last 18 months, we have consulted with both Shareholders and Proxy Adviser Groups on the structure of, and rationale for, the new incentive plan. Recently we have been able to consult on the new plan in light of our FY17 results. Feedback has been largely positive, particularly the quantum of outcomes delivered to Executives in FY17 following solid business performance.

I would like to thank our shareholders and the proxy adviser community for your time and constructive feedback. We value this engagement and the exchange of views and ideas.

As Tony has previously mentioned, in FY18 we will continue to review our approach in light of the feedback we receive from stakeholders.

The focus for Perpetual in setting, measuring and rewarding performance has always been the delivery of both short and long term outcomes relative to our strategy. This is achieved through our balanced scorecard across Financial, Growth, People and Client goals, underpinned by robust risk management expectations and processes. The design of the new incentive plan allows goals to be established each year, in line with strategy, which drives a combination of short and long term value creation across these four dimensions.

The true alignment in our view, is the more meaningful accumulation of Perpetual shares that is released to Executives after four years – subject to the achievement of stretch performance targets contained within the balanced scorecard. Our executive remuneration outcomes for FY17 reflect this approach with solid company performance delivering Executive variable incentive outcomes of between 76%-98% of target. This demonstrates the reward outcomes are a combination of achievements over the performance year as well as performance assessed against long-term measures and targets.

In summary, I would like to reiterate the reason we made the change to our remuneration structure was to provide a variable reward model that better reflects Perpetual's business and strategy, and more closely aligns our Executives with the experience of our shareholders. We believe the new structure is simpler, more transparent and importantly, helps drive the long-term value of our company.

Thank you.

2 November 2017

PERPETUAL LIMITED
**2017 ANNUAL
GENERAL MEETING**

ABN 86 000 431 827

Perpetual 

MR TONY D'ALUISIO AM
Chairman

Perpetual 

MR GEOFF LLOYD
Chief Executive Officer and
Managing Director

Perpetual 

FY17: STRATEGY DELIVERING TO STAKEHOLDERS

NPAT



4%

on FY16

DPS



4%

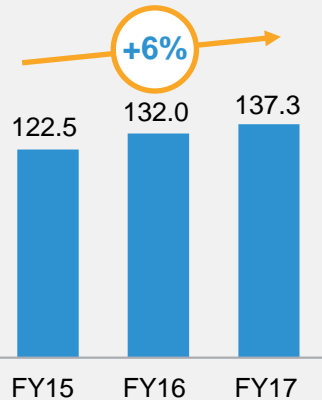
on FY16

Shareholders

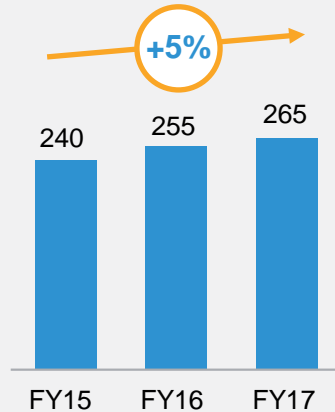
Clients

People

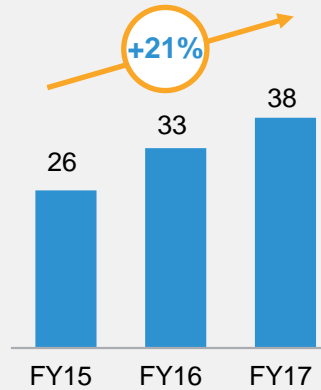
NPAT, \$m



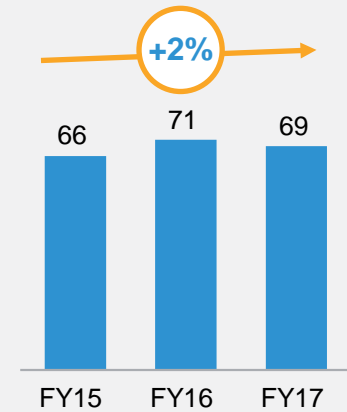
DPS, cps



NPS¹



Engagement



Note: Percentage increases represented are CAGR.; 1. FY16 actual outcome: 31; re-baselined for target segments: 33

FY17 OVERVIEW: DIVERSIFIED BUSINESS WITH CLEAR FOCUS

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

Perpetual Investments

-1% PBT

Maintaining leadership in Australian equities while pursuing other asset classes
\$31.4b FUM

Perpetual Private

+18% PBT

Targeted HNW segment strategy
\$13.5b FUA

Perpetual Corporate Trust

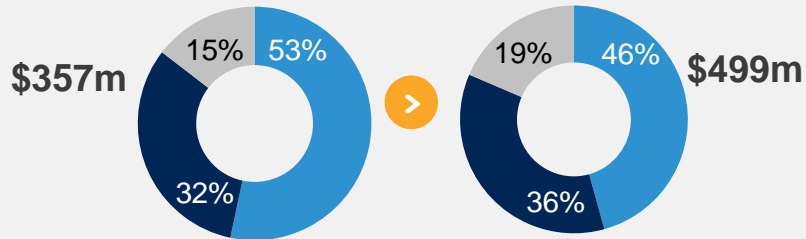
+8% PBT

Leading corporate trustee extending into adjacent markets
\$658b FUA

Revenue¹

FY12²

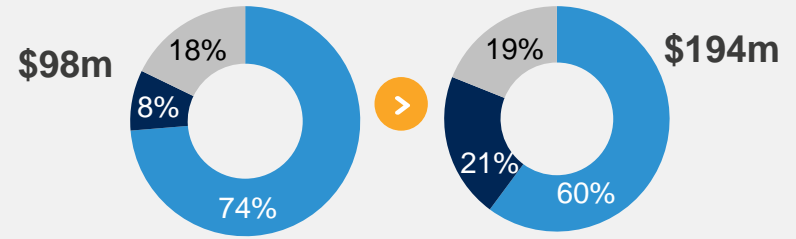
FY17



Profit before tax (PBT)¹

FY12²

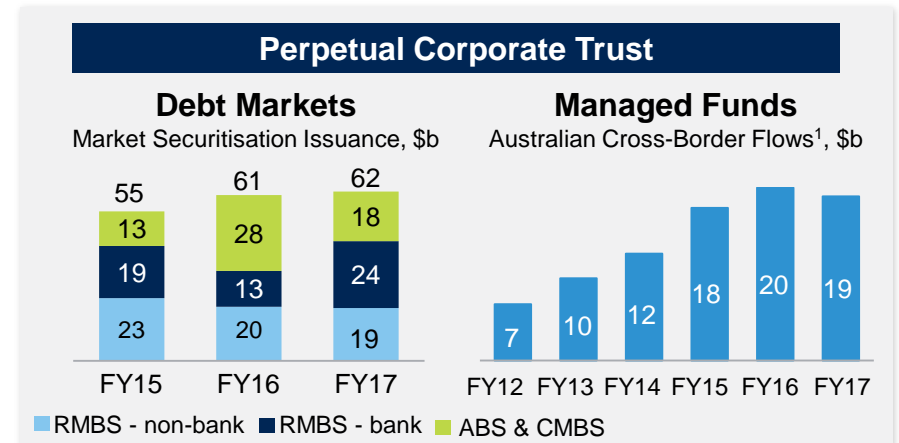
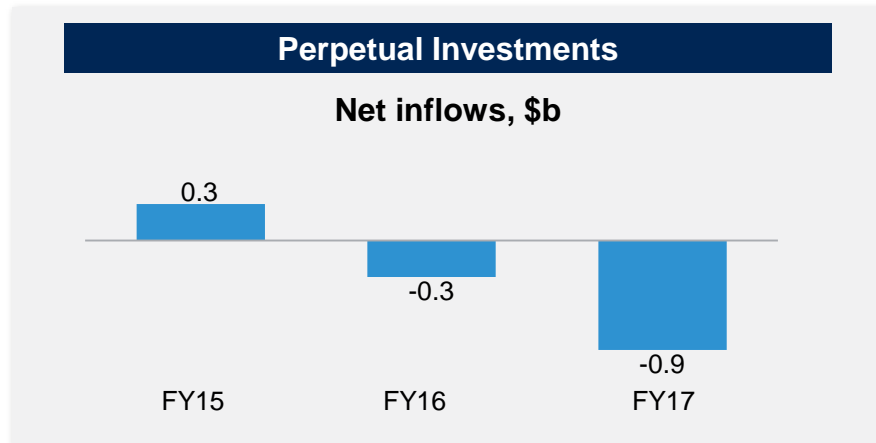
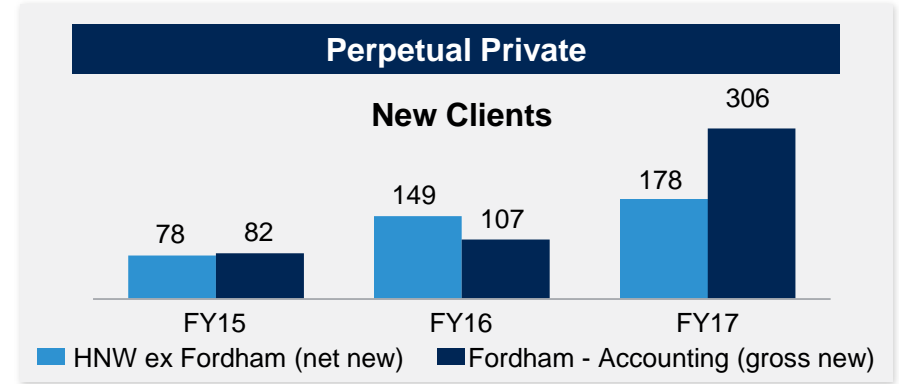
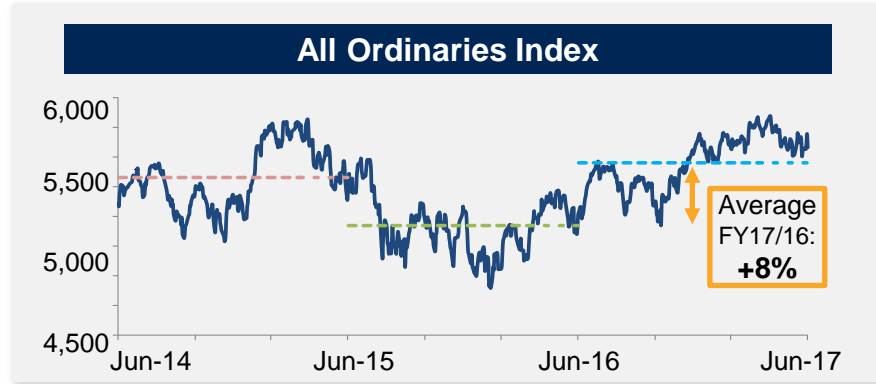
FY17



■ Perpetual Investments ■ Perpetual Private ■ Perpetual Corporate Trust

¹ Excludes Group Support Services, ² Excludes divested businesses

FY17 RESULTS: DRIVERS ARE MARKETS, FLOWS AND NEW CLIENTS



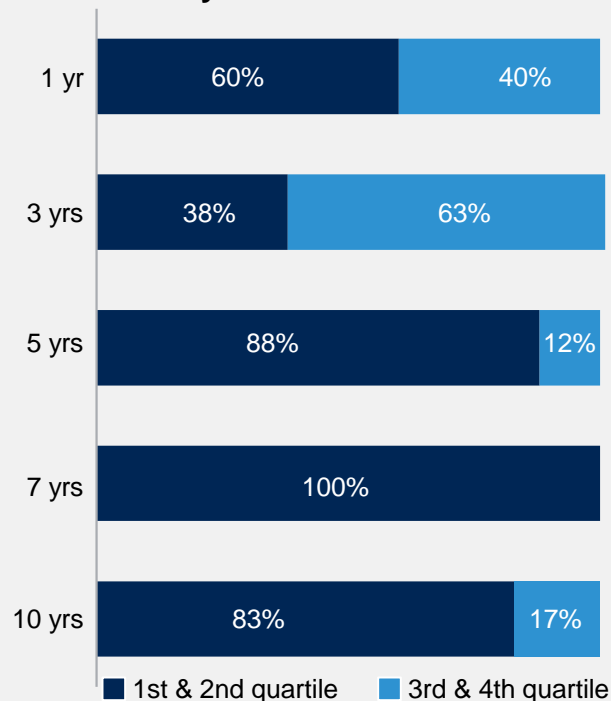
¹ Source: Real Capital Analytics, Inc.

PERPETUAL INVESTMENTS: STRONG LONG-TERM INVESTMENT PERFORMANCE

QUARTILE RANKINGS¹ periods ending June 2017

		1Yr	3Yrs	5Yrs	7Yrs	10Yrs
AUSTRALIAN EQUITIES	Perpetual W Australian	3	4	3	2	2
	Perpetual W Concentrated Equity	2	3	2	1	1
	Perpetual W Ethical SRI	3	1	1	1	1
	Perpetual W Geared Australian	1	4	1	1	4
	Perpetual W Industrial	3	3	2	1	1
	Perpetual W SHARE-PLUS Long-Short	2	2	1	1	1
	Perpetual W Smaller Companies	1	2	1	1	1
	Perpetual Pure Equity Alpha	1	3		-	-
GLOBAL EQUITIES	Perpetual Global Share Fund	1	2	1	-	-
	Perpetual Global Share Fund Hedged	1	-	-	-	-
MULTI ASSET	Perpetual W Balanced Growth	3	4	2	2	1
	Perpetual W Conservative Growth	2	3	2	2	1
	Perpetual W Diversified Growth	3	4	2	2	1
	Perpetual Diversified Real Return	3	4	4	-	-
CREDIT AND FIXED INCOME	Perpetual W Diversified Income	2	2	2	2	3
	Perpetual Active Fixed Interest	1	1	1	1	1

% of funds quartile ranking over 1 – 10 years¹



¹ Perpetual flagship funds included in the Mercer wholesale surveys – quartile ranking. Note: Only Mercer rated funds included.

PERPETUAL PRIVATE: STRATEGY ON TRACK – 18% PBT GROWTH



Organic growth continues:

Eight consecutive halves of positive net flows

Continued net new client growth

6% growth in Funds Under Advice

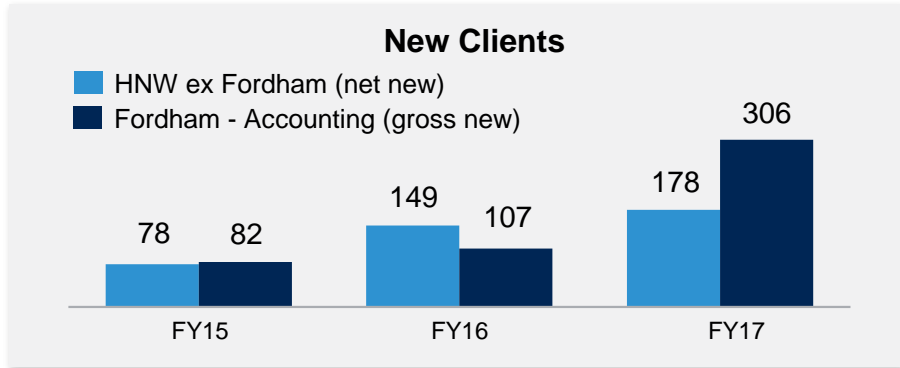
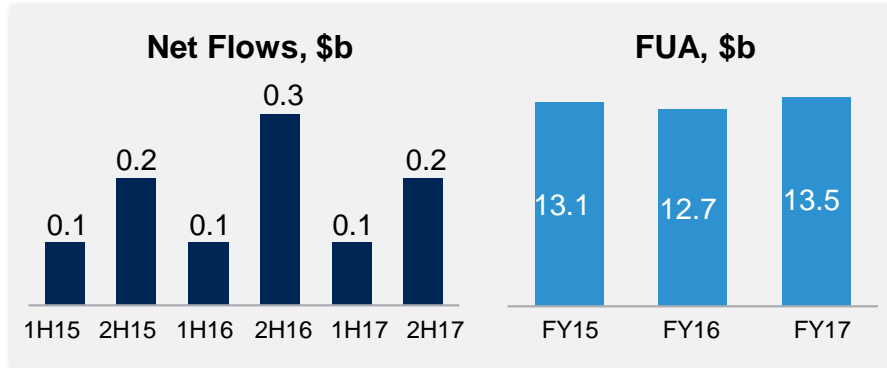
13% growth in PP Funds Under Management

Lead & Grow investments underway:

The Private Practice reaching a wide audience of medical professionals and attracting new clients to PP

Fordham eastern seaboard expansion continues to drive strong revenue growth

Modernising trustee operations and advice services driving increased productivity & quality



PERPETUAL CORPORATE TRUST: 8% PBT GROWTH FROM DIVERSIFIED BUSINESS

MANAGED FUND SERVICES

Revenue of \$40.6m +12% on FY16



Commercial property



Industrial



Hotels



Forestry



Infrastructure

DEBT MARKET SERVICES

Revenue of \$52.1m +2% on FY16



Residential property



Automobiles



Credit Cards



Commercial equipment



Agriculture

SIGNIFICANT TRANSACTIONS FY17

FORAGER

Listed Investment Trust

\$189m FUA
Responsible Entity



Responsible Entity for four trusts and Separately Managed Account

\$1.2b FUA
Responsible Entity



Fraser's Logistics & Industrial Trust IPO

\$1.7b FUA
S-REIT Trustee



Westpac securitisation of auto receivables

\$2.1b FUA
Trustee, Security Trustee and Data Services



Australia's first credit card master trust

\$1.1b FUA
Trustee, Security Trustee and Sub-Manager

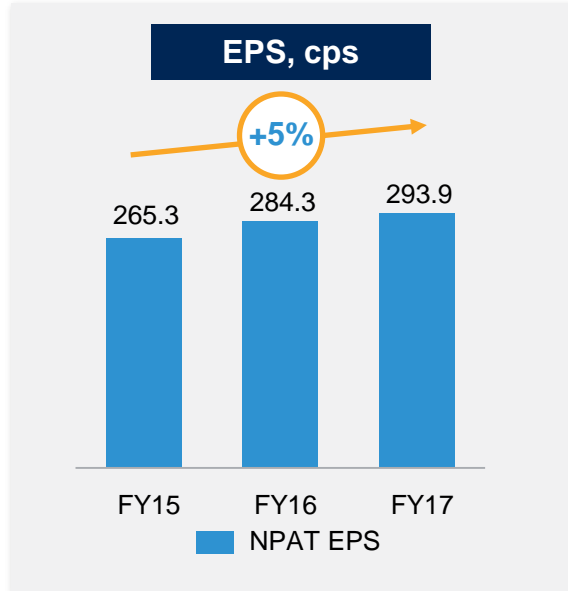


Prime, non-prime, commercial mortgage securitisation and MTN issuance

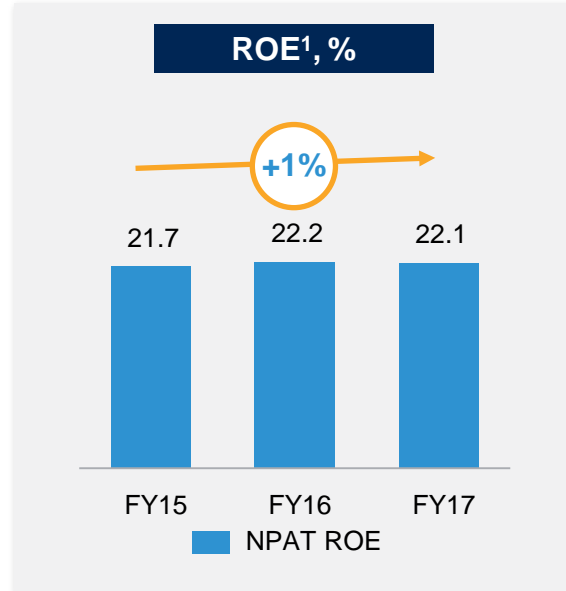
\$3.1b FUA
Security Trustee, Paying Agent and Custodian

SIGNIFICANT TRANSACTIONS FY17

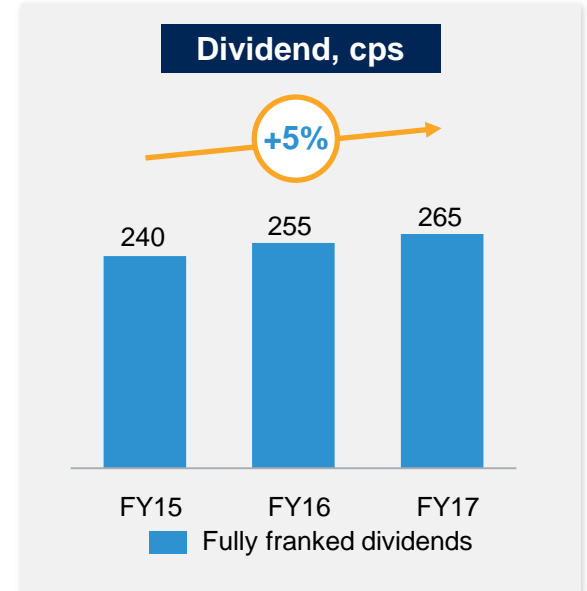
FINANCIAL PERFORMANCE: SUSTAINED DIVIDEND GROWTH OVER 3 YEARS



Fully franked
full-year dividends
265 cps



Payout ratio²
90%



Dividend paid
29 September

¹ ROE is calculated using NPAT attributable to equity holders of Perpetual Limited for the period divided by average equity attributable to equity holders of Perpetual Limited.

² Dividends paid/payable as a proportion of NPAT.

2 November 2017

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Perpetual 

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Perpetual 