

2016 ANNUAL GENERAL MEETING

Addresses to Shareholders

3 November 2016

Perpetual Limited
ABN 86 000 431 827

Perpetual 

PPT FY16 ANNUAL GENERAL MEETING

Chairman's Address

Peter Scott

Year in review

Perpetual delivered a solid result in the 2016 financial year. In challenging market conditions, we produced a net profit after tax of \$132 million, which is up 8% on FY15. Importantly for shareholders, the Board determined to pay a fully franked full year dividend of 255 cents per share, up 6% on the same period last year. This marks the largest dividend Perpetual has delivered in the last five years – a great result for shareholders.

We achieved this result, despite volatile markets and challenging external conditions. We have continued to invest in and grow the business by balancing the needs of our shareholders, clients and our people.

Our strategy for the future

The strength of the business is testament to the disciplined, balanced execution of our Lead & Grow strategy. This strategy focuses on three key pillars:

- (1) Lead in our core
- (2) Extend into natural adjacencies
- (3) Explore new initiatives

We are just over one year into our multi-year strategy – a true growth strategy that retains our core values at its heart.

Delivering a long term growth strategy naturally takes time. I believe the building blocks are well and truly in place for us to continue to grow as a business in a sustained and balanced way.

This time last year I spoke about the importance of gaining early momentum with new strategies, and we've done that across the business. For example we are recruiting experienced new partners in our Fordham professional services business; growing new revenue streams in data and analytics services for our existing and new clients in Perpetual Corporate Trust; and in expanding the products on offer to current and future investors in Perpetual Investments. Geoff will provide you with more detail on each of these growth engines in his address shortly.

Our people

Key to the ongoing success of the business are our people. Our people are our most important asset. They are constantly looking at ways to improve our services by listening and better understanding our clients, shareholders, people and business partners. It's essential to have an engaged workforce who enjoy doing what they do.

Our employee engagement - a key indicator of how people feel about the work they do - increased another 5% this year to 71%, and is now at its highest level in five years. This important indicator is measured every year by an independent third party and compared with other organisations across Australia and New Zealand. This is a top quartile performance in 2016 by the Perpetual team.

What this highlights is we have a passionate, focused and engaged team committed to the work they do. This ultimately leads to positive business outcomes that benefit shareholders and clients.

Our clients

Earning the advocacy of our clients is important for the whole team at Perpetual. This not only involves client-facing employees, but in fact the whole business. We benchmark our performance using the Net Promoter Score for each of our different client services. Like employee engagement, the 2016 NPS outcome was also the highest in five years. This has come about as a direct result of listening to our clients, focusing on what matters most, and creating a more valued client experience.

We believe these measures are leading indicators underpinning our future growth. In my view, it's not a coincidence we have improved our financial results at the same time.

Remuneration

Later in the meeting you will be asked to vote on the company's remuneration report, and I would like to share a few thoughts with you now.

Driving performance in a listed company is about finding balance – and this extends to the way we attract, reward and retain the best talent. This year's solid result in difficult market conditions has been delivered by our people. Our remuneration philosophy is designed to create value for our shareholders and clients, while also encouraging and rewarding our employees for the results they achieve.

After an extensive review of our remuneration framework which involved external advisers, consultation with a number of shareholders and proxy advisers during the year; we have implemented a number of significant changes to the executive remuneration structure. We identified an opportunity to improve our approach to be more meaningful, transparent and simple for our shareholders and people.

In relation to our Key Management Personnel, which includes the CEO and Group Executives, we have also introduced a number of important changes. The Remuneration update contained in the Annual Report provides shareholders with the details of these improvements. The primary purpose of the new approach is to further align your shareholder experience with that of our Key Management Personnel.

The Board sees the new approach is a better way to achieve improved alignment between shareholders and executives.

The business of the meeting

There are a number of items on the agenda for this year's AGM.

We will consider:

- our financial and statutory reports for 2016;
- the re-appointment to the Board of Directors of Mr Philip Bullock;
- the re-appointment to the Board of Directors of Ms Sylvia Falzon; and the
- adoption of the Remuneration Report.

All resolutions have been explained in detail in the Notice of Meeting and the Explanatory Memorandum.

Summary

Our focus on delivering for shareholders will not change. We are a 130 year old company that has stood the test of time. We are true-to-label. Clients and shareholders know the way we work and how we manage money; the culture and values of the organisation. They know we are a strong business; able to demonstrate resilience and vision in different economic and market cycles.

The Board and the Perpetual team remain committed to building the business and are investing for growth. Importantly, we have the right culture embedded within the organisation

to ensure we continue to drive the business forward.

I would like to personally thank the Board, Geoff, the management team, including Kylie Smith who was recently appointed as a Group Executive, and all of Perpetual's people and business partners on another strong year. The hard work and commitment you have all shown have helped get us to where we are today.

Finally, I'd like to thank our shareholders for your continued support. As you appreciate we are in a tough economic environment, but I know at Perpetual we have the strategy, people, culture and systems in place to continue to deliver positive outcomes for our shareholders and our clients.

Thank you.

PPT FY16 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 achieved a solid result for shareholders in the 2016 financial year - despite difficult market conditions - from an increasingly diversified business. Importantly, we have also continued to invest in the business for future growth.

I am pleased to have the opportunity today to provide an overview of our results and the key drivers.

Diversity of earnings

For the past financial year, statutory net profit after tax (NPAT) was up 8% on FY15 to \$132 million. Our full year dividend - fully franked - increased by 6% to 255 cents per share.

Moreover, I am pleased to say this year's results delivered our highest profit, largest dividend, highest client advocacy score and highest employee engagement score in 5 years. The growth in these numbers reflects the strength of our business and the diversity of earnings across our three business units – Perpetual Investments, Perpetual Private and Perpetual Corporate Trust. Diversity of earnings is important in such a dynamic and volatile market.

Perpetual Investments is one of Australia's most highly regarded investment managers. Perpetual Investments delivered a solid result and continues its disciplined approach to value investing. Our Perpetual Private strategy is on track, delivering six consecutive halves of positive net flows and net client growth while continuing to invest for further growth. Further, our Perpetual Corporate Trust business delivered strong results from growth in securitised assets as well as capital flows into property and infrastructure.

Strategy delivering growth and returns

We have managed the business well to deliver growth and returns. Over the last three years we have made some substantial changes and we're pleased with the results that have occurred.

Looking at the compound annual growth over that time:

- UPAT is up 11%
- NPAT is up 27%
- NPAT EPS is up 23% and;
- DPS is up 21%.

We are very pleased to be able to grow our dividend at a time when yield is so important to investors.

Business drivers

Across our three businesses, the key drivers of our results are markets, flows and new clients.

Perpetual Investments offers a broad range of products for personal investment, superannuation and retirement savings. It covers a range of asset classes and services, and diverse clients, from large institutional investors through to smaller retail investors.

In FY16, Perpetual Investments was impacted by sustained market volatility. In saying that, the business delivered a solid result through strong long-term investment performance and good cost control.

We have seen continued growth in more contemporary strategies, which offer higher margin. Notably, Perpetual's Share-Plus fund exceeded \$1 billion in funds under management this year – a significant milestone. We remain focused on our core business of Aussie equities and committed to our proven approach to value investing.

Pleasingly, 93% of our funds are in the first or second quartile of the performance tables over five years. This reinforces our belief that our value-based investment approach delivers long term outperformance.

For our Perpetual Private business the target has always been clear – we want to be the leading provider of advice and wealth management services for high net worth individuals, families, businesses and not-for-profit organisations.

The business had \$12.7 billion of funds under advice at the end of FY16 and continues to have positive inflows in the High Net Worth segment – in addition, we welcomed more than 100 new clients last year to Perpetual Private.

Further, the average Funds Under Advice (FUA) for new clients is well within our target for High Net Worth clients who have a portfolio balance of at least \$1m.

Importantly, we also have strong investment performance in our key multi manager balanced strategies which have achieved above benchmark returns over 1, 3 and 5 years.

Looking now to Perpetual Corporate Trust.

Perpetual Corporate Trust has been a strong and consistent contributor to Perpetual, with strong profit growth again this year. The business continues to build on its market-leading position in securitisation to broaden its range and depth of offer.

The business generated good growth in total revenues with the main drivers being growth in the securitisation market in Australia and inbound capital flows into property and infrastructure investments.

As you can see, there is plenty going on across all three business units.

I'd now like to touch on Perpetual's dividend policy – an important matter for you, our shareholders.

Sustained dividend growth

Perpetual's policy is to pay dividends within a range of 80% to 100% of statutory NPAT on an annualised basis, with a goal to maximise fully franked dividends to shareholders. We know the importance of income for shareholders and we are pleased to have delivered again this year.

We will continue to invest in our business to help set us up for future growth, which in turn, will benefit shareholders. Our Lead & Grow strategy will be the primary driver of growth, and provides important strategic direction for our whole team.

Lead & Grow

We are now one year into our Lead & Grow strategy. Our Transformation 2015 (T15)

strategy, which concluded last year, laid a great foundation - creating a more streamlined, effective business that has enabled us to deliver for our shareholders.

Our Lead & Grow strategy unites the three divisions with a common Vision and Values, operating from a modern and scalable business model.

The Lead & Grow strategy seeks to 'Lead' in each of the Group's core businesses, 'Extend' into logical adjacencies and 'Explore' new markets and new ventures for the Group over the long term to capture sustainable growth.

Our business moving forward

In concluding today I would like to reinforce a few key points:

- (1) We are pleased with the solid growth momentum across our business. We are more diversified, which gives us scope to succeed in a changing market. I'm confident we have positioned the business well with a strong balance sheet and the agility to capitalise on future opportunities;
- (2) Heightened volatility may affect client confidence, however, we have an investment approach which has been tried and tested across market cycles; it is respected; and we will remain true to that. These uncertain conditions can be confusing for clients and reinforce the importance of seeking quality financial advice. We pride ourselves on delivering this support and providing products and services to meet changing client needs.
- (3) Finally and perhaps most importantly, this year we achieved our highest profit, largest dividend, highest client advocacy and highest employee engagement scores in the past five years. I want to highlight this specifically because I believe it reflects the dedicated, talented, hardworking people we have here at Perpetual.

We have a strong brand, a rich heritage, a proven investment approach that has stood the test of time, and the right people committed to delivering results for the business, for our clients and for you our shareholders.

I'd like to thank the Board, the Executive Leadership Team and all of our team at Perpetual for the work they have put in to achieving a good result this year. Thank you.

PPT FY16 ANNUAL GENERAL MEETING

People and Remuneration Committee Chairman's Address

Sylvia Falzon

Thank you Peter and good morning once again.

I would like to address you in my capacity as Chairman of the People and Remuneration Committee.

As you may have read in our Annual Report, on 1 July 2016 the Board introduced a new Variable Incentive Plan for our key Executives. We now have a progressive, market leading remuneration structure which better aligns executive and shareholder interests, and is a powerful tool in both attracting, and importantly retaining, the best talent. I will now share with you the objectives for - and our rationale behind - the new plan.

Following the successful delivery of our Transformation 2015 program, Perpetual commenced the next phase of its strategy, Lead and Grow – in July 2015.

This time last year, the Board decided it was timely to review our performance and reward arrangements across Perpetual, to ensure our remuneration framework was aligned to our strategy.

Over a six month period, the Board undertook a review, with PwC providing external advice and guidance. This extensive review resulted in the proposal of a new remuneration structure for the CEO and Managing Director, Geoff Lloyd, and our Group Executives for FY17.

To further ensure it aligned with expectations, we consulted with a number of shareholders and proxy advisers to test - and gain input to - the proposed model.

The majority of those we met with were supportive of the changes and entrusted the Board to ensure remuneration arrangements appropriately reflect the performance of the company over the long term.

New Variable Incentive Plan

The new structure combines our existing short-term and long-term incentive arrangements into a simplified variable incentive plan with long-term deferral over a four year period.

What this means is our Executives will be making decisions to drive long term value for our shareholders through the growth in our share price and dividend stream over time.

If performance against the measures set by the Board are achieved, Executives will own Perpetual shares sooner, and in turn be more closely aligned to shareholder outcomes.

To drive shareholder ownership approximately two thirds of the variable incentive, if payable, will be deferred into Perpetual stock, and one third will be payable in cash.

We strongly believe the new remuneration plan will:

- Better align Executives with shareholders via ownership of equity encouraging long-term decision making.
- Reinforce an ownership mentality by accelerating the accumulation of shares in our Executives' hands subject to delivering the necessary performance requirements.
- Achieve closer alignment of variable incentives to performance against key business metrics.
 - It's important to note balanced scorecards remain essential in assessing the performance of the business through market cycles. Our scorecards will continue to have a focus on short and long term measures with a strong bias to financial measures.
- And finally, we believe it will deliver greater differentiation of reward for over and underachievement against agreed targets.

In summary, there is motivational value in a variable pay framework which provides our Executives both greater 'line of sight' and an 'ability to directly influence' the company's performance outcomes. As I mentioned, we are pleased to now have a progressive, market leading remuneration structure which better aligns executive and shareholder interests, and is a powerful tool in both attracting and retaining the best talent.

The Board strongly believes it is a better model to more closely align the experience of you, our shareholders, with our Executives.

Thank you.

3 November 2016

PERPETUAL LIMITED
**2016 ANNUAL
GENERAL MEETING**

ABN 86 000 431 827

Perpetual 

MR PETER SCOTT
Chairman

Perpetual 

STRATEGY

PEOPLE, CLIENT ADVOCACY AND SHAREHOLDER OUTCOMES BEST IN 5 YEARS



LEAD in core businesses



EXTEND into adjacent markets



EXPLORE new opportunities

GOALS

PEOPLE

Employee Engagement

CLIENTS

Client Advocacy

SHAREHOLDERS

NPAT growth

Vision

Australia's largest
and **most trusted**
independent
wealth manager

Values



Excellence

Delivering exceptional outcomes



Integrity

Doing what's right



Partnership

Succeeding together

MR GEOFF LLOYD
Chief Executive Officer and
Managing Director

Perpetual 

FY16 OVERVIEW

SOLID RESULTS IN VOLATILE MARKETS FROM INCREASINGLY DIVERSIFIED BUSINESS

SOLID RESULTS

NPAT up

8%

on FY15

DPS up

6%

on FY15

**LEAD &
GROW**

Initiatives
showing
momentum

Perpetual Investments

delivered **solid results**
and continues its
disciplined approach
to value investing



Perpetual Private

delivered **six consecutive**
halves of positive net
flows and net client growth
whilst continuing to
invest for growth



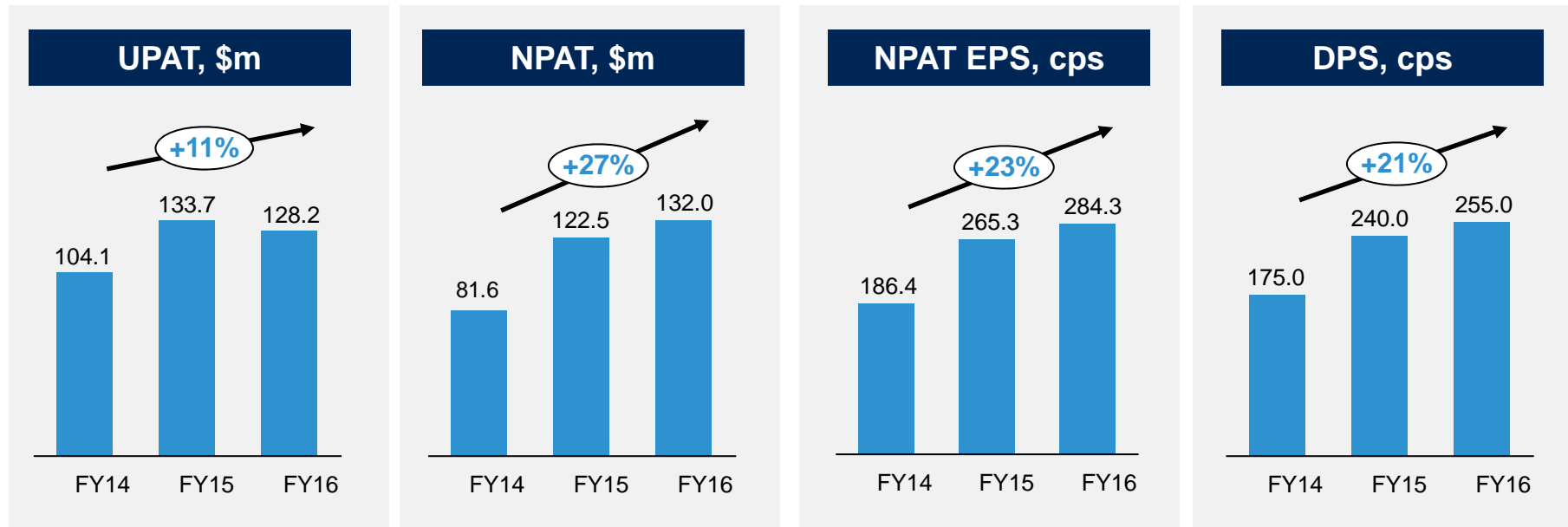
Perpetual Corporate Trust

delivered **strong results**
from growth in securitised
assets and capital flows
into property and
infrastructure
assets



FY16

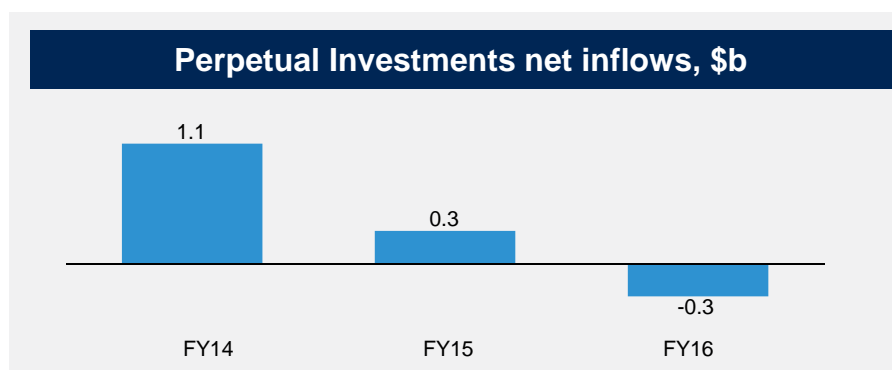
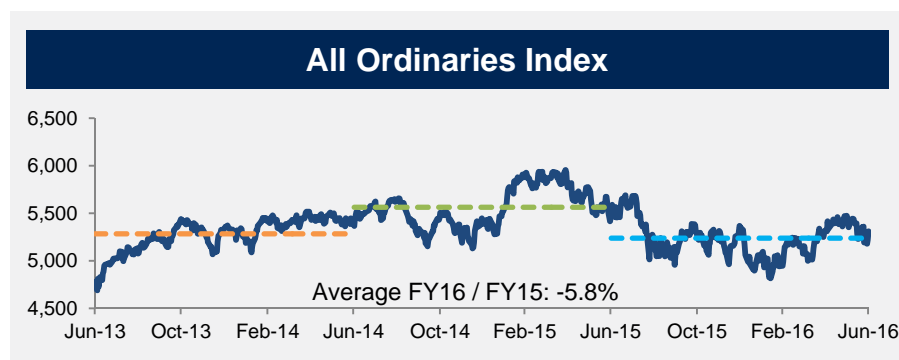
STRATEGY DELIVERING GROWTH AND RETURNS



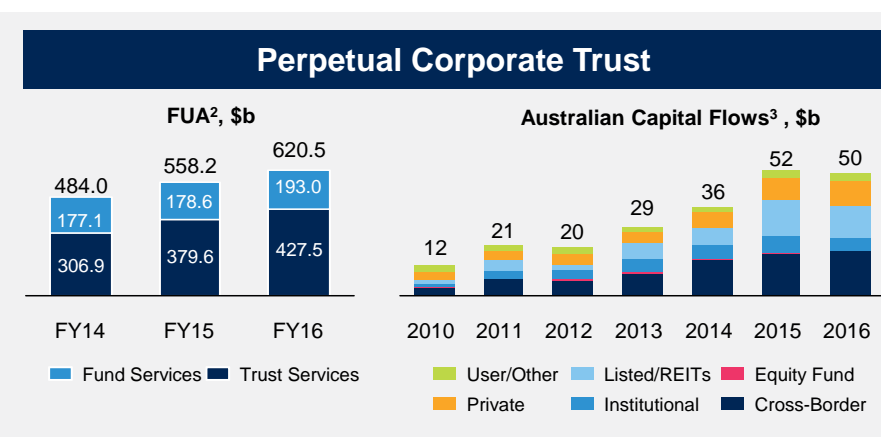
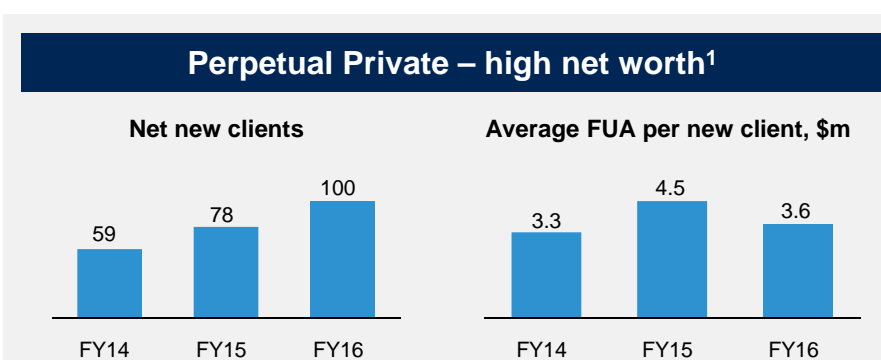
Note: Percentage increases represented are CAGR.

FY16 RESULTS

DRIVERS ARE MARKETS, FLOWS AND NEW CLIENTS

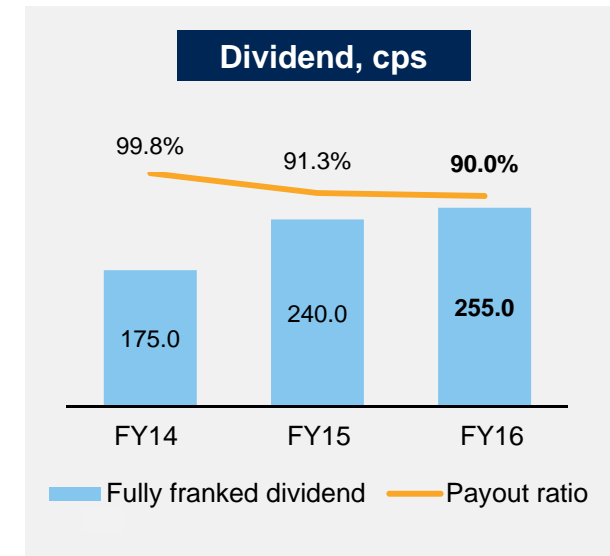
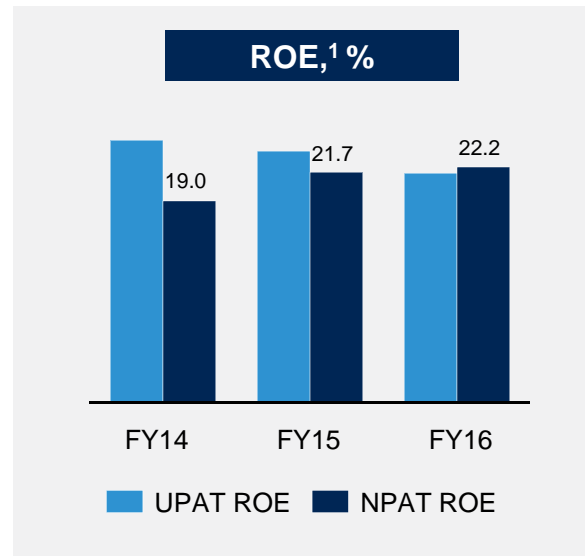
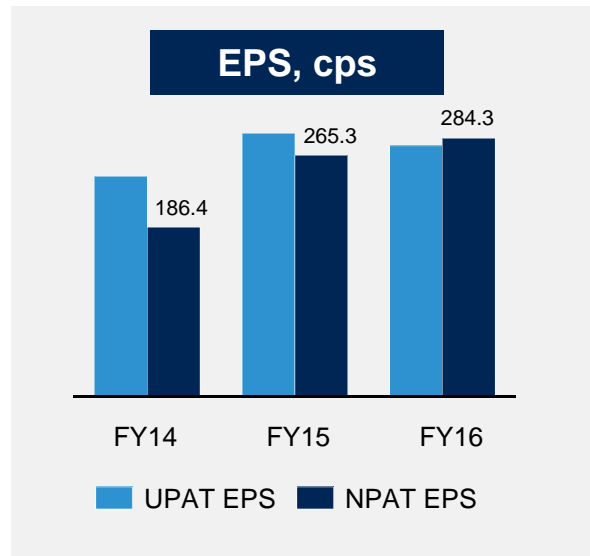


1 High net worth clients must have a portfolio balance with Perpetual Private of at least \$1m.
 2 FUA is funds under administration.
 3 Source: Real Capital Analytics, Inc.



FINANCIAL PERFORMANCE

SUSTAINED DIVIDEND GROWTH OVER THREE YEARS



Fully franked dividend
of **255 cps**

Payout ratio² of
90%

Dividend paid on
28 September

¹ ROE is calculated using UPAT or 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.

STRATEGY

PEOPLE, CLIENT ADVOCACY AND SHAREHOLDER OUTCOMES BEST IN 5 YEARS



LEAD in core businesses



EXTEND into adjacent markets



EXPLORE new opportunities

GOALS

PEOPLE

Employee Engagement

CLIENTS

Client Advocacy

SHAREHOLDERS

NPAT growth

Vision

Australia's largest
and **most trusted**
independent
wealth manager

Values



Excellence

Delivering exceptional outcomes



Integrity

Doing what's right



Partnership

Succeeding together

NEW SOUTH WALES

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TERRITORY**

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Canberra ACT 2601

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