

2018

NOTICE OF ANNUAL GENERAL MEETING

Notice of Annual
General Meeting on
1 November 2018
at 10am at Level 18,
Angel Place,
123 Pitt Street,
Sydney NSW 2000.

Dear Shareholder

It is my pleasure to invite you to attend the 2018 annual general meeting (AGM) of Perpetual Limited (Perpetual or Company). This year, the AGM will be held at 10am Sydney time on Thursday, 1 November 2018 at Level 18, Angel Place, 123 Pitt Street Sydney.

Enclosed is a copy of the Notice of Meeting which includes information for shareholders and explanatory notes. This may also be accessed on our website at www.perpetual.com.au/About/Shareholders together with Perpetual's 2018 financial results.

The items for deliberation at this year's AGM are:

- the consideration of our financial and statutory reports for 2018
- the adoption of Perpetual's Remuneration Report for 2018
- the re-appointment of Ms Nancy Fox, Mr Ian Hammond and Mr Craig Ueland as Non-executive Directors
- the renewal of the proportional takeover provisions in the Company's Constitution for a further period of three years

The Board recommends that Shareholders vote in favour of all items of business the subject of a resolution. We also invite you to submit any questions you may have in advance of the meeting directly to the Company Secretary using the enclosed form.

This year for the first time voting at the AGM will be conducted using the LinkVote App. Information about how to download the LinkVote App is set out in the Notice of Meeting. Paper voting forms will also be available.

Perpetual looks forward to welcoming all Shareholders to the AGM to cast their vote. The AGM will also be available via live webcast on our website at www.perpetual.com.au. Further information about how to access the webcast is contained in the enclosed Notice of Meeting.

If you are unable to attend in person, you may appoint a proxy to attend and vote on your behalf, either by accessing our share registry's website at www.linkmarketservices.com.au and following the prompts, or by lodging the enclosed written proxy form c/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 1235.

Shareholders are also invited to join the Directors and senior executives for morning tea after the meeting.

I look forward to welcoming you to the AGM.



Tony D'Aloisio AM

Chairman
26 September 2018

Perpetual 

Perpetual's AGM will be held at Perpetual Limited, Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000 on Thursday, 1 November 2018, commencing at 10am (Sydney time). Registration will open at 9am.

FINANCIAL AND STATUTORY REPORTS

To receive and consider the financial statements, the reports of the Directors and of the auditor for the financial year ended 30 June 2018.

1. REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"To adopt the Remuneration Report for the financial year ended 30 June 2018."

In accordance with section 250R of the Corporations Act 2001 (Cth) (Corporations Act), the vote on resolution 1 will be advisory only.

Voting exclusion for resolution 1:

The Company will disregard any votes cast on resolution 1:

- by or on behalf of a member of the Company's key management personnel (KMP) named in the Company's 2018 remuneration report or their closely related parties, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a member of the KMP on the date of the AGM or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote:

- in accordance with a direction on the proxy form; or
- in the absence of a direction on the proxy form, by the Chairman of the AGM, in accordance with an express authorisation to exercise undirected proxies.

2. RE-APPOINTMENT OF MS NANCY FOX

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Nancy Fox, retiring from the office of Director in accordance with clause 20.9.1 of the Company's Constitution and who has consented to stand for re-appointment, be re-appointed as a Director of the Company in accordance with clause 20.9.3 of the Company's Constitution."

3. RE-APPOINTMENT OF MR IAN HAMMOND

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Ian Hammond, retiring from the office of Director of the Company in accordance with clause 20.9.1 of the Company's Constitution and who has consented to stand for re-appointment, be re-appointed as a Director of the Company in accordance with clause 20.9.3 of the Company's Constitution."

4. RE-APPOINTMENT OF MR CRAIG UELAND

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Craig Ueland, retiring from the office of Director of the Company in accordance with clause 20.9.1 of the Company's Constitution and who has consented to stand for re-appointment, be re-appointed as a Director of the Company in accordance with clause 20.9.3 of the Company's Constitution."

5. RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That the proportional takeover provisions contained in clause 11.9 and Schedule 2 of the Company's Constitution be renewed for a further period of three years, commencing from the date of this Annual General Meeting."

By Order of the Board



Eleanor Padman

Company Secretary
26 September 2018

INFORMATION FOR SHAREHOLDERS

WHO MAY VOTE

Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* the Company has determined that persons whose names are set out in the register of Shareholders of the Company as at 7pm (Sydney time) on Tuesday, 30 October 2018 are entitled to vote at the meeting convened by this notice.

VOTING BY POLL

The Chairman intends to put resolutions 1 to 5 to a poll at the AGM. Voting results on the resolutions that are put to the meeting (including the relevant proxy votes) will be announced to the ASX as soon as practicable after the AGM.

APPOINTMENT OF PROXIES

A Shareholder who is entitled to vote at the meeting has a right to appoint up to 2 proxies to attend and vote for the Shareholder at the AGM. A proxy need not be a Shareholder.

Where a Shareholder appoints 2 proxies, the appointment may specify the proportion or number of votes which each proxy may exercise. Fractions of votes will be disregarded. If the appointment does not specify the proportion or number of the Shareholders' votes each proxy may exercise then each proxy may exercise half those votes.

A proxy may decide whether or not to vote on any proposed resolution, except where required by law or the Company's Constitution to vote. If the Shareholder appointing the proxy:

- directs the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution only in the way directed; or
- does not direct the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution as the proxy thinks fit, subject to any voting exclusions that apply to the proxy; or
- directs the proxy to abstain, the proxy must not vote on the Shareholder's behalf and any vote will not be counted.

If you appoint someone as a proxy (other than the Chairman of the AGM) and direct them how to vote, the Chairman of the AGM must cast those votes on your behalf on a poll if your proxy does not do so.

If you appoint the Chairman of the AGM as your proxy (or if he is appointed by default) and no direction is provided in relation to a resolution, you will be expressly authorising the Chairman to exercise your proxy as the Chairman sees fit in relation to that resolution. This includes resolution 1 (the remuneration report) even though resolution 1 is connected directly or indirectly with the remuneration of the Company's KMP.

If you appoint a Director (other than the Chairman) or another member of the Company's KMP or their closely related parties as your proxy, you must specify how they should vote on resolution 1 by completing the "For", "Against" or "Abstain" boxes on the proxy form. If you do not, your proxy will not be able to exercise your vote for this resolution.

UNDIRECTED PROXIES

The Chairman of the AGM intends to vote all available proxies in favour of all resolutions.

LODGEMENT OF PROXIES

To be valid, a proxy form must be completed and received by the Company by 10am on Tuesday, 30 October 2018 (Proxy Deadline). Proxies may be lodged as follows:

- to the Company's share registrar by:
 - hand delivery at Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138
 - by lodging the proxy appointment online at www.linkmarketservices.com.au. To use the online proxy appointment facility, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which is shown on the top right hand side of your personalised proxy form accompanying this notice of meeting and then follow the prompts and instructions.
 - by post to Perpetual Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235
 - fax to +61 2 9287 0309
- or to the Company's registered office by:
 - hand delivery or post to Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000
 - fax to +61 2 8256 1461

VOTING AT THE MEETING - USING THE LINKVOTE APP ON YOUR MOBILE DEVICE

This year, Shareholders attending the AGM in person can vote with their own mobile phone or tablet device using the LinkVote App. Shareholders can download the LinkVote App from the Apple Store or Google Play Store prior to the AGM.

When you arrive at the AGM, please locate the registration desk to obtain your personal PIN code and enter it into the LinkVote App. This will register you as a voting Shareholder. Once registered, you can vote at any time during the AGM.

Staff from the Company and its share registry will be available at the AGM to assist you with any questions you may have with respect to downloading or using the Link Vote App.

Paper voting cards will also be available at the AGM for Shareholders who would prefer not to use the LinkVote App.

BODY CORPORATE REPRESENTATIVE

A Shareholder who is a body corporate and who is entitled to vote at the AGM, or a proxy who is a body corporate and who is appointed by a Shareholder who is entitled to vote at the AGM, may appoint a person to act as its representative at the meeting by providing that person with:

- a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as a representative; or
- a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative and setting out any restrictions on the representative's powers.

To facilitate the smooth running of the AGM, body corporate representatives should lodge this documentation with the Company's share registry no later than 48 hours prior to the AGM, unless it has been previously given to the Company.

SHAREHOLDER QUESTIONS

The Company is offering a facility for Shareholders to submit written questions in advance of the AGM.

To submit a written question, please complete and return the accompanying form, or submit the question online through the share registry website, in accordance with the instructions on the form. The form must be received by the Company's share registry by no later than 5pm (Sydney time) on Thursday, 25 October 2018.

Questions should relate to matters that are relevant to the business of the AGM, as outlined in this Notice of Meeting and the attached Explanatory Memorandum.

Questions that are relevant to:

- the contents of the auditor's report; or
- the conduct of the audit of the Company's financial report;

may be addressed to the Company's auditor.

Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. Where appropriate, the Chairman will give a representative of KPMG, the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to Shareholders.

WEBCAST OF THE AGM

For Shareholders who are unable to attend the AGM in person, the AGM, including the addresses of the Chairman and CEO, will be available live via webcast. Any slides will also be available on the Company's website. For information about how to access the webcast of the AGM please go to www.perpetual.com.au/About/Shareholders

EXPLANATORY MEMORANDUM

FINANCIAL AND STATUTORY REPORTS

The financial report and the reports of the Directors and of the auditor for the financial year ended 30 June 2018 will be put before the AGM, as required by section 317 of the Corporations Act. The Corporations Act does not require a formal resolution of Shareholders on these reports.

These reports are contained within the Company's 2018 Annual Report which is available on the Company's website at www.perpetual.com.au/About/Shareholders.

During this item of business, the Shareholders at the AGM will be given a reasonable opportunity to ask questions about, and make comments on, those reports and the business and management of the Company.

Please see "Information for Shareholders" in relation to any questions that Shareholders would like to put to the Company's auditors.

RESOLUTION 1: ADOPTION OF THE REMUNERATION REPORT

Shareholders are asked to adopt the Company's Remuneration Report for the financial year ended 30 June 2018. The Remuneration Report provides information relating to:

- the Board's policy in relation to the remuneration paid to KMP;
- the relationship between remuneration and the Company's performance, including information about performance measures applicable to variable incentives; and
- details of the remuneration paid to KMP for the financial year ended 30 June 2018.

The Company's approach to remuneration was explained in the letter prefacing the Remuneration Report from the Chairman of the Company's People and Remuneration Committee as follows:

"Variable Incentive Plan

Our Variable Incentive Plan has now been in place for two years, and over this time we believe the model has achieved a closer alignment between our Executives' incentive outcomes and the experience of our shareholders over both the short and long term. The granting of Share rights (if awarded) deferred over a four year period reinforces the importance of the Executive team delivering sustainable share price and

dividend growth over the long term through the execution of our strategy.

For our new CEO and Managing Director we have been even more explicit in defining long term performance expectations through the introduction of an additional hurdle on a portion of the variable incentive equity. This was detailed in the ASX announcement of Rob Adam's appointment in May 2018 and is included in Section 1.2 of this report.

Long-Term Value Creation

FY18 performance has been delivered in an environment of considerable change. Our team has continued to demonstrate resilience and remain focused on our clients to deliver positive results across our key measures of client, growth, financial and people.

Our net profit after tax (NPAT) of \$140.2m is an increase of 2% on FY17. Perpetual saw strong growth in Perpetual Corporate Trust and in Perpetual Private via new business revenue and net flows which will help underpin growth in future years. Perpetual Corporate Trust and Perpetual Private delivered year on year profit before tax (PBT) growth of 16% and 14% respectively, and Perpetual Investments had a challenging year with a reduction in PBT of 3%.

Importantly, we also delivered strong results across our Client and People measures with top quartile results in both Client Advocacy and Employee Engagement, both of which we believe are key indicators of long term value creation. Client advocacy, as measured by the Client Net Promoter Score (NPS) in each of our client segments, is a lead indicator of future growth.

In FY18 Perpetual lifted Client NPS by three points, building on a strong five point increase in FY17. The One Perpetual employee engagement score has increased to 73%. This is the highest it has been and positions us in the top quartile of Australian companies. Over time, we believe highly engaged employees deliver stronger client satisfaction and advocacy, improved operational productivity and stronger financial outcomes, which help to drive higher and sustainable total shareholder returns.

Pay for Performance

Underpinning our “pay for performance” philosophy, our remuneration policy seeks to attract and retain the desired talent to deliver on our strategy whilst balancing value creation for our shareholders, clients and employees. These principles are reflected in our Executive remuneration model which creates strong alignment between our Executives and our shareholders through increased share ownership. Two years after the transition to the new approach, we believe the model is appropriately delivering on pay for performance objectives for Executives.

Performance against short and long-term measures for FY18 has resulted in incentives being paid to our Group Executives in the range of 74%-78% of target (excluding Geoff Lloyd given he has stepped down and has forfeited his FY18 variable incentive equity component), compared to the prior year range of 76%-98%. The result of the Board’s consideration of the outcomes for the year, detailed in Section 5.3, was that Group Executives achieved an average of 76% of Variable Incentive targets. The growth in financial performance was below plan and explains the difference compared with FY17 where Group Executives achieved an average of 91%. These averages exclude the outgoing CEO.

Link Between Risk and Reward

At Perpetual, risk continues to be a key component of our performance framework and is incorporated into the assessment of performance in three ways. Firstly, risk is considered at an individual and divisional level through an assessment of a divisional risk dashboard and individual risk goals, comprising metrics related to identification, management and closure of key risks. Secondly, risk behaviours are assessed for each employee through the Perpetual ‘The Way We Work’ behavioural framework that has been in place since 2014, comprising people, client and business lenses. Thirdly, the Board can exercise discretion over any element of remuneration based on risk behaviour, reinforcing the links between risk and reward at Perpetual. All three elements of risk are reflected in both performance and reward outcomes of all employees, including our Executives. In instances where risk culture and behaviours are not clearly demonstrated, there is a consequence to incentive outcomes.

In relation to fixed remuneration, across the organisation the average increase for the FY19 year for our people is 2%.

However, there will be no increase in fixed remuneration for our Executives and Non-executive Directors.”

Under the Corporations Act, the vote on this resolution is advisory only and does not bind the Board or the Company. However, the Company values its Shareholders’ feedback.

A voting exclusion applies to this resolution, as set out earlier in the notice of meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. The Chairman of the AGM intends to vote all available proxies in favour of this resolution.

RESOLUTION 2: RE-APPOINTMENT OF MS NANCY FOX

Clause 20.9.1 of the Company’s Constitution provides that a Director must not hold office without re-appointment past the third annual general meeting following the Director’s appointment or three years whichever is longer.

Ms Nancy Fox was appointed as a Director of Perpetual Limited in September 2015 and now stands for re-appointment. The Board considers Ms Fox to be an independent Director. Ms Fox has been a Director of Perpetual Limited for three years.

Ms Fox has more than 30 years’ experience in financial services, securitisation and risk management gained in Australia, the US and across Asia. A lawyer by training, she was Managing Director for Ambac Assurance Corporation from 2001 to 2011 and previously Managing Director of ABN Amro Australia from 1997 to 2001. She is currently Chairman of Perpetual Equity Investment Company Limited, a Non-executive Director of ING Bank Australia, HCF Life and Lawcover Pty Ltd and Deputy Chairman of the Board of the Taronga Conservation Society Australia.

Ms Fox brings to the Board a deep knowledge of developing and leading successful financial services businesses and extensive experience with securitisation, regulatory frameworks, risk management and governance.

Ms Fox is a member of Perpetual’s Audit, Risk and Compliance Committee and People and Remuneration Committee.

The Directors (with Ms Fox abstaining) unanimously support the re-appointment of Ms Fox to the Board and recommend that Shareholders vote in favour of this resolution.

RESOLUTION 3: RE-APPOINTMENT OF MR IAN HAMMOND

Clause 20.9.1 of the Company’s Constitution provides that a Director must not hold office without re-appointment past the third annual general meeting following the Director’s appointment or three years whichever is longer.

Mr Ian Hammond was appointed as a Director of Perpetual Limited in March 2015 and now stands for re-appointment. The Board considers Mr Hammond to be an independent Director. Mr Hammond has been a Director of Perpetual Limited for three years.

Mr Hammond was a partner at PricewaterhouseCoopers for 26 years and during that time held a range of senior management positions including lead partner for several major financial institutions. He has previously been a member of the Australian Accounting Standards Board and represented Australia on the International Accounting Standards Board. Mr Hammond is a Non-executive Director of Citibank Australia and Venues NSW and a Board Member of not-for-profit organisations including Mission Australia and Chris O’Brien Lifehouse. Mr Hammond has a deep knowledge of the financial services industry and brings to the Board expertise in financial reporting and risk management.

Mr Hammond is Chairman of Perpetual’s Audit, Risk and Compliance Committee and a member of Perpetual’s Investment Committee and Nominations Committee.

The Directors (with Mr Hammond abstaining) unanimously support the re-appointment of Mr Hammond to the Board and recommend that Shareholders vote in favour of this resolution.

RESOLUTION 4: RE-APPOINTMENT OF MR CRAIG UELAND

Clause 20.9.1 of the Company’s Constitution provides that a Director must not hold office without re-appointment past the third annual general meeting following the Director’s appointment or three years whichever is longer.

Mr Craig Ueland was appointed as a Director of Perpetual Limited in March 2012 and now stands for re-appointment. The Board considers Mr Ueland to be an independent Director. Mr Ueland has been a director of Perpetual Limited for six years.

Mr Ueland was formerly President and Chief Executive Officer of

Russell Investments, a global leader in multi-manager investing. He previously served as Russell's Chief Operating Officer, Chief Financial Officer, and Managing Director of International Operations, which he led from both London and the firm's headquarters in the US. Earlier in his career he opened and headed Russell's first office in Australia. Mr Ueland chairs the Endowment Investment Committee for The Benevolent Society, is a Board Member of the Stanford Australia Foundation and the Supervisory Board of OneVentures Innovation and Growth Fund II.

Mr Ueland brings to the Board detailed knowledge of global financial markets and the investment management industry, gleaned from more than 20 years as a senior executive of a major investment firm, along with a strong commitment to leadership development and corporate strategy development and execution.

Mr Ueland is Chairman of Perpetual's Investment Committee and a member of Perpetual's Audit, Risk and Compliance Committee and Nominations Committee.

The Directors (with Mr Ueland abstaining) unanimously support the re-appointment of Mr Ueland to the Board and recommend that Shareholders vote in favour of this resolution.

RESOLUTION 5: RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

Clause 11.9 and Schedule 2 of the Company's Constitution contain provisions relating to proportional takeovers (Proportional Takeover Provisions).

If this special resolution is approved and a takeover bid is subsequently made for some but not all of each Shareholder's shares, the Proportional Takeover Provisions will enable Shareholders as a whole to vote on whether the proportional bid should be allowed to proceed, independently from their individual decisions whether or not to accept the bid.

Under the Corporations Act, Shareholder approval of provisions relating to proportional takeovers extend for a three-year period. Once the three-year period elapses those provisions cease to have effect unless Shareholder approval is renewed by special resolution.

The Proportional Takeover Provisions were last refreshed at the Company's 2015 AGM and will expire shortly after the 2018 AGM if they are not renewed.

Resolution 5 is a special resolution to renew the Proportional Takeover Provisions into the Constitution for a further three years.

More detail about the renewal of the Proportional Takeover Provisions is set out below.

What is a proportional takeover bid, and why do we need the Proportional Takeover Provisions?

A proportional takeover bid (also referred to as a 'partial takeover bid') involves the bidder offering to buy a proportion of each Shareholder's shares in the Company. This means that control of the Company may pass without Shareholders having the chance to sell all their shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Constitution that:

- in the event of a proportional takeover bid being made for shares in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the Company's Shareholders will be binding on all individual Shareholders.

The Board considers that Shareholders should be able to vote on whether a proportional takeover bid ought to proceed. Such a bid might otherwise allow control of the Company to change without Shareholders being given the opportunity to dispose of all their shares for a satisfactory control premium. The Board also believes that the right to vote on a proportional takeover bid may avoid Shareholders feeling pressure to accept the bid even if they do not want it to succeed.

What is the effect of the Proportional Takeover Provisions?

If a proportional takeover bid is made, the Board must ensure that Shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote, except for the bidder and its associates, who are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The Proportional Takeover Provisions do not apply to full takeover bids and only apply for three years after the date of approval. The provisions may be renewed, but only by a special resolution. Similar provisions are commonly found in the constitutions of publicly-listed companies on the ASX and are regularly renewed.

Potential advantages and disadvantages

The renewal of the Proportional Takeover Provisions will allow the Board to ascertain Shareholders' views on a proportional takeover bid. It does not otherwise offer any advantage or disadvantage to the Board who remain free to make their own recommendation as to whether the bid should be accepted.

The provisions will ensure that all Shareholders have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of Shareholders, including appropriate pricing. Similarly, knowing the view of the majority of Shareholders may help individual Shareholders assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.

However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids. It may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of Shareholders to freely deal with their shares.

The Board considers that the potential advantages for Shareholders of the Proportional Takeover Provisions outweigh the potential disadvantages.

There have been no proportional takeover bids for the Company during the period that the Proportional Takeover Provisions have been in effect. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Board and the Shareholders, respectively, during this period.

At the date this statement was prepared, the Board is not aware of a proposal by a person to acquire, or to increase, a substantial interest in the Company.

The Board unanimously recommend that Shareholders vote in favour of the special resolution to renew the Proportional Takeover Provisions in the Company's Constitution.