

RESPONSIBILITY AND CONSISTENCY

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Dear Shareholder

Our Financial Year 2018 results reflect the central tenets of how we operate – discipline and consistency. These principles, coupled with the strength of our diversified business, are never more important than when facing challenging conditions.

On behalf of your Board, I am pleased to report that Perpetual ended FY18 well, with a strong balance sheet and low debt. While continuing to operate in market conditions characterised by low growth and interest rates, our FY18 net profit after tax (NPAT) was 2% higher than in FY17 and has grown year-on-year since 2013.

YOUR DIVIDEND

In line with our commitment to providing a sustainable dividend, we are pleased to have delivered shareholders a final dividend of 140 cents per share. The dividend is fully franked, providing you with tax-effective income.

The total dividend for the year was 275 cents. This was a further 4% lift in the dividend per share, which has increased year-on-year for six consecutive years.

The payout represents 91% of FY18 NPAT, within our goal of paying 80% to 100% of statutory NPAT on an annualised basis.

Once again, the dividend will be fully franked.

Diluted earnings per share (on NPAT) rose 1.9% on FY17.

GROWING A DIVERSIFIED BUSINESS

Our results continue to reflect the strength of our diversified business.

Perpetual Investments remains one of Australia's most highly regarded investment managers. Whilst net flows were impacted by market conditions and investment performance, there has been pleasing support for our extension initiatives, with greater momentum in global equities and multi asset strategies, and very strong support for Perpetual's Pure Credit Alpha Fund.

Perpetual Private and Perpetual Corporate Trust have again both delivered solid growth in FY18, with new client growth in their core businesses as well as extensions. With clear

strategies delivering results for clients and shareholders, both businesses are investing in modernisation programs aimed at delivering ongoing productivity gains, digital client solutions and an ever-improving client experience.

STAYING TRUE TO VALUE INVESTING

Perpetual Investments has a long history of delivering fund outperformance for investors through the implementation of its active value investment approach. We believe strongly in value investing, and this has been a challenging time for our style.

As we have for more than 50 years, we continue to act responsibly and consistently with investments managed on behalf of our clients and unitholders. Perpetual is always true to label, respectful of our clients' objectives when investing, and incredibly clear on what they expect of us.

The stability of our client relationships and their increased advocacy of our brand over the past year indicate they continue to support our disciplined approach.

LEADERSHIP CHANGE

Your new CEO, Rob Adams, commences on 24 September 2018. Rob is an exceptional leader with three decades of local and global experience in financial services including funds management, financial advice and fiduciary services. A proven leader, he will be a great fit for Perpetual.

Rob has a track record of leading successful teams and diligently building and growing businesses organically and through acquisition. This will suit the next stage of the development of our core offerings and global initiatives.

The Board wishes to recognise the contribution of Geoff Lloyd, who stepped down this year after six years as CEO and eight with Perpetual. Geoff led the Company through transformational change, laid solid foundations for the future and consistently delivered for our people, clients and shareholders.

The Board is also grateful to Chris Green, Group Executive of Perpetual Corporate Trust, for stepping into the role of Interim CEO through the leadership transition period.



THANK YOU

The strength and stability of our relationships with shareholders and clients is never more important than in the market conditions we face. On behalf of the Board, thank you to the Executive Leadership Team, and all employees at Perpetual, for their consistent and diligent focus on our clients and their prosperity. The results we deliver for shareholders are a direct reflection of their efforts and the high level of engagement by all employees in driving these outcomes.

Importantly, thank you to you, our shareholders, for your continued support to the Board and to this great company.

Finally, you may be aware of progress with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Let me assure you that your Board and each of our divisions are closely monitoring developments and, as necessary, will respond to any recommended changes.

A handwritten signature in blue ink, appearing to read 'Tony D'Aloisio'. The signature is stylized and fluid.

Tony D'Aloisio
Chairman